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Utilization of Social Networks for Immigrant Entrepreneurship: a Case Study of Korean Immigrants in the Atlanta Area

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Introduction

Immigrants take distinctive paths in their economic adjustment to the host society because they have different labor market experiences from both the majority and from other minorities in the USA. For instance, immigrants are compelled to take marginal occupations due partly to a lack of labor market information and partly to their insufficient language skills (Bonacich, 1972; Light, 1984; Waldinger, 1989). As a result of these handicaps in the mainstream labor market, immigrants tend to pursue alternative occupations to overcome their marginality in occupational position. The alternative occupation is often found in entrepreneurship (Light, 1980; Wilson and Portes, 1980; Portes and Manning, 1986; Light and Sanchez, 1987).

There has been a historical tendency for immigrants in the USA to pursue entrepreneurship in order to achieve economic affluence, as did Jews, Greeks, and Italians in the late 19th century (Glazer and Moynihan, 1963), and Chinese and Japanese at the turn of the century (Light, 1972). However, it has been found that only certain immigrant groups are likely to establish small businesses and move up in the socio-economic hierarchy (Hoffman and Marger, 1991). Among them, Koreans are an immigrant group with one of the highest proportions of self-employed entrepreneurs (Bonacich *et al.*, 1977; Light, 1980; Bonacich and Jung, 1982; Kim and Hurh, 1985; Portes and Manning, 1986; Kim, 1987; Light and Bonacich, 1988; Min, 1988; Waldinger, 1989; Waldinger and Aldrich, 1990). Fratoe (1986) found Korean immigrants to have the highest proportion of self-employed entrepreneurs among Asian immigrants. Previous studies indicate that more than one-third of Korean heads of household in Los Angeles, New York, and Atlanta are engaged in small businesses (Kim, 1981; Yu, 1982; Min, 1988, 1996).

One of the most fundamental pivotal elements for immigrant entrepreneurship is resource mobilization (i.e. capital, information, and skills). Although various arguments exist as to the causes for the concentration of immigrants in entrepreneurship as well as over those factors which cause entrepreneurship to become a passageway to economic pursuit and achievement, there have been no thorough investigations into how those groups generate

specific resources necessary for business establishment. This article therefore focuses on the foundations of resource mobilization to establish small businesses, and in particular on the network utilizations for resource mobilization in the case of Korean immigrants in Atlanta.

Theoretical Framework

Since the entire process involving immigrant entrepreneurship is closely related to the kinds of resources that ethnic groups possess and how well they generate them, ethnic entrepreneurship should be contemplated by considering what foundations of resource mobilization exist for immigrants to establish an entrepreneurial environment. A self-organizing capacity of ethnic groups has been considered crucial for the creation and survival of ethnic small businesses (Light, 1972; Wilson and Portes, 1980). However, while these studies show how well organizations manage businesses at the community level so as to avoid competition among co-ethnic members, they do not discuss how immigrants as individuals draw resources from the networks in the community.

Network theory, on the other hand, discusses resource mobilization at the individual level. It argues that network ties are the foremost fundamental source facilitating immigrants with information, resources, and social support (Aldrich and Zimmer, 1986; Bates, 1994). Personal relationships in the ethnic community reinforce and reaffirm networks, so that the networks become stable and extended (Werbner, 1984; Massey *et al.*, 1987, chapter 6). Griego (1987) argues that family networks play an important organizational role in that they provide a platform of relationship establishment with a larger number of members, ultimately furnishing them with occupational opportunities. Research has also found that network ties not only help them to immigrate to a new land by reducing cost and risk (Massey, 1988), but also provide fundamental resources to get into entrepreneurship from the outset (Boyd, 1989; Werbner, 1990). Networks, therefore, have become indispensable for entrepreneurship from founding to success, and are major assets for the mobilization of resources and their allocation in economic pursuits such as entrepreneurship (White, 1970; Portes, 1978; Massey *et al.*, 1987; Werbner, 1987; Zimmer and Aldrich, 1987; Massey, 1988).

