



A Two-Country Comparison of the Ethnic Wage Gaps of South Asians in the United States and the United Kingdom

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1. Aim/Purpose of the research

- The aim is to descriptively analyse ethnic wage gaps for Indians, Pakistanis, and Bangladeshis using literature on immigrant assimilation that has not been previously used in the ethnic inequality literature.
- A comparative analysis of wage assimilation different immigrant cohorts based on increase in years spent in the host country.

1. Hypothesis

Independent of arrival cohort of immigrants leads to smaller wage disadvantage (in line with Hypothesis 1) and slower assimilation (Hypothesis 2) in UK and USA.

Among second-generation immigrants of Indians experience better wage outcomes than Pakistanis and Bangladeshis in UK and USA (in line with Hypothesis 3).

In addition, second-generation immigrants experience better outcomes in the United States than in the United Kingdom (Hypothesis 4).

Among women, South Asian minorities tend to experience a smaller wage disadvantage than men (in line with Hypothesis 5a & b).

2. General Context or background to the study

- Ethnic wage differentials in the United Kingdom generally focuses on the five largest minorities: Indian, Pakistani, Bangladeshi, Black African, and Black Caribbean, comparing these groups with White British.
- Focusing on men, Indians have the best outcomes on average, being employed in high-wage occupations and having wages that are similar or slightly higher (about 3%) than those of White British. In contrast, Pakistanis and Bangladeshis are the worst performing groups, with the lowest wages and the highest wage gaps (around 23% and 35%).
- For comparison, Black African and Black Caribbean have wage gaps of around 15% and 11%:, which are greater than the wage gaps for Indians but less than Pakistani and Bangladeshis wage gaps (Longhi, 2020a).
- These differences between Indians, Pakistanis, and Bangladeshis appear puzzling. First, all three minority groups come from countries that were once British colonies. Second, the differences in wage gaps compared to White British are not fully explained by differences in the characteristics of individuals belonging to these groups (Algan et al., 2010; Ochmann, 2024).

2. General Context or background to the study

- **Key theories used include: human capital theory**
- **The principal author is:** Simonetta Longhi (14 Jun 2025):
- **The key authors cited are:** Borjas (1999, 2015); Algan, Y., Dustmann, C., Glitz, A., & Manning, A. (2010); Adsera, A., & Chiswick, B. R. (2007); Alonso-Villar, O., Del Rio, C., & Gradin, C. (2012); de Coulon, A., & Wadsworth, J. (2010); Bhalla, V. (2013); Clark, K., & Lindley, J. (2009); Daniels, R. (2001); Khadria, B. (2013); Ochmann, N. (2024).

3. Why was it important for the author?

- Because the author hopes to find out whether we observe similarly striking differences in wages across these groups in other countries, for example in the United States.
- Similar patterns of wage differentials in other countries would suggest that a better understanding of the differences in wage gaps across Indians, Pakistanis, and Bangladeshis **should focus on group differences in characteristics** that have not yet been measured.
- More equal outcomes across these groups in other countries would suggest the need for a better understanding of the role of **institutional factors**.
- As a stepping stone to better understanding the difference

5. How was data collected?

- The data was collected by combining the literature on ethnic inequalities with immigrant assimilation.
- Therefore, the article pools data from **censuses and surveys for the period 1980–2019**, excluding COVID-19 period.
- For United Kingdom, the **Labour Force Survey (LFS)** was combined with data from the fourth quarter of 1993, to the fourth quarter of 2019. Respondents were interviewed for up to five successive quarters; from 1997, data on wages are collected from the first and last interview.
- Whereas, between 1993 and 1996, data on wages are collected only from the fifth interview and uses data from the fifth interview for 1993–1996
- For the United States, the data are from the **Integrated Public Use Microdata Sample Files (IPUMS): i.e. 1980, 1990, and 2000** censuses 5% samples and American Community Survey Samples (ACS), which is a random 1% of the population, from 2001 to 2019.

6. What were the findings presented by the author?

Both countries show the same hierarchy across groups: Indians have the best outcomes and Bangladeshis have the worst, with Pakistanis in between these two groups. This applies to both men and women and to immigrants and second-generation immigrants.

The study found that immigrants earning lower wage, slower assimilation, better wage for Indians and other characteristics relating to women correspond with its Hypothesis 1, 2, 3, 4, 5 and 6.

6. What were the findings presented by the author?

Overall, the results point to the importance of characteristics such as education and of assimilation.

When characteristics are not considered, immigrants appear to have better outcomes in the United States than in the United Kingdom.

Indians and Bangladeshis, have higher levels of education compared to immigrants to the United Kingdom.

Finally, there is evidence of assimilation only in the United States. A promising research direction to better understand ethnic wage gaps in the United Kingdom focuses on the dynamics of wage growth of ethnic minority individuals compared to those of Whites.

7A. What is your take on the research?

- The author familiarised us with the knowledge that there exist ethnic wage gaps which ultimately affects immigrant assimilation among South Asians (Indians, Pakistanis, and Bangladeshis) in the United States and the United Kingdom.
- However, the author did not say to what extent they have assimilated in the society.
- The author attributed education as a single factor which made Indians to have better Wage outcomes than the Pakistanis, Black African and the Bangladeshis.
- I expected the author to examine the impact of other factors or indicators of integration like (housing, long term residence permit, family reunion, political participation, access to nationality and anti-discrimination) which is established by Migrant Integration Policy Index MIPEX, (2023).

7B. What is your take on the research?

- The article claimed that Women have better labour market outcomes in the United States than in the United Kingdom.
- However, the adoption of human capital theory confirms that workers are seen as embodying a set of skills which can be rented out to employers and that productive human capital comes from education
- However, the author could have added the push-pull theory to buttress the underlying motivation for migration and how it affects wages determination.
- A suitable theory would have been the neoclassical economic theory of labour markets which determine product prices and quantities exchanged.
- That Indians have wages that are similar or slightly higher (about 3%) than those of White British is suspicious and can be taken with a pinch of salt.
- I conclude that future investigations should adopt system theory to align with payment of better wages to employees