Can media coverage of a sexual harassment workplace culture increase labor costs?

Senior Honors Thesis

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Abstract

The #MeToo movement lead to a large increase in news coverage of the prevalence of sexual harassment in the workplace. However, it is unclear if the news coverage had any negative economic impact on the firms that were covered by the media. This paper uses a randomized survey experiment to estimate the additional labor costs a firm might incur if prospective applicants read the media coverage of sexual harassment at the firm. I find that reading news regarding the presence of a sexual harassment culture at a firm reduced labor supply for the firm by 37 percentage points (48 p.p. for women, 27 p.p. for men). Furthermore, applicants demanded a wage-premium of 27% to work for the firm after reading the harassment coverage. The wage premium demanded by women (39%) was significantly higher than the wage premium demanded by men (18%). The results suggest that increasing public coverage of sexual harassment incidents can increase economic incentives for firms to address this problem at the workplace.

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1 Introduction

Sexual harassment has been an important part of the public discourse around gender equality at the workplace. It can majorly affect people's experience in the workforce and it tends to disproportionately impact women. There was an expectation of a cultural shift after the #MeToo movement during which many individuals shared their experiences with sexual harassment. News outlets and journalists broke numerous stories that exposed issues related to workplace sexual harassment, particularly at major companies such as Google, Uber, CBS, WeWork, Guess, and others.

However, it is unclear if such coverage impacts firms' economic incentives to address sexual harassment, particularly in terms of labor supply for the firm. Prospective applicants might interpret this news as a neutral, positive, or negative signal in terms of workplace amenities and the prevalence of sexual harassment culture. For instance, on one hand, one might expect that applicants believe there is harassment at all firms, and such coverage would actually reduce sexual harassment at the firm that was covered due to increased public scrutiny. In that scenario, applicants would be more willing to work for this firm relative to a competitor when they see the news coverage compared to the world when they do not see this news coverage (ceteris paribus). On the other hand, such news coverage might lead applicants to update their belief about the occurrence of harassment at this firm and interpret the news as information that there is a higher occurrence of sexual harassment at this firm relative to other firms. In that case, applicants might be less willing to work for this firm.

This paper uses a randomized survey experiment to estimate the shift in the labor supply curve for a firm if prospective employees read news coverage of sexual harassment at the firm in question. Respondents are randomized into control and treatment groups, where both groups read anonymized real news articles about two technology companies. The treatment group reads an additional article regarding the prevalence of sexual harassment at one of the firms (SH firm). I find that reading news regarding the sexual harassment culture at a firm reduced labor supply for the firm by 37 percentage points, with sizeable differences across gender (48% for women, 27% for men). This is consistent with the hypothesis that applicants interpret this coverage as a negative signal of workplace amenities and/or a sexual harassment culture. Furthermore, I find that respondents in the sample demanded a wage-premium of 27% to work for the firm after reading the harassment coverage. The wage premium demanded by women (39%) was significantly higher than the wage premium demanded by men (18%). These estimates suggest that increased public coverage of the sexual harassment problem at a firm can increase its economic incentives to address sexual harassment.

This paper contributes to the emerging literature in economics on workplace sexual harassment. Folke

and Rickne (2022) show that sexual harassment contributes to gender inequality in the Swedish labor market. Adams-Prassl et al. (2023) show that experiencing harassment leads to adverse employment outcomes for victims and perpetrators, but the impacts are gendered as male perpetrators with female victims face smaller consequences. Dahl and Knepper (2022) examine causes of underreporting and Boudreau et al. (2023) test a method that increases reporting but maintains plausible deniability to prevent fears of retaliatory firing.

This paper is closely related to Folke and Rickne (2022) in terms of research design. Using a hypothetical job choice experiment in Sweden, they find that respondents have a large negative valuation of sexual harassment at the workplace, especially when the victims are of the same sex. The respondents for this paper are based in the United States. The findings of this paper are consistent with Folke and Rickne (2022), though the magnitudes of the negative valuation are larger. There are multiple plausible reasons for the magnitude difference - the information in my survey was more salient, it was presented as a news article, this is a different context, and the characteristics of my sample might be notably different. Thus, this paper provides evidence that negative valuations of harassment are present in another context. Furthermore, the treatment in this paper is in the form of news articles rather than job characteristics and therefore contributes to the literature by getting more directly at the effect of news coverage when it is seen by applicants before making labor market choices.

I also contribute to the literature on the quantification of valuations of work conditions (Wiswall and Zafar (2018)). The estimates of the valuation of sexual harassment from this paper are similar to the valuations for flexibility and extensive paid time off (PTO) estimated by Wiswall and Zafar (2018). This puts this valuation on the higher end of the range for valuations of different job characteristics. Lastly, this paper adds to the literature on labor supply responses of prospective employees when they read allegations about toxic cultures at the workplace. Hacamo (2023) studies this in the context of racial prejudice allegations against employers. This paper studies this in the context of sexual harassment allegations. I also explore heterogeneity not only by gender but also by race given the possible links between these factors and sexual harassment (McLaughlin (2012)).

The rest of the paper is organized as follows. Section 2 describes the experimental design used to estimate the labor supply shift and the WTA compensation. Section 3 describes the data. Section 4 discusses the empirical strategy, and Section 5 discusses the results. Finally, Section 6 presents the conclusions and limitations.

