Abstract

We use surveys, laboratory experiments and labor-market data to study how heterogeneity in the perceived immorality of work and workers’ concerns with acting immorally interact to impact labor market outcomes. Specifically, we investigate whether individuals least concerned with acting morally select into jobs generally perceived as immoral and whether the aversion among many individuals to performing such acts contributes to immorality wage premiums, a form of compensating differential. We obtain two measures of an individual’s aversion to performing immoral acts, one from a behavioral laboratory task and the other from a series of survey items; the two measures are correlated. These two measures also correlate with laboratory labor market outcomes and expected outcomes in real labor markets, but only for “immoral” work. In the laboratory, immoral types are more likely to be employed and obtain higher wages when a job requires performing immoral acts. In our survey data, immoral types express a greater willingness to work in firms and industries rated by others as immoral. We also document that wages are higher in such immoral industries, both in laboratory and non-laboratory labor markets.