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Source: *American Sociological Review*, Apr., 1996, Vol. 61, No. 2 (Apr., 1996), pp. 231–249

Published by: American Sociological Association

Stable URL: https://www.jstor.org/stable/2096333

IMMIGRANT SELF-EMPLOYMENT: THE FAMILY AS SOCIAL CAPITAL AND THE VALUE OF HUMAN CAPITAL*

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We examine how self-employment among Asian and Hispanic immigrants is affected by family composition and human capital/class resources. Because of collective interests and strong personal ties, the family facilitates the pooling of labor power and financial resources. Enterprising immigrants draw on these resources when establishing and operating small businesses. Our findings also show the importance of human capital/class resources in accounting for immigrant self-employment. Although foreign-earned human capital is usually not highly valued in the host labor market, immigrants successfully use this human capital to achieve business ownership. Interethnic variation in personal human capital and family composition accounts for a substantial portion of the observed interethnic variation in self-employment.

Self-employment is an important factor in the economic advancement of immigrants. During the late nineteenth and early twentieth centuries, the upward mobility of Jewish and Japanese immigrants was aided by family-operated businesses (Bonacich and Modell 1980; Sowell 1981). Though self-employment necessitates working long hours and often involves emotional hardships, it remains an important avenue of economic progress for contemporary immigrant minorities (Light 1984; Logan, Alba, and McNulty 1994; Min 1988b; Nee and Sanders 1985; Portes and Bach 1985; Portes and Zhou 1992; Reitz 1990; Sanders and Nee 1987; Waldinger 1986; Waldinger, Aldrich,

and Ward 1985). The ownership of small businesses was important to the economic well-being of African Americans early in this century (Butler 1991).

Some researchers contend that the earnings advantage of the self-employed can be attributed to their superior human capital rather than to business ownership per se (Borjas 1990), but others (Min 1993; Portes and Zhou 1996) provide evidence to the contrary. Clearly, business ownership is associated with the socioeconomic standing of individual immigrants and immigrant groups. Light's (1972) comparative study of African Americans, Japanese, and Chinese points to the importance of self-employment for a minority's upward mobility. Variation in economic standing across Asian and Hispanic groups has also been linked to intergroup differences in self-employment (Lee 1988; Nee and Sanders 1985; Portes and Bach 1985; Portes and Zhou 1992). Furthermore, the economic benefits of business ownership enable families to invest in their children's futures. "Rounding out" experiences like private tutoring, travel, and music lessons enable young people to interact in a variety of social settings. Having the resources to pay for higher education, particularly at expensive elite schools, promotes the acquisition of valuable human capital by the second generation. As a result, there is an intergene-

rational benefit to self-employment beyond that revealed by analyses of current income.

Research indicates that two types of resources—human capital/class and social capital—are important in immigrant self-employment and intergroup variation in business ownership (Archer 1991; Bailey and Waldinger 1991; Bates 1994; Bates and Dunham 1993; Borjas 1986, 1991; Boyd 1990; Evans 1989; Kim and Hurh 1985; Kim, Hurh, and Fernandez 1989; Lee 1988; Light 1972; Min 1986; Waldinger, Aldrich, Ward, and Associates 1990; Yoon 1991). The foreign-earned human capital of most immigrants is not highly valued by U.S. employers who frequently rely on educational credentials and work experience as proxies for direct measures of skills and the potential productivity of prospective employees (Stinchcombe 1990). Most U.S. employers are ill-prepared to evaluate foreign-earned human capital and thus its value is discounted. By contrast, co-ethnic employers may recognize the value of human capital earned in their home country, but the small scale of most immigrant businesses and the intense competitive environment they operate in mitigates against rewarding human capital (Light et al. 1994; Nee, Sanders, and Sernau 1994).

Facing limited employment opportunities, many immigrants view self-employment as a route to upward mobility. Business ownership allows them to use their human capital/class resources. Well-educated immigrants often own businesses in the United States (Bates 1994; Min 1987; Yoon 1991). Researchers attribute this to two factors: (1) Education endows immigrants with skills and knowledge that give them advantages in organizing and operating a business, and (2) education is positively associated with class advantage in the home country. An immigrant group that has middle-class or elite origins has greater access to financial capital. Social background affects the availability of investment capital from relatives and the ability to qualify for loans from ethnic lending institutions in the United States (Portes and Zhou 1992; Zhou 1992).[1]

During the past two decades, considerable attention has been paid to the relationship between self-employment and social capital. Social capital has most often been examined in terms of paternalistic relationships between employers and workers and financing that is based on social relations within an ethnic group. This literature has been marked by debate over the relative importance of ethnic solidarity versus the self-interested rational actions of individuals and families (Bailey and Waldinger 1991; Jensen and Portes 1992; Sanders and Nee 1987, 1992; Zhou and Logan 1989). One product of this debate is that scholars now recognize a rational action dimension to the ethnic basis of group solidarity. Portes and Sensenbrenner (1993) and Portes and Zhou (1992) argue that *bounded solidarity and enforceable trust* foster the development of social capital that can be used by group members. Incentives are structured by enforcement mechanisms such that individuals or small groups behave in economically rational ways while advancing the larger group.

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[1] Much of the Cuban entrepreneurial class fled to the United States after 1960. In general, however, having a background in business ownership prior to coming to the United States is atypical of self-employed immigrants, even among entrepreneurial groups like Koreans and Indians (Leonard and Tibrewal 1993; Min 1987). Without a successful track record in previous business ventures, immigrants find it difficult to acquire small business loans from traditional lending institutions. Consequently, alternative sources of financing are important. Some immigrants bring their own investment capital. At the time of the Cuban revolution, many refugees escaped with considerable wealth. In recent years, economic development in much of Asia and Asia's booming real estate and capital markets mean that many immigrants from Korea, Taiwan, Hong Kong, and India arrive with substantial financial capital or have family members back home from whom capital can be obtained. Yet many would-be business owners require loans. We found that Chinese immigrants in Los Angeles obtain high-interest loans from Chinese-owned loan companies, whereas other groups (especially Taiwanese) enter into semiformal arrangements with co-ethnics that give them access to credit. Zhou (1992) describes how Chinese immigrants qualify for loans from Chinese-owned banks in New York City. The widespread participation of Koreans in rotating credit associations is well-known (Light and Bonacich 1988). Other groups such as Cubans and Indians also participate in informal credit associations (Leonard and Tibrewal 1993; Portes and Zhou 1992).

