

Black and Latino Low-Wage Workers and the Social Organization of Metropolitan Labor Markets

Niki T. Dickerson
Rutgers University

The under-employment of black and Latino workers, specifically their concentration in low wage work, is of keen interest to researchers of labor market inequality. Previous research has identified structural explanations in the larger economy to account for this inequality, namely industrial restructuring, immigration, skills mismatch and minority population size. Further, an ample space and work literature has demonstrated that inequality and the underlying factors that cause it vary spatially, most often examined within and across local labor markets, typically metropolitan areas. Residential segregation, or the spatial configuration of minorities relative to whites in a metropolitan area, is an indicator of the social organization of a local labor market and has been argued to be a key factor underlying persistent racial inequality. However, it is often overlooked as a structural feature of the local labor market and as an explanatory factor in black and Latino employment outcomes. Thus, this paper asks, how does the spatial configuration of blacks and Latinos relative to whites in a metropolitan area affect the percent of blacks and Latinos employed in low wage work, in conjunction with other structural features of the local labor market.

This study utilizes a unique dataset of the structural characteristics of the 95 largest US cities. The demographic, employment, educational, occupational, and industrial characteristics of this panel of cities are drawn from the 1980, 1990, and 2000 decennial censuses' 1% Public Use Microdata Sample data aggregated to the metropolitan level, in addition to the PUMS individual data. To assess the contribution of both individual and metropolitan-level factors to individual and group outcomes, the analyses feature multilevel estimation technique, specifically hierarchical linear modeling, and a fixed-effects analysis to determine if changes in these structural factors across time within the same labor market affect the density of black and Latino low wage workers in that metropolitan area.

The usefulness of studying inequality at the sub-national level or local labor market has been demonstrated by a wealth of literature across several disciplines (Cutler and Glaeser 1997, Hanson and Pratt 1992, Beggs and Villemez 2001, McCall 2001). Many space and work studies typically analyze a few metropolitan areas at once. Testing space and work theories across multiple metropolitan labor markets adds insight to this body of literature by assessing whether the relationships between residential segregation and access to work operate uniformly across metropolitan areas, or whether metropolitan areas differ such that these patterns vary across metropolitan labor markets. Additionally, the analyses will utilize the five dimensions of segregation outlined by Massey and Denton (1988) to determine if different types of segregation configurations are more likely to be associated with access to well-paying jobs for blacks and Latinos. This is particularly important for this study since migration for blacks (Great Migration) and for Latinos (immigration from sending countries) historically occurred unevenly across the nation. Patterns of chain migration have resulted in cities that are 45% black and some that have no blacks at all, and similarly with Latinos. Local economies vary widely on the

structural characteristics mentioned above that are associated with inequality and consequently create different opportunities for minority workers. Analysis at the level of the metropolitan labor market allows the researcher to define low-wage in the context of the local economy. This is important given wide regional variations in the cost of living (i.e. earning \$9/hour has different buying power in L.A. vs. Dallas). Thus, in this study, the percent of black and Latino low wage earners in the city is represented by the share of workers who earn less than two-thirds of the MSA-specific median hourly wage in each year. The goal of this study is to determine whether variation in the structure of local economies explain the propensity for black and Latino workers to be low-wage earners.

The analyses in this study will distinguish among the following Latino groups: Mexican, Puerto Rican, Central American, and Cuban. Latinos are often analytically grouped together as a monolith, when in reality there are important sub-groups that often have different outcomes, specifically immigrant status and country of origin. Although this categorization scheme still lumps together very diverse groups, it allows for the analysis of variation among the groups. Comparisons of Black and Latino employment outcomes are particularly useful given that both groups occupy a marginalized position in U.S. society and have so for most of their history in the U.S. However, they experience both divergent and parallel economic and social outcomes. For example, black wages on average are higher than Latinos', but employment rates for Latinos are higher than that for blacks. Similarly, residential segregation rates for blacks are higher than those for Latinos, but whereas those rates are falling slowly for blacks, segregation rates for Latinos have risen over the same time period.

