

ROUTLEDGE REVIVALS

Doing Business in Minority Markets

Black and Korean Entrepreneurs in Chicago's Ethnic Beauty Aids Industry

Robert Mark Silverman



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Acknowledgments

In the film *Zero Effect*, Daryl Zero's sidekick Steve Arlo tells us that there are no good guys in the world and there are no bad guys in the world, there are just guys. In the context of this study, art certainly imitates life. No definitive normative judgements can be made about the business people examined in the pages that follow. Mainly, they are people who confront their environment in very human ways while making decisions from a business perspective. In fact, one of the unique characteristics of this study is that beneath its theoretical blanket one just finds people. One of the oddities of the social sciences is that we often lose site of a study's focus, the lived world, and instead represent people as extreme characters who inhabit a fantasy world. Although there is less adventure in an examination of regular guys and gals in a regular world, there is much to be gained from an in-depth analysis of the complexities and contradictions of their social existence. From that premise, this study both began and ended.

It is only fitting that at this juncture I extend my gratitude to the people who influenced the writing of this book. In particular, I must express appreciation to the merchants, distributors and manufacturers on the South Side of Chicago who participated in this study, since it would not have been completed without their assistance. Special thanks also goes to Joan Moore, Greg Squires, Victor Greene, Joe Rodriguez and Kwang Chung Kim for their comments and critiques of early drafts of this study. Additional gratitude goes to Garland Publishing for providing the opportunity to publish this work. Of course, I must thank my parents for

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Introduction

THE INTERNAL COLONIAL PARADIGM

The invisible hand of the market cannot conceal color. This study contends that the economy is an extension of society's system of racial and ethnic stratification. The central argument of this study is that the internal colonial paradigm should be used as a guiding principle in the analysis of minority business development in minority markets. Through the use of this paradigm, the institutional constraints of doing business in a minority market can be identified. Elevating the analysis of minority business development to an institutional level serves academic and practical ends. It allows for a more holistic understanding of the relationship between institutional forces and individual economic action, and it allows public officials to draw from these insights in a way that informs sound public policy. Although many issues are discussed in this study, its focus is on forwarding an argument for the internal colonial framework to public discourse. To build support for this argument, a case study is presented that focuses on the role of race and ethnicity in a specific sector of the economy, the ethnic beauty aids industry in Chicago. Through this case study, issues that affect the structure of minority businesses and their relative competitiveness will be examined. This goal of this analysis is to highlight the economic mechanisms responsible for the maintenance and reproduction of internal colonialism within the context of minority markets.

The ethnic beauty aids industry was selected as the subject of this case study because it is embedded in the context of minority

markets, which entail high concentrations of minority entrepreneurs and consumers. Minority entrepreneurs enter minority markets to avoid racial barriers they perceive in the mainstream economy, and minority consumers find minority markets more accessible and responsive to their consumption needs. It should be kept in mind that minority markets are not separate and equal to those found in the mainstream economy. They exist in poor communities, where physical and economic conditions deteriorate due to a lack of investment by mainstream institutions. In addition, minority markets are not naturally occurring markets, since they form in response to racial discrimination found in mainstream society. For these reasons, this study goes beyond a simple discussion of black and Korean entrepreneurs in the ethnic beauty aids industry. It focuses on the institutional environment that these entrepreneurs are embedded in, and how they respond to it through agency.

The actions of black and Korean entrepreneurs in minority markets are shaped by racial and ethnic stratification in society. Because of this, several distinctions are made. For instance, Korean entrepreneurs fill a middleman role in minority markets, while black entrepreneurs do not. This distinction, concerning the economic role of blacks and Koreans in minority markets, is intimately linked to issues of racial and ethnic stratification in mainstream society. Discernable economic roles stem from institutional arrangements in a society, and in contemporary America the acute subordination of blacks limits the scope of minority entrepreneurship. Several distinct economic roles have emerged within the parameters of the system of racial and ethnic stratification in America. This type of segmentation in the economy is illustrated in this case study of the ethnic beauty aids industry. The characteristics of this industry present a unique opportunity to examine minority entrepreneurship and to better understand the mechanism that produce racial and ethnic inequality in contemporary America.

