

Immigration, social networks and the emergence of labour market segmentation in low-skilled jobs

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The project in a nutshell... or why study ethnic segmentation in low-skilled labour markets?

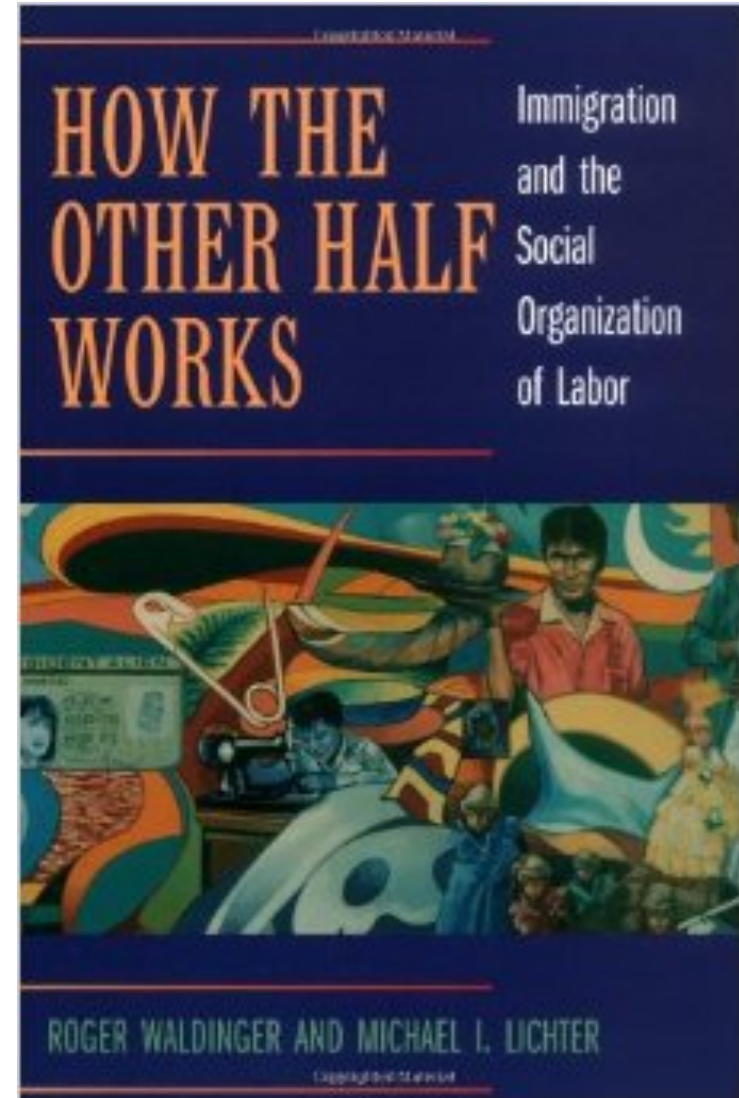
- Ethnic niches form in certain labour market areas;
- Why? two broad themes:
 - Employers and dominant ethnic groups discriminate against new immigrants;
 - ‘Birds of a feather flock together’ – co-ethnics tend to prefer working together for a variety of reasons (including the sharing of information, easier access to opportunities and a level of protection from discrimination).

The project in a nutshell continued...

- Ethnic segmentation happens... but what are the **formative dynamics** in the LM?
 - What role does **discrimination** play **vs ethnic networks**?
 - **Why certain niches** and not others?
 - How are these processes affected by population size, distribution of jobs and other **demographic processes**?
- These are **complex processes** which would benefit from being investigated using an **agent-based modelling** approach.

The LaMESt model

- Labour Markets and Ethnic Segmentation model
- Takes inspiration from Waldinger & Lichter's (2003) seminal text: "How the Other Half Works"
 - Based in early 1990s LA
 - Has a particular interest in how ethnically homogenous social networks reinforce processes of labour market segmentation by ethnic group in low-skilled jobs
 - This has been widely cited and accepted in studies of immigration and low-skilled work



