

Long-term Peer Effect

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Abstract

In this study, we empirically examine the long-term peer effect. Considered to be the social influence of classmates or colleagues; peer effects are studied in both psychology and economics. However, there are few empirical studies on long-term peer effects due to the absence of appropriate data. We examine the effects of a newcomer by comparing performance before and after transfer and reveal the impact and characteristics of peer effects in the long-term. We use seven-year individual panel data, which consists of the records and team names of each competition and swimmer. Therefore, we can track the transition between teams for every swimmer, and identify their date of transition to a new team. We found that a swimmer's performance improves after a newcomer joins the team, and this effect is larger when the newcomer is a superior swimmer than the original team members. Similar results are obtained when the personal best record of a newcomer is superior to the new team's average. Consequently, swimmers in a team are motivated by the presence of a newcomer, learn better techniques, and improve their performance, eventually surpassing the newcomer. We conclude that long-term peer effect exists, and it improves individual performance.

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