2 Experimental Design

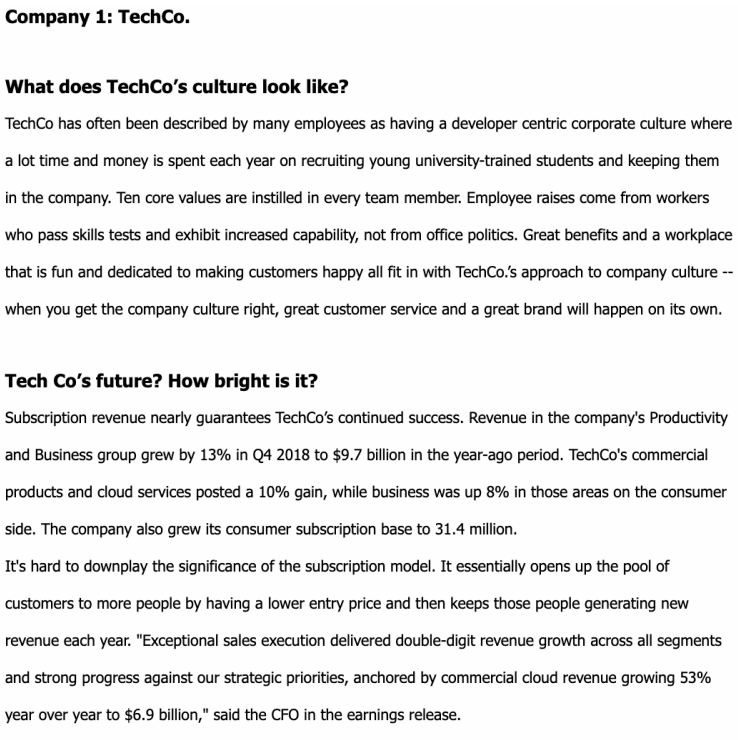
2.1 Experimental Survey Instrument

I conducted a randomized survey experiment to collect my data. The experiment was conducted throughout April 2019 on Amazon mTurk. The survey can be divided into three sections.

Section I consisted of basic demographic questions such as age, race, education level, political affiliation, etc. This was collected in order to measure heterogeneity effects. Section II consisted of articles about two hypothetical tech companies — Company 1: Tech Co. and Company 2: Internet Co. The articles were taken from news websites and were anonymized. The articles for Company 1: Tech Co. were real-world articles about Microsoft and the articles for Company 2: Internet Co. were articles about Google. The articles were primarily about workplace culture and an analysis of the company's future. For this section, half of the respondents were randomly assigned to the treatment group, and the other half were assigned to the control group. Compared to the control group, the treatment group saw two additional items: one, respondents were provided with an additional sentence about sexual harassment in the article on workplace culture for Company 2: Internet Co., and two, respondents had to read an additional article about Company 2: Internet Co. This additional article was about the recent history of sexual harassment at Company 2: Internet Co. and how the company's management dealt with it. This article was taken from an actual New York Times debriefing and the company name, Google, was replaced by Internet Co. Figure 1 shows the screenshot of the page of articles about Company 1: Tech Co. Note that this set of articles was the same for both the treatment and the control group. Figure 2 shows the screenshots of the page of articles about Company 2: Internet Co. that was seen by the control group and the treatment group. Note that the treatment group sees the additional article titled "Company protected male executives accused of sexual misconduct".

After reading the articles respondents moved on to Section III which consisted of questions to measure the labor supply shift and the wage premium demanded to switch their choice. First, respondents were asked to choose between the two companies when they were offered the same salary of $50,000. If the respondents chose Company 1: Tech Co., they were asked to choose between the two companies when Company 1: Tech Co. offered $50,000 and Company 2: Internet Co. offered a higher salary of $55,000. If they still chose Tech Co., they were asked to make a choice if Internet Co.'s offer increased to $60,000. These follow-up questions were asked with $5,000 increments in Company 2: Internet Co.'s salary offer, up to a salary level of $70,000. I assumed that if a respondent chose Company 2: Internet Co at a lower salary level they will choose it at a higher salary level too. For example, if a respondent chose Company 2: Internet Co at a salary offer of $55,000, I assumed they would choose Company 2: Internet Co at a salary offer of $60,000 as well.

Figure 1: Articles about Company 1 − Control and Treatment



Company 1: TechCo.

What does TechCo's culture look like?

TechCo has often been described by many employees as having a developer centric corporate culture where a lot time and money is spent each year on recruiting young university-trained students and keeping them in the company. Ten core values are instilled in every team member. Employee raises come from workers who pass skills tests and exhibit increased capability, not from office politics. Great benefits and a workplace that is fun and dedicated to making customers happy all fit in with TechCo.'s approach to company culture -- when you get the company culture right, great customer service and a great brand will happen on its own.

Tech Co's future? How bright is it?

Subscription revenue nearly guarantees TechCo's continued success. Revenue in the company's Productivity and Business group grew by 13% in Q4 2018 to $9.7 billion in the year-ago period. TechCo's commercial products and cloud services posted a 10% gain, while business was up 8% in those areas on the consumer side. The company also grew its consumer subscription base to 31.4 million.

It's hard to downplay the significance of the subscription model. It essentially opens up the pool of customers to more people by having a lower entry price and then keeps those people generating new revenue each year. "Exceptional sales execution delivered double-digit revenue growth across all segments and strong progress against our strategic priorities, anchored by commercial cloud revenue growing 53% year over year to $6.9 billion," said the CFO in the earnings release.