Specifying the model

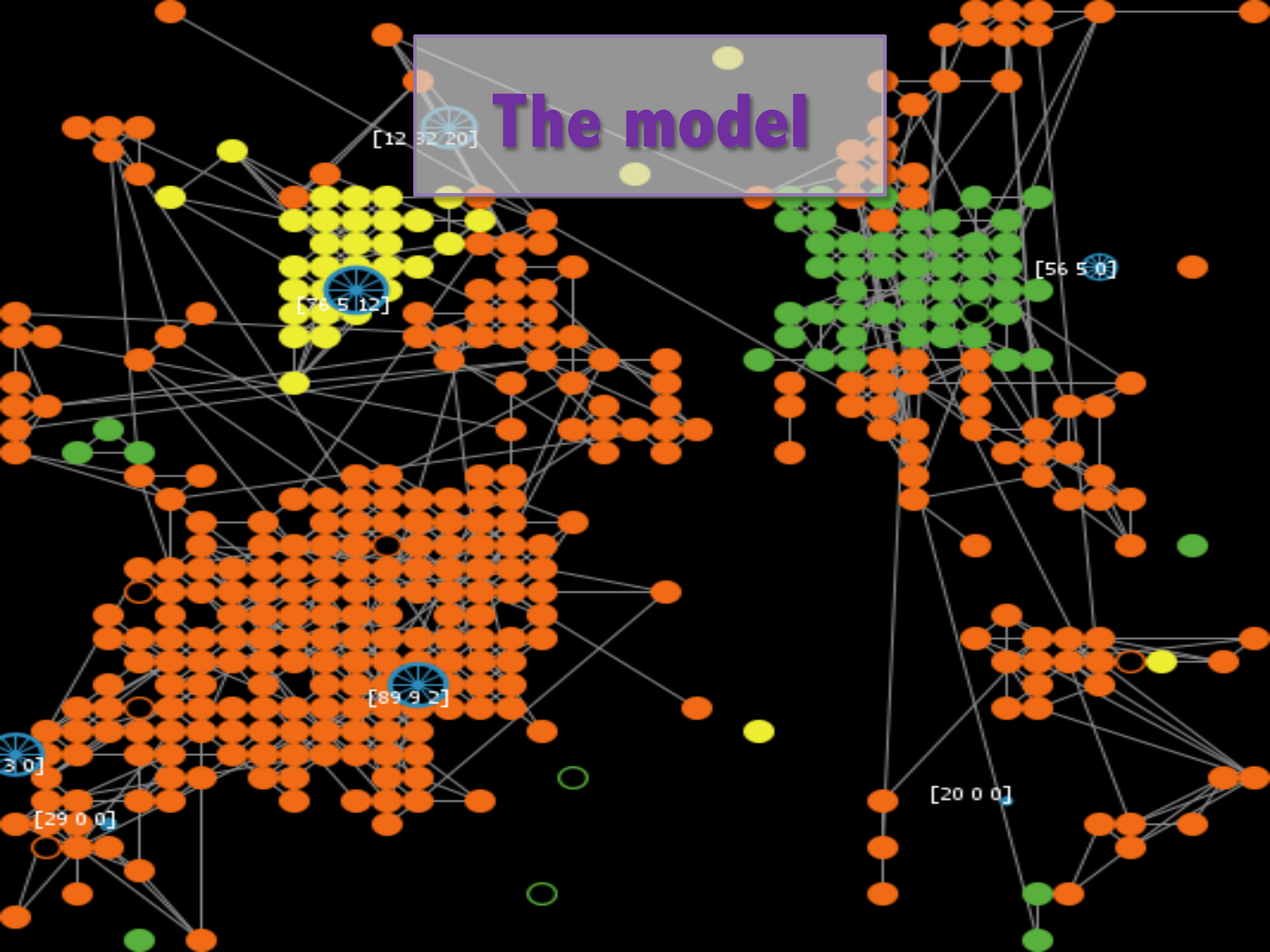
Most job-seekers activate their social connections to find jobs... Employers use ties linking the workers whom they know to the new people they may like to hire

(Waldinger & Lichter, 2003: 83)

Social networks provide:

- i) **information** - ‘telling job seekers about opportunities and informing employers about the characteristics of applicants’ – and,
- ii) **influence** – ‘allowing job seekers to put themselves on the inside track by proxy’

