

Perceptions of employability among London's low-paid:

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Perceptions of employability among London's low-paid: 'self-determination' or ethnicity?

Abstract

We investigate how ethnicity, gender and other characteristics affect low-paid workers' perceptions of their employability in London's labour market, examining 'self-determination', ethnic and dual labour market theories. We find that perceptions vary considerably, both between genders and ethnicities and in the extent to which they are 'justified' by human capital attributes. Optimism varies between genders and ethnic groups but individuals' perceptions vary to an even greater extent *within* genders and ethnic groups. Hence, individual-level 'self-determination' explanations of these perceptions appear to have greatest explanatory power though ethnic theories also have utility.

1 Introduction

'Perceived employability' has been much discussed in the last decade. Much literature has been rooted in human capital theory (see the review in Kirves et

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2
3 al, 2014). For decades, researchers have discussed the components of human
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5 capital (see Nafukho et al., 2004 for detailed definitional discussion),
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8 concluding that education and training are central, but experience also plays a
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10 role (Judge et al., 1995). Valuable recent work in this journal has also discussed
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12 its antecedents in different personal dispositions (Berntson et al, 2006). Other
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14 researchers have usefully examined the consequences of different levels of
15
16 perceived employability (e.g. Berntson et al., 2010, De Cuyper et al., 2008,
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18 2011; Kinnunen et al., 2011).

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24 This paper provides a new dimension by focussing on the ‘working poor’
25
26 and, within that group, on ethnicity, gender and other social dimensions. While
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28 some research attributes key inter-ethnic differences in attitudes and outcomes
29
30 to structural factors affecting groups such as labour market segmentation
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32 (Kashefi, 2004) others emphasise individual human capital differences (O’Neill
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34 et al., 2006). ‘Superdiversity’ obtains among London’s low-paid (Vertovec,
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36 2007). The term emphasises the large extent of the city’s ethnic minorities and
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38 the degree of heterogeneity across them. Yet workers compete within labour
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40 markets as individuals and we therefore examine this dimension as well as the
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42 group one. In the process, we examine the relative explanatory power of ‘self-
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44 determination’, ethnicity and ‘dual labour market’ theories.
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52 We respond to Fry and Ritchie’s (2012) call for localised studies of
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54 specific regions and low-paying sectors, taking London as our research site.
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56 London’s labour market is characterised by a fast growing professional class at
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3 the top, growth in 'bottom-end' service employment, and a 'squeeze out' of jobs
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5 in the middle (Datta et al., 2007; Kaplanis, 2007; May et al., 2007; Wills et al.,
6
7 2009b). Foreign-born workers are disproportionately represented at both poles,
8
9 co-existing with long-established minorities and the 'native' British working
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11 poor (May et al., 2007, Rienzo, 2013). Thus, ethnic minority groupings
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13 encompass both well-off employees and the working poor. However, very little
14
15 attention has been paid to perceived employability among the latter.
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21 Nevertheless, low-paid workers' self-evaluations of their prospects of
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23 better employment are especially important to them because they influence their
24
25 evaluation of 'exit' possibilities. They have weak bargaining power in relation
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27 to employers and 'exit' is a proportionately more important option for them than
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29 for those with more bargaining power and/or 'voice' possibilities (Hirschman,
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31 1970). The low-paid' s weak position is illustrated by their common reluctance
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33 to take remedial action through enforcement authorities even if paid below the
34
35 National Minimum Wage (Croucher and White, 2007). Their views of their
36
37 own ability to exit are therefore significant. If they are relatively sanguine
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39 about individual 'exit' possibilities, they may be proportionately less likely to
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41 be attracted by collective alternatives such as trade unions which have become
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43 increasingly interested in organising them (Wills, 2005).
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52 Daniels et al. (1998) and Wittekind et al. (2010) called for more research
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54 on socio-cultural, ethnic and gender influences on perceived employability, but
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56 most of the samples subsequently used comprise higher paid workers with white
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3 backgrounds. Much research on migrant workers also focuses on highly-
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5
6 endowed employees whose capacities are under-recognised in the UK (see for
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8 example Bloch, 2004; Evans et al, 2005; Erel, 2009; May et al, 2010; Green et
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10 al 2013; Ram et al., 2013; Markova et al., 2013). Migrants often experience
11
12 significant de-skilling and downward social mobility (Evans et al., 2005; Green
13
14 et al., 2013), but they are only one component of the low-paid population.
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18 Official statistics offer flawed data on the low-paid as a whole. The
19
20 principal sources used by UK analysts, the Annual Survey of Hours and
21
22 Earnings (ASHE) and the Labour Force Survey (LFS), are both problematic and
23
24 provide inadequate data on low pay (Fry and Ritchie, 2012). The Low Pay
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26 Commission also draws attention to the limited data available on ethnic
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28 minorities (Low Pay Commission, 2013). Therefore, Dustmann and Fabbri
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30 (2003) used data collected in 1993-4, when the Fourth National Survey on
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32 Ethnic Minorities' 'boost' sample of ethnic minorities was current, but which
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34 must now be regarded as historical.
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42 We therefore investigate our issue using recent data collected by the
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44 authors from among the low-paid in London's tourism and hospitality sector.
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48 49 **2 Hypothesis development**

