

GROUP DISCRIMINATION IN LABOUR MARKET: FOCUS ON CASTE AND RELIGIOUS DISCRIMINATION IN INDIA

Written by Nonit Nath, Vashita Ahuja** & Aniruddha Satish****

** 2nd Year BCom LLB Student, Jindal Global Law School, Sonipat, India*

*** 2nd Year BCom LLB Student, Jindal Global Law School, Sonipat, India*

**** 2nd Year BCom LLB Student, Jindal Global Law School, Sonipat, India*

DOI: doi.org/10.55662/SALER.2022.701

ABSTRACT

This paper deals with the continuation of discriminatory hiring practices in the labour market by analysing field research previously conducted for the various spheres of employment. The analysis dissects the pitfalls of both the private and public sectors' hiring practices and also offers a comparison to similarly consequential racial discrimination against the African-American population apparent in the United States where the majority of employers hail from White lineage. In terms of caste, the Indian employee landscape is plagued with prejudice against those considered to be of "lower" castes. This has historically limited occupational mobility and resulted in the total exclusion of certain communities from access to wealth. The same has been witnessed in terms of religious groupism, with employers favouring fellow practitioners of the same theology and perpetuating an idea of "us" and "them." The paper further focuses on the implementation of reservation policies in India to counter such discrimination and argues the insufficiency of the same. Even within the public sector, for which such affirmative action exists, a disparity in quality of employment is evident. The data used to support these analyses centres around submission of multiple fictitious applications to various employers and compilation of their responses, with altered personal information but little to no difference in qualification. This process is extensively described in the paper, and an exhaustive analysis of its consequences is provided.

INTRODUCTION

An ugly truth of our contemporary society is its perpetuation of predated and archaic oppression of certain communities in a more subtle yet patronising manner. Numerous descendants of African slaves continue to experience social and economic disadvantages in the United States. The Romani and other semi-nomadic tribes, which predate the very concept of nation states, encounter social exclusion and mistrust in Europe. The descendants of some families who had traditionally "impure" vocations continue to be victims of stigma in contemporary Japan and South Korea. Staunch believers in ancient caste systems still exist in India and its neighbouring nations, severely limiting the lives and possibilities of those from lower castes. An olive branch appears in the form of these countries' granting equal citizenship rights to the groups at the bottom of the hierarchy, and the more aggressive or repressive types of social exclusion being prohibited by modern constitutions and legal codes. In some nations, politicians have taken it a step further by granting group-specific rights and benefits, in the form of affirmative action, that are meant to atone for the wrongs of the past. (Thorat S., Attewell; P., Mohanty, 2007)

Needless to say, the existence of these rights and protections leads many people in the social majority—those on the favourable end of the stigmatisation—to conclude that the very concept of discrimination is now obsolete. Despite these legislative protections, certain socioeconomic groups continue to be disproportionately prejudiced against. This is frequently attributed to the group's low levels of education or to its concentration in economically underdeveloped areas. Even when it is admitted that prejudice still exists, it is typically seen as an anomaly that is at odds with the current capitalist system. What proponents of these ideologies either forget or choose to disregard is that discrimination in an all-encompassing sense cannot be resolved through affirmative action. Bestowing equal rights upon all citizens does not translate to equality since the hierarchy is instilled in societal memory and community identity will always remain a factor to categorise individuals into.

In this paper, an attempt is made to codify the extent of discrimination in the economic sphere by focusing on discrimination in the labour market, particularly the variety of various communities' experiences in the recruitment process. Discrimination is a factor in most labour markets, which means that some employers utilise data about applicants' racial background,

gender, age, and job status to categorise applicants. Admittedly, it can be argued that the selective preferences of employers do not actually indicate prejudice but are instead explained by factors that are only visible to the firms. Making recruiting decisions for businesses is frequently challenging since businesses rarely have full access to information on how productive applicants will be if they are recruited. Employers instead forecast job seekers' productivity using all available data. To alleviate this logical fallacy, in the context of this paper, discrimination will solely be characterised by unfair opportunities extended to certain workers who would perform just as well as their peers in the labour market given equal opportunity.

