A Comparative Perspective on the Ethnic Enclave: Blacks, Italians, and Jews in New York City [1]

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This article contributes to the growing literature maintaining that the ethnic enclave represents a distinct, third alternative to a dual economy. The data are interviews with 45 elderly, immigrant blacks, Jews and Italians from New York City. Two facets of the enclave are explored: determinants of job outcomes for employees and factors responsible for entrepreneurial viability. With regard to employees, the analysis shows enclave workers obtain job security and job status equivalent to openings in the primary sector. Investigation of the organization of ethnic entrepreneurship reveals that the mobilization of several factors unique to ethnicity enhances the competitiveness of minority firms.

It has long been recognized that many minority groups have been highly segregated occupationally (U.S. Immigration Commission, 1911; Hutchinson, 1956). Yet, until relatively recently, the meaning of the distinctive job environments of ethnics received scant scholarly attention. Currently, the term "ethnic enclave" is enjoying popularity among stratification researchers. The term refers to an occupational niche in which an ethnic group has secured some activity and influence. The role of ethnic enclaves in both individual and group achievement is now a central research question.

Theories about enclave processes provide an alternative structural explanation for an upward mobility that neither classical Marxist nor contemporary segmentationist thinking accurately predicts. Early structural analysis focused only on the significance of class membership. Later, revisionists uncovered important variations within the laboring class. These new theorists proposed that those workers who gained access to capital intensive and monopolistic enterprises (called primary industries) succeeded in establishing strong labor organizations, which in turn secured attractive wages and benefits for their members. Conversely, workers confined to

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small, labor intensive and competitive environments (labeled secondary industries) were unable to develop strong unions. Their employers simply could not afford the price of job stability and high wages (Edwards, *et al.*, 1975; Gordon, *et al.*, 1982).

This theory of a segmented labor market has implications for ethnic mobility because many of the workers absorbed by the large, profitable industries were white ethnics. These ethnics obtained security and opportunity along with other primary sector workers. But, the segmentationist theory goes on to predict that employees relegated to the competitive secondary sector remain disadvantaged and dependent.

Nevertheless, some ethnics who did not concentrate heavily in primary sector jobs also achieved substantial upward mobility. Asians, Jews, and Southern Europeans, for example, frequently labored in the small competitive industries traditionally associated with secondary employment. According to labor market segmentation theorists, these opportunities yield only dead-ends and revolving doors. Some writers have since proposed that the ethnic enclave constitutes a third alternative to this bifurcated vision (Portes and Bach, 1980; Wilson and Portes, 1980).

This article is designed to explore the empirical bases for such a proposition. The research reported here examines two sets of individuals: workers and entrepreneurs. First, it documents that ethnic employees who labor in an enclave environment receive rewards in some ways superior to those available to their counterparts in the secondary sector. The results indicate further that most of these benefits accrue to workers who have obtained their positions through personal contacts. This finding suggests that the social relations of employment have something to do with the economic advantage of the enclave. Then, the economic organization of ethnic entrepreneurship is explored. This investigation reveals special linkages between ethnic businesses that facilitate the prosperity of these companies in an aggressive and competitive market place. Thus, there is a structural as well as a social basis for the benefits of enclave employ.

THEORETICAL AND EMPIRICAL GROUNDING

The theory of middleman minorities, those groups that specialize in self-employment and working for the self-employed within the ethnic collectivity, furnishes a foundation for understanding the social and economic construction of small ethnic firms (Bonacich and Model, 1980). As Reitz, *et al*, (1981) points out, the allocation of job rewards may depend on both social factors and employment qualifications. Applicants may secure jobs through bonds of ethnicity, friendship, and family. Indeed, Bonacich (1973) argues that ethnic economies function less as modern capitalist settings than as traditional, personalized communities. Paternalism often blurs the boundary between employer and employee, and an atmosphere of mutual obligation prevails.

For these reasons, many investigators have hypothesized that the enclave holds the potential for special, non-monetary rewards. In particular, enclave employees may enjoy greater opportunity for skill development and more secure employment. Waldinger (1983) cites the willingness of enclave employers to invest in the training of new workers, as well as to permit immigrant employees to assume managerial tasks. Light (1972) has credited the strong ascriptive bonds within the Asian enclave for the low rates of unemployment exhibited by the Chinese and Japanese during the Depression. It is also reported that some Asian employers have lent assistance in their employees' efforts eventually to become entrepreneurs (Light, 1972; Wong, 1974).

