

Beyond co-ethnic solidarity: Mexican and Ecuadorean employment in Korean-owned businesses in New York City

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Abstract

Immigrants have relied on ethnic ties to promote cooperation and mutual support. Middleman minorities and ethnic enclaves have been the most prominent in stressing the role of ethnic solidarity in immigrant entrepreneurship. The ethnic enclave thesis, in particular, posits the mutually beneficial relations between co-ethnic employers and co-ethnic employees. On the one hand, ethnic employers can make use of a large pool of cheap co-ethnic workers, while co-ethnic employees, on the other hand, can capitalize on reciprocity, on-the-job training, managerial and supervisory positions, and future self-employment (Portes and Bach 1985; Portes and Manning 1991). The increasingly visible employment of Latinos, and particularly Mexicans in Korean-owned small businesses in New York City, often displacing and now replacing Korean employees, questions the prevailing patterns of co-ethnic employment and future promotion. This article examines when, how and why Korean employers have turned away from the 'benefits' of employing Koreans and instead opted for the recruitment and employment of non-Koreans, predominantly Mexicans and Latinos in New York City.

Keywords: Ethnic business; ethnic solidarity; Koreans; Mexicans; Ecuadoreans; labour relations.

Introduction

With the large-scale resurgence of the new immigration to the United States since the 1960s, immigrant economic adaptation has again received much scholarly attention. Collaboration among immigrants has been particularly noted as being vital to immigrant survival (Light 1972; Kim 1981; Portes and Bach 1985; Gold 1994a). Faced with discrimination, disadvantages and other difficulties in a new environment, immigrants,

relying on ties to common ethnicity, cooperate to form communities, open businesses, and overcome obstacles (Gold 1994a).

Among the many cooperative efforts by immigrants, entrepreneurship is probably the most celebrated for its role in generating immigrants' own economic mobility. Contrary to predictions on the apparent demise of small business in an era of advanced capitalism, immigrants have relied on ethnic solidarity to promote businesses and, in turn, some immigrant groups have successfully established fully-fledged ethnic economies. Middleman minorities and ethnic enclaves, two types of economic formations under ethnic economies, have been the subject of research for their emphasis on the role of ethnic solidarity for immigrant business.

The ethnic enclave economy model, in particular, underscores the mutually beneficial relationship between ethnic employers and co-ethnic employees. For instance, following his study of the Cuban enclave in Miami, Portes observes that immigrant employers benefit from a large pool of usually cheap, linguistically and culturally similar co-ethnic labour force (Portes and Bach 1985; Portes and Manning 1991). Co-ethnic workers, on the other hand, despite low wages, obtain other forms of compensation in co-ethnic business firms, including job training, prospects for managerial and supervisory positions, and promotion to self-employment (Portes and Manning 1991). In exchange for a low-cost, disciplined, and trustworthy labour force, reciprocity is expected in kind, benefiting employers as well as workers.

Because much of the literature tended to stress the positive side of ethnic solidarity, the liabilities involved in the excessive obligations that reciprocity entails have been less examined. Undoubtedly, the deployment of ethnic ties to evoke collaboration is essential and remains important. However, key observations and claims made by the ethnic enclave thesis that overemphasize the benefits derived from ethnic solidarity for all co-ethnic members may conceal intra-ethnic antagonisms that profit some at the expense of others (Sanders and Nee 1987). Furthermore, the celebration of the self-sufficiency and vibrancy of the ethnic economy generally dwarfs the costs involved in remaining marginalized outside the wider economy (Bonacich and Modell 1980; Song 1997).

A few studies have, thus, begun to recognize the burdens that ethnic ties carry. Gold's (1994a) study of Israeli entrepreneurs in Los Angeles shows that excessive obligations between co-ethnic employers and co-ethnic workers may produce unfavourable outcomes for both parties. Contrary to ethnic enclave observations on the benefits of co-ethnic employment, ethnic solidarity, rather than benefiting both, may instead become a liability, forcing employers to go outside for labour needs (Gold 1994a). The recent shift beyond co-ethnics for labour such as Nicaraguans in Miami's Cuban enclave (Portes and Stepick 1993) and increasing number of Latinos in Israeli-, Chinese-Vietnamese-, Russian Jewish-owned firms in California (Gold 1988, 1994a, 1994b) as well as

Greek- and Korean-owned businesses in New York (Smith 1992c, 1994, 1996) suggests an important change in the ethnic economy and complicates the presumed notions of ethnic solidarity.

This article, by examining the reasons behind the shift to Latino labour in Korean-owned businesses in New York City, addresses the conditions that lead ethnic solidarity to become a liability rather than a benefit and what this holds for celebrating the self-sufficiency of the immigrant community based on mutual support and cooperation.

Study methods

This exploratory study is based on participant observation, informal conversations with Korean small business owners and twenty semi-structured in-depth interviews¹ with both Korean owners/employers and Mexican and Ecuadorean workers (ten employers and ten workers) in four business sectors (fruit and vegetable/grocery stores; dry-cleaners; fish markets; and Korean restaurants) in New York City during the summer of 1994. I relied on referrals from business owners as an exploratory introduction to this phenomenon, and the study makes no claim for generalizability based on a random or representative sample of Korean owners and Latino workers. Despite these limitations, the study suggests possible motives behind the shift to Latino labour.

Ethnic economies:² middleman minorities and ethnic enclaves

Middleman minorities, originally developed to describe minority-majority relations in colonial and peasant societies, in its current usage characterize the self-employed immigrants who serve non-co-ethnics (often members of an oppressed group) (Bonacich 1973; Bonacich and Modell 1980; Bonacich and Light 1988; Min 1996; Yoon 1997). Although an exhaustive treatment of middleman minorities is beyond the scope of this article, it suffices to state that middleman minorities have captured much attention for the hostility that they have received in their host society. The 'clannish' and tight solidary ties that are generally associated with middleman minorities are rather articulations of stereotypes crystallized and reinforced by their reaction to a hostile environment (Bonacich and Modell 1980; Min 1996; Yoon 1997). As Bonacich and Modell (1980) note, one of the primary components of their tightness stems from their economic endeavours in small business. However, if circumstances change, especially when the next generation moves away from its parental economic activities and integrates into mainstream labour markets, the resistance of that generation to assimilation subsides and, likewise, the solidary ties that have been regarded as persistent also fade away (Bonacich and Modell 1980; Min 1996).