One limitation of solidarity based on ethnic ties is the difficulty of enforcement at the community level. In the institutional environment of the postcivil rights era, legal equality and state regulations secured broad rights in the mainstream economy and society for immigrant minorities (except undocumented immigrants). When opportunities are available outside the ethnic community, dependence on resources controlled by ethnic institutions declines. The less the dependence on ethnic resources, the weaker the social mechanisms that maintain bounded solidarity and enforceable trust within the ethnic group. And when new immigrants from a particular country have diverse class and regional backgrounds, ethnic institutions established by an earlier wave of their compatriots do not have the same capacity to maintain solidarity and enforce trust. Increased ethnic heterogeneity in combination with institutional changes encourages porous ethnic boundaries and greater variation in identities within a given ethnic group (Light et al. 1995; Nee, Sanders, and Sernau 1994).

In contrast to studies that concentrate on common ethnicity as a source of economically productive social capital, we emphasize that the family is an institution that embodies an important form of social capital that immigrants draw on in their pursuit of economic advancement. As a social organization of production, the family's chief advantages are not simply tangible products, such as unpaid labor, but also involve the mutual obligation and trust characteristic of solidaristic small groups. It is this latter aspect of the family that we identify with social capital. The production and accumulation of social capital is an intrinsic feature of ongoing social exchanges (Homans [1961] 1974:356–73). Social capital inheres in the relationship between actors rather than in physical assets, like financial capital, or in personal human capital (Coleman 1990). Members of a family engage in social exchanges that give rise to mutual dependence and expectations based on the past performance of routine tasks and duties encompassing sexual, child-rearing, and productive activities. Cooperation within the family stems not simply from self-interest, but from a moral order in which the accumulation of obligations among members builds a degree of solidarity best described as "household communism" (Weber [1922] 1978). Membership entitles actors to the collective goods produced by the group, while free-riding is constrained by a dense web of mutual expectations and obligations.

The family supports self-employment by furnishing labor and enabling the pooling of financial resources. For example, informal subleasing arrangements in which homeowners share their residence with adult siblings and in-laws reduce living costs and promote the accumulation of financial capital. Intrafamily loans also facilitate the launching of new businesses. Moreover, the ability to rely on family labor significantly reduces operating costs. Because they have a greater stake in the success of the business, family workers are more productive than nonfamily labor when hourly wages are low. Furthermore, family labor can be trusted to handle sensitive transactions in which the risk of opportunism and malfeasance is high. Likewise, family members can be trusted in under-the-counter cash transactions aimed at evading taxes and other state regulations. In short, the family confers advantages to immigrant entrepreneurs by enabling them to economize on production and transaction costs.

Earlier studies have demonstrated that the immigrant family is an important source of advantage when entering into self-employment. Loewen's (1971) study of Chinese in Mississippi, for example, documents that the rise of Chinese laborers to middleman minority status coincided with the arrival of wives from China and the subsequent establishment of families. Similarly, the prewar growth and competitiveness of Japanese-owned shops and truck farms in California were largely attributable to family enterprise (Bloom and Riemer 1949; Bonacich and Modell 1980; Yanagisako 1975). In recent years, there has been renewed interest in how family processes influence immigrant enterprise (Aldrich and Waldinger 1990; Borjas 1986; Boyd 1990; Kim and Hurh 1985; Lee 1988; Light and Bonacich 1988; Min 1988b; Nee and Wong 1985; Perez 1986; Portes and Rumbaut 1990; Waldinger et al. 1990; Yoon 1991). That a large majority of immigrant-owned businesses in the

United States are individual proprietorships relying exclusively on family labor suggests the need for such study.

Immigrant-owned businesses are not unique in their reliance on family labor (U.S. Department of Commerce 1991). What distinguishes the immigrant population, however, is the rapid growth in the number of family-operated firms. Since 1970, most of this growth can be attributed to several Asian groups and Cubans. Compared to most ethnic groups, native-born non-Hispanic Whites and Japanese Americans have high rates of self-employment, but in recent years, self-employment among Chinese immigrants, and immigrants from India and Cuba has reached comparable levels. The rate of self-employment among Koreans is more than twice that among non-Hispanic Whites (U.S. Department of Commerce 1993). Most owners of these firms did not own businesses prior to immigrating. Entrepreneurial immigrant groups are characterized by family migration. By contrast, Mexican and Puerto Rican immigrants are more likely to be single sojourners who send money home to their families and are less likely to own small businesses (Massey et al. 1987; Piore 1979).

We consider the human capital/class attributes of individuals and the social capital of families in an effort to account for self-employment within and across seven immigrant groups in the two largest metropolitan centers of the United States.[2] Asians and Hispanics account for more than 80 percent of legal immigration and the urban areas we study, New York and Los Angeles, receive a large proportion of these immigrants (U.S. Immigration and Naturalization Service various years). We examine four Asian groups (Chinese, Koreans, Filipinos, Indians) and three Hispanic groups (Cubans, Mexicans, Puerto Ricans). Although Puerto Ricans are not immigrants, they are important for our study because they are the largest Hispanic

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[2] We use the term "human capital/class" to acknowledge that human capital such as higher education and facility in the English language correlates strongly with class of origin. Lacking direct measures of class of origin, our analyses of the relationship between human capital and self-employment may confound the effects of class and human capital.

migrant group in New York, and their experiences on the mainland are similar to those of immigrants (Tienda, Donato, and Cordero-Guzman 1992). We also recognize that it might be more appropriate to refer to Cubans as refugees rather than immigrants. Asians tend to be overrepresented in self-employment whereas Hispanics tend to be underrepresented (U.S. Department of Commerce 1991). There are exceptions to this pattern, however, and for comparative purposes we include an unusually nonentrepreneurial Asian group (Filipinos) and an unusually entrepreneurial Hispanic group (Cubans).

DETERMINANTS OF SELF-EMPLOYMENT AMONG IMMIGRANT MINORITIES

The study of self-employment among immigrant minorities has been influenced by Bonacich's (1973) theory of middleman minorities. She explicates why small family businesses are attractive to foreign-born immigrants who are oriented toward their homelands and face hostility from the native population. In recognizing the importance of ethnic credit associations, vertical integration, and reliance on family labor for the viability of small businesses, the theory helps explain the economic success of various groups such as Asian Indians in South Africa and Jews in Europe. It also helps account for the progress of particular groups in diverse locations such as Chinese in Southeast Asia (Freedman 1979) and the Mississippi delta (Loewen 1971) or Koreans in Atlanta (Min 1988a) and New York City (Kim 1981). Yet research shows that the middleman minority theory cannot explain the experiences of entrepreneurial immigrant minorities in the United States. The prewar Japanese, for example, minimized dependence on white suppliers and serving minority customers was of little importance (O'Brien and Fugita 1982; Wong 1985). Contemporary Koreans in Los Angeles also make limited use of white suppliers (Light and Bonacich 1988).