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51 Our central focus is on the dichotomy between individuals' perceptions of their
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53 employability and how this may be impacted by their perceptions of
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55 'membership' of their ethnicity, gender and age group on the one hand and their
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3 human capital on the other. We consider the latter in terms of a person's
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5 educational attainment, job tenure and experience. We refer to 'qualification
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7 optimism' and 'qualification pessimism' in connection with how appropriate
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9 individuals' estimates of their prospects are in relation to their human capital.
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14 Ethnic groups may have differential perceptions of labour market
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16 discrimination against them and we develop a set of hypotheses based on this
17
18 focus. We also consider the cross-cutting 'dual labour market' theory
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20 (Doeringer and Piore, 1971), a modification of classical economics suggesting a
21
22 straightforward relationship between human capital and how individual
23
24 employability is perceived within the labour market's 'secondary' segment.
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30 **Individual perspectives**

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34 'Self-determination' theory suggests that individuals show a powerful wish to
35
36 exercise self-determination and develop an internal sense of confidence and
37
38 ability to choose (Dieci and Ryan, 2000). The collective 'memberships' which
39
40 people may feel they have (for example through their ethnicity and gender) may
41
42 therefore be subordinate to a range of individual factors. Individuals' self-
43
44 conception encompasses personal identity and the social identity that people
45
46 gain by being a member of groups holding public esteem (see Hogg and
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48 Abrams, 1988; Tajfel, 1981; Tajfel and Turner, 1986). Both determine how
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50 individuals view themselves (e.g., Neisser, 1993). Individuals try to establish
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52 and maintain a positive self-concept (Aronson, 1969; Wicklund and Brehm,
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3 1998). Thus, if social identities gained from their ethnicity cause senses of
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5
6 stigmatization and discrimination, personal identities might prevail.
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9 Individual variations are likely to be considerable because of the wide
10
11 range of personal attributes affecting their self-perception. Research on core
12
13 self-evaluation traits shows that how individuals view and value themselves and
14
15 their environment affects their work-related attitudes and behaviours. In their
16
17 meta-analysis, Judge and Bono (2001) found that job satisfaction, work
18
19 motivation and job performance depend on four dispositional traits – self-
20
21 esteem, generalized self-efficacy, locus of control, and emotional stability (low
22
23 neuroticism) (see also Judge et al., 1998). Other studies showed these core self-
24
25 evaluations to be linked with individual goal-setting behaviour and goal self-
26
27 concordance; people with positive self-regard are more likely to pursue goals
28
29 for intrinsic and value-congruent reasons (Judge et al., 2005; Erez and Judge,
30
31 2001). These relationships have been explained by the fact that core self-
32
33 evaluations describe individuals' estimates of themselves and their functioning
34
35 in their environment. People with positive core self-evaluations appraise
36
37 themselves in a consistently positive manner; they see themselves as capable,
38
39 worthy, and in control of their lives (Judge et al., 2004). They usually also rate
40
41 higher on positive affectivity and are comparatively enthusiastic, active, and
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43 alert (Watson et al., 1988). It is likely that these individuals view their
44
45 environment more positively and perceive more control over their employment
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3 options. As these traits originate partially in genetic dispositions (Judge, 2009)
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5 as well as in previous successes and failures, vicarious experiences, social
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7 support and individuals' emotional arousal while accomplishing particular tasks
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9 (e.g. Bandura, 1997), they vary substantially between individuals. Therefore we
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11 hypothesise that individual traits are key determinants:
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17 *Hypothesis 1:* There is a higher degree of variation between individuals *within*
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19 ethnic, gender and age groups of low-paid workers than there is between groups
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21 in how they perceive their employability.
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24 25 **Ethnic perspectives**

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27 Ethnic theorists emphasise the importance of group memberships. Societal
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29 influences, notably discrimination, have been argued to impact individuals'
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31 perceptions of their human capital via internalisation processes and thus, affect
32
33 their optimism in employment terms (Daniels et al., 1998). Ng and Sears
34
35 (2010) found ethnic minorities and women to have lower labour market
36
37 confidence than the majority population and men, partly because of
38
39 discrimination and its internalisation.
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46 The process is one of the internalisation of external influences. Numerous
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48 important antecedents of ethnic minorities' poor outcomes related to
49
50 discrimination have been identified. Degrees of language acquisition have been
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52 shown to have a major effect, notably on earnings, in the UK (Dustmann and
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54 Fabbri, 2003). Moreover, social capital is significant in terms of the use of
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3 networks to obtain and sustain employment. Social networks have been shown
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5 to be effective in obtaining job offers (e.g., Granovetter, 1974; Pellizzari, 2010).
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8 However, some networks are ineffective in these terms. Thus, Battu et al.
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10
11 (2011) found that non-whites and people born outside the UK were less likely to
12
13 have entered employment using personal networks while their networks simply
14
15 facilitate the individuals' circulation between low-paid jobs.
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19 Educational attainment may also differentially affect perceptions.
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21 Different ethnic groups have segmented levels of attainment in education and
22
23 vocational training in the UK. Bangladeshi and Pakistani adults are the ethnic
24
25 minority most likely to have no educational qualifications and are also relatively
26
27 unlikely to participate in post-compulsory education. Bangladeshi and Black
28
29 Caribbean adults are less likely than those from other ethnicities to participate in
30
31 job-related training (Bhattacharyya et al., 2003); Indian and Chinese people are
32
33 more likely to do relatively well throughout school (Bhattacharyya et al., 2003).
34
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36 Colour discrimination also has differential impacts. Thus, Black Africans,
37
38 although a relatively small minority ethnic grouping in the UK, suffer colour
39
40 penalties larger than those suffered by Pakistanis. The religious penalty exists
41
42 but is smaller (Khattab, 2012). Actual outcomes suggest that these influences
43
44 may be positive as well as negative: within low-paid industries, Indian workers
45
46 not only experience better outcomes than other ethnic minorities, but also do
47
48 better than 'native' British workers, whilst Bangladeshi workers experience the
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50 worst outcomes (LPC, 2013: 47 and 64).
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3 Degrees of internalisation of external perceptions including
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6 discrimination have been shown to vary between different ethnic groups as well
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8 as between those with different levels of qualifications (Small et al., 2010). It
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10 may also be that white British workers, because they may not expect ethnic
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12 discrimination against them, are relatively sanguine about their employability.
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16 We therefore hypothesise:

