

RACE, CONSUMER CHARACTERISTICS, AND HIRING PREFERENCES: THE SOUTH SIDE OF CHICAGO

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ABSTRACT

This paper is based on a series of interviews with Korean owners of beauty supply stores on the South Side of Chicago which were conducted from January 1996 to August 1996. It examines the relationship between Korean merchants, their black employees, and black customers. This relationship is shaped by conditions specific to markets in the black community. It is argued that despite the presence of tension and distrust, a limited degree of interdependence exists between Korean merchants and their black employees, since Korean merchants bring hard capital and jobs to the black community, while black employees bring indispensable social capital to Korean-owned stores. As a result, black employees act as ombudsmen, helping to resolve disputes and reduce tensions between Korean merchants and black customers.

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In this paper, Korean merchants' ties to black employees are examined in relation to stereotypes held in mainstream society and in relation to the characteristics of consumers in the markets where their businesses are located. The central argument is that despite the presence of tension and distrust a limited degree of interdependence has developed between Korean merchants on the South Side of Chicago and their black employees. In this relationship, Korean merchants bring hard capital to the black community which is used to finance small businesses and create jobs, while black employees bring social capital to Korean-owned stores which is mobilized to reduce tension with black customers. This relationship has developed in response to market conditions that Korean merchants face on the South Side of Chicago. In particular, Korean merchants adjust their hiring practices in anticipation of discord with black consumers. As a result, black employees provide an important mediating function for Korean merchants in the black community. This mediating role is pronounced in markets in the black community, since the clientele of Korean-owned businesses in this market context is exclusively black.

Although this paper is a case study of Korean merchants on the South Side of Chicago, it adds to our general understanding of the social and economic processes that affect employment practices in similar settings, such as those influencing Korean merchants in the minority communities of Los Angeles and New York. In fact, several studies have discussed how Korean merchants who own stores in black neighborhoods hire black employees to reduce tension with black customers (Yoon 1991a; Dunn 1994; Min and Kotodny 1994; Ahne 1995; Park 1995). This paper builds on this body of literature by examining the relationship between the social capital black employees bring to Korean-owned stores and the mediating role they assume. This role makes blacks more desirable as employees, and it lessens the effects stereotypes and negative perceptions of blacks have on hiring and retention decision in Korean-owned stores.

Despite their importance as mediators in Korean-owned stores, black employees remain in a subordinate position to their employers. The disparity between Korean merchants and black employees is maintained by a number of social controls. For example, Korean merchants control information and capital in their stores, which gives them authority over black employees. In addition, before opening their businesses, many Korean merchants learned stereotypes about blacks through contact with mainstream society. These stereotypes influence how Korean merchants assess the abilities of black employees and evaluate their work. Although the mediating function of black employees creates incentives for Korean merchants to hire them, stereotyping and the control of information and capital by Korean merchants closes other opportunities to black employees in Korean-owned stores.

Yoon (1991a) addresses this situation in his study of ethnic entrepreneurship in Chicago. In this study, he indicates that, "Korean business owners in black areas almost invariably have one or more black employees. In fact, black employees

black areas" (Yoon 1991a, p. 200). Yoon goes on to explain that black employees "protect the stores and the owners from criminal attacks from blacks, they sometimes mediate between Korean owners and black customers in disputes, and they demonstrate that Korean stores contribute to the local economy" (Yoon 1991a, p. 200). In fact, Yoon points out that although Korean merchants held negative attitudes about black Americans in general, and they believed that blacks lacked a work ethic and could be detrimental to their businesses, "benefits or social pressure to hire black employees usually overwhelmed such costs" (Yoon 1991a, p. 201). As indicated by Yoon, a number of incentives exist in markets in the black community which encourage Korean merchants to hire black employees, and these inducement outweigh factors which would otherwise deter Korean merchants from such hiring practices. However, it is difficult to explain these hiring preferences through references to much of the current research focusing on employer attitudes and hiring practices in minority communities.

This body of research does not address the conditions that encourage Korean merchants to hire black employees in markets in the black community. In fact, it argues against such behavior. For example, in Wilson's (1996) examination of employer attitudes in Chicago, he argues that employers are averse to hiring inner-city blacks. This finding is in accord with Kirschenman and Neckerman's (1995) research using the same data, which associated negative perceptions of black workers with employment discrimination. They indicate that, "when asked directly whether they thought there were any differences in the work ethics of whites, blacks, and Hispanics, 37 percent of the employers ranked blacks last, 14 percent ranked Hispanics last, and no one ranked whites there" (Kirschenman and Neckerman 1995, p. 118). Min (1996) observed similar hiring preferences among Korean employers. In a 1996 survey of Korean Employers in Los Angeles, he found that Latinos constituted the largest proportion (48%) of total workers employed by Korean-owned businesses, while blacks accounted for a small proportion (5%) of total workers in Korean-owned businesses (Min 1996, p. 114). Similarly, a 1992 survey indicated that, "Korean businesses in New York City's Black neighborhoods employ more Latinos (42%) than Blacks (32%) or Koreans (23%)" (Min 1996, p. 114).

