

# Is the Public Sector Declining as an Occupational Niche for African American Women? An Analysis of Wages in Privileged Employment

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## Abstract

We maintain that a subtle and hitherto unrecognized form of racial inequality at the privileged occupational level is emerging. “New governance” reform, a rapidly encroaching form of privatization which has altered conditions of work and the status of workers is causing African American women to lose the public sector as the long-standing “occupational niche” in managerial and professional employment. Findings from Integrated Public Use Micro-Series data indicate that—in the context of wages—the new “business logic” characterized most importantly by enhanced managerial discretion, has progressively disadvantaged African American women, relative, White gender counterparts. Specifically, relative parity in wages achieved in the public sector, compared to the private sector in 1996 period progressively eroded across two time points, 2003 and 2010 because of widening racial gaps in the public sector. Further, niche status varies across occupational categories: wage gaps widen more in managerial than in professional positions. We discuss prospects for the public sector to remain an occupational niche for African American women in privileged employment and call for more research on racial stratification in the public sector.

## Keywords

Race, Wages, Employment, Women, Occupations

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## 1. Introduction

The paucity of analyses of racial stratification in the public sector over recent

decades has come at a cost: it continues to be treated as monolithic, exhibiting little historical change (Landry & Marsh, 2011; Wilson, Roscigno, & Huffman 2013). For example, the public sector in the post-1965 civil rights era continues to be characterized as an “occupational niche” for African American women (Landry & Marsh, 2011; Model, 1985). In particular, within this disadvantaged gender category, the public sector at both state and federal levels is the location in the U.S. labor market where African American women, relative to White gender counterparts, have achieved relative parity in access to, and socioeconomic rewards within, privileged managerial and professional occupations (Waldinger, 1996; Wilson, 2006; Model, 1985). In fact, Landry & Marsh (2011: p. 117) recently captured the sentiment of sociologists about the status of the public sector: “across the civil rights era, government employment has compensated for deep-rooted private sector discrimination regarding privileged occupations and served to build a stable and prosperous African American middle class whose favorable socioeconomic prospects extend across generations.”

This conclusion—for several decades—was supported by a substantial amount of evidence. The *Glass Ceiling Commission* (1995), found, for example, that across the 1970’s and 1980’s African American women were promoted into census-based Managerial and Professional occupational categories at a higher rate than White women in the public sector while being approximately two-thirds as likely to be promoted in the private sector. Further, findings document that from the 1980’s through the mid 1990’s African American women were almost as successful as White women in retaining managerial positions in the public sector while being approximately two times as likely to lose them as Whites in the private sector (Jaynes & Williams, 1989; Wilson, 2006). Finally, studies have found that across an approximately twenty-year span from the early 1970s, African American managers and professionals more closely resembled Whites in the public than the private sector in terms of earnings “returns” to human capital investments such as education and workforce experience (Elliot & Smith, 2001; Farley, 2005; Tomaskovic-Devey & Stainback, 2007).

Nevertheless, sociologists recognize that occupational niches of racial minorities are historically contingent and subject to historical change based on a variety of sociopolitical factors (Model, 1985; Waldinger, 1996). Accordingly, we now believe the status of the public sector as an occupational niche for African American women in privileged employment may be on the wane and, in fact, race-based stratification dynamics in this sector constitute a new, subtle and rapidly advancing form of racial disadvantage. Our belief, overall, is based on rapidly accelerating “new governance” reform of civil service work (Kamarck, 2007: p. 131). Steadily gaining momentum in the last decade and-a-half, new governance alters the nature of employment from a “public service” to a “business model” and replicates stratification-relevant aspects of the workplace that have historically been the basis of minority disadvantage in the private sector (Kamarck, 2007; Wilson, 2006). Specifically, new governance is rooted in the logic of “privatization”, and, most importantly, increases on-site managerial dis-

cretion which is associated with broader changes wrought by this reform, namely, making government more efficient and flexible by reducing its size, de-bureaucratizing employment-based rule and regulations and reducing traditional worker employment rights (Kamarck, 2007; Morgan & Cook, 2014; Wilson, Roscigno, & Huffman, 2013).

Despite its increasing adoption, however, empirical assessments of the impact of new governance reform on the status of the public sector as a niche for African American women in privileged occupations is—to the best of our knowledge—non-existent (two studies, by Wilson, Roscigno, & Huffman, 2015, 2013 find that new governance is causing African American men to lose the public sector as a niche along two outcomes, wages and ability to retain white collar jobs). This study fills this void, utilizing data from the Public Use Micro-Series (IPUMS) and using as its conceptual thrust mechanisms that drive racial stratification in the private labor market to examine African American/White differences among women in managerial and professional employment along one outcome—wages—in the public sector, relative to the private sector, at three time points, 1996 (representing the “pre-reform” period), 2003 (representing the “early reform” period) and 2010 (representing the “later reform” period). Overall, this study should shed light on the evolving standing of the public sector as a favorable location in the labor market for African American women in privileged employment and concomitantly yield significant insights into racial stratification in the contemporary American labor market.

