

Investigating unintended policy consequences: The competition conundrum

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SMU Assistant Professor Hu Zihan has been studying the impact of unintended policy consequences related to competition at a middle-ranking university in China. Credit: Singapore Management University

Competition is generally regarded as bringing benefits in terms of improving individual performance. However, it seems that cooperation may be more beneficial when individuals work together rather than against each other.

Previous research in this area has highlighted that competition may result in individuals being less willing to help others or possibly even sabotaging rivals.

A researcher who has just joined Singapore Management University after completing his Ph.D. in Economics at Cornell University, Assistant Professor of Economics Hu Zihan, has co-authored a paper titled "How Competition Shapes Peer Effects: Evidence from a University in China" with Chen Siyu, an assistant professor at The Institute of Economic and Social Research (IESR) at Jinan University in southern China. It is published as a working paper in the *SSRN Electronic Journal*.

The study focuses on a middle-ranking university in China. According to their draft paper which has been submitted to a general interest journal, "Education is a natural setting in which help from others can enhance individual performance."

The study is based on administrative data from the university, plus the results of an online survey of students which "reveal that competition discourages help and induces unfriendly behaviors."

Professor Hu told the Office of Research that previous studies focused on prestigious universities "but students at those universities are rather different to the ones at middle-ranking universities which are more worried about resource constraints. Teachers are actively encouraging students to surpass their peers."

Professor Hu says it may not have been the university's intention to

intensify competition between students, but its policy, which may have been well intentioned, has had unintended consequences.

"I'm not sure it was their original intention to intensify competition. The official intention was to make scholarship evaluation transparent (by announcing each [student](#)'s ranking with detailed grade point average (GPA) information), but I'm sure the result was that it must have intensified the competition."

Some four to eight students share single-sex dorm rooms at the university. As they are mainly studying the same major subject, whether it be economics, physics or any other field of study, the students are effectively in direct competition with their roommates.

From the researchers' survey results it is clear that the students were not co-operating and may even have been sabotaging their peers when they are more likely to treat each other as potential competitors. In the research, this is reflected by a similarity in academic ability as measured by students' College Entrance Exam scores.

"Ideally we want roommates to help each other because we believe that cooperation and having a harmonious dorm room environment is very important for students," Professor Hu said, "but competition takes all that away."

According to their survey, some 96% of the students reported that they live in the dorms more than five days a week during term time and, on average, spend about 2.4 hours a day studying in their dormitory, partly because of the limited number of seats in study rooms and libraries.

Although the researchers did not find evidence of direct physical conflict, they did find "a pretty strong impact on refusing to help and isolating each other." They also found evidence of sleep and study

disruption.

"So overall the students affected don't like it, but also it's done in a subtle way," he said, adding that "it makes you feel bad in the dorm room."

Professor Hu cites the example of one top-ranking female student who was socially isolated by her classmates. The result was that "she had to go out to study, no matter the weather and felt very exhausted and depressed."

The paper outlines how the degree of competitiveness was measured in five different dimensions which included high-ability competitors and the size of the competition pool.

It concludes by stating that "from a policy perspective, institutions could set incentives," adding that "it is important to consider the policy impact on peer effects in universities' future policy making."

"In fact, this study has important policy implications for not only China, but also other countries, especially developing countries that have also experienced massive competition for limited resources."

The paper states there may be a "low-cost way" to ease the intense [competition](#) in dorm rooms which could potentially improve the situation, for example by having dorm rooms with students from different major-cohorts rather than a single major-cohort.

Professor Hu says he's currently trying to convince the administrators of the university to change their dorm room policy, "but because of the COVID outbreak they're very conservative when it comes to policy change. We hope that post-COVID they'll change their mind."

More information: Siyu Chen et al, How Competition Shapes Peer Effects: Evidence from a University in China, *SSRN Electronic Journal* (2022). [DOI: 10.2139/ssrn.4012786](https://doi.org/10.2139/ssrn.4012786)

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