However, if enclave firms do provide their labor force with some advantages, these advantages need have root in a secure economic foundation. For, if the efforts of labor market segmentationists have validity, differences in rewards between sectors are an outgrowth of differences in the profitability of these sectors.

Researchers have suggested a number of processes that could promote the viability of the enclave. One competitive advantage that the small ethnic employer may enjoy is cheap information about the quality of future workers. The tendency to recruit labor through personal ties may screen out undesirables (Sowell, 1981). Moreover, because many enclave workers enter the firm via personal sponsorship, they may feel especially obliged to perform well.

Another frequently cited reason for enclave profitability is that enclave employers pay lower wages than their counterparts in the majority economy. Employees who are migrants may be willing to accept inferior wages because they are accustomed to lower living standards (Piore, 1979). Enclave workers may also be more pliant because they are socially embedded in their jobs and isolated from the larger labor market (Waldinger, 1983). To date, the low wage hypothesis has received mixed empirical support. Bonacich and Modell (1980) cite some historical data showing that Japanese farm workers in California earned less when working for Japanese employers than when employed by other groups. A more recent study, this of Hispanics in the New York garment industry, suggests that enclave employees received wages below union scale (Waldinger, 1983). On the other hand, research on the Cuban immigrant population of Miami indicates that Cuban workers in the enclave did not suffer financial disadvantage (Wilson and Portes, 1980; Portes and Bach, 1980). Still, these studies are far from conclusive and more research is needed.

Middleman minority thinkers posit an additional foundation for the economic survival of enclave employers, their propensity to establish valuable intra-ethnic economic linkages. Three types of linkages can be conceptualized: horizontal, backward, and forward. Horizontal linkage describes the tendency

among middleman minority groups to limit their economic activity to a few spheres of endeavor. Such specialization provides the minority with an area of expertise which is easily transmitted within the group.

The market gardening practiced by Japanese Americans before World War II is an ideal example of this strategy. For some twenty selected crops raised in Los Angeles County in 1941, from 75 percent to 99 percent of tilled acreage lay in Japanese hands (Bonacich and Modell, 1980). Jewish domination of the clothing industry or Greek preponderance in the restaurant trade are other, more obvious illustrations (Rischin, 1962; Lovell-Troy, 1980).

Another dimension to economic linkage is vertical integration, both backward and forward. In the enclave context, backward linkage refers to the dependency of ethnic producers on co-ethnic suppliers. If business transactions are also intra-ethnic transactions, the interpersonal bonds between the participants heighten the likelihood of conducting business with reliable parties and doing so on favorable commercial terms.[2]

Thus, Chinese hand laundries turned to Chinese washing and pressing plants for their demanding chores, while Jewish real estate agents chose Jewish painters and plasterers to refurbish their apartments (Wong, 1976; Moore, 1981). A comparative study of inter-business linkages among Cuban and Afro-American enterprises in Miami documented the potential for strong ties within the former and the near absence of links within the latter (Wilson and Martin, 1982).

But vertical integration may also proceed in a forward direction, from producers to customers. In particular, some early writers on minority enterprise argued that ethnic entrepreneurship was stimulated by demand from specific ethnic markets. Specialized requirements in food stuffs, foreign language newspapers, and so forth encourage the emergence of ethnic businesses to fill this demand (*cf.*, Light, 1972). However, the evidence to follow will suggest that forward linkages alone are insufficient for profitable business, a conclusion other research has likewise confirmed (Aldrich, *et al.*, 1984).

There are, then, several processes that could explain the extraordinary viability of the enclave. First, the labor force may be superior; second its price may be lower; and third, intra-ethnic economic linkages may promote expertise and cut operating costs.

This article examines the enclave experience from a historical perspective. Detailed information on a small sample of elderly blacks, Jews, and Italians,

[2] Research into the effects of personal relationships on economic decisions suggests that social bonds are not only important in the ethnic world, but in the larger economy as well. Even bureaucratic firms rely on particularistic forms of business transaction to a much greater degree than sociologists had originally thought (Granovetter, 1974, 1983).

in a variety of economic settings is analyzed. The results indicate that enclave opportunities are indeed a function of the social and structural processes outlined above.

