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Ethnicity and Opportunity: 
Korean Entrepreneurship 
in the Argentine Garment Industry

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ABSTRACT

This research aims to investigate the close relationship between the Korean immigrant community in Argentina and the garment industry. Within the theoretical frameworks of immigration and ethnic entrepreneurship, this thesis examines why and how Korean Argentines have been continuously concentrated in the clothing industry from the beginning of Korean immigration in the 1960s to the present. Based on ethnographic research conducted in Argentina between February and June 2014 and on archival and documentary research, this study illustrates that multiple factors at diverse socio-structural layers have significantly influenced Koreans’ business entry and growth in the apparel industry, which, in turn, have affected their integration into the host society.

In the development of Korean garment businesses, ethnic networks and resources were used as a strategic tool by Korean entrepreneurs to achieve economic viability, financial support, and eventual upward mobility within the Argentine garment industry. Yet, this thesis stresses that at first, opportunities were evinced in easy entry, comparative advantage, and niche potential. Later, in the 1980s, macro-economic cycles, despite instability, provided reasons to stay and progress further. Since the turn of the 21st century, accumulated know-how, expertise, and economic power have created relative path dependency, motivating the community members to continue exploiting these advantages whenever possible.

This work reveals how the Korean immigrant community in Argentina has settled and achieved upward mobility in the face of complex and fluctuating social and economic circumstances, combining opportunities with strategies and resources to create comparative advantages and benefits. As a unique case study on Korean entrepreneurs in Latin America, a region where the settlement, history, and current conditions of immigrants have been quite distinct from those of immigrants in more developed countries, as well as relatively understudied, this research contributes to a meaningful empirical assessment and represents a significant milestone in the fields of both migration and Korean studies.
ACKNOWLEDGEMENTS

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I would like to send my gratitude to my family in Korea, Jaedeuk Kim and Younghee Kim, Suryeo Kim and Jeonghoon Kim for staying by me with their constant support, care, and patience. Also, thanks to my parents-in-law, Roberto Andrenacci and Lilian Scuartini, and the lovely auntie Liliana Andrenacci for cheering me on with great humour and looking after me with such care.

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# Table of Contents

List of Maps ................................................................................................................................. vii  
List of Tables ................................................................................................................................. vii  
List of Figures ................................................................................................................................. vii  
Notes on Romanisation and Translation ..................................................................................... ix  
Maps ............................................................................................................................................... x  

1. Introduction ............................................................................................................................... 1  
   1.1 From Inspiring Stories to Research Questions ................................................................. 1  
   1.2 Theoretical Framework ................................................................................................. 6  
   1.3 Methodology .................................................................................................................. 13  
      1.3(1) Secondary Data Collection and Preliminary Field Research ................................. 14  
      1.3(2) Field Research in Argentina ............................................................................. 16  
      1.3(3) Data Analysis .................................................................................................. 19  
   1.4 Significance and Contribution ...................................................................................... 21  
   1.5 Organisation of the Thesis ......................................................................................... 23  
   1.6 Definition of Terms ...................................................................................................... 26  

2. Literature Review ..................................................................................................................... 30  
   2.1 Theories vis-à-vis Ethnic/Immigrant Entrepreneurs .................................................. 30  
      2.1(1) Labour Market Disadvantages ........................................................................... 31  
      2.1(2) Class and Ethnic Resources ............................................................................. 32  
      2.1(3) Middleman Minority .......................................................................................... 33  
      2.1(4) Ethnic Enclave .................................................................................................. 34  
      2.1(5) Social Capital .................................................................................................... 35  
      2.1(6) Structure of Opportunities ............................................................................... 37  
      2.1(7) Mixed Embeddedness ....................................................................................... 37  
   2.2 Immigrants in the Garment Industries ......................................................................... 40  
   2.3 Korean Immigrant Entrepreneurs in the US and Latin America ............................... 44  
   2.4 Chapter Review ............................................................................................................. 48  

3. To the Farthest Country: When and Why Koreans Moved to Argentina ............................ 51  
   3.1 A Brief History of the Korean Diaspora ........................................................................ 52  
   3.2 From Korea to Argentina ............................................................................................. 57  
      3.2(1) Why Korean Migrants Left Korea ...................................................................... 57  
      3.2(2) Why Korean Migrants Chose Argentina .......................................................... 59  
      3.2(3) Korean Migration to the US ............................................................................... 63  
      3.2(4) Class Background of Korean Immigrants in Argentina ................................... 65  
   3.3 Korean Immigration to Argentina (1965-2014) ............................................................. 69  
      3.3(1) Beginning of Official Korean Immigration to Argentina .................................... 69  
      3.3(2) Failure of Agricultural Projects ......................................................................... 71  
      3.3(3) First Settlement in Buenos Aires in the 1960s and 1970s ................................... 73
3.3(4) Subsequent Immigration Wave under the New Investment Category in the 1980s and 1990s .............................................................. 74
3.3(5) Decline in the Korean Population in the 21st Century ........................................ 75
3.3(6) New Koreans (Korean Chinese) in Buenos Aires............................................. 78
3.4 Chapter Review................................................................................................. 79

4. The Host Country: Argentina ............................................................................... 81

4.1 The Argentine Economy................................................................................... 81
4.2 Self-Employment and Informality: The Twin Costs of the Argentine Decline .......... 88
4.3 The Impact of Argentine Economic Instability on the Garment Industry ............... 91
4.4 The Argentine Garment Industry: Market Characteristics, Informality, and
   Opportunities ....................................................................................................... 94
4.5 Chapter Review.................................................................................................. 102

5. From Agriculture to Apparel: The Entry of Koreans into the Argentine
   Garment Industry (1960s-1970s) ...................................................................... 105

5.1 Korean Resettlement in Buenos Aires and their Entry into the Subcontracted
   Knitting and Sewing Jobs .................................................................................. 106
5.2 The First Independent Manufacturing Plants (Fabricante Directo) ......................... 110
5.3 Why Sewing and Knitting Jobs? Push and Pull Factors ........................................ 113
   5.3(1) Language Barrier ...................................................................................... 114
   5.3(2) Easy Entry: Brief Training, Little Capital Investment, Few Barriers ............... 115
   5.3(3) Ethnic Networks and Family Labour Force ................................................ 116
5.4 Direct Contact with Local Business People....................................................... 121
5.5 Chapter Review.................................................................................................. 124

6. From Production to Distribution: Expansion of the Korean Garment Business
   (1980s-1990s) ...................................................................................................... 127

6.1 Korean Garment Sweatshops in the 1980s and 1990s ....................................... 128
6.2 Toward Independent Manufacturing ................................................................. 131
6.3 The Booming of Korean Retail Garment Shops ................................................ 135
6.4 Expansion into Wholesale in Once ..................................................................... 140
6.5 Avellaneda Avenue in Flores: The New Clothing Wholesale Area ...................... 142
6.6 Ethnic Resources: Still the Main Reason to Enter the Garment Industry? .......... 144
6.7 Kin and Friendship ............................................................................................ 147
6.8 The Dark Side of Co-Ethnic Financial Support .................................................. 149
6.9 Cyclical Economic Crises .................................................................................. 154
6.10 Chapter Review.................................................................................................. 155


7.1 Korean Concentration in the Av. Avellaneda Wholesale Garment Market ............. 158
7.2 Ethnic Resources Today ..................................................................................... 160
7.3 The Macro-Economic Context and Structural Opportunity as Drivers ............... 167
7.4 The Issue of Informality: Current Management Practices in Korean Sweatshops
   and Wholesale Shops ......................................................................................... 170
   7.4(1) Production: Korean Garment Workshops .................................................. 173
7.4(2) Complex Systems of Production and Distribution: Korean Wholesale Garment Shops .......................................................... 186
7.5 Korean Retail Shops and Textile Companies ......................................................... 210
7.6 Chapter Review .............................................................................................. 216

8. Opportunity and Challenges for the Korean Garment Business ..................... 219

8.1 Argentina: A Country in Decline or a Land of Opportunity? ............................. 220
8.2 Av. Avellaneda Market: Growth Opportunities with Limits ............................... 223
8.3 New Generation of Koreans Argentines and their Integration into Mainstream Society ........................................................................... 233
  8.3(1) Advantages in Participating in a Family Business ......................................... 237
  8.3(2) Disadvantages in Participating in Mainstream Society ................................... 243
8.4 Chapter Review .............................................................................................. 249

9. Conclusions ....................................................................................................... 252

9.1 Summary of Findings ....................................................................................... 253
  9.1(1) Upward Mobility: The Main Motive for Korean Concentration in the Argentine Garment Industry .................................................. 253
  9.1(2) From Ethnic to Individual Entrepreneurs: The Evolution of the Korean Garment Business ........................................................... 257
  9.1(3) Ethnicity, Informality, and Embeddedness ................................................... 261
  9.1(4) Limited Integration into the Host Society ....................................................... 263
9.2 Limitations and Future Research ....................................................................... 266

Bibliography .......................................................................................................... 269

List of Interviewees ............................................................................................... 288
List of Maps

Map 1 ........................................................................................................... x
Map 2 .......................................................................................................... xi
Map 3 ......................................................................................................... xii

List of Tables

Table 3-1 ........................................................................................................ 52
Table 3-2 ....................................................................................................... 56
Table 3-3 ..................................................................................................... 60
Table 3-4 ..................................................................................................... 65
Table 3-5 .................................................................................................... 76
Table 4-1 ..................................................................................................... 86
Table 4-2 .................................................................................................... 99
Table 5-1 .................................................................................................... 109
Table 6-1 ................................................................................................... 137
Table 7-1 ................................................................................................... 194
Table 7-2 ................................................................................................... 196

List of Figures

Figure 1-1 ...................................................................................................... 4
Figure 1-2 .................................................................................................... 4
Figure 1-3 ................................................................................................... 29
Figure 3-1 .................................................................................................. 62
Figure 3-2 .................................................................................................. 62
Figure 3-3 .................................................................................................. 72
Figure 4-1 ................................................................................................... 83
Figure 4-2 .................................................................................................. 101
Figure 4-3 .................................................................................................. 101
Figure 5-1 ................................................................................................. 119
Figure 5-2 ................................................................................................. 119
Figure 6-1 ................................................................................................. 130
Figure 6-2 ................................................................................................. 130
Figure 6-3 ................................................................................................. 134
Figure 6-4 ................................................................................................. 135
Figure 6-5 ................................................................................................. 142
Figure 6-6 ................................................................................................. 142
Figure 6-7 ................................................................................................. 143
Figure 6-8 ................................................................................................. 143
Figure 6-9 ................................................................................................. 154
Figure 7-1 ................................................................................................. 160
Figure 7-2 ................................................................................................. 185
Figure 7-3 ................................................................................................. 185
Figure 7-4........................................................................................................................................ 185
Figure 7-5........................................................................................................................................ 185
Figure 7-6........................................................................................................................................ 186
Figure 7-7........................................................................................................................................ 186
Figure 7-8........................................................................................................................................ 200
Figure 7-9........................................................................................................................................ 200
Figure 7-10...................................................................................................................................... 203
Figure 7-11...................................................................................................................................... 204
Figure 7-12...................................................................................................................................... 204
Figure 7-13...................................................................................................................................... 213
Figure 7-14...................................................................................................................................... 213
Figure 7-15...................................................................................................................................... 214
Figure 7-16...................................................................................................................................... 214
Figure 7-17...................................................................................................................................... 215
Figure 7-18...................................................................................................................................... 215
Figure 8-1........................................................................................................................................ 232
Figure 8-2........................................................................................................................................ 232
Figure 8-3........................................................................................................................................ 232
Figure 8-4........................................................................................................................................ 232
Figure 8-5........................................................................................................................................ 233
Figure 8-6........................................................................................................................................ 233
Figure 8-7........................................................................................................................................ 235
Figure 8-8........................................................................................................................................ 242
Figure 8-9........................................................................................................................................ 242
Notes on Romanisation and Translation

In this dissertation, I use the Revised Romanisation of Korean system, issued in July, 2000, by South Korea’s Ministry of Culture and Tourism; the exceptions are the names of people, companies, institutions, and places. For the common Korean surnames such as Kim, Lee, and Park, I have used the earlier Romanisation forms instead of Gim, I, or Bak. In the case of Korean or Korean Chinese names, I followed the earlier Romanisation spelling given by their home country, Korea or China: for example, Kim Hong Yeal, instead of Gim Hongryeol, and Liu Hai-Shun, instead of Ryu Haesun. For already Romanised proper names, I follow their chosen Romanisation style, such Che-il Church [Spanish: Iglesia Che-il], instead of Jeil Gyohoe.

I have used an online Korean Romanization Converter developed by AI LAB in Pusan National University and NARA INFO TECH Co Ltd jointly, with the consultation of Prof. Lee, Sang-Oak in Seoul National University (http://roman.cs.pusan.ac.kr/input_eng.aspx).

Except for the well-known cities with their own notation in English, such as Sao Paulo (English) instead of São Paulo (Portuguese), I have used the original language (Spanish or Portuguese) for city and place names.

I have translated all the incorporated Spanish and Korean words and texts into English. In cases that I need to clarify or stress, I provide Spanish or Korean terms and expressions along with an English translation.
Maps

Map 1 Provinces and Main Cities of Argentina (Source: prepared by the author)
Map 2 Korean Agricultural Projects in Argentina (Source: prepared by the author)
Map 3 Main Concentrations of the Korean Community inside and outside the City of Buenos Aires (Source: prepared by the author)
1. Introduction

1.1 From Inspiring Stories to Research Questions

<Story 1>

On May 2, 2014, a grand opening was held for a new retail clothing store in Quilmes, a district of southeast Buenos Aires, the capital of Argentina. A group of Koreans gathered to celebrate Mrs. Hyung-Im Park’s new shop, called Dawa, located in Quilmes’s busy town centre. Reverend Choi, a Korean pastor, was on hand to give the blessing. At the luncheon that followed, Mrs. Park made a speech expressing her joy at opening this new shop, her largest yet. A first-generation Korean Argentine who immigrated to Argentina in the early 1980s, she had been involved in retail apparel for more than thirty years, making great strides in her progression from running a street stall to several small retail shops to Dawa. She warmly expressed her gratitude to her friends, co-workers and fellow businesspeople, who were also mostly Koreans in the apparel business. She stated that along with her own family, these supporters had greatly contributed to the development of her businesses not only by facilitating her access to vital financial injections but also through their moral support as business partners, collaborators and fellow immigrants on a similar career path in the apparel industry in Argentina. At the event, Mrs. Park was helped by her son, who was busy taking care of party details and greeting and farewelling guests on her behalf when she was too engaged to do so herself. Himself the owner of a wholesale clothing store on Av. Avellaneda in Buenos Aires, he seemed well acquainted with the majority of the guests. He had lived in the US and studied at a renowned university there, returning to Argentina upon graduation to develop his own business.
<Story 2>

Mr. Hyun Namgung, another Korean migrant to Argentina, arrived in 1971. Hearing that the work most easily obtained by Koreans in Argentina was machine sewing and knitting, he stopped in Tokyo, Japan, to buy some sewing machines on his way to Argentina. Soon after arriving in Buenos Aires he secured his first contract to sew garments. He ran his workshop as a subcontractor for several years before becoming a clothing manufacturer in the late 1970s. In the early 1980s, he was able to open his own wholesale clothing store, in the Once neighbourhood, once Buenos Aires’s busiest wholesale fashion hub.¹ Since among first-generation Korean Argentines becoming an owner of clothing stores was considered a measure of success, he was proud of his achievement as a garment businessman who came to Argentina without any background in the industry. His daughter, Cecilia, studied fashion design at the University of Buenos Aires and had also been a professor there, resigning to work as a garment wholesaler. She, her father, and her sister together run the family’s wholesale firm, with Cecilia overseeing clothing design and selection, her sister sales and shop management, and her father production in the cutting factory.

<Story 3>

In Bahía Blanca, a city in southwestern Buenos Aires province, Mrs. Hyo-Soon Park and Mr. Sang-Cheol Lee have run a successful retail shop downtown for more than 25 years. Their involvement in the garment business has ranged from machine sewing and wholesale to the retail businesses to which they devote themselves today. The couple are proud of

¹This was the case in the 1980s and 1990s. Today wholesale clothing shops are concentrated around Av. Avellaneda in the Flores neighbourhood.
their two sons, both of whom live in Buenos Aires. The older one studied engineering at one of Argentina’s renowned universities and then spent several years working in a large company in Buenos Aires. He resigned when he got married and then took over his parents-in-law’s retail clothing shop along with his wife, who herself abandoned a career in odontology in favour of the business. Mrs. Park and Mr. Lee’s second son is majoring in medicine at a university in Buenos Aires and wants to be a doctor. However, in comparison with many other capitalist societies, pursuing a career in the medical or legal professions in Argentina does not offer good financial prospects. For this reason, he is seriously thinking of emigrating to another country after achieving his medical degree.

These stories are typical of Korean Argentine families. Many Korean immigrants began their lives in Argentina by taking on machine sewing or knitting jobs as self-employed businesspeople, then gradually expanded their businesses to the commercial apparel sector by opening wholesale or retail shops. Because of the profits entailed in these commercial activities, this kind of shift has been viewed as a mark of upward social mobility. Even the most successful Korean businessmen typically acknowledge their transit through machine sewing or knitting in the early stages of settlement.2 Many Korean Argentines in the garment industry unequivocally report similar career paths and business development experiences in Argentina. Often they intend to eventually hand over their businesses to their children, who are 1.5- or second-generation immigrants. Indeed, many of these children view the opportunity of inheriting the family business as their privilege.

As I listened to these stories in Argentina, I was struck by some basic questions: How did Korean immigrants enter and develop their businesses in the garment industry? Why have

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they maintained entrepreneurship in the garment industry almost exclusively as a means of making a living over such a long period of time? Why do successive generations of Korean Argentines follow the entrepreneurial routes of their parents instead of choosing other paths? And what consequences has this concentration had on the way Koreans have integrated into the host society?

Classic works in immigration studies demonstrated high rates of self-employment among immigrant groups in the United States and Europe. These findings stimulated intensive research on immigrant/ethnic entrepreneurship. In order to understand why immigrants have a high rate of self-employment in many Western countries, scholars in sociology and geography have developed a range of theories and concepts on immigrant entrepreneurship and ethnic enterprise. Korean immigrants seem to have not been an exception in terms of this high self-employment rate; their businesses, from liquor shops to sushi restaurants, have been ubiquitous in diverse Western countries, such as the US, Canada, Australia and New Zealand. At first glance, Koreans in Argentina have seemed to follow a similar route to those Koreans in other countries, with a high percentage of self-employment.
Currently, among the approximately 20,000 ethnic Koreans living in Argentina, an estimated 80% are engaged in the garment industry. In the late 1960s Korean immigrants began their involvement in the garment manufacturing sector as humble self-employed subcontractors, gradually developing bigger businesses over time. Since the mid-1980s, they have attained a leading position in the middle-range garment market by managing both production and distribution and by expanding their businesses from the capital, Buenos Aires, to the rest of the country (Lee, 1992: 246-247).

In fact, the garment industry has functioned as a distinctive gateway to economic integration into the host society for a half century, not only for the first generation of Korean immigrants but also for succeeding generations of Korean Argentines. Instead of diversifying their economic activities and fully incorporating themselves into mainstream society, most ethnic Koreans have remained closely tied to an ethnocentric industry. Although there are similarities between Korean entrepreneurs in Argentina and self-employed immigrants elsewhere, this longstanding and enduring affinity with the garment industry has become the distinguishing characteristic of Koreans in Argentina.

Therefore, considering this particular feature of Korean Argentines, this study aims to investigate the relationship between the Korean immigrant community in Argentina and its high level of involvement in the garment industry. Within the theoretical frameworks of immigration and ethnic entrepreneurship, this thesis examines why and how Korean Argentines have been continuously concentrated in the garment industry from the beginning of Korean immigration to the present.

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3 There is no official data vis-à-vis the number of Korean-owned garment businesses. However, the main community organisations, such as Korean Association in Argentina and the Chamber of Korean Entrepreneurs in Argentina, typically report and agree that 80-90% of ethnic Koreans are engaged in the apparel industry.
The more specific objectives of this research are as follows:

- Firstly, to explore what are the main factors that have influenced Korean Argentines’ entry into the garment industry and the development of their garment businesses in Argentina, and how those factors have changed over time.
- Secondly, to understand the main motivations for Korean Argentines to remain in the garment industry.
- And finally, to probe how the high concentration of Korean Argentines in the garment industry has affected their settlement and integration into Argentine society.

1.2 Theoretical Framework

This thesis is located within sociological theory on immigrant/ethnic entrepreneurship. The three main classical theories that I acknowledge herein are Ivan Light’s concept of class and ethnic resources, Edna Bonacich’s theory on middleman minorities, and Alejandro Portes’s argument about the formation of ethnic enclaves. These theories have significantly influenced the ways in which problems and issues involving immigrant entrepreneurs are framed and have been extensively applied to other case studies in Western countries. However, assuming that both migrants and hosts operate their businesses in homogeneous

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4 Research into immigrant entrepreneurship acknowledged the role of ethnic resources as well as that of class in the formation and operation of ethnic enterprise (Light, 1984; Light and Bonacich, 1991; Light and Rosenstein, 1995; Light and Gold, 2000; Yoon, 1991; 1997; Min and Bozorgmehr, 2000).
5 For summaries of middleman minority theory, see Bonacich, 1972; Turner and Bonacich, 1980; Zenner, 1991. In particular, many researchers (Light and Bonacich, 1991; Min, 1996; Min and Kolodny, 1999; Yoon, 1997) have indicated that Korean entrepreneurs in the US play a role as minority middlemen because they are caught in vulnerable positions between white providers and low-income black customers.
6 For other studies on ethnic enclaves, see Portes and Bach, 1985; Portes, 1987; Portes and Shaffer, 2007; Zhou, 1995; 2004; 2009; Damm, 2009; Chang, 2010.
environments, they often neglect the peculiarities of the social, economic and political environments of the host country, focusing narrowly on migrants’ individual or ethnic characteristics, such as networks or social capital (Kloosterman and Rath, 2003: 5).

By contrast, more recent theories formulated by Kloosterman and Rath (Kloosterman et al., 1999; Kloosterman and Rath, 2001; Rath, 2002) have identified problems deriving from an overemphasis on co-ethnic social and cultural networks in the international literature on immigrant entrepreneurship. As an example, they consider a focus on immigrant “embeddedness” in terms of individual or ethnic characteristics as a one-sided view on the matter. To correct this limited view, they proposed a broader framework of “mixed embeddedness”. This concept recognises the crucial significance of immigrant social capital and ethnic resources in the entry into and operation of immigrant enterprises, but also places them together with the wider social, economic and political contexts of the host country as explanatory factors (Portes and Sensenbrenner, 1993; Kloosterman et al., 1999; Barrett et al., 2001; 2002; Kloosterman and Rath, 2001; 2003; Rath, 2002; Cain and Spoonley, 2009; Panayiotopoulos, 2006; 2010; Kloosterman, 2010). While this approach is related to the earlier theory of “structure of opportunities”, which focuses on market positions and dimensions (Aldrich and Waldinger, 1990; Waldinger, 1984; 1986; 1989; Waldinger et al., 1990), the new construct suggests that a more comprehensive examination of frameworks should include laws, regulations, institutions and governmental practices, which considerably affect the ways in which markets operate.

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7 That is to say, those scholars with classical views on immigrant entrepreneurship claimed that domestic market conditions and government regulations apply equally to both host and immigrant entrepreneurs, and thus focus on the major variable differentiating the immigrants: that of ethnic resources.

8 The term “embeddedness” was previously used by other scholars. It was first introduced by Granovetter (1985), who drew on the term in an attempt to capture a middle ground between individual and structural forces. Portes and Sensenbrenner (1993) developed Granovetter’s ideas by suggesting two kinds of embeddedness in terms of immigrant entrepreneurs: relational embeddedness and structural embeddedness.
I have taken into careful consideration those related theories on immigrant entrepreneurship and ethnic enterprise to design my research and analyse the main factors underlying the Korean garment businesses in Argentina. My initial hypothesis stressed the singular importance of ethnic resources; however, as my knowledge grew of the host country and of Korean Argentines’ life trajectories, I identified subtler and more complex contributing factors. In this way, among those diverse theories on immigrant entrepreneurship, the concept of mixed embeddedness has been particularly important in my research. This concept emphasises the significance of immigrants’ concrete embeddedness within social networks and opportunity structures that are closely related to the broader social, economic and political contexts in the host country. This theory claims that opportunities for ethnic entrepreneurial activities are placed at the intersection of factors and changes pertinent to the economic, institutional and socio-cultural transformations in the host country, with a particular emphasis on the crucial interplay and dynamics between immigrants and the larger contexts in which they are embedded. Although ethnic resources and other micro factors are critical, the environment in which entrepreneurs operate can be significantly influential; indeed, it may equally contribute to the determination of the shape and dynamics of business practices and of their effective success. Such, I argue, is the case for Korean entrepreneurs in Argentina.

Many sociological studies (Waldinger, 1984; 1986; Morokvasic, 1987; 1988; 1993; Bonacich, 1990; 1994; Bonacich and Appelbaum, 2000; Buechler, 2003; 2004; Chin, 2005; Green, 1997; Rogerson, 2001; 2004; 2006; Light et al., 1999; Light and Ojeda, 2002; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002) have demonstrated the important role immigrants have played in the development of the garment industry globally. The vast
majority of research, however, has been confined to immigrant entrepreneurs, the immigrant workforce, and their informal activities strictly within the garment manufacturing sector. This preference reflects the most common pattern in the apparel industry in the big northern hemisphere cities, such as New York, Los Angeles, London, Paris and Berlin. Most immigrant entrepreneurs operate as contractors or subcontractors in the lower ranks of the industry; governments and their law enforcement agencies turn a blind eye when entrepreneurs ignore the rules and regulations, hire illegal immigrants, pay them off the books and evade taxes in every conceivable way (Rath, 2002: 1). Many studies confirmed that such informal activities in the garment production sector are closely related to government regulations and controls (Light and Ojeda, 2002; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002).

In Argentina, the apparel industry is one of the largest informal sectors. The contexts and conditions within which the Argentine clothing industry exists are quite different from those in developed countries, showing a high level of informality not only in production but also in the commercial sector. A considerable number of Korean entrepreneurs in Argentina operate retail or wholesale clothing businesses in the commercial sector. Specifically, Korean wholesalers undertake complex operations – from design and manufacture to distribution – independently. In recognition of these distinctive features of the Argentine garment industry, I have paid particular attention to analysing the structure of the industry and its informal characteristics. In particular, I have used and applied the concept of mixed embeddedness to understand the immigrants’ entry into informal sector, a phenomenon which is closely linked with government regulation and control.
Furthermore, Argentina is a developing country with a successful past but a difficult present, particularly in terms of economic progress. In developing countries, cycles of growth and recession tend to sharply fluctuate and to have critical consequences for economic activities. Specifically, the local economic environments in which ethnic Koreans have developed their businesses to optimise middle- and working-class consumption patterns have experienced tremendous instability and sharp fluctuations. Argentina’s complex, dynamic economic evolution has affected the garment industry substantially, swiftly opening niches and just as abruptly closing them in unusually powerful sequences and cycles. Thus, the concept of mixed embeddedness has allowed me to focus on those particular macro-economic contexts that have influenced the entry and development of Korean garment businesses in Argentina.

Taking into account the particular characteristics of Korean garment businesses and the clearly distinctive economic environment of Argentina, I have adopted the concept of mixed embeddedness to design this research. It has led me to focus on three dimensions: (1) individual and ethnic resources, such as class background, economic and social capital, cultural proclivities and social networks; (2) the opportunity structure of the Argentine clothing industry; and (3) the wider social, economic and political environments, such as general economic trends and the impacts of government policies and regulations on the entrepreneurial market.

However, considering the limitations of mixed embeddedness as the sole basis of a theoretical framework, in this research I have applied the concept more broadly, incorporating other factors such as labour market disadvantage, ethnic and class resources, social capital, and opportunity structure, in order to explore as many as possible of the
factors and issues that interacted to affect the emergence, consolidation and evolution of Korean garment businesses. Furthermore, I examine how those factors, based on other conceptual frameworks, have been connected to other key social dimensions of mixed embeddedness theory. This process has acted to enrich my investigation into the ways in which Koreans in Argentina have embedded themselves in their host society.

The most relevant factor repeatedly stressed in my research is changes and shifts over time. Although Korean immigrants have been continuously involved in the garment industry, their businesses in Argentina today are strikingly different from those in the initial stages of Korean immigration there, in terms of business scale, type, management styles and other related issues. For instance, while my interviewees and informants tended to relate their stories and experiences in chronological order, they repeatedly stressed the differences between the past and the present, as well as the issues relevant in each specific period through which they had lived. However, until now, no theory on immigrant entrepreneurs, including the concept of mixed embeddedness, has considered historical shifts and accounts because most empirical cases have only been tested for a short-term period. Considering the limitations of existing concepts, I have thus incorporated historical shifts and accounts into my method.

Taking those existing theories as its starting point and integrating historical contextualisation, my research thus focuses on the following specific questions.

(1) When and why did Koreans move to Argentina?

(2) How did the early rural settlements of Koreans in Argentina evolve into an urban, ethnic community based in Buenos Aires and oriented towards the garment industry?
(3) How did Korean businesses develop and change over time?

(4) What kinds of impacts did the fluctuating social, economic and political situation in Argentina have on local business environments and the domestic garment sector?

(5) In what ways did the structure of the Argentine garment sector encourage the creation of niches and vacancies that produced specific opportunities for Korean immigrants?

(6) What kinds of resources did Korean immigrants rely upon to start up and expand their businesses? How did these resources – particularly ethnic resources – vary over time?

(7) Is there a strong correlation between ethnicity and participation in the informal economy? Has the informal economy in fact been a common feature of most Argentine businesses – ethnic and non-ethnic – since the 1970s?

(8) How did Korean entrepreneurs build bridges towards Argentines and other ethnic groups in the course of developing their businesses? To what degree did ethnicity matter in employment and management relations? To what extent did co-ethnic working relationships translate into advantage?

(9) Why has such a strikingly high proportion of younger Korean Argentines chosen to work in the garment industry?

(10) How did the high concentration of Koreans in the garment industry affect their integration into mainstream Argentine society?
1.3 Methodology

Armed with the above questions and conceptual tools, I applied a multi-stage research design which allowed me to seek information in the most comprehensive way possible within the constraints of time and budget. In the data collection and analysis stages, I aimed to gather and construct knowledge in terms of both the general/wider picture and specific/individual cases. In order to substantiate my insights into the relationships between immigrant individuals and the socio-economic structure of the host society, I needed to shift from the macro-level to the micro-levels of analysis and back again.

Based on a mixed methods research design, this thesis has employed a multi-method qualitative methodology complemented by secondary quantitative data. I used three major methodological approaches: firstly, secondary data collection and preparation for field research; secondly, field research in Argentina; and, finally, comprehensive interpretation and analysis combining the first-hand data with the secondary data, conducting thematic analysis, and applying historical contextualisation. Although the secondary sources concentrate primarily on the social, economic and political contexts of the host society and the first-hand information focuses on the subjectivity and power of individual agents, both point to the constant intertwining of factors: the ways in which Korean entrepreneurs have embedded themselves into their host environment.

Before I came to New Zealand to study, I lived Buenos Aires for four years and worked within the Korean community. My experiences and background living and working in Argentina as an immigrant were critical assets throughout the data collection and analysis.

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9 Mixed methods research is a methodology that includes the use of more than one method of data collection in a study and combines both quantitative and qualitative research in data collection and analysis (Branne, 2005; Creswell, 2013).
1. Introduction

processes, from being able to approach interviewees easily to interpreting interview data deeply. Although I never worked directly in the garment industry, my previous experiences played a crucial role, providing meaningful insights and reflections to interpret and evaluate the research data. Furthermore, having Korean friends who were directly involved in the garment industry and being acquainted with many representatives of community associations was of significant help to me in approaching participants and carrying out this research.

1.3(1) Secondary Data Collection and Preliminary Field Research

In the initial stage of this research, I collected and analysed available secondary data and planned and prepared for field work in Argentina, including obtaining ethics approval for interviews and participant observation. In terms of secondary sources, I concentrated on the general aspects of Korean migration and the Korean diaspora globally, the issues specific to Korean migration to Argentina, the structure and dynamics of the Argentine economy over the period of Korean immigration, and the peculiarities of the Argentine garment industry.

In order to better understand Korean migration to Argentina, I reviewed research and statistics on Korean population movements in contemporary history. To compare the economic shifts and developments in the latter half of the 20th century between the home and host countries, I included statistics collated by the World Bank. To understand the history of the Korean community in Argentina, I was greatly aided by the records compiled by Lee Gyobem (1992), a former president of the Korean Association in Argentina. As he recorded and explained in detail the processes of Korean immigration and settlement in
Argentina for the first 25 years, his book was the most important secondary source I consulted on Korean immigration into the host country.

To compose the Argentine picture, I mainly relied on academic research and statistical data, trying to grasp the core consequences of a widely fluctuating and unstable domestic economic environment over time for Argentine enterprises. I found that research and reports specific to the Argentine garment industry were helpful for tracking more detailed information on how the sector provided business opportunities for new immigrants; further, they aided my understanding of how the informal conditions of the clothing market affected the initiation and development of Korean immigrants' businesses. Government documents related to employment conditions, immigration controls and business regulations analysed in the works of Lieutier (2010) and Montero (2011; 2012) clarified some of the broader political-institutional contexts which influenced Korean businesses.

I initially collected and analysed secondary data to gain a broad understanding of the larger contexts, both in terms of the garment sector and the economic and political factors at work in the host country. Through secondary sources, such as previous academic research and historical community documents, I was able to gain a rough understanding of the main tendencies and changes in the Korean garment industry in Argentina over the last 50 years. As secondary data would not be sufficient to reveal the details and complexities of the situation, I also planned to include interviews with key informants in the sector – such as economists and NGO representatives – during my field research, as well as carry out participant observation activities.
1. Introduction

Through the above-mentioned materials, such as the previous academic research and the community history books, I was able to understand the main tendency and changes in Korean garment businesses over the last 50 years only roughly. Thus, to gather the detailed factors and issues, I had to make a solid plan for interview schedule and questions and for the participant observation.

A preliminary period of field research in November and December 2012 allowed me to narrow down the scope of my research, establish close connections with Korean entrepreneurs and community leaders, and make a more specific field research plan, including an interview schedule, questions, and participant recruitment methods. Through informal conversations and observation, I sought to grasp the general situation, obtain interviewee referrals, and better understand the historical evolution of Korean garment business in Buenos Aires. Based on this preliminary field research, I presented my detailed field research plan for approval by the human ethics committee at the university, which was granted.

1.3(2) Field Research in Argentina

In the second stage of field research, which took place February to June 2014, I conducted extensive ethnographic field research based on interviews and participant observation – the central elements of this research project – in order to gather immigrants’ experiences, histories and opinions in terms of the garment industry.

The field research in Argentina allowed me to obtain and incorporate findings that go beyond what I could gather through secondary data – specifically, by listening to the voices
of stakeholders speaking about their own everyday issues and experiences. Applying ethnographic methods, I paid close attention to the specific issues and factors that the interviewees themselves considered crucial. While most interviewees agreeably shared their experiences, some were reluctant to reveal business information that they considered sensitive. Thus, I primarily relied on biographical interviews which encouraged the participants to tell their life stories freely; as they talked, I endeavoured to guide them towards the research questions.

Using my previous connections with the Korean community, I approached interviewees through a snowball (chain-referral) sampling technique, whereby existing study participants would help me recruit further participants from among their acquaintances. During the fieldwork, my friends and interviewees introduced me or referred me to subsequent interviewees, saving me a significant amount of time in the interviewee recruitment process. In a few cases, I made direct contact with interviewees, particularly non-Korean ones.

My Korean heritage and ability to speak Korean often enabled me to gain easier access to Koreans and establish a rapport with them. However, because I was not directly involved in the Argentine garment business, I was not considered a full “insider”. In addition, my heritage made it more difficult to approach Korean Chinese immigrants, who are sometimes the object of unequal treatment on the part of other Korean immigrants. I managed to overcome that obstacle by initiating relationships with Korean Chinese people at the most important local church. Nevertheless, vis-à-vis non-Koreans, despite my fluent Spanish, I was largely regarded as an “outsider”. Interestingly, it seemed easier to make connections to Bolivians than with Argentines or Jewish Argentines.
In total, 77 interviews were conducted. The main participants were active Korean entrepreneurs, but I intentionally included retired entrepreneurs, employees, and members of other ethnic groups, all of them with different trajectories within the garment industry. The interviews usually took one to two hours, though sometimes stretching to three hours or even longer. Interviews with specialists and economists within the sector were fundamental in order to supplement insufficient secondary data and fully understand the Argentine garment industry, a highly informal sector about which there is a significant lack of information.

Complying with my university's ethics requirements, I obtained consents for interview recording, and for photographing and observing sites and participants. Each interviewee was also offered a choice to disclose their identity or remain anonymous. Many interviewees were willing to disclose their names and other information; in these cases, I have used their original or preferred names and have freely referred to details of their background. Conversely, for those interviewees who did not want to be identified as participants, I simply list them as anonymous and provide no information that would allow them to be identified. In order to address privacy issues and organise the interview data consistently, I used numbers instead of names.

I conducted participant observation mainly at the wholesale shop of two close friends, helping them sell clothing and interacting with their clients and other people related with their businesses. With my interviewees’ permission, I also visited several of their wholesale

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10 In April 2014, I had the opportunity to visit the Korean community in São Paulo, Brazil, for ten days, during which time I carried out ten interviews. I have not explicitly included this information in my thesis because it would have entailed the adoption of a more systematic approach suitable for a comparative study; nevertheless, this experience was insightful and helpful in itself, and afforded me a parallel perspective on Korean Argentines.
and retail garment shops, factories, and sewing and knitting workshops to conduct on-site observation. Although I worked closely mainly with the owners, I obtained the consent of employees before for both participant observation and on-site observation. I also visited the labour market at the corner of Cobo and Curapaligüe streets in Flores, where Korean workshop owners meet and hire Bolivian workers. Along with my interview data, my field notes, kept daily using all the details arising from my observations, informal conversations, questions and reflections, was one of the foremost outcomes of my field research, helping me interpret and analyse my field data.

While I was conducting my research, in addition to the interviews and participant observation, I eventually applied additional research methods and sources, such as archival research at the community newspaper and an examination of online resources related to Korean garment companies and associations. I carried out archival research at the Korean Times (Hangukilbo) newspaper office in Buenos Aires and collected useful resources related to the development of Korean garment businesses from community newspapers of the past. The additional data collected during the field research were helpful to understanding each topic more comprehensively and providing better support for my arguments.

1.3(3) Data Analysis

In the analysis phase, I transcribed each recorded field interview in the language in which it was conducted (Korean or Spanish). I used Dragon Naturally Speaking, a speech recognition software programme to transcribe the interviews conducted in Spanish.
data analysis process, I dealt with them in all their original language, only translating into English specific interview narrative passages that I wanted to incorporate into my writing.

The qualitative analysis software NVivo was crucial for coding, organising and classifying my field data into detailed themes, topics and periods and for carrying out thematic analysis. First, I preidentified themes using existing literature and my knowledge of the research field. I then used NVivo to go over all my field data thoroughly and classify it in terms of those themes. In addition to those preidentified themes, I looked for new themes arising from the field research and examined the various dimensions of those themes. Finally, I went back to each thematic area, linking it to a theoretical explanation and taking into consideration the limitations of existing theories.

In the next stage of data analysis, I combined the results of thematic analysis with the historical contextualisation of Korean garment business in Argentina for half a century. Through these combined analytical approaches, I sought to find the main tendencies, changes and degrees of embeddedness of Korean immigrants in the Argentine structural, economic and political contexts. At the same time, I endeavoured not to generalise individual experiences and opinions to the whole community, treating detailed participants' narratives with care and incorporating conflicting points or exceptional information as much as possible, using the bottom-up perspective of the anthropological approach. My ongoing critical reflections and endeavours to incorporate both wide-ranging tendencies and particular detailed narratives are reflected in the final writing.
1.4 Significance and Contribution

As a unique case study on Korean immigrant entrepreneurs in Latin America, where the history, settlement, and current status of immigrants have been relatively under-studied in comparison to their North American counterparts, this study provides an in-depth examination of the distinctive features of Korean migrant community in Argentina and its close relationship with the garment industry. It identifies the particular issues that have arisen in a Korean community in one of Latin America's core countries, thus advancing future comparative research in the field of Korean migration studies.

Except for Lee’s *History of 25 years of Korean Immigration in Argentina* (1992) and Park’s 2013 PhD thesis on Korean agricultural immigration, few studies have directly incorporated the voices of Korean immigrants in Argentina themselves. For Argentine scholars in particular, the Korean language constitutes a major barrier to research, and access to information sourced directly from first-generation Korean migrants is thus difficult. This research endeavours to develop a more comprehensive picture of the history of Korean immigration in Argentina by integrating a substantial fieldwork component and a bottom-up perspective based on the actors’ social experiences in the host country.

From a theoretical point of view, by illuminating the specifics of the economic activities of Korean immigrants in Argentina, I demonstrate that immigrant entrepreneurship is contingent not only upon class and ethnic resources but also upon the host country's social and economic contexts. Through this research, I highlight that a consideration of both agency and structure is necessary to explain the upward social mobility or degree of social integration in today's Argentina. This study examines areas that are relatively under-
researched in existing studies, which tend to focus narrowly on the ethno-cultural resources available to immigrants. In this way, it provides a new assessment of empirical explanations of the issue.

The concept of mixed embeddedness is the appropriate analytical tool to explain intricate interactions and relationships between the three different social dimensions: the immigrant social network, the market, and the wider economic political contexts. However, my thesis has also shown that depending on the settlement process, period and situation of the immigrants and on economic and political transformations within the host society, the importance of each factor varies significantly. Furthermore, micro-level factors cannot be always connected to macro- or high-level factors, because the micro-level practices and experiences of everyday life have significantly influenced the embeddedness of immigrant entrepreneurs without interference from macro-level factors; moreover, there are other personal motivations and factors that cannot be explained by this model. Therefore, although mixed embeddedness is among the most advanced and broadly applicable theories, it is relevant to consider its limitations and combine it with other conceptual explanations that focus on independent individual factors at the micro-level, as I did for this research.

Up until now, no theory on immigrant entrepreneurs, including the concept of mixed embeddedness, has taken into consideration historical shifts and accounts because most empirical cases have been tested for a short-term period only. However, in Argentina most Koreans have been working in the same sector for half a century, eventually achieving significant upward mobility within that sector. For this reason, in my data analysis process, rather than simply applying existing theories, I needed to also take into consideration
historical shifts and changes. Thus, a new approach that combines existing theories with historical contextualisation is another significant contribution of this thesis to studies in immigrant entrepreneurship.

Because of the significant number of ethnic minority-owned businesses and their remarkable contribution to the economies of many Western countries, immigrant entrepreneurship has attracted ample scholarly attention. However, until now, the theoretical debates on immigrant enterprise have been analysed and advanced primarily through empirical studies conducted in developed, largely northern-hemisphere countries in North America and Europe. Relatively few studies have addressed immigrant-owned businesses in developing countries. This regional bias between developed and developing countries has resulted in a major research gap in the field of immigrant entrepreneurship. Through an empirical analysis of Korean immigrant businesses in Argentina, I address the extent to which ethnic Koreans in a developing country have developed patterns of immigrant entrepreneurship and settlement that are similar to or dissimilar to those in developed countries, thus making a contribution towards bridging that gap.

1.5 Organisation of the Thesis

I organise this thesis according to a chronological sequence, dividing the history of the ways in which Koreans have related to the garment industry in Argentina into four phases: (1) subcontracted knitting and sewing jobs in the 1960s and 1970s; (2) business expansion into the commercial garment sector in the 1980s and 1990s; (3) concentration within the Av. Avellaneda wholesale market in the 21st century; and (4) opportunities, limitations, and
challenges currently confronting the Korean community and garment businesses, including a discussion of social integration patterns among young Korean Argentines. These four phases are discussed over nine chapters.

Following this introduction, in chapter 2 I review the literature on immigrant/ethnic entrepreneurship. In addition, I present previous empirical studies on immigrants in the garment industry in other countries as well as examine research focusing on the entrepreneurial activities of Korean immigrants in the US and Latin America. I conclude by proposing ways to compensate for the limitations of earlier research and fill in the gaps identified.

In Chapters 3 and 4, I provide a contextual analysis of Korean immigration into Argentina and of the host country’s characteristics and conditions that affect the economic activities of migrants. Specifically, in Chapter 3, I provide an overview of Korean migrations in contemporary Korean history. I then address the specific motivations that have led some Koreans to choose Argentina as their destination, focusing on the social changes that middle-class Korean experienced in South Korea in the latter half of the 20th century and their subsequent migration to the US and Argentina. In the chapter’s final section, I describe the settlement process and point out the major events and changes in the Korean community in Argentina during the last 50 years.

In Chapter 4, I provide a discussion of the contexts in which Korean immigrants have been embedded and which have shaped their economic performance in the host country. I address the challenges posed by Argentina’s unstable, fluctuating economy and review the available evidence on the major impacts this instability has had on economic activity within
the country, such as the intensification of self-employment and informality. Finally, I present a closer view of the Argentine garment industry by focusing on its evolution within the complex local economic environment and on the particular features of the garment industry that permitted the easy establishment and growth of Korean immigrant enterprises.

I proceed in Chapter 5 to a brief general history of the early settlement of Korean migrants in Buenos Aires and examine the factors which influenced and facilitated their entry into the garment industry. I discuss how the Korean community was initially engaged in modest subcontracted sewing and knitting jobs and how they were able to achieve gradual economic progress even in the early stages of Korean immigration into Argentina.

I focus Chapter 6 around the question of how a very substantial number of Korean entrepreneurs expanded their apparel businesses from production to distribution in the 1980s and 1990s. Based on interview data, I present the primary factors and variables that undergirded this expansion. I also examine both the positive and negative aspects of ethnic resources, and the ways in which the host environment affected the course of Korean business development.

