How Have Socioeconomic Achievement Determinants Changed in the Past Decade for First-Generation Chinese Immigrants in the U.S.

Haolin Wang
University of California, Berkeley
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Advised by Professor Michael Reich

Abstract
In this paper, I focus on the experiences of first-generation Chinese immigrants in the U.S. and aim to explore how much the determinants of socioeconomic success of the first-generation Chinese immigrants have changed in the past decade. I used the 2005 and 2019 American Community Survey Data to analyze the effects of education attainment, gender, English proficiency, as well as age-at-arrival on wage for different age groups in both years. The result indicates that English proficiency has the largest effect on first-generation Chinese immigrants’ wages for both years. Moreover, one unit increase in English proficiency equites 2-3 times more in wage in 2019 than in 2005. Education always had a positive correlation with wage and the fluctuation between the years depends on specific age groups. Additionally, age-at-arrival has a positive correlation with English ability for both years, but it had a bigger effect on English ability in 2005 than it did in 2019. The wage gap between genders has gotten worse for women who are close to the age of retirement. When it comes to career choices, not much has changed in the first-generation Chinese immigrants’ group throughout the decade. However, there is a decrease in the participation of production jobs which could reflect a downturn in blue-collar jobs.

Keywords
First-generation, Chinese immigrant, socioeconomic status, American Community Survey

Acknowledgements
Thank you to Professor Michael Reich for the continuous support and feedback as my advisor. I take full responsibility for any shortcomings remaining.
1. Introduction

As the population of Asian Americans grows larger, many researchers are looking into the lives of these immigrants and the problems they are facing in pursuit of the “American Dream”. In most of the research completed so far, Chinese immigrants are only presented as a sub-group, despite its large size. Researchers also frequently compare first-generation Chinese immigrants to their supposed counterparts, American-born-Chinese, in terms of cultural assimilation and socioeconomic achievements. However, Chinese immigrants are a far distinct group. They are less likely to be proficient in English compared to other immigrant groups since most speak Chinese at home (Zhou et al., 2004). However, they also have relatively high levels of educational attainment, especially for advanced degrees. These two patterns contrast with research findings that higher English proficiency leads to higher educational attainment and better employment opportunities (Lueck, 2018). Moreover, more than half of Chinese immigrants are employed in management, science, and business occupations, compared to only 33 percent for other immigrant groups (Lueck, 2018). Instead of comparing Chinese immigrants to another immigrant group, I want to focus exclusively on the first-generation Chinese immigrants’ group. Specifically, I want to explore how changes in social and cultural factors have affected the socioeconomic status (SES) of the group in the U.S. in the past decade.

I expect I will see higher correlations between education and pay and between English proficiency and pay in 2019 than in 2005 due to the more competitive labor market in 2019. I also expect a negative correlation between age-at-arrival and English ability, as younger people can learn languages faster.

My research results show that the wage gap between first-generation Chinese immigrants
with different levels of educational attainment has widened in the past decade. English proficiency is still the most important factor in determining the immigrants’ wage. However, immigrating to the U.S. at a young age is no longer the main method of improving one’s English proficiency. The wage gap between male and female first-generation Chinese immigrants in the workforce has not changed a lot and the wage discrimination is especially worse for older females. The career choices of first-generation Chinese immigrants also have kept consistent over the decade, except that there is a rising interest in professional careers among the younger immigrants and a decrease in participation in production and construction jobs in the recent years.

The results are significant for policymakers to see because even though the first-generation Chinese immigrants are different in many ways than the Chinese immigrants who came to the U.S. a decade ago, the current Chinese immigrants are still facing the same issues that this immigration group experienced years ago. As a result, it is crucial for the policymakers to recognize the problems and make a change.

1.1 Literature Review

Almost all of the research literature shows that Chinese Americans rank higher socioeconomically than other Asian American groups. The most consistent evidence in favor of the successful minority image comes from the very high level of educational attainment among Chinese Americans (*Hirschman et al., 1981*). The first big wave of Asian immigrants actually arrived in the U.S. with very little formal education. They decided to come to America to either escape economic instability in China or to seek opportunity in the Gold Rush (*Chand, 2011*). However, Chinese immigrants are more educated than the older generation because their advanced educational degrees are required criteria to enter the United States. Researchers have
also found that both native-born and immigrant Chinese men are highly represented among professional occupations (Duncan, 2015). Native-born Chinese men in particular are more highly represented in most white-collar occupations and substantially under-represented in all blue-collar positions (2015). Immigrant Chinese men are also concentrated in the professional categories. They are also over-represented in the self-employment category and especially in service occupations (Brempong, 1992).

