

The Central Role of the Ask Gap in Gender Pay Inequality

Nina Roussille

Presented by: Sai Zhang

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Outline

1 Introduction

2 Context

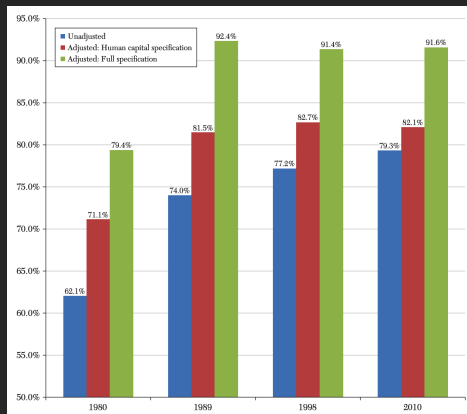
3 Data

4 Empirical Strategy and Results

5 Discussion

Introduction

Motivation: Persistent Gender Pay Gap



Blau and Kahn (2017, Figure 2)

Motivation: Lower Salary Expectations of Women



Reuben et al. (2017, Figure 1)

Motivation: Desired Salaries Are Asked During Hiring

	Asked Desired Salary
Full sample	40.08%
Male	44%
Female	36%
< \$32K	36%
\$32K-\$48K	31%
\$48K-\$68K	46%
> \$68K	55%
Architecture and engineering occupations	91%
Computer and mathematical occupations	46%
Unemployed	31%

Agan et al. (2020, Table A1-A3)

Motivation: What's Missing?

So far

- salary expectation gaps likely contribute to persistent pay gaps
Babcock et al. (2003), Biasi and Sarsons (2022), and Leibbrandt and List (2015)
- desired salaries are indeed asked, and likely used, by recruiters

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Empirical challenges

- desired salaries are rarely observed in real world recruitments

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Empirical challenges

- desired salaries are rarely observed in real world recruitments
- wage data are often one sided (bargaining nature not captured)

Roadmap

A unique setting: Hired.com

for high-wage engineering jobs

recording salary negotiation components

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by employers pre-interview

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Final Salary

wage post-negotiation

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Ask Salary

by job seekers with resume

> 110,000 candidates

■ raw gap: 6.8%

Bid Salary

by employers pre-interview

> 460,000 bids

■ raw gap: 3.4%/4.9%

Final Salary

wage post-negotiation

7,582 hirings

■ raw gap: 4.9%

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- net gap: 2.2%/1.8%

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- net gap: 1.4%

An information treatment: providing median bid salary for similar candidates

Contribution to the Literature

- Integrating **ask gap** into broader gender wage gap research
gender gap in realized wages (Blau and Kahn, 2017; Olivetti and Petrongolo, 2016)
- A setting with amazing **real-time recruitment negotiation data**
expectation gap with survey data (Bergerhoff et al., 2019; Reuben et al., 2017); *unobservable* reservation wages (Le Barbanchon et al., 2021)
- Gender differences in **negotiation** at the **top of the income distribution**
self-reported survey data (Bertrand, 2018; Garbinti et al., 2018; Goldin, 2014); in laboratory settings (Babcock et al., 2003; Bowles et al., 2005; Small et al., 2007)

Contributions to the Literature

■ Gender discrimination in the hiring process

observational evidence (Kuhn and Shen, 2012; Kuhn, Shen, and Zhang, 2020); experiments (Goldin and Rouse, 2000; Neumark, 2018; Rich, 2014)

■ Behavioral labor economics of information in job search

systematic misperceptions about wages (Jäger et al., 2022); accurate information can affect gender wage gap (Bennedsen et al., 2022; Cortés et al., 2021; Cullen and Pakzad-Hurson, 2019), either reducing gender gap (Baker et al., 2019; Rigdon, 2012) or increasing it (Exley et al., 2020)

Context

Hired.com: The Market

■ high-stake recruitment

- most candidates are looking for full-time jobs: **96.9%**
- highly educated candidates: **97.6%** bachelor and above, **41.4%** master and above
- highly paid jobs: average annual salary **\$119,548**

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■ mostly tech industry

- economic significance of tech labor market
- substantial gender imbalance: **20.8% female** on Hired.com

Hiring Process on Hired.com

Ask Salary

01

**Create a profile.
Get great
matches.**

Bid Salary

02

**Companies apply
to you.**


Final Salary

03

**Choose, interview,
and accept.**

Supply Side: Jobseekers' Profile

HIRED **FOR EMPLOYERS** **ABOUT** **SUPPORT**



Jane Long

- Based in San Francisco, CA.
- Willing to work in [5 locations](#).
- Currently working as Data Mining Software Engineer at Yelp.
- Desired roles: Data Scientist.
- Overall Data Science experience: 2-4 years.
- USA work authorization: Currently has an H-1B visa.
- Interested in permanent roles only.
- Interested in Series B and large companies.
- **Prefers base salary of \$130,000 per year.**