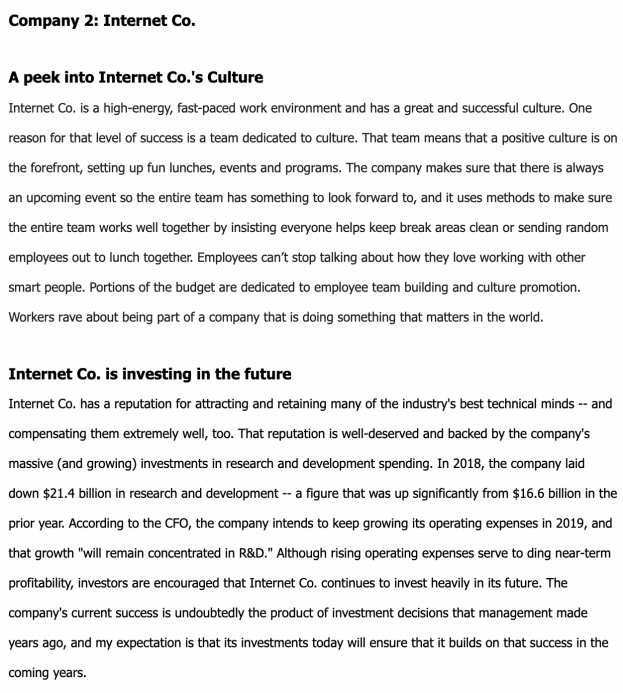
2.2 Data Collection

The survey was conducted using Amazon's Mechanical Turk (mTurk) platform. mTurk is a rapidly growing online platform that can be used to carry out social and survey experiments (Kuziemko et al. 2015; Horton et al. 2011; Paolacci et al. 2010). mTurk experiments have shown to have results similar to representative US population surveys, but with more noise and lower attention levels of respondents (Snowberg and Yariv (2021), Fréchette, Sarnoff, and Yariv (2022)). The survey was posted on mTurk with a description stating that the survey paid $1 for approximately 5 minutes, i.e., a $12 hourly wage. Respondents were allowed to take up to 15 minutes to answer all questions. As a comparison, the average effective wage on mTurk according to Amazon is around $4.80 per hour and most tasks on mTurk are short (less than one hour).

Several steps were taken to ensure the validity of the results. mTurk allows survey designers to specify different qualifications to restrict responses according to their needs. I required the respondents to be US residents and have the mTurk Masters Qualification to maintain the quality of the data. The mTurk Masters Qualification is granted by Amazon to workers who have consistently demonstrated a high degree of success as determined by Requester approval rates and other related factors. Respondents were told that the payment would be contingent on completing the survey, and a code was visible only at completion.

Figure 2: Articles about Company 2– Control vs Treatment

(a) Control



Company 2: Internet Co.

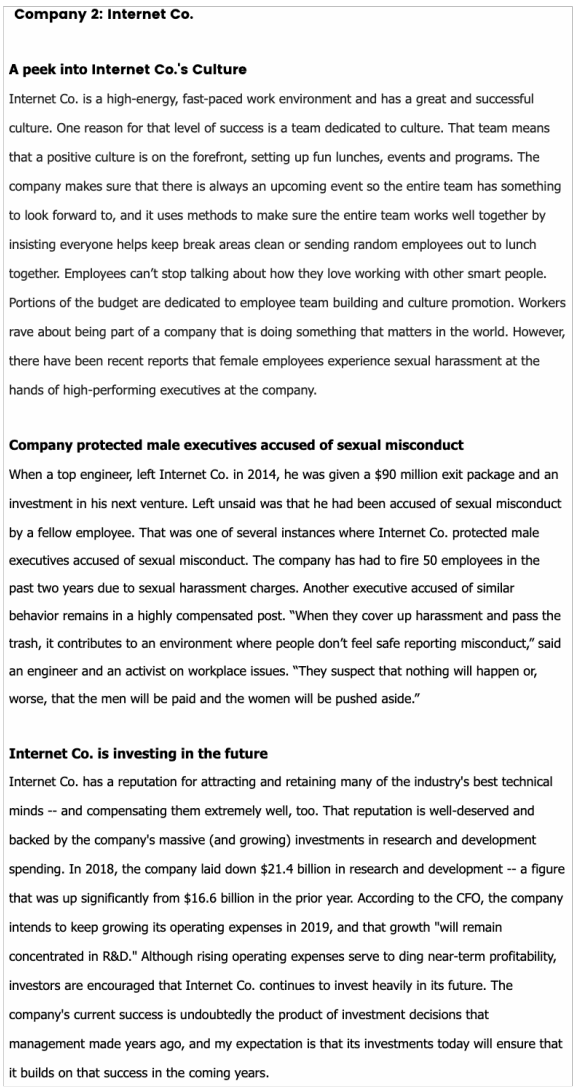
A peek into Internet Co.'s Culture

Internet Co. is a high-energy, fast-paced work environment and has a great and successful culture. One reason for that level of success is a team dedicated to culture. That team means that a positive culture is on the forefront, setting up fun lunches, events and programs. The company makes sure that there is always an upcoming event so the entire team has something to look forward to, and it uses methods to make sure the entire team works well together by insisting everyone helps keep break areas clean or sending random employees out to lunch together. Employees can't stop talking about how they love working with other smart people. Portions of the budget are dedicated to employee team building and culture promotion. Workers rave about being part of a company that is doing something that matters in the world.

Internet Co. is investing in the future

Internet Co. has a reputation for attracting and retaining many of the industry's best technical minds -- and compensating them extremely well, too. That reputation is well-deserved and backed by the company's massive (and growing) investments in research and development spending. In 2018, the company laid down $21.4 billion in research and development -- a figure that was up significantly from $16.6 billion in the prior year. According to the CFO, the company intends to keep growing its operating expenses in 2019, and that growth "will remain concentrated in R&D." Although rising operating expenses serve to ding near-term profitability, investors are encouraged that Internet Co. continues to invest heavily in its future. The company's current success is undoubtedly the product of investment decisions that management made years ago, and my expectation is that its investments today will ensure that it builds on that success in the coming years.

(b) Treatment



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Company protected male executives accused of sexual misconduct

When a top engineer, left Internet Co. in 2014, he was given a $90 million exit package and an investment in his next venture. Left unsaid was that he had been accused of sexual misconduct by a fellow employee. That was one of several instances where Internet Co. protected male executives accused of sexual misconduct. The company has had to fire 50 employees in the past two years due to sexual harassment charges. Another executive accused of similar behavior remains in a highly compensated post. "When they cover up harassment and pass the trash, it contributes to an environment where people don't feel safe reporting misconduct," said an engineer and an activist on workplace issues. "They suspect that nothing will happen or, worse, that the men will be paid and the women will be pushed aside."

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3 Data

Table 1 presents the descriptive statistics for the 458 respondents with complete information on the relevant variables divided by treatment and control. 50.2% of the respondents were randomly assigned to the treatment group while 49.8% were in the control group. Within the treatment group, 45% of the respondents are women while 55% are men. In the control group, 49% of respondents are women while 51% of respondents are men. The overall sample age ranges from 22 years to 72 years. The average age of the whole sample is approximately 39 years. Women are 41 years on average and men are 37 years old on average. This is similar to the US labor force since the latest data from the Bureau of Labor Statistics (BLS) states that the

median age of the labor force is 42 (2016).

