

# **Ethnic composition and employment in Britain and the USA**

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# Outline

- Existing research on composition effects on ethnic employment
- Theoretical expectations of ethnic disadvantage in the two countries
- Data and methods
- Findings
- Conclusion

# Socio-ethnic hierarchy in a progressive society?

‘... a confident sense of their own worth should be sought **for the least favored** and this limits the forms of hierarchy and the degree of inequality that justice permits. ... As a society progresses the latter consideration becomes increasingly important.’

John Rawls ‘A Theory of Justice’ p107.

# American exceptionalism and social equality

- Political (Tocqueville, Marx, Engels)
- Theoretical (Park and Burgess, Gordon)
- Sociological (Blau and Duncan, Chiswick, ...)

# American Exceptionalism

‘Every man finding himself possessed of some education and some resources, may choose his own path and proceed apart from all his fellow men. The same causes that make the members of the community independent of each other continually compel them to new and restless desires and constantly spur them onwards’  
(Tocqueville, 1845: 265).

# Constant flux

**Marx** notes that, because of the very high rates of mobility, classes in American society 'have not yet become fixed but continually change and interchange their elements in **constant flux**' (1865/1958: 255)

The high rates of mobility led **Engels** to believe that in the US 'everyone could still become, if not a capitalist, at all events an independent man, producing or trading, with his own means, for his own account'

# The Horatio Alger myth

‘It is the underprivileged class of manual sons that has exceptional chances for mobility into the elite in this country. **There is a grain of truth in the Horatio Alger myth.** The high level of popular education in the United States, perhaps reinforced by the less emphasis on formal distinctions of social status, has provided the disadvantaged lower strata with outstanding opportunities for long-distance social mobility’ (Blau and Duncan, 1967: 435)

**with a scar, though!**

‘Until we summon up the courage to distinguish between the problems of poverty and the problems of race, we shall have to reckon with the consequences of our lack of candor’ (Duncan 1968, 109).

# American exceptionalism: disappearing but not gone

‘In short, America was exceptional. Its history is unique, both in the aggregate and in its composition. The contradictions of the early nineteenth century, resolved bloodily in the Civil War, gave rise to a distinctive American economy that provided an example to the world both of aggregate growth with immigration and of managerial forms for corporate economic life. In our generation, however, the distinctive quality of American economic life is fast disappearing’ (Temin, 1991: 92).

**The American exceptionalism  
is 'reaffirmed' (Lipset, 1991)**

# Why do American ethnic minorities do better than their British counterparts?

- The American dream and the frontier spirit (except for Blacks perhaps)
- Civil rights movements and resultant tolerance and acceptance of minorities
- Affirmative action and the compliance agreements (for big employers, especially those wishing to secure government procurement)
- Less discriminatory employers
- More strict law enforcement and heavier costs of discrimination
- A longer queue (number and composition of competing MEG groups) benefiting some minority groups
- More positively selected

# British exceptionalism?

As compared with the earlier days of industrialism which possessed a more open form of society than that characteristic of Continental Europe, Britain is now exceptionally ‘**sclerotic**’, with entrenched class divide (Olsen, 1982: 86)

