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*Devoted to Studies on Social Exclusion, Marginalized Social Groups and Inclusive Policies*

## Urban Labour Market Discrimination

Sukhadeo Thorat  
Paul Attewell  
Firdaus Fatima Rizvi



Working Paper Series

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Sukhadeo Thorat  
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- To conceptualise and theoretically understand social exclusion and discrimination in contemporary world.
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- To propose policy interventions for building an inclusive society through empowerment of the socially excluded groups in India and elsewhere in the world; and
- To provide knowledge support and training to civil society actors.

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**The IIDS Working Paper Series disseminate the findings of the core research outputs of the Institute to facilitate informed discussions among the civil society, the academia, researchers and also strive to contribute towards policy infusions.**

# **Urban Labour Market Discrimination**

**Sukhadeo Thorat  
Paul Attewell  
Firdaus Fatima Rizvi**

**Working Paper Series  
Indian Institute of Dalit Studies  
New Delhi**

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# Foreword

Indian Institute of Dalit Studies (IIDS) has been amongst the first research organisations in India to focus exclusively on development concerns of the marginalised groups and socially excluded communities. Over the last six years, IIDS has carried-out several studies on different aspects of social exclusion and discrimination of the historically marginalised social groups, such as the Scheduled Caste, Scheduled Tribes and Religious minorities in India and other parts of the sub-continent. The Working Paper Series disseminates empirical findings of the ongoing research and conceptual development on issues pertaining to the forms and nature of social exclusion and discrimination. Some of our papers critically examine inclusive policies for the marginalised social groups in Indian society as well as in other countries.

This Working Paper **“Urban Labour Market Discrimination”** examines the prevalence of discrimination in the job application process of private sector enterprises in India. The study is based on a field experiment where authors replied to job advertisements in major English dailies sending three applications to each call - as an upper caste Hindu applicant, as a Dalit and as a Muslim. Using statistical analysis they assess the data and find that discriminatory processes operate even at the first stage of the application process.

The paper finding suggest that social exclusion is not just a residue of the past clinging to the margins of the Indian economy, nor is it limited to people of little education. On the contrary, it appears that caste favouritism and the social exclusion of Dalits and Muslims have infested private enterprises even in the most dynamic modern sector of the Indian economy.

Indian Institute of Dalit Studies gratefully acknowledges Princeton University for funding this study and Christian Aid (India) for supporting the publication of the Working Paper series. We hope our Working Papers will be helpful to academics, students, activists, civil society organisations and policymaking bodies.

**Surinder S. Jodhka**  
Director, New Delhi

# Urban Labour Market Discrimination

Sukhadeo Thorat

Paul Attewell

Firdaus Fatima Rizvi

[The authors undertook a field study to examine discrimination in the job application process among private sector enterprises in India. For this 'correspondence study' the authors selected job advertisements that appeared in major English language newspapers of India. The businesses chosen were multinational and Indian firms in the modern private sector.

Applications were sent by mail against the job openings from equally-qualified male applicants, fall into three broad categories: one with a high-caste Hindu names; one with a Dalit names; and one with a Muslim names. If an employer contacted the applicant asking him to come for an interview or for tests, this was deemed a positive outcome. Approximately 433 out of 4808 applications received positive outcomes.

Statistically applications submitted by high caste Hindu names were more likely to result in a positive job outcome than those with Muslim or Dalit names, despite their identical qualifications. The odds of a Dalit being invited for an interview were about two-thirds of the odds of a high caste Hindu applicant. The odds of a Muslim applicant being invited for an interview were about one-third of the odds of a high caste Hindu applicant.

This evidence points to the existence of discriminatory processes that operate at the very first stage in the job application process, even among well-qualified university-educated Indians applying for jobs in modern private sector businesses in India.]

