

# DISCRIMINATION FROM BELOW: EXPERIMENTAL EVIDENCE ON FEMALE LEADERSHIP IN ETHIOPIA\*

Shibiru Ayalew  
Shanthi Manian  
Ketki Sheth

Globally, women are underrepresented in top management. We propose that this may result from discrimination from “below”: gender discrimination by subordinates could make female leaders appear less qualified. Using a novel laboratory experiment in Ethiopia, we test whether leader gender affects the way subjects respond to leadership. We find evidence for discrimination: subjects are ten percent less likely to follow the *same* advice from a female leader than an *otherwise identical* male leader, and female-led subjects perform .33 standard deviations worse as a result. We then characterize this discrimination as statistical rather than taste-based: when the leader is presented as highly trained and competent, the gender gap is reversed and subjects are *more* likely to follow women than men. The findings are consistent with a model of statistical discrimination in which the same signal is interpreted differently for each gender, and which implies less discrimination at the “top” of the labor market. Consistent with this, we find no gender discrimination in a resume evaluation experiment for a senior management position. And, using a large sample of university administrative employees, we show that the gender wage gap reduces with higher levels of education. Our results suggest that discrimination from below is a barrier to female managers, but may be ameliorated for those women who succeed in moving up the pipeline.

JEL Codes: O10, O15, J71

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\*We are grateful to the East Africa Social Science Translation (EASST), administered by the Center for Effective Global Action (CEGA), for financial support, and to Adama Science and Technology University for supporting our study, sharing data, and the staff which provided invaluable assistance with implementing the study design. We also thank Prashant Bharadwaj, Monica Capra, Edward Miguel, Karthik Muralidharan, Aurelie Ouss, Siqi Pan, Lise Vesterlund, Sevgi Yuksel, and various seminar participants for helpful suggestions and comments. This study was preregistered at the AEA RCT Registry (AEARCTR-0002304).

Ayalew: Arsi University (shibekoo84@gmail.com), Manian: Washington State University (shanthi.manian@wsu.edu), Sheth: University of California Merced (ksheth@ucmerced.edu).

# 1 Introduction

Globally, women are underrepresented in top management: for example, women hold just 17 percent of board directorships in the world’s 200 largest companies (African Development Bank, 2015). In addition to equity considerations, these gaps suggest that the productivity potential of the labor force is not fully utilized. Existing explanations for these gaps have often focused on supply-side differences between male and female candidates (e.g., lower educational attainment or skill accumulation among women, differences in preferences, or the notion that women are less likely to “lean in” and go after management positions (Niederle and Vesterlund, 2011; Sandberg and Scovell, 2013; African Development Bank, 2015)). In addition, a large literature documents discrimination from “above” in the hiring and promotion processes (Bertrand and Dufló, 2016). We propose a complementary explanation: that discrimination from “below”—gender discrimination by subordinates—can make a female leader appear less qualified than a male leader who is of equal ability *ex ante*.

Performance success in management and leadership depends in large part on how well others adhere to one’s advice and direction. Thus, even if women are equally skilled and have similar leadership styles, performance of female-led teams may be reduced if their advice is less likely to be heeded. This can generate gender disparities in promotions to higher-level management even when male and female leaders are otherwise identical and, importantly, even when there is no discrimination in promotion decisions. This mechanism also implies that even if a woman alters her leadership style or increases her human capital, she may still fall short of her male counterparts. However, little well-identified evidence exists on whether individuals in the workforce respond differently to managers based solely on their gender. Evidence is particularly scarce for developing countries, where the under-representation of women in senior management is even more severe.<sup>1</sup>

Using a novel lab-in-the-field experiment with a sample of 304 white-collar workers in Ethiopia, we study whether individuals respond differently when they are randomly assigned to a male versus female leader. Importantly, our design allows us to hold leader ability constant: there is no direct interaction between subjects and leaders, and pre-scripted messages are used to ensure that leader gender is the only

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<sup>1</sup>While women hold 17 percent of board directorships globally, the analogous figures in Africa, Asia and Latin America are 14 percent, 10 percent, and 6 percent respectively (African Development Bank, 2015).

difference between the two groups. Strikingly, although the female and male leaders are otherwise identical, we find that subjects are 10 percent less likely to follow the same guidance when provided by a woman rather than a man. As a result, total points earned by female-led subjects are reduced by 0.34 standard deviations.

Interestingly, the gender gap is not only mitigated, but is actually reversed, in a cross-randomized information treatment where subjects are told that their leader is highly trained and competent. Moreover, this information has no effect for male leaders: the likelihood that subjects follow male leaders is statistically indistinguishable with and without this information. These two facts allow us to characterize the discrimination as statistical, where beliefs about a group are used to solve a signal extraction problem, and rule out “taste-based” discrimination, in which individuals simply dislike female leadership (Becker, 1957; Aigner and Cain, 1977; Guryan and Charles, 2013). Moreover, our results suggest that the same information about leader ability is interpreted differently for men versus women.

We provide evidence consistent with the notion that signal inference differs by gender by studying how gender wage gaps vary with education level, the canonical signal of ability in the labor market. In our sample of 1,685 university administrative employees, we find no gender wage gap among highly educated employees (those with a BA or higher), despite a large and significant gender gap of 19 percent among those with less education.

We then consider the dynamic implications of discrimination from below. We develop a model based on Coate and Loury (1993) to show that because discrimination from below reduces the performance of female-led teams, women with the same ex-ante qualifications as men are less likely to be promoted. In addition, women who nevertheless succeed in attaining management positions will be positively selected—that is, the underlying ability of an accomplished woman is higher than the underlying ability of an accomplished man. At more advanced qualifications and positions in the labor market, we would then expect the underlying ability for women to be higher than for men, and for statistical discrimination to reduce, and potentially even reverse, the gender gap. Thus, conditional on making it to the “top” of the labor market, we may *not* observe discrimination against women.

As a test of this dynamic prediction, we study how low-level administrative employees evaluate candidates for a senior management position in a resume experiment in which the candidate gender is randomly assigned. Subjects are asked to evaluate qualified candidates for a hypothetical position at their university along several di-

mensions (e.g., competence, likelihood of hiring, etc.) Consistent with the prediction of our model, we find no differences in evaluations of candidates by gender along any dimension.

Our primary contribution to the literature is providing clean evidence for discrimination from below, an understudied form of discrimination. In a large literature on gender differences in labor market outcomes, this paper is one of the first, to our knowledge, to provide a well-identified estimate of gender discrimination from below that *cannot* be attributed to unobservable differences between men and women.<sup>2</sup> We thus describe an understudied explanation for the persistent gender gap in senior-level management positions, provide a robust empirical test for its existence, and show theoretically how such discrimination can drive the under-representation of women in management.

The concept of discrimination from below is distinct from discrimination in hiring and promotion in several important ways. Discrimination from “above” is often identified as differences in hiring and promotion conditional on equal performance. We highlight that the performance metric itself may be a function of discrimination from below, and that women face differential barriers to effectiveness in leadership. Thus, discrimination, and resulting gender gaps, may go undetected if this mechanism is not considered in anti-discriminatory policies. Furthermore, to overcome discrimination, ability information must be conveyed and believed by subordinates, not just those involved in hiring decisions. And finally, discrimination from below highlights discriminatory concerns in advice-giving contexts more generally. If female advice is less likely to be followed when offered, then simply giving women the opportunity to “sit at the table” may not be sufficient to overcome gender disparities.

While several papers have studied discrimination from above in hiring and promotion decisions, evaluations, and credit or rental offers (Bertrand and Duflo, 2016), the evidence on discrimination from below has been more limited, in part because of the difficulty of randomly assigning leader gender while holding leadership style and ability constant in field settings. Because discrimination from below does not lend itself naturally to correspondence or audit studies, a lab-in-the-field experiment is a

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<sup>2</sup>Blau and Kahn (2017) review the literature on gender differences in the labor market. Grossman et al. (2017) document discrimination toward female leaders in an incentivized coordination game, but they do not distinguish between taste-based and statistical discrimination. And while psychological research has documented differential responses to male and female leaders using hypothetical vignettes or trained actors (Eagly, 2013), we show that this discrimination persists when there are real stakes.

particularly advantageous method to identify such discrimination.<sup>3</sup> In addition, our model and experimental results highlight that discrimination from below actually reduces the performance of female-led teams, even when male and female leaders are of equal ability, which is costly for firms and team members themselves.

Our second contribution is providing evidence on the existence and patterns of gender discrimination in leadership and labor markets in a low-income country, where the literature is particularly scarce. There is a significant literature on discrimination in early childhood investments and son preference<sup>4</sup>, documenting gender inequities in the labor market<sup>5</sup>, and a series of recent studies that have explored how gendered networks and peers create and perpetuate gender gaps in the labor market<sup>6</sup>. However, research in direct discrimination against women and its consequence in the labor market is more lacking. Yishay et al. (2018) show that male trainers in Malawi are more effective at encouraging agricultural technology adoption despite being less skilled, and Hardy (2018) shows that female business receive fewer customers. However, these natural experiments are fundamentally unable to control for unobservable differences between men and women. Our results, however, reinforce the idea that these disparities are due to discrimination from below. In general, though we focus on the context of management in this paper, discrimination from below can generate gender disparities in any position in which successful performance requires individuals to follow one’s advice or direction.

