

# Knowing When to Ask: The Cost of Leaning-in

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## Abstract

Women’s reluctance to negotiate is often used to explain the gender wage gap, popularizing the push for women to “lean-in” and negotiate more. Examining an environment where women achieve positive profits when they choose to negotiate, we find that increased negotiations are not helpful. Women know when to ask: they enter negotiations resulting in positive profits and avoid negotiations resulting in negative profits. While the findings are similar for men, we find no evidence that men are more adept than women at knowing when to ask. Thus, our results do not justify a greater push for women to negotiate.

**Keywords:** gender; negotiations; leaning-in; selection

## 1 Introduction

Should women negotiate their salaries more often? According to 75% of adults recently surveyed in the United States, the answer is simply yes.<sup>1</sup> The belief that women should negotiate more is also reflected in the popular push for women to “lean-in” (Sandberg, 2013).<sup>2</sup> Indeed, building on past research (e.g., Babcock and Laschever, 2003), recent observational evidence (Card, Cardoso and Kline, 2016), laboratory studies (Dittrich, Knabe and Leipold, 2014) and field experiments (Leibbrandt and List, 2015) show that, compared to men, women negotiate less often and secure smaller gains when they do negotiate.<sup>3</sup>

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<sup>1</sup>Results from a Google Consumer Survey (February 2017, n = 202) that asked “Do you think women should negotiate their salaries more often?” (no/yes). Another Google Consumer Survey (February 2017, n = 201) that instead asked about men found that 54% responded yes to men negotiating more often.

<sup>2</sup>While we focus on whether women should “lean-in” to negotiate more, related questions include whether women should lean-in by entering competitions more (Niederle and Vesterlund, 2007, 2011), entering challenging tasks more (Niederle and Yestrumkas, 2008), guessing more (Baldiga, 2014), or contributing their ideas more (Coffman, 2014).

<sup>3</sup>For additional evidence, see Stuhlmacher and Walters (1999); Bowles and McGinn (2008); Eckel, de Oliveira and Grossman (2008); Bowles (2013); Azmat and Petrongolo (2014); Mazei et al. (2015); Bohnet (2016). Note that,

While there is consensus that women should negotiate more, the recommendation is often accompanied by a caution: 66% of adults recently surveyed in the United States report that women may lose from negotiating their salaries more often.<sup>4</sup> The potential loss from negotiations can take many forms. Negotiations may instill immediate costs in the form of opportunity costs of time or disutility from negotiations themselves. They may also give rise to future costs, such as in the form of backlash (Bowles, Babcock and Lai, 2007; Tinsley et al., 2009; Amanatullah and Morris, 2010; Amanatullah and Tinsley, 2013), damage to one’s reputation, or decreased chances of future negotiations being successful.<sup>5</sup> Negotiation costs may be particularly large in the case of a negotiation impasse. For example, failure to reach an agreement may reduce returns to future collaboration, result in legal costs, or in extreme cases, prompt the retraction of job offers or previous agreements.<sup>6</sup>

The low entry into negotiation by women and the possibility of both gains and losses naturally raise the question of whether women financially benefit from negotiating more. While vast, the literature on gender and negotiation does not answer this question. The finding, that women who negotiate benefit from doing so, does not imply that all women benefit from negotiating more. Selection may play a role. To determine whether increased negotiations are financially beneficial to women, this paper provides the first comparison of outcomes from a setting where individuals choose whether to negotiate to the counterfactual outcomes from a setting where individuals always negotiate.

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a number of factors influence gender differences in negotiation outcomes such as the sex of negotiating partners (Eckel and Grossman, 2001; Solnick, 2001; Bowles, Babcock and Lai, 2007; Sutter et al., 2009; Hernandez-Arenaz and Iriberrí, 2018b), the activation of stereotypes (Kray, Thompson and Galinsky, 2001; Kray, Galinsky and Thompson, 2002), the availability of information on what others do or what is recommended (Bowles, Babcock and McGinn, 2005; Rigdon, 2012), the beneficiaries of the negotiation (Bowles, Babcock and McGinn, 2005), the extent to which the possibility for a negotiation is known (Small et al., 2007; Leibbrandt and List, 2015), the framing of the situation as a negotiation or ask (Small et al., 2007), the cultural context of the negotiations (Andersen et al., 2013), the relative positional power in a negotiation (Andersen et al., 2013; Dittrich, Knabe and Leipold, 2014; Greenberg and Petrie, 2015), the communication strategies or mode (Bowles and Babcock, 2013; Bowles, 2013; Greenberg and Petrie, 2015), the ability to signal valuations or experience (Castillo et al., 2013; Busse, Israeli and Zettelmeyer, 2016), the existence of sharing norms (Hernandez-Arenaz and Iriberrí, 2018a), and the degree of entitlement (Demiral and Mollerstrom, 2018). Gender differences in preferences, such as risk aversion or fairness concerns, may also contribute to differences in negotiation outcomes. For survey papers on gender differences in such preferences, see Croson and Gneezy (2009), Bertrand (2011) and Niederle (2016).

<sup>4</sup>Results from a Google Consumer Survey (February 2017, n = 200) that asked “Do you think women can lose from negotiating their salaries more often?” (no/yes/sometimes yes, other times no). Another Google Consumer Survey (February 2017, n = 203), that instead asked about men, found that 63% responded yes or sometimes yes, other times no.

<sup>5</sup>For recent examples of such costs, Today.com interviewed academics who explained how people often do not like it when women negotiate (<http://www.today.com/money/women-asking-raise-damned-if-you-do-if-you-dont-2D11658374>).

<sup>6</sup>Examples of such extreme cases include the following: the New Yorker discussed how a woman’s job offer as an assistant professor was retracted after trying to negotiate (<http://www.newyorker.com/science/maria-konnikova/lean-out-the-dangers-for-women-who-negotiate>) and CBS news featured a consultant who was fired after asking for a pay raise for a promotion (<http://www.cbsnews.com/news/can-you-be-fired-for-asking-for-a-raise>).

We conduct a laboratory experiment that abstracts away from factors that are known to induce gender differences in more complex negotiations. This abstraction allows us to study the negotiation decisions themselves. Participants are anonymous to mitigate any fear of discrimination or backlash. They encounter explicit negotiation opportunities and decisions to limit ambiguity. Participants are informed of what they bring to the table to ease concerns related to lacking confidence. They are informed of their outside options to make the potential loss of a negotiation clear. Whether participants can avoid negotiations, however, varies across our two treatments. Participants in our Choice treatment can choose to avoid a negotiation opportunity and instead receive an outside option. By contrast, participants in our Always treatment must always enter negotiations.

When women choose to enter negotiations in the Choice treatment, they largely gain from doing so. We nonetheless replicate the common finding that women frequently avoid negotiations, and indeed, avoid more negotiations than men do. In contrast to the common belief that an increase in negotiations will secure improvements for women, the counterfactual of women always negotiating reveals that there are no gains from increased negotiations. When given a choice, women already enter negotiation opportunities that result in gains. They only avoid negotiation opportunities that would have otherwise resulted in losses. That is, increased negotiations are not helpful to women. In considering the outcomes among men, we can further show that increased negotiations are not even more helpful — or more accurately, less harmful — to women than they are to men. To summarize, increased negotiations are neither helpful to women nor to men, and if anything, are more harmful to women than they are to men.

Our findings suggest that women know when to ask and that men are not more adept at knowing when to ask than women are. To examine the extent to which individuals know when to ask, we compare the financial outcomes from “self-selected” negotiations that workers choose to enter in the Choice treatment to those from “non-self-selected” negotiations in the Always treatment. We find evidence that both women and men positively select into negotiations, although only significantly so for the former. One potential explanation for the significant positive selection among women, but not men, is suggested by the following observation: measures of negotiation ability are predictive of entry decisions by women but not by men.<sup>7</sup>

Put differently, our paper provides a clear caution to prematurely assuming that lean-in advice targeted towards women is warranted. The importance of this caution relates to the ubiquitous lean-in advice that is targeted specifically towards women. Not only is a desire to increase negotiations among women evident in policy discussions and the press, we further document this desire in an incentive compatible manner when third parties can pay to force individuals to negotiate. We show in a set of additional experiments — where increased negotiations are

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<sup>7</sup>Measures of other individual characteristics (risk aversion and fairness concerns) do not play a significant role.

not helpful and instead are harmful — that third parties nonetheless exhibit a paternalistic demand to eliminate a worker’s ability to choose which negotiations to enter, and this demand is significantly and substantially larger when the worker is female.

Our paper proceeds as follows. We begin with the design in Section 2, describe the data in Section 3, and detail the results in Section 4. In Section 5, we discuss additional experiments that elicit third party demand for increased negotiations. In Section 6, we discuss extensions and limitations of our results as well as potential implications on recommendations for helping women to negotiate.

## 2 Design

We create a negotiation environment, using Ztree (Fischbacher, 2007), where participants can compose free-form arguments for their point of view and can separately generate official proposals which the opposing side can accept at any time. Within this environment, we consider two treatments: our “Choice” treatment allows participants to decide whether they would like to negotiate, while in our “Always” treatment participants always negotiate.<sup>8</sup>

Participants are evenly split between firms and workers at the beginning of sessions of each treatment. They remain in their randomly assigned role throughout the session. Participants face two blocks of five negotiation opportunities. Each block is preceded by one performance round that determines the individual contribution a participant brings to each of the subsequent five negotiation opportunities. For each negotiation opportunity, participants are randomly matched into worker-firm pairs with joint revenues equal to the sum of the worker’s contribution and the firm’s contribution. The computer generates a random suggested wage that correlates with the worker’s contribution. Workers in the Choice treatment can decide to enter into a negotiation with the firm or to forgo the negotiation by accepting the suggested wage. Workers in the Always treatment enter negotiations while still observing a suggested wage. All negotiations concern the share of joint revenue the worker receives as a wage. Negotiations that fail to reach an agreement result in the suggested wage being implemented along with a five-dollar impasse penalty for both the worker and the firm.

Appendix B contains the instructions given to participants. These instructions include information on workers and firms as well as screenshots of how negotiations take place. Instructions are read out loud to guarantee that the structure of the experiment is common information. Before turning to the description and motivation for each design element below, we note that our design purposefully limits three channels that have been shown to generate gender differences.<sup>9</sup>

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<sup>8</sup>The case of always negotiating allows us to examine the full set of potential profits from increased negotiation. A related and interesting question involves the impact of a “recommendation” to negotiate more often.

<sup>9</sup>To examine whether increased negotiations are beneficial to women in a compelling environment, we sought to design an environment where negotiations are generally profitable for women. Showing that increased negotiations are not helpful to women in an environment where women rarely do well in negotiations would, in our view, be less compelling. Environments where women typically do well are those where gender differences are mitigated,

First, individuals know their individual contributions to prevent gender differences in confidence about what one brings to the table from playing a role (Niederle and Vesterlund, 2007; Mobius et al., 2014). Second, negotiations are anonymous to reduce potential fears of backlash among women in particular (Bowles, Babcock and Lai, 2007; Tinsley et al., 2009; Amanatullah and Morris, 2010; Amanatullah and Tinsley, 2013). Third, the negotiation opportunity is explicit to reduce the potential for gender differences arising from uncertainty about whether a negotiation is possible (Small et al., 2007; Leibbrandt and List, 2015).

### Individual Contributions and Joint Revenue

Participants perform a five-minute real-effort task at the beginning of each of the two negotiation blocks. Their performance determines their individual contribution for the subsequent five rounds of negotiation opportunities in that block. A worker’s contribution is \$20, \$15 or \$10, depending on whether the worker’s performance is the highest, second highest or third highest when compared to two other randomly selected workers. A firm’s contribution is \$25 or \$20, depending on whether the firm’s performance is the highest or second highest performance when compared to one other randomly selected firm. Any performance ties are broken randomly, and all participants are informed that this process determines contributions. In the first block, the real-effort task is to calculate the sum of five two-digit numbers. In the second block, the task is to count the number of zeros in a table with ten rows and five columns of zeros and ones (i.e., one row may appear like "00101"). Since participants’ relative performances may vary across the two tasks, their individual contributions may vary across the two blocks. After learning their individual contributions for a block, participants face five rounds of negotiation opportunities. In each round, a firm and a worker are randomly paired, and the joint revenue is the sum of the worker and firm contributions.

By making contribution levels not depend linearly on performances and instead imply a set of contribution levels, we ensure that variation in individual contribution levels can be easily explained. The variance in individual contribution levels also generates multiple focal points of the negotiation. In addition to arguing for “equal splits” where the joint revenue is split 50-50, individuals may argue for “equity splits” where the joint revenue is split proportionally according to their individual contributions. The potential insistence on equity splits may result from individuals feeling entitled to their contribution and seeing it as the relevant reference point, particularly since individual performances determine individual contribution levels (Konow, 2000). On the other hand, the highest contribution level of the worker equals the lowest contribution level of the firm, which may help workers justify requests that exceed their individual contribution levels.<sup>10</sup>

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as environments with gender differences typically favor men.

<sup>10</sup>See Konow, Saijo and Akai (2016) for a discussion about such “equality” versus “equity” principles of fairness. The equity principle may also be referred to as being Libertarian (Almås et al., 2010). For earlier work showing that multiple reference points and fairness principles can result in diverse negotiation outcomes see also Roth and Murnighan (1982).

The firm is always informed of the worker contribution. Whether the worker is informed of the firm contribution depends on the study version. In a common information version, the worker is informed of the firm contribution. In a private information version, the worker is not informed of the firm’s contribution. This variation in information is motivated by the finding that women often fare worse in negotiations that involve more ambiguity (see [Bowles and McGinn \(2008\)](#) and [Mazei et al. \(2015\)](#) for reviews, or [Leibbrandt and List \(2015\)](#) for recent evidence). However, perhaps given the anonymity and explicit choice to negotiate in our setting, this variation in knowledge does not produce different results.<sup>11</sup> Our analysis will therefore not focus on this variation and instead includes it as a control where relevant.

### **Suggested Wage and Potential Payoffs**

In the Choice treatment, a worker can choose to avoid negotiations by accepting a “suggested wage.” The suggested wage for a worker equals the worker’s contribution plus a bonus that in each round is randomly and uniformly drawn from the set  $-4, -2, 0, 2$ . While workers know that the suggested wage is random, they do not know the details of the process. However, knowing their own contribution levels, workers can determine the extent to which suggested wages differ from their own contributions.

If a worker accepts a suggested wage, the firm receives the joint revenue minus the suggested wage. If a worker instead enters a negotiation in the Choice treatment, or when a worker always negotiates in the Always treatment, two payoff scenarios are possible. When an agreement is reached, the worker receives the agreed upon wage and the firm receives the remainder of the joint revenue. When an agreement is not reached, the suggested wage is implemented along with a five-dollar impasse penalty for both the worker and firm. That is, the worker receives the suggested wage minus five dollars, and the firm receives the joint revenue minus the suggested wage minus five dollars. [Table 1](#) summarizes these potential payoffs. One randomly selected round from each block is selected for payment.

The suggested wage serves as another focal point for negotiations, as agreed upon wages should fall within \$5 of the suggested wage. Outside of the resulting \$10 range for a given suggested wage, a payoff dominant strategy – for either the worker or the firm – would instead involve a negotiation impasse which implements the suggested wage along with the \$5 penalty. Assuming risk neutrality, the suggested wage indeed corresponds to the symmetric Nash Bargaining Solution since it results – with a symmetric \$5 penalty – from an impasse. There are thus three potential focal points for negotiations: the equal split, the equity split, and the symmetric Nash Bargaining Solution (i.e., implementing the suggested wage).

In varying the extent to which a suggested wage differs from an individual’s contribution,

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<sup>11</sup>For instance, workers enter negotiations 72% of the time when there is private information and 69% of the time when there is common information. We fail to reject the equality of the entrance rates ( $p = 0.36$ ) and the equality of the average profit from negotiations of \$1.31 vs \$1.23 conditional on negotiations ( $p = 0.74$ ). Regression analyses further confirm the lack of significant differences.

Table 1: Worker Payoffs (W) and Firm Payoffs (F)

	Choice treatment	Always Treatment
No Negotiation	W = suggested wage F = joint revenue - suggested wage	N/A
Negotiation Agreement	W = agreed upon wage F = joint revenue - agreed upon wage	
Negotiation Impasse	W = suggested wage - \$5 F = joint revenue - suggested wage - \$5	

W indicates the payoff for the worker, and F indicates the payoff for the firm. In the Choice treatment, a worker may decide to accept the suggested wage and thus not enter a negotiation. The resulting payoffs are shown in the No Negotiation row. Alternatively, a worker may choose to reject the suggested wage and enter a negotiation. Payoffs when an agreement is reached are shown in the Negotiation Agreement row, while payoffs when an agreement is not reached are shown in the Negotiation Impasse row. In the Always treatment, workers always enter negotiations so only these latter two payoffs are relevant.

the random bonus helps us assess how profits from and entry into the negotiations vary with an observable characteristic of the negotiations. While the Nash Bargaining solution predicts that the profits from negotiations are independent of bonus, both the equality and equity principles of fairness suggest that a worker’s profits from negotiations decrease as the bonus increases. We therefore expect a negative bonus (of -4 or -2) to represent an easier and potentially more favorable negotiation opportunity. For instance, since workers are receiving less than their contribution, they may find it easier to negotiate wages that improve upon the suggested wage by appealing to the equity fairness principle to justify why they should receive a wage equal to their contribution. A non-negative bonus (of 0 or 2) may instead represent a more difficult and less favorable negotiation opportunity, as workers may find it more difficult to negotiate a wage that improves upon the suggested wage since doing so involves arguing for more than their contribution.

Assigning a \$5 impasse penalty achieves three purposes in our study. First, it opens up room for losses in negotiation to occur even if an agreement is reached. That is, workers may agree to a negotiated wage that is \$1-\$5 below their suggested wage to avoid impasse and the resulting loss of \$5. Losses from negotiations, even in the event of an agreement, may arise in contexts outside of our study due to factors such as future costs in the form of backlash (Bowles, Babcock and Lai, 2007; Tinsley et al., 2009; Amanatullah and Morris, 2010; Amanatullah and Tinsley, 2013), damage to one’s reputation, costs in regard to decreased profits from future negotiations, loss of goodwill or loss from the worker subsequently being seen as a weak negotiator.

Second, assigning an impasse penalty allows us to make explicit the financial costs from disagreement, as is common in bargaining experiments.<sup>12</sup> Of course, there may also be psychological

<sup>12</sup>Common costs of bargaining impasse in negotiation studies include the total destruction of surplus in the ultimatum game (Güth, Schmittberger and Schwarze, 1982) and in unstructured negotiations experiments such as Roth and Murnighan (1982). For an early overview of negotiation experiments see e.g., Roth (1995). Similar to our design, Babcock and Loewenstein (1997) use a fixed cost of bargaining impasse in the form of “legal fees,”

costs in the form of embarrassment or disutility from being seen as failing. Costs of impasse are often an important feature to negotiations in contexts outside of our study as well. For instance, an impasse today can result in even larger losses in future collaborations, escalating backlash, financial costs of decreased reputation, or decreased likelihood of cooperation after what may be seen as a defection (e.g., [Dal Bó and Fréchette, 2018](#), and [Dreber et al., 2008](#)).