Data Mining

Data Science

Quantitative Research

Python

Java

Machine Learning

Time Series

C++

C

R

C#

Matlab

Assembly

Demand Side: Employers' Interview Request

HIRED

\$135,000 Software Engineer

EQUITY
0.25%

HIRED Morgan Allen

a day ago

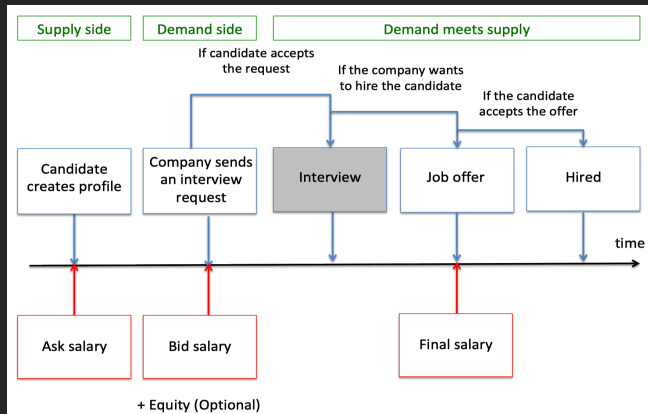
Hi Matt,

One of the engineers on our team flagged your profile and I wanted to reach out. We're really impressed with the work you've done and I think you would have a big impact on our team.

We changing the recruiting industry by creating a marketplace that removes the need for recruiters. Turns out, most people don't like working with them :-)

We've found a great product/market fit and in hyper growth mode. I'd love to share some more information about how Hired works. Are you free to catch up sometime this week?

Recap: Hiring Process on Hired.com



Data

Sample

- Candidates: **113777** profiles
- Employers: **463860** interview requests for **39839** jobs in **6532** firms
- Final offers: **7582** offers

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- Gender: **20.8%** female
 - self declaration: 50%
 - imputation of missing: 34.6% (name prediction)

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 - imputation of missing: 34.6% (name prediction)
- Time window

Candidates Summary

	All	Male	Female
Number of candidates	113777	76223	19998
Average number of bids received	4.5	4.6	4.2
Prob. of accepting an interview request	62.2	62.0	63.2
% bachelor	97.6	97.3	98.7
% master	41.4	40.3	45.2
% CS degree	55.2	57.2	47.7
% IvyPlus degree	9.4	8.7	11.8
Years of experience	11.3	11.7	10.1
% leading a team	32.7	33.8	27.6
% employed	73.1	74.0	69.7
Days unemployed	236.2	231.1	253.2
% software engineers	61.7	66.6	43.2
% designers	8.3	6.1	16.6
& product managers	8.3	7.5	11.4

Gender and Preferences over Firms

	Male	Female (relative)
No preferences	0.252	+0.013
<i>Firm size</i>		
16-50	0.432	-0.031
201-500	0.433	+0.009
500+	0.351	+0.021
<i>Industry</i>		
Hardware IoT	0.033	-0.011
Finance	0.041	-0.007
Education	0.026	+0.005
Health-tech	0.028	+0.007
<i>Career Goal</i>		
New technologies	0.249	-0.013
Mentorship	0.090	+0.006
Socially Conscious	0.088	+0.023

Company

Variables of Interest			
	No. jobs	No. bids per job	No. final offers
	39839	11.6	7582
	Revenue	Firm age (yrs)	No. benefits
mean	708.4	9.04	8.49
median	15	6	6

Size distribution:

1-10	11-50	51-200	201-500	501-1000	1000+
18%	29%	31%	11%	5%	6%

Job and Candidate Search

■ candidate side:

- length spell: **2** (default) (55%) plus 2 (22%) to 4 (23%) weeks
- number of spells: 1 (84%) / 2 (11%) / 3+ (5%)
- attractiveness: **6.6** interview requests for hired candidates (4.5 otherwise)

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- attractiveness: **6.6** interview requests for hired candidates (4.5 otherwise)

■ company side:

- sample: jobs that find a match on the platform
- number of hirings: 1 (77.3%) / 2 (14.3%) / 3+ (8.4%)
- search effort: **30.2** interview requests for successful search (**11.6** otherwise)

Ask Salary: Could it be Strategic Revealing?