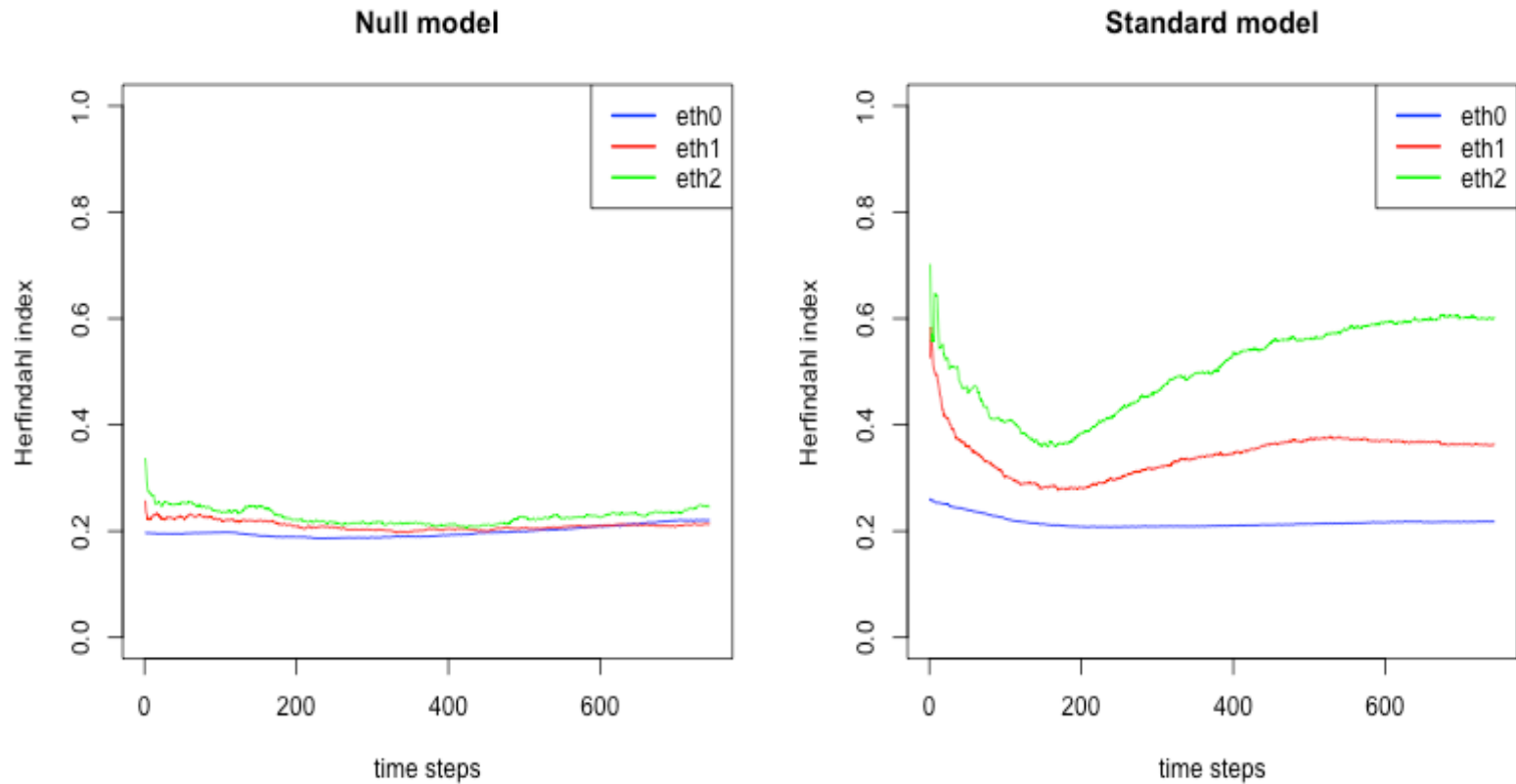
The model



FINDINGS



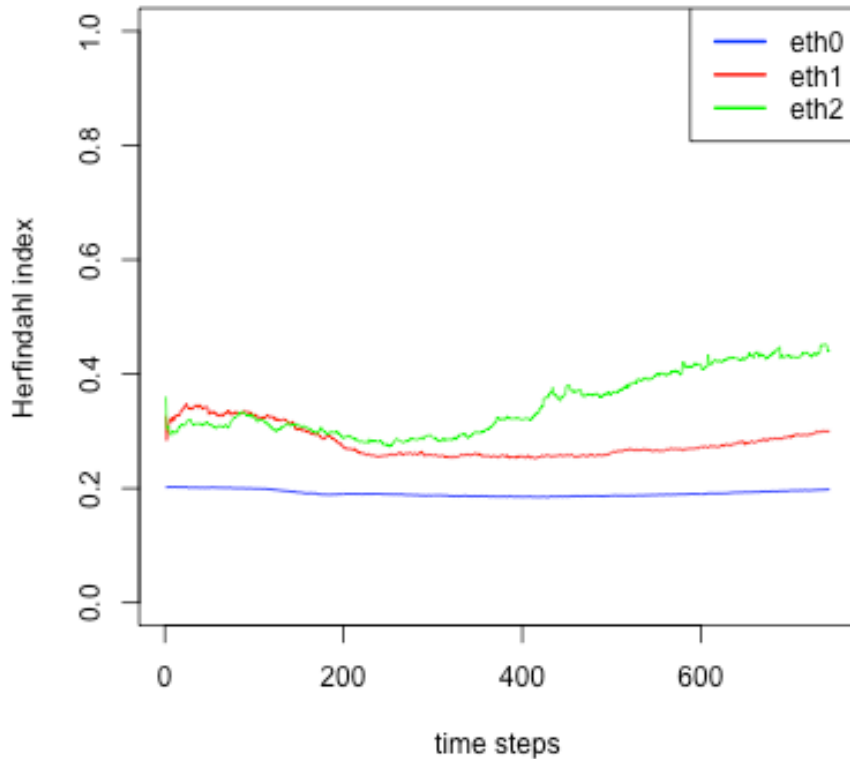
Impact of social networks on segmentation



