

## Does it pay to be beautiful?

### Physically attractive people can earn more, particularly in customer-facing jobs, and the rewards for men are higher than for women

Keywords: beauty premium, wages, discrimination, gender differentials, occupational sorting, physical attractiveness

#### ELEVATOR PITCH

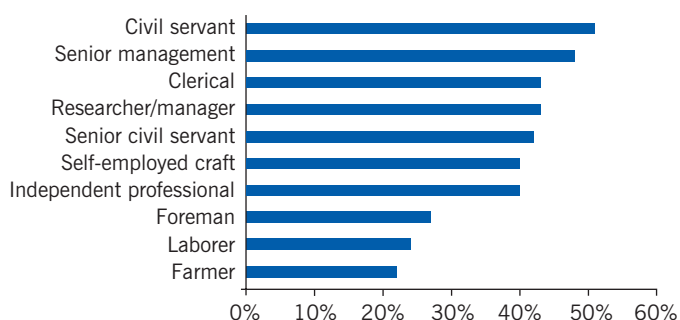
It is a well-established view amongst economists that good-looking people have a better chance of employment and can earn more than those who are less physically attractive. A “beauty premium” is particularly apparent in jobs where there is a productivity gain associated with good looks, though this varies for women and men, and varies across countries. People sort into occupations according to the relative returns to their physical and other characteristics; good-looking people take jobs where physical appearance is deemed important while less-attractive people steer away from them, or they are required to be more productive for the same wage.

#### KEY FINDINGS

##### Pros

- ⊕ Employer discrimination against less-attractive workers is present in the labor market.
- ⊕ In occupations where looks are important, a beauty premium is apparent.
- ⊕ Good-looking people sort into occupations where the payoff to appearance is higher, while those who are less good-looking avoid them.
- ⊕ The way in which physically attractive people sort themselves in the labor market is different for women and men, which also explains why the “beauty effect” is more pronounced for men.

Share of employees reported as having very good looks by occupation in Germany



Source: Authors' own calculations from GSS 2008. Online at: <http://www.gesis.org/fileadmin/upload/dienstleistung/daten/umfragedaten/allbus/Fragebogen/quest2008.pdf>

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##### Cons

- ⊖ There is not one universal standard of beauty; it is also difficult to measure.
- ⊖ Beauty is not a fixed factor, but can be influenced by other factors such as cosmetics or plastic surgery, as well as confounded by confidence or personality.
- ⊖ It is difficult to separate out the effect of beauty from other less immediately recognizable attributes of individuals.
- ⊖ Customer discrimination cannot be easily disentangled from real differences in productivity.
- ⊖ It is not easy to make cross-country comparisons when perceptions of physical attractiveness differ.

#### AUTHOR'S MAIN MESSAGE

The number of employment-related discrimination claims based on employees' physical appearance is increasing. Policies to counter such discrimination are being introduced in a number of countries, but if they do not take into account the channels through which physical appearance is affecting labor market outcomes—such as employer discrimination, customer discrimination, productivity, and occupational sorting—they may fail to achieve their goals. Society should recognize and observe the relevance of a beauty premium. A need for interventions depends on legal considerations and whether such a premium reflects discrimination or productivity.

## MOTIVATION

The number of employment-related discrimination claims based on employees' physical appearance has increased in recent years. While beauty is difficult to measure, it is nevertheless a well-established view amongst economists that physically attractive people earn more than those who are considered to be less attractive. A “beauty premium” is particularly apparent in those occupations where there is a productivity gain associated with good looks.

To counteract discrimination based on physical appearance, some cities have implemented measures to protect individuals who may be disadvantaged due to their looks. As an example, San Francisco in 2000 banned discrimination based on weight and height and provided guidelines for compliance. Similarly, in 2008, the District of Columbia introduced protections for employees, making it illegal to discriminate against individuals based on their physical appearance in regard to recruitment, hiring, or promotion. These measures aim to safeguard individuals who might be affected by discrimination based on their physical appearance [1].

Empirical results support the fact that “better-looking” people receive a wage premium, while those with “below-average” looks incur a wage penalty. In order to determine whether effective public policy could be developed to address this type of discrimination, it is important to understand why and how physical appearance can have an effect on people's pay.

