CHAPTER 11

Latino/a Entrepreneurship in the United States: A Strategy of Survival and Economic Mobility

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INTRODUCTION

The Latino/a population in the United States has more than doubled between 1980 and 2000. Recent Census figures indicate that this population has increased from 22.4 million in 1990 to 35.3 million in 2000 (a 58% increase) (Saenz, 2004). Not surprisingly, the rise in the Latino/a population has contributed to an unprecedented growth in Latino/a business ownership. In 2002, Latino/as owned a reported 1.6 million nonfarm businesses and employed 1.5 million persons. From 1997 to 2000, Latino/a business ownership increased by 31% (compared to only 6% for non-Latino/a businesses). Over this same period, revenues for Latino/a businesses totaled *$220 billion dollars* (U.S. Census Bureau, 2006).

Although Latino/a business owners maintain a considerable presence in the U.S. economy, it is noteworthy that their economic progress has not kept pace with that of non-Latino/as. To illustrate, sales and receipts for Latino/a businesses increased by 19% from 1997 to 2000; however, those of non-Latino businesses rose even higher (22%). Moreover, although Latino/as currently reflect 12.5% of the total U.S. population, the Latino/a business community makes up only 7% of business firms nationwide and garners just 1% of firm sales and receipts. Additionally, fewer than 2,000 Latino/a firms employ 100 workers or more.

Importantly, then, the growth of Latino/a business in the United States requires a consideration of the causes and consequences of Latino/a business ownership within the larger context of the U.S. economy, including the potential for economic progress (or decline).

Moreover, it is important to consider differences across distinct national-origin groups, as the pan-ethnic Latino/a or Hispanic identity masks intergroup differences in business ownership. The quintessential Cuban ethnic entrepreneurs thriving in "Little Havana" (the Cuban ethnic enclave in Miami), the undocumented Mexican day laborers and *domésticas* in Los Angeles who work on their own account, and the Central American transnational entrepreneurs who conduct business on both sides of the border all reflect a diversity of experiences that constitute Latino/a self-employment.

In this chapter, I provide a theoretical and empirical overview of the entrepreneurial experience of Latino/as in the United States. In the first section, I discuss the traditional approach to ethnic enterprise. Next, I provide an exploratory investigation of self-employment among diverse Latino/a-origin groups. Because many of these Latino/a groups are recent migrants to the United States and/or their populations are small, this analysis serves as a preliminary "first look" at self-employment across distinct Latin American national-origin groups. Finally, although ethnic entrepreneurship among the Latino/a population overall remains understudied (with the exception of Cuban immigrants and their descendants), I present research that has explored the entrepreneurial and self-employment practices of the more traditional and larger Latino/a population in the United States.

A NOTE ON ENTREPRENEURSHIP VERSUS SELF-EMPLOYMENT

Social scientists define entrepreneurship differently. The definition may include innovators or managers, the "pure" self-employed (those who are self-employed with no employees), or business owners who hire workers and work in part, for themselves (Schumpeter, 1934, 1951/1989; Hakim, 1988, p. 430; Waldinger, Aldrich, Ward, & Associates, 1990, p. 17). With respect to actual occupations, then, this definition comprises the following: marginal, low-skilled, and part-time self-employment, such as day laborers and *domésticas*; full-time, mid-range occupations, such as owner/managers of garment factories, restaurants, or auto repair shops; and highly skilled, technological occupations or those requiring specialized knowledge, such as translators or real estate brokers.

Ethnic entrepreneurship constitutes business ownership among immigrants, ethnic group members, or both. Research on ethnic entrepreneurship generally uses the terms *entrepreneur/entrepreneurship* for all forms of self-employment activity; however, it is important to note that the vast majority of "entrepreneurs" (approximately 80%) are self-employed small business owners who hire one or no employees or who rely solely on unpaid family labor (Hakim, 1988; Rath, 2002: Sanders & Nee, 1996). This is especially true for ethnic minorities (Sanders & Nee, 1996). Therefore, I use the terms *ethnic entrepreneurs/ethnic entrepreneurship*, in keeping with the literature, but also use the terms *self-employed workers/self-employment* when discussing understudied groups with low self-employment participation rates. By underscoring "ethnic entrepreneurship" as "self-employment," an attempt is made to reflect more accurately the actual working conditions of this self-employed majority.

