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Race and Labor Market Segmentation

Robert L. Kaufman

INTRODUCTION

In its simplest conception, labor market segmentation is the idea that there are sets of positions in the labor market whose characteristics systematically differ in a way that affects both their recruitment/hiring/promotion processes and their reward processes (Kalleberg and Berg 1994; Lang and Dickens 1994; Sakamoto and Chen 1991; Hodson and Kaufman 1982). It is thus a recognition that the processes that match people to jobs have implications for understanding how and why inequality in labor market rewards is distributed across people. While a major focus was (and continues to be) on how the characteristics of positions affect a variety of labor market outcomes for individuals, one of the original motivating questions for this literature was to understand and explain racial differences in labor market outcomes (Hodson and Kaufman 1982; Gordon 1972; Bluestone 1970).

Public sentiment and even some scholars might question whether race continues to affect processes of social stratification. For example, a recent international call for papers on stratification used the following conference theme: "A focal point is the postulated declining impact of social class, group memberships and social structural factors like e.g., gender, ethnicity, religion, region and socioeconomic background on sociological outcomes like school achievement, political behavior, status attainment and social mobility, social relationships and lifestyles." (http://enterprise.rz.uni-potsdam.de/u/soziologie/sozialstruktur/tagungen.htm#Spring99). While there have been long-term declines in racial inequality in the labor market, recent work suggests a stagnation of such declines, or even a reversal (Council of Eco-

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nomic Advisers 1998; Darity and Myers 1998; Bound and Freeman 1989; Cotton 1989; Jaynes and Williams 1989). In the next section, I review some "baseline" empirical evidence, which clearly indicates that racial differences in both the sorting process and in labor market rewards are an important and persistent component of the U.S. labor market. I then turn to a discussion of how labor market segmentation can help explain such differentials in both sorting and rewards.

EVIDENCE ON THE PERSISTENCE OF RACIAL DIFFERENCES

Segregation

A classic and simple way of documenting differences in the sorting of groups into labor market positions has been to use the index of dissimilarity (Reskin 1993). This measures the proportion of a group that would have to trade labor market positions with members of the other group so that both groups had identical positional distributions. Studies have most commonly used occupations to define labor market positions. A good summary of trends in occupational segregation is provided by King (1992), whose findings indicate the following:

- From 1940 through 1960, differences between the occupational distributions of African-Americans and whites were fairly substantial and roughly stable at around 40–45 percent for black men versus white men and 60–65 percent for black women versus white women.
- From 1960 to 1980, the differences declined substantially to about 30–34 percent for both African American men and women.
- From 1980 to 1990, there have been small declines of, at most, another 2–3 percent.
- Sex segregation within racial groups is consistently much higher than racial segregation within sex groups and has shown a lower rate of decline.

It could be argued that such findings underestimate the true extent of labor market segregation because they mask segregation that occurs within occupations (Tomaskovic-Devey 1993; Bielby and Baron 1986). One way of showing this is to calculate segregation using more detailed definitions of labor market positions. Figure 25.1 presents indices of dissimilarity among race–sex groups using first three-digit Census occupations (504 in number) and then six-digit Census industry–occupation combinations (54,104 in number). These calculations use data combining the 1 percent and 5 percent 1990 Census Public Use Micro Samples.

The use of these more detailed labor market positions does show notably higher levels of segregation, especially by race, although analyses using job titles show even higher levels of segregation (Tomaskovic-Devey 1993; Bielby and Baron 1986). Overall, these results suggest that about one-third of blacks (or whites) would have to change their labor market placement in order to achieve an even distribution of racial groups across positions and that, within racial groups, nearly 60 percent of women (or men) would have to change their labor market placement in order to achieve an even distribution of sex groups across positions.

On the other hand, some might argue that such measures *overstate* the extent

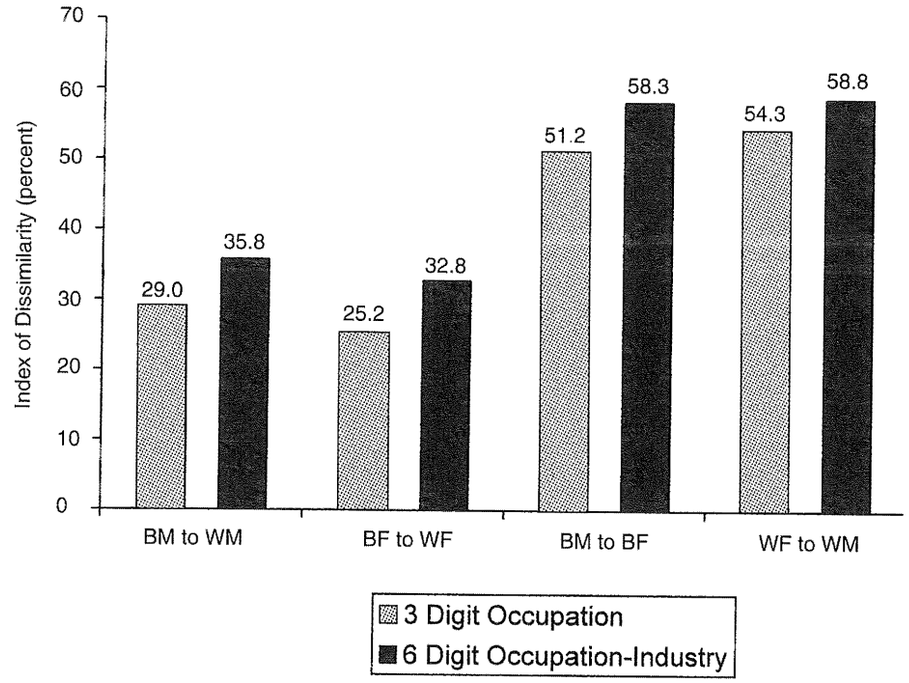

Figure 25.1. 1990 Labor Market Segregation Using Occupations and Detailed Industry-Occupations.

of racial inequality because they fail to take into account racial differences in labor market inputs (such as education, experience, and family statuses) or geographic location (region and metropolitan residence) that influence placement into labor market positions. In reality, such factors explain relatively little of the racial differences in occupational distributions (Anderson and Shapiro 1996; Dodoo and Kasari 1995). To illustrate, Figure 25.2 presents results from the 1990 Census aggregating the 54,104 six-digit industry–occupations into 107 industry–occupation groups.[1] It shows the index of dissimilarity for both the *observed* and *net* industry–occupation distributions for race–sex groups. The net distributions were derived from the effects of race–sex group membership on labor market position from a log-linear analysis controlling for the effects of human capital, family structure, and geographic residence on labor market position. These race–sex effects were used to adjust the observed distributions to remove the effects of differences among race–sex groups in the control variables (for details of this procedure, see Kaufman and Schervish 1986).

