The Current Situation of and Solutions to Appearance Discrimination: An Example from the Financial Industry

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Abstract. The beauty premium is increasingly mentioned in today's society, as relevant social surveys and academic studies have shown that better-looking people are generally more likely to have higher salaries and better promotion opportunities in the workplace. Appearance discrimination has evolved into an "unwritten rule" in the workplace, which has never made any real improvements. Therefore, this paper takes the financial industry as an example through collating the literature and case studies and taking into account the characteristics of the financial industry, we have come up with the characteristics and the current situation of appearance discrimination in this industry. Meanwhile, this paper focuses on exploring feasible ways to solve the problem of appearance discrimination from the three perspectives of law, company and individuals, which is of practical significance in finding and providing solutions to improve appearance discrimination in the workplace. We hope that through this paper, readers will gain a better understanding of the current situation of appearance discrimination and be able to be sensible and courageous in defending their rights in the face of such discrimination.

Keywords: Beauty premium; Appearance discrimination; Workplace discrimination; Finance industry.

1. Introduction

1.1. Background

Most people know that beauty pays off, so more and more people are choosing to spend countless hours and money on cosmetics, facials and body contouring, and various other ways in the pursuit of beauty. To do so is to stand out in the CV with a photo, in an interview that left a deep impression on the interviewer about his appearance, for a beauty bonus in job promotion. This phenomenon is very common, back in 2011, renowned economist Daniel Hamermesh wrote in "Beauty Pays: Why Attractive People Are More Successful" that good-looking people have an advantage in finding jobs, are more likely to be more productive, earn more, get approved for loans, negotiate better loan terms, and also have a spouse with better appearance and higher education. There is no denying that good-looking people are more likely to reap great benefits in all aspects of life, especially in the workplace. Numerous past studies have confirmed this view. However, how to change this phenomenon and how to use law and morality to minimize the phenomenon of appearance discrimination is a more worthy topic to explore.

1.2. Related research

Deryugina and Shurchkov designed a laboratory experiment to examine the degree to which the "beauty premium" often observed in society varies by environment. The authors used three realistic worker tasks and found that "beauty premium" is driven by statistical data which is based on prejudiced viewpoints against employee performance. In future studies, more attention can be paid to considering longer-run interactions [1]. A trust game experiment was performed by Póvoa et al. to investigate whether females are more trusted when they are wearing make-up than not. The result of this experiment suggests that make-up can increase perceptions of attractiveness. The study confirmed the existence of beauty premium by introducing cosmetics. Additionally, the authors discovered a beauty premium due solely to the presence or absence of make-up is mediated by gender

[2]. Granleese and Sayer used the qualitative approach to in-depth interviews to match the gender, age and educational background of 48 employees. Based on rich data, the results of the study proved that women, whether academics or not, are subjected to double discrimination based on age and gender. This is the first study to reveal that female academics are at triple risk of experiencing sexism, ageism and physical appearance discrimination [3].

Peng et al. examined the impact of appearance on hourly compensation based on a China-wide representative population sample. The empirical results confirm both predictions that low-skilled workers receive less beauty premium than high-skilled workers and that beauty increases productivity through non-cognitive skills [4]. Borland and Leigh made two major contributions to the analysis of the beauty premium based on data from the Australian population in 1984 and 2009. The authors broaden the analysis of the impact of beauty beyond the labor market by investigating the association between beauty and household income and found that beauty has a substantial influence on total household income [5]. The experimental setup Petrie considered was a public goods game and He explored the relationship between beauty and gender in his experiment and found a similar beauty premium effect. However, when the author analyzed information on disparities between individuals, the beauty premium disappeared and became a beauty penalty. The experiment also found that men have a great advantage in obtaining information [6].

Bóo et al. conducted a randomized field experiment that focused on facial attractiveness to examine whether people with higher facial attractiveness are more likely to be contacted by employers after submitting a CV. The authors' analysis is based on the proven definition of attraction and the results indicate that unattractive people receive 76 percent of the responses that good-looking people receive [7]. Robins et al. examined the impact of the three non-cognitive personal traits of beauty, personality and grooming on the income of young people in the labor market. The authors found that personality and grooming had a significant impact on compensation and that including them in the model for determining compensation reduced the effect of beauty to some extent [8]. Gu and Ji analyzed the influence of height and other physical characteristics of employees on their compensation using the data from the China Labor-force Dynamics Survey (CLDS). Research has shown that attractive workers earn higher compensation, mainly due to differences in personal characteristics. Empirical evidence also confirms that there is a close correlation between employee appearance and job capabilities such as social networks and human capital [9]. Using individual data from the Wisconsin Longitudinal Study, Scholz and Sicinski demonstrated a positive and economically significant correlation between men's external attractiveness in their last year of high school and their income in the labor market in their mid-30s and early 50s. Their findings illustrate that appearance charm is a feature of the labor market that has continuing value [10].