The practices, strategies and management issues of current Korean businesses are my concern in Chapter 7. After a brief review of the concentration of Korean businesses in the Av. Avellaneda wholesale garment market area, I emphasise how the importance of ethnic resources and various domestic economic environmental conditions varies considerably within the Korean clothing sector today. Further, through an in-depth analysis of current management issues in Korean workshops and wholesale shops, I demonstrate how business practices and outcomes have been shaped and embedded through the interaction of
individual, ethnic, and contextual influences within the complex and dynamic processes of government controls and regulations.

A discussion of contemporary issues and perspectives in terms of the opportunities, limitations and challenges confronting the Korean community is the subject of Chapter 8. I specifically address Korean entrepreneurs’ experiences and views on future prospects for the Argentine economy and garment industry. Firstly, I present some of their views on the country’s frequently recurring financial crisis, which some view as threats and others as opportunities. I then discuss the possibilities and limits for growth on Korean garment businesses that some interviewees attribute to their semi-formal and informal management practices. In the last section, I explore why such a high rate of young Korean Argentines remain in the garment industry and emphasise its relationship to and effects on their social integration into the host society.

Finally, in chapter 9, I synthesise and present this study's major empirical findings, highlighting the links between the primary factors and variables that have influenced and motivated the establishment and eventual growth of Korean garment businesses in Argentina. I also acknowledge the limitations of this research and suggest possible directions for future research in the field.

1.6 Definition of Terms

Korean immigrant, ethnic Korean: strictly speaking, “Korean immigrant” includes only first-generation immigrants born in Korea, while “ethnic Korean” designates not only those
1. Introduction

born in Korea but also succeeding generations born in Argentina. However, in this research “Korean immigrant” and “ethnic Korean” are used interchangeably.

Korean Argentine: a Korean resident in Argentina, including both the first generation born in Korea and succeeding generations born in Argentina.

First generation, 1.5 generation and second generation: “first generation” refers to those persons born in Korea who became citizens or permanent residents of Argentina; “1.5 generation” refers to those persons not born in Argentina who immigrated to Argentina before or during their early teenage years; “second generation” refers to those born in Argentina to first-generation immigrants.

Entrepreneur, businessperson (man or woman): used interchangeably.

Immigrant business, ethnic business: strictly speaking, “ethnic business” is a broad category that includes “immigrant business”, because an immigrant group belongs to an ethnic group. These two terms have been used as a synonym in many previous studies, and as this study includes not only Korea-born immigrants but also succeeding generations, in this thesis these terms are also used interchangeably.

Professional: typically, in academic work, the term “professional” refers to an occupational path involving the completion of university studies and pursuance of a career related to the field of study, such as doctor, lawyer, engineer or university professor. However, in this research, the term is used in a broader way to refer to that cluster in contrast to “entrepreneur” or “businessperson”.

Garment/clothing/apparel industry, textile industry: I refer to the “garment/clothing/apparel industry” interchangeably to refer to the manufacture and sale of finished articles clothing, while “textile industry” is focused on the production and sales of fabrics and fibres specifically.

Garment manufacturing sector, garment production sector: used interchangeably. The activities involved in this sector include design and cutting, then sending the cut fabrics to a separate workshop for assembly and finishing (Figure 1-3, Steps A, B and C).

Garment workshop, sweatshop: in this research, “garment workshops” are engaged exclusively in sewing or knitting jobs within the garment production sector (Figure 1-3: Step C). They are usually subcontracted or outsourced by manufacturers. “Sweatshop” is a general term meaning a factory or workshop where manual workers are employed at very low wages for long hours and under poor conditions, especially in the garment industry. Since in Argentina garment workshops are operated in an informal way, in many cases in this thesis, both terms are used interchangeably.

Commercial garment sector, garment distribution sector: used interchangeably to refer to all the marketing activities involved in garment marketing, distribution and sales (Figure 1-3: Step D).

Manufacturer, wholesaler: strictly speaking, the term “manufacturer” (fabricante) refers only to the person involved in production – in this case, of garments (Figure 1-3, Steps A and B); “wholesaler” (mayorista) is the term used for the person who handles wholesale distribution (Figure 1-3: Step D). Currently, a considerable portion of Korean entrepreneurs
undertake both production and distribution processes in managing the entire chain; thus, in Argentina these individuals are regarded as both wholesalers and manufacturers.

<Figure 1-3> The chains of production (Step A, B, and C) and distribution (Step D) in the garment industry.
2. Literature Review

In this chapter, I review the rich corpus of literature on which the theoretical frameworks of this research are grounded and on the empirical studies in related areas. I draw from three bodies of work. In the first, I examine theories on immigrant entrepreneurship. In the next, I discuss studies related to immigrants in the garment industries globally. Finally, I review empirical studies of Korean immigration in Latin American and US, focusing specifically on Korean entrepreneurship. In the chapter’s conclusions, I propose ways to incorporate these previous findings into my research thus filling the gaps in existing literature.

2.1 Theories vis-à-vis Ethnic/Immigrant Entrepreneurs

For decades, business ownership has been a preferred point of entry for many immigrant groups in the numerous immigrant-receiving countries in North America and Europe (Waldinger et al., 1990). Scholars from many disciplines have endeavoured to explain this prevalent and persistent preference for immigrant self-employment. In the following sections, I address seven major theoretical explanations for immigrant entrepreneurship preference and popularity. Although I do not use all those theories in my research, it is important to review and consider them in order to understand and incorporate as many factors as possible in regard to Korean enterprise in the Argentine garment industry.
2.1(1) Labour Market Disadvantages

Some scholars attribute the high rate of immigrants in self-employment to the labour market disadvantages they face in the host countries. These disadvantages include racial discrimination, language barriers, unfamiliarity with the host culture and laws/regulations, and limited job opportunities (Light and Bonacich, 1991; Light and Gold, 2000; Light and Rosenstein, 1995; Min, 1984; Volery, 2007; Waldinger et al., 1990; Barrett, Jones and McEvoy, 1996; Basu, 2006). In particular, Koreans in the US conform well to this model (Kim, 1981; Lee, 2005; Min, 1984; 1996; Yoon, 1997). In his study, Min found that more than 90% of Korean entrepreneurs in Atlanta mentioned disadvantages, particularly the language barrier, as a major reason for their self-employment (Min, 1984: 335).

However, if labour market disadvantages seem to push many immigrants to self-employment, it does not function similarly for other disadvantaged minorities or indeed for all migrants (Light, 1984; Volery, 2007; Waldinger et al., 1990; Barrett, Jones and McEvoy, 1996; Basu, 2006). For example, native-born Afro-American and Mexican immigrants in the US have not ventured into self-employment in large numbers, despite historical and continuing discrimination against both groups. Therefore, labour market disadvantages need to be combined with other factors to explain the preference for self-employment (Barrett, Jones and McEvoy, 1996; Basu, 2006; Lee, 2005; Light and Gold, 2000).
2.1.2 Class and Ethnic Resources

Scholars generally agree that “not all groups have entered equally into self-employment, and not all have been equally successful” (Waldinger et al., 1990: 13). Based on this agreement, Light and Gold (2000) further argue that differences between groups with a high self-employment rate and those with a low self-employment rate arise from two primary resources that migrant communities possess and utilise: ethnicity and class.

Ethnicity, which was formerly seen as a disadvantage in the labour market of a host country, is viewed currently as a vital positive resource for securing a job or establishing a business. For instance, Asian immigrants in the US can rely on co-ethnics for start-up capital or to obtain funds using rotating credit associations (Light et al, 1990; Light and Bonacich, 1991; Yoon, 1997). Light and Bonacich (1991: 18-19) argued that bounded solidarity and trust are key features of these ethnic-based resources. When confined within their own ethnic community for support and assistance, immigrants often actively engage in ethnic networking. This provides important resources for immigrants who wish to obtain information on business opportunities (Light, 1984; Kim, 1981; Kim and Hurh, 1985; Min, 1996). Business skills and on-site training are also obtainable through informal ethnic networks (Kim and Hurh, 1985; Light and Bonacich, 1991; Waldinger et al., 1990). Finally, access to co-ethnic labour for employers is regarded as another advantage of ethnic networks (Kim and Hurh, 1985; Waldinger et al., 1990).

Yet, while ethnic resources seem relevant at the initial stage of business development for recent immigrants, they become less significant for those in more advanced stages and for those from wealthier backgrounds (Light, 1984; Light and Gold, 2000; Yoon, 1991). Some
scholars have pointed out that an immigrant's individual human capital and class background also contribute to his or her relative advantages in entrepreneurial activities (Light, 1984; Light and Gold, 2000; Sanders and Nee, 1996; Yoon, 1991).

On finding that some contemporary immigrant groups, for instance Koreans in the US, are more reliant on class than ethnic resources for business development, Light (1984) drew a further distinction between ethnic and class resources. Accordingly, he defines class resources as individual materials such as property, investment capital, and human capital, along with cultural values, all of which are important for business development (Light, 1984: 206-207). On the other hand, ethnic resources specifically comprise the support and assistance that immigrant entrepreneurs may receive from members of their own ethnic group through personal contact or business-related coordination (Kim and Hurh, 1985: 84). A focus on ethnic resources leads to a view of ethnic entrepreneurship as collectivistic, while an emphasis on class resources leads to a more individualistic interpretation (Yoon, 1991).

2.1(3) Middleman Minority

“Middleman minority” is the sociological term commonly used to describe minority groups that play an intermediary economic role bridging dominant groups (elite producers) and dominated groups (low income customers) (Bonacich, 1972; Bonacich and Light, 1991; Turner and Bonacich, 1980; Zenner, 1991). Although the middleman minority theory was originally used to describe ethnic minorities specialising in market trading, such as the Jews in Europe and the Chinese in Southeast Asia, the use of this term was later expanded to
refer to similar business groups all over the world. In the US, for example, Korean immigrant entrepreneurs who are concentrated in retail businesses in low-income Afro-American and Latino neighborhoods are viewed as middleman minorities, linking white suppliers and non-white customers (Light and Bonacich, 1991; Min, 1996; Min and Kolodny, 1999; Yoon, 1997).

Proponents of this theory claim that the occupational niches of middleman minorities require them to be in close contact with the majority clients they serve. In a time of crisis, they often play a “buffer” role between the majority populace and the elite (Zenner, 1991). Since their intermediate position as small shopkeepers and moneylenders requires highly visible public roles, they often become targets for aggression or are used as scapegoats by the elite to channel the anger and frustration of the majorities (Stone, 1985; Zenner, 1991). For instance, this was the case in the so-called “1992 Los Angeles riots” in which Korean shop owners became the targets of violence (Yoon, 1997: 2-4).

2.1(4) Ethnic Enclave

Initially, the concept of “ethnic enclave” was defined as a spatially clustered sector where immigrant workers were employed by entrepreneurs of the same ethnicity (Wilson and Portes, 1980). However, over time, the term “enclave economy” has been revised and expanded (Portes and Shaffer, 2007; Zhou, 1995; 2004; 2009; Damm, 2009; Chang, 2010).

Portes and Jensen (1987) distinguish the spatial clustering of an ethnic enclave from a traditional immigrant neighbourhood. While the main function of ethnic businesses in an immigrant neighbourhood is to serve its co-ethnic customers, the businesses in an ethnic
enclave can and do compete for their market share in the wider mainstream economy. Furthermore, Logan et al. (1994) argue that spatial concentration is a crucial element of the immigrant enclave economy that enables them to compete with the mainstream businesses effectively.

Zhou (2004: 1042) provides new findings vis-à-vis the expanded ethnic enclave construct. Currently, as many ethnic enclaves evolve into multi-ethnic neighbourhoods and new ones develop in affluent middle-class suburbs, those who operate businesses in a particular location may simultaneously play roles as middleman minorities and as enclave entrepreneurs. For example, a Korean immigrant who owns a business in Koreatown in Los Angeles may be an enclave entrepreneur to his Korean co-ethnics who work there and simultaneously a middleman minority entrepreneur to the Latino residents who form the majority of that neighbourhood population (Zhou, 2004: 1042).

2.1(5) Social Capital

Bourdieu (1986) originally defined social capital as the way that social networks or ties can be transformed into other forms of capital. Later, Coleman (1988a, 1990) expanded the meaning of social capital to argue that it exists naturally within the relationships between and among individuals and then proceeded to situate those individuals embedded within a web of social networks that provide connections to the host market. In contemporary migration studies, social capital is viewed as one of the critical resources that an individual immigrant can use to mobilise actual or potential resources for survival and advancement.
Previous studies demonstrate that ethnicity may be the key resource for the formation of immigrant social networks and the vital determinant of self-employment (Marger, 2001; Nee and Sanders, 2001; Ram et al., 2008; Ryan et al., 2008; Fuglerud and Engebrigtsen, 2006). In related analyses of immigrant social and cultural resources, ethnic networks based on trust have become increasingly prominent (Anthias and Cederberg, 2009; Jones et al., 2006; Katila and Wahlbeck, 2012; Portes and Sensenbrenner, 1993; Rath, 2002; Tilly, 2007).

Putnam (2000) argues that it is crucial to understand the significance of bonding and bridging social capital, since the ways in which social capital influences business activities may vary depending on the social capital type. In Putnam’s view, bonding social capital is effected by resource linkages in social networks within the same social groups while bridging social capital refers to networks between groups and linkages to external assets encompassing people across diverse social connections (Putnam, 2000: 22-24). In Granovetter’s terminology (1973), bonding social capital is based on "strong ties" that are particularly important in the business start-up stage. On the contrary, bridging social capital is based on “weak ties” that are highly crucial in obtaining a wider range of information in the later development of a business.

Further migration studies pointed out not only positive but also some negative aspects of social capital. Some negative aspects include limited access to the mainstream labour market, collective constraints on individual innovation and behavior, exclusion of out-group members from valuable opportunities, among others (Portes, 1998; Portes and Landolt, 2000).
2. Literature Review

2.1(6) Structure of Opportunities

Except for the disadvantages theory, all of the above focus on the “supply side” of immigrant entrepreneurs; they emphasise the ethno-cultural practices and preferences of ethnic entrepreneurs, such as social networks and ethnic institutions, in order to explain the high rate of immigrant self-employment. Unlike those theories, the “structure of opportunities” theory focuses on the “demand side”. According to its proponents, opportunities are the key gateway into business, including those in ethnic markets, minority neighbourhoods, the peripheral sector of open markets, and the import-export trade between an immigrant’s country of origin and her/his destination (Waldinger, 1986; Waldinger et al., 1990).

Further, Waldinger (1986; 1989) argues in favour of an “integrative model”, taking into account not only socio-cultural features of immigrants but also the economic environment in which they operate. He distinguished between group characteristics and the structure of opportunities, paying attention to a combination of market conditions (namely consumer markets) and access to ownership (business vacancies, competition for vacancies and government policies). Numerous researchers have used this integrative model or approach as an instrument to advance understanding of ethnic entrepreneurial strategies (Rath, 2000: 4).

2.1(7) Mixed Embeddedness

The concept of mixed embeddedness has been advanced as an interactive approach to encompass both actors (the migrant entrepreneurs) and the opportunity structure in a more
2. Literature Review

A comprehensive analytical framework (Kloosterman, 2010: 27). Mixed embeddedness is, however, not just about linking the meso-level of the opportunity structure to the micro-level of the individual entrepreneur. The developer of this encompassing approach insists that the opportunity structure itself has to be problematised and related to the wider political and institutional framework at the macro-level (Kloosterman, 2010: 40).

Immigrant entrepreneurs do not operate in a vacuum; they have to function in spaces wherein some specific opportunities are available and others are unavailable for businesses; this is especially true for small enterprises (Kloosterman and Rath, 2003: 5). The shape of these spaces is contingent on prevailing factors such as sectorial and income distribution, financial system framework, available technology, welfare system constraints, and rules and regulations. To understand national trends in immigrant entrepreneurship, those larger structures have to be taken into account (Aldrich et al., 1990; Rath, 2002). Thus, the theory of mixed embeddedness focuses on the significance of immigrants’ concrete embeddedness in social networks and opportunity structures that are closely related to the larger social, economic and political contexts in the host country, by emphasising crucial interplay and dynamics between immigrants and larger contexts.

This mixed embeddedness theory has been applied in diverse case studies of immigrant entrepreneurship in different contexts. In particular, the volume edited by Kloosterman and Rath (2003) showcased diverse immigrant entrepreneurs from 11 different countries, focusing on their informal activities. They used and applied this concept to understand the immigrants’ entry into informal sector, which is closely linked with government regulation and control. Additionally, they suggested that these informal economic activities are evidence of the dynamic interaction between different domains of embeddedness; thus, they
argued that mixed embeddedness is a superior tool for understanding immigrant business and informal economic activities.

The informal economy is comprised of the illegal production and distribution of legal goods and services, such as the sweatshop production of textiles and apparel (Castells and Portes, 1989: 14-15). Immigrants feature prominently in the informal economy literature, particularly in the garment manufacturing sector (Bonacich, 1990; 1994; Bonacich and Appelbaum, 2000; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002). Scholars examining the informal economy (Jones et al., 2004; 2006; Kloosterman et al., 1999; Rath, 2000) have suggested that the wider economic and political environments, such as patterns of state regulation and structural economic shifts, impede entry into the formal economy and thereby create opportunities and incentives for informal employment and entrepreneurship. Efforts to explain differences in the extent of informal activities by various immigrant groups point to these dynamics as well as to other factors such as migration networks (Light, 2006). However, despite the apparent presence of “significantly over-represented” immigrant entrepreneurs and workers in the informal economy, many scholars argue that there is no strong correlation between ethnicity and participation in the informal economy (Jones et al., 2006; Ojo et al., 2013; Portes and Sassen-Koob, 1987; Williams, 2004; 2007).

In summary, recent scholars (Jones et al., 2006; AlSayyad, 2004; Ojo et al., 2013; Williams, 2004; 2007; Williams and Windebank, 2004) underscore the need to refine our understanding of this new approach to the study of the informal market. They object to the use of the dual concepts of formality and informality. The classical view of a formal-informal dichotomy with one positive and one negative polar opposite is viewed as narrow,
simplistic and as conceptually and empirically weak. Those recent scholars propose that different types of intervention work better in diverse circumstances that are unexplained by the formal-informal dualism; in that diverse mix, they stress the dynamics of informal activities and transformation within the larger social, economic and political environments, as the concept of mixed embeddedness suggests.

2.2 Immigrants in the Garment Industries

Studies of immigrant entrepreneurship in the garment industry tend to stress the need to consider factors related to both immigrants and their host environments. I reviewed a number of studies that addressed issues specifically concerning immigrants in the garment industry; many of these studies focused on cases in global cities such as London, Paris, Los Angeles, Berlin and New York.

In a longitudinal study, Morokvasic (1987; 1988; 1993) explored the vertical structure of the garment industry in order to analyse immigrants’ easy entry into and their roles in the Paris and Berlin clothing industry. As is the case globally, the garment industry in these two cities seems to attract immigrants because it offers an infinite variety of jobs adaptable to a wide variety of conditions: work for those confined at home, for those with or without other job opportunities, for those skilled or unskilled, and for those with or without capital (Morokvasic, 1993: 75).

Based on his study, Waldinger (1984; 1986) argued that the globalisation of apparel production has led both to the transfer of production to low-wage countries and to the alteration of conditions in developed countries. Therefore, he argued that there is a segment
of the garment industry wherein a small firm is more efficient; it is the segment that has proved supportive for the entry and maturation of small immigrant firms (Waldinger, 1986: 190). Min and Bozorgmehr (2003: 17-37) observed that in the US large firms have been outsourcing garment production to sweatshops operated by immigrants to circumvent rules and regulations on minimum wages and working hours. In this case, regulations and the motivation to get around them drive the creation of opportunities for small businesses.

Research by Bonacich and Appelbaum (2000: 5-8) suggested that the apparent reappearance of sweatshops in the US is a feature of the new global capitalism, which is often characterised as flexible. Furthermore, with the weakening of labour unions and the welfare state, garment manufacturing companies have successfully reduced wages and weakened working conditions to substandard levels in many labour-intensive industries, even in first-world countries (Bonacich, 1994) By driving down costs by means of minimising job security/stability, contracting out production, reducing benefits, and emasculating labour unions, the garment industry has almost universally migrated into the informal sector largely by hiring undocumented immigrants from third-world countries (Bonacich and Appelbaum, 2000: 8).

Numerous researchers (Bonacich and Appelbaum, 2000; Fernandez-Kelly and Garcia, 1989; Panayitopoulous, 2006; Portes, 2005) pay particular attention to the informal management of immigrant garment workshops in Los Angeles. According to these studies, an estimated 30 to 50 percent of the value generated by Los Angeles garment contractors is produced by home workers and in unregulated workshops (Panayitopoulous, 2006: 104). Bonacich and Appelbaum (2000: 150) estimate home working amongst Korean-owned firms at 40 per cent of the labour force. Those case studies about the Los Angeles garment
industry help understand why and how a significant proportion of immigrants are involved in the sector in an informal and unregistered way, avoiding rules and regulations.

In order to better portray the employment patterns in the Los Angeles garment manufacturing industry where Asian entrepreneurs (including Koreans) and Latin American workers are concentrated, Light (2006: 85-94) suggested a tripartite conceptual framework: (1) an ethnic economy consists of ethnic entrepreneurial firms and their co-ethnic employees; (2) an immigrant economy is composed of immigrant entrepreneurs and other (non-co-ethnic) immigrant employees; and (3) the remaining sector encompasses the mainstream economy, i.e., native, host-country employers with immigrant employees (also see Light et al., 1999; Light and Ojeda, 2002).

In the book “Unravelling the Rag Trade: Immigrant Entrepreneurship in Seven World Cities”, the authors (2002) studied immigrant contractors in major international centres of garment production: Paris, London, Birmingham, Amsterdam, New York, Miami and Los Angeles. By exploring the dynamic ways in which immigrant entrepreneurs have operated in different contexts, they demonstrate that in order to understand their success it is crucial to consider wider political and economic processes related to the garment sector. The analysis, based on international comparisons, seems to underpin the need for a multi-variant approach to immigrant entrepreneurship in the informal economy. However, this analysis, as with most case studies, addressed issues related to immigrant entrepreneurs exclusively in the garment-manufacturing sector of developed countries. This regional bias in research leaves a significant gap.
Few studies have been conducted regarding immigrant entrepreneurs in the clothing industry in the developing countries of Africa and Latin America. In one of his published articles, Rogerson (2004) compared immigrant entrepreneurs with local entrepreneurs (South Africans) in terms of social capital, social networks and major markets within the clothing industry. In a later article, he (2006: 219) argued that the growth of a specialised fashion cluster of design houses and production facilities around Johannesburg must be understood in relation to the restructuring trends taking place in the national garment industry of South Africa. He provided an in-depth analysis of how the changes in the domestic clothing industry influenced the development of a new class of immigrant entrepreneurs and the promotion of both the apparel manufacturing and the design sectors.

Some limited earlier research addressed a few issues directly related to Koreans and other ethnic groups in the Argentine and Brazilian garment industries. Buechler (2003; 2004) called special attention to Koreans and Bolivians in the Sao Paulo garment sector in Brazil; he analysed the backgrounds of the two groups, the changes within the industry, and the patterns within the labour markets. However, this limited study described the situation of immigrants in the Brazilian garment industry based on secondary sources, without including immigrants’ perspectives on issues directly related to their economic activities.

Because of the serious issues related to unregulated practices and exploitation that intertwined with the survival strategies of illegal immigrants, several scholars (Bastia, 2007; Benencia, 2009; Goldberg, 2012; Lieutier, 2010; Montero, 2011; 2012; Porembka, 2013) have carried out research on the working conditions within the Argentine garment industry, particularly focusing on Bolivian immigrants. Although these studies are not directly related to the economic activities of Korean immigrants, they provide useful
background information vis-à-vis the evolution of the Argentine garment industry and its apparent permissiveness with regard to the entry and involvement of specific immigrant groups.

In 1996, Bialogorski and Bargman carried out two case studies on the ethnic relationships between Korean and Argentine Jewish entrepreneurs, as well as between Korean and Bolivian immigrants in the course of their economic activities. Their research focused specifically on the period in which Korean businesses expanded rapidly while competing against the Jewish entrepreneurial community; at the same time, those Korean entrepreneurs replaced their co-ethnic (Korean) labour force with Bolivian immigrants on the workshop floor. Thus, their studies significantly contributed to a better understanding of Korean labour issues and ethnic relations with other minority groups.

In summary, research on immigrants in the garment industry has tended to focus on the interaction between immigrant background and environment; it is a research method that is similar to the mixed embeddedness approach. I shall proceed to demonstrate that this seems also to be true for the Korean case in Argentina.

### 2.3 Korean Immigrant Entrepreneurs in the US and Latin America

The high proportion of self-employed Koreans in the US was the focus of a number of migration studies, so it is crucial to review those previous works. The early studies discussed the “push and pull factors” that led Korean immigrants to develop and operate highly independent businesses (Kim, 1981; Lee, 2005; Light and Bonacich, 1991; Min, 1984; 1996; Min and Bozorgmehr, 2000; Yoon, 1997). Further, many researchers (Light
and Bonacich, 1991; Min, 1996; Min and Kolodny, 1999; Yoon, 1997) have pointed out that Korean entrepreneurs in the US play a middleman minority role, which at times has put them in vulnerable positions between white providers and low-income Afro-American, Latino and other minority customers (Yoon, 1997: 2-4).

Scholars have pointed out that reliance on ethnic resources based on community solidarity, mutual cooperation, and network connections among Korean immigrants has greatly contributed to their entrepreneurial success in the US. For example, ethnic networks provide important advantages for Korean immigrants such as information on business opportunities, on-site training, business advice, skills and know-how, financial support, and co-ethnic labour access (Kim, 1981; Kim and Hurh, 1985; Light and Bonacich, 1991; Min, 1990). The findings of the empirical research conducted by Kim and Hurh (1985) similarly concluded that ethnic resources substantially facilitated Korean immigrants’ business entry and operational success. However, they also suggested certain negative aspects of ethnic resources; these included intra-ethnic business competition and a vulnerable position as a middleman minority in the host society. On the other hand, Yoon (1991) argued that whereas ethnic resources are critical in the initial stage of Korean immigrant business development, class resources, such as individual human capital, are more important in subsequent business development stages. In particular, Korean immigrants to the US demonstrated a high rate of college participation: this investment in human capital facilitated advancement within the host society (Min, 1984).

Other studies explored inter-ethnic tensions and conflicts generated by Korean immigrant economic activities in the United States. Particularly Yoon (1997) argued that the concentration of Korean immigrants in small businesses in Afro-American and Latino
neighbourhoods caused racial tensions as pointed out earlier in the case of Los Angeles in 1992. With a different focus, Kim (1999) examined the mutually beneficial working relationships between Mexicans and Ecuadoreans in Korean-owned businesses in New York City.

Comparatively, Korean immigration in Latin America is a less-frequently investigated topic. Despite the high rate of Korean-owned garment businesses in Argentina and Brazil, the research focusing on this sector is scarce. Nevertheless, some of those few studies on Korean immigration in Latin America include general background information related to the Korean garment industry.

Specifically, “25 years of Korean Immigration in Argentina” written by Lee Gyoboom (1992), a former Korean Association president, outlined the development of Korean businesses in considerable detail from the 1960s up to the early 1990s. Although Lee’s book reflects a non-academic "popular community story" combined with the author's historical views, it makes an important contribution to a comprehensive history of Korean community participation in the garment industry. Seo (2007) also provided a brief history of Korean garment businesses demonstrating the development processes in Argentina.

Korean anthropologist, Jeon (1991), conducted an intensive field research project in Brazil in the early 1990s; subsequently, the researcher published an ethnographic book devoted to Korean immigration in Brazil. In particular, Chapter 6 of his book focuses on Korean immigrant economic activities, which analyses the Korean garment industry in depth. Later, he (1996) also wrote a general history of Korean immigrants in Latin America, to include Korean businesses in Argentina and Brazil. In the early days, while Koreans in Buenos
Aires were involved in the sewing and knitting subcontracted work (Jeon, 1996), most Korean immigrants in Sao Paulo started as door-to-door peddlers (Jeon, 1991; 1996). Those highly labour-intensive activities with little initial capital investment eventually enabled Korean immigrants to start their own businesses. As their businesses grew, many moved to operate larger enterprises, i.e., garment manufacturers, wholesaler or retailers. Those studies conducted by Jeon (1991; 1996) serve as a good, if limited, general resource about Korean immigration and garment businesses in Argentina and Brazil; however, they still lack detailed information, particularly on the views of Koreans directly involved in the Argentine garment industry.

Further, other Argentine scholars have conducted some general sociological research in relation to Korean immigration into Argentina. Mera (1998) examined Korean immigrant experiences by studying changes and transformations in group identity, sociability, and interaction with the host society. In a study conducted in 2004, Bialogorski analysed the points of view of Argentines and Korean immigrants to explore how the symbolic image of Korean community has been constructed. She also scrutinised Korean immigrants’ linkages with Argentines and other groups. Within a broad framework of public discursive analysis, Courtis (2000; 2012) examined problems related to the host society’s perceptions, prejudices, and discrimination against ethnic Koreans. These studies carried out by Argentine scholars (Mera 1998; Bialogorski, 2004; Courtis, 2000; 2012) provided background information and quantitative data obtained from both home and host countries, such as immigration processes, immigrant motives, and the Argentine social, economic, and political environment. However, those studies primarily addressed the Argentine point of view vis-à-vis Korean immigrants; the Korean point of view was ignored. Finally, in her
PhD thesis, Park (2013) analysed the origins, development and demise of the Korean agricultural immigration projects to Argentina, Brazil and Chile between the 1960s and 1980s, by gathering information not only from existing literature and government materials but also from the experience of immigrants. While demonstrating that the government's inadequate planning and support were the primary failure factors, she revealed the other, fruitless side of the Korean immigration story in Latin America. Although those publications by the Argentine scholars and Park are not directly related to Korean garment business in Argentina, they represent a significant contribution to the academic field of Korean migration studies in Latin America.

2.4 Chapter Review

In concluding the review of the existing literature related to Korean immigrant entrepreneurs in the Argentine garment industry, I propose how to apply and incorporate those existing literature findings into my own study. As I have discussed in this chapter, a prominent topic in the literature is the immigrant entrepreneur in developed countries, primarily in the northern hemisphere. Unlike those previous works, my case study addresses the specific issues derived from the social and economic situation that Korean immigrant entrepreneurs face in present-day Argentina, a developing country that has experienced significant economic turmoil in recent decades. I analyse and incorporate the previously defined conceptual frameworks on immigrant entrepreneurship primarily developed in the US and Europe, by considering the distinctive and specific environments of a developing country. With this aim, I particularly pay attention to those theories that
2. Literature Review

focus on the interaction of immigrant resources and host contexts, such as “structure of opportunities” (Waldinger, 1986; Waldinger et al., 1990) and “mixed embeddedness” (Kloosterman et al., 1999; Kloosterman and Rath, 2001; Rath, 2002). Furthermore, in my examination of those unique situations that differ from those in the developed countries, I evaluate the extent to which those earlier theories are adaptable or not in the case of a developing country; finally, I canvass the insights obtained from my field research that encourage argument with conceptual theories accepted as standards.

The vast majority of research (Waldinger, 1984; 1986; Morokvasic, 1987; 1988; 1993; Bonacich, 1990; 1994; Bonacich and Appelbaum, 2000; Buechler, 2003; 2004; Chin, 2005; Green, 1997; Rogerson, 2001; 2004; 2006; Light et al., 1999; Light and Ojeda, 2002; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002) has demonstrated that immigrants have globally played an important role in the development of the garment industry, particularly in the production sector. One of the main reasons that the clothing industry attracts immigrants – both workers and entrepreneurs – is that its structure offers a variety of jobs and businesses adaptable to a wide variety of conditions (Morokvasic, 1993). However, unlike those previous studies focusing on immigrant garment production businesses, a prominent, defining characteristic of Koreans in the Argentine garment industry is that they are involved in both the production and distribution sectors. By paying attention to the differences between the earlier cases in other cities and my study, I intend to delineate both similar and distinctive features of Korean garment businesses in Argentina fully.

As noted earlier, from the perspective of Korean diasporic studies, Korean immigration to Latin America is a relatively under-investigated research area. Furthermore, the few previous studies exhibit lacunas. For example, Korean researchers disregarded a
consideration of the larger Argentine contexts; whereas, the Argentine scholars overlooked the Korean perspectives. As a native Korean who lived in Argentina for four years (2008-2012), I use my insight into both the host society and the Korean immigrants in the analysis of this case study. Relying on the ethnographic data that I gathered from 77 interviews with Korean, Argentine, and other ethnic group individuals, I provide an in-depth discussion of and share insights into Korean immigration history in Argentina.

Finally, I take advantage of an interdisciplinary approach within Asian Studies. I draw a comprehensive picture of the development of Korean garment businesses in Argentina by incorporating previous findings from anthropology, sociology, history, political science and economics. In so doing, I aim to delineate the diverse, complex factors that have shaped the economic performances and the lives of Korean immigrants in Argentina.
3. To the Farthest Country: When and Why Koreans Moved to Argentina

The history of Korean migration to Argentina is a fascinating, but little-known story. Since officially sanctioned immigration began in 1965, numerous Koreans have moved to Argentina.\(^{11}\) While a significant number settled and formed a solid community, another substantial group of Koreans used Argentina as a temporary bridge on the way to other countries, largely to the US.\(^{12}\) The majority of those who settled in Argentina have become involved in the garment industry, including the second-generation Korean Argentines, born and raised in Argentina.

Although leaving the home country to move abroad depends on highly personal and individual considerations/decisions, migration processes sum up complex sets of factors and interactions in both the home and the host countries (Castles and Miller, 2009: 21). Moreover, population movements seem to be linked to social systems and factors within particular historical circumstances. In order to understand why Koreans left their home country, I focus first on the Korean migration context; then, I pay attention to the conditions within the intended host country to identify the reasons why they chose to migrate to the most distant antipodal country in the world.

In this chapter, I discuss evidence of the context of Korean migration. Before examining Korean immigration to Argentina, I review the general history and patterns of Korean migration, settlement and adaptation. In the second part of this chapter, I sum up available

\(^{11}\) Lee (1992: 108-109; 139-140) pointed out that it is difficult to calculate the exact numbers of Koreans who entered and left Argentina. One of the main reasons was that there were a lot of Korean immigrants who first migrated to Paraguay and re-migrated to Argentina by simply crossing the unguarded border rather than migrating to the country legally.

\(^{12}\) Lee (1992: 120-121) and Mera (1998: 47) suggested that there were a lot of Koreans passing through Argentina to go to the US; however, there is no official or unofficial data on the number of Koreans who first migrated to Argentina and later re-migrated to the US or other countries.
information on the formation of the Korean community in Argentina, focusing on the settlement process. For this, I primarily rely on three sources: (1) a history of the Korean community developed by one of those Korean immigrants (Lee, 1992); (2) research conducted by both Korean and Argentine scholars; and (3) data from my interviewees.

3.1 A Brief History of the Korean Diaspora

In contemporary Korean history, significant migration is generally accepted to have begun in the mid 19th century, when Koreans started leaving to settle in Manchuria (northeastern China) and the seaboard of Russian Siberia (Yoon, 2012: 413). Since then, Koreans have moved to and settled in various countries of the world, substantially in China, the US, Japan, Oceania, Europe, South America and South Asia. In this process, they have overcome many difficulties while creating new lives and communities. Currently, there are approximately 7.1 million Koreans in 194 countries (Ministry of Foreign Affairs and Trade of South Korea, 2013). Each wave of Korean migrants was driven by different historical “push” factors in the homeland (Yoon, 2012: 413). The diverse immigration conditions and government policies of the host countries, i.e., the “pull” factors, affected the choices of and the means of entry, adaptation and incorporation of Koreans (Yoon, 2012: 413).

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<tr>
<td>Primary Destinations</td>
<td>Russia, China, Hawaii</td>
<td>Manchuria, Japan</td>
<td>US</td>
<td>North &amp; South America, Europe, Oceania</td>
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<td>Migrant types</td>
<td>labour migrants</td>
<td>politically forced migrants</td>
<td>students, orphans, marital migrants</td>
<td>Economic migrants, entrepreneurs, international students</td>
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<Table 3-1> Characteristics of Korean emigration movements 1860-present (Yoon, 2012: 413-415)
Studies on overseas Koreans have largely focused on specific locations and countries rather than compared diverse periods and experiences. Only a few Korean scholars (Lee, 2000; Yoon, 2012) have attempted to examine various streams of immigration from the Korean peninsula in a more comprehensive mode. Below, I present the four periods proposed by Yoon (2012: 413-435), which I find a useful framework for analysing the characteristics of Korean migration phases.\(^{13}\)

The early migration phase covers from 1860 to 1910 under the last period of the five-century old Joseon dynasty, when farmers and labourers began emigrating to northeast China and Russia in order to escape famine, poverty and oppression by the ruling class. Most Koreans who crossed the borders to the Russian Far East and Chinese Manchuria cultivated rice and earned a precarious living.\(^{14}\) A second stream beginning in 1903 flowed towards the United States (Courtis; 2012: 129-130). Over 7,000 Korean male migrants moved to Hawaii to work on sugar plantations; subsequently, almost 1,000 female migrants, so-called “picture brides”, followed in order to marry those male workers and to form families in Hawaii (Yoon, 2012: 414). However, this labour migration was prohibited after 1906 by the Japanese government, which intended to protect the Japanese labourers in Hawaii (Patterson, 1988; Yoon, 2012: 414). In 1905, over one thousand men, women and children boarded a cargo ship to the port of Yucatán in Mexico (Park; 2013: 36-27). Later,

\(^{13}\) In the analysis I also incorporate other scholars’ views on Korean migration history, particularly Lee’s (2000) perspectives which divided it into five periods: early migration (1860-1905), the patriotic migration (1905-1920), labour migration to Japan (1920-1945), voluntary migration to the Western Hemisphere (1965-1975) and the new migration wave to Southeast Asia and the rest of the world, including Australia and New Zealand (1975-present).

\(^{14}\) According to Patterson (1988) and Park (2013), the Qing dynasty of China had banned any foreign ethnic groups from settling in Manchuria through the Order of Prohibition of Settlement. Joseon agreed to this decree, as it was in the country’s interest to closely control tax revenues and safeguard the kingdom from foreign influence. Despite those regulations, continuing natural disasters and agricultural failures obliged many Koreans to cross the border to work on more fertile Chinese land. By 1875 the Chinese ban had been lifted and the Korean population in Manchuria rapidly increased.
about three hundred of them decided to seek better opportunities in Cuba. Korean migrants from this first period lived and worked in semi-slave conditions.

The second phase spans Japanese colonial rule from 1910 to 1945, when farmers and labourers deprived of land and other means of production migrated to Chinese Manchuria and Japan. Political refugees and activists also moved to China, Russia and to the US to join the independence movement against the colonial rule. Japan enforced a massive collective migration of Koreans to develop Manchuria after the establishment of Manchukuo in 1932. With the onset of the Sino-Japanese War in 1937 and the Pacific War of 1941, the Japanese government conscripted Korean males to work in coal mines and to fight on the battlefronts (Yoon, 2012: 414). Koreans also moved to Japan to work as labourers after the First World War as a result of a booming economy. The Korean population in Japan sharply increased to reach approximately 2.3 million in August 1945; however, many returned to Korea after its independence from Japan. By 1947, Koreans in Japan rapidly plummeted to around 600,000 (Yoon, 2012: 415).

The third migration stage was between 1945 and 1962. The South Korean government became a republic in 1948 and established its first migration policies. Between 1950 and 1964, some 5,000 children, including war orphans and mixed-race children moved to the US, as well as approximately 6,000 Korean women as spouses of US soldiers (Yoon, 2012: 415). Yoon indicates that from 1945 to 1965, about 6,000 Korean students went to the US.

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15 In her PhD thesis, Park (2013: 36-37) argued that Koreans who migrated to Mexico in 1905 were sojourn workers who did not intend to settle permanently in a foreign land. At the end of the contract, however, they found themselves destitute, as they had amassed no wealth; furthermore, their homeland under Japanese rule was no longer an independent country. This turn of events forced many to settle permanently in Mexico; others to travel to the US; and an even smaller number of Koreans went to Cuba and further south, in quest of a better livelihood.

16 Subsequently, the Korean population in the region sharply increased in the late 1930s up to around 500,000, of whom 250,000 were forced migrants (Yoon, 2012: 414).
to pursue higher education in colleges and universities; a considerable number eventually settled there (Yoon, 2012: 415). These students, along with the women who married the US soldiers, paved the way for subsequent generations of Korean immigrants when the US Congress abolished discriminatory quota system in 1965 and permitted earlier immigrants to sponsor the entry of their family members (Yu, 1983: 234).

The fourth period spans from 1962 to the present, and encompasses both migration for permanent settlement and temporary labour migration. According to Lee (2000: 28-32), the 1960s was a critical period in the history of South Korean migration. Between 1965 and 1975, new flows of migrants left voluntarily for the US, South America\textsuperscript{17} and Europe\textsuperscript{18}. The two main purposes of the South Korean government policy were to relieve population pressure and to secure foreign currency through remittances sent home by those working abroad (Yoon, 2012: 415). When the door opened in 1965, Koreans seeking social mobility moved to the US. The majority came from the educated middle class and had been white-collar workers in Korea (Yoon, 1991: 307). Immigration to the US began to decline after the 1988 Seoul Olympic Games as an increasing number of people reconsidered their options and moved back to South Korea. However, after the 1997 Asian financial crisis, the number of emigrants began to increase again, particularly to Canada, Australia and New Zealand. Many now chose to go abroad to fill business positions overseas or to seek employment independently rather than to join family members (Yoon, 2012: 415).

\textsuperscript{17} With regard to immigration to South America, although a few former North Korean prisoners of war arrived in Argentina and Brazil in 1956, the official Korean migration to South America countries - Argentina, Bolivia and Paraguay – began in the 1960s (Jeon, 1996).

\textsuperscript{18} One of the main destinations for the temporary labour migration was to West Germany. Since the signing of agreements with mining cooperatives and associations of hospitals between 1963 and 1977 about eight thousand people destined to work in the mines and more than ten thousand nurses moved to Germany with labour contracts (Lee, 2000: 31).
last stage, the destinations for Korean migrants diversified to include Southeast Asia, primarily the Philippines and Vietnam.

Yoon (2012) illustrates a stark contrast between the “old” and the “new” Korean migrations in terms of push and pull factors. The former, i.e., “old” consists of those who migrated to Russia, China, Japan and the US from the mid-nineteenth to the early twentieth century. They were from the lower classes pushed out of the homeland by poverty, war and oppression. Few returned, although most preserved their collective identities and cultures in their host societies. However, the “new” migrants to North and South America and Europe since the 1960s came from middle-class backgrounds and were pulled by better opportunities in the host countries. They travelled freely and maintained closer relationships between the homeland and host countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Korean Population</th>
<th>Country</th>
<th>Korean Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  China</td>
<td>2,573,928</td>
<td>11  Brazil</td>
<td>49,511</td>
</tr>
<tr>
<td>2  United States</td>
<td>2,091,432</td>
<td>12  United Kingdom</td>
<td>44,749</td>
</tr>
<tr>
<td>3  Japan</td>
<td>892,704</td>
<td>13  Indonesia</td>
<td>40,284</td>
</tr>
<tr>
<td>4  Canada</td>
<td>205,993</td>
<td>14  Germany</td>
<td>33,774</td>
</tr>
<tr>
<td>5  Russia</td>
<td>176,411</td>
<td>15  New Zealand</td>
<td>30,527</td>
</tr>
<tr>
<td>6  Uzbekistan</td>
<td>173,832</td>
<td>16  Argentina</td>
<td><strong>22,580</strong></td>
</tr>
<tr>
<td>7  Australia</td>
<td>156,865</td>
<td>17  Singapore</td>
<td>20,330</td>
</tr>
<tr>
<td>8  Kazakhstan</td>
<td>105,483</td>
<td>18  Thailand</td>
<td>20,000</td>
</tr>
<tr>
<td>9  Philippines</td>
<td>88,102</td>
<td>19  Kyrgyzstan</td>
<td>18,403</td>
</tr>
<tr>
<td>10 Vietnam</td>
<td>86,000</td>
<td>20  Malaysia</td>
<td>14,000</td>
</tr>
</tbody>
</table>

*Table 3-2* Significant Numbers of Overseas Koreans in 2013 (Source: Ministry of Foreign Affairs in South Korea, 2013)\(^9\)

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3. To the Farthest Country

3.2 From Korea to Argentina

As previously suggested, although the decision to emigrate from the home country depends on people’s individual choices, it tends to be made neither purely individually nor independently of wider contexts. While the social, economic and political environments of the home country motivate people to leave, the local contexts and immigration regulations of the host countries deeply influence the choice of where to migrate. There was a range of reasons and motivations for people leaving Korea and choosing Argentina identified in previous research (Lee, 1992; Mera, 1998; Bialogorski, 2004; Courtis, 2012; Park, 2013) as well as arising from my own interviews with first-generation immigrants. By paying particular attention to the socioeconomic background of Korean immigrants and the drastic social changes that both Korea and Argentina underwent in the latter half of the 20th century, I will analyse their reasons and motivations for leaving their homeland for the farthest antipodal country. At the same time, I describe the immigration policy in the US and the backgrounds of its Korean immigrants as these are helpful in understanding how Argentina became a “land of opportunity” for many of those who couldn’t make it to the US. This helps to answer why such a considerable number of Koreans used Argentina as a “bridge” to the US.

3.2(1) Why Korean Migrants Left Korea

Apart from studies that have outlined general reasons for Koreans leaving their home country, researchers in Korean immigration to Argentina (Lee, 1992; Mera, 1998; Bialogorski, 2004; Courtis, 2012; Park, 2013) have attempted to understand why Koreans
headed to Argentina in particular. Most point to a combination of various “push” factors that explain the impetus for leaving Korea. Limited opportunities for economic upward mobility and a political environment of military dictatorship and war are often cited as the main motivations to leave (Mera, 1998; Bialogorski, 2004; Courtis, 2012; Park, 2013). Personal reasons, such as the failure of a business or the desire to seek a better education for their children, were among other factors arising from my interviews with Korean immigrants.

