america's hidden equalizing machine

by jessi streib

A few years ago, a team of economists published a finding so surprising as to be nearly unbelievable: College students who graduate from the same university go on to earn the same amount, regardless of their class background. That is, kids who grow up poor and attend the University of Colorado go on to earn the same income, on average, as kids who grow up rich and attend the University of Colorado, and the same is true of kids who grow up poor and kids who grow up rich who attend the University of Rhode Island, the University of Houston, or most other universities.

What's more, economists aren't the only ones making these claims. For years, sociologists have been making even broader and more shocking claims—suggesting that it's not just attending the *same* college that equalizes earnings but attending *any* college. After analyzing a nationally representative dataset of American adults, sociologist Michael Hout concluded: "College graduation cancels the effects of background status." After analyzing five nationally representative datasets, sociologist Florencia Torche arrived at the same conclusion: "A college degree fulfills the promise of meritocracy—it offers equal opportunity for economic success regardless of the advantages of origins."

These findings disrupt much of what we know about how inequality is maintained. Usually, students with more money, connections, status symbols, and signs of skill stay ahead of those with less. But class-advantaged students have more of all of these resources, and they still go on to earn the same salaries as class-disadvantaged students who graduate with less.

How does this happen? To find out, I interviewed 37 class-advantaged college students (those with two parents with bachelor's degrees or more) and 25 class-disadvantaged students (those with no parents with bachelor's degrees) several times from the beginning of their senior year through the end of their first year in the post-college workforce. I also spoke to over 80 hiring agents informally and over 30 hiring agents during in-depth interviews. I observed career fairs, information sessions, and résumé reviews. I analyzed job postings as well as students' cover letters and résumés. My focus was on business majors at one non-elite, selective southern university who entered the mid-tier business labor market—one that hires college graduates from non-elite schools. What I found was as shocking as the idea that earnings equalization exists: there's an opportunity structure no one knows about and it's equalizing earnings behind our backs.

the luckocracy: a new opportunity structure

I found that students entered a *luckocracy*—a system that allocates outcomes by luck. This system is built upon two intertwining features. First, information about where and how to get ahead is hidden from all opportunity seekers, regardless of their class background. Second, gatekeepers in these systems use class-neutral selection criteria and processes. In these systems, opportunity seekers must guess where and how to get ahead, because they lack the information needed to be strategic. And their guesses are equally likely to pay off as they are evaluated by class-neutral criteria and processes.

The mid-tier labor market for business majors contains each of these features. On the online job board at these students' university, two-thirds of job ads for business majors did not include earnings information. Websites such as Glassdoor agglomerate earnings information, but students recognized that their numbers may be unreliable. Most hiring agents refused to reveal salary information before making an offer, deflecting questions with statements like: "We offer a competitive salary." Pay is often secretive within firms as well, so students' connections rarely knew what students would be paid if they were hired at the same firm. Most students then only found out what jobs paid if and when they received an offer. At that point, they were typically given between one day and two weeks to decide whether to take the offer—rarely enough time to receive another offer or learn how the offered pay compared to the pay for similar positions at other companies.

The luckocracy is an opportunity structure in which neither weak nor strong ties, status symbols, nor money help people get ahead.

In this market, information about what criteria each hiring agent used to evaluate candidates was also largely hidden. Job ads, information sessions, and career fair chats offered students only vague ideas of hiring criteria, hinting that companies looked for candidates with talents like strong communication,

Contexts, Vol. 22, Issue 2, pp. 12-17. ISSN 1536-5042. © American Sociological Association.
http://contexts.sagepub.com. 10.1177/15365042231172459

John Walker, Flickr CC

Labor market gatekeepers can expand the earnings equalizing effects of the luckocracy by considering more candidates without college degrees.

leadership, and teamwork. But how each hiring agent defined and evaluated these traits remained hidden to job-seekers and their connections. This mattered, as hiring agents used varied and contradictory criteria, even when hiring for similar jobs that required similar skills. For instance, one hiring agent might define strong communication as answering questions quickly and others by answering slowly. Moreover, even if recent hires learned a hiring agent's preferences and posted them on Glassdoor or told their friends, there was no guarantee that the hiring criteria would remain the same interview to interview. Hiring agents often changed their interview questions and evaluation criteria as searches continued, and some negotiated who to hire with their colleagues—each of whom had their own hidden and dynamic preferences.

I found, too, that employers in this mid-tier business market used class-neutral selection criteria and hiring processes. They tended to set a low bar for what skills, knowledge, and abilities students needed to meet—one low enough that it did not take high levels of resources, mentorship, or time to climb over it. They didn't care how far above the bar students rose, disregarding that class-advantaged students used their greater resources to complete more internships and obtain more signals of skills. They also defined skills in class-neutral ways. That is, good communication might be quick or slow, but it was not about classed notions of polish. Further, hiring managers did not care where students learned their skills (whether, for example, from an elite internship, in a college course, or working at McDonald's) and most refused to negotiate with students over pay, a decision that neutralized class-advantaged students' greater history of negotiating with authority figures.

