

**Why do Asian immigrants become entrepreneurs? The case of Korean self-employed immigrants in New Zealand**

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**A thesis submitted to Auckland University of Technology in partial  
fulfilment of the degree of Master of Arts (Social Sciences)**

**2008**

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## **Attestation of Authorship**

“I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the qualification of any other degree or diploma of a university or any other institution of higher learning, except where due acknowledgement is made in the acknowledgements.”

Signed by:

Joo-Seok (Joe) Lee

## **Acknowledgements**

Many people encouraged me to complete this thesis. In particular I would like to thank the participants who were willing to give their time for this study in spite of busy working schedule in their business shop.

I should thank Dr Heather Devere, my principal supervisor, for taking the role and leading me to doing this mission with valuable advice and encouragement. Also, my sincere thanks go to Associate Professor Anna Green, my second supervisor, who advised me to do the right way in writing the thesis. I am grateful to Dr David Parker, the Postgraduate Learning Support Lecturer, for helpful comments on earlier drafts of this thesis. Lastly I have to thank Dr Oksana Opara, who took over the principal supervisor role later and led me to revise the thesis finally.

The thesis is approved by the Auckland University of Technology Ethics Committee on 10 June 2005 and the AUTEK Reference number is 05/74.

## **Abstract**

With the number of Asian immigrants continually increasing in New Zealand society, Asian immigrant businesses have been appearing more rapidly in New Zealand, particularly in Auckland. The primary purpose of this study is to enquire into why a certain Asian immigrant group become business people after migrating to Auckland, New Zealand. In addition, it investigates the level of their business activity and the level of happiness with their new life in New Zealand.

This study examines the growing phenomenon of Asian immigrants, and the entrepreneurship rate of ethnic groups through existing statistics. The study focuses on Korean immigrants. Twenty self-employed Koreans who are running a business in Auckland participated in the study. They were invited to talk about why they became self-employed business people and related matters about their business activity.

The study found that Korean immigrants chose self-employment as a means of getting a job. They gave up seeking mainstream employment opportunities due to the language barrier and their inability to cope with a new society and new system. Other fundamental factors in their decision to become entrepreneurs were that firstly, they were willing to invest a considerable amount of their own money and secondly, they preferred to participate in the workforce rather than to depend on the New Zealand welfare system. Based on the information acquired through the research, the study reported that the recently increased numbers of Asian businesses are partly attributable to New Zealand business immigration policy which introduced a new business category – Long Term Business Visa (LTBV).

The findings from this research pointed to commitment that immigrant businesses contribute to the New Zealand economy and New Zealand society as taxpayers and potential employers.

## Chapter One: Introduction

Since New Zealand adopted a policy in 1991 which applies common criteria to immigrants from all countries, many Asian immigrants have settled in New Zealand. The number of “Asians” was only 1.6 per cent versus all New Zealand population in the 1986 census; the figures resulted from the 1996 census showed it was 4.8 per cent (see Table 1 in page 8). Previously the Government had used an English language test as a tool which blocked a large influx of Asian immigrants. In the early period of 2000 the number of Asian immigrants increased rapidly once again, due to New Zealand’s new business immigration policy. This has contributed significantly to the booming economy of New Zealand since 2000. In other words, it could be argued that the second large influx of Asian immigrants resulted by the new business immigration policy was a help to overcoming the low business confidence prevalent at the time when the present Labour government came to political power in late 1999.

From time to time the New Zealand media publishes alarming reports that the Asian population will grow much more rapidly than other ethnic groups. For example, Collins (2005) reports that the face of New Zealand is set to become sharply less European and more Asian and the proportion of Asians will double from 7 per cent to 15 per cent by 2021. Another article reported that the make-up of New Zealand's university graduate population is changing, with more international graduates and greater ethnic diversity ("Uni culture mix grows", 2005). According to this report, which was based on a survey, the proportion of Asian graduates had grown to 19.4 per cent, up 2.4 per cent on 2002. However, so far there has been little concern about how well Asian immigrants settled economically and socially. It is difficult to find research and statistics investigating the economic activity of Asian minority groups. New Zealand is a welfare state based on redistribution of money and services funded by taxes. To sustain levels of the present welfare systems New Zealand needs a lot of new immigrants who can contribute to New Zealand’s economic wellbeing. In other words immigration could be used as method for those solutions. Therefore it is important to investigate whether new migrants from non-English speaking countries settled economically as well as socially in New Zealand.

Similar to other traditional immigrant receiving-countries, with many immigrants coming from non-English speaking countries, immigrant businesses are emerging in New Zealand society, particularly in Auckland. Asian ethnic businesses are changing the look of Auckland city by dominating the retail shops of some locations, mostly food and grocery shops. Regarding this phenomenon, some local people are concerned that Asian immigrants are coming to Auckland to gain economic profit by doing businesses. However, few studies have examined trends in and reasons for entrepreneurship or self-employment among the racially diverse immigrant groups in the city. Therefore accounting for the phenomenon of ethnic business among Asian immigrant groups is this thesis' primary objective. The case study will look at an Asian group of Korean self-employed business people who settled in New Zealand since 1991.

### ***Entrepreneurship and self-employment***

Entrepreneurship is typically considered synonymous with business start-up or the creation of new organisations (Keister, 2005, p. ix). It is possible to distinguish entrepreneurs from the broader category of self-employed people (Keister, 2005, p. ix), considering that entrepreneurs and small business owners are typically separate entities (Carland et al., 1994, as cited in Keister, 2005, p. ix). However, there is considerable overlap between these two groups as well (Keister, 2005, p. ix). In other words, although in the true Schumpeterian sense, there is a crucial difference between the self-employed and people who introduce innovations – the 'real' entrepreneurs who 'reform or revolutionise the pattern of production' (Schumpeter, 1974, as cited in Kloosterman and Rath, 2003, p. 14), this is very much in line with the common usage in literature on immigrant businesses (Kloosterman & Rath, 2003, p. 14). Kloosterman and Rath have used both terms of 'self-employed' and 'entrepreneurs' interchangeably to denote people who own and run their own businesses in the study of immigrant businesses (refer to p. 14 in their book, *Immigrant Entrepreneurs*). In fact, entrepreneurship is often measured by the incidence of self-employment among total employment (Duncan, Bollard, & Yeabsley, 1997, p. 26). For example, the Global Entrepreneurship Monitor (GEM) New Zealand 2003/2004 reported that close to 60% of New Zealand

entrepreneurs are self-employed as active owners-managers in a business (Frederick, 2004, p. 15). It means that self-employed people are regarded as part of entrepreneurs in practical measures. Another example can be shown as follows. There is “Entrepreneur Category” as a way of various applications for New Zealand residence permit in New Zealand immigration policy. That policy says, “If you have successfully established a business in New Zealand, and you have been “self-employed” in New Zealand in that business for at least two years, you may be eligible for residence in New Zealand under the Entrepreneur Category (Immigration New Zealand, 2006).” It means that self-employed business immigrants who have run their own retail shops more than two years can apply for residence visa as entrepreneurs. That is to say, entrepreneurs include self-employed businesspeople in practical terms.

Self-employment is a gateway to entrepreneurship. Self-employment refers to sole operators or own-account employees as well as enterprises with employees (Collins, 2003, p. 78). Kirby (2003) argues that not all owners-managers can be regarded as entrepreneurs according to the more recent usage of the term unless they take initiatives, assume autonomy and innovate. However, there has been a traditional tendency to equate entrepreneurs with small business owners (Landström, 2005). Also, as mentioned earlier, the term ‘entrepreneur’ has been used to refer to people who run their own businesses in the literature related to immigrant business.

### ***Background***

The New Zealand immigration policies at the time of this research are complex. Overseas people, with exception of Australians, have to apply for residence under family, humanitarian, refugee or general grounds (Statistics New Zealand, 2004). It is widely accepted that the beginning of the large influx of Asian immigration was due to the 1987 Immigration Act and the 1991 Amendment Act (Winkelmann, 1999; 2001). The 1987 Immigration Act discarded source country criteria (Statistics New Zealand, 2004). The 1991 Amendment Act adopted a points system for the general category, by which those with the highest points were approved for residence, with points allocated for age, employment and settlement factors

(Statistics New Zealand, 2004). The 1991 Immigration Act established four main categories for obtaining permanent residence, in addition to refugee status. These were the General (in 1995 renamed General Skills), Business Investment (in 1995 renamed Business Investor), Family and Humanitarian categories (Winkelmann, 1999, p. 12). In October 1995, an English language test was introduced to applicants in both the General Skills and the Business Investor categories. As a result, the number of Asian immigrants decreased significantly. However, in April 1999, New Zealand introduced a new business immigration policy which includes a new temporary entry category the 'Long Term Business Visa (LTBV)'. That was very attractive to potential immigrants, particularly Asians of non-English speaking countries because the new business category did not require the English language test for applicants. The 1999 business immigration policy provided potential Asian immigrants with the opportunity to come to New Zealand and led to the second wave of large Asian immigration in early to mid 2000, along with a booming Asian international students market. According to foreign fee-paying (FFP) student statistics to 2001 (International Policy and Development Unit, 2002), the numbers (52,700) have increased 86% over 1999 numbers (28,340). The statistics also indicated that 92% of both primary and secondary school FFP students, and 83% of public tertiary FFP students were of Asian citizenship.

Asian population change in New Zealand is shown in the following Table 1. The Asian ethnic group makes up 6.3 percent of the total population according to the statistics based on the 2001 census (Statistics NZ, 2002). The proportion of Koreans is only 0.5 % and represents 8.0 % of the total Asian population. However, the number of Koreans has significantly increased since 1991 as indicated in the table.

Table 1: Population change and proportion 1986-2001; Asian ethnic groups

Ethnic Group	1986		1991		1996		2001	
	Population	% of Total NZ	Population	% of Total NZ	Population	% of Total NZ	Population	% of Total NZ
Chinese	26,616	0.8%	44,793	1.3%	81,309	2.2%	100,680	2.7%
Indian	15,810	0.5%	30,606	0.9%	42,406	1.2%	60,213	1.6%
Korean	441	0.0%	927	0.0%	12,753	0.4%	19,026	0.5%
Filipino	1,491	0.0%	4,917	0.1%	8,187	0.2%	11,091	0.3%
Japanese	1,788	0.1%	2,970	0.1%	7,461	0.2%	10,023	0.3%
Sri Lankan	1,134	0.0%	2,631	0.1%	4,713	0.1%	6,042	0.2%
Cambodian	2,256	0.1%	4,317	0.1%	4,407	0.1%	5,268	0.1%
Malay	765	0.0%	1,383	0.0%	2,937	0.1%	2,052	0.1%
Vietnamese	1,728	0.1%	2,676	0.1%	2,883	0.1%	3,459	0.1%
Thai	393	0.0%	1,047	0.0%	2,838	0.1%	4,554	0.1%
Indonesian	534	0.0%	864	0.0%	1,659	0.0%	2,073	0.1%
Laotian	585	0.0%	1,197	0.0%	1,275	0.0%	1,401	0.0%
<b>Total Asian Population</b>	<b>53,541</b>	<b>1.6%</b>	<b>99,576</b>	<b>3.0%</b>	<b>173,502</b>	<b>4.8%</b>	<b>237,459</b>	<b>6.3%</b>
<b>Total NZ Population</b>	<b>3,263,283</b>	<b>100%</b>	<b>3,373,926</b>	<b>100%</b>	<b>3,618,303</b>	<b>100%</b>	<b>3,792,654</b>	<b>100%</b>

Source: Adapted from Population Statistics (Chou, 2000, p. 22) and 2001 census data (Statistics NZ, 2002)

To understand Asian immigrants' economic adaptation to New Zealand I was interested in unemployment rates and self-employment rates of ethnic groups. According to a recent report from Statistics NZ (Pink, 2005), unadjusted unemployment rates in the December 2004 quarter stood at 8.9 percent for Maori, 6.5 percent for Pacific peoples, 6.5 percent for the 'Other' ethnic groups, and 2.3 percent for the European/Pakeha ethnic group. However, Statistics NZ does not supply more classified information to the public about the "other" ethnic groups in relation to unemployment rates. There might be some minority ethnic groups in "other" ethnic groups whose unemployment rates are higher than those of Maori. Also, it is questionable why they do not classify "Asian" in the unemployment statistics as is done, for example, in population statistics. Interestingly, only one book – *Living in New Zealand* – recently published for guiding new immigrants, has a table showing unemployment rates of immigrants (see Table 2). The only other information available on diverse ethnic groups is raw data based on the national census.

Table 2: Migrant employment (June 2002)

	Employed full-time	Employed part-time	Unemploy-ed	Not in the labour force	Mean personal income
<b>Country</b>	%	%	%	%	NZ\$
<b>China, People's Republic of</b>	14	6	9	72	7,144
<b>Korea, Republic of</b>	18	7	6	70	10,839
<b>Indonesia</b>	30	11	8	51	12,317
<b>Philippines</b>	53	12	8	27	17,493
<b>Malaysia</b>	27	10	8	56	12,753
<b>Other Asia</b>	22	8	8	63	10,877
<b>Pakistan</b>	34	11	12	44	14,376
<b>India</b>	45	12	13	33	15,101
<b>Sri Lanka</b>	30	12	17	41	15,399
<b>Middle East</b>	18	9	17	55	11,452
<b>UK and Ireland</b>	61	10	5	24	35,884
<b>Other European</b>	40	11	9	40	21,542
<b>North America</b>	50	11	6	34	36,454
<b>South America</b>	25	11	10	54	16,310
<b>South Africa</b>	56	14	7	23	21,176
<b>Zimbabwe</b>	55	11	8	27	26,296
<b>Other African</b>	31	11	12	46	16,903
<b>National average</b>	46	14	5	32	25,357

Source: Statistics NZ (New Zealand Immigration Service, 2004, p. 15)

The unemployment rate is based on the number of applicants for the unemployment benefit with the intention of seeking a full time job (Ministry of Social Development, 2007, n.d). Generally a low unemployment rate represents people's high employment status. Immigrants from the UK and Ireland have the highest employment rate (71%) and the lowest unemployment rate (5%) according to the table. However, although Korean immigrants have the second lowest unemployment rate (6%), this figure does not represent a high employment status. Rather, the Korean group shows the second lowest employment rate (25%) due to its high proportion in the non-labour force. This would mean that many of them are not actively either seeking employment, or claiming the unemployment welfare benefit. More surprisingly, the level of mean personal income of Chinese and Korean immigrants is the lowest among the immigrant groups and even lower than that of the Middle Eastern group, which contains many refugees; however, the Middle Eastern group shares the highest unemployment rate. For example, the number of Iranian and Iraqi refugees who were resettled under the New Zealand Refugee Quota programme is 446 and 2,015 among total 16,861 respectively during between 1979/1980 and 2001/2002, whereas that of Chinese and Korean is 5 and nil respectively, according to the statistics of refugees resettled in New Zealand (New Zealand Immigration Service, 2003).

The statistics in Table 3 are based on the 2001 national census data. Entrepreneurship rate has been calculated by including both employer and self-employment figures versus total labour force excluding non-labour force. That shows that Asians are highly entrepreneurial and, particularly, the Korean group has the highest entrepreneurship rate (43.2%). This is because the Korean group has the highest self-employment rate without employees in relation to the total labour force.

