

# **Class differences in social networks: Evidence from a referral experiment**

**1-hour presentation**

Manu Munoz <sup>1</sup> Ernesto Reuben <sup>1,2</sup> Reha Tuncer <sup>3</sup>

<sup>1</sup>Luxembourg Institute of Socioeconomic Research

<sup>2</sup>NYU Abu Dhabi

<sup>3</sup>University of Luxembourg

24 April 2025

# Motivation and Research Question

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- Understand persistent class differences in labor the market, like the underrepresentation of Low-SES researchers in top academic institutions [Stansbury and Rodriguez, 2024]
- Focus on class biases in referrals
  - Most jobs are found through referrals [Topa, 2011]
  - Referrals depend on social networks, which exhibit homophily [McPherson et al., 2001]
- Are there social class biases in referrals?
- If so, what are the potential drivers of these biases?

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- Universidad Autónoma de Bucaramanga (UNAB)
- Approx. 6000 students across all social classes
- Administrative data including gender, age, program, GPA, classes attended, year of entry, and the entry exam scores



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# Design

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- Ask students to refer someone they have taken at least one class with
- Pay according to the student's math and verbal scores in the national entry exam
- Incentivize better referrals by increasing reward as referral score goes higher

## Your recommendation

We are interested in your recommendation of the person you consider best to solve similar problems to those in the **Math test**.

- \* Only someone with whom you have taken at least one class...
- \* We will not contact your recommendation...

Please write the name of your recommendation:

John

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# Procedures

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- Recruited participants by emailing 4500 students (>1st year)
- 30 minute online experiment in Qualtrics
- Average payment of 80 USD (lottery for 1 out of 10 participants)
- 840 complete responses
- Final sample 734 participants who referred someone they took a class with

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# Selection into the experiment

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- Higher performing students overrepresented See
- Low-SES overrepresented
- High-SES underrepresented

|               | Admin Data | Sample | p       |
|---------------|------------|--------|---------|
| Reading score | 62.651     | 65.183 | < 0.001 |
| Math score    | 63.973     | 67.477 | < 0.001 |
| GPA           | 3.958      | 4.012  | < 0.001 |
| Low-SES       | 0.343      | 0.410  | < 0.001 |
| Med-SES       | 0.505      | 0.499  | 0.763   |
| High-SES      | 0.153      | 0.091  | < 0.001 |
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# Balance between treatments

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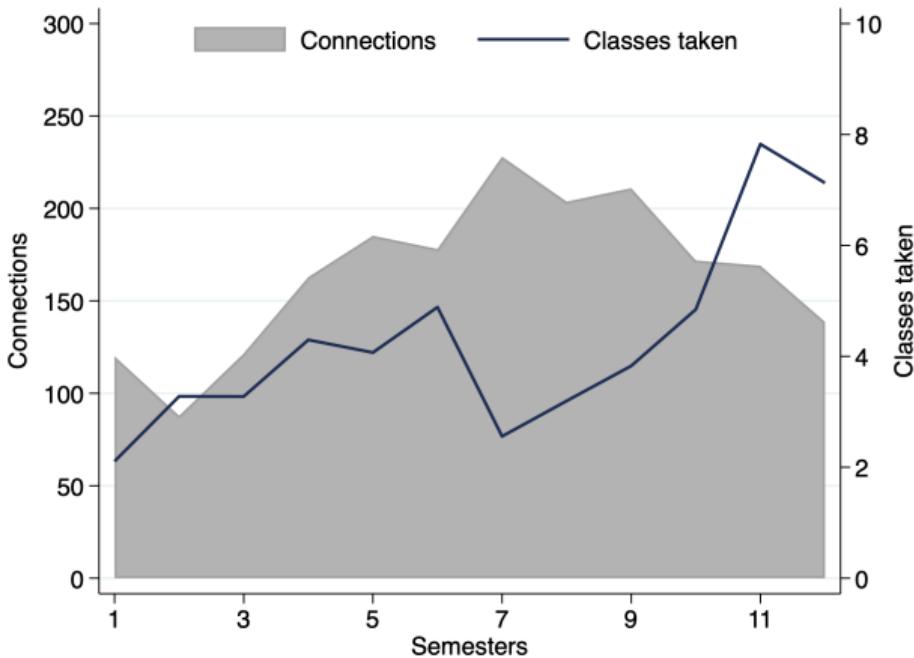
- Successful randomization

|               | Baseline | Bonus  | p     |
|---------------|----------|--------|-------|
| Reading score | 64.712   | 65.693 | 0.134 |
| Math score    | 67.366   | 67.597 | 0.780 |
| GPA           | 4.003    | 4.021  | 0.445 |
| Connections   | 173.40   | 176.88 | 0.574 |
| Classes taken | 3.939    | 3.719  | 0.443 |
| Low-SES       | 0.419    | 0.401  | 0.615 |
| Med-SES       | 0.492    | 0.506  | 0.714 |
| High-SES      | 0.089    | 0.094  | 0.824 |
| Observations  | 382      | 352    | 734   |

# Network size and tie strength

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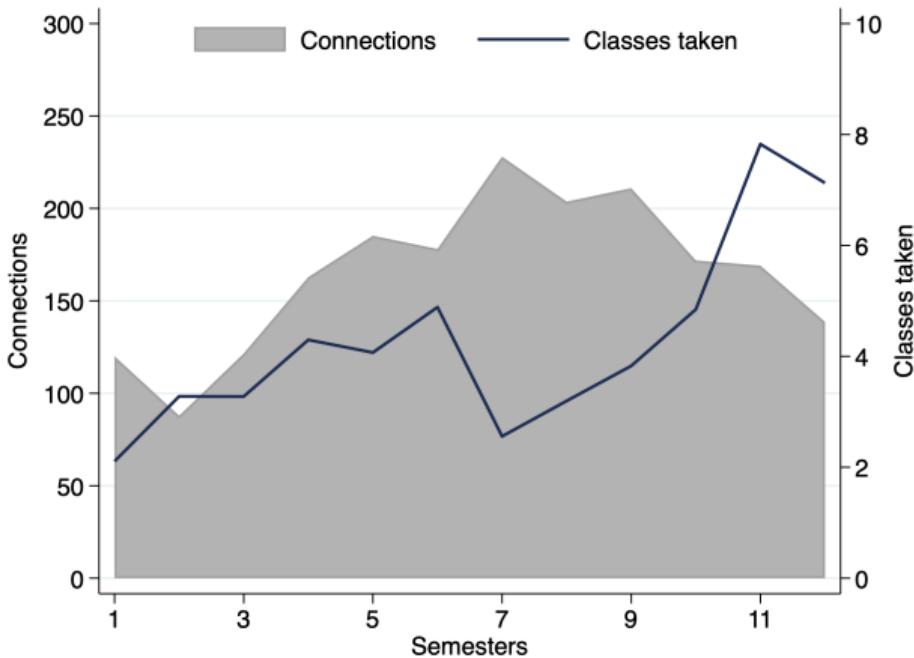
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- Connections peak around 7 semesters and decline as students change majors or graduate



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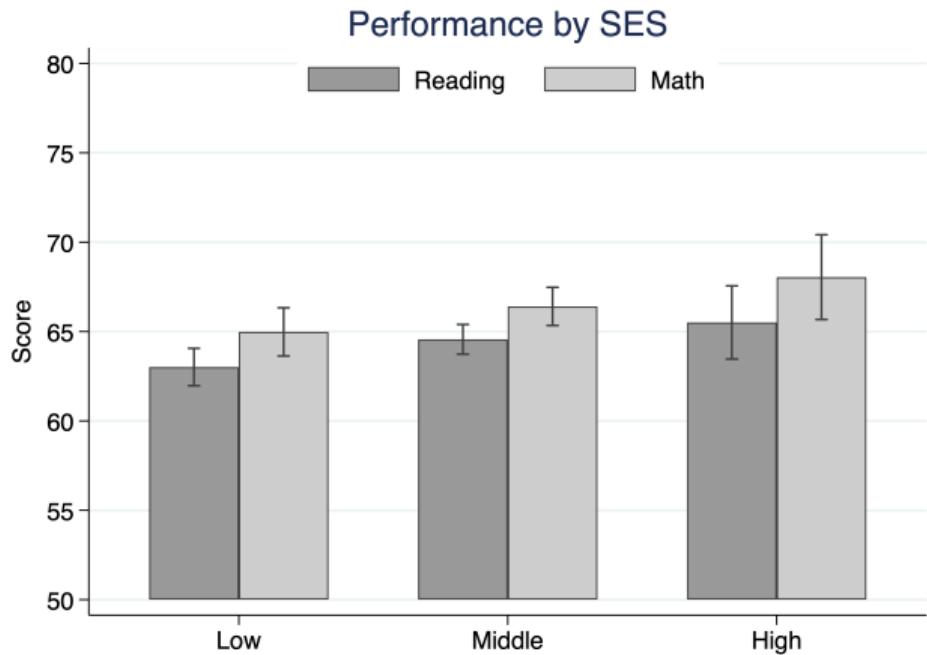
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# Entry exam performance across SES