THEORIZING ETHNIC ENTREPRENEURSHIP

The traditional approach to ethnic entrepreneurship presents a supply-side argument that focuses on the characteristics and attributes of the ethnic group itself. This approach posits that resource mobilization based on ethnic group membership facilitates ethnic entrepreneurship (Light, 1972;

Light & Bonacich, 1988; Portes & Bach, 1985; Portes & Rumbaut, 1990; Waldinger et al., 1990). The "interaction" (Waldinger et al., 1990) and "modes of incorporation" (Portes & Rumbaut, 1990) models extend this approach to include the demand side of entrepreneurship (i.e., the opportunity structure of the host society). This model maintains that ethnic entrepreneurship is explained by the interaction of the particularistic features of an ethnic group with the opportunity structure of the larger economy and society.

Light and Bonacich (1988) forwarded a supply-side approach and suggested that specific class and ethnic resources associated with an ethnic group promote entrepreneurship. Class resources consist of private property, wealth, and "bourgeois values, attitudes, and knowledge" that are associated with the aggregate social class of an entrepreneurial ethnic group (Light & Bonacich, 1988, pp. 18–19). Ethnic resources are defined as the intergenerational transfer of information, attitudes, leadership potential, and solidarity among coethnics (Light & Bonacich, 1988, pp. 18–19). In sum, class and ethnic resources combine the following; individual-level, human capital such as skills, education, and experience; tangible material goods related to class background, such as property and wealth; and social capital, a more "intangible" resource that is rooted in ethnic group membership and that fosters group solidarity, trust, and reciprocal obligations (Coleman, 1988, p. s98; Portes & Sensenbrenner, 1993, p. 1322). Ultimately, class and ethnic resources supply the essential ingredients that facilitate ethnic entrepreneurship.

For example, research indicates that ethnic group membership provides a basis for mutual aid between coethnics. In particular, some Cuban entrepreneurs in Miami acquired their start-up capital from informal "character loans"—loans granted to co-ethnics based solely on their family reputation in Cuba (Portes & Stepick, 1993). Similarly, ethnic banking institutions sometimes grant loans more readily to coethnics (Light & Bonacich, 1988; Portes & Zhou, 1992; Sanders & Nee, 1996, p. 232). Additionally, Korean, Japanese, and Chinese rotating credit associations are well-documented, ethnic group-specific lending institutions that foster their capital accumulation (Light, 1972; Light & Bonacich, 1988). Participation in mutual aid associations requires specific ethnic group and social class features: One must be a member of the ethnic group and one must have a reputable social class standing or sufficient market capital. In this way, the combination of ethnic and class resources promote ethnic entrepreneurship (Light & Bonacich; Portes & Rumbaut, 2001; Waldinger et al., 1990). Although class and ethnic resources explain the supply side of ethnic entrepreneurship, newer research extends this approach to consider the demand side (i.e., the interaction of the specific features of a given group with the larger economy and society for a more comprehensive picture).

Waldinger and colleagues (1990) suggested that three sets of characteristics explain ethnic entrepreneurship. Premigration characteristics are similar to class and ethnic resources and include the education and skills, work experience, and entrepreneurial attitudes that immigrants possess before they migrate (Waldinger et al., 1990, p. 41). Circumstances of migration relate to factors that stem from the larger socioeconomic context. For example, disadvantaged minorities in the United States, such as Mexican immigrants, might engage in enterprise as a survival strategy (Light & Roach, 1986) or to avoid blocked mobility—the discriminatory practice of employers to limit advancement and promotion of ethnic minority workers (Borjas, 1990; Piore, 1979). In contrast, more "advantaged" minorities, such as Cuban immigrants, might participate in entrepreneurship as a strategy of economic mobility, helped along by start-up capital provided by U.S. government-backed refugee loans and other social welfare benefits (Portes & Bach, 1985). Circumstances of migration also include the settlement process: whether a group settles temporarily or permanently. In particular, research shows that a pattern of permanent settlement and family migration characterizes those groups that are more likely to engage in ethnic entrepreneurship. In contrast, those groups that are more likely to come to the United States as

individual migrants or sojourners, such as Mexican and Puerto Rican immigrants, are less likely to own businesses (Massey et al., 1987; Piore, 1979; Sanders & Nee, 1996). Finally, postmigration characteristics refer primarily to the occupational position of the immigrant group upon entry to the receiving country. Strategic occupational positions—those that provide business opportunities—emerge from a combination of prior skills, "random factors," and "cumulative social advantage" (Waldinger et al., 1990, p. 45). Waldinger and colleagues (1990) argued that membership in a group with characteristics that "favor business success … gain access to needed business skills …," whereas those immigrants who are not members of business-oriented groups are "more likely to work for natives" (pp. 45–46). In support of this contention, Light, Bernard, and Kim (1999) argued that Mexican and Central American "working-class migrations" generate few entrepreneurs.

