

# **Wearing Your Religion: Evidence on Employers' Preferences in Indonesia**

Stefano Fiorin, Eliana La Ferrara, and Naila Shofia

## **Extended Abstract**

We examine how visibly displaying religious identity affects labor market outcomes in a Muslim-majority context. Focusing on Indonesia—the country with the largest Muslim population globally—we study whether job applicants who wear religious markers such as the Islamic headscarf for women or a beard for men face discrimination from employers, despite such markers aligning with dominant cultural norms.

To explore this question, we conducted three lab-in-the-field experiments involving over 1,000 employers and 1,800 job seekers from one of Indonesia's largest online job portals. First, we implemented an Incentivized Resume Rating (IRR) experiment in which employers evaluated hypothetical CVs with randomized candidate traits, including photographs displaying or omitting religious appearance. We find that candidates who display religious identity—veiled women and bearded men—receive significantly lower ratings, are less likely to be invited for interviews, and (in the case of women) are offered lower salaries. These effects are robust and persist across job types and employer characteristics.

Importantly, we corroborate our experimental results using administrative data from the job portal, showing that real candidates wearing a headscarf are less likely to have their CVs viewed or downloaded by employers. We further validate the external validity of our IRR methodology by showing that employer-specific veiling penalties in the experiment predict their actual behavior on the platform: employers who give lower rating to hypothetical candidates wearing the veil in the experiment are also less likely to view or download the CVs of real candidates wearing the veil.

Second, we conducted a belief elicitation experiment with employers to uncover the mechanisms driving these penalties. We find that religious markers are associated with lower perceived attractiveness, flexibility, extroversion, agreeableness, and workplace fit.

Third, we surveyed job seekers to understand their perceptions of employer behavior. Surprisingly, job seekers—especially those who themselves wear a veil—tend to underestimate the degree of labor market penalties associated with religious display. Unveiled women, by contrast, are more accurate in predicting employer bias. Additionally, job seekers perceive veiled women as less likely to receive unwanted attention in the workplace, suggesting that veiling may serve as a strategy to mitigate this risk, despite its economic costs.

Our findings highlight a paradox: even in religiously homogeneous societies, overt expressions of religious identity can lead to labor market discrimination. This raises important questions about the role of identity signaling in conservative labor markets, and the trade-offs individuals face between economic opportunity and social conformity. Future work will explore how these identity-display decisions are made, and whether they generate social returns that may offset labor market costs.