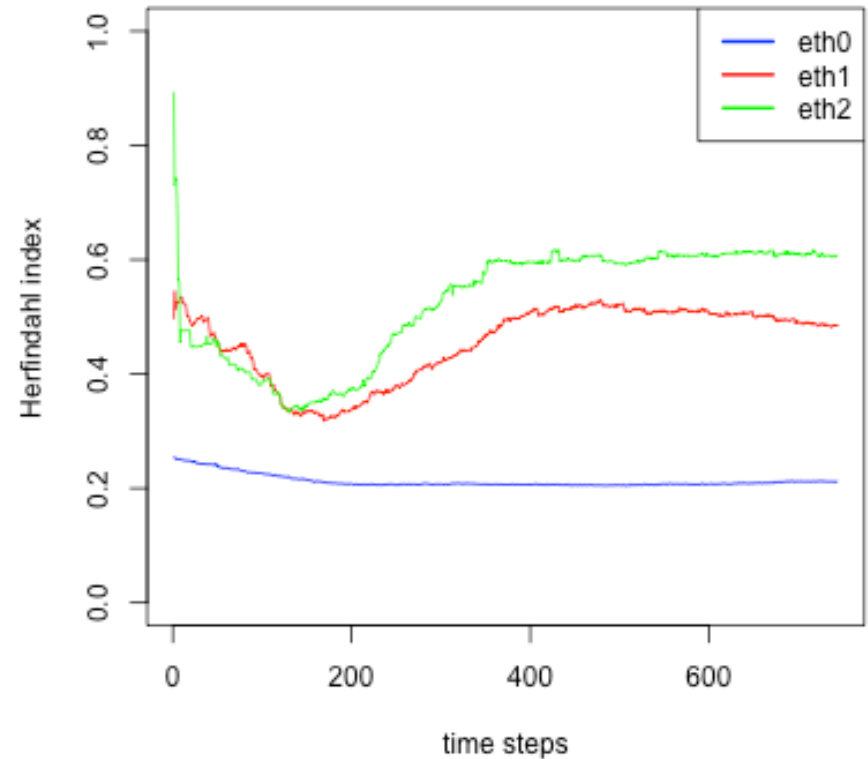
Eth0/blue = African-Americans; Eth1/red = Mexican (large); Eth2/green = Asian (small).
Figures show averages of 10 runs.

'Internally-conservative' discrimination (H-index)

