growth sectors as generators of "modern" jobs. The second is the distinction between growth trends and backward sectors of capital. Again, there has been a tendency to view backward sectors as typically undergoing decline. The rapid expansion of a downgraded manufacturing sector shows that backward sectors may be highly dynamic growth sectors.

Whether this restructuring of labor demand is the essence of the immediate future is difficult to establish, but it seems to be a strong possibility. In this context, the large increase in immigration since the middle of the 1960s and the pronounced recomposition of the influx from a preponderance of high-wage countries of origin in the 1950s to one of low-wage countries of origin during the 1970s assumes added meaning. Push factors can only partly explain the reason for this flow. The expanded demand for low-wage workers willing to have dead-end, often odd-shift jobs contains the conditions for the absorption of the large immigrant influx in a major city such as New York. Native workers, socialized to expect better working conditions, move out of the city or become "unreliable" (i.e., dissatisfied). Immigrants, in making the decision to emigrate, have made a second decision, that of taking any job. But, insofar as they are part of a growth sector of the economy, especially in the case of the low-wage jobs in the producer services, immigrants could raise their cost to employers without endangering the survival of these firms. Under these circumstances, immigrants would behave approximately as native workers do. Herein lies a significant policy implication that is lost when we emphasize the employment of immigrants in declining industries, where raising labor costs endangers a firm's survival.

CHAPTER 11

# Immigration and Industrial Change in the New York City Apparel Industry

Roger Waldinger

## Introduction

This chapter explores the relationship between immigration and industrial change through a case study of the New York City apparel industry. This industry presents a paradox for both conventional and structuralist perspectives of the causes and significance of international migration. One part of the puzzle involves the temporal and contextual pattern: Hispanic immigrants from the Caribbean and Latin America, and Asian immigrants from China and Korea, apparently came to dominate the apparel labor force at a time of shrinking labor demand and declining job opportunities for the city's minority residents who had previously been employed in these trades. Problematic from the structuralist perspective of migration (see Petras, 1981; Portes and Walton, 1981) are more recent developments: the stabilization of New York's market position, coupled with increasing ownership by immigrants of small competitive enterprises.

The paradox is here addressed in terms of an argument about ethnic enterprise and those complex interactions between immigration and the structure of the economy that produce immigrant-owned firms. The central hypothesis is that the structure of competitive industries generates opportunities for ethnically organized small-business activities. Ethnicity comes into play as a resource that immigrants mobilize to exploit these opportunities and secure a protected market niche. Although the immigrant enterprise is clustered in peripheral industries, it is not a subspecies of the secondary firm but rather a specific category of production effecting a distinctive organization of the labor process.

I briefly elaborate a model of ethnic entrepreneurial development and discuss the procedures used in the study. Then I examine the transformation of the New York apparel industry and review the implications of industrial change for labor market integration processes. In the final section I discuss the research issues raised by the case study.

## A Model of Ethnic Entrepreneurial Development

The crux of the model of ethnic entrepreneurial development is an argument about the relationship between production technologies and product market structures.[1] In a market characterized by the demand for standardized products, mass production tends to be the prevailing technique. But instability and variability in the structure of demand tend to limit the extent of that mass market. Whatever the case, flux and small market size render the techniques of mass production and mass distribution inappropriate. Product variations and discontinuous runs deter producers from using specialized machines, reduce economies of scale, and militate against assembly-line methods.

Segmentation affects the opportunities for entrepreneurship in several ways. First, because demand is unstandardized and susceptible to unpredictable variations, the optimal scale of enterprise is small and capital barriers are generally low. Small size minimizes problems of delegation and administration, while the production techniques concomitant with small business draw on traditional methods requiring little technical expertise. Second, the volatile economic environment to which the small firm is linked makes flexible industrial relations practices optimal. But in the small firm, where management and labor interact on a face-to-face basis and work routines are unstable and subject to idiosyncratic rearrangements, the employment relationship tends towards conflict (Piore, 1969; 1973; Edwards, 1979). Antagonism is likely to be transcended if there "is a congruence between the worker's orientation to work and the mode of control operated by the employer" (Newby, 1977, p. 62). That congruence can be heightened if owner and employee share connections and meanings that originate outside the work situation; these can then be deployed within the workplace to redefine the employment relationship beyond simple exchange terms. Thus, for reasons fully developed below, immigrant firms that combine

[1] This section is extracted from a much broader statement presented in Waldinger (1983a), which also contains an extensive discussion of the literature.



social and economic roles through family ownership, network recruitment, and the employment of fellow nationals may surmount organizational barriers that impede performance among ethnically diverse competitors.

First, the small business provides a vehicle for converting informal labor market relationships into business capital. In competitive industries, investment in training is imperiled because attachment to a single firm is tenuous and skills are general (Doeringer and Piore, 1971). However, the risk calculus takes a different form in the immigrant concern, since social ties are reproduced within the workplace. When shop size is small, labor market mechanisms are superseded by family relations (Kim, 1981; Bailey, 1983). And when labor requirements make it necessary to reach beyond the family circle, jobs can be filled by fellow townsmen (Herman, 1979) or, at the limit, by common nationals. These preexisting connections to the ethnic labor force provide privileged information about worker attributes, useful in predicting behavior on the job. And the same ties also furnish a source of norms and sanctions needed to promote cohesiveness and guard against turnover—especially important during expansionary periods when the competition for labor stiffens.

Second, ethnic, friendship, or kinship connections lend themselves to alternative job arrangements that compensate for the managerial or technical deficiencies of primitively capitalized firms. Wilson and Portes (1980) show that Cuban-owned concerns generate significantly more favorable attitudes among their workers than do nonimmigrant, secondary-type firms that also employ immigrant workers. Since the employment relationship is further characterized by customary obligations of a sponsor–client kind (Herman, 1979, Wong, 1979, Lovell-Troy, 1981), reciprocity makes it possible to substitute informal and contingent practices for rules designed to constrain both managerial and worker behavior.

Finally, network hiring insulates ethnic firms from wider economic influences, with important competitive advantages. Following Hechter (1978), occupational distinctiveness promotes ethnic identity and solidarity by creating a niche in which interaction among culturally similar individuals is maximized. Homogeneity at the workplace also produces social distance. Even if new, ethnic firms enter into complementary rather than competitive relationships with "majority" concerns, the fact of general ethnic subordination fosters a broader group identity that tends to eclipse relationships of authority and exploitation at the workplace (Wong, 1979). And the salience of ethnic identity further reduces the appeal of groups that make class-based claims, such as unions, while also generating norms of solidarity that shield ethnic firms from the purview of state regulation.

## Procedures Followed in the Study

This chapter brings together various parts of a 3-year study of immigrants in the apparel industry in New York City.[2] That study involved close observation of industry trends and patterns over the entire study period; continued interaction with key informants in labor and management; and an exhaustive search through trade journals, government reports, and primary and secondary studies of industry structure, labor force trends, industry history, and technology.

More detailed information on market structure, locational patterns, and the role of immigrants was gathered through interviews with businessmen and employer and labor representatives from each of the major apparel subindustries—men's tailored clothing, women's and misses' outerwear, women's and children's undergarments, children's outerwear, and pocketbooks (handbags). In each case, extensive discussions were held with the heads of the relevant employee associations and labor organizations and with at least four businessmen whose firms represented the differences in organization, form, and product specialization.