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19 *Hypothesis 2:* There is a high degree of variation between ethnic groups of low-
20
21 paid workers in how they perceive their employability.
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25 *Hypothesis 3:* Compared to white British workers, members of other ethnic
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27 groups take a more negative view of their employability.
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38 **The dual labour market perspective**

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41 The influential ‘dual labour market’ concept first introduced by Lewis (1954) in
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43 a ‘development’ context and built on by Doeringer and Piore (1971) in the USA
44
45 contends that labour markets function in primary and secondary segments in
46
47 which the nature of jobs differs significantly. Primary sector jobs are relatively
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49 skilled, high productivity positions providing better wages, job security,
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51 working conditions, career opportunities and benefits. Secondary sector jobs
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53 encompass occupations requiring low skills, and have lower productivity, poor
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3 working conditions, ease of entry and an abundant labour supply. These factors
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5 create higher bargaining power for employers in relation to employees, and
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7 therefore low wages, low aspirations, low human capital and, ultimately, low
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9 accumulation of human capital (Riley and Szivas, 2003). Incentives for
10
11 secondary sector employers to value employees are considerably lower, leading
12
13 to high employee turnover and persistently low levels of pay. Employees,
14
15 irrespective of their social characteristics, are characterised as having a
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17 ‘subsistence mentality’, leading them to seek overtime and multiple jobs rather
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19 than better jobs (ibid.).
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27 Such a mind-set leads individuals to overly-negative assessments of the
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29 opportunities available to them. Thozhur et al. (2007) contend that exogenous
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31 factors, such as low pay and poor labour market positions, become internalised
32
33 into negative perspectives on work and opportunity reinforced by long hours
34
35 and hard work. We therefore speculate that workers in the labour market’s
36
37 secondary segment may in time become (to borrow the term from analysts of
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39 behaviour in unemployment) ‘discouraged’ and pessimistic, under-estimating
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41 their human capital.
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47 Another possibility is that the higher human capital of more qualified
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49 workers in low-paid employment in London may negate the pessimistic
50
51 assumptions of ‘dual labour market’ theory, developed in less ‘superdiverse’
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53 environments. Newburry and Thakur (2010) demonstrate that education itself
54
55 makes employees more optimistic about their career prospects and that this
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3 optimism transcends the actual advantages conferred by education. In short,
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5
6 ‘qualification optimism’ may be common.

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8 We therefore propose:
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11 *Hypothesis 4:* Human capital indicated by education and experience has a
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13
14 positive relationship with perceived employability.
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17 18 **Gender and age explanations**

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21 Much literature from a feminist perspective (one rarely challenged by other
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23
24 bodies of theory) demonstrates that gender remains important to labour market
25
26
27 outcomes (see for example Fenton and Dermott, 2006); female ethnic minority
28
29 employees fare worse than their male counterparts on many dimensions.

30
31 Ethnicity and gender, it has been argued, interact in complex ways to condition
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33
34 poor labour market outcomes (Brown and Misra, 2003). Ng and Sears (2010)
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36
37 found both women and members of ethnic minorities to have lower labour
38
39
40 market confidence than men and we anticipate that this is reflected in lower
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42
43 estimates of their own employability.
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46 Recent work on ageing makes broadly similar points about older workers
47
48 also experiencing worse outcomes than their younger counterparts in the UK
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51 (Eichorst et al., 2013). They may view their employability as declining with
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53
54 age (Lain, 2012) since, despite recent official emphases on the value of older
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57 workers’ experience and qualities, perceptions of them remain predominantly
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3 negative in relation to younger workers (Stone and Tetrick, 2013). This, too,
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5 may be internalised.
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9 We therefore hypothesise that:
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12 *Hypothesis 5: Female and older low-paid workers have lower assessments of*
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14 *their own employability than their younger and male counterparts.*
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21 22 **3 Method and data**

23 24 *Data collection and sample*

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27 The population of interest consisted of hospitality and tourism workers from
28
29 North and Central London and adjacent South East England, an industry and
30
31 region chosen for their extensive diversity and high incidence of working
32
33 poverty, especially among certain minority ethnic groups such as Pakistanis and
34
35 Bangladeshis (Aldridge et al., 2013). Employers in hospitality and tourism
36
37 businesses - typically restaurants, hotels, travel agencies and theme parks - were
38
39 selected. Non-managerial staff were approached and data collected in the
40
41 spring of 2013. The purpose of the research was explained to workers and
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43 questionnaires distributed. 800 questionnaires were given out and 647 returned.
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538 of these were usable, giving a response rate of 67%, achieved through
repeated reminders and a concise questionnaire.

