Disentangling people's fairness of earnings evaluations using distributional survey experiments

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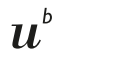


Background

Three kids, one flute

Anne says the flute should be hers because only she can play it. Bob says the flute should be his because he has no other toys. Carla says the flute is hers because she made it. How do we decide who should have the flute?

1. need,
2. equality, and
3. merit.

$\Rightarrow$ People are usually guided by more than one principle at a time.

$\Rightarrow$ Decision further depends on the wider context, the specific situation, and characteristics of the receiver (Deutsch 1975; Fiske 1993; Miller 2003; Auspurg, Hinz, and Sauer 2017; Gilgen 2022).

$\Rightarrow$ Existing studies have a narrow focus on one principle, situation, or subpopulation.

Research questions

1. How do people balance effort, needs, within-firm position, and ascriptive characteristics (gender and ethnic background) to decide upon just earnings of employees?
2. How do these allocations translate into unequal earnings distributions and whose choices decrease or increase inequality?

Background

Hypotheses

Hypothesis 1 People not only consider need, merit, and equality as guiding principles but they also resort to heuristics and use ascriptive characteristics when distributing salaries.

Hypothesis 2 Discriminatory allocations are more likely among more privileged groups (men without a migration background and with a higher income) to maintain and justify their relative advantage. $\rightarrow$ Ingroup-favouritism

Hypothesis 3 To reduce cognitive dissonance, people in more advantageous positions (income, class position) tend to distribute more unequally. $\rightarrow$ Self-serving bias

Data and Methods

Data

- MOSAiCH 2019 (within ISSP)
- N $\approx$ 2'000
- Includes a **distributional survey experiment** (**DSE**)
- DSEs combine the *D*-efficient design of a choice experiment with an active distributional task as is common in lab experiments (Gilgen 2022).

[Introductory Text]
How would you distribute the money available for salaries among the three hospital employees described below?

[Example DSE]
Whom would you want to assign what salary, given a total sum of CHF 18'000? Everyone of the employees works full-time at the hospital.

	David Moser	Leila Osman	Tamara Dugandjic
Private life	lives with partner	single	lives with partner
Children	no children	no children	2 children
Health	in poor health	in poor health	in good health
Job at the company	cleaner	nurse	doctor
Effort at work according to last job reference	very high	sometimes more, sometimes less	not very high
salary	+	+	= 18'000

Figure 1: Example DSE

Dimension	Levels
Gender	1 male; 2 female
Ethnic background	1 Swiss name; 2 Slavic name; 3 Arabic name
Relationship status	1 lives with partner; 2 lives alone
Children in household	1 no children; 2 two children
Health	1 poor health; 2 good health
Profession	1 cleaner; 2 nurse; 3 medical doctor
Dedication to job	1 not very dedicated; 2 sometimes more, sometimes less dedicated; 3 very dedicated

- Fractional factorial of 72 vignettes (D-efficiency of 98.9) in 24 different choice sets. Random allocation of one choice set to each respondent.

Pros of the setup

- Active task close to real-world situation where finite resources are allocated to people described using uncorrelated attributes
- Higher external validity compared to classic population in laboratory experiments (i.e., students of psychology or economics)
- Set up as a choice experiment but with a linear outcome measure such as in a factorial survey experiment
- Account for the inherent interdependence of outcomes while generating more fine-grained data compared to a choice experiment

Analytical strategy

1. Who gets how much? $\rightarrow$ Amount distributed, vignettes
2. Who distributes more unequally? $\rightarrow$ Gini, respondents

$\Rightarrow$ OLS with clustered SE (fixed variance at respondent level because of fixed total)

Results — Who gets how much?