Although network theory proposes that immigrants utilize networks for adjustment in a new society and for economic pursuits, networks have not been extensively examined in terms of how differences in characteristics among a variety of networks generate different resources. In addition, network theorists tend either to perceive both family networks based on kin ties and social networks based on relationships with community members in one concept (Zimmer and Aldrich, 1987), or to concern themselves with one type of network only (Werbner, 1987), which results in an incomplete understanding of the network. Some researchers, on the other hand, tend to perceive family and/or social networks as a kind of ethnic resources, along with such various other ethnic resources as frugal attitude, work ethic, or rotating credit associations (RCA: 'Kye' in Korean) (Goldscheider and Kobrin, 1980). As a result, network theory tends to overlook the implementation of network establishment and characteristics of networks that determine the kinds of resources to be generated and the kinds of people to gain benefits.

When Koreans immigrate to the USA, regardless of their possession of family

networks already established before immigration, they tend to participate exuberantly in a process of social network establishment in the community. If networks are so fundamental for resource mobilization, differences in the types of networks may influence the kinds of resources they generate. Therefore, this study focuses closely on how networks are established, and how the established networks play a role for resource mobilization and facilitate Korean immigrants in starting entrepreneurship. In particular, this study will separate family networks from social networks to see how they operate differently to generate different types of resources.

Data/Methods

I have collected data from face-to-face interviews with 159 Korean entrepreneurs who own businesses in the Atlanta Metropolitan Area. The interviews were conducted from April to November of 1994. Among the interviewees, 17 of them immigrated when they were teenagers or younger in the 1970s or the early 1980s. Since this article mainly focuses on network establishment and utilization, and since the young immigrants have different tendencies in network establishment from the first generation immigrants, they are excluded from the analysis.

The Atlanta Korean community has expanded recently from the late 1980s as a result of an influx of Korean immigrants who moved to Atlanta from other cities in the USA. The majority of Korean immigrants in Atlanta (77.4%) have lived elsewhere in the USA and moved to Atlanta mainly for economic reasons. Some moved to Atlanta looking for business opportunities after business failures in other cities, while others moved to open businesses because the required business capital in such cities as New York, Los Angeles, or Chicago is much higher. Although the Korean community has been established in Atlanta since the early 1970s, it was only in the late 1980s that a large number of Korean immigrants began to move to Atlanta or immigrate directly from Korea to Atlanta. Accordingly, the size of the community has grown drastically from the late 1980s, and so has the number of Korean businesses.

Table 1 shows the number of Korean-owned firms in Atlanta. The number of Korean-owned firms in 1992 doubled compared with those in 1987. In addition, compared to an earlier study (Min, 1983) that counted 280 Korean businesses in Atlanta, the number increased eight-fold in 10 years. Moreover, a report in a Korean community newspaper¹ counted over 1500 Korean-owned business establishments in the Atlanta area. Given the fact that the Atlanta Korean community has expanded very recently, data collected in Atlanta will provide information on network establishment.

Businesses are divided into two sets on the basis of ethnicity of the clientele: in the case of Korean entrepreneurship, the enclave economy caters mainly for Korean customers, and the non-enclave economy for non-Korean customers. The line is drawn between the enclave and non-enclave businesses by the ratio of Korean customers. Businesses with Koreans constituting over 50% of the major customers are included in the enclave economy. Businesses with Koreans constituting less than 50% of the major customers are included in the non-enclave.

Although non-enclave business types vary, grocery stores catering for inner city African-American neighborhoods are the single most predominant

Table 1. Traits of Korean-owned firms in the Atlanta MSA

	Atlanta Metropolitan Area
1992	
<i>Total Koreans</i>	10,120
<i>All firms (Korean-owned)</i>	
Firms (number)	2338
Sales and receipts (\$1000)	262,310
<i>Firms with paid employees (Korean-owned)</i>	
Firms (number)	582
Employees (number)	2156
Sales and receipts (\$1000)	184,938
Annual payroll (\$1000)	22,122
1987	
<i>All firms (Korean-owned)</i>	
Firms (number)	1266
Sales and receipts (\$1000)	127,739
<i>Firms with paid employees (Korean-owned)</i>	
Firms (number)	462
Employees (number)	1130
Sales and receipts (\$1000)	96,531
Annual payroll (\$1000)	10,270

Source:

US Department of Commerce. Bureau of the Census (1987) *Economic Census, Survey of Minority-owned Business Enterprises: Asian Americans, American Indians, and Other Minorities*, Washington, DC, GPO.

US Department of Commerce. Bureau of the Census (1990) *Census of Population and Housing, Supplementary Reports about Metropolitan Areas*, Washington, DC, GPO.

