

Who you know: Study shows favoritism is ubiquitous in labor markets

October 14 2013

(Phys.org) —Workplace discrimination can destroy morale, breed resentment and lead to lost productivity and unemployment. Although equal-opportunity laws have been created to address discrimination, do they also address favoritism in the workplace? According to a new economics study from The University of Texas at Austin and Maastricht University, inclusion may be more of a factor than exclusion in un-leveling the playing field.

The study, co-authored by Daniel Hamermesh, professor of economics at The University of Texas at Austin, reveals a marked distinction between in-group favoritism (endophilia) and out-group [discrimination](#) (exophobia) in schools, which could carry over to labor markets.

"We need to reconsider what we know about the effectiveness of anti-discrimination policies and the advances against discrimination in the labor market," says Jan Feld, an economist at Maastricht University and lead author of the study. "These two preferences generate different outcomes with different distributions of welfare, so that determining their relative size is economically important and, as we have shown, possible."

Although the words "favoritism" and "discrimination" seem to have similar meanings, favoritism actually describes a preference for others who are similar to oneself rather than hostility toward others perceived to be different. This subtle distinction can lead to very different outcomes.

As part of the study, the researchers examined 1,495 final exam results from 25 courses at Maastricht University in the Netherlands. Since the university has a large share of German students (51 percent) and academic staff (22 percent) mixed with Dutch and other nationalities, this environment was particularly appropriate for distinguishing between favoritism and discrimination.

Researchers randomly included and excluded names on the students' final exams, thus allowing or not allowing 42 graders to infer the students' gender and nationality. They found, on average, the graders showed favoritism but not discrimination by nationality. They also found no evidence, on average, of differential treatment by gender.

Seeing unfair management practices through the lens of [favoritism](#), rather than discrimination alone, is revealing, says Hamermesh. Results from the study have important implications for anti-discriminatory policies such as affirmative action and corporate human resource practices.

"Having shown that endophilia is more important than exophobia suggests we should focus more on getting those in the majority not to view their own group as better, and less on getting them to view minorities as their equals," Hamermesh says.

The study was issued this month by the *National Bureau of Economic Research*.

Provided by University of Texas at Austin

Citation: Who you know: Study shows favoritism is ubiquitous in labor markets (2013, October 14) retrieved 24 April 2024 from <https://phys.org/news/2013-10-favoritism-ubiquitous-labor.html>

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