Cheng and Espiritu (1989) offer the "immigrant hypothesis" as a possible explanation for why Korean employers prefer to hire Latino workers over black workers, arguing that Korean employers hire Latinos over blacks since they share a common immigrant experience. However, the usefulness of the immigrant hypothesis is brought into question by other researchers. For instance, Min's (1996, p. 114) findings indicated that Korean employers in New York hired more black workers (32%) than Korean workers (23%). And, Park discusses how political mobilization in the black community and increasing animosity between Latinos and Koreans after the L.A. Riots altered the hiring preferences of Korean employers, making black workers more desirable than in the past (Park 1995)

Furthermore, the immigrant hypothesis does not address the divergent attitudes native white employers hold regarding Latino workers and black workers (Kitscheltman and Neckerman 1995). Similarly, the immigrant hypothesis and current research concerning employer attitudes does not explain the hiring preferences of Korean merchants on the South Side of Chicago. In fact, many of the Korean merchants who were interviewed in this study preferred to hire black employees over Latino employees in their stores. This preference existed despite the presence a large pool of native born and immigrant Latino workers. In fact, in 1990, Latinos made up 19.2 percent of the population of Chicago, and over 143,000 Latinos lived in neighborhoods adjacent to Korean-owned stores on the South Side of Chicago (Casuso and Canino 1995, pp. 346-377).

The hiring preferences of Korean merchants on the South Side of Chicago were strongly influenced by market conditions unique to the black community. In particular, they were influenced by Korean merchants' perceptions of black consumers. The belief among Korean merchants that black consumers prefer to be served by black employees influenced hiring decisions. This belief moved black workers up the hiring queue, despite the pervasiveness of stereotypes of black Americans among employers. Although prior research on employer attitudes and hiring preferences in minority communities has linked employment discrimination to stereotypes, it has failed to examine how the characteristics of prospective consumers may reinforce or counteract these stereotypes and alter hiring queues. For instance, Feagin and Sikes (1994) identify discrimination by white customers in the mainstream economy as a source of blocked mobility for middle-class blacks. And, Moss and Tilly (1996) indicate that employers are reluctant to hire blacks, because they evaluate their motivation and ability to interact with white customers and coworkers negatively. However, the effects of expectations related to customer preference and interactions with coworkers on employer attitudes, and subsequent hiring preferences, are rarely examined when analyzing hiring queues in minority communities. It is plausible to assume that the consideration of consumer preferences in conjunction with employer attitudes will enhance prior research. This study offers some insights in this direction through an examination of the relationship between stereotypes, consumer preferences and hiring practices among Korean merchants on the South Side of Chicago.

METHODOLOGY AND SAMPLE CHARACTERISTICS

The data used in this paper comes from a series of formal interviews with Korean owners of beauty supply stores on the South Side of Chicago. These interviews were conducted between January 1996 and August 1996. When contacted for interviews, informants were asked to be part of an academic study of minority-owned businesses in the ethnic beauty aids industry. During the interviews informants were asked a series of open-ended questions about the organization and

operation of their businesses. The questions were drawn from an interview guide that was prepared in advance. The interview guide consisted of fourteen items and thirty-eight probes. The interviews were tape recorded, and the tapes were transcribed verbatim. Each interview was administered at the given informant's beauty supply store during normal business hours. The interviews ranged from one to two hours in length. At the end of the interviews, informants were asked to respond to a twenty-five item survey. The survey contained closed-ended questions focusing on the general characteristics of a merchant's store, and his or her perceptions of the business climate in which it was embedded. The surveys took approximately five minutes to complete.

This study focused on Korean owned beauty supply stores for several reasons. Businesses selling ethnic beauty aids have historically been one of the more prevalent on the South Side of Chicago. Also, Korean merchants have clustered in such businesses since the early 1970s. In addition, the customer base of Korean-owned beauty supply stores on the South Side of Chicago is exclusively black. For instance, most of the respondents in this study reported that ninety-nine percent of their customers were black. These characteristics made an examination of Korean-owned beauty supply stores a critical case study of the relationship between employer attitudes, consumer characteristics and hiring practices in settings where members of one race sell goods and services to another. In fact, other scholarly works identify similar business settings, making this study an important contribution to the general literature on business in minority communities. For instance, Drake and Clayton (1993) and Wirth (1956) discuss the role of Jewish merchants in Chicago's black neighborhoods during the early and mid-1900s. Similarly, Wong describes the role of Chinese grocers in Los Angeles's black neighborhoods during the 1970s. In the contemporary period, the concentration of Korean-owned businesses in black and Latino communities is also well documented (Kim and Hurl 1985; Light and Bonacich 1988; Min 1988; Cheng and Espiritu 1989; Yoon 1991a; Park 1995; Min 1996). Therefore, although the conclusions drawn from this case study deal with issues specific to Korean-owned beauty supply stores in Chicago's black community, they prompt future inquiry into questions related to the effects of consumer preference and stereotyping on hiring queues in other sectors of the economy.

