

# **MANAGERS AND (SECRET) SOCIAL NETWORKS: THE INFLUENCE OF THE FREEMASONRY ON FIRM PERFORMANCE**

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## **Abstract**

This paper studies the impact of managers' affiliations with Freemasonry on companies' performances. Using a unique data set of 412 companies quoted on the London Stock Exchange between 1895 and 1902, I find that young and small firms run by Masonic managers exhibited larger leverage ratios. These companies earned higher profits, though the effect is not statistically significant. Large publicly quoted corporations that were managed by Freemasons, instead, had lower profits and lower Tobin's Q. I discuss the issue of endogeneity of Freemasonry membership and use four different approaches to partially address it. (JEL: G30, G39, N23)