

Applied Research in Public Policy Making  
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# Hiring discrimination

Week 4

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# Outline

1. Group identity
2. Statistical discrimination
3. Hiring discrimination
4. Correspondence testing
5. Self-perceived objectivity

# Introduction

- People belong to groups. Groups vary enormously. Some are religious, others are ethnic. People benefit from group membership.
- The more obvious reasons to discriminate would be:
  - **Material incentives** associated with cultural/language differences, to conflict between groups or to specific policies - like those favouring hiring a native employee over a foreign one
  - **Prejudices or cultural stereotypes and beliefs** that affect probabilities in expected value calculations

# Minimal group assignment can affect behavior

- Experiments in social psychology show that subjects are more likely to give rewards to those with the same label than to those with other labels (ex: Blue or Red), even when choices are anonymous and have no impact on own payoffs.
- [https://en.wikibooks.org/wiki/Bestiary\\_of\\_Behavioral\\_Economics/Trust\\_Game](https://en.wikibooks.org/wiki/Bestiary_of_Behavioral_Economics/Trust_Game)

# Does group identification influence the capacity of people to trust each other?

- Trust game experiment with subjects randomly assigned to two groups just defined by color labels (Blue/Red).

Summary of results:

- 1 The creation of groups did not affect mean giving rates to in-groups.
- 2 The creation of groups reduced mean giving rates to out-groups.
- 3 The creation of groups reduced mean return rates to out-groups.
- 4 People place a monetary value on their own group membership which exceeds the advantages of belonging to that group (the experiment allows subjects to trade their membership).

To sum up, the minimal creation of groups is sufficient to produce in-group bias, i.e. the tendency to favour the in-groups over the out-groups, in the form of a negative discrimination. However, being a member of a group yields a distinct additional psychological benefit.

*'The value of groups' (Shaun Hargreaves Heap and Daniel J. Zizzo), American Economic Review, 99, March 2009, 295-323. or*



James A. White Sr. | TEDxColumbus

# The little problem I had renting a house

# Ethnic minorities in Europe

- Europe is an ethnically diverse continent  
*'United in Diversity'* – official EU Motto (since 2000)
- There is no agreed definition of what constitutes an ethnic group.
- Defined by a collective name, shared myths, and cultural characteristics, such as language, religion, traditions and customs that distinguish a given group from others.
- Group membership is a matter of individual choice and not determined by the state.

# Where do Europe's ethnic minorities come from?

National minorities	Ethnic groups who live on the territory of one state (host-state), but are simultaneously ethnic kins of the titular nation of another, often neighbouring, state (kin-state).	<ul style="list-style-type: none"> <li>• Germans in Central and Eastern Europe, South Tyrol, Belgium, Denmark and France</li> <li>• Greeks and Turks in Cyprus</li> <li>• Albanians in Kosovo</li> <li>• Hungarians in Romania and Slovakia</li> <li>• Russians in the CIS</li> </ul>
Transnational minorities	Ethnic groups whose homeland stretches across several different states but do not form the titular nation in any of them.	<ul style="list-style-type: none"> <li>• Frisians of Germany and the Netherlands</li> <li>• Basques and Catalans of Spain and France</li> <li>• Lusatian Sorbs of Germany, Poland and the Czech Republic</li> </ul>
Indigenous minorities	Ethnic groups living in their ancestral homelands in only one state of which they are not the titular nation.	<ul style="list-style-type: none"> <li>• Corsicans and Bretons of France</li> <li>• Galicians of Spain</li> <li>• Scottish, Cornish and Welsh of Britain</li> </ul>
Immigrant minorities	Recent (mostly post-1945) immigrants who often have not been given citizenship.	<ul style="list-style-type: none"> <li>• North African immigrants in France</li> <li>• Turkish 'guest workers' in Germany</li> </ul>



# Identification of minorities

- In Eastern European countries the term **nationality** has the meaning of ethnicity.
- In Western Europe nationality is a synonym of **citizenship**.
- Self-identification
- In the empirical field the definition of ethnic minority is by the **country of origin** (birth).
- **Language** spoken at home.