Null model with ICD



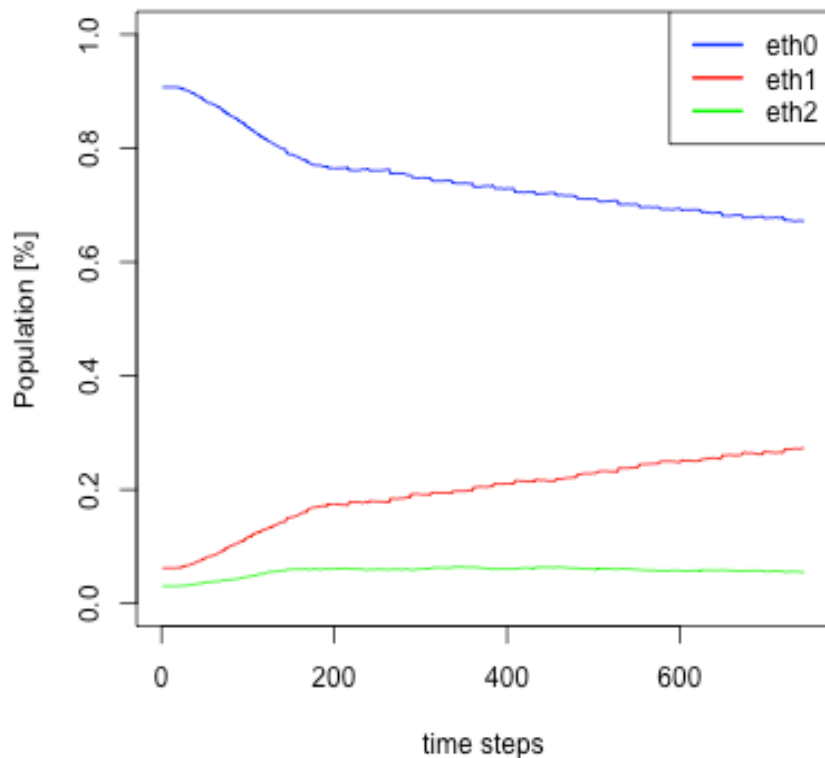
Standard model with ICD



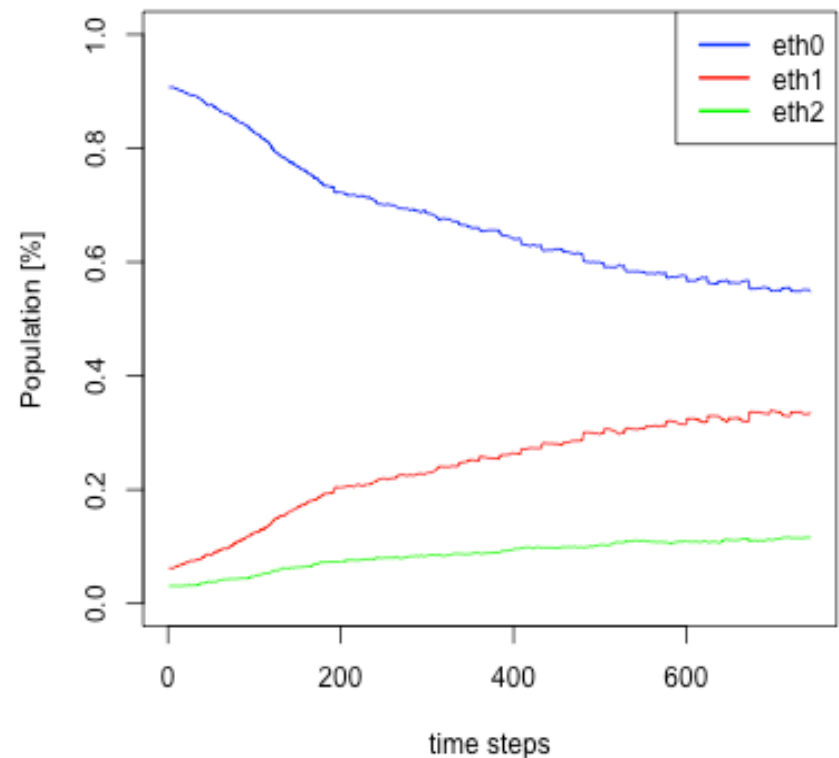
Eth0/blue = African-Americans; Eth1/red = Mexican (large); Eth2/green = Asian (small).
