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Research Article

# Labor Market Migrations

## Immigrant Intersections in the Informal Economy

Anna Joo Kim

### Abstract

This study argues that many workers in Asian enclave economies move between both formal and informal employment. Scholars and other commentators have often framed “immigrant work,” as static, exploitative, and characterized by illegal arrangements, while formal employment has provided mobility, better pay, and important fringe benefits, including health care and paid vacations. The relationship between formal and informal labor markets, however, may be more intertwined in an ethnic enclave economy. Drawn from the experiences of Korean and Latino immigrant workers from Los Angeles’ Koreatown, the qualitative data presented here show that many workers move back and forth in a “blended” or “mixed” labor market, in a pattern that complicates conventional understandings of the working lives of immigrant laborers.

### Introduction

Many scholars have written about immigrants and ethnic minorities as though they were limited to either secondary or low-wage formal employment or to informal employment exclusively, as a result of difficulties entering the formal labor market. They have described the informal labor market as limited in terms of upward mobility, with lower wages, few or no fringe benefits, and unlawful arrangements for pay and for other working conditions.<sup>1</sup> On the other hand, they have described the formal labor market in opposite terms: workers there have better wages, avenues for promotion, and fringe benefits that include paid vacations and health care. To measure the size of the informal sector, scholars have often relied on “foreign-born status” as a proxy, but this too has tended to conflate the relationship between immigration status, unlawful work arrangements, and the advantages of formal over informal employment.<sup>2</sup>

In a densely populated immigrant enclave such as Koreatown in Los Angeles, however, immigrant workers—both undocumented aliens and lawful residents—have more opportunities in both the formal and informal labor markets. Immigrants in Los Angeles are not relegated to one or the other, such that they can move between the two sectors, and much more frequently than the extant academic literature may suggest. For immigrant job seekers in Koreatown, the line between informal and formal sectors has been a blurry one, and there may be distinct advantages to working in the informal sector even as there are several disadvantages with work in the formal sector.

Consequently, in contrast to models of employment that segment formal and informal labor markets, newer models are emerging that move beyond dual labor market segmentation. New definitions of the informal economy argue alternatively that (1) the informal economy is here to stay, a part of economies world-wide, (2) the informal economy is closely tied to the formal economy through a multitude of relationships through production processes, trade, and consumption (not a completely separate sector as it was previously seen), and (3) urbanized areas in “Western” economies have higher rates of informal labor market participation, perhaps reflecting a global trend toward informal structures in many private sector activities.<sup>3</sup>

This project shows that rather than absolute segmentation in either formal or informal labor markets, in “intersected” labor markets, workers may move between formal and informal jobs or may hold jobs in both sectors with little to no difficulty. This paper will discuss two possible types of intersected labor market participation: 1) immigrant workers who are employed simultaneously in both informal and formal jobs (multiple-job holding across sectors); or 2) immigrant workers who move bi-directionally between formal and informal employment over time, rather than moving “upwardly” from the informal to the formal. I interviewed twenty-four workers from Koreatown for this study, and their experiences revealed how labor market boundaries were less rigid than conventional theories allow: the same population of immigrant workers constituted the available labor force for both secondary formal employment (low wage formal jobs) *and* informal employment.

Scholars have defined the formal economy as consisting of economic activities that are regulated by the state, where formal rules govern wages, benefits, and other aspects of work, while in the “informal economy,” employers and employees do not abide by these same rules. These definitions have assumed that workers are forced into the less desirable secondary or informal labor markets because they have less human capital than those with more education level or specialized training.<sup>4</sup> In most cases, following the International Labor Organization’s (ILO) guidelines, informal sector activities are defined as follows:

1. Coping strategies (survival activities): casual jobs, temporary jobs, unpaid jobs, subsistence agriculture, multiple job holding;
2. Unofficial earning strategies (illegality in business):
  - 2.1. Unofficial business activities: tax evasion, avoidance of labor regulation and other government or institutional regulations, no registration of the company; and
  - 2.2. Underground activities: crime, corruption - activities not registered by statistical offices.<sup>5</sup>

While the ILO’s definition above illustrates what are most often considered characteristics of Third World or “developing countries,” some scholars have tried to analyze and measure the size of the informal economy in Western or “developed” countries. Saskia Sassen, for example, defines the “informal economy” or informal sector of the economy to mean “those income-generating activities occurring outside the state’s regulatory framework that have analogs within that framework. The scope and character of the informal economy are defined by the very regulatory framework it evades.”<sup>6</sup>

