Contents lists available at ScienceDirect

Economics Letters

Is ethnic discrimination due to distaste or statistics?

Stijn Baert [a,b,*], Ann-Sophie De Pauw [c,1]

[a] *Sherppa—Study Hive for Economic Research and Public Policy Analysis, Ghent University, Ghent, Belgium*
[b] *IZA—Institute for the Study of Labor, Bonn, Germany*
[c] *IÉSEG School of Management (LEM-CNRS), Lille, France*

HIGHLIGHTS

- We investigate the empirical importance of views defined in discrimination theories.
- We employ a vignette study in which testers judge a native or immigrant candidate.
- Testers are surveyed on key attitudes underlying taste and statistical discrimination.
- Co-worker and customer discrimination seem to underlie ethnic discrimination.

ARTICLE INFO

ABSTRACT

Employing a vignette experiment, we test the empirical importance of key attitudes underlying the models of taste-based and statistical discrimination in explaining ethnic hiring discrimination. We find that employer concern that co-workers and customers prefer collaborating with natives drives discrimination.

1. Introduction

Recent studies have shown that discrimination is still a barrier for minority groups in the labour market. Using large-scale field experiments, Bertrand and Mullainathan (2004), Kaas and Manger (2012) and Baert et al. (forthcoming) provide direct evidence for hiring discrimination based on ethnicity: job applications with native names receive between 14% and 50% more positive callbacks than applications with non-native names in the US, Germany and Belgium. However, identifying discrimination is one thing; tackling it is another.

To combat labour market discrimination effectively, we need to understand its underlying mechanisms. As reviewed by Guryan and Charles (2013), the leading explanations for labour market discrimination still go back to the theoretical models of taste-based discrimination, as introduced by Becker (1957), and statistical discrimination, as introduced by Phelps (1972) and Arrow (1973). In the model of taste-based discrimination, members of the majority experience a disutility from interacting with minority workers and are willing to pay a financial price to avoid such interactions. Becker (1957) describes three sources of discriminatory tastes: employers, co-workers and customers. Statistical discrimination occurs when employers examine statistics about a group's average performance to predict a particular applicant's productivity as a time-efficient and profit-maximising response to imperfect information about the actual productivity of the individual job candidate.

As reviewed by Guryan and Charles (2013), most papers attempting to answer the question whether taste-based or statistical discrimination is a more appropriate explanation for unequal

---

* Correspondence to: Sint-Pietersplein 6, B-9000 Gent, Belgium. Tel.: +32 486492752.
  E-mail addresses: Stijn.Baert@UGent.be (S. Baert), as.depauw@ieseg.fr (A.-S. De Pauw).
  URL: http://users.UGent.be/~sbaert (S. Baert).
1 3, rue de la Digue, F-59000 Lille, France.

treatment in the labour market have conducted indirect assessments: they have measured whether particular patterns in economic data square *predictions* of the model being tested. The problem with this literature is that testing between the two models is only convincing to the degree that a particular pattern is explicable exclusively by one model, a challenge that is, as shown by Guryan and Charles (2013), rarely met. Recent work, however, has attempted to test more essential arguments of the taste-based model or the statistical discrimination model in explaining labour market discrimination (see Bertrand and Mullainathan, 2004; List, 2004; Autor and Scarborough, 2008; Charles and Guryan, 2008; Kaas and Manger, 2012). Still, the aforementioned contributions fall short in two aspects. First, notwithstanding their ingenious research design, these contributions are not able to test both models of discrimination within one framework. Second, these contributions test key outcomes of the models but not the attitudes at the base of these models.

Employing a vignette experiment, we directly measure aversion to interacting with ethnic minorities on the one hand and negative perceptions regarding the average productivity characteristics of these minorities on the other hand in respect of (testers in their role of) employers making their (fictitious) hiring decisions. Second, we investigate whether the tested attitudes explain discriminatory behaviour based on ethnicity.[2] In addition to its potential to deepen academic understandings of how discrimination affects the labour market, our outcomes are relevant from a policy designing perspective and can generate new methods to detect discrimination in the labour market.