Table 3: Ethnic group (total responses) by status in employment for the employed census usually resident population count - aged 15 years and over, 2001

Ethnicity/ Race	Employer (A)	Self- employed and without employees (B)	Total Labour Force(C)	Entrepre- -neurship -rate (A+B/C)	Rate of self- employment without employees (B/C)
European	119,253	191,385	1,449,063	21.4%	13.2%
Maori	5,529	11,565	185,820	9.2%	6.2%
Pacific	1,161	3,150	77,352	5.6%	4.1%
Asian	6,171	11,895	89,469	20.2%	13.3%
Other	453	918	8,322	16.5%	11.0%
<b>Total</b>	<b>128,721</b>	<b>211,377</b>	<b>1,711,059</b>	<b>19.9%</b>	<b>12.4%</b>
<b>Korean</b>	<b>666</b>	<b>1,515</b>	<b>5,046</b>	<b>43.2%</b>	<b>30.0%</b>
Chinese	3,060	5,124	33,990	24.1%	15.1%
Taiwanese	63	138	759	26.5%	18.2%
Indian	1,581	3,252	27,798	17.4%	11.7%
Filipino	81	300	5,421	7.0%	5.5%
Japanese	153	336	3,579	13.7%	9.4%
Iranian	60	123	780	23.5%	15.8%
Iraqi	15	36	543	9.4%	6.6%
Somali	3	18	282	7.4%	6.4%
Israeli	75	120	792	24.6%	15.2%

Source: Statistics NZ, extracted from 2001 national census data (Statistics NZ, 2002)

The rapidly growing price of the real estate in Auckland is said to be partly attributable to the high number of new immigrants. This is because high levels of migration continue to bolster the housing market (Housing New Zealand Corporation, 2003). Asia continues to be the major source of new immigrants for New Zealand (International Human Rights Instruments, 2002, p. 5; Statistics New Zealand, 2007, p. 5; Statistics New Zealand, 2007a, 2007b). As consumers, Asians have strong purchasing power and they are the wealthiest of all minorities (Chou, 2000). Many new Asian immigrants can therefore afford to buy homes, cars, and furniture at an early stage of their settlement with the money which they bring from their home country. However, it is questionable whether they continue to keep this purchasing power without securing a significant income in their adopted country. As mentioned earlier in the above page 11, some Asian groups might be the poorest in terms of household income. In this regard, to investigate the level of Asian immigrants' economic activity can help to explain how well they have adapted to the host society in terms of making a living. This thesis aims to explore the phenomenon of Korean immigrants' entrepreneurship through a case study of Korean self-employed business people. It asks why they become self-employed business people. Furthermore, the study attempts to ascertain what factors conducive to self-employment are characteristic of Korean immigrants doing business in Auckland, New Zealand.

### ***Significance***

In most New Zealand research on immigrants, much attention has been placed on the economic, social and environmental impact of immigration (Poot & Cochrane, 2004; Singer, 1997), yet little attention has been given to the phenomenon of immigrant entrepreneurship. Therefore the research undertaken in this study contributes to understanding why immigrant businesses are emerging. More specifically, it aims to explain why some immigrant groups are more likely to be self-employed than others and why some groups are more successful than others in converting human and financial resources into business. It is also of significance whether traditional theories explaining this phenomenon, tested in other countries, can be applied to New Zealand society as well.

## ***Research questions***

The basic questions that will guide the research are as follows:

- What are the reasons why some Korean immigrants choose self-employed business?
- Why do not they try to be employed as salaried employees?
- Are they originally business-oriented people seeking economic profit? Or is it a survival strategy for a living in the country of their settlement?
- To what extent does English language proficiency have an influence on their motivation for employment in the local labour market?
- How much did they invest of their own money in establishing or acquiring their business?
- Do they earn sufficient income to make a living through their business performance?
- Are they happy with the economic profit gained by running their businesses?
- Are they contributing to the provision of employment opportunities for local people?
- Are they happy with their new life in New Zealand?

## ***Thesis structure***

This thesis starts with an Introduction (Chapter One) that addresses the objectives and significance of this research. This chapter includes contextual information, and in particular statistics are introduced in relation to Asian immigrants and the level of their economic activity.

Following the introduction, Chapter Two focuses on a literature review of previous studies in this field and theories about immigrant business or ethnic business. There has been little investigation of this theme in New Zealand, since it has the shortest history of immigration among traditionally

migrant receiving, English-speaking countries. Therefore most of literature comes from other countries such as the United States and it is compared with the New Zealand situation.

Chapter Three describes how the research was designed to achieve the objectives; that is to say, it presents what kinds of methods were employed in the study. Furthermore it explains the whole process of the research in relation to participants of the study. This chapter illustrates how the researcher mobilised the participants for the study and how analysed the information acquired from the participants.

In Chapter Four, the thesis describes results and findings acquired through the research methods. More specifically, it analyses and synthesizes information which the research participants provided. Also, it introduces the real experiences of participants in response to key questions addressed in this thesis.

Lastly Chapter Five summarises the findings of this study, mentions discussion and conclusion, and presents recommendations for further research in this field.

## **Chapter Two: Literature Review**

### ***Introduction***

In this chapter I investigate existing theories explaining immigrants' entrepreneurship from the research of other countries as well as New Zealand. To study theories associated with the immigrants' entrepreneurship and research of other traditional immigrant-receiving countries is the starting point for the thesis.

The increase in small business activities among immigrant groups in the United States and Europe has been of great interest to social scientists (Min & Bozorgmehr, 2000; Rath & Kloosterman, 2000). As a result, there is a lot of literature explaining why the phenomenon of ethnic business has arisen in the countries of immigrants' settlement. As the new main immigrant receiving countries, Canada and Australia have not stayed as outsiders in this research field with the number of immigrant businesses growing up rapidly. However, in New Zealand there is little literature studying other minority ethnic groups except New Zealand's indigenous people, Maori. Therefore, reviewing the literature relevant to the research questions on ethnic business or immigrant entrepreneurship needs to consider that of other countries.

### ***Theoretical Framework***

The main theories in the field of immigrant entrepreneurship will be a starting point for understanding why immigrants are likely to be self-employed business people. Most literature, based on research in Europe and the United States, mentions that immigrants are more likely to be self-employed than natives (Light, 1972, Bojas, 1986, Waldinger and Aldrich, 1990 as cited in De Raijman, 1996; Hiebert, 2003; Light and Sanchez, 1987 as cited in Kim, 1998; Min & Bozorgmehr, 2003; The Carnegie Endowment, 1997). Researchers have developed various conceptual frameworks to account for this phenomenon: why immigrants tend towards self-employment. However, according to the literature (Hiebert, 2003; Raijman & Tienda, 2000), it is difficult to generalise about entrepreneurial behaviour as most studies have been based on single groups. That is to say, most studies on this topic are case studies focusing on a particular

immigrant or minority group (Min & Bozorgmehr, 2000, p. 2). Yet, as the ultimate aim of this study is to explain the phenomenon of entrepreneurship among Korean immigrants doing business in Auckland, New Zealand, the theoretical framework for this study is primarily drawn from previous research conducted on the social and economic adaptation of immigrants by European and American scholars. Unlike traditional immigrant-receiving countries such as the United States, New Zealand has a small economy and a small population. Therefore it would be interesting to investigate what kinds of theories are similarly applicable to New Zealand immigrant businesses.

### **Middleman minority theory**

One theoretical approach explaining the phenomenon of ethnic businesses is the middleman minority theory. This concept refers to the minority groups that have played an intermediary economic role between producers of the dominant group and minority customers in different societies (Min & Bozorgmehr, 2003). In other words, as De Raijman (1996) theorised, “The reason some minorities concentrate in selected occupations, notably trade and commerce, is that these minorities play the role of middleman between producer and consumer, owner and renter, elite and masses (p. 27).” Jews in Europe are cited as a classic example (Min & Bozorgmehr, 2003). This theory is particularly well developed in the United States, explaining it as a phenomenon which resulted from the widening status gap between whites and blacks. That is to say, most “middleman minorities” live in societies where distinct boundaries exist as a result of race or socioeconomic gaps (McKee, 2003, p. 2). In the United States whites and blacks are at the opposite ends of the spectrum (McKee, 2003, p. 2). Typically, Jews, Koreans, Indians, Arabs and Chinese can be regarded as examples of middleman minorities because their overrepresentation in self-employment results from their success in finding customers outside their limited ethnic markets (De Raijman, 1996).

According to Min and Bozormehr’s (2003) research in the United States, since the 1970s Korean immigrants have concentrated in retail businesses in low-income black and Latino neighbourhoods, because big corporations and independent white business owners were very reluctant to establish

their businesses in minority neighbourhoods with high crime and low spending capacity. In that context, they regarded Korean merchants in black neighbourhoods as middlemen bridging white suppliers and minority customers (Min & Bozorgmehr, 2003). Overall, in the United States, black and Hispanic communities provide a particularly important market for middleman minority groups such as Koreans, Arabs, Indians and Chinese, who have adapted their business locations to the residential concentrations of blacks and Hispanics (De Raijman, 1996, p. 28).

In New Zealand it is widely acknowledged that the status gap between Pakeha (White Caucasian) and Maori (the indigenous people) is notable in terms of various levels of living standard such as average household income although the gap between the incomes of Maori and Pakeha has been closing dramatically (Stokes & Collins, 2007). Also, Maori groups are relatively overpopulated in some areas with relatively high crime rate; Maori men are still almost seven times as likely as non-Maori to be in jail (Stokes & Collins, 2007). Therefore it would be worth investigating whether some immigrant ethnic groups are playing the role of middleman minority in New Zealand society in the future.

### **Labour disadvantage theory**

Another theoretical framework focuses on immigrants' disadvantage in the general labor market, so it is also called "the blocked mobility theory". According to this theory (Min & Bozorgmehr, 2003), immigrants experience disadvantages related to employment in the primary labour market, compared to the native born. Without a doubt, the language barrier is the most visible disadvantage to some immigrant groups. There are also other labour force disadvantages such as physical disability, ethno-racial discrimination, unrecognised educational credentials, exclusion from referral networks, undocumented status, and little to no work experience (Valenzuela, 2000). De Raijman (1996) emphasised that discrimination in the labor market is another form of disadvantage that ethnic minorities have to face up to. For example, new immigrants who are not fluent in the spoken language of the host society are limited in their ability to use the skills acquired in their country of origin. As a result, according to the theory, there is often no other option for some immigrants but to choose self-

employment for their economic survival and social mobility. In other words entrepreneurship is the alternative means of economic advancement for marginalised groups (Hiebert, 2003). From this perspective, the disadvantage thesis provides the relevant answer to the question of “Why do immigrants turn to self-employment (Min & Bozorgmehr, 2003)?” This theory was developed and emphasised mainly in European research. Furthermore, European scholars have considered labour market disadvantage as the major determinant of immigrants’ decision to start businesses more than U.S. scholars (Min & Bozorgmehr, 2003). It is claimed that the reason is probably because immigrants encounter more discrimination in European countries than in the United States (Min & Bozorgmehr, 2003). In the United States, on the other hand, there are disadvantaged ethnic minority groups such as African Americans and Mexicans, who have been under-represented in business (De Raijman, 1996). Thus, De Raijman (1996) maintained that disadvantage theory does not offer a complete explanation for the differential representation of ethnic minorities in business (p. 30).

In terms of disadvantage and discrimination, it would be worth examining whether, for New Zealand’s immigrants, New Zealand society is similar to European countries or the United States. Interestingly, Middleton (2005) reported in a recent New Zealand newspaper article that language and cultural conflicts with employers were cited as a reason for migrants' high levels of self-employment. However, it should be noted that every minority group does not have high levels of self-employment. For example, according to the Table 2 mentioned earlier, while Iranian and Israeli have relatively high level of entrepreneurship, 23.5% and 24.6% respectively, among ethnic groups, Iraqi and Somali display the lowest level, 9.4% and 7.4% respectively.

It would not be wrong to say that New Zealand has a relatively generous welfare system. This means that legal immigrants who become New Zealand residents can survive economically, seeking employment opportunities through the welfare system. In other words, there is no ultimate need to establish or acquire his/her own business at his/her expense. Yet, if a certain immigrant group has a relatively high level of self-

employment or entrepreneurial behaviour, it might mean that the group has propensity towards entrepreneurship, taking high risk willingly and working independently. It may also relate to the resources with which they come to their new host country.

### **Ethnic enclave economy theory**

The third theory explaining immigrant entrepreneurship is ethnic enclave economy theory. On the basis that the labour market is segmented, the theory proposes the ethnic enclave as an alternative labour market for immigrants who would otherwise be channeled into the peripheral sectors (Lee, 2003). It means that most immigrants cannot escape from the bottom of general labour market without the ethnic enclave economy. The term “ethnic enclave” refers to an “immigrant enclave” where immigrant workers are employed in the enterprises owned by the members of same ethnicity (Lee, 2003). Therefore, the enclave theory concentrates on geographically self-contained ethnic communities within metropolitan areas (Butler & Greene, 1997). That is to say, immigrants of the same ethnicity gather around certain locations for their residence and some run businesses targeting customers from the same ethnic group. However, it is worth noting that every immigrant group does not make up an ethnic enclave economy. In order for an enclave economy to emerge immigrants must have three prerequisites such as entrepreneurial skills, capital, and a supply of ethnic labour (Portes and Manning, 1986, as cited in Lee, 2003, p. 10). In that context, social scientists found examples of the economy in the United States and regarded a few existing Chinatowns in major cities, the Korean community in L.A., and the Cuban community in Miami as classic examples (Logan et al., 1994, as cited in Lee, 2003, p. 12).

According to these studies, the existence of ethnic enclaves promotes not only self-employment among immigrants (Le, 2000) but also wage employment for the same ethnic immigrants. Furthermore, the larger the concentration of immigrants, the larger the market size and hence the greater the opportunities for self employment (Le, 2000, p. 3). Migration networking arising out of the ethnic enclave contributes significantly immigrants’ entrepreneurship. More specifically, ethnic-owned enterprises serve as a steppingstone to business ownership for members of the same

ethnicity because they acquire skills relevant for running a business through previous employment in co-ethnic business (Freeman, 1998). Most of the American literature mentions that for Koreans, access to employment in the ethnic economy is more prevalent than for immigrants from Mexico, the Middle-East and South-Asia (Freeman, 1998).

In New Zealand society there has not been any clear evidence of the ethnic enclave economy so far. However, as Auckland is becoming a large metropolitan city and most of new Asian immigrants settle in the Auckland metropolitan area, the phenomenon of an ethnic enclave economy is emerging, particularly in the Korean and Chinese communities. Some areas of North Shore and Howick areas of East Auckland will be areas to take a look at in the future.