In the modern world, self-employment among immigrants expands well beyond the narrow business roles allocated to middleman minorities. Overseas Chinese, for example, have made important contributions to the development of domestic industries and

international trade throughout Southeast Asia (Hamilton 1991). Japanese immigrants were essential to the development of the Brazilian coffee and cotton industries (Makabe 1981). In metropolitan areas of the United States, immigrant shopkeepers, restaurateurs, and providers of personal and professional services are widely dispersed and serve a diverse clientele. Immigrant minority businesses are also important in manufacturing industries, particularly the garment industry, that reach international markets. Much of the New York City garment industry has passed from Jewish, Italian, and Hispanic ownership to Chinese and Korean ownership (Waldinger 1986). Most garment shops in greater Los Angeles are owned by Vietnamese and Korean immigrants.

Yoon (1991) assessed three widely applied models of immigrant self-employment— middleman-minority (Bonacich 1973), ethnic enclave (Portes and Bach 1985), and reactive cultural theory (Light 1980)—and concluded that each model is incomplete. Studying Korean-owned businesses in Chicago, Kim and Hurh (1985) and Yoon (1991) found that while the use of ethnic resources facilitated business start-ups, success in business was hindered by continued reliance on ethnic resources. By contrast, the use of family labor and human capital/class resources like education contributed to operating a successful business. Similarly, Bates's (1994) study of several Asian immigrant groups shows that human capital/class resources are positively related to business longevity and profits. Reliance on social support networks in the ethnic community is associated with lower profits and higher failure rates.

Research into intergroup variation in self-employment emphasizes ecological processes and ethnic advantages (Aldrich, Zimmer, and McEvoy 1989; Evans 1989; Min 1986; Waldinger 1989). For example, immigrant entrepreneurship is fueled by a growing immigrant population that is linguistically isolated (Evans 1989). Sustained immigration expands the labor supply and the pool of financial capital, increases the diversity of organizational forms and specialized niches, and results in the growth of ethnic markets. To fully exploit the economic potential of population growth, an institutional arrangement evolved in New York City's Chinese-owned garment industry that provided employers with access to dependable low-wage labor and increased the number of ethnic enterprises (Bailey and Waldinger 1991). Informal communication networks help employers to evaluate their chances of recouping the cost of training prospective employees. The same networks furnish employees with information about opportunities in the garment industry.

However, the extent to which the training systems approach applies to small businesses that rely extensively, or exclusively, on family labor is unclear. The informal training system explanation seems most applicable to manufacturing industries in which ethnic firms recruit and train workers from the immigrant labor force. Because family-owned businesses with no paid employees account for more than three-fourths of all immigrant enterprises (Light et al. 1994), additional explanations are needed to account for immigrant self-employment.

That most immigrant-owned firms rely on family labor suggests that an important determinant of immigrant self-employment is the family. The family can be viewed as a network of obligations that embodies the social, economic, and cultural investments made prior to immigration, and that immigrants draw on and continue to invest in during the process of adaptation. The family endows each of its members with the backing of collectively-owned capital, a credential that entitles members to credit in the various senses of the word (Bourdieu 1983). Thus, the family comprises a social network that can be effectively harnessed to achieve collective goals (Coleman 1988; Fernandez-Kelly and Garcia 1990; Ferree 1979; Hamilton and Kao 1990; Kibria 1994; Perez 1986).

IMMIGRANT SELF-EMPLOYMENT AND THE FAMILY

Our experiences in the field suggest that the family is often the main social organization supporting the establishment and operation of a small business.[3] An essential step to-

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[3] The field study we conducted in Los Angeles included formal interviews with Chinese, Korean, and Filipino immigrants, informal interviews with informed members of ethnic organizations, and the monitoring of ethnic newspapers.

ward self-employment is acquiring start-up capital. When adequate capital cannot be raised within the nuclear family, immigrants often approach members of their extended family for assistance before seeking business partners outside the family. The preference for relying on family members reflects a pragmatic assessment of the potential for conflict and increased transaction costs when nonfamily business partners are involved. Although immigrants are aware of the potential difficulties of doing business with family members, the "household communism" (Weber [1922] 1978) of the immigrant family often constitutes a form of solidarity that can be mobilized to sustain cooperation. An immigrant from Taiwan who operates his own insurance business expressed this sentiment:

> I alone invest in this company. Because I . . . , why? Because my own investment is easy to handle . . . when you venture with your own investment, it is easier to make decisions and things are usually not complicated. . . . I myself hold both positions of president and treasurer. The secretary is my oldest son. This is the simplest way.

Many of the small-business owners we interviewed complained of a chronic shortage of capital that forced them to operate on a shoestring budget. In these cases, family labor is essential to the survival of the business. A Taiwanese cafe owner expressed typical frustrations:

> This cafe is very good. Foods are excellent, high quality. But because we are short of money, we cannot afford to place an ad in the newspaper. Therefore, we are unable to hire somebody. Only I and my husband run this business. My son, daughter, and son-in-law assist us after their work.

Family labor is also important in businesses that hire nonfamily workers. A Korean woman who started as a dishwasher, moved on to a series of sewing jobs, and finally opened a gasoline station with her husband said:

> We opened a gas station . . . and my husband and two sons worked there.
>
> *Question*: Did you hire anyone at the gas station?
>
> *Answer*: We hired two Koreans as pump men.

Her husband continued the story:

> When all my children came here, we opened the gas station and did it for six years. After that, we helped in the flower shop that my daughter mainly ran for three years.
>
> *Question*: Did you get paid when you helped in the daughter's flower shop?
>
> *Answer (Wife)*: We just got the cost of our living.

A Taiwanese woman who has owned a dry-cleaning establishment for seven years explained that she and her husband have been unable to reduce the hours they work despite operating a successful business that employs four nonfamily members. Their son initially worked in the business, but when he left home, he also left the business:

> My husband usually takes care of the machines while I am the general manager. . . . I need to be here to mediate troubles [with customers] and take care of customers. I, myself, usually am here at 7:00 A.M. when we open, 'til 10:00 P.M.

One reason this couple puts in long hours is that, like many shopkeepers, they feel that at least one of them should be present at all times to keep control of the cash register. A few years ago they fired an employee for stealing.

