Suffering Twice: Professional Penalties For (Female)Sexual Harassment Complainants

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Why are the Costs of Sexual Harassment Reporting?

- The #MeToo movement will have us believe that sexual harassment prevalence is very high.
- What took actresses (including Cate Blanchett and Salma Hayek) so long before they complained? USA national level gymnasts took a long time to complain about Larry Nassar the national team doctor.
- Clearly career costs – imagined or real – act as a deterrent.
- In this paper we investigate if there are indeed negative career repercussions of a complaint and whether credibility of the complaint/complainant have any bearing.

The Act of Complaining

- We first show how the professional costs to complainants (reducing in credibility) can be rationalised in a game theoretic set up where the key ingredients are:
  - Sexual harassment complaints are unable to signal their quality
  - Employer cannot distinguish between false and true sexual harassment complaints
- Next, we consider both wage and promotion impacts of a complaint using online survey experiment
  - Compare a female complainant vs an otherwise comparable non-complainant
  - We then see if there is any moderating influence of credibility.
  - We operationalize credibility in two ways; first by the presence or absence of co-complainants and second by the source of information regarding the complaint being an office rumour or not.

The Importance of Credibility

- The Equal Employment Opportunity Commission of the United States states that credibility factors are critical to determining whether the alleged harassment occurred.
- Our first measure of credibility is the presence of co-complaints
  - Gardner (2009) shows that women tend to reveal stories of sexual harassment with the encouragement or corroboration of other victims.
  - The #MeToo movement also shows that the presence of co-complaints strengthens the complaint.
- Our second measure of credibility is source of the information.
  - The law mandates the clause of confidentiality and any information regarding the complaint or the complainant is only released to the respected authorities on a need basis (U.S. EEOC: Title VII of the Civil Rights Act of 1964).
  - Thus, we believe that a private source vs office grapevine as the source of information of the complaint increases credibility.

Overview of Findings

- The model shows that false complaints are beneficial for lower quality workers, leading to high quality workers not complaining even if they face SH since the group of complainants is perceived to be of lower quality and hence professionally penalised.
- The model also shows that if true complainants could credibly distinguish themselves, the professional costs should be lower compared to when they cannot.
- The survey experiments also finds that a sexual harassment complainant is less likely to be hired into the team and is given a lower salary raise.
- In contrast to the theoretical model, the survey experiment finds that increasing the credibility of the complaint results in the non-complainant having more favourable results with an increase in the credibility of the complaint and the complainant.
- The survey also shows that female respondents were more likely to propose a higher salary raise to the complainant and to hire her. This suggests that having more female representation in the management might mitigate the costs of sexual harassment reporting and encourage more women to come forward.

Literature Review: Sexual Harassment

- Fitzgerald et al. (1994, 1995) theorised why women choose not to report sexual harassment highlighting the psychological and legal implications
- Cortina and Holland (2016), Cortina and Areguin (2021) focus on the social and organizational context and its impact on sexual harassment incidence and reporting.
- Folke and Rickne (2020) also emphasise that self-reporting sexual harassment leads to higher job dissatisfaction, quit intentions, and actual quits
- Hart (2019) closely related also finds that participants are less likely to recommend a woman for promotion if she self-reports sexual harassment in relation to an identical woman experiencing nonsexual harassment or whose sexual harassment was reported by a co-worker.

Literature Review: Discrimination and Gender Bias

- Bias against women in hiring decisions (Hoover et al., 2019) to negative evaluations of and prejudice towards women leaders and politicians (Bauer 2019, 2020; Blackman Jackson 2021; Brescoll et al., 2018; Brooks Hayes 2019; Clayton et al., 2020; Muriaas et al., 2019; Skewes et al., 2018; Teele et al., 2018).
- The seminal work on statistical discrimination is Arrow (1971, 1998) proposes that discrimination is a result of coordination failure while Phelps (1972) proposes that it emerges from differing qualities of information. The theoretical literature has been surveyed by Fang and Moro (2011) and Onuchic (2022). Our model is additionally related to the literature on unravelling which can be traced to Milgrom (1981).

Model Outline

- The model presented here allows worker to send signals about their quality and get compensated based on their signals. This is inline with models of statistical discrimination.
- Sexual harassment acts as a lever to shut the signal
- Usually optional signal shutdown by workers does not work - this relates to the literature on unraveling.
- But with SH and true complainants gaining due to the complaint allows for signal shutdown to be sustained in equilibrium.

Workers

- There is a unit mass of workers who have quality $\theta \sim U[0,1]$.
- While quality is not observable to the employer, workers have the ability to signal exactly their quality via their work performance.
- We assume that the employer pays the worker exactly their signalled quality.
- In case there is no sexual harassment, all workers signal their quality via their work and get paid exactly their quality.
- Worker's utility:
  Salary - Cost of sexual harassment + Benefit from complaint

Sexual Harassment

- An exogenous proportion p of the workers are victims of sexual harassment.
- Sexual harassment leads to a cost of c incurred by each victim.
- By filing a complaint, a victim can reduce this cost by getting some relief captured by r.
- We assume that the worker is unable to work and their time is diverted towards the case and hence:

Assumption

A1: A worker making a sexual harassment complaint is unable to signal their quality.

No False Complaints

Proposition

In the PBE, workers of quality $\theta \in [0, \theta_c]$ choose to complain in case of sexual harassment where $\theta_c = \min\{1, 2r\}$

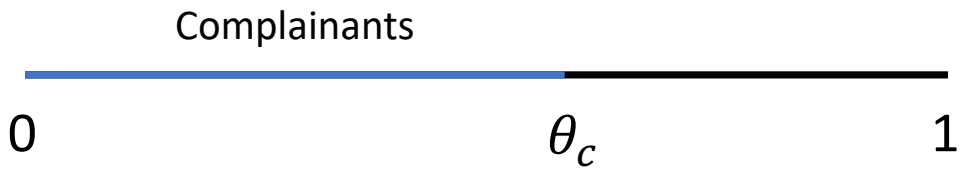
Proof idea

Sexual harassment victims weigh the relief from a complaint against the loss of signal.

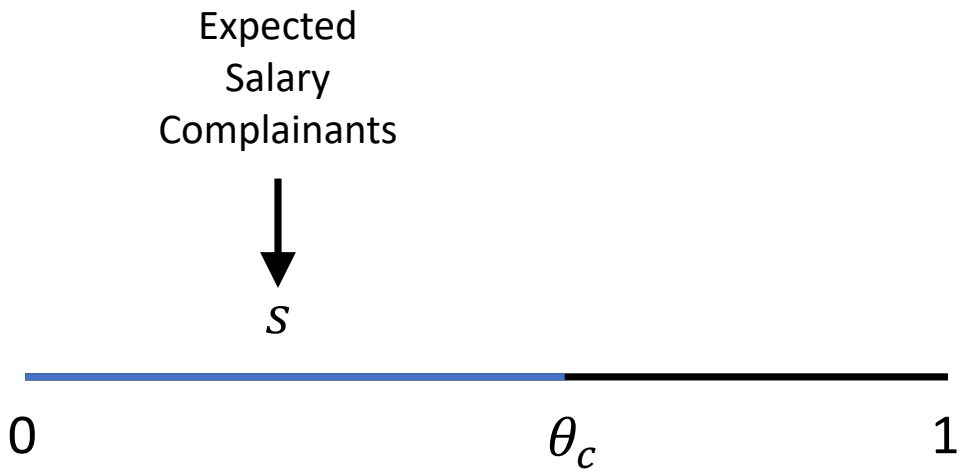
Suppose in equilibrium all complaints are paid s, then complain only if $\theta - c \leq s - c + r$

If all victims of quality upto θ_c complain, then it must be that $s = \frac{\theta_c}{2}$ or $\theta_c = 2r$

