Immigrant and ethnic enterprise in North America*

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In the decade 1820-30, 80 per cent of free white Americans owned their own means of livelihood (Corey, 1966: 113). This decade was the high-water mark of self-employment in America, and subsequent trends have shown an almost uninterrupted decline. Generations of sociologists have declared that business self-employment in the modern United States has become an economic anachronism which is in the process of disappearance (Light, 1979: 31). Following Marx on this point, they have observed that the progressive concentration of capital reduced the once numerous class of free entrepreneurs that existed in the last century. Indeed, three decades ago C. W. Mills (1951) already showed the steady decline of agricultural and non-agricultural self-employment in the United States between 1870 and 1950:

A larger number of small businesses are competing for a smaller share of the market. The stratum of urban entrepreneurs has been narrowing, and within it concentration has been going on. Small business becomes smaller, big business becomes bigger. (Mills 1951: 24)

After Mills wrote this evaluation the decline of self-employment in the American labor force unambiguously continued until 1973. In that year a slim majority of American farmers continued to be self-employed, but less than 7 per cent of non-farm workers were self-employed (Ray, 1975). Given these trends, government and business analysts agreed that the probability of self-employment had become poorer than in the past and its rewards correspondingly more meagre (Cingolani, 1973: 8-10; Special Task Force, 1973: 21). In this economic context, social scientists generally concluded that small business self-employment was incompatible with capitalist economic concentration and could be expected to slide into oblivion for this reason (Bottomore, 1966: 50; O'Connor, 1973: 29-30; Horvat, 1982: 11-15; Auster and Aldrich, 1981).

However, on the cultural side, sociologists had to explain the atavistic persistence of entrepreneurial values and ambitions in the American labor force (Chinoy, 1952; Walker and Guest, 1952) as well as the extent of self-employment among the wage-earning population (Lipset and Bendix, 1959;
Table 1. Self-employed and unpaid family workers in the United States, 1948-79 (number in thousands)

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<thead>
<tr>
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<tbody>
<tr>
<td><strong>Non-agricultural industries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total employed</td>
<td>51,975</td>
<td>56,863</td>
<td>72,900</td>
<td>78,929</td>
<td>94,605</td>
</tr>
<tr>
<td>Self-employed</td>
<td>6,109</td>
<td>6,102</td>
<td>5,102</td>
<td>5,332</td>
<td>6,652</td>
</tr>
<tr>
<td>Percent of total</td>
<td>11.8</td>
<td>10.7</td>
<td>7.0</td>
<td>6.8</td>
<td>7.0</td>
</tr>
<tr>
<td>Unpaid family workers</td>
<td>385</td>
<td>588</td>
<td>485</td>
<td>517</td>
<td>455</td>
</tr>
<tr>
<td>Percent of total</td>
<td>0.7</td>
<td>1.0</td>
<td>0.7</td>
<td>0.7</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Agriculture</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total employed</td>
<td>6,309</td>
<td>4,645</td>
<td>3,266</td>
<td>3,005</td>
<td>2,993</td>
</tr>
<tr>
<td>Self-employed</td>
<td>4,664</td>
<td>3,081</td>
<td>1,985</td>
<td>1,789</td>
<td>1,580</td>
</tr>
<tr>
<td>Percent of total</td>
<td>73.9</td>
<td>66.3</td>
<td>60.8</td>
<td>59.5</td>
<td>52.8</td>
</tr>
<tr>
<td>Unpaid family workers</td>
<td>1,318</td>
<td>941</td>
<td>550</td>
<td>467</td>
<td>304</td>
</tr>
<tr>
<td>Percent of total</td>
<td>20.9</td>
<td>20.3</td>
<td>16.8</td>
<td>15.5</td>
<td>10.1</td>
</tr>
</tbody>
</table>

Source: T. Scott Fain, 'Self-Employed Americans: Their Number Has Increased,' *Monthly Labor Review* 103 (1980): Table 1, p. 4.
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102-3, 177-81). Given the USA's laissez-faire traditions (Meyer, 1953) it was easy to understand entrepreneurial ambitions and frustrated aspirations as cultural residuals of an economically bygone era (Vidich and Bensman, 1960: 305-6). Thus, Riesman (1950) juxtaposed the 'inner-directed' old-fashioned individualism of yesteryear's entrepreneurs with the 'other-directed' of corporate executives, finding in this contrast a shift in the modal personality from the former to the latter. In a similar exercise, Miller and Swanson (1958: 123) found that achievement imagery in the American middle class had shifted away from self-employment toward bureaucratic careers in corporate hierarchies. Bell's (1976: 84) analysis of the 'cultural contradictions of capitalism' identified the Puritan tradition as a self-destructive rationality whose adolescent heirs had discarded the disciplines of planning and work in favor of 'voluptuary hedonism'.