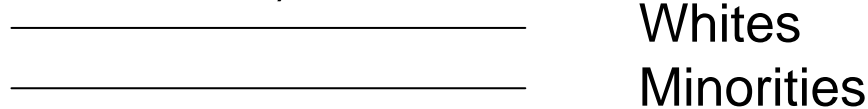
# Research on post-1965 immigrants

- **Three emergent views, mainly for US**

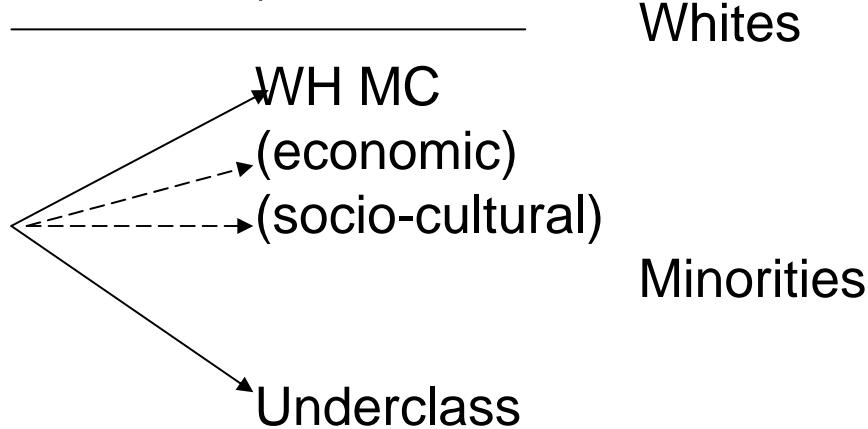
- Optimistic (Alba, Waters)



- Pessimistic (Darity and Mason)



- Segmented (Portes and Zhou)



# How long are the queues in each society (GB vs US)?

- Patterns of ethnic hierarchy (some groups persistently found to be disadvantaged: Blacks in both countries and Pakistani/Bangladeshi in Britain)
- Nature of such hierarchy (CARs and discrimination)
- The role of ethnic composition
  - The number of competing groups: Browns in LM1 with W, Brown and Black with do better than in LM2 with W and Black
  - The sizes of the competing groups: Browns will do better if the size of W shrinks and/or of Blacks grows
- Social changes with regard to the effects of ethnic composition: studies in the 1970s and 1980s; no recent study; no full groups; no comparison study

# **A Social Advantages& Disadvantages story** **for ethnic disadvantages**

- **Lack of human capital**
  - Poor qualifications, and foreign qualifications not recognised
  - Lack of English proficiency
  - Little knowledge of the local labour market
  - Lack of appropriate labour market experience
- **Lack of social capital**
  - Some limited bonding social (ethnic) capital which may be quickly depleted
  - Lack of weak and strong ties (bridging and linking social capital)
- **Lack of cultural capital**
  - Do not know how to 'look good and sound right' (people skills)
- **Possible employer and societal discrimination**
  - Statistical
  - Direct
  - Indirect (recruitment via the word of mouth or advertising in targeted areas), especially detrimental at hard times such as in the present economic crises

# **A** **R**<sub>ational</sub> **A**<sub>ction</sub> **T**<sub>heretical</sub> **explanation for the SAD results**

‘in terms of individuals of differing class origins pursuing ‘mobility strategies’ that, while rationally adaptive to the constraints typical of their class situations, tend in their aggregate outcome to maintain relative rates unaltered, at all events in the absence of any external modification of these constraints that would constitute a reduction – or an increase – in class-lined inequalities of condition’ (Goldthorpe and Mills, 2004: 223).

A similar reasoning applies in the ethnic realm?

# A comparative lens

- Is there greater social and ethnic equality in the US than in Britain, in the patterns and the trends?
  - No greater social mobility (Erikson and Goldthorpe, 1985; Kerckhoff *et al.*, 1985)
  - Chinese doing equally well in Britain and in the US (Cheng, 1994)
  - Ethnic minorities doing better in the US than in Britain (Model 2005)
  - Ethnic minorities in Britain catching up with peers in the US (Li, 2010)

# What is lacking in existing research on compositional effects?

- Compositional effects found in the US (Hodge, 1973; Thurow, 1975; Lieberman, 1980)
- White employers discriminate; but they do so less in the US than in Britain, esp. less against immigrants from the New Commonwealth (Model, 2005): why? Upgraders in the US
- No comparative study of such effects in the two countries in their patterns and the trends

# Data

- The 1991 1% Household SAR and 2% Individual SAR for Great Britain
- The 2001 3% Individual SAR for Great Britain
- The 1990 1%+5% IPUMs for the US
- The 2000 1%+5% IPUMs for the US