SAMPLE AND DATA

This project is part of a larger study investigating the historical roots of ethnic mobility in New York. Three minorities were chosen that represent varying extremes in ethnic enclave participation. Job histories were obtained from a total of 45 black, Jewish, and Italian elderly, immigrant males who entered New York City from the South, Eastern Europe, or Southern Italy respectively. Fifteen members of each group were included.

Restricting participation to migrants permits insight into the early process of ethnic stratification, a critical determinant of the differences in adjustment that we observe today (Duncan, *et al.*, 1972; Lieberson, 1980). Resource constraints dictated that the research effort be limited to males, although the neglect of females may constitute a serious omission in the understanding of the black experience. Similarly, for reasons of efficiency, it was decided to draw the sample from social and medical programs for the elderly: nursing homes, health care facilities, senior citizen centers and the like. With the exception of a few blacks who arrived in the thirties, all respondents came to New York before the Depression.

Interview locations were chosen from the telephone book by a procedure that involved purposeful inclusion of places in known ethnic neighborhoods, such as Harlem and Little Italy, and a random sample of the remaining agencies. Approximately two-thirds of the sample were obtained from facilities in Manhattan, the remaining third having been recruited from the borough of Queens.[3]

To determine how well the participants represented their respective populations, their occupational pursuits at mid-life were compared to published census data on these groups for the year 1950 (U.S. Bureau of the Census, 1952, 1954). In the case of Italians and Jews, the sample is somewhat younger than the census group; among blacks the age compares quite well, but the census fails to distinguish Northern from Southern by birth. The 1950 census divides the labor force into seven categories ranging from professional and technical work to service pursuits. The comparison revealed that respondents differed from their 1950 compatriots on no more than two of the seven occupational categories. The general trends in the occupational distributions of the three sampled groups were the same as that of their census counterparts.[4]

[3]Of the 28 facilities contacted, 5 refused on the grounds that they did not serve the relevant populations. Eight were eliminated for other reasons. This left 15 programs that contributed an average of three informants each (*cf.* Model, 1985).

[4] The match is particularly surprising in the Afro-American case because black respondents

The survey instrument was developed in consultation with similar schedules and field tested on seven pilot subjects. The core of the schedule consisted of detailed information on the occupational experience of respondents at three points in their lives: first job, job at age forty, and last job. Extensive information on any business ventures undertaken by respondents was also secured (*cf.* Model, 1985). Interviewing took place in the Fall of 1982.

The empirical analysis is divided into two sections, a formal study of the determinants of job outcome for individuals and a more general discussion of potential factors that promote the viability of firms established by informants. The major focus of the employee analysis is limited to positions held at midlife. The effects of all independent variables were strongest at this point. Comments about and comparisons between midlife job and first and last positions appear in several footnotes. The analysis of entrepreneurship includes all business efforts, but the major emphasis rests on first venture, the undertaking for which the case base is the largest.

ANALYSIS OF INDIVIDUAL JOB OUTCOMES

Variables

Two measures of occupational adjustment, job length and job status, serve as dependent variables in the analysis of the respondents' employment.[5] The length of each post was obtained directly. This measure is especially relevant because labor market segmentationists have made short tenure one of the hallmarks of the secondary sector.

Job status is measured on a scale of 1.00 (highest) to 5.00 (lowest) developed for historical studies by Stephan Thernstrom (1973). The use of such a narrow scale sets rather rigorous limits on the range of values available, but is appropriate to the small sample size. Thernstrom's index is especially sensitive to differences in authority and independence.

The associated independent variables reflect influences from several perspectives. Status attainment models have demonstrated that the individual attributes employees bring to the work place affect job rewards (Blau and Duncan, 1967; Duncan *et al.*, 1972). Representing this tradition are the following variables: ethnicity, age at migration, size of previous residence, father's status, and respondent's educational achievement. Research on class

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were an average of 10 years younger (74.6 years) than white (84.9 years). This difference, largely an outcome of the differential mortality rates between the races, raised the suspicion of an upward bias in the black occupational distribution, a concern that the data did not substantiate.

