

The hidden cost of discrimination in everyday transactions

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A photograph Credit: civil rights campaigner Rosa Parks is held up in front of passengers sat on a public bus.

A recent piece of research by Dr Redzo Mujcic, Associate Professor of Behavioural Science at Warwick Business School, in collaboration with his co-researcher Paul Frijters, of the London School of Economics, found that white bus passengers rode for free twice as often as black travellers.

It is nearly 70 years since Rosa Parks refused to give up her seat on a bus for a white passenger. Her act of defiance became a symbolic moment in the civil rights movement and inspired a year-long bus boycott by black passengers in Montgomery, Alabama.

Today, we don't expect the colour of a person's skin to affect everyday marketplace interactions, such as their ability to travel on a bus or the price of their fare. But is that really the case?

The research examined if some passengers still enjoy preferential treatment based on their appearance. Carried out in Brisbane, Australia, the researcher were shocked by the results. The research saw 'test customers' board public buses more than 1,500 times. In each instance, they had no money on their pre-paid travel card to cover the fare. They then asked the driver if they could travel to a particular stop without paying.

Racial discrimination against bus passengers

Company rules oblige bus drivers to ensure all passengers have a valid ticket before travelling, just as shop workers are not allowed to hand out goods free of charge.

Yet, we found that nearly two-thirds of bus drivers did waive the fee – predominantly for lighter-skinned customers.

White passengers in casual clothes were allowed to ride for free **72 per cent** of the time. That was twice as often as similarly dressed black passengers.

Indian testers were allowed to travel for free approximately half the time, while those from other Asian ethnicities were treated similarly to white passengers.

Interestingly, there was no evidence of drivers favouring passengers from their own ethnic group.

White passengers were more likely to receive preferential treatment, regardless of the ethnicity of the driver. Why is this the case?

Bus drivers only had a few seconds to decide how to treat a passenger.

Faced with a snap decision and limited information about the passenger, they used a customer's skin colour as a proxy for other characteristics that could not be seen with the naked eye.

Why do workers discriminate?

Despite discriminating against black passengers, they did not appear to resort to racist stereotypes about these customers being more aggressive.

If that were the case, we would expect female passengers or more elderly customers to be treated differently from young men. Yet, the evidence of racial bias against black passengers remained after we controlled for variables such as age and gender.

It is more likely that bus drivers were using race to gauge the likelihood that customers are telling the truth, viewing black customers as less honest than their white counterparts.

That would be consistent with the idea that drivers used other visual clues when deciding whether or not to grant a customer a free ride.

We found that racial bias was reduced – but not eradicated – when test passengers wore business attire or army uniforms.

Bus drivers may have concluded that these smartly dressed passengers had a higher income or were more honourable and patriotic, and were therefore more likely to be telling the truth about accidentally running out of credit on their pre-paid travel card.

Alternatively, the bus drivers may have viewed them as a different category of black passenger from those in more casual clothes and treated them differently as a result.

The impact of white privilege in the marketplace

Whatever the reason behind the drivers' decisions, our findings suggest that white privilege has an even greater impact than many people realise.

Previous studies on discrimination in business transactions have focused on more heavily regulated sectors, such as public services, recruitment, and the property rental market.

We found significantly higher levels of racial bias in discretionary favours than had been documented in more formal business dealings.

And because the favours we studied are informal arrangements – with no record that it took place – it is more difficult for customers who are discriminated against to complain about missing out on what others receive.

It also makes it more challenging to establish the full cost of that racial bias.

However, the findings indicate that the impact is considerable. Crude calculations suggest that white passengers in Brisbane could collectively lose as much as 2.5 million Australian dollars' worth of free bus travel each year if they were treated the same as black customers.

This does not include the psychological and social cost of discrimination. Many scholars have argued that this can be at least as great as the economic cost.

Eliminating hidden bias from business transactions

But why does this even matter, especially as we navigate our roles as project professionals and leaders.

As a society, we need to think about ways to eliminate this hidden bias from unregulated business transactions. And from the very projects that we are managing.

One option would be to introduce widespread controls that deny individuals the opportunity to make discriminatory decisions, such as prohibiting bus drivers from granting a free ride to any passenger regardless of their skin colour. This would be a heavy-handed approach.

An alternative would be for organisations to perform regular audits of their operations, similar to the field experiment we conducted.

This could be an effective tool for detecting discriminatory gifts and favours, allowing managers to address the issue.

Taking this one step further, policymakers could establish a national audit office to monitor and even

publicise cases of racial bias.

The situations studied in these audits could even be replicated in training sessions for workers and school children to demonstrate that biases exist and encourage individuals to behave in a more socially desirable way.

Sharing this information would be a powerful tool to raise awareness about racial bias and drive behavioural change.

The role of awareness in tackling bias

Previous studies show that discrimination is more likely to arise in situations where consumers are not fully aware of how others are being treated.

Research also demonstrates that raising awareness about racial bias leads to greater public scrutiny of those in positions of authority. This can help to eliminate discrimination from the decisions they make.

Public pressure can also play a vital role in challenging racial bias in everyday interactions.

Members of both minority and majority groups can contribute by speaking out when they witness incidents of racial bias.

Considering what we can do closer to home, in not only removing the bias from projects altogether as we run them, but also considering any inherent biases that we are hard-wiring into the outcomes. Eliminating discrimination is our responsibility, our project choices today, can and do place a significant impact on the future, even if we are not necessarily around to experience the results.

Individuals can also avoid asking for preferential treatment and refuse to accept favours that might not be granted to others.

We all have a role to play in the journey towards fairer business transactions that do not discriminate against customers based on their skin colour or other characteristics.

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