# Outcome and predictor variables

- **Outcome variable:** employment  
For men and women aged 16-64 in both countries
- **Explanatory variables:**
  - **Human capital:** education, labour market experience (age in bands and age squared in similar vein following SAR2001: 16/19=1 20/24=2 25/29=3 30/44=4 45/59=5 60/64=6)
  - **Marital status, health and dependent children** as identifying variables for creating the Inverse Mills ratio for predicting economic activity, which is then used in predicting employment (versus unemployment)
  - **Ethnic groups:** White, **Black Caribbean**, Black African (GB)/African American (US), **Indian, Pakistani, Bangladeshi**, Chinese, Mexican, Hispanic (US only); Black Other and Other

# Too big a sample? N = 22 million

- SARs: Sample 2% of Whites and keeping other minority groups intact
- IPUMs: Sample 1% Whites, 5% African Americans, 10% Hispanics and Mexicans each, and keeping all other groups intact
- All groups have  $N > 100$  for every ethnicity by sex by year by country combination

**Sub-sample N=1,126,877**

Table 1 Sample characteristics (column percent or means, N=1,126,877)

	GB 1990	US 1990	GB 2000	US 2000
Ethnicity				
White	26.1	18.1	18.3	12.5
B Caribbean	13.9	12.4	13.3	13.2
African American	5.4	12.9	10.1	9.9
Indian	21.8	7.9	20.1	11.7
Pakistani	10.3	1.4	12.5	2.2
Bangladeshi	3.2	0.3	4.6	0.9
Chinese	4.3	17.2	5.1	16.9
Hispanic	0.0	8.4	0.0	9.1
Mexican	0.0	12.2	0.0	12.8
Black Other	3.3	2.5	1.6	4.6
Other	11.8	6.7	14.5	6.2
Employment status				
Employed	56.6	68.0	58.3	64.9
<b>Unemployed</b>	<b>12.7</b>	<b>5.8</b>	<b>6.9</b>	<b>4.8</b>
Inactive	30.8	26.2	34.8	30.3
Tertiary education	14.9	28.5	26.9	33.3
Unpartnered	41.5	45.4	50.4	44.7
Having dependent children	55.3	46.8	48.3	46.2
Having limiting LT illness	9.0	6.5	13.5	14.3
Ethnic concentration (mean)	0.10	0.31	0.16	0.30
N	73,646	372,416	113,555	567,260