US Department of Commerce. Bureau of the Census (1992) *Economic Census, Survey of Minority-owned Business Enterprises: Asian Americans, American Indians, and Other Minorities*, Washington, DC, GPO.

business type, followed by liquor stores and coin laundry/dry cleaning. Other non-enclave businesses include stores for general merchandise, wigs, beauty supplies, clothing, and fast food. Most non-enclave businesses are either scattered in the inner city neighborhoods or clustered at the *Five Points* area of Atlanta's downtown and serve mainly African-American customers; however, almost all of the dry cleaning stores are located in suburban middle class neighborhoods. On the other hand, enclave businesses provide Korean cultural products such as Korean groceries, seasonings imported from Korea, and Korean food restaurants. Restaurants are the most pervasive type of business in the enclave economy, catering mainly for Korean clientele with traditional food.

Sampling for this study was conducted by block and random sampling. A random sampling is applied for the businesses in the enclave economy, and samples were selected randomly from a list developed from advertisements in three Korean community newspapers. For non-enclave businesses, both random and block sampling was used. Random sampling was applied for businesses with Korean business associations, which have lists of the same types of participating businesses in Atlanta. Grocery stores, liquor stores, and coin laundry/dry cleaning stores are the most numerous businesses that were

found on the lists provided by associations. Since the majority of these businesses are geographically scattered around inner-city neighborhoods and some in middle class neighborhoods, the businesses selected for the study were randomly selected from the available lists.

The remaining non-enclave businesses without associations were selected through block sampling. Businesses without associations such as retail stores (i.e. general merchandise stores, clothing stores, wig stores, and jewelry stores) tend to be clustered in the *Five Points* area of downtown Atlanta, where there is heavy African-American passer-by traffic. Four different blocks in the Five Points area and in the near-by residential areas were selected for block sampling.

Background of Korean Entrepreneurs in Atlanta

Since the Immigration and Naturalization Amendment Act of 1965 emphasizes immigrants' credential background and eliminates national preferences, the demographics of Korean immigrants since 1965 have changed an urbanized, white collar, highly educated segment of the Korean population (Light, 1980; Kim, 1981; Kim and Hurh, 1985; Min, 1988; Waldinger, 1989; Yoon, 1993). However, despite the high occupational and credential background, Korean immigrants like all other immigrants also encounter such disadvantages as systematic exclusion from desirable employment opportunities in the labor market (Deoringer and Piore, 1971; Bonacich, 1972; Piore, 1979). Unlike immigrants with low human capital, Korean immigrants try to blend into the 'melting pot', harboring higher expectations of economic opportunities based on their educational and credential background. As other immigrants did, however, they also suffer from un- or under-employment in the new country and are often forced to work in marginal and peripheral occupations without the prospect of promotion.

Table 2 shows the general background and experiences of the Korean immigrant entrepreneurs interviewed in Atlanta based on the time of immigration. Earlier immigrants are those who immigrated from 1965 to 1979, and later immigrants are those who immigrated from 1980 to the 1990s. College graduates are those who finished a 4-year college education, and non-college graduates are those who did not finish a 4-year college or did not have a college education. Chain-migrants are immigrants whose family members already reside in the USA and provide a legal platform for other members of the family to immigrate. Non-chain migrants are those who immigrated on the basis of their credential and occupational background.

A great part of the earlier immigrants were highly educated, which indicates that they immigrated on the basis of their own occupational credentials. On the other hand, although the educational level of the later immigrants is still higher than that of other immigrant groups in the USA, they tend to be relatively less educated than the earlier cohorts.

In addition to eliminating national preferences, the Immigration and Naturalization Amendment Act of 1965 emphasized family reunification and thus allows those who immigrated earlier to apply for their family members to immigrate. Since these chain-migrants already have family members in the USA, they have family networks established at the time of immigration. As the table shows, the proportion of chain-migrants is much higher for the later immigrants than for the earlier immigrants. Therefore, earlier immigrants tend to

Table 2. Background and experiences of the Korean entrepreneurs (%)

