

Occupational Attainment and Mobility of Hispanics in a Changing Economy

A Report to
The Pew Hispanic Center

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EXECUTIVE SUMMARY

Latino (Hispanic) workers, the fastest growing segment of the labor force, have one of the highest rates of poverty, unemployment and occupational segregation in the country. This study focuses on occupation, one of the most important socioeconomic indicators of the status of workers. The purpose of this report is to examine the occupational allocation of Hispanic workers and assess the factors that affect the pace of their occupational status and mobility.

This study consists of a three-part analysis. In the first part (Section III) we use the 1990 and the latest 2000 micro data of the U.S. Census to address the following questions:

Are Hispanics concentrated in certain occupational niches? Are Hispanic workers stuck in low-paying jobs? Or, is there evidence of upward occupational mobility for Hispanic workers?

How have structural changes within and across industries in the U.S. interacted with or affected the occupational allocation of Hispanic workers? And what do the changes portend for their occupational mobility?

In the second-part analysis (Section IV) we use longitudinal data to respond to the following questions:

What are the determinants of occupational status of Hispanics? What are the occupational trajectories of different Hispanic immigrant groups compared with U.S.-born counterparts? Do Hispanic immigrants achieve occupational assimilation over time with U.S. experience?

Finally, in the third part of the analysis (Section V) we use special data that focus on the college educated to investigate the following question:

What are the prospects for college-educated Hispanics to achieve occupational status, to change occupations, and to earn promotions and experience career mobility?

The findings and implications based on the first-part analysis are as follows:

Overall, the occupational status of Hispanics is lower relative to that of non-Hispanics. However, differences exist in occupational status by Hispanic ethnicity (country of origin). Compared to non-Hispanics, Mexicans and Puerto Ricans tend to have the greatest gaps in

occupational status. By contrast, the occupational status of Cubans is comparable with that of non-Hispanic Whites. The heterogeneity of the Hispanic population suggests that any initiatives designed to address occupational and socioeconomic deficiencies should take into consideration the particular needs of the population served.

Hispanics and non-Hispanic Whites are segregated in terms of occupations. The extent of the segregation is assuaged by education and the length of time Hispanics live in the United States. Hispanics tend to be concentrated in non-professional, service occupations such as household/ground/building cleaning and food preparation and serving. In spite of the decline in employment in farming and production occupations for other groups, Hispanics remain relatively concentrated there. These occupations rank low on several measures such as wages, educational requirements, and a quantitative indicator of socioeconomic status.

Compared to 1990, the occupation distribution of Hispanics has become much more dissimilar to that of non-Hispanic Whites in 2000, implying that there is greater segregation in the occupational allocation of the two groups over time. This situation coincides with a decline in the proportion of Hispanic men in all management, professional and related occupations in 2000 compared to 1990. At the same time, non-Hispanic Whites have increased their relative proportion in those occupations. Hispanics experienced the biggest gains in the service sector, due to their participation in food preparation and serving, occupations that by our measures tend to have lower socioeconomic status.

We ask whether structural changes impact the occupational allocation patterns of Hispanics over the period. A concern was whether the sectoral transformations contributed to increasing the gap between the two groups. We ask the question whether the expansion of the technological sector in the 1990s also absorbed Hispanic workers. The period from 1990 to

2000 was one characterized by a remarkable expansion of employment in all the main occupational categories for Hispanics. However, structural changes in industries affected Hispanics differently from non-Hispanic Whites. For example, in the professional field, while *industry shift effects* caused Hispanic workers to lose jobs, non-Hispanic Whites gained. In occupations, such as service, farming, and production, these effects led in general to an increase in the employment of Hispanics and a decrease in the employment of non-Hispanic Whites.

