

MISSING WOMEN IN FIRMS

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Abstract

Where social norms favor gender segregation, firms may find it costly to employ both men and women. Using a model of firm hiring with costly integration, we posit that firms will integrate only if their expected number of female employees under integration exceeds some threshold. We show how to estimate the share of firms with binding integration costs and counterfactual female employment at all-male firms using the distribution of female employment across firms. We validate the model using administrative data from Saudi Arabia, where a quota policy generates exogenous variation in firm size. Using survey data on manufacturing firms in 76 countries, we find significant integration costs in the Middle East, North Africa, and South Asia, but not other regions. We provide suggestive evidence that integration costs reduce aggregate female employment in Saudi Arabia.

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