Field experiments on ethnic discrimination in the Swedish housing and labor market

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Introduction

Do employers and landlords discriminate by ethnic background?

The discrimination act

To combat discrimination based on :

- gender
- ethnic origin
- religion or other belief
- sexual orientation
- transgender identity
- disability
- age

This presentation

- Provide you with early evidence of discrimination against ethnic minorities in the Swedish society.

- Experimental evidence, where the discrimination is “caught in the act.”

What did we know before…

…the experimental evidence?

- We knew that non-native people have lower earnings than natives.
- We knew that non-native people have lower employment rates than natives.
- We knew that the problems were not just confined to the first generation of immigrants.

Differences in earnings between different groups of immigrants and native Swedes, and between different groups of children of immigrants and native Swedes (in percentages). Men.

Place of birth	Difference in earnings between immigrants and natives	Difference in earnings between children of immigrants and children of natives
Nordic countries	-4,7	1,4
Southern Europe	-12,3	-18,2
Eastern Europe	-14,7	6
Western Europe, USA and Canada	-0,1	6,9
Africa and the Middle East	-19,6	-34,2
Latin America and Asia	2	1,5
Average difference	-5	1,6

Explanations to differences

- Educational and human capital misfit
- Imperfect knowledge of the Swedish language
- Inadequate social and cultural knowledge
- Attitudes towards work and search
- Limited network
- Flawed policies
- Discrimination

An economic definition

- Different rates of compensation for (or unequal treatment of people with) the same ability or output, based on factors such as the worker's age, ethnicity, race, religion, sex, or sexual orientation.
- E.g. an employer chooses to employ an native applicant even though an applicant from an ethnic minority is at least as good as the native applicant.

Theory

Two groups of theories:

1. Taste-based discrimination (preference-based discrimination, prejudice-based discrimination)

1. Statistical discrimination (information-based discrimination, stereotypical discrimination)

What's a fieldexperiment?

- Use of fictitious applications/applicants in order to study employers' responses.
- All information in the applicantions are held constant except for the variable of interest.
- E.g. Interested in ethnic discrimination then ethnicity is signalled through ethnic names.
- Dependent variable of intrest is probability of recieving a positive response.

Housing market discrimination

Three field experimental studies:

a. Ahmed & Hammarstedt, 2008, *Journal of Urban Economics.*

b. Ahmed et al., 2010, *Land Economics.*

c. Carlsson & Eriksson, 2014, *Journal of Housing Economics*.

Ahmed & Hammarstedt (2008)

Two questions:

- Is there a gender bias in the housing market?
- Are applicants with Arabic/Muslim sounding names discriminated against in the housing market?

Methodology

- Field experiment.
- Three fictitious applicants – Maria, Erik, and Mohammed.
- Applied for apartments on the Internet.
- Minimal information in the application, i.e. letter of interest.

Example of letter of interest

Hi,

My name is Erik Johansson (Maria Andersson, Mohammed Rashid). I would like to sign up as interested in renting the advertised department.