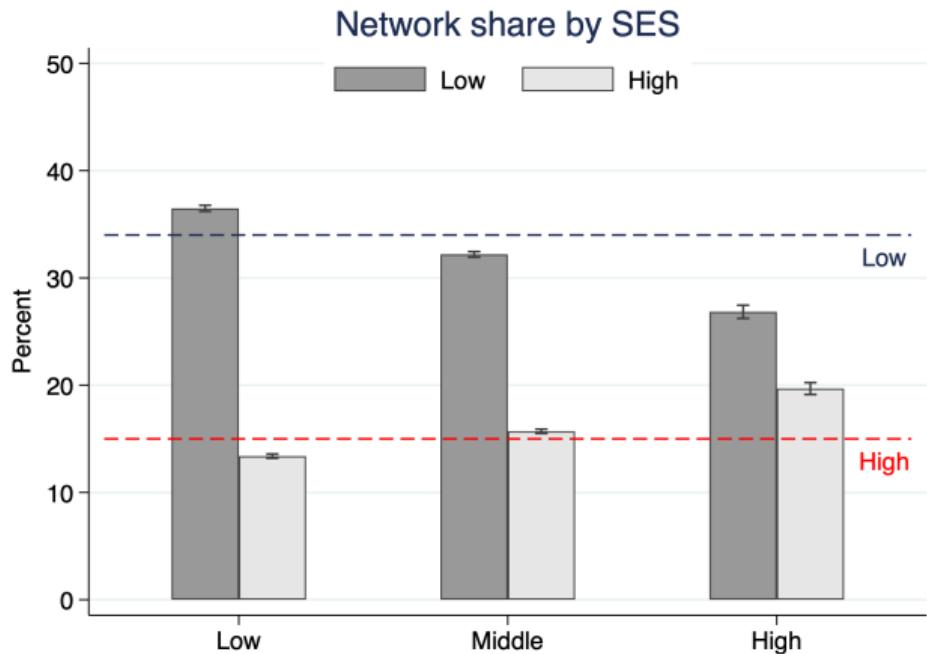
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- Very close distribution of entry exam scores in the sample because of selection



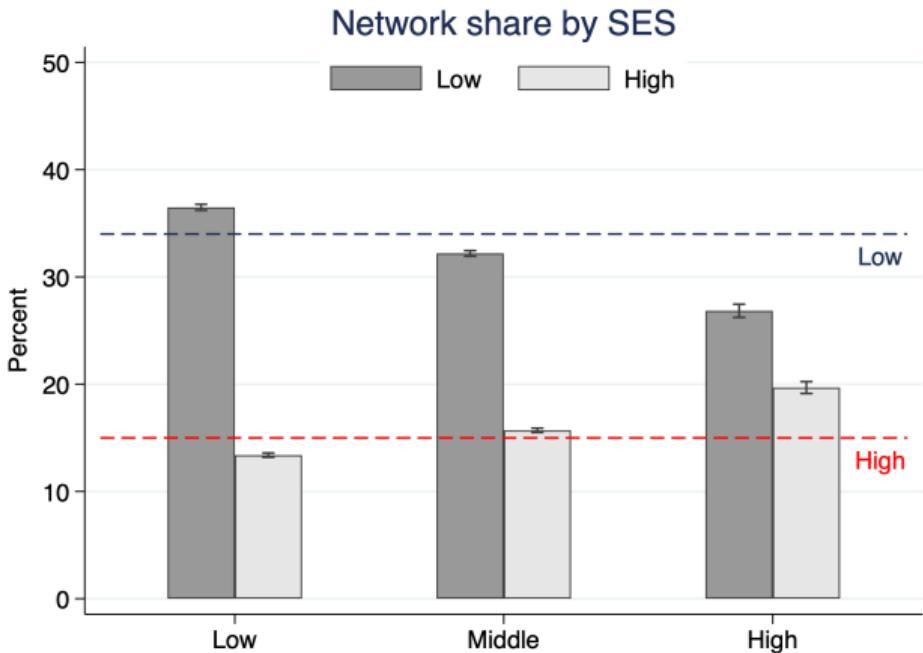
# Network-level SES shares

- 35 % of UNAB is **Low-SES**, and 15 % **High-SES**
- Network shares are very different from the UNAB population
- Why?



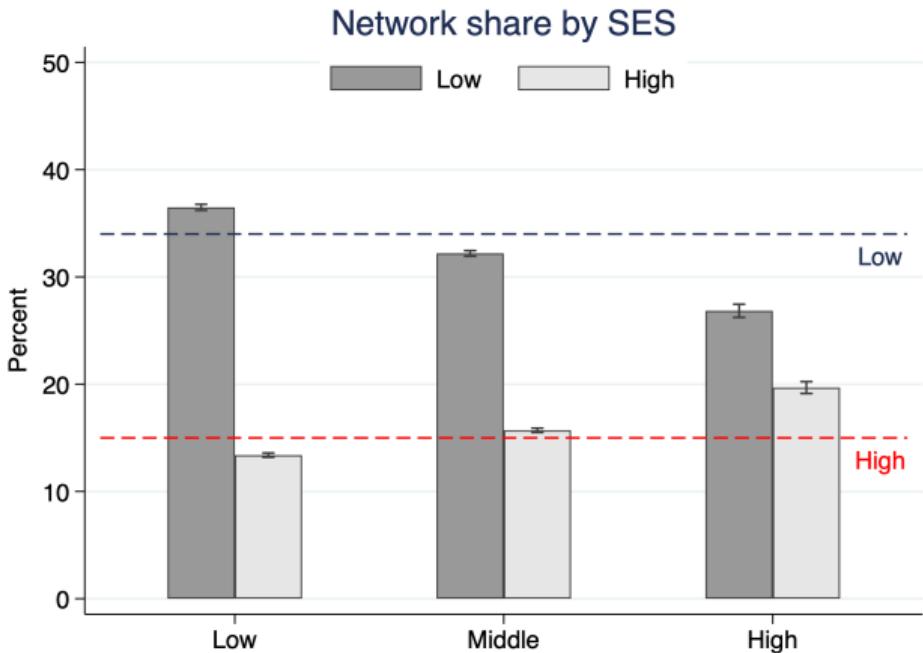
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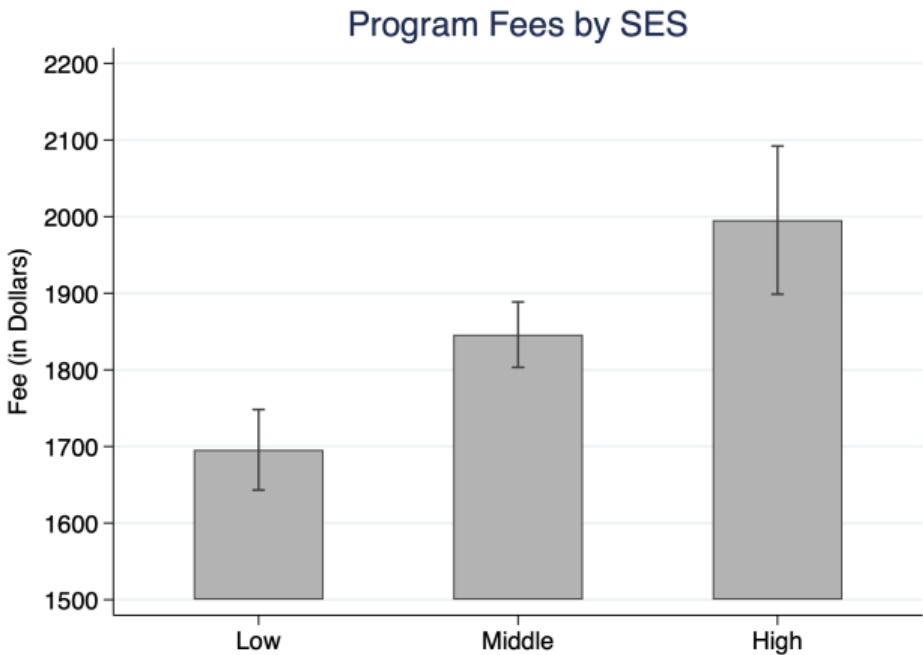
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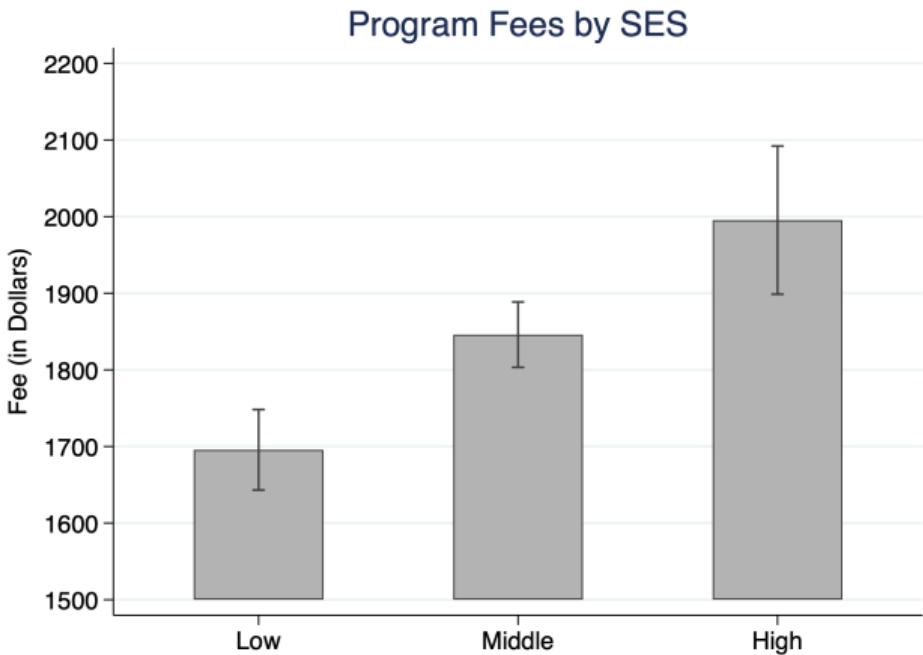
- Low-SES study in more affordable programs
- Large difference as net average monthly salary around \$350



