Peers and Network Growth: 
Evidence from a Natural Experiment

Sharique Hasan  
Stanford University

Surendrakumar Bagde  
Government of India  
Ministry of Finance

Abstract

In this paper, we examine the classic question of how individuals form their social networks. Building on the literature on organizations and network inequality, we study how being associated with well-connected peers affects the size of one’s own social network. Using data on the networks of students at an Indian engineering college over a period of three years, we attempt to establish a link between having randomly assigned roommates with large networks and a focal actor’s subsequent network size. Our empirical analysis provides causal evidence for such a link, particularly in instrumental study-partner networks. Further analysis suggests that the primary mechanism is closure, but non-closure related growth also appears to exist. We conclude with a discussion of our results and directions for future research.

1 Author names are listed in reverse alphabetical order. Please direct all correspondence to Sharique Hasan, Stanford University, Stanford, CA; e-mail: sharique@stanford.edu.
INTRODUCTION

Social contexts—including firms, informal groups, and schools—have the ability to shape a person’s social network in profound ways. A defining feature of any context is the set of other individuals, or peers, that inhabit it. These peers are the conduits through which resources flow, identity is constructed, and social bonds, both local and distant, are forged. However, not all contexts (or peers) are created equal in this regard. Some provide individuals with more resources, stronger identities, and greater opportunities to grow one’s social network. Indeed, certain features of a social context may affect the composition or size of a person’s network even more than that person’s own desires and efforts.

Because people belong to many, often contemporaneous, social contexts, they also occupy many social positions. These include their positions as members of a social class, an informal or formal group, an occupation or an organization. From the standpoint of developing one’s social network, the formal and informal venues or foci that people participate in --- e.g. voluntary groups, daycare centers, neighborhoods, and even informal friendship groups --- are perhaps the most important (Feld 1981). It is through these contexts that people meet others, and these others enable (or constrain) a person’s ability to build and grow his or her social network. An illuminating example of the importance of social contexts for building a social network is Small’s (2009) study of low-income mothers and childcare centers. Small (2009) argues that childcare centers, through both formal and informal channels, serve as resource brokers for these mothers. The centers link mothers to other people; these people in turn provide resources, advice and support. Even more importantly, the centers broker connections to people and organizations located far beyond its walls.

The brokering role of a childcare center is only one example of a general social process. Exposure to peers—whether through a neighborhood, a firm, or a dormitory hall—reconfigures a person’s network in ways that reflect the kinds of characteristics and resources possessed by those peers. Changes in social networks structure in this regard happens in several ways. Perhaps the most direct way through which peers affect a person’s network is by becoming that person’s friend, confidant, or acquaintance. However, a well-connected peer can do much more. First, peers can provide introductions to people outside the focal group or organization; these introductions over the course of time can transform into acquaintanceships or even friendships. Second, peers can provide the focal person access to financial support, information about job openings, or other material or symbolic resources. These resources, in turn, can make it easier for the focal person to acquire a higher social position. By gaining education or employment, the focal person becomes a more desirable network partner. Finally a well-connected peer may increase the perceived status of a focal person merely by being associated with them (Kilduff and Krackhardt 1994; Gould 2002). Thus, even if the objective quality of the focal person has not changed,