Overall, Waldinger and his associates (1990) argued that pre-migration characteristics, circumstances of migration, and postmigration characteristics explain ethnic entrepreneurship (pp. 155–156). They concluded that although the combination of these factors might be different across groups, the strategies employed are similar. Likewise, Portes and Rumbaut (1990) argued that specific ethnic group characteristics combine with the larger context of the host society, such as a positive or negative societal reception context, specific government immigration policies, and a favorable or unfavorable social climate. They argued that ethnic group differences in entrepreneurship rest on such "modes of incorporation" (Portes & Rumbaut, 1990, pp. 83–93).

Finally, this ethnic entrepreneurship paradigm characterizes those ethnic groups with negligible rates of entrepreneurship as disadvantaged. For these groups, individual and group deficiencies, such as limited education and work experience, a weak or weakened coethnic social structure, and few structural opportunities in the larger economy and society, are presumed to impede enterprise (Borjas & Bronars, 1990; Fratoe, 1988; Lee, 2002, pp. 42–47; Light, 1972; Logan, Alba, & McNulty, 1994, pp. 693–694; Portes & Bach, 1985, p. 245; Wilson, 1980, p. 121 1987, p. xi). As Portes and Rumbaut (2001) argued, the limited economic progress of Mexican-origin population is, in part, due to "weak communities that have emerged under their precarious conditions of arrival and settlement" (p. 278). Moreover, Portes and Bach (1985) contrasted Cubans' entrepreneurial participation and economic success with an absence of Mexican entrepreneurship and concluded that a lack of community support relegates the Mexican-origin population to low-wage work in the U.S. labor market and subsequent economic stagnation (Portes & Bach, 1985, p. 245).

Although rates of entrepreneurship among disadvantaged groups are low, the few who attempt such enterprises face greater hardships than those with economically supportive social networks. For example, disadvantaged ethnic entrepreneurs are more vulnerable to "consumer discrimination, whereby white consumers dislike purchasing goods and services from blacks and other minorities" (Borjas & Bronars, 1989, p. 582). Additionally, because entrepreneurial activity is constrained to begin with, such enterprises provide few "multiplier effects for the community" (Wilson & Martin, 1982, p. 150). Hence, whereas business ownership is widespread among some Latino/a national origin groups, such as Cubans, it is negligible for other groups, such as Mexicans (Portes & Bach, 1985).

In sum, the ethnic entrepreneurship paradigm asserts that the specific characteristics associated with a given group interact with the opportunity structure of the larger economy and society to explain ethnic entrepreneurship. Moreover, this approach suggests that in the absence of such factors, entrepreneurial activity is suppressed. Finally, these approaches argue that understanding differences in ethnic entrepreneurship is essential because entrepreneurial activity is associated with economic success (Nee & Sanders, 1985; Logan et al., 1994; Portes & Zhou, 1992; Sanders & Nee, 1987, 1996; Waldinger, 1986; Waldinger et al., 1990).

ETHNIC ENTREPRENEURSHIP AND ECONOMIC PROGRESS

Previous research demonstrated that ethnic entrepreneurs are better off than their coethnic worker counterparts (Portes & Rumbaut, 1990; Portes & Stepick, 1993; Waldinger et al., 1990). For instance, Portes and Bach (1985) argued that entrepreneurial activity partially explains the economic progress of Cubans in the United States. However, mixed findings among more recent waves of Mariel Cubans challenge the notion that ethnic entrepreneurship results in economic progress (Portes & Jensen, 1989, pp. 945–946). Additionally, Valdez (2006) found that the self-employment earnings of Mexicans who reside in the Southwest are lower than those of their wage-worker counterparts, regardless of skill. Such findings call into question the presumed upward mobility trajectory associated with ethnic entrepreneurship.