Our results are also relevant to the literature on female political leadership in low-income countries. The majority of this literature focuses on the consequences of female leaderships, as opposed to individual’s responsiveness to female leadership.<sup>7</sup> However, Gangadharan et al. (2016) and Beaman et al. (2009) do find evidence of

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<sup>3</sup>A relatively new literature explores gender discrimination towards experts by using negative shocks (“mistakes”) for identification (Egan, Matvos and Seru, 2017; Landsman, 2017; Sarsons et al., 2017). In addition to focusing on negative shocks, these settings are also qualitatively different in some ways from discrimination from below—for example, Sarsons et al. (2017) studies discrimination in general practitioner referrals to male versus female surgeons, which is more akin to a hiring decision.

<sup>4</sup>Bharadwaj and Lakdawala (2013); Jayachandran and Kuziemko (2011); Jayachandran (2015); Jayachandran and Pande (2017).

<sup>5</sup>Jensen (2012); Heath (2014); Heath and Mobarak (2014); ILO (2016).

<sup>6</sup>Beaman, Keleher and Magruder (2017); Field et al. (2016); Hardy (2018).

<sup>7</sup>Several papers exploit India’s political reservation system, which reserves seats for women in villages councils, as a natural experiment; however, only Beaman et al. (2009) and Gangadharan et al. (2016) explore implications for discrimination. Most papers explore the impacts of female leaders on outcomes; examples include Chattopadhyay and Duflo (2004); Beaman et al. (2012); Iyer et al. (2012); Kalsi (2017).

discrimination towards female leaders and argue that the results are driven by social norms, which could be consistent with either taste-based or statistical discrimination.

Our third contribution is we are able to show that the pattern of gender discrimination we observe is driven by statistical discrimination, whereas most of the literature in low-income countries has been agnostic on the sources of discrimination. We thus advance the literature by finding support for statistical discrimination, and not taste-based discrimination, even in contexts where gender attitudes are particularly inequitable. An exception is Beaman, Keleher and Magruder (2017), who similarly find that gender differentials in job referrals in Malawi are more consistent with statistical discrimination. Our finding that discrimination is driven by beliefs has important policy implications. For example, many have suggested that more equitable gender attitudes tend to accompany the process of development (Duflo, 2012). However, if such gender gaps are driven by statistical discrimination, they may not be affected by changes in gender attitudes.

Global development goals have focused on improving gender parity in low-income countries, making it particularly important to understand the role of gender discrimination in the labor market in these countries. Our setting in Ethiopia may be important to explaining our results. One reason that signals of ability may be interpreted differently as a function of gender is that it is more unusual for women to obtain those signals of ability in the first place. In contrast to our findings, in high income countries the gender gap increases with education, despite female education completion rates and performance being higher than males (Blau and Kahn, 2017). This model can thus help reconcile, for example, the large gender disparities for the median woman in South Asia with the fact that the four largest South Asian countries have all had a female head of government.<sup>8</sup> In addition to highlighting the importance of conducting studies on discrimination in various settings, our findings help reconcile why discrimination and gender inequities on average may not translate to similar patterns of inequities among the elite.

The rest of the paper proceeds as follows. In Section 2, we provide a theoretical framework to motivate our experiment. Section 3 provides details on the design of the leadership game. In Section 4, we present the experimental results as well as supplementary results from administrative data. Section 5 presents a model of the dynamic implications of discrimination from below and evidence from a resume

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<sup>8</sup>Sen, Amartya. "More Than 100 Million Women Are Missing." *The New York Review of Books*, December 20, 1990.

experiment consistent with these predictions. Section 6 concludes and discusses policy implications of the results.

## 2 Theory

In this section, we develop a model incorporating both taste-based and statistical discrimination. We then generate testable predictions that will allow us to distinguish between these two sources of discrimination using our experimental results. We study an employee’s decision to follow the advice of either a male or a female manager. We assume that both the male and female manager have equal underlying ability  $\theta$ . However, we allow both the mean and variance of ability in the population to vary by gender  $g \in \{m, f\}$ , so  $\theta \sim N(\bar{\theta}_g, \sigma_g^2)$ .<sup>9</sup> We focus on female and male managers of high ability, so  $\theta \geq \bar{\theta}_g$  for all  $g$ .

The employee does not observe the manager’s ability. We first consider a base case in which the employee has no information about the manager except gender. Thus, the employee forms a belief  $E(\theta|g)$  and chooses her action based on that belief. If she chooses to follow the manager’s advice, she receives payoffs according to a continuous and increasing function  $f(E(\theta|g))$ . We also allow the employee’s utility from following the advice to depend directly on the manager’s gender, as in a model of “taste-based” discrimination (Becker, 1957). Thus, the employee has utility function  $u(g, f(E(\theta|g)))$ . To focus on the core predictions of our model, we assume rational expectations, that utility is linear in payoffs, and that taste-based utility and utility from payoffs are additively separable. This yields  $u(g, f(E(\theta|g))) = f(\bar{\theta}_g) - c_g$ , where  $c$  is the “taste-based” cost associated with following each gender. We standardize the utility of not following the manager to 0. The employee will then follow her manager’s advice if the expected payoff from following the manager exceeds the taste-based cost of following the manager’s directions:

$$f(\bar{\theta}_g) > c_g$$

We allow employees to be heterogeneous in these taste-based costs, where  $c_g$  has the cumulative distribution function  $D_g(x)$ . We assume that the taste-based cost of following a female manager first order stochastically dominates the taste-based cost

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<sup>9</sup>Given large differences in educational attainment between men and women in Ethiopia, for example, it may make sense to assume that mean ability is higher among men, and ability among women exhibits higher variance.

of following a male manager:  $D_f(x) \leq D_m(x) \forall x$ .

*Discrimination* occurs when, for a male and female manager of equal ability  $\theta$  and an employee with the information set  $\mathbf{S}$ , we have:

$$D_f(f(E(\theta|f, \mathbf{S}))) < D_m(f(E(\theta|m, \mathbf{S})))$$

That is, discrimination occurs when employees are strictly less likely to follow the advice of a female manager than a male manager of equal ability.

**Remark 1** *Employees are less likely to follow female managers if  $c_f > c_m$ , if  $\bar{\theta}_f < \bar{\theta}_m$ , or both.*

In the absence of any other information about the manager ( $\mathbf{S} = \emptyset$ ), both taste-based discrimination and statistical discrimination result in employees being less likely to follow the female manager relative to the male manager. If there is taste-based discrimination against women, then the expected payoff from following the manager must be higher for the female manager than the male manager, to compensate for the distaste. If there is statistical discrimination against women (i.e.,  $\bar{\theta}_f < \bar{\theta}_m$ ), employees are less likely to follow the female manager because the expected payoff from doing so is simply lower.

### The role of ability signals

We now consider the possibility of introducing additional information about manager ability. Let  $s$  be a noisy but unbiased signal of ability:  $s = \theta + u$ , where  $u$  is independent of  $\theta$  and is normally distributed with mean zero:  $u \sim N(0, \eta^2)$ . Note that for a male and female manager of equal ability, the distribution of  $s$  is the same for them both. We assume Bayesian updating and obtain:

$$E(\theta|s, g) = \lambda_g \bar{\theta}_g + (1 - \lambda_g)s$$

where  $\lambda_g = \frac{\eta^2}{\eta^2 + \sigma_g^2}$ .

In other words, when there is an additional signal of ability, employees form beliefs by taking a weighted average of the prior and the signal. The weights depend on the relative noise of the prior versus the ability signal: if the prior is noisier, the ability signal will be given more weight, whereas if the ability signal is noisier, the prior will be given more weight.



**Remark 2** *After observing a signal of high ability, employees are weakly more likely to follow both male and female managers relative to the no-signal baseline.*

If  $s \geq \bar{\theta}_g$  for all  $g$ , then  $E(\theta|s, g) \geq E(\theta|g)$  and the expected payoff from following the manager increases.

We now consider the role of a high ability signal when there is taste-based discrimination only:  $c_f \geq c_m$  for all employees, but beliefs about ability are identically distributed. In this case, the condition for following the manager is  $f(E(\theta|s)) > c_m$  if the manager is male and  $f(E(\theta|s)) > c_f$  if the manager is female.

**Proposition 1** *Under only taste-based discrimination,  $c_f > c_m$ , signals of high ability cannot reverse the gender gap in following the manager.*

A high ability signal increases the expected payoff from following the manager, so it makes discrimination more costly. However, if the expected payoff is independent of manager gender, any given expected payoff is weakly more likely to exceed the distaste for following a male manager than a female manager by assumption. Thus, under taste-based discrimination, the share following the female manager can never exceed the share following the male manager.

Proposition 1 implies that if a signal of high ability reverses the gender gap in following the leader, this must be due to a reversal of beliefs relative to priors. Therefore, we focus on beliefs, the basis for statistical discrimination, for the remainder of this section. We now return to our initial assumption that the priors on ability may vary by gender. In this case, after observing a signal of high ability, the gender gap in beliefs is:

$$E(\theta|s, m) - E(\theta|s, f) = \lambda_m \bar{\theta}_m - \lambda_f \bar{\theta}_f + (\lambda_f - \lambda_m)s$$

Holding taste preferences constant ( $D_m(x) = D_f(x)$  for all  $x$ ), any reduction in the gender gaps in beliefs will translate into a corresponding reduction in discrimination from below. If the prior is that male managers have higher mean ability,  $\bar{\theta}_m > \bar{\theta}_f$ , but similar variances,  $\sigma_m^2 = \sigma_f^2$  then a signal of high ability will reduce, but not reverse the gender gap. The gender gap will reverse only if the variance of female ability is large relative to male ability, so that much more weight is placed on the signal for female managers:

$$\frac{\lambda_f}{\lambda_m} < \frac{s - \bar{\theta}_m}{s - \bar{\theta}_f}$$

However, in the special case of  $s = \bar{\theta}_m$ , that is, the signal indicates that the manager is of average male ability, even differences in prior variances in ability cannot reverse the gender gaps in beliefs. In such a case, the signal will have no effect of employees' response to a male manager, but will increase beliefs about the ability of a female manager.<sup>10</sup>

**Proposition 2** *A signal indicating that a female manager is equal to the average male manager,  $s = \bar{\theta}_m$ , can reduce, but cannot reverse, the gender gap in following the manager.*

The gender gap in following the manager can reverse only if there is a reversal in the gender gap in beliefs. When the signal indicates that the female manager is equal to the average male manager,  $s = \bar{\theta}_m$ , the gender gap in beliefs is  $\lambda_f(\bar{\theta}_m - \bar{\theta}_f)$ , which is weakly positive by assumption.