Alejandro Portes and Saskia Sassen have also criticized three basic economic assumptions within traditional analyses of labor market segmentation as they have occurred in both advanced industrialized countries and in “Third World,” or developing countries: the first assumption is that informal economic activities are “essentially transitory, being a consequence of the imperfect penetration of modern capitalism...destined to disappear with the advance of industrialization and industry-led growth;” the second

assumption is that the informal sector is only periphery (in both industry and design), and thus “invented to fill in the interstices of the modern economy;” and lastly that the informal sector is a “feature” or naturally occurring part of peripheral economies, a symptom of under-development.<sup>7</sup>

This study shows how immigrant workers have a great deal of agency over the terms of their work, in both the formal and informal sectors. Many people make conscious decisions to participate in the informal sector, despite access to the formal sector, because of the potential benefits of informal employment. Barriers to employment are not the only explanations for the size of the informal labor market. Policy scholars like Martha Chen and James Alderslade, and John Talmage and Yusef Freeman, have argued that in one way or another, large-scale economic growth in advanced industrialized countries like the United States may actually *promote* the growth of the informal labor market because of demand for cheaper goods and services, increased regulatory costs, and a large supply of unskilled labor. These scholars argue that new definitions of informal employment should look beyond “labor markets” as we’ve traditionally defined them, to examine all informal or unregulated relationships between people. The definition of “informal economy” must distinguish between those illegal processes or arrangements” and “illegal goods and services” because workers in the informal labor market can and do work for “formal firms.”<sup>8</sup>

Racial stereotypes about immigrant work have further portrayed the “informal sector” as a static, exploitative, illegal area of employment. But in his illuminating case-study of day laborers in the United States, Abel Valenzuela also found that “day laborers temping in formal sites earn[ed] lower wages than their counterparts in open-air informal sites.”<sup>9</sup> Still, in popular discourse and in the media, informality has developed its own “racial formation,” a type of intersectionality where illegal immigration is conflated with illegal employment.<sup>10</sup> Many people believe that “illegal immigrants” are exclusively employed in illegal work in order to “hide underground.”<sup>11</sup> In political discourse, demands for immigration reform invariably reference the economy, jobs, and illegal employment.<sup>12</sup> In states like Alabama, Arizona, and Georgia, legislators and interest groups point to farm workers and farm owners as the most likely objects of restrictive immigration bills, again because of the implicit linkages between citizenship status and informal

employment.<sup>13</sup> This is a small-scale study, but the informants here debunk at least two myths: that citizens and permanent residents never or rarely work in the informal sector; and that undocumented persons can only find work in the informal sector.

This paper explores the extent to which the line between informal and formal sectors are blurring and blending in Los Angeles' Asian ethnic enclaves. This study focuses on two major research questions:

1. What is the structure of the "intersected" labor market (i.e., workers who have jobs in both the formal and informal labor markets, who migrate across these sectors)?
2. What are the similarities and differences between Korean and Latino immigrant workers participating in an "intersected" labor market in the ethnic enclave economy?

To examine these questions, I collected "stories about work" from a small sample of interviewees living and working in Koreatown, Los Angeles. Twenty-four immigrant workers—from South Korea, Mexico, El Salvador, and Guatemala—shared their experiences and these suggested collectively a vastly different portrait of employment than simple segmentation along formal and informal labor markets. I asked open-ended questions about their employment decisions and behaviors, including questions about their personal relationships with their employers and co-workers. Again, although this was a small sample, the results of these interviews address one gap in understanding how immigrants negotiate between the formal and informal labor markets in their search for work.

When I paired the qualitative data with secondary data from the Census, they showed how employment might be underreported and why some households and individuals participate in the informal sector. This work may help us understand some key statistical anomalies: according to the Census PUMS data, for example, Koreatown had the most foreign-born residents in Los Angeles County between 2000 and 2010.<sup>14</sup> Koreatown also had the highest discrepancies in reported employment: whereas most areas of Los Angeles had about 2-4% discrepancy in employment rates reported, Koreatown's rate was 10.2%. Residents in Koreatown also reported relatively higher rates of turnover in occupations, as well as higher levels of potentially unreported income.<sup>15</sup>

This study might contribute to other long established academic debates: scholars in Asian American Studies have long been concerned with ethnic enclaves, and many have been at the forefront of challenging more limited notions of the enclave as a place solely for new immigrants working in the secondary labor market.<sup>16</sup> Min Zhou's work on the ethnic enclave economy, as "outside" the dominant framework of segmented labor market theory, has been seminal.<sup>17</sup> She has argued persuasively that the ethnic enclave economy is not an extension of the secondary economy, but rather an alternative set of social and economic arrangements developed on its own terms. That is, the enclave economy is not an example of "failed assimilation," but rather a form of "assimilation without acculturation." The data presented here, of undocumented workers, lawful residents, and American citizens—all moving in and out of the formal and informal labor markets, and "blending" their participation in both—provide a powerful glimpse of how immigrants acculturate and assimilate differently, and on *their* own terms, within this ethnic enclave.

