

Discrimination in an Online Labor Market

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Outline

1 Motivation and Introduction

2 Model

3 Experiment Design

4 Data and Results

5 Conclusion

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Motivation

- 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

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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;

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

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

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

- Baseline Treatment
- Race Salient Treatment

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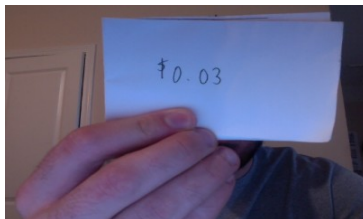
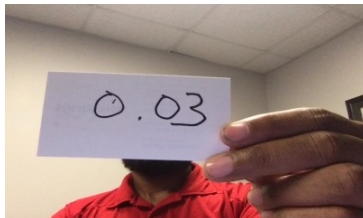
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Experiment Design

- Recruitment of Subjects
 - Amazon's Mechanical Turk
 - Screener survey
- Task
 - Button-Pressing task as in DellaVigna and Pope (2018)
- Experiment Flow
 - Assignment posted on M-Turk for a screener survey.
 - Qualified subjects invited to initiate the experiment.
 - Randomly assigned to the treatment group and to the role of employer or worker.
 - Employer given 10 cents for every 100 points scored by the worker. Decides how to split these 10 cents before worker start working on the task.
 - Worker observes the piece rate and then work on the task for upto 10 minutes.

Revealing Race



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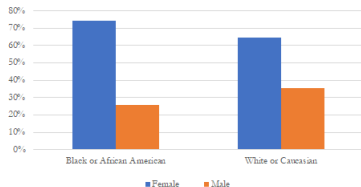
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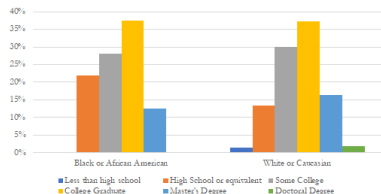
Data Collection

258 subjects (32 Blacks and 226 Whites)

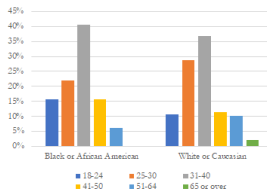
Gender Distribution



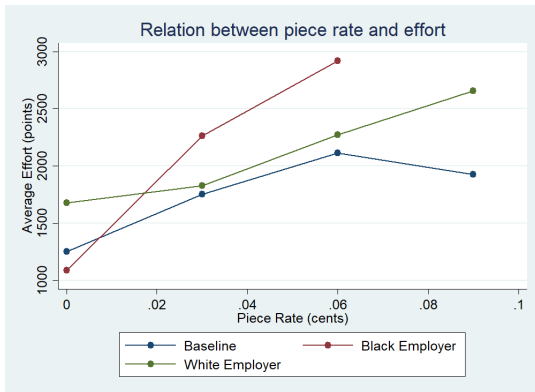
Education Distribution



Age Distribution



Results



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Conclusion

- The results are very preliminary to make any conclusive statements.
- We are implementing multiple experiments to investigate the related questions;
 - Statistical discrimination from worker side
 - Employer discrimination
 - Policies that can reduce discrimination

Thank You!