In terms of race, 80% of the total sample is white. There are 44 Asian respondents and 36 African American respondents, making up about 18% of the sample together. The last 2% of the sample is American Indian or Alaska Native, Native Hawaiian or Pacific Islander, and others. This race composition again is broadly similar to the overall US labor force according to the latest data from the Bureau of Labor Statistics (2017). By race, white workers made up the majority of the labor force (78 percent). Black and Asian workers constituted an additional 13 percent and 6 percent respectively. American Indians and Alaska Natives made up 1 percent of the labor force, while Native Hawaiians and Other Pacific Islanders constituted less than 1 percent. People of two or more races made up 2 percent of the labor force.

In terms of education, 52% of the sample had a bachelor's degree or more, while 48% of the respondents had less than a bachelor's degree. According to BLS data (2017), 39% of the US labor force had a bachelor's degree or more, while the rest had less than a bachelor's degree. Seventy-five percent of the respondents were working full time and about 18% were working part-time. In terms of political preferences, 48% of the respondents identified themselves as Democrats, 22% identified as Republicans, 27% identified as Independents, and 3% as others.

Figure 3 shows the labor supply curve of respondents in treatment versus control for Company 2 — the company which has a sexual harassment culture in the treatment group (referred to as the SH firm). We see a clear leftward shift of the labor supply curve in the treatment group for all categories of respondents. The magnitude of the shift, however, varies across different race and gender combinations. The shift for women is visibly larger than the shift for men, and the shift for white respondents is larger than the shift for non-white respondents. Note that there are only 46 non-white women and 46 non-white men in the sample. I test for statistically significant differences in the results section.

4 Empirical Strategy

4.1 Shift in labor supply

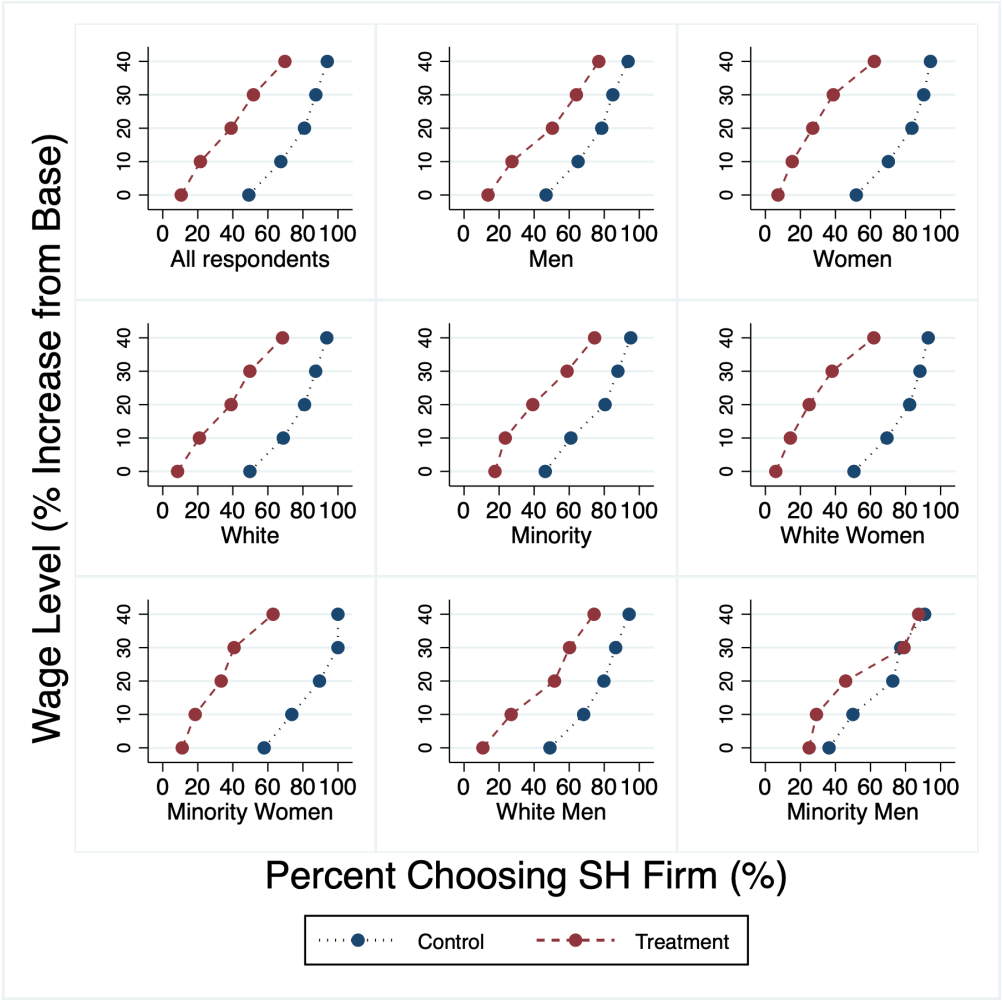
To analyze the labor supply shift, I first convert the raw data into long form, where each row represents the choice made by individual i at wage level j. I assume that if an individual chooses SH company at wage level W, they will choose it at all wage levels $> W$. Following Folke and Rickne (2022), I estimate the following equation using OLS:

$$Y_{ij} = \alpha + \beta_{sh} T_i + \beta_1 W_j^{10} + \beta_2 W_j^{20} + \beta_3 W_j^{30} + \beta_4 W_j^{40} + e_{ij} \tag{1}$$