Complainants in Equilibrium



Complainants in Equilibrium



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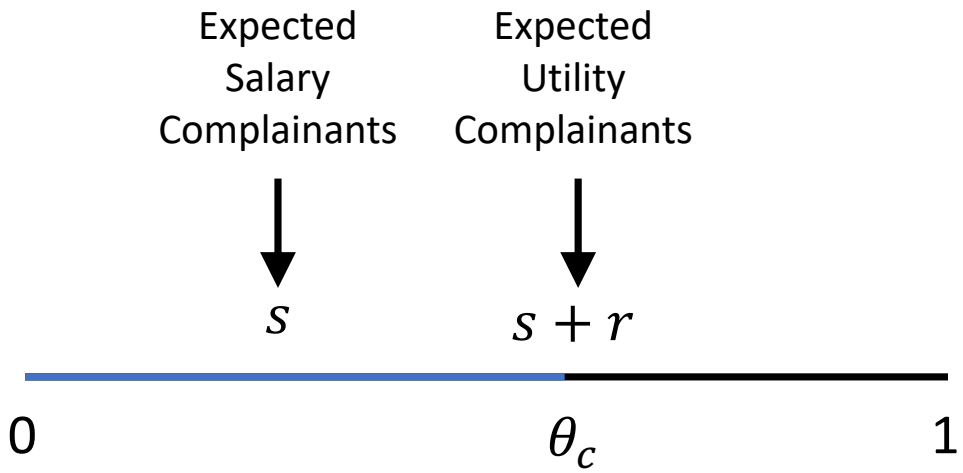

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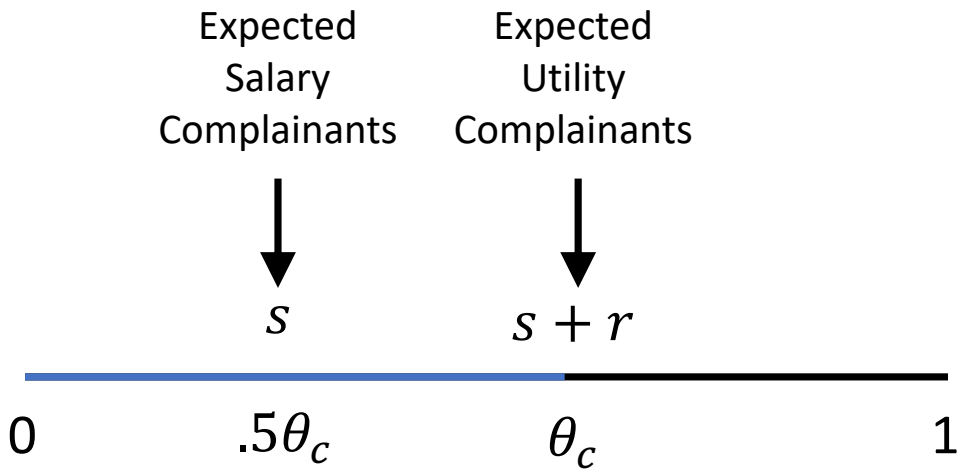

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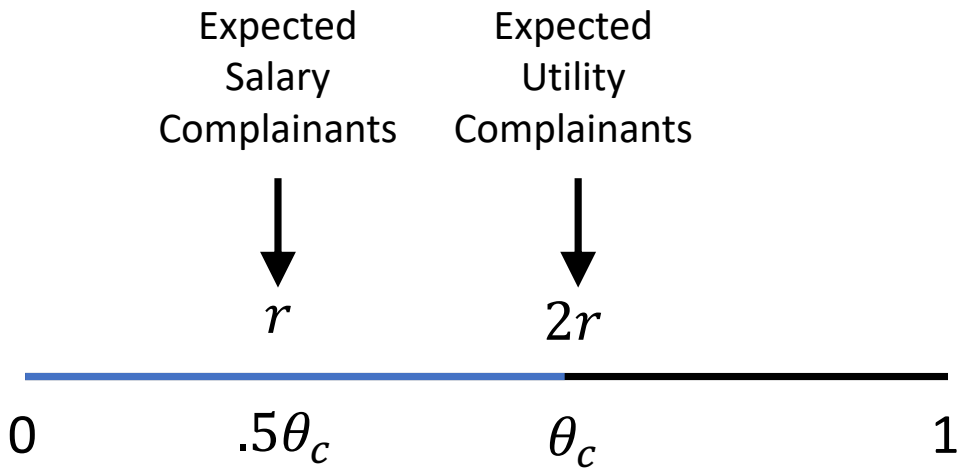


Costless False Complaints

- Grounded in the fact that sexual harassment cases often come without any hard evidence and are based on experiences of the two parties, we assume that:

Assumption

A2: Employer cannot distinguish between false and true sexual harassment complaints

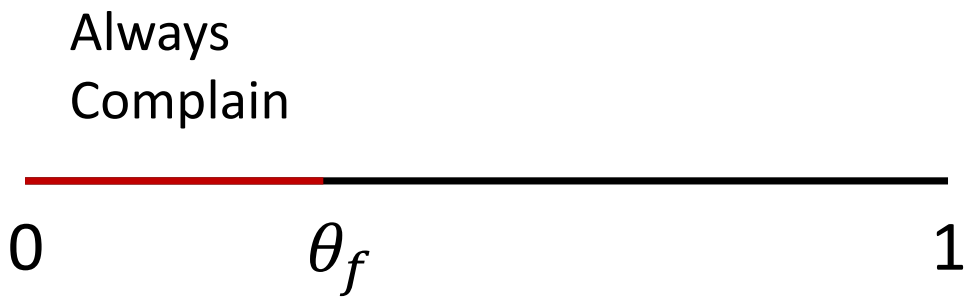
Costless False Complaints

Lemma

The PBE is such that there exist bounds $\theta_f \leq \theta_c$ such that all workers with quality below θ_f complain while those with $\theta \in (\theta_f, \theta_c]$ only complain in case of sexual harassment.

Equilibrium with False Complainants

Equilibrium with False Complainants



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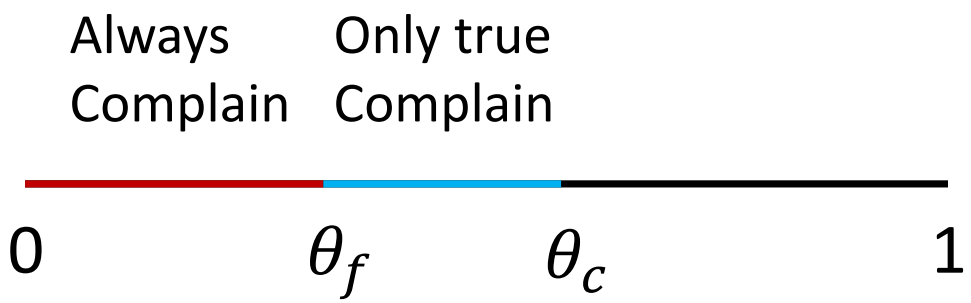

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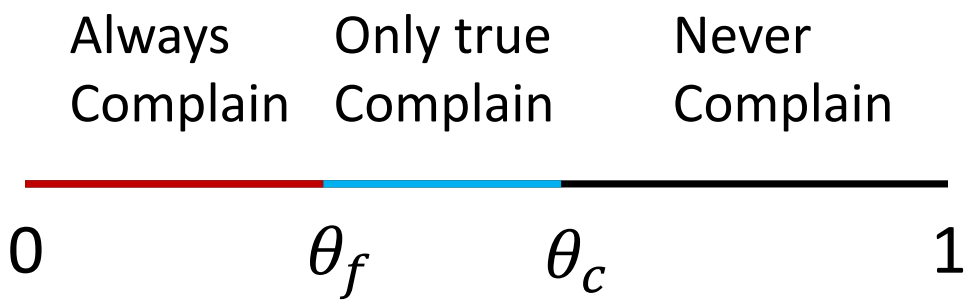