### **Interactive theory**

A modern approach emphasises the situation faced by immigrants themselves in the host society; the previous three ones – middleman minority theory, labour disadvantage theory and ethnic enclave economy theory – are considered traditional ones. Mitchell (2003) explains, “This approach emphasises the relationship between cultural or social characteristics of groups and the circumstances of their arrival and settlement (p. 79).” From this perspective, the Interactive Theory approach suggests that ethnic business proliferates in industries where there is a congruence between the demands of the economic environment and the informal resources of the ethnic population (Waldinger, 1986, as cited in Agrawal & Chavan, 1997). The most obvious example is a kind of business, related to jobs abandoned by native workers in the mainstream economy, or a particular mainstream need which is unattractive to native business (Agrawal & Chavan, 1997). For immigrants’ entrepreneurial behaviour, social human networks contribute significantly to immigrants’ entrepreneurship according to the theory (Mitchell, 2003). For example, new immigrants can have access to employment opportunities in businesses which are run by owners of the same ethnicity, rather than to mainstream employment opportunities. They also learn business skills there and this leads them to become independent entrepreneurs in the future.

## **Opportunity structure**

Most theories do not explain precisely about intra-group differences and about different situations among diverse immigrant groups. Therefore a synthetic thesis has developed, that is, the opportunity structure. Before coming up with this theory, it is worth explaining the terminology: “immigrant business resources”; “ethnic resources” and “class resources” (Light 1984, as cited in Fernandez & Kim, 1998; Light, 1972 as cited Min & Bozorgmehr, 2000). Ethnic resources refer to those resources such as family members, relatives, and friends available to all members of the same ethnic group which co-ethnic entrepreneurs can utilize for their business (Fernandez & Kim, 1998). In contrast, class resources are material such as property, money to invest, and human capital and cultural, such as bourgeois values (Light, 1984, as cited in Fernandez & Kim, 1998 ; Min & Bozorgmehr, 2003). Both resources provide opportunity structure for immigrant groups’ entrepreneurship. As for opportunity structure, the limited occupational opportunity structure in the host countries stimulates immigrants to do their own business (Fernandez & Kim, 1998). Also, the pattern of immigrant businesses differs among immigrant groups according to what kind of resources immigrants have. More specifically, Fernandez and Kim (1998) explained the opportunity structure as follows.

*Mostly business opportunities come from marginal small businesses: They include 1) businesses for ethnic customers and 2) urban poor minority customers, 3) businesses that sell unique cultural products to the general population, 4) markets for unstandardized manufactured goods, and 5) businesses that are highly labor intensive and have general or racially-mixed customers (p. 3).*

Ultimately, according to this theory, the interaction of resources and opportunities are emphasised for understanding the development of minority businesses (Mars & Ward, 1984, as cited in Min & Bozorgmehr, 2003, p. 32).

## ***The United States of America research***

Research conducted in the United States indicates that the Korean ethnic group represents the highest self-employment rate among all ethnic

groups. For example, according to a report of the *Wall Street Journal* (1999) based on the current population surveys, Korean-Americans displayed the highest rate of self-employment in 1997, with 32.9% starting their own businesses. The following two tables are examples of self-employment rates by ethnicity, surveyed in the United States.

Table 4: Self-employment rates by ethnicity/race & sex, 1990 census (%)

	Male	Female
African American	4.4	2.0
Armenian	24.1	9.7
Chinese	13.5	9.1
Cuban	15.5	5.9
German	11.2	6.2
Greek	23.0	10.1
Israeli	28.6	10.3
Japanese	11.1	6.1
<b>Korean</b>	<b>27.9</b>	<b>18.9</b>
Laotian	3.2	2.3
Mexican	6.8	4.4
Puerto Rican	3.6	2.3
Russian	24.9	12.3
Scottish	12.1	8.5
Vietnamese	8.3	8.7

Source: Meyer & Fairlie (Meyer & Fairlie, 1996, as cited in Papademetriou et al, 1997, p. 4)

\*Note: While Israeli males are more likely to be self-employment than Korean males, Korean females are more likely to be self-employed than Israeli females.

Table 5: Self-employment rates (%): U.S.-born and immigrants by country/region of origin

	Year 2000	1990	1980
US-born	8.2	7.8	6.8
All immigrant	9.3	9.5	7.9
Cuba	12.5	12.6	9.5
Mexico	6.8	5.6	3.5
Puerto Rico	4.7	4.4	3.2
Latin American	9.2	7.7	5.4
Caribbean	6.2	5.7	3.1
Africa	8.4	9.9	7.5
Europe	12.5	12.3	10.4
N. E Asia	10.7	14.6	11.1
S. E Asia	7.0	6.0	4.1
Middle East	16.0	18.3	15.7
India & Pakistan	10.2	10.1	7.9

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Source: Public Use Micro Statistics (PUMS) (1980, 1990, 2000), (Toussaint-Comeau, 2005).

It is a notable point that the Middle Eastern group in the US displays the highest self-employment rate among regional groups. Then this raises the question why the Middle Eastern group in New Zealand does not have a high rate of self-employment (entrepreneurial behaviour).

In the US much research has been conducted on immigrant groups to investigate why some ethnic groups concentrate on running small businesses rather than being employed. Also, US scholars have put a great emphasis on why there are big differences in entrepreneurial activity among immigrant groups. For example, De Raijman conducted household surveys as well as interviews with business owners in her case study to examine the pathways to self-employment and entrepreneurship in some immigrant communities in Chicago. Through both research methods she explored and tested the “blocked mobility” hypothesis. According to her findings (De Raijman, 1996), for Korean and Middle-Eastern/South-Asian business owners, self-employment is an avenue to overcome labour market disadvantages: that is, lack of language proficiency and foreign-earned degrees. In other words, De Raijman (1996) pointed out, “When unable to find suitable employment in the general labour market, some educated immigrants are motivated to start their own enterprises (p. 179).” More specifically, Koreans were 24 times more likely, and Middle Eastern and South Asian businessmen 12 times more likely than white merchants to report blocked mobility as a reason to choose business ownership according to the findings (De Raijman, 1996). However, interestingly, the findings indicate that Hispanics who also lack English language proficiency did not mention the disadvantage in US labour market as a main reason.

Based on their research, Fernandez and Kim (1998) found that the more Asian immigrants are excluded from mainstream occupational opportunities, the more they tend to enter self-employed business. They also mentioned that some immigrants take advantage of their home country ties, adding an international dimension to immigrant entrepreneurship: Korean entrepreneurs are an example. In other words, immigrants from fast developing countries with large populations have much more opportunities to do business making use of their relationship with their home country than those from underdeveloped countries. In this regard, Chin and Yoon (1996) argued that the emergence of the import-export immigrant business and its success was closely related to global economic restructuring.

Overall, according to the American research (Bates, 1999; Min & Bozorgmehr, 2003), findings are consistent with the disadvantage thesis,

particularly in cases where the hypothesis is applied to Korean immigrant entrepreneurs. Focusing on Asian immigrants, Bates compared Korean/Chinese immigrants and Indians/Filipinos. According to the findings of his research (Bates, 1999), Indians/Filipinos operate more profitable businesses than Korean/Chinese who work mostly full time in their small businesses. He maintained that Indian and Filipino immigrants with class resources and English fluency are “pulled” into self-employment, compared with Korean/Chinese entrepreneurs who are “pushed” into self-employment due to lack of English proficiency.

Furthermore, all the literature, resulting from research on immigrant entrepreneurs, points out that Korean entrepreneurs depend heavily on their ethnic resources for business activity, compared with other immigrant groups (Lee, 2003, p. 12; Min & Bozorgmehr, 2000, p. 732). In other words, ethnic resources are very important for Korean immigrant businesses (Min & Bozorgmehr, 2003).

### ***European research***

In Europe the rising number of immigrant entrepreneurs has stimulated social science research in this area. Dutch scholars such as Robert Kloosterman and Jan Rath are sociologists who show a great deal of interest in this field. As a result of their recent research, new directions have been developed: that is, linkages with economic-geographic or economic-sociological viewpoints on entrepreneurship in particular, and economic activity in general (Rath & Kloosterman, 2000). It is widely recognised that lacking both in financial and human capital, many immigrant entrepreneurs in Europe can only set up shop for small-scale, labour-intensive, mainly low-skill production (Kloosterman, van der Leun, & Rath, 1999). However, those European scholars explain these immigrants' behavior on the basis of the opportunity structure without considering the disadvantage theory. That is to say, considering its extensive welfare system and the relatively high minimum wage in the Netherlands, many immigrant entrepreneurs in the Netherlands can be considered opportunity entrepreneurs rather than necessity entrepreneurs (Kloosterman et al., 1999). In explaining immigrant entrepreneurship, those scholars use the new term “mixed embeddedness” – a concept that encompasses the

crucial interplay between the social, economic and institutional contexts (Kloosterman et al., 1999). To understand more specifically, it is worth mentioning Kloosterman et al.'s (1999) explanation as follows.

*The welfare system, organization of markets, the framework of rules and regulations together with their enforcement, housing policies and business associations and specific business practices which regulate particular markets, significantly affect opportunity structures (p. 9).*

### **Australian research**

Based on the data in the 1981 and 1991 Australian Censuses of Population and Housing, Le (2000) conducted a number of measures to investigate the determinants of immigrant self-employment in Australia. His findings are as follows.

*Educational attainment, labour market experience (particularly experience acquired in Australia), marital status, homeownership, occupational status and English proficiency are statistically significant determinants of self employment outcomes. In particular, individuals who are married, own their home, or are employed in managerial occupations have a higher propensity to be self employed (Le, 2000, p. 208).*

Le concluded somewhat differently to the labour disadvantage theory with regard to the level of the English proficiency on immigrants' entrepreneurial behaviour. He found that compared to immigrants who speak English only, immigrants who speak another language and have a good command of English are more likely to be self-employed (Le, 2000, p. 197). He maintained that:

*While proficiency in English is an important determinant of the propensity to be self employed, languages other than English spoken by immigrants and the individual's birthplace may also influence self employment choice through ethnic networks. Concentration of language or birthplace groups in geographical location can create opportunities for self employed immigrants to serve customers with whom they have a language or cultural values in common. Therefore*

*the larger the concentration of immigrants, the larger the market size and hence the greater the opportunities for self employment (Le, 2000, p. 190).*

Furthermore, it would be worth mentioning some other findings of Le's study as follows. "Education acquired in Australia has a small and negative impact on the propensity to be self-employed (Le, 2000, p. 195)." "The enclave effect is a one-generation phenomenon only (Le, 2000, p. 199)." It means that first generation immigrants who were not educated in Australia are more likely to be self-employed than the subsequent generations. The highly Australian-educated second generation of immigrants might have access to the major employment opportunities rather than to self-employment. Le's findings might be similarly applicable to other immigrant-receiving countries.

As with studies cited earlier in the American context, the Korean-born immigrants in Australia also have the highest rate of entrepreneurship, as the following table demonstrates (Collins, 2003). Also, Korean born women exhibit a presence among the female self-employed that is almost three times that of Australian-born women, according to the research based on the 1996 national census (Collins, 2003, p. 68).

Table 6: Rates of entrepreneurship in Australia, selected birthplace groups, persons (men & women)

Birthplace	Rate of entrepreneurship %
Over represented	
Korea	12.5
Greece	11.5
Italy	11.2
Israel	10.7
Cyprus	10.3
Lebanon	9.1
Similar representation	
England	8.8
China	8.1
New Zealand	7.8
Australia	7.6
Canada	7.0
Pakistan	6.3
Under-represented	
Turkey	5.8
Singapore	5.7
Vietnam	5.3
Taiwan	5.0
Sri Lanka	3.6

Source: 1996 National Census (Collins, 2003, p. 69)

Collins (2003) mentioned that one of the main reasons for the relatively high rates of entrepreneurship among some non-English-speaking background (NESB) groups is not a cultural tendency of immigrants toward entrepreneurship but a response by many NESB immigrants to blocked-

mobility (p. 72). However, considering that the Korean group has high rates of entrepreneurship in every country of their settlement and even in Korea itself, cultural and individual factors should not be disregarded in making an explanation for entrepreneurial activity.

Based on the result of 105 questionnaires received from ethnic business people in Sydney, Agrawal and Chavan (1997) found that the ethnic community had varied reasons for undertaking business as their career. They maintained, "Therefore, it cannot be generalised reasons as to why ethnic migrants go into business although the Interactive theory is relevant to Australia to some extent (Agrawal & Chavan, 1997, p. 10)." They pointed out the main reasons as follows.

- *Arrival circumstances*
- *Education*
- *Family background*
- *Knowledge of English*
- *No job satisfaction*
- *Independence*
- *Discrimination*
- *Opportunities for better financial benefits*
- *Settlement*
- *Financial status*
- *Job market*
- *Past experience*
- *Retrenchment*
- *Bad job condition*
- *Better opportunities*
- *Personal characteristics*

### ***Canadian research***

Most Canadian scholars have looked to the United States and, to a lesser extent, to Britain for models to help explain particular pattern (Hiebert, 2003, p. 49). In his research on Chinese immigrants, Peter Li attributed the rise of small businesses among the Chinese-Canadian population to problems of racism and discrimination in the regular labour-market (Li, 1992, as cited in Hiebert, 2003, p. 44). However, recent studies focus more on individual attributes and cultural factors in explaining why immigrants engage in self-employment (Hiebert, 2003; Li, 2001). For example, Hiebert

(2003) pointed out, “The high rate of self-employment among Chinese-Canadians reflects a combination of class resources (i.e. human capital) held by individuals and the ethnic resources of the group, and that it is also a response to discrimination (p. 44).” The Canadian research, based on the 1996 census, found that immigrants have only a slightly higher rate of self-employment than non-immigrants (8.8% vs 7.7%). As expected, the research shows Koreans have the highest rate of self-employment among all ethnic groups: Korean (20.4%), Japanese (11.1%), Arab/West Asian (9.2%), White (9.0%), Chinese (6.8%), South Asian (6.4%), Latin American (5.2%), Southeast Asian (4.4%), Black (4.3%), and Filipino (3.4%).

Li (2001) argued that self-employed immigrants tend to earn more than salaried immigrants in his research which used the Longitudinal Immigration Data Base between 1980 and 1995. On the other hand, according to more recent research (Hiebert, 2002; 2003), business immigrants have lower incomes and rates of entrepreneurship than would be expected; in contrast, refugees settling in Canada display higher incomes than business immigrants. This means that refugees’ incomes as wage worker are higher than business immigrants’ income as business owner. Hiebert (2002) explains the plausible reason is that refugees receive both free language training and income support while learning English or French. Thus refugees are able to resolve their need to learn the local language more quickly and efficiently than other immigrant groups (Hiebert, 2002, p. 183).

In that respect, as mentioned earlier in the Table 2, the Canadian literature and findings might be similarly applied to New Zealand immigrants. More specifically, New Zealand’s immigrants from refugee category receive both free English language training and accommodation and moreover, can depend on the New Zealand welfare system until they earn appropriate income through getting a job. In contrast, other general immigrants from non-English speaking countries have to invest their own money in order to adapt themselves to a new English language environment; the compulsory \$20,000 English language bond operated since 1995, and the following system of “pre-purchase of English language tuition” are classic examples. Furthermore some immigrants have to invest significant amounts of their

own money to get a job through establishing or acquiring a self-employed business.