## DISCUSSION OF PROS AND CONS

### Can physical attractiveness be measured?

While there is no conceptual definition of beauty or physical attractiveness there is generally consensus within cultures on what is considered beautiful at a given point in time. Additionally, individuals tend to have similar perceptions of what constitutes a “beautiful person.”

An accepted way to measure attractiveness is to ask judges (e.g. interviewers) to rate people's physical appearance based on photographs, or to use self-reported measures. Most often this is done on a scale of 1 to 5, where 1 is “homely”; 2 is “quite plain” (i.e. below average for age and sex); 3 is “average looks” for age and sex; 4 is “good-looking” (i.e. above average); and 5 is “strikingly handsome” or “beautiful.” Alternative measures that emphasize other aspects of physical attractiveness, such as height and weight, and body mass index (BMI) are also used. Physical attractiveness may also constitute components that are not biologically determined or “fixed,” such as grooming (comprising aspects like makeup, clothes, and so on).

### The “beauty premium” and “plainness penalty” explained

The overarching aim of empirical research in this area has been to quantify the effect of beauty on labor market outcomes. Empirical studies provide strong support for the existence of a significant effect of physical appearance in the labor market. However, the effect is not the same across occupations and varies by gender.

It is important to understand the channels through which physical attractiveness affects wages and other aspects of the labor market. This can help formulate policies that

influence these effects. Traditional channels most often referenced in the literature that could explain the presence of the wage effect include employer discrimination, customer discrimination, and “sorting” into occupations based on appearance. There is also a strand of literature that suggests that attractiveness affects a person’s cognitive/non-cognitive skills that are important for job performance.

The empirical evidence in support of some of these explanations varies in terms of methods and data sources [1].

### ***Employer discrimination***

There is substantial empirical evidence that supports the existence of employer discrimination against less-attractive or shorter workers [1], [2]. In theory, there could be two reasons why employers may choose to avoid working with less-attractive people. First, employers may believe that physically attractive employees are better workers and are more productive. This is the stereotypical view that better-looking people might be more capable at performing their tasks, and does not take into account the innate ability of workers. Second, employers may simply prefer to work with individuals who are more pleasing to look at, even though they do not have any overt prejudice regarding their abilities as workers. This taste-based discrimination, introduced by the economist Gary S. Becker in 1957, assumes that some employers do not want to work with members of particular groups, for example, other racial groups or women, or in this case, less-attractive workers, and as a result choose to hire those who are more physically attractive. As a result, less-attractive or unattractive workers may have to accept lower wages for the same level of productivity as attractive individuals. Or, they may have to be more productive for the same wage.

In a work environment, people react differently to physically attractive and less attractive people. In general, people tend to prefer better looking people. From a psychological perspective, the visual impression someone makes on another person influences the way that person responds to them. This is based on the belief that better-looking people are more socially agreeable and more likely to have successful careers. This assumption is especially important when it comes to inviting people to interview and when employers make hiring decisions during face-to-face interviews. There is evidence that in an experimental setting, more attractive individuals receive more call-backs from employers than individuals who are rated as less attractive [1]. More-attractive people have better networks that can help them get better jobs and higher wages [3].

### ***Customer discrimination***

Another explanation for why people’s looks could affect their labor market outcomes is “customer discrimination.” In some occupations, where looks are deemed to be important (for example, salespeople in cosmetics or car dealerships; actors; wait staff, and so on), physically attractive workers may be more productive than unattractive ones. Such occupations generally require extensive worker–customer engagement and interaction. Therefore, physically attractive workers could generate advantages in terms of workers’ productivity and thus customer satisfaction.

Physical attractiveness can have an impact on workers’ ability to interact positively with their co-workers, which can lead to better working relationships and potentially more revenue

for the employer [1]. Additionally, attractive workers may also receive more opportunities for visibility and interactions with influential people within the organization [4].

Attractive salespeople tend to have an advantage in their interactions with customers (positive customer discrimination), as they are more likely to be booked for demonstrations and make sales. Studies have also shown that people tend to treat more attractive individuals more favorably, and that this can result in higher wages for those in jobs that involve speaking, supervising, and negotiating [5]. This effect is not typically seen in jobs that involve data entry and analysis.

In contrast, other results show that the 9% beauty premium that attractive women receive on top of their earnings is entirely due to productivity effects rather than caused by customer discrimination [6]. However, these results vary with the sub-samples used to produce the estimates of the premium [1].

