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RACIAL INEQUALITY IN THE LABOR MARKET: MARKET FORCES OR DISCRIMINATION?

Interview 1

Interviewer: What's the most important thing in deciding whether you hire somebody?

Respondent (personnel administrator, a white woman, at a large Los Angeles-area organization): You need to have the skills, that's the most important. And then the impression that that applicant makes on me in the screening process. Is that person going to fit in?

Interviewer: One thing that we hear from employers is that they find significant differences in the workforce in different groups of people. Between whites, blacks, Hispanics, Asians, between men and women, between natives and immigrants.

Respondent: I don't see any difference. If you have the skills, a person is motivated to learn those skills, I really don't see a difference.

Interviewer: One of the reasons that we ask is that we know that minority applicants, particularly blacks, are having a difficult time in the labor market.

Respondent: Well, yes, I think that the unemployment of minorities in general is based on old prejudices that still exist. And again the only thing that I have seen as a difference, and my own assistant administrator is black, is the issue of the manner of speech.

Interview 2

Interviewer: Have you had any other problems with managing diversity?

Respondent (department head, a black woman and the only black manager in the same organization): Issues do come up. People do get annoyed with each other, or with the situation, and racism frequently enters into the quotient. There is a pervasive view that the management is racist, and that if you have so many women and minorities in clerical jobs, it's because they're low-paying, and that they intend to keep them that way precisely because of that.

Interviewer: There's one more thing I wanted to ask about the diversity issue. We know from research that black men, and black women, and other minorities, have been doing badly in the labor market recently.

Respondent: I think it's very simply racism. Where you have a management that is primarily white, and where the conception of how a person should deal with any given situation comes from the ideal vision in the white manager's mind, of what they have grown up with and known. To find a person of color, any color, coming in, who doesn't quite meet that model, they tend to select someone else white, given another person with the same skills. There is some real challenge with understanding the African [American], certainly, and I'm sure other groups as well, as something other than as a servant.

Interview 3

Interviewer: Have you ever felt at any time in the past that others at your place of employment got promotions or pay raises faster than you because of your race or ethnicity?

Respondent (black woman employed in a clerical job at this organization until a year and a half ago): Yes.

Interviewer: What happened that made you feel that way?

Respondent: Because other, white people got a raise, and I didn't. One white employee got three raises in one year. I feel strongly that I was forced out of my job after nineteen and a half

years—just six months short of my twenty years, which would have qualified me for a pension. I feel bitter because in spite of the fact that I was a union steward, and personally saved other employees' jobs, I was not able to save my own job.

A debate rages in the United States about the sources and significance of continuing racial inequality: Are the ongoing disadvantages faced by African Americans, Latinos, and other people of color principally the result of impersonal market forces or of continuing, pervasive discrimination? Media pundits, political leaders, and scholars have weighed in with varied views, and the terms of the debate play out somewhat differently depending on whether the subject is housing segregation, school quality, or jobs. But the central question of market forces versus racism is a common theme.

In the case of the labor market, the subject of this book, the dialogue sounds a little like the quotes that open this chapter. "If you have the skills, I really don't see a difference," say those who argue that market forces are central. If blacks and Latinos suffer from lower wages or higher unemployment, they must not have the schooling and skills needed to succeed in today's economy. Market forces have escalated skill requirements, based on new technology and stepped-up competitive pressure. The skill problem, some would add, is overlaid with a geographic one: African Americans and Latinos are concentrated in central cities, but the low-skill jobs that best match the abilities of many people of color have shifted to the suburbs—again, because manufacturers and retailers have responded to market forces.

"It's racism," goes the counterargument; "management is racist." Businesses are slow to hire or promote people of color, and quick to fire them, because of managers' stereotypes and biases. If businesses have fled the inner city, the reasons lie in prejudice rather than economics. Of course, most advocates of the importance of discrimination would not deny that lagging skills pose a problem for many black and Latino job seekers—just as those pointing to market forces would not deny that some employers still discriminate. It's a question of which exerts a more powerful effect on racial inequality. The policy implications are serious: How much effort and resources should we as a society devote to overcoming discrimination, and how much to strengthening opportunities for education and training?