## 1. Introduction

Current patterns of socio-economic inequality within nations are often intertwined with much older systems of hierarchical or vertical stratification. In the US, many descendants of enslaved Africans continue to face social and economic disadvantages. In Europe, the Roma, Pavee, and other semi-nomadic groups that pre-date modern nation-states find themselves distrusted and socially excluded. In modern Japan and in South Korea, the descendants of families, who historically held 'unclean' occupations, remain a stigmatised group. In India and its neighboring countries, ancient systems of caste inequality endure those modern manifestations severely constrict the lives and opportunities of lower caste citizens.

In most of these nations, groups at the bottom of the stratification order have either won or have been granted rights of equal citizenship. Nowadays, modern constitutions and legal codes outlaw the more violent or oppressive forms of social exclusion. In some countries, lawmakers have gone further to offer group-specific rights and privileges intended to redress past wrongs (Garrity and Deshpande, 2003). Ironically, the existence of these rights and protections leads many persons in the social mainstream – those not from a stigmatised group – to conclude that discrimination is a thing of the past (Pager, 2007).

The fact that certain social groups remain disproportionately poor, despite these legal safeguards, is often attributed to the groups' low levels of education, or to their concentration in economically backward sectors. When continuing discrimination is acknowledged, it is frequently viewed as a fading survival from the past, an aberration that is antithetical to a modern capitalist economy. Consequently, advocates for stigmatised groups face an uphill task in persuading their fellow citizens that discrimination remains a powerful ongoing force that explains the persistence of inequality even in modern sectors of society (Thorat et al., 2006).

Field study provide a useful tool for determining the extent of present-day discrimination (Fix et al., 1993; Massey and Lundy, 2001; Bertrand and Mullainathan, 2003; Pager, 2003; Blank et al. 2004; Quillian, 2006). In this paper, the authors lone applies one of these methods – a correspondence study of job applicants – to college-educated members from the lowest caste (Untouchables or Dalits) as well as from the Muslim minority in India.

The authors noted as to what happens when highly-educated Indians from different castes and religious backgrounds apply for jobs in the modern urban private sector, encompassing multinational corporations (MNCs) as well as prominent Indian companies. Firms whether MNCs or India companies are the part of the Indian economy where caste and communal discrimination are supposedly things of the past. Yet, findings document a pattern of decision-making by private sector employers that repeatedly advantage job applicants from higher caste backgrounds and disadvantages low-caste and Muslim job applicants with equal qualifications.

## 2. Previous Research and Theory

### 2.1 Caste and Communal Exclusion in India

There is a huge stockpile of scholarly literature on caste (*jati*) in India that spans disciplines from history to sociology and from anthropology to economics. There have been spirited debates about whether caste is an ancient Indian institution, or largely an outgrowth of colonial rule; whether caste is primarily a religious and ritual phenomenon, or has important economic functions or causes; whether it is a holdover that is in decline in today's India, or is a meaningful feature of present-day social structure; whether castes are ordered hierarchically, or are mainly horizontal groupings; and whether caste is best conceptualised as a kind of familialism, or a pseudo-ethnicity, or an occupationally-based grouping, or a system of patronage Bayly, 1999, Deshpande, 2005; Dudley-Jenkins, 2003; Mendelsohn and Viczaiany, 1998; Searle-Chatterji and Sharma, 1994; Srinavas, 1996; Sharma, 1999).

Setting subtleties aside, one can simplify by noting that an Indian child is born into a family that belongs to a larger social grouping known as *jati* (a caste), and at birth, assumes the family's caste. There are many thousands of *jatis* within India also have names and are usually associated with a certain regional or geographic base.<sup>1</sup> Sometimes, members of a caste share a distinctive surname. Castes in principle are endogamous descent groups: most people marry within their own caste, and there are strong social norms against cross-caste marriage. Castes also have a hierarchical dimension. Each *jati* claims or is viewed by others as being located within a hierarchy of *varnas* described in the Hindu scriptures, for example, Brahmin (scholars), Kshatriya (warriors), Vaisyas (traders), and Shudras (cultivators). Below these four is a very large group of people whom Hindu scriptures describe as spiritually impure and defiling. Once known as Pariahs and Untouchables, members of this lowest

stratum, which contains many *jati*, are today called Dalits, a non-pejorative term connoting oppressed or ground down.