Key: Ask Salary is a signal to firms

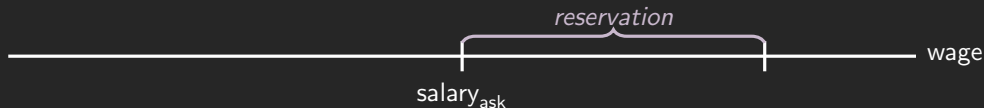
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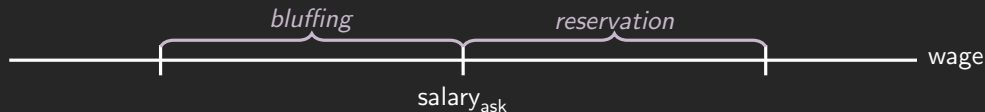
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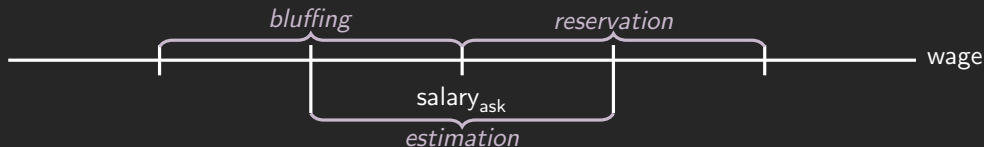
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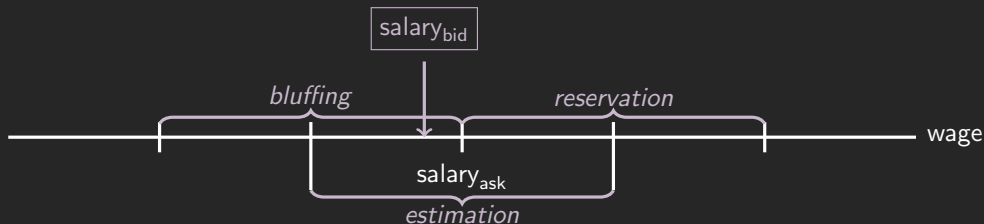
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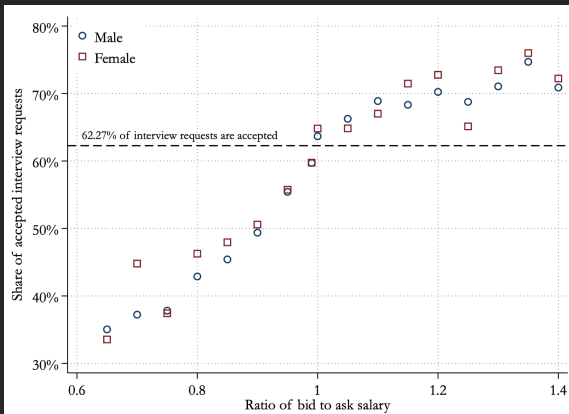


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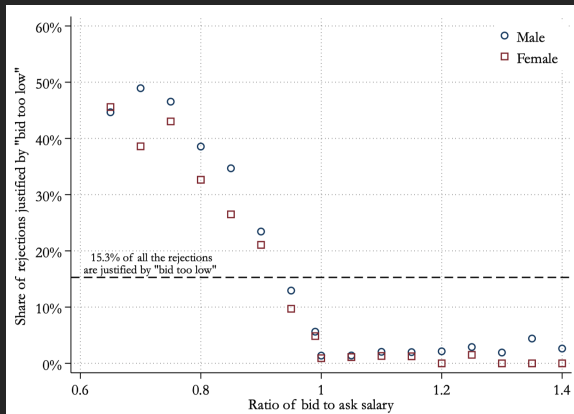
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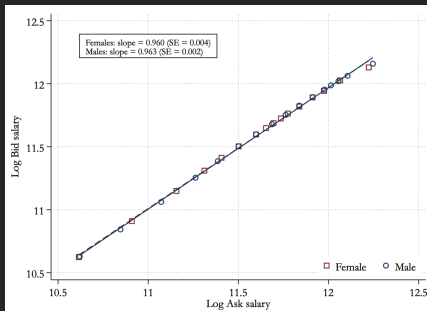
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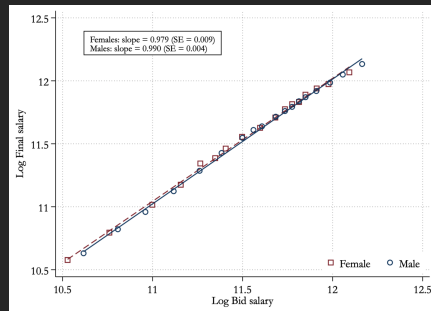
Expected Salary: Could it be Strategic Revealing?



Bid Salary: Willingness to Pay or *Decoy*?