Additionally, researchers observe that some ethnic groups favor entrepreneurship as a survival strategy or "economic lifeboat"—that is, as a last ditch alternative to unemployment, rather than one of upward mobility (Light & Roach, 1996, p. 193). As Hakim (1988) stated, "it cannot be assumed that the self-employed are invariably entrepreneurs who are building businesses that will eventually employ more people than themselves" (p. 430). On the contrary, research has shown that self-employed workers are likely to work on their own account, with few, if any, paid employees. Such findings challenge assumptions that ethnic entrepreneurship promotes economic success. In the case of the Latino/a population, whose socioeconomic outcomes reflect "… signs of group progress matched by signs of decline and stagnation" (Camarillo & Bonilla, 2001, p. 104), self-employment might also serve as a strategy of economic survival. In the following section, I explore the self-employment outcomes of a number of distinct Latino/a national-origin groups. Specifically, I examine self-employment participation rates, earnings, and industry concentration.

SELF-EMPLOYMENT IN THE LATINO/A POPULATION

Table 1 displays the percentage of the working population that is self-employed across select Caribbean, Central and South American groups, and Mexicans. Among U.S.-born men, Cubans report the highest self-employment rate (7.3%), followed by Peruvians (5.8%) and Argentines (5.8%). Similarly, foreign-born Argentine (11.9%), Cuban (9.9%), and Peruvian (6.5%) men are more likely to be self-employed than the other foreign-born groups; additionally, these groups exceed the self-employment rate of their U.S.-born counterparts. Notably, these groups' self-employment rates are considerably higher than that of the U.S.-born working male population as a whole (5.1%) (U.S. Census Bureau, 2006). In contrast, U.S.-born Ecuadorian and Dominican men report substantially lower rates of self-employment (2.0% and 2.4%, respectively), and foreign-born Honduran (3.8%) and Puerto Rican (3.7%) men fall behind all other foreign-born groups.

Among women, U.S.-born Hondurans (4.9%) and Nicaraguans (4.1%) are more likely to be self-employed than the other U.S.-born Latina groups. Moreover, foreign-born Columbian (6.7%) and Peruvian (5.2%) women, like their foreign-born male counterparts, report the highest self-employment rate among foreign-born Latina groups. Moreover, these U.S.- and foreign-born groups exceed the self-employment rate among women in the general population (2.2%) (U.S. Census Bureau, 2006). In contrast, self-employment among U.S.-born Guatemalan and Peruvian women is negligible, as is the self-employment rate of foreign-born Cuban women (0.04%).

Table 2 shows the earnings of wage workers and self-employed workers across different Latino/a origin groups, by nativity and gender. These data show that among men, the earnings of the self-employed are higher than those of wage workers, regardless of Latino national-origin or nativity. Additionally, the earnings of U.S.-born self-employed men are generally higher than

Table 1. Percent Self-Employed Workers Among Latino/as in the U.S. Labor Force, ages 25–64

	Men		Women	
	U.S.-born	Foreign-born	U.S.-born	Foreign-born
Caribbean				
Cuban	7.26	9.88	3.31	0.04
Dominican	2.42	5.15	2.12	3.98
Puerto Rican	3.30	3.70	2.00	2.11
Central American				
Guatemalan	2.50	4.79	0.64	4.86
Honduran	3.92	3.77	4.90	5.11
Nicaraguan	4.73	4.86	4.05	4.48
Salvadoran	3.89	4.23	1.67	4.68
South American				
Argentinian	5.56	11.93	3.85	5.00
Colombian	4.52	6.40	2.01	6.65
Ecuadorian	1.95	6.37	1.95	3.89
Peruvian	5.80	6.48	0.003	5.21
North American				
Mexican	4.56	5.28	2.47	2.59

Source: US Census Bureau (Census 2000, 5% IPUMS).

