

Discrimination in an Online Labor Market

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Motivation for this study

- Prejudice or bias is widespread in labor market interactions. (Neumark, 2018; Bertrand & Duflo, 2017)
 - The most common form of bias studied is of the employer-to-employee kind.
 - Employee may respond to discrimination by employer. (Glover, Pallais and Pariente, 2017)
 - The evidence on the bias from employee-to-employer is non-existent (to our knowledge).

This Paper

- Do workers exhibit bias when providing effort to the employers?
- What is the nature of bias; taste or statistical?
 - Taste: Animus from a worker towards the employer's group. (Becker)
 - Statistical: Beliefs or stereotypes towards the employer's group. (Arrow and Phelps)
- Why?
 - What if bias from employer to employee is partially driven by expectations of bias from the employee.
 - Policy implications.
- Environment
 - Online labor market: one shot interactions

Model (without Statistical Discrimination)

- Assuming risk neutrality, a worker $i \in \{B, W\}$ solves the following problem when working for an employer $j \in \{B, W\}$ where B and W denote the black or white race of an agent;

$$\max_{e_{ij} \geq 0} U_{ij} = \max_{e_{ij} \geq 0} (L + (s_i + \Delta s_{ij} + p)e_{ij} - c(e_{ij})) \quad (1)$$

- Solving 1 leads to following solution (when interior);

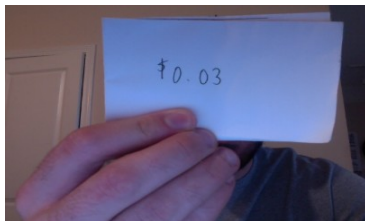
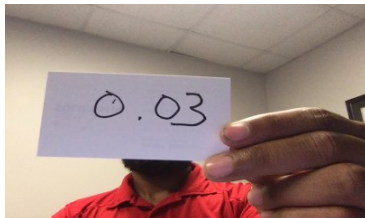
$$e_{ij}^* = c'^{-1}(s_i + \Delta s_{ij} + p)$$

- Baseline Treatment
- Race Salient Treatment

Experiment Design

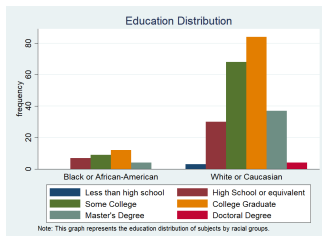
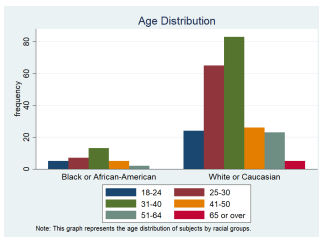
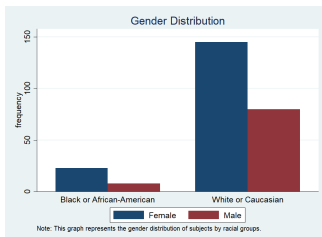
- Recruitment of Subjects
 - Amazon's Mechanical Turk
 - Screener survey
- Task
 - Button-Pressing task as in DellaVigna and Pope (2018)
- Experiment Flow
 - Assignment was posted on Mechanical Turk for a screener survey.
 - Those who met the inclusion criteria were shown a screen to initiate the experiment.
 - Upon initiation a subject was randomly assigned to one of the treatment groups and then to the role of employer or worker.
 - Employer is given 10 cents for every 100 points scored by the worker. Employer decides how to split these 10 cents before worker start working on the task.
 - Worker observes the piece rate and work on the task for upto 10 minutes.

Revealing Race

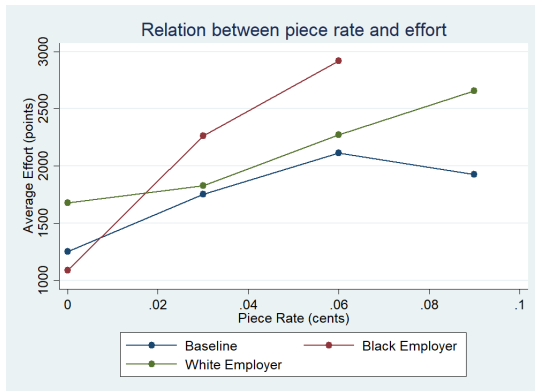


Data Collection

258 subjects (32 Blacks and 226 Whites)



Results



Conclusion

- The results are very preliminary to make any conclusive statements.
- We are implementing multiple experiments to investigate the related questions.