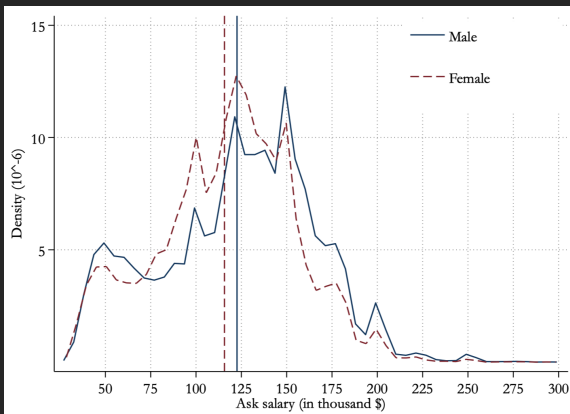
Ask Salary - Bid Salary



Bid Salary - Final Salary

Empirical Strategy and Results

Ask Gap: Graphic Evidence



$$\text{\$ } 115116 \text{ (female)} - \text{\$ } 121942 \text{ (male)} = -\text{\$ } 6826$$

Ask Gap: Regression Results

$$\log(Ask_i) = \alpha + \beta_0 Female_i + \gamma_t + \epsilon_i$$

Dependent Variable: $\log(\text{Ask Salary})$

Female	-0.068***	-0.044***	-0.029***	-0.032***	-0.024***
Experience, city, occupation		✓	✓	✓	✓
Education, work preferences		✓	✓	✓	✓
Employment history			✓	✓	✓
Firm (recent) FE				✓	
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.010	0.678	0.708	0.601	0.809
No. Obs	113777	113777	113777	63916	463860

Ask Gap: Regression Results

$$\log(Ask_i) = \alpha + \beta_0 Female_i + \beta_1 \mathbf{X}_i + \gamma_t + \epsilon_i$$

Dependent Variable: $\log(\text{Ask Salary})$

Female	-0.068***	-0.044***	-0.029***	-0.032***	-0.024***
Experience, city, occupation		✓	✓	✓	✓
Education, work preferences		✓	✓	✓	✓
Employment history			✓	✓	✓
Firm (recent) FE				✓	
Month \times year FE	✓	✓	✓	✓	✓
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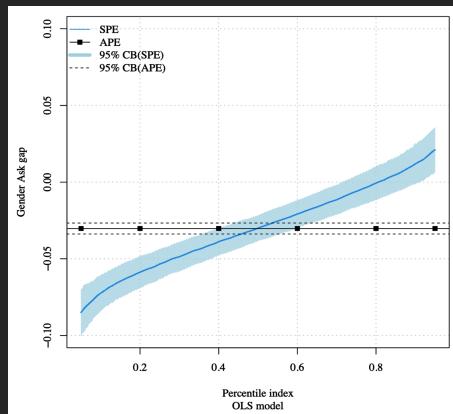
Ask Gap: Regression Results

$$\log(Ask_{ib}) = \alpha + \beta_0 Female_i + \beta_1 \mathbf{X}_{ib} + \gamma_t + \epsilon_{ib}$$

Dependent Variable: $\log(\text{Ask Salary})$

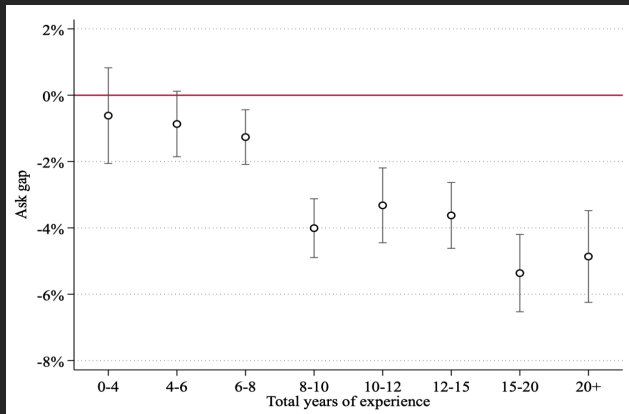
Female	-0.068***	-0.044***	-0.029***	-0.032***	-0.024***
Experience, city, occupation		✓	✓	✓	✓
Education, work preferences		✓	✓	✓	✓
Employment history			✓	✓	✓
Firm (recent) FE				✓	
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.010	0.678	0.708	0.601	0.809
No. Obs	113777	113777	113777	63916	463860

Ask Gap: Heterogeneity



Sorted Effects Method, following Chernozhukov et al. (2018)

Ask Gap: Heterogeneity by Experience



Ask Gap: External Validity

Ask Gap: Raw

Roussille (2021)

6.8%

American Community Survey

8%

Ask Gap: Net

Roussille (2021)