Enclaves, on the other hand, have historically formed when immigrants

congregate together to facilitate their adjustment in an unknown environment. However, enclaves have also come into being as a result of outside discrimination forcing immigrants to geographical concentrations (Chinatowns). In the current formulation, ethnic enclaves begin to emerge when immigrant entrepreneurs not only provide goods and services but also furnish jobs for co-ethnics. As defined by Portes and Bach (1985, p. 203), ethnic enclaves are characterized by the 'spatial concentration of immigrants who organize a variety of enterprises to serve their own ethnic market and the general population'. Zhou (1992, p. 4) adds that the enclave is 'a segmented sector of the larger economy, a partially autonomous enclave economic structure constituting a distinct labour market'.

Noting the advantages of ethnic enclave labour markets, Portes and Bach (1985) argue that employment within ethnic enclaves provides incomes that are comparable to or even higher than those available for similar work in the general labour market, especially secondary labour markets. In consequence, they reject the assimilationist models of economic adaptation and mobility. Portes' claim that the ethnic enclave economy can circumvent traditional models of assimilation has sparked a debate regarding returns on human capital for enclave participants (Sanders and Nee 1987; Zhou and Logan 1989; Zhou 1992). Sanders and Nee (1987) compared earnings based on human capital within the enclave versus earnings with comparable human capital outside the enclave. They support Portes' claim that enclaves provide higher returns on their human capital for enclave entrepreneurs. However, they argue that returns on human capital are not as significant for workers. Zhou and Logan (1989) entered the debate by operationalizing the enclave as place of residence, place of work and industry. They located positive returns for human capital for workers inside and outside the enclave when using place of residence. Nevertheless, they found no human capital effects for women workers within the enclave. Gilbertson (1995) found that Dominican women working in Hispanic-owned or managed firms are not better off than women working in non-Hispanic sites. However, Dominican and Colombian men working in ethnic firms received greater returns on their human capital than Dominican women working in co-ethnic businesses (Gilbertson and Gurak 1993).

Korean immigrant entrepreneurship and the formation of an ethnic economy

Much research has documented the high propensity of Korean immigrants to turn to entrepreneurship (Kim 1981, 1987; Hurh and Kim 1984; Min 1984, 1994, 1996; Bonacich and Light 1988; Light and Roach 1996; Yoon 1997). For instance, Min's 1988 survey of Korean married women in New York City (1995) found a self-employment rate of 61.4 per cent

for husbands and 48.8 per cent for wives. The 1990 US Census Public Use Microdata Sample [PUMS] indicates that 37.7 per cent of Korean immigrant females and 41 per cent of Korean males were in the retail industry in New York City. Overall, the self-employment rate for Koreans is estimated at 35 per cent (Light and Roach 1996; Min 1996).

The turn to entrepreneurship has been essentially attributed to two factors: culture and disadvantage (Light 1980; Gold 1988; Min 1988; Yoon 1997). Culture theories, in their orthodox versions, refer to the business orientation of some immigrants – the culture or tradition of buying and selling – as key factors for turning to self-employment (Light 1972; Gold 1988; Min 1996; Yoon 1997). The reactive culture theory is context-based and sees immigrant business as an adaptation to scant opportunities in the host society (Bonacich and Modell 1980; Light 1980; Gold 1988; Min 1996; Yoon 1997). Disadvantage theory, on the other hand, explains business disposition to the disadvantages (poor English, licensing requirements, American credentials, discrimination, etc.) that immigrants face in the general labour market (Kim 1981; Gold 1988; Min 1996; Yoon 1997).

Korean immigrants have turned to self-employment for various reasons, including language difficulties, discrimination, and experience in the labour market. Min (1984) explains the business inclination of Korean immigrants to their middle-class, white-collar backgrounds, since many are unable to find jobs commensurate with their education and status. Yoon (1997) points to the international linkages between South Korea and the US in promoting Korean immigrant businesses in the US. By and large, the 'proclivity' towards business activity can be summed as the product of a combination of intersecting factors: from structural arrangements, ethnic succession and international linkages³ between South Korea and the US to class and ethnic resources, social networks, timing, and immigrant experience in the US (Waldinger 1989a; Waldinger and Aldrich 1990; Chin, Yoon and Smith 1996; Min 1996; Yoon 1997).

The significance of the formation of these early Korean-owned businesses is that they paved the way for later waves of immigrants to turn to entrepreneurship in place of some other economic activity. As Illsoo Kim (1987, p. 227) writes: 'setting up a small business has become (. . .) a "cultural fashion" among Koreans'. For more recent Koreans, once business became the preferred option and when confronted with difficulties in the general labour market, they turned to co-ethnic businesses for employment and training with the expectation of opening their own businesses in the future. The benefits of the ethnic economy then extended beyond employment opportunities to provide co-ethnic workers with other adjustment concerns⁴ such as helping out with legalization and/or cosigning loans (Portes and Bach 1985; Bailey and Waldinger 1991).

The shift to Mexican and Ecuadorean labour

Starting from the 1980s, however, *as more Korean employees opened their own businesses⁵ and immigration from Korea decreased, co-ethnic labour became scarce and the cost of co-ethnic labour increased* (emphasis added). The principal source of assets that had catapulted the ethnic economy – through the use of family, relative, and co-ethnic labour to remain competitive (Park 1997) – now turned on its head. As Smith (1992c, 1996, 1997b) notes, immigrant groups with high self-employment rates face a shortage of fellow ethnic workers, forcing employers to turn outside for labour needs. Gold aptly observes that

the issue of coethnic employment is a complex one. Israelis' desire to hire coethnics must be balanced by economic realities involving the costs and availability of coethnic workers versus other potential employees that are present in the labor market (1994a, p. 122).

