

Peer Effects across Firms: Evidence from Security Analysts

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Preliminary. Comments Welcome

Abstract

We study peer effects among workers in the same occupation across firms in the context of security analysts (i.e., we study whether the productivity of a worker is a function of her peers in other firms). We use microdata concerning analysts as well as an identification strategy that employs one feature of social networks: the existence of partially overlapping peer group. The results show strong evidence of spillovers in terms of peers' outcomes and characteristics. We find a significant positive causal effect of peers' accuracy on an analysts' accuracy. For example, a one standard deviation in peers' earnings forecast accuracy increases an analyst's accuracy by 25.7%. We also find that peers' characteristics have a significant effect on earnings forecast accuracy, and the estimate of the social multiplier is around 1.46.

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