



Does work experience mitigate discrimination?[☆]



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HIGHLIGHTS

- We sent 768 fictitious job applications in response to genuine vacancies in Belgium.
- Five origins and three experience levels were randomly assigned to the applications.
- We find significant discrimination when candidates have no or 10 years of experience.
- We find no ethnic discrimination when candidates have 20 years of experience.
- For each year of experience, the hiring discrimination lowers by 5.5 percent.

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ABSTRACT

We test whether ethnic discrimination is heterogeneous by job candidates' work experience. Fictitious applications are sent to vacancies. We find significant discrimination when candidates have no or little experience but no unequal treatment when they have twenty years of experience.

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1. Introduction

Employing extensive field experiments, during the past decade, scholars have shown that discrimination is still a barrier for ethnic minorities in the labour market (Baert et al., 2015; Baert and Vujić, 2016; Booth et al., 2012; Carlsson and Rooth, 2007; Kaas and Manger, 2012; Neumark, in press). Identifying ethnic discrimination is, however, one thing; tackling it is another. To effectively combat labour market discrimination against ethnic minorities, one needs to understand its driving factors. In other words, to design adequate policy actions, targeted to the right employers in the proper way, one has to gain insight into when in

particular (and why) employers discriminate. One such key factor by which discrimination might be heterogeneous is job candidates' work experience.

Arrow (1973) seminal model of statistical discrimination predicts a negative association between hiring discrimination and work experience. Statistical discrimination occurs as a time-efficient and profit-maximising response to low information (and, *ipso facto*, uncertainty) about the actual productivity of individual job candidates. Under asymmetric information, employers take into account their perception about the relative productivity-related characteristics of minorities *as a group* to predict a particular minority applicant's productivity. If this kind of discrimination is indeed underlying the unfavourable treatment of ethnic minorities, it is expected to be lower among experienced job candidates. Successful work experience might be used as an uncertainty-reducing device (or, stated otherwise, as a signal of the true level of productivity of the individual) and, therefore, mitigate discrimination.^{1,2}

This study is the first to focus on the empirical association between hiring discrimination and job candidates' work experience. To this end, we conduct a correspondence experiment. In this experiment, ethnic origin and work experience are randomly assigned to fictitious job candidates who apply for genuine vacancies. We then compare the callback from employers by ethnic minority status and years of work experience. In addition, the design of our experiment allows us to look into heterogeneity in discrimination by other candidate and vacancy characteristics such as specific ethnic origin, gender, education level, firm size and labour market tightness.

2. Data

We conducted our experiment between December 2015 and May 2016 in Flanders (Belgium). To this end, we created two templates ("Type A" and "Type B") of curricula vitae for 10 middle-educated and 10 high-educated profiles of job candidates. Middle-educated (high-educated) pairs held a secondary education degree (bachelor's degree) in one out of 10 popular fields of study.³ Type A and Type B applications were different in layout and inessential details but identical in all job-relevant characteristics, conditional on education level. They were born and living in Ghent, the second largest city of Flanders.

We submitted two applications, one of Type A and one of Type B, to 384 genuine vacancies for which one of our profiles was an adequate match. These were vacancies of employers on a list of 3751 firms operating in the region, as provided by the city of Ghent. They were randomly selected from the employers' homepages or from the database of the Public Employment Agency of Flanders. One member of each candidate pair had a Flemish-sounding name ("native identity") and the other one had a foreign sounding name

("immigrant identity"). To eliminate any application-type effects on callbacks, for each vacancy, we alternately assigned the native and immigrant identity to the Type A and Type B applications ("within-pair randomisation").

