

University of Wollongong

Research Online

Centre for Multicultural Studies Occasional
Papers

Faculty of Arts, Social Sciences & Humanities

6-1989

Restructuring, migrant labour markets and small business

Stephen Castles

University of Wollongong

Jock Collins

University of Wollongong

Follow this and additional works at: <https://ro.uow.edu.au/cmsocpapers>

Recommended Citation

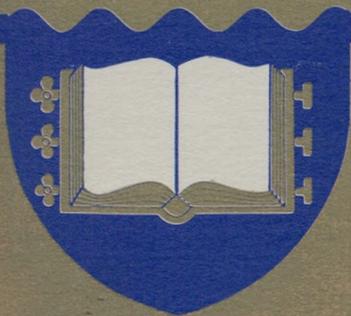
Castles, Stephen and Collins, Jock, Restructuring, migrant labour markets and small business, Centre for Multicultural Studies, University of Wollongong, Occasional Paper 16, 1989, 31.
<https://ro.uow.edu.au/cmsocpapers/14>

Research Online is the open access institutional repository for the University of Wollongong. For further information contact the UOW Library: research-pubs@uow.edu.au

Restructuring, migrant labour markets and small business

Abstract

Changes in global economic patterns have led to major shifts in both international migratory flows and labour market structures in Australia. This causes a reshaping of the process whereby migrant labour is incorporated, leading to unemployment among existing migrant groups, and restriction of labour market entry points for new arrivals. Another result of restructuring is the growth of small entrepreneurship. Qualitative research in inner Sydney explores the characteristics of migrant small businesses, showing types of enterprises, conditions for establishment, motivations of the entrepreneurs, use of family labour power, and chains of interdependence with larger firms. The analysis points to the need for re-examination of theories of migration and class.



■
THE CENTRE FOR
MULTICULTURAL STUDIES

■ ■ ■
UNIVERSITY OF WOLLONGONG
■

Restructuring, Migrant
Labour Markets and
Small Business

Stephen Castles and
Jock Collins

Occasional Paper no. 16

**RESTRUCTURING,
MIGRANT LABOUR MARKETS
AND SMALL BUSINESS**

Stephen Castles and Jock Collins

**CENTRE FOR MULTICULTURAL STUDIES
THE UNIVERSITY OF WOLLONGONG**

P.O. Box 1144, Wollongong, NSW, 2500, Australia

Phone: 042 270780

Fax: 042 286313

ISBN 0 86418 132 9

Occasional Paper Series No. 16, June 1989

RESTRUCTURING, MIGRANT LABOUR MARKETS AND SMALL BUSINESS

Stephen Castles and Jock Collins

This article is based on research carried out by Stephen Castles (Centre for Multicultural Studies, University of Wollongong), Jock Collins (Kuring-gai College of Advanced Education), Katherine Gibson (Department of Geography, University of Sydney), David Tait (Social Facts Pty. Ltd.) and Caroline Alcorso (Centre for Multicultural Studies, University of Wollongong). Funding and other support was provided by the Office of Multicultural Affairs, the Australian Research Grants Scheme and its successor, the Australian Research Council, Kuring-gai CAE and the University of Sydney. The findings are reported in full in Castles et al. (1989).

Abstract

Changes in global economic patterns have led to major shifts in both international migratory flows and labour market structures in Australia. This causes a reshaping of the process whereby migrant labour is incorporated, leading to unemployment among existing migrant groups, and restriction of labour market entry points for new arrivals. Another result of restructuring is the growth of small entrepreneurship. Qualitative research in inner Sydney explores the characteristics of migrant small businesses, showing types of enterprises, conditions for establishment, motivations of the entrepreneurs, use of family labour power, and chains of interdependence with larger firms. The analysis points to the need for re-examination of theories of migration and class.

1. Introduction

An interdisciplinary research project was carried out in Sydney from 1987 to 1989 with the aim of examining economic restructuring in Australia, its effect on regional and local economic and social structures, the consequences for migrant workers of different backgrounds, and the trend towards self-employment and small business activity. Very little research has been done so far in Australia on migrant small business^{*}, so that research questions were derived from a review of international literature, particularly from the USA and UK.

Since industrialisation, the proportion of the workforce who are self-employed or employers has tended to decline. This trend has recently been reversed, and small entrepreneurs are becoming increasingly significant in Western Europe (Boissevain 1984), the USA (New York Time 17 April 1988) and Australia (Strahan and Williams 1989). Ethnic minorities are playing a major role in this revival, which indicates a shift in economic role compared with periods of mass labour migration up to the early 1970s. To explain this, it is necessary to combine a 'macro approach', which examines the structural reasons for growing small business opportunities, with a 'micro approach', which looks at individual reasons for moving from wage-labour to self-employment, and examines the living and working conditions of those concerned.

Another issue concerns the specific character of businesses run by migrants. Do certain groups have a cultural propensity to pursue certain activities, or to become 'middleman minorities' (Bonacich 1973 and 1980)? Do 'ethnic niches' arise through structural change and the unwillingness of local people to provide certain types of service (Waldinger 1986)? Can enclave economies be found in Australia, like the Cuban economy in Miami (Wilson and Martin 1982)? What is the relationship between cultural, structural and situational factors (Bonacich and Modell 1980) in the decision of members of ethnic minorities to enter small business? Our hypothesis is that the growth of migrant small business is due primarily to processes of global and local economic restructuring, which is changing labour market opportunity structures in a different way for migrants and locals.

It is important to examine the relationship of small business and large-scale capital, to discover whether small business independence is a reality, or simply a veil for forms of dependence - such as sub-contracting, outwork or franchising - which safeguard profits for large operators, while passing on the risk to small entrepreneurs. It is also of sociological interest to examine the class position of small entrepreneurs of migrant origin, firstly as part of the debate on the nature of the new middle classes (Wright 1985), secondly to elucidate the relationship between ethnicity, gender and economic position in the process of class formation. Here our hypothesis is that global changes in the division of labour affect both the role of small business, and patterns of labour migration and of employment of ethnic minorities. Our analysis moves from the International to the national level, and then to State (New South Wales) regional and local Government level.

A variety of data-sets and types of analysis was used:

- A survey of 165 non-English speaking background small business owners in Marrickville, Leichhardt and Western Sydney, using in-depth qualitative interviews.
- Analysis of official statistics, particularly Censuses and Labour Force Surveys.
- The Marrickville Industry Survey, conducted by Marrickville Council in 1965.
- A census of retail establishments in Marrickville, conducted for the project by geography students from Sydney University.