#### **Discussion: understanding a belief reversal**

A reversal in beliefs when  $s = \bar{\theta}_m$  can be explained by a model in which employees interpret the same signal differently based on the gender of the manager. As a simple illustration of this point, let  $s = \theta - \gamma_g + u$ , for some constant  $\gamma_g$ , where  $\gamma_m = 0$  and  $\gamma_f > 0$ . Therefore, for the same level of ability, the employee assumes that a female manager will produce, on average, a lower signal than men. Now we have:

$$E(\theta|s, g) = \lambda_g \bar{\theta}_g + (1 - \lambda_g)[s + \gamma_g]$$

**Proposition 3** *If employees believe that the signal mean differs by gender, then it is possible for a signal  $s = \bar{\theta}_m$  to reverse the baseline gender gap in beliefs about ability.*

For  $s = \bar{\theta}_m$ , the gender gap in beliefs is now  $E(\theta|s, m) - E(\theta|s, f) = \lambda_f(s - \bar{\theta}_f) - (1 - \lambda_f)\gamma_f$ . This can be negative if the penalty  $\gamma_f$  is large enough. Employees viewing the same signal from male and female managers will conclude that it indicates higher ability for the female manager, on average, and this may be enough to reverse the gap.

There may be several reasons that employees would interpret the same signal differently for male and female manager. One is gender stereotypes: employees may

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<sup>10</sup>We focus on this special case because our results suggest that the signal of high ability in our experiment indicated average male ability, i.e.,  $s = \bar{\theta}_m$ .

expect female managers to perform worse on math or logic problems, for example (Bordalo et al., 2016). In a labor market context, the canonical signal of ability is education. In the educational setting, this result is consistent with the dynamic model of discrimination described by Bohren, Imas and Rosenberg (2017), which is driven by barriers to entry in obtaining signals. In Ethiopia, as in many places around the world, barriers to entry for women in education are well documented. For example, the World Economic Forum’s 2016 Global Gender Gap Report ranked Ethiopia 132, out of 144 countries evaluated, for educational attainment.

### **Summary of testable predictions**

The model developed in this sections makes the following testable predictions:

1. If there is either taste-based or statistical discrimination from below, subjects will be less likely to follow the advice of a female leader than an otherwise identical male leader.
2. If there is either taste-based or statistical discrimination from below, when subjects receive a signal that their leader is of high ability, the gender gap in following the leader is reduced.
3. If there is taste-based discrimination only, under reasonable assumptions on preferences, a signal of high ability cannot reverse the gender gap in following the leader. Thus, a reversal indicates that discrimination is driven by beliefs.
4. When there is statistical discrimination, the same signal may be interpreted differently for men and women.

## **3 Study Design**

We conducted the study in Adama, Ethiopia, in a sample of full-time administrative employees at Adama Science and Technology University (ASTU). Our primary results are based on an experiment we conducted in a subsample of these employees. We supplement the experimental results with data from a survey experiment and institutional human resources data on the universe of ASTU administrative employees.

### 3.1 Context

Ethiopia generally performs poorly on global indicators of gender inequality. For example, in the World Economic Forum’s 2016 Global Gender Gap Report, Ethiopia ranked 109 of 144. This low rank was driven by their rank on sub-indexes related to education and labor market outcomes: they ranked 106 on “Economic participation and opportunity” and 132 on educational attainment. However, the country has instituted a number of affirmative action policies designed to reduce gender gaps. In 2016, as part of its annual Country Policy and Institutional Assessment (CPIA) exercise, the World Bank assigned Ethiopia a Gender Equality Rating of 3 on a scale of 1 (low) to 6.<sup>11</sup>

Adama Science and Technology University (ASTU) is an elite public university located about 100 km from the capital, Addis Ababa. Table I shows summary statistics for all administrative employees at ASTU, based on institutional data from the human resources department. Educational attainment in the sample is high: on average, employees completed 12 years of education, which corresponds to secondary school completion. In contrast, in the Ethiopian population more broadly, 48.3 percent females and 45.7 percent males are out of secondary school (World Bank, 2017). Nearly 30 percent of the sample has a BA or higher, while the gross tertiary enrollment ratio in Ethiopia is just 8 percent (World Bank, 2017). Turnover among administrative employees at ASTU is low: average job tenure is 8 years.

Women represent 56 percent of the sample, which suggests that they are over-represented in the sample, but only slightly. In 2012, women and men with an advanced education in Ethiopia were almost equally likely to be in the labor force, although the female labor force participation rate is about 15 percentage points lower overall (World Bank, 2017). We observe significant differences in job tenure by gender: women have been with the institution longer.

Importantly for the interpretation of our model, women in the sample have significantly fewer years of education - they are 37 percent less likely to hold a Bachelors degree and 75 percent less likely to hold a Masters degree. Though we were unable to find comparable national statistics on education, this does mirror the general trend of gender gaps in education completion in Ethiopia.<sup>12</sup>

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<sup>11</sup>The gender equality ranking assesses the extent to which the country has installed institutions and programs to enforce laws and policies that promote equal access for men and women in education, health, the economy, and protection under law.

<sup>12</sup>For example, in primary and secondary school, the gender parity index of gross school enrollment is 1. But for tertiary school, the gross enrollment gender parity index is .5 (World Bank,

Table I: Summary Statistics

	(1)	(2)	(3)	(4)
	Total	Male	Female	Diff.
Female	0.56 (0.50)			
Tenure	8.00 (5.55)	7.61 (5.95)	8.31 (5.20)	-0.71*
Years of education	12.87 (3.01)	13.04 (3.23)	12.73 (2.83)	0.31*
BA or higher	0.30 (0.46)	0.38 (0.48)	0.23 (0.42)	0.14***
MA or higher	0.02 (0.15)	0.04 (0.20)	0.01 (0.09)	0.03***
Salary	2354.62 (1536.24)	2629.83 (1878.60)	2135.97 (1151.46)	493.85***
Observations	1685	746	939	1685

\*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ . Standard deviations in parentheses.

## 3.2 Leadership Game: Lab-in-the-Field Experiment<sup>13</sup>

### 3.2.1 Sample

For the leadership game, we selected a subsample of the university administrative employees that hold a BA or higher.<sup>14</sup> Using a list of employees provided by the human resource department, we contacted all administrative employees with a BA or higher ( $n = 500$ ), and implemented the game until we reached 150 female subjects and 150 male subjects.<sup>15,16</sup>

2017).

<sup>13</sup>Experimental instructions for replication are available upon request.

<sup>14</sup>We restricted the game to highly educated employees because we wanted to focus on white collar workers, and because we believed that the game may be too complicated for subjects with low levels of education.

<sup>15</sup>Most eligible subjects who did not participate (about 40 percent) could not be located during the week of the study. Only one subject refused to participate.

<sup>16</sup>Unlike in the United States, recruitment of subjects in this lab-in-the-field experiment was not routine, making it difficult to increase our sample size to more than 300

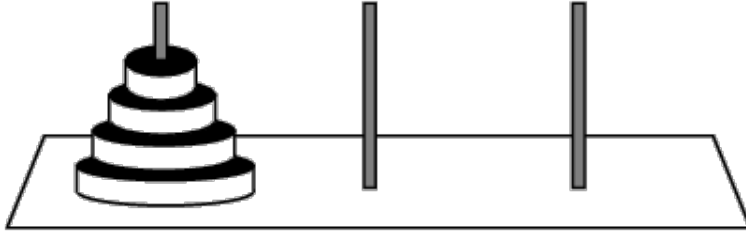


Figure I: Tower of Hanoi

### 3.2.2 Overview of design

The basic setup of the game is that subjects are randomly assigned to either a male or female “leader”, subjects are asked to complete two games, and are told that the role of the leader is to provide assistance in the second game. The subject never sees the leader, and interaction between the leader and subject is limited to written messages that are identical across all leaders. In this way, we are able to hold the leader’s behavior constant across male and female leaders.<sup>17</sup> The subject is given some information about their leader: their leader’s gender, as well as their leader’s age range, and that their leader works in a similar position at a different university. In general, we are interested in the likelihood of subjects following the guidance provided by their leaders as a function of their leader’s gender, and whether any gender gap can be mitigated by providing information about the leader being able.

The experiment consists of two parts: a logic game (Tower of Hanoi) and a signaling game adapted from Cooper and Kagel (2005). The primary purpose of the first game is to serve as an input to the ability signal treatment. The primary purpose of the second game is to measure whether subjects follow their leader’s directions.

In the logic game, subjects are shown a Tower of Hanoi and are asked to move the tower from one pole to another (see Figure I). They can only move one disk at a time, and a larger disk cannot be placed on a smaller disk. The subject is asked to solve the Tower using four disks and told that the minimum moves are 15 (see Appendix Figure A for compensation schedule).<sup>18</sup>

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<sup>17</sup>The leaders were real individuals at another university who actually played the games as described to the subjects. To hold behavior constant, the leaders played ahead of time, and we selected one male and one female leader who played in the same way and had the same outcomes to be matched to subjects.