Retention problems and co-ethnic competition

Retention became a major problem because Korean workers, after acquiring the necessary skills, left to set up their own stores. In the words of several owners, 'Koreans don't consider this as a permanent job'. Rather, Korean immigrants consider these jobs as temporary training grounds to learn the trade, move out, and establish their own stores. Therefore owners became frustrated because Korean workers remain on the job for only three or four months, leaving their employers precisely when they require no more training.⁶

The intense influx of Koreans into small businesses, as a consequence, created more competition and saturated the neighbourhood market. A dry-cleaner owner in Brooklyn declared that as former workers began to open up similar lines of business nearby and compete, '[Korean owners], as the economy worsened, began to veer away from that dependence upon Koreans'. While vertical integration and niche⁷ consolidation offer competitiveness, high rates of self-employment in similar lines of business, despite efforts to curtail cut-throat competition through business associations, nevertheless, brought fierce competition and saturated the market. For example, since most of the produce, fish and manufactured goods come from the same providers (Jewish and Italian wholesalers for fruit and vegetables or fish, or Korean import and export wholesalers for general merchandise), much of the competition occurs among co-ethnic businesses. The outcome is, as Sung Su Kim of the Korean Small Business Association in Flushing, New York, states, a 15 per cent turnover of Korean small businesses every year. Seven hundred Korean businesses opened in 1995, but 900 shut down (Goldberg 1995). Among the grocery stores, of which the Korean Produce Association estimated Korean ownership to be at 80 per cent in New York City, it is often the case that

up to two and sometimes three or more Korean fruit and vegetable stores compete against each other on the same block. Louie (1996) adds that there was intense competition from too many Korean fruit and vegetable stores, which led to their decline in the city. The surviving stores had to reinvent themselves to stay afloat. In addition, the influx of Vietnamese, Turkish, Indian, and other immigrant businesses to New York City added more competition to Korean businesses, putting a strain on their survival (Louie 1996).

As KSG restaurant owner keenly recognized, unlike competition from former Korean workers, 'there are no cases of Mexicans opening their stores and competing against Koreans'. 'Mexicans don't have a specific goal to save money and open their own businesses (. . .) Because the kind of business that Koreans go into is something that only Koreans do,' summed the owner. Gold (1988, 1994a) also corroborates that among Russian Jewish and Israeli employers many were afraid of competition from fellow co-ethnics, whereas the opposite was expected of Latino workers whom they employed (Smith 1992c).

Co-sponsorship and new business ventures generated more co-ethnic competition and retention problems, driving up not only the key money⁸ necessary to purchase stores but also the monthly rents of those businesses. Increased rents (Park 1997) drained a larger share of the profits, forcing owners to search for cost-cutting mechanisms. Consequently, starting from the mid-1980s and especially during the late 1980s when the American economy hit one of the biggest recessions (Tran 1990), Holiday Cleaners' (pseudonym) owner stated 'Mexicans were employed because it became a big burden to employ Koreans'. Because of the labour-intensive nature of most of these businesses (with the exception of dry-cleaners), co-ethnic hiring practices ultimately undermined the viability of small businesses. Whatever the benefits of using co-ethnic labour were, co-ethnic assets quickly evaporated when two or three Mexican workers can be had for the price of one Korean worker (Smith 1992c, 1994, 1996). Had immigration from South Korea kept at a steady pace, the availability of co-ethnic labour would have been assured, as has been the case with Chinese labour in Chinatown.⁹ Korean immigration to New York, however, declined after the late 1980s. According to the Bureau of Consular Affairs of the State Department, for instance, there was a sharp drop of more than half in the number of received immigration visas to the US from South Korea, from about 25,500 in 1990 to about 10,800¹⁰ in 1994 (Belluck 1995).

Liabilities and benefits of using co-ethnic labour

For Gold (1994a, p. 122), co-ethnics may lack the language ability, skills, knowledge, and contacts that may be more available from native-born workers. Often skills and aspirations do not match the needs of the

employer. Some Israeli garment factory owners, according to Gold's research, prefer American salespeople because of their cordial relationship with buyers (1994a). The type of industry may also play a factor in deciding whether to use co-ethnic labour or outgroup labour (Gold 1994a). Some industries tend to be more competitive, and preferential treatment and higher wages undermine the profitability of the business (Gold 1994a).

As Gold (1994a) remarks, loyalty alone is a poor basis for running a business. Excessive obligations between employers and labourers may strain the relationship between employers and workers (Gold 1994a; Smith 1996). A Korean owner recalled that the relationship with Koreans was not clear-cut in terms of pay or hours. For a fish market owner, Korean workers 'complained about the food' and expected 'special treatment (. . .) because they were Koreans'. In addition, Korean workers were unwilling to be treated as mere employees, receiving orders from the bosses, particularly resenting the fact that they had to work in such menial jobs. Along with their Israeli counterparts (Gold 1994a), Korean employers preferred Latino employees because they did not interfere with owners' business practices.

Furthermore, for owners, not only were Korean workers requesting pay increases after the initial month but they were 'hardly doing any work'. As one owner noticed, when Korean workers worked along Mexican workers, Korean employees would order Mexicans around, feeling they were entitled to receive preferential treatment from owners. Some felt this was extremely unfair to Mexicans, while others accepted Korean workers' passage to higher-paid, management or supervisory positions. 'Koreans perform middle level work like managers or one level above physical work. Usually the 'easier ones,' a dry-cleaner owner remarked.

Korean employers also cited lax work attitudes from co-ethnic workers, which they attributed to the economic transformation in South Korea. Unlike earlier immigrants who came with an eagerness to work hard for little pay to obtain training in business, the recent arrivals from Korea, according to Mr. K.H.C., are not willing to engage in 'rough', hard labour for the wages being paid in Korean-owned small businesses in New York. He feels that many 'just want to try things out', testing their luck in New York and if all fails returning to Korea.

The reduced supply of co-ethnic labour, as a result, increased the negotiating power of co-ethnic employees. Owners, however, felt the demands for pay rises and preferential treatment became excessive. Yet, because of shared feelings of ethnic solidarity (Portes and Bach 1985), some Korean owners, reluctantly accepted co-ethnic workers' passage to their own stores. As Holiday Cleaners' owner put it, Korean workers 'try to master tasks as completely as they can' within a short time to quickly establish their own dry-cleaners or fruit and vegetable stores. 'Koreans have the immigrants' desire. We cannot reproach them for that, can we,

for wanting to pass this stage as fast as they can,' replied the same owner. This, in fact, resembles the acceptance by Israeli employers who allow the use of apprenticeship in business as training grounds (Bailey and Waldinger 1991) for future self-employment (Gold 1994a). As Gold (1994a, p. 122) sums up, 'They are training today's co-ethnic employees to become tomorrow's competitors'.