## 2. The Public Sector Workplace

### 2.1. Pre-New Governance

Across several decades of the post-1965 civil rights era “the public service model of government employment has a crucial underpinning for establishing relative racial parity in socioeconomic rewards in managerial and professional occupations” (Wilson, 2006: p. 255). Based on a “career system” (Bowman & West, 2007; Light, 1999) of employment—which is rooted in a decades-old notion of government work as contributing to the “public good” (Kamarck, 2007)—applied at its height around 1995 to a majority of the over 18 million full-time public sector employees at the federal and state levels in the U.S. (Morgan & Cook, 2014; Kamarck, 2007). Accordingly, employees receive an employment package encompassing favorable status and employment protections in exchange for their service. Specifically, the workplace environment is governed by centralized decision-making and formal bureaucratic procedures in determining stratification aspects of work—such as wages (Bowman & West, 2007). Accordingly, stratification-based decisions are made jointly by on-site managers with administrators, who are entrusted to be equitable in the treatment of employees (Kamarck, 2007; Lawthler, 2003). Finally, workers are designated as “classified” so they have “property rights” in their jobs, which and provides relatively elaborate equal employment opportunity laws to contest the decisions of employers regarding, for example, hiring, promotion, firing and wages

and restricts worker termination to “just cause” reasons (Bowman & West, 2007).

## 2.2. New Governance

Beginning in the late 1990’s and accelerating since, new governance has altered the status of government workers and their conditions of work. The “reinventing government” movement is a manifestation of the rise of neo-liberal economic sentiment in national political discourse that emphasizes the importance of open markets and minimal government involvement in regulating economic activity (Bowman & West, 2007; Kamarck, 2007).<sup>1</sup> New governance, overall, is predicated on the logic of “bottom line” financial principles and places a premium on increasing performance, efficiency, and results (Bowman & West, 2007; Light, 1999). Accordingly, public sector work became more avowedly incentive-laden, which is perceived as enhancing productivity and increasing the flexibility of managers to make efficiency mandated personnel adjustments at a time when a more fluid public sector is perceived as a response to the rapid pace of social change (Bowman & West, 2007; Wilson, 2006).

Significantly, this business model is associated with a form of work organization that is widely thought to have been detrimental historically to the stratification-based outcomes of minorities in the private sector (Stainback & Tomaskovic-Devey, 2012; Kamarck, 2007). Specifically, a hallmark of new governance is the “career status” system of employment, which designates employees as “declassified”. In this system, decentralization supplants a highly bureaucratized work environment so that on-site discretion of managers increasingly determine stratification aspects of work (Bowman & West, 2007; Lawthler, 2003). In this vein, discretion is manifest, for example, in on-site managers’ making reward-relevant decisions in an increasingly unilaterally manner with minimal administrative oversight as well as structuring conditions of work, e.g. task/unit assignments, that may, impact on stratification outcomes, such as when forms of segregation are created (Dobbin, 2009; Wilson, 2006).<sup>2</sup>

<sup>1</sup>Wholesale and explicit attacks on public sector unions fall under a different range of state level dynamics, most explicitly—and with considerable national notoriety—in states such as Ohio and Wisconsin in recent years where gubernatorial candidates and governors explicitly vowed to restrict union power and influence, with respect to, for example, right to collectively bargain, contributions to pensions and health insurance plans, right to strike, and, opportunities to opt out of unions, with the justification that unions are financially a drain at a time of fiscal crisis that necessitates significant budget reductions (Bowman & West, 2007).

<sup>2</sup>We recognize—in accordance with sociology research—that bureaucratic or formalization of employment practices is not always synonymous with the elimination or reduction of racial inequality. A developing literature indicates that the stratification-relevant consequences of formalization is not the presence or absence of bureaucratic rules but rather the underlying logic that promotes formalization (Stainback & Tomaskovic-Devey, 2012; Roscigno, 2007). Bureaucratization is fundamentally a system of control and coordination. In most workplaces, the core goals of bureaucratization are to enhance efficiency of the organization or the power of organizational leaders, but not always addressing issues or racial inequality. These are secondary goals stemming from the efforts of some constituency who have enough influence to effectuate such ends. All-told, the underlying “cultural” logic and long-standing historical commitment to address issues of racial inequity, we believed, translates into developing and implementing bureaucratic and organizational rules toward “civil rights ends” (Stainback & Tomaskovic-Devey, 2012) a first priority.

**Table 1** documents the extent to which three major aspects of new governance—the movement toward “declassified” employment status, the expansion of “at-will” employment status, and the reduction of grievable employment issues—have been adopted across all states at each of three periods, the “pre-reform” (1996), the “early reform” (2003) and the “later reform” (2010).