The family can provide important resources to members who pursue self-employment. Revision of Federal law in the mid-1960s to allow large increases in immigration from non-Western European societies and to give priority to family reunification increased family-based immigration and contributed to a virtual renaissance of small business culture in the United States. By contrast, labor migration that involves single sojourners who leave their families behind and work temporarily in the United States has produced far less self-employment. Given the preponderance of family-operated small businesses among immigrant-owned businesses, the study of self-employment among immigrant minorities should benefit from greater attention to the family as a social basis for self-employment.

MODEL

We argue that household composition affects the stock of family-based social capital. The presence of cohabiting marital partners and

other related adults, such as in-laws, suggests a degree of mutual obligation and trust between household members and indicates potential contributors to group undertakings. Family ties of mutual obligation and trust encourage highly motivated and cooperative group efforts. By drawing on their internal solidarity and common self-interests, immigrant families utilize fungible social capital that enhances the probability of achieving business-ownership. Additionally, the literature indicates the importance of human capital, usually acquired prior to immigrating, in the pursuit of self-employment. Human capital such as English-language proficiency and education enable immigrants to effectively deal with the range of difficulties encountered by newcomers. For example, the benefits of English-language proficiency include being able to communicate with customers and suppliers who are not co-ethnics, and to understand and adhere to legally mandated record-keeping and other business practices. Immigrants who possess such human capital are advantaged in the skills and knowledge that help them establish and operate a business. And to the extent that human capital is positively associated with class background, immigrants who possess a comparatively high stock of human capital are more likely to acquire investment capital from within their families or from ethnic lenders who consider pre-immigration background when assessing credit risks.

Our model tests how well household composition and human capital/class resources account for self-employment within and across seven ethnic groups. These groups (Asian Indians, Chinese, Cubans, Filipinos, Koreans, Mexicans, and Puerto Ricans) represent a substantial proportion of all newcomers to the United States, and they are ideal for a comparative analysis because there are many theoretically important intergroup similarities and differences in rates of self-employment, human capital/class resources, and family composition. The probability of self-employment versus other employment is specified as an additive function of (1) family characteristics, (2) individual attributes, several of which are human capital/class resources, and (3) controls for ethnicity, sex, and metropolitan area. Table 1 describes each variable.

Family Characteristics

We examine how three family characteristics (married and living with spouse, number of related adults present (in addition to the household head), and number of related teenagers present) influence the probability of self-employment. Family-based social capital in the form of mutual obligation and trust encourages highly motivated and cooperative group efforts in the pursuit of common objectives. This intangible social capital spills over into more tangible contributions by family members in the form of labor and financial inputs. Spouses, related adults, and to a lesser degree, teenagers, are potential sources of capital pooling and family labor. Whether these family characteristics influence the probability of self-employment similarly for the seven ethnic groups we study, and for women and men, is an empirical question that our analyses address.

Individual Attributes

Human capital. The measures of education and English-language facility tap human capital skills and credentials.[4] To the extent that these measures coincide with middle class or elite backgrounds, they control for class advantage. Our analysis uses three measures: dummy variables for college and high school degrees (less than a high school degree is the reference category) and an interval measure of English-language skills.

Control variables. The effects of family composition, education, and English-language facility on self-employment may be confounded by schooling obtained after immigrating and by professional employment. Controlling for years of education since immigrating recognizes that education obtained in Latin American and Asian societies tends to be less valuable in the mainstream U.S. labor market than is education acquired in the United States. Immigrants educated in the United States have comparatively greater employment opportunities and thus have

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[4] Because Puerto Ricans are citizens of the United States, no date of entry is recorded in the data. As a result, we cannot distinguish schooling in Puerto Rico from schooling on the mainland. An interaction term that distinguishes years of schooling for Puerto Ricans is therefore specified.

Table 1. Definition of Variables

Definition of Variable	PUMS Variable
Self-employed = 1, otherwise 0 [a]	CLASS and LABOR
Family Composition Variables	
Married, living with spouse = 1, otherwise 0	MARITAL
Number of relatives of the household head aged ≥ 18	AGE and RELAT1
Number of relatives of the household head aged 13–17	AGE and RELAT1
Human Capital Variables	
Completed 4 or more years of high school = 1, otherwise 0	GRADE and FINGRADE
Completed 4 or more years of college = 1, otherwise 0	GRADE and FINGRADE
English proficiency (5 point Likert scale), high value = proficient	ENGLISH
Control Variables	
Years of school in U.S.[b]	GRADE, FINGRADE, AGE, and IMMIGR
Professional occupation = 1, otherwise 0	OCCUP
Years of age	AGE
(Years of age)^2	AGE
Immigrated 1975–1980 = 1, otherwise 0	IMMIGR
U.S. Citizen = 1, otherwise 0	CITIZEN
Female = 1, otherwise 0	SEX
Resides in Los Angeles = 1, resides in New York City = 0	COGRP and STATE
Chinese (China) = 1, otherwise 0	BIRTHPL and RACE
Chinese (Hong Kong) = 1, otherwise 0	BIRTHPL and RACE
Chinese (Taiwan) = 1, otherwise 0	BIRTHPL and RACE
Koreans = 1, otherwise 0	BIRTHPL and RACE
Filipinos = 1, otherwise 0	BIRTHPL and RACE
Indians (India) = 1, otherwise 0	BIRTHPL and RACE
Cubans = 1, otherwise 0	BIRTHPL and SPANISH
Mexicans = 1, otherwise 0	BIRTHPL and SPANISH
Puerto Ricans = 1, otherwise 0	BIRTHPL and SPANISH

[a] Self-employed is defined as CLASS = 5, 6, or 7; other employment, CLASS = 1, 2, 3, or 4. Includes those with jobs but not working due to illness, layoff, bad weather, or other temporary circumstances. Not employment is defined as LABOR = 3 or 6, except for part-time unpaid family workers (CLASS = 7, LABOR = 6) who are defined as self-employed.