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3 The questionnaires comprised questions relating to workers' personal
4 characteristics, their qualifications and experience, their hours of work and pay
5 and their perceived employability. The sample was designed to include a
6 majority of full-time workers and, for comparative purposes, a minority of part-
7 timers. In this way, relatively homogenous workplace communities of full-time
8 workers were accessed, since these are likely to play a consistent role in self-
9 definitions of skills and in turnover intentions (Mossholder et al., 2006; Felps et
10 al., 2009).

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24 The resultant sample contains less than 8 percent defining themselves as
25 part-time workers. Part-time work has been identified as a major antecedent of
26 low pay. According to the first report of The National Minimum Wage
27 Commission (1998), part-time workers made up just over half of the low-paid
28 and this remains the case according to the LPC's 2013 report. Our analysis
29 shows no significant differences between full- and part-time workers in any
30 respect other than the obvious one of hours worked.

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42 Our sample shows an approximately equal split between genders with
43 57% women. Educationally, 44% left after compulsory schooling, 36% left
44 after some attendance at college and 20% completed university. The ethnic
45 distribution mirrored service industry labour statistics with White British (17%),
46 White other (25%), Asian British (25%) and Black British (11%) being the
47 predominant groups. The main enterprises (sectors) are restaurants (17%),
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3 hotels (20%), transport (12%), tourism private industry (13%), travel
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5 intermediaries (23%) and the tourism public sector (3%).
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8 Data on pay and hours worked were elicited for respondents' main job,
9
10 other jobs, and total pay and hours worked. This allowed us to check the
11
12 validity of self-reported measures: hours of work and pay were cross checked
13
14 with total hours and income. Mean hourly earnings for all jobs and all hours
15
16 was £6.90, i.e. workers were on the LPC's 'mezzanine floor' in relation to the
17
18 National Minimum Wage rate of £6.08 in August 2012 (internet 1). The mean
19
20 weekly income for all jobs was £250 gross. This is considerably less than
21
22 official national earnings within the accommodation and services sector (£365)
23
24 as well as the median for UK workers of £464 as identified by the Office of
25
26 National Statistics (internet 2) and falls into the bottom quintile of the earnings
27
28 distribution. The average number of weekly hours worked is 36, with a
29
30 relatively low standard deviation of 5.8. 37% of the sample hold multiple jobs.
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32 Those holding multiple jobs mirrored the total sample in other respects.
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42 The single question on "define a better job for yourself" was clearly
43
44 analytically crucial. As Thozur et al. (2007) observe, the notion of a 'better job'
45
46 will allow respondents to delineate horizons and indirectly operationalise
47
48 perceived opportunities. The largest single category, 31%, defined a 'better job'
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50 as one more suitable to the respondent's education and training while 18%
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52 identified career opportunities as characteristic of a better job. Job security
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54 (15%), money (14%) and overtime (8%) were the other key descriptors. The
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3 definition of a better job had behavioural implications: 74% of those defining a
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5 better job as one more suitable to their education and training had left their last
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7 job for one more suitable in that sense; 66% of those choosing more money as
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9 the defining characteristic had left their old job for one with better pay. Chi-
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11 squared tests revealed no significant definitional differences across gender, age
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13 or ethnicity.
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20 21 **Decomposition analysis** 22

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24 To analyse in depth the differentials in employability perceptions across low-
25
26 paid workers we applied a modified Blinder-Oaxaca (Blinder 1973; Oaxaca
27
28 1973) framework. It is important to point out here that while we are using their
29
30 decomposition mechanics we deal with perceptual differentials in employability
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32 rather than with their concern of objectively determined wage differentials. We
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34 therefore employed this well-established method of distinguishing between the
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36 perceived importance of objective (observable) human capital traits and
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38 (unobservable) individual perceptions and interpretations of the labour market
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40 situation from an individual employability viewpoint.
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48 The original Blinder–Oaxaca decomposition method divides the wage
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50 outcome differential between two parts - one “explained” by group differences
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52 in productivity characteristics, such as education or work experience, and
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54 another that cannot be accounted for by (observed) differences in wage
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determinants. This “unexplained” part is often used as a measure of discrimination; in reality, it also subsumes the effects of group differences in unobserved predictors. Let us consider two labour market groups, A and B. To identify the contribution of group differences to the overall outcome difference, we can write:

$$R = \{E(X_A) - E(X_B)\}\beta_B + E(X_B)(\beta_A - \beta_B) + \{E(X_A) - E(X_B)\}(\beta_A - \beta_B) \quad (1)$$

Thus, we have a “threefold” decomposition where the outcome differential R is divided into three components $R = E + C + I$. The first component, $E = \{E(X_A) - E(X_B)\}\beta_B$ amounts to the part of the differential that is due to group (perceived) differences in the observed predictors (the “endowment effect”). The second, $C = E(X_B)(\beta_A - \beta_B)$ measures the contribution of differences in the coefficients (including difference in the intercept). These can be interpreted as differences in valuations or perceptions about the two groups. Third, $I = \{E(X_A) - E(X_B)\}(\beta_A - \beta_B)$ is an interaction term accounting for the fact that (perceived) differences in endowments and coefficients exist simultaneously between the two groups. Here the decomposition is formulated from the viewpoint of group B : the group differences in the predictors are weighted by the coefficients of group B to determine the endowment effect (E). The E component measures the expected change in group B 's mean outcome if group B had group A 's predictor levels. Similarly, for the C component (the “coefficient effect”), the differences in coefficients are weighted by group B 's predictor levels: the C component

measures the expected change in group B 's mean outcome if group B had group A 's coefficients.