The respondents for this study were identified with the assistance of scholars in the Chicago area, local community organizations and through various local business directories. In total, thirteen of the known Korean beauty supply store owners on the South Side of Chicago ($N = 40$) were interviewed. The remaining twenty-seven Korean merchants in the population declined to be interviewed when contacted. In terms of characteristics such as store size, tenure and location the Korean merchants interviewed were representative of the population as a whole. Importantly, seven of the Korean merchants who were interviewed reported that they owned more than one business on the South Side of Chicago. In fact, four owned two businesses, two owned 3 businesses,

common in both the sample and the population at large. Therefore, the economic and social impact of this population entrepreneurs was greater than their numbers may suggest. The characteristics of the neighborhoods where the Korean-owned beauty supply stores in the sample were located were also consistent with those of the population as a whole. In fact, the sample included Korean-owned stores located in middle-income, working class, and poor black neighborhoods on the South Side of Chicago. In addition, the characteristics of the Korean merchants identified in the sample were consistent with those described in other studies of Korean entrepreneurs in the black community (Kim and Huh 1985; Min and Janet 1985; Light and Bonacich 1988; Min 1988; Stewart 1989; Yoon 1991b; Yoon 1995; Min 1996).

The Korean merchants in the sample represented a diverse cross section of the population. They captured the breadth of characteristics found among Korean-owned beauty supply stores throughout the South Side of Chicago. For instance, their stores varied in size. Two of the Korean merchants ran small stores with no employees. Six of the Korean merchants ran medium sized stores with three to five employees. Five of the Korean merchants ran large stores with six to ten employees. The composition of the workers in the Korean-owned stores also varied along several dimensions. Family members worked in nine of the Korean-owned stores; however, this was usually limited to the spouse of a given Korean merchant, and in three cases an extended family member. In contrast, black workers were highly visible in Korean-owned stores. Eleven of the Korean owned stores had black employees, and seven of these stores had at least three or more black employees. In fact, the proportion of black employees corresponded with Yoon's finding that seventy percent of the employees in Korean-owned stores on the South Side of Chicago were black (Yoon 1991a, p. 200).

The Korean merchants in the sample varied in several additional respects. Eleven of the Korean merchants were men and two were women. In terms of age, two of the Korean merchants were in their thirties, five were in their forties, four were in their fifties, and two were over sixty. With regard to education, all of the Korean merchants had a high school degree, four had some college education, seven had completed their bachelors degrees, and one had earned a masters degree. Also, although all of the Korean merchants were immigrants, they had immigrated to the United States at different times. Two had been in the United States for less than ten years, six between ten and twenty years, and five for twenty or more years. In addition, the Korean merchants had businesses in the black community for different periods of time. Two of them had been in business for less than three years, one operated a business for four to six years, and ten were in business for seven or more years.

Before discussing the mediating function of black employees in Korean-owned stores, it is important to examine how stereotypes shape the perceptions that Korean merchants have of their black employees. In the past, scholars have pointed out that Korean immigrants learn stereotypes about black Americans through mainstream institutions. For example, Lim (1982), Jo (1992), and Abelman and Lie (1995) describe how this learning process begins in Korea, where Koreans are exposed to stereotypes about black Americans in the popular media. For instance, Abelman and Lie (1995: 158) point out that, "The American Mass Media has racialized South Korea through both South Korean television and American military television. AfKN, surprising numbers of South Koreans sit in their Seoul living rooms and watch and array of U.S. news and entertainment." As a result, Korean immigrants internalize negative stereotypes, and develop an aversion toward black Americans prior to migration. Once Korean immigrants arrive in the United States, these stereotypes are reinforced through contacts they have with white Americans and the exposure Korean immigrants have with the popular culture. As Min (1996, p. 122) suggests, the exposure to such stereotypes, the homogeneous nature of Korean society, and the lack of contact with black Americans fostered high rates of prejudice toward black Americans. Subsequently, by the time Korean immigrants opened businesses in the black community, they had developed a schema for interpreting their interactions with black Americans which was heavily influenced by stereotypes.

These stereotypes become cognitive tools for interpreting the actions of black Americans. The strength of these stereotypes became apparent in interviews, as Korean merchants invoked broad generalizations about their black employees and the black community. Although some of the stereotypes had been modified to fit the context of black-Korean relations, they were clearly derivatives of more popularized stereotypes of blacks found in mainstream society. For example, a common stereotype of black Americans is that they are uneducated and illiterate. Several of the Korean merchants on the South Side of Chicago subscribed to this view. For example, one Korean merchant expressed his view that, "A lot of people don't want to read, a lot of black people they don't read a letter, a book." This Korean merchant went on to explain how his black employees shared this general trait, "I have eight employees, one employee reads very poor, three employees can't read." This stereotype was reinforced by a more general view that blacks lacked a work ethic and were unreliable. For instance, one Korean merchant stated that blacks "are very lazy." Another Korean merchant commented on how black employees were unreliable, "they don't care if they come, sometimes they take off and they never call me."