Entrepreneurship's protracted decline provided a neat illustration of cultural lag, the belated adjustment of superstructure to changes in production relations (Aronowitz, 1973: 257). A small business economy needed entrepreneurial motivations in its labor force. When the economic basis of small business deteriorated, socialization lagged behind, continuing to produce entrepreneurial ambitions and values in lifelong wage workers (Lynd and Lynd, 1937: 70). The temporary result was a glut of disappointed aspirants for small business self-employment, a situation of imbalance between supply and demand (O'Connor, 1973: 29-30). Ultimately, the market's surplus of aspiring entrepreneurs reached back into the socialization system, causing reallocation of motivational resources away from this overpopulated occupation in diminishing demand. As salaried workers corrected their aspirations for realistic prospects, the social origins of American small business owners declined (Newcomer, 1961: 490; Meyer, 1947: 347; Mills, 1966). By 1952 the 'creed of the individual enterpriser' had become 'a working class pre-occupation' (Lipset and Bendix, 1964: 462).

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Taken very generally, cultural lag still offers a satisfactory explanation of what happened to entrepreneurial individualism in twentieth-century America. However, the cultural lag orthodoxy encounters two serious objections, one empirical, the other conceptual. First, as Giddens (1973: 177-8) has observed, the rate of decline in self-employment was never so rapid as Marxists had expected even though the direction of change was mostly negative. Moreover, in the specific period 1972-9, 'the number of self-employed Americans rose by more than 1.1 million, reversing decades of steady decreases' (Fain, 1980: 3). This stabilization suggests that a plateau in self-employed population firmly supports an ideology of entrepreneurship among a minority (see Table 1). This conclusion is particularly appealing since Boissevain (1984) has reported that in 1978 'Common Market countries registered a net increase in the number of entrepreneurs and family workers' thus reversing their postwar trend of decline.

Second, cultural lag orthodoxy depends upon a simplifying, inaccurate assumption of homogeneity in economy and labor force. A homogeneous economy means uniformity in industrial conditions among the various sectors as well as a uniform rate of capitalist concentration in each. Labor force homogeneity means all workers are identical in values, attitudes, skills, employment access, and return on human capital. Both assumptions are unrealistic. The USA economy actually consists of a plurality of sectors which differ in respect to industrial conditions, capitalist concentration, and rates of change. O'Connor's (1973) distinctions between competitive, monopoly and state sectors need attention, and this tripartite division could easily be augmented in the interest of exactitude (reviewed in Kallenberg and Sorenson, 1979). Additionally, the USA labor force consists of unequally situated groups which differ in cultural heritages. At the very least, one must distinguish the immigrant, the nonwhite, and the native white labor force sectors. Workers in these sectors experience differential returns on human capital, rates of under- and unemployment, welfare and legislative support, and career opportunities.

Given variation in the economy and labor force, uneven resolution of cultural lag follows. On the one hand, some business sectors retain contrary-to-trend compatibility with entrepreneurial activities. On the other, some working populations retain atavistic aspirations for business self-employment. In point of fact, immigrant and nonwhite workers cluster heavily in the economy's competitive sector within which, by definition, a small business milieu persists (Waldinger, 1982: 1-2; Zenner, 1982: 474; Auster and Aldrich, 1983). Thus, on structural grounds alone, there is reason to predict that old-fashioned entrepreneurial ideology should remain among immigrant and minority sector workers long after native white workers have resigned themselves to salaried and wage employment in the monopoly and state sectors.

This situation is not really novel. In actual fact, the foreign-born have been overrepresented in American small business since 1880 and probably earlier (Light, 1980: 33; Higgs, 1977: 92). Two explanations seem plausible. The first is disadvantage in the labor market. Such disadvantage causes foreigners to concentrate in small business because they suffer under- and unemployment as a result of poor English, unvalidated educational credentials, discrimination, and so forth (Reitz, 1980: 191). Anyone who is disadvantaged in the labor force derives from this unfortunate situation a special incentive to consider self-employment, and the greater his disadvantage, the greater his incentive. The unemployed apple vendors of the Great Depression epitomize the resourcefulness of workers who, unable to find wage-earning jobs, turn to any and every pitiful self-employment from economic desperation.

However, labor markets' disadvantage cannot be the whole explanation of this phenomenon, because some immigrant and ethnic minority groups have higher rates of urban self-employment ('entrepreneurship') than do others (Goldscheider and Kobrin, 1980: 262-75; Boissevain, 1984; Jenkins, 1984). Given equal disadvantage why do some foreign groups have higher rates than others, and why should the foreign-born in general have higher rates
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of business self-employment than disadvantaged native minorities, especially blacks (Handlin, 1959: 74)? Native blacks are more disadvantaged than native whites, yet the blacks' rates of business self-employment have been and remain lower than the native whites' rates and much lower than the foreign-born rates despite presumptively higher disadvantage of the blacks (Light, 1972, 1979; Wright et al., 1982: 724).

Orthodox and reactive cultural contexts

The orthodox answer to this issue has fastened upon transplanted cultural endowments of various ethnic minority groups. Derived from Max Weber, this model of entrepreneurship has claimed that individuals introject cultural values in the course of primary socialization. When a group's values and motivations encourage business enterprise, cultural minorities produce socialized adults who prosper in business. The prototype is Weber's (1958a) Protestant sectarians who espoused the values of diligence in a calling, thrift, profit, and individualism. These values and attendant motivations caused adult sectarians to prosper in business. With appropriate adjustments, this model might account for the anomalous and persistent overrepresentation of selected cultural minorities in self-employment. American examples include Jews, Chinese, Japanese, Greeks, Macedonians, West Indians, Dominicans, Gypsies, Iraqi Christians, Lebanese, Koreans, and Arabs.¹ In all such cases, cultural theory has explained business overrepresentation and/or success in terms of intact, unmodified cultural heritages. A fine example is the migration of Gypsy fortunetellers. Before debarkation in New York City, the Gypsies already knew how to tell fortunes, and their cultural baggage included ready-to-use skills (crystal balls, tarot cards, palmistry) other groups simply lacked. Gypsy practice of these skills in the United States only involved the utilization of a cultural tradition for the specific purpose of self-employment (Sway, 1983).