<sup>18</sup>Prior to actually playing, we asked subjects how many moves they think *they* will require to move the tower, how many moves they think *their leader* will require to move the tower, and

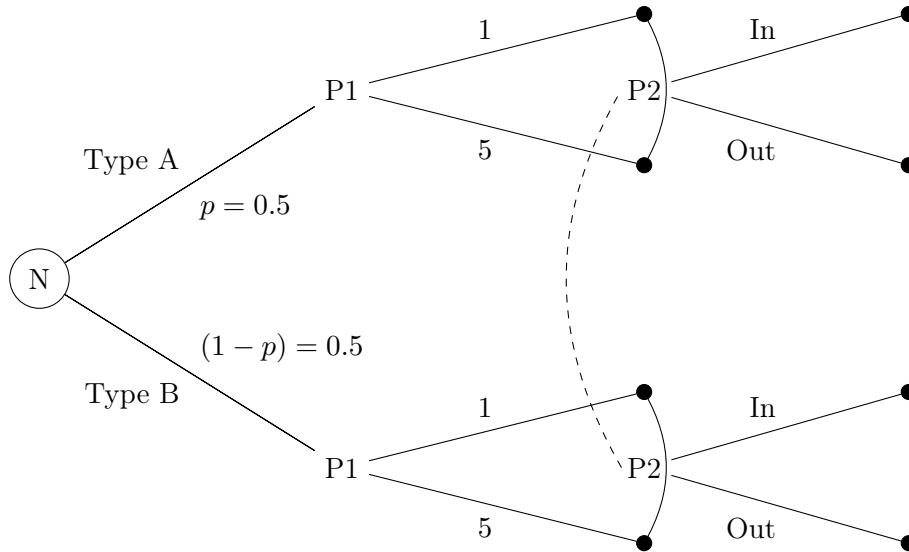


Figure II: Simplified Game Tree for Game 2

The second component was a signaling game adapted from Cooper and Kagel (2005). We selected this game because it has a clear correct answer, but it is quite complex and the correct answer is difficult to guess. This is particularly true for subjects with no previous exposure to game theory. Thus, there is a clear and important role for leader advice in this setting. In this two-player game, nature first selects Player 1's type (A or B). Player 1 moves first, and Player 2 then responds after seeing what Player 1 has selected. The sequence of moves is shown in Figure II and the payoff structure is shown in Figure III.<sup>19</sup>

The key insight is that for a Player 1 Type B, the optimal play is 5. The logic is as follows. A naive Player 1 Type B will select 3, observing that conditional on Player 2's selection, 3 always provides the highest payoff. But a Player 1 Type B can be "strategic" by selecting 5. If he selects 5, he can signal his type, because 5 is strictly dominated for Type A. If Player 2 knows that Player 1 is Type B, Player 2 is better off playing "Out" (Figure III). A similar logic could be applied to playing 4.

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finally how many moves they think their leader guessed *they* would require to move the tower. The responses to these questions were highly skewed, and it did not appear to be an effective question for precisely eliciting beliefs. We therefore do not include these questions in our final analysis, though we do not find any statistically significant difference across treatment status.

<sup>19</sup>The original game by Cooper and Kagel had 7 possible plays for Player 1 to select. We adapted the game to exclude the extreme options, leaving only 5 possible plays.

**Player 1**

Type A			Type B			<i>Expected Payoff (not shown)</i>
A's choice	In	Out	B's choice	In	Our	
1	168	444	1	276	568	299
2	150	426	2	330	606	395
3	132	426	3	352	628	466
4	56	182	4	334	610	525
5	-188	-38	5	316	592	573

**Player 2 (Computer)**

Computer's choice	Type A	Type B
In	500	200
Out	250	250

Figure III: Signaling Game Payoffs (colors and expected payoffs not shown to subjects)

The leader provides advice to play strategically in this game. Because we are interested in how subjects respond to such advice, we assigned all subjects to be Player 1 Type B and Player 2 was played by a computer. We programmed a computer app to draw from the actual distribution of Player 2 responses by university students in Cooper and Kagel (2005). To make this clear to the subjects, they were told that the computer did not know whether they were Type A or Type B. In addition, we included the following statement: “Though you are playing a computer, the computer has been programmed to mimic how real life university students have played this game, and so the computer does not always respond in the same way to a given number.”

After being introduced to the directions of the game, the subject was then asked to complete a “practice round” in which they selected which number they believed they would play, prior to being given any advice from their leader and without seeing how the computer responded to this selection. Subjects were then asked what they believed was the probability of receiving each possible payoff in their first round, and the probability of their leader receiving each possible payoff in the



leader’s first round. Using these two questions, we calculate the subject’s belief of the expected point value for him/herself and their leader. However, we note that our expectation was for subjects to report non-zero probabilities on only two of the options when eliciting beliefs of their own payoff (as the subject selects which number they will play), but the majority of subjects did include positive probabilities on more than two possible payoffs.

The subject then played 10 rounds on the game. Prior to each round, the subject observes how their assigned leader played for that given round.<sup>20</sup> In addition, subjects are told that the leader can send them messages. To control the content of the messages, messages were pre-written and leaders simply chose whether or not to send the messages to the subjects.<sup>21</sup> The messages were displayed on an Android app by the enumerator (Figure IV). The enumerator additionally recorded the leader’s play and outcome for each round on a piece of paper in front of the subject.

Figure V provides an overview of the experiment. We completed the game in a span of 6 days. Due to subjects discussing the game with colleagues, we relabeled the choices for Day 5 and Day 6. Specifically, Player 1 selected from two different sets of letters for Days 5 and 6, and the computer responded with “left/right” and “up/down.”

### 3.2.3 Experimental Treatments

We implemented a cross-cutting randomization of two treatments: leader gender and information on the leader being of high ability. Subjects were randomly assigned into one of four groups: Female leader with no information on ability, male leader with no information on ability, female leader with information on high ability, and male leader with no information on high ability.<sup>22</sup>

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<sup>20</sup>Leaders were selected at a different university a week prior. Unlike the subjects in the primary study, the leaders were given extensive training on how to play each task. We selected the two top performing leaders, one male and one female, to be assigned to subjects. Both of these leaders selected 5 for each round, and the Computer responded “Out” for every round. Leaders received a bonus based on the average performance of the team members assigned to them. Subjects were told that their leader’s compensation is partly based on how well the subject performs on the task.

<sup>21</sup>All leaders chose to send the messages.

<sup>22</sup>We randomized leader gender and then independently randomized the ability treatment, so the subjects are not perfectly evenly distributed across treatments. The distribution is as follows. Female leader with no information on ability:  $n = 78$ . Male leader with no information on ability:  $n = 71$ . Female leader with information on ability:  $n = 70$ . Male leader with no information on ability:  $n = 85$ .

