

# Peer Effects and the Gender Gap in Corporate Leadership: Evidence from MBA Students

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# Overview of the Paper

- **Broader question:** Do social connections help women's career advancement?
- **Specific test:** Does access to a larger share of female peers in business school affects the gender gap in senior managerial positions?
- **Setting:** Data from a top-10 US business school with public LinkedIn profiles merged with administrative data, exploiting exogenous random assignment of students into MBA sections.
- **Novel mechanism:** Women learn about female-friendly firms through social networks.

# Overview of the Paper

- **Interesting Fact:** Female MBAs are 24 percent less likely than male MBAs to enter senior management within 15 years of graduation.
- **Headline Result:** A 1 standard deviation increase in the share of female MBA students leads to an 8.4% increase in the probability of holding a senior management position within 15 years after MBA.
- **More on the headline result:** This effect is driven by female-friendly firms, such as those with more generous maternity leave policies and greater work schedule flexibility.
- **Main friction:** Women do lack knowledge of female-friendly firms. MBA female social networks, and not male social networks, help alleviate this friction.

# What do I really like about this paper?

- Important research topic and a relevant question. Important fact documented in the paper.
- Thoughtful work with clear causal effect of social networks on women's career advancement.
- Impressive data collection.

I believe that **paper could gain if** authors would:

- Highlight more clearly the contribution of the paper to the literature
- Identify better the underling mechanism. Most of my discussion will focus on this.

# Outline of Discussion

- Contribution and Theory
- Comment 1: Job Referrals
- Comment 2: Skill
- Comment 3: Employer Information

## Contribution and Theory

# Theory

How can peers affect labour outcomes?

- Job referrals. Individuals with connections to firms help their peers obtain employment in firms by alleviating informational asymmetries regarding productivity. Better job matching. (Information flows to firms)
  - Peers affect acquired skills (i.e., management skills), which in turn, affect productivity. High productivity individuals obtain better jobs due to increased skilled accumulation.
  - Peers can affect preferences (i.e., risk-aversion, aversion to competition). These altered preferences might lead to a change in job preferences.
- Prospective employees learn about firms. Lack of firm culture information might lead to a bad job match. Peers can alleviate this information assymetry. (Information flows to employees).

## Contribution: Peer Effects

- There is an extensive literature on peer effects and **job referrals** (e.g., Beaman and Magruder, 2012; Brown et al., 2016; Burks et al., 2015; Dustmann et al., 2015; Heath, 2017; Pallais and Sands, 2016).
- There's also a large literature on how peers affect **skill accumulation** (Carrell et al., 2009; Lyle, 2009; Sacerdote, 2001; Zimmerman, 2003)
- Some papers have shown how peers can affect **preferences**. For example, they can affect risk-aversion (Ahern et al. 2014; Jones, Kofoed 2020).
- Less explored is how peers. The paper aims to contribute to this literature **learn about employers** (Hacamo and Kleiner 2022). This is a good angle in my (biased) view.

## Comment 1: Job Referrals

- Individuals have **pre-MBA job experience**. Females are, on average, likely to come from female-friendly company.
- **Homophily**: If females establish stronger ties with female peers, then job referrals could explain the observed results.
- Peers can help with a referrals during and post-MBA.
- It is challenging to isolate the job referrals mechanism but it is **important to separate this channel**. You need to find creative ways to rule out this alternative.
- I have a **suggestion** in Comment 3 that might help separate this channel.

## Comment 2: Skill

- Peers can affect **skill accumulation**, especially in an educational setting like an MBA program.
- These skills can help individuals get better jobs (matching), which might lead to better job performance and earlier promotion.
- **Soft skills**: Peers can also help with interview preparation, help discover careers, and develop passion for certain topics.
- **Suggestions**: For example, show that there's no effect on grades? Effects are true from low-GMAT to high-GMAT, as well as from high-GMAT to low-GMAT students?

## Comment 3: Employer Information

- Employees may learn about employers through their peers.
- Main friction: Employees don't have full information about firms' culture.
- Insight: Employees can learn from peers about good and bad firms. Additionally, pre-MBA job experience in a given company should provide more private information.
- The paper needs more direct evidence to pin down this channel and convince us that referrals and skill accumulation are not as important (*separate vs dominant channel*).

## Comment 3: Employer Information

- **Suggestion 1:** Show that peers with pre-MBA experience in female-friendly and unfriendly firms affect the allocation of female peers.
  - Showing that females avoid female-unfriendly firms is a direct way to show the channel of learning information about the culture.
- **Suggestion 2:** Use the randomization in one class, and then measure whether knowledge about which companies are more female-friendly increases with female share.

## Other Comments

- How long does it take for a woman to obtain a senior management position?
- How are the 15 years imposing a restriction on the sample that is used for inference given that the sample varies from 2000 to 2019?
- What happens to the results when you include 2009?
- Correlation between ethnicity and gender. Can you use names?

# Concluding Remarks

- Important research topic and a relevant question. Thoughtful work with clear causal effects.
- Impressive data collection.
- I believe that paper could gain if authors would identifying better the underling mechanism.
- I believe this paper will do well. Looking forward to see the next version.