### Data Collection and Methodology

For purposes of this study, I defined formal labor market employment as any work requiring a W-4 form and paid through a formal payroll system that leaves an official record, as when persons are paid by check or direct deposit into a banking account, after the familiar state and federal taxes had been deducted. I defined informal labor market employment as characterized by being paid in cash or "under the table" or "off the record" or "off the books," in the multiple ways that these phrases were translated into Korean or Spanish. My informants themselves had no problem understanding what I'd meant by formal and informal employment. In addition, to make sure that this study would be about employment patterns in Koreatown, I confirmed that my informants satisfied all of the following conditions: they had to have at least one of their current jobs in Koreatown, they had to reside there, and they had to have held both formal and informal work positions. I conducted semi-structured in-depth interviews with eleven Latino workers and thirteen Korean workers. A Spanish-language translator helped me conduct the interviews with the Latino workers; I speak Korean and so did these translations myself.<sup>18</sup>

## Interviews with Latino workers: Flexible Benefits

All of the Latino participants said that they experienced more similarities than differences between the formal and informal jobs that they had held, but that each sector had key advantages. Informal arrangements *within* formal employment were common: four of my eleven Latino informants, “Janet”, “Alex”, “Max” and “Sara,” had arranged to be paid partly in cash, partly by check. The most obvious advantage to formal employment was that it was “the right” thing to do in America, and it allowed for the option of vacation time and health care. The most obvious advantage to informal employment was that they paid “no taxes” and thus took home “more money,” sometimes because employers offered more hours or more money under these arrangements.

For example, after moving to Los Angeles from Honduras six years ago, “Oliver” found his current job at the same carwash where his uncle worked. Oliver was employed at two different carwashes under the same employer as a cleaner / car-washer at both locations. When I asked whether or not he felt that there were benefits to working formally, he said that there were none. When I asked if there were better conditions or other benefits, he responded that there were none as well. He and his wife “Sonia” (a former car wash worker) agreed that the benefits to formal employment in their work experience had been limited, and resulted in less overall household income:

I’m formal now but [there is] no benefit, and yes the pay is the same [in check] as it was before, but I get less to take home from the checks because of the taxes I pay each time.<sup>19</sup>

Oliver had been working at the carwash for five years, but he had transitioned between informal to formal arrangements. He had experienced three different types of pay at his workplace: his employer had paid him for each day he worked at the carwash, at a rate of approximately seven dollars per hour for seven to eight hours of work; then his employer began to pay him partially in cash and partially by check; and at one point, his employer asked him to supply papers and Oliver complied. Currently Oliver is paid entirely by check, with no pay under the table. He attributed this change to an on-going lawsuit against his employers on



behalf of carwash workers in Los Angeles. He explained that as a consequence, the owners at all of the carwashes now want to do everything “by the book, by the law.”

Well, [my employer] doesn't do this any more but after the lawsuit he now pays me entirely in check. When I used to work more hours—the full day—this is what he did: he split the day in half and paid me half in cash for those hours. The reason for the change I know is entirely because of the lawsuit because that's when he started paying everybody in checks only.<sup>20</sup>

Oliver's comments suggested that the shift to formal employment meant that his pay had been reduced in three different ways, because of taxes, because of reduced hours, and because he had to report tips, which were about one hundred dollars per week.

When it was informal we used to work the whole day for a certain amount of money. But now that we have 'formal' jobs at the carwash the boss cut our hours. We only work four hours now a day and they just pay us in check for four hours—nothing else. Getting paid like this, all in check for less hours, it's a big pay cut.<sup>21</sup>

Despite the decrease in pay, however, Oliver preferred formal employment because he felt that it changed the relationship between him and his employer into something more appropriate, as it followed the legal guidelines for how employees should be paid.

I think people see this type of work we do in informal or formal as really normal. It is just part of how we do work. For me though, I think I prefer the formal work. This is because they would pay me the proper way, the correct way. Even though the pay isn't any better for us whether it's formal or informal work and maybe the employers see them the same way, too, but for me there is a difference.<sup>22</sup>

Oliver experienced two shifts across and between the informal and formal sector. In the first, his employer moved him from informal to formal compensation. Prior to the carwash, Oliver had also worked informally in construction and as a packer at a camera factory where he was formally employed. Throughout

his experience, documentation and status were not a problem for Oliver, despite being undocumented. When I asked about how he had felt when his employer requested documentation of his status, he responded: “I just needed to have paperwork ready—and so I supplied them.”<sup>23</sup>