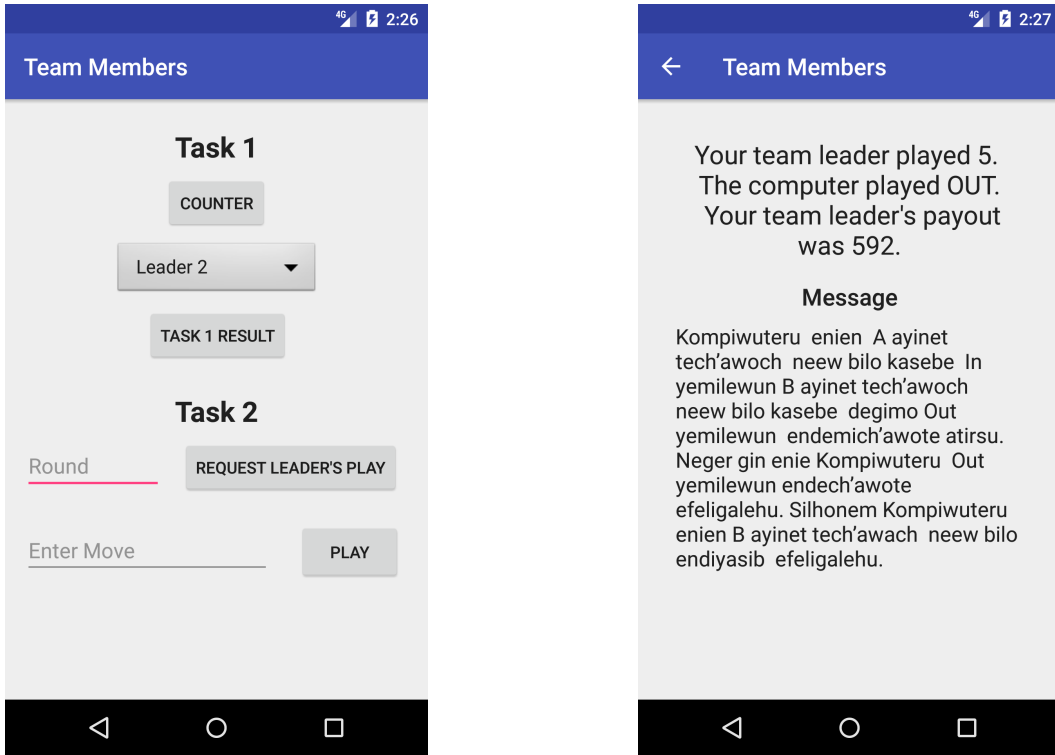


Figure IV: Leader result and messages as shown to subjects

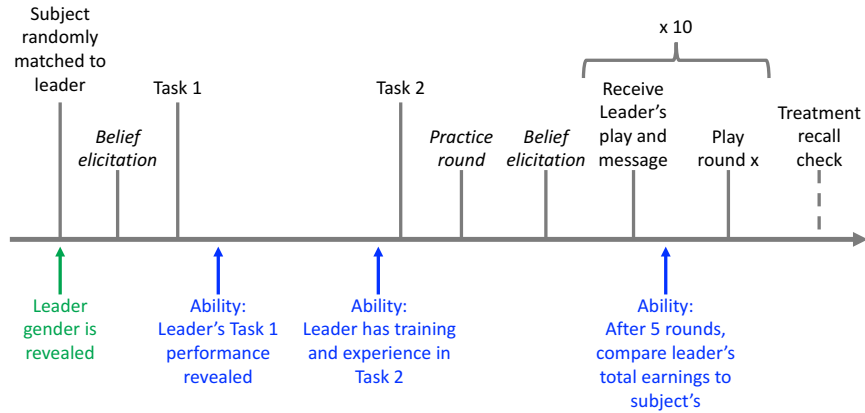


Figure V: Timeline of Leadership Game

## Leader Gender

Subjects were randomly assigned either the male leader or the female leader. Recall, the information provided to the subjects about how the leaders played are identical, and subjects do not personally interact with their leaders. This ensures that the leaders were identical to each other, except for gender. In addition to telling the subjects the gender of their leader, we provided gendered pseudonyms for the leader (mentioned 23 times in the enumerator’s script) and relied on the gendered grammatical structure of the local language, Amharic, to make the leader’s gender salient. To confirm that subjects were aware of their leader’s gender, we asked subjects a series of questions at the end of the game on the characteristics of their leader, including gender, on the last two days of the experiment. 95 percent recalled the correct gender of their leader.

## Leader Ability

We cross-randomized subjects to receive information on their leader being of high ability. This ability treatment consists of three components. First, after the “Tower of Hanoi” logic game, the enumerator informed the subject that the leader completed the task in the minimum number of moves, and noted how many moves fewer this was than their own performance.<sup>23</sup> Second, in the introduction to the second task, subjects were explicitly told that unlike themselves, the leader has already played the game and is an experienced player. And third, after 5 rounds of play, the enumerator totalled the points earned by the leader versus the subject to highlight the (expected) point advantage by their leader.

### 3.2.4 Validity of randomization

Subjects were assigned a treatment once they arrived for the experiment. The randomization was stratified by subject gender. We had generated a random ordering of 150 treatment assignments per male and female subjects to be assigned as subjects arrived. For the last two days of the experiment, we re-randomized using a blocked randomization in groups of four, because we were concerned that we may not meet our recruitment targets (although we were ultimately successful in meeting the target). In all analyses, we account for differing randomization probabilities

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<sup>23</sup>Note that subjects were not informed of the extra practice and training that leaders received for the logic game, regardless of treatment assignment.

Table II: Randomization balance

	(1)	(2)	(3)	(4)	(5)	(6)
	Fem. subject	ln(Salary)	Level	Years Ed.	MA or higher	Job tenure
Female leader only (F)	0.0173 (0.0817)	-0.0213 (0.0634)	-0.145 (0.446)	0.00175 (0.0813)	0.00848 (0.0401)	238.2 (328.3)
Ability signal only (A)	-0.0189 (0.0803)	-0.00813 (0.0597)	0.151 (0.424)	0.0556 (0.0865)	0.0354 (0.0427)	71.63 (335.7)
Female leader & Ability (FA)	-0.0383 (0.0840)	-0.00636 (0.0610)	-0.149 (0.420)	0.117 (0.100)	0.0587 (0.0494)	-276.9 (342.2)
Day FE	Yes	Yes	Yes	Yes	Yes	Yes
Observations	304	304	304	304	304	304
p-val: F = A	0.649	0.839	0.510	0.535	0.535	0.586
p-val: A = FA	0.812	0.977	0.481	0.554	0.650	0.268
p-val: F = FA	0.503	0.821	0.994	0.251	0.312	0.0959

Standard errors in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

using inverse probability weights.

Table II confirms the validity of our randomization. Using information on the subjects provided by the human resources department, we confirm that subject characteristics are balanced across the four treatment groups using a linear regression of treatment assignment on each characteristic. We also confirm pairwise balance in the bottom three rows of Table II. The table confirms balance on subject gender (as expected by the stratification design, and on salary, job level, education, and tenure, none of which were used for stratification).

In addition to balance across subject characteristics, we may be concerned that the pseudonyms we used to connote gender also contained information on other important characteristics (e.g., ethnicity, age). In Ethiopia, there are significant differences in ethnicity (Amhara and Oromic are the two dominant ethnicities) and religion (Orthodox Christianity and Islam are dominant). To the extent that names connote information on ethnicity and religion, we want to confirm that our treatments are balanced across such other information contained in the pseudonyms. The pseudonyms assigned to leaders were selected from a listing exercise conducted for

Table III: Pseudonym balance

	(1)	(2)	(3)	(4)	(5)
	Amhara	Oromo	Age	Grade	Orthodox
Female leader only (F)	-0.0188 (0.0554)	-0.00914 (0.0708)	0.670 (2.365)	0.219 (0.263)	-0.0220 (0.0700)
Ability signal only (A)	-0.0537 (0.0568)	-0.0104 (0.0697)	-0.932 (2.278)	0.145 (0.227)	-0.0689 (0.0665)
Female leader & Ability (FA)	-0.0265 (0.0597)	0.00721 (0.0754)	-0.409 (2.517)	0.160 (0.270)	-0.0477 (0.0712)
Day FE	Yes	Yes	Yes	Yes	Yes
Observations	304	304	304	304	304
p-val: F = A	0.544	0.985	0.444	0.781	0.466
p-val: A = FA	0.658	0.807	0.816	0.956	0.743
p-val: F = FA	0.900	0.826	0.648	0.848	0.700

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses. Pseudonym characteristics are assigned based on the characteristics of actual individuals with a given name, drawn from a listing exercise conducted for another study in Ethiopia. The ethnicities and religion are equal to 1 if there was at least one individual with the relevant characteristic. Age and grade represent the average age and educational attainment of all individuals with a given name.

another study in an Amharic region of Ethiopia (Ahmed and Mcintosh, 2017).<sup>24</sup> The listing exercise had also collected information on the following basic demographic information on characteristics of the person with the given name: ethnicity, religion, age, and grade completed. Table III confirms that the characteristics associated with the pseudonym assigned to each subject in a given treatment are balanced across treatment arms.<sup>25</sup>

A final concern is that due to the randomized responses by the computer, leader ability could appear different across treatments despite holding leader behavior constant. Subjects may perceive their leader as less able if they do not follow their leader’s advice and happen to obtain a higher payoff in a given round than the leader, or if they follow their leader’s advice but happen to receive a low payoff. Table IV shows that these “errors” are balanced across treatments both unconditionally (Column 1) and conditional on the subject’s play (Column 2). This alleviates

<sup>24</sup>We therefore oversample Oromic names in our selection.

<sup>25</sup>The results in Table II and Table III are robust to the exclusion of day fixed effects.

Table IV: Leader “error” balance

	(1)	(2)
	Error	Error
Female leader only (F)	0.00622 (0.0183)	0.00267 (0.0129)
Ability signal only (A)	0.0124 (0.0182)	0.0127 (0.0123)
Female leader & Ability (FA)	0.0190 (0.0193)	0.0113 (0.0138)
Day FE	Yes	Yes
Round FE	Yes	Yes
Play FE	No	Yes
Observations	3344	3339
p-val: F = A	0.730	0.420
p-val: A = FA	0.724	0.916
p-val: F = FA	0.500	0.536

Standard errors in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ 

concerns that differential error rates could be driving our results.

### 3.2.5 Estimating Equations

Our primary research question is whether discrimination from below reduces the performance of female leaders. In the leadership game, this correspond to the hypothesis that subjects are less likely to follow the leader’s advice to play strategically (defined as playing 4 or 5, following Cooper and Kagel (2005)). We additionally hypothesized that information indicating the leader is trained and competent mitigates such gender gaps.

To test these hypotheses we estimate the following equation using a linear regression model:

$$R_{ir} = \alpha + \beta_1 * FL_i + \beta_2 * Ability_i + \beta_3 FL * Ability_i + \epsilon_{ir} \quad (1)$$

where  $R$  is an indicator for playing strategically (i.e., selecting 4 or 5) for subject  $i$  in round  $r$ .  $FL$  is an indicator for being randomly assigned a female leader,  $Ability$  is an indicator for being randomly assigned receipt of information on the leader’s high

ability, and  $FL * Ability$  is the interaction of the two indicators.<sup>26</sup> We additionally include an indicator of whether the practice round selection was equivalent to the outcome of interest, day fixed effects, and round fixed effects to increase precision of our estimates and to directly control for changes we made on the latter days of the experiment. Standard errors are clustered at the individual level, corresponding to the level of randomization.

Based on our model, we pre-registered the following hypotheses in a pre-analysis plan:

- $\beta_1 < 0$ : In the absence of information, directions provided by female leaders are less likely to be followed relative to directions provided by male leaders.
- $\beta_2 > 0$ : Informing subjects that the leader is of high ability increases the likelihood that subjects follow the leader’s directions.
- $\beta_3 > 0$ : The return to a signal of high ability is higher for female leaders than for male leaders. That is, the gender gap in following the leader narrows in the ability treatment.

Also of interest is the quantity  $\beta_1 + \beta_3$ , which represents the gender gap in following the leader conditional on receiving a signal of high ability. (i.e., the probability of following the directions of a female leader with ability information relative to a male leader with ability information.) Recall from Section 2 that a reversal in the gender gap, i.e.,  $\beta_1 + \beta_3 > 0$  and  $\beta_1 < 0$ , is not consistent with a model of taste-based discrimination. In addition, if  $\beta_2 = 0$ , this suggests that  $s = \bar{\theta}_m$ : the signal indicated that the leader was of average male ability. In such a case, models of statistical discrimination predict that an unbiased signal will mitigate, but not reverse, the gender gap. Thus, if we do observe a reversal of the gender gap, it is consistent with statistical discrimination in which the signal is being interpreted differently for men and women.

