Korean Immigrant Entrepreneurs in the Sydney Restaurant Industry

Final Report to Sushi Bay Pty Ltd
By Professor Jock Collins and Dr Joon Shin
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A Final Report to Sushi Bay Pty Ltd

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Executive Summary

Introduction

- This report presents the findings of a research project, contracted with UTS by Sushi Bay Pty Ltd, a Sydney-based business owned by Korean immigrants, into the dynamics of Korean immigrant entrepreneurs involved in food retailing in Sydney, particularly in the restaurants industry.
- Korean immigrants are the most entrepreneurial group in Australia. They have the highest rate of entrepreneurship in Australia – twice the Australian average.
- Despite this very high rate of entrepreneurship, the experience of Korean immigrant entrepreneurs in Australia remains largely unexplored. This research project was undertaken with the intention to fill this critical gap in the Australian immigrant entrepreneurship literature and document the important economic, social and cultural contribution that the Korean community makes to Australian society.

Aims

- The aims of this research project are: to provide an overview of the nature of, and the dynamics of Korean-owned businesses in the restaurant and food industry; to identify the key factors contributing to business success of Korean-owned restaurants and food businesses; to identify the key factors constraining business success of Korean-owned restaurants and food businesses; to document the economic, social and cultural contributions that Korean restaurants and food businesses make; to develop policy recommendations to relevant federal, state and local authorities.

Methodology

- The main research instrument employed to answer these research questions is a survey of 65 Korean immigrant entrepreneurs with businesses in food retailing in Sydney.
- The aim of the survey was to ask questions that help us to explore the contributions that Korean immigrant entrepreneurs make to the economy and employment, to help understand other social and cultural factors of their business enterprises.
- The 65 Korean immigrant entrepreneurs surveyed in Sydney were not only involved in restaurants selling Korean food, but also owned Japanese restaurants, including Sushi restaurants, Chinese restaurants, cafes and take-away food shops.
Many of the businesses were located in the key hubs of Korean restaurant and Korean business clusters and Korean immigrant settlement in Sydney – Strathfield, Eastwood and Campsie – and in the downtown Sydney CBD.

Two thirds of those surveyed arrived in Australia before 2000, the remainder since then, so most were well established immigrants and not recent arrivals. Similarly most (39 or 60%) of Korean immigrant entrepreneurs surveyed had established a business for more than ten years.

Findings

- The majority of the Korean immigrant entrepreneurs surveyed (57%) did not have a family business background. For these Korean immigrants, the decision to immigrate to Australia was not just a decision to move country, but to move into entrepreneurship for the first time.

- If survival is a measure of business success, then Korean immigrant entrepreneurs are very successful in the Sydney restaurant and food retail industry.

- For forty Korean immigrant entrepreneurs surveyed (61%) their current business was not the first business that they operated in Sydney. They tried their hand at a wide variety of business types before opening their current restaurant. This demonstrates flexibility and a persistence to survive in businesses, but not to get stuck in one business niche.

- A number of those Korean immigrant entrepreneurs we surveyed mentioned aspects related to family when explaining why they established their current business.

- One critical difficulty for Korean immigrants owning restaurants in Sydney is to find experienced chefs, since the quality of the food is critical to business success.

- The Korean immigrant entrepreneurs surveyed reported that it was very difficult to get finance from banks, particularly for those starting up their first business. They relied on some combination of personal savings supplemented by capital from family and friends.

- Nearly all of the Korean enterprises surveyed used other Korean immigrants as suppliers or imported goods from Korean suppliers.

- Few of the restaurants were very big: only three had more than 400 customers a day. Most restaurants (39 or 60%) had between 100 and 400 customers a day while 19 (or 30%) had less than 100 customers a day.
Korean and Chinese immigrants formed the largest cohort of the customer base of these Korean restaurants: in half of the restaurants Koreans were 50% or more of the customers while in one in four of the restaurants Chinese were 50% or more of the customers.

We also enquired into the marketing that these Korean immigrants do for their business. The answer is that most do not do any marketing using new media.

Twenty two businesses, or one third of those surveyed, do advertise in newspapers – mainly Chinese and Korean language newspapers.

Clearly many of the Korean immigrant entrepreneurs surveyed are very innovative in their business practice. 43 of the businesses surveyed (66%) reported that they plan to make changes to the business over the next five years. Many plan to improve their current restaurant or cafe. These changes range from redesigning the interior of their restaurant to changing the menu, changing management style, improving hygiene and improving service. Others will increase their business size, change the restaurant type or move to a new location.

One of the key contributions of Korean immigrant entrepreneurs is the employment that they generate in Australia. One in three Korean immigrant entrepreneurs surveyed employed more than ten workers, while the rest employed less than ten.

In one in three of the Korean immigrant enterprises surveyed employment has increased since the business was started, highlighting once again the important contribution of Korean immigrant entrepreneurs to employment creation in Australia and thus, indirectly, to wealth creation.

Korean immigrant entrepreneurs contribute to wealth creation in Australia: three in four of those surveyed report that their business is profitable, though a slight majority of those surveyed report that it is becoming harder to make a profit.

Most of the Korean immigrant restaurant owners report that they face a difficulty imposed by current immigration restrictions: 83% report that Australia’s immigration restrictions do cause problems for their business. This is a surprisingly strong finding of this research project.

When pressed further on this issue half of those reporting immigration difficulties identified problems hiring chefs and other staff for their restaurants while one quarter thought that immigration restrictions led to fewer customers for their restaurants.
• One very pleasing finding from this research project was that only one of the 64 Korean immigrant restaurant owners surveyed reported any problem of racism while operating the business in Sydney. This is a very positive finding that suggests that Sydney is a cosmopolitan city where immigrant entrepreneurs such as those from Korea can not only flourish economically but also be accepted socially.

• The overwhelming majority of the Korean immigrant entrepreneurs surveyed (75%) plan to spend their life in Australia. This is a strong affirmation of their experience in Australia as entrepreneurs and in Sydney as Korean immigrants. Seven of the Korean immigrant entrepreneurs surveyed plan to stay in Australia for the next five years, six for the next ten years and three for the next fifteen years.

**Policy Implications**

• The Korean community in Sydney makes an important economic, social and cultural contribution to life in Sydney, but more effort needs to be made to promote an understanding of the Korean community in Sydney among the broader Sydney cosmopolitan community. One way to assist in the process of building greater links to, and understanding of, Sydney’s Korean community is to commission more research into the economic, social and cultural aspects of Korean immigrant life in Australia. There are many other business sectors in Australia where Korean immigrant entrepreneurs make very significant contributions, yet there has been no research conducted to build a broader understanding among the Australian public of these contributions. More research into Sydney’s Korean community is needed.

• There is a strong case for **promoting the emergence of a ‘Little Korea’ in Sydney**, either in Eastwood or Strathfield. There are concentrations of Korean immigrants in these suburbs and clusters of Korean immigrant entrepreneurs, particularly those engaged with restaurants and food outlets. There are 49 restaurants and food outlets owned by Korean immigrant entrepreneurs in Strathfield, and 33 in Eastwood. With support from either the Strathfield or Ryde Councils to draw up Local Area Plans to fund a ‘Korean makeover’ of the streetscape in the form of street signs, art works and other iconography, either Strathfield or Eastwood could be promoted as Sydney’s ‘Little Korea’. This would assist in the public promotion of Korean culture in, and tourism to, Sydney in the same way that Chinatown promotes Chinese culture and tourism in Sydney. This would not only have economic benefits, but would also help build the social capital between Sydney’s Korean community and other parts of
Sydney’s cosmopolitan community. This would also encourage Sydneysiders to get a ‘taste of Korea’, enlarging the non-Korean and non-Chinese customer base of restaurants and food outlets owned by Korean immigrant entrepreneurs in Sydney.