The women's and misses' outerwear industry, the most important component of New York's apparel complex, received primary attention. The research procedure reflects the industry's particular characteristics. The most important distinction is between *manufacturers*, which are firms that design clothing, purchase the textiles out of which clothes are made, and then merchandise the finished goods, and *contractors*, which are specialized firms that generally sew and finish garments to the specifications set by the manufacturers. Three different sources among these various groups provided information for this industry case study:

[2] The study covers all of the apparel industries clustered in New York City. Most of the apparel products fall into four main categories in the Standard Industry Code: men's tailored clothing (SIC 231), women's and misses' outerwear (SIC 233), women's and children's undergarments (SIC 234), and children's outerwear (SIC 236). Pocketbooks (SIC 317), strictly a leather-goods rather than an apparel industry, is also included. This deviates somewhat from the conventional classification. However, market structure and location patterns in the pocketbook industry are much more similar to apparel than they are to the other leather-goods industries. Technology is substantially the same in pocketbooks and apparel, and both industries have been affected by the same labor force trends.

The mode of aggregation chosen follows the classification developed by Lichtenberg (1960) for his volume in the New York Metropolitan Region Study. See his discussion on pages 252–273 and elsewhere throughout that volume.



1. In-depth interviews were obtained with 20 major outerwear manufacturers that primarily used New York City production facilities. Interviews focused on relationships with suppliers and buyers, organizational practices, factors influencing technology, and extent and type of markets. In addition, interviews conducted with three industry "majors" producing outside the New York area were supplemented by interviews with textile suppliers, retailers, machinery manufacturers, and officials of labor and employer organizations.
2. A survey was carried out of 45 firms engaged in the actual production of women's outerwear. On-site interviews were conducted with the owner of each firm; only one interview was conducted by telephone. These interviews collected data on company histories, patterns of recruitment and training, production practices and technology, linkages with manufacturers and suppliers, and labor relations.
3. A second survey provided data on 96 firms owned by Hispanic immigrants. On-site interviews covered the topics that were discussed with nonimmigrant businessmen; coverage was expanded, however, to include issues relating to ethnic, friendship, and kinship connections, linkages with other immigrant-owned firms, and the occupational and migration experiences of the owners.

This chapter uses materials generated by the two surveys for typological purposes. The concern is not with distributions or frequencies, but rather with a series of salient characteristics that define an "ideal type."

## Industrial and Labor Force Changes in the New York City Apparel Industry

Immigrant-owned firms in the New York City apparel industry emerged out of an interaction between changes in the opportunity structure and new patterns of labor recruitment. This involved shifts on both the demand and supply sides: the transformation of New York's market position and the large-scale influx of immigrants into New York's labor market.

### DEMAND FACTORS

The persistence of apparel manufacturing in New York is a by-product of the city's historical role as an incubator for small-scale, labor-intensive industries. Making small quantities of highly variable goods under intense time pressures, the apparel industries clustered in a central location where inputs could be shared, transport costs minimized, and accessibility to the labor force maximized. Agglomeration generated significant advantages in each stage of the apparel-manufacturing process: designing, where it permitted quick and inexpensive flows of information; selling, where it reduced the costs of attracting customers; and production, where it facilitated trade with a multiplicity of suppliers, reduced overhead expenses, and accelerated the actual production of finished goods (Hoover and Vernon, 1959).

As Sassen-Koob shows (Chapter 10 in this volume), changes in the international division of labor undermined the viability of New York's manufacturing base. In apparel, the process of industrial dispersion involved a constant dynamic between restructuring—the emergence of large, capital-intensive firms—and relocation. Initially, the outflow of apparel jobs from New York was limited to the lowest-price, labor-sensitive lines in which product variation played an insignificant role. Even then, the importance of proximity to New York's merchandising and designing activities kept firms within the Northeast (Lichtenberg, 1960). But the growth of large firms, abetted by changes in the structure of demand, transformed the locational tie in even those product categories keenly influenced by fashion. Constant changes in production technology—chiefly mechanization and de-skilling—made firms more sensitive to labor costs. Large size also generated internal economies of scale, allowing firms to standardize inputs and outputs and make bulk transactions, thus freeing them from dependence on local suppliers and customers. Intraregional competition between New York and areas of labor surplus in the Northeast assumed interregional dimensions, as first the South and then the Southwest became poles of industry growth. Despite this internal shift, foreign producers penetrated deeply into the American market. The growth of the overseas industry competed with even the largest American producers. These responded in turn by either setting up their own foreign subsidiaries, or by intensifying their search for low-wage domestic sources of labor that were free of union control.[3]

[3] For example, *Business Week* (1979) reported that Kellwood, a large manufacturer of women's apparel dominated by Sears, Roebuck, and Co., had increased its imports from virtually nothing to 8% of sales after having built plants in Mexico and Nicaragua, and was expecting to open similar ventures in the Orient (p. 62). Schmenner (1980) shows how the response to import competition also takes the form of a stepped-up search for low-labor-cost facilities in the United States. For a more detailed analysis of the processes of relocation and restructuring in apparel, and their effects on metropolitan production activity, see Waldinger (1983b). Sassen-Koob (Chapter 10 in this volume) presents a more general treatment of locational trends and their implications for industrial activity in New York City.



In the 1970s these broader trends in the spatial division of labor transformed a gradual process of dispersion away from New York into a massive loss of jobs. With the intensification of international competition and a slowdown of economic growth, the older, higher-wage facilities, which New York had in abundance, were squeezed economically. Between 1969 and 1975, New York City lost 289,000 manufacturing jobs; the apparel complex, where employment declined by one-third, lost more than 81,000 jobs.

By the end of the period, New York producers had rendered substantial parts of their markets to Sunbelt and overseas competitors. Between 1969 and 1975, New York's share of national apparel employment declined from one-sixth to one-eighth, as Figure 11.1 shows. Yet, imports had also climbed precipitously: in women's apparel, imports equaled 36% of domestic production as compared to 22% in 1969. Even in men's tailored clothing, a more skilled and expensive line, import penetration had risen from 11 to 26% over the same time span (Allison, 1977; International Ladies' Garment Workers Union, 1980).

After 1975, however, the performance of New York's manufacturing sector notably improved. Though industrial employment continued to drop, sinking from 536,000 in 1975 to 499,000 in 1981, the decline was considerably slower. More important, those components of the apparel complex that survived the crisis appeared to represent a bedrock of employment involving activities firmly linked to New York. As indicated by the data on Figure 11.1, the apparel industries sustained a competitive position vis-à-vis the rest of the nation. In contrast to 1969, when the national recession sent New York's market share tumbling, the city retained its share of employment even after the nation's economy faltered in 1979.

What accounts for the resilience of the remaining apparel complex? One answer, congruent with the arguments developed earlier in this volume by Sassen-Koob, is that New York firms can still compete successfully in the production of unstandardized goods. This explanation links constraints on capital mobility to the structure of demand, suggesting that only a portion of the demand for apparel has proved susceptible to standardization. Handling the remaining unstable portion is both too costly and too risky for large firms with unwieldy and dispersed multiplant operations. The logistics of size and organization increase the costs of disrupting planned operations to meet short-term shifts in demand. But, given the uncertainty in demand, stocking goods to supply the less-predictable portion represents too speculative an alternative. The risk in the system is thus absorbed by the remaining small-firm segment, which either produces unstandardized goods or else fills in shortages of mass-produced items.