In order to grasp the role of racial and ethnic stratification in the economy, several theoretical constructs need to be introduced. The following theoretical overview identifies a number of concepts central to this study. Five themes will be outlined in this discussion. First, the concept of internal colonialism is developed to illustrate how minority markets are shaped by racial imperatives in mainstream society. Second, the role of middleman minorities in inter-

nal colonial settings is discussed to highlight their social control function. Third, sojourning is identified as a defining characteristic of middleman minorities, and the relevance of sojourning in contemporary minority markets is discussed. Fourth, the role of class and ethnic resources in shaping minority entrepreneurship is examined. Fifth, several distinctions are made concerning the unique characteristics of black entrepreneurship in minority markets.

THEORETICAL OVERVIEW

Internal Colonialism and Minority Markets

To obtain an understanding of how minority markets operate we must begin with a discussion of internal colonialism. This study suggests that minority markets emerge in a neo-colonial context which forms the basis of racial and ethnic stratification in American society. This argument is an extension of early writings on colonialism highlighting the effect of dominant groups on subordinate groups.¹ Arguments concerning internal colonialism borrow from Shibutani and Kwan's discussion of colonialism and their conceptualization of "color lines."² According to these scholars, cleavages that emerge during periods of colonization are institutionalized in a society's system of ethnic stratification. This results in the establishment of racial and ethnic distinctions, or "color lines," which facilitate the maintenance of colonial relations. Shibutani and Kwan discuss a number of outcomes that can emerge from colonialism. However the process by which the colonization of one society by another results in the institutionalization of colonial relations through the development of color lines is seen as a constant.

Racial and ethnic stratification function to stabilize social relations to some degree in all societies. However, in societies with a history of colonialism, where dominant and subordinate roles have been closely associated with race and ethnicity, such stratification becomes more determinant. In such societies, elaborate systems of social relations develop that are sensitive to racial and ethnic cues. For instance, Memmi enters into an extensive discussion of how social relations are shaped by colonial conditions, and the consequences that these conditions have for the interpretation of race and ethnicity.³ In a similar vein, Fanon describes the psychological

ramifications that colonization has on racial and ethnic groups in terms of self-image and identity.⁴ The effects of colonialism on colonized groups are far-reaching. Members of colonized groups are socialized by dominant institutions, causing them to internalize many of the stereotypes which rationalize their subordination. When the psychological effects of colonialism are combined with the economic and political subordination that it entails, the subordination of colonized groups becomes complete. For a colonized group, the scope of agency within a colonial setting is severely limited by outside institutions, and the scope of agency beyond a colonial setting is virtually nonexistent.

These ideas are central to the concept of internal colonialism that developed in reference to America's minority communities. European colonialism shaped social relations in America, and the contemporary system of racial and ethnic stratification developed in response to this colonial heritage. However, scholars have been hesitant to apply arguments centering on colonialism to issues of race and ethnicity in the United States. The discussion of the role of colonialism in shaping racial and ethnic stratification in American has been a controversial issue among scholars, despite the fact that the social experiences of Native Americans, Latinos, blacks and other groups have been shaped by a variant form of colonialism. A concerted effort to discuss the conditions of minority groups in America with reference to colonialism emerged briefly during the contemporary period, before it dissipated in the early 1970's. However, a number of important adaptations of earlier colonial arguments were applied to the American context in the discussion of internal colonialism.

