Peer and social networks in job search

David Marmaros\textsuperscript{a}, Bruce Sacerdote\textsuperscript{a,b,}\textsuperscript{*}

\textsuperscript{a}Dartmouth College, 6106 Rockefeller, Hanover, NH 03755, USA
\textsuperscript{b}NBER, Cambridge, MA, USA

Abstract

We examine how Dartmouth College seniors use social networks to obtain their first jobs. We do this by analyzing self reports of networking and by examining the correlation in employment outcomes among randomly assigned freshman roommates and hallmates. We find that the use of social networks differs for men and women and for white and nonwhite students. Networking also differs greatly across career types. Students networking with fraternity and sorority members and alumni are the most likely to obtain high paying jobs. There is a strong connection between own employment outcomes and outcomes for randomly assigned freshmen hallmates. \textcopyright{} 2002 Elsevier Science B.V. All rights reserved.

\textit{JEL classification:} I2; J0

\textit{Keywords:} Social networks; Peer effects

1. Introduction

The simplest models of career choice and job search assume that people choose a career from a large set of options using full information. In reality, it seems likely that people use social networks of friends, peers, parents, and teachers to obtain career advice and information on jobs (see Holzer, 1987). This paper uses data from a survey of Dartmouth College seniors to examine how careers chosen, jobs obtained, and salaries obtained correlate with the various forms of networking that were used in the job search process.

Our first set of results is descriptive and indicates that the students perceive networking to be quite important in finding a job. Furthermore, the type of networking used differs by job type, gender, and race. Students who solicit help from current and alumni members of their fraternity or sorority are also the most likely to obtain high

\textsuperscript{*}Corresponding author. Tel.: +1-603-646-2121; fax: +1-603-646-2122.
\textit{E-mail address:} bruce.sacerdote@dartmouth.edu (B. Sacerdote).
paying jobs. This is an interesting finding given that many lawsuits against single sex organizations focus on the notion that social clubs provide economic benefits for their members.  

The second set of results shows that employment outcomes for a student are correlated with mean outcomes for that student’s randomly assigned freshmen hallmates and dormmates. We discuss the conditions under which these results can be interpreted as evidence of peer effects among students in a rooming group.

If networking is important to the job search process, and if selective private universities provide better networking opportunities than competing schools, then the private schools may be able to charge a large price premium. This hypothesis is consistent with Dale and Krueger (1998) who find that students’ post-graduation earnings are positively related to the tuition at their undergraduate school. The value of networking may also explain students’ willingness to incur the costs of attending highly selective MBA programs.

Recent research has supported the existence of peer effects among college roommates as in Sacerdote (2001), Zimmerman (2002), Kremer and Levy (2000), and Stinebrickner and Stinebrickner (2001). More broadly, there is a rich and growing literature that finds evidence for peer effects among elementary school students as in Hoxby (2000) and Schunk et al. (1987), and junior high and high school students as in Gaviria and Raphael (2001), and Evans et al. (1992). This paper extends the literature by focusing on employment outcomes for graduating college seniors and using survey data to examine students’ own perceptions of the importance of peer influences.

The peer effects measured here cannot be interpreted as causal due to the identification problems discussed in Manski (1993). Specifically, the selection issues may be quite severe. For example, we find that students who receive job help and advice from other fraternity (sorority) members are much more likely to enter the high paying fields of investment banking and financial sales and trading. It is likely that such correlation does not come purely from the treatment effect of fraternity help on career choice. Students who join fraternities (or sororities) may be inherently more outgoing and socially able people. The prevalence of high paying jobs among such students may be a return to a skill or the result of underlying preferences which drive certain types of students to join fraternities and to search for high paying jobs.

To control for the selection issue, we examine the correlation in outcomes among randomly assigned freshmen roommates, hallmates, and dormmates. The data indicate that there is a statistically and economically significant correlation in working status and salary among students who were housed together as freshmen. Because of the random assignment, we know that this correlation in outcomes does not arise from

---

1 For example, the successful lawsuits brought against single sex eating clubs at Princeton were based in part upon the economic benefits of club membership.