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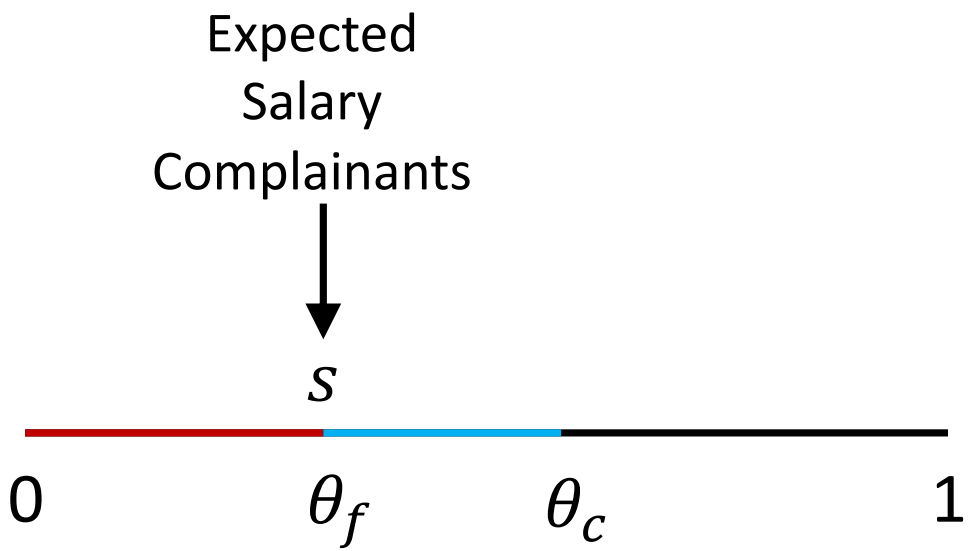

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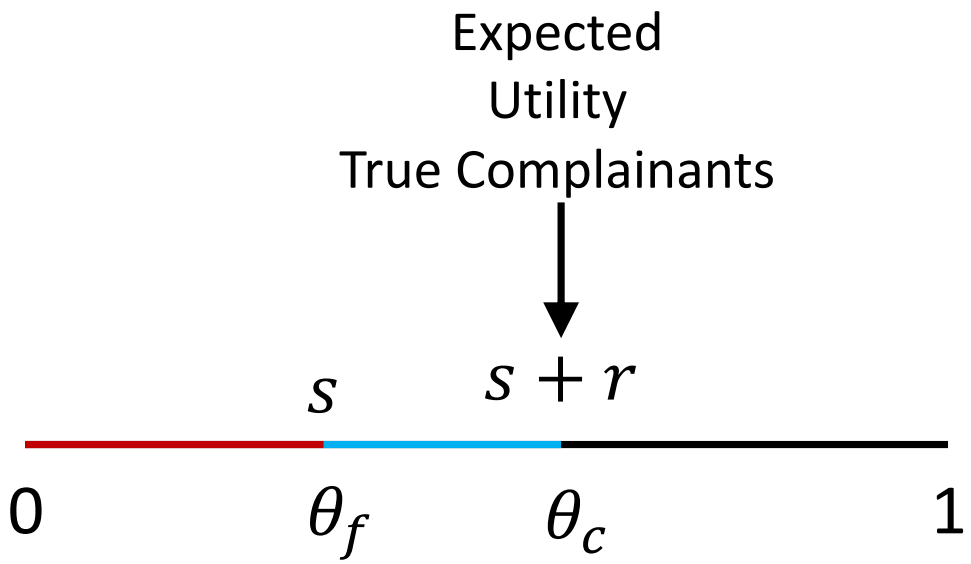


Costless False Complaints: Comparitive Statics

Proposition

In the PBE under A1 and A2, the equilibrium is such that:

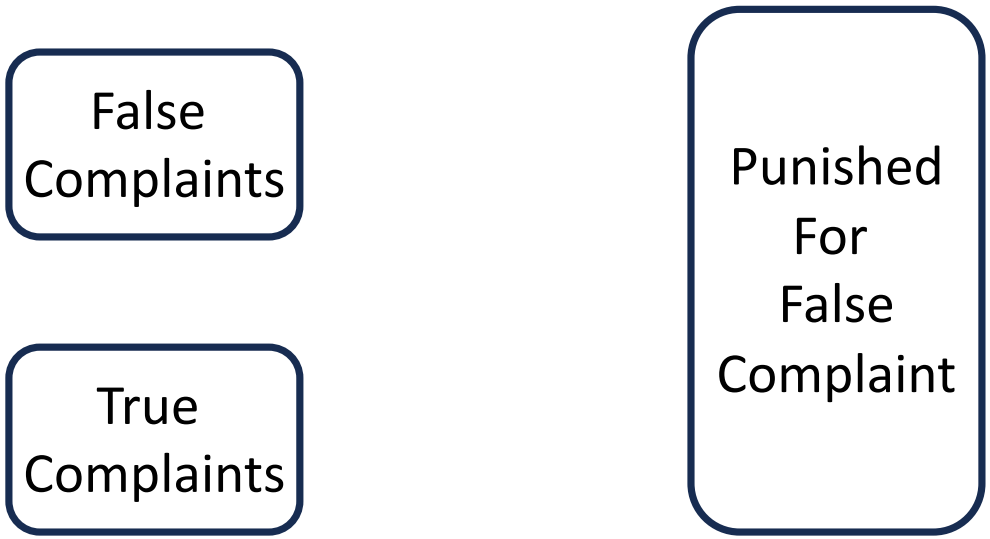
- *For a given rate of sexual harassment (p), as the rate of relief r from a complaint increases and more true complaints are made, the false complaints also increase.*
- *As the rate of sexual harassment increases, the mass of workers who always complains also increases.*
- *As the rate of sexual harassment increases, the mass of workers who make a false complaint first increases and then decreases.*

Cost of False Complaints

Assumption

A3: False complaints are caught with probability q. If they are caught with a false complaint they pay a fine of f. No such penalties exist for true complainants.

Cost of False Complaints



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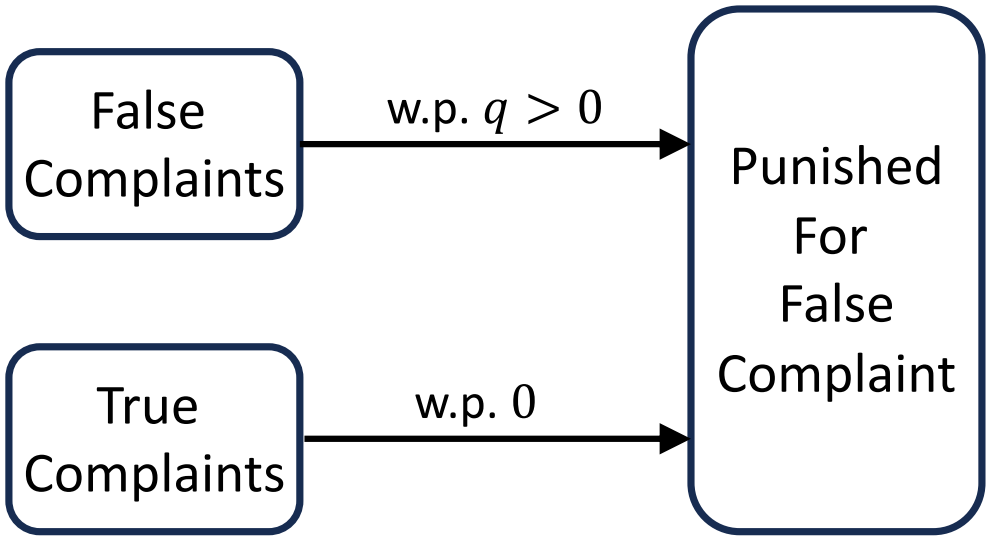


Impact of Costs of False Complaint

Proposition

As the probability of fine q and/or the fine f increases, the threshold θ_f below which all workers complain also decreases. This leads to higher expected salary for all complainants.