This book will not resolve the debate. In our analysis of interviews with large numbers of employers in the Atlanta, Boston, Detroit, and Los Angeles areas, we found evidence that employers hire whites and Asians instead of blacks and Latinos because of average skill differences among the groups, and choose where to locate their businesses based on

where costs are lowest. We also found evidence that managers hold negative stereotypes of blacks and, to a lesser extent, Latinos, and act on these stereotypes by discriminating in hiring. And the interviews suggest that factors such as an exaggerated fear of urban crime shape location decisions. There is something for everyone in these research results.

But what about the question of the relative size of the impacts of market forces and discrimination? Here we have reached a different conclusion from any we anticipated at the outset of the research. Our interviews do not answer this question, and we have concluded that this and most other current labor market research cannot completely answer it. The reason is that stereotypes, on the one hand, and assessments of worker skills or of the suitability of a business location, on the other, are tightly wrapped together in a single package. Not one employer told us, "I don't like blacks" or "I prefer to hire someone from my own ethnic group." But many, many managers made statements like "Blacks are less reliable" or "Immigrants work harder." Nobody said, "I didn't want to start up my business in a Latino neighborhood," but plenty claimed, "If we located in the inner city, we'd still need to attract a workforce from the suburbs." Statements like these combine objective assessments of workforce skills with racial stereotypes, and it is very hard to draw the line between the two.

One obvious answer to this dilemma is to counterpose employer statements about racial groups or neighborhoods with direct information about those racial groups and neighborhoods. But this runs into both measurement and conceptual problems. If a manufacturer says, "Blacks don't have the basic math I need in a worker," we may be able to show that three-quarters of black high-schoolers in the metropolitan area can solve the math problems she is talking about, but that does not tell us whether she is describing the blacks in her applicant pool accurately. More critically, returning to the chapter's initial quote, who determines what is an appropriate "manner of speech" for a particular job? How should we measure how "reliable" a group is, on average? And if we manage to measure "reliability" through indices such as tardiness and absenteeism, are we detecting differences in skill, or differences that result from disparate pay, working conditions, and respect from managers faced by each racial or ethnic group?

We are confident that these problems can be surmounted, through a combination of better social science and the ethical and political discussions needed to resolve issues like the appropriate workplace requirements for "manner of speech." But our key objective in this book is far more modest: to depict the way prejudice and rational economic decision making are tangled together in employers' perceptions. We seek

both to document this entanglement in some detail and to explore how it differs according to circumstance. Along the way, we provide a great deal of related information about employer perceptions and actions in urban labor markets.

How We Came to “Stories Employers Tell”

Our journey to this book began in 1990, when the Social Science Research Council commissioned us to write a literature review surveying the influences of labor *demand*—what kinds of jobs are being created, where, and what kinds of workers employers seek to fill those jobs—on concentrated urban poverty. At that time, the central concern animating research on urban labor markets was the “underclass”—groups of low-income people, disproportionately people of color, who remained cut off from the labor market.¹ At that time the social science consensus held that African Americans as a whole continued to make great strides in labor markets, as they had over the course of the century. As blacks moved out of the South and into urban areas, and achieved higher levels of education, their wages rose apace (Smith and Welch 1989). Civil rights laws and affirmative action seemed to clinch this progress: black managers and professionals became increasingly common. The wages of black and white male college graduates had become nearly indistinguishable; black women’s wages surpassed those of white women (Freeman 1976; Wilson 1978). Given this generally rosy picture, attention naturally turned to those left behind by this trend toward racial economic convergence. “Underclass” research focused on concentrated, persistent (indeed, often intergenerational) urban poverty—affecting whites, blacks, and Latinos, but particularly prevalent among black inner-city populations in northern cities (Wilson 1987). It stressed non-mainstream behavior such as prolonged nonemployment among men, welfare dependence among women, and participation in criminal activities in the underground economy. The central research questions were how concentrated poverty populations had become detached from labor markets, and how they could be reintegrated into the workforce.