2 Dale and Krueger find a positive effect on earnings from tuition but not from school selectivity.

3 These authors consider a wide range of outcomes including test scores, grades, smoking, and teenage pregnancy. This short list of school related peer effects papers is in no way exhaustive.
students self-selecting into rooming groups. However, due to the reflection problem as described by Manski (1993), we cannot interpret our coefficients directly as the actual size of the peer effect.  

The rest of the paper is organized as follows: Section 2 presents a description of the data. Section 3 presents results and Section 4 concludes.

2. Data description

The data come from a survey of Dartmouth’s class of 2001. The entire class was surveyed via email in April of 2001, which was the spring of senior year for these students. The email sent to the students included a cover letter that explained the nature of the survey and offered students a free Hersey Bar (sent via campus mail) in exchange for filling out the survey. The email directed the students to our survey web page. Respondents logged into the web page and answered the short series of questions using the radio buttons, check boxes, drop down menus and edit boxes provided. The survey required only 5–10 minutes to complete.

Five hundred and ninety out of 1056 students responded. Several comparisons of our data to other Dartmouth data suggest that the problem of non-response bias in our results is not severe. In Marmaros (2001) we compare the means in our data for college major, gender, grade point average (GPA) and career type to the analogous means for the full samples for the classes of 1997–2000. Few of the differences are large or statistically significant. In our sample, 49% of respondents are male, 55% are members of fraternities or sororities, and the mean reported GPA is 3.38. Thirty three percent of students held a leadership position in either student government, a fraternity/sorority, an athletic team or another campus organization.

The first employment related questions asked whether the student will be working, not working, attending school upon graduation, or is undecided. Sixty-two percent of the students plan on working next year and 18% plan on attending graduate school. The next series of questions asked about field or career. Among students, 10.5% plan on entering one of various jobs within finance including investment banking, sales and trading, and money management. Another 10% of students plan on entering management or technical consulting, and 4% intend to become software engineers. Based on reported starting salaries, we label finance, consulting, and software engineering as “high paying jobs” and create a dummy variable to indicate whether or not a student plans on taking such a job. In addition to being standouts in terms of salary, these high

---

4 Our correlation in outcomes could also arise from common shocks that affect an entire dorm and we discuss this possibility in our results section.

5 The students graduated 1.5 months after the survey.

6 For graduating seniors, Dartmouth’s Career Services collects basic background information on college major and intended career. They do not ask about social networks in job search.

7 The mean GPA for the entire class of 2001 is also 3.38.

8 The categories are exclusive. In the interest of space, we report the unconditional means in the text but not in a table.
paying jobs are also the ones receiving the most applicants per job during on campus recruiting.\footnote{Our high paying category does not include students who are entering law school and medical school, though such degrees often lead to high income jobs. Our main results in the next section are robust to limiting the sample to only those students who are actually working next year, or to switching the high paying dummy to include the law and medical students.}

Thirty-five percent of the full sample have job offers at the time of the survey (April) implying that 56\% of those who intend to work had offers. The mean starting salary is $40,177.

The final section of the survey asked students where they obtained advice and assistance in careers. For this paper we focus on answers to the following question: “Who was/is influential in helping you find a full time job or career? Check all that apply”.\footnote{In hindsight, we wish that we had tried to separate out which social networks were important for deciding on a career versus which social networks actually led to a job.} Possible responses to these questions include: Career services, a member or alumnus of one’s fraternity or sorority, other Dartmouth alumni, a roommate, a parent, a relative, a Dartmouth professor, a contact from a previous job/internship, a pre-Dartmouth friend, help from another source, or no help.

Of the 368 students who plan to work next year, 48\% obtained help from career services, 17\% from professors, 30\% from a parent, and 9\% from a relative. Additionally, 19\% of people obtained help from a Dartmouth Alumnus outside of their fraternity or sorority, and 9\% of people obtained help from an alumnus or current member of their fraternity or sorority. Only 5\% of people report being helped by a roommate.

