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Beauty, wages, and client discrimination among male employees in China

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Abstract

Using unique data from the China Labor-force Dynamics Survey (CLDS), this study investigates whether clients tend to discriminate based on the appearance of male employees, a phenomenon referred to as “client discrimination on the basis of beauty.” We find that (i) attractive male employees are more likely to work in jobs with frequent client contact than their less attractive counterparts, and (ii) a beauty wage premium is paid in such jobs. These results indicate beauty-based client discrimination in a situation where job segregation by appearance is incomplete.

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1. Introduction

Since the pioneering work by Hamermesh and Biddle (1994), numerous studies have shown that physical appearance positively influences earnings, a phenomenon known as *the beauty wage premium* (Biddle and Hamermesh, 1998; Harper, 2000; Hamermesh et al., 2002; Scholz and Sicinski, 2015; Stinebrickner et al., 2019; Gu and Ji, 2019). Research on whether these beauty wage premiums are related to customer discrimination has produced mixed results. Biddle and Hamermesh (1998) find that the beauty wage premium is driven by clients' preference for better-looking attorneys. Harper (2000) observes that physical appearance is more rewarded in jobs involving direct personal contact with consumers. Conversely, some studies do not find evidence of beauty-based discrimination by customers (Gu and Ji, 2019; Stinebrickner et al., 2019).

Using data from the China Labor-force Dynamics Survey (CLDS), we test for beauty-based discrimination by clients. Based on Becker's (1957) customer discrimination model, we predict that (i) employers place good-looking employees in jobs with frequent client contact, and (ii) good-looking employees receive a beauty wage premium in these jobs compared to less attractive employees when employers cannot keep less attractive employees out of clients' view. However, there is no beauty wage premium when employers can fully segregate less attractive employees.

Our findings show that attractive employees are more likely to work in jobs with frequent client contact, indicating beauty-based sorting. Additionally, beauty wage premiums exist only in jobs with frequent client contact, not in those without. These results support the presence of client discrimination based on beauty in a situation where job segregation by beauty is incomplete.

2. Data

We use pooled data from the 2012 and 2014 waves of the China Labor-force Dynamics Survey (CLDS), conducted by Sun Yat-Sen University. The CLDS is a nationally representative survey covering twenty-nine provinces in mainland China. It collects a wide range of information on the socioeconomic status and demographic characteristics of respondents, such as marital status, health, education, employment status, and labor income.

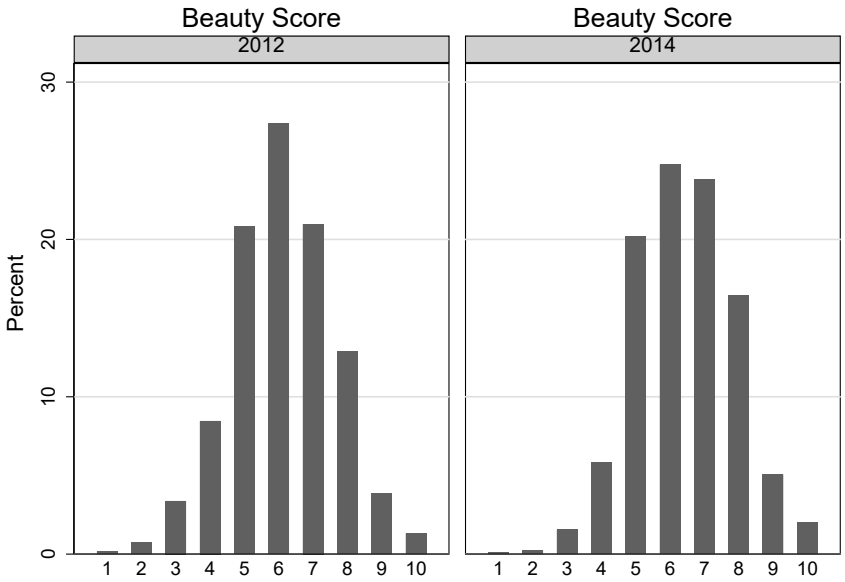
In addition to the standard survey questions, the CLDS provides information on the physical appearance of respondents. Specifically, in each wave, interviewers rate the appearance of respondents on a 10-point scale, where 1 represents "extremely unattractive" and 10 is "extremely attractive." Figure 1 shows that the distribution of beauty scores differs across survey years.[1] Figure 2 indicates that beauty scores tend to decline with age. To account for age- and year-related variation, we standardize the beauty score by 5-year age groups within each survey year.

