

THE COLLEGE MELTING POT PEERS, CULTURE AND WOMEN'S JOB SEARCH

Federica Meluzzi

CREST - Institut Polytechnique de Paris



Introduction

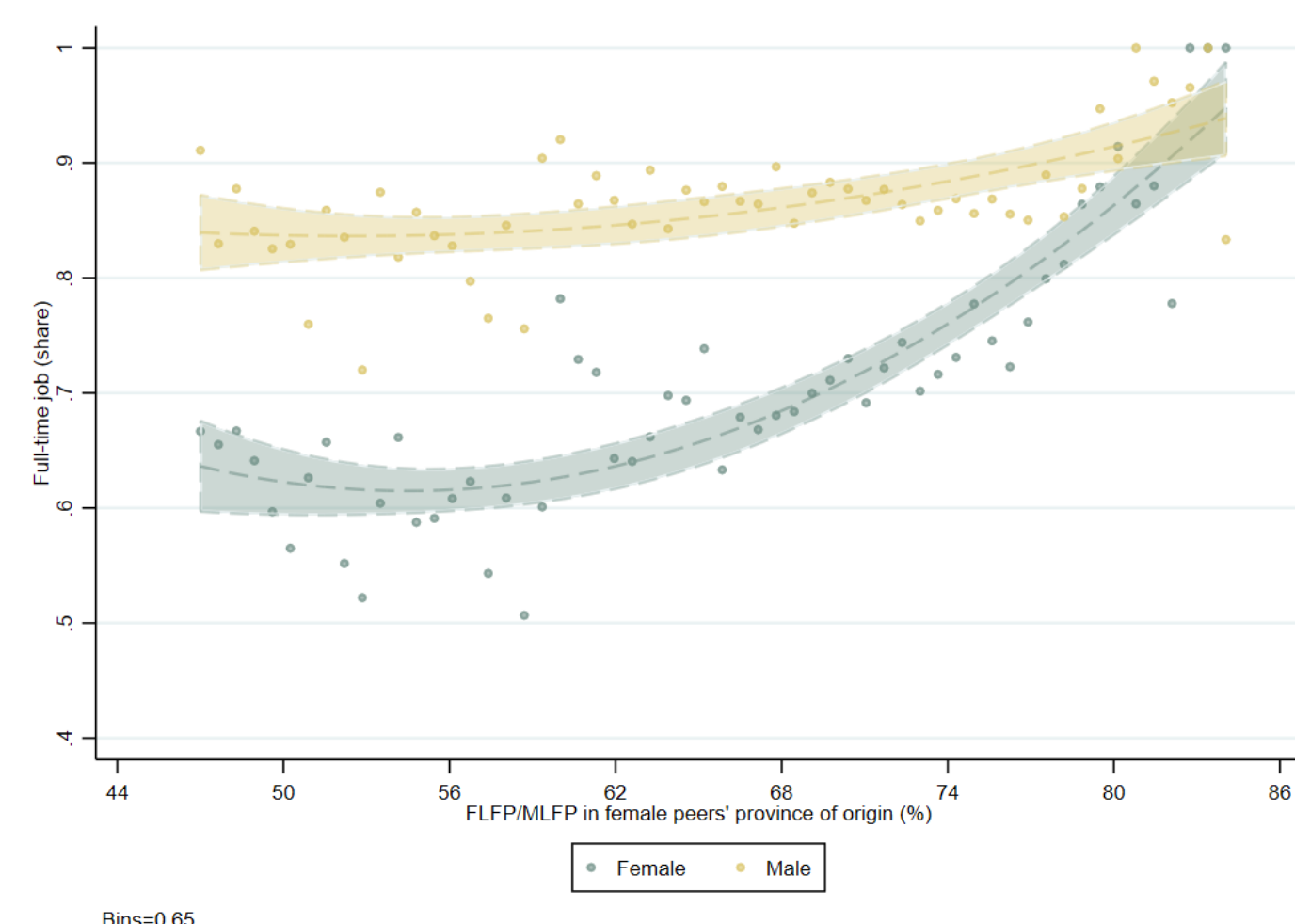
- Gender differences in labor market outcomes are **large and persistent** across OECD countries;
- Cultural norms are **key drivers** of women's labor market decisions;
- Stickiness of cultural norms responsible for slowdown in gender convergence since end of 1990s.