Historically, because Dalits were viewed by higher caste people as physically and spiritually polluting, they were not allowed to live close to persons of higher caste, or to use the same water supply, or to enter the temples. They could not own land or be educated and were excluded from many occupations. Even their presence was polluting; in public places, they had to keep physical distance from higher caste persons. They were not allowed to eat or drink in the same establishments as other castes did or use the same utensils.

Dalits worked in stigmatised occupations that handled 'impure' materials such as human faces, dead animals, hides etc. Tanning, scavenging, sweeping, and cleaning jobs remain distinctively Dalit's occupations in modern India. However, the majority of today's 167 million Dalits work as landless or near-landless labourers in agricultural production or in the lowest paid kinds of manual labour (Thorat and Umakant, 2004). The socio-economic conditions of Dalits in pathetic though they constituted 16.2 per cent of the Indian population according to the 2001 Census.<sup>2</sup>

In the modern time, Dalits have won important legal rights, including a "reservation" system that provides a quota of job positions in government and universities though not in private sector businesses that are reserved for Dalits and for "Other Backward Castes." This has led to the emergence of a stratum of university-educated and professional Dalits, known as "the creamy layer," but census data document that the great majority of Dalits remain in or close to poverty, with rates of illiteracy and malnutrition that are substantially higher than the rest of the Indian population.

Within India, there is intense contention over the reservation system, with some commentators claiming that it is unfair to higher caste persons and/or that it allows less competent individuals to rise to higher occupational positions. Within this context, a debate has been underway over whether reservation should be extended to private sector companies. Dalit advocates claim that employer discrimination continues to prevent low caste applicants from accessing any but the lowest level jobs in the private sector, while business spokesmen claim that discrimination is a thing of the past and that reservation would be inimical to efficiency in the private sector since they currently hire the best qualified applicants for jobs, irrespective of caste and communal background (Thorat et al., 2006).

This paper examines the relationship between caste (and being a member of a minority religion) and labour market discrimination in today's urban India. Akerlof (1984) and others have developed theories to explain why an economically irrational phenomenon such as caste discrimination might persist in a modern economy (cf. Scoville, 1991& 1996; Deshpande, 2005).<sup>3</sup> Johdka (2002) and colleagues have shown that multiple identities (caste, religion, migrant status, gender) together affect patterns of employment and exclusion in Indian cities. Darity and Deshpande (2003) have drawn parallels between Dalits and disadvantaged groups in other countries. Thorat (2004) provides a compilation of data from Indian Government surveys, contrasting Dalits with higher caste Hindus on indicators, such as earnings, unemployment, education, and health. Thorat and Umakant (2004) have compiled articles that debate caste and discrimination against Dalits in the context of the United Nations' World Conference against Racism in Durban 2001.

Prior research relies on four kinds of data: (a) descriptive statistics from surveys of the standing of Dalits relative to other groups in India on social indicators; (b) government accounting of "atrocities" against Dalits (The term encompasses a variety of discriminatory behaviours penalised by Indian law that range from harassment to violence); (c) qualitative fieldwork and community studies; and (d) media descriptions of incidents against Dalits. There is similar material regarding discriminatory treatment of Indian Muslims (Perry, 2003).

However, previous research has certain limitations. The qualitative studies often highlight caste oppression in rural contexts, strengthening the impression that caste inequality is a survival in traditional parts of India. Much of the quantitative evidence is not multivariate; thus there are a few studies that separate human capital differences from job and wage discrimination. Important exceptions are Banerji and Knight(1985); Lacksmanasamy and Madheswaran (1995); and Madheswaran (2004), which rely on data from 1981 or earlier. Even the econometric studies are not well suited to separating current discrimination from the legacy of past discrimination. By contrast, the correspondence methodology employed in this paper is designed to assess the extent of present day discrimination in the modern urban economy.

