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Recommended Citation
Pager, Devah; Western, Bruce; and Pedulla, David () "Employment Discrimination and the Changing Landscape of Low-Wage Labor Markets," University of Chicago Legal Forum: Vol. 2009: Iss. 1, Article 9.
Available at: http://chicagounbound.uchicago.edu/uclf/vol2009/iss1/9

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Employment Discrimination and the Changing Landscape of Low-Wage Labor Markets

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ABSTRACT

A large body of theoretical and empirical research would lead us to predict a steady decline in discrimination, but several features of contemporary low-wage labor markets may function to sustain or renew racialized decision-making. Shifts in the composition of both low-wage jobs and workers have potentially created new incentives and opportunities for employers to enact racial preferences in the selection of workers. In Part I of this Article, we review key recent trends in low-wage labor markets, including both demand-side shifts (for example, changing industrial composition, shifts in employment relations, and declining government enforcement) and supply-side changes (for example, increases in immigration, female labor force participation, and increasing numbers of young men with criminal records). In Part II, we then present empirical evidence from a large-scale field experiment of hiring discrimination conducted in New York City. Results from this study point to the salience of subjective criteria in the screening of low-wage workers, leaving room for bias to creep into the selection process. Finally, in Part III, we consider

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* This Article was prepared for The University of Chicago Legal Forum Symposium on Civil Rights and the Low-Wage Worker. Parts of the empirical work presented in this Article were drawn from Devah Pager, Bruce Western, and Bart Bonikowski, Discrimination in a Low Wage Labor Market: A Field Experiment (forthcoming Am Sociological Rev 2009). This research was supported by grants from the National Science Foundation and the National Institute of Justice.
the implications of these trends for broader patterns of labor force participation and the potentially self-reinforcing effects of labor market discrimination for minority low-wage workers.

I. INTRODUCTION

A large body of literature in both sociology and economics would lead us to predict the steady decline of racial discrimination. In 1978, William Julius Wilson published the now classic treatise on black America, entitled *The Declining Significance of Race: Blacks and Changing American Institutions*, in which he skillfully argued that the problems facing African Americans in the modern industrial period had more to do with class than race, and that discrimination was no longer paramount in shaping the outcomes of blacks.¹ Consistent with this perspective, survey research on racial attitudes demonstrates steady movement toward the endorsement of equal treatment by race and the repudiation of direct discrimination.²

Economic theories of discrimination have likewise predicted a decline in discrimination through the mechanism of market competition. Discrimination is economically costly because prejudice leads employers to overpay for majority workers.³ Over time, then, discrimination based on racial animus or in-group preference should decline as competitive markets drive discriminatory employers out of business.⁴

Against these predictions, however, specific structural and compositional changes in the economy in recent decades have given rise to new conditions that may offset social and economic pressures toward nondiscrimination. Shifts in the composition of both low-wage jobs and workers have potentially created new incentives and opportunities for employers to enact racial preferences in the selection of workers. Together, these new features of contemporary low-wage labor markets may serve to sustain or

² In the 1940s and 1950s, for example, fewer than half of whites on surveys believed that white students should go to school with black students or that black and white job applicants should have an equal chance at getting a job. By the 1990s, by contrast, more than 90 percent of white survey respondents would endorse the principle that white and black students and job applicants should be treated equally by schools and employers. See Howard Schuman, et al, *Racial Attitudes in America: Trends and Interpretations* 99–111 (Harvard rev ed 1997).
⁴ See id.
renew racialized decision-making, with important implications for the civil rights of minority low-wage workers.

In Part I of this Article, we review key structural and compositional changes to low-wage labor markets that may have relevance for the persistence or increased salience of race in employer decision-making. Reviewing changes in both demand and supply-side factors, we consider the implications of recent trends for the prevalence of discrimination in low-wage labor markets. In Part II, we then present empirical evidence from a large-scale field experiment of hiring discrimination conducted in New York City. Results from this study point to the salience of subjective criteria in the screening of low-wage workers, leaving much room for bias to creep into the selection process. Finally, in Part III, we consider the implications of these trends for broader patterns of labor force participation and the potentially self-reinforcing effects of labor market discrimination for the minority low-wage worker.

Our discussion highlights elements of low-wage labor markets that may have implications for discrimination on the basis of race, ethnicity, national origin, and gender. In particular, however, we focus on the disadvantages experienced by African American men. Both theoretical and empirical evidence suggest that low-skill black men have been especially vulnerable to structural and compositional changes in low-wage labor markets, leading to persisting—and in some cases widening—racial disparities in economic outcomes. Our primary emphasis, then, relates to the changing landscape of low-wage labor markets and its implications for discrimination against African American men.

II. THE CHANGING LANDSCAPE OF LOW-WAGE LABOR MARKETS

A large body of literature documents structural changes in the labor market since the early 1970s and their implications for racial inequality in employment. In this paper, we revisit these literatures with an eye toward understanding their implications specifically for discrimination. While a large number of structur-

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5 See Wilson, The Declining Significance of Race at 15, 104–09, 151–52 (cited in note 1).
al changes affect patterns of racial inequality, many do so through mechanisms unrelated to discrimination. For example, the decline in manufacturing jobs disproportionately affected the employment prospects of black men, but these economic consequences were not themselves the result of racial discrimination.7 In this discussion, we refocus debates about economic restructuring to consider how features of contemporary labor markets may renew or increase the salience of race in employer decision-making.

A. Demand-Side Shifts

On the demand-side of the labor market, three key shifts have potential implications for the activation of discrimination in employment: the shift toward service work; changes in employer-worker relations; and the decline of government enforcement. We discuss each of these factors in turn.