[b] Calculated as (years in U.S.) – [(age – 6) – (years of schooling completed)]. Negative values were coded 0. Years in U.S. were calculated as (1980) – (midpoint of time-of-immigration interval). Midpoints are 1977, 1972, 1967, 1962, 1955, and 1945.

more alternatives to self-employment. And when immigrants do move into self-employment, those with human capital advantages are less likely to rely on family labor because they frequently enter into self-employment as providers of professional services. Because of the need for some employees to have specialized training, credentials, and skills, self-

employment in a profession is less conducive to the use of family labor than is self-employment in retail shops, restaurants, and other lines of business that immigrants frequently own. In controlling for professional employment (including self-employment in professional fields), we take into account that some immigrants arrive with marketable profes-

sional backgrounds or human capital that facilitates the acquisition of credentials needed to pursue professional careers.[5]

Age is specified as a quadratic function to control for the possibility that entry into self-employment increases at a diminishing rate with age. At some point in the life cycle, moreover, the relationship will turn negative if enough older immigrants are averse to the risks and demands of self-employment. This specification also controls for a cohort effect in which the early arrivals of an immigrant group (who are also the oldest members of the group) tend to have low rates of self-employment (Borjas 1990).

Immigrants usually experience an initial period of adjustment during which they work through a series of jobs and gain familiarity with their new environment. We specify dummy variables that distinguish between newly arrived immigrants and those who have become naturalized citizens. The naturalization process usually takes at least five or six years and many immigrants are slow to pursue naturalization. Although non-naturalized immigrants are found throughout the labor market, some employers and contractors (often defense-related) give preference to citizens. Recent arrivals usually lack first-hand knowledge of, and experience in, the local economy, which hampers undertaking business ownership. Furthermore, most immigrants arrive lacking sufficient start-up capital. Therefore, savings must be accumulated and credit established in order to obtain financing.

Sex and Ethnic Interactions with Family Characteristics and Human Capital

Given the possibility that family composition and human capital differently affect the employment of men and women, separate analy-

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[5] Among the self-employed, professionals account for 10 percent of the Chinese, 6 percent of the Koreans, 3 percent of the Mexicans, 7 percent of the Puerto Ricans, and 11 percent of the Cubans. The comparable figures for Indians and Filipinos are 36 percent and 31 percent respectively. Among all employed persons, almost 40 percent of Indians are professionals and more than one-half of these are physicians and engineers. Twenty-two percent of employed Filipinos are professionals, of whom 70 percent are nurses.

ses are conducted for each sex. This strategy simplifies presentation of the findings by avoiding the use of three-way interactions when testing whether the effects of family composition and human capital differ by ethnicity. The tests for ethnic interactions were conducted by initially estimating models for women and men that controlled for intercept differences across ethnicity but otherwise assumed interethnic homogeneity in the effects of human capital and household composition. We then estimated separate models for each ethnic group (separately for men and women) to test whether any of the 42 group-specific parameter estimates (seven ethnic groups, three measures of human capital, and three family composition variables) were significantly different from the initial estimates that assumed intergroup homogeneity. Most of the group-specific estimates were not significantly different from the initial estimates and therefore only the significant interactions were retained in the final model. Statistically significant sex differences in the estimates are also reported.

Interactions between Ethnicity and Metropolitan Area

We consider seven ethnic groups, but eight rather than six intercept differences are controlled for because the Chinese sample includes enough business owners ($N = 523$) to distinguish among immigrants born in China, Hong Kong, and Taiwan. The sample is not large enough to permit such detail when interactions are estimated. Metropolitan area, New York or Los Angeles, is distinguished with a dummy variable. Because Asians are sampled from both cities, ethnicity × metropolitan area interactions for these groups are specified. Although it would have been desirable to distinguish subgroups of Indians such as Gujeratis, Punjabis, and Sindhies, the sample includes only 108 self-employed Indians and therefore no subgroup controls are specified.

Although most of the immigrants we study live in a mono-ethnic household, the model is also relevant for single immigrants and those married to someone of a different ethnicity. These immigrants often aspire to self-employment, and like anyone else, they draw on whatever resources they possess. The

family characteristics and human capital/ class attributes we focus on are equally relevant for these households.

DATA

The data are drawn from the 1980 five percent PUMS for greater New York City and Los Angeles (U.S. Bureau of the Census 1983). The sampling frame includes employed noninstitutionalized civilians 18 years of age and over. Of all urban labor markets in the United States, New York and Los Angeles have by far the largest number of immigrants, including major concentrations of each of the groups we study.[6]

The four Asian groups are sampled in New York and Los Angeles because these metropolises contain large shares of these populations. Mexicans are sampled only in Los Angeles because Los Angeles receives the largest proportion of immigrants from Mexico. For similar reasons, Puerto Ricans are sampled only in New York. Cubans are also sampled only from New York—greater New York has the largest concentration of Cubans and Cuban-owned businesses after south Florida.

Table 2 reports descriptive data. Self-employment among Korean women and men is exceptionally high whereas self-employment among Filipinos, Mexicans, and Puerto Ricans is low. Self-employment among Chinese, Indians, and Cubans falls between these extremes. Within ethnic groups, relatively more men are self-employed than are women.[7] Filipinos and Indians enjoy advan-

tages in English proficiency, education, and professional employment. By contrast, relatively few Mexicans and Puerto Ricans are professionals and these groups are disadvantaged in educational attainment. The educational attainment of Cubans is also rather low. Although the Hispanic groups tend to have more years of schooling obtained in the U.S. than do the Asian groups, for Asians this schooling tends to be in higher education whereas for Hispanics it is typically at the primary and secondary levels. The Chinese are bifurcated in educational status: Twenty-eight percent are college graduates, but almost 40 percent have less than a high school degree. Among the Chinese, immigrants from Taiwan (not shown separately) are most likely to have a college degree.

There is less intergroup variation in family composition. Married and living with a spouse is most common among the entrepreneurial Asian groups (Koreans, Indians, and Chinese). Yet Cubans, who are also entrepreneurial, resemble nonentrepreneurial groups in regard to marital status. Men outnumber women in all groups except Filipinos.

FINDINGS

Table 3 reports the log-odds ratios for self-employment for women and men. The models include the significant interactions between ethnicity and family composition. None of the human capital ethnicity interactions was statistically significant. To facilitate interpretation of the family composition effects, group-specific coefficients and standard errors are reported rather than the interaction coefficients.

Family Social Capital

Looking at family composition, being married and living with the spouse increases the odds of self-employment for each ethnic group. For men and women, being married is associated with a 20 percent advantage in the net odds of self-employment.[8] For Cuban

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[6] The greater New York City sample includes all immigrants meeting our sampling criteria who resided in Bronx, Kings, New York, Queens, Richmond counties in New York and Essex and Hudson counties in New Jersey. The greater Los Angeles sample includes Los Angeles and Orange counties. As of 1980, these areas included places in and around Los Angeles and New York City with substantial concentrations of the groups we study.