## ***2.2 Hiring, Favouritism and Social Exclusion***

The Weberian perspective on social stratification emphasises the enduring importance of status groups within capitalist societies, i.e. communities that

enjoy different amounts of social honour. Status groups may encompass racial, ethnic, or religious groups, but can also involve strata, such as 'gentlemen,' 'the educated classes,' the working class, and castes. Communities that constitute status groups share a certain style of life and maintain their solidarity through rituals, shared tastes, and social activities on the one hand, and through social closure on the other, reducing their intercourse with social inferiors (Weber, 1968).

One important element in this Weberian conception is that status groups seek to monopolise valued economic opportunities. Collins(1979) has detailed how, in the US context, educational credentialism allows status groups to claim that lucrative occupations require certain degrees, thus limiting competition for privileged positions. Certain jobs come to resemble sinecures and social monopolies, and according to Collins, their high earnings reflect the kinds of people who occupy them, rather than objective skills. Residential segregation of status groups by education and income, along with differences in child-rearing practices and in familial cultural capital, produces differential access to superior schooling opportunities and to elite universities, reproducing status group inequalities across the generations (Domina, 2006; Lareau, 2003; Massey and Denton, 1993).

People, who hold privileged positions within large organisations, develop a sense that a certain kind of persons are especially effective in their role, leading many managers to favor potential recruits who are socially similar to themselves, a process that Kanter (1977) has termed "homosocial reproduction." Conversely, employers hold stereotypes about certain out-groups as being unsuitable for employment (Holzer, 1999; Kirshenman and Neckerman, 1991). One corollary is that a person's social networks prove important for finding jobs in the US, both at the professional end (Granovetter, 1974) and at the blue-collar end (Royster, 2003) of the labour market because social networks often run along status group lines, sponsoring people who are "like us" (Elliott, 2001; Smith, 2003).

This macro-sociological view of stratification and employment opportunity is paralleled by an extensive social psychological literature about the cognitive processes of prejudice and stereotyping that underlie both in-group preferences and social exclusion (See Fiske, 1998; and Massey, 2007 for overviews.) An additional body of research charts the consequences of social exclusion for those groups at the bottom of the status order (Hills, Le Grand, Piachaud, 2002).

Taken as a whole, this literature implies that social favouritism in hiring is not a matter of aberrant or unfair individuals but rather a consequence of widespread in-group out-group dynamics. Favouritism only recedes when bureaucratic practices limit the discretion of those who hire. A reliance on exams or tests, reporting to superiors about applicant pools and hiring outcomes, and formalised collective decision-making, enhance universalistic hiring (Moss and Tilly, 2001). Absence of these mechanisms to ensure fairness, favouritism and discrimination are likely to proliferate.

### 3. Methods and Data

English functions as a *lingua franca* in India though which businesses place advertisements for their higher-level job openings in English-language newspapers. Beginning in October for 2005 (it is still an ongoing process) continuing up to the present, the authors collected advertisements for job openings appeared in several national and regional English language newspapers, including the *Times of India* (New Delhi and Mumbai editions), the *Hindustan Times*, the *Hindu* (Mumbai, Delhi, and Chennai editions), the *Deccan Herald* (Bangalore), and the *Deccan Chronicle* (Hyderabad).

From these, the authors chose only advertisements for openings in private sector firms. There were advertisements for jobs in important government-owned enterprises in India - including some banks, steel companies, and railways but the authors deliberately excluded these public enterprises for this study. The authors also avoided advertisements for positions that were highly specialised or that required many years of on-the-job experience. The authors aim was to select jobs that required a university graduate who might be eligible for within the first few years of experience after graduation or entry-level or near entry-level positions.