2.9%

$R^2 = 0.71$

Krueger and Mueller (2016)

8.3%

Le Barbanchon et al. (2021)

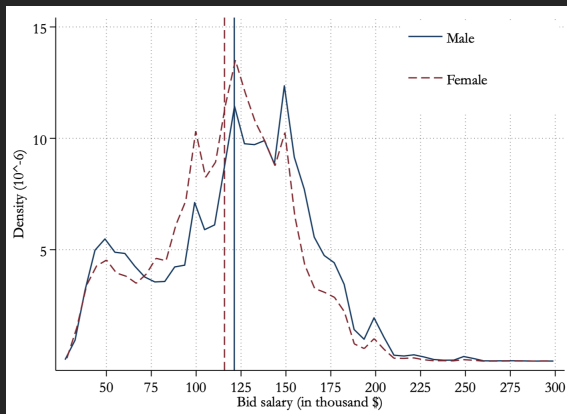
3.6%

$R^2 = 0.73$

Fluchtmann et al. (2021)

1.9%

Bid Gap: Graphic Evidence



$$\text{\$ } 115290 \text{ (female)} - \text{\$ } 120720 \text{ (male)} = -\text{\$ } 5430$$

Bid Gap: Regression Results

$$\log(Bid_{ib}) = \alpha + \beta_1 Female_i + \gamma_t + \epsilon_{ib}$$

Dependent Variable: $\log(\text{Bid Salary})$

Female	-0.034***	-0.022***	0.002***	-0.002***	-0.002***
$\log(\text{Ask Salary})$			0.963***	0.849***	0.848***
Female \times $\log(\text{Ask Salary})$					0.001
Resume characteristics		✓		✓	✓
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.007	0.816	0.950	0.954	0.954
No. Obs	463860	463860	463860	463860	463860

Bid Gap: Regression Results

$$\log(Bid_{ib}) = \alpha + \beta_1 Female_i + \beta_2 \mathbf{X}_{ib} + \gamma_t + \epsilon_{ib}$$

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$$\log(Bid_{ib}) = \alpha + \beta_1 Female_i + \gamma_t + \beta_3 \log(Ask_{ib}) + \epsilon_{ib}$$

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Bid Gap: Regression Results

$$\log(Bid_{ib}) = \alpha + \beta_1 Female_i + \beta_2 \mathbf{X}_{ib} + \gamma_t + \beta_3 \log(Ask_{ib}) + \beta_4 \log(Ask_{ib} \times Female_i) + \epsilon_{ib}$$

Dependent Variable: $\log(\text{Bid Salary})$

Female	-0.034***	-0.022***	0.002***	-0.002***	-0.002***
$\log(\text{Ask Salary})$			0.963***	0.849***	0.848***
$\text{Female} \times \log(\text{Ask Salary})$					0.001
Resume characteristics		✓		✓	✓
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.007	0.816	0.950	0.954	0.954
No. Obs	463860	463860	463860	463860	463860

Bid Gap: Within-Job Regression Results

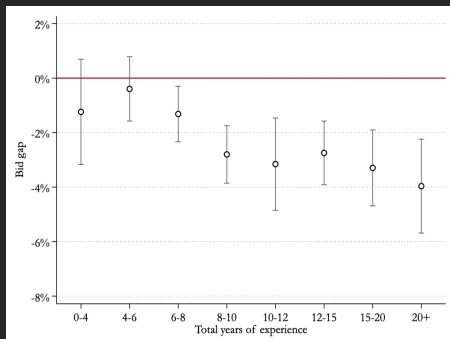
Dependent Variable: $\log(\text{Bid Salary})$					
Female	-0.049***	-0.018***	-0.006***	-0.003***	-0.003***
$\log(\text{Ask Salary})$			0.963***	0.849***	0.848***
Female $\times \log(\text{Ask Salary})$					0.001
Resume characteristics		✓		✓	✓
Job FE	✓	✓	✓	✓	✓
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.014	0.329	0.828	0.834	0.834
No. Obs	454631	454631	454631	454631	454631

Bid Gap: Within-Job Regression Results

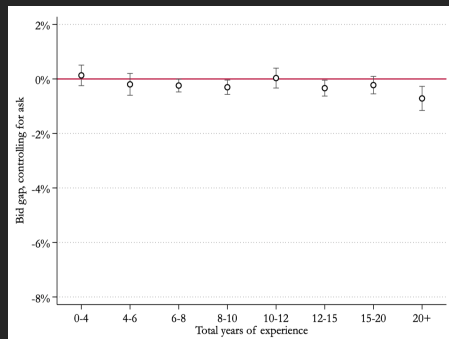
Dependent Variable: $\log(\text{Bid Salary})$

