

Chapter 2

Bedrock of the Economy, Bottom of the Labor Market



Broadly speaking, Latinos have the highest labor force participation rate of any racial or ethnic group, which means they are more likely to be employed or actively searching for work than other groups. In 2008, 68.5% of Latinos over age 16 were in the labor market, compared to 66.3% of Whites and 63.7% of Blacks. Not only are Hispanic workers more likely than other groups to be part of the labor force, they are also more likely to be employed.¹ Although they have a robust presence in the labor force, Latinos are concentrated in jobs that require low levels of formal education and skills, often with insecure attachment to their employers.

A snapshot of Latinos in the labor force shows heavy representation in:

- **Low-paying jobs.** Latino workers are overrepresented in low-wage jobs with low requirements for education and experience. The education and wages of native-born Latino workers are significantly higher than those of their foreign-born peers.
- **Small businesses.** More than Black and White workers, Latinos are likely to work in firms with fewer than 25 employees.
- **Contingent and nontraditional jobs.** Compared to full-time, permanent jobs, these arrangements are usually less secure.

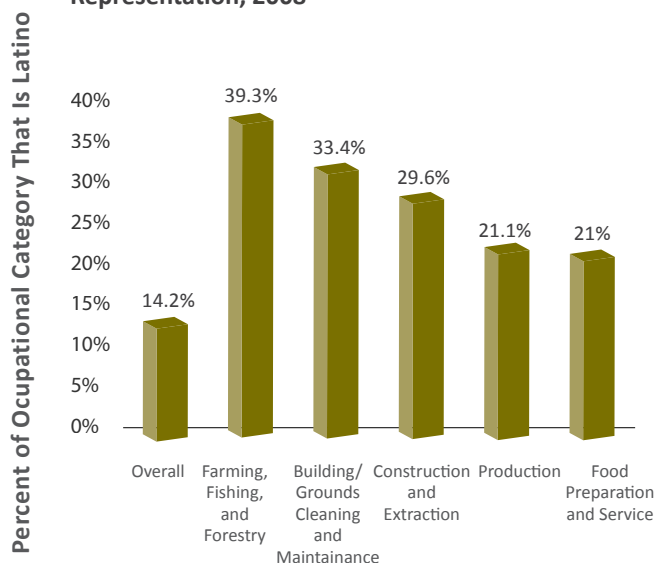
LABOR MARKET DISTRIBUTION

Latinos form the bedrock of several major occupation groups. As Figure 2.1 shows, Hispanic workers make up more than one in five employees in the following categories: farming, fishing, and forestry (39.3%); building/grounds cleaning and maintenance (33.4%); construction and extraction (29.6%); production (21.1%); and food preparation and service (21%).

Industry characteristics. Similar to the overall workforce, most Latinos work in the private sector. By contrast, Latinos are underrepresented in public jobs compared to other workers. Citizenship requirements bar many Hispanics from employment in government jobs; only 9.5% of Hispanics work for the government, compared to 19.5% of Blacks and 14.1% of Whites. Latinos are overrepresented among employees in private households. Although the total number of

FIGURE 2.1

Occupational Groups with High Latino Representation, 2008



Source: U.S. Department of Labor, "11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity." *Current Population Survey*. Conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington, DC, 2008, <http://www.bls.gov/cps/cpsaat11.pdf> (accessed September 2008).

Hispanic domestic workers—officially 302,000, which is likely a conservative estimate—is small compared to the entire population of workers, this particular industry merits attention due to its unique set of job quality issues, discussed in Chapter 5.²

Latinos also make up the highest share of workers employed in service occupations relative to their group's overall employment. While Latinos compose only 14% of employed adults, they represent 20.2% of employees in the service sector.³ Less-skilled workers in the service sector tend to earn lower wages compared to their counterparts in the manufacturing sector. The service sector also has a higher incidence of short-term employment, which can jeopardize eligibility for employer-sponsored benefits.⁴

Occupational distribution. Figure 2.2 shows the occupational distribution of Latinos in the labor market. Using a socioeconomic index score developed by Toussaint-Comeau et al. to compare occupational groups,⁵ it is clear that Latinos are disproportionately employed in jobs that pay low wages and have low human capital requirements (see Table 2.1). In fact, more than half of the Latino workforce is employed in the eight major occupation groups with the lowest socioeconomic index scores: farming, fishing, and forestry; food preparation and service; building/grounds cleaning and maintenance; personal care and service; health care support; transportation and material moving; production; and construction and extraction.

