The Deterrent Effect of Finance Peers: Evidence from MBA Career Choices*

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Abstract

The allocation of human capital to finance has important implications for firms and the broader economy, yet little is known about how social interactions affect career sorting into the finance industry among highly skilled individuals. In this paper, we study whether peer exposure influences finance career choices using administrative data from over 4,000 MBA students at Harvard Business School, where mandatory classroom seating assignment generates plausibly exogenous exposure to peers with finance backgrounds. We find that students seated next to peers with pre-MBA finance experience are significantly *less* likely to work in finance industries after MBA. This effect is concentrated among male students and those with prior finance experience. Survey evidence suggests two mechanisms: competitive discouragement, whereby exposure to high-skill finance peers alters students' perceptions of their comparative advantage in finance; and career reassessment, whereby students place greater weight on nonpecuniary attributes relative to career advancement after sitting next to finance peers. These peer effects persist in longer-term employment outcomes. Our results provide novel evidence on how localized social interactions can reshape professional trajectories even in high-stakes labor markets.

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1 Introduction

Social interactions have long been recognized as an important force in shaping economic behavior, as they facilitate the transmission of information, resources and opportunities (Granovetter, 1973; Becker, 1974). In finance, a large literature shows that individuals benefit from social ties across various settings, including CEOs, boards, corporate recruitment, and investors (e.g., Cohen et al., 2008; Cohen et al., 2010; Engelberg et al., 2013; El-Khatib et al., 2015; Hacamo and Kleiner, 2022). A growing strand of the finance literature further examines how social interactions shape individual financial decision-making. Existing studies show that social interactions affect the investment and retirement savings choices (Duflo and Saez 2003; Hong et al., 2004; Ivkovic and Weisbenner 2007; Brown et al. 2008; Kaustia and Knüpfer, 2012; Bursztyn et al., 2014; Beshears et al., 2015; Pool et al., 2015; Ouimet and Tate, 2020), entrepreneurial entry decisions (Nanda and Sørensen, 2010; Lerner and Malmendier, 2013; Hacamo and Kleiner, 2024; Wallskog, 2025), corporate policies (Shue 2013), and promotions (Hampole et al., 2026).

In this paper, we examine the effect of social interactions on finance career choices. Economic theory suggests that individuals choose careers by weighing expected costs and benefits (Becker, 1964). On the one hand, interactions with peers may affect these decisions by transmitting information that updates beliefs about the expected returns to different careers (Lerner and Malmendier, 2013). Furthermore, social ties may provide access to social capital that facilitates career mobility and opportunity (e.g., Marmaros and Sacerdote, 2002; Michelman et al., 2022; Hampole et al., 2026). On the other hand, prior studies suggest that interaction with peers may be limited for high-stakes decisions. For example, Sacerdote (2001) finds that while peer effects are present in short-term or relatively low-cost choices, such as fraternity/sorority membership or course performance, they have little impact on major life decisions, such as college major choice. Subsequent studies similarly document limited peer effects in occupational choices (Arcidiacono et al., 2005; Jones and Kofoed, 2020). Therefore, it is ex ante unclear whether and how exposure to peers with prior finance industry experience affects individuals' decisions to pursue careers in finance.

We exploit a unique setting with exogenous seating assignment among a sample of over 4,000 recent MBA graduates at Harvard Business School between 2017 and 2021. The HBS administration assigns seating for all first-year MBA students based on observable characteristics, including gender and international student status. Students then remain in their assigned seats throughout all first-year courses, generating persistent peer exposure. This seating arrangement creates plausibly exogenous

variation in the intensity of social interactions based on seat proximity. We measure exposure to finance-related social connections using the background of peers seated next to each student and examine how this exposure affects post-MBA career choices, in particular the decision to work in finance. We complement this analysis by examining students' elective course choices and by using survey evidence to shed light on underlying mechanisms.

We find that the exposure to peers with prior finance experience *reduces* the likelihood of pursuing a post-MBA career in finance. Specifically, being seated next to peers with prior finance experience decreases the probability of working in the finance industry after graduation by approximately 10% relative to students with no adjacent peers with finance backgrounds. This negative peer spillover is specific to finance careers; we find no corresponding effect on the likelihood of working in technology or consulting, the two other major post-MBA career destinations for HBS graduates. Because peers' pre-MBA finance experience is determined prior to the focal student's post-MBA career choice, the interpretation of our results is not affected by the reflection problem highlighted by Manski (1993). In robustness tests, we further show that the negative spillover is primarily driven by peers who remain in the finance industry, rather than those who exit finance, alleviating concerns that the reduction in the likelihood of working in finance is driven by jointly determined outcomes. We also provide evidence that the influence of finance peers is highly localized and sensitive to physical proximity within the classroom (Marmaros and Sacerdote, 2006). In particular, we find that the finance background of peers seated nearby but not immediately adjacent to the focal student has no significant effect, and that post-MBA finance employment is not correlated with broader section-level variation in finance backgrounds.

We then examine cross-sectional variation in the intensity of social connections by student characteristics. We find that the negative spillover effect on finance career choices is concentrated among male students and those with prior finance experience. This pattern is consistent with the notion that female students and those without prior finance experience have lower baseline propensities to pursue finance after the MBA, leaving less scope for additional peer effects. Specifically, female students are 9.2 percentage points less likely than male students to work in finance after the MBA (24.7% versus 33.9%), and students without prior finance experience are 31.0 percentage points less likely than students with prior finance experience to work in finance (16.7% versus 47.7%). Lastly, we examine the heterogeneity in the types of peers' finance experience and find that the negative spillover effect is primarily driven by peers with sell-side finance experience.

Next, we provide descriptive evidence on where students exposed to finance neighbors work after the MBA. We find that over half of HBS MBA graduates join large firms (i.e., public companies or firms with more than one thousand employees) as their first post-MBA employer, and this fraction does not differ by exposure to finance neighbors. In contrast, students exposed to finance neighbors are more likely to join start-ups, particularly VC-backed start-ups. Consistent with our main results, this pattern is concentrated among male students and students with prior finance experience. Overall, these findings suggest that the exposure to finance neighbors appears to redirect some students with prior finance experience away from traditional finance employment toward entrepreneurial career paths.

To supplement our main results, we examine students' second-year elective course choices. We find that, among students with prior finance experience, exposure to finance peers reduces the likelihood of enrolling in finance electives in the second year. When examining the overlap between the focal student's and peers' course choices, we find that while focal students and their finance peers are more likely to select the same finance elective, focal students are significantly less likely to enroll in finance electives with topics that differ from those taken by their peers. This pattern is consistent with a reduction in broad interest in finance. Interestingly, among students without prior finance experience, exposure to finance peers increases the likelihood of taking finance electives, suggesting a positive informational or learning effect on course selection. However, despite this increase in finance coursework, we find no corresponding increase in the probability of working in finance after graduation.

Why does exposure to finance peers reduce the likelihood of a finance focal student working in finance after the MBA? To shed light on the mechanism, we conducted a survey of MBA students in our sample in late 2024. Among the more than 4,000 students in our sample, 390 students (8.8%) responded to the survey. Using these responses, we examine potential mechanisms.[1] Specifically, we asked students to reflect on how their classroom neighbors influenced their career thinking along four dimensions: introducing new opportunities, providing networking opportunities, informing their comparative advantages, and identifying career paths to avoid. We find that students seated next to finance peers are more likely to report that their neighbors helped them understand their own comparative advantages and identify career paths to avoid. In contrast, we find no evidence that

[1] The survey was approved by the Harvard Business School Institutional Review Board under protocol number IRB24-0401.

finance peers affected students' perceptions of new career opportunities or networking opportunities. Placebo tests using technology and consulting peers do not reveal similar patterns. These findings suggest that finance peers influence career choices through two potentially non-mutually exclusive channels: they may serve as salient reference points that help students reassess their relative competitiveness, and they may prompt students with finance backgrounds to reevaluate their career priorities.

Motivated by the survey evidence that finance peers help focal students reassess their comparative advantages and identify career paths to avoid, we next provide further evidence of the two potential underlying mechanisms: competitive discouragement and career reassessment. The first mechanism we examine is the competitive discouragement channel. Finance careers are widely characterized by tournament-like structures in which rewards are highly skewed and depend on relative performance (Lazear and Rosen, 1981). In such environments, individuals' career choices depend not only on expected returns but also on their beliefs about their relative position in the performance distribution. Exposure to finance peers may provide focal students with a salient reference group for evaluating their competitiveness. Prior research shows that upward social comparisons can generate discouragement when individuals perceive that they cannot attain the performance level of their peers (e.g., Beshears et al., 2015; Rogers and Feller, 2016). In our setting, exposure to finance peers may lead some students to revise downward their perceived competitiveness in the finance labor market, reducing the attractiveness of returning to finance. Accordingly, we predict stronger negative peer spillovers among less competitive students and when finance peers provide more salient competitive benchmarks through greater ability or experience.

To test these predictions, we use survey responses to identify students who do not self-identify as competitive, whom we label as non-competitive students. Approximately 13% of survey respondents fall into this category. We then examine whether the effect of finance peer exposure varies with the focal student's competitiveness. We find that the negative peer spillover is larger among non-competitive students, although the difference is not statistically significant. Next, we test whether the deterrence effect is stronger when non-competitive focal students are exposed to finance peers with stronger ability or experience. We use two proxies for high-ability finance peers: the fraction of adjacent finance peers who are honor students and the fraction with at least five years of pre-MBA finance experience. We find suggestive evidence consistent with the competitive discouragement channel: non-competitive finance-background students are more likely to leave finance when seated next to high-ability finance peers. However, the evidence also suggests that competitive

discouragement is unlikely to be the only mechanism. Even among competitive focal students, exposure to lower-ability finance peers is associated with a lower likelihood of working in finance after MBA, although the magnitude is smaller.

The second mechanism is career exploration. Interactions with peers who have similar finance experience lead students to reassess their career priorities. In canonical models of career choice, individuals weigh both pecuniary and nonpecuniary job attributes, such as workplace culture, social impact, and family considerations, when making career decisions (Rosen, 1986). When exposed to peers with similar pre-MBA backgrounds in finance, students may obtain a clearer picture of the values and tradeoffs embedded in the finance career path, consistent with the role of peers and role models in shaping individuals' professional identities (Markus and Nurius, 1986; Ibarra, 1999; Gibson, 2003). If continued success in finance appears to require prioritizing growth and promotion at the expense of leisure, family proximity, social impact, or other nonpecuniary goals, students may revise the relative importance they attach to these career attributes and become less likely to return to finance after graduation.

Consistent with this interpretation, we find that, when asked to rank the factors they value most in post-MBA careers, finance-background students place greater weight on growth opportunities, and relatively less weight on social impact and proximity to family. However, exposure to finance peers appears to shift these priorities: students seated next to finance peers place less emphasis on career growth and more likely to prioritize social impact, proximity to family, and, to some extent, workplace culture. These effects are concentrated among male focal students, for whom the negative peer spillover is also strongest.

Taken together, the negative spillover we document in our setting is driven by a combination of competitive discouragement and career reassessment. These mechanisms are distinct from the learning channel emphasized in Lerner and Malmendier (2013), who exploit section-level variation at HBS and show that exposure to peers with prior unsuccessful start-up experience reduces entrepreneurial entry, which they interpret as learning about the entry barriers associated with entrepreneurship. In contrast, the negative peer effects in our setting are concentrated among students with prior experience in the finance industry, for whom finance is already a realistic career option. Rather than learning new information about the feasibility of entering finance, finance peers serve as salient comparison groups and career reference points, leading focal students to reassess their relative competitiveness and the fit between finance careers and their broader (non-pecuniary) preferences.

Finally, we examine the persistence of peer effects. Specifically, we track each student's employment outcomes three years after MBA graduation. We find that the negative peer spillover persists for male students and students with prior finance experience. For these groups, exposure to a greater number of finance peers in the first-year MBA program is associated with a lower likelihood of working in finance three years after graduation. These results suggest that social connections have lasting effects on individual career trajectories, and that peer-driven career reassessment may lead some students to make persistent changes in their long-term occupational choices. Moreover, we do not find evidence that these career switchers experience systematically lower wages or seniority three years after graduation.

Our paper contributes to the literature on human capital movements in the finance industry. The finance industry has long attracted a disproportionate share of elite human capital. High wages, steep career ladders, and intellectual challenges draw many of the most highly educated workers into banking, investment management, private equity, and related financial careers (CFA Institute, 2024). This allocation matters because the financial sector competes with other sectors for scarce talent (Murphy, Shleifer, and Vishny, 1991; Philippon, 2010; Philippon and Reshef, 2012; Böhm, Metzger, and Strömberg, 2023). However, recent survey evidence suggests that the finance industry is also associated with high turnover. BambooHR reports that one-third of new finance hires leave within their first year, 61 percent of finance workers are actively job hunting, and 83 percent express at least some desire for a career change.

Our results show that social environments within elite training institutions can play an important role in shaping this allocation of human capital. We provide causal evidence that exogenous exposure to peers with prior finance experience significantly reduces the likelihood of entering or returning to finance after the MBA. Rather than reinforcing persistence in the sector, peer interactions can induce career re-evaluation and lead to persistent reallocation of talent away from finance. These findings highlight that human capital flows into finance are not determined solely by wages and skill sorting, but are also shaped by local social interactions that influence career aspirations, perceived fit, and competitive self-assessment.