# Limited evidence on ethnic minority

- The main limitation is the scarcity of quantitative and qualitative data.
- Standard data surveys fail to correctly capture those who belong to an ethnic minority.
- The empirical research and comparisons of economic conditions of ethnic minorities is uninformative and biased.  
(the most disadvantaged minority in EU are Roma)

# Statistics on Roma population [2005]

Country	Census statistics		Unofficial estimates	
	Total population	Roma population	Min	Max
Albania	3,142,065	31,768	80,000	150,000
Bosnia and Herzegovina	3,781,284	9,864	40,000	60,000
Bulgaria	7,718,750	370,908	638,162	815,313
Croatia	4,442,000	9,463	30,000	40,000
Czech Republic	10,251,079	12,444	179,778	179,778
Hungary	10,090,330	205,720	520,000	650,000
Macedonia	1,607,997	53,879	135,490	135,490
Montenegro	620,145	2,601	20,000	20,000
Romania	21,623,849	535,140	1,500,000	1,500,000
Serbia	7,440,769	108,193	250,000	380,000
Slovakia	5,389,180	98,170	320,000	380,000
Spain	43,038,035	n/a	650,000	700,000

# Theories of discrimination

- Gary Becker (1957) – The economics of discrimination
- Definition of labor market discrimination is based on the **unequal treatment of equally qualified workers**.
  1. **Taste discrimination**: individuals prefer certain individuals to others.
  2. **Statistical discrimination**: agents make decisions about individuals based on their attributes and those of their group.

# Discrimination at the group level.

- (also called) Statistical discrimination
- In the absence of direct information about a certain fact of ability, a decision maker would substitute group averages.
- Employer decides based on the workers' visible features as long as these features are associated with some desirable but more difficult to measure trait.
- Statistical discrimination is often used and tolerated.

# The cost of discrimination

- Discriminating against an individual based on the perceived characteristics of his or her group is illegal in many cases.
- There are also economic consequences of discrimination (e.g. company that fail to hire qualified female lag behind the companies that enforce egalitarian social norms)
- It should be in the employers' own interest to hire the most productive workers.

# Policy responses

- Discrimination raises problems of **inequity** and **inefficiency**.
- Many countries have responded to these perceived inequities by enacting equality promoting legislation.
- European Union (EU) laws clearly prohibit discrimination in employment based on race or ethnicity, gender, age, disability, and religion or beliefs.
- Color-blind treatment
- Quotas (reversed discrimination)

We all have **subconscious biases**.

Studies have shown that personal information, such as a name, can trigger these subconscious biases about ethnic origin, immigrant status and gender, for example, and prevent employers from objectively seeing the rest of what's in the application.”

