



Accounting for firms in ethnicity wage gaps throughout the earnings distribution

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Non-Technical Summary

- Ethnicity wage gaps in Great Britain are large and have persisted over time.
- Previous studies of these gaps have been almost exclusively confined to analyses of household data, so they could not account for the role played by individual employers, despite growing evidence of their impacts on the wage distribution.
- We study ethnicity wage gaps using high quality data on jobs, hours, and earnings, linked with the personal and family characteristics of workers from the national census for England and Wales.
- We show that firm-specific wages can account for sizeable parts of the estimated differences between the wages of white and ethnic minority workers at the mean and other points in the wage distribution, which would otherwise mostly have been attributed to differences in individual worker attributes, such as education levels, occupations, and locations.
- Nevertheless, there are substantial gaps between the wage structures of white and ethnic minority employees which cannot be accounted for by who people work for or other attributes, especially among higher earners.
- Our findings have potentially important implications for policy, since they highlight the important role played by the employer in the existence and size of ethnicity wage gaps in Britain, both positively and negatively, and not only on average but to a greater extent among higher earning workers.
- Our results suggest that policy makers need to consider the substantial influence that some employers are probably having on the likelihood of ethnic minorities working for them, as also evidenced by the discriminatory hiring practices that have been persistently implicated by field experiments.

You can read the full paper [here](#).