Key question: What determines cultural change?

Motivating facts (Italy):

- One year after college, **women earn 11% less** and are **more likely employed in part-time jobs** than their male peers conditional on same educational choices;
- Stark variations in cultural norms across provinces: **FLFP between 29% and 67%**;
- Culture in province of origin shapes women's labor market decisions:**
 - women raised in areas with historically high FLFP earn and work 6% more than women raised in low-FLFP areas, upon same degree choice and despite working in same province.

This paper:



Do women assimilate the culture of their college classmates?

The melting pot

- Wide **differences in cultural norms** across provinces (NUTS 3), comparable to large cross-country differences;
 - FLFP between 29% and 67% and FLFP/MLFP between 44% and 86% (2004-2007);
- High geographic mobility:**
 - 58% of students move to a different province to attend university;
 - Selection into mobility does not differ by gender and province of origin;
- Cultural composition** of degrees is very **heterogeneous:**
 - in the median degree, 59% of students are born and raised in high-FLFP provinces;
- Relevant peer group?**
 - Small class size (median degree has 57 students);
 - Students from diverse cultural backgrounds get to mix up and spend two years in the same degree just before labor market entry.

Identification of peer effects

- Empirical challenge:** similarities in outcomes among college classmates likely arise due to correlated effects (endogenous peer selection)
- Strategy relies on features of the **data source** (AlmaLaurea):
 - Administrative + survey data covering universe of students from public universities (93% of total);
 - Large number of master degrees (N=1,572) observed across multiple enrollment cohorts (2012-2016).
- Empirical strategy:** leverages cross-cohort variations in peers' geographical composition within a degree (as good as random).

Empirical model

$$Y_{ime} = \theta_m + \alpha_c + \gamma FLFP_{ime} + \delta^{FP} \overline{FLFP}_{-i,mc}^{FP} + \delta^{MP} \overline{FLFP}_{-i,mc}^{MP} + \varepsilon_{ime}$$

- θ_m : master times university fixed effects;
- α_c : cohort fixed effects;

Main findings

Effects of peers on women's earnings and labor supply

	Log(earnings)	Log(weekly hours)	P(Fulltime)	Log(hourly wage)
	(1)	(2)	(3)	(4)
FLFP in own province of origin	0.0186*** (0.0033)	0.0132*** (0.0034)	0.0018 (0.0025)	0.0054* (0.0032)
Mean FLFP in province of female peers	0.0304** (0.0125)	0.0286** (0.012)	0.0169* (0.0096)	0.0018 (0.0126)
Mean FLFP in province of male peers	0.0005 (0.0102)	0.002 (0.0093)	-0.0017 (0.0074)	-0.0015 (0.0098)
Master x Univ. FEs	X	X	X	X
Cohort FEs	X	X	X	X
R-squared	0.29	0.25	0.28	0.10
N	67,453	67,453	67,453	67,453