Female	-0.049***	-0.018***	-0.006***	-0.003***	-0.003***
no job FE	-0.034***	-0.022***	0.002***	-0.002***	-0.002***
$\log(\text{Ask Salary})$			0.963***	0.849***	0.848***
no job FE			0.805***	0.774***	0.774***
Female $\times \log(\text{Ask Salary})$					0.001
no job FE					0.003
Resume characteristics		✓		✓	✓
Job FE	✓	✓	✓	✓	✓
Month \times year FE	✓	✓	✓	✓	✓
Adj. R^2	0.014	0.329	0.828	0.834	0.834
no job FE	0.007	0.816	0.950	0.954	0.954
No. Obs	454631	454631	454631	454631	454631

Bid Gap: Heterogeneity by Experience



Bid gap by experience



Bid gap by experience, net of Ask gap

Bid Gap: External Validity

<i>Ask Gap: Net</i>		
Roussille (2021)	Blau and Kahn (2017)	Chamberlain et al. (2019)
2.2%	8.4%	5.4%
	Fluchtmann et al. (2021)	Le Barbanchon et al. (2021)
	1.9%	3.7%

Final Gap: Regression Results

Dependent Variable: $\log(\text{Final Salary})$

Female	-0.049***	-0.014***	0.023***	0.009***	0.010***
$\log(\text{Ask Salary})$			0.956***	0.712***	0.709***
Female $\times \log(\text{Ask Salary})$					0.011
Resume characteristics		✓		✓	✓
Adj. R^2	0.012	0.827	0.903	0.920	0.920
No. Obs	7582	7582	7582	7582	7582

Female	-0.018***		0.002	0.003
$\log(\text{Ask Salary})$			0.617***	0.615***
Female $\times \log(\text{Ask Salary})$				0.008
Resume characteristics		✓	✓	✓
Firm FE		✓	✓	✓
Adj. R^2		0.515	0.762	0.762
No. Obs		6303	6303	6303

A Summary of Robustness Check

- Explanation power of Ask Salary
 - Bid Salary: reducing the prediction power of experience and education
 - Final Salary: eliminating the prediction power of education, reducing that of experience to ~ 0

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 - Bid Salary: reducing the prediction power of experience and education
 - Final Salary: eliminating the prediction power of education, reducing that of experience to ~ 0
- Compensation structure: adding equity offers does *NOT* change the results
- Firm selection
 - Search effort: firms that end up hiring are *NOT* different from the full sample
 - Pricing effort: gender gap results are *robust* for firms that do not take ask prices as bid prices

A Summary of Robustness Check

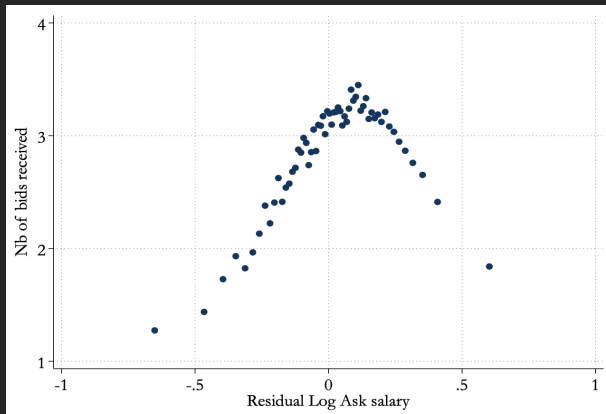
- Explanation power of Ask Salary
 - Bid Salary: reducing the prediction power of experience and education
 - Final Salary: eliminating the prediction power of education, reducing that of experience to ~ 0
- Compensation structure: adding equity offers does *NOT* change the results
- Firm selection
 - Search effort: firms that end up hiring are *NOT* different from the full sample
 - Pricing effort: gender gap results are *robust* for firms that do not take ask prices as bid prices
- Candidates
 - Selective updating: adding spell FEs does *NOT* change the results; an interesting *asymmetry* of updating: upward updating benefits more
 - Racial gap: similar results for racial minority groups' negotiations

Extensive Margin: Selection for Interview

Dependent Variable: Number of bids received

Female	-0.397***	0.227***	0.259***	0.271***	0.342***
Ask Salary			0.937***	1.924***	0.979***
Ask Salary ²				-0.228***	
Female × (Ask Salary)					-0.074
Poisson AME on Female	-0.402	0.303	0.329	0.361	0.326
Resume characteristics		✓	✓	✓	✓
Adj. R^2	0.015	0.240	0.244	0.245	0.244
No. Obs	164799	164799	164799	164799	164799

