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Gender Differentials in Labor Market Outcomes

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Abstract – We discuss the experimental literature to the understanding of both traditional and before uncultivated proportions of gender differences and talk about their bearings on labor market outcomes. Experiments have offered new findings on gender discrimination, and while they have recognized a bias alongside hiring women in some labor market segments, the discrimination detected in field experiments is less pervasive than that indirect by the regression approach. Experiments have also offered new insights into gender dissimilarity in preferences: women appear to increase less from negotiation, have lower preferences than men for risk and competition, and may be more sensitive to social cues. These gender differences in preferences also have implications in group settings, whereby the gender composition of a grouping affects team decisions and performance. Most of the evidence on femininity traits comes from the lab, and key open query remain as to the source of gender preferences—nature versus nurture, or their interaction—and their role, if any, in the workplace.

Keywords: Gender, Differentials, Labor, Market, Outcomes, Women, Men

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INTRODUCTION

In this paper, we examine whether amnesty, a provision of the 1986 Immigration Reform and Control Act (IRCA), affected the labor market outcomes and wages of the legalized population. The analysis is approved out by gender to address male and female differences in labor deliver and income. Legalization was proposed to bring undocumented workers "out of the shadows," which may have affected their well-being by plummeting place of work vulnerabilities, growing job mobility, and humanizing working conditions (Sherrie A. Kossoudji and Cobb-Clark 2002). Using data from the Legalized Population Survey (LPS) and a comparison sample from the 1979 National Longitudinal Survey of Youth (NLYS79), we grow a quasi-experimental framework to review the impact of IRCA's amnesty supplies on the allowed population.

REVIEW OF LITERATURE:

Although a number of studies have examined the effect of employer sanctions (Bansak and Raphael 2001; Deborah A. Cobb-Clark, Clinton R. Shields, and B. Lindsey Lowell 1995) and border enforcement (Pia Orrenius and Madeline Zavodny 2003), only a handful have examined the impact of forgiveness on recently legalized immigrants (Sherrie A. Kossoudji and Deborah A. Cobb-Clark 2002; Neeraj Kaushal 2006). While amnesty is being measured a present resolution to immigration concerns, the impact of past amnesty programs on the labor market out-comes and financial well-being of immigrants has not been documented extensively, and the analysis has been limited mostly to men.

THEORETICAL PREDICTIONS REGARDING THE LABOR MARKET:

According to the neoclassical model of labor-leisure choice (Mark R. Killingsworth 1983), justification can involve the labor supply decisions of immigrants in a different way depending on their skill level. We distinguish three scenarios.

* **Staying Employed, but Earning Higher Wages:** Legalization may increase immigrants' reservation wage through the introduction of new work opportunities. This is likely to raise market wages, particularly among skilled immigrants, who may negotiate higher pay or move to a better paying job.

* **Exiting Employment:** Higher returns to skill and eligibility for unemployment insurance fol-lowing legalization may raise the reservation wage of skilled workers, who may choose to search longer for a good job match. Likewise, new eligibility for social services may reduce the employment likelihood of legalized unskilled immigrants with lower earnings.

* **Entering Employment:** Higher returns' to skill after legalization may induce some

previously nonworking immigrants to become employed.

The theory would predict that wages would rise for women and men employed before and after legalization. Because immigrant men are comparatively more skilled than women,1 men may be more likely to exit employment in search of better jobs, whereas women may be more likely to exit the workforce, particularly if they are secondary household earners and their spouses' earnings have increased after legalization, and qualify for public assistance.2 Lastly, the entry into employment should be small for both men and women.

METHODOLOGY:

Assuming that unmeasured factors contemporaneous to IRCA have the same impact on the labor market outcomes of the legalized population and Hispanic native population, an unadjusted difference-in-difference estimate of the labor market impact of IRCA is given by

$$(1) \qquad \Delta^2_{Amnesty} = (L^A_{Legalized} - L^B_{Legalized}) - (L^A_{Legal} - L^B_{Legal}),$$

Where L_j^i is the labor market outcome by group j in time period i (A = post-legalization or 1992, and B = prelegalization or 1987). An adjusted difference-in-difference estimate that accounts for differences in observable and unobservable individual characteristics can be derived from

$$(2) \quad P(L_{it}=1) = \Phi(\beta_0 + \beta_1 LPS_i + \beta_2 Post87_t + \beta_3 LPS_i * Post87_t + \beta_4' X_{it}),$$

Where Φ stands for the normal cumulative density function, i indexes individuals, and t indexes time. Equation (2) can be estimated as random-effects probity, where L represents the labor market outcome in question, and LPS and Post87 are dummy variables signaling LPS and post-legalization observations, respectively. The marginal effect of the interaction term measures the extent to which the change in labor market outcomes experienced by the legalized population differs from the change experienced by Hispanic natives between 1987 and 1992.