Furthermore, in spite of the labour cost differential between Korean and Mexican workers, some employers were willing to hire co-ethnics because of their difficulties with language, communication problems, trust factor, and ethnic attachment. As Gold (1994a) explains, the advantages of using Latino labour for simple tasks also have limitations when more skills are required for advanced tasks. Co-ethnics are deemed 'resourceful, knowledgeable, predictable, and sometimes trustworthy' (Gold 1994a, p. 122). Gold found that Israeli employers felt it was easier to communicate with co-ethnic employees (1994a, p. 122). Likewise, Korean owners held that speaking the same language was crucial for understanding each other, especially understanding what orders owners gave to workers. Alluding to the significance of culture, some owners also pointed out that Korean workers could even perceive 'the mood of the owner'. Not only do they understand what owners want, they also know how the owners want it done. Moreover, Korean workers go beyond simple instructions by finishing two tasks when told to complete only one. With Mexicans, however, an owner expressed that 'even when [both] look at each other's eyes, there is a communication gap'.

Co-ethnicity therefore still renders preferential treatment from owners. Higher-level jobs as managers, technicians and clerical workers are still reserved for Korean workers (Yoon 1997). Nevertheless, when confronted with high turn-over, increased labour costs, demands for preferential treatment and severe economic downturn of the late 1980s, many Korean owners concluded that Korean workers were expendable and sought alternatives to Korean labour. Just as Israeli employers' desire to hire co-ethnics came into conflict with maintaining a profitable business, so Korean owners in certain industries began to move beyond co-ethnic labour (Gold 1994a). The first alternatives to co-ethnic labour came with the employment of blacks and Puerto Ricans. The employment of Mexicans and Ecuadoreans therefore must be understood in the context of Korean employers' perceptions of, and experience with, blacks and Puerto Ricans.

Black employment in Korean-owned businesses

Employer preference and discrimination

Approximately 80 per cent of Yoon's respondents (1997) in his survey of Korean-owned firms in Los Angeles and Chicago had answered they

would hire a Latino instead of a black employee. The stronger preference for Latino workers and generally negative perceptions of blacks reduce the chances of blacks being employed in Korean-owned businesses (Min 1996; Yoon 1997). As Kirschenman and Neckerman (1991) find with white employers in Chicago's inner-city areas, negative stereotypes of blacks induce employer discrimination based on race. This is similar to what Kasinitz and Rosenberg (1996) find in their study of neighbourhood employers in Red Hook, Brooklyn (New York). As they observe, racial discrimination and stigma attached to inner-city locales discourage neighbourhood employers from hiring local residents, mostly African Americans and Puerto Ricans. Added to that, social networks play a vital role in bypassing and excluding inner-city residents from neighbourhood jobs (Kasinitz and Rosenberg 1996).

Other factors that may reduce the chances of black employment include customer-based discrimination (fear of blacks), worker-driven discrimination (disruption of the workforce) and simple discrimination (finding a set of characteristics as plainly undesirable) (Smith 1992c). Often, the simple refusal to hire blacks fits with employers' identification of Mexican workers as fellow immigrants (Smith 1992c, 1996). The perception is that Mexican workers possess better work habits and other desirable traits (Smith 1992c, 1994, 1997b; Min 1996; Yoon 1997), which are the bases for 'ethnic hiring queues' (Tienda 1989). Finally, because blacks are outside of ethnic networks linking immigrants together, their chances for employment may suffer as well (Smith 1992c).

Nativity of blacks

Another important variable that works against blacks seems to be their nativity. Korean immigrant entrepreneurs deduce and recognize that blacks and Puerto Ricans, as citizens accustomed to a native standard of living, object to, and are unwilling to take menial positions in immigrant-owned businesses (Yoon 1997). In contrast, Korean owners seem to be fully aware of the cheapness of Mexican and Ecuadorean labour because of their undocumented and immigrant status (Smith 1992c, 1994; Yoon 1997). Hence, as Lee (1998) points out, when blacks *are* hired in Korean-owned businesses, preference is given to immigrant blacks from the Caribbean or Africa rather than to native-born blacks. The native-immigrant dichotomy as perceived by employers, as Smith (1996) observes, has to do with the weaker bargaining position of the Mexican employees due to their undocumented and non-co-ethnic status. Because recent immigrants contrast their US earnings with home country wages and the purchasing power of the dollar back in Mexico, their views on low wages tend to be less negative (Smith 1996).

Experience with black workers

For some owners, it was a combination of owners' perception of blacks, prejudice, problems with black customers, friends' experience or their anecdotal prescriptions, or personal experience with blacks that precluded African American employment in Korean-owned businesses. For example, a fish market owner in Manhattan stressed that the first two weeks or so, black workers showed up everyday, working very diligently. After a couple of weeks though, as soon as the trial period had ended, his employees would show up late for work, missing one day to the next, finally forcing him to fire them. The owner stressed that consistency is crucial since labour is needed on a daily basis. KSG restaurateur, on the other hand, simply did not need to hire blacks because he was operating a Korean restaurant serving a Korean clientele in Queens. If he had operated a restaurant in Brooklyn catering for black customers, he claimed he would have employed black workers. For him, it all depended upon the type of clientele.

Black employees and the turn to Latino workers

Min's 1986 survey of Korean immigrants in Los Angeles and Orange Counties (1996) found that Korean-owned firms employed 4.8 per cent of blacks, 31.3 per cent of Koreans, and 47.6 per cent of Hispanics. His 1992 New York City survey of Korean merchants in black neighbourhoods (1996) showed that the workforce in these businesses consisted of 30.5 per cent blacks, 22.5 per cent Koreans, and 41.7 per cent Hispanics. Yoon's survey of Korean-owned firms in Los Angeles and Chicago (1997) further attests to this distribution; Korean-owned businesses hired 7.3 per cent blacks, 46.8 per cent Koreans, and 43 per cent Latinos. These figures indicate that blacks do find employment in Korean-owned businesses but generally in those businesses located in black areas. According to Yoon (1997), more blacks were employed by South Central (minority-oriented) Korean-owned firms (15.9 per cent) than Koreatown (ethnic-oriented) firms (0.9 per cent). Thus, Korean merchants do not necessarily shun hiring blacks (Min 1996). For instance, after the black boycotts in Brooklyn, NY and the riots in Los Angeles, black workers have been hired in Korean-owned businesses to buffer black customer hostility. Korean owners in black neighbourhoods also hire black workers for their expertise in fashion (in apparel and in sneaker stores) to appeal to a black clientele (Lee 1998). However, Latinos far outpace black workers and generally surpass Korean employees in Korean-owned businesses.

Thus, this range of factors, combined with the entry of Mexicans willing to take low-wage jobs, is in a sense what precludes black employment in Korean-owned businesses, conferring employability advantages to Mexicans and Latinos (Smith 1992c, 1994, 1996; Yoon 1997). The trend

seems to lean towards the displacement and increasingly, replacement of Korean labour, still in only the most unskilled tasks, by Mexican and Ecuadorean labour.

