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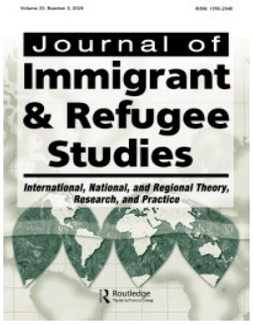

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A Two-Country Comparison of the Ethnic Wage Gaps of South Asians in the United States and the United Kingdom

Simonetta Longhi

Department of Economics, University of Reading, Reading, United Kingdom

ABSTRACT

This article compares the wage differentials of Indian, Pakistani, and Bangladeshi workers in the United States and the United Kingdoms. In both countries, Indians have the best outcomes and Bangladeshis have the worst, with Pakistanis in between. Second generation ethnic minorities experience wage gaps in the United Kingdom, but wage parity or advantage in the United States. Among immigrants, adjusted gaps are larger in the United Stated than in the United Kingdom, indicating that characteristics such as education, explain the gaps in the United Kingdom more than in the United States. Immigrants experience wage assimilation but only in the United States.

KEYWORDS

Race; ethnicity; inequality; wage; United Kingdom; United States

This article brings together the literature on ethnic and racial wage gaps and on immigrant assimilation to compare the ethnic wage differentials of South Asian men and women in the United Kingdom and the United States. The literature on 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).

One question that has not been answered yet is 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 differences in ethnic wage differentials among Indian, Pakistani, and Bangladeshi men and women, this article provides a direct comparison between the United Kingdom and the United States. Different immigration histories mean that each country has a different ethnic composition and, as a result, the data collection

CONTACT Simonetta Longhi s.longhi@reading.ac.uk Department of Economics, University of Reading, Whiteknights, Reading RG6 6EL, United Kingdom.

and the policy agenda often concentrate only on the largest minority groups (Longhi, 2020b). The literature on immigrant assimilation is related to but remains distinct from the literature on ethnic wage gaps; analyses of immigrant assimilation that compare immigrants across receiving countries often group immigrants by continents of origin and rarely compare specific subgroups, such as the ones analyzed in this article (e.g., Bell, 1997; Clark & Lindley, 2009; Lemos, 2013). The evidence on ethnic wage differentials for Indians, Pakistanis, and Bangladeshis in the United Kingdom is extensive but is lacking in the United States, in which Asians are generally aggregated into a single group (Borjas, 1995; Alonso-Villar et al., 2012; Gradin, 2013). When disaggregated, the focus is on groups such as Indians (de Coulon & Wadsworth, 2010; Tiagi, 2013), Chinese, or Filipinos—that is, Pakistani and Bangaldeshi minorities are rarely considered separately (Tran et al., 2019).[1] The group of Blacks is hardly comparable across the two countries: While most Blacks in the United States are Americans who have been in the country for generations, in the United Kingdom most Blacks are either immigrants from Africa or the Caribbean or are second-generation immigrants (i.e., children of immigrants). In contrast, there is much more overlap between the United States and the United Kingdom with respect to immigration from India, Pakistan, and Bangladesh, making these groups more suitable for cross-country comparisons (Bhalla, 2013; de Coulon & Wadsworth, 2010).

Using comparable data and methods for the United Kingdom and the United States, this article asks whether the pattern of wage gaps observed in the United Kingdom for Indian, Pakistani, and Bangladeshi immigrants is also observed in the United States and to what extent differences observed between the two countries can be attributed to differences across arrival cohorts and in the speed of assimilation. In seeking an answer to this question, this article combines the literature on ethnic inequalities to that of immigrant assimilation. The main contribution is to the literature on ethnic inequalities, wherein the analysis of wage gaps at most compares immigrants to second-generation immigrants but does not generally analyze differences in wage gaps across arrival cohorts nor the extent of the convergence of wages of first-generation ethnic minorities with the wages of Whites as the length of stay in the host country increases.

An additional contribution is to the literature on immigrant assimilation, which often only focuses on immigrants and does not include second-generation immigrants—that is UK-/U.S.-born individuals who identify with one of the minority groups. This literature also usually groups immigrants by continent or large geographic areas rather than focusing on specific ethnic subgroups. The focus on three relatively homogeneous countries of birth reduces issues of heterogeneity of the sending countries. Furthermore, while analyses of immigrant assimilation are abundant for the United States, immigrant assimilation in the United Kingdom has gotten less attention. For example, Bell (1997) uses data from 1973 to 1992, Clark and Lindley (2009) use 1993–2004 data, and Lemos (2013) uses data from 1978 to 2006. All three papers analyze men only and group immigrants by large sending area, thus providing no evidence for the separate ethnic groups that are the focus of this article. Thus this article adds to the literature new evidence using more recent data, up to the COVID-19 pandemic, and compares wage differentials for Indian, Pakistani, and Bangladeshi men and women.

Whereas other articles have compared assimilation of immigrants across countries, the comparison has been between Australia, Canada, and the United States and have generally excluded women (for example, Antecol et al., 2006, Clarke et al., 2019), notable recent exceptions are Adsera and Chiswick (2007) and Lee et al. (2022). Both include women in the analysis of migrant assimilation in EU countries, but whereas Adsera and Chiswick (2007) use only data up to 2000, Lee et al. (2022) focus only on employment probability due to lack of data on wages. This article contributes to the literature by comparing wage gaps and assimilation among men and women in the United Kingdom and the United States using more recent data.

The results show the same hierarchy across the two countries, with Indians having the best outcomes, Bangladeshis the worst, and Pakistanis in between. This applies to both men and women, and to both immigrants and second-generation immigrants. All minority groups have better outcomes in the United States than in the United Kingdom, with either smaller wage gaps or larger wage advantages compared to White British and White Americans when characteristics

such as age or education are not included in the model. When such characteristics are included in the models, second-generation ethnic minority immigrants still have better outcomes in the United States than in the United Kingdom; whereas, the opposite is true for immigrants. Immigrants to the United States have higher levels of education than immigrants to the United Kingdom, which partly explains why they have better wage outcomes in the United States when characteristics are not included in the analysis and why these better outcomes disappear when characteristics are taken into account. Our study results also show that wages of immigrants converge (assimilate) to wages of white Americans in the United States but lack of assimilation in the United Kingdom.

Background and research questions

Differences and similarities between the United States and the United Kingdom

In contrast to many European countries, both in the United Kingdom and the United States the analysis of immigration is related to the analysis of race and ethnicity (Waters, 2014). Both countries have histories of antidiscrimination policies, which require the availability of data on race and ethnicity. As a result, in both countries data on self-identification with racial and ethnic groups is routinely collected directly from surveys, together with information on own and parental country of birth.