[7] Unpaid family workers are assigned to the self-employed sector. Our field work indicates that such workers are often de facto partners in the family business although there are other arrangements in which unpaid family workers are not co-owners. Because of this ambiguity, the analyses reported here were reestimated omitting unpaid family workers from the sample. There are

only two discrepancies between the two sets of findings and these discrepancies involved marginally significant coefficients.

[8] The net odds are obtained by exponentiating the logits associated with marital status. For women, exp .214 = 1.24; for men, exp .193 = 1.21.

Table 2. Descriptive Statistics, by Ethnic Group: New York and Los Angeles, 1980

Variable	Koreans	Filipinos	Indians (India)	Chinese[a]	Mexicans	Puerto Ricans	Cubans
Percent self-employed	26.9	3.4	9.9	12.7	3.5	3.7	8.6
Females	17.3	2.7	5.7	9.2	2.3	2.5	4.2
Males	34.6	4.4	12.0	15.6	4.1	4.4	12.0
Family Composition Variables							
Percent married, living with spouse	77.9	67.9	81.2	74.4	64.2	63.6	66.7
Number of teenage relatives	.4 (.7)	.3 (.6)	.2 (.5)	.3 (.7)	.4 (.8)	.4 (.8)	.3 (.6)
Number of adult relatives	1.6 (1.3)	1.8 (1.4)	1.3 (1.0)	1.8 (1.3)	1.6 (1.3)	1.3 (1.0)	1.5 (1.0)
Human Capital Variables							
Percent high school graduate	45.9	31.4	26.3	34.1	22.2	37.3	43.9
Percent college graduate	41.3	60.1	65.3	28.4	2.3	4.4	14.7
English	1.8 (.9)	2.7 (.6)	2.8 (.7)	1.8 (1.0)	1.4 (1.1)	2.2 (.9)	1.9 (1.0)
Control Variables							
Years of school in U.S.	.6 (2.1)	.9 (2.5)	.9 (2.1)	1.8 (3.8)	1.4 (3.4)	7.5 (5.3)	2.3 (4.4)
(If years of school in U.S. > 0)	4.7 (3.9)	4.4 (3.9)	3.6 (2.9)	6.7 (4.7)	6.9 (4.6)	9.7 (3.8)	8.4 (4.4)
Number of cases	255	690	268	1,078	3,706	7,306	872
Percent professional occupation	11.2	22.0	38.5	11.8	1.6	4.7	8.0
Age	37.3 (9.9)	37.0 (10.6)	35.1 (8.2)	39.9 (12.8)	32.4 (11.0)	39.2 (11.5)	43.2 (13.0)
Percent immigrated 1975–1980	51.7	33.2	40.6	28.1	31.1	.0	2.5
Percent U.S. citizen	29.7	40.8	25.8	47.3	15.2	100.0	57.2
Percent female	44.1	54.7	33.7	44.5	32.5	37.0	44.1
Percent residing in Los Angeles	73.7	72.2	46.5	39.6	100.0	.0	.0
Number of cases	1,956	3,279	1,093	4,109	18,291	9,528	3,170

[a] Of Chinese, 14.9 percent were born in Taiwan and 11.3 percent were born in Hong Kong.

Note: Numbers in parentheses are standard deviations.

men and Korean women the relationship is significantly stronger. The odds of self-employment for married Cuban men are twice those for other Cuban men. Among Korean women, self-employment is almost entirely a family affair: The odds of self-employment are 350 percent greater for married women than for other Korean women.

The number of teenage relatives in the family is also positively associated with self-employment, but this relationship is significant for only three groups: Cuban women, Korean men, and Filipino men. Perhaps a larger sample would yield significant relationships for the other groups, but these findings provide only qualified support for

the argument that the presence of teenagers in the household significantly contributes to family social capital in tangible forms, such as family labor, that facilitate parental self-employment.

The effect of having other related adults in the household varies by sex. Self-employment among women appears to be unaffected by the number of related adults in the household whereas self-employment among men is positively associated with this family characteristic (except for Mexican men). For Korean men, the relationship is significantly stronger than it is for other men. Because the coefficients for women and men are similar, the lack of significance for women may simply be a result of their smaller sample. However, our field study shows that traditional sex roles may also be a factor. For example, the arrival of relatives often adds to the domestic duties of women, whereas for men, newly arrived relatives may initially help out at the business.

Human Capital

Turning to the effects of human capital, the odds of self-employment are approximately 50 percent greater for women with a high school degree or a college degree than for women with less education. The difference between the coefficients for high school and college graduation is not statistically significant. Similar findings obtain for men, although the coefficients are smaller. The effect of English-language skills is positive, but is statistically significant only for men.

Inasmuch as five of the six estimates are significant, and the fact that the effects do not significantly vary across ethnicity, these findings support earlier studies that point to the importance of human capital in accounting for self-employment among immigrants. However, the fact that the effect of a college degree does not significantly differ from that of a high school degree requires explanation. Perhaps the importance of education in facilitating immigrant self-employment operates not so much through the attainment of an outstanding education, but rather through the attainment of a solid basic education. This could be particularly important in understanding the low rates of self-employment among people from Puerto Rico and Mexico

who typically lack a high school education (see Table 2).

Control Variables

In contrast to the educational effects reported above, years of schooling in the United States is inversely related to self-employment for men and women. This reflects advantages in employment opportunities enjoyed by those immigrants who obtain human capital that is valued by native employers. Professional employment also indicates possession of valuable human capital. Self-employment is negatively related to professional employment for both women and men, although the relationship is significant only for women. Finally, several of the life cycle/cohort, initial adjustment, and ethnicity controls are significant, but none of the ethnic group metropolitan area interactions is significant.