2. Experimental design

We report on the results of a vignette study conducted in November 2013 (after a pilot experiment in October 2013). We recruited 268 participants from the undergraduate Microeconomics classes at Ghent University in Flanders, the Dutch speaking northern half of Belgium. These testers were each 19 or 20 years old.[3] An incentive for participation in the vignette study was provided. All participants were entered in a lottery and made a significant chance to win a 20 euro voucher.

After being seated, they received an envelope with a booklet containing the experimental instructions. At the beginning of this booklet, testers were informed about their role as a recruiter for the position of a counter assistant for a company selling building material. In addition, we mentioned some requirements for adequately performing this task, such as being customer-oriented, service-minded and sales-oriented.

Then, the testers were asked to judge the resume of a fictitious candidate for this position. This resume revealed a graduate living in Ghent who had left school in June 2013 holding a secondary education degree in commerce. In addition, we added the following features: Belgian nationality, Dutch as a mother tongue, adequate French, English and German language skills, driving licence, computer skills and student employment experience. The only aspect in which the resumes differed (the experimental manipulation) between participants was the name of the candidate. Alternatively

the typically Flemish sounding (native) name "Jonas Vermeulen" or the typically Turkish sounding name "Emre Sahin" was assigned to the application.[4]

Based on this information, the testers were asked to complete four tasks. First, they had to complete a manipulation check in which we tested their perception of the origin (and to not give away the aim of the experiment, also the sex and residence) of the applicant. Second, the testers were asked to state their intention to hire. More concretely, they had to indicate the likelihood with which they would (i) invite the candidate for a job interview and (ii) hire him as a counter assistant. Third, they were asked to rank their agreement with seven statements, related to views defined in the theory of taste-based and statistical discrimination. Last, participants completed a post-experimental survey in which we gathered information on their gender, social background, political ideology (using the short version of the Right-Wing Authoritarianism (RWA) scale presented by Zakrisson, 2005) and need for closure (adopting the 15-item NFC scale developed by Roets and Van Hiel, 2011). The latter characteristics were included in the mediation analysis outlined in Section 4 to test whether the explanatory power of the aforementioned statements regarding discriminatory behaviour did not reflect other dynamics. All statements and scale items were scored on a 7-point Likert scale, except for the NFC scale, of which the items were scored on a 6-point Likert scale.

Vignette studies are not conducted as frequently as field experiments and lab experiments by economists — a recent example is Stephan et al. (2014). However, this kind of experiments is often used in other research fields such as psychology and sociology. The success of vignette experiments in these fields is related to the fact that self-report measures on perceptions have been shown to correlate highly with actual behaviour (De Dreu et al., 2001) and changes in intentions clearly result in actual behavioural changes (Webb and Sheeran, 2006). Furthermore, the choice for a vignette study as research method addresses some limitations of experimental lab studies, which have been criticised for making too much abstraction of real life situations, raising questions about the external validity or generalisability of findings (Colquitt, 2008; Shadish et al., 2002). The use of a scenario allows to describe the context in which participants define their intentions more realistic while establishing valid causal relationships (Mook, 1983).

3. Explicit attitudes towards ethnic minorities: supporting taste-based or statistical discrimination?

Table 1 describes the data gathered in the experiment described in the former section. In this table, we compare the average values for the manipulation check, participant characteristics, attitudes towards the fictitious job candidate and hiring intentions between both groups of participants, classified by the ethnicity of their assigned job candidate. Panel A shows that our experimental manipulation worked: there is a significant difference in perception of the Flemish and Turkish job candidates as being of non-native origin. Panel B also shows that the randomisation of this manipulation over the testers worked: both groups of testers are very similar in gender, social background, political ideology and need for closure.

---

[2] In this aspect, our study complements Zussman (2013) who studies whether attitudes related to the models of taste-based and statistical discrimination can explain discriminatory behaviour in the Israeli *product* market.

[3] Hosoda et al. (2003) and Falk et al. (2013) show that both in general and also more specifically in judging job candidates, students' ratings are nearly identical to those of professionals. Moreover, these subjects are less likely to respond in a socially desirable manner as one could expect them to be less worried about the reputation of the occupation of the recruiter.

---

[4] Turkish names were used as the Turkish community forms the most significant ethnic minority in Ghent and as typical Flemish and Turkish names can be easily distinguished. The particular names were the same as those in Baert et al. (forthcoming) who chose these names making use of frequency data on first names and surnames to avoid stereotypes.