Note that the absolute levels of observed segregation shown in Figure 25.2 are smaller than those in Figure 25.1 due to the higher degree of aggregation. What is most important in Figure 25.2 is the difference between observed and net segregation. Adjusting the labor market placement of race–sex groups to reflect group differences in the control variables reduces segregation by at most 3 percentage points (a 12 percent reduction). Indeed, for sex segregation among whites, the net

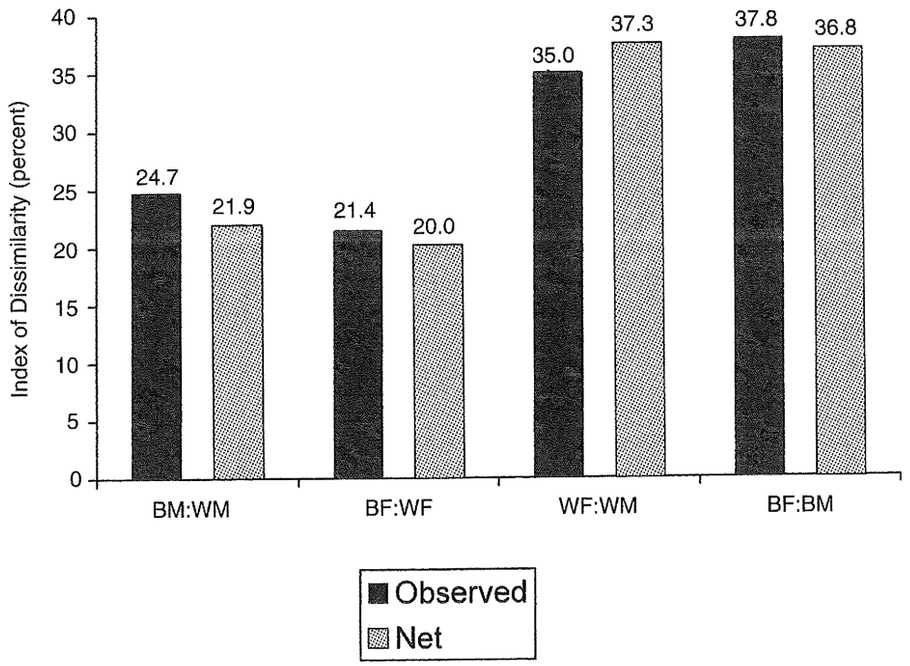

Figure 25.2. Observed and Net Aggregated Labor Market Position Segregation, 1990.

segregation is actually higher than the observed segregation. Thus, a moderate to high level of racial labor market segregation still exists and little of this segregation is due to differences in human capital, family status, or geographic residence.

One factor that these analyses do not fully address is the role of individual preferences and the self-selection of women and minorities into certain types of jobs (e.g., a preference for public service employment among minorities). Family status is often assumed to constrain women's preferences; and thus, the controls for family statuses partially control for the influence of women's preferences. As I discuss in more detail later, self-selection is of secondary importance because it does limit choices, but only among the already limited set of jobs actually offered. In fact, there is little evidence that such value differences influence intergroup differences in the jobs selected (Glass and Camarigg 1992; Padavic 1991; Glass 1990; Bielby and Bielby 1988; Barry 1987).[2]

Earnings

What implications does such segregation have for labor market rewards? It is commonly argued that a share of the differences in earnings among race-sex groups can be attributed to differences in the earnings of the labor market positions into which they have been sorted (Council of Economic Advisers 1998; Darity and Myers 1998; Tomaskovic-Devey 1993; England 1992; Marini 1989; Parcel and Mueller 1989; Glass, Tienda, and Smith 1988; Taylor, Gwartney-Gibbs and Farley 1986; Kaufman 1983; Beck, Horan and Tolbert 1980). The basic premise is that African Americans occupy jobs that typically have lower levels of earnings than those jobs occupied by whites, and this fact can explain some part of the earnings differences among groups.

How large are the earnings gaps among race-sex groups, how have these changed over time, and how much of the gaps can be attributed to segregation as opposed to other causes? The Council of Economic Advisers (1998) recently reported that (for full-time workers):

> Wages of white men continue to exceed those of all other groups of workers (Labor Markets 4, 5, and 6). Studies indicate that black men's wages rose relative to white men's between the early 1960s and the mid-1970s, especially in the South. But this trend reversed sometime in the mid- to late 1970s, and black men's relative pay declined for at least 10 years. The evidence of the last 10 years is mixed....
>
> After reaching near parity in the mid-1970s, black women's wages have fallen relative to those of white women.... Young, college-educated black women reached pay parity with their white counterparts in the early 1970s but have seen their relative wages fall about 10 percentage points since then (Labor Markets 5 and 7). (p. 23)

According to the data in this report, among full-time workers in 1997, black males earned 74 percent of what white men earned, while black females earned 83 percent of what white females earned. Thus, racial earnings gaps have persisted and even increased to some degree.

While this report acknowledges the link between labor market segregation and earnings (p. 24), it does not directly assess the impact nor whether declines in segregation have led to a lessened contribution of segregation as a source of disparity. Figure 25.3 presents data on the sources of the annual earnings gap in 1980 and 1990 in constant (1990) dollars for all workers, not just full-time workers. The size of the total gap among groups was relatively stable between 1980 and 1990 but showed opposite trends for race gaps than for sex gaps. Within sexes, the race gap in earnings increased, but much more so for men than for women. Within racial groups, the sex gap in earnings decreased, but much more so for blacks than for whites.

These gaps in annual earnings remained fairly substantial in 1990, aside from the very small gap between white and black women.[3] On average, white males earned much more than the other three race-sex groups. Black males earned $11,000 less, or 62 percent of white males' earnings. Both white women and black women earned about $16,000 less, or about 50 percent of white males' earnings. There was also a notable sex gap among African Americans; black women earned about $5,300 less, or 75 percent of black men's earnings.