Many “underclass” researchers sought to explain why inner-city blacks were dropping out of the labor market. We, along with some other researchers, posed the question differently: What was shutting these potential workers out of the labor market? Our timing was good. A flurry of economic research around that time revealed that convergence in black and white wages had ended, and that a new divergence had begun. The wage gap between young black and white men began to widen again; the employment gap was already growing and would con-

tinue to do so (Bound and Freeman 1992). Among young women, white women's wages pulled ahead of blacks', and black women, who a decade earlier were more likely than white women to be employed, became less likely than their white counterparts to be employed by the early 1990s (Bound and Dresser 1999; Corcoran and Parrott 1999). Young black workers suffered these wage and employment setbacks, even though blacks continued to draw closer to whites in educational attainment and test scores (Bound and Freeman 1992; Jencks 1991). Indeed, wages diverged particularly dramatically between young black and white men *with a college degree* (Bound and Freeman 1992). Latinos have also experienced economic backtracking, although their situation has been less well studied (Hinojosa-Ojeda, Carnoy, and Daley 1991; Corcoran, Heflin, and Reyes 1999).

The recession of 1990 to 1991 hit African Americans particularly hard. Among the 35,000 corporations large enough to report employment to the Equal Employment Opportunity Commission (which cumulatively account for more than 40 million workers), black employment dropped by nearly 60,000 between 1990 and 1991, while employment of whites, Latinos, and Asians *climbed* by amounts ranging from 55,000 to 71,000 (Sharpe 1993). Conversely, the booming economy of the late 1990s and early 2000s brought some renewed narrowing of black-white wage and employment gap (Freeman and Rodgers 2000), but this progress toward equality has been small and, most likely, temporary.

The fact that both wage and employment gaps widened between blacks and whites (men and women alike) tells us something important. If black employment fell relative to whites but wages rose—the story of men from the 1950s through the 1970s—economics tells us that the explanation could be a shift in labor supply. When one group becomes scarcer relative to another (assuming they are not perfect substitutes in the eyes of employers), we expect the relative “price” of this group to rise as employers bid wages up. Decreased labor supply of African American men, in turn, could result from black men holding out for better jobs than America was prepared to offer them (arguably a reasonable response on the part of black men to the promise of equal opportunity) or the lure of criminal activity, among other possibilities. But when relative employment and relative wages for blacks both slump, the explanation must lie in decreased demand. Fewer businesses are bidding (or businesses are bidding less) for the services of young black men and women.

We explored these new developments in our literature review (Moss and Tilly 1991, 1993a). But the evidence of declining demand for black labor brought us face to face with a new question, a variant of the one

we posed at the beginning of this chapter: *Why* are businesses not bidding for black labor as much as in the past? Again, one set of answers stresses impersonal market forces. Even though average black educational attainment has climbed, skill requirements may have soared even higher, leaving blacks behind. And job growth has shifted from cities to suburbs distant from where most African Americans live. Another set of explanations emphasizes heightened discrimination, perhaps encouraged by a political backlash against affirmative action.

Plenty of evidence points to the continued vigor of racial prejudice and discrimination in the United States. Few whites any longer answer yes to survey questions expressing old-fashioned white supremacist sentiments, such as supporting segregated schools or agreeing that whites should receive preference over blacks in access to jobs—both of which received majority support as recently as the 1940s. At a deeper level, however, many whites still harbor negative stereotypes of blacks. A majority of 56 percent of whites rate blacks as less intelligent than whites, and 78 percent view blacks as more likely to prefer living off welfare than whites (Bobo and Kluegel 1991). Whites hold similar, though somewhat more attenuated, negative opinions of Latinos. Shifting the focus from opinion to action, audit studies send out “testers,” members of different racial groups with matched qualifications, to apply for jobs. Audit studies in Chicago and Washington, D.C., have consistently shown that blacks and Latinos are less likely than non-Hispanic whites to gain an interview or be offered a job (Bendick, Jackson, and Reynoso 1994; Fix and Struyk 1993). In four audit studies involving 1,247 “tests” (pairs of job applications) between 1989 and 1992, non-Latino whites encountered better treatment or a better outcome 20 to 31 percent of the time, whereas blacks and Latinos did better only 3 to 11 percent of the time; putting the numbers together, whites were three to eight times as likely to do better. Most critical, of course, is whether applicants received a job offer. Although only a small minority of applicants received an offer, that percentage was 15 to 22 percent among non-Latino whites and 4 to 8 percent among African Americans and Latinos; employers were three to four times as likely to offer whites the job (Bendick, Jackson, and Reynoso 1994, table 2).