1.3. Objective

This paper will mainly study the appearance discrimination phenomenon in the financial industry, analyze the current situation of the phenomenon and provide solutions. The second chapter of this paper will be combined with the characteristics of the financial industry, summed up the beauty premium in the financial industry status. The third chapter will provide solutions to face discrimination from the perspectives of law, enterprises and individuals.

2. The characteristics and current situation of appearance discrimination in the financial industry

2.1. Characteristics

The finance industry is known to be a high-income industry and a popular career choice for many students. Precisely because the financial industry has a wide coverage and a certain degree of representativeness, this paper will mainly focus on the study of appearance discrimination in the financial industry, to generalize to the whole industry.

2.1.1. High Threshold

The financial industry itself is characterized by indicative, monopolistic, high-risk, benefit-dependent and highly indebted operations. These characteristics make the financial industry have a high threshold in the public's stereotype, and at the same time, it will produce a kind of unattainable admiration for the financial industry. Therefore, the public not only deifies the industry but also gradually starts to deify the personnel engaged in the industry. The public's imagination has promoted them as perfect white-collar sophisticates, and in most film and television productions, financial industry employees always appear in straight suits, with exquisite make-up, and almost always have excellent bodies and faces. The fact is that, although exaggerated, film and television reveal a picture of appearance discrimination in the financial industry.

2.1.2. Gender Imbalance

There is a serious gender imbalance in the finance industry. The imbalance in the financial industry is in a relatively significant position in all industries. According to statistics, by 2022, women have made up about 30% to 40% of the financial industry worldwide. In China, the figure is about 20% to 30%. In the United States and other developed countries, the proportion of women in the financial industry has almost reached more than 40%. These data show that the ratio of men to women in finance jobs is gradually improving, but it is always more male. As a result, the financial industry has also been labeled "male-dominated." When men far outnumber women in a group, men tend to occupy the voice. In this workplace environment, lookism will naturally form and even continues to this day.

2.1.3. Different Functional Departments

The income gap between the front, middle and back offices of the financial industry is extremely significant. Due to the relatively higher requirements of the financial industry, its average income is higher than that of most industries. In this case, the lookism gap will also widen.

Front office staff, that is, staff with high direct contribution (relevance) to create economic benefits (such as income and profit) for the organization in the function and actual work content, such as wealth manager, IBD and other positions. The company has higher requirements for their soft skill. No matter to B or C, they need good interpersonal communication skills and certain social resources. Research has shown that more attractive workers are also more confident, which leads to a significant increase in their soft power.

Middle office staff are often in the role of an organization's research and development center and command center, such as Risk and Analyst. In the study "Analyst Appearance and Performance," the researchers surveyed 2,328 analysts at 102 different brokerages in China who made 89,056 earnings forecasts between 2005 and 2014 and found that the more attractive the analyst, the more accurate the forecast. This is because the more attractive analysts are, the more preferential treatment they receive when seeking information from the management of public companies, which results in their information being more comprehensive. Such potential beauty premiums are numerous in the workplace.

Back-office staff are more inclined to functional positions, providing services for the former two, so the output is less, and the income base is smaller, thus the impact of appearance discrimination is less than that of the former middle office.

2.2. Current situation

According to the 2018 China Youth Appearance Level Competitiveness Report, when it comes to the relationship between physical appearance and job promotion as well as salary increase, only 5.7% of people choose "not helpful". Among the people with an annual salary of more than 300,000 yuan, 100% of people think that physical appearance is helpful for job promotion and salary increase. Besides, the number of people who think that "not at all" is totally zero. It is reported that the annual salary of 100,000 to 500,000 yuan is the new middle class, and the annual salary of more than 300,000 new middle class is mainly composed of the post-80s and post-90s and has generally reached the

middle level of large enterprises or the director level of ordinary enterprises. Years of workplace experience make them think that promotion and salary increase should be based on strength, but it will also be affected according to the level of appearance. This is more common in the financial industry.