[5] Income data were not solicited for two reasons. First, given the changing value of the dollar and the age of respondents., the possibility of error was great. Second, income usually changes within jobs, and it was unlikely that interviewees could recall figures that were comparable across cases.

distinctions has suggested that employers enjoy substantially better job outcomes than employees (Wright and Perrone, 1977). Because of the small size of the sample, the index of respondent's class aggregates all business owners, whether or not they engaged subordinates. Network analysts have demonstrated the value of intermediaries in obtaining jobs (Granovetter, 1974; Lin, *et al.*, 1981). Thus, the method of job access and the role of the agent in recruitment were also obtained.[6]

Attention also needs to be directed at the sector of employment. Sectoral determinations were limited to the employee class to maintain analytic clarity. Theoretically, three distinct sectors were possible: primary, secondary, and enclave. Because the New York economy has a dearth of the large, capital intensive firms typical of the primary sector, union membership or government employ was utilized as a rough proxy for employment in the primary sector. The secondary sector was defined as all the remaining opportunities, provided that the employers were not compatriots of the respondent. The enclave was thus defined as those jobs in which the employee reported a co-ethnic superior.[7] A problem developed, however, because several respondents indicated the existence of a co-ethnic superior in unionized environments. These individuals were assigned to a separate, fourth category because of the impossibility of determining whether job outcomes for these persons resulted from union or enclave forces.

Job Length

Average job length at midlife was a fairly generous 17.2 years. Table 1 presents the effects of the major independent variables, with the exception of sector, on job length and job status.[8] Looking now only at the first of these outcomes, we see that the only factor from status attainment models that was

[6] The following coding procedures were used. Father's status was indexed on a four point scale based on the research of Wright and Perrone (1977). Their measure focuses only on levels of ownership and authority and is hence more appropriate to the diverse family origins of these respondents. Fathers who were employers received a code of, 1. Employees with subordinates are coded, 2. Self-employed without subordinates are 3. And employees with no subordinates are 4. Educational achievement was dichotomized at the mean of 7 years to facilitate cross-tabulation. Three methods of approaching jobs were distinguished: advice of kin, suggestions of friends, and appeals of a more formal nature. Among the latter were grouped together employment agencies, want ads, anonymous direct application, and impersonal recruitment. This collapsing was necessary in order to have large enough cells. Personalized contacts to facilitate jobs were further subdivided into direct hiring of the respondent and referral to a prospective employer. In the case of referrals, note was made of whether or not the contact was employed in the same firm as the respondent. The emotional strength of the tie was not determined, again because time might dim reliability. Size of previous residence was assigned to one of six levels.

[7] All respondents assigned to the enclave also reported that the majority of their co-workers were compatriots, further evidence that they indeed labored in an enclave environment.

[8] The variables age at migration and size of previous residence had no effects on outcome and, therefore, are deleted from the remaining discussion.

TABLE 1
SELECTED MEASURES AND MIDLIFE JOB OUTCOME

Measure	Mean Job Length	Mean Job Status	N
Father's Status 1	12.0	2.78	9
Father's Status 2/3	21.6	3.05[a]	19
Father's Status 4	11.9	4.14	14
Education ‹ 7 yrs.	14.2[b]	3.55	31
Education ›=7 yrs.	23.6	3.07	14
Owners	18.6	1.90[c]	10
Employees	17.6	3.83	35
Blacks	17.6	3.87[d]	15
Jews	15.5	2.93	15
Italians	13.6	3.40	15
Personal Networks	21.6[e]	3.62	16
Formal Means	12.7	4.00	19

Notes: [a] P ‹.05 that job status for sons of fathers with status 2/3 differs from sons of fathers' status 4. (Three respondents were not able to supply data on father's status.)

[b] P ‹.05 that job length differs by educational level.

[c] P ‹.05 that job status differs by class.

[d] P ‹.05 that Jews and blacks differ on job status.

[e] P ‹.05 that job length differs by method of job access.

significantly associated with length of tenure is education.[9] Men with seven or more years of schooling held midlife jobs for an average of 23.6 years, while those with less than seven years of education lasted only 14.2 years. Father's status exhibited a curvilinear relation, while the differences within classes and within ethnic groups are not significant. Finally, another significant result is that those employees who found jobs via network ties report an average job length of 21.6 years while those using formal means remained only 12.7 years.