Third and finally, the answer to our question on whether women and men would benefit from negotiating more is obvious absent a potential downside to negotiation. If there is no risk or potential cost to negotiating (e.g., if the suggested wage is always guaranteed), profits would be maximized by negotiating all the time. Also, in using a fixed cost of \$5, we hold the impasse cost independent of the individual’s worker-firm role and of the individual’s contributions, thus ensuring that the range of individually rational agreements in every negotiation is \$10.

## Negotiations

Negotiations occur as follows. Workers and firms have three minutes in which they can send each other instant chat messages. Messages are not allowed to identify participants in any way, such as containing their name, age or gender. While chat messages can be used to discuss different wages, no agreements can be implemented through the chat itself. Instead, official wage proposals must be entered into a separate table. Individuals can update proposals at any time by submitting a new one to the table. All wage proposals must be in dollars (i.e., integer values). An agreement is reached only if a participant explicitly accepts an opponent’s most recent wage proposal by clicking the “I accept this offer” button.

In the Always treatment, negotiations are known to always occur. By contrast, in the Choice treatment, firms are aware that negotiations only occur when their worker chooses to enter a negotiation.<sup>13</sup> When a negotiation occurs and an agreement is reached prior to the completion of 3 minutes, the worker and firm can no longer communicate but must wait for the remainder of the 3 minutes. When no negotiation occurs due to a worker choosing not to negotiate, the worker and firm can never communicate and instead merely wait for the 3 minutes to pass.

The chat messages help to make the negotiations more realistic. Requiring formal wage proposals, meanwhile, ensures that the negotiations are tractable. The well-defined parameters of the negotiation environment, including the strict time limit, decrease structural ambiguity.

## Follow-up activities

After participants complete both blocks of five negotiation rounds, we elicit risk and fairness measures over payoffs similar to those faced when workers decide whether to negotiate.

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which are strictly smaller than the total amount to be divided.

<sup>13</sup>When a worker is deciding whether to negotiate, their firm is told “If the worker you were matched with chooses to negotiate in this round, you will be given 3 minutes to negotiate and will begin this negotiation in a few seconds. Otherwise, you will be directed to a waiting screen where you will need to wait for 3 minutes while the negotiation round completes.”

To measure how participants respond to risk, they make a series of five binary choices between (1) \$13 for certain and (2) a lottery of \$18 with  $P\%$  chance and \$8 with  $(1 - P)\%$  chance. From the first to fifth choice,  $P$  increases in increments of 10 percentage points from 50% to 90%. In each session, we randomly select one decision maker and implement one of their choices for payment.

This measure of risk allows us to examine whether gender differences in entry into negotiations are due to potential gender differences in risk aversion. The gambles are structured so that they mirror the potential risk a participant faces when choosing between accepting a suggested wage of \$13 or entering a negotiation. That is, when entering such a negotiation, a participant would receive \$8 as a result of the \$5 penalty if an agreement is not reached or \$18 by instead fully capturing \$5 from the individually rational bargaining range of  $\pm$  \$5 around the suggested wage.<sup>14</sup>

To elicit perceptions of fairness, participants are asked to select a wage in six scenarios that vary according to the worker’s contributions, the firm’s contributions and the suggested wage.<sup>15</sup> In each session, we randomly select one decision maker and implement one scenario for payment for an unrelated worker-firm pair. To encourage participants’ allocations to reflect their own views on fairness and their expectations of others’ views on fairness, the worker-firm pair award the decision-maker a bonus, from \$0 to \$10, according to how fair they view the decision maker’s implemented wage.

This measure of fairness allows us to examine if workers’ entry decisions are driven by fairness perceptions. For instance, we can ask whether workers whose fairness perceptions are inclined towards the equity principle of fairness – i.e., that a wage should reflect what workers bring to the table – are less likely to enter negotiations in which their suggested wage equals or exceeds their individual contribution.

Finally, participants complete a short follow-up survey that collects demographic information on their age, sex, graduation year, degree program, and stated GPA.

### 3 Data

292 undergraduate students participated in sixteen sessions at the Stanford Economics Research Laboratory (SERL). We used the online recruiting system Sona, following standard SERL procedures. The study was advertised as a 120-minute “Standard Lab Study” with an average payment of \$40 and without any further details about the study. The modal session achieved

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<sup>14</sup>We chose \$13 as it reflects a “middle” suggested wage that arises from a worker contribution of \$15 and a bonus of -2. Also, while workers can reach agreements outside the range of their suggested wage plus or minus \$5, doing so requires the worker or firm to forgo a strictly dominant (financial) outcome of failing to reach an agreement and hence having the suggested wage with the \$5 penalty implemented as the worker’s wage. Indeed, only 2.6% of negotiations result in workers receiving a wage outside of this range.

<sup>15</sup>The scenarios (worker contribution, firm contribution, suggested wage) are: (10, 25, 10), (15, 25, 15), (20, 25, 20), (20, 25, 14), (20, 25, 16), and (20, 25, 22).

gender-balance with the percentage of female participants ranging from 42% to 63% across sessions.<sup>16</sup> Nearly all participants (96%) were between 18 and 22 years old. Most participants expected to graduate from the School of Humanities & Sciences (56%), followed by the School of Engineering (24%) and those who had not decided on a major (15%). From the two randomly selected negotiation rounds (one from each block), additional payments from the follow-up activities and a \$5 show-up fee, cash earnings ranged from \$22 - \$99 with an average of \$56. In the Always treatment, there were 33 female workers, 31 male workers, 34 female firms and 30 male firms. In the Choice treatment, there were 41 female workers, 41 male workers, 38 female firms, and 44 male firms. For each participant, we observe 10 rounds of negotiation data.

These data allow us to determine if and when male and female workers choose to enter negotiations and their profits from doing so. We compute profits as the worker’s payoff minus their suggested wage. When workers choose not to enter negotiations in the Choice treatment, their profits are thus zero. Conditional on negotiations, their profits depend on whether an agreement is reached. In the case of agreement, the profit is negative, zero, or positive whenever the agreed upon wage falls below, equals, or exceeds the suggested wage. In the case of impasse, the profit is negative five dollars by design.

To examine how participants engage in free-form chat when they enter negotiations, we hired three undergraduate research assistants at an hourly rate to indicate for each round of negotiations whether the firm and/or worker sent chat messages that could be classified as using aggression, compromise, deference, entitlement, even-split arguments, fairness concepts, need-based appeals, and/or norms.<sup>17</sup> We consider an individual’s chat message to fall into one of the above categories for a given round if two or more research assistants indicated the relevance of that category. We also hired one research assistant to indicate the chance (from 0 to 100%) that a particular round of anonymized chat messages was sent by a female. In addition to being paid an hourly rate, this research assistant was paid a bonus according to the accuracy of 10 randomly selected guesses.<sup>18</sup>

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<sup>16</sup>Aiming for gender-balance, we used Sona to recruit two sets of participants for each session – male and female participants. Participants cannot view studies that they are not eligible for on Sona, which allows us to recruit separately by gender and thus discretely secure that equal numbers of men and women are signed up for a session.

<sup>17</sup>An overview of the provided definitions for these chat categories are as follows: *aggressive* - a participant threatens to not reach an agreement or strongly questions their partner’s proposal; *compromise* - a participant explicitly suggests they take into account their own preference and their partner’s preference; *deferential* - a participant talks poorly of themselves or favorably of their partner, is apologetic, is uncertain, uses caveats, or looks for assurance (particularly via the use of question marks); *entitled* - a participant advocates for higher payment by saying they deserve it for some reason; *even-split* - a participant explicitly says they should split the joint revenue equally; *fair* - a participant uses the word fair or a close synonym for fair; *need-based* - a participant discusses their financial need for the money; *norm* - a participant discusses what they have received or how payments have been determined in past rounds. Among the non-self-selected negotiations in the Always treatment, the following chat tendencies occur less than 10% of the time and are excluded from the remaining analysis: *compromise*, *even-split*, *norm* and *needy*. There are no significant gender differences in any of the remaining chat tendencies: *aggressive*, *deferential*, *entitled* and *fair*.

<sup>18</sup>Specifically, the research assistant knew that for each of the selected guesses, we would randomly draw an

Before turning to our data on workers’ decisions to negotiate and the profits from doing so, we note that there are no gender differences in the other measures we collect for workers.<sup>19</sup> First, there are neither significant gender differences in the individual contribution levels nor in the performances that help to determine the individual contributions. On the task that involves calculating the sum of five two-digit numbers, the average individual contribution level is \$14.59 among female workers and \$14.58 among male workers (two-sided t-test,  $p = 0.99$ ).<sup>20</sup> When the task involves counting the number of zeros in a table with 50 numbers, the average individual contribution level is \$15.20 among female workers and \$14.79 among male workers (two-sided t-test,  $p = 0.56$ ).<sup>21</sup> Second, there are no gender differences in our measure of risk aversion: the number of times (i) a certain amount of \$13 is chosen over (ii) a lottery of \$18 with  $P\%$  chance and \$8 with  $(1 - P)\%$  chance. There are five such lotteries where  $P$  is 50%, 60%, 70%, 80%, or 90%. The certain option is chosen an average of 2.28 times by female workers and 2.06 times among male workers (two-sided t-test,  $p = 0.26$ ). Given that only 3 workers have multiple switching points, this implies that the average worker chooses the lottery of \$18 with  $P\%$  chance once  $P$  is approximately 70%. Third, there are no significant differences in our measure of fairness concerns. Out of the six scenarios that involve different worker contributions, firm contributions, and suggested wages, the perceived fair wage is set to equal the worker’s individual contribution level 2.53 times by female workers and 2.99 times by male workers (two-sided t-test,  $p = 0.25$ ).

## 4 Results

We consider two key questions. First, we ask whether always negotiating is financially beneficial. Second, we ask whether there is evidence of non-random and systematic selection into negotiations.

After answering these two questions separately for female workers in Section 4.1 and male workers in Section 4.2, we explore in Section 4.3 whether our results vary systematically by gender, and in particular, whether our results justify a greater push to negotiate for women than for men. In Section 4.4, we expand upon our second question by examining whether workers select on observable characteristics of the negotiation and/or individual characteristics that are

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integer  $X$  from 1 to 100. If  $X$  was less than or equal to his percentage guess that the message was sent by a female, he would receive \$10 if the message was indeed sent by a female and \$0 otherwise. If  $X$  was greater than his percentage guess that the message was sent by a female, he would receive \$10 with a  $X\%$  chance and \$0 otherwise. Among the negotiations in the Always treatment – the research assistant correctly guessed, on average, a higher chance that a message was sent by a female worker if that indeed was the case (51% versus 46%, two-sided t-test  $p < 0.01$ ).

<sup>19</sup>For firms there are likewise no significant gender differences in these other measures with one exception: our risk measure indicates that female firms are significantly more risk averse than male firms. This difference does not result in negotiation outcomes for firms differing by gender.

<sup>20</sup>The average correct number of answers is 9.92 among female workers and 10.67 among males workers (two-sided t-test,  $p = 0.22$ ).

<sup>21</sup>The average correct number of answers is 21.95 among female workers and 22.35 among male workers (two-sided t-test,  $p = 0.66$ ).

unobservable to us.

To assess the benefits of negotiation, we focus on a worker’s improvement in earnings from negotiations. In the Choice treatment, the decision to negotiate implies giving up the suggested wage, and the worker’s profit from negotiation is thus the difference between the worker’s payoffs from the negotiation and the suggested wage. We compute the worker’s profit from negotiation in the same manner in the Always treatment. This allows us to evaluate the consequences of always negotiating and thus forgoing the option of taking the suggested wage, though that option is of course only available in the Choice treatment.<sup>22</sup>

## 4.1 Women’s Negotiation Decisions and Outcomes

Results from our Choice treatment show that female workers enter negotiations 66% of the time. Out of the 41 female workers, only one never enters a negotiation and four enter all negotiations. Entering negotiations is largely beneficial: agreements are reached 89% of the time, a substantial 74% of negotiations result in gains while only 13% result in losses. The average profit achieved from entering negotiations is \$1.45. Consistent with the evidence often used to support the recommendation for increased negotiations, women often avoid negotiations even though negotiations are largely beneficial.

To answer our first question on whether women would financially benefit from negotiating more often, it is not sufficient to consider the profits that result when women chose to negotiate in the Choice treatment. Rather, we need to compare the profits achieved by women in the Choice treatment to the counterfactual of the profits achieved by women in the Always treatment. To answer our second question regarding selection into negotiations, only profits that result from negotiations are relevant.<sup>23</sup> That is, the answer to our second question requires a comparison of the profits from “self-selected” negotiations (those where workers choose to enter negotiations in the Choice treatment) to the profits from “non-self-selected” negotiations (those in the Always treatment). While no differences between the self-selected negotiations and non-self-selected negotiations would indicate random selection, outcomes from self-selected negotiations exceeding (or falling short of) those from non-self-selected negotiations would indicate positive (or negative) selection into negotiations.

Addressing whether women financially benefit from always negotiating, Figure 1 shows the profits female workers achieve — the difference between the final wage and the suggested wage — in the Choice and Always treatments. As a result of the many negotiations that are not entered

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<sup>22</sup>While earnings are another measure of the success of always negotiating, they are a more noisy one, as they directly depend on the worker contribution and the bonus.

<sup>23</sup>While the analyses concerning these two questions are closely related, they are importantly distinct. For instance, when not conditioning on negotiations as in our first question, imagine that profits reflecting losses are more likely in the Always than in the Choice treatment. When conditioning on negotiations, the fraction of profits reflecting losses in the Choice treatment will increase due to the exclusion of zero-profits that result from a choice not to negotiate. Thus, it need not follow that profits reflecting losses are also more likely in the Always than the Choice treatment, when conditioning on negotiations.

in the Choice treatment, we see that the modal profit in that treatment is zero. The remainder of the distribution shows that negotiations are mostly successful and result in gains: the vast majority of negotiations yield a wage that exceeds the suggested wage.

The distribution of profits in the Always treatment sheds light on what would happen if, instead of forgoing 34% of negotiations, women always negotiated. Not surprisingly, the share of zero profits decreases in the Always treatment, as it is not possible simply to accept the suggested wage. These additional negotiations, however, do not mirror the positive profits seen in the Choice treatment. Relative to the Choice treatment, there is no increase in the share of negotiations that raise female earnings above the suggested wage in the Always treatment. Increased negotiations are not helpful to women, as they do not avoid negotiations that would have resulted in gains.

Not only do we observe that increased negotiations are not helpful to women, we further observe that increased negotiations result in more losses. The share of losses more than triples from 9% in the Choice treatment to 33% in the Always treatment (two-sided t-test,  $p < 0.01$ ). This increase in losses does not result from increased impasse in the Always treatment. The rate of impasse insignificantly decreases from 11% in the Choice treatment to 8% in the Always treatment (two-sided t-test,  $p = 0.36$ ).

Figure 1: Distribution of profits among female workers



Notes: This figure shows how often participants' profits are less than 0, equal to 0, or greater than 0. Data include the observations from the 41 female workers during the 10 rounds in the Choice treatment, and the 33 female workers during the 10 rounds in the Always treatment.

The distribution of profits in Figure 1 draw from all bonus levels. In reproducing this distribution for each bonus level, Appendix Figure A.1 further documents that at no bonus level do increased negotiations result in substantially more gains. This finding is less transparent among the negotiation opportunities with negative bonuses of -4 and -2 since the vast majority (88%) of those negotiations are entered. However it is striking among the negotiation opportunities with

the non-negative bonuses of 0 and 2 since only 44% of those negotiations are entered.

Table 2 confirms these findings via regression results that cluster standard errors at the participant level. Regression results shown in even columns control for observable factors about the negotiations, including round fixed effects and individual contributions to the joint revenue. The coefficient estimates on the *Always* indicator capture the differences in outcomes in the Always treatment relative to those in the Choice treatment among negotiation opportunities with non-negative bonuses. We are primarily interested in the impact of increased negotiations among non-negative bonuses because, as seen above, the high entry rate into negotiations with negative bonuses mechanically leaves little room for improvement from increased negotiations.<sup>24</sup>

Columns 1 - 4 of Table 2 confirm the results on the distribution of profits shown in Figure 1.<sup>25</sup> When there is a non-negative bonus, increased negotiations do not increase the frequency of gains (Columns 1 - 2) but do significantly increase the frequency of losses by 39 percentage points (Columns 3 - 4). Thus, in examining the extensive margin results, we observe no evidence for women avoiding negotiation opportunities that would have resulted in gains yet substantial and significant evidence for women avoiding negotiation opportunities that would have resulted in losses. In jointly considering the extensive and intensive margins, the results in Columns 5 - 6 further show that increased negotiations do not result in higher average profits for women. When the bonus is non-negative, increased negotiations instead result in significantly lower average profits.<sup>26</sup>

We provide four additional pieces of evidence of increased negotiations not financially benefiting women when the bonus is non-negative.<sup>27</sup> First, while the average profit among gains does not vary across treatments (see Columns 7 - 8), the average profit within the set of no gains drops considerably and significantly (see Columns 9 - 10). Second, the results in Table 2 persist when using a wild cluster bootstrap resample method (see Appendix Table A.1) that is robust to small sample size considerations while allowing for within cluster correlation and across cluster heteroskedasticity (Cameron, Gelbach and Miller, 2008; Cameron and Miller, 2015). Third, the downward shift (and thus not upward shift) in the distributions of profits in our Choice treatment relative to our Always treatment allows us to precisely and non-parametrically reject ( $p < 0.001$ ) the equality of these distributions using a two-sample Kolmogorov-Smirnov test. Fourth, while quantile regressions confirm a significant downward shift in the lower portion of the distributions

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<sup>24</sup>As detailed in Section 2, we ex-ante expected bonus levels to influence negotiation outcomes. Section 4.4 explores the important role they play in driving selection into negotiations.

<sup>25</sup>We see the distributional results as more informative than average profits, because the latter is directly influenced by parameters of the experiment. That is, the average profits, more so than changes in the distribution of profits, is sensitive to the parameters of the experiment, such as specific distributions of the bonus level and the \$5 impasse penalty.

<sup>26</sup>Not surprisingly given the high entry rate when the bonus is negative, there is not a significant impact on average profits from increased negotiations when the bonus is negative. However, it remains directionally negative and thus shows that increased negotiations are not financially beneficial even when the bonus is negative.

