

# Do Women Avoid Salary Negotiations? Evidence from a Large Scale Natural Field Experiment

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When an employer clearly states that employees can negotiate their salaries, the gender gap in job applications and negotiation closes.

The gender wage gap persists, as men are still paid more than women, even when taking into consideration job level, differences in preferences, and family leave. Gender differences in salary negotiations may also be an important determinant of existing gender differences in labor market outcomes. Over the past two decades, laboratory and survey evidence has suggested that men are significantly more likely to engage in salary negotiations than women. However, when women negotiate on behalf of another person they are as successful as men. To test how workplaces with negotiable salaries affect applicant sorting and the likelihood of starting negotiations, the authors of this study designed a randomized control trial of nearly 2,500 job seekers. After receiving inquiries about positions posted on online job-boards, researchers altered whether the negotiability of wages was explicitly stated. Using data from applicants, the authors were able to detect both the nature of sorting and the extent of differential salary negotiations by gender.

## Findings

Both the type of task associated with the job advertised (gender-neutral vs. masculine tasks) and whether or not employers explicitly stated that salaries were negotiable affected job applications by gender.

- The sample was overwhelmingly female, as about two-thirds of the job seekers were women. However, after inquiring for the position, women were overall less likely (33%) to apply to the advertised jobs than were men (44%).
- Applications also varied by gender depending on the type of task associated with the job. For the job ad with the gender-neutral job task, 79% of the applicants were female, whereas for the job ad associated to the masculine task, only 55% were female.
- The gender gap in job applications was much more pronounced for jobs that left the negotiation of wage ambiguous. This result is mainly driven by men's preference for job environments where the negotiation of initial wage is ambiguous. Simply by including the fact that the wage was "negotiable" in the job advertisement, the gender gap in job applications was reduced by approximately 45%.
- Willingness to negotiate varied by whether it was explicitly stated that wages were

negotiable. Wage negotiations were initiated almost three times more often by those who received job descriptions that mentioned wages were negotiable (21%) compared to those who received job descriptions that did not mention it (7%).

- Gender differences in negotiation were also dependent on whether there was an explicit statement that wages were negotiable. The authors found that when there was no explicit statement that wages are negotiable, men were more likely to negotiate than women.
- However, when the job description explicitly mentioned that wages were negotiable, this difference disappeared and seemed to reverse. In this scenario, both genders were equally likely to initiate negotiations (women at 21.2% and men at 21.4%) and equally hesitant to offer working for lower wages (women at 6.2% and men at 6.0%).

The overall findings indicate that explicitly stating that salaries are negotiable closes the gender gap in job applications, as men prefer jobs where the possibility of negotiating wage is ambiguous. This work environment in which wages are clearly negotiable also exhibits women and men negotiating at the same rate. Both of these findings suggest that simply being clear about the fact that wages are negotiable could help close pay gaps.

## Methodology

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The study was conducted as a randomized control trial involving 2,422 job seekers that responded to an advertisement the authors published in 18 Internet job-boards across nine major cities in the U.S. Two-thirds of individuals who inquired after the jobs were women. The authors employed a 2x2 experimental structure that varied (1) the negotiability of wages (no information vs. explicit information that wages were negotiable) and (2) the employment advertisement (general vs. sports-related job task). This 2x2 design took place in two stages.

In the first stage, the authors advertised the position without reference to whether initial wages could be negotiated. There were two treatments – or two different advertisement types – at this stage of the study. One ad was for a “general” (or gender-neutral) version of the job and the other for a more “masculine” version. In the second stage, job seekers who expressed interest in the position were randomized into one of two wage description environments, -i.e. ambiguity around wage negotiation or explicitly stating that wages could be negotiated-.

Finally, to actually apply for the job, the job seeker had to fill out an interview questionnaire. Researchers measured how many questionnaires were returned, and classified the job applicants’ responses into three categories: (1) signaled willingness to work for a lower wage than advertised, (2) did not signal willingness to work for a lower wage but did also not negotiate for a higher wage and (3) negotiated for a higher wage. Gender of applicants was determined through their names. Ten applicants were actually hired.

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