Another opportunity for discrimination against workers to occur is during the interview process, oftentimes without their knowledge. The ideal interview process involves candidates being asked a series of questions in private, often one-on-one with the interviewer or a panel of interviewers. The interviewee may be subjected to discriminatory questions from time to time, and interviewees might miss such cues or be too terrified to recognize such queries. Some of these inquiries are intended to ascertain a candidate's religion, age, race, ethnicity, or country of origin, which an employer might use to exclude a candidate in a discriminatory manner.

To provide grounds for these allegations, Marianne Bertrand and Sendhil Mullainathan's exemplary research in the field of labour market discrimination, hinting at prominent racial bias against African-Americans, is submitted for the readers' consideration.

ARE EMILY AND GREG MORE EMPLOYABLE THAN LAKISHA AND JAMAL?

A field experiment was conducted where resumes were sent in response to help-wanted ads in Chicago and Boston newspapers and call-backs received for interview for each submitted resume was recorded. Half of the resumes were given patently White-sounding names, and the other half were given names that sounded African-American in origin. Moreover, the calibre of the resumes submitted in response to a particular ad were created to differ from one another in quality of candidate, in order to determine whether better credentials would result in an equal increase in chances for call backs for both racial groups. A higher-quality CV typically has more extensive work experience and fewer breaks in employment history. It will also be more

likely to have an email address, have earned a certificate degree, speak another language well, and have received honours. A little over 1300 job postings in the categories of sales, administrative support, clerical, and customer services were identified and nearly 5000 resumes were submitted. In practice, two higher-quality and two lower-quality resumes were sent in response to each ad, and one of the higher and one of the lower-quality submissions were each randomly assigned an African-American sounding name.

The initial phase of the experimental concept was to build a resume bank. It was difficult to create a sample of representative resumes that is both realistic and representative without using resumes from actual job searchers. To accomplish this, unique resumes were made by sufficiently altering the real resumes of job candidates. To avoid making a higher-quality job applicant overqualified for a particular position, this resume quality manipulation needs to be subtle. The resumes of Boston job seekers were used to create the resumes that would be delivered to Chicago, and vice versa, to reduce similarities to the actual job seekers. The experiment's next phase involved giving the resumes fictitious identities. In order to determine which names are exclusively African-American and which are exclusively 'white', the name frequency data used was derived from the birth certificates of all children born in Massachusetts between 1974 and 1979. The experiment's use of typical African-American first names shows that a sizable portion of the African-American population would be represented by the use of these names as a racial indicator. Since each applicant receives the same phone number, call-backs from employers in each of the cells can be carefully tracked. Another thing is that although positive feedback from companies was not anticipated to happen via postal mail, resumes still required postal addresses. All resumes had their addresses assigned at random.

The experiment was conducted in Boston between July 2001 and January 2002, and between July 2001 and May 2002 in Chicago. Any job posting in which the applicants were required to call or show up in person was disqualified. The resumes were modified appropriately and sent to the employers by mail or fax. Subsequently, resumes that received a call-back or mail for an interview were recorded.

When the experiment's findings were finally deduced, it was determined that resumes with White names had a 9.65% chance of getting a call-back, whereas resumes with African-American names had a 6.45% likelihood. This represents a 3.2% point, or 50%, difference in

call-back rates that could be attributed solely to name manipulation. The findings suggest that a White applicant should anticipate receiving a call-back once every 10 advertisements, whereas an African-American applicant should anticipate receiving a call-back once every 15 advertisements. Unambiguously then, in Boston and Chicago, a white candidate is 50% more likely than an African-American to receive a call back. The experiment also revealed that African-Americans do not gain more advantages from living in better neighbourhoods that White people do. The findings of this study counter the idea that an African-American would benefit more by residing at a better address, meaning that regardless of their true socio-economic status, they are subjected to the same grounds of prejudice.