Other stereotypes were also articulated about black employees, and blacks in general. For example, one Korean merchant described how his black employees were unable to manage their finances. He attributed their inability to save money

to character flaws, and not to low incomes. The Korean merchant discussed this issue in detail:

There's no bank account, only they use cash. They don't want to open their bank account, because a lot of people living all together. A lot of the black peoples' families live in one house, and they keep some cash, and they wondering if it steal by the other family member. They make money, they want to use, they want to spend immediately. This is a life, very simple, very simple life. First they make money, and they want to spend. All of them. But next day, they don't have any money. Even the food money, they don't have food money. They want to beg for food money, one dollar, two dollar. The first time of the day they have a couple hundred of money. A couple hundred cash, they buy clothing, buying supply, everything. Next day, they don't have any money, even the lunch money.

It is important to highlight how this Korean merchant's discussion of his black employees quickly drifted into a general discussion of the black community. In addition, the Korean merchant's comments focused on his perceptions of the individual traits of black Americans, and not on the institutional causes of poverty in the black community. For example, the unstable financial situation of his employees, and the black community in general, was attributed to individual shortcomings rather than depressed incomes. No connection between low wages and poverty was made. Generalizing in this manner, and the tendency to attribute poverty in the black community to the impulsive spending habits of blacks, might have made it easier for some Korean merchants to justify the low wages they paid their employees.

Broad generalization and the use of stereotypes reinforced the wage structure in Korean-owned stores, and limited the scope of employment for blacks. For example, one stereotype that was prevalent among the Korean merchants on the South Side of Chicago was that blacks were dishonest and would steal. For example, one Korean merchant expressed his belief that among blacks, "70 percent or 80 percent, they have the experience of being locked up, in a jail. A lot of black people, they have the experience in jail life." Because of this type of perception, some Korean merchants perceived employee theft as a severe problem, and they were reluctant to let black employees handle money in their stores. One Korean merchant commented on this issue:

Some people don't put certain people in the register, they don't trust them. I had problems, a lot of times they steal, dishonest. Their relatives come, or their family comes, they just clean up the merchandise and they give it in a bag.

However, other Korean merchants allowed black employees to handle money, but they watched them closely. Some Korean merchants installed elaborate surveillance systems for this purpose. For instance, one Korean merchant had a television monitor next to his desk in the back of his store. The monitor was hooked

up to a number of surveillance cameras in the store, including a camera mounted behind the cash register. He used this surveillance system to monitor black customers and black employees. Other Korean merchants used similar surveillance systems.

Although employee theft is a concern found in all businesses, the stereotypes that Korean merchants held about the black community exaggerated this concern. In fact, many of the Korean merchants on the South Side of Chicago used stereotypes to interpret a number of situations they encountered while doing business in the black community, and this affected their interactions with black Americans. Black Americans were characterized as uneducated, unreliable, impulsive and dishonest. These perceptions of the black community generated a paternalistic style among some of the Korean merchants. This was reflected in the rear of the interactions between Korean merchants and black employees. In one way, the paternalistic style of Korean merchants is illustrated by the missionary role that some Korean merchants assumed in the black community.

Stereotyping caused some of the Korean merchants on the South Side of Chicago to downplay the effects that structural unemployment and racial discrimination had on poverty in the black community. Instead, they focused on how cultural traits and character flaws caused black Americans to remain poor. Because of this, some of the Korean merchants assumed a missionary role in the black community. This was most prevalent among the Korean merchants who identified themselves as born again Christians. These Korean merchants took it upon themselves to "save" their black employees, and set a Christian example for them. This blend of evangelism and paternalism grew out of attitudes that Korean merchants held about the black community. For example, one Korean merchant who identified herself as a born again Christian discussed how she applied Christian values to the operation of her store, and to the management of her black employees. She describes responding to black employees who stole from her store with "love." In doing this, she would "train them, train them, and train them, and they change eventually."

Because many Korean merchants stereotyped black Americans as lacking in moral character, some Korean merchants felt that black employees required close supervision and moral training. Some of the Korean merchants who were born again Christians used this rationale to justify their missionary work in the black community. For example, one Korean merchant discussed how he read the Bible with his employees:

I always pray to Jesus with all the employees every morning, before we start working. Every morning for about fifteen or twenty minutes we pray, all together. Some times, some customer join us. Every morning before we start the work. All employees, all customer, are very good neighbor.

black employees, in this respect, it had a similar social control function as the surveillance systems in the stores of Korean merchants. It helped to ameliorate problems such as employee theft, and additionally, it fostered trust between Korean merchants and black employees which became a valuable resource when conflicts with black customers occurred. However, religion did more than function as a form of social control in some of the Korean-owned stores; it also functions as a screening device for employees when hiring decisions were made.

SCREENING AND RETENTION

An employer often evaluates potential employees based on a variety of subjective standards, and religion is sometimes one of these. However, the Korean merchants on the South Side of Chicago used several additional criteria to evaluate employees, and most were based on informal mechanisms. In fact, none of the Korean merchants reported using formal mechanisms to recruit black employees, such as newspaper advertisements or local employment agencies. Korean merchants were wary of attracting "bad" workers through such sources. In many respects, a "bad" worker was one who fit the stereotypes associated with black Americans. In order to reduce the chances of hiring such a worker, the Korean merchants relied on informal hiring mechanisms. In most instances, they identified potential black employees through personal references from regular customers or existing employees. Because of this, a black employee needed to establish a relationship with a Korean merchant before being hired. This could be either a direct relationship, or one established through family members and friends.