What are the sources of these gaps? The typical decomposition of earnings gaps does not explicitly identify segregation as a source of earnings differences (England et al. 1994; Kaufman 1983; Featherman and Hauser 1976; Althauser and Wigler 1972), but rather attributes group earnings gaps to only two sources:

1. *Composition* is the share of the gap attributable to between-group mean differences in the factors that affect earnings (e.g., differences in mean education between groups). This component captures "compensable" dif-

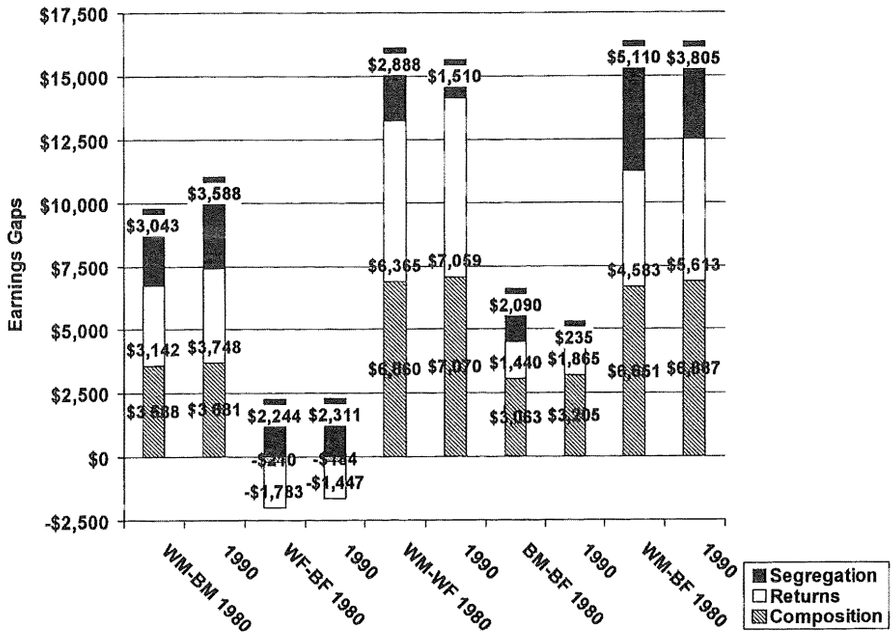

Figure 25.3. Decomposition of Earnings Gaps among Race-Sex Groups in 1980 and 1990.

ferences between groups, including those due to pre-labor market discrimination (e.g., in educational attainment).

2. *Returns* is the share of the gap attributable to between-group differences in the returns to the factors that affect earnings (e.g., different payoffs to education for groups). This component captures discrimination in the form of unequal payoff to labor inputs to some extent, although it is recognized that this is not "smoking gun" evidence of discrimination.

However, using a technique developed by Kaufman (1983), it is possible to measure a third component:

3. *Segregation* is the share of the gap attributable to "the impact of the differential distribution of the groups across labor market divisions coupled with the differential earnings of employment in the various labor market divisions" (p. 589) (e.g., differences in mean earnings between skilled craft positions (disproportionately employing white males) and low-skilled household service positions (disproportionately employing black females)). This component thus captures the extent to which an unequal distribution of groups across positions creates inequality even if there were no discrimination against groups within positions.

Figure 25.3 reports the results of applying this three-component decomposition to data from the 1980 and 1990 Census. In this analysis, the predictors of earnings included measures of human capital, family structure, geographic residence, and labor supply. Including labor supply is a somewhat conservative strategy

(i.e., maximizing the composition component and minimizing the return component) because labor supply indicators mix together involuntary with voluntary reduction of supply by some workers.

These data demonstrate that two of the sources of the earnings gaps are more volatile than the total gaps, while one is stable in terms of the absolute size of the gaps. The component due to *composition* has been constant for all comparisons. Aside from the very small reversal of the gap between white women and black women,[4] group differences in the mean of the characteristics affecting earnings contributed to the gap in both 1980 and 1990 by about:

- $3,600 for black males compared to white males
- $7,000 for white females compared to white males
- $3,100 for black females compared to black males
- $6,700 for black females compared to white males

In proportionate terms, the share of the gap due to group differences in *composition* was also fairly stable, aside from a large increase in the share of the gap between black males and black females. In 1990, group differences in *composition* accounted for from 33 percent of the earnings gap between black males and white males to 60 percent of the earnings gap between black females and black males. Clearly pre-labor-market differences are an important source of earnings gaps between groups, especially of the sex gaps within race groups.

In contrast to this stability, the size of the component due to *returns* increased between 1980 and 1990 for all group comparisons, although the component is still negative for black females compared to white females.[5] All else constant, there is a larger earnings gap between groups in 1990 than in 1980 because of changes in the returns paid to group members:

- For black males compared to white males the gap increased by $700 to over $3,700
- For white females compared to white males the gap increased by $700 to nearly $7,100
- For black females compared to black males the gap increased by $400 to nearly $1,900
- For black females compared to white males the gap increased by over $1,000 to $5,600

In 1980, the *returns* component accounted for from 22 percent of the earnings gap between black females and black males to 40 percent of the earnings gap between white females and white males. By 1990, this proportionate share had also increased, now ranging from 34 percent to 45 percent. Although the increased group differences in returns cannot be unambiguously attributed solely to increasing discrimination, it is important to note that this formulation of the decomposition model measures group differences in returns *within* sets of similar labor market positions. Thus, within-position differences in payoffs produce a sizable and growing component (both absolute and relative) of the earnings gap among groups, equaling or exceeding the proportionate share of the gap due to pre-labor-market *composition* for black males compared to white males, and for black females compared to black males.

The *segregation* component shows opposite trends for race gaps than for sex gaps. Within sex groups, the *segregation* component has increased the black-white gap in earnings from 1980 to 1990, especially for males:

- For black males compared to white males, the gap increased by $500 to nearly $3,600.
- For black females compared to white females, the gap increased by under $100 to $2,300.

On the other hand, the *segregation* component has decreased the male-female gap in earnings from 1980 to 1990, especially between black males and females:

- For black females compared to black males the gap decreased by $1,900 to over $200.
- For white females compared to white males the gap decreased by $1,400 to $1,500.
- For black females compared to white males the gap decreased by $1,300 to $3,800.

By 1990, the *segregation* component was only a minor part of the earnings gap between sex groups. Thus, some part of the increases in the proportionate share of the *returns* component (especially for black females compared to black males) was due to the reduction in the contribution of the *segregation* component. But the *segregation* component remained a substantial component of the race gaps—$2,300 for females and nearly $3,600 for males. Indeed, for black males compared to white males, each of the three components accounted for about a one-third share of the total gap.

The value of these decomposition results is that they clearly indicate the role that labor markets play in producing (and reproducing) inequality among race-sex groups. Except for black women compared to white women, a substantial share of the earnings gaps among groups can be explained by pre-labor market differences (from 33 percent to 60 percent). Thus, pre-labor-market group differences and inequalities are strongly reproduced within the labor market to re-create labor market inequalities among groups.