1. Shift toward the service industry.

One of the most fundamental changes in low-wage labor markets over the past thirty years has been the extraordinary shift toward service work. Manufacturing jobs—once the staple source of employment for low-skill men—have declined precipitously since the mid-twentieth century. New job growth is overwhelmingly concentrated in the service industry. In 1945, at the end of World War II, 10 percent of nonfarm employment in the United States was in the service industry relative to 38 percent in manufacturing.8 The following decades witnessed a reversal of fortunes. By 1982, the service industry had overtaken manufacturing as the largest employer among major industries, and by the mid-1990s, manufacturing accounted for only 15 percent of nonfarm employment relative to a service industry roughly double its size.9 The consequences of this shift for the employment prospects of black men have received significant attention.10 Jobs in the service industry tend to place a strong empha-

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7 See Wilson, The Declining Significance of Race at 88–99 (cited in note 1) (describing the effects of the shift of available jobs from goods-producing industries to service-producing industries).


9 See id (reporting, specifically, that in 1996 the service industry accounted for 29 percent of nonfarm employment).

10 See Wilson, The Declining Significance of Race (cited in note 1); Philip Moss and
sis on interpersonal attributes—often referred to as "soft skills"—including communication skills, demeanor, and deference. In a survey of 125 employers, Philip Moss and Chris Tilly found that fully 75 percent of respondents mentioned soft skills first when describing the qualities most important for entry-level workers; hard skills—such as education, work experience, or technical skills—were mentioned first just under 25 percent of the time. Many of these employers (43 percent) also viewed soft skills as having increased in importance over time.

The growing dominance of service sector work, especially its emphasis on soft skills, poses potential problems for black men's employment prospects. Employers consistently express concerns over the soft skills of black men, with specific reference to their communication style, their dress and demeanor, and their work ethic. Joleen Kirschenman and Kathryn Neckerman reported the widespread perception among Chicago employers that "black workers were unreliable or had a poor work ethic." Moss and Tilly found pervasive concerns about the dependability, motivation, and attitude of black men. These employer attitudes imply a mismatch between the skill requirements of new job growth and the skill profile of black male job seekers. Whether real or
perceived, employers’ concerns about the soft skills of black men may generate additional barriers to black men’s employment, particularly given the rising dominance of service sector work.

Moreover, because many of the qualities valued by employers for contemporary low-wage jobs are difficult to evaluate from a written application or brief meeting, generalized negative perceptions of minority workers may be more difficult for individual minority applicants to disconfirm. Changhwan Kim and Christopher Tamborini argue that racial discrimination can occur more easily in occupations where standards of skill are vaguely defined, such as those in which high levels of social skills are needed.\(^1\) The soft skills demanded of low-wage service workers introduce a high level of subjectivity into hiring, promotion, and termination decisions.\(^1\) This increased subjectivity may allow racial stereotypes—and ultimately discrimination—to play a significant role in key employment decisions relative to jobs for which technical skills, such as literacy or computer abilities, are more central to a worker’s daily responsibilities.

2. Shifts in employer-worker relations.

The daily realities of low-wage workers have been transformed over the past three decades by shifts in the nature of work relations, characterized by a dismantling of career ladders, declining unionization, and the increasing use of temporary and contingent workers.\(^1\) Each of these changes has affected the level of investment that employers make in low-wage workers, with potential implications for the prevalence of discrimination in hiring.

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\(^1\) Changhwan Kim and Christopher R. Tamborini, *The Continuing Significance of Race in the Occupational Attainment of Whites and Blacks: A Segmented Labor Market Analysis*, 76 Sociological Inquiry 23, 45 (2006) ("It seems reasonable to argue that racial discrimination can more likely take place in occupational settings where standards of skill (credentials) are vaguely specified, such as in jobs where social skills are stressed.").

\(^1\) See id at 25 ("The degree of subjectivity attached to hiring and promotion decisions could be a source of racial discrimination, and jobs involving high amounts of 'social skills' likely require greater levels of subjective based evaluations by employers.").

First, opportunities for advancement, both within and across firms, have declined for low-wage workers.\textsuperscript{19} Where entry-level positions once commonly provided opportunities for upward mobility, today there exists a greater distance between low- and high-wage positions, with fewer clear pathways for advancement.\textsuperscript{20} The dismantling of career ladders in contemporary labor markets implies that low-wage workers are now more likely to be stuck in dead-end jobs, with more rigid boundaries between workers and those who hire them.

Second, low-wage work has become less stable, with declines in average job tenure and increases in the use of temporary and contingent work. Comparing two cohorts of workers, Annette Bernhardt and her coauthors found that those entering the labor force in the 1980s were more likely to change jobs, to have shorter job tenures, and to be unemployed or out of the labor force relative to comparable workers entering the labor force in the 1970s.\textsuperscript{21} In addition, the use of temporary workers has risen dramatically since the 1980s, with important implications for employment relations.\textsuperscript{22} Referred to as triangular employment relationships,\textsuperscript{23} an employee may be supervised by, paid by, or fired by a labor market intermediary while performing tasks for

\textsuperscript{19} Using wages as a proxy for upward mobility, Bernhardt and her coauthors (2001) show that men entering the labor market in the early 1970s saw an average hourly wage increase of 277 percent (or $9.96) between the ages of sixteen and thirty-six. Among those entering the labor market in the early 1980s, the average male worker's hourly wages increased by 234 percent (or $7.90) between ages sixteen and thirty-six, representing a 21 percent decline in median wages. See Bernhardt, \textit{Divergent Paths} at 126 (cited in note 18).

\textsuperscript{20} See Erik Olin Wright and Rachel E. Dwyer, \textit{The Patterns of Job Expansions in the USA: A Comparison of the 1960s and 1990s}, 1 Socio-Econ Rev 289, 321–23 (2003) (discussing the presence of a deep trough in employment expansion in the middle of the occupational structure in the 1990s and suggesting that it may become increasingly difficult for those working in lower paying jobs to advance in the employment structure).

