

Departmental Seminar on July 24, 2023

Title:

The Impact of the Menstrual Cycle on Bargaining Behavior*

Abstract:

Bargaining is omni-present, for instance, in market transactions, at the workplace, and before intra-household agreements. Recent evidence suggests that the sex hormones characterizing the female menstrual cycle influence women's behavior in different environments. However, little is known about the link between the menstrual cycle and negotiations. In this paper, we examine whether the menstrual cycle influences women's bargaining behavior and bargaining outcomes. In a lab experiment, participants play a dynamic unstructured bilateral bargaining game with private information. While the distribution of the pie size is common knowledge, only one bargaining partner (informed) knows the actual pie size. Our findings suggest that the menstrual cycle and information play an important role: During the ovulation phase, informed women are less compromising and offer a smaller part of the pie to the bargaining partner compared to the other menstrual phases. These differences translate into higher payoffs (conditional on reaching a deal) during the ovulation phase. Although the bargaining behavior of uninformed women does not change over the menstrual cycle, their bargaining outcomes captured by overall payoffs and deal rates improve during ovulation. These findings combined suggest that bargaining outcomes are better during the ovulation phase---but differently depending on the information setting. Finally, women become better negotiators with experience, independent of the menstrual phase and the information environment. Overall, our findings suggest that both, biological factors and the environment, play an important role in determining women's bargaining behavior and outcomes and that negotiating can be learned.

*(joint work with Lina Lozano and Arno Riedl)