Our paper also contributes to the peer effect literature (see Sacerdote, 2011, for a review). We make two innovations to this literature. First, we examine peer effects in career choices, an important

but relatively understudied domain.[2] Career decisions are high-stakes, forward-looking choices that shape individuals' long-term human capital accumulation and labor market trajectories. Compared with social behaviors or short-term academic outcomes, career choices may be less susceptible to peer influence because they involve substantial personal preferences, information gathering, and economic considerations. Consistent with this, Sacerdote (2001) finds that roommates influence students' decisions to join fraternities or sororities, but not their college majors. Similarly, Arcidiacono et al. (2005) find that medical students' specialty choices are not significantly impacted by their peers, and Jones and Kofoed (2020) find limited peer effects on occupation choices among West Point graduates. Together, this evidence suggest limited peer effects for major life decisions with significant economic consequences. Our findings demonstrate that even high-stakes career choices can be shaped by localized social interactions.

Second, unlike much of the prior literature documenting positive peer effects through information transmission from more informed peers to less informed individuals, we document *negative* peer effects. This finding is surprising because exposure to successful peers might be expected to encourage imitation or provide valuable career information. By examining heterogeneity and using survey evidence, we show that finance peers affect career choices through distinct mechanisms: they serve as salient comparison groups that may discourage less competitive students through unfavorable social comparisons and prompt other students to reassess their career priorities by making the tradeoffs associated with finance careers more salient. These mechanisms extend the peer effects literature beyond job-related information transmission by highlighting how peers can shape career decisions through social comparison and identity-based reassessment.

A few recent papers in peer effects use exogenous variation in MBA section assignment to examine peer effects in entrepreneurial decisions, risk attitudes, corporate policies, and promotions (Lerner and Malmendier, 2013; Shue 2013; Ahern et al., 2014; Hacamo and Kleiner, 2024; Hampole et al., 2026). Using rich administrative records complemented with survey evidence, we uncover novel mechanisms through which peers shape career choices, although we caveat that such effect appears to be specific to the finance industry. Moreover, the seat-level variation allows us to observe more granular social interactions that may not be observable at the section level (Marmaros and Sacerdote,

[2] The existing literature in economics examines peer effects primarily in the context of academic performance (e.g., Sacerdote, 2001; Zimmerman, 2003; Carrell, Fullerton and West, 2009; Carrell, Sacerdote, and West, 2013; Carrell, Hoekstra and Kuka 2018 and 2018), social activities (e.g., Sacerdote, 2001; Kremer and Levy, 2008; Card and Giuliano, 2013; Michelman et al., 2022), and workplace productivity (e.g., Falk and Ichino, 2006; Mas and Moretti, 2009; Cornelissen et al., 2017; Emanuel et al., 2026).

2006; Cohen and Li, 2026). Specifically, it creates exogenous variations in the intensity of social interactions based on seat positions. Indeed, we find that peer students affect the focal student's career choice only when they sit next to the focal student. We do not find results using section-level variation, nor do we find results on peers who sit close to, but not next to, the focal students.

The remainder of the paper is organized as follows. Section 2 describes the empirical setting and the data. In Section 3, we present the main results of the effect of peers on individuals' career choices. Section 4 discusses mechanisms and Section 5 concludes.

2 Data and empirical settings

2.1 Data

Our sample consists of 4,444 HBS MBA students who graduated between 2017 and 2021. During the first semester of the first-year MBA program, students are assigned seats that remain fixed throughout the semester. Because faculty members rely on seating charts to learn students' names and evaluate class participation, seat changes are generally not permitted. We obtain first-year classroom seating charts from HBS administrative records and code each student's seat location using row and column coordinates. We obtain detailed information on students' pre-MBA employers, industries, undergraduate institutions, gender, and citizenship information from HBS Classcard, an online repository of student administrative records. We infer students' ethnicity from profile photographs in HBS Classcard using DeepFace, a facial analysis system developed by Meta.

We obtain students' post-MBA employment histories from the HBS alumni directory and LinkedIn data provided by Lightcast/Emsi. We are able to match approximately 93% of students in our sample to post-MBA employment information. Using detailed employment start dates, we identify each student's first post-MBA employer and construct employment outcomes by industry. To identify finance-industry employers, we rely on standard industry classifications and complement with employer-level information from other databases. Lightcast/Emsi provides NAICS codes for a subset of employers, primarily larger firms. We classify a firm as a finance-industry employer if its NAICS code is 52 (Finance and Insurance) or 53 (Real Estate, Rental and Leasing). For employers without available NAICS codes, we use additional information sources to identify finance firms. Specifically, we classify a firm as a finance employer if it is listed as a money manager in major private equity, venture capital, or hedge fund databases (including VentureSource, HFR hedge fund data, and PitchBook), or if its company name contains finance-related terms, including "capital," "partner,"

"investment," "equity," "management," "fund," "venture," "bank," "finance," "financial," "property," "real estate," or "insurance."

We also identify employers in technology and consulting, two of the most common post-MBA career destinations. Because NAICS codes are unavailable for many smaller technology firms in Lightcast/Emsi, we rely primarily on PitchBook and Crunchbase. Specifically, we classify a firm as a technology employer if PitchBook categorizes it as an "Information Technology" company or if Crunchbase categorizes it as a "Computer Software" or "Tech" company. Finally, we identify consulting employers based on a predefined list of major consulting firms commonly recruiting HBS MBA graduates, including McKinsey & Company, Boston Consulting Group, Bain & Company, Deloitte, Accenture, Oliver Wyman, Strategy&, L.E.K., ZS Associates, Analysis Group, Booz Allen Hamilton, EY-Parthenon, and Roland Berger. We include Deloitte because HBS graduates primarily join Deloitte's consulting division rather than its traditional accounting divisions, such as auditing and tax services.

2.2 Summary Statistics

Table 1 reports summary statistics for the 4,444 MBA students in our sample. Panel A presents characteristics of the full sample. Women and international students comprise approximately 41% and 40% of the sample, respectively, and 36% of students attended a top undergraduate institution. Before the MBA program, 43.3% of students had prior finance experience, while 28.6% and 16.4% had prior experience in consulting and technology, respectively. With respect to students' post-MBA employment outcomes, among the 4,122 students for whom we observe post-MBA employment, 30.1% enter the finance industry after graduation, while consulting and technology account for 20.7% and 20.3% of post-MBA employment, respectively. The comparison between pre- and post-MBA industries suggests substantial career mobility during the MBA program. In particular, the share of students working in finance declines from 43.3% before the MBA to 30.1% after graduation, consistent with the MBA program serving as an important setting for career exploration and reallocation. In contrast, the share of students entering technology increases from 16.4% before the MBA to 20.3% after graduation. Panel A also reports the composition of students' classroom peers. On average, 43.6% of a student's adjacent neighbors have prior finance experience, while 28.0% and 15.9% have prior consulting and technology experience, respectively.

Panel B reports summary statistics by gender. Male students are significantly more likely than

female students to enter finance after the MBA (33.9% versus 24.7%) and to take finance electives during the second year (2.04 versus 1.39 courses). However, male and female students have similar levels of pre-MBA finance experience, suggesting that gender differences in post-MBA finance employment are not primarily driven by differences in prior finance exposure. Male students are also somewhat more likely to have prior technology experience, while female students are more likely to have prior consulting experience. There is no gender difference in post-MBA technology employment. Although the gender difference in post-MBA consulting employment is statistically significant, it is economically small (2.4%, p-value<10%).

Before the MBA, the most common employers are major consulting firms and investment banks. Specifically, among the five most common pre-MBA employers, three are consulting firms, i.e., McKinsey, BCG, and Bain & Company, and two are investment banks, i.e., Goldman Sachs and Morgan Stanley. After the MBA, the largest employers are primarily consulting and technology firms, including the three major strategy consulting firms as well as Amazon and Google. Among finance employers, private equity firms become more prominent after the MBA, with Bain Capital, Blackstone, KKR, and Carlyle among the most common finance destinations. These patterns are consistent with the view that the MBA program serves as a transition point through which some students move from sell-side finance into technology or buy-side finance roles.[3]

2.3 HBS Seating Assignment

Our paper exploits the exogenous seating assignment at HBS. First-year MBA students at Harvard Business School are assigned to ten sections with each section containing roughly 90 students. As described in detail by Shue (2013) and Lerner and Malmendier (2013), the section assignment is a random process conditional on students' observable characteristics (i.e., gender, race, ethnicity, nationality, industry background and undergraduate institution). Teaching for first-year MBAs is performed in parallel across all sections. Students take all their first-year courses with their section-mates. All first-year courses in HBS are mandatory. Waivers are rarely granted. Second-year courses, on the other hand, are electives and are not subject to section constraints.

In addition to the section assignment, the school administrator also exogenously assigns first-year MBA students' seating based on their gender and international student status. Specifically, before

[3] https://mba360admissions.com/blog/2019/5/24/investment-banking-or-technology-which-is-the-better-career-path-for-mba-students-part-2

the start of the fall semester, the MBA office creates a seating chart (see appendix A) for all incoming MBA students. Students are required to sit in accordance with the seating chart for all their first-semester classes. Because course instructors rely on the seating chart for participation grading, switching seats is generally prohibited. The MBA office then re-randomizes the seating for these first-year MBAs in the second (spring) semester. For second-year MBAs, the school does not assign seats for courses. Second-year students can generally choose where to sit in their first class session. A seating chart is often produced based on their seating in the first session, and students generally need to follow the same seating for the rest of the semester, although professors vary on how strictly they adhere to a seating chart in the second year. The exogenous first-year seating assignment provides a powerful setting to examine peer effects.

We obtain first-year seating charts from the HBS course record and code each student's location using row and column coordinates. We define adjacent peers as students seated immediately to the left or right of the focal student. Because students at the ends of rows have only one adjacent peer, while most students have two, we control for the number of adjacent peers in our empirical specifications. Our main treatment variable is the fraction of adjacent peers with pre-MBA finance experience.

We next validate the conditional random assignment of first-year seats more formally. Specifically, we estimate the following linear probability model:

$$Y_i = \beta_1 \times LeftNeighborChar_i + \beta_2 \times RightNeighborChar_i + \gamma_i + \tau_t \qquad (1)$$

where i indexes students. The dependent variable is one of three focal-student characteristics: an indicator for whether the student is female, an indicator for whether the student is an international student, or an indicator for whether the student has pre-MBA finance experience. Independent variables *LeftNeighborChar* and *RightNeighborChar* are the corresponding characteristics of the students seated immediately to the left and right of the focal student, respectively. For example, when the dependent variable is the focal student's pre-MBA finance experience, the key independent variables are indicators for whether the left and right neighbors have pre-MBA finance experience. The vector γ includes focal-student characteristics. We also include section fixed effects and class-year fixed effects. Standard errors are clustered at the section-year level.

Table 2 reports regression results. The estimates are consistent with the seating assignment

rule. In Columns (1) and (2), left- and right-neighbor gender are strongly negatively associated with the focal student's gender, and left- and right-neighbor international status are strongly negatively associated with the focal student's international status. These patterns suggest that the seating algorithm sought to balance students by gender and international status within the classroom. Importantly for our research design, Column (3) shows that adjacent peers' finance backgrounds do not predict the focal student's own pre-MBA finance experience. The coefficients on both left-neighbor finance experience and right-neighbor finance experience are small and statistically insignificant. Thus, conditional on the characteristics used in the seating algorithm and control variables, exposure to adjacent peers with finance backgrounds appears plausibly unrelated to the focal student's own finance background.

Overall, the evidence in Table 2 supports the validity of using first-year seating assignments to study peer effects. The seating arrangement creates systematic balance along the dimensions explicitly used by the administration (i.e., gender and international status), while generating residual variation in exposure to finance peers that is not explained by students' own finance experience. This variation allows us to examine whether close, repeated exposure to peers with finance backgrounds affects students' subsequent career choices.

3. Empirical results

3.1 Finance Neighbors and Career Choice

We begin our analyses by examining whether exposure to peers with prior finance experience affects students' post-MBA career choices. We estimate the following linear probability model at the student level:

$$First\ Post\ MBA\ Job\ in\ Finance_i = \beta_1 \times \%\ Finance\ Neighbors_i + \gamma_i + \tau_t + \epsilon_i \quad (2)$$

where the dependent variable *First Post MBA Job in Finance* is an indicator variable equal to one if student i works in the finance industry as the first job after the MBA, and zero otherwise. The independent variable *% Finance Neighbors* measures the focal student's exposure to adjacent peers with pre-MBA finance experience. It is defined as the number of adjacent neighbors, seated immediately to the left or right of the focal student, who have pre-MBA finance experience, divided by the number of adjacent neighbors. Control variables γ include the number of adjacent neighbors and the focal student's characteristics, including gender, pre-MBA finance experience, international student status,

undergraduate institution, and race and ethnicity indicators. We also include class-year fixed effects τ. Standard errors are clustered at the section-year level.

Table 3 reports the results. In Column (1), the coefficient on *% Finance Neighbors* is negative and statistically significant, indicating that students seated next to peers with prior finance experience are less likely to work in finance after the MBA. Column (2) adds the number of adjacent neighbors, and Column (3) further includes the full set of student-level controls. The coefficient remains stable across specifications. In Column (3), the coefficient on *% Finance Neighbors* is -0.052 and statistically significant at the 1% level. Economically, moving from no finance neighbors to all finance neighbors reduces the probability of working in finance after the MBA by 5.2 percentage points, corresponding to approximately 17 percent of the sample mean of 30.1 percent.

