

Competitiveness and the gender gap among young business professionals

Ernesto Reuben

Columbia University, e-mail: ereuben@columbia.edu

Paola Sapienza

Northwestern University, e-mail: Paola-Sapienza@northwestern.edu

Luigi Zingales

University of Chicago, e-mail: Luigi.Zingales@chicagobooth.edu

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ABSTRACT

Although the gender gap in earnings has been decreasing over time, particularly among young professionals, it still persists in many professions such as business. Some, but not all, of the difference in earnings can be explained with standard observed characteristics. Gender differences in competitiveness have been proposed as an important explanation for the remaining gender gap. Using a laboratory experiment to derive a measure of competitiveness, this paper investigates whether this measure explains the gender gap in earnings in a sample of high-ability MBA graduates. We find that competitiveness is systematically related with higher earnings: highly competitive individuals earn around 7% more than their less competitive counterparts. Moreover, gender differences in competitiveness explain about 12% of the overall gender gap. Competitiveness explains almost as much of the gender gap in earnings as a rich set of standard control variables. The effect of competitiveness is partly accounted for by the industry MBAs choose to work in as more competitive individuals are more likely to choose to work in consulting.

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