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Ready, Steady, Compete

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Abstract

Although the educational attainments of women exceed those of men in most developed countries, women are still lagging behind in the access to top corporate jobs or parliamentary positions. Without dismissing the role of discrimination, recent research has incriminated a lower preference of women for competition. On pages xx of this issue, Balafoutas and Sutter (1) show how various policies can increase women's willingness to compete while preserving efficiency and post-competition cooperation between individuals.

Women's occupations are characterized by flatter age-earnings profiles than men's. Relatively few women hold top corporate positions although in most developed countries their educational attainment exceeds men's (2, 3). Women are also under-represented in politics: according to the InterParliamentary Union, in 2011 they represent 21.4% of the members of parliaments in Americas and 22.4% in Europe.

While labor economists traditionally explained the occupational gender gap by the role of women in the family or by demand-side factors such as employers' discrimination, behavioral economists have explored new hypotheses. In particular the lower preferences of women for risks (4,5) could explain that women are less likely to start up their own business than men.

Women differ in attitudes towards negotiation and in social preferences, which could lead them to self-select into occupations offering less career perspectives than men (6).

One dimension has retained the attention of behavioral economists: compared to men, women hold different attitudes towards competition. The performance of men in a gender-neutral task increases as the environment becomes more competitive, whereas the performance of women remains stable (7). The same difference is observed in running races: boys outperform girls when racing against someone else, but not when running alone (8). These results have initiated studies on how individuals self-select when they can choose between receiving a payment based on relative versus absolute performance. Women shy away from competition as they are much less likely than men to choose a competitive compensation scheme even after accounting for risk preferences, relative ability and beliefs about relative performance (9).

Such a gap in competitiveness seems to be embedded in culture. Women are more likely than men to compete in matriarchal societies whereas the opposite is observed in patriarchal tribes (10). The gender gap emerges from the age of five but younger children show no difference in tastes for competition (11). Girls from single-sex schools are more willing to compete than girls from co-educational schools (12). This does not mean, however, that biological factors are absent (13).

Holding the lower competitiveness of women responsible for their lower performance on the labor market should influence the design of policies aiming at breaking the glass-ceiling. Increasing the efficiency advantage of competitive versus individual pay or allowing the choice of the gender composition of the pool of competitors entice more women to compete but fail reducing the gender gap in competitiveness (14). Affirmative action gives more effective results. Niederle, Segal and Vesterlund (15) introduce a gender quota guaranteeing women equal representation among the winners in a competition. The entry rate of high-

performing women into the competition largely increases while men's rate decrease, due not only to the change in probability of women to win the competition, but also to a reduction in gender differences in beliefs on their ability to win. Interestingly, very little reverse discrimination is found.

On pages xx of this issue, Balafoutas and Sutter (1) offer a comprehensive framework by comparing various affirmative action policies: quotas forcing a gender balance among winners, two forms of a preferential treatment of women, and a repetition of the competition unless a sufficient number of women compete. These policies reduce the gap without reducing efficiency, as the best able men are not passed by as a result of interventions. Another major result is that affirmative action does not harm further cooperation, a hitherto unexplored aspect of affirmative action programs.

These studies explore supply-side effects of affirmative action while labor economics has rather focused on its demand-side effects (16). A more complete picture would require looking now at their combined effects to measure how a higher competitiveness of women will change the demand for labor and affect discrimination.

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