Table 1-Unadjusted Estimates of IRCA'S Amnesty Provisions on Labor Market Outcomes

	Men			Women		
	1987	1992	Δ (1992–1987)	1987	1992	Δ (1992–1987)
Panel A: Employed				*Panel E: Employed*		
LPS	0.960	0.891	−0.069***	0.729	0.664	−0.065**
	(0.195)	(0.312)	(0.014)	(0.445)	(0.473)	(0.029)
NLSY	0.871	0.847	−0.024	0.687	0.693	0.005
	(0.335)	(0.361)	(0.021)	(0.464)	(0.462)	(0.028)
Diff-in-diff	—	—	**−0.045***	—	—	**−0.071***
			(0.025)			**(0.040)**
Panel B: Unemployed				*Panel F: Unemployed*		
LPS	0.015	0.068	0.053***	0.038	0.059	0.021
	(0.121)	(0.252)	(0.010)	(0.190)	(0.236)	(0.013)
NLSY	0.056	0.079	0.022	0.056	0.072	0.016
	(0.230)	(0.269)	(0.015)	(0.231)	(0.259)	(0.015)
Diff-in-diff	—	—	**0.031***	—	—	**0.006**
			(0.018)			**(0.020)**
Panel C: Not in the labor force				*Panel G: Not in the labor force*		
LPS	0.024	0.041	0.016*	0.233	0.277	0.043
	(0.155)	(0.203)	(0.009)	(0.423)	(0.448)	(0.027)
NLSY	0.073	0.075	0.002	0.256	0.235	−0.021
	(0.260)	(0.263)	(0.016)	(0.437)	(0.424)	(0.026)
Diff-in-diff	—	—	**0.014**	—	—	**0.065***
			(0.018)			**(0.037)**
Panel D: Log real hourly wages				*Panel H: Log real hourly wages*		
LPS	2.000	2.086	0.069***	1.786	1.918	0.138***
	(0.371)	(0.377)	(0.022)	(0.364)	(0.393)	(0.034)
NLSY	2.186	2.241	0.048	2.121	2.207	0.071**
	(0.436)	(0.430)	(0.032)	(0.409)	(0.416)	(0.034)
Diff-in-diff	—	—	**0.021**	—	—	**0.067**
			(0.039)			**(0.048)**

Because most immigrants work (George Borjas and Marta Tienda 1993), some newly legalized immigrants may not have experienced a change in labor market status, yet their wages may have changed. Kossoudji and Cobb-Clark (2002) examine the impact of legalization on the wages earned by immigrants in the LPS, concluding the determinants of wage changes after legalization. Their analysis is restricted to men, however. In this paper, we compute an unadjusted difference-in-difference estimate of the amnesty impact on log real hourly wages of men and women. Subsequently, we examine the wage growth experienced by the legalized population relative to their legal counterparts using a (James J.) Heckman (1979) selection type model that accounts for the inherent sample selection when focusing on working respondents.

RESULT:

Table 1 presents unadjusted estimates of the amnesty effect on the legalized population in the period surrounding the implementation f IRCA by gender. According to the figures in panel A of Table 1, employment rates among the legalized male population dropped by 4.5 percentage points more than among their already legal counterparts. Meanwhile, panel B shows that unemployment rates increased 3 percentage points more for the male LPS sample following legalization relative to the male NLSY79 sample. After accounting for respondents' observable and unobservable characteristics in the random-effects probity models, our results in Table 2, panel A, suggest that IRCA's amnesty provisions reduced the employment likelihood of legalized male immigrants by 5.4 percentage points while also raising their unemployment likelihood by 4.2 percentage points. For the LPS women, employment rates decreased by 7.1 percentage points and the share "not in the labor force" grew by 6.5 percentage points more than for the NLSY women (see panels E and F in Table 1). Once we account for individual level characteristics in the random-effects probity models, the amnesty program appears to have reduced the

employment likelihood of the newly legalized women by 12.3 percentage points and raised their likelihood of stepping out of the workforce by 7.7 percentage points, as shown in panel C of Table 2. As such, the results for men are suggestive of increased job mobility. In the case of women, however, eligibility for social services may have reduced the employment like-lihood of newly legalized immigrants.