### ***New Zealand research***

There has been little research from a sociological perspective on immigrant entrepreneurs doing business. Of course, similar to other traditional immigrant-receiving countries periodically research is conducted by a Government department, the NZ Immigration Service, in order to investigate the activity of business immigrants who entered New Zealand under the Business Category. For example, a research report, which conducted both surveys and interviews on business immigrants, indicates that lifestyle is one of main determinants for coming to New Zealand rather than business and investment (Department of Labour, 2002). Similarly, according to Beal and Sos' (1999) research on Taiwanese business immigrants, quality of life and education were regarded as primary attractions rather than business opportunities. Therefore it is hoped that there will be sociological studies on immigrant minority ethnic group's entrepreneurial behaviour in the future. This is because clear information is needed why a social phenomenon – immigrant business – is emerging in New Zealand society.

### ***Conclusion***

Existing theories why immigrants are more likely to be self-employed than the native-born, drawn from studies in other immigrant-receiving countries, have formed the basis of this chapter. It would be a task to know the extent to which theories are applicable to the New Zealand context, and in particular the experience of Korean-born entrepreneurs, is explored in subsequent chapters. The theories and literature which are likely to be most applicable to the New Zealand situation are Canadian and Australian models rather than those of Europe and the United States.

## **Chapter Three: Methodology**

### ***Description of methodology***

The purpose of the study is to determine why Asian immigrants, particularly Korean immigrants, become entrepreneurs. Also, it is to investigate the level of their business activity as well as their social life in New Zealand. It is widely acknowledged that qualitative research is a broad approach to the study of social phenomena (Marshall & Rossman, 1999, p. 2). Qualitative researchers use a language of cases and contexts, examine social processes and cases in their social context, and look at interpretations or the creation of meaning in specific settings (Neuman, 2003, p. 146). Therefore a qualitative research design was employed to pursue an explanation of why entrepreneurship is a settlement choice for Korean immigrants living in Auckland.

In-person (face to face) interviews were conducted by the researcher with 20 Korean self-employed people doing business in Auckland; among them, 14 interviewees were males and 6 were females. Although the research design is qualitative, both qualitative and quantitative methods of analysis were employed. This is because in some cases quantitative methods are helpful for appropriate clarification. For example, the level of happiness of 20 immigrants which I research is a variable and is measured by quantitative methods. However, the reasons why they are happy or unhappy are not variables and should be explained by qualitative methods which use a language of cases and contexts.

### ***Sampling***

The researcher tried to select at least 10 Korean self-employed business people who shifted permanently to Auckland, New Zealand under the General Skills category of the “point systems” in the middle of the 1990s before the New Zealand Government adopted the English language test for immigrants from non-English speaking countries. This is because it is widely acknowledged by Korean community that many Korean immigrants, who came to New Zealand under the General Skills category at that time, are engaged in doing business as self-employed as their choice for settlement now. 12 people under this category participated in the study.

The remaining interviewees were selected from among recently settled business people, regardless of their visa category. The process of identifying Korean self-employed business people to be included in the interviews was not an easy task. Also, they were busy working whenever the researcher visited them for this task. It therefore took a number of months to identify and interview the 20 Korean business people who participated finally in the study.

### ***Translation and Credibility***

The original interview format was designed and written in English and then translated into Korean by the researcher. The researcher is a native speaker of Korean who shifted permanently to New Zealand from Seoul, Korea in late 1998 under the General Skills category. The face to face interviews between the researcher and the participants were conducted in the Korean language and recorded on audio tape. The conversations were later translated into English for writing the thesis.

### ***Procedures***

The first few participants were chosen through personal invitation by the researcher; in other words, the researcher made the best use of some acquaintances running a retail shop in Auckland. Then, the researcher visited two Korean business shops areas located in Glenfield, North Shore and Henderson, West Auckland and asked the shop owners to participate in this study. This is because those two areas are popular places for Korean people's (immigrants and visitors) shopping and the landlords and the shop owners want them to be called as "KoreaTown".

### ***Semi- structured and structured in-depth interviews***

The interview starts with broad questions to encourage the participants to answer the questions freely without any pressure. However, the interview included both specific questions and more open-ended questions. That is to say, to find the reasons and related life story about why they migrated to New Zealand and chose to be self-employed business people required unstructured or semi-structured interview which often referred to as an interview guide, but the interviewee has a great deal of leeway in how to reply (Bryman, 2004, p. 321), rather than in a structured interview. This is

to enable participants to talk freely about any aspect of their experiences in New Zealand. However, some interview questions that ask the amount of their investment money, the amount of profit and the level of happiness were structured in detail because those have to be clearly specified and measured.

### ***Data analysis***

With the consent of the participants each interview was audiotaped. The taped interviews were later transcribed and analysed according to thematic categories. In other words, the researcher analysed collected data by organising it into categories on the basis of themes, or similar features. To begin analysing the data, the researcher first carefully reread the data which have been collected. All of twenty interviewees' data was coded according to the number of interview questions. Basically, the researcher relied on a general qualitative analytic strategy, that is, "constant comparative method (Glasser and Strauss, 1967, as cited in Maykut and Morehouse, 1994)". In particular, one group of 13 people who immigrated to New Zealand in 1990s and the other group of 7 people who settled in early 2000s were constantly compared on the one hand. 12 people from the General Skills category and other 8 people mostly from the Business category were compared on the other hand. This is because the researcher's primary concern is that there would be similarities among people of each group and differences between two groups. However, in the case of the research questions which have numerical values, the collected data was measured by quantitative methods and showed in tables. In other words, for structured interview questions the researcher calculated the number and the percentage of respondents who indicated each response option for each item.

The researcher is a Korean immigrant who has similar experiences with the participants. Therefore, throughout the research process, the researcher's own assumptions about the phenomenon under investigation might influence the way by which the research questions were formulated, the issues which were highlighted in the interview format. For example, in investigating the reasons why Korean immigrants migrated to New Zealand the researcher wanted to know which is more influential between "push

factor” out of Korea and “pull factor” to New Zealand. Due to the researcher’s identity which is similar to participants in terms of immigration background, participants might be influenced to say their story in detail rather than just saying as most immigrants do it simply, “We came here because New Zealand is a nice and beautiful country.”

### ***Ethical considerations***

In the beginning every participant was advised of the identity of the researcher and the purpose of the study. For this the “Participant Information Sheet” (see Appendix C) was supplied to all participants. They were advised as to what information would be sought, how the information would be recorded and used, and any risks and benefits arising from their participation in the study. All documentation in relation to this research involving 20 Korean self-employed business people were prepared in English and in Korean with the approval of the Auckland University of Technology Ethics Committee (AUTEC: Reference number 05/74). More specifically, details of the research projects were thoroughly reviewed before the collection of data commenced, along with the application process to AUTEC.

The researcher’s insider status which shares common cultural and migration background with the participants was an advantage when the research was started – easy access to the Korean community and how to ask sensitive questions. This influenced them to respond to the interview sincerely, even to the sensitive questions which ask the amount of their investment money and their profit. As a result, the data collected from this research is expected to be more meaningful than the cases which are conducted by outsiders.

In order to ensure that participants agree willingly in the research, consent was asked verbally before the interview was started. Furthermore, every consent form was signed by every participant right before the interview was actually conducted (see Appendix A). In all cases of the result of the research – the thesis writing, participants were assured of their anonymity. That is to say, their names were never recorded, saved in the researcher’s

computer disk and written in the thesis: the researcher used different symbols to distinguish them.

## **Chapter Four: Results/Findings**

### ***Introduction***

This chapter focuses on the outcomes of the research. First, information about 20 participants' migration background and reasons, derived from interview responses, is presented. Secondly, their reasons for becoming self-employed business people are analysed. Thirdly, information about type of their business, the cost of establishing or acquiring business, and the size of business is provided. Fourthly, information about their English language proficiency is presented and discussed in relation to their business activity. Fifthly, information about their business performance is provided. Then, the level of happiness about their new life in New Zealand is presented and discussed. The chapter is followed by information about what they know about the Treaty of Waitangi. Finally, information about their personal matters is mentioned.

### ***The migration background and reasons***

#### **Why did the Korean immigrants come to New Zealand?**

Thirteen participants shifted their home to New Zealand from the Republic of Korea (South Korea) in early and middle of 1990, when New Zealand opened its door widely to Asian immigrants. The other 7 participants came to New Zealand in early 2000.

It is very hard to identify a pattern why the participants left their home country because the individual reasons are diverse. In addition, I had to be sensitive to the respondents about asking them to tell why they gave up their job or lost their job in their home country, unless they were willing to give their reasons for coming to New Zealand. All 13 participants, who came to New Zealand in the first stage of the large influx of Asian immigration, had been looking for a new life before applying for the New Zealand visa. Only one of them had had a job offer from a New Zealand company before coming to New Zealand. He had worked in a company which manages horse racing in Korea. After shifting to New Zealand, he worked in a New Zealand company which raises horses and exports them overseas, before setting up his own business. The other 12 participants

came to New Zealand without any clear idea of their future job in New Zealand. All of them were disappointed with the situation or were afraid of their job security in Korea. As a result, the New Zealand open-door immigration policy in the early 1990s provided them with the opportunity to escape their home country.

Generally, people's motivation to migrate to another country is generated by economic reason seeking a better economic opportunity or political reason seeking a safer place. That is to say, millions of people are seeking work, a new home or simply a safe place to live outside their countries of birth (Castles & Miller, 1998, p. 3). South Korea was one of the poorest countries in the world in early 1950s when the Korean War ended (Columbia University, n.d) and the people's feeling of insecurity has never stopped due to its situation confronting hostile North Korea since the Korean War. A considerable number of Koreans who migrated to the USA can be explained in this regard. However, due to its continuous and successful economic development, particularly in the early 1990 Korean people were enjoying one of the most peaceful and affluent societies after the 1988 Seoul Olympics: The Republic of Korea joined the club of the rich or most developed nations, the OECD (Organisation for Economic Co-operation and Development) in 1996. Therefore, in the case of Korean immigration to New Zealand in the early and middle 1990s, personal dissatisfaction with their lives in Korea might be a primary reason to leave their home country. Examples were evident in the following interviews.

Interviewee R, who runs a taxi business, said he had been unsuccessful in Korea.

*I came here to seek peace but the real reason is that I was not successful in what I had done, so I wanted to leave my home country. I was basically interested in emigrating to the United States of America (USA) because my interest about moving to the USA started during my compulsory military service in a US army camp stationed in Seoul. However, I chose to come to New Zealand because I was eligible for getting the New Zealand residency visa timely at the time.*

He was not willing to reveal his previous occupation clearly and how many years he had worked. Therefore the researcher could not urge him to tell what he was ashamed of.

Interviewee K, who runs a laundry shop, was concerned about job security in Korea.

*When I became over 40 years of age in Korea, I felt anxious in my job security in my company. This is because early retirement is pushed in private companies in Korea as you know. There were few employee workers whose age was over 50 except top ranking directors in my company. For this reason I wanted to change my life if there is an opportunity. At those days I've seen an advertisement about the New Zealand immigration visa in a newspaper. That was the first step to have an interest in coming here.*

Interviewee S, who runs a travel agency, was interested in the New Zealand lifestyle. However, his answer to this question is superficial comments which every Korean immigrant used to say.

*As you know Korea is too crowded in population and too competitive in company life. When I thought of new way of my life I found an advertisement about emigration to New Zealand in a newspaper.*

Interviewee K, who runs a tyre shop, felt his social status in Korea was comparatively low and unhappy about “corruption culture” in Korean society.

*Many Korean immigrants are used to say that they came here to New Zealand for their children's education. But I did not come here for that. I thought that my status was low socially and financially in Korean society. That is to say, I was not so successful in upgrading my position. Moreover, I was much disappointed with “corruption culture” widespread in Korean society. So I wanted to leave in order to look for new life.*

Having analysed some themes which participants responded, newspaper advertisement about New Zealand can be regarded as “pull factor” to

motivate New Zealand immigration and dissatisfied social status as “push factor” to escape from their home country.

While the reasons of 13 participants’ moving to New Zealand are based on mostly their individual background, those of recently arrived 7 participants were focused on better life for their children.

Interviewee L, who runs a café, was concerned about her children’s safety in Korea and regarded New Zealand is a safer and better place for her children’s education.

*I came here for my children to be educated in New Zealand in March, 2002. I was much disappointed and scared to hear that a son of my cousin had been blackballed intentionally from a group of their classmates. After having seen that, I wanted to leave my home country for a better country in order to raise my children better. I was not enough rich to hold an investment immigration visa. And I could not get enough points to be eligible for the General Skills category with passing the English language test. The Long Term Business Visa (LTBV) was just an appropriate visa for me to come to New Zealand.*

Interviewee B, who runs a fishing tackle shop, thought that his children should be raised in an English speaking country in order for them to communicate properly in English.

*I came here by the Investor visa category in May 2002. I had run a small engineering enterprise where I was involved in exporting the company products to some of European countries. At those days I had an incident. When I had a deal with a Belgium company the contract had a failure unfortunately due to my misunderstanding of some English words. After that incident I thought my children would not be competitive unless their ability to use English is not met by localisation. I decided to shift to an English speaking country for my children. At first I have been to London, Britain for this purpose which I visited sometimes for my business reason. But I was disappointed to hear that the residence visa would be allowed after 7 years of my investment in Britain. Secondly, I have been to Melbourne, Australia. But I was told*

*that Korean investor immigrants would not be permitted for the time being. I heard this is because an ugly incident probably related to corruption happened in some Korean investors' visa application and its process. After that, finally, I was informed that it would be OK to New Zealand through the Investor visa category and to hold the New Zealand residence visa afterwards.*

Likewise, the relative ease with which Korean immigrants could obtain a residence visa in New Zealand contributed to them choosing to come to New Zealand.

Interviewee S, who runs a lunch bar, regarded New Zealand as the easiest country among traditional English speaking countries to gain access to residency.

*My two children had been sent to the United States of America to study there before I came to New Zealand with holding the New Zealand residence visa by the General Skills category. Unfortunately the cost of educating my children in USA was too expensive for me to be able to afford. I decided to move to an English speaking country permanently and surveyed to know which country is the easiest to get resident visa among traditional English speaking countries to accept immigrants. To the best of knowledge, at those days, New Zealand was easier than any other countries to get it. I can say that this is the basic reason to come to New Zealand.*

Interviewee L, who runs a restaurant, made his decision due to his wife and children's wish to live in New Zealand.

*Before my family shifted home to New Zealand permanently in 2001, my daughter had been sent to Auckland to study as an international student with her mother. My wife and my daughter wanted to live here in Auckland so I applied for residence through the Investor category.*

Generally, it is acknowledged that businesspeople's goal is just to make money and to achieve their success in their journey. It is interesting that all of 20 participants did not mention their business success as one of their reasons to come to New Zealand. It is notable that even 7 people who

came under Business category were not intended to seek their business success; rather, they focused on their children's future. That is to say, they do not see New Zealand as an attractive place to make business success. Therefore, it could be doubtful whether business immigrants would be successful in their business activity for long terms without any clear business purpose and confidence on New Zealand market; the New Zealand business immigration policy aimed to contribute to New Zealand's economic well being by encouraging enterprise and innovation and by promoting international trade and investment (Department of Labour, 2002, p. 1).