What are the implications of the changing structure of industries on the outlook for occupational changes and mobility of Hispanics? One could argue that the changing structure of industries, as well as organizational restructuring during the 1990s period, may have dampened the conditions for upward occupational mobility for Hispanics. This is because, as explained above, sectoral shifts heavily propelled employment of Hispanics toward low-status occupations in agriculture and production, food preparation and serving, and grounds cleaning, while similar forces worked toward lowering reliance on non-Hispanic White workers in these jobs. At the same time, industry shifts led to a much higher decline for Hispanics than for non-Hispanic Whites in employment in most of the professional occupational categories with the highest socioeconomic status indicators. An occupational bifurcation has resulted whereby more and more Hispanic workers are in occupations with lower socioeconomic status, while fewer non-Hispanic workers hold these jobs. At the same time, more non-Hispanic workers have occupations with higher occupational status while fewer Hispanic workers have these occupations. In part, the overall occupational positioning of Hispanics is masked by the disproportionate number of new Hispanic immigrants in occupations with low status. Conventional policies involving changes to the minimum wage requirements and other initiatives aimed at altering the course of the employment experience of the working poor are particularly

relevant for Hispanics in lower-paying jobs. These policies must, however, be carefully weighed against the possibility of reduced employment opportunities.

Job growth was the dominant force that drove the total employment of Hispanic workers in the 1990s. The net shift in total employment for Hispanics suggests that the structure of production allowed for increased absorption of Hispanic workers, in response to the increase, fueled by immigration, in the supply of Hispanic workers.

Research on the occupational allocation of workers ultimately leads to policy questions regarding the potential impact on employment and wages of one group of workers on the other. In particular, one may ask whether the jobs filled by Hispanics would have migrated out of the country absent of the growth of the Hispanic labor force. Or, one may ask whether Hispanic immigrants fill jobs natives do not want, or displace the native-born. Although the scope of this study does not cover the economic impact of Hispanic immigrants, or their effects on the wages and employment of similarly low-skilled native born, the evidence seems to suggest that Hispanics, by their pervasive pattern of concentration in specific occupational niches, may be filling jobs that are not necessarily chosen by natives, at least during the prosperous 1990s.

The findings and implications based on the second-part analysis are as follows:

In that part of the study, we report results based on econometric analysis to determine the factors that explain the occupational status of Hispanics. The analysis demonstrates that human capital characteristics, formal education and labor market experience, have a positive impact on occupational status. The appropriate policy response will entail that we have a clear understanding of the effectiveness of the type of education, whether it is education obtained as a child, formal training, or job-matching training programs that work best to enhance occupational

prospects. To the extent that formal education acquired as a child is what matters the most, this would support the role for policy initiatives that enhance access to formal education. To the extent that job-matching training programs are also effective, the expansion of workforce opportunities through job training programs for low-skilled workers would also be an appropriate response to help improve the socioeconomic position of Hispanics overall. However, without reliable measures of the effectiveness of specific training initiatives, which is beyond the scope of this research, the cost effectiveness of the programs and the role of job training programs in closing gaps in occupations remain uncertain.

The effects of human capital vary by Hispanic group. Education contributes less to improving the occupational achievement of Mexican, Cuban, and Puerto Rican immigrants compared to non-Hispanic Whites and U.S.-born Hispanics. This may reflect the fact that education received abroad may not transfer well to the U.S. labor market, or that the market may value education differently by group. Language ability does not seem to be relevant for understanding differences in occupational status among Mexicans and among Cubans. Occupational segregation and a dual labor market, whereby labor market transactions are conducted in Spanish, may shield individuals from these groups from the potential disadvantage of not speaking English. However, language ability is very important for understanding the overall occupational status of Hispanics. A lack of English ability is detrimental to their achievement in occupational status. Therefore, initiatives that help bridge language barriers in the workplace are important.

The length of time that Hispanic immigrants have been in the country contributes toward narrowing the occupational status gap with non-Hispanic Whites. This supports the proposition that, as Hispanics gain U.S. experience, their occupational status does improve. Independent of

assimilation effects, we also found evidence of *cohort effects*. More recent cohorts have lower human capital over and above that measured by education. We show that more recent cohorts of Hispanic immigrants have a greater gap in occupational status compared to non-Hispanic Whites. Although part of the gap can be explained by the fact that earlier cohorts have more education, even when we control for education and labor market experience, there remains a substantial disparity in occupational status between different Hispanic immigrant cohorts and non-Hispanic Whites.