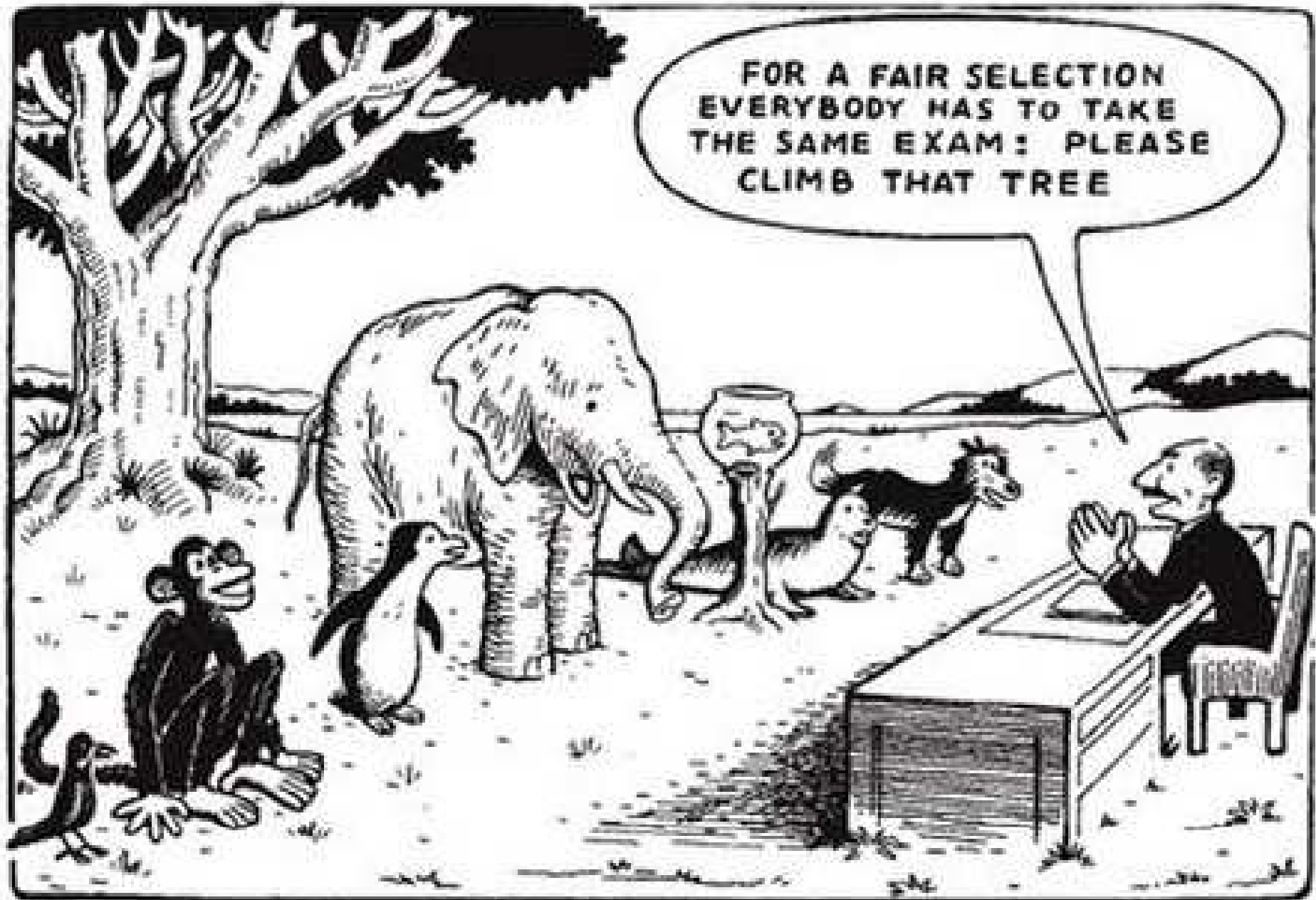


# How do we measure discrimination?

- Identifying discriminatory practices is not an easy task.
- **Correspondence testing** can be used to test for hiring discrimination based on race or ethnicity, gender, age, sexual orientation.
- The method involves sending matched pairs of identical job applications to employers posting jobs—the only difference being a characteristic that signals membership to a group.

# The hiring process and discrimination.

- Discrimination is more frequent at the hiring level than the compensation/promotion plan
- Discrimination appears to be strongest when employers decide about invitations to interviews
- Anonymous jobs applications simply hide characteristics of minority groups and may improve callbacks rates.



Is this a discriminatory employer?

# Study 1: Discrimination against Female Migrants Wearing Headscarves

Source: **Discrimination against Female Migrants Wearing Headscarves**  
by Doris Weichselbaumer, 2016

# Motivation

## Main issues:

- Substantial **growth of anti-Muslim views** and Islamophobia in Western countries
- 9/11 terrorist attack which led to the spread of **negative stereotypes** that depict Muslims as “religious fanatics, terrorists, hostile, evil, barbaric, disorganized people who mistreat and oppress women” (Ghumman and Jackson 2010)
- A **high influx of Muslim migrants** to Europe

## Reasons for conducting the experiment:

- Examine the **employment chances** of females with backgrounds of migration from Muslim countries, especially of those **wearing headscarves**
- To depict that the Muslim headscarves or hijabs are particularly controversial, and attitudes of non-Muslims are significantly **more negative towards the headscarf** than towards Muslims in general

**The proportion of Muslims in the German population ranges from 1.9% to 5%.**

## Reasons for discrimination:

→ The **headscarf** is often considered as a symbol not of Islam in general but of Muslim fundamentalism - associated with **intolerance** and **terrorism**.

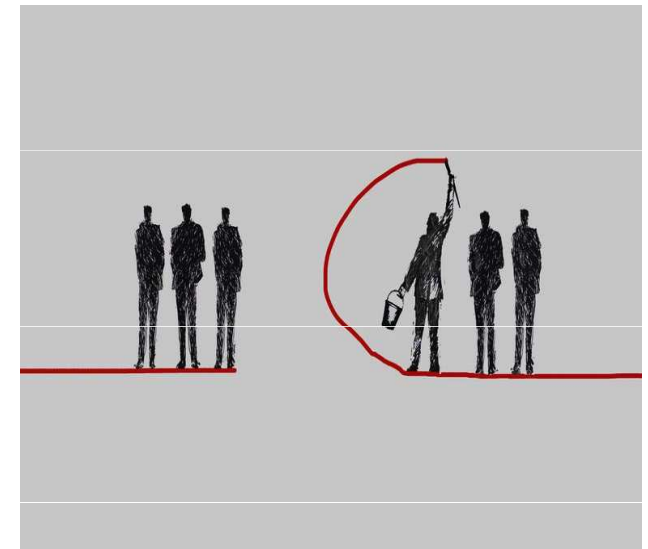
→ Headscarf is interpreted as a sign of **unwillingness** on the part of Muslim migrants **to integrate** - used by the media to claim that national integration **policies have failed**.

