

Pre-empting Inefficient Contests with Gender Signaling

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Abstract

A substantial literature demonstrates robust gender differences in competitive situations. In particular, that there are gender biases; that men take too much risk or are overconfident, and women are underconfident. However, to our knowledge, prior experiments have not exploited the fact that the gender of one's opponent is evident before the contest and one can avoid inefficient contests by dropping out. We fill in this gap by including a gender treatment in our all pay auction experiment where low bids are a way to drop out. Our motivation is that gender can signal the attitudes and preferences important for deciding whether or not to participate in a contest. Our preliminary evidence shows that gender could be a coordination device which pre-empts inefficient contests. We paired subjects with opposite genders in an all pay auction. In our control, subjects did not know the gender of their opponent. In our treatment, gender of the opponent was exposed to be the opposite. The mean of the treatment was 10% lower than the mean of the control. The average male bid was slightly higher than average female bids in both treatment and control. The female earnings increase in the treatment group was significant at the 5% level. Histogram showed that the control distributions for both males and females stochastically dominated the treatment distribution. We hypothesize that male risk attitude or some kind of "desire to win" helped pre-empt unnecessary competition. and female payoffs was significantly higher in the treatment.

Keywords: Gender difference, Contests, All-Pay auction

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