\textsuperscript{21} Specifically, Bernhardt and her coauthors report the likelihood of a job change is 43 percent higher for those entering the labor market in the 1980s relative to those entering in the 1970s and that 45 percent of the recent cohort had job tenures of two years or less (compared to 35 percent of the members of the older cohort). Even once these workers reached their mid-thirties, the more recent cohort of workers was more likely to become unemployed or leave the labor force altogether, relative to their historical counterparts. The percentage of thirty to thirty-four year olds from the recent cohort who were unemployed or out of the labor force rose by 1.3 percent and 1.6 percent respectively, relative to the older cohort. See Bernhardt, \textit{Divergent Paths} at 81–87 (cited in note 18).

\textsuperscript{22} Between 1972 and 2000, the temporary help services industry had an annual growth rate of approximately 11 percent, far outpacing average growth. The proportion of total employment made up by the temporary help services industry in the United States increased eight-fold during this period (rising from 0.3 percent in 1972 to nearly 2.5 percent in 1998). See Kalleberg, 26 Ann Rev Sociology at 346 (cited in note 18).

\textsuperscript{23} \textit{Id} at 348.
a different employer. The lack of a direct relationship between
the person in charge of hiring and placement (the temporary
agency) and the person supervising the worker (the employer)
presents additional opportunities for bias to creep in.\textsuperscript{24}

Finally, the significant decline in unions implies weakening
protection and stability for workers in their employment con-
tracts.\textsuperscript{25} Without formalized agreements for hiring, wage setting,
and termination negotiated by union representatives, employers
are freer to make employment decisions based on subjective and
idiosyncratic criteria, with possible implications for the use of
race in employment decisions.\textsuperscript{26}

Overall, these trends point to less stable employment rela-
tionships in which employers' investments in workers are likely
to be minimized. What are the implications of these patterns for
the prevalence of discrimination? On the one hand, we might ex-
pect that increasingly transient work agreements would leave
employers largely indifferent to the racial/ethnic background of
their employees. If employers are simply looking for warm bodies
to fill short-term positions, racial considerations may become

\textsuperscript{24} Jenny Bussey and John Trasviña adopt a testing methodology to investigate dis-
crimination in temporary employment agencies in Los Angeles and San Francisco, finding
evidence of racial bias in approximately half of all cases. This rate of discrimination is
substantially higher than that reported in similar studies of individual private employers.
Jenny Bussey and John Trasviña, Racial Preferences: The Treatment of White and African
American Job Applicants by Temporary Employment Agencies in California, (Discrimina-
tion Research Center, A Program of the Impact Fund 2003), available at
<http://www.docstoc.com/docs/2975674/Racial-Preferences-The-Treatment-of-White-and-
African-American-Job> (last visited Feb 15, 2009). See also Devah Pager, Bruce Western,
and Bart Bonikowski, Discrimination in a Low Wage Labor Market: A Field Experiment (forth-
coming Am Sociological Rev 2009); Marc Bendick, Jr., et al, Discrimination Against Lati-
no Job Applicants: A Controlled Experiment, 30 Hum Resource Mgmt 469, 475 (1991)
(reporting that in a study of equally qualified Anglos and Latinos posing as job seekers,
the Latino applicants received less favorable treatment more than 20 percent of the time).

\textsuperscript{25} See Henry S. Farber and Bruce Western, Accounting for the Decline of Unions in
explaining the sharp decline in unions and concluding that prospects for the reversal of
the decline are dim); Bernhardt, Divergent Paths at 159 (cited in note 18) (noting that
deunionization has changed the nature of the employer-employee contract).

\textsuperscript{26} To be sure, unions have their own history of racism and racial exclusion. See Her-
bert Hill, The Problem of Race in American Labor History, 24 Rev Am Hist 189, 194–95
(1996) (noting that while African Americans responded to every possibility for interracial
unionism, they were repeatedly met with hostility and rejection); Paul Frymer, Race,
(discussing the history of discrimination in unions and noting that “[s]ome unions were
explicitly segregationist and discriminatory, maintaining white-only hiring standards”).
Nevertheless, recent data indicate that African Americans receive a wage premium for
union membership (20.3 percent) that is significantly larger than that for whites (13.1
percent), suggesting that the protections afforded by union agreements are particularly
important for African American workers. See Lawrence Mishel, Jared Bernstein, and
increasingly irrelevant. On the other hand, diminishing investments in the screening and training of workers may increase the salience of race if employers apply less care in evaluating prospective candidates and instead rely more on the heuristics of racial stereotypes. Indeed, social-psychological evidence suggests that the influence of stereotypes is likely to be strongest when decision-makers are hurried or distracted. Without the personalizing information passed on during the course of a thorough review, race becomes more salient as a proxy for (un)desirable attributes.

3. The decline of government enforcement.

In many arenas, the past decades have seen a decline in government enforcement of the rights of workers. At the federal level, there has been a decline in the number of enforcement actions as well as a decrease in the allocation of resources to ensure effective enforcement. Whereas the United States Equal Employment Opportunity Commission ("EEOC")—which is responsible for enforcing civil rights laws—has received an increasing number of race-based complaints over the past decade, the number of resolutions of such claims has declined. Staffing at the EEOC has also declined over the past three decades, with overall staffing levels dropping 36 percent since 1980. The combination of rising complaints, decreasing resolutions, and a declining staff suggests that the ability of the EEOC to uphold enforcement standards has diminished. To the extent that enforcement is a key mechanism through which employers are pressed to accommodate antidiscrimination requirements, the lack of enforce-


29 In 1980, there was a staff of 3,390, which declined to 2,852 in 2000, and then was cut even further to 2,158 employees in 2007 (a total decline of 36 percent). See EEOC, U.S. Equal Employment Opportunity Commission Budget and Staffing History 1980 to Present (2008), available at <http://www.eeoc.gov/abouteeoc/plan/budgetandstaffing. html> (last visited Feb 15, 2009).

ment may leave the racial preferences of employers largely unchecked.