The Korean merchants who were interviewed on the South Side of Chicago indicated that when black employee were hired in this manner, they remained employed for long periods of time. This finding is in contrast to Yoon's (1991b) observation that black employees had high rates of turn-over in Korean-owned stores. The Korean merchants interviewed in this study reported that the vast majority of their current black workers were long-term employees. In fact, one Korean merchant described how his black employees had worked for him for three to five years each. Another Korean merchant discussed the long term relationship he had with his black employees:

This business start in 1984 and at that time his name was Michael, and he went to high school, he helped me. Now he finished school, and he's been working for me more than 10 years. And the lady, she started working for me about 8 years ago, and she still working for me. Her name's Michelle.

Another Korean merchant stated that four of his black employees had worked for him for "more than five years," and he rarely fired people. He indicated that sometimes a black employee would quit, and in other instances one would be fired

Korean merchants used various means to ensure a steady flow of employees. Additionally, Korean merchants had an interest in retaining black employees for long periods of time.

Despite the effectiveness of informal screening devices and the desire of Korean merchants to retain black employees, the existence of long-term employment in Korean-owned stores was principally a reflection of the limited range of employment opportunities open to poor blacks in Chicago. In fact, the jobs in Korean-owned stores had many shortcomings. They paid low wages, they were unstable due to shifts in the economy and they entailed few fringe benefits. These jobs had many of the characteristics associated with those in the secondary sector of the economy (Averitt 1968; Harrison 1972; Edwards, Reich and Gordon 1975; Farkas and England 1988). However, they were some of the only jobs available on the South Side of Chicago, and this meant that many blacks who lived there were interested in working for Korean merchants. In fact, several of the Korean merchants who were interviewed pointed out that blacks regularly came to their stores asking for jobs.

The surplus of black workers on the South Side of Chicago allowed Korean merchants to maintain a flexible labor force in their stores. They could hire many part-time workers, and keep wages low, with most jobs starting at minimum wage. For instance, one Korean merchant pointed out that he preferred to hire blacks from the neighborhood near his store because they would accept lower wages. He contrasted the wages that he could pay black employees with the wages Korean employees demanded, pointing out that Korean workers, "are looking for big money, so I can't hire them." However, the low wage structure of Korean-owned stores was a reflection of general economic conditions. In fact, when the economy on the South Side of Chicago stagnated in the early 1990s, some Korean merchants reported that they had to cut back on the number of employees in their stores. Others reported that they had to reduce the number of full-time employees in their stores, and rely more heavily on part-time workers.

Despite the changes in the economy in the early 1990s, the Korean merchants indicated that it was important to retain a sufficient number of employees. In part, this was because a certain number of employees were required to operate a merchant's store. One Korean merchant discussed this issue:

It is true, it's very difficult to find people you can trust well enough to do the work for you. Wage is not much better than minimum wage. We really cannot pay them a whole lot more than that to be competitive. For this size of a store, I hire a lot more people than a lot of stores. This is necessary overhead. I think sometimes you need the salesperson to do the right job. To make the actual sales.

It was especially important to retain black employees, since Korean merchants benefited from the social capital they brought to their stores. In heavy supply

stores, the role of black employees was of particular importance. In fact, many of the Korean merchants indicated that they preferred to hire black employees, since black customers felt more comfortable being served by them. This issue will be discussed at length in subsequent sections.

LABOR MARKET SEGMENTATION

Hiring queues in beauty supply stores in black America are distinct from those found in the mainstream economy, since these types of stores focus on selling products designed specifically for black consumers. In fact, black women are the primary consumers of such products. As a result, they have a great deal of knowledge about them. In part, this knowledge explains why black women make up the majority of the workers in Korean-owned beauty supply stores on the South Side of Chicago.

Although there were black men employed in these stores, and a small number of Latino and Korean workers, black women were the largest group of employees in the Korean-owned beauty supply stores on the South Side of Chicago. This observation is in line with Yoon's (1991a, pp. 200-201) finding that, 70 percent of the paid employees in Korean-owned businesses on the South Side of Chicago were black. In fact, on the South Side of Chicago, growing immigrant populations had little effect on the hiring preferences of Korean merchants. Instead, they continued to prefer to hire blacks to do jobs where workers interacted directly with black customers. As a result, immigrants found it difficult to gain access to these positions.

The position of blacks in the hiring queue remained stable, despite the fact that Korean merchants had access to immigrant workers. In fact, one Korean merchant clearly indicated that she had access to a variety of employees:

I have some Koreans, I have some Mexicans, and I have some blacks. Blacks, most of my employees, they work here for a long time, as they come in they don't want to go. Most of my employees work here about four or five years. Blacks I found, a lot of people coming in, walk ins they ask for jobs. I hire sometimes through that, or sometimes when they go out for some reason, they quit, then hiring in one of their friends. Koreans, you get to know them through Korean community. Mexicans, I know them through Koreans, because a Korean knows them. They hire Mexicans, a lot of Koreans own dry-cleaning shops, and they hire a lot of Mexicans. I get to know some Mexican connection and they give me the names of some Mexican people. So, I have Mexicans, Koreans, and blacks.