This view has merit, but research in ethnic enterprise has disclosed its inadequacy. In reality, immigration and alien status release latent facilitators which promote entrepreneurship independently of cultural endowments (Turner and Bonacich, 1980: 145, 148). Three facilitators are especially important. The first is psychological satisfaction arising from immigration to a high-wage country from a low-wage country. Immigrants in the United States have recurrently proven willing to accept low money returns, long hours of labor, job-related danger, and domestic penury in order to maintain business self-employment. Relative to their countries of origin, even adverse conditions look good to immigrants and, until fully adapted to the American standard of living, immigrants obtain satisfaction from squalid proprietorships that would not attract native-white wage earners. This is relative satisfaction.

A second, much-documented reaction is enhanced social solidarity attendant upon cultural minority status. Chain migrations create immigrant communities with extraordinarily well-developed social networks. Numerous studies have shown that these social networks create resources upon which immigrant
co-ethnics can draw for business purposes (Light, 1972; Bonacich, 1973, 1975; Bonacich and Modell, 1980; Wilson and Portes, 1980). 'The cornerstone of an ethnic subeconomy is the communal solidarity of a minority group' (Hraba, 1979: 374). Insofar as reactive solidarity encourages immigrant entrepreneurship, a situation has brought out a collective response which is not cultural in the orthodox sense (Young, 1971). A concrete example is the influence of immigrant Landsmannschaften upon business enterprise. Immigrant Landsmänner belong to a primary group which did not exist as such in their country of origin. Thus, among the Japanese of Los Angeles Hiroshimakenjin formed a solidarity subgroup within the metropolitan population — all the brothers hailed from Hiroshima. On the other hand, contemporaneous residents of Hiroshima did not share the sense of local solidarity so the immigrants had obviously created a solidarity abroad that did not exist in Hiroshima, their city of origin (Modell, 1977: 99-117). This is a reactive solidarity which required alien status to liberate, and as such is quite different from the practice of fortunetelling by immigrant Gypsies.

The third endowment is sojourning (Siu, 1952). Sojourning arises when immigrants intend to repatriate, and derive from this intention a desire to amass as much money as possible as quickly as possible. As Bonacich (1973) has shown, sojourning implies a battery of entrepreneurial motivations which give middleman minorities an advantage in business competition over nonsojourners. Admittedly, the cultural status of sojourning is uncertain, and the phenomenon arguably arises liturgically as well as situationally (Light, 1979: 33-4). Nonetheless, sojourning is a frequent (but not invariant) accompaniment to international immigration, and its presence provides an economic edge to the foreign born in small business enterprise (Zenner, 1982: 458; Portes, Clark and Lopez, 1981-2: 18).

Light's (1980: 34-6) distinction between reactive and orthodox cultural contexts of entrepreneurship is a new one necessitated by the rapidly growing literature on this topic, but anticipated by earlier writers (Young, 1971). Orthodox and reactive contexts in Light's rubric correspond closely to what Turner and Bonacich (1980: 145, 148) elsewhere identified as cultural and situational variables. In both cases, authors responded to the tendency of ethnic business researchers to 'talk past' real issues on the one hand or, on the other, to engage in 'unnecessary and wasteful polemics' about pseudo-issues (Turner and Bonacich, 1980: 145, 147). Authorities agree that, however named, the conceptual distinctions identified do not necessitate an empirical repugnance because different variables can contribute to the entrepreneurship of the same ethnic groups. Old-fashioned cultural analysis (Belshaw, 1955) stressed only orthodox etiologies, thus creating the erroneous implication that only culturally intact transmission affected entrepreneurship (Freedman, 1959). Conversely, Bonacich's (1973) model of 'middleman minorities' ignored orthodox contributions, focussing only upon reactivities. In Light's (1972) treatment of prewar blacks and Asians in the USA the overrepresentation of Asians in business proprietorships is credited to reactions arising
Orthodox, reactive, or mixed entrepreneurship arises when only-orthodox, only-reactive or mixed orthodox and reactive components of entrepreneurship figure in an empirical analysis. On the face of the available evidence, some groups belong in one, other groups in another category. The crucial evidence arises from two comparisons. On the one hand, the foreign-born in general have been overrepresented in American small business since at least 1880 and are still overrepresented. On the other hand some foreign-born groups have higher rates of business self-employment than do others. For example, Jews have been and remain extraordinarily entrepreneurial whereas Irish have been lower than the foreign-born average (Goldscheider and Kobrin, 1980). The general overrepresentation of the foreign-born betokens a situationally-induced responsiveness to self-employment. This responsiveness is prima facie evidence for a reactive model. On the other hand, the higher than average rates of selected foreign-born groups suggest unique cultural endowments. Unique endowments imply cultural heritages transmitted intact, the orthodox cultural model. The best fit of theory and evidence occurs when theory acknowledges the additive possibilities of orthodox and reactive components. On this view, the foreign-born in general experience the reactive entrepreneurship arising from their alien situation, but middleman minorities (Jews, Chinese, Greeks, etc.) add to this reaction their culturally intact heritages of sojourning entrepreneurship (Bonacich and Modell, 1980: Ch. 2). As a result, rates of entrepreneurship are higher among middleman minorities than among the foreign-born in general, and higher among the foreign-born than among the native-born whites.

