Journal of Economic Behavior & Organization 76 (2010) 549–562

Contents lists available at ScienceDirect

Journal of Economic Behavior & Organization

journal homepage: www.elsevier.com/locate/jebo

Gender and the social costs of claiming value: An experimental approach☆

Fiona Greig*

1246 27th ST NW, Washington, DC 20007, United States

ARTICLE INFO

Article history:
Received 9 May 2007
Received in revised form 11 August 2010
Accepted 16 August 2010
Available online 24 August 2010

JEL classification:
C72
C91

Keywords:
Negotiation
Social costs
Gender
Trust
Economic experiments

ABSTRACT

This paper employs economic experiments to explore the social costs of claiming value in distributive negotiations. I use a reverse dictator game, a "Taking" game, to measure value claiming behavior and an Investment game to measure the social costs of claiming value in terms of trust offered by third parties to Takers. I observe social costs to claiming value and find that male Trustors impose higher social costs than female Trustors. Women reduce how much value they claim in the presence of social costs, but men do not. Takers anticipate this response and claim less when observed by a man.

1. Introduction

The common stereotype that women are more other-regarding than men has increasingly been validated by economic experiments (for a review of the experimental literature on gender differences in preferences, see Croson and Gneezy, 2009): women have been shown to send more than men in the Dictator game (e.g., Eckel and Grossman, 1998) and return a higher proportion of the amount received than men in the Investment game (e.g., Buchan et al., 2008; Croson and Buchan, 1999).[1] They are also less "pushy" in negotiations; women have a lower propensity to initiate negotiations than men (Babcock and Laschever, 2003), and claim less value for themselves in negotiations than men (Kray and Thompson, 2005; Stuhlmacher and Walters, 1999). These behavioral differences cost women compensation increases and advancement opportunities at work. For example, Babcock and Laschever find that only 7 percent of female students compared to 57 percent of male students

☆ I am deeply grateful to Linda Babcock and Sara Laschever; the authors of the book *Women Don't Ask: Negotiation and the Gender Divide*; for inspiring this study and to Joisa Dutra for facilitating the data collection. Excellent research assistance was provided by Francisco Junqueira Moreira Da Costa; Rodrigo Ciannella Martins De Oliveira; Rodrigo Andrade Santos Pantoja; and David Yorio. Iris Bohnet; Richard Zeckhauser; Max Bazerman; Antonia Atanassova; Hannah Riley Bowles; Linda Babcock and the attendants of the Program on Negotiation Next Generation Seminar provided helpful comments. I thank the Program on Negotiation at Harvard Law School for providing financial support for this research.

* Corresponding author. Tel.: +1 202 525 9640.
E-mail address: fgreig@gmail.com.

[1] Experimental results are not always consistent, but the general trend is that either no gender differences are found or women behave more pro-socially than men. One exception is that men appear to be more motivated than women by efficiency gains and as a result give more than women when the size of the pie is increased by giving (Andreoni and Vesterlund, 2001).

0167-2681/$ – see front matter © 2010 Elsevier B.V. All rights reserved.
doi:10.1016/j.jebo.2010.08.002

graduating from professional degree programs negotiated above their initial offer, and negotiators secured an additional $4000 in their starting salary, a difference that could accumulate to a disadvantage of over a quarter million dollars over the course of a 30-year career.

However, social-psychology evidence suggests that mere social preferences may not be the only driving force behind women's greater tendency to behave kindly or less aggressively towards others. Women may experience greater social costs or "backlash" when they defy gender stereotypes (Eagly, 1987; Rudman, 1998) (for a recent review of backlash see Rudman and Fairchild, 2004).[2] For example, people will sabotage women who succeed in masculine tasks (Rudman and Fairchild), judge women who promote their abilities in an interview as less socially desirable and hirable than men who do the same (Rudman), and be less willing to work with women than with men who demand higher pay in a job interview (Bowles et al., 2007). In economic experiments responders in an Ultimatum Game have been shown to demand higher minimum acceptable offers when facing a female proposer than a male proposer (Bowles et al., 2007; Solnick, 2001). Thus social costs can manifest themselves in both social and economic reprisals rooted in a desire to undermine the person's future success or in concerns about the person's reputation. The potential for these social costs may create higher incentives for women to behave unselfishly than men, incentives that are independent of other-regarding preferences.

