

Could changing hiring practices help more women climb the corporate ladder?

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In 2018, 75,978,000 women ages 16 and over participated in the labor force, representing 46.9 percent of the total labor force. Yet, women only made up about 5 percent of the executives in S&P 500 companies. If women make up nearly half the work force, why are so few represented on the higher rungs of the corporate ladder? In their working paper [“Leaning in or not leaning out? Opt-out choice framing attenuates gender differences in the decision to compete,”](#) economists Joyce He, Sonia Kang, and Nicola Lacetera (National Bureau of Economic Research, Working Paper 26484, November 2019) investigate whether different gender attitudes toward competition affect who applies for promotions. More specifically, the authors study whether fewer women participate in hiring situations in which they must opt in and self-nominate for promotions. And they ask: Would the executive suite look different if candidates were automatically considered for promotions and instead had to opt out of competition?

The authors apply choice architecture theory, specifically the observation that behavior is strongly affected by defaults, to the task of competing for a promotion. They test how structural changes to the framing of a decision will affect how women compete.

First, they use a noncompetitive experiment in which participants receive \$0.50 for each correct answer given during a timed math task, regardless of how well other participants do on the same task. Next is the competitive phase, in which the participant with the highest overall score receives \$2.00 for each correct answer while the other participants receive no compensation, even if they answer problems correctly. In the final phase, these same participants were either (1) automatically enrolled in the noncompetitive compensation scheme, but could choose to opt in to the competitive compensation scheme or (2) participants were by default in the competitive compensation scheme but could choose to opt out to the noncompetitive one.

The results indicate that women are much less likely to compete and have far lower rates of opting in to competition. However, when women are automatically placed into competition (with a decision to opt out), they have “roughly the same participation rate in the competition as men in the opt-in condition, thus eliminating the gender difference in decision to compete.” Further, the authors found that the opt-out choice framework did not negatively affect female applicants. Decision makers were just as likely to promote a woman under both hiring schemes.

The authors suggest that companies might experiment with choice architecture in hiring practices, to bring diversity to the competition for high-level positions in organizations and to take advantage of a larger talent pool. This approach could mean automatically placing qualified internal candidates into the hiring competition instead of waiting for employees to apply.