

# **Current Changes to Facebook's Online Ad-Targeting Practices in the Housing and Employment Industries**

A Research Paper  
in STS4600  
Presented to  
The Faculty of the  
School of Engineering and Applied Science  
University of Virginia  
In Partial Fulfillment of the Requirements for the Degree  
Bachelor of Science in Computer Science

By

Emily Roberts  
May 5<sup>th</sup>, 2020

Approved by Prof. Kent Wayland, Department of Engineering & Society

## Introduction

Facebook currently represents the third most visited site in the world and actively engages with 68% of Americans daily, each of whom inherently interacts with the company's targeted advertisements by simply opening the application (Cooper, 2019). Through the use of Facebook's targeted advertising options, advertisers can use the site's user data to choose a specific audience of viewers deemed more likely to appreciate the ads and purchase the product. Overall, this targeted advertising initiative is a very profitable venture for Facebook, accounting for 98.5% of its total revenue last year by bringing in over \$60 billion dollars for the company (Clement, 2020a; Clement & Feb, 2020a). While this form of advertising initially seems to benefit all involved, modern social media users are finally becoming more aware of Facebook's discriminatory practices in its ad-targeting technology, particularly within the real estate and job markets: two industries with a long and messy history of discrimination. After a 2016 ProPublica report revealed that the company does in fact allow housing advertisers to exclude certain "ethnic affinities" from seeing their ads (Angwin, 2016), Facebook has faced five legal cases wherein civil rights groups have accused the company of allowing advertisers to discriminate against historically disenfranchised groups, such as minorities, women, and the elderly, specifically in the housing, credit, and employment markets (Dreyfuss, 2019). This discrimination present in online targeted ads is on such a scale that it affects all Americans in some capacity, and the changes that Facebook poses to make right now have the potential to completely change the course of ad-targeting practices going forward. Thus, the rest of this paper strives to shed light on this important shift in history by unpacking what specific changes Facebook suggests to make and how these changes have been shaped by various relationships between the following relevant social groups: Facebook company executives, online advertisers, the federal government, activist groups, and all Facebook site users.

## **Background**

Since the company's founding in 2004, Facebook has grown exponentially into a multi-billion-dollar company (The History of Facebook Advertising: A Timeline, 2020). With this growth, the company has also changed the world's socio-technical landscape along the way: Facebook not only has altered the way people all over the world communicate with each other but also has influenced the products and opportunities that certain users see on the site based on their geographic and demographic data through targeted advertising. While the practice of targeting online advertisements to certain consumer demographics has been around since 1995, Facebook began incorporating these practices in 2007 on an immense scale (Cook, 2019; The History of Facebook Advertising: A Timeline, 2020). As the largest social media network worldwide with nearly 2.5 billion monthly active users, Facebook influences every single one of its user's life opportunities through targeted ads (Clement, 2020b). While strategically displaying advertisements to a target market, such as targeting an ad for feminine products only to women, is not inherently unethical; recent developments have unfortunately shown how this technology can be used to exclude minorities from exposure to beneficial life opportunities. By allowing their advertisers to target advertisements for housing options and job postings to certain demographic groups, Facebook has inherently allowed discrimination to continue in these industries. Across the United States, activists and civilians alike have fought hard to ensure equal housing and employment opportunities for all; however, Facebook and its advertisers seem to be undermining this mission, and the federal courts have agreed. Facebook's practices have been found to violate both the Fair Housing Act and the U.S. Equal Employment Opportunity Commission (EEOC). Thus, this sets the stage for where this issue stands today and where this paper will proceed from.

## **Theoretical Framework**

I chose to use Actor-Network Theory to unpack this research topic and more fully understand the current state of this system. Actor-Network Theory can be summarized as a systematic process that strives to consider a technological aspect holistically by considering all surrounding factors and relationships between both human and non-human actors in the system (David L, 2007). Thus, as I conducted my research, I considered how both internal and external influences have led Facebook to its current position with its ad-targeting practices.