While immigration to the United States has always been robust and has been characterized by large waves of migrations from multiple countries of origins around the world (Daniels, 2001), the United Kingdom became a country of immigration only after World War II, with most migrants arriving from Britain's (former) colonies. For both the United States and the United Kingdom, migration from South Asia has been a relatively recent—but growing—phenomenon, starting in the 1950s with immigration from India, followed more recently by smaller flows from Pakistan and Bangladesh. These different waves of migration are partly related to the partition of British India in 1947, when the former UK colony was divided into what are now India and Pakistan, partly along religious lines (Hindus in India and Muslims in Pakistan).[2] Bangladesh became a separate country in 1971 after its separation from Pakistan. India is the largest of these three countries, both geographically and in terms of population size, while Bangladesh is the smallest. Migration from India in particular, is sizeable both for the United Kingdom and the United States (de Coulon & Wadsworth, 2010).

Migration from South Asia to the United Kingdom and the United States

According to the 2021 census, in England and Wales (Scotland and Northern Ireland have separate censuses but also much smaller proportions of minorities) Indians represented 3.1% of the usual resident population (of any age), Pakistanis represented 2.7%, and Bangladeshis represented 1.1%. Immigration from South Asia to the United Kingdom became significant after World War II; when the United Kingdom was experiencing a shortage of labor and there were virtually no restrictions to migration across the Commonwealth. In the 1950s and early 1960s, an increasing number of immigrants from India and Pakistan settled in the northern part of England to fill labor shortages in the growing car manufacturing and textile industries (Bhalla, 2013; Khadria, 2013). Other low-skilled migrants settled in West London to work in the service and transport sectors, while high-skill migrants from more urbanized areas were more likely to work as health professionals in the newly established National Health System (NHS).

As a result of increased immigration flows, the 1962 Commonwealth Immigration Act restricted free movement of workers from the Commonwealth and required immigrants to either have a job offer in the United Kingdom or have special skills needed to fill labor shortages. Further waves of immigration took place in the late 1960s when immigrants from South Asia entered the United Kingdom after being expelled from Kenya and Uganda. In the 1970s, Bangladeshi families migrated to the United Kingdom to flee civil unrest, settling in East London. Migration

to the United Kingdom for non-Europeans became increasingly more difficult from 2006 to 2008, when the United Kingdom introduced a new points-based immigration system giving priority to highly skilled immigrants with high earnings or earning potential (Bhalla, 2013; Khadria, 2013). These waves of immigration resulted in heterogeneity in skills and earning potential across immigrants who arrived in the United Kingdom at different points in time. In addition, an increasing proportion of South Asian workers are now second-generation immigrants, who were born in the United Kingdom.

According to the 2019 population estimates, in the United States, Indians represented 0.8% of the population, Pakistanis represented 0.1%, and Bangladeshis represented 0.08%; most of these immigrants were living in California, Texas, New York, and New Jersey.[3] Immigration to the United States from Asia, and especially from India, became substantial after the 1965 Immigration and Nationality Act abolished quotas to U.S. immigration, and the system moved to favor highly skilled immigrants in sectors such as engineering and science—which were growing after World War II—and in the expanding health sector (Chakravorty et al., 2017; Daniels, 2001). The second wave of immigrants in the 1980s was characterized by family reunification, while those migrating during the third wave in the 1990s were mostly IT and computer specialists. As a result, members of this group of immigrants are highly educated and hold

Table 1. Descriptives: male sample.[PE1]

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	White British	Indian UK	Pakistani UK	Bangladeshi UK	White American	Indian US	Pakistani US	Bangladeshi US
Median hourly wage (£/$)	9.88	10.1	8.61	7.29	14.94	24.48	17.48	15.66
Average hourly wage (£/$)	11.07	11.85	10.28	9.13	17.64	27.50	21.94	20.32
Age	41	39	37	37	41	39	41	41
Years in the UK/US		14	13	16		12	15	13
Born abroad		0.74	0.70	0.84		0.93	0.94	0.98
Cohorts								
Arrived before 1970		0.26	0.30	0.16		0.07	0.06	0.02
Arrived 1970–1979		0.14	0.11	0.03		0.03	0.01	0.00
Arrived 1980–1989		0.16	0.11	0.14		0.11	0.08	0.03
Arrived 1990–1999		0.08	0.08	0.22		0.19	0.27	0.17
Arrived 2000–2009		0.09	0.17	0.18		0.26	0.30	0.38
Arrived 2010–2019		0.22	0.19	0.22		0.24	0.19	0.26
Qualification								
University degree or equivalent	0.20	0.39	0.36	0.27	0.12	0.63	0.40	0.43
Some college (US)/higher education (UK)	0.10	0.08	0.05	0.07	0.39	0.17	0.27	0.24
High school (US)/A-level or equivalent (UK)	0.30	0.13	0.10	0.11	0.32	0.11	0.19	0.21
Less than high school (US)/ GCSE (UK)	0.19	0.11	0.11	0.11	0.17	0.07	0.12	0.10
Other qualifications (UK only)	0.11	0.19	0.21	0.23	0.00	0.01	0.02	0.02
No education/ qualifications	0.10	0.11	0.17	0.22				
Observations	217,308	5,022	2,120	794	8,684,696	81,896	7,323	2,804

high-wage job (Chakravorty et al., 2017). As in the case of the United Kingdom, and partly due to the partition of India (see footnote 2), migration to the United States from Pakistan and Bangladesh are more recent phenomena compared to migration from India. Migration from Pakistan grew mostly beginning in the 1980s, with immigrants having high levels of education and working in professional and managerial occupations (Migration Policy Institute, 2015). Migration from Bangladesh started increasing in the 1990s, with most immigrants having low-skilled jobs such as taxi driver and restaurant worker (Migration Policy Institute, 2014). While the number of immigrants from India has grown exponentially since the 1990s, the number of immigrants from Pakistan and Bangladesh grew much more steadily.

Theoretical background

The theoretical background of this article is the literature on immigrant assimilation summarized in Borjas (1999, 2015). Following the human capital theory, wages reflect workers' productivity, which in turn is related to skills such as education and work experience. When entering the labor market of the host country, immigrants initially experience lower wages and possible occupational downgrading because of lack of recognition and transferability of foreign qualification and of foreign work experience. Other factors, such as possible language barriers or lack of knowledge of the local labor market may play a role as well. Over time, immigrants invest in human capital such as additional education or job training, more than natives with similar characteristics (Chiswick, 1978; Borjas, 1994, 2015). This additional investment results in faster wage growth and convergence to wages of natives. Borjas (2015) concludes that immigrants who face lower transferability of premigration skills and/or higher costs of return migration should experience faster assimilation. Because of distance and on account of United Kingdom's colonial ties with South Asia, we may expect immigrants from India, Pakistan, and Bangladesh to experience less initial disadvantage on entry (Hypothesis 1) and slower assimilation in the United Kingdom than in the United States (Hypothesis 2).