### **What kind of visa category did they come to New Zealand?**

Eleven people of the early arrived (early and middle 1990s) 13 immigrants came to New Zealand under the General Skills category. Among them, one immigrant came under the Work visa and another came under the Investor category. Among the recently arrived (early 2000s) 7 participants 3 people came under the Investor category, 3 people came under the Long Term Business Visa (LTBV) category and 1 immigrant came under the General Skills category. Comprehensively, 12 people came by means of the General Skills category, 1 immigrant came via the Work visa, 4 people came under the Investor category, and 3 people came under the LTBV.

### **Which city (area) of Korea did they come from?**

Only 3 people came from small local cities of the Republic of Korea (South Korea). The other 17 people came from Seoul Metropolitan area or nearby the area.

### **Reasons for coming to Auckland**

As mentioned above, 17 Korean immigrants came from the most populous metropolitan area which has more than 20 million people. Although 3 Koreans came from small local cities, the population size of the cities is not less than that of Auckland. Most of the 13 early arrived immigrants said that Auckland is the largest city in New Zealand, so Auckland is the only suitable place for them to have an opportunity to make a living. However, two people said that all airplanes heading for New Zealand arrived in Auckland, so they just arrived in Auckland and settled in Auckland. It

means their journey to shift their home had not any prepared plan. The seven recently arrived people mentioned that in addition to Auckland being the most populous city it also has the most Korean residents and students in New Zealand, so Auckland is the most suitable place for them to do business to make a living.

Interviewee K (Health-products) felt most of New Zealand areas are too quiet to live except Auckland.

*I travelled some areas of New Zealand including South Island after coming here. I felt that most of them are too quiet for my family to live. Even the atmosphere of Auckland was also very quiet, compared with Seoul, Korea which I had lived. I thought Auckland was the most appropriate place to settle as an immigrant.*

Interviewee J (Grocery) thought Auckland is the only place to do a business as a Korean immigrant,

*I think it would be more difficult to do something for making a living in less populous areas than Auckland. I think that Auckland is the best city in New Zealand to do business as a Korean immigrant, so I settled here.*

Interviewee S (Travel agency) did not have any clear plan.

*Every airplane leaving for New Zealand arrived in Auckland. I just arrived here and settled in Auckland because I thought moving again to another area in new country could provide me with more trouble.*

## ***Reasons for becoming self-employed business people***

### **Social characteristics and business background**

Only one of 12 participants who came to New Zealand under the General Skills category had had experience in running his own business in Korea. But he is engaged in doing totally a different business here in Auckland. Eight participants were employed wage-workers in private companies, two people were teachers in high schools, and one was a housewife in Korea. All twelve people were 4 year-course university graduates in Korea. The

only participant who came under the Work visa and later obtained a residence visa had been a self-employed businessman in Korea and was a high school graduate.

Among the 4 people who came by means of the Investor category, two people were self-employed and high school graduates in Korea. The other two people were experienced in running a small enterprise and they were university graduates.

All of 3 participants who came here by the LTBV (Long Term Business Visa) were high school graduates. Among them, 2 people were self-employed and 1 participant was an employed wage-worker in Korea.

The following table shows overall social characteristics and work experiences of interviewees.

Table 7: Immigration History and Social Characteristics of Interviewees

Name	Year of migration	Immigration Programme	Age	Children	Education (Korea)
Mr S	1992	General Skills	49	1 Daughter	University
Mr K	1995	General Skills	51	1 Son, 1 Daughter	University
Mrs K	1995	Investor	50	1 Son, 1 Daughter	High School
Mrs P	1995	General Skills	46	1 Daughter	University
Mr R	1995	General Skills	48	1 Daughter	University
Mr K	1995	General Skills	40	1 Daughter	University
Mr S	1995	General Skills	50	2 Sons	University
Mrs S	1995	General Skills	47	1 Son, 1 Daughter	University
Mr P	1995	General Skills	48	1 Son, 1 Daughter	University
Mr J	1995	General Skills	50	1 Son, 1 Daughter	University
Mr K	1995	General Skills	49	1 Son, 1 Daughter	University

Name	Year of migration	Immigration Programme	Age	Children	Education (Korea)
Mr K	1996	General Skills	36	1 Son	University
Mr C	1996	Work	45	1 Daughter	High School
Mr L	2001	Investor	45	2 Daughters	University
Mr B	2002	Investor	46	1 Son, 1 Daughter	University
Mrs L	2002	Long Term Business	42	1 Son, 1 Daughter	High School
Mr C	2002	General Skills	38	1 Son, 1 Daughter	University
Mr L	2003	Investor	45	1 son, 2 Daughters	High School
Mrs S	2003	Long Term Business	45	2 Sons	High School
Mrs L	2003	Long Term Business	51	1 Son, 1 Daughter	High School

## **Employment opportunity and reasons for becoming self-employed**

Among the 12 Korean immigrants who came under the General Skills category, only three people had been employed by others in New Zealand before running their own business. Among the three people, as mentioned earlier, one participant found employment in a horse raising company in New Zealand: it looks an unusual case. Another participant had never been employed permanently but he worked as a daily labourer such as plate washer and painter assistant. The most recently settled participant among the three people worked in a small firm owned by a Korean immigrant before establishing his own business shop. All of 12 participants mentioned that the language barrier was the primary reason why they gave up seeking employment opportunities. Furthermore, some of them commented that the professional skills acquired in their home country are not suited to New Zealand companies because the Korean companies and the New Zealand companies differ totally in their size and their operating system.

Surprisingly, nobody visited Work and Income New Zealand (WINZ) to seek a job or apply for unemployment benefit. They wanted to do something or to work to make a living. That is to say, they thought that they could not continue to live without any work and they were not enough wealthy to be fully retired, considering their age. For this reason, buying a shop or establishing a small business was the appropriate way to have a job. In other words, as a means of seeking a job they have chosen to run a business rather than waiting for an employment opportunity.

Interviewee P (Beauty Shop) gave up working in a local shop due to the language barrier.

*I have learnt hairdressing skill in a New Zealand school after coming here. However, I gave up being employed in a local shop because I thought that communicating with local customers in English was too stressful for me to do my duty. Finally, I set up my own shop to deal with mostly Korean customers.*

Interviewee K (Cookies) did not have confidence in seeking local employment opportunities due to the language and his age but wanted to work.

*I came here with a job offer from a horse raising company located in Hamilton. But a few years after working there the so-called Korean financial crisis took place in late 1997 in Korea. At those days every work related to exporting horses to Korea stopped and there was no room for my job. Rightly after my resignation I sought another job. I thought that doing my own business – that is to say, becoming a self-employed – would be the appropriate way to do something. This is because I thought it would be almost impossible to look for other general employments, considering my English communication ability and my age.*

Interviewee P (Grocery) has never thought of a local employment opportunity due to the language barrier from the beginning.

*I have never tried to seek an employment in New Zealand because of the language barrier. Of course, whoever they are, doing their own business is risky because it needs substantial amounts of money to invest. However, I chose to do my own business because business means more success in future if it runs well. Daily labouring job has no future although it doesn't require me to invest my own money.*

Interviewee K (Health-products) acknowledged that his skills and experience acquired in Korea were useless here in New Zealand due to the differences of operating systems and structure.

*I think it is natural for most Korean immigrants could not have the same job as they had in Korea. This is because firstly, we are not proficient in communicating in English and secondly, the size of New Zealand companies is too small to have little room for us; in other words, operating systems and structure are so different that skills acquired in Korea are not suited to New Zealand companies. In my case I was a civil engineer in Korea but I could not find any opportunity to apply for similar job here in New Zealand. A few months after my*

*settlement here in Auckland, I have worked as a plate washer in a restaurant and as a labourer in a sausage-making factory. But this kind of jobs could not provide me with any upgraded status. For this reason, having thought of what I should do, preparing for it for considerable period of time, I decided to invest my own money for setting up a health-products retail and whole sale shop.*

Interviewee S (Travel agency) acknowledged that he was not able to get the same job because of his incompetent English ability.

*I came here in November, 1992 at the very early stage of Asian immigration. So there were few Korean residents in Auckland. I was a teacher of mathematics in a high school. I never thought that I could have a job as a teacher in New Zealand because I was not able to speak English fluently. I have once tried to apply for some jobs in retail shops, which were advertised in newspapers. After failures in my applications, I thought that it would be impossible for me to get an employment. Finally, I set up a travel agency, which specialises in inbound Korean tourists in May, 1993 because I anticipated that New Zealand would become a popular travel destination for Koreans as well in future.*

Interviewee C (Health-products) considered that there was no other option but to do his own business due to the language barrier and cultural differences.

*Before doing my own business I had worked in a Korean owned small firm which is manufacturing health-products mostly for Korean customers for two years. As the number of Korean residents reduced its business volume came down and I had to leave the company (It means that many new Koreans came to Auckland temporarily thanks to the New Zealand business immigration policy such as the LTBV. But afterwards they have been leaving because of the sudden change of the immigration policy). I have never thought of getting a job in New Zealand companies because of the language barrier and something else. Rightly after resigning from my job I planned to start my own business. I have never sought daily labouring job for making a living. I*

*might not have come to New Zealand if I had to work as a daily labourer. I think Koreans are a sort of diligent people who want to do something and are ashamed of depending on the welfare system.*

Interviewee K (Laundry) considered that to do his own business as a self-employed would be the only way to get work considering his limited English ability.

*When I came here my age was in middle 40. I thought that I could not continue to live without a job. I did not bring enough money from Korea to be able to retire. And I was not so fluent in English communication that I considered my skills and experience acquired in Korea would be useless here in New Zealand. So I estimated that to do my own business as a self-employed would be the most desirable way to choose.*

Interviewee J (Grocery) estimated he could not get an appropriate job in local employment opportunities due to the language barrier.

*Considering my age and my English communication ability, I thought that it would be almost impossible to get an appropriate employment here in New Zealand. I have been free of work with playing golf for about one year right after I arrived in New Zealand because I was very busy working hard in Korea. After that I started to do my own business as a self-employed. I have never visited WINZ to seek a job before becoming a self-employed. I have run a large sized automobile repair shop which was owned originally by my father in Korea. But I am not a mechanic so I thought running an automobile repair shop would not suit with my abilities. I have run a miscellaneous shop in South Auckland before establishing this grocery shop in North Shore.*

A self-employed Korean man, who came to New Zealand by the Work visa, said that he had been a lawn-mowing worker and a furniture-moving labourer to make a living before setting up a second-hand furniture shop. He also maintained that getting his own shop means better job and better social status than daily labouring jobs.

Interviewee C (Second-hand furniture) estimated that to do his own business was a better job than a daily labourer in terms of social status.

*I have done many kinds of daily labouring work such as lawn-mowing and furniture-moving because I could not afford to invest substantial amounts of money to do a business. However, I wanted to do my own business if possible so finally I established a second-hand furniture shop with another investor owner.*

For four people who came by the Investor category, acquiring or establishing a business was the most appropriate way to get a job for working. They prefer not to work under others; in other words, they want to be an independent boss. This is probably because they are financially stable to make a living at the moment. They maintained that they established their business shop, not because they anticipated a big profit from the business, but because they wanted to do something or work.

Interviewee Q (Fishing tackle), who came under the Investor visa, did not want to work under others.

*I have spent most of my time fishing outside or staying just at home here in Auckland before establishing my own shop. I was ashamed of having no job as a father to my children. I thought my image with no job would not be desirable to my children. Moreover, basically I wanted to work here and contribute something to the local society which I live. I have never thought of being employed by others. So I invested my own money and set up a fishing tackle shop after completing the compulsory period of depositing my investment money in my bank account.*

Interviewee P (Restaurant), who came under the Investor visa, had never thought of becoming an employee but wanted to do something to get work.

*I have never thought of working as an employee in this country. But I wanted to work here in New Zealand and contribute something to the local community which I live. I cannot continue to live without working if I want to settle here properly. I met a Vietnamese cook by chance, who has excellent skills. I thought that it was a good opportunity to do*

*something and afterwards, I set up a Vietnamese restaurant after buying a room of a newly built commercial building, which was introduced by some of my Korean friends. But I did not start with any intention to make a big profit from this business. I just wanted to do something to work and contribute to my local community by doing this business successfully.*

Interviewee K (Beauty) missed out an employment opportunity because she did not study English more in New Zealand.

*I have run a beauty shop for 15 years in Korea. When I came here there were few Korean hairdressers, so I began to do the hairdressing business at my home for Korean customers. The numbers were enough for my business so I did not need to seek any other employment. Otherwise I might have tried to study English more to seek an employment as a hairdresser in a local beauty shop. I missed studying English more so I could not seek an employment opportunity with my poor English ability. Just several months ago I established a beauty shop staying away from my home by investing \$100,000 and now I am working with two Korean employees. I wanted to do more although I was not sure when I could recover my investment money.*

In the case of three self-employed Korean immigrants who came by the Long Term Business Visa (LTBV), they had different stories about why they chose to become self-employed business people. The LTBV is a temporary visa which allows its holders to stay only three years in New Zealand (Department of Labour, 2002). The LTBV holders should apply for residence through the Entrepreneur category: it means the LTBV holders should establish or acquire a business in New Zealand and perform their business successfully for two years (Department of Labour, 2002). Therefore there was no other option for them but run their own business if they wanted to be New Zealand permanent residents. Two of them have already got the residence visa after applying for the Entrepreneur category successfully. The remaining one participant is about to apply for that soon after completing the required period of time for the application. For them the LTBV was the only way to come to New Zealand because they were

not qualified to apply for the General Skills category and they did not have enough money to qualify as an Investor.

Interviewee L (Café) had no other choice but to run her own business in order to apply for New Zealand residency.

*I wanted to emigrate to one of traditional English speaking countries such as Canada and Australia for our children's education. The LTBV of New Zealand was the most practical way to emigrate at those days when I intended to move. I did not have substantial money to apply for the Investor visa and I did not have the points for the General Skills category. As you know, I had to establish or buy a business as an LTBV holder to apply for permanent residence afterwards. Rightly after my settlement in North Shore Auckland, I bought a Café. Now I am very happy with acquiring the residence visa through the Entrepreneur category.*

Interviewee R established a cosmetics shop in accordance with the guideline of LTBV.

*My family moved to New Zealand in order to escape too competitive way of school life on children as well as everyday busy lifestyle. We came here by the LTBV. Just three months after arriving here I established this business shop. There was no other option but to do a business as a LTBV holder. This is because we should go back to Korea unless we convert the three years permit into permanent residence permit. Now we are very happy with converting it successfully.*

Interviewee S acquired a greengrocery shop in accordance with the guideline of LTBV.