Of course, some hiring agents did use some class-biased criteria, though they did not intentionally prefer students from one class over another. These hiring agents tended to balance their biases, using some criteria that favored each group. In this way, an employer who favored students who participated in Greek life also favored students who paid for college themselves, using one criterion that favored the advantaged and another that favored the disadvantaged.


Amtec Photos, Flickr CC, amtec.us.com

Low-information labor markets tend to flatten the effects of class-advantage in securing higher initial earnings.

These factors weave together to create a system in which luck, not class background, determines earnings. In the context of hidden information, students from all class backgrounds had to guess where and how to get ahead. And given employers' class-neutral criteria, students' guesses were equally likely to result in a high-paying offer. In the luckocracy, it was not those with the most connections, skills, status symbols, or money who were most rewarded, but those who guessed the best.

how the luckocracy neutralizes class advantages

Class-advantaged students tend to have more of every resource associated with getting ahead. The luckocracy neutralizes each of these "advantages," putting class-advantaged and class-disadvantaged students in the same position.

Connections. Class-advantaged students tend to know and reach out to more professionals than class-disadvantaged students. Usually, connections help job-seekers get ahead, but the luckocracy's hidden information meant that while class-advantaged students received more help from more people, they didn't receive higher pay.

Class-advantaged students' connections did not know how students would be evaluated, as this information was hidden and subject to change. Thus, when Claire, a class-advantaged student seeking a job in finance, asked her father, a hiring agent for financial jobs, to help her prepare for an interview, he did what many connections did: he gave Claire advice he thought would be useful but that turned out not to be. Claire explained: "He helped me with a lot of the ETFs and the S&P 500 and mutual funds, just more specific knowledge of each, and what [company I'm interviewing with] really offers and what their website didn't have listed." None of this preparation helped Claire; it didn't come up in the interview.

The same thing happened to Chloe, another class-advantaged student. Her family friend worked at the company where she would be interviewing. He had the company's list of suggested interview questions, shared it with Chloe, and coached her on how to answer. But the interview didn't go as Chloe or her contact imagined. She had prepared one answer for each of the listed themes, but her interviewers asked many questions about just one theme. She struggled to answer the questions and didn't get the job.

Class-advantaged students also reached out to professionals they had not met, hoping to make a connection that would lead to a job. But in a system with hidden information, they did not know who could help them and approached many people who offered no help at all. Ryan, a straight-A student with internship experience, a father in the field, and a grandfather who was a well-established business professional, contacted hiring managers and vice presidents to build relationships with people who could hire him. Many of the people he contacted complimented him on his drive, but he rarely received an interview. Similarly, Owen, a class-advantaged student, sent hundreds of emails and talked to dozens of people. None of the professionals he cold contacted led him to a job.

Some class-advantaged students' existing connections did get them jobs. But in this luckocracy, students' connections were just as unsure about which jobs paid the most among similar positions; in the business world, there is substantial variation in the wages paid to similar people doing similar work at different companies. Without knowing which jobs and companies in their desired field paid the most, class-advantaged students' connections just as often ushered them into low-paying positions as high-paying ones.

For example, class-advantaged Grace had completed eight internships before she began applying for jobs. Initially, she hoped to be offered a job at a company where she'd interned, but when their budget changed, her plans had to, too. She then approached a company where her roommate's mother, sorority sister, and friend's friend worked. Grace received the job. She did not know the pay when she applied. It turned out to be less than all class-disadvantaged students who entered the same field.

Skills. Class-advantaged students tend to enter college with more rigorous academic training and then maintain higher GPAs. They have less need to work for pay and more connections who can land them internships, and so they complete more internships too. They also tend to have more professional mentors, including their parents, friends' parents, internship bosses, and professors.

In the luckocracy, it was not those with the most connections, skills, status symbols, or money who were most rewarded, but those who guessed the best.

Maria Eklind, Flickr CC

Labor market luckocracies even the chances of high earnings in ways colleges alone haven't achieved.

But the luckocracy's hidden information and class-neutral hiring criteria prevented class-advantaged students from capitalizing on these advantages. In the mid-tier business labor market, many employers set a low bar for signals of skills and did not evaluate how high students climbed over it. "If you have a 4.0, we're not gonna weigh you any higher than somebody who meets the 3.0 GPA requirement," one employer told me. "If it's a 3.2 versus a 3.8—we're not as concerned about that," another hiring agent said. Asked if she cared if students had more than one internship, another employer said: "No, we don't have any kind of requirements for a number of internships." Some did not even care if students had interned at all, seeing work experience or personality as more important than internships.

The luckocracy's hidden information and class-neutral hiring criteria prevented class-advantaged students from capitalizing on their advantages.

And because mentors could not predict what skills each employer rewarded, they could not predict what skills their mentees should develop. Tyler's father worked in finance, discussed it around the dinner table, and introduced Tyler to his colleagues who talked to him about their jobs. None of this helped Tyler develop the skills he needed to obtain the job he wanted, which required a test of financial knowledge. The company did not advertise what would be on the test, and when Tyler took it, he realized he was not familiar with the material. The skills his father helped him develop and the ones he tried to gain himself were not the ones needed to receive that job—a fact that neither Tyler nor his father could have known in advance.

