

# Introduction to Australian Journal of Labour Economics, Special Issue: Labour Market Discrimination

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In the Handbook of Labor Economics, labour market discrimination is defined as a situation where equally productive workers are treated unequally in a way that is related to an observable characteristic such as race, ethnicity or gender. Such unequal treatment is clearly bad for the individual involved, but it is also bad for the economy as resources are diverted from their most productive use.

Historically, the Australian Journal of Labour Economics (AJLE) has published a number of articles looking either directly or indirectly at discrimination in the labour market. It would be fair to say though that a high proportion of these articles (and those in related journals) have been based on standard wage equations where discrimination is the residual bit left over after controlling for observable characteristics (like education and experience). While insightful in their own right, these techniques miss many aspects of discrimination. New data and new techniques (or rediscovery of old techniques) has opened up new avenues of research including:

- How different individuals subjectively experience discrimination;
- The ways in which they react to it in terms of labour market and other behaviour;
- The effects of discrimination on broader notions of health and wellbeing;
- Methodology that better controls for unobservable characteristics (like audit studies);  
and
- Analysis of discrimination faced by previously under-studied groups or in under-studied domains.

Alongside new econometric techniques and the increased availability of panel data sets in Australia, our capacity to understand discrimination, and design policy that takes it into account, is greater than ever before.

With these issues in mind, AJLE invited submissions to a special edition of the AJLE in early 2012 that has resulted in this publication.

The literature review in the first article is not a standard review of the economics literature on discrimination – if for no other reason than it is written thorough a collaboration of a social scientist (Yin Paradies) with an economist (Amanuel Habtegiorgis). While it covers the standard economics approaches, the focus on self-report data on discrimination expands conventional approaches by analysing the experiences of labour market discrimination rather than the motivations of the

people doing the discrimination. Another reason why it is not a conventional literature review is that it includes novel analysis that would constitute a contribution to the literature in its own right.

Four other papers use recent self-report data on discrimination to illustrate a potentially productive future avenue for research. In the second article in the issue, Markus Hahn and Roger Wilkins examine perceived job discrimination in Australia using the 2008 and 2010 waves of the HILDA (Household, Income and Labour Dynamics in Australia) survey. Hahn and Wilkins identified age as a significant determinant of perceived discrimination in job applications only, while being a mother of young children is a significant factor only for discrimination in the course of employment. Interestingly there is no substantive evidence of adverse effects of perceived job discrimination for wage levels, wage changes and the probability of promotion, but they found large negative effects on subjective outcomes such as job satisfaction and self-assessed probability of job loss.

Julie Smith, Sara Javanparast, Ellen McIntyre, Lyn Craig, Kate Mortensen, and Colleen Koh provide a very interesting example of combining qualitative techniques with quantitative analysis to understand discrimination against breastfeeding mothers and to illustrate how some childcare services could become more 'breastfeeding friendly'. Their research examines the data reported directly by both childcare service providers and their female clients with young children in order to provide a deeper understanding of the alleged instances of discrimination than is usually possible when analysts rely solely on quantitative techniques.

One question is whether discrimination outside the labour market may affect labour force outcomes. Biddle, Howlett, Hunter and Paradies, ask this question in the context of Indigenous Australians using data from the 2008 National Aboriginal and Torres Strait Islander Social Survey (NATSISS). The results suggest that the main process driving the reporting of discrimination is the extent to which an individual is exposed to situations in which they interact with potential discriminators. This could mean that some Indigenous Australians decrease their labour supply in order to avoid potentially adverse (discriminatory) situations.

The last three papers are consistent with the goals of this special issue in that they analyse discrimination in under-studied groups or in under-studied domains. All of these articles focus on international domains that are all too rarely examined in this Australian journal. The fourth article by Samuel Gorohouna and Catherine Ris focuses on New Caledonia, the largest French Territory in the South Pacific. Using a recent refinement of the Blinder-Oaxaca decomposition for non-linear regression models, the authors analyse the factors underlying the employment gap between Kanak and non-Kanak New Caledonians. The majority of the gap can be attributed to differences in observed characteristics (up to three-quarters of the gap in the case of females).

Bridget Daldy, Jacques Poot and Matthew Roskrug from the University of Waikato analyses the Perception of Workplace Discrimination among Immigrants and Native Born New Zealanders. Not surprisingly migrants, particularly recent ones, are significantly more likely than New Zealand-born workers to report that they experience discrimination in the workplace. Rather more surprising is that discrimination is more likely to be reported by those with higher education and those who are mid-career.

Also noteworthy is their methodological correction for selection bias in measuring the impact of factors influencing discrimination which indicates that such bias is evident for men but not for women.

The final article by Robert Breunig and Sandrine Rospabe analyses the distribution of French gender wage gap using a semi-parametric decomposition method. This methodologically innovative approach indicates education plays no role in the wage gap once occupation and part-time status are taken into account. The main finding is that there is no wage gap for low wage workers in France once we control for characteristics, but there is a gap for high wage workers. Arguably this is evidence for the so-called glass ceiling.

Together these papers make an innovative contribution to the ongoing debate about the nature causes and effects of discrimination.

On a more personal note we would like to inform the reader that after over five years in the job, Boyd Hunter will be stepping down as Managing Editor of the AJLE at the end of 2013. He has thoroughly enjoyed working on the journal and has learnt a lot of Labour Economics in the process. We wish the new editor of the journal all the best in maintaining a respected and informative publication that fosters a sense of community and robust debate among labour economists in Australasia and beyond.