Figure 2.2 illustrates that the vast majority of Latinos are employed in occupations with socioeconomic index scores below 50. With

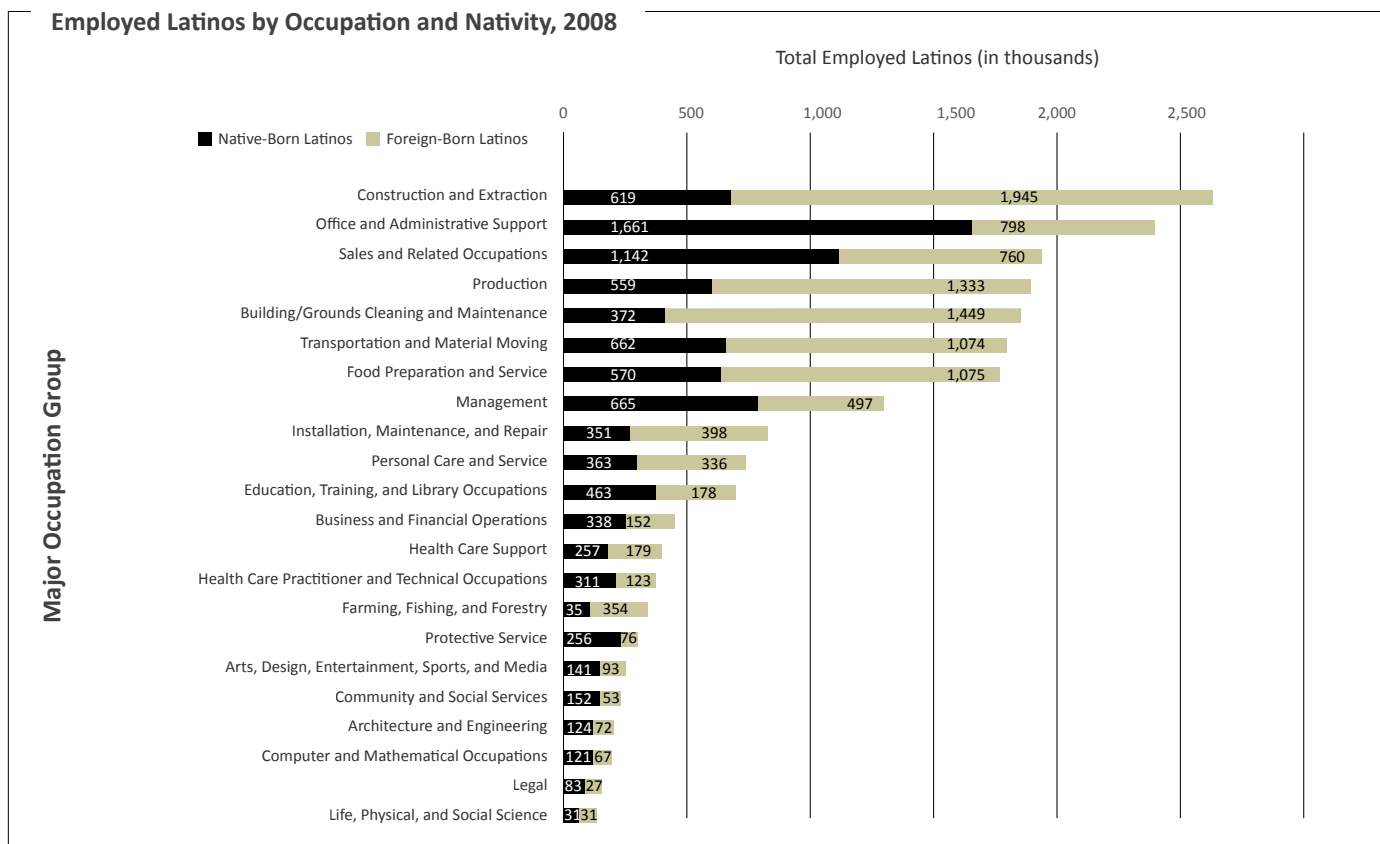
the exception of health care support, foreign-born Latinos have a larger presence in these low-scoring occupations than in the overall workforce. Meanwhile, native-born Latinos are more concentrated in jobs with higher pay and higher human capital requirements, such as office support, sales, management, education and library occupations, business and financial operations, and health care practitioners. This confirms the expectation that Hispanic immigrants tend to work in jobs requiring relatively few formal credentials or barriers to entry.