- There is a strong case for the relaxation of immigration restrictions that constrain the business success of Korean immigrant restaurateurs in Sydney. Easier access for them to employ Korean immigrant Chefs is one clear way to assist Korean immigrant entrepreneurs in Sydney. Another way is to encourage greater numbers of temporary immigrants from Korea, particularly youth who are international students or working holiday makers (WHMs) because they are a key part of the workforce of the restaurants owned by Korean immigrant entrepreneurs. They also form a key part of the customer-base of these restaurants, together with Korean tourists and permanent immigrants. Moves to relax immigration restrictions to encourage greater permanent and temporary immigration and tourism from Korea and China would also enlarge the customer base of restaurants and food outlets owned by Korean immigrant entrepreneurs in Sydney.
Introduction

This report presents the findings of a research project, contracted with UTS by Sushi Bay Pty Ltd, a Sydney-based business owned by Korean immigrants, into the dynamics of Korean immigrant entrepreneurs involved in food retailing in Sydney, particularly in the restaurants industry. This research project thus investigates the growing and important economic and cultural contribution of Korean immigrant restaurant owners as a first part of a broader research project on Korean immigrant entrepreneurs in all industries and sectors of the economy.

Australia has more immigrants than most countries in the world today. The proportion of the Australian population born overseas (first-generation immigrants) was 26.5% in 2009 (OECD, 2011: 261), a higher rate than nearly any other western country in the world today. Sydney, Australia’s largest and most cosmopolitan city, has received most immigrants. When the Australian-born children of first-generation immigrants – the second generation – are included about 60% of Sydney’s are first- or second-generation immigrants. This makes Sydney one of the world’s great immigrant cities, along with Toronto, New York, London, Los Angeles and Paris.

The Korean community in Australia is the sixth largest Korean community outside of Republic of Korea (City of Sydney and Sydney Korean Women’s Association, 2011: 6). In 2006 there were 57,761 Korean immigrants living in Australia. The Australian Korean community has grown rapidly in the last two decades. Yet despite the increasing importance of Korean immigration to Australia, there has been little research into the Australian Korean community, their lives in Australia, or their links with Koreans in Korea and other parts of the global Korean Diaspora. We know very little about the economic, social, cultural, religious and political dimensions of Korean immigrant life in Australia, and the contribution that they make to Australian society. This is not the case in the United States of America where a strong tradition of research exists about Korean immigrants, including Korean immigrant entrepreneurs (Park, 1997; Bergsten & Ch’oe, 2003; Yoon, 1990; Min and Bozorgmehr, 2000). There is a very strong body of research in the USA about the important role of immigrant entrepreneurship in the story of Korean immigrant settlement. Many first-generation Korean immigrants establish a small business in New York, Chicago, Los Angeles or other cities where they settle in the USA. After decades of hard work by the parents and grandparents they pay for their children – second-generation Koreans – to get a good
education and move into professional areas of employment. This is all part of the Korean American dream (Park, 1997; Ryder Howe, 2010).

Koreans have the highest rate of entrepreneurship of any immigrant group in Australia – twice the Australian average. Most Korean immigrant entrepreneurs, like most entrepreneurs in Australia, own small and medium enterprises (SMEs) (Collins and Low, 2010). With the highest rate of entrepreneurship in Australia – double the average – Korean immigrant entrepreneurs contribute to enterprise formation, economic growth, employment, innovation and trade in Australia to a greater extent than other immigrant communities. Despite this very high rate of entrepreneurship, the experience of Korean immigrant entrepreneurs in Australia remains largely unexplored. This research project was undertaken with the intention to fill this critical gap in the Australian immigrant entrepreneurship literature and, at the same time, make an important contribution to research about the Korean community in Sydney and the economic, social and cultural contribution that they make to Australian society.

The aims of this research project are:

1. to provide an overview of the nature of, and the dynamics of, Korean-owned businesses in the restaurant and food industry
2. to identify the key factors contributing to business of Korean-owned restaurants and food businesses.
3. to identify the key factors constraining business success of Korean-owned restaurants and food businesses.
4. to investigate the role that women play in the formation of, and development of, business of Korean-owned restaurants and food businesses
5. To document the economic, social and cultural contributions that Korean restaurants and food businesses make.
6. To publicise the important contribution that the Korean community and Korean restaurants and food businesses make.
7. To develop policy recommendations to relevant federal, state and local authorities.

The main research instrument employed to answer these research questions is a survey of 65 Korean immigrant entrepreneurs with businesses in food retailing in Sydney. Most are restaurant owners, though some own cafes and take-away food businesses. Many of those surveyed have located their restaurants and cafes in key suburban Korean ethnic precincts such as the City of Sydney, Eastwood, Campsie and Strathfield. Ethnic precincts are
characterised by clusters of immigrant entrepreneurs from one main ethnic group in the one suburb, even if the share of population of that ethnic group in the suburb is small. For example, 80 per cent of the businesses in Leichhardt – Sydney’s *Little Italy* – are owned by first- or second-generation Italians, yet there are fewer Italians than New Zealanders living in Leichhardt. Similarly, 80 per cent of the businesses in Chinatown are owned by first- or second-generation Chinese immigrants while 80 per cent of the businesses in Auburn are owned by first- or second-generation Turkish immigrants (Collins and Kunz, 2009).

The aim of the survey was to ask questions that help us to explore the contributions that Korean immigrant entrepreneurs make to the economy and employment, to help understand other social and cultural factors of their business enterprises. These Korean immigrant entrepreneurs were asked about their immigration history and business experience in Australia, including the way that they use local and transnational Korean business and social networks. The survey also inquired about the iconography of the restaurant design, the marketing, and about issues related to regulation, finance and employment generation. It investigated how Korean immigrant entrepreneurs contribute to enterprise formation, economic growth, employment, innovation and trade in Australia, and probed the contribution that they make to life in Sydney.

In addition we conducted **10 in-depth interviews** with selected Korean restaurant owners to explore the issues raised in the survey in more depth. We also undertook a **mapping exercise** of Korean-owned restaurants and food outlets in four key areas of Korean settlement in Sydney: the City of Sydney or Central Business District (CBD), Strathfield, Eastwood and Campsie. A key issue here is one of location: How do Korean restaurant and food outlet owners decide where to locate their business, and why? This leads to questions about the clusters of ethnic restaurants in *ethnic precincts*. Why do Korean restaurant and food outlets *cluster* in certain parts of Sydney? Answers to these questions help us to understand the importance of *place* in the dynamics of ethnic enterprises in Sydney.

**Korean Immigration to Australia and Sydney**

The end of the White Australia Policy in the 1970s opened the door to Korean immigration. Korean immigrant settlement in Australia has increased significantly in the past two decades from 9,285 in 1986 to 60,873 in 2006 (see *Graph 1*). Sydney is the centre of Korean immigrant settlement in Australia: two in three Korean immigrants living in Australia live in
Sydney. The growth in Korean immigrant settlement in Sydney is spectacular. In 1971 there were only 500 Korean-born immigrants in the whole of Australia, most in Sydney (Han and Han, 2010). In 1981, 3,099 Korean-born people lived in Sydney alone. This grew to 15,044 a decade later in 1991 to 26,928 in 2001. By 2006, the last national census data available, 32,124 first-generation Korean immigrants lived in Sydney, or 56 per cent of the 57,761 living in Australia as a whole. In other words, the number of first-generation Korean immigrants living in Sydney increased nearly tenfold (936.6%) in the twenty-five years from 1981 to 2006 (Hugo, 2011: 23).

The different waves of Korean immigration to Australia, and to Sydney, had different dynamics. In the late 1980s, business migration accounted for over 40 per cent of Korean migration to Australia (Han, 1996; 2000), showing a strong historical link between Korean immigration to Australia and entrepreneurship and business. Many other Korean immigrants have arrived as skilled immigrants, establishing a trend for Korean immigrants to be highly educated before arrival in Australia. The Asian economic crisis of 1997 – which led to a dramatic decline in the Won and to recession in the Republic of Korea – also induced many Korean immigrants to settle abroad in countries like Australia, the USA and Canada.