2. Global restructuring and migrant labour

From 1945 to the early 1970s, large-scale utilisation of relatively low-skilled migrant or ethnic minority labour in virtually all advanced industrial countries led to marked ethnic or racial (as well as gender) segmentation, with concentrations of minority workers in low-skilled manufacturing jobs and certain service occupations (Castles and Kosack 1973, Piore 1979, Briggs 1984, Lever-Tracy and Quinlan 1988). The recruitment methods, institutional structures and informal practices which combined to produce this

segmentation varied, but the result was the same: a labour force in which many local workers were able to obtain upward occupational mobility, while the majority of certain immigrant groups (or of 'native blacks' in the USA) remained in subordinate positions. This corresponded with an accumulation strategy based on developing manufacturing industries in the 'old' industrial centres, and using increased division of labour, deskilling and intensification of work to increase productivity and control the labour force (Castles 1984: Chapter 5).

Absolute barriers to mobility (e.g. through legal restrictions) were rare and short-lived, but the character of migration from underdeveloped peripheral areas to the industrial centres made it possible to maintain a 'helot' labour force (Cohen 1987) for over 30 years. In Australia mobility was regulated mainly through emphasis on language proficiency and educational credentials. These mechanisms made a shift out of low-skilled manufacturing jobs difficult, though not impossible: a minority of Southern Europeans did become white-collar workers, or set up their own businesses. However, as Lever-Tracy and Quinlan (1988, Chapter 3) show through a cohort analysis, the proportion moving out of manufacturing declined in the 1960s and early 1970s.

Since the mid-1970s there have been major shifts in accumulation strategies both at the international and local levels. These include the decline in manufacturing employment in 'old' industrial areas, the rise of the 'newly industrialising countries' (NICs), the reorganisation of production and distribution within transnational corporations, more emphasis on control and communication using new technologies, the increased role of globally mobile finance capital, and the enhanced role of 'global cities' as centres of corporate control, finance, marketing and design. All these trends have affected patterns of labour migration, and the position of minority workers within advanced industrial countries.

Patterns of migration have become complex and volatile: they now take place in both directions between the the advanced industrial countries and the underdeveloped periphery, as well as within each group of countries. Often political factors are as important as (or indistinguishable from) economic motivations, so that many migrants come as refugees. Some countries (like Italy and Greece) have become countries of immigration after

a century or more of mass departures. New destinations for migrant workers burgeon, and sometimes decline as rapidly, like the oil states of the Persian Gulf and West Africa. Labour migration to Western Europe has almost stopped, although the influx of Third World refugees continues to provide a cheap and exploitable labour force. Migration to the USA, on the other hand, is booming, with nearly one million newcomers per year, mostly from Asia and Latin America, many of the latter coming illegally. Now Japan is beginning to experience temporary labour migration.

The growth of manufacturing in NICs generally does not lead to reduced overseas emigration. Rural-urban migration in countries of Latin America and South-East Asia is bound up with the capitalist revolution in agriculture. The transformation of rainforests into woodchips and of arable land into hamburger ranches liberates more peasants than can be absorbed by the new world market factories. So for many the exploding cities of Brasil, Mexico, Korea or India are mere staging posts on the way to Europe, North America, Australia or the Gulf states.

The global cities pull in highly-qualified personnel from all over the world. But they also attract large numbers of low-skilled migrants to service the needs of the new international corporate elite (Sassen-Koob1985). This new role for migrant labour corresponds with an emerging polarisation in the labour markets of the developed countries. As manufacturing employment declines, the large blue-collar working class is squeezed from both sides. While demand for highly-trained specialists increases, there are also growing numbers of low-skilled jobs in unregulated and non-unionised branches, such as catering, the retail trades and light manufacturing. The relatively favourable and protected wages and employment conditions achieved by generations of blue-collar trade unionism are being eroded. Those entrants into the labour market who lack the required educational credentials, particularly migrants, members of ethnic minorities and women, find they have to enter low-skilled non-unionised jobs where they have little bargaining power or security of employment. Typical workplaces are ethnic restaurants, fast-food chains, retailing, garment outwork and sub-contracting in the construction area.

Migrant workers who became concentrated in the manual manufacturing occupations between 1945 and the mid-1970s have borne the brunt of

displacement and unemployment. The new migrants of the 1970s and the 1980s have been channelled into the unregulated sectors. The revival of the garment industry in Western Europe, the USA and Australia, after it seemed set to move off-shore, is due to the exploitation of migrant women, whose wages have been forced almost as low as those of their counterparts in Asia and Latin America (Waldinger 1986, Phizacklea 1987). The services and public utilities of the great financial centres like New York, Los Angeles, Paris, Frankfurt and Sydney are run by Black, Hispanic, Asian, North African, Turkish and Southern European workers.

New migrations and new patterns of ethnic segmentation are an integral part of the emerging accumulation strategy. For many migrant workers restructuring means insecurity and exploitation, but the volatility and diversity of the economic situation makes upward mobility possible for some. The move into small business - a main theme of this article - is one form which this takes.

3. Restructuring and migrant labour in Australia

For the three decades of the 'long boom' from the Second World War to the mid-1970s, the Australian economy experienced sustained economic growth, full employment and price stability. The 1950s and 1960s saw considerable foreign investment in manufacturing industry and, in the mid-1960s, in the mining industry and services sectors. Such was the insertion of Australia into the increasingly global capitalist network that, of the major industrial countries, only Canada had a greater degree of foreign ownership and control of its resources (Wheelwright 1974). Immigration was crucial in supplying the labour for this period of economic expansion, providing 60 percent of the extra workers added to the Australian economy. Moreover, immigration helped sustain domestic demand, especially for consumer durables (Collins 1975).

Different migrant groups moved into different segments of the labour market. The first large non-British intake - the Eastern European refugees - took jobs deserted by the Australian-born and unwanted by British migrants. This set a trend which was followed in subsequent decades: non-English speaking background (NESB) immigrants provided a source of labour for the unskilled and semi-skilled jobs in this period of manufacturing expansion, but English

speaking background (ESB) migrants were employed in jobs across the occupational and industrial spectrum.