This table captures the accelerating adoption of new governance: for the time point (1996) representing the pre-reform period, only 3 states had adopted any of the three aspects of new governance. By 2003—the time point representing the early reform period—12 states had adopted aspects of new governance, and, by 2010, the time point representing the later reform period 41 states had adopted aspects of it. Further, this table indicates that the expansion of at-will employment was the most frequently adopted aspect of new governance: across all three time periods, at least two-thirds of the states adopting new governance had altered employment status to at-will while the reduction of grievable procedures was the least adopted aspect of new governance across the three reform periods. Finally, noteworthy is that by 2008 five of the six largest federal government agencies had implemented aspects of new governance and President George Bush gained congressional approval to use new governance as a template for all future federal government hires (Morgan & Cook, 2014).

### 3. New Governance and Racial Wage Gaps

New governance has altered the social organization of work so that it resembles the private sector which has historically been far less generous to African American women. Accordingly, we expect its increasing adoption to result in growing racial differences in wages in the public sector. A distillation of sociological research analyzing either race with no gender-specific component or among women specifically captures the dynamics of African American/White inequality in the allocation of socioeconomic rewards, such as wages at the managerial and professional levels in the private sector; this literature is the basis for predicting that broadening gaps should become increasingly normative in the public sector during the “new governance era” (e.g. Roscigno, 2007; Roscigno & Wilson, 2014; Collins, 1997; Feagin & McKinney, 2003; Fernandez, 1981; Dobbin, 2009; Wilson & Roscigno, 2010; Smith, 2005, Elliot & Smith, 2001; Tomaskovic-Devey & Stainback, 2007).

This research identifies range of race-based stratification decision-making of

**Table 1.** Timing and Structure of Adoption of New Governance.

Year	Number of States Adopted	Expanded Declassified Status	Expanded At-Will	Reduced Grievance Issues
1996	3	1	2	1
2003	26	15	17	12
2010	41	27	34	23

Sources: Morgan & Cook (2014).

employers as determinative in these privileged occupational categories. Along these lines, studies first maintain that the employment practices cannot be understood apart from the organizational environment in which they are embedded. First, employers are “active agents” (Roscigno, 2007), having latitude in making decisions (Stainback & Tomaskovic-Devey, 2012). Second, employers act in a workplace governed by an avowed ideology of meritocracy: stratification-relevant decisions are consonant with “modern prejudice” (Pettigrew & Martin, 1987; Pettigrew, 1985), that is, inequality in wages is rooted in practices that are institutional, situational, and ostensibly non-racial in nature. For example, employers’ decisions made in the interest of perceived “business necessity” such as maintaining a stable and productive workforce and a steady customer/client base (Wilson, Sakura-Lemessy, & West, 1999), as well as workplace contexts that give rise to forms of unconscious bias, including cognitive distortions inherent in “attribution bias” (Pettigrew & Martin, 1987) and “statistical discrimination” (Tomaskovic-Devey & Skaggs, 1999) render African American women, relative to White women, vulnerable to unfavorable socioeconomic outcomes in the absence of the blatant discriminatory intent associated with traditional “jim crow” racism.

Significantly, several studies within this line of research identify a crucial institutional factor that underlies discrimination results at the privileged occupational level, namely, the tendency of minorities to be susceptible to unfavorable performance evaluations. Specifically, African American women have difficulty demonstrating the range of informal or “particularistic” (Kluegel, 1978) characteristics such as loyalty, trustworthiness and perceived leadership potential that underlie employers’ decision making on outcomes such as wages. For example, Braddock & McPartland (1987) and Wilson (1997) argue that allocating minorities to racially delineated work/task groups as well as the segregated operation of traineeship and internship programs at the privileged level produces susceptibility to attribution bias, i.e., being evaluated on selective bases that reaffirm negative stereotypes about their suitability for, and productivity at, work. Further, Pettigrew & Martin (1987) maintain that restricting the exercise of “span of control” (number of subordinates) and “span of responsibility” (range of subordinate functions, e.g., hiring, firing, say over pay and promotion) dimensions of job authority among African American managers/supervisors to segregated spheres, i.e., over co-racial group members, leaves them prone to “information bias”, a form of statistical discrimination in which demonstrated performance and formal credentialing are viewed as less credible than those of Whites. Finally, several authors—including Cox & Nkomo (1990), Elliot & Smith (2001), and Fernandez (1981)—maintain that when not segregated, the tendency to subordinate African American managers/executives to Whites in authority hierarchies limit opportunities to demonstrate the positive informal characteristics emerging, for example, when “taking the lead” and initiating solutions to workplace-based issues.

Overall, sociological research that addresses racial inequality in the private sector in combination with the substance of new governance reform over the last two decades provides a solid foundation for predicting that, in the context of wages, the public sector should be progressively declining as the occupational niche for African American women in managerial and professional employment. Specifically, increasing managerial discretion—in terms of “bottom line” decision-making, which is associated with new-governance induced changing organization of work and status of workers—should result in the progressive widening of racial gaps among African Americans, relative to Whites, and, as such, increasingly resemble gaps in the historically less minority-friendly private sector.