In addition to education, age-at-arrival is another important factor in analyzing the socioeconomic achievements of Chinese immigrant groups. Myers et al. (2009) obtained a downward-sloping age-at-arrival gradient illustrating higher levels of achievement among immigrants who arrived at very young ages and lower levels of achievement for those who arrived at later ages. These authors found that age-at-arrival has a crucial effect on English language acquisition, whereas age-at-arrival matters less for educational attainment, financial well-being, and homeownership (Myers et al., 2009). Kerstin Lueck (2018) also found a positive relationship between English proficiency and socioeconomic status. Lueck’s results show that for every unit increase in English language proficiency, socioeconomic status increases about 22% on average for Asian immigrants, about 6.8% for every unit increase in the native language proficiency score, 2.3% for a unit increase in the social network score, and 5.5% for every unit increase in the parental education index.

Even though many studies have analyzed the Chinese immigration group, no study has examined the changes in the group over time. The first generation of Chinese immigrants who came to the U.S. in the 1990s are very different from the ones who came ten years later. (Tubergen et al., 2009). The Chinese immigrants’ backgrounds and the motivation behind their relocation have changed. The criteria for entering the U.S. has changed as well. My research
will fill a knowledge gap by looking at how the determinants of immigration have changed over the decade for first-generation Chinese immigrants and how these have affected their socioeconomic status.

2. Methodology

2.1 Data
I used the American Community Survey data (ACS) from 2005 and 2019. In both years, the ACS collected data on the specific year of arrival and birth years, permitting computation of the exact age at arrival for our observants. The datasets were cleaned and filtered so we only have Chinese immigrants who are foreign born and between the age of 25 and 64. I imposed this age restriction considering individuals in their economically active years.

Table 1 below provides descriptive summaries of my 2005 and 2019 samples. The sample size is 11,413 in 2005 and 14,938 in 2019. The minimum and maximum age for both samples is set to be 25 and 64 respectively according to the age restriction, which I imposed. On average, the 2019 data samples are older, have higher English proficiency, and have higher educational attainment. There are more women in the 2019 samples and the average wage of the 2005 samples is close to twice of the average wage of the 2005 samples. The average age when individuals arrived in the U.S. for the 2019 samples is slightly smaller than that of the 2005 samples.
Table 1: Summary Statistics of Key Variables

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Notes: This table presents the descriptive statistics of the data samples. The main data comes from the 2000 and 2010 American Community Survey Data (ACS). I restricted the minimum age of the participants to be 25 and the maximum age of the participants to be 65 to focus on individuals in their economically active years.

2.2 Empirical Strategy

I grouped the samples into four 10-year age bins between the age of 25-64: 25-34, 35-44, 45-54, and 55-64. I believe that observants in the same age group share similar social and economic characteristics and thus will provide more accurate correlation results. I selected five features as our independent variables: “sex” where 0 represents female and 1 represents male; “educational attainment” where 1 represents no school completed and 16 represents Doctorate Degree with every other degree in between; “ability to speak English” where 1 represents “very well” and 0 represents “Not at all” with the other proficiency levels in between; age arrived which was calculated by (year arrived - (the surveyed year - observant’s current age)). For occupation, I assigned more specific job titles into 5 general groups: professional, service, office, construction, and production. The dependent variable is the observants’ monthly wages. I used log wage instead because wage distribution is highly skewed, so it is more reasonable to compare the percent changes in wage between different age groups. I want to explore the changes in weights of different factors in affecting monthly wage.