My other informants also described “paperwork” as an “issue” or problem that is often not a barrier to employment in Los Angeles. One person, “Robert,” who was also formally employed as a carwash worker but with a different employer, referred to fake or forged documents by a nickname, as “MacArthur Park papers.” Robert explained that these papers were easy to get and easy to supply: MacArthur Park is the largest park in the downtown area and it lies on the Northeastern edge of Koreatown. Many undocumented people went there to purchase false documents, including driver’s licenses, passports, and citizenship papers. Although many of the people providing these services in MacArthur Park have been prosecuted, and even though the market for false documents has moved to other places, the nickname has stuck. Wherever he got his “papers,” Robert found that other issues, including language barriers, were as significant as legal status:

Well the barriers to any kind of work that I can see is that since we are in the United States you have to learn how to speak English—that’s one thing, and of course the documentation. [But] there’s also a lot of work where you don’t need the English to work in the job because you could do with just Spanish. Like if you work as a janitor in the mall, or there’s also construction work, [and] also yard work or work [as a] gardener. You don’t really need the language. As long as you connect yourself with friends and family members, you can find those jobs.<sup>24</sup>

In Koreatown, legal status was not a major barrier to formal employment. All six of the undocumented informants had at one time been employed in formal positions in their respective firms. “Gloria,” an undocumented immigrant from Mexico City, has lived in Los Angeles for ten years. In that time, she has worked as a housekeeper and more recently as a workshop coordinator at a Los Angeles non-profit agency dealing with poverty, as well as at a charter school in South Los Angeles. While the non-profit

work was informal, she received a cash stipend for her work there; at the charter school, where she was paid by check, she was a formal employee. When I asked about how she got her job at the charter school, she said that her skills and previous employment experiences were more important than her lack of papers:

Well, if we generalize the undocumented folks, yes, because of the documentation you need, [formal work] is harder. But [I have been lucky that] I haven't had a hard time because of my experience. I have my own ability and flexibility and dedication to the work I have. People have seen the passion I have in my work. That has opened doors for me to these other type of works I have done.<sup>25</sup>

Many of my informants mentioned "flexibility" as a key aspect of their ability to get work. Three of the Latino informants worked for Korean employers in Koreatown: "Sara" worked at a major Korean grocery supermarket; and "Max" and "John" both worked in Korean-owned restaurants, as a cook and as a dishwasher, respectively. Max was paid half in cash and half in check and "John" was paid in cash, under the table. Both of them discussed different forms of "flexibility," from the employer's standpoint: John was "flexible" in that he knew beforehand that his employer would not check or care to see his papers.

I get paid in cash at my work. The bosses, a lot of times, they don't ask to see papers and I know because I check the ad when it is outside. If it just says looking for someone to work and doesn't mention anything else, no requirements, I know what that means. It's not just the Koreans; it's a lot of people. You can tell who is not going to [care].<sup>26</sup>

John said that he had worked in two separate places in Koreatown as a dishwasher, one that had primarily Spanish-speaking clientele and another that had mostly English-speaking customers. He felt that the differences in work and pay were not significant, but that immigrant employers tended to "check less" than American citizen employers. If the job was acquired by "walking in" and asking for work, if the job had been advertised on a flyer posted on the business or nearby, if there was an ad in an ethnic newspaper, or if the job was acquired through word of mouth, "checking" for legal status often was not an issue.

Yet at the same time, among my informants, undocumented

workers were not the only ones who'd participated in an intersected combination of formal and informal work. "Janet" had been born in the U.S. and "Rachel" was a naturalized citizen. Although Rachel had been an undocumented immigrant, she changed her status as a refugee from El Salvador, and once she had been approved for legal residency, she became a naturalized citizen. Janet was a native-born American citizen in her early 20s, and was also of Salvadoran descent. Both women had worked simultaneously in the informal and formal sectors of the labor market in Los Angeles.

Janet was employed at two different carwashes owned and operated by the same employer. At one location, she was on the formal payroll as a cashier and ticket-writer for cars, and in the other, she worked as an accountant and secretary in the office. Though she started out cleaning and washing cars, Janet received a promotion and pay-raise as a cashier and ticket-writer because she was the only worker at that site who spoke fluent English. She had always been always formally employed at the carwash, but the problem for Janet was that her promotion and raise resulted in a drop in her net-income. She explained that this was because the tips as a car-washer or cleaner, on top of the hourly wage, greatly exceeded the amount she made working for the higher rate as a cashier.

Janet explained that she therefore chose to negotiate an arrangement with her employer where she worked for cash as a cleaner one day out of four every week. She subtracted one day of formal employment for informal employment. This additional work, and the tips that came with it, allowed her to earn the wages that she needed to support her family. Still, these earnings were less than what she had earned working five days a week washing and cleaning cars. She said that the primary advantage of her new arrangement was that it was less strenuous, as she worked indoors on most days, even though she earned less.