Fig. 1 shows the mean salary reported conditional on the types of networking used. We see that students relying on professors for help have the lowest starting
Table 1
Use of networking by field

<table>
<thead>
<tr>
<th>Field</th>
<th>Mean (Fraternity help)</th>
<th>Mean (Relative help)</th>
<th>Mean (Professor help)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts/entertainment (studio and performing)</td>
<td>0.05</td>
<td>0.15</td>
<td>0.15</td>
</tr>
<tr>
<td>College/University teaching or research</td>
<td>0.00</td>
<td>0.06</td>
<td>0.11</td>
</tr>
<tr>
<td>Education, teach/admin (primary, secondary)</td>
<td>0.11</td>
<td>0.18</td>
<td>0.34</td>
</tr>
<tr>
<td>Government, politics, public policy</td>
<td>0.12</td>
<td>0.19</td>
<td>0.25</td>
</tr>
<tr>
<td>Law</td>
<td>0.07</td>
<td>0.22</td>
<td>0.04</td>
</tr>
<tr>
<td>Medical doctor</td>
<td>0.03</td>
<td>0.16</td>
<td>0.06</td>
</tr>
<tr>
<td>Computer programming, technology, IT</td>
<td>0.16</td>
<td>0.28</td>
<td>0.12</td>
</tr>
<tr>
<td>Consulting</td>
<td>0.19</td>
<td>0.25</td>
<td>0.05</td>
</tr>
<tr>
<td>Finance</td>
<td>0.16</td>
<td>0.26</td>
<td>0.08</td>
</tr>
<tr>
<td>Men</td>
<td>0.09</td>
<td>0.06</td>
<td>0.09</td>
</tr>
<tr>
<td>Women</td>
<td>0.04</td>
<td>0.06</td>
<td>0.12</td>
</tr>
<tr>
<td>Nonwhite</td>
<td>0.04</td>
<td>0.01</td>
<td>0.03</td>
</tr>
<tr>
<td>White</td>
<td>0.07</td>
<td>0.06</td>
<td>0.12</td>
</tr>
</tbody>
</table>

The table shows the prevalence of each form of career networking by intended job field. Means are taken over the group of 590 Dartmouth seniors responding to the survey. The highest paying jobs based on reported starting salaries are consulting (management, strategy, technical), software engineer, and finance (investment banking, sales and trading, asset management). For men versus women, the t-statistic for difference in mean of fraternity help is 2.5. For nonwhite versus white, the t-statistic for difference in mean of professor help is 2.2 and t-statistic for difference in relative help is 1.6.

salaries, whereas those utilizing fraternity connections have the highest starting salaries.

3. Results

In Table 1 we look at the mean of “fraternity help” (obtaining help from a sorority or fraternity member or alumnus), “relative help”, and “professor help” by specific job type. The data show that different networking strategies are used for different types of job search. Thirty-four percent of students entering education or teaching rely on help from a professor versus 8% for students entering finance. Students entering finance rely heavily on fraternity help and help from relatives. In deciding upon careers, law and medical students make little use of professor help or fraternity help, but are likely to rely on relatives.

Table 1 also shows that networking strategies differ by gender and race. Men are more than twice as likely than women to use fraternity help. The difference in mean use of fraternity help has a t-statistic of 2.5. Nonwhite students are less likely than white students to use fraternity help, and much less likely to use help from relatives (1% for nonwhites versus 6% for whites).