Ethnic and class resources

Efforts to explain ethnic and immigrant entrepreneurship invariably turn up batteries of special causes. That is, the immigrants developed higher than average rates of entrepreneurship because they drew upon special resources which native groups lacked. In Barth’s (1962) terminology these facilities constitute entrepreneurial ‘assets,’ but the term resources is more general and does not lend itself to confusion with financial assets (Light, 1980: 35). Ethnic resources are any and all features of the whole group which coethnic business owners can utilize in business or from which their business benefits (Reitz, 1982; Wallman, 1979a: ix; 1979b: 10). Thus, ethnic resources include orthodox cultural endowments, relative satisfaction, reactive solidarities, sojourning orientation, and these four encompass all types of ethnic resources empirically described in the existing literature (cf. Turner and Bonacich, 1980: 152). As such, ethnic resources should be distinguished from class resources. Class resources are cultural and material. On the material side, class resources are private property in the means of production and distribution, human capital, and money to invest. On the cultural side,
class resources are bourgeois values, attitudes, knowledge and skills transmitted intergenerationally in the course of primary socialization (Di Maggio, 1982: 190–1). An established bourgeoisie equips its youth with appropriate class resources, and, having them, the youth are well endowed to prosper in a market economy. Class resources exist, and sociological theory has amply and basically acknowledged their importance. An analytical dispute has arisen, however, when studies of ethnic entrepreneurship have sought to distinguish ethnic resources from class resources. The mainstream view ignored ethnic resources, assuming that only class resources do or even can exist. On this view, an ethnic bourgeoisie is just a bourgeoisie rather than a bourgeoisie which has unique access to ethnic resources.

In principle, class and ethnic resources might occur singly or in combination. This compatibility yields four basic etiologies: class-only, ethnic-only, class-ethnic mixed, and no resources. A class-only etiology explains ethnic minority or immigrant entrepreneurship strictly on the basis of class origins, property, money, and human capital. Class-only explanation is Type 1 in Table 2. Ethnic-only analysis omits the above, focussing explanation wholly upon ethnic resources such as cultural heritages, reactive solidarities, sojourning, and relative satisfaction. Ethnic-only explanation is Type 2 in Table 2. Mixed analysis combines elements of ethnic and class analysis to suit empirical cases of entrepreneurship. Mixed explanation is Type 3 in Table 2. Since class-only analysis is most compatible with a macro-theory of the economy, the mixed and ethnic-only analytic possibilities signal a newly discovered frontier of theoretical controversy. If the latter types exist, class macro-

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<th>Resource Basis</th>
<th>Ethnic</th>
<th>Class</th>
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<tbody>
<tr>
<td></td>
<td>Orthodox</td>
<td>Reactive</td>
</tr>
<tr>
<td>1. Class-only</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>2. Ethnic-only</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>3. Mixed</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>4. Mixed: class predominant</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>5. Mixed: ethnic predominant</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>6. No resources</td>
<td>O</td>
<td>O</td>
</tr>
</tbody>
</table>

O = none
x = some
X = much
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theory needs adjustment to take into account complexities currently ignored.

The North American literature contains no examples of class-only or ethnic-only resource-mobilizing entrepreneurial subgroups. All the empirical cases are mixed. The evidence thus reduces the theoretical polarities to ideal types. Admittedly some cases of ethnic minority or immigrant entrepreneurship weigh more heavily on one side or the other of this class/ethnic balance. Especially in the past, immigrant entrepreneurship seems to have depended more heavily upon ethnic resources than it currently does. Turn-of-the-century Chinese and Japanese immigrants in California are the best-documented illustrations. Disadvantaged in the general labor market, they turned in extraordinary proportion to self-employment, apparently mobilizing ethnic resources very effectively to this end (Light, 1972; Modell, 1977; Bonacich and Modell, 1980). Post-1970 Asian immigrants in North America continue to mobilize ethnic resources to support business ownership, but the balance has shifted toward money, human capital, and bourgeois culture. Thus, all cases of Asian entrepreneurship have been mixed, but in the last half-century the balance has appreciably swung from ethnic toward class resources (Thompson, 1979).