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'Internally-conservative' discrimination (Population size)

Null model with ICD

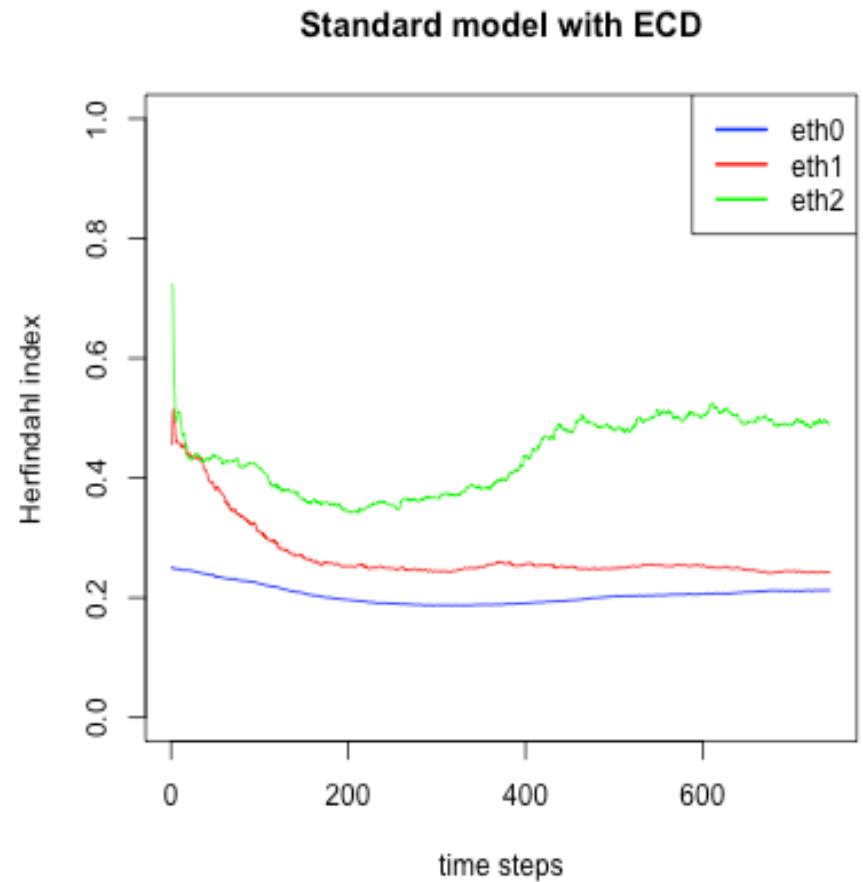
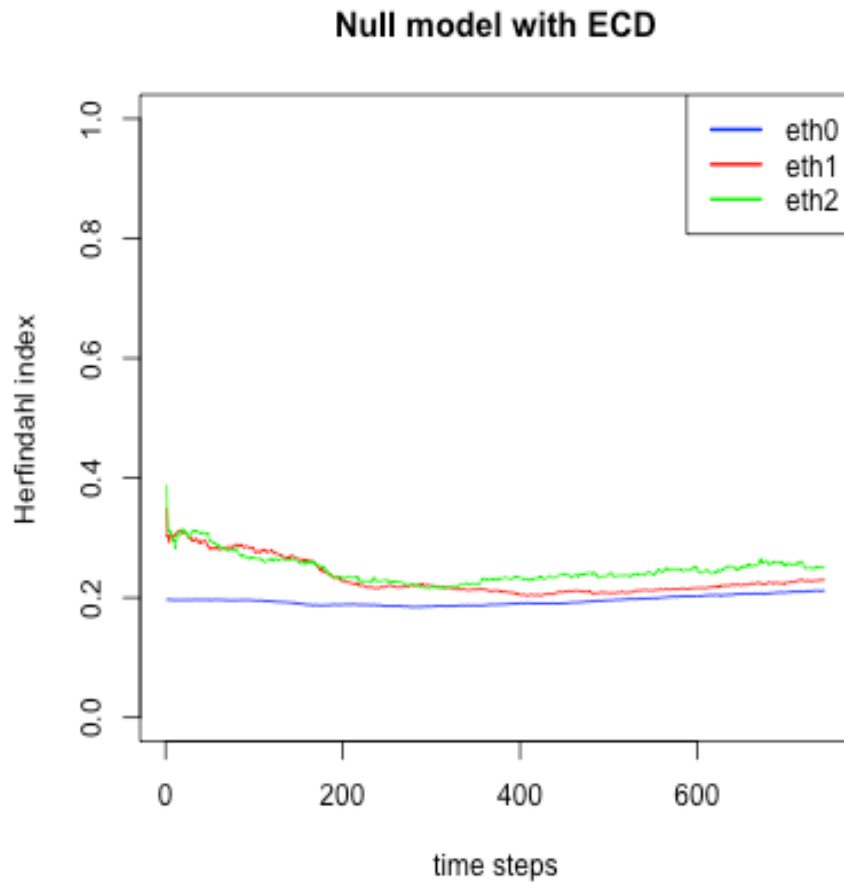