Compared to immigrants, second-generation immigrants (i.e., children of immigrants) face fewer labor market barriers since they have acquired their education in the host country and speak the local language. Hence, it is reasonable to assume that the skills of second-generation immigration are close to those of White natives. Nevertheless, in some cases second-generation, ethnic-minorities immigrants still experience wage gaps with Whites (Algan et al., 2010; Ochmann, 2024).

While the focus of the human capital theory is on differences in observed and unobserved skills between immigrants and natives, other theories stress the importance of structural factors (Alba & Nee, 1997). Immigrants and second-generation immigrants, especially if from an ethnic minority, may face barriers and constraints ranging from occupational segregation, lack of access to high-quality social networks, or (unconscious) bias, which lead to inequalities in employment, wages, and socioeconomic status (Bayer et al., 2008; Lang & Lehmann, 2012; Battu et al., 2011). Various studies document the existence of wage gaps for second-generation immigrants in the United Kingdom, with the possible exception of Indians (Algan et al., 2010; Ochmann, 2024). In contrast, in the United States and North America a large literature documents the "model minority myth," finding that second-generation Asian immigrants overachieve in education and reach wage parity with White Americans (Sakamoto et al., 2009; Raza & Erfani, 2015, Drouhot & Nee, 2019). Those studies that distinguish second-generation Asian immigrants by their ancestry or ethnicity find that while some groups, such as Indians, reach parity with Whites, others, such as Pakistanis still earn lower wages (Raza & Erfani, 2015). In both the United States and the United Kingdom we may therefore expect smaller wage gaps for second-generation Indian immigrants compared to second-generation Pakistani immigrants and second-generation Bangladeshi immigrants (Hypothesis 3), and comparatively better outcomes in the United States than in the United Kingdom (Hypothesis 4).

Immigrant women's decision to participate in the labor market is likely to be related to various factors (see Schieckoff & Sprengholz, 2021, for a review). First, to the extent that their migration decision is related to that of their partners, women are much more likely than men to enter a country via the family reunification—rather than via the labor—route. South Asian women in particular may also have different sets of norms and values—for example, in relation to gender roles, which are likely to make them less likely to participate in the labor force compared to White American/British women. Especially when there are young children in the household, labor-force participation of immigrant women is likely to be reduced even further due to the absence of an extended family who could help with child care. As a result, those who have a job are likely to be positively selected and work in high-wage occupations (Adsera and Chiswick, 2007). As a result, we may expect women to experience smaller wage gaps and faster convergence to wages of white British and American women than men (Hypothesis 5a and 5b), and to experience better outcomes in the United States than in the United Kingdom (Hypothesis 6).

Data

To analyze the performance on South Asian immigrants in the United States and in the United Kingdom, this article pools data from censuses and surveys for the period 1980–2019, thus, excluding the period of the COVID-19 pandemic.

For the United Kingdom, this article uses the quarterly Labour Force Survey (LFS), combining data from the fourth quarter of 1993, when data on wages first became available, to the fourth quarter of 2019. The LFS is a rotating panel, wherein respondents are 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. This article uses data from the fifth interview for 1993–1996 and, to reduce issues of attrition, data from the first interview from 1997 onwards. Hourly wages are provided with the data.

For the United States, the data are from the Integrated Public Use Microdata Sample Files (IPUMS): from the 1980, 1990, and 2000 censuses 5% samples and from the American Community Survey Samples (ACS), which is a random 1% of the population, from 2001 to 2019. The data contain information on individual socioeconomic and demographic characteristics. The outcome of interest is hourly wages, computed as wage earned in the previous year divided by weeks worked in that year (since weeks worked are grouped into a categorical variable, we use the middle point) and divided by usual weekly hours of work.

The analysis focuses on people who identify themselves as White British/American, Indian, Pakistani, or Bangladeshi; all other ethnic groups are excluded. Both UK and U.S. data provide information on the country of birth ad on ethnic self-identification. This allows the distinction between Indians, Pakistanis, and Bangladeshis who are immigrants born abroad from second-generation immigrants, who were born in the United Kingdom/United States. The reference group is those who self-identify as White British/American and are born in the United Kingdom/United States. Finally, since the focus is on labor market outcomes, for consistency with the literature (Duleep & Regets, 1997; Monteiro, 2024), the sample is restricted to men and women aged 25–59 and includes only workers with a paid job, thus excluding self-employed persons.

Method

Ethnic wage differentials are analyzed by estimating country-specific wage equations, separately for men and women, wherein the dependent variable is the log of hourly wages of individual i (LnW_i):

$$LnW_i = \alpha_1 + E_i^{'} FB_i \, \beta_{11} + T_i^{'} \beta_{12} + \varepsilon_{1i} \tag{1}$$

The main explanatory variable is a full set of ethnicity/country of birth dummies identifying the minority groups ($E_i^{'}$: Indian, Pakistani, and Bangladeshi) and whether they are foreign born or not (FB_i). The reference group is that of White British/Americans who are UK/U.S. born, as foreign-born Whites are excluded from the sample. This translates into the following groups/dummies: Indian UK/U.S. born, Pakistani UK/U.S. born, Bangladeshi UK/U.S. born, Indian immigrants, Pakistani immigrants, and Bangladeshi immigrants, with White British/American (natives) as the reference group. Since the data refer to various years, to control for differences over time in average wages that are common to all groups, all models also include a vector of time dummies in $T_i^{'}$. This model gives a first indication of how ethnic wage gaps for Indians, Pakistanis, and Bangladeshis in the United States compare to those in the United Kingdom when characteristics are not included in the model.

Following the literature on immigrant assimilation (Borjas, 1995; Adsera and Chiswick 2007; Antecol et al. 2006), the second set of models splits the immigrant groups by their cohorts of arrival:

$$LnW_i = \alpha_2 + E_i^{'}\beta_{21} + E_i^{'} * C_i^{'}\beta_{22} + T_i^{'}\beta_{23} + \varepsilon_{2i} \tag{2}$$

where $C_i^{'}$ is a vector identifying arrival cohorts: those arrived before 1970, between 1970 and 1979, between 1980 and 1989, between 1990 and 1999, between 2000 and 2009, and between 2010 and 2019. This leaves the coefficient of the dummies for UK-/U.S.-born minorities unchanged, since they apply only to second-generation immigrants, but allows a comparison of the quality of the different cohorts immigrating to the United Kingdom and to the United States.