The increasing internationalisation of trade, investment and other financial activities since 1945 has integrated Australia, into a global system of trade and finance. However, the very processes which lay behind the economic expansion during the Long Boom became hinderances during the 1970s and 1980s: international crises had severe local consequences in Australia. The 1974-5 and 1981-2 recessions reverberated on the small Australian economy, triggering domestic recession and increases in unemployment. Meanwhile, the structural problems of the economy were exacerbated by foreign ownership and control of Australia's resources.

The 1975 Jackson Report into Australian manufacturing reported that there was 'a deep-seated structural malaise' in the manufacturing industry. The Jackson Committee laid much of the blame at the feet of declining foreign investment, suggesting that there had been little net new investment in Australian manufacturing since the mid-1960s (Jackson Report 1975, Collins and Brezniak 1977). Since then Australian manufacturing industry has continued to decline, with some 200,000 jobs lost in the last decade. Today manufacturing industry employs less than 17 percent of the Australian workforce (Ewer, Higgins and Stephens 1987).

These structural problems and the resulting restructuring of the Australian economy have a direct impact on Australia's current and future immigrants. Manufacturing's decline is one of the major reasons behind the persistently high unemployment rates for NESB men and women, especially immigrants from countries such as Vietnam and Lebanon. Moreover, there is a regional dimension to these problems. For instance the Illawarra region has suffered particularly: one estimate suggested that for every job lost in the Port Kembla steel industry 3.81 jobs throughout the Illawarra region would be lost (Mangan and Guest, 1983:34). NES immigrants have borne the brunt of the unemployment in the Illawarra region, as they have in other regions. It is notable that the overseas-born population in the Illawarra region actually declined by 2.4 percent in the inter-censal period 1981-86.

In the clothing, footwear and textiles industry, where 80 percent of employees are NESB immigrants - mostly women - structural change is also

eroding the employment base. The Federal Government is committed to reducing the high tariff protection in these industries. This will not only lead to many NESB migrant women losing their jobs, but have an adverse impact on those regions and country towns dependent on the clothing or textile factory as the major employer. Increasing unemployment, and increase in part-time work, sub-contracting, out-work seem to be the inevitable consequence.

These structural changes not only affect newly arrived NESB immigrants, who find it hard to get work in declining industries, but also immigrants who have been in Australia for decades, especially older migrants. As the ROMAMPAS Report (1986:51) put it:

Changes in the economy and the manufacturing sector in particular, are disproportionately affecting immigrants who have been in Australia for a long period of time - some twenty years and longer. These middle aged and older immigrants are facing, and have experienced, retrenchment at a time when they are least able to adapt to or acquire new employment or have had no occasion to acquire greater proficiency in English or new skills.

Sustained youth unemployment is another feature of the restructuring Australian economy. Migrant youth bear a disproportionate burden. In 1984, for example, the rate of unemployment of overseas-born youth aged 15-19 years was 25 percent higher than for the Australian-born, while for overseas-born people for between 20-25 years of age unemployment was 50 percent higher than the Australian-born (Castles et al 1986).

These problems of structural change have implications for all Australians. However NESB migrants are over-represented among the unemployed and under-represented among the new job takers, as the next section will demonstrate. In other words, the underlying structural change in the economy threatens the jobs of many existing immigrants, and erodes the employment base into which many future immigrants would be expected to be employed. While in the long-term the Australian economy may be more efficient after structural change has occurred, in the short-term increased NES migrant unemployment is likely. Even if the very recent injection of investment into Australia's manufacturing sector continues, the trend to increasing casualisation, sub-contracting, part-time and out-work will probably be increased.

4. Migrant Employment and Unemployment - Recent Trends

In the postwar period, migrant labour filled more than five out of every ten jobs created in Australia. Today foreign-born men and women comprise one quarter of the Australian work-force, significantly greater than in any major industrial society other than Israel and Switzerland (Collins 1988:5). Moreover, second and later generation migrants add to the labour force impact of migrant labour in Australia.

The Australian labour market is highly segmented by area of origin and gender. Collins (1978) identifies four main segments: men born in Australia or ESB countries, who mainly have white-collar, skilled or supervisory jobs; men from NESB backgrounds who are highly concentrated in manual manufacturing jobs; Australian-born and ESB women, disproportionately in sales and services; and NESB women who tend to get the worst jobs with the poorest conditions. A detailed analysis of the Melbourne labour market by Lever-Tracy and Quinlan (1988) shows extremely high concentration of Southern European workers in manual manufacturing jobs, leading the authors to speak of a 'South European occupational ghetto'.

The 1986 Census gives evidence of continuing segmentation. For instance taking the figure 100 as the base for the average representation of women in the manufacturing industry, high degrees of overrepresentation are found for those born in Vietnam (494), Turkey (437), Yugoslavia (358) and Greece (315). On the other hand women born in the USA (63), Malaysia (64), Canada (68) and Australia (79) are under-represented. In the clothing industry, women born in Vietnam, Turkey, Cyprus and Greece are over-represented by a factor of between eight and twelve times. Turks, Greeks and Vietnamese are under-represented in service industries. The 1986 Census also confirms a high degree of occupational and industrial segmentation for male NESB workers (Collins 1988: 82-85).

Segmentation is even more pronounced in regions such as Sydney, which are receiving a disproportionately large share of newly-arrived NESB migrants. Migrants born in Southern Europe, West Asia, Other Asia and South America are even more likely to be employed in the labourers, plant and machine and trades occupations in Sydney than they are in NSW as a whole. 1986 data shows that similar patterns of labour market segmentation

are evident for the Hunter and Illawarra regions of New South Wales (Collins 1989).

However, there are important exceptions to these patterns of labour market segmentation in Australia. For example, for the Hunter and Illawarra regions of NSW in 1986, migrants born in West Asia had a high representation in the Managerial and administrative and the Professional occupations showing the complex and often contradictory nature of the incorporation of migrant labour in Australia (Collins 1989).

One of the sites of incorporation of migrant labour into the Australian labour market which many migrants did not anticipate was the unemployment queues. Australia-wide unemployment rates for the overseas-born and the Australian-born were fairly similar for the 1970s. In the early 1980s, when unemployment exceeded 10 percent for the first time in fifty years, the rate for the overseas-born tended to be two percentage points higher than the Australian-born (Collins 1988:163).