Columns (4) and (5) examine the source of this effect more directly. In Column (4), we replace *% Finance Neighbors* with separate indicators for whether the focal student's left and right neighbors have pre-MBA finance experience. The coefficients on both variables are negative and statistically significant, suggesting that the effect is not driven by one side of the classroom seating arrangement. In Column (5), we distinguish between students for whom 50 percent or 100 percent of adjacent neighbors have finance experience. The *50% Finance Exposure* indicator equals one when the focal student has two adjacent neighbors and exactly one of them has pre-MBA finance experience. The *100% Finance Exposure* indicator equals one when all of the focal student's adjacent neighbors have pre-MBA finance experience. This includes students with two adjacent neighbors who both have finance experience, as well as students at the end of a row who have only one adjacent neighbor and that neighbor has finance experience. Students with no finance neighbors serve as the omitted benchmark group. The results indicate that the negative peer effect is concentrated among students with full finance-neighbor exposure. The coefficient on *100% Finance Exposure* is negative and statistically significant, while the coefficient on *50% Finance Exposure* is small and statistically insignificant. This pattern suggests that limited exposure to one finance neighbor among two adjacent peers is not sufficient to generate a meaningful change in post-MBA finance employment. Instead, the reduction in finance career choice is concentrated among students whose immediate peer environment is composed entirely of finance-experienced neighbors.

Figure 1 provides a graphic illustration of this pattern. Panel A focuses on students with only one adjacent neighbor. Among these students, the probability of working in finance after the MBA

declines from 31 percent for those with no finance neighbor to 26 percent for those whose only neighbor has pre-MBA finance experience. Panel B focuses on students with two adjacent neighbors. The probability of working in finance after the MBA is 33 percent for students with no finance neighbors, 32 percent for students with one finance neighbor, and 25 percent for students with two finance neighbors. The figure therefore mirrors the regression evidence in Column (5): post-MBA finance employment is similar for students with no finance neighbors and those with partial finance exposure, but declines noticeably when all adjacent peers have finance backgrounds.

Overall, the results in Table 3 provide evidence of a negative peer effect in finance career choice. Rather than increasing the likelihood that students enter or remain in finance, exposure to adjacent peers with prior finance experience reduces the probability of working in finance after the MBA. Because first-year seats are assigned by the HBS administration and adjacent finance exposure is not predicted by the focal student's own pre-MBA finance experience, these results are consistent with the interpretation that close peer exposure can lead students to reassess their interest in finance careers.

3.2 Peer Effects in Other Industries and Placebo Peers

We next examine whether the peer effect documented in Table 3 is specific to finance career choices by estimating specifications similar to Equation (2), but replacing the dependent variable with an indicator for the focal student's first post-MBA job in consulting, or technology, the two other popular career choices by MBA students. We also include the fraction of peers with consulting and technology pre-MBA experience as independent variables.

Panel A of Table 4 reports the results. Column (1) replicates our main finding: the coefficient on *% Finance Neighbors* is negative and statistically significant when the dependent variable is the focal student's first post-MBA job in finance. The coefficient is -0.053 and significant at the 1% level, closely matching the estimate in Table 3. In contrast, Columns (2) and (3) show that consulting neighbors and tech neighbors do not significantly predict whether students enter consulting or technology after the MBA. The coefficient on *% Consulting Neighbors* is statistically insignificant when the dependent variable is post-MBA consulting employment, and the coefficient on *% Tech Neighbors* is statistically insignificant when the dependent variable is post-MBA technology employment. These results suggest that the negative peer effect we document is specific to finance career choices, rather than reflecting a general tendency for adjacent peers to discourage students from pursuing careers in the peers' own

industries after the MBA.

We then examine whether the finance peer effect is localized to immediately adjacent classmates. To do so, Panel B adds three placebo measures of finance-peer exposure. The first measure, *Section Finance Ratio*, is the fraction of students in the focal student's section with pre-MBA finance experience. This variable captures broader exposure to finance-background peers at the section level (e.g., Lerner and Malmendier, 2013; Shue 2013; Hampole et al., 2026; Hacamo and Kleiner, 2024). The second measure, *% Finance Peer (Non-Adjacent)*, is the fraction of nearby but non-adjacent peers with pre-MBA finance experience. We define non-adjacent peers as students seated next to the focal student's adjacent neighbors, but not immediately next to the focal student. For example, if the focal student sits in row 1, column 5, then the non-adjacent peers are students seated in row 1, columns 3 and 7. These students are physically close to the focal student but do not share immediate adjacency. The third measure, *% Finance Peer (Different Rows)*, is the fraction of peers seated in the same column but in the rows immediately in front of or behind the focal student who have pre-MBA finance experience. These peers are also physically proximate, but interactions with them are likely less frequent than interactions with adjacent peers in the same row because they are separated by desks and do not sit directly beside the focal student.

Panel B reports the results. Across all three columns, the coefficient on *% Finance Neighbors* remains approximately -0.052 to -0.053 and statistically significant at the 1% level. By contrast, neither section-level finance exposure nor nearby non-adjacent finance exposure predicts post-MBA finance employment. Specifically, the coefficients on *Section Finance Ratio* are slightly negative but statistically insignificant. The coefficients on *% Finance Peer (Non-Adjacent)* and *% Finance Peer (Different Rows)* are positive but statistically insignificant. This spatial pattern suggests that the peer impacts are more nuanced and highly localized, potentially through the intensity of repeated peer interactions.

3.3 The Reflection Problem

A potential concern in studies of peer effects is the reflection problem highlighted by Manski (1993). The reflection problem arises when researchers observe that individuals in the same reference group exhibit similar outcomes and attempt to infer whether individuals' behaviors are caused by peer influence or instead reflect common characteristics or simultaneous responses to the same underlying factors. In particular, when an individual's outcome and her peers' outcomes are determined contemporaneously, it is difficult to distinguish whether the focal student influences her peers, peers

influence the focal student, or both outcomes are driven by correlated factors.

Our research design is not subject to this concern because our main independent variable is based on peers' pre-MBA finance experience, rather than peers' post-MBA career choices. Specifically, we measure finance peer exposure using whether adjacent classmates worked in the finance industry before entering HBS. This characteristic is determined before the focal student makes her post-MBA career decision and therefore cannot be affected by the focal student's eventual employment outcome. Moreover, because seating assignments are determined by the HBS administration conditional on observable student characteristics, exposure to peers with pre-MBA finance experience is plausibly exogenous. Thus, our main specification does not rely on comparing the focal student's career choice with her peers' contemporaneous career choices.

Nevertheless, we conduct additional analyses to further address concerns that our results may be driven by correlated post-MBA career decisions among finance peers. Specifically, we distinguish between finance-background peers who remain in the finance industry after MBA and those who leave the finance industry after MBA. If the negative spillover effect primarily reflects simultaneous career decisions among students who share similar preferences or face similar labor market conditions, we would expect the negative spillover we observed to be stronger for finance peers who subsequently leave the finance industry.

Table 5 reports the results. Across all specifications, the negative peer effect is driven by exposure to both finance-background peers who remain in finance after the MBA and those who leave finance after the MBA, as indicated by the negative and statistically significant coefficients on both *% Finance Neighbors Who Stay in Finance After MBA* and *% Finance Neighbors Who Leave Finance After MBA*. The coefficient on *% Finance Neighbors Who Stay in Finance After MBA* is larger in economic magnitude, although the difference between the two coefficients is not statistically significant. These results suggest that our findings are not driven by simultaneous career choices among peers or by focal students responding to peers' post-MBA career decisions to leave finance. In particular, the presence of a negative spillover from finance peers who remain in finance after the MBA indicates that peers' intention to exit finance after MBA cannot explain the documented reduction in focal students' likelihood of pursuing finance careers.

3.4 Peer Effects by Neighbors' Finance Experience Type

We next examine whether the negative peer spillover varies with the type of finance experience held by the focal student's neighbors. Although finance is often treated as a broad industry category, different segments of finance involve distinct career paths, work environments, and reward structures. In particular, sell-side careers, such as investment banking, are often characterized by highly competitive promotion processes, demanding workloads, and tournament-like career structures. By contrast, buy-side careers, such as private equity and investment management, may involve different skill requirements, career trajectories, and forms of competition. Therefore, different types of peers' pre-MBA finance experience may have differential impacts on the focal student's post-MBA career decisions.

To conduct this analysis, we classify neighbors' pre-MBA finance experience into three categories based on the sub-industry classifications provided by the HBS administrative records. Specifically, we classify a student as having sell-side finance experience if her pre-MBA employer falls into the investment banking or commercial banking categories. Buy-side finance experience includes employers classified in private equity, venture capital, investment management, and incubator sub-industries. Other finance experience primarily includes employers in the insurance and real estate sub-industries. Among students in our sample, 28.6% have pre-MBA experience with sell-side finance employers, 26.6% have pre-MBA experience with buy-side finance employers, and 2.8% have pre-MBA experience with other finance employers. These percentages sum to more than the 43.3% of students with any pre-MBA finance experience (Table 1) because some students have worked for more than one employer and span multiple finance sub-industries prior to entering HBS.

Table 6 reports the results. Column (1) separately examines exposure to sell-side finance peers. The coefficient on *% Finance Neighbors with Sell-Side Experience* is negative and statistically significant. Economically, the magnitude is similar to the overall finance peer effect in Table 3. Column (2) examines exposure to buy-side finance peers. The coefficient on *% Finance Neighbors with Buy-Side Experience* is also negative, although the magnitude is smaller and only marginally statistically significant. Column (3) examines peers with other finance experience, including insurance and real estate. In contrast to sell-side and buy-side peers, the coefficient on *% Finance Neighbors with Other Finance Experience* is small and statistically insignificant. Column (4) includes all three types of finance experience simultaneously. The coefficient on sell-side finance exposure remains negative and

statistically significant. In contrast, the coefficient on buy-side exposure, while still negative, becomes statistically insignificant. These results suggest that the negative peer spillover is primarily driven by exposure to peers with sell-side finance experience, particularly investment banking backgrounds. One possible explanation is that investment banking is widely perceived as involving intense competition, long working hours, and steep promotion pressures. Exposure to peers with experience in such environments may therefore make these career tradeoffs more visible.

3.5 Cross-sectional Results by Focal Students' Characteristics

In this subsection, we examine whether the negative finance peer spillover varies with focal students' characteristics. Specifically, we consider two dimensions of heterogeneity: prior finance experience and gender.

First, we distinguish students based on whether they have prior finance experience before entering HBS. Prior literature suggests that peer effects often operate through a learning channel, whereby less informed individuals acquire information from more informed peers. For example, Lerner and Malmendier (2013) show that exposure to unsuccessful entrepreneurs reduces students' likelihood of pursuing entrepreneurship, consistent with students learning about the challenges and difficulties of entrepreneurship from peers with relevant experience. If such learning is the primary mechanism in our setting, we would expect the negative spillover to be concentrated among focal students without prior finance experience, as finance peers may provide new information about the finance career and discourage students from entering the industry.

Table 7 reports the results. Column (1) examines students with prior finance experience, while Column (2) examines students without prior finance experience. The coefficient on *% Finance Neighbors* is negative and statistically significant (p-value < 1%) among students with prior finance experience, indicating that exposure to finance peers substantially reduces the likelihood that students with prior finance backgrounds return to finance after MBA. In contrast, the coefficient among students without prior finance experience is smaller in magnitude (-0.025) and statistically insignificant. This pattern suggests that the negative peer spillover is not primarily driven by students without finance backgrounds learning negative information about the industry. Instead, the effect is concentrated among students who have already experienced finance careers.

We caution, however, that the insignificant coefficient among students without prior finance

experience should not be interpreted as evidence that finance peers do not provide any information to these students. Rather, the limited effect may reflect the substantial barriers faced by students attempting to enter finance without prior industry experience. Specifically, among students without prior finance experience, only 16.7% work in finance after MBA, compared with 47.7% among students with prior finance experience (p-value < 1%). Thus, students without prior finance experience have a substantially lower baseline likelihood of entering finance, leaving less scope for peer exposure to affect their career choices. This large difference also highlights the importance of prior industry experience as a key pathway into finance careers.

Second, we examine heterogeneity by gender. Prior literature documents substantial gender differences in financial decision-making, including differences in risk preferences, investment choices, and responses to competitive environments (e.g., Barber and Odean, 2001; Croson and Gneezy, 2009; Samek, 2019; Gompers et al., 2022). These differences suggest that male and female students may respond differently to exposure to finance peers. Columns (3) and (4) of Table 7 examine heterogeneity by gender. In Column (3), the coefficient on *% Finance Neighbors* is -0.093 and statistically significant at the 1% level among male students, whereas the coefficient among female students is close to zero and statistically insignificant in Column (4). The stronger peer effect among male students may reflect their higher baseline propensity to pursue finance careers after MBA, leaving greater scope for peer exposure to influence their career decisions. Consistent with this interpretation, the fraction of students working in finance after MBA is 33.9% among male students, compared with 24.7% among female students (p-value < 1%). Importantly, male and female students have similar levels of pre-MBA finance experience (44.3% versus 41.9%, respectively; p-value > 10%), suggesting that female students are systematically leaving finance after MBA.

Overall, the results in Table 7 suggest that the negative finance peer effect is not driven by the typical learning channel where students who are unfamiliar with finance careers learn new information about the finance career from more experienced peers (Lerner and Malmendier, 2013). Instead, the effect is concentrated among students for whom finance is already a realistic career option, i.e., those with prior finance experience. Further, we document that female students are leaving finance regardless of their peers' characteristics, consistent with prior literature on gender inequity in finance (e.g., Bertrand et al., 2010).

3.6 Additional Evidence on Elective Course Selections

To complement our main findings on post-MBA career choices, we examine whether exposure to finance peers affects students' second-year elective course selections in finance. Unlike first-year courses, which are mandatory and taken with section-mates, second-year courses are electives and allow students to choose courses based on their interests and career goals. Therefore, elective choices provide a useful setting to examine whether the exposure to finance peers changes students' interest in finance before they make post-MBA career decisions.