According to Bialogorski (2004: 22), the accelerated structural transformation of the Korean economy had the unwanted effect of limiting job opportunities for some white-collar categories, as well as promoting discontent among many. Changing social conditions seem to have also increased the difficulties of many families to provide higher education to their young. These, along with policies to promote emigration and the climate of fear associated with a possible war with North Korea, encouraged many to leave their country (Bialogorski, 2004: 22).

Courtis (2012: 137) also insists that many middle-class Koreans emigrated in order to escape rising military tensions between North and South Korea, as well as authoritarian government policies, along with the quest for better life conditions and opportunities for social mobility. In a similar vein, Mera (1998: 46) found that population density due to scarce territory, stress associated with economic factors, and the possibility of war were of equal importance as variables pushing to leave the home country.

To Park (2013: 104), economic reasons were crucial factors for those less well off, while political uncertainty was the main push factor on upper-middle-class Koreans. Military and
political instability were a particular concern for those who had left home in North Korea for the South after the division of Korea in 1945 or during the Korean War (1950-53). Those from the North would have decided to leave the South more easily, either because they feared being the first victims in the event of a North Korean invasion (Park, 1997: 12) or because they did not feel South Korea was truly their home (Park, 2013: 105).

Based on my own field research, I agree with the general explanation of limited opportunities for social upward mobility and military/political instability as the main push factors influencing different groups of Koreans to leave the country. But why to remote Argentina, of all countries?

3.2(2) Why Korean Migrants Chose Argentina

Interviews suggest that Korean immigrants perceived Argentina as enjoying a relatively high living standard at the time they decided to migrate. For those who went to Argentina in the 1960s and 1970s, it seems to have proved a very good choice, and this information was widely circulated back in Korea. In addition to economic opportunities, Argentina had a good reputation, relative to other countries in the developing world, of providing quality university and high-school education for free. Many interviewees described how living standards in Argentina, at least until the 1980s, were much higher than those in Korea (Interview Nos. 10, 15, 16, 29, 36, 48, 51). This “reputation factor” was also identified in the literature cited above (Lee, 1992: 30-31; Park, 2013: 150-151).

However, the recurring economic problems Argentina has faced since the 1980s made the country progressively less attractive for many a migrant. Ironically for Korean expatriates,
South Korea’s dramatic economic progress accelerated and started to bear social fruit almost as Argentina’s did the opposite, as shown in Table 3-3. Koreans slowly realised that living standards in Argentina had fallen below Korea’s, thus ceasing to regard Argentina as a preferred destination for migration. In 1965, when the first Koreans arrived, the GDP per capita in Argentina was 12 times that of South Korea. The balance shifted in South Korea’s favour in the late 1980s, and by 2010 South Korea’s GDP had doubled Argentina’s.

![Table 3-3](http://data.worldbank.org/indicator/NY.GDP.PCAP.CD)

In addition to economic pull factors, legal regulations and conditions for immigration to Argentina were relatively simple and attractive for a country with such a high degree of development. In particular, a favourable immigration climate resulting from the 1985 agreement between Argentina and South Korea, and the fact that Argentine residents did not need a visa to enter the US or most European countries as tourists, seems to have

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20 “GDP per capita: World Bank national accounts data and OECD National Accounts data files.”

http://data.worldbank.org/indicator/NY.GDP.PCAP.CD

favoured a considerable last batch of Korean emigration to Argentina that lasted well into the 1990s.

Mera (1998: 47) argued that the attraction towards North and South America was a consequence of the new Western values that penetrated the Korean peninsula through American culture and the consequent Americanisation of everyday life after the Korean War. She also suggested that many Korean immigrants had the US as a final objective and viewed Argentina only as a stopover, although many actually stayed (1998: 47). This seems to have played out in several different scenarios: (1) those who had only temporary residence in Argentina and did continue their journey to the US or Canada; (2) those who, having left Argentina for the US or Canada, returned shortly after; (3) those who temporarily settled in Argentina but decided to stay; and (4) those who intended to settle permanently in Argentina but did not find the expected or promised conditions and re-emigrated or returned to Korea.

It seems clear that, from the very beginning of Korean migration to Argentina, a significant number of Koreans used the South American country as a “bridge” to the US (Lee, 1992: 120-121). In addition to some of the first migrants choosing to leave for the US after experiencing the increasingly severe economic crises of the country – along with Argentines themselves – many of the more recent immigrants decided to re-migrate to the US almost immediately on arrival, after being disappointed by the economic conditions of the host country (Lee, 1992: 309-310).
Although I found no official data, from Lee’s research (1992) and my own field findings, I can infer a close connection and possibly fluid channels of information exchange between Koreans in Argentina and the US. Many of my interviewees had re-emigrated to the US and then returned to Argentina, offering insights on the experience. Many also had relatives living in the US. When I conducted archival research at the headquarters of *The Korean Times* newspaper in Buenos Aires, I found almost daily advertisements concerning re-emigration to the US in the 1980s and 1990s (Figures 3-2 and 3-3). In his research, Lee (1992: 120-122; 309-310) spoke of a “US re-migration fever” among Koreans in Argentina. To understand this connection and how it became both a pull and a push factor in its own terms, I turn now to Korean migration to the US.
3.2(3) Korean Migration to the US

Before 1965, the main reasons pushing Koreans to migrate to the US seems to have been the need for cheap labour in Hawaii, along with certain unanticipated effects of US political and military involvement in the Korean peninsula (Park, 1997: 7). From then on, the reputation of the US for social mobility opportunities seems to have become widespread, and the US’s Immigrant and Nationality Act of 1965 was a crucial turning point that allowed many Korean professionals to enter the country.

Several scholars (Kim, 1981; Park, 1997; Light and Bonacich, 1991) suggested that the division of Korea, US involvement in Korean political, military, economic issues, South Korea’s military dictatorship, the development of a new international division of labour, and immigration policies were the main factors influencing Korean migration to the US.

Yoon (1997b) and DeWind et al. (2012) emphatically added to the importance of how structural transformations affecting Korean society, such as industrialisation, urbanisation and the expansion of higher education, have played a crucial role in the decision of middle-class Koreans to leave their homeland since the 1960s. Industrialisation enticed young people seeking better economic opportunities from rural to urban areas (Yoon, 1997b: 67; Park, 2013: 103). Appreciation of – and demand for – higher education expanded significantly, in as much as “education has been the single viable avenue of upward social and economic mobility in Korean society” (Yoon, 1997b: 67). Thus, during the 1960s and 1970s, a new, well-qualified urban middle class grew fast, dramatically exceeding the availability of white-collar professional positions in the economy. These unemployed college graduates spearheaded the migration overseas, particularly to the US (Yoon, 1997b).
Kim (1981), Light and Bonacich (1991) and Park (1997) seem to agree on this last point. According to Park (1997: 12), during the rapid urbanisation and industrial development processes experienced in South Korea in the 1960s and 1970s, a new middle class of professionals, managers and entrepreneurs appeared. While the South Korean government was unable to offer opportunities to many of these, the US did seem to offer these opportunities, thus enticing many white-collar professionals to migrate there (Park, 1997:14). Most studies of Korean migration to the US confirm that (Yoon, 1997a; 1997b; Min, 1984).

According to Yoon (1997b: 71), an amendment of the US Immigration and Nationality Act, passed in 1975, allowed family networks to become a mechanism for migration to the US, which resulted in the gradual growth in the numbers of less qualified migrants. Park (1997: 16-17) agreed that while in the pre-1976 phase immigrants were mostly middle class professionals, after 1976 groups with a background of lower relative income tended to become better represented. Some had family in the US and profited from the new emphasis on family reunification, while others entered illegally across the Mexican border or through other Latin American countries (Park, 1997: 17). Although it remains to be confirmed, a number of these may have well re-migrated from Argentina.

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22 In his research into Korean immigrants’ class backgrounds, Yoon (1997b, 71) generalised that professional and white-collar workers constitute the middle and upper-middle classes and blue-collar workers represent the lower class, although he is aware that some blue-collar workers in fact have higher incomes than some professional and white-collar workers.
3.2(4) Class Background of Korean Immigrants in Argentina

Researchers who studied Korean immigration to Argentina (Bialogorski, 2004; Mera, 1998; Courtis, 2012) agreed that most migrants had a middle-class socioeconomic background. A clear majority of the ones I met in Argentina associated themselves with Korean middle-class representations and standards, and explained they had left their country to seek better living conditions and opportunities. But how similar were their profiles to those of the middle-class Koreans who migrated to the US in the 1960s and 1970s?

Industrialisation and urbanisation in Korea in the latter half of the 20th century resulted in a dramatic transformation of the class structure in there. As Table 3-4 shows, the size of the urban middle class increased from 20.5 to 53 percent over the last four decades of the 20th century, as their economic activities became ever more diversified and heterogeneous (Hong, 2003: 46).

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Upper middle</td>
<td>0.9</td>
<td>1.3</td>
<td>1.8</td>
<td>1.9</td>
<td>4.3</td>
</tr>
<tr>
<td>New middle</td>
<td>6.6</td>
<td>14.2</td>
<td>17.7</td>
<td>25.5</td>
<td>23.9</td>
</tr>
<tr>
<td>Old middle</td>
<td>13.0</td>
<td>14.8</td>
<td>20.8</td>
<td>18.2</td>
<td>24.8</td>
</tr>
<tr>
<td>Working</td>
<td>8.9</td>
<td>16.9</td>
<td>22.6</td>
<td>30.6</td>
<td>29.7</td>
</tr>
<tr>
<td>Urban lower</td>
<td>6.6</td>
<td>8.0</td>
<td>5.9</td>
<td>6.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Farmer</td>
<td>40.0</td>
<td>28.0</td>
<td>23.2</td>
<td>12.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Rural lower</td>
<td>24.0</td>
<td>16.7</td>
<td>8.1</td>
<td>4.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

(Table 3-4) Changes in Class Structure: 1960-2000 (Unit: %) (Hong, Kim and Cho, 1991: 141, cited in Hong, 2003: 45)

Hong (2003: 46) divides Korean class structure into seven strata, as follows: (1) the upper-middle class refers to classical knowledge-based categories such as doctors, engineers,
independent professionals and managers;\(^{24}\) (2) the “new” middle class includes typical white-collar workers, such as dependent professionals and administrative workers (both public and private); (3) the “old” middle class refers to self-employed skilled workers; (4) the working class refers to blue-collar workers in the industrial and service sectors; (5) the urban lower class is composed of the unskilled self-employed, low-skilled day labourers and the urban unemployed; (6) the farmers consist of the middle stratum of the rural population, which does not usually enjoy the same living standard as its urban counterpart; (7) and the rural lower class is made up of smaller farmers, labourers, and the rural unemployed (part of which provides internal migrants that become the urban lower class).

The sociological debates around class structure reveal a complexity around the issue. Because my aim is only to better understand the social and economic profiles of Korean immigrants in Argentina, it is not necessary that I explore these complexities here. It is sufficient for me to refer to Hong’s (2003) conclusion that Koreans use the term “middle class” in a broad way that encompasses the upper-middle, new and old middle classes. When Korean immigrants in Argentina refer to themselves as “middle class”, upon closer inspection, different backgrounds to those who left for the US seem to appear.

First of all, while most Koreans who left for the US in the 1960s and 1970s seem to have had university degrees, those who went to Argentina had a higher proportion of high school graduates than university graduates, at least as suggested by my own interviewees and informants, as well as Lee’s (1992: 412-429). More significantly, those immigrants’ previous occupations back in Korea were mostly white-collar ones, such as semi-professional and clerical work, rather than the upper-middle class occupations dominating

\(^{24}\) In Hong’s research, due to empirical considerations, the upper class is combined with the upper-middle class (2003: 45).
the background of migrants to the US. Also, a significant portion of Korean immigrants in Argentina had been self-employed in urban small businesses, or even were industrial workers, back in Korea.

As previously explained, US immigration policy before 1976 favoured highly educated and professional workers. In particular, apparently as a consequence of the shortage of medical and engineering professionals in the US in the 1960s, Korean medical doctors, nurses and engineers were able to migrate the US without difficulty (Yoon, 1997b: 68). Between 1965 and 1974, occupational preference was the most widely used entry mechanism among Korean migrants, representing 30 percent of those admitted to the US each year (Yoon, 1997b: 68). On the other hand, Koreans belonging to Hong’s new and old middle classes, as well as the working class, did not match the professional profiles allowing easy migration to the US.

An educated conjecture points to many of the Koreans who immigrated to Argentina in the 1960s and 1970s as belonging to those three sectors choosing “attractive” Latin American countries, such as Argentina and Brazil (and Paraguay as stopover for Argentina and Brazil), as an alternative destination to the US. Besides, until the late 1980s – and possibly even the late 1990s – Argentina was by no means a country with no alternative social opportunities, as demonstrated by my fieldwork.

Both my field data and Lee (1992: 291-292) suggest that, like the changes from pre- to post-1976 Korean migrants to the US, the proportion of university graduates and white-collar professionals also tended to grow relative to previous decades after the Argentine government created, in 1985, a fast-track residence visa under the investment category
(with immigrants required to provide proof of at least US$30,000). But immigrants from blue-collar working-class and self-employed middle-class backgrounds continued to choose Argentina in the 1980s and 1990s, as it was a much easier option in economic and legal terms, while still providing possibilities of future re-emigration.

Lee (1992: 291-292) summarised the motivations for Korean migration to Argentina under the investment category since 1985 as follows: (1) those who were retired or close to retirement; (2) those who were looking for easy solutions for their children’s education; (3) those who used Argentina as a bridge to a more developed country; (4) those who had experience working overseas and could better access opportunities; (5) those who had experience in the garment industry and saw the opportunities in doing business overseas; (6) those who failed in their businesses in Korea and wanted to start over; (7) those encouraged by relatives and families; (8) those motivated by migration agents; and (9) those who had other personal reasons.

According to Lee (1992: 294-295), because post-1985 migrants had higher levels of education and white-collar professional socio-economic backgrounds, they tended to look down on physical work such as subcontracting work in garment knitting or sewing. Additionally, since they had already experienced the rapid development of Korea in the 1980s, they did not regard Argentina the same way previous migrants had (Lee, 1992: 294-295). Argentina’s deepening economic crises would quickly turn this into disregard (Lee, 1992: 294-295). Although some still found successful ways of riding the crises and had their reasons to stay, many more –indeed, like many of their fellow Argentines – found ways to leave for more developed or economically stable countries, or even return to South
Korea (Lee, 1992: 294). The cycle of combining push and pull factors explaining Korean immigration to Argentina had thus ended by the turn of the 21st century.

**3.3 Korean Immigration to Argentina (1965-2014)**

In the following sub-sections, I outline the features of six distinctive phases of Korean immigration in Argentina between 1965 and 2014.

**3.3(1) Beginning of Official Korean Immigration to Argentina**

Before official immigration was initiated in 1965, there were very few Koreans living in Argentina (Son, 2007: 142). After the Korean War (1950-1953), some former North Korean and Chinese Prisoners of War (POWs) opted to settle in neutral countries, instead of accepting repatriation to their home countries. In 1956, Argentina and Brazil received 12 and 50 Korean POWs respectively, as stateless persons (Jeon, 1991: 24). When the first official wave of Korean immigrants arrived in Argentina in 1965, the already settled POWs were able to directly or indirectly assist the new immigrants in adapting to the host country (Lee, 1992: 25).

The decade of the 1960s was a robust epoch for Korean migration to South America. Contrary to common belief, the first Korean migration to South America for agricultural purposes was not organised by the government, but arranged by private and semi-public

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25 According to Son (2007: 142), there were in total 16 Koreans living in Argentina before 1965. They included 4 civilians who entered with different nationalities between 1940-1963 and the 12 ex-POWs.

26 Including Chinese POWs, Argentina and Brazil received 14 and 55 POWs in total (Park, 2013: 86).
organisations (Park, 2013: 135). The South Korean military government supported those migration projects sought by ordinary citizens; thus, the official Korean migration to South America – primarily Argentina, Brazil, Bolivia, and Paraguay – began (Lee, 1992: 28-30, Son, 2007: 142). Although the first agricultural projects failed, those first stages of Korean immigration to South America proved meaningful, as they provided a template for future projects and played a pivotal role in bringing a significant number of Koreans to Argentina in the next stage (Son, 2007: 138).

Diplomatic relations between South Korea and Argentina were formally established in 1962. The official Korean migration projects to Brazil commenced in the same year – three years before the official migration projects to Argentina. According to Lee (1992: 29-31), Pak Minheung and Hong Jongcheol were the pioneers who decided to migrate to Argentina and who successfully negotiated permits to settle and work in under-developed rural areas. Pak Minheung and Hong Jongcheol had initially sought to move to Brazil, but eventually found Argentina was the more ideal country for emigration. In their eyes, Argentina was “the most progressive and peaceful European style country in South America” (Lee, 1992: 29-30). They thought that a sponsored group emigration scheme would be more attractive to the Argentine government, and started to search for sponsorship and to recruit prospective emigrants (Park, 2013: 150-151).

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27 The active participation of the Korean government in those agricultural emigration projects in Argentina, Brazil and Paraguay occurred in the mid-1970s and in the 1980s (Park, 2013: 135).
3.3(2) Failure of Agricultural Projects

The Argentine government granted those first Korean immigrants a total of 400 hectares – approximately 1000 acres – of uncultivated land around Lamarque city, in the southern province of Rio Negro, 1100 kilometres south of the capital, Buenos Aires (please refer to Map 2 on page xi). In 1965, the first group of Korean immigrants – 13 families – arrived there with the intention to engage in agricultural work (Jeon, 1996: 62). However, they possessed neither the agricultural knowledge, skills and background nor the necessary capital to invest in the essential machinery for the cultivation of the mostly barren land. It was also difficult for them to adjust to the harsh weather conditions in that rural region. Most worked as seasonal farmers for local landowners; however, the pay was grossly inadequate, and during agricultural off-seasons they received no income at all (Lee, 1992: 52). Lee (1992: 122-134) and Son (2007: 159-164) agree that three groups of Korean immigrants – 1965, 1966 and 1969 – were recruited to settle in Lamarque. Some never actually went there; rather, they directly settled in Buenos Aires after hearing about the poor living conditions in Lamarque (Son, 2007: 161; Interview No. 22).

Since 1968, the Korean government, through the Korean Overseas Development Corporation (KODCO), supported such groups by lending investment capital on the condition of re-payment in three or five years. Despite the Korean government support, most failed to earn income with agricultural work and left for Buenos Aires; only a few families remained in Lamarque (Lee, 1992: 130-134; Son, 2007: 163-164; Interview No. 48).
In the 1970s and early 1980s, the immigration agriculture and stockbreeding projects supported by KODCO continued; several contingents of Korean immigrants settled in Isca Yacu and Llajta Mauca in the province of Santiago del Estero, with others going to San Javier in the province of Santa Fe (Park, 2013). Those immigrants also were not originally from rural Korean areas; both the Korean government and the immigrants were ignorant of the characteristics of local Argentine agricultural conditions. Furthermore, the lack of clear government planning, organisation and investments was a crucial factor in the failure of the agricultural projects in Argentina (Park, 2013). After their failure, most of the immigrants left for Buenos Aires. For the location of Korean agricultural projects in Argentina, please refer to Map 3 on page xii.

*Figure 3-3* At the entrance of the “KODCO’s Korean Colony,” presumably Isca Yacu in the Province of Santiago del Estero, Argentina (National Archives of Korea, cited in Park, 2013: 161)
3.3(3) First Settlement in Buenos Aires in the 1960s and 1970s

From the beginning, Koreans settled in low-income Buenos Aires areas: Villa Retiro in the district of the same name near to the city centre and Villa Rivadavia in the district of Flores. Villa Rivadavia is located close to two prominent avenues, Carabobo and Corea, an area which is well known today as “Barrio Coreano” or “Korea Town”. Among Koreans, this area is known as 109 chon (baekgu chon), because Villa Rivadavia was the last stop on the number 109 bus line. For the location of Korea Town and Villa Rivadavia, refer to Map 3 on page xii. According to Lee’s community history book (1992), the first Korean settlers in Buenos Aires in the 1960s were basically: (1) those who migrated to Argentina under the agricultural projects but who settled in Buenos Aires after rural failure; (2) those who migrated to Argentina under the agricultural project scheme, but never went to the rural area and directly settled in Buenos Aires; (3) those who failed to settle in their intended destination – Paraguay or Bolivia – and thus re-migrated to Buenos Aires; and (4) those who obtained transit visas for Paraguay or Bolivia, but never went to those countries and directly settled in Buenos Aires. From the early 1970s, many new immigrants arrived and directly settled in Buenos Aires (Lee, 1993: 136-138). These diverse entry routes make it difficult to calculate accurately the number of Korean immigrants to Argentina in the 1960s and 1970s. As neither Korea nor Argentina at that time monitored immigrants carefully, the numbers are elusive.

Lee (1992: 139) provided the number of exit permits to migrate to Argentina issued by the Korean government. This source shows that the Korean government granted 4,161 such permits between 1963 and 1978 (Lee, 1993: 139). Adding the guesstimated number of Koreans who came to Argentina with migration permits to Paraguay or Bolivia and
subtracting the approximate number of Koreans who left Argentina, Lee (1992: 139-140)
estimated that there were 4,500 Koreans living in Argentina by the end of 1970s. During
that period, Korean community members informally estimated that there were 5,000
Koreans living in Argentina (Lee, 1992: 140-141).

3.3(4) Subsequent Immigration Wave under the New Investment Category in
the 1980s and 1990s

In the 1980s, when Argentine regulations were more clearly outlined to regulate the flux of
immigrant workers from neighbouring countries, the Argentine government started
At the end of 1984, the Korean government sent a diplomatic mission to request that the
was signed between the Argentine and South Korean governments establishing entry and
exit procedures in 1985 (Courtis, 2012: 138). A condition of this act was that Koreans with
a minimum of US$30,000 per family to invest in Argentina were granted permanent
residence (Mera, 1998: 43). The deposit aimed to check the creditworthiness of prospective
immigrants and to ensure their settlement rather than their use of Argentina as a bridge to
North America. The deposit was to be routed through the New York branch of the
Argentine National Bank (Banco de la Nación Argentina) and deposited into the central

This conditional immigration flow peaked between 1985 and 1989; according to data from
the Argentine National Direction of Migration, 9,625 residence permits were granted in just
those four years out of a total of 11,336 issued to Korean citizens during the decade of the 1980s (Courtis, 2012: 138). Lee (1992: 289-292) stated that from 1985 to 1987 the Korean community numbers escalated from 10,000 to 36,000 based on a population census conducted by the Korean embassy and the Association of the Korean Community in Argentina. Saravia (1988: 190), using data from the Ministry of Foreign Affairs in Korea, found that there were 7,196 Koreans residing in Argentina in 1984 and 25,369 Koreans in 1986. However, he cautioned that those who entered Argentina from the neighbouring countries should be added to this total.

The new highly motivated immigrants who arrived in the late 1980s had a significant impact on the Korean community of Buenos Aires. They injected capital and entrepreneurship into the Argentine garment sector. Korean immigration under the investment category continued well into the 1990s (Interview Nos. 5, 30, 67, 72, 80); but it ended by the turn of the century.

3.3(5) Decline in the Korean Population in the 21st Century

I have constructed Table 3-5 from the official biennial data of the Korean government concerning ethnic Koreans overseas. Data from 1992 to 2001 are simple totals; however, data from 2003 to 2013 includes more detailed information such as the numbers of permanent residents, ethnic Koreans who are Argentine citizens, Koreans living in the capital and those living in the provinces.
Year | Number of Ethnic Koreans in Argentina
-----|-------------------------------------
1992 | 30,475
1995 | 32,387
1997 | 32,069
1999 | 31,248
2001 | 25,070
2003 | 15,500
2005 | 19,171
2007 | 21,592
2009 | 22,024
2011 | 22,354
2013 | 22,580

*Table 3-5* Ethnic Koreans in Argentina (Source: Ministry of Foreign Affairs in South Korea)

The number of registered Koreans in Argentina climbed to some 30,000 in the 1990s only to decline sharply in the early 2000s. Numbers decreased dramatically from 2001 and only resumed growth in 2005. The 2001 Argentine economic crisis, sometimes described as a “crash,” was a devastating period in the host country’s history; it had impacts on the entire population and led to considerable social and economic changes. A significant number of Koreans left the country. However, there are some technical issues that may negatively influence the validity of the data: the 2003 data were based on different measurement criteria than those used in the following years. Specifically, in 2003, failure to include the number of ethnic Koreans with Argentine citizenship caused a significant discrepancy between the total numbers in 2003 and those in subsequent periods. Moreover, according to data prior to 2003 (1992, 1995, 1997, 1999, 2001), the region had been classified into four categories: city of Buenos Aires / province of Buenos Aires / northern provinces / central.

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and southern provinces; subsequently in 2005, 2007, 2009, four different categories were used: city and province of Buenos Aires / northern provinces / central provinces / southern provinces. Thus, the 2003 number should be treated cautiously.

According to Courtis (2012: 138), the Korean community informally reported 40,000 Koreans in the 1990s. Towards the end of the 1990s, a decline in the arrival of Korean immigrants was recorded along with a trend to return to the home country or to re-emigrate elsewhere. After the 2001 financial crisis, informal calculations suggested that only 15,000 Koreans remained. Courtis (2012: 138) cited estimates that an unspecified “considerable number” left the country for Korea, the United States, Canada, Australia or Mexico. After the 2001 economic crisis, Brazil, the neighbouring country, which has a flourishing Korean garment business community in Sao Paulo, was another major re-emigration destination for Korean Argentines.29 In particular, a significant number of Koreans in Argentina re-emigrated to the US, as I previously analysed.

Since 2003, Argentina has permitted no-visa entry to Korean citizens. Subsequently, new Korean immigrants have arrived intermittently and some of the Koreans who re-migrated to the US or to other countries have returned to Argentina (Seo, 2007: 265). Over the last decade, the number of ethnic Koreans in Argentina has remained around 20,000 officially, with most residing in Buenos Aires.

29 During my visit in the Korean community in Sao Paulo in April, 2014, it was common to meet Koreans who originally migrated to Argentina but later re-migrated to Brazil.
3.3(6) New Koreans (Korean Chinese) in Buenos Aires

In the mid-1990s, Chinese citizens of Korean ethnicity, known as Joseonjok arrived in Argentina through connections with South Korean residents already established in the country. In 1995, 350 Korean Chinese immigrants came with the assistance of Korean brokers who helped them obtain two-year working visas.30

During the 1990s, many male Joseonjok workers escaping from South Korean fishing vessels were another group who settled in Argentina. In southern Argentina (near the Malvinas/Falkland Islands), there are numerous Korean fishing vessels, especially seeking squid. Sometimes, while they were anchored off cities like Mar del Plata or Necochea for work breaks, Joseonjok left the vessels; in many cases, they were escaping near slave-like conditions on board and eventually settled in Buenos Aires (Interview No. 39). I met several Korean Chinese people who had worked in those South Korean fishing vessels. They estimate that more than 100 Joseonjok entered Argentina in this way, although the number of such immigrants who have stayed in Argentina is between 70 and 80.

According to the information provided by the Embassy of the People’s Republic of China in Buenos Aires, there may be 2,000 Chinese “living relatively near to Korean people along Carabobo Street in the Korean Neighbourhood” (Bialogorski, 2009: 2-3). Many of these Joseonjok were single adults when they migrated to Argentina; today however, 20 years later, many have raised families in Argentina. After the peak of immigration organised by Korean brokers, Joseonjok flows declined, except in the cases of family unification. In addition, because of the deep economic crisis that Argentina experienced in 2001, some re-migrated to China or sought residence in Japan, Brazil or the US (Bialogorski, 2009: 2-3).

30 Those brokers were Korean immigrants in Argentina.
According to one interviewee, around 300 Joseonjok are estimated to live within the Korean community in Buenos Aires currently (Interview No. 50).

### 3.4 Chapter Review

In this chapter, I have reviewed why a substantial number of Koreans left the home country and chose to settle in a distant, antipodal country. Previous migration studies have pointed out that migration processes entail sets of push/pull factors and interactions in both the home and the host countries. Framing those studies, I have presented a brief history of Korean migration in order to outline the “pull” factors, the social/political/economic contexts of the home country which encouraged Koreans to migrate. This overview aids in understanding the reasons why many Koreans left the home country: reasons closely related to the diverse social, economic and political changes and issues in Korean contemporary history. Particularly, I have provided an analysis of those middle-class Koreans who were motivated to leave their country to find better economic opportunities compared to those South Korea was able to provide during its rapid urbanisation and industrial development since the 1960s.

Nevertheless, the choice of a host country was linked intimately to the economic and political environments, as well as to the immigration regulations in the new country. Since official Korean immigration began in 1965, the Korean community in Argentina grew and stabilised until the turn of the century. However, many of the arrivals used Argentina as a bridge to other countries, primarily to the US. Those who stayed in Argentina experienced numerous challenges and difficulties in the host country. The socio-economic environment
of the host society, particularly the economic decline of the last few years, has critically influenced the movement and the settlement of ethnic Koreans in Argentina. In the following chapter, I will examine the economic and social conditions of the host country that have affected the development of the Korean garment business, by paying particular attention to the opportunity structure and business environment within the Argentine garment industry.
4. The Host Country: Argentina

Whereas in traditional academic literature ethnic entrepreneurs tend to be regarded as primarily embedded in the same ethnic resources, networks and cultural values, recent literature (Barrett et al., 2001; 2002; Jones and Ram, 2010; Kloosterman and Rath, 2001; Ram et al., 2008) argues that ethnicity of immigrant entrepreneurs is only one of several variables: a great diversity of influences is manifest in ethnic businesses, with a wide range of external structural factors explaining their market entry and eventual success. Based on this claim, I examine in this chapter the host society environment in which Korean entrepreneurs have operated in Argentina, with a particular focus on the wider economic and political contexts and the structure of the local garment industry.

After a brief historical sketch of the Argentine economic environment, I turn to analyse how it has affected the business practices of all Argentines. In a third part, I assess the available evidence of the impact of the overall Argentine economy on the domestic garment industry. Finally, I discuss the distinctive characters of the Argentine clothing industry, wherein ethnic Koreans have performed their business activities. This last part includes an analysis of government laws and regulations, local commercial practices, and various market conditions.

4.1 The Argentine Economy

Typically, Argentina has been regarded as an upper-middle income economy. After Brazil and Mexico, it ranks as the third largest economy in Latin America; however, for most of
the 20th century it claimed the highest GDP per capita in the region. In macro-economic terms, by the mid-19th century it was poised to join the exclusive First-Era-of-Globalisation nations; by some measures, it grew to be regarded as the wealthiest nation in the Southern Hemisphere, a position it occupied until the mid 20th century. Argentina’s purported wealth was attributed to the competitive advantages of its agricultural sector and a modern urban economy of services; however, this delicately balanced arrangement became politically unstable.

Successive governments from the 1940s to the 1970s pursued a strategy of import substitution to achieve industrial development; however, the gambit ultimately proved unsuccessful (Gerchunoff and Llach, 1998: 215-220). Since the 1970s, Argentina's economic performance has been characterised by extremely uneven and fluctuating economic growth and decline, high inflation, severe recessions and fiscal crises that have resulted in the increase of poverty and a progressively uneven distribution of income. The International Monetary Fund chart below demonstrates the remarkable instability.
The recurrent cycles of growth, recession and crisis have been studied by numerous specialists. In a fairly comprehensive and detailed report, Gasparini and Cruces (2010: 103-106) analyse the Argentine economy during six distinctive economic periods between the mid-1970s to the mid-2000s. Below, I review the six periods they proposed, but also include additional information from other research, such as Torrado (1992) and Schorr (2005).

The first stage covers the period from 1974 to the early 1980s, encompassing two years of a democratic government and most of the military dictatorship period. At the time, Argentina claimed the largest middle class – 40% of the population by the 1960s – in Latin

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32 On 24 March 1976, a military regime seized political power overthrowing the government of Isabel Perón and ruled Argentina from 1976 to 1983.
America as well as the region’s highest-paid, most thoroughly unionised working class (Torrado, 1992). The dictatorial government suspended collective bargaining, targeted repression on lower-level union leaders, undermined labour institutions, eliminated various social welfare policies, and initiated a process of trade liberalisation that produced mass unemployment. Subsequently, a macroeconomic crisis that began in 1981 was worsened by the regional debt crisis in many Latin American countries, thus helping to topple the Argentine military dictatorship.

The second period spans most of the 1980s. The economy remained largely closed to trade, financial markets and technological change, even after democratic rule was restored at the end of 1983. Subsequently, labour institutions were re-instated, unions re-gained their power, and social spending increased, although cash transfers remained low. However, macroeconomic performance was weak: per capita GDP did not grow between 1982 and 1987, and inflation remained high throughout the period. According to Schorr (2005: 23-24), with the return to democracy in 1983, “the model imposed by the military dictatorship was not altered in substance; on the contrary, it tended to consolidate its correlates in terms of de-industrialisation, concentration and centralization of capital and regressive income distribution.”

The third stage corresponds to another serious macroeconomic crisis in the late 1980s. Specifically in 1988, Argentina experienced a severe macroeconomic crisis that peaked in 1989-1990 with two hyperinflation events; subsequently, it ended around 1991 with stabilisation brought about by pegging the local currency to the US dollar and imposing a profound financial adjustment.

The fourth cycle spans most of the 1990s. The Peronist Menem administration implemented a comprehensive set of structural reforms including liberalisation of capital markets and of

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33 Original text translated from Spanish.
trade, privatisation of large state-owned enterprises, deregulation, the demise of a pay-as-you-go pension system in favour of individual capitalisation accounts, and several other market-oriented reforms. Under that regime, the economy started to grow after two decades of stagnation, but unemployment and inequality rose considerably.

In the following stage, the unstable international environment along with Argentine policy inconsistencies (electoral spending and debt sustainability issues) led yet to a new recession that hit the country in the late 1990s and an ensuing macroeconomic crisis in 2001-2002. The crisis resulted in a major devaluation of the currency and the freezing of bank deposits; this resulted in a substantial fall in output and sizable unemployment. Further, the large devaluation resulted in a dramatic fall in real wages. The economy reached its nadir in 2002.

The post-crisis sixth period began around 2003 with rapid growth. Its main features include the adjustment of economic agents to the new relative prices introduced by the devaluation, a stable and growing economy, stronger labour institutions and a more extensive safety net. The performance of the Argentine economy has been the object of intense political debate since 2012; this eventually led to the end of the leftist-leaning government in the 2015 election.

The overall political-economic plan of Nestor Kirchner from 2003 took advantage of favourable global commercial conditions to achieve simultaneously growth and public debt reduction. Growth was sought through an array of politically nationalistic and socially progressive measures; the most important of these were public spending to boost employment and commercial protection to promote import substitution and re-industrialisation. The intention of this politically-driven economy was to shift away from the previous decades of slow and low quality employment creation, accompanied with growing income inequalities, towards a more socially inclusive and more egalitarian type of
development. Negative consequences such as inflation and conflicitive relationships with creditors and commercial partners were considered as acceptable costs that would eventually disappear once stable and rapid growth was achieved. With the economic recovery from 2003, the local apparel industry rocketed upward.

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<Table 4-1> Six periods of the Argentine economy 1974-2006 (Gasparini and Cruces, 2010: 104)

Despite substantial economic recovery during President Nestor Kirchner’s government (2003-2007), the Argentine economy stabilised and then worsened under President Cristina Fernández’s government (2007-2015), particularly in her second term (2011-2015): however, how much and why the local economy has deteriorated is the subject of hot debate. Furthermore, the quality and precision of public information available for debate has been widely criticised as inadequate. Nevertheless, most observers agreed upon a few general conclusions.

Although in the first five years the strategy proved successful, since 2008 both global and internal conditions have changed remarkably; Argentina’s inability to adapt successfully to
these new coordinates has become increasingly apparent since 2012. After the 2008 financial crisis, the external conditions favourable to Argentine products – stable demand and high prices for the raw materials that Argentina exports – began a slow but steady decline. Public debt reduction has become progressively more intractable, as is guaranteed access to foreign investment. Internal conditions, on the other hand, also have proved more difficult to control than anticipated. Inflation escalated and remained buoyant, re-industrialisation has proved elusive, and the costs of public works and progressive social policies have emerged as public issues. Towards the two final years (2013-2015) of Cristina Fernández’s government, the economy stagnated.

Meanwhile, the progressive social measures that had stimulated widespread popular support of the government have proved unsustainable, i.e., the unemployment, poverty and inequality indicators are not positive. Consequently, Argentina’s “business environment”, primarily profit-driven by the previously growing purchasing power of the population, started to reflect this decline at the start of the decade, and has demonstrated it clearly since 2013.

At the end of recessions, as macro-economic analysts point out, a country’s economy usually “bounces”. A short period of rapid growth follows, as public expenditures resume, negative expectations of individuals and companies become positive, and a cascade of consumption and investment decisions are made. Once this “natural” bounce is over, sustained growth is usually attributed to adequate environments and/or successful macro-economic policies. Interestingly enough, these rapidly fluctuating macro-economic conditions are considered by some Korean entrepreneurs as not only negative but also as
potentially positive factors for business development. I will further examine the related interview data in Chapter 7 and Chapter 8.

4.2 Self-Employment and Informality: The Twin Costs of the Argentine Decline

The shift from a successfully developing economy into a fragmented and unstable one is reflected quite clearly in Argentine economic activity over time. The effects are seen in measures of the size and importance of self-employment and the level of employment informality. For a Latin American economy, Argentina had achieved economic maturity relatively early. By the mid-20th century, the structure of its employment showed an overwhelming majority of the population occupying formal, urban, relatively well-paid jobs in the secondary (industrial) and tertiary (services) sectors (Germani, 1967; Torrado, 1992). This, together with a broad, compulsory and generously state-backed social security system (Andrenacci et al., 2004), helped to make Argentina, along with neighbouring Uruguay and distant Costa Rica, the three most advanced 20th-century Latin American capitalist economies in terms of the general well-being of their populations and the size and relative importance of their middle classes. Their reputation as accessible economies with upward social mobility probably accounted for several important immigration waves these countries received from Southern and Eastern Europe, the Middle East and from other South American nations. Further, it probably was also on the minds of the first wave of Asian migrants that arrived in Argentina in the early 1970s.

Since the mid-1970s, however, this period of relative prosperity was beginning to deteriorate, paradoxically, at the same time as a significant number of Koreans started
4. The Host Country

arriving. Widespread conflict in the Argentine polity, produced unstable governance through short-lived civilian ruled periods, alternated with highly resisted military dictatorships. None of these governments proved capable of adequately coping with Argentina’s economic development challenges. Generally until the 1970s, the impulse of the Argentine state and of the domestic market led to industrialisation and social modernisation, while irregular cycles of economic instability were not excessively harmful to employment. However, since the late 1970s, the global environment has changed rapidly, and Argentina’s woeful macroeconomic decisions seem to have exacerbated conditions with each successive economic crisis (Gerchunoff and Llach, 1998).

The two clearest consequences of the high instability and relative decline of the Argentine economy were, first, an explosion in self-employment and, secondly the progressive rise of a substantial informal employment sector (Cortés and Marshall, 1991). While the latter is a common feature of Latin America’s fragmented type of development generally (Nun, 1969), the former is characteristic of the Argentines’ personal and institutional adaptation to the increasingly hostile environment in which their economy functions.

In the 1970s, self-employment (cuentapropismo or autoempleo) was identified by Argentine researchers as the first by-product of a marked decline in salaries and a slow rise of unemployment evident after the macroeconomic adjustment shock of 1975 (Llach, 1980). The search for better income and working conditions outside the established firms was eventually aided by a feature of Argentine social security and employment regulations. The absence of unemployment insurance – in a country that had only rarely faced unemployment episodes in its history – was counteracted with relatively high dismissal compensation regulated by law, a consequence of the political clout of the labour unions.
4. The Host Country

(Feldman et al., 1988). Thus, a growing number of Argentines abandoned the larger firms, claimed dismissal compensation and created smaller owner-administered companies and services which rapidly swelled the tertiary sector, as the 1980 census would show.

Instability and decline accelerated with the unsuccessful management of the region’s foreign debt crisis that loomed in the 1980s. As the self-employment services sector had absorbed as many as it could, the new unemployed faced longer periods without jobs; additionally, they confronted an increasingly hostile political-economic environment in which labour unions had to accept reform in employment regulations reducing both stability and dismissal compensation. This second wave of Argentine unemployment produced a new, more visible kind of poverty, one marked by desperate economic survival strategies (Marshall, 1991; Palomino and Schvarzer, 1996). It progressively spawned a more typical Latin American informal sector of urban low-income personal services and street peddling that peaked in the late 1980s, in spite of the efforts of restored democratic rule. Eventually, it settled in the 1990s into quintessentially Latin American social fragmentation and inequality (Lo Vuolo and Barbeito, 1998).

While the economic recovery and institutional reforms of the 1990s paved the way to a rebound in employment, they were seemingly not adequately powerful or not appropriately oriented or regulated, to reduce the new gaps (Pessino, 1996). Jobs soared, but they were within the framework of high self-employment in low-income urban informal activities (Beccaria and López, 1996). The new economy with a favourable exchange rate to the US dollar, seemed to appeal to a new wave of immigrants; while they largely came from neighbouring South American countries (mostly Bolivia, Chile, Paraguay, Peru and
Uruguay), others arrived from distant Taiwan and South Korea, sturdy immigrants who could adapt to and profit in such a challenging but nevertheless robust environment.

Until the 2008 global financial crisis, the 2001 trauma had been regarded in Argentina as “the mother of all economic crises”. It was distinguished by a new combination of public finance meltdown and deep domestic recession. The incredible numbers affected – albeit temporarily – by poverty (60%) and unemployment (25%) demonstrated through their intensity and size the impacts of the three woeful past decades on economic activity and social tissue. By the end of the crisis, around 2003, Argentina was far removed from the economic and social haven anticipated by the 1970s Korean immigrants; it had become a deeply fragmented and impoverished third-world nation.

4.3 The Impact of Argentine Economic Instability on the Garment Industry

As discussed in Chapter 2, the appearance of informal sweatshops is a feature of the new global, flexible capitalism worldwide (Waldinger, 1984; 1986; Bonacich and Appelbaum, 2000; Green, 1997; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002). While in general the informalisation of Argentine apparel production has been similar to the global pattern, rapidly fluctuating local economic conditions have exacerbated the process leading to greater deterioration, unchecked disregard of regulations and more complex problems overall.

In Argentina, the apparel industry traditionally focused its value generation process on the production chain (Lieutier, 2010: 47). The findings of Montero (2011: 103-104) suggest that before the 1973 military dictatorship, the major portion of local apparel production was
organised in large factories with hundreds of well-paid workers supported by corresponding social welfare benefits and strong unions. However, by the mid-70s, the domestic industry followed the global trend to outsource production, strongly influenced by neoliberal policies (Lieutier, 2010: 47). Subsequently, the most important value creation and earning potential in the sector, therefore, shifted to the marketing links, that is clothing commercialisation.

This process deepened in the decade of the 90s due to the establishment of a higher exchange rate which impacted heavily on textiles and clothing (Lieutier, 2010: 47-48). With the domestic currency moving upwards, importation prices dropped and pulled import prices for garments downwards. Importation acted as a disciplining factor on the domestic garment industry, because garment companies could easily rationalise the maximum market prices that they could establish for products and still make high profits. In this context, many companies chose to close their production lines and to operate exclusively as garment importers focusing on commercialisation (Lieutier, 2010: 48).

Thus, the decline of subcontracting for sewing, knitting and embroidery on one hand, and the rising imports of finished products, on the other, accelerated the decline of large-scale garment manufacturing activity, and concurrently advanced informalisation processes. The activities of former large-scale garment manufacturers devolved to concentrate exclusively on design, advertising and the establishment of a marketing strategy of price competition and differentiation (Lieutier, 2010: 48).

Towards the turn of the 21st century, as the Argentine economic crisis ensnared numerous industries, the situation of the local garment manufacturing sector declined rapidly. The
devaluation of the Argentine peso against the US dollar from 1:1 to 1:3 created chaotic importation conditions and resulted in the immediate sharp reduction of apparel imports. The local demand was further diminished by the decline in domestic consumer purchasing power resulting from the recession (Lieutier, 2010: 48-49).

According to Mariano Kestelboim, an economist in the garment and textile sectors in Argentina, the first market segment of brand-named clothing has contracted sharply (Interview No. 79). Over several decades of severe economic crises and debilitating hyperinflation, Argentine consumers have turned increasingly to lower-quality/lower-priced clothing as many can no longer afford luxury clothing. This shift led to an increase in the number of customers for this segment, i.e., this market was no longer limited only to the low income but expanded to include an impoverished middle-class that had been accustomed to consume exclusive high-priced garments (Bialogorski, 2006: 295). This re-defined, broader niche of the middle- and lower-income apparel consumer class lowered barriers and facilitated the entry of Korean and other entrepreneurs into the local garment wholesale markets that specialise in the middle-lower price and quality apparel range (Bialogorski, 2006: 295).

From the 2003 local economic recovery forward, the garment sector has again reflected the cyclical character of the country’s economy by growing rapidly. Initially, the domestic supply met demand, as a result of an increase in consumption and also thanks to the significant reduction of external competition driven by the devaluation of the national currency (Lieutier, 2010: 48-49). Subsequently, demand escalated due to the twin effects of: (1) the recovery of consumer purchasing power; and (2) the realisation of repressed consumption, i.e., a sort of “recession rebound effect” to compensate for all that was not
acquired in the previous crisis years (Lieutier, 2010: 49). Montero (2011: 114) pointed out that the rapid 2003-2006 economic recovery greatly favoured the locally-based production sector creating a renewed boom in the Argentine garment industry. Among those I interviewed who currently operate garment wholesale businesses, many entered the market in the post-2001 crisis period (Interview Nos. 5, 12, 14, 16, 17, 29, 31, 32, 33, 34, 35, 37, 39, 41, 46, 47, 48, 49, 54, 55, 56, 57, 59, 60, 64, 66, 69, 72, 73, 75, 81, 82, 84, 87). From this evidence, I infer that these stimulating domestic market conditions motivated Korean immigrant entrepreneurs to move into the garment wholesale sector, which encompasses both production and distribution. In other words, the change in the economic climate directly affected the entrepreneurial market as the concept of mixed embeddedness suggests.