The third set of models includes a variable for years since immigration and its square (Y_i and Y_i^2), both interacted with ethnicity, and additional explanatory variables ($X_i^{'}$):

$$LnW_i = \alpha_3 + E_i^{'}\beta_{31} + E_i^{'} * C_i^{'}\beta_{32} + E_i^{'} * Y_i\ \beta_{33} + E_i^{'} * Y_i^2\beta_{34} + X_i^{'}\beta_{35} + T_i^{'}\beta_{36} + \varepsilon_{3i} \tag{3}$$

where $X_i^{'}$ includes age and its square, dummies for educational qualifications (five levels in the United States and six in the United Kingdom). The additional explanatory variables, and especially age and its square, are necessary for a more reliable measure of assimilation—that is, the effect of years spent in the country on top of each additional year of age/potential experience. The inclusion of years since immigration and its square interacted with the minority dummies changes the estimated coefficients and allows the comparison of the speed of assimilation of the three minority groups in the two countries. The speed of assimilation should be the sum of the coefficients related to years since migration and age for immigrants minus the coefficients related to age for White British/Americans (Borjas, 1994). However, since the coefficients for year fixed effects, education, and age are restricted to be the same across groups, the speed of assimilation coincides with the coefficient of years since migration (e.g., Adsera and Chiswick 2007). As the remaining wage gaps pick up the effect of various individual and societal characteristics not directly included in the regressions, they should not be interpreted as a measure of discrimination.

Equation (3) will be used to test the hypotheses discussed in the Theoretical Background section. With respect to immigrants, Hypothesis 1 suggests that wage gaps of immigrants should be smaller in the United Kingdom than in the United States; if this is the case, the coefficient β_{32} (ideally for each minority group) should be negative in both countries, and closer to zero in estimates on the United Kingdom than on the United States. We can consider Hypothesis 1 satisfied also if the coefficients estimated are positive, as long as they are larger in the United Kingdom than in the United States, signaling better outcomes for immigrants in the United Kingdom. Hypothesis 2, suggesting slower assimilation in the United Kingdom than in the United States, is satisfied if the combined coefficients of years since immigration and its square (β_{33} and β_{34}) are positive and closer to zero on the UK sample than on the U.S. sample. Negative coefficients can also be taken as an indication of lack of assimilation.

With respect to second-generation immigrant ethnic minorities, Hypothesis 3 suggests that smaller wage gaps (or larger wage advantages) will be experienced by second-generation Indian immigrants compared to second-generation Pakistani and Bangladeshi immigrants. If this is the case, in both the United Kingdom and the United States the estimated coefficient β_{31} should be smaller (if negative) or larger (if positive) for Indian immigrants than for Pakistani and Bangladeshi immigrants. Hypothesis 4, suggesting better outcomes for second-generation ethnic minorities in the United States than in the United Kingdom is satisfied if estimates of β_{31} on the U.S. sample are closer to zero (if negative) of larger (if positive) than those estimated for the UK sample.

Finally, with respect to women, Hypothesis 5a suggest that smaller wage gaps will be experienced among women than among men; in this case the coefficients β_{31} for second-generation immigrants and β_{32} for immigrants should be closer to zero (if negative) or larger (if positive) when estimated on the sample of women than when estimated on the sample of men from the same country. Similarly, Hypothesis 5b, faster assimilation for women than for men, is satisfied if the combined coefficients for years since migration and its square (β_{33} and β_{34}) are positive and larger when estimated on the sample of women than on the sample of men. Hypothesis 6, which suggests that women have better outcomes in the United States than in the United Kingdom, is satisfied if the coefficients β_{31} and β_{32} are closer to zero (when negative) or larger (when positive) when estimated on the sample of U.S. women than on the sample of UK women.

The data do not allow the distinction between United Kingdom/United States and foreign qualifications. To reduce such heterogeneity, the final sets of the model focus only on immigrants who entered the country at age 25 and older, in comparison with White UK/U.S. natives (Green & Worswick, 2012; Monteiro, 2024). This reduces sample sizes for minorities to half of the original sample for the United States and to less than 1/3 of the original sample for the United Kingdom. Equations (4) and (5) are then estimated on this reduced sample.

$$LnW_i = \alpha_4 + E_i^{'} * C_i^{'}\beta_{42} + T_i^{'}\beta_{43} + \varepsilon_{4i} \tag{4}$$

$$LnW_i = \alpha_5 + E_i' * C_i'\beta_{52} + E_i' * Y_i\ \beta_{53} + E_i' * Y_i^2\beta_{54} + X_i'\beta_{55} + T_i'\beta_{56} + \varepsilon_{5i} \tag{5}$$

where Equations (4) and (5) are similar to Equations (2) and (3), with the exclusion of the dummies for ethnic minority ($E_i^{'}$) since they would apply only to second-generation immigrants.

This article follows the recent literature (Clark & Lindley, 2009, Antecol et al. 2006) and, due to data constraints, does not correct for selection in the decisions to migrate and to remain in the host country. This should be borne in mind when interpreting the results.

Results

Ethnic wage differentials among men

Descriptive statistics in Table 1 show both differences and similarities between the United Kingdom and the United States. In both countries, the median wages of Indian men are higher than the median wages of White British/Americans and the difference is much more striking in the United States than in the United Kingdom. In contrast, Pakistanis and Bangladeshis have lower wages than Indians, and, although in the United Kingdom they are lower than the wages of White British, in the United States they are higher than the wages of White Americans. This suggests that wage gaps differ between the United Kingdom and the United States and that, although the hierarchy among the groups is the same in both countries, South Asian minorities seem to have better labor market outcomes in the United States than in the United Kingdom. Note, however, that Table 1 uses nominal wages.

Table 1 also shows that in both countries, these minorities have comparatively higher educational qualifications than White British/Americans and that the proportion of immigrants versus second-generation immigrants is higher in the United Kingdom than in the United States. Related to this, minorities in both countries, but especially in the United Kingdom, tend to be slightly younger than White British/Americans.

Regression estimates of ethnic wage differentials among men are shown in Table 2. The results for the United Kingdom, in column (1), show that, on average, among immigrants Indians experience a wage gap of 6%, while Pakistanis experience a wage gap of about 22% (for a coefficient of −0.254), and Bangladeshi experience a larger wage gap of 34% (for a coefficient of −0.419). Second-generation immigrants experience much smaller wage gaps, about 10% to 12% for Pakistanis and Bangladeshis; whereas, second-generation Indians do not experience a wage gap. Column (4) for the United States shows much better outcomes for immigrants in the United States than in the United Kingdom, where Indians experience a clear wage advantage of almost 27%, Pakistanis experience a small wage disadvantage of 4%, and Bangladeshis experience a wage disadvantage of 14%. Second-generations Indians and Pakistanis experience wage advantages of 16% and 5% whereas Bangladeshis experience no wage gap.

