

Enclaves and Entrepreneurs: Assessing the Payoff for Immigrants and Minorities¹

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Self-employment and work in sectors with high concentrations of owners and workers of the same ethnicity have been identified as potential routes of economic success for immigrants. This study uses 1990 census data to assess the effects of self-employment, ethnic employment, and their interaction on the odds of being at work, on number of hours worked, and on earnings of individual members of several representative groups. These groups include Cubans in Miami; African Americans, Puerto Ricans, Koreans, Chinese and Dominicans in New York; and African Americans, Koreans, Chinese, Mexicans and Salvadorans in Los Angeles. Work in ethnic sectors of the economy has no consistent effects, although work in their niche in the public sector offers greater rewards than any other type of employment for African Americans and Puerto Ricans. Findings are mixed for self-employment, and its estimated effect on earnings depends on model specification. We conclude that the self-employed work longer hours but in many cases at lower hourly rates. The effects of self-employment are the same in ethnic sectors as in the mainstream economy.

In the 1960s, a simple dual economy model was a useful device for referring to the concentration of minority workers in certain low-wage industries (Edwards, Reich and Gordon, 1975). The revival of large-scale immigration has highlighted another feature of the twentieth century metropolis: the immigrant proclivity toward small-scale business enterprise as an alternative

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source of livelihood. Select immigrant minorities have secured strong positions as business owners or self-employed workers in certain economic sectors. This is true of the Cubans in Miami (Wilson and Portes, 1980). In New York and Los Angeles, which are the principal centers of immigration in the country, such entrepreneurialism is the basis for some of the largest and most diversified ethnic economies in the country (Logan, Alba, Dill and Zhou, 2000). Two of these have been the subject of well known case studies: the Koreans in Los Angeles (Light and Bonacich, 1988) and Chinese in New York (Zhou, 1992).

We ask what are the impacts of such ethnic economies for the people who are employed in them. More specifically and relevant to current policy debates, do the ethnic enclaves of certain new immigrant groups provide them opportunities to work more steadily or at higher wages than do those African American and Hispanic minorities who remain largely confined to employment niches? Does being a business owner or being self-employed, particularly within the ethnic economy, improve people's labor market outcomes?

THE FORMS OF ETHNIC ECONOMIES

Clearly ethnic economies come in many shapes and sizes (for a critical review of related concepts, *see* Light *et al.*, 1994). The general phenomenon of ethnic clustering in certain parts of the metropolitan labor force is well known, but it can have a variety of sources and consequently develop along various paths. Early immigrants from a particular place of origin may simply discover job opportunities in certain jobs, then generate chain migration into those jobs through ethnic and family social networks. Or they may be recruited directly for certain jobs, sometimes by labor contractors seeking workers in a specific country of origin. Opportunities for small business are sometimes created by the growth of an immigrant community to serve that community in retail and service sectors. Less often, perhaps, entrepreneurs can take advantage of a low-wage, co-ethnic labor force to compete in labor-intensive manufacturing or other activities.

We emphasize the heterogeneity of ethnic economies because their benefits may vary according to the form that they take, and benefits may also be different for workers than for entrepreneurs. As Waldinger (1996b:449–450) concludes in the case of Los Angeles, “Nicheing is pervasive, but not every niche proves rewarding. Some do, notably those concentrations that provide opportunities for self-employment [F]or African Americans, government is an advantageous niche By contrast, Mexicans and Central Americans

seem to have been herded into niches that constitute mobility traps.” Following this reasoning, what matters is not whether a group concentrates in an ethnic economy, but what kind of ethnic economy the group is able to establish. Unfortunately, little previous investigation of labor market outcomes has distinguished between different kinds of ethnic economic incorporation. From the preceding quotation, one might infer that Waldinger expects niches in government or with high levels of self-employment to be advantageous, but other niches to be “mobility traps.” But his empirical work (Waldinger, 1996a, b) studies the effects of all niches, without distinguishing whether group members tend to work for co-ethnic entrepreneurs or for others or whether they are self-employed. Portes and Zhou (1996), as another example, focus on the effects of self-employment, without considering whether entrepreneurship is clustered into ethnic concentrations or in sectors where owners are likely to be able to employ co-ethnic workers. Our purpose is to link labor market outcomes simultaneously to the form of ethnic concentration (its mix of ownership and labor) and the person’s position within it (as an owner or worker).

We focus on three patterns that have been widely recognized and that we call employment niches, ethnic enclaves, and entrepreneurial niches (Logan and Alba, 1999). We identify these patterns based partly on spatial concentration (they apply to specific metropolitan areas), but more specifically on group members’ clustering in certain economic sectors as owners, as workers, or as both owners and workers.²

There are other perspectives from which ethnic economies could be usefully analyzed. Sectoral clustering is, however, the only basis that we are aware of by which ethnic patterns can be operationalized with available census data. In the following section, we define the three patterns (summarized in Figure I); note how they have been discussed by other researchers, and review what is known about the effects of each type on individuals’ labor market outcomes.

Employment niches are economic sectors (defined in our research as industries) where group members are disproportionately represented in the labor force, either in public sector jobs or in private businesses that are typically owned and managed by whites or members of another ethnic group.

²There is a necessary ambiguity in the term “owner” – our data source does not allow us to determine whether a self-employed person actually employs other workers. Therefore, we prefer to refer to this phenomenon as the effect of self-employment, which is measured, rather than ownership, which is the variable that many social scientists have in mind.

Figure I. Four Categories of Economic Sectors

	Concentration of workers	Pattern of ownership
1. Employment niche	Ethnic workers	Public or nonethnic owners
2. Enclave economy	Ethnic workers	Ethnic owners
3. Entrepreneurial niche	Nonethnic workers	Ethnic owners
4. Nonethnic sectors	Nonethnic workers	Nonethnic owners

Gold and Light (1998) refer to this as the “ethnic-accessed economy.” Lieber-son (1980) noted that members of ethnic groups have often congregated in similar jobs through control of labor unions, information about openings, or other privileged participation in labor recruitment (*see also* Model, 1993; Waldinger 1996a). Public jobs have been a particularly important sort of niche throughout this century because of their overall growth and their relative security of employment. Niches in sectors controlled by powerful craft unions have also offered advantages to group members. On the other hand, disproportionate representation of a group in the labor force of a particular industry can also reflect the group’s lack of resources, a ghettoization into undesirable jobs. Jiobu (1988:356) calls this situation “ethnic saturation.” He posits that it “increases the likelihood that minority individuals will find employment.” But where the group lacks control over hiring, firing and business strategy – either due to absence of ethnic ownership or weakness of organized labor – it may result in “low pay, limited upward mobility, little job security, and episodic employment.”

Waldinger’s (1996a:100) analysis of the earnings payoff for working in a group’s employment niche in New York in 1990 shows wide variations among groups (as noted above, however, Waldinger defined employment niches without distinguishing between owner and worker concentrations). Italians, whose niche was mainly in professional and technical sectors by this time, and African Americans, concentrated in public jobs, did better in their niches than outside of them. New immigrant groups, including Chinese, Dominicans and West Indians, earned considerably less in their niche jobs, even after controlling for background characteristics. His analysis of groups in Los Angeles (Waldinger, 1996b) provides similarly variable results.

Wilson (1997) offers another analysis of the effects of employment niches (defined similarly to Waldinger’s study, but taking into account both industry and occupation) on labor market outcomes, pooling data from the 1980 and 1990 PUMS samples for the largest 23 metropolitan areas. Again, working in a group’s employment niche (categorized very broadly as niches of whites, African Americans, Hispanics, and Asians) has variable effects on

wages: positive for whites and Hispanics but negative for African Americans and Asians.

Another ethnic pattern is where group members are concentrated as both owners and workers in certain activities, which we call ethnic enclaves (Logan, Alba and McNulty, 1994). With minor differences, this is what Jiobu (1988) calls "ethnic hegemony," where a sheltered ethnic labor market is combined with ethnic economic control; Light (1996) calls this simply the "ethnic economy." The "middleman minority" business owner, serving another group's consumer market but preferring co-ethnic workers (Bonacich, 1973; Zenner, 1991), is a limited form of ethnic enclave. A broader notion has been developed since the term was introduced by Wilson and Portes (1980): an enclave is a complex of economic sectors, perhaps interrelated among themselves and with a spatially concentrated core area, controlled through ownership by members of an ethnic group who rely especially on a co-ethnic labor force. We lack information on relations among sectors, flows between ethnic and non-ethnic businesses, and fine-grained geography. Most important, we cannot evaluate the extent to which members of an ethnic group are employed by other group members. Our operationalization relies simply on group concentrations in particular sectors as owners and workers, presuming that ownership implies control.

Some authors believe that enclaves provide benefits to both owners and workers. Bailey and Waldinger (1991) suggest that from the employer's perspective a co-ethnic labor force provides assurance that investments in training will be repaid by loyalty and (in one form or another) reduced labor costs. Wilson and Portes (1980) emphasize the advantages to workers: within a sheltered ethnic economy, workers may find employment despite their deficits (such as poor English, lack of formal education, or unfamiliarity with the labor market), while those with better qualifications are more likely to find jobs commensurate with their skills. They may therefore be able to earn more than comparable workers outside the enclave.

Despite speculation about such benefits, there is little supportive evidence to date. Wilson (1997) finds that working in a sector with a higher share of co-ethnic owners and managers – a situation similar to working in an ethnic enclave sector as we define it – has no effect on the odds of joblessness. The wage payoff from an enclave job is also uncertain. Logan, Alba and McNulty (1994) report that most enclaves in 1980 consisted of a thin cluster of economic sectors with low levels of investment and low average wages. Zhou's generally positive portrait of New York's Chinatown acknowledges

that “relative to the mainstream economy, the enclave economy, as a whole, represents the basic characteristics of the broader competitive sector,” including limited earnings (Zhou, 1992:118). Consistent with these observations, Wilson (1997) reports that working in a sector with more co-ethnic owners and managers is associated with lower hourly wages for whites, Hispanics and Asians. Finally, Model (1997) finds that the effects vary by sector and over time. She notes that some enclave sectors in New York from 1940–1970 provided higher than average earnings to employees. This is the case of government in 1940 and 1950, when it was an Irish sector, and apparel manufacturing in 1940 and 1950, when it was Russian. But these sectors offered no income advantage by 1970, when they had passed over to other groups (African Americans and Italians, respectively). And some other sectors (*e.g.*, retail trade) were never advantageous.

A third situation is sectors where the group predominates as owners and self-employed, but without relying particularly on co-ethnic workers (that is, some group members may be employees in these sectors, but the group is overrepresented only as owners). We refer to these as entrepreneurial niches. Another is a former enclave sector where group members were initially present as both owners and workers, but where the paid workforce has undergone an ethnic transition. Light (1996) uses the term “immigrant economy” to describe the special case when immigrant entrepreneurs from one group recruit labor from other, less entrepreneurial immigrant groups. Such cases are acknowledged in the literature (for example, Iranians in Los Angeles studied by Light *et al.*, 1994), but little has been said about how they might affect labor market outcomes.