*We came here by the LVBV in August 2003. Just two weeks after arriving here we acquired this greengrocery shop. We wanted to settle here permanently so we started to do a business. Now we are about to apply for residency visa soon as we completed the compulsory period of running the business. We are afraid lest we should fail in this application.*

At this point it is worth noting that the LTBV provided a number of Asian people, particularly Koreans and Chinese with the opportunity to come to New Zealand. This is mainly because LTBV migrants had no English language requirements they must meet. As a result, the LTBV contributed to increasing the number of Asian migrants as well as booming Asian businesses. Since the introduction of the new category, LTBV in 1999, in total, 2,177 applicants were approved through the LTBV between 1999 and March 2002, according to the statistics from the New Zealand Immigration Service (Department of Labour, 2002). The report explaining the related statistics maintained that noticeably, people from two countries, South Korea and China have dominated flows in this category. Furthermore, they have been concentrating their business establishment mostly on retail shop businesses such as cafes, restaurants, grocery shops, etc., according to the research of the New Zealand Immigration Service (Department of Labour, 2002). Therefore the phenomenon of rising Asian businesses is attributable to the business immigration policy, particularly the LTBV to some extent.

Considering that all of 12 participants, who came under the General Skills category, so have no obligation to do a business, mentioned that they gave up seeking mainstream employment opportunities due to their lack of communication skills in English, “labour disadvantage theory” is appropriately applied to Korean immigrants who became self-employed after migrating to New Zealand. The theory represents immigrants are blocked in their mobility towards the general labour market due to the disadvantages such as the language. The findings of this research are not much different from those of other traditional English speaking countries such as the USA. Also, having seen that most of Korean retail business shops such as travel agency and health-products shop in New Zealand cater for Korean customers, who are made up of immigrants, international students and visitors, Korean entrepreneurs depend heavily on their ethnic resources for business activity, similarly to the American literature mentioned earlier. However, considering that many Korean immigrants chose North Shore rather than South Auckland as their destination of settlement and doing businesses in New Zealand, there is not any clear

social phenomenon to see “middleman minority theory” be applied to Korean business people living in New Zealand.

***Type of business, the cost of establishing or acquiring business, and the size of business***

**Type of business**

The following table shows type of business of 20 self-employed business people who participated in this study.

Table 8: Type of business of 20 participants

Type of business	Immigration programme	Number	Percent
Grocery shop	General Skills,	3	15 %
Beauty shop	1 G. Skills, 1 Investor	2	10%
Health-products shop	G. Skills	2	10%
Second-hand furniture shop	1 Work, 1 Investor	2	10%
Greengrocery shop	LTBV	1	5%
Restaurant	Investor	1	5%
Café	LTBV	1	5%
Lunch Bar	G. Skills	1	5%
Cookie shop	G. Skills	1	5%
Laundry shop	G. Skills	1	5%
Fishing tackle shop	Investor	1	5%
Cosmetics shop	LTBV	1	5%
Tyre shop	G. Skills	1	5%
Travel agency	G. Skills	1	5%
Taxi	G. Skills	1	5%
<b>Total</b>		<b>20</b>	<b>100%</b>

In terms of running businesses, there is little difference in their choice of businesses between Korean immigrants who came under the General Skills category and immigrants of the Business category. In other words, even the business migrants who have obligation to do a business in New Zealand concentrate in small retail shops.

## **The cost of establishing or acquiring the business**

The travel agent has invested the least money among 20 self-employed business people who participated in this study. He established his own business with less than \$10,000. In contrast, grocery shop and health-products shop are comparatively expensive. One grocery shop owner said that he invested \$150,000 respectively with other two people to establish a big and competitive grocery shop catering for mostly Korean shoppers. Another grocery shop owner invested \$800,000 to buy a shop property in a newly built commercial building and to set up his shop there. In the case of health-products shop, one owner invested \$400,000 to set up a retail and wholesale shop and the other owner invested \$200,000. This means they had to invest substantial amounts of money to buy enough stock in advance before opening their shop. The restaurant owner said that he invested \$700,000 to buy a shop property of a newly built commercial building and to set up a restaurant there. The fishing tackle shop owner invested \$480,000 with the same process as the restaurant owner. One of the two beauty shop owners established her shop in her own home just with \$15,000, excluding her home purchase price (she had to buy a house suited to set up a beauty shop), whereas the other beauty shop owner invested \$100,000 to set up her shop in a commercial building. The laundry shop owner invested \$140,000 to establish his own shop. The cosmetics shop owner invested \$85,000 to set up her business shop with appropriate stocks after renting a corner room inside a Korean grocery shop.

In the case of acquiring businesses, the café owner invested \$85,000 to buy her present shop in a popular street of Takapuna, North Shore and the owner of cookies shop invested \$245,000 to acquire his shop located in the popular Auckland City area. The greengrocery shop was required \$200,000 to purchase. While the tyre shop owner invested \$80,000 to acquire a shop located in a commercial factory area, the lunch bar owner invested \$35,000 to buy a corner shop located inside a shopping mall. The lowest was taxi business; he invested \$30,000 but it depends on the price of a car.

Most of them invested significant amounts of money in their own business. Therefore it is fair to say that only people who are willing to invest their own capital and dare to take a risk are able to become an entrepreneur.

Table 9: The cost of establishing/acquiring business for 20 participants

Type of business (number)	Immigration programme	Investment amount	Home ownership
Grocery shop (3)	General Skills	\$150,000	Own
	General Skills	\$150,000	Own
	General Skills	\$800,000 (including a shop property)	Own
Greengrocery shop (1)	LTBV	\$200,000	Rent
Restaurant (1)	Investor	\$700,000 (including a shop property)	Own
Café (1)	LTBV	85,000	Own
Lunch Bar (1)	General Skills	\$35,000	Own
Cookie shop (1)	General Skills	\$245,000	Rent
Beauty shop (2)	General Skills	\$15,000 (Home business)	Own
	Investor	\$100,000	Own

Type of business (number)	Immigration programme	Investment amount	Home ownership
Health-products (2)	General Skills	\$400,000	Own
	General Skills	\$200,000	Own
Laundry shop (1)	General Skills	\$140,000	Rent
Second-hand furniture shop (2)	Work	\$40,000	Rent
	Investor	\$50,000	Rent
Fishing tackle shop (1)	Investor	\$480,000 (including a shop property)	Own
Cosmetics shop (1)	LTBV	\$85,000	Own
Tyre shop (1)	General Skills	\$80,000	Rent
Travel agency (1)	General Skills	\$10,000	Own
Taxi (1)	General Skills	\$30,000 (including a new car)	Own

It is notable that six businesspeople did not own their home; some of them mentioned that they missed out the opportunity to buy a home in order to spend their money for establishment of their shop and focus on their business activity. It means that they are necessity entrepreneurs to seek making a living rather than opportunity entrepreneurs to seek profit-taking.

Interviewee K (Tyre) stated that he was not happy about the rising situation of home prices because he missed out the opportunity to buy a home due to his investment on his business shop.

*I did not buy a home up until now since immigration to New Zealand because I had to spend considerable amount of my saved money for establishment of my own shop and I focused on my business activity to make a living. Now it is frustrating to see home prices going up and up. I might be financially poorer than immigrants who just bought a home and did nothing since coming to New Zealand.*

### **The size of business**

Nine of twenty businesses can be regarded as family business; that is to say, their shop business is run by husband and wife, and in some cases their grown-up children work as part-timer for their parents' business. The restaurant owner, who is the biggest among 20 participants, employs two full-time workers and five part-timers, who are Koreans and Chinese, capable of speaking English. The grocery shop owners employ several part-timers who are all Koreans. The tyre shop owner was the only entrepreneur who employs a local English speaking white man as a part-timer. These small ethnic businesses have limited contribution to the mainstream employment opportunities of the major local community. In other words, the larger ethnic businesses become the more employment opportunities are provided mostly to the same ethnic people. That is to say, there is evidence of a social phenomenon, for which "ethnic enclave economy theory" offers an explanation; of course the economy size in New Zealand is far smaller than that of other traditional immigrant-receiving countries such as the United States. Nonetheless, given that ethnic businesses can supply employment opportunities to minority immigrant groups who have difficulties in seeking a job, they should be encouraged to succeed. Furthermore, when some of them succeed in diversifying their business and targeting major local customers, they will employ people from major local community.

## ***English language proficiency***

Nobody has ever tested the level of their English language proficiency except the recently settled health-products owner who came under the General Skills category before immigrating to New Zealand and after settling in New Zealand. Everybody says that he/she would feel more comfortable in doing their business activity as well as in their everyday life if he/she speaks English very well. This is because English is the most using official language of communication in New Zealand. However, there is no direct relationship between the level of the English language proficiency and that of business performance. In other words, there is no evidence that people, who are more capable of speaking English, are better than people without the English language proficiency in business performance. The twelve Korean immigrants, who got residency under the General Skills category, are all university graduates in their home country so they are able to communicate in English in limited situations. In the case of other eight Korean immigrants, who came under the Work visa, the Investor category and the LTBV, some do not understand English well. Therefore they have difficulties doing their business activities according to the information acquired by the interviews. However, there is no guarantee that people with good English ability would do better in business outcomes than people with limited English ability. This is because skills and efforts are more important factors in running a business. More specifically, people with no understanding of English would have big difficulties if they run a business in which they cannot avoid meeting local English speaking customers, whereas people with limited understanding of English are able to manage their business if they choose retail businesses such as café, restaurant and grocery shop. This might be a reason why they concentrate in small retail shop businesses as mentioned earlier in the page 58.

Interviewee J (Grocery) has no problem in running his business, but would feel more comfortable if he speaks English more fluently.

*My customers are mostly from Koreans but sometimes people from other ethnic groups visit my shop. Moreover, sometimes I have to meet public servants such as officers coming from the City Council or the Fire Service. Therefore the better I command English the more I feel*

*comfortable. Basically it is OK to run my business because it doesn't require the high level of English proficiency.*

Interviewee L (Second-hand furniture) has difficulties whenever he meets non-Korean customers due to his inability for English communication.

*Whenever non-Korean customers visit my shop I have difficulties in communicating with them because I am very poor in English. I might have missed some opportunities to sell my stocks out due to my inability for the English communication. Moreover I should ask some of Korean friends who can speak English well when I need to contact New Zealand public servants officially. I feel really uncomfortable from time to time due to my poor English.*

Interviewee L (Cosmetics) is studying English from elementary level because she feels English communication ability is necessary for running her business.

*I am not able to understand and command English at all, so I have always trouble when I meet non-Korean people. Moreover I have to depend on some of my friends who can speak English well when I need to contact public officers. I am trying to study English from elementary level little by little but it is almost impossible for me to command English properly. I feel really inconvenient sometimes due to my inability for the English communication.*

Interviewee K (Tyre) thinks English communication ability does not have any clear influence in running a business.

*I can communicate with people in English. And I employ an English speaking Caucasian for local customers. But I think there is no guarantee that people with good English ability would be better in the business outcomes than people with poor English ability. I see more than a few Korean immigrants doing their business well even if they command very limited English.*

Interviewee L (Café) had to make an effort to familiarise with local customers due to her limited English ability.

*My husband and I have some difficulties at the early stage when we took over this shop because we are not good in English. Now everything is OK in running this business. We worked very hard to familiarise with our local customers. Of course we would feel more comfortable if we speak English well. However, we are able to manage our business at this stage even though we are not good in English.*

### **Business performance**

No one said that he/she has been meeting with a loss rather than making a profit on doing his/her business. However, considering that nobody would want to reveal his/her failure, it is not certain how much business owners told their real stories on their business outcomes. In the case of five participants, it is just a few months since they started to run their business. Three of them answered the question about their business outcomes on a basis of their estimation, whereas two of them were reluctant to comment on the question because they could not figure out the result of their business activity properly at the present stage. Overall, among eighteen self-employed businesspeople, thirteen people mentioned that their profit falls between \$30,001 – \$60,000 and three people wanted to put their profit into the category of \$60,001 – \$100,000. Only two people said that their income would be \$10,000 – \$30,000.

Table 10: Income per annum resulted by the business activity

<b>Profit or loss before tax</b>	<b>Number</b>	<b>Percent</b>
No response	2	10%
Loss	0	0%
\$0 – \$9,999	0	0%
\$10,000 – 30,000	2	10%
\$30,001 – \$60,000	13	65%
\$60,001 – \$100,000	3	15%

Profit or loss before tax	Number	Percent
Over \$100,001	0	0%
Total	20	100%

\*2 participants did not respond to the question.

Interviewee S (Grocery) cannot estimate the amount of profit from her business shop because it is a newly established shop.

*I invested about \$800,000 to buy a shop property and to set up my business in the room. Only several months have passed since I did this business so I can not figure out how much revenue I would take a year at this stage. My shop opens from 9 am until 9 pm seven days a week. All my family members are just working hard without thinking of the future outcomes at this stage.*

Considering that two participants did not want to respond to this question, their income through their business activity might be too small to be told, as compared with their investment.

### ***The level of happiness***

Every immigrant comes to New Zealand for better life. Therefore it is important to investigate whether he/she is happy or not with his/her new life in New Zealand. Also, it would be interesting to hear what makes him/her happy or unhappy. Among twenty Korean immigrants who participated in this research, five people regarded the level of their happiness as “Very happy” if they have to classify it with intention. Eight people expressed just “Happy”. Seven people wanted to put the level of their happiness into “Neutral”. There was nobody who put it into “Unhappy” or “Very unhappy”. However, “Neutral” might mean unhappiness in reality, considering that they were reluctant to regard their new life as being unhappy or being very unhappy. People who came to New Zealand by the LTBV expressed high level of happiness but immigrants from the General Skills category expressed low level of happiness. More specifically, six of seven people who mentioned “Neutral” were from the General Skills category and all three Korean immigrants of the LTBV expressed “Happy” or “Very happy”.

In terms of gender differences in the level of happiness in New Zealand life, it should be noted that there are somewhat differences between men and women. Men are less happy than women; while six of fourteen male participants indicated their level of happiness as “Neutral”, only one of six female participants expressed that.

With regard to what makes them happy in their life in New Zealand, most of them mentioned “good natural environment of New Zealand”, “stress free lifestyle”, “less competition in children’s education”, and “easy and cheap access to sports facilities”. Regarding unhappy things in New Zealand, more than a few participants mentioned “hard access to health care facilities (hospitals)”, “high rates on unavoidable basic living costs such as income tax, home rates, power rates, and telecommunication rates”.

Table 11: The level of happiness about new life in New Zealand (Visa category)

Category	Very happy	Happy	Neutral	Unhappy	Very unhappy	Total
General Skills	2	4	6			12
Work	1					1
Investor		3	1			4
LTBV	2	1				3
Total	5	8	7			20

Table 12: The level of happiness about new life in New Zealand (Sex)

Sex	Very happy	Happy	Neutral	Unhappy	Very unhappy	Total
Male	2	6	6			14
Female	3	2	1			6
Total	5	8	7			20

Interviewee K (Laundry) is happy with New Zealand lifestyle.

*I can say that overall I am happy with my life in New Zealand as compared with that in Korea. When I think of my life in Korea, I couldn't escape from stressful company life with long-hour working and meeting many people. In contrast, here in New Zealand the lifestyle is very simple. I can spend some of my time on what I'm interested in. I am playing golf almost once a week. That is impossible in Korea in terms of the time as well as the cost for playing golf.*

In contrast, it would be interesting or surprising to hear the responses of 7 immigrants who expressed the level of their happiness as "Neutral". As mentioned earlier, they might be unhappy with their life in New Zealand to some extent in real terms.