Some of the most important theoretical adaptations of arguments concerning colonialism were made in reference to American blacks. Together this material defines the concept of internal colonialism in the United States.⁵ In the broadest sense, these arguments focus on how blacks were forced to enter America as slaves, and how once in America they were stripped of their culture and identity while being forced to adopt mainstream values that proscribed their subordination. It is argued that these historically based conditions facilitated continued political and bureaucratic intervention in the black community, and that this intervention was affected by persistent racism and racial discrimination in the dominant society. The result of these pressures, which emanate

from the mainstream society, was that blacks remained segregated in internal colonies. Blauner argued that these conditions were reflected in the nature of social relations between dominant institutions and subordinate groups in society, illustrating this with case studies focusing on police-community relations in minority neighborhoods, the institutional sources of “ghetto revolts,” and racial conflict in the university.⁶

Other scholars applied the concept of internal colonialism to the political economy of the black community, which in many respects is synonymous with the concept of minority markets employed in this study. Tabb stressed that:

The economic relations of the ghetto to white America closely parallel those between third-world nations and the industrially advanced countries. The ghetto also has a relatively low per-capita income and a high birth rate. Its residents are for the most part unskilled. Businesses lack capital and managerial know-how. Local markets are limited. The incidence of credit default is high. Little saving takes place and what is saved is usually not invested locally. Goods and services tend to be “imported” for the most part, only the simplest and most labor intensive being produced locally. The ghetto is dependent on one basic export - its unskilled labor power. Aggregate demand for this export does not increase to match the growth of the ghetto labor force, and unemployment is prevalent. As consumer goods are advertised twenty-four hours a day on radio and television, ghetto residents are constantly reminded of the availability of goods and services which they cannot afford to buy. Welfare payments and other transfers are needed to help pay for the ghetto’s requirements. Local businesses are owned in large numbers, by non residents, many of whom are white. Important jobs in the local public economy (teachers, policemen, and postmen) are held by white outsiders. The black ghetto, then, is in many ways in a position similar to that of the typical underdeveloped nation.⁷

Many of these issues were rearticulated by others during the 1970’s, and in more contemporary critiques of economic conditions in the black community.⁸ In fact, with the exception of an increasingly visible presence of non-white immigrant entrepreneurs and modest gains in public sector employment among blacks, the conditions described above persist in minority markets.

Tabb points out that the ghetto is heavily dependent on resources from outside of the black community in the form of goods, services, jobs and public aid. But, he also recognizes that, "in the absence of intergovernmental transfers, things may still be worse for the residents of these areas."⁹ In a real sense, the issue of welfare dependence in the context of internal colonialism is parallel to that of economic dependence in the context of colonialism. This is the case since welfare payments preserve the social order. Bonacich and Light make this point when they explain how "welfare curbs the reserve army of the unemployed," reducing the chances that wages in the mainstream economy would decline if job seekers flooded in from internal colonies.¹⁰ Welfare also reduces the chances of mass uprisings, since it brings temporary economic relief to communities that suffer from a dearth of capital. Despite the efficiency of welfare and other forms of dependence in maintaining social order in poor communities, there are areas where dominant institutions are unable to maintain social equilibrium.

The Role of Middleman Minorities in Internal Colonies

Many of the commercial functions necessary for the maintenance of internal colonialism cannot be met by mainstream institutions. Because of this, there is a need for third parties to assume an economic role in minority markets. This role is often referred to as a middleman minority role. A number of authors have discussed middleman groups and the role they fill in the economy.¹¹ However, the general characteristics associated with middleman minorities have their foundation in Weber's analysis of "pariah people" and "pariah capitalism," and in Simmel's examination of "the stranger."¹² As the terms imply, middleman minorities are perceived as outsiders who serve as go-betweens for dominant and subordinate groups in society. The middleman role is facilitated by outsider status, which initially makes middleman minorities appear impartial to the dominant-subordinate relationship that exists in society. However, the initial perception of impartiality gives middleman minorities a false sense of security, since the material benefits that they accrue from their economic role makes dominant and subordinate groups in society resent them.