This evidence poses two important questions. The first question is whether gender differences in the propensity to claim less value for themselves stem from not just gender differences in other-regarding preferences, but also gender differences in the social costs associated with claiming value. In the real world it is difficult to distinguish between these two sources of variation because we never observe the counterfactual—the degree to which men and women would claim value in the absence of the threat of any social consequences.

In this paper I employ an economic experiment to create this "counterfactual" scenario, where men and women's value claiming behavior has no social consequences. I then compare their behavior in that counterfactual scenario to a more realistic scenario in which their behavior can have social costs. Specifically, a third party observes their value claiming behavior and must decide whether to trust them. Thus, social costs could be *reputational*, in terms of expectations of Takers' trustworthiness, or *reciprocity-based*, in that Trustors could have tastes for discriminating against or punishing those who tend to claim value from others.[3]

If men and women differ in their propensity to claim value, even in a vacuum, then men and women should behave differently in the counterfactual scenario where their value claiming behavior is not observed by others. If gender differences stem from differences in social costs, then men and women's behavior should diverge (even more) when third parties observe their behavior and decide how much to trust them.

The second question is whether women's tendency to claim less value than men is optimal; that is, for women are the costs of not claiming value (i.e., forgone salary increases) outweighed by the benefits of not claiming value (i.e., social costs avoided). Such cost-benefit analyses are difficult to perform because, while benefits of claiming value could be captured in monetary terms (e.g., salary increases), the social costs associated with claiming value are typically subjective and not measurable in monetary terms. To my knowledge, no attempt has been made to compare directly the costs and benefits of claiming value. This paper exploits the material incentives in an economic experiment to do just that. I measure the benefits as well as the social costs of claiming value incurred by men and women and directly compare the two to assess whether claiming value is optimal for men and women, respectively.

I find that men and women in my sample have similar other-regarding preferences, but when value claiming behavior is observed by a third party, women claim less value than they would otherwise; men do not. Third parties, however, do not impose higher social costs on women than men for claiming value. Instead I find that male third parties impose higher social costs than female third parties. As a result it is optimal for both men and women to claim less value when confronted with a man than when confronted with a woman. However, neither men nor women optimized their earnings in this experiment.

This paper is organized as follows. Section 2 presents the experimental design. Section 3 provides an analytical framework and states the hypotheses. Section 4 presents the results, and Section 5 concludes.

2. Experimental design

I employ two laboratory experiments to capture the social costs of claiming value. First, I use the *Taking game* (also recognizable as a reverse Dictator game) to measure a person's propensity to claim value for himself. Second, I employ the *Investment game* (Berg et al., 1995) to assess the social costs imposed by others in terms of trust awarded in response to

[2] In this paper I conceive "social costs" quite differently than Ronald Coase did in his seminar paper, "The Problem of Social Cost" (1960). I consider social costs as reputational or reciprocity-based costs incurred by an individual for his own behavior, whereas Coase described social costs as negative externalities one's actions create for others.

[3] In fact there may be two elements to the reputational costs associated with claiming value in the Taking game, between which this experiment unfortunately cannot distinguish. The first element is that Trustors infer from the Taker's value claiming behavior his type as a signal of how trustworthy he will be in the Investment game. The second is that Trustors may interpret value claiming behavior as an act of the Taker committing to uphold his reputation, independent of his type. Even though it is not a binding commitment, Trustors may believe that it is worth something because they know it is (psychologically) costly to destroy one's own reputation. I consider both of these elements to be "reputational costs" because they both affect the Trustor's beliefs about how the Taker will behave in the Investment game.