In almost all the job advertisement specified the educational qualifications and the on-the-job experience (if any) desired from applicants. Some of the advertisements indicated the degree and subject as well, for example, an MBA, a Bachelor's degree in Pharmacy or Science, or Engineering, etc.. There was a bifurcation: some advertisements asked from applicants with a master's or higher degree, while others required a Bachelor's degree. In the Indian labour market, higher degrees are prerequisite criteria for better-paid administrative and sales jobs in large corporations, even for entry-level positions that in the US would be filled by employees with BA degrees. In the

private sector in India, Bachelor degrees tend to be required for lower-paid white-collar positions.

However, job titles often overlapped at both credential levels. Many advertisements sought management trainees, branch managers, and marketing managers. Accountants, account managers, account executives, and sales officers were another large group found at both credential levels. Advertisements seeking engineers, assistant engineers, and engineer/sales were also common but tended to require only the Bachelor's degree. Among the most sought after jobs, service, sales, and administrative jobs predominated.

The companies, whose advertisements the authors responded to, included securities and investment companies; pharmaceuticals and medical sales; computer sales, support and IT services; manufacturing of many kinds; accounting firms; automobile sales and financing; marketing and mass media; veterinary and agricultural sales; construction; and banking, etc.

The correspondence methodology that the authors adopted involved submitting several artificial applications by mail against each job advertisement. (All the applicants thus selected were young men and the issue of gender discrimination in Indian labour markets was beyond the scope of this study.)

The authors prepared sets of three "matched" application letters and résumés (in English) for three different types of jobs. These experimental applications were carefully constructed to have identical educational qualifications and experience. For example, the authors prepared a set of three resumes each of which indicated a BA degree and major from a university of similar prestige, with the same class of degree,<sup>4</sup> and that listed equal amounts of sales experience, in order to respond to advertisements for a sales officer.

Another set of résumés and cover letters was prepared for managerial trainee openings and so on. All the experimental résumés and cover letters were prepared so that they presented eligibility of the strong applicants for the job opening: they claimed appropriate degrees from reputable universities, and (where indicated in the advertisement) adequate job experience and skills. This was done to maximise the likelihood that an applicant would be contacted by the employer to proceed to the next stage of hiring, typically the interview stage.

For each advertised job, the authors constructed a set of matched applications, which differed only in terms of the *name* of each male applicant. No explicit

mention of caste or religious background was made in the application. However, in each matched set, one application was for a person who had a stereotypically high caste Hindu family name. A second was for the job applicant with an identifiably Muslim name third applicant had a distinctively Dalit (low caste) name. In India, Muslim names are very distinguishable from Hindu names; have one can immediately identify Muslim name from the list. Some Hindu family names also clearly signal the family's caste, although many other Hindu names are ambiguous in this respect. The authors therefore, chose both Dalit and high caste names that were very distinctive in terms of their caste origins.

To ensure that there were no effects from very minor differences in format between applications, the résumés and application letters were rotated after each job application. So, the résumé and letter that were used for a Dalit for the first job advertisement were used for a Muslim in a subsequent job application, and for a high-caste applicant in the next application, and so on.

A record was kept for each job advertisement that was responded with an application. During over the course of study, the authors sent at least two sets of applications to any particular employer: one set in response to an advertisement from that employer for a higher-credential job, and one set for an advertisement from the same employer for a lower-credential job. Thereafter, we ignored any additional job advertisements that they encountered from that employer.

Each experimental application listed a home address and a cell phone number where the employer could contact the applicant. Employers usually made contact by phone. The authors answered the calls or read mail responses and recorded employers' replies to the job applications. The most common answer to an application was no response whatsoever. Rejection letters were rare: only 17 applications (one third of one per cent) resulted in rejection letters. In other cases, those the authors classified as positive outcomes, employers either phoned or wrote to certain applicants asking to interview the person (or in some cases requesting the applicant to appear for a written test). There were 450 positive outcomes of this type (9.4 per cent of all experimental applications).