TYPES OF EMPLOYMENT

Latino workers are overrepresented in small businesses compared to their overall presence in the workforce. As will be discussed in Chapter 5, firm size is another fault line for job quality, since small businesses are often exempt from complying with worker protection laws. In different ways, employers of those who work on a contingent

FIGURE 2.2

Employed Latinos by Occupation and Nativity, 2008



Source: U.S. Bureau of Labor Statistics, "1. Employed and experienced unemployed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity," *Current Population Survey* (unpublished data). Conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington, DC, 2008.

or nonpermanent basis, often in nontraditional work arrangements such as day laborers, also leave workers open to low wages, poor benefits, and dangerous working conditions.

Small businesses. Latinos are more likely to be employed by small firms—those with fewer than 25 employees—than Blacks and Whites. In 2007, 36.2% of the Latino workforce was employed in small businesses, versus 29.1% of the White workforce and 21.4% of the Black workforce. Figure 2.3 demonstrates the unique “bottom-heavy” distribution of the Latino workforce according to firm size. In fact, 17.6% of small business employees are Latino, which represents a larger portion than their overall presence in the workforce (14.2%).

Contingent and nontraditional arrangements. In 2005, 2.5 million Latinos considered themselves to be contingent workers, meaning that they did not expect their jobs to last. The same year, approximately 1.7 million Latinos were employed in nontraditional arrangements (also called “alternative” and “nonstandard” employment arrangements by the U.S. Census Bureau). Figure 2.4 shows the distribution of Latinos employed in nontraditional arrangements. These categories of workers are noteworthy because contingent and nontraditional workers usually face uncertain job security compared to traditional workers. Furthermore, as discussed in the next chapter, these workers are less likely to be covered by employer-sponsored benefits, and some face increased risk of occupational injury and exploitation.

Source: NCLR calculation using U.S. Department of Labor, Bureau of Labor Statistics, “Contingent and Alternative Work Arrangements, February 2005,” news release, July 27, 2005, <http://www.bls.gov/news.release/pdf/conemp.pdf> (accessed September 2008),

*Socioeconomic index score ranges on a scale of 0 to 100, with the best score being 100. The scale is derived from several regression analyses of occupations based on wages and human capital requirements, in terms of education and experience. Only major occupational groups are listed.