In contemporary American and Canadian society, immigrant entrepreneurship still combines ethnic and class resources, thus creating an empirical problem of sorting out each contributor and assessing its contribution. Thorny as is this measurement problem, the empirical dualism is clear especially in the important cases of political refugees from the Third World. To a substantial extent, Korean, Vietnamese, Taiwanese, Hong Kong, Cuban, and Iranian immigrants now in the United States derived from property-owning upper classes in their countries of origin. Fearing or experiencing socio-political turmoil in their homelands, these refugees entered the United States with human capital, money to invest, and bourgeois cultural values. Accordingly, it is no surprise that their involvement in small business has been extensive, their success in it remarkable, and their achievements much celebrated in popular media (Ramirez, 1980). On a class-only model the small business success of these refugees reflects only the class resources they brought with them, and any group of wealthy refugees would have created as many small businesses. Ethnicity conferred nothing: this is the null hypothesis.

Class resources indisputably help, but empirical research suggests that a class-only explanation is inadequate. An immigrant bourgeoisie utilizes ethnic resources in supplementation of class resources. The two best-studied examples are Cubans in Miami, and Koreans in Los Angeles. Wilson and Portes (1980; Portes, 1981; Wilson and Martin, 1982) found that about one-third of Cubans in Miami were employed in Cuban-owned business and another fragment were self-employed. For the Cubans returns on human capital were more favorable among the self-employed than among those employed for wages in the competitive sector. Indeed, returns on human capital were equivalent to those in the primary sector. Explaining this success, Wilson and Portes (1980: 315) conclude:
Immigrant entrepreneurs make use of language and cultural barriers and of ethnic affinities to gain privileged access to markets and sources of labor. . . . The necessary counterpart to these ethnic ties of solidarity is the principle of ethnic preference in hiring and of support of other immigrants in their economic ventures.

Since these resources would be unavailable in Cuba, the Cuban immigrant bourgeoisie acquires access to ethnic resources in Miami where they are members of a cultural minority. To a substantial extent, these reactive resources permit the Cubans to thrive in small business and even to outperform the native whites in this sphere despite the material advantages of the latter.

Bonacich, Light and Wong (1977, 1980; see also Light, 1980; Bonacich and Jung, 1982) have looked into the entrepreneurial success of 60,000 Koreans in Los Angeles. In 1980, approximately 40 per cent of employed Korean men headed small firms (Yu, 1982: 54). An additional 40 per cent of Koreans worked in these firms so only about 20 per cent of the Korean immigrants found employment in non-Korean-owned firms or government agencies. Admittedly, the Korean immigrants were highly educated: on one account nearly 70 per cent of men had college degrees compared with only 15 per cent of Los Angeles County residents in general. Additionally, the Koreans brought with them sums of capital rarely less than $25,000 and sometimes millions. On the other hand, these class resources supplemented ethnic resources; they did not exclude them. As among the Cubans in Miami, Koreans in Los Angeles made effective business use of language and cultural barriers distinguishing co-ethnics from the general population, reactive social solidarity, nepotistic hiring, and formal and informal mutual support networks. Additionally, Koreans made some use of rotating credit associations, nationalistic appeals for labor peace, vertical and horizontal integration of firms, informal and formal restraints of trade, and political connections with City Hall developed by leading Korean business organizations. In all these respects, Korean entrepreneurship drew upon ethnic resources not merely upon class resources.

Collectivist and individualist styles of entrepreneurship

Textbook treatments of entrepreneurship have long begun with the economistic assumption that small business owners are individualists. Indeed, the term 'entrepreneurial individualism' remains in general currency as a reflection of this persisting assumption. Underlying the microeconomic theory of the firm are the class resources of the bourgeoisie which provide facilities for individual business owners. In Schumpeter's famous image, these entrepreneurs behave like spectators in a crowded stadium during a rainstorm. Feeling rain, each spectator independently decides to raise his umbrella, and decides to put it away when the sun once again comes out. In this analogy, the material resource is the umbrella, and the cultural resource is the trained
wisdom to utilize it properly. But each entrepreneur thinks and acts independently albeit in utilization of class-linked resources.

Accepting Schumpeter's (1934: 81, n.1, 2) class-only model of entrepreneurship, sociology has, however, parted company with neoclassical economics on the issue of consciousness. Insofar as a resource-transmitting bourgeoisie develops self-consciousness, this consciousness becomes a class resource capable of affecting the economic success of members. Thus, elitist studies of the American upper class have long claimed that debutante cotillions, preparatory schools, swank vacation resorts, exclusive suburbs, and stuffy downtown clubs reflect and forge upper-class consciousness (Useem, 1980: 53-8). Group consciousness enhances the chances of individual bourgeois to monopolize access to material and status rewards. For instance, clubs provide a private place to concoct business and political deals or to arrange marriages. Admittedly the importance of bourgeois group consciousness has not been so systematically examined in its economic as in its political ramifications. However, class-only theories of the bourgeoisie have acknowledged the development of an entrepreneurial collectivism which enhances the competitive chances of the individual members of the bourgeoisie. Evaluating two generations of social research on the American business elite, Useem (1980: 58) finds 'internal cohesion' strikingly in evidence. 'Unity is far more extensively developed at the top than anywhere else in the class structure.'