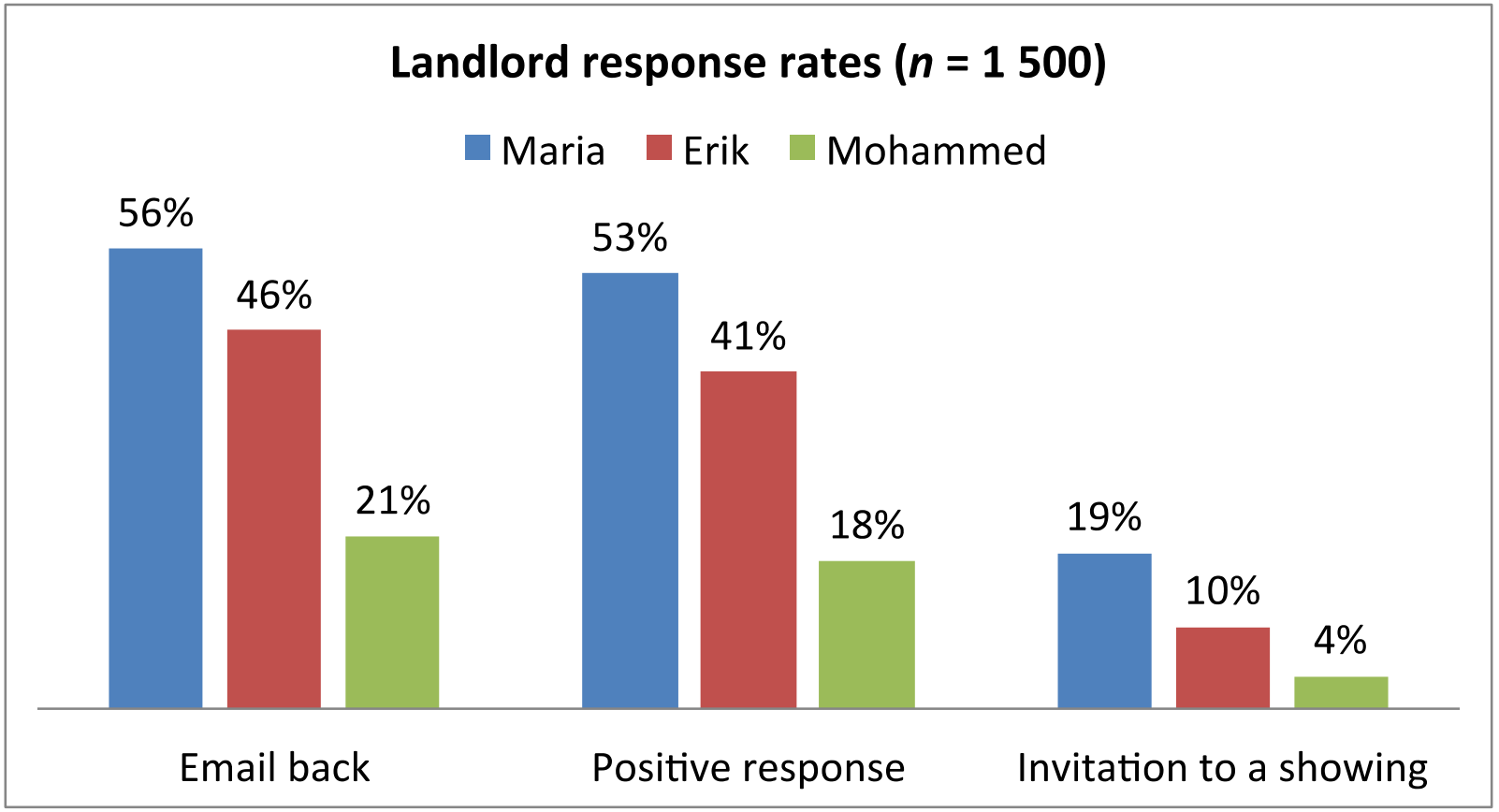
Sincerely,

Erik

Outcome variables

- Percentage of landlords that emailed back.
- Percentage of landlord that respond positively.
- Percentage of landlords that send an immediate invitation for showing.

Results


Landlord response rates (*n* = 1 500)
Maria
Erik
Mohammed
56%
46%
21%
53%
41%
18%
19%
10%
4%
Email back
Positive response
Invitation to a showing

Ahmed et al. (2010)

Motivation: Since the application letters in Ahmed & Hammarstedt (2008) included very limited information about the applicants it is more likely that Mohammed got fewer responses from the landlord because, for example, Arabs/Muslims have on average lower incomes than Swedes.

Hypothesis

- If applicants provide more detailed information, we would eliminate the uncertainty and we would not find discrimination.

- Hence, the question was: Was the discrimination against Arab/Muslims in the previous study caused by limited information in the applications?

