

How men and women network impacts their labor market performance

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A new paper in *The Economic Journal*, published by Oxford University Press, develops a theory of how people's social network structure impacts productivity and earnings. While large and loosely connected networks lead to better access to information, smaller and tighter networks lead to more peer pressure. Information is relatively more beneficial in uncertain work environments while for peer pressure the opposite is the case.

Researchers here also document significant network difference by gender, showing that loose networks are more common for men, and tight networks are more common among women. Based on this fact, the theory provides a new rationale for why men self-select more frequently into occupations involving high-risk decisions, such as finance and research, while women prefer safer settings such as health and education.

Different types of social networks are associated with distinct advantages and disadvantages in the workplace. Loose connections grant greater access to [information](#) and are therefore especially valuable in an uncertain work environment with high but risky project returns. Those with looser social networks receive more information about the value of a project beforehand, allowing them to identify which projects are worth working hard on.

In turn, a tight network, where connections are interlinked and clustered, leads to a relatively better performance in stable workplaces, where

information acquisition is not crucial. The reason is that workers with tighter networks face more [peer pressure](#) as failures lead to tension not only among partners on that specific [project](#), but also throughout the entire group. So generally, workers with tight networks put more effort into projects to prevent failure.

Academic disciplines, requiring the design and completion of projects with a-priori unknown outcomes, are an example of an uncertain work environment that favors looser networks; and so are management positions, jobs in finance or in the arts and entertainment. The proposed theory argues that individuals with large and loose networks should outperform those with small and tight networks in those settings.

The authors uncover the new fact that men and women differ in the way they build their social networks. They examine data from the Digital Bibliographic Library Browser's computer science set (438,531 men and 146,829 women), email communications from Enron (1,628 women and 2,298 men), and AddHealth's friendship networks which is composed of information from roughly 140 US schools (73,244 students). On average, women had tighter, more interconnected networks with high clustering, while men were more likely to form larger networks with looser connections. The study thus found this trend throughout very different environments—academia, private company and schools—showing the pervasiveness of these gender disparities in network structures.

This study then shows that women perform poorly relative to men in high risk occupations and connects the differences in networking structures to their labour market outcomes. This suggests that networking differences across gender may be an overlooked source of wage differences, especially in high risk occupations.

"We were surprised to learn that men's and [women's](#) networks differ in

these drastic ways, with the differences being robust across very distinct environments," said the paper's authors Ilse Lindenlaub and Anja Prummer. "We hope that our findings spark more research into the importance of [network](#) structure for labour market outcomes, not only but also to better understand gender gaps in the labour market."

More information: "Network Structures and Performance" *The Economic Journal*, [academic.oup.com/ej/article-lo ...
i/10.1093/ej/ueaa072](https://academic.oup.com/ej/article-lookup/doi/10.1093/ej/ueaa072)

Provided by Oxford University Press

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