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<sup>26</sup>As previously described, we corrected for varying randomization probabilities using inverse probability weights. The exclusion of these weights does not qualitatively change the results.

Table V: Leadership Game Results

<i>Dependent Variable:</i>	Strategic Play			
	(1) All Rounds	(2) Rounds 1-3	(3) Rounds 1-5	(4) Rounds 1-7
$(\beta_1)$ Fem. Leader	-0.0590* (0.0352)	-0.0695 (0.0476)	-0.0813** (0.0406)	-0.0624* (0.0372)
$(\beta_2)$ Ability	-0.00301 (0.0350)	-0.0434 (0.0470)	-0.0461 (0.0399)	-0.00815 (0.0379)
$(\beta_3)$ Fem. leader $\times$ Ability	0.115** (0.0479)	0.179*** (0.0645)	0.147*** (0.0551)	0.117** (0.0514)
Day FE	X	X	X	X
Round FE	X	X	X	X
Practice round	X	X	X	X
Observations	3020	906	1510	2114
Control group mean	0.618	0.540	0.614	0.614
$\beta_1 + \beta_3$	0.0561* P-val.: $\beta_1 + \beta_3$	0.109**	0.0657*	0.0549
	0.0891	0.0148	0.0825	0.128

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors in parentheses, clustered at subject level. Strategic play is defined as playing 4 or 5. 5 is the highest expected value play, and the leader played 5 in every round.

## 4 Results

### 4.1 Leadership Game

Table V, Column 1, shows our primary results from estimating equation (1).<sup>27</sup> We find that in the absence of information on ability, subjects with female leaders were 6 percentage points less likely to play in accordance with their leader's directions (see  $\beta_1$ ). Relative to subjects with male leaders and no information on ability, this reflects a 10 percent reduction in adherence to the leader's recommendation.

We find that information on ability had no effect for subjects with male leaders: subjects were equally likely to follow male leaders whether or not they were given information on the leader's experience or training (see  $\beta_2$ ). This suggests that the

<sup>27</sup>The results are qualitatively similar when the practice round is excluded, but lose precision. Marginal effects and statistical significance are similar when using either probit or logit models. Results are also qualitatively similar when using an indicator for selecting 5 only as the dependent variable.



signal indicated an ability level approximately equal to the expected group mean for men. In other words, the signal we provided of being capable of performing well on the tasks was already in line with the expectation of how average males would perform.

However, the information on ability does have a large effect for subjects assigned to female leaders (see  $\beta_3$ ). Interestingly,  $\beta_1 + \beta_3 > 0$ , which means that after receiving information that leader was of high ability, subjects were *more* likely to follow the directions provided by female leaders relative to male leaders. As shown in Section 2, if priors are normally distributed, this implies that the ability signal is interpreted differently for men and women, even though the information contained in the signal is identical.

This pattern of discrimination against female leaders in the absence of ability information, and a reversal of discrimination with ability information, emerges from the first round of play. Columns 2-4 of Table V present results for earlier rounds in the game (Rounds 1-3, Rounds 1-5, and Round 1-7). The coefficient estimate on discrimination from below ( $\beta_1$ ) is remarkably stable across rounds; while it is not statistically significant in early rounds due to lower power, it is statistically significant for rounds 1-5, 1-7 and 1-10. The large return to ability signals for female leaders ( $\beta_3$ ) is strongest in early rounds. In rounds 1-3, conditional on receiving an ability signal, subjects are 10.9 percentage points more likely to follow the advice of the female leader.

The discrimination against female leaders in the absence of ability information is costly. In the absence of information on high ability, having a female leader reduced total points earned by .34 standard deviations, which is statistically significant at the 5 percent level. In contrast, when provided information on high ability and the discrimination from below is reversed, we no longer observe a statistically significant difference in performance by leader gender.<sup>28</sup>

We estimate our results separately for male and female subjects in Appendix Table A.1. Though less precise, the estimates suggest that the general pattern is quite robust across subject genders. If anything, the reversal of discrimination appears to be somewhat stronger among female subjects. If women have a greater understanding of the barriers females face to attain “signals of ability”, then it is likely that females would be more likely to infer higher levels of ability for a given

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<sup>28</sup>However, the only reason for this difference between the subject’s selection and their final points earned is chance, since there was randomness in how the computer responded to each play.

Table VI: Beliefs about leaders

<i>Dependent Variable:</i>	Leader's performance (1)
$(\beta_1)$ Fem. Leader	-5.812 (9.056)
$(\beta_2)$ Ability	6.362 (9.527)
$(\beta_3)$ Fem. leader $\times$ Ability	14.39 (12.98)
Day FE	X
Observations	301

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.

signal.<sup>29</sup>

Our estimates of belief expectation on how well the leader will perform in Task 2 can also act as a robustness check for our results, and for our conclusion that the results are more consistent with statistical discrimination. Unfortunately, the belief expectation exercises were difficult for subjects to understand and thus were likely very noisy estimates of belief. However, as Table VI shows, the pattern of the magnitudes of the beliefs elicited for Task 2 directly align with the pattern of following the leader's directions in Table V. Female leaders (relative to male leaders) were expected to perform more poorly (i.e., lower expected value) when no information was provided on ability—their expected performance was 5.81 fewer points. However, when leaders were presented as high-ability, female leaders' expected performance was 8.58 more points than male leaders.<sup>30</sup> Our results lack statistical precision and thus cannot be differentiated from having no effect on expected value of performance, but the fact that they exhibit the same pattern as our primary results is suggestive of the robustness of our results in Table V.

<sup>29</sup>Using the decision to play 5 as the dependent variable, we see much stronger results for female subjects -  $\beta_3 = .213$ , is statistically significant at the .01 level, and is statistically different from  $\beta_3$  for male subjects, which falls to 0. This suggests that female subjects were more likely to mimic the leader, and were more sensitive to female leaders and if female leaders were presented as high-ability.

<sup>30</sup>These estimated effects on leader's expected performance use the same estimating model as in V.

Table VII: Gender Wage Gap at Adama University

	(1)	(2)	(3)
	ln(Salary)	ln(Salary)	ln(Salary)
Female	-0.198*** (0.0234)	-0.129*** (0.0161)	-0.0861*** (0.0197)
Tenure		0.0281*** (0.00140)	0.0268*** (0.00168)
Years of education		0.0509*** (0.00332)	0.0363*** (0.00402)
BA or higher		0.383*** (0.0262)	0.337*** (0.0255)
MA or higher		0.395*** (0.0504)	0.419*** (0.0647)
Constant	7.744*** (0.0173)	6.701*** (0.0403)	6.938*** (0.281)
Work Unit FE	No	No	Yes
Observations	1685	1665	1665

Standard errors in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ 

## 4.2 Signals Interpreted Differently: Administrative Data

The experimental results suggest that the same ability signal is interpreted differently for men and women. We collect further evidence for this prediction of our model by studying the wage returns to education among administrative employees at Adama University. Using administrative data from the human resources department, we begin by studying gender wage gaps in the entire set of administrative employees. In Table VII, Column 1, we show women earn about 19.8 percent less than men on average. This gap can be partially explained by job tenure and education (Column 2) and occupational sorting (Column 3), but the gap remains large and statistically significant at about 8.6 percent even after inclusion of these controls.

However, Table VIII shows that when we separate the sample by educational attainment, there is no gender wage gap among those with a BA or higher. Among those without a BA, the gender wage gap ranges from 13.4 to 18.8 percent, depending on controls (see  $\beta_1$ ). But in each case,  $\beta_3$  is positive and significant, and the sum  $\beta_1 + \beta_3$  is small and statistically indistinguishable from zero, indicating no gender

Table VIII: No gender wage gap among the highly educated

	(1)	(2)	(3)
	ln(Salary)	ln(Salary)	ln(Salary)
$(\beta_1)$ Female	-0.143*** (0.0206)	-0.188*** (0.0174)	-0.134*** (0.0232)
$(\beta_2)$ BA or higher	0.584*** (0.0308)	0.278*** (0.0328)	0.272*** (0.0314)
$(\beta_3)$ Female $\times$ BA or higher	0.123*** (0.0436)	0.196*** (0.0382)	0.127*** (0.0397)
Other controls	No	Yes	Yes
Work Unit FE	No	No	Yes
Observations	1685	1665	1665
$\beta_1 + \beta_3$	-0.02	0.008	-0.007
P-val.	0.613	0.819	0.830

Standard errors in parentheses

\*  $p < 0.1$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ 

wage gap among the highly educated.

While these wage results may or may not represent discrimination from below, they are consistent with our experimental result that signals of high ability are interpreted more favorably for women. Our model suggests that we should expect that gender wage gaps reduce as a function of higher educational attainment.<sup>31</sup>

## 5 Dynamic Implications of Discrimination from Below

In the preceding sections, we have documented the existence of discrimination from below and shown that it is driven primarily by statistical discrimination—that is, beliefs that women have lower ability than men on average. Now, we turn to the theoretical and empirical implications of discrimination from below for the representation of women in management positions. We show that discrimination from below can generate disparate promotion probabilities for male versus female managers even when the employer is unbiased. In addition, we show that female managers who are promoted are positively selected, suggesting that they may face less statistical discrimination conditional on attaining a high enough management position.