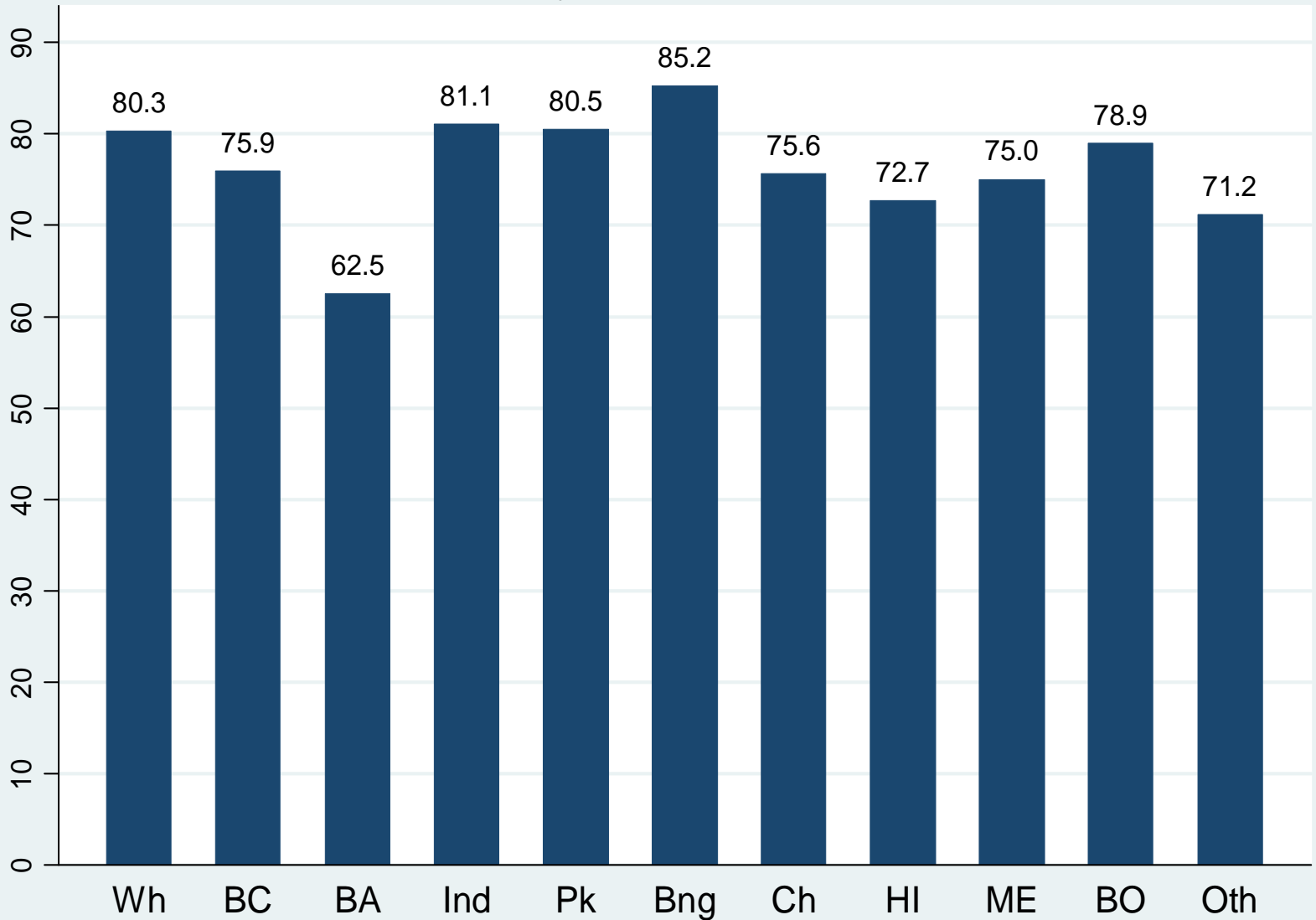
Table 2 Ethnic concentration by region in Britain or state in the USA

	1990		2000	
	GB	US	GB	US
Concentration				
White	0.049	0.228	0.087	0.227
B Caribbean	0.147	0.284	0.202	0.282
African American	<b>0.181</b>	0.274	<b>0.246</b>	0.274
Indian	0.108	0.292	0.167	0.290
Pakistani	0.072	0.297	0.121	0.299
Bangladeshi	0.147	0.307	0.209	0.290
Chinese	0.098	0.358	0.148	0.344
Hispanic	-	0.316	-	0.317
Mexican	-	<b>0.393</b>	-	<b>0.369</b>
Black Other	0.126	0.300	0.213	0.274
Other	0.125	0.351	0.178	0.343
<i>(All)</i>	<i>0.101</i>	<i>0.306</i>	<i>0.161</i>	<i>0.303</i>