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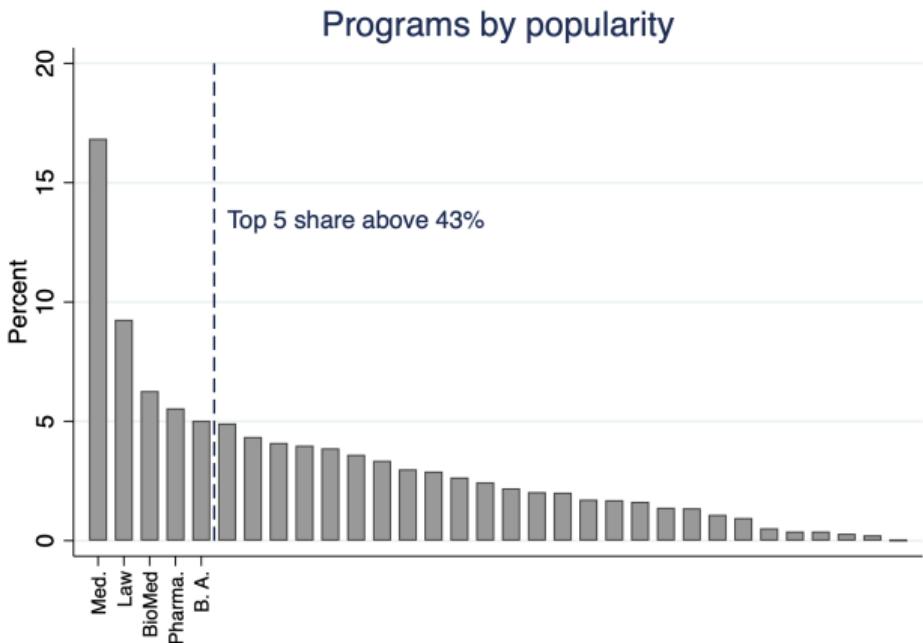
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## Selection into programs ctd.

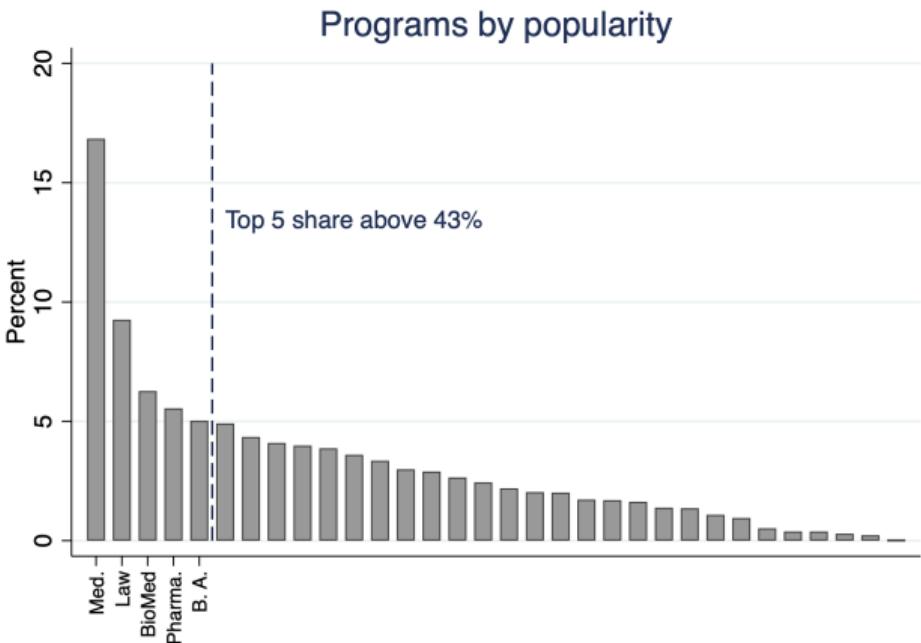
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  - These comprise over 43% of all students
  - But represent 60% of High-SES



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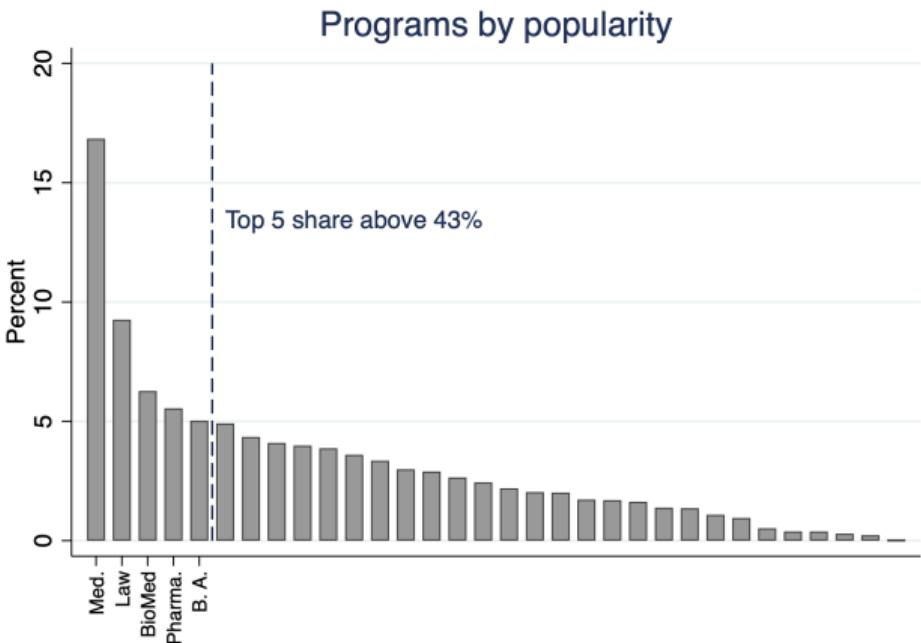
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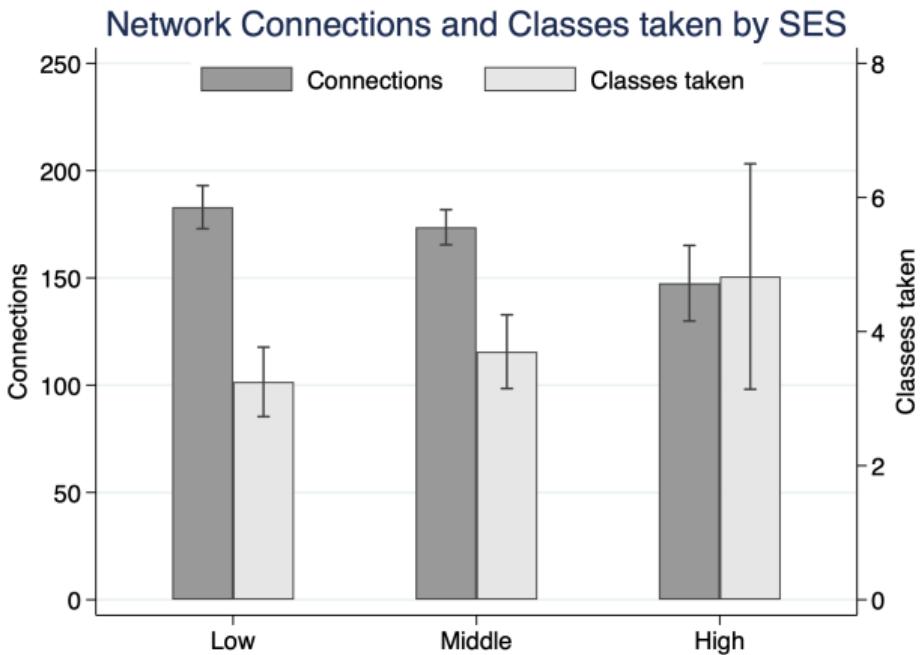
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# Network dynamics and program selection