The picture is similar when examining enforcement of wage and hour and health and safety laws at the United States Department of Labor ("USDOL"). An investigation of the enforcement trends of the Wage and Hour Division of the Employment Standards Division at the USDOL between 1975 and 2004 found declining staff and enforcement despite an increasing number of covered workers and firms.\textsuperscript{31} Likewise, the Occupational Safety and Health Administration ("OSHA")—the federal agency charged with protecting the health and safety of workers—has seen its budget, staffing levels, and number of inspections decline even in the face of growing demand. Between 1980 and 2006, OSHA's proportionate staffing levels were cut in half, and the number of annual federal and state OSHA inspector visits to workplaces likewise declined by nearly 50 percent.\textsuperscript{32} Declining staff, budgets, inspections, and enforcement actions have left workers without the protection that they need to ensure that they remain healthy, safe, and adequately compensated under relevant federal law.

These changes suggest that, despite growing demand, federal resources allocated to the enforcement of Title VII and other employment protections have diminished. The decline in resources for enforcement likely leaves workers more vulnerable to employment discrimination as well as wage and hour and health and safety violations. This trend toward declining government enforcement is an important component of the broad array of

\textsuperscript{31} Over that time period, there was a 14 percent decrease in the number of investigators and a 36 percent decline in the number of compliance actions, despite an estimated 55 percent increase in the number of U.S. workers covered and an estimated 112 percent increase in the number of U.S. establishments covered. See Annette Bernhardt and Siobhán McGrath, \textit{Trends in Wage and Hour Enforcement by the US Department of Labor, 1975-2004}, (Brennan Center for Justice 2005), available at <http://www.brennancenter.org/page/-/d/download_file_35553.pdf> (last visited Feb 16, 2009).

\textsuperscript{32} After benefiting from budget increases during the Clinton administration, OSHA's budget has declined each year since 2002. Further, the proportion of OSHA's budget allocated to enforcement declined by roughly 12 percent (from $301 million in 1980 to $263 million in 2006). During this time, OSHA went from having three staff members for every 100,000 American workers to having 1.5 staff members for every 100,000 American workers. Coinciding with these budgetary and staffing changes was an overall decline in workplace inspections. From 1980 to 2006, the number of federal and state OSHA inspector visits to workplaces per year declined from 174,000 to 97,000. See OMB Watch, \textit{Workers Threatened by Decline in OSHA Budget, Enforcement Activity (2008)}, available at <http://www.ombwatch.org/node/3587> (last visited Feb 16, 2009).
changes that may negatively impact low-wage workers, and, in particular, workers of color.

B. Supply-Side Shifts

In addition to the vast structural changes to low-wage labor markets over the past three decades, the composition of workers in low-wage labor markets has shifted substantially as well. The pool of low-wage workers has been affected by rising rates of immigration, rising rates of female labor force participation, and an increasing number of individuals with criminal records. We discuss each of these trends in turn, and consider their implications for the employment opportunities of black men.

1. Immigration and ethnic heterogeneity.

Low-wage labor markets today are characterized by increasing heterogeneity of the urban minority work force, with low-skill African American workers now much more likely to compete with other minority groups—in particular, low-skill Latino workers.

Of the male high school dropouts in the workforce in 1980, 70 percent were white, compared to 14 percent black and 14 percent Latino. By 2000, only 42 percent of these workers were white and 9 percent were black, whereas fully 44 percent were Latino. Driven largely by the influx of low-skill workers from Mexico and other parts of Latin America, recent immigrants and their descendents represent an increasingly large share of low-wage workers.

The effects that the growing Latino population will have on the economic fortunes of African Americans has been the subject of heated debate. Though the precise impact remains contested, there is reason to believe that employers do perceive a racial hie-


34 George J. Borjas, The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market, 118 Q J Econ 1335, 1336 (2003) (reviewing the labor market in general, “the evidence consistently suggests that immigration has indeed harmed the employment opportunities of competing native workers”); David Card, Immigrant Inflows, Native Outflows, and the Local Labor Market Impacts of Higher Immigration, 19 J Labor Econ 22, 57 (2001) (concluding that immigrant inflows over the 1980s likely reduced the relative wages and employment rates of laborers and less-skilled service workers by no more than 3 percent); David Card, Is the New Immigration Really so Bad?, 115 Econ J F300, F321 (Nov 2005) (concluding that although immigration has a strong effect on relative supplies of different skill groups, there is only slight evidence of an effect on local labor market outcomes of low skilled natives).
rarchy in their preferences for low-wage workers. Roger David Waldinger and Michael Lichter found that their sample of Los Angeles employers viewed Latino workers as more pliant and more reliable than African Americans. The researchers related the perceived docility of Latino workers to immigration status, whereby being an outsider to American society gave Latino workers fewer claims to equal treatment relative to native workers. Kirschenman and Neckerman echoed this idea, finding that Chicago employers favor Latino workers over blacks but also favor non-native Latinos over Puerto Rican-born U.S. citizens. Whites were viewed by employers as the most desirable workers, standing at the top of the racial hierarchy; Latinos occupied the middle ground, while blacks were the most disfavored, with young black men last of all. Given racial preferences among employers, increasing competition within the low-wage labor market may leave black men vulnerable to discrimination relative not only to whites but increasingly to Latinos as well.

2. Women's labor force participation.

The labor force participation of low-skill women increased steadily throughout the 1990s, particularly among low-skill black women. Researchers have attributed this increase to three central phenomena: welfare reform; increasing work supports, such as the Earned Income Tax Credit ("EITC"); and a strong economy. Between 1994 and 1999, the cash welfare caseload declined by 50 percent or approximately 2.5 million cases. The combination of a hefty stick (work requirements to receive cash assistance), a much-needed carrot (increasing work supports, including the EITC), and increasingly available low-

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36 See id at 161.
40 See id at 44.
The limited research to date has found little evidence that women's labor force participation has resulted in any significant displacement of low-skill men. Nevertheless, it is important to consider the potential long-term implications of these gender dynamics. Qualitative research suggests that employers attribute more desirable qualities to black women than to black men, particularly for service-oriented positions. To the extent that these preferences are or will be reflected in the hiring decisions of employers, black men may increasingly find themselves as the candidates of last resort.

