

IMMIGRANT ENTREPRENEURS' ACCESS TO INFORMATION AS A LOCAL ECONOMIC-DEVELOPMENT PROBLEM

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Sociologists and geographers have examined immigrant entrepreneurship in the United States to discuss what types of industries immigrants enter, why some groups are more inclined to entrepreneurship than others, and how social networks influence business formation. But such analyses have generally not included considerations of how the larger geographic setting in which the immigrants operate—including the urban form, the built environment, and local economic-development efforts—affect entrepreneurial decisions. Meanwhile, immigrant settlement patterns have changed in recent decades, bringing groups of immigrants outside of larger cities and into suburban areas not accustomed to hosting immigrants. In such environments, a would-be entrepreneur might have even more difficulty accessing the information necessary to successfully start and maintain a business. This paper will survey previous literature on immigrant entrepreneurship, largely from sociology, geography, and planning, to argue that local economic-development resources, even when targeted at small business owners, fail to address the needs of immigrant entrepreneurs. Instead, these would-be entrepreneurs rely on their own personal networks and on co-ethnic community support institutions.

Keywords: entrepreneurship, ethnic entrepreneurship, ethnic economy, immigration, economic development

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Introduction

Aldrich & Waldinger's (1990) overview of ethnic-entrepreneurship research broke down the process by which immigrants became entrepreneurs into three interactive components: opportunity structure, group characteristics, and "ethnic strategies", the last of which is meant to describe the collective strategies ethnic groups in particular locations adapt in response to their new business environment. The need for such strategies surfaces early on in the process towards starting a new business: how does the potential entrepreneur figure out where to start a business, how to run one, and what paperwork to fill out in the meantime? Aldrich & Waldinger's (1990, p.127) overview found that information necessary to start a successful business 'is typically obtained through owners' personal networks and through various indirect ties that are specifically linked to their ethnic communities'. Resources outside ethnic social networks did not play much of a role in promoting immigrant entrepreneurship: 'Immigrants also have special problems caused by the strains of settlement and assimilation and aggravated by their distance from governmental mechanisms of service delivery.' (ibid p. 115)

Servon *et al.* (2010) identified five 'gaps' encountered by aspiring micro-entrepreneurs and small business owners in New York City, many of whom were immigrants. Those gaps center around an inability to obtain sufficient capital; a lack of assets to parlay towards business development; a difficulty growing the business and establishing credit; difficulty obtaining critical information; and lack of training in business skills such as accounting and marketing. Servon *et al.*'s article is rare in its discussion of what role mainstream-economic development resources can do to address these gaps. By and large, research into immigrant- entrepreneurship focuses on exchanges within existing ethnic communities.

Immigrants have been self-employing at higher rates than their native-born counterparts for as long as the United States Census has been tracking such data (Bowles & Colton, 2007); meanwhile, public policy makers have been eager to proclaim their support of small businesses, assuming a link between small business development and economic growth, employment growth in particular (Craig *et al.*, 2007). Both the United States Small Business Administration (SBA) and local economic-development agencies invest heavily in small-business promotion. A 2014 survey done by the International City & County Managers Association of more than 1,000 local economic-development agencies found that 68% offered marketing assistance to local small businesses, two-thirds hosted a small business development center, and half had a revolving loan fund available (ICMA, 2014). Yet study after study suggests that these efforts fail to reach—or, worse, overlook—immigrant entrepreneurs..

This paper reviews previous literature on immigrant entrepreneurship to discuss the question of how immigrant entrepreneurs start businesses largely outside the existing

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local economic-development infrastructure. It will show difficulty obtaining information and credit is a well-documented problem; that the immigrant entrepreneurs themselves move to solve this problem by soliciting information from existing social networks or community organizations; and that these resources are not necessarily available to all nascent immigrant entrepreneurs, and indeed may be harder to reach in less dense suburban environments. It will draw from Aldrich and Waldinger's (1990) focus on strategies as a response to opportunity structure, and Servon *et al.*'s (2010) identification of gaps at the local level, to argue that immigrant entrepreneurship takes place in a specific local context. Finally, it will conclude that local economic-development agencies hoping to encourage immigrant entrepreneurship will have to deploy more flexible strategies, including working with existing community organizations where available.

Previous Research Into How Immigrants Become Entrepreneurs

Until the 1990s, studies of immigrant entrepreneurship (or, more broadly, 'ethnic entrepreneurship') tended to be rooted in sociology (Light, 1973; Light & Bonacich, 1987; Portes and Sensenbrenner, 1993). These studies frequently sought to understand differences in entrepreneurial take-up between groups. Waldinger (1989) sums up three lines of argument: that particular groups might be more inclined to the risk-taking of entrepreneurship, or possess more resources, material or social, to help start businesses; that immigrants might be taking advantage of industries with easy ownership opportunities; and that entrepreneurship arose out of some combination of group characteristics and local economic factors.

Studies of ethnic entrepreneurship have also centered on concentrations of immigrant entrepreneurial activity in a particular place, such as 'Koreatown' in Los Angeles (Light & Bonacich, 1987; Yoon, 1997), Cuban immigration into Miami (Portes and Bach, 1985; Portes and Jensen, 1989), or Korean entrepreneurs in New York City (Waldinger, 1989; Park, 1997). These 'ethnic economies' are distinguishable by their appeals to a niche ethnic market, high (almost exclusive) amounts of immigrant proprietorship, high levels of co-ethnic employment, and vertical integration with co-ethnic suppliers (Kaplan and Li, 2006). Throughout, the research has emphasized the role of social and family networks in the formation and maintenance of both individual businesses and the ethnic economies they comprise. But these analyses have included less discussion of why an ethnic economy might grow in a particular place. When Aldrich and Waldinger (1990) discussed 'opportunity structures,' their geographic analysis of market conditions took place at the national, not the local, level.