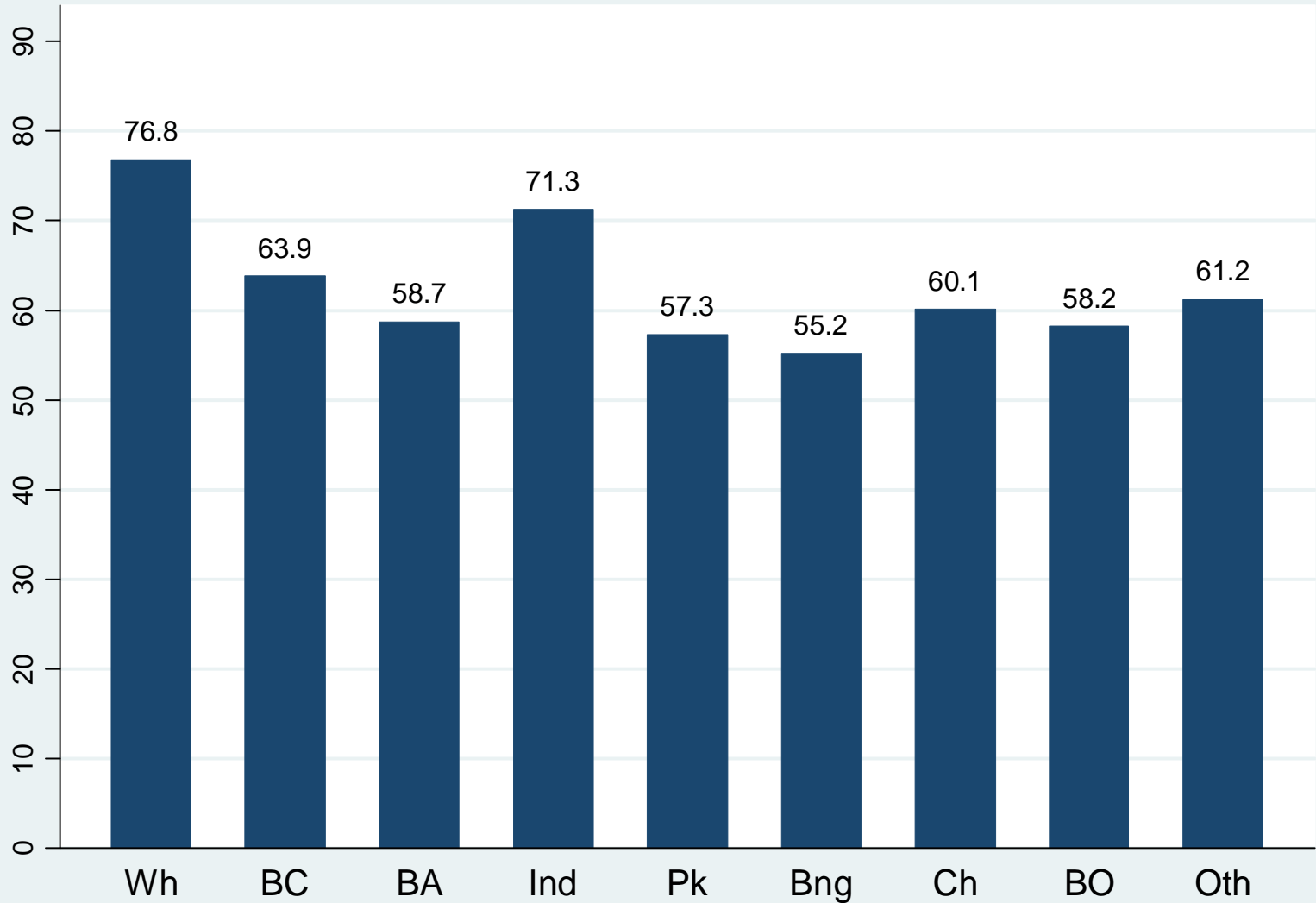
# Employment (%) by ethnicity



% employed for US men in 1990



% employed for British men in 2000



% employed for US men in 2000

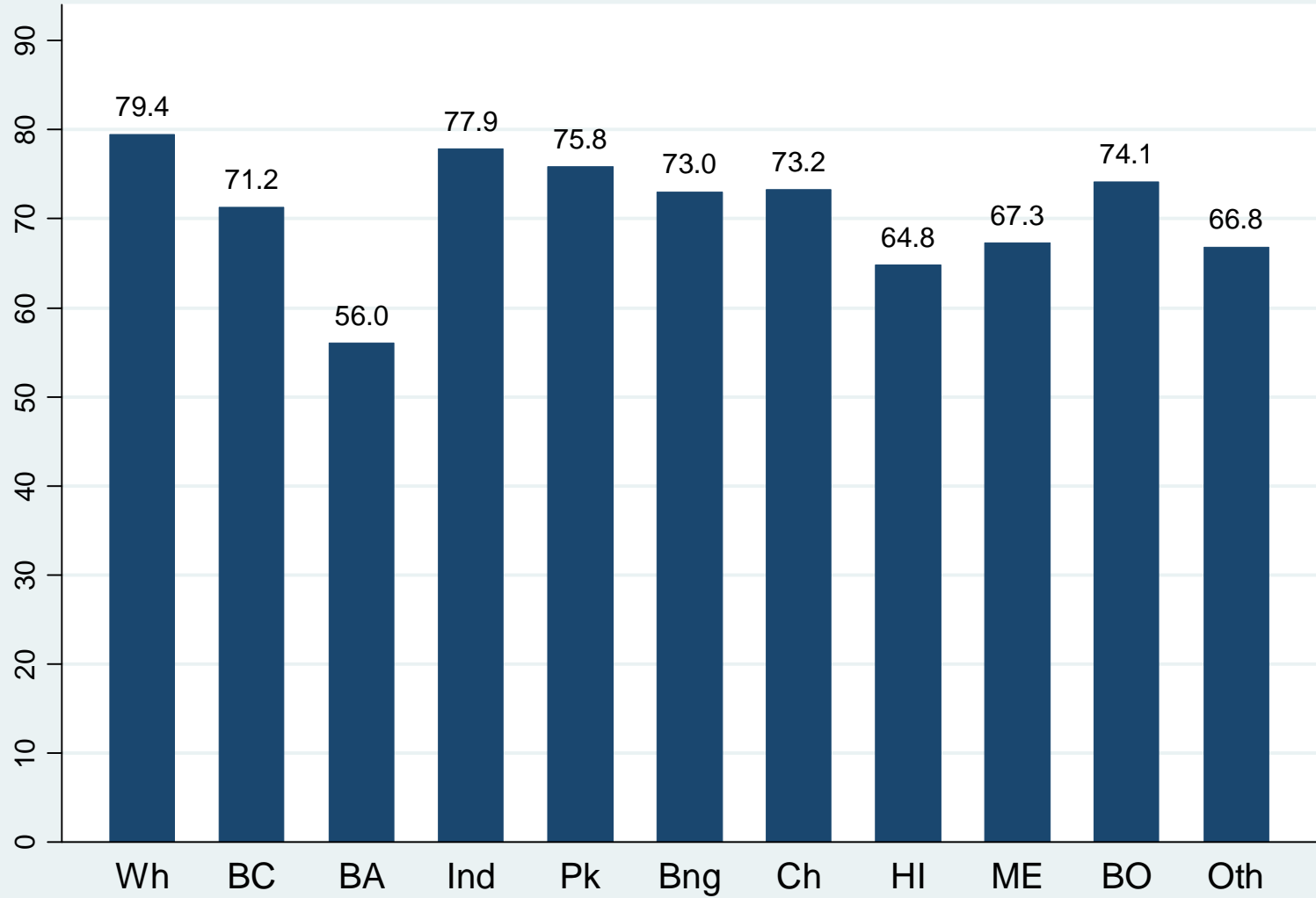


Table 3 Probit regression coefficients on employment vs unemployment

	GB 1990	US 1990	GB 2000	US 2000
<b>Men</b>				
White (ref)				
B Caribbean	<b>-0.441***</b>	-0.279***	<b>-0.431***</b>	-0.185***
B African/African American	<b>-0.513***</b>	-0.281***	<b>-0.442***</b>	-0.290***
Indian	<b>-0.096***</b>	0.029	-0.062*	-0.027
Pakistani	<b>-0.584***</b>	-0.086	<b>-0.362***</b>	0.040
Bangladeshi	<b>-0.581***</b>	-0.139	<b>-0.433***</b>	0.029
Chinese	0.059	0.147***	0.103	0.074*
Hispanic	-	-0.213***	-	-0.127***
Mexican	-	-0.275***	-	-0.117***
Black Other	<b>-0.475***</b>	-0.173***	<b>-0.444***</b>	-0.139***
Other	<b>-0.242***</b>	-0.084*	-0.134***	-0.108**
Ethnic concentration	-0.895***	0.237***	-0.671***	-0.101
Age	0.121*	-0.112**	-0.053	0.000
Age squared	-0.006	0.025***	0.022***	0.012