[9] The use of significance testing in this study is questionable since the observations are not independent. This difficulty occurs because respondents were recruited not randomly, but from fifteen specific settings. When cases are not independent, there is the danger that their associated errors are correlated. Such correlation violates the basic assumptions of statistical inference.

Nevertheless, it is not uncommon for social scientists to undertake significance testing even when the data do not completely warrant such procedures. In this paper, the reported measure is a one-directional t-test, since the hypotheses predict the direction of the effect. The results give some idea of the magnitude of the relationships involved. However, the reader should judge statistical findings with caution, keeping in mind that the data do not fully justify the methods.

The central question of this research, however, concerns the effects of sector on employee outcome. Table 2 reports these statistics. Here we see that even without unionization, co-ethnic employment provided significantly longer positions (20.1 years) than did secondary jobs (4.14 years). Although positions in the primary labor market of the majority economy were longer than those within the two co-ethnic possibilities, they were not significantly so.[10]

With so small a sample, the introduction of further controls is problematic. However, attempts to cross-classify sector with additional factors of potential importance unearthed a particularly interesting pattern with regard to method of job access. Separating the two factors yields very small cells, but the figures suggest that long tenure was associated with the combination of networks and enclave posts. Non-unionized enclave employment without contacts was very short (3.5 years), while contacts did nothing for secondary workers (2.5 years). In fact, here the figures reverse themselves in favor of formal means (4.8 versus 2.5 years). In the two unionized sectors, a similar but less dramatic trend obtains. Although job length in these two arenas was respectable regardless of means of entry, those applicants using formal methods suffered some disadvantage.[11] To summarize, the data on job tenure suggest that co-ethnic employment obtained through a personal referral offers substantial stability.

Job Status

For these respondents high status was elusive. By age 40, they achieved an average status of only 3.40, not a very high rating on the Thernstrom scale, where 1.00 is the most favorable and 5.00 the least favorable outcome. Turning back now to the right side of Table 1, we note that men whose fathers were employees without subordinates (4 on Wright and Perrone's scale), experienced significantly lower prestige themselves (4.14 versus 3.05 and 2.78 for men with some discretion over their own or others' labor power). That the self-employed displayed higher status than employees is hardly informative, since this advantage is inherent in the construction of the measure. But, ethnicity too claims an influence, with blacks having lowest (3.87) and Jews highest (2.93) prestige. While the direction of the effects for education and

[10] The results for job length at first and last jobs display a weaker version of this pattern.

[11] The results at first job revealed an even more complex phenonomen. Those men who were directly hired (all by relatives) experienced either very short (0.58 years, N=3) or very long (49 years, N=1) mean tenure. The information supplied by these respondents suggests that the brief situations involved the exploitation of family members in the manner suggested by the writings of Bonacich (1973). On the other hand, employment gained through personal referral appeared more strongly associated with opportunity. This process could not be explored further because by midlife the practice of direct hiring by a contact had all but disappeared. Still, at last job, personal referrals continued to lead to longer employment in all but the secondary sector.

TABLE 2

STATISTICS ON JOB TENURE AT MIDLIFE FOR EMPLOYEES BY SECTOR AND MODE OF ACCESS

STATISTIC	SECTOR			
	Coethnic Non-Union	Coethnic Union	Union Govt	Secondary
Total Mean Length	20.1[a]	16.4	22.6	4.14[a]
Stand Dev	20.0	14.2	8.82	4.10
N	8	9	11	7
Mean Length Via Personal Access	25.7	18.7	27.7	2.50
Stand Dev	20.3	20.0	8.77	0.707
N	6	4	4	2
Mean Length Via Formal Access	3.50	14.6	19.7	4.80
Stand Dev	2.12	9.66	7.99	4.82
N	2	5	7	5

Note: [a] Difference between columns 1 and 4, $p < .05$.

for job search strategies is the same on job status as it was on job length, these two factors do not prove statistically significant predictors of the former measure.

Table 3 records the sectoral contributions to job status for employees. We see a continuum of growing prestige associated with increasingly ethnic positions. (Note that low numbers reflect high status.) This result indicates that jobs in the primary, union/government sector, while long on security, were short on prestige, at least for these respondents. It seems likely that men were reluctant to abandon these positions because they offered substantial stability and benefits despite their low status. However, there is no reason to believe that either type of enclave position was inferior to opportunities in the primary sector. The jobs in the co-ethnic non-unionized sector were significantly higher in rank (3.25) than those in the secondary arena (4.43).