We reiterate that a successful outcome as defined in this study involves simply being admitted to the second stage of the job selection process: being contacted for an interview or written test. The type of discrimination being assessed is whether some applicants were disproportionately successful, while others disproportionately unsuccessful at the earliest stage in seeking employment.

Among the instances when employers did contact an experimental applicant to schedule an interview, the applicant always declined the interview, saying that he had already found another job. Thus, the authors sought no data on the ultimate decision of who was offered the job. The core of the correspondence method involved three identically-qualified applications for the same job: one a Dalit, one a high caste Hindu, and one a Muslim. However, the authors added one 'discordant' application to these three. For jobs that requested a higher degree, the authors sent in one additional application from a person with a high caste name who only had a Bachelor's degree.

In other words, this discordant applicant was an academically under-qualified person but from a socially high-ranking group. For jobs that demanded BA degree, the authors added a different kind of discordant application from a person with a Dalit name who had an MA degree. Which means this second type of discordant applicant was overqualified in academic terms, but had a socially lower status. The purpose of these two kinds of discordant applicants was to act as yardsticks to determine whether in the application process, the effect of caste might outweigh or overcome that of academic qualifications or vice versa.

Throughout the study, the authors submitted job applications to employers in sets of four: three identically qualified plus one discordant applicant. When the research began, the authors sent one group of four applications to each job advertisement. However, after the authors discovered that positive responses were relatively rare, they shifted to submitting three sets of four applications to each job advertisement, i.e. 12 applicants per job opening. This paper presents an analysis of applications sent out during the first 66 weeks of the study starting in October, 2005.

#### **4. Study Findings**

Table 1 provides simple descriptive statistics for the job applications that shows a total of 4808 applications were made against 548 job advertisements over a period of 66 weeks. The main analytical goal was to determine whether the likelihood of receiving a positive response from an employer differed according to whether the application was made with a high caste Hindu, a Muslim or a Dalit name. Since applications were clustered within jobs, multi-level or hierarchical models are appropriate. Since outcomes were dichotomous (either a positive response or a negative one) the authors employed a random

effects logistic regression model. In this kind of model, there is a random effect of the particular job on the likelihood of receiving a positive outcome.

The effects of caste and religion are represented in the model by two dummy variables, Muslim and Dalit, with high caste Hindu as the reference category. Two additional dummy variable predictors are included in the model: one indicates whether the applicant was under-qualified (the anomalous high caste person with a BA applying for an MA position) and the last dummy variable indicates whether the applicant was over-qualified (a Dalit with an MA applying to a lower-level job).

**Table 1: Descriptive Statistics**

VARIABLE NAME	N	MEAN	SD	MINIMUM	MAXIMUM
Moslem	4808	0.25	0.43	0.00	1.00
Dalit	4808	0.25	0.43	0.00	1.00
High Caste	4808	0.25	0.43	0.00	1.00
Over Qualified	4808	0.13	0.33	0.00	1.00
Under Qualified	4808	0.12	0.33	0.00	1.00
Out Come	4808	0.09	0.29	0.00	1.00

This model may be written as:

$$\text{Log} (p_{it}/(1- p_{it})) = \hat{\alpha}_i + \hat{\alpha}D_{it} + \hat{\alpha}M_{it} + \hat{\alpha}O_{it} + \hat{\epsilon}U_{it}$$

Where  $D_{it}$  is a dummy variable for an appropriately-qualified Dalit applicant,  $M_{it}$  is a dummy variable for an appropriately-qualified Muslim applicant,  $O_{it}$  is a dummy variable for an over-qualified Dalit applicant, and  $U_{it}$  is a dummy for an under-qualified high caste Hindu applicant. The subscript  $i$  refers to the job applied for ( $i=1, \dots, 548$ ), such that  $\hat{\alpha}_i$  is a random effect for each job. The job effect  $\hat{\alpha}_i$  implies a correlation among applications to the same job and reduces the standard errors.