Predicted Probabilities of Self-Employment

The estimates reported in Table 3 indicate that both family composition and individual human capital are important determinants of self-employment. To illustrate how the probability of self-employment is influenced by these variables, the estimates reported in Table 3 were used to generate predicted probabilities of self-employment for women and men of each ethnicity. The predicted probabilities reported in Table 4 are estimated under the following conditions: (1) low human capital (high school graduate and the lowest value for English proficiency) and low potential for family-based social capital (single with no related adults or teenagers in the household); (2) high human capital (college graduate and the second highest value for English proficiency—few immigrants have the highest value, "speaks only English") and low potential for social capital; (3) low human capital and high potential for family-based social capital (married with spouse present, one additional related adult, and one related teenager); and (4) high human capital and high potential for social capital. In the upper panel of Table 4, the remaining independent variables are assigned ethnic group-specific and sex-specific mean values. In the lower panel, these variables are assigned sex-specific means that were pooled

Table 3. Logistic Coefficients for Regression of Self-Employment Versus Other Employment on Selected Independent Variables

Independent Variables	Females	Males	Independent Variables	Females	Males
Family Composition Variables			*Control Variables (Continued)*		
Married, living with spouse	.214++ (.105)	.193++ (.075)	Age-squared[b]	−.091** (.031)	−.075*** (.017)
Koreans	1.488+++ (.330)	—	Immigrated 1975–1980	−.345** (.123)	−.456*** (.079)
Cubans	—	.666+++ (.206)	U.S. citizen	.043 (.106)	.034 (.067)
Number of adult relatives	.041 (.035)	.050+ (.031)	Koreans	.433# (.446)	1.430*** (.220)
Koreans	—	.152++ (.053)	Koreans × resides in Los Angeles	−.695 (.525)	−.275 (.281)
Mexicans	—	−.050 (.039)	Chinese born in China	.038 (.320)	.208 (.183)
Number of teenage relatives	.072 (.057)	.029 (.038)	Chinese born in Hong Kong	−.125 (.397)	.270 (.247)
Cubans	.560+++ (.173)	—	Chinese born in Taiwan	.636 (.372)	.681** (.235)
Koreans	—	.256++ (.098)	All Chinese × resides in Los Angeles	.546 (.514)	−.275 (.281)
Filipinos	—	.373++ (.143)	Filipinos	−.978* (.398)	−1.482*** (.331)
Human Capital Variables			Filipinos × resides in Los Angeles	−.177 (.586)	.095 (.398)
English proficiency	.071# (.050)	.189+++ (.032)	Mexicans	−.922* (.415)	−.591** (.220)
High school graduate	.405+++ (.114)	.181++ (.071)	Puerto Ricans	−.426 (.449)	−1.162*** (.275)
College graduate	.435+++ (.151)	.298+++ (.096)	Cubans	−.690* (.336)	−.330 (.254)
Control Variables			Los Angeles (In reference to Indians)	.265 (.484)	.201 (.238)
Years of school in U.S.	−.042* (.019)	−.022* (.011)			
Years of school × Puerto Ricans[a]	−.017 (.034)	.038 (.021)	Intercept (In reference to Indians)	−5.586*** (.627)	−5.238*** (.369)
Professional occupation	−.555*** (.168)	−.123# (.101)	−2 Log-likelihood	4,924	11,636
			Degrees of freedom	27	30
Age	.098*** (.027)	.092*** (.015)	Somer's Dyx	.488	.516
			Number of observations	15,713	25,713

*p < .05   **p < .01   ***p < .001 (two-tailed tests)

+p < .05   ++p < .01   +++p < .001 (one-tailed tests)

# p < .05 (two-tailed test for the difference between female and male coefficients)

[a] See footnote 4 in the text.

[b] The decimal point has been moved two places to the right.

Note: Two-tailed tests are used for the *control* variables. One-tailed tests consistent with the hypotheses are reported for the other variables.

Table 4. Predicted Probabilities (in percent) of Self-Employment by Ethnic Group and Sex for Selected Combinations of Human Capital and Family Composition: Immigrants in New York and Los Angeles, 1980

Human Capital	Potential for Family-Based Social Capital	Koreans		Filipinos		Indians		Chinese		Mexicans		Puerto Ricans		Cubans	
		Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
		Other independent variables assigned sex-specific and ethnic-group-specific means													
Low	Low	4.5	16.7	1.6	1.5	3.6	5.0	6.4	8.4	2.0	2.8	2.0	2.4	2.6	4.8
High	Low	5.7	28.5	2.0	2.9	4.5	9.5	8.0	15.3	2.5	5.5	2.6	4.7	3.3	9.0
Low	High	19.0	26.8	2.2	2.7	4.9	6.5	8.7	10.7	2.7	3.4	2.8	3.2	5.7	9.5
High	High	23.1	42.0	2.8	5.2	6.2	12.1	10.8	19.2	3.5	6.4	3.5	6.1	7.2	17.3
		Other independent variables assigned sex-specific means (pooled across ethnic groups)													
Low	Low	4.8	16.5	1.6	1.3	4.5	5.3	6.5	8.0	1.9	3.0	2.8	1.9	2.3	3.9
High	Low	6.0	28.1	2.0	2.6	·5.7	9.9	8.1	14.7	2.4	5.8	3.6	3.8	2.9	7.4
Low	High	19.9	26.5	2.2	2.4	6.2	6.8	8.8	10.2	2.6	3.5	3.9	2.5	5.1	7.8
High	High	24.0	41.7	2.8	4.7	7.8	12.7	10.9	18.4	3.2	6.8	4.9	4.9	6.4	14.3

across ethnic groups. The upper panel, therefore, provides within-column comparisons of the effect of various combinations of family composition and human capital on the probability of self-employment for the 14 ethnic and sex groups. The lower panel also allows within-column comparisons, but it also allows cross-ethnic comparisons (holding sex constant).

To get a sense of how strongly the human capital variables influence self-employment, compare rows 1 and 2 (family composition is unlikely to facilitate self-employment) and rows 3 and 4 (family composition is likely to facilitate self-employment). Comparing rows 1 and 3 (low human capital) and 2 and 4 (high human capital) reveals the effect of family composition (potential for social capital) on the predicted probability of self-employment. For the most part, the predicted probability of self-employment is similarly affected by human capital and family composition, although the human capital measures usually make slightly more of a difference in predicted self-employment. This pattern holds for both sexes. The estimates for Cuban men differ slightly from the general pattern whereas those for Korean women are a clear departure from the norm. Both exceptions are accounted for by an unusually strong effect of marital sta-

tus on self-employment (see Table 3). For all groups, predicted self-employment is maximized when human capital is high and family composition is favorable to the formation of social capital that facilitates business ownership. The predicted probabilities closely reproduce the observed intergroup differences in self-employment (see Table 2). That is, for men, Koreans, Chinese, Cubans, and Indians have much higher rates of self-employment than do the other groups. For women, self-employment is highest for Koreans and Chinese. Korean women and men are uniquely high in business ownership. As with the observed data, predicted self-employment is typically twice as high for men as it is for women.

Our findings are consistent with the view that self-employment is facilitated by social capital present in the family and by the personal human capital/class resources of immigrants. With some exceptions (e.g., the marital effect for Korean women), these relationships are similar across ethnicity.