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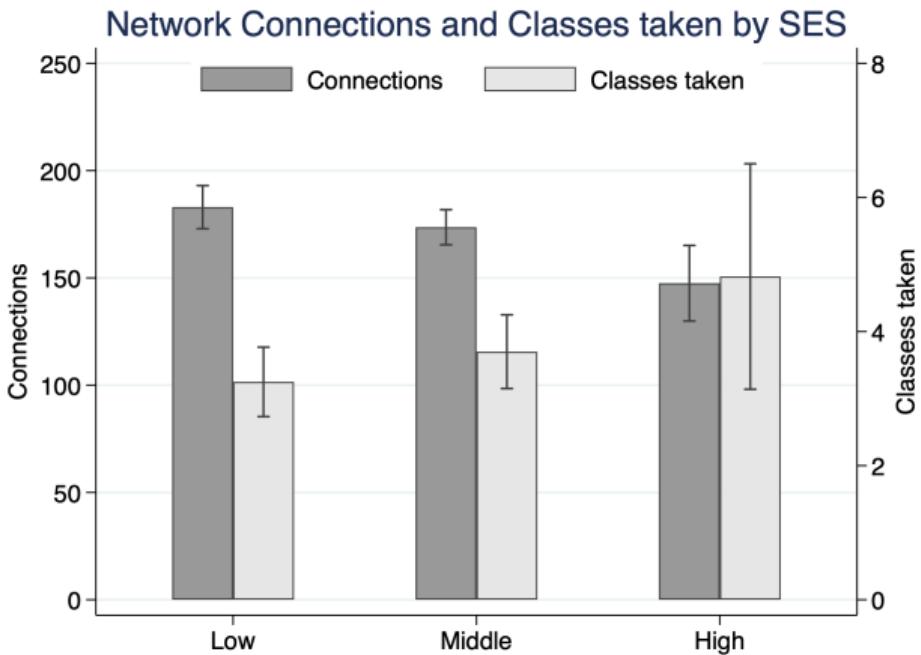
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- Classes taken with peers increases with SES



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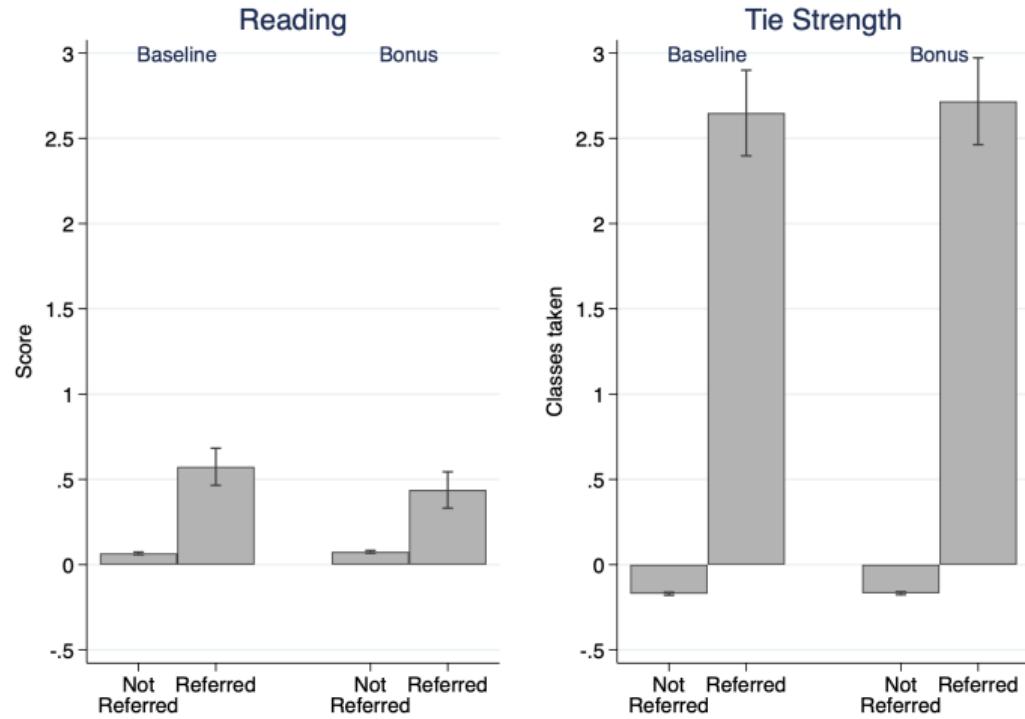
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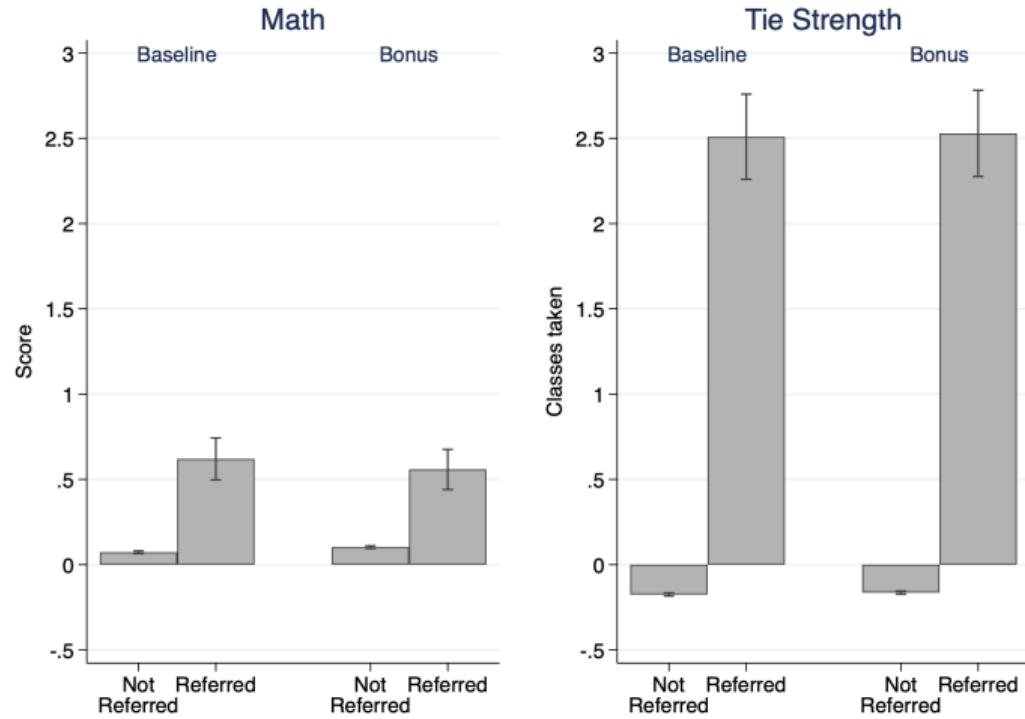
# Referrals for Reading

- Referrals have higher reading scores and much higher tie strength
- No treatment effect on the referred ( $t$ -tests,  $p > 0.08$ )



