

# Caste, Education and the Job Market

TARUN JAIN

In 1968, in the United States, a small-town schoolteacher called Jane Elliott in Iowa conducted a unique experiment. The foremost leader of the civil rights movement, Martin Luther King Jr, had been assassinated the day before in Memphis by a white supremacist. Elliott wanted to bring home the message of racism to her third grade students, very few whom had ever met an African-American. The teacher asked her class what they knew about blacks. Her class responded with stereotypes – “Negroes are dumb” and “could not hold jobs”. So Elliott suggested an exercise. She divided the class into two groups, blue-eyed people and brown-eyed people, while declaring that the blue-eyed were better than the brown-eyed. Blue-eyed people “were cleaner... more civilised... And they were smarter than brown-eyed people”. “Blue-eyed people can go out during recess, but brown-eyed people must stay indoors.” “The brown-eyed people must not drink from the drinking fountain, they must use the paper cups.” Students first resisted this division. But Jane Elliott countered these with pseudo-scientific explanations for her actions. As notions of equality fell away, blue-eyed people became assertive and domineering towards their brown-eyed classmates, who slumped in their seats, eyes on the floor. The next day, the teacher reversed the roles, and behaviour switched as well.

As with race in the US, so with caste in India. Prejudice, stereotyping, justifications and the response are the subject of *Blocked by Caste*, a collaboration between academics from India and the America, led by Sukhadeo Thorat and Katherine Newman. The outcome is a volume of timely research on the nature of caste-based discrimination in India, mostly in the labour market, but also in housing, health, schools, businesses and public services.

The first chapter by Thorat and Newman establishes the fact of discrimination

## BOOK REVIEW

**Blocked by Caste: Economic Discrimination in Modern India** edited by Sukhadeo Thorat and Katherine Newman (*New Delhi: OUP*, 2009; pp xxii + 377, Rs 750).

against low caste candidates in hiring for white-collar jobs. This is not a trivial exercise. Most empirical studies of the job market offer binary comparisons of outcomes for low and high caste candidates. This neither offers insight into the dynamics of the hiring process, nor does it account for systematic differences in the professional and personal characteristics of the two groups.

Thorat and Newman corrected for those shortcomings by conducting a field experiment that estimated the relative performance of low and high caste candidates on the job market. In this experiment, Thorat and Newman collected advertisements from major English-language newspapers announcing vacancies for entry-level white-collar positions in private sector firms. The advertisements were classified according to the level of education (bachelor's or master's degree) and the area of specialisation (for example, business, pharmacy or engineering) required from a successful candidate. The research team then generated three artificial applications for each type of position. Each application for the same type of position had nearly identical educational qualifications and experience, matching university pedigree, academic performance as well as years and quality professional experience. However, each application had an important difference. The application was associated with either a stereotypically high caste Hindu, dalit or Muslim family name, which was the only way in which applications for the same type of position could be distinguished. So the researchers “applied” for each position with four near identical applications – one with a dalit name, one with a high caste Hindu name, one with a

Muslim name and a final application was identified with a dalit name with a master's level qualifications if the job required only a bachelor's degree, or with a high caste name with bachelor's level qualifications if the job required at least a master's degree.

The outcome of interest was whether an “applicant” was contacted, via phone or mail, to arrange an interview. Differences in callbacks for dalits, high caste Hindus and Muslims who have the same educational qualifications and experience identify the level of discrimination faced by these groups in the job market.

The results establish that dalits and Muslim applicants face significant discrimination in the white-collar job market on the basis of identity. The odds of a dalit applicant receiving a callback were 67% of a high caste Hindu applicant with the same set of cv characteristics. More extreme were results for Muslim applicants, whose callback odds were 33% of high caste peers. Callbacks for overqualified dalit applicants could not be statistically distinguished from those of appropriately qualified high caste applicants, as was the case for underqualified high caste applicants in comparison with appropriately qualified dalit applicants.

While the results of the experiment are conclusive, the study does not sufficiently address why discrimination occurs. For example, one explanation is that differences in outcomes reflect employers' “taste-based differences” for the social identity of employees. This idea was first proposed by Becker (1971) who argued that an employer discriminates against candidates of a particular social group when she rejects them at economic cost to herself.<sup>1</sup> If this hypothesis is correct, economic growth that makes taste-based discrimination more expensive ought to reduce the incidence of discrimination. Empirical evidence for this explanation emerges from another correspondence study of workers in the high growth information technology sector by Banerjee, Bertrand, Datta, and Mullainathan (2008) which found very little discrimination against dalit or Muslim candidates.

Another explanation worthy of consideration is experience-based discrimination. Phelps (1972) introduced a model of

"statistical discrimination" where employers might use social identity to infer employee characteristics that are unobservable on a job application. For example, if social skills such as language fluency, collegiality and ability to adapt to a professional workplace are important determinants of productivity, and employers' past experiences lead them to conclude that dalit or Muslim employees lack these skills, then they might discriminate against candidates even when they are on par with high caste Hindu candidates on observable characteristics such as education and experience.