Proof idea

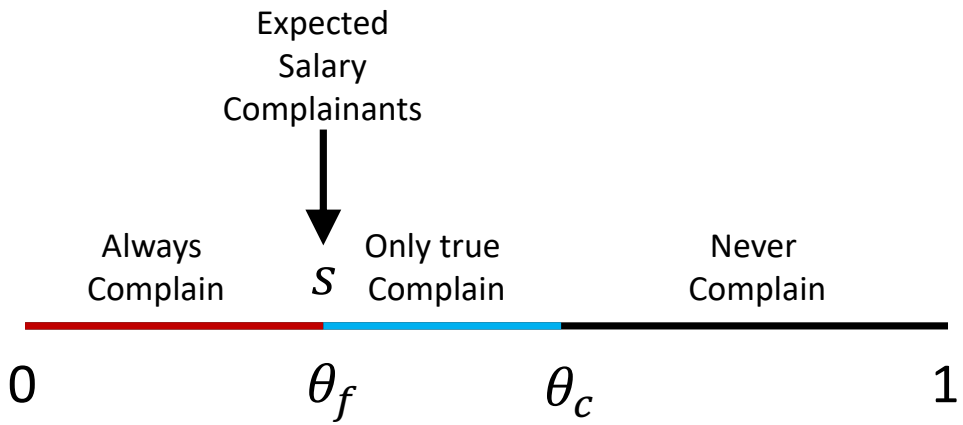
Suppose in equilibrium, all complainants are paid salary s while the complaints found to be false face a penalty f. Hence, the cutoff θ_f below which false complaints are made must be such that:

$$\theta_f = s - q * f$$

On the other hand, for true victims, complaints are made if their quality is below θ_c where

$$\theta_c = s + r$$

Cost of False Complaints



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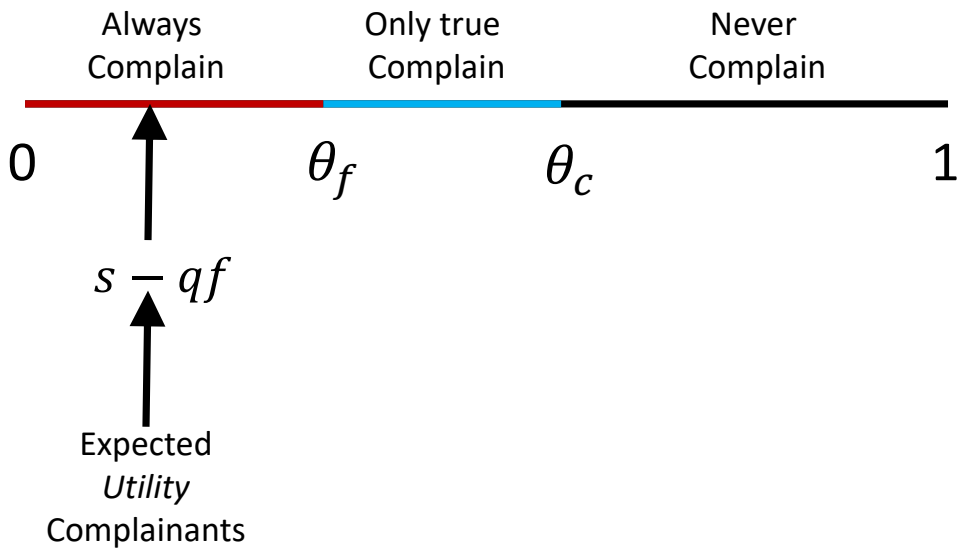

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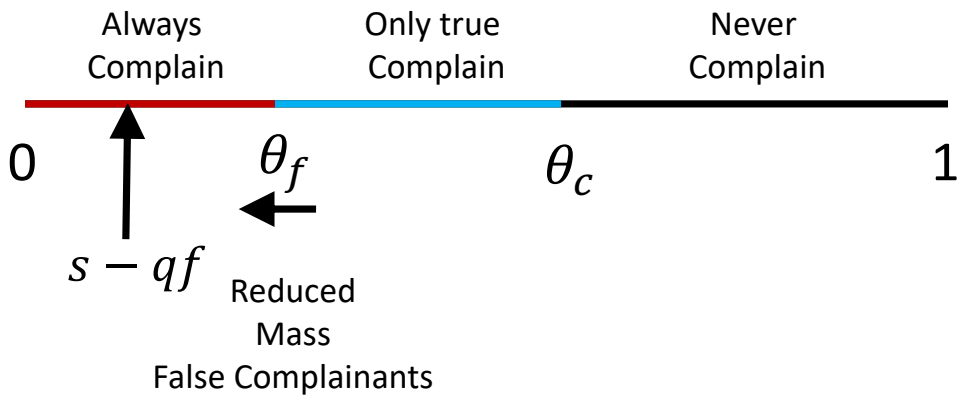

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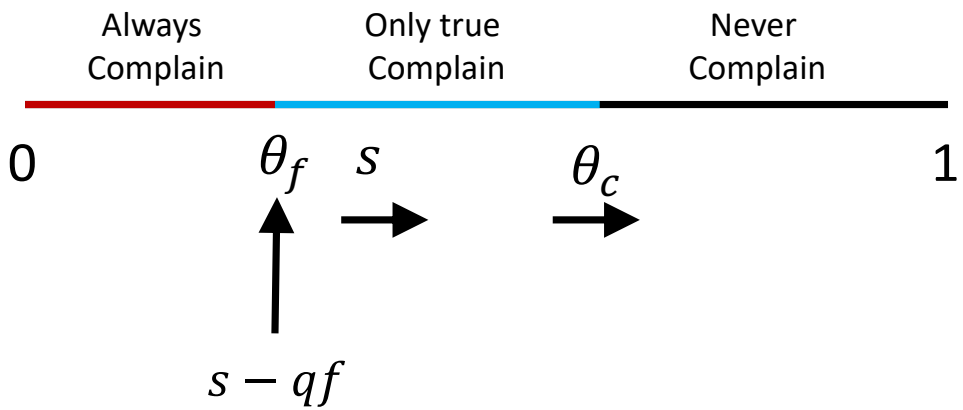


Strategic Harassment Timeline

Assumption

A4: Each worker is paired with a teammate who is a potential harasser. Each teammate has a harassment type given by h which represents their benefit from harassment and each teammate faces penalty -r in case of a complaint against them.

Timeline is as follows

- First, workers are randomly matched with teammates.
- Next both the worker and teammate observe each others type.
- Next the teammate decides to harass or not.
- Finally the worker decides to complain or not.

Strategic Harassment Result

Proposition

In the PBE under assumptions A1, A2 and A4; only very high quality workers and very low quality workers face harassment. With strategic harassment as compared to random harassment, the rate of complaints and false complaints are both lower.

Predictions

- The theoretical model predicts that sexual harassment complainants will face professional costs due to the disruption in their work and not being able to signal their quality
- Our model further predicts that as complaint credibility increases, the professional costs become lower.

List of Studies

- Study 1: Comparing career outcomes for two female candidates where one is sexual harassment complainant
- Study 2: Comparing career outcomes for two female candidates where one is sexual harassment complainant and co-complainants are present/absent
- Study 3: Comparing career outcomes for two female candidates where one is sexual harassment complainant and information about the complaint was office grapevine vs private source

Participants

- The participants are recruited from Prolific. Respondents from Prolific are well-reputed for providing high-quality data (Gloor, Gazdag, et al.(2020); Peer et al.,(2017)).
- We pre-screened the participants:
  - Participants with hiring and management experience were selected to increase external validity. According to previous research, the biases and behaviours of actual hiring decision-makers differ from those of students in the lab (Koch, D'Mello, Sackett (2015); Marlowe, Schneider, Nelson (1996))
  - Participants with an approval rate of 98% or more
- Approximately 15 minutes to complete the survey
- Participants received 1.25 pounds upon the successful completion of it

Procedures

- We informed the participants that the study was about team selection decisions in firms and that we were interested in how these decisions are made. Following this, consent was taken.
- Participants were asked to imagine they were a team lead in a mid-sized technology firm who had to select one last member for their team out of two shortlisted profiles.
- We adapted the task description, participant role and other details from Chang et al. (2020).
- The participants had to hire for the role of a business analyst from two candidates whose experience, qualifications and profiles are very similar objectively and from pre-test. The selected candidate will directly report to the role the participant assumes. The job description of a business analyst is also explained.