### **A Caveat to Theory**

A synthesis of two lines of sociological research lead us to believe that niche status—which results in relative racial equity—should be more probable for African American women in professional than managerial positions. A first line of research establishes that accumulating advanced human capital credentials, a pre-requisite for professional status (Leicht & Fennell, 2001) and to a lesser degree professional employment, has a relatively robust stratification leveling effect across racial groups (Wilson, Roscigno, & Huffman, 2013). A second line of research focuses on the race-based mechanisms of “social closure” (Weber, 1968) that restrict African American women to upper-level authority positions where potential exists to effectuate personnel and firm policies (Wilson, Roscigno, & Huffman, 2013; Elliot & Smith, 2001; Smith, 2005). In particular, this research documents the vastly inferior reward trajectories for African Americans across the work-career pursuant to “racialized authority attainment” (Wilson, 1997): the consignment of African Americans as subordinates to Whites in managerial hierarchies and their allocation to racialized managerial slots—characterized by supervising only co-racial group workers (Elliot & Smith, 2001)—exerts a decidedly negative stratification impact on African Americans (Smith, 2005).

## **4. Data and Measures**

We analyze racial wage gaps among women in privileged employment utilizing the Public Use Micro-Series data (and a sub-set of this data, the American Community Survey) across three time points relevant to assign the impact of new governance, namely, the “pre-reform” (1996), “early reform” (2003) and “later reform” (2010) periods. The IPUMS is a project devoted to collecting and harmonizing U.S. Census Data across time periods and the 5% samples that constitute its core are nationally representative across U.S. households (Ruggles 2010). During each period African American and White workers between the ages of 18 and 60 were included in the sample if they worked full-time in a non-self-employed capacity within the “Managerial Specialty”, e.g., Administrative Services, Managers, Chief Operating Officers or “Professional Specialty”, e.g. Architect, Engineers, Lawyers, Physicians categories as their “usual” job. We also

excluded individuals who worked for the “local” government as the social science literature on new governance has focused on its incidence and its operation at the federal and state levels. The application of these criteria resulted in a sample size of **485,196** in the pre-reform period (Public Sector: African Americans—14,377; Whites—75,248; Private Sector: African Americans—46,092; Whites—275,591; **463,333** in the early-reform period, (Public Sector: African Americans—11,583; Whites—62,149 Private Sector: African Americans—42,394; Whites—275,797; **470,206** in the later reform period, (Public Sector: African Americans—10,691; Whites—43,457; Private Sector: African Americans—48,762; Whites—288,694.

**Dependent Variable:** The dependent variable in this study, hourly wages, is calculated as the wages earned in sample respondents’ “usual” managerial or professional occupation. The effect of inflation on wages was removed by multiplying the measure by the Consumer Price Index, producing an hourly wage variable expressed in constant 2010 dollars.

**Race and Sector Variables:** In separate equations, race is coded as 1 for African American and 0 for White. Sector is coded as 1 = public, 0 = private.

**Control Variables:**

**Human Capital Credentials:** The influence of several human capital credentials is controlled. The first is level of educational attainment, represented by two dummy variables: “college degree,” and “post-college degree.” Respondents with a high school degree or less serve as the reference category.<sup>3</sup> Second, because a worker’s physical capacity is treated as a human capital characteristic (Becker, 1964), respondents who said they had “health problems that limited their capacity to work” were coded 1 and all others were coded 0. Third, job commitment is measured by the number of absences from work in the previous year. We reversed coded this indicator so that higher scores reflect greater job commitment. Fourth, job tenure is the amount of time spent with present employer.

**Job/Labor Market Characteristics:** Several job/labor-market characteristics are included as controls. First, union status of job is measured by 1 = yes, 0 = no. Second, within the privileged occupational structure, differentiation is drawn between privileged occupational categories with Professional and Skilled/Technical positions coded as 1 and Professionals as 0. Third, we separate federal (coded as 1) from the state level (coded as 0) in analyses.

**Family/Household:** Several family/household variables are controlled. First, we control for marital status (1 = married, 0 = unmarried) as marriage has a documented positive impact on earnings (Ahituv & Lerman, 2007) Second, controlled is the number of children in a household (coded as number of children) as their presence tends to be positively related to earnings (Ahituv & Lerman, 2007).

**Sociodemographic:** Based on its unique—and relatively negative—historic track record regarding inter-group relations (Jaynes & Williams, 1989; Farley & Allen, 1987) and the distribution of socioeconomic resources across racial

<sup>3</sup>Also ran were regressions with education coded as a continuous variable. Results were consistent with those reached in which education was coded as a series of dummy variables shown in **Table 3**.



groups (Farley, 2005; Jaynes & Williams, 1987), we enter the South as a dummy variable, relative to other regions in the U.S. In addition, age (years) is included as a control.

Finally, in this study sampling weights are used for the production of point estimates of population parameters. These weights serve to ensure representativeness across cohorts as well as across sectors, thereby precluding the possibility that findings were driven by compositional differences in the PSID sample. Overall, the sampling weights were utilized in all analyses, including, the ordinary least squares (OLS) regression analyses, the multivariate technique of choice. In particular, across each of the time points representing the three time periods, OLS models—separately by economic sector—are constructed on a minority-specific basis, that is, among African Americans relative to Whites.