Attention to the influence of networks within sectors also duplicates the findings for job length. Co-ethnic jobs at midlife in the non-unionized sector that were facilitated by contacts were higher in average status (3.00) than posts in that arena secured by formal means (4.00). This effect reverses to a slight degree in the primary labor market (4.00 versus 3.86), probably because status does not vary very much in this setting. But in the secondary environment, personal sponsorship became a real detriment (5.00 versus

TABLE 3

STATISTICS ON JOB STATUS AT MIDLIFE FOR EMPLOYEES BY SECTOR AND MODE OF ACCESS

STATISTIC	SECTOR			
	Coethnic Non-Union	Coethnic Union	Union Govt	Secondary
Total				
Mean Status	3.25[a]	3.78	3.91	4.43[a]
Stand Dev	1.04	0.834	0.701	0.787
N	8	9	11	7
Mean Via				
Personal Access	3.00	3.50	4.00	5.00
Stand Dev	1.10	1.00	0.826	0
N	6	4	4	2
Mean Via				
Formal Access	4.00	4.00	3.86	4.20
Stand Dev	0	0.707	0.690	0.837
N	2	5	7	5

[a] Difference between columns 1 and 4, p<.05.

4.20). Thus the value of personal as against formal means of job entry again seems a function of the type of job environment involved, a finding noted also by Anderson (1974) and Calzavera (1983).[12]

These results, even more than those on job security, substantiate the thesis that co-ethnic employ offered advantages commensurate with those in the primary sector. Indeed, when co-ethnic employ was secured through personal means, the resulting average job status was above all other options.

But why did enclave participants fare so well? The discussion so far has said nothing about the structural viability of the ethnic enclave. A solid financial foundation is necessary if a substantial number of workers are to obtain such benefits as job security. But how does the enclave achieve a solid resource base? To the extent that interview data reveal the economic organization of the enclave, this structure is the necessary next topic.

[12] The findings at first and last job also showed higher status associated with co-ethnic employ. The patterns of interaction between methods of access to jobs and sector at these two points in time were the same as at midlife, except in the case of co-ethnic first jobs. There formal entry did not depress job status.

ANALYSIS OF ENTREPRENEURIAL SUCCESS

Although only ten respondents were self-employed at midlife, Table 1 has already described these positions as relatively stable and tautologically prestigious. However, looking across the careers of respondents, there were a total of twenty entrepreneurs. Between them they undertook forty separate enterprises. Several men from each group gave independence a try at least once. Even among the black respondents, whom many would anticipate were exclusively employees, four of fifteen entered some form of self-employment. The level of drive among these men is communicated by the remark of one Afro-American respondent: "When you stop pushing, you're dead."

At the same time, business was precarious. The line between owner and worker was very thin, and enterprises toppled as quickly and as easily as they rose. Two restauranteers began and ended as kitchen workers. A butcher held his own shop only a few years. Most particularly among Afro-Americans, commerce was fragile and easily discouraged.

That Jews are a vigorously entrepreneurial group is widely recognized and clearly borne out in this study. Comprising only 33 percent of the sample (N=45), Jews were 45 percent of the men with one or more business efforts (N=20), 55 percent of those with two or more (N=9), and 80 percent of those assuming three or more undertakings (N=5). On the most reliable indicator of prosperity that the data provide, duration of the enterprise, Jewish first attempts averaged 2.42 years above the grand mean of all efforts (10.6 years).

There is no denying the contribution that a long history of mercantilism has made to Jewish success. Still, attention to the structural differences between Jewish and non-Jewish endeavor furnishes additional clues to the causes of differential ethnic achievement. For example, 89 percent of Jews beginning their first entrepreneurial venture had some experience as employees in the same industry, compared to 71 percent of Italians and 25 percent of blacks. Moreover, this experience paid off. The establishments of first time entrepreneurs who had employee experience in their field survived an average of over 13 years (N=14), compared to only 4 years (N=6) for their novice counterparts.

Another mechanism aspiring entrepreneurs utilized to enhance their viability was to rely upon partners, kin, or friends with relevant backgrounds. For example, a respondent who obtained ownership of a hat store had a wife who had previously worked as a trimmer in a millinery factory.