Despite the consumer-driven apparel boom during the economic recovery period, the large-scaled garment manufacturers did not recover. Those large companies did not resume production. Following international trends, they retained only the activities of design, distribution, marketing, and advertising (Lieutier, 2010: 49). In addition, the production sector was increasingly characterised by the significant growth of underground, black market activities and tax evasion schemes (Lieutier, 2010: 49).

4.4 The Argentine Garment Industry: Market Characteristics, Informality, and Opportunities

Due to the economic instability of the local economy and the global influence of the neoliberal model, the commercial apparel sector has increasingly adopted more informal
practices since the 1990s. In recent years, a new market has emerged a super- and hyper-
informal local market that specialises in selling low-priced clothing. Recently however,
there have been concerted efforts to change that profile. Some entrepreneurs have
developed their own brands, so as to increase the quality and thereby the price of the
clothing; meanwhile, others have continued to focus their advertising strategy around low
quality and low price. Regardless of the intended market for the apparel, sweatshops that
play a role in the production chain are linked directly or indirectly to both higher priced and
higher quality brands as well as to manufacturers whose production is marketed through
low price and low quality (Lieutier, 2010: 82-83)

In his recent research on the informal garment sector in Argentina, Lieutier (2010: 82)
suggested that garments made in sweatshops are sold through four outlets: (1) the first-line
brands, which have their own local marketing initiatives/outlets and in many cases sell in
large shopping centres; (2) medium-sized companies, which do not usually have their own
brands and which reach consumers through multi-brand shops; (3) semi-formal wholesale
markets geographically concentrated within specific districts, such as Once and Flores; and
(4) small- and medium-sized businesses which sell their products in illegal “black”
markets. In a personal interview, Mariano Kestelboim, an Argentine economist previously
cited, analysed the four segments in greater detail (Interview No. 79):

Segment (A): About 15-20% of the garment market is concentrated in “big name brand”
clothing with high-quality design and fabric, expensive prices and substantial investment in
advertising.\textsuperscript{34} There are nearly 200 big clothing brands in Argentina. Retailers with those
brands are located in shopping centres or major streets and/or in up-scale Buenos Aires

\textsuperscript{34} According to Kestelboim (Interview No. 79), this segment represents 15% in terms of production volume,
but 20% in terms of the amount of money in the total domestic garment market.
districts such as Palermo and San Telmo, where the rental price for shops is relatively high. The majority of these brands is national, i.e., two thirds are national and one third is foreign (multinational) brands.\textsuperscript{35}

Segment (B): Another apparel segment is the so-called “neighbourhood brands” and extensions; at most, it claims some 5-10\% of the overall garment market. These entrepreneurs develop their own brands, perhaps 500 spread over the entire country; however, most of them are relatively small in scale and some are in decline.

Segment (C): This centre of massive commercialisation commands the middle 20-30\% of the market. It is defined by middle-lower prices and quality of design and fabric such as is produced in Once or Flores, where Jewish and Korean wholesalers have concentrated. Typically, there is little original development; therefore, they usually do not have their own brands. Of those who have brands, they are little known as advertising is minimal. Typically, they imitate items from the foreign or national brands. Nevertheless, this market has grown substantially over the last few decades. These entrepreneurs largely interact with small workshops, outsource to sweatshops or develop their own establishments. Apparel manufactured and sold in this market segment tends to be sold in retail shops throughout the country.

Segment (D): The remaining 50\%, approximately, is concentrated in the unregistered, casual outdoor markets characterised by informal garment production and commercialisation. A significant part of this commerce occurs in illegal shops and outdoor

\textsuperscript{35} Many multinational brands not only import garments but also manufacture them in Argentina. According to Kestelboim (Interview No. 79), entry to and exit from the Argentine market is free for foreign brands; there is no special restriction on it. However, the complex problems of importing goods and marketing them to the sprawling country make Argentina an unfavourable market for foreign companies.
markets that spill over from the larger informal mega-markets, such as La Salada. In this enormous street market, mostly small manufacturers sell brand-imitated or pirated clothing copies, thus keeping costs low. In addition, many wholesalers sell at this informal outdoor market. Finally, provincial businesses buy and sell clothing informally at La Salada, effectively forming an illegal commercial circuit within the country.

The apparel industry is one of the largest informal sectors in Argentina. More precisely, the clothing manufacturing sector at 80%, claims, by far, the highest incidence of informality (Benencia, 2009: 56). The workshops function as sweatshops staffed by unregistered “underground” employees at low cost (Porembka, 2013: 92). In his PhD thesis, Montero (2011: 108) further indicated that informality in clothing manufacture accounts for 75 percent of total production, a fact acknowledged by the Argentine Chamber of the Clothing Industry (CIAI). During the interview, Kestelboim confirmed a high level of informality in clothing production in Argentina, irrespective of the segment:

In the case of the segments (B), (C) and (D), almost 100% of production – sewing, stitching and knitting tasks – is conducted in small sweatshops or home workshops which neither are registered nor hire employees legally. In the case of segment (A), the largest brand companies, such as Zara, Cheeky and Falabella, usually have a so-called department of production organisation or a centre of production organisation which builds exclusive relationships with their workshops, controls and monitors them. In general, these larger brand companies manufacture almost nothing. The only process in which they participate is the cutting of fabrics. Later, the remaining processes are all outsourced. After cutting out

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36 La Salada is the largest outdoor market in Argentina as well as in Latin America. It occupies an area of 20 hectares, with 15,000 stalls/booths in internal, enclosed fairs and 5,000 stalls/booths in street fairs, beside the Riachuelo River. It is estimated that up to 50,000 people may attend per business day (Lieutier, 2010: 84-85).

37 It is estimated that 80% of the outsourced garment workshops conduct work under informal conditions and/or violate basic human rights (Benencia, 2009: 56).
4. The Host Country

the fabric, these big companies usually send it to subcontracted sweatshops. Workshop owners always agree that they can produce any quantity ordered by the companies; however, in many cases, they do not have such capabilities and end up hiring other workshops. These workshop owners are usually monotributistas (small tax contributors under a simplified low-cost regime); nevertheless, they probably hire the majority of their employees informally because their workshops are not registered. Although some workshops are registered, those workshop owners do not always produce all the quantity charged in their own workshops; thus, they send the surplus to other unregistered workshops. These cases occur in the largest brand companies. The case of small- and medium-size companies or manufacturers in other segments is no better. Their production process is absolutely opaque, because they do not normally send bills or even pay taxes. (Interview No. 79)

However, the degrees of informality in garment distribution, management and marketing processes vary significantly by segment. The commercial practices in segment (A) are almost 100% formal. According to Kestelboim, “It is very unusual for big companies to hire employees informally, or not to accept credit cards. Throughout the entire commercial processes of design, brand development, management, and sales, 80%, 90% and sometimes 100% [of the processes] are conducted formally. However, in the other commercial segments such as [around Av.] Avellaneda [in the district of Flores], I think, there is a much higher level of informality. Commercialisation and sales are comparatively informal. There, many of the entrepreneurs are just monotributistas. They must register the amount of sales and give the corresponding bills to the consumers so that the customers can pay the tax. However, they do not declare their sales in order to pay less tax. They even buy goods
In sum, informal production practices penetrate all commercial segments in the Argentine clothing markets from the fake label clothing in La Salada up to the quality goods sold in the most exclusive markets throughout the country (Montero, 2011: 27). However, in terms of clothing commercialisation, the level of informality varies significantly among the segments. The large clothing companies with well-known brands sell their products directly to purchasers formally. At the other extreme, few of the La Salada transactions can be described as formal. As described previously, Korean garment entrepreneurs have concentrated in the wholesale market around Av. Avellaneda. This market is characterised by massive commercialisation with middle-lower priced apparel. It is situated between the formal, commercialised larger name brand outlets and La Salada which is the completely informal circuit. Similarly, Lieutier (2010: 82) and Montero (2011: 117) consider Once and Av. Avellaneda as “semi-formal” wholesale garment markets. In addition to unregulated “sweatshop” activities for clothing production and commercialisation, the smuggling of garments into the country – primarily from China – is another recent issue of informality in the Argentine textile and garment industry (Interview Nos. 15, 67, 79).

<table>
<thead>
<tr>
<th>Brands</th>
<th>Informality in production</th>
<th>Informality in commercialisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Av. Avellaneda (Flores)</td>
<td>Very high (informal)</td>
<td>Medium (semi-formal)</td>
</tr>
<tr>
<td>La Salada</td>
<td>Very high (informal)</td>
<td>Very high (informal)</td>
</tr>
</tbody>
</table>

As discussed previously, a high rate of informality in garment production is common in many cities worldwide as manufacturers derive benefits from the subcontracting system by
transferring their own production risks to sweatshops. Similarly, informal production practice is common in the Argentine garment industry. Most sweatshops are not regulated; workers are grossly underpaid and typically work under extremely poor and precarious conditions. However, what distinguishes the Argentine garment industry from that in other developed countries is that not only apparel production but also important aspects of the clothing commercialisation activities are conducted in an informal manner.

This particular feature of the domestic garment industry has permitted small-scale entrepreneurs to participate in both the production and distribution sectors. In developed countries, it is typically difficult to migrate from sweatshop ownership to garment manufacturing or to wholesale/retail shop ownership. However, in Argentina, ethnic entrepreneurs with limited capital resources conquer the entry barriers in the commercialisation sector with relative ease because of the latter’s high informality. Montero (2012: 27) confirms the easy entry and favourable opportunities for immigrant entrepreneurs in the Argentine apparel distribution sector by pointing out that “La Salada is somehow the intent of [used by] the workshop owners to generate their own commercial channels, to escape the rules and prices charged by manufacturers, or at least to complement the gains made as subcontractors.” Furthermore, Montero concludes from his interview data that the garment commercialisation sector is much more profitable and carries less risk than the production sector; therefore, subcontractors prefer to have their own stands/stalls.booths in informal markets rather than to operate high-risk sweatshops (Montero, 2011: 116).

Similarly, Light (2006: 85-86) has drawn attention to the minimal resource requirements of informal economies for those who become self-employed. Only those with the requisite
human, financial, social and cultural resources can develop successful businesses in the mainstream. Immigrants – who do not have those resources – seek other means of subsistence, including self-employment in marginal sectors, which in some cases is highly competitive. For example, in the conduct of my research in the Av. Avellaneda garment district, I documented rising “territorial” tensions between some Korean wholesalers and non-Korean (mainly Bolivian) street vendors (Argentine Spanish: manteros); in most cases, these disturbances were attributed to informal street activities (please see Figures 4-2 and 4-3). Such conflicts reflect the high degree of informality in the commercial garment division and demonstrate the low entry barrier to become self-employed in it.

<Figures 4-2 and 4-3> Street vendors in the Av. Avellaneda garment wholesale area (22/04/2014 and 27/05/2014)

Currently, only a few Koreans operate businesses in La Salada; therefore, this has been not dealt with as a central topic in this research. Nevertheless, I interviewed several Korean and Bolivian immigrants who have business experience in La Salada, some of whom are concurrently operating wholesale businesses both in Av. Avellaneda and in La Salada. In the comparison of the two markets, the information those businesspeople gave me during their interviews was helpful. Further, the interview with the movie director Juan Martin
Hsu, who had made the film La Salada about Korean, Bolivian, and Taiwanese immigrants who work there, also helped me to understand various points of view about Korean entrepreneurs in the lower-range garment market (Interview No. 74).

4.5 Chapter Review

As discussed previously, the research related to ethnic business ownership has broadened its perspective from an emphasis on the ethnic and cultural characteristics of various groups to the acknowledgement of a nexus of those attributes with the economic, political and social environments in the host country. The entrepreneurial practices of immigrant/ethnic groups can vary according to the local contexts in which they are embedded; further, their performance depends upon their capacity to grasp and manage these contextual influences.

The Argentine macro economy seems to have been one of the primary factors affecting the local business environment. Having become tremendously unstable since the mid-20th century, the economic situation dramatically accelerated the processes of informalisation and self-employment. Furthermore, the Argentine economic decline has negatively affected informalisation in the garment production sector as well as consumers in the domestic apparel market. In particular, those middle-class consumers who had been accustomed to acquisition of name-brand garments have turned increasingly to middle-lower priced, lower-quality clothing (Bialogorski, 2006: 295). This change led to an increase in the number of customers in the wholesale garment market of middle-lower price and quality goods; eventually, that facilitated the entry of and the development of Korean entrepreneurs in the wholesale market (Bialogorski, 2006: 295).
These macro-economic impacts resulted in the diversification of the garment sector. Today, the market can be segmented into four major components: (a) large brands (“big name brands”); (b) small brands (“neighbourhood brands”); (c) massive sales of products at low prices; (d) informal outdoor markets. Apparel production in Argentina exhibits a high level of informality throughout all the segments, as is the case in European and North American countries (Waldinger, 1984; 1986; Bonacich and Appelbaum, 2000; Green, 1997; Light, 2006; Panayiotopoulos, 2006; 2010; Rath, 2002). Typically, production is in unregulated sweatshops which are neither registered nor which meet basic health and safety standards. While overall the clothing production sector demonstrates an elevated degree of informality, each segment has an identifiable distinctive degree of formality in terms of commercialisation, i.e., the “brands” outlets are formal; the massive wholesale area in Once and Flores is semi-formal; and the outdoor markets such as La Salada are extremely informal.

As Light (2006: 85-86) pointed out, informal economies provide more accessible market niches to those with minimal resources who seek self employment. The informal conditions of the Argentine garment industry offer easy entry opportunities to immigrant entrepreneurs not only in clothing production but also in the commercialisation sector. This feature makes the Argentine apparel industry distinctive compared to the garment markets in other developed countries; in addition, it eventually influences the shaping of business management styles and performance.

In order to unravel the intricate processes through which the Korean community has developed its businesses in the host country, it is crucial to comprehend the macro economic conditions as well as the structure of the local industry. As I will demonstrate
through the interviews in the following chapters, the characteristics of the domestic economy and of the clothing industry have had a significant influence on ethnic Koreans’ entry, business practices and eventual growth in Argentina.
5. From Agriculture to Apparel: The Entry of Koreans into the Argentine Garment Industry (1960s-1970s)

From their earliest settlement in Buenos Aires, Korean immigrants actively engaged in the garment industry, starting in the production sector. After overcoming their humble beginnings in the 1960s, through modest subcontracted sewing and knitting jobs, they consolidated a foothold in the sector in the 1970s. Building upon the contextual analysis of Korean immigration into Argentina and of the host country characteristics, in this chapter I discuss the ways in which the Korean community was engaged in the garment industry in the initial stage of their settlement in Argentina.

Chapter 5 is divided into three sections. In the first part, I provide a brief history of early Korean immigrants who left the original agricultural projects to resettle in Buenos Aires where they gradually entered the garment production sector. In the second, I analyse how they progressed from subcontracted sewing and knitting jobs to independent manufacturing. Next, I discuss each of the influencing and/or facilitating factors vis-à-vis Korean immigrants’ entry into the Argentine garment industry. Finally, in the last section, I examine the processes through which Korean immigrants made direct connections with non-Koreans in the course of their economic activities, eventually building their working relationship beyond their ethnic community.
5.1 Korean Resettlement in Buenos Aires and their Entry into the Subcontracted Knitting and Sewing Jobs

As Lee (1992: 10) highlighted by naming his chapter focused on the 1970s community “the shantytown period of doing garment piecework day and night”, the subcontracted knitting and/or sewing job was the accessible path for most Korean immigrants of that period to earn a living and settle down in the host country.

The unsuccessful agricultural projects proved a crucial turning point for Korean immigrants in Argentina, as their desperate circumstances compelled most of them to re-settle in Buenos Aires. As noted earlier in Chapter 3, Korean immigrants, after failing to adjust to the harsh conditions, abandoned flawed agricultural projects in southern Argentina as well as in rural Paraguay, and subsequently migrated to Buenos Aires (Lee, 1992: 55-60; Nos. 48, 52).

Irrespective of their former social and economic backgrounds, most Korean immigrants who resettled in poor neighbourhoods of Buenos Aires began their new lives as unskilled workers. The first Koreans in Buenos Aires lived in slums in Villa Retiro (Retiro), Villa Soldati (Villa Soldati), and Villa Rivadavia (Flores) (Lee, 1992: 78). 38 The older immigrants, accustomed to communal life, were challenged by the precarious social environment of the slum neighbourhoods. Some drew on skills acquired in their home country, for example, by offering acupuncture services (Lee, 1992: 76). Others worked in personal services, such as shoe or tire repair and hairdressing, skills they learned in the new environment after immigration (Lee, 1992: 76). Younger Korean immigrants integrated

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38 For the location of those early Korean settlement areas, please refer to Map 3 on page xii.
more easily and had more active contact with non-Koreans outside the ethnic community. They obtained unskilled jobs as dishwashers, waiters, etc. However, in this early period, the preferred choice was to work independently as street-corner grocers selling vegetables and fruits (Bialogorski, 2004: 89).

In an extraordinary bit of serendipity, the garment knitting and sewing jobs were spotted by Korean immigrants after settling in Buenos Aires. According to Lee (1992: 87-89), Korean female immigrants in Villa Rivadavia (Flores) with previous home-country experience in machine knitting stumbled across and started undertaking work as subcontractors for earlier non-Korean immigrants, most of them related to the Jewish business community. These pioneering women taught other immigrants how to operate knitting machines and they distributed tasks to other immigrants. This community training was popular among female immigrants, since after only a week of practice, they could immediately start earning an income and thus help their families. Initially, female immigrants supplemented male immigrants’ income through home-based machine knitting work (pyeonmul). Eventually however, male immigrants joined in managing the larger knitting machines (yoco). The following interview text illustrates these early processes.

My family first migrated to Paraguay in 1965; we were the second group in the Korean agricultural project in Paraguay. Most people failed their agricultural projects there. After staying for 4 months, all my family left for Argentina except me. Since I wanted to learn a skill, I stayed and worked for a Korean family who had a small knitting factory in Asuncion. I worked there for two years and then came to Buenos Aires. At the beginning we didn’t speak Spanish, so my eldest brother washed dishes at a restaurant in the Retiro train station. My second elder brother opened a photo studio using the skills he had learned.
from my father, who had a photo studio in Korea. And my youngest brother got a job in a factory that made car parts. I first found a knitting job as an employee in a local factory through a newspaper, because I didn’t have money to buy a knitting machine. It was the time when the Jewish community held all the commercial power in the sector. Around the 1970s, I became independent. In the newspaper you could find advertisements for “fasón”. They [the Jewish contractors] gave me models and knitting wool, and paid me per finished product [sweaters]. After doing this subcontracted knitting work for several years, we could earn enough to buy more machines and become producers. (Interview No. 52)

Beginning in 1968, Korean immigrants also became involved in machine sewing (Lee, 1992: 187). Unlike the noisy knitting machines that attracted complaints from neighbours, machine sewing was a quiet, more agreeable job to conduct in the family home. According to Lee (1992: 241), Korean immigrants concentrated on machine knitting work from 1967 to 1975. Sewing subcontracted work became more popular after 1975.

Almost naturally, the new immigrants who came to Argentina in the 1970s and directly settled in Buenos Aires followed this path as subcontractors (Lee, 1992: 88-89). Some newcomers even purchased knitting machinery on their stop-over in Japan on the way to Argentina (Interview No. 36). Most of my interviewees (Interview Nos. 1, 10, 13, 15, 16, 36, 45, 52, 55) who immigrated to Argentina in the 1970s transitioned through knitting and sewing jobs in the early stage of their settlement; later in the 1980s and 1990s, they advanced to retail or wholesale garment businesses.

In his book, Lee (1992: 141) presents the results of a 1976 report by the Korean embassy in Buenos Aires on immigrant occupations. The table below, taken by Lee from that report,

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39 “Fasón” stems from “façon” (French) which means clothing maker or piece worker (Bialogorski, 2004: 93).
clearly demonstrates that 75-80% of Korean immigrants in Argentina were engaged in knitting and sewing subcontracting / manufacturing businesses. It also indicates that a substantial number of immigrants (18%) worked in the commercial and services sectors, particularly small grocery businesses. The small grocery shop was another business preference of pioneering Korean immigrants (Lee, 1992: 141; Interview Nos. 1, 16, 29, 48). However, since the early 1990s, the number of Korean grocery shops has declined noticeably, as many of those owners moved into the garment industry.

<table>
<thead>
<tr>
<th>Knitting subcontracting/ manufacturing</th>
<th>Sewing subcontracting/ manufacturing</th>
<th>Commerce/service industry</th>
<th>Agriculture</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>335 families</td>
<td>200 families</td>
<td>124 families</td>
<td>21 families</td>
<td>20 families</td>
<td>700 families</td>
</tr>
<tr>
<td>48%</td>
<td>28%</td>
<td>18%</td>
<td>3%</td>
<td>3%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<Table 5-1> Korean immigrant occupations in 1976 (cited by Lee, 1992: 141)

Most Koreans lived in Villa Rivadavia (Flores), Villegas (La Matanza), and Ciudadela (La Mantanza) in the 1970s (Lee, 1992: 142-143). According to Lee (1992: 142-143), while Korean immigrants in Villa Rivadavia and Villegas worked primarily as knitting subcontractors, 90% of the Korean immigrants in Ciudadela were concentrated in garment sewing work. In confirmation of this, some of my interviewees who lived in Ciudadela in the 1970s mentioned that they or their family undertook sewing jobs inside their apartments (Interview Nos. 7, 10, 20).

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40 Please refer to Map 3 on page xii.
5.2 The First Independent Manufacturing Plants (*Fabricante Directo*)

As indicated, since the late 1960s, machine knitting and sewing subcontracting was the most common job for Korean immigrants in Argentina (Lee, 1992: 187). However, not all immigrants continued this subcontracted work for very long. Since the late 1970s, some Koreans have experimented with making clothing on their own; some have succeeded as independent manufacturers, particularly in sweater production (Lee, 1992: 189-190).

Initially, these entrepreneurs undertook sweater production rather than the more advanced garment making. Compared to the manufacture of wearing apparel, sweater making was a relatively simple process, because designs were less complicated; further, there was a limited variety of models; and finally, the fabrication process was simpler (Interview No. 36). Some knitting subcontractors eventually undertook the manufacture of sweaters directly: they purchased knitting wool, produced sweaters in small quantities and sold directly to retailers (Lee, 1992: 189-190). In addition, there were also some successful manufacturers who made sweaters in large quantities and sold them to wholesalers (Lee, 1992: 189-190).

Clothing manufacture was a far more complex process. As simple subcontractors, they had received pre-cut materials and exclusively engaged in machine sewing. However, the larger business of garment manufacturing required much more demanding and complex organisational tasks. They had to design the clothing, develop patterns, buy and cut the fabric to the patterns, distribute materials, and assign tasks to their own sweatshop workers or to other subcontractors.
A key aspect of quality garment production is the accurate cutting of fabric to the selected pattern. These new manufacturing entrepreneurs were highly dependent on a limited number of Korean garment cutters who brought their prior experience from South Korea (Lee, 1992: 193; Interview Nos. 36, 62). These workers played a crucial role in the transfer of cutting skills, as well as in the transition from subcontracting to manufacturing among Korean immigrant entrepreneurs in Argentina as indicated in the following interview:

My husband already knew how to manufacture clothes, because he ran a small clothing manufacturing factory in Korea. [...] We got a subletting room within the Baekgu chon [Villa Rivadavia; 109 chon], the shanty town. When we came here, there was nobody fabricating directly. Most of us were doing subcontracted work, particularly knitting sweaters. His friends bought fabrics and asked him to cut the fabric following a pattern. After my husband cut the fabric, they [his friends] sent the work to other Korean sewing workshops. They sold those finished products to retail shops in the provinces or to wholesale shops in Once [neighbourhood]. (Interview No. 62)

In the early days, many of those small manufacturers visited retail shops personally in the greater Buenos Aires metropolitan area to sell their own line of clothing. However, when many Korean immigrants started opening wholesale shops in the Once district or retail shops in the provinces in the 1980s, these Korean independent manufacturers transitioned to selling clothing directly to Korean wholesalers or retailers in large quantities. In Chapter 6, I will trace the further development of the Korean clothing manufacturing operations.
5.3 Why Sewing and Knitting Jobs? Push and Pull Factors

The motivation to establish an ethnic business is the result of the interaction of various factors (Freel, 1998; Lassalle, 2008). In certain cases, this process enables immigrant entrepreneurs from a lower-waged country to exploit opportunities more effectively than local entrepreneurs in the host country (Light, 2006).

Within the literature on ethnic entrepreneurs, the study of the “push” and “pull” factors involved in immigrant entrepreneurial decision making, i.e., the reasons for an immigrant to start-up their own business, is fundamental (Light and Bonacich, 1991; Light and Gold, 2000; Light and Rosenstein, 1995; Min, 1984; Volery, 2007; Waldinger et al., 1990; Barrett, Jones and McEvoy, 1996; Basu, 2006). An individual immigrant may become an entrepreneur by “necessity” or alternatively by “opportunity”. Further, the literature refers to both “negative (push)” and “positive (pull)” factors to explain the decision to start-up a business (Deakins and Ram, 1995; Freel, 1998; Basu, 2006).

On one hand, the push factors are often the numerous obstacles that block immigrant entry into the labour market. These disadvantages may include ethnic/racial discrimination, language barrier, unfamiliarity with the host culture and limited access to job opportunities (Light and Bonacich, 1991; Light and Gold, 2000; Light and Rosenstein, 1995; Min, 1984; Volery, 2007; Waldinger et al., 1990; Barrett, Jones and McEvoy, 1996; Basu, 2006; Lassalle, 2008; Freel, 1998). These factors may push the immigrant into self-employment. On the other hand, the family/community networks, a strong desire to be independent, and/or the ability of immigrants to spot business opportunities, along with other business-related advantages, are factors that pull the immigrant into self-employment.
In Buenos Aires, the sewing and knitting jobs were discovered by early Korean immigrants by mere chance, as earlier indicated. Gradually, other Koreans followed in their path, instead of taking other small business opportunities. The reasons why most Korean immigrants ended in the clothing knitting and sewing jobs instead of in the many other business opportunities available are numerous and varied. Based on the community history written by Lee Gyobeom (1992) and the data from my field interviews, I demonstrate in the following sections that various factors strongly pushed and/or pulled the immigrants towards sewing and knitting jobs.

5.3(1) Language Barrier

According to the sociologists who have carried out research on Koreans in the US (Kim, 1981; Lee, 2005; Min, 1984; 1996; Yoon, 1997), the language barrier was a major reason for their self-employment. Min (1984: 335) found that among the principal causes for self-employment in Atlanta more than 90% of Korean entrepreneurs mentioned language as the main “disadvantage in the American job market”.

As most of my interviewees also emphasised, the language barrier was the main factor in determining self-employment as the point of entry for most new immigrants. Specifically, many immigrants claimed to have started garment sewing and knitting jobs because they did not require any language skills. For example:

The main problem was the language. Some [Korean immigrants] started the clothing business randomly and others followed because of the language. This was the only way to get money without speaking the [local] language. (Interview No. 45)
The main reason was language. Japanese [immigrants] started laundry business, because it did not require language skills: only clean the clothes and return them to the clients. Making clothes is the same. They didn’t need any language skills. Korean [immigrants] started clothing business because it didn’t require any language skills. (Interview No. 16)

The main problem was language. It was not even English, but Spanish. It was impossible to learn to speak Spanish to get a job and work in Argentina. Machine sewing was the job which did not require any language skills. It was the most suitable job for us. (Interview No. 36)

Numerous similar stories indicate that language was the primary challenge that led early immigrants in the 1960s and 1970s into garment sewing and knitting work. Further examples include:

It took almost 10-15 years until Koreans started to open [retail/wholesale] garment shops. Language is the reason why the Korean community did sewing and knitting jobs for such a long time. Without knowing the language how could we know the regulations to open legal business? Language was the most important factor that determined that many Koreans took sewing and knitting jobs in the 1960s and 1970s. (Interview No. 36)

The language barrier as a major push factor has been presented in most interviews with Korean immigrants regardless of their arrival date – for those who arrived in Argentina in the 1960s and 1970s, but also for those coming in the later stages.
5. From Agriculture to Apparel

5.3(2) Easy Entry: Brief Training, Little Capital Investment, Few Barriers

As discussed previously, machine sewing and knitting were the first jobs that Korean immigrants found available and undertook among other unskilled jobs in the slum areas of Buenos Aires. Machine sewing and knitting jobs became popular among them because, in particular, the training period was relatively brief (Lee, 1992: 87-88). Thus, the establishment of a home-based garment workshop came to be seen as an excellent choice (Lee, 1992: 88-89).

The relatively small capital investment to start a garment sweatshop – such workshops required small workspaces and a few relatively inexpensive machines – was also an important source of motivation for many Koreans to engage in the sector. After working in humble sewing and knitting jobs for several years, they saved up adequate funds to start up their own businesses. This proved an agreeable, accessible, and clear path towards steadily improving their economic situation. Some became independent manufacturers or wholesalers in their own right, and some moved to another sector to run different types of businesses.

The interview below reveals the poor economic conditions of many Korean immigrants and a typical view of the agreeable nature of the sewing option:

I came to Argentina in 1975 through my sister’s invitation. I spent $1,500 [US] dollars for the air ticket, so I had only $200 [US] dollars in hand. Imagine, around that time my mother-in-law’s house in Korea cost $1,500 [US] dollars. We could not afford to buy a house here at all. It’s the reason why we went to the poorer quarters. We first lived and worked in a [Korean] friend’s house, where there were four sewing machines. There, I
learned how to operate the sewing machine and worked for several months. Then I set up an independent workshop with the help of a Jewish manufacturer. (Interview No.1)

Other studies confirm that the garment industry is attractive to immigrants because it offers a variety of jobs that easily accommodate their conditions (Morokvasic, 1993; Light and Bonacich, 1991; Light et al., 1999; Chin, 2005). Particularly, as garment sewing and knitting work is regarded by the host society as lowly, it is usually available to immigrants and poses little barrier for entry into the labour market. For instance, a significant number of Koreans in the US easily got involved in garment sewing jobs in the immediate period after migration because members of the host society tended to shun such jobs. Likewise, some of my interviewees suggested that Argentine people were reluctant to take on sewing and knitting jobs, leaving them within easy reach of those first Koreans in Argentina, who soon created for themselves a niche in the sector (Interview Nos. 36, 40, 45).

5.3(3) Ethnic Networks and Family Labour Force

“The fate of immigrants depends on the people waiting for them at the airport on the arrival to Argentina.” This is one of the popular sayings I heard frequently during my interviews with Korean immigrants in Argentina. It demonstrates the importance of the role of ethnic networks and of the help from previous immigrants. Since Korean immigrants did not speak the local language, they depended heavily on other Korean immigrants to solve basic matters, such as renting houses and getting jobs (Interview Nos. 1, 10, 14, 17, 18, 30, 34, 36, 42, 46, 62, 80).
Reliance upon the Korean community was the natural or sometimes the necessary path to earn a livelihood and to make a life in Argentina. This adaptation process included sharing business information, job opportunities, training and skills, among other resources. For instance, more than 1/3rd of the interviewees (Interview Nos. 1, 5, 7, 10, 14, 17, 34, 62, 80) stated that they started the garment business directly after immigrating to Argentina. In only two cases (Interview Nos. 55, 62), Korean immigrants or their family had operated garment businesses in Korea. From this information, I infer that Korean immigrants opted first for the garment business as a result of their intensive dependence upon community networks.

Co-ethnic solidarity facilitated an extensive reliance on community networks, which in turn aided in the efficient transmission of the skills and the distribution of tasks, materials and opportunities. The more experienced immigrants taught newer arrivals how to operate sewing and knitting machines (Lee, 1992: 183). Some of the most experienced served as job distributors, basically as “middlemen” between the local manufacturers and other Korean subcontractors; they assigned tasks according to materials, models and colours to improve worker efficiency. For their efforts, they received commissions from Korean subcontractors (Lee, 1992: 181). Subcontracting was sometimes carried out among families and larger kinship groups, as well as in cooperation with the local extended Korean immigrant community. As the following interviews suggest, Korean immigrants highly depended on ethnic networks in the early stage of their settlement in Buenos Aires:

We first went to Santiago del Estero [Argentina] with an agricultural project in 1979. After living there for a year and having many hardships, we moved to Buenos Aires. We worked for a Korean lady who offered us food and lodging. There were five families there. The house lady brought work and distributed it to us. After working there several months and
learning the sewing skills, we became independent and started our own workshop. (Interview No. 46)

In Baegu [Villa Rivadavia; 109 chon], we knew everything about other Koreans. We also exchanged information in [Korean] churches. We knew who did the sewing job faster and better, and who paid back promptly and on time. (Interview No. 62)

In Seoul my family had run a shop that sold kitchenware. They didn’t know anything about sewing machines. My father knew some Korean acquaintances who had arrived earlier. Through their help, they bought some sewing machines and learned the job. (Interview No. 10)

There were many Koreans in the sewing business. We learned it through them. There is nothing impossible for immigrants. We just learned it, because we didn’t have any other choices. After learning, we started making money. Although profits per unit were very low, we had lots of works. (Interview No. 36)

Ethnic churches seem to have been a key place for sharing information and opportunities. Studies conducted in the US show that Korean ethnic organisations facilitated social interaction; these included churches, alumni, media, social and recreational associations (Thomas and Ong, 2015; 2018-2019). Religious institutions are of particular importance as approximately 80% of the Koreans in the US are Christian (Choi 2010; Min, 1992). Korean churches are places where new immigrants can meet and interact with other Koreans. In the Southern Califonia region, approximately 800 Korean churches function fundamentally as ethnic networks (Choi 2010; Min 1992).

In Argentina, several interviewees mentioned that Korean churches helped them to meet other Koreans and to share business information, as in the interviews below:
We got the business information at [Korean] churches. [Korean] churches functioned a lot as information centres for many Koreans immigrants. Korean immigrants obtained the information at [Korean] churches. For example, they learned where to buy or repair sewing machines and get work. (Interview No. 1)

When we arrived, we got information from other Koreans. Everyone went to the Korean church for information. However, there were good sides and bad sides for that. It was good to work with them [other Koreans] when you didn’t understand absolutely anything about the host country. However, there was always a lot of competition among Koreans, like these days in the wholesale sector. They didn’t release all the information honestly. For instance, they didn’t tell us the real sewing prices per unit. (Interview No. 46)

Use of the family labour force also influenced Koreans to choose the garment sector and to become competitive and successful entrepreneurs. Following are examples of this practice:

My younger sister and brother were a team; my elder brother and myself were another team; and my parents were the other team. We operated the knitting machine 24 hours a day. In Korea, our family bought only a small bag of rice a week. Here we could buy a big
one. Everything was modern and developed compared to Korea. We worked hard, but we had a very good time! (Interview No. 36)

In the beginning, we worked together with my parents and siblings. We got work for 30 sewing machines; but we had only five. We had to complete the work of 30 people, so we often pulled all-nighters. [...] We did the sewing job for three years. Since all the family worked, we could make good money to buy a house at the second year. Koreans used to say that if you had more children, you could make more money. (Interview No. 46)

All the family worked for 12-16 hours continuously and made good money. Actually, we didn’t have time to spend money. Since we lived in a slum, there was no tax, so we had no expenses. We also worked very hard, so we could accumulate good capital and prepare for a better business in the next stage. (Interview No. 15)

Operating a family-based workshop was usually the first job on the economic ladder, a critical pathway to accumulate capital and move upward into another business. Many of my Korean interviewees (Interview Nos. 1, 11, 15, 30, 46, 60) stated that after hard work for several years, they or their family could accumulate adequate capital to start a business in another sector, such as a grocery shop. Alternatively, they moved to larger-scaled businesses, such as garment factories, or wholesale/retail shops, in the garment sector. Buoyed by the family-owned business model, an ethic of hard work and effective use of reliable community networks, Korean immigrant businesses grew rapidly.

5.4 Direct Contact with Local Business People

As examined in the previous section, most Korean interviewees confirmed that they learned how to do the sewing/knitting work and got their first jobs through other members of the
Korean community. However, eventually many of them became independent and managed their own businesses through direct connections with “wonjumin” (non-Korean) local entrepreneurs. According to Korean experiences and anecdotes from that time, these contacts were primarily with the Jewish businesspeople who had earlier become well established in the same sector:

On arrival, acquaintances helped us to rent a house and gave us sewing work. Afterwards, we just went to Once neighbourhood where many Jewish businessmen worked, and directly knocked on doors. We first used body language, learned how to greet and then communicated using simple sentences or the dictionary. We got sewing jobs from them directly and distributed them at the church. (Interview No. 45)

Until we learned how to knit, we worked for other Koreans who gave us the job, then we started to deal with the locals. […] Later, we changed to sewing. At that time, we used the help-wanted ads in Clarín [a local newspaper] to get knitting or sewing jobs. With the newspaper, my sister and I visited shops. We often came across Koreans who were looking for the same jobs. In the beginning, only my family worked [in our business], but gradually we also hired seamstresses. Since we didn’t know the local regulations, we illegally hired 15 employees for a while. (Interview No. 36)

My father knew some Korean acquaintances who had arrived earlier. With their help, we bought sewing machines and learned the job. Later, we rented a house in Once and searched for sewing jobs through Clarín [a local newspaper]. At that time there were a lot of help-wanted advertisements in Clarín. We got jobs from the factory directly and did subcontracting for a while. During that time, most jobs for Koreans were for sewing and

\footnote{Korean immigrants in Argentina often use the term “wonjumin” which means “natives” in Korean to refer generally to “Argentines” or “non-Korean local peoples”. However, Koreans tend to specifically distinguish Jews and Bolivians who work in the same garment sector from Argentines.}
knitting. Eventually we hired more and more employees. In our case, we hired a lot of Argentines for the sewing. (Interview No. 10)

According to Putnam (1993; 2000), social cohesion is founded on a form of social capital that overcomes the lack of cohesive social trust associated with ethnic diversity. He helpfully distinguishes between the quite different roles of bridging and bonding social capital. Bonding social capital (strong ties) concerns exclusively social ties that people shape around homogeneity. On the other hand, bridging social capital (weak ties) concerns voluntary associations and horizontal ties based on common interests that transcend heterogeneous differences of ethnicity, religion and socio-economic status (Putnam, 1993; 2000; Leigh and Putnam, 2002). Bridging social capital is considered more valuable for social cohesion, since there is a fear that ethnic groups may bond too much within their own communities at the expense of integration into the wider society (Cheong et al., 2007: 29).

As seen in the early immigration stage, most Korean immigrants used community networks to get sewing and knitting jobs. Quickly however, they also actively made direct connections to other business communities; this adaptation to the local environment enhanced their chances to obtain business. In the beginning, informal co-ethnic networks may have been their only route to employment, accommodation, and even companionship. But this reliance had to be reconciled with wariness, competition and distrustfulness. As the following individual experiences demonstrate, they learned to combine bridging with bonding, beyond their ethnic community:

Some acquaintances had several sewing machines so I worked in their house. After a while, I wanted to run an independent workshop. I needed to buy sewing machines. At that time
Jews trusted Koreans very much, so they gave us credit. They knew where Korean immigrants lived, and Koreans kept their promises scrupulously, accomplishing and finishing the sewing on time. With their help I could buy sewing machines and [I] became independent. (Interview No. 1)

Since we migrated in 1976, we did subcontracted work for a Jewish businessman. He gave us knitting wool and we did sweaters for him. Jews used to control the weight of the finished products to account for the wool, and let us keep the remnants. So Koreans sprayed water on the sweaters to be able to keep more wool. However, my father was very honest so he gave back all of the wool to his Jewish business partners. Later they invited us to run a textile business as partners. It was the motivation for starting up our textile company. (Interview No. 15)

As earlier scholars claim (Deakins et al., 2007: 321), strong ties within informal community networks provide bonding social capital, which can be beneficial for early stage entrepreneurial development. However, strong social capital may be a limiting factor in some cases (Deakins et al., 2007: 321); curiously, weak ties have been viewed as being important for making strong ties effective in the later stages (Jack, 2005: 1234). Immigrants who establish strong, trusting relationships with their co-ethnics as well as who develop the necessary skills such as mastery of the local language may be able to adapt these skills to establish more extensive relationships, i.e., weak ties, beyond their own ethnic group (Ryan et al., 2008: 676). Such weak ties may assist the bridging role of social capital and become more important for later entrepreneurial development rather than at start-up (Deakins et al., 2007: 318). The practice of Korean immigrants who operate an independent business, actively forming a working relationship with local businessmen may be regarded as a form
of horizontal bridging, involving people of different ethnicities but occupying similar social positions.

5.5 Chapter Review

In this chapter, I have discussed the ways in which Korean entrepreneurs started out in modest subcontracted sewing and knitting jobs in the 1960s and 1970s, then progressed to becoming independent manufacturers in their own right. As seen in the analysis of individual experiences, various factors influenced their concentration in the garment production sector.

Newly arrived groups usually encounter a variety of difficulties in socially and economically integrating into their host countries (Light and Bonacich, 1991; Light and Gold, 2000; Light and Rosenstein, 1995; Min, 1984; Volery, 2007; Waldinger et al., 1990; Barrett, Jones and McEvoy, 1996; Basu, 2006). For example, finding employment in host contexts can be particularly challenging when immigrant groups are disadvantaged due to a language barrier or ethnic/racial discrimination, among other factors. In the early stage of Korean immigration in Argentina, language seems to have been the main disadvantage confronted by immigrants. Thus, they started out with the modest sewing and knitting work which did not require language skills. They worked in family and ethnic-based subcontracted workshops, which was a relatively agreeable, accessible business and required a short period of time for training, as well as little capital investment.

Rationally, they gravitated towards self-employment via apparel manufacturing, which was also convenient due to their limited access to capital. Many of the earliest Korean garment
workshops basically relied on the willingness of the owner’s family to accept difficult working conditions and to endure long hours of labour. Additionally, cultural factors such as a shared ethic of hard work were critical for Korean immigrants to establish a significant foothold within the garment industry.

Although some interviewees mentioned the 1960s and 1970s Argentine social, economic and political environments, they did not perceive those issues as significant in relation to their entry into the apparel production sector. In those early stages, they were unfamiliar with the character of the local environment.

As many of my interviewees suggested, informal network ties within the ethnic community were an important factor that facilitated the entry of the new immigrants into sewing and knitting jobs. Their experiences demonstrate some of the ways in which Korean immigrants began to combine bridging with bonding social capital, in the terms suggested by Putnam (2000). Initially, most Korean immigrants relied on the practical support and the companionship of acquaintances, close friends, and church members within their ethnic community, for a range of reasons including language, job opportunity, and lack of familiarity with the environment. However, they eventually established working relationships with non-Korean entrepreneurs, including Argentines and other ethnic business communities in the same sector, thereby expanding their work opportunities and their social horizons.

Clearly, the role of social capital is extremely complex. Bonding social capital is a crucial resource for new immigrants eager to develop a business. However, break-out or diversification strategies require bridging social capital and extra-community networks in
order to join the mainstream society. Eventually, as we will see in the next chapter, bridging practices arose in different ways and at different times.
6. From Production to Distribution: Expansion of the Korean Garment Business (1980s-1990s)

By undertaking low-status sewing and knitting jobs during the 1960s and 1970s, Korean immigrants established a secure economic foothold in the Argentine garment industry. In the 1980s, Korean immigrants started opening wholesale or retail shops based on the know-how they had acquired in the previous stages and on the economic advantages they had in the sector. In this chapter, I illustrate the ways in which Korean entrepreneurs have expanded their businesses from simple subcontracted jobs to complex retail and wholesale operations in the period of the 1980s and 1990s. In so doing, I examine the primary resources, contexts, and factors that influenced the rapid growth and upward mobility of the Korean business community. Rather than a singular, narrow focus on the positive advantageous aspects of ethnic resources and host environments, I also pay specific attention to the negative effects of those elements in order to portray the often complex and complicated processes of Korean business development during these essential advancement and consolidation periods.

I begin this chapter by discussing the dynamic expansion processes undertaken by the entrepreneurs into the Korean garment workshops and factories, along with retail and wholesale shops, throughout the 1980s and 1990s, the so-called “Once period”. Next, I focus on the initiation and growth of the wholesale area around Av. Avellaneda in Flores. Finally, I analyse the diverse factors that influenced Korean business development and

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42 In the 1980s and 1990s, Korean wholesale clothing shops – largely Jewish owned – were mostly concentrated in Once neighbourhood occupying up to 1/3 of this area (Lee, 1992: 322-333); therefore, Lee (1992: 197) named this period the so-called “Once period”. However, eventually, the garment wholesale cluster around Av. Avellaneda started growing around the turn of the new century (Lee, 1992: 322-333).
economic mobility, demonstrating that ethnic-based resources were one of the most significant elements for many ethnic Korean entrepreneurs in that period. Equally important, I review some of the negative effects of ethnic resources interwoven into the complicated economic conditions in the host country.

6.1 Korean Garment Sweatshops in the 1980s and 1990s

As illustrated in the previous chapter, leveraged with family and ethnic labour, hard work, discipline, and the effective use of reliable community networks, the small Korean workshop owners made notable economic progress. As shown below, a Jewish interviewee attributed the Koreans’ rapid success to low costs and better quality work:

The reasons why Jews preferred Korean or Bolivian sweatshops were simple: Argentine workshops charged more, but Argentines did not sew clothing as well as Koreans or Bolivians. (Interview No. 40)

Compared to the previous stage, one of the distinctive changes in Korean workshops was a shift in the primary labour force. My field data suggests that Korean immigrants initially conducted machine sewing and knitting jobs in the 1970s. However, eventually, with the increasing demand for production and the growth of their workshop scale, Korean entrepreneurs operated their workshop with additional, often non-Korean employees (Bialogorski, 2004: 97-98). They began recruiting workers from outside their ethnic group; mainly undocumented Bolivian or Paraguayan immigrants for low-paying knitting and sewing jobs. Later, Bolivian immigrant labour came to be preferred over other Latin
American workers, as the Korean entrepreneurs believed Bolivians had a better “attitude” (Bialogorski, 2004: 97-98).