### ***Occupational sorting***

Research suggests that individuals tend to “sort” themselves into careers based partly on their physical appearance, with those who are more attractive gravitating toward jobs where appearance plays a significant role and often involves extensive interactions with customers (e.g. sales assistants).

It is important to note that job choice is not solely based on an individual’s perception of their own attractiveness and the potential advantages it may bring in some fields. Factors such as personal interests, abilities, and beliefs also play a role. Additionally, demographic characteristics such as education, marital status, and familial background also influence job choices which can explain why some less attractive people are found in professions where a higher proportion of good-looking people are present and vice versa.

The evidence suggests that good-looking women cluster in managerial and administrative types of jobs and are less likely to be found in blue-collar jobs, such as operative or skilled-craft occupations [1].

In addition, people seem to switch jobs depending on their looks. Among law school graduates, those who switched from the private to the public sector turned out to be less attractive than those who continued practicing in the private sector. Lawyers, on the other hand, who changed their jobs from the public sector to the private sector turned out to be more physically attractive than those who continued their practice in the public sector. These results indicate that dynamic sorting could be taking place in the labor market. The direction of this sorting is consistent with changes in the relative returns to individual characteristics such as beauty [1].

### ***Physical attractiveness in relation to cognitive and non-cognitive skills***

A different strand of literature suggests that attractive individuals may earn more in wages due to their good looks being related to other beneficial skills and attributes such as strong communication, confidence, leadership abilities, and high test scores and have an enhancing effect on physical appearance, which effectively increases workers’ productivity and thus their payoff in the labor market.

Research has shown that cognitive and non-cognitive skills acquired during secondary education also matter for future labor market outcomes. These include test scores, college enrollment, social behavior (e.g. self-confidence), employment, career advancement, and wages [1]. Socialization and other activities in school (such as sports) contribute to the development of these skills in adolescence. For example, a child who looks good tends to receive more time and attention from teachers and peers [1]. This suggests that physical attractiveness at younger ages already contributes to the development of individual human capital and investment in future employment and this in turn promotes higher future wages.

Since good looks may be correlated with cognitive/non-cognitive skills, research estimates could be biased toward the effect of attractiveness. In order to accommodate this, some studies have included IQ scores, college grade point averages, secondary school activities, and, if the data permit, the “big five” personality traits (openness, conscientiousness, extraversion, agreeableness, and neuroticism). In general, better-looking individuals exhibit better communication skills, have more confidence, and have more social skills/are more extroverted [7]. These skills most often translate into higher wages. However, one study compares the effects of beauty and confidence measures in Germany and Luxembourg and finds wages to be driven more by looks than self-esteem [8].

More attractive young adults also exhibit a lower tendency toward criminal activity, which is again explained by higher student human capital development during high school. Physical attractiveness at the secondary school and university levels has been shown to be correlated with better individual cognitive skills, such as higher test scores.

Among CEOs of large US banks, there is a 25% beauty premium for total compensation of those above-average looking compared to those with below average looks [9]. This is the case for the more discretionary elements of compensation, where the relationships between the CEO and the directors have a pivotal role in the compensation-setting process, and not the annual base salary. Consequently, it seems that relationships are a potential mechanism through which attractiveness may influence CEO compensation and not necessarily competency. For CEOs of S&P 500 firms, the beauty premium accrues to salary pay, but not to non-salary pay and also depends on whether the CEO was an external or internal hire [10]. On the other hand, looking “competent” rather than “attractive” is also reflected in CEO compensation, with a 1 standard deviation increase in looking competent associated with about a 12% increase in total compensation [11]. Here, the effect is also larger for external versus internal hires.

## Gender effects

Women and men differ in the way they make decisions about labor market participation. As a result, the effect of physical appearance on labor market outcomes varies for the two groups. Good looks can lead to different labor market opportunities. For example, for certain occupations such as sales assistants, wait staff, and television presenters, attractive women have a greater chance of being hired and earning a higher wage than less attractive women. Additionally, more attractive women are more likely to enter the workforce because they are more confident that they will find a job than less attractive women. This leads to a self-selection of more attractive women into the labor market,

resulting in less variation in beauty among women and a smaller payoff to good looks for women. Studies have also shown that women who are married and considered to have below-average looks have a 3–11% lower probability of participating in the labor market and are more likely to be unemployed.