Information in the letters

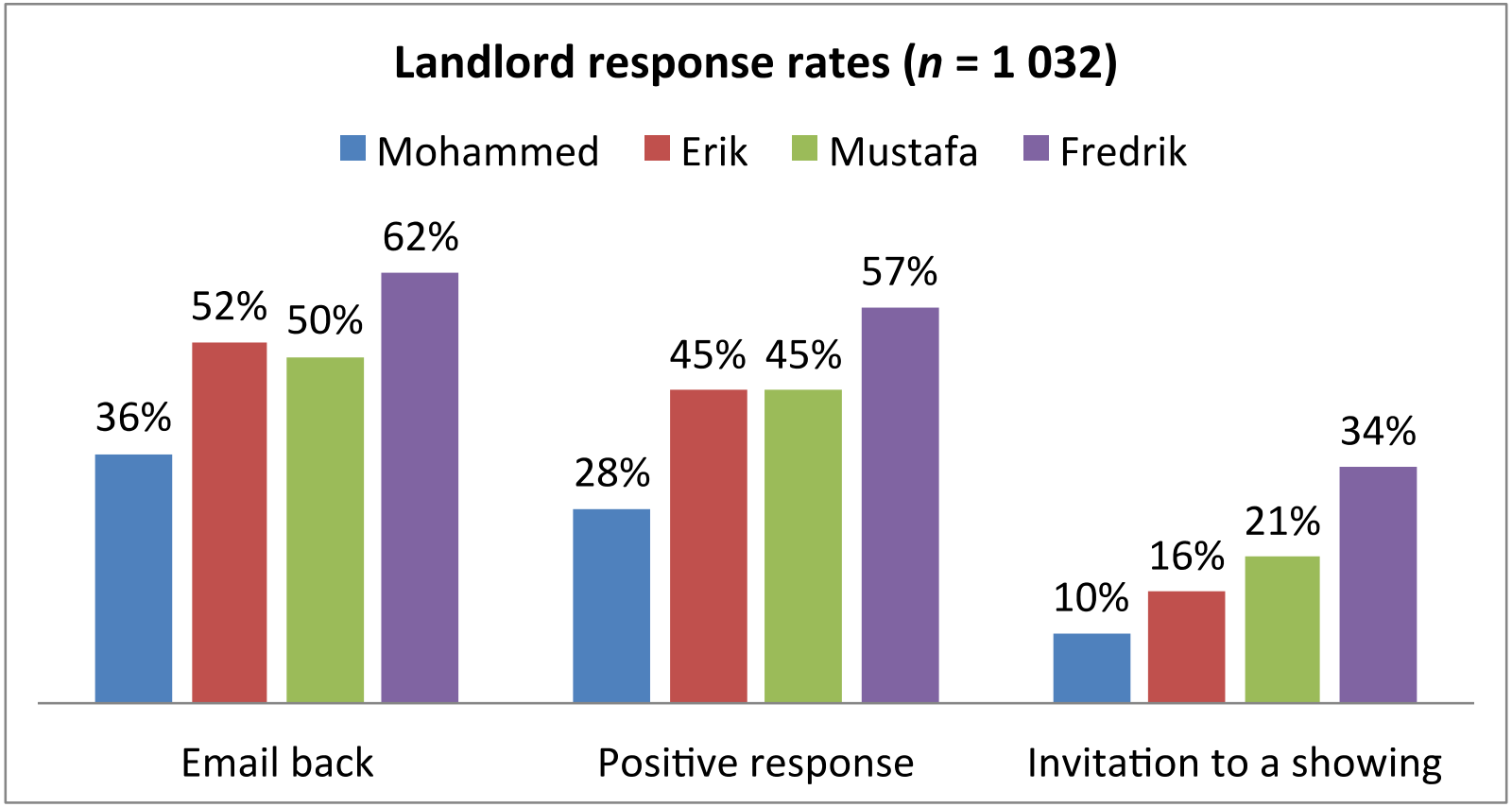
Erik and Mohammed

- Application only stating an interest in the apartment.
- Same as Ahmed & Hammarstedt (2008).

Fredrik and Mustafa

- Application giving rich information, such as:
  - Occupation
  - Income
  - Education
  - Age
  - Behavioral information

Results


Landlord response rates (*n* = 1 032)
Mohammed
Erik
Mustafa
Fredrik
36%
52%
50%
62%
28%
45%
45%
57%
10%
16%
21%
34%
Email back
Positive response
Invitation to a showing

Carlsson & Eriksson (2014)

- Large scale replication.
- Simply confirms the results of the previous experiments.

Results

Descriptive statistics about the average invitation rates (in percent)

	Swedish male name	Swedish female name	Arabic/ Muslim male name	Arabic/Muslim female name	Aged 25-35	Aged 36-45	Aged 46-55	Unemployed	Shop sales assistant	Financial manager
Invitation to a viewing	26,1	28,1	14,2	18,5	20,9	23,3	21,3	14,8	22,6	28,1
Other positive response	11,5	11,6	9	10,4	10,6	10,9	10,4	9,6	10,7	11,7
Negative response	6,6	5,9	7,9	8,3	7,1	7,1	7,1	9,9	6,5	4,9
No response	55,8	54,5	69,1	62,8	61,4	58,7	61,1	65,8	60,2	55,3
All	100	100	100	100	100	100	100	100	100	100
Number of observations	1464	1485	1413	1465	1913	1842	2072	1959	1913	1955

Conclusions for the housing market

- People with Arab/Muslim sounding names are discriminated against in the housing market.
- The discrimination is large in magnitude.
- Uncertainty does not seem to be the sole explanation behind discrimination. Prejudices seem to be an factor.