A similar evolution has characterized sociological studies of ethnic business (Jenkins, 1984). Classical sociologists called attention to cultural endowments which governed the style of business ownership, and explained in historical context the transition from merchant to bourgeois. The prototype was, of course, Weber's (1958a) Protestant sectarians whose economic style reflected religio-cultural values. Their disciplined lifestyle caused them to prosper in business, but they were expected to do so as noncooperating individuals standing or falling on individual merits. Of course, there is no denying that under some cultural or situational conditions, small business owners can be individualistic nor that introjected values of hard work, thrift, and economic rationality encourage business survival and success. A Bechofer et al. (1974) study of Scottish business owners in Edinburgh depicts individualistic business conduct. Jarvenpa and Zenner (1979) reported the same individualism among Scots in the Canadian fur trade. On the other hand, even Weber overstated the extent of individualism among Protestant sectarians and, aware of this error, was more careful (1958b) in some writings. Historical research among Puritan business owners in seventeenth-century New England has not disclosed the expected individualism. On the contrary, Bailyn (1955), Hall (1977), and Griffen and Griffen (1977: 150) concluded that observantly Calvinist business owners in New England were active participants in commercial networks knit together on the basis of extended kinship and friendship, these networks actually linking ports of origin in the British Isles and New England cities.

In the same sense, cultural treatments of middlemen minorities in North
America began with the assumption that cultural subgroups acted out their values in enterprising individualism based upon hard work, thrift, rationality, and self-denial (Auster and Aldrich, 1983). In this model, immigrant entrepreneurs drew upon a cultural tradition, then fanned out into the economy in individualistic search for profitable opportunities. Equipped with cultural resources, co-ethnics knew how to make the most out of such business opportunities as they encountered — but each did so as an isolated individual.

There is, of course, no question that ethnic values and motivations do affect individual behavior. However, ethnic research has shown there exists a largely ignored dimension of collective action which goes beyond individualistic value or motivational effects, important as those are (Leff, 1979). This is the dimension of entrepreneurial collectivism in the ethnic minority (Young, 1971: 140–1; Cummings, 1980). Collective styles of entrepreneurship depend upon group resources in which business owners only participate insofar as they maintain active, adult participation in community life (Herman, 1979: 84). For example, a rotating credit association requires cooperators to establish a reputation for trustworthiness in the ethnic community, and this reputation depends in turn upon active involvement (Light, 1972: Ch. 2). Similarly, an immigrant or ethnic informational network confers benefits upon business owners, but to obtain these benefits an owner needs to belong to the network. Isolates cannot share network information so this ethnic resource only benefits participants in ethnic community networks. Finally, trade guilds may regulate and control internal competition, but the benefits of collusion in restraint of trade accrue to members. Isolates suffer the consequences of collusion by others.

In principle, class and ethnic resources both confer potentialities for individualist or collectivistic styles of business management. As before, however, all empirical cases in the literature have been mixed. For instance, Koreans in Los Angeles have utilized both class and ethnic resources, and these resources have here supported individualistic and there collectivistic entrepreneurship. Taken together, Korean entrepreneurship in Los Angeles is a pastiche of ethnic and class resources and individualist and collectivist styles. On the other hand, the balance of individualism and collectivism in immigrant entrepreneurship appears to have shifted in three generations. Chinese and Japanese immigrants in California at the turn of the century utilized entrepreneurial strategies which were more collectivistic than those currently utilized by Chinese immigrants in Toronto (Chan and Cheung, 1982). In the same manner, Polish, Finnish, Irish, Mormon, and Jewish entrepreneurship appears to have undergone a shift in this century away from an immigrant-generation dependence upon collective resources toward a native-born generation dependence upon individual resources.

Two related changes explain this shifting balance. On the one hand, the competitive sector has become smaller in size and the price of admission higher in response to capitalist concentration. Ethnic collectivism may be less adequate than in the past. On the other hand, upward social mobility has conferred class resources upon native-born ethnics whose progenitors did
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not have them. Specifically, native-born descendants of immigrant business owners enter the business sector with money, education, and skills their forebears lacked. Possessing class resources, immigrant and ethnic minority entrepreneurs become more individualistic in style. Thus, impoverished immigrants needed to combine their small amounts of capital in rotating credit associations in order to assemble a sum large enough to finance small business. Dependent upon kinsmen and landsmen for initial capital, immigrant business owners could not thereafter operate their businesses as if they were isolated individualists. With personal money to invest, the descendants of these immigrants and contemporary 'new' immigrants no longer need to borrow from kin and friends (Kim, 1977). Therefore, they establish their business enterprises without rotating credit associations, and operate them in a more individualistic manner.

Similarly, poor immigrants did not understand inventories or balance sheets so they turned to kin and friends for advice in business management. Equipped with MBAs, their descendants and North America's new immigrants possess the business skills they need as class resources. Therefore, they do not need to turn for management advice to informal, ethnically linked agencies, and they are free to operate their business enterprises as if they were isolated individuals. In this manner, access to class resources may obviate collectivism in ethnic enterprise — but not exclude it altogether. In Toronto, Thompson (1979) reports, a bipolar business class has actually emerged as a result of these processes. On the one side are the old-fashioned, ethnic-dependent Mom and Pop store owners; on the other, Hong Kong millionaires operating investment corporations. 'The new stratum of entrepreneurial elites differ in both origin and lifestyle from the traditional merchant elites who for years controlled the [Chinese] ethnic community' (Thompson, 1979: 311).

