

# Age and Race Discrimination and Women's Labor Force Participation

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# How does discrimination affect retirement age?

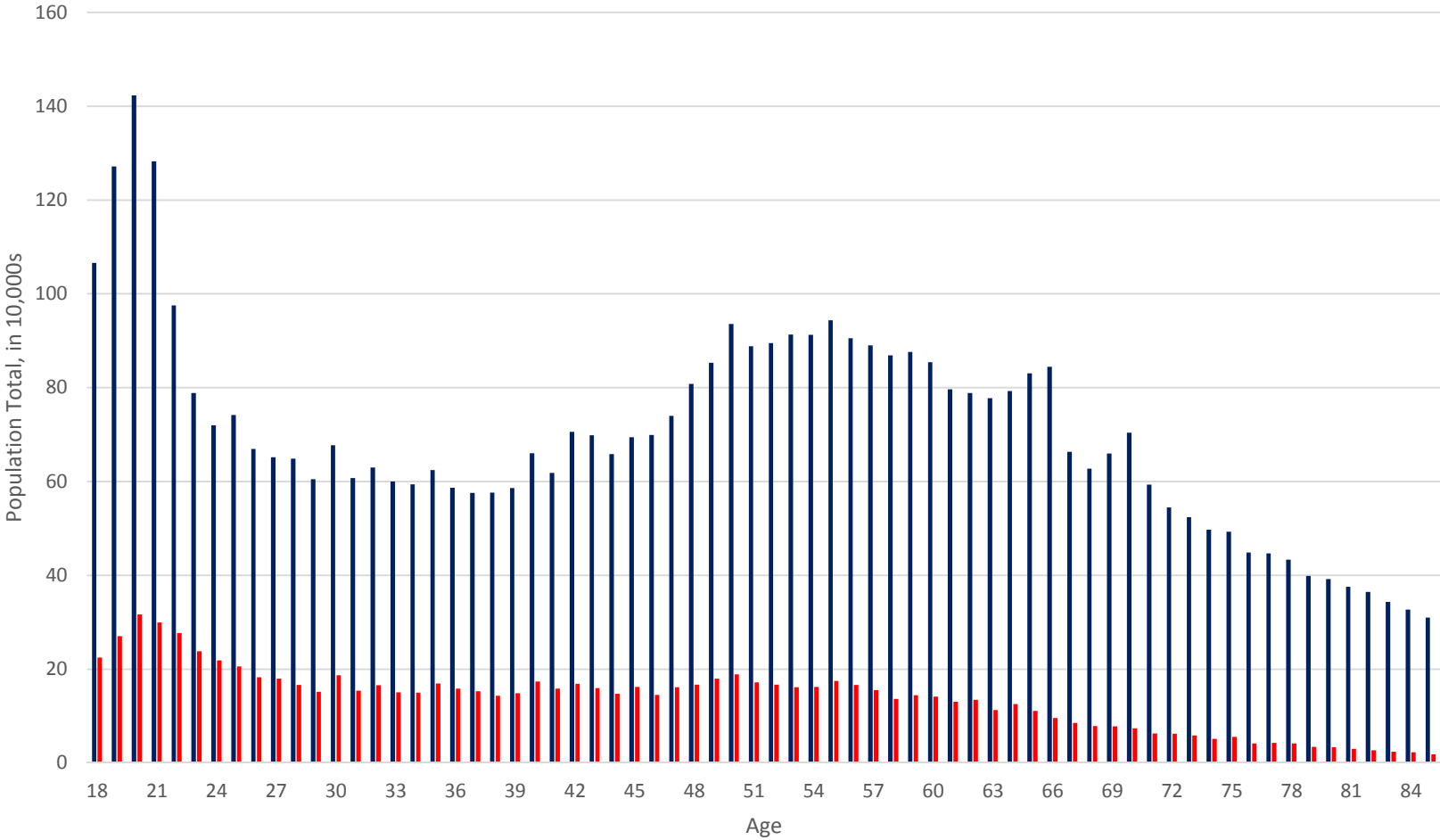
- People less likely to be hired
- People more likely to remain unemployed longer
- People more likely to be discouraged and NILF
- People stay in jobs longer than they otherwise would have (disc. happens on hiring margin)
- People are mismatched
  - People may leave the labor force rather than switch
- People have lower lifetime wages
  - May retire earlier (SS replaces more) or later (target wealth)

# Narrow the question

- Focus on high school graduates and those with some college (no associates degree)
  - Group we care about (vulnerable, 46% of women over age 25)
  - Need date of graduation to indicate age in experiments (can't do with no degree)
- Different experiences of black and white women by age
  - Age aspect for black women almost unexplored
  - Labor market outcomes for black women underexplored

# Who are we talking about?

Women in the US - HS Grads + only, ages 18-85 (in 10 thousands)



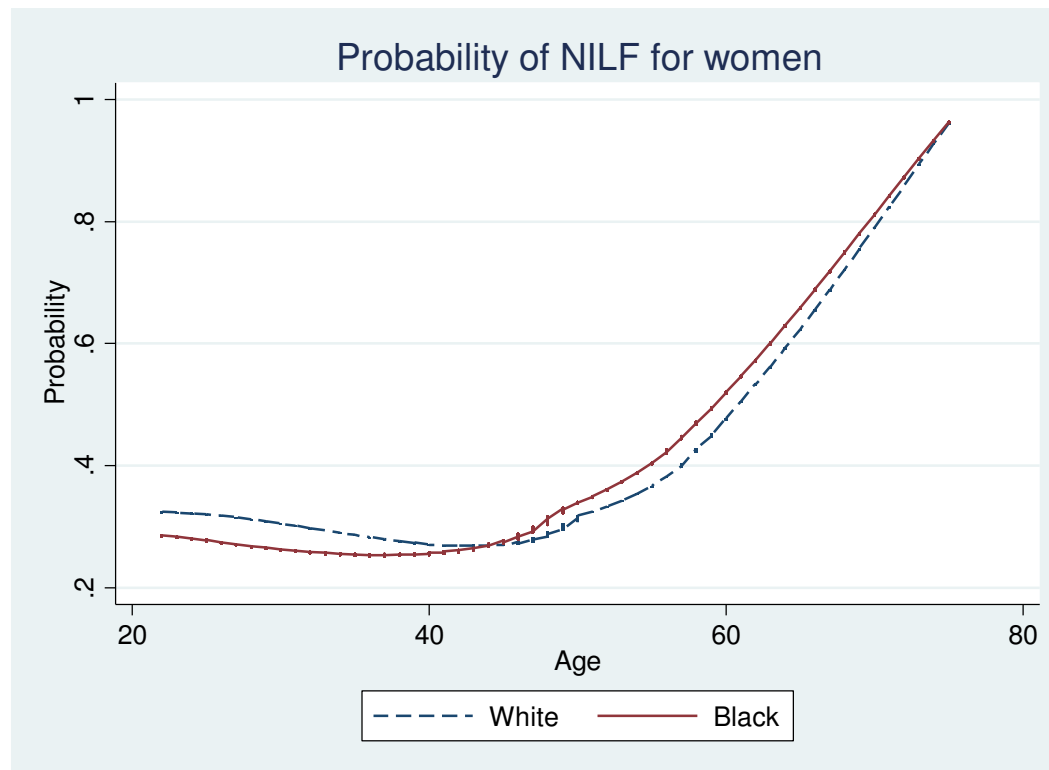
Source: 2013 ACS

# Basic Labor Force Outcomes

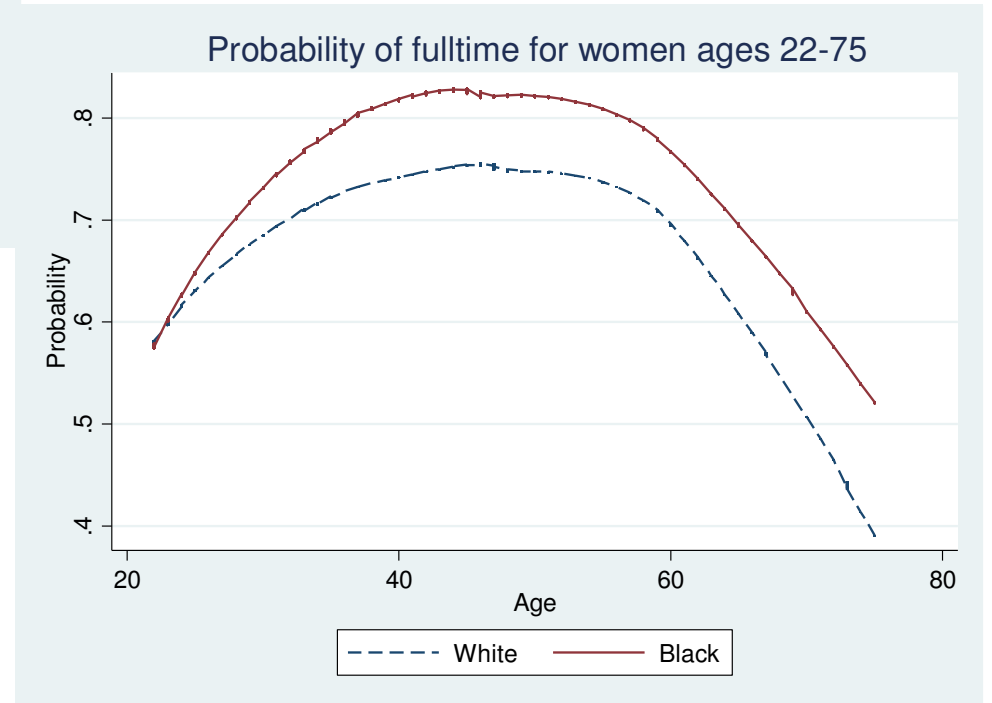
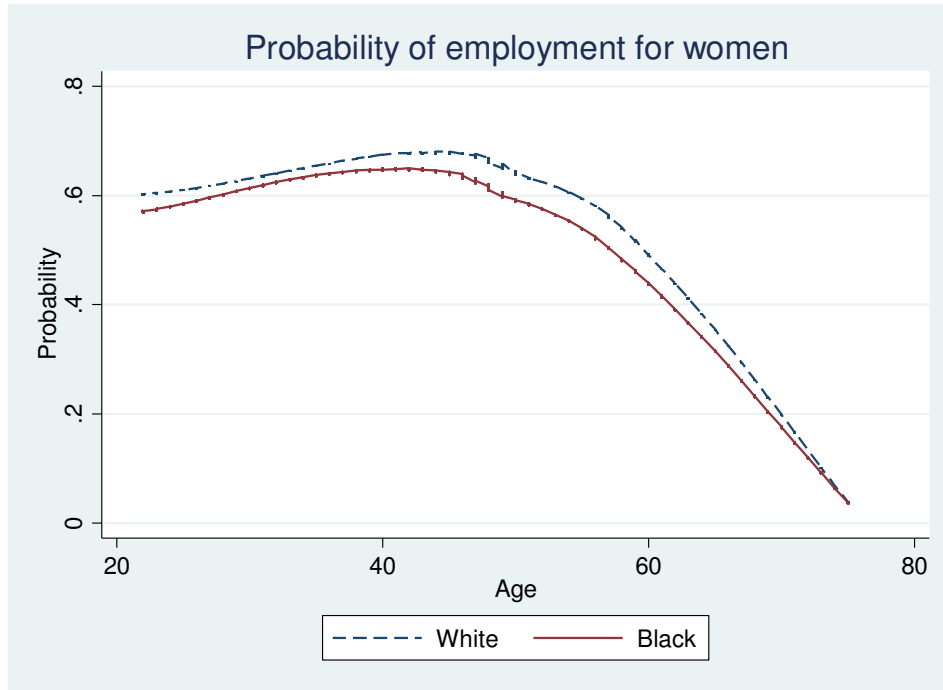
- Data: 2010-2014 CPS (ASEC)
- High school graduates and some college but no additional degree