Labor market discrimination

Two first and parallel field experimental studies:

a. Carlsson & Rooth, 2007, *Labour Economics.*

b. Bursell, 2014, *European Sociological Reviews.*

Then many other studies, extensions and replications, have followed confirming the main results I will now present.

Carlsson & Rooth (2007)

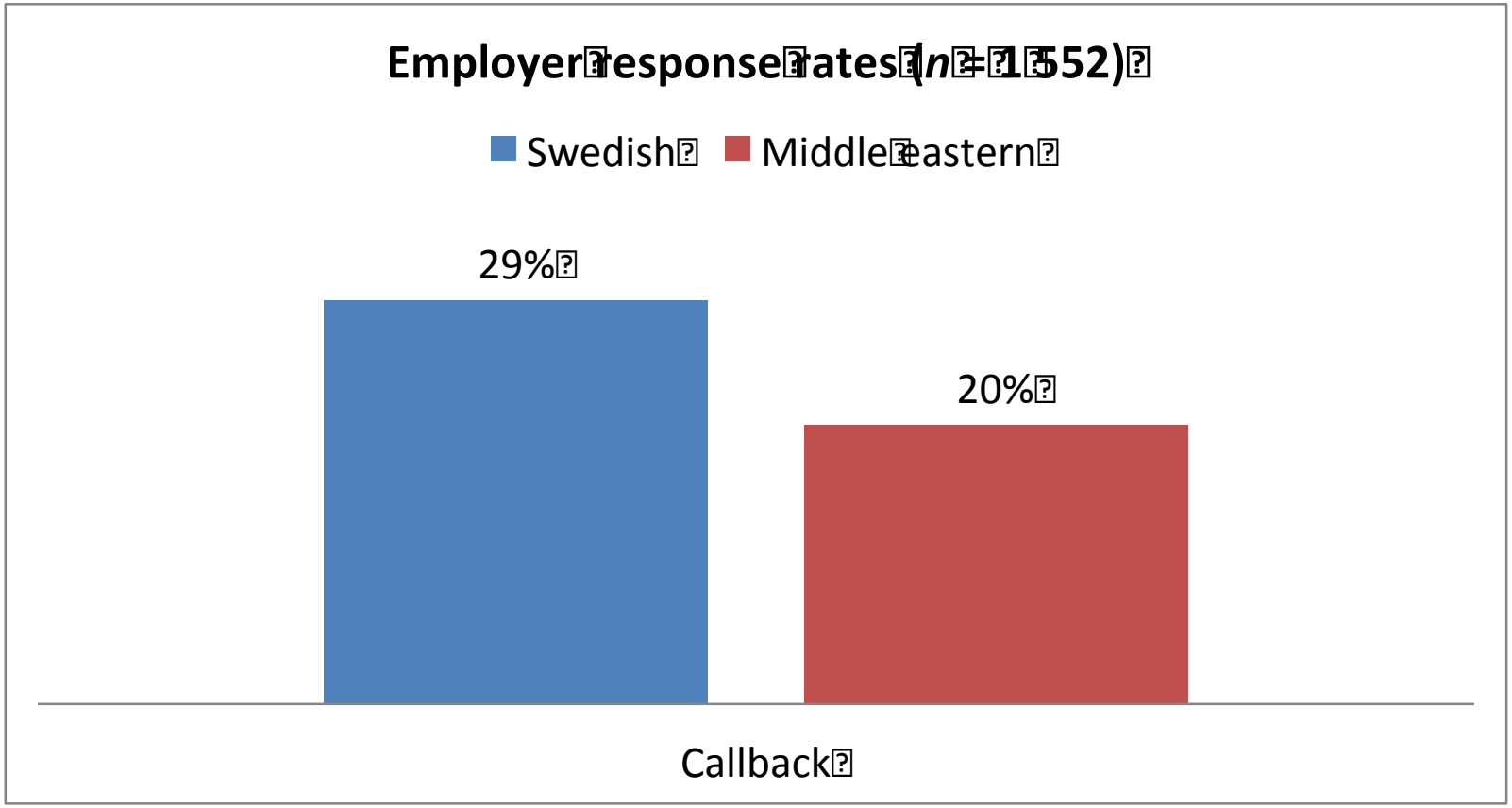
Main question:

Are people with Middle Eastern sounding names discriminated against in the Swedish labor market?

