Women eager to negotiate salaries, when given the opportunity

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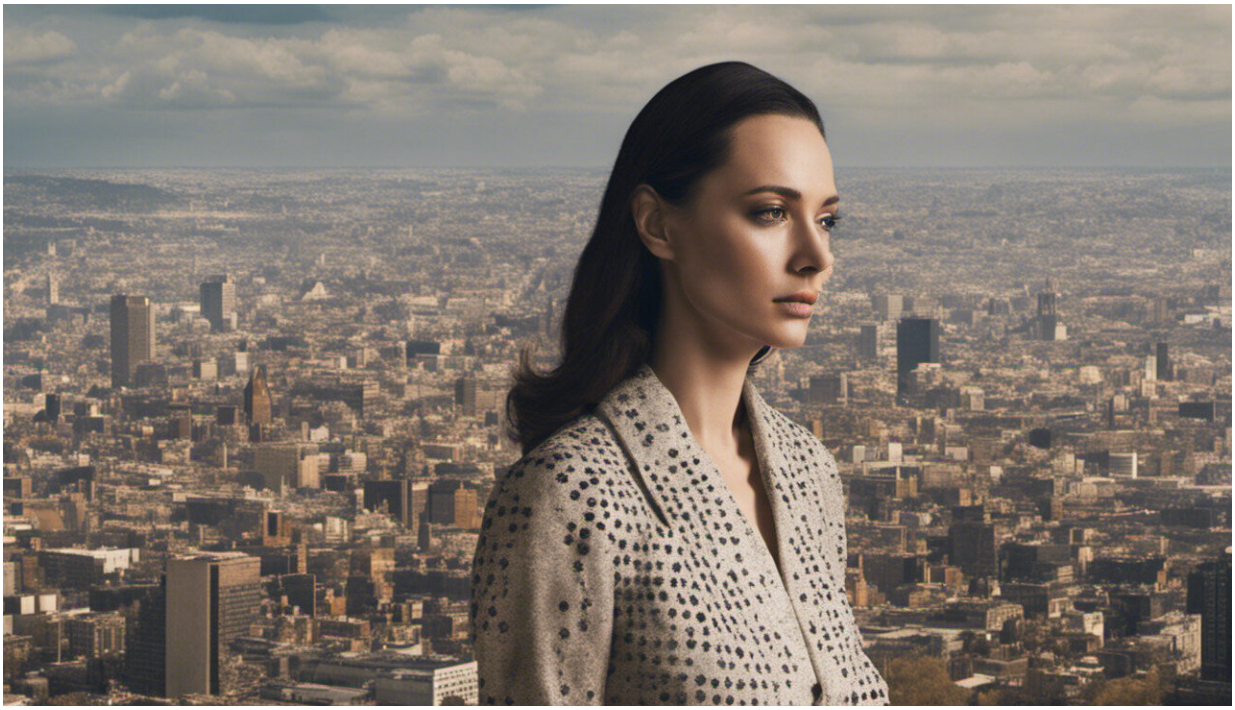

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(Phys.org)—Although some scholars have suggested that the income gap between men and women is due to women's reluctance to negotiate salaries, a new study at the University of Chicago shows that given an invitation, women are just as willing as men to negotiate for more pay.

Men, however, are more likely than women to ask for more money when there is no explicit statement in a job description that wages are negotiable, the study showed.

"We find that simple manipulations of the contract environment can significantly shift the gender composition of the applicant pool," said UChicago economist John List, the Homer J. Livingston Professor in Economics.

List was a co-author of a paper based on a study of people responding to job advertisements in which salaries were either advertised as negotiable or fixed. Women were three times more likely to apply for jobs with negotiable salaries and to pursue negotiations once they applied, the study found.

Among those responding to an explicit salary offer, 8 percent of women and 11 percent of men initiated salary negotiations. When the salary was described as negotiable, 24 percent of women and 22 percent of men stated salary discussions.

"By merely adding the information that the wage is 'negotiable,' we successfully reduced the gender gap in applications by approximately 45 percent," said List.

Previous studies have shown that men are nine times more likely than women to ask for more money when applying for a job, but this paper is the first to use a field experiment to look at gender differences in the way men and women approach salary negotiations.

List, a leading scholar of using field experiments to study important economic issues, conducted the study with Andreas Leibbrandt, a senior lecturer at Monash University in Australia and a former postdoctoral fellow in UChicago's Department of Economics. The two presented their

findings in "Do Women Avoid Salary Negotiations? Evidence from a Large Scale Natural Field Experiment," published by the *National Bureau of Economic Research*.

Researchers placed 18 online job ads for administrative assistants in nine major metropolitan areas in the United States from November 2011 through February 2012. The jobs were either for a gender-neutral position in fundraising or for positions in a sports environment—a situation that prompted more male applicants. They offered jobs to applicants, and eventually 10 people were hired.

After posting the jobs, they received interest from 2,422 people and were able to determine the gender of 2,382 by referring to references that sort first names according to gender. Two-thirds of the job seekers were women.

After expressing an interest in the jobs, applicants were randomly told that the jobs paid $17.60 hourly, or that the salaries were negotiable. Job-related conversations were conducted via email.

The study found that when men determined that salary was fixed, their probability of applying was 47 percent, compared with 32 percent for women. When salary was negotiable, the probability of women applying increased to 33 percent, whereas men's probability decreased to 42 percent.

Despite efforts to promote gender equality, women make about three-fourths as much as men, surveys have shown. Additionally, women hold only 2.5 percent of the highest paid jobs in American firms. The gap in wages begins when a person is hired, so encouraging negotiations from the beginning is likely to have a long-term impact on salary, List said.

A variety of factors may explain the gender differences in salary,

including negotiations after a person is hired and differences in women's willingness to negotiate for jobs other than the ones advertised, the paper concluded.

More information: www.nber.org/papers/w18511

Provided by University of Chicago

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