<sup>31</sup>This pattern is also consistent with a BA being a strong signal of high ability, whereas not having a BA is less informative of ability.

## 5.1 Theory

We adapt Coate and Loury (1993) to demonstrate the implications of discrimination from below on promotion probabilities and selection of managers. The employer must decide whether to promote a manager to a higher level. We assume the employer's objective is to promote qualified managers; thus, employers receive a payoff of  $x_q > 0$  if they promote a qualified manager and  $-x_u < 0$  if they promote an unqualified manager. Employers do not observe whether managers are qualified, but they do observe the *performance*  $\phi$  of the manager's team. Let  $F_{i \in \{q,u\}}(\phi)$  denote the cumulative distribution function of  $\phi$  for qualified and unqualified managers, respectively.

Because qualified managers improve the performance of their teams, we assume that  $F_{q,g}(\phi) < F_{u,g}(\phi)$  for all  $\phi$  and for all  $g$ . That is, the team performance of qualified managers first order stochastically dominates the team performance of unqualified managers for both men and women. In addition, we assume that employees are less likely to follow the advice of female managers due to discrimination, as shown above. As in our experiment, this reduces the performance of teams led by both qualified and unqualified female managers relative to teams led by male managers of equal ability. We assume  $F_{q,m}(\phi) \leq F_{q,f}(\phi)$  and  $F_{u,m}(\phi) \leq F_{u,f}(\phi)$  for all  $\phi$ .

Now suppose employers are unbiased and know that the share  $\pi$  of both male and female managers are qualified. After observing the team performance, they update to:

$$\xi(\pi, \phi) = \frac{\pi f_q(\phi)}{\pi f_q(\phi) + (1 - \pi) f_u(\phi)}$$

As in Coate & Loury (1993), the employer's expected benefit from promoting any given manager is  $\xi(\pi, \phi)x_q - (1 - \xi(\pi, \phi))x_u$ . The employer maximizes her payoff by setting a minimum team performance standard  $\underline{\phi} = \min\{\phi : \xi(\pi, \phi)x_q - (1 - \xi(\pi, \phi))x_u > 0\}$  and promoting managers whose teams exceed the minimum standard.

**Proposition 4** *Even if the share of qualified managers is equal for men and women, discrimination from below will reduce the probability that female managers are promoted.*

By reducing the performance of the team, discrimination from below will reduce the probability that female-led teams exceed the minimum performance standard. Formally, women are promoted with probability  $1 - [(1 - \pi)F_{u,f}(\underline{\phi}) + \pi F_{q,f}(\underline{\phi})]$  and

men are promoted with probability  $1 - [(1 - \pi)F_{u,m}(\underline{\phi}) + \pi F_{q,m}(\underline{\phi})]$ . The difference between men and women in promotion probabilities is  $(1 - \pi)(F_{u,f}(\underline{\phi}) - F_{u,m}(\underline{\phi})) + \pi(F_{q,f}(\underline{\phi}) - F_{q,m}(\underline{\phi}))$ , which is strictly positive by assumption.

**Proposition 5** *Promoted female managers are more likely to be qualified than promoted male managers.*

A promoted female manager is more likely to be qualified than a promoted male manager if:

$$\frac{(1 - F_{q,f}(\underline{\phi}))\pi}{(1 - F_{q,f}(\underline{\phi}))\pi + (1 - F_{u,f}(\underline{\phi}))(1 - \pi)} > \frac{(1 - F_{q,m}(\underline{\phi}))\pi}{(1 - F_{q,m}(\underline{\phi}))\pi + (1 - F_{u,m}(\underline{\phi}))(1 - \pi)}$$

Simplifying, this condition holds when the gender gap in team performance is smaller for qualified than unqualified managers:

$$\frac{1 - F_{q,f}(\underline{\phi})}{1 - F_{q,m}(\underline{\phi})} > \frac{1 - F_{u,f}(\underline{\phi})}{1 - F_{u,m}(\underline{\phi})}$$

Thus, this section shows that discrimination from below can generate both underrepresentation of women in senior management, and reduction in statistical discrimination toward female leaders in high level management positions.

### Summary of testable predictions

The model in this subsection predicts that:

1. If team performance is used to evaluate leadership ability, female managers will be less likely to be promoted.
2. Conditional on obtaining a senior management position, female managers will be positively selected, leading to a reduction in statistical discrimination from below.

While we do not directly test prediction 1, our experimental results show that in the absence of ability information, the performance of the female-led team, as measured by total points, is reduced due to discrimination from below. It is then straightforward that an employer evaluating the male and female leaders in our experiment for “promotion” based on performance would select the male leader.

In the next subsection, we present results from a resume experiment that are consistent with prediction 2.

## 5.2 Resume Experiment

### 5.2.1 Design

Upon completion of the experimental game, we implemented a resume evaluation experiment that began the following week. We provided subjects with a job description for a senior management position, then asked subjects to evaluate a hypothetical candidate for that position. The gender of that candidate was randomly determined. This resume evaluation exercise is a test of discrimination from below in that the large majority of our subjects are low-level administrative employees, and the job description represents one of the most senior management positions in the organization.

It is customary to note the gender of the candidate on resumes in Ethiopia; therefore, names were not used and the gender was listed directly on the resume.<sup>32</sup> An example is shown in Figure VI. To ensure the salience of candidate gender, we implemented a “comprehension” test before asking subjects to evaluate the resume. The test asked subjects a series of questions about the resume, include candidate gender. 95 percent of subjects correctly identified the candidate’s gender, indicating that they read the resumes carefully. However, to guard against social desirability bias, we compare gender across subjects only; that is, in the analysis sample, subjects are not directly comparing a male and a female candidate.<sup>33</sup>

After reviewing each resume and completing the comprehension test, subjects evaluated the potential candidate on an increasing scale of 1 to 5 on competence, likeability, and willingness to hire. They additionally suggested a salary to be offered to the candidate.<sup>34</sup>

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<sup>32</sup>There were two model resume types, resulting in four possible resumes: female/type 1, male/type 1, female/type 2, male/type 2.

<sup>33</sup>In the experiment, subjects were given a second resume of the opposite gender and asked to compare it; however, because of concerns about social desirability bias, evaluations of this second resume are excluded from this analysis. Importantly, when subjects were given the initial resume to evaluate, they were not told that a second resume would follow. Results for this second resume are shown in Appendix Table A.2.

<sup>34</sup>The exact questions were as follows: 1. “I will first ask you about the competency of the candidate. By competency, I mean for you to evaluate the candidate based on how well you think he will perform on the requirements of the job. Based on the resume, is his competency: poor, fair, good, very good, or excellent?” 2. “I will now ask you about the likeability of the candidate. By likeability, I mean for you to evaluate the candidate based on how well you think he will get along

## **I. Personal Information**

Name: -----

Sex: [Randomly Determined: Female/Male]

Birthdate: 21/07/1984

### **Personal Summary:**

I am an outgoing, ambitious, and confident individual, whose passion for the HR sector is equally matched by my experience in it. For the previous 6 years, my primary role at ---- has been to provide HR support, guidance, advice, and services to all company staff. This has taught me to translate corporate goals into human resource development programs, as well as given me extensive knowledge of HR administration, principles, practices, and laws. I have experience sourcing candidates, overseeing hiring processes, and resolving employee relations issues. This has given me experience interacting with many different types of people and I have developed strong interpersonal skills for resolving conflicts. I am always looking for ways to improve systems in human resources, consistently complete tasks to their natural end, work well under pressure and deadlines, and adapt to changing environments.

## **II. Work Experience**

**Title:** Employee and Labor Relations Consultant in Human Resources

**Period of employment:** 2010 - Present

Figure VI: Resume Evaluation Experiment: Example Resume



Table IX: Resume Experiment Balance

	(1)	(2)	(3)	(4)	(5)
	Fem. subject	Years of education	ln(Salary)	tenure <sub>days</sub>	Level
Female Resume	-0.0174 (0.0618)	0.0620 (0.0722)	-0.0400 (0.0454)	401.7 (246.5)	-0.245 (0.324)
Resume Version	-0.0536 (0.0618)	-0.0601 (0.0722)	0.0219 (0.0453)	-221.3 (246.4)	0.0767 (0.324)
Constant	0.528*** (0.0541)	16.12*** (0.0631)	8.078*** (0.0397)	2994.0*** (215.5)	13.41*** (0.283)
Observations	264	264	264	264	264

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.

Because of uncertainty in scheduling survey interviews with subjects, we again randomized the treatment (which of the four resumes) by creating a random ordering in groups of four for each enumerator and then had them go in the order of their list when interviewing subjects. We successfully followed up with 86.8 percent of the experimental subjects.<sup>35</sup> Table IX confirms the validity of our randomization by documenting that subject characteristics were balanced across treatment arms.

### 5.2.2 Estimating Equation

The resume evaluation allows us to test an implication of discrimination from below: that due to positive selection of women into management positions, there may be no discrimination at the “top” of the labor market. We test for this using the following linear regression model:

$$Outcome_i = \alpha + \gamma_1 * FC_i + \gamma_2 * ResumeType_i + \epsilon_i \quad (2)$$

with his colleagues, including the employees he will directly supervise. Based on the resume, is his likeability: poor, fair, good, very good, or excellent?” 3. “I will now ask you about how willing you would be to hire the candidate for the position. Based on the resume, would you be very unwilling, slightly unwilling, neither unwilling or willing, slightly willing, or very willing to hire him?” 4. “If this job candidate were hired, what monthly salary would you offer him, in Ethiopian birr?”

<sup>35</sup>Attrition was not due to lack of consent or desire to participate, but rather driven by the difficulty in finding the same subjects by the enumerators. Because we implemented the survey over the summer, many employees were on leave.