## 5. Results

### 5.1. Descriptives

**Table 2** reports means and standard deviations for the racial gap in hourly wages among African American and White women in the public and private sector during the pre-reform, early reform and later reform periods with wages being presented in unlogged form (the Appendix reports descriptive statistics for variables in the statistical model).<sup>4</sup>

Results indicate that the relative parity in hourly wages achieved by African Americans in the public sector—when compared to the private sector—during the pre-reform period, was progressively reduced in the early reform and later reform periods, primarily because of the widening gap in wages in the public sector. Along these lines, the gap in hourly wages favoring Whites over African Americans in the public sector is \$0.85 (not significant) in the pre-reform period, expands to \$1.78 ( $P < .05$ ) in the early reform period and expands further to \$2.93 ( $P < .01$ ) in the later reform period. Additionally, the hourly wage gap favoring Whites over African Americans in the private sector is moderate ( $P < .01$ ) and stable across all three periods. Specifically, the racial gap favoring Whites is \$3.07 in the pre-reform period, \$3.13 in the early reform period and \$3.12 in the later reform period.<sup>5</sup>

### 5.2. Multivariate Analyses

#### 5.2.1. Basic Findings

**Table 3** reports the results for OLS wage models among African American

<sup>4</sup>All analyses were re-estimated without using the IPUMS weights. Results were similar to those reported in this study. Further, a parallel set of all analyses were performed in which the dependent variable—wages—assumed a natural logarithmic transformation. In all cases, results were consistent with those reported in this study.

<sup>5</sup>Efforts were undertaken to ensure that findings were not a product of changing population composition. In particular, it is established that levels of socioeconomic inequality across racial groups are lower early in work-careers (Stainback & Tomaskovic-Devey, 2012). This does not appear to drive the findings in this study: there are no statistically significant differences—in either public or private sectors—within racial groups in mean wages across any of the three time periods.

**Table 2.** Means and Standard Deviations for Hourly Wages (In Real Dollars).

Early Reform					
Public			Private		
Afr. Am.	White	Diff.	Afr. Am.	White	Diff.
\$13.81	\$15.03	\$1.78*	\$12.28	\$15.15	\$3.13**
(-2.66)	(-2.04)	(-2.32)	(-2.86)	(-2.43)	(-2.25)
Later Reform					
Public			Private		
Afr. Am.	White	Diff.	Afr. Am.	White	Diff.
\$12.90	\$14.87	\$2.93**	\$12.10	\$15.22	\$3.12**
(-2.8)	(-2.21)	(-2.22)	(-2.09)	(-2.05)	(-2.11)

Note: \*p < 0.05; \*\*p < 0.01; standard deviations in parentheses.

women vis-à-vis Whites at the four time points reflecting, respectively, the pre-reform, early reform and later reform periods across economic sectors. In terms of interpretation, in each period, the coefficient of the race dummy variable is the estimate of the race gap in the private sector. Thus, it constitutes the penalty for being African American in the private sector. The race gap in the public sector is equal to the sum of the race coefficient and the coefficient of the interaction term, race x sector. This interaction term, thus, represents the “boost” that African Americans receive for working in the public sector, relative to the private sector.<sup>6</sup>

Results indicate that the relative parity in wages achieved by African American women in the public sector, compared to the private sector, during the pre-reform period was progressively reduced across the early reform, middle reform, and later reform periods because of the widening gaps in wages in the public sector.<sup>7</sup> Specifically, in the pre-reform period, African Americans, relative

<sup>6</sup>We undertook efforts to address sample selectivity bias. In particular, we were concerned with the possibility that civil rights laws and more equitable treatment have caused highly skilled African Americans to gravitate toward the private sector during the early reform and later reform periods. Based on additional analyses there appears to be no evidence of this kind of selection bias build into the sample. In particular, t-tests for differences between African Americans and Whites in skill levels—indexed by level of educational attainment—were not significant in either the pre-reform, early reform, or later reform periods. In addition, the proportion of African Americans with “post-college” education (approximately 30 percent) was identical at all three time points examined.

<sup>7</sup>The findings reached here appear to be—at most—indirectly related to union dynamics in the public sector. Along these lines, we were concerned that declining union membership associated with new governance, particularly among African Americans and Latinos, relative to Whites, could explain their declining relative fortunes regarding hourly wages. However, rates of unionization among all three racial groups were altered in a roughly equivalent manner across time periods (about 7 percent in the early reform period and 12 percent by the end of the later reform period) so that findings are not explained, for example, by Whites’ increasing monopolization of union jobs. If a union effect is operating, we suspect it is because of the disproportionate consequence of new governance across racial groups along one of its tenets—the availability of grievance procedures employees can utilize. Through collective bargaining public sector union have a “say” in determining the number of available grievance procedures: pursuant to the adoption of new governance, minorities, the reduction of opportunities to resort to grievance procedures may have a particularly negative impact on minorities who are more likely to resort to them than Whites (Stainback & Tomaskovic-Devey, 2012).