	Earlier immigrants	Later immigrants	Total
Total number of interviewees	44	98	142
Educational background of Korean entrepreneurs			
College graduates	61.4	48.0	52.1
Non-college graduates	38.6	52.0	47.9
Possession of pre-immigrant networks			
Chain-migrants	34.1	59.2	51.4
Non-chain migrants	65.9	40.8	48.6
Money brought from Korea	6.8	37.8	28.2
Entrepreneurs with prior employment experiences	75.0	83.7	81.0
Entrepreneurs with experiences employed in Korean-owned businesses	24.4	112.2 ^a	87.0

^aThe percentage is over 100 because some respondents have multiple employment experiences at Korean-owned businesses.

have immigrated on the basis of their occupational and credential background, later immigrants tend to rely heavily on chain-migration rather than occupational background which is far more difficult. As a result, chain-migration has an impact of consistently decreasing the numbers of Korean immigrants with professional and managerial backgrounds in Korea (US Department of Justice, Immigration and Naturalization Service, 1966–1993).

The proportion of those who brought money from Korea is considerably higher among the later immigrants than the earlier ones. This tendency is influenced by the economic conditions in Korea in the 1980s, in that the economic performance in the 1980s was incomparably better than in the 1970s. The better economic conditions allowed Koreans to immigrate with a large sum of money, which played a significant role for business investments.

Table 2 also shows that a large proportion of Korean immigrants have prior employment experiences after immigration and before starting entrepreneurship. One noticeable tendency is that a high percentage of later immigrants have prior employment experiences in Korean-owned businesses. This tendency is due to the fact that: (1) there were numerous Korean-owned businesses in large cities in the USA by the 1980s and these businesses provide job opportunities for newcomers, and (2) a large portion of later immigrants came with the knowledge that operating a business is the quickest way for immigrants to get ahead in the USA. Therefore, these immigrants tend to work at Korean-owned businesses with the purpose of acquiring business skills and information.

Table 3 shows different types of occupations that Korean immigrants in Atlanta held before entering entrepreneurship. Korean immigrants have employment experiences in the mainstream labor market (i.e. as blue and white collar workers) as well as in the enclave economy where Korean small business owners hire co-ethnic labor. As the table reveals, the status of Korean immigrants in the labor market tends to be fixed in peripheral jobs, regardless of their educational or social background in Korea.

Considering that a large proportion of Korean immigrants had white collar

Table 3. Types of prior occupations of Korean entrepreneurs after immigration

Types of occupations	Number of cases	Percentages ^a
Total number of interviewees	142	
Never employed	27	19.0%
Cashiers ^b	55	38.7%
Blue collar workers ^c	62	43.7%
Other labor workers ^d	52	36.6%
White collar workers ^e	15	10.6%
Professionals ^f	7	4.9%

^aSince a large proportion of Korean immigrants had been employed in more than one type of job, the total percentage is over 100%.

^bCashiers include those who have worked at grocery or retail stores.

^cBlue collar workers include factory workers, postmen, mechanics or repairmen, construction workers, workers at dry cleaning stores, and soldiers.

^dOther labor workers include janitors, restaurant workers such as waiters, waitresses, dishwashers, and busboys, cooks, and hairdressers.

^eWhite collar workers include secretaries, insurance or real estate agents, newspaper companies, engineers, bank employees, textile designers, librarians, and computer programmers.

^fProfessionals include lawyers, doctors, pharmacists, Asian doctors, and accountants.

managerial or professional occupations before immigration, the types of prior occupations in America illustrate that Korean immigrants suffer from under-employment with little or no job prospects. As a result, such disadvantageous circumstances in the labor market encourage immigrants to look for an alternative to undesirable employment or unemployment, and the alternative has generally turned out to be small proprietorship.

However, not all disadvantaged groups in the USA can manage to establish small businesses to get out of the marginality in the mainstream labor market. That is, only those who can generate crucial resources for business establishment are able to get into entrepreneurship. Since networks are one of the most important means for resource generation and mobilization, the next section will examine how networks are established and utilized for resource generation.

Discussion

Family Networks, Educational Background, and Business Establishments

Table 4 shows the relationships between business establishments and family networks as well as the educational background. The reason why the table is divided by educational background and possession of family networks is to find out which resources are more influential for business establishment and to show how quickly Korean entrepreneurs establish businesses after immigration on the basis of their resources. As explained in Table 2, those who have family networks are chain-migrants, a tendency that became pervasive among Koreans who immigrated in the 1980s.