The results are reported in Table 2. The logistical regression model (on the left) was estimated using STATA's xtlogit procedure with a random effect for job. This procedure fits the data and calculates estimates using an adaptive Gauss-Hermite quadrature algorithm (STATA Corp, 2005 pp.161-169). The effects are reported as odds ratios. Table 2 provides two different significance

levels for each predictor in this model. The first is the default method in STATA and assumes clustering. The second used a jackknife method involving 250 replications, and calculated the standard error from this distribution.

**Table 2 : Modelling Differences in Job Outcomes**

	Random Effects Logistic Regression			Bernoulli HLM Unit-specific Model		
	Odds Ratio	SE	P value	Jackknife p value	Odds Ratio	Robust p value
Predictors: (Compared to High Caste)						
Dalit	0.6724	0.1202	0.026	0.014	0.6835	0.013
Moslem	0.3318	0.0649	0.000	0.000	0.3475	0.000
Under-qualified High Caste versus:						
Qualified High Caste	0.5711	0.1409	0.023	0.033	0.6028	0.037
Qualified Dalit	0.8493	0.2134	0.516	0.538	0.8819	0.609
Over-qualified Dalit versus:						
Qualified High Caste	0.7818	0.1689	0.255	0.193	0.7718	0.146
Qualified Dalit	1.162	0.2571	0.495	0.435	1.129	0.503

As Table 2 indicates, there are statistically significant effects of both caste and religion on job outcome. Appropriately-qualified applicants with a Dalit name had odds of a positive outcome that were 0.67 of the odds of an equivalently qualified applicant with a high caste Hindu name. Similarly, qualified applicants with a Muslim name had odds of 0.33 of an otherwise equivalent applicant with a high caste Hindu name.

A second model (on the right in Table 2) was estimated using the programme HLM6 (Raudenbusch et al., 2004). It reports a two-level hierarchical non-linear Bernoulli model, with applications nested within jobs, fitted using a Penalised Quasi-Likelihood estimator. The coefficients are reported for the level-1 effects in a unit-specific model with robust Huber-White standard errors that correct for heteroskedasticity. The estimated effects are quite close to those from the random effects logistic regression in the previous model. For a positive job outcome, Dalits had odds of a positive outcome that were 0.68 of the odds of otherwise equivalent high caste Hindu applicants. Muslims had an odds ratio of 0.35 compared to high caste applicants. Both coefficients were statistically significant.

In sum, both models yielded consistent findings that job applicants with a Dalit or Muslim name were on average significantly less likely to have a positive application outcome than equivalently-qualified persons with a high caste Hindu name. The two 'discordant' application types provide additional insights into

the likelihood of gaining a positive job outcome. The odds of a positive outcome for an under-qualified high caste Hindu applicant applying for a higher-level job were statistically significantly lower than the odds for a high caste applicant with an appropriate qualification (an odds ratio of 0.57).

The odds of success for an under-qualified high caste Hindu applicant were not significantly different from the odds of success for an appropriately qualified Dalit. Having a high caste name considerably improves a job applicant's chances of a positive outcome Hindu but if a high caste Hindu applicant lacks the requested credential, his chances of success are considerably reduced.

The odds of a positive outcome for an over-qualified Dalit applicant (a Dalit with an MA degree applying for jobs that required only a BA) were larger than the odds for a qualified Dalit, but were smaller than the odds ratio for a BA qualified high caste Hindu applicant. Although the effects were substantial in size, neither of these differences in odds was statistically significant, probably due to insufficient statistical power. This leaves the authors unable to draw any firm conclusions about the relative importance of qualifications versus caste in this specific context.