One prominent alternative decomposition method stems from the idea of using a non-discriminatory coefficient vector to determine the (perceived) contribution of the differences in the observed predictors. Let β^* be such a non-discriminatory coefficient vector. The outcome difference is then

$$R = \{E(X_A) - E(X_B)\}\beta^* + \{E(X_A)(\beta_A - \beta^*) + E(X_B)(\beta^* - \beta_B)\} \quad (2)$$

We now have a “twofold” decomposition, $R = Q + U$ where the first component, $Q = \{E(X_A) - E(X_B)\}\beta^*$ is the part of the outcome differential that is explained by group differences in the predictors (the “quantity effect”, similar to the endowment effect), and the second component, $U = E(X_A)(\beta_A - \beta^*) + E(X_B)(\beta^* - \beta_B)$ is the unexplained part. The latter is usually attributed to (perceived) discrimination, but it also captures all the potential effects of differences in unobserved variables (individual traits), including expectations of the labour market situation.

The unexplained part in (2) is sometimes further decomposed; U can be expressed as $U = E(X_A)\delta_A - E(X_B)\delta_B$: the unexplained component of the differential can be subdivided into a part, $U_A = E(X_A)\delta_A$ that measures (perceived) discrimination in *favour* of group A and a part, $U_B = -E(X_B)\delta_B$ that quantifies (perceived) discrimination *against* group B . Thus, U_A and U_B have opposite interpretations. A positive value for U_A reflects positive expected

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3 discrimination towards group A ; a positive value for U_B indicates negative
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5 expected discrimination towards group B .
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9 The determination of these components is more involved because an
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11 estimate for the unknown non-discriminatory coefficients vector β^* is needed.
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13 Based on theoretical derivations, Neumark (1988) advocates use of the
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15 coefficients from a pooled regression over both groups as an estimate for β^* .
16
17 Oaxaca and Ransom (1994) and others propose weighting models taking into
18
19 account the relative importance (sizes) of groups compared. An issue with the
20
21 approach used by Neumark (1988) and Oaxaca and Ransom (1994) is that it can
22
23 inappropriately transfer some of the unexplained parts of the differential into the
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25 explained component. To avoid this, we include a group indicator in the pooled
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27 model as an additional covariate.
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38 **4 Results and discussion**

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41 The dependent (outcome) variable is the expected probability of finding a better
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43 job. This is a transformation of the original perceived employability self-
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45 reported categorical variable, comprising three aggregate levels ('will not be
46
47 able to secure better job', 'will find it extremely difficult to secure better job',
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49 and 'will be able to secure better job when searching'). The transformed
50
51 dependent variable is the predicted probability of finding a better job from an
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53 ordered probit regression where the explanatory variables are ethnicity, gender,
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3 human capital characteristics such as age, education, and experience (job tenure,
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5 employment status - full-time or part-time), and industry (sector) controls. An
6
7 indicator of the perceived availability of better jobs is included. The advantages
8
9 of this transformed dependent variable are that (i) it is continuous rather than
10
11 categorical, allowing us to use the OLS estimator; (ii) it represents the perceived
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13 probability which is easy to interpret; and (iii) in the decomposition analysis
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15 that follows the unexplained component represents only the combined effect of
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17 expected discrimination and perceived availability of better jobs.
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24 We start our analysis of perceived employability with summary statistics
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26 describing the dispersion (measured by the standard deviation, SD, and the
27
28 median absolute deviation, MAD) of the dependent variable between and within
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30 groups of interest based on ethnicity, age, and gender. Table 1 shows that the
31
32 mean expected probability of finding a better job is low, ranging between 0.14
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34 (for '21 years old and below') and 0.33 (for 'Pakistani British'). Significantly,
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36 the dispersion (SD) between groups (ranging between 0.01 and 0.05) is much
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38 smaller than the within-group dispersion (ranging between 0.12 and 0.20),
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40 which shows substantial heterogeneity. This test of Hypothesis 1 suggests that
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42 we could find support for it due to the comparability between ethnic, gender,
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44 and age groups; within-group individual heterogeneity is substantial. Different
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46 patterns, driven by within-group heterogeneity, may lead to apparently similar
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48 outcomes.
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3 - Table 1 about here -
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6 Therefore, the Oaxaca-Blinder decomposition illuminates the roles of
7 observable and unobservable factors affecting group perception differentials.
8 Perceived employability is here explained by ethnicity, gender, human capital
9 characteristics, job tenure, employment status and industry controls. Results are
10 presented in Table 2. First, we report the mean predictions of perceived
11 employability, by pairs of groups, and their difference (probability differential).
12 As a reference or comparator group we always use 'White British'. Next, the
13 probability differential is decomposed into two main parts: the explained
14 (endowment) effect, reflecting differences in the observed predictors; and the
15 effect of unobserved traits, including perceptions of discrimination in the labour
16 market and availability of better jobs. It is subdivided into two components (U_A
17 and U_B) measuring perceptions in favour of group A and perceptions against
18 group B respectively. Note that a positive value for U_A implies positive
19 perceptions of group A's labour market outcomes, while a positive value for U_B
20 indicates negative perceptions of group B's.
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45 - Table 2 about here -
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48 Table 2 presents interesting findings. The differentials in perceived
49 employability across ethnicities compared with 'White British' do not appear
50 particularly large; only in two cases ('Pakistani British' and 'Asian other') are
51 they statistically significant at the conventional 5% level. Otherwise, ethnic
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3 group effects on perceived employability exist but are minimal. There is no
4
5 significant differential between men and women as evidenced in the last column
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7 of Table 2. The differentials, although generally statistically insignificant,
8
9 appear positive for several ethnic groups as well as for the gender comparison,
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11 suggesting higher perceived employability than for the respective comparator
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13 group, 'White British'/'Men'. This is consistent with our finding that between-
14
15 group effects are weaker than individual within-group effects. Thus we find
16
17 empirical support for Hypothesis 1 but none for 2 and 3.
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24 Turning to the differential decomposition results, the explained
25
26 (endowment) part is relatively small and statistically significant in only two
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28 cases ('Black other' and 'Mixed other'). Although statistically insignificant at
29
30 the conventional level, the explained part of the differential appears relatively
31
32 large for the 'Black British' and 'Chinese British' groups. Endowment is
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34 positively related to perceived employability in most ethnic groups, since a
35
36 negative effect is only found for 'Black British', 'Mixed British', and 'Mixed
37
38 other' groups. The effect is also negative for 'Women'. The majority of ethnic
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40 groups do not exhibit 'qualification pessimism'; the large group of women does.
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42 This all supports Hypothesis 4 and presents some initial support for Hypothesis
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Gender and tenure differentials appear negative for most ethnic groups.
The full-time employment differential is generally positive, while age and