We obtain second-year finance elective enrollment data from second-year seating charts. Unlike first-year seating assignments, second-year seating charts are not assigned by the HBS administration. Instead, students voluntarily select their seats during the first class session, and faculty collect seating information during class. We use these seating charts to identify students' elective course choices. Panel A of Table 8 examines whether first-year exposure to finance peers affects students' second-year finance elective choices. We estimate the same specification as Equation (2), replacing the dependent variable with the total number of second-year finance electives taken by the focal student. In Column (1), we find that exposure to finance peers reduces finance elective enrollment among students with prior finance experience. The coefficient on *% Finance Neighbors* is -0.168, which corresponds to approximately a 10% reduction relative to the sample mean of 1.7 finance electives. This result suggests that the negative peer spillover documented in our main analysis extends beyond students' eventual career choices, and the exposure to finance peers appears to reduce students' interest in learning finance during the MBA program. In contrast, Column (2) shows that among students without prior finance experience, the exposure to finance peers increases the number of finance electives taken in the second year. This positive effect suggests that finance peers provide useful information and stimulate interest in finance among students who are less familiar with the industry. Thus, while finance peers discourage some students with prior finance experience from further pursuing finance, they simultaneously encourage students without prior finance experience to explore finance-related topics.

To shed light on this pattern, we break down the exact topic of finance elective courses the focal students are taking and compare those to peers' course choices. During our sample period, HBS offers 51 unique second-year elective course sections in finance with six broad topics: corporate finance, ESG, entrepreneurship, investment, real estate, and others. To conduct this analysis, we

construct focal student–peer pairs between each focal student and her peers. We then estimate the following regression specification:

$$Y_{i,j} = \beta_1 \times Finance\ Neighbor_j + \gamma_i + \tau_t + \epsilon_i \quad (3)$$

Each observation is a focal student–peer pair (i,j), where i denotes the focal student and j denotes an adjacent peer. The dependent variables capture different dimensions of course-selection spillovers between the focal student and the peer. We consider three outcomes. First, # *Same Classes* is the number of finance electives that both the focal student i and peer j take together. This measure captures whether the focal student and the peer choose to enroll in the same finance courses. It captures strong social connections or friendship among classmates, as students must choose the same finance topic and the exact same course section to be counted in this measure. Second, # *Same Topic Classes* is the number of finance electives taken by the focal student that belong to the same topic category as the peer's finance electives, excluding courses that both students take together. For example, if the peer takes an investment course in Section 1 and the focal student takes the same-topic course in Section 2, this pair contributes one to this measure. This outcome captures whether exposure to peers with finance interests generates spillovers in the focal student's academic interests within the same area of finance. Third, # *Different-Topic Classes* is the number of finance electives taken by the focal student that belong to a different topic category from the peer's finance electives. For example, if the peer takes an investment course and the focal student takes a corporate finance course, this pair contributes one to this measure. This outcome captures whether exposure to peers encourages the focal student to explore other areas of finance beyond the peer's specific interests. The key independent variable, *Finance Neighbor*, is an indicator variable equal to one if peer j has pre-MBA finance experience, and zero otherwise. In other words, β_1 in Equation (3) captures whether and to what extent exposure to a finance-background peer generates spillovers in the focal student's finance elective choices, including shared course selection, interest in similar finance topics, and exploration of different areas of finance.

Panel B of Table 8 reports the estimation results of Equation (3). Columns (1) to (3) examine the subsample of focal students without pre-MBA finance experience, while Columns (4) to (6) examine focal students with pre-MBA finance experience. In Columns (1) and (2), the positive and statistically significant coefficients on *Finance Neighbor* suggest that, among students without prior finance experience, exposure to finance-background peers generates positive academic interest

spillovers. Specifically, these students are more likely to take finance electives in the same courses or within the same topic areas as their finance-background peers. This pattern is consistent with a learning mechanism, whereby students with limited prior exposure to finance acquire information from more knowledgeable peers and develop greater interest in finance-related topics. However, such increased academic interest does not translate into a higher likelihood of pursuing a post-MBA finance career, as shown by the small and statistically insignificant coefficient on *% Finance Neighbors* in Table 7, Column (2). Column (3) of Table 8 examines whether finance peers encourage students without prior finance experience to explore broader areas of finance beyond their peers' specific interests. The negative and statistically significant coefficient suggests that, although finance peers increase students' interest in similar finance topics, they reduce exploration into other areas of finance. The sum of the coefficients on *Finance Neighbor* across these three columns is positive, suggesting that finance peers have an overall positive influence on students without prior finance experience: they encourage students to engage with finance-related coursework, particularly within areas of interest shared with their peers, but do not appear to broaden students' exploration across different finance topics.

Columns (4) to (6) of Table 8 examine students with prior finance experience. In Column (4), the positive coefficient on *Finance Neighbor* suggests that focal students remain more likely to enroll in the same finance elective sections as their finance-background peers, consistent with stronger social bonds among students with shared finance backgrounds. In Column (5), however, we do not find evidence that finance peers increase focal students' enrollment in additional finance electives within the same topic areas. In Column (6), we find that exposure to finance peers significantly reduces the number of finance electives that focal students take in different topic areas. Considering the three dimensions of course-selection spillovers jointly, the overall effect is negative, suggesting that exposure to finance peers narrows students' broader engagement with finance.

3.7 Analysis of Students' Post-MBA Employers

To the extent that exposure to finance neighbors reduces focal students' likelihood of working in the finance industry after the MBA, a natural follow-up question is where these students work instead. Table 9 Panel A provides descriptive statistics on the most common post-MBA employers by students' exposure to finance neighbors. The distribution of top employers appears similar between students with high exposure to finance neighbors (*% Finance Neighbors* = 100%) and other students. In both groups, the Big Three consulting firms represent the most common post-MBA destinations,

followed by large technology firms. These results are consistent with Table 4 Panel A, where we find no evidence that the exposure to finance neighbors systematically sort the focal student into consulting or technology industry.

Panel B further examines whether exposure to finance neighbors affects the types of firms students join after the MBA. For each post-MBA employer, we classify firms as "large firms" if they are publicly listed or have more than one thousand employees. We classify firms as "start-ups" if they are either VC-backed operating companies or have fewer than one hundred employees, excluding venture capital firms, private equity firms, and hedge fund to avoid capturing small boutique investment firms. To identify VC-backed start-ups, we match employers to PitchBook, which provides information on venture capital financing.[4] We obtain employee counts from PitchBook, supplemented with searches of publicly available sources (e.g., Crunchbase and company websites). We find that approximately 50% students join large corporate after MBA, with no difference by the exposure to finance neighbors. Interestingly, students with more exposure to finance neighbors are more likely to join start-ups (29.2% vs. 26.3%, p-value<10%).

To formally examine whether the exposure to finance neighbors leads to a greater likelihood of working at start-ups after the MBA, Panel C estimates regressions of start-up employment on finance-neighbor exposure using the same control structure as Equation (2). In Column (1), the coefficient on *% Finance Neighbors* is 0.027 (p-value < 10%), indicating that students seated next to more finance neighbors are more likely to join start-ups after the MBA. Appendix Table C1 shows that this pattern is concentrated among students with prior finance experience and male students, consistent with our main findings that these groups are more likely to leave the finance industry when exposed to finance peers. Columns (2) and (3) further decompose start-up employment based on whether firms are VC-backed and show that the increase in start-up employment is primarily driven by VC-backed start-ups. In Column (4), we find that exposure to finance neighbors does not affect the likelihood of joining large firms, consistent with the descriptive evidence in Panel B. Taken together, these results suggest that the exposure to finance neighbors redirect some students away from traditional finance careers toward entrepreneurial opportunities, particularly VC-backed start-

[4] Specifically, we define a VC-backed start-up based on PitchBook's financing and ownership classifications. A firm is classified as a VC-backed start-up if its financing status is "Venture Capital-Backed," "Accelerator/Incubator Backed," or "Angel-Backed," and its ownership status is "Privately Held (backing)." For firms classified by PitchBook as "Formerly VC-backed," we account for changes in ownership status over time. We classify a student as joining a VC-backed start-up only when the student's employment start date occurs before the firm's IPO or acquisition date.

ups.

4. Survey Evidence and Mechanisms and the Persistence of Peer Effects

To better understand the mechanisms through which finance neighbors impact the focal student's post-MBA career choices, we conducted a survey of MBA students in our sample in late 2024. Specifically, we distributed a Qualtrics survey to all 4,444 students in our sample. Appendix B presents the survey invitation email sent to MBA graduates. We received 390 responses with a response rate of 8.8%. In Appendix Table C2, we compare the characteristics of survey respondents to those of non-respondents. We find that respondents are similar to non-respondents in terms of pre-MBA finance experience and demographic characteristics, including gender and international student status. Survey respondents, however, are significantly less likely to work in finance as their first post-MBA job. This difference suggests that alumni who experienced greater career changes following the MBA may have been more likely to participate in the survey, potentially because the survey invitation explicitly stated our interest in understanding how the HBS experience shaped alumni career trajectories.

Using the survey date, we examine students' perceptions of how classroom peers influenced their career thinking. Specifically, we ask students: "Reflecting on your interactions with your neighbors in first-semester required courses (RC1), how would you describe their influence on you?" Students evaluate four dimensions of peer influence: (1) peers introduced them to new opportunities they had not previously considered; (2) peers provided networking opportunities; (3) peers' skills helped them understand their own comparative advantages; and (4) peers' experiences informed them of career paths to avoid. For each dimension, students respond using a five-point Likert scale: "Strongly agree," "Somewhat agree," "Neither agree nor disagree," "Somewhat disagree," and "Strongly disagree."

Table 10 examines how the exposure to finance neighbors affects students' responses on each of the four dimensions. The dependent variable is an ordinal variable that equals 2 if students agree with the corresponding statement (i.e., answer "Strongly agree" or "Somewhat agree"), 1 if students are neutral (i.e., answer "Neither agree nor disagree"), and 0 if students disagree (i.e., answer "Somewhat disagree" or "Strongly disagree"). In other words, higher values indicate stronger perceived peer influence on each dimension. In Columns (1) and (2), we find that the coefficients on *Have Finance Experience* × *% Finance Neighbors* are close to zero and statistically insignificant, suggesting

that finance peers do not introduce new career or networking opportunities to finance-background focal students. In contrast, Columns (3) and (4) show that students with prior finance experience who sit next to finance peers are more likely to report that their peers helped them understand their own comparative advantages and identify career paths to avoid. These findings provide suggestive evidence that finance peers influence career choices through two non-mutually exclusive channels: first, by serving as salient reference points that shape students' perceptions of their relative competitiveness; and second, by facilitating career reflection and reassessment. As placebo tests, Appendix Table C3 Panel A examines whether exposure to technology and consulting peers affects technology- and consulting-background students' perceptions of peer influence. We do not find similar patterns, consistent with our main findings that negative peer spillovers are specific to finance career choices.

Motivated by these survey findings, we next examine the two underlying mechanisms in greater detail. The first mechanism we examine is the competitive discouragement channel. Finance careers are often characterized by tournament-like compensation structures, where rewards and advancement depend heavily on relative performance (e.g., Lazear and Rosen, 1981). In such environments, individuals' career choices depend not only on expected returns but also on their beliefs about their relative position within the performance distribution. Exposure to finance peers may provide a salient reference group against which students evaluate their own competitiveness. Prior literature suggests that peer exposure can trigger social comparison that may create negative spillover effects. For example, Beshears et al. (2015) show that providing individuals with information about peers' retirement savings decisions can lead some individuals to reduce their savings when confronted with higher-saving peers. They interpret this pattern as arising from discouragement associated with upward social comparisons. Rogers and Feller (2016) show that exposure to peers with superior performance causes focal students to quit the class in an online course setting, in particular when they perceive that they cannot attain their peers' level of success. Similarly, in our setting, exposure to finance peers with comparable educational backgrounds and pre-MBA career experiences may make the competitive nature of finance careers more salient. For students who perceive themselves as less competitive or less likely to outperform their peers, this comparison may reduce the expected attractiveness of returning to the finance industry. Consistent with this mechanism, we predict the negative peer spillover to be stronger among students with lower competitiveness and when finance peers provide a particularly salient competitive benchmark.

To examine this mechanism, we first identify students who self-identify as non-competitive

based on our survey responses. Specifically, we ask students, "Do you perceive yourself as a competitive person?" We classify students who answer "Strongly agree" or "Somewhat agree" as competitive, and classify the remaining students who answer "Neither agree nor disagree," "Somewhat disagree," or "Strongly disagree" as non-competitive. Approximately 12.8% of survey respondents are classified as non-competitive. We then examine whether the negative finance peer effect varies with focal students' competitiveness.

Column (1) of Table 11 estimates Equation (2) using the survey sample and includes an interaction between *Non-Competitive* and *% Finance Neighbors*, where *Non-Competitive* is an indicator variable equal to one if the focal student self-identifies as non-competitive. The coefficient on *% Finance Neighbors* is negative and statistically significant, consistent with the baseline negative peer spillover documented in Table 3. The coefficient on the interaction term, *Non-Competitive* × *% Finance Neighbors*, is negative but statistically insignificant. Although the direction of the estimate is consistent with the prediction that less competitive students are more discouraged by exposure to finance peers, the statistical evidence is inconclusive regarding whether peer effects vary by focal students' competitiveness.

We next examine whether the negative peer spillover varies with the characteristics of finance peers. Our conjecture is that exposure to high-skill finance peers may generate stronger upward social comparisons and therefore greater discouragement (e.g., Rogers and Feller, 2016), particularly among students who perceive themselves as less competitive. To capture peer ability, we use the duration of peers' pre-MBA finance experience. Conditional on having finance experience, the median student in our sample worked in finance for five years before entering HBS. We therefore classify finance peers with five or more years of pre-MBA finance experience as higher-experience peers. This measure captures the idea that longer exposure to the finance industry may reflect greater accumulated industry knowledge and skills, making these peers more salient comparison targets.