Additionally, in both the 2012 and 2014 waves, the respondents who work as employees were asked about the frequency of their interactions with clients/suppliers (hereafter referred to as "clients"). The response options were: (i) never, (ii) rarely, (iii) sometimes, and (iv)

[1] As shown in Table A.II in the Appendix, mean beauty scores were 6.355 in 2012 and 6.582 in 2014, with standard deviations of 1.469 and 1.402, respectively.

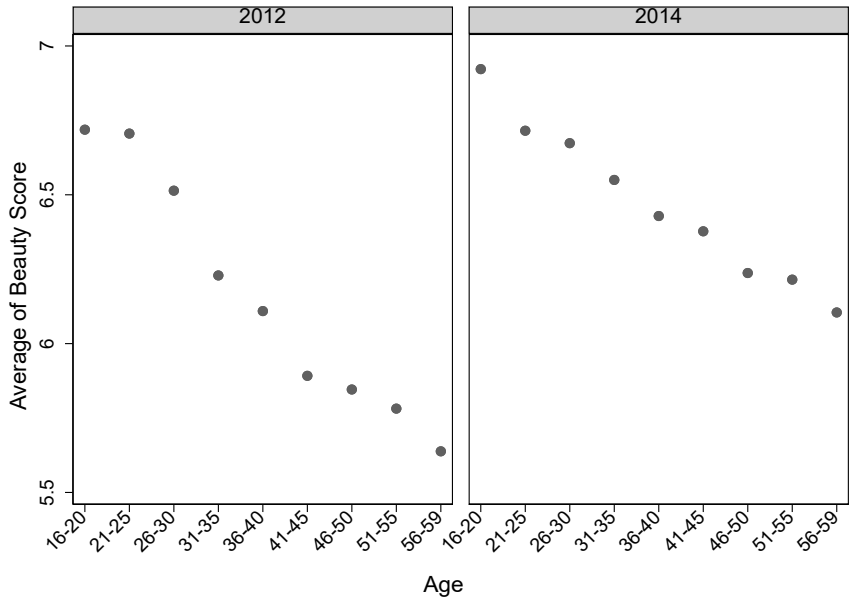
frequently. We construct a binary indicator for jobs involving frequent client contact, equal to 1 if the respondent reported "frequently" and 0 otherwise.

Figure 1: Distribution of Beauty Score by Year



Note: Data are from the 2012 and 2014 waves of the CLDS. The sample is restricted to men under the age of 60.

Figure 2: Beauty Score by Age



Note: Please refer to note in Figure 1.

We restrict our analysis to male nonagricultural employees. We focus on men since the relationship between beauty and labor market outcomes is more complex for women than men,

not least because marriage sometimes induces women to withdraw from the labor market (Scholz and Sicinski, 2015).[2] We also exclude individuals who are 60 years old or older.[3]

3. Empirical Specification

In this section, we examine the empirical implications of beauty-based client discrimination. Consider a model of client discrimination à la Becker (1957). While all employees are equally productive, they differ in appearance. Prejudiced clients, who care about employees' appearance, incur a disutility when served by less attractive employees. Therefore, these clients' decisions depend on the utility-adjusted price rather than the actual price of the service. As Cain (1986) notes, Becker's model predicts complete job segregation under the assumptions of no search frictions and perfect information. In this scenario, less attractive employees work in jobs with no client contact or serve only unprejudiced clients, resulting in equal wages for attractive and unattractive employees. However, as Borjas and Bronars (1989) and Altonji and Blank (1999) point out, search frictions and/or imperfect information prevent keeping all less attractive employees away from prejudiced clients. This results in lower wages for less attractive employees in jobs with client contact and a persistent beauty wage premium in such jobs.

We take two steps to empirically test for client discrimination based on beauty. First, we test for job sorting by beauty, i.e., whether good-looking employees are more likely to work in jobs with frequent client contact. Specifically, we estimate the following linear probability model for sorting by beauty:

$$Client_{it} = \alpha_s + \beta_s Beauty_{it} + \boldsymbol{\gamma_s'} \boldsymbol{X_{it}} + \epsilon_{it}, \quad (1)$$

where $Client_{it}$ is a dummy variable equal to 1 if individual *i* works in jobs with frequent client contact in year *t*; $Beauty_{it}$ is the standardized beauty score of individual *i* in year *t*[4]; $\boldsymbol{X_{it}}$ includes age and its square, marital status, ethnicity, urban *hukou*, education level, number of professional certificates, height , occupation, employment in private sector, province, and year; and ϵ_{it} is an error term. A positive coefficient β_s indicates that good-looking individuals sort into jobs with frequent client contact.