Mexican and Ecuadorean migration

Mexican migration to the US, according to Massey *et al.* (1987, p. 25), is a result of social, economic and political changes that modified the relations of production in both countries. Mexicans were initially recruited as contract labourers in agriculture, mainly in Texas and California, through the Bracero programme, which began in 1942 and ended around 1964. 'Once the process was set in motion,' Massey *et al.* (1987) write, migrant networks rendered the programme irrelevant as a mechanism for entry into the US (Smith 1992; Smith and Maria Valdes de Montano 1994) and 'a self-sustaining momentum [took] hold, culminating in mass migration' (Massey *et al.* 1987). As the number of social ties between sending and receiving areas expands, social networks develop, gradually reducing the costs of international movement (Massey *et al.* 1987). Massey *et al.* (1987) argue that prior migrant experience becomes a powerful stimulus on further migration which becomes a self-feeding social process. The most likely to migrate are males of labour force age who have entered the unskilled labour force (Massey *et al.* 1987).

Mexicans and Ecuadoreans in New York

New York was late in getting Mexican migrants. Mexicans began to migrate to New York in 1942 (Smith 1992; for a discussion on Mexican migration to New York see Smith 1996). New York's Mexican population, according to Smith (1996), comes mostly from the Mixteca Baja region in south-central Mexico and grew from 7,354 to 21,623 between 1970 and 1980, and to 61,722 by 1990 (Smith 1992). Smith estimates that some 96,000 Mexicans made their home in New York in 1992. For Ecuadoreans, New York has been their major city of destination. According to a 1990 *Daily News* study, for each year since the late 1960s, between 2,500 and 3,000 Ecuadoreans have arrived in New York City, making New York Ecuador's third largest city after Quito and Guayaquil. The 1990 US Census shows 60,119 Ecuadoreans currently residing in New York.

Like Smith (1992c, 1992, 1994, 1996) and other researchers reporting on the effects of the 1986 Immigration Reform and Control Act [IRCA] (Massey *et al.* 1987), most of the Mexican workers interviewed arrived in New York after 1986. In fact, many Korean owners agreed that during the early 1980s few Mexicans were employed in Korean-owned businesses. Many employers recalled their workforce to be primarily Korean and, initially, some blacks¹¹ during that time. For BNJ restaurant owner,

it was not until he realized the viability of 'Spanish' workers to 'do this kind of work' after noticing the presence of Latino workers around the grocery stores and other restaurants that he began to hire them in his own restaurant.

Many Korean owners offered their insights as to how and when this influx of Mexicans began in New York City. According to owners, Mexicans began to arrive in New York from the early 1980s. Smith (1992c, 1994) explains that as the labour market became saturated in California, Mexicans moved to New York in search of work.¹² KMO restaurant owner agreed that when he first moved from Los Angeles to New York he did not see many Mexicans. He speculated that many 'Mexicans [from Los Angeles] checked out the conditions [in New York] and thereafter took the plane to New York'. This became the precursor for further migration for some Mexicans and Ecuadoreans as families and friends became linked with information about jobs in New York.

Recruitment of Mexican and Ecuadorean workers

As soon as family and relative labour began to be replaced by co-ethnics in New York, Korean immigrant newspapers became the chief source of employment listings for the recruitment of Korean workers. As KSG restaurant owner clarified, 90 per cent of Koreans are found through advertisements in papers, whereas only 10 per cent are hired through friends. In contrast, Mexican and Ecuadorean workers were initially sought and recruited through employment agencies.¹³ A female dry-cleaner owner stated that Latinos were sent to her after calling employment agencies. On other occasions Korean owners have advertised in Spanish-language newspapers to recruit workers in Korean-owned garment factories. Although no concrete evidence can be demonstrated, the initial contact between Korean employers and Latino workers may have started with Korean small business owners (Spanish speaking) who had secondary immigration experience in South America. According to Kim (1981) they were among the first to open up fruit and vegetable stores in black and Latino neighbourhoods in New York because of their prior business experience in Latin America.

Otherwise, social networks and/or connections among business owners, that is, *Keh* networks (rotating credit associations), churches,¹⁴ business associations, fish wholesale markets, and friends' recommendations facilitate the recruitment of workers. Smith (1992c) confirms that immigrant businessmen rely on their own networks to recruit workers (Light 1980; Waldinger 1986; Bailey 1987). Usually a friend in the same trade or some close acquaintance recommends workers, or owners in need of workers request their friends and acquaintances for possible employees. These informal recommendations are important since trust is at stake (Bailey and Waldinger 1991).

OSF fish market owner began employing Mexicans after fellow fish retailers in the fish wholesale market suggested the viability of Mexican and Ecuadorean workers. According to most owners, Mexican workers performed well with the various tasks that were assigned to them. Because Korean workers were becoming scarce, staying for only a short period, and demanding higher pay and preferential treatment, Mexican workers became a perfect match for owners. As long as owners treated workers well, employers were told in the wholesale market, Mexican workers were less inclined to move to another job. OSF fish market owner followed this advice and hired a couple of workers and her experience with Mexicans had been quite favourable. The owner even lamented that these days there were few jobs available for Koreans, since most stores were generally hiring Mexicans, 'because if you treat them well, they don't leave. They think of it as a permanent job'.

Another method is to ask for referrals from current workers (Kasinitz and Rosenberg 1996). After the initial trial period, Korean owners ask their Mexican workers for any relatives, friends, or someone whom they could recommend to 'help out' in their stores. Smith (1992c) also finds that employers seek workers through Mexican kinship networks. This procedure is effective in hiring reliable employees, since the integrity of the worker making a recommendation is at stake. Furthermore, training costs are reduced because training responsibilities are assumed by 'sponsoring' employees as much as by employers (Bailey and Waldinger 1991).

Mexican and Ecuadorean workers similarly resorted to their own social networks – the web of friendships, kinship and other acquaintances – for work and to facilitate their job search. A worker in BNJ restaurant obtained his first job through the help of friends whom he had known back in Ecuador. The restaurant, where his friend was working, had an opening so he was asked to fill the position. Likewise, he obtained his current job at BNJ restaurant through another friend who had worked there for some time. This practice of requesting friends for any openings not only facilitated social contact among co-ethnics but also allowed the kind of chain migration that has been the basis for much of Mexican and Ecuadorean entry to New York (Massey *et al.* 1987; Smith 1992).