More interest has been shown in a related question: whether the entrepreneurial activity on which an enclave economy or entrepreneurial niche is based is well rewarded. Most immigrant or minority small businesses operate with relatively low capitalization, relying in part for their profitability on the long hours that self-employed people are willing to commit to work (*i.e.*, self-exploitation). Self-employment may often represent a second-best option for immigrants whose chances for employment in the mainstream labor market are weak (Light and Rosenstein, 1995). For these reasons, one might expect self-employment to offer poor – though perhaps reliable – returns. But if we took into account the obstacles to a better job, such as recent immigration and poor English language ability, we might find that this is a better option than working for others. For these reasons, there is much debate on whether self-employment improves annual earnings (for a more negative view, *see*

Borjas, 1990; Bates, 1997; more positive results are reported by Waldinger, 1996b:451). Portes and Zhou (1996) offer evidence that the conclusion depends on how much weight is given to outlying cases, to very high earners who are more likely to be self-employed. If the log of hourly wages is predicted, self-employment has a negative effect. For non-logged hourly wages, the effect is positive. In other words, somewhat like a lottery, self-employment has a poor average payoff but a high potential one.

We add a new dimension to this question: whether the effects of self-employment are the same in ethnic and non-ethnic sectors of the metropolitan economy. Scholars who disagree on whether the ethnic economy benefits workers (compare Portes and Jensen, 1987 with Sanders and Nee, 1987) agree that location in the enclave economy is advantageous for owners. Recognizing that there are ethnic business owners outside of the ethnic economy, we test this proposition directly.

Our review of concepts and past research provides a basis for several preliminary research hypotheses. We state these from the perspective of the positive effects of ethnic concentrations and self-employment as posited in the work of Portes, supplemented by Waldinger's positive evaluation of the public employment option for minorities.

H1. The best outcomes for ethnic minorities, whether self-employed or employees of others, are found in enclave sectors and entrepreneurial niches. For self-employed this is due to their ability to draw on ethnic business networks and ethnically-based labor recruitment and retention. Employees benefit from privileged access to jobs, training and promotion.

H2. That public employment provides better outcomes than private sector employment niches or the mainstream economy, though not necessarily better than work in an enclave sector or entrepreneurial niche. The sources of benefit are civil service protection (and in some locales also union membership) and the public sector's application of bureaucratic norms in promotion and pay. Of the groups in this study, only African Americans and Puerto Ricans have such niches, presumably because they benefit from affirmative action policies. For these groups, one might think of public employment as a form of ethnic enclave.

H3. Self-employment offers members of minority ethnic groups more steady work and higher earnings than working for others. The advantages are the potential for longer working hours, ability to draw on ethnic and family networks, and flexibility in making use of one's full array of abilities.

H4. The benefits of self-employment are higher in the ethnic economy. The special sources of benefit in enclave sectors are the greater relevance of

ethnicity to business connections and to labor recruitment and retention. The self-employed in enclaves are expected to benefit from both of these. Those in entrepreneurial niches and those (few) in employment niches may benefit from only one or the other. By contrast, self-employed persons outside the ethnic economy may derive no benefit, but only costs, from their ethnicity.

We evaluate these hypotheses with respect to three different outcomes. If there were consistent evidence supporting any hypothesis for all three – being at work, hours worked, or wages – the hypothesis would be fully confirmed. Because we study several groups in two different regions, it would be surprising if any hypothesis were supported for all groups and all outcomes. Rather, we will look for a pattern in which similar results are found for more than one predictor, more than one outcome, or more than one group.

RESEARCH DESIGN

The first question of research design – whom to study – carries many implications. For simplicity one would prefer a very limited number of groups, but for generalizability it is necessary to have both ethnic and geographic variation. Because of its importance as a prototype for the concept of economic enclave, we begin with an examination of Cubans in the Miami-Hialeah metropolitan area (to maximize sample size, we study the CMSA, including Ft. Lauderdale). Then we turn to several of the largest immigrant and minority groups in the New York and Los Angeles-Long Beach metropolitan areas (PMSAs). Koreans and Chinese are included in both metropolitan regions as representatives of the strongest nonwhite ethnic economies. To represent large immigrant groups believed to have weaker ethnic economies, we include Dominicans in New York and Mexicans and Salvadorans in Los Angeles. Finally, to provide comparative information on mainly nonimmigrant minority groups, we study African Americans in both regions and Puerto Ricans in New York.

We rely on census categories of race to identify African Americans (selecting only those who are non-Hispanic), Koreans and Chinese; we rely on categories of Hispanic origin to identify Puerto Ricans, Mexicans, Dominicans and Salvadorans. Samples include both immigrants and persons born in the United States, and nativity is included as a control variable in all the multivariate models (though not reported in Tables 5–8). The relevance of this variable differs among groups. Among Chinese, Koreans, Dominicans and Salvadorans, no more than 3 percent of the sample is U.S. born; most are immigrants from before 1985. Among Mexicans and Puerto Ricans, 30–40

percent of men and a slightly higher share of women were born in the United States (and not in Puerto Rico). There is a sizeable share (38% of men and 35% of women) of foreign-born blacks in New York; these are primarily Afro-Caribbeans, who have been shown in some studies to have better labor market success than the U.S. born (Model, 1995; Kalmijn, 1996). The foreign born are less than 5 percent of blacks in our Los Angeles sample.

For each group, we separately estimate models for men and women. Most previous research has considered men only. But as we shall see, women are more than a third of the labor force for all of the groups studied here, and they constitute a majority among African Americans. Therefore it would be a mistake to ignore the situation of women workers. Zhou (1992) found that human capital returns for Chinese immigrant women in New York were much lower than for men; it is plausible that comparable gender differences might be found in returns to employment in ethnic sectors or to self-employment.

Because we will estimate so many equations and make so many comparisons across groups (and by gender), it may be helpful to state at the beginning how we will interpret the results. The key cases for much of the ethnic economy literature are the Cubans, Koreans and Chinese. It is for them, if for anyone, that location in an ethnic sector, and/or self-employment, should have positive returns. We will look for a pattern of statistically significant effects for any one of these groups, starting with Cubans, for both men and women, in any region. We will then turn to the other groups (African Americans, Puerto Ricans, Mexicans, Dominicans and Salvadorans) to see whether their experiences are consistent with, or contradictory to, results for the first set.

DEPENDENT VARIABLES

We analyze three outcomes of interest: whether group members are currently working; the number of hours that they work; and their annual earnings. Information on the distribution of these variables for all groups studied here is provided in Table 1.

Current work status is important because the minimal positive claim for ethnic economies is that they provide jobs to group members who might otherwise be unemployed. To study whether people currently work, we begin with a sample of all persons aged 25–64 who have ever worked in the last five years in the civilian labor force. Our choice is guided by characteristics of the 1990 census data on which we rely. The census probes for people's "class of worker" (*i.e.*, self-employed, etc.) and industry, even if they are currently not

TABLE 1
SAMPLE SIZES AND CHARACTERISTICS

	Miami			New York			Los Angeles				
	Cuban	Chinese	Korean	African		Puerto Rican	Dominican	Chinese	Korean	American	
				African	American					African	American
Males											
Age 25-64 ^a	164,810	74,120	23,584	458,587	202,175	79,094	68,547	39,691	234,402	592,606	64,387
Worked in last 5 years	156,799	69,823	22,249	408,175	170,891	69,950	61,980	36,947	205,398	562,818	62,124
Worked last week	137,202	59,746	19,722	308,803	130,473	54,108	53,897	33,025	154,312	479,145	52,831
% worked last week ^b	87.5%	85.6%	88.6%	75.7%	76.3%	77.4%	87.0%	89.4%	75.1%	85.1%	85.0%
Earnings sample ^c	132,568	57,718	18,066	290,689	123,132	49,720	52,137	30,872	146,351	455,980	49,476
Average hours	2,105	2,104	2,293	1,939	1,975	1,968	2,056	2,168	2,007	1,973	1,895
Average earnings	25,914	23,677	25,139	26,101	24,274	18,909	33,796	33,581	29,804	21,252	14,995
Females											
Age 25-64 ^a	170,684	75,020	23,142	604,936	252,719	99,718	75,026	44,541	272,469	545,460	73,080
Worked in last 5 years	135,110	62,102	16,916	501,521	148,794	67,685	56,752	32,567	220,735	386,161	58,321
Worked last week	106,893	50,468	13,213	382,889	105,000	42,906	45,542	24,898	166,481	278,489	43,296
% worked last week ^b	79.1%	81.3%	78.1%	76.3%	70.6%	63.4%	80.2%	76.5%	75.4%	72.1%	74.2%
Earnings sample ^c	101,506	48,307	11,515	361,634	97,877	39,006	42,972	21,946	157,410	257,323	39,142
Average hours	1,882	1,943	2,028	1,826	1,753	1,747	1,860	1,992	1,871	1,773	1,728
Average earnings	17,467	19,133	21,282	22,624	19,650	14,247	23,487	22,153	23,521	15,964	10,310

^aPopulation age 25-64 less military employed.

^bPercent that worked last week of those who worked in the last 5 years.

^cAge 25-64, worked at least 160 hours last year, and had a positive income last year.

in the labor force, if they have worked in the last five years. Because these characteristics are essential to our analysis, people with no work history, because they never desired to work or could never find work, are excluded. Among those who have ever worked in the last five years, we predict whether the person was employed and at work in the previous week. Those not at work could have been employed but not working in that particular week, or they could have been unemployed or no longer in the labor force. Because the definitions of these latter categories may not always be clear to respondents, and because in many cases information was reported about people by another household member, we consider the dichotomy of "at work" vs. "not at work" to be the most reliable treatment of this variable. This operationalization catches the unemployed, the "hidden unemployed" of discouraged former job seekers, and the underemployed (working some weeks but not others) in the same net.

Table 1 lists the total number of men and women in each group within the age range that we study (ages 25–64, not employed by the military) who have worked in the past five years and for whom class of worker and industry are available and the number of the latter group who were at work in the last week (for reference, it also provides the total number of persons in this age group, which allows readers to calculate overall rates of labor force participation). Among men, groups fall roughly into two categories. Only 75–77 percent of African Americans, Puerto Ricans and Dominicans worked in the last week, while 85–89 percent of Chinese, Koreans, Mexicans and Cubans did so. By this measure of "steady work," the latter immigrant groups performed significantly better. Among women, there is a more graduated hierarchy of groups: the lowest rates of work are for Dominicans, Puerto Ricans and Mexicans; African American and Salvadoran women are barely distinguishable from Korean women; and Chinese and Cuban women are slightly more likely to be at work.