3. Job seekers with criminal records.

Finally, low-wage labor markets are increasingly supplied by workers with criminal records. Nearly a third of black men that have not attended college have prison records by their mid-thirties, adding to employers' reservations about black male job applicants. The social fact of mass imprisonment is further dramatized in popular culture, which tends to depict criminal episodes in a heavily racialized context. Studies of the portrayal of blacks in the media show that, even relative to their distribution among arrestees, blacks are disproportionately portrayed as criminals by local television news coverage. In political cam-
campaigns, voters' fears of street crime and violence have been stoked by images of young black men.\textsuperscript{47}

High rates of incarceration among young black men and their distorted representation in the media may contribute to a stigma of criminality that is projected well beyond those individuals directly involved in crime. Devah Pager's research in a 2003 Milwaukee audit study, for example, compared the magnitude of racial and criminal stigma among matched pairs of job seekers.\textsuperscript{48} Fielding pairs of black and pairs of white job applicants (in which one member of each pair was randomly assigned a criminal record), she found that a black applicant with no criminal background experienced job prospects similar to those of a white felon.\textsuperscript{49} That blackness confers roughly the same degree of stigma as a felony conviction underscores the significance of race in the eyes of Milwaukee employers.\textsuperscript{50}

The changing landscape of low-wage labor markets over the past three decades has given rise to conditions in which the salience of race may persist or increase. Contrary to predictions about competitive labor markets and the declining significance of race,\textsuperscript{51} these trends lead us to a renewed interest in the role of discrimination in shaping access to employment opportunities. In the following section, we look to empirical results from a large-scale field experiment investigating employment discrimination in New York City. Though this study does not allow us to assess all of the dimensions discussed above, the results provide strong evidence of discrimination in low-wage labor markets and the


\textsuperscript{49} See id at 958 (reporting that 17 percent of white applicants with criminal records received callbacks from employers, while only 14 percent of black applicants without criminal records received callbacks).

\textsuperscript{50} Similar findings were reported in a follow-up study conducted in New York City. See Pager, Western, and Bonikowski, (forthcoming Am Sociological Rev 2009) (cited in note 24).

\textsuperscript{51} Wilson argues that the problems facing African Americans in contemporary labor markets stem more from class than race. See Wilson, The Declining Significance of Race (cited in note 1). Additionally, economic theory argues that racial discrimination should decline through competitive market pressures, whereby discriminatory employers who pay a premium for majority workers will be forced out of business by more efficient, non-discriminatory firms. See Becker, The Economics of Discrimination (cited in note 3).
ways in which certain features of contemporary labor markets may increase the salience of race in these contexts. In particular, we consider the specific hiring criteria for customer service positions and their implications for patterns of racial discrimination.

III. EMPIRICAL STUDIES OF DISCRIMINATION

Debates about the contemporary relevance of discrimination have been complicated by a lack of reliable empirical evidence. The most common method for assessing discrimination is to compare the employment outcomes of blacks and whites, statistically controlling for a wide range of employment-related characteristics. Assuming that the included variables fully capture all relevant differences among workers, the residual effect of race can be attributed to discrimination. Unfortunately, it is difficult to ensure that all relevant differences between groups have in fact been captured, leaving open the possibility that residual measures overestimate the extent of discrimination. Because many important individual characteristics are difficult to measure using survey data—such as interpersonal skills, motivation, or reliability—the validity of residual measures remains open to critical scrutiny.

Field experiments offer a more direct approach to measuring discrimination. In field experiments of employment—also referred to as audit studies—black and white job applicants (called testers) are given identical resumes and matched on a wide range of physical and interpersonal characteristics. When testers are sent into the field to apply for jobs, the hiring behavior of employers is directly observed under real-world conditions. Because the tester pair is carefully matched on job-relevant characteristics, differences in treatment can be readily attributed to race. While used infrequently (due to the taxing requirements for effective implementation), experimental audit studies remain one of the best tools available to social scientists for identifying labor market discrimination.


53 For other examples of audit studies of racial discrimination in employment, see Harry Cross, et al, Employer Hiring Practices: Differential Treatment of Hispanic and Anglo Job Seekers (Urban Institute 1990); Margery Austin Turner, Michael Fix, and Raymond J. Struyk, Opportunities Denied, Opportunities Diminished: Discrimination in Hiring (Urban Institute 1991); Bendick, et al, 30 Hum Resource Mgmt 469 (cited in note
In our audit study of New York City employers, we hired ten young men to pose as job applicants. These testers were college graduates from New York City, who were carefully matched on the basis of age, physical appearance, and general style of self-presentation. Further similarities were imposed through the use of fictitious resumes, reflecting equal levels of education and work experience, as well as attendance at comparable high schools and residences in comparable neighborhoods. Testers reported having completed high school only and reported steady work experience in entry-level jobs. Finally, the testers participated in a week-long training period, during which they learned the details of their profile and were trained to answer standard interview questions in comparable ways.

Employers were sampled from job listings for entry-level positions, defined as jobs requiring no more than a high school degree and limited work experience, such as restaurant jobs, retail sales, clerical positions, drivers, telemarketers, warehouse workers, and a variety of other entry-level positions. Job listings were drawn from the classified sections of The New York Times, The Daily News, The New York Post, The Village Voice, and Craigslist. The broad range of job listings allowed for extensive coverage of the entry-level labor market in New York City. From the available population of job listings, we took a simple random sample of advertisements each week. Teammates applied in person to each job within a twenty-four hour period, randomly varying the order of the applicants.

The larger study included several teams and experimental conditions. The team we focus on in this Article consisted of three testers, carefully matched white, black, and Latino applicants, who applied in random order to 171 employers. Testers' experiences were measured by counts of job offers on the spot, by callbacks from employers (individual voice mail boxes were set up for each tester to record employer responses), and by detailed narratives recorded by testers immediately following each employer visit.