# Referrals for Math

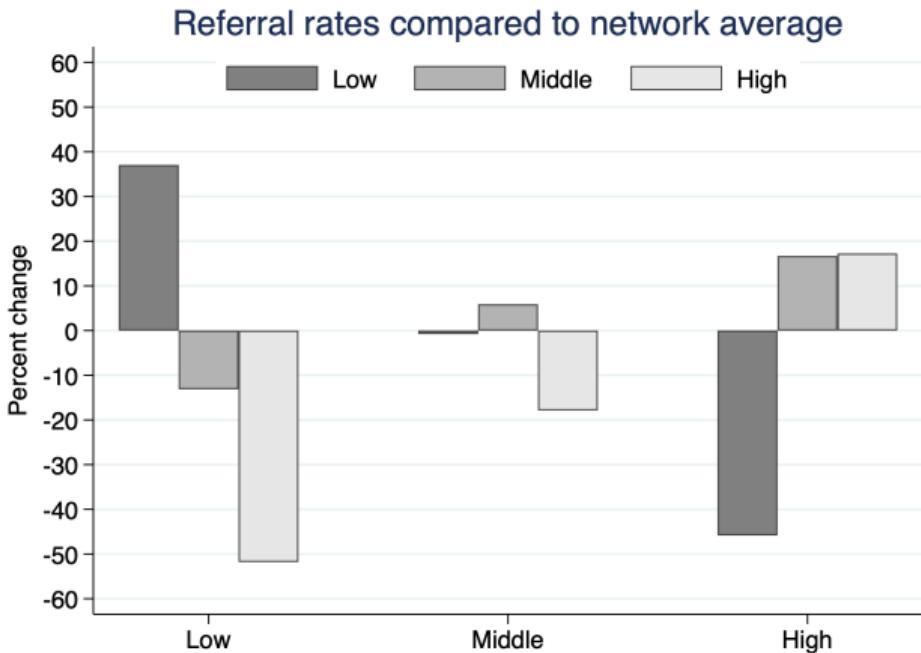
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# Referral SES composition

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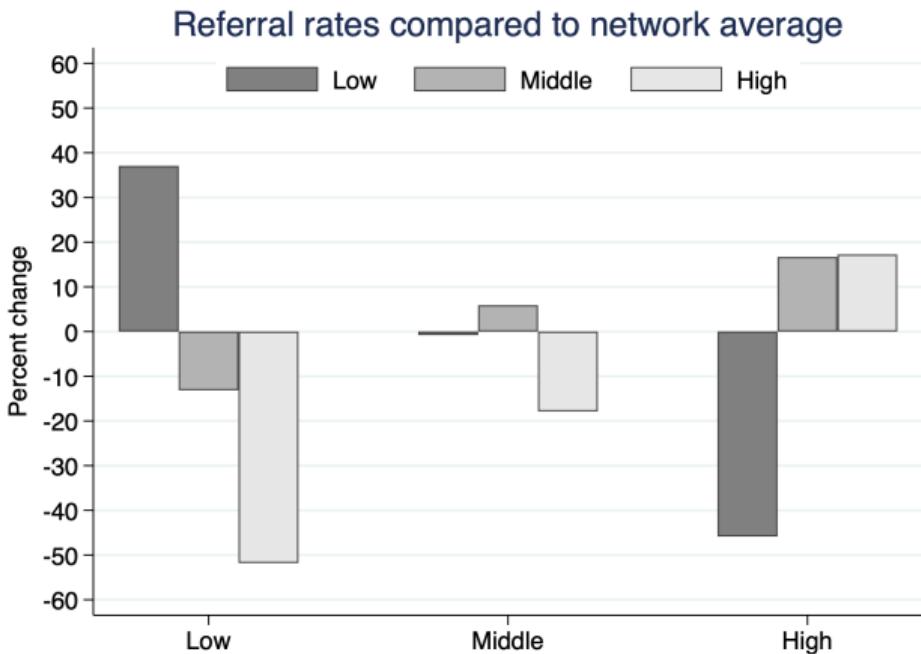
- Stark differences in referral rates considering network compositions were imbalanced to begin with
- Do differences persist after fixing scores and classes taken?



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# Is there a SES bias in referrals?

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**FE Logit:**

$$\Pr(\text{Refer}_{ij} = 1) = \Lambda(\beta_1 \text{SES}_j + \beta_2 \text{Score}_j + \beta_3 \text{Tie}_{ij} + \beta_4 \text{Score}_j \times \text{Tie}_{ij} + \alpha_i)$$

- $\text{Refer}_{ij}$ : Binary outcome indicating whether individual  $i$  refers individual  $j$
- $\text{SES}_j$ : Referral  $j$  is Low, Middle, or High SES
- $\text{Score}_j$ : Standardized Math or Reading score of referral  $j$
- $\text{Tie}_{ij}$ : Standardized number of classes taken together for  $i$  and  $j$
- $\alpha_i$ : Individual fixed effect for referrer  $i$

# Bias against High-SES in aggregate

---

- Bias against High-SES
- Score and tie strength are strong predictors of referrals
- Small interaction between score and tie strength
- How about by referrer SES?

|               | (1)                  | (2)                  | (3)                  |
|---------------|----------------------|----------------------|----------------------|
| Low           | 0.152**<br>(0.070)   | -0.013<br>(0.080)    | -0.013<br>(0.080)    |
| High          | -0.300***<br>(0.108) | -0.306***<br>(0.115) | -0.315***<br>(0.116) |
| Nominee score |                      | 0.618***<br>(0.034)  | 0.527***<br>(0.035)  |
| Tie           |                      | 0.916***<br>(0.026)  | 0.894***<br>(0.026)  |
| Score x Tie   |                      |                      | 0.059***<br>(0.015)  |
| Observations  | 256997               | 256997               | 256997               |
| Ind.          | 734                  | 734                  | 734                  |
| Chi-test      | 17.44                | 1602.42              | 1640.06              |

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- Low-SES referrers are biased against High-SES and vice-versa
- Mid-SES show smallest bias to either extreme
- Does the bias impact referral performance?

|               | Low-SES<br>(1)      | Middle-SES<br>(2)   | High-SES<br>(3)     |
|---------------|---------------------|---------------------|---------------------|
| Low           | 0.237*<br>(0.124)   | -0.155<br>(0.114)   | -0.583*<br>(0.331)  |
| High          | -0.451**<br>(0.223) | -0.281*<br>(0.157)  | -0.382<br>(0.293)   |
| Nominee score | 0.540***<br>(0.056) | 0.503***<br>(0.049) | 0.650***<br>(0.116) |
| Tie           | 0.842***<br>(0.037) | 0.930***<br>(0.039) | 0.959***<br>(0.104) |
| Score x Tie   | 0.043*<br>(0.022)   | 0.057***<br>(0.021) | 0.148**<br>(0.066)  |
| Observations  | 110142              | 127088              | 19767               |
| Ind.          | 301                 | 366                 | 67                  |
| Chi-test      | 804.58              | 766.33              | 144.77              |

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# Who makes better referrals?

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OLS:

$$\text{Premium}_{ij} = \beta_0 + \beta_1 \text{SES}_i + \beta_2 \text{Score}_i + \beta_3 \Delta \text{OBlf}_i + \beta_4 \Delta \text{NBlf}_i + \mathbf{X}'_i \boldsymbol{\gamma} + \epsilon_i$$

- Premium<sub>ij</sub>: Nominee *j*'s test z-score minus mean score of *i*'s network
- SES<sub>i</sub>: Referrer *i*'s socioeconomic status (Low, Middle, High)
- ΔOBlf<sub>i</sub>, ΔNBlf<sub>i</sub>: *i*'s beliefs on own and nominee test scores minus actual scores (standardized)
- Score<sub>i</sub>: Referrer *i*'s own test z-score

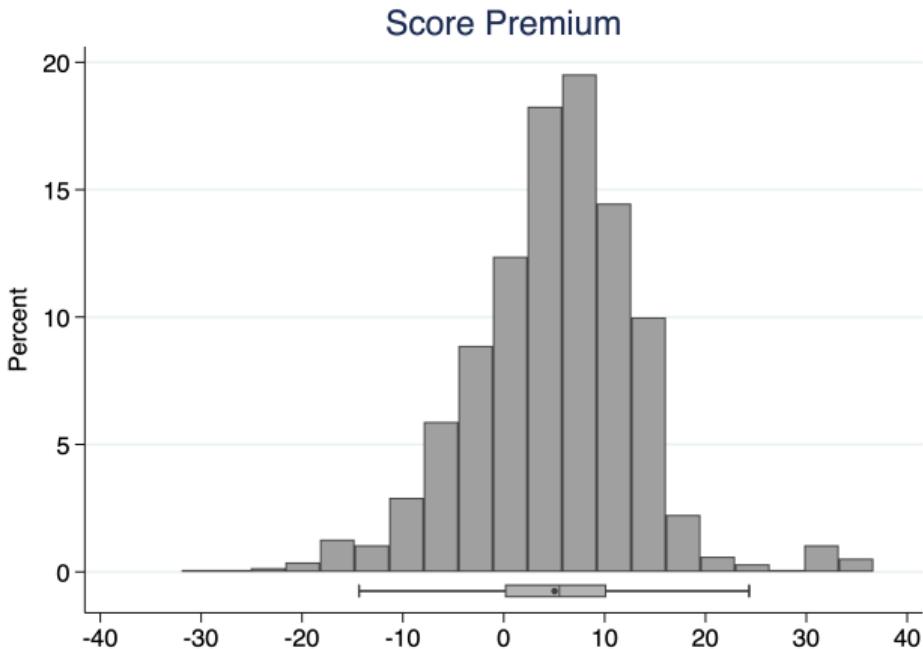
Controls:

- Referrer *i*'s treatment (Baseline vs. Bonus)
- Test area indicator (Math vs. Reading)
- Number of classes taken together for *i* and nominee *j*

# Referrals are better than network average

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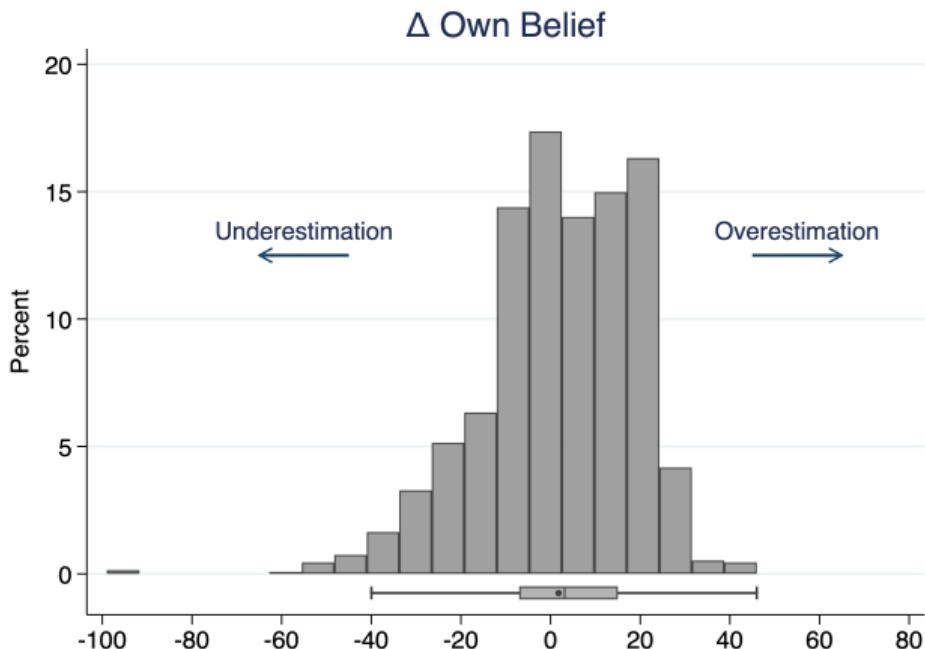
- Defined as nominee  $j$ 's score minus network average for each referrer  $i$  across Math and Reading
- No difference between SES groups See



# Beliefs about own scores are accurate

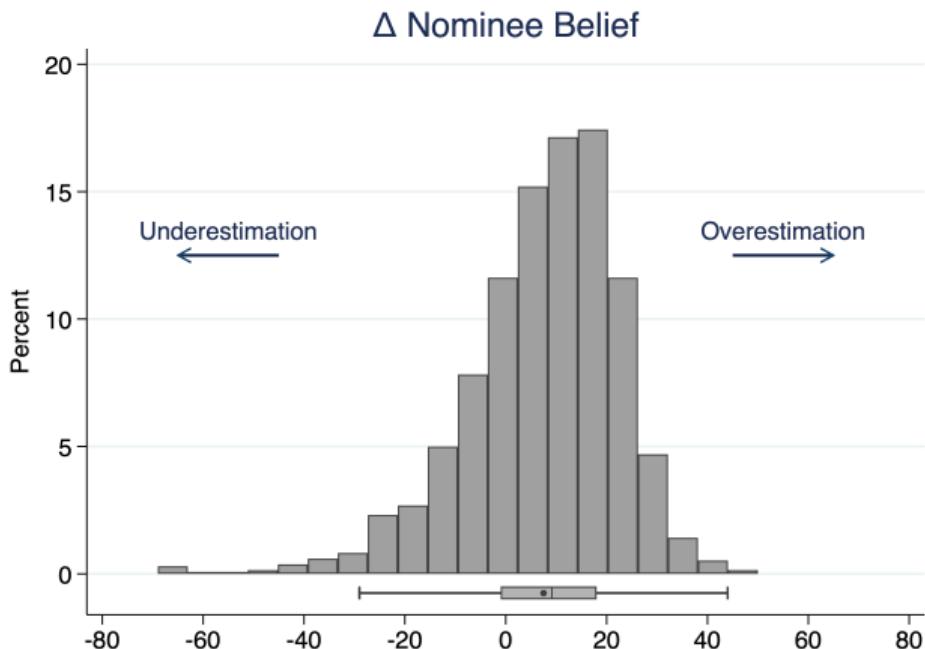
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- Defined as referrer  $i$ 's own beliefs minus their score across Math and Reading
- No difference between SES groups See



# Beliefs about nominees reveal a positive bias

- Defined as referrer  $i$ 's beliefs about nominee  $j$  minus  $j$ 's score across Math and Reading
- No difference between SES groups [See](#)
- Did not collect beliefs about SES group performance in general



# Referrer beliefs and scores matter

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- Referrer  $i$ 's score predicts premium
- Accuracy on own scores increases premium See
- Accuracy on nominee beliefs increases premium See
- No effect of SES
- How about the interaction between SES, scores and beliefs?

|                         | (1)                | (2)                  | (3)                  |
|-------------------------|--------------------|----------------------|----------------------|
| Low                     | 0.068<br>(0.066)   | 0.031<br>(0.061)     | 0.026<br>(0.061)     |
| High                    | 0.219**<br>(0.099) | 0.158<br>(0.100)     | 0.155<br>(0.100)     |
| Own score               |                    | 0.269***<br>(0.031)  | 0.264***<br>(0.032)  |
| $\Delta$ own belief     |                    | 0.237***<br>(0.038)  | 0.241***<br>(0.038)  |
| $\Delta$ nominee belief |                    | -0.383***<br>(0.045) | -0.378***<br>(0.044) |
| Controls                | No                 | No                   | Yes                  |
| Observations            | 1,342              | 1,342                | 1,342                |
| Ind.                    | 734                | 734                  | 734                  |

# No heterogeneity in beliefs and performance

---

- Marginally stronger effect of own score for Low-SES (joint F-test  $p < 0.1$ )
- Effect of own belief driven by outliers

|                         | (1)                 |
|-------------------------|---------------------|
| Own score x Low         | 0.128*<br>(0.065)   |
| Own score x High        | -0.043<br>(0.101)   |
| Δ own belief x Low      | 0.009<br>(0.082)    |
| Δ own belief x High     | -0.248**<br>(0.118) |
| Δ nominee belief x Low  | 0.002<br>(0.094)    |
| Δ nominee belief x High | 0.039<br>(0.159)    |
| Observations            | 1,342               |
| Individuals             | 734                 |

# Conclusion

---

- Networks are separated by SES
- Low and High-SES exhibit bias against one another and worsen the network effect in referrals
- All referrers pick those with whom they take a lot of courses and better performers from network
- All referrers uniformly nominate better as their own scores get higher, have more accurate beliefs about own and nominee scores
- Individuals across SES refer equally well ...
- ... but prefer nominating similar others in SES

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- ... but **prefer** nominating similar others in SES

# Reading

---

- Reading score and tie strength are strong predictors of referrals
- No interaction between reading score and tie strength
- No evidence for a Low-SES bias Alt. Specification

|               | (1)                 | (2)                 | (3)                 |
|---------------|---------------------|---------------------|---------------------|
| Low-SES       | 0.143*<br>(0.086)   | -0.007<br>(0.101)   | -0.007<br>(0.102)   |
| High-SES      | -0.293**<br>(0.128) | -0.271*<br>(0.139)  | -0.275**<br>(0.139) |
| Nominee score |                     | 0.566***<br>(0.044) | 0.513***<br>(0.048) |
| Tie           |                     | 0.949***<br>(0.031) | 0.939***<br>(0.032) |
| Score x Tie   |                     |                     | 0.030<br>(0.018)    |
| Observations  | 128847              | 128847              | 128847              |
| Ind.          | 673                 | 673                 | 673                 |
| Chi-test      | 10.81               | 1117.46             | 1145.58             |