In the 1980s, as government programs attempted to eradicate slums, numerous Koreans moved to residential areas with better living conditions (Lee, 1992: 232-233). However, those Koreans unprepared to leave familiar networks, settled close to the shanty towns where they had been living, particularly around Villa Rivadavia in the district of Flores (Lee, 1992: 237). Another reason why some chose to remain near Villa Rivadavia was the access to new immigrant labour from neighbouring Latin American countries that re-settled in the slums despite the government programs (Lee, 1992: 239). This is the area around Av. Carabobo (Korea Town) where Korean sweatshops are concentrated today (please refer to “Korea Town” in Map 3, on page xii). A Jewish businessman who had long been working in the sector described the development of Korean subcontracted workshops as follows:

Those were other times. In the 1970s and 1980s, if you worked hard running a small sweatshop based on family labour for 2-3 years, you could buy a house or accumulate enough money to start another business, such as a garment retail shop or even a wholesale shop. Additionally, they [Korean immigrants] didn’t spend their money. They didn’t have time to spend the money they made, because of the hard work. Around 1985, Korean immigrants started to be very visible in garment wholesale and retail sectors throughout the whole country. Yet, since then, Bolivian workshops have replaced the Koreans very rapidly. I think Koreans only managed garment subcontracted workshops for a relatively short period of time. (Interview No. 40)

Apparently, they did so for most of the 1970s and the 1980s. In the 1990s, the number of Korean sweatshops declined, while the number of manufacturing plants, wholesale shops
and retail shops increased remarkably. According to the best available estimates, 20-30% of today’s ethnic Koreans are operating subcontracted sweatshops, in which they typically hire Bolivian workers.43 Within the Korean community, this subcontracted job is regarded as the lowest step on the business ladder, one which requires limited start-up capital. Many ethnic Koreans from China (Joseonjok) who arrived in Buenos Aires in the 1990s settled within the local Korean community and took over the operation of sweatshops. A Korean Chinese who achieved relatively rapid success in running a garment sweatshop put it this way:

I managed to buy several [sewing] machines by borrowing some money from other Korean Chinese [immigrants]: a few hundred from here, and a few hundred from there. The shop [owners] I was working for helped me a lot. They paid me in advance and gave me a lot of sewing to do. I bought seven [sewing] machines with $5,000 [US] dollars. I first hired Korean Chinese and later several Bolivians. […] Only during the summer in 1996, I made $15,000 [US] dollars of profit. (Interview No. 60)

Further discussions on the detailed management issues of the current Korean sweatshops will be continued in Chapter 7.

43 Interview with Hanjun Park, the former president of the chamber of Korean entrepreneurs in Argentina (Interview No 65).
6. From Production to Distribution

6.2 Toward Independent Manufacturing

As mentioned in Chapter 5, since the early days of Korean immigration, many of those small manufacturers personally visited retail shops in the greater Buenos Aires metropolitan area to sell their own lines of clothing. However, since the 1980s, Koreans started opening wholesale shops in the Once neighbourhood of Buenos Aires or retail shops in the provinces; thus, Korean independent manufacturers sold clothing directly to Korean wholesalers or retailers in larger quantities.

In the 1980s and 1990s there were many Korean garment factories. In those days, wholesalers didn’t manufacture clothes directly. Most Korean wholesalers and retailers used to buy ready-made-garments in those factories and sold them in their shops. (Interview Nos. 10, 16, 35, 80)

When I initiated my research, I did not pay much attention to these independent manufacturing operations (Argentine Spanish: fabricante directo; Korean: otgongjang) that Lee mentioned briefly in his community history book (1992: 191-194). Even though Korean immigrants repeated similar stories regarding such entrepreneurial activities in many interviews, it was difficult to identify and meet those independent manufacturers despite frequent inquiries in the community; further, documented sources of this phenomenon were non-existent. At last, in the final period of my field research, I obtained some valuable opportunities to interview Korean immigrants who had operated those manufacturing plants in the 1980s and 1990s. With the exception of some small factories that manufacture and supply sweaters or basic clothing such as leggings and sleeveless shirts to fixed clients (wholesalers or retailers), there are very few independent Korean garment factories today.
The story of these independent manufacturers proved to be one of the crucial findings of my field research: their role was extremely important in the overall development of the Korean apparel business in Argentina. An interviewee narrated his experiences as an independent manufacturer in the 1980s and 1990s as follows:

My parents knew how to make clothes because they ran a small factory with a sweatshop in Haebangchon in Seoul before we came to Argentina. After running a subcontracted sweatshop for several years in Ciudadela, we were able to make enough capital to create our own production factory. My parents were from North Korea. They knew how to make clothes, but they neither spoke Spanish nor understood the market system in Argentina. I am the youngest son, so after graduating from high school in 1985, I helped run the factory until we re-migrated to the US in 1995. I used to choose the models [styles], usually by copying samples from department stores or from fashion magazines, and my mother made the patterns. My parents did not want to open a shop, because they understood neither the language nor the legal regulations. In addition, to open a wholesale shop was much more costly, because of the rent and taxes. For them, it was much more convenient to run only the factory. The business was going really well! We never had any stock left after each season. (Interview No. 55)

As the above interview demonstrated, Korean independent manufacturers were engaged exclusively in garment production: designing, producing and supplying apparel to Korean retailers or wholesalers. These plants were invisible in-home factories; they were neither formally operated nor open to non-Koreans. Only Korean immigrants had information and access to these Korean manufacturing plants through the community networks, so they were highly regarded as a hidden driving factor to supply ready-made-clothing to Korean wholesalers and retailers. For Korean wholesalers who did not have the experience and
knowledge of clothing manufacturing, these suppliers were crucial, because these invisible factories allowed them simply to buy and re-sell ready-made garments to local retailers. Korean retailers in the provinces also bought clothes directly from these co-ethnic manufacturers thus bypassing wholesalers; they thereby obtained clothing at wholesale prices and sold them with a higher profit margin. This cooperation helped new Korean entrepreneurs to compete with established Argentine wholesalers and retailers. The following interview comments reflect the comparative advantages that those Korean manufacturers provided for their fellow Korean retailers and wholesalers:

Those factories provided clothes exclusively to Korean wholesalers or retailers. It was a driving force allowing Korean immigrants to open retail or wholesale garment shops easily, particularly for those who didn’t have any previous experience in garment making, like myself. (Interview No. 1)

Those manufacturers played the middlemen role between Korean garment wholesaler and retailers. At nighttime, many Korean retailers visited our factory to buy clothes, because if they avoided wholesalers, they got higher profit margins. Argentine retailers bought from Korean wholesalers in Once during the daytime. I mean Argentine retailers had to go through one more step and got smaller margins. (Interview No. 55)

Since the late 1980s, Korean garment manufacturers have launched larger-scale operations aided by computerised systems for pattern making and fabric cutting. These technological advances, as well as the import of new industrial machinery from South Korea, enabled them to become highly competitive (Bialogorski, 2006: 295, Lee, 1992: 319). The Korean companies that manufactured the new machines sent Korean technicians to Buenos Aires for training and assistance (Lee, 1992: 333). Newly arriving Korean immigrants brought
jacquard card-knitting machines from South Korea in order to produce higher quality sweaters, thereby creating a boom in sweater production in the Argentine market (Lee, 1992: 333). Thus, those transnational connections with the home country proved useful ethnic resources to support technological improvements of Korean garment businesses.

Since the mid-1990s, these independent manufacturers started opening their own wholesale shops in the area around Av. Avellaneda in the Flores district, in order to sell their products to retailers directly. In other words, those Korean manufacturers extended their operation systems to both production and distribution, by running wholesale shops formally around Av. Avellaneda. As the figures below show, the advertisements of Korean manufacturers and/or wholesalers were common in the community newspapers in the 1980s and 1990s. The analysis of these wholesale shops in the 1980s and 1990s will be continued in the following sections.
6.3 The Booming of Korean Retail Garment Shops

The growth of Korean garment manufacturing coincided with the opening of Korean retail shops beyond the City of Buenos Aires, in the provinces of Argentina. This expansion was discussed by two interviewees who have been operating their retail garment shops in Quilmes (a district in the Greater Buenos Aires area) and Bahía Blanca (a city located 700 km from Buenos Aires) since the 1980s:

We started as street vendors in 1984. We bought ready-made clothes from Korean manufacturers and displayed them on improvised benches in crowded streets of suburban Buenos Aires. Later we discovered street fairs being held once a week. Every day we visited different fairs to sell clothes. Fortunately, in 1990 we were handed over a retail shop in Quilmes from a Korean who had failed, only paying $2,000 [US] dollars for it. Since then we have made quite good progress, although we had some difficulties to manage our business because of the economic crisis and other money problems with Korean friends.
However, while running this business, I managed to send my son and daughter to the US for their university education. (Interview No. 42)

After we married, we ran a retail shop in Moron, Province of Buenos Aires, for three years. We also ran a wholesale shop on [Av.] Avellaneda for a year, but the business was not going that well. At that time, my elder son was 3 years old, and the youngest was 1 year old. The poor babies were always in a dirty corner of the wholesale shop. Because of them, we decided to go to the provinces where our working conditions were more flexible. In 1989, we moved to Bahía Blanca. Here all the businesses close during siesta time, from 1 pm to 4 pm, and there is no shop key money to rent a shop, so it is much easier to start a business. (Interview No.10)

During my field research, I heard similar stories from Korean retailers who have operated in diverse Argentine provinces (Interview Nos. 5, 10, 14, 16, 42, 46, 80). According to Lee (1992: 248-249) and my interviewees (Interview No. 10, 46), there were many advantages to operating retail garment shops in the provinces. An obvious advantage was that the shop rent was much cheaper; further, property owners did not require that Korean retailers sign a lease guarantee bond such as that imposed by the City of Buenos Aires. Moreover, they were able to purchase apparel stock on credit or with post-dated cheques from Korean wholesalers or manufacturers, based on ethnic networks and trust. The expansion into the provinces seemed to some like a tidal wave:

In those days Korean retailers were everywhere to be found in Argentina. Korean immigrants spread out around the country and opened retail shops even in very remote small cities and towns. (Interview No. 1)
This interview suggests a perception of the growth of Korean retail shops in the provinces in the 1980s and 1990s. Table 6-1 confirms the validity of that impression, indicating that the number of Korean-owned retail garment shops in the provinces, outside of the Buenos Aires capital district, increased sharply in the 1980s. That growth was buoyed by a credit system based on ethnic bonds between Korean retail shop owners and manufacturers / wholesalers (Lee, 1992: 249). Furthermore, Korean retailers sold with a 50% profit margin, in competition with Argentine retailers who operated with 100% profit margins (Lee, 1992: 249). The resulting intense competition forced most retailers – both Korean and Argentine – to lower their prices and reduce their profit margins. Marketed to middle- and lower-income consumers, the clothing produced by Korean manufacturers was sold in numerous co-ethnic retail stores throughout Argentina (Bialogorski, 2006: 296).

<table>
<thead>
<tr>
<th>Year</th>
<th>1986</th>
<th>1988</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean wholesale shops in the Once neighbourhood</td>
<td>139</td>
<td>117</td>
<td>245</td>
</tr>
<tr>
<td>Korean wholesale shops around Av. Avellaneda</td>
<td>4</td>
<td>42</td>
<td>85</td>
</tr>
<tr>
<td>Korean retail shops in the provinces</td>
<td>96</td>
<td>132</td>
<td>204</td>
</tr>
</tbody>
</table>

<Table 6-1> Numbers of Korean garment shops in Argentina (Lee, 1992: 318; 327)

Yet, unfortunately, the combined effect of this high dependence on ethnic ties as well as the cutthroat price competition among Korean retailers inside the same cities had some unwanted negative consequences. The price competition was a huge problem for retailers in the provinces, because they ran the same type of business and sold the same or similar types of clothing made by the same Korean manufacturers, as the below interview suggests:
20 years ago when I ran a retail clothing shop in Moron, there were not many Korean wholesalers like nowadays. There were only some in Once, and many Korean garment factories around Baekgu chon [Korea Town in Flores]. I mean the garment production and wholesale were totally separated. Factories provided clothes exclusively to Korean wholesalers or retailers. At night, Korean retailers visited factories to buy clothes directly [so that] we got higher profit margins. Only Koreans had information on the factories, because those factories were not formally operated. They were helpful for Korean retailers to make good profits compared to Argentine [retailers]. However, there has been always too much competition between Koreans. When I ran a retail shop in Moron, there were three other Korean shops in the same block, plus another three in the next block. Korean retailers always checked the shop windows of other Korean retail shops and then adjusted their prices. When I visited Korean factories, I had to grab hot items before other retailers, because they were gone too fast. (Interview No. 80)

Among Korean retailers in the same city, price fixing was proposed as a solution in order to maintain profits and avoid competing with one other. However, cartelisation was not easy to achieve because some who wanted free competition did not agree to fixing the price; in addition, “dishonest” retailers did not respect the agreed prices, as the following experiences and views show:

When I was running a retail shop in Mendoza, it was proposed that I respect a common fixed price. Koreans always said yes whether they respected them or not, but actually most of them did. I didn’t agree to that. Each shop should have distinctive characteristics to attract customers. If a regular customer buys a lot of clothes, I want to give her a discounted price. I think fixing the price was a kind of dishonesty. (Interview No. 46)

I don’t know how it works now, but when I ran a business in La Plata [in the late 1990s],
competition was high. There were 12 Korean retailers there. They [the other Korean retailers] asked us to agree to a guide of fixed prices there. We got together every month and reviewed the guide: for example, *remera* [t-shirts] prices were fixed at $10 pesos, *blusa* [blouse] at $15 pesos. From time to time, they also checked the prices, so that everyone would respect them. However, there were some bad and dishonest people who didn’t.

(Interview No. 5)

Similar stories were presented by many Korean interviewees. The intra-ethnic business competition is not unique to Argentina; it has been observed among Korean businesses in the US. Kim and Hurh (1985) argued that, while ethnic resources can facilitate the immigrants’ business entry and provide competitive advantages, they may cause serious problems, such as intra-ethnic business competition. They explain this intra-ethnic competition in terms of the “overcrowded effect” (Kim and Hurh, 1985: 105). In the absence of attractive alternative employment opportunities in the host country, a disproportionate number of Korean immigrants tends to enter the same type of markets and engage in the same type of businesses, utilising the same ethnic resources and networks (Kim and Hurh, 1985: 105). As a result, such hyper-concentration in a specific business area intensifies intra-ethnic business competition, as is the case of an over-abundance of Korean garment retail shops in the same provincial Argentine cities.
6.4 Expansion into Wholesale in Once

Since the early 20th century, Once, a neighbourhood within the City of Buenos Aires, had developed as the center of the Jewish community and the hub of the garment trade.\textsuperscript{44} From the late 1970s, Korean immigrants began opening wholesale apparel shops in Once. According to Lee (1992: 197-198), the fact that Korean immigrants started moving from sweatshops, street vending and small grocery shops to wholesale apparel shops in the Once neighbourhood was significant; to Lee, it meant a step up on the lower- to middle-class ladder within Argentine society. The main driving forces for the “Once period” expansion in the 1980s and 1990s included the Korean immigrants’ accumulated experience and know-how; increased knowledge of language, habits and regulations; growing social integration; accumulated economic power, capital, and financing capacity; and finally, their keen desire to emulate success stories (Lee, 1992: 197-198).

In the 1980s, the number of Korean wholesale shops in the Once neighbourhood grew exponentially (please see Table 6-1). According to Lee (1992: 322-333), at the peak of its expansion in the 1990s, Korean wholesale clothing shops occupied up to 1/3 of this area. Two Korean interviewees described their experiences operating their wholesale businesses in the Once neighbourhood as below:

We did sewing, knitting, and manufacturing for many years. I am one of the Korean immigrants who opened a wholesale shop in Once in the early 1980s. I opened a shop on Sarmiento [street] using credit and gye funds. A few months later, there was a big devaluation. It was really difficult to get [US] dollars to repay the credit. […] The wholesalers and \textit{fabricantes} [manufacturers] were totally separated. I used [post-dated]

\textsuperscript{44} For the specific location of Once, please refer to Map 3 on page xii.
cheques to buy ready-made clothes from Korean fabricantes [manufacturers] who needed the credit to buy fabric. […] But eventually my business was successful, particularly from 1984. (Interview No. 36)

We came to Argentina in 1999. […] My mom rented a shop on Mitre street [in Once] thanks to some information my aunts gave her. We bought ready-made clothes. In our case, help from family was the biggest factor leading to entering the garment wholesale business. In Argentina if you seize an opportunity, you can be successful in the short term. In the past it was really easy to make clothes. Nobody went to Europe or the US to copy models as they do at present. If a model was a big hit, business grew immediately. […] We didn’t produce clothes; we received them from Korean fabricantes [manufacturers]. Our business was going well. (Interview No. 30)

During the growth period of the Argentine garment industry in the 1990s, ethnic Korean entrepreneurs captured a significant market share, particularly in female fashion apparel. They were able to expand into most aspects of the local garment sector: manufacturing, retail and wholesale sales, textile importation and production (Bialogorski, 2006: 295; Lee, 1992: 199). This was a significant development for the Korean immigrant community, in terms of economic improvement and upward social mobility within Argentine society (Lee, 1992: 197-198).

As the garments manufactured by ethnic Koreans grew in popularity, products were redesigned to reflect local tastes. Furthermore, quality was enhanced but without increasing the original cost. The changes resulted in a notable expansion of the customer base from lower-income to middle-class consumers; those middle-class consumers had been
accustomed to purchasing branded quality garments, but in the 1990s they had to live within a declining income (Bialogorski, 2006: 295).

6.5 Avellaneda Avenue in Flores: The New Clothing Wholesale Area

As briefly mentioned in the Korean independent manufacturers section, Korean garment manufacturers (producers) and wholesalers (distributors) operated as separate businesses until the mid 1990s: invisible independent Korean manufacturers supplied ready-made-apparel to co-ethnic wholesalers in the Once neighbourhood. However, by the end of the 20th century, many of those independent manufacturers opened their own wholesale shops around Av. Avellaneda in the Flores district, manufacturing and selling clothing at the same site. Thus, this new competition made it difficult for the already-established wholesalers in the Once neighbourhood for two reasons: first, the number of garment manufacturers who supplied ready-made-apparel was declining, providing limited quantity of clothing and increased prices; and secondly, because the older establishments had to compete with new shops around Av. Avellaneda in Flores, directly owned by the very same manufacturers...
who sold comparable merchandise at better prices. Some of those existing established wholesalers in the Once neighbourhood had to adapt their operations: therefore, they began to move to Av. Avellaneda, manufacture their own clothing directly, and incorporate both production and distribution operations.

The socioeconomic push was reflected in the growth of an entire new business area: Av. Avellaneda in the Flores district (for the specific location of Av. Avellaneda please refer to Map 3 on page xii). The area was settled by Jewish immigrants more than a century ago. Until the late 1970s, there were only a few shops on this street, as the neighbourhood was mainly residential (Lee, 1992: 319). It quickly evolved into a thriving hub for clothing wholesalers, spanning almost forty blocks in the southwestern part of the City of Buenos Aires (Bialogorski, 2006: 296).

<Figures 6-7 and 6-8> The Korean ambassador and representatives of the Korean community visiting wholesale shops in Av. Avellaneda in the 1990s (Source: The Korean Times in Buenos Aires)

The narrative below, based on his own experience, demonstrates how a Korean garment wholesaler in the Once district adapted to these changes.

When I opened a wholesale shop in Once in 1984, the production and the distribution were totally separate. We had some experience in subcontracted sewing, but we did not know
how to design and make clothes. We just bought ready-made clothes from Korean manufacturers and re-sold them to retailers until 1999. In the 1990s, those [Korean] manufacturers started opening their own wholesale shops, especially around [Av.] Avellaneda where the shop rent fee was much cheaper than in Once. They sold clothes directly in their own wholesale shops. Because I was re-selling ready-made clothes from the factory, I was not able to compete with the new wholesalers at factory prices. In 2000, we moved to Av. Avellaneda and started manufacturing our own clothes. (Interview No. 1)

In summary, the formerly separate garment production sector (Korean manufacturers) and wholesale distribution sector (Korean wholesalers in Once) began to combine into the unified complex operation of both garment production and distribution (Korean wholesalers around Avellaneda) by the end of the 1990s. With this shift, the garment wholesale cluster began to move from the Once neighbourhood to the Av. Avellaneda in the Flores district.

6.6 Ethnic Resources: Still the Main Reason to Enter the Garment Industry?

As is the case in other sectors, ethnic networks are referred to frequently in an effort to explain the participation of immigrant entrepreneurs in the clothing industry. According to Rath (2002: 173-174), social networks are important in explaining the formation of immigrant niches as well as individual entrepreneurs’ everyday management practices, even if they do not always account for how the first immigrants found their way into the garment industry. Social networks provide entrepreneurs with essential information about business opportunities in the sector, access to informal financial capital and cheap and flexible labour, as well as actual support in the performance of a variety of tasks (Rath, 2002: 173-174).
As examined in the previous chapter, ethnic networks functioned crucially to enable Korean immigrants to start up their own enterprises via the subcontracted garment sewing and knitting jobs. Similarly, those networks also facilitated their entry into the garment industry in later periods; this included those immigrants who came to Argentina under the investment category in the 1980s and 1990s as is evident in the following comments:

When we came here in 1986, there were not many options. Korean immigrants ran subcontracted sweatshops or grocery shops. The other option was to run a business inside the community, such as a Korean restaurant. My sister-in-law started a Korean restaurant and we opened a large scale subcontracted sweatshop with my parents-in-law. (Interview No. 17)

We immigrated here in 1993 under the investment category. I took over a retail shop in the City of Buenos Aires from an earlier Korean immigrant. He taught me where the manufacturing plants were and which items I could get from each factory. At that time we shared information in this way. Reliance on the community was indispensable. (Interview No. 80)

The above interviews suggest that the newcomers highly depended on the community networks irrespective of the time period; primarily, this was dictated by the language barrier that most Korean immigrants encountered on arrival in Argentina, as noted in the previous chapter. However, ethnic networks were helpful not only for new immigrants but also for those well settled, especially when they decided to change businesses. An interviewee who entered the garment industry after working in another sector made an interesting comment regarding that assistance from the Korean community:
I studied accounting at [the] University of Buenos Aires. After I graduated from the university, I got married and continued my family’s business: an electricity shop. My husband ran commercial businesses. Because of the bad economic situation in the 1990s, he quit and we started a retail clothing shop at [Av.] Cabildo in the district of Belgrano, a wealthy neighbourhood in Buenos Aires. We would buy high quality clothes from [Av.] Avellaneda or [direct] manufacturers. At that time, there were many Korean factories. We got the information from friends: where those factories were situated and which shops in [Av.] Avellaneda had good quality clothes, neat sewing or stylish garments. Actually following businesses that other people had been running was much easier than finding new ones in other areas. Following what the others have been doing is much easier. Because more than 90% of Koreans are running garment businesses, this is the easiest thing to do. This is much easier than finding a new area, because there are friends and family who can help. (Interview No. 35)

There are also cases of Koreans starting their own garment businesses after they had worked for Korean employers. Most of the Korean Chinese I interviewed (Interview Nos. 39, 60, 63, 66) followed this pattern. Ethnic networks functioned as a bridge between newcomers and previously settled immigrants as illustrated in this interview:

I worked on a Korean deep-sea fishing vessel. During our stay in the port of Necochea,45 I escaped to Buenos Aires with two [Korean Chinese] colleagues. It was the time when there were no Korean Chinese in Argentina. […] In the beginning, I worked at a Korean grocery shop, and in a billiard hall, among others. I ended up as a manager of a small Korean factory. The factory gradually progressed while I was working there for 12 years. […] Several years ago I started an independent business using the connections that I made in the factory. (Interview No. 39)

45 Necochea is a port and beach suburb in the south of Buenos Aires Province, Argentina.
6. From Production to Distribution

As demonstrated in the above interviews, mutual aid in the form of business opportunities and information provided Korean immigrants with a strong base on which to initiate and develop their own businesses. Furthermore, my field data indicate that sharing financial resources among co-ethnic members was a direct and powerful aid in raising the initial funds for Korean entrepreneurs in Argentina. The detailed analysis on issues related to the co-ethnic financial support will be included in section 6.8.

6.7 Kin and Friendship

In contrast to studies that concentrate exclusively on ethnicity as a source of economically productive social capital, Sanders and Nee (1996: 233) emphasised the family as an institution that embodies an important form of social capital that immigrants draw on in their pursuit of economic opportunities. As a way of socially organising production, the family’s chief advantages are not simply unpaid labour, but also the mutual obligations and trust characteristic of small-group solidarity. In their view, the family is a network of obligations that embodies the social, economic, and cultural investments made prior to immigration; subsequently, the immigrants draw on and continue to invest in the network during the process of settlement and adaptation (Sanders and Nee, 1996: 235). The family endows each of its members with the backing of collectively-owned capital, a credential that entitles members to credit in the various senses of the word (Bourdieu, 1986). Thus, the family comprises a social network that can be effectively harnessed to achieve collective goals (Coleman 1988b; Fernandez-Kelly and Garcia 1989; Sanders and Nee, 1996; Deakins et al., 2007).
Although ethnic networks appear to have been a key factor in entrepreneurial decision-making for immigrants, scholars also claim that social capital through family ties can be an important determinant of a different kind (Deakins et al., 2007: 312). The experiences of several interviewees support this claim, as illustrated below:

After doing subcontracted work for several years, I accumulated enough capital to open a grocery shop in Buenos Aires. At that time, my sister was running a wholesale garment shop. She was doing very well, so she strongly recommended that I enter the garment wholesale sector. Since then, I have worked in the garment wholesale sector for 30 years. (Interview No. 1)

I had a job in Korea, but my husband’s business became bankrupt in the 90s. My sister-in-law and brother-in-law were living here, so we came to visit them to see the possibilities of migrating to Argentina. I didn’t like Argentina and I wanted to go back to Korea with my children. However, they [my sister-in-law and brother-in-law] gave us all the information to start up a wholesale garment shop. They also helped us to borrow money from their friends via access to gye. We started the wholesale business only one month after arriving in Buenos Aires. (Interview No. 34)

While some emphasised support from family, other interviewees acknowledged that the help of close friends was crucial in the initial stage of their business, particularly in terms of financial assistance:

My business failed in Korea. When I came here in 1994, I had a $100,000 [US] dollar debt. A friend of mine, who was well settled and who ran a successful garment wholesale business, recommended that I open a retail shop in suburban Buenos Aires lending me $100,000 [US] dollars. My new business here was successful, so in two years, I could make
$200,000 [US] dollars and paid back all my debts. (Interview No. 14)

I started the garment business at the beginning manufacturing sweaters. Around the end of 1989, a friend of mine who worked with his parents and had lots of know-how in sweater manufacturing offered to share in a factory operation with him. It was not in partnership but as an independent business. I had my own knitting machine, but I didn’t know anything, so he helped me a lot. His help was crucial in terms of renting the factory and learning the know-how. I sold the sweaters in the wholesale shops here [around Av. Avellaneda] or a retailer came to my factory and directly bought from me. It was the way to run a garment business during that time. (Interview No. 72)

According to Davidsson and Honig (2003: 304), strong bonding and robust social ties are crucial factors that contribute to start-up entrepreneurial decision-making. As the above interviews demonstrate, this is particularly evident in the cases of those with close connections such as family or friends who own businesses and who can offer active encouragement and know-how based on experience, as well as financial support in some cases.

6.8 The Dark Side of Co-Ethnic Financial Support

Some scholars of immigrant entrepreneurial studies (Light and Bonacich, 1991; Light and Gold, 2000) have argued that an ethnic group’s internal organisational capacity and its strength determine the limits of exploitation opportunities. Ethnic groups with a high level of organisation provide co-ethnics with a collective capacity for organising new ventures. Although the main source of the initial capital for most small businesses is from the
owner’s savings, in many cases, other sources of funds are often sought (Light and Gold, 2000: 114-115). Light and Gold (2000: 114-115) suggested that co-ethnic support in terms of financing plays a particularly vital role for immigrant entrepreneurs, because such funding was the most important source of accessible financial capital beyond personal savings. For example, in his study, Yoon (1997: 142) demonstrated that Korean entrepreneurs in Chicago depended on several co-ethnic loan sources to initiate their businesses: 35% from kin, 19.9% from friends, 13.7% from Korean American banks, and 27.9% from gye funds (Korean rotating credit system).

Furthermore, Light (1972) noted that the Chinese hui, the Japanese ko and tanomoshi, and the Korean gye – rotating credit associations in their respective cultural traditions – have provided helpful mechanisms for Chinese, Japanese and Korean immigrants in the US to raise financial capital. The valuable and helpful functions of the gye system have been analysed by various scholars who have studied Korean immigrant business in the US (Light and Bonacich, 1991: 247-255; Light and Gold, 2000: 114-115; Yoon, 1997: 141-146).

As the scale of Korean businesses expanded, larger amounts of capital were required. In the early years, Korean entrepreneurs in Argentina often effectively used gye (or kye), their informal Korean rotating saving and credit system. This trust-based system was important for raising capital to rent the shops, to upgrade the machinery and much else. Many of my interviewees mentioned that they utilised the gye system at the beginning of their business operation; they viewed it as one of the most important factors that aided the growth of Korean immigrant businesses. Nevertheless, countless negative effects of the gye system also have been presented in the interviews and conversations with Korean entrepreneurs.

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46 Ardener (1964:201) defined a rotating credit system as “an association formed by a core of participants who agree to make regular contributions to a fund which is given, in whole or part, to each contributor in rotation”.

150
As this system is totally informally operated, it is highly dependent upon the reliability of the members. If one did not re-pay the money, it was difficult to maintain the system as these stories report:

My sister-in-law started a gye with some friends and me and they let me take the first turn. With that money I could rent a shop to start a garment wholesale business. When I came here, many people were running businesses with gye money. The first gye was a great help. There was not any problem at all with the people participating. They were reliable because they were my sister-in-law’s friends. I did two other gyes with the wife of my husband’s brother and her friends. I also did daily gyes. But I never got back any money from them. I was the last turn, and before my turn, the gyes were broken. Later, I had some money that I brought from Korea. I lent this money to a person, but this person never paid it back. It was a real problem within the community, because altogether this person borrowed $2,800,000 [US] dollars from many [Korean] people. My part was $70,000 [US dollars]. I asked her to pay it back, but she failed. After that, I never did any gye or lend any money. (Interview No. 34)

When I opened this store, I was taking the money from four different gyes of $2,000 [US] dollars each. After getting gye money in the first turn, I rented this shop. Of course, I did not have money for the clothes, so I took credits from Korean wholesale shops and factories to buy them. I paid back on time to them, and kept up my credit with them. I also gave the gye money back every month. Without those gye funds and credits from Korean wholesale shops, I wouldn’t have been able to open my own [retail] shops. Afterwards, I did gye several times and lent money to my son’s friend’s mom to help them, but unfortunately in the end, many did not pay me back. After those experiences, I don’t lend money to Koreans or do gyes any more. I lost not only the money but also the people. (Interview No. 42)
The problems and conflicts among Korean immigrants in Argentina resulting from abuses of *gye* and other personal loans were exacerbated by the high inflation rate and the frequent cyclical economic crises in the host country. In such a context, it was difficult to keep the rotating saving and credit system afloat, because the real value of the funds wildly fluctuated, almost daily, during the phases of the rotation.

Other credit systems between wholesalers and retailers or between manufacturers and wholesalers/retailers were also helpful in the development of Korean businesses. By depending on ethnic networks, Korean entrepreneurs established reliable relationships using credit or post-dated cheques. However, such high dependence had some negative consequences, because of the many entrepreneurs who took advantage during the difficult economic environment in the host country. The interviewees below illustrate this abuse:

Nowadays between wholesalers and retailers there are only cash transactions, but in the 1980s, we would usually deal with 90- or 120-day post-dated cheques, instead of cash. I would buy clothes made by Korean manufacturers and sell them both to Korean and Argentine retailers. I sold clothes to Korean retailers in the provinces. They were good clients for me, because they usually placed large orders. Since they were co-nationals, Korean wholesalers usually trusted them and gave them credit. The problem was that some retailers did not pay back the credit money or bounced the cheques intentionally. There were some bad Argentine retailers too, but most of the worst immoral retailers were Koreans. It was a real issue within the community. (Interview No. 48)

In those days we used 90- or 150-day post-dated cheques. The problem was the high rate of inflation. You never knew the actual [US] dollar exchange rate or the real value of money. People made improper use of this situation and dishonoured the cheques intentionally. Most people who did this were Koreans; although there were some Argentines as well. They had
the capacity to return the money on time, but extended the period to make a further profit from inflation. (Interview No. 52)

The majority of those I interviewed mentioned, without prompting, negative experiences relating to credit and money issues with co-ethnic Korean entrepreneurs. It was clear that ethnic networks helped Korean immigrants in their business ventures in many respects. However, not all Korean entrepreneurs adhered to the moral values held by their predecessors; thus, in some cases, increasing reliance on ethnic networks yielded negative effects.

The issue of problematic debtors who were not returning borrowed funds came to the fore in the 1990s as a serious challenge within the Korean business community. Eventually, it became the primary motive for the establishment of the Korean Association of Entrepreneurs of Av. Avellaneda (former Chamber of Korean Entrepreneurs in Argentina) in order to deal with those problems collectively (Interview No. 65). One of the first association actions was to publish the list of problematic debtors – a name and shame exercise – in the community newspapers in order to control damage (please refer to the figure 6-9).
6.9 Cyclical Economic Crises

As discussed in Chapter 4, Argentina experienced a severe 1980s macroeconomic crisis that peaked with two hyperinflation events in 1989-1990; subsequently, the domestic economy rebounded, started growing again in the 1990s with the imposition of several structural reforms focused on liberal markets and trade. When I asked Korean immigrant entrepreneurs how the Argentine economic contexts of the 1980s and 1990s had influenced their businesses, they tended to limit their responses to the previously cited co-ethnic credit system abuses or post-dated cheques issues that worsened in those crises. Several
interviewees recounted the advantageous economic conditions and their business growth during the 1990s rebound. However, in most cases, they evaluated the overall economic environment and its impacts on their business in the host country over several decades rather than explain the impact of the domestic economy on their businesses during a specific stage, as the following interviewee comments:

We didn’t know there were [economic] cycles. If we had known, we could have endured the crisis better. At the beginning, we were just busy making money day by day, so we couldn’t see it. Now we know that a down cycle is a bad economic period, but if we endure well, a good period will eventually come. Now we know how to adapt to [economic] cycles. (Interview No. 36)

The interview above was typical of the comments from Korean immigrants regarding the influence of the dramatically fluctuating economic environment on their businesses in Argentina. In Chapter 8, I will comprehensively analyse the Argentine economic cycles and their impacts on Korean garment business over several decades, rather than dealing with them in separate stages.

6.10 Chapter Review

Leveraged on the comparative advantages and know-how they accumulated while working in the apparel sector in the previous decades, Korean immigrants fuelled impressive growth in the garment wholesale and retail markets in the 1980s and 1990s. One of the driving forces was the invisible Korean in-home factories which supplied ready-made-apparel to co-ethnic wholesalers and retailers who did not have know-how and experience in garment
manufacturing. My fieldwork data demonstrated that the effective use of ethnic resources facilitated the sharing of business information and the raising of the necessary initial capital. Furthermore, I documented that family- and kin-based resources were critical for several interviewees.

The informal rotating saving system, *gye*, and other credit systems among the community members particularly aided the expansion of Korean retail/wholesale garment shops and stimulated upward mobility for many Korean entrepreneurs. Private loan, credits, and post-dated cheques were frequently used between wholesalers/manufacturers and retailers in an informal way, on the assumption that the ethnic networks would guarantee the reliable relationship and repayment among the community members. However, as indicated in this chapter, there were several negative effects caused by the high dependence on the ethnic networks and resources within the community. Keen competition among the co-ethnics who ran the same type of business was one of the inevitable risks/costs during the rapid development processes. Moreover, the difficult economic contexts in the host country, such as unexpected crises, high inflation, and constant changes in the real value of money aggravated those problems generated by the informal credit systems among Korean immigrants. As I will demonstrate in the next chapter, with the passage of time, the ways of using ethnic resources and the patterns of business management and strategies have evolved and been re-shaped among the Korean community members, with the twin aims of reducing negative side effects and simultaneously more effectively maximising individual profits.

In this chapter, I examine the development of Korean entrepreneurs with a focus on the economic performance and management practices in the Argentine garment industry since the turn of the century. After the 2001 fiscal crisis and the subsequent rapid economic recovery in Argentina, the expansion of Korean wholesale shops around Av. Avellaneda accelerated dramatically. As previous research has shown (Ojo et al., 2013: 588), entrepreneurial processes are often embedded in complex, dynamic factors, that include the interplay of individual, ethnic, and contextual influences. Thus, in this chapter I explore how Korean business practices and performances have been constructed and shaped; further, I examine the circumstances in which ethnic networks and resources have facilitated the development of both formal and informal business activities within the wider structural, economic, and political frameworks.

Initially, I review the general changes and development processes of Korean wholesale businesses around Av. Avellaneda. In the second part, I provide a discussion of the major influential factors shaping these changes with a focus on ethnic resources and the macro-economic environment. Then I proceed to analyse the ways in which Korean business management strategies have been shaped and subsequently re-shaped with a focus on the semi-formal and informal economic activities within Korean garment workshops and wholesale shops.
7.1 Korean Concentration in the Av. Avellaneda Wholesale Garment Market

Since the late 1990s, a substantial number of Korean entrepreneurs opened wholesale shops around Av. Avellaneda, in Flores (Lee, 1992: 322-333). The area became a highly commercialised middle-lower price and quality apparel wholesale sector with approximately 30% of the shops under the control of ethnic Koreans who are primarily producing and selling women’s clothing (Interview Nos. 65, 86).

According to the best available estimates,47 there are 1,400 Korean wholesale shops (including small shops or kiosks in shopping arcades and malls) among the 3,000 wholesale outlets in the garment wholesale district around Av. Avellaneda. The number of wholesale shops may be underestimated, as the number of small shops or kiosks whose owners do not produce apparel directly but re-sell the manufactured apparel is currently increasing (Interview No. 65). A Korean interviewee, who has operated a local real estate agency since the 1980s, described the development of the area like this:

At the beginning around [Av.] Avellaneda there were only a few Korean wholesale shops, about two-three shops per block. The wholesale market in Once [neighbourhood] was much bigger with Koreans holding a third of the wholesale shops [there], but of course there were many more Jews in those days. One of the disadvantages of Once [neighbourhood] was that it was difficult to find parking places for retailers and customers, because it is close to the city centre and to the area of Congreso [Parliament] where there were frequent [political] demonstrations and protests. Compared to Once [neighbourhood], [Av.] Avellaneda was much better for parking cars, and shop rents were much cheaper. In the 1990s, when the key

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47 In the interview with Hanjun Park (Interview No 65), the former president of the Chamber of Korean Entrepreneurs in Argentina used and cited the estimates provided from the same organisation prior to 2014.
money in Once [neighbourhood] was $100,000 [US] dollars, here [Av. Avellaneda], there was no key money at all. Koreans who had less capital opened wholesale shops in this area but it has grown really sharply. During the 2001 crisis, the growth stopped and the building prices fell. For example, the price of a $500,000-$600,000 [US] dollar shop went down to $200,000-$300,000 [US] dollars. However, after the crisis, it has been surging again. With the recovery of the economy, the price of this same shop rose to more than $1,000,000 [US] dollars. (Interview No. 86)

The same interviewee also estimated the property share of ethnic Koreans in the commercial area around Av. Avellaneda as follows:

Still, there were more Jewish property owners than Koreans. On the main street [Av. Avellaneda], the most buildings belong to Jews. On Arranguren [St.] where Korean wholesale shops are concentrated, approximately half of the owners are Koreans. There are fewer Korean building owners on Campana [St.], Cuenca [St.], Concordia [St.], and Bogotá [St.]. In total, Koreans own approximately 30% of the real estate property in the area. A residential area for ethnic Koreans has also formed around it. (Interview No. 86)

Therefore, the Av. Avellaneda wholesale sector was reorganised effectively by ethnic Koreans, for economic activities as well as for residential purposes: ethnic churches, restaurants, shops, etc. Once neighbourhood, which was the previously popular garment wholesale cluster has gradually lost its centrality in the new century; it functions more as a retail market for garments and accessories. Still, some Koreans operate businesses there: primarily garment retail shops. They usually purchase ready-made apparel from the Av. Avellaneda wholesale sector and sell in retail shops in Once neighbourhood, instead of manufacturing apparel on their own.
7.2 Ethnic Resources Today

Unlike in the previous decades when there was a massive influx of Korean immigrants to Argentina, Korean immigration decreased significantly in the 21st century. Furthermore, after the dramatic economic crisis of 2001, many Koreans left the country. Currently, most Koreans are immigrants who arrived in Argentina in the past decades, with new immigrants arriving infrequently. Early immigrants have established themselves firmly in the host country; they possess significant previous experience and know-how in the garment industry. By comparison to the previous stages, today’s immigrant entrepreneurs rarely
mention ethnic resources or co-ethnic help as a motivation to enter the garment business. Although the ethnic community does not provide direct business information or capital, it still frequently performs essential functions for new immigrants who seek a job or who start a new business. Korean entrepreneurs tend to sell their businesses to other Koreans; thus, the ethnic community often provides eventual business opportunities. The following interview reveals the experiences of a new immigrant who arrived in Argentina in 2007:

My husband was a cook in Korea; he knew how to run a Japanese restaurant. When we came here in 2007, we didn’t know Spanish. We had to open a Japanese restaurant within the Korean community. We failed in the business because we were new, so we didn’t know enough Korean people who could be clients for us. After we failed in the restaurant business, my husband started working in a Korean manufacturing workshop as a manager. He learned there how to manage a workshop. At that time we didn’t have money. An acquaintance sold us many used sewing machines on credit and made us pay back the money every month through a gye. In turn, he got the full gye money. Yes, his help was definitely great. However, it was also convenient for him. These days it is difficult to sell used sewing machines at a proper price through other agents or shops. Actually, it was good for both sides. For us, it was good, because we could start our own business with his help; for him it was convenient, because he could sell the used machines at a better price.

(Interview No. 18)

Except for some isolated examples from new immigrants as in the above interview, ethnic resources, in this contemporary phase, seem to have lost their centrality in the immigrant story. Today, ethnic Koreans tend to share general or basic information through community newspapers or via several Internet sites provided by the Korean Association or the
Chamber of the Korean Entrepreneurs in Argentina.\textsuperscript{48} When they need specific business information, they ask trusted friends or people from the same church for help.