Table 1 shows unemployment rates in NSW for the years 1984-87 by birthplace and gender. The most striking feature is the disproportionately high rates of unemployment for newly-arrived NES migrants. While Greek, Italian and British-born migrants suffer unemployment to a similar extent to the Australian-born, other NESB migrants exhibit much higher rates. This is particularly the case of the Lebanese-born and the Vietnamese-born migrants. In 1987, 36.8 percent of Vietnamese-born males, and 32.3 percent of females, were unemployed. The unemployment rates for the Lebanese-born are even higher, with the 1987 figure 36.9 percent for males and 44.4 percent for females. The Australian-born rates were 8.1 percent and 8.2 percent respectively. In other words, NSW unemployment rates for Lebanese and Vietnamese-born migrants are four times or more that of the Australian-born.

Females in NSW generally have higher rates of unemployment than males, irrespective of birthplace. The exceptions to this rule in 1987 were New Zealanders, Vietnamese and Yugoslavs.

Table 1 - NSW Unemployment Rates by Birthplace and Gender, 1984-87.

Country of Birth	Males				Females			
	1984	1985	1986	1987	1984	1985	1986	1987
Australia	13.3	8.7	7.7	8.1	9.0	8.6	8.3	8.2
Greece	10.4	8.5	11.4	7.6	13.2	9.2	12.1	10.1
Italy	9.1	5.9	7.5	2.4	6.6	3.9	5.5	13.9
Lebanon	33.8	26.9	21.8	36.8	38.9	42.9	33.3	44.4
New Zealand	10.2	11.7	13.5	13.6	6.1	14.1	9.4	12.2
United Kingdom	7.9	6.9	6.3	3.7	7.4	4.8	5.6	8.5
Vietnam	39.0	25.0	11.1	36.8	39.0	34.3	16.7	32.3
Yugoslavia	16.5	10.7	10.5	13.2	19.2	16.8	4.3	11.4

Source: Collins (1989).

It is important to note that official figures seriously underestimate the real extent of unemployment. According to various studies, the number of people who wish to work, but who are not officially registered as unemployed is between 50 and 100 percent of the volume of official unemployment. (Whitfield 1987). Economists Paul Stricker and Paul Sheehan suggested in 1981 that the rate of hidden unemployment is approximately two to three times greater for migrants (especially NESB migrants) than for the Australian-born (Stricker and Sheehan 1981:71).

It is also important to disaggregate NSW migrant unemployment statistics by period of arrival. The conventional wisdom is that higher rates of unemployment for some migrants is a problem only in the first few years of settlement. (BLMR 1986) However, analysis of NSW unemployment by period-of-arrival cohorts shows that in 1987 unemployments rates were higher for those who arrived in NSW in the period 1971-75 than for those who arrived in the later period 1976-80. Moreover, the unemployment rate of ES migrants who arrived during the period 1971-75 was twice as high as the unemployment rate for ES migrants who arrived in the period since 1981. NESB migrants who arrived in the years 1971-75 had only a slightly lower

unemployment rate than did those NESB migrants who arrived after 1981 (Collins 1989).

The evidence suggests that migrant labour is incorporated into the Australian labour market in a complex and contradictory way as cyclical recovery intersects with fundamental structural change in the Australian economy in the 1980s. Persistent patterns of labour market segmentation, whereby NESB migrant men and women are disproportionately concentrated in the manual unskilled and semi-skilled jobs of the declining manufacturing sector, has meant that NESB unemployment rates are disproportionately high. This is despite a recent period of over five years of economic and employment growth in Australia, suggesting that restructuring has eroded fundamentally the sites of incorporation of NESB migrant labour in Australia, while expanding employment opportunities for the Australian-born and ESB migrant workers who are more concentrated in the growing services sector.

5. Migrant Women: Outwork and Marginalisation

In the post-war period women have increasingly entered the workforce. In 1988 for the first time the labour force participation rate for women aged 15-60 exceeded 50 percent. In New South Wales this trend is also evident. In August 1976 females accounted for 35.2 percent of the NSW labour force. By August 1986 this had increased to 39.1 percent. Over this decade, the female labour force increased by nearly one third while the male workforce increased by one tenth. Women have higher rates of unemployment, greater presence among part-time workers and earn lower wages than males in NSW (Women's Directorate 1987).

Most of the growth in employment has been for part-time jobs, a trend noticeable in all capitalist countries as economies are restructured. In NSW about one third of the female workforce is made up of part-time workers, while the male workforce is predominantly (90 percent) composed of full-time workers. Over half of female workers born in Greece and Italy were part-timers in 1987, as were over one third of those born in Britain and Australia. However, only one fifth of Vietnamese-born women, and just over one tenth of Lebanese-born women, were part-timers in 1987. Over the period 1984-87, the number of Italian-born women in part-time work increased by 70 percent, Vietnamese-born by 44 percent and that of Greek-born women by

35 percent. Increases for New Zealand and UK born women were also notable, with increases of 18 percent and 10 percent respectively. On the other hand, the proportion of Yugoslavian-born women who were part-timers fell by 30 percent and Lebanese-born women by 20 percent (Collins, 1989).

One problem facing NESB immigrant women in Australia relates to their growing presence in outwork. While it is impossible to know the exact incidence, it has been estimated that there are between 30-40,000 outworkers in the clothing industry alone. Studies point to the concentration of NESB women in outwork in industries such as textiles, footwear, electronics, packing and food and groceries. (Nord 1983, Centre for Working Women Co-Operative Limited, 1986). Outworkers work in the home, are generally not unionised or covered by award conditions. They are perhaps the most exploited of all sections of the Australian workforce.

For migrant women, the growth of outwork is often related to the problem of inadequate childcare facilities. But the main reason for the growth of outwork and of part-time work is economic restructuring. In industries such as clothing, footwear and textiles, outwork expands as a result of tariff reductions and new computer-based technologies which align production closer to demand trends. Outwork is not the sole preserve of women. In the services sector, computer workstations, linked via modems to the national and international economies, open up opportunities for greater home-based employment of both sexes. In other sectors of the economy, such as the predominantly male construction and transport industries, sub-contracting has increased significantly. The movement of an increasing number of workers out of wage labour into 'outwork', 'self-employment' or 'sub-contracting' masks the increasing marginalisation and exploitation of these workers resulting from global economic restructuring.

6. Small Business and Economic Restructuring

The small business sector of the Australian economy has been generally ignored in the discussions of economic restructuring yet it accounts for nearly half of all employment in the private sector. According to the definition of the Australian Bureau of Statistics, small businesses are those enterprises which employ less than 20 employees. Small business comprise 83 percent of all enterprises in Australia. In 1986-87, there were 580,900 small businesses in

Australia: 95 percent of all Australian private non-agricultural enterprises and 83 percent of all enterprises in Australia. These small enterprises employed 44 percent of private sector wage and salary workers. The small business sector embraces the majority of those classified as self-employed and employers. (ABS 1988).

