

Abstract: “We explore how firm-to-firm connections can mitigate the consequences of labor market frictions by allowing firms to tap into a broader pool of workers. Using comprehensive data from all Swedish firms, each having a board of directors, we identify connections based on shared directorships or family ties between directors in different firms. Our findings show that a majority of firms have such connections. Notably, worker mobility significantly increases between connected firms after these links are established. This mobility appears to benefit both the origin and destination firms. Mobility across connected firms helps mitigate production losses and allocative inefficiencies that otherwise arise when workers are absent for exogenous reasons.”