# NILF

- Important for aging– people retire



# Employed

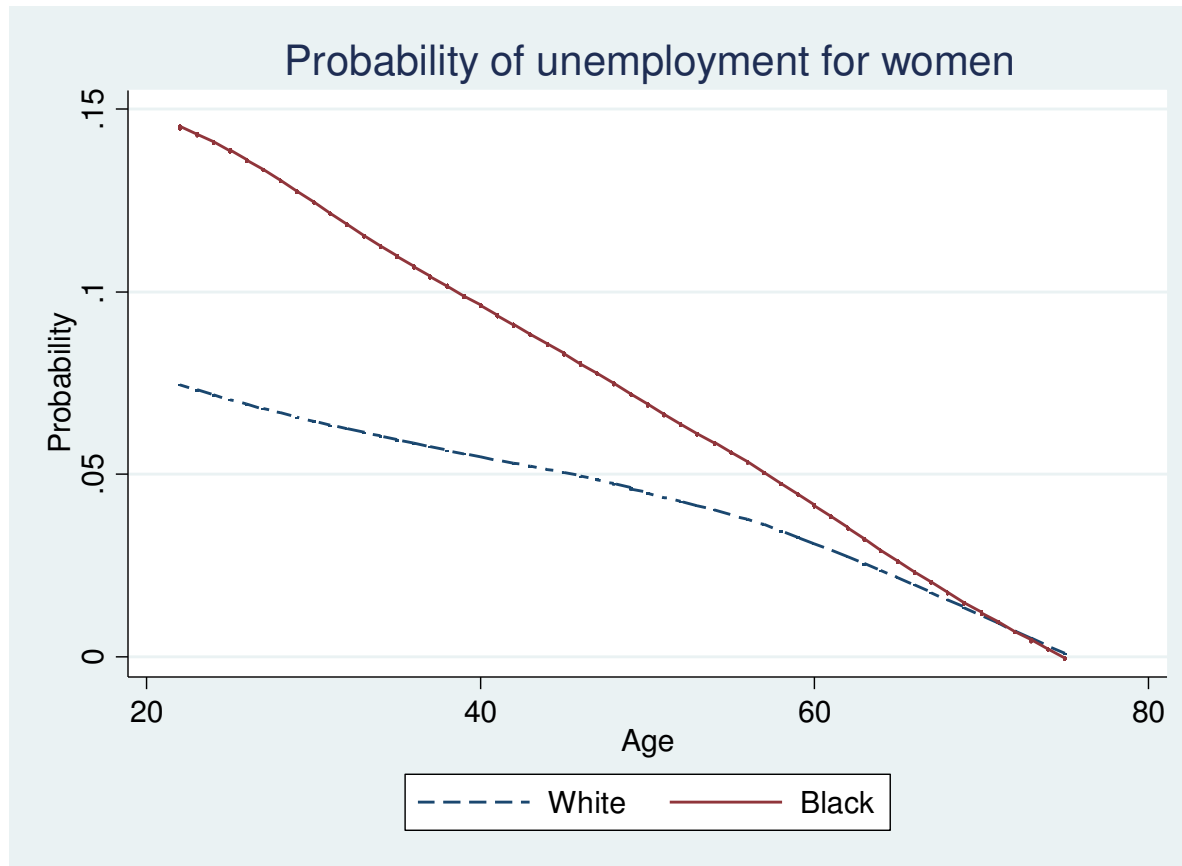


# Basic Labor Force Outcomes

- NILF
  - younger white women NILF more than younger black women
  - Older black women NILF more than older white women (known cohort effects)
  - They converge
- Employment
  - White women more likely employed (historically not true)
  - Pr(fulltime) higher for black women | employment



# Unemployed

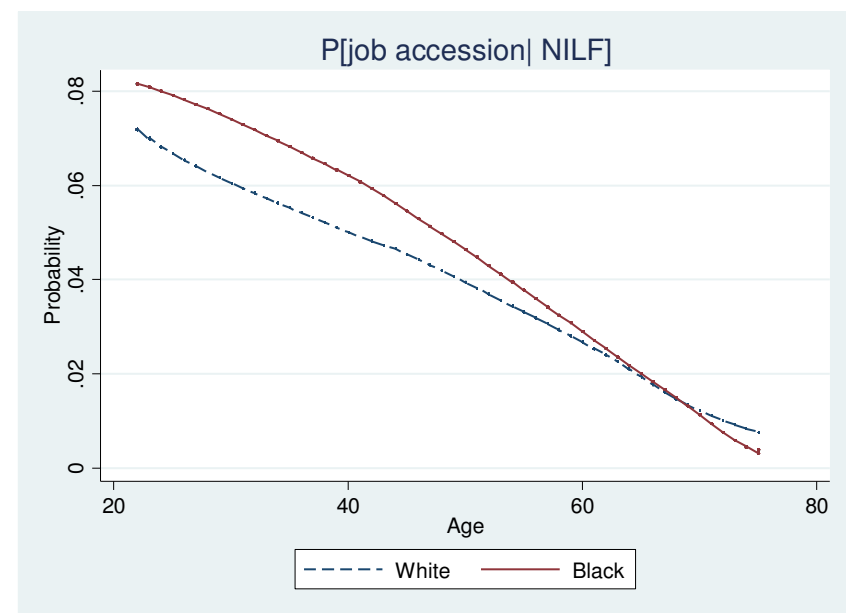
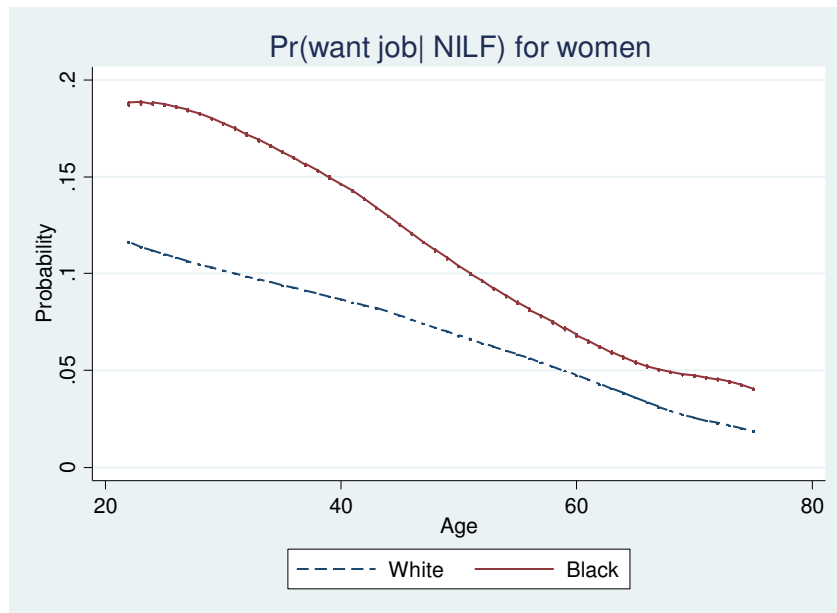


# Unemployed

- Younger black women much more likely unemployed, and then it converges with age
  - Why? Are unemployed black women more likely than white women to
    - move into employment with age
    - or do they get more discouraged?
  - What is black women's labor market experience (for high school graduates) through the lifecycle?
  - What is the job seeking experience like for women by race and age?

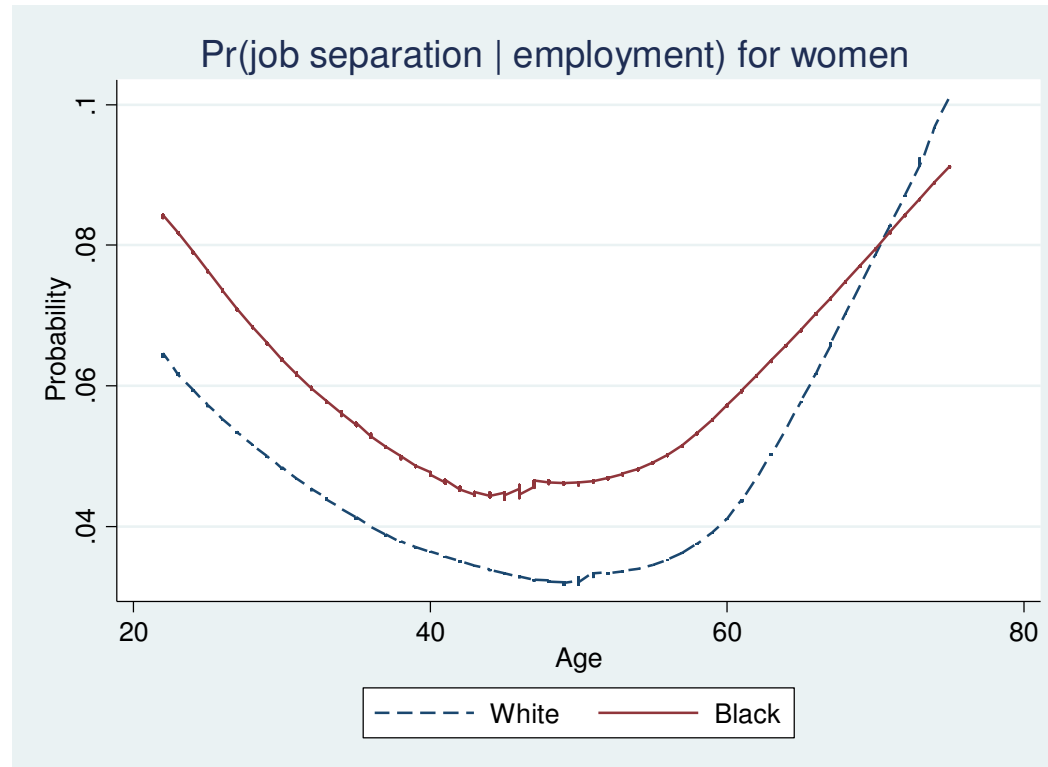
# Narrow focus: Who wants a job?

- Focus on unemployed
- Sidenote: Some NILF want to be employed, drops with age



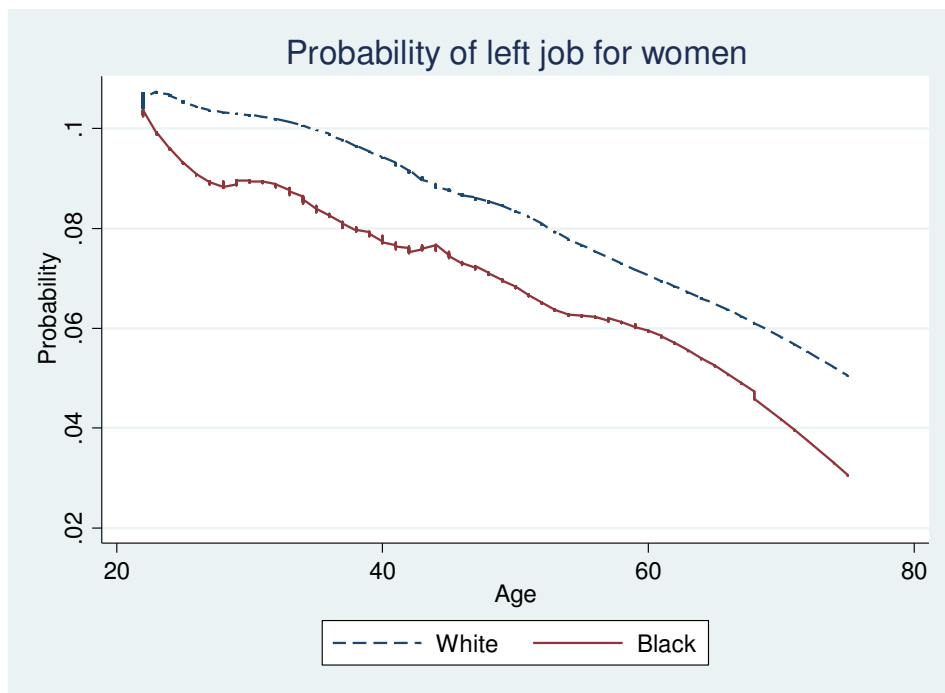
How and why do people become unemployed?