In principle, ethnic and immigrant small business ought to run out of solidarity to exploit because cultural assimilation and higher education undercut the ascriptive solidarities from which immigrant-generation business owners derived the resources to power their business network (Turner and Bonacich, 1980: 157). Much evidence suggests that over generations ethnic resources do decay for this reason (Bonacich and Modell, 1980: Chs 6, 9; Borhek, 1970; Goldscheider and Kobrin, 1980; Montero, 1981). 'Over the long run,' Reitz (1980: 231) observes, 'there is a progressive trend toward abandonment of ethnic group ties for all groups in which long-term experience can be measured.' However, the rate of deterioration has been much slower than sociologists once expected (Wilensky and Lawrence, 1979). The indisputable profitability of ethnic capitalism is an apparent cause of this retardation. Especially relative to equally qualified members of the same ethnic group in the general labor market, owners of ethnic sector business enterprises earn high incomes in business. Big profits make ethnic business attractive (Wilson and Portes, 1980: 314; Sway, 1983; Reitz, 1982; Bonacich and Modell, 1981: 257). Ethnic business owners identify with their ethnic community and participate actively in it. They provide the leadership for ethnic institutions. Ethnic attachments also persist more strongly among
wage workers whose workplace is a co-ethnic firm whose language is that of the homeland, not English (Bonacich and Modell, 1980; Reitz, 1980; Woodrum, Rhodes and Feagin, 1980: 1240-52). These two classes often account for between 40 and 80 per cent of the total ethnic population. Ethnic-owned businesses 'help prop up other institutions which recruit and maintain ethnic membership' (Reitz, 1980: 223). Ethnicity supports the ethnic economy, and the ethnic economy supports ethnic perpetuation (Bonacich and Modell, 1981: 257).

**No resources entrepreneurship**

The preceding analysis offers a satisfactory account of why equally disadvantaged ethnic and immigrant minorities display unequal rates of entrepreneurship: survival and success depend upon group resources. Groups with more resources outperform groups with less; and groups with class resources are individualistic whereas groups with ethnic resources are collectivistic. On this view, entrepreneurship is highest when disadvantaged immigrant minorities are well endowed with class and ethnic resources; endowment with one or the other is intermediate; and negligible endowment in both class and ethnic resources implies correspondingly low rates of entrepreneurship.

Behind this conclusion lies the assumption that immigrant minorities' rate of business ownership is a fair measure of their entrepreneurship. The rate of business ownership has been operationally defined as self-employed per 1000 in the urban labor force.11 A major objection to this definition, it is increasingly clear, arises from the inadequacy of published statistics (Karsh, 1977; Light, 1979: 39-40; US Small Business, 1980). ‘The Census has a completely nonsociological way of defining “self-employment”’ (Wright et al., 1982: 712n). US statistics routinely exclude petty traders without fixed business premises, no-employee firms, illegally operated firms in legitimate industries, and firms producing unlawful goods or services. Since minorities and immigrants bulk very large in such firms, their exclusion from official tabulations results in undercounts of minority-owned business enterprise as well as theoretical misperception of the whole phenomenon of ethnic entrepreneurship. No one knows how many untabulated firms exist nor what is their distribution among various sectors of the labor force.

The case of native-born black Americans is instructive because blacks are disadvantaged but native-born. All statistical and ethnographic sources have uniformly reported that rates of business self-employment among urban blacks have been and remain lower than among even native-white, let alone the foreign-born (Light, 1972, 1979, 1980). At the same time, ethnographic sources have stressed the importance of 'hustling' as an economic activity among underclass urban blacks (Valentine, 1978; Glasgow, 1980: 9, 90; Light, 1977b). Hustling involves piecing together a livelihood by operating a variety of legal, semi-legal, and sometimes illegal business activities. Legal enterprises of urban blacks include street corner and door-to-door peddling of trinkets, objets d'art, junk, salvage, and fire-damaged merchandise. Unlaw-
fully conducted legal enterprises include unlicensed taxicabs, unlicensed pharmacies, unlicensed medical services, welfare cheating, tax-evading labor services and so forth. Illegal enterprise includes gambling administration, pimping, prostitution, narcotics vending, and other victimless crimes (Light 1977a, 1977b). Predatory crimes include armed robbery, burglary, shop-lifting, and all similar activities. All these self-employed activities are entrepreneurial in that they involve risk and uncertain return (Harbison, 1956: 365). Although comprehensive statistics are lacking, there seems little doubt that urban blacks are as overrepresented in marginal legal and unlawfully operated self-employment as crime statistics indicate they are in illegal enterprise and predatory crime. Taken together, this package suggests much higher than average self-employment among economically marginal blacks in unmeasured business at the same time that official statistics reveal much lower than average self-employment in measured business.