For me, I was always on payroll, and working as a cleaner, and then I got promoted [even though] it was a 50 cent difference in my pay. [Because of taxes] I took home way less. It was a so-called raise but not really. It was [also] rough because I lost all those tips. [The benefit was] no sun and air-conditioning [for] working inside, but [there was less] money.<sup>27</sup>

Janet continued:

I got paid fully in check since [I started] because status didn't matter for me. But for some people, they don't clock-in, [and] they have a different arrangement with the owners. They would want to be paid in cash because they had no papers. But the owner would always tell them that even if they don't have papers, that they should try to get something at least, for our records, so we have something to write down. [Whether] you have [them] or don't, they want to go by the books—even though it's still illegal. I mean, basically, they didn't really care, but they wanted you to have something to show.<sup>28</sup>

Rachel was in her late 40s, and she had moved in the opposite direction. Rachel had immigrated to Los Angeles 22 years ago, making her the longest U.S. resident interviewed for this study. She worked close to full-time at a major national grocery retail store in Los Angeles. She transitioned from working full-time as a housekeeper for cash, to her first formal job as a deli-worker at the grocery store. At the time I interviewed her, Rachel was working an average of 30 hours per week at the store and one day per week as a housekeeper.

In many ways Rachel's story is more typical because it followed a conventional trajectory from informal employment to formal work. She was a housekeeper when her children were young, when the flexible hours were more important for her. Now that her children were older, Rachel decided to look for less strenuous work. She applied to local grocery stores but she retained two of her former housekeeping clients, until one moved away, leaving her with one house to clean part-time. Rachel chose both informal and formal work and she had no plans to leave either job; pay from both allowed her to make ends meet. In addition, having worked for her remaining client for over ten years, she had come to value that relationship and so wished not to give it up.

As American citizens, neither Rachel nor Janet worried about having to have the proper papers, and so they were able to take advantage of formal employment. The primary benefit of that work was the annual two-week vacation. Work breaks, they felt, were not exclusive to formal employment, and while both knew of other benefits like health insurance and unemployment benefits, they felt that these were not something they could readily use. Janet

never received health or medical benefits from her work at the carwash, but Rachel did receive healthcare as part of her employment package at the major grocery retail chain. In terms of long-term benefits, such as retirement or unemployment, both women did not calculate benefits to their formal work. For example, when I asked Rachel directly about unemployment benefits from her grocery job, should she be laid-off or fired, she stated:

Well that's something I probably wouldn't apply for. I'm not sure I am even eligible because one time my husband tried to get it when he was fired and they said he wouldn't get anything. So I don't think about that as a real benefit to my work right now.<sup>29</sup>

Lack of information and lack of experience with the formal labor market—especially with the benefits like health care and retirement—led both women to believe that the formal sector wasn't “better” than their previous positions. These women received less aggregate pay from their formal work than they had from their informal work, and this appeared as one of the most obvious “advantages” of informal work. Rachel also explained that her choices now have something to do with the current state of the economy and the unavailability of more work:

If I could get houses to clean five days a week, for example, I would not have even looked for the job at the deli in the store because I could definitely make the most money that way. But the economy is not so good right now, and my schedule now at the grocery, it's not flexible because someone else sets the hours, and so it doesn't really allow me to take on more than the one house I have right now. Sometimes they have me at 28 hours, sometimes at 48 hours, I never really know what to expect.<sup>30</sup>

For Janet, there was a sense of personal pride in multi-tasking at the carwash, by working as a cashier, secretary, and accountant. But getting “respect” just by being in the formal economy was not a factor for either woman. The two agreed, however, that the advantages in informal work consisted of the flexibility of setting one's hours and of an informal, untaxed wage that exceeded the wages for formal work and pay.

All eleven of the Latino participants described how they attributed some amount of unquantifiable advantage and

disadvantage to each kind of work. Respect at the workplace and overall working conditions were seen as comparable in both the informal and formal sector. For some individuals, participation in the formal sector, however, provided a sense of personal dignity and moral legitimacy because they were “following the law.” Others felt that the formal sector exploited them because, although they paid taxes, they didn’t see any benefits. The most common benefit of informal work, according to these informants, beyond the higher cash pay, was their ability to negotiate hours and terms on a more “flexible” basis.

What was most interesting about these eleven Latino workers was that none of them had felt excluded from either sector of the labor market, but they had moved from formal to informal work and even kept jobs in both simultaneously. Some worked two jobs at the same time, some worked one job but were paid informally and formally, and some people moved between the two sectors with ease. A few of the interviewees indicated that they chose to participate in both formal and informal jobs, combining all of their employment options.