**Table 3.** OLS Regressions for Hourly Wages: African Americans Relative to Whites in Managerial and Professional Occupations

	Pre-Reform		Early Reform		Later Reform	
	(b)	(se)	(b)	(se)	(b)	(se)
Ascriptive						
Race	\$-2.63**	0.096	\$-2.23**	0.09	\$-2.51**	0.089
Sector						
Public	\$-0.35	0.027	\$-1.30*	0.092	\$-2.30**	0.078
Interaction						
African American * Sector	\$2.31**	0.075	\$1.43*	0.074	\$0.20	0.044
Human Capital						
Post College	\$0.93	0.062	\$1.10	0.059	\$1.22*	0.055
College	\$1.33*	0.064	\$1.10	0.056	\$0.75	0.043
Health Limitation	\$0.33	0.028	\$1.74*	0.074	\$0.77	0.045
Family/Household						
Married	\$-0.45	0.046	\$1.10	0.051	\$1.132*	0.055
# of Children	\$0.071	0.045	\$0.33	0.024	\$0.22	0.012
Job/Labor Market						
Union	\$0.67	0.042	\$0.52	0.045	\$1.03	0.063
Professional	\$0.72	0.053	\$1.84**	0.077	\$0.30	0.02
Skilled/Technical	\$0.041	0.021	\$0.034	0.021	\$1.46*	0.072
Federal	\$0.74	0.062	\$1.06	0.051	\$0.90	0.067
Region and Sociod.						
Region	\$1.28*	0.066	\$1.53*	0.061	\$1.08	0.07
Age	\$1.12	0.071	\$1.53*	0.073	\$0.73	0.045
Adj. R <sup>2</sup>	31.6		34.8		33.6	

Note: \*p < 0.05; \*\*p < 0.01.

to Whites, were moderately disadvantaged in the private sector in earnings attainment ( $b = \$-2.63$ ,  $P < .01$ ) while during the same period, African Americans received a moderate public sector “boost” in earnings ( $b = 2.34$ ,  $P < .01$ ), resulting in a statistically insignificant disadvantage in earnings in the public sector ( $b = \$-0.35$ ). In the early reform period, African Americans—similar to the pre-reform period—were moderately disadvantaged in the private sector in earnings attainment ( $b = \$-2.25$ ,  $P < .01$ ). However, African Americans, in the early reform period, experienced a heightening of earnings inequality in the public sector: they received a modest statistical “boost” in the public sector ( $\$1.43$ ), resulting in a modest level of disadvantage in the public sector ( $b = \$-1.30$ ,  $P < .05$ ). Finally, in the later reform period—similar to earlier periods—African Americans were moderately disadvantaged in the private sector

in wage attainment ( $b = \$-2.51$ ,  $P < .01$ ). However, in this period they experienced continuing wage inequality in the public sector: they received a statistically non-significant boost in the public sector, resulting in a moderate level of disadvantage in the public sector ( $b = \$-2.30$ ,  $P < .01$ ).<sup>8</sup>

### 5.2.2. Identifying the Role of New Governance

In addition, we undertake additional multivariate analyses to more directly assess whether increasing racial earnings gaps in the public sector are driven by new governance reforms. Specifically, we disaggregated the public sector sample, assessing—up to the point of time examined—whether respondent is working in a state or federal agency that had adopted at least two of three aspects (expansion of at-will status, expansion of declassified status, and reduced grievance procedures) of new governance (“<1 aspect adopted”), or, one aspect adopted (“1 aspect adopted”). Specifically, two or more aspects adopted (coded 1) and 1 aspect adopted is dummies with no adoption of new governance being the reference category (coded 0).

Findings from **Table 4** indicate that when all factors in the statistical model are controlled, across all four time periods examined, working in a state or federal agency served to: (1) increase the racial wage gap, and (2) increase the gap in a more robust fashion in states and agencies that have adopted at least two aspects of new governance than those adopting one aspect.

Specifically, the racial gap among women when at least two aspects of new governance are adopted varies across the three time periods between \$2411 and \$2476; when one aspect of new governance is adopted the racial gap across time periods varies between \$1418 and \$1553.

### 5.2.3. Differences between Managerial and Professional Occupations

**Figure 1** reports results of wage models among African Americans, relative to Whites, separately in Managerial and Professional occupations controlling for all variables in the statistical model.

