The Ecology of Ethnic Economies

(Extended Abstract)

By

Eric Fong and Jing Shen

University of Toronto

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With the increase in immigrant population and the growth of ethnic communities, the study of ethnic economies has received considerable attention in recent decades. Previous analyses have shown that ethnic economies provide opportunities for economic advancement for co-ethnic members, especially immigrants, who may not be able to find such opportunities elsewhere (Light and Gold 2000; Logan, Alba, and McNulty 1994; Sanders and Nee 1987). Working in ethnic economies has a strong influence on the well being of family members. Ethnic economies also provide significant human and financial resources to ethnic groups for political participation and the development of ethnic communities (Light and Gold 2000).

As most studies explore the economic and social consequences of participating in ethnic economies, the literature has largely treated the ethnic economies as given. There has been little accounting of factors that contribute to the concentration of members of minority groups in specific industries in specific metropolitan areas. Yet it is certain that the employment patterns do not simply reflect the immigrant journey.

To understand the topic, we explore how the ecological structures of the metropolis shape the concentration of minority groups in specific industries. In addition, we explore how the earnings in these ethnic concentrated industries are related to the social and demographic characteristics of the ethnic group and the characteristics of the metropolis.

The topic has significant implications for understanding the development and survival of ethnic economies in an embedded context. As studies generally agree that ethnic economies are embedded in the larger economy and urban structures (Sanders 2002), one contribution of this study is to delineate the relationship between urban structure and ethnic economies, through which the study of ethnic economies can be extended to explore its structural arrangements with the larger economy. It also provides a means of examining how the economic activities of minority groups in ethnic economies are related to the larger urban structures.

Data and Methods

The study is based on 2001 Canadian census PUMS and specially requested tables on the distribution of Chinese people by industries. Our study focuses on the industrial concentration of Chinese in Toronto, Vancouver, and Calgary, the three major metropolitan areas in Canada. Together, these three metropolitan areas consist of about 80% of the total Chinese population in Canada. Following Logan, Alba, and McNulty (1994), we identify an industry to be over-represented by Chinese whenever the number of Chinese involved is at least 1.5 times greater than the chances for either entrepreneurs or workers. For

a formal presentation, an industry is defined as over-represented Chinese whenever one of the two following conditions is fulfilled:

(1) The odds ratio for Chinese entrepreneurs in an industry $(f_1/f_2)/(f_5/f_6)$ is 1.5 or above, where f_1 is Chinese entrepreneurs, f_2 is non-Chinese entrepreneurs in the industry, f_5 is Chinese in all other industries, and f_6 is non-Chinese in all other industries;

(2) The odds ratio for Chinese salaried workers in an industry $(f_3/f_4)/(f_5/f_6)$ is 1.5 or above, where f_3 is Chinese salaried workers, and f_4 is non-Chinese salaried workers in the industry; f_5 is Chinese salaried workers in all other industries, and f_6 is non-Chinese salaried workers in all other industries.

The cutoff point is consistent with previous studies, thus allowing for direct comparison. Since ethnic groups may concentrate in employment or concentrate as entrepreneurs or self-employed, we followed Logan and Alba's (1999) further differentiate our analyses into the entrepreneurial and employment niches. Industries that fulfill the first condition are identified as the entrepreneurial niche. Those that meet the second condition are considered to fit the employment niche.

To understand how urban structures are related to ethnic economies, we focus on the social and demographic characteristics of the metropolitan area and the characteristics of Chinese in the metropolitan area. The unit of analysis is an industry in each metropolitan area. In total there are 569 industries in our analysis.

In the second part of the analysis, we explore how income in these Chinese concentrated industries is related to metropolitan characteristics. Quantile regression will be used so that we can understand how metropolitan and group characteristics are related to industries with different levels of income.

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