But the labor market is not just a passive generator of inequality. Fully 40-67 percent of the earnings gaps are not simply reproduced from preexisting differences. This remainder can be attributed to more active labor market processes creating race and sex inequality, including those of discrimination and segregation. It is to understanding these labor market processes through the twin lenses of labor market segmentation and race-sex queuing theory that I now turn.

UNDERSTANDING SORTING AND REWARDS DIFFERENCES

Overview of Segmented Market and Race–Sex Queuing Perspectives

Segmented Market Theory

Segmented market theory has focused on the explanation of labor market outcomes (especially earnings) of individuals as a function of the structural context of their jobs (Hachen 1992; Sakamoto and Chen 1991; Domanski 1990; Tigges 1987; Hodson and Kaufman 1982; Baron and Bielby 1980; Tolbert, Horan, and Beck 1980). The guiding principle of this approach is that product and labor markets are not open, homogeneous, and competitive, but rather can be conceived as forming distinct segments that vary in terms of their exposure to or insulation from market and nonmarket pressures. Moreover, both the average level of earnings in positions and the returns to individual traits (such as human capital) are affected by the nature and characteristics of the factors that segment product and labor markets.

For example, it is well established that employment in larger firms, or industries with larger establishment size raises workers' earnings (Brown, Hamilton, and Medoff 1990; Villemez and Bridges 1988; Hodson 1984; Kalleberg, Wallace, and Althauser 1981). Similarly, firms in oligopolistic product markets can manage (set) product prices, whereas firms in competitive product markets must accept the market-driven price. Such markets give rise to different resources and vulnerabilities for firms and workers (Hodson and Kaufman 1982), and thus the potential for very different labor market structures and remuneration practices. Individual wage determination thus reflects not only the investments made by individuals in themselves (human capital) but also the premiums and discounts paid according to the "location" of their job in particular product and labor markets.

Formally, proponents of segmented market theories often acknowledge the importance of processes that sort workers into jobs for explaining both individual and group differences in market earnings. A queuing approach has been the usual model of the sorting process, either explicitly (Sakamoto and Chen 1991; Kaufman 1986; Sørensen and Kalleberg 1981; Thurow 1975; Doeringer and Piore 1971) or implicitly (Hodson and Kaufman 1982; Tolbert et al. 1980; Beck, Horan, and Tolbert 1978; Bibb and Form 1977). However, queuing is argued to characterize only jobs in protected or structured labor markets, whereas jobs in unstructured labor markets are open to competition (Lang and Dickens 1994). Gaining initial entry into such protected markets is beneficial to workers in terms of both immediate rewards as well as job security and promotion prospects. As Braddock and McPartland (1987) point out, discrimination against African Americans is greatest at this entry stage and has long-term consequences in creating and maintaining racial inequality.

The fundamental premise of queue theory is that the matching of workers to jobs is the result of the intersection of two queues: a *job queue* in which jobs are ranked by individuals according to their desirability as jobs, and a *labor queue* in which potential employees are ranked by employers according to their desirability as workers. Thus, an employer (or his or her agent) ranks individuals and offers employment to the most highly ranked individual in the labor queue of potential workers, and individuals choose their most highly ranked job in the job queue of offered jobs ("profiling" allegedly reduces "information costs"). Economic and sociological approaches have emphasized employer's judgment of the "trainability" and productivity of an individual as key determinants of the ranking of individuals in the labor queue (Lang and Dickens 1994; Sakamoto and Chen 1991; Reskin and Roos 1990; Sørensen and Kalleberg 1981; Thurow 1975). Such judgments are presumed to rely heavily on an individual's human capital and employment history. Individuals' ranking of jobs typically reflects an attempt "... to maximize income, social standing, autonomy, job security, congenial working conditions, and the chance for advancement" (Reskin and Roos 1990:38).

Race–Sex Queuing Theory

Reskin and Roos (1990) developed (race-) sex-queuing theory by arguing that queuing processes also incorporate evaluations of employers' preferences for race-sex groups and that such evaluations are applied to work in all labor market positions, not just those positions in sheltered or structured labor markets. This elaboration of queuing theory provides linch-pins that can be used to integrate segmented market theory and race-sex queuing theory as an explanation of race and sex inequality applicable to all labor market positions:

- All jobs have labor queues that reflect not only training and productivity but also distinctive and varying patterns of race-sex ordering.
- Labor queues have "structural" properties (order, shape, intensity and salience of preferences), and these structural properties are affected by the characteristics of the corresponding product and labor markets.
- Queues function such that race-sex groups are sorted into jobs with different locations in product and labor markets, which then produces differential earnings among race-sex groups aside from individual differences in productivity and trainability.

Reskin and Roos (1990) identified three structural properties of labor queues: the race-sex ordering of the elements of the queue, the shape of the queue, and the intensity of preferences. I have added a fourth structural property: the salience of preferences. Theory and research on queuing and race-sex inequality have focused primarily on the *race-sex ordering* of the labor queue as due to real (or incorrectly presumed) group-level differences in trainability and productivity among race-sex groups; profiling workers according to race or sex is assumed to reduce firms' information costs. Such "statistical discrimination" is often cited as a principal cause of occupational segregation and wage gaps (Reskin 1993; Marini 1989; Bielby and Baron 1986; Baron and Bielby 1986; Thurow 1975; Arrow 1972). As Reskin and Roos (1990:31) argue: "... if employers tend to favor group X, then the Xs will be concentrated in the best jobs and the non Xs largely relegated to the least desirable ones."

But the race-sex ordering of the labor queue reflects more than just real or stereotypical group-level differences (Reskin and Roos 1990; Lieberson 1980). Jobs carry race- and sex- typed labels that identify them as "appropriate" or "inappropriate" for blacks and women. Because such labels are influenced by the nature of the work tasks required by the job, these characteristics of the job affect the race-sex ordering of the labor queue aside from any real or stereotypical differences among groups in productivity or trainability. Thus, preferences for race-sex groups are not uniform across jobs but vary systematically according to the characteristics of the job. This results in a corresponding pattern of race-sex segregation and wage gaps.

While the race-sex ordering of the labor queue is the most central structural property for understanding how queues and labor market segmentation produce racial inequality, the other structural properties of queues are also important. The *intensity of preferences* refers to the strength of rankers' preferences for the different criteria used to rank the elements in the queue. Closely related to intensity is the *salience of preferences*, which refers to the power or incentives of rankers to achieve their preferences. The importance of considering both factors was highlighted 45 years ago by Merton (1949) in his seminal work on prejudice and discrimination: Nonprejudiced individuals can engage in discriminatory behavior and prejudiced individuals can engage in nondiscriminatory behavior, if there are sufficient forces working to make their preferences less salient. In the case of the labor queue, the intensity and salience of preferences manifest themselves in the extent to which the ordering of potential employees reflects the race-sex group preferences of rankers (or of others with power) relative to the qualifications of individuals. Thus, some factors (such as regional location) should affect the intensity of preferences, whereas others (such as market concentration) should affect the salience of preferences. Finally, the *shape* of a queue refers to the size of the queue itself (the number of elements in the queue) and the relative sizes of the elements in the queue. Changes in the shape of the job queue can influence the distribution of race-sex groups across jobs. For example, a job experiencing growth can open opportunities for less favored groups *if* there is a scarcity of qualified members of a more preferred group.