Column (2) examines whether the negative spillover is stronger when focal students are exposed to higher-experience finance peers. The interaction term between *Non-Competitive* and *% Finance Neighbors with 5+ Years of Experience* is negative and statistically significant, consistent with the competitive discouragement mechanism. Column (3) uses the fraction of finance peers with honor status as an alternative proxy for high-ability peers. The coefficient on the interaction term is directionally consistent with the competitive discouragement hypothesis but statistically insignificant.

Nevertheless, we note that the negative coefficients on *% Finance Neighbors with Less Than 5 Years of Experience* and *% Finance Neighbors Who Are Not Honor Student*s remain statistically significant and economically non-trivial in Columns (2) and (3). These results indicate that even exposure to peers with relatively weaker ability or shorter finance experience is associated with a lower likelihood of pursuing finance careers. Taken together, the evidence in Table 9 provides suggestive support for the competitive discouragement channel, particularly among less competitive students exposed to stronger finance peers. However, competitive discouragement alone is unlikely to fully explain the negative peer spillover, as we observe that competitive students also become less likely to pursue finance when exposed to finance peers with lower ability, who are less likely to serve as threatening competitive benchmarks.

The second mechanism we examine is career exploration and reassessment through interactions with peers. The organizational behavior literature has long recognized that peers can influence career choices not only by transmitting industry-related information, but also by making salient images of possible future selves that shape individuals' career identities and aspirations. Such images may represent positive role models that individuals aspire to become or counterexamples that individuals seek to avoid (Markus and Nurius, 1986). Extending this idea, Ibarra (1999) and Gibson (2003) show that role models shape career development by influencing individuals' professional self-concepts, helping them identify both attributes they aspire to develop and attributes they seek to avoid. Relating to our setting, in canonical models of career choice, individuals evaluate occupations based on both pecuniary and nonpecuniary attributes, including compensation, career advancement, workplace culture, social impact, and family considerations (Rosen, 1986). Interacting with peers who share similar pre-MBA finance backgrounds may therefore make the long-term tradeoffs associated with finance careers more concrete and salient. If students perceive that succeeding in finance requires placing greater emphasis on promotion and career advancement relative to other valued dimensions, such as social impact, family proximity, or lifestyle considerations, they may update the relative importance they assign to these attributes and become less likely to return to finance after graduation.

Table 11 Panel C examines the career reassessment mechanism. We first ask students to evaluate the importance of various factors when selecting a post-MBA career, including compensation, job security, growth opportunity, work-life balance, social impact, workplace culture, and proximity to family. For each factor, we construct an indicator variable equal to one if the student reports that the factor is "Very important" or "Somewhat important," and zero if the student reports that the

factor is "Somewhat unimportant" or "Not important at all." Consistent with the career reassessment hypothesis, Column (3) shows that students with prior finance experience generally place greater importance on career growth, as indicated by the positive coefficient on *Have Pre-MBA Finance Experience*. However, the negative coefficient on the interaction term *Have Pre-MBA Finance Experience* × *% Finance Neighbors* suggests that exposure to finance peers reduces the likelihood that these students prioritize career growth. In contrast, Columns (5) to (7) show that the coefficients on *Have Pre-MBA Finance Experience* × *% Finance Neighbors* are positive, indicating that exposure to finance peers increases the likelihood that students with prior finance experience prioritize social impact, proximity to family, and, to a lesser extent, workplace culture. These effects are concentrated among male students (Panel C) and absent among female students (Panel D), consistent with our main results that the negative finance peer spillover is primarily driven by male students. As placebo tests, Appendix Table C3 Panel B examines whether exposure to consulting and technology peers affects consulting- and technology-background focal students' career priorities. We find no evidence that such peer exposure changes focal students' assessment of career attributes, suggesting that the career reassessment mechanism is specific to the exposure to finance peers, consistent with our main findings.

Taken together, the survey evidence suggests that finance peers influence career choices through a process of career exploration and reassessment. For students with prior finance experience, finance peers appear to make the broader tradeoffs associated with finance careers more visible. Rather than simply transmitting negative information about the finance industry, peers prompt students to reconsider whether a finance career aligns with their broader preferences, values, and perceived comparative advantages. Additionally, we find some evidence consistent with the competitive discouragement channel that some less competitive students are deterred from returning to finance when exposed to stronger finance peers.

4.2 The persistence of peer effect

A natural question is whether the peer effects documented in our main analysis represent temporary adjustments in students' initial post-MBA job choices or whether they reflect more persistent changes in career trajectories. Career decisions made during an MBA program may have long-lasting consequences because early career choices shape subsequent skill accumulation, professional networks, and future employment opportunities. If exposure to finance peers induces

students to reassess their career preferences or perceived fit with finance, we would expect these effects to persist beyond students' first post-MBA employment.

To examine the persistence of peer effects, we track students' employment outcomes three years after MBA graduation. We obtain updated employment histories from Revelio Labs and construct an indicator variable equal to one if the student works in the finance industry three years after graduation.[5] Table 11 reports the results. Panel A Column (1) examines the full sample. Consistent with our main results, the coefficient on *% Finance Neighbors* is negative, although the estimate is not statistically significant. Columns (2) and (3) focus on students with prior finance experience, among whom the negative peer spillover is strongest in our main analysis. The coefficient on *% Finance Neighbors* is negative and statistically significant among students with prior finance experience. Moreover, the effect is larger among male students with prior finance experience, where the coefficient is -0.083 and statistically significant at the 5% level. These results suggest that exposure to finance peers during the first-year MBA program has persistent effects on the career trajectories of students for whom finance was a realistic career option. In Panel B of Table 11, we do not find evidence that students who move away from finance experience systematically worse labor market outcomes three years after graduation. The absence of meaningful differences in wages or seniority suggests that the negative finance peer effect does not simply reflect students making inferior career decisions. Rather, peer exposure appears to reallocate some students away from finance toward alternative career paths that may better match their preferences and perceived comparative advantages.

5. Conclusion

The allocation of elite human capital to finance has important implications for firms, industries, and the broader economy. Yet little is known about how informal social interactions shape individuals' decisions to enter or remain in the finance industry. In this paper, we examine whether peer exposure influences career sorting into finance using administrative data from over 4,000 MBA students at Harvard Business School, where mandatory first-year seating assignments generate plausibly exogenous variation in exposure to peers with finance backgrounds. We find that students seated next to peers with pre-MBA finance experience are significantly less likely to pursue finance

[5] Our subscription with Lightcast/Emsi expired in 2022. For the analysis of longer-term career outcomes, we therefore use Revelio Labs data accessed through WRDS in 2025. We do not use HBS alumni data in the long-term outcome analysis, because most graduates report only their first employer after HBS and do not update subsequent job changes. As a result, the long-term outcome analysis has a smaller sample size than the analysis of first post-MBA employment outcomes.

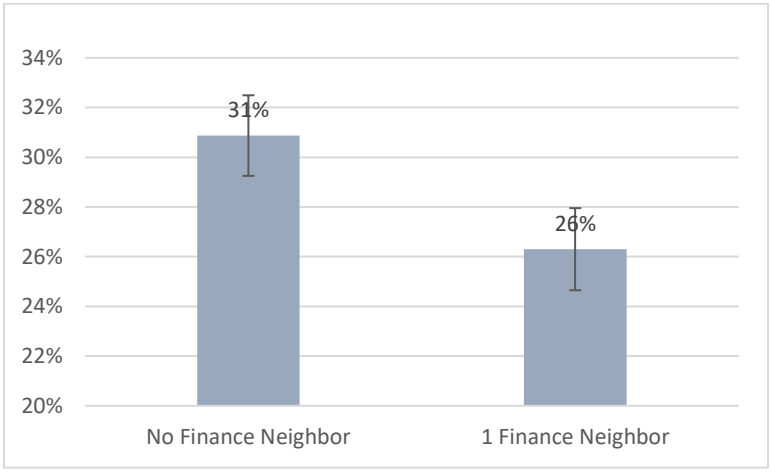
careers after graduation. This negative peer spillover is concentrated among male students and students with prior finance experience, for whom finance is already a realistic career option. We further show that this effect persists three years after graduation, suggesting that peer exposure can have lasting effects on professional trajectories.

Our evidence sheds light on the mechanisms through which peers shape high-stakes career decisions. Survey and course-selection evidence suggests that finance peers influence career choices through both competitive discouragement and career reassessment. Exposure to finance peers can make the competitive nature of finance careers more salient, particularly for students who perceive themselves as less competitive. At the same time, finance peers provide salient reference points that allow students to reassess the tradeoffs associated with finance careers and reevaluate the importance of nonpecuniary career attributes. These findings highlight that social environments can shape human capital allocation not only by transmitting information, but also by influencing individuals' perceptions of their future selves, comparative advantages, and career preferences.

Figure 1. Finance job and electives by neighbors' pre-MBA finance background

This figure plots the percentage of students whose first post-MBA job is in finance by the number of adjacent neighbors with pre-MBA finance experience. Panel A restricts the sample to students with only one adjacent neighbor. Panel B restricts the sample to students with two adjacent neighbors. Adjacent neighbors are defined as students seated immediately to the left or right of the focal student.

Panel A. Focal students with only one neighbor



Panel B. Focal students with two neighbors

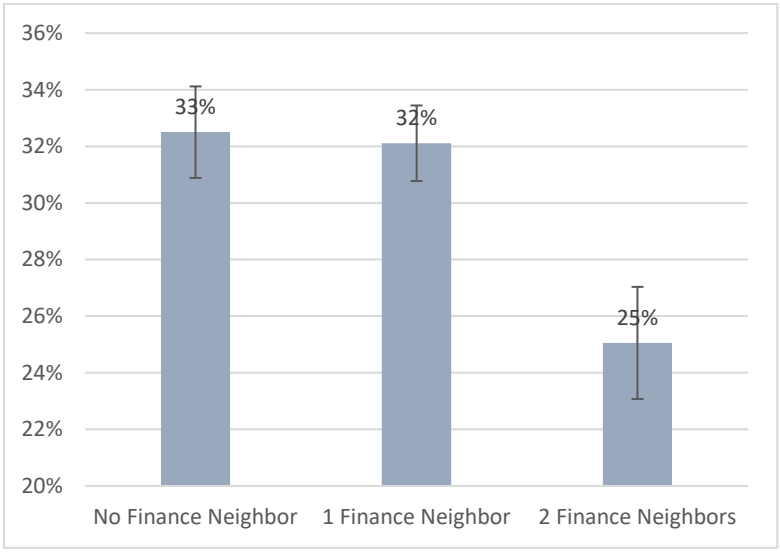


Table 1 Summary Statistics

This table reports the summary statistics of the 4,444 MBA students from HBS class years 2017 to 2021 in our sample. 4,122 students have data on post-MBA careers. Panel A presents student characteristics for the full sample. Panel B presents summary statistics separately by gender. Panel C reports the 15 most common pre-MBA employers and the 15 most common first post-MBA employers.

Panel A. Student characteristics

Variable	N	Mean	SD	p25	p50	p75
First post-MBA job in Finance	4122	0.301	0.459	0	0	1
# of Finance Electives	4444	1.771	1.395	1	2	3
First post-MBA job in Consulting	4122	0.207	0.405	0	0	0
First post-MBA job in Technology	4122	0.203	0.402	0	0	0
Have pre-MBA Finance experience	4444	0.433	0.496	0	0	1
Have pre-MBA Consulting experience	4444	0.286	0.452	0	0	1
Have pre-MBA Tech experience	4444	0.164	0.370	0	0	0
% Finance Neighbors	4444	0.436	0.414	0	0.5	1
% Consulting Neighbors	4444	0.280	0.368	0	0	0.5
% Tech Neighbors	4444	0.159	0.303	0	0	0
# Neighbors	4444	1.602	0.521	1	2	2
Female	4444	0.412	0.492	0	0	1
International Student	4444	0.398	0.490	0	0	1
Top Undergraduate Institute	4444	0.360	0.480	0	0	1
Black	4444	0.058	0.234	0	0	0
Asian	4444	0.210	0.408	0	0	0
Hispanic	4444	0.096	0.295	0	0	0
Middle Eastern	4444	0.131	0.337	0	0	0

Panel B. Student characteristics by gender

	Male Subsample		Female Subsample		
	N	Mean	N	Mean	Male - Female
First post-MBA job in Finance	2,408	0.339	1,714	0.247	0.092***
# of Finance Electives	2,613	2.038	1,831	1.390	0.647***
First post-MBA job in Consulting	2,408	0.197	1,714	0.221	-0.024*
First post-MBA job in Technology	2,408	0.203	1,714	0.202	0.000
Have pre-MBA Finance experience	2,613	0.443	1,831	0.419	0.023
Have pre-MBA Consulting experience	2,613	0.268	1,831	0.312	-0.044***
Have pre-MBA Tech experience	2,613	0.173	1,831	0.150	0.022**

Panel C. Top 15 most popular companies before/after MBA

	Pre-MBA Employer	Count	Percent	First Employer Post-MBA	Count	Percent
1	McKinsey & Company	449	10.1%	McKinsey & Company	315	7.6%
2	Goldman Sachs	306	6.9%	BCG	221	5.4%
3	BCG	290	6.5%	Bain & Company	210	5.1%
4	Bain & Company	269	6.1%	Amazon	87	2.1%
5	Morgan Stanley	199	4.5%	Google	55	1.3%
6	United States Army	181	4.1%	Bain Capital	28	0.7%
7	JP Morgan	174	3.9%	Deloitte	25	0.6%
8	Deloitte	157	3.5%	The Blackstone Group	23	0.6%
9	Google	138	3.1%	KKR	23	0.6%
10	United States Navy	114	2.6%	JP Morgan	21	0.5%
11	Exxon Mobil	108	2.4%	Goldman Sachs	19	0.5%
12	Citigroup	98	2.2%	Morgan Stanley	19	0.5%
13	Credit Suisse	91	2.0%	Wayfair	18	0.4%
14	Bank of America Merrill Lynch	89	2.0%	Microsoft	15	0.4%
15	Procter & Gamble	82	1.8%	the Carlyle Group	15	0.4%
	Total students	4,444			4,122	

Table 2. Randomization on the seating assignment

This table regresses each student's characteristics on her neighbor's characteristics. Each observation is a student. The independent variable *RC1 left (right) female* is an indicator variable equal to 1 if the left (right) neighbor of the focal student is a female. Control variables include student characteristics, seat location of the student, and section characteristics. Robust standard errors are clustered at the section-year level.

