

In Your Name! The Effect of Intermediaries on Discrimination

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Abstract

Literature within economics has shown a change in behavior when people decide for others compared to a situation where they decide for themselves. In this project, the effect of intermediaries, defined as decision-makers who act on behalf of others, on discrimination is investigated. A novel incentivized discrete choice experiment is employed. Decision-makers choose from a list of multiple candidates with either typical western or typical middle-eastern first names. The study finds that while, on average, there is no discrimination when decision-makers decide for themselves, significant discrimination emerges when they act on behalf of another person and have an incentive to match the other's choice. The study further shows that this finding can neither be fully explained by a preference for discrimination nor by the traditional notion of statistical discrimination based on beliefs over candidates' performance. Instead, the study finds strong evidence that inaccurate beliefs about others' discriminatory behavior drive the effect. Thus, from a general perspective, the study contributes to long-standing literature that is in the search for reasons why people discriminate. From a more specific point of view, the study contributes to a small but growing literature on the role of inaccurate beliefs for discriminatory behavior and is the first to show implications of inaccurate beliefs in a situation where one acts on behalf of others.