It’s the Conventional Thought That Counts:
How Third-Order Inference Produces Status Advantage *

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Abstract
Why do we frequently observe status advantages, where high status actors earn rewards that are disproportionate to the quality of their performance, even in meritocratic settings? A compelling recent model understands status advantages as deriving from the tendency for decision makers to infer quality from status when quality is uncertain. A puzzle for this model is that status advantages seem prevalent even when it is implausible for decision makers to regard status as reflecting their personal sense of quality. To address this puzzle and to bridge between various conceptions of status advantage in the sociological literature, we argue for a subtle shift in our assumptions about why decision makers in meritocratic contexts typically care about quality. They do so, we argue, not to satisfy personal, “first-order” preferences, but rather to coordinate with others about whom they may know relatively little other than common exposure to the same public codes. Under such conditions, decision makers face the “third-order inference" problem of discerning who or what most people think (that most people think, etc.) is higher quality, and this induces a tendency to select higher status actors independent of personal assessments of relative quality. Results from a consumer decision-making experiment validate the key implication of our approach that under conditions that promote third-order inference, status advantages can emerge even when decision makers face essentially no uncertainty about actors’ relative quality.