Status Symbols. Class-advantaged students tend to show more status symbols—signs of high-status tastes. Among the students I followed, class-advantaged students reported telling employers more about Greek life, study abroad, and playing golf and tennis, while class-disadvantaged students reported talking more about work and service activities. In a class-neutral environment, these differences didn't matter.

Indeed, class-advantaged Ethan told an interviewer about the charity golf tournament he founded while social chair of his fraternity. His interviewer responded by asking if one of his responsibilities as social chair was to buy alcohol for underage students. Owen even listed golf on his résumé, but it didn't come up: "I figured out that [the hiring manager] played golf too, but he was very adamant on asking me technical questions… He didn't spend time on my interests." A third class-advantaged student, Jim applied to a company that touted its global reach and so Jim touted his own study abroad experience. He did not receive the job. In mid-tier business markets, signs of high status were not rewarded.

Money. Class-advantaged students tend to come from families that have more money than class-disadvantaged students. Money could help them buy skills or status symbols, but as mentioned above, these did not secure their advantage. Money also did not help them in another way some may predict: by buying them more time to find a high-paying job.

That wages and hiring criteria were hidden made it risky for class-advantaged students to delay taking their first offer. Like all students, they could not know what other jobs they would be offered and what those jobs might pay. But they did know that if they did not receive a professional job, they may lose independence from their parents, lose the ability to approach future employers without needing to explain their underemployment, and lose status among their peers who were also striving for professional work. And so class-advantaged students tended to take the first job they were offered, just as class-disadvantaged students did.

How Class-Disadvantaged Students Receive High Pay. Class-disadvantaged students tend to have fewer connections, signals of skills, status symbols, and money than class-advantaged students. In my study, they also put less effort into their job searches: they sought out fewer new connections, attended fewer networking events, applied to fewer jobs, and did less to prepare for interviews. Still, their pay, like that of class-advantaged business majors applying for positions in the mid-tier market, was shaped by hidden information, class-neutral criteria, and the luck that resulted.

Consider Connor, a class-disadvantaged student. He said of his parents, "They don't really give me that much advice about finding a job." He did not attend networking events and knew few professionals in his field. He had not completed any internships and had a middling GPA. And he did not exude status. He had the community college he attended before transferring on his résumé, thought he came across awkwardly in interviews, and did not participate in exclusive clubs. But one day he ran into his friend's sister's husband's friend, who told him about a company hiring. Connor applied for the job, and was then asked by the recruiter to apply for a different position. He did, despite knowing little about it. He completed two phone interviews in which he did not know what he would be asked or how he would be evaluated. He was asked only routine questions, ones about his résumé, course projects, teamwork, diversity, and widely used software. He answered the questions and was offered the job. Without knowing it in advance, he applied to a job where the interview was easy and the pay was high. He lucked into becoming one of the highest paid students in the sample.

expanding earnings equality

The luckocracy is an opportunity structure in which neither weak nor strong ties, status symbols, nor money help people get high pay. It operates in the labor market, where it, not colleges, serves as the great equalizer. But it only operates in *some* labor markets: ones that are large and opaque, have varied earnings for similar jobs, are so tight that employers use low skills bars, and are in industries and non-elite spaces that have no need for classed tastes.

Employers in these labor markets have the power to create earnings equality for more people. They already accidentally created an equalizing system, using hidden information and class-neutral criteria and processes to do so. Now, to advance earnings equality among a broader swath of people, they can do something simple: admit more people into the luckocracy by hiring more people without college degrees.

But the way the luckocracy creates earnings equality also poses a difficult question. If equal earnings come at the cost of transparency, do we still want equal earnings?

recommended resources

Peter Cappelli. 2015. *Will College Pay Off? A Guide to the Most Important Financial Decision You'll Ever Make.* New York: Public Affairs. Exposes how employers hire recent college graduates and why it's hard for graduates to strategically maximize their pay.

Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner, and Danny Yagan. 2017. "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," *Equality of Opportunity Project* (equality-of-opportunity.org). Along with its related *New York Times* piece, this report shows the lack of a class earnings gap among college students who attended each American university.

Jake Rosenfeld. 2021. *You're Paid What You're Worth and Other Myths of the Modern Economy.* Cambridge: Harvard University Press. Reveals the myths surrounding what we're paid, including why pay is less attached to talent than many people assume.

Jeffrey Selingo. 2016. *There Is Life After College: What Parents and Students Should Know About Navigating School to Prepare for the Jobs of Tomorrow.* New York: HarperCollins. A how-to guide on using college to prepare for work.

Florencia Torche. 2011. "Is a College Degree Still the Great Equalizer? Intergenerational Mobility across Levels of Schooling in the United States," *American Journal of Sociology* 117(3). Demonstrates that college is a great equalizer, equalizing earnings for graduates from unequal class backgrounds.

Jessi Streib is in the Sociology Department at Duke University. She is the author of the forthcoming book *The Accidental Equalizer: How Luck Determines Pay After College.*