Table 2. Mean Annual Earnings Among Latino/a Wage and Self-Employed Workers in the United States, ages 25–64

	Men				Women			
	US-born		Foreign-born		US-born		Foreign-born	
	Wage work	Self-employed	Wage work	Self-employed	Wage work	Self-employed	Wage work	Self-employed
Caribbean								
Cuban	48,236	64,730	40,708	56,258	33,171	43,817	27,009	34,642
Dominican	34,423	81,750	29,034	41,747	28,446	46,100	21,148	38,860
Puerto Rican	38,540	55,742	35,329	49,026	28,371	33,933	25,352	27,959
Central American								
Guatemalan	48,628	87,000	23,406	28,185	26,769	10,000	17,800	14,734
Honduran	48,079	144,600	24,293	34,595	25,926	12,838	16,342	11,913
Nicaraguan	52,029	85,800	29,941	39,620	31,067	17,100	19,121	15,965
Salvadoran	54,870	193,333	25,083	31,404	24,610	5,900	16,539	17,386
South American								
Argentinian	53,993	64,177	55,936	71,522	40,745	129,589	30,915	43,581
Columbian	38,930	39,583	37,941	48,175	31,447	22,400	22,140	19,364
Ecuadorian	43,451	86,560	30,942	37,125	31,668	31,255	21,508	22,429
Peruvian	43,502	71,546	36,450	46,383	34,140	34,514	22,517	21,153
North American								
Mexican	34,878	47,112	24,270	33,667	24,327	28,031	16,242	18,630

Source: US Census Bureau (Census 2000, 5% IPUMS).

their foreign-born counterparts (with the exception of self-employed foreign-born Argentines and Colombians, who earn more than the U.S.-born). These earnings data clearly show that self-employed Latino men are better off than Latinos who work for wages in the U.S. labor market.

The earnings data are not as favorable or clear-cut for self-employed Latina women. First, Latina women earn less than their male counterparts, regardless of worker status (wage worker or self-employed) or nativity. Second, self-employed Latina women do not always exceed the earnings of their wage-earning counterparts. Although self-employed Caribbean and Mexican women earn more than wage workers, self-employed Central American (with one exception), Argentine, foreign-born Ecuadorian, and U.S.-born Peruvian women earn less. Finally, although most U.S.-born Latina women earn more than the foreign-born, foreign-born Guatemalan and Salvadoran women earn more than their U.S.-born counterparts. Findings suggest that self-employment might provide a strategy of economic mobility for men and most women; however, for Central American women, self-employment might provide a strategy of survival. Findings further suggest that women experience a less favorable context of reception than men, likely due to occupational segregation in the gendered labor market.

Finally, Table 3 displays the distribution of the self-employed Latino/a-origin groups by industry. Findings reveal that most groups concentrate in similar industries, regardless of national origin. Specifically, the construction, professional services (i.e., translator, real estate), and other services (i.e., auto repair) industries represent the top three industries for 9 of the 12 Latino/a groups presented here. Furthermore, Argentine, Colombian, and Dominican groups report two of these three industries in their top three. Although these groups might possess different premigration characteristics or experience different circumstances of migration, the overwhelming concentration of Latino/a national-origin groups in specific and limited industries suggests that these groups share a similar context of reception. As Latino/as, these groups likely face similar structural opportunities (and constraints) in the U.S. labor market that shape their entrepreneurial endeavors.

Taken together, these findings highlight similarities and differences in the self-employment experiences of Latino/a national-origin groups. Although the entrepreneurial Cubans and "non-entrepreneurial" Mexicans dominate the ethnic entrepreneurship literature, these exploratory findings reveal intragroup and intergroup variation in self-employment, by nativity and gender. Notably, these findings reveal that understudied groups show even greater disparities than those groups that are represented in the literature. To illustrate, I observe that foreign-born Argentine men surpass Cubans in entrepreneurship, and Puerto Rican and Central American men fall behind Mexican men (Table 1). Additionally, there is evidence of industrial concentration among the Latino/a population; in particular, findings reveal that self-employed Latino/as overwhelmingly concentrate in the construction, professional services, and other services industries. Findings suggest the presence of pan-ethnic "occupational niches" (Waldinger, 1986) among the self-employed Latino/a-origin population (Table 2).

Finally, with respect to earnings, findings show that Latino men earn more than women, regardless of worker status (i.e., self-employed or wage worker). Additionally, U.S.-born Latinos earn more than foreign-born Latinos, and self-employed workers earn more than wage workers. Although Caribbean and Mexican women follow similar trends, the earnings data for Central American and South American women is mixed. Overall, findings suggest that self-employment might be a strategy of survival (Light & Roach, 1996) for Central American and some South American women and a strategy of upward mobility for Latin American men and Caribbean and Mexican women. These preliminary findings highlight the need for more research in this area. In the next section, I present four cases of Latino/a enterprise that illustrate the diversity of entrepreneurial experiences among Latino/as in the United States.