Understanding these influences and how Facebook's ad-targeting practices works in its own system has given more context into the significance of and reasoning behind these proposed advertising changes. While there are many actors in this system, the main ones that this research paper addresses include Facebook company executives, Facebook's ad-targeting algorithm, online advertisers, the federal government, activist groups, and Facebook site users. By analyzing the relationships between each of these actors and their influence on each other, this paper exposes how the actor-network was assembled, how it was disassembled by a lawsuit wherein each actor was mobilized to the court room, and finally how the network was re-assembled with a settlement. Throughout this timeline, this paper thoroughly explains each actor's goals, influence, and role/relationships within the network in order to detail how their participation in this system has both created the current situation and influenced the current changes that Facebook proposes to make.

## **Methods & Data Collection Process**

My STS research question is stated as follows: how is Facebook changing its ad-targeting practices for the housing and employment industries in response to recent evidence exposing

their discriminatory tendencies, and how have these changes come into existence? In order to collect data to address this research problem, I primarily analyzed news articles, public statements from Facebook, scholarly literature, and court settlements. I looked for sources that described Facebook's current ad-targeting practices and provided direct quotes from Facebook explicitly stating what it will change about its practices moving forward. For this part of my research, I found it particularly beneficial to read over the summary of settlements from Facebook's recent discrimination lawsuits because this source directly explains the entirety of the changes that Facebook has agreed to make. The summary of settlements that I reference in my research was published in March 2019 by the American Civil Liberties Union and settled the following court cases: *Mobley et al. vs. Facebook* filed in 2016, *Riddick v. Facebook* filed in 2016, *National Fair Housing Alliance (NFHA) et al. vs. Facebook* filed in 2018, *Communications Workers of America (CWA) et al. vs. Facebook* filed in 2018, and *Spees et al. vs. Facebook* filed in 2018. All five of these court cases involved civil rights activists challenging Facebook's discriminatory ad-targeting practices in the housing, employment, and credit industries. Overall, this summary of settlements together with published press releases on the matter were key in helping me better understand the changes that Facebook poses to make. Then, for the second part of my research, I focused on scholarly literature and articles that specifically reference any of the relevant actors, the actor's relationship to another actor in the system, and/or the actor's goals in relation to Facebook's ad-targeting practices in the housing and employment industries. I ensured that I conducted my research rigorously and systematically by evaluating the authenticity of each document and author; determining whether the source was written without error, distortion, or ulterior motives; and checking that the evidence was representative, clear, and comprehensible. After I collected my data, I processed it by doing

background research on each source and author. I then synthesized the vetted sources and drew conclusions from their findings.

While other existing scholarly research has also investigated the discrimination associated with Facebook's ad-targeting practices, virtually none of them have directly analyzed what specific changes Facebook proposes to make in response. For the most part, the current research on this topic simply states that Facebook will change its ad-targeting practices, but does not elaborate on what these changes are in detail, when they will be completed, nor how they will impact the future of advertising. Additionally, no sources consider how the relationships between the relevant social groups involved have affected and influenced these changes. Thus, my research covers this gap in knowledge by drawing upon information from the official court settlements and analyzing each relevant social group to address these unanswered questions specifically for the advertising practices within the housing and employment industries.

### **The Beginnings of Facebook's Discriminatory Practices**

The first step to understanding Facebook's ad-targeting actor-network in the housing and employment industries begins with identifying the most influential relationships that initially allowed for discriminatory practices to begin in the first place. We will start by considering the relationship between Facebook executives and the company's ad-targeting algorithm. The primary goal for these executives is to make money for the company, as an ex-Facebook executive has said: "I was charged with turning Facebook data into money by any legal means... The question was never whether [ad-targeting to produce a profit] can be done. It is whether Facebook should apply a moral filter to these decisions. Let's assume Facebook does target ads at depressed teens. My reaction? So what. Sometimes data behaves unethically... The hard

reality is that Facebook will never try to limit such use of their data unless the public uproar reaches a crescendo as to be un-mutable” (Garcia-Martinez, 2017). Based upon this testimony, Facebook executives and the writers of the ad-targeting algorithm had a very lax relationship wherein neither party cared particularly what the other did as long as everything ran smoothly and turned a profit: discrimination was clearly not a priority nor concern.