Standard model with ICD



Eth0/blue = African-Americans; Eth1/red = Mexican (large); Eth2/green = Asian (small).
Figures show averages of 10 runs.

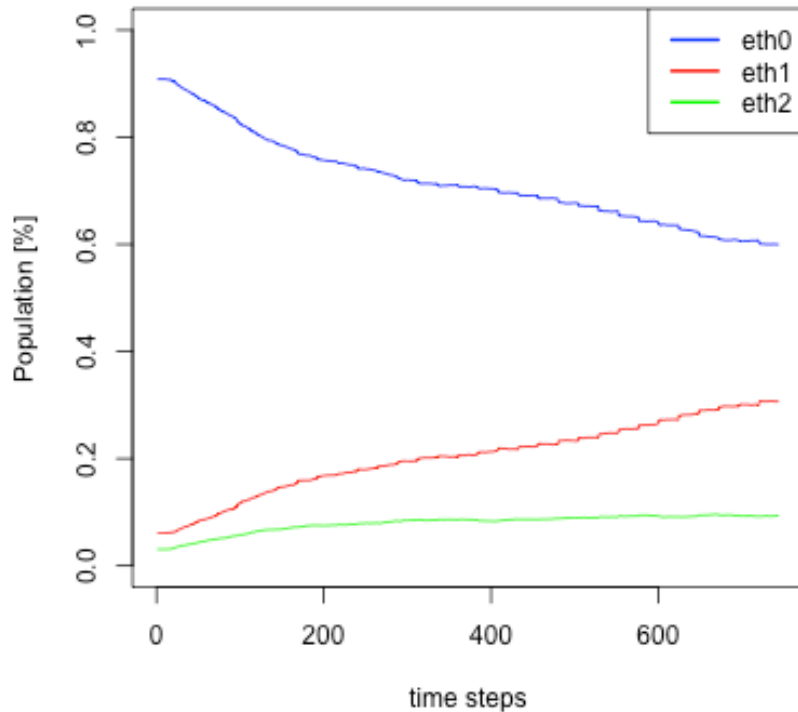
'Externally-conservative' discrimination (H-index)



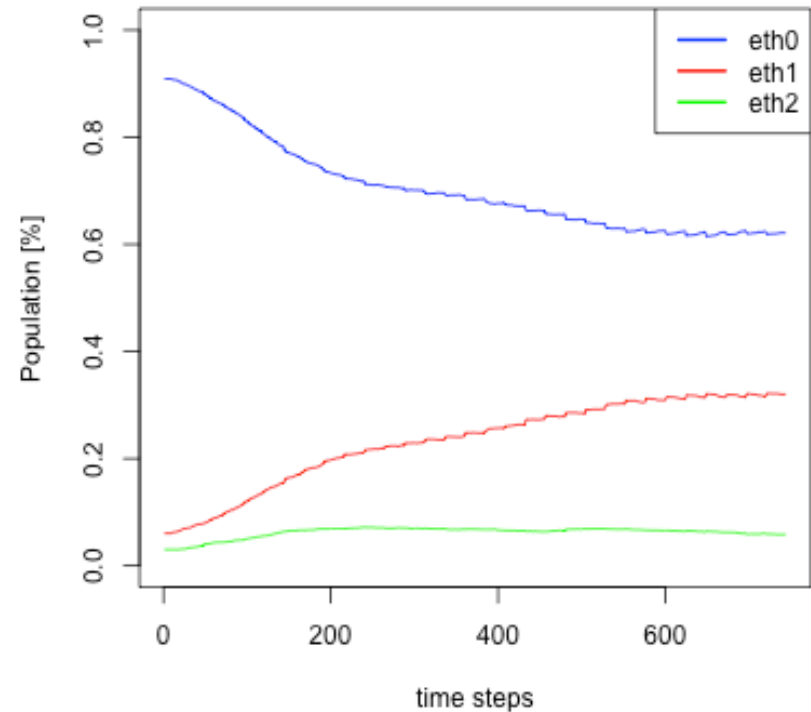
Eth0/blue = African-Americans; Eth1/red = Mexican (large); Eth2/green = Asian (small).
Figures show averages of 10 runs.