The models in columns (2) and (5) of Table 2 separate immigrants by cohort of arrival. All cohorts seem to have better outcomes in the United States than in the United Kingdom, and with some exceptions among Indians, in both countries more-recent arrival cohorts (starting from those arriving in the 1980s) experience either a smaller wage advantage or a larger wage disadvantage compared with the earlier cohorts. This may be the result of skills and of characteristics such as education and age.

The models in columns (3) and (6) include the additional controls as well as years since migration. Characteristics such as education and age appear to be important determinants of the size and direction of wage gaps and when included in the model, they reverse the United Kingdom/United States comparison, suggesting that immigrants have better initial outcomes in the United Kingdom than in the United States, while second-generation immigrants have better outcomes in the United States than in the United Kingdom. The coefficients for years in the United Kingdom are either negligible or small and negative, indicating a lack of assimilation and perhaps a glass ceiling. In contrast, the coefficients for years in the United States is consistent with convergence with wages of natives and tends to be larger for Bangladeshis—who have the biggest initial gaps—than for Indians and Pakistanis.

As a sensitivity analysis, the models are reestimated excluding second-generation immigrants and all immigrants who entered the country before the age of 25. For the United Kingdom, this reduces the sample of Indians from 5,022 to 1,603, that of Pakistanis from 2,120 to 556, and that of Bangladeshis from 794 to 246, thus affecting the power of the estimates to detect differences across arrival cohorts. For the United States, despite reductions, sample sizes remain large: Sample sizes reduce from 81,896 to 41,420 for Indians, from 7,323 to 3,636 for Pakistanis, and from 2,804 to 1,754 for Bangladeshis.

The results shown in Table 3 are consistent with the ones in Table 2 and indicate that all arrival cohorts have better outcomes in the United States than in the United Kingdom when no controls are included in the model but that the opposite is true when controls are included. Cohorts arriving in the 1980s and later experience either smaller wage advantages, or larger wage disadvantages compared to the earlier cohorts, regardless of whether education and other controls are included; nevertheless, while there appears to be assimilation in the United States, with faster assimilation for Bangladeshis, who start with the lower initial wages; there is no indication of assimilation in the United Kingdom.

Ethnic wage differentials among women

The descriptive statistics in Table 4 show ethnic differences in median nominal wages among women that appear to be lower than among men. As labor market participation is lower

Table 2. Ethnic wage differentials: male sample.

	(1)	(2)	(3)	(4)	(5)	(6)
	UK	UK	UK	US	US	US
Reference: White						
UK/US born						
Indian UK/US born	0.010	0.010	−0.029***	0.146***	0.146***	0.072***
	(0.012)	(0.012)	(0.010)	(0.008)	(0.008)	(0.007)
Pakistani UK/US born	−0.108***	−0.108***	−0.124***	0.055*	0.055*	0.047*
	(0.017)	(0.017)	(0.014)	(0.028)	(0.028)	(0.025)
Bangladeshi UK/US born	−0.126***	−0.126***	−0.129***	−0.090	−0.089	−0.074
	(0.038)	(0.038)	(0.029)	(0.086)	(0.086)	(0.076)
Indian immigrant	−0.063***			0.238***		
	(0.008)			(0.002)		
Pakistani immigrant	−0.254***			−0.044***		
	(0.012)			(0.008)		
Bangladeshi immigrant	−0.419***			−0.152***		
	(0.017)			(0.012)		
Indian immigrant. cohorts						
Arrived before 1970		−0.061***	0.160***		0.183***	−0.305***
		(0.020)	(0.048)		(0.013)	(0.014)
Arrived 1970–1979		−0.049**	0.161***		−0.002	−0.338***
		(0.019)	(0.045)		(0.010)	(0.011)
Arrived 1980–1989		−0.163***	0.069*		−0.023**	−0.301***
		(0.026)	(0.041)		(0.009)	(0.011)
Arrived 1990–1999		−0.164***	0.025		0.105***	−0.142***
		(0.026)	(0.032)		(0.009)	(0.010)
Arrived 2000–2009		−0.056***	0.000		0.167***	−0.037***
		(0.019)	(0.024)		(0.009)	(0.009)
Arrived 2010–2019		0.025	0.012		0.172***	0.047***
		(0.032)	(0.028)		(0.010)	(0.009)
Pakistani immigrant cohorts						
Arrived before 1970		0.020	−0.049		0.096	−0.415***
		(0.035)	(0.066)		(0.078)	(0.078)
Arrived 1970–1979		0.011	−0.040		0.090**	−0.325***
		(0.034)	(0.061)		(0.036)	(0.042)
Arrived 1980–1989		−0.128***	−0.139**		−0.120***	−0.400***
		(0.039)	(0.056)		(0.031)	(0.038)
Arrived 1990–1999		−0.276***	−0.210***		−0.089***	−0.328***
		(0.028)	(0.037)		(0.031)	(0.036)
Arrived 2000–2009		−0.204***	−0.163***		−0.138***	−0.309***
		(0.028)	(0.033)		(0.033)	(0.035)
Arrived 2010–2019		−0.231***	−0.207***		−0.185***	−0.283***
		(0.050)	(0.045)		(0.040)	(0.037)
Bangladeshi immigrant cohorts						
Arrived before 1970		−0.195*	−0.155		−0.083	−0.479**
		(0.100)	(0.123)		(0.265)	(0.219)
Arrived 1970–1979		−0.163***	−0.114		0.197*	−0.324***
		(0.061)	(0.097)		(0.105)	(0.104)
Arrived 1980–1989		−0.285***	−0.148*		0.029	−0.403***
		(0.049)	(0.088)		(0.090)	(0.088)
Arrived 1990–1999		−0.398***	−0.205***		−0.025	−0.409***
		(0.050)	(0.076)		(0.088)	(0.086)
Arrived 2000–2009		−0.302***	−0.214***		−0.153*	−0.458***
		(0.048)	(0.057)		(0.089)	(0.083)
Arrived 2010–2019		−0.345***	−0.286***		−0.164*	−0.322***
		(0.075)	(0.063)		(0.091)	(0.082)
Indian × years in the UK/US			−0.011***			0.017***
			(0.003)			(0.001)
Pakistani × years in the UK/US			0.004			0.017***
			(0.003)			(0.003)

(*Continued*)

Table 2. Continued.