This relationship between Facebook executives and the ad-targeting algorithm that was essentially built upon the pressure to produce a profit by any means necessary also influenced how Facebook executives handled their relationship with online advertisers. Online advertisers overall strive to produce the highest click-through rate possible for their advertisements by reaching the largest, most relevant audience with the lowest cost possible (Matchcraft, 2019). In order to convince these advertisers to use their platform over competitors, Facebook executives have allowed advertisers to laser-focus their targeting options for every industry, including the housing and employment markets, by excluding certain races, religious affiliations, and languages (Vroutas, 2019). By giving advertisers these permissions, both the executives and advertisers could achieve their goals and turn larger profits. With no party particularly concerned about discrimination nor the long-term effects of their actions, everyone was satisfied.

Additionally, Facebook’s sheer scale further amplified these relationships by making it nearly impossible for Facebook executives to really consider the far-reaching impacts of their ad-targeting practices. Overseeing nearly 45,000 employees and the dozens of different features that the Facebook application encompasses, corporate executives could not micromanage whether advertisers were using discriminatory practices even if they wanted to (Clement & Feb, 2020b).

Thus, the interwoven relationships between Facebook’s ad-targeting algorithm, Facebook corporate executives, Facebook’s sheer scale, and online advertisers explain how the

discriminatory practices began in the first place. Essentially: no one involved was considering discrimination nor the impacts of the ad-targeting practices; instead, they were only focused on the bottom line.

## **Cries for Reform**

The uproar that ultimately led Facebook to change its ad-targeting practices came in a wave of court cases born from the relationships between Facebook's ad-targeting practices, activist groups, and Facebook users as a whole. When diving into this web of complex relationships, we first begin with the activist groups who sued Facebook originally and brought the issue to the attention of the public and the federal government. The main activist groups involved in these cases were the National Fair Housing Alliance (NFHA) and the Communications Workers of America (CWA). Striving "to eliminate housing discrimination and... ensure equal housing opportunity for all people", the NFHA non-profit organization viewed Facebook's ad-targeting practices for housing ads as directly violating their mission (National Fair Housing Alliance, 2020). Meanwhile, the CWA, the largest labor union in the United States, found Facebook's age discrimination targeting option for employment ads conflicting with their belief in equal employment opportunities for all (Communications Workers of America, 2020) (Summary of Settlements Between Civil Rights Advocates and Facebook, 2019). Thus, the goals of these activist groups make it unsurprising that they each had a tumultuous relationship with Facebook's ad-targeting algorithm. Clearly, the priorities of the activist groups and those of the ad-targeting practices were in direct conflict.

Next in this web of relationships, we consider the relationship that all Facebook users have with the ad-targeting algorithm. Obviously, no user wants to face discrimination, and we all



suffer when discrimination occurs in the key markets of housing and employment. Members of less-diversified neighborhoods typically report lower community strength and engagement, while employees at companies with less diversity see lower productivity, lower profits, and lower productivity in the long run (Clarke, 2019). According to a recent study from the Pew Research Center, 75% of Americans desire diversity in the workplace and 24% of Americans wish their communities were *even more* diverse (Horowitz, 2019). Yet, while Americans desire more diversity, they simultaneously feel uncomfortable being targeted or selected for a life opportunity based on ethnicity. According to the same Pew Research Center study mentioned above, 74% of Americans believe that employers should not even consider diversity factors in the hiring process and should only consider actual job qualifications (Horowitz, 2019). Thus, the results of these studies inherently show that Americans today tend to both value the results of diversity but overall dislike having factors such as race, ethnicity, gender, or age influence these life opportunities at all. With these beliefs becoming mainstream, it is unsurprising that the exposé on Facebook's discriminatory tendencies for targeted employment and housing ads negatively impacted the relationship between Facebook's ad-targeting algorithm and Facebook users as a whole. Appalled that Facebook allows housing and employment advertisers to target audiences based on these criteria, users sided with the activist groups, demanding reform. Thus, when the relationships between Facebook's ad-targeting practices, activist groups, and Facebook users all came together; their outrage reached a crescendo that Facebook could not ignore: a change had to be made.