Other dependent variables are hours worked and earnings. The benefit of higher earnings is self-evident. Working hours are subject to varying interpretations. Our view is that the possibility for a full-time person to work steadier hours around an average of 2,000 hours per year (40 hours per week for 50 weeks) is a benefit; those who cannot find this much work suffer a handicap in earning a living. There are, on the other hand, extremes of overwork, and the combination of long hours at a low hourly wage is not necessarily desirable.

Hours worked is an annual total. Earnings are the sum of wage/salary

and self-employment income in 1989. Like Portes and Zhou's study of earnings (1996), our analyses of hours worked and earnings are limited to persons aged 25–64 who worked above a minimal threshold of working hours (160 hours per year) and earned a positive income in the past year. Table 1 shows the size of this population for each group (referred to in the table as the "earnings sample," because it is from this population that we drew the samples for studying working hours and earnings), as well as their mean hours worked and earnings. This sample excludes most retired persons, as well as casual workers and those not in the labor force at all. A small number of people who may be family workers, people working over 160 hours but reporting no income, are also excluded (ranging up to about 4% of Korean women who would otherwise be part of the study).

Korean men in New York and Los Angeles, Chinese men in New York, and Cuban men in Miami have the highest average working hours of any group. Their longer working hours add to the advantage in rates of labor force participation as shown above. However, Chinese and Mexican men in Los Angeles, though they were more likely than most other groups to be at work in the last week, are found to work about the same average annual hours as African American, Puerto Rican, and Dominican men, with Salvadorans not far below. Among women, Koreans also stand out, but African American, Chinese and Cuban women work similar hours to one another. It is Puerto Rican, Dominican, Mexican and Salvadoran women who work the least hours.

Given these fairly consistent hierarchies in terms of steady employment, it is surprising that the averages for earnings follow a different order. African American men and women have among the highest annual earnings, compared to other groups. (African American men are the highest earners in New York, and African American women in both regions have the highest earnings compared to women in other groups in the same region; the same finding holds even if Afro-Caribbean blacks are not included). The lowest values, sharply lower than all other groups, are found for Dominicans, Mexicans and Salvadorans. This result is a useful reminder that working more does not necessarily mean earning more. Another possibility is that the reported earnings of some groups do not reflect their real earnings, an endemic problem in studies of the self-employed and of groups who participate in underground economies. Of the dependent variables that we study here, earnings may be the one with the largest share of random or nonrandom error in measurement.

PREDICTORS

One key independent variable is employment in an ethnic sector of the economy. This is a set of dummy variables based on analyses of each group's sectoral concentrations as owners and/or workers in particular economic sectors. Overrepresentations are calculated as odds ratios, applying the methodology introduced by Logan, Alba and McNulty (1994). For this purpose, all private-sector workers, male and female, in each metropolitan area (MSA) have been classified by type of worker (owner or self-employed versus employed by somebody else, including unpaid family workers) and by industry sector (a recombination of two-digit industry codes into 47 categories). The odds ratio for "owners" is the ratio of the odds of a group member being an owner or self-employed in a particular sector (versus being an owner or worker in any other sector) to the odds of a non-group member being an owner in this sector (versus being an owner or worker in any other sector). The odds ratio for "workers" is the equivalent ratio for being a worker. These measures have the advantages of being independent of the sizes of groups and of industry sectors, as well as not being affected by the overall distribution of owners across sectors. An odds ratio of 1.00 indicates that a group is neither overrepresented nor underrepresented in a sector. Following current practice, we identify instances in which the value is 1.50 or above (and where the unweighted sample size for the group in that cell is at least 3) as "concentrations."³

This approach to identifying ethnic sectors is practical, and its results turn out to fit well with fieldworkers' sense of the core sectors of ethnic economies that have been studied more closely. Yet it has inherent limitations. It counts people as working in an ethnic enclave, based on their industrial sector, who actually may be employed by a member of some other group, working far from the enclave's geographic hub, and for a business that has no contacts with enclave firms. Equally, it fails to count as enclave participants some people whose businesses are tightly enmeshed in ethnic networks because their industrial sector is atypical for their group. It would be preferable to identify ethnic sectors based upon intensive field studies in each metropolitan area and to be able to take into account directly the ethnicity of each firm's owners and workforce. Such data are not now publicly available, pre-

³For the exact odds ratios in each sector for the groups studied here, see Logan and Alba *et al.*, 1999. One might wish to use the odds ratios themselves as predictors. It is intuitively appealing to distinguish between very high concentrations and those that barely meet the cutoff. But it is not clear what one would expect from differences in the range below 1.5 or 1.0, or how to model such effects.

TABLE 2
DISTRIBUTION ACROSS CATEGORIES OF EMPLOYMENT

	Miami				New York				Los Angeles															
	Cuban		Chinese		Korean		African American		Puerto Rican		Dominican		Chinese		Korean		African American		Mexican		Salvadoran			
Males	25,800	6,985	4,949	15,314	5,819	4,896	9,628	11,603	11,308	33,445	2,874													
Self-employed	9,578	18,325	7,324	31,911	—	6,793	8,498	7,280	18,156	15,752	2,319													
Ethnic enclave	45,492	4,358	4,057	28,146	—	4,105	22,412	14,394	14,266	—	242													
Entrepreneurial niche	5,691	747	—	26,671	10,173	11,525	1,413	—	26,509	230,897	14,937													
Employment niche	—	—	—	79,912	27,319	—	—	—	36,497	—	—													
Public worker	71,807	34,288	6,685	124,049	85,640	27,297	19,814	9,198	50,923	209,331	31,978													
Other	132,568	57,718	18,066	290,689	123,132	49,720	52,137	30,872	146,351	455,980	49,476													
Total																								
Females	7,671	2,728	2,381	7,654	2,342	1,581	4,292	5,973	5,343	11,374	2,990													
Self-employed	13,267	16,068	5,298	85,522	—	1,174	9,935	6,523	37,649	1,426	5,158													
Ethnic enclave	16,762	2,505	2,670	8,523	—	538	14,242	8,839	8,451	—	1,202													
Entrepreneurial niche	9,327	2,229	—	65,522	5,811	14,232	1,453	—	30,911	74,465	16,013													
Employment niche	—	—	—	117,703	27,344	—	—	—	50,043	—	—													
Public worker	62,150	27,505	3,547	84,364	64,722	23,062	17,342	6,584	30,356	181,432	16,769													
Other	101,506	48,307	11,515	361,634	97,877	39,006	42,972	21,946	157,410	257,323	39,142													
Total																								

Notes: These cases are age 25-64, worked at least 160 hours last year, and had a positive income last year.

— This group not overrepresented in this sector.

venting us from testing Portes' notion of the ethnic enclave economy more directly.

A different approach is taken to civilian public employment, which does not fit an "owner/worker" categorization. The odds ratio for public employment is the ratio of the odds that a group member is a public employee (compared to an owner or worker in any other sector) to the odds that a non-group member is a public employee (compared to an owner or worker in any other sector). We consider odds ratios above 1.50 as evidence of an employment niche in the public sector.

Based upon these odds ratios, we define an ethnic enclave to include all industrial sectors where group members are concentrated as both owners and workers. An employment niche is all sectors where they are concentrated only as workers, and an entrepreneurial niche is all sectors where they are concentrated only as owners. A public employment niche exists if the group is concentrated as workers in the public sector. By our measure, public employment is defined as a niche for African Americans in New York and Los Angeles and for Puerto Ricans in New York. We will refer to the "ethnic economy" as the sum of these ethnic sectors and to the remaining sectors as the "mainstream" (or non-ethnic) economy. Of course, what is "mainstream" for one group may be "ethnic" for another. Table 2 describes the distribution of the labor force across these categories for group members whose hours and earnings are studied here (for reference, the specific industry sectors by category for every group are listed in the Appendix Table; note that in some cases these sectors employ only a small number of group members and therefore have correspondingly smaller weight in our analyses).

As has been reported by other researchers, self-employment is extraordinarily high for Cuban men in Miami (near 20%), and it is even higher (up to 38%) for Korean men and women in both New York and Los Angeles. It reaches nearly 20 percent for Chinese men in Los Angeles, though it is closer to 10 percent for this group in New York. It approaches 10 percent for Dominican men, but it is substantially lower for African Americans, Puerto Ricans, Mexicans and Salvadorans.

We find that every group has at least a substantial minority of its members working in an ethnic economy as we have defined it, but the specific pattern varies greatly across groups. The main distinction is between those with large enclave and entrepreneurial components and those primarily in public or private employment niches. Compared to all other groups, Chinese and Koreans in New York have the largest shares of employment – a third or more – in their enclave sectors. In Los Angeles these two groups stand out more for

their entrepreneurial niches. The entrepreneurial niche is also the largest sector for Cuban men (34%), though much smaller for Cuban women. Hence, as we have defined it, the Cuban ethnic economy in Miami is primarily based on entrepreneurship in sectors where Cuban workers are not disproportionately employed.

The shares in enclave or entrepreneurial niches are much lower for other groups; Puerto Ricans have none of either type, while Mexicans have no entrepreneurial niche. One surprising finding is that quite a large share, nearly a quarter, of African American women in New York are in what we have categorized as enclave sectors. On closer inspection, we find that most are in the non-public hospital sector. This case does fall within our definition of an enclave sector, though it is unusual because it has a very large workforce and few self-employed or business owners (indeed, only 1% of African Americans in this sector are classified as self-employed or owners). The hospital sector might be better thought of as a “pseudo-public” sector, because government has at least indirect control of most hospitals in New York. Social services, the other African American enclave sector in New York, has this same characteristic. As we report results for the effect of “enclave sector” employment for African Americans in New York, below, readers may prefer to think of this category as another form of “public” employment.

The less entrepreneurial groups do have large shares in private and public sector employment niches. For African Americans in both regions, these sectors employ between a third and half of the active labor force, more in the public than in the private sector. Puerto Ricans have a similar pattern, though with somewhat smaller percentages. Some other groups – Mexicans, Salvadorans and Dominicans – have large shares concentrated in private sector employment niches. In contrast, employment niches are of little importance for Koreans, Chinese and Cubans.

In the multivariate models below, four dummy variables represent working in an enclave sector, entrepreneurial niche, employment niche, or in the public sector (included only in the African American and Puerto Rican models). Working elsewhere, referred to as “mainstream sectors,” is the reference category.

Self-employment is measured to include both the self-employed and business owners, in contrast to wagedworkers in civilian occupations. We estimate the direct effects of self-employment on being at work, hours worked and earnings. We also test whether self-employment has different effects in different kinds of industrial sectors by introducing a series of interaction

terms, estimating the effects of self-employment in combination with enclave, entrepreneurial niche and employment niche employment. In some equations, where an interaction term would be based on less than 25 cases as either self-employed or non-self-employed in a type of sector, the coefficients are omitted from the reported results. There is, of course, no interaction term with public employment.