Profiles

- The two candidates are Barbara Williams and Susan Smith, the names of whom we randomly selected from the list of common names and surnames from the U.S. Social Security list (2021) and U.S. Census (2010) respectively.
- The participants are told that both the candidates have comparable experience and scored similarly on various aptitude tests and personality characteristics (Chang et al., 2020).
- After reading the instructions of their selection task, the participants read the profile descriptions of Barabra Williams and Susan Smith adapted from Hart (2019) and Vial et al. (2019) respectively.
- The profile descriptions of both the candidates are identical except for information about the sexual harassment complaint filed.

Evaluation of Profiles

- The participants were then asked to indicate their preference of a candidate for the team on a Likert scale from one (definitely recommend Barbara Williams) to seven (definitely recommend Susan Smith).
- They were then asked to recommend a raise of $0 to $10,000 given their current salary of $60,000 (Hart, 2019) for both the candidates.
- To examine how the participants perceived the candidates, they rate both the candidates individually on various traits using a seven-point Likert scale (1 = not at all accurate; 7 = extremely accurate). Traits are competent, confident, good-natured, sincere, warm, trustworthy, tolerant, selfish, "how most people would view Barbara as having excellent social skills" and "gets along socially with other employees in the company". Results are suppressed here.

Attention Checks

- Five attention checks are included.
- The initial checks are questions about the task- what we are interested in and how many roles we are looking to fill.
- The next two attention checks towards the end asking the respondents to choose the number '5' from the options and to choose the colour 'red' from the options.
- As the fifth attention check, we ask the participants to recall who filed the sexual harassment complaint. Participants who fail any of these checks are not considered in the analyses.

Sample

- The sample is of U.S. residents ages 22 or older of which is chosen to be gender balanced.
- The sample is representative of the U.S ethnic population in each study- with balanced representations for White, Black or African American, Asian, Native American or American Indian, and percent as Hispanic or Latino

Study 1: Complainant vs Non-Complainant

- Participants are randomly shown one of the two profiles with a sexual harassment complaint by the addition of the following lines to the candidate's profile description:
- *"Barbara Williams (Susan Smith) recently reported a sexual harassment complaint to the HR department. The HR department is investigating the complaint and a verdict has not yet been reached."*
- In this study we do not reveal the source of information nor do we add any other information about the complaint.
- The profile descriptions are counterbalanced in order, i.e., the candidate they viewed first (half the participants view Barbara Williams and the others, Susan Smith first.).

Study 2: Co-Complainants

- In this study, the moderator involves the presence or absence of co-complainants and we see if this information via its impact on complaint credibility has any impact on the decisions made.
- The study procedures and profile descriptions of the candidates remain the same as in Study 1 with the exception that only Barbara Williams is always the complainant and the addition of a moderating variable.

Study 2: Co-Complainants

- The moderating variable, i.e., the presence or absence of co-complainants is added to her profile. In the absence of co-complainants, the description is as follows:
  "Barbara Williams recently reported a sexual harassment complaint to the HR department. You heard that there are no other co-complainants. The HR department is investigating the complaint and a verdict has not yet been reached."
- In the presence of co-complainants, the description is as follows:
  "Barbara Williams recently reported a sexual harassment complaint to the HR department. You heard that there are other co-complainants. The HR department is investigating the complaint and a verdict has not yet been reached."

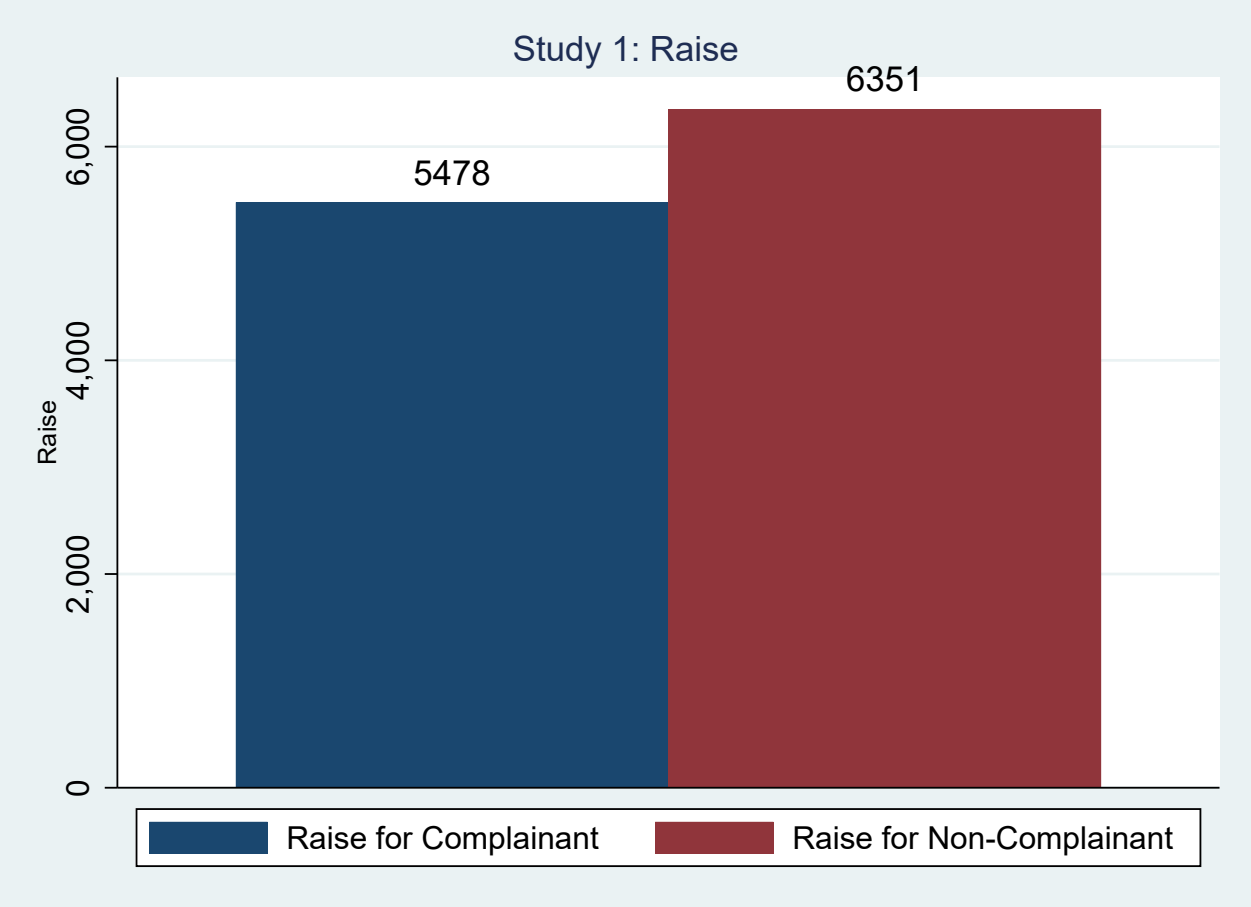
Study 3: Information Source

- In Study 3, we add a different moderator which increases or decreases the credibility of the complainant,
- We test if the medium through which the information is known (public vs. private) affects the decisions made.
- We see private knowledge of the complaint as increasing the credibility of the complaint and the complainant and predict that the complainant in private knowledge of the complaint condition would garner more support and thus see more favourable results than the complainant in the public knowledge of the complaint condition.

Study 3: Information Source

- As in Study 2, Barbara Williams is the complainant. The moderating variables, i.e., the public vs. private knowledge of the complaint added to her profile. In the public knowledge of the complaint condition, the description is as follows:
  "Barbara Williams recently reported a sexual harassment complaint to the HR department which you heard about since it is widely discussed in the office grapevine. The HR department is investigating the complaint and a verdict has not yet been reached."
- In the private knowledge of the complaint condition, the description is as follows:
  "Barbara Williams recently reported a sexual harassment complaint to the HR department which you heard about in a confidential discussion with an informed person. The HR department is investigating the complaint and a verdict has not yet been reached."