## **The Resulting Changes that Facebook Will Make**

Now that we have analyzed the primary actors and how their relationships have led to the need for ad-targeting reform, we have a better idea of each actor's unique and sometimes conflicting obstacles and goals in this actor network. Essentially this understanding has made it clear that if Facebook wants to continue turning a profit with targeted-advertising, if Facebook's ad-targeting algorithm wants to effectively meet the needs of its users, if online advertisers want to continue to use Facebook's advanced targeting options, if activist groups want to eliminate all instances of housing and employment discrimination, and if Facebook users want equal opportunities and diversity in these markets; then, the only way for everyone to achieve their goals in a lawful manner is through a legal dispute. In the resulting court cases, all of these actors were forced to mobilize, meaning that they have been either metaphorically or physically displaced to a court room. In the following court proceedings, Facebook executives represented the interests of themselves, Facebook's ad-targeting algorithm, and online advertisers; and the activist groups represented themselves and all Facebook users. Meanwhile, the federal courts represented the interests of themselves and all the actors involved by presiding over the cases and making legal verdicts on behalf of everyone.

Before we continue analyzing the decisions from the following court cases, we must also consider the goals of this new actor in the network: the federal government. In a democracy, the government's primary goal is to protect and ensure the well-being of its citizens and uphold the law; thus, the federal government and its courts must always have the best interest of the country and all Americans in mind (Parks, n.d.). In the past, the government has found it in the country's best interest to establish the U.S. Department of Housing and Urban Development (HUD) and the U.S. Equal Employment Opportunity Commission (EEOC) to govern fair real estate and job

market practices. The government also passed the Fair Housing Act of 1968, which prohibits discrimination based upon race, color, nationality, religion, sex, familial status, and disability for any American when renting or buying a home (U.S. Department of Housing and Urban Development, 2020). Thus, based on this strong historic relationship between the federal government and its citizens, it is no surprise that the government eventually sided with activist groups and against Facebook.

Ultimately, the federal courts found Facebook guilty of illegal discrimination in the ad-targeting options for housing, employment, and credit industries in all of the five separate court cases filed in the span of 2016-2018. In response to this verdict, the federal government and Facebook executives accounted for all the diverse relationships in this actor-network mentioned above and ultimately reached a settlement in May 2019 that pleases all parties to the best of their ability. Under this agreement, Facebook will host a completely separate advertisement creation portal for advertisers to create only housing, employment, and credit (known as “HEC”) ads. This portal will have no gender, age, zip code, or multicultural affinity targeting options; and Facebook must ensure that all HEC ads are created in this separate portal. These HEC ads will then appear on users’ newsfeeds in the exact same manner that normal ads do, but, additionally, Facebook must have a page on their site where all users can search for and view *all* HEC ads, regardless of whether or not the user was targeted for the ad to appear in their newsfeed originally. Facebook must also educate all advertisers on their company’s anti-discrimination policies and require advertisers to certify that they are complying with them. To ensure that these policies will be enacted efficiently and correctly, Facebook must meet with the plaintiffs regularly, update them on their progress, and permit them to test Facebook’s ad-targeting

platform themselves (Summary of Settlements Between Civil Rights Advocates and Facebook, 2019).

## **Conclusion**

By mobilizing to represent each actor's diverse perspectives in court, this actor-network has developed changes to Facebook's ad-targeting practices that allow all involved to meet their goals. The changes that Facebook will make to its ad-targeting practices address all of the concerns from the federal government, civil rights activist groups, and Facebook users in regards to Facebook's ad-targeting. Having a separate portal for HEC ads with no discriminatory targeting options even available will eliminate the possibility of any illegal discrimination in those fields, and with the additional stringent policies in place to monitor Facebook's progress, these actors can feel confident that these changes will be fully enacted. Additionally, these changes also allow Facebook company executives and online advertisers to reach their goals as well by still permitting them to use targeted advertising to produce a profit, but by doing so in a legal way. By having a separate HEC portal instead of simply eliminating these targeting options completely from all ads, Facebook online advertisers can still target all other advertisements with the same targeting options as before, just not the HEC ads. Thus, by bringing all of the actors together in one court case, a legal compromise has been reached that will hopefully satisfy all parties involved for years to come, but only time will tell.

