

## Report on HEC's Inclusive Economy Day: Social Connectivity Session

Yann Algan, Naja Pape, Dan Wang, Kevin André

Report compiled by Alison Hsu

The Social Connectivity session explored the ways in which interpersonal connections and networks influence economic and societal structures. Social connectivity underpins aspects of social capital, fostering community cohesion, enabling effective communications, and facilitating important pathways for economic transactions and innovations. During the session, presentations by Yann Algan, Naja Pape, and Dan Wang highlighted the broad spectrum of social connectivity's impact, examining it from the perspectives of early childhood development, gender inclusivity in entrepreneurship, and the economic integration of high-skilled immigrants. Each presenter provided a unique lens through which the role of social connectivity in fostering economic and social growth was both challenged and redefined. Yann discussed the transformative potential of nurturing social skills from an early age, Naja addressed the barriers and opportunities in entrepreneurial environments with respect to gender, and Dan explored the macroeconomic benefits derived from integrating high-skilled immigrants into local economies.

### **Presentation Summaries**

#### 1. Yann Algan - Impact of Childhood Social Skills and Self-Control Training

Yann's research centered on the long-term effects of social skills and self-control training programs for at-risk boys, which began in the 1980s. Driven by the urgent need to enhance cooperative skills among French children, the study examined the ramifications of this early intervention over several decades. Using administrative data, Yann could follow participants from childhood into adulthood.

The program itself was designed to improve noncognitive skills such as self-control and social interactions through structured training exercises that taught boys how to manage emotions, interact cooperatively, and respond to conflicts constructively. Over the years, this intervention showed significant positive outcomes: participants developed better trust and impulse control, achieved higher educational levels, exhibited reduced criminality, and attained improved employment and marital statuses.

The use of administrative data allowed the direct measurement of economic impacts. This included a significant increase in employment income and a reduction in social transfers among participants, demonstrating not only social but also substantial economic benefits from the program. Moreover, the study quantified the return on investment, estimating that every \$1 invested in the program yielded about \$11 in benefits by age 39. This significant return underscores the potential of early educational interventions to produce long-term social and economic advantages, making a compelling case for integrating such programs into public policies aimed at fostering better developmental outcomes in at-risk populations.

#### 2. Naja Pape - One Size Doesn't Fit All: Experimental Evidence on What Motivates Women to Apply to Incubators

Naja's research on the gender gap in entrepreneurship, particularly within incubators, offered insights into the unique challenges and needs that women face in this domain. Her study, conducted through a series of field experiments and interviews, was designed to determine what motivates women to participate in entrepreneurial training and to understand the barriers

they encounter. This research specifically looked at the effectiveness of inclusion signaling—a method intended to make entrepreneurial programs more appealing to women by signaling a supportive and inclusive environment.

Naja designed a field experiment where she created a brand new pre-incubation program: The Indian Founder Foundations Program. In the first study, she examined the impact of inclusion-signaling on interest in and sign-up for the program. The findings from Naja's research revealed that tailored training programs, which included specific inclusion signals such as encouraging participants to bring family or friends, significantly increased the number of women applying to and participating in incubators.

Naja identified inclusion signaling as a novel mechanism capable of significantly reducing gender disparities in the interest in and sign-up rates for entrepreneurial training. This approach involves modifying how entrepreneurial programs are marketed and structured to signal a more inclusive and supportive environment for women. The theory suggests that more women will see entrepreneurship as a viable and welcoming option if these programs visibly cater to their needs and highlight opportunities for their success. The findings also have significant practical implications for organizational practices, particularly for entrepreneurial programs that struggle to attract a diverse pool of applicants. By implementing strategies based on inclusion signaling, these programs can not only achieve greater gender diversity but also contribute to broader societal goals such as gender equality and women's empowerment.

### 3. Dan Wang - High-Skilled Immigration and Regional Entrepreneurship

Dan's presentation explored the complex dynamics between high-skilled immigration and regional economic development, focusing on the broader implications of these immigrants' contributions beyond their direct entrepreneurial activities. Using data from U.S. metropolitan statistical areas, Dan assessed how high-skilled immigrants, particularly those on H1B visas, influence regional entrepreneurship through their integration into local economies and their role in enhancing business ecosystems.

H1B visa holders face legal restrictions in terms of their employment. This type of visa bound holders to the employers that sponsored the visa, suggesting that these immigrants are unlikely to work as full-time entrepreneurs. Therefore, these immigrants do not directly contribute to entrepreneurial activities by starting companies. Considering the effect of social ties and embeddedness, which are enhanced when immigrants are co-located with other immigrants from the same country, Dan proposed an alternative mechanism of knowledge transfer. It is found that high-skill immigration positively impacts regional entrepreneurship. The study used a combination of administrative data and records on new ventures to trace the impact of these immigrants, revealing that increases in H1B visa approvals correlate positively with boosts in entrepreneurial quantity and quality within regions.

To highlight the findings' economic significance, Dan showed that a 20% increase in H1B visa holders corresponds to a 0.8% increase in regional entrepreneurial activity. To put the numbers in perspective, in Kansas City, an additional 500 H1B visa holders would bring in \$280 million more in regional GDP growth from greater entrepreneurial activities.

### **Discussion Highlights**

#### Kevin André's Commentary:

Kevin André, the founder of Kawaa, addressed the session with insights into the societal challenges of loneliness and social isolation in France. He emphasized that despite the digital

connections prevalent today, physical social interactions are dwindling, particularly in developed countries where community spaces are becoming less common. Kawaa aims to counteract this trend by not only serving coffee but also facilitating community engagement through various activities designed to foster social ties. These include co-working spaces, co-living arrangements, and regular events where 75% of attendees reportedly meet new people, and about half become regulars.

Kevin expressed a strong interest in the concept of inclusion signaling discussed by the presenters, particularly its potential to combat the stigma associated with loneliness—often seen as a condition for "losers." In an effort to normalize the experience of loneliness and encourage more people to seek social connections, Kawaa implemented a marketing strategy that included distributing leaflets stating "50% of the people in France are lonely," which sparked conversations but also highlighted the reluctance of many to acknowledge their own isolation.

Furthermore, Kevin shared his experiences with hosting political debates at Kawaa to cultivate empathy and open-mindedness. However, he noted the difficulty in changing established perspectives, questioning how to effectively "train" individuals to be more receptive to differing viewpoints. This initiative reflects his broader commitment to leveraging Kawaa as a platform not only for building social connections but also for enhancing social enterprise and entrepreneurship, illustrated by the success stories of patrons like the customer who launched a gaming bar with the support of the Kawaa community.

### **Audience Q&A:**

#### Decline in Social Skills (Yann Algan):

Questioned about the factors leading to a decline in social skills, Yann linked the trend to economic uncertainties and the reduction of communal spaces such as cafes. He noted that the lack of communal engagement spaces directly correlates with rising populism and social dissatisfaction, as exemplified by movements like the Yellow Vests in France.

#### Effectiveness of Same-Sex Incubators (Naja Pape):

In response to inquiries about the potential advantages of same-sex incubators for female entrepreneurs, Naja acknowledged their popularity, particularly in culturally conservative regions. She explained that in her context of research, female-only incubators often provide very similar training to male-dominated ones. She emphasized the need for comparative studies to evaluate their effectiveness relative to co-ed incubators.

#### Impact of Employment-Based Visas on Entrepreneurship (Dan Wang):

Addressing a question about whether employment-based visas dampen entrepreneurial aspirations among H1B holders, Dan discussed the dual barriers—legal and psychological—that these immigrants face.