In conjunction with recruitment efforts made by Korean employers, in greater part, *Mexicans and Latinos made themselves available by going door-to-door and business to business* (emphasis added) (Yoon 1997). Once the general information that many Koreans were hiring Mexicans/Latinos spread around their networks, Mexican workers would canvass store after store in search of jobs. Francisco Chang, Director of the Worker's Justice Center at the ILGWU [UNITE now], confirms that canvassing is one of the frequently used techniques by Mexican and Ecuadorean workers, visiting one garment factory after another. In most cases, Jewish-owned garment factories required documentation from workers, whereas Korean sub-contractors were more lenient about it.

Therefore as word spread, this practice gained favour with Mexican and Ecuadorean workers. In such ways employers' social networks meshed with the efforts of employment agencies, advertisements in Spanish language newspapers, and social networks and strategies of Mexican and Ecuadorean workers, magnifying the possibility of contact and employment (Smith 1992c).

Korean employers' experience with Mexican and Ecuadorean workers

While many owners were relieved to have found these cohorts of workers, the ensemble of experiences with Mexican and Ecuadorean workers is a mix of positive and negative ones. Korean owners' experience with Mexican and Ecuadorean workers range from 'the best, (. . .) the nicest, (. . .) most diligent, (. . .) the greatest character among all the Spanish' to 'lazy, not meticulous', and unreliable. The standard for their comparison being former Korean workers who had upheld the business ideals of their bosses:

In my experience, Koreans have performed the best. *But since they do not remain too long, so in our case even if they (Mexicans) don't do a good job, we keep them if they stay for a long time* (emphasis added). You know, Koreans are the smartest and when you teach them one thing they learn two. Koreans do the best job (. . .) because they are able to use their heads (. . .) With [Mexicans] you have to regularly check how they completed their tasks. As soon as they master the tasks then you leave them on their own. In our case, they have quite mastered.

That these workers show a lack of 'interest in the business' by 'stopping and sitting down after finishing one task' until told to do another is not only 'tiring for the owners' but a sign of poor 'mental capacity'. Owners' definitions of what it means to be a 'good worker' guide their expectations. A few of the Korean owners projected their own convictions about work and wished workers would take part in that attitude, but their expectations did not extend to sharing equally the rewards of that work. Others were quite blunt about the hierarchy between an owner and a worker in this capitalist economic system. For one fish market owner differences in power relations were understood as a result of a natural order based on cultural and philosophical traditions; if one were to be richer, the other had to be poorer to fit the 'yin and yang' unity of opposites. Yet, he accepted the role of human effort as he mentioned Max Weber and the spirit of capitalism, stating that there would be no incentive for people to work harder had everybody received similar rewards. Thus, what they look for in a worker are hard-work, reliability

and diligence, or sharing the similar work ethic as the owner without receiving the same material rewards as the owner. What we have, then, is an array of expectations among which reliability is clearly a crucial factor for these owners as it is for any capitalist employer.

Mexican and Ecuadorean workers' job selection

For Mexican and Ecuadorean workers, conversely, their job selection is usually not determined by the race/ethnicity of the employer. They are driven, foremost, by the economic necessity of having to pay for basic survival. Some incurred medical bills and needed to work right away to pay for them. Another needed to earn money immediately to pay for eye surgery. At other times, they take jobs to be with family members.

Some workers may have skills but lack proper documentation such as a permanent residence permit, which prevents them from obtaining higher skilled and better-paid jobs in New York City. According to BNJ restaurant worker, he had previously worked in a 'mecnica' (ironworks) in Ecuador making doors and iron windows. Having found similar shops in New York, he tried applying for some of these jobs. Because he did not have 'papers', however, he was turned down. Others were very much constrained either by remittances that had to be sent to support a dependent family in Mexico or Ecuador or by debt that had to be repaid for travel to New York. Overall, job availability and competition, job security and economic concerns dictate how long one remains in the job. Usually there are not only risks in moving to a new job but also cash flow concerns if workers immediately quit their jobs.

Retention of Mexican and Ecuadorean workers

Despite an abundant supply of workers, retention remains a challenge, since there is a high turnover of workers. Korean owners provide pay incentives to maintain a reliable workforce. Some owners increase pay every three months to retain workers. But most often, the criteria depend on how long a worker has been employed in the business. Usually pay rises are made according to seniority. The rationale behind this is that someone who has worked the longest in the business gets paid the highest because of the level of skill acquired as a result of the amount of time and training on the job.

In special cases, owners will 'offer a higher pay from the beginning' to retain workers immediately. As KSG restaurant owner figured, 'because the [dishwasher's] work is hard there was a constant turnover [of workers].' His dishwasher began at around \$250¹⁵ a week, although 'there used to be \$180 ones before'. Thus, in order to retain 'someone that [he] can make good use of, [he] pays them more'. This is especially important because many workers regard the dishwasher job as the lowest end of the

scale in restaurant work. Usually the newly arrived, without any restaurant experience, begins with dishwashing. Then, employers start training employees with other tasks such as 'instructing to use the "knife" [helping the chef] and to cut vegetables'. Workers, according to Mr. K.S.K., also make an effort to learn these skills, since using the 'knife' is regarded as far more skilful than washing dishes.

Mexican and Ecuadorean experience with Korean employers

Generally, relations with employers are ambivalent. Workers feel a certain amount of gratitude towards their employers for providing them with jobs when they most needed them. Yet, occasionally workers are treated badly or even cheated out of their sub-minimum payments. Mal-treatment can occur because undocumented workers have little recourse to make claims or receive back-wages. A Mexican working at a fruit and vegetable store in Manhattan, for instance, explained that when he first started on the job, the owner did not trust him and kept a constant watch on him. Often, the owner would test his 'honesty' by making him work as a cashier. This kind of surveillance infuriated him so he told his boss to stop using him as a cashier. After several years of working there, he finally gained his boss's confidence. His pay has gone up considerably¹⁶ and the owner also helped him to find an apartment nearby; often gave him loans; and even invited him for barbecues or hikes with the owner's family at Bear Mountain.