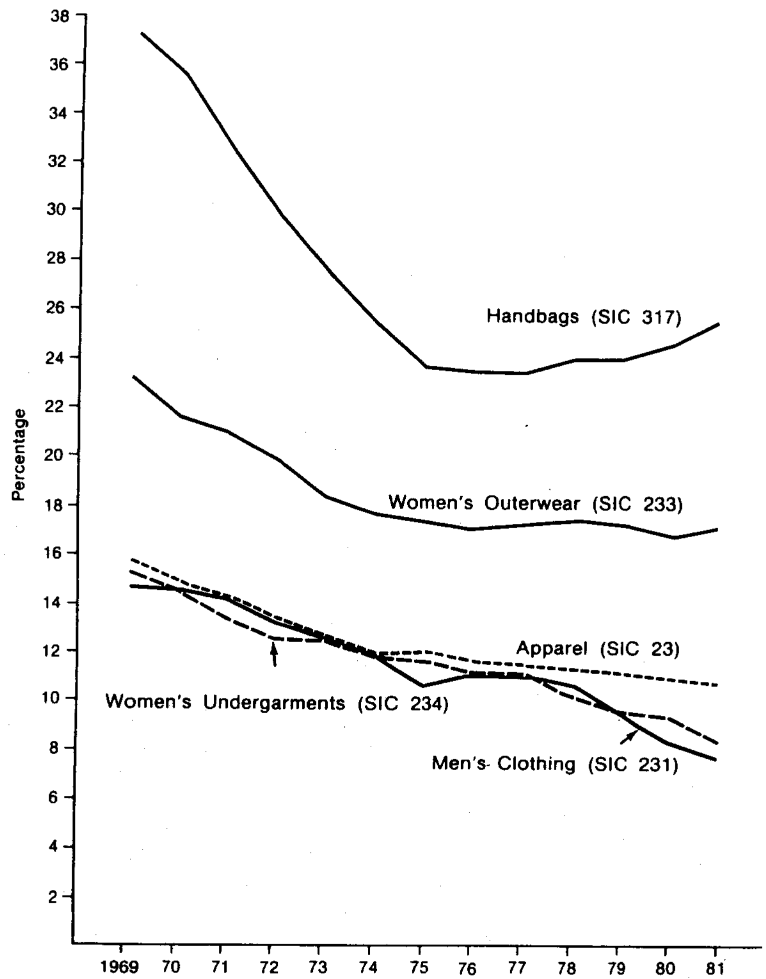


**Figure 11.1** New York City's share of national employment in apparel industries, 1969–1981. National employment levels are from the U.S. Department of Labor (1979b, pp. 547–592, 682–707; 1982b, pp. 235–262, 320–329). Local employment levels are from the U.S. Department of Labor (1979c, pp. 423–435; 1981a, pp. 165–167) and the New York State Department of Labor (1982c, pp. 14–15). Figure by the University of Wisconsin Cartographic Laboratory.

Instability of demand derives from two sources. Owing to styles in fashion, consumer wants at the individual level are short-lived and prone to radical and sudden changes. But a quantitatively more significant factor—and one that explains the stabilization of New York's market position—grows out of the distinctive characteristics of the wider



economic environment during the present period. These aspects—an endemic and seemingly uncontrollable rate of inflation accompanied by a slow-growing, often faltering economy—have decisively upset the stability needed to pursue standardization. High interest rates have heightened the costs of accumulating inventory, while the uneven performance of the economy has steered consumer behavior on an erratic path, forcing both large chains and their major suppliers into costly liquidations.

To hedge against inventory buildups, the retail chains have attempted to shunt the burden of risk back to domestic producers, buying close to the actual selling season, ordering in small quantities, and calibrating reorders to inventory flows. In turn, large manufacturers, compelled either to dispose of promotional goods or else sell to off-price discounters at disadvantageous prices, have cut back sharply on their more speculative production runs. Collectively, these risk-averse strategies have created the space for a spot market that fills in late-developing and unpredictable portions of demand. While this primarily affects the volatile segments of New York's apparel complex, uncertainty also shields the remaining standardized lines. Manufacturers have been reluctant to make permanent commitments in new plants and equipment, thus leaving in place older facilities using labor-intensive methods.

As New York has been transformed into a spot market, the structure of activity within the area has also changed. Manufacturers, in particular, have sought new ways to cope with uncertainty. Typically, they have done so by disposing of directly owned operations, thus increasing the importance of external economies of scale provided in the supply of fractional services. As the environment has become increasingly unstable, New York firms have moved textile-cutting departments and inexpensive pleating operations to specialized firms, and have closed in-house sewing operations in favor of separate sewing contractors.

Ultimately, New York's ability to capture a protected niche stems from the infusion of new blood into its labor force. Immigration has lessened the labor costs associated with a New York location. And it has also furnished a supply of entrepreneurial labor endowed with an orientation toward risk-bearing activities and the organizational capacity needed to exploit market opportunities.

## SUPPLY FACTORS

The quintessential immigrant city, New York has remained a principal port of entry for the new immigrants who have come to the United States in growing numbers since 1965. Approximately 800,000–850,000 legal immigrants arrived in New York City between 1970 and 1980. To these can be added an indeterminate, though certainly considerable, number of illegal immigrants. Despite economic crisis and aggregate population decline, immigration mounted toward the second half of the last decade, when both the level of legal immigration and the numbers of foreign visitors—an indirect indicator of illegal immigration—rose (U.S. Department of Justice, 1970–1979; Tobier, 1982).

The New York–bound migration stream constitutes a group quite distinct from that received by the rest of the nation. Despite the city's large European ethnic population, migration from Europe has dropped off more sharply than in the country at large. Though they are important sources of immigration nationally, Cuba and especially Mexico contribute relatively little to the New York migration flow. Newcomers from Western Hemisphere countries dominate New York's recent immigrants. Among these, Hispanics from the Caribbean and Central and South America predominate, but this population is extremely varied both in terms of countries of origins and social background. The Dominican Republic, followed by Ecuador and Colombia, have been the most important source countries; yet there are considerable numbers of Hispanic immigrants from other Caribbean and Latin American countries as well (U.S. Department of Justice, 1970–1979).

Occupationally, New York's immigrant population appears to be of preponderantly low-level origin. In part this is an artifact of its national composition, since Asians, the most educated group among the new immigrants, generally settle elsewhere. However, even in comparison to migrants of similar national backgrounds, New York's newcomers were less likely to have been previously employed in professional and technical jobs. And the percentage of such immigrants with higher-level training has declined among all immigrant groups, including Hispanics (Tobier, 1982).