The study of immigrant entrepreneurship has expanded from sociology into geography but has yet to make many inroads into planning.¹ The exceptions usually take the form

¹ Separate searches of the archives of the Journal of the American Planning Association for the terms 'immigrant entrepreneur' and 'ethnic economy' produce no results.

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of case studies. Tseng (1995), in a case study of Taiwanese entrepreneurs in metropolitan Los Angeles, cites an ‘unfriendly community reception,’ with local development agencies openly favoring ‘American’ firms over those founded by immigrants. Preston and Lo (2000) examined the sources of community opposition to the creation of a new Chinese-themed shopping mall outside Toronto, in a suburb where both proponents and opponents came to Canada from mainland China and Hong Kong. McDaniel (2006) compared two cities in metropolitan Birmingham, Alabama, responding to a growing immigrant population; officials from one city struck a welcoming note, while their counterparts in the other city sounded more distrustful.

Studies comparing metropolitan areas, as is common in planning, have begun to tackle the question of how location and urban form influence immigrant entrepreneurship (Liu, 2012b; Wang & Li, 2007). For example, Wang (2013a) found, by comparing distributions of Latino-owned businesses in metropolitan Miami and Atlanta, that ethnic businesses benefit from co-locating with similar businesses, whether those businesses are part of an ethnic economy or not. Aguilera’s (2009) comparison of self-employed Mexican immigrants in California and Texas with self-employed Cuban immigrants in Florida found that the former’s proximity to an ethnic enclave had a greater (negative) effect on their earnings than did the latter’s, suggesting that business performance in an ethnic economy may be dependent on the larger metropolitan environment.

Analyses of ethnic economies have not excluded spatial factors. Spatial concentration of businesses is intrinsic to the definition of an ethnic economy; spatial concentration facilitates exchanges within the social networks of the ethnic community (Portes and Jensen, 1989). But these analyses tend to focus almost entirely on spatial relations within the ethnic economy itself, and spend very little time on how participants in the ethnic economy might interact with or be influenced by the broader local economy. Again, there are exceptions. Kalnins and Chung (2006) examined the relationships between co-ethnicity, social networks, and geographic proximity among Gujarati hotel owners in metropolitan Dallas. Fong *et al.* (2008) cite evidence from Chinese businesses in metropolitan Toronto to show that opening a business within a concentration of co-ethnic businesses is not necessarily the most profitable strategy for every business; rather, immigrant entrepreneurs’ business location decisions take into account both the larger neighborhood environment, co-ethnic and not, and the particular target audience of the business.

Changing Immigrant Settlement Patterns

Recent shifts in where immigrants choose to live, and where they decide to open businesses, makes consideration of the potential spatial element of immigrant entrepreneurship more urgent. Until very recently, both immigrant settlement and immigrant

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entrepreneurship were heavily concentrated in just a few major metropolitan areas (Razin & Light, 1998). In 2000, 43% of all foreign-born residents in the United States lived in New York, Los Angeles, Miami, Chicago, or Houston. But by 2010, that percentage had dropped to 38% (Wilson and Singer, 2011). This has meant increasing immigrant populations in metropolitan areas that had not previously thought of themselves as 'gateways'. Between 2000 and 2013, 78 different counties in 19 states, previously majority-white, had population shifts large enough that no one race could be considered a majority (Krogstad, 2015). Metropolitan areas such as Dallas-Fort Worth, Atlanta, and Washington, D.C. have become 'emerging gateways' (Singer, 2004) while cities such as Nashville saw immigrant populations double in a decade (Wilson & Singer, 2011). Concentrations of particular immigrant populations have arisen quickly: between 1990 and 2004, Utah's Indian population more than quintupled, Alabama's Vietnamese population quadrupled, and Nevada's Filipino population tripled (Li & Skop, 2007).

With the shift in settlement towards a larger variety of metropolitan areas comes a simultaneous shift in the types of neighborhoods into which immigrants settle. The historically urban centers of immigrant settlement—think New York's Little Italy or San Francisco's Chinatown—have given way to increasing suburbanization. The movement of employers out of inner cities and towards suburbs and increased rents in urban neighborhoods led immigrants to seek new homes in less dense settlements. By 2004 a majority or near-majority of every Asian ethnic group lived in the suburbs (Li & Skop, 2007). Suburbanization extends past the borders of the United States: many Chinese immigrants to Toronto in the 1980s and 1990s bypassed the local Chinatown altogether and settled in the suburbs (Wang & Lo, 2007). In 2003, of more than sixty Chinese shopping centers and plazas in metropolitan Toronto, only two were in the inner city (Wang & Lo, 2007). Suburban migration has even led to the creation of 'ethnoburbs' (Li, 1998; Li *et al.*, 2002), in which co-ethnic residents combine population agglomerations and relative financial stability to move towards acquiring political influence and exercising decision-making authority.

The shift to suburban locations has not meant the end of concentrated ethnic economies; rather, concentrations of ethnic economic activity have appeared in the new gateways, such as along Atlanta's Buford Highway (Odem in Singer, ed., 2004) and Sacramento's Stockton Boulevard (Datel and Dingemans in Singer, ed., 2004). These developments are new enough that scholars are only beginning to ask how locating in less dense built environments, often with more limited public transportation, affects the formation of ethnic economies. Given the importance of spatial agglomerations to the definition of ethnic economies, it would be surprising if ethnic economies in the suburbs worked exactly the same as their urban counterparts. Moreover, geographical proximity facilitates social exchanges (Kalnins & Chung, 2006), so participants