TABLE 3. Industry Concentration among Latino/a Self-Employed Workers in the US, 25–64 (percent)

	Mexican	Puerto Rican	Cuban	Guatemalan	Honduran	Nicaraguan	Salvadoran	Argentinian	Columbian	Ecuadoran	Peruvian	Dominican
Industry												
Agriculture	3.5	1.0	1.6	0.8	0.6	0.5	0.0	0.6	0.1	0.0	0.8	0.9
Mining	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
Construction	20.2	15.7	16.7	18.7	22.2	17.0	13.4	12.5	10.0	13.9	13.1	10.6
Manufacturing	4.3	3.0	4.8	2.4	3.7	2.1	1.7	6.3	4.3	4.8	4.1	3.5
Wholesale	2.7	3.9	5.1	1.6	1.2	3.2	1.5	6.9	3.9	5.2	2.6	3.1
Retail	10.0	9.9	10.2	6.4	5.6	6.9	6.4	10.9	9.2	10.9	7.5	15.9
Transportation	4.4	4.2	6.3	4.4	3.7	5.3	5.9	4.6	7.0	10.4	7.5	9.3
Information & communications	0.0	1.2	1.6	0.8	0.6	1.1	0.5	1.0	1.4	0.4	3.0	0.4
Finance	4.3	5.5	7.5	2.8	2.5	7.5	1.7	6.6	6.2	5.2	7.5	4.9
Professional services	17.1	16.8	19.8	13.9	13.0	16.0	17.8	16.8	16.9	17.8	15.4	11.1
Education; health; social services	9.1	15.5	10.7	7.2	6.8	11.2	9.9	14.9	13.5	6.5	12.4	21.7
Entertainment; food service	6.0	7.0	5.1	5.2	3.1	3.7	6.2	7.6	5.2	5.7	5.2	3.1
Other services (i.e., auto)	17.4	16.5	10.7	35.9	37.0	25.5	34.9	10.9	22.4	19.1	21.0	15.5
Unweighted *N*	10,311	1,310	2,449	251	162	188	404	303	728	230	267	226

Note: Non-self-employment industries excluded (utilities, public administration, and armed services). Analysis of variance (ANOVA) results indicate that Latino groups differ significantly by industry concentration: F-value = 18.

Source: US Census Bureau (Census 2000, 5% IPUMS).

THE ETHNIC ENCLAVE ECONOMY: THE CASE OF THE CUBAN ENTREPRENEURS

The Souto family coffee business was established in Cuba during the late 1800s. Following Castro's regime change, it closed its doors in 1959. The Souto family, José "Pepe" Souto (whose dad, Angel, founded the business) and his wife Haydeé fled to Miami, where they started it anew. "Our father encouraged us to come to the business, but he never insisted," José Enrique recalls. However, as the Cuban population in Miami grew, so did their sales, and the brothers left their steady jobs to join their parents. Today, the Souto coffee business ranks among the top 100 fastest growing Latino/a businesses (Hispanic Online, 2006).

Like the Souto family, many middle- and upper-class Cuban migrants fled the Castro regime in the early 1960s to the late 1970s. Cuban immigrants' settlement in the United States was made easier with U.S. government support in the form of financial aid, health care, education loans, scholarships, and business loans (Portes & Stepick, 1993). Additionally, ethnic solidarity within the coethnic Cuban community elicited trust and reciprocal obligations that further facilitated Cuban immigrants' settlement and enterprise (Portes & Bach, 1985; Sanders & Nee, 1996; Wilson & Martin, 1982; Wilson & Portes, 1980).

Wilson and Portes (1980) first defined the ethnic enclave as a spatially concentrated ethnic business sector of coethnic employers, employees, and businesses that provides goods and services to coethnics and eventually others (Portes & Jensen, 1992, p. 419; Portes & Stepick, 1993, p. 127; Wilson & Portes, 1980, p. 304). In Miami, residential segregation coupled with few white-owned businesses in areas of Cuban immigrant and ethnic settlement created a greater supply and demand for Cuban-specific specialty goods and services. Such factors ushered in the development of the Cuban enclave economy.

The Cuban ethnic enclave in Miami provides Cuban entrepreneurs with an available source of coethnic, low-wage or unpaid family labor. Cuban business owners often hire family or coethnic members, thereby "mobilizing direct connections to the ethnic community from which they emigrated" (Waldinger et al., 1990, p. 38). Family members experience the "reciprocal obligation" to work in the family business, often without pay (Wilson & Portes, 1980, p. 315). Beyond family or immediate kin, the geographically concentrated Cuban community itself provides a source of low-wage labor.