Dependent variable =	Female Student	International Student	Finance Experience
	(1)	(2)	(3)
Left Neighbor Female	-0.434***		
	(-33.54)		
Right Neighbor Female	-0.430***		
	(-34.57)		
Left Neighbor International		-0.076***	
		(-5.02)	
Right Neighbor International		-0.063***	
		(-3.90)	
Left Neighbor Finance			0.011
			(0.74)
Right Neighbor Finance			-0.008
			(-0.51)
# Neighbors	0.217***	0.037**	0.026
	(16.24)	(2.42)	(1.52)
Female	.	0.005	-0.046***
	(.)	(0.28)	(-3.39)
International Student	-0.000	.	0.030**
	(-0.00)	(.)	(2.46)
Have Pre-MBA Finance Experience	-0.019	0.028**	.
	(-1.55)	(2.53)	(.)
Top School	0.051***	-0.255***	0.172***
	(3.37)	(-20.24)	(12.79)
Black	-0.016	-0.013	0.084**
	(-0.71)	(-0.61)	(2.53)
Asian	0.063***	0.248***	0.038*
	(3.58)	(17.61)	(1.98)
Hispanic	0.013	0.129***	-0.046*
	(0.65)	(5.32)	(-1.95)
Mid-Eastern	-0.137***	0.154***	-0.023
	(-9.00)	(5.89)	(-1.03)
Constant	0.342***	0.354***	0.336***
	(15.43)	(12.17)	(15.12)
Observations	4,444	4,444	4,444
R-squared	0.328	0.110	0.033
Class Year FE	YES	YES	YES

Table 3. Finance Neighbors and Career Choice

This table examines the relation between adjacent peers' pre-MBA finance experience and the focal student's first post-MBA career choice. The sample consists of 4,122 MBA students for whom we observe post-MBA employment outcomes. The dependent variable, *First Post-MBA Job in Finance*, is an indicator variable equal to one if the focal student's first job after the MBA is in the finance industry, and zero otherwise. The main independent variable, *% Finance Neighbors*, is the fraction of the focal student's adjacent neighbors with pre-MBA finance experience, where adjacent neighbors are defined as students seated immediately to the left or right of the focal student. *Left Neighbor Finance* and *Right Neighbor Finance* are indicator variables equal to one if the student seated immediately to the left or right of the focal student, respectively, has pre-MBA finance experience. *100% Finance Exposure* is an indicator variable equal to one if all of the focal student's adjacent neighbors have pre-MBA finance experience. *50% Finance Exposure* is an indicator variable equal to one if the focal student has two adjacent neighbors and exactly one of them has pre-MBA finance experience. Robust standard errors are clustered at the section-year level.

	(1)	(2)	(3)	(4)	(5)
Dependent variable=	First Post-MBA Job in Finance				
% Finance Neighbors	-0.054***	-0.054***	-0.052***		
	(-3.75)	(-3.78)	(-3.98)		
Left neighbor finance				-0.036***	
				(-2.87)	
Right neighbor finance				-0.033**	
				(-2.22)	
100% finance exposure					-0.055***
					(-4.23)
50% finance exposure					0.006
					(0.35)
# Neighbors		0.023	0.018	0.032**	0.003
		(1.58)	(1.40)	(2.30)	(0.21)
Female			-0.083***	-0.083***	-0.082***
			(-6.11)	(-6.08)	(-6.12)
Have Pre-MBA Finance Experience			0.307***	0.307***	0.307***
			(23.28)	(23.00)	(23.33)
International Student			-0.003	-0.003	-0.003
			(-0.22)	(-0.25)	(-0.18)
Top School			0.017	0.017	0.017
			(1.09)	(1.09)	(1.09)
Black			0.009	0.008	0.008
			(0.31)	(0.29)	(0.29)
Asian			-0.025	-0.025	-0.024
			(-1.36)	(-1.36)	(-1.32)
Hispanic			-0.002	-0.002	-0.001
			(-0.08)	(-0.08)	(-0.07)
Mid-Eastern			0.012	0.012	0.013
			(0.55)	(0.56)	(0.59)
Constant	0.298***	0.262***	0.165***	0.147**	0.179***
	(13.22)	(8.92)	(5.20)	(2.24)	(5.12)
Observations	4,122	4,122	4,122	4,122	4,122
R-squared	0.003	0.004	0.126	0.126	0.127
Class Year FE	YES	YES	YES	YES	YES

Table 4. Other Industries and Placebo Peers

This table examines whether the peer effects documented in Table 3 are specific to finance career choices and localized to immediately adjacent peers. Panel A reports regressions of students' first post-MBA employment outcomes on the industry backgrounds of their adjacent neighbors. The dependent variables are indicators for whether the focal student's first post-MBA job is in finance, consulting, or technology. The key independent variables are the fractions of adjacent neighbors with pre-MBA experience in finance, consulting, and technology. Panel B examines whether the finance peer effect is driven by broader or less intensive peer exposure. *Section Finance Ratio* is the fraction of students in the focal student's section with pre-MBA finance experience. *% Finance Peer (Non-Adjacent*) is the fraction of nearby but non-adjacent peers with pre-MBA finance experience. *% Finance Peer (Different Rows)* is the fraction of peers seated in the same column but in the row immediately before or after the focal student with pre-MBA finance experience. Robust standard errors are clustered at the section-year level.

Panel A. Other industries

Dependent variable=	(1) First post-MBA job in finance	(2) First post-MBA job in consulting	(3) First post-MBA job in tech
% Finance neighbors	-0.053***	0.017	0.008
	(-3.96)	(0.95)	(0.69)
% Consulting neighbors	-0.002	-0.027	0.031*
	(-0.12)	(-1.59)	(1.70)
% Tech neighbors	-0.010	0.010	0.028
	(-0.45)	(0.49)	(1.33)
# Neighbors	0.018	0.018	-0.002
	(1.35)	(1.34)	(-0.13)
Female	-0.083***	0.018	0.004
	(-6.15)	(1.27)	(0.26)
Have Pre-MBA Finance Experience	0.296***	-0.131***	-0.042***
	(22.36)	(-11.42)	(-3.95)
Have Pre-MBA Consulting Experience	-0.033**	0.145***	-0.004
	(-2.60)	(7.65)	(-0.28)
Have Pre-MBA Tech Experience	-0.068***	-0.093***	0.209***
	(-3.86)	(-7.00)	(10.79)
International Student	0.005	0.047***	0.017
	(0.37)	(3.26)	(1.22)
Top School	0.021	-0.046***	-0.016
	(1.34)	(-3.75)	(-1.14)
Black	0.006	-0.002	0.019
	(0.20)	(-0.07)	(0.73)
Asian	-0.021	-0.040**	0.063***
	(-1.14)	(-2.62)	(3.92)
Hispanic	0.001	-0.035*	0.049**
	(0.03)	(-1.68)	(2.03)
Mid-Eastern	0.012	-0.033	0.039**
	(0.56)	(-1.56)	(2.08)
Constant	0.185***	0.222***	0.152***
	(5.69)	(7.43)	(5.24)
Observations	4,118	4,118	4,118
R-squared	0.130	0.083	0.051
Class Year FE	YES	YES	YES

Panel B. Placebo peers

Dependent variable=	(1)	(2)	(3)
	First post-MBA job in finance		
% Finance neighbors	-0.052***	-0.052***	-0.053***
	(-4.02)	(-3.94)	(-4.01)
Section Finance Ratio	-0.012		
	(-0.08)		
% Finance Peer (Non-adjacent)		0.015	
		(1.08)	
% Finance Peer (Different rows)			0.021
			(1.31)
# Neighbors	0.018	0.017	0.018
	(1.40)	(1.15)	(1.35)
# Peer (Non-adjacent)		0.004	
		(0.27)	
# Peer (Different rows)			0.000
			(0.04)
Female	-0.083***	-0.083***	-0.084***
	(-6.11)	(-6.15)	(-6.16)
Have Pre-MBA Finance Experience	0.307***	0.307***	0.307***
	(23.06)	(23.36)	(23.14)
International Student	-0.003	-0.003	-0.003
	(-0.22)	(-0.24)	(-0.19)
Top School	0.017	0.017	0.018
	(1.09)	(1.09)	(1.12)
Black	0.009	0.008	0.009
	(0.31)	(0.29)	(0.32)
Asian	-0.025	-0.025	-0.025
	(-1.36)	(-1.37)	(-1.37)
Hispanic	-0.002	-0.001	-0.001
	(-0.08)	(-0.06)	(-0.06)
Mid-Eastern	0.012	0.012	0.012
	(0.55)	(0.56)	(0.55)
Constant	0.171**	0.157***	0.156***
	(2.62)	(4.42)	(4.30)
Observations	4,122	4,122	4,122
R-squared	0.126	0.126	0.126
Class Year FE	YES	YES	YES

Table 5. Reflection problem

This table examines whether our findings are driven by the reflection problem highlighted by Manski (1993). The sample consists of 4,122 MBA students with post-MBA employment data. The dependent variable, *First Post-MBA Job in Finance*, is an indicator variable equal to one if the focal student's first job after MBA is in the finance industry, and zero otherwise. The independent variable, % Finance neighbors stay in finance after MBA, is the fraction of finance peers who remain in the finance industry after MBA; *% Finance switch out of finance after MBA* is the fraction of finance peers who leave finance after MBA. Robust standard errors are clustered at the section-year level.

	(1)
Dependent variable=	First post-MBA job in finance
% Finance neighbors stay in finance after MBA	-0.072***
	(-3.87)
% Finance switch out of finance after MBA	-0.041**
	(-2.08)
# Neighbors	0.018
	(1.37)
Female	-0.082***
	(-6.14)
International Student	0.306***
	(23.03)
Have Pre-MBA Finance Experience	-0.003
	(-0.24)
Top School	0.017
	(1.05)
Black	0.008
	(0.28)
Asian	-0.024
	(-1.34)
Hispanic	-0.001
	(-0.05)
Mid-Eastern	0.012
	(0.56)
Constant	0.168***
	(5.29)
Observations	4,122
R-squared	0.126
Class Year FE	YES

Table 6. Peer Effects by Neighbors' Finance Experience Type

This table examines whether the negative peer effect varies with the type of finance experience of adjacent neighbors. We classify neighbors' pre-MBA finance experience based on the sub-industry classifications of their pre-MBA employers provided by the HBS student records. *% Finance Neighbors with Sell-Side Experience* is the fraction of finance neighbors whose pre-MBA employers are classified as investment banking or commercial banking firms. *% Finance Neighbors with Buy-Side Experience* is the fraction of finance neighbors whose pre-MBA employers are classified as private equity, venture capital, investment management, or incubator. *% Finance Neighbors with Other Finance Experience* is the fraction of finance neighbors whose pre-MBA employers are classified in other finance-related sub-industries, primarily insurance and real estate. Robust standard errors are clustered at the section-year level.

	(1)	(2)	(3)	(4)
Dependent variable=	First post-MBA job in finance			
% Finance neighbors with sell-side experience	-0.041***			-0.036**
	(-3.21)			(-2.39)
% Finance neighbors with buy-side experience		-0.028*		-0.015
		(-1.84)		(-0.87)
% Finance neighbors with other finance experience			0.014	0.015
			(0.39)	(0.42)
# Neighbors	0.018	0.018	0.018	0.018
	(1.40)	(1.37)	(1.38)	(1.40)
Female	-0.084***	-0.083***	-0.084***	-0.084***
	(-6.22)	(-6.14)	(-6.25)	(-6.18)
Have Pre-MBA Finance Experience	0.308***	0.307***	0.307***	0.307***
	(23.07)	(22.96)	(22.82)	(22.92)
International Student	-0.003	-0.004	-0.004	-0.003
	(-0.24)	(-0.26)	(-0.27)	(-0.24)
Top School	0.017	0.018	0.018	0.017
	(1.08)	(1.12)	(1.11)	(1.08)
Black	0.009	0.009	0.009	0.009
	(0.30)	(0.30)	(0.31)	(0.30)
Asian	-0.025	-0.025	-0.025	-0.025
	(-1.36)	(-1.37)	(-1.36)	(-1.37)
Hispanic	-0.001	-0.001	-0.001	-0.001
	(-0.06)	(-0.03)	(-0.04)	(-0.03)
Mid-Eastern	0.012	0.012	0.012	0.012
	(0.53)	(0.57)	(0.54)	(0.54)
Constant	0.155***	0.150***	0.142***	0.157***
	(4.80)	(4.69)	(4.38)	(4.93)
Observations	4,122	4,122	4,122	4,122
R-squared	0.125	0.124	0.124	0.125
Class Year FE	YES	YES	YES	YES

Table 7. Subsample analysis by focal students' characteristics

This table examines heterogeneity in finance peer effects by the focal student's prior finance experience and gender. Columns (1) and (2) report results separately for students with and without pre-MBA finance experience, respectively. Columns (3) and (4) report results separately for male and female students, respectively. Robust standard errors are clustered at the section-year level.