We conducted a simulation exercise to project the occupational trajectories of Hispanics compared to non-Hispanic Whites. The occupational-age profiles of U.S.-born Hispanics as well as Hispanic immigrants remain lower than that of non-Hispanic Whites throughout their respective life cycles.

We simulate the occupational trajectory of the largest Hispanic immigrant group in the U.S., the Mexican immigrants, and noted how many years of U.S. experience it would take for their predicted occupational status score to equal the median predicted score for non-Hispanic Whites and their U.S.-born Hispanic counterparts with the same level of education. We refer to that point as the *point of convergence* or *assimilation*. The results show that education not only affects the level of occupational status, but also impacts the pace of mobility and the potential for convergence. Educated Mexicans experience faster rates of occupational status improvement over time compared to less-educated Hispanics. We find that there is convergence in occupational status between educated Mexicans and U.S.-born Hispanic counterparts with the same education level after 10 years of U.S. experience. Moreover, there is convergence in occupational status between educated Mexicans and non-Hispanic Whites with the same education after 15 years of U.S. experience. On the other hand, the results suggest that less-

educated Mexican immigrants will never reach the occupational status of U.S.-born Hispanics or non-Hispanic Whites. This group is likely to start and remain in occupations that are distinct from those of U.S.-born Hispanics and non-Hispanic Whites. This suggests that recent proposals to provide legal admission status to Mexican immigrants that would be sponsored by an employer, provided that there is demonstrated need for such workers in the face of the jobs not being filled by willing U.S. legal residents, would not harm non-Hispanic Whites, particularly from an occupational status perspective.

The findings and implications from the third-part analysis that relate to the college-educated Hispanics are as follows:

This section focuses on occupational change, promotions and demotion among college-educated Hispanics. Job change is a defining feature of the labor market, as very few individuals experience no change in employer and/or occupation during their lifetimes. Notwithstanding, from a policy perspective, the extent of job changes and the circumstances that lead to job changes are important to assess. There has been increasing concerns about job security in the United States and increased frequency of job changes may signal more distress for workers. For educated Hispanics, as well as for other minority groups, the issue of career opportunities has been one of contention. A number of factors, related to work environment, family structure, recruiting practices, and potential discrimination and glass ceiling, have been noted as potential impediments to their career advancement.

Educational attainment and English language ability are strongly related to occupational change and the direction of occupational mobility. Hispanics with higher levels of education, who were educated in the U.S., and who had a greater command of English were more likely to

change occupations in an upward direction. Strengthened English skills can increase the socioeconomic status of immigrants, even for high-skilled immigrants.

The analysis of intra-firm and inter-firm moves allows us to assess the extent of promotion and demotion. Between 1988 and 1993, female Hispanics and White female non-Hispanics were more often involved in intra-firm or inter-firm demotions compared to male Hispanics. The difference between male and female demotions might be found in the underlying reasons for changing occupations or employers. Women are nearly twice as likely to list “family-related” as a reason for employer and occupational change compared to males. This finding is likely to be driven by childbearing and childrearing. Females were more likely to cite ‘working conditions’ as a reason behind their change compared to Hispanic men. This might reflect the fact that since educated women tend to be in lower level professional positions relative to men, they tend to be more likely to change jobs to seek greater advancement opportunities.

We found that approximately 37.5 percent of educated U.S.-born Hispanics and Hispanic immigrants changed occupations between 1988 and 1993. Hispanics have a greater probability of undertaking occupational changes both down and up in terms of status. The higher probability of switching down in status suggests that Hispanics may be more vulnerable to adverse labor market conditions. The higher probability of switching upward is consistent with research that points to the fact that college-educated Hispanics who start at a relatively lower occupational position have more room for job advancement.

“The study of occupations is important because it facilitates a better understanding of the economy by tracking labor force trends and identifying new and emerging occupations... It also provides a window on changes taking place in society, reflected by the work people do.”
(U.S. Census Bureau, *Occupations: Census 2000 Brief*).