Graph 1: Number of movements from/to Korea, Australia 1991-2009

Source: Australian Bureau of Statistics data
In Sydney, Korean immigrants tend to be concentrated in suburbs such as Campsie, Strathfield, and Eastwood and in the City of Sydney, the Sydney CBD. Koreans comprise the fifth-largest population with an overseas birthplace within the City of Sydney, accounting for 1.5% of the total City of Sydney population. Koreans also comprise the second-fastest-growing population with an overseas birthplace within the City of Sydney Legal Government Area, growing from 1,330 in 2001 to 2,543 in 2006. In 2006, 2,431 people spoke Korean at home, making it the fourth-highest language spoken at home other than English (City of Sydney and Sydney Korean Women’s Association, 2011:6). The 2006 Census recorded 1,943 Strathfield residents claiming Korean ancestry, and 1,429 in Campsie. In September 2008, 1.5 generation Korean-Australian Keith Kwon was elected Mayor of Strathfield Council, having served four years as a councillor (Han and Han, 2010). Many Korean residents also live in the Ryde municipality, particularly in the suburb of Eastwood (52.5% of Ryde’s Korean residents). In 2006, 2,498 Korean residents lived in Ryde, 2.6% of the total population and an increase of 23% from 2011 (Ryde City Council, 2008:6)

Table 2: Age of Korean Residents in Sydney 2006

<table>
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<tr>
<th>Age Group</th>
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<tr>
<td>0-9 years</td>
<td>102</td>
</tr>
<tr>
<td>10-19 years</td>
<td>159</td>
</tr>
<tr>
<td>20-29 years</td>
<td>1,553</td>
</tr>
<tr>
<td>30-39 years</td>
<td>573</td>
</tr>
<tr>
<td>40-49 years</td>
<td>138</td>
</tr>
<tr>
<td>50-59 years</td>
<td>81</td>
</tr>
<tr>
<td>60-69 years</td>
<td>29</td>
</tr>
<tr>
<td>70-79 years</td>
<td>18</td>
</tr>
<tr>
<td>80-89 years</td>
<td>12</td>
</tr>
<tr>
<td>90-99 years</td>
<td>0</td>
</tr>
<tr>
<td>100 years and over</td>
<td>0</td>
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</table>

Over the past decade, temporary immigration from Korea has increased significantly. Korea is a key source of overseas students for Australia, surpassed only by China and India. Many young Koreans arrive in Australia on working holiday visas. Many others arrive on tourist visas. In 2008-9 149,006 Koreans were short-term visitors to Australia (City of Sydney and Sydney Korean Women’s Association, 2011:14), adding considerably to the Korean presence in Australia and the growing links between Korea and Australia. When added to permanent Korean immigrant residents, these temporary immigrants and tourists from Korea add considerably to the resident Korean population in Australia. According to the South Korean Ministry of Foreign Affairs and Trade, by 2007 there were 125,669 Koreans residing in Australia. This makes Australia the sixth-largest country of Korean immigrant settlement in the world after China, USA, Japan, European Union, and Canada. Korean immigrants have arrived under the humanitarian, family, skilled and business migration programs, under the permanent immigration program (Han, 1996; Han, 2001; Yang, 2005), while in the past decade large numbers of young Koreans arrived under the temporary migrant program as foreign students and working holiday makers (WHMs).

*Korean international students* who are temporary immigrants to Australia are very significant and make an important contribution to Australia’s second-largest export industry: education. Foreign students add $12.6b directly and $14.1b indirectly to expenditure in Australia, a total of $26.7b, while the Australian export education industry grew 42% in the three years to 2008, employing 126,000 people and contributing 1% of Gross Domestic Product (Slattery, 2009: 29).

On a per capita basis Australia has more overseas-born or international students than any other western nation today. In 2008 15.9% of persons aged 20-24 in Australia were international tertiary students. New Zealand had the next highest number of international tertiary students (10.4% of persons aged 20-24 in NZ). In the United Kingdom international tertiary students were 8.4% of the population aged 20-24 while in the USA the figure was 2.8% (OECD, 2011: 64). In other words, Australia had 50% more international tertiary students than NZ and more than five times more international tertiary students than the USA. Korea sends abroad the third biggest group of international students after China and India, with 109,980 Korean-born students studying in OECD countries in 2009, comprising one in twenty of all international students in OECD countries (OECD, 2011: 66).

Korean international students are the third largest group of international students in Australia after China and India. In 2010, there were 33,986 Korean international students in Australia.
The number of Korean international students in Australia in 2010 was 1,670 less than in 2009 (and Indian students more than 20,000 less) and fell again in 2011 by 12.6% (Knight, 2011: 10). These falls in Koreans on temporary education visas in Australia in 2010-11 were similar to those across the board, falling by much more for Indian students (a fall of 30%) but falling less for Chinese students (a fall of 2.4%). These falling numbers of Korean and other international students arriving in Australia are because of an Australian government tightening of restrictions on international students following abuses of temporary student visas by some private sector education providers and attacks on Indian foreign students in Melbourne (Marginson et al., 2011). As well as tightening immigration procedures for Korean and other international students, the Australian government made it much harder for them to become permanent residents in Australia. A review of these changes to immigration policy for international students was very critical of these restrictions. Korean and other international students, who have Australian human capital (university and other education qualifications from Australian education providers) and the experience of living in Australian society, make for very good Australian permanent residents and citizens. Indeed a rebuilding of the strong pathways between temporary and permanent visas for Koreans and others was recommended by the Knight Review (Knight, 2011). This is particularly the case since in New Zealand and Canada – Australia’s competitors for permanent and temporary immigrants from Korea and other countries – the study-migration pathway, or what has been called a ‘two-step migration from temporary to permanent residence visas’, has been increasingly encouraged, and restrictions replaced by incentives for international students to take on permanent residence, at the very time when higher immigration restrictions on international students have been built in Australia. As one recent report put it (IMSED Research, 2011: 154), in New Zealand “International students are being cultivated as prospective skilled migrants. Bonus points have been introduced for masters or doctorates, and doctoral fees have been slashed since 2006… Graduates have been encouraged to stay via ‘study to work’ then ‘work to residence’ pathways, with bonus points awarded”. One in four international students in New Zealand move to permanent residence within five years (IMSED Research, 2009). Moreover, Canada is encouraging two-step migration; Koreans were the second largest source of Canada’s international students in 2009 (the largest was China) (IMSED Research, 2011: 157). These recent restrictions to temporary student immigrants in Australia could see Australia lose future Korean international students to Canadian and New Zealand university and education providers. International students not
only provide income and demand for Australia’s education export sector, but they are also a major workforce resource (IMSED Research, 2011: 136), providing casual labour critical for many Australian industries. This decline in Korean international students will constrain Korean immigrant entrepreneurs in the restaurant industry because all employ Korean students. This point will be developed later in this report, which identifies the constraining impact that Australian immigration restrictions have on Korean immigrant entrepreneurs.

Korean working holiday makers (WHMs) are another significant part of the Korean residents in Australia on temporary visas. Australia has WHM agreements with 24 countries. The WHM agreement between Australia and the Republic of Korea began in 1995. WHMs are aged between 18 and 30 years of age. They can stay in Australia for 12 months under the first visa and can then apply for a second visa. As the name suggests, the aim is to attract temporary young immigrants who can work in Australia. The only constraint is that they must not work for one employer for more than 6 months. The number of Korean working holiday visas granted to Koreans has increased dramatically in the last decade, with a 243 per cent increase between 2003 and 2008 (Han and Han, 2010). In 2007-8, there were 25,758 Korean WHMs who entered Australia, second only to 28,960 WHMs from the UK. The next largest source countries of WHMs were Germany (15,380) and Ireland (14,617) (Tan et al., 2009: 4). WHMs from Korea stay in Australia on average for 243 days.

A good understanding of the characteristic of Korean WHMs comes from a survey of 4,078 Korean WHMs conducted in 2008 (Tan et al., 2009). There was a fairly even spread of gender – 56% were male – and nearly all were aged in their twenties. Over two thirds (69%) held a university degree, higher than any other national grouping of WHMs surveyed. Over half of those surveyed stayed in Australia for 10 months or more. They held two different jobs in Australia and worked on each job for an average of 61 days. They earned on average $4,338 and spent on average $14,122 in Australia. Of this $4,942 was spent on accommodation, $3,570 on tuition – they could study for up to 4 months under the WHM visa conditions – $3,306 on tourism and $2,216 on transport.