Methodology

- Matched applications together with CV:s with either Swedish sounding names or Middle Eastern sounding names were sent out to vacant jobs in different occupations.
- Focus: Number positive responses received from employers by applicants with Middle Eastern sounding names compared to applicants with Swedish sounding names.

Results


Employer response rates (n = 1552)
Swedish
Middle eastern
29%
20%
Callback

Relative callback rates, immigrant shares and skill requirements

	Relative callback rate
Computer professionals	1,1
Teachers - upper level of compulsory school (math)	1,26
Business sales assistants	1,28
Preschool Teachers	1,33
Accountants	1,41
Nurses	1,43
Teachers - upper secondary school	1,75
Teachers - upper level of compulsory school (Lang.)	1,87
Motor-vehicle drivers	2,17
Construction workers	2,38
Restaurant workers	2,75
Shop sales assistants	3,22
Total	1,5

Bursell (2014)

- Parallel study to the previous one.
- Same research question
- Same methodology.
- Same outcome variables.

Results

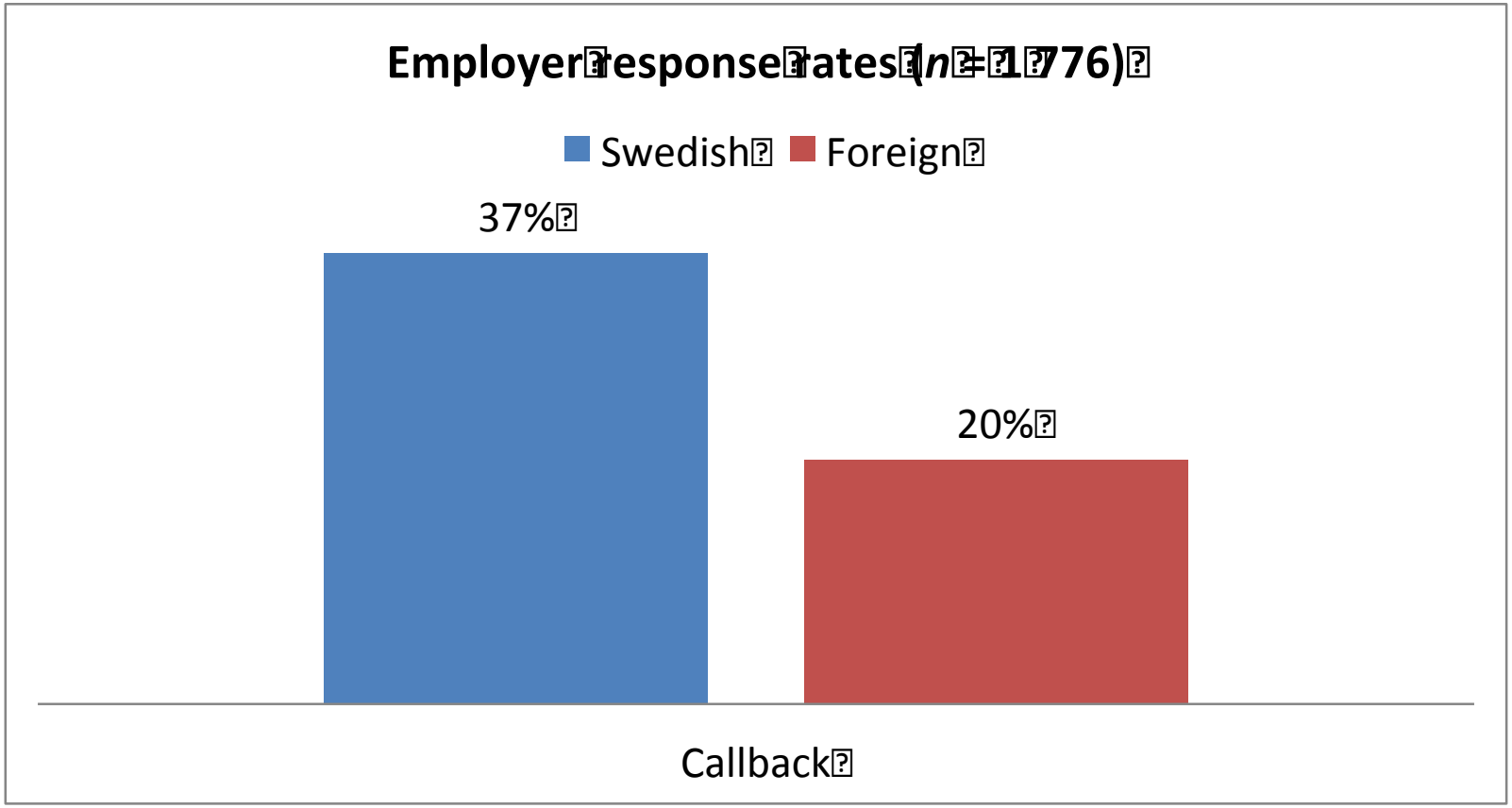

Employer response rates (n = 1776)
Swedish
Foreign
37%
20%
Callback

Table 2 Callback rates by occupation, percentages

	No callback	Callback for both	Callback for foreign name	Callback for Swedish name	Relative callback rate	Number of applications
Highly qualified jobs						
High school teachers	54.4	18.9	10	16.7	1.2	180
Computer specialists	46.9	26.5	3.4	23.1	1.7[a]	294
Accountants	63.6	13.6	3.4	19.5	1.9[a]	236
Civil engineers	60.7	14.3	0	25	2.8[a]	56
Group average	56.4	18.3	4.2	21.1	1.9[a]	766
Qualified jobs						
Nurses	47.1	35.6	2.3	14.9	1.3[a]	174
Pre-school teachers	21.6	44.6	5.4	28.4	1.5[a]	148
Engineers	40.3	23.9	4.5	31.3	1.9[a]	134
Group average	36.3	34.7	4.1	24.9	1.6[a]	456
Less qualified jobs						
Receptionists	74.6	9.1	5.5	10.9	1.4	330
Chefs	44.1	19.8	10.8	25.2	1.5[a]	222
Salesperson	58.1	18.3	2.7	21	1.9[a]	372
Store employees	70.3	8	3.6	18.1	2.3[a]	276
Drivers	45.7	15.2	5.7	33.3	2.3[a]	210
Cashiers	76.2	4.6	2.3	16.9	3.1[a]	260
Carpenters	64.5	9.4	3.7	22.4	2.4[a]	214
Assistant nurses	56.9	8.3	1.8	33	4.1[a]	230
Cleaners	76	3.3	4	16.7	2.7[a]	300
Group average	62.9	10.7	4.6	21.9	2.4[a]	2,414