Integrating Segmented Market and Race–Sex Queuing Perspectives

Past research on the structure of labor and product markets has identified those key characteristics that "segment" work (Kalleberg and Berg 1994; Tomaskovic-Devey 1993; Hachen 1992; Kaufman 1986; Hodson and Kaufman 1982; Baron and Bielby 1980; Tolbert et al. 1980). These factors can affect the structural properties of labor queues (and job queues), thus affecting how members of race-sex groups are sorted into positions, independent of their individual qualifications. The discussion of these is organized into five sets of factors:

- General skills and training requirements
- Race- and sex-typed work tasks
- Growth in employment levels
- Economic buffering and slack resources
- Linkages to actors other than the worker and the employer.

General Skills and Training Requirements

General skills and training are perhaps the most central factors linking earnings gaps to segregation. The level of skills and the extent of training are among the most important determinants of job wage levels (England et al. 1994; Tomaskovic-Devey 1993; Jacobs and Steinberg 1990; Parcel and Mueller 1989). Thus, if these factors affect how groups are differentially sorted into positions, then the sorting clearly will produce earnings gaps among groups.

In fact, general skills and training should affect the ordering of race-sex groups in the labor queue by employers as well as the intensity of their preferences, irrespective of their qualifications. The "statistical discrimination" perspective argues that (many) employers use race and sex as screening devices in hiring workers for skilled jobs in the belief (correct or not) that race and sex status are, on average, related to productivity (Reskin 1993; England 1992; Braddock and McPartland 1987; Bielby and Baron 1986; Baron and Bielby 1986; Arrow 1972). As skills levels rise,

then, the rank-order placement of African Americans in the labor queue should decrease and this preference will become more intense. In the literature on racial-occupational segregation, it is also argued that skilled work is "normatively" typed as inappropriate for blacks and other minorities and unskilled work is typed as appropriate (Reskin 1988; Kaufman 1986; Lyson 1985). This would imply as well that the ordering of blacks in the labor queue for jobs with low skill would be high, and that their ordering in the labor queue for jobs with high skill would be low.[6]

Normative typing and statistical discrimination imply a parallel effect of the extent of specific training required for a position. In addition, blocking access to valuable training has long been argued to be one of the primary routes through which an advantaged group maintains and legitimizes its favored position (Reskin 1993, 1988; Schutt 1987; Bonacich 1976; Hartmann 1976; Taueber, Taueber, and Cain 1966). These all suggest that the training time required for a position should negatively affect the ordering of African Americans in the position's labor queue and that the intensity of this preference will increase for longer training times.

Given the effects of skills and training on earnings, the differential sorting of blacks into jobs with lower levels of skill and training would contribute to the earnings gaps between blacks and whites. Without taking such segregation into account, measuring earnings gaps net of job skills (not individual skills) overestimates the extent to which group differences are equitable or compensable because it assumes that the sorting of race-sex groups into jobs by skills is equitable.

Race- and Sex-Typed Work Tasks

It is generally agreed that there exist societywide normative definitions of certain kinds of work tasks and kinds of skills as being "appropriate" or "inappropriate" for blacks and women (England 1992; England et al. 1994; Reskin 1988, 1993; Reskin and Hartmann 1986; Reskin and Roos 1993; Steinberg 1990; Kaufman 1986; Szafran 1982; Kluegel 1978; Snyder and Hudis 1976; Franklin and Resnik 1973; Oppenheimer 1968, 1970; Taueber et al. 1966). When applied to race (but not sex) segregation, this explanation is well accepted as representing constraints imposed on black job seekers, due both to employers' individual preferences and in reaction to other actors in the labor market. These constraints arise from employers' and societal beliefs about the roles blacks and whites should fill, employers' desires to minimize conflict if integration is opposed by white workers or customers, employers' efforts to disrupt worker solidarity, and efforts by advantaged workers to protect their privileges. Specifically, employers order race-sex groups in the labor queue according to their appropriateness given the race-typed character of the job.

Past research suggests that the following characteristics capture the normatively based constraints imposed on black workers. "Appropriate" work includes that requiring heavy physical labor, poor working conditions, and the performance of menial tasks (routinized and repetitive tasks, subservient interactions with others, and/or low-skilled work as argued earlier). "Inappropriate" work is defined primarily as that requiring status-discrepant interactions in which a worker is in a superior status over (nonminority) workers or clientele; that is, work involving the exercise of formal authority or of informal authority based on technical expertise or specialization. Thus, the "appropriateness" of a job for blacks should affect the ordering of blacks and whites in the labor queue and should increase black representation in stereotypically "appropriate" labor market positions, and decrease black representation in stereotypically "inappropriate" labor market positions.

For black females, there should be additional factors that define the "appropriateness" of positions because they are female, but there is some debate whether such factors represent constraints imposed by employers and other actors or sex differences in preferences for work with different kinds of skills (Reskin 1993; England 1992; Marini 1989). While most scholars acknowledge some role for individual preferences, this choice component is limited and weakened by the kinds of constraints imposed by employers and other actors noted earlier: *Individuals' choices are limited by their rank in the labor queue*. Members of a group that is ranked low in the labor queue face a limited range of options among which to exercise their choice.[7]

The research cited earlier suggests that the following characteristics capture the normatively-based constraints imposed on female workers and choices made by them. "Appropriate" work includes that requiring physical dexterity, verbal skills, clerical perception, and the performance of nurturant and subservient tasks. "Inappropriate" work includes that requiring status-discrepant interactions over males, heavy physical labor, and mathematical skills. Thus, the "appropriateness" of a job for black females (but not black males) would include these factors as well as those discussed earlier in affecting how they are ordered in the labor queue for a job.

The importance of these indicators of race- and sex-typing of work should decline over time, paralleling change in societal values toward more egalitarian race and sex opportunities. But two factors should temper this decline. Trends in general egalitarian beliefs change more rapidly than more focused or specialized beliefs (Schuman, Steeh, and Bobo 1988). And past differentials in distribution continue to affect the current distribution of race-sex groups (especially for older workers).