Concerning the foreign sounding name used within the pair, we did not stick to one foreign background – as the aforementioned field experiments on ethnic discrimination except for Booth et al. (2012) did – but alternated over typically Turkish, Moroccan, Slovakian and Ghanaian names⁴. These names were provided by the administration of the city of Ghent as being frequently used but non-stereotypical names among these ethnic minorities. All the pairs had the Belgian nationality to avoid unequal treatment due to administrative reasons.⁵

Importantly, we alternated over three kinds of pairs with respect to work experience: pairs in which both members (native and non-native members) had 0, 10 or 20 years of labour market experience (in an occupation comparable to the job mentioned in the vacancy).⁶ This "between-pair randomisation" of work experience allows us to investigate whether hiring discrimination against candidates with a foreign background is, indeed, heterogeneous by their work experience. In addition, we alternated the gender of the candidate pairs.

We submitted the resulting combinations to employers in an alternating order, with approximately 24 h in between the pair members. Callbacks were received by telephone voicemail or email. In line with the aforementioned literature, we define positive callback as getting an invitation for a job interview concerning the job announced in the vacancy.

3. Results

Table 1 summarises our experimentally gathered data. Overall, the native identity within our experiment received an invitation to a job interview in 11.2% of his applications,⁷ while his immigrant counterpart got an invitation in only 7.8% of the cases.⁸ In line with the literature, we calculate the positive callback ratio (PCR) by dividing the invitation rate of the immigrant candidate by the corresponding rate of the native candidate. This yields a PCR of 0.698: the immigrant candidate received about 30.2% fewer invitations. This PCR is significantly different from 1 at the 1% level.

When we break down the data by the years of relevant work experience mentioned by the candidate pair, we find that the PCR varies with this experience in the expected direction. Immigrant

⁴ Testing discrimination against multiple ethnic minorities enables us to avoid the danger inherent to many earlier correspondence studies in which researchers selected only one minority suffering, potentially, from an unrepresentatively high (or low) level of discrimination.

⁵ The Belgian nationality can be obtained relatively easily after some years of residence in Belgium (OECD, 2008).

⁶ As our candidates did not mention any unemployment spells, the candidates without experience were graduates (being 18 years old when middle-educated and 21 years old when high-educated), while the candidates with 10 and 20 years of experience were 10 and 20 years older, respectively. When interpreting our results as evidence for the relation between hiring discrimination and work experience, we implicitly assume that ethnic discrimination is homogeneous by age. If one is not willing to make this assumption, the empirical pattern discussed in Section 3 should be interpreted as the combined effect of work experience and (older) age. Alternatively, we could have fixed the age of our candidates and varied the years of inactivity or unemployment between the pairs to create variation in years of experience. However, we believe that it is more tenable to assume that ethnic discrimination is homogeneous by age than to assume that it is homogeneous by years of unemployment (likely signalling different skill level).

⁷ $11.2\% = (24 + 19)/384$.

⁸ Both callback rates are comparable to those measured in former correspondence experiments. In particular, these numbers corroborate with those of the recent Flemish correspondence experiment discussed in Baert and Vujčić (2016). The Flemish (Turkish) candidate in their experiment got an invitation in 9.7% (6.4%) of his applications.

¹ Conversely, work experience may also be affected by discrimination. Due to unfavourable treatment it might be harder for minority workers to acquire the same amount of experience as majority workers. This means that the same years of experience might signal different abilities and engagement in otherwise equal candidates.

² In addition, as argued by a reviewer of a former version of this article, employers might also perceive work experience as a signal of adaptation to the labour market and – by extension – as a signal of assimilation to the (mainstream) society. This signal might buffer the negative signals – and, thereby, statistical discrimination – related to belonging to an ethnic minority (Baert et al., 2016; Bisin et al., 2011; Constant and Zimmermann, 2008).

³ The middle-educated fields of study were social and technical sciences, electromechanics, electronics, nursing, health and wellbeing, tourism, reception and recreation, accountancy–informatics, administration, and public relations. The high-educated fields of study were building, logistics, applied informatics, electromechanics, electronics, nursing, social work, finance and assurance, accountancy and tax, and marketing.

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