Interviewee C (Health-products) is not happy with New Zealand health system which is very hard of access.

*I came here in 2002 not long ago. As you know, New Zealand is well known for having superior education, health and social welfare system. For this reason it is called one of advanced countries in the world. But now I want to maintain that is totally a wrong conception. I was much frustrated by the reality when I or my family members had to visit a hospital due to a sudden sickness. It was really hard to have access to hospitals and to get treatment in the right time. For example, I could not check my eyes right away when I had pains. On the other hand, in*

*Korea patients can get treatment immediately after they visit a nearby local clinic or even a hospital. Maybe everybody will realise how hard it is to have access to timely treatment here in New Zealand. I hear that more than a few Korean residents even go to Korea to check their health rather than here. That is really what makes me unhappy with my life in New Zealand. So sometimes I have “going back to Korea” in mind but I don’t want to reverse my life again. I chose new life by myself in New Zealand so I don’t want to regard it as wrong choice.*

Interviewee S (Lunch Bar) is not happy with his financial situation which is no plus despite his hard working since his new life in New Zealand.

*I think that levels of happiness are much dependent on people’s economic situations. In my case, over the past ten years I have worked very hard as a self-employed businessman. As compared with my efforts the return was too small. It just provided my family with the cost of eating. I did not gain any development economically and financially so there is no bright future in terms of financial security. If I had sustained my job in Korea, the level of my wealth would have been upgraded as time had passed on. Therefore I cannot say I am happy with my new life in New Zealand.*

Interviewee B (Fishing tackle) is happy with New Zealand lifestyle but unhappy with quiet business environment.

*There are always happy things and unhappy things in my New Zealand life. Of course good natural environment makes me happy in New Zealand. Whenever I go fishing in beautiful seashore, I feel happy. However, what makes me unhappy is that business environment and social atmosphere are not active. I felt depressed from time to time with the gloomy atmosphere. Finally I decided to start doing my own business to make me happier through more active lifestyle.*

### ***The Treaty of Waitangi***

All of the Korean immigrants interviewed acknowledged that the Treaty of Waitangi is a joint agreement signed between the indigenous people Maori and the British crown at the time of colonisation of New Zealand. However,

they did not know exactly what Maori acquired in return for that agreement. That is to say, they did not have any clear idea what the principles of the Treaty of Waitangi mean.

There was nobody who said that his/her business trespassed on Maori people's rights or interests. Rather many of them maintained that their business would contribute to Maori getting interest. In particular, the travel agency and health-products shop owners considered that their business provides Maori with much interest because their business is much related with Maori people's business. More interestingly, more than a few business people argued that they are helping Maori by paying tax through their business performance. This is because they believed that Maori people are disproportionately dependent on the welfare system which is financed by taxpayers' money.

Interviewee K (Health-products) estimates his business is good for Maori interest.

*I am selling various kinds of health-products such as "Deer Antler", "Honey", "Royal Jelly", "Live Mussel Extract" etc.. I know that many Maori people have been involved in producing those goods. Therefore I can say that my business contributes to Maori taking much interests rather than having nothing to do with.*

Interviewee S (Travel agency) estimates his business provides Maori with much interest directly.

*I have attracted significant numbers of Korean tourists to New Zealand since I ran this travel agency. Most tourist itinerary includes "Rotorua destination" where tourists usually visit Maori village to sightsee Maori entertainment shows such as "hangi dinner show". Therefore I can say that my business has been contributing to Maori taking much economic interests, particularly in Rotorua region.*

Interviewee S (Lunch Bar) argues he has been paying tax which contributes to Maori people's welfare.

*I have never depended on the welfare benefit since I came to this country, New Zealand. For the past eight years I only paid tax through running my business. As far as I know, Maori people are highly dependent on the New Zealand welfare system which is managed by taxpayer money. Therefore I can say that my business is helping Maori indirectly without invading their interest.*

Interviewee K (Laundry) argues he has been paying tax through his business, which provides a help disproportionately to Maori people.

*I am running a laundry shop in an area where many Maori people are living. As far as I see, many of them are dependent on the welfare benefit without seeking a job. There are even young people who look very healthy and physically strong. You would feel more serious than you have been informed if you take look at the atmosphere closely. Business people like me pay tax, regardless of its amount being large or small, depending on the revenues. I doubt whether Maori are provided too much advantage in terms of the welfare system although of course I acknowledge they have a special right as the New Zealand indigenous people.*

### **Personal matters**

Whether the participants are living in their own home or a rented home was shown in the above table 9 (see page 60 and 61). Their age and gender were indicated in the above table 7 (see page 47 and 48).

### **Summary of main points**

The main points in this chapter were:

➤ The migration background and reasons:

The reasons of 13 participants' moving to New Zealand in 1990s are based on mostly their individual background. That is to say, their personal dissatisfaction with their lives in Korea might be a primary reason to leave their home country. On the other hand, those of 7 participants who came to New Zealand in 2000s were focused on better

life for their children; they regarded New Zealand as a safer place for their children's safety and a better place for their children's education.

➤ Reasons for becoming self-employed business people:

All of 12 participants who came under the General Skills category, so have no obligation to do a business mentioned that the language barrier was the primary reason why they gave up seeking employment opportunities. Another notable reason is that their professional skills acquired in their home country are not suited to New Zealand due to differences in size and operating system. On the other hand, 4 participants who came under the Investor category, so seemed to be financially stable at the moment prefer to work independently, not under others. Also, they mentioned that they could not continue to live without any job. In the case of 3 participants who came under the Long Term Business Visa (LTBV), they have no other option but establish or acquire a business. This is because the LTBV is a three years temporary visa and the LTBV holders should apply for residence after performing their business successfully for two years. Lastly, it is worth mentioning another side of reasons that overall, they respected social status; for example, 1 participant who came under the Work visa estimated that to do his own business is a better job than a labouring job in terms of social status.

➤ Type of business, the cost of establishing or acquiring business, and the size of business:

It is notable that most of Korean self-employed businesspeople concentrated on small retail shops such as grocery shop, café and restaurant regardless of which visa they came from or when they came to New Zealand. Half of them invested their own money below \$100,000 and another half invested over \$100,000 to establish or acquire their own business. Therefore it is fair to say that only people who are willing to invest their own capital and dare to take a risk are able to become an entrepreneur. Nine of twenty businesses can be regarded as family business, so don't require other employees. Others were employing a few numbers of people mostly from the same ethnic people. In this

regard these small immigrant businesses have limited contribution to mainstream employment opportunities of major local community.

➤ English language proficiency:

It is worth mentioning every participant's argument that he/she would feel more comfortable in doing their business activity as well as in their everyday life if he/she speaks English very well. However, a lack of English proficiency is not a serious matter for them to block their daily business activity. This is because most of them are targeting customers mostly from the same ethnic people.

➤ Business performance:

More than half of them (13 participants) indicated that their income would be \$30,000 – \$60,000. It is notable that 2 participants did not respond to the question; this might be because their income was too small to be told.

➤ The level of happiness:

While immigrants who came under the General Skills category expressed low level of happiness (half of them indicated "Neutral"), immigrants from the Business category expressed high level of happiness (6 of 7 people indicated "Very happy" or "Happy"). In terms of gender differences, men are less happy than women; while six of fourteen male participants indicated "Neutral", only one of six female participants expressed it.

➤ The treaty of Waitangi:

Although all of the participants know about what the Treaty of Waitangi is, they did not have any clear idea what the principles of the Treaty of Waitangi mean. Many of them maintained that their business was contributing to Maori getting interest without trespassing on Maori people's rights or interests; for example, travel agency and health-products shop provide Maori directly with much interest and paying tax through business performance is another side of contribution.

➤ Personal matters:

While 14 of 20 participants have home ownership, 6 of them live in a rented home. 14 people are males and 6 of them are females.

## **Chapter Five: Conclusions and Recommendations for Further Studies**

### ***Summary***

With the number of Asian immigrants rising rapidly in Auckland, New Zealand new Asian businesses are appearing, particularly in various kinds of retail shops. The researcher is primarily interested in what makes Asian immigrants, particularly Korean immigrants become self-employed business people rather than seek paid employment opportunities. Also, the level of their business performance and the level of happiness in their New Zealand life are the following questions to be investigated.

In New Zealand few studies have examined trends and reasons in entrepreneurship or self-employment among racially diverse immigrant groups. This is probably because New Zealand has the shortest history of “open door” immigration policy (non-white immigration policy) among traditional migrant receiving, English-speaking countries. Therefore this thesis reviews the literature including theories for explaining this social phenomenon, which has been studied in other countries such as the United States, Europe, Australia, and Canada.

Theories presented in the literature review are 1) middleman minority theory, 2) labour disadvantage theory, 3) enclave economy theory, 4) interactive theory, and 5) opportunity structure. While the labour disadvantage theory was much developed and emphasised by European scholars, the middleman minority theory and the enclave economy theory were particularly much developed in the United States. More specifically, European scholars have considered labour market disadvantage as the major determinant of immigrants’ decision to start businesses. On the other hand, some U.S. scholars characterised Korean immigrants doing retail businesses in low-income black and Latino communities as middlemen. In explaining the case of enclave economy in the US, a few existing Chinatowns in major cities, the Korean community in L.A., and the Cuban community in Miami were regarded as classic examples. The interactive theory and the opportunity structure are synthesised approaches, developed lately to explain the social phenomenon.

Interestingly, in traditional migrant receiving countries such as the USA, Canada and Australia, the Korean ethnic group represents the highest self-employment rate among all ethnic groups according to the literature. Similarly, in New Zealand, the statistics extracted from 2001 national census (Table 3) by the researcher show that Korean ethnic group represents the highest self-employment rate among all ethnic groups.

It is worth mentioning recent Canadian research that refugees settled in Canada display higher incomes than business immigrants. This is because the situation might be somewhat similar to that of New Zealand. The researcher explains the plausible reason is that refugees receive both free language training and income support while learning English or French. Such Canadian literature and findings might be similarly applied to New Zealand's immigrants. In fact, the level of mean personal income of Chinese and Korean immigrants was the lowest among the immigrant groups and even lower than that of the Middle Eastern group, which contains many refugees. That is to say, New Zealand immigrants from refugee status receive both free English language training and accommodation and moreover, can depend on the New Zealand welfare system until they get a job. In contrast, the majority of Asian immigrants from non-English speaking countries have to invest their own money in order to adapt themselves to a new environment of English speaking society. Moreover some of them have to invest significant amounts of their own money to get a job through establishing or acquiring a self-employed business.

To achieve the research objectives I conducted in person (face to face) interviews with 20 Korean self-employed business people doing business in Auckland. In other words, a qualitative method was employed for answering the research questions. The researcher tried to select at least more than 10 Korean self-employed business people who shifted permanently to Auckland, New Zealand under the General Skills category of the "point systems" in the middle of the 1990s. This is because it was anticipated that many Korean immigrants, who came to New Zealand by the General Skills category at those days, are doing business as self-employed for a choice of settlement now although they were not business

immigrants originally. Other remaining interviewees were selected mostly among recently settled business people, regardless of their visa category. As a result, 12 people from the General Skills category, 1 immigrant who originally came from the Work visa and later became a New Zealand permanent resident, 4 people from the Investor category, and 3 people from the Long Term Business Visa (LTBV) participated in the study. Among them, 14 participants were males and 6 were females; 2 were in the age of late 30s, 2 were in early 40s, 11 were in middle and late 40s, and 5 were in early 50s

Needless to say, it is the first point of a study of immigrants to investigate why those Korean immigrants came to New Zealand. The reasons why 13 participants moved to New Zealand in the early and mid 1990s are based on mostly their individual background. More specifically, uncertainty of their job security and disappointment about the existent society were major factors to have them leave their home country. On the other hand, in the case of recently arrived 7 participants who came to New Zealand in the early 2000, providing better life for children through better education were the primary reason. In other words, they came to New Zealand to avoid too competitive existent society and to bring their children into English speaking schools for better opportunities in future.

All of the participants chose Auckland as the new place of settlement because Auckland is the largest city in New Zealand, so Auckland is the most suitable place for them to have the opportunity to make a living. Also, it is because Auckland is the most populous city in New Zealand, which has the most Korean residents and students in New Zealand; hence, Auckland is the best place for the recently arrived Korean business immigrants to do a business.

With regard to the key question of this study, the reasons for becoming self-employed business people, all of 12 participants from the General Skills category mentioned that the language barrier was the primary reason to give up seeking the employment opportunity in New Zealand. Another fundamental reason is that their professional skills acquired in their home country are not suited to New Zealand companies because the Korean

companies and the New Zealand companies differ totally in their size and their operating system. Also, their age could be a factor. Most of them are over 40 years of age and they have already been away from their previous occupation. For these reasons, they thought that it was almost impossible to get a similar job in a new country, using a different language; rather, self-employed business was considered as the available option to work. It is worth noting that none of participants has visited WINZ to seek a job or apply for unemployment benefit. This is because they were afraid of mainstream local job market in which they should be able to command English language. For them establishing or acquiring a business shop was the appropriate way to have a job. In other words, as a means of seeking a job they have chosen to run a business rather than waiting for an employment opportunity.

However, in the case of people from the Business Immigration category, the reasons were somewhat different. The immigrants from the Investor category wanted to be an independent boss rather than an employee worker under others. For the immigrants from the LTBV there was no other choice but establish or acquire a business if they want to become a New Zealand permanent resident. This is because the LTBV is a three year temporary visa but the LTBV holders can apply for residency through the Entrepreneur category after having done their business activity for more than two years. At this point it should be noted that people from two countries, South Korea and China have dominated flows in this category since the introduction of the LTBV, and they have been concentrating their business establishment mostly on retail shop businesses such cafes, restaurants, grocery shops, etc., according to the research of the New Zealand Immigration Service (Department of Labour, 2002). Therefore the phenomenon of rising Asian businesses is attributable to the business immigration policy, particularly the LTBV.

“Labour disadvantage theory” is appropriately applied to Korean immigrants who became self-employed after migrating to New Zealand, having translated the findings: they gave up seeking the mainstream employment opportunities due to their lack of communication skill in English. However, another traditional theory “middleman minority theory” is not applicable to

New Zealand Koreans, since most Korean immigrants have chosen the North Shore rather than South Auckland as their destination of settlement and doing business in New Zealand. Having seen that there is a growing tendency for Korean business people to concentrate in certain areas, “enclave economy theory” and “interactive theory” may be useful to explain this phenomenon in the future.

When the self-employed business people established a business, many of them invested considerable amounts of their own money, depending on the type of business: the lowest was \$10,000 (travel agency) and the highest was \$800,000 (grocery shop including the shop property). In the case of acquiring a business, the cookie shop owner invested the biggest \$245,000 and the taxi was the lowest \$30,000.

With regard to size of the business nine of twenty businesses participated in the study were “family businesses”: that is to say, the business owners do not employ other people but their family members. Other businesses employ a few people as full-time and part-time and most of employees are from the same ethnic group. Therefore small ethnic businesses have limited contribution to employment opportunities for major local community.