Despite the access that this Korean merchant had to immigrant and black workers, she continued to hire predominantly black women in her store. This was because of the nature of labor market segmentation in the ethnic beauty aids industry. Blacks and immigrants filled different roles in this industry. For example,

many of the Korean merchants hired black women to work directly with black customers, either as clerks, cashiers or floor managers. Black men also interacted with black customers, but this was generally on a more limited level. For the most part, black men were hired as uniformed security guards and to stock shelves. A smaller number of Korean workers found jobs in Korean-owned stores on the South Side of Chicago. They usually worked as cashiers or store managers. Similarly, Latinos had limited access to jobs in Korean-owned stores on the South Side of Chicago. On occasion Korean merchants hired Latino men to do general construction and odd jobs. Despite the presence of immigrant workers, the majority of the paid employees in Korean-owned store on the South Side of Chicago were black.

These findings contradict predictions made by more conventional theories concerning hiring queues and immigrant succession (Cheng and Espiritu 1989; Waldinger 1996). For instance, Waldinger (1996) describes hiring queues as somewhat deterministic, where immigrants enter the bottom of the economy, pushing native groups up the job ladder. However, blacks continued to obtain entry level positions in the beauty supply stores run by Korean merchants on the South Side of Chicago. This situation indicates that Waldinger's conceptualization of immigrant succession may not apply as broadly as assumed. In a similar manner, the immigrant hypothesis identified by Cheng and Espiritu does not appear applicable to all situations, since it does not explain why the Korean merchants on the South Side of Chicago continued to show a preference for hiring black workers over immigrant workers. In order to understand the presence of a hiring queue on the South Side of Chicago that favors black workers over immigrant workers, the characteristics of markets in black America must be taken into consideration.

Markets in the black community are important to the maintenance of such a hiring queue, since they insulate black workers from competition with immigrant workers. In part, this particular hiring queue emerged because of the exclusively black clientele in such markets, and since high levels of tension exist between Korean merchants and black consumers. These conditions created a hiring queue favorable to blacks, since they could mobilize social capital that helped to reduce tension between Korean merchants and black consumers. Because black workers were able to build rapport with black customers, they filled an important mediating role in Korean-owned stores.

BLACK OMBUDSMAN

Black employees act as mediators in Korean-owned stores, and their ombudsman function secures their position in the hiring queue. Korean merchants understand that black employees are needed to prevent disputes with black customers, and this moves blacks up the hiring queue in their stores. In fact, the effectiveness of black employees as ombudsmen allowed Korean merchants to minimize their contact with black customers and focus on other aspects of their businesses. Many of the

how hiring black employees to handle customer relations issues in their stores allowed them to focus their attention on paperwork and the financial management of their stores.

Several of the Korean merchants on the South Side of Chicago benefited from such a division of labor in their stores. One Korean merchant commented that, "I'm rarely out on the floor, because I have managers out on the floor do my stuff. I can't, it's very hard to run the store and do paperwork, then do the ordering, it's very hard." Other Korean merchants also made this point, stressing that paperwork, placing orders and dealing with salesmen took up a huge amount of their time. However, some of the Korean merchants also pointed out that they preferred to maintain a low profile in their store, in order to avoid conflicts with black customers. The presence of black employees allowed Korean merchants to delegate work in their stores more efficiently, but the primary benefit of hiring black employees was that they limited the level of contact that Korean merchants had with black customers.

This became apparent during an interview with a black employee in a Korean-owned beauty supply store. This interview was arranged by a Korean merchant and it took place in her store. When the interview began, the store had no customers. The interview was being conducted in the back of the store, while the Korean merchant and a Korean employee were standing at the cash register in the front of the store. The ombudsman role of the black employee was clearly demonstrated when a black customer entered the store. As the black customer walked through the front door, the Korean merchant left the cash register to find the black employee. She quickly directed the black employee to the black customer. While the black employee was helping the black customer, another black customer came into the store. Again, the Korean merchant brought this customer to the black employee's attention. The Korean merchant and the Korean employee stood at a distance, limiting their contact with the black customers. In fact, the only contact between this Korean merchant and the black customers was when cash was exchanged. In this arrangement, the black employee was primarily responsible for providing direct assistance to black customers, while the Korean merchant and the Korean employee focused on the monetary aspects of the business.

Similar observations were made in other Korean-owned stores. In fact, some Korean merchants described how they deliberately stayed in the back of their stores, away from black customers. For example, one Korean merchant who adopted this practice explained, "most of the time I am here hiding, doing something else." Another Korean merchant made this comment:

If you look around my store, you don't have Koreans, you don't have five, six Koreans walking around watching customers. So basically I have my manager's black, and all my workers are black. So I try to, let all people come to the store, they get

rather it be a black-owned store than Korean-owned

A demand for black employees was created by the perception that black customers resented Korean merchants. In order to avoid conflicts with black customers, many Korean merchants limited their contact with them, and some Korean merchants retreated to the backs of their stores. This situation expanded the role of black employees in Korean-owned stores. Black employees assumed an ombudsman function, since they could mobilize social capital in the black community. However, the mediating role that black employees filled in Korean-owned stores was balanced by the ability of Korean merchants to mobilize other resources.