Immigrants were initially drawn to New York by the opportunities paradoxically created by the decline of the city's apparel complex. (This summarizes a more extended treatment developed in Waldinger, 1983b.) As external competition intensified, wages and related job configurations (work standards, hours, employment stability) fell increasingly out of line with the rest of New York's blue-collar base in service and manufacturing. Moreover, apparel had traditionally been identified as an "immigrant" job, and there is an extensive body of evidence, albeit anecdotal, suggesting that status considerations persistently impeded the recruitment of native workers, whether minority or white. Thus, as compensation sank below the reservation rate, native workers (blacks,



Puerto Ricans, and ethnic whites) dropped out of the effective labor supply pool.

Though scanty, the evidence suggests that employers also responded to the shortage of labor by the familiar search for new sources of supply.[4] That new immigrants provided the alternative is indicated by the variety of corroborating demographic and ethnographic materials. Accounts by Gonzalez (1970), Hendricks (1974) and Chaney (1976), based on research conducted in the late 1960s or early 1970s, all underline the centrality of apparel for the employment of Hispanic immigrants. Tabulations from the 1% Public Use Sample of the 1970 census indicate that 21% of the Hispanic female immigrant population were employed in apparel. Thus, by this date immigrants had already become a numerically important part of the industry's labor force: more than a quarter of the area's female operatives—of whom most were employed in apparel—were immigrants from Latin America and the Caribbean.

However, once this initial immigrant population was in place, a somewhat different set of dynamics came into play. In part, this involved the simple phenomenon of chain migration. The costs of migration are less severe at a later stage, since newcomers arrive under the auspices of a settled population possessing its own information networks and well-established job connections. But a more important consideration is that the influx of immigrants mitigated the cost disadvantages confronted by New York producers. What partially accounts for this invigorating effect is the quantitative expansion in the labor supply of low-level workers. Because they need constant income to send to relatives at home, and because they are subject to deportation if they lose their jobs, immigrants are less likely than comparable minority residents to be unemployed; they also have higher rates of female labor force participation and a lower incidence of welfare usage (Jaffe et al., 1980, pp. 236–238, 305–306; Dixon and Storper, 1981, pp. 17–18; Tobier, 1982, p. 175).

A more important explanation of the viability of New York's apparel sector is that immigration has dampened the upward pressure on wages. Though segmentation in the product market partially differentiates the product of New York firms from standardized goods manufactured abroad or in the South, market boundaries are not sharp. On the

[4] Koshetz (1969) reported an increase in illegal homework among Hispanics in the South Bronx and a proliferation of Hispanic contractors employing Dominicans and Hondurans. Wrong (1974) indicates that apparel employers expressed a preference for Hispanic over black recruits; Hispanics were seen as more willing to accept inferior conditions and respond to directives without question.

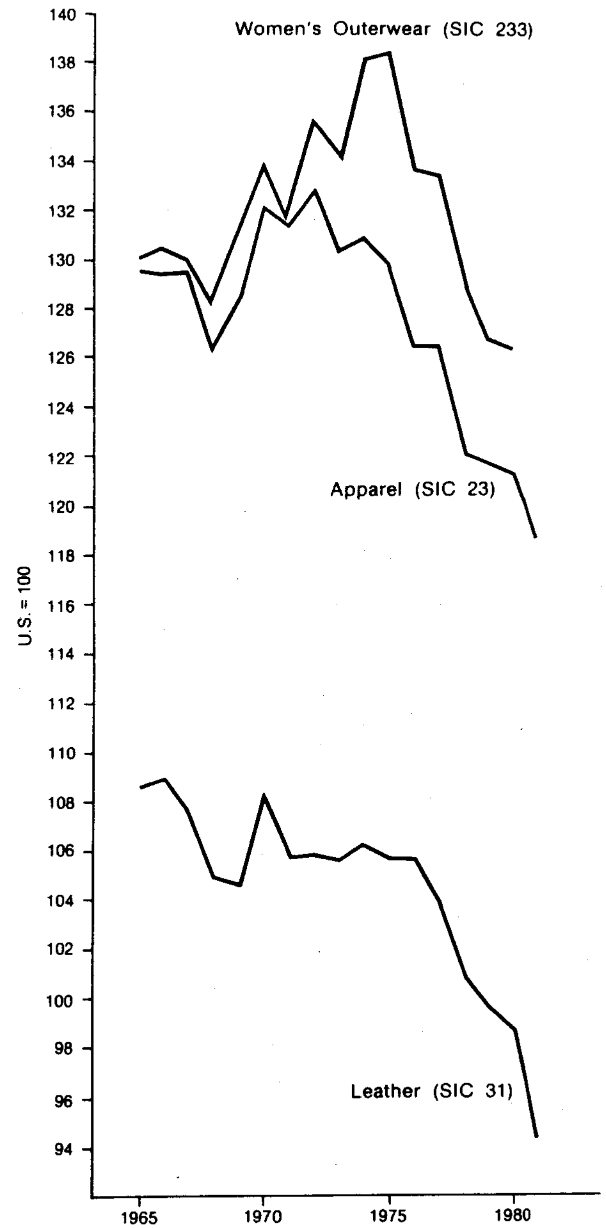


**Figure 11.2** Average hourly earnings in New York City apparel industries, 1965–1981. See Figure 11.1 for sources. Figure by the University of Wisconsin Cartographic Laboratory.



contrary, given the clear resistance of consumers to increases in the price of apparel, the price elasticity of apparel is high. Immigrants thus provide a low-cost resource to firms that are thinly buffered from competition with lower-price, standardized producers. As Figure 11.2 indicates, the relative cost of apparel labor is no longer as great as it previously was. New York's wage differential, which edged upward in the early 1970s, moved downward in the second half of the decade. In women's outerwear, the increases in the average hourly wage were outpaced by the gains registered elsewhere; in leather, the difference in hourly wages between New York and the rest of the nation was almost entirely eclipsed. Immigration also relaxed the internal competition for low-level labor, as indicated by the continual slippage of apparel labor costs past the remainder of New York's depressed manufacturing sector (see Figure 11.3).

Another supply-related factor derives from the patterns of labor market incorporation caused by New York's changed relationship to the national industry. By keeping a narrow ceiling on establishment size and reducing the technical requirements of production, market instabil-

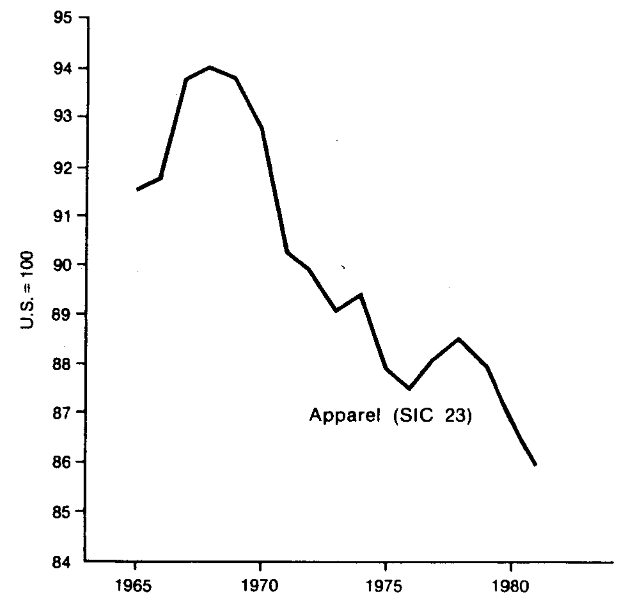


**Figure 11.3** Relative earnings in New York City apparel industries, 1969–1981. From the U.S. Department of Labor (1979c, pp. 423–435; 1981a, pp. 165–167) and the New York State Department of Labor (1982c, pp. 14–15). Figure by the University of Wisconsin Cartographic Laboratory.

ity has facilitated the emergence of new immigrant-owned firms. The volatility in the demand for New York's products has enlarged the space for immigrant-owned firms, which absorb seasonal fluctuations and thus fill the large excess between baseline and peak production flows. In the proliferation of these immigrant firms lies a final explanation for the improvement in New York's competitive position. Because production technology is organized around the social relationships of kinship, friendship, and nationality, the immigrant firms gain the flexibility needed to maneuver in markets with quick turnaround times and rapidly fluctuating product flows. Ethnic encapsulation also allows these firms to lower variable costs by evading the full effects of unionization, minimum wage laws, and labor standards. Thus, immigration has not simply slowed the pace of New York's decline, but has also provided the organizational resources needed to secure a more viable, if still highly competitive, market niche.