What impact did amnesty have on immigrant men and women employed before and after legalization? According to the unadjusted difference-in-difference estimates in panels D and H of Table 1, the relative growth rate of hourly wages was positive but not statistically significant for both men and women. To account for the sample selection inherent when focusing on men and women working before and after legalization, we estimate a Heckman selection-type model to analyze wage growth of men and women in the LPS and NLSY79 samples employed in 1987 and in 1992 (see panels B and D in Table 2).

Table 2-Adjusted Estimates of IRCA'S Amnesty Provisions on Labor Market Outcomes

Men						
Panel A: Estimates from random effects probit model						
	Employed		Unemployed		Not in the labor force	
Independent Variables	**Coeff. (S.E.)**	**M.E.**	**Coeff. (S.E.)**	**M.E.**	**Coeff. (S.E.)**	**M.E.**
Post legalization	−1.093** (0.459)	−0.130	0.501 (0.591)	0.025	1.261** (0.562)	0.077
LPS	0.719*** (0.219)	0.090	−0.833*** (0.308)	−0.050	−0.475* (0.250)	−0.027
LPS*Post legalization	−0.421** (0.179)	−0.054	0.642*** (0.242)	0.042	0.135 (0.219)	0.007
Observations (groups)	2540 (1270)					
Panel B: Wage growth estimates from Heckman selection model						
Independent variables	**Coefficient**				**Standard error**	
LPS	0.093*				0.054	
λ	−0.190***				0.076	
Wald test of $\rho = 0$			Chi2(1) 5.72			
Observations (censored)			1366 (444)			
Women						
Panel C: Estimates from random effects probit model						
Independent variables	**Employed**		**Unemployed**		**Not in the labor force**	
	Coeff. (S.E.)	**M.E.**	**Coeff. (S.E.)**	**M.E.**	**Coeff. (S.E.)**	**M.E.**
Post legalization	−0.049 (0.390)	−0.015	−0.418 (0.536)	−0.040	0.231 (0.400)	0.057
LPS	0.636*** (0.232)	0.190	−0.436 (0.282)	−0.041	−0.495** (0.234)	−0.121
LPS*Post legalization	−0.378** (0.165)	−0.123	0.331 (0.232)	0.037	0.288* (0.171)	0.077
Observations (groups)	2144 (1072)					
Panel D: Wage growth estimates from Heckman selection model						
Independent variables	**Coefficient**				**Standard error**	
LPS	0.210**				0.090	
λ	−0.335***				0.080	
Wald test of $\rho = 0$			Chi2(1) = 16.90			
Observations (censored)			1485 (964)			

The Wald test for the independence of the earn-ings and employment equations (p=O) recommends the joint estimation of the two-equation model. Additionally, the sample selection correction term (i.e., A) is negative and statistically significant for both men and women, signaling that unobservable that increase wage growth are negatively correlated with unobservable that increase the likelihood of being employed in both periods. Most important, wages grew 9.3 percent more for the LPS male respondents than for their male counterparts in the NLSY79 between 1987 and 1992, which implies an annualized growth rate of about 2 percent. Among women, this growth rate was 21 percent or about 4 percent per year. Thus, male and female immigrants employed pre- and post-legalization earned higher wages.

CONCLUSIONS:

Using data from the 1992 waves of the LPS and NLSY79 surveys, we grow a quasi-experimental structure to review the differential impact of IRCA's amnesty provisions on the labor market result and salary of the recently legalized population relative to a comparison grouping of Hispanic community. Although avail-able data do not authorize us to eliminate challenging clarifications completely, our findings indicate that employment rates fell and unemployment rates rise for the lately legitimate male population relative to their evaluation group following legalization. Between immigrant women, employment rates fell and transitions out of the labor force improved relative to Hispanic natives. These findings are investigative of improved job mobility for men and reduced labor market attachment for women; verify the theoretical prediction that corroboration may induce immigrants to exit employment owing to higher reservation wages. Furthermore, legalization likely enhanced the wage development of recently legalized men and women. Therefore, amnesty may have improved labor market effectiveness by growing intelligibility, job mobility, and the excellence of job matches for some, while also growing eligibility for social services and reducing labor market participation for others. As a result, it appears that legalization may have improved the economic well-being of immigrant men and women.

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