Salary Raise Across Studies



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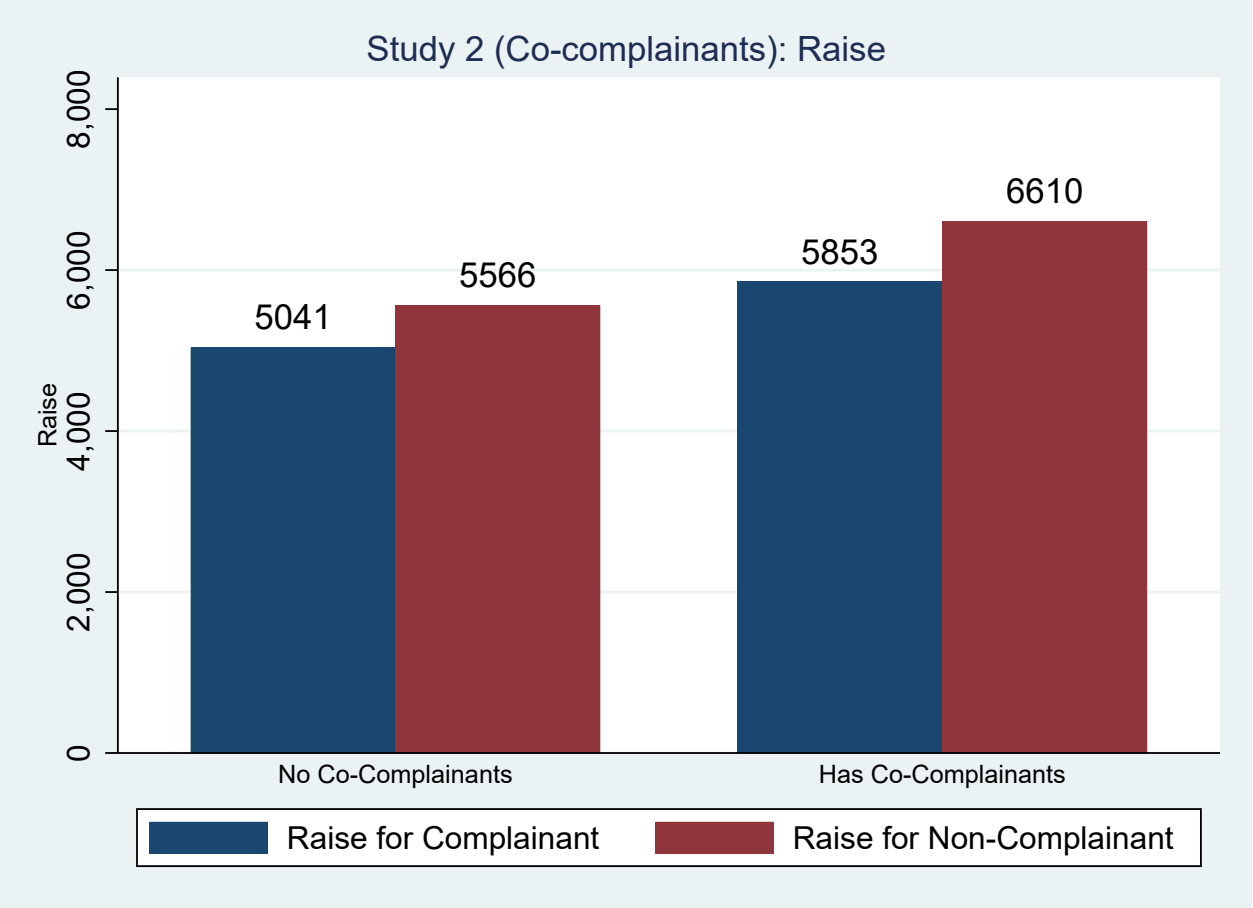

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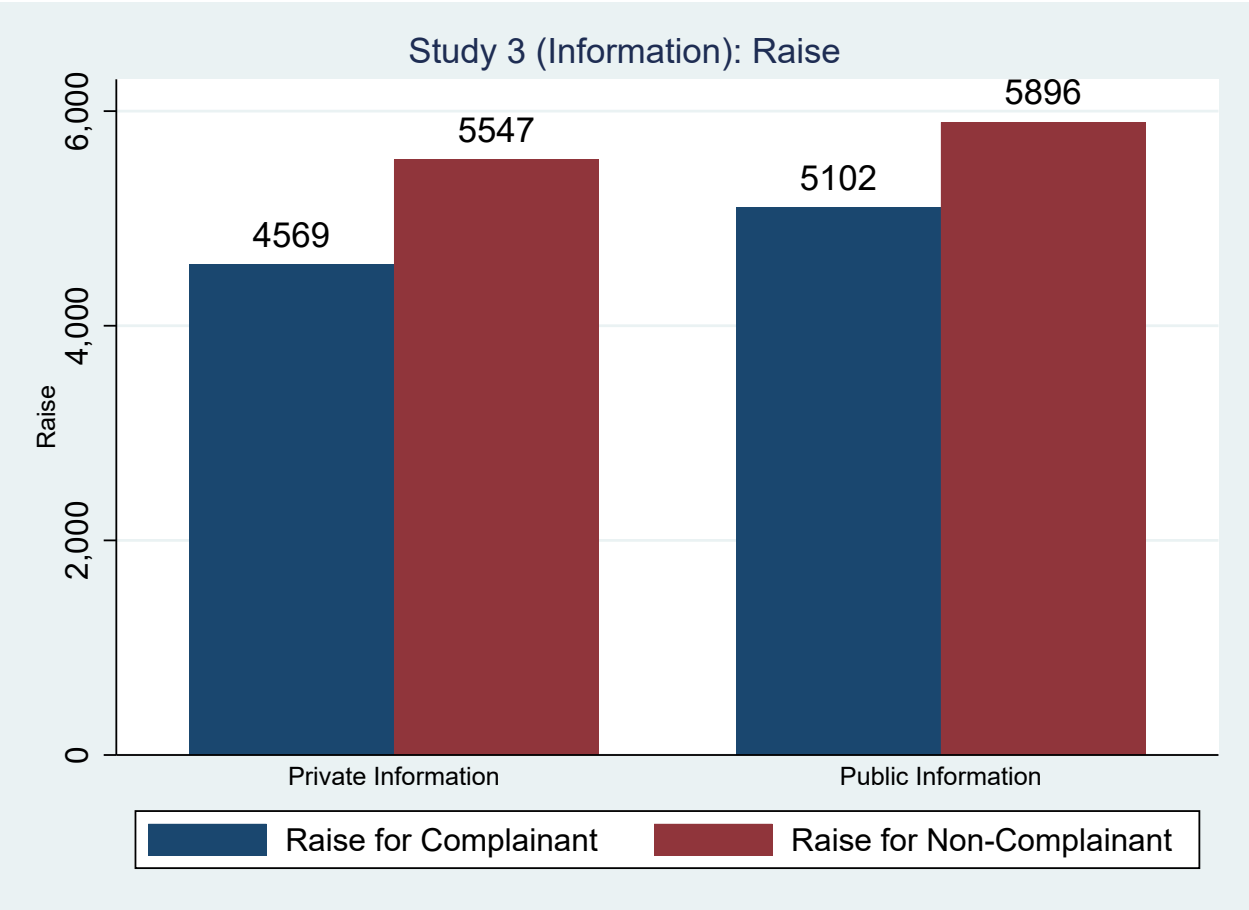
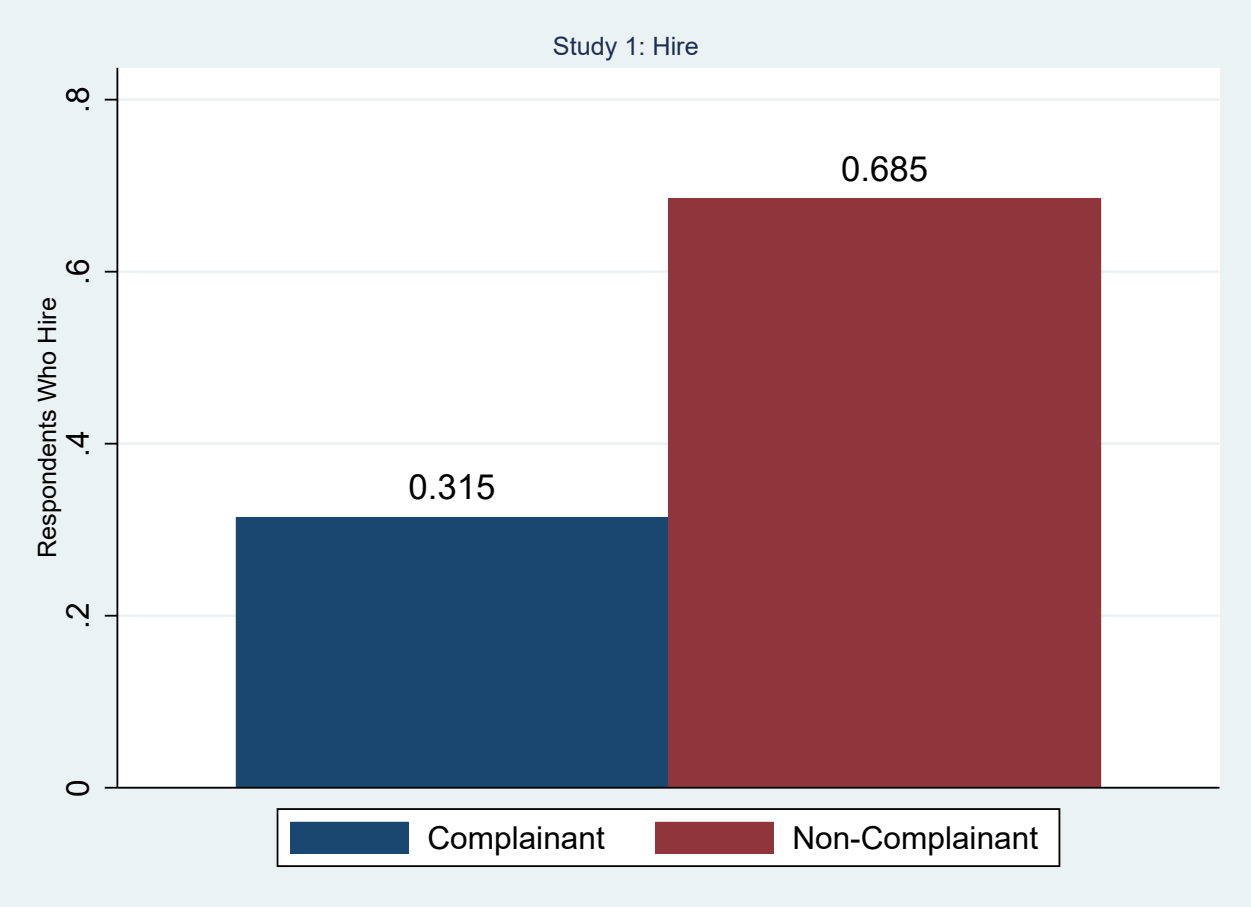