Tertiary education	0.481***	0.265***	0.300***	0.208***
Inactive selectivity	-0.699***	-0.857***	-0.797***	-1.044***
Constant	0.915***	1.704***	1.613***	1.838***
Pseudo R <sup>2</sup>	0.087	0.069	0.092	0.075
N	29,672	150,081	40,861	211,911

# Main findings on men's employment

- At both time points, most minority ethnic groups are behind Whites in Britain;
- At both time points, only some minority ethnic groups are behind Whites in the US;
- At both time points, most British groups are significantly more disadvantaged than their US peers
- Ethnic density works negatively for British men but has little impacts on the US men

## Women

White (ref)				
B Caribbean	-0.397***	-0.350***	-0.431***	-0.185***
B African/African American	<b>-0.789***</b>	-0.450***	<b>-0.442***</b>	-0.290***
Indian	<b>-0.360***</b>	-0.167***	-0.062*	-0.027
Pakistani	<b>-0.674***</b>	-0.317**	<b>-0.362***</b>	0.040
Bangladeshi	<b>-0.836***</b>	-0.243	-0.433***	0.029
Chinese	-0.093	-0.000	0.103	0.074*
Hispanic	-	-0.318***	-	-0.127***
Mexican	-	-0.339***	-	-0.117***
Black Other	-0.514***	-0.399***	-0.444***	-0.139***
Other	<b>-0.364***</b>	-0.097*	-0.134***	-0.108**
Ethnic concentration	-0.722***	0.020	-0.671***	-0.101
Age	0.315***	-0.036	-0.053	0.000
Age squared	-0.017*	0.023***	0.022***	0.012
Tertiary education	0.283***	0.258***	0.300***	0.208***
Inactive selectivity	-0.369***	-0.593***	-0.797***	-1.044***
Constant	0.769***	1.679***	1.613***	1.838***
Pseudo R <sup>2</sup>	0.100	0.055	0.078	0.061
N	21,187	123,744	40,861	211,911

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# Main findings on women's employment

- Basically the same pattern as for men, but with one important exception:
- In 2000, the British minority women are quickly catching up with the US sisters
- Ethnic density plays little role in accounting for US minority women's employment but it constitutes a very important barrier in the British case

Figure 4 The Fairlie decomposition of ethnic disadvantages in employment relative to Whites and group size effects