This reliance on co-ethnic support to enhance business prosperity is a major characteristic of the successful enclave. Almost 20 percent of the enterprises used kinsmen in some laboring capacity, while 45 percent of all endeavors utilized some capital beyond what the respondent brought to the

undertaking himself. About half of these contributors were kinsmen, the remainder being partners who in only one case did not share the respondent's ethnicity. In no instance did a businessman report assistance from a former employer. Rather, family ties were exploited for ethnic entrepreneurship, and migrants also attempted to mobilize the resources of friends and co-workers.

Another way of documenting the benefits of collective endeavor is to categorize types of intra-ethnic business linkages and relate these linkages to economic outcome. Recall that the term horizontal linkage refers to the concentration of a group in a small number of endeavors. Backward linkages mesh producers to suppliers, while their forward counterparts join ethnic consumer goods to the corresponding customers.[13]

In pursuing these distinctions, it is necessary to control for the experience of the entrepreneur because experience extends the longevity of the enterprise. Those entrepreneurs who succeed best often have previous attempts behind them. Thus the analysis is limited to the largest pool of data, first undertaking. At this stage there were ten cases of co-ethnic suppliers, eleven situations of co-ethnic customers, and fourteen examples of co-ethnic concentration. Obviously these overlap, so heavily in fact, that the independent effect of each is hard to gauge. Yet, there were five examples of concentration only, four instances of customers only, and one case of suppliers only.

The impact of these categories is best illustrated in relation to the longevity of the enterprise. The respondents experiencing occupational concentration alone averaged 11.2 years in business; those with only co-ethnic customers lasted merely 2.0 years. Leaving aside the one case of co-ethnic suppliers as too small for interpretation, these results suggest that a pool of co-ethnic customers alone is an inadequate foundation for vigorous enterprise. An Italian beautician explained the importance of customers even more definitively. "I always chose Jewish neighborhoods for my shops", he declared. "Jewish women have the money and they always want to look nice."

A close relation between horizontal and backward linkages is suggested by the finding that two-thirds of the businessmen located in endeavors displaying horizontal links reported obtaining the major portion of their supplies from co-ethnic sources. Thus, concentration occurs not only at the level of an occupation (horizontal), but throughout the broader industry (backward). Moreover, the opportunity for employees and failing entrepreneurs to obtain valuable experience for the future is surely enhanced by the industrial concentration of an ethnic labor force. For, as already shown, prior

[13] One informant was engaged in an enterprise that held none of these qualities. This effort might best be categorized as not of the ethnic enclave, at least on structural counts. It is probably not accidental that his business lasted less than one year.

experience in the same field improves the probability of later entrepreneurial success.

The ability of each ethnic group to forge the three types of linkages followed predictable lines. Almost every Jewish enterprise participated in all three parameters. The Italians were less solid, 43 percent of their enterprises met two of the enclave's linkage patterns. Interestingly, it was co-ethnic customers that were least typical of Italian undertakings, with only two of seven first businesses catering to other Italians. Conversely, the only linkage present in 75 percent of the black enterprises was their black customers.

A black fruit vendor vividly portrayed the disadvantage of non-co-ethnic suppliers when he described automatic price increases that he suffered when buying at the wholesale produce market. On occasion he could circumvent discrimination by commissioning white acquaintances to purchase fruits and vegetables on his behalf. In contrast, an Italian informant in the same line of work told of learning the business from an Italian boss. Later, he went out on his own, but by then he was well versed in the art of haggling with his Italian compatriots at the market.

This discussion has emphasized the collective nature of white ethnic entrepreneurship. The disadvantages suffered by black entrepreneurs directly follow from an individualistic economic organization. While some observers explain collectivism in terms of culture (Light, 1972), structural factors are also involved. Most importantly, Afro-Americans are not a significant number of butchers or bakers. They produce nothing they sell, and what they sell they offer only to themselves. These limitations, partly the result of racism and partly the result of the lack of an ethnic legacy in industry or craft, set up a vicious circle by reinforcing the propensity for blacks to eschew co-operative endeavor. Thus, in their study of Pittsburgh ethnic groups, Bodnar, *et al.* (1982) observe a staunchly individualist economic strategy among their black informants.