Every participant agrees that a command of English is necessary in his/her business activity as well as everyday life. In particular, business people of the LTBV have more difficulties than other immigrants when communicating in English is needed. However, there is no direct relationship between the level of the English language proficiency and that of business performance. In other words, there is no evidence that good English speaking immigrants are better in the business performance than those who lack in English communication skills. This is because quality of goods is more important than communication skills. In fact, six of their business shops are catering for local people, regardless of ethnicity and they have been continuing to do their daily business activity. They did not think that English commanding ability is a decisive factor which influences sales turnover of their business shop directly.

Nobody reported a financial loss as a result of running his or her business. Two people were reluctant to answer the question about their revenue.

Among eighteen people answered the question, thirteen had income between \$30,001 – 60,000 and three wanted to put their income into the category of \$60,001 – 100,000. Only two people said that their income would be \$10,000 – 30,000.

As a social researcher it is necessary to investigate the level of immigrants' happiness about their new life. Among twenty Korean immigrants, five regarded the level of their happiness as "Very happy". Eight expressed just "Happy". Seven wanted to put the level of their happiness into "Neutral"; noticeably, six are immigrants from the General Skills category. However, it should be noted that "Neutral" might mean unhappiness in reality. This is because they do not want to be considered as unhappy people. Overall, the results showed that two in three were satisfied in new life of their adopted country and one in three was not. Also, the findings showed that there are gender differences apparent in the level of happiness. Females were more satisfied with their new life in New Zealand than males; only one of six females is not satisfied, whereas six of fourteen males were not satisfied. It is worth mentioning that one of the fundamental reasons why they feel unhappy is that they cannot have access to medical treatment timely in nearby place to home. In relation to this matter there is also a need to inform that some Korea immigrants visit Korea for medical treatment rather than seek it here in New Zealand. This might be because taking medical diagnosis timely and medical treatment afterwards properly requires much longer time in New Zealand than in their home country, the Republic of Korea. Immigrants from the Business category such as the Investor and the LTBV express higher level of happiness than those from the General Skills category.

Lastly there is a need to know how Asian immigrants acknowledge the principles of the Treaty of Waitangi. Although all participants recognise the Treaty of Waitangi is a formal agreement between the British Crown and the indigenous people Maori to colonise New Zealand, they did not have clear idea what Maori received in return for that agreement. In relation to this matter there is also a need to research whether Asian immigrants businesses influence Maori interests. All of twenty participants said that their business did not trespass on Maori rights or interests. Rather, the

travel agent and health-products shop owner maintained that their business would contribute to Maori getting much interest. This is because they acknowledge that many Maori people stay engaged in those industries. Some others argued that their business activity would help Maori people because they are paying taxes through their business performance.

### ***Discussion and Conclusion***

Launching businesses is becoming a tool of having access to New Zealand residency for potential immigrants, particularly people from non-English speaking Asian countries. Also, it is a settlement choice of making a living for new immigrants who came to New Zealand without an employment. However, it is worth mentioning that this choice is not universally applicable to most immigrant groups who experience the same basic structural obstacles as Koreans. Therefore the researcher's fundamental question still remains why the Korean group is highly active in entrepreneurial behaviour or self-employment.

The researcher seeks its solution on the differences of characteristics, value system in regard to people's social status, and the level of capital with intention of taking risks among ethnic groups. Koreans have three main character traits: they are hardworking and devoted, a quality attributed to Confucianism (Fischer-Dieskau, 1997). Confucianism does value hard work, diligence, and frugality (Peterson 1971, as cited in Dana, 1999), qualities that Weber (1904-1905, as cited in Dana, 1999) linked to small business. Entrepreneurs are more individually oriented than the rest of the population (Beugelsdijk & Niels Noorderhaven, 2005). Individual responsibility and effort are distinguishing characteristics as an entrepreneur or self-employed businessperson (Beugelsdijk & Niels Noorderhaven, 2005). Hardworking and consistency are two of personal traits required for success in self-employment (Wilde, n.a). Small business owners have often fewer vacation days, work longer hours on weekdays, and even work on weekends (Fontinelle, 2006). Thus, it is fair to say that diligence is a basic requirement for becoming an ordinary self-employed businessperson. In most countries self-employed immigrants are heavily concentrated in small businesses and retail sales (Basu & Goswami, 1997; Camarota, 2000; Department of Labour, 2002, p. 7; Kim, Hurh, &

Fernandez, 1989; Peter S. Li, 1992; Min & Bozorgmehr, 2003; Page & Plaza, 2006), whose operation depends on mostly due diligence rather than creating unique business. Korean immigrants are highly representative of self-employed businesspeople, as mentioned earlier.

Another reason why the Koreans tend to choose self-employment towards enterprises is attributable to the people's value system to respect their social status. Most of Korean immigrants came from white-collar middle class or low-middle class people who got the university degree in their home country. They respect forms rather than focus on pragmatic thought. In terms of their social status they consider that running their own business is better than getting an employment of a blue-collar worker or a daily labourer. However, in terms of getting guaranteed income consistently, wage employment might be more advantageous than self-employment. In fact the research findings showed that twenty participants' income was not so great as compared with their considerable investment and their business characteristics which require long working hours. Furthermore, there is no guarantee that they will get all of their investment money back when they want to stop running their business or they are forced to stop it according to the terms of their lease expiring. It is natural to take a downgraded job as an immigrant whose acquired skills and experience are not fully accepted in a new country. However, many Koreans are afraid of being engaged in daily labouring jobs as far as they can invest their own savings for a living. The findings from participants' interviews also show the evidence; for example, some participants argued that they did not want to be a daily labourer at all. Therefore, based on their value system to consider their social status, they take high risks willingly with investing their own money rather than seek a blue-collar job or a daily labour job, regardless of the result of launching their own business being a success or failure in the future.

In conclusion, the fundamental reasons why Korean immigrants become entrepreneurs are that they tend to give up seeking the mainstream employment opportunities due to the language barrier and their inability to cope with new organisations and new systems. Rather, self-employed business was considered as the best available option to get work.

Furthermore, Koreans' characteristics and value system in regard to their social status should be considered as other factors why they are so active in self-employment behaviour. They could not be entrepreneurs without their willingness to take high risks with investing considerable amounts of their own money. In other words, they chose to work at their expense, rather than to wait for employment opportunities that were considered hard to find. This is also attributed to those Korean immigrants' propensity to work willingly, regardless of long working hours as self-employed business people, rather than to depend on the welfare system or seek an employment of low grade. They are necessity entrepreneurs who want to join in the workforce, rather than money-making opportunity entrepreneurs.

### ***Recommendations for further studies***

It would be worth researching what kinds of differences there are in seeking a job for making a living among immigrant groups in New Zealand. It is hoped that similar research studies would be carried out on other ethnic immigrant groups such as Chinese, Indians and Pacific Islanders in the future. It could be a first point to research unemployment rates of ethnic minority groups in New Zealand. Also, there is a need to research how the New Zealand welfare system influences the differences among immigrants groups. Therefore further research is needed to determine whether there are differences and what factors contribute to those differences among immigrant or ethnic groups.

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# Appendix

## A: Consent to Participation in Research

This form is to be completed in conjunction with, and after reference to, the AUTECH Guidelines



Title of Project: < Why do Asian immigrants become entrepreneurs?: the case of Korean self-employed immigrants in Auckland >

Project Supervisor:<Heather Devere>

Researcher: <Joo-Seok Lee>

- 
- I have read and understood the information provided about this research project (Information Sheet dated <Click here and type the date on the Information Sheet>.)
  - I have had an opportunity to ask questions and to have them answered.
  - I understand that the interview will be audio-taped and transcribed.
  - I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
  - If I withdraw, I understand that all relevant tapes and transcripts, or parts thereof, will be destroyed.
  - I agree to take part in this research.
  - I wish to receive a copy of the report from the research: tick one: Yes  No

Participant

signature:

.....

Participant name: .....

Participant Contact Details (if appropriate):

.....

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.....

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.....

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Date:

**Approved by the Auckland University of Technology Ethics  
Committee on <10 June 2005 > AUTEK Reference number <05/74>**

Note: The Participant should retain a copy of this form

## ***B: Letter to participants***

### **Dear Participants**

I am a postgraduate student in the School of Social Sciences at Auckland University of Technology. I invite you to help me with a research project. That is, “Why do Asian immigrants become entrepreneurs?: the case of Korean self-employed immigrants in Auckland.” As a Korean immigrant as well as a student of Social Sciences, I am interested in studying the increasing phenomenon of Asian businesses in Auckland city. This is part of the research for my Masters’ thesis.

Your participation is to be interviewed for about an hour. Of course, the interview can be conducted twice or three times in agreement with you, if necessary. Please feel free to speak to me when you are interviewed. I will never use your name in the research report. If you would like to help me with this study, just sign the form attached to give me permission to interview you.

I appreciate you giving your time for this project, which will help me understand more precisely about why Asian immigrants, particularly Korean immigrants become entrepreneurs in the country of their settlement, New Zealand. If you have any questions about this study even after completing the interview, please feel free to call me at 917 9999 ext 8482 (School)/021-100-0634 (mobile) or email: [joollee82@aut.ac.nz](mailto:joollee82@aut.ac.nz). You may also contact my supervisor Dr. Heather Devere: 917-9999 ext 5782, [heather.devere@aut.ac.nz](mailto:heather.devere@aut.ac.nz) at the School of Social Sciences of AUT.

Yours sincerely

Joo-Seok Lee

## ***C: Participant Information Sheet***

**7 June 2005**

### **Project Title**

Why do Asian immigrants become entrepreneurs?: the case of Korean self-employed immigrants in Auckland.

### **What is the purpose of the study?**

The purpose of the study is to explore the phenomenon of Asian immigrants doing business in Auckland, New Zealand by studying the case of Korean self-employed immigrants. The study will investigate why Korean immigrants are more likely than other immigrant groups to be self-employed and to investigate how they have been making their living since settling in New Zealand. The study will also examine whether the income from their businesses is seen as sufficient to sustain them in their country of resettlement.

### **Why have you been chosen to be asked to be part of the study?**

You have been chosen because you were originally from Korea and are operating a small business in Auckland. There will be twenty people interviewed for this study.

### **What happens in the study?**

Each participant will be interviewed for about an hour by the researcher, Joo-Seok Lee. The interview can be divided into two or three parts in agreement with the participant. The interviews will be tape-recorded and the researcher, Joo-Seok Lee, will be transcribing the data collected from the interview.

### **What are the benefits?**

As an immigrant living in Auckland, you will be helping to inform New Zealanders about why Koreans chose to become self-employed business people.

### **How will be privacy be protected?**

Your name and address will not be recorded in the data. Your personal identification will not be saved in the computer disk. You will not be identified personally in the final report.

### **How do I join the study?**

If you agree to be interviewed, you will need to sign a consent form and an arrangement will be made for a suitable time for the interview.

### **What are the costs of participating in the project?**

No financial costs. The interviewing will take about one hour of your time.

### **Opportunity to consider invitation**

The invitation to study will always be conducted according to the time you have available. You can withdraw from the study at any time up to the completion of the data collection. All you need to do is to contact the researcher by telephone or email.

### **Opportunity to receive feedback on results of research**

If you wish to have a summary of the results, the researcher will be happy to provide this to you.

### **Participant Concerns**

Any concerns regarding the nature of this project should be notified in the first instance to the project supervisor.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTEK, Madeline Banda, [madeline.banda@aut.ac.nz](mailto:madeline.banda@aut.ac.nz), 917-999 ext 8044.

### **Researcher Contact Details**

Joo-Seok Lee: 917-9999 ext 8482 (leave message)/021-100-0634 (mobile) or [joollee82@aut.ac.nz](mailto:joollee82@aut.ac.nz) (email)

### **Project Supervisor Contact Details**

Dr. Heather Devere: 917-9999 ext 5782, [heather.devere@aut.ac.nz](mailto:heather.devere@aut.ac.nz)

**Approved by the Auckland University of Technology Ethics Committee on**

**AUTEK Reference Number: 05/74**

## ***D: Interview Format***

- Interviewee name:
- Title, Project: Why do Asian immigrants become entrepreneurs?: The case of Korean self-employed immigrants in Auckland
- Date of interview:
- Begin with introducing briefly the researcher and the project.

### **The migration background and process**

- a. When did you come to Auckland, New Zealand permanently?
- b. Could you explain me by what kind of visa category you came to New Zealand?
- c. Which city (area) of Korea did you come from?
- d. What are the reasons for coming to Auckland, New Zealand and why not to other areas?
  - Could you explain your motivation about why you shifted your home to Auckland, New Zealand?

### **Reasons for becoming self-employed business people**

- a. Business background
  - Have you run the similar business before coming to New Zealand?
  - If not, why did you decide to set up or buy this shop-operating business?
- b. Employment opportunity
  - Have you ever been employed by others?
  - Why didn't you try to get employment?
  - Have you ever depend on the welfare benefit during the period of unemployment? If not, why did you give up applying for the welfare benefit?
  - Is there no other option but self-employed business as means of working for a living?
- c. How long have you spent before deciding to do your own business?  
When did you start to do your own business?

- d. Do you estimate that doing your own business is better choice than being employed by others? If you think so, could you explain the reasons?

### **Types of business, the cost of setting up in business, and the size of business**

- a. Could you explain what types of business yours belong to?
- b. Could you tell me how much you spent your own money in setting up in your business? (Below \$10,000, \$10,001 – \$50,000, \$50,001 – 100,000, \$100,001 – 150,000, Over 150,000)
- c. How many workers have you been employing in running your business? Are they full-time or part-time? Are they Koreans or from people who are irrespective of the ethnic background?

### **The English language proficiency**

- a. Have you ever tested the level of your English language proficiency such as IELTS and TOEFL? Could you tell me the score you got?
- b. Could you explain me to what extent the English proficiency has influence on operating your business?
- c. If you think the English proficiency is important for your business as well as for your everyday life in New Zealand, why don't you try to learn English more?
  - Have you ever studied English in English language schools in New Zealand?

### **Business performance**

- a. Is it OK for a living by doing your business? And explain what you want to say about the level of your business performance.
- b. Could you tell me how much you earn roughly per year? (Below \$10,000, \$10,001 – 30,000, \$30,001 – 60,000, \$60,001 – \$100,000, Over \$100,001)
  - If there is any discomfort or any risk in relation to this question, you're not required to answer it. Alternatively, to guess your income level,

can I ask simply like this: Do have any income support such as the Family Assistance? You don't need to answer this question as well if you wouldn't like to.

- c. Are happy with the outcome from your business performance?
- d. What do you think are main factors that cause you to have difficulties gaining enough profit by doing business in Auckland, New Zealand?

### **The level of happiness in Auckland, New Zealand**

- a. Are happy with your life in Auckland, New Zealand? (Very happy, Happy, Neutral, Unhappy, Very unhappy)
- b. Could you explain what makes you happy or unhappy, compared with your life before coming to New Zealand?

### **The Treaty of Waitangi**

- a. Could you tell me what you know about the meaning of the Treaty of Waitangi?
- b. Does your business have influence on New Zealand indigenous people, Maori's interest or right?

### **Personal matters**

- a. Are you living in your own home or a rented home?
- b. How old are you?