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A. Results

Figure 1 presents the proportion of testers, by race, that received either a callback or job offer from employers. Whites received callbacks in 31 percent of cases, compared to 25 percent for Latinos and only 15 percent for blacks. The results show evidence of a clear racial hierarchy, with whites in the lead, Latinos occupying a middleman position, and blacks trailing behind, receiving callbacks at half the rate of equally qualified whites. The magnitude of these gaps is striking—particularly that between blacks and whites. These results suggest that a black applicant has to search twice as long (or apply to twice as many jobs) as an equally qualified white applicant for access to these low-wage positions. Though contemporary acts of discrimination are typically subtle and difficult to observe, the results of these matched-pair comparisons suggest that direct racial discrimination continues to play a significant role in the selection of low-wage workers.

In interactions between employers and testers, we see a range of priorities and concerns reflected in employers’ comments. A clear priority among employers, particularly those hiring for customer service related positions, was the issue of personality. Indeed, in a survey we conducted of these employers...

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55 For a broader discussion, see id.
following the audit study, we asked employers to summarize what was the most important quality they were looking for in an entry-level applicant. Fully 65 percent of these employers emphasized personality-related characteristics, such as warmth, friendliness, energy, integrity, and appearance, relative to only 35 percent who emphasized concrete skills, such as relevant experience, specific knowledge, basic skills, and education.\(^5\)

The testers' narratives likewise pointed to the importance of personality factors in shaping employer evaluations. Particularly in sales or customer service positions, employers often appeared to be looking for someone who could represent the corporate image or fit in with the customers and other employees. On one occasion, for example, a black tester, Joe, was told by a gallery owner that he was "looking for somebody that 'spoke his language,' in other words, someone that fit into the culture of the store." Joe reported at the conclusion of the visit: "He said to come tomorrow at 9:00 a.m. He said that this is only a trial period to see if I am 'the right fit.'” Soon after Joe's visit, his white test partner, Kevin, spoke with the same employer: “He read over my resume and asked if I am ready to start. I said ‘right now?’ He said, ‘Yes.’ He said he needed someone right now because they were having an exhibit Saturday. He said they will hire anyone that walks in.” As Kevin was leaving, he reported hearing the interviewer comment to another (white) employee, “I like him. He makes a good impression.”

In this case, the white applicant seemed to more readily match the employer’s image of an appropriate co-worker. Though the employer told Kevin that his need for workers was so great that he would hire anyone who walks in the door, his response to the black applicant who arrived earlier did not convey the same urgency. Joe was also offered the job, but it was on a provisional basis, and the employer clearly had doubts as to whether he would fit in. Kevin, on other hand, had no trouble convincing the employer that he would make a good fit. In a job interview that involves little more than the presentation of a resume and a brief interaction, the job criterion of “fitting in” seems like an oblique expression of racial preference.

In another case, the employer's assessment was less subtle. Here Dathan, a black tester, described his experience applying for a position at an upscale jewelry store:

\(^5\) See also Moss and Tilly, *Stories Employers Tell* at 59 (cited in note 10).
[When the rep saw me] her smiley face turned into a serious business face, and I said, "Hi, I'm interested in applying for a position at [your store]." She asked, "To do what?" I said, "I have customer service experience and sales experience." She said: "I haven't been with [company X] for too long, but I imagine they want [company X] type of people, who can represent [company X] . . . .

In this thirty-second interaction, the hiring representative had apparently been able to size up Dathan's potential and had decided that he was not "company X type of people." In the representative's view, the employer's status—a prestigious company in a prestigious retail trade—appeared to rule out the possibility of hiring a young black male.

In addition to employers' concerns about "fit" for black applicants, a few interactions suggest particular concerns about the personality characteristics associated with different minority groups. In one case, for example, the three testers were interviewed for a marketing position that involved contact with teenagers and young adults. According to Simon, a white tester, "[The employer's] only question was, 'Are you a friendly person?'" Josue, a Latino tester, was asked a similar question, though the employer also warned that "no one can be late more than two times or they will have to be fired." When the employer interviewed Joe, their black test partner, a different set of concerns became evident: "He asked if I thought I would be able to approach fourteen- to eighteen-year-old girls without intimidating them." These differences are potentially revealing of the kinds of stereotypes employers have about applicants from different groups. Concerns about discipline, work ethic, and potentially threatening demeanor emerged here in interviews with minority testers, while the white applicant was simply questioned about his level of sociability. These stereotypes, particularly when enacted in the context of a cursory review process, can be highly consequential in determining subsequent hiring decisions.

The experiences of our testers' reports are mirrored in the rates of differential treatment observed by job type. Indeed, jobs requiring contact with customers—such as servers and sales positions—demonstrated elevated rates of discrimination relative to other job types (see Figure 2). By contrast, manual positions
showed slightly lower levels of discrimination relative to the sample overall.\textsuperscript{57}

The rate of discrimination observed in positions requiring customer contact—including nearly a threefold preference for whites in retail sales—emphasizes the extent to which employers are reluctant to hire black men for “front of the house” positions. Employers may be concerned about the soft skills of black men,\textsuperscript{58} or they may be relying on assumptions about what their customers or clients prefer.\textsuperscript{59} Whatever the case, young black job seekers face particularly large barriers when applying for the growing number of service sector positions in the low-wage labor market.

B. Race-Typed Job Channeling

Employers’ reluctance to hire minority applicants for jobs involving customer service was apparent not only in the hiring outcomes of the testers but also in employers’ decisions about job placement. In our review of the testers’ experiences, we noticed that applicants were at times encouraged to apply for jobs different than the ones initially advertised or the ones about which

\textsuperscript{57} Servers and waitstaff represent 35 percent of our sample; retail sales positions represent 25 percent of the sample; and manual positions represent 19 percent of the sample.

\textsuperscript{58} See Moss and Tilly, Stories Employers Tell at 50–57, 96–105 (cited in note 10).