Second, we test whether job segregation by beauty is complete by estimating the beauty wage premium. We estimate the following model, separately for jobs with ($p = 1$) and without ($p = 0$) frequent client contact:

$$lnWage_{it} = \alpha_{cp} + \beta_{cp} Beauty_{it} + \boldsymbol{\gamma_{cp}'} \boldsymbol{X_{it}} + \varepsilon_{it}, \quad (2)$$

where $lnWage_{it}$ is the logarithm of the hourly wage of individual *i* in year *t*; and ε_{it} is an error term. If job segregation is complete, we predict that $\beta_{c0} = \beta_{c1} = 0$, meaning that there will be no beauty wage premium in any job. If job segregation is incomplete, we predict that $\beta_{c1} > 0$ and $\beta_{c0} = 0$, meaning that the beauty wage premium will be paid in jobs with frequent client contact but not in other jobs.

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[2] According to Becker (1973), beautiful women tend to marry wealthier and more successful men.

[3] The age restriction is set because China's mandatory retirement age for men is 60.

[4] Results using the beauty score as the independent variable are reported in Tables A.III and A.IV in the Appendix and are similar to those based on the standardized score.

4. Estimation Results

Table I presents the results of sorting by beauty into jobs with frequent client contact, based on a linear probability model. We find that individuals with a one standard deviation higher beauty score are 1.4 percentage points more likely to work in jobs with frequent client contact. Thus, good-looking men have a greater tendency to work in jobs with frequent client contact than less attractive men. It is worth noting that this positive correlation may arise from two mechanisms: (i) attractive men may self-select into jobs with frequent client contact, or (ii) norms and pressures in such jobs may require employees to maintain a professional appearance, which may lead men to invest more in their looks. While both mechanisms are plausible, the data do not allow us to distinguish between them.

Table I: Sorting by Beauty into Jobs with Frequent Client Contact

Dependent Variable: Frequent Client Contact	(1)
Beauty Z-score	0.014**
	(0.006)
R-squared	0.106
Observations	4,750
Mean of Dependent Variable	0.176

Note: The dependent variable is an indicator of whether there is frequent contact with clients. Control variables include age and its square, marital status, ethnicity, urban *hukou*, education level, number of professional certificates, height, occupation, employment in the private sector, province, and year. Robust standard errors clustered at the individual level are shown in parentheses.
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

Table II presents the results of regressing the log hourly wage on the standardized beauty score, separately for those who work in jobs with frequent client contact and those who do not. Our results suggest that the beauty wage premiums exist only in jobs with frequent client contact. Specifically, for those who frequently interact with clients, the estimate of the standardized beauty score on log wage is 0.087, which is statistically significant. In contrast, for those in jobs without frequent client contact, the estimate on the standardized beauty score is 0.021, which is small and statistically insignificant. Additionally, we use the Wald test to compare the estimates of the standardized beauty score between these two groups. The p-value of the Wald test is 0.045, indicating that the beauty premium is significantly larger in jobs with frequent client contact.

The results in Tables I and II indicate that (i) attractive employees are more likely to work in jobs with frequent client contact, and (ii) a beauty wage premium is paid only in jobs with frequent client contact. These findings are consistent with appearance-based client discrimination in a situation in which job segregation by beauty is incomplete.

Table II: Beauty Wage Premium Based on Whether Jobs Involve Frequent Client Contact

	Frequent Client Contact		*Diff* (No *vs* Yes)
	No	Yes	*p*-value
Dependent Variable: Log (Wage)	(1)	(2)	(3)
Beauty Z-score	0.021	0.087***	0.045
	(0.013)	(0.031)	
R-squared	0.269	0.305	
Observations	3,913	837	
Mean of Dependent Variable	2.820	3.043	

Note: Columns (1) and (2) report the beauty wage premium for jobs without and with frequent client contacts, respectively. Column (3) reports the *p*-value of the Wald test for the difference in coefficients between jobs without and jobs with frequent client contacts. All regressions use the same set of control variables as in Table I. Robust standard errors clustered at the individual level are shown in parentheses.
*** $p<0.01$, ** $p<0.05$, * $p<0.1$

5. Conclusion

Using unique data from the China Labor-force Dynamics Survey (CLDS), this study examines the presence of beauty-based client discrimination among men in China. We find that good-looking men are more likely than their less attractive counterparts to work in jobs with frequent client contact. Our results also suggest that good-looking men receive higher wages than others only in jobs involving frequent client contact. The presence of a beauty wage premium associated with client discrimination therefore indicates incomplete job segregation, wherein employers cannot completely avoid assigning some of their less attractive employees to work frequently with clients.

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