# P(separation)

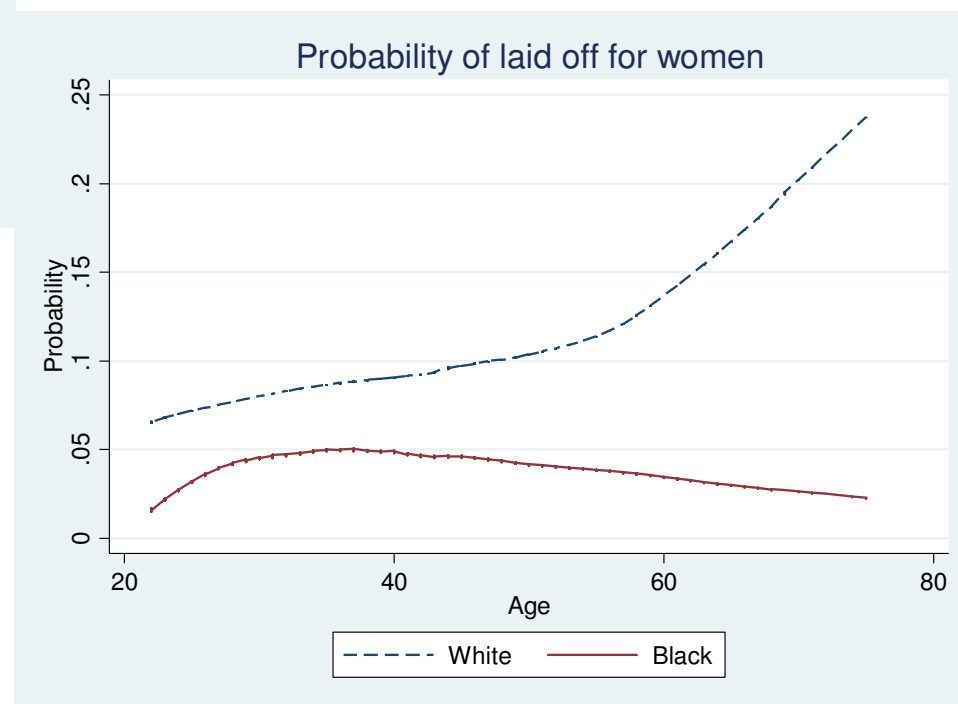


Data: 2013 matched monthly CPS

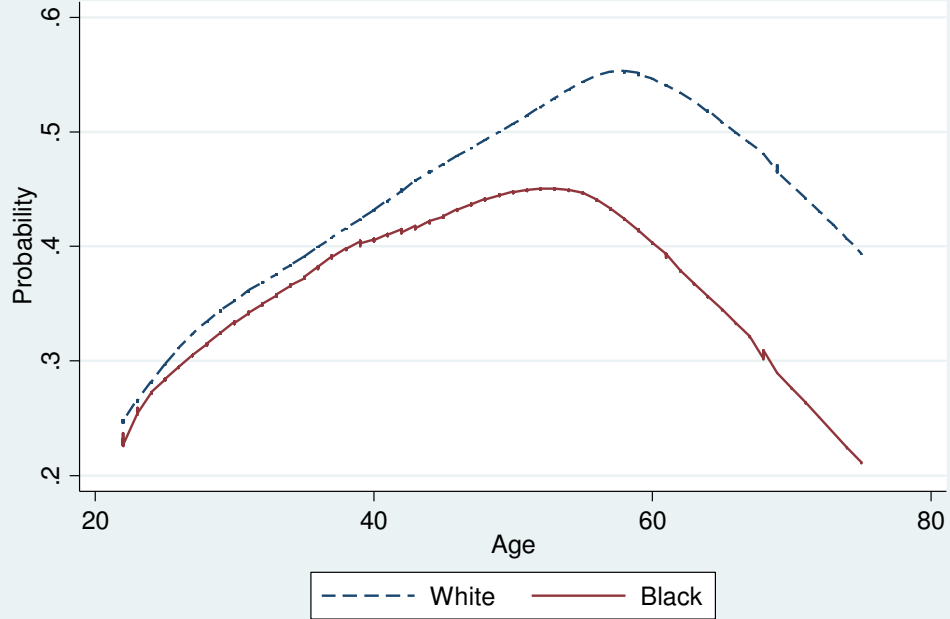
# How did they get to be unemployed?



Conditional on unemployment in previous week, why are you unemployed?

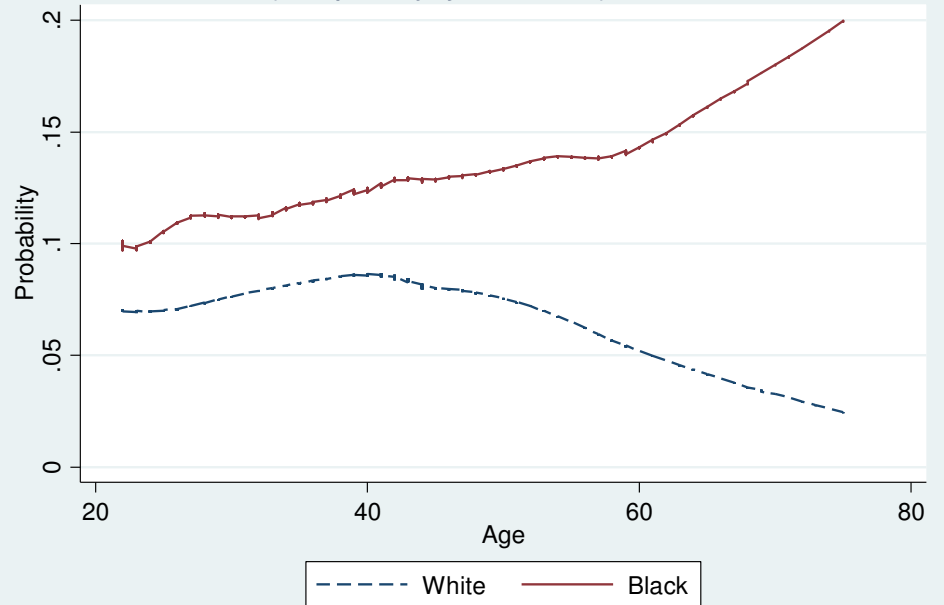


Probability of lost job for women

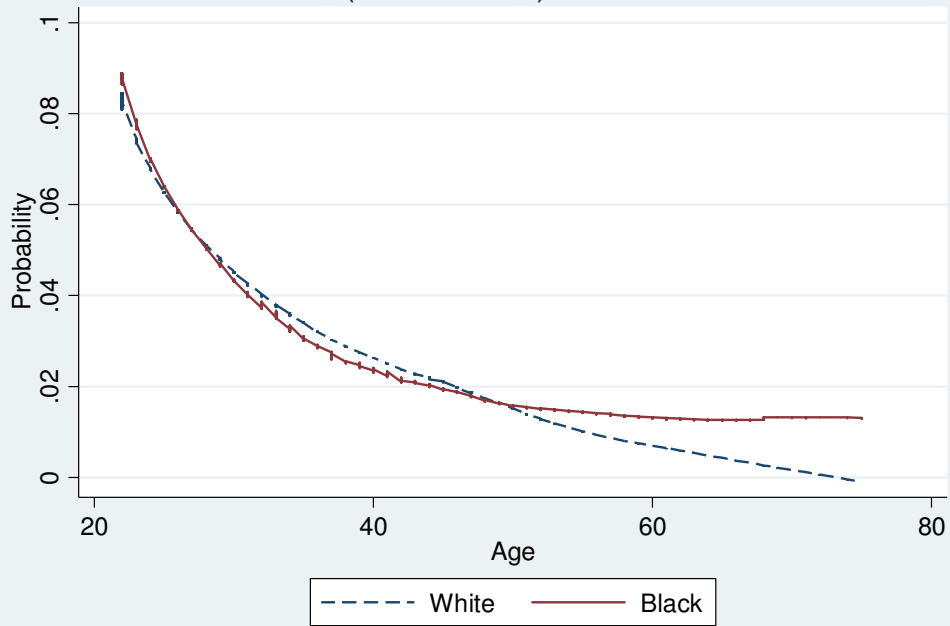


Conditional on unemployment in previous week, why are you unemployed?