<sup>27</sup>These four additional pieces of evidence are also robust to pooling across all bonuses.

in the Always treatment relative to the Choice treatment (see Columns 1 - 2 of Appendix Table A.2), the upper portion of the distributions does not shift (see Columns 3 - 6 of Appendix Table A.2).

Table 2: Profits among female workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.05 (0.07)	0.05 (0.07)	0.39*** (0.05)	0.39*** (0.05)	-0.78*** (0.26)	-0.79*** (0.25)	-0.24 (0.26)	-0.14 (0.25)	-1.17*** (0.20)	-1.15*** (0.20)	-1.15*** (0.34)	-1.24*** (0.34)
<i>b &lt; 0</i>	0.48*** (0.06)	0.48*** (0.06)	0.04 (0.03)	0.04 (0.03)	1.31*** (0.23)	1.30*** (0.23)	0.57** (0.22)	0.74*** (0.24)	-1.36*** (0.40)	-1.30*** (0.40)	1.17*** (0.31)	1.07*** (0.33)
<i>Always</i> <i>*b &lt; 0</i>	-0.09 (0.08)	-0.09 (0.08)	-0.29*** (0.06)	-0.29*** (0.06)	0.63* (0.35)	0.62* (0.34)	0.55* (0.30)	0.47 (0.31)	0.69 (0.61)	0.59 (0.60)	0.77* (0.41)	0.83* (0.43)
Constant	0.24*** (0.04)	0.16 (0.22)	0.07*** (0.02)	0.02 (0.16)	0.29** (0.12)	-0.87 (1.12)	2.31*** (0.22)	-0.12 (0.87)	-0.36*** (0.09)	0.34 (0.87)	0.66*** (0.25)	-0.58 (1.37)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	740	740	740	740	740	740	361	361	379	379	601	601

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 female workers during the 10 rounds of the Choice treatment and the 33 female workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 -10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

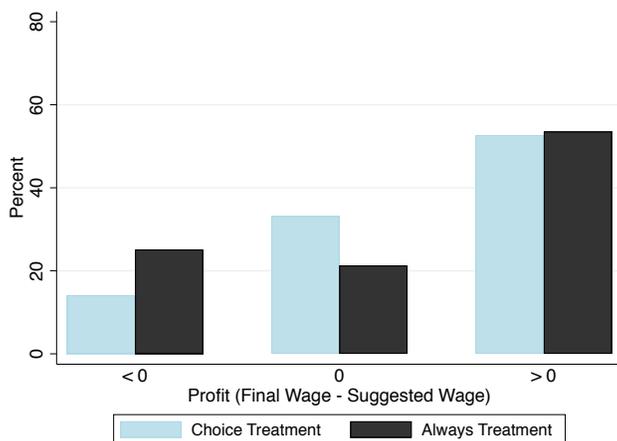
The answer to our first question is clear: there is no evidence in support of women financially benefiting from increased negotiations. When the bonus is non-negative and negotiations are frequently avoided, increased negotiations instead result in financial harm. These findings suggest that women positively select into negotiations and know when to ask in the Choice treatment. To answer our second question on whether we observe non-random and systematic selection, we next examine whether the profits from the non-self-selected negotiations in the Always treatment differ from the profits from the self-selected negotiations in the Choice treatment. This proves to be the case. Relative to profits from self-selected negotiations in the Choice treatment when the bonus is non-negative, the *Always* coefficient estimates in Columns 11 - 12 of Table 2 show that average profits from the non-self-selected negotiations in the Always treatment are significantly lower. In other words, these results provide evidence in favor of women positively selecting into negotiations. We explore the drivers of self-selection in Section 4.4.

## 4.2 Men’s Negotiation Decisions and Outcomes

Results from the Choice treatment show that male workers enter negotiations 74% of the time. All 41 male workers enter at least one negotiation, and 7 of them enter all negotiations. Entering negotiations is beneficial: agreements are reached 84% of the time, a substantial 71% of negotiations result in gains and only 19% result in losses. The average profit achieved from entering negotiations is \$1.12.

As with female workers, this positive profit from negotiating need not imply an affirmative answer to our first question on whether increased negotiations are financially beneficial for men. Figure 2 compares the profits achieved by men in the Choice treatment to the profits achieved by men in the Always treatment. Consistent with men opting out of negotiations 26% of the time in the Choice treatment, the frequency of zero profits is smaller in the Always treatment. The additional negotiations, however, do not result in more gains in the Always treatment than in the Choice treatment (54% versus 53%, two-sided t-test,  $p = 0.82$ ). The additional negotiations instead increase losses from 14% in the Choice treatment to 25% in the Always treatment (two-sided t-test,  $p < 0.01$ ). The increase in losses, however, is not driven by an increase in the rate of impasse. The rate of impasse is significantly smaller in the Always treatment than in the Choice treatment (8% versus 16%, two-sided t-test,  $p < 0.01$ ).

Figure 2: Distribution of profits among male workers



Notes: This figure shows how often participants’ profits are less than 0, equal to 0, or greater than 0. Data include the 41 male workers during the 10 rounds in the Choice treatment, and the 31 male workers during the 10 rounds in the Always treatment.

In reproducing the distribution of profits for each bonus level, Appendix Figure A.2 documents a similar pattern. Increased negotiations do not result in substantially more gains at any bonus level. While the lack of additional gains cannot be seen among the negotiation opportunities with negative bonuses of -4 and -2, since nearly all of those negotiations are entered (97%), it is clearly seen among the negotiation opportunities with the non-negative bonuses of 0 and 2,

where only 55% of those negotiations are entered. Despite men avoiding approximately half of the negotiations with non-negative bonuses, we observe no evidence for men avoiding negotiations that would have been financially beneficial.

Table 3 (which reproduce the specifications from Table 2 among male workers) confirms the results on the distribution of profits.<sup>28</sup> When there is a non-negative bonus, increased negotiations do not increase the frequency of gains (Columns 1 - 2) but do significantly increase the frequency of losses by 27 percentage points (Columns 3 - 4). Increased negotiations also significantly decrease average profits for men (Columns 5 - 6).<sup>29</sup>

We provide four additional pieces of evidence of increased negotiations not financially benefiting men when the bonus is non-negative.<sup>30</sup> First, while the average profit among gains does not vary across treatments (see Columns 7 - 8 of Table 2), the average profit within the set of no gains marginally decreases in the Always treatment relative to the Choice treatment (see Columns 9 - 10). Second, the results in Table 3 persists when using a wild cluster bootstrap resample method (see Appendix Table A.3). Third, the downward shift in the distributions of profits in our Choice treatment relative to our Always treatment allows us to non-parametrically reject ( $p < 0.001$ ) the equality of these distributions using a two-sample Kolmogorov-Smirnov test. Fourth, while quantile regressions confirm a significant downward shift in the lower portion of the distributions in the Always treatment relative to the Choice treatment (see Columns 1 - 2 of Appendix Table A.4), the upper portion of the distributions do not shift (see Columns 3 - 6 of Appendix Table A.4).

As for women, we find that for men the answer to our first question is clear: there is no evidence in support of men financially benefiting from increased negotiation. Increased negotiations instead result in financial harm when the bonus is non-negative. The answer to our second question on whether we observe random or instead, as suggested by these results, positive selection into negotiations is more nuanced. Relative to profits from self-selected negotiations in the Choice treatment, the average profits from the non-self-selected negotiations in the Always treatment are lower than the self-selected negotiations in the Choice treatment – but only at marginally significant level (see Columns 11 - 12 of Table 3). To further answer our second question, we examine in Section 4.4 what drives men’s selection into negotiations in the Choice treatment.

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<sup>28</sup>As mentioned in footnote 25, our focus on the distribution of profits instead of average profits reduces sensitivity to the parameters of the experiment. Indeed, and as further discussed in Section 4.4, the fact that men are more likely to experience impasse in the Choice than in the Always treatment drives the lack of a significant impact on average profits as it is sensitive to the \$5 impasse penalty.

<sup>29</sup>There is an insignificant impact on average profits from increased negotiations when the bonus is negative.

<sup>30</sup>These four additional pieces of evidence are robust to pooling across all bonuses as well.

Table 3: Profits among male workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	-0.04 (0.06)	-0.03 (0.06)	0.27*** (0.05)	0.27*** (0.05)	-0.57** (0.25)	-0.55** (0.26)	-0.36 (0.29)	-0.30 (0.26)	-0.48* (0.25)	-0.45* (0.24)	-0.71* (0.37)	-0.66* (0.36)
<i>b &lt; 0</i>	0.48*** (0.05)	0.47*** (0.05)	0.03 (0.03)	0.03 (0.03)	1.46*** (0.24)	1.43*** (0.26)	0.59*** (0.20)	0.71*** (0.19)	-2.53*** (0.36)	-2.37*** (0.38)	1.37*** (0.34)	1.36*** (0.36)
<i>Always</i> <i>*b &lt; 0</i>	0.05 (0.07)	0.05 (0.08)	-0.31*** (0.06)	-0.31*** (0.06)	0.97*** (0.35)	0.99*** (0.36)	0.46 (0.34)	0.40 (0.32)	1.78** (0.70)	1.67** (0.72)	1.06** (0.42)	1.06** (0.43)
Constant	0.31*** (0.04)	0.17 (0.17)	0.13*** (0.02)	0.08 (0.14)	0.16 (0.18)	-0.46 (1.03)	2.41*** (0.22)	1.31* (0.71)	-0.84*** (0.19)	0.19 (1.08)	0.30 (0.33)	-0.32 (1.21)
Bonus FEs	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	720	720	720	720	720	720	382	382	338	338	615	615

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 male workers during the 10 rounds of the Choice treatment and the 31 male workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 -10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

### 4.3 Gender Differences in Negotiation Decisions and Outcomes

The answers to our first question on whether increased negotiations are financially helpful are the same for both women and men: increased negotiations are neither financially helpful to women nor to men. We nonetheless begin this section by examining whether any gender differences arise in response to our first question. Since the recommendation of increased negotiations is directed more frequently towards women than men, we are specifically interested in whether a female-targeted recommendation is justified. That is, we ask whether increased negotiations are financially more helpful to women than they are to men. Indeed, we note that female-targeted recommendations are common in settings like ours: where negotiations improve outcomes (as seen by the high frequency of gains in the Choice treatment) yet women often do not negotiate and are often more reluctant to negotiate than men are (as seen by the higher entry rate of male than female workers).<sup>31</sup>

<sup>31</sup>Pooling across all bonuses, the entry rate for female workers is significantly lower than the entry rate for male workers (66% vs 74%, two-sided t-test,  $p < 0.01$ ). A similar pattern results when only considering negative bonuses (88% vs 97%, two-sided t-test,  $p < 0.01$ ) and when only considering non-negative bonuses (44% vs 55%, two-sided t-test,  $p = 0.02$ ). Results in Table 5 confirm this gender difference in entry as well when clustering

In contrast to evidence that would support female-targeted lean-in advice, we find that increased negotiations are not more helpful to women than they are to men. Table 4 examines gender differences in profits to increased negotiations by presenting regression results when considering both genders instead of separately considering women (as in Table 2) and men (as in Table 3). The coefficient estimates on *Always\*Male* show that women are not more likely to avoid financially beneficial negotiations than men are (see Columns 1 - 2). Despite the fact that selected negotiations are largely beneficial and that women avoid more negotiations than men do, we do not find that women are missing out on more worthwhile negotiation opportunities than men are. When given a choice, women — to the same degree as men — already enter negotiation opportunities that are likely to result in gains.

The finding that increased negotiations are not more financially beneficial to women than they are to men is robust. None of the additional robustness tests suggest otherwise, including when we use a wild cluster bootstrap resample method (see Appendix Table A.5). When significant gender differences emerge, our robustness tests instead support the opposite: increased negotiations are, if anything, less financially beneficial to women than they are to men. More specifically, the significant gender differences that we observe are as follows. Columns 3 - 4 show that increased negotiations result in significantly more losses for women than they do for men. Columns 9 - 10 show that increased negotiations, within the set of no gains, result in a significantly greater decrease in the average profit among women than they do among men. Quantile regressions confirm a significantly greater downward shift in the lower portion of the distributions for women than for men in the Always treatment relative to the Choice treatment (see Columns 1 - 2 of Appendix Table A.10), while there is neither a shift nor a differential shift in the upper portion of the distributions (see Columns 3 - 6 of Appendix Table A.10).

Finding that increased negotiations are not more financially beneficial to women than they are to men is not surprising in light of our earlier gender-specific analyses showing that increased negotiations are neither helpful to women nor to men. We also do not observe evidence of greater positive selection into negotiations by men than women (see Columns 11 - 12 of Table 4). That is, our results do not support a notion that men are more adept at knowing when to ask than women are. If anything, our results instead suggest that women are more adept at knowing when to ask.<sup>32</sup>

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standard errors at the participant level.

<sup>32</sup>It is worth noting that we do not observe similar gender differences when considering firms. Appendix Table A.8 (and Appendix A.4 more generally) demonstrates the lack of significant gender differences among the firms. The lack of a substantial gender difference among firms is consistent with prior literature — see for instance Andersen et al. (2013) and Dittrich, Knabe and Leipold (2014) — as the greater (appearing) bargaining power for firms may limit the potential of a gender difference. Although sex-pairings often influence negotiations (Eckel and Grossman, 2001; Solnick, 2001; Bowles, Babcock and Lai, 2007; Hernandez-Arenaz and Iriberry, 2018b), we also do not find corresponding evidence in our data, which may result from our use of anonymous negotiations.

Table 4: Profits among female versus male workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.01 (0.06)	0.01 (0.06)	0.39*** (0.05)	0.40*** (0.04)	-0.86*** (0.25)	-0.89*** (0.25)	-0.21 (0.24)	-0.10 (0.22)	-1.30*** (0.19)	-1.26*** (0.20)	-1.19*** (0.31)	-1.25*** (0.31)
<i>Male</i>	0.06 (0.05)	0.06 (0.05)	0.06** (0.02)	0.06** (0.02)	-0.05 (0.22)	-0.07 (0.22)	0.13 (0.20)	0.12 (0.18)	-0.75*** (0.22)	-0.74*** (0.21)	-0.23 (0.28)	-0.27 (0.28)
<i>Always</i> <i>*Male</i>	-0.01 (0.07)	-0.01 (0.07)	-0.13*** (0.05)	-0.14*** (0.05)	0.38 (0.34)	0.44 (0.34)	-0.19 (0.29)	-0.23 (0.28)	0.95*** (0.30)	0.95*** (0.30)	0.56 (0.39)	0.64* (0.39)
<i>b &lt; 0</i>	0.48*** (0.04)	0.48*** (0.04)	0.03 (0.02)	0.04* (0.02)	1.39*** (0.17)	1.36*** (0.17)	0.58*** (0.15)	0.73*** (0.14)	-1.87*** (0.30)	-1.78*** (0.30)	1.28*** (0.23)	1.24*** (0.24)
<i>Always</i> <i>*b &lt; 0</i>	-0.02 (0.06)	-0.02 (0.06)	-0.30*** (0.04)	-0.30*** (0.04)	0.79*** (0.25)	0.80*** (0.25)	0.51** (0.22)	0.44** (0.22)	1.17** (0.47)	1.08** (0.46)	0.90*** (0.30)	0.92*** (0.30)
Constant	0.24*** (0.04)	0.14 (0.14)	0.07*** (0.01)	0.01 (0.11)	0.25* (0.14)	-0.57 (0.77)	2.29*** (0.17)	0.57 (0.59)	-0.22** (0.11)	0.70 (0.69)	0.58** (0.23)	-0.24 (0.92)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	1460	1460	1460	1460	1460	1460	743	743	717	717	1216	1216

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *b < 0* is an indicator for a negative bonus. *Male* is an indicator for male workers. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 female workers and 41 male workers during the 10 rounds of the Choice treatment and the 33 female workers and 31 male workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 - 10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

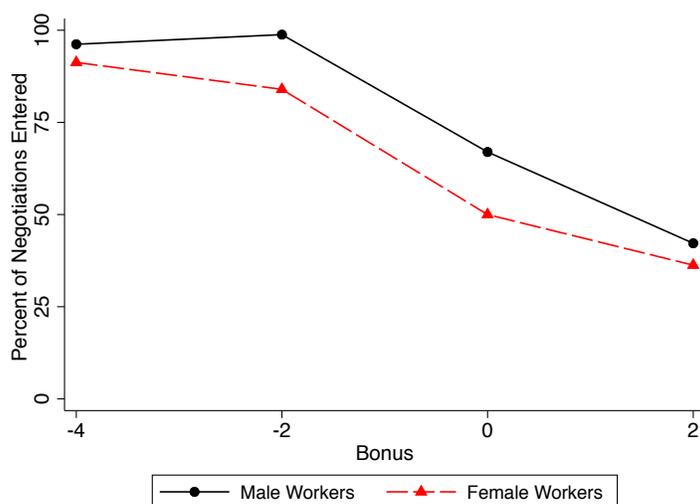
#### 4.4 Investigating the selection into negotiations on observable and unobservable characteristics

Since we do not observe any evidence for better selection into negotiations by men than women, this section introduces two additional questions to examine whether there is any evidence for better selection into negotiations by men than women when considering particular channels through which selection may operate. First, we ask whether men more than women select on observable advantageous characteristics of the negotiation environment. Second, we ask whether men more than women select into negotiations according to their individual advantageous characteristics that are unobservable to us.

With respect to observable characteristics of the negotiation environment, note that we vary one such central characteristic: the bonus. Our earlier results show that this characteristic is

an important determinant of selection into negotiation. Recall that women are 44 percentage points more likely to enter negotiations with negative than non-negative bonuses (88% vs 44%, two-sided t-test,  $p < 0.01$ ), and that men are similarly 42 percentage points more likely to enter negotiations with negative than non-negative bonuses (97% vs 55%, two-sided t-test,  $p < 0.01$ ). In addition to Figure 3 showing that selection on the bonus appears similar for men and women, Column 1 of Table 5 confirms that men and women are similarly responsive to the bonus when deciding whether to enter negotiations (see the significantly negative coefficient on  $b$  as well as the small and insignificant coefficient on  $Male*b$ ). Column 1 also confirms that female workers are significantly less likely than male workers to enter into a negotiation (see the coefficient on  $Male$ ).

Figure 3: Entry decisions into negotiations



Notes: This figure shows how often participants choose to enter negotiations given a bonus level. Data include the observations from the 41 female workers during the 10 rounds in the Choice treatment and the 41 male workers during the 10 rounds in the Choice treatment.