The same does not hold true for men. In their case, selection based on physical appearance is smaller and they have higher labor force participation rates in general. Thus, in theory they will have larger premiums due to good looks compared to women. However, with the increasing labor force participation of women, the gap in the effect is expected to decrease.

This argument is supported by empirical studies from different countries. For example, studies in the US and Canada report that less-attractive men incur a 9% penalty in hourly earnings, while those who are deemed as having above-average attractiveness receive an earnings premium of 5%. Women, on the other hand, receive a lower beauty premium than men of around 4%, and a similar plainness penalty as men of about 5% in hourly earnings. Other research that captures information about good looks at younger ages indicates that men who are rated as “homely” at both age seven and 11 incur a large and significant pay penalty of 15% later in life. This pattern also applies to their female counterparts, with a lower penalty for plain looks of about 11% [1]. In contrast, 30 to 50-year-old attractive women are likely to receive a high beauty premium (15%) in the Czech Republic, whereas similar men receive no premium [12]. Trends for wage penalties are similar, with men continuing to receive higher penalties than women for being less attractive.

Within occupations, effects for men are also stronger than for women. One study shows that good-looking men receive higher salaries at the beginning of their careers and continue to earn more over time. Women’s starting salaries, however, do not exhibit a beauty effect; but better-looking women do earn more with experience than their average-looking counterparts. A study examining payoffs of law school graduates from the 1970s and 1980s finds that even five years after graduation there is still a statistically significant effect of physical appearance on male, but not on female wages [1].

Besides earnings and labor force participation, other economic outcomes have been studied to examine the effect of physical appearance and to compare the differences between women and men. In universities, for example, evaluations by students are used as an indicator of teaching performance. Since teachers’ salaries are partly conditional on positive teaching evaluations and because physical attractiveness may affect students’ class ratings of their teachers, beauty may have an indirect impact on teachers’ salaries. Here again, there is a differential effect for women and men. Studies find that the effect of physical appearance on class ratings for female teachers is less than half that of male teachers.

In addition, the effect of beauty differs by age: accordingly, the effect is stronger for older men but weaker for older women [1], although no particular gender effect is found for CEO compensation [13].

Recent findings show that anthropometric characteristics (height, weight, and BMI) play an important role in addition to physical attractiveness on wage outcomes [3]. They are significant determinants of physical appearance if the interviewer is of the opposite sex to the respondent. When comparing the effect of obesity and attractiveness on call-back



rates, research shows that the results are driven by obesity for women and by physical appearance for men [1].

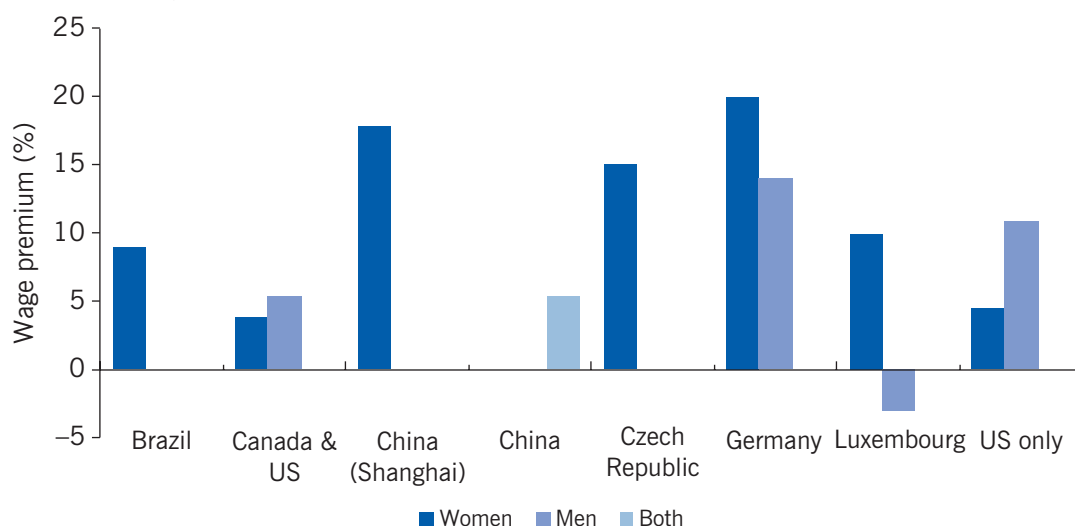
Studies suggest that grooming plays an important role in conveying credibility and in signaling productivity to employers. It accounts for about half the premium for men and for the entire premium for women, pointing to its higher salience for them [14].