In the 1980s, a new wave of disadvantaged Cuban immigrants settled in the United States, known as "Marielitos" (in reference to the Mariel boatlifts). Unlike previous professional, middle- and upper-class Cuban refugees, the Marielitos constituted a group characterized by the Cuban government as "undesirable" and "disaffected" (Portes & Stepick, 1985, p. 495). Nevertheless, the Marielitos have benefited from the strong ethnic enclave economy that was established by the previous generation. Facilitated by coethnic networks, this most recent and disadvantaged group has been able to integrate into the Cuban enclave economy and has achieved some measure of socioeconomic progress, relative to other disadvantaged Latino/a groups.

THE ETHNIC ECONOMY: AN ALTERNATIVE TO THE ETHNIC ENCLAVE ECONOMY

In contrast to the ethnic enclave economy, which requires a geographically-district, ethnic community, the ethnic economy perspective provides a more general concept of ethnic entrepreneurship. Importantly, the ethnic economy does not require ethnic concentration in business location, residence, or industry; nor does it specify the necessity of a coethnic customer base,

coethnic hiring practices, or the buying and/or selling of ethnic-specific goods and services. As such, the ethnic economy hypothesis allows for multiple entrepreneurial scenarios and can be applied widely without the need to "squeeze an ethnic economy into an ethnic enclave economy definition" (Light, Sabagh, & Kim, 1994, p. 78). In the ethnic economy, ethnic entrepreneurs are often well suited for a particular occupation and have the capacity to access specific goods or skills; "… it is presumed that they enjoy a favorable competitive position in some niche of the economy" (Logan et al., 1994, p. 694). Central American restaurateurs in the Southwest, Puerto Rican bodega owners in New York, and Latino/a auto mechanics and subcontractors in the construction or garment industries, who might or might not cater to a diverse Latino/a customer base, are all engaged in the ethnic economy.

THE TRANSNATIONAL ECONOMY: THE SALVADORAN VIAJEROS AND OTHER TRANSNATIONAL ENTREPRENEURS

Transnationalism refers to "the continuing relations between immigrants and their places of origin … and the impact that such activities [have] in communities at both ends of the migration stream" (Portes, Guarnizo, & Haller, 2002, p. 279). Recent research on Salvadoran immigrants found that transnational enterprises are common, and range from *viajeros*, couriers who transfer goods between borders for small and large firms, to *return migrant microenterprises*, businesses established in El Salvador by return migrants from the United States, and that rely on U.S. contacts (Landolt, Autler, & Baires, 1999; Portes et al., 2002). Dominicans are also engaged in transnational enterprises. In particular, Dominican remittance agencies and specialty goods stores in the United States and the importation of U.S. businesses to the Dominican Republic (such as laundromats or video stores) are some examples of Dominican transnational enterprises at work. The study of transnational entrepreneurs is relatively new and, as such, has largely focused on Central Americans and other recent immigrant groups to the United States; however, it is likely that other Latino/a (and non-Latino/a) immigrant groups engage in transnational enterprise as well. As Portes et al. (2002) recently concluded in their study of transnational entrepreneurs, "… transnational entrepreneurs represent a large proportion, often the majority, of the self-employed persons in immigrant communities" (p. 293).

THE INFORMAL OR UNDERGROUND ECONOMY: DAY LABORERS AND *DOMÉSTICAS*

Day laborers constitute a temporary low-wage workforce of immigrant men who work on their own account and are usually of Mexican descent (although a growing number identify as Central American) (Valenzuela, 2001). Day laborers are a familiar presence across the nation. A recent report by the Center for the Study of Urban Poverty indicated that 42% of day laborers concentrate in the West, 23% of day laborers concentrate in the East, 18% concentrate in the Southwest, 12% concentrate in the South, and 4% concentrate in the Midwest (Valenzuela, Theodore, Melendez, & Gonzalez, 2006, p. 2).

Day labor is considered an informal economic activity because the work is generally unstable and insecure with little or no government oversight or regulation. Day laborers might seek work in a variety of informal ways, which include standing on street corners or near home improvement stores or moving/storage companies. Sites that are more formal include government or community-based day labor work centers.