	(1)	(2)	(3)	(4)
Dependent variable=	First post-MBA job in finance			
Subsample	***Have Finance Experience***	***No Finance Experience***	***Male***	***Female***
% Finance neighbors	-0.090***	-0.025	-0.093***	0.004
	(-3.10)	(-1.51)	(-4.35)	(0.18)
# Neighbors	0.026	0.012	0.032	-0.003
	(1.10)	(0.77)	(1.64)	(-0.16)
Female	-0.131***	-0.046***		
	(-5.31)	(-2.86)		
Have Pre-MBA Finance Experience			0.339***	0.262***
			(19.49)	(11.68)
International Student	-0.039**	0.024	-0.023	0.025
	(-2.04)	(1.49)	(-1.19)	(1.11)
Top School	0.057**	-0.020	0.020	0.013
	(2.48)	(-0.98)	(0.86)	(0.62)
Black	0.006	0.018	0.028	-0.020
	(0.13)	(0.47)	(0.67)	(-0.51)
Asian	-0.031	-0.018	-0.013	-0.030
	(-1.02)	(-0.94)	(-0.50)	(-1.16)
Hispanic	0.030	-0.024	0.011	-0.017
	(0.61)	(-1.02)	(0.28)	(-0.63)
Mid-Eastern	0.021	0.006	-0.000	0.071*
	(0.48)	(0.29)	(-0.01)	(1.74)
Constant	0.484***	0.153***	0.161***	0.085***
	(8.35)	(4.24)	(3.51)	(2.69)
Observations	1,774	2,348	2,408	1,714
R-squared	0.032	0.010	0.139	0.097
Controls	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES

Table 8. Finance neighbors and second year finance electives

This table regresses the focal student's second-year elective on their neighbors' pre-MBA finance experience. Each observation is a focal student-neighbor pair. In panel A, the dependent variable # *of Finance Electives* is the number of finance electives taken by each student. Each observation is a focal student. Panel B examines whether the focal student and his peer take a finance elective with same/different topics. Each observation is a focal student-peer pair. In column 1, the dependent variable # *Same Classes* is the number of finance electives the focal student and the neighbor took together; in column 2, # *Same-Topic Classes* is the number of same-topic finance electives the focal student took as her neighbor, excluding the *Same Class*. In column 3, # *Different Topic* Classes is the number of different-topic finance electives that the focal student took from her neighbor. The independent variable *Finance Neighbor* is an indicator variable equal to one if the neighbor has pre-MBA finance experience. Robust standard errors are clustered at the section-year level.

Panel A. # of Finance Electives by Finance Experience

Dependent variable=	# of Finance Electives	
	(1)	(2)
Subsamples	***Have Finance Experience***	***No Finance Experience***
% Finance neighbors	-0.168**	0.178***
	(-2.19)	(3.29)
# Neighbors	0.002	0.008
	(0.04)	(0.16)
Female	-0.657***	-0.562***
	(-10.89)	(-13.22)
International Student	0.304***	0.132***
	(3.96)	(2.70)
Observations	1,925	2,519
R-squared	0.127	0.109
Controls	YES	YES
Class Year FE	YES	YES

Panel B. Topics of electives

Dependent Variable =	# Same Classes	#Same-Topic Classes	#Different-Topic Classes	# Same Classes	#Same-Topic Classes	#Different-Topic Classes
	(1)	(2)	(3)	(4)	(5)	(6)
Subsamples	***No Finance Experience***			***Have Finance Experience***		
Finance Neighbor	0.039***	0.158***	-0.116***	0.045**	0.031	-0.212***
	(2.78)	(6.46)	(-3.95)	(2.19)	(0.86)	(-5.02)
Observations	4,000	4,000	4,000	3,118	3,118	3,118
R-squared	0.024	0.050	0.063	0.027	0.040	0.093
Control Variables	YES	YES	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES	YES	YES

Table 9. Finance neighbors and post-MBA employer

This table examines whether exposure to finance neighbors affects students' post-MBA employer types. Panel A reports the most frequent post-MBA employers among students with different levels of exposure to finance neighbors. Panel B examines whether finance peer exposure affects the likelihood that students join firms of different sizes. We classify a firm as a large firm if it is publicly listed or has more than one thousand employees, and classify a firm as a start-up if it is a VC-backed operating company or has fewer than one hundred employees, excluding venture capital firms, private equity firms, and hedge funds to avoid capturing small boutique investment firms. Panel C estimates regressions of post-MBA employer outcomes on the exposure to finance neighbors. The dependent variables *Start-up, VC-backed start-up, Non VC-backed start-up, Large corporate* equals one if the student works in a start-up, VC-backed start-up, Non VC-backed start-up and large corporate, as the first post-MBA job, respectively. Standard errors are clustered at the section-year level.

Panel A.

	Subsample = % Finance neighbors =100%			***% Finance neighbors <100%***		
	First Employer Post-MBA	Count	Percent	First Employer Post-MBA	Count	Percent
1	McKinsey & Company	102	8.6%	McKinsey & Company	211	7.2%
2	BCG	66	5.5%	BCG	150	5.1%
3	Bain & Company	62	5.2%	Bain & Company	144	4.9%
4	Amazon	27	2.3%	Amazon	57	1.9%
5	Google	13	1.1%	Google	42	1.4%
6	KKR	7	0.6%	Bain Capital	22	0.8%
7	Goldman Sachs	7	0.6%	The Blackstone Group	20	0.7%
8	Bain Capital	6	0.5%	JP Morgan	18	0.6%
9	Apple	6	0.5%	Deloitte	18	0.6%
10	Deloitte	6	0.5%	KKR	17	0.6%
	# Students	1190			2932	

Panel B.

	% Finance neighbors=100%	% Finance neighbors <100%	Differences	t-value
Large Corporate	50.8%	50.7%	0.16%	0.09
Start-ups	29.2%	26.3%	2.95%	1.90*
VC-backed	20.8%	18.5%	2.24%	1.62
Non VC- Backed	8.5%	7.8%	0.71%	0.75
# Students	1190	2932		

Panel C.

Dependent variable=	(1) Start-up	(2) VC-backed start-up	(3) Non VC-backed start-up	(4) Large corporate
% Finance neighbors	0.027*	0.022*	0.005	-0.002
	(1.85)	(1.87)	(0.53)	(-0.13)
# Neighbors	-0.004	-0.002	-0.002	0.009
	(-0.31)	(-0.17)	(-0.26)	(0.60)
Female	0.000	0.012	-0.012	0.039**
	(0.01)	(0.92)	(-1.30)	(2.50)
Have Pre-MBA Finance Experience	-0.035**	-0.032**	-0.003	-0.147***
	(-2.48)	(-2.61)	(-0.32)	(-8.04)
International Student	-0.021	-0.020	-0.000	0.049***
	(-1.39)	(-1.49)	(-0.04)	(3.13)
Top School	0.027	0.023	0.005	-0.040**
	(1.59)	(1.55)	(0.43)	(-2.54)
Black	-0.025	-0.062**	0.037*	0.060*
	(-0.73)	(-2.52)	(1.81)	(1.95)
Asian	-0.003	0.001	-0.004	0.039*
	(-0.18)	(0.09)	(-0.40)	(1.99)
Hispanic	0.029	0.023	0.007	-0.007
	(1.23)	(1.08)	(0.36)	(-0.28)
Mid-Eastern	0.015	-0.002	0.017	-0.017
	(0.60)	(-0.15)	(1.04)	(-0.69)
Constant	0.226***	0.139***	0.087***	0.595***
	(7.50)	(5.32)	(4.39)	(17.78)
Observations	4,122	4,122	4,122	4,122
R-squared	0.010	0.013	0.003	0.039
Class Year FE	YES	YES	YES	YES

Table 10. Survey Evidence on peers' impacts

This table examines students' perceptions of how their classroom neighbors influenced their post-MBA career. The sample consists of MBA students who responded to our survey. The dependent variables are ordinal measures based on students' responses to whether their peers introduced new career opportunities, provided networking opportunities, helped them understand their own comparative advantages, or informed them of career paths to avoid. Each variable equals 2 if students agree with the statement (i.e., answer "Strongly agree" or "Somewhat agree"), 1 if students are neutral (i.e., answer "Neither agree nor disagree"), and 0 if students disagree (i.e., answer "Somewhat disagree" or "Strongly disagree"). Robust standard errors are clustered at the section-year level.

Dependent variables=	(1) Introduce new opportunities	(2) Provide networking opportunities	(3) Informed comparative advantages	(4) Informed paths to avoid
Have Pre-MBA Finance Experience * % Finance Neighbors	0.024	-0.032	0.426**	0.477**
	(0.16)	(-0.19)	(2.05)	(2.20)
% Finance Neighbors	0.143	0.169	-0.104	0.079
	(1.23)	(1.45)	(-0.72)	(0.60)
Have Pre-MBA Finance Experience	-0.272***	-0.063	-0.206	-0.249*
	(-2.76)	(-0.62)	(-1.46)	(-1.80)
# Neighbors	0.008	0.105	0.135	0.045
	(0.13)	(1.24)	(1.40)	(0.54)
Female	0.023	0.009	0.093	0.183**
	(0.27)	(0.10)	(0.99)	(2.17)
International Students	-0.193**	-0.336***	-0.192**	-0.078
	(-2.17)	(-4.15)	(-2.14)	(-0.84)
Top School	-0.138	-0.090	-0.048	-0.199*
	(-1.26)	(-0.80)	(-0.46)	(-1.90)
Black	-0.561***	-0.453**	-0.156	-0.116
	(-5.17)	(-2.52)	(-0.62)	(-0.83)
Asian	-0.033	-0.052	0.035	-0.156
	(-0.33)	(-0.36)	(0.37)	(-1.32)
Hispanic	-0.021	-0.093	-0.049	-0.061
	(-0.14)	(-0.67)	(-0.33)	(-0.47)
Mid-Eastern	-0.041	-0.280**	-0.022	-0.087
	(-0.29)	(-2.07)	(-0.12)	(-0.54)
Constant	0.648***	0.614***	1.008***	0.743***
	(4.40)	(3.84)	(4.83)	(3.60)
Observations	365	364	365	365
R-squared	0.078	0.073	0.054	0.075
Class Year FE	YES	YES	YES	YES

Table 10. Survey evidence: Competitive Discouragement and Career Reassessment

Panel A examines the competition discouragement channel. The sample consists of MBA students who responded to our survey. The dependent variable, *First Post-MBA Job in Finance*, is an indicator variable equal to one if the focal student's first job after MBA is in the finance industry, and zero otherwise. *% Finance Neighbors i*s the fraction of the focal student's adjacent neighbors with pre-MBA finance experience. *Non-Competitive* is an indicator variable equal to one if the focal student does not identify herself as competitive. *% Finance Neighbors with Honor Student* is the fraction of finance neighbors who received academic honors during the MBA program, and *% Finance Neighbors with <5 Years Finance Experience* and *% Finance Neighbors with ⩾5 Years Finance Experience* capture the fraction of finance neighbors with shorter and longer pre-MBA finance experience, respectively. Panel B reports results where the dependent variables capture whether students consider various factors important when selecting a post-MBA career, including compensation, job security, growth opportunity, work-life balance, social impact, workplace culture, and proximity to family. Each dependent variable equals one if the student reports that the factor is "Very important" or "Somewhat important," and zero if "Somewhat unimportant" or "Not important at all." Panel C and Panel D report results separately for male and female students, respectively. Robust standard errors are clustered at the section-year level.

Panel A. Competition discouragement

	(1)	(2)	(3)
Dependent variable=	First post-MBA job in finance		
% Finance neighbors	-0.142**		
	(-2.28)		
Non - Competitive * % Finance neighbors	-0.147		
	(-0.86)		
% Finance neighbors with 5+ yr of experience		-0.010	
		(-0.10)	
% Finance neighbors with less than 5 yr of experience		-0.201***	
		(-3.17)	
Non - Competitive * % Finance neighbors with 5+ yr of experience		-0.314*	
		(-1.96)	
Non - Competitive * % Finance neighbors with less than 5 yr of experience		-0.042	
		(-0.17)	
% Finance neighbors who are honor students			-0.137
			(-1.56)
% Finance neighbors who are not honor students			-0.144**
			(-2.16)
Non - Competitive * % Finance neighbors who are honor students			-0.202
			(-1.07)
Non - Competitive * % Finance neighbors who are not honor students			-0.120
			(-0.61)
Non - Competitive	-0.028	-0.032	-0.032
	(-0.25)	(-0.28)	(-0.28)
Observations	363	363	363
R-squared	0.145	0.157	0.146
Control	YES	YES	YES
Class Year FE	YES	YES	YES

Panel B. How Important Is Each Factor for first post-MBA job?