Taken by industry, the construction and retail trade industries have the highest proportion of small businesses. Together with the finance, property and business services industry, and the agricultural sector, these industries account for two thirds of small businesses in Australia. More than 70 percent of persons employed in the construction industry were employed in small businesses, as were over 50 percent of those employed in the retail trade, transport and storage and recreation industries. The mining industry had the lowest proportion of workers employed in small businesses, (10 percent), with the manufacturing industry the next lowest (22 percent).

There has been a noticeable growth in both the number of small enterprises in Australia and the persons employed by them over the last few years. The ABS (1988) estimates that for the period 1983-84 to 1986-87 there was an increase of 15 percent in the number of all enterprises in Australia and a 13 percent increase in the persons employed by them. There was an equivalent growth in the number of small enterprises. In many cases, self-employment is a euphemism for sub-contracting or outworking, a more marginal form of wage-labour encouraged by economic restructuring.

Over the period 1983-4 to 1986-7, the number of self employed in Australia grew by 81,900 or 12 percent to 792,300. The greatest growth in the number of self-employed was in the finance, property and business services industry (25 percent growth) and the recreation, personal and other services industries (19 percent). The construction, transport and storage and community services industries exceeded the national average. Self-employment in the manufacturing industry grew by 10 percent, while it declined in the retail trade and wholesale trade industries.

7. Ethnic Small Business

What has been the impact of immigration on small businesses in Australia? In 1947, immediately prior to the great waves of postwar immigration, more

than one half of the workforce of migrants born in Greece, Poland and Italy were self-employed or employers. Similarly, more than one-third of the German-born, Maltese-born and Yugoslav-born in the workforce were either employers or self-employed. Only one fifth of the Australian-born workforce were classified in this way (Collins 1988:93). The waves of postwar migrant intake were, of course, mainly destined to become wage-labourers. In 1981 16.4 percent of the Australian-born male workforce were self-employed or employers, a decline of one fifth on 1947. Overall, the overseas-born average was very similar, with 15.8 percent self-employed or employers.

Data from the 1986 Census for NSW enables a greater appreciation of recent changes to the migrant small business sector. As Table 2 shows, there is considerable variation by birthplace. The benchmark is the proportion of the Australian-born workforce in NSW that are self-employed (10.9 percent of males and 7.1 percent of females) or employers (6.9 percent of males and 4.5 percent of females). Those born in countries in West Asia appear to have the highest proportional representation: 15.5 percent of males in self-employment and 13.3 percent of females. Next highest are Other Europe (14.7 percent and 10.4 percent respectively), Southern Europe (13.9 percent and 10.4 percent) and East Asia (11.2 percent and 9.8 percent). Migrants born in East Asia have the highest representation as employers of all NSW birthplace groups, with 12.6 percent of East Asian males and 8.3 percent of East Asian females in the NSW workforce employers. They are followed by migrants from Other Europe (9.3 percent and 6.8 percent respectively). West Asia (9.3 percent and 6.4 percent) and Southern Europe (8.1 percent and 5.8 percent).

Table 2 - Percentage of Workforce Self-Employed and Employer, Male and Female, New South Wales, 1986, By Continental Birthplace

Birthplace	Self Employed		Employer	
	M	F	M	F
Australia	10.9	7.1	6.9	4.5
UK and Eire	9.6	6.0	5.3	3.7
Oceania	10.9	7.0	6.8	4.8
Southern Europe	13.9	10.4	8.1	5.8
Other Europe	14.7	10.4	9.3	6.8
Total Europe	12.2	8.2	7.2	5.0
East Asia	11.2	9.8	12.6	8.3
South East Asia	5.1	4.4	5.0	2.8
South Asia	6.8	5.0	7.7	4.5
West Asia	15.5	13.3	9.3	6.4
Total Asia	9.7	7.5	8.3	5.0
South America	7.4	4.7	3.1	2.2
Other America	10.2	7.1	6.8	4.5
Total America	8.7	5.8	4.7	3.3
Africa	7.7	5.8	8.8	3.9
Total	11.0	7.2	7.0	4.5

Source: 1986 Census.

The birthplace group with by far the highest proportional representation among the self-employed in NSW, as Table 3 shows, was the Koreans: 22.3 percent of males were self-employed as were 19.6 percent of females. This is more than twice the average of the Australian-born. Other birthplaces with a high presence of self-employed are Greece (18.7 percent and 15.7 percent), Israel (17.2 percent and 15.8 percent), the Netherlands (17.0 percent and 11.1 percent), Italy (16.9 percent and 13.0 percent), Hungary (16.5 percent and 14.5 percent) and Cyprus (15.8 percent for males and 13.7 percent for females). All these birthplace groups have at least 50 percent more self-employed males, and nearly 100 percent more females, than the

Australian-born. Other birthplaces with high representation are Syria, USA, Estonia, Germany, China and New Zealand.

Many birthplace groups had a much higher proportional representation as employers in NSW. China is the birthplace with most employers: 17.3 percent of males and 11.2 percent of females. This is approximately three times the Australian-born figure. Other birthplace groups with approximately twice the Australian-born workforce presence as employers are the Hungarians (17.3 percent and 11.2 percent), Israelis (14.0 percent and 10.7 percent) and Greeks (13.0 percent and 10.1 percent respectively). Among the other birthplace groups, Italians, Dutch, South Africans and Syrians have at least fifty percent more employers than the Australian-born.