## 5. Discussion

This field experiment study of job applications observed a statistically significant pattern by which, on average, college-educated lower-caste and Muslim job applicants fare less well than equivalently-qualified applicants with high caste Hindu names, when applying by mail for employment in the modern private-enterprise sector. The only aspect of family background that was communicated in these applications was the applicant's name, yet this was enough to generate a different pattern of responses to applications from Muslims and Dalits, compared to high caste Hindu names. These were all highly-educated and appropriately qualified applicants attempting to enter the private sector, yet even in this sector, caste and religion proved influential in determining one's job chances.

These discriminatory outcomes occurred at the very first stage of the process that Indian university graduates go through while applying for a job. The authors did not collect data on who was ultimately hired for these particular jobs. Nor was it possible to determine the employment composition of private sector enterprises in India, because corporations are not obliged to report the caste and religious composition of their workforces to the government. By contrast,

US law requires companies of a certain size to report the gender and racial composition of their workforces to the federal government, and these data are monitored by the Federal Equal Employment Opportunity Commission.

The authors speculate that if caste and communal discrimination are evident even at this early phase of the application process in India, then final hiring decisions are unlikely to be equitable. In a separate study, research staff of Indian Institute of Dalit Studies are collecting details of job interviews and hiring experiences from both high- and low-caste job applicants that suggest that caste biases also affect later stages of the hiring process. Those data will be the subject of a separate paper.

This study examined one route by which Indian job seekers apply for jobs. In addition to applications to newspaper advertisements, some university graduates are employed through a process of on-campus job interviews held at the more prestigious universities towards the end of the final year at university. These are known as 'hiring cells.' This second method of hiring will be studied in a related project.

The study findings suggest that social exclusion is not just a residue of the past clinging to the margins of the Indian economy, nor is it limited to people of little education. On the contrary, it appears that caste favouritism and the social exclusion of Dalits and Muslims have infused private enterprises even in the most dynamic modern sector of the Indian economy.

## Endnotes

- 1 The most current list or schedule of Dalit *jati* (Scheduled Castes) is available on the Indian Census' website: <http://www.censusindia.net/scstmain/SC%20Lists.pdf>
- 2 The Indian Government refers to Dalits as "Scheduled Castes," a bureaucratic term dating from the colonial period when an official list or schedule identified certain *jati* as Untouchables. In many current government reports, Scheduled Castes (SCs) are combined with Scheduled Tribes (SC/ST) who are indigenous tribal groups, most of whom are very poor. The figure of 166,635,700 was the count of SC persons as per the 2001 India Census, constituting 16.2 per cent of the nation's population. The ST population is about 84 million or an additional 8.2 per cent of the Indian population. See [http://www.censusindia.net/t\\_00\\_005.html](http://www.censusindia.net/t_00_005.html).

In recent legislation, an additional category "Other Backward Castes" (OBCs) has been granted certain rights under the reservation system. OBCs are not Untouchables, but they are the poorest of the historically agricultural *jati*. The number of persons in the category OBCs, which does not include the SCs/STs, is a matter of great contention, with one estimate being 32 per cent of the Indian population.

- 3 These scholars draw upon economic theories that argue that discriminatory hiring may be economically rational in situations where employers have few ways for evaluating the quality of job applicants. Employers therefore undertake statistical discrimination, using past experiences with employees from certain groups as a basis for selecting individuals (cf. Arrow, 1972 & 1998). This approach differs from sociological theories, reviewed below, that emphasise discrimination as an outcome of competition for jobs among status groups.
- 4 Based upon performance on final examinations, an Indian university student receives a certain class of degree that is noted on the diploma: first class, second class, etc. Our experimental applicants had degrees of the same class.

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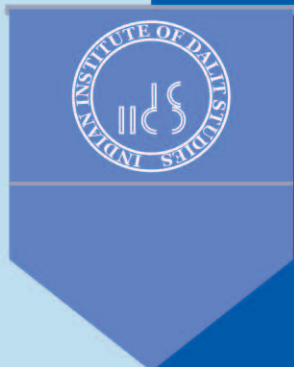
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