→ The headscarf is considered as an expression of women's oppression and the **rejection of gender equality** - liberal state should not accommodate the cultural traditions of minority groups if these infringe upon women's **rights, freedom and autonomy**.

# Theoretical Background

## Social Identity Theory

- People gain self-esteem by attributing a higher value to their own social group (“**ingroup**”) than to others (“**outgroup**”)
- Individuals who identify more strongly with an outgroup are perceived as more “**distant**” by members of the ingroup - they suffer from **increased levels of discrimination**.
- Crucial to our understanding of **who** should do **what** job in the economy



Women wearing the headscarf should be **particularly negatively affected**, as they signal a strong identification with the Muslim outgroup and may be **perceived as particularly distant**

# Research Design



Research question

**Are migrants, especially those wearing headscarves, discriminated against on the German labour market?**

## Experimental method

### Audit study / Correspondence testing

- Field experiment
- Test persons with **different demographic backgrounds** apply for a vacant position



**Valid method** to test for discrimination  
**Unbiased responses** by employers

## Sample

**Country:** Germany



Amount of **information** in **CV**  
Attached **photographs** in **CV**

### Occupations:

Office workers

Secretaries Accountants

Chief accountants

Occupations with different **social status** allows **testing** for **Social Identity Theory**



# Research Design

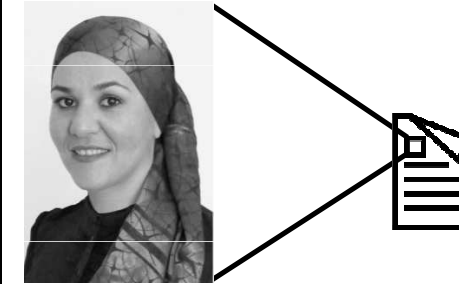
**German applicant:** Sandra Bauer



**Turkish applicant:** Meryem Öztürk  
→ Indicated by name



**Turkish applicant headscarf:** Meryem Öztürk  
→ Indicated by name and photograph



## Procedure

- Three personas were created: **identical qualification** (education, work experience, language)
- For one year **relevant jobs** in various cities were selected from **online job** portals
- Only one profile was sent to each firm: **applications** can be **identical** except for the variable of interest




## Sample size

**1,474 applications** were sent to German companies in response to job advertisements

## Measurement of success

**Callback rates** for each applicant were determined

# Main findings

	All		Chief accountant		Accountant		Secretary	
	Callback rate	Ratio†	Callback rate	Ratio†	Callback rate	Ratio†	Callback rate	Ratio†
 German name (bareheaded)	18.8% (N=474)		27.3% (N=77)		29% (N=107)		12.8% (N=290)	
 Turkish name (bareheaded)	13.5% (N=498)	1.39**	19% (N=84)	1.44	19% (N=121)	1.53*	9.6% (N=293)	1.33
 Turkish name with headscarf	4.2% (N=502)	4.48***	3.6% (N=83)	7.58***	5.8% (N=121)	5.00***	3.7% (N=298)	3.46***

Definition Ratio:  $\frac{\text{Callback rate German applicant}}{\text{Callback rate Turkish applicant (with headscarf)}}$

