

The Impact of Hispanic Last Names and Identity on Labor Market Outcomes

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ABSTRACT

Do individuals with Hispanic names face labor market discrimination? This study analyzes the impact of Hispanic-sounding surnames on wages among inter-ethnic children with one White and one Hispanic parent. I find that individuals with Hispanic surnames receive less education, more likely to be unemployed, and often earn less, with a notable wage gap favoring those with native-sounding surnames. People born to Hispanic fathers and White mothers receive 0.3 years of education less than those born to White fathers and Hispanic mothers. Males born to Hispanic fathers and White mothers are 1 percentage point more likely to be unemployed, and they also earn 5 percentage points less than those born to White fathers and Hispanic mothers. The earnings gap is largely due to educational differences.

1. Introduction

A substantial earnings gap exists between native-born White Hispanic men and White men, with Hispanic men earning 21% less. While a significant portion of this gap is attributed to educational differences, discrimination may also play a role, potentially leading to reduced job opportunities, lower wages, and hindered assimilation (???). This paper examines the impact of Hispanic last names on labor market and educational outcomes, contributing to the literature by isolating the effect of ethnic-sounding surnames from other potentially confounding factors. By focusing on children of inter-ethnic marriages, this study provides a novel approach to understanding the mechanisms behind Hispanic-White earnings disparities and the potential role of name-based discrimination in the labor market.

This study investigates whether having a Hispanic last name affects educational and labor market outcomes. Previous research has identified gaps in education, health, and labor market outcomes between Hispanics and Whites (??). However, comparing Hispanic Whites to non-Hispanic Whites might artificially inflate the earnings gap. This is due to observable differences in education level, work experience, and immigration status.

While these observable differences contribute to measurable disparities, identifying discrimination in the labor market presents further challenges, particularly due to unobservable factors. Audit studies, which offer insights into potential bias, primarily focus on callback rates rather than capturing the full scope of labor market outcomes (?). To address these complexities, this study compares children from inter-ethnic marriages—those of Hispanic fathers and White mothers (HW) to those of White fathers and Hispanic mothers (WH).¹ This approach leverages marriage selection based on observable characteristics (?), allowing for a nuanced investigation of how ethnic signals, such as Hispanic last names, affect earnings.

I find that individuals with Hispanic-sounding last names receive 0.2 years less education and are more likely to be unemployed. The gap in education is equivalent to a 1.5% reduction, and the unemployment gap is equal to a 14% increase. The earnings gap between individuals with Hispanic-sounding last names and those with White last names is 5 percentage points. However, when controlling for education, the earnings gap decreases to 1 percentage point, suggesting that the earnings gap is largely due to differences in education.

ORCID(s):

¹This method was used by ? to estimate the effect of having a Sephardic last name (as opposed to an Ashkenazi one) in Israel.

2. Data

I use two datasets: the IPUMS Current Population Survey (CPS) Annual Social and Economic (ASEC) (?) and the 1950 to 2000 US censuses (?). The CPS data (1994-2019) is used to study the effect of Hispanic-sounding last name on labor market outcomes. The census data is employed to construct synthetic parents using the method developed by ?.

The CPS sample is restricted to White, U.S.-born citizens aged 25-40, born between 1950 and 2000. Parents are classified as Hispanic if born in a Spanish-speaking country or Puerto Rico, and as White if they are US-born non-Hispanics. Four parental types are identified: (1) White father and White mother (WW), (2) White father and Hispanic mother (WH), (3) Hispanic father and White mother (HW), and (4) Hispanic father and Hispanic mother (HH). Table ?? shows the distribution of these types. WW children comprise 96% of the sample, HH 3%, and inter-ethnic children (WH and HW) 1.35%. Summary statistics for each group are presented in Table ?. Using the 1950-2000 censuses, I constructed a dataset of synthetic parents, including married White men and women born between 1920-1975.² Hispanic individuals are defined as White and born in a Spanish-speaking country, while Whites are native-born. Table ?? shows the distribution of couple types: WW (96%), HH (2%), WH (<1%), and HW (1%). Summary statistics for the parents are presented in Table ?.

3. Empirical Approach

I estimate the effect of having a Hispanic last name on educational outcomes and earnings. The difference in means between Hispanics and non-Hispanic Whites could result from either discrimination or differences in innate abilities, skills, and parental investments. While controlling for observable skill measures, I compare children of inter-ethnic marriages, HW and WH. WH and HW children are more similar in characteristics but provide employers, and the labor market, with different signals.³ WH children will have a non-Hispanic last name, while HW children will have a Hispanic last name.

