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AWI This Week

Monday, 17. 5. 10

Departmental Seminar

17.15-18.45

Peter Kuhn, UCSB

AWI 00.010

"Employers' Preferences for Gender, Age, Height and Beauty: Direct Evidence"

Wednesday, 19. 5. 10

Internal Seminar

17.15-18.45

Julia Müller

AWI 00.010

"There's more to it than meets the eye - an eye-tracking experiment on the beauty contest game"

Departmental Seminar

Peter Kuhn, UCSB

"Employers' Preferences for Gender, Age, Height and Beauty: Direct Evidence"

We study firms' advertised preferences for gender, age, height and beauty in a sample of ads from a Chinese internet job board, and interpret these patterns using a simple employer search model. We find that these characteristics are widely and highly valued by Chinese employers, though employers' valuations are highly specific to detailed jobs and occupations. Consistent with our model, advertised preferences for gender, age, height and beauty all become less prevalent as job skill requirements rise. Cross-sectional patterns suggest some role for customer discrimination, product market competition, and corporate culture. Using the recent collapse of China's labor market as a natural experiment, we find that firms' advertised education and experience requirements respond to changing labor market conditions in the direction predicted by our model, while firms' advertised preferences for age, gender, height and beauty do not.

Internal Seminar

Julia Müller

"There's more to it than meets the eye - an eye-tracking experiment on the beauty contest game"*

The beauty contest game has been used to test how many "levels of reasoning" ordinary people are able to perform. The unique Nash-equilibrium of the game is zero and can be reached by iterated elimination of dominated strategies. Empirically, however, players usually do not state zero, but rather choose a number that indicates that only one or two iterations (of either best response or eliminating dominated strategies), leading towards zero in equilibrium, have been made. Using Eye-tracking permits to investigate the procedures subjects use in choosing a number and informs us what numbers subjects contemplated to choose. We found that the evidence with respect to levels of reasoning is less clear than so far assumed. We find different strategies that look similar when just focusing on the number stated: Choosing a number associated with level-1 or level-2 reasoning can in fact be the outcome of level-1 or level-2 reasoning, but it can also be the outcome of people reasoning further than that level and then adjusting their finally chosen number to their beliefs what other people might do. We study which numbers the decision makers contemplated before finally stating a number. In many cases we discover that subjects contemplate choosing low numbers, and later go back and choose a number consistent with level-1 or level-2 reasoning. We cannot reject with our data that some people do only level-1 or level-2 reasoning, but we can show that not all cases that seemingly are level-1 or level-2 thinking indeed are – they might be highly sophisticated adaptation to beliefs about other people's limited reasoning abilities.

*with Christiane Schwieren

Jour Fixe

The AWI JOUR FIXE takes place at the Lounge on a weekly basis on Mondays from 16:30 till 17:15 (i.e., just before the departmental seminar). There you will have the opportunity to meet the speaker, enjoy a coffee, and exchange news and discuss research with other members of the AWI.

New Publications

Travis Warziniack: "Efficiency of Public Goods Provision in Space" in press at Ecological Economics, available online at <http://dx.doi.org/10.1016/j.ecolecon.2010.04.002>.

**Editorial deadline for issue 11/2010 of the newsletter:
Wednesday, May 19, 2010, 12 o'clock
newsletter@awi.uni-heidelberg.de**

If you would like to receive the newsletter by email,
please contact the address above.