\textsuperscript{59} See David Neumark, Sex Discrimination in Restaurant Hiring: An Audit Study, 111 Q J Econ 915, 919 (1996) (finding that evidence of discriminatory hiring of waitstaff suggested that the discrimination was due to preferences of male customers rather than the preferences of male owners or managers).
they had inquired. In many cases, these instances of channeling suggest a race-coding of job types, whereby employers prefer whites for certain positions and minorities for others. For example, in one case, Zuri, a black tester, applied for a sales position at a lighting store. A sign on the glass in front of the store indicated, “Salesperson Wanted.” Zuri described the following interaction:

When she asked what position I was looking for I said I was open, but that since they were looking for a salesperson I would be interested in that. She smiled, put her head in her hand and her elbow on the table and said, “I need a stock boy. Can you do stock boy?”

Zuri’s white and Latino test partners, by contrast, were each able to apply for the advertised sales position.

Another African American tester, Joe, was similarly channeled out of a customer service position in his application to a Japanese restaurant. Joe reported:

I told her I was there to apply for the waiter position and she told me that there were no server positions. I told her it was advertised in the paper, and she said there must have been a mistake. She said all she had available was a bus boy position. I told her since there was no waiter position, I would apply for the bus boy.

Meanwhile, later that day, Kevin, his white test partner, was hired for the server position on the spot.

We also observed channeling of the Latino testers. Josue’s field notes of an audit at a clothing retailer began by describing the “young white twenty-something women running the place.” One of the women interviewed him and asked about past work experience. She asked him what job he was applying for; “I told her ‘sales associate,’” Josue replied, presenting a resume on which the most recent job listed was as a sales assistant at a sporting goods store. “She then told me that there was a stock position and asked if I would be interested in that.” Josue ended up getting the stocker job and was asked to start the next day.

In many cases, these instances of channeling are coded as “positive responses” in the initial analyses. Indeed, our key concern is about access to employment of any kind. But this general focus masks another form of the racial bias at work. A closer analysis of the testers’ experiences suggests that decisions about job placement, like hiring more generally, often follow a racial
logic. Table 1 presents the twelve cases of channeling we observed, organized by race of the applicant.\textsuperscript{60} Black applicants were channeled into lower positions in six cases and Latinos were channeled down in three cases. Many of the cases of downward channeling were restaurant jobs in which the tester applied for a position as server but was steered to a job as busboy or dishwasher. Almost all were cases in which the original position required extensive customer contact while the suggested position did not (for example, salesperson to stocker).

\textsuperscript{60} By comparing the original job title to the suggested job type, cases were categorized as downward channeling, upward channeling, lateral channeling, or unknown. Downward channeling is defined as (1) a move from a job involving contact with customers to a job without, say from server to busboy; (2) a move from a white collar position to a manual position, say from sales to stocker; or (3) a move in which hierarchy is clear, say from supervisor to line worker. Upward channeling is defined as a move in the opposite direction. We focus on these two types of channeling for our current analysis. After eliminating cases in which all testers within a team were similarly channeled, we have twelve additional cases of differential treatment unrecorded by our initial measurement of job offers and callbacks.
TABLE 1

Job Channeling by Race\textsuperscript{61}

<table>
<thead>
<tr>
<th>Original Job Title</th>
<th>Suggested Job</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blacks channeled down</strong></td>
<td></td>
</tr>
<tr>
<td>Counter person</td>
<td>Dishwasher/porter</td>
</tr>
<tr>
<td>Server</td>
<td>Busboy</td>
</tr>
<tr>
<td>Assistant manager</td>
<td>Entry fast food position</td>
</tr>
<tr>
<td>Server</td>
<td>Busboy/runner</td>
</tr>
<tr>
<td>Retail sales</td>
<td>Maintenance</td>
</tr>
<tr>
<td>Sales</td>
<td>Stockboy</td>
</tr>
<tr>
<td><strong>Latinos channeled down</strong></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>Stock</td>
</tr>
<tr>
<td>Counter person</td>
<td>Delivery</td>
</tr>
<tr>
<td>Sales</td>
<td>Stock person</td>
</tr>
<tr>
<td><strong>Whites channeled up</strong></td>
<td></td>
</tr>
<tr>
<td>Mover</td>
<td>Office / Telesales</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>Waitstaff</td>
</tr>
<tr>
<td>Receptionist</td>
<td>Company supervisor</td>
</tr>
</tbody>
</table>

The white testers did not experience downward channeling in a single case. In fact, whites were more often channeled up, with there being at least three cases in which white testers were encouraged to apply for jobs that were at a higher level or required more customer contact than the initial position they inquired about. In one case, the white tester was even encouraged to apply for a supervisory position, despite limited work experience. Kevin reported:

[The employer] then asked me if I had any experience in construction. I told him I did not. He asked if I would be okay working with people that have thick accents like his. I told him that was fine. He then told me that he wanted me to be his new company supervisor.

Employers thus appear to have strong views about what kind of person is appropriate for what kind of job, either based on their own assumptions of worker competence or assumptions about what their clients expect or prefer in the appearance of those serving them. Though our testers presented highly effective styles of interpersonal communication, the cursory review process for these jobs often seems to leave group membership more salient than any individuating characteristics. In addition to whether or not the tester got the job, the type of job also reveals a racialization of employment decisions.

In conclusion, we find that minority job applicants are routinely overlooked in favor of equally qualified white applicants. In jobs requiring interaction with customers, employers seem particularly averse to hiring minorities, and blacks in particular. In these positions, we see rising barriers to entry or frequent channeling into positions requiring less customer contact and more manual work than positions offered to their white counterparts. These results underscore the consequences of industrial shifts over the past three decades, with new job growth dominated by the service sector. Given employers' reluctance to hire racial minorities for positions involving customer contact, these broader patterns do not bode well for the employment prospects of young minority men.

