Competitiveness and the gender gap among young business professionals

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ABSTRACT

Although the gender gap in earnings has been decreasing over time, it still persists in many professions such as business. Gender differences in competitiveness have been proposed as an important explanation for the remaining earnings differential. Using a laboratory experiment to measure 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 9% more than their less competitive counterparts. Moreover, gender differences in competitiveness explain about 10% of the overall gender gap. We also find that competitiveness is systematically related to the industry MBAs choose to work in seven years after their graduation, which suggests that the relation between competitiveness and earnings persists in the long-run as more competitive individuals are more likely to work in high-paying industries. Lastly, we find that the competitiveness gap in industry choice emerges over the course of the MBAs’ studies as graduates interact with firms in particular industries.

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