

## **The Impact of Minority Social Image vs. Minority Status**

**-An Alternative Explanation to Discrimination against Ethnic Minorities in China's Labor Market**

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Ethnic minority status is defined as a social group category that is differentiated based on ethnicity. In China, many ethnic minorities appear to look like the majority Han Chinese and many jobs do not specifically require applicants to release ethnicity information. Thus, it is difficult to distinct the ethnic minorities from Han Chinese in the job market. Ritter and Taylor (2011) point out that language and unobservable cultural characteristics serve as an alternative explanation for racial disparity in unemployment in the United States. Inspired by their study, this paper explores the impact of minority social image rather than minority status on discrimination against them in the Chinese job market.

We define minority social image as an employer's ideas about a minority based on his/her ethnic language-use and cultural characteristic instead of the minority status itself. To measure one's social image, two sets of variables are used: respondents' fluency in Mandarin (observed by enumerators), and self-reported/self-assessed social and linguistic environment indicators, including daily-use language as well as the importance of local dialect and ethnicity minority dialect in daily life. With the newly available 2010 and 2012 China Family Panel Studies (CFPS) data resource, we are able to capture the effects of social image associated with language use by comparing the majority Han Chinese, Mandarin speaking minorities, and minorities who speaks their own language.

Considering policies adopted in China that favor ethnic minorities in many aspects, omitting "minority social image" indicators may overstate the negative effect of being a minority (explained in more details later in the methodology session). Thus, we argue that minority languages used operate independently from minority status in Chinese labor market. As a result, it may be

the social image created by the language a minority uses, rather than the minority status that leads to discrimination against them in job market.

## **Background**

There are 56 ethnic groups in China, where the majority nationality is the Han. Many ethnic groups have their own languages, and the Chinese government encourages the use and development of minority language in the regions where ethnic minorities live. 'Chinese' is an umbrella term for the languages spoken by the majority Han Chinese, which comprises many dialects. Due to the lack of mutual intelligibility among Chinese languages and dialects, the pronunciation of the Beijing dialect of Mandarin, Putonghua (common speech) was standardized a few hundred years ago.

The People's Republic of China has adopted several policies supporting ethnic minorities. According to Article 4 of the 1982 State Constitution of China, all ethnic groups in the People's Republic of China are equal and discrimination and oppression of any ethnic group are banned. At the individual level, minority persons can benefit from preferential policies include training opportunities, accepting considerably lower marks from minorities for university or college entrance, and exemptions from the more rigid population policy imposed on the majority Han population. There are also government-subsidized microcredit programs directed toward poor households and women have been implemented in some minority areas.

Although the government has adopted preferential policies for the ethnic minorities, previous studies show that ethnic minorities are discriminated against in the job market because of their minority status. As pointed out by Cornell and Welch (1996) , an employer can judge job applicants' unknown qualities better when candidates belong to the same group. However, when the applicants differ in their backgrounds, the chosen applicant is likely to have the same background as the employer.

## **Previous Studies / Findings**

There have been very few studies separating the effect of “speaking a minority language” from “being a minority”.

By studying ethnic disparity in employment in the state sector in China and comparing Han Chinese with Hui Muslims, Zhang (2008) shows that minority ethnicity is the main determinant of labor market discrimination, controlling for educational attainment and other key characteristics. According to Zhang (2008), during market reforms, the Chinese Communist Party (CCP) has not been able to protect workers of minority status as promised by its equal opportunity policy. Zhang (2008) also shows that workers of minority status face barriers in finding a job in both state firms or private enterprises. However, his study does not separate the effect of being an ethnic minority from speak a minority language.

Drawing on census data and interviews with individual workers and employers, Hasmath (2011) examines the job-search, hiring and promotion experiences of ethnic minority workers and job-seekers in Beijing. By comparing (1) income and ethnic concentration by occupational category; and (2) labour force participation and unemployment, he found that ethnic minorities are at a disadvantage relative to the dominant Han ethnic group. This disadvantage is due to gaps in the institutional framework that encourage applicants’ social-network capital for job search, hiring and promotion. However, Hasmath (2011) relies more on a qualitative research method that only incorporates a small sample of the population living exclusively in Beijing. Hasmath (2011) does not control for any variables but ethnicity. This may bias the result in the sense that unemployed minorities may exaggerate the impact of their minority status during interview while ignoring the impact of other (un)observable characteristics differing from Han Chinese.