Extensive Margin: Selection for Interview



Extensive Margin: Receiving A Final Offer After Interview

Dependent Variable: $\Pr(\text{Final offer received after interview})$

Female	0.001	0.001	0.001	-0.000
Ask Salary			-0.000	0.023***
Ask Salary ²			0.001	-0.002***
Logit AME on Female	0.001	0.000	0.000	-0.018
Resume characteristics		✓	✓	✓
Job FE				✓
Adj. R^2	0.000	0.008	0.008	0.006
No. Obs	261518	261518	261518	251817

Extensive Margin: Quality of Job Search

- Ranking by bids: j is ranked above k if they bid at the same salary, but candidate i choose j over k

Extensive Margin: Quality of Job Search

- Ranking by bids: j is ranked above k if they bid at the same salary, but candidate i choose j over k

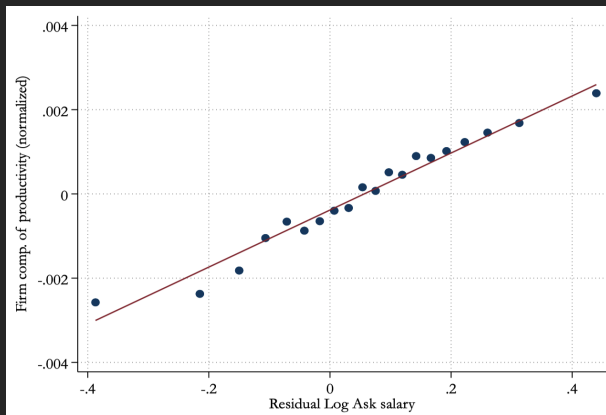
Dep. Var.	Firm rank (by <i>bid</i>)		
Female	-1.795***	-0.042	0.163
log(Ask Salary)			8.785***
Resume characteristics		✓	✓
Mean rank percentile	62.5	62.5	62.5
Adj. R^2	0.004	0.042	0.045
No. Obs	259749	259749	259749

Extensive Margin: Quality of Job Search

- Ranking by bids: j is ranked above k if they bid at the same salary, but candidate i choose j over k
- Ranking by offers: j is ranked above k if they offer the same salary, but candidate i accept j over k

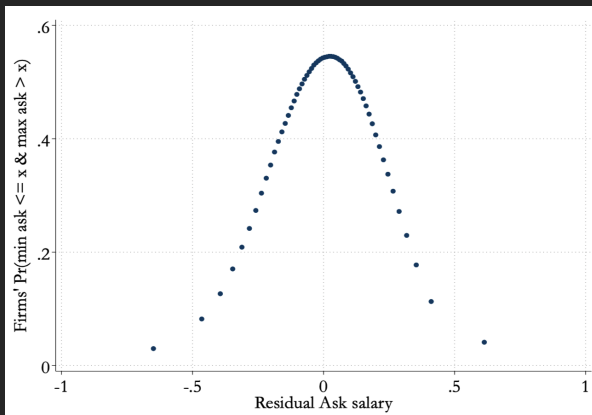
Dep. Var.	Firm rank (by <i>bid</i>)			Firm rank (by <i>offer</i>)		
Female	-1.795***	-0.042	0.163	-1.241	0.856	1.254
log(Ask Salary)			8.785***			13.157***
Resume characteristics		✓	✓		✓	✓
Mean rank percentile	62.5	62.5	62.5	64.3	64.3	64.3
Adj. R^2	0.004	0.042	0.045	0.005	0.088	0.096
No. Obs	259749	259749	259749	3454	3454	3454

Extensive Margin: Quality of Job Search



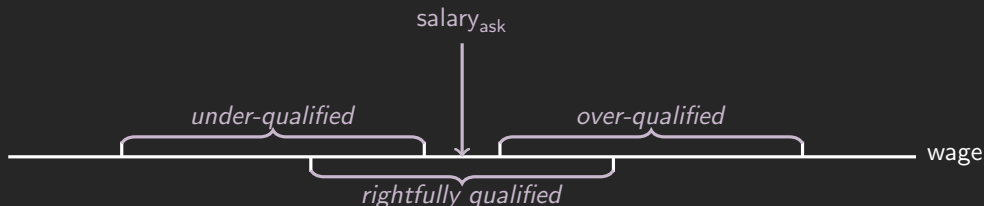
Expected match productivity inferred from firms' bids