With respect to earnings differentials, scholars agree that these kinds of work-task indicators are important determinants of the earnings given to positions and their incumbents but disagree over their interpretation with respect to sex differences. The debate has centered on whether they represent "compensable differences" or a "gendered devaluation of work." The first perspective holds that such indicators are "compensable" (socially and economically legitimate) differences among positions, reflecting skills or amenities-disamenities differentially valued and chosen by women and men (e.g., Filer 1990, 1989, 1985). The other perspectives argue that the evidence for the general compensating differentials approach is weak (aside from that for risks of death and injury), that there is little evidence of sex differences in the valuation of amenities-disamenities, and that skills and the skills-earnings relationship are socially constructed (e.g., England et al. 1994; England 1992; Jacobs and Steinberg 1990; Steinberg 1990; Baron and Newman 1990; Glass 1990; Parcel 1989; Parcel and Mueller 1989; Reskin 1988). Rather, many of the skills that women use at work (e.g., nurturance) are either not rewarded as skills or are evaluated less highly, even negatively (England et al. 1994; England 1992; Jacobs and Steinberg 1990; Steinberg 1990; Reskin 1988).

Thus, there are strong reasons to believe that the extent to which the work tasks in a labor market unit are female- and black-typed should be associated with lower earnings for *all* race-sex groups in that labor market. Logically, depressing the earnings level of all groups in a position should also decrease the extent of differentials among groups within that position. Combining the findings from the

literature on race- and sex-typed work tasks with those on earnings differentials would suggest that the indicators of "appropriate" work situations for each race-sex group should decrease the earnings differentials among groups, whereas the indicators of "inappropriate" work situations for each race-sex group should increase them. This is in accord with several studies suggesting that a more equitable distribution of race-sex groups across positions would initially result in an increase in the extent of wage discrimination within positions (Glass, Tienda, and Smith 1988; Tienda, Smith, and Ortiz 1987; Kaufman 1983; Beck et al. 1980).

Growth in Employment Levels

A central argument of queuing theory is that changes in the shape of the job queue (the number of positions actually available at any point in time) should be directly related to the access of the less preferred race-sex groups (those lower-ranked in the labor queue). Employment growth in a position, by definition, means that employers must take workers from lower ranked positions within the labor queue than before. Employment growth thus signals a change in the shape of the queue that should increase access for blacks. There is consistent evidence for a positive impact of occupational growth, but the evidence for industrial growth is mixed (Reskin 1993; Reskin and Roos 1990; Baron, Mittman, and Newman 1991; Glass et al. 1988; Kaufman 1986).

The shape of the labor queue also has implications for the race-sex ordering principle of the queue because it may change the intensity and salience of employers' preferences for race-sex groups (Reskin and Roos 1993). When the demand for workers increases, employers either must wait until additional members of their preferred race-sex group obtain the necessary training or employ workers from race-sex groups further down the labor queue. The longer the training time, the less salient and less intensive will be employers' preferences and the greater the incentive to hire from less preferred race-sex groups. Moreover, the positive effect of growth for a particular race-sex group should also be larger for positions that are race and sex typed as "appropriate" for that group. The race- and sex-typed nature of work should increase the intensity and salience of employers' preferences in times of employment growth because it provides an additional incentive to hire preferred workers.

Economic Buffering and Slack Resources

There is much argument but little agreement over the role of these central features of product market structure. Early market segmentation approaches and the neoclassical theory of discrimination assumed societalwide "tastes for discrimination" that should create a preference for white males in the labor queue for *all* jobs (Wallace and Chang 1990; Wharton 1986; Howell and Reese 1986; Lyson 1985; Beck et al. 1980; Tolbert et al. 1980; Bibb and Form 1977; Doeringer and Piore 1971). But such "tastes" were argued to become more intense and salient only in the presence of protection from competition or the existence of slack resources (Reskin 1993; Kaufman 1986; Szafran 1982; Arrow 1972; Becker 1971).

Such "preferencing" should result in greater exclusion of other race-sex groups from employment in such firms and product markets and/or, alternatively, their inclusion and the payment of a premium to white males. But the exclusionary process has been disputed empirically and conceptually. Studies of the relationships of economic buffering (market power) and slack resources (profitability) to black employment representation have found very inconsistent effects (compare Kaufman 1986; Galle, Wiswell, and Burr 1985; Kaufman and Daymont 1981; Comanor 1973; Becker 1971; Shepherd 1970). Similarly, Reskin (1993) notes that there has been very mixed evidence for the influence of economic buffering and core versus periphery economic structure on sex segregation.

More fundamentally, questions can be raised about the "tastes" for discrimination thesis invoked by both approaches as the key to understanding the motivation to discriminate. First, these tastes are presumed to be expressed by the physical segregation of groups: the total exclusion of particular race-sex groups from a workplace. A much more plausible expression of such "tastes" would be the creation of social distance among groups in the workplace rather than physical distance between workplaces (Reskin 1993, 1988; Reskin and Roos 1987; England 1992; Kaufman 1986; Marshall 1974). One way of creating social distance among groups is by creating earnings differentials within a workplace.

Second, it is important to consider countervailing pressures and changes that can change employers' preferences or make them less intense or salient. In particular, antidiscrimination pressure by the government and citizens' groups has generally targeted larger, more visible economic arenas as the place to contest past discrimination (Kaufman 1986; Szafran 1982; Marshall 1974). Even absent such targeting, changes in employment regulations and in public opinion promoting nondiscrimination can offset economic buffering by changing employers' preferences, and reducing the salience of discriminatory preferences (Reskin 1993; Szafran 1982). Similarly, exogenous societal forces may limit the intensity and salience of employers' preferences as occurred during World War II, resulting in expanded employment opportunities for women and minorities. Although firms that are economically buffered or have slack resources are the most able to afford to change their employment practices (Kaufman 1986; Szafran 1982), these same factors provide resources to resist market and external pressures. In summary, greater economic buffering and slack resources should increase the salience of employers' preferences for race-sex groups in the labor queue, whether or not that preference is to impose a race-sex ordering.

Clearly, then, the relationship of economic buffering and slack resources to segregation and earnings differentials should change over time in response to political pressures by the government and citizens' groups, public opinion on racial and sexual egalitarianism, and exogenous forces such as war. Prior to the mid-1960s, there were few, if any, government and other public pressures against discrimination and a preponderance of in-egalitarian beliefs. From the mid-1960s through the late 1970s, antidiscrimination pressures consistently grew, as did more egalitarian public opinion, but since the late 1970s, political pressures have slackened (Reskin 1993; England 1992; DiPrete and Grusky 1990; Bound and Freeman 1989; Jaynes and Williams 1989). Some of the empirical inconsistency of past research may well reflect such changing market environments.

