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Labor Decisions in Virtual Worlds

A Behavioral Economics Approach

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Virtual worlds (VWs) are the latest technology introduced in the workplace. Even though their usage is not yet mainstream, multiple organizations already utilize them for hiring and managing people. While some highlight VWs can reduce biases because individuals know that avatars are only digital representations of real humans, others have shown that prejudices and stereotypes persist in VWs, affecting how individuals act and interact with others.

Information systems researchers have highlighted that platform affordances play a critical role in influencing individuals' behaviors (e.g., Schultze, 2014). In VWs, there are two main types of affordances, egocentric and allocentric (Karahanna et al., 2018). These affordances can unconsciously reinforce (or weaken) cognitive biases that exist in in-person interactions (e.g., see Sherrick et al., 2014). However, scarce research has investigated how platform affordances in VWs impact labor decisions. As VWs become mainstream in work environments, it is critical to examine how the platform's design influences labor decisions.

I intend to focus on the egocentric affordance of self-representation (e.g., gender, skin tone, and clothing), and the allocentric affordance of communication (e.g., text chat, voice chat), as these affordances are commonly used to support VWs interactions (Davis et al., 2009).

Following a behavioral economics approach, I propose an ultimatum game experiment to shed light on individuals' willingness to accept unfair offers based on their avatar appearance. I also propose a gift-exchange game experiment to examine how self-representation and communication options can reinforce (or weaken) cognitive biases during labor relations in VWs. This research intends to provide insights to both organizations and VWs users by revealing how certain unconscious biases unfold in VWs.

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