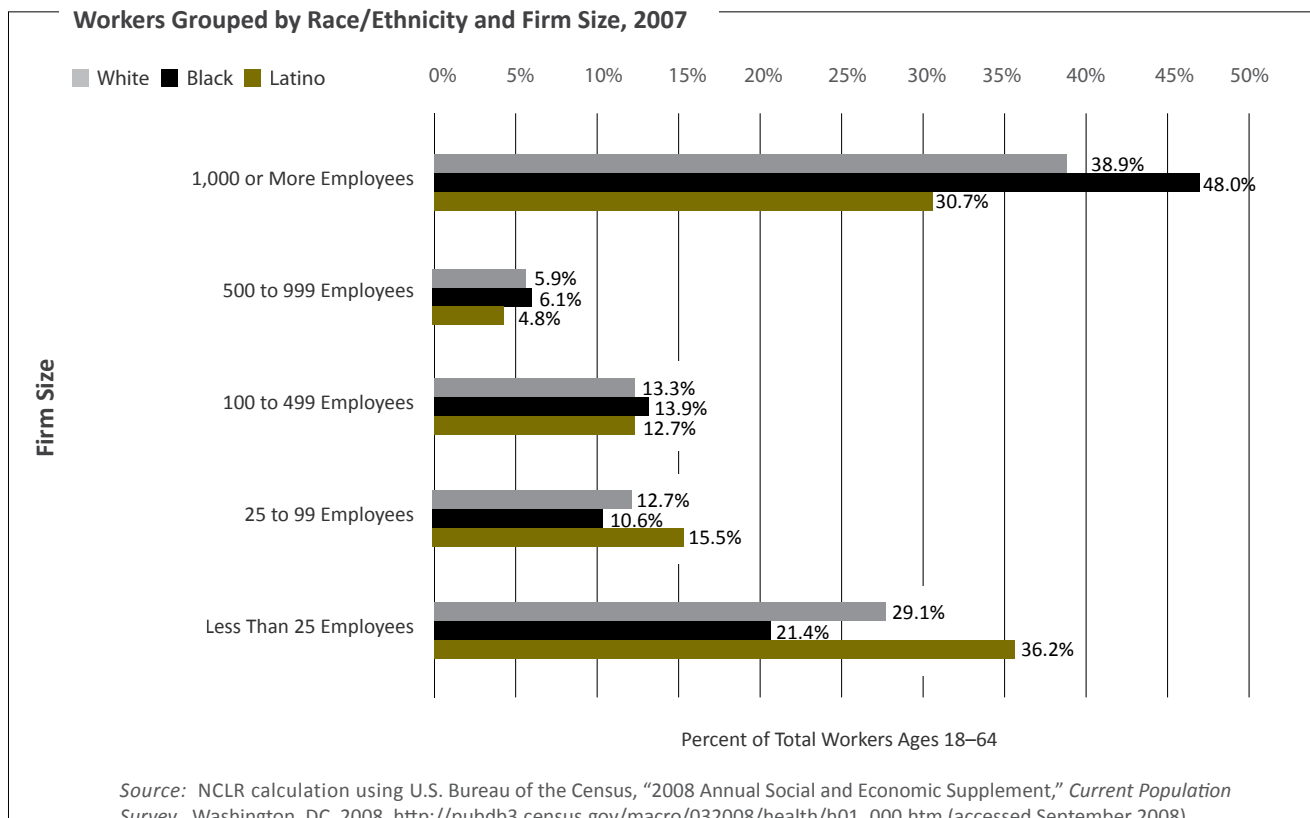
TABLE 2.1

Employed Latinos by Major Occupation Group and Socioeconomic Index Score, 2008

Occupation Group	Distribution of Latino Workforce	Socioeconomic Index Score*
Construction and Extraction	12.6%	27
Office and Administrative Support	12.1%	30
Sales and Related Occupations	9.3%	39
Production	9.3%	26
Building/Grounds Cleaning and Maintenance	9.0%	18
Transportation and Material Moving	8.5%	24
Food Preparation and Service	8.1%	17
Management	5.7%	54
Installation, Maintenance, and Repair	3.7%	33
Personal Care and Service	3.4%	22
Education, Training, and Library Occupations	3.2%	61
Business and Financial Operations	2.4%	52
Health Care Support	2.1%	24
Health Care Practitioner and Technical Occupations	2.1%	36
Farming, Fishing, and Forestry	1.9%	14
Protective Service	1.6%	37
Arts, Design, Entertainment, Sports, and Media	1.2%	37
Community and Social Services	1.0%	44
Architecture and Engineering	1.0%	45
Computer and Mathematical Occupations	0.9%	49
Legal	0.5%	51
Life, Physical, and Social Science	0.3%	42