Because of the existence of resentment, middleman minorities function as mediators in the economy and they fill an additional

role. They buffer mainstream institutions from the criticisms of subordinated groups. Blalock and Zenner attributes this social outcome to two characteristics of middleman minorities: they tend to be concentrated in peripheral areas of the economy where they have a relatively high degree of economic influence, and they are politically detached from mainstream institutions because of their outsider status.¹³ These conditions contribute to the stigmatization of middleman minorities in both mainstream and internal colonial settings. Blalock stresses that the existence of an economic role for middleman groups grows out of social polarization, and it remains intact as long as mainstream institutions continue to benefit from existing social inequalities.¹⁴ Because of this role, Blalock identifies middleman minorities as “natural scapegoats” serving “as a buffer which can often absorb any major strains the system may undergo short of complete rebellion by the subordinate group.”¹⁵

These points are central to understanding the role of middleman minorities in internal colonies. First, their economic role is an outgrowth of institutional structures in mainstream society that generate inequality. Second, their role as natural scapegoats buffers mainstream institutions from social conflict. Together, these two roles serve an important social control function, which allows economic and social conflict to transpire an alteration in the system of ethnic stratification. In addition, the middleman minority role can be conceptualized as a somewhat permanent fixture of internal colonialism, since it is generated by forces in mainstream society. The precarious situation that the economic role of middleman minorities entails virtually ensures that middleman minorities will remain alienated in society. Middleman minorities maintain an outsider status in internal colonies, they are the target of resentment in both mainstream and internal colonial settings, and they periodically become scapegoats for inequality in society. Because they are embedded in an institutional context that they find foreign, middleman minorities have a limited ability to control the environmental constraints that they face. One of their few forms of agency is expressed in their attempt to minimize their exposure to polarized groups in society through sojourning.

Sojourning and Middleman Minorities

Sojourning is characteristic of middleman minorities. Recently, this point has been disputed by scholars, particularly in the case of

contemporary Korean middleman minorities.¹⁶ However, the following discussion offers clarification on this point. In order to understand why sojourning is intimately linked to the economic role of middleman minorities, it is useful to review the literature on sojourning behavior. Siu undertook the first significant analysis of sojourning behavior.¹⁷ He offers the following description of the sojourner:

The "sojourner" is treated as a deviant type of the sociological form of the "stranger," one who clings to the cultural heritage of his own ethnic group and tends to live in isolation, hindering his assimilation to the society in which he resides, often for many years. The sojourn is conceived by the sojourner as a "job" which is to be finished in the shortest possible time.¹⁸

This definition describes an adaptive strategy where an individual enters an economic setting with the intention of accumulating capital and exiting in the shortest possible time. It also reflects the perception that a given economic setting is not considered a desirable place for permanent settlement, but rather it is seen as a means to ultimately settling in the location where the sojourner strives to be.

These characteristics of sojourning are elaborated upon by Lee.¹⁹ She enters into an extensive discussion of sojourning behavior among the Chinese in America, illustrating Siu's points and stressing that, "Chinese sojourners maintain a psychological and social separateness from the larger society and insulate themselves against the full impact of the dominant society's values, norms, attitudes, and behavior patterns."²⁰ From this perspective sojourning can be viewed not simply as economic opportunism, but as a defensive form of agency exercised by individuals or groups who fill an economic role in a volatile social environment. The most important characteristic of sojourning is the intention of the sojourner to remain in a given economic setting temporarily, and the resistance to establish any roots to that setting. In fact, it is not necessary for a sojourner to have any realistic intention to return to his or her nation of origin; the minimum requirement is the intention to leave the place of sojourning, and not to settle there permanently.

Sway illustrates this point well in her discussion of sojourning by both Jews and Gypsies.²¹ She points out that although Jews practice sojourning behavior, they have demonstrated ambivalence

towards a return to their homeland. In the case of Gypsies, the practice of sojourning is well documented, despite their status as a wandering people with no definitive homeland. Sway's perspective concerning sojourning is closely aligned with Bonacich's.²² She points out that sojourners maintain a mental image of their ancestral homeland as, "somewhere to go if things get too bad in the host country."²³ In this light, references made to ones homeland are actually a defensive reaction to host hostility experienced by middleman groups, and not a true desire to return to their country of origin. This is a reflection of a sojourner's perception of a given location as a place for transitional economic activity. Which leads one to conclude that a sojourner's final resting place, upon the completion of a particular economic endeavor, is not of primary importance. The only element critical to sojourning is the initial intention to leave.