Given the presumptively high rates of black self-employment in these undocumented industries, it is improper to conclude that native blacks are less entrepreneurial than other economically disadvantaged immigrants and ethnic minorities. It rather appears that native-born blacks have elaborated an alternative, heavily illegal, highly individualistic style of coping with protracted economic marginality. Compared to the foreign-born in general, and middleman minorities in particular, native-born blacks are low in ethnic resources of entrepreneurship, but share economic disadvantage (Wong, 1977; Light 1972; Chs 2, 6-8; Venable, 1972: 30). Compared to native whites, native blacks are high in economic disadvantage, low in class resources of entrepreneurship, but similar in respect to ethnic resources of entrepreneurship. Table 3 documents these contrasts. Low on ethnic resources of entrepreneurship but high in economic disadvantage, native-born blacks were compelled to depend upon class resources in which they have been under-endowed for centuries. As an overall result, marginal black enterprises have not broken into the circle of legal, officially enumerated small business enterprises. Their problem has been nonpromotion of their very large class of petty but invisible enterprises such that a visible minority enjoy upward social mobility within the legitimate, competitive sector (Glasgow, 1980: 189). It is in the assistance of upward mobility that ethnic and class resources make themselves appreciably manifest (Gelfand, 1981: 185, 190). Given labor force disadvantage, chronic unemployment or both, any ethnic or immigrant minority resorts to self-employment, but only resources make possible the promotion of marginal enterprises into small businesses whose long-term profitability brings along the social mobility of proprietors, their kin, and their heirs (Wilson and Martin, 1982: 155-7).

Summary and conclusion

Uneven development has created economic enclaves within which small business can still be profitable. Success in small business requires, however, a combination of class and ethnic resources with some evidence indicating
Table 3. Profiles of entrepreneurship

<table>
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<tr>
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<th>Middleman minorities</th>
<th>Foreign-born</th>
<th>Native blacks</th>
<th>Native whites</th>
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</thead>
<tbody>
<tr>
<td>Rotating credit associations</td>
<td>+</td>
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<td></td>
<td></td>
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<tr>
<td>Precapitalist commercial background</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
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<tr>
<td>Landsmannschaften</td>
<td>+</td>
<td>+</td>
<td></td>
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<tr>
<td>Extended kinship</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relative satisfaction</td>
<td>+</td>
<td>+</td>
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<td></td>
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<tr>
<td>Sojourning</td>
<td>+</td>
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<td></td>
<td></td>
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<tr>
<td>Unpaid family labor</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor force disadvantage</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td></td>
</tr>
<tr>
<td>Ineligible for public welfare</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Language barrier</td>
<td>+</td>
<td>+</td>
<td></td>
<td></td>
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<tr>
<td>Special consumer demands</td>
<td>+</td>
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</tbody>
</table>

the former have increased their importance in the last generation. Nonetheless, ethnic resources persist, and immigrant and ethnic minority groups are overrepresented in small business in large part because their access to ethnic resources permits them to outcompete native workers. In this comparative respect native whites and blacks are similar but the native blacks lack class resources and additionally suffer labor market disadvantage which gives them a motive to seek self-employment income. Underclass blacks do find this income in the form of hustling, but hustling has by and large failed to create firms that are large and legal enough to achieve visibility in government statistics.

Ethnic resources of entrepreneurship often depend upon premodern values and solidarities. So long as these survive in the ethnic community, co-ethnic business owners are able to utilize them in business, achieving advantage over fully proletarianized, native-born workers among whom blacks are conspicuous. In theory, ethnic capitalism and cultural assimilation should first undercut and then demolish precapitalist solidarities, thus eliminating an ethnic group's competitive edge in small business. In the perspective of history, this self-destruction probably occurs. However, its rate should not
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be exaggerated. Ethnic enterprises still earn handsome financial returns, and these substantial rewards prop up the ethnicity upon which owners depend for resources. Profitability brakes the rate of deterioration of ethnic solidarity, supports the persistence of ethnic-owned firms in the competitive sector, and perpetuates the whole competitive sector.

Notes

*An earlier version of this paper was presented at the 10th World Congress of the International Sociological Association, Mexico City, August 19, 1982.


2. 'Most of the refugees are ethnic Chinese, most of whom were shopkeepers or businessmen who had little future under a communist system.' 'Bleak outlook for Vietnam refugees,' East/West (San Francisco), June 20, 1979: 1. See also: McMillan, 1982; Rogg, 1971: 480; Chan and Cheung, 1982; Thompson, 1979; Wilson and Portes, 1980.


6. 'Markets agree to cut down on competition,' Korea Times English Section (Los Angeles), November 23, 1981: 1. KCCI asks bizmen for more cooperation,' Korea Times English Section, February 6, 1980; 'Fifteen Korean chambers unite,' Koreatown, November 17, 1980; 'Prosperity of shops leads community development,' Korea Times English Section, November 22, 1976.


8. 'When individuals go into business they must be prepared to lower standards of living and make personal sacrifices until their firms begin to prosper,' Cingolani, 1972.


10. In the wake of extremely high interest rates, white Californians began to utilize the Padero, a Brazilian rotating credit association, for purposes of home purchase. In this situation, a class-based, individualistic style reverted to old-fashioned collectivism as class resources became inadequate because of high interest rates. See DeWolfe, 1982.

11. Gerry and Birckbeck (1981) and Fortes (1981) argue that marginal self-employed of the Third World are 'thinly disguised wage workers' because of their indirect economic dependencies upon big firms. However, Aldrich and Weiss (1981) have shown that a linear relationship exists between employment size and business owners’ incomes, and linearity persists in the USA when non-employer firms are introduced. 'Owners without employees are simply the "poorest of the poor" among small capitalists. This group... should be assigned to the owner class in future research.'
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