## Labor Market Integration Processes

The apparel industry has several distinguishing features that serve to integrate immigrants into its operations. These include opportunities for entrepreneurship, recruitment mechanisms, job structure, industrial relations, and ownership patterns, features discussed below.

### OPPORTUNITIES FOR ENTREPRENEURSHIP

Firms in the garment industry fall into two categories: manufacturers, which design and merchandise clothing, and contractors, which produce clothing to the specifications set by manufacturers. While low in comparison to the rest of American industry, the barriers to entry at the manufacturer level vastly exceed the resources that immigrants can amass. However, the divison of labor between manufacturer and contractor reduces the contractor's functions to the more basic tasks of providing and organizing labor; this in turn facilitates the emergence of small, immigrant-owned firms.

Even at the contracting level, patterns of entrepreneurship are circumscribed by constraints of capital, technology, and skill. Although it does not take much capital to open a contracting factory producing higher-priced dresses, there is no evidence of Hispanic business activity in this line. What impedes the emergence of immigrant-owned firms, it appears, are the complex tasks of preparing textiles for sewing, using difficult and costly inputs, and providing the design advice required in this type of business. Similarly, immigrant firms have not successfully penetrated the mass production lines—coats, pants, undergarments, pocketbooks. Here, there is a determinate production flow in which each item is broken down into sections and then reassembled by operators performing repetitive tasks. Setting up this kind of production line requires technical assistance and training. In any case, the costs of capitalizing a fairly large factory using specialized machines are sufficiently high to deter potential immigrant entrepreneurs.



Immigrant firms are clustered in low-priced product categories, where volatility keeps the barriers to entry low. In these lines, almost any existing factory space—basements, storefronts, or apartments—will suffice. Low-cost space is still amply available, either in the vacant lofts of New York's manufacturing districts, where lofts in marginal buildings are let on a month-to-month basis, or else in the empty storefronts that line the decaying commercial streets of the immigrant neighborhoods.

Specialization at the low end of the market keeps both equipment and labor investments to a minimum. As in the high-price lines, variable product requirements sharply limit capital outlays. Where the high-fashion firms substitute for capital with costly labor inputs, the market position of the immigrant firms virtually obviates the need for skilled labor, thus generating savings on both the capital and labor sides. With few of the time-consuming and costly finishing operations that higher-priced firms undertake, the immigrant concerns can utilize special, high-speed sewing machines for which workers can be quickly trained. Similarly, many immigrant firms work on cheap, synthetic materials that enable them to use industrial hand irons in place of the heavier machine presses that are standard equipment among larger nonimmigrant firms. Some immigrant concerns even ship for delivery without pressing the newly sewn products. In this way the immigrant concerns not only lower investment capital, but minimize related fixed and variable costs as well, such as the installation fee for a steam-driven machine press, costly ancillary equipment, and, most important, the skilled labor required to operate the more complicated piece of machinery.

### RECRUITMENT

Recruitment in the nonimmigrant sector is primarily a market process and only secondarily a social one. Most firms hire walk-ins or workers attracted by "help wanted" signs posted on factory buildings. Gate recruitment generates a sizable flow of applicants, and one can often observe casual job seekers walking from one shop to the next in the dense, multistoried loft areas of the central business district. Although employers hire from this casual, shared labor pool for all jobs, only those completely unskilled jobs for which turnover costs are minimal are filled exclusively from this source.

To secure experienced sewing machine operatives and skilled workers, employers seek to mobilize the social networks among the workers already in their employ. Network hiring serves two functions. It works as a predictive device in that employers use the attitudes and behavioral patterns of the existing work force as a guide for screening potential recruits. It also acts as a mechanism of stabilization that implicates workers in the recruitment process, inducing them to screen out unqualified recruits and then exercise their own informal controls over behavior in the workplace. Network recruiting thus integrates new workers into an environment structured by preexisting social relations. Frequently, network hiring assembles a series of friendship groups or family relations—cousins, siblings, and mother–daughter pairs. One 40-person plant in a heavily Dominican neighborhood, for example, employed six members of a single family along with a scattering of smaller family groups.

In the nonimmigrant sector, network recruiting competes with more formal processes that play a particularly important role in filling more skilled positions. In the manufacture of pocketbooks, for example, the union hiring hall responds to most of the labor demands, thus furnishing what is in effect a shared labor pool. Recruitment networks also rarely extend beyond the primary level: plants tend not so much toward ethnic homogeneity as toward a multiplicity of fluid networks feeding in from a variety of ethnic sources. Most important, network recruiting does not offer privileged access to the labor supply. Although employers seek to control their labor supply by mobilizing immigrant networks, they are unsuccessful at manipulating the immigrant labor pool. Instability in both work and settlement patterns makes the immigrant labor supply inherently fluid, and ethnically dominant work force groups tend to replace one another in a process of ethnic succession that employers only perceive after the fact. As the owner of one sportswear firm put it: "I woke up one day and realized that my Puerto Rican workers, who used to make up two-thirds of the plant, had all moved out of the shop." Employers are also stymied in their attempts to recruit highly encapsulated immigrant groups, of whom the Chinese and the Koreans are the best examples.

In contrast, the organization of the immigrant firm systematically combines social and economic roles. Business activity is typically a family enterprise in which spouses, siblings, or relatives share ownership



responsibilities. Firm size makes it necessary to recruit beyond familial ranks. Still, work relationships remain firmly embedded within the orbit of friendship and ethnic ties, because immigrant firms hire through informal networks, building on the social structures that connect immigrants to settlers and reproducing and cementing such structures within the workplace. For example, migration chains regularly link Dominican-owned factories to a common hometown in the Dominican Republic.

Some cases from the interviews indicated how social ties can be utilized in the work context. Relatives and friends composed the entire work force in one 18-person factory owned by three brothers from San José de las Matas, Dominican Republic. In a family-owned firm in which parents and their two adult children worked together, half of the workers came from the owners' hometown in the Cibao (Dominican Republic), and the remaining employees came from small towns in the vicinity. A 28-year-old Dominican who had migrated illegally in 1976 from Santiago employed an exclusively Dominican work force of which half consisted of hometown acquaintances or friends. Similarly, all of the workers in a small factory in Brooklyn had previously lived together as neighbors in the same Santiago barrio. While encapsulation within the larger immigrant population seems characteristic of all of the ethnic firms, the survey of Hispanic businesses revealed clear differences in the ability of the various national-origin groups to mobilize these informal networks. Recruitment through national or village networks is most pronounced among the Dominicans. Other groups, being less numerous at large, but also less heavily concentrated in apparel, appear to lack the critical mass needed to combine social and economic roles in this way.