In other words, Korean WHMs contributed to labour supply and labour demand in Australia thus making important economic contributions, while learning about Australian life and the Australia people. The employment was spread across a wide range of jobs in urban and regional areas. While the survey does not break up WHM employment by the national origin of the WHMs, the most common jobs were fruit/vegetable picker (19.6%), waiter (12.6%), other duties of farm hand (7.3%), cleaner (8.3%), kitchen hand (5.3%), and bar attendant (4.6%).
Altogether, these occupations employed 57.7% of WHMs (Tan et al., 2009: 49). 1,874 of Korean WHMs – or 46% – had worked on farms, this helping to solve seasonal agricultural labour shortages (Tan et al., 2009: 52). On average, “every 100 WHM arrivals created 6.3 net FTE jobs in Australia”. The net impact of the WHMs was positive for both the economy and for employment (Tan et al., 2009: 39).

The experience of the Korean WHMs was also educational about Australia and Australian life: only 6% of Korean WHMs said that “I knew a lot about Australia before my visit”, while 54.4% said that “I now know a lot about Australia” after their visit. Moreover 78% of Korean WHMs agreed that the working holiday had improved their understanding of Australian culture and society (Tan et al., 2009: 82). About one in three (35.8%) Korean WHMs said that they intended to apply for a second Australian WHM visa.

One insight into the lives of Korean immigrants living in Sydney comes from a survey of 302 Korean immigrants living in the City of Sydney, the CBD and near suburbs, conducted in 2008. Only 15 per cent of those surveyed reported that they did not have non-Korean friends. The majority of respondents (53%) indicated that they have 1-5 friends from a non-Korean background, while 57 people (18% of respondents) indicated that they have more than 10 non-Korean friends (City of Sydney and Sydney Korean Women’s Association, 2011:31).

Many survey participants had minimal interactions with people from different cultural backgrounds but expressed an interest in doing so, particularly those from Chinese and Vietnamese backgrounds, as they are seen to account for large populations within the City of Sydney. Most participants reported that there are not enough opportunities for them to meet people from different cultures. This is particularly true for Korean business owners because most of their businesses target consumers from within the Korean community (City of Sydney and Sydney Korean Women’s Association, 2011: 37).

**Sydney’s Korean Ethnic Precincts**

When immigrant entrepreneurs cluster together in a street, suburb or area, an *ethnic precinct* may emerge (Waldinger et al., 1990; Light and Rosenstein, 1995; Collins et al., 1995; Light and Gold, 2000; Rath, 2000; Kloosterman and Rath, 2003). The emergence of ethnic precincts in the city is a long-established feature of many immigrant cities in North America and Australia, with *Chinatowns* an almost universal form of this *ethnicized* place in contemporary western cities (Anderson, 1990, 1991; Zhou, 1992; Kinkead, 1993; Fong,
A key feature of these ethnic precincts is the provision of ethnic food and ethnic restaurants (Warde, 1997; Warde and Martens, 2000), while most ethnic precincts are also sites where ethnic community organisations are located and their activities, including ethnic festivals, are staged.

Sydney is one of the most cosmopolitan cities in the world today (Collins and Castillo, 1998; Connell, 2000), with 58 per cent of the population of four million either first- or second-generation immigrants. Sydney’s downtown has a prominent and long-established Chinatown, although most of Sydney’s other ethnic precincts are located in the suburbs of southwestern Sydney. Sydney’s ethnic precincts include Leichhardt (Little Italy), Petersham (Portuguese), Marrickville (once Greek, now Vietnamese) and Ashfield (Chinese) in Sydney’s inner-southwestern suburban ring. In the middle-southwestern suburban ring, ethnic precincts include Auburn (Turkish quarter), Lakemba and Punchbowl (‘Middle Eastern’) and Bankstown (Asian and Middle Eastern). Cabramatta, in the Fairfield municipality, is even further from the city centre and has become an Asiatown (Burnley, 2001).

The history of Korean settlement in Sydney has seen the emergence of a number of Korean ethnic precincts where Korean restaurants, and other businesses, are clustered. Korean ethnic precincts have developed in the City of Sydney, the downtown CBD area of the city, under the jurisdiction of the Sydney City Council. As Map 1 shows, while Korean-owned restaurants are spread fairly widely in the CBD, they are clustered in particular around the section of the city bordered by Bathurst, Castlereagh, Liverpool and George Streets. Many Korean restaurants and Japanese and Chinese restaurants and other food outlets owned by Korean immigrant entrepreneurs are located in the CBD to take advantage of the large passing parade of customers who may be workers in the city, tourists or shoppers. Many are also residents because the number of new apartment blocks in the city over the past decade has added considerably to the resident base of the City of Sydney.

A recent report by the City of Sydney and Sydney Korean Women’s Association (2011: 35-37) provides some important insights into the experiences of Korean immigrant entrepreneurs in the City of Sydney. One key issue was safety in the city. As one Korean Business Owner put it: “My office is in Castlereagh Street, there are a lot of street lights not working. The streets are dark and not safe. People don’t want to walk on the street after dark and it affects my business.” Other Korean business owners and Korean residents also reported that they faced safety issues when living and running a business in the City. They felt that there were not enough police patrolling the streets, creating insecurity for business owners, residents and
customers. The Report also found that business owners also feared that customers will avoid coming to their business because the location does not appear safe. Other issues that Korean business owners in the City of Sydney raised were problems related to parking, with many Korean business owners reporting that parking was difficult to find in the City and that costs of parking were too expensive. They explained that the time wasted to find parking could be used more effectively on their business. They also worried that a lack of cleanliness in some parts of the city (lacking a “clean appearance” and having “very strong smells”) affected their business badly and made a negative impression on tourists.

Another Korean business owner reported that he did not have much opportunity to meet Australians of different cultural background and would welcome Council initiatives to set up some opportunities to do so. Korean business owners also reported on specific problems: they experienced confusion and frustration when dealing with City Council staff, being uncomfortable with their inability to communicate, and dissatisfied with services received. They found legal terms and jargon are particularly confusing.

The report by the City of Sydney and Sydney Korean Women’s Association (2011: 41) made a number of recommendations to City of Sydney to support Korean business owners located there. They recommended that the City of Sydney Council organise workshops or seminars accessible for Korean business owners to assist them in understanding Council regulations and services and Council red tape – particularly issues of food safety and other relevant business-related legislation and policies – so that Korean business owners become less confused and reduce their chances of receiving fines. They thought that the City of Sydney Council could provide checklists to restaurant owners of issues they should be aware of which will assist them in adhering to Council standard. These resources could be put on the Council’s website or printed on brochures in Korean.

Other clusters of Korean businesses in Sydney were in the suburbs of Strathfield (see Map 2), Eastwood (see Map 3) and Campsie (see Map 4), areas of concentration of Korean immigrant settlement in Sydney. The survey of Korean immigrant entrepreneurs in the restaurant and food industry, reported in the next section of this report, explores issues related to the advantage for Korean immigrant entrepreneurs to cluster in such concentrations. Many Koreans settle in these suburbs because food and other products central to Korean cuisine, and other goods and services demanded by the Korean community, and often provided in Korean language, are located there. Moreover, there are a number of good schools and Korean coaching colleges located in these areas. There are also large numbers of Chinese
immigrants who settle in Strathfield, Eastwood and Campsie. The availability of Korean goods and services attract Korean immigrants to settle, while Korean immigrant entrepreneurs are in turn attracted by the large number of Korean and Chinese residents who provide the majority of the customer base, particularly for food.

However, while Sydney does have a Chinatown, Little Italy and other ethnic precincts that attract locals and tourists to eat, shop, access services and attend ethnic festivals, Sydney does not have a ‘Little Korea’. The establishment of such a precinct, in either Strathfield or Eastwood, would assist in marketing Korean food and culture to Sydneysiders and national and international tourists. This would require co-operation between Korean community organisations and the State and relevant Local governments, who would commit funds to the branding of one of these areas as ‘Little Korea’, and thus assist in marketing this to the Sydney and tourist markets.