Hiring Decisions Across Studies



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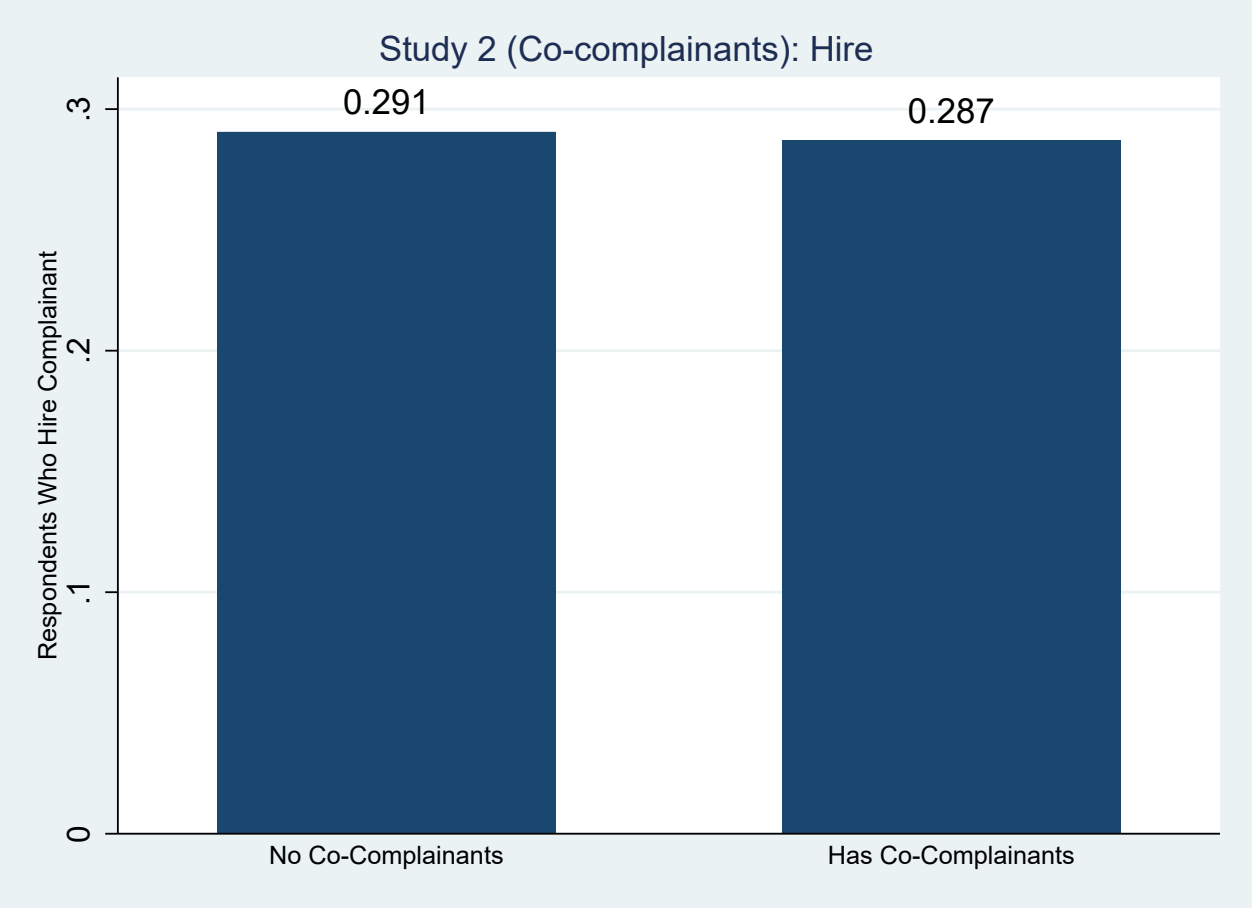