Blacks and Latinos (along with Asians and whites) certainly *believe* that they face discrimination in the workplace. In the Multi-City Study of Urban Inequality Household Survey, a survey of almost nine thousand adults in the Atlanta, Boston, Detroit, and Los Angeles metropolitan areas, 19 percent of blacks and 14 percent of Latinos stated that they had experienced workplace discrimination based on race or ethnicity *in the last year* (see table 1.1). (Considerably smaller percentages of Asians and whites also reported such discrimination.) Furthermore,

TABLE 1.1 *Percentage of Persons Reporting Experiences of Racial or Ethnic Discrimination at the Workplace, by Race-Ethnicity*

	Black	Latino	Asian	White
Experienced workplace discrimination in last year	19.4	14.4	6.0	5.6
Passed over for raises or promotions	24.3	8.7	2.8	6.5
Answering yes to either discrimination question	31.8	18.4	7.8	9.5

Source: Calculated by the authors from the Multi-City Study of Urban Inequality Household data.

Note: Sample of adults from Atlanta, Boston, Detroit, and Los Angeles areas. Black, Asian, and white categories exclude Latinos.

24 percent of blacks and 9 percent of Latinos said that at some time in the past they had been passed over for raises and promotions due to race or ethnicity. Taking into account the overlap between these two groups, a total of 32 percent of blacks and 18 percent of Latinos reported some experience of labor market discrimination.

As a follow-up to the question about raises and promotions, respondents who reported discrimination were asked, “What happened that made you feel that way?” The answers make painful reading. A few answers were perfunctory (“Because it happened”). But the rest unfold a raw litany of perceived abuse. We present an extensive sampling of their words, because they provide an essential backdrop to employers’ accounts in the rest of the book.

About half of those who reported being passed over said they knew of members of other racial groups (typically whites) with less experience, ability, or seniority who had received pay increases or promotions before them:

They flunked inspectors in exams and they still made it. They were promoted without qualifications because they were white.

You can notice it in my work area. There are only two Hispanics there, and they’ve been at the same grade for many years, whereas other employees with less years have been promoted faster because they are the supervisor’s pet. The higher-up jobs are all white males. The next level is all white females. The minorities are the lowest paid.

It’s all women in my job category. The higher-level and -paying jobs are all held by white women. No black women have ever been promoted.

My supervisor is a young white man with little experience or training—I’m teaching him.

Stories of someone who trained a current or future supervisor are remarkably common. In a few cases, the respondent worked with payrolls, and therefore had hard data about the salaries of employees in different racial groups.

Although whites were most often mentioned as the beneficiaries of workplace discrimination, respondents at different times pointed to almost every ethnic group but their own. A black respondent complained that the bosses favored “whites, Hispanics, and Asians”; a Latino said that “the Asians, the black Americans, the whites get promoted”; at one workplace a white complained that managers mistreated “anyone who wasn’t Japanese—even the Chinese.” Particularly common were statements that linked racial preferences to other kinds of favoritism—based on friendship, family, flirtation, shared national origin, or other ties. Here are some illustrative examples:

This guy, he’s an Italian, same as my boss and her boss. This guy, he was here a week or two after I got here. He got a raise before I did, which I didn’t think was fair. Now he’s supervising over the crew that’s been there much longer than me and him.

A lot of nepotism exists there among the whites. They tell their family members about job openings.

A white girl who’s twenty-two, shapely, and has long hair got promoted to thirty thousand dollars right away.

There were people at that job who got promotions and pay raises because they fit into the club—straight white male—not based on merit. The boss made a comment about how it depended on who would play golf with him.

People are equally qualified, but certain people always make it. I don’t think it’s racist, it’s who you know—networks.

Even more vivid than the Multi-City Study responses, because they allowed for longer conversations, were a pair of New York City and Boston focus groups conducted by Boston-based Jobs for the Future, a research and policy organization. In these discussions, young African American men from the inner city cast a cynical eye on employers. In Boston, for instance, a discussion of qualifications sought by employers quickly turned to issues of racial bias (Jobs for the Future 1995a, 13–18):

Focus Group Moderator: What do you think employers are looking for, when you walk through the door? What type of person are they looking for?

Respondent (respondents are all young, inner city black men):
Hard working. Neat, clean, hard working.

Respondent: Easy tempered. Well, somebody who's going to keep their temper in check.

Respondent: Qualifications. Experience that would pertain to whatever.

Moderator: What else do you think they're looking for? . . .

Respondent: White workers.

Moderator: Why do you think white workers?

Respondent: Because they think we don't know what we're doing, that's how they see it. If you're white and the guy's white, he's going to want someone of his own blood, because he's white.