'Externally-conservative' discrimination (Population size)

Null model with ECD

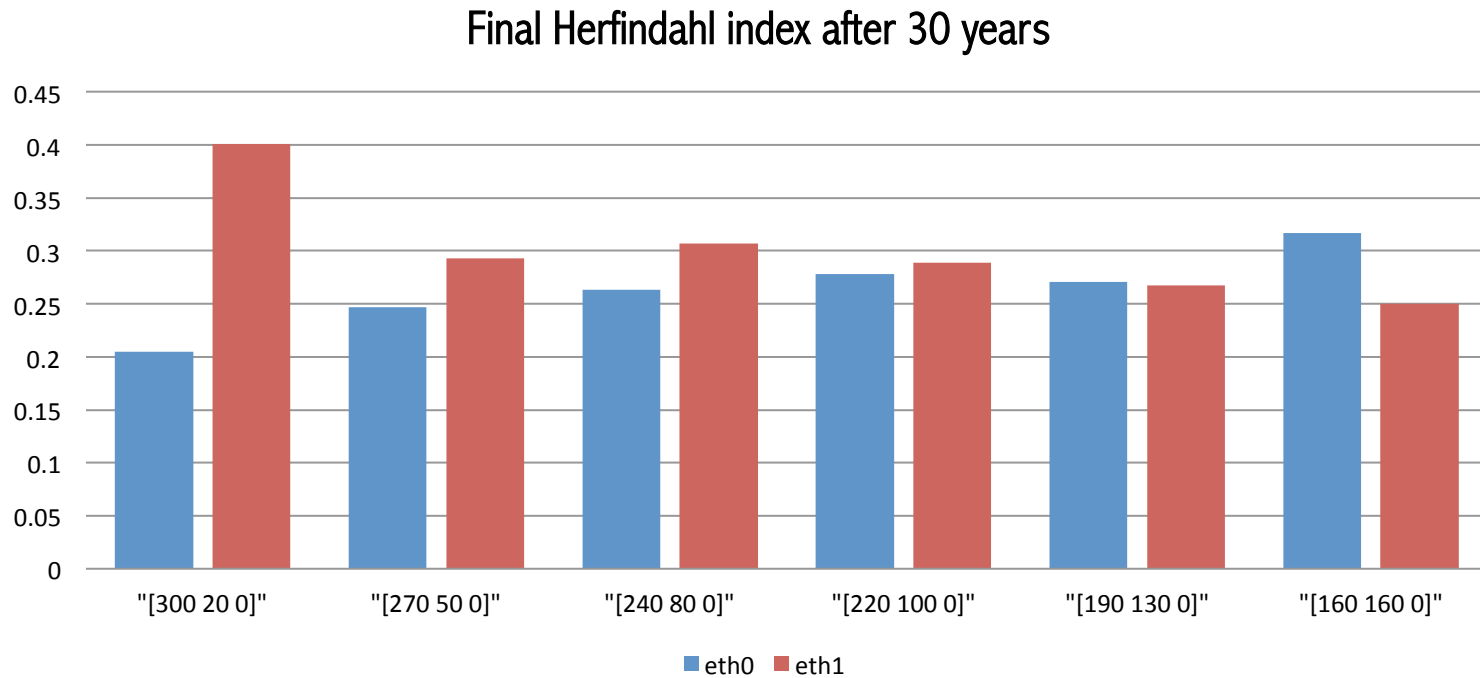


Standard model with ECD



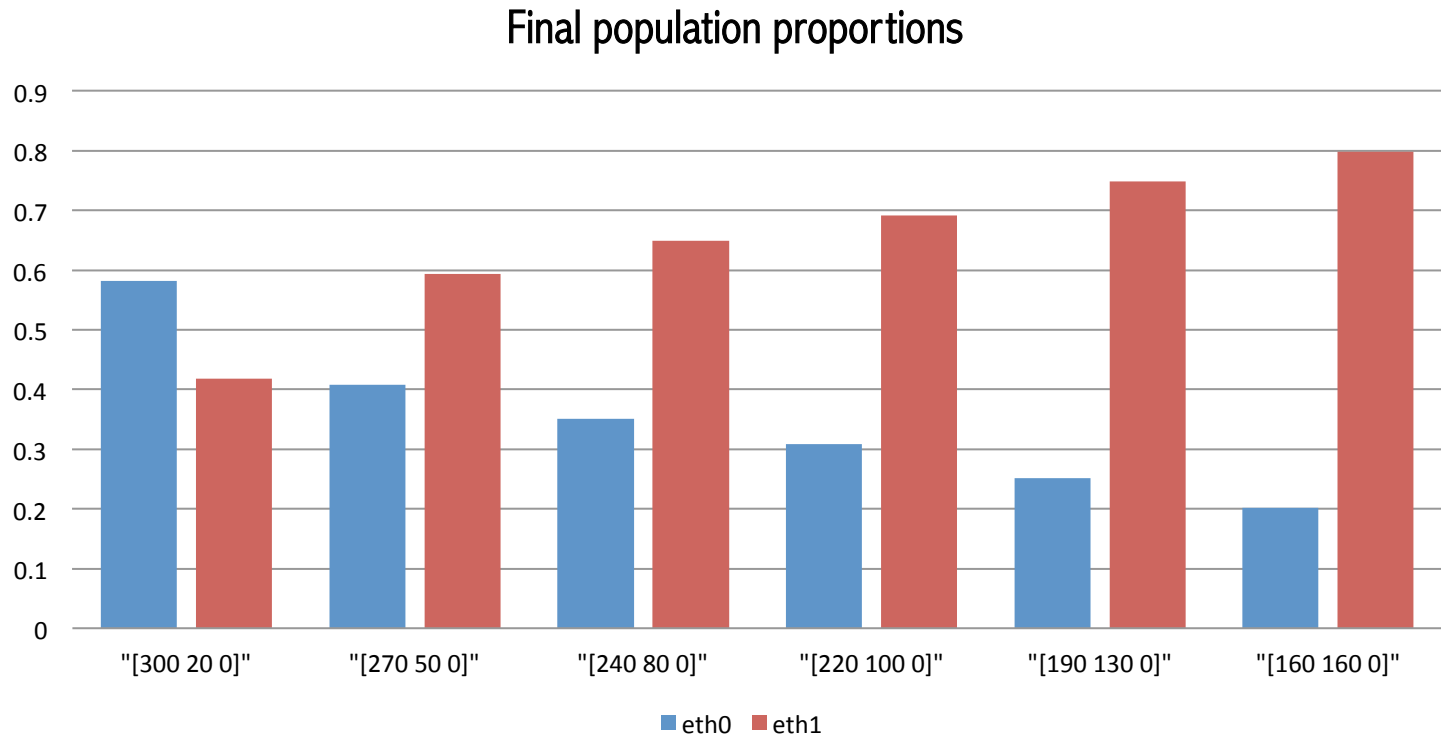
Eth0/blue = African-Americans; Eth1/red = Mexican (large); Eth2/green = Asian (small).
Figures show averages of 10 runs.

Impact of initial group size (H-index)



Eth0/blue = African-Americans; Eth1/red = Mexican

Impact of initial group size (Population proportions)



Eth0/blue = African-Americans; Eth1/red = Mexican

Key points

- Our research has illustrated that:
 - Ethnically homogenous social networks significantly increase ethnic segmentation in the labour market
 - This impact outweighs that of the ‘conservative’ discrimination procedures tested
 - Such homophilic networks also enhance the ability of immigrant groups to gain a foothold in the labour market, particularly under conditions of discrimination
 - These findings broadly support the findings from a previous model of a similar scenario (Abdou & Gilbert, 2009)

Questions raised, and some intriguing new findings

- How do ethnically-homogenous networks evolve once a niche has been formed?
 - Do they then become a barrier to labour market progressions (and, indeed, social integration)
 - Or do they mutate and dissipate as migrants learn the dominant language and culture-specific norms as human-capital
- How does discrimination ‘really’ happen in the labour market and how can this be modelled?
 - Recent research has suggested that labour market discrimination within a complex ‘call and response’ (McDowell et al., 2007) between employer and potential employee about what sort of worker is suitable for which kind of job. ICD and ECD discrimination represent two (unsophisticated) variants of this, but would subtler forms be worthwhile to investigate?
- Ethnic segmentation seems to require a ‘reserve army of labour’ to develop
 - Where labour market shortages occur segmentation does not occur, even when employers are discriminating
- But... it appears fastest where there is a growing labour market vacuum
 - In the LA sample we are modelling a scenario where the (hidden) majority population is moving out of low-skill work leaving gaps in the labour force, when this isn’t included, immigrants are ‘locked out’ for longer and we see far lower levels of segmentation (eventually)

Thanks for listening!

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Herfindahl Index

$$H = \sum_{i=1}^N s_i^2 \quad H^* = \frac{(H - 1/N)}{1 - 1/N}$$

N = number of firms in the model, s_i = the proportion of ethnic group i employed in the firm.

The index varies between 1 (very high segmentation by firm) and $1/N$ (no segmentation)

H^* = normalised Herfindahl index