I start with an OLS function built upon the Mincer’s wage function:

\[ \ln \text{wage} = \beta_0 + \beta_1 * \text{educational attainment} + \beta_2 * \text{gender} + \beta_3 * \text{English ability} + \mu \]
I know that age-arrived could be correlated with English ability. In order to account for endogeneity, I used 2 stage least squares estimation of the IV estimator. In stage I, I used multinomial logistic regressions to regress agearrived, educational attainment, and gender on English ability to find the correlations:

\[
\text{English ability} = \beta_0 + \beta_1 \times \text{age-at-arrival} + \beta_2 \times \text{gender} + \beta_3 \times \text{educational attainment} + \nu_i
\]

The I find the fitted value \(\hat{y}\):

\[
\hat{y} = \beta_0 + \beta_1 \times \text{age-at-arrival} + \beta_2 \times \text{gender} + \beta_3 \times \text{educational attainment} + \nu_i
\]

where \(\hat{y}\) is the fitted value for English ability. In stage II, I regress the fitted value of \(\hat{y}\) on log wage:

\[
\ln(wage) = \beta_0 + \beta_1 \times \text{educational attainment} + \beta_2 \times \text{gender} + \beta_3 \times \hat{y} + \mu_i
\]

3. Main Results:

3.1 Baseline Results

The multinomial logistic regression results from stage I of the IV estimation are presented in Table 2. According to the regression results, there is a negative correlation between age-arrived and the individual’s English proficiency and the correlation is significant at the 99% confidence interval. The younger one immigrated to the U.S., the better their English proficiency will be. This finding is consistent with Myers and his colleagues’ research results (2009).

Let’s also compare the results by age groups between the two years. For the 25-34 age group, age-at-arrival had less of an effect on English ability in 2019 than it did in 2005. The
coefficients of the age-at-arrival variable for the 35-44 age group are the same to the hundredth decimal for both years. Similar to the 25-34 age group, for the 45-54 age group, age-at-arrival also had a much greater effect in 2005 than it did in 2019. In 2005, one unit increase in age-arrived would result in a 9.1% decrease in the odds of speaking better English while it would only result in a 7.7% decrease in the odds in 2019. Looking at all the data samples in 2005, age-at-arrival had the biggest effect on English proficiency for people between the age of 55 to 64 in my sample and it had the least effect on English proficiency for people between the age of 25 to 34. Yet, the 2019 data demonstrates a different trend: age-at-arrival had the biggest effect on English proficiency for people between the age of 25 to 34 and the least effect for people between the age of 45 to 54.

The results for the age-at-arrival effect are consistent to my expectation. I expected to see less effect of age-arrival on English ability in the 2019 samples than the 2005 samples because there are more than 50,000 English training organizations in China and about 200,000 people took English class in 2008 in Beijing alone (Wei et. al, 2012). More and more people in China now have access to learn English before they even travel to the U.S. so age-at-arrival will have a lesser effect on the younger Chinese immigrants’ English ability.
Table 2: Multinomial logistic regression results for English proficiency with the 2005 and 2019 datasets

<table>
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<tr>
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<td>1948.12</td>
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Notes: Above table represents the results of the multinomial logistic regression with response variable English ability and independent variables age of arrival, sex, and educational attainment.

Comparing the results by age groups, I see that for the 25-34 age group, educational attainment has a slightly larger effect on wage in 2019 than 2005. One unit increase in educational attainment results in a 15.0% increase in wage in 2019 whereas it only results in a 13.7% increase in wage in 2005. This is possibly because the technology industry emerged in the 2010s and has been growing rapidly ever since (2019). Along with its growth comes a rising need in talents who have knowledge in advanced topics such as coding. People who have
higher degrees are more likely to be equipped with the skills that the big companies need and therefore will receive higher pay. The technology industry was not as prominent in 2005 so a higher degree had less of an impact on wage in 2005 than in 2019. Additionally, a man between the age of 25-34 earns on average 25.0% more than a woman in 2019 while they earn 23.5% more in 2005. This result indicates that the wage gap between men and women has widened from 2005 to 2019 for people between 25-34. One unit increase in English proficiency equites 3.5 times more in wage in 2019 than in 2005. This result is logical because the world is becoming globalized now more than before, and English is one of the languages that connects people from different regions, nations, and cultures. Therefore, many jobs require a high proficiency in English in order to communicate with their clients.

The 35-44 age group has the opposite result for the effect of education than the 25-34 group. For the 35-44 age group, education in 2005 has slightly more impact on wage than it does in 2019. This is possibly because there were less educated Chinese immigrants who were between the age of 35 to 44 in 2005 than there were in 2019. As a result, the job market was less competitive and especially friendly to Chinese immigrants with high degrees. Men between the age of 35 to 44 earn 32.5% more than women in 2005 and 32.4% more in 2019. The wage gap only narrowed slightly in the decade. One unit increase in English proficiency results in an 95.8% increase in log wage in 2005 and a 328.5% increase in wage in 2019. This means that high English proficiency correlates to higher-pay opportunities in 2019 than in 2005 for people between 35 to 44.