\*\*\* = p<0.01;  
 \*\* = p<0.05;  
 \* = p<0.1



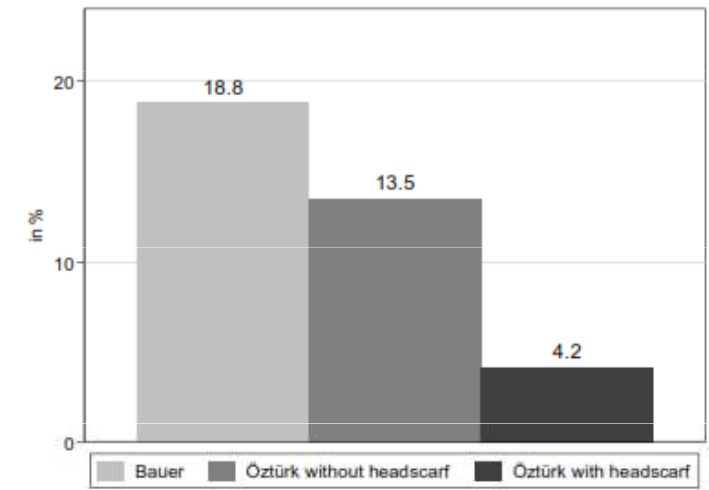
Sandra Bauer



Meryem Öztürk



Meryem Öztürk



**Fig. 2. Callbacks by identity**

**Fig. 1. Names and photographs, indicators for identity**

- Everything else equal, a female with a Turkish name who wears a headscarf has to send 4.5 times as many applications (and even 7.6 times as many for higher-ranking jobs) as an applicant with a German name and no headscarf to receive the same number of callbacks for an interview

# Study 2: Language skills and hiring discrimination

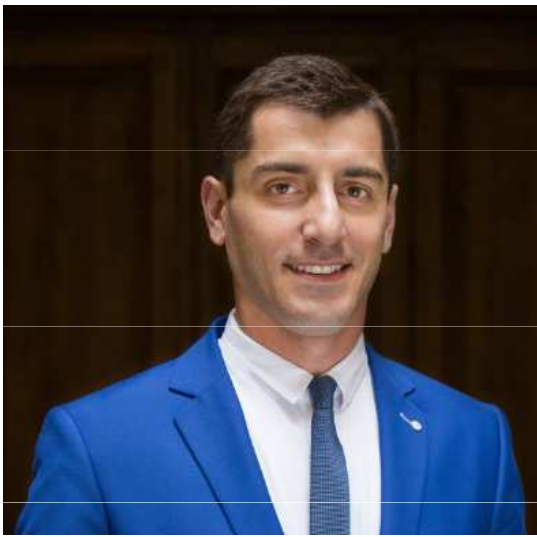
- Experiment conducted between Sep 2011 and Feb 2012 in Paris
- Sent 3204 resumes to 504 job postings (accounting jobs, assistant)
- Applicants aged 23, single, from South Paris, work experience <2y
- Signal is the language ability (e.g. teacher, writer, reading club)

Callback rates:

	French Names			North African Names			Foreign Names		
	Control	Signal	Overall	Control	Signal	Overall	Control	Signal	Overall
Male	14.3%	15.5%	14.9%	6.0%	8.3%	7.1%	8.3%	7.9%	8.1%
Female	20.6%	18.7%	19.5%	10.7%	14.7%	12.7%	9.1%	15.1%	12.1%
Total	17.5%	17.1%	17.3%	8.3%	11.5%	9.9%	8.7%	11.5%	10.1%

- Applications with French names always elicit far more callbacks (17%) than non-French ones (10%).
- North African (9.9%) and Foreign applicants (10.1%) are equally treated
- Females are considerably more successful than males
- The effect of the signal improves rates for non-French applicants but no effect on French (stronger effect for females)
- Employer discrimination towards men may be primarily taste based (job), while women may suffer from statistical discrimination
- Language ability potentially signals assimilation.
- Discrimination is greater in the city of Paris than in the suburbs.
- Discrimination disappears for recruiters with non-European name which points to **Homophilous discrimination** (preference for similar individuals)

*Edo, Anthony, Nicolas Jacquemet, and Constantine Yannelis. "Language Skills and Homophilous Hiring Discrimination: Evidence from Gender-and Racially-Differentiated Applications." (2013).*



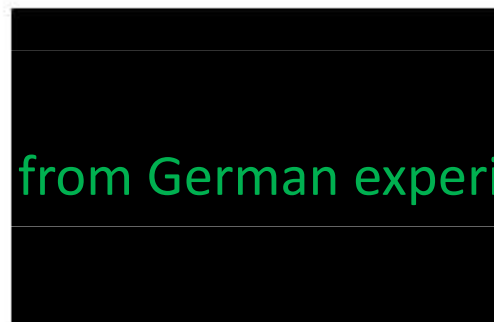
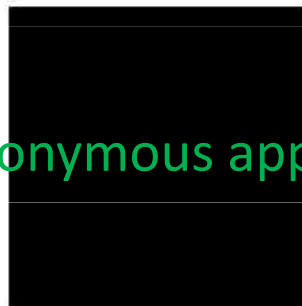
# Anonymous job applications in Europe