Similarly, as noted in Chapter 6, after numerous problems related to unpaid debts among the Korean community members, the dependence on gye or on the extension of co-ethnic credit financing has decreased sharply. Many interviewees, particularly those who are running large-scale businesses asserted that they started operations with only their own money without any loan or credit from others. Although in a few cases, I heard of the use of gye for business purposes, it is primarily used today to promote friendship. Yet, those who received financial help freely admitted that it is still easier to get loans and credits from families or ethnic friends rather than from Argentine acquaintances. Following is the view of one such borrower:

> When we decided to make a change in the shop location, it was another big leap for us. We borrowed some money from a Korean family without interest because they were very close. It was a great help. If they had not lent the money, we would have probably asked other Korean friends, because Argentine friends are more complicated [in dealing with money]. [This is] because there is not much confidence between Koreans and Argentines; and also Argentines are not used to lending money to or dealing with cash among friends. Koreans are used to managing money in a different way because they make a lot of money frequently, but Argentines do not handle this easily. (Interview No. 37)

Like most Argentine wholesalers, Korean shop owners today usually accept only cash. Occasionally, they extend credit to reliable clients, which usually mean co-ethnic ones. For them, reliability means trust, as evidenced in the following examples:

\textsuperscript{48} The most used Korean websites in Argentina are Chamber of Korean Entrepreneurs in Argentina (\url{http://www.iacea.com.ar/gnu/bbs/index.html}); and Nammihanuri (\url{http://nammihanuri.com/}).
At my mother’s [wholesale] shop, there are many more Koreans than local clients. They [Korean retailers] usually pick popular items and take them on credit instead of cash. In my shop, the main clients are Argentine retailers. Since we don’t know the local clients well, we never give credit to them. (Interview No. 87)

Trust is very important. These days here [within the Korean community] everybody knows everybody. Since I was 28 years old, when I started running the retail shop, I keep paying back all my credit, so everyone knows I am a very reliable person. Koreans tend to pass the good business opportunities to other Koreans, but only to those who are reliable. If you don’t have enough trust, you never get that kind of opportunity. Dealing with money is completely based on trust. (Interview No. 16)

Although the above interviews suggest that reliability based on ethnicity is still a dominant feature of credit transactions, this relationship is not established exclusively between co-ethnics. Jewish owners of fabric companies also give Korean wholesalers credit, as pointed out by several Korean fabric sellers who give credit to their Korean wholesalers. However, owners of Korean or Jewish fabric companies seldom give credit to Bolivian businessmen as illustrated in the following interview:

When we [Korean textile companies] sell textiles to co-ethnic wholesalers, we deal with cheques or give credit. Jewish textile companies also sell to Korean wholesalers in the same way. However, we only use cash when we sell to Bolivians, because we don’t know them, so we don’t trust them. (Interview No. 6)

Contrary to my expectation, several Korean interviewees asserted: “I started and developed my business without any help from the other community members” or “it is not an ethnic, but an individual business”. This kind of comments was more common among cases from
recent decades than among those in the earlier stages, when immigrants newly arrived in Argentina did not have any choice but to depend on ethnic networks. Certainly, those claims of total independence from the ethnic resources are more prevalent among non-Korean entrepreneurs in the same sector; it is particularly true for Argentine entrepreneurs. For example, an Argentine entrepreneur stated:

At first, when I started in 2001, I would buy clothes in Flores and sell them in the Central Market. After that, I ran a business in La Salada; and then finally came over here [Av. Avellaneda]. I still have some stalls in the fair [in La Salada]. When I started to go to La Salada, I got some information and started cutting [manufacturing] a few models and eventually making [clothes] more. When I started my business in 2001, my grandmother lent me some money to buy clothes here in Flores. I didn’t know anything [about clothes]: absolutely nothing. However, I started figuring out little by little, asking people around for information face to face. Some people gave you information easily; others not. For instance, with the Bolivian lady next to our stall in La Salada, in the beginning we first started talking about other things and then when she started having some trust [in me], she started giving me the information [for garment manufacturing]. (Interview No. 31)

As noted in the above case, compared to immigrant entrepreneurs, the Argentine entrepreneurs in the same sector do not obtain any ethnic resource assistance, but use other types of resources in the process of developing their businesses. Thus, I argue that ethnic resources should not be considered as an absolute condition that determines the entry and development of Korean garment businesses crucially, but as one of the available resources that facilitate their businesses, in most cases. Furthermore, contrary to popular belief in the exclusively advantageous and positive effects of ethnic resources and networks, most of the
Korean entrepreneurs I interviewed stressed negative aspects of “ethnic businesses”. As analysed in the case of Korean retailers in Chapter 6, Korean wholesalers around Av. Avellaneda also resent the fierce competition among co-ethnic entrepreneurs in the same sectors as the below comments indicate:

The bad thing is that friends and relatives have become competitors in the end, because it is inevitable. We are running the same businesses in the same places. It’s a pity, but this is how it is! (Interview No. 72)

Once I made a very nice model that sold very well. One day, all of a sudden, it stopped selling. One of my clients told me that a young Korean lady across the street copied the same model and was selling it cheaper. Later, I talked to her about this issue, and she apologised. But it was too late. (Interview No. 17)

The [garment] market is limited, so even if the Av. Avellaneda [wholesale area] has been growing fast, there is too much competition among Koreans. Koreans could find other market segments instead of women’s clothing just as high fashion apparel Jewish entrepreneurs on Helguera Street did. Jews sell them with high prices to clients different from ours. But all the Koreans are concentrated in the same segment, so they don’t share business information and they compete with each other. (Interview No. 35)

While a considerable number of Koreans have achieved upward mobility, of course, it cannot be applied to all the community members. Certainly, there are some others who remain fixed in the same place or some who have even experienced downward mobility. Several interviewees (Interview Nos. 4, 6, 15, 16, 45, 65, 67, 86) raised the issue of the gap between rich and poor, as in the interview below:
My parents came to Argentina with $20 dollars. We lived in a basement without hot water in slums, but eventually they made a successful life. […] In the beginning, it seemed that everyone helped everyone and Koreans got along together very well. However, it is impossible these days. Everyone competes against everyone. Koreans fight each other. I think the other problem is that the gap between rich and poor is getting wider within the Korean community. In the 70s and 80s, most immigrants were poor; [I mean] most were from a similar social class, but as time passes, 20 or 30 years later, the gap between rich and poor is getting huge. Those [Koreans] who own buildings around Av. Avellaneda make millions and millions of dollars each month and accumulate more and more capital; however also many more poor Koreans appear each month. In the Korean churches, those [Koreans] who have more money tend to take important positions. The gap between rich and poor also has caused many conflicts and problems in several churches. (Interview No. 68)

As the above interview clearly demonstrates, the legendary successful upward mobility did not apply to all community members. As a result of these uneven trajectories, the cleavage between rich and poor grows deeper and wider within the Argentine-Korean community, as it did for Argentines as a whole, after the several severe economic crises. In other words, although most of them are physically confined in a specific geographic location and industry sector, Korean entrepreneurs cannot be viewed as a unitary business group: huge differences emerge among community members in terms of economic position, background, life trajectory, and degree of integration into the host society. As the classical theorists of “ethnic and class resources” claimed, while in the initial stage of Korean immigration and involvement in the garment industry ethnic resources played an essential role, today “class” resources appear to have become more significant for Korean
businesses. I will further examine the evidence on the importance of “class” resources for the current Korean businesses in Chapter 8 in the analysis of young Korean Argentine entrepreneurs.

7.3 The Macro-Economic Context and Structural Opportunity as Drivers

Other factors may be influencing Koreans’ to enter the garment wholesale sector today. As in the past, structural opportunities within the local garment industry may encourage entrepreneurs to assertively invest in the Argentine economy. Furthermore, the phase of economic growth, employment and real wages expansion that the country experienced roughly from 2003 to 2012 has evidently benefitted the apparel sector. Thus, many of those I interviewed who are currently operating garment wholesale businesses entered the market in the post-2001 crisis period (Interview Nos. 5, 12, 14, 16, 17, 29, 31, 32, 33, 34, 35, 37, 39, 41, 46, 47, 48, 49, 54, 55, 56, 57, 59, 60, 64, 66, 69, 72, 73, 75, 81, 82, 84, 87). They stressed that the rapid growth of the garment wholesale market was related to the recovery of the economy after the 2001 fiscal crisis.49 The following quote is representative of those views:

The conditions for the garment business have been very good, particularly, after the 2001 crisis. This is the reason why many Koreans mainly moved into the garment wholesale business. Domestic economic conditions for most business areas were generally good, but the clothing market was really flourishing. This led many Koreans to enter into the clothing

49 Argentina seems to have entered another phase of low growth/recession since 2012, but the effects were still not clear during my field work.
7. The Korean Garment Business in Argentina Today

wholesale business. I actually regret not to have moved into the wholesale sector earlier.

(Interview No. 72)

Several interviewees also pointed out that the comparative advantages and structural opportunities in the sector seem to have induced many Koreans to enter the garment wholesale sector. Here are two examples:

We started sewing only because of the language. In those times, we didn’t know how big and potential the market was. However, after being engaged in this sector for more than 30 years, from sewing to retail shop and to wholesale, we realised the garment industry is great to make money easy and fast. This is the reason why Koreans get involved in the garment business more and more. (Interview No. 16)

We hear a lot of successful stories from Av. Avellaneda. Although there are Korean businessmen who fail, many people believe that anyone could make money like the successful Koreans: start by running a sweat shop, move into a small stall in a mall, then to a shop in the back street and finally to a big shop in a front street [Av. Avellaneda].

(Interview No.18)

As the above interviews indicate, a considerable number of Koreans achieved upward mobility through available opportunities provided by the garment industry; this led many Koreans in Argentina to believe that business opportunities can yield comparative economic benefits and advantages. Thus, numerous Koreans have migrated from other businesses into the garment sector. The small grocery shop, for example, was another business preference for Korean immigrants in the past. Then in the 1990s, the small grocery business was threatened by the appearance of big multi-national supermarkets. Thus, many quit and entered the garment business because of their perceptions of greater opportunities
for upward mobility. Only the newer Chinese entrepreneurs, with lower profit margins, have made the grocery business profitable again. Following are the stories of immigrants moving into the garment sector from other sectors:

I ran a grocery shop from 1984 to 1998 and the size was quite big like a Chinese supermarket these days. However, I decided to close, because it was that time where many big supermarkets were entering Argentina, so my profit was getting smaller. Around that time, one of my nephews strongly suggested that we start manufacturing sweaters, so we did. (Interview No. 29)

Before, Koreans were not concentrated in the garment sector like now. Actually in the 1980s and 1990s, most Korean immigrants could be found in two sectors: apparel businesses and grocery shops. Some Koreans also ran laundries and electronic shops, among others. Then they moved into the garment business. Many Korean immigrants think that the [garment] wholesale business is at the top, and retail shops, groceries and restaurants at the bottom. (Interview No. 47)

The majority of the interviewees believe that the garment wholesale business has more advantages relative to other businesses that Koreans run, particularly grocery stores and other small shops. A Korean wholesaler who achieved relatively rapid success in operating a garment wholesale shop after transferring from another business sector put it this way:

Previously I ran a flower shop and then a laundry. Actually, I started the garment wholesale business because of personal reasons; I loaned money to a friend who was running a textile factory, but he failed, and instead of getting my money back, I got lots of fabric. I started this business without any help from friends or from the Korean community. But, I finally realised why Koreans increasingly enter this business. You can really make a lot of money.
When things are going well, retailers wait in line from the early morning to buy popular models. The amount of money circulating here is super big. It can’t be compared to the flower shops or laundries I had. (Interview No. 69)

As the interview above indicates, currently Korean entrepreneurs attribute their primary motivation to enter into the garment business to the comparative advantages within the sector rather than to ethnic networks and resources. A further attraction of the commercial clothing sector is the diverse array of business opportunities it offers; they are available to both large and small capital investors. In the new decade, shopping arcades or malls (Spanish: galerías) with small shops or kiosks have been popular; until recently they were still multiplying around Av. Avellaneda. The shop owners do not produce apparel directly but buy clothing from wholesalers and re-sell them to retailers. Those small shops provide opportunities to open businesses without large amounts of capital; thus, this may encourage many ethnic Koreans to enter the garment business.

7.4 The Issue of Informality: Current Management Practices in Korean Sweatshops and Wholesale Shops

As with global trends, the Argentine garment industry is characterised by informal business practices. With the high concentration of certain ethnic groups in the apparel sector, it has become a common misconception that ethnic or cultural features are the exclusive determinant of the industry’s informal business and employment practices. Specifically, Bolivian and/or Korean immigrant entrepreneurs have been often blamed for informal business activities in the Argentine garment industry. However, I argue that such outcomes
are not properly attributed exclusively to ethnic business practices but to structural sectorial and institutional frameworks, combined with other issues, such as ethnic and other available resources and relationships.

Although immigrant entrepreneurs and workers tend to be “significantly over-represented” in the informal economy, particularly in the garment industry, many scholars nevertheless argue that there is no strong correlation between ethnicity and participation in the informal economy (Jones et al., 2006; Ojo et al., 2013; Portes and Sassen-Koob, 1987; Williams, 2004; 2007). Therefore, it is crucial to separate and clarify two terms – ethnicity and informality. In this section, I stress the complexities in which business practices have been constructed and shaped within the larger structural, economic, and political contexts rather than exclusively focus on the informal management activities themselves.

As discussed in Chapter 2, scholars who hold classical views of “informality” have worked with a strict, analytic distinction between formal (regulated) and informal (unregulated) activities. In using the formal-informal dichotomy, they frequently replace the word “informal” with “black”, “shadow” “underground”, “subterranean”, “irregular”, “hidden”, “clandestine”, and other similar terms; thus, all informal economic activities have come to be viewed as negative, destructive, illegal, and chaotic. Moreover, such a dichotomy creates problems by simplistically dividing all economic activities into formal or informal – one negative and one positive. Thus, this narrow, simplistic analytic distinction between formal and informal economies limits the understanding of how business practices and performances actually have been shaped and re-shaped within the larger structural, economic, and institutional contexts.
Other scholars with more progressive views argue that it is simplistic and one-dimensional to classify all economic activities into “formal” and “informal” categories (Jones et al., 2006; AlSayyad, 2004; Ojo et al., 2013; Williams, 2004; 2007; Williams and Windebank, 2004). Further, AlSayyad (2004: 5) points out that urban informality comes from a process of structuration that constitutes the rules of the game and that determines the nature of transactions between individuals and institutions, as well as within institutions. While formality operates through the fixing of value, informality operates through its constant re-negotiability of value (AlSayyad, 2004: 5). Thus, it is difficult to organise and classify complex economic activities and issues under strict black and white categories. Recent scholars who address new divisions, segmentations and contradictions raise serious questions about the continuing problems with and usefulness of maintaining a simple-and-fast analytic dichotomous distinction between formal and informal economies; they suggest replacing black and white categories with a range that includes all shades of grey.

With this new theoretical approach to urban informality, useful analytical tools aid in understanding practices within the Argentine garment industry. They are particularly helpful to examine the garment wholesale area around Av. Avellaneda, where most Korean immigrants engage in semi-formal economic activities. The perspectives and experiences of Korean entrepreneurs in the sector illustrate how formality and informality can be interwoven and how difficult it is to clearly distinguish one from the other. As will be

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50 AlSayyad (2004:5) argued that such a conceptualisation implies that urban informality is a coherent mode of life in an era of liberalisation, when, in fact, the organising division is not so much that between formality and informality, as the differentiation that exists within informality and that marks off different types of informal accumulation and informal politics.

51 I interviewed many Korean entrepreneurs who operate garment wholesale business around Av. Avellaneda. In my interviews, I did not directly ask my interviewees the amount of money they declare from the sales in their shops or from the imports of Chinese fabric. However, some of my interviewees (Interview Nos. 6; 15; 172
demonstrated in this section, the Argentine garment industry is characterised by a complex range of economic undertakings with a combination of factors that suggest the irrelevance of simplistic, uni-dimensional attributes.

Through numerous individual interviews, I learned that informality in the Av. Avellaneda garment wholesale district varies substantially from shop to shop. As noted earlier, there are some general tendencies, i.e., the small shops are less formal than the larger ones. However, informal practices in Korean wholesale shops are evident in three aspects: (1) tax evasion; (2) pirated clothing from China; and (3) informal employment. Overall, the garment production sector is traditionally regarded as a highly informal sector. Thus, I proceed to examine how these issues are manifest in the Korean garment businesses in both the production and the distribution sectors.

7.4(1) Production: Korean Garment Workshops

As previously discussed, starting a sewing or knitting workshop was a preferred entry business for many Korean immigrants in the early years, because it required little initial. Today, operating a garment workshop is no longer a preferred option. On one hand, it requires greater managerial supervision; on the other, it does not seem to provide large profits. Thus, the number of Korean sewing or knitting workshops has been gradually declining with many Korean entrepreneurs moving to wholesale or retail shops.

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35; 52; 65; 67) provided direct and indirect information regarding informal management practices of garment wholesale businesses, implying much “flexibility” in taxes, imports and employment.
52 It is important to bear in mind that none of these are exclusive to the Korean business community.
53 In this research, workshops refer to subcontracting sweatshops that are differently classified from production factories directly owned by wholesalers.
Nevertheless, a few Korean immigrants continue to operate subcontracted sweatshops. Within the Korean community, this subcontracted job is regarded as the lowest step on the business ladder; thus, ethnic Koreans from China (Joseonjok) who arrived in Buenos Aires in the 1990s are currently operating many sweatshops within the Korean business community. Largely, these factory owners hire Bolivians for the sewing and knitting work.

As elsewhere, highly rudimentary, informal and ad-hoc management is typical of clothing sweatshops (Rath, 2002). Health and safety issues, and poor working conditions with inadequate lighting, ventilation and sanitation facilities, along with illegal employment practices, are all too common. The unregulated practices and exploitation intertwined with the survival strategies of illegal immigrants attracted the recent attention of several scholars (Bastia, 2007; Benencia, 2009; Goldberg, 2012; Lieutier, 2010; Montero, 2011; 2012; Porembka, 2013); they were particularly interested in the role of Bolivian immigrants in Argentine clothing production.

Argentine regulations – tight until the 1980s, relaxed in the 1990s and retightened since 2003 – distinguish between “homework” and “labour”; the former is only loosely regulated, while the latter is highly restrictive and protective. Within the distributed garment construction process, stakeholders (manufacturers) distribute fabric and models directly or through middlemen to sweatshops as “homework” thereby avoiding the strict labour laws. If “contractors” are detected between manufacturers, middlemen and producers, they are subject to a whole range of working conditions and wage regulations that dramatically change the profit picture. Illegal immigrants (tourist-visa holders with expired deadlines) are viewed as perfect fits for such jobs, because they can’t access legal work without residence permits. Among them, Bolivians (primarily), Peruvians and Paraguayans have
specialised in and actively used their ethnic networks to provide and distribute these illegal jobs.

The issue grows ever more complex because of State capacity deficits. Montero (2011: 214) argues that the incapacity of the State to enforce its own regulations is due to: (1) the lack of inspectors; and/or (2) corruption within the enforcement division of the government. Such factors intertwine to produce a highly unregulated business sector.

Since most of the sweatshops are invisible or clandestine, when they are identified, the bribing of police and tax or city government agents is frequent, as most Korean workshop owners agreed:

> No [tax] inspector has visited our house [workshop] yet. However, since we are immigrants, police officers come a lot, so we give them money every month. We are not doing it collectively, but individually. We give them $200-$300 pesos [$20-$30 US dollars by the exchange rate at the time] per month. Every month, a lower police agent comes to collect the money and pass it to the superiors. Our workshop is illegal [not formally registered], so that’s how they cut us some slack. (Interview No. 18)

> It is difficult to meet all the regulations that the government requires for a formal sweatshop: floor, light, windows, ventilation, workers’ salary and so on. In addition, if we register the sweatshop formally and make it visible, inspectors and police officers come often to check every single thing. Because of corruption, we prefer not to register formally. […] If they fine us, we must close the workshop and move to somewhere else, because we can’t pay that money. So bribing is the best way to solve the problem. […] We offer bribes regularly to inspectors and city police officers. (Interview No.11)
Likewise, in Korean sweatshops the “labour problem” is solved through the informal hiring of other immigrant groups, usually Bolivian illegal immigrants. While all of my Argentine field research proved valuable in learning first-hand about the lives of immigrants, the first day that I went to the labour market on Cobo and Curapaligüe streets in Flores and visited a sweatshop was one of the most unforgettable days in my life.

<Extract from my field notes on March 3, 2014>

After the four Carnival holidays, I thought that it would be a good moment to observe the labour market, because many Bolivian immigrant workers would go out seeking jobs and Korean workshop owners would also seek new workers. Many people told me that it was dangerous because it is located at the end of the 109 chon (Korea town) and at the beginning of the shanty town [Villa Rivadavia]; therefore, I only carried a small, inexpensive camera.

When I got out of the taxi, some men surrounded me shouting something [in Spanish]. I became really frightened, but after regaining my composure, I asked them what kind of work they sought and they replied “construcción” (handyman or construction). I said that I was looking for “costureros” (seamstress) and they told me to go across the street. There I found some Joseonjok [Korean Chinese] men and women (I recognised their accent). In addition, there were some other Koreans and a few Bolivians. I asked a Joseonjok woman why there were not many Bolivians today; she replied that they would come later. She ran a sweatshop for which she hired approximately 30 workers. Interestingly, workshop owners frequently interchange the expression “labour market” (illyeok sijang) with “human market” (ingan sijang). After 8 o’clock, more potential employees came. I approached and asked workers how much they expected to earn, as if I were a workshop owner; they replied
“between $20 and $25 pesos per hour [$2-$2.50 US dollars by the exchange rate at the time].” I attracted some attention from Korean and Joseonjok workshop owners who approached me and asked what I was doing. They were suspicious and asked me to leave the place. I told them that I was a researcher on the garment industry and wanted to know about sewing workshops. I also asked them to show me the workshops. A Korean lady kindly agreed and took me to a sweatshop located three or four blocks away.

On the way, she earnestly asked me not to come around those areas ever again, because it was dangerous to violate local norms. She cautioned me that her place was extremely shabby, but she wanted to show me just for my research. Her home is on the first floor, and the workshop was located above, on the rooftop; the workspace was covered with a big tent that protected lots of fabrics and bed mattresses. Around ten employees were working on electrical sewing machines. It was dusty and badly ventilated. The workers covered their noses and mouths with fabric remnants. I learned that the workers were Bolivians and I guessed that the electricity connection was illegal. For sewing a basic, common T-shirt, the sweatshop owner earned only $7 pesos, far less than $1 [one] US dollar. I felt sad for both the workers and the workshop owner.

The working conditions in most sewing workshops in Argentina are quite poor, as I noted during my own visits to several Korean-owned workshops. In the following sections, I will explore the conditions in Korean sewing workshops, the recruitment processes, and the labour relationship between Korean employers and Bolivian employees based on my interviews and personal conversations. As I explained in the Methodology section in Chapter 1, all conversations and observations were conducted and the pictures are taken with the permission of both employers and employees.
Work Conditions in Korean Sweatshops

In the past, significant segment of workers in Korean-owned sweatshops worked and lived under one roof. In the 1990s, the unregulated business practices and exploitation in sweatshops run by Korean immigrants in Buenos Aires were revealed in major newspaper articles that portrayed highly negative images and generated unfavourable stereotypes of the Korean community within the host society (Courtis, 2012: 146). Today, few Korean-owned workshops where employees work and live under one roof remain. In the meantime, as many Korean entrepreneurs and Bolivian employees agree, working conditions in Korean workshops have improved gradually. According to my interviewees, in most Korean workshops employees normally work 12 hours daily from Monday through Friday (from 8 am to 8 pm) and for 5 hours on Saturdays (from 8 am to 1 pm). Sometimes during the busy seasons, seamstresses may work more, including on weekends and holidays. This is especially true for those who are paid on the basis of the number of garments or parts of a garment produced (piece-rate system).

Typically, Korean sewing or knitting workshops are not formally registered. Employees are hired informally with no contracts; I neither encountered nor heard of any Korean workshop owner hiring seamstresses formally. The working conditions of the sweatshops in general are considered unacceptable. However, some workshops I visited provided better working conditions, with larger spaces and air conditioning during the summer; nevertheless, they were not registered and employees were hired informally.

The pay for seamstresses is usually calculated either by piece or by hour. Korean workshop owners mentioned the advantages and the disadvantages of each system. In the case of the
hourly system, seamstresses work calmly and slowly so the quality of sewn garments is generally high, while the quantity produced may be low. By contrast, under the piece-rate system, workers sew fast so the number of completed garments increases, whereas the quality tends to be lower; this means that the owners must individually check the sewn garments carefully. The worker’s salary may also vary depending on tasks, capacity and sewing quality. Thus, depending on the sewing type required for the clothing order, Korean workshop owners usually discuss the payment system and tasks directly with employees when hiring. Assistants, the lowest ranked employees in a garment workshop, are usually paid on an hourly basis. Some Korean workshop owners indicated that Korean Chinese workshop owners tend to pay employees a little bit less than Korean owners; they further suggested that Bolivian workshop owners pay much less than Koreans and that the working conditions in Bolivian workshops are much worse.

Recurring high inflation and exchange rate variations can affect the negotiation of a seamstress’s salary. It also complicates the conversion of their salaries into US dollars; however, applying the exchange rates commonly used in the first half of 2014 (peso:USD=10:1), I estimate that employees in Korean sweatshops earned $300-$500 US dollars a month. A workshop owner elaborates further in the following interview:

In our workshop, employees mostly work for hourly pay. Until last month, we paid $17 pesos per hour for assistants, but this month we are paying $21 pesos because of inflation. Currently, we are paying $24 pesos an hour for the highest and $21 pesos for the lowest. Employees work from 8 am to 8 pm; they have a half hour for lunch. We also give them milk and bread at 9 am and tea and biscuits at 5 pm. It is very difficult to manage a sweatshop nowadays. This month, the workers’ salary increased $4 pesos an hour and the
price of their lunch box also went up from $16 pesos to $20 pesos, but our payment from
the wholesaler remains the same. (Interview No. 11)

**Hiring and Working with Bolivian Workers**

Bastia (2007: 661) reported that for Bolivian employees, the nationality of workshop
owners was found to be important, although contrary to her expectations: Bolivian workers
preferred working in Korean-owned workshops. Bolivian employees acknowledged that
Korean employers demanded a longer working day and expected better work; however,
they felt that they were compensated for these demands in higher wages. Moreover, Korean
workshop owners were also deemed more reliable in terms of paying fully and on time
(Bastia, 2007: 661). An interview with a Bolivian employee who had worked both in
Korean and Bolivian workshops offers a detailed comparison:

Interviewer: How long did you work for the first Bolivian workshop owner?

Employee: About 6 months… or more… almost 8 months. There [at that workshop], I was
told that Korean workshops paid better. So I went to Cobo [Street] where we [Bolivians]
usually meet Koreans for work.

Interviewer: Were there any differences between Korean and Bolivian workshops?

Employee: Yes, there were differences in payment and food. Koreans paid better and the
food was also better. *Paisanos* (co-national Bolivians) pay but not in full payment. I would
say that for 15 days, they pay you $500, then $200, then $100, [pesos], etc; you don’t ever
see all the money owed to you at one time. Koreans pay you at once for 15 days: $2,000 of
$2,000 [pesos] or all together $3,000 of $3,000 [pesos] owed.
Interviewer: Do you prefer to work for Koreans rather than Bolivians?

Employee: Yes. A friend of mine works for her friend, a Bolivian. I asked her if her friend paid well. She told me “Yes, come to work with us”, but the place is very small and closed, there is no ventilation. I don’t understand how she works at such a small place.

Interviewer: Where is the workshop [in which you are working currently] located?

Employee: Downstairs is the home and upstairs is the workshop that has big windows for ventilation. *Paisanos* (Bolivian co-nationals) allow you to take a rest [for] only half an hour, but Koreans give 45 [minutes] for lunch. This is another difference. Food is also better [at Korean workshops], although these days Koreans buy food made by Bolivians, instead of cooking as before.

The incorporation of immigrants into the labour market of the host society is a dynamic process (Sanders, Nee and Sernau, 2002: 306). The research conducted by Sanders, Nee and Sernau (2002: 286) indicates that, at the low end of the labour market scale, immigrants are constantly on the lookout for even a marginally better job since every penny counts and the conditions of work are frequently harsh, irrespective of the employer. Therefore to improve their circumstances, it is not surprising that many Bolivian immigrants move rapidly to Korean garment workshops after acquiring the necessary skills and working only for a short period. This practice is widely regarded as a pragmatic strategy for achieving upward mobility among newcomers; nevertheless, with their foreign credentials and lack of local experience, significant upward progression is unlikely (Sanders, Nee and Sernau, 2002: 286).
Interviewer: When Korean or Bolivian workshop owners do not pay, why don’t you go to the police?

Employee: They get afraid when I tell them: “if you don’t pay in time, I will report you to the police” and they say “no, no, no, no please” and get afraid.

Interviewer: All of them? Korean and Bolivians as well?

Employee: But Bolivians say “how you can report me to the police? I am your paisano (co-national)!" Actually Bolivians tell you, “it doesn’t matter” but Koreans get a little afraid.

Interviewer: But then why do Bolivian workers still work for Bolivian workshop owners?

Employee: Because some have just arrived, so they don’t know where to find work. The same Bolivians bring workers directly from Bolivia. They [Bolivian workshop owners] don’t let them [Bolivian workers] go out, not, even to the corner. That is the reason why some paisanos (co-nationals) don’t know anyone around here. Others who know people escape [from Bolivian workshops] and want to work with Koreans.

The above interview demonstrates that because of those disadvantages and abuses generated by the co-ethnic employers, Bolivian workers tend to prefer working in Korean-owned workshops. For Bolivian workers, co-ethnic networks can function as not only advantages but also as disadvantages, particularly for those vulnerable and in desperate need.

For a comprehensive analysis of employment management in the Korean sweatshops, it is essential to consider the perspectives of the Korean employers on their Bolivian employees. According to Rath (2002: 177), more standard tasks in the garment industry are allocated to employees with fewer skills and those who are newer and therefore less trusted.
Entrepreneurs prefer to recruit these workers from their co-ethnic networks, or at any rate from their own ethnic group; in practice, this is not always possible (Rath, 2002: 178). As these entrepreneurs achieve upward social mobility, they can no longer rely exclusively on familial and co-ethnic networks, and must recruit from other groups (Rath, 2002: 178). This has been the case in several Korean workshops in Buenos Aires. As indicated, only in the initial period – primarily from the 1960s through the 1980s – newly arrived Korean immigrants intensively engaged in garment sewing and knitting works. Subsequently due to the substantial upward mobility of the Korean business community, a significant number of Korean immigrants advanced from garment sweatshops to the commercial clothing sector. As a result, Korean workshop owners, out of necessity, started recruiting workers outside of their co-ethnic networks.54

Because of its relatively higher living standard, Argentina has long been a target of migrants from other Latin American countries, especially Chile, Uruguay, Paraguay and Bolivia. In the last few decades, the influx has largely come from Bolivia, Paraguay, Peru and Colombia. However, Korean workshop owners hire Bolivians almost exclusively for their workshops; and only on the rare occasion, Peruvians and Paraguayans. On only one occasion I found a mix of Bolivian, Peruvian and Paraguayan employees working together in a sweater factory owned by a Korean Chinese wholesaler. This employer did not find it difficult to manage workers from different ethnic backgrounds. She had been working in the industry for more than 5 years; further, she viewed older workers as more trustworthy than newer ones. On the other hand, however, she expressed concern about retaining

54 Based on Light’s categories (2004: 85-94), this is clearly a case of “immigrant economy”, composed of immigrant entrepreneurs and other (non-co-ethnic) immigrant employees. Light (Light, et al., 1999; Light, 2004) suggested that the links with other immigrant groups facilitates the access of employers to potential non-ethnic employees and vice versa, thereby enhancing the economic opportunities of both groups.
workers for a lengthy period, which might expose her to demands for higher pay in the case of legal conflicts (Interview No. 82).

In the Korean owners’ discourse that I analysed, they specifically addressed attributes based on stereotypical/presumed Bolivian cultural features and even physical traits. Among the comments: “Bolivians are submissive and diligent. They [Bolivians] have similar characters like us [Koreans]. They are obedient and work hard.” (Interview Nos. 5, 10, 11, 33, 41). The following is representative of those views:

Bolivians are quiet, patient and submissive compared to others. Once I hired Peruvians, and they were not as diligent as Bolivians. They demanded their rights and higher salaries, after working for some months with us. In addition, Bolivians don’t talk a lot during work. I heard of some cases where Peruvians sued Korean factory owners. Peruvians are smart. In contrast, Bolivians are much better, because they don’t talk, they just work. (Interview No. 5).

According to Rath (2002: 10), in cases where the entrepreneurs’ primary input is cheap and flexible labour, as is the case of subcontracted workshop owners in the clothing industry, the reduction of transaction costs by mobilising social networks for labour recruitment appears crucial; this may involve violating the law – paying workers off the books, avoiding taxes, ignoring health and safety regulations – and thereby running significant risks (Rath, 2002: 10). Thus, for Korean workshop owners who are operating their businesses informally, i.e., under the radar, it is strategic to choose the most reliable group, the one deemed “submissive and diligent”, when they can’t hire co-ethnic workers.
Hence, the “human market” on Cobo and Curapaligüe streets in Flores functions as a labour recruitment centre; it was established as a valuable informal network hub with relatively reliable connections between the two ethnic groups – Koreans and Bolivians. In most sweatshops in Argentina, informal and exploitative practices were prevalent. This is an obvious indication of the absence of regulation of the immigrant contractor segment in the garment industry (Rath, 2002: 19). However, informal practices are shaped differently depending on the stakeholders and the circumstances, producing enormous diversity in its shades of grey.

<Figures 7-2 and 7-3> The entrance of Villa Rivadabia around the labour market on Avenue Corea (Avenue Cobo) and Street Curapaligüe in Flores (24/05/2014).

<Figures 7-4 and 7-5> Bolivian seamstresses working at a Korean sweatshop (05/03/2014)
7.4(2) Complex Systems of Production and Distribution: Korean Wholesale Garment Shops

That wide range in informality, i.e., various shades of grey, is similarly apparent in the garment wholesale shops around Av. Avellaneda. Currently, the middle- and large-scale enterprises encompass complex production and distribution operations, with both cutting factories and wholesale shops (Kim, 2014: 5). Thus, these wholesale shops not only sell clothing wholesale to other retailers, but they also manufacture garments. Two or three times a year, the owners travel to Europe or to the US to observe new fashion trends. They purchase samples of the preferred new styles and replicate them. Some wholesalers hire designers to produce manufacturing patterns. Subsequently, they purchase textiles and hire personnel to cut the fabric. The spaces where these cutters work are typically on the second or third floor of the wholesale shop. Alternatively, they may be located in separate buildings, although they are frequently nearby.

![Figure 7-6] (left) Knitting factory run by a Korean Chinese wholesaler (28/04/2014)  
![](Figure 7-7) (right) Cutting room in a clothing factory run by a second-generation Korean Argentine (25/04/2014)
Controlling the Production

In the past, many wholesalers operated to comprehensively produce garments conducting all aspects of machine sewing or knitting under one roof; in these operations, they directly hired Bolivian seamstresses; however, this practice has been disappearing. Today, the operation of a sweatshop with numerous employees is risky and problematic in relation to time, effort and costs; thus, most Korean wholesalers prefer outsourcing, having the fabric-cutting done and sewing processes finished in subcontracted sweatshops. However, I met and interviewed a few garment wholesalers who also have their own sewing or knitting sweatshops; these are usually small- or medium-sized adjunct operations of their wholesale shops. In their view, it is convenient to operate an all-inclusive sewing or knitting workshop in order to control the quality and quantity of production rapidly and effectively. In the factory of the wholesale shops, managers are in charge of not only checking the cutting of fabrics and but also controlling the quality and quantity of apparel completely manufactured by the subcontracted sweatshops.

According to Argentine law, manufacturers (wholesalers) are as responsible as sweatshop owners, for unregulated economic activities in sweatshops with which they subcontract, because manufacturers are viewed as ultimately responsible for the entire production chain (Montero, 2011: 123). As described in the previous section, the government intends to enforce laws on unregulated and informal sweatshop activities; although the regulations are well intended, they often result in illegal solutions. According to a young Korean wholesaler who manufactures and sells clothes:
Although I send the sewing work to Bolivian sweatshops, I have the final responsibility as the manufacturer. According to the current Argentine law, I have to pay a certain amount of tax for the subcontracted sweatshops just as I pay tax for my legal employees. Once an inspector went to one of my Bolivian subcontracted sweatshops and saw the clothes with my CUIT number [fiscal ID]. He sent me a notice with a fine. I don’t know how exactly, but my lawyer solved the problem with money, so I forgot about it. (Interview No.56)

**Garment Imports/Smuggling**

In the current decade, trends in Korean wholesale production have been changing. Today, Korean immigrant entrepreneurs directly manufacture clothing in China or import ready-to-wear apparel from China. According to my interviewees (Interview Nos. 5, 6, 10, 15, 16, 17, 29, 35, 47, 55, 72), after these entrepreneurial Korean immigrants observe new trends in fashion in Europe or the US, they directly travel to China and place orders for manufacturing these new models in Chinese sweatshops. While Chinese sweatshops usually require large orders, the price and the sewing quality are better than those in Argentina. Korean wholesalers also purchase ready-to-wear apparel in China. These interviews with Korean wholesalers suggest that outsourced garment production to and importation of apparel from China have diversified the garment wholesale market. This is an example:

I started importing clothes from China three years ago. I mean, this is the fifth season. In our shop, 40% of the clothes are manufactured in China; 60% are made in Argentina. These days, I also buy ready-made apparel in China. It’s good in terms of price. Among the
clothes from China that I sell, approximately half are manufactured on my orders, and
another half is the ready-made garments. (Interview No. 47)

During my fieldwork period, clothing imports from China was a controversial, polemic
issue in Argentina; at the time, the Argentine government restricted imports of consumer
items. For some wholesalers, the solution was smuggling. Mariano Kestelboim, a
specialised Argentine economist provided me an overview of the main issues:

Clothing imports are not prohibited at all. There has been much clothing import in the past
5 years. But as the processes of clothing importation are complicated, there is also
smuggling. Probably one-half arrives legally and the other half illegally. Even large brand
names usually import some illegally. The rule is that they have to import the same amount
of clothes that they produce here. Sometimes it is difficult to comply with this, so even big
brands also smuggle. For instance, “Cardón”:\textsuperscript{55} I have no [direct] proof but there are
[indirect] good sources. (Interviewer: Can’t the government control it?) Yes, but there is
corruption. It is said that the company pays 20\% of the container value to Customs officials
[in bribes]. Customs are very corrupt in Argentina. They have always been very corrupt.
And businesses grow a lot, so they bring more goods illegally, textiles as well. Also in
recent years, Argentina has had a very strong currency exchange rate, which encouraged
smuggling. The best protection for clothing and textile industries is devaluation. (Interview
No. 79)

Not all Korean wholesalers are able to import garments from China directly. Some
interviewees (Interviews Nos. 33, 34, 55, 87) mentioned that in order to import garments
from China a major investment is required. Those who have the resources can go to China
and order directly; however, most are involved in importation through agencies that assist

\textsuperscript{55} A brand specialising in “local” Argentine styles of clothing (\url{http://www.cardon.com.ar/})
with the legal procedures. Small-scale wholesalers purchase imported garments from other large-scale wholesalers and resell them. Unclear rules on one hand and corruption on the other result in flexible arrangements; in this way, the entrepreneurs shape their management practices – both formal and informal.

**Tax Evasion**

Tax evasion is another strategy common among apparel businesses (Rath, 2002; Edwards and Ram, 2006). According to my interviewees, tax evasion is a common practice in Argentine garment businesses regardless of ethnicity. The following is illustrative:

Nobody here [around Av. Avellaneda] pays 100% tax. Some shops declare 50%, others 20%... all different. It’s the reason why they [Korean wholesale shops] don’t accept credit cards. If they accept credit cards, all the records are in the banks, so they have to run 100% formally. […] Textile businesses are the same. They don’t accept credit cards. We [textile companies around Av. Avellaneda] receive 50% cheques and 50% cash, that means 50% white [formal] and 50% black [informal]. […] I think Jews are operating in the same way. If I pay 100% taxes, I can’t compete with others. The funny thing is that if we keep account books well, [although we don’t pay 100% tax], everything is all right. Sometimes they [AFIP/ National Tax Service] investigate. In this case we can solve the problem with bribes.

(Interview No. 6)

A Jewish wholesaler also made similar comments regarding tax evasion:
I think Necleo\textsuperscript{56} pays a lot of tax. They have many employees and lots of cash flow, so they are in the spotlight of inspectors. Many Koreans pay taxes, but of course, they don’t declare all they sell, only a part. There is no Argentine businessman paying 100\% of the corresponding tax. We pay only what’s necessary. Sometimes less than half, sometimes more than half. (Interview No. 38)

As the above interviewees described, there are no clear, agreed-on rules and regulations regarding tax payment. Furthermore, in the Av. Avellaneda wholesale area, cash transactions are the predominant practices regardless of the wholesalers’ ethnicity. An Argentine accountant explained in detail why many businesses in Argentina prefer cash transactions:

Obviously, if the purchase is in cash, the entrepreneur can easily save the fiscal cost of the transaction. However, if it is in several installments, the transaction needs almost always be implemented with a credit card, in which case [the sale] must necessarily be declared. The commission on the card is around 5\%. Moreover, companies and banks that operate cards must also retain a percentage to pay national and local taxes, ranging from 5 to 10\% extra. This leads entrepreneurs to prefer cash. (Interview No. 40)

As the above interviewee explained, in order to declare less income and pay less tax, wholesale shops around the Avellaneda refuse credit cards or cheques and accept only cash transactions. Many immigrants and local entrepreneurs justify tax evasion as a response to not receiving good services from the State; however, they are aware of the limitations this entails. The following comments reflect that awareness:

\textsuperscript{56} One of the biggest Korean wholesale shops in Av. Avellaneda (http://nucleomoda.com.ar/)
Many [Korean immigrants] justify that the Argentine government is awful, so they don’t need to pay the tax. The government does not protect businesses at all, so they do not want to pay the tax. However, if they don’t, they can’t grow larger. If they pay, they will get more business opportunities. (Interview No. 15)

As mentioned by the above interviewee, the tax evasion issue is closely related to larger business opportunities within the host society. I shall further examine this topic in the next chapter.

**Employment Patterns and Ethnic Division**

Compared to Korean garment workshops, the employment patterns in Korean wholesale businesses are more diverse in terms of worker ethnicity. Although competition between Korean wholesalers is robust and their management styles vary depending on the owners' proclivities and strategies, I identified in the employment management strategies in comprehensive Korean wholesale shops a general tendency in terms of the workers' ethnicity.

Within the comprehensive Korean wholesale shop, there is a specialised cutting room usually staffed by Argentines or Latin American immigrants working as employees. After the cutting process, the cut fabrics and materials are sent to Korean-owned (including Korean Chinese) or Bolivian-owned subcontracted workshops where it is usually Bolivian workers that sew the products and complete the assembly process. Some of these workshops specialise in more complicated products that may require buttons to be attached, ironing and detailed finishing.
In the case of the larger-scale wholesale shops, Korean owners often hire young 1.5- or second-generation male Korean Argentines as factory managers (Spanish: *encargado*) who deal with the allocation of tasks to workers and the cutting of materials; in addition, they may monitor the quality and quantity of sewn garments between the cutting factory and the subcontracted sweatshops. I also observed a few cases in which a Korean wholesaler hired a Bolivian factory manager to control production in the Bolivian sweatshops. According to one of my interviewees (Interview No. 35), since all of her subcontracted sweatshops were owned and staffed by Bolivians, it was more effective for her to hire a proven, reliable Bolivian manager to control them.

Moreover, the large-scale Korean wholesale shops tend to hire as shop managers young 1.5- or second-generation Korean Argentines who speak both Spanish and Korean. These managers often serve as cashiers and supervise local employees. Among my Korean interviewees, there were a few whose business scale was very large, i.e., they operated two or more shops under the same brand name in the Av. Avellaneda wholesale area. Those entrepreneurs who operate larger-scale wholesale businesses usually hire Argentine designers; in some cases, those designers travel to Europe or the US to select new designs (Interview Nos. 47, 69, 72). These large wholesale business owners typically hire up to 30 employees, and sometimes even more, for all their shops, including their cutting factories.  

In medium-sized wholesale shops, Korean owners themselves often work as cashier/managers and hire shop assistants. Korean owners of small shops in shopping arcades or malls (Spanish: *galerías*) – primarily booths or kiosks 4 to 6 m² in size – do not

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57 The size of Korean businesses varies considerably. One Korean entrepreneur that I interviewed, for example, has up to 150 employees for his several wholesale shops, retail shops and factories (Interview No. 72).
typically produce apparel; instead, they purchase and resell clothing manufactured by others. In such small shops, the owners tend to manage everything without hiring employees; alternatively, they may hire one or two shop assistants for shift work. Regardless of business size, Korean owners typically employ local bilingual Argentines as shop assistants.

Outside Buenos Aires, Korean owners of garment businesses in the provinces are exclusively involved in the retail sector and hire local Argentines as shop assistants. These Argentine employees play a key role as they directly deal with the local people; in some cases, they act as mediators between Argentine customers and Korean owners, who often experience difficulties in communication (Bialogorski, 2004: 97).

In Table 7-1, I summarise general employment patterns according to the ethnicity of employees in Korean garment businesses. As explained, the ethnicity of employees plays in the organisation of tasks. In addition, interestingly enough, the ethnicity of workers also largely correlates with informality in employment.

<table>
<thead>
<tr>
<th>Type of Korean garment business</th>
<th>Ethnicity and the division of labour</th>
<th>Degree of informality in employment**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale shop in Buenos Aires</td>
<td>Commercialisation (wholesale shops): - Shop assistants are Argentine. - Shop managers are Korean.*</td>
<td>Low, High</td>
</tr>
<tr>
<td></td>
<td>Production (manufacturing plant): - Cutters and assistants are Argentine or Latin American immigrants. - Designers are mainly Argentine, with a small number of Korean.* - Factory managers are Korean.*</td>
<td>Low, Low, High</td>
</tr>
<tr>
<td>Workshop in Buenos Aires</td>
<td>- Workers are mainly Bolivian.</td>
<td>High</td>
</tr>
<tr>
<td>Retail shop in the provinces</td>
<td>- Shop assistants are Argentine.</td>
<td>Low</td>
</tr>
</tbody>
</table>
<Table 7-1> Ethnicity and the division of labour in Korean garment businesses in Argentina
* Applies only to larger-scale wholesale shops, since small- and middle-scale wholesale shops do not usually hire shop managers, factory managers or designers.
** Represents the extent to which employees receive long-term contracts with full benefits (low informality), or irregular/casual employment with fewer or no benefits aside from wages (high informality).

According to Kloosterman et al. (1999: 257-258), informal economic activities take place outside the institutional frameworks of rules and regulations. Moreover, informal economic practices are clearly linked to the social capital of ethnic groups, because those informal activities take place on a more permanent basis if a framework of trust exists (Kloosterman et al., 1999: 262). Considering the concept of mixed embeddedness in a complex and manifold way, I demonstrate how Korean entrepreneurs interactively negotiate these grey territories, drawing on their available ethnic resources whenever possible and creating different forms and domains of mixed embeddedness in order to ensure maximum profit and cut costs in a cutthroat market. Specifically, in the following sections, I will pay close attention to how diverse types of economic activities and different degrees of informality have been shaped in these grey zones depending on the social actors involved.

**Argentine Shop Assistants at Korean Wholesale Shops**

Typically, in Korean wholesale and retail shops, shop assistants are Argentine. Unlike Korean garment workshops, Korean wholesale and retail shops are formally registered and frequently hire employees on legal contracts. Nevertheless, in Korean wholesale shops, there are usually two kinds of employment contracts for shop assistants: (1) the fully formal contract *(en blanco; “in white”)*; or (2) the partly formal and partly informal contract *(mitad
blanco y mitad negro: “half white and half black”). Most Korean shop owners hire assistants en blanco (in white), that is, in accordance with Argentine labour laws. However, in small-scale Korean wholesale shops, contracts are often partly formal and partly informal. An employer may hire an employee for full-time work but only issue a part-time contract, paying the rest informally in cash. Employers thus avoid paying that portion of the social security contribution. Since social security contributions amount to a third of a salary, the saving is viewed as substantial. As seen in Table 7-2, in the case of partly formal and partly informal employment, employees get the same net salary in their hand, but because of their reduced social security contributions, employers can save almost 20% of their wage costs.