The section of the table *Entrepreneurs without Prior Employment Experiences* shows those who started their businesses immediately after immigration

Table 4. Business establishments by possession of family networks and educational level

	College without networks	College with networks	Non-college without networks	Non-college with networks	Total
Total	39	35	30	38	142
Entrepreneurs without prior employment experiences (%)	28.2	25.7	6.7	13.2	19.0
Entrepreneurs with prior employment experiences (%)	71.8	74.3	93.3	86.8	81.0
Length of prior employment	2.19 yrs	2.36 yrs	3.82 yrs	3.96 yrs	
	(3 yrs) ^a	(2 yrs) ^a	(3.5 yrs) ^a	(3 yrs) ^a	

^aMedians in parentheses.

without having been employed. The table shows that regardless of possession of family networks, those with higher educational levels are more likely to start their businesses without suffering in the low-wage and low-skilled jobs. On the other hand, both *Entrepreneurs with Employment Experiences* and *Length of Employment Experiences* indicate how quickly Korean immigrants entered entrepreneurship after being employed for some time on the basis of resources. Again, regardless of the possession of family networks, those with higher educational background tend to start businesses in a shorter period after being employed.

Given that the jobs available to Korean immigrants are marginal and peripheral, they try hard to establish businesses as soon as possible after suffering in low-wage jobs which lack security and prospects. Under these circumstances, those with a higher educational background seem to be more successful in business establishments over a shorter period. Despite the network theory expectation that chain-migrants are in a more advantageous position for economic pursuits such as entrepreneurship, they do not show a consistent inclination toward business establishment in shorter periods of time. Instead, the table suggests that higher educational background appears to be more influential in starting businesses either immediately after immigration or shortly after being employed.

Therefore, questions arise concerning the pervasive assertion that networks are an advantageous resource for immigrants' economic pursuits, and what aspect of class resources provides such an advantageous resource for entrepreneurial pursuit. The point is that networks are a very important resource for immigrants' economic pursuit in conjunction with the educational background. However, what network theorists in general have overlooked are the distinctions among various types of network and the way in which networks are linked to educational background. We will therefore show how networks are established and utilized to become one of the most crucial elements of immigrants' economic pursuits in the new society, and how educational background is closely related to network establishment and influences resource mobilization.

Table 5. Number of associations and organizations in Atlanta

Organizations and associations	Numbers
Korean governmental offices	2
Korean business associations	13
Interest groups (political and professional)	15
Hobby clubs	13
University alumni	27
Churches	97
Non-profit organizations	13
Cultural associations	6
Student organizations	5
Religious organizations	11
High and middle school alumni	27
Buddhist temples	3
Total	232

Source: *Southeast Newspaper Weekly* (September 1995). (A Korean newspaper published in the Korean community in Atlanta.)

Table 6. Types of association involvement by educational level (%)

	College graduates	Non-college graduates	Total ^a
Total number of interviewees	74	68	142
Korean churches	60.8	61.8	61.3
Alumni associations	29.7	4.4	17.6
Community associations	12.2	13.2	12.7
Business associations	21.6	19.1	20.4
Hobby clubs	6.8	5.9	6.3
None	12.2	22.1	16.9

^aSince a large proportion of Korean immigrants are involved in multiple associations, the total percentage is over 100%.

Social Network Establishments of Korean Immigrants

Regardless of the possession of family networks, Korean immigrants actively participate in the establishment of social networks that provide business information. This section therefore will examine how and what kinds of social network Korean immigrants establish in the community.

Table 5 shows the number of associations and organizations in the Korean community in Atlanta as of September 1995. Considering the population of Korean immigrants in Atlanta, approximately 40,000 as measured by Korean community organizations, Korean immigrants have a large number of associations.

Table 6 shows the types of organizations and associations that interviewees are involved with in the Atlanta Korean community on the basis of educational background. The table demonstrates how involvement in these associations is relevant to social network establishment. The table is divided by educational

background only, because family networks did not show advantageous tendencies for business establishment in Table 4. Some interviewees are involved in multiple associations, whereas others are in a single association or none. The church is considered as one of the associations because it generates the resources necessary for business establishment for Korean immigrants.

According to Table 6, the Korean church seems to be the most common place to meet other community members due to the large number of Koreans involved in churches. What makes church membership important is that churches are the most open place to community members for social network establishment after immigration. In addition, a large portion of business-related resources is generated at church, such as business information and job opportunities.