While these findings show that workers select into negotiations based on the bonus, the results in Column 4 of Table 5 indicate that workers *positively* select into negotiations based on the bonus: increases in the bonus are significantly correlated with lower average profits in the Always treatment. Workers, by avoiding more negotiations as the bonus increases, avoid the least advantageous negotiation opportunities. We note that this pattern is in line with our expectation detailed in Section 2. When facing a negative bonus, the suggested wage is below the worker’s contribution, potentially making the firm more amenable to increasing the wage because of equity concerns. Meanwhile, increases in the bonus correspond to increases in the worker’s suggested wage, potentially making it more difficult to negotiate for a higher wage. Put

differently, the combination of these results — that negotiation entry and profits are decreasing in the bonus — indicate that workers are adept at knowing how the bonus should influence their willingness to negotiate. They are more likely to enter into “easier” negotiation opportunities (those with negative bonuses) than “more difficult” negotiation opportunities (those with non-negative bonuses). Finding that there are no significant gender differences, moreover, shows that men are not more likely than women to positively select into negotiations based off of the bonus.

To examine whether workers select on their individual characteristics that are unobservable to us, we first ask whether entry decisions vary by bargaining ability. A key challenge to answering this question is that we need a measure of bargaining ability. While a natural measure is the profit to negotiation, it is essential that we measure ability in a manner where selection into negotiation does not play a substantial role. As such, we construct two ability measures from negotiations that nearly all workers enter: those involving a bonus of -4. Ability measure 1 is the average profit from all negotiations with a bonus of -4. Ability measure 2 is the average profit from all negotiations with a bonus of -4 that reach an agreement.<sup>33</sup> Ability measure 2 is useful since a failure to reach an agreement results in a large loss, which could make the first ability measure quite noisy. Given that these ability measures are constructed from profits at a bonus of -4, we then examine whether they are predictive of entry into more “difficult” negotiations (i.e., non-negative bonus negotiations) where there is substantial variation in entry.

Columns 2 and 3 of Table 5 indicate the extent to which these ability measures are predictive of entry decisions when the bonus is non-negative. While female workers with higher ability measures are more likely to enter negotiations with non-negative bonuses (see the coefficient estimates on the ability measures), male workers with higher ability measures are not (the sums of the coefficient estimates on the ability measures and the interactions of the male indicator with the ability measures are not significantly different from zero). These findings are consistent with female, but not male, workers with greater bargaining skills being more likely to select into negotiations. Columns 5 and 6 of Table 5 further show that these ability measures are correlated with higher average profits when the bonus is non-negative.<sup>34</sup> These results therefore suggest that men are not more likely, and if anything appear less likely, to positively select based off of their ability than women are.<sup>35</sup>

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<sup>33</sup>In principle, we could have considered many measures of ability, making multiple hypotheses testing a particular concern. While our restriction to ability measures where selection concerns are limited (i.e., at a bonus of -4) naturally prevented the consideration of many potential measures of ability, we nonetheless note that these results – per other reasons mentioned in the text – are speculative in nature.

<sup>34</sup>While the ability measures are not differentially predictive of profits for men than women, for men only the second ability measure is significantly predictive of the profits.

<sup>35</sup>Consistent with men not evaluating bargaining skills as well as women when entering a negotiation, and as also seen in [Eckel and Grossman \(2001\)](#), there is a greater disagreement rate among men who choose to negotiate than among women who choose to negotiate. The self-selected negotiations in the Choice treatment among men are 5 percentage points significantly less likely to reach agreements than those among women (two-sided t-test,  $p = 0.05$ ). This difference is all the more striking considering that there is not a gender difference in agreement rates among the non-self-selected negotiations in the Always treatment (two-sided t-test,  $p$ -value = 0.97).

Table 5: Considering the selection into negotiation on the bonus and on ability measures

	Linear probability model of entry into negotiation in Choice treatment			Ordinary least squares of profit in Forced treat- ment		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>b</i>	-0.10*** (0.01)			-0.51*** (0.06)		
<i>Ability measure 1</i>		0.06*** (0.02)			0.20** (0.09)	
<i>Ability measure 2</i>			0.08*** (0.03)			0.24** (0.10)
<i>Male</i>	0.11** (0.05)	0.28*** (0.08)	0.31** (0.13)	0.35 (0.24)	0.23 (0.39)	0.02 (0.47)
<i>Male*b</i>	0.01 (0.02)			-0.02 (0.10)		
<i>Ability measure 1*Male</i>		-0.06** (0.03)			-0.08 (0.11)	
<i>Ability measure 2*Male</i>			-0.06 (0.04)			-0.00 (0.14)
<i>b</i>	any	$b > 0$	$b > 0$	any	$b > 0$	$b > 0$
Controls	yes	yes	yes	yes	yes	yes
Observations	820	410	401	640	314	314

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. *Ability measure 1* is a worker's average profit from negotiations involving a bonus of -4. *Ability measure 2* is a worker's average profit from negotiations involving a bonus of -4 that that reach agreements. *Male* is an indicator for being male. If the bottom *b* row indicates  $b > 0$ , then the data are restricted to include negotiation opportunities with non-negative bonuses. Columns 1 -3: results are from ordinary least squares regressions of an indicator for whether a worker chooses to enter a negotiation; controls include the negotiation round (from 1 to 10), the worker's contribution, an indicator for whether the firm's contribution is known, and the difference between the worker's and firm's contributions if the firm's contribution is known; and data include the observations from the 41 female workers and 41 male workers during the 10 rounds in the Choice treatment. Columns 4 - 6: results are from ordinary least squares regressions of a worker's profit; controls include the negotiation round (from 1 to 10), the worker's contribution, an indicator for whether the firm's contribution is known, the difference between the worker's and firm's contribution, and the interaction between these last two variables; and data include the 33 female workers and 31 male workers during the 10 rounds of the Always treatment.

In modeling the decision to enter a negotiation, it is natural to consider a model where a worker enters a negotiation when the expected earnings from doing so exceed some threshold. The threshold for entry can be seen as the earnings from opting out of the negotiation and is thus controlled with the suggested wage in our study.<sup>36</sup> By contrast, the expected earning from negotiation is unclear and likely depends on the negotiator's assessment of their own ability. If

<sup>36</sup>In contrast to negotiation decisions in the field, we eliminate the possibility that men and women may have different thresholds for entry.

low ability men are overconfident, as seen in previous studies such as [Niederle and Vesterlund \(2007\)](#), it follows that ability may be predictive of entry by women and not by men. Of course, that female but not male workers appear to positively select into negotiations on their ability is only suggestive as assumptions are necessary for our ability measures to capture an individual’s true unobserved ability. For instance, a worker’s bargaining ability would need to be independent of the involved bonus, independent of their negotiating partner, and not change over time.

In closing, we provide evidence against other mechanisms that could contribute to our results. First, neither measures of participants’ fairness perceptions nor risk aversion nor chat tendencies are robustly predictive of entry decisions in the Choice treatment and of the average profit in the Always treatment (see Appendix Table [A.7](#)).<sup>37</sup> Second, if workers dislike entering negotiations because they are uncomfortable with how their individual contribution levels are determined or fear the five-dollar impasse penalty, the high entry rate into negotiations at non-negative bonuses shows that the dislike is not sufficient to dissuade them from all negotiations. Third, if the observed evidence for positively selecting into negotiations is solely reflective of workers performing worse in negotiations because they have to negotiate, then non-self-selected negotiations from the Always treatment would yield worse outcomes than the self-selected negotiations from the Choice treatment regardless of the bonus. This is not the case (for instance, see the coefficient estimate on  $Always*b < 0$  in Columns 11 - 12 of Table [4](#).)

## 5 Paternalistic Demand for Workers to Lean-in

There is a widespread sentiment that “women should negotiate more,” perhaps originating from the finding that some women benefit from negotiating yet many women are reluctant to do so. Mirroring these two characteristics, the setting in our laboratory experiment allows us to assess the counterfactual of increased negotiation and find that increased negotiations do not benefit women. Since women who freely enter negotiations in our Choice treatment are shown to enter every financially advantageous negotiation, they are unable to secure additional gains when entering all negotiations in the Always treatment. Rather the frequency of losses increases as they are forced into disadvantageous negotiations. Our results thus demonstrate the central role of selection and serve as a caution against the recommendation that women should negotiate more.

Our results also shed light on the consequence of providing different negotiation advice to women and men. Since increased negotiations are neither more helpful nor less harmful for women than they are for men, we observe no evidence that justifies more frequently encouraging women, rather than men, to negotiate. If anything, our results support the opposite: the likelihood of

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<sup>37</sup>There is marginally significant evidence for fairness concerns influencing the selection into negotiations by both women and men, although fairness concerns are only significantly correlated with the average profit in the Always treatment by women. For chat tendencies, we note that the types of chat messages that occur less than 10% of the time are not included in Appendix Table [A.7](#). Also, for a more extensive discussion of the effectiveness of negotiation communication strategies, see [Bowles \(2013\)](#).

financial losses increases more among women than among men when they cannot choose to opt out of negotiations.

In considering these costs from increased negotiations, we note that they may be disproportionately imposed on women than men if the push for increased negotiations is greater among women than among men. To directly assess whether the push to negotiate varies by the gender of the potential negotiator and to determine the consequences of such differences, we conducted two additional experiments on Amazon Mechanical Turk. We conducted a modified version of our Choice and Always treatments, where workers can or cannot opt out of a negotiation with a firm. We refer to these as being in our “first-party” experiment. We also conducted a “third-party” experiment, where a third party can influence a worker’s ability to opt out of a negotiation. We first describe the design and results of our third-party experiment and then briefly highlight the design and results from our first party experiment (further details on the experiments are in Appendix A.5 and Appendix B).

For our third-party experiment, we recruited 400 participants to complete a 10-minute study for a guaranteed payment of \$1.50. Out of the 400 participants, 399 participants completed the study. Participants were informed that they would be asked three questions and that their answer to one of the questions would be randomly selected to count for additional payment. Participants were randomly assigned to either a female or a male version of the experiment, where all three questions were about other female workers ( $n=214$ ) or about other male workers ( $n=185$ ), thus making them “third-party” participants.

The first question of the third-party experiment aimed to elicit lean-in norms and asked “Do you think women/men should negotiate their salary more often?” The third-party participants could answer “yes” or “no,” and were informed that, if the question was selected for payment, they would receive 50 cents as an additional bonus payment if they provided the same answer as the answer given by most other participants. This payment procedure, following that in Krupka and Weber (2013), allows us to elicit an incentivized measure of norms surrounding the propensity by which men and women should negotiate more.

Summarizing the responses to the first question, Column 1 of Table 6 reports results from a linear probability model of the likelihood that the third-party participants responded that women/men should negotiate their salaries more often. The coefficient estimate on the constant shows that 94% of the third-party participants who are asked about women respond affirmatively. The coefficient estimate on *Asked about men* shows a significant drop of 24 percentage points when the third-party participants are instead asked about men. That is, our results are consistent with a societal norm that favors increased negotiations for women more than for men.

The second question of the third-party experiment asks the third-party participants whether they are willing to pay to eliminate an individual’s ability to opt out of a negotiation. In particular, each third-party participant is told, depending on the treatment, that they are matched with

one male or female worker who will face a negotiation opportunity in a future study. While the third-party participant's payment is not influenced by the outcome from this future negotiation, the outcome of the negotiation may be affected by the third-party participant eliminating the matched worker's ability to opt out of a negotiation. In the event that the second question counts for payment, the third-party participant must decide whether to (i) receive 50 cents in additional payment, or instead (ii) pay 25 cents out of these 50 cents in additional payment to guarantee that the matched worker cannot opt out of a negotiation.

Prior to answering this second question, the third-party participants are provided with information on the negotiation opportunities their matched workers will face. The characteristics of the negotiation are similar to that of our earlier laboratory study: The worker will be paired with one firm; the worker and the firm each contribute 150 cents to a joint revenue for a total of 300 cents; the worker is provided with a suggested wage: a suggestion of how many cents, out of the joint revenue, the worker should receive as a wage; the suggested wage is randomly selected to equal 120, 150, 180, or 210 cents; the worker must choose whether to negotiate with the firm; if the worker does not negotiate with the firm, the worker receives a wage equal to the suggested wage, and the firm receives the joint revenue minus the suggested wage; if the worker negotiates the worker proposes a wage and may provide a justification; if the firm accepts the wage proposal, it is implemented; if instead the firm rejects the wage proposal, the suggested wage is implemented with a 30 cent penalty applied to both the payoffs received by the worker and by the firm for failing to reach an agreement.

The third-party participant is provided with no further information prior to deciding whether to prevent their matched worker from opting out of a negotiation. Notably, while the third-party participant knows that their matched worker will learn their suggested wage before deciding whether to enter a negotiation, the third-party participant does not know this suggested wage. The third-party participant only knows that suggested wages equal 120, 150, 180, or 210 cents. The third-party participant also does not have any knowledge of the matched worker's preferences or negotiation ability.

Despite the limited information on the specific negotiation opportunities faced by their matched workers, we find that third-party participants pay to eliminate their matched workers' ability to opt out of negotiations and that this willingness is greater when the matched workers are female. The coefficient estimate on the constant in Column 2 of Table 6 shows that the majority of third-party participants (55% of them) forgo half of their additional payment to eliminate a female worker's ability to opt out of a negotiation. The coefficient on *Asked about men* shows that this willingness to restrict a worker's choice is cut by half — significantly reduced by 23 percentage points — if third-party participants are instead matched with a male worker. That is, these results provide evidence that a paternalistic demand for eliminating a worker's ability to opt out of a negotiation is greater when the worker is female rather than male.

Table 6: Results from third-party experiment: paternalistic lean-in

	Linear probability model of answering yes to		
	women should negotiate more often (1)	willing to pay for women to negotiate more often (2)	(3)
<i>Asked about men</i>	-0.236*** (0.037)	-0.228*** (0.048)	-0.245*** (0.049)
<i>Entry belief</i>			0.002** (0.001)
Constant	0.940*** (0.017)	0.545*** (0.035)	0.435*** (0.066)
Observations	399	399	399

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are robust and shown in parentheses. In Column 1, results are from ordinary least squares regressions of an indicator for whether a participant indicates that women/men should negotiate their salaries more often. In Column 2, results are from ordinary least squares regressions of an indicator for whether a participant is willing to pay for a woman/man to be forced to enter a negotiation. Data include the observations from the 399 workers in our third-party experiment.

What gives rise to the greater push for women to negotiate more? Does it result from a perception that women negotiate less than men? To assess the potential role of these beliefs, we ask the third-party participants, in the third and final question of the third-party experiment, to predict the percent of male/female workers who voluntarily choose to negotiate in the setting detailed to them in the second question. The third-party participants had to indicate whether they believed that 0-10%, 11-20%, 21-30%, ..., or 91%-100% of male/female workers choose to negotiate. If the third question is selected as the question that counts for payments, third-party participants receive an additional 50 cents in bonus payment if their prediction is correct and no bonus payment if their prediction is incorrect. While third-party participants believe that male workers negotiate more frequently than female workers (58.06% vs 50.50%, two-sided t-test,  $p < 0.01$ ), Column 3 of Table 6 shows that the greater willingness to restrict a woman's negotiation decision persists and, if anything, strengthens when we control for the belief that the individual negotiates.<sup>38</sup>

If increased negotiations are costly in this setting, the greater tendency to push women to negotiate will impose a greater cost on women. To thus examine whether increased negotiations are costly in this setting, our first-party experiment involves negotiation opportunities between workers and firms like those described in the third-party experiment. The results in the first-

<sup>38</sup>A participant's belief is estimated as the midpoint of the percentage range they selected as being most likely in terms of the percent of male/female workers who will choose to enter a negotiation. For instance, if they indicated that they believe 11-20% of male workers would enter a negotiation, their belief measure equals 15.

party experiment replicate our main findings from the laboratory experiment (see Appendix A.5 for details): workers choose to frequently avoid negotiations (68% of the time in this case) and this avoidance is not to their detriment. Increased negotiations are neither helpful to women nor to men nor are they more helpful to women than they are to men. If anything, increased negotiations are more harmful to women than they are to men.

To summarize, these two additional experiments examine a setting where workers choose to avoid the majority of negotiation opportunities and where workers are significantly worse off financially if they do not have the opportunity to avoid negotiations. Finding that third-party participants are willing to pay to prevent workers from having the opportunity to avoid negotiations thus implies that they make workers worse off both from a revealed preference standpoint and from a financial standpoint. Third-party participants' greater willingness to pay to prevent female than male workers from having the opportunity to avoid negotiations further implies that female workers are more likely to suffer the consequences of such financially harmful and paternalistic decisions than male workers are. Indeed, while Appendix A.5 shows that the cost of always negotiating is 17 percent greater, but insignificantly so, for women than for men, this difference is magnified when including the third party's decision to restrict the worker's negotiation decision. With women more frequently being pushed to negotiate, the cost imposed on women is twice that of men ( $p=0.048$ ). Thus, the introduction of a third-party "guidance" is more costly for women than it is for men.

## 6 Conclusion

Results related to gender differences in the negotiation literature fall into one of two strands. The first strand investigates what characteristics of the environment influence negotiation outcomes when negotiations are required – that is, they abstract away from the decision to enter negotiations. In relation to this first strand, we note that we do not observe any significant gender differences in negotiation outcomes in our Always treatment.<sup>39</sup> The second strand investigates whether there are gender differences in the negotiation-entry decisions and the outcomes conditional on entering negotiations. In relation to this second strand, we note that we replicate the common finding that women enter negotiations less often than men do, and conditional on entry, we do not observe significant gender differences in negotiation outcomes in our Choice treatment.<sup>40</sup>

This paper distinguishes itself by addressing a question distinct from these two strands of the literature. We ask whether individuals would financially benefit from negotiating more often. We examine how outcomes differ when individuals can select into negotiations in our Choice (of

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<sup>39</sup>While there are no significant differences in terms of average profits or in terms of the likelihood of gains, men are slightly and at a marginally significant level more likely to avoid losses in our Always treatment.

<sup>40</sup>While there are no significant differences in terms of average profits or in terms of the likelihood of gains, women are slightly and at a marginally significant level more likely to avoid losses in the negotiations that workers choose to enter into in our Choice treatment.

negotiation) treatment to when they always negotiate in our Always (negotiate) treatment. Our corresponding results provide a clear caution to lean-in advice targeted towards women.

While women largely gain when they choose to negotiate in the Choice treatment, increased negotiations in the Always treatment do not result in any additional gains for women. When given a choice, women enter negotiations that are financially beneficial and frequently avoid negotiations that are financially harmful. Indeed, women positively select into negotiations.

We find that increased negotiations are not more helpful, or less harmful, to women than they are to men. Increased negotiations are instead, if anything, more costly to women than they are to men. As supported by our additional online experiments, higher costs to women may further arise due to a greater paternalistic demand for preventing women, more so than men, from avoiding negotiations.

Investigating when a misguided desire for increased negotiations arises, particularly one directed disproportionately towards women, is an interesting avenue for future work. Determining if and when increased negotiations would instead benefit women is also an important avenue for future work.<sup>41</sup> In regard to this latter avenue, we note that exploring factors known to drive gender differences in negotiation outcomes, factors that our design purposefully eliminated, may prove fruitful. For instance, women may shy away from financially beneficial negotiations if they undervalue what they bring to the table because — unlike in our study — they may neither know their individual contributions nor their outside options. Even in these cases, however, one should be wary of blanket recommendations to women that they should negotiate more often.