Pr(temporary job ended) for women

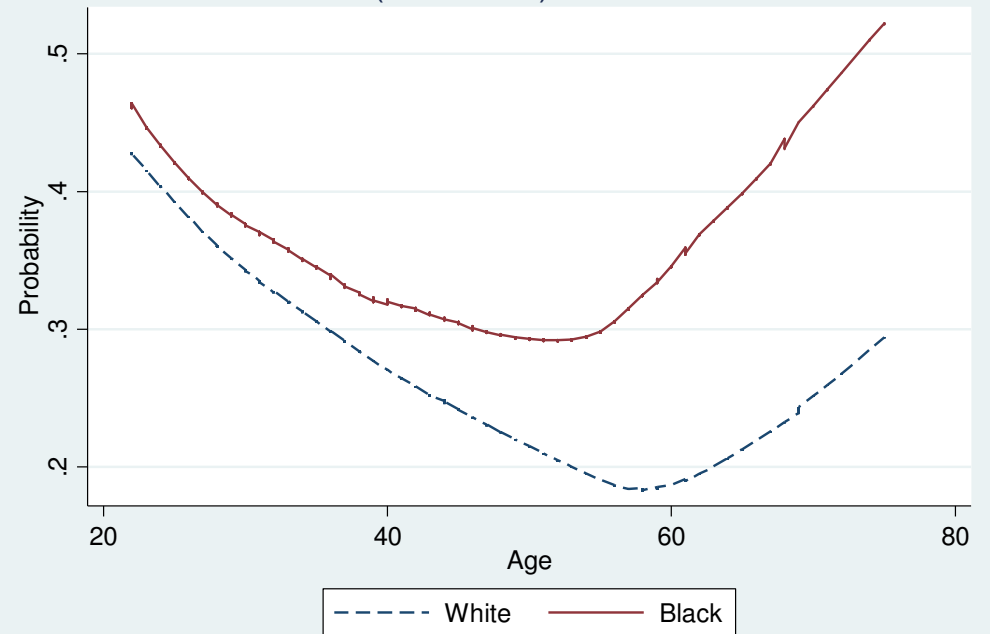


Pr(new entrant) for women



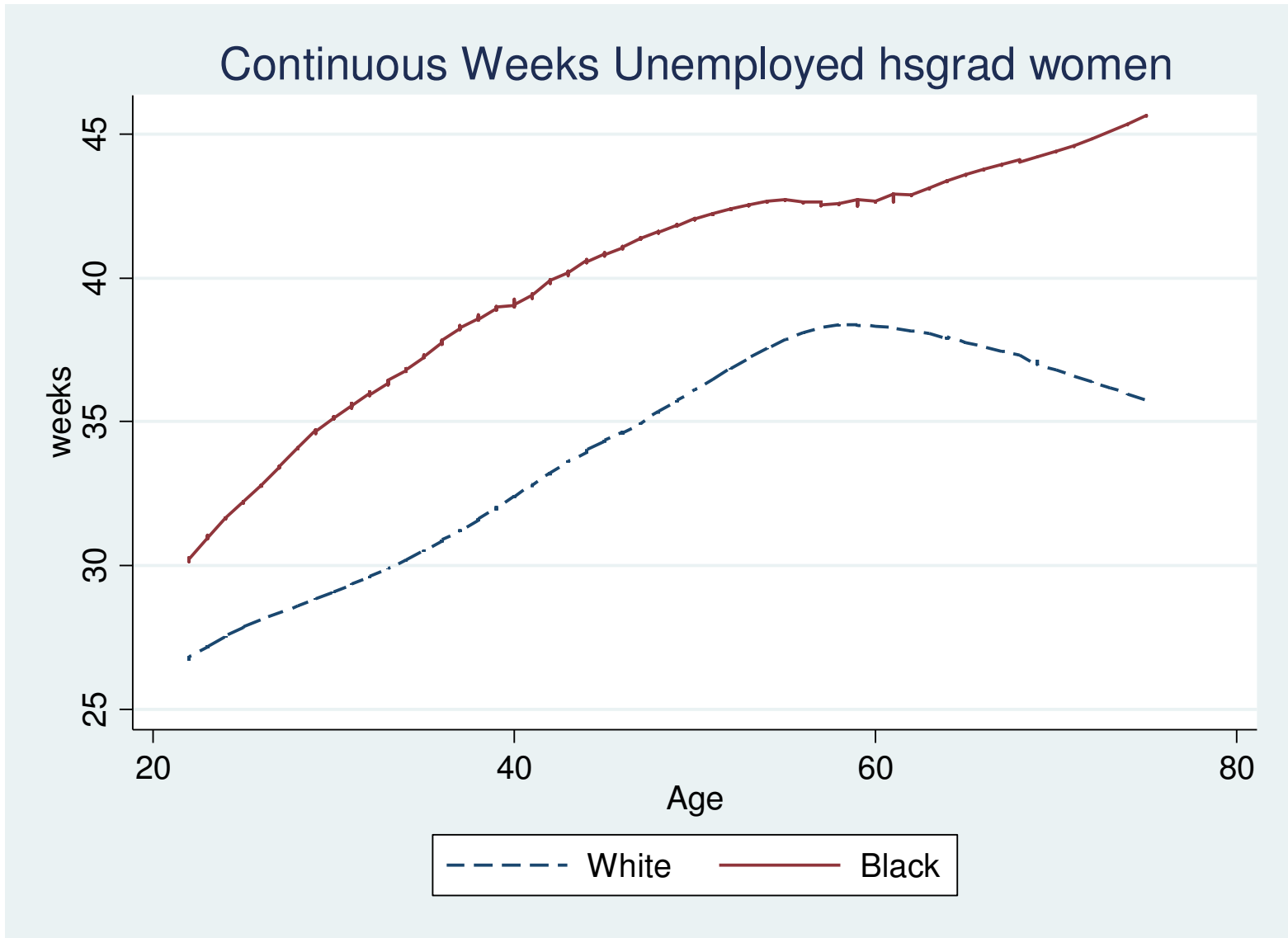
Conditional on unemployment in previous week, why are you unemployed?

Pr(re-entrant) for women

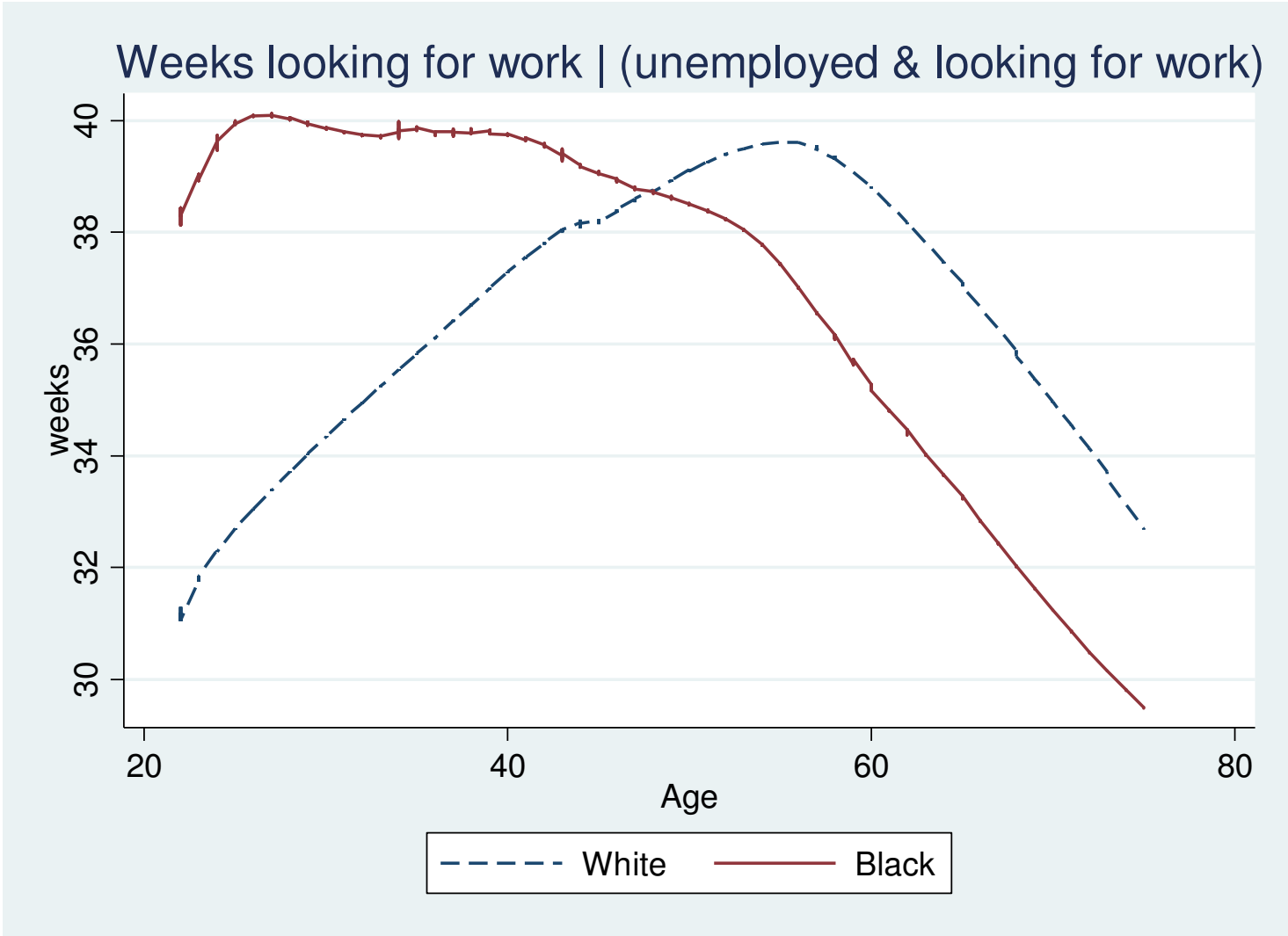




Patterns in unemployment?



Continuous weeks unemployed for people not working in the previous week and actively unemployed in the past four weeks



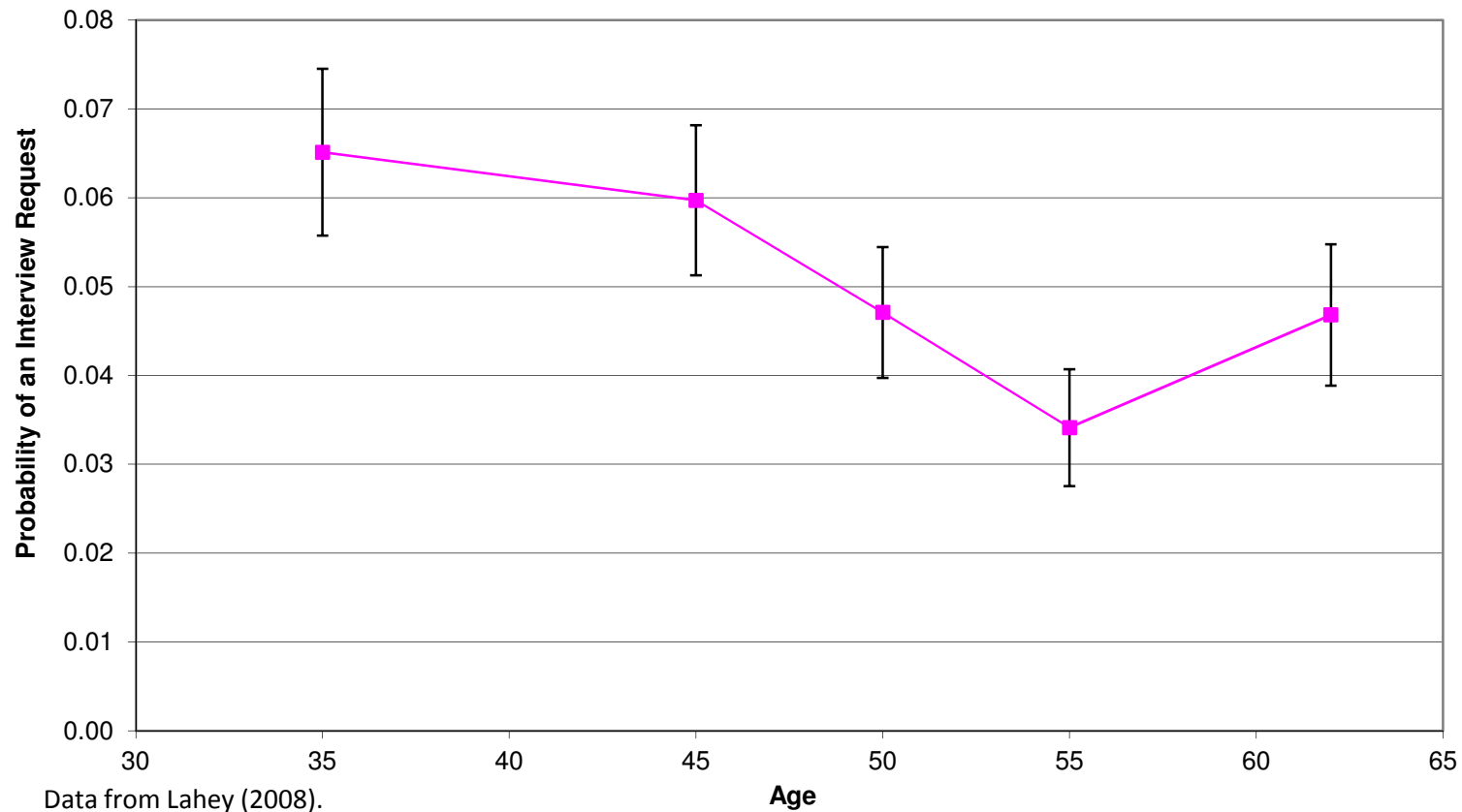
Unemployed women who were/are unemployed and spent at least one week looking for work.