Table 3 - Percentage of Workforce Self-Employed and Employer, Male and Female, New South Wales, 1986, By Selected Birthplace

Birthplace	Self Employed		Employer	
	M	F	M	F
Australia	10.9	7.1	6.9	4.5
China	12.3	10.7	17.3	11.2
Cyprus	15.8	13.7	11.8	9.5
Estonia	14.8	10.1	8.4	4.3
Germany	14.2	10.2	8.4	6.5
Greece	18.7	15.7	13.0	10.1
Hungary	16.5	14.5	14.0	10.7
Israel	17.2	15.8	14.0	7.9
Italy	16.9	13.0	10.5	7.2
Korea	22.3	19.6	8.5	6.1
Lebanon	17.8	15.6	9.3	8.3
Netherlands	17.0	11.4	10.0	7.8
New Zealand	11.2	5.3	6.4	3.0
Poland	9.4	7.3	6.0	4.1
South Africa	8.8	6.5	11.8	3.9
Syria	4.4	14.2	11.6	10.9
Turkey	8.7	8.4	5.9	3.5
UK & Eire	9.9	6.0	5.6	3.7
USA	11.3	7.9	6.6	4.7
Vietnam	4.3	5.6	2.8	3.3
Yugoslavia	9.1	4.6	4.3	2.4
Total	11.0	7.2	7.0	4.5

Source: 1986 Census

Considerable details on the ethnic make-up of small businesses in Australia is lost in aggregation of statistics. Take the retail industry. Fruit and vegetable stores are by far the greatest area of concentration for Italians, who account

for nearly one third of all self-employed and employers in fruit and vegetable shops. Shoe repairers have the next highest concentration of Italians (19.7 percent of the self-employed and 14 percent of employers), followed by liquor stores (15.7 percent of the self-employed and 12.2 percent of employers), and menswear shops (12.1 percent of the self-employed and 4.4 percent of employers). In other areas of retail, Italians exceed 5 percent of the small businesses. These include butchers, smash repairers, service stations, clothing, fabric and furniture stores (Collins 1988).

8. The Ethnic Small Business Study

Qualitative interviews with migrant entrepreneurs in the retail, manufacturing and services sectors were carried out by bilingual interviewers in Marrickville - Sydney's most multicultural suburb with half its 82,000 people born overseas - and other inner western suburbs. The 165 small business owners included older migrant groups - 30 Greeks and 46 Italians - and more recent arrivals - 35 Lebanese, 18 Latin Americans and 36 Indochinese. Respondents were asked about their work history (both before and since migration), the ethnic composition of their clientele and suppliers, the independence of their firms, working conditions, problems of setting up and running a business, family involvement, geographical and social mobility (including intergenerational mobility), and the impact of their work on other aspects of their lives.

The questionnaires provide individual and family histories of small entrepreneurs. These show a great variety of backgrounds and experiences, which make generalisations difficult. Pre-migration occupations included farming, manual workers, government employment (including police and army) as well as small business. Lack of English, local knowledge and recognised qualifications forced most new migrants into factory work - which often represented considerable downward mobility. The enormous sacrifices needed to save enough starting capital while doing a low-paid job, and the continued hard work and long hours once the business was started, appeared to be an acceptable price to get out of the factory and to give better opportunities to the next generation. Sometimes it was retrenchment which forced people to set up a business as the only alternative to the dole. About a fifth of our sample had experienced unemployment. This varied according to time of arrival: about 1 in 10 of those who had arrived during the long

boom had been unemployed at some stage, compared with 1 in 6 of those who arrived in the 1970s, and 1 in 3 of those coming in the 1980s. Experience of unemployment was lowest for the Italians (early arrivals) and Latin Americans (more recent arrivals) and highest for Lebanese and Vietnamese (recent arrivals), so time of arrival is not the only factor.

Our study showed that migrant entrepreneurs in Sydney do not create an 'ethnic enclave'. Neither are there areas dominated by one single immigrant group, nor are there many businesses whose suppliers and/or customers are mainly co-ethnics. The principle exception is the small-scale retail sector, where a number of food shops do cater mainly for the needs of particular groups (e.g. Asian food). On the other hand, there do appear to be 'ethnic niches', i.e. areas where opportunity structures favour high participation of migrants. These are of two kinds: firstly services catering for the general public, but where products are linked to ethnic cultures (Asian restaurants, Greek delis); secondly economic branches where entry conditions are favourable to newcomers (hot bread shops, coffee shops, hairdressers, petrol stations). This may be because little start-up capital is required, there is no need for licensing or recognition of qualifications, because the nature of the business does not provide significant economies of scale (compare Waldinger 1986). Of course, the very ease of access to a sector is also a disadvantage: it makes for tough competition with hungry newcomers, leading to low returns and the need for long working hours and reliance on family labour power.

Competition was a major business problem: new supermarkets were a nightmare for small groceries, although some responded by specialising in certain products, or offering services such as credit, delivery or late opening. Turnover was often low, though about three quarters of the firms had made a profit in the previous year. Business hazards experienced by respondents included fires, complaints from neighbours (in the case of restaurants) and financial difficulties. One in 10 of our respondents had previously gone out of business. Migrants often said they had found it hard to get credit for starting capital, due to lack of local knowledge, lack of collateral and sometimes discrimination. Rotating credit associations, based on solidarity within the ethnic community (such as the Cantonese 'Hui') were sometimes a source of capital. Most respondents had obtained their initial capital through hard work at low wages, combined with frugal living. Some respondents reported

difficulties in getting bank loans, or having to get credit in the form of a second mortgage on their homes, rather than as a business loan. Difficulties in getting capital are one reason why ethnic small businesses are generally labour-intensive, and in areas requiring relatively small investments.

Many immigrant entrepreneurs saw starting a business as a way to become independent: 60 per cent of our sample gave this as a motivation for setting up. This independence was often more apparent than real: in a complex modern economy, the petite bourgeoisie is part of complex chain of interaction with large-scale industry, both in Australia and overseas. The isolation and weakness of the individual small business means that business decisions such as product design, pricing and marketing are often dictated by large customers or suppliers - the risk is borne by the small business, while most of the profit goes to the large one. The small business can only survive by cutting profit margins, by demanding long hours of work from proprietor and workers, and sometimes by passing on work to even more dependent people, namely outworkers. This applies most in the clothing industry, where prices are set by the large retail chains, and where the isolation of outworkers and strong competition between small subcontractors makes the small business highly vulnerable (TNC 1985). Delays in payment were often a serious problem in this area. The main form of 'freedom' permitted within this net of financial dependence was, as several of the respondent pointed out, to work late into the night finishing orders. The retail stores on the other hand appeared to be more similar to the traditional petit-bourgeois form. They were owner-operated, prices were determined by the storekeeper, there was some choice of suppliers, and no single predominant customer. Other businesses were partially dependent on other firms: service stations were in franchise relationships with petrol suppliers, a Vietnamese bookshop ran a franchised photo-processing machine. But other parts of the business (auto-repairs and sale of drinks and food at the garage, books in the bookshop) were run in an autonomous way.