Linkages to Other Actors

This final factor explicitly takes into account two major actors (other than individual employers and workers) who can influence queuing and wage deter-

mination processes, namely, labor unions and the public (government) sector. A few scholars (from widely divergent approaches) have argued that, in the context of pervasive racism and sexism, most unions act as instruments to create market barriers to protect the privileged interests of white male workers (e.g., Beck 1980; Hartmann 1976; Becker 1971). But these approaches often fail to consider the importance of distinguishing between craft- and industrial-type unions. Craft-type unions typically exercise substantial control over the size and composition of the labor pool for select positions, which in turn permits them to keep wages high. Historically, craft-type unions usually were able to maintain such power without including women and minorities (Schutt 1987; Kessler-Harris 1985; May 1985; Libeau 1977; Bonacich 1975, 1976); indeed, limiting supply by excluding such groups was often in the unions' short-term self-interest.

In contrast, industrial-type unions have much weaker and restricted control over access to jobs, limited to negotiating over hiring and promotion rules. The power of industrial-type unions derives from their role as agents for collective bargaining, relying on the threat of strikes and other collective actions (such as "banking" individual grievances to use in contract negotiations). Since the resurgence of industrial unionism in the 1930s, most industrial-type unions recognized that the success of collective action is contingent upon the inclusion of blacks, women, and other minorities employed in the workplace, and they began to act in this self-interest (Gabin 1990, 1985; Milkman 1987, 1985; Bonacich 1976; Marshall 1965). Thus, industrial-type unions began to encourage minority and female membership, and to support racial- and gender-neutral employment and wage practices. Given that industrial-type unions typically have less influence over worker selection (and thus the ordering of race-sex groups in the labor queue) than over wages and work rules, the impact of unions should be more relevant to understanding earnings than employment differentials.

The evidence for the effects of unionization is partly mixed. A few studies have found evidence of a negative impact of unions on race-sex inequality (Beck 1980; Hartmann 1976; Becker 1971). But the vast majority of studies have found that the extent of industrial- (*but not craft-*) type unionization has either a beneficial or a neutral impact on the level of racial and sexual inequality (Kaufman 1986, 1993; Kaufman and Daymont 1981; Baron and Newman 1990; Gabin 1990; Bridges and Nelson 1989; Milkman 1987; Strom 1985; Leonard 1985; Bridges 1982; U.S. Commission on Civil Rights 1982; Libeau 1977; Bonacich 1976; Marshall 1974, 1965; Hill 1974; Ashenfelter 1972).

The public sector is an actor with a role both as an employer and as an agent of the social "will" as expressed in employment legislation. Scholars agree that, since the mid-1960s, the public sector has been more favorably disposed to the employment of blacks and women (Reskin and Roos 1993; King 1992; DiPrete 1989; Wharton 1989; Kaufman 1986; Leonard 1984; Hodson and Kaufman 1982; Smith and Welch 1977; Shepherd 1970), in part a result of actions by the executive branch, such as President Johnson's War on Poverty and the institution of preferential hiring of veterans. A more egalitarian ranking of race-sex groups in the labor queue should thus characterize positions located in the public sector. But the public sector can also influence the race-sex ordering of the labor queue by private employers through efforts to make employers' preferences less salient by enforcing anti-discrimination legislation and executive orders. Through the efforts of the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance (OFCC), the government has the capability to affect the ranking of race-sex groups in the labor queue. The OFCC has been responsible for enforcing nondiscriminatory employment and wage treatment among federal contractors since the 1960s. Early studies of the impact of the OFCC revealed little effect (Kaufman 1986; Kaufman and Daymont 1981; Smith and Welch 1977; Burman 1973), but later studies have suggested that it can make a difference, though enforcement has been haphazard (Reskin 1993; Gunderson 1989; Leonard 1984).

IMPLICATIONS

Social scientists from a variety of disciplines and theoretical perspectives have raised concern over the long-term trends in racial inequality in labor market positions and earnings. It is generally agreed that both the absolute economic status of blacks and their status relative to whites has improved since the 1940s, whether measured in terms of occupational segregation, socioeconomic status, or earnings (Council of Economic Advisers 1998; Carlson 1992; King 1992; Killian 1990; Jaynes and Williams 1989; Bound and Freeman 1989; Fossett, Galle and Burr 1989; Fossett, Galle, and Kelley 1986; Farley 1984). But these same studies still suggest that substantial progress remains to be made. In a report prepared for the National Academy of Science, Jaynes and Williams (1989:4) provide an eloquent summation: "Despite clear evidence of progress against each problem, Americans face an unfinished agenda: many black Americans remain separated from the mainstream of national life under conditions of great inequality." The most optimistic portrayals suggest that the change in relative status has continued but slowed gradually since the late 1970s (Carlson 1992; King 1992; DiPrete and Grusky 1990; Farley 1984). Most others indicate that blacks' relative economic status has stagnated or declined since then, especially during the 1990s (Council of Economic Advisers 1998; Darity and Myers 1998; Bound and Freeman 1989; Jaynes and Williams 1989; Marini 1989).

Explanations for this trend have largely relied on changes in economic conditions, in the labor market, in government and public policy and pressure, or in pre-labor market characteristics of racial groups (Darity and Myers 1998; Danziger and Gottschalk 1993; DiPrete and Grusky 1990; Jaynes and Williams 1989). Darity and Myers (1998:58) argue that such factors are insufficient by themselves to explain the widening gap during the last 20 years. Instead, they suggest that attention be shifted to a neglected (and largely unspecified) "endogenous model of discrimination," in which the shifting labor market opportunities for white males are the driving force behind the widening labor market gap among the races:

> White males were squeezed out of the vanishing middle-class jobs, which had been their purview, especially well-paid blue-collar jobs. They were then crowded into a lower tier of occupations that they would not otherwise have held. They squeezed black males out of those jobs. In fact, they have begun to appropriate a set of jobs that were previously held by blacks and are making them "white male" jobs.

What is the actual process underlying such a model? I would argue that it is the operation of race-sex labor queues within segmented labor markets as described

earlier, coupled with broad shifts toward a service economy and a continuing increase in the number and proportion of college graduates that have crowded high school graduates out of traditional high school jobs. The shift to a service economy has created more jobs in unprotected than in protected labor markets, more jobs with low skills and pay than jobs with higher skills and pay, and more jobs with some form of contingent employment relations (Mishel, Bernstein, and Schmitt 1999; Aronowitz and DiFazio 1996; Rubin 1996; Sullivan 1996).