Table X: Resume Evaluation Results

	(1) Competence	(2) Likeability	(3) Likelihood of Hire	(4) Log Salary
Female Resume	-0.000946 (0.127)	0.0392 (0.113)	-0.0870 (0.155)	-0.0400 (0.0454)
Resume Version	0.246* (0.127)	0.0336 (0.113)	-0.103 (0.155)	0.0219 (0.0453)
Constant	3.466*** (0.111)	3.759*** (0.0984)	4.121*** (0.135)	8.078*** (0.0397)
Observations	263	263	263	264

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.

where *Outcome* is competence, likeability, hireability, or salary offer (in logs); *FC* is an indicator of whether the resume was randomly assigned to be a female candidate, *ResumeType* is a control for which resume was given; and *i* represents subject. The coefficient of interest is  $\gamma_1$ .

### 5.2.3 Results

This section presents results from the resume evaluation experiment. As shown in Table X, we find no differential evaluation of resumes as a function of candidate gender. We do find that subjects are more likely to favor one type of resume, in particular with respect to competency, suggesting that subjects are paying attention to the quality of the resume when considering their responses. As an additional robustness check, we also show in Appendix tables A.3 and A.4 that there is no difference in extreme ratings of female v. male resumes. Thus, it is not the case that the lack of an average effect masks greater variance in evaluation of female or male resumes. The results suggest that though subjects were aware of the candidate’s gender and were thoughtful about their responses, there was no discrimination against female candidates for this senior management position.

## 6 Conclusion

This paper uses a novel experimental design to study how leader gender influences the way individuals respond to leadership. We find a surprising pattern of results:

while there is evidence for discrimination against female leaders when subjects have no other information about the leader, the gender gap reverses when the leader is presented as highly trained and competent. Conditional on signaling high ability, female leaders are *more* likely to be followed. Further, despite Ethiopia’s poor performance on gender equity, and lower levels of female educational attainment in general, we document a lack of discrimination in a resume evaluation experiment and no gender wage gap among the highly educated. This apparent contradiction—low levels of gender parity and education quality coupled with a lack of a gender gap among the elite—can be reconciled with a dynamic model of discrimination, in which the barriers to entry are higher for females, causing discrimination to disappear (or even reverse) at higher levels of educational attainment. This both raises concerns on how best to evaluate female leadership, and highlights a tension between gender equity and successful performance that arises from gender discrimination from below. In general, performance metrics that are based on subordinates or clients responsiveness may be problematic in reaching equity goals.

Our results in the experimental game, coupled with the results of our resume experiment and observational data, suggest that at higher levels of education and training, we may not find as much evidence of discrimination in outcomes. Importantly, however, this is not necessarily evidence of gender equality or lack of discrimination. Instead, selection into higher levels of education and training may be different for women and men. If obtaining an advanced degree is harder for females, then conditional upon having an advanced degree, we may expect females to have greater ability than males. This model further suggests that as developing countries achieve gender parity in educational attainment, discrimination may begin to emerge at higher levels.

The discrimination we observe against female leadership in the absence of information is a potential explanation for why female representation in top management remains low globally despite large country-to-country variation in gender disparities in education and labor force participation. Our results suggest that discrimination from below will be most prominent at lower stages in the management pipeline, and reduce for those women who are able to move up the pipeline. Given the statistical nature of this discrimination, our findings imply that providing women with credible signals of their ability and skill that can be communicated widely can improve their performance by reducing such discrimination from below. It follows that sensitivity training should not be limited to only those who hire and evaluate employees, but

changing gendered beliefs of all employees is important for reducing gender inequities. A better understanding of how ability can be communicated to a broad audience is an important area for future research.

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# For Online Publication

## A Subject Compensation Schedule

Enumerator ID \_\_\_\_\_ Subject Number \_\_\_\_\_

Payout Schedules Provided to Subject:

Payout Schedule for Game 1: (*Show each of these as different tables at the relevant time.*)

Number of Moves – Number of Guessed Moves		Number of Moves to Solve	
0	\$1.7	15	\$2.00
1	\$1.65	16	\$1.94
2	\$1.6	17	\$1.88
3	\$1.55	18	\$1.82
4	\$1.5	19	\$1.76
5	\$1.45	20	\$1.70
6	\$1.4	21	\$1.64
7	\$1.35	22	\$1.58
8	\$1.3	23	\$1.52
9	\$1.25	24	\$1.46
10	\$1.2	25	\$1.40
11	\$1.15	26	\$1.34
12	\$1.1	27	\$1.28
13	\$1.05	28	\$1.22
14 or more, or failed to solve the puzzle.	\$1	29 or more, or failed to solve the puzzle.	\$1.16

Payout Schedule for Game 2:

Type A			Type B		
A's choice	Computer: In	Computer: Out	B's choice	Computer: In	Computer: Out
1	168	444	1	276	568
2	150	426	2	330	606
3	132	408	3	352	628
4	56	182	4	334	610
5	-188	-38	5	316	592

Conversion rate: 100 Points = 1 USD (e.g., 568 = 5.68)

The computer makes its decisions to try to get the maximum points possible. The computer receives points in the following way:

Computer Decides:	Type A	Type B
In	500	200
Out	250	250

## B Messages Sent by Leaders

- Round 3: When I play 5, the Computer guesses I am Type B and so plays Out.
- Round 4: When I play 5, the Computer guesses I am Type B and so plays Out. Remember, my payment is based on how well you play the game - Trust me, you and I will both make more if you play 5.
- Rounds 5 and 6: Remember, the computer wants to play In when it thinks I'm Type A and Out when it thinks I'm Type B. But I want the computer to play Out. So I need to make the computer think I am Type B.
- Round 7: Remember, the computer wants to play In when it thinks I'm Type A and Out when it thinks I'm Type B. But I want the computer to play Out. So I need to make the computer think I am Type B. When I play 5, the computer thinks I must be Type B, because Type A is always better off on another number even if the Computer chooses In.
- Round 8: Remember, the computer wants to play In when it thinks I'm Type A and Out when it thinks I'm Type B. But I want the computer to play Out. So I need to make the computer think I am Type B. When I play 5, the computer thinks I must be Type B, because Type A is always better off on another number even if the Computer chooses In. This is why I want you to Play 5, so we can both earn more.
- Rounds 9 and 10: Remember, the computer wants to play In when it thinks I'm Type A and Out when it thinks I'm Type B. But I want the computer to play Out. So I need to make the computer think I am Type B. When I play 5, the computer thinks I must be Type B, because Type A is always better off on another number even if the Computer chooses In. If I play 3, then the Computer cannot tell if I am A or B and so will assume half the time it is better to Play In - that means that on average, I earn less when Playing 3 because half the time I earn 352. But when I play 5, most times the Computer chooses Out and I earn 592. So on average, I earn more when I play 5 because it signals to the computer that I must not be Type A and so the computer can get more points if it plays Out.

## C Leadership Game Heterogeneity

Table A.1: Leadership Game: Results by subject gender

<i>Dependent Variable:</i>	Strategic Play		
	(1) All subjects	(2) Male Subjects	(3) Female Subjects
$(\beta_1)$ Fem. Leader	-0.0590* (0.0352)	-0.0683 (0.0488)	-0.0600 (0.0530)
$(\beta_2)$ Ability	-0.00301 (0.0350)	0.0107 (0.0517)	-0.0144 (0.0481)
$(\beta_3)$ Fem. leader $\times$ Ability	0.115** (0.0479)	0.0979 (0.0682)	0.135** (0.0683)
Day FE	X	X	X
Round FE	X	X	X
Practice round	X	X	X
Observations	3020	1560	1460
Control group mean	0.618	0.618	0.618
$\beta_1 + \beta_3$	0.0561	0.0296	0.0751
P-val.: $\beta_1 + \beta_3$	0.0891	0.540	0.0885

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Standard errors in parentheses, clustered at subject level. Strategic play is defined as playing 4 or 5. 5 is the highest expected value play, and the leader played 5 in every round.

## D Resume Experiment Robustness Checks

Table A.2: Resume Evaluation Results: Second Resume Evaluation

	(1)	(2)	(3)	(4)
	Competence	Likeability	Likelihood of Hire	Log Salary
Female Resume	0.0657 (0.130)	0.0824 (0.225)	0.131 (0.152)	0.0418 (0.0454)
Resume Version	0.315** (0.130)	0.159 (0.225)	0.353** (0.152)	-0.0246 (0.0454)
Constant	3.507*** (0.114)	3.322*** (0.198)	3.871*** (0.136)	8.061*** (0.0399)
Observations	263	128	242	264

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.

Table A.3: Resume Evaluation Results: Lowest rating

	(1)	(2)	(3)
	Poor Competence	Poor Likeability	V. Unwilling to Hire
Female Resume	0.000333 (0.0296)	0.00958 (0.0199)	0.0116 (0.0336)
Resume Version	-0.0309 (0.0296)	0.0230 (0.0199)	0.0227 (0.0336)
Constant	0.0762*** (0.0259)	0.0104 (0.0174)	0.0628** (0.0294)
Observations	263	263	263

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.

Table A.4: Resume Evaluation Results: Highest rating

	(1)	(2)	(3)
	Excellent Competence	Excellent Likeability	V. Willing to Hire
Female Resume	-0.0102 (0.0445)	0.0233 (0.0508)	0.0346 (0.0620)
Resume Version	0.0441 (0.0445)	-0.000647 (0.0508)	0.0282 (0.0620)
Constant	0.135*** (0.0388)	0.202*** (0.0444)	0.448*** (0.0541)
Observations	263	263	263

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ . Robust standard errors in parentheses.