The picture painted here is certainly not representative of the overall relationship between Korean owners and Mexican and Ecuadorean workers. In most cases, communication with employers is usually kept to a minimum. 'I do my things. They do their things,' explained a restaurant worker. Language differences often make communication difficult, but employers and employees use various strategies to overcome such difficulties. One worker did not have many problems communicating with his boss because the boss spoke English and he could reply in English. 'Sometimes they talk to me in Korean and I cannot understand them. Sometimes they use signs (. . .) I don't have problems but often difficulties understanding,' added the worker. With other Latino workers, he always talks and 'hangs out'. With Korean workers, explained the Ecuadorean worker, 'we work together and joke around (. . .) They tell us what to do and we do it (. . .) The cook doesn't speak English. He only speaks Korean and you often don't understand'.

Mexican and Ecuadorean workers' efforts to improve their future

Although economic constraints narrow the type of choices being made by workers, on an individual level, they actively make efforts to improve their lives. As soon as their basic economic needs are fulfilled, as a Mexican

organizer had noted, workers become more discriminating among the variety of low-paid jobs. Usually restaurant or fish market work, which is considered skilled, is the most highly sought because it is performed inside the kitchen, one is not disturbed, and meals are taken care of. On the low end of the scale is work in grocery stores, which involves doing tasks outside, like cutting and arranging fruits and vegetables. The nature of the job demands little skill, if any at all. Added to that New York's icy winters can be unbearable. Others work hard to acquire resources such as learning a trade by gaining the necessary skills and experience on the job, overcoming language difficulties by enrolling in ESL courses, and participating in other activities to broaden their horizons.

Future prospects

For sojourning male workers, especially those with families in Mexico or Ecuador, their stay in a job, and for that matter, living in New York, is conditioned by their short- and long-term goals and visions of remaining in New York City or returning to Mexico or Ecuador. Usually long-term exposure to life in the US and the absence of family and children in Mexico increase the probability of settling permanently in the US (Massey *et al.* 1987). For return migration to occur, key variables are property ownership in Mexico, age, marital status and length of time in the US (Massey *et al.* 1987, p. 310).

Ideally, many want to arrange their 'papers' so that they can obtain permanent residency and travel back and forth to Mexico or Ecuador without paying costly fees and journeying through dangerous terrain each time they visit their family. Yet, there is much ambivalence about making a home in New York. A Mexican working at a fish market was immensely exhausted with the hard life in New York. If he could not obtain permanent residency, he was ready to return after a year or so. Although life is harder in New York, some express the wish to live in the US if only they can obtain legal documents and a regular job. Others toil hard in the hope that the remittances¹⁷ they send home will be saved towards buying a house or for retirement.

Discussion and conclusion

Since the 1970s Koreans have dramatically turned to small business in the US. This high self-employment tendency of Korean immigrants has allowed the establishment of an ethnic economy. In the process, new immigrants arriving from Korea were not only socialized and channelled into a business route but also provided with employment in co-ethnic business establishments. Both co-ethnic employers and co-ethnic employees seemingly benefited from such a relationship. Employers made use of cheap, trustworthy, and diligent labour; workers obtained business

training, promotion to managerial and supervisory positions, and future self-employment opportunities.

Yet, the same co-sponsorship mechanism that trained co-ethnic workers to move out and open up their own businesses drove up the cost of co-ethnic labour and introduced competition. The initial shift towards hiring Mexicans and Latinos in Korean-owned businesses in New York City was an attempt by Korean immigrant entrepreneurs to adapt to a diminishing supply of increasingly costly and 'unreliable' co-ethnic labour during a period of deteriorating economic conditions in the late 1980s. Clearly, this switch to Latino labour would not have occurred but for the high turnover rate of Korean labour. Hiring co-ethnics not only created problems of 'reliability' for Korean owners/employers but it also resulted in a relatively high-wage labour force.

The shift to Mexican and Ecuadorean employment in Korean-owned businesses reflects changes in the ethnic economy. Certainly, ethnic solidarity still provides preferential treatment to Korean workers. However, the benefits of co-ethnic employment are no longer viable in the face of retention problems and increased labour costs. The counterpart to ethnic solidarity, which is reciprocity in ethnic preference in hiring and support for co-ethnic economic ventures, crumbles in the face of labour shortages and competition. The integration of non-co-ethnics in the ethnic economy complicates the ethnic solidarity ties based on ethnic reciprocity.

The use of outgroup labour indicates a turning point. On the one hand, business failures may occur if no access to such a labour force is obtained to compete and realize profits. Latino employment in Korean-owned businesses keeps the ethnic economy viable by providing for much needed low-cost labour. But to what extent can ethnic solidarity be extended to non-Koreans? Managerial positions are limited and still reserved for Koreans, and there are limitations to promotions for Latino workers (Yoon 1997). Although the current relationship does not seem to extend fictive co-ethnicity to Mexican and Ecuadorean workers, due to identification of Mexicans as fellow immigrants (Smith 1992c, 1994, 1996, 1997b), they may be offered some privileges but far fewer than what would be offered because of co-ethnic ties. In many ways then, the entry of non-co-ethnics diffuses exploitation from co-ethnics to non-co-ethnics, creating a secondary labour market for non-co-ethnics. Hence, because Latino and Korean workers are occupying different positions in the hierarchy, preferential treatment for co-ethnics may drive a wedge on joint efforts to demands for better wages and working conditions, keeping in force the boundaries of ethnic solidarity.

The labour market niche consolidation by Latinos in immigrant/ethnic-owned businesses also impacts on employment opportunities for minority groups such as blacks and Puerto Ricans. Yet, employer discrimination interacts with social networks that are outside of native minorities to

reduce their employment opportunities. This cautions for a simplistic understanding regarding competition between native minorities (blacks) and immigrants (Mexicans) for the bottom rung.

In a context of unfavourable economic conditions where competition becomes cut-throat, how much can the ethnic economy absorb new business ventures without high failures/turnovers? Probably the consolidation and/or creation of new niches may solve the problem. Yet there seems to be a limit as to how far the ethnic economy can expand. In view of this, the lure of self-employment, as an alternative between unemployment and underemployment (Gold 1994a), thwarts the development of working-class consciousness and organizing against exploitative conditions in the ethnic economy. Ultimately, if the ethnic economy cannot sustain all its members and still tout the benefits of collaboration and self-sufficiency, it masks the question of which members of the community benefit at whose expense. Questions regarding the consequences for remaining in the ethnic economy need to be seriously addressed. For one thing, participation in the ethnic economy can isolate and retard the integration of the first generation into mainstream economy. For another, the praise of community achievements as models to be imitated pits distressed native minorities against immigrants, creating hostility.