Other independent variables are introduced as control variables and are coded to match the models estimated by Portes and Zhou (1996). In the following tables, the coefficients for control variables are provided only in the Cuban equations; they were generally the same in equations for other groups. Marriage is a dummy variable distinguishing those currently married from single, divorced and widowed persons. Living with children is a dummy variable identifying those who live in a household with children under the age of 18. Age is a modification of actual age, used in the literature to impute years of work experience; it is age minus years of schooling. Because many people in our sample may not have worked continuously in their adult years, we refer to this variable simply as age. Occupation is represented by a dummy variable for executive, managerial, administrative or professional occupations, and another dummy variable is for technician and precision production occupations. Education is represented as a set of dummy variables for some high school, some college and some post-graduate education based on number of years of schooling, with less than eight years as the reference category. English language ability is a dummy variable contrasting those who speak English only or well with those who speak English poorly or not at all. Immigration is included as a contrast between the most recent immigrants (those arriving in the previous 5 years), earlier immigrants and those born in the United States (the reference category).

There is disagreement over the most appropriate way to represent earnings as a dependent variable. Our earnings equations use annual earnings and include hours worked as a predictor. This is equivalent to an alternative specification, where the dependent variable is earnings per hour. We prefer this form because it explicitly calls attention to the importance of hours worked as a predictor of total earnings. Portes and Zhou (1996) point out that there may be a question about the causal relation between hours worked, earnings and self-employment (*see also* Petersen, 1989). Very likely, self-employment increases working hours: "Entrepreneurs may be less constrained than are salaried workers in their choice of work hours and, given a satisfactory return, are willing to put in extra work effort" (Portes and Zhou, 1996:221). Hours

worked could affect self-employment if people's expectations about the long hours required to run a small business affected their decision of whether to open one. Hours worked could be affected by hourly earnings, though the direction of the effect is unclear: one might be eager to work more hours if the rate was high, but at the same time, one might be forced to work more hours if the rate was low. Similar issues may arise in regard to working in an ethnic sector of the economy. Such work might result in greater hours but lower hourly wages; lower wages might result in working more hours.

Our models assume that self-employment and ethnic employment may affect hours worked and that both of these predictors (and their interaction) and hours may affect total earnings. In future studies using longitudinal data these assumptions could be tested directly.

Another measurement issue is whether to use the logged or non-logged value of earnings as the dependent variable. Portes and Zhou (1996) use both, and we also estimate both forms of the model. There are strong statistical reasons to prefer the logged models: non-logged earnings depart more substantially from normality as indicated by the Jarque-Bera test (Jarque and Bera, 1987). There are also substantive differences between the two model specifications, and these are clearly associated with the importance given to outliers among the self-employed. As an example, among Cubans in our Miami PUMS sample, only 0.6 percent of non-self-employed men reported incomes over \$180,000; 2.2 percent of self-employed men had incomes this high (and several were over \$300,000). These outliers are theoretically important, because they may be quite influential in their communities. They "can have social and economic effects on their communities that go well beyond purely individual success" (Portes and Zhou, 1996:228). The logged models give less importance to such cases, reflecting the experience of more typical group members. The findings in non-logged models, on the other hand, are very much influenced by outliers. In our presentation of results, if there is a negative effect on logged income but a positive effect on non-logged income, we will describe this combination as an "overall disadvantage" apart from "exceptional" cases. It would not be accurate, in our view, simply to report that the findings are "mixed" in that event.

The tables present unstandardized regression coefficients. We estimated multivariate models using weighted cases (adjusting the weights so that the final weighted sample was the same size as the initial unweighted sample). In order to compensate for great differences in the size of groups, which influence tests of statistical significance, the final weighted N is limited to 10,000. We would not wish to accept a null hypothesis for one group and reject it for

another only because the samples were of vastly different sizes. Still, models for smaller groups such as Koreans and Chinese tend to have higher standard errors for coefficients than do larger groups such as African Americans and Mexicans.

THE CUBAN ENCLAVE IN MIAMI

We begin with a review of the paramount example of an ethnic economy, that of Cubans in Miami. What are the effects of self-employment or location in an ethnic sector on the probability of working, on hours worked and on earnings in this case? The relevant results are presented in Tables 3 (for men) and 4 (for women).

The first column of each table reports a logistic regression model for Cubans who have worked in the last five years, predicting the odds of being at work in the previous week. The probability of working is closely tied to occupational level; for women, it is also related to higher education and better English language facility. Recent immigrants suffer no disadvantage compared to natives or more established immigrants. The effects of demographic variables depend on gender. Among men, working is positively associated with being married, having children and being younger. Among women, it is negatively associated with marriage and children and unrelated to age. Most relevant to our inquiry, there is no effect of self-employment or of being in an ethnic sector of the economy and no interaction effects for either Cuban men or Cuban women.

The second column of Tables 3 and 4 reports a multiple regression model predicting hours worked last year (scaled in 100s of hours) for those who worked at least 160 hours and earned at least \$500 during the year. Human capital variables have strong effects in this equation: there are large benefits to higher occupational levels, higher education (except for women) and English language facility. For men, there is a substantial disadvantage to recent immigrants; among women, earlier immigrants work the most hours. Age has no effect for either gender. Consistent with the previous model, men who are married and have children work longer hours; the opposite effects are found for women.

Self-employment substantially increases working hours (by as much as 90 hours per year) for both men and women. But it is self-employment in general, rather than work in ethnic sectors of the economy, that pays off in more steady employment. There are no main or interaction effects of ethnic sector for men, and there are mixed effects for women (a positive effect of

TABLE 3
PREDICTING LABOR MARKET OUTCOMES FOR CUBANS IN MIAMI-HIALEAH - MALES

	Log-odds of working last week	Hours worked last year (in 100s)	Yearly Earnings (logged)	Yearly Earnings (non-logged)
Miami	—	—	—	—
Occupation				
Other	—	—	—	—
Exec-Manager-Admin-Prof.	0.271 (0.131)	0.777 (0.227)	0.248 (0.023)	10064 (776)
Technician-Precision Production	0.480 (0.189)	0.842 (0.319)	0.087 (0.032)	853 (1088)
Education				
Grammar School	—	—	—	—
Some High School	0.059 (0.115)	0.379 (0.258)	0.086 (0.026)	1221 (880)
Some College	0.243 (0.141)	1.078 (0.295)	0.377 (0.030)	8477 (1009)
Some post-graduate	0.335 (0.244)	1.600 (0.430)	0.605 (0.044)	22572 (1469)
Speaks English well	0.170 (0.100)	1.080 (0.213)	0.231 (0.022)	5987 (728)
Immigration Status				
U.S.-born	—	—	—	—
Pre-85 immigrant	0.117 (0.190)	0.464 (0.356)	0.053 (0.036)	1642 (1214)
Post-85 immigrant	-0.203 (0.234)	-1.535 (0.494)	-0.291 (0.050)	-3828 (1686)
Married	0.635 (0.091)	1.551 (0.200)	0.245 (0.020)	5025 (687)
HH with children	0.192 (0.091)	0.492 (0.180)	0.050 (0.018)	3017 (614)
Age	-0.120 (0.041)	0.058 (0.084)	0.027 (0.008)	1152 (286)
Yearly hours (in 100s)				
Self-employed	0.292 (0.161)	0.910 (0.280)	0.047 (0.001)	817 (43)
Enclave	-0.159 (0.161)	0.613 (0.347)	0.014 (0.028)	9088 (956)
Entrepreneurial niche	-0.124 (0.097)	-0.330 (0.203)	-0.011 (0.035)	-745 (1184)
Employment niche	0.130 (0.238)	-0.279 (0.424)	0.054 (0.021)	1343 (693)
Self x Enclave	0.397 (0.606)	0.141 (0.965)	0.059 (0.043)	211 (1446)
Self x Ent. Niche	0.006 (0.230)	-0.128 (0.428)	-0.293 (0.098)	-9719 (3291)
Self x Emp. Niche	^a	^a	-0.137 (0.043)	-9612 (1459)
Public Employee	^b	^b	^b	^b
Constant	1.679 (0.245)	17.531 (0.494)	8.126 (0.055)	-13204 (1843)
Goodness of fit ^c	169.5	.049	.370	.258
	7,270	6,449	6,449	6,449

Notes: ^a The coefficients for these cells are omitted because they are based on less than 25 cases.

^b This group not overrepresented in this sector.

^c Likelihood ratio for logistic regression model and R-square for OLS models.

— Reference category

TABLE 4
 PREDICTING LABOR MARKET OUTCOMES FOR CUBANS IN MIAMI-HIALEAH - FEMALES

	Log-odds of working last week	Hours worked last year (in 100s)	Yearly Earnings (logged)	Yearly Earnings (non-logged)
Miami	—	—	—	—
Occupation				
Other				
Exec-Manager-Admin-Prof.	0.438 (0.116)	0.613 (0.222)	0.307 (0.021)	6548 (424)
Technician-Precision Production	0.162 (0.160)	0.859 (0.355)	0.121 (0.033)	2133 (675)
Education				
Grammar School	—	—	—	—
Some High School	0.210 (0.115)	-0.238 (0.289)	0.045 (0.027)	409 (550)
Some College	0.261 (0.135)	0.157 (0.326)	0.242 (0.031)	3729 (620)
Some post-graduate	0.800 (0.257)	-0.036 (0.464)	0.500 (0.044)	12053 (882)
Speaks English well	0.330 (0.094)	0.513 (0.226)	0.279 (0.021)	4509 (431)
Immigration Status				
U.S.-born	—	—	—	—
Pre-85 immigrant	0.179 (0.159)	0.713 (0.340)	0.030 (0.032)	528 (647)
Post-85 immigrant	0.020 (0.214)	-0.830 (0.521)	-0.260 (0.049)	-3063 (992)
Married	-0.287 (0.082)	-0.373 (0.176)	-0.004 (0.016)	-240 (334)
HH with children	-0.193 (0.081)	-0.879 (0.180)	0.007 (0.017)	106 (344)
Age	0.028 (0.041)	-0.136 (0.089)	-0.048 (0.008)	-578 (169)
Yearly hours (in 100s)				
Self-employed	0.086 (0.164)	0.828 (0.354)	0.060 (0.001)	679 (27)
Enclave	-0.123 (0.112)	0.505 (0.277)	-0.090 (0.026)	2573 (675)
Entrepreneurial niche	-0.121 (0.106)	-0.696 (0.240)	-0.046 (0.023)	-580 (527)
Employment niche	0.178 (0.150)	1.234 (0.298)	0.029 (0.028)	140 (458)
Self x Enclave	-0.421 (0.431)	-1.065 (1.121)	-0.066 (0.105)	-402 (569)
Self x Ent. Niche	-0.459 (0.389)	-0.969 (1.014)	0.041 (0.095)	-2273 (2134)
Self x Emp. Niche	—	—	—	-1164 (1931)
Public Employee	—	—	—	—
Constant	1.357 (0.234)	18.513 (0.522)	8.061 (0.055)	-1535 (1112)
Goodness of fit ^c	103.2 6,009	.023 4,982	.473 4,982	0.331 4,982

Notes: ^aThe coefficients for these cells are omitted because they are based on less than 25 cases.