#### Interviews with Korean workers: Flexible Barriers

Of the thirteen interviews with Korean workers, two were male and eleven were female. They ranged in age from the late 20s to the late 60s, with most falling in the range of 40 to 60. Three were older than 60 and working full-time; overall, the Korean group of informants was older and more female. All but two had immigrated directly to the United States; those two had immigrated to Paraguay and Brazil first before coming to Los Angeles. Korean interviewees’ first residence in the United States were split, with eight persons moving to Los Angeles as their first point of entry, and the remaining five into “ethnoburb” areas of Los Angeles County, including Gardena, Torrance, Glendale and Fullerton.<sup>31</sup> Ten of the thirteen Korean informants lived in Koreatown, and all thirteen were working in Koreatown at the time of my interviews.

Of the Korean interviewees, six persons were now out of status and first began working without papers shortly after arrival in the United States. Three of the six undocumented Koreans saw their citizenship status change during their period of residency in Los Angeles via marriage, work, or family petitions for citizenship. Of the three persons whose citizenship status changed from

undocumented to legal residency, all reported no change in wage, working conditions, or quality of life because of that change.

All of the Korean interviewees worked for co-ethnic Korean employers: six worked in restaurants; two in community-based non-profit organizations; two as hairstylists; one in retail sales; one as a security guard; and one as a door-to-door salesman. Twelve had had work experience in the informal sector, but nearly all had had experience in both sectors. Among the Korean workers, all but one person had at some point worked semi-formally for one employer, and seven were currently being paid half-cash and half-check at their workplace.

Like the Latino informants, these Korean interviewees said that it was common to work in both the informal and formal sectors of Koreatown's economy. "Myung-baek" was an older Korean man in his 60s working as a security guard at a Koreatown business plaza; his job included security work for the nine small Korean owned businesses in the complex, and he was also to make sure that the customers there did not park for longer than an hour. Myung-baek was undocumented and had been working at his job for the same employer for six years. During that time, he had been paid in cash and by check, but he preferred to be paid in cash.

I don't think cash work is harder at all. Getting checks, I don't know. I like cash. Taxes are a problem for later, you know? I need the cash right away. Checks, they hold it. I needed the money yesterday or today but they hold those checks to clear for a while. So if you are a really poor person, what are you supposed to do while you are waiting? I get paid with personal checks, there's not like a company check or something. And then with checks, they take so much out for taxes. Maybe if you are rich you can deal with that but when you are really struggling, sometimes getting paid with checks adds to the struggle.<sup>32</sup>

The Korean informants said that while some barriers were flexible, others were not. Myung-baek, "Jin," and "Eunhee" revealed that while they had faced many different barriers to working in the United States, they also used multiple strategies to find work, to get paid, and to figure out their legal status. Jin was a Korean restaurant worker in her 60s, she reflected on her work experiences over the past twenty years at various factories and restaurants, and she expressed confusion about her legal status. For her,



being undocumented and Korean in the 1980's was not a barrier to employment; it continued to be a non-issue to the point that she didn't think about it much at all. When she started working in Los Angeles, her main barrier was her inability to speak fluent English, which limited the jobs available to her. About her legal status, Jin said:

This is how I see it: let's say you enter illegally like us Koreans or Mexicans, then you can't become the same as those people that enter legally right? I mean that's what you would think. But after working in Koreatown for over 20 years, I found out there's no difference. That's how it is here. We all get the minimum [wage], we get some tips, and that's how we get enough money to survive.<sup>33</sup>

Eunhee was in her late 30s, and she was a mother of two. Eunhee worked in restaurants, a factory, and as an office administrator. As someone who used to be out of status but was now not, Eunhee did feel as though there were some workplaces where being undocumented required more negotiation. Her legal status changed three times in ten years, as her husband's status changed with his position at his sponsoring company. She explained,

My husband's company had sponsored him to work, and then he lost his job, so he had to move back. But I had already moved here with the kids, so I started working under the table at a factory. After three years he was able to come back with a new work visa, and we are okay now, but I know what that's like, to be undocumented. So right now at my job I help out my friend. She uses my social [security] number, and the boss just puts her wages on my checks and then I pay her in cash.<sup>34</sup>

Myung-baek said that this flexibility around citizenship was a double-edged sword for workers, because although he was able to find work, he was never "legal," a situation that felt to him as though the country's laws were hypocritical and irrational.

I used to run my own business when I was in Paraguay and when I was in Brazil, and I was legal there. Here in the U.S., it's too hard and too expensive. I've always been able to find work here, but the only place I ever had a problem obtaining legal status is here in the U.S. I can work but I can't work legally.<sup>35</sup>

Myung-baek suggested that in the United States, there was always a demand for his labor, but never an opportunity to become a legitimate resident or citizen.

Regardless of their ability to find work, many of the Koreans I had interviewed indicated that their citizenship status was a strain on them mentally and emotionally. "Nara" was a hair-stylist working for wages that were paid half in cash and half by check; she was twenty-nine years old, and she immigrated seven years ago. She had worked for only one employer that entire time. She had come to the United States using a travel visa, but when she decided to live in Los Angeles permanently, she fell out of status and she had difficulty finding work at first. Nara immigrated shortly after 9/11, in 2001, and during that time, most of the restaurants where she tried to work as a waitress had asked her for proof of legal status immediately, something that her friends in that industry had not expected or experienced themselves.