By hiring friends and relatives, immigrant firms obtain a work force whose characteristics are largely known, thus screening out unqualified or inappropriate recruits. "I never put up a 'help wanted' notice," commented an owner who emigrated from Santiago in 1967. "I only hire through friends. That way I have greater control." Since the immigrant factory has a simple division of labor requiring general skills applicable throughout the industry, social ties to new recruits are needed to justify investment in training. One Dominican owner, with a factory located in a heavily immigrant neighborhood, explained his recruitment practices in these terms: "I won't provide training to unknown workers who come in looking for a job. When I need somebody, I ask the workers to bring in a relative. That way, one worker helps another, and I don't have to worry about training someone who will later go find work in another shop."

Network recruiting also lends a social dimension to the employment exchange that alters the expectations of labor and management alike. "It's been a tradition to hire the relatives of our workers," explained one immigrant owner who announced all vacancies to his workers. "We consider them our friends." But the employers who principally hired the friends and relatives of their employees also claimed that this promoted a "better relationship." What they meant by this was that the reciprocity involved in the recruitment process improves performance, strengthens attachment, and facilitates adjustment to tight and varying production schedules. As one South American owner pointed out, "It's one way of getting workers to stay longer and work harder."

## JOB STRUCTURE

The mass production industries—pocketbooks, men's clothing, and undergarments—tend toward a bimodal job structure. In pocketbooks, for example, skilled and unskilled workers form two distinct classes of labor: sewing machine operatives, whose skills are high, owing to costs of raw materials and constant product variations; and unskilled table-workers, engaged in pasting or cemeting pieces of leather together. The operators are mainly middle-age women with considerable industry experience and lengthy attachment to the firm. By contrast, young women in their late teens or twenties dominate the unskilled group, and it is among these workers that turnover is concentrated. There is virtually no movement from one category to the other; nor is there an organized pattern of mobility through the hierarchy of skilled jobs. Rather, training takes place on a haphazard basis: workers may get instruction from friends doing skilled work, or they may exploit free time by sewing on scrap materials during lunch, break periods, and after work. Consequently movement into skilled categories involves a series of lateral moves among firms. Frequently, the path leads from large firms, which maintain modest training programs for less-demanding operating jobs, to smaller concerns, where recruitment difficulties dilute entry-level job requirements.

Though also discontinuous, the job hierarchy is not as severely segmented in men's clothing, women's outerwear, pocketbooks, and undergarments. In the production of women's outerwear, there is a cluster of standardized operations involving simple, repetitive tasks that link unskilled sorting and finishing jobs to highly delicate and intricate sewing operations. But although the job structure offers opportunities for advancement, the pattern of progression is not necessarily smooth. Since these firms alternate long production runs with short-lived unsuccessful styles or limited-run special orders, production flows lack continuity. This minimizes the amount of standardized work for which unskilled workers can be easily trained. Though openings in skilled sewing jobs are more frequently filled by less-proficient operators from within, gaps tend to appear in this part of the job ladder as well. There is neither a bidding process nor are there seniority rights. Workers with skills in specialized operations or experience in working particular machines can enter at all rungs of the job ladder.



The critical difficulty for firms owned by nonimmigrants lies in adjusting rigid job structures to a labor force characterized by poor work habits and unstable job attachments. In certain subindustries, a particular department absorbs the bulk of instability: pleating departments in large pleating and stitching plants, or tablework sections in pocketbook factories are prone to high levels of turnover. Here, hiring practices fall into a casual mode. Firms that specialize in highly standardized clothing items experience comparable retention problems: a large plant in a ghetto neighborhood reported annual turnover of 100%; in an 80-person firm making running shorts, two-thirds of the workers had been employed for 3 years or less; and in a blouse plant employing 60 workers, one-third of the work force consisted of a "permanent" group with no more than 3 years of seniority, and the remaining positions were filled by short-term workers prone to high quit rates. In more variable and skilled lines, turnover can be confined to that portion of the work force engaged in manual jobs or simple operative tasks. But it is the rare plant that contains more than a handful of workers with extensive seniority levels dating back 10 years or more.

Absenteeism and lack of punctuality disrupt normal work routines. As one employer put it, "absenteeism is unreal, punctuality is hopeless." The universal assumption is that some workers will not show up to work on any given day. But the failure to enforce rules governing attendance and punctuality largely reflects the problems that nonimmigrant employers face in mobilizing the new immigrant labor force. "You can't get operators," noted the owner of a new and highly successful firm, "so you tolerate absenteeism." Another owner who also complained about poor work habits explained that "you can't fire sewing machine operatives because they're skilled workers."

Absenteeism and irregular attendance impose additional production costs. Since section work is the prevailing technique, jobs are interdependent. Unpredictable work habits threaten the continuous flow of sewn textile parts through the production line. To prevent excessive downtime and avoid bottlenecks, most employers use overstaffing as a technique to keep the line moving.

The extensive division of labor among apparel firms owned by nonimmigrants is not found in the immigrant sector. The job structure in the immigrant sector is characterized by the virtual absence of positions at either extreme of the skill hierarchy. Producing low-price, volatile products, immigrant firms make minimal use of skilled processes while tending toward a primitive division of labor that dispenses with low-skilled preparatory and finishing jobs. Simplicity in the technical division of labor generates significant organizational advantages for both management and labor. Unlike the large sectionalized factory in which tasks are broken down and then organized in an orderly production flow, the immigrant firm requires little planning. Moreover, there are few ancillary or supervisory functions to carry out, and thus overhead costs can be more easily contained. The labor process is also compatible with instability on both the demand and supply sides. Since jobs are relatively independent, changes in staffing can be accommodated without disruption to established work routines or the redesign of jobs. Similarly, flexible or irregular work habits are compatible with normal work routines. Neither absenteeism nor lateness results in downtime for the entire factory, allowing immigrant concerns to absorb part-time workers with minimal readjustments in work flows.

## INDUSTRIAL RELATIONS

The nonimmigrant sector in the New York apparel industry is almost entirely organized. The most important unions are the International Ladies' Garment Workers Union, the Amalgamated Clothing and Textile Workers Union, and the Pocketbook Workers Union. Since union organization is extensive, the formal bargaining relationship tends toward cooperation. But in light of differences in size and stability, labor organizations exercise a dominant role in labor–management relations. However, this same asymmetry makes it difficult to institutionalize control. Organized union resources must be spread over a multiplicity of units; within each factory, union interests are represented informally. The ability of the unions to enforce compliance has diminished as the industry's position has weakened. Confronted with a decreasing number of ever more vulnerable firms, union officials now show considerable reluctance to assert control.