Table 1: Characteristics Across Groups

	Overall		Women		Men	
	(1)	(2)	(3)	(4)	(5)	(6)
	Treat	Control	Treat	Control	Treat	Control
Age	39.05	39.36	40.95	41.36	37.48	37.45
Gender						
Women	0.45	0.49	1.00	1.00	0.00	0.00
Men	0.55	0.51	0.00	0.00	1.00	1.00
Race						
American Indian or Alaska Native	0.01	0.00	0.00	0.00	0.02	0.00
Asian	0.09	0.10	0.06	0.08	0.12	0.12
Black or African American	0.07	0.10	0.12	0.14	0.03	0.07
Native Hawaiian or Pacific Islander	0.00	0.00	0.00	0.00	0.01	0.00
Other	0.00	0.02	0.01	0.03	0.00	0.02
White	0.82	0.78	0.82	0.76	0.83	0.79
Education						
Associate degree in college (2-year)	0.17	0.14	0.23	0.14	0.11	0.13
Bachelor's degree in college (4-year)	0.38	0.47	0.31	0.49	0.44	0.46
Doctoral degree	0.01	0.02	0.01	0.03	0.01	0.01
High school graduate	0.10	0.12	0.09	0.10	0.12	0.14
Less than high school degree	0.00	0.01	0.00	0.00	0.00	0.02
Master's degree	0.10	0.04	0.09	0.05	0.11	0.04
Professional degree (JD, MD)	0.01	0.02	0.01	0.02	0.01	0.03
Some college but no degree	0.23	0.18	0.27	0.18	0.20	0.18
Employment						
Disabled, not able to work	0.02	0.01	0.01	0.02	0.02	0.00
Employed, working 1-39 hours per week	0.15	0.21	0.21	0.28	0.10	0.14
Employed, working 40 or more hours per week	0.77	0.71	0.69	0.63	0.83	0.79
Not employed, NOT looking for work	0.03	0.04	0.05	0.06	0.01	0.01
Not employed, looking for work	0.02	0.02	0.02	0.00	0.02	0.03
Retired	0.02	0.02	0.02	0.01	0.02	0.03
Politics						
Democrat	0.49	0.47	0.51	0.50	0.47	0.44
Independent	0.26	0.29	0.21	0.26	0.30	0.31
Other	0.03	0.03	0.01	0.05	0.04	0.02
Republican	0.23	0.21	0.27	0.20	0.19	0.23
Observations	230	228	104	111	126	117

Figure 3: Shift in Labor Supply for Company 2 by Race and Gender



where Y_{ij} is an indicator variable equal to 1 if Respondent i chooses SH Firm at wage level j, T_i is an indicator variable equal to 1 if Respondent i is in the treatment group (sees SH news), W_j^X is an indicator 1 if wage j is $X\%$ higher than the base wage. Standard errors clustered at the respondent level.

β_{sh} will measure an 'average labor supply shift', that is the average of the shift in labor supply across all wage levels. Note that this is different from estimating the change in labor supply at a given salary level.

4.2 Wage Premium (WP) demanded to work for firm after reading sexual harassment news

$$WP(\%) = \frac{\beta_{sh}}{\frac{-1}{4}(\frac{\beta_1}{0.1} + \frac{\beta_2}{0.2} + \frac{\beta_3}{0.3} + \frac{\beta_4}{0.4})} \tag{2}$$

The wage premium (WP) is captured as the ratio for the shift in labor supply due to seeing sexual

harassment news, and a weighted average of the wage coefficients. Intuitively, β_{sh} corresponds to the (negative) utility of having a workplace culture of sexual harassment. The wage coefficients β_i capture the (positive) utility from increased wages. The ratio above captures the trade-off between the sexual harassment culture and higher wages, and the value of the WP shows the level of wages that makes the individual indifferent between the two. That is, the average individual would be willing to work for the SH firm only if they are offered a wage higher than the base by at least WP%.

5 Results

5.1 Shift in Labor Supply

Table 2 shows the results from estimating Equation 1. The average decrease due to a workplace culture of sexual harassment across all salary levels for all respondents is 37.2 percentage points (Column 1). Consistent with an upward-sloping labor supply curve, labor supply increases as the wage offered increases. Additionally, the decrease in labor supply for women (48 p.p) is much larger than the decrease in labor supply for men (27.3 p.p). This difference is statistically significant at the 1% level. This shows that media coverage of sexual harassment would reduce prospective job applications from women much more than men, consistent with Folke and Rickne (2022).

Table 3 reports results when we let the treatment effect to vary across wage levels. This helps us understand the shift of labor supply along with the change in slope. That is, since respondents in both the treatment and control group are asked if they would switch their choice to the SH firm at a higher wage level, these results evaluate if the degree to which treatment respondents reduce labor supply varies across wage levels. I find that for women, the initial wage increases (up to 20%), treatment effect is actually more negative. This would be consistent with women interpreting the increased wage offers as questionable behavior of firms. However, with larger salary increases (30-40%) the treatment effect is similar or less negative than the baseline. For men, the decrease in the treatment effect magnitude happens even at the lower salary levels and becomes less negative at a faster pace compared to women. The wage premium estimates will help us understand these difference in responses more directly.

5.2 Wage Premium Estimates

Figure 4 shows the wage premium estimates constructed using Equation 2. I find that respondents require a wage premium of 27% of the base salary to work for the firm after reading the harassment coverage. The wage premium demanded by women (39%) was much higher than the wage premium demanded by

Table 2: Effect of sexual harassment-related media coverage on Labor Supply for SH firm

	All	Women	Men
	(1)	(2)	(3)
Treatment	-0.372***	-0.480***	-0.273***
	(0.0306)	(0.0423)	(0.0429)
Wage Bonus: 10%	0.146***	0.130***	0.160***
	(0.0165)	(0.0231)	(0.0236)
Wage Bonus: 20%	0.301***	0.256***	0.342***
	(0.0215)	(0.0299)	(0.0305)
Wage Bonus: 30%	0.397***	0.349***	0.440***
	(0.0229)	(0.0327)	(0.0320)
Wage Bonus: 40%	0.520***	0.488***	0.547***
	(0.0234)	(0.0342)	(0.0321)
Observations	2290	1075	1215
Number of respondents	458	215	243

Notes: Standard errors in paranthesis. *** denotes significance at 1%. Results reported here are from an OLS estimation of Equation 1. Standard errors are clustered at the respondent level.

men (18%). This difference is statistically significant. This might reflect that women expect the workplace amenities associated with this news coverage to be worse for them compared to men's expectations.