Table 2 explores the effect of fraternity help on salary and the likelihood of obtaining a high paying job. Here we limit the sample to those 368 students who plan on
Table 2
Regression of outcomes on networking via fraternities and sororities

<table>
<thead>
<tr>
<th></th>
<th>(1) High paying job</th>
<th>(2) High paying job</th>
<th>(3) Salary</th>
</tr>
</thead>
</table>
| Fraternity brother/sister helped find job | 0.212  
       (2.58)<sup>a</sup> | 0.172  
       (2.32)<sup>a</sup> | 1,661.349  
       (0.54) |
| Fraternity member              | 0.172  
       (3.31)<sup>b</sup> | 0.081  
       (1.65)          | 6,066.200  
       (2.94)<sup>b</sup> |
| Dartmouth alumnus helped job search | −0.049  
       (0.82)          | −482.361          
       (0.20)          |
| Career services helped job search | 0.138  
       (2.95)<sup>b</sup> | 5,062.176  
       (2.64)<sup>b</sup> |
| Active in academic organizations | −0.028  
       (0.46)          | −384.134          
       (0.16)          |
| Active in student gov’t        | 0.119  
       (1.86)          | 7,666.441  
       (2.89)<sup>b</sup> |
| Athlete                        | 0.064  
       (1.23)          | 1,411.461         
       (0.65)          |
| Held leadership position       | 0.250  
       (2.97)<sup>b</sup> | 1,380.591         
       (0.41)          |
| Grade point average            | −0.013  
       (0.21)          | −158.068          
       (0.06)          |
| Male                           | 0.028  
       (0.58)          | 10,301.003        
       (5.41)<sup>b</sup> |
| Constant                       | 0.242  
       (6.30)<sup>b</sup> | −0.647  
       (2.18)<sup>a</sup> | 22,919.726  
       (1.93)          |
| Observations                   | 368     | 368     | 327               |
| R-squared                      | 0.06    | 0.40    | 0.17              |

Column (1) shows the raw difference in the “high paying” dummy when fraternity help is used. Column (2) shows the effect of fraternity help controlling for college major and other covariates. Column (3) shows the effect of fraternity help on salary. Sample is limited to students who intend to work next year. Absolute value of t-statistics in parentheses.

<sup>a</sup>significant at 5% level.

<sup>b</sup>significant at 1% level. Regressions also include a set of dummies for student’s race.

Working. In column (1) we show that students using fraternity help are 21% more likely to accept a high paying job and that this effect is statistically significant. The effect from using fraternity help is in addition to the level effect from simply being a member of a fraternity (i.e. the coefficient on the fraternity dummy). Relative to
non-fraternity members, those students who are both members of fraternities and use their fraternity connections are 38% more likely to obtain a high paying job. Column (2) includes controls for major, GPA, race, other forms of networking, gender, and campus activities and leadership positions. Including these additional controls reduces the effect of fraternity help on obtaining a high paying job to 0.17. The connection between the use of fraternity help and high paying jobs is so strong that controlling for all other observables does not further reduce the coefficient.

In the raw data there is also a connection between fraternity help and the salary variable. But, as shown in column (3), the effect is not significant controlling for gender and other student characteristics.

Unfortunately we cannot identify how much of the coefficient of fraternity help on obtaining high paying jobs is from selection into the use of fraternity help and how much is a treatment effect. Essentially the results document an observed connection between the use of fraternity networks and students’ obtaining certain types of jobs.

Fortunately we are able to eliminate the selection problem when we examine peer effects from freshmen roommates, hallmates, and dormmates. Freshmen at Dartmouth are randomly assigned to roommates and dorms. This eliminates the possibility that any positive correlation in freshmen dormmate employment outcomes is coming from students selecting into rooming groups.\footnote{Technically, hall and dorm assignments are fully randomized and roommate assignments are randomly assigned conditional on answers to several housing questions. In the current data, we do not have the answers to the housing questions. Fortunately, we are mainly interested in dorm and hall effects. In previous work the inclusion of the housing question in the regressions did not affect the estimates of roommate, hallmate, or dormmate effects.}

Common shocks which affect all freshmen in a given dorm might somehow cause dormmate outcomes to be correlated even if peer effects are not present. However, given that we are examining employment outcomes that take place senior year, the common shocks issue may be less of a problem. It is somewhat difficult to envision an external shock to a dorm that affects employment outcomes three years later. On the other hand, it seems quite plausible that close personal friendships forged during freshman year would affect future employment decisions.\footnote{The use of randomly assigned roommates, the common shocks issue, and the merits and demerits of using roommate background characteristics versus roommate outcomes in measuring peer effects are discussed extensively in the roommate literature cited above.}