^bThis group not overrepresented in this sector.

^cLikelihood ratio for logistic regression model and R-square for OLS models.

— Reference category

working in the employment niche, but a negative effect of working in the entrepreneurial niche).

Our analysis of earnings is reported in the third and fourth columns of these tables. Here, as noted above, hours worked in the past year is included as an additional predictor. In the logged models, the effect of each independent variable can be interpreted readily as the percentage increase in earnings associated with a unit change in the predictor. As expected, in both versions of the earnings model there are strong and significant effects of occupation, education, immigration and English language facility for both men and women. Older married men and those with children have higher earnings. Older women earn less, while marital status and living with children have no effect on their earnings. Hours are, of course, a very strong predictor of earnings: every hundred hours worked increases annual earnings by about 5 percent or \$700–800.

Our main interest is in the effects of self-employment and ethnic sector. Here the results depend on the model specification. For logged earnings, the effects are mainly negative. Among women, the outcome is simple: the self-employed earn less, and there are no effects of working in an ethnic sector. The presence of some significant interaction terms complicates the results for men. First, there is no main effect of self-employment. Second, being in the entrepreneurial niche increases earnings by 5 percent, but this result holds only for the few workers in this category. The large but negative interaction term of entrepreneurial niche with self-employment implies that the self-employed in this sector earn about 10 percent less than those in the general reference category (workers in the mainstream economy). Third, the negative interaction term of enclave sector with self-employment indicates that the self-employed in this sector earn nearly 30 percent less than workers in the enclave or workers/self-employed in the mainstream economy.

In the non-logged model, results for women are reversed: self-employment has a positive effect, while ethnic employment still has no effect. For men, the result again is complicated by interaction effects. For persons in the mainstream economy (the reference category), self-employment offers an advantage in earnings. In both the enclave and the entrepreneurial niches, however, there is no net effect of self-employment (that is, the main effect is counterbalanced by a negative interaction term of equal size).

Taking these results together, we find that there are, if anything, negative effects of being in an ethnic sector of the economy and no disadvantage (indeed, some advantage for women) of the employment niche compared to

the mainstream economy. Hypothesis 1 is thus not supported. Self-employment is beneficial for Cuban men and women by contributing to total hours worked. In this way it indirectly (but substantially) increases earnings. However the direct effect of self-employment on earnings appears only for exceptional cases (that is, in the non-logged model), and it does not apply even here to all sectors. For the bulk of Cubans (as shown in the logged model), the effects are negative for women and also negative for men in some sectors. Hence, Hypothesis 3 is given only mixed support. Finally, the only evidence that the effects of self-employment differ across economic sectors is found in the earnings equations for men. Here the results contradict Hypothesis 4: in both versions of the earnings model, self-employment has the least benefit for men in the enclave or entrepreneurial niche.

IMMIGRANT AND MINORITY GROUPS IN NEW YORK AND LOS ANGELES

We now turn to a larger set of immigrant and minority groups, seeking to generalize beyond the Cuban experience in Miami. Do immigrant groups in New York and Los Angeles – or at least, do some groups such as Koreans and Chinese who are often considered to be especially advantaged by their ethnic economies – get greater benefits from ethnic jobs than do Cubans? Is self-employment beneficial mainly in terms of working hours for these groups, as for Cubans, or is there also a broader payoff in earnings? What is the parallel situation for those groups that are generally considered to be disadvantaged in the labor market: African Americans in both regions, Puerto Ricans and Dominicans in New York, and Mexicans and Salvadorans in Los Angeles? Does self-employment ever pay off for them? How does work in ethnic sectors of the economy affect them? Is there any advantage from their limited enclave or entrepreneurial sectors? Are they particularly disadvantaged in their private sector employment niches? Does public employment (for African Americans and Puerto Ricans) enhance their outcomes from work?

Results of multivariate models for men and women are presented in Table 5 (for working last week), Table 6 (for hours worked), Table 7 (for logged earnings) and Table 8 (for non-logged earnings). Because of the large number of groups analyzed in this portion of the study, we provide only the coefficients for the key self-employment and ethnic sector variables. Among the control variables, indicators of human capital are almost uniformly positively associated with earnings and, in many cases, also with hours worked. New immigrants tend to be disadvantaged. The effects of these variables on

working last week, however, are scattered and in mixed directions. Family variables (marriage and living with children) tend to have positive effects for men, but negative or null effects for women. In the equation for earnings, hours worked is always a prime predictor.

Results for Entrepreneurial Immigrants: Chinese and Koreans

The first two columns in every table provide results for the Chinese and Koreans, the most entrepreneurial of the immigrant groups studied in New York and Los Angeles. As shown in Table 5, self-employment does not enhance the odds of working last week – our indicator of whether they actually have jobs – for Chinese or Korean men or women in either metropolis. There are some scattered effects of ethnic sectors, however. For example, working in the enclave has a positive effect for Korean men and women in New York (though not in Los Angeles).

Self-employment and being in ethnic sectors have more consistent and mostly positive effects on hours worked, particularly for men. The simplest case is that of Chinese men in New York. Self-employment itself increases hours worked by over 400 hours (about a 20% increase over the mean). In addition, working in any type of ethnic sector adds 200–500 hours for these men. The results are more selective for Chinese men in Los Angeles because the effects are interactive. For them, the combination of self-employment and being in the enclave or entrepreneurial niche strongly increases hours worked, but there is a negative effect (for both owners and workers) of being in the employment niche compared to being a worker in the mainstream economy. Other positive effects are found for Korean men from working in the enclave or entrepreneurial niche in New York and from being self-employed and in the enclave (and especially of combining both attributes) in Los Angeles. The models for Chinese and Korean women display a less clear pattern, but there is evidence of a positive effect of being in enclave sectors for Korean women in New York and of the combination of self-employment and working in the enclave for Korean and Chinese women in Los Angeles. Hence we see these findings as a mirror of our results for Cubans: business ownership and the ethnic economy may not increase the odds of working, but they increase working hours for those who do have jobs. In terms of working hours, there is support for Hypotheses 1, 3 and 4.

In contrast to these benefits in working hours, the results for (logged) annual earnings are largely neutral (for Koreans) or negative (for Chinese). For Korean men and women in Los Angeles, there are no significant effects

TABLE 5
LOGISTIC REGRESSION MODELS PREDICTING WORKING LAST WEEK VS. NOT WORKING LAST WEEK

	Chinese	Korean	African American	Puerto Rican	Dominican
New York - Males					
Self-employed	0.544 (0.322)	-0.010 (0.469)	-0.402 (0.129)	-0.387 (0.152)	-0.362 (0.247)
Enclave	-0.315 (0.162)	0.881 (0.346)	0.349 (0.102)	^b	0.323 (0.193)
Entrepreneurial niche	0.831 (0.386)	0.418 (0.340)	0.287 (0.108)	^b	0.332 (0.291)
Employment niche	0.820 (0.765)	^b	0.123 (0.096)	-0.292 (0.117)	-0.149 (0.134)
Self x Enclave	0.211 (0.581)	-0.240 (0.660)	^a	^b	0.364 (0.528)
Self x Ent. Niche	-0.331 (0.886)	5.828 (9.419)	0.460 (0.302)	^b	0.310 (0.512)
Self x Emp. Niche	^a	^b	0.114 (0.449)	^a	^a
Public Employee	^b	^b	0.344 (0.068)	0.397 (0.101)	^b
Constant	2.828 (0.399)	2.073 (1.061)	0.613 (0.258)	0.561 (0.179)	1.428 (0.407)
Likelihood ratio	67.3 (df=18)	35.0 (df=16)	498.2 (df=19)	218.9 (df=15)	67.7 (df=18)
N of Cases	2,638	843	10,000	5,761	2,339
New York - Females					
Self-employed	-0.527 (0.325)	2.322 (1.235)	-0.147 (0.230)	0.183 (0.246)	-0.333 (0.371)
Enclave	0.088 (0.180)	0.876 (0.292)	0.129 (0.074)	^b	0.216 (0.388)
Entrepreneurial niche	-0.557 (0.264)	0.725 (0.322)	-0.029 (0.172)	^b	-0.694 (0.443)
Employment niche	0.646 (0.385)	^b	0.089 (0.074)	-0.155 (0.142)	-0.465 (0.112)
Self x Enclave	0.734 (0.683)	-2.442 (1.290)	-0.035 (0.372)	^b	^a
Self x Ent. Niche	^a	^b	^a	^b	^a
Self x Emp. Niche	^a	^b	-1.100 (0.439)	^a	^a
Public Employee	^b	^b	0.280 (0.065)	0.302 (0.096)	^b
Constant	1.991 (0.386)	0.251 (1.106)	0.029 (0.258)	0.515 (0.221)	1.250 (0.380)
Likelihood ratio	34.1 (df=18)	29.9 (df=16)	321.9 (df=19)	166.7 (df=15)	58.5 (df=18)
N of Cases	2,309	641	10,000	4,850	2,074

TABLE 5 (CONTINUED)
LOGISTIC REGRESSION MODELS PREDICTING WORKING LAST WEEK VS. NOT WORKING LAST WEEK

	Chinese	Korean	African American	Mexican	Salvadoran
Los Angeles - Males					
Self-employed	0.009 (0.278)	0.067 (0.438)	0.172 (0.133)	0.293 (0.217)	-0.057 (0.269)
Enclave	-0.058 (0.199)	-0.066 (0.326)	0.106 (0.101)	-0.425 (0.176)	-0.512 (0.236)
Entrepreneurial niche	0.142 (0.163)	-0.287 (0.256)	0.519 (0.136)	^b	-0.148 (0.780)
Employment niche	0.069 (0.391)	^b	0.028 (0.081)	-0.119 (0.068)	-0.052 (0.131)
Self x Enclave	-0.254 (0.462)	0.590 (0.605)	0.124 (0.477)	0.577 (0.412)	^a
Self x Ent. Niche	-0.115 (0.365)	^b	^a	^b	^a
Self x Emp. Niche	^b	^b	-0.292 (0.319)	-0.363 (0.275)	-0.222 (0.533)
Public Employee			0.518 (0.085)	^b	^b
Constant	1.791 (0.388)	2.674 (0.950)	0.205 (0.458)	1.608 (0.155)	1.310 (0.606)
Likelihood ratio	104.7 (df=18)	38.9 (df=16)	401.8 (df=19)	200.3 (df=16)	54.1 (df=18)
N of Cases	2,937	1,651	7,503	10,000	2,644
Los Angeles - Females					
Self-employed	-0.242 (0.327)	-0.085 (0.460)	0.154 (0.195)	0.117 (0.142)	0.214 (0.279)
Enclave	-0.019 (0.169)	0.081 (0.237)	0.073 (0.082)	-0.514 (0.283)	-0.012 (0.159)
Entrepreneurial niche	-0.114 (0.155)	-0.225 (0.196)	0.298 (0.152)	^b	-0.032 (0.475)
Employment niche	-0.325 (0.380)	^b	-0.143 (0.076)	-0.226 (0.058)	0.331 (0.120)
Self x Enclave	1.578 (0.797)	0.735 (0.561)	^a	^a	^a
Self x Ent. Niche	0.380 (0.434)	0.945 (0.558)	^a	^b	^a
Self x Emp. Niche	^a	^b	-0.301 (0.328)	-0.004 (0.296)	^a
Public Employee	^a	^b	0.330 (0.073)	^b	^b
Constant	1.888 (0.392)	2.436 (0.807)	0.048 (0.426)	1.361 (0.142)	1.716 (0.622)
Likelihood ratio	97.1 (df=18)	29.9 (df=16)	279.6 (df=19)	267.5 (df=16)	40.5 (df=18)
N of Cases	2,550	1,371	8,358	10,000	2,450

Notes: ^a The coefficients for these cells are omitted because they are based on less than 25 cases.