	(1)	(2)	(3)	(4)	(5)	(6)
	UK	UK	UK	US	US	US
Bangladeshi × years in the UK/US			−0.008			0.028***
			(0.006)			(0.005)
Indian × years in the UK/US squared			0.000***			−0.000***
			(0.000)			(0.000)
Pakistani × years in the UK/US squared			−0.000			−0.000***
			(0.000)			(0.000)
Bangladeshi × years in the UK/US squared			0.000**			−0.001***
			(0.000)			(0.000)
Additional controls	N	N	Y	N	N	Y
R^2	0.2579	0.2586	0.4337	0.3382	0.3383	0.4285
Observations	225,244	225,244	225,244	8,776,719	8,776,719	8,776,719

Note. Coefficients of OLS models. Standard errors in parentheses. Statistically significant at: * 10%, ** 5%, *** 1%. All models include dummies for the year of data collection. Additional controls in columns (3) and (6): age and its square, dummies for educational qualifications.

among South Asian women than among White American/British women, and especially for the older generations, minority women in these samples are comparatively younger than White American and British women, with a larger proportion of those born in the United Kingdom/United States than White American and British men. This is consistent with the idea that the younger generations are more likely to participate in the labor market than older generations; these differences are much larger in the United Kingdom than in the United States. Similarly to men, South Asian women in the sample have higher levels of educational qualifications than White British/American women, although for all groups, with the exception of Bangladeshis in the United Kingdom, the difference is smaller among women than among men.

The regression estimates in Table 5, columns (1) and (4), show that among second-generation immigrants, Indians experience wage advantages in both countries, Pakistanis experience no wage gaps in the United Kingdom but a wage advantage in the United States, and Bangladeshis experience no wage gaps in any of the two countries. Among immigrants, Indians experience a wage advantage in the United States and a small wage disadvantage in the United Kingdom, Pakistanis experience a wage disadvantage in both countries, and Bangladeshis experience a wage disadvantage only in the United States. Second generations South Asian women have better outcomes compared with White British/American women than South Asian men compared to White British/American men.

Similarly to men, more-recent arrival cohorts experience higher wage disadvantage—or lower wage advantage—compared to the earlier arrival cohorts. All arrival cohorts seem to have better outcomes in the United States than in the United Kingdom (columns 2 and 5), but the opposite is true when characteristics, such as age and education, are included in the model (columns 3 and 6). Similarly to men, there is evidence of assimilation in the United States but not in the United Kingdom.

When the models are reestimated excluding second-generation ethnic minority immigrants and all immigrants who entered the country before the age of 25, for the United Kingdom the sample size reduces from 4,958 to 1,177 for Indians, from 1,219 to 143 for Pakistanis, and from 357 to 40 for Bangladeshis. For the United States the sample reduces from 60,002 to 27,069 for Indians, from 3,576 to 1,565 for Pakistanis, and from 1,583 to 888 for Bangladeshis. The results confirm the better outcomes in the United States than in the United Kingdom in the models without covariates but better outcomes in the United Kingdom than in the United States in the models with covariates, combined with evidence of assimilation only in the United States (Table 6).

Table 3. Immigrants arrived age 25 or older: male sample.

	(1) UK	(2) UK	(3) US	(4) US
Reference: White				
UK/US born				
Indian immigrant cohorts				
Arrived before 1970	−0.011	0.219*	0.325***	−0.251***
	(0.099)	(0.114)	(0.020)	(0.021)
Arrived 1970–1979	−0.084*	0.167**	0.109***	−0.295***
	(0.049)	(0.068)	(0.009)	(0.012)
Arrived 1980–1989	−0.173***	0.051	0.071***	−0.271***
	(0.038)	(0.052)	(0.007)	(0.011)
Arrived 1990–1999	−0.112***	0.040	0.215***	−0.104***
	(0.031)	(0.040)	(0.006)	(0.010)
Arrived 2000–2009	−0.035**	0.005	0.257***	−0.023***
	(0.017)	(0.031)	(0.006)	(0.009)
Arrived 2010–2019	0.082**	0.027	0.324***	0.111***
	(0.033)	(0.030)	(0.008)	(0.008)
Pakistani immigrant cohorts				
Arrived before 1970	−0.081	−0.121	0.063	−0.504***
	(0.176)	(0.189)	(0.141)	(0.127)
Arrived 1970–1979	−0.166	−0.188	0.217***	−0.258***
	(0.167)	(0.165)	(0.037)	(0.047)
Arrived 1980–1989	−0.231***	−0.224***	−0.108***	−0.363***
	(0.079)	(0.086)	(0.020)	(0.036)
Arrived 1990–1999	−0.359***	−0.301***	−0.046**	−0.285***
	(0.032)	(0.054)	(0.018)	(0.034)
Arrived 2000–2009	−0.321***	−0.302***	−0.083***	−0.280***
	(0.029)	(0.049)	(0.022)	(0.033)
Arrived 2010–2019	−0.330***	−0.313***	−0.103***	−0.232***
	(0.054)	(0.053)	(0.031)	(0.031)
Bangladeshi immigrant cohorts				
Arrived before 1970	−0.020	−0.143	−0.278	−0.925*
	(0.253)	(0.132)	(0.613)	(0.525)
Arrived 1970–1979	0.143	0.207	0.202*	−0.371***
	(0.092)	(0.134)	(0.110)	(0.102)
Arrived 1980–1989	−0.395***	−0.408***	−0.061	−0.510***
	(0.127)	(0.143)	(0.043)	(0.056)
Arrived 1990–1999	−0.516***	−0.381***	−0.110***	−0.525***
	(0.049)	(0.084)	(0.025)	(0.050)
Arrived 2000–2009	−0.422***	−0.383***	−0.241***	−0.589***
	(0.036)	(0.073)	(0.027)	(0.044)
Arrived 2010–2019	−0.489***	−0.440***	−0.255***	−0.431***
	(0.070)	(0.065)	(0.034)	(0.037)
Indian × Years in the UK/US		−0.020***		0.012***
		(0.005)		(0.001)
Pakistani × years in the UK/US		−0.004		0.008*
		(0.008)		(0.005)
Bangladeshi × years in the UK/US		−0.006		0.029***
		(0.013)		(0.007)
Indian × years in the UK/US squared		0.000***		−0.000
		(0.000)		(0.000)
Pakistani × years in the UK/US squared		0.000		0.000
		(0.000)		(0.000)
Bangladeshi × years in the UK/US squared		0.000		−0.001***
		(0.001)		(0.000)
Additional controls	N	Y	N	Y
R^2	0.2580	0.4324	0.3375	0.4273
Observations	219,713	219,713	8,731,506	8,731,506

Note. Coefficients of OLS models. Standard errors in parentheses. Statistically significant at: * 10%, ** 5%, *** 1%. All models include dummies for the year of data collection. Additional controls in columns (2) and (4): age and its square, dummies for educational qualifications.

Table 4. Descriptives: female sample.