In the New York focus group, participants voiced frustration about the uphill struggle to find a job (Jobs for the Future 1995b):

We all have our needs and all, so, in order to satisfy our needs we have to go and work. It's disheartening when we go out and we do not find work. When we go to different organizations to look for work, a lot of times whites do not want to hire us, unless it's for a low-paying job. (4)

A lot of whites comes from suburbia, where they're in middle class and even upper middle class, so their starting point is at a better starting point than for us. Because many of us come from the city and in the city there aren't as many opportunities as there are up in suburbia. (12)

They acknowledged that when it comes to jobs with limited skill requirements, they are competing with immigrants who are willing to settle for less:

The people with the green cards, they're willing to work for lower pay than we are. Because they're coming over here with nothing, so they're going to take anything—they'll take \$2.00 an hour. (9)

Even after landing a job, they talked about being tested, disrespected, and mistreated—held to a different standard because they were black:

First of all, I feel that they're going to test you. When you're first walking in the door and you've got the job, we're all being tested, the brothers,

because they want to find out how much can you accept. "Well, let me see his breaking point." (24)

Because, I do notice when I'm doing my type of work, right, when a black person sees it, "wow, that's really good." When a white person sees it, they don't feel that blacks can do that and should be doing it. So, it's negative. (26)

When I was working for this company and somebody else came in and he was white and I noticed, because I looked at his paycheck, that he was getting more than me, so I went to the employer and said, "How come I'm not getting more money?" (14)

I felt I was doing a good job as steward and everything, and they said, because I didn't come in with the experience and all like that, they gave it to another guy. This guy came in, boom, and he didn't really have experience. Different color, more money and everything off the bat. Now, that just knocks my self-esteem down. (12-13)

Despite these hard-bitten attitudes, the men said they were unprepared for the level of racism they encountered when starting a job:

Moderator: Now, when you guys first started with your position, what were you least prepared for when you got there? . . .

Respondent: Racism.

Moderator: You were least prepared for racism.

Respondent: Corporate racism.

Moderator: What's the difference?

Respondent: They don't say it to you. It's more implied. It's more the things they ask you.

Respondent: You know what it is, you look at those professional people, and you wouldn't think that they could act the way they act. You're in a professional place, a law firm that makes a billion dollars a year, all these people they're laughing in your face and behind your back.

Moderator: Vincent, what were you least prepared for?

Respondent: I was least prepared for somebody thinking I'm stupid because I'm black.

Moderator: [Addressing another focus group participant] What were you least prepared for when you started your job?

Respondent: I'm not going to say racism, but to me, it was more like the favoritism. Because everybody supposedly goes through the same process to get a position, but once you're in, it's, like, "Well, this is my boy. He's going to be able to do things and I'm going to cover for him." (32–34)

Most likely, some of these firsthand reports of discrimination represent misperception of employer decisions based on merit (or, in any case, on criteria other than race). But as Lawrence Bobo and Susan Suh (1995) pointed out, social psychology predicts that people will tend to *underreport* experiences of discrimination, since describing such bias means admitting a lack of control over one's own fate. In this context, the high frequency with which blacks report workplace discrimination—nearly twice as often as Latinos, and three times as often as whites—takes on particular significance.

Still missing from this body of evidence are the voices of employers. When it comes to hiring, what do employers have to say about what they believe, about what they do, and about why they do it? We wanted to capture an "employer's-eye view" of the processes that cumulate into labor demand.

Talking to Employers

As we pondered our next steps, sociologists Joleen Kirschenman and Kathryn Neckerman were pioneering the use of in-depth, face-to-face employer interviews to explore employers' perceptions of various racial groups, as part of the Chicago Poverty and Urban Family Life Study (Kirschenman and Neckerman 1991; Neckerman and Kirschenman 1991). This was the research tool we were groping for. We adopted their approach in a two-city pilot study looking at Detroit and Los Angeles. Then we joined with Joleen Kirschenman to carry out a considerably larger set of face-to-face employer interviews in the same two cities, plus Atlanta and Boston, as one part of the Multi-City Study of Urban Inequality (Johnson, Oliver, and Bobo 1994). In the meantime, as another part of the Multi-City Study, economist Harry Holzer conducted a telephone survey of employers in the same four cities, much larger in scale than the labor-intensive Face-to-Face Surveys (Holzer 1996). These three surveys yielded the data we draw on for this book.