^b This group not overrepresented in this sector.

^c Likelihood ratio for logistic regression model and R-square for OLS models.

TABLE 6
MULTIPLE REGRESSION MODELS PREDICTING ANNUAL HOURS WORKED (IN 100S)

	Chinese	Korean	African American	Puerto Rican	Dominican
New York - Males					
Self-employed	4.177 (0.650)	1.894 (1.495)	-0.433 (0.350)	1.242 (0.407)	1.084 (0.854)
Enclave	2.283 (0.452)	2.172 (0.974)	-0.053 (0.206)	^b	1.496 (0.563)
Entrepreneurial niche	2.441 (0.745)	2.571 (1.047)	0.714 (0.231)	^b	0.129 (0.806)
Employment niche	5.216 (1.558)	^b	-0.278 (0.227)	-0.032 (0.320)	-0.101 (0.437)
Self x Enclave	0.183 (1.198)	2.211 (1.853)	^a	^b	4.763 (1.566)
Self x Ent. Niche	0.124 (1.503)	1.095 (2.250)	1.137 (0.669)	^b	1.630 (1.502)
Self x Emp. Niche	^a	^b	1.546 (1.002)	^a	^a
Public Employee	^b	^b	0.391 (0.147)	0.018 (0.212)	^b
Constant	20.086 (0.966)	21.597 (3.183)	17.292 (0.591)	18.208 (0.459)	16.509 (1.206)
R ²	0.053	0.059	0.013	0.014	0.035
N of Cases	2,282	716	9,562	4,619	1,811
New York - Females					
Self-employed	1.520 (1.011)	3.106 (2.181)	-1.912 (0.561)	-1.909 (0.655)	0.883 (1.415)
Enclave	-0.316 (0.504)	2.306 (1.153)	0.480 (0.151)	^b	-2.553 (1.262)
Entrepreneurial niche	0.716 (0.903)	-0.494 (1.200)	0.934 (0.395)	^b	-2.066 (1.718)
Employment niche	1.479 (0.871)	^b	-0.028 (0.169)	0.289 (0.432)	-0.776 (0.420)
Self x Enclave	3.298 (1.722)	-1.204 (2.526)	0.550 (0.921)	^b	^a
Self x Ent. Niche	^a	^a	^a	^b	^a
Self x Emp. Niche	^b	^b	3.812 (1.419)	^a	^a
Public Employee	21.607 (1.022)	16.596 (4.098)	-0.270 (0.134)	-0.634 (0.225)	^b
Constant	0.013	0.037	18.878 (0.656)	17.275 (0.614)	17.060 (1.256)
R ²	1.974	476	0.010	0.015	0.014
N of Cases			10,000	3,781	1,455

TABLE 6 (CONTINUED)
MULTIPLE REGRESSION MODELS PREDICTING ANNUAL HOURS WORKED (IN 100S)

	Chinese	Korean	African American	Mexican	Salvadoran
Los Angeles - Males					
Self-employed	1.062 (0.602)	2.291 (0.917)	-0.236 (0.358)	0.916 (0.358)	1.912 (0.652)
Enclave	0.037 (0.461)	1.918 (0.778)	-0.523 (0.264)	-0.968 (0.428)	0.575 (0.641)
Entrepreneurial niche	-0.255 (0.335)	0.206 (0.591)	0.520 (0.289)	^b	-0.083 (1.796)
Employment niche	-3.105 (0.879)	^b	-0.207 (0.228)	-0.214 (0.133)	0.426 (0.301)
Self x Enclave	3.677 (1.075)	2.974 (1.256)	0.959 (1.158)	0.477 (0.753)	^a
Self x Ent. Niche	1.951 (0.771)	1.096 (1.099)	^a	^b	^a
Self x Emp. Niche	^a	^b	1.547 (0.901)	-0.729 (0.500)	-1.120 (1.347)
Public Employee	^b	^b	0.273 (0.198)	^b	^b
Constant	19.744 (0.849)	17.445 (2.066)	17.667 (1.352)	18.077 (0.310)	17.201 (1.711)
R ²	0.083	0.115	0.032	0.043	0.033
N of Cases	2,599	1,448	5,976	10,000	2,188
Los Angeles - Females					
Self-employed	-0.192 (0.842)	2.773 (1.538)	-0.734 (0.473)	0.063 (0.340)	-1.214 (0.870)
Enclave	-0.004 (0.405)	-0.246 (0.774)	-1.780 (0.187)	-0.167 (0.872)	1.098 (0.540)
Entrepreneurial niche	0.007 (0.356)	-0.359 (0.652)	1.012 (0.325)	^b	-1.684 (1.502)
Employment niche	-2.948 (0.835)	^b	0.104 (0.193)	0.965 (0.152)	0.121 (0.379)
Self x Enclave	5.957 (1.364)	5.078 (1.784)	^a	^a	^a
Self x Ent. Niche	1.853 (1.075)	0.005 (1.762)	^a	^b	^a
Self x Emp. Niche	^b	^b	2.941 (0.905)	0.335 (0.766)	^a
Public Employee	^b	^b	-0.098 (0.162)	^b	^b
Constant	17.626 (0.913)	14.404 (2.069)	15.879 (1.374)	18.324 (0.341)	14.728 (1.770)
R ²	0.046	0.108	0.031	0.020	0.017
N of Cases	2,117	1,056	6,752	10,000	1,835

Notes: ^aThe coefficients for these cells are omitted because they are based on less than 25 cases.

^bThis group not overrepresented in this sector.

^cLikelihood ratio for logistic regression model and R-square for OLS model.

TABLE 7
MULTIPLE REGRESSION MODELS PREDICTING LOGGED ANNUAL EARNINGS

	Chinese	Korean	African American	Puerto Rican	Dominican
New York - Males					
Self-employed	-0.190 (0.057)	-0.086 (0.120)	-0.273 (0.038)	-0.088 (0.043)	-0.022 (0.088)
Enclave	-0.447 (0.040)	-0.252 (0.079)	-0.063 (0.022)	^b	-0.142 (0.058)
Entrepreneurial niche	-0.244 (0.065)	-0.218 (0.084)	0.114 (0.025)	^b	-0.027 (0.083)
Employment niche	-0.367 (0.136)	^b	0.093 (0.025)	-0.110 (0.034)	-0.148 (0.045)
Self x Enclave	0.124 (0.105)	0.211 (0.149)	^a	^b	-0.215 (0.161)
Self x Ent. Niche	-0.088 (0.131)	0.038 (0.181)	-0.189 (0.073)	^b	-0.519 (0.154)
Self x Emp. Niche	^a	^b	0.415 (0.109)	^a	^a
Public Employee	^b	^b	0.197 (0.016)	0.151 (0.022)	^b
Constnant	8.498 (0.092)	8.642 (0.264)	8.090 (0.067)	8.202 (0.056)	8.538 (0.130)
R ²	0.436	0.246	0.302	0.308	0.235
N of Cases	2,282	716	9,562	4,619	1,811
New York - Females					
Self-employed	-0.231 (0.083)	-0.240 (0.174)	-0.225 (0.054)	-0.389 (0.064)	0.049 (0.128)
Enclave	-0.371 (0.041)	-0.263 (0.092)	-0.051 (0.015)	^b	-0.311 (0.114)
Entrepreneurial niche	-0.226 (0.074)	-0.014 (0.095)	0.048 (0.038)	^b	-0.328 (0.155)
Employment niche	-0.439 (0.071)	^b	-0.137 (0.016)	-0.120 (0.042)	-0.066 (0.038)
Self x Enclave	0.305 (0.141)	0.321 (0.201)	-0.314 (0.089)	^b	^a
Self x Ent. Niche	^a	^a	^a	^b	^a
Self x Emp. Niche	^b	^b	-0.282 (0.138)	^a	^a
Public Employee	^b	^b	0.041 (0.013)	0.058 (0.022)	^b
Constnant	8.466 (0.093)	8.782 (0.331)	8.114 (0.066)	7.963 (0.066)	8.231 (0.120)
R ²	0.532	0.292	0.345	0.412	0.347
N of Cases	1,974	476	10,000	3,781	1,455

TABLE 7 (CONTINUED)
MULTIPLE REGRESSION MODELS PREDICTING LOGGED ANNUAL EARNINGS

	Chinese	Korean	African American	Mexican	Salvadoran
Los Angeles - Males					
Self-employed	0.160 (0.060)	0.089 (0.092)	0.000 (0.037)	-0.144 (0.036)	-0.212 (0.062)
Enclave	-0.272 (0.046)	-0.076 (0.078)	-0.023 (0.027)	-0.200 (0.044)	-0.087 (0.061)
Entrepreneurial niche	-0.009 (0.033)	0.035 (0.059)	0.209 (0.030)	^b	-0.134 (0.170)
Employment niche	-0.253 (0.087)	^b	-0.052 (0.024)	-0.023 (0.014)	-0.107 (0.029)
Self x Enclave	-0.194 (0.107)	-0.108 (0.126)	-0.009 (0.121)	0.083 (0.077)	^a
Self x Ent. Niche	-0.186 (0.076)	0.088 (0.110)	^a	^b	^a
Self x Emp. Niche	^b	^b	-0.182 (0.094)	0.074 (0.051)	0.379 (0.128)
Public Employee	8.419 (0.092)	8.515 (0.211)	0.076 (0.021)	^b	^b
Constant	0.449	0.288	8.061 (0.143)	8.207 (0.037)	8.751 (0.166)
R ²	2,599	1,448	0.356	0.417	0.352
N of Cases			5,976	10,000	2,188
Los Angeles - Females					
Self-employed	-0.328 (0.086)	-0.032 (0.147)	-0.163 (0.048)	-0.271 (0.032)	-0.194 (0.068)
Enclave	-0.171 (0.041)	-0.129 (0.074)	-0.059 (0.019)	-0.002 (0.081)	-0.139 (0.042)
Entrepreneurial niche	-0.132 (0.036)	-0.052 (0.062)	0.159 (0.033)	^b	-0.190 (0.118)
Employment niche	-0.252 (0.086)	^b	-0.001 (0.020)	-0.045 (0.014)	-0.211 (0.030)
Self x Enclave	0.448 (0.140)	-0.037 (0.171)	^a	^a	^a
Self x Ent. Niche	0.269 (0.110)	0.108 (0.168)	^a	^b	^a
Self x Emp. Niche	^b	^b	-0.390 (0.093)	0.269 (0.072)	^a
Public Employee	8.045 (0.101)	8.589 (0.202)	0.122 (0.017)	^b	^b
Constant	0.478	0.272	8.263 (0.142)	7.993 (0.036)	8.120 (0.141)
R ²	2,117	1,056	0.391	0.473	0.388
N of Cases			6,752	10,000	1,835

Notes: ^aThe coefficients for these cells are omitted because they are based on less than 25 cases.

