

## Abstract

We study how different demographic groups respond to incentives by comparing their performance in “high” and “low” stakes situations. The high stakes situation is the GRE examination and the low stakes situation is a voluntary experimental section that examinees solved after the GRE. Males exhibit a larger difference in performance between the high and low stakes examinations than females, and Whites exhibit a larger difference in performance relative to Asians, Blacks, and Hispanics. The larger differential performance between high and low stakes tests among men and whites is partially explained by lower effort invested in the low stake test.