A sample of Detroit area firms in 1972 is used to determine the effects of affirmative action requirements and other firm characteristics on the recruitment and hiring of women and black men. The results suggest that affirmative action changed firm hiring practices with respect to black males. The unique data set also allows for a test of Becker’s well-known hypothesis that customer prejudice may influence the hiring of blacks or females.

Despite the existence of a voluminous literature on affirmative action, there have been surprisingly few econometric examinations of the wage and employment impacts of affirmative action programs on minority and female workers. In fact, a recent review by Gunderson identifies just eight studies devoted to this theme.\(^1\) The results of these studies generally indicate a positive impact of affirmative action on minority and female employment opportunities. This has been confirmed in recent papers by Smith and Welch and Donohue and Heckman, who add the interesting conclusion that most of the positive effects of affirmative action appear to have occurred in the early 1970s, even though it is generally acknowledged that strong enforcement of anti-discrimination policy began only after 1973.\(^2\) Given the continued interest in the impact of antidiscrimination policy and the recent emphasis on the existence of “glass ceilings” that limit the upward mobility of women and minority workers in managerial jobs, this article reexamines the effect of affirmative action on the recruitment and hiring of managerial employees in a sample of Detroit area firms during this critical early 1970s period.\(^3\)

While Freeman and others argue that federal anti-discrimination pro-
programs have altered the personnel policies of firms, the existing empirical studies on the effects of affirmative action offer only indirect evidence on this question. There have been two types of studies in this literature. The first, exemplified by Heckman and Payner, examines the time series of employment and/or wage shares of various groups to determine if the timing of shifts in the share of target groups coincides with changes in legislation or policy. The second type of study examines cross-section data on firms or establishments to determine if those subject to affirmative action regulations significantly increased their share of minority workers over some time span. Leonard and Smith and Welch carry out such studies using data extracted from EEO-1 forms filed with the Equal Employment Opportunity Commission. Neither of these two types of studies directly examines the effect of federal anti-discrimination programs on the recruitment and hiring practices of firms. In fact, as is argued by Holzer, empirical studies of the recruitment and hiring procedures of firms have been quite rare in the labor economics literature.

This article utilizes a previously untapped data source to study the effect of affirmative action and other establishment characteristics on the rate at which black male and female workers applied for and were hired for managerial jobs in a sample of firms in the Detroit metropolitan area in 1972. While this data source has some limitations which are discussed below, it does allow us to conduct a rigorous empirical examination of the hypothesis that affirmative action programs changed the personnel practices of affected firms in the recruitment and hiring of women and black men.

THE 1972 DETROIT AREA STUDY

The data set contains information collected from interviews with the senior manager, the chief personnel manager and a front-line supervisor at 131 business establishments in the Detroit metropolitan area. Our study of the determinants of minority and female hiring patterns focuses on the personnel manager portion of the survey. Although there are no detailed data on the personal characteristics of the applicants or hires, the personnel manager did supply the race and sex composition of the last twenty applicants and the last twenty hires in various occupations at the establishment. Of course, the fixed number of applicants and hires (twenty each) thus precludes simply counting the number of applicants and hires to respectively derive the demand and supply of workers for the various positions within the firms. Furthermore, a lack of detailed personal char-