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CONFIDENCE GAME

From the archive: Men's honest overconfidence — not overt discrimination — may play an important role in male domination of the C-suite.

Topics: Business Economics and Public Policy, Leadership, Organizations, Strategy

"Fake it 'til you make it" is classic advice that sounds good, and apparently is — if you're a man. New research from Professor **Ernesto Reuben** suggests that men may have a much easier time "faking it" due to natural overconfidence in their performance — and provides some insight into why the glass ceiling remains such an unyielding barrier to greater female representation in upper management and executive positions.

Part of the persistent gender gap in leadership at firms can be attributed to discrimination. However, most investigations in this area focus on clear-cut instances of discrimination, in which a woman might not be selected for a position or promotion in a male-dominated firm where men either don't like working with women, feel threatened by women, or believe that women are not as good in a given role or industry. But Reuben suggests that the underlying causes of such selection issues may go beyond simple conscious discrimination.

"We know that there are differences in the way men and women think of themselves and react to incentives," Reuben says. "That led us to ask what other forces could be creating gender differences than bald out-and-out discrimination."

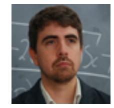
Reuben and his coresearchers, Pedro Rey-Biel of the Autonomous University of Barcelona, Paola Sapienza of Northwestern University, and Luigi Zingales of the University of Chicago, asked MBA students to complete a set of math problems on which both men and women perform about the same. One year later, the researchers brought back the same students, asking them to recall their previous years' performance.

The researchers found that when they compared actual with recalled performance, most participants overestimated their performance — not a surprise, as many studies have documented this tendency. There was one major difference: men consistently rated their past performance about 30 percent higher than it really was. Women, on the other hand, consistently rated their past performance only about 15 percent higher than it actually was.

Next, the researchers asked participants to estimate their performance on a task if chosen to represent a group, and were then divided into groups to complete the same math problem. Each group had to choose a representative and would compete with the other groups, with a generous cash prize awarded to the highest-scoring team. It was, then, in the best interest of the group to choose the person who had performed best on the problem sets in the past. But the researchers also added an incentive: for some (but not all) groups, the representatives got an additional payment that ranged from $20 to $75.

"In groups for which the leader got no additional cash prize, individual and group incentives were aligned: that is, if a group knew a woman was better, its best interest was to pick her or sacrifice its competitive edge and the financial reward," Reuben explains. "In the groups whose leaders received a payment simply for being chosen to lead, we created a tension: an individual could be chosen as a rep if they lied about their performance, and the group would lose while the leader would gain."

They found that, on average, both men and women were willing to lie about their performance. When participants had an incentive to lie, they lied more, and the incidence of lying increased as the monetary award for being chosen as leader increased. But while women kept pace with men on how frequently they lied, women did not exaggerate their performance to the same degree, and it cost



Ernesto Reuben

Ernesto Reuben is an Assistant Professor at the Columbia Business School. His research interests lie within behavioral and public economics. Broadly speaking, he investigates the role played by social norms and particular psychological traits on activities that are economically relevant for public policy and business strategy. One of his main interests is studying the microfoundations of prosocial and antisocial behavior. In particular, how intrinsic or...

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them: women were selected 1/3 less often than their abilities would otherwise indicate. In other words, while there is no gender differential when it comes to lying, there is a significant gender differential when it comes to “honest” overconfidence: the main difference in women not being selected as leaders appears to be attributable to men’s overconfidence in their abilities.

This kind of gender difference is hard to tackle. “It almost calls for direct intervention because men’s overconfidence is honest,” Reuben says. “It’s not just a matter of telling men not to lie — because they honestly believe their performance is 30 percent better than it really is. Similarly, it’s not as if you can simply tell women they should inflate their own sense of overconfidence to be on par with that of men.”

Still, Reuben suggests an important takeaway for firms: recruiters should consider taking male candidates’ claims about past performance with a grain of salt. Employers who aren’t aware of the tendency for men to unconsciously inflate their performance could mistake that overconfidence for true performance, and overlook better female candidates. “It calls for a bit more sophistication on the part of hiring committees and recruiters to understand there are gender differences in how people evaluate themselves.”

Ernesto Reuben *is assistant professor of management at Columbia Business School.*

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