

# DOES UNIVERSITY PRESTIGE LEAD TO DISCRIMINATION IN THE LABOUR MARKET? EVIDENCE FROM A LABOUR MARKET FIELD EXPERIMENT IN THREE COUNTRIES

GEORGIANA MIHUT



# Does university prestige lead to discrimination in the labour market? Evidence from a labour market field experiment in three countries <sup>1</sup>

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\*Georgiana Mihut (The Economic and Social Research Institute)

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## OVERVIEW

Do employers care more about university prestige than skills in the hiring process? This research used an experiment to test if employers prioritize university prestige over relevant skills when reviewing job applications. The experiment involved submitting 2,400 fictitious applications to job openings in two skill-intensive sectors of the labour market: accounting and IT. Responses were then recorded and compared across different applications. The study was conducted in three countries: United States, United Kingdom, and Australia. Previous studies have linked multiple advantages in the labour market with attending a prestigious university.

## METHOD

The 2,400 applications submitted belonged to fictitious citizens with full working rights, both female and male, that had attended a university in one of the following countries: United States, United Kingdom, or Australia. The accounting and IT sectors were chosen because they allow for easier measurement of skill match. For each sector of the labour market, two fictitious CVs were designed. One CV had a high skills match with the generic requirements of entry level jobs in each sector. A second CV had a low skills match with the same requirements. For example, the high match CVs for entry-level IT positions included two relevant internships and a bachelor degree in an IT related field. For each country, one university that has been consistently ranked in top 100 by all major

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\*Georgiana.Mihut@esri.ie

international rankings was selected to represent prestigious universities. For example, in the United Kingdom, the chosen high-prestige university was part of the Russell Group. The low-prestige university chosen for each country was still of high quality, but did not feature strongly in domestic or international rankings. In the United Kingdom, the chosen low-prestige university was ranked higher than 80 in the *Best Universities in the UK* ranking produced by Times Higher Education. The name of the university the fictitious applicant graduated from and the sex of the applicant were randomly assigned to otherwise identical CVs. The experiment therefore allowed measuring employers' preferences systematically, by comparing the number of call-backs received to applications in these different experimental conditions.

## **RESULTS**

Fictitious applications that matched the job description were 79 percent more likely to receive a call-back than applications that had a low skill match with the job description. University prestige did not matter across sectors of the labour market and across countries. The experiment also detected no differences in call-backs between female and male fictitious applicants. These findings suggest that skills, and not university prestige, predict recruitment outcomes for applicants with a bachelor's degree only in skill-intensive sectors of the labour market. The study found no evidence of prestige-based or sex-based discrimination. These findings cannot be generalized to less skill-intensive sectors of the labour market or other important labour market outcomes, such as hiring decision, promotion, and salary.

## **IMPLICATIONS**

Many universities devote extensive resources to consolidating their prestige and advancing in academic rankings. This study suggests that a focus on skill-building and teaching quality may compensate for the limited academic prestige of universities. Students also use university prestige information when choosing what higher education institution to attend. The results of this study suggest that – at least in skill intensive sectors of the labour market – learning well is more important than attending a more prestigious university. Students and their parents might therefore consider the match with their institution more broadly and not rely solely on prestige.

Whitaker Square,  
Sir John Rogerson's Quay,  
Dublin 2  
Telephone **+353 1 863 2000**  
Email **admin@esri.ie**  
Web **www.esri.ie**  
Twitter **@ESRIDublin**