3.1. Estimating the effect of having a Hispanic last name

In this section, I discuss my empirical approach. I restrict the sample to WH and HW groups. Let Y_{ist} be the outcome of interest for person i in state s at time t . HW_{ist} is an indicator variable for the type of parents person i has. X_{ist} is a vector of controls that includes age and numbers of hours worked, γ_{st} are state-year fixed effects (FE), and ϕ_{ist} represents the error term. The equation for this strategy is written as follows:

$$Y_{ist} = \beta_1 HW_{ist} + X_{ist}\pi + \gamma_{st} + \phi_{ist} \quad (1)$$

β_1 is the coefficient of interest in this specification. β_1 represents the gaps in outcomes between children of inter-ethnic marriages who have an ethnic-sounding last name versus a native-sounding last name.

3.2. Threats to Identification

The central assumption of my estimation strategy is that individuals born to HW parents have comparable characteristics to their WH peers, particularly in areas crucial to the labor market. This assumption faces two main challenges. First, Selection in the marriage market: Given the potential societal penalties associated with Hispanic identity, the characteristics of White women who marry Hispanic men may be unique. Second, Differential parental influence: Fathers and mothers may impact human capital accumulation differently (??).

These concerns are mitigated by assortative matching in marriages. A substantial body of literature indicates strong selection in marriages based on traits (???). This suggests that inter-ethnic WH and HW marriages likely consist of partners with similar characteristics, supporting the comparability of their children in terms of labor market outcomes.

A potential measurement error arises from using parents' birthplace in the CPS data as a proxy for both ethnicity and last name. However, this concern is minimal as most Hispanics from 1950 to 2000 were first-generation immigrants. Census data shows only 3% of native-born Americans identified as Hispanic, making it highly improbable for an

²To proxy for parental characteristics, I generate 'synthetic' parents, assuming mothers were between the ages of 20 and 35 at the time of birth. For example, a 'synthetic mother' of a 35-year-old in 2019, with a father born in the United States and a mother born in Colombia, would have the characteristics of an average married woman born in Colombia between 1949 and 1964, based on both her and her spouse's birthplaces. This family would appear in the 1990 Census with a 6-year-old child, with the mother born in Colombia and the father being U.S.-born.

³WH and HW children are both half White, half Hispanic.

inter-ethnic child to have a native-born, second-generation+ Hispanic father.⁴ Empirical evidence from the CPS and US Census will be used to evaluate these concerns and support the validity of the identification strategy.

4. From the Data: The Differences Between HW and WH Couples

In this section, I examine the data to validate my empirical strategy, focusing on educational and economic outcomes for four ethnic groupings—White White (WW), White Hispanic (WH), Hispanic White (HW), and Hispanic Hispanic (HH)—as shown in Table ???. The data indicates marriage selection, with smaller differences between HW and WH children compared to the other groups. This similarity makes HW and WH children a more suitable comparison for analyzing labor market discrimination against Hispanics. Using the synthetic parents sample constructed from Census data, we observe that WW couples have the highest household education levels (24.95 years), while HH couples have the lowest (17.13 years). Inter-ethnic couples fall in between, with WH households totaling 22.68 years of schooling and HW households slightly behind at 21.50 years. Notably, HW wives are more educated than their WH peers, which could have implications for the educational attainment of HW children, as mothers play a crucial role in human capital accumulation (??).

Regarding labor market outcomes, WW households have the highest log total family income (10.75), followed by WH (10.65), HW (10.60), and HH (10.42) households. The earnings gap between HW and WH men is marginal, with HW men earning 4% less. However, HW women slightly out-earn WH women, with log hourly earnings of 1.75 and 1.73, respectively. This reversal in typical gender earning patterns suggests that HW women contribute more to their families' economic stability, potentially benefiting their children's development and future labor market prospects. Despite HW mothers' higher education and income levels, HW children complete, on average, 0.4 fewer years of education than their WH peers (Table ??), potentially pointing to discrimination or barriers in educational access for HW children.

5. Results

My analysis of White, U.S.-born Hispanics ages 25-40 (Table ??) reveals that HW children receive 0.2 years less education than WH children—that represents a 1.5% reduction. While there is no significant difference in high school dropout rates, HW children are 2 percentage points less likely to earn an associate degree and 3 percentage points less likely to earn a bachelor's degree, which is equal to a 15% reduction. These gaps are larger for HW women in higher education. These disparities suggest potential barriers or discrimination in access to higher education for inter-ethnic people with Hispanic last names, particularly women.

I show in Table ?? a 1 percentage point unemployment gap between HW and WH workers, and a 5 percentage point crude earnings gap. However, when controlling for education, the earnings gap reduces to a statistically insignificant 1 percentage point. I also find that HW children are 1 percentage point more likely to be unemployed than WH children. The gap in unemployment is equivalent to a 14% increase and is statistically significant even after controlling for education. These results suggest that having a Hispanic last name negatively impacts labor market outcomes, particularly in terms of employment.

