

In the rarefied world of *Big Companies' Boards*, networking matters. Word-of-mouth advertising often decisively influences the recruiting process: it's easier to have your candidacy taken into account when you have good connections. And the last research conducted by Prof. Seabright together with Marie Lalanne suggests that men know how to take advantage of their network better than women do. It is a matter of fact that among executive directors, women earn at least 17% less than men. There are many plausible explanations for this gap, ranging from the interruption of women's career for women to the traditional discrimination – a bit old fashioned. But Seabright argues

that this salary gap could be explained with the *networking effect*: men are able to exploit their relationships to reach higher positions or a seat in a managing board, women are not. Nevertheless, a positive signal comes from the top of financial environment. Recently three women climbed the hierarchy in Allianz, Unicredit and UBS, as if to say that for the post-crisis era high finance is starting trusting women. All three in Germany. What's the reason? Taking for granted their competence and expertise, let us go a bit further. Here comes another one. After struggling to establish *pink quotas* by law, Merkel's government reached an agreement with the largest groups to increase female

representation in managing boards and audit bodies over the next three years. According to our distinguished interviewee, the presence of three women in a Board is the least that can be done, not only for the modern corporate code, but also because they bring fresh air into dusty structures, they ask sharp questions and discuss on details more accurately: as a result enhanced efforts and critical thinking lead to increased transparency. And then what? They feel less tightly linked to male economic networks. The other side of the coin?

Mariella Palazzolo

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SEABRIGHT

WOMEN AND MEN: AN ANTHROPOLOGICAL CONFLICT

“Women seem more inclined to build and rely on only a few strong relationships. Men are better at developing passing acquaintances into a network, and better at maintaining a high personal profile through these contacts.”

Telos: Your latest working paper tackles the topic of the gender difference in remuneration of top executives, but with a specific analysis of the role of social networks. Could you please tell us more about it?

Paul Seabright: For this paper, with Marie Lalanne, we assembled a dataset that enabled us to see from executives' CVs how many other top executives and non-executive board members they have encountered during their career. We can't tell from this whether they have in fact developed strong links with these other people, but we can see whether they have had opportunities to network with them. We find that these opportunities to network have a real payoff in terms of these individuals' careers: individuals with larger networks have higher salaries. Or rather, men do – but women don't. Men with fifty per cent more important people in their potential network have about 5% higher salaries as a result, and between 10% and 20% higher non-salary remuneration depending on how you measure this. Yet women executives with larger networks don't have higher remuneration than women with smaller networks. It seems that having opportunities to network brings benefits to male executives that it doesn't bring to their female colleagues. And when you take this difference into account you no longer find any remaining difference in remuneration between men and women, although women are paid significantly lower if you do not allow for these networking factors. One thing to note is that we don't find the same effect for non-executive directors of companies: there is no difference between male female non-executives either in their remuneration or in the extent to which this is influenced by networking. This suggests that companies are trying harder to recruit women non-executives, while for executive positions there are many talented women who are still flying below the radar of recruiters. Whether that is because of the way women fly, or because of the way the recruiters' radar is calibrated, our data cannot tell us. But we find the results very interesting indeed.



Paul Seabright teaches Economics at the Toulouse University and is a Research Fellow at the Centre for Economic Policy Research in London. He is part of the scientific Board of the Bruegel think-tank in Brussels, and he is a member of the Economic Advisory Group on Competition Policy of the European Commission DG Competition. He was managing editor of the Journal *Economic Policy*, and has taught at the University of Cambridge. He deals with microeconomics, organization theory, industrial and competition policy, economics of networks and the digital society, history of behavioural economics – particularly the integration of biology and anthropology in the evolution of economic Institutions. He is author of *“The company of strangers. A Natural History of Economic Life”* (2004), followed by the second edition in 2010 where he examined the causes of the financial crisis. His book: *“The War of the Sexes: How Conflict and Cooperation Have Shaped Men and Women from Prehistory to the Present,”* Princeton University Press, will be released in April 2012. He lives in Toulouse since 2000. To distract himself from all the travelling and reading he has to do for work, he travels and reads for fun. His 3 children are 25% Italian and 0% economists. If you want to know him better just click [here](#).

Last December the Economist launched the debate on the motion a woman's place is at work. After a week the majority of contributors had replied no! Is this a worrying signal?

I'm not too worried about this: in debates people take up extreme positions for the sake of argument. Of course women's place isn't only at work (and men's place isn't only there either!). Everybody needs a decent work-life balance and many of the people who voted on the motion may have been rejecting the view that the same unbalanced working priorities adopted by so many men should also be foisted on women. I don't think there's any evidence that the great advances made by women in the modern workplace are in danger of being reversed. The issue is rather whether those advances have been halted because there are remaining obstacles to women's professional participation, or whether many talented women have decided that the way men organize their working lives (the prevailing one) is not for them. The answer may be that there is an element of both.

A very powerful message that comes across of your work is about the pivotal role of human cooperation and social trust in our lives. Can a convincing smile still create an atmosphere of trust today?

It certainly can! But the modern world poses some strange challenges to our stone-age brains: people use photo and video technology to create the illusion that complete strangers are in fact our friends. Advertisements use smiling models to persuade us to buy products, and politicians smile at us as though we were old friends of theirs. We have to learn how to decide whom we can trust, knowing that other people are manipulating for their own purposes the ways we have learned to do so in the past. I add only one thing, in my recent study, based on an interplay of roles of trust, it turned out that for the less honest is more difficult to smile convincingly.

The War of the Sexes: How Conflict and Cooperation Have Shaped Men and Women from Prehistory to the Present will be the title of your next book. Could you give us an anticipation of what will we read about?

This book is about how natural selection has left its mark on the way we think about relations between the sexes – both sexual relations and professional relations. Rest assured that this isn't one of those *“Men are from Mars”* books. It's true that natural selection hasn't given men and women an identical psychology, but it would be very surprising if it had, and it is remarkable how much our evolved psychology has in fact prepared us to be adaptable, to respond to the many ways in which our environment now differs from that of the stone age. The main message of the book is that conflict between men and women isn't something terrifying and mysterious, it's something normal and unsurprising and therefore not as threatening as people think. We have evolved to negotiate and cooperate, and to do so even when we are also some of the time in conflict. Because of that talent for negotiation and cooperation, there's no reason why old patterns of inequality – in the home, in the workplace – have to persist today. And I suggest ways in which we can negotiate our way to a way of sharing domestic and professional space which will be good for men and women alike.