<table>
<thead>
<tr>
<th></th>
<th>Full-time formal employment</th>
<th>Part-time formal employment</th>
<th>Combined part-time formal and part-time informal employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: Total gross salary</td>
<td>AR$9608.23</td>
<td>AR$4804.12</td>
<td>AR$8815.56</td>
</tr>
<tr>
<td>B: Social security contributions (employee)</td>
<td>AR$1873.61</td>
<td>AR$1080.93</td>
<td>AR$1080.93</td>
</tr>
<tr>
<td>A-B: Total net salary for employee</td>
<td>AR$7734.63</td>
<td>AR$3723.19</td>
<td>AR$7734.63</td>
</tr>
<tr>
<td>C: Social security contributions (employer)</td>
<td>AR$2978.06</td>
<td>AR$1490.55</td>
<td>AR$1490.55</td>
</tr>
<tr>
<td>A+C: Total cost for employer</td>
<td>AR$12586.29</td>
<td>AR$6294.67</td>
<td>AR$10306.11</td>
</tr>
</tbody>
</table>

<Table 7-2> Total net salary for an employee and total costs for an employer by type of formal contract (Data provided by interviewee No. 38)

Despite the high social security contributions, by contrast, except for small kiosks in shopping malls, it is rare to find Korean wholesalers who hire Argentine shop assistants
100% informally. Typically, the most risky type of employment arrangement an employer can engage in with an employee is the mixed contract. While a significant number of Korean wholesalers and retailers hire local Argentine shop assistants formally, they reported in their interviews that hiring local shop assistants is one of the most annoying and troubling issues they confront. They attribute this to frequent conflicts between Korean employers and local Argentine employees, whom the employers perceive as using Argentina’s strict labour laws as a shield, as in the following examples:

Generally, hiring local people is the most difficult aspect in running a business here. Employees sue employers a lot, so this is the most difficult thing to manage for most Korean owners. Politically, the government supports workers, which gives them power. It’s the reason why leading Korean companies do not want to enter Argentina. Without this problem, the country would develop fast. (Interview No. 14)

I think the problem [between employers and employees] is caused by miscommunication. And there are also some employees with bad intentions. Some people come to work and abuse them [the strong labour laws] intentionally, but there are also many good people. Anyway, it is not easy to hire new people. (Interview No. 17)

Similar stories were repeated in numerous interviews with Korean wholesalers and retailers. With regard to their problems with local employees, Korean entrepreneurs usually attribute them on one hand to the strong local labour laws which they see as favouring workers and on the other hand to miscommunication and misunderstanding caused by language problems and different working cultures.

Economic activities by immigrant or ethnic groups take place within a wider institutional context, and to a large extent this institutional context determines the shape of
entrepreneurial management and operations (Kloosterman et al., 1999: 262). Unlike in Korea, the labour laws and regulations in Argentina are highly strict. Workers can demand and claim for their rights and the government strongly supports and sides with workers. Particularly, retaining informal workers for a lengthy period is risky for Korean entrepreneurs for higher pay in the case of legal conflicts. For these reasons, Korean entrepreneurs tend to hire local Argentine employees on a formal basis. These formal practices for local employees show that strict law enforcement tends to affect entrepreneurial management and operations on a formal level, as the concept of mixed embeddedness suggested (Kloosterman et al., 1999: 262).

By comparison, the employment practices used with other ethnic communities are instructive. For example, Bolivian immigrant entrepreneurs are in general concentrated in small- and medium-sized businesses in the Av. Avellaneda garment wholesale area. Like their Korean counterparts, many small Bolivian operators conduct their businesses on their own. According to the Bolivians I interviewed, Bolivian entrepreneurs who operate medium-sized wholesale shops usually hire co-ethnic employees with half-and-half contracts. This information was acquired indirectly as my Bolivian interviewees were all small-scale operators working with family members and not hiring outside employees. They offered this information according to their own knowledge about their medium-scale counterparts. Employment management and the degree of informality in the practices of Bolivian entrepreneurs usually depend on the size of their businesses; however, they tend to hire co-ethnic workers exclusively (Interview Nos. 73, 75). Thus, it seems that Bolivian entrepreneurs prefer to manage and control co-ethnic employees through ethnic networks based on trust.
Native-born Argentine entrepreneurs also freely admit that it is not easy to manage employees, but the issues they presented in their interviews were usually much less fraught than those of Korean owners. Further, Argentine wholesalers frequently chastise Korean employers who they believe mistreat employees, as revealed in the interview below:

They [Korean employers] have a particular way of treating people. I mean, they don’t know how to treat people. I have heard that they don’t treat their employees with respect. It is not easy, but first you should know how to treat people as human beings. It’s not about hiring legally or not. It is about how they treat the people. They are not subordinates but employees. I know it’s difficult to deal with the employees, but basically you should respect them at the very least. I hire people in black [informally], but I treat them very well. I heard that they [Koreans] do not treat employees in a good way. (Interview No. 31)

Another local Argentine wholesaler also expressed negative perceptions of Korean employers, pointing the finger at them for treating and managing employees unjustly and abusively:

Koreans have a different manner from that of Argentines in dealing with their employees. For example, they pay people [employees] very little. They do not respect labour rights. I admit that I have some [employees] under black contracts; I mean that some of them I haven’t hired formally. However, I pay them well. You should pay [employees] well. Pay for food and pay for everything well. If an employee is pregnant, they [Koreans] fire her. Here, that is very serious, the most serious violation of labour standards. I have some [employees] under black contracts, but I really pay well and they have all the rights they would if they were under white contracts: they have annual bonuses, vacations, and everything. Look: I will point out an example. That shop is registered under the name of the worker. The [real] owner is Korean, but it’s registered under the name of the Argentine
worker. If you want, I can point out two or three more [illegal] Korean shops like that. They are employees who act as if they were owners, and so when inspectors from the AFIP [National Tax Service] come to check on social security contributions [for employees], they talk to the Argentine worker who is acting as a front for the Korean owner. Do you understand what I mean? […] I can’t believe what they [Korean entrepreneurs] are doing here.” (Interview No. 54)

Although the interview above reveals an extreme case of alleged abuse, informal and unfair treatment cannot make the relationship between Korean employers and Argentine employees easy.

<Figure 7-8> (left) A wholesale clothing shop run by an Argentine entrepreneur in a shopping arcade on Av. Avellaneda (06/06/2014). <Figure 7-9> (right) A wholesale clothing shop run by a Jewish-Argentine entrepreneur in a shopping arcade on Av. Avellaneda (04/06/2014).

In an April 2015 celebration of 50 years of Korean migration to Argentina, the president of the Korean Association in Argentina was invited by a local TV channel for a half-hour interview to talk about the lives of Korean immigrants and their social relations in the host country.⁵⁸ Among the many interesting issues that he mentioned, his references to “Korean

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“working culture” particularly drew my attention. In the interview, he said, “We work until a task is finished. We don’t care about having lunch or dinner until the task has been done.” He commented further, “The first generation just worked hard to progress and settle down well economically in the host country. From now on, we should care more about interrelations and having better relationships within the host society.” The goal of broadening the relationship between Korean employers and Argentine employees beyond the legal and formal working conditions in the host country is an admirable, aspirational goal for the Korean community; however, in practice, it is challenging to achieve.

From my field research, I concluded that as a business strategy, Korean entrepreneurs try to find solutions in order to enhance working relations and shoulder less risk when problems or conflicts occur with their local Argentine employees. As the following comments indicate, those efforts pay dividends in employee loyalty:

Of course, it [the relationship with employees] is difficult. In my case, I try to hire honest and diligent people instead of “smart assess” and keep very close relations with them, so they understand me well. I treat them like my family. All of them have been working with me for more than seven or eight years and the oldest one more than 10 years. There are many Korean wholesalers who look down on them, but I do not, because I rely on them and we are working together the whole day, every day. (Interview No. 17)

I hire all the local employees under contracts en blanco [formally]. There were some troublemakers, but they left. The current employees are good; most have been working with me for seven, eight, or 10 years. Actually, they are making money for me, so I totally depend on them. I never think of paying a lower salary because I can’t make money without them. And I reward them at the end of every year. If an employee needs a refrigerator at
home, I buy it for him. I never ask them to work more than eight hours. If you ask them to work extra hours, the problems start because they want you to pay the extra hours under the table. I do everything according to the law. I hire people recommended by other reliable employees. I ask them to bring their friends who they trust. These days I never hire people from the street. At first, I put a recruitment advertisement up on the shop window and hired people from the street. They stole a lot. I consider that it was the cost of learning to run a business. (Interview No. 69)

Our employees have been working here for a long time. We hire new employees on the recommendations of current ones. If you put up an advertisement on the shop window, people bring their CVs, but you are unlikely to get a good employee. We use what we call the “family system”. An employee was working out really well. First, she brought her sister, and then her cousin. Her cousin’s husband was working in a metallurgical company but it was really hard work, so we also hired her husband. We hired this family and another family too. (Interview No. 47)

Problems and conflicts with local employees have become a major issue for the Korean business community. The Chamber of Korean Entrepreneurs in Argentina has even created and regularly published a “black list” to help employers avoid “intractable/problematic employees”:

6. 악성 종업원 관리

상인연합회 에서는 악성 종업원으로 인한 고용주들의 피해를 줄이기 위하여
악성종업원 명단관리를 지속적으로 하고 있습니다.
6. Dealing with intractable/problematic employees

The Chamber of Korean Entrepreneurs is continuously updating its list of intractable/problematic employees in order to diminish the damage to employers by such difficult employees. Please report employees with negative intentions – without leaving any out – and give the list of those currently employed by you to the Chamber of Korean Entrepreneurs.

Some Korean wholesalers expressed appreciation for the Chamber of Korean Entrepreneurs initiative, finding it helpful. On its webpage, Korean wholesalers freely report and post the names and other personal information (such as identity number and date of birth) of any problematic employees they encounter, and in many cases their photographs, as below.

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<thead>
<tr>
<th>Home</th>
<th>섬현비</th>
<th>뉴스</th>
<th>커뮤니티</th>
<th>자료자료</th>
<th>주소록</th>
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<td>알림</td>
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Original text translated from Korean.
A former employee with negative intentions, reported by a Korean wholesaler on the webpage of the Chamber of Korean Entrepreneurs in Argentina as follows: “I am reporting a problematic employee. I have paid her all the money owed to her but she has reported me for misconduct. Name: […] / Identification Number: […] / Date of Birth: […]” (translation from Korean to English mine).

During my field research I was unable to interview Argentine employees who work in Korean wholesale shops, either because Korean wholesalers did not want to them to be interviewed or because the employees were reluctant to reveal their opinions and views on Korean employers to a Korean researcher. Since labour relations generated, established, and maintained between Korean employers and Argentine employees are fraught with complexity, further research structured to avoid these barriers may contribute to a better understanding of the employment management practices of ethnic firms that hire host country employees.

Co-Ethnic Employees at Korean Wholesale Shops and Factories

Typically, young Korean Argentines (usually 1.5- or second-generation) tend to be hired informally as shop managers. They normally deal with customers at the counter and
coordinate tasks between Korean owners and local shop assistants. Several owners revealed their preferences, as in the following interview comments:

The difference between local and Korean employees is huge. Korean employees always fulfill their duties in the same way, whether we check them or not. In the case of local employees, when I am not here, they behave totally differently. These might be not ethnic but personal characteristics. Personally, I think I am lucky with my Korean employees, but they are totally different. […] Yes, the difference in salary is also big, but I think it’s reasonable. I can entrust any tasks to them [Korean employees] and they work much more [than local employees]. (Interview No. 47)

When I started my independent business, the most difficult thing was finding workers. It is still difficult to get good employees whom I can trust. In our factory, there is a Korean male manager and the others are all Argentines. I prefer to hire a Korean manager who is trustworthy and reliable. The current manager in our shop is half Korean from the father and half Argentine from the mother. I pay her very well, but in black. I don’t have a problem with paying the Korean manager more, but I want to have a person who knows the business well and can work well here. (Interview No. 87)

As the above interviews illustrate, Korean wholesale firms prefer to hire Korean managers. Korean employees are usually regarded as “hardworking” and “responsible” compared to Argentine employees. Moreover, Korean employers trust co-ethnic managers more than they do Argentine ones. Reliable relationships are particularly important because almost transactions are carried out exclusively in cash. The relationship of trust also affects the degree of informality in employment. As seen in the comments below, Korean firms hire co-ethnic employees informally:
I pay Korean managers much more than local employees, but in black. The total amount [of the gross salary paid to Korean employees] is quite similar [to that of Argentine employees] because of the social security contribution I must pay for local employees. However, it is much better to hire Korean workers. The only disadvantage is that they usually don’t keep the job long-term. (Interview No. 30)

In fact, I never saw or heard of any Korean employees hired formally in Argentina. Interestingly enough, while Argentine employees show a high rate of formality in most Korean firms, Korean managers work informally at the same firm. This shows clearly the dynamic interaction between different domains of embeddedness depending on the social actors involved. Rules and regulations that frame and control employment rights and benefits in Argentina are the same regardless of employers’ and employees’ ethnicity. However, at a same Korean wholesale shop, depending on a worker’s ethnicity, the degree of formality takes shape differently. As the theory of mixed embeddedness suggests, a reliable relationship can easily be generated by social networks that are based on either a shared migration experience or a shared non-indigenous identity (Kloosterman et al., 1999: 262). The benefit from being embedded in social networks is mainly rooted in co-ethnicity; and these networks generate clients, employees, capital and trust, enabling them to engage in informal economic practices (Kloosterman et al., 1999: 263).

Furthermore, Tilly (2007: 6) further clarified that the successful operation of trust networks by members of an ethnic group is dependent upon strict boundaries that separate members from outsiders. Maintaining the boundary between “us” and “them” clearly plays an important part in the continuous operation of trust networks (Tilly 2007: 12). Their very insulation from the world of the “other” facilitates constant monitoring, mutual aid,
reciprocity, trust and barriers to exit (Tilly, 2007: 12). For Korean wholesalers, the label of “co-ethnic” worker suggests reliable relations, loyalty and strong trust; therefore, to hire them informally is not considered a risky practice. People who are thoroughly trusted perform key tasks such as bookkeeping, maintaining customer relations, and dealing with cash (Tilly, 2007: 12). Allocating these tasks to core network members allows the entrepreneurs a certain degree of confidence in managing the business, particularly in an informal way.

However, even certified co-ethnic employees are no guarantee of 100% trustworthy relations. Unreliable relations can occur between Korean employers and co-ethnic employees; similarly, trustworthy relationships can be maintained between Korean employers and Argentine employees. Below are a few revealing cases described by Korean owners:

I would hire more Korean employees, but I have had trouble with some of them. I usually work upstairs and they were in charge of the cash box. Whenever I monitored them by camera, they would quit the job. Currently, I am mostly at the counter and sometimes I entrust the cashier task to local Argentine employees. This practice also helped me form better relations with my local clients. (Interview No. 17)

For me, I am much more comfortable with local Argentine employees. It may be because I grew up here. I understand the mind of local people much better, so I communicate with them better. I give them my trust and make them feel comfortable instead of pointing out every single error. I don’t care if they work a little more or a little less. It’s their working style, and you can’t change it. (Interview No. 35)
In these interview excerpts, Korean wholesalers recounted their experiences with Korean employees compared to Argentine ones. To balance the analysis, it is necessary to incorporate the working experiences and views of co-ethnic employees. Many young, 1.5- or second-generation Korean interviewees consider working for Korean entrepreneurs as a better opportunity because the black salaries they pay are higher than the white salaries offered by Argentine ones; they value better wages more than the benefits they would receive from a formal contract. Their values are revealed in the following interview excerpts:

Those young Koreans who can’t get economic support from their parents to run their own business inevitably come to work as managers. In terms of the salary, it is much better than working under local people. (Interview No. 43)

When I was studying information technology at the university [in the 1990s], the salary for workers in the IT area was 500 pesos, while the salary at the clothing factory was 1,000 pesos.61 It’s the reason why I started working here. It was a factory directly owned by a large-scale wholesale shop. All the local employees worked on formal contracts except me. (Interview No. 6)

Since Koreans are concentrated in the garment sector, they offer many work opportunities to the second generation. Because of the language compatibility and the sense of reliance and trust, Korean owners can place them [Korean employees] in charge. It’s convenient for the employer. […] I think that the salary [of the Korean employee] is almost twice [that of] a local employee. (Interview No. 64)

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61 In the 1990s, the exchange rate between the peso and the US dollar was 1:1 in general.
However, as discussed in the case of Bolivian workers hired to work in Bolivian sweatshops, working for a co-ethnic employer is not always beneficial or advantageous. Although in Korean wholesale businesses abuses on the part of co-ethnic employers are not as serious as in Bolivian sweatshops, in their interviews young Korean employees did articulate several disadvantages in working informally for co-ethnic Korean employers, as the following excerpts illustrate:

Although inflation is getting worse and worse, I can’t ask [my Korean employer] for a [pay] rise, as local employees do. I would love to be in white [on a formal contract] too. Then I could have health care and a pension when I leave the job. If you don’t have benefits through your work, you have to pay lots of money when you are ill. You have to pay for private health insurance if your employer does not pay the social security contributions. […] It would be good for us [Korean employees] if Korean employers paid those contributions for us. It’s as though all Koreans decided not to pay any tax because they feel that this country will not give them anything back. I wouldn’t ask my employer to put me on a formal contract because I know it would be pointless to discuss it with him. (Interview No. 4)

As mentioned previously, the labour rules and regulations in Argentina are very strict. Employees who work without a formal contract can easily sue and claim for compensation, and the government usually supports and sides with workers strongly. However, as the Korean business community is very small and people have close relationships, such legal actions can affect their future job prospects within the community. Thus, for co-ethnic employees it is tough to defend their rights when they feel exploited, as the following interviewee explains:
Korean employees seem to get better salaries, but what they get in the end will be similar to what local employees get, because Koreans [employees] work under informal contracts, so employers don’t pay their social security contributions. Some local employees sue [Korean] employers, so the money saved by the employer goes to settle those disputes. Recently, I heard of a case of a young Korean employee who sued their Korean employer. But in this case, the employee suffered more than the employer because [the] Av. Avellaneda [wholesale area] is so small that he won’t be able to get any job here ever again. (Interview No. 6)

As seen in the interviews with Korean employees, there are both advantages and disadvantages in working for co-ethnic employers. In his study, Light (2004: 711) claimed that under the unregulated informal economy, it is crucial for both employers and employees to be embedded in a social network, since it provides key linkages, cooperation, and, most importantly, norms for work standards and practices. Therefore, under the informal employment arrangement, trust is highly prominent given the personal nature of the work entailed (Light, 2004: 711). However, the consequences of this are twofold: some employers may exploit this reliable arrangement while others may act in non-exploitative ways or ways that exceed the expectations of the employer-employee relationship (McGrath, 2010: 156).

7.5 Korean Retail Shops and Textile Companies

This research concentrates primarily on currently operating sweatshops and wholesale shops in Buenos Aires, where most Koreans in Argentina have developed their businesses.
Nevertheless, a final word can be added with regard to retail shops and big textile companies, all of which show similar development patterns.

As discussed in Chapter 6, the number of Korean-owned garment retail shops inside and outside the Buenos Aires capital district, increased sharply in the 1980s and the 1990s buoyed by a credit system based on reliable and robust ethnic bonds between Korean retail shop owners, manufacturers and wholesalers. Given that clothing made and sold by Koreans is largely marketed to middle- and lower-income consumers, Korean retail shops are rarely found in upper-middle-class neighbourhoods in the Buenos Aires capital district (Interview No. 35). Regrettably, there is no official data regarding the current number of Korean retailers in the provinces. According to my interviewees (Interview Nos. 1, 14), some Koreans have moved from the provinces back into Buenos Aires partially because of their children’s educational needs or because of the larger business opportunities available in the garment wholesale sector. However, according to those I interviewed, there are still many Korean retail shops in the provinces, particularly in the province of Buenos Aires beyond the capital city.

The evidence that I gathered demonstrates that, as is the case in wholesale businesses, high dependence on ethnic ties as well as cutthroat price competition among retailers in the same cities had some negative consequences in the past. However, those issues seem to have gradually faded in importance with the passage of time. At one time, price competition was a huge problem for retailers in the provinces, because they operated the same types of business and were selling the same or similar types of apparel within the same limited areas – usually the city centres. To unite in cartels proved a partial solution to avoid destructive
competition. Currently, Koreans seem to value cartels more highly now than in their early stage of their businesses as indicated in the following interview comments:

Because we all run the same type of business in the city centre and buy similar types of items from Korean wholesalers in the capital, if you use a smaller profit margin than others, of course customers will go to your shop. So each [Korean retail] shop has to lower the price to compete. In this way they kill each other. So we decided to make an association and fix the price. There are a few people who don’t respect it, because of bad management and other problems, but most Korean retailers here respect the fixed price well. It’s the way to develop our business together. (Interview No. 10)

Nowadays there are around six Korean retail shops in Quilmes. We don’t run the business like before, changing the prices constantly and competing sharply. These days there are too many expenses, so without a good profit margin it is impossible to run retail shops. In the past, people put the [profit] margin as low as possible, but these days the most important thing is to keep profit margins as high as possible. There is no fixed price among the retailers here, but everyone fixes a 100% profit margin, as a minimum and then, we decide our prices, which tend to be similar. (Interview No. 42)

As illustrated in these interviews, in order to solve collective problems and concerns, Korean entrepreneurs have formed and perfected management styles and strategies at the community level. For them, it is important to maximise profits and to avoid destructive competition with their co-ethnic merchants. Many of those strategies and management styles have changed, been contested and re-shaped in the evolutionary development of Korean businesses over decades in order to reduce the negative effects of operating in a highly concentrated commercial sector.
While some ethnic Korean entrepreneurs have captured a significant market share within the apparel retail and wholesale sector since the 1980s, other Korean immigrants became involved in larger-scale textile production and import operations (Lee, 1992: 245-246). According to the Chamber of Korean Entrepreneurs in Argentina, currently there are 41 Korean textile companies among a total of 123 in the garment wholesale sector around Av. Avellaneda; as revealed in the following comments, some of them are quite “big” scale operations:

Generally speaking, the structure of the garment and textile industries is, from the bottom to top: subcontracted sewing and knitting, manufacturing garments, complex wholesale production and distribution operations, textile production, and lastly yarn (thread) production. We started from sweater knitting in the 1960s and 1970s and moved to wholesale production and distribution in the 1980s. In the 1990s, there was a special state-supported industrial development area set up in San Luis province. The San Luis government offered tax exemptions to companies that invested in the province and created jobs. We built a big factory for textile production. At the beginning, we sent our
manufactured fabrics to subcontractors to dye them, but later we dyed the fabric on our own. These days we are hiring 100 employees. (Interview No. 52)

In the 1970s, my family worked as a sweater-knitting subcontractor for some Jewish businessmen. We worked very diligently and were scrupulously honest. In the early 1980s, these Jewish partners suggested to us to open a textile factory with them. Since then, we achieved quite high-speed growth. Due to the fast growth, we had some side effects and difficult moments. For instance, initially 70% of our clients were Korean wholesalers, but after the 2001 crisis many of our main clients re-emigrated to the US. Since then, we have changed the company strategy, focusing on the Argentine clients. Nowadays, my company sells approximately 60% of our production to famous brands, such as Puma, Adidas and Nike, and 30% to middle-size brands. We sell only 10% of our production to Korean wholesalers. We have 330 employees and are the 5th largest company in Argentina in the sector of textile production. (Interview No. 15)

In the import sector, thanks to the rapid growth of Korean wholesalers, the number of companies bringing a range of textile products from abroad also increased within the
Korean business community. Those companies bring good quality fabrics primarily from Korea, China and other Asian countries. Many interviewees attributed the fact that the quality of clothes in Argentina has risen to those Korean textile importers:

We are an agent that assists with all the procedures to import and supply fabrics to textile companies. In Argentina currently, there are approximately 30 companies doing the same kind of work. Among them, 10 are Korean. There are also many Korean textile companies which import fabrics directly without passing through an import agent. As far as I know, the textile production started in England and went over to Japan in the 1950s and 1960s. Korea first produced fabrics massively in the 1970s and 1980s. Later in the 1990s, production continued in other Asian countries, such as Indonesia, Thailand and Taiwan. Of course, these days the foremost country for textile production is China. Before, the quality of the fabrics for clothes here was bad. Koreans started bringing better quality fabrics with a good price. I believe Korean immigrants working on textile importation contributed to the improvement of quality in the Argentine wholesale market. (Interview No. 67)

<Figures 7-17 and 7-18> A Korean textile importation company (Source: QS International).

In addition, there is a substantial number of ethnic Koreans who operate related businesses, such as fabric dyeing, fabric printing, the sale of buttons and clothing accessories, sock
manufacturing, button attaching, ironing of ready-to-wear apparel, etc. The range of these businesses reflects how broadly and actively Koreans have engaged in the sector. In fact, during my field research, with the exception of a few independent professionals, I seldom met Koreans with jobs unrelated to the garment industry. Yet, today, the apparel sector – workshops, retail and wholesale operations – seems to have become an enveloping limit beyond which few Koreans are willing to go.

7.6 Chapter Review

The rapid economic recovery in the post-2001 crisis period and the advantageous business opportunities in the domestic garment industry accelerated the expansion of Korean wholesale shops around Av. Avellaneda. Currently, most Korean entrepreneurs are concentrated in the Av. Avellaneda wholesale market; a minority is operating garment workshops, retail shops, and other related businesses. With the economic growth of the sector, some Korean entrepreneurs also became involved in larger-scale activities, such as textile production and imports. The interview data suggest that while the macro-economic contexts influenced Korean businesses critically, ethnic resources have paled in significance compared to the previous decades.

In the meantime, several negative side effects have been identified as many Koreans concentrated in the wholesale sector. In particular, competition has become a pressing issue among Korean wholesalers. Moreover, the cleavage between the Koreans who have achieved upward mobility and those who have not grows deeper and wider within the Korean community.
In support of William’s assertion (2004: 14) that “there is no strong correlation between ethnicity and participation in the informal economy”, I demonstrate in this chapter’s analysis that Korean entrepreneurial practices and performances are embedded in the wider economic, structural, and political contexts, rather than being explained solely by ethnic strategies and resources. Like many other Argentines, Korean entrepreneurs in the clothing production sector operate their businesses in a highly informal way: hiring workers illegally for clandestine sweatshops. In Korean wholesale businesses, semi-formal activities have been generally extended via tax evasion, illegal apparel imports and informal employment. However, these practices are rampant in most businesses of the garment sector, regardless of the owner’s ethnicity. Lack of government control, on one hand, and corruption, on the other, result in a sector that is highly unregulated and informal. It is within this scenario that functions and manifestations of ethnicity need to be understood.

Contrary to such stereotypes, Bolivian seamstresses, for example, the primary workforce of the sector, prefer to work for Korean workshop owners who offer certain advantages; Korean employers are deemed more reliable or dependable, pay on time and in full, and provide relatively better working conditions. Bolivian employees perceive that their co-ethnic employers abuse co-ethnic working relationships. From the perspective of Korean workshop owners, Bolivians are the most trustworthy non-Korean immigrant group among Latin American immigrants; therefore, it is more expedient and less risky to hire them for the arduous sewing tasks in their clandestine sweatshops. I learned on my first field visit to the “human market” on streets Cobo and Curapaligüe that it functions as an informal labour recruitment centre, providing linkages for both Korean employers and Bolivian employees.
As I determined in the cases of Korean employment management in both sweatshops and wholesale shops, informality has evolved differently according to employee ethnicity. Typically, Korean wholesalers hire co-ethnic employees informally, while they usually hire local Argentine employees in a formal, contractual way. Strong government policies and regulations vis-à-vis formal employment influence the management of Argentine employees by Korean employers. Those same employers may practice labour relations based on “trust” among the members of their same ethnic group in which informal, non-contractual employment conditions prevail.

However, the data also reveals that worker “ethnicity” does not function as an absolute and fixed rule or filter, since trust can be created in the working relationships between different ethnic groups. Moreover, unreliable, dysfunctional relationships can occur between co-ethnic employees and employers. In short, working relationships and boundaries between informal economic and formal management depend on the networks of bounded solidarity and tacit trust which have been generated by the involved actors (Light, 2004: 710); furthermore, ethnic networks are regarded as available resources that can facilitate effective co-ethnic employment management and thereby avoid litigation.

In this chapter, I suggest that the boundaries between formal and informal management activities are not clear but blurred. Ethnic business practices and performances should be interpreted within a range of individual, ethnic, and contextual circumstances, rather than in a “formal” vs. “informal” dichotomy. Complex issues, relations and activities intricately interplay in these grey zones; they constantly vary – like everybody and everything else – within the social, economic and political contexts of the host country.
8. Opportunity and Challenges for the Korean Garment Business

In recent decades, with a considerable portion of Korean entrepreneurs – including 1.5- and second-generation Korean Argentines – concentrating on the middle-range garment market segment, several issues have arisen within the Korean community. Individual capacities and abilities as well as the host garment market and economic environments have provided both difficulties and opportunities. In this final analytical chapter, I address the available evidence to examine perspectives on contemporary issues relating to the opportunities, limitations and challenges confronting the Korean community in Argentina.

The chapter is divided into three parts. First, I discuss the views of Korean entrepreneurs on current Argentine economic issues and problems. In the second part, I analyse the equally important topic of the opportunity structure of the Argentine garment market, based on the Korean entrepreneurs’ experiences and views. Further, I include a review of the contentious issue of the growth possibilities and limits of Korean garment businesses posed by the informal nature of many of its aspects, as perceived by those entrepreneurs. Finally, in part three, I examine possible explanations for the high participation rate of young Korean Argentines continuously in the garment industry, a trend in opposition to those in more developed countries. Paying particular attention to their social integration into the host society, I review the positive and negative aspects of their high participation in ethnic economies.
8. Opportunity and Challenges for the Korean Garment Business

8.1 Argentina: A Country in Decline or a Land of Opportunity?

Argentine economic fluctuations are widely acknowledged as the foremost factors affecting the local business environment. Leaving well behind a reputation as one of the richest countries in the region, the Argentine economy has been tremendously unstable since the mid-20th century. As examined in Chapter 4, this economic instability has negatively affected the garment industry as is the case with most other sectors of the local economy.

In 2014, the Argentine economy was again showing signs of deterioration; in my field research that year, I identified diverse business issues and emerging difficulties associated with the downturn. Pessimistic perspectives hampered my field interviews, as some entrepreneurs whose businesses were not faring well rejected my interview requests. On the other hand, it proved a fruitful opportunity to better understand the relationship between domestic economic conditions and immigrant garment business strategies. Among those I interviewed, many emphasised the specific ways those macro-economic conditions had influenced their operations; in particular, they described their experiences during the 2001 crisis. Below are some of the typical stories many Koreans experienced around 2001:

In 2001 I was running a wholesale shop in the Av. Avellaneda [wholesale area]. During that time, I bought fabrics from the textile companies using cheques that retailers from the provinces gave me when they bought clothes from my shop. After the 2001 crisis, the retailers from the provinces didn’t pay me the money back, so I was not able to pay back the textile company. My wholesale business failed, so I started as a street vendor with some of the remaining clothes from the wholesale shop. (Interview No. 7)

Six months after we opened the [wholesale] shop, the 2001 crisis came. […] We had bought a lot of fabric on credit under a one-to-one US dollar to peso exchange rate, and we
were paying back the money. After the devaluation [peso:USD=3:1], the debt multiplied by three. It was a really difficult time for me. To run my business was really difficult for three years, until I fully paid back the debt. At that time around here, a lot of shops were empty. It was a very hard time for everybody. Many textile companies understood our situation, supported and helped, but some were desperate to claim their money back. (Interview No. 47)

Similar stories regarding the difficulties in running their businesses during the 2001 economic crisis pervaded the interviews. Further, the interviews revealed the perception that the high instability caused by the frequent economic crises was the main reason why many Korean immigrants left Argentina in the crisis aftermath. In general, those negative perceptions of and reactions to crises were common not only among Korean immigrants but also among other Argentines. However, interestingly enough, during my field research I found there were Koreans who had taken a positive stand towards such severe crises, as the following comments suggest:

The best money I made in the 1990s was in 1994, 1995 and 1996; and in the 2000s it was 2004, 2005 and 2006. In those years my yearly profit was more than $450,000 [US] dollars. However, during the economic crisis, the profit dropped to a tenth of that. I hardly made $20,000 [US] dollars a year. During our stay in Argentina, we’ve undergone several economic crises. Around 2001, many [Koreans] left; some went back to Korea, others went to the US or to a closer country, Brazil. But some of us knew [had learned] the drill. [The price for] everything went down, for instance a building of $100,000 US dollars dropped to $10,000 US dollars. If you didn’t have enough leverage, you had to sell for $10,000 US dollars; but if you endured it well, prices eventually bounced up. The economic curves of

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62As noted in Chapter 3, the number of registered Koreans in Argentina declined sharply in the early 2000s.
developing countries are usually gradual, but Argentina gets better and worse in dramatic cycles: it goes up sharply and goes down sharply. (Interview No. 1)

Actually, because of high inflation and distrust towards the government, many Koreans left for the US. That’s the reason why the number of Koreans decreased dramatically. However, if you take the long term view, this is a really good country with lots of opportunities. In terms of the politics, during the last 40 years, it has been getting worse, but the economic scale has increased enormously. During the crisis, if you observe well, the possibility to make a big profit is much higher than during the stable economic periods. Of course, there are many people who failed their businesses or left the country during the crisis. However, if you used opportunities well, you could make big money. (Interview No. 52)

While economic crises usually affect business negatively, for those who have enough leverage to overcome difficult economic periods, those crises have been advantageous opportunities to increase the scale of their businesses and prepare themselves for the next step. In addition, for those immigrant entrepreneurs with limited resources, economic crises have provided a low barrier to enter the competitive wholesale markets as the interviewees below experienced:

I started a wholesale shop with my sister just before the 2001 crisis and one dress model had a big success. When we decided to separate the business, we faced the [economic] crisis. More than half of the shops around Av. Avellaneda were closed and many people left for the US. At that moment, I opened a shop, because I didn’t have any other option. People told me that I was crazy. However, I just learned that I could start a business with very little money during the crisis. At that time, there was no key money requirement, the rent was cheap. I re-invested all the profit into buying fabrics during the first years [of my business].
After several big model successes, my [wholesale] business went up continuously. I believe that crisis is an opportunity, because of my experience. (Interview No. 69)

Certainly, it is challenging to conduct business activities in difficult and fluctuating economic contexts. However, the many successful Korean entrepreneurs have had to learn how to manage, and how to navigate their apparel businesses through the sharp ups and downs of Argentina’s turbulent economy in recent decades. Thus, those complex macro-economic situations had the potential to make or break a business. A garment wholesaler provided a very similar view regarding the local economy:

The Argentine economy is like a roller coaster. Here there is no medium term. If you maintain a conservative approach, you don’t have major risks to run your business. If you do risky business, you can become a millionaire immediately or fail completely. Crisis, in Chinese, is said to mean danger as well as opportunity. Whenever there is a crisis, there are people who earn a lot of money or go broke. (Interview No. 40)

From the field interviews, I infer that both Korean Argentines and native Argentines did develop the skills and abilities to accept, survive in and adapt to the fluctuating host economic contexts. Thus, for Korean Argentines, those skills and abilities are likely to be of prime importance in their gradual transformation and later incorporation into mainstream Argentine society.

8.2 Av. Avellaneda Market: Growth Opportunities with Limits

Clearly, economic contexts critically affect entrepreneurial opportunities. By the same token, the differences and dynamics of markets importantly exert various influences on
business entry and eventual success. Diverse market conditions offer entrepreneurs different opportunities and obstacles, demand different skills, and lead to distinct outcomes in terms of business entry, consolidation, or success.

According to Kloosterman and Rath (2001), in any discussion of immigrant business opportunity, it is relevant to differentiate between the accessibility of markets and their growth potential. As previous research has shown (Wandinger, 1986; 1989; Rath, 2000), immigrant entrepreneurs with limited resources tend to enter low-barrier markets. However, the concentration of specific ethnic groups within a distinct business area is not just the result of how the starters enter the market, as entrepreneurs may move around, go upmarket, or may break into a new market (Rath, 2002:16). The chances of ethnic businesses are certainly contingent on the presence or absence of entry barriers to those markets, but also on the conditions and characteristics of the markets in which entrepreneurs operate over time (Rath, 2002:16).

In this section, I examine the conditions of the sector that facilitated both the easy entry and the success of Korean entrepreneurs, particularly in the middle-range garment wholesale market. In addition, I discuss the growth possibilities and limits of Korean wholesale businesses entering the larger scale apparel market.

Firstly, many Korean interviewees agreed that the relatively undeveloped conditions of the Argentine garment sector in which Korean businesses concentrated facilitated immigrants’ entry, as the interview below demonstrates:

> If you made things with holes for arms and heads, you could sell it. The quality of garments and textiles in the 1970s and 1980s in Argentina was bad, and the Jews operated their
garment businesses with 100% profit margins. It was the reason why we could enter the market easily and succeed rapidly. (Interview No. 10)

The idea that a developing country provided a better “niche market” than would a developed country was repeated over and over in many interviews to explain the easy entry and the fast economic growth of Korean entrepreneurs. The following examples are illustrative:

In the past, the garment sector was not competitive, and it was too easy for business. I don’t think that Jews used bad quality material intentionally. The middle [price and quality] clothing market was very small and the profit margins were really good. The conditions were ready for Koreans. In addition, Koreans work really hard and diligently. When the others worked eight hours, Koreans worked twelve hours. These days Koreans don’t work as hard as before, but in the past, they worked a lot. Argentina is not a developed country, but it gives us a lot of opportunities. It is much more comfortable to run a business here because it is easier to compete with Argentines. Korea is much more competitive. To run a business in the US you need a lot of capital and it is also competitive. Koreans always complain about this country, but actually it is good to run a business here. This is the reason why they have been making a lot of money every decade. I have US permanent residence but I don’t think we can run a business better and make more money there. (Interview No. 15)

Argentina is a country dependent on the primary sector: soy beans, beef and other raw materials. The general economy is not going very well. The only thing we [Koreans] can do is to find a niche market. Compared to other countries, there are many gaps and breaks here: such as loose tax controls and other opportunities. When you think and observe
deeply, you can find those gaps and niches [to start a good business in Argentina].

(Interview No. 69)

Undoubtedly, the low-middle price/quality domain of the clothing market provided a good niche for Korean entrepreneurs. But the same market segment could, in future, become an opportunity for others; gradually, the community is becoming aware of the need to compete or move on. That understanding is reflected in the following interview comments:

The Jews had the entire clothing market. The market of low-middle range clothing depended on the price. In that market, Koreans competed with the Jews and won, because Koreans worked very hard cutting and sewing materials, using family labour, and selling clothes much cheaper. These days Bolivians are doing the same as Koreans did, and they have started occupying the low-middle clothing market. Increasingly, Koreans are targeting middle-high quality apparel by going to Europe to get new models, using better quality materials and upgrading their machines. Bolivians do not have that kind of capital yet, but they are growing very fast. This is a big concern among the Korean garment businesses these days. (Interview No. 16)

In my opinion, as Korean immigrants took over the Jewish businesses in the past, Bolivian immigrants will take over the Korean wholesale businesses in the future. These days Koreans work much less than before, but their expenses are quite high. On the contrary, Bolivians work very hard and save much more money [for reinvestment into their businesses]. (Interview No. 67)

Furthermore, other Korean entrepreneurs suggested that the fact that most Koreans concentrate on mid-quality women’s apparel, with limited items and styles, is another
obstacle to developing their businesses quickly, as compared to the previous decades, as the comments below show:

In the beginning, Koreans shared the market with Jewish businessmen. However, in time, Jews moved on to invest in real estate or other areas within the clothing industry, such as women’s underwear. Koreans concentrated in the lower- and middle-quality women’s fashion apparel. Within the total garment market, the percentage that Koreans represent is not high. Although I am Korean, I have to admit that Koreans are very good at copying but not at inventing or developing their own models. They usually move to less risk so they don’t need to innovate. Around [Av.] Avellaneda all the clothes are very similar. They should change their marketing strategy and have their distinctiveness. (Interview No. 15)

I think there are too many [clothing] shops in [around] Av. Avellaneda. The number of shops increased dramatically in the last seven-eight years. A lot of Korean businessmen who were running retail shops in the provinces came here and opened wholesale shops. Argentina is not a big country like Brazil; the population is much smaller and the [clothing] market is too. […] Most Koreans manufacture the same item; 90% of them produce [women’s] remeras (t-shirts). They have to diversify the items. […] The number of Korean businesses is the highest; but we are still between Jews and Bolivians. Clothes made by Jews are usually good quality and sell at good prices. (Interview No. 17)

As discussed in Chapter 4, the Argentine garment market is roughly composed of four market segments: (1) the first-line brands, which have their own local marketing and in many cases sell in large shopping centres; (2) medium-size companies, which do not usually have their own brands and which reach final consumers through multi-brand shops; (3) semi-formal wholesale markets geographically concentrated in Once and Flores (around Av. Avellaneda), which provide middle-quality apparel to registered retail shops; and (4) La
Salada market, which provides clothing to small- and medium-size retail businesses which sell their products in mostly unregistered shops.

While Korean immigrants made rapid progress in the past, they have been concentrating in the semi-formal market sector in recent years. Some of my interviewees are highly successful Korean entrepreneurs who operate large-scale wholesale garment businesses, manage a large capital enterprise and hire dozens of employees. Apparently, they have the capacity to organise and develop their business in order to advance into larger markets, develop unique brands and to expand their businesses vertically or horizontally. However, many do not intend to develop their businesses further, even though they have the capacity to do so, as illustrated in these interviews:

> It is difficult to make a brand. In order to advertise my clothes in a magazine we have to pay a lot of money. It also needs know-how. Only powerful Jews and Argentines have that know-how, so we have to go through them. Up to where we are, it’s ok, but I think it would be difficult to go further. You have to pay a lot of money to enter into a shopping centre. It is good to let many people know about your name, but the economic effect is small. (Interview No. 47)

> Yes, we can see our clothes in the main shopping streets of Buenos Aires. Many of those brand companies come here [to Av. Avellaneda], buy clothes made by Koreans, attach their brand tag [label] and sell them as their own. It is easy to distinguish clothes made by us [Koreans]. There are a few Koreans who make their own brands such as Sans Doute or Nahana Jeans. However, I don’t want to develop my business to that level. I just want to

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[63] Sans Doute (http://www.sansdoute.com/) and Nahana Jeans (http://www.nahanajeans.com/) are one of big clothing brands run by Korean entrepreneurs.
make my business stable. I am neither ambitious nor want any additional stress. For me my business is enough. (Interview No. 17)

Koreans can make their business much bigger if they want. Many second-generation [Koreans] run their business in a different way and develop their own brands. They have the capacity. However, since the market and the economy are too unstable, many [Koreans] do not want to invest and take on a long-term project. In our case, we considered it very seriously, but decided not to because it is not convenient for us. (Interview No. 35)

Perhaps a realistic assessment of their opportunities has led Koreans to decide simply to fill up the niche and remain in the same market with no bigger aim than a predictable profit maximisation return with the least effort and risk. That view is reflected in the following comment:

Koreans do not want to make big brands like Argentines. For many, the main aim is to extract money as soon as possible. They don’t want to live here for a long time but want to make money and leave for Korea or other developed countries. Probably because of the economic problems and instability, they don’t want to live here. (Interview No. 69)

For the reasons presented in these interviews, in the recent decades, most Korean garment entrepreneurs, including those with the necessary high capacity to expand their businesses into the first-line brands, have instead concentrated on the garment wholesale market around Av. Avellaneda, which is considered “semi-formal”. As noted in Chapter 7, compared to formal, big brand, commercial operations, Korean wholesalers tend to accept only cash transactions to avoid taxes. Several interviewees shared their understanding that the tax evasion and semi-formal management prevent them from advancing to higher business opportunities as in the following comments:
Korean immigrants are very shortsighted. In the 1970s and 1980s, the development of their business was really fast. But in the last 10 years, it has been much slower than other local businesses. Koreans are stagnating. In order to grow, they should sell 100% formally and pay more tax. They should take into consideration those things. (Interview No. 15)

In my opinion, many Koreans run shops, but they are not running businesses. They should have a long-term vision and invest money into the infrastructure or company organisation. They are making good money these days, but they can’t guarantee their business in the future. There are some brands that invest in webpages and advertisement, and open shops in fashionable malls. However, 95% of Korean wholesalers are simply dependent on their day-by-day sales. If they don’t change their management strategy with a long-term plan, when the multinational clothing brands such as H&M and Forever 21 come, it will affect most Koreans seriously. (Interview No. 67)

If you have black money that you made without paying tax, you can’t invest it. The problem of the Korean community is that many [Korean] people have black money. There is no way to launder that capital. If you want to make legal money you must pay 35% in tax, but Koreans want to save it. They do everything not to pay taxes. This is a very bad business management style. Accountants should tell their [Korean] clients this is a wrong way, but they just adjust to what their clients want. Nowadays the government knows that Koreans evade taxes whenever possible. (Interview No. 52)

One of the committee members of the Chamber of Korean Entrepreneurs mentioned the potential of Korean garment businesses and the importance of making them formal and visible:

You can’t imagine the amount of cash that is moving around the Korean garment businesses in Argentina. The total sales of a few Korean shops reach up to $60 million [US]
8. Opportunity and Challenges for the Korean Garment Business

dollars per year! [...] In fact, all those businessmen have been managing their own money without credit or debt. The key money of those shops in Av. Avellaneda is $300-$400 thousand [US] dollars per year and Korean wholesalers pay their key money in cash. Those Korean businesses have lots of potential. It is important to formalise and move them to the sunny and positive side. We are trying to make them diversify the businesses. There are several people who are investing in buildings and hotels. [...] It is not easy; at the beginning only a marginal number of people are doing it [formalising their business]. However, it is possible. This [to formalise their business] is the only way to survive. (Interview No. 65)

There actually are several Korean entrepreneurs who intend to make their businesses legal, visible and larger, although it is generally acknowledged that they are not the majority:

We started using the bar code system to administer our stock 10 years ago. Still these days only 50% of Korean businesses here use that system. It was a huge challenge and big investment. [...] For advertisement, we are spending around $200,000 [US] dollars a year; but including gifts and paper bags, it can be much more money. [...] I don’t think big shopping centres negatively discriminate against Korean businesses. The problem is that they don’t have enough space so it is very competitive. We had a special relation with the company owning the shopping centre. We also had to show all our profits and other documents. [...] I pay a lot of tax. Many people here can’t imagine how much tax we are paying. We hire all the employees formally and pay all taxes. I declare my profits. In this way, I can invest my money freely. Otherwise, it is difficult to invest. These days, this country [the government] also controls tax a lot so you should be correct in terms of accounting. (Interview No. 72)
The below figures show the advertisements, the shops and the factories of a clothing brand owned by a Korean entrepreneur who expends major efforts to make his business a first-line brand.