One way Korean merchants maintained the status quo was by controlling information and decision making in their stores. In particular, some of the Korean merchants on the South Side of Chicago felt it was important to be seen as knowledgeable by their black employees. One Korean merchant commented on how he had to learn as much as possible about the products he sold, so that his black employees would rely on him for information. For example, he explained how black customers would ask questions about products and his black employees would relay them to him:

They ask me, well [merchant's name], this customer needs this and this, what do I need? They're coming to me, they're basically looking up to me and giving me respect and saying well you know more than me so I'm going to listen to you. I think that's very important. I think that's one of the keys to having good employees, is that you have to know more than your employees.

Knowledge of products and store policies was an important resource to this Korean merchant. Other Korean merchant made similar points, and they also focused on other resources that allowed them to make up for the inability to build rapport with customers in the black community.

The ability to mobilize capital was the most important resource that Korean merchants brought to the black community. The capital that they brought to the black community, and their business management skills, allowed the Korean merchants to maintain a certain level of authority in their stores. In fact, the delegation of customer service functions to black employees elevated the need for Korean merchants to mobilize such resources on the South Side of Chicago. It was important for Korean merchants to be better informed and better financed than black employees and customers, so they could be seen as legitimate authority figures in their stores. This issue became more important since the inability to generate rapport with consumers in the black community reduced the authority of Korean merchant.

THE LIMITS OF CAPITAL

The inability of Korean merchants to build rapport with consumers in the black community exaggerated conflicts with black customers. For instance, several of the Korean merchants in this study reported that in addition to complaining about general issues such as return policies and the quality of merchandise, black customers also complained about a discrete set of issues linked to race and ethnicity. Black customers complained about "Koreans" following them in stores and watched them as if they were criminals. Black customers complained about "Koreans" being rude. In addition, black customers complained about "Koreans" not speaking English well. All of these complaints emphasized to cultural differences between blacks and Koreans, which increased the likelihood that tension would emerge in the course of business transactions in Korean-owned stores (Stewart 1989).

The dynamics of the interactions between Korean merchants and black customers were observed during the course of field work. Although some of the Korean merchants on the South Side of Chicago made efforts to address the complaints of black customers, many others did not. For instance, some Korean merchants were observed following customers in their stores, and watching them. In other instances, black customers became visibly frustrated with Korean merchants, because they did not speak English well. In addition, some Korean merchants were involved in arguments with customers over returned items. In all of these situations, the Korean merchants' inability to develop rapport with consumers in the black community added tension to otherwise minor instances. For example, one Korean merchant entered into a long discussion of how a dispute over a returned item escalated, in part, because he could not establish rapport with members of the black community:

A customer buy some merchandise, and ten days later they want to exchange. But, what I sold they use, it's messed up, I tell them I can't refund or I can't exchange other thing. So they call the police, and the police come to here, and only the police hear about the customer. The customer wanted the cash back, I explained to them, we can't cash back because it's messed up. But, the police officer doesn't care. Sometimes he used a bad, very bad word, the "F" something. "Why don't you give cash back, F* cash back now?" OK police officer, I'm going to call your commander, and they said, "shut up, cash back right now." Immediately I say this terrible situation, they don't want to listen. The two police officers are black people, and the customer are black people. And, I called my manager, and my manager explained the same situation, and they never tried to listen to the situation. One hour they are here, and they go back and I never pay for it because it's not fair. Two hours later they come again with two more police cars, and five or six police officer come together. Very tough guys come to me. "Why don't you cash back?" And, there's a lot of customers there, very bad situation there. I cash back then.

In this situation, the Korean merchant felt paralyzed by his inability to establish rapport with the black customers and the black police officers. In fact, as the situation escalated, even the Korean merchant's black manager was unable to bridge the impasse. The only recourse the Korean merchant had was to refund the black customer's money.

Many of the Korean merchants described disputes that they had with black customers, and some of them said they felt blacks were more confrontational with Korean merchants than with white merchants. One Korean merchant remarked, "I might be wrong, but if I'm a Caucasian, they try just one, two times, but because I'm a foreigner they might try more." The belief that black customers were more confrontational with Korean merchants grew out of other complaints they voiced about Korean merchants. For instance, some black customers accused Korean merchants of profiteering in the black community. One Korean merchant made this comment:

They try to watch Koreans, because they think we're getting into their neighborhood and we're getting into their market. They think that we take all their money. They think themselves like victims. That's this market, beauty supplies, because all the Koreans own beauty supply stores, clothing stores in all black areas.