Bonacich makes another important point about sojourning. She identifies it as a practice that takes place among middleman minorities in a colonial setting.²⁴ The wedding of sojourning behavior, the middleman minority role, and a colonial setting is critical to this study. It is this conceptualization of sojourning that illuminates an important characteristic of Korean entrepreneurship in minority markets. Minority markets are embedded in internal colonies, and Korean merchants enter these markets as sojourners. Kim and Hurh illuminate this point when they discuss the manner in which Korean entrepreneurs envision their businesses on the South Side of Chicago as stepping stones to entry in the mainstream economy.²⁵ Because minority markets are part of internal colonies, the possibility for sojourning among Korean middlemen emerges. The intention among Korean merchants to eventually cease doing business in minority markets is further evidence of their sojourning behavior, regardless of whether they plan to eventually move into the mainstream American economy or back to Korea.

The Role of Class and Ethnic Resources in Minority Markets

In addition to sojourning, there are other aspects of middleman entrepreneurship that have been widely discussed in the literature. Perhaps the most important involves the role of class and ethnic resources. Unfortunately, there are almost as many definitions of class and ethnic resources as there are theorists. Without going

into an elaborate taxonomy, some of the more focused discussions of class and ethnic resources will be identified in order to operationalized these concepts in a manner relevant to this study. Yoon's discussion of the distinction between class and ethnic resources is one of the more succinct in contemporary scholarship.²⁶ He clearly conceptualizes ethnic resources as those resources and forms of aid coming from co-ethnics. According to Yoon, "Ethnic resources may be material (e.g. financial aid), informational (e.g. business advice), or experiential (e.g. job training)."²⁷ In addition, ethnic resources entail support from ethnic customers, ethnic employees, ethnic suppliers, the ethnic media and ethnic organizations. With this definition, Yoon is able to draw a clear distinction between ethnic and class resources. Yoon describes class resources as those that are derived from private property, wealth, and investments in human capital. He points out that, "Class resources are available only to a segment of an ethnic group whose social and economic position in society enabled them to invest in human capital or to be endowed with these resources through their parents."²⁸

Yoon acknowledges that in some respects class and ethnic resources seem to overlap, however he stresses that the theoretical distinction is important for an analysis of entrepreneurship. Light and Bonacich addressed this issues as well, pointing out that, "Although hard to differentiate at the margins, class and ethnic resources are different phenomena, each of which is capable of promoting entrepreneurship."²⁹ In the case of middleman entrepreneurs, there is evidence of both class and ethnic resources influencing entrepreneurship. For instance, Light points out that both types of resources have played a role in the development of Korean entrepreneurship in the contemporary period.³⁰ He identifies a litany of ethnic resources that have promoted Korean entrepreneurship: "rotating credit associations," "nepotistic trade guilds," "family firms," "ethnic homogeneity of business sales," and other ethnically linked factors such as "immigrant motivation and values."³¹ However, Light acknowledges that class resources influence entrepreneurship.

Light is well known for his argument in *Ethnic Enterprise in America*, where he attributes differential levels of ethnic solidarity to account for higher rates of entrepreneurship among Asians than blacks.³² However in a later work, Light points out that in addition to ethnic resources, class resources effect the rate of Korean entre-

preneurship. This point is expressed clearly in the following comment:

The contrast of Korean and Mexican or Black in Los Angeles is misleading. The displaced peasantry of Mexico and the American South are also disadvantaged in the labor force, but these rural migrants brought with them no class resources of capital or higher education to offset the disadvantage. Hence, it is no surprise that Mexican and Black people in Los Angeles have not established in proportion to their numbers as many businesses as have college-educated Koreans.³³

The dual effect of ethnic and class resources raises important questions concerning the relative significance of each to entrepreneurship, as well as questions concerning the conditions under which one type of resources would be more important to successful entrepreneurship than the other.