### Across countries and over time

There is some cross-country variation in the beauty–wage premium and penalty. Good looks lead to a wage premium in most of the countries examined (Figure 1). The highest beauty premiums are present in Germany, China (Shanghai), and the Czech Republic, with particularly large premia for women. British and Australian studies show the largest penalties for “below-average” looks (Figure 2). In the UK, however, individuals do not receive a wage premium for good looks, while in Australia, good-looking women also do not receive a positive wage effect for physical appearance. This similarity in the payoff of physical appearance in the two countries may be a result of similarities in their historical economic structures, as well as in their cultures.

Few studies take a lifetime or long-term perspective, although this premium is found to be persistent over time across different contexts. In Australia, this premium is constant and “stable” based on representative data from the 1980s and 2000s [1]. Similarly, a 2015 study, focusing on the US, finds that there is a persistent correlation between

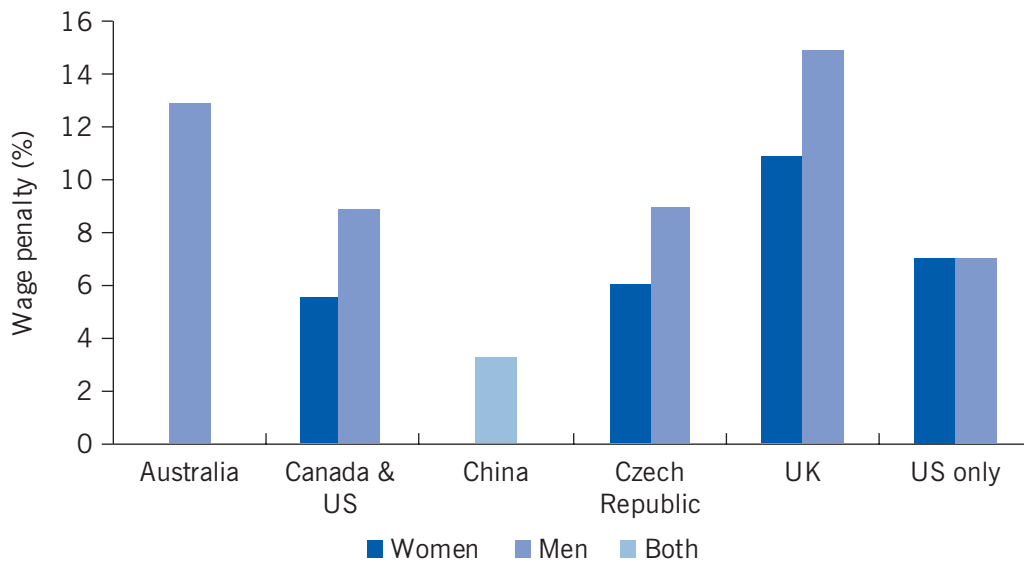
Figure 1. Cross-country evidence on the wage effect of beauty for people with “above-average” looks



Note: For the Czech Republic, the results are reported for individuals between 30 and 50 years old.

Source: Sierminska, E., and X. Liu. “Beauty and the labor market.” In: Wright, J. D. (ed.). *International Encyclopedia of the Social and Behavioral Sciences*. Amsterdam: Elsevier, 2015 [1]; Peng, L., X. Wang, and S. Ying. “The heterogeneity of beauty premium in China: Evidence from CFPS.” *Economic Modelling* 90 (2020): 386–396 [7]; Anýžová, P., and P. Matějů. “Beauty still matters: The role of attractiveness in labour market outcomes.” *International Sociology* 33:3 (2018): 269–291 [12].

Figure 2. Cross-country evidence on the wage effect for people with “below-average” looks



Note: For the Czech Republic, the results are reported for individuals between 30 and 50 years old.

Source: Sieminska, E., and X. Liu. “Beauty and the labor market.” In: Wright, J. D. (ed.). *International Encyclopedia of the Social and Behavioral Sciences*. Amsterdam: Elsevier, 2015 [1]; Peng, L., X. Wang, and S. Ying. “The heterogeneity of beauty premium in China: Evidence from CFPS.” *Economic Modelling* 90 (2020): 386–396 [7]; Anýžová, P., and P. Matějů. “Beauty still matters: The role of attractiveness in labour market outcomes.” *International Sociology* 33:3 (2018): 269–291 [12].