There are a few possible implications of the above estimates and the difference between men and women. Firstly, since there is a WP demanded by all groups, the news coverage is expected to raise the wages a firm has to offer to convince prospective employees to work for them. This is consistent with some anecdotal evidence where employers like Wynn Casinos in Las Vegas paid the highest wages since everyone knew the prevalence of sexual harassment there (Berzon et al. (2018)). It is an open question why despite these economic costs, profit-maximizing firms do not take action to reduce harassment. Secondly, the difference between the wage premium demanded by men and women can have important implications. In a world where male and female labor are not perfect substitutes, employers have no option but to hire women at a hire wage and incur higher costs. However, in a more realistic scenario, employers will switch from hiring women to hiring more men, in order to avoid paying the higher wage premium to women. This could increase gender sorting in the labor market.

I investigate if WP estimates differ by race. The sample is 80% white (similar to the US labor force), therefore the estimates for minorities are not precise. I find that white women and minority women have similar point estimates. The wage premium demanded by white men is larger than the wage premium demanded by minority men. Additionally, in Figure 5, I explore heterogeneity across other demographic and economic characteristics. It is surprising that currently unemployed individuals require a higher wage premium to work since their outside option is lower. However, we can't statistically reject the two estimates being equal to each other. Democrats have a higher point estimate for the wage premium than Republicans,

Table 3: Treatment Effect on Labor Supply at Different Wage Levels

	Women (1)	Men (2)
Treatment	-0.447***	-0.332***
	(0.0552)	(0.0550)
Wage Bonus: 10%	0.183***	0.183***
	(0.0381)	(0.0346)
Wage Bonus: 20%	0.317***	0.317***
	(0.0459)	(0.0417)
Wage Bonus: 30%	0.385***	0.381***
	(0.0480)	(0.0435)
Wage Bonus: 40%	0.423***	0.468***
	(0.0488)	(0.0447)
Treat * Wage Bonus: 10%	-0.102**	-0.0458
	(0.0462)	(0.0471)
Treat * Wage Bonus: 20%	-0.119**	0.0501
	(0.0597)	(0.0612)
Treat * Wage Bonus: 30%	-0.0693	0.123*
	(0.0654)	(0.0637)
Treat * Wage Bonus: 40%	0.126*	0.164**
	(0.0681)	(0.0633)
Observations	1075	1215
Number of respondents	215	243

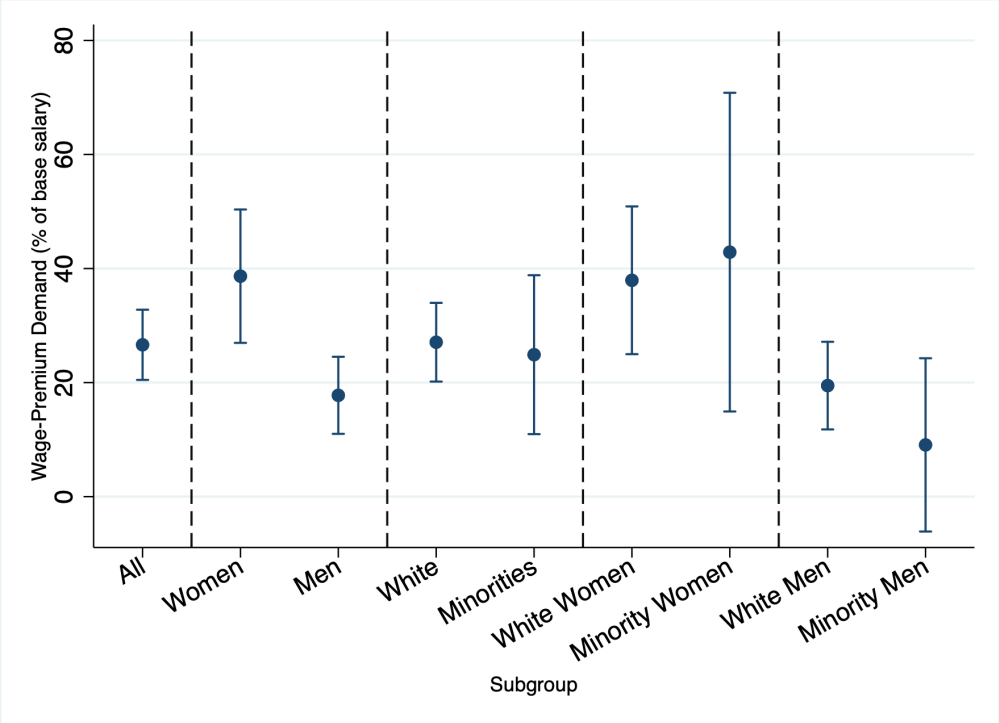
Notes: Standard errors in paranthesis. *** denotes significance at 1%. Results reported here are from an OLS estimation of Equation 1 and additional interaction terms that interact treatment and wage levels. Standard errors are clustered at the respondent level.

but again we cannot reject the difference to be statistically different from zero. I also find no meaningful difference across education and age, even though younger women are considered to be at higher risk of sexual harassment.