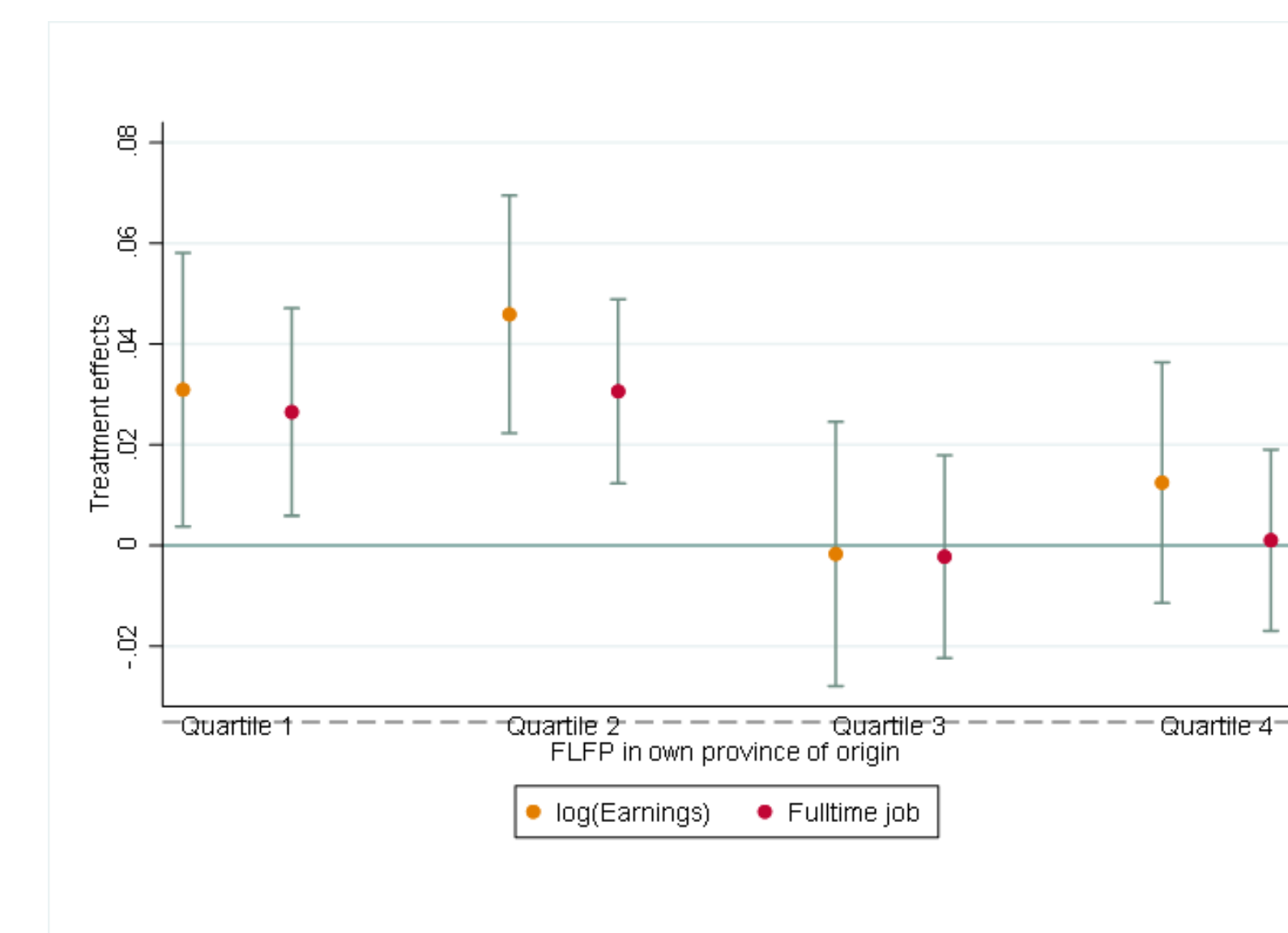
- Exposure to female classmates from high-FLFP provinces leads to **significant ↑** in (i) women's take-up of fulltime jobs and (ii) earnings (+3%);
- 1/3 of the increase in labor supply happens through **changes in occupations:** increased sorting towards high-earnings occupations;
- Wages and sorting into industries is not affected by peer influence;
- Peer effects are not mediated by (i) changes in effort (GPA) nor (ii) changes in mobility decisions;

Implications for gender gaps:

- Male students are not affected by peer influence, regardless peers' gender;
- Peer influence reduce early-career gaps in earnings and labor supply by 30%.**

What do peers do?

Findings consistent with **social learning** from classmates and **role models effects:**



- Strong asymmetry:** large and positive peer effects only towards women coming from below-median FLFP provinces;
- Peers lead to **changes in aspirations:** women attribute less importance to non-pecuniary job attributes (leisure time, hours' flexibility and job's social utility);

Evidence on mechanisms from newly collected data

- Data collection (*in progress*) on sample of current students through in-person classroom interventions (7-minutes survey);
- (Preliminary) evidence consistent with social learning (beliefs' update on arrival rates of part-time vs. full-time job offers) and role model explanations.

Conclusions:

- Large-scale evidence that social environment in college affects women's preferences and early-career LM choices;
- Peer influence closes 30% of gender gaps;
- Optimal policy:** due to asymmetry in peer effects, there exists an **optimal reallocation of peers** that minimizes early-career gender gaps;
- Gender differences in take-up of part-time jobs reflect, for a sizeable portion, differences in preferences;
- Peer effects consistent with social learning and role models explanations.