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physical attractiveness and individuals’ earnings throughout their 30s and 50s. This correlation holds true even when taking into account IQ and other factors such as family background, education, household characteristics, height, and occupational choices [15]. The authors argue that it is driven by employer/customer discrimination and that good looks can intrinsically be a productive labor market characteristic.

## LIMITATIONS AND GAPS

Economic analyses cannot yet explain what makes some personal physical features or characteristics attractive and others not, or why the same individual features or characteristics bring about different responses from different observers (though individual preferences obviously play a part). In addition, few consistent standards of beauty exist across time and across cultures [1].

Identifying occupations in which looks could enhance productivity has proved to be a challenge. However, one attempt to do this has been through the Dictionary of Occupation Titles (DOT), compiled in 1997. The DOT provides a scale that rates whether physical appearance is important in a specific occupation and allows for the categorization of occupations according to the ratings.

Another method has been to classify occupations into “dressy” and “non-dressy,” by taking advantage of questions in a survey that ask people’s opinion on the importance of appearance in their professional lives. This strategy generally coincides with the previous



classification using the DOT. Occupations such as supervisors/managers, intellectual professions, administrative employees, service, and sales employees are included in the dressy category, that is, those professions within which beauty may enhance a worker's productivity.

With regard to employer discrimination, it is difficult to state unequivocally whether discrimination is a result of biased beliefs on the part of the employer or due to a dislike of or "distaste" toward the individual.

Job performance is also difficult to measure, and household survey data usually do not provide this information as adequately as other measures of analysis, such as an employer's opinion of a worker's ability. The data do not even adequately capture performance-related wage adjustments. Such measures would help shed some light on the real reasons for employer discrimination. Experimental settings can overcome this to some extent if the wage negotiation process between the worker and potential employer is observed and considered and if workers' task-solving skills, that are not related to physical appearance, are adequately measured [11].

Another challenge in this area of research is the ability to distinguish between the beauty effect that results from productivity, on the one hand, and the effect that occurs as a result of customer discrimination on the other. There is some research in support of the idea of productivity-related discrimination, but the evidence is unfortunately fairly weak. The research argues that due to omitted variables in the data, additional differences in productivity are not identified. To describe this mechanism of transmission better, alternative methods of analysis should be employed. Future research studies could do this by collecting data from a homogeneous group of workers within one specified occupation, given that productivity-related discrimination is highly specific to a given occupation. For example, a study using a sample of university instructors finds a positive relationship between standardized rankings of physical appearance and students' class ratings. It is unclear whether this is due to differences in productivity or to student discrimination in favor of instructors who are more attractive.

## SUMMARY AND POLICY ADVICE

The number of employment-related discrimination cases based on physical appearance has increased in recent years. Empirical research shows that positive labor market outcomes, particularly in terms of wages and "call-back" rates, are indeed related to good looks.

There are several mechanisms through which physical appearance can influence labor market outcomes, such as employer discrimination, customer discrimination, the "productivity effect," and occupational sorting [1]. These must be considered more clearly to understand the policy implications and options.

Policies that fail to take into account the channel through which physical appearance or attractiveness is affecting labor market outcomes may fail to achieve their goals. For example, if customer discrimination is taking place, then policies that are geared toward buying from the less-attractive would be more effective than those focused solely on the employer. Examples here might include anonymous job applications, which would ensure

less potential bias in selecting job applicants for interview. In some occupations this may make sense in order to avoid employer discrimination. In others it may not if customer discrimination is present.

Customer discrimination is difficult to eliminate and is more or less beyond the control of the employer, but once hiring takes place, an employer could provide in-house training on professional dress codes, approachability, and appealing personality characteristics, and so on, in order to limit customer discrimination.

The growing practice in Europe and elsewhere of including candidate photographs on CVs should be abandoned in order to decrease the vulnerability of certain individuals to discrimination. Ensuring that at least one person participating in the interview process has undergone specific training on hiring without prejudice regarding physical appearance would be beneficial for a non-discriminatory recruitment process.

Society should recognize and observe the relevance of a beauty premium. A need for interventions like the introduction of anonymous applications in hiring also depends on legal considerations and whether such a premium reflects discrimination or productivity.

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### **Competing interests**

The IZA World of Labor project is committed to the IZA Code of Conduct. The author declares to have observed the principles outlined in the code.

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