

Does Identity Affect Labor Supply?

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Abstract

Does identity—one's concept of self—influence economic behaviors in the labor market? I investigate this question in rural India, focusing on the effect of caste identity on labor supply. In a field experiment, casual laborers belonging to different caste groups choose whether or not to take up various real job offers. All offers involve working on a default manufacturing task and an additional task. The additional task changes across the offers, is performed in private, and differs in its association with specific castes. Relative to the take-up rate of offers associated with an individual's own caste, the average take-up rate of offers associated with other castes is 23 percentage points lower. This gap increases by an additional 24 pp if the groups associated with the relevant offers rank lower than the individual's own in the caste hierarchy. Responses to job offers are invariant to whether or not the worker's choices are publicized, suggesting that the role of identity itself—rather than social image—is paramount. Using a supplementary experiment, I show that 43% of workers refuse to work on tasks associated with other castes even when offered ten times their daily wage to do so for ten minutes. This paper's findings suggest that people may completely avoid certain jobs due to a conflict of identity, contributing to the misallocation of talent in the economy.

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