

FEBRUARY 27, 2019 | NUMBER 152

Do Equal Employment Opportunity Statements Backfire?

Evidence from a Natural Field Experiment on Job-Entry Decisions

BY ANDREAS LEIBBRANDT, MONASH UNIVERSITY; AND JOHN A. LIST, UNIVERSITY OF CHICAGO

Sweeping changes in the 1960s potentially altered employment and lifetime opportunities in the United States in ways that were unprecedented and that transformed every aspect of the employer-employee relationship. In the past half century, for example, Equal Employment Opportunity (EEO) statements were added as a requirement in the Code of Federal Regulations, and nearly every U.S. employer has grappled with how to provide equal opportunities. Even with such policies and affirmative action programs in place, racial inequalities remain ubiquitous in labor markets. Relative to whites, blacks in the United States are twice as likely to be unemployed and earn 20 percent less or lower. A critic of EEO regulations might interpret such data patterns as stark evidence of a policy gone awry, whereas a supporter of EEO regulations might view such data under an optimistic lens, noting that such comparisons would be even more highly skewed absent the sweeping EEO policies enacted in the 20th century.

Rather than turning back the clock and examining how EEO regulations in totality have influenced labor-market patterns over the past several decades, we present initial insights into how an important element of EEO regulations affects labor markets today. In this sense, we aim to provide initial empirical evidence on how EEO statements currently affect racial minorities and their labor-market choices. Such an exercise is important for several reasons. First, several states and the U.S. federal government require EEO statements in job advertisements. Second, aside from these cases, employers have to decide whether they want to include an EEO statement in their job advertisement. Third, many public and private employers in the United States and elsewhere still use EEO statements in job advertisements. Fourth, there are broad recommendations and regulations surrounding their inclusion. Finally, because racial minorities remain disadvantaged in many labor markets, it is of utmost importance to evaluate common practices and policies that aim to reduce labor-market inequalities. To our

best knowledge, causal estimates of actual EEO statements do not exist despite their pervasiveness and arguments that they could discourage minorities.

We use a large-scale natural field experiment aimed at exploring the causal impact of EEO statements in job advertisements to provide a first step into understanding the effects of EEO policy. To investigate how EEO statements affect the job-applicant pool, we advertise real jobs and investigate more than 2,300 job-entry decisions across various labor-market settings. Our working hypothesis is that EEO statements encourage minorities to apply for a job. Our experiment renders it possible to investigate interesting heterogeneities because we post the job advertisements in 10 large U.S. cities with substantially different racial compositions.

We find that EEO statements do affect job-entry decisions. However, the statement that all job applicants receive equal consideration irrespective of race leads to unexpected outcomes. In particular, we find that EEO statements discourage racial minorities from applying for jobs in important ways. Educated nonwhites are less likely to apply if the job description includes an EEO statement, and the discouragement effect is particularly pronounced in cities with white-majority populations. The impact of EEO statements on job applications from minorities is economically significant because their application likelihood drops by up to 30 percent.

To explore the underlying mechanism at work, we conduct complementary surveys with job seekers drawn from the same subject pool. We find that the inclusion of EEO statements significantly affects anticipated discrimination, stereotype threat, and tokenism. That is, we observe that the inclusion of the EEO statement in the studied job advertisements decreases the likelihood with which job seekers anticipate discrimination during hiring and career advancement and that it lowers stereotype threat. At the same time, however, we observe that the inclusion of the EEO statement significantly increases the perception of

tokenism. This effect is particularly pronounced in cities with white-majority populations, where more than two-thirds of job seekers believe that the inclusion of the EEO statement signals that there will be token hires.

Our survey findings augment the field experimental results and provide insights into the mechanism underlying the observed discouragement effect of EEO statements. They suggest that racial minorities prefer not to apply for jobs where there is a high likelihood that they are token hires. These tokenism concerns are so strong that they outweigh other desirable effects of EEO statements, such as lower anticipated discrimination and stereotype threat.

Combined with the insights from Marianne Bertrand and Sendhil Mullainathan and from Sonia Kang, Katherine DeCelles, András Tilcsik, and Sora Jun, who report that employers who use EEO statements are not less likely to discriminate against racial minorities, our findings paint a rather bleak picture of current EEO policies aimed to have a positive impact on minority labor-market representation. This does not imply that EEO statements have never had their intended effects, that EEO policies requiring the mandatory inclusion of EEO statements across the board cannot have their intended effects, or that differently formulated statements cannot have their intended effects. Rather, the results suggest that there is little support for the inclusion of standard EEO statements in job ads in today's labor market and even evidence that important deleterious effects arise from such statements.

NOTE:

This research brief is based on Andreas Leibbrandt and John A. List, "Do Equal Employment Opportunity Statements Backfire? Evidence from a Natural Field Experiment on Job-Entry Decisions," NBER Working Paper No. 25035, September 2018, <http://www.nber.org/papers/w25035>.