In conclusion, the research suggests that African-Americans encounter disproportionate and blatant discrimination when looking for work, which may be a significant contributor to their underwhelming performance in the labour market. This being the case, employer discrimination also matches the finding that employers located in more African-American neighbourhoods appear to discriminate somewhat less. Nevertheless, in actuality, even if they were to develop their observational abilities and credentials to match industry standards, racial discrimination makes it difficult for African-Americans to overcome this obstacle. (Bertrand, M., & Mullainathan, S)

Delving into the minds of these employers, a proposition is hereby submitted that the reason behind this discrimination is actually the fact that employers are subconsciously aware of these communities historically and traditionally being employed for simpler positions which usually require lesser intellect. Thus, by the social evil of generalisation and stereotyping, an image is produced of anyone belonging to these communities being considered lower in productivity and are chosen to be employed in such positions with lower pay and even lower social standing. This proposition is corroborated by the neoclassical theory of discrimination developed by Gary Becker who claims that such discrimination is in fact intentional based on the principles of the same proposition, and a White employer would choose between a White and African-American candidate in the same manner as a consumer would choose between a good or bad product competing in the same sphere. This is referred to as the Employer's Taste Model and focuses on explaining behaviour where preferences are observed in hiring patterns favouring a certain group over another despite any real evidence of their productivity level. (Murphy, 2022)

CASTE-BASED EMPLOYMENT DISCRIMINATION IN INDIA

Equally blatant to the discrimination between Whites and African-Americans in American society is the discrimination faced by people belonging to lower castes in India. A deeply instilled rhetoric of certain castes being associated with selected professions creates an atmosphere of limited occupational mobility and a near total monopoly of those belonging to higher castes on occupations/positions that command respect in society. This materialises in the form of lower castes being completely barred from mere consideration for certain positions.

To ascertain the degree of caste-based discrimination in the hiring procedures of companies in the Indian private sector, an experiment was conducted by Zahra Siddique. A set of resumes that represented candidates with the same degree and set of skills, information from several resumes was combined. These resumes were scrubbed of any contact and identifying information for the individual applicants. Utilising job search websites, openings for which applications could be submitted were found. When a specific employer and job posting were located, job search websites were utilised to locate open positions for which applications could be submitted. Both high-caste and low-caste names were equally likely to be given on the first resume. The second resume was given a high-caste name if the first resume had a low-caste name, and vice versa, once the name assignment had been made to the first resume. Due to this, each firm was sent one low-caste and one high-caste résumé, with half of the resumes being high-caste and half being low-caste. Moreover, the caste-specific names were assigned to the set resumes at random, so the same resumes could occasionally be linked to a high-caste name and other times to a low-caste name. The randomization made sure that the poor call-back rates for candidates from low castes were attributable to their low caste and not because their names were connected to low calibre resumes. The names given to the two resumes were equally likely to be given to men or women, unless the position specifically requested one. Evidently, the procedure used was not dissimilar from Marianne Bertrand and Sendhil Mullainathan's research, and the findings elucidate further similarities between both endeavours.

Upon compilation of results, it was noticed that a high-caste applicant has a 20% better chance of being called back for an interview as seen by the call-back rates of 16.1% for high-caste applicants and 13.6% for low-caste applicants. In other words, a high-caste applicant needed to respond to 6.2 job openings on average before receiving a call-back, whereas a low-caste

applicant needed to respond to 7.4 job openings on average before receiving a call-back. Low-caste applicants are less likely to be called back, which is the experiment's principal finding for both male and female applicants. (Siddique, Z. (2009))

Further, Deshpande and Newman in one of their writings focus on the experiences of similarly competent *Dalit* and *non-Dalit* cohort mates who join the labour market at the same time from three major institutions. (Newman & Thorat, 2022) This ongoing study demonstrates that, despite equal qualifications, the two groups expect and, predictably, receive varied labour-market results. Dalit students are significantly less likely to get employment in the private sector. Finally, Madheswaran and Attewell present an econometric study of the National Sample Survey of India, revealing a 15% wage penalty for scheduled caste and scheduled tribe respondents when compared to otherwise equal upper caste employees. (Thorat et al., 2022)

