

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

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**Date** : 17 March 2016 (Thursday)  
**Time** : 3:30 - 5:00 pm  
**Venue** : ISOM Conference Room 4047, LSK Business Building



**Abstract:** Online marketplaces increasingly choose to reduce the anonymity of buyers and sellers in order to facilitate trust. We demonstrate that this common market design choice results in an important unintended consequence: racial discrimination. In a field experiment on Airbnb, we find that requests from guests with distinctively African-American names are roughly 16% less likely to be accepted than identical guests with distinctively White names. The difference persists whether the host is African-American or White, male or female. The difference also persists whether the host shares the property with the guest or not, and whether the property is cheap or expensive. We validate our findings through observational data on hosts' recent experiences with African-American guests, finding host behavior consistent with some, though not all, hosts discriminating. Finally, we find that discrimination is costly for hosts who indulge in it: hosts who reject African-American guests are able to find a replacement guest only 35% of the time. On the whole, our analysis suggests a need for caution: while information can facilitate transactions, it also facilitates discrimination.

This is a joint work with Benjamin G Edelman and Dan Svirsky.

**Bio:** Michael Luca is a faculty member at Harvard Business School. Professor Luca works closely with companies and cities to help them become more data-driven, and has ongoing collaborations with Yelp, Facebook, the UK government, and the City of Boston, in addition to other partners.

Professor Luca's current work focuses on digital data and platforms, analyzing a variety of companies including Yelp, Amazon, and Airbnb. Professor Luca also works on issues related to the design of information disclosure. Focusing on the behavioral foundations of how people make decisions, he has done work on rankings, expert reviews, online consumer reviews, and quality disclosure laws, among other types of information provision.

His work has been written about in a variety of media outlets including The Wall Street Journal, New York Times, Washington Post, Boston Globe, Guardian, Telegraph, Huffington Post, Harvard Business Review, Atlantic, Quartz, Vox, and Forbes.