For the 45-54 age group, education has 1.35 times of an impact on log wage in 2019 than in 2005. The gender gap in wage narrowed by 12.6% from 2005 to 2019. In 2005, men on average earned 36.5% more than women while in 2019 men on average earned 31.9% more for
the 45-54 age group. There is a 3000% difference between the English ability effect on log wage in 2005 and 2019. One unit increase in English ability would result in a 267.5% increase in log wage in 2019 while it would only result in an 8.87% increase in log wage in 2005. This outcome implies that there were very limited opportunities for first-generation Chinese immigrants between the age of 45 to 54 to receive high-paid jobs in 2005 regardless of their English ability. The tremendous increase of English speaking ability and its effect on wage also indicates that the restriction is gradually being eliminated throughout the decade.

For first-generation Chinese immigrants between the age of 55 and 64, with one unit increase in one’s education level, they would receive a higher wage in 2019 than in 2005. This result is coherent with the ones for the 25-34 age group as well as the 45 to 54 age group. However, the gender gap in wage had worsened from 2005 to 2019 for people between the age of 55 and 64. Men on average earned 32.6% more than women in 2005 but earned 36.8% more in 2019. The difference reflects an increasing wage discrimination toward women near the age of retirement. (Burn et al, 2020). The effect of English ability on wage in 2005 has the most surprising result. Our 2005 data for this age group demonstrates a negative correlation between English ability and wage which contradicts with all previous literature on this topic. I then counted the number of people in the 55-64 age group in 2005 who have zero wage by their English ability and found that there are more people with higher English ability and have zero wage in our dataset than people with lower English ability and have zero wage. This could be caused by response bias from our respondents. The result is insignificant at the 95% confidence interval and has a variance of 0.250. I would need more data to establish a reliable conclusion for the correlation between English ability and wage for the 55-64 age group in 2005. For the 2019 data, the correlation between English ability and wage for the 55-64 age group is positive.
and is significant.

Now I separate the results by the respective years and identify the age group that has the biggest coefficient for each independent variable. For the 2005 data, the 35-44 age group has the biggest coefficient on education. This implies that for first-generation Chinese immigrants between the age of 35 and 44, a unit increase in educational attainment will result in a much larger percentage increase in wage than it would for any other age group. This is because in order to be promoted to take a leadership position, the minimum amount of education required for many industries is a four-year bachelor’s degree and the higher the better. In 2005, the wage gap between men and women was the biggest for people between 45 to 54. With everything else held constant, men between age 45 to 54 earn 36.5% more on average than women in the same age group. It is 1.6 times of the wage difference between men and women in the 25-34 age group. An increase in English proficiency will result in the most percentage increase in wage for people between 35 and 44 among all age groups.

For the 2019 data, the 45-54 age group has the biggest coefficient in education. The shift in the age group that has the largest education effect on wage possibly implies that the labor market has become more competitive over the decade and people who have been working for years now need to get a higher degree, such as a Master of Business Administration degree (MBA), in order to be promoted. The 55-64 age group has the largest wage gap between men and women than any other group. In terms of English ability, the 35-44 age group receives a larger percentage increase in wage with higher English proficiency than any other age group.

I also categorized all the job titles into 5 general groups: construction, office, production, professional, and service for both the 2005 and the 2019 data. I then compared the percentage count for each occupation group between 2005 and 2019. Figures 1 and 2 show the trend of
profession choices of the first-generation Chinese immigrants for their respective year. Among the five categories, most Chinese immigrants work in the service industry and the percentage change in the service industry between the two years is very small. The second most popular profession choice is a professional job, such as lawyers, doctors, and teachers and there is a 11.5% increase from 2005 to 2019 for professional careers. Production job was the third most popular choice in 2005 but it was replaced by office jobs in 2019. Construction jobs remain the least popular choice for both years.

If we look at different age groups, most age groups share the similar pattern as the overall population. The 25-34 age group has the most different pattern because professional careers are most popular among people who are 25-34 for both years.

