

# Study: Managers' Hiring Practices Vary by Race, Ethnicity

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(PhysOrg.com) -- White, Asian and Hispanic managers tend to hire more whites and fewer blacks than black managers do, according to a study published this month in the *Journal of Labor Economics*.

Using more than two years of personnel data from a large U.S. retail chain, the study found that when a black manager in a typical store is replaced by a white, Asian or Hispanic manager, the share of newly hired blacks falls from 21 to 17 percent, and the share of whites hired rises from 60 to 64 percent. The effect is even stronger for stores located in the South, where the replacement of a black manager causes the share of newly hired blacks to fall from 29 to 21 percent.

The finding is clear evidence that the race or [ethnicity](#) of those who make hiring decision can have a strong impact in the racial makeup of a company's workforce, says University of Miami [economist](#) Laura Giuliano, who authored the study with David Levine and Jonathan Leonard from the University of California, Berkeley.

How strong is the impact? Consider a typical store with 40 employees located in the Southern U.S. According to the data, replacing a black manager with a non-black manager would result in the replacement of three to four black workers with white workers over the course of one year.

The effect in a non-Southern store would also be significant, if a bit more subtle. Replacing a black manager in a non-Southern store would

result in one black worker being replaced by a white worker over a year.

“From the viewpoint of a district manager who is observing just a small sample of stores, this change might go unnoticed or appear insignificant,” Giuliano said. “However, the change may appear more significant from the point of view of job seekers—and especially black job seekers. In fact, the change in non-Southern stores amounts to a proportional decline of 15 percent in the number of blacks employed.”

The data used by Giuliano and her colleagues were especially well suited to sorting out the role race plays in hiring. While previous studies have also suggested that manager race plays a role, those studies have been unable to distinguish that role from other factors such as the demographic makeup of the local labor pool. Giuliano and her colleagues were able to isolate the race factor by tracking individual stores that experienced a change of manager.

“This means we can compare the hiring patterns of consecutive managers of different races in the same store,” she said. “Hence we can isolate the effect of a manager’s race by comparing the hiring patterns of managers when they hire from similar labor pools under similar conditions.”

The researchers were also able to use their data to offer some partial explanations for why these differences in hiring patterns exist.

They found that both black and non-black managers tend to hire people who live close to them. So if black managers live in predominantly black neighborhoods, their hiring network is also likely to be predominantly black.

The research also suggests that black managers hire fewer whites because whites may be less willing to work for black managers. The

study found that when a white manager is replaced with a black manager, the rate at which white workers quit their jobs increases by 15 percent.

“We interpret this increase in the white quit rate as evidence of discriminatory sorting by white [job seekers](#),” the authors write. “It implies that whites who dislike working for black managers often avoid working for black managers in the first place....”

More information: Laura Giuliano, David I. Levin and Jonathan Leonard, “Manager Race and the Race of News Hires.” [Journal of Labor Economics](#) 27:4 (October 2009).

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