Because of the labour-intensive nature of many of the Korean-owned businesses in New York, Mexican and Ecuadorean employment is likely to continue unless changes in the law, polity and economy, or tougher sanctions on employers are enacted. Yet there are warning signs regarding Korean dependence on Latino labour. A case in point is the *Korea Times New York's* report (1994) on the adverse effects from Korean dependence on Mexican labour. According to the newspaper report, some Mexican workers were making unfair accusations of wrongdoing by Korean employers, claiming that they had been cheated on their wages or were owed back-wages. Investigations and lawsuits apparently were creating hardships for Korean small businesses hit by the economic downturn. Still, taking into account the uncertainty of the economy and the high turnover of Korean-owned small businesses, Latino employment seems likely to continue for the foreseeable future.

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Notes

1. The interviews with Korean employers were for the most part conducted in their respective businesses while those with workers were conducted outside the workplace, in coffee shops and in their own homes. The interviews lasted from one to three hours, were tape-recorded and later transcribed. In-depth interviews with both Korean employers and Mexican and Ecuadorean workers were carried out in Korean and Spanish respectively. The transcriptions and translations of the interviews from Korean and Spanish are my own.

2. Because of some confusion and synonymous usage between the ethnic economy and the ethnic enclave economy, I follow Bonacich and Light's (1988) distinction between the two terms. According to them, the ethnic economy 'incorporates the ethnic self-employed and unpaid family helpers, ethnic employers, and their co-ethnic employees' (1988, p. x). They point out that the ethnic economy is ethnic because the business owners are ethnic and usually their employees are co-ethnics (1988, p. xi). *Ethnic economies incorporate both ethnic enclave economies and middleman minorities as the overarching theoretical formulation.*

3. As Chin, Yoon and Smith (1996) illustrate, the business success through wig peddling in the early 1970s was the initial entry point from which Koreans diversified to other lines of businesses such as apparel retail, dry-cleaning, fish markets and others. The manufacture of wigs from South Korea and their distribution and sale in African-American neighbourhoods has vertically integrated manufacturers with wholesalers and retailers. Currently, variety/general merchandise stores that sell cheap manufactured items imported from Korea and other Asian countries maintain this vertical integration.

4. Some Korean workers were sponsored or aided in obtaining green cards. In fact, several restaurants sponsored Korean chefs to take advantage of their high-demand skills at low wages. As soon as the cooks obtained their green cards, after three years or more working for co-ethnic employers, the chefs moved out to open restaurants.

5. While Min (1996) finds the concept of middleman minorities useful to explain the tendency of Korean businesses (75%) to concentrate in minority neighbourhoods as opposed to in ethnic enclaves (25%), Yoon (1997) sees a danger in using the term, since Koreans become facile scapegoats and targets for hostility by placing the plight of inner cities on Korean merchants. Instead, he locates Korean businesses by the type of clientele: ethnic-oriented, majority-oriented and minority-oriented.

6. As Gold (1994a, p. 126) notes, 'training is a form of investment an employer makes in his/her workforce'. The mutual obligation that is expected between owners and workers benefits both, a disciplined workforce in exchange for guaranteed employment. Yet, if workers leave before employers can reap the benefits of investment in training, then the investment is wasted and owners may resort to exploitation to make up for training costs, further increasing worker's incentive to become self-employed (Gold 1994a).

7. By niches, I follow Waldinger's (1996, p. 20) notion of niches ('special places in the labor market'), immigrant and ethnic, which formalize into a new ethnic division of labour as a result of the dynamics of hiring queues, immigration and ethnic succession. In this framework, Koreans have not only penetrated and secured particular immigrant niches (i.e. fruit and vegetable, dry-cleaning) but also created and exploited new ones (i.e. salad bars

and nail salons). Whether these immigrant niches will become ethnic niches with the Korean American second generation is another question, especially because, as Waldinger observes, the aspirations of the second generation now resemble the standards of the natives.

8. Key money refers to the sum of money for business that the business sellers charge to buyers in addition to inventory in the store.

9. There is a large supply of documented and undocumented Chinese labour that keeps wages low, but Chinese gangs, who use threats and violence to maintain extremely low wage rates, play a big role as well.

10. To corroborate these data, during the late 1980s and early 1990s, I recall many Koreans mentioning moving back to Korea because of the better economic conditions there. Especially with the advances in transportation and communication, which bring people of remote distances ever closer together, the notion of America as 'the land of dreams' seems to have been supplanted, in the general parlance in Korea, by 'hardship and struggle' (see also You 1994). With the current financial crisis in South Korea immigration to the US may pick up again.

11. In the interview blacks were often referred to pejoratively as 'Keom doong I.' 'Heuk in' is the proper form of Korean to refer to blacks.

12. Dillon (1997) reports that Mexicans now travel throughout the US, often as far as Alaska in search of work.

13. KMO restaurant owner noted, 'Because Chinese labour is cheap and there are many who came from the mainland, I hired one through the employment agency. There was a virtual communication gap. 100%. That's why I stopped [employing him] after two weeks'. Therefore despite the comparably inexpensive labour costs of Chinese workers, they are not employed in Korean-owned businesses. Chinese workers are channelled through their social networks to employment opportunities in Chinatown.

14. Churches are important sites of financial and moral support and information exchange and sponsorship among Koreans in New York City. It can be considered as the place where many social relations within the Korean community, at least for the first generation Korean immigrants, occur.

15. The work is usually six days per week, ten to twelve hours per day.

16. The fruit and vegetable owner explained, however, that they could not raise his pay any further. According to the owner, the Mexican worker's pay was getting on par with other Korean workers within this type of trade. The meaning behind this is that if Mexican workers were becoming as expensive as Korean workers, then they would rather hire Koreans at that pay rate. There seems to be a ceiling to which Mexican and Ecuadorean workers can advance unless some master the art of Korean cooking and become almost indistinguishable from other Korean chefs (as in some Japanese Sushi bars and eateries), in which case the question of authenticity may be at risk.

17. Researchers have noted the significance of remittances for countries like Mexico, El Salvador, the Caribbean and many countries in the Third World, which make up a large amount of those countries' earnings. Smith (1992) has observed in his research on transnational communities formed by Mexicans coming to New York that remittances have become the bulk of economic survival for many of the women, children and older people left behind in remote villages in the interior of Mexico. In fact, US dollars are creating an increasingly stratified populace between those who have relatives in New York and those who do not, which also becomes a contributing factor for further outmigration. Keep in mind that coyotes undertake recruiting by travelling to even remoter regions in the countryside to enlist new migrants.

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