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<sup>41</sup>One approach is to consider interventions that seek to bolster women’s negotiation skills. For instance, using the well-cited statistics that women earn less than men as motivation (Blau and Kahn, 2016), the United States Department of Labor encourages women to “aim higher and negotiate better” (see <https://blog.dol.gov/2015/04/13/its-time-for-equal-pay-now>). The Paycheck Fairness Act, a proposed amendment to the Equal Pay Act, even includes a provision that authorizes the Secretary of Labor “to make grants to eligible entities for negotiation skills training programs for girls and women.” (see <https://www.congress.gov/bill/114th-congress/house-bill/1619>.) With the goal of helping to close the wage gap, universities and companies provide negotiation workshops, such as those via the Program for Research and Outreach on Gender Equity in Society at Carnegie Mellon University (see <http://progress.heinz.cmu.edu/about-us>).

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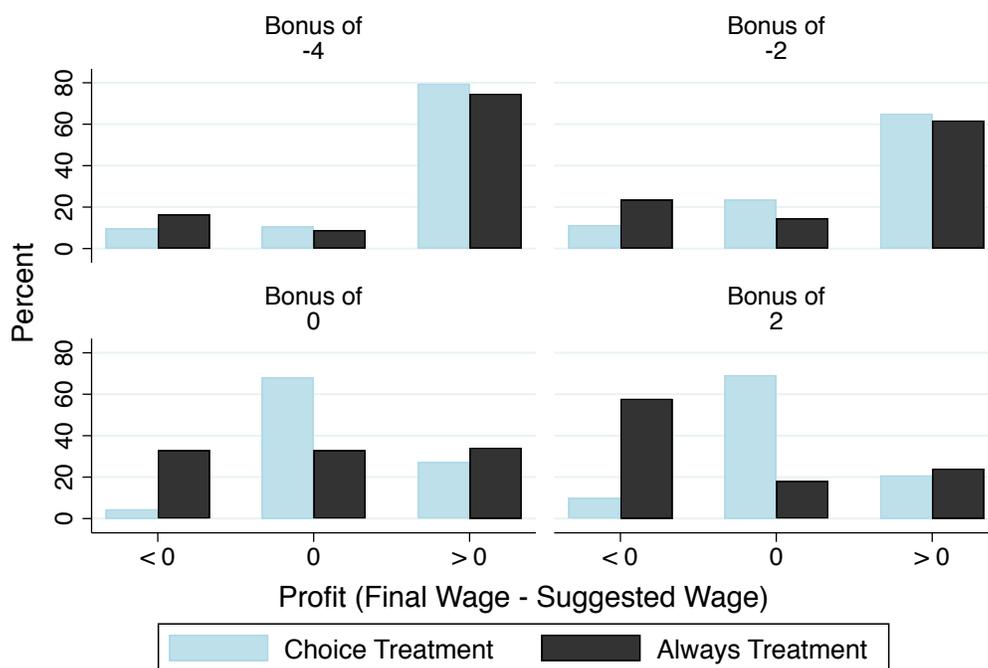
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# A Additional Results

## A.1 Additional Results for Female Workers

Figure A.1: Profits among female workers by bonus



Graphs by bonus

Notes: This figure shows how often participants' profits are less than 0, equal to 0, or greater than 0 dependent on the bonus. Data include the 41 female workers during the 10 rounds in the Choice treatment, and the 33 female workers during the 10 rounds in the Always treatment.

Table A.1: Using the wild cluster bootstrap resampling method, profits among female workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.05 (0.58)	0.05 (0.58)	0.39*** (0.00)	0.39*** (0.00)	-0.78*** (0.01)	-0.79*** (0.00)	-0.24 (0.35)	-0.14 (0.58)	-1.17*** (0.00)	-1.15*** (0.00)	-1.15*** (0.00)	-1.24*** (0.00)
<i>b &lt; 0</i>	0.48*** (0.00)	0.48*** (0.00)	0.04 (0.20)	0.04 (0.14)	1.31*** (0.00)	1.30*** (0.00)	0.57** (0.02)	0.74*** (0.01)	-1.36*** (0.01)	-1.30** (0.01)	1.17*** (0.00)	1.07*** (0.00)
<i>Always</i> * <i>b &lt; 0</i>	-0.09 (0.29)	-0.09 (0.28)	-0.29*** (0.00)	-0.29*** (0.00)	0.63* (0.09)	0.62* (0.09)	0.55* (0.06)	0.47 (0.13)	0.69 (0.29)	0.59 (0.36)	0.77* (0.08)	0.83* (0.07)
Constant	0.24*** (0.00)	0.16 (0.52)	0.07*** (0.00)	0.02 (0.92)	0.29** (0.02)	-0.87 (0.44)	2.31*** (0.00)	-0.12 (0.90)	-0.36*** (0.00)	0.34 (0.70)	0.66** (0.02)	-0.58 (0.68)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	740	740	740	740	740	740	361	361	379	379	601	601

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the wild cluster bootstrap method with replacement 1,000 times using the method in [Cameron and Miller \(2015\)](#) and the code developed by Judson Caskey (see <https://sites.google.com/site/judsoncaskey/data>). Since this method involves resampling t-statistics,  $p$ -values instead of standard errors are shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 female workers during the 10 rounds of the Choice treatment and the 33 female workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 - 10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

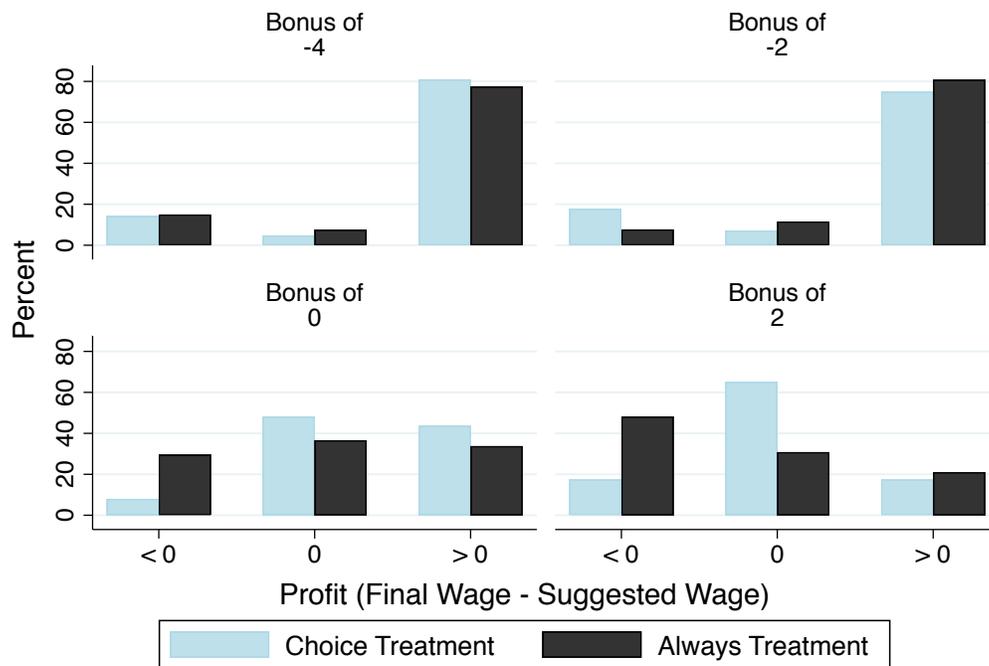
Table A.2: Quantile regressions of profits among female workers

	Regressions of profits for the following percentile:					
	25th		50th		75th	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Always</i>	-2.00*** (0.25)	-2.00*** (0.26)	0.00 (0.41)	0.00 (0.40)	1.00 (0.77)	0.25 (0.45)
$b < 0$	0.00 (0.49)	-0.00 (0.49)	2.00*** (0.08)	2.00*** (0.08)	4.00*** (0.63)	3.00*** (0.45)
<i>Always</i> $*b < 0$	2.00*** (0.63)	2.00*** (0.64)	0.00 (0.42)	0.00 (0.42)	-1.00 (0.82)	0.25 (0.59)
Constant	0.00 (0.00)	0.00 (0.21)	0.00 (0.00)	0.00 (0.16)	0.00 (0.57)	-2.00 (1.72)
Controls	no	yes	no	yes	no	yes
Observations	740	740	740	740	740	740

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the cluster bootstrap method with replacement 1,000 times. Results are from quantile regressions of profits: worker earnings - suggested wage. *Always* is an indicator for the Always treatment.  $b < 0$  is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. The data include outcomes from the 41 female workers during the 10 rounds of the Choice treatment and the 33 female workers during the 10 rounds of the Always treatment.

## A.2 Additional Results for Male Workers

Figure A.2: Profits among male workers by bonus



Graphs by bonus

Notes: This figure shows how often participants' profits are less than 0, equal to 0, or greater than 0 dependent on the bonus. Data include the 41 male workers during the 10 rounds in the Choice treatment, and the 31 male workers during the 10 rounds in the Always treatment.

Table A.3: Using the wild cluster bootstrap resampling method, profits among male workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	-0.04 (0.56)	-0.03 (0.60)	0.27*** (0.00)	0.27*** (0.00)	-0.57** (0.02)	-0.55** (0.05)	-0.36 (0.24)	-0.30 (0.26)	-0.48* (0.06)	-0.45* (0.08)	-0.71* (0.07)	-0.66* (0.10)
<i>b &lt; 0</i>	0.48*** (0.00)	0.47*** (0.00)	0.03 (0.36)	0.03 (0.36)	1.46*** (0.00)	1.43*** (0.00)	0.59*** (0.01)	0.71*** (0.00)	-2.53*** (0.00)	-2.37*** (0.00)	1.37*** (0.00)	1.36*** (0.00)
<i>Always</i> <i>*b &lt; 0</i>	0.05 (0.55)	0.05 (0.52)	-0.31*** (0.00)	-0.31*** (0.00)	0.97*** (0.01)	0.99*** (0.01)	0.46 (0.24)	0.40 (0.25)	1.78** (0.03)	1.67** (0.05)	1.06** (0.01)	1.06** (0.02)
Constant	0.31*** (0.00)	0.17 (0.32)	0.13*** (0.00)	0.08 (0.59)	0.16 (0.40)	-0.46 (0.67)	2.41*** (0.00)	1.31* (0.07)	-0.84*** (0.00)	0.19 (0.78)	0.30 (0.39)	-0.32 (0.83)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	720	720	720	720	720	720	382	382	338	338	615	615

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the wild cluster bootstrap method with replacement 1,000 times using the method in [Cameron and Miller \(2015\)](#) and the code developed by Judson Caskey (see <https://sites.google.com/site/judsoncaskey/data>). Since this method involves resampling t-statistics,  $p$ -values instead of standard errors are shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 male workers during the 10 rounds of the Choice treatment and the 31 male workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 - 10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

Table A.4: Quantile regressions of profits among male workers

	Regressions of profits for the following percentile:					
	25th		50th		75th	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Always</i>	-1.00** (0.46)	-1.00** (0.46)	0.00 (0.15)	0.00 (0.17)	0.00 (0.74)	-0.33 (0.48)
$b < 0$	1.00 (0.66)	1.00* (0.60)	2.00*** (0.18)	2.00*** (0.17)	3.00*** (0.55)	2.57*** (0.46)
<i>Always</i> $*b < 0$	1.00 (0.89)	1.00 (0.80)	0.00 (0.32)	0.00 (0.32)	0.00 (0.77)	0.53 (0.55)
Constant	0.00 (0.00)	0.00 (0.98)	0.00 (0.00)	0.00 (0.22)	1.00* (0.52)	-0.40 (1.52)
Controls	no	yes	no	yes	no	yes
Observations	720	720	720	720	720	720

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the cluster bootstrap method with replacement 1,000 times. Results are from quantile regressions of profits: worker earnings - suggested wage. *Always* is an indicator for the Always treatment.  $b < 0$  is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. The data include outcomes from the 41 male workers during the 10 rounds of the Choice treatment and the 31 male workers during the 10 rounds of the Always treatment.

### A.3 Additional Results for Female and Male Workers

Table A.5: Using the wild cluster bootstrap resampling method, profits among female versus male workers

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.01 (0.86)	0.01 (0.91)	0.39*** (0.00)	0.40*** (0.00)	-0.86*** (0.00)	-0.89*** (0.00)	-0.21 (0.40)	-0.10 (0.67)	-1.30*** (0.00)	-1.26*** (0.00)	-1.19*** (0.00)	-1.25*** (0.00)
<i>Male</i>	0.06 (0.21)	0.06 (0.24)	0.06** (0.01)	0.06*** (0.01)	-0.05 (0.78)	-0.07 (0.70)	0.13 (0.55)	0.12 (0.52)	-0.75*** (0.00)	-0.74*** (0.00)	-0.23 (0.42)	-0.27 (0.35)
<i>Always</i> <i>*Male</i>	-0.01 (0.86)	-0.01 (0.91)	-0.13** (0.01)	-0.14*** (0.01)	0.38 (0.31)	0.44 (0.23)	-0.19 (0.48)	-0.23 (0.38)	0.95*** (0.00)	0.95*** (0.00)	0.56 (0.17)	0.64 (0.11)
<i>b &lt; 0</i>	0.48*** (0.00)	0.48*** (0.00)	0.03 (0.14)	0.04* (0.08)	1.39*** (0.00)	1.36*** (0.00)	0.58*** (0.00)	0.73*** (0.00)	-1.87*** (0.00)	-1.78*** (0.00)	1.28*** (0.00)	1.24*** (0.00)
<i>Always</i> <i>*b &lt; 0</i>	-0.02 (0.67)	-0.02 (0.69)	-0.30*** (0.00)	-0.30*** (0.00)	0.79*** (0.00)	0.80*** (0.00)	0.51** (0.03)	0.44* (0.05)	1.17** (0.02)	1.08** (0.03)	0.90** (0.01)	0.92** (0.01)
Constant	0.24*** (0.00)	0.14 (0.32)	0.07*** (0.00)	0.01 (0.92)	0.25* (0.07)	-0.57 (0.47)	2.29*** (0.00)	0.57 (0.33)	-0.22** (0.03)	0.70 (0.30)	0.58** (0.02)	-0.24 (0.80)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	1460	1460	1460	1460	1460	1460	743	743	717	717	1216	1216

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the wild cluster bootstrap method with replacement 1,000 times using the method in [Cameron and Miller \(2015\)](#) and the code developed by Judson Caskey (see <https://sites.google.com/site/judsoncaskey/data>). Since this method involves resampling t-statistics,  $p$ -values instead of standard errors are shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *Male* is an indicator for a male. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 41 female workers and 41 male workers during the 10 rounds of the Choice treatment and the 33 female workers and 31 male workers during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 -10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

Table A.6: Quantile regressions of profits among female workers and male workers

	Regressions of profits for the following percentile:					
	25th		50th		75th	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Always</i>	-2.00*** (0.20)	-2.00*** (0.20)	0.00 (0.27)	0.00 (0.27)	0.00 (0.70)	0.08 (0.43)
<i>Male</i>	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.57)	0.20 (0.35)
<i>Always*Male</i>	1.00** (0.41)	1.00** (0.41)	0.00 (0.24)	0.00 (0.23)	0.00 (0.72)	-0.28 (0.52)
<i>b &lt; 0</i>	1.00* (0.52)	1.00* (0.52)	2.00 (0.00)	2.00 (0.00)	3.00*** (0.42)	2.72*** (0.34)
<i>Always*b &lt; 0</i>	1.00* (0.58)	1.00* (0.58)	0.00 (0.25)	0.00 (0.25)	0.00 (0.57)	0.32 (0.42)
Constant	0.00 (0.00)	0.00 (0.07)	0.00 (0.00)	0.00 (0.00)	1.00* (0.52)	-1.32 (1.39)
Controls	no	yes	no	yes	no	yes
Observations	1460	1460	1460	1460	1460	1460

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the cluster bootstrap method with replacement 1,000 times. Results are from quantile regressions of profits: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *Male* is an indicator for a male. *b < 0* is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. The data include outcomes from the 41 female workers and 41 male workers during the 10 rounds of the Choice treatment and the 33 female workers and 31 male workers during the 10 rounds of the Always treatment.

Table A.7: Considering the selection into negotiation on other measures

	Linear probability model of nego- tiation entry in Choice treatment			Ordinary least squares of profit in Forced treatment		
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Fairness measure</i>	-0.03* (0.02)			-0.23** (0.09)		
<i>Risk measure</i>		-0.02 (0.06)			0.12 (0.16)	
<i>Agressive-chat</i>			-0.25 (0.17)			-0.41 (0.65)
<i>Deferential-chat</i>			-0.04 (0.12)			0.97 (0.62)
<i>Entitled-chat</i>			-0.44*** (0.13)			0.20 (0.43)
<i>Fair-chat</i>			0.11 (0.15)			0.72* (0.41)
<i>Male</i>	0.17 (0.10)	0.11 (0.17)	-0.13 (0.12)	-0.28 (0.36)	-0.10 (0.54)	0.86* (0.48)
<i>Fairness measure*Male</i>	-0.01 (0.03)			0.19 (0.12)		
<i>Risk measure*Male</i>		0.00 (0.07)			0.07 (0.22)	
<i>Agressive-chat*Male</i>			0.20 (0.23)			0.59 (1.06)
<i>Deferential-chat*Male</i>			0.34** (0.15)			-1.03 (0.77)
<i>Entitled-chat*Male</i>			0.43** (0.17)			-0.16 (0.77)
<i>Fair-chat*Male</i>			-0.14 (0.18)			-1.57** (0.78)
Constant	1.19*** (0.15)	1.17*** (0.19)	1.20*** (0.13)	-1.70 (1.34)	-2.58* (1.31)	-2.60* (1.31)
<i>b</i>	<i>b</i> > 0	<i>b</i> > 0	<i>b</i> > 0	<i>b</i> > 0	<i>b</i> > 0	<i>b</i> > 0
Controls	yes	yes	yes	yes	yes	yes
Observations	422	422	410	314	314	314

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. *Fairness measure* is a count of how many times an individual chooses the fair wage to be equal to their contribution out of the six scenarios in the fairness task of the follow-up survey. *Risk measure* is a count of how many times an individual chooses the certain amount over the lotteries in the five scenarios in the risk task of the follow-up survey. *X-chat* is the fraction of an individual's negotiations involving a bonus of -4 that are coded as the chat-type *X*. *Male* is an indicator for male workers. Columns 1 - 3: results are from ordinary least squares regressions of an indicator for whether a worker chooses to enter a negotiation; controls include the negotiation round (from 1 to 10), the worker's contribution, an indicator for whether the firm's contribution is known, and the difference between the worker's and firm's contributions if the firm's contribution is known; and data include the observations from the 41 female workers and 41 male workers during the 10 rounds in the Choice treatment (and in Column 3, participants with non-missing chat tendency measures). Columns 4 - 6: results are from ordinary least squares regressions of a worker's profit; controls include the negotiation round (from 1 to 10), the worker's contribution, an indicator for whether the firm's contribution is known, the difference between the worker's and firm's contribution, and the interaction between these last two variables; and data include the 33 female workers and 31 male workers during the 10 rounds of the Always treatment.

