

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

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In developing countries, [haggling](#) over the price of goods and services is common practice. Strategies used during the bargaining process---and ensuing outcomes---are influenced by range of personal, economic, social and cultural factors. For example, the bargaining process that unfolds between a government official that pulls up in an expensive SUV and a poor women selling tomatoes in a roadside stall is likely to be very different from a situation where two traders of equal standing are cutting a deal involving a few tonnes of maize.

In a recent study conducted in rural Uganda, we build on [prior research that hinted at biased perceptions against female-managed agro-input shops](#) and delved into the intricate dynamics that govern bargaining over a bag of maize seed of an improved variety. Employing a [lab-in-the-field experiment](#), our focus was 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.

A bilateral bargaining experiment through a gender lens

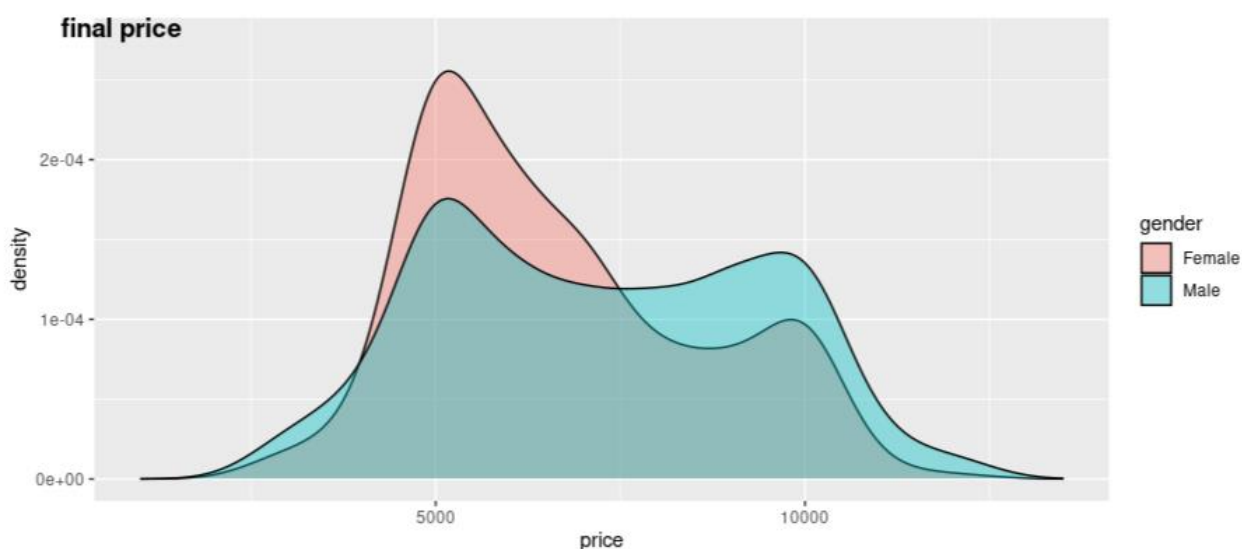
We do so by offering to a representative group of (both male and female) maize farmers the opportunity to buy a bag of [hybrid maize seed](#). A trained enumerator, guided by a script implemented on a tablet computer, acts as a seller. After explaining the virtues of hybrid maize seed

to the buyer, the seller asks if the buyer wants to buy the seed at an [initial offer price](#). If the buyer rejects the offer, he or she is encouraged to call out a first [counter-bid](#).

The algorithm on the tablet then determines if the seller agrees on the counter bid (depending the difference between the two bids being small enough) or to enter into a second round of negotiations and name a second offer price (which is lower than the previous offer price but higher than the farmer's previous counter bid). This process continues until the farmer accepts an offer price, or the seller is instructed to accept because the difference between last bid price and new offer price is lower than a particular threshold.

To estimate the causal impact of the gender of the seller on the bargaining process and outcomes, we randomly assign farmers to either a male or a female seller. We find that, as negotiations unfolded, a discernible gender effect emerged. Buyers facing female sellers exhibited a decreased likelihood of accepting initial offer prices. Counter bids to the starting price were significantly lower in the group of farmers that were paired with a female seller than in the group of farmers that were negotiating with a man. Negotiations also extended over more rounds.

Most importantly, the final price that emerges after bargaining is almost 9 percent lower when the seller is a woman than when the seller is a man. The [probability density plot](#) below shows a clear peak in the distribution of outcomes around UGX 5,000 for transactions involving a female seller. If the seller is a man, the probability that farmers buy at 10,000 is almost the same as the likelihood that farmers pay 5,000. 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. Indeed, in many patriarchal societies characterized by strong gender norms and customs, small informal businesses is one of the few ways in which women can earn some money independently from the husband. In Uganda, we indeed find that a surprisingly large share of women run agro-input shops. As “outside options” in the form of [assets](#)

[or income the women control has been shown key to women empowerment](#) and household well-being, correcting this bias is likely to have a range of positive effects.

Unfortunately, our study merely shows the existence of gender bias in bargaining (in a particular context and for a particular commodity). Indeed, it does not provide reasons why this bias exists (eg. [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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