This data is also corroborated by Thorat and Attewell who conducted extensive research with the primary analytical objective of determining whether the likelihood of receiving a positive answer from an employer varied depending on whether a job application was made by someone who had a *Dalit*, Muslim, or high caste name. They found a statistically significant pattern showing that, when applying by mail for employment in the contemporary private sector, lower-caste and Muslim job seekers are favoured less than equally competent applicants with high caste names. The applicant's name, which was the sole element of family history mentioned in the applications, was sufficient to produce a different pattern of answers for Muslim and Dalit applicants compared to high caste Hindu names. Even in the contemporary private sector, where all of these highly educated and suitably qualified people sought employment, caste and religion were still important factors in deciding one's employment prospects. Taken as a whole, their research implies that social favouritism in hiring is not a matter of unfair individuals, but rather a consequence of widespread in-group out-group dynamics and this favouritism only recedes when affirmative action limits the discretion of those who hire. However, this claim is also contestable. (Thorat, Sukhadeo, and Paul Attewell)

FAILURE OF INDIA'S RESERVATION POLICY IN THE LABOUR MARKET

When it comes to creating a level playing field through instruments such as reservations, we see significant disagreement. In particular, private sector leaders continue to argue that discrimination is a thing of the past [Jodhka and Newman 2007]. From this perspective, labour and other markets generally function neutrally, and therefore access to labour and other markets is determined solely by performance and efficiency. Therefore, they believe there is no need for safeguards against potential market discrimination. Thus, while policies aimed at broader economic empowerment of discriminated groups through investment in human capital have appeal, policies that guarantee access, particularly to employment, are fraught with disagreement. This is a battle between societal ideals, but also fundamentally a battle based on disagreements about the empirical state of markets.

On the face of it, most people would find the very existence of this debate confusing, since the success of reservation policies and propositions to increase them are fervently paraded in Indian media. Reservation is seen as the cure-all for discrimination and an equaliser for an evil that transcends the economic sphere. This introduces the next argument this paper attempts to put forth- that affirmative action in India has not had the intended effect as theorised by post-independence committees. This is not to say that reservation has not increased employment rates among marginalised communities, but that employment has been made available in a way that fails to counter the proliferation of the caste system and its stigma. To understand the gravity of this proposition, a study was performed by Tirtha Chatterjee and Thiagu Ranganathan, which tested if reservation boosted OBCs' chances of obtaining regular employment in India. It also examined how the policy might affect different occupational classifications based on relative standing.

Reservations enhanced an *OBC* person born after 1990's likelihood of obtaining a regular government job by 1.4 percent. The tests, however, revealed no appreciable effects on regular, private employment. Additionally, it is discovered that across occupational categories in regular government occupations, benefits are only applicable to low status jobs with no effect on high status jobs. The adverse effect could be brought on by decreased employment rates, unfavourable employer stereotypes, or a lack of qualifications for high-status occupations. According to the findings, caste-based hierarchy still exists in higher status occupations. Caste-

based discrimination has marginalised a huge number of people in addition to having an effect on the effectiveness of the labour market. Through reservation policies in India that are based on quotas, some of this injustice has been attempted to be rectified. The findings show that reservations have a beneficial effect on landing a government job but have no effect on landing a private one. Further, and more importantly, it was discovered that there is only a favourable effect in low-ranking employment. (Chatterjee, T., & Ranganathan, T. (2020, October))