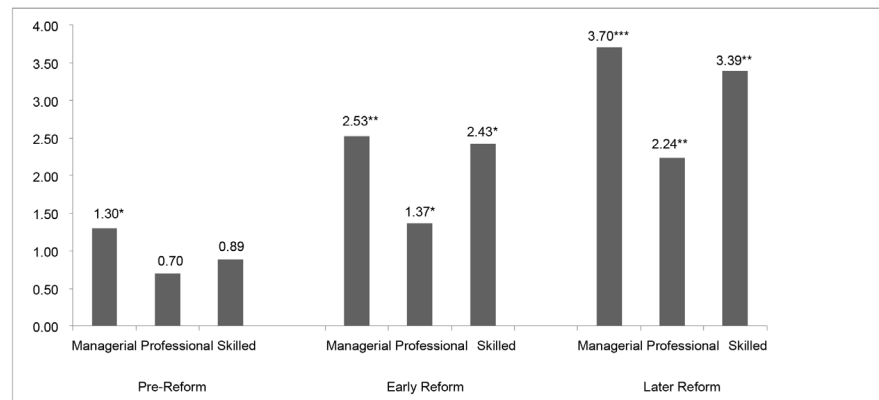
As hypothesized, pursuant to new governance reform, racial gaps in wages among African Americans, relative to Whites, increases more in managerial than

**Table 4.** Racial wage gap in earnings from aspects of new governance adopted.

	Pre-Reform	Early Reform	Later Reform
# of Aspects adopted			
<1 Aspect	\$2411**	\$3424**	\$2476**
1 Aspect	\$1533*	\$1423*	\$1418*

\*\*P.01, \*P < .05.

<sup>8</sup>We also investigated a “distributions” approach to the analysis of the racial wage gaps, that is, breaking the IPUMS sample into quartiles, quintiles and terciles to assess whether the gap in wages in the public sector varied across levels of the income distribution. Findings indicate that the wage gaps were consistent with those reported in this study when analyzed by thirds, fourths, and fifths across the income distribution. Findings are available upon request.



**Figure 1.** Racial Gap in Wages for African Americans in Managerial and Professional Occupations: Public Sector. Note: \* $p < 0.05$ ; \*\* $p < 0.01$ ; \*\*\* $p < 0.001$ .

professional occupations. Specifically, among managers, the racial gap favoring Whites over African Americans in the public sector evolves from modest (\$1.21,  $P < .05$ ) in the pre-reform period to moderate (\$2.41,  $P < 0.1$ ) in the early reform period to robust (\$ 3.43,  $P < .001$ ) in the later reform period. Among professionals, the racial wage gap favoring Whites over African Americans evolves from non-significant in the pre-reform period to modest (\$1.30,  $P < .05$ ) in the early reform period to moderate (\$2.90,  $P < .01$ ) in the late reform period.

## 6. Discussion and Conclusion

Findings from IPUMS data signal that—in the context of wages there is a subtle, emerging and generally, unrecognized aspect of racial stratification operating at the sectoral level, namely, the waning of the public sector as the long-standing economic niche for African American women in privileged employment. Along these lines, new governance-induced managerial discretion associated with both changing work conditions and status of workers that structures stratification outcomes has disadvantaged African Americans. Similar to long-standing practices in the private sector, discretion is associated with allocation of African American women into segregated work tasks/roles and their subordination to White women in authority hierarchies which translates into difficulty communicating to on-site decision-makers evaluation relevant performance and personalistic criteria. Accordingly, relative parity between African American and White women in wages earned in the public sector, compared to the private sector, during the pre-reform period (1996), progressively eroded during the early reform (2003) and later reform (2010) periods because of widening racial gaps in the public sector.

In addition, findings indicate an additional racial cleavage of interest—the pattern of progressively increasing racial inequities in the public sector wages varies across occupational categories. As hypothesized, niche status remains the most intact for incumbents in professional positions than those in managerial positions. We attribute this finding to the influence of two factors: 1) the racia-

lized closure effects attendant to achieving job authority which often results in the relegation of African American women managers to reward-depreciating subordination to whites in status hierarchies and racialized/segregated managerial tasks, and, 2) the relative robust stratification leveling effect of achieving professional positions that require, for example, the acquisition of formal human capital credentials.

Overall, it is crucial to set forth policy recommendations to counter these racialized dynamics operating at the privileged occupational level. As such, we call for policy that balances the thrust of new governance, i.e., its “business model” orientation with the need to achieve racial equity in socioeconomic outcomes such as wages. Important in reaching this compromise, we believe, is providing African Americans with opportunities to contest managerial discretion in employment practices. Indeed, sociological research documents that the negative race-based impact of discretionary practices are blunted if minority workers can resort to a formal grievance procedure that allows for formal counsel (Dobbin, 2009; Kalev & Dobbin, 2006). Incorporating this procedural safeguard in the workplace as well as mandating that there be more flexible work-group boundaries increases the exposure of minorities—and their work product—to a greater range of decision-makers and co-workers as well as facilitates integrated social networks (Kalev, 2014, 2009). Finally, firms should make a commitment to establishing minority leaders at all career stages in integrated work settings: restricting African Americans to supervising co-racial group members constitutes a form of segregation that transforms authority attainment, a traditional basis of socioeconomic advantage and workplace influence, into a source of socioeconomic marginality with limited opportunities to effectuate workplace policy and direction (Kalev & Dobbin, 2006; Tomaskovic-Devey & Stainback, 2007).