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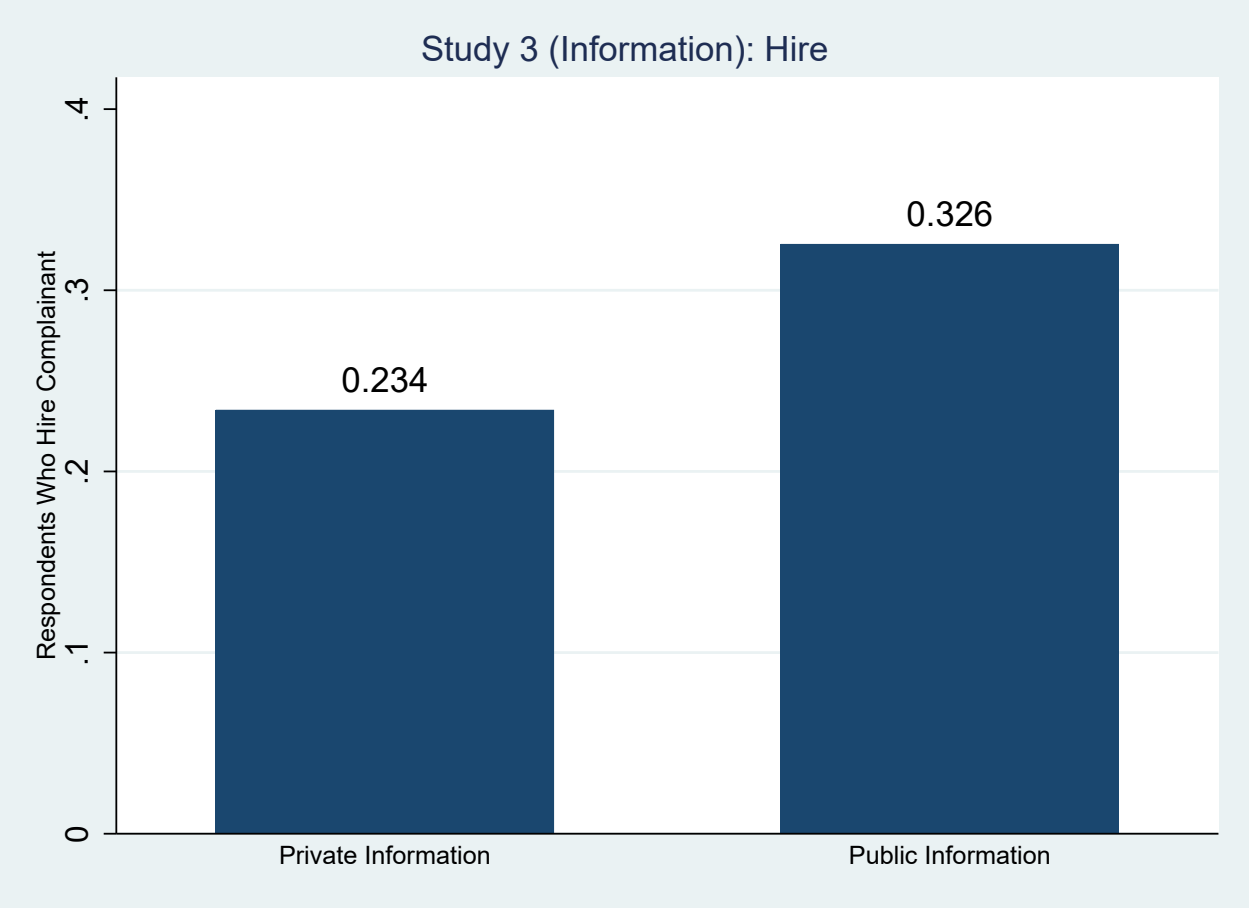

Regression: Salary Raise

- $Complainant$ is a binary variable measuring if the raise is being considered for the complainant or not. For Study 1, we use the following format:

$$Raise = \beta_0 + \beta_1 Complainant + \beta_2 Controls + \epsilon$$

- For Study 2 3, Arm is a binary variable taking value 1 or 0 signifying the two arms. We use the following format:

$$Raise = \beta_0 + \beta_1 Complainant + \beta_3 Arm + \beta_4 Complainant\#Arm + \beta_4 Controls + \epsilon$$

  - For Study 2, in place of Arm in the regression above we use $Co - Complainants$ which takes value 1 if there are co-complainants in that arm and 0 o.w.
  - For Study 3, we use the variable $Public$ in place of Arm in the regression above which takes value 1 if the source of information is public and 0 if the source is private.
- The controls we highlight are:
  - $Female$ which is a binary variable capturing the gender of the respondent.
  - $Tolerance/Trustworthy$ measure the rating on tolerance/trustworthy by the respondent for the respective profile

Regression: Salary Raise

Table 1: Salary Raise

	Study 1		Study 2		Study 3	
	(1)	(2)	(3)	(4)	(5)	(6)
Complainant	-872.5***	-460.4*	-524.9	-294.4	-977.8**	-649.9
	(280.3)	(250.4)	(386.6)	(356.3)	(417.6)	(400.6)
Co-Complainants			1,043***	618.6*		
			(394.6)	(368.8)		
Complainant# Co-Complainant			-232.0	-102.0		
			(558.0)	(504.2)		
Public Information					349.6	298.8
					(427.2)	(422.1)
Complainant# Public					183.2	119.2
					(604.1)	(567.3)
Female Evaluator		113.9		789.2***		418.0
		(279.6)		(260.9)		(294.8)
Tolerant		338.1***		-91.66		189.4
		(103.6)		(127.0)		(142.2)
Trustworthy		635.1***		1,058***		545.1***
		(114.9)		(152.5)		(156.7)
Demographic Controls	No	Yes	No	Yes	No	Yes
Constant	6,351***	-41.19	5,566***	1,645	5,547***	13.85
	(198.2)	(917.4)	(273.4)	(1,529)	(295.3)	(1,889)
Observations	324	324	450	450	360	360
R-squared	0.029	0.305	0.036	0.249	0.030	0.194

Standard errors in parentheses

Regression: Hiring

- $Complainant$ is a binary variable measuring if the raise is being considered for the complainant or not. For Study 1, we use the following format:

$$Hire = \beta_0 + \beta_1 Controls + \epsilon$$

- For Study 2 3, Arm is a binary variable taking value 1 or 0 signifying the two arms. We use the following format:

$$Hire = \beta_0 + \beta_1 Arm + \beta_2 Controls + \epsilon$$

  - For Study 2, in place of Arm in the regression above we use $Co - Complainants$ which takes value 1 if there are co-complainants in that arm and 0 o.w.
  - For Study 3, we use the variable $Public$ in place of Arm in the regression above which takes value 1 if the source of information is public and 0 if the source is private.
- The controls we highlight are:
  - $Female$ which is a binary variable capturing the gender of the respondent.
  - $Tolerance/Trustworthy$ measure the rating on tolerance/trustworthy by the respondent for the respective profile

Regressions Hiring

Table 2: Hiring Decision

	Study 1		Study 2		Study 3
VARIABLES	(1)	(2)	(3)	(4)	(5)
Co-Complaints		0.0349	0.0369		
		(0.215)	(0.197)		
Public Information				0.196	-0.0106
				(0.233)	(0.228)
Female Evaluator	-0.671		0.268		0.251
	(0.413)		(0.190)		(0.213)
Compl Tolerant	-0.221		0.289***		0.0162
	(0.158)		(0.0943)		(0.100)
NC Tolerant	-0.00157		-0.232*		-0.153
	(0.180)		(0.119)		(0.119)
Compl Trustworthy	-0.109		0.691***		0.617***
	(0.177)		(0.112)		(0.123)
NC Trustworthy	-0.250		-0.601***		-0.494***
	(0.201)		(0.128)		(0.130)
Demographic Controls	Yes	No	Yes	No	Yes
Constant	7.657***	3.530***	3.894***	3.362***	3.213**
	(1.513)	(0.149)	(1.142)	(0.161)	(1.385)
Observations	162	225	225	180	180
R-squared	0.124	0.000	0.351	0.004	0.328

Standard errors in parentheses

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

Survey Experiment Findings

- The direct evidence is that when faced with a comparable candidate, the complainant is not favoured for raise or hiring.
- Additional information related to the credibility of the complaint does not seem the help the complainant.
- We find that female participants view complainants more favourably than men.

Conclusion

- Our theoretical model shows there are rational reasons why complainants are treated less favourably for professional outcomes than non-complainants and this is corroborated in the data
- Our theoretical model also predicts that increasing credibility should have ameliorating effect on complainants' professional outcomes and we find no such evidence in the data.
- Overall, our evidence points to bias against sexual harassment complainants. This can lead to lower complaints of sexual harassment and thus more episodes of harassment.
- Our results also show that female evaluators view complainants more favorably and thus increasing women in leadership roles is important.