Many interviewees found their business sites through their church membership: i.e. some bought directly from their fellow church members and some obtained information about businesses to be sold by fellow church members. More importantly, a large proportion of Korean immigrants have had employment experiences at Korean-owned businesses established by church members and acquired skills for business operation at those businesses. The employment is not particularly related to making money, but rather to gaining information and skills for their future businesses. In addition, another advantage of church membership is the expansion of customers, especially for businesses in the enclave economy (i.e. Korean restaurants, real estate, insurance, travel agencies, and auto body shops). Therefore, church seems to be the most common place where Korean immigrants establish social networks for resource mobilization.

The most distinctive tendency of association involvement is alumni associations. Although the total number of those involved in alumni associations is smaller than church members, the proportion of those involved in alumni associations significantly differs based upon educational level. That is, a much larger proportion of college graduates are involved in alumni associations than non-college graduates. The importance in the tendency is that considering the strong ties of university alumni in Korea, those with college educational background have a stronger foundation of social network establishment. Through the strong involvement, college graduates have an advantageous situation to develop trust and relationships in a relatively shorter period, which will provide resources for business establishment. On the other hand, non-college graduates do not have such a foundation for developing social networks instantly. They take more time therefore in establishing social networks, which would be the reason for the longer period of time taken for business establishment shown in Table 4.

Although it is not evident from the table, educational level not only influences the establishment of social networks in alumni associations, but also in all other associations and organizations in the community. For instance, among those involved in church, relationships tend to develop based on educational background, and business information also tends to be circulated on the basis of background. Educational background, therefore, is closely related to social network establishment, which in turn influences resource mobilization.

With regard to business associations, entrepreneurs become members of business associations after entering particular types of businesses. Since business associations do not have a direct influence on resource mobilization

Table 7. Resource mobilization by educational level (%)

	College graduates	Non-college graduates	Total ^a
Total number of interviewees	74	68	142
Information mobilization			
Social networks	35.1	38.2	36.6
Family networks	9.5	14.7	12.0
Employment experiences in the US	21.6	39.7	30.3
Skills from Korea	10.8	16.2	13.4
Prior business experiences	10.8	11.8	11.3
Professional background ^b	16.2	0.0	8.5
Start-up capital for the current business(es)			
Social networks	10.8	22.1	16.2
Family networks	21.6	39.7	30.3
Personal savings	66.2	70.6	68.3
Money from Korea	25.7	17.6	21.8
Bank loans	29.7	19.1	24.6
RCA (Kye)	5.4	10.3	7.7
Little or no capital required	10.8	2.9	7.0
Involvement in RCA (Kye)	44.6	63.2	53.5
Money brought from Korea	32.4	33.8	33.1
Important for further investment	91.7	65.2	78.7

^aSince interviewees had multiple sources of capital, the total percentage of capital sources for each group is higher than 100%.

^bProfessional background includes lawyers, doctors, pharmacists, Asian doctors, and accountants.

to start businesses, they are not included in the analysis. Korean community associations, like church membership, are open to everyone in the community. However, while the associations are non-profit voluntary associations with the prime purpose of helping newcomers with housing or jobs, they do not have a strong relation with resource generation for business establishment. They are therefore also excluded from the analysis.

Contrary to the expectation that chain-migrants would have more opportunities to establish social networks assisted by family networks, there is no significant difference in the degree of involvement in associations or organizations according to the possession of family networks, indicating again that chain-migration does not seem to provide an advantage in social network establishment. Instead, educational background seems to have a strong influence on social network establishment. Since the expectation from social networks is not just to develop friendship, but also to gain resources for further economic pursuits, the next section will examine how these networks are utilized for resource mobilization.

Information Mobilization for Business Establishments

Table 7 shows sources of information generated in order to start businesses. One of the most crucial resources for immigrants seeking to become entrepreneurs is information for business types and sites. As Table 7 shows, regardless of their background, Korean entrepreneurs rely heavily on social networks for business information.

One noticeable tendency is that a large proportion of non-college graduates utilizes employment experiences in the USA as much as social networks. Non-college graduates tend to build up trust and social networks in the community as they are employed at Korean-owned businesses, which obliges them to take a longer period of time to establish social networks. Though not as significant as for non-college graduates, employment experiences in the USA are also important for college graduates. Table 2 demonstrates that a high proportion of entrepreneurs have prior employment experiences at Korean-owned stores. These experiences seem to be very important in the gaining of business skills and information, which in turn help them to become entrepreneurs.