6 Conclusion

Scholars have argued that part of the resistance to taking the issue of sexual harassment seriously in the workplace has surely been a lack of understanding of the economic consequences (Parramore 2018). This paper sheds light on how news coverage of such incidents can increase the economic incentives of firms to address sexual harassment. I use a randomized survey experiment to show that when prospective employees read news coverage of sexual harassment at a firm, they are meaningfully less likely to work for the firm. Furthermore, to still be able to hire labor, the firm has to offer a sizeable wage premium to those prospective

Figure 4: Wage Premium Estimates



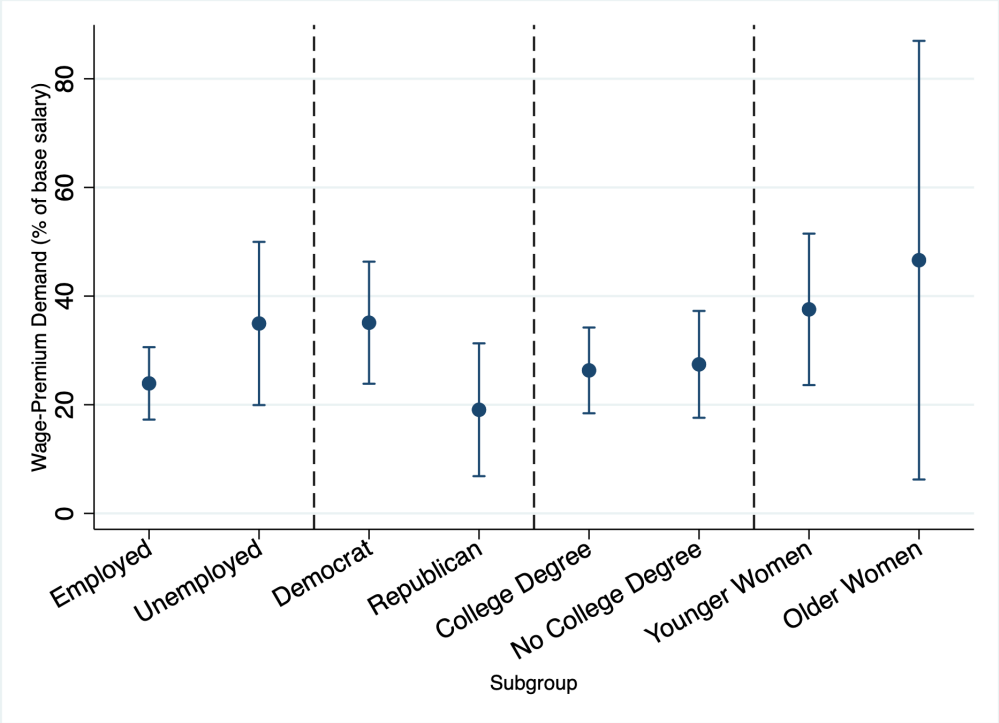
Notes: These estimates are derived using Equation 2 for each subgroup mentioned on the X-axis. Y-axis shows the WP estimates. 95% confidence intervals are indicated for each estimate.

employees.

The estimates I find are large. Reading news about harassment makes women 44 p.p. less likely to work for a firm at the base wage level, and demand a 38% higher wage to work for the firm. Importantly, I find that men are also 33 p.p. less likely to work for that firm at the base wage level, and demand an 18% higher wage to work for the firm. This implies that even if a firm switches to solely hiring men, they incur labor costs and have to pay a wage premium to men. This demonstrates that firms can incur serious economic costs due to harassment. Why despite these costs, profit-maximizing firms do not address sexual harassment more seriously is an open question. It is possible that these costs are hidden, and once they are made salient to firms, they will change their actions. It is also possible that firms are aware of these costs, but the kind of actions they can take that are effective to reduce harassment have higher costs compared to the kind of labor costs I document.

The main limitation of this experiment is that respondents are making hypothetical choices. However, since it is not possible to create such an experiment in a real-world setting, the estimates provided by this paper are important for discussing the economic problems of sexual harassment. Another unique aspect of

Figure 5: Wage Premium Estimates: Additional Heterogeneity



Notes: These estimates are derived using Equation 2 for each subgroup mentioned on the X-axis. Y-axis shows the WP estimates. 95% confidence intervals are indicated for each estimate.

these results is that most of the conversation around the costs of sexual harassment is regarding the cost to companies in terms of settlements and payouts. However, this paper looks at the costs associated with labor to both the company as well as prospective employees. Secondly, since the information is provided is a bundle, it is not possible to get at the exact piece of information that affects respondents behavior. Is it the companies policies to protect accused? Is it the fact that multiple employees have been silently fired over the past few years? Future research should investigate which piece of information applicants care most about.

An additional unaddressed question about the experiment is the salience of the information regarding sexual harassment. While in this case respondents were processing limited information about the companies and making a decision immediately, real-world employment decisions are much more dynamic. However, the effect of making the information salient provides support for a policy mandating sexual harassment-related disclosures in job postings. Such a policy could increase the direct economic incentives for firms to address sexual harassment as the disclosure would impact labor supply for the company and prospective employees would demand a higher wage.

In conclusion, my results suggest a severe impact of news coverage of sexual harassment for a firm. The experiment also highlights a possible policy intervention that would incentivize firms to address the issue of sexual harassment at the workplace. Sexual harassment significantly hurts all workers, but disproportionately impacts women. It is thus important - both morally and economically - to work towards eliminating sexual harassment in the workplace. By aligning firm and worker interests, this paper shows that there are potentially viable policy solutions for doing so.

