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# AAPI Labor Market Status and Challenges

Deborah Woo and Paul Ong

This issue of AAPI Nexus is the first of two devoted to AAPI work and employment issues. Three articles related to the “glass ceiling” are slated for publication in early 2006. The majority of the articles in the present issue focus on other kinds of barriers and problems. For the vast majority of AAPIs, as for all Americans, the primary determinant of financial wellbeing is earnings from employment. In the United States, the social status of one’s family, economic forces, and institutional factors play fundamental roles in shaping fortunes. Human capital, the combination of formal education and on-the-job experience, affects productivity, which, in turn, plays some role in determining wages and earnings. Outcomes, however, do not rest solely on merit. Indeed, for many minorities, racial discrimination remains a potent barrier. For minorities who are immigrants, there are additional cultural and linguistic hurdles to decent employment. Given these multiple dimensions, it is not surprising that the labor-market status of AAPIs is complex—one requiring several disciplinary approaches to understanding the patterned outcomes, the factors that shape them, and the behavior of individuals and firms. We are fortunate to have contributors for this and the subsequent issues with training in economics, sociology, social welfare, communications, and the law. In keeping with the journal’s mission, the writers come from both the academy and the community.

Don Mar provides an overview of the labor market status of AAPIs by analyzing data from 5 percent 2000 Public Use Microdata Samples (PUMS), one of the few public data sources with a significantly large sample of AAPI ethnic groups with information on their economic status. Mar uses both descriptive statistics and multivariate models to examine labor market participation, employment in management positions, self-employment, and earnings. A central question is whether the data indicate AAPIs have

achieved parity with non-Hispanic whites, a question that had been studied and debated over the last two decades using earlier data. His analysis produces mixed findings, showing that some AAPI groups had achieved at least parity while others had not. There are also gender differences. While many AAPI females were doing as well as non-Hispanic white females, they lagged behind their male counterparts. One surprising finding is that self-employment is not as prevalent as many might suspect, and entrepreneurship among most AAPI groups was less likely than among non-Hispanic whites. Overall, the groups that generally fared the worst were Southeast Asians and Pacific Islanders. Given the enormous heterogeneity within the AAPI labor force, Mar recommends a diversity of policies, ranging from programs to enhance the human-capital of low-income, low-skilled workers to efforts to combat occupational discrimination encountered by the better educated.

A part of the persistent disparity is due to biased hiring practices and a reluctance to challenge discriminatory acts. The former is evident in John Trasvina and Siri Thanasombat's study of the temporary employment industry, which has increasingly become a potential "gateway" to more stable employment not only in new sectors of the economy propelled by technology but in traditional sectors as well. According to the authors, this sector already serves an overwhelming majority of businesses and is predicted to be the fifth fastest-growing industry through 2012. Their almanac piece reports on a study conducted by The Discrimination Research Center (DRC), in which 6,200 resumes were emailed to temporary employment agencies throughout California. The applicants' backgrounds were carefully matched in terms of skills, experience, and occupational-related qualifications, and the only differentiating factor was an ethnically identifiable name. The major finding of this statewide study was the fact that applicants with names suggesting "Arab American" or "South Asian" backgrounds fared the worst, receiving the lowest response rate in five of seven Californian regions. The only area where they did well was in Silicon Valley, where they received more responses (22 percent) than non-Arab American/South Asian applicants (20 percent). Asian Americans, regardless of gender, received fewer responses than the statewide average, although some disparities are not statistically significant. One of the most intriguing points raised by Trasvina and Thanasombat is that the very nature of an

internet-based application practice has the potential of allowing firms to discriminate because systematic bias is difficult to detect by individual applicants and advocacy groups.

Even when there is apparent racial or ethnic discrimination, there is evidence that Asian Americans are reluctant to file a discrimination complaint. This reluctance to litigate is discussed in the Practitioner's Essay by Stuart Ishimaru, chair of the U.S. Equal Employment Opportunity Commission. Despite their "long history of fighting for fairness and equality under the law," he observes that in the present period Asian Americans file comparatively fewer complaints than do other minority employees. Some reasons offered for why Asian Americans have been less forthcoming include cultural taboos against challenging authority, standing out, or creating controversy, along with an emphasis on maintaining "face" and resolving problems communally rather than through individual litigation. Ishimaru encourages Asian Americans instead to emulate the "culture of zero-tolerance for employment discrimination" exhibited by African Americans and to form coalitions. Cultural differences cannot completely explain why some come forward and others do not. As head of an agency charged with enforcing federal equal employment opportunity regulations, Ishimaru encourages Asian American bar associations and law firms to provide legal services and education on employment discrimination. The article concludes with a call for research that would address important sociological questions related to how differences among Asian Americans (e.g., in social history, immigration status, socioeconomic background, and social class) affect perceptions and experiences of discrimination, and importantly, the willingness to litigate and otherwise transform private problems into public issues.