It should be considered, excluding *Professional Background* which is an independent method of information mobilization, that the sum of percentages of information sources is 87.6% for college graduates, whereas it is 120.6% for non-college graduates. This can be explained by the fact that those with a higher educational background tend to utilize a single source in order to mobilize information, whereas those with lower educational backgrounds tend to utilize multiple sources. The tendency reveals that college graduates have one reliable source of information, and thus do not put as much effort as their counter-parts, who seem to need more time and effort, into collecting information. Considering the tendencies that non-college graduates establish social networks while they are employed and collect information from multiple sources, the propensity provides explanations for the tendency discussed in the earlier section for non-college graduates to take longer to start their own businesses.

As Aldrich and Zimmer (1986) note, entrepreneurs are facilitated by networks of continuing social relations that provide information, resources, and social support. Network theory perceives that family networks are important for business establishment. Many network theorists, however, do not distinguish between family networks and social networks for resource mobilization. As shown in this section, however, social networks seem to be a far more pervasive source of business information for Korean entrepreneurs than family networks. In addition, social networks established through prior employment experiences are also important in order to gain information and to establish businesses.

Capital Mobilization for Business Establishments

Table 7 also shows sources for capital mobilization. Since interviewees had multiple sources of capital for current businesses, the total percentage of capital sources for each group is higher than 100%.

The table shows that personal savings are the most pervasive sources of capital to establish businesses. However, the proportion of personal savings has been slightly over-estimated, partly because some entrepreneurs start businesses with low capital requirements, and partly because some reported owner financing as their own savings. For instance, although a few reported low capital requirement, such businesses as private medical offices, insurance agencies, real estate agencies, travel agencies, or small businesses in general have smaller capital requirements, and most of these business owners used their personal savings.

The next important capital source is family networks (i.e. loans from family

or relatives). A large portion of entrepreneurs use loans from family or relatives in addition to their own savings. The ratio of borrowed money for the start-up capital increases and often becomes bigger than personal savings when entrepreneurs start relatively larger businesses. When interviewees are asked to rank the capital sources by importance, regardless of educational background, the largest proportion of interviewees consider personal savings (38.7%) to be the primary source, while the second most frequently used primary source is family networks (21.8%). Family networks as the primary capital source are more significant for non-college graduates than college graduates, and a larger proportion of non-college graduates (27.9%) consider family networks are the primary source for capital than college graduates (16.2%).

Although social networks are used for capital mobilization, they are far less frequently used for capital than for information mobilization. In addition, social networks are hardly considered as the primary source and are usually used as second or third capital source. Therefore, unlike information mobilization in which social networks play a decisive role, family networks are utilized for capital mobilization far more frequently than social networks.

Bank loans are also a significant part of business capital. However, bank loans are more frequently used by college graduates for primary capital source (16.2%), whereas only a few non-college graduates (7.4%) used bank loans as the primary capital source. This tendency is due to the fact that bank loans involve an enormous amount of paper work in English, which would discourage non-college graduates who are less proficient in English.

In addition, a large proportion of Korean entrepreneurs utilized capital brought from Korea. However, there is a tendency that college graduates utilized the capital more efficiently than their counterparts. When comparing the proportion of those who brought money from Korea to be used for start-up capital, most college graduates (91.7%) utilized the money as an important source of capital, whereas a much lower proportion of non-college graduates (65.2%) utilized the money efficiently for business capital.

Here, we can consider this tendency in relation to social networks. As one interviewee without a college education notes, although he brought money from Korea for business capital, he spent most of the money for living expenses while looking for a suitable business. On the other hand, a college graduate interviewee said that he had a friend from college who was an entrepreneur and who helped him to open a business immediately after immigration. Therefore, college graduates can maximize the capital brought from Korea because they have access to business information through college connections such as alumni associations or other college graduates from churches. Therefore, social networks based on educational background help college graduates not only to have ready access to business information, but also to maximize the resources utilized for business establishments.

Although Bates (1994) recognizes that financial capital resources are fundamental for the survival and success of immigrant businesses, his research does not specify the sources that generate capital. However, this study shows a clear tendency of heavy reliance on family networks (i.e. loans from family or relatives) for capital mobilization other than personal savings, which indicates that family networks are a crucial financial resource. In contrast to the argument of Goldberg (1985) that *capital circuits* are closely connected to the *information*

conduits, capital and information are generated from two completely different sources: family networks for capital and social networks for business information.