Dependent Variable =	(1) Compensation	(2) Job Security	(3) Growth Opportunity	(4) Worklife Balance	(5) Social Impact	(6) Culture	(7) Close to Family
Have Pre-MBA Finance Experience * % Finance Neighbors	-0.031	0.003	-0.120**	-0.130	0.158	0.119	0.057
	(-0.29)	(0.03)	(-2.29)	(-1.01)	(1.48)	(1.16)	(0.44)
% Finance Neighbors	-0.093	-0.065	0.032	0.052	-0.019	0.004	0.002
	(-1.54)	(-0.87)	(0.75)	(0.64)	(-0.26)	(0.06)	(0.02)
Have Pre-MBA Finance Experience	0.009	0.017	0.086***	0.031	-0.068	0.023	-0.048
	(0.18)	(0.21)	(2.74)	(0.37)	(-0.91)	(0.35)	(-0.63)
# Neighbors	0.081**	-0.006	0.022	0.034	-0.017	-0.050	-0.036
	(2.47)	(-0.12)	(0.89)	(0.73)	(-0.32)	(-1.36)	(-0.82)
Female	0.010	0.104*	-0.026	0.023	0.108*	0.024	0.044
	(0.26)	(1.70)	(-0.94)	(0.43)	(1.92)	(0.57)	(0.95)
International Students	0.001	-0.022	-0.030	-0.071	0.001	-0.160***	-0.048
	(0.02)	(-0.38)	(-1.19)	(-1.23)	(0.02)	(-3.83)	(-0.83)
Top School	-0.054	-0.027	-0.016	-0.014	0.032	-0.040	-0.057
	(-1.02)	(-0.58)	(-0.55)	(-0.25)	(0.54)	(-0.87)	(-0.92)
Black	0.042	0.303***	-0.014	-0.191*	-0.022	-0.061	-0.144
	(0.53)	(4.08)	(-0.32)	(-1.94)	(-0.15)	(-0.57)	(-1.20)
Asian	0.005	0.105	0.009	0.020	-0.001	0.166***	-0.005
	(0.10)	(1.37)	(0.26)	(0.28)	(-0.01)	(2.94)	(-0.08)
Hispanic	0.050	0.134*	-0.015	-0.085	-0.061	0.103	-0.028
	(0.91)	(1.70)	(-0.29)	(-1.07)	(-0.69)	(1.42)	(-0.34)
Mid-Eastern	-0.002	-0.106	-0.006	-0.016	-0.138**	0.034	0.053
	(-0.03)	(-1.28)	(-0.13)	(-0.20)	(-2.15)	(0.48)	(0.67)
Constant	0.767***	0.474***	0.902***	0.406***	0.449***	0.803***	0.459***
	(8.99)	(3.82)	(18.19)	(3.59)	(4.57)	(9.91)	(5.00)
Observations	376	377	377	377	377	377	377
R-squared	0.041	0.078	0.050	0.043	0.053	0.074	0.017
Class Year FE	YES	YES	YES	YES	YES	YES	YES

Panel C. Male Subsample

Dependent Variable =	(1) Compensation	(2) Job Security	(3) Growth Opportunity	(4) Worklife Balance	(5) Social Impact	(6) Culture	(7) Close to Family
Have Pre-MBA Finance Experience * % Finance Neighbors	0.100	0.077	-0.126*	-0.068	0.330**	0.142	0.267
	(0.83)	(0.51)	(-1.90)	(-0.42)	(2.26)	(0.93)	(1.61)
% Finance Neighbors	-0.144*	-0.070	0.060	0.048	-0.136	-0.036	-0.114
	(-1.99)	(-0.63)	(1.12)	(0.48)	(-1.41)	(-0.36)	(-0.94)
Have Pre-MBA Finance Experience	-0.002	0.031	0.085**	0.028	-0.162*	0.009	-0.110
	(-0.02)	(0.33)	(2.19)	(0.24)	(-1.87)	(0.10)	(-1.09)
Observations	232	232	232	232	232	232	232
R-squared	0.055	0.081	0.086	0.058	0.106	0.060	0.048
Control	YES	YES	YES	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES	YES	YES	YES

Panel D. Female Subsample

Dependent Variable =	(1) Compensation	(2) Job Security	(3) Growth Opportunity	(4) Worklife Balance	(5) Social Impact	(6) Culture	(7) Close to Family
Have Pre-MBA Finance Experience * % Finance Neighbors	-0.218	-0.090	-0.086	-0.177	-0.032	0.125	-0.240
	(-1.11)	(-0.42)	(-0.76)	(-0.84)	(-0.18)	(0.87)	(-1.14)
% Finance Neighbors	-0.027	-0.074	-0.068	0.026	0.100	0.068	0.198
	(-0.25)	(-0.59)	(-0.90)	(0.21)	(0.72)	(0.66)	(1.47)
Have Pre-MBA Finance Experience	-0.020	-0.014	0.048	0.028	0.094	0.051	0.031
	(-0.23)	(-0.10)	(0.80)	(0.21)	(0.78)	(0.45)	(0.22)
Observations	232	232	232	232	232	232	232
R-squared	0.055	0.081	0.086	0.058	0.106	0.060	0.048
Control	YES	YES	YES	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES	YES	YES	YES

Table 12. The persistence of peer effects

This table examines whether exposure to finance peers during the first-year MBA program has persistent effects on students' longer-term career outcomes. In Panel A, the dependent variable, *Three-Year Post-MBA Job in Finance*, is an indicator variable equal to one if the focal student works in the finance industry three years after MBA graduation, and zero otherwise. In Panel B, the dependent variables are predicted salaries and seniority three years after MBA. Column (1) reports results for the full sample. Column (2) restricts the sample to students with pre-MBA finance experience, and Column (3) further restricts the sample to male students with pre-MBA finance experience. Robust standard errors are clustered at the section-year level.

Panel A. Working in finance after 3 years

	(1)	(2)	(3)
Dependent variable	Work in finance industry 3 years after graduation		
	Full sample	Finance experience	Finance experience, Male
% Finance neighbors	-0.021	-0.048*	-0.083**
	(-1.27)	(-1.81)	(-2.16)
# Neighbors	0.010	0.026	0.058*
	(0.65)	(0.97)	(1.78)
Female	-0.085***	-0.148***	
	(-5.22)	(-4.68)	
Have Pre-MBA Finance Experience	0.361***		
	(26.88)		
International Student	0.003	-0.045	-0.076**
	(0.12)	(-1.54)	(-2.03)
Top School	0.020	0.063**	0.058
	(1.23)	(2.39)	(1.65)
Black	0.055	0.014	0.027
	(1.59)	(0.27)	(0.50)
Asian	0.000	0.009	0.008
	(0.02)	(0.30)	(0.20)
Hispanic	0.040*	0.031	0.070
	(1.86)	(0.78)	(1.22)
Mid-Eastern	0.003	-0.003	-0.043
	(0.12)	(-0.06)	(-0.82)
Constant	0.220***	0.583***	0.585***
	(7.48)	(10.98)	(8.64)
Observations	3,783	1,609	952
R-squared	0.147	0.031	0.025
Class Year FE	YES	YES	YES

Panel B. Other long-term outcomes

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent variable=	Seniority (3 years)			Predicted salary (3 years)		
% Finance neighbors	0.031	0.028	0.110	-0.017	-0.012	0.023
	(0.57)	(0.33)	(0.97)	(-0.85)	(-0.42)	(0.67)
# Neighbors	0.033	-0.003	-0.020	0.023	0.022	0.016
	(0.79)	(-0.07)	(-0.28)	(1.52)	(0.80)	(0.46)
Female	-0.088**	-0.092		-0.000	-0.005	
	(-2.24)	(-1.48)		(-0.02)	(-0.21)	
Have Pre-MBA Finance Experience	0.180***			0.116***		
	(4.43)			(6.43)		
International Student	0.026	0.029	-0.027	-0.248***	-0.284***	-0.330***
	(0.58)	(0.52)	(-0.29)	(-12.83)	(-9.23)	(-7.80)
Top School	0.010	0.057	0.073	0.083***	0.095***	0.103***
	(0.22)	(0.76)	(0.77)	(4.89)	(3.56)	(2.84)
Black	-0.018	-0.039	-0.130	-0.030	-0.015	-0.036
	(-0.17)	(-0.28)	(-0.83)	(-0.75)	(-0.24)	(-0.45)
Asian	-0.063	-0.076	-0.137	-0.057***	-0.023	-0.078
	(-1.13)	(-0.96)	(-1.10)	(-2.89)	(-0.67)	(-1.51)
Hispanic	0.061	0.043	0.109	-0.053*	-0.055	-0.071
	(0.87)	(0.40)	(0.77)	(-1.82)	(-1.05)	(-0.99)
Mid-Eastern	0.140**	0.176	0.120	0.016	0.089**	0.062
	(2.07)	(1.59)	(0.98)	(0.67)	(2.60)	(1.46)
Constant	4.767***	5.071***	5.005***	12.071***	12.154***	12.206***
	(44.93)	(40.66)	(27.86)	(345.67)	(195.34)	(151.85)
Observations	3,783	1,609	952	3,783	1,609	952
R-squared	0.009	0.007	0.013	0.083	0.098	0.116
Class Year FE	YES	YES	YES	YES	YES	YES

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Appendix A. Example seating map

Below presents an example of an HBS seating chart. We intentionally blur students' names in this example. The original seating charts, which include students' names, are accessible to HBS faculty.



Appendix B. Survey Invitation Email

Subject: Participate in HBS Research: Share Your MBA Career Journey

Dear *[First Name],*

We are researchers at Harvard Business School. We are conducting a survey on HBS MBA graduates. Specifically, we want to understand your motives for pursuing an MBA degree and how the HBS experience has shaped your career trajectory. We also hope to hear more about your story after the MBA. We are inviting you to take our survey by clicking on the link below:

Take the survey: *[Survey Link]*

The survey will take less than 10 minutes to complete. As a token of appreciation, we will share the survey results and the final research paper with you once our project is complete. Your participation is entirely voluntary, and your responses will remain anonymous, used solely for research purposes. Additionally, by completing the survey, you will be entered into a raffle for a chance to win a copy of my book - Advanced Introduction to Private Equity, personally signed by me. We will randomly select 20 participants to receive this exclusive prize.

Your participation is much appreciated! If you have any questions, please send your inquiries to me at pgompers@hbs.edu. More information about the survey here.

Paul A. Gompers

Eugene Holman Professor of Business Administration

Harvard Business School

Baker Library 263

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Appendix Table C1.

	(1)	(2)	(3)	(4)
Dependent variable=	Start-up	Start-up	Start-up	Start-up
Subsamples	***Have Finance Experience***	***No Finance Experience***	***Male***	***Female***
% Finance neighbors	0.046*	0.016	0.040*	0.011
	(2.00)	(0.85)	(1.78)	(0.51)
# Neighbors	0.002	-0.009	-0.010	0.004
	(0.07)	(-0.55)	(-0.60)	(0.21)
Female	0.033	-0.027		
	(1.59)	(-1.41)		
Have Pre-MBA Finance Experience			-0.051***	-0.012
			(-2.89)	(-0.58)
International Student	-0.030*	-0.013	-0.024	-0.016
	(-1.76)	(-0.56)	(-1.13)	(-0.66)
Top School	-0.027	0.079***	0.029	0.025
	(-1.23)	(2.96)	(1.28)	(1.01)
Black	0.001	-0.050	-0.040	-0.004
	(0.01)	(-1.20)	(-1.02)	(-0.08)
Asian	-0.002	-0.002	-0.015	0.005
	(-0.09)	(-0.09)	(-0.72)	(0.21)
Hispanic	0.026	0.033	0.027	0.032
	(0.68)	(1.18)	(0.73)	(0.81)
Mid-Eastern	0.066	-0.022	0.027	-0.033
	(1.55)	(-0.80)	(0.86)	(-0.77)
Constant	0.176***	0.240***	0.230***	0.223***
	(3.84)	(6.87)	(6.43)	(4.75)
Observations	1,774	2,348	2,408	1,714
R-squared	0.016	0.013	0.017	0.006
Class Year FE	YES	YES	YES	YES

Appendix Table C2. The Comparison Between Survey Respondents and Non-Respondents

This table reports the comparison between characteristics of survey respondents to those of non-respondents.

	Survey Respondents	Non-Respondents	Difference
First post-MBA job in Finance	0.233	0.308	-0.074***
Have pre-MBA Finance experience	0.423	0.431	-0.008
% Finance Neighbors	0.441	0.437	0.004
Female	0.397	0.418	-0.020
International Student	0.410	0.389	0.021

Appendix Table C3. Survey Evidence on Tech and Consulting Industry

This table reports placebo tests corresponding to Table 10 Panel A and Panel D by replacing finance-peer exposure with exposure to peers with prior technology or consulting experience. Panel A examines whether exposure to technology or consulting peers affects students' career priorities, using the same dependent variables as Table 10 Panel A. Panel B examines students' perceptions of how technology or consulting peers influenced their career thinking, using the same ordinal measures as Table 10 Panel D. Standard errors are clustered at the section-year level.

Panel A.

	(1)	(2)	(3)	(4)
Dependent variables=	Informed comparative advantages		Informed paths to avoid	
Have Consulting Experience * % Consulting Neighbors	0.131		-0.053	
	(0.43)		(-0.15)	
% Consulting Neighbors	0.037		0.176	
	(0.26)		(1.13)	
Have Consulting Experience	0.011		0.014	
	(0.08)		(0.09)	
Have Tech Experience * % Tech Neighbors		0.300		0.583
		(0.64)		(1.44)
% Tech Neighbors		-0.123		0.037
		(-0.71)		(0.27)
Have Tech Experience		-0.011		0.013
		(-0.07)		(0.11)
Observations	365	365	365	365
R-squared	0.045	0.045	0.049	0.055
Control	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES

Panel B.

	(1)	(2)	(3)	(4)
Dependent variables=	Growth Opportunity		Social Impact	
Have Consulting Experience * % Consulting Neighbors	0.054		-0.049	
	(0.58)		(-0.31)	
% Consulting Neighbors	-0.061		-0.145**	
	(-1.08)		(-2.19)	
Have Consulting Experience	-0.051		0.066	
	(-1.19)		(0.83)	
Have Tech Experience * % Tech Neighbors		0.112		0.103
		(1.64)		(0.55)
% Tech Neighbors		0.025		-0.109
		(0.61)		(-1.20)
Have Tech Experience		-0.042		-0.084
		(-0.99)		(-1.16)
Observations	377	377	377	377
R-squared	0.048	0.045	0.063	0.054
Control	YES	YES	YES	YES
Class Year FE	YES	YES	YES	YES