

## Gender Bias in Bargaining: Lessons from Haggling over the Price of Seed in Rural Uganda

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In developing countries, [haggling](#) over prices of goods and services is common practice. A range of personal, economic, social and cultural factors influence strategies used during the bargaining process—and ultimately its outcome. For example, bargaining between a government official who pulls up in an expensive SUV and a poor woman selling tomatoes in a roadside stall is likely to be very different from that of two traders of equal standing cutting a deal involving a few tons of maize.

In a [recent study](#) conducted in rural Uganda, we built on [prior research that hinted at biased perceptions against female-managed agro-input shops](#), examining the intricate dynamics that govern bargaining over a bag of maize seed of an improved variety. Employing a [lab-in-the-field experiment](#), we focused on unraveling the complexities of negotiations between sellers and buyers, and in particular on how the gender of the seller shapes the bargaining process and outcomes—finding that women face a distinct negotiating disadvantage.

### A bilateral bargaining experiment through a gender lens

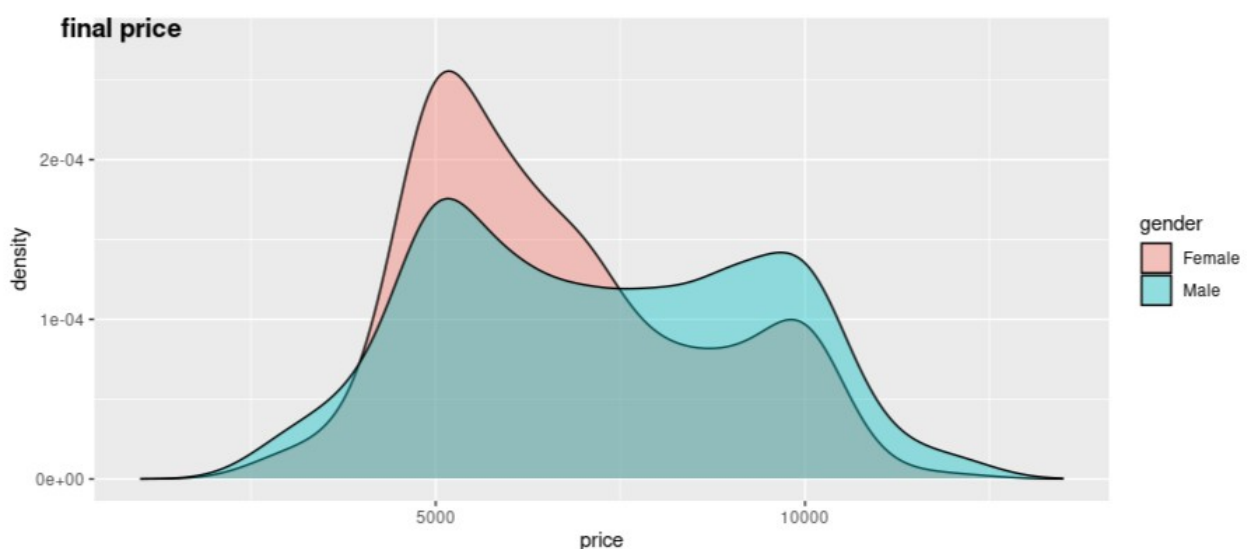
In the experiment, a representative group of (both male and female) maize farmers was offered the opportunity to buy a bag of [hybrid maize seed](#). A trained enumerator, guided by a script implemented on a tablet computer, acted as a seller. After explaining the virtues of hybrid maize

seed to the buyer, the seller asked if the buyer wanted to buy the seed at an [initial offer price](#). If the buyer rejected the offer, he or she was encouraged to make a first [counter bid](#).

The seller's actions were guided by an algorithm on the tablet, which determined whether to accept the counter bid (if the difference between the two bids was small enough) or if not, to begin a second round of negotiations, with a second offer price lower than the first but higher than the farmer's initial counter bid. This process continued until the farmer accepted an offer price, or the seller was instructed to accept when the difference between last bid and new offer fell below a set threshold.

To estimate the causal impact of the seller's gender on the bargaining process and outcomes, we randomly assigned farmers to either a male or a female seller. We found that a discernible gender effect emerged as negotiations unfolded. Buyers facing female sellers were less likely to accept initial offer prices. Counter bids were significantly lower in the group of farmers paired with female sellers than among those negotiating with a man. Negotiations also extended over more rounds.

Most importantly, the final price that emerged after bargaining was almost 9% lower for female vs. male sellers. The [probability density plot](#) below shows a clear peak in the distribution of outcomes around 5,000 Ugandan shillings for transactions involving a female seller. If the seller is a man, meanwhile, the probabilities that farmers buy at 10,000 or 5,000 are almost the same. These findings suggest that biases manifest early in the negotiation process, shaping subsequent interactions.



## Significance

If gender proves to be an important determinant of bargaining dynamics and outcomes more generally, our study has important implications for efforts to improve women's empowerment. Indeed, in many patriarchal societies characterized by strong gender norms and customs, operating small informal businesses is one of the few ways in which women can earn money independently from their husbands. In Uganda, we found that a surprisingly large share of women run agro-input shops. Such "outside options" in the form of [assets or income that women control have been shown](#)

[to be key to women's empowerment](#) and household well-being—thus, addressing this bias is likely to have a range of positive effects.

Our study is limited in the sense that it merely shows the existence of gender bias in bargaining in a particular context and for a particular commodity; it does not provide reasons why this bias exists (e.g., [prejudice, stereotyping, or statistical discrimination](#)). More research is needed on the roots of this bias, such that appropriate policies and strategies can be designed to level the bargaining playing field.

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