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3 education differentials are mixed. Only the education differential appears
4
5 positively associated with women's perceived employability. To interpret these
6
7 results in terms of actual contributions of the human capital characteristics
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9 within each group requires information about the signs of the estimated (non-
10
11 discriminatory) coefficients β^* . The signs of interest are reported in parentheses
12
13 after each predictor differential in Table 2. For all samples the coefficients are
14
15 statistically significant, suggesting again the importance of individual effects.
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17 The coefficients of age and education are positive, while those for gender,
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19 tenure in the current job and employment status are negative. General
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21 experience measured by age apparently contributes positively to perceived
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23 employability while specific-job experience measured by tenure has the
24
25 opposite effect. We acknowledge the possibility of reverse causality where low
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27 perceived employability drives full-time employment choices and longer job
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29 tenure.
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40 Compared with 'White British', minority ethnic workers are represented
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42 in the sample by older men, with the exception of 'Pakistani British' and
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44 'Chinese British' who are younger. Ethnic minority workers are less well-
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46 educated than 'White British', with the exception of 'Chinese British' and
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48 'Asian other'. All groups of ethnic minority workers seem to have longer job
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50 tenures, and are more commonly employed part-time, except for workers from
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52 the 'Mixed other' group who are relatively frequently employed full-time.
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3 Interestingly, the women in our sample appear to be younger and better
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5 educated than men with longer tenure in their current job and more frequent
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7 full-time employment.
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11 Our finding that within ethnic groups, women have relatively optimistic
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13 estimates of their employability (despite their qualification pessimism) is
14
15 inconsistent with Ng and Sears' (2010) findings but may also be explained by
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17 one strand of feminist economic theory. This part of the labour market is
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19 viewed by employers and to some extent by women themselves as appropriate
20
21 for women (Cornier and Craypo, 2000; Seguino, 2000). Many have identified
22
23 this as a key disadvantage, in that women are trapped in low-paying sectors
24
25 requiring low qualifications. Men in this sector and especially less-educated
26
27 men (as in our sample) have been shown to have slimmer chances of
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29 employment; women have little difficulty in finding jobs but much in finding
30
31 well-paid jobs (Cornier and Craypo, 2000). The key driver of our finding was
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33 male pessimism, underlining the extent to which men in this part of the labour
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35 market feel 'discouraged'. These findings contradict Hypothesis 5.
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45 The unexplained (perceived discrimination) part provides several
46
47 interesting findings. The total unexplained part is quite large in general but is
48
49 statistically significant for only two groups, 'Pakistani British' and 'Mixed
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51 British' who appear to maintain high expectations of finding a better job
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53 irrespective of their human capital; they have 'qualification optimism'. A
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3 similar though less statistically significant effect is found for ‘Indian British’,
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5 ‘Asian other’, and ‘Mixed other’. ‘Chinese British’ and ‘White other’ appear to
6
7 have negative employability expectations, net of their (human capital)
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9 endowment effect. In their cases, ‘qualification pessimism’ is apparent.
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14 Positive expectations and optimism about the availability of better jobs
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16 are statistically significant in the ‘Black other’ and ‘Mixed other’ groups. The
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18 unexplained part for the comparator group of ‘White British’ presents
19
20 interesting patterns: ‘White British’ appear to have significantly lower
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22 expectations of finding a better job than ‘Pakistani British’, and to a lesser
23
24 extent ‘Indian British’, but appear significantly more optimistic than those in
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26 ‘Black other’.
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33 Overall, our analysis shows that between-group differentials are generally
34
35 statistically insignificant, with the exception of the ‘Pakistani British’ and
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37 ‘Asian other’ groups compared to ‘White British’. Taken together with results
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39 from our univariate analysis this supports Hypothesis 1 and leads us to reject
40
41 Hypotheses 2 and 3. The picture is similar when considering the explained
42
43 (endowment) and unexplained differential components which are also often -
44
45 with notable exceptions - not statistically significant. These findings, together
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47 with other descriptive evidence, suggest that between-group differences are less
48
49 important than within-group variations. This argument is strengthened by the
50
51 fact that individual human capital and job characteristics are significant in the
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3 large majority of the groups compared, thus supporting Hypothesis 4.