The Model: Firm-Side Intuition

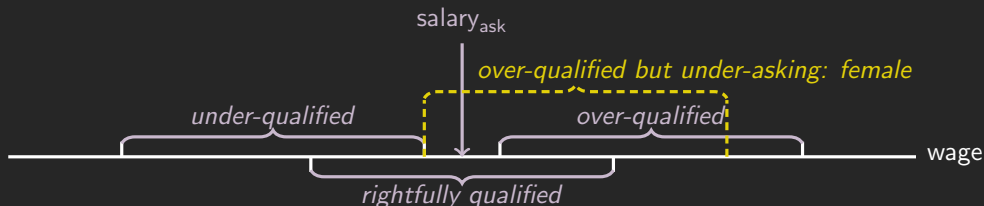


Range of residual ask salaries that firms interview in

The Model: Gender Gap Persists with Ask Salary as Signal



The Model: Gender Gap Persists with Ask Salary as Signal

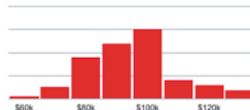


An Information Treatment

Before

What base annual salary are you looking for in your next role?

Employers will reach out with an interview request including compensation, role, and more based on your profile and preferred salary. You may update this at any time.



Salaries offered on Hired for Software Engineers in SF Bay Area with similar experience.

After

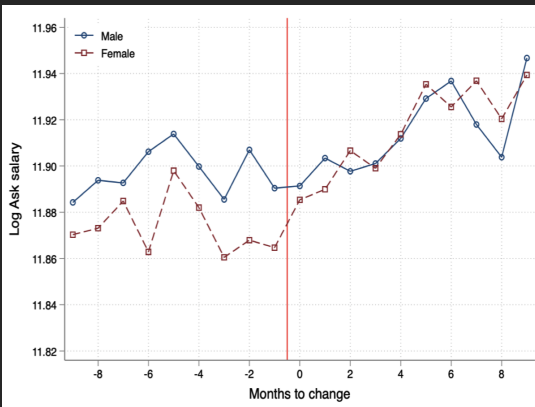
What base annual salary are you looking for in your next role?

Employers will reach out with an interview request including compensation, role, and more based on your profile and preferred salary. You may update this at any time.



Salaries offered on Hired for Software Engineers in SF Bay Area with similar experience.

Treatment Effect: Ask Gap

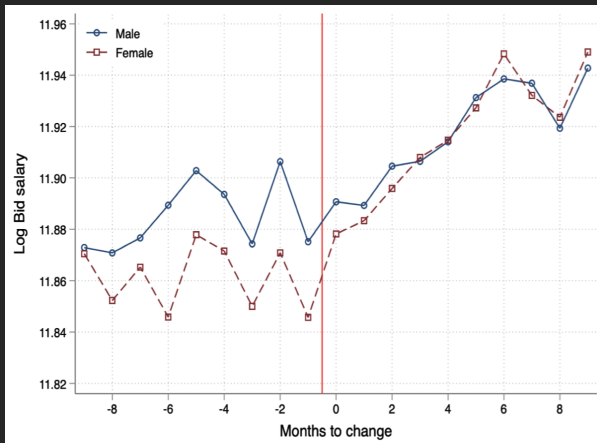


Placebo

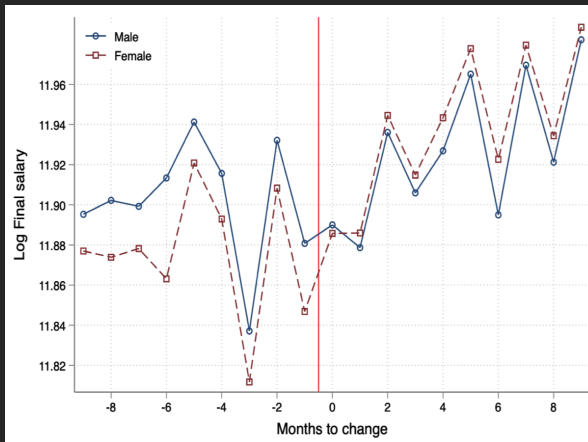
Ask Gap
predicted

Female	-0.080***
After	0.002
Female × After	-0.003
Adj. R^2	0.02
No. Obs	43368

Treatment Effect: Bid Gap



Treatment Effect: Final Gap



Discussion

Summary

- gender gap is, surprise surprise, real
 - ask gap: 2.9%, net of resume information
 - bid gap: 2.2%, can *almost* entirely be explained by the ask gap
 - offer-wage gap: 1.8%, can entirely be explained by the ask gap
- no gender gap at the extensive margin
- an information treatment can correct the gender gaps observed

Some comments

Pros

- very good data
- some solid empirical strategies
 - sorted effects method
 - revealed-preference ranking
- clean results

Debatables

- lack of causality
- the model is not impressive
 - strong assumptions
 - no testable measures
- results are up for interpretation

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Thank you!