**Figure 1:** Comparing percentage count in 2005 and 2019 for each profession choice for first-generation Chinese immigrants between the age 25-64
**Figure 2:** Comparing percentage count in 2005 and 2019 for each profession choice for first-generation Chinese immigrants between the age 25-34

![Figure 2: Percentage Count for Each Professions in 2005 and 2019 between Age 25-34](image)

**Figure 3:** Comparing percentage count in 2005 and 2019 for each profession choice for first-generation Chinese immigrants between the age 35-44

![Figure 3: Percentage Count for Each Professions in 2005 and 2019 between Age 35-44](image)
Figure 4: Comparing percentage count in 2005 and 2019 for each profession choice for first-generation Chinese immigrants between the age 45-54

Figure 5: Comparing percentage count in 2005 and 2019 for each profession choice for first-generation Chinese immigrants between the age 55-64
4. Conclusion

4.1 Conclusion

I explored the effect of how independent variables including educational attainment, sex, English ability and age-at-arrival affect the wage of first-generation Chinese immigrants and how the effect of the same independent variables changed from 2005 to 2019. I found that English ability has the largest positive effect on wages compared to the other variables among first-generation Chinese immigrants in the U.S. between the age of 25 and 64 from both the 2005 and 2019 sample data. The immigrants’ English ability appears to have a positive correlation with their age when they came to the U.S. However, this age-at-arrival effect is more prominent among the 2005 data samples than the 2019 samples.

Educational attainment is also positively correlated with wage. Comparing the effect of education on wage within the same age group between the 2005 data and the 2019 data, I found that overall, education has a higher correlation with wage for the 2005 sample data than the 2019 sample data for all age groups, except for the 35-44 age group. However, the difference is very small. This result indicates that there is a bigger wage gap between first-generation Chinese immigrants with different levels of education now than a decade ago. I was surprised to find that the 35-44 age group of the 2005 sample data has the largest coefficient for educational attainment whereas the 45-54 age group has the largest coefficient for educational attainment for the 2019 data. It was surprising to me because people from the 45-54 age group are further into their career so I assumed that working experience would outweigh the importance of their level of education. However, my data indicates the high correlation between educational attainment and wage for this age group which reflects an increase in the competitiveness of the labor market and of the promotion process.
The wage gap between male and female first-generation Chinese immigrants did not change that much over the decade. Yet, my results demonstrate that among all age groups, the female first-generation Chinese immigrants who are between the age of 45 and 54 in our 2005 dataset have the largest wage gap with their male counterparts. Meanwhile, the female first-generation Chinese immigrants who are between the age of 55 and 64 in our 2019 dataset have the largest wage gap with their male counterparts. This result aligns with my assumption because the gender pay gap has always been a problem for all races in the United States (Browne et. al, 2003). Since the two age groups with the biggest wage gap are the two oldest groups, it calls to our attention to the issue of work discrimination toward older women in the labor force.

When it comes to choosing occupations, not much has changed in the decade from 2005 to 2019. Service career continues to be the most popular career industry among first-generation Chinese immigrants, consistent with Brempong’s research (1992). The second most popular industry is the professional industry which is known to have high salaries and to require higher levels of educational degrees compared to other industries. The third most popular profession in 2005 was production but it switched to office jobs in 2019. This change signals that our society is experiencing a blue-collar drought where less people are willing to work in production and construction industries. First-generation Chinese immigrants’ participation in construction jobs remained low for both years. This trend applies to all age groups except the 25-34 age group where professional jobs were the most popular professional in both 2005 and 2019. This suggests that the eagerness to pursue a professional career among young first-generation Chinese immigrants did not change throughout the decade.
4.2 Contributions

My findings suggest that the wage gaps between first-generation Chinese immigrants with different levels of education and between older male and female Chinese immigrants have widened between 2005 and 2019. Although high English proficiency is still crucial to higher-paying jobs, age-at-arrival has less of an effect on English proficiency because more of the recent wave of Chinese immigrants come to the country with the ability to speak English. There is also a rising interest in higher paying professional jobs than blue-collar jobs in production and construction jobs among younger Chinese immigrants. With these in mind, policymakers should recognize the trend and come up with strategies to narrow the pay gap. A potential resolution is to raise the minimum wage which can effectively narrow the wage gap between Chinese immigrants with different education backgrounds and hopefully attract more talented Chinese immigrants to participate in the blue-collar industry. Furthermore, policymakers should establish programs and unions to assist older female first-generation Chinese immigrants as they have been experiencing wage discrimination in the workplace but not many changes have been made for this group in the past decade. Future work will explore in more details of the potentially effective policies and programs.
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