^bThis group not overrepresented in this sector.

^cLikelihood ratio for logistic regression model and R-square for OLS models.

TABLE 8
MULTIPLE REGRESSION MODELS PREDICTING NON-LOGGED ANNUAL EARNINGS

	Chinese	Korean	African American	Puerto Rican	Dominican
New York - Males					
Self-employed	1366 (1565)	7977 (3157)	333 (909)	2874 (965)	902 (1458)
Enclave	-7920 (1083)	-3104 (2062)	-2012 (535)	^b	-2970 (962)
Entrepreneurial niche	-6370 (1782)	-3792 (2218)	2625 (601)	^b	-1623 (1376)
Employment niche	-8835 (3728)	^b	2577 (589)	-2260 (758)	-2145 (745)
Self x Enclave	726 (2859)	-5736 (3912)	^a	-3153 (2678)	(2678)
Self x Ent. Niche	-6119 (3587)	-2919 (4747)	-7318 (1739)	^b	(2563)
Self x Emp. Niche	^a	^b	19360 (2605)	-4101	^a
Public Employee	^b	^b	3628 (382)	3370 (501)	^b
Constant	1989 (2516)	-463 (6932)	-7639 (1604)	-3927 (1259)	5320 (2162)
R ²	0.330	0.183	0.249	0.249	0.172
N of Cases	2,282	716	9,562	4,619	1,811
New York - Females					
Self-employed	-3125 (2065)	4834 (4565)	2590 (1103)	-873 (1226)	5293 (1901)
Enclave	-5125 (1029)	-2697 (2418)	-899 (296)	^b	-1347 (1698)
Entrepreneurial niche	-4473 (1844)	1874 (2506)	1924 (777)	^b	-4516 (2309)
Employment niche	-5139 (1780)	^b	-2096 (331)	-1439 (807)	-820 (565)
Self x Enclave	8767 (3519)	-3021 (5277)	-6384 (1811)	^b	^a
Self x Ent. Niche	^a	^a	^a	^b	^a
Self x Emp. Niche	^a	^b	-4530 (2789)	^a	^a
Public Employee	^b	^b	490 (263)	232 (421)	^b
Constant	2890 (2312)	14893 (8711)	-2690 (1342)	-2441 (1263)	2905 (1793)
R ²	0.387	0.167	0.275	0.292	0.256
N of Cases	1,974	476	10,000	3,781	1,455

TABLE 8 (CONTINUED)
MULTIPLE REGRESSION MODELS PREDICTING NON-LOGGED ANNUAL EARNINGS

	Chinese	Korean	African American	Puerto Rican	Dominican
Los Angeles - Males					
Self-employed	12743 (2520)	11475 (3574)	10906 (1192)	4050 (878)	-434 (1129)
Enclave	-3169 (1929)	-498 (3032)	-1986 (878)	-3150 (1049)	-2448 (1107)
Entrepreneurial niche	2450 (1401)	3440 (2296)	4543 (962)	^b	-5282 (3105)
Employment niche	-6804 (3683)	^b	-1227 (757)	-515 (325)	-1762 (520)
Self x Enclave	-10554 (4505)	-9006 (4892)	3318 (3850)	-3575 (1845)	^a
Self x Ent. Niche	-1168 (3225)	-1957 (4275)	^a	^b	^a
Self x Emp. Niche	^a	^b	-11907 (2998)	722 (1224)	7917 (2328)
Public Employee	^b	^b	-185 (659)	^b	^b
Constant	-11730 (3903)	-18680 (8227)	-8822 (4560)	-2426 (878)	20658 (3026)
R ²	0.287	0.210	0.246	0.302	0.207
N of Cases	2,599	1,448	5,976	10,000	2,188
Los Angeles - Females					
Self-employed	1654 (2293)	4891 (3766)	3976 (1039)	595 (559)	-440 (911)
Enclave	-2825 (1103)	-2420 (1893)	-1395 (412)	-247 (1434)	-1742 (565)
Entrepreneurial niche	-2821 (969)	-1983 (1593)	2443 (714)	^b	-3546 (1572)
Employment niche	-7705 (2281)	^b	-214 (424)	-985 (250)	-2343 (396)
Self x Enclave	7622 (3733)	-2385 (4378)	^a	^a	^a
Self x Ent. Niche	2782 (2931)	4644 (4308)	^a	^b	^a
Self x Emp. Niche	^b	^b	-9526 (1992)	6774 (1260)	^a
Public Employee	^a	^b	1538 (355)	^b	^b
Constant	-4941 (2699)	1425 (5175)	2692 (3052)	-87 (636)	4213 (1886)
R ²	0.289	0.178	0.290	0.340	0.233
N of Cases	2,117	1,056	6,752	10,000	1,835

Notes: ^a The coefficients for these cells are omitted because they are based on less than 25 cases.

^b This group not overrepresented in this sector.

^c Likelihood ratio for logistic regression model and R-square for OLS models.

on earnings; for Koreans in New York, self-employment has no effect, but there are negative effects of working in ethnic sectors. The case of Chinese men in New York offers the simplest pattern of negative effects: self-employment reduces earnings by nearly 20 percent (net of hours worked), while working in any ethnic sector reduces earnings by 20–40 percent. For Chinese women in both regions, the net results are negative, but with partial compensation from the positive interaction of self-employment and enclave employment (and, in Los Angeles, the entrepreneurial niche). Only for Chinese men in Los Angeles are there more positive results: working in the enclave or employment niche lowers wages, but self-employment increases wages everywhere except in the entrepreneurial niche (this is the result of the positive main effect of self-employment and negative interaction term with entrepreneurial niche).

As seen before, results for models in which earnings are not logged are somewhat different. In three of the eight equations there are substantial benefits in earnings to the self-employed: Chinese men in Los Angeles and Korean men in both regions. In one of these cases, Chinese men in Los Angeles, this benefit is not found for men in enclave sectors (in the other two, the coefficient for this interaction effect is also negative and fairly large, but not statistically significant). Self-employment has no main effects for women in these groups, but in two cases – Chinese women in both regions – self-employment does increase earnings in enclave sectors. The findings for men partially mirror what we found for non-logged earnings for Cubans: there is a benefit at the upper end of the income distribution, but not for business owners in enclave sectors. However, there is only a selective benefit for Chinese women and none for Korean women.

Ethnic employment per se has no effects on non-logged earnings for Koreans (the same result as for logged earnings), and there are negative effects of all three ethnic sectors for Chinese men in New York and for Chinese women in both regions. Interaction terms suggest self-employment has a strong positive effect in the enclave for Chinese women, but a negative effect (yielding a net neutral result) in the enclave for Chinese men in Los Angeles.

Taking these two earnings models together, we see that the employment niche is not necessarily a worse location than another ethnic sector, and working in the enclave or entrepreneurial sectors is not necessarily better than working in the mainstream economy (weakening Hypothesis 1). The effects of self-employment depend on model specification and vary across groups (undermining Hypothesis 3). Although there is consistent evidence for women that self-employment in enclave sectors is advantageous (supporting Hypothesis 4),

the only significant effect of this combination for men is negative (contradicting this latter hypothesis).

Results for Non-entrepreneurial Immigrant and Minority Groups

If the combination of entrepreneurialism and ethnic concentrations in economic sectors has such mixed effects for these groups – and certainly negative effects for some of them – what might we expect for traditionally non-entrepreneurial groups? Findings for these groups are presented in the columns on the right-hand side of Tables 5 through 8. Unfortunately there are many empty cells (interaction terms that are based on less than 25 self-employed or non-self-employed persons in a sector).

First and foremost, the niche of public employment – in recent decades a common choice for both African Americans and Puerto Ricans – has strong positive effects for these two groups. In both New York and Los Angeles (for African Americans), for both men and women public employment is associated with a higher likelihood of having a job (that is, being at work last week) and on (logged) earnings. Non-logged earnings are higher for public employees in only three of six equations; this variation may result from the fact that public employees are unlikely to fall very high in the income distribution. There is no positive effect and there are some negative effects on hours worked, suggesting that public employees tend to work average or slightly below-average hours. Still, we have found no more consistent effect across genders, groups and metropolitan regions than the positive impacts of public employment. Hypothesis 2 is therefore strongly supported.

Self-employment and ethnic employment (outside the public sector) have mixed effects on working in the previous week for the non-entrepreneurial minority groups studied here. The effect of self-employment is negative for African American and Puerto Rican men in New York, and a significant interaction term indicates that it is negative for African American women in New York's employment niche. Enclave employment has a positive effect for African American men in New York, but negative coefficients for Mexican and Salvadoran men. The entrepreneurial niche has a positive effect for African American men in both New York and Los Angeles, but no effects for other groups or for women. Finally, the employment niche has a positive effect for Salvadoran women, but negative effects for Puerto Rican men and for Dominican and Mexican women. On balance these impacts are negative, but the findings are so inconsistent that we prefer to emphasize the absence of any clear pattern.

The results tilt in a positive direction for hours worked, though there are also some contradictory findings. Self-employment has a significant positive main effect for Puerto Rican, Mexican and Salvadoran men and also for Dominican men in the enclave (that is, all of the four Hispanic groups). However, it has negative main effects for African American and Puerto Rican women in New York. There are also mixed but mostly positive effects of ethnic employment. The enclave increases working hours for Dominican men, Salvadoran women and African American women in New York, but decreases them for African American and Mexican men in Los Angeles, African American women in Los Angeles and Dominican women. The entrepreneurial niche increases working hours for African American men in New York and also for African American women in both metropolitan regions. Finally, working in the employment niche increases working hours in one instance – Mexican women. We find a tendency, then, for our key variables to be associated with greater working hours, as was the case with Cubans, Chinese and Koreans, but this tendency is not consistent enough to be read as supportive of Hypotheses 1, 3 or 4 for these less entrepreneurial groups.