Consider what should happen to both white and black males as they are offered fewer jobs in the more highly paid and protected blue-collar labor markets in manufacturing than in the past or who lose jobs from such markets. They will then accept jobs in the service sector that previously had been ranked lower in their job queue because such jobs were less well paid or less likely to be in protected labor markets. Where these workers are ranked in the labor queue for jobs in the service sector will determine which jobs they are most likely to be offered:

- On an individual basis, those jobs for which they are more highly ranked in the labor queue by employers because of their qualifications.
- On a group basis, those jobs for which they are more highly ranked in the labor queue by employers because the position is more "appropriate" for their race-sex group than for members of other race-sex groups.

As discussed earlier, these stereotypically "appropriate" jobs for white males should, in relative terms, be those jobs higher in skills, less routinized, and requiring more autonomy or authority, and which, as a result of these characteristics, should be the higher paid ones in the service sector. The opposite should characterize the stereotypically "appropriate" jobs in the service sector for black males. Cotton (1989), for example, has shown that the employment shifts out of blue-collar jobs and into white-collar jobs in the early 1980s resulted in black males being represented more in lower paying sales jobs and white males being represented more in higher paying sales jobs. My own prior research (Kaufman 1986; Kaufman and Daymont 1981) suggests that this results from the differential sorting of black and white males within the service sector: Black males relative to white males with equivalent qualifications are more likely to be employed in low-status, low-skills sales jobs and are less likely to be employed in higher-status, higher-skills sales jobs.

At the same time, such queuing processes can also help explain the persistence of racial differences in unemployment, underemployment, and employment discouragement (inability to ever find a job), which have shown little change over time. The unemployment rate for blacks, for example, has been virtually constant at twice the unemployment rate for whites for the last 40 years (Council of Economic Advisers 1998). And since the mid-1980s, indicators of employment discouragement for young adults suggest a similar 2:1 ratio of discouragement for black males compared to white males and of at least 1½:1 (often higher) for black females compared to white females (Council of Economic Advisers 1998). The preponderance of employment in 1990 (nearly 75 percent) was in positions that were normatively typed as either "white" or "neutral" (no clear typing) according to the stereotyping characteristics discussed earlier. Thus, three-fourths of the positions had labor queues for which preferential evaluation of whites over blacks was likely to occur. Being ranked in the bottom of the labor queue can explain both why blacks are more likely than whites to be discouraged workers, unable to secure job offers, and why blacks are more likely than whites to become unemployed.

Although popular opinion may discount the existence of preferential evaluations, careful studies have verified the continued operation of such preferential evaluations both in employment and other settings (Fix and Struyk 1993; Turner, Fix, and Struyk 1991; Braddock and McPartland 1987). The Turner et al. (1991) study was a hiring audit in which sets of black and white job candidates were paired, given equivalent credentials, and sent to apply for the same jobs. The results of the study were as systematic as they were startling to popular opinion:

> It found that black applicants were less likely to receive an interview than their white counterparts. If they got an interview, they were likely to have a shorter one and to encounter more negative remarks. They were more likely to be denied a job and more likely to be steered to less desirable jobs. (http://www.urban.org/pubs/catalog/discrim.htm)

The clearest implication for public policy of this perspective on race and labor markets is the need to create mechanisms to address such differential evaluation of the credentials of blacks and whites and their differential treatment in access to jobs. The race-sex ordering of labor queues affects not only the earliest stages of interviewing and initial labor force entry but also subsequent access to the most desirable positions. The one optimistic note is Braddock and McPartland's (1987) finding of little or no evidence from their study of continuing race differentials in evaluation at the stage of promotion, beyond that created by limitations at the stages of job candidacy and entry. This suggests that access to subsequent desirable positions is limited predominantly by earlier screening on the basis of race, and that public policy should focus on such "point of contact" discrimination in employment.

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NOTES

1. The industry groups are defined by product type (using Browning and Singlemann's 1978 classification) and by the extent of industrial market power (concentration of sales). The occupation groups are defined by skills-type (combinations of working with people, data, or things) and by skills-level.
2. Even preferences for sex-typical work are only weakly associated with job choices (Rosenfeld and Spenner 1992; Jacobs 1989; Rosenfeld 1983), and many scholars argue that these preferences often reflect the influence of past labor market discrimination (Reskin 1993; Marini 1989).
3. This is much smaller than the gap among full-time workers because black women are much more likely than white women to work full-time.
4. The negative component for black females compared to white females indicates that the gap, rather than decreasing, increases by about $200 after adjusting for differences in composition.
5. For black females compared to white females the gap *decreased* by $400 *less* to over −$1,400.

6. Such restriction of opportunities could depress educational aspirations among minority youth (an "education can't help me" attitude). But African American youth, in fact, express higher levels of educational and occupational aspirations than do comparable white youth (Ainsworth-Darnell and Downey 1998).
7. Moreover, there is limited evidence of relevant value differentials between men and women (Reskin 1993), but abundant evidence for weak links between women's early occupational aspirations and both later aspirations and later achievements (Jacobs 1989), and a high degree of mobility between sex-typical and sex-atypical jobs (Rosenfeld and Spenner 1992; Rosenfeld 1983; Jacobs 1989). There is also no evidence for an effect of choice on the compatibility of jobs with family responsibilities for women (Glass and Camarigg 1992).

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26

Immigration and Labor Markets in the United States

Frank D. Bean, Susan Gonzalez-Baker, and Randy Capps

This chapter presents an overview of theory and research about interrelationships between international migration and labor markets, focusing on the case of the United States.[1] In recent years, the United States has received more immigrants than any other country in the world. Legal immigration has averaged over 1 million persons per year during the 1990s, with levels of unauthorized migration adding an estimated 250,000–300,000 net persons per year to this figure (Bean et al. 1999; U.S. Immigration and Naturalization Service 1997). In absolute numbers, U.S. immigration totals are as large as they have ever been, although the percentage of the population that is foreign-born is not currently as high as previously, during earlier periods of substantial immigration (Bean et al. 1997; Fix and Passel 1994). Such statistics imply important interdependencies between immigration and labor market dynamics. Even more compellingly, the fact that recent immigrants are just as likely as natives to have graduated from college but at the same time are much less likely to have completed high school suggests that immigrants and natives are likely to play different labor market roles. If the foreign and native-born populations were similar in their backgrounds and human capital characteristics, there would be less reason to think that increasing numbers of immigrants might exert substantial effects (either positive or negative) on labor markets beyond, perhaps, the effect of increasing the size of those markets (Smith and Edmonston 1997).

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