# How do we get to employed?

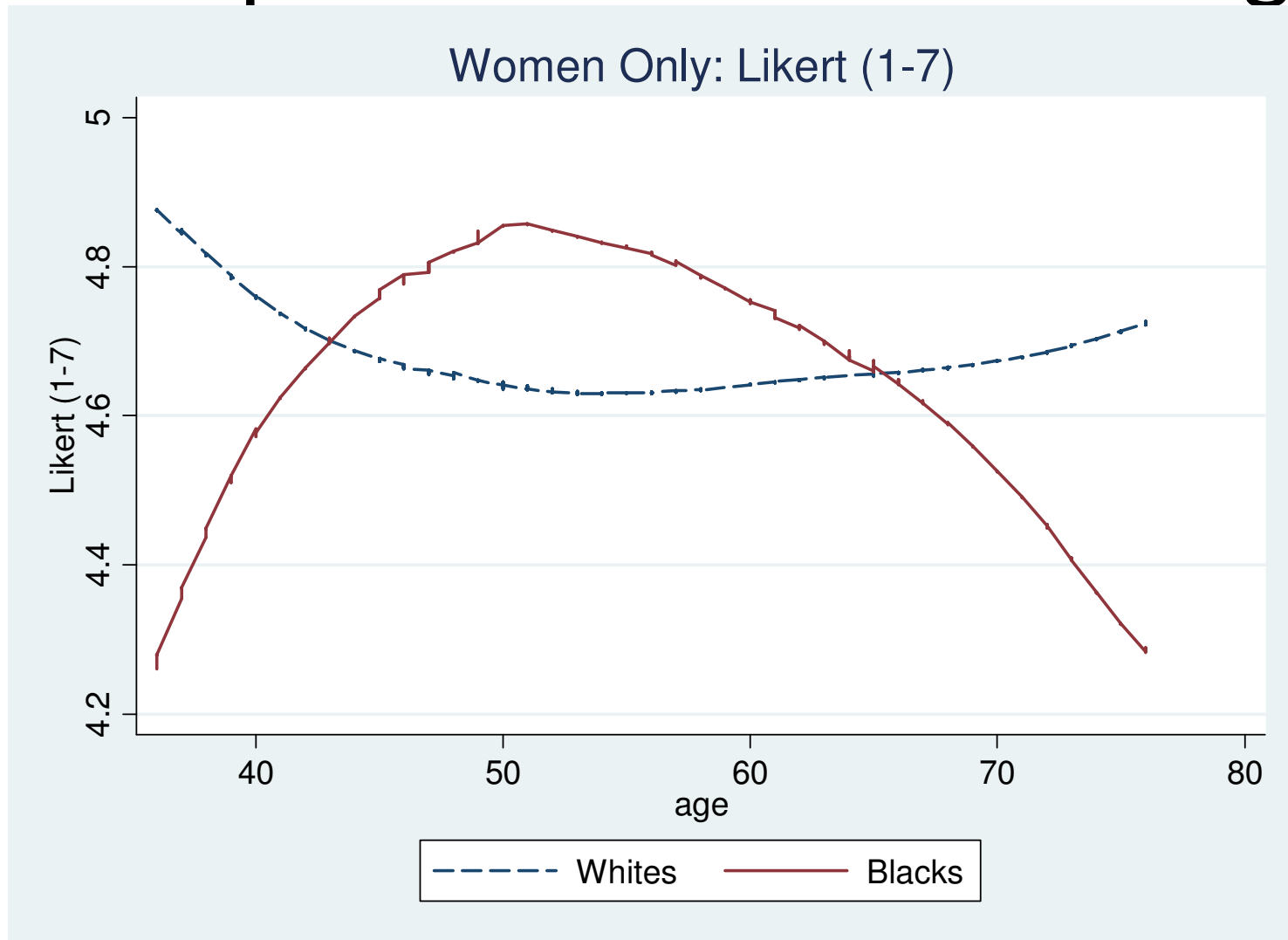
- Race discrimination exists at younger ages
- Age Discrimination exists, may be non-linear for this group
- Effect of age on discrimination differs by race
- Age reduces race discrimination in interviewing

# Audit Study: High School Grads

Response Rates by Age in FL



# Lab Experiment: Resume Ratings

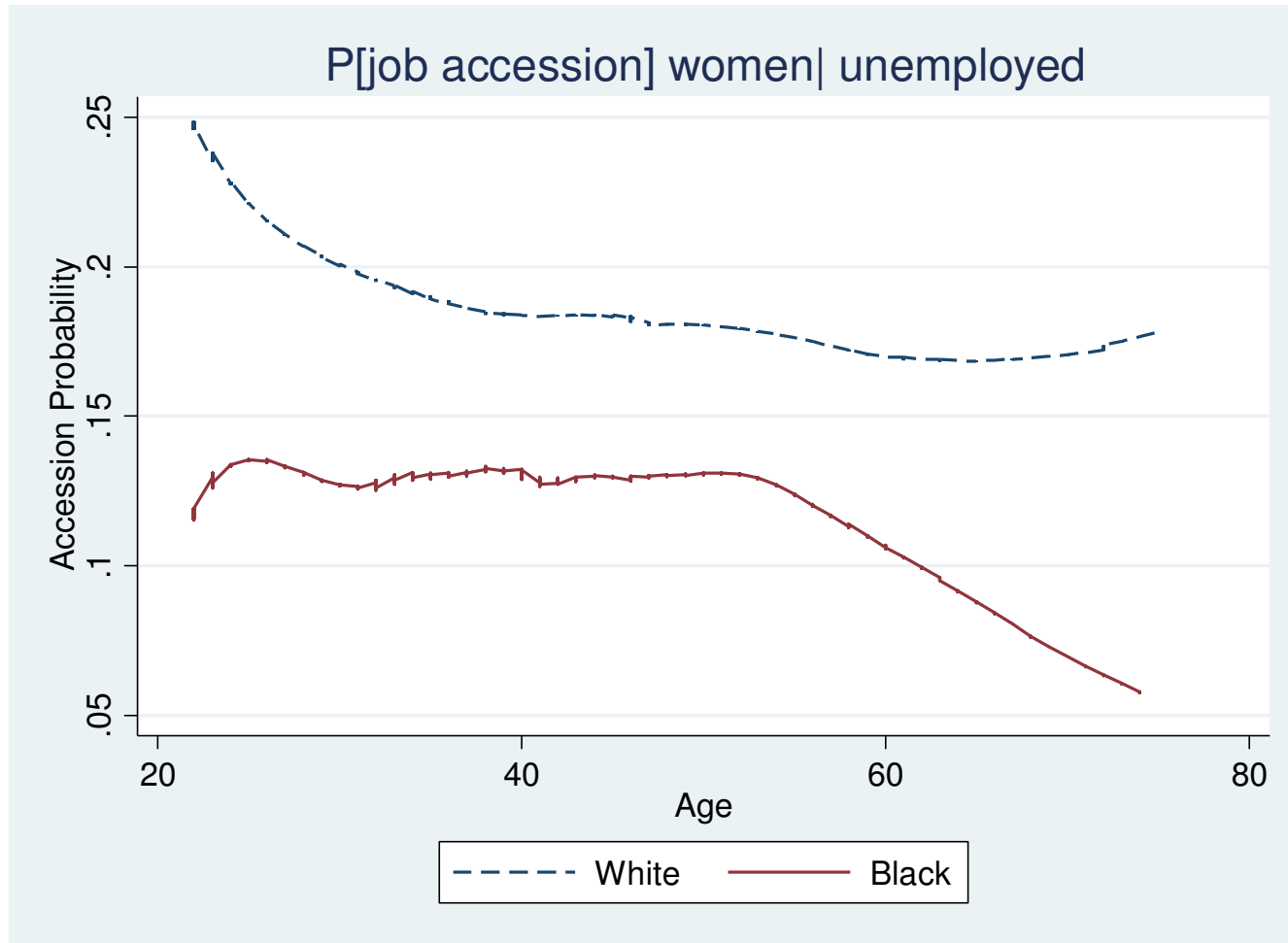


Data from Lahey (2015)

# Going from Unemployed-> Employed

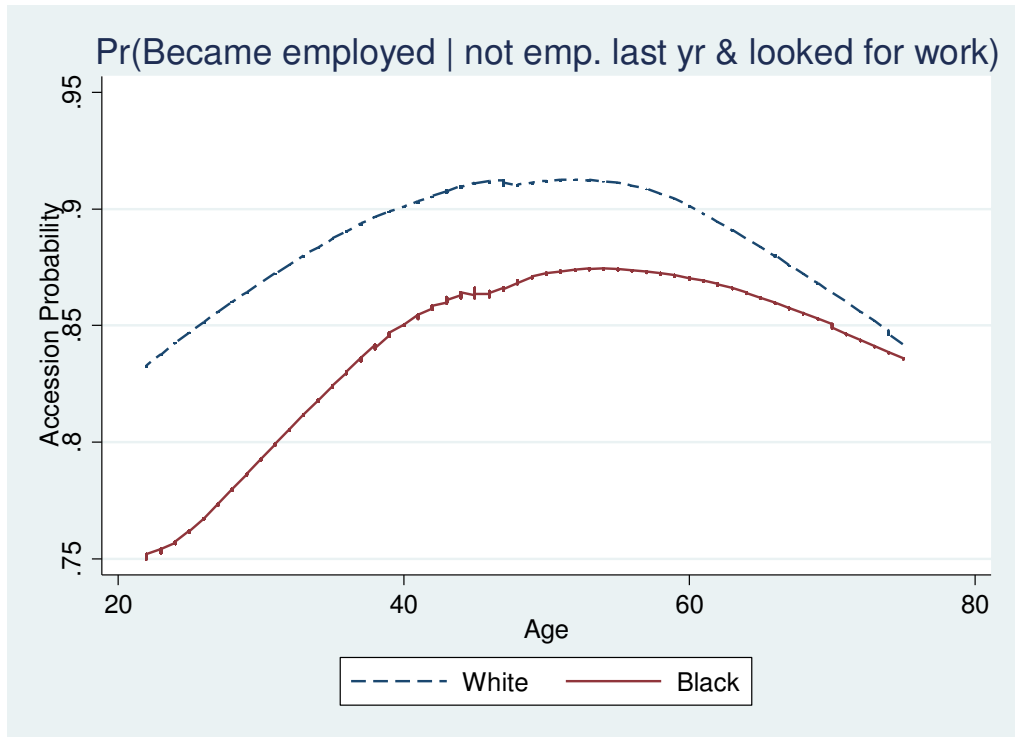
- Measuring job flows (accessions, separations, changes) is difficult so use a number of different methods.

# Going from Unemployed-> Employed



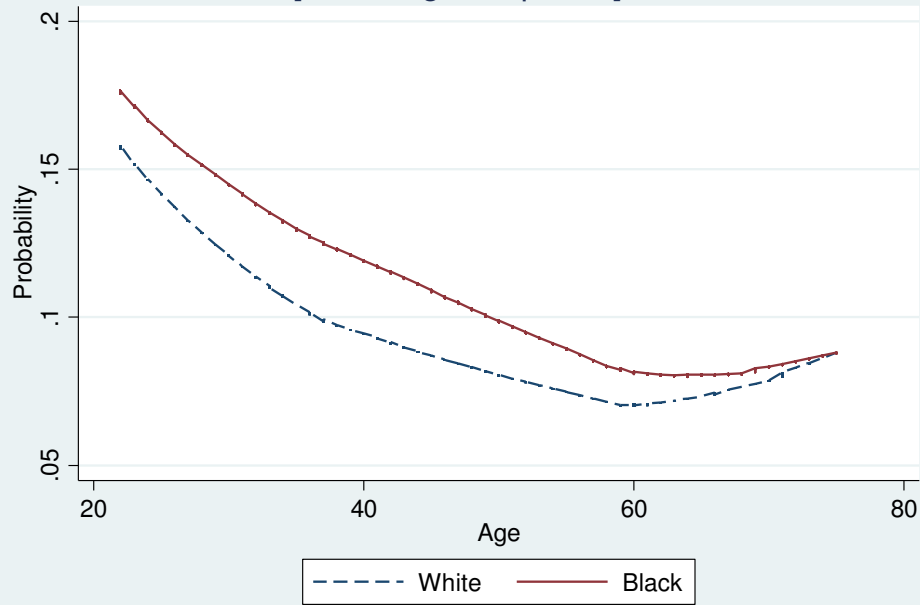
2013 Matched Monthly CPS: Unemployed in the previous month, employed this month. (Denominator: Unemployed last month.)





2010-2013 CPS ASEC, Employed this year given you were not employed last year and spent at least one week looking for work. (Denominator: people not employed previous year and spent at least one week looking for work.)