To what extent does interethnic variation in the human capital and family attributes account for the observed interethnic variation in self-employment? To address this question, the estimates (including the intercepts) reported in Table 3 were used to generate predicted probabilities of self-employ-

ment for each entrepreneurial group (Korean and Chinese, women and men, and Indian and Cuban men) after assigning them the Mexicans' mean values on the six family composition and human capital variables on which our analysis has focused. The attributes of Mexicans are used because they tend to be most disadvantaged on these variables. Similar findings obtain if the attributes of Puerto Ricans are used. The remaining independent variables are assigned ethnic-group-specific and sex-specific mean values.

For Chinese women, the predicted probability of self-employment is 6.6 percent when they are assigned Mexicans' means on the family and human capital variables. Table 2 shows that observed self-employment is 6.9 percentage points higher for Chinese women than for Mexican women (9.2 percent versus 2.3 percent). The predicted probability of self-employment for Chinese women is 2.6 percentage points lower than their observed value. This suggests that ethnic differences in family composition and human capital/class account for 38 percent (2.6/6.9) of the observed self-employment advantage of Chinese women. The predicted probability for Korean women is 9.2 percent, which implies that 54 percent of their self-employment advantage over Mexican women is accounted for by group differences in human capital and family attributes. For men, the predicted probabilities of the four entrepreneurial groups are: 11.6 percent (Chinese), 7.1 percent (Indians), 27.4 percent (Koreans), and 9 percent (Cubans). These estimates indicate that 35 percent of the self-employment advantage of Chinese men is accounted for by differences in human capital and family composition. The comparable figures for the remaining groups are: 62 percent (Indians), 24 percent (Koreans), and 38 percent (Cubans).

Net of all controls in our model, Korean men are more likely to be self-employed than are other immigrants. Research suggests that the primary motivation driving Korean men into business ownership is the desire to recapture lost social status. Although most Korean immigrant men have little hope of obtaining occupations comparable in prestige to those they left behind, they see self-employment as the only realistic way to achieve high earnings and thereby regain a certain

measure of social status (Min 1984, 1987, 1988b). Yet seeking social status and higher family earnings through the husband's self-employment is not restricted to Korean families (Fernandez-Kelly and Garcia 1989). Furthermore, Korean women also have an unusually high rate of self-employment. Consequently, additional explanations of the disproportionate concentration of Koreans in self-employment are needed.

Distinguishing Government and Private Sector Employees

The reported analyses combine government and private sector employees. When we analyze these sectors separately (findings not shown), the human capital measures are associated more strongly with government employment than with self-employment. The findings for the family composition measures closely replicate those reported in Table 3. When we contrast self-employment with employment in the private sector, the findings are the same as those reported in Table 3.

Nonemployment

We also compared self-employment with nonemployment (see note a in Table 1 for measurement). In addition to the variables described in Table 1, we controlled for the number of preteens in the household and included dummy variables denoting whether a person is currently enrolled in school or has a work-inhibiting disability. The findings (not shown) reveal strong relationships between human capital and self-employment. The effects of family composition vary by sex. The odds of self-employment (compared to nonemployment) are typically two and one-half times greater for married men than for single men. By contrast, the odds of self-employment are typically lower for married women than for single women. Korean women are an exception, however, in that their odds of self-employment are higher when married and when there are additional adults and teenagers in the household. For both sexes, the presence of preteens is negatively related to self-employment, but this effect is much stronger for women than for men.

CONCLUSION

Many newcomers to the United States share certain characteristics that facilitate post-immigration self-employment. First, immigrants have often acquired substantial human capital prior to coming to the United States. With some exceptions (e.g., Filipina nurses), this human capital has little value in the mainstream labor market, yet it reflects the possession of skills, work experience, knowledge, and other useful characteristics that facilitate self-employment. Second, much of the immigration stream is composed of families. This encourages reliance on family strategies that draw on interpersonal bonds and common self-interests to provide financial and labor resources that can be used in establishing and operating a business. Third, many immigrant groups include a substantial number of people from middle class or elite backgrounds. These immigrants often arrive with substantial financial capital or can obtain capital from family members back home. Fourth, ethnic groups may participate in informal credit associations or obtain loans from lending institutions (usually ethnic-owned) that consider the pre-immigration finances of immigrants and the immigrant's reputation in the local ethnic community. This combination of characteristics encourages self-employment.

To the extent that families·are cultural institutions, our findings suggest the importance of cultural explanations of immigrant enterprise. Yet if cultural practices involving Confucian or Latin American family values are crucial to immigrant self-employment, why is there so much variation in self-employment across groups influenced by these values? And why does this cultural effect lead to much less self-employment in the home country than occurs in the societies that receive immigrants? The coefficients in Table 3 for the controls for ethnicity reveal large unaccounted for interethnic differences in self-employment. Studies of the extent to which these differences may reflect interethnic variation in cultural practices would be useful.

Operating a small business can stress immigrant families. There is, however, disagreement over the relative costs and benefits of self-employment (Bonacich 1987, 1988;

Min 1990). We recognize that immigrant self-employment often approximates conditions described by Bonacich (1988): long working hours, low hourly earnings, and poor working conditions. We agree that this form of self-employment is an extension of the low-wage ethnic labor market. Nonetheless, modest beginnings in self-employment can result in substantial economic mobility. Small businesses often become profitable. Profits, based on the right of ownership are not available to immigrants who remain employees. Furthermore, a concentration of small ethnic firms may be critical to generating an institutional environment that promotes ethnic enterprise and provides ecological conditions favorable to the growth of larger and more profitable firms (Evans 1989; Portes and Sensenbrenner 1993; Portes and Zhou 1992).

The study of contemporary immigration requires a better understanding of the immigrant family as a social base for organizing group resources in the pursuit of collective action. Our findings help to reveal the role of the immigrant family, as embodied social capital, in the pursuit of economic gain. The economic actions of immigrants are tied to the household's social relations. The relationship between family composition and immigrant self-employment is therefore a special case of the more general embeddedness tendency described by Granovetter (1985). Family strategies for economic action coordinate the behavior of individual family members with macro processes embedded within the family. The joint operation of these levels of behavior facilitates self-employment. But our findings also demonstrate the importance of human capital/class resources for immigrant self-employment. Consequently, business ownership among some groups such as Puerto Ricans and Mexicans is depressed because of a lack of human capital. Other groups such as immigrants from India and the Philippines possess personal human capital that is valued in the general labor market. Because their human capital leads to desirable careers, self-employment is lower for these groups than might otherwise be the case. On balance, the pervasiveness of immigrant-owned businesses in the United States can best be understood in terms of the combined effects of

human capital/class resources and social capital embodied in family relations.

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