The price of freedom (whether illusory or real) is high: long working hours, few holidays, the need for unpaid work by the whole family. Hardly any of the people interviewed worked less than 45 hours per week, and 40 per cent worked over 60 hours per week. Some respondents had another full-time job in addition to the business. Nor was it the recent arrivals who were constrained to work longest: Greeks were most highly represented among

the 'over 60 hours' group, with Italians and Latin Americans least likely to work so long, and the Vietnamese and Lebanese in between. One man worked from 3 a.m. to 7 p.m. six days a week and only slightly less on Sundays. Holidays were rare, with about 11 per cent saying they 'never' took holidays. Only about one third of respondents had had a holiday in the previous two years. One Italian shopkeeper said that the only time she took holidays was when she was giving birth to children.

About 75 per cent of the businesses in our sample were 'family businesses' in that they had at least 2 family members working there, while 1 in 7 had four or more family members involved. In shops or restaurants the labour of the whole family is often utilised, with husband and wife working long hours and the children helping out after school or in the holidays. Most of the businesses employed exclusively family members, including members of the extended family. A few had other employees, generally non-unionised and employed on a casual basis. Members of the nuclear family generally receive no individual payment. Work by members of the extended family may be paid, though not at very high rates; sometimes the return on labour is perceived in the on-the-job training gained, which may be used in setting up an independent business (compare Lovell-Troy 1980).

Our findings correspond with those of Strahan and Williams (1989) on the importance of family support in running small enterprises. But then the predominant motivation of the owners is to provide a better future for their children, so to expect the child to participate in the work does not seem unfair. The immigrant entrepreneurs are very realistic about the self-exploitation involved in their work: very few want their children to follow in their footsteps. The aim is tertiary education and then a shift into professional or executive employment. This aim is not unrealistic and seems, for those who are successful, to justify the sacrifices. Their economic perspective is not an individualistic one, but rather an intergenerational one. Many small entrepreneurs fail, so the risk and the hard work do not always pay off. But the alternative - remaining in blue collar work - is not very attractive either.

This finding corresponds with research results in the USA and Western Europe: many descendants of the small business groups of earlier immigrations have achieved a transition to white-collar employment. In Australia, second generation Greek and Polish migrants do have about the

same rate of professional employment as the Australian-born population, although Italians and Maltese have less intergenerational mobility into the professions (Collins 1988: 190). This success is a powerful argument against cultural explanations of immigrant small business. If there were a cultural predisposition towards business involvement, it would persist over generations. Yet this is clearly not the case. It seems rather that the migration process itself often results in downward social mobility: former small business owners, government officials, white collar workers have to work in factories in Australia, either due to lack of language proficiency, lack of local knowledge, non-recognition of qualifications or discrimination. One way of overcoming this 'blocked mobility' is setting up a small business. But the human cost is high and the strategy may not pay off until the next generation. The grain of truth in the cultural argument may lie in the claim that migrants with small business experience in their families may be better at setting up businesses, or have better contacts to get started. Once started, as Strahan and Williams (1989) point out, those with experience tend to be more successful.

In sum, we found little evidence for cultural explanations of small business activity. 'Ethnic predilections' may affect the choice of business activity to some extent, and 'ethnic solidarity' may play a part in providing capital or establishing business networks, but the crucial factor seems to be the opportunity structures provided by the economy at a specific point in time. Small business activity in general is increasing at the moment for reasons explored above. Immigrants participate in this trend, and, indeed, are often overrepresented, but this is because their opportunities of mobility through other channels are blocked. Small business, on the other hand, is a possible way out of factory work. The choice of type or business venture may have an ethnic dimension, but it is more strongly influenced by other factors: capital required, absence of barriers (such as licensing requirements), market opportunities, possession of necessary skills and the like. Our evidence leads us to support a combination of structural and situational approaches: changing economic structures provide new niches for small business; the situation of particular immigrant groups makes them able and willing to fill them.

9. Conclusions

The analysis presented in this article demonstrates the complexity of the process through which migrant labour is incorporated in the Australian economy. The changes in global economic patterns in the last two decades have led to major shifts in industrial siting, technology, organisation, capital flows and labour migrations. The direction of migratory flows has changed, and so have the characteristics of migrants, in terms of areas of origin, previous experience, motivations for migration and possession of human capital. At the same time, there is a trend towards polarisation in the labour markets of developed countries, with the blue-collar working class being squeezed from both sides: the number of highly-trained specialised personnel increases, but so does the number of workers in unregulated, non-unionised, casualised workplaces. Migrant workers are being incorporated in both these sectors, according to their legal and social status, and their possession of credentials.

The main site of incorporation for migrants between 1945 and the early 1970s - manual jobs in manufacturing - has been eroded through restructuring. Older migrants have been displaced, becoming unemployed or leaving the workforce, while new migrants and young people have not been able to find work in the traditional entry sectors. The result is high rates of unemployment for new arrivals from some areas, and proliferation of casual or informal sector-type unemployment. NESB migrant women have been particularly affected, often being compelled to take insecure part-time jobs or to do outwork.

Economic restructuring leads to a growth of self-employment and small business. Members of certain ethnic groups are over-represented as small entrepreneurs. On the basis of our research in inner Sydney, we argue that this is partly because of the desire for independence and social mobility, but that this should not be seen as a cultural characteristic of specific ethnic groups. Rather, small enterprise is often a response to blocked mobility or indeed a strategy of desperation in response to lack of alternative opportunities.

The evidence presented here is relevant to a number of intersecting theoretical debates: on changing global political economy, and its effects on

work and social structure; on changes in migratory patterns and forms of structural incorporation in developed countries; on the resurgence of small entrepreneurship and the special role of ethnic minorities in this trend. There is no space for the necessary detailed discussion here, but the sort of changes described above reinforce the need for a reworking of class analysis. Marxist theories which have traditionally ignored the petite-bourgeoisie as a conservative remnant of pre-capitalist social relations need to be re-examined (Mandel 1968, Poulantzas 1975), but so do approaches which concentrate on manufacturing workers as 'productive labour' with a unique position in class structure (Lever-Tracy and Quinlan 1988). Wright's approach seems more useful: he views classes as 'rooted in the complex intersection of three forms of exploitation: exploitation based on the ownership of capital assets, the control of organisation assets and the possession of of skill or credential assets' (Wright 1985: 283). Using this approach it becomes clear that many people are in what Wright refers to as "contradictory class locations", which has important consequences for consciousness, behaviour and political mobilisation.