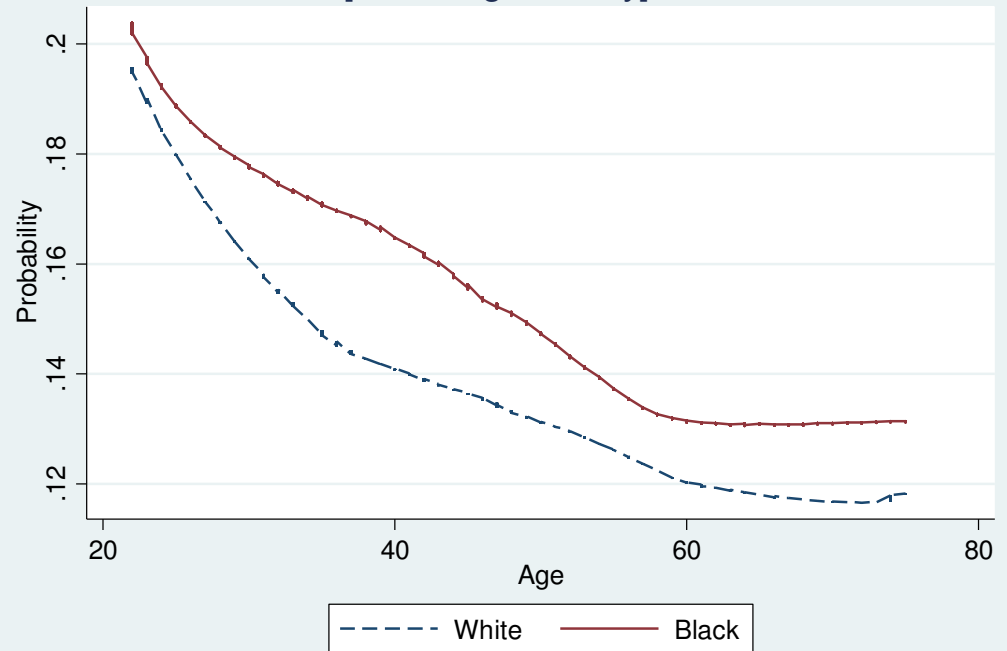
Pr[switching occupation] women



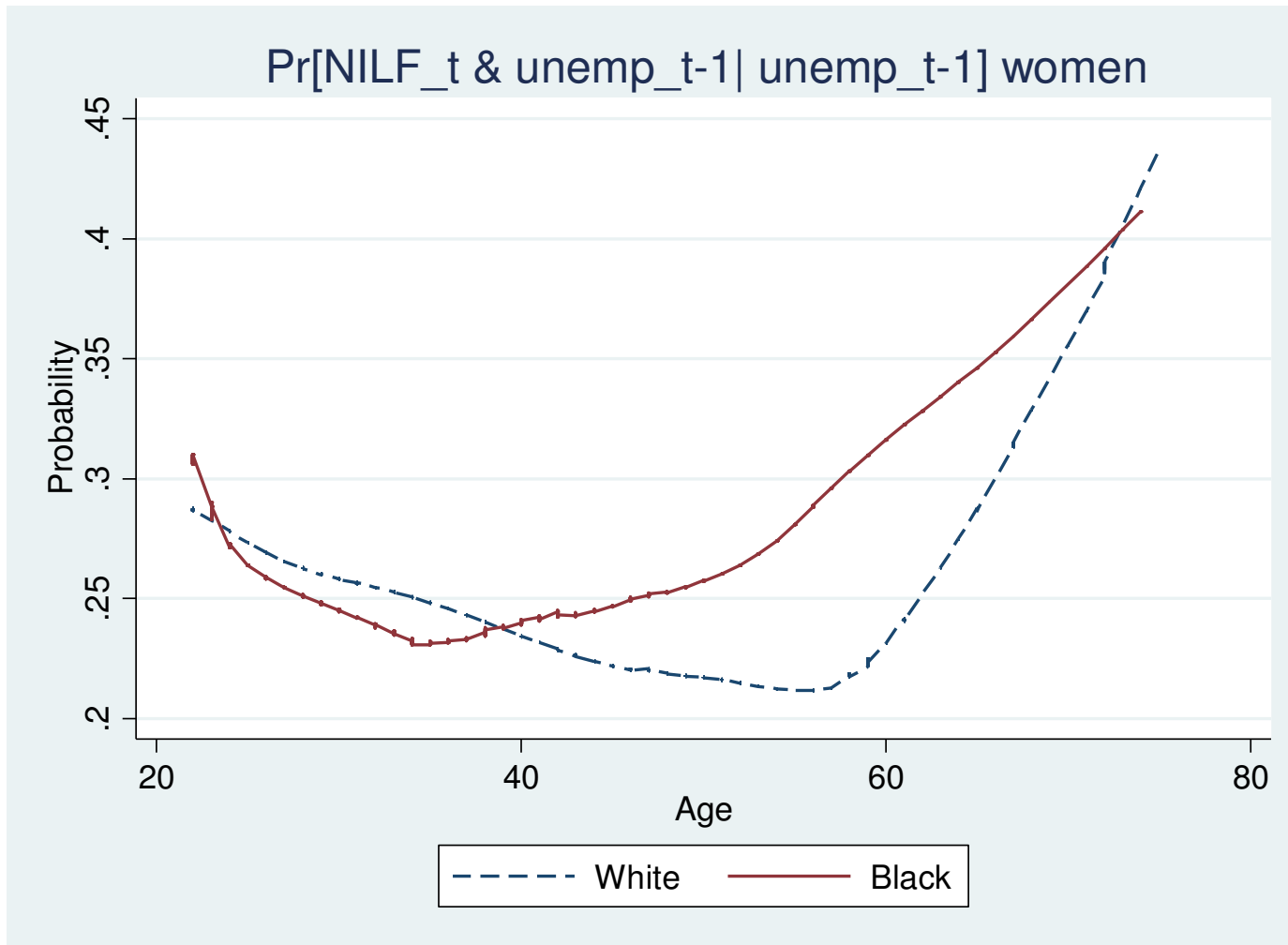
2011-2013 CPS ASEC (occupational coding changes in 2011): Occupation last year different from this year, conditional on having an occupation last year and this year.

2010-2013 CPS ASEC : Industry last year different from this year, conditional on having an occupation last year and this year.

Pr[switching industry] women



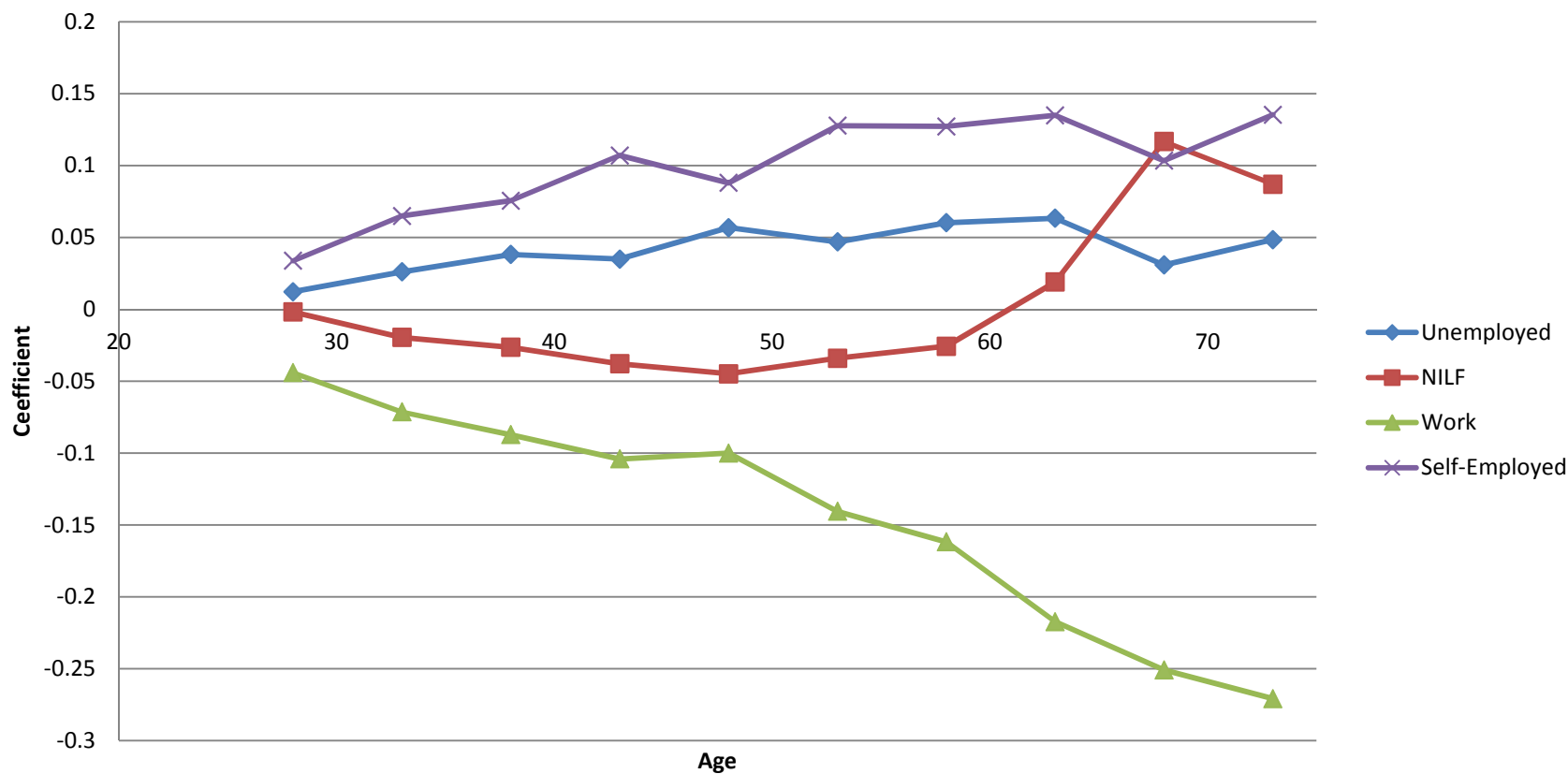
# Discouraged Unemployed->NILF transition



2013 matched monthly CPS. Monthly transition from unemployed to not in the labor force conditional on being unemployed the previous month.