## A.4 Additional Results for Female and Male Firms

Table A.8: Profits among female versus male firms

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.32*** (0.04)	0.32*** (0.04)	0.01 (0.05)	0.01 (0.05)	0.64*** (0.20)	0.64*** (0.21)	0.13 (0.41)	0.15 (0.40)	-0.39** (0.19)	-0.37* (0.19)	1.65*** (0.24)	1.56*** (0.25)
<i>b &lt; 0</i>	-0.00 (0.01)	-0.00 (0.01)	0.51*** (0.03)	0.51*** (0.03)	-1.71*** (0.13)	-1.73*** (0.13)	0.25 (0.40)	0.37 (0.40)	-1.74*** (0.13)	-1.76*** (0.13)	-0.90*** (0.16)	-0.99*** (0.16)
<i>Always</i> <i>*b &lt; 0</i>	-0.29*** (0.03)	-0.29*** (0.03)	-0.03 (0.05)	-0.02 (0.05)	-0.69*** (0.20)	-0.72*** (0.20)	-0.66 (0.43)	-0.80* (0.44)	0.23 (0.22)	0.18 (0.21)	-1.51*** (0.22)	-1.46*** (0.23)
<i>Male</i>	-0.00 (0.01)	0.00 (0.01)	-0.03 (0.04)	-0.04 (0.03)	-0.01 (0.18)	0.03 (0.17)	0.08 (0.42)	0.04 (0.42)	-0.01 (0.17)	0.04 (0.15)	-0.08 (0.21)	-0.03 (0.21)
<i>Always</i> <i>*Male</i>	0.03 (0.04)	0.03 (0.04)	-0.04 (0.07)	-0.04 (0.06)	0.24 (0.34)	0.22 (0.33)	0.27 (0.47)	0.36 (0.47)	0.02 (0.29)	0.00 (0.28)	0.30 (0.36)	0.28 (0.36)
Constant	0.02** (0.01)	0.05 (0.08)	0.37*** (0.03)	0.16 (0.14)	-1.02*** (0.13)	0.73 (0.64)	1.57*** (0.37)	2.58** (1.16)	-1.08*** (0.12)	0.61 (0.56)	-2.03*** (0.18)	-0.18 (0.74)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	1460	1460	1460	1460	1460	1460	147	147	1313	1313	1216	1216

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *Male* is an indicator for a male.  $b < 0$  is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 38 female firms and 44 male firms during the 10 rounds of the Choice treatment and the 34 female firms and 30 male firms during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 - 10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

Table A.9: Using the wild cluster bootstrap resampling method, profits among female versus male firms

	Ordinary least squares of											
	1(profit > 0)		1(profit < 0)		profit		profit, given profit > 0		profit, given profit ≤ 0		profit, given negotiation	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<i>Always</i>	0.32*** (0.00)	0.32*** (0.00)	0.01 (0.80)	0.01 (0.81)	0.64*** (0.00)	0.64*** (0.00)	0.13 (0.81)	0.15 (0.77)	-0.39** (0.05)	-0.37* (0.06)	1.65*** (0.00)	1.56*** (0.00)
<i>Male</i>	-0.00 (1.00)	0.00 (1.00)	-0.03 (0.39)	-0.04 (0.31)	-0.01 (0.95)	0.03 (0.83)	0.08 (0.85)	0.04 (0.91)	-0.01 (0.96)	0.04 (0.77)	-0.08 (0.73)	-0.03 (0.89)
<i>Always</i> <i>*Male</i>	0.03 (0.44)	0.03 (0.43)	-0.04 (0.57)	-0.04 (0.59)	0.24 (0.49)	0.22 (0.49)	0.27 (0.61)	0.36 (0.52)	0.02 (0.95)	0.00 (0.99)	0.30 (0.40)	0.28 (0.42)
<i>b &lt; 0</i>	-0.00 (0.86)	-0.00 (0.85)	0.51*** (0.00)	0.51*** (0.00)	-1.71*** (0.00)	-1.73*** (0.00)	0.25 (0.55)	0.37 (0.40)	-1.74*** (0.00)	-1.76*** (0.00)	-0.90*** (0.00)	-0.99*** (0.00)
<i>Always</i> <i>*b &lt; 0</i>	-0.29*** (0.00)	-0.29*** (0.00)	-0.03 (0.57)	-0.02 (0.61)	-0.69*** (0.00)	-0.72*** (0.00)	-0.66 (0.20)	-0.80 (0.14)	0.23 (0.31)	0.18 (0.40)	-1.51*** (0.00)	-1.46*** (0.00)
Constant	0.02** (0.03)	0.05 (0.54)	0.37*** (0.00)	0.16 (0.27)	-1.02*** (0.00)	0.73 (0.28)	1.57*** (0.01)	2.58** (0.03)	-1.08*** (0.00)	0.61 (0.31)	-2.03*** (0.00)	-0.18 (0.82)
Controls	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes
N	1460	1460	1460	1460	1460	1460	147	147	1313	1313	1216	1216

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the wild cluster bootstrap method with replacement 1,000 times using the method in [Cameron and Miller \(2015\)](#) and the code developed by Judson Caskey (see <https://sites.google.com/site/judsoncaskey/data>). Since this method involves resampling t-statistics,  $p$ -values instead of standard errors are shown in parentheses. Results are from ordinary least squares regressions of the indicated measure of profits from negotiations: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *Male* is an indicator for a male.  $b < 0$  is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. Columns 1 - 6 include all outcomes from the 38 female firms and 44 male firms during the 10 rounds of the Choice treatment and the 34 female firms and 30 male firms during the 10 rounds of the Always treatment, while Columns 7 - 8 include all of those outcomes that result in positive profits and Columns 9 - 10 include all of those outcomes that result in non-positive profits. Columns 11 - 12 restrict to only outcomes from negotiations.

Table A.10: Quantile regressions of profits among female firms and male firms

	Regressions of profits for the following percentile:					
	25th		50th		75th	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>Always</i>	1.00 (0.62)	0.11 (0.39)	0.00 (0.06)	0.00 (0.19)	1.00*** (0.18)	1.00*** (0.18)
<i>Male</i>	0.00 (0.24)	-0.11 (0.28)	0.00 (0.08)	0.00 (0.09)	0.00 (0.00)	0.00 (0.01)
<i>Always*Male</i>	0.00 (0.67)	0.06 (0.47)	0.00 (0.25)	0.00 (0.31)	1.00** (0.46)	1.00** (0.46)
$b < 0$	-2.00*** (0.41)	-2.44*** (0.27)	-2.00*** (0.50)	-2.00*** (0.38)	-2.00*** (0.17)	-2.00*** (0.17)
<i>Always*b &lt; 0</i>	-1.00 (0.61)	-0.44 (0.39)	0.00 (0.70)	0.00 (0.56)	-1.00** (0.44)	-1.00** (0.44)
Constant	-2.00*** (0.42)	0.39 (1.03)	0.00 (0.00)	0.00 (0.90)	0.00 (0.00)	0.00 (0.03)
Controls	no	yes	no	yes	no	yes
Observations	1460	1460	1460	1460	1460	1460

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors are clustered at the participant-level and computed via the cluster bootstrap method with replacement 1,000 times. Results are from quantile regressions of profits: worker earnings - suggested wage. *Always* is an indicator for the Always treatment. *Male* is an indicator for a male.  $b < 0$  is an indicator for a negative bonus. Controls include the negotiation round (from 1 to 10), the worker's contribution, the difference between the worker's and firm's contributions, an indicator for whether the firm's contribution is known, and the interaction between these last two variables. The data include outcomes from the 38 female firms and 44 male firms during the 10 rounds of the Choice treatment and the 34 female firms and 30 male firms during the 10 rounds of the Always treatment.

## A.5 Additional information on our third-party online experiment and on our first-party online experiment

Our first-party experiment involves “workers” and “firms” participating in negotiation opportunities like those described in the second question of our third-party experiment.<sup>42</sup> For our first-party experiment, we recruited 800 workers and 400 firms to complete a 15-minute study for a guaranteed payment of \$2. Out of the 800 workers, 798 workers successfully completed our study.<sup>43</sup> Each worker was informed that they would make four negotiation decisions, one of which would be randomly selected to determine if, and how much, additional payment they would receive. Each worker was randomly assigned to either the Choice treatment ( $n = 399$ ) or to the Always treatment ( $n = 398$ ). Out of the 400 firms, 398 firms successfully completed our study.<sup>44</sup> Each firm was informed that they would be paired with 16 negotiation decisions made by 16 different workers, some number of which would be randomly selected to count for additional payment.<sup>45</sup>

More specifically, workers in our first-party experiment face four negotiation decisions. Across these four negotiation decisions, the suggested wage they face varies (in random order) such that each worker faces each of the four possible suggested wages of 120, 150, 180, and 210 cents. In the Choice treatment, workers can choose to accept the suggested wage or instead to enter a negotiation with their firm. In the Always treatment, workers are required to enter a negotiation with their firm. When workers negotiate, the response by their firms in turn determines their payoff.<sup>46</sup>

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<sup>42</sup>Relative to the negotiation opportunities described in that question, however, our first-party experiment differs in two ways. First, workers may not have the choice to avoid a negotiation opportunity depending on their random treatment assignment. Second, the decisions by the workers in our first-party experiment could not be overruled by others — i.e., the participants in our third-party experiment — so that we could cleanly identify the outcomes from these negotiation opportunities. Thus, participants from our first-party experiment were not the same participants as the participants described in the second question of our third-party experiment. We recruited an additional 40 workers and 4 firms to partake in the version of our experiment described in the second question of our third-party experiment. This number of additional participants was determined by the weighted randomization of which question was selected to count for payments in our third-party experiment.

<sup>43</sup>Two recruited participants failed to complete the study. The study took place on December 18, 2017.

<sup>44</sup>Two recruited participants failed to complete the study. This study took place on December 19, 2017. We note that firms had to be recruited after workers made their decisions so that they could respond to the decisions made by workers.

<sup>45</sup>Since there were 798 workers who each made 4 negotiation decisions, there were 3,192 negotiation decisions made by workers. Since we recruited 400 firms to each face 16 negotiation decisions made by workers, we then expected to be able to assign 6,400 negotiation decisions to firms. We thus assigned each negotiation decision made by workers to two firms, or in a few cases, to three firms. For each negotiation decision that was randomly selected to count for payment for a worker, it also counted for payment for the first firm who was matched to that negotiation decision. For all firms, this resulted in them receiving additional payments according to at least one of the 16 negotiation decisions they faced. In the event that this did not work out, however, we also told firms that in the very unlikely event that none of the negotiation decisions they faced counted for additional payments, they would receive a fixed additional payment of 150 cents.

<sup>46</sup>Since each negotiation decision made by a worker is matched with multiple firms, we calculate the payoff a worker receives from an entered negotiation as the average payoff calculated from all firms that responded to that

The results from our first-party experiment can be summarized as follows. First, both female and male workers avoid negotiations the majority of the time. Female workers only enter 32% of the time, and male workers only enter 31% of the time. We note that this lack of a gender difference in entry is not surprising, as given the design constraints associated with running on Amazon Mechanical Turk, we implemented our “negotiations” as modified ultimatum games.<sup>47</sup> Indeed, as detailed in [Hernandez-Arenaz and Iriberry \(2018a\)](#), gender differences in ultimatum games are mixed, and in a setting like ours where there are clear norms in terms of how revenues should be split, may be less likely to arise.

Second, workers’ entry decisions are consistent with positive selection on the observable characteristic of the negotiation environment: the bonus. Profits in the Always treatment significantly decrease in the bonus and workers choose to enter less often as the bonus increases in the Choice treatment.<sup>48</sup>

Third, increased negotiations result in significant financial losses for both women and men on average. When clustering standard errors at the participant level, the profits achieved by women are 11 cents lower in the Always treatment than in the Choice treatment, and the profits achieved by men are 9 cents lower in the Always treatment than in the Choice treatment, with both effects being significantly different from zero ( $p < 0.01$  for both). Thus, the losses accrued to women are 17 percent greater than those experienced by men, showing that increased negotiations are not more helpful, or less harmful, to women than they are to men.

In other words, the results from our first-party experiment serve to replicate the main findings in our laboratory study. Women avoid negotiations that are likely to result in losses, and a requirement that prevents them from avoiding these negotiations, is not helpful. Preventing women from avoiding negotiations is instead harmful. Moreover, it is not the case that increased negotiations are more helpful, or less harmful, to women than they are to men.

The combined results from our first-party experiment and our third-party experiment allows us to make one additional observation. Even if increased negotiations are not more harmful to women than they are to men, it is essential that we account for the distortion that results from women more commonly being encouraged to negotiate. If it is costly to enter negotiations that otherwise would be avoided, then a greater push for women to negotiate will prove costly.

Indeed, while the impact of going from the Choice treatment to the Always treatment is

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negotiation.

<sup>47</sup>In particular, since we had to first recruit the workers and then feed their decisions into a subsequent study for the firms, we had to restrict worker-firm interactions to the firm simply deciding whether to accept or to reject a worker’s proposal.

<sup>48</sup>The average profit (in cents) by women in the Always treatment is -1.16, -10.25, -22.48, and -28.17 when the bonus level is 120, 150, 180, and 210, respectively. The entry rate by women into negotiations in the Choice treatment is 61%, 35%, 22%, and 12% when the bonus level is 120, 150, 180, and 210, respectively. The average profit (in cents) by men in the Always treatment is 1.81, -11.70, -16.05, and -27.28 when the bonus level is 120, 150, 180, and 210, respectively. The entry rate by men into negotiations in the Choice treatment is 59%, 31%, 22% and 13% when the bonus level is 120, 150, 180, and 210, respectively.

similarly negative for women and men in our first-party experiment, a counterfactual estimate of a push to negotiate can be gauged by evaluating the impact of going from the Choice treatment to an environment where workers must negotiate whenever a third-party pays to force the worker into a negotiation. We find that a third-party push for negotiation results in significantly lower average profits for female workers than it does for male workers. That is, the impact of going from the Choice treatment to an environment where female workers are required to negotiate 54% of the time and male workers are required to negotiate 31% of the time introduces significantly greater costs on the female worker. Adding third-party restrictions on the ability to negotiate is twice as costly for women as it is for men ( $p = 0.048$ ).<sup>49</sup>

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<sup>49</sup>When clustering standard errors at the participant level, the average decrease in profits among women is 11.06 cents when they are always required to negotiate and thus 6.09 cents when they are required to negotiate 55% of the time. When clustering standard errors at the participant level, the average decrease in profits among men is 9.43 cents when they are always required to negotiate and thus 3.02 cents when they are required to negotiate 32% of the time. Note that the average decrease of 6.09 cents is slightly more than twice that of 3.02 cents.

# B Instructions

## B.1 Laboratory Experiment Instructions

Always Treatment, Common Knowledge

### Instructions

This is an experiment on decision-making. The earnings you receive today will depend on the decisions and performance made by you and by other participants in this room. Please turn off your cell phones. If you have a question, please raise your hand and an experimenter will come to answer you in private.

#### Worker-Firm Pairs

Half of you will be assigned the role of a Worker and the other half will be assigned the role of a Firm. You will maintain your role throughout the experiment.

The experiment consists of two blocks: Block A and B. Each block lasts for 5 rounds (for a total of 10 rounds). At the beginning of each round, each worker and each firm is randomly paired with someone of the opposite role to form worker-firm pairs. You will not know the identity of the person you are paired with nor will he/she know your identity. Worker-firm pairs are randomly generated at the beginning of each round. Thus you are unlikely to be paired with the same person two rounds in a row.

#### Revenue

The worker-firm pair will have a revenue, which they must split between a wage for the worker and a profit for the firm. The revenue is the sum of a worker-contribution and a firm-contribution. The worker-contribution and firm-contribution result from initial performances by the worker and firm. The firm and the worker perform the same task. Performance is measured at the start of each block where you each have 5-minutes to complete a task. Your performance at the start of a block determines your contribution for the duration of the block. Since you may be in different worker-firm pairs across rounds, the contribution by the person you are paired with may change between rounds. The worker will know the firm-contribution, and the firm will know the worker-contribution.

#### Contributions

Individual contributions are held constant for the duration of a block and are determined by comparing the individual's performance to those of others in the same role. Individuals with a higher relative performance secure a greater contribution. For each firm the firm-contribution is determined by comparing the firm's performance to that of one other randomly selected firm. For each worker the worker-contribution is determined by comparing the worker's performance to those of two other randomly selected workers. The comparison group is randomly determined at the beginning of each new block.

The firm-contribution depends on how the firm's performance in the task compares to that of a randomly selected other firm in that block. The firm-contribution is:

- \$25 if the firm's performance is ranked first
- \$20 if the firm's performance is ranked second

The worker contribution depends on how the worker's performance compares to those of two randomly selected workers in that block. The worker-contribution is

- \$20 if the worker's performance is ranked first
- \$15 if the worker's performance is ranked second
- \$10 if the worker's performance is ranked third

## Always Treatment, Common Knowledge

### **Wage determination**

In each round, the revenue is the sum of the worker-contribution and the firm-contribution. Together, the worker and firm have to determine what portion of the revenue will be spent on the worker's wage and what remaining revenue will be paid to the firm as profit.

The wage is determined as follows. The computer first generates a suggested wage  $S$ . Then, the worker and the firm will have 3 minutes to reach an agreement on a wage. If the worker and firm reach an agreement, the worker receives the agreed upon wage. We refer to the agreed upon wage as  $W$ . If the worker and the firm do not reach an agreement within 3 minutes, the suggested wage is implemented and the firm and worker each pay a \$5 penalty for not reaching an agreement in time. In other words:

#### **Negotiate and don't agree**

Worker's wage =  $S - 5$

Firm's profit = revenue -  $S - 5$

#### **Negotiate and agree**

Worker's wage =  $W$

Firm's profit = revenue -  $W$

### **Negotiating**

Negotiations take place using a negotiation screen. Samples of the negotiation screens for the worker and firm are shown on the next page. The top of the screen provides you with relevant information regarding the negotiation. The middle of the screen allows you to propose a wage. The bottom right of the screen keeps a history of wage offers, and allows you to accept offers made by the person you are paired with. The bottom left side of the screen allows you to chat with one another.

### **Negotiation Information**

The top right corner of the screen reports how many seconds of the negotiation remains. If no agreement is reached at the end of the 3 minutes, the suggested wage is implemented with a \$5 penalty for the worker and a \$5 penalty for the firm.