There is thus a strong case for promoting the emergence of a ‘Little Korea’ in Sydney, either in Eastwood or Strathfield. There are concentrations of Korean immigrants in these suburbs and clusters of Korean immigrant entrepreneurs, particularly those engaged with restaurants and food outlets. There are 49 restaurants and food outlets owned by Korean immigrant entrepreneurs in Strathfield, and 33 in Eastwood. With support from either the Strathfield or Ryde Councils to draw up Local Area Plans to fund a ‘Korean makeover’ of the streetscape in the form of street signs, art works and other iconography either Strathfield or Eastwood could be promoted as Sydney’s ‘Little Korea’. This would assist in the public promotion of Korean culture in, and tourism to, Sydney in the same way that Chinatown promotes Chinese culture and tourism in Sydney. This would not only have economic benefits, but would also help build the social capital between Sydney’s Korean community and other parts of Sydney’s cosmopolitan community. This would also encourage Sydneysiders to get a ‘taste of Korea’, enlarging the non-Korean and non-Chinese customer base of restaurants and food outlets owned by Korean immigrant entrepreneurs in Sydney.
Map 1: Map of Korean Restaurants in City of Sydney (CBD)
Map 2: Map of Korean Restaurants in Strathfield
Map 3: Map of Korean Restaurants in Eastwood
Map 4: Map of Korean Restaurants in Campsie
The Characteristics of the Korean Immigrant Entrepreneurs Surveyed

**Types of Restaurants**

The 65 Korean immigrant entrepreneurs surveyed in Sydney were not only involved in restaurants selling Korean food, but also owned Japanese restaurants, including Sushi restaurants, Chinese restaurants, cafes and take-away food shops – about one half of the Korean immigrant restaurant owners in Sydney surveyed: 42 ran Korean restaurants – split evenly between 21 Korean BBQ and 21 Korean restaurants; 9 out of those surveyed were involved in Japanese restaurants (16% of the sample) and 6 ran sushi restaurants (13%); another 7 owned cafes, 4 owned Chinese restaurants, and 2 owned take-away general food shops. 80 per cent of the businesses opened 7 days a week, while all but one of the others opened 6 days per week. Most of these businesses were open more than 10 hours a day. Korean immigrant entrepreneurs are clearly hard working business owners.

**Figure 1: The types of restaurants and food retailing**
In the next section we will explore the factors shaping the decisions of the Korean immigrant entrepreneurs to set up their business. In this section we explore the immigration history and dynamics of the Korean immigrant entrepreneurs surveyed.

**Immigration History**

As Figure 2 shows, the Korean immigrant entrepreneurs surveyed decided to immigrate to Australia for a range of reasons. The most common response to the question “Why did you decide to come to Australia?” was for the family (38% of respondents) and to make a better life (35% of respondents). Family reunion was a key theme. A number had parents or siblings who they wanted to be reunited with in Australia. In other words, three quarters of those surveyed wanted a better future for their family. The most common response here was to provide a good education for – and hence future for – their children. This finding about the importance of family networks and a desire to provide a better future for their children in the immigration decisions of the Korean immigrant entrepreneurs surveyed is consistent with the general literature on global immigration dynamics (Goldin et al., 2011). Only 9 of the Korean immigrant entrepreneurs surveyed came to Australia as an immigrant for business reasons, while 6 came here to study.

**Figure 2: Why did you decide to come to Australia? [brief reason]**
We also asked those surveyed why they decided to settle in Sydney rather than some other part of Australia. As Figure 3 shows, the most common answer – by 38 respondents (58% of the sample) – was that they had family and friends in Australia. This finding is also consistent with the latest research and scholarship about contemporary migration, which locates migration decisions within the international social networks that immigrants have prior to emigration (Castles and Miller, 2009). Business, employment and education opportunities also ranked highly (12 respondents), while seven responded that they thought that Sydney was the best city in Australia. Another 4 Korean immigrant entrepreneurs surveyed settled in Sydney because it was the centre of Korean immigrant settlement in Australia.

**Figure 3: Why did you decide to settle in Sydney?**

Two thirds of those surveyed arrived in Australia before 2000, the remainder since then, so most were well established immigrants and not recent arrivals. Similarly most (39 or 60%) of Korean immigrant entrepreneurs surveyed had established a business for more than ten years, while only 15 or 23% had established their business in the past five years (see Figure 4). In other words, most Korean immigrant entrepreneurs are survivors, itself an indication of entrepreneurial success, particularly since 80% of businesses fail after five years (Collins et al...
If survival is a measure of business success, then Korean immigrant entrepreneurs are very successful in the Sydney restaurant and food retail industry.

**Figure 4: In what year did you establish this business?**

For 40 of Korean immigrant entrepreneurs surveyed (62%) the current business was not their first business in Australia, while for 25 (38%) it was. Once again this is consistent with the literature on entrepreneurship that shows that entrepreneurs will tend to have a number of businesses in their life as an entrepreneur. Closing down a business to open another should not be seen as entrepreneurial failure, but rather part of entrepreneurial development, adaptation and change.

**Survey Findings**

**Business History**

The majority of the Korean immigrant entrepreneurs surveyed (57%) did not have a family business background. For these Korean immigrants, the decision to immigrate to Australia was not just a decision to move country, but to move into entrepreneurship for the first time. The decision to establish a business for the first time is very risky, but to do so at the same time as settling in a new, foreign, country is to pile risk upon risk. Clearly these Korean immigrant entrepreneurs are risk takers.
For 40 Korean immigrant entrepreneurs surveyed (61%) their current business was not the first business that they operated in Sydney. As Figure 5 shows, the Korean immigrant entrepreneurs who now own restaurants or food retailing businesses tried their hand at a wide variety of business types before opening their current restaurant. Most commonly, these prior businesses were also in the food and beverage industry, a logical pathway to owning a restaurant. However, the most compelling factor is the great diversity of business pathways to setting up a restaurant or cafe, for these Korean immigrant entrepreneurs surveyed. Nine of those surveyed had a cleaning business, a key area of business concentration for Korean entrepreneurs in Australia. The breadth of other prior businesses is remarkable: news agencies, tiling and construction, advertising, tourism, surveillance and even butchery. This demonstrates the innovation inherent in the Korean immigrant entrepreneur experience in Australia: try a business, but at the same time keep your eyes open for other business opportunities.

**Figure 5: Businesses owned prior to this business?**

Many of those surveyed had a number of businesses before their current one. Sometimes it was a case of moving to different locations with the same business. One Japanese restaurant owner, who arrived in Australia in 1988, had three successive Japanese restaurants (one opened in 1992, another opened in 2004 and another opened in 2005) before opening the

For other Korean immigrant entrepreneurs surveyed the entrepreneurial pathway to their current restaurant or cafe incorporated a surprising range of businesses. One sushi bar owner, who arrived in Australia in 1987, established his current businesses in 2001 after owning a string of different businesses: a cosmetics business in 1988, a Korean airline agency in 1990, a Korean newspaper in Australia in 1991, an opal business from 1993-1997, and a Fish and Chips shop from 1997-2000. Another Korean restaurant owner, who arrived in Australia in 1981, had a travel agency in 1996-1997 that then collapsed because of the Korean financial crisis. After working in a Japanese restaurant from 1998-2001 he opened the current business, a Korean restaurant, in 2002. A Korean BBQ restaurant owner had previously owned a construction business and then a sewing business before opening the current business in 2003, while another Korean BBQ restaurant owner ran an English school before working as an employee, prior to opening his current business in 2010. Another had a video shop, then a cleaning business, before opening a Korean BBQ restaurant in 2010. A sushi bar owner, who arrived in Australia in 1986, ran a laundry from 1988-1993, then moved to a juice shop from 1993-2001, and then opened a Cleaning Business from 2001-2004 before opening the current business in 2004. This demonstrates flexibility and a persistence to survive in businesses, but not to get stuck in one business niche.