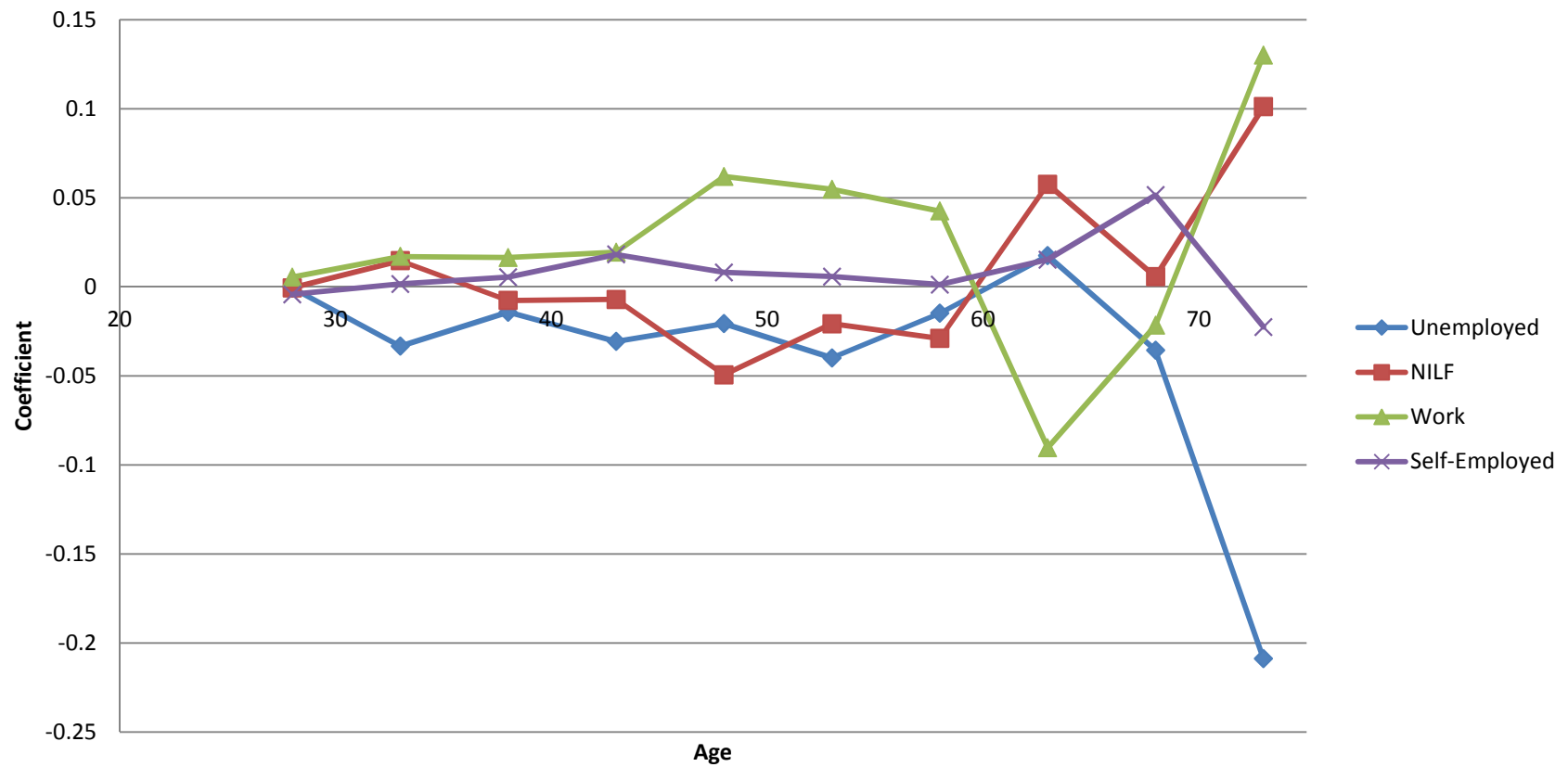
# Given unemployed previous year

## Multinomial Logit Outcomes White (22-25 missing)



# Given unemployed previous year

## Multinomial Logit Outcomes Black (22-25 missing)



# Cohort vs. Age Effects

- Civil Rights legislation
- Increasing labor market participation for white women
- Increasing use of higher education for all women
  - Selection of top workers out of high school graduate category

# Things that affect men's race-wage gap

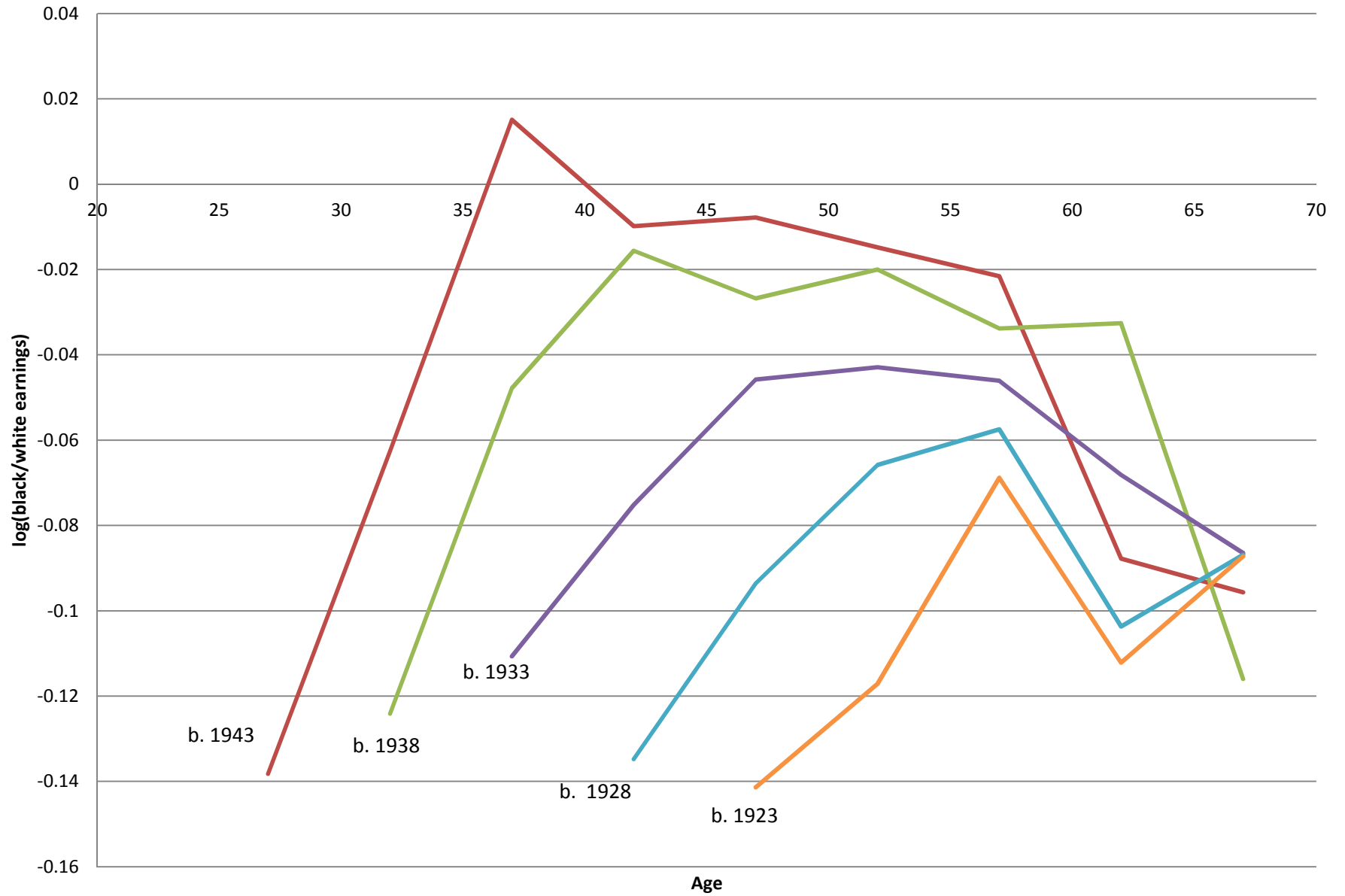
- Education
- Geography
- Spatial Mismatch
- AA/EEOC
- Economic growth
- SBTC
- Unions
- Industry/occupational changes
- Marital changes

# Timeline major events affecting race outcomes

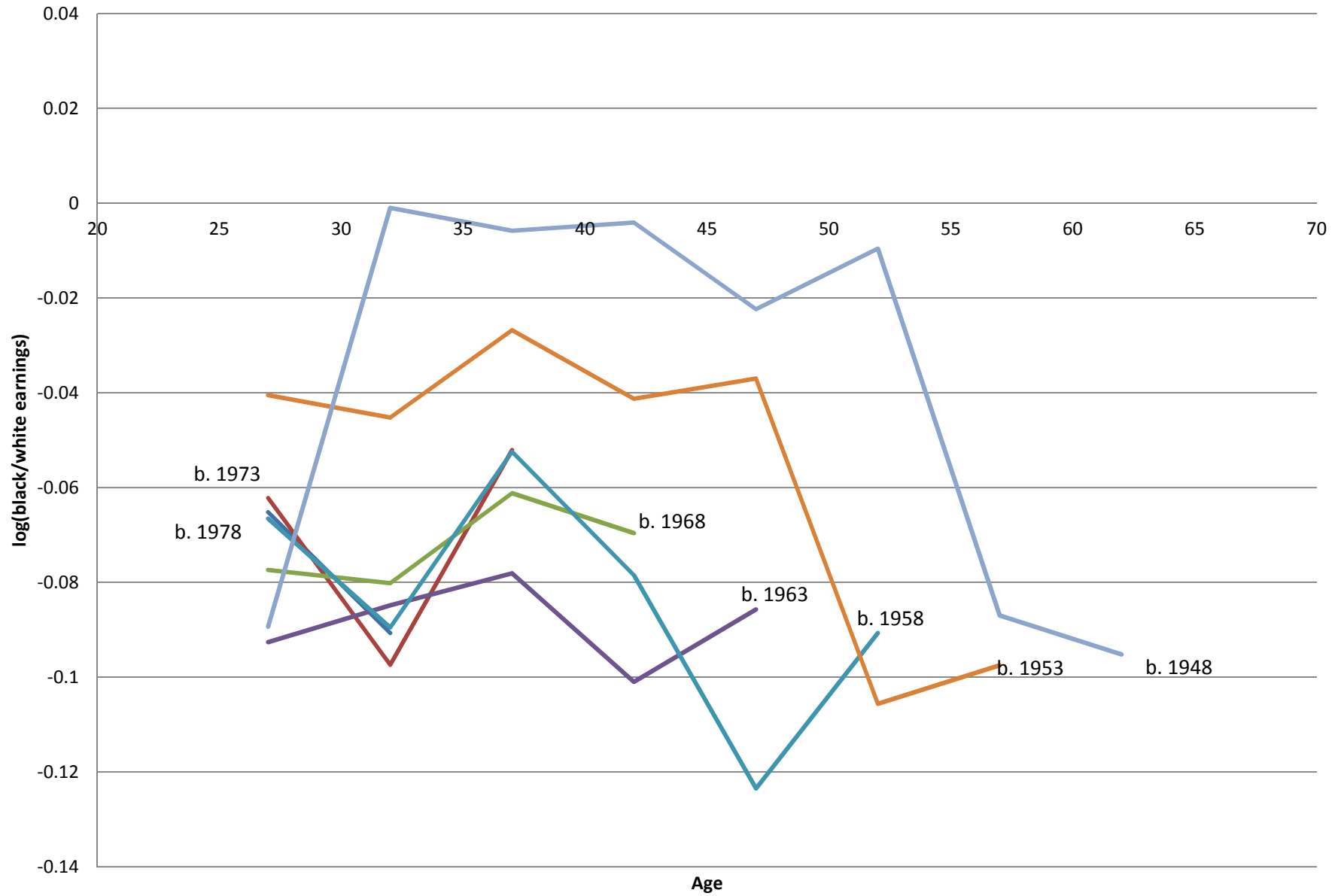
- 1954 Brown vs. board of education
- Great migration
- 1964 CRA