Note. [a]*Statistically significant difference in callbacks at the 1 or 5 per cent level in LPM regressions.*

Conclusions for the labor market

- People with Middle eastern/Muslim sounding names and African sounding names are discriminated against in the Swedish labor market.
- Ethnicity or religion? Can’t really say.
- Other ethnic groups?
- First and second generation immigrants?

Summing up field experiments

- Using field experiments we have today hard evidence of discrimination.
- Evidence on the spot.
- Evidence for discrimination in the housing as well as in the labor market.
- This conclusion is reliable since many replications have followed.

Some other types of studies

A laboratory study

- Ahmed, 2010, *Applied Economics.*
- The purpose of this paper is to study if discrimination occurs based only on information about the surname.
- The question is: How does the information about individuals surname affect the behavior of individuals?

Method

- The paper presents a laboratory experiment to study discrimination.
- The experiment uses well-known games of economic decision-making.
- We will present the results of one particular game from this study
  - The dictator game experiment

The dictator game

Player A (Dictator)	Player B (Recipient)
Is given SEK 100	Is given SEK 0
Can send $0 <= x <= 100$ to B	Receives x
Total payoff = $100 - x$	Total payoff = x

Participants

- Subjects were recruited two universities: Växjö University and University College of Södertörn.
- University College of Södertörn has a large number of students with foreign backgrounds.
- Subjects from Växjö University were assigned the role of player A.
- Subjects from University College of Södertörn were assigned the role of B.
- The surname of the players were exposed to their counterparts.

Results

The average amount sent by dictators

	Type of recipient				
Gender of dictator	Swedish	European	Non-European	Total	
Female	34,76 (21)	29,00 (10)	29,29 (14)	31,78 (45)	
Male	25,56 (18)	27,00 (10)	9,09 (11)	21,28 (39)	
Total	30,51 (39)	28,00 (10)	20,40 (25)	26,91 (84)	
Notes: Amounts sent are out of SEK100					
Number of participants in each ell is given in parenthesis					

Thanks for listening

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