Domésticas are Latina immigrants (the majority of whom are of Mexican, Guatemalan, or Salvadoran descent) who work as house cleaners/keepers, live-in/out maids, and nannies (Hondagneu-Sotelo, 2001). Although *domésticas* might work for a firm, many work on their own account and are paid "under the table" (neither they nor their clients pay taxes on their income). Although some day laborers and *domésticas* might *choose* this type of work over standard work (i.e., formal employment, regular hours) for increased autonomy or a more flexible schedule, nonstandard work practices are first and foremost a strategy of survival (Valenzuela, 2001, p. 335). The preliminary analysis of self-employment earnings among Central American women presented earlier in this chapter support this claim, because self-employed Central American women earn less than their wage-worker counterparts. Self-employed day laborers and *domésticas* earn more than those who are not employed (e.g. unemployed or jobless). Additionally, the Latino/a self-employed may earn more than wage workers in the low-skilled labor market, who may be more likely to face blocked mobility due to racial and ethnic discrimination, limited skills, education, and work experience. As such, day laborers and *domésticas* employ strategies similar to "survivalist entrepreneurs" (Valenzuela, 2001, p. 349). Additionally, and akin to ethnic entrepreneurship more generally, day laborers and *domésticas* often rely on coethnic networks and information channels for job opportunities.

CONCLUSION

In the 1970s, the emergence of global capitalism forced an economic restructuring of the U.S. economy. Economic restructuring resulted in the decline of good-paying "blue collar" jobs in durable manufacturing and a rise in low-skilled low-wage non-durable-goods manufacturing (small electronics, garment manufacturing), and service jobs. Such changes have hit the Latino/a population particularly hard. The negative effect of economic restructuring on the wages and job opportunities of foreign-born and U.S.-born Latino/as persists to this day (Moore & Pinderhughes, 1993; Morales & Bonilla, 1993; Ortiz, 1996). In addition, and during this same period, immigration policy reforms, such as the Hart-Cellar Act of 1965, the Immigration Reform and Control Act of 1986, and the Immigration Act of 1990, have dramatically increased Latino/a migration to the United States. Alongside legal immigration, undocumented Mexican and Central American migrants continue to cross the border in record numbers.

Overall, economic restructuring coupled with the growth of the Latino/a population has increased labor market competition, racial and ethnic discrimination, and wage inequality in the U.S. labor market (Davila, Pagan, & Grau, 1998; Phillips & Massey, 1999; Valdez, 2006). In this context, ethnic enterprise provides a necessary and alternative means to Latino/a economic incorporation.

The ethnic entrepreneurship paradigm maintains that class and ethnic resources interact with the opportunity structure of the larger economy to explain ethnic entrepreneurship. For highly skilled and "advantaged" Latino/a groups, those with class and ethnic resources and a positive context of reception, business ownership likely provides an opportunity for economic progress. For disadvantaged groups, however, self-employment might offer, at best, an alternative to low-skilled low-wage work at the bottom of the economic ladder, where opportunities for advancement are rare.

Although some research has demonstrated that low-skilled self-employed workers do not benefit economically from microenterprise assistance programs (Sanders, 2002; Servon & Bates, 1998), research has not examined whether disadvantaged ethnic minorities engaged in microenterprise might achieve modest economic gains. Research on Latino/a survivalist entrepreneurs, then, will supply policy makers with information to understand the benefits of microenterprise assistance programs that promote self-sufficiency through informal self-employment.

Such limited and targeted programs might enable low-skilled disadvantaged Latino/as to escape from poverty by providing an opportunity for self-employment as an alternative to unemployment or underemployment.

In sum, this chapter attempts to provide a theoretical and empirical overview of Latino/a entrepreneurship in the United States. Primarily, this chapter reveals intergroup and intra group differences in ethnic entrepreneurship among Latino/a national-origin groups. This diversity of entrepreneurial experiences is often hidden or masked, as researchers limit their investigations to traditional groups, such as Cubans or Mexicans, conduct analyses on pan-ethnic "Latinos" or "Hispanics" only, and/or neglect to consider the gendered aspects of entrepreneurship. This chapter highlights the need for continued research in the area of Latino/a enterprise that goes beyond existing theoretical frameworks and encourages the investigation of self-employment as a strategy of survival among disadvantaged Latino/a groups.

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