The next step would be to apply such criteria to the empirical evidence on small business in general (see Sutcliffe and Kitay 1988 for a very useful discussion) and migrant small business in particular. What is likely to emerge is the understanding that there are no rigid economic divisions between small and large enterprises: rather there are complex chains of interdependence and dominance. In the same way there are no rigid sociological divisions between migrant wage workers and small entrepreneurs. Migrants become entrepreneurs because changing economic structures make this the only viable strategy. They often find that the freedom they seek is illusory, and that their economic situation is no less marginal than before. Further research is needed to examine the consequence of this for political attitudes and behaviour.

* We use the terms "ethnic", "migrant" and "minority" small business interchangeably in this paper.

REFERENCES

ABS (1988) Australian Bureau of Statistics, *Small Business in Australia: 1983-4 to 1986-7*, Canberra, AGPS.

Boissevain, J. (1984) Small entrepreneurs in contemporary Europe, in: Ward, R. and Jenkins, R., *Ethnic Communities In Business: Strategies For Economic Survival*, Cambridge, Cambridge University Press.

Bonacich, E. (1973), 'A theory of middleman minorities', *American Sociological Review*, 38.

Bonacich, E. (1980), 'Middleman minorities and advanced capitalism', *Ethnic Groups*, 2.

Bonacich, E. and Modell, J. (1980), *The Economic Basis of Ethnic Solidarity: Small Business In The Japanese American Community*, Berkeley, Los Angeles, London, University of California Press.

Briggs, V. (1984), *Immigration Policy And The American Labor Force*, Baltimore and London, John Hopkins University Press.

Bureau of Labour Market Research, (1986), *Migrants In The Australian Labour Market*, Canberra, AGPS.

Castles, S. (1984), *Here For Good: Western Europe's New Minorities*, London, Pluto Press.

Castles, S. and Kosack, G. (1973), *Immigrant Workers And Class Structure In Western Europe*, London, Oxford University Press.

Castles, S., Lewis, D., Morrissey, M., Black, J. (1986), *Patterns of Disadvantage Among The Overseas Born And Their Children*, Centre for Multicultural Studies, University of Wollongong.

Castles, S., Morrissey, M., Pinkstone, B. (1988), *Migrant Employment And Training And Industry Restructuring*, Canberra, Office of Multicultural Affairs.

Castles, S., Collins, J., Gibson, K., Taits, D., Alcorso, C. (1989), *The Global Milkbar And The Local Sweatshop: Ethnic Small Business And The Economic Restructuring of Sydney*, Canberra, Office of Multicultural Affairs.

Centre for Working Women Co-operative Limited (1986), *Women Outworkers: A Report Documenting Sweated Labour In The 1980s*, Footscray, 1986.

Cohen, R. (1987), *The New Helots: Migrants In The International Division Of Labour*, Aldershot, Gower.

Collins, J. (1978), 'Fragmentation of the Working Class' in: Wheelwright, E.L. and Buckley, K. (eds.), *Essays In The Political Economy Of Australian Capitalism*, 3, ANZ Books, Sydney.

Collins, J. (1988), *Migrant Hands In A Distant Land*, Sydney, Pluto Press.

Collins, J. (1988a), 'Italian Small Businesses in Australia', Paper to the *Conference On The Italian Community In Australia: The First 200 Years*, University of Wollongong, August.

Collins, J. (1989), *Immigrants In New South Wales: A Profile Of Recent Settlement And Labour Market Patterns*, Consultancy to the Ethnic Affairs Commission of New South Wales, April, 1989.

Collins, J. and Brezniak, M. (1977), 'The Australian Crisis: From Boom to Bust', *The Journal Of Australian Political Economy*, 1, October.

Collins, J., (1975), 'The Political Economy of Post-War Immigration', in: Wheelwright, E.L. and Buckley, K. (eds.), *Essays In The Political Economy Of Australian Capitalism, Volume 1*, Sydney, Australia and New Zealand Book Co.

Lever-Tracy, C., Quinlan, M., *A Divided Working Class*, London, Routledge and Kegan Paul.

Mandel, E. (1968), *Marxist Economic Theory*, London, Merlin.

Mangan, J. and Guest, J., (1983), 'Employment and Income in a Steel City', in *Urban Policy And Research*, 1,4, pp11-16.

Nord, S. (1983), *Migrant Women Workers - These Are Your Rights*, South Coast Labour Council, Wollongong.

Phizacklea, A. (1987), Minority and economic restructuring: the case of Britain and the Federal Republic of Germany, in: *Work, Employment And Society*, 1:3.

Piore, M., (1979), *Birds of Passage: Migrant Labour In Industrial Societies*, New York, Cambridge University Press.

Poulantzas, N., (1975), *Classes In Contemporary Capitalism*, London New Left Books.

ROMAMPAS Report (1986), *Don't Settle For Less, Report Of The Committee For Stage 1 Of The Review Of Migrant And Multicultural Programs And Services*, Australian Government Publishing Service, Canberra.

Rowley, K., (1976), 'The End of the Long Boom', *Intervention*, 6, June.

Sassen-Koob, S., (1985), 'Capital mobility and labour migration: their expression in core cities', paper presented at *Conference On Racial Minorities, Economic Restructuring And Urban Decline*, Centre for Research in Ethnic Relations, University of Warwick, September.

Strahan, K.W., Williams, A.J. (1989), *Immigrant Entrepreneurs In Australia*, Canberra, Office of Multicultural Affairs.

Sutcliffe P., Kitay, J. (1988), 'Small business and employment relations', *Labour And Industry*, 1, 3.

VEAC (1983), *Migrants And The Workforce, Working Paper No. 1, Unemployment Trends*, Victorian Ethnic Affairs Commission, East Melbourne, August.

Waldinger, R. (1986), *Through The Eye Of The Needle: Immigrants And Enterprise In New York's Garment Trades*, New York, N.Y., New York University Press.

Wheelwright, E.L. (1974), *Radical Political Economy*, ANZ Book Company, Sydney.

Whitfield, K. (1987), *The Australian Labour Market*, Sydney, Harper and Row.

Wilson, K. and Martin, W.A. (1982), 'Ethnic enclaves: A Comparison of the Cuban and Black Economies in Miami', *American Journal Of Sociology*, 88: 135-168.

Women's Directorate (1987), *Facts About Women In The New South Wales Workforce*, NSW Department of Industrial Relations, Sydney.

Wright, E.O. (1985), *Classes*, London and New York, Verso.