## References

Angwin, J., & Jr, T. P. (2019, March 9). Facebook Lets Advertisers Exclude Users by Race.

Retrieved from <https://www.propublica.org/article/facebook-lets-advertisers-exclude-users-by-race>.

Clarke, L. (2019, January 22). 8 Amazing Benefits of Cultural Diversity in the Workplace.

Retrieved from <https://inside.6q.io/benefits-of-cultural-diversity-in-the-workplace/>

Clement, J. (2020a). Facebook Ad Revenue 2009-2018. Retrieved from

<https://www.statista.com/statistics/271258/facebooks-advertising-revenue-worldwide/>.

Clement, J. (2020b). Facebook Users Worldwide 2019. Retrieved from

<https://www.statista.com/statistics/264810/number-of-monthly-active-facebook-users-worldwide/>.

Clement, J., & Feb. (2020a). Facebook: Annual Revenue 2019. Retrieved from

<https://www.statista.com/statistics/268604/annual-revenue-of-facebook/>.

Clement, J., & Feb. (2020b). Facebook: Number of Employees 2018. Retrieved from

<https://www.statista.com/statistics/273563/number-of-facebook-employees/>.

Communications Workers of America. About. (2019, February 27). Retrieved from

<https://cwa-union.org/about>.

Cook, K. (2019, October 29). A Brief History of Online Advertising. Retrieved from

<https://blog.hubspot.com/marketing/history-of-online-advertising>

Cooper, P. (2019, March 18). 41 Facebook Stats That Matter to Marketers in 2019. Retrieved

from <https://blog.hootsuite.com/facebook-statistics/>.

Dreyfuss, E. (2019, March 20). Facebook Changes Its Ad Tech to Stop Discrimination.

Retrieved from <https://www.wired.com/story/facebook-advertising-discrimination-settlement/>.

David L. (2007, March 23). Actor-Network Theory (ANT). Retrieved from

[www.learning-theories.com/actor-network-theory-ant.html](http://www.learning-theories.com/actor-network-theory-ant.html).

Garcia-Martinez, A. (2017, May 2). I'm An Ex-Facebook Exec: Don't Believe What They Tell

You About Ads. Retrieved from

<https://www.theguardian.com/technology/2017/may/02/facebook-executive-advertising-data-comment>.

Horowitz, J. M. (2019, May 8). Americans See Advantages and Challenges in Country's

Growing Racial and Ethnic Diversity. Retrieved from

<https://www.pewsocialtrends.org/2019/05/08/americans-see-advantages-and-challenges-in-countrys-growing-racial-and-ethnic-diversity/>.

Matchcraft. (2019, May 27). 5 Benefits of Facebook Advertising to Help Your Business.

Retrieved from <https://www.matchcraft.com/5-benefits-facebook-advertising/>.

National Fair Housing Alliance. (2020). Mission Statement. Retrieved from

<https://nationalfairhousing.org/mission-statement/>.

Parks, W. R. (n.d.) *Goals of Democracy*. Retrieved from

<https://ageconsearch.umn.edu/record/17208/files/ar530112.pdf>.

Summary of Settlements Between Civil Rights Advocates and Facebook. (2019, March

19). Retrieved from <https://www.aclu.org/other/summary-settlements-between-civil-rights-advocates-and-facebook>.

The History of Facebook Advertising: A Timeline. (2020, February 3). Retrieved from

<https://phrasee.co/the-history-of-facebook-advertising-a-timeline/>.

U.S. Department of Housing and Urban Development. (2020) Housing Discrimination

Under the Fair Housing Act. Retrieved from [https://www.hud.gov/program\\_offices/fair\\_housing\\_equal\\_opp/fair\\_housing\\_act\\_overview](https://www.hud.gov/program_offices/fair_housing_equal_opp/fair_housing_act_overview).

Vrontas, Ted. (2019, October 17). 4 Reasons Why You Can't Ignore Facebook Advertising.

Retrieved from <https://instapage.com/blog/4-reasons-facebook-advertising-cant-be>

Ignored.