In their relationship with the labor force, employers in the nonimmigrant sector pursue two distinguishable strategies. The first more closely approximates the conventional portrayal of managerial approaches in low-wage industries. Here the style tends toward a harsh exercise of



authority and an attempt to regulate the work pace through direct discipline, resembling Edwards's (1979) characterization of "simple control": "Bosses exercise power personally, intervening in the labor process often to exhort workers, bully and threaten them, reward good performance, hire and fire on the spot, favor loyal workers, and generally act as despot" (p. 19). "Simple control" techniques prevail among those firms tied to low-price, standardized-product markets, where price competition is keen. Since these firms contain few skilled jobs, work-force instability is a matter of little economic significance. By the same token, the intrinsic qualities of the jobs, particularly the repetitive nature of the work and the absence of meaningful opportunities for advancement, spark considerable worker discontent, to which employers typically respond in an authoritarian way. Thus, the employment relationship takes the form of a vicious circle in which management's harsh and rigid exercise of discipline reinforces tendencies toward conflict, weakening workers' commitment to the job.

But in firms linked to less-stable markets, flux induces an alternative managerial strategy, one designed to secure authority through consent. Employers seek to forge personal bonds that engender loyalty and flexibility among a core of key workers. While network hiring provides a vehicle for stabilizing employment, employers also adopt a paternalistic strategy in an attempt to foster a "family atmosphere." The owner of a large contracting factory explained, for example, that his forelady scheduled free appointments at the union clinic for his Dominican workers and that he often helped his employees to fill out forms or resolve minor consumer problems or disputes. In another instance, an employer chose to establish his factory in a particular location in order to develop a "neighborhood shop" in which closer employer–employee ties could be created. A third employer assisted workers in preparing immigration forms.

Ultimately, even this strategy proves of limited usefulness in counteracting disaffection and instability. Small firm size and direct managerial involvement in production provide personal interaction between owner and worker. Yet production cycles and changing product flows sharply intensify production pressures. Even where owners effect a paternalistic style, the tenor of relationships quickly alters under duress. As one employer noted, in explaining the reasons for the turnover: "The truth is, if people want to work for us, we insist that they work hard. And a substantial portion of turnover occurs because they can't adjust to us or we won't adjust to them."

In the ethnic firm, industrial relations take a different form, due to the interpenetration of economic and social roles. Here, the employment exchange includes a social component that extends beyond the cash nexus. Immigrant employers tend to act as intermediaries, intervening to assist their employees with social, economic, and legal problems. As one Dominican employer explained, "The shop is like a family—people bring me problems every day. I help them with applications, fill out their immigration papers, call the hospital to find out about relatives, and help with anything involving English." Ownership also gives the employer strategic importance in immigration matters, an asset that can be used to assist workers in bringing over relatives from the home country and that also lends itself to more formal types of sponsorship, as when immigrant owners promise to provide employment for prospective immigrants seeking permanent residency. Bonds of common nationality are reinforced when the factory becomes a fulcrum for political organizing—a frequent occurrence among Dominican-owned firms, reflecting the pervasive influence of island politics in the mainland community.

Similarly, employment practices are compatible with the needs of special labor force groups. Social connections between owners and newly arrived workers, we have seen, facilitate job seeking and the acquisition of skills. The pervasive tendency to pay employees by results also obviates the need to establish strict norms governing attendance and punctuality. As one employer observed: "This is a piecework shop. We don't care about hours. As long as they are working, we just count the production. We don't count how many hours they work." Moreover, family involvement at the ownership level provides the resources needed to compensate for unstable work habits. "Most of the women workers are married," noted one Dominican owner who was in partnership with three of his brothers. "Often, there are family problems that force them to miss work. But that's not a difficulty, since my brothers and I know all the machines and can make up the production ourselves." Thus, immigrant firms can adjust work rules without undermining performance, thereby widening access for mothers, students, and other workers with conflicting social roles and part-time employment needs.

Finally, the employment of immigrants in a context in which obligations are understood to be both informal and reciprocal discourages unionization. Kin and friendship ties virtually immunize the immigrant firms from organizing efforts, and the owners, who evince strong antipathy toward the idea of unionization, succeed with few exceptions in remaining nonunion. When organizing occurs, it is almost always more a response to external pressure than to attempts from within. Virtually all of the organized immigrant concerns had signed union agreements in order to retain contracting agreements with unionized manufacturers.



Coming "over the top," unionization primarily involved a change in the relationship between firms. Within the firm, unionization had little impact, and several unionized employers indicated that only a small portion of the work force had actually become union members.

## IMMIGRANT AND NONIMMIGRANT OWNERSHIP

There is a strong element of inertia in the continued activity of nonimmigrant firms in New York's outerwear industry. Many of these firms grew up when the locational advantages of a New York operation were considerably greater than they presently are. Most are family-owned, and consequently personal considerations make them resistant to relocation. The age and experience of the owners go far in accounting for continued persistence. Most have succeeded in finding a market niche where direct competition with firms that have lower labor costs can be minimized. Extensive information networks and long-standing connections with buyers and suppliers help contain direct competition with large, out-of-town producers of standardized goods.

But the market position of these firms is becoming increasingly disadvantageous. Most lack the continuity needed to train new workers; the same factors make it difficult to attain optimal operating efficiencies. Stabilizing the employment relationship among a core of skilled operators is a common goal. Yet the stock of incentives that firms can use to induce stability is limited. While the aim may be to create a "family atmosphere," ethnic differences and conflicts generated during the course of production are disruptive.

More important, there is little potential for greater flexibility at a time when market conditions have become increasingly unstable. Unlike immigrant-owned firms, these companies do not enjoy comparable access to workers who are linked by social ties and whose labor can be used intensively to attain quick responses and sustain short production cycles. Although specialized machinery might be used to reduce turnaround times, variable production flows limit this option. Moreover, most of the nonimmigrant firms are unionized and are thus saddled with variable costs that are considerably higher than those of their immigrant-owned competitors.

The transformation of New York into a spot market that supplies the last-minute portions of demand has precipitated the emergence of a new industry sector characterized by immigrant ownership. As we have seen, market instability promotes the proliferation of immigrant-owned firms that need little capital investment or technical proficiency in order to begin operations. A number of significant competitive advantages accrue to these immigrant-owned firms. Production technology is organized around the social relationships of kinship, friendship, and common nationality. These relationships provide privileged access to the immigrant labor market, ensuring a steady supply of workers. This in turn cements job attachment and promotes investment in training.

By hiring through the immigrant network, the immigrant firms also induce work arrangements that compensate for managerial, technological, and capital deficiencies. The reproduction of the immigrant network within the firm provides the flexibility needed to maneuver in markets with quick turnaround times and rapidly fluctuating product flows. Moreover, ethnic encapsulation allows firms to lower variable costs by evading—partially or completely—the effects of unionization, minimum wage laws, and labor standards. The advantages associated with this organizational form promote further growth, and the potential for entrepreneurship strengthens the employment relationship, since expansion creates new opportunities in which immigrants can exploit past investments in skills.

## Research Issues

Research within the emerging structuralist framework has emphasized the functions of immigrant labor for the economies of the immigrant-importing countries. The case of the New York City apparel industry is partly consistent with that framework. In apparel, industrial decline undermined the stability of apparel's domestic sources of labor; this shortage on the supply side provided the catalyst for the influx of new immigrants. Subsequently, immigrant workers came to furnish the apparel industry with a low-cost resource, shielding the industry from both internal and external wage competition.