# Math

---

- Math score and tie strength are strong predictors of referrals
- Significant but small interaction between math score and tie strength
- No evidence for a Low-SES bias Alt. Specification

|               | (1)                 | (2)                 | (3)                 |
|---------------|---------------------|---------------------|---------------------|
| Low-SES       | 0.161*<br>(0.086)   | -0.013<br>(0.099)   | -0.015<br>(0.100)   |
| High-SES      | -0.309**<br>(0.131) | -0.343**<br>(0.142) | -0.361**<br>(0.144) |
| Nominee score |                     | 0.662***<br>(0.040) | 0.546***<br>(0.042) |
| Tie           |                     | 0.885***<br>(0.029) | 0.851***<br>(0.029) |
| Score x Tie   |                     |                     | 0.089***<br>(0.019) |
| Observations  | 128150              | 128150              | 128150              |
| Ind.          | 669                 | 669                 | 669                 |
| Chi-test      | 12.38               | 1122.75             | 1154.40             |

# Reading (Low-SES vs others)

---

- Alternative specification with binary Low-SES
- No evidence for a Low-SES bias
- Consistent with main model

[Return](#)

|               | (1)                | (2)                 | (3)                 |
|---------------|--------------------|---------------------|---------------------|
| Low-SES       | 0.199**<br>(0.083) | 0.041<br>(0.100)    | 0.042<br>(0.100)    |
| Nominee Score |                    | 0.561***<br>(0.044) | 0.509***<br>(0.048) |
| Tie           |                    | 0.951***<br>(0.031) | 0.941***<br>(0.032) |
| Score x Tie   |                    |                     | 0.029<br>(0.018)    |
| Observations  | 128,847            | 128,847             | 128,847             |
| Ind.          | 673                | 673                 | 673                 |
| Chi-test      | 5.73               | 1100.40             | 1127.92             |

# Math (Low-SES vs others)

---

- Alternative specification with binary Low-SES
- No evidence for a Low-SES bias
- Consistent with main model

[Return](#)

|               | (1)                 | (2)                 | (3)                 |
|---------------|---------------------|---------------------|---------------------|
| Low-SES       | 0.220***<br>(0.083) | 0.049<br>(0.097)    | 0.050<br>(0.098)    |
| Nominee Score |                     | 0.653***<br>(0.040) | 0.538***<br>(0.041) |
| Tie           |                     | 0.887***<br>(0.029) | 0.854***<br>(0.030) |
| Score x Tie   |                     |                     | 0.088***<br>(0.019) |
| Observations  | 128,150             | 128,150             | 128,150             |
| Ind.          | 669                 | 669                 | 669                 |
| Chi-test      | 7.02                | 1124.24             | 1156.08             |

# Reading across SES

- Restrict sample by referrer SES
- Low-SES bias against other SES
- No evidence for a bias against Low-SES

Alt. Specification

|               | Low-SES<br>(1)      | Middle-SES<br>(2)   | High-SES<br>(3)     |
|---------------|---------------------|---------------------|---------------------|
| Low-SES       | 0.266*<br>(0.155)   | -0.202<br>(0.149)   | -0.275<br>(0.369)   |
| High-SES      | -0.307<br>(0.268)   | -0.254<br>(0.186)   | -0.511<br>(0.377)   |
| Nominee score | 0.548***<br>(0.076) | 0.483***<br>(0.067) | 0.553***<br>(0.179) |
| Tie           | 0.873***<br>(0.046) | 0.991***<br>(0.046) | 0.986***<br>(0.128) |
| Score x Tie   | 0.019<br>(0.027)    | 0.021<br>(0.027)    | 0.145**<br>(0.072)  |
| Observations  | 54611               | 64596               | 9640                |
| Ind.          | 275                 | 340                 | 58                  |
| Chi-test      | 531.49              | 553.06              | 97.57               |

# Reading across SES (Low-SES vs others)

---

- Alternative specification with binary Low-SES
- Low-SES bias against other SES
- No evidence for a bias against Low-SES
- Consistent with main model

|               | Low-SES<br>(1)      | Other-SES<br>(2)    |
|---------------|---------------------|---------------------|
| Low-SES       | 0.312**<br>(0.153)  | -0.160<br>(0.137)   |
| Nominee score | 0.545***<br>(0.076) | 0.486***<br>(0.062) |
| Tie           | 0.876***<br>(0.046) | 0.996***<br>(0.044) |
| Score x Tie   | 0.019<br>(0.027)    | 0.036<br>(0.025)    |
| Observations  | 54611               | 74236               |
| Ind.          | 275                 | 398                 |
| Chi-test      | 517.41              | 627.40              |

[Return](#)

# Math across SES

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- Restrict sample by referrer SES
- Low-SES bias against High-SES
- High-SES bias against Low-SES

Alt. Specification

|               | Low-SES<br>(1)      | Middle-SES<br>(2)   | High-SES<br>(3)     |
|---------------|---------------------|---------------------|---------------------|
| Low-SES       | 0.208<br>(0.150)    | -0.101<br>(0.145)   | -0.986**<br>(0.469) |
| High-SES      | -0.619**<br>(0.283) | -0.313<br>(0.195)   | -0.269<br>(0.381)   |
| Nominee score | 0.540***<br>(0.064) | 0.526***<br>(0.060) | 0.730***<br>(0.128) |
| Tie           | 0.814***<br>(0.041) | 0.870***<br>(0.043) | 0.929***<br>(0.128) |
| Score x Tie   | 0.067**<br>(0.028)  | 0.096***<br>(0.029) | 0.160<br>(0.097)    |
| Observations  | 55531               | 62492               | 10127               |
| Ind.          | 283                 | 327                 | 59                  |
| Chi-test      | 525.71              | 561.64              | 110.76              |

# Math across SES (Low-SES vs others)

---

- Alternative specification with binary Low-SES
- Low-SES bias against other SES
- No evidence for a bias against Low-SES
- Consistent with main model

|               | Low-SES<br>(1)      | Other-SES<br>(2)    |
|---------------|---------------------|---------------------|
| Low-SES       | 0.296**<br>(0.147)  | -0.138<br>(0.136)   |
| Nominee score | 0.533***<br>(0.063) | 0.541***<br>(0.055) |
| Tie           | 0.820***<br>(0.042) | 0.882***<br>(0.042) |
| Score x Tie   | 0.064**<br>(0.028)  | 0.106***<br>(0.027) |
| Observations  | 55531               | 72619               |
| Ind.          | 283                 | 386                 |
| Chi-test      | 523.84              | 647.99              |

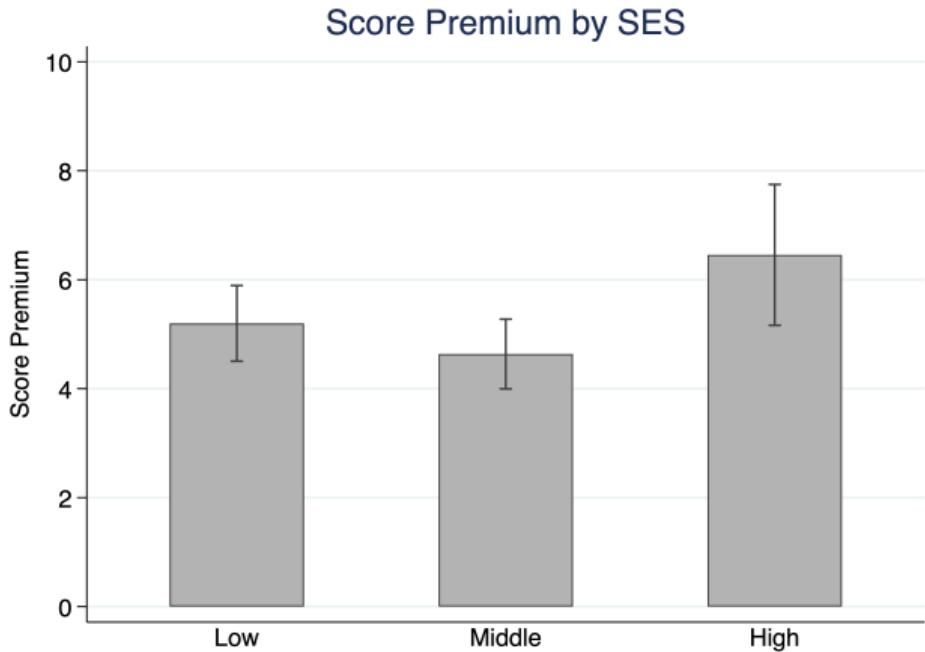
[Return](#)

# No differences for Score Premium by SES

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- Middle-SES refer slightly worst (joint F-test,  $p < 0.1$ )