	1990						2000					
	Black Caribbean		Pakistani		Bangladeshi		Black Caribbean		Pakistani		Bangladeshi	
	GB	US	GB	US	GB	US	GB	US	GB	US	GB	US
<b>Men</b>												
Overall gap (%)	15.3	4.3	19.9	0.3	23.4	0.6	10.6	3.4	9.6	-0.1	13.7	0.4
% explained by												
Socio-demo.	8.5	11.2	24.7	-	22.2	-	15.1	45.6	44.8	-	34.3	-
Ethnic density	5.2	8.8	13.1	-	32.1	-	9.4	14.3	15.9	-	35.8	-
Group coeff.												
% B Car	-0.055***	0.023*	0.003	0.001***	-0.074***	0.023*	0.030***	0.005	0.084***	0.003	0.000	0.010
% BA/AA	0.299***	-0.001***	0.006	-0.001***	0.396***	-0.001***	0.000	-0.000	0.002*	-0.000	0.002	-0.000
% Indian	0.093***	0.005	0.048***	0.014*	0.058***	0.025*	-0.005***	0.002	-0.008**	0.003	-0.004***	0.010
% Pak/Bang	0.027*	-0.012	0.051***	-0.007	0.020*	-0.021	-0.003**	0.002	0.003***	-0.005	0.001	-0.018
% Chinese	-0.011	0.002	-0.040**	-0.003	-0.004	-0.003	0.001	0.003**	0.004**	0.006***	0.005*	0.008**
% Hispanic	-	-0.012	-	-0.013**	-	-0.022*	-	-0.003	-	-0.004	-	-0.007
% Mexican	-	0.000	-	0.000	-	-0.000	-	0.000	-	-0.001	-	0.000
% B Other	-0.067*	-0.002	-0.007	-0.002*	-0.027	-0.003	-0.042***	-0.004**	-0.062***	-0.001	-0.018***	-0.003
% Other	-0.280***	0.000	-0.033	0.000**	-0.291***	0.000*	0.026***	0.000	-0.009	-0.000	0.068***	-0.000
<b>Women</b>												
Overall gap (%)	7.9	3.6	28.6	7.1	42.4	6.8	5.4	3.6	13.5	3.0	18.9	4.8
% explained by												
Socio-demo.	5.9	-	70.3	46.5	58.5	44.8	4.4	-	88.4	83.2	85.2	72.9
Ethnic density	9.1	-	1.7	2.3	8.5	7.5	5.2	14.0	0.3	0.0	4.2	2.3
Group coeff.												
% B Car	-0.003	0.027*	0.013	0.016*	0.170	0.035*	0.026***	0.017*	0.030	0.007	-0.053***	0.020
% BA/AA	0.346***	0.000	0.074**	0.000	0.155	-0.000	0.002	0.000**	0.005	0.000	0.000	0.000
% Indian	0.062**	0.013	0.033*	0.035***	0.016	0.044**	-0.001	0.006	-0.001	0.012*	-0.001	0.019
% Pak/Bang	-0.007	-0.019*	0.007	-0.023*	-0.007	-0.032*	0.000	-0.010*	0.001	-0.010	-0.000	-0.021
% Chinese	0.059	0.000	0.015	-0.003	0.027*	-0.004	0.000	0.004***	0.001	0.006**	0.001	0.008*
% Hispanic	-	-0.008	-	-0.019*	-	-0.028*	-	-0.007	-	-0.011*	-	-0.019
% Mexican	-	-0.002*	-	0.003**	-	0.002*	-	0.000	-	-0.000	-	-0.000
% B Other	-0.139*	-0.006***	-0.061***	-0.007***	-0.063	-0.010***	-0.035***	-0.006***	-0.029**	-0.004*	-0.006	-0.005
% Other	-0.312***	0.000	-0.075**	-0.002	-0.238***	-0.003	0.009	-0.000	-0.005	-0.000	0.085***	-0.000

# A decomposition analysis

- For men, ethnic density explains more of the B Car's unemployment gap in the US than in Britain at both time points (9% v 5% in 1990; 14% v 9% in 2000)
- The group size of BAs benefited BC men in Britain in 1990 but little such effects in 2000; little such effect in the US;
- The presence of Indians benefited P/B men in Britain at both time points but no such effects in the US

# Main findings - continued

- Overall, there was greater composition effects in Britain in 1990 than in 2000;
- In 2000, the compositional effects in the two countries are similar
- The group size effects are thus converging although they are still a bit bigger in Britain than in the US
- To ensure socio-ethnic equality, much more effective policies must be in place, esp in Britain.

# Thank you!

- What are the big stories and the small details that I have missed?
- Suggestions warmly welcome!