The structuralist framework captures an important dimension of the labor market experience of immigrant workers, but, because it is static, it leaves unanswered such apparent anomalies as the proliferation of immigrant-owned firms. This study has attempted to develop a dynamic framework that captures the interaction between immigrant labor and the structure of the economy. Although the framework only applies to certain segments of the economy, it suggests that, in specified markets, risk and uncertainty can create small-business opportunities that are congruent with informal resources mobilized through migration subprocesses. The case of the apparel industry illuminates the processes at work in various businesses in which immigrant entrepreneurs have



been successful. In this instance, the transformation of New York from a production center to a spot market has created new opportunities for immigrant entrepreneurship. This entrepreneurial development has also reinvigorated that segment of the apparel industry remaining in New York. The mobilization of ethnic resources through the immigrant network mitigates New York's cost disadvantage while strengthening its ability to service rapidly changing and unstable portions of demand.

The case study also suggests a number of areas for further research in the field. The delineation of the market structure conducive to small immigrant businesses introduces a refinement to the dual labor market framework. As Bailey (1983) has pointed out, small firm size and competition—the defining features of the secondary sector—are precisely the conditions that create the opportunities for small entrepreneurship. Thus, in those segments of New York's apparel industry where capital–labor ratios are relatively high, there has been little replacement of nonimmigrant by immigrant firms. Rather, opportunities for entrepreneurship are concentrated in those volatile product categories where flexibility and informal organizational resources play an important role.

On a broader scale, one can hypothesize a relationship between entrepreneurial opportunities and the structure of competitive industries. Mexican commuter workers employed in the highly mechanized pants factories of El Paso are unlikely to have the same success in moving into small businesses as the Dominican or Latin American immigrant contractors that specialize in fashion-sensitive lines (Rungeling, 1969). Similarly, Asian refugees working in assembly-line jobs in the highly competitive semiconductor industry are apt to encounter a job structure more closely resembling the division of labor in the pocketbook industry than the informal work arrangements of the immigrant sector.

It is also important to know how opportunities for entrepreneurship are decreased or increased by the changing structure of the economy. Indeed, recent evidence suggests a relationship between the emergence of small enterprises and broader structural trends. Small firms now furnish the major share of new jobs generated in the United States (Birch, 1981). Large companies, by contrast, seem generally stagnant and, if growing, tend to expand by opening small, single-purpose plants (Schmenner, 1980). One hypothesis, consistent with the evidence reported here, links the shift toward small business to the breakup of mass markets and the proliferation of smaller markets serviced by a multiplicity of specialized producers (Piore and Sabel, 1981).

Identifying opportunity structures appropriate for immigrant entrepreneurship leads in turn to aspirational issues. For native members of the labor force, the ideal of self-employment appears to be diminishing.

Why, then, the attraction for immigrants? The critical factor, it would seem, is a much smaller range of opportunities. Immigrants suffer from a variety of impediments in the labor market: lack of facility in English, inadequate or inappropriate work skills, and, often, discrimination. Lacking the same opportunities as natives for stable career forms of employment, immigrants are more likely to opt for self-employment and the substantial risks entailed. Moreover, immigrants may attach a higher value than natives to income-generating opportunities and be less sensitive to considerations of leisure and status (Waldinger, 1982).

In the past, certain ethnic groups, in particular Jews, Italians, and Greeks, have been overrepresented in small business. Although these groups continue to tend toward entrepreneurship (Goldscheider and Kobrin, 1980), the process of assimilation has produced an overall trend toward convergence with the rest of the population. As Glazer and Moynihan (1963) noted for Jews, the problem of succession in low-status, but profitable, family businesses seems pervasive.

The apparel industry exemplifies this shift in aspirational patterns among previously dominant entrepreneurial groups. Ownership of contracting facilities, in particular, is concentrated among middle-age Jews and Italians, who often followed a parent into the business but whose children are now engaged in managerial or professional careers. This weakening of the entrepreneurial tradition, one can hypothesize, has exercised an independent influence on the decline of New York's apparel complex. By the same token, the emergence of new groups with a risk-bearing tradition or outlook adds to or strengthens the external economies in a competitive industry like apparel. Moreover, in groups that are new to this cycle of entrepreneurship, success in self-employment is likely to build on itself, strengthening rather than weakening the interest in small-business activities.

Apart from the factors that promote entrepreneurial opportunities, further attention should be devoted to the implications of employment in the immigrant small-business sector. Bonacich has expressed reservations, arguing that immigrant entrepreneurs fulfill "middleman" functions by exploiting their own national group in the interest of larger firms in the monopoly sector (Bonacich, 1980). Alternatively, on the basis of a regression analysis on the earnings of a sample of 590 Cuban émigrés in Miami, Wilson and Portes (1980) concluded that income determination processes are in fact similar in immigrant-owned and monopoly-sector firms.

While these conflicting interpretations serve to underline the still-preliminary state of research in this field, this chapter suggests a framework for assessing the relationship between entrepreneurship and mobility. In apparel, specialization in the production of novelty items or late-developing runs of mass-production goods tends to obviate direct competition with larger, more heavily capitalized firms. However, maintaining that protected position depends on the possibilities that consumers enjoy for substitution. This, in turn, confronts the small apparel producer with constant pressure on wages and other variable costs. In fact, the success of the immigrant firms is due in no small measure to their ability to contain labor costs, a process that does not simply involve lowering the wage, but also evading a variety of different labor standards and fending off unionization. Visits to immigrant-owned factories for this case study uncovered a pattern of systematic violation of the labor codes, as evidenced by the prevalence of cash payments, lax reporting procedures, and the use of home workers. Immigrant-owned factories in two of the neighborhood study areas were cited by state officials for abuses of wage and safety codes.



However, the situation may be different in the service sector. As in manufacturing, instability and differentiation in the demand for service also create favorable conditions for small immigrant firms. In the retail grocery trade, large national chains may cede parts of the markets to local independents who are more attuned to the needs of smaller, often ethnically dominated, market segments (Cournoyer, 1980). In the restaurant industry, enterprises in which immigrants play important ownership and labor roles outperform larger, capital-intensive restaurants by providing a full-service menu to the ethnic and higher-priced components of demand (Bailey, 1983). Yet, for all the similarity, external competitive pressure does not really come into play, since services, unlike manufacturing, are produced and consumed in situ. If these local-economy aspects of the service industry militate against the types of competition existing in manufacturing, the ease with which new service businesses can be established suggest that internal pressures may be almost as severe. The Chinese restaurant trade, for example, is notoriously competitive and characterized by low earnings, long hours, and mandatory overtime (Neustadt, 1980).

At this point, the evidence on immigrant entrepreneurship is only beginning to emerge. But if the image of the immigrant firm as sweatshop is overdrawn and incomplete, it seems fair also to guard against an overly benign portrait of entrepreneurship as a cherished form of self-help. Issues of immigrant small business and entrepreneurship have only begun to attract serious scholarly attention. Further progress is likely to come as a result of continued attempts to develop systematic models of ethnic entrepreneurial development, and of efforts to apply those models in studies that cut across both industry and immigrant-group boundaries.