**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):**

1. 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;
2. Stark variations in cultural norms across provinces: FLFP between **29% and 67%**;
3. 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**

1. Wide differences in cultural norms across provinces (NUTS 3), comparable to large cross-country differences;
   - FLFP between 29% and 67% and FLFP/MLFP between 41% and 96% (2004-2007);
2. High geographic mobility:
   - 59% of students move to a different province to attend university;
   - Selection into mobility does not differ by gender and province of origin;
3. Cultural composition of degrees is very heterogeneous:
   - in the median degree, 99% of students are born and raised in high-FLFP provinces;
4. 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 (endogeneous peer selection);
- Strategy relies on features of the data source (AlmaLaurea);
  - Administrative + survey data covering universe of students from public universities (98% 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**

\[
Y_{itc} = \theta_{it} + \alpha_c + \gamma FLFP_{itc} + \beta FLFP_{it-1} + \delta hFLFP_{it-1} + \epsilon_{itc}
\]

- \(\theta_{it}\): master times university fixed effects;
- \(\alpha_c\): cohort fixed effects;
- \(\gamma, \beta, \delta\): coefficients of interest

**Main findings**

**Effects of peers on women’s earnings and labor supply**

<table>
<thead>
<tr>
<th></th>
<th>Log(earnings)</th>
<th>Log(weekly hours)</th>
<th>P(Fulltime)</th>
<th>Log(hourly wage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
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<tr>
<td>FLFP in own province of origin</td>
<td>0.0186***</td>
<td>0.0152***</td>
<td>0.0058</td>
<td>0.0054*</td>
</tr>
<tr>
<td>(0.0033)</td>
<td>(0.0044)</td>
<td>(0.0025)</td>
<td>(0.0102)</td>
<td>(0.0126)</td>
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<tr>
<td>Mean FLFP in province of female peers</td>
<td>0.0005</td>
<td>0.0021</td>
<td>0.0009</td>
<td>0.0014</td>
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<tr>
<td>(0.0125)</td>
<td>(0.0142)</td>
<td>(0.0096)</td>
<td>(0.0124)</td>
<td>(0.0126)</td>
</tr>
<tr>
<td>Mean FLFP in province of male peers</td>
<td>0.0005</td>
<td>0.0021</td>
<td>0.0009</td>
<td>0.0014</td>
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<td>(0.0125)</td>
<td>(0.0142)</td>
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<tr>
<td>Master x Univ. FE</td>
<td></td>
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<tr>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Cohort FE</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>R-squared</td>
<td>0.29</td>
<td>0.25</td>
<td>0.28</td>
<td>0.10</td>
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<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
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</tbody>
</table>

1. Exposure to female classmates from high-FLFP provinces leads to **significant ↑** in (i) women’s take-up of fulltime jobs and (ii) earnings (+3%);
2. 1/3 of the increase in labor supply happens through **changes in occupations**; increased sorting towards high-earnings occupations;
3. Wages and sorting into industries is not affected by peer influence;
4. 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:

1. Strong asymmetry: large and positive peer effects only towards women coming from below-median FLFP provinces;
2. 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 **40%** 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.

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