Other explanations for discrimination against minority groups in the job market accounts for companies’ preferences over majority Han Chinese under competitive markets. Zhang(2010) finds that state firms may discriminate against minority groups in recruitment (“ethnic penalty”) as a result of market competition. Employers often make a decision to hire or keep a worker on

the expectation that certain workers have more desirable characteristics— such as on-the-job productivity – than others. But employers cannot directly observe the characteristics of a new worker since outputs are often the result of collective efforts. Employers thus use attributes such as loyalty and capacity for teamwork that they think are correlated with productivity to rank workers. Zhang (2010) assumes that minority-group workers in China are viewed as less capable and industrious than majority-group workers, even if they are in fact equally productive. Thus minority-group workers are disadvantaged in this subjective ranking process since these desirable attributes tend to be assigned to majority-group workers. Zhang's (2010) assumption that minority workers are perceived as less capable and industrious is very close to the “minority social image” discussed in our paper. However, his assumption is not supported by evidence.

One study that touches on the separate impact of language skill is Gao and Smyth's (2011). Using the China Urban Labour Survey, Gao and Smyth (2011) find that for migrants as a whole, namely, include both international migrants to China and Chinese minorities, there are considerable economic returns to speaking standard Mandarin. However, their study does not show the difference in returns for migrants as a whole and Chinese ethnic minorities.

### **Data and Methodology**

This research uses the China Family Panel Studies (CFPS) survey as its data source. The CFPS data is a nationally representative longitudinal survey of Chinese families and individuals. Launched in 2010 by the Institute of Social Science Survey (ISSS) of Peking University, CFPS includes a wide range of information including economic activities, education outcomes, family dynamics and relationships, migration, and health. The 2010 baseline survey interviewed around 15,000 families and over 40,000 individuals. The 2012 follow-up survey successfully revisited 85% of the families and 82% of the individuals.

As mentioned above, previous studies have established empirical evidences suggesting that ethnic minorities are discriminated against in labor markets. However, it is unclear whether the disadvantaged status is due to discrimination based on minority status or the social image associated

with being a minority. Without China Family Panel Studies (CFPS) data, variables that highly associated with social image remain to be unobservable factors. Omitting such variables may bias the effect of minority status. More specifically, if social image is negatively associated with labor market experience and positively associated with minority status, omitting social image variables will overstate the negative effect of minority status. Furthermore, it is reasonable to hypothesize that minority status may in fact be positively associated with labor market experience, since ethnic minorities are favored by policies in many aspects, including education and employment, and negative effects associated with minority status are the result of a strong bias due to the omission of social image variables.

As mentioned, two sets of variables are used to capture individuals' language and cultural characteristics: respondents' fluency in Mandarin observed by enumerators, and respondents' self-reported or self-assessed social and linguistic environment indicators, including daily-use language as well as the importance of local dialect and ethnicity minority dialect in daily life. We analyze the effect of individuals' language habits on (1) self-reported employment status, (2) accumulated number of unemployed months since last employment, and (3) whether ever being laid-off will be used as dependent variables. We also control for most variables that are expected to correlate with labor market experience such as socioeconomic and political background of family members, education level, and employment sectors, and political status (membership of the Chinese Communist Party).

We apply statistical models to estimate the relationship between language habit mentioned above and labor market outcomes. Negative binomial regressions are used to estimate to what extent does language habit capture the disparity in the number of months being unemployed between ethnicity majorities and minorities. Negative binomial regressions are suitable because empirically the number of months being unemployed is likely over-dispersed, in other words, conditional variance exceeds the conditional mean. If the conditional distribution of the outcome variable is over-dispersed, the confidence intervals for the negative binomial regression are likely to be narrower as compared to those from a poisson regression model. We also apply maximum

likelihood models to test whether ethnicity minorities' language habits lead to a higher probability of experiencing laid-off and unemployment. Maximum likelihood models is chosen as the dependent variable is categorical (laid-off/unemployment or not ). In addition, the 2012 follow-up allows us to control for time-invariant unobservable characteristics by adding time fixed effects.

Models discussed will be applied to both male and female subgroups separately as male and female experience vary in the labor markets. We will also compare models that omitting language habit with the corresponding models controls for language habit to test the hypothesis of omitted variable bias in the previous researches.

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