

Racial Discrimination in the Sharing Economy: Evidence from a Field Experiment

Last Modified on 06/12/2018 1:18 pm EDT

Authors: Benjamin G. Edelman, Michael Luca, Dan Svirsky

Date published: December 2015

Why did we select this research?

Many sharing economy platforms are moving toward reduced anonymity to facilitate trust in online transactions. However, in an experiment involving 6400 Airbnb hosts, Edelman et al. find that greater availability of personal information can, and does, result in racial discrimination.

Key findings

According to the findings of their study, potential African American guests receive a positive response (i.e. their request for lodging is accepted) roughly 42% of the time, compared with a 50% positive response rate for potential White guests. This penalty against African American guests is particularly noteworthy when compared to the discrimination-free setting of competing platforms such as Expedia. Discouragingly, this penalty is also consistent with the racial gap found in other contexts, ranging from labour markets to taxis.

- Requests from guests with distinctively African-American names are roughly 16% less likely to be accepted than identical guests with distinctively White names.
- Discrimination against those with African-American names persists regardless of the hosts own ethnicity or gender. Discrimination also persists in high and low priced units, and in diverse and homogenous neighbourhoods. Discrimination does not appear to decrease with greater host experience.
- Discrimination is costly – Airbnb hosts who reject African-American guests are able to find a replacement guest only 35% of the time.

Reference

Edelman, B., Luca, M., & Svirsky, D. (2017). Racial discrimination in the sharing economy: Evidence from a field experiment. *American Economic Journal: Applied Economics*, 9(2), 1-22. Retrieved from: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2701902