Under certain conditions minority entrepreneurs may desire to mobilize ethnic resources, while under others they may mobilize class resources. This decision might bear on the size of a particular enterprise, or the characteristics of the market and the nature of competition. The point is, since both class and ethnic resources affect economic outcomes for middleman minorities, situations will arise where the mobilization of one type of resource is more advantageous than the mobilization of another. Yoon attempts to address these issues in the following comment:

Two theoretical positions are taken on the utilization patterns of ethnic and class resources. The first position is that ethnic resources and class resources are in a substitutive relationship in the sense that, at a point in time, the more class resources one possesses, the less likely he or she is to depend on ethnic resources. The second position is that ethnic resources and class resources are in a substitutive relationship in the sense that as one's business grows, ethnic resources become irrelevant or insufficient and that class resources become more important.³⁴

These points are important to this study for several reasons. They illustrate that the decision to mobilize class and ethnic resources can be influenced by a variety of social and economic factors. In the case of Korean middlemen, although the mobilization of ethnic resources is considered important to their entrepreneurial success, intensified competition from co-ethnics may elevate the

importance of class resource for successful entrepreneurship. In fact, the conditions under which class and ethnic resources are substituted for one and other among Korean middlemen is a focus of this study.

This issue is also important when black entrepreneurs are discussed in this study. Black entrepreneurs have fewer class resources at their disposal than other entrepreneurial groups in society.³⁵ Although this disadvantage is well established, there is disagreement concerning the ability of black entrepreneurs to mobilize ethnic resources. For instance, Light makes several references to the lack of ethnic solidarity among blacks, identifying it as a factor contributing to failed entrepreneurship.³⁶ However, this is contradicted by Butler, who identifies a tradition of mutual aid and self-help in the black community which facilitates entrepreneurship.³⁷ His study indicates that black entrepreneurs have a history of mobilizing ethnic resources in response to their limited access to class resources. From this perspective, limited class resources available to black entrepreneurs leads to the cultivation of ethnic resources and a group economy. In fact, the unique role of ethnic resources in the black community can be viewed as a byproduct of internal colonialism.

This is the case since middleman entrepreneurs enter the black community with relatively higher levels of class resources than black entrepreneurs possess. This puts middleman minorities in a position where they can substitute class and ethnic resources to optimize the economic efficiency of their businesses, while black entrepreneurs must rely more heavily on ethnic resources. The inequality in class resources that exists between middleman and black entrepreneurs is exaggerated by the dependent relationship existing between minority markets and mainstream institutions. This relationship curtails the development of class resources in the black community. This institutional context creates a situation where better capitalized middleman minorities can enter minority markets for the purposes of sojourning, while the accumulation of wealth among blacks remains stagnant.

Black Entrepreneurs and the Economic Detour

In order to understand why black entrepreneurs find it difficult to accumulate capital and wealth, it is necessary to examine the institutional constraints that they confront. Black entrepreneurs

rarely have full access to mainstream markets. In part, this results from capital constraints; however, at a more fundamental level the economic barriers they face are an outgrowth of racial discrimination in society. In fact, a number of scholars have discussed the plight of black entrepreneurship over the years.³⁸ General issues such as the limited access to capital, racism, and resulting constraints on the ability to compete with large scale business in the mainstream economy have truncated black entrepreneurship, and confined it to minority markets.

This process is discussed by Stuart, and later by Butler, with the concept of "an economic detour."³⁹ Stuart argues that during de jure legal segregation, black entrepreneurs followed an economic detour.⁴⁰ Blacks built businesses in minority markets, since white customers were hesitant to buy from black-owner businesses. Stuart stresses that since the average black business owner is undercapitalized and faces racism, "he must choose those lines of commerce and personal services that white competitors have either not elected to invade and nearly monopolize, or the very nature of which tend to make less effective the force of white competition and peculiar racial restrictions."⁴¹ The concept of an economic detour is further developed by Butler, who points out that an economic detour entails government action, or inaction, that allows segregation to interfere with the normal operation of the marketplace.⁴² In this discussion, Butler emphasizes that although other entrepreneurial groups have faced discrimination, black Americans have been the targets of racism in an institutional context, and this has placed them at a greater disadvantage in the economy.⁴³ Because the black experience with racism is unique in American society, black entrepreneurship has taken its own form.