The additional possibility that the survival of these ethnic employers was enhanced by the payment of exceptionally low wages could not be systematically explored. The few who reported engaging non-family labor, however, generally claimed to have procured their employees through the appropriate union, a practice that implies a union wage.

What the data available here do indicate is that prior experience, interpersonal resources, and economic linkages are valuable to ethnic enterprise. Unfortunately, the small sample size prohibits quantification of the net benefits contributed by each of these variables. Yet, the essentially "ethnic" quality of all the relevant factors is unmistakable.

CONCLUSIONS

The survey described here provides more clues than conclusions, a short-

coming already anticipated at the outset. Still, some patterns appear more than spurious. Among the most important findings are the greater stability and higher status of enclave employment compared to labor in the secondary sector, the suggestion that these rewards are limited to recruits personally sponsored by co-workers, and the association of successful minority enterprise with the mobilization of ethnic resources.

The trends observed for the two worker outcome measures are consonant with prior research on the effects of personal characteristics on occupational rewards. Studies of labor market structure have also concluded that primary sector employment outranks secondary sector participation (Beck, *et al.*, 1978). The major finding of this project is that there were some advantages to enclave jobs. In fact, because unionization per se is a weak proxy for sector, segmentation theorists would also relegate to the secondary sector many of the jobs categorized here as co-ethnic union positions. These likewise were distinctly better than the comparison group of non-co-ethnic, non-unionized secondary posts. Thus, the findings for this sample both support other studies critical of the dualistic nature of segmentation theory and confirm the hypothesis that enclave employment delimits a viable alternative sector.

The possibility that personal contacts were necessary to reap rewards in the enclave casts some doubt on whether the general phenomenon of shared ethnicity is sufficient to promote worker benefit. Perhaps more direct personal ties are required to fuel the mechanisms of mutual obligation. One hypothesis already suggested is that ties between employees encourage a feeling of social belonging and a faster acclimation to the job. Waldinger (1983) has proposed that a socially cohesive co-ethnic work group may diminish incentives to leave the job. A related possibility is that co-worker bonds could lead to obligations about performance that are absent in more anonymous situations. Greater initiative and diligence could, in turn, enhance the opportunity for promotion. If this reasoning is correct, further research is needed to determine if this phenomenon is exceptionally strong under conditions of co-ethnic employment or is simply an outgrowth of more general interpersonal processes, as the findings in all but the secondary sector suggest.

Yet, how to explain the disadvantage associated with personal sponsorship in the secondary sector? Perhaps interpersonal bonds produced different results in different surroundings. Labor market segmentation thinkers maintain that an oppressive and arbitrary atmosphere characterizes job conditions in the secondary sector. In such an environment, relationships between workers could promote consciousness of job dissatisfactions. Indeed, one reason that early factory owners integrated ethnic groups was to defuse just the sort of disaffection associated with secondary positions (Edwards, 1979). Workers of many languages were less likely to seek collective redress for their malaise. Hence, within the secondary sector isolated workers may

have fared relatively better than employees who were part of an interpersonally attached, and potentially more alienated labor force.

Regrettably, it was impossible to obtain firm level data on the economic stability of employee environments. Thus, the possibility that market factors, not social relations, determined worker opportunity cannot be ruled out. While controlling for sector mitigates this danger, the analysis of ethnic entrepreneurship suggests that differences in firm viability certainly obtained within that sector.

In particular, the longevity of minority businesses was enhanced by the mobilization of a variety of ethnic resources. These included collective financing, concentration in one, frequently "ethnic" specialty, and backward linkages to co-ethnic sources of supply. Location in a predominantly co-ethnic market appeared least responsible for a favorable outcome. These findings should encourage policy analysts to re-evaluate current strategies for minority business development, especially decisions to place minority firms in ghetto locations.

But more studies are still needed, and in this regard, a word of caution. Ethnic enclaves are not economically independent of the majority sector. This researcher has simplified considerably by ignoring the many contextual variables that affect economic survival: markets, technology, capital, credit. Critics have taken segmentation theorists to task for oversimplifying the organization of work (Wallace and Kalleberg, 1982). Similarly, enclave thinkers tend to sweep away complexities with generalization and selective attention. The main excuse for doing so here is that the period and industries covered were prosperous during the time we took a look. An eventually more complete understanding of the ethnic enclave cannot permit such casualness.

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