The top line reminds you of your role (worker or firm), your contribution, and the block and round you are in. The box below that reviews how contributions are determined. The bold section reports the total revenue and the suggested wage. The revenue is the sum of the worker-contribution and firm-contribution. Finally, there is a reminder of the payoffs that result in the event that no agreement or an agreement is reached.

## Always Treatment, Common Knowledge

### **Wage proposal and acceptance**

The middle of the screen contains a field where you can propose a wage. To propose a wage you type a number in the text box under “I propose the following worker's wage” and click OK. A history of proposed wages is listed on the bottom right of the screen. Once you propose a wage, it appears on your screen and on the screen of the person you are paired with. While past wage offers are still visible, only the most recently proposed wages are valid. The person you are paired with may accept your most recently proposed wage by clicking on the line with that wage to highlight it and then click the “I Accept this W” button. Likewise you may accept their most recently proposed wage offer by clicking on the line with that wage to highlight it and then click the “I Accept this W” button. Wage proposals accepted by the other person become the agreed upon wage and are implemented. The round ends when a wage offer is accepted. In the sample screens we blackened out all the proposed wages.

Wage proposals can be revised and accepted at any moment before the end of the three minutes. If no wage offers are accepted within three minutes, the suggested wage,  $S$ , is implemented with an individual \$5 penalty

### **Chat**

Workers and firms may chat via the chat box in the bottom left side of the screen. In the sample screen, the chat box displays the sent messages from the worker who said “I am a worker”, and the firm who said “I am a firm.” To enter messages like these type in the chat text box below the chat box. Note that the worker and firm have currently typed “this is my second message as a worker/firm that I have not yet sent.” To send a chat message, push ENTER on your keyboard.

When chatting, you should not share any information that identifies (or helps to identify) who you are. That is, you should not share your name, age, gender, location in the lab, etc. If we discover that you have shared any such information, then you will not receive any earnings from the experiment.

### **Payments**

The experiment consists of two blocks of five rounds of negotiation. At the end of the experiment we will randomly select one negotiation round of each block to count for payment. Your payment for participating in the experiment will be the sum of your earnings from these two randomly selected rounds, payments from a few subsequent decisions, and \$5 for showing up for today's experiment.

### **Final Notes**

Throughout the experiment, please push OK on the computer screen to continue or to submit answers. When you are waiting for the experiment to continue, please quietly wait at your seat and refrain from using any electronic devices or partaking in any other activity. If you ever have a question, please raise your hand. Thank you for your participation and cooperation!

# Always Treatment, Common Knowledge

## EXAMPLE SCREEN FOR A WORKER

Remaining time [sec] 111		
You are a worker	Your worker-contribution is \$20	Block A, Round 1 out of 5.
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker knows the firm-contribution, and the firm knows the worker-contribution.</p>		
<p><b>Revenue = 40</b> <b>Suggested wage S = 16</b></p>		
<p><b>No agreement:</b> Worker's wage = 16 - 5 Firm's profit = revenue - 16 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>
<p>I propose the following worker's wage:</p> <p style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </p> <p style="text-align: right;"><input type="button" value="OK"/></p>		
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (firm): I am a firm.</p> <p>Sender (YOU- worker) : I am a worker</p> <p style="font-size: small;">this is the second message that I am about to send as a worker</p>	<p>Firm's Proposal</p> <p style="text-align: center;">Worker's Wage</p> <p style="text-align: center;"><input style="width: 100px;" type="text" value=""/></p>	<p>Worker's Proposal (you)</p> <p style="text-align: center;">Worker's Wage</p> <p style="text-align: center;"><input style="width: 100px;" type="text" value=""/></p> <p style="text-align: right;"><input type="button" value="I Accept this W"/></p>

## EXAMPLE SCREEN FOR A FIRM

Remaining time [sec] 125		
You are a firm	Your firm-contribution is \$20	Block A, Round 1 out of 5.
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker knows the firm-contribution, and the firm knows the worker-contribution.</p>		
<p><b>Revenue = 40</b> <b>Suggested wage S = 16</b></p>		
<p><b>No agreement:</b> Worker's wage = 16 - 5 Firm's profit = revenue - 16 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>
<p>I propose the following worker's wage:</p> <p style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </p> <p style="text-align: right;"><input type="button" value="OK"/></p>		
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (YOU- firm) : I am a firm.</p> <p>Sender (worker): I am a worker</p> <p style="font-size: small;">this is the second message that I am about to send as a firm</p>	<p>Firm's Proposal (you)</p> <p style="text-align: center;">Worker's Wage</p> <p style="text-align: center;"><input style="width: 100px;" type="text" value=""/></p>	<p>Worker's Proposal</p> <p style="text-align: center;">Worker's Wage</p> <p style="text-align: center;"><input style="width: 100px;" type="text" value=""/></p> <p style="text-align: right;"><input type="button" value="I Accept this W"/></p>

## Instructions

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### Worker-Firm Pairs

Half of you will be assigned the role of a Worker and the other half will be assigned the role of a Firm. You will maintain your role throughout the experiment.

The experiment consists of two blocks: Block A and B. Each block lasts for 5 rounds (for a total of 10 rounds). At the beginning of each round, each worker and each firm is randomly paired with someone of the opposite role to form worker-firm pairs. You will not know the identity of the person you are paired with nor will he/she know your identity. Worker-firm pairs are randomly generated at the beginning of each round. Thus you are unlikely to be paired with the same person two rounds in a row.

### Revenue

The worker-firm pair will have a revenue, which they must split between a wage for the worker and a profit for the firm. The revenue is the sum of a worker-contribution and a firm-contribution. The worker-contribution and firm-contribution result from initial performances by the worker and firm. The firm and the worker perform the same task. Performance is measured at the start of each block where you each have 5-minutes to complete a task. Your performance at the start of a block determines your contribution for the duration of the block. Since you may be in different worker-firm pairs across rounds, the contribution by the person you are paired with may change between rounds. The worker will not know the firm-contribution, but the firm will know the worker-contribution.

### Contributions

Individual contributions are held constant for the duration of a block and are determined by comparing the individual's performance to those of others in the same role. Individuals with a higher relative performance secure a greater contribution. For each firm the firm-contribution is determined by comparing the firm's performance to that of one other randomly selected firm. For each worker the worker-contribution is determined by comparing the worker's performance to those of two other randomly selected workers. The comparison group is randomly determined at the beginning of each new block.

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- \$20 if the firm's performance is ranked second

The worker contribution depends on how the worker's performance compares to those of two randomly selected workers in that block. The worker-contribution is

- \$20 if the worker's performance is ranked first
- \$15 if the worker's performance is ranked second
- \$10 if the worker's performance is ranked third

## Always Treatment, Private Knowledge

### **Wage determination**

In each round, the revenue is the sum of the worker-contribution and the firm-contribution. Together, the worker and firm have to determine what portion of the revenue will be spent on the worker's wage and what remaining revenue will be paid to the firm as profit.

The wage is determined as follows. The computer first generates a suggested wage  $S$ . Then, the worker and the firm will have 3 minutes to reach an agreement on a wage. If the worker and firm reach an agreement, the worker receives the agreed upon wage. We refer to the agreed upon wage as  $W$ . If the worker and the firm do not reach an agreement within 3 minutes, the suggested wage is implemented and the firm and worker each pay a \$5 penalty for not reaching an agreement in time. In other words:

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Firm's profit = revenue -  $W$

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The top right corner of the screen reports how many seconds of the negotiation remains. If no agreement is reached at the end of the 3 minutes, the suggested wage is implemented with a \$5 penalty for the worker and a \$5 penalty for the firm.

The top line reminds you of your role (worker or firm), your contribution, and the block and round you are in. The box below that reviews how contributions are determined. The bold section reports the total revenue and the suggested wage. The revenue is the sum of the worker-contribution and firm-contribution. Finally, there is a reminder of the payoffs that result in the event that no agreement or an agreement is reached.

## Always Treatment, Private Knowledge

### **Wage proposal and acceptance**

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Wage proposals can be revised and accepted at any moment before the end of the three minutes. If no wage offers are accepted within three minutes, the suggested wage,  $S$ , is implemented with an individual \$5 penalty

### **Chat**

Workers and firms may chat via the chat box in the bottom left side of the screen. In the sample screen, the chat box displays the sent messages from the worker who said “I am a worker”, and the firm who said “I am a firm.” To enter messages like these type in the chat text box below the chat box. Note that the worker and firm have currently typed “this is my second message as a worker/firm that I have not yet sent.” To send a chat message, push ENTER on your keyboard.

When chatting, you should not share any information that identifies (or helps to identify) who you are. That is, you should not share your name, age, gender, location in the lab, etc. If we discover that you have shared any such information, then you will not receive any earnings from the experiment.

### **Payments**

The experiment consists of two blocks of five rounds of negotiation. At the end of the experiment we will randomly select one negotiation round of each block to count for payment. Your payment for participating in the experiment will be the sum of your earnings from these two randomly selected rounds, payments from a few subsequent decisions, and \$5 for showing up for today's experiment.

### **Final Notes**

Throughout the experiment, please push OK on the computer screen to continue or to submit answers. When you are waiting for the experiment to continue, please quietly wait at your seat and refrain from using any electronic devices or partaking in any other activity. If you ever have a question, please raise your hand. Thank you for your participation and cooperation!

# Always Treatment, Private Knowledge

## EXAMPLE SCREEN FOR A WORKER

Remaining time [sec]: 3						
You are a worker	Your worker-contribution is \$15	Block A, Round 1 out of 5.				
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker does not know the firm-contribution, but the firm knows the worker-contribution.</p>						
<p><b>Revenue = 15 + F</b> <b>Suggested wage S = 13</b></p>						
<p><b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>				
<p>I propose the following worker's wage:</p> <input style="width: 100%;" type="text" value=""/>						
OK						
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (YOU- worker) : i am the worker</p> <p>Sender (firm): i am the firm</p> <p style="font-size: small;">this is my second message as a worker that I have not yet sent</p>	<p>Firm's Proposal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100%;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100%;" type="text" value=""/>	<p>Worker's Proposal (you)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100%;" type="text" value=""/> </td> </tr> </table> <p style="text-align: right;">Accept this W</p>	Worker's Wage	<input style="width: 100%;" type="text" value=""/>
Worker's Wage						
<input style="width: 100%;" type="text" value=""/>						
Worker's Wage						
<input style="width: 100%;" type="text" value=""/>						

## EXAMPLE SCREEN FOR A FIRM

Remaining time [sec]: 22						
You are a firm	Your firm-contribution is \$25	Block A, Round 1 out of 5.				
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker does not know the firm-contribution, but the firm knows the worker-contribution.</p>						
<p><b>Revenue = 40</b> <b>Suggested wage S = 13</b></p>						
<p><b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>				
<p>I propose the following worker's wage:</p> <input style="width: 100%;" type="text" value=""/>						
OK						
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (worker) : i am the worker</p> <p>Sender (YOU- firm) : i am the firm</p> <p style="font-size: small;">this is my second message as a firm that I have not yet sent</p>	<p>Firm's Proposal (you)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100%;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100%;" type="text" value=""/>	<p>Worker's Proposal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100%;" type="text" value=""/> </td> </tr> </table> <p style="text-align: right;">Accept this W</p>	Worker's Wage	<input style="width: 100%;" type="text" value=""/>
Worker's Wage						
<input style="width: 100%;" type="text" value=""/>						
Worker's Wage						
<input style="width: 100%;" type="text" value=""/>						

## Instructions

This is an experiment on decision-making. The earnings you receive today will depend on the decisions and performance made by you and by other participants in this room. Please turn off your cell phones. If you have a question, please raise your hand and an experimenter will come to answer you in private.

### Worker-Firm Pairs

Half of you will be assigned the role of a Worker and the other half will be assigned the role of a Firm. You will maintain your role throughout the experiment.

The experiment consists of two blocks: Block A and B. Each block lasts for 5 rounds (for a total of 10 rounds). At the beginning of each round, each worker and each firm is randomly paired with someone of the opposite role to form worker-firm pairs. You will not know the identity of the person you are paired with nor will he/she know your identity. Worker-firm pairs are randomly generated at the beginning of each round. Thus you are unlikely to be paired with the same person two rounds in a row.

### Revenue

The worker-firm pair will have a revenue, which they must split between a wage for the worker and a profit for the firm. The revenue is the sum of a worker-contribution and a firm-contribution. The worker-contribution and firm-contribution result from initial performances by the worker and firm. The firm and the worker perform the same task. Performance is measured at the start of each block where you each have 5-minutes to complete a task. Your performance at the start of a block determines your contribution for the duration of the block. Since you may be in different worker-firm pairs across rounds, the contribution by the person you are paired with may change between rounds. The worker will know the firm-contribution, and the firm will know the worker-contribution.

### Contributions

Individual contributions are held constant for the duration of a block and are determined by comparing the individual's performance to those of others in the same role. Individuals with a higher relative performance secure a greater contribution. For each firm the firm-contribution is determined by comparing the firm's performance to that of one other randomly selected firm. For each worker the worker-contribution is determined by comparing the worker's performance to those of two other randomly selected workers. The comparison group is randomly determined at the beginning of each new block.

The firm-contribution depends on how the firm's performance in the task compares to that of a randomly selected other firm in that block. The firm-contribution is:

- \$25 if the firm's performance is ranked first
- \$20 if the firm's performance is ranked second

The worker contribution depends on how the worker's performance compares to those of two randomly selected workers in that block. The worker-contribution is

- \$20 if the worker's performance is ranked first
- \$15 if the worker's performance is ranked second
- \$10 if the worker's performance is ranked third

## Choice Treatment, Common Knowledge

### Wage determination

In each round, the revenue is the sum of the worker-contribution and the firm-contribution. Together, the worker and firm have to determine what portion of the revenue will be spent on the worker's wage and what remaining revenue will be paid to the firm as profit.

The wage is determined as follows. The computer first generates a suggested wage  $S$ . The worker may accept or reject the suggested wage  $S$ . If the worker rejects the suggested wage  $S$ , then the worker and the firm will have 3 minutes to reach an agreement on a wage. If the worker and firm reach an agreement, the worker receives the agreed upon wage. We refer to the agreed upon wage as  $W$ . If the worker and the firm do not reach an agreement within 3 minutes, the suggested wage is implemented and the firm and worker each pay a \$5 penalty for not reaching an agreement in time. In other words:

#### Negotiate and don't agree

Worker's wage =  $S - 5$

Firm's profit = revenue -  $S - 5$

#### Negotiate and agree

Worker's wage =  $W$

Firm's profit = revenue -  $W$

#### Don't Negotiate and accept $S$

Worker's wage =  $S$

Firm's profit = revenue -  $S$

### Negotiating

Negotiations take place using a negotiation screen. Samples of the negotiation screens for the worker and firm are shown on the next page. The top of the screen provides you with relevant information regarding the negotiation. The middle of the screen allows you to propose a wage. The bottom right of the screen keeps a history of wage offers, and allows you to accept offers made by the person you are paired with. The bottom left side of the screen allows you to chat with one another.

### Negotiation Information

The top right corner of the screen reports how many seconds of the negotiation remains. If no agreement is reached at the end of the 3 minutes, the suggested wage is implemented with a \$5 penalty for the worker and a \$5 penalty for the firm.

The top line reminds you of your role (worker or firm), your contribution, and the block and round you are in. The box below that reviews how contributions are determined. The bold section reports the total revenue and the suggested wage. The revenue is the sum of the worker-contribution and firm-contribution. Finally, there is a reminder of the payoffs that result in the event that no agreement or an agreement is reached.

### Wage proposal and acceptance

The middle of the screen contains a field where you can propose a wage. To propose a wage you type a number in the text box under "I propose the following worker's wage" and click OK. A history of proposed wages is listed on the bottom right of the screen. Once you propose a wage, it appears on your screen and on the screen of the person you are paired with. While past wage offers are still visible, only the most recently proposed wages are valid. The person you are paired with may accept your most recently proposed wage by clicking on the line with that wage to highlight it and then click the "I

## Choice Treatment, Common Knowledge

Accept this W” button. Likewise you may accept their most recently proposed wage offer by clicking on the line with that wage to highlight it and then click the “I Accept this W” button. Wage proposals accepted by the other person become the agreed upon wage and are implemented. The round ends when a wage offer is accepted. In the sample screens we blackened out all the proposed wages.

Wage proposals can be revised and accepted at any moment before the end of the three minutes. If no wage offers are accepted within three minutes, the suggested wage,  $S$ , is implemented with an individual \$5 penalty

### **Chat**

Workers and firms may chat via the chat box in the bottom left side of the screen. In the sample screen, the chat box displays the sent messages from the worker who said “I am a worker”, and the firm who said “I am a firm.” To enter messages like these type in the chat text box below the chat box. Note that the worker and firm have currently typed “this is my second message as a worker/firm that I have not yet sent.” To send a chat message, push ENTER on your keyboard.

When chatting, you should not share any information that identifies (or helps to identify) who you are. That is, you should not share your name, age, gender, location in the lab, etc. If we discover that you have shared any such information, then you will not receive any earnings from the experiment.

### **Payments**

The experiment consists of two blocks of five rounds of negotiation. At the end of the experiment we will randomly select one negotiation round of each block to count for payment. Your payment for participating in the experiment will be the sum of your earnings from these two randomly selected rounds, payments from a few subsequent decisions, and \$5 for showing up for today’s experiment.

### **Final Notes**

Throughout the experiment, please push OK on the computer screen to continue or to submit answers. When you are waiting for the experiment to continue, please quietly wait at your seat and refrain from using any electronic devices or partaking in any other activity. If you ever have a question, please raise your hand. Thank you for your participation and cooperation!

