## John F. Bonney

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TEACHING AND RESEARCH FIELDS
Primary: Labor Economics, Econometrics
Secondary: Industrial Organization, Public Economics

EDUCATION

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| 2020–present | Ph.D. Candidate in Economics, Stanford University |
| 2018 | B.S. in Economics, Brigham Young University |

JOB MARKET PAPER

**How Network Hiring by Entrepreneurs Shapes Firm Formation and Growth**


*Abstract:* Many entrepreneurs rely on their personal networks to hire their first employees. How important is this practice for the formation and growth of new firms? I study this question using administrative data on corporations founded in Norway from 2001 to 2018, linking entrepreneurs to their firms, employees, and former coworkers. To identify causal effects, I develop an instrumental variables framework that jointly models entry and network hiring, allowing for endogenous selection on both margins. The results reveal three main findings. First, each ex-coworker hired in the firm's first year raises annual revenues in the following four years by roughly $300K and crowds in other hires, without lowering productivity. Second, without the ability to hire ex-coworkers, about half of network-hiring entrepreneurs would forgo recruiting early-stage employees and a quarter would not start firms at all. Third, counterfactual simulations show that, compared to entry subsidies, networks enable entry of entrepreneurs who create substantially more jobs, survive longer, and achieve higher value added per worker. Taken together, the evidence suggests that access to networks is not just convenient, but rather a decisive factor enabling the entry and growth of high-potential entrepreneurs.


RESEARCH PAPERS

**When is TSLS *Actually* LATE?**
with Christine Blandhol, Magne Mogstad, and Alexander Torgovitsky
*R&R (2nd round) at the Review of Economic Studies*


*Abstract:* Linear instrumental variable estimators, such as two-stage least squares (TSLS), are commonly interpreted as estimating non-negatively weighted averages of causal effects, referred to as local average treatment effects (LATEs). We examine whether the LATE interpretation actually applies to the types of TSLS specifications that are used in practice. We show that if the specification includes covariates—which most empirical work does—then the LATE interpretation does not apply in general. Instead, the TSLS estimator will, in general, reflect treatment effects for both compliers and always/never-takers, and some treatment effects for the always/never-takers will necessarily be negatively weighted. We show that the only specifications that have a LATE interpretation are "saturated" specifications that control for covariates nonparametrically, implying that such specifications are both sufficient and necessary for TSLS to have a LATE interpretation, at least without additional parametric assumptions. This result is concerning because, as we document, empirical researchers almost never control for covariates nonparametrically, and rarely discuss or justify parametric specifications of covariates. We apply our results to thirteen empirical studies and find strong evidence that the LATE interpretation of TSLS is far from accurate for the types of specifications actually used in practice. We offer concrete recommendations for practice motivated by our theoretical and empirical results.


**Childbirth and Firm Performance: Evidence from Norwegian Entrepreneurs**
with Luigi Pistaferri and Alessandra Voena
*R&R at the Journal of Labor Economics*

*Abstract:* Using multiple administrative data sources from Norway, we examine how firm performance changes after entrepreneurs become parents. Female-owned businesses experience a substantial decline in profits, steadily decreasing to 30% below baseline ten years post-childbirth. In contrast, male-owned businesses show no decline, often growing in revenues and costs after childbirth. The profit decline for female-owned firms is most pronounced among highly capable entrepreneurs, women who are majority owners, and those with working spouses. Entrepreneurial effort is key to performance, and our findings suggest that time demands from childbirth and childcare are a significant determinant of the decline in firm profits.

## Selected Work in Progress

**Industry-Academia Ties & the Direction of Innovation: Evidence from Stanford Research Park**

with Mihai Codreanu

*Best Second-Year Paper Award, Stanford Economics;*
*Best Poster Runner-Up, 2024 All-California Labor Economics Conference*

*Abstract:* We analyze the effects of strengthening industry-academia ties on the amount and direction of innovation. We focus on the Stanford Research Park (SRP), a historical hub of technological progress and world's first university science park. We empirically investigate three aspects: the impact of a firm's presence in the SRP on its long-run outcomes; the relationship between inventors' coursework and patenting; and the effect of exposure to firms on professors' research. Our approach combines newly digitized mid-20th century data on public and private R&D-focused companies, SRP affiliates' Stanford coursework, and professors' electrical engineering journal publications. Using a difference-in-differences approach, we estimate that park tenants file 20 additional patents annually compared to similar firms who did not join but were favored by the SRP's scientific head. Tenant patents also yield around 15 excess citations each and span much broader patent classes. Firm inventors who concurrently take Stanford courses are more likely to produce innovations relative to their co-workers. Their innovations are both broader and more highly cited. During the same time period, Stanford's electrical engineering professors begin to publish more often in the field's flagship journal, and a language analysis reveals that their research becomes closer in content to the inventions of SRP firms.

**How Local are Local Average Treatment Effects?**

with Christine Blandhol, Magne Mogstad, Joshua Shea, and Alexander Torgovitsky

*Abstract:* Empirical researchers often use instrumental variables (IVs) to estimate a local average treatment effect (LATE), which reflects causal effects for the instrument-specific compliers. The subpopulation of compliers is often small and may not represent the actual subpopulation of interest, raising concerns about the external validity of the LATE. We develop a systematic approach for assessing the generalizability of LATEs. The approach uses the marginal treatment effect representation to link LATEs directly to alternative target parameters. These parameters can be bounded under the usual nonparametric IV assumptions. We demonstrate how these bounds can be significantly tightened by using nonparametric shape restrictions derived from economic theory or by imposing parametric structure. We examine the external validity of LATEs in three applications in development and labor economics. In each one, we demonstrate how to transparently trade-off stronger assumptions for sharper conclusions. The results reveal examples in which LATEs appear to generalize, as well as other examples in which LATEs do not generalize. Our findings show how researchers can use the marginal treatment effect framework not only to interpret IV estimates, but also to discipline and assess claims about their external validity.

**The Formation of the Family Firm: Evidence from Norway**

## Awards, Honors, and Fellowships

2025 *Dixon and Carol Doll Graduate Fellowship*, Stanford Institute for Economic Policy Research
2025 *George P. Shultz Research Fellowship*, Stanford Institute for Economic Policy Research
2024 *Outstanding Teaching Assistant Award*, Stanford University

2024 *Research Data Grant*, Stanford Institute for Research in the Social Sciences (IRiSS)
2024 *Graduate Research Opportunity (GRO) Grant*, Stanford University
2020-2025 *Graduate Research Fellowship*, National Science Foundation
2018 *Valedictorian*, Brigham Young University (Economics Dept.)

## Seminars and Conferences

2025 All-California Labor Economics Conference
2024 ASSA Annual Meeting, BYU Economics Summer Conference

## Research and Teaching Experience

*Research Assistant*
2021-2022 Alessandra Voena, Professor of Economics, Stanford University
2018-2020 Magne Mogstad, Professor of Economics, University of Chicago
2017-2018 Joseph Price, Associate Professor of Economics, Brigham Young University

*Teaching Assistant*
2024 Advanced Topics in Econometrics (Luigi Pistaferri, Stanford University)
*Undergraduate, received 4.6/5.0 average rating*
2017-2018 Applied Econometrics (x2, Lars Lefgren, Brigham Young University)
2017 Industrial Organization (James Cardon, Brigham Young University)

## Service

*Refereeing:* Journal of Political Economy, Journal of Econometrics, Journal of Labor Economics

Organizer, Stanford Applied Economics Lunch (2023-2024)

## References

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