6. Conclusion

This study examines discrimination against Hispanics in the U.S. labor market, focusing on the impact of Hispanic-sounding last name on education and earnings. This research finds that inter-ethnic individuals with Spanish-sounding last names receive 0.2 years less education and are more likely to be unemployed. HW children earn 5 percentage points less than WH children, but this gap becomes statistically insignificant when controlling for education.

These results align with existing literature on disparities in educational access (??). While the earnings gap diminishes when controlling for education, this doesn't necessarily indicate an absence of discrimination, as education itself can be influenced by bias. Moreover, educational differences cannot explain the gaps in unemployment, suggesting that discrimination may play a role in labor market outcomes of individuals with Hispanic-sounding last names. Further research is needed to comprehensively understand the earnings gaps between Hispanics and Whites, particularly considering that mothers of HW children have higher education and earnings, which theoretically should lead to better outcomes for their children.

⁴Self-reported Hispanic identity among first-generation Hispanic immigrants and native-borns are based on the author's calculations from the 1950-2000 Census. The sample includes Whites, who are married, and are between the ages 25 and 40.

Declaration of Competing Interest

The author declares that he has no relevant or material financial interests that relate to the research described in this paper.

Data availability

Data is available [here](#).

Table 1
Number of Children and Couples by Parental and Couples' Type

	Parental/Couples' Type			
	White Father/ White Mother White Husband/ White Wife (WW)	White Father/ Hispanic Mother White Husband/ Hispanic Wife (WH)	Hispanic Father/ White Mother Hispanic Husband/ White Wife (HW)	Hispanic Father/ Hispanic Mother Hispanic Husband/ Hispanic Wife (HH)
Observations (Children)	6,421,328 0.96	39,048 0.01	51,277 0.01	179,827 0.03
Observations (Couples)	5,141,737 0.96	33,097 0.01	37,847 0.01	119,749 0.02

¹ Source (Children): Current Population Surveys (CPS) 1994-2019.

² Source (Couples): 1950-2000 Census.

³ The sample includes Whites, who are married and between the ages 25 and 40. Ethnicity of a person's parents are identified by the parent's place of birth. A parent is Hispanic if she/he was born in a Spanish-speaking country. A parent is White if she/he was born in the United States.

Table 2: Summary Statistics by Couple Type

Variables	Father's and Mother's Ethnicities			Differences	
	WW	WH	HW	HH	HH - WW HW - WH
Panel A: Synthetic Parents					
Husband's education	12.58 (2.88)	11.82 (3.75)	10.33 (4.40)	8.91 (4.25)	-3.67*** (0.01)
Wife's education	12.36 (2.40)	10.71 (3.97)	11.01 (3.44)	8.68 (4.00)	-3.68*** (0.01)
Total HH education	24.95 (4.77)	22.68 (6.91)	21.50 (6.99)	17.69 (7.40)	-7.26** (0.01)
Log Total Family Income	10.75 (0.57)	10.65 (0.67)	10.60 (0.68)	10.42 (0.66)	-0.33*** (0.00)
Husband's Log Hourly Earnings	1.74 (0.83)	1.76 (0.87)	1.72 (0.88)	1.55 (0.80)	-0.19*** (0.00)
Wife's Log Hourly Earnings	1.60 (0.93)	1.73 (0.88)	1.75 (0.89)	1.51 (0.79)	-0.09*** (0.01)
Number of Children	3.84 (1.44)	4.05 (1.70)	4.28 (1.84)	4.29 (1.72)	0.44*** (0.00)
Panel B: Children's Education					
Men's education	13.82 (2.42)	13.4 (2.38)	13.07 (2.27)	12.87 (2.3)	-0.94*** (0.01)
Women's education	14.06 (2.37)	13.62 (2.39)	13.26 (2.35)	13.22 (2.39)	-0.84*** (0.01)
Men's HS Dropout Rate	0.35 (0.48)	0.45 (0.5)	0.44 (0.5)	0.44 (0.5)	0.09*** (0)
Women's HS Dropout Rate	0.36 (0.48)	0.45 (0.5)	0.46 (0.5)	0.46 (0.5)	0.1*** (0)
Men's Associate Rate	0.15 (0.36)	0.15 (0.36)	0.12 (0.32)	0.11 (0.32)	-0.03*** (0)
Women's Associate Rate	0.19 (0.39)	0.17 (0.37)	0.14 (0.35)	0.15 (0.36)	-0.04*** (0)
Men's BA Rate	0.32 (0.47)	0.23 (0.42)	0.19 (0.39)	0.17 (0.38)	-0.15*** (0)
Women's BA Rate	0.36 (0.48)	0.28 (0.45)	0.22 (0.41)	0.22 (0.41)	-0.14*** (0)