They asked me if I had papers and I told them I didn't [have any] because I had just arrived from Korea. At that time after 9/11, I couldn't get a job as a waitress but this salon sponsored me for a work visa. I've been on [a conditional status] now for eight years, [so] I can't really leave this place because I'm still waiting to get my green card, and I don't want to try with another employer. I don't feel very free. I might not wait for it much longer.<sup>36</sup>

Nara was happy to find work as a hairstylist, but she now felt trapped by her legal status. The senior stylist positions at her salon did not turnover often, meaning that it was unlikely that Nara would ever be promoted from her current position as a junior stylist. Ideally, she would like one day to open up her own business, but not having legal status, however, made her afraid of making any changes to her current work situation.

"Hyomin" discussed being out of status as similar to being "in-between" informal and formal. She calls both a type of "internal struggle": even after becoming a citizen, as a waitress, she felt vulnerable at times to her employers. She recalled that when she was thinking of leaving one restaurant to work at another, her employer threatened to reveal their unlawful payment arrangement to the IRS.

For example, let's say because of social security issues, I only get \$500 in check and the remaining \$1,000 as cash under the

table, then the owner might say, 'I'm going to report to the authorities that you are underreporting your income.' They say, 'I'm going to call an investigator.' So it's more an internal struggle, a feeling of burden or worry that you bear in that kind of work. Now, obviously, I know that the owner is also at fault, but there are many people that take those threats seriously. In my case, I would say, 'Look, as the employer, you are going to get in way more trouble than me! Go ahead and report it!'<sup>37</sup>

Yet just dealing with these circumstances was quite stressful. Like some of the Latino informants, the Korean workers said that the benefits of legal status were not material, but rather psychological and emotional. In most cases, they did not see legal status as a path to improving economic mobility or to receiving better wages, but instead as a way of living life free of guilt or shame, or at least feeling more freedom than when they did not have legal status. It did not resolve some of their most serious problems, but in the broader community of Korean Americans and Korean immigrants, legal status could provide a sense of belonging.

"Young" was a waitress in her early 30s when she came to Koreatown about five years ago. Initially without legal status, her status changed a few years ago when she married an American citizen she'd met through church. "It's not like my life is that different because I am a citizen. I am still a waitress, but I'm not ashamed of my status anymore."<sup>38</sup> She had long felt that the Koreans with whom she socialized at church and at other Korean institutions were overly judgmental about her citizenship status, despite all of them knowing many fellow Koreans who were out of status. Young often kept her status a "secret," as she felt that "[this] is something everyone knows [about you] but you are not supposed to talk about." Becoming an American citizen did not raise her economic status nor improve her employment prospects, but she felt a palpable rise in her social standing in the Korean community in Los Angeles. Work had nothing to do with it.

## Conclusion

This preliminary study of workers in Koreatown shows a much more complex labor market than most scholars or other commentators have imagined. The experiences of this study's informants suggest collectively that informal economic activities do not

occur in a vacuum. Workers, and certainly the cash they've earned and spent, circulate in and out of the formal and informal sectors on a daily basis. The data presented here also shows that the workers themselves cross the line between informal and formal every day, and for reasons that are often counterintuitive to more conventional explanations of their labor market participation.

The workers in Koreatown that I spoke with most often chose not to limit themselves to one sector, one occupation, or one method of pay for their labor. These individuals migrated back and forth, between seemingly impermeable boundaries between each sector, and with relative ease, and sometimes without much concern whether one type of employment may be classified as "formal" or "informal." Indeed, the most common type of labor market intersection was one in which the same job and workplace constituted a mix of the two, via half-cash and half-check wage payments.

Even with access to formal jobs, many of my informants chose to work informally, whether it was because of the flexible arrangements that they could make, or because they just took home more money at the end of the week or month. They reported that the benefits to formal work (healthcare and overtime wages, for example) were irregular and often intangible: these benefits were often unenforced and unregulated in their occupations, industries, and workplaces. In the absence of enforcement, and faced with daily living needs, they approached work not as though it was so segmented and fixed, but through different kinds of "flexibility," with some formal work here, informal arrangements there, in an overall labor market where formal and informal work intersected in many complex ways. Indeed, in their daily lives, they worked in "intersected" labor markets.