The findings from this study do not auger well for African American women: the new governance movement appears to be “here to stay”, at least in the near future, as it continues to garner politically bi-partisan support. Both major political parties, in fact, appear equally and deeply committed to the implementation of new governance (Kamarck, 2007; Ingraham, Seldon, & Moynihan, 2000). Democratic policy makers, for example, have been among the most outspoken advocates of strategies designed to make government more efficient through decentralizing authority and focusing more on results and less on rules (Kamarck, 2007). Indeed, new governance strategies already implemented have likely laid the foundation for a series of long-term wage disadvantages among African American women in privileged occupations. For example, African Americans will continue to be handicapped as they have relatively few alternative locations in the American labor market to achieve more favorable earnings, and, their relatively negligible accumulation of wealth makes it uniquely difficult to compensate for wage-based hardship (Oliver & Shapiro, 1995). Further, declining access to resources wrought by new governance likely threatens the decades-old ability of African Americans in the public sector to accumulate the financial means to

blunt discrimination and provide for the orderly transmission of privileged economic status on an inter-generational basis, a stratification phenomenon that has become a hallmark of the public sector for minorities (Landry & Marsh, 2011; Hout, 1984).

Finally, it is crucial to point out that this study should sensitize sociologists to the status of the public sector—similar to the private sector—as a fluid and volatile locus of racial stratification. Indeed, similar to the private sector, racial stratification—at least at the privileged occupational level—in government work emerges as fluid and volatile rather than static and monolithic. In fact, new governance reform represents only a recent example of this fluid nature: other and, arguably, less conspicuous examples are rooted in, for example, changing political ideology and legal doctrine, structure variation in stratification-relevant phenomena such as the perceived appropriate size of the government and scope of equal employment opportunity protections across the post-1965 civil rights era (Malamud, 1995; Roscigno, 2007; Edsall & Edsall, 1991). As such, we believe it necessary to conduct additional analyses of racial stratification in the public sector that adopt similar theoretical and conceptual tools including social closure, and “queuing” theory (Lieberson, 1980) that have long been utilized to explain drive racial stratification in the private sector. Indeed, we find it noteworthy that Weber (1968) maintained—as a “fundamental scenario” that invokes closure analysis—a factual situation similar to that experienced by African Americans in the “new public sector”, namely, the devaluation of well-rewarded positions, particularly when there are few legitimate alternatives to achieve similar rewards.

More research is needed to necessary to draw more definitive conclusions about the niche status of the public sector for African American women in privileged employment. Specifically, a broader range of socioeconomic outcomes merit attention: worthy of investigation include promotional dynamics, access to reward-relevant structural characteristics of jobs such as supervisory responsibility and the ability to retain privileged status, i.e., downward mobility. In proceeding with this agenda, researchers should be mindful of limitations in the research design of this study: unmeasured factors not associated with new governance reform could be driving findings in this study. Accordingly, it is important to more directly link discretionary decision-making with race-based outcomes, preferably, with a “mixed methods” approach that includes case studies of particular workplaces so that hypothesized determinants can be observed first-hand. We hope, overall, this study will lead sociologists to undertake this research. We look forward to it, it will shed additional light on a fundamental issue in racial stratification research—the extent to which a long-standing niche location among African Americans women persists in the U.S. labor market.

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## APPENDIX

### Descriptive Statistics for IPUMS Sample

	<b>Pre-Reform</b>			
	African-American		White	
	X	SD	X	SD
Human Capital				
College	68%		69%	
Post-College	61%		58%	
Health Problems	23%		21%	
Years in Labor Force	14.3	3.3	16.5	3.1
Job/Labor Market				
Unionized	20%		22%	
Public Sector	23%		27%	
Family/Household				
Married	46%		47%	
Children	2.7	1.3	2.5	1.2
Sociodemographic				
South	24%		20%	
Age	36.7	4.2	37.5	3.6
	<b>Early Reform</b>			
	African-American		White	
	X	SD	X	SD
Human Capital				
College	70%		67%	
Post-College	64%		61%	
Health Problems	21%		21%	
Years in Labor Force	14.4	2.9	14.2	2.7
Job/Labor Market				
Unionized	18%		19%	
Public Sector	24%		24%	
Family/Household				
Married	53%	1.1	57%	1.3
Children	2.4		2.3	
Sociodemographic				
South	20%	2.5	18%	2.3
Age	37.8		38.4	
	<b>Later Reform</b>			
	African-American		White	

**Continued**

	X	SD	X	SD
Human Capital				
College	71%		68%	
Post-College	59%		55%	
Health Problems	23%		22%	
Years in Labor Force	14.6	3	15.2	3.1
Job/Labor Market				
Unionized	18%		19%	
Public Sector	25%		24%	
Family/Household				
Married	44%		45%	
Children	2.4	2.4	2.6	1.8
Sociodemographic				
South	20%		19%	
Age	38.5	2	38.4	2.5