<Figures 8-1 and 8-2> Advertisements for a clothing brand owned by a Korean entrepreneur (Source: Nucleo)

<Figure 8-3> (left) The design room of a clothing brand owned by a Korean entrepreneur (25/05/2014)
<Figure 8-4> (right) The cutting factory of a clothing brand owned by a Korean entrepreneur (25/05/2014)
8. Opportunity and Challenges for the Korean Garment Business

8.3 New Generation of Koreans Argentines and their Integration into Mainstream Society

Researchers in migration studies have pointed out the problematic relationship between immigrant entrepreneurs and socio-economic incorporation into mainstream society (Fong and Ooka 2002; Pécoud 2003; Portes and Sensenbrenner 1993; Zhou 1997). Portes and Sensenbrenner (1993) claimed that through dense ethnic networks, immigrants are able to start businesses that generate jobs for co-ethnics within the host society. In another study, Pécoud (2003, 259) suggested that the impact of self-employment on immigrants’ integration into the host society would be at best neutral, and that other solutions should be envisaged to reduce the gap between immigrants and the majority host population.

Nevertheless, such a supportive ethnic structure can lead to negative social consequences (Portes and Rumbaut, 2001; Zhou, 1997; Fong and Ooka, 2002). For example, Fong and Ooka (2002) concluded that individuals participating in ethnic economies have fewer opportunities to interact with individuals outside their group and more difficulties obtaining
information about external opportunities, as well as being less likely to experience a high level of participation in the social activities of the wider society.

For many first-generation Korean immigrants in Argentina, the garment business provided an accessible entry point into the host country’s economy, and one with distinct rewards. What about for the succeeding generations of Korean Argentines?

It’s not a hundred percent, but most ethnic Koreans are concentrated in the garment business. The main problem is that the second- and third-generation Koreans have not integrated into mainstream society over fifty years. We should support the smart ones to work in diverse areas such as journalism and politics. Because everyone has been in the garment business for so long, there are no Koreans in the public eye. There are some young ones who are trying to get good positions, but it’s difficult. We should support them. (Interview No. 14)

Most [young Korean Argentines] take over their parents’ business or get engaged in jobs related to the garment industry. They very rarely integrate into mainstream society. Even for [Korean] lawyers or doctors, it is difficult to compete with Argentines. If you are not outstanding, you can’t compete in Argentine society. Of course, if you work within the Korean business community, you can make much more money. I don’t blame them. It’s natural. You have to feed your kids and pay the bills. But we need individuals who can lead the second generation of our community. (Interview No. 68)

As alluded to by these interview excerpts, worries within the community over the failure of young Korean Argentines to integrate into mainstream society are increasing. Consequently, community organisations regularly make efforts to encourage them to continue their studies and pursue university or professional careers. The figure below is an
advertisement for a workshop aimed at young Koreans to encourage them to develop professional careers outside the Korean community.\textsuperscript{64}

\textbf{Figure 8-7} Advertisement for the workshop on “The value of studying and being professional in Argentina” organised by KOWIN (Korean Women’s International Network) for young Korean Argentines

Nevertheless, despite those efforts made by community organisations, the results vis-à-vis Korean integration into the mainstream society are not encouraging. There is a popular saying among Korean immigrants with regard to the rapid increase of Korean wholesale shops during recent years: “[Av.] Avellaneda cannot help but become bigger and bigger. Whenever children get married, Korean parents provide with a wholesale shop as a means of support. It is the reason why more shops are opening every day.” This expression confirms the increasing entry of young ethnic Korean Argentines into the garment wholesale sector.

\textsuperscript{64}For more information on the workshop series, please refer to the webpage: https://www.facebook.com/KOWIN-Argentina-Seminario-de-Jovenes-465999963506962/
Globally, previous literature on immigrant communities (Kim, 2001; 2004; Portes and Zhou, 1993; Portes and Rumbaut, 2001; Rumbaut, 1994; Zhou, 1997) has suggested that although a high proportion of first-generation immigrants operate their own businesses, most succeeding generations change their careers, as their families blend into the mainstream society. This has been the case for younger Koreans in the US and other developed economies (Kim, 2001; 2004). However, the case of the younger generation of Korean Argentines is starkly different; they continue to operate garment businesses or to work as employees within the sector.

The status and career development patterns among 1.5- and second-generation Korean Argentines greatly contrast with Koreans in the USA. While many first-generation Korean immigrant families in the USA run small or larger businesses within and outside their ethnic enclaves, their children tend to disfavor inheriting their parents’ occupation or family business. Dae Young Kim states, “Despite the success of the strategies of mobility used by their immigrant parents, second-generation Korean Americans have shunned the small-business path” (2004, 156). Indeed, the second-generation Korean Americans he interacted with even expressed that they would do anything besides taking over their parents’ businesses, disdainful of the sacrifices that the whole family had to make to develop and run them, especially in the initial period after migrating to the USA (Kim 2004, 179; 2013, 48-49).

The corresponding generations of Koreans in Argentina stand in almost complete contrast in that they do not reject the trajectory of their parents’ business endeavours. Indeed, they

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65 Kim (2004:179) indicates that second-generation Korean Americans are abandoning the small-business route of their parents in favour of primary sector occupations, a phenomenon that is very different from young Korean Argentines.
value highly the option of staying in the family business, viewing it as a career opportunity that offers a means of pursuing and sustaining modern capitalist lives in Argentina. Thus, many of them voluntarily engage in the work or aim to develop their own businesses in the same industry. Clearly, in comparison with Koreans in the USA, a far smaller proportion of Korean Argentines – whether of the same or different generations – seek their success by pursuing professional careers such as those in medicine, law, engineering, finance, and academia. Instead, they tend to remain in ethnic Korean enclave businesses largely represented by a range of garment ventures, from wholesale or retail shops to clothing factories.

8.3(1) Advantages in Participating in a Family Business

Certainly, the reasons why 1.5- and second-generation Korean Argentines might want to engage in a garment business are quite different from those of their first-generation predecessors. Korean Argentines who grew up in Argentina are native Spanish speakers and understand their social environment like any other Argentine. More than half of the younger interviewees stated that they worked in their family’s business in the garment industry before they became independent entrepreneurs (Interview Nos. 3, 6, 37, 41, 49, 55, 56, 64, 76, 81, 82, 84). The proportion of young Korean Argentines moving into the garment industry from other sectors is also relatively high. However, unlike the first-generation immigrants, not many of the younger generation seemed to build up their garment businesses independently of family resources.
Interviews and personal conversations with young Korean Argentines suggest that for younger-generation Korean Argentines, working with in their parents’ garment business is common in Buenos Aires. The following demonstrate this practice:

Parental influence is huge. […] We [young Koreans] marry at 25 or 26 years old, and our parents prepare and give us a shop, or we start working in the shop of our husband or wife. […] As parents get old, they want to work less or stop altogether. They want their children to help them. They know how to make good money and they want their children to follow. (Interview No. 64)

A 30-year-old second-generation Korean Argentine, who ran his own wholesale garment firm told a similar story:

Half of it was at my mom’s insistence and the other half was my own decision. I am the oldest son. My mom needed help, so I felt responsible. I was a second-year engineering student, but I quit halfway through. After I started working with her, her business did well. I worked with her for ten years and then started my own independent business two years ago, after I got married. It would have been very difficult if I hadn’t started working and learning before. (Interview No. 87)

As these interviews indicate, young Korean Argentine entrepreneurs, in addition to obtaining financing, usually learn and get business information and know-how from their parents. Learning the management know-how from their parents is particularly important to start a wholesale business, since it entails more complex processes than garment retail businesses, as confirmed in the following interview:

The reason I didn’t start a clothing wholesale business is that my family did not have much experience running wholesale shops. My parents have been running a retail [garment] shop...
for more than 20 years in Bahía Blanca. For them it is difficult to help me here [in Buenos Aires]. I had to manage everything, but I didn’t know much [about the wholesale business]. I have relatives running wholesale businesses, but I didn’t want to bother them. They have a lot of work to do, too. (Interview No. 76)

In order to start a business, entrepreneurs primarily need access to capital and business expertise. Unlike the first generation of Korean immigrants, who were often dependent on ethnic networks to obtain venture capital, the 1.5 and second generations tend to obtain it from their families or else take over the family firm to continue developing wholesale or retail enterprises. While there were a few cases in which young Korean Argentines accepted a small amount of credit from friends or others, usually community members, I did not encounter any cases of young Korean Argentines starting wholesale or retail clothing businesses exclusively on credit. Most young interviewees agreed that capital injections from parents are crucial in starting one’s own business. If they are unable to obtain economic support from the family, they take on work with other Korean entrepreneurs as employees, usually as shop or factory managers as the following examples demonstrate:

I accumulated some savings while working with my mom, but it was not enough to start up a wholesale business. She helped me with the money to rent a shop and offered to share her cutting factory and storage space. She also contacted some fabric providers and asked them to provide me with fabrics on credit. Without her help, it would be completely impossible. She continues to help me today. (Interview No. 87)

We took over my parents-in-law’s retail shop in Buenos Aires. My father put up the money to upgrade and improve the building. It is very difficult [to run a garment shop] without parental support. A clothing business requires a lot of money. It is impossible to save
money and gather the initial capital to start a business working on your own. For both wholesale and retail shops, the most important thing is to find a good location. To rent well-located premises is really expensive. Shop repairs and improvements also require a lot of money. Without family support, it would be very difficult. (Interview No. 76)

Most interviews and personal conversations with young Korean Argentines suggest that they obtained both their start-up capital and their business and industry knowledge primarily from their families. However, in the case of Korean Argentines who cannot or do not obtain adequate business support from the family, the extended community network also functions to provide alternatives as is evident in the following interviews:

My mother has been very successful in running retail garment shops in suburban Buenos Aires. I graduated from high school and university in the US. [...] When I came back, I wanted to run a retail shop because I know a lot about how to do that. However, my parents strongly suggested that I work at their friends’ wholesale shop and learn how to manage wholesale. I worked there without pay just to learn the business. After a month a [wholesale] shop came on the market, so I bought it and started my own business. (Interview No. 60)

Korean Argentines mainly learn from their families. However, when you run a shop, you can also readily get information from the community because most Koreans work within the garment industry and it is easy to ask other Koreans. It is convenient for us to use the [ethnic] networks. (Interview No. 84)

In their book on ethnic economies, Light and Gold (2000) make a distinction between “class” and “ethnic” resources. Class resources derive primarily from “private property and wealth,” as well as from “values, attitudes, knowledge, and skills transmitted in the course
of socialization from one generation to another” (Light 1984, 201-2; Light and Gold 2000, 84). Ethnic resources, on the other hand, include “identifiable skills, organizational techniques, reactive solidarity, sojourning orientation, and other characteristics based in group tradition and experience” (Light 1984, 201; Light and Gold 2000, 105). My interview data suggest that unlike the first generation of Korean immigrants in Argentina, for second-generation Korean Argentines class resources are viewed as important while ethnic resources constitute a secondary form of support.

More to the point, my interviewees claim that young Korean Argentines are in a position of advantage: the financial support and expertise offered by their families help them to better develop their businesses. The following representative comment from a young Korean Argentine, who was working with her parents in their wholesale clothing firm, confirms the comparative advantages Korean Argentines have over both majority Argentines and members of other minority ethnic groups in the garment business:

> On the basis of what our parents built, we [Korean Argentines] are learning and developing businesses further. Our parents gave us the capital. We learned all the basics from them. More than that, we learned from our parents how to manage a shop and how to manufacture clothing. Young people have a better eye for designs that suit the tastes of the local market. Many of us go overseas to obtain new designs. (Interview No. 64)

Many first-generation Korean immigrant also expressed a similar view, confirming the advantageous position of younger generation Korean Argentines in the garment industry:

> It is difficult [for young people] to start [a garment enterprise] by themselves. However, they have access to all the expertise we have accumulated. For instance, you need a lot of small bits of information and resources [to run a garment business], such as an eye for
purchasing garments that meet local tastes. Based on these resources, if parents support them [economically], the chance of being successful is much higher. (Interview No. 10)

Korean Argentines were born and grew up here. They are basically Argentines. They know the taste of locals very well. In my case, I study a lot. Should I choose this? Or this over this? Will Argentine people like this or that? I am still struggling, but young people feel intuitively and choose easily according to local taste. (Interview No. 69)

The younger generation brings new sources of information and knowledge to the family firm, which can help it adapt to changing market circumstances. In this regard, the intergenerational dynamic permits firms to flourish while remaining family-owned. While in most cases a young Korean Argentine’s involvement in the garment business is not only a family obligation but also a personal choice, there are other social factors involved in their decision to take on a garment business.

<Figure 8-8> (left) A second-generation Korean Argentine working in the design room of her own garment wholesale business (25/04/2014) <Figure 8-9> (right) A second-generation Korean Argentine at a cutting factory of the family-owned garment wholesale business (Source: Maison 517)
8. Opportunity and Challenges for the Korean Garment Business

8.3(2) Disadvantages in Participating in Mainstream Society

In fact, the processes at work in Korean Argentines’ decision to work with the family business instead of pursuing other job opportunities in mainstream society are not as simple as the strong overall trend would suggest. As they freely admitted in conversations and interviews, many young Korean Argentines agonised over the decision of whether to follow their preferred occupations or take over their parents’ company, particularly when it came time to enter the job market. I repeatedly heard statements like, “When I was in university, I talked a lot with my friends about my career and future, about whether to take over our parents’ clothing shop or go my own way.” In the end, a majority of young Korean Argentines opt to take over their parents’ garment business or open their own.

There are several crucial factors that push Korean Argentines to remain in the family business. In recent decades, a high rate of self-employment has characterised Argentines’ personal and institutional adaptation strategies to an increasingly hostile economic environment. For every young Argentine, regardless of ethnicity, factors such as un- or underemployment, job dissatisfaction, and blocked opportunities seem to act as factors pushing them towards self-employment (Martínez Pizarro 2000; Esteban 2003).

In interviews, Korean Argentines repeatedly expressed the view that the low salaries in Argentina are the crucial factor inclining them towards the family business. Korean Argentines confront labor market problems typical of a developing country by accessing career opportunities within the businesses of their own families or through ethnically based business networks as in the following examples:
I would like to work for a local company, but the salary is too low. In the case of Korean companies like Samsung and LG [in Argentina], the salary is a little bit better, but you have to work very long hours, like in Korea. Because of the [salary] problem, I’d rather have my own business and make money that way. (Interview No. 34)

For younger Korean Argentines, income potential seems to be the main reason for choosing not to continue on a professional career path, as many interviewees confirm:

You can make much more money in the garment [business]. My first son studied for much longer than my second son, but my second son is making much more money [running a wholesale shop] than the first. In Korea you can earn a good salary working for a big company, but here [in Argentina] it is different. The clothing business is much better in economic terms. (Interview No. 62)

In the case of Koreans in the USA, if you study hard and graduate from a good university, you can earn a good salary. But Argentina is not like that. In Argentina, even if you graduate from a good university, you will get only 20,000 to 30,000 pesos a month [2,000 to 3,000 USD at the time of the interview]. Running your own garment business has more advantages. (Interview No. 18)

Furthermore, as many young Korean interviewees argued, the difference between salaried person’s income and that of a businessperson in Argentina is generally wide. Although this depends on the type of job and the scale of the business, the average income in the garment industry is much higher than a typical salary. One possible explanation can be discerned by comparing the scale of Korean businesses in Argentina with that in developed countries. For instance, Korean businesses in the USA are “small, labor-intensive, and vulnerable, but highly diversified in terms of the nature of their markets” (Kim and Hurh 1985, 84). The
situation in other developed countries, such as Australia and New Zealand, are relatively similar: Korean businesses tend to be small, such as Japanese restaurants, grocery shops, or liquor stores. On the other hand, Korean garment businesses in Argentina are quite significant in size. In the wholesale sector, which encompasses complex systems of production and distribution, a company may employ at least ten people in the shop and a similar number in the factory. Thus, for many young Korean Argentines, the attraction of a business sector that provides comparatively big profits within easy reach is hard to resist. They tend to start their own business mainly because of the huge difference in income between the professional job market and the garment business, as alluded to in the interview excerpts below:

I worked for La Serenísima, a big local dairy production company, as an engineer for about two years. My boss’s salary was around 24,000 pesos. At that time, the [US] dollar was 1:4, so that was approximately $6,000 [USD]. My own salary was approximately $2,500 [USD]. I compared my father’s income [running a retail shop in Bahía Blanca] to the salary of my boss, who worked more than twenty years as a professional engineer at the company. My father’s income was much higher than my boss’s. […] Many of my friends didn’t finish their studies. Most of those who really wanted to follow their chosen profession left [Argentina]. My wife, who studied odontology, and I decided to stay here because we wanted to be close to our families. These days we are running the retail shop together in Buenos Aires. (Interview No. 76)

Even if you complete university study, it is very difficult to be salaried in this country. In particular, there is no comparison between the incomes of people on salaries and of those in business. This is the reason why Koreans want to run businesses. Of course, young [Korean] professionals could live off of their salaries. All the local people do so just fine.
The problem is that Koreans are competitive. They live in close communities, so they compare themselves with others. If half were professionals and the other half businesspeople, the situation would be all right. However, most [Koreans] are concentrated in business; young people are inclined towards business. It is a shame that there are only a few [Korean] professionals. (Interview No. 35)

As the above interviewees suggest, many young Korean Argentines also attributed their choices to the huge income difference between salaried workers and businesspeople. However, not all Korean Argentines are motivated to start a garment business or work for co-ethnic employers. Some, like their young fellow Argentines, feel inclined to leave the country in search of better conditions:

The main problem is that the second-generation Koreans do not make an effort to behave professionally. There were several successful 1.5-generation professionals, but most of them left for other countries. There were several famous Korean lawyers, but they got job offers from foreign companies to work overseas. We need a leader who can inspire the second generation, but there is no one to lead us or guide us or show us a better way. (Interview No. 68)

Another interviewee reflects on this drain towards overseas studies and employment:

Normally parents help children start businesses, but not in all cases. There are many parents who can’t support their children’s businesses. Those young Koreans who can’t obtain financial support from their parents usually work as employees in Korean-owned enterprises. Also, there are many young people who finish university and go overseas. In many cases, they go overseas through their companies. My friends who really wanted to continue their careers went overseas. (Interview No. 76).
The above interviews suggest that this trend of professionally trained Koreans leaving the
country should be understood in the context of economic and social circumstances that are
typical of a developing country. Those circumstances, such as low salaries, job
dissatisfaction, and blocked opportunities, seem to have acted as push factors for highly
educated and skilled professionals to leave Argentina in search of better working
opportunities (Martínez Pizarro 2000; Esteban 2003). This is applicable to all young
Argentines, not just Korean Argentines.

Thus, the continued concentration of Korean businesses in the Argentine garment industry
is the result of both the positive and negative sides of the country’s social, economic, and
political environment. In this case, the concept of mixed embeddedness (Kloosterman et al.,
1999; Barrett et al., 2001; 2002; Kloosterman and Rath, 2001; 2003; Rath 2002; Cain and
Spoonly, 2009; Panayiotopoulos, 2006; 2010; Kloosterman, 2010) seems a more
appropriate framework for understanding this particular phenomenon since it emphasises
on how the micro-level of individual and ethnic variables interfaces with the macro-level of
social-structural factors, a focus that is particularly relevant in the distinctive context of a
developing country like Argentina.

On the other hand, Granovetter (1995) pointed out that a certain level of discrimination
faced by minority groups aids not only in the development of ethnic businesses but also in
their continuity, since succeeding generations, also exposed to prejudice, would be more
likely to stay within the family business. While the topic of racism or outward
discrimination did not arise much in interviews and conversations, issues around limited
social capital in wider society did, as evidenced in the following:
Children need role models in mainstream society to inspire their future plans outside the garment industry, but available role models are very limited. Ninety-five percent of Koreans are in the garment business, so the odds are that ninety-five percent of our children will run a garment business. I sent my children to the US in order to show them another world. For instance, local Jews have many relatives who have professional jobs, so they can follow those professions naturally. Koreans are too limited. (Interview No. 35)

The below interviewee held a similar view that Koreans pursuing professional careers have limited opportunities in wider job market. This is why many young Korean professionals are easily tempted to abandon their career of choice in favor of the garment business:

The problem is that there are too many professionals in Argentina. For instance, there are too many doctors. Their salaries are low and they have to work very hard until they get a good position. The general social context is a problem, but the fact that we are Koreans is another problem. This is the reason why many Korean professionals quit their careers and re-enter the garment business. It’s a faster route towards economic success. The number of Korean professionals is declining and [young Koreans] are more and more concentrated in the garment business. It’s a vicious cycle. (Interview No. 13)

Family and co-ethnic resources have been used primarily as a form of social capital to provide a foundation for entrepreneurial activities. Wahlbeck (2007: 555) pointed out that ethnic networks provide social capital that can serve efficaciously within the ethnic business community, noting, however, that this may hinder access to social capital that can be utilised within the wider labor market in the host country. Some scholars (Portes, 1998; Portes and Landolt, 2000) refer to this secondary effect as “negative social capital”. As a result of their concentration within a specific sector for several decades, Korean Argentines have had adequate access to certain resources, such as family support for start-up capital,
business information based on ethnic networks, and informal access to co-ethnic labour within the garment industry. However, the interview data clearly suggest that they still tend to be lacking in forms of broader social capital, a disadvantage from the perspective of most Korean Argentines.

8. Opportunity and Challenges for the Korean Garment Business

8.4 Chapter Review

The business prospects of Korean entrepreneurs in Argentina have been negatively affected by decades of difficult and fluctuating economic contexts. However, it seems that many of them learned how to manage their businesses through the sharp ups and downs of Argentina’s economic cycles in recent decades like other Argentines.

Contrary to popular belief, my field data suggest that the unstable and hard economic and market conditions of the host country are not always pessimistically viewed by immigrants as negative influences on Korean garment businesses. As the following interview comments clearly demonstrate, the economic instability and backward market conditions can be viewed as a crucial opportunity to enter a new market easily and to advance rapidly for Korean entrepreneurs: “Under the well-organised market and society like the US and Korea, it is difficult to break into a new market and to go up easily and fast. However, under the underdeveloped economic structure like Argentina, there are many more possibilities to enter a new market and to succeed, because in the less organised market and society there are more gaps and breaks [niches]. Also, there is much less competition. It provides better conditions to make your business successful.” (Interview No. 16)
Compared to the previous decades when Korean entrepreneurs made rapid progress in the garment industry, in recent decades Koreans have remained in the semi-informal Av. Avellaneda wholesale market instead of moving up to the larger, more competitive market segment. While their informal/semi-formal activities facilitate better profits in the short run, those practices also militate against further business development in the long run. Thus, their informal business practices seem likely to be the critical sticking point to constrain their future growth and to block entry into the larger mainstream market, i.e., the first-line brands.

Unlike the younger generation Koreans in the US or other developed countries, most Korean Argentines continue to choose to work within the ethnic-centred garment industry, instead of diversifying their economic activities and incorporating themselves into the mainstream society. This is one of the distinguishing characteristics of the Korean immigration in Argentina.

My interview data confirm that for Korean Argentine youth, many complex social factors are involved in their decision to pursue the garment business. Particularly, job market circumstances typical of a developing country like Argentina, such as low professional salaries, un- or underemployment, job dissatisfaction, and blocked opportunities, seem to act as push factors towards family businesses or co-ethnic jobs. Thus, as the concept of mixed embeddedness suggests, this trend should be understood as related to the social, economic, and political environment in the host country.

Another possible approach to better comprehend these findings is to analyse the different forms of social capital. Ethnic minorities are frequently characterised as having tight social
networks and beneficial resources (Portes and Sensebrenner, 1993). However, these features can have advantages as well as disadvantages. On one hand, ethnic social networks and resources are often believed to provide security, solidarity and opportunities within the ethnic business community (Light and Bonacich, 1991; Light and Gold, 2000). On the other hand, ethnic networks and resources are also viewed as negative, thereby hindering economic integration within the host society (Portes, 1998; Portes and Landolt, 2000; Portes and Sensebrenner, 1993). The case of Korean Argentine entrepreneurs demonstrates that favourable class resources (the initial capital and know-how from the family) as well as ethnic resources (strong inter-ethnic ties and information sharing) are beneficial for advantageous business and employment opportunities within the Korean business community; nevertheless, that powerful combination of resources does not necessarily contribute to a better socio-economic position in the larger mainstream Argentine society.
9. Conclusions

In this thesis, I have traced and analysed the ways in which Korean entrepreneurs developed their businesses within the Argentine garment industry, from the beginnings of Korean immigration in the 1960s. My goal was to understand why such a high percentage of Korean Argentines became so intensively involved in garment-related businesses. Beyond the conventional assumption stressing the importance of ethnic resources, I found that multiple other factors interacted to influence their business entry, eventual growth and continuity. By paying particular attention to the interactive relationships between the immigrant agents and local social, economic and political structures, I have demonstrated through this research how Korean immigrant entrepreneurs in Argentina embedded themselves in the wider economic and political contexts in the host society by taking advantage of available social capital, along with individual and ethnic resources in the process of settling down and financially establishing themselves.

The Korean garment businesses in Argentina today are strikingly different from those in the initial stages of Korean immigration in terms of business scale, type, management styles and related issues. To present the relevant issues and changes vis-à-vis Korean garment businesses over the last 50 years, I have organised and classified my field data into four stages following the major changes: 1) subcontracted knitting and sewing jobs in the garment production sector; 2) expansion to the garment distribution sector in three ways: manufacturing operations \emph{(fabricante)}, wholesale and retail; 3) the concentration within the Avellaneda wholesale market in which both production and distribution were undertaken; and 4) opportunities, limitations, and challenges of Korean entrepreneurs, including social integration trends of young Korean Argentines. These four categories facilitate an analysis
of how the foremost factors and the relevant issues around Korean garment businesses have changed and varied.

In this final chapter I bring together, bridge the gaps and highlight what I consider my most important findings. I also acknowledge the limitations of my work and suggest possible directions for future research in the field.

9.1 Summary of Findings

9.1(1) Upward Mobility: The Main Motive for Korean Concentration in the Argentine Garment Industry

As many previous scholars in migration studies have emphasised, the unfavourable local labour market, particularly stemming from language barriers in the new country, was the main reason for self-employment of the first generation of Koreans in Argentina. For those in the early stages of immigration, the garment sewing and knitting subcontracted work was one of the most suitable options for the immigrant as it could be carried out without significant language skills or capital investment; this was true for individual workers and those pursuing small business opportunities. Furthermore, co-ethnic networks facilitated the efficient transmission of the necessary skills and distribution of tasks, materials and opportunities. As a result of its labour-intensive nature and vertical structure, the garment industry offered various types of jobs, easy business entry, and dynamic economic opportunities (Morokvasic, 1987; 1993; Waldinger, 1984; 1986; Green, 1997). As previous studies (Morokvasic, 1987; 1993; Waldinger, 1984; 1986; Green, 1997) suggested, these pathways that Korean immigrants undertook in the early stages are quite common and are
similar to the ways in which many immigrants engage with the clothing production sector in other countries.

Yet, Korean immigrants did not remain in the arduous and financially less rewarding sewing and knitting jobs for very long. Based on the accumulated know-how and capital, and the secure foothold they gained in the sector, Koreans managed to move into the garment wholesale and retail sectors, where bigger returns beckoned. Certainly, Koreans used their ethnic resources and networks effectively, extensively and intensively to enlarge their businesses. For many of the Koreans I interviewed, invisible Korean manufacturing operations and informal co-ethnic credit systems were cited as significant aids for their business expansion into the commercial garment sector. However, in this thesis, I stress the importance of the context of these choices. The particular characteristics of the Argentine garment industry provided Koreans easy entry and rapid upward mobility into the commercial garment sector.

According to my interviewees, the open structure of the Argentine garment industry, with numerous available niches, provided the essential opportunities and conditions for entrepreneurial Korean immigrants to enter, remain, and/or transit between garment sectors. Firstly, many Korean interviewees agreed that the relatively undeveloped market conditions facilitated Korean immigrants’ entry into the low-middle price/quality domain of the clothing market. Further, the Argentine garment industry is characterised by a high rate of informal or semi-formal management structures, not only in apparel production but also in a considerable portion of the clothing distribution sector. This latter circumstance is quite distinctive from that in other countries; in Argentina, this has translated into a broader array of niches for Korean entrepreneurs to enter the commercial garment sector.
9. Conclusions

The beneficial macro-economic conditions after the 2001 financial crisis were important drivers influencing Korean business expansion into the wholesale garment sector. During the subsequent phase of rapid economic growth, numerous Koreans initiated complex business operations, undertaking both garment manufacturing and wholesale enterprises. In these ventures, the business scale was enlarged significantly and many attained significant success in the Avellaneda wholesale market. By the turn of the 21st century, while the macro-economic contexts and individual economic power influenced the entry and development of Korean businesses critically, ethnic resources paled in significance compared to the previous decades. Nevertheless, the stories from those successful Korean wholesale businesses indirectly encouraged and motivated other Koreans to enter the wholesale sector.

Unlike second-generation Koreans in other countries, who tended to reject the small-business preferences of their parents and sought to pursue professional careers and to achieve mainstream-oriented mobility, Korean Argentines continued to choose work within the garment industry. The interviews hint that this counter-trend should be understood in the typical economic and social circumstances of a developing country. Primarily, Korean Argentines expressed the view that low professional salaries in Argentina are the crucial factor and the practical reason for the strong business preference of successive generations. Furthermore, for Korean Argentine youth, the typical job market circumstances of a developing country, such as unemployment, underemployment, job dissatisfaction and/or blocked opportunities, seem to have acted as push factors toward family business or co-ethnic job opportunities. Unquestionably, the undeveloped and informal garment market conditions in this developing country provided advantageous opportunities for easy entry
and rapid advancement for Korean entrepreneurs; at the same time, the difficult overall conditions of the labour market in Argentina militate against and limit satisfying employment opportunities and economic chances for young Korean Argentines in mainstream society. In summary, the continuous concentration of Korean businesses in the Argentine garment industry is the result of both the positive and negative sides of the social, economic and political environments of this developing country.

So why have ethnic Koreans in Argentina so continuously engaged in the garment industry? In this thesis, I assert bluntly that, in the difficult and complicated host country context, a considerable number of Koreans achieved upward mobility through available opportunities provided by the garment industry; they accumulated key advantages over time; and most still believe these opportunities and advantages can yield comparative benefits. If a considerable number of Korean immigrants in the garment industry had not been able to achieve this upward mobility, the story would have probably differed.

At the beginning of this research I approached the problem with a singular set of explaining factors – ethnic resources and networks – and a general hypothesis, quite logical, in view of the high concentration of Korean Argentines in a specific sector. Certainly, as previously discussed, ethnic networks and resources were used as a strategic tool by Korean entrepreneurs to achieve economic viability, financial support, and eventual upward mobility within the Argentine society. However, as I pursued this research, I concluded that I was simplifying several intertwining factors that were coming to life in the entrepreneurial narratives of Koreans. Some of these factors arose from individual abilities to adapt, while others stemmed from micro- and macro-environments providing opportunities.
With regard to the specific factors that influence Korean business development and upward mobility within the garment industry, I found that the micro-level of individual and ethnic resources were, as expected, some of the key instruments of the process. And yet, they were embedded in, and determined by the variables of the wider social, economic, and political environments, in ways more dramatic than classical migration literature usually suggests. In this case, the concept of mixed embeddedness seems a more appropriate framework for focusing on how the micro-level of individual and ethnic variables interface with the macro-level of social-structural factors; the interface of these variables is particularly relevant in the distinctive contexts of a developing country like Argentina.

**9.1(2) From Ethnic to Individual Entrepreneurs: The Evolution of the Korean Garment Business**

Ethnic networks and resources were the comparatively distinctive and accessible instruments that Korean immigrants could utilise in Argentina to bolster their entrepreneurial business activities and achieve upward social mobility. Nevertheless, the relative importance and dependence on those resources by Korean entrepreneurs vary, depending on time and circumstance.

In the 1960s and 1970s Korean immigrants neither spoke the local language (Spanish) nor understood the local Argentine context. Most depended heavily on other earlier arrived Korean immigrants to solve basic matters, from renting houses to seeking medical attention, as well as for finding jobs and business opportunities. This is probably the main reason why in the early settlement stages Korean immigrants were concentrated in limited
business areas, such as grocery shops or garment sewing and knitting subcontracted workshops, which were easy to manage following the information and advice provided by other Korean immigrants. Although the number of new Korean immigrants declined after 2000, still, for new immigrants, reliance upon the ethnic community was the natural or necessary path to earn a livelihood and to make a life in Argentina.

However, I found that many Korean immigrants relied on ethnic networks and resources not only in the early stages, but also in the following phases, when they expanded their businesses into the garment retail and wholesale sectors. The invisible Korean factories which supplied ready-made apparel to co-ethnic wholesalers and retailers played a crucial role in this development. These co-ethnic factories were particularly important for those Korean retailers or wholesalers who didn’t have the know-how or the experience in garment manufacturing, as many interviewees confirmed. The informal Korean rotating saving and credit system of gye, post-dated cheques and other types of credit were frequently used by co-ethnics. For many of the Koreans I interviewed, those informal financial systems based on co-ethnic networks were considered some of the most important and direct aids facilitating their expansion into the commercial garment sector. Furthermore, motivation and encouragement directly from close friends or family were particularly influential in immigrant entrepreneurial decision-making, in terms of sharing core business information and raising start-up capital.

Nevertheless, ethnic resources based on informal community networks, which were previously viewed as advantageous factors available only to Korean entrepreneurs, also showed unwanted side effects on the development of Korean garment businesses; some of these effects were articulated during the interviews and conversations with Korean
entrepreneurs. Moreover, the difficult economic contexts in the host country, such as the cyclical crises of recession and high inflation, aggravated the financial problems and conflicts generated by the informal credit systems. Consequently, after countless problems related to unpaid debts among community members, participation in gye financial cooperatives decreased noticeably. Furthermore, as the scale of Korean businesses was substantially enlarged, it became harder to obtain the necessary resources by relying intensively on co-ethnic financial help.

Currently, ethnic resources and networks within the Korean business community pale in importance compared to previous decades. While ethnic networks are typically used, their role is noticeably more limited to: informal employment relationships between co-ethnic employers and employees, smaller-scale credits, or information services provided by Korean associations and organisations. Meanwhile, Korean immigrants became “Argentine-ised” entrepreneurs in their own way, less depending on ethnic resources and more focused on their individual profits. Fierce competition among co-ethnics has become a serious issue, particularly in the garment wholesale sector; indeed today, most Koreans carry out their businesses independently and are reluctant to share their business strategies and core-information.

At first glance, from the standpoint of Argentine society, the Korean community was often seen as a unitary business group, because of its concentration in the physically bounded Av. Avellaneda clothing wholesale district. However, upon closer and more careful observation, huge differences emerge among community members in terms of economic position, background, life trajectory, and degree of integration into the host society. For example, during my field research, I had the opportunity to meet and to interview two very
distinctive groups: first, a considerable number of Koreans who lived in the US and came back to Argentina for better business returns; and secondly, ethnic Koreans from China (Joseonjok) who, because of the scorn of their Korean “co-ethnics”, were struggling hard to insert themselves into the community. Clearly, the legendary successful upward mobility did not apply to all community members. Many Koreans remained locked in unsuccessful positions, unable to move upwards, or some even experienced downward mobility. As a result of these uneven trajectories, the gap between rich and poor became wide within the Korean community, as it did for Argentines as a whole.

As the classical theories of “ethnic and class resources” claimed, in the initial stage of Korean immigration and their involvement in the garment industry, ethnic resources played an essential role. Currently, however, “class” resources appear to have become more important for Korean businesses. This seems more evident in the case of young Korean Argentine entrepreneurs. Younger Korean Argentines who have adequate capital can take over their parents’ business and follow in their footsteps; whereas, those who can’t get economic support from the family tend to work for other Korean entrepreneurs as employees. Currently, business opportunities seem to be restricted to only those who have economic power, strengthening a process of intergenerational transmission of “class” or socioeconomic status (Bowles and Gintis, 2002; Solon, 2002).

Although they are significantly concentrated in the specific industry, in fact, Korean entrepreneurs operate their individual businesses by taking advantage of ethnic resources and networks when available, when necessary and when possible. In the final analysis, “ethnicity” or “ethnic networks/resources” is not an absolute required condition or key to explaining the high concentration of Korean ethnic businesses in the Argentine garment
industry; nevertheless, it is clear that the accumulated know-how and economic power of each individual Korean entrepreneur create a certain path-dependency, motivating the community members to continue using the advantages whenever possible.

9.1(3) Ethnicity, informality, and Embeddedness

With the high concentration of certain ethnic groups in the Argentine apparel sector, Argentines commonly believe that the ethnic or cultural features of specific immigrant entrepreneurs, such as Bolivians and/or Koreans, determine the industry’s informal employment/business practices. Through the chapter 7 analysis of the current management of Korean wholesale shops and workshops, I found that such outcomes should not be attributed exclusively to ethnic business practices, but to structural, sectoral and political frameworks, in combination with other issues, such as ethnic and other available resources and relationships. Moreover, ethnic strategies and resources apparently do not function independently; rather, they interact with and function in complex combination with other variables and factors within the wider economic, structural, and political contexts.

Regardless of the workshop owners’ ethnicity, the clothing production sector is operated in an extremely informal way; whereas, in the commercial garment sector, the degree of formality varies depending upon the segment. While the top “brand” outlets are formal, the massive wholesale area in Once and Flores where many Korean wholesalers are concentrated is semi-formal; further, the outdoor markets such as La Salada are extremely informal. In Korean wholesale businesses around Av. Avellaneda, semi-formal activities have generally expanded via tax evasion, illegal apparel imports and informal employment.
Under unclear rules on one hand and corruption on the other, flexible arrangements and practices – both formal and informal have been shaped in the diverse shades of grey that unregulated markets usually demonstrate (Jones et al., 2006; AlSayyad, 2004; Ojo et al., 2013; Williams, 2004; 2007; Williams and Windebank, 2004; Maloney, 2004; Basu, Chau and Kanbur, 2015).

The evidence seems to indicate that, in some cases, “ethnicity” plays an essential role in shaping business management, while in other cases it does not – depending on diverse factors, such as the involved actors, the circumstances, the relationships, and finally, government regulations and controls. As demonstrated in Chapter 7, “ethnicity” significantly influences the shaping of the labour organisation and management in Korean wholesale shops and sweatshops. For example, Korean workshop owners tend to hire Bolivian seamstresses illegally for their invisible sweatshops. By comparison, in Korean wholesale shops, informality evolved differently in accordance with employees’ ethnicity within the same shop; Korean wholesalers hire co-ethnic employees informally, while they usually hire local Argentine employees in a formal, contractual way.

Clearly, ethnic networks based on “trust” have influenced the generation of informal practices and relations between Korean employers and employees. As seen in the working relationships between Bolivian seamstresses and Korean workshop owners, reliable working relationships can be created also between different ethnic groups, superseding co-ethnic bonds. Indeed, many Korean entrepreneurs expressed the opinion that the most troubling part of managing their businesses was their relationships with Argentine employees, although they tend to hire Argentine employees under formal contracts. The results indicate that strong government regulations, reliability, trust, different working
cultures and practices have all interacted to shape the complicated working relationships between Korean employers and employees from different ethnic backgrounds.

In summary, the diverse types and forms of Korean business practices and performance are seemingly in constant evolution, i.e., shaping and re-forming in all shades of grey rather than dually divided into dichotomous “formal” vs. “informal” categories. “Ethnicity” is one of the main instruments that Korean entrepreneurs utilise for managing their businesses in these grey zones; but its relative importance and scope continuously varies depending on complex issues, relations and circumstances, within a kaleidoscope of social, economic and political contexts of the host country. In conceptual terms, this is probably a reminder of how unlikely it is that any single factor remains constant as an independent variable in the social realm.

**9.1(4) Limited Integration into the Host Society**

Although Koreans have been concentrated in the garment industry for decades, their economic and social activities and relations are not limited to co-ethnics. As many of my interviews suggested, in the early stages of Korean immigration, informal co-ethnic networks were the most important route to employment, accommodation, and even companionship. Eventually, however, Korean immigrants actively made direct connections with some of the *wonjumin* (“natives”), particularly within the Jewish business community. The links to the Jewish business community enhanced their chances to obtain better business opportunities. During the rapid expansion of the commercial garment sector in the 1980s and 1990s, Korean immigrants dispersed throughout the country, opening retail
shops in the provinces and dealing with local customers first hand. Currently, the garments made by Korean wholesalers in the Av. Avellaneda clothing market are sold around the country. Those expansion experiences demonstrated that Korean immigrants combined bridging with bonding social capital to benefit and expand their businesses, in the terms suggested by Putnam (2000).

As seen in Chapter 7, Korean garment businesses offered several types of employment. As Koreans moved from the production to the commercial sector, Bolivian immigrants took over the lower-benefit clothes-making jobs, thus replacing Koreans as the dominant group. Korean owners usually employ native Argentines as shop assistants in their retail or wholesale shops, and also offer other positions to them, such as cutters and designers, in their factories. In this regard, the successful management of Korean immigrant entrepreneurs in the Argentine garment industry has positively contributed to the local economy and allowed them to build diverse working relationships within the host society.

Although Korean Argentines have made an important economic contribution to the host country through their garment businesses, their concentration in a specific sector clearly restricted their integration into the mainstream society. In other words, employment relationships are still the primary area where ethnic Koreans interface with Argentines and other ethnic groups; within the garment industry, the direct connection of ethnic Koreans with other ethnic groups and Argentines has been established not exclusively but intensively (Courtis, 2012: 140).

For half a century, the garment sector was the gateway for most Koreans to integrate into Argentine society. Because of the comparative advantages of the garment businesses and
the ubiquity of economic and social circumstances in Argentina, young Korean Argentines continue to prefer working within the ethnic-centered business, instead of diversifying their interests. Despite increasing concerns within the Korean community, most interviewees presume that it will be difficult to develop alternative careers for young Korean Argentines in the short term; consequently, the trend is likely to endure.

Finally, it is also worth underlining the relationship between Korean semi-formal/informal business activities and the limits to their integration into the host society. The wholesale market around Av. Avellaneda, where Korean garment entrepreneurs are concentrated, is considered “semi-formal”. Currently, there are few Korean pioneering entrepreneurs who intend to make their businesses visible and larger, thus legal; therefore, the majority of Korean wholesalers carry out their businesses in a semi-formal way, particularly in terms of taxes, employment and imports. As several interviewees indicated, the semi-formal management of Korean wholesalers may return rapid economic profits in the short term, but those rewards come with a price. Semi-formal management not only prevents their transition to advanced business opportunities available for larger and formal companies, but also hinders Argentines from generating more positive images of Korean business communities. As the very stakeholders expressed through the interviews, if social integration is to become a widespread and ultimate goal among Korean Argentines, this perspective should be given more thoughtful consideration.
9. Conclusions

9.2 Limitations and Future Research

In closing my research, I stress the importance of a few potentially fertile directions for future investigations, to better fill in the research gaps and to further contribute to three fields on which this thesis elaborated: migration studies, Korean diasporic studies and the study of Korean Argentines.

Because of the limited time and resources of my research, the information I gathered exclusively focused on the development of Korean immigrant entrepreneurs in the Argentine garment industry. However, in order to understand the particular ways in which Korean immigrants have managed ethnic and individual resources to attain upward mobility, it would be helpful to explore and compare how other ethnic entrepreneurs such as Jews and Bolivians or Argentine entrepreneurs entered and/or developed their businesses under the same structural environments. As I mentioned in Chapter 8, currently Bolivian immigrants seem to be claiming the low-middle price/quality domain of the clothing market and obtaining relatively fast upward mobility, such as Koreans enjoyed in the past. In turn, Jewish business people seem to have moved up to the high-middle price/quality domain of the apparel market sector. Comparative research could illuminate the future directions of Korean businesses within the Argentine garment market as well.

In chapter 7, I outlined an analysis of the current business/employment management practices of Korean entrepreneurs in their sweatshops, factories and wholesale shops, in order to show how “ethnicity” or “ethnic resources” play a crucial role only in certain circumstances. Although I detected some of the interrelated factors involved in the employment management of Korean businesses from the Korean employers’ point of view,
it would be helpful to incorporate the employees’ perspectives. Specifically, research focusing on the perspectives of Argentine shop assistants, who seem to have frequent disputes and conflicts with their employers, would help to improve the understanding of the complicated and knotty labour relations patterns developed between Koreans and Argentines.

During my field research in the Avellaneda clothing wholesale sector, I observed that ethnic boundaries have been constantly constructed and re-constructed depending on the social situations in which ethnic groups interact in the course of everyday economic activities. Particularly, the views of “others” are constantly in play, not only between Koreans and other minorities, but also between Koreans and sub-ethnic groups within the community, such as Korean Chinese (Joseonojok). It is a perfect environment in which to explore how ethnic identities and relations are constantly generated, established, and maintained. Further research based on more thorough analyses of discourses about the “others” could contribute significantly to unravelling the ambiguity and diversity of ethnicity as “race”.

As I briefly addressed in Chapter 2, Korean migration in Latin America is a relatively understudied topic compared to other Korean diasporic movements. Specifically, there is no updated academic research on the Korean community in Brazil, although in Sao Paulo the largest Korean community in Latin America, with over 50,000 people, has attained an influential position in the Brazilian garment industry, comparable to the situation in Buenos Aires. Another case study of Koreans in a Latin American developing economy could provide new assessments and empirical evidence, on the interaction between immigrants’ resources/characteristics and the opportunities/contexts in which they interact.
Ultimately, I highlight the crucial nature of both agency and structure, in advancing an understanding of the particular case of ethnic business in a developing country, such as the high concentration of Korean businesses in the Argentine garment industry. Considering the significant gap within empirical studies between developed countries and developing countries, this case study provides a new assessment of empirical explanations and serves as an important stepping-stone for future research.
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List of Interviewees

- For this study, each interviewee was offered a choice of disclosing his/her identity. Many interviewees were willing to disclose their names and information. In these cases, I use their original or preferred names, and disclose their background information. I use a * symbol to indicate his/her preferred name: for example, Lee, Susana*.
- Conversely, I provide no information on those interviewees who do not want to be identified as participants and simply list them as anonymous: XXXX.

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