One of the most surprising findings of this study was the degree to which legal status functioned as a barrier for some of the interviewees, but not all of them, and not to a degree that proved insurmountable. This finding suggests that there were complex reasons for why workers chose to participate in the informal economy, and it tends to cast doubt on the conventional argument that undocumented workers stimulated or created that market in the first place. My informants listed particular advantages associated with this sector. Being without legal status was not the main reason that these interviewees participated in the informal sector, and it was quite likely that their informal labor market participation would continue to be a viable option even when their legal status changed.

Moving back and forth, or having one job in each section, characterized the lived experiences of many of these workers. Provided that the findings of this rather modest study could be corroborated, this reality among low-wage workers in places like Los Angeles may lead scholars and activists to focus on creating more possibilities for well-paying, decent work opportunities *throughout the labor market*. Immigration status by itself was recessed as a concern among my informants, as it was a change that could impact how they felt about themselves, their place at work and in the wider community; yet it did little to change their employment prospects, their wages, or other material conditions. In the end, their experiences suggested that moving people from an “informal” sector into “formal” work, or from “out of status” to lawful residency, might prove less meaningful than helping all workers, irrespective of status or place of work, to realize their common hopes. Those hopes were not difficult to infer: these workers wanted a living wage, protection against abusive employers, decent health care, reasonable benefits, affordable housing, and other social minimums that could improve their day-to-day lives. More than anything else, these concerns should drive public policy in cities like Los Angeles.

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18. Formal employment was defined for this study as requiring a W-4 form, being on payroll, and being paid by check or direct deposit into a banking account. Informal employment was defined as being paid in cash and “under the table” or “off the record”, conceptually translated in to Korean and Spanish languages. After obtaining UCLA IRB approval, the author conducted 24 semi structured in-depth interviews, 11 with Latino workers and 13 Korean workers. Individuals were screened for the inclusionary criteria and asked if they would be willing to answer questions about their occupations, method of pay, immigration and work history. Interviewees received \$30 in the form of a gift card. Pseudonyms were assigned to participants to assure anonymity. Interviews were between June of 2009 and November of 2010. All interviews were audio-recorded and transcribed verbatim first in the language of the person interviewed, and then translated into English.
19. Interview with “Sonia,” an immigrant worker from El Salvador living in Koreatown, Los Angeles. Age: 30-35 years old.
20. Interview with “Oliver,” an immigrant worker from Honduras living and working in Koreatown, Los Angeles. Age: 30-35 years old.
21. Ibid.
22. Ibid.
23. Ibid.
24. Interview with “Robert,” an immigrant worker from Guatemala living in Koreatown, Los Angeles. Age: 20-25 years old.
25. Interview with “Gloria,” an immigrant worker from Mexico living in Koreatown, Los Angeles. Age: 50-55 years old.
26. Interview with “John,” an immigrant worker from Mexico living and working in Koreatown, Los Angeles. Age: 25-30 years old.
27. Interview with “Janet,” a Salvadoran-American citizen living and working in Koreatown, Los Angeles. Age: 20-25 years old.
28. Ibid.
29. Interview with “Rachel,” a Salvadoran-American citizen working in Koreatown, Los Angeles. Age 45-50 years old.
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32. Interview with “Myung-baek,” an immigrant worker from South Korea living and working in Koreatown, Los Angeles. Age: 60-65 years old.
33. Interview with “Jin,” an immigrant worker from South Korea living and working in Koreatown, Los Angeles. Age: 65-70 years old.
34. Interview with “Eunhee,” an immigrant worker from South Korea working in Koreatown, Los Angeles. Age: 35-40 years old.

35. Interview with "Myung-baek," an immigrant worker from South Korea living and working in Koreatown, Los Angeles. Age: 60-65 years old.
36. Interview with "Nara," an immigrant worker from South Korea living and working in Koreatown, Los Angeles. Age: 25-30 years old.
37. Interview with "Hyomin," a Korean-American citizen working in Koreatown, Los Angeles. Age: 45-50 years old.
38. Interview with "Young," a Korean-American citizen living in Koreatown, Los Angeles. Age: 35-40 years old.

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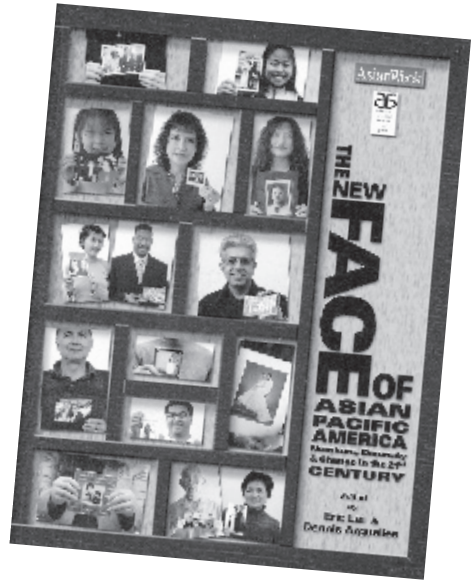
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