We chose to carry out in-depth, face-to-face interviews precisely be-

cause we wanted to understand how employers look at the world. We were particularly interested in “how” and “why” questions. How do employers view applicants of varying backgrounds? Why are they increasingly choosing suburban locations? How do they evaluate the varied information that they gather in the screening process, and under what circumstances do they change their recruiting or screening procedures? Why are managers seeking stronger social skills as well as technical ones? And so on. We both had experience using in-depth interviews to investigate labor market dynamics. Moss and his colleagues employed this approach to study work organization in the fishing industry, among other topics (Doeringer, Moss, and Terkla 1986). Tilly used it to look at the use of part-time employment in insurance and retail businesses (Tilly 1996). So it was a natural next step to team up with Kirschenman to conduct in-depth employer interviews to learn more about employment barriers to workers of color.

We describe the Telephone Survey and the two Face-to-Face Surveys in more detail in the next chapter, but here we explain how we use the data to get at our central questions about labor demand. We came away from the earlier literature review with questions about what had *changed* in labor demand to increase the disadvantage of black and Latino job seekers, particularly about whether discrimination had changed or worsened. But talking to employers at one point in time is not a terrific way to learn about change over time. Instead, we focused our inquiry on closely related questions: How widespread is racial discrimination in the labor market, and how does it happen? To keep the project manageable, we limited the scope to the initial hiring process. Retention and promotion are also crucial, of course, but our goal was to learn in depth about one set of hurdles. We also narrowed our attention to jobs requiring no more than a high school degree. Looking at the reasons why there are few black surgeons or Latino attorneys would require focusing more on medical and law schools than on hospitals and law firms. Our question, instead, was what were the obstacles to workers of color in entry-level jobs with modest skill demands.

The surveys asked managers to address four major topics, corresponding to four types of potential obstacles we had identified in our literature review:

- (1) What skills do employers seek, and how is this changing?
- (2) How do employers make location decisions, and what role do perceptions of urban areas play in this process?
- (3) How do employers perceive workers of color as prospective employees?
- (4) How do employers recruit and screen applicants?

One can potentially learn about each of these topics by means other than interviewing employers, but it's hard to beat speaking to employers directly to get answers to these questions. The face-to-face interviews focused more single-mindedly on this set of queries than the Telephone Survey, which was designed by Harry Holzer to tackle other questions as well.

The combination of the large Telephone Survey and the smaller In-Depth Surveys is a powerful one, since each type of data has comparative advantage for particular types of questions. The Telephone Survey allows us to generate statistics such as the frequency of specific types of skill demands by employers and the representation of people of color in jobs with differing skill demands, both of which we examine in chapter 3, and the spatial distribution of entry-level jobs, which we discuss in chapter 5. The large sample and extensive set of variables also permit multivariate analysis to test hypotheses and scrutinize relations among a number of variables, for instance, the effect of different recruiting methods on the likelihood of a minority hire, which we explore in chapter 6.

Face-to-face, qualitative interviews are truly the "stories employers tell." These expansive conversations give us the opportunity to probe the meaning of complex concepts that are difficult or impossible to capture in quantitative codes. Further, the interviewer can develop a rapport with the interviewee in a qualitative interview that helps in gathering data on sensitive topics—and the role of race in hiring is most definitely a sensitive topic. Finally, because the responses are open-ended, qualitative interviews can uncover unanticipated responses, for example, how some employers use dependence on public transportation as a warning signal to avoid inner-city job candidates, which we report in chapter 5. Despite prioritizing qualitative results from the Face-to-Face Surveys, we also made the sample sufficiently large and representative of the four metropolitan areas to support some statistical analyses, such as exploring the connection between managers' stated perceptions of workers of color and the business's odds of hiring a person of color, as we do in chapter 4. And to get a full picture of each business, we interviewed up to three people: a top executive, a personnel or human resource official, and a frontline supervisor.

These point-in-time surveys cannot directly track changes over time in hiring. But we, as well as Holzer, wanted to learn what we could about such changes. So all the interviews included retrospective questions, asking each manager about how skill needs on the job have evolved, how the company has changed its hiring procedures, and whether the company has moved. In the face-to-face interviews, we were interested in learning about the causes and consequences—specifically, the consequences for hiring of people of color—of changing skill demands, shifts in the organization of work, and relocation. To this end,

we designed our sample of firms to ensure that adequate numbers of businesses making each of these kinds of changes were included.