Butler draws a clear distinction between the character of black entrepreneurship and immigrant entrepreneurship.⁴⁴ While other ethnic groups are free to operate in the larger economy, he stresses that blacks are not. In fact, he points out that the classic middleman minority serves more than its own community, while black entrepreneurs experience discrimination in the marketplace that prevents them from attracting a non-black clientele to their businesses. Although de jure legal segregation is no longer in place, black entrepreneurs are still stigmatized in society and their economic opportunities continue to be limited due to racism. For these reasons, black entrepreneurs do not fill a middleman role in

minority markets. Instead, they have become an intricate component of a group economy in the black community. However, this group economy is not the same as the "ethnic enclave economies" identified by Portes, Manning and Zhou.⁴⁵

The group economy in the black community differs from ethnic enclave economies along several important dimensions. Portes, Manning and Zhou describe ethnic enclave economies as settings where immigrants can obtain higher levels of social and economic mobility than in the mainstream economy.⁴⁶ As a result, ethnic enclave economies entail dual benefits, they offer immigrants higher levels of economic mobility than the mainstream economy, and they serve a social function as ethnic havens. Unlike an ethnic enclave economy, which has a dual economic and social function, the group economy in the black community serves primarily a social function. The group economy in the black community also creates a safe haven for blacks, buffering them from racism in mainstream institutions. However, blacks accrue few economic benefits from participation in the group economy that exists in minority markets. Wong makes this point clear, stating that black entrepreneurs see business ownership as "an end in itself," since the black entrepreneur's "principal motive is the desire to be his own boss - not profit making. Indeed, after overhead, his 'profits' are typically no more than prior working wages in the secondary labor market."⁴⁷

Despite limited economic benefits, blacks receive important social benefits from the group economy in the black community. Entrepreneurship is a source of social autonomy from mainstream institutions for blacks. Wong points out that for black entrepreneurs, "small business enterprises were alternatives to the caste-like dual labor market in America which separates white and non-white."⁴⁸ Although minority markets entail the constraints of an internal colonial setting, black entrepreneurship in these markets represents a form of agency. In fact, the social meaning of black entrepreneurship has become an important rallying point for social change in the black community. For instance, the "doctrine of the double-duty dollar," which instructs black consumers to buy from black businesses has been articulated by black leaders since the early 1900's.⁴⁹ Black entrepreneurship is an institution in the black community that facilitates the mobilization and development of ethnic resources.

In this light, this examination of black and Korean entrepreneurship in minority markets is more expansive than previous research, which has focused on discussing how Koreans succeed in business and why blacks do not. Often, these explanations lead to a discussion of assumed cultural deficiencies of black entrepreneurs, without any coherent examination of black business. This study focuses on the role of class and ethnic resources for black and Korean entrepreneurs, without losing sight of the internal colonial structure in which they do business. By doing this, many of the pitfalls of prior studies are avoided. The result is a truer representation of constraints and agency in minority markets. However, in order to undertake this study a number of issues concerning research design had to be addressed and developed to ensure that its findings reflect general social processes. A great deal of care and reflection was applied to each step of the research process with this issue in mind. The next section of this chapter will be dedicated to a detailed discussion of the natural history of the methodology developed for this study, in order to identify the techniques and controls applied during the research process.

NATURAL HISTORY OF THE METHODOLOGY

Origins of the Research Question

In retrospect, this study began on April 29, 1992. On that date, I turned on the television in a my apartment in Tallahassee, Florida to get information about what was happening at home in Los Angeles. This was the day that the police were found “not guilty” for the beating of Rodney King, and subsequent rioting took place in several communities in Los Angeles. What I found most alarming about that day was the disparity that existed between the reporting of these events on television, and the interpretation of the same events conveyed to me over the telephone by my friends and relatives in Los Angeles. In fact, the concerns and impressions of many of the blacks, Koreans and whites who I spoke to in Los Angeles on that day, and in the days following the riots, seemed to escape the pundits. The basic issues and questions that grew out of that experience stayed with me, and in many ways influenced what would later become my dissertation.