On the surface, these accusations reflected the lack of rapport that existed between Korean merchants and black customers. On a more fundamental level, these types of complaints also indicated that black customers drew a clear distinction between markets in the black community and those in the mainstream economy. In fact, both black consumers and Korean merchants had a clear understanding of the middleman minority role that Korean merchants filled in the black community. This increased the level of tension between black consumers and Korean merchants on the South Side of Chicago.

Many of the Korean merchants felt that they were treated unfairly by some blacks because of the middleman role they filled in the black community, and they identified a number of complaints that they had about black customers. For example, several of the Korean respondents reported that they were insulted by blacks who referred to them as "Chinese," or told them to go back to Korea. Other Korean merchants complained that black customers were rude to them, and yelled at them. One Korean merchant discussed how racial and ethnic differences made it more difficult for her to run her businesses:

When I first opened up, they complained a lot because I was Korean. They didn't treat me right, because I didn't speak English. I was little, I looked like a little girl to them. And, I have no male working in my store. I was myself with one black girl. They ignored me, tried to humiliate me.

nesses of Korean merchants in the black community. It took years for some Korean merchants to build informal ties with their black employees and customers. Once established, these ties allowed them to partially overcome the racial and ethnic barriers between blacks and Koreans. For instance, the Korean merchant cited above commented that she experienced less racial and ethnic hostility as she interacted with her black employees. "After ten years, I know their grandmothers, and a lot of families. I know their daughters and families, grandmothers, who got married, who got divorced. I know that I get familiar with the people." However, this was a long process.

In the short term, Korean merchants found it advantageous to hire black employees to reduce tension with black customers. There were few other options available to Korean merchants that allowed them to take advantage of racial solidarity in the black community. In fact, most of the other strategies that Korean merchants used to reduce tension with black customers relied on their ability to mobilize capital, or to develop some other type of system based on material rewards. For instance, many of the Korean merchants gave small gifts and sample items to black customers. Some of the Korean merchants on the South Side of Chicago also reported giving items such as old clothing to their customers and contributing to local charities.

One Korean merchant described how he would recruit blacks from the neighborhood near his store to do informal work. This merchant would sell clearance items to blacks who participated in the informal economy, in order to reduce the chances that they would steal from his store. He described this in detail:

Some professional thief comes to my store, they try to steal something. I don't like them. But I give job to some of them. Sometimes I want them to sweep the outside. Sometimes I supply some very cheap merchandise, clearance items, and regular price is \$20, sale price is \$10. I gave to them \$1 or \$2, and they sell it \$10 to somebody outside. I give them some job, and I told them, hey come here. There are several kids there, and I knew them. I knew their face. I recommend to them the sale price for the merchandise \$10. I gave to them \$1. They come in teams and they sell it very good. I give them for \$1 some item, and they sell it \$1.5, \$20 outside on street. They sell it to passenger.

The Korean merchant's ability to initiate such activities was based on his access to hard capital, and not social capital. The relationship between Korean merchants and black customers was based on economic trade-offs, and not racial and ethnic solidarity. In order to mobilize social capital in the black community, Korean merchants had to hire black employees. The benefits of racial solidarity with black customers came to them vicariously through their black employees.

Despite their ability to leverage capital and open businesses in the black community, Korean merchants find generating rapport with customers in black America problematic. This is a reflection of both the middleman role they fill in the black community and the racial composition of the consumers who shop in their stores. These market characteristics shape the social interactions between merchants, employees and customers. As a result, the potential for tension between Korean merchants and black customers is elevated, and the need for black employees to fill a mediating role in Korean-owned stores arises.

The relationship between Korean store owner and black employees on the South Side of Chicago entails some degree of limited interdependence despite the presence of tension and distrust. This is the case since Korean merchants bring hard capital and jobs to the black community and black employees bring indispensable social capital to their stores. Simultaneously, this relationship is shaped by prejudice and stereotypes emanating from mainstream society. As a result, Korean merchants form their attitudes and perceptions about doing business in the black community in reference to images of black America which are prevalent in the dominant culture. However, Korean merchants' assumptions about the preference of black customers to be served by black employees contradict generalized stereotypes about black workers in society, and subsequently influence hiring policies and the internal operation of Korean-owned beauty supply stores.

This insight is important, since it illustrates how social pressures from multiple sources converge to shape hiring queues. This analysis suggests that the perception of pressures from consumers in a local market context, and broader social forces, influence the structure of employment opportunities in a specific sector of the economy. However, one would expect to observe similar effects in other economic sectors, with consumer preferences either reinforcing or countervailing broader social forces that shape hiring queues. For instance, a similar relationship between hiring practices and customer preferences may exist in other retail businesses in minority communities. And, this relationship may also be present in non-minority communities.

Although this case study is exploratory in nature, it opens several avenues for further inquiry. In the future, greater attention should be placed on the interaction between the characteristics of consumers and the attitudes of employers. In addition, more needs to be learned about the interplay between the demographic characteristics of local markets and the influence attitudes and perceptions concerning race and ethnicity have on market behavior, particularly when racial and ethnic differences exist between employers, employees and consumers. Attention to these factors in concert will add dimension to the analysis of hiring queues, as well as employment discrimination, in all sectors of the economy.

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