FIGURE 2.3

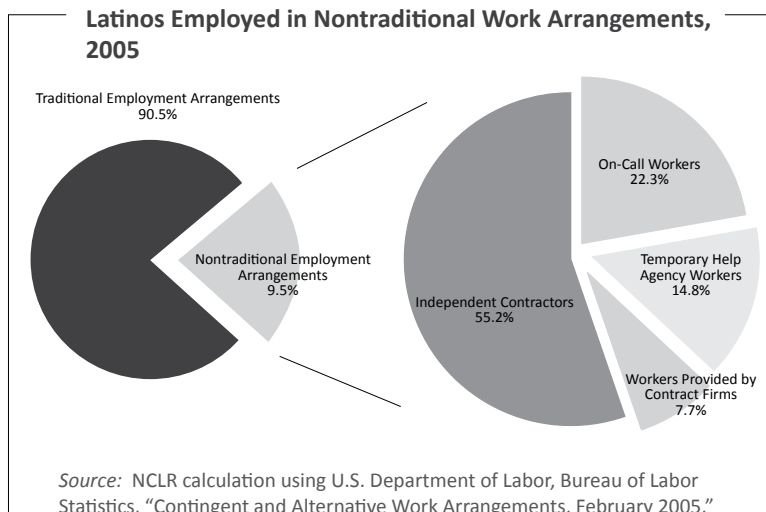
Workers Grouped by Race/Ethnicity and Firm Size, 2007



In 2005, the Latino portion of on-call workers (without a set work schedule or notice of a project), workers employed by temporary help agencies, and workers provided by contract firms was greater than the Latino portion of workers employed in traditional arrangements. For example, 15.7% of on-call workers, including day laborers, were Hispanic, compared to 13.1% of traditional workers.⁶ The largest major survey of day laborers found that immigrants dominate this subcategory; on a given day, 59% of those looking for work are immigrants from Mexico, 28% come from Central America, and 7% are U.S.-born.⁷ Workers provided by temporary help agencies and contract firms are also more likely to be Latino than their counterparts in traditional arrangements.

FIGURE 2.4

Latinos Employed in Nontraditional Work Arrangements, 2005



Endnotes

¹ U.S. Department of Labor, "3. Employment status of the civilian noninstitutional population by age, sex, and race" and "4. Employment status of the Hispanic or Latino population by age and sex." *Current Population Survey*. Conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington, DC, 2008, <ftp://ftp.bls.gov/pub/special.requests/lf/aat3.txt> and <ftp://ftp.bls.gov/pub/special.requests/lf/aat4.txt> (accessed May 2009).

² U.S. Department of Labor, "12. Employed persons by sex, occupation, class of worker, full- or part-time status, and race" and "13. Employed Hispanic or Latino workers by sex, occupation, class of worker, full- or part-time status, and detailed ethnic group." *Current Population Survey*. Conducted by the Bureau of the Census for the Bureau of Labor Statistics. Washington, DC, 2008, <http://www.bls.gov/cps/cpsaat12.pdf> and <http://www.bls.gov/cps/cpsaat13.pdf> (accessed September 2008). For more information, see Luisa Grillo-Chope and Carlos Ramos, *Domestic Workers Working Hard to Sustain American Families, Compromising Their Social Security* (Washington, DC: National Council of La Raza, 2006), <http://www.nclr.org/content/publications/detail/41906> (accessed September 2007).

³ NCLR calculation using U.S. Department of Labor, "11. Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity." *Current Population Survey*. Conducted by the Bureau of the Census for the Bureau of Labor Statistics, Washington, DC, 2008, <http://www.bls.gov/cps/cpsaat11.pdf> (accessed September 2008).

⁴ Lawrence Mishel, Jared Bernstein, and Heidi Shierholz, *The State of Working America 2008-2009* (Ithaca, NY: Cornell University Press, 2009).

⁵ Maude Toussaint-Comeau, Thomas Smith, and Ludovic Comeau Jr., *Occupational Attainment and Mobility of Hispanics in a Changing Economy* (Washington, DC: report to the Pew Hispanic Center, 2005), <http://pewhispanic.org/files/reports/59.1.pdf> (accessed September 2008).

⁶ U.S. Department of Labor, Bureau of Labor Statistics, "Contingent and Alternative Work Arrangements, February 2005," news release, July 27, 2005, <http://www.bls.gov/news.release/pdf/conemp.pdf> (accessed September 2008), Table 5.

⁷ Abel Valenzuela Jr. et al., *On the Corner: Day Labor in the United States* (Los Angeles, CA: UCLA Center for the Study of Urban Poverty, 2006), http://www.sscnet.ucla.edu/issr/csup/uploaded_files/Natl_DayLabor-On_the_Corner1.pdf (accessed September 2007).