COMPANIES discriminate. They discriminate against black people, poor people, gay people and fat people—oh yes they do. Using callback studies, in which fictitious CVs for identically qualified candidates are sent to employers, economists have become quite good at measuring the penalty paid for being a woman, a racial minority or lower-class. Identical résumés under Asian-sounding names are 30% less likely to get call-backs from employers; for black-sounding names the penalty is 50%. Unfortunately there appears to be little improvement over time. Estimates of racial discrimination in hiring blacks in America look as bad now as they did in 1990.

Since Lyndon Johnson signed the Civil Rights Act in 1964, employment discrimination on the basis of race, sex and national origin has been illegal. Johnson also began government programmes of affirmative action—what he called “the more profound stage of the battle for civil rights”, which sought “not just equality as a right and a theory but equality as a fact and equality as a result.” In a lesser-known executive order, signed one year later, Johnson ordered government contractors not only to use affirmative action but also to append a non-discrimination statement to their advertisements.
For more than 50 years, such “equal-opportunity statements” have been dutifully bolted onto job adverts from American employers, including private-sector firms that do so voluntarily. A recent working paper published by two economists, Andreas Leibbrandt of Monash University and John A. List of the University of Chicago, suggests they are actually failing to prevent discrimination and foster diversity.

In their study, the two economists posted advertisements for an administrative assistant job in ten large American cities. Of the 2,300 applicants who expressed interest, half were given a standard job description and the other half were given a description with an equal-opportunity statement promising that “all qualified applicants will receive consideration for employment without regard to sex, colour, age or any other protected characteristics”. For racial minorities, those who received the pro-diversity statement were 30% less likely to apply for the job—and the effect appeared to be worse in cities with white majorities (see chart). In a follow-up survey, the prospective applicants said the statement prompted worries that they would be token diversity hires.

Equally damaging

A single study rarely provides enough evidence to change public policy. Despite their ubiquity, equal-opportunity statements have received almost no scholarly attention. “The little evidence we have got is not encouraging,” says Iris Bohnet, an economist at Harvard who studies gender disparities in the workplace. A study published in 2016 from Sonia Kang and colleagues found that “whitened” CVs—where black and Asian candidates stripped racial cues from their applications—were twice as likely to get call-backs. Although firms with diversity statements in their ads attracted fewer whitened résumés from minority applicants, they were actually no less discriminatory than other firms. An examination of mid-size and large American firms by Frank Dobbin, a Harvard sociologist, and Alexandra Kalev, a sociologist at Tel Aviv University, found that five years after setting up the most common types of diversity programmes—mandatory training, job tests and grievance systems for biased managers—the share of racial minorities in managerial positions had actually declined.
That does not mean that the entire enterprise is doomed. Although the coercive methods studied by Mr Dobbin and Ms Kalev backfired, their research also found that other initiatives, such as mentoring programmes and dedicated college recruitment teams, seemed to work. Another working paper by Mr Leibbrandt and others finds that when firms show the importance of diversity more convincingly, by including a human-sounding statement from the CEO rather than affixing a perfunctory, legalistic equal-opportunity statement, minority applications increase.

Despite all the racial progress American society has made since the civil-rights era, economic disparities remain stubborn. Some, like the white-black gap in hourly wages, are even getting worse. In 1979 the average black man earned 80% as much as the typical white man. In 2016 that had slipped to 70%. Unemployment gaps look similarly intractable. Undoing these disparities requires firms to surmount their frequently demonstrated tendencies to discriminate, often unconsciously. Equal-opportunity statements are among the easiest, oldest and most frequently used tactics. Unfortunately, they may be doing more harm than good.

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