Ask: NUS Economists

Looking good pays off – in dollars and cents

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For The Straits Times

Q Do physically attractive people enjoy economic perks?

A We are well aware that beauty comes at a price. In our quest to enhance the way we look, we spend considerable amounts of money on the latest garments, cosmetics, jewellery, skincare, hair and nail products. We also spend time every morning grooming ourselves, making sure our hair is styled to perfection, brows trimmed and clothes matched, before leaving the house. Many of us are even prepared to pay tens of thousands of dollars to undergo dangerous treatments and surgery to rid ourselves of perceived “imperfections”. Undoubtedly, the pursuit of beauty can be expensive in terms of both time and money. But are there benefits to looking good? The answer, in fact, is a resounding “yes.”

In his book, Beauty Pays, renowned labour economist Daniel Hamermesh notes how better-looking people enjoy starting benefits in just about every aspect of life. Comparing people with similar characteristics (education, work experience, marital status, gender, race, nationality), the better looking are more likely to be employed, be promoted more quickly, find it easier to obtain bank loans, and have more physically attractive and higher-educated spouses. Importantly, Professor Hamermesh found better-looking people enjoy substantially higher labour market earnings.

Compared with average-looking men, below average-looking men earn 13 per cent less while above average-looking men earn 4 per cent more. For women, the corresponding figures are 4 per cent less and 8 per cent more. These figures imply that people are penalised for bad looks and rewarded for good ones. Why should beauty have an effect on one’s earnings? There are at least four reasons. First, in some industries, physical attractiveness could actually enhance worker productivity. For instance, sales staff in beauty parlours are often seen as ambassadors to the companies they represent. So if sales staff are better looking, this may persuade more customers to sign up for the parlour’s packages, boosting business.

Another reason is consumer discrimination – and this can work in conjunction with the first. Consumers, especially in service-oriented industries such as finance or real estate, often prefer to deal with better-looking sales representatives. Consequently, attractive sales staff in these industries might achieve higher sales and commission earnings than non-attractive ones.

The third reason arises from superior discrimination. Superiors might make salary and promotion decisions based partly on physical appearance.

Finally, more attractive people tend to have more desirable personality traits, such as self-confidence and self-esteem. These traits, which might arise as a direct consequence of better looks, potentially appeal to both employers and customers. The “beauty premium” appears to be pervasive in almost every occupation and industry, though it is higher in some than in others. Even in an industry like education, where one might not expect looks to matter, research shows that it actually does.

Using data from an Italian university, economists Michela Ponzo and Vincenzo Scoppa from the University of Calabria found that looks have a positive impact on the way students rate their professors. Specifically, they found that a one standard deviation increase in a professor’s level of beauty leads to a 5 to 6 percentage point increase in his teaching ratings. Whether the higher ratings are due to more attractive professors being better able to garner students’ interest in the subject (which effectively makes them better teachers) or because students simply discriminate against plain-looking professors is a point of contention.

However, what is clear is that because in many universities decisions on promotion, tenure and performance bonuses are partly based on these student evaluations, beauty can have an indirect effect even on the earnings of professors. Since the way people respond to beauty in men and in women may be different, the labour market benefits of being physically attractive might be gender-specific.

As noted earlier, there seems to be a slight difference in the payoffs and penalties to looks that are above or average for men and for women. However, the basic conclusion seems to be the same regardless of gender. Bad looks are penalised while good looks are rewarded.

However, another study by Prof Hamermesh and co-researcher Jeff Biddle also found that women have a higher chance of dropping out of the labour force if they are particularly unattractive. In contrast, this is not found for men. This implies that the overall economic penalties for physical unattractiveness could be somewhat greater for women.

Enhancing our looks is a costly endeavour. But it does bring with it a slew of benefits as well. So the next time you go for a job or promotion interview, don a well-tailored jacket and put on a little foundation. You might just see a difference.–