EMPLOYMENT DISTRIBUTION BASED ON CASTE DISCRIMINATION

A paper by Thorat, Madheswaran and Vini on the relations between caste and Indian labour market lays out the demographic and labour distribution amongst various job positions. In terms of occupation, lower caste employees had a higher percentage of middle- and low-level jobs (70.56%) in 2017-18 than higher caste workers (47.23%). Service employees, shop and market sales workers, craft and allied trade workers, plant and machinery operators, and assemblers had the highest share. In contrast, the lower castes had a lower percentage of higher-quality professions (29.43%) than the higher castes (52.77%). Legislators, senior officials and managers, professionals, technicians and related professionals, and clerks are among the higher-paying vocations. Because a large proportion of SC employees work in low-wage occupations, their wage earnings are low, resulting in a greater prevalence of poverty in the group. Caste discrimination in daily wage rates accounts for around 44% of salary discrepancies between lower caste and higher caste employees. Again, as with employment, salary discrimination is more prevalent in the private sector than in the public sector. Although discrimination is rare in the public sector, it accounts for around one-third of salary disparities. Wage discrimination also often increases with earning level, demonstrating higher discrimination in high-level employment than low-level jobs. In the public sector, discrimination appears to be more prevalent towards the lower end of the earnings distribution than at the top, but in the private sector, the converse appears to be true. This suggests that the lower castes experience more discrimination in the form of being favoured for low-paying public positions and that hiring people belonging to lower castes for high-paying positions is difficult in the private sector. Additionally, it has been shown that lower incomes for lower

caste employees are also related to their higher concentration in low-paying primary jobs in both the public and commercial sectors. (Newman, K., & Thorat, S)

RELIGIOUS DISCRIMINATION IN THE INDIAN LABOUR MARKET

In India's private sector, religion also continues to play an important role as a potent driver of prejudice. It has only been in the past few years that a number of corporations and industry organisations such as the Confederation of Indian Industry have been able to begin working on this issue. Therefore, it is encouraging to see that some positive efforts have been made toward effecting change, yet there is still more work to be done. ("Corporate India must face the truth", 2022)

According to a recent study conducted by the LedBy Foundation, a non-profit professional leadership incubator for Indian Muslim women, Muslim women face significant challenges in the employment market. It was discovered that for every two call-backs received by a Hindu woman from job applications, a Muslim woman got only one. According to the report, "the net discrimination rate of 47.1% for Indian Muslim women relative to Hindu women reflects a substantial disparity between call-backs for Muslim and Hindu women, demonstrating that a considerable hiring bias against Muslim women persists in Indian culture." ("Islamophobia Exists in India's Private Sector", 2022)

In certain cases, this discrimination is even sanctioned by the government citing religious sanctity of the institution in question as an apparently bonafide reason. In October 2021, the Tamil Nadu government informed the Madras High Court that only Hindus are to be hired as staff in colleges run by those departments under the purview of the Hindu Religious and Charitable Endowments Act. (Times of India, 2021)

These instances serve as ground-level indicators of the widespread discrimination faced by minority religions, particularly Muslims, in India. To put it in perspective, in 2015, out of the total 2,324 managers and senior executives registered with the Bombay Stock Exchange, only 62 were Muslim. That is a meagre 2.67% even though the Muslim population at the time constituted 14% of the country's total populous.

CONCLUSION

Having compiled data and discussed results of various studies concerned with the discrimination of lower caste job-seekers and employees in the labour market, it is irrefutably proven that those belonging to higher castes not only enjoy the benefits of being favoured for better positions, but also subsequently enjoy near total authority to safeguard those positions for other job seekers from their own community. The likelihood of their choosing someone who hails from a similar background result in those from lower castes not being afforded equal consideration for jobs in spite of equal qualification. Subsequently, the solution to such a bias has historically only been affirmative action in the form of reservation policies focusing on the upliftment of selected communities. One limitation of reservation is its restriction to the public sector, meaning private sector employers are not bound by any legislation governing quotas on employment. This discretion is enjoyed, exercised and liberally abused in India as evidenced by the series of data presented in this paper. Another limitation appears within the public sector itself, where even though lower caste employees are guaranteed some percentage of total employment, they are still employed overwhelmingly in typically lower positions which do not command respect or high salaries. The summary effect of this on marginalised communities is an upheaval of their guaranteed right to equality of opportunity. It quashes any attempts made by members of these communities to lift themselves out of the cycle of poverty and bring some semblance of socio-economic progress to their daily lives.