In the summer of 1994, I found myself in an equally unsettling dilemma. I had just passed my preliminary examination for my doctoral degree in the Urban Studies Program at the University of Wisconsin - Milwaukee, but had no idea what my dissertation topic would be. One Saturday afternoon, in an act of sheer avoidance, I decided to drive my future wife to a beauty supply store in Milwaukee's black community. This trip was necessary since she needed to purchase some specialized beauty supplies that larger chain stores in our neighborhood did not carry. When we got there, I noticed that aside from myself there were no white faces in the store. The clientele was black, and the people who ran the store were Korean. This was a very familiar environment to me, since I had grown up with Korean friends whose parents had owned similar stores in Los Angeles. After looking around the store, another thing caught my attention. A large proportion of the merchandise that was for sale in this store appeared to be made by black-owned companies. So, I left that store with a number of new questions concerning the relationship between black and Korean businesses, and a few weeks later I decided to turn these questions into a dissertation.

Of course, that was only the beginning of a long process of conceptualizing this research and developing a methodology. In essence, this dissertation has always been a community study, although the actual research site was selected after the basic research questions had been identified. The research site for this study was established in the fall of 1994, after a number of theoretical and empirical issues had been considered, although many of the decisions about the research site were pragmatic ones. In some respects, Whyte's experience in selecting a research site for his community study, *Street Corner Society*, was similar to my own.⁵⁰ Whyte pointed out that his selection of a research site was not entirely informed by scholarship, "I made my choice on very unscientific grounds: Cornerville best fitted my picture of what a slum district should look like."⁵¹ In fact, the balancing of methodological and pragmatic considerations is something that all ethnographers struggle with, and resolve. Yet, the end result of this exercise is a heightened sensitivity to research design.

A number of issues surrounded the decision to implement this study on the South Side of Chicago. The most important issues was sample size. One of the main reasons that the South Side of

Chicago was selected as the site for this research was because it contained the largest accessible concentration of black and Korean businesses in the ethnic beauty aids industry. This study called for a research site where both black and Korean entrepreneurs participate in the ethnic beauty aids industry, and a sizable population of each group was found in Chicago. Other locations were considered for this study, but they were not deemed appropriate since they either lacked an agglomeration of black and Korean businesses comparable to Chicago's, or they were inaccessible due to their geographic location. For example, Milwaukee was initially considered as a research site for this study, but its population of black and Korean businesses was not large enough for a detailed study of inter-ethnic business networks. There were sites outside of Chicago that met this criteria, but, they were located in regions of the country that were logistically inaccessible.

The South Side of Chicago had additional characteristics that made it an appropriate research site for this study. The site is historically significant. For example, Chicago has a rich history of black business development, particularly in the ethnic beauty aids industry, and a number of ethnic groups have pursued entrepreneurship in Chicago's minority markets over the years. In fact, the historical significance of the city added additional dimension to this study that would have been lacking in other locations. This facilitated the collection of archival data that is used to establish a historical foundation for some of this study's arguments and conclusions. Of course, there were also pragmatic issues that made the South Side of Chicago an appropriate setting for this study. The issue of proximity has been identified. This was an important consideration in the selection of the research site, since Chicago was close to the University of Wisconsin-Milwaukee, where my doctoral program and faculty are housed. The issue of proximity was also inherently linked to the availability of financial resources for this study, since there was no external source of funding for this research. This had a substantial effect on decisions concerning the scope of this study, and the rationing of my personal resources.

Nevertheless, the lack of financial support was not a hinderance to the development of grounded theory along the lines discussed by Glaser and Strauss.⁵² Since this was essentially a one person project, I had intimate knowledge of all aspects of the research process. As a result, a holistic view of the research questions was developed