Additionally, unobservable factors might include the tastes of other participants in the business community. Basu (2006) presents a model of *strategic discrimination* where interactions with investors, customers, suppliers and fellow employees are vital for business success. If employers believe that those participants might be prejudiced against low caste or Muslim employees, then it would be rational for them to prefer equally qualified high caste Hindu candidates even without specific preferences themselves.<sup>2</sup>

Which of these hypotheses provide better descriptions of the white-collar job market is addressed in the second chapter by Jodhka and Newman. In this study, researchers asked 25 human resources managers from large, Delhi-based firms their views on why scheduled caste (sc) workers experienced high levels of unemployment, and on job quotas for sc and scheduled tribe (st) workers. Most managers refused to acknowledge prejudices against low caste workers, or strong in-group preferences while hiring. Instead, they pointed to the importance of worker characteristics such as family background and urban upbringing and correlated those with caste. For example, one manager reported, "we go for trained and professional people and they all belong to higher castes". These characteristics were important, either because they had direct relevance to the professional tasks, or because they would positively influence co-workers, clients and investors. This was true for a wide variety of industries – media, shoe manufacturing, security services, airlines, etc. These responses suggest that apart from caste prejudice and in-group preferences,

both the statistical and strategic discrimination might describe the nature of differential outcomes observed in the correspondence study. The precise magnitude of each is difficult to gauge from small-sample interview studies, so perhaps that is an open exercise for empirical researchers.

The third chapter examines the job search experiences of master's degree students from Jawaharlal Nehru University (JNU), Delhi University (DU) and Jamia Millia Islamia as they enter the labour market. In considerable detail, Deshpande and Newman document the differences in experiences between high caste and dalit students. Whereas high caste students view job search as an opportunity to advance their careers, dalit students highlight the challenges of the interview process where their caste is central to the conversation. They are quizzed on their caste background, their views on reservation policies and family background. In this manner, selection of sc/st candidates to influential positions is rigged even before they have the opportunity to reveal their abilities.

However, while this chapter offers significant insight into the dynamics of the entry level labour market at large, it also reveals that universities do not support their students at a crucial stage of their careers. Students must arrange their job search themselves since even these elite universities lack well-managed career placement offices. As a result, they face discrimination in resume screening, non-standardised interviewing, and hostile questions.

This situation might be addressed by simple and clear policies that the contributors to this volume, as top professors and academic administrators, are well-placed to implement. Universities across India should, either individually or collectively, organise the hiring process for new graduates. In this process, all students would have equal access to advertisements for vacancies in the private sector, perhaps on an internet site. The universities would insist on rules that bar asking about age, caste, religion or other markers of social identity in interviews, especially those held on-campus. Indeed, a detailed study of the placement outcomes at the Indian Institute of Management Ahmedabad reveals no caste-based discrimination

(Chakravarty and Somanathan 2008), quite possibly because the placement process at that institution is held on-campus in an organised manner.

The rest of the chapters in this volume consist of detailed empirical work using non-experimental datasets. Using National Sample Survey (NSS) data, Madheeswaran and Attewell reveal that in the urban labour market, caste-based differences in earnings are driven by discrimination in hiring. Thorat, Mahamallik and Sadana conduct a survey of three villages in Gujarat, Orissa and Maharashtra and report differences in both asset ownership as well as access to employment opportunities. This is followed by chapters on discrimination in provision of non-market endowments such as education, health and nutrition. The end of this volume consists of econometric studies on differences in asset ownership and enterprise on the basis of caste and ethnicity.

### Exciting Possibilities

The field experiment techniques used in *Blocked by Caste* open exciting possibilities for researchers interested in labour market discrimination and its consequences. The magnitude of wage differences by caste remains an open question, as does the long-term career consequences of early career discrimination. Also, to what extent do other demographic groups, such as women or those from other ethnic groups, experience labour market discrimination?

The answer to these questions should be informed by other compelling research on the dynamics of social identity in India. First, Hoff and Pandey (2006) investigated the role of caste salience on the performance of 12-year old boys in simple tasks, and found that the revelation of caste had a large negative impact on the performance of Chamar boys. Are similar effects observed in the labour market? Second, Beaman, Chattopadhyay, Duflo, Pande, and Topalova (2009) document that exposure to female leaders in village panchayats weakens stereotypes about gender roles. Do employers similarly reduce discrimination after exposure to high performance dalit and Muslim employees?

In 1982, Jane Elliott revisited her students 14 years after her first experiment. Most of her students still lived in all white,

all Christian farming communities of Iowa. But they had radically different notions of prejudice and race. "When I hear hateful comments, I wish that those people could also go through what I went through" remarked one ex-student. "It's just the way of thinking that's the difference." As with race, the causes of caste discrimination lie in thinking, but the consequences are severe for many in society.

Tarun Jain (*tarun\_jain@isb.edu*) teaches at the Indian School of Business, Hyderabad.

## NOTES

- 1 I use female pronouns for employers and male pronouns for candidates and employees, with no implications for gender roles.
- 2 In Jain and Narayan (2009), we provide empirical support of the strategic discrimination hypothesis in the context of pay for performance policies for teachers.

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