# Choice Treatment, Common Knowledge

## EXAMPLE SCREEN FOR A WORKER

Remaining time [sec] 111		
You are a worker	Your worker-contribution is \$20	Block A, Round 1 out of 5.
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker knows the firm-contribution, and the firm knows the worker-contribution.</p>		
<p><b>Revenue = 40</b> <b>Suggested wage S = 16</b></p>		
<p><b>No agreement:</b> Worker's wage = 16 - 5 Firm's profit = revenue - 16 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>
<p>I propose the following worker's wage:</p> <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>		
<input type="button" value="OK"/>		
Chat (Type messages into text box at bottom of page and push enter)	Firm's Proposal (you)	Worker's Proposal (you)
Sender (firm): I am a firm Sender (YOU- worker): I am a worker	Worker's Wage <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>	Worker's Wage <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>
this is the second message that I am about to send as a worker	<input type="button" value="I Accept this W"/>	

## EXAMPLE SCREEN FOR A FIRM

Remaining time [sec] 125		
You are a firm	Your firm-contribution is \$20	Block A, Round 1 out of 5.
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker knows the firm-contribution, and the firm knows the worker-contribution.</p>		
<p><b>Revenue = 40</b> <b>Suggested wage S = 16</b></p>		
<p><b>No agreement:</b> Worker's wage = 16 - 5 Firm's profit = revenue - 16 - 5</p>		<p><b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W</p>
<p>I propose the following worker's wage:</p> <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>		
<input type="button" value="OK"/>		
Chat (Type messages into text box at bottom of page and push enter)	Firm's Proposal (you)	Worker's Proposal (you)
Sender (YOU- firm): I am a firm Sender (worker): I am a worker	Worker's Wage <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>	Worker's Wage <div style="border: 1px solid black; width: 100px; height: 15px; margin: 0 auto;"></div>
this is the second message that I am about to send as a firm	<input type="button" value="I Accept this W"/>	

## Instructions

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### Worker-Firm Pairs

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### Revenue

The worker-firm pair will have a revenue, which they must split between a wage for the worker and a profit for the firm. The revenue is the sum of a worker-contribution and a firm-contribution. The worker-contribution and firm-contribution result from initial performances by the worker and firm. The firm and the worker perform the same task. Performance is measured at the start of each block where you each have 5-minutes to complete a task. Your performance at the start of a block determines your contribution for the duration of the block. Since you may be in different worker-firm pairs across rounds, the contribution by the person you are paired with may change between rounds. The worker will not know the firm-contribution, but the firm will know the worker-contribution.

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- \$25 if the firm's performance is ranked first
- \$20 if the firm's performance is ranked second

The worker contribution depends on how the worker's performance compares to those of two randomly selected workers in that block. The worker-contribution is

- \$20 if the worker's performance is ranked first
- \$15 if the worker's performance is ranked second
- \$10 if the worker's performance is ranked third

## Choice Treatment, Private Knowledge

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#### Negotiate and don't agree

Worker's wage =  $S - 5$

Firm's profit = revenue -  $S - 5$

#### Negotiate and agree

Worker's wage =  $W$

Firm's profit = revenue -  $W$

#### Don't Negotiate and accept $S$

Worker's wage =  $S$

Firm's profit = revenue -  $S$

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## Choice Treatment, Private Knowledge

Accept this W” button. Likewise you may accept their most recently proposed wage offer by clicking on the line with that wage to highlight it and then click the “I Accept this W” button. Wage proposals accepted by the other person become the agreed upon wage and are implemented. The round ends when a wage offer is accepted. In the sample screens we blackened out all the proposed wages.

Wage proposals can be revised and accepted at any moment before the end of the three minutes. If no wage offers are accepted within three minutes, the suggested wage,  $S$ , is implemented with an individual \$5 penalty

### **Chat**

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### **Final Notes**

Throughout the experiment, please push OK on the computer screen to continue or to submit answers. When you are waiting for the experiment to continue, please quietly wait at your seat and refrain from using any electronic devices or partaking in any other activity. If you ever have a question, please raise your hand. Thank you for your participation and cooperation!

# Choice Treatment, Private Knowledge

## EXAMPLE SCREEN FOR A WORKER

Remaining time [sec]: 3						
You are a worker	Your worker-contribution is \$15	Block A, Round 1 out of 5.				
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker does not know the firm-contribution, but the firm knows the worker-contribution.</p>						
<p><b>Revenue = 15 + F</b> <b>Suggested wage S = 13</b></p>						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <b>No agreement:</b>                      Worker's wage = 13 - 5                      Firm's profit = revenue - 13 - 5                 </td> <td style="width: 50%; text-align: center;"> <b>Agreement on W:</b>                      Worker's wage = W                      Firm's profit = revenue - W                 </td> </tr> </table>			<b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5	<b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W		
<b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5	<b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W					
<p>I propose the following worker's wage:</p> <input style="width: 100px;" type="text" value=""/>						
OK						
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (YOU- worker) : I am the worker</p> <p>Sender (firm): I am the firm</p> <p style="font-size: small;">this is my second message as a worker that I have not yet sent</p>	<p>Firm's Proposal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100px;" type="text" value=""/>	<p>Worker's Proposal (you)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100px;" type="text" value=""/>
Worker's Wage						
<input style="width: 100px;" type="text" value=""/>						
Worker's Wage						
<input style="width: 100px;" type="text" value=""/>						
I Accept this W						

## EXAMPLE SCREEN FOR A FIRM

Remaining time [sec]: 22						
You are a firm	Your firm-contribution is \$25	Block A, Round 1 out of 5.				
<p>The negotiation ends when you agree on a worker's wage or when 3 minutes is up. The worker's contribution is \$20, \$15 or \$10 if they were ranked first, second or third. The firm's contribution is \$25 or \$20 if they were ranked first or second. The worker does not know the firm-contribution, but the firm knows the worker-contribution.</p>						
<p><b>Revenue = 40</b> <b>Suggested wage S = 13</b></p>						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"> <b>No agreement:</b>                      Worker's wage = 13 - 5                      Firm's profit = revenue - 13 - 5                 </td> <td style="width: 50%; text-align: center;"> <b>Agreement on W:</b>                      Worker's wage = W                      Firm's profit = revenue - W                 </td> </tr> </table>			<b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5	<b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W		
<b>No agreement:</b> Worker's wage = 13 - 5 Firm's profit = revenue - 13 - 5	<b>Agreement on W:</b> Worker's wage = W Firm's profit = revenue - W					
<p>I propose the following worker's wage:</p> <input style="width: 100px;" type="text" value=""/>						
OK						
<p>Chat (Type messages into text box at bottom of page and push enter)</p> <p>Sender (worker): I am the worker</p> <p>Sender (YOU- firm) : I am the firm</p> <p style="font-size: small;">this is my second message as a firm that I have not yet sent</p>	<p>Firm's Proposal (you)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100px;" type="text" value=""/>	<p>Worker's Proposal</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">Worker's Wage</th> </tr> <tr> <td style="text-align: center;"> <input style="width: 100px;" type="text" value=""/> </td> </tr> </table>	Worker's Wage	<input style="width: 100px;" type="text" value=""/>
Worker's Wage						
<input style="width: 100px;" type="text" value=""/>						
Worker's Wage						
<input style="width: 100px;" type="text" value=""/>						
I Accept this W						

## B.2 Third-Party Online Experiment Instructions

### Payment Screen

**Your Payment:** For completing this study, you will receive a minimum payment of \$1.50 within 24 hours. You may also earn additional payment. In particular, after making the 3 decisions in this study, one decision will be selected as the decision-that-counts. The money you earn, if any, in the decision-that-counts will be distributed to you as a bonus payment within two weeks.

**Question:** Which of the following statements is true?

All of my decisions will influence my payment from this study.

None of my decisions will influence my payment from this study.

The money I earn, if any, from the decision-that-counts will determine the bonus payment that I receive. The bonus payment is paid within two weeks.

## Decision 1 Screen

Decision 1 below requires you to answer yes/no to a question.

If Decision 1 is selected as the decision-that-counts for payments, you will receive 50 cents as additional bonus payment only if your answer in that decision is the same as the answer given by most MTurk workers who complete this study.

**Decision 1:** Do you think **women** should negotiate their salaries more often?

No

Yes

## Decision 2 Screen

Decision 2 below involves a future MTurk study. In this future MTurk study, participants will make several negotiation decisions. Some participants will be assigned to the role of a worker and other participants will be assigned to the role of a firm. The participants will be assigned to pairs that involve one worker and one firm for each negotiation decision.

In each negotiation decision:

- The worker and the firm will each contribute 150 cents to the joint revenue for a total of 300 cents.
- The worker will be provided with a suggested wage: a suggestion of how many cents, out of the joint revenue, the worker should receive as their wage. The suggested wage will be randomly selected to equal 120, 150, 180, or 210 cents.

If the worker does not to negotiate with the firm:

- The worker will receive a wage equal to their suggested wage. Also, the firm will receive the joint revenue minus the suggested wage.

If the worker negotiates with the firm:

- The worker must make a wage proposal: a request to receive a certain number of cents, out of the joint revenue, as their wage. Along with the wage proposal, the worker will have the opportunity to write a brief message to argue in favor of their wage proposal.
- If the firm accepts the wage proposal, the worker will receive a wage equal to the proposed wage. Also, the firm will receive the joint revenue minus the proposed wage.
- If the firm rejects the wage proposal, the worker will receive the suggested wage minus a 50 cent penalty for failing to reach an agreement in the negotiation. Also, the firm will receive the joint revenue minus the suggested wage minus a 50 cent penalty for failing to reach an agreement in the negotiation.

**Decision 2:** If this is selected as your decision-that-counts, you will receive 50 cents as additional bonus payment and will be matched with a **female worker** in the study described above who will be paid for this negotiation.

Are you willing to sacrifice 25 cents (and thus will only receive 25 cents) to guarantee that this female worker leans-in and negotiates her salary with her firm instead of letting her have the option of just accepting the suggested wage?

Yes, I am willing to sacrifice 25 cents to guarantee that the female worker leans-in and negotiates her salary with her firm.

No, I am not willing to sacrifice 25 cents to guarantee that the female worker leans-in and negotiates her salary with her firm.

## Decision 3 Screen

Decision 3 below involves a MTurk study as the one described for Decision 2. There is one change: workers alone choose whether to negotiate with their firms. No one but the worker decides whether a worker negotiates. Instead, Decision 3 below requires you to make a prediction about how often workers choose to negotiate with their firms.

If Decision 3 is selected as the decision-that-counts for payments, you will receive 50 cents as additional bonus payment only if your prediction in that decision is correct.

**Decision 3:** Please indicate the percent of **female** workers you think choose to lean-in and negotiate with their firms.

0- 10%	11- 20%	21- 30%	31- 40%	41- 50%	51- 60%	61- 70%	71- 80%	81- 90%	91- 100%
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## B.3 First-Party Online Experiment Instructions for Firms

### Payment Screen

**Your Payment:** For completing this study, you will receive a minimum payment of \$2 within 24 hours. You may also earn an additional payment. Any additional payment you earn will be paid to you within two weeks.

You have been assigned the role of a **firm**, and will be paired with other MTurk workers who in a previous study were assigned to the role of a **worker**. Your additional payment will depend on this pairing.

In particular, you will be paired with 16 negotiation decisions made by 16 different workers. The outcomes for these negotiations will depend on the workers' decisions, and may for some decisions depend on your responses to the workers' negotiation decisions. Some number of the 16 negotiation decisions will be randomly selected to be a negotiation-that-counts. The outcomes of each negotiation-that-counts determine the additional payments given to you and to the worker. In the rare event that none of these 16 negotiation decisions are selected as a negotiation-that-counts, you will instead receive a fixed additional payment of 150 cents.

**Question:** Which of the following statements is true?

I have been assigned to the role of a worker. I will be paired with the same firm in each of the 16 negotiations.

I have been assigned to the role of a worker. I will be paired with a different firm in each of the 16 negotiations.

I have been assigned to the role of a firm. I will be paired with the same worker in each of the 16 negotiations.

I have been assigned to the role of a firm. I will be paired with a different worker in each of the 16 negotiations.

**Question:** What payments will you receive?

I will receive a guaranteed payment of \$2, and I have no chance of earning additional payment.

In addition to receiving a guaranteed payment of \$2, I will receive an additional payment from all 16 negotiations that I face.

In addition to receiving a guaranteed payment of \$2, I will receive an additional payment from each negotiation-that-counts or instead 150 cents.

I will receive no payment from this study.

## Instructions (Top Half of) Screen

Recall that you have been paired with 16 different workers, and that for each worker you will face one of their negotiation decisions. For some of these negotiations, the outcome for you and the worker will depend on your response to the worker's negotiation decision. In each of those negotiations:

- You and the worker each contribute 150 cents to the **joint revenue** for a total of 300 cents.
- You will be given a **suggested wage**: a suggestion of how many cents, out of the joint revenue, the worker should receive as their wage.
- You will also be given a **wage proposal** from the worker: a request to receive a certain number of cents, out of the joint revenue, as their wage. If the worker sent you a brief message to argue in favor of the wage proposal, you will also see the worker's message.
- If **you accept** the wage proposal, the worker will receive a wage equal to the proposed wage. Also, you will receive the joint revenue minus the proposed wage.
- If **you reject** the wage proposal, the worker will receive the suggested wage minus a 30 cent penalty for failing to reach an agreement in the negotiation. Also, you will receive the joint revenue minus the suggested wage minus a 30 cent penalty for failing to reach an agreement in the negotiation.

**Question:** The joint revenue in a negotiation decision equals...

my contribution of 150 cents

my contribution of 150 cents + the worker's contribution of 100 cents

my contribution of 150 cents + the worker's contribution of 150 cents

**Question:** If you accept the wage proposal in a negotiation, the worker will receive...

the suggested wage

the suggested wage minus 30 cents

the proposed wage

the proposed wage minus 30 cents

## Instructions (Bottom Half of) Screen

**Question:** If you accept the wage proposal in a negotiation, you will receive...

the joint revenue minus the suggested wage

the joint revenue minus the suggested wage minus 30 cents

the joint revenue minus the proposed wage

the joint revenue minus the proposed wage minus 30 cents

**Question:** If you reject the wage proposal in a negotiation, the worker will receive...

the suggested wage

the suggested wage minus 30 cents

the proposed wage

the proposed wage minus 30 cents

**Question:** If you reject the wage proposal in a negotiation, you will receive...

the joint revenue minus the suggested wage

the joint revenue minus the suggested wage minus 30 cents

the joint revenue minus the proposed wage

the joint revenue minus the proposed wage minus 30 cents

## Example Decision Screen

Given your contribution of 150 cents and the worker's contribution of 150 cents, the joint revenue is 300 cents.

**The suggested wage is 180 cents.**

**The worker's wage proposal is 180 cents. Also, the worker did not send a message along with their wage proposal.**

Below, you must decide to either accept or reject the worker's wage proposal. If you accept the wage proposal, the worker will receive the proposed wage and you will receive the joint revenue minus the proposed wage. If you reject the wage proposal, the worker will receive the suggested wage minus a penalty of 30 cents for failing to reach an agreement and you will receive the joint revenue minus the suggested wage minus a penalty of 30 cents for failing to reach an agreement.

**Would you like to accept or reject the worker's wage proposal?**

I would like to accept the worker's wage proposal.

I would like to reject the worker's wage proposal.

## B.4 First-Party Online Experiment Instructions for Workers

### Payment Screen

**Your Payment:** For completing this study, you will receive a minimum payment of \$2 within 24 hours of submitting your validation code. You may also earn additional payment. Any additional payment you earn will be paid to you within two weeks.

You have been assigned the role of a **worker**, and will be paired with other MTurk workers who in a subsequent study will be assigned to the role of a **firm**. Your additional payment will depend on this pairing.

In particular, you will make 4 negotiation decisions that will involve 4 different firms. The outcome for these negotiations will depend on your decisions and will depend on the firms' responses to your decisions. One of the 4 negotiation decisions will be randomly selected as the negotiation-that-counts. The outcome of the negotiation-that-counts determines the additional payments given to you and to the firm.

**Question:** Which of the following statements is true?

I have been assigned to the role of a worker. I will be paired with the same firm in each of the 4 negotiations

I have been assigned to the role of a worker. I will be paired with a different firm in each of the 4 negotiations.

I have been assigned to the role of a firm. I will be paired with the same worker in each of the 4 negotiations.

I have been assigned to the role of a firm. I will be paired with a different worker in each of the 4 negotiations.

**Question:** What payments will you receive from this study?

I will receive a guaranteed payment of \$2, and I have no chance of earning additional payment.

In addition to receiving a guaranteed payment of \$2, I will receive an additional payment from all negotiations that I face.

In addition to receiving a guaranteed payment of \$2, I will receive an additional payment from the negotiation-that-counts.

I will receive no payment from this study

## Instructions (Top Half of) Screen

Recall that you will be paired with 4 different firms, and that for each firm you will make a negotiation decision. The outcome for you and the firm will depend on your negotiation decision.

In each negotiation:

- You and the firm will each contribute 150 cents to the **joint revenue** for a total of 300 cents.
- You will be given a **suggested wage**: a suggestion of how many cents, out of the joint revenue, you should receive as your wage.
- You will have 60 seconds to negotiate.
- During the 60 seconds you have to negotiate, you must make a **wage proposal**: a request to receive a certain number of cents, out of the joint revenue, as your wage. You may also write a brief message to the firm to argue in favor of your wage proposal.
- If the **firm accepts** your wage proposal, you will receive a wage equal to your proposed wage. Also, the firm will receive the joint revenue minus your proposed wage.
- If the **firm rejects** your wage proposal, you will receive the suggested wage minus a 30 cent penalty for failing to reach an agreement in the negotiation. Also, the firm will receive the joint revenue minus the suggested wage minus a 30 cent penalty for failing to reach an agreement in the negotiation.

**Question:** The joint revenue in a negotiation opportunity equals...

my contribution of 150 cents

my contribution of 150 cents + the firm's contribution of 100 cents

my contribution of 150 cents + the firm's contribution of 150 cents

**Question:** If the firm accepts your proposed wage in a negotiation, you will receive...

the suggested wage

the suggested wage minus 30 cents

your proposed wage

your proposed wage minus 30 cents

## Instructions (Bottom Half of) Screen

**Question:** If the firm accepts your proposed wage in a negotiation, the firm will receive...

the joint revenue minus the suggested wage

the joint revenue minus the suggested wage minus 30 cents

the joint revenue minus your proposed wage

the joint revenue minus your proposed wage minus 30 cents

**Question:** If the firm rejects your wage proposal in a negotiation, you will receive...

the suggested wage

the suggested wage minus 30 cents

your proposed wage

your proposed wage minus 30 cents

**Question:** If the firm rejects your proposed wage in a negotiation, the firm will receive...

the joint revenue minus the suggested wage

the joint revenue minus the suggested wage minus 30 cents

the joint revenue minus your proposed wage

the joint revenue minus your proposed wage minus 30 cents

**Question:** In each negotiation, you will have the following amount of time to make your wage proposal and write a message that will be sent to the firm along with your wage proposal:

0 seconds

60 seconds

As much time as you like

## Example Decision Screen

Given your contribution of 150 cents and the firm's contribution of 150 cents, the joint revenue is 300 cents.

**Your suggested wage is 210 cents.**

Below, you must select a wage proposal (otherwise, the default wage proposal shown below will be implemented). You may also write a brief message to the firm in favor of your wage proposal. If the firm accepts your wage proposal, you receive that wage and the firm receives the joint revenue minus that wage. If the firm rejects your wage proposal, you receive the suggested wage minus a penalty of 30 cents for failing to reach an agreement and the firm receives the joint revenue minus the suggested wage minus a penalty of 30 cents for failing to reach an agreement.

**Please make your wage proposal.**

30 ▾

**If you would like to, please write a brief message that will be sent to the firm along with your wage proposal.**

**You will automatically advance to the next screen after 60 seconds. The wage proposal and message you have written at that time, if any, will be submitted to the firm.**