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5 Contradicting Hypothesis 5, age, indicating general work experience, and being
6
7 a woman are positively associated with perceived employability. In terms of
8
9 (unexplained) perceived employability ‘Pakistani British’, ‘Mixed British’, and
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11 ‘Women’ hold statistically significant positive expectations net of their human
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13 capital and job characteristics. These findings and the total differential results
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15 lead us to reject the generality of Hypothesis 5 while noting that the results are
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17 driven by men’s low expectations.
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24 In sum, we find overall support for our theoretically-derived hypotheses
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26 regarding the importance of within-group heterogeneity and regarding the
27
28 impact of observed human capital traits on perceived employability.
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31 Hypotheses 1 and 4 find empirical support; 2 and 3 find none; 5 must be
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33 rejected albeit with a note about the unexpected mechanism involved. Results
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35 for our hypotheses regarding between-group differences and unobservable
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37 factors driving perceptions are more ambiguous.
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46 **5 Conclusions**

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48 Our central contributions are threefold. First, and in contrast to much literature,
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50 we show that there is substantial variation *within* ethnic groupings in the extent
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52 to which they anticipate getting a better job. Second, we find that within-group
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54 heterogeneity is generally more important than between-group differences. We
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3 thereby demonstrate the limited significance of ethnicity to perceived
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5 employability and that the treatment of ethnic groupings as homogenous blocs
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7 is therefore inappropriate. Third, we show that most ethnic groups and women
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9 exhibit optimism about their employability, despite women's 'qualification
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11 pessimism'. All of these findings tend to lend support to self-determination
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13 theory. The latter finding is diametrically opposed to that of Ng and Sears
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15 (2010). The difference may originate in the different samples since Ng and
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17 Sears surveyed Canadian students. Our finding lends support to one strand of
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19 feminist economic theory which suggests that women have little difficulty in
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21 finding jobs in sectors seen as 'appropriate' for them.
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29 Our finding of greater within-group individual diversity of employability
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31 perceptions than diversity across groups, adds a subjective dimension to the
32
33 'superdiversity' concept. It suggests that we are dealing with a perceptual
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35 *hyperdiversity* that cannot be predicted by group categorisations alone, however
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37 fine-grained and sensitive they may be. In this respect, generalisations based on
38
39 racial and gender groupings cannot be regarded as anything other than a very
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41 approximate initial guide to individuals' perceptions. The implication is that
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43 official and other agencies acting as labour market intermediaries should not use
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45 them as their sole point of departure in advising them.
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53 Our findings are inconsistent with the uniformity implied by 'dual labour
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55 market' theory. None of our evidence permits rejection of theories based on
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3 ethnic groupings and these results are also interesting. Native ‘White British’
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5 males were not, in their own perceptions, particularly privileged; some ethnic
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7 minorities viewed themselves more positively. Overall, the level of ‘optimism’
8
9 among ethnic minority workers was quite high. By contrast, pessimism in
10
11 relation to their actual endowments was found among three groups, two of
12
13 which held British nationality. This finding supplements those of Wills (2005)
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15 in her examination of the problems involved in organising workers in this sector
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17 in that sanguine evaluations of individual exit possibilities are likely to
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19 undermine union efforts to organise these workers. This helps to contextualise
20
21 recent political moves to encourage employers to adopt the ‘Living Wage’,
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23 which are driven mainly by non-union actors and only sporadically by workers’
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25 self-activity (Wills et.al, 2009a).
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35 It would be useful for future qualitative research to examine further how
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37 ethnicity interacts with age and gender to affect people’s perceptions of their
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39 human capital as part of the wider issue of how structural inequalities such as
40
41 race, gender and age interact to shape how people perceive their lives (Dressel
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43 et al., 1997; Andersen and Hill-Collins, 1998; Browne and Misra, 2003; Mair,
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45 2007). It would also be interesting to examine differences between recent and
46
47 settled migrants, to see if employability perceptions gradually shift. Conceptual
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49 and measurement difficulties have been noted with this type of research (Healy
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3 et al., 2010). Therefore, it requires sensitive qualitative and ethnographic
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5 approaches.
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For Peer Review