We turn finally to the prediction of earnings. In the logged models, the main effects of self-employment are negative and significant in almost every case (the only exceptions are Dominicans and African American men in Los Angeles, for whom the coefficients are not significant). These effects are mainly in the range of a 15–30 percent disadvantage. In three cases, significant interaction effects indicate that this entrepreneurial disadvantage is reversed in an ethnic sector of the economy: for New York African American men, Salvadoran men and Mexican women in their employment niches. But in some other cases the disadvantage is significantly greater in the ethnic economy: for African American and Dominican men in their New York entrepreneurial niche and for African American women in their New York and Los Angeles employment niches and New York enclave.

Working in ethnic sectors itself has mixed consequences. It is positive in a few instances: the entrepreneurial niche for African American men in New York and Los Angeles and for African American women in Los Angeles; the employment niche for African American men in New York. In many more cases, however, the effects are negative. We view these findings as reinforcing the generally negative effects of self-employment and ethnic employment on earnings that we reported above for Cubans, Chinese and Koreans.

Turning to non-logged earnings, however, there are several instances in which self-employment's impact is positive: Puerto Rican and Mexican men,

African American men in Los Angeles, Dominican women and African American women in both regions. Three of these are reversed for certain ethnic sectors. But at the same time, the interaction term for African American men in New York, Salvadoran men and Mexican women indicates that self-employment is positive in their employment niche (the same as we found in the logged models).

Thus again we find generally that self-employment and ethnic employment depress earnings (but with selective exceptions) and some indication that self-employment yields benefits in exceptional cases. This repeats the findings for more entrepreneurial groups, but the pattern is quite blurred by variations across genders, groups, regions and sectors.

DISCUSSION AND CONCLUSION

The ethnic fragmentation of the metropolitan economy is quite clear. All the groups studied here participate to a substantial degree in ethnic economies, in the sense of being concentrated in certain sectors of their regional labor market. For some, the ethnic economy involves an important dimension of self-employment, concentrated in what we have described as enclaves or entrepreneurial niches. For others, it is based on working for a wage in either private or public employment niches. The divide between these different modes of incorporation in the labor force is often portrayed in terms of relative success and relative failure. Our analyses of the tangible rewards of sectoral concentrations, however, show that there is no one-to-one correspondence between job outcomes and the ethnic character of the sector where a person works.

The particular route through which Cubans, Koreans and Chinese have made a place in the metropolis gives them a very visible social role. Apart from what can be explained by their education and other personal characteristics, however, it has not given them much advantage.

First, and on the positive side for the Cubans, Chinese and Koreans, the self-employed may work longer hours than those who work for others. The result of working more hours, though, in most cases is counterbalanced by lower hourly earnings, except for an outlying minority. We emphasize that any advantages from working in ethnic sectors are not consistent across these groups.

Second, there is very little support for the hypothesis that the combined impact of self-employment and being located in an enclave sector or employment niche would be especially positive. As often or more often, self-employment in these sectors is particularly disadvantaged.

Despite the mixed returns to self-employment and sectoral specialization, other kinds of ethnic concentrations can have positive effects for minority groups. As Waldinger has also stressed, the now-familiar African American and Puerto Rican concentrations in the public sector provide security in steadier work, as well as in better than average earnings. Whether one thinks of this sector as an employment niche or (because these groups use political influence to gain access to the jobs) as a type of enclave, the important result is that it benefits group members.

In New York, the private sector employment niche of African Americans – where African Americans are concentrated as workers for other groups – offers better hourly earnings than does work in the mainstream economy, an enclave sector, or entrepreneurial niche. Similarly, the Mexican employment niche in Los Angeles provides Mexican men with only slightly less chance of being at work, lower working hours or hourly earnings than does the mainstream economy (and none of these differences is statistically significant). To be a worker in a public or private employment niche is not necessarily a worse placement than to be self-employed or in the mainstream economy.

It might be possible to interpret some apparent effects of working in the ethnic economy, both positive and negative, in terms of the specific industries in which a given group has established concentrations. For example, the Chinese and Korean enclave sectors include a strong component of apparel manufacturing, food stores and restaurants. These sectors may offer long working hours but low hourly earnings, a combination that is mainly (but not entirely) consistent with the “enclave” effects that we identified for these groups. We are reluctant to follow this direction here, because of its post hoc character. Yet the reasoning behind it – that sectoral effects depend on the industry rather than on a group’s degree of clustering in it – is a plausible alternative to theorizing about ethnic economies. A useful direction for future research is to attempt to distinguish between the effects of group clustering in an industry and the effects of other characteristics of the sector (such as wage rates and unionization).

If ethnic economies generate only fragile benefits, why are they so widespread and why do they attract such a large share of group members? Our conclusion is that their attraction does not stem from offering better outcomes. Group members who venture beyond the ethnic economy on the whole have equal chances of having a job, though their earnings might be limited by shorter working hours. Instead, ethnic segmentation persists

because the network of information and the structure of opportunities for working are so strongly structured by ethnic and immigrant social ties. And there is little price to be paid for self-employment or working in the ethnic economy – this is the flip side of our mixed results. The ethnic strategy is not a magic bullet, but neither is it a poison pill.

Our analysis has been restricted to comparisons among members of the same group within a single region and at only one time point. Though in general the benefits of ethnic economies appear very limited, one might reach a different conclusion from systematic comparisons between regions. That is, ethnic economies may provide benefits to group members across the board, regardless of the sector in which they work. Possibly in a region where a group has a particularly large ethnic economy, or perhaps where the ethnic economy includes a substantial enclave sector, all group members have better opportunities and earnings; where the ethnic economy is weaker, possibly all group members do less well. This alternative way of thinking about the impact of ethnic economies – at the aggregate rather than the individual level – has much substantive appeal. It is consistent, for example, with reports that people easily and often move between ethnic and non-ethnic sectors of the labor market (Nee, Sanders and Sernau, 1994). Spener and Bean (1999) offer preliminary evidence of an aggregate effect for Mexicans in the southwest. Among metropolitan regions with large Mexican populations, Mexicans who work for a wage have slightly higher earnings in those regions where a higher proportion of Mexicans are self-employed.

Further, even at the individual level, we do not consider wages and working hours to be the whole story. There are other ways in which the enclave and entrepreneurial strategies may prove to be more advantageous: as a means of absorbing a high volume of non-English speaking immigrants; as a family strategy of self-exploitation; or as a complement to other dimensions of group solidarity in an immigrant or minority community. Very likely it will turn out that there are other longer range implications: that the small business owners will have higher rates of wealth accumulation (Light and Gold, 2000); that their children will find a wider range of opportunities for career mobility; or that a minority of very successful entrepreneurs will gain a unique capacity to reinvest in their communities. Therefore it would be premature to discount this mode of incorporation; what we propose, rather, is caution in presuming its virtues.

APPENDIX TABLE 1
OVERREPRESENTED INDUSTRIES IN MIAMI

Cuban	
Ethnic enclave	Forestry/fisheries
	Food/kindred products
	Textile mill products
	Apparel
	Other nondurable goods
Entrepreneurial niche	Furniture/lumber/wood products
	Machinery except electrical
	Elect. machinery/equip/supplies
	Construction
	Chemicals and allied products
	Paper and allied products
	Primary metal industries
	Fabricated metal industries
	Motor vehicles and equipment
	Other transportation equipment
	Not specified manuf. industries
	Trucking service/warehousing
	Communications
	Utilities and sanitary services
	Food, bakery, dairy stores
	Automotive and gasoline dealers
	Repair services
Employment niche	Elementary/secondary schools
	Petroleum and coal products
	Misc. manufacturing industries
	Other durable goods
	Banking and credit agencies

APPENDIX TABLE 2
OVERREPRESENTED INDUSTRIES IN NEW YORK

	African American	Chinese	Korean	Puerto Rican	Dominican
Ethnic enclave	Social services Hospitals	Apparel Eating and drinking places	Apparel Food, bakery, dairy stores Other retail trade Other personal services		Food, bakery, dairy stores Repair services
Entrepreneurial niche	Other Transportation	Food/kindred products Food, bakery, and dairy stores Other personal services	Textile mill products Misc. manufacturing industries Wholesale trade Gen. merchandise stores Eating and drinking places Repair services Hospitals		Other transportation
Employment niche	Forestry/fisheries Motor vehicles and equipment Railroads Trucking service/warehousing Communications General merchandise stores Private households Health services	Textile mill products Not specified manuf. industries		Textile mill products Paper and allied products Petroleum and coal products Other nondurable goods Furniture/lumber/wood products Primary metal industries Fabricated metal industries Misc. manufacturing industries Not specified manuf. industries Trucking service and warehousing	Food/kindred products Apparel Other nondurable goods Furniture/lumber/wood products Fabricated metal industries Motor vehicles and equipment Other transportation equipment Misc. manufacturing industries Not specified manuf. industries Eating and drinking places Private households Other personal services

APPENDIX TABLE 3
OVER-REPRESENTED INDUSTRIES IN LOS ANGELES

Ethnic enclave	African American Trucking service and warehousing Hospitals Elementary and secondary schools	Chinese Apparel Eating and drinking places Banking and credit agencies	Korean Apparel Food, bakery, dairy stores Other retail trade	Mexican Agriculture	Salvadoran Apparel
Entrepreneurial niche	Other transportation equipment Utilities and sanitary services	Food/kindred products Textile mill products Printing/publishing industries Machinery, except electrical Elect. machinery/equip./supplies Other transportation equipment Not specified manuf. Industries Other transportation Wholesale trade General merchandise stores Food, bakery, dairy stores Other retail trade Other personal services Health services, except hospitals	Construction Food/kindred products Other transportation equipment Not specified manuf. industries Other transportation Communications Wholesale trade Automotive and gasoline dealers Eating and drinking places Banking and credit agencies Business services Other personal services Health services, except hospitals Elementary/secondary schools		Social services

APPENDIX TABLE 3 (CONTINUED)
OVER-REPRESENTED INDUSTRIES IN LOS ANGELES

	African American	Chinese	Korean	Mexican	Salvadoran
Employment niche	Mining Petroleum and coal products Railroads Other transportation Communications Banking and credit agencies Business services Social services	Colleges and universities Other educational services		Forestry/fisheries Construction Food/kindred products Textile mill products Apparel Chemicals and allied products Paper and allied products Other nondurable goods Furniture/lumber/ wood products Primary metal industries Fabricated metal industries Machinery, except electrical Motor vehicles and equipment Misc. manufacturing industries Not specified manuf. industries Trucking service/warehousing Eating and drinking places Repair services	Textile mill products Other nondurable goods Furniture/lumber/ wood products Motor vehicles and equipment Misc. manufacturing industries Not specified manuf. industries Eating and drinking places Repair services Private households Other personal services

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