	(1) White British	(2) Indian UK	(3) Pakistani UK	(4) Bangladeshi UK	(5) White American	(6) Indian US	(7) Pakistani US	(8) Bangladeshi US
Median hourly wage (£/$)	7.89	9.025	8.6	9.6	11.91	19.42	15.00	12.94
Average hourly wage (£/$)	9.24	10.59	10.11	10.86	14.60	23.15	19.52	17.07
Age	42	39	37	35	42	39	40	40
Years in the UK		14	11	14		13	15	13
Born abroad		0.70	0.50	0.63		0.89	0.90	0.96
Cohorts								
Arrived before 1970		0.30	0.50	0.37		0.11	0.10	0.04
Arrived 1970–1979		0.11	0.06	0.03		0.02	0.01	0.00
Arrived 1980–1989		0.18	0.13	0.14		0.12	0.09	0.02
Arrived 1990–1999		0.10	0.09	0.23		0.19	0.21	0.13
Arrived 2000–2009		0.09	0.10	0.09		0.26	0.30	0.37
Arrived 2010–2019		0.18	0.09	0.11		0.23	0.22	0.29
Qualification								
University degree or equivalent	0.21	0.36	0.37	0.39	0.15	0.55	0.40	0.39
Some college (US)/higher education (UK)	0.12	0.11	0.08	0.06	0.43	0.21	0.30	0.26
High school (US)/A-level or equivalent (UK)	0.17	0.11	0.16	0.18	0.29	0.13	0.18	0.20
Less than high school (US)/ GCSE (UK)	0.28	0.14	0.16	0.19	0.13	0.09	0.09	0.12
Other qualifications (UK only)	0.10	0.19	0.14	0.12	0.00	0.01	0.02	0.02
No education/ qualifications	0.12	0.10	0.10	0.06				
Observations	246,674	4,958	1,219	357	80,49,537	60,002	3,576	1,582

Table 5. Ethnic wage differentials: female sample.

	(1) UK	(2) UK	(3) UK	(4) US	(5) US	(6) US
Reference: White						
UK/US born						
Indian UK/US born	0.146***	0.146***	0.043***	0.308***	0.308***	0.116***
	(0.010)	(0.011)	(0.009)	(0.007)	(0.007)	(0.007)
Pakistani UK/US born	0.014	0.014	−0.050***	0.208***	0.208***	0.054*
	(0.016)	(0.016)	(0.014)	(0.033)	(0.033)	(0.029)
Bangladeshi UK/US born	0.010	0.010	−0.047	0.066	0.066	−0.056
	(0.035)	(0.035)	(0.030)	(0.081)	(0.081)	(0.076)
Indian immigrant	−0.015*			0.210***		
	(0.008)			(0.003)		
Pakistani immigrant	−0.127***			−0.029***		
	(0.017)			(0.011)		
Bangladeshi immigrant	−0.041			−0.181***		
	(0.030)			(0.015)		

(*Continued*)

Table 5. Continued.

	(1) UK	(2) UK	(3) UK	(4) US	(5) US	(6) US
Indian immigrant cohorts						
Arrived before 1970		−0.125***	0.114**		−0.054***	−0.317***
		(0.021)	(0.049)		(0.018)	(0.018)
Arrived 1970–1979		−0.148***	0.122***		−0.121***	−0.280***
		(0.018)	(0.046)		(0.010)	(0.013)
Arrived 1980–1989		−0.247***	0.046		−0.152***	−0.274***
		(0.021)	(0.041)		(0.009)	(0.012)
Arrived 1990–1999		−0.201***	0.022		−0.107***	−0.231***
		(0.025)	(0.035)		(0.009)	(0.011)
Arrived 2000–2009		−0.127***	−0.016		−0.038***	−0.159***
		(0.018)	(0.026)		(0.009)	(0.010)
Arrived 2010–2019		−0.156***	−0.113***		−0.084***	−0.140***
		(0.037)	(0.037)		(0.012)	(0.011)
Pakistani immigrant cohorts						
Arrived before 1970		0.023	0.285**		−0.163	−0.491***
		(0.048)	(0.118)		(0.120)	(0.119)
Arrived 1970–1979		−0.066*	0.220*		−0.059	−0.316***
		(0.037)	(0.113)		(0.046)	(0.063)
Arrived 1980–1989		−0.166***	0.182*		−0.156***	−0.309***
		(0.041)	(0.106)		(0.039)	(0.056)
Arrived 1990–1999		−0.234***	0.102		−0.308***	−0.360***
		(0.041)	(0.096)		(0.038)	(0.052)
Arrived 2000–2009		−0.235***	−0.039		−0.274***	−0.267***
		(0.044)	(0.071)		(0.040)	(0.047)
Arrived 2010–2019		−0.166**	0.026		−0.299***	−0.224***
		(0.076)	(0.082)		(0.052)	(0.051)
Bangladeshi immigrant cohorts						
Arrived before 1970		0.401***	0.236		0.289	−0.198
		(0.100)	(0.207)		(0.294)	(0.272)
Arrived 1970–1979		0.081	−0.050		0.110	−0.353***
		(0.072)	(0.179)		(0.114)	(0.128)
Arrived 1980–1989		−0.018	−0.152		−0.111	−0.464***
		(0.059)	(0.174)		(0.090)	(0.105)
Arrived 1990–1999		−0.157**	−0.138		−0.241***	−0.426***
		(0.074)	(0.169)		(0.085)	(0.096)
Arrived 2000–2009		−0.267***	−0.322***		−0.308***	−0.366***
		(0.079)	(0.116)		(0.086)	(0.092)
Arrived 2010–2019		−0.164	−0.133		−0.336***	−0.311***
		(0.127)	(0.120)		(0.090)	(0.089)
Indian × years in the UK/US			−0.011***			0.015***
			(0.003)			(0.001)
Pakistani × years in the UK/US			−0.014*			0.011***
			(0.007)			(0.004)
Bangladeshi × years in the UK/US			0.016			0.019***
			(0.012)			(0.007)
Indian × years in the UK/US squared			0.000***			−0.000***
			(0.000)			(0.000)
Pakistani × years in the UK/US squared			0.000*			−0.000
			(0.000)			(0.000)
Bangladeshi × years in the UK/US squared			−0.000			−0.000
			(0.000)			(0.000)
Additional controls	N	N	Y	N	N	Y
R^2	0.2947	0.2950	0.5112	0.4039	0.4039	0.5096
Observations	253,208	253,208	253,208	8,114,697	8,114,697	8,114,697

Note. Coefficients of OLS models. Standard errors in parentheses. Statistically significant at: * 10%, ** 5%, *** 1%. All models include dummies for the year of data collection. Additional controls in columns (3) and (6): age and its square, dummies for educational qualifications.

Table 6. Immigrants arrived age 25 or older: female sample..