Fortunately we are able to eliminate the selection problem when we examine peer effects from freshmen roommates, hallmates, and dormmates. Freshmen at Dartmouth are randomly assigned to roommates and dorms. This eliminates the possibility that any positive correlation in freshmen dormmate employment outcomes is coming from students selecting into rooming groups.\footnote{17 students are dropped from the sample because each is the only freshmen on her hallway for whom we have data.}

In Table 3 we regress a student’s employment outcomes on mean outcomes for her randomly assigned freshmen roommates, hallmates, and dormmates. In column (1), we see that own decision to take a high paying job is not correlated with freshman roommate’s decision to take a high paying job. However, there appears to be a large correlation between own outcome and mean outcome at the hall level. We exclude own observation from the calculation of hall and dorm means and we correct the standard errors for within group correlation. For this analysis we use 573 students living on 109 different freshman hallways.\footnote{13}
Table 3
Own outcomes regressed on average outcomes for freshman hallmates and dormmates

<table>
<thead>
<tr>
<th></th>
<th>(1) High paying</th>
<th></th>
<th></th>
<th>(2) Salary</th>
<th></th>
<th>(3) Working</th>
<th></th>
<th></th>
<th>(4) High paying</th>
<th></th>
<th>(5) Salary</th>
<th></th>
<th>(6) Working</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freshman roommate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>has high pay</td>
<td>−0.008</td>
<td>(0.17)</td>
<td></td>
<td>0.004</td>
<td>(0.08)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(prestige) job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean of high paying</td>
<td>0.236</td>
<td>(2.60)(^a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for freshman hallmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean salary for</td>
<td>0.266</td>
<td>(2.27)(^a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>freshman hallmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean of ‘working’</td>
<td>0.174</td>
<td>(2.36)(^a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for freshman hallmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean of high paying</td>
<td>0.222</td>
<td>(1.44)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for freshman dormmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean salary for</td>
<td>0.213</td>
<td>(1.70)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>freshman dormmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mean of ‘working’</td>
<td>0.205</td>
<td>(1.56)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>for freshman dormmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>0.118</td>
<td>(3.39)(^b)</td>
<td></td>
<td>−0.015</td>
<td>(0.44)</td>
<td>0.129</td>
<td>(3.69)(^b)</td>
<td></td>
<td>10,272.826</td>
<td>(4.53)(^b)</td>
<td></td>
<td>−0.021</td>
<td>(0.58)</td>
</tr>
<tr>
<td>Grade point average</td>
<td>0.131</td>
<td>(2.61)(^a)</td>
<td></td>
<td>0.007</td>
<td>(0.12)</td>
<td>0.132</td>
<td>(2.89)(^b)</td>
<td></td>
<td>1,679.504</td>
<td>(0.56)</td>
<td></td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td>Fraternity member</td>
<td>0.080</td>
<td>(2.27)(^a)</td>
<td></td>
<td>0.019</td>
<td>(0.51)</td>
<td>0.088</td>
<td>(2.12)(^a)</td>
<td></td>
<td>5,966.980</td>
<td>(2.64)(^a)</td>
<td></td>
<td>0.016</td>
<td>(0.44)</td>
</tr>
<tr>
<td>Constant</td>
<td>−0.472</td>
<td>(2.71)(^b)</td>
<td></td>
<td>0.298</td>
<td>(1.50)</td>
<td>−0.478</td>
<td>(3.09)(^b)</td>
<td></td>
<td>13,386.753</td>
<td>(1.23)</td>
<td></td>
<td>0.308</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>573</td>
<td>301</td>
<td>573</td>
<td>590</td>
<td>327</td>
<td>590</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.20</td>
<td>0.20</td>
<td>0.31</td>
<td>0.19</td>
<td>0.18</td>
<td>0.30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Column (1) shows the OLS regression of own ‘high paying job’ on freshman hall mean of high paying job. Columns (2) and (3) repeat this analysis for salary and working status. Columns (4)–(6) show regressions of own outcomes for high paying job, salary, and working on dorm averages for the same outcome. Freshman roommates, hallmates, and dormmates are randomly assigned as described in Sacerdote (2001). Robust \(t\)-statistics in parentheses. Standard errors are corrected (clustered) for within group correlation.