The data in the report shows that lookism leads to a more substantial investment in the level of appearance. Nearly 70% of the workers spend more than 20% of their monthly salary on appearance level investment, 28.23% of the workers spend more than half of their monthly salary to improve their appearance level, and 14% of the workers even spend more than their salary to improve their appearance level.

3. Solution

3.1. Legal perspective

The beauty premium is widespread in today's workplaces around the world, especially in China. Largely because the country currently has no laws that explicitly prohibit appearance discrimination in the workplace. At present, a large number of laws on employment discrimination are based on gender, age and other relatively intuitive and controllable factors. Because appearance evaluation is more subjective, it is impossible to directly prohibit the law from solving the problem at the root, which is also a major reason why appearance discrimination always exists.

The United States is a relatively advanced country in anti-employment discrimination, but in addition to some jurisdictions explicitly prohibiting appearance discrimination in employment, the United States federal written laws do not explicitly prohibit appearance discrimination in employment. The federal judicial practice in the United States indirectly regulates appearance discrimination in employment by attaching appearance discrimination to employment sex discrimination and race discrimination prohibited by Chapter 7 of the Civil Rights Act and employment disability discrimination prohibited by the Federal Disability Act. To a certain extent, China can learn from the "implicit" curved relief path of the United States, and combine the relief of appearance discrimination with the protection of ethnic discrimination, racial discrimination, gender discrimination and disability discrimination explicitly prohibited by the Employment Promotion Law. Law is a practical normative and feasible way to remedy appearance discrimination in the workplace in China.

3.2. Company perspective

For the company, first of all, it should train employees and establish the concept of prohibiting appearance discrimination throughout the company. This is especially true for externally oriented positions, such as those responsible for recruitment. Overt appearance discrimination mostly exists in the process of recruitment information release. At the same time, detailed screening criteria should be set in the screening process of resumes and interviews to judge candidates based on their objective conditions and strengths. In the promotion process within the company, a complete evaluation system should also be set up to conduct a systematic and comprehensive evaluation of candidates. The evaluation system shall be established by representatives of all departments of the company, and adopted by all members of the company after unanimous approval.

Considering that some occupations do have certain requirements for appearance, appearance should be added to the evaluation system for these characteristic positions, but the weight of this factor should also be lowered, and finally, the candidate is determined according to the weighted score.

These measures are designed to protect the legitimate rights and interests of below-average-looking candidates, who are likely to lose out on these opportunities due to appearance discrimination, whether for offer or promotion. But at the same time, attractive candidates, if selected, are likely to have their strengths questioned or even ignored by others because of beauty premium. Therefore, for these candidates, the company should also disclose their scores according to the evaluation system. Any officer who has doubts may apply for a review of the score to show fairness.

3.3. Personal perspective

3.3.1. Victim perspective

Firstly, employees should constantly improve their professional knowledge. When they are strong enough to win the right to speak, they will also have sufficient confidence to defend themselves. Also, when facing unfair treatment, employees need to be brave enough to say no to appearance discrimination. Employees can seek help from higher authorities promptly, report these discriminatory acts, and safeguard their legitimate rights through legal litigation. The law is the most powerful weapon to protect themselves. Besides, employees can properly show their best side. Rejecting lookism does not mean tolerating people who pay no attention to image management. Therefore, in some important interviews and major occasions, you can show your confidence through clothing and makeup.

3.3.2. Spectator perspective

Employees should avoid being victims of lookism in the company, whether consciously or not. Perhaps an unconscious joke can also become a sword to hurt others, so every employee in the company should prevent appearance discrimination from their own. In addition, when employees find that there is appearance discrimination in the company, they should timely extend a helping hand to the victims, actively provide evidence and bravely report the discrimination around them.

4. Conclusion

In recent years, both social and academic concerns about appearance discrimination have increased. By reviewing the literature on this topic, with a special focus on the beauty premium in the financial industry, this paper confirms that beauty affects individual compensation differences in the workplace in general.

In previous studies, researchers have tended to examine a positive relationship between beauty and employment situation, such as income and job promotion. This paper focuses more on the practical impact of the research that is, analyzing the current situation and providing reasonable and feasible solutions. According to the characteristics of the financial industry, this paper draws a conclusion that appearance discrimination is more serious in the financial industry, and puts forward constructive suggestions to solve the phenomenon from the perspectives of law, enterprises and individuals.

Through the research of this paper, we have learned that because of the existence of beauty premiums, both attractive employees and unattractive employees will be negatively affected to some extent. Therefore, improving the lookism environment in the workplace is very important for each individual, and it is urgent to solve the problem of appearance discrimination.

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