Aside from these intra-religion caste-based disputes, employers also partake in blatant intra-religious discrimination. Since no legislation exists to impose religious equality upon employers in the private sector, those following minority religions find it difficult to obtain a stable income let alone a respectable job in spheres where the majority religion exerts its presence. Similar to lower caste individuals, their occupational mobility is heavily restricted and they rarely receive fair consideration for jobs they may be well qualified for.

Thus, having understood the arguments and data postulated in this paper, one can begin to appreciate the gravity of the extent of the discrimination in the Indian labour market.

BIBLIOGRAPHY

1. Thorat, S., & Attewell, P. (2007). The Legacy of Social Exclusion: A Correspondence Study of Job Discrimination in India. *Economic and Political Weekly*, 42(41), 4141–4145. <http://www.jstor.org/stable/40276548>
2. Mritiunjoy Mohanty. “Social Inequality, Labour Market Dynamics and Reservation.” *Economic and Political Weekly*, vol. 41, no. 35, 2006, pp. 3777–89. *JSTOR*, <http://www.jstor.org/stable/4418648>.
3. Bertrand, M., & Mullainathan, S. (n.d.). *Are Emily and Greg more employable than Lakisha and Jamal? A ...* - *JSTOR*, from <https://www.jstor.org/stable/3592802>
4. Murphy, K. (2022). *How Gary Becker Saw the Scourge of Discrimination*. The University of Chicago Booth School of Business. <https://www.chicagobooth.edu/review/how-gary-becker-saw-the-scourge-of-discrimination>.
5. Siddique, Z. (2009). Caste based discrimination: Evidence and policy. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1550883>
6. Newman, K., & Thorat, S. (2022). *Caste and Economic Discrimination: Causes, Consequences and Remedies*. *Economic and Political Weekly*. <https://www.epw.in/journal/2007/41/caste-and-economic-discrimination-special-issues-specials/caste-and-economic>.
7. Thorat, S., Vani, B., & Madheswaran, S. (2022). *Caste and Labour Market*. *Economic and Political Weekly*. <https://www.epw.in/journal/2021/21/special-articles/caste-and-labour-market.html>.
8. Thorat, Sukhadeo, and Paul Attewell. “The Legacy of Social Exclusion: A Correspondence Study of Job Discrimination in India.” *Economic and Political Weekly* 42, no. 41 (2007): 4141–45. <http://www.jstor.org/stable/40276548>.
9. Chatterjee, T., & Ranganathan, T. (2020, October). Reservation In Higher Education Changes the Prospects For OBCs In Getting Better Jobs? A Study Using Periodic Labour Force Survey In India. Retrieved from

https://www.researchgate.net/publication/346015290_Reservation_in_Higher_Education_and_Jobs.

10. Newman, K., & Thorat, S. *Caste and Economic Discrimination: Causes, Consequences and Remedies*. Economic and Political Weekly.
<https://www.epw.in/journal/2007/41/caste-and-economic-discrimination-special-issues-specials/caste-and-economic>.
11. *Corporate India must face the truth*. Thehindubusinessline.com
<https://www.thehindubusinessline.com/opinion/corporate-india-must-face-the-truth/article64593927.ece>.
12. *Islamophobia Exists in India's Private Sector*. Thediplomat.com.
<https://thediplomat.com/2022/07/islamophobia-exists-in-indias-private-sector/>.
13. *Only Hindus can be hired for colleges run by HR&CE department, Tamil Nadu Govt tells Madras HC - Times of India*. The Times of India., from
<https://timesofindia.indiatimes.com/education/news/only-hindus-can-be-hired-for-colleges-run-by-hrce-department-tamil-nadu-govt-tells-madras-hc/articleshow/87219226.cms>