IV. FEEDBACK EFFECTS AND SELF-REINFORCING CYCLES

In this final section, we consider the longer-term implications of labor market discrimination. The experiment reported above provides a snapshot view of what more realistically represents sequential and cumulative events across the span of a worker's lifetime. Beyond this short window, it is important to consider the kinds of long-run feedback effects that may be generated by these experiences, and their implications for creating self-reinforcing cycles.

As job seekers search for employment, they receive implicit and explicit feedback from employers about their desirability and suitability for particular kinds of work. To the extent that this feedback is negative, we might expect adaptations along several dimensions. First, job seekers who anticipate discrimination may self-select into labor markets where they believe race to be less of a factor in hiring. Constrained job searches—either by restrict-

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62 Holzer and Reaser find that African Americans are less likely to apply for jobs in
ing one's choice of neighborhood, industry, or occupation—may reduce the incidence of direct discrimination but nevertheless can impose costs on the job seeker. If minority workers queue for employment in firms less likely to discriminate while avoiding the wider range of job openings, we would expect longer wait times to employment (given the smaller number of openings) in addition to other potential negative externalities. Indeed, we observe that the duration of unemployment for young black men is on average double that of whites.  

Second, ongoing experiences of discrimination are likely to impose psychic costs on job seekers as well. Searching for work can be a draining, demoralizing experience in the best of circumstances. Experiences of discrimination can further undermine a job seeker's motivation, adding to a sense of futility or frustration. In the course of the fieldwork for our audit study, we witnessed one such experience during an open-call application session for a warehouse position. Zuri, one of our African American testers, reported:

The original woman who had herded us in told us that when we finished filling out the application we could leave because "there's no interview today, guys!" ... When I made it across the street to the bus stop ... the woman who had collected our completed applications pointed in the direction of Simon, Josue and myself [the three test partners] motioning for us to return. All three of us went over.... She looked at me and told me she "needed to speak to these two" and that I could go back.

Zuri returned to the bus stop while his white and Latino test partners were both asked to come back at 5 PM that day to start work. Simon, the white tester, reported, "She said she told the other people that we needed to sign something—that that's why


she called us over—so as not to let them know she was hiring us. She seemed pretty concerned with not letting anyone else know.”

But, apparently, the employer’s favoritism did not go unnoticed. When Zuri returned to the bus stop, he encountered another applicant who had been watching closely. Zuri reported, “A black man of about forty back at the bus stop looked over at the three of them on the opposite corner and said, ‘They always make sure to call over the lightest two in the room . . . .’”

In this exchange, we gain a rare glimpse into the reaction from a job applicant confronted with discrimination. The comment made to Zuri—that they always call over the lightest two in the room—suggests that these racialized practices are not going unnoticed. The kinds of feedback these experiences send to black job seekers have potentially long-term effects for their perseverance in the labor market. Indeed, in recent years, blacks, and young black men in particular, have become increasingly likely to drop out of the labor market. To the extent that experiences of discrimination have contributed to this trend, the consequences for young black men’s employment may be far greater than that estimated above.

Finally, the long-term consequences of discrimination may affect not only job seekers, but also employers. To the extent that discrimination contributes to young minority men’s unemployment or exit from the labor market, employers become more likely to observe idle young black men. These observations provide behavioral confirmation of racial stereotypes that characterize black men as lazy or unmotivated to work. A self-fulfilling prophesy can be set in place in which prior negative expectations (racial stereotypes) lead to the emergence of real differences in job-relevant attributes (black idleness). Perhaps more damaging, the mechanisms producing these outcomes can remain entirely hidden. Employers mistakenly believe that the disadvan-

64 Between 1979 and 1999, for example, the proportion of young black men with no more than a high school education who were working or looking for work declined from 82 percent to 68 percent. Holzer, Offner, and Sorensen, 46 Labor Hist at 40 (cited in note 39).

65 For a discussion of the logic of self-confirming stereotypes, see Glenn C. Loury, The Anatomy of Racial Inequality 26-33 (Harvard 2002). According to Cass Sunstein, discussing similar themes, “[t]he beneficiaries of the status quo tend to [conclude] that the fate of victims is deserved, or is something for which victims are responsible, or is part of an intractable, given, or natural order. . . . The reduction of cognitive dissonance thus operates as a significant obstacle to the recognition that discrimination is a problem, or even that it exists.” Cass R. Sunstein, Why Markets Don’t Stop Discrimination, 8 Soc Phil & Pol 22, 32 (Spring 1991).
taged state of racial minorities is due to some intrinsic property of the group, while in fact this association may be in part produced by faulty expectations imposed by the employers themselves. Negative employment outcomes are seen as the confirmation of expectations rather than the consequence thereof, thereby justifying and reinforcing ongoing forms of prejudice and discrimination.\(^6\)

The negative feedback effects and self-reinforcing cycles that may be set in motion by discrimination are difficult to isolate and measure empirically. Nevertheless, it is important to consider these potential long-range consequences of employment discrimination, and to acknowledge that estimates from a single point in time generated by social science research likely capture only a fraction of the overall impact of discrimination.\(^7\) Finding ways to intervene in this cycle—either through legal or organizational reforms—represents an important challenge for researchers and policy makers.

V. CONCLUSION

Though much racial progress has been made in the post-civil rights era, discrimination remains a significant barrier to employment facing minority low-wage workers. Structural and compositional changes to low-wage labor markets may have contributed to the persisting or increasing salience of race in employer decision-making. The empirical results presented in this article shed light on one key dimension of contemporary labor markets, specifically the elevated level of discrimination observed in the rapidly growing service sector. Other shifts in low-wage labor markets—including changing employment relations, declining enforcement, and the changing composition of low-wage

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workers—represent additional potential sources of disadvantage for minority low-wage workers, warranting further empirical study. The long-run implications of these trends suggest that discrimination is unlikely to be eliminated through market forces alone. Without more active interventions, discrimination is likely to remain a significant constraint on civil rights of minority low-wage workers.