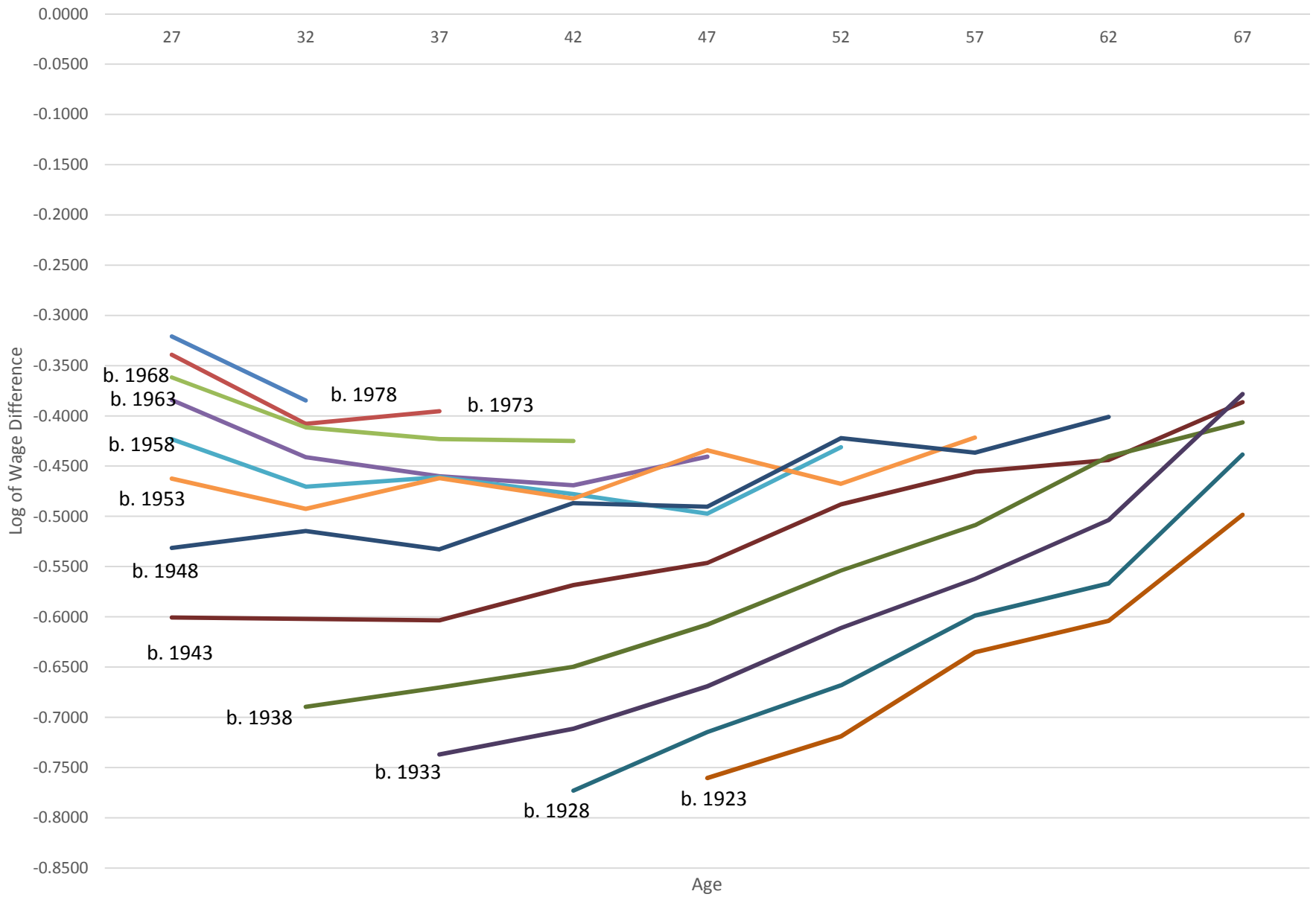
# FT HS Grads Black Women vs. White Women 1923-1943



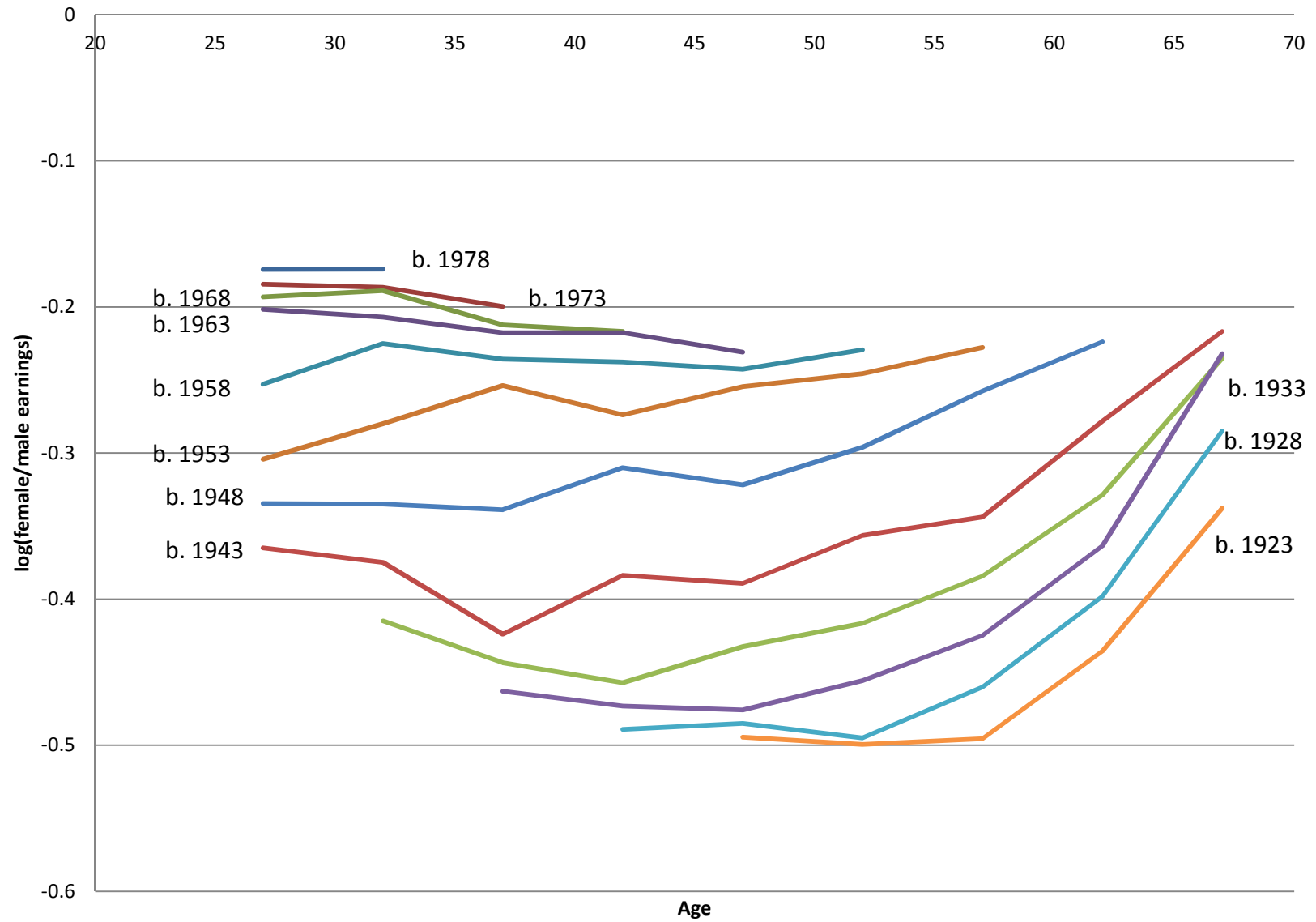
# FT HS Grads Black Women vs. White Women 1948-1978



### Wage Differentials of HS FT Grad Black Women Compared to White Men

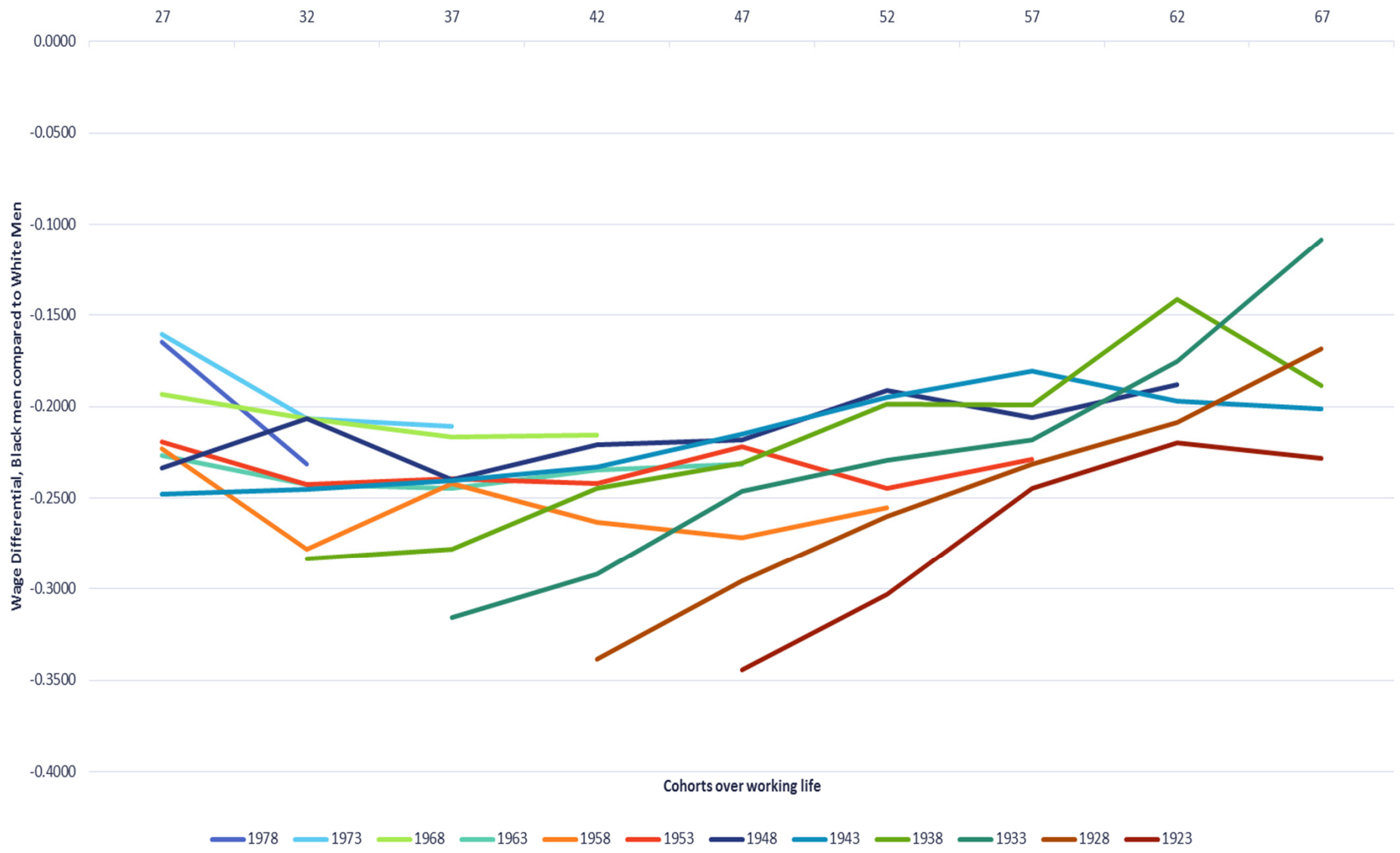


# White FT no college male to female earnings



From Goldin (2014) online supplement

### Wage Differentials, Black Men with HS Diploma compared to White Men with HS Diploma, FT only



# Age vs. Cohort

- BW wage differentials for women
  - show improvement over time for early cohorts
  - show worsening over time for later cohorts
  - show upside-down U over age
    - Some of the downside possibly due to recession
- However, patterns very different for black women when white men used as comparison
  - Look much more like white women
  - Suggests recession hurt white women less than other groups (as media has suggested)

# Take-away 1: black women's labor market experience compared to white

- When young: Persistence but bad outcomes
  - Stronger LF attachment, more likely to be unemployed, face hiring discrimination, lower wages
- Middle aged job seekers: Better outcomes, less persistence
  - LF attachment weakens, more likely to be discouraged, unemployment gap decreases, possibly less hiring discrimination, more likely full-time, wage gap decreases
- Older job seekers: Temporary jobs, bad outcomes
  - Less LF attachment, less likely to be laid off or fired as reason for unemployment, more likely to have lost contract work or to be an unemployed re-entrant, possibly more hiring discrimination, less likely to be employed after unemployment, bigger wage gap

# Take-away 2

- Age is an important moderator in discussions of race in the labor market
  - Differences by race change with age
  - Age vs. Cohort papers focus on black vs. white men
    - Black women always present in labor market
- Effects by age on labor market outcomes vary by race
- Persistence decreases GE effect of discrimination, but wanes with age => lowers retirement age



The end