- In 2010 Germany's Anti-Discrimination Agency, an advisory body, sponsored a voluntary scheme to get businesses to try it.
- In France a law passed in 2006 made the anonymising of applicants' CVs compulsory for firms of over 50 employees.
- In the UK, big employers in the public and private sectors—including the civil service, HSBC and Deloitte—have agreed to start recruiting on a “name-blind” basis in Britain.
- “IF YOU’VE got the grades, the skills and the determination, this government will ensure you can succeed”

David Cameron, October 26, 2015

# Lebenslauf

## Persönliche Daten



Anonymous application from German experiment

## Bürokauf

## Fachspezifische Erfahrungen



Assistent der Geschäftsführung, Bereich Groß- und Einzelhandel  
Beispiel GmbH, Berlin

### Aufgaben:

- > Vorbereitung der Buchhaltung
- > Erstellung von Budgets
- > Protokollführung bei Sitzungen und
- > Besprechungen



Projektassistentin  
Muster AG, Berlin

### Aufgaben:

- > Terminplanung und -überwachung
- > Erstellen von Präsentationen

## Berufsausbildung



Muster AG, Berlin  
Bürokauf

## Schulbildung



Georg-Büchner-Schule, Berlin  
Realschulabschluss

## Kenntnisse und Fähigkeiten

### Sprachkenntnisse

Englisch, Grundkenntnisse

### EDV-Kenntnisse

Gute MS-Office-Kenntnisse, sicherer Umgang mit dem Internet

### Sonstige

Führerschein Klassen B

### Hobbys

Schwimmen, Segeln, Volleyball



# Debate

Equal opportunities employer provide opportunities to talented people regardless of their race, sex, age or other characteristic.

- Can anonymous CVs help beat recruitment discrimination?

# Anonymous job applications

- Achieve better outcome with less information
- In most cases, anonymous job applications lead to the desired effect of increasing the interview invitation probabilities of disadvantaged groups.
- Anonymous hiring can reduce discrimination if discrimination is present beforehand.

# Practical implementation

- **Employers that have online applications** or that use a particular type of software could hide certain information—such as name, age or gender—during the initial screening stage.
- **Employers that use traditional paper or e-mail applications** could simply instruct the applicants to submit two versions of their resume—one anonymous, one conventional—or to put their personal information on the last page.

# Not all information can be removed

- Recruiters may have used other indicators, such as knowledge of Arabic, to identify race. In places fraught with religious tension, such as Northern Ireland, the name of a school can reveal a candidate's faith, while a few years missing on a CV may suggest maternity leave, and thus that the candidate is female.
- When documents are not effectively anonymous then the result is worse than a normal application



the New York  
Philharmonic

# Study 4: Gender bias in the symphony orchestra

- Symphony orchestra has 95-105 musicians
- Types of jobs are identical and turnover is low (only few female-dominant instruments: harp)
- Before 1970s the US finest orchestras had less than 10% of women.
- Most renewed conductors claimed: female musicians are not the equal of male musicians.
- The audition procedures began to change in 70s.

# Proportion of female musicians in the top five symphony orchestras in the United States



- Goldin, Claudia, and Cecilia Rouse. *Orchestrating impartiality: The impact of "blind" auditions on female musicians*. No. w5903. National bureau of economic research, 1997.

# Self-perceived objectivity

- A sense of personal objectivity gives rise to an **'I think it, therefore it's true'** mindset, which increases people's confidence in the validity of stereotypic beliefs, thoughts, and intuitions they have, and therefore increases their likelihood of acting on them.
- When people feel objective, their hiring judgments should be relatively more influenced by stereotypic beliefs and thoughts.



# Conclusion

- Feeling objective appears to makes people more likely to act on their stereotypic biases.
- Decision-makers who endorsed stereotypic beliefs.
- Anonymous job applications appear as an attractive policy instrument to combat hiring discrimination (particularly in public sector).

The anonymous job application can be used to remove discrimination in the hiring process. What determines the success of the program for minority applicants?

- a) The higher call-back rate.
- b) The higher job offer rate.
- c) The higher wage.
- d) All of above

In what situation anonymous job application cannot be used?