

Hidden Discrimination in Frictional Labor Markets

Abstract

We study hiring by gender among 921 Ugandan employers in male-dominated sectors with limited monitoring capacity. Despite the gender segregation, employers state a preference for worker gender mix. In a hiring experiment, holding all else equal, men are hired at rates 10 percentage points higher, yet employers select 42% women, revealing substantial unmet demand for female workers. Employers perceive women as more trustworthy---the hardest-to-find worker trait---but worry about harassment risk. We introduce monitoring support via audits targeting either worker misbehavior or workplace safety. Relative to business as usual, behavior audits reduce demand for female workers and increase the hiring gender gap by 63%, more so among employers with stronger stated preferences for hiring women. Safety audits increase relative demand for female workers, closing the gap. Solving frictions can widen or close the gap depending on which constraints are addressed. Monitoring frictions mask bias: beliefs about trustworthiness and technical performance by gender are inaccurate and do not explain the residual gender gap. In a multi-dimensional skill framework, residual estimates bias vary depending on which attributes we consider productive and measure.

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