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For Peer Review

Table 1 Differences in perceived employability between and within groups

	No of observations	Mean	SD	Median	MAD
By ethnicity, between groups	538	0.24	0.05	0.23	0.05
By ethnicity, within groups					
<i>White British</i>	90	0.28	0.15	0.29	0.12
<i>Asian Indian British</i>	65	0.28	0.18	0.28	0.14
<i>Pakistani British</i>	45	0.33	0.19	0.31	0.14
<i>Chinese British</i>	30	0.29	0.20	0.22	0.16
<i>Black British</i>	59	0.16	0.12	0.13	0.09
<i>Mixed British</i>	20	0.23	0.15	0.23	0.10
<i>White other</i>	132	0.22	0.14	0.20	0.10
<i>Asian other</i>	31	0.16	0.12	0.14	0.09
<i>Black other</i>	24	0.21	0.13	0.23	0.11
<i>Mixed other</i>	42	0.23	0.13	0.26	0.12
By gender, between groups	538	0.24	0.01	0.24	0.02
By gender, within groups					
<i>Men</i>	230	0.22	0.16	0.19	0.12
<i>Women</i>	308	0.25	0.16	0.24	0.13
By age, between groups	538	0.24	0.03	0.21	0.03
By age, within groups					
<i>21 and below</i>	27	0.14	0.13	0.13	0.09
<i>22-25</i>	146	0.23	0.16	0.21	0.12
<i>26-35</i>	159	0.23	0.15	0.20	0.12
<i>36-45</i>	43	0.21	0.15	0.18	0.12
<i>46-55</i>	24	0.24	0.17	0.21	0.12
<i>55-60</i>	75	0.27	0.16	0.24	0.12
<i>61 or above</i>	64	0.30	0.17	0.30	0.14

Note: For each group mean and median are calculated and then for between groups the standard deviation (SD) or the median absolute deviation (MAD) are calculated respectively within the whole sample. Within groups SD and MAD are calculated using all the observations in each respective group.

Table 2 Perceived probability of finding a better job by ethnic group and gender

	Indian British (A)	Pakistani British (A)	Chinese British (A)	Black British (A)	Mixed British (A)	White other (A)	Asian other (A)	Black other (A)	Mixed other (A)	Women (A) Men (B)
<i>I. Differential</i>										
Predicted A	0.290 (0.082)	0.344 (0.061)	0.144 (0.026)	0.172 (0.023)	0.232 (0.010)	0.160 (0.023)	0.282 (0.022)	0.258 (0.050)	0.239 (0.069)	0.310 (0.028)
Predicted B (White British)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.184 (0.035)	0.243 (0.034)
Difference A-B	0.106 (0.088)	0.160 (0.070)	-0.040 (0.044)	-0.012 (0.042)	0.048 (0.037)	-0.024 (0.042)	0.097 (0.042)	0.074 (0.062)	0.055 (0.078)	0.068 (0.044)
<i>II. Decomposition</i>										
Explained total	0.013 (0.014)	0.013 (0.022)	0.033 (0.028)	-0.010 (0.008)	-0.017 (0.018)	0.009 (0.008)	0.023 (0.020)	0.025 (0.013)	-0.035 (0.010)	-0.016 (0.002)
<i>Gender</i>	-0.003 (-) (0.003)	-0.008 (-) (0.003)	-0.024 (-) (0.006)	-0.006 (-) (0.002)	-0.011 (-) (0.005)	-0.010 (-) (0.002)	-0.004 (-) (0.004)	-0.002 (-) (0.000)	-0.017 (-) (0.004)	-
<i>Age</i>	0.002 (+) (0.003)	-0.018 (+) (0.005)	-0.003 (+) (0.004)	0.006 (+) (0.003)	0.009 (+) (0.006)	0.002 (+) (0.002)	0.009 (+) (0.005)	0.014 (+) (0.005)	0.011 (+) (0.003)	-0.009 (+) (0.001)
<i>Education</i>	-0.004 (+) (0.001)	-0.013 (+) (0.003)	0.003 (+) (0.004)	-0.002 (+) (0.001)	-0.002 (+) (0.002)	-0.004 (+) (0.001)	0.009 (+) (0.002)	-0.010 (+) (0.003)	-0.002 (+) (0.002)	0.003 (+) (0.000)
<i>Tenure</i>	-0.017 (-) (0.002)	-0.001 (-) (0.000)	-0.011 (-) (0.002)	-0.010 (-) (0.002)	0.008 (-) (0.002)	0.001 (-) (0.000)	-0.013 (-) (0.003)	-0.010 (-) (0.002)	-0.011 (-) (0.002)	-0.004 (-) (0.000)
<i>Full-time</i>	0.017 (-) (0.002)	0.020 (-) (0.002)	0.040 (-) (0.003)	0.007 (-) (0.001)	0.014 (-) (0.001)	0.004 (-) (0.000)	0.013 (-) (0.001)	0.024 (-) (0.002)	-0.018 (-) (0.001)	-0.008 (-) (0.000)
Unexplained total	0.093 (0.088)	0.147 (0.070)	-0.073 (0.056)	-0.002 (0.044)	0.064 (0.033)	-0.033 (0.042)	0.074 (0.046)	0.049 (0.061)	0.090 (0.079)	0.084 (0.042)
<i>Unexplained A</i>	0.013 (0.062)	0.046 (0.053)	-0.063 (0.040)	0.043 (0.031)	0.052 (0.046)	-0.024 (0.018)	0.099 (0.072)	0.157 (0.063)	0.144 (0.071)	0.016 (0.016)
<i>Unexplained B</i>	0.080 (0.067)	0.101 (0.048)	-0.010 (0.029)	-0.045 (0.031)	0.012 (0.032)	-0.009 (0.035)	-0.024 (0.061)	-0.107 (0.026)	-0.054 (0.041)	0.068 (0.030)
Number of observations	65	45	30	59	20	132	31	24	42	308 (Women)

Note: Figures in bold indicate 5% significance level. Total number of observations is 538; in the 'White British' group it is 90. Controls for subsector and ethnicity (only in the gender comparison analysis) are included in all regressions; their effects and the ones reported add exactly to the 'Explained total'.

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For Peer Review