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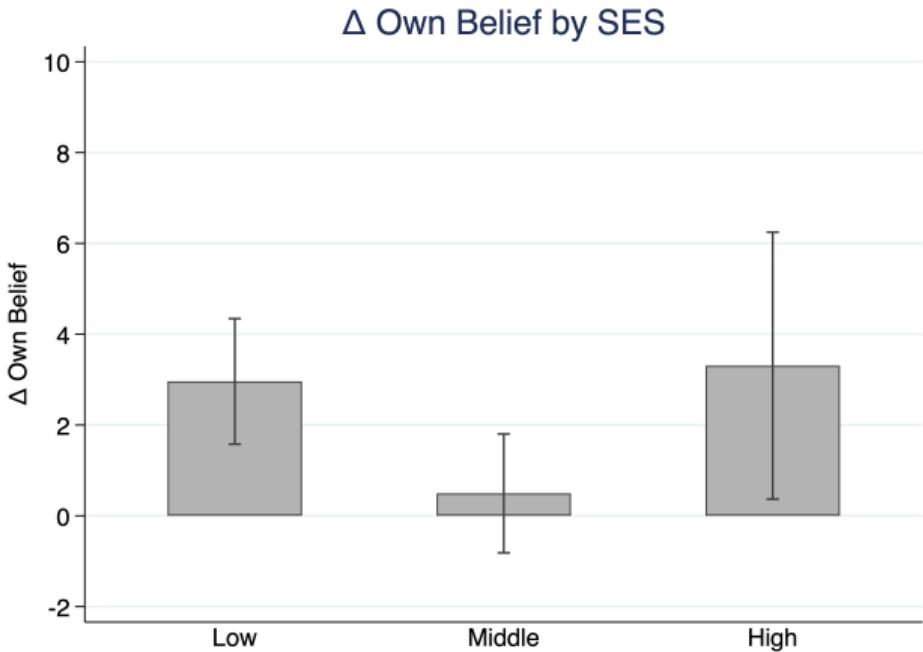


# No differences for own score beliefs by SES

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- Middle-SES are slightly more accurate (joint F-test,  $p < 0.1$ )

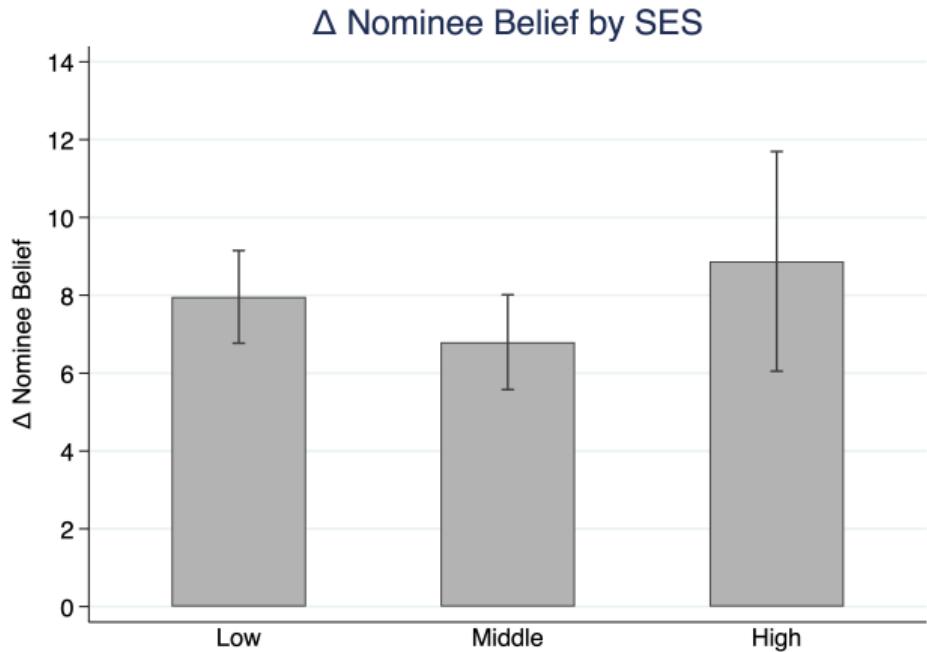
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# No differences for nominee score beliefs by SES

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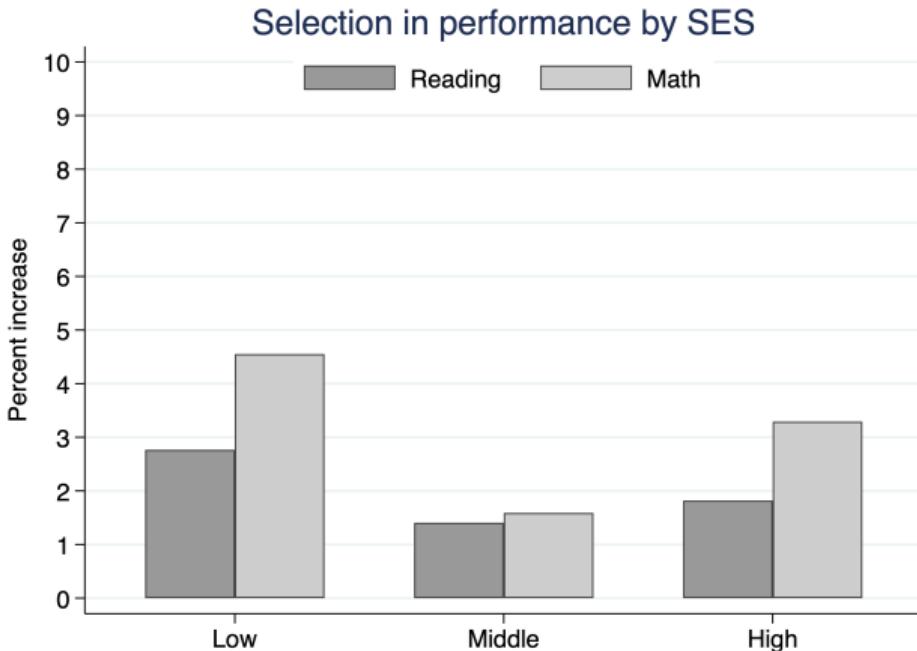
- No difference (joint F-test,  
 $p = 0.41$ ) [Return](#)



# Strong selection by Low-SES

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- Significant Low-SES selection ( $t$ -tests,  $p < 0.01$ )
- Other SES groups do select less ( $t$ -tests,  $p > 0.05$ ) [Return](#)

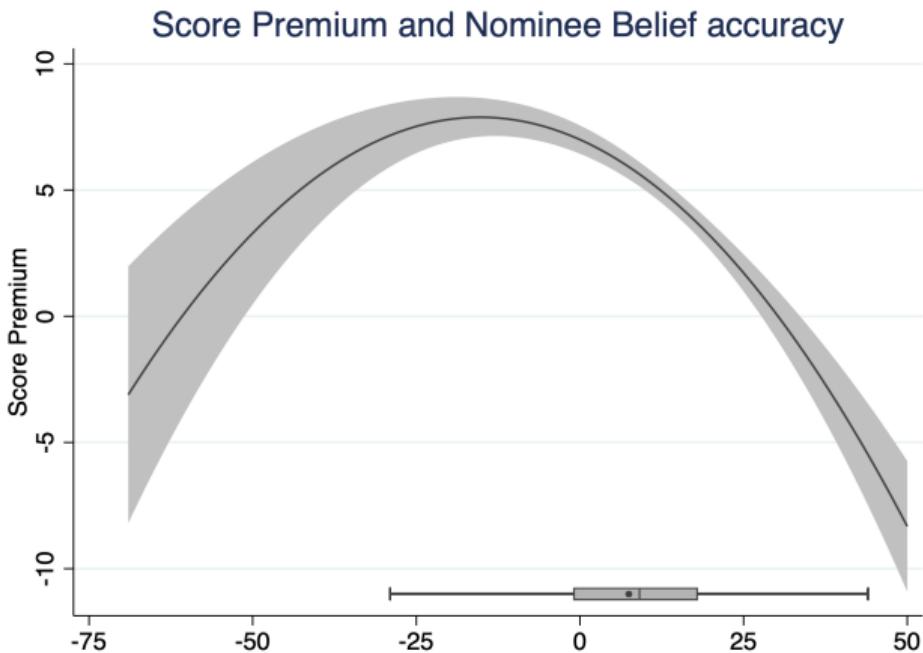


# Nominee Beliefs are rewarded for accuracy

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- Negative coefficient is explained by quadratic shape

[Return](#)



# Own score beliefs are rewarded for accuracy

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- Positive coefficient is explained by quadratic shape and extreme outliers

[Return](#)