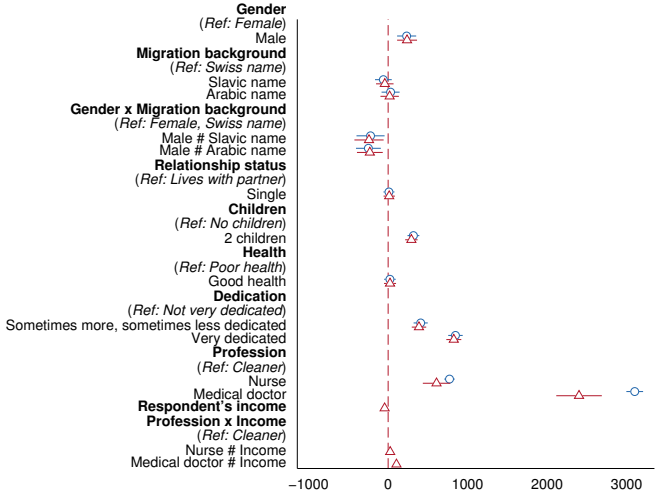
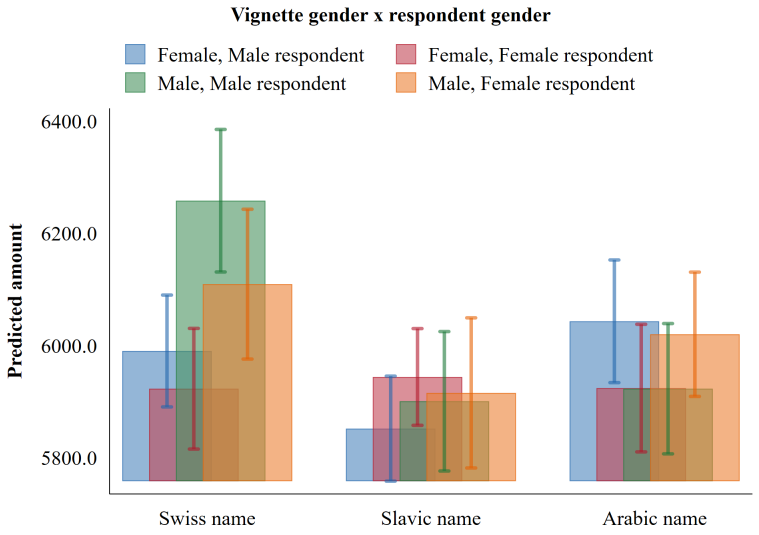
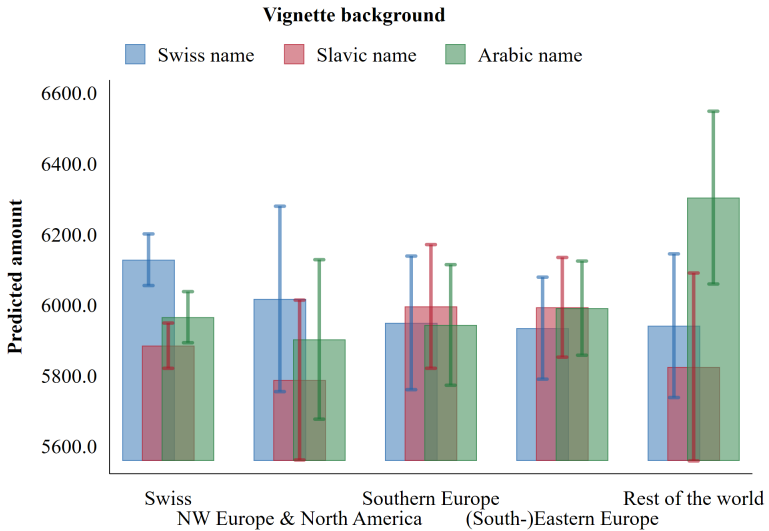


Figure 2: Distributing salaries among vignette people

Results — Ingroup-favouritism by gender?



Results — Ingroup-favouritism by ethnic background?



Who distributes more unequally?

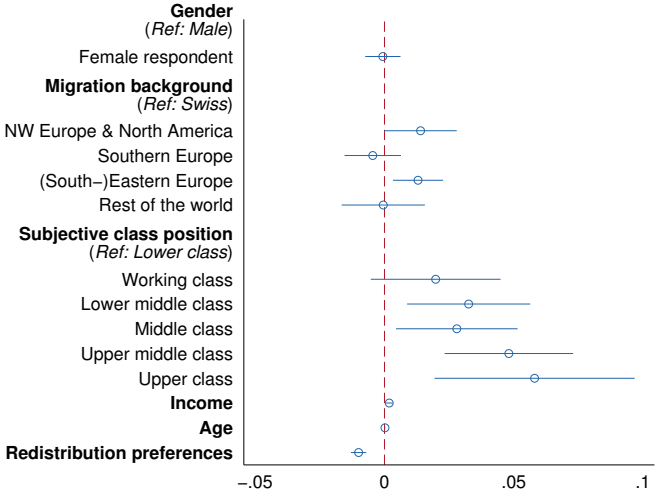


Figure 3: Gini among vignettes as dependent variable

Conclusions

- People consider both need and merit when distributing money among hypothetical employees.
  - They reward effort as well as need (if the vignette person has children but not if the person is in bad health).

- Discrimination & Ingroup-favouritism:
  - Respondents distribute less to minorities and women, and especially discriminate against men with a minority background.
  - Respondents with higher incomes take from the lower status professions and give it to the person with the highest status position (medical doctor).

Conclusions

- Self-serving bias:
  - Respondents with no migration background allocate higher sums to vignette people who also do not have a migration background
    $\rightarrow$ especially when male respondents evaluate a male vignette person.
  - People in socio-economically more advantageous positions distribute more unequally
  - this results in distributions with a higher Gini coefficient across the three evaluated vignettes.
  - Those in favor of more redistributive measures tend to allocate salaries more equally.
- DSEs a promising alternative for assessing people's allocation decisions more generally.
- Repeat to investigate whether something stuck from the COVID-related discussion on the pay of essential workers.

Thank you for listening!
Looking forward to your questions and comments

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