	(1) UK	(2) UK	(3) US	(4) US
Reference: White				
UK/US born				
Indian immigrant cohorts				
Arrived before 1970	0.045	0.246**	0.236***	−0.190***
	(0.109)	(0.104)	(0.035)	(0.036)
Arrived 1970–1979	−0.061	0.164**	0.172***	−0.139***
	(0.053)	(0.076)	(0.012)	(0.016)
Arrived 1980–1989	−0.039	0.134**	0.104***	−0.192***
	(0.038)	(0.063)	(0.009)	(0.014)
Arrived 1990–1999	0.053	0.170***	0.143***	−0.160***
	(0.037)	(0.050)	(0.007)	(0.013)
Arrived 2000–2009	0.041**	0.092**	0.175***	−0.115***
	(0.017)	(0.038)	(0.007)	(0.012)
Arrived 2010–2019	0.003	−0.035	0.200***	−0.052***
	(0.040)	(0.043)	(0.011)	(0.011)
Pakistani immigrant cohorts				
Arrived before 1970	−0.181	0.355	−0.216	−0.483***
	(0.144)	(0.229)	(0.222)	(0.162)
Arrived 1970–1979	0.136	0.389*	0.011	−0.348***
	(0.157)	(0.230)	(0.062)	(0.089)
Arrived 1980–1989	−0.200**	0.071	−0.028	−0.296***
	(0.092)	(0.155)	(0.033)	(0.065)
Arrived 1990–1999	−0.221***	−0.080	−0.152***	−0.327***
	(0.067)	(0.143)	(0.027)	(0.059)
Arrived 2000–2009	−0.225***	−0.180	−0.091***	−0.221***
	(0.057)	(0.121)	(0.030)	(0.055)
Arrived 2010–2019	−0.105	−0.021	−0.104**	−0.182***
	(0.094)	(0.107)	(0.045)	(0.050)
Bangladeshi immigrant cohorts				
Arrived before 1970				
Arrived 1970–1979	0.359***	0.191	0.148	−0.488***
	(0.137)	(0.317)	(0.179)	(0.185)
Arrived 1980–1989	0.077	−0.189	−0.085	−0.522***
	(0.136)	(0.319)	(0.059)	(0.086)
Arrived 1990–1999	0.171	0.174	−0.194***	−0.438***
	(0.182)	(0.258)	(0.030)	(0.071)
Arrived 2000–2009	−0.265**	−0.486**	−0.240***	−0.401***
	(0.114)	(0.201)	(0.035)	(0.068)
Arrived 2010–2019	−0.032	−0.253	−0.255***	−0.347***
	(0.152)	(0.178)	(0.045)	(0.055)
Indian × Years in the UK/US		−0.021***		0.015***
		(0.006)		(0.002)
Pakistani × Years in the UK/US		−0.006		0.007
		(0.018)		(0.008)
Bangladeshi × years in the UK/US		0.041		0.002
		(0.035)		(0.010)
Indian × years in the UK/US squared		0.001**		−0.000***
		(0.000)		(0.000)
Pakistani × years in the UK/US squared		−0.000		−0.000
		(0.001)		(0.000)
Bangladeshi × years in the UK/US squared		−0.002		0.000
		(0.001)		(0.000)
Additional controls	Y	Y	Y	Y
R^2	0.2939	0.5109	0.4032	0.5088
Observations	248,034	248,034	8,079,059	8,079,059

Note. Coefficients of OLS models. Standard errors in parentheses. Statistically significant at: * 10%, ** 5%, *** 1%. All models include dummies for the year of data collection. Additional controls in columns (2) and (4): age and its square, dummies for educational qualifications.

Discussion and conclusions

The aim of this article was to descriptively analyze ethnic wage gaps for Indians, Pakistanis, and Bangladeshis using an approach that is typical of the literature on immigrant assimilation but that has not been previously used in the ethnic inequality literature. Besides an analysis of contemporary wage gaps, this article has also included a comparison across the different immigrant arrival cohorts, as well as an analysis of wage assimilation as years spent in the host country increase. The article has also provided a novel U.S.-UK comparison: While wage gaps of Indians, Pakistanis, and Bangladeshis have been extensively analyzed in the United Kingdom, they have not yet been studied separately in the United States.

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. Independent of arrival cohort, immigrants experience a smaller wage disadvantage (in line with Hypothesis 1) and slower assimilation (in line with Hypothesis 2) in the United Kingdom than in the United States. Among second-generation immigrants (i.e., children of immigrants), Indians experience better wage outcomes than Pakistanis and Bangladeshis; this applies to both the United States and the United Kingdom and to men and women (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), and although there is evidence of convergence of wages only in the United States, assimilation appears to be faster among women than among men (Hypothesis 5b). Finally, similarly to men, South Asian women experience better outcomes in the United States than in the United Kingdom (in line with Hypothesis 6).

The finding of better outcomes in the United States than in the United Kingdom is consistent among all groups. This is partly due to differences in immigration cohorts. In the United Kingdom, Indian and Pakistani immigrants arriving up until the 1980s experience wage advantages on arrival while the more-recent arrival cohorts and all arrival cohorts among Bangladeshis experience no wage advantage, or wage gaps. There is no clear indication that the cohorts arriving to the United Kingdom after the move to a point-based immigration system have better outcomes than those who arrived before. In the United States, almost all cohorts, including the most recent ones, experience wage advantages on arrival, although the extent of the advantage appears to be lower for the most recent cohorts. These wage advantages are due to positive characteristics such as education. When characteristics are taken into account, in the United States the wage advantages turn into wage disadvantages for most groups. In the United Kingdom, characteristics, such as education and age, partly explain the wage gaps. The different patterns of assimilation between the United States and the United Kingdom are also likely to play a role: While there is a clear indication that wages of immigrants assimilate to wages of White Americans in the United States, in the United Kingdom there is no indication of assimilation.

Overall, the results point to the importance of characteristics such as education and of assimilation. When characteristics are not taken into account, immigrants appear to have better outcomes in the United States than in the United Kingdom. This is because immigrants to the United States, and especially Indians and Bangladeshis, have higher levels of education compared to immigrants to the United Kingdom (they are also slightly older on average, which could indicate more work experience). However, conditional on having the same characteristics such as level of education, immigrants appear to have a better outcome in the United Kingdom than in the United States. 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.

Notes

1. Sakamoto et al. (2009) descriptively compares wages and characteristics of different groups of Asians, suggesting that, among our three groups of interest, Indians have the highest wages, followed by Pakistanis, and that Bangladeshis have the lowest wages. However, Sakamoto et al. (2009) focuses on second-generation immigrants only, and does not provide a comparison with whites.
2. Emigration from the subcontinent existed before the partition, but the classification of immigrants based on their country of origin changed with the formation of the new countries of Pakistan and Bangladesh. Before the partition, receiving countries such as the United States or the United Kingdom would classify all these immigrants as being from India, while after the partition some began to be classified as from Pakistan (formerly "West Pakistan") or Bangladesh (formerly "East Pakistan") based on their "new" countries of origin.
3. https://www.migrationpolicy.org/article/immigrants-asia-united-states-2020. Retrieved 21 February 2022.

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