Our analytical strategy for understanding these data has three main elements. The first is *description*. Simply describing the characteristics of these large samples of employers from four diverse metropolitan areas yields a bounty of interesting results. This holds particularly for descriptions of managers' perceptions, which are seldom measured. Drawing on the in-depth interviews, our goal is to document the variety of employer responses, not just their central tendency. And we seek to describe not just the "which" and "how much" answers, but also the "why's" and "how's." Thus in chapter 4 we size up employers' explanations for why, as they see it, black workers are not up to par; in chapter 6 we learn how employers get around official, formal hiring processes to give jobs to the candidates they want.

Comparison is the second element of our analytical strategy. We consistently compare patterns across Atlanta, Boston, Detroit, and Los Angeles, and contrast city businesses with suburban ones. In some cases, we make added comparisons, such as looking at how managers' perceptions of various racial groups as potential workers differ depending on the race of the manager, and depending on the job to be filled. The final analytical task is examining *associations* between variables. In particular, we repeatedly look at whether and how different factors are associated with the probability of hiring someone of a particular race and gender.

Two serious problems confront our research design. For one thing, despite the fact that the interviews are confidential, the managers may not have been open with us. Some or even all of them may have tailored their answers to be socially desirable, adjusting what they said based on what they thought the interviewer wanted to hear. The other problem is that we have no independent information about the people or neighborhoods that the employers told us about. Our main remedy for these shortcomings is to draw on multiple sources of evidence from within the Employer Surveys. We compare results from the telephone and in-depth interviews; we contrast views of executives, personnel managers, and supervisors; we juxtapose different employers in a given locality or industry; we measure employers' stated perceptions against their actions. All these comparisons are helpful, but nonetheless we wrestle with the two problems throughout the book. As some consolation, we conclude that we can learn a lot from employers' subjective views, even if we can't fully determine how accurate they are.

The Plan of the Book

We set out to discover the extent and mechanisms of racial discrimination in entry-level hiring. We did find evidence that discrimination con-

tributes importantly to hiring outcomes, and we did learn how this happens. But we ended up learning, above all, that employer biases are intricately interwoven with legitimate judgments about the skills of workers and the qualities of neighborhoods. Fortunately, this interweaving does not prevent us outright from drawing further conclusions. For instance, a central finding in chapter 4 is that skill assessment and prejudice overlap most in the area of social skills. We also discover that employers are demanding higher levels of such social skills, as documented in chapter 3. This combination leads to a straightforward prediction that racial discrimination should be on the rise. It also points to possible policy solutions, including stronger antidiscrimination enforcement, but also programs to teach managers better methods for evaluating and managing a diverse workforce, as discussed in chapter 7.

Before launching into our findings, in chapter 2 we describe our data in more detail and profile the four metropolitan settings for our research. The four core chapters, 3 through 6, take on the four major questions we posed. Chapter 3 examines the skills employers seek, and how those skill needs are changing. In chapter 4, the longest in the book, we explore managers' stated perceptions of racial groups, as well as to what extent negative perceptions translate into discriminatory actions. Chapter 5 undertakes a parallel investigation, reviewing the images employers hold of the inner city and tracing connections between these images and business location decisions. We probe the recruitment and screening procedures employers use—and their impact on who gets hired—in chapter 6. Finally, in chapter 7, we sum up our conclusions, briefly consider what employers in the surveys had to say about government and public policy, and make our own policy recommendations.

The barrier to employment for people of color with limited skill in urban America is not a monolithic bar, like the old Jim Crow laws of the South or the racial covenants that kept nonwhites from owning homes elsewhere. Rather, the "stories employers tell" reveal that the obstacles grow out of dozens of small decisions by each employer: where to locate, how to define and design each job, how and where to recruit, what methods to use for evaluating candidates, what to look for in a pre-employment interview, and so on. At each step, disadvantages for inner-city blacks and Latinos arise both from problems rooted outside the labor market—inadequate schooling, segregated residential patterns—and from employer discrimination. Overcoming this set of disadvantages will require efforts on many fronts. We hope that this book's analysis of employer perceptions and decisions will help stimulate these badly needed efforts.