In addition, although researchers on immigrant entrepreneurship (Wilson and Martin, 1982; Aldrich and Zimmer, 1986; Min, 1987; Waldinger, 1989) have discovered the importance of family and social networks for information and capital, they tend to consider both networks as only one concept of networks. As Table 7 shows, however, family networks are more often used for capital mobilization and social networks for information mobilization. Werbner (1984) also argues that an established trust in the community provides *sponsorship, patronage, credit, or advice* through social connections. However, Korean entrepreneurs seldom utilize social networks for capital provision, although social networks are very important for the entrepreneurs to mobilize information.

With the exception of personal loans, researchers (Light, 1972; Kim and Hurh, 1985; Portes and Manning, 1986; Light and Bonacich, 1988; Light *et al.*, 1990) pervasively consider the rotating credit associations (Kye) to be a decisive resource of capital for Asian immigrants' business establishment, arguing also that Kye allows Asian immigrants to be competitive in entrepreneurship. Therefore, the Kye is recognized as a factor of social mobility for immigrants and ethnic minorities (Light *et al.*, 1990). However, as Table 7 shows, the Kye is rarely used for capital provision in businesses, thus indicating the over-estimation of the Kye's importance for capital provision by immigrant entrepreneurs.

Despite the high proportion of Korean entrepreneurs involved in Kye, interviewees indicate that the role of Kye for capital provision to establish businesses is not extensive because the amount of money generated from Kye is not sufficient for business establishment. Counter to the belief that Kye contributes immensely to Korean entrepreneurs' business capital, Kye constitutes a rather minor portion in the business capital provision. As Table 7 shows, although Kye is not used for start-up capital, interviewees said that it is often used for further business investment, which might help to gain a competitive advantage only after businesses are established.

Conclusion

Countering the conventional perception that family networks provide fundamental resources for immigrant business establishments, chain-migrants in Atlanta do not show any advantage over non-chain migrants in starting business more quickly or getting a prestigious job without suffering in the marginal sector.

Although previous studies found that class resources reflected by higher educational level constitute a valuable resource for immigrants to establish entrepreneurship (Yoon, 1991; Bates, 1994; Sanders and Nee, 1996), they do not discuss in detail how class resources help establish businesses. In addition, Yoon (1991) discovered in Chicago that educational level is decisive only in the later stage of business development when the size of the business is larger. However, the research presented in this article shows that the class resources based on educational background play a decisive role in the establishment of social networks, which provide valuable resources for business establishment.

In addition, educational background is crucial from the starting point of business establishment by facilitating valuable business information and connections in the community.

Moreover, considering that those with higher educational backgrounds have more dedicated and stronger social networks, and that most business information is acquired through social networks, those with higher educational backgrounds enjoy better conditions in which to start businesses and efficiently utilize resources such as money from Korea. Therefore, the fact that Korean immigrants with higher educational backgrounds start businesses sooner, often immediately, after immigration appears to have been influenced by the social networks based on class resources. Class resources, therefore, are indispensable for social network establishment and social networks in the community profoundly help Korean immigrants in pursuit of entrepreneurship. The organizations in the community enhance individual capacities to establish entrepreneurship by providing places to establish social networks that are crucial for generating resources for business establishment.

Traditional beliefs have been that ethnic resources allow Asian immigrants to become more successful and more prone to be entrepreneurs (Kim and Hurh, 1985). Oftentimes, the ethnic resources include unpaid family labor, frugal attitudes, hard work, or rotating credit associations. However, these ethnic resources are not so crucial for business establishment as they are for business operation. The ethnic resources are important only through giving a competitive advantage over other ethnic or minority groups who do not utilize them. In addition, ethnic resources should be contemplated separately from social networks and family networks instead of putting them all into one concept, for these resources operate distinctively according to their individual characteristics.

If entrepreneurship is truly a pathway for disadvantaged minorities in the USA (i.e. blacks, Hispanics, and women) to get ahead, it is important to find out whether the implementation of networks is also feasible for other disadvantaged groups in society and how we can apply the same or a similar strategy to them.

Note

1. *Southeast Newspaper Weekly* (April 1996).

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