\(^a\)significant at 5% level;
\(^b\)significant at 1% level. In columns (1) and (3) the sample is limited to those students for whom we have any data on at least one other person on their hallway. In column (2) [or (5)] the sample is limited to students where we have salary data on at least one other person on their freshmen hallway [dorm]. All columns include controls for participation in athletics and student government, for the use of help from fraternities, career services, and alumni, and for student’s race.
If 100% of my freshman hallmates enter high paying jobs, I am 24% more likely to do so myself as compared to a baseline of 0% of my hallmates entering high paying jobs. A one standard deviation increase in the percentage of my hallmates taking high paying jobs is associated with a 6% increase in the likelihood of my taking a high paying job.\textsuperscript{14}

Due to the reflection problem inherent in regressing outcomes on outcomes (Manski, 1993), we cannot take these coefficients as being the actual size of the causal effects. But the high correlation in outcomes is suggestive of large peer effects taking place.

In columns (2) and (3) we look at the effects of freshman hall mean salary and mean working status on own salary and own working status. Again we see a large connection between own outcome and outcomes for freshmen hallmates. A $1000 increase in my hallmate’s mean salary is associated with a $267 increase in my salary. A 100% increase in their average working status raises the probability of me working by 18%.

In columns (4)–(6) we extend the analysis to look at the impact from the average outcome in a student’s entire freshman dorm. The effects from average dorm behavior are similar in magnitude. For example, a 100% increase in my dorm’s average working status is associated with a 21% increase in the probability of me working. In columns (4)–(6) the number of peer groups drops from 109 hallways to 31 dorms. Again, the standard errors are corrected for within group correlation of the error terms.

The results for randomly assigned hallmates and dormmates suggest that peers influence students’ career choices and/or ability to obtain jobs. We know that outcomes for students within a rooming group are highly correlated and that this is not caused by selection of students into rooming groups. We cannot rule out a “common shocks” story, though as discussed above, a peer effects story strikes us as being the most plausible explanation for the results.

\textbf{4. Conclusion}

The survey data explored in this paper demonstrate that students perceive networking with peers, alumni, faculty and relatives to be an important part of the job search process. Students entering different careers use different forms of networking. The data also show that men and women and white and nonwhite students use different networking strategies.

There is a very strong connection between obtaining help from fraternity and sorority members and obtaining prestigious, high paying jobs. Some of this connection might be causal in the sense that a given student using fraternity help would do worse on employment if he were denied the opportunity to network with fraternity brothers and alumni. Identifying this causal effect would require a good instrument for fraternity participation and we do not have such an instrument.

There is also a strong correlation between own employment outcomes and average outcomes for a student’s randomly assigned freshmen hallmates and dormmates. This

\textsuperscript{14} The average across halls of the hall mean is 0.25 with a standard deviation of 0.25.
suggests that peer networks from friendships made freshman year may be influencing career choices or helping students obtain jobs.

Overall the data provide good evidence that the job search process involves collecting information and receiving assistance from a variety of social networks including peer networks. The availability of networks may partially explain why admission to certain colleges and universities is considered so desirable. Hopefully future work will be able to further document causal links between the availability of such networks and employment outcomes and whether a lack of networks can explain poor outcomes for certain groups of people.

Acknowledgements

The authors thank the National Science Foundation for generous funding and thank Eric Edmonds, Charles Manski, and participants at the European Economic Association 2001 meetings for helpful comments.

References