Establishing a business requires a decision about the type of business to open. Why did these Korean immigrants decide to open a restaurant, cafe or take-away food shop in Sydney? For some, the choice related to the skills – human capital – that they possessed. A number of those surveyed had owned restaurants in Korea. One Korean restaurant owner had a restaurant in Korea for 42 years, while another had a Korean restaurant in New Zealand before moving to Australia to open a Korean restaurant in Sydney. One Korean restaurant owner was a chef in a 5-Star Hotel in Korea, with 25 years’ experience, and saw the move as a natural extension of his career as a chef. One Korean restaurant owner had worked in the food industry for 30 years and had food qualification from a university course. Another had a wife who prepared Korean side dishes at a shop in the City, skills that could usefully be employed in their own Korean BBQ restaurant in Sydney. Still another had a wife who worked for a Korean restaurant for about 10 years in Sydney before they opened their own Korean restaurant. Others merely continued their business tradition that began in Korea. One informant owned a big sashimi restaurant in Korea and established a Korean BBQ restaurant...
to continue the family restaurant business and also because of the ease of starting-up a Korean BBQ restaurant in Sydney.

Family plays a big role in the businesses that immigrants establish in Australia (Collins and Low, 2010) and other countries (Kloosterman and Rath, 2003). A number of those Korean immigrant entrepreneurs we surveyed mentioned aspects related to family when explaining why they established their current business. One critical difficulty for Korean immigrants owning restaurants in Sydney was to find experienced chefs, since the quality of the food is critical to business success. One Korean BBQ restaurant owner had a family member who was a chef while a Japanese restaurant owner had a brother-in-law who was a chef. A sushi bar owner had a husband who was a Japanese chef. Another who opened a Chinese restaurant in Sydney had three daughters who had good English, so could work as waitresses, solving labour cost and language barrier issues at one stroke. One Korean restaurant owner opened the business because of a recommendation from his father-in-law.

Others surveyed had worked in the food industry for wages, acquiring knowledge about how restaurants run and developing the skills they would need to run their own restaurant. For example one Korean restaurant owner worked in restaurants for many years before opening his own. Two Korean cafe owners worked in the industry in Korea and Australia for 13 years before opening their own Sydney cafe.

A large number of Korean immigrants opened up Japanese restaurants or sushi bars in Sydney. Most Australians do not know that sushi has Korean origins, so are sometimes surprised that the restaurants are run by, and often staffed by, Koreans. Sometimes the move to open a Japanese restaurant or sushi bar is because a market opportunity is identified by the Korean immigrant entrepreneur. As one put it, “There was not an international Japanese restaurant. So, I wanted to open a traditional (Japanese style) restaurant in this area. So, at the first stage, I employed Japanese staff.” A Korean owner replied that he opened a sushi bar in Sydney “because I believed Koreans could make better sushi than Japanese”.

It is interesting that the owner of a fried-chicken shop and the owner of a take-away food shop – both non-traditional areas of Korean cuisine – explained their decision to move into these businesses because of the demand created by young Koreans – students and working holiday makers – who demanded quick food that was often more Western than traditional Korean food.
Business Location.

Establishing a business also requires a decision about the business location. Since all of the businesses are restaurants, sushi bars or cafes and take-away food bars, the location decision is critical: it is important to find a location where there is a good demand for eating out and for eating Korean/Japanese/Chinese food. Figure 6 shows responses to the question: “Why did you locate your business here?” Many of the businesses were located in the key hubs of Korean restaurant and Korean business clusters and Korean immigrant settlement in Sydney – Strathfield, Eastwood and Campsie – or in the downtown Sydney CBD. The most common answers about location decisions related to the large volume of customer traffic, particularly the large numbers of Korean and Chinese residents/customers. High business density and a large volume of passing public traffic were the key reasons to locate in the CBD.

Figure 6: Why did you choose to locate your business in this area?

One Chinese restaurant owner, who arrived in Australia in 1987 as a student then opened a cleaning business before opening the Chinese restaurant in 2007, located the business in Strathfield because it was the centre of Sydney’s Korean community with many Korean community services – including medical centres, lawyers and accountants – and a large
floating population. The presence of other businesses clustered in the area also attracted customers, providing customer ‘economies of scale’ that were attractive to restaurant and food businesses.

A Korean restaurant owner, who arrived in Australia in 2001 and opened the restaurant the following year, located in Campsie because it was cheaper to open a restaurant there than Strathfield or the City. A Japanese restaurant owner, who arrived in Australia in 1980 and opened the restaurant in 2011 after running a car wash business – which was still operating – and a cleaning business, located the restaurant in Eastwood because it was near where he lived and because the majority of customers in Eastwood were Korean. A number of other restaurant owners located in Strathfield and Eastwood identified the large population of Korean immigrants as a key to their location decisions. Other Korean restaurant owners mentioned that there were many Chinese people in the area where they chose to locate their business. Chinese customers are a key customer group for Korean food. The businesses that located in the City were attracted by the large passer-by traffic and hence the great number of potential customers for their food. A Korean immigrant who arrived in Australia in 1988 and had a number of businesses – a car repair workshop (1992-1995), a laundry (1995-1996) and a News Agency (1997-2005) – opened his current sushi bar at Wynyard Station in 2005 because “I wanted to work just 5 days per week. This bar is near commercial area and the customers are office workers who work just 5 days”. A Korean restaurant owner, who arrived in Australia in 2008 and set up his restaurant in 2012, located it in West Ryde because “West Ryde is the midway point in the concentration of Korean population, e.g. Eastwood and Strathfield areas. They can come here in 30 minutes”.

**Social Capital**

One of the features of immigrant businesses is that they often draw on national and international immigrant social networks in business activities. Immigrant entrepreneurs have social networks – family, friends and contacts – that they draw on as a form of social capital to support their business activity. These social networks assist in many aspects of the business enterprise: a source of information and advice; a source of capital; a source of employment recruitment; a source of business suppliers. This immigrant social capital can give immigrant entrepreneurs a competitive advantage. Is this also the case for the Korean immigrant entrepreneurs surveyed?
In the process of establishing a business, Korean immigrants, like other immigrants, often draw on their co-ethnic social network for information and advice. As Figure 7 shows, the majority (44 entrepreneurs or 67% of the sample) took the decision themselves without outside advice. For many individuals, the entrepreneurial decision is a personal one. 12 of the Korean immigrant entrepreneurs surveyed took advice from their family members and friends prior to setting up the business, while another 9 tapped into their Korean social network in Sydney for advice.

**Figure 7: What advice did you get from others prior to establishing your business?**

![Pie chart showing the percentages of advice sources for entrepreneurs.]

Setting up a business requires raising sufficient start-up capital. Many immigrant entrepreneurs have difficulty in raising finance, particularly from local banks, because of language difficulties or because they lack assets or sufficient time in the country to be assessed as a good credit risk (Collins et al., 1995). 20 of those surveyed relied 100% on personal savings, 13 relied 100% on family, while 18 relied on some combination of personal savings supplemented by capital from family, friends or banks. 9 took 100% bank loans. A number of informants reported that it was very difficult to get finance from banks, particularly for those starting-up their first business. Very few – 3 only – took advantage of traditional Korean community finance raising, or gye. For example, a Korean restaurant owner, who arrived in Australia in 2003 and set up his restaurant in 2006, relied 100% on gye to finance his business.

As Figure 8 shows, nearly all of the Korean enterprises surveyed used other Korean immigrants as suppliers, or imported goods from Korean suppliers. In the majority of
businesses surveyed (37 businesses or 57%) more than half of the goods supplied to the business were from Korean suppliers. Most other businesses surveyed used Korean suppliers but they supplied less than half of the business purchases. Nearly half of all those surveyed (33) belonged to Korean business associations. This is very high compared to other surveys of immigrant entrepreneurs (Collins et al., 1995) and is another way that the social capital of Korean immigrant entrepreneurs supports the private capital they have invested in their enterprises.

**Figure 8: What proportion of your suppliers are Korean?**

While all entrepreneurs in small business have social networks – family, friends and contacts – that they draw on as a form of social capital to support their business activity, they tend to be local, provincial or national social networks. Immigrant entrepreneurs are different in that their social networks are also international. Korean immigrant entrepreneurs have *international social networks* in Korea, but also in other parts of the world where Korean immigrants – the Korean Diaspora – have settled. Access to this international social capital can give immigrant enterprises a comparative economic advantage over local enterprises.