I. Introduction

The 1990s saw a period of unprecedented expansion of the U.S. economy, without much progress in the socioeconomic situation of Latino (Hispanic) workers, the fastest growing segment of the labor force. Hispanic workers have some of the highest rates of poverty, unemployment and occupational segregation in the country. This study focuses on occupation, one of the most important indicators of the socioeconomic status of workers. The goals of this report include examining the occupational allocation of Hispanic workers and assessing the factors that affect the pace of their occupational attainment and mobility.

The expansionary period of the 1990s is a particularly relevant period for this study, as it facilitated both employment creation and destruction, as firms entered and exited industries driven by strong structural changes both from within the U.S. and abroad. In such an environment, the full potential of Hispanic workers to progress in the labor force can be better captured.

This study proposes that occupational attainment of Hispanics, consistent with previous research, is influenced by human capital characteristics, including education, labor market experience, and English language ability, and demographic factors such as gender, age, race, and ethnicity. The extent to which the immigrant portion of the Hispanic population assimilates in the labor market, as indicated by the length of time residing in the United States, also determines the occupational status of the group as a whole. In addition, the report proposes that sectoral shifts in local industries have influenced the occupational allocation process of workers in the

U.S. in ways that may be different from one group to the next. An important goal of this research is to evaluate the extent to which structural changes impacted Hispanic workers in comparison with non-Hispanic workers, particularly non-Hispanic White workers.

The report is organized as follows: Section II presents a background discussion on the Hispanic population in the United States and on factors affecting their occupational path. We propose several perspectives to help explain occupational outcomes. Specifically, we discuss the role of individual characteristics and immigrant status as well as the role of labor market factors and industry restructuring in explaining occupational achievement.

The remainder of this research is organized as a three-part analysis, each making use of a different data source –the Public Use Micro Statistics (PUMS) from the 1980, 1990 and 2000 Census, the Panel Study of Income Dynamics (PSID), and the National Survey of College Graduates (NSCG). The use and comparison of the three datasets add richness to our findings, and fill gaps in our understanding of the occupational experiences of Hispanic workers.

Section III provides a cross-sectional assessment of the occupational and industrial distribution of the Hispanic population based on an analysis of the 2000 PUMS and a subsequent comparison with the 1990 PUMS and, on a more limited basis, the 1980 PUMS. In this section, we report estimates of the impact of structural changes in industries on the occupational distribution of Hispanics over the 1990s.

In Section IV, we report the results of our analysis of the PSID. This section uses econometric analysis to explain the determinants of occupational achievement and to make projections about the occupational path of Hispanics over time. The PSID data are used because they include a special over-sampling of the Hispanic population in the early part of the 1990s

and, being a longitudinal dataset, it is well suited to an investigation of occupational changes over time.

In Section V, we present the results of the analysis of the NSCG data. These data were designed to complement Census data by providing additional and more detailed information on the career and occupational changes experienced by individuals with a college education. These data are particularly useful to gain better insights into the occupational experience of educated Hispanics. Most previous studies focus on less-educated Hispanics in the labor market and much less attention is devoted to the occupational attainment of the college-educated Hispanics. Yet the latter group deserves attention as well.¹ The use of the NSCG data thus fills the gap in the literature about the occupational advancement of educated Hispanics.

Sections III to V include a summary of the findings and the potential policy implications. Section VI is the conclusion.

II. Background

II A. The Hispanic Population in the United States

The latest statistics on Hispanics living in the United States portray a population that is young, geographically dispersed throughout the United States, increasing at a rapid rate, culturally diverse, highly urbanized, and beset with economic and financial problems, including high levels of poverty, unemployment, and job segregation (U.S. Census, 2000).

Hispanics tend to be highly occupationally segregated. For example, in 2003 recent Hispanic immigrants who arrived in the previous 5 years constituted 1 to 5 percent of the labor force in their metropolitan receiving areas, yet they made up to 29 percent of workers in certain

¹ A Mauricio Gastón Institute (1994) report shows that upward career mobility for educated Hispanics is strongly impaired due to glass ceilings faced in their places of work.