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Table 2: Combined Summary Statistics by Couple Type (*continued*)

Variables	WW	WH	HW	HH	HH - WW	HW - WH	
Men's Prof. Degree Rate		0.09 (0.28)	0.07 (0.25)	0.05 (0.21)	0.04 (0.19)	-0.05*** (0)	-0.02*** (0)
Women's Prof. Degree Rate		0.1 (0.3)	0.08 (0.26)	0.07 (0.25)	0.06 (0.23)	-0.04*** (0)	-0.01*** (0)
Panel C: Children's Employment and Earnings							
Men's Unemployment Rate		0.04 (0.8)	0.06 (0.76)	0.07 (0.74)	0.07 (0.75)	0.02*** (0.00)	0.01*** (0.00)
Women's Unemployment Rate		0.04 (0.81)	0.06 (0.24)	0.07 (0.75)	0.06 (0.76)	0.02*** (0.00)	0.01*** (0.00)
Men's Log Hourly Earnings		2.51 (0.45)	2.43 (0.46)	2.42 (0.44)	2.42 (0.43)	-0.09*** (0)	-0.00** (0.02)
Women's Log Hourly Earnings		2.32 (0.49)	2.31 (0.45)	2.28 (0.45)	2.31 (0.42)	-0.02*** (0)	-0.03** (0.02)
Men's Log Annual Earnings		10.29 (1.01)	10.09 (1.05)	10.06 (0.97)	10.01 (1.04)	-0.28*** (0.01)	-0.03** (0.03)
Women's Log Annual Earnings		10.13 (0.78)	10.04 (0.79)	10.02 (0.72)	10.01 (0.73)	-0.12*** (0.01)	-0.02** (0.03)

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Table 2: Combined Summary Statistics by Couple Type (*continued*)

Variables	WW	WH	HW	HH	HH - WW	HW - WH
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¹ Source:
1950-2000
Census
(synthetic
parents),
1994-2019
CPS
(children's
outcomes)
² Synthetic
parents:
native-
born US
citizens,
White,
ages
25-40,
with kids
³ Children:
native-
born US
citizens,
White,
ages
25-40,
1994-
2019. WH,
HW, HH
restricted
to self-
identified
His-
panic/Latino
⁴ Parent
ethnicity
by
birthplace:
Hispanic if
Spanish-
speaking
country, if
White

Table 3
Effect of Having Hispanic Last Name on Educational Outcomes

	(1) Years of Education	(2) High School Dropout	(3) Associate Degree	(4) Bachelor Degree
<i>Panel A: Full Sample</i>				
HW_{ist}	-0.20*** (0.05)	0.01 (0.01)	-0.02*** (0.01)	-0.03*** (0.01)
Observations	88377	90027	66927	90027
<i>Panel B: Women</i>				
HW_{ist}	-0.25*** (0.06)	0.02 (0.01)	-0.03*** (0.01)	-0.04*** (0.01)
Observations	46516	47302	34334	47302
<i>Panel C: Men</i>				
HW_{ist}	-0.16** (0.07)	0.00 (0.01)	-0.02** (0.01)	-0.02 (0.01)
Observations	41861	42725	32593	42725
Full Sample's Mean	13.48	0.43	0.15	0.26
Women's Mean	13.58	0.44	0.16	0.27
Men's Mean	13.38	0.43	0.14	0.24

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹ This table includes the estimation results of equation (??). All regressions include state-year fixed effects.

² HW is an indicator variable that is equal to 1 if a person is the child of a Hispanic-father and White-mother.

³ Standard errors are clustered on the state level.

Table 4
Effect of Having Hispanic Last Name on Employment and Log Annual Earnings

	(3) Log Annual Earnings	(4) Log Annual Earnings	(2) Unemployment	(3) Unemployment
HW_{ist}	-0.05* (0.02)	-0.02 (0.02)	0.01** (0.00)	0.01* (0.00)
Constant				
<i>Controlling for:</i>				
Education		X		X
Observations	3621	3621	38 090	38 090

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

¹ This table includes the estimation results of equation (??).

² HW is an indicator variable that is equal to 1 if a person is the child of a Hispanic-father and White-mother.

³ The sample is restricted to prime-age men for unemployment and full-time full-year wage and salary workers for earnings.

⁴ I control for hours worked, age, and state-year fixed effects for earnings. I control for age, and state-year fixed effects for earnings.

⁵ Standard errors are clustered at the state level.