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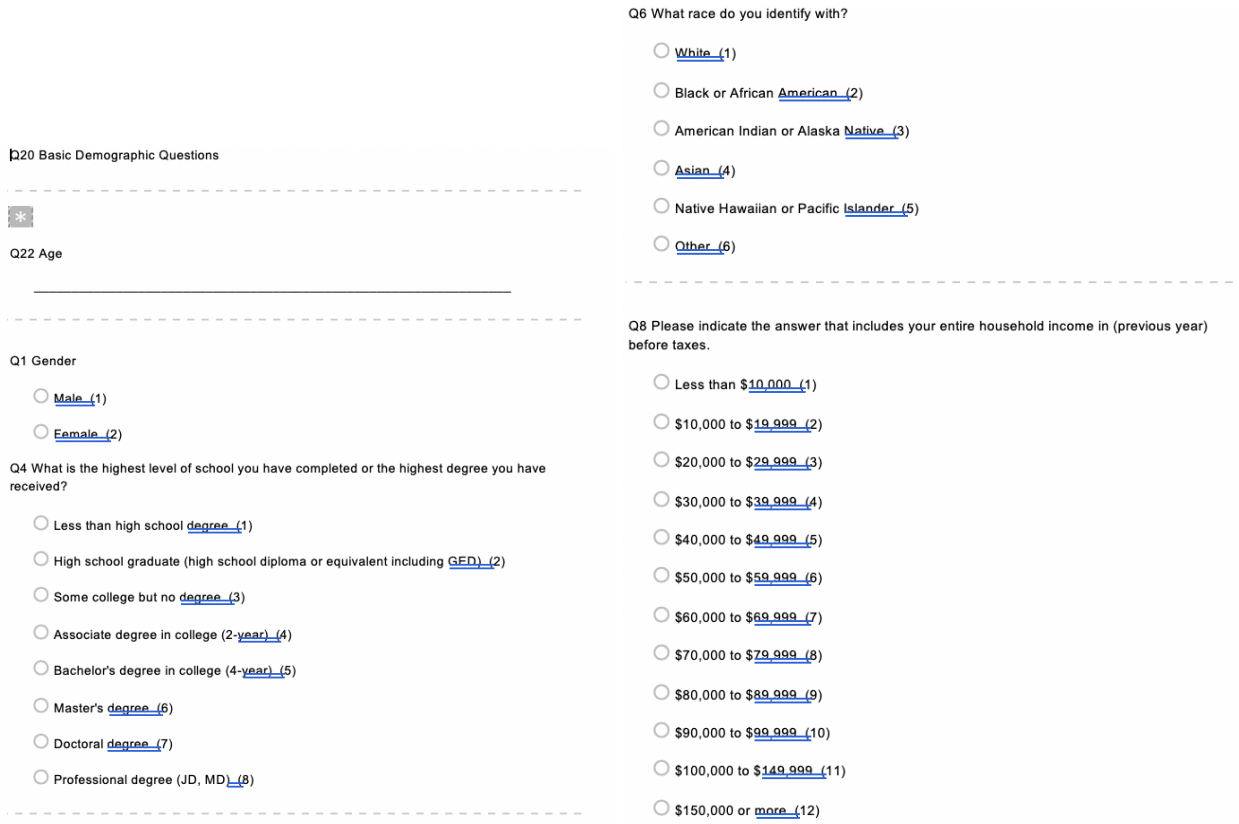
8 Appendix

8.1 Survey



Q20 Basic Demographic Questions

*

Q22 Age

_____

Q1 Gender

- Male (1)
- Female (2)

Q4 What is the highest level of school you have completed or the highest degree you have received?

- Less than high school degree (1)
- High school graduate (high school diploma or equivalent including GED) (2)
- Some college but no degree (3)
- Associate degree in college (2-year) (4)
- Bachelor's degree in college (4-year) (5)
- Master's degree (6)
- Doctoral degree (7)
- Professional degree (JD, MD) (8)

Q6 What race do you identify with?

- White (1)
- Black or African American (2)
- American Indian or Alaska Native (3)
- Asian (4)
- Native Hawaiian or Pacific Islander (5)
- Other (6)

Q8 Please indicate the answer that includes your entire household income in (previous year) before taxes.

- Less than $10,000 (1)
- $10,000 to $19,999 (2)
- $20,000 to $29,999 (3)
- $30,000 to $39,999 (4)
- $40,000 to $49,999 (5)
- $50,000 to $59,999 (6)
- $60,000 to $69,999 (7)
- $70,000 to $79,999 (8)
- $80,000 to $89,999 (9)
- $90,000 to $99,999 (10)
- $100,000 to $149,999 (11)
- $150,000 or more (12)

Q10 Which statement best describes your current employment status?

- Employed, working 40 or more hours per week (1)
- Employed, working 1-39 hours per week (2)
- Not employed, looking for work (3)
- Not employed, NOT looking for work (4)
- Retired (5)
- Disabled, not able to work (6)

Q14 Generally speaking, do you usually think of yourself as a Republican, a Democrat, an Independent, or something else?

- Republican (1)
- Democrat (2)
- Independent (3)
- Other/No preference (5)

End of Block: Default Question Block

Start of Block: Block 5

Q13 2 Tech companies, **Tech Co.** and **Internet Co.** have each offered you a job that will pay $50,000 annually. You will be required to choose one of them.

Now we'll be showing you news articles on these two companies. Please read them carefully as we'll be requiring you to answer questions on them later.

Start of Block: Block 4

Q12 Both companies are offering you a salary of $50,000. Based on the news articles on the two companies above, which company would you choose to work for?

- Company 1: Tech Co. (1)
- Company 2: Internet Co. (2)

Display This Question:

If Both companies are offering you a salary of $50,000. Based on the news articles on the two ... = Company 1: Tech Co.

Q15 Internet Co. is now offering you $55,000 compared to the $50,000 being offered by Tech Co. Which company would you choose to work for now?

- Company 1: Tech Co. (1)
- Company 2: Internet Co. (2)

Display This Question:

If Both companies are offering you a salary of $50,000. Based on the news articles on the two ... = Company 1: Tech Co.

And Internet Co. is now offering you $55,000 compared to the $50,000 being offered by Tech Co. Which... = Company 1: Tech Co.

Q16 Internet Co. is now offering you $60,000 compared to the $50,000 being offered by Tech Co. Which company would you choose to work for now?

- Company 1: Tech Co. (1)
- Company 2: Internet Co. (2)

Display This Question:

If Internet Co. is now offering you $60,000 compared to the $50,000 being offered by Tech Co. Which... = Company 1: Tech Co.

Q18 Internet Co. is now offering you $65,000 compared to the $50,000 being offered by Tech Co. Which company would you choose to work for now?

- Company 1: Tech Co. (1)
- Company 2: Internet Co. (2)

Display This Question:

If Internet Co. is now offering you $65,000 compared to the $50,000 being offered by Tech Co. Which... = Company 1: Tech Co.

Q21 Internet Co. is now offering you $70,000 compared to the $50,000 being offered by Tech Co. Which company would you choose to work for now?

- Company 1: Tech Co. (1)
- Company 2: Internet Co. (2)

End of Block: Block 4