Labor market outcomes are affected not only by domestic practices but also global forces. Since World War II, the American economy and society have become more globally integrated. The Immigration Act of 1965 invited an unprecedented flow of immigrants to fill positions at both the low-level and highly skilled ends of the occupational spectrum. Subsequent legislation has reinforced that trend, producing debate around not only illegal immigrants but temporary guest workers, particularly those admitted through the nonimmigrant H-1B visa program. Outsourcing, in turn, has created a downward pressure on wages in those

industries where a lowering of trade barriers has made a flood of low-cost imports available to American consumers. The flow of Chinese textile and apparel products reflect the most notable trend, comprising 20 percent of all American clothing imports.

Two articles in this volume speak directly to the impact of globalization on Asian workers in the U.S. Paula Chakravarty takes up the debate around South Asian Indian nationals who make up the substantial majority of foreign-born workers in the Information Technology (IT) workforce, recruited to meet the “temporary” needs of the information technology industry in Silicon Valleys around the United States. At the heart of the labor controversy is whether there is indeed a labor shortage of qualified American workers that warrants the recruitment of such a “flexible” workforce. Microsoft Chairman Bill Gates echoed the sentiment of industry executives when he called upon the Bush administration to abolish immigration quotas on foreign engineers who could be hired by U.S. companies through the H-1B visa program (Ted Bridis, *Associated Press*, April 28, 2005). Chakravarty does not address the issue of whether there are otherwise qualified American applicants being displaced. Rather, she examines the vulnerability of Indian H-1B workers through the eyes of those still struggling to stay in the U.S. while tens of thousands of their unemployed counterparts are left in the wake of the tech bust and terror attack of 9/11. One of the implicit issues raised by H-1B workers is the question of how to categorize temporary workers in a globalized labor market—a question clouded by the fact that many of these temporary workers stay in the United States for extended periods.

The garment industry is one of the largest manufacturing industries in California, a critical entry point into the labor force for many Asian as well as Latina immigrants. During the latter part of the twentieth century, workers and firms in this industry were under enormous economic pressure from international competition, which pushed down wages and encouraged sweatshop conditions. Things further deteriorated in December 2004 when quotas on garment imports were lifted, threatening the jobs of up to 50,000 garment workers in California. The Practitioners’ Essay by Karin Mak and Grace Meng looks at local effects of this global policy on Asian American garment workers facing dislocation with the phase-out of all quotas on textiles and apparel imports.

One strategy is to take advantage of workforce-development programs, which are viewed as efforts to help workers make a transition to more stable, better-pay employment. The passage of the Workforce Investment Act of 1998 created a “One-Stop” system that would centralize state programs with employment services, postsecondary, vocational, and adult education, unemployment insurance, and welfare-to-work. What is not known is the effectiveness of these programs in helping garment workers.

Collectively, the articles in this issue document a number of labor market challenges facing AAPI decision-makers and community groups. Many AAPI workers have fared well, but far too many have been left behind or continue to face barriers because of their race, ethnicity, nativity and gender, or some combination thereof. Formulating effective responses, unfortunately, has become more difficult. Recent policy changes have undercut efforts to help those at the bottom of the labor market. Welfare reform in particular has placed additional burdens on recipients and the community groups trying to assist them. While the goal of promoting economic self-sufficiency for those on public assistance is legitimate, welfare-to-work programs are of variable, even sometimes questionable, effectiveness. Julian Chow, Kathy Lemon, and Qingwen Xu (“The Risk of Timing Out”) show that what is most problematic about welfare-to-work programs for Asian immigrants and refugees is the mismatch between the skills needed for economic self-sufficiency in their country of origin and what is needed for employment in the U.S. This is evident by the fact that AAPIs are disproportionately overrepresented among those who have not found meaningful employment by the time they reach the five-year time limit on benefits imposed by welfare reform, i.e., the Personal Responsibility and Work Opportunity Reconciliation Act (1996).

As indicated by the collection of articles in both these special issues of *AAPI Nexus*, the problems in the labor market are not just limited to those on public assistance. At the lower end, the ethnic economy provides some employment, but the jobs offer low wages, very few benefits, and limited opportunities for upward mobility. For others, there is the specter of glass ceilings and lower returns on education. Because of the opposition to affirmative action which led to the passage of California’s Proposition 209 in 1996, the capacity to collect employment data by race and gender

has been severely curtailed in ways that spill over into the policy arena. In California, it has become increasingly difficult to determine if discrimination exists and its magnitude. There is legitimate concern that such constraints on data collection may spread to other states and to the federal government, thereby impeding efforts to address employment inequities.<sup>1</sup> Given the sea change that has occurred with the anti-affirmative action movement and welfare reform, it is imperative that we are able to obtain relevant information and produce the knowledge that will help generate new policies and practices to better serve the cause of greater workforce equity and social justice.

## Note

1. During the 2000 presidential elections, women of different races or ethnicities indicated that equal pay was their top priority (*AsianWeek*, May 23, 2001), and so it was deeply disturbing that the Bush administration removed important information about women's economic status from government websites and publications (Deborah Zabarenko, *Reuters*, April 28, 2004). 2005): 1-20

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