One aspect of the international social capital of the Korean immigrant entrepreneurs surveyed relates to their connections to families and friends in Korea. All but one informant had family and friends in Korea. As *Figure 9* shows, just over half of the Korean immigrant entrepreneurs contact their families and friends in Korea every week while most others have monthly contact.
We also wanted to know how connected the Korean immigrant entrepreneurs were to Koreans in countries other than Australia and Korea, that is, how significant the Korean Diaspora was to their lives. 45 of those surveyed (69%) did have Korean contacts in countries other than Australia and Korea. As Figure 10 shows, contact is less regular than with family and friends in Korea. However, one in five have contact with their Korean Diaspora family and friends every few months, and a similar number every year.
We are also interested to explore how connected the Korean restaurant owners were to Korea itself. We asked the informants how often they travelled back to Korea. As Figure 11 shows, one in four travelled back to Korea more than once a year while 3 travelled back every few months. For these Korean immigrant entrepreneurs contact with Korea looms large in business and family life in Australia. 9 of those surveyed travelled back to Korea every year while another 25 went back every few years. Only 2 of those surveyed had never been back to Korea.

**Figure 11: How often do you travel back to Korea?**

Business Dynamics

*Customer demand* is a key aspect of any successful business. We inquired into the customer base of the Korean restaurant owners. As Figure 12 shows, few of the restaurants were very big: only 3 had more than 400 customers a day. Most restaurants (39 or 60%) had between 100 and 400 customers a day while 19 (or 30%) had less than 100 customers a day. Korean and Chinese immigrants formed the largest cohort of the customer base of these Korean restaurants: in half of the restaurants Koreans were 50% or more of the customers while in one in four of the restaurants Chinese were 50% or more of the customers. These restaurants tended to be located in Strathfield, Eastwood and Campsie. In the restaurants located in the CBD, non-Chinese or -Korean customers were more common.
Figure 12: On average how many customers per day do you serve?

![Pie chart showing customer counts]

We also enquired into the marketing that these Korean immigrants do for their business. The answer is that most do not do any marketing using new media. Only 12 businesses had their own business website to promote their business while only 5 used another website to do business marketing. Facebook is a non-starter in this regard, reflecting the age and generation of the Korean immigrants in business in Sydney. 22 businesses, or one third of those surveyed, do advertise in newspapers, mainly Chinese- and Korean-language newspapers.

Competitors are important for all businesses. As Figure 13 shows only one business in three did not have nearby competitors. Other Korean and Japanese restaurants (including sushi bars) are the main competitors these restaurants face at their location.

Figure 13: Who would you say your main competitors are?

![Pie chart showing competitor types]

- No competitor: 38%
- Nearby Japanese restaurants/Sushi bars: 18%
- Other Korean restaurants: 22%
- Nearby coffee shops: 6%
- Nearby Chinese restaurants: 6%
- Other restaurants: 5%
- Nil: 5%
Innovation

Innovation and change are the core to small business survival and profitability. One in five surveyed said they would not be making any changes to their business, but most plan to make changes in the short term. We asked the Korean immigrant entrepreneurs surveyed about the changes that they plan to make to their business. As Figure 14 shows, because the product that these immigrant enterprises sell is food, most Korean immigrant entrepreneurs said they plan to change the food quality and the food menu. 38 respondents said that they make menu changes to cater for non-Korean customers.

Figure 14: The thing they will change about their business

43 of the businesses surveyed (66%) reported that they plan to make changes to the business over the next 5 years. Table 3 lists the changes that are planned. Many plan to improve their current restaurant or cafe. These changes range from redesigning the interior of their restaurant to changing the menu, changing management style, improving hygiene and improving service. Others will increase their business size, change the restaurant type or move to a new location. Clearly many of the Korean immigrant entrepreneurs surveyed are very innovative in their business practice.
One aspect of business innovation is constantly reviewing all aspects of the business, investigating what changes could be made and implementing these changes. Just under half of the Korean immigrant entrepreneurs surveyed planned to expand their business in the next five years (see Figure 15). When asked about these planned changes, 12 were exploring franchising opportunities, 8 wanted a bigger restaurant, 4 planned to open up a new business, 2 were going to move to another business, 2 planned to move location while another 2 wanted to explore menu changes.

One of the key contributions of immigrant entrepreneurs is the employment that they generate in their new country. In Australia about half of the workforce is employed by small businesses so that immigrant entrepreneurs play a critical role in employment creation in Australia. One in three Korean immigrant entrepreneurs surveyed employed more than 10 workers, while the rest employed less than 10. Three in four Korean immigrant enterprises surveyed employ family members. This is a key feature of immigrant entrepreneurship in Australia and all other countries. Most of those who are employed in Korean immigrant enterprises are also Korean, often Korean students who are on temporary student visas or working holiday makers. Koreans are the largest group of working holiday makers in Australia. They fill important gaps in the Australian workforce while at the same time experiencing Australian society and developing economic, cultural and friendship links that
Figure 15: Planned changes to the business in the next 5 years

often lead to future immigration to Australia and improved links between Korean and Australian society (Tan et al., 2009). Nearly all of the Korean immigrant enterprises recruit their workers through Korean-language websites; while one in two use their Korean social networks to assist in the recruitment of workers for their restaurants. In one in three of the Korean immigrant enterprises surveyed employment has increased since the business was started, highlighting once again the important contribution of Korean immigrant entrepreneurs to employment creation in Australia and thus, indirectly, to wealth creation.

This finding – that Korean immigrant entrepreneurs contribute to *wealth creation* in Australia – is supported by the fact that three in four of those surveyed report that their business is profitable (see Figure 16). However a slight majority of those surveyed report that it is becoming harder to make a profit. This is not surprising, given the overall condition of the Australia economy. While Australia avoided economic recession following the global financial crisis of 2007-8 most areas of domestic business, including retailing, report that profits are becoming harder to come by as consumers reduce spending in the face of economic uncertainty.
Barriers and Difficulties

Like all small businesses in Australia, those owned by Korean immigrants face barriers and difficulties. Figure 17 lists the main problems that the Korean immigrant entrepreneurs surveyed are facing. Very few report that they face no problems and have no difficulties. The difficulty in hiring workers for their restaurants (chefs and other staff) is the major problem reported, followed by higher costs of labour and other business inputs. This is followed by the related problems of the impact of the recession and fewer customers.
Like many immigrants from countries where English is not the main language, Korean immigrants often face *language difficulties* in Australia. 36 of those surveyed (56%) reported that they did have language difficulties in their business. Pressed further to explain (see *Figure 18*), one in three surveyed (21 Korean entrepreneurs) reported difficulties in communicating with customers while another 10 Korean entrepreneurs reported that it was difficult to communicate with government and to understand the red tape that goes with establishing and running a business in Australia.

*Figure 18: What are the main *language problems* that your business faces?*

![Figure 18](image)

**Immigration Constraints**

Related to this finding is the fact that most of the Korean immigrant restaurant owners report that they face a difficulty imposed by current immigration restriction. As *Figure 19* shows, 54 of the 65 Korean immigrant restaurant owners surveyed (83%) reported that Australia’s immigration restrictions do cause problems for their business. This is a surprisingly strong finding of this research project.
When pressed further on this issue (see Figure 20), half of those reporting immigration difficulties identified problems hiring chefs and other staff for their restaurants while one quarter thought that immigration restriction led to fewer customers for their restaurants. By way of background, the survey was conducted at a time when Australia immigration was reduced following the peak in 2008-9 (Collins, 2011). That is, following the global financial crisis of 2007-8 the Australian government reduced annual immigration targets for those on permanent visas. These cuts coincided in a reduction of temporary immigrants on student visas by the government, mostly in response to abuses of temporary student visas by some private education providers and in response to attacks on Indian foreign students in the last years of the first 21st century decade (Marginson et al., 2011). Korean and Chinese foreign students, with those from India, feature prominently in the intake of those on temporary student visas, an important cohort of the customer base for restaurants, cafes and take-away food shops operated by Korean immigrants in Sydney. A decision was taken to make it harder for foreign students to get access to Australia and for foreign students to apply for permanent residence in Australia. This is a mistake because foreign students, who have Australian human capital and experience living in Australian society, make for very good Australian permanent residents and citizens. A review of the government’s changes to the
foreign student immigration policy and procedures – the Knight Review – was very critical of the changes and recommended that they be reversed (Knight, 2011).

Indeed, a number of the Korean-immigrant restaurant owners surveyed for this report arrived in Australia as students. For example, a cafe owner who immigrated to Australia in 1989 to study at TAFE graduated, successfully applied for permanent residence, then opened up a sandwich bar business, then closed it to open a cafe in Parramatta, which he ran until establishing the current business, which employs ten people. Another Korean immigrant entrepreneur surveyed arrived in Australia in 1996 to do a university degree at UTS. In 2005 he opened a Japanese restaurant in Eastwood and employs seven people. Yet another arrived in 1994, studied in Sydney, received permanent residence, then opened a tourism business, then a cleaning business and then opened his current Korean BBQ restaurant business that employed 10 workers in 2012. Similarly, one Korean immigrant entrepreneur surveyed arrived in Australia in 2004 to study. In 2011, after gaining permanent residence, he opened a Japanese restaurant – his first business – which employs seven people.

**Figure 20:** If yes please explain the difficulties you face

![Figure 20](image)

Issues of *racism* can be a problem for minority immigrants such as Koreans in Australia (Forrest and Dunn, 2006). One very pleasing finding from this research project was that only 1 of the 64 of the Korean-immigrant restaurant owners surveyed reported any problem of
racism while operating the business in Sydney. This is a very positive finding that suggests that Sydney is a cosmopolitan city where immigrant entrepreneurs such as those from Korea can not only flourish economically but also be accepted socially. It is a testimony to the tolerance and respect for diversity in one of the world’s most culturally-diverse cities.

One key issue in the entrepreneurial literature relates to inter-generations entrepreneurship. In many cases with immigrants who own and run small businesses, the first generation moves into business because other opportunities are not available to them, often because of language difficulties, difficulties in qualification recognition or racial discrimination in the labour market of their host country. The second generation get access to local education and have fewer language difficulties so often they shun business – which they realise means many long hours of hard work often for small returns – in favour of well-paid, often professional jobs (Collins et al., 1995). We also asked those surveyed if they would like their children to move into business also. Only 24 Korean immigrant restaurant owners – about one third of those surveyed – reported that they would (see Figure 21).

Figure 21: Would you like your children to establish their own business?
Finally we asked those Korean immigrant entrepreneurs surveyed what their future intentions were: did they see their future in Australia, or did they have plans to move somewhere else? As *Figure 22* shows, the overwhelming majority of the Korean immigrant entrepreneurs surveyed (75%) plan to spend their life in Australia. This is a strong affirmation of their experience in Australia as entrepreneurs and in Sydney as Korean immigrants. 7 of the Korean immigrant entrepreneurs surveyed plan to stay in Australia for the next five years, 6 for the next ten years and 3 for the next fifteen years.

**Conclusion**

Australia’s Korean immigrants have made an important contribution to Australian society and to the Australian economy. Sydney is the centre of greatest Korean immigrant settlement. Korean immigrants are the most entrepreneurial group in Australia. They have the highest rate of entrepreneurship in Australia – twice the Australian average. Despite this very high rate of entrepreneurship, the experience of Korean immigrant entrepreneurs in Australia remains largely unexplored. This research project was undertaken with the intention to fill this critical gap in the Australian immigrant entrepreneurship literature by documenting the important economic, social and cultural contribution made by the Korean immigrant entrepreneurs who own restaurants, cafes and food retailing in Sydney.
The 65 Korean immigrant entrepreneurs surveyed in Sydney were not only involved in restaurants selling Korean food, but also owned Japanese restaurants, including sushi restaurants, Chinese restaurants, cafes and take-away food shops. They are alert to niches in the market and move to fill them. Many of those surveyed have located their restaurants and cafes in key suburban Korean settlements such as Eastwood, Campsie and Strathfield, while others locate in the CBD of the City of Sydney to take advantage of the large customer market of workers, students and those who live in the city.

The picture that emerges is that Korean immigrant restaurant and cafe owners work very hard: they are open six or seven days a week and 12 hours a day. They are very successful. Their businesses are profitable and they are survivors in the Australian small business sector that is notoriously scattered with failed entrepreneurs. Many of those surveyed have had a number of businesses in Australia before their current restaurant, cafe or food bar. They are very innovative, planning future changes to improve their business or deciding to move into other businesses that are more profitable. Their businesses create substantial employment in Sydney.

A key feature of Korean immigrant restaurant and cafe owners in Sydney is that they draw on their social networks of family, friends and contacts in the Korean community in their business activities. These social networks are a form of social capital that they draw on for advice, finance, employment and supply.

One very pleasing finding from this research project was that only 1 of the 65 Korean immigrant restaurant owners surveyed reported any problem of racism while operating the business in Sydney. This is a very positive finding that suggests that Sydney is a cosmopolitan city where immigrant entrepreneurs such as those from Korea not only can flourish economically but also be accepted socially.

The biggest problem that most of the Korean immigrant restaurant owners report is that they face a difficulty imposed by current immigration restrictions. Half of those reporting immigration difficulties identified problems hiring chefs and other staff for their restaurants while one quarter thought that immigration restriction led to fewer customers for their restaurants. Recent moves to constrain foreign students getting temporary student visas in Australian has also impacted negatively on Korean restaurant and food outlets in Sydney.

The policy implication of this finding is that relaxing restrictions on Korean restaurants recruiting chefs, and on Korean, Chinese and other foreign students, would assist the
profitability of, and viability of, Korean immigrant entrepreneurs in Sydney’s food industry. They would, in turn, create more jobs and generate more wealth in Sydney.

The overwhelming majority of the Korean immigrant entrepreneurs surveyed said that they plan to spend the rest of their life in Australia. This is a strong affirmation of their experience in Australia as entrepreneurs and in Sydney as Korean immigrants.

**Policy Recommendations**

The Korean community in Sydney make an important economic, social and cultural contribution to life in Sydney, but more effort needs to be made to promote an understanding of the Korean community in Sydney among the broader Sydney cosmopolitan community. One way to assist in the process of building greater links to, and understanding of, Sydney’s Korean community is to commission more research into the economic, social and cultural aspects of Korean immigrant life in Australia. There are many other business sectors in Australia where Korean immigrant entrepreneurs make very significant contributions yet there has been no research conducted to build a broader understanding among the Australian public of these contributions. **More research into Sydney’s and Australia’s Korean community is needed.**

There is a strong case for **promoting the emergence of a ‘Little Korea’ in Sydney**, either in Eastwood or Strathfield. There are concentrations of Korean immigrants in these suburbs and clusters of Korean immigrant entrepreneurs, particularly those engaged with restaurants and food outlets. There are 49 restaurants and food outlets owned by Korean immigrant entrepreneurs in Strathfield, and 33 in Eastwood. With support from either the Strathfield or Ryde Councils to draw up Local Area Plans to fund a ‘Korean makeover’ of the streetscape in the form of street signs, art works and other iconography, either Strathfield or Eastwood could be promoted as Sydney’s ‘Little Korea’. This would assist in the public promotion of Korean culture in, and tourism to, Sydney in the same way that Chinatown promotes Chinese culture and tourism in Sydney. This not only would have economic benefits, but would also help build the social capital between Sydney’s Korean community and other parts of Sydney’s cosmopolitan community. This would also encourage Sydneysiders to get a ‘taste of Korea’, enlarging the non-Korean and non-Chinese customer base of restaurants and food outlets owned by Korean immigrant entrepreneurs in Sydney.
There is a strong case for the **relaxation of immigration restrictions** that constrain the business success of Korean immigrant restaurateurs in Sydney. Easier access for them to employ Korean immigrant Chefs is one clear way to assist Korean immigrant entrepreneurs in Sydney. Another way is to encourage greater numbers of temporary immigrants from Korea, particularly youth who are international students or working holiday makers, because they are a key part of the workforce of the restaurants owned by Korean immigrant entrepreneurs. They also form a key part of the customer-base of these restaurants, together with Korean tourists and permanent immigrants. Moves to relax immigration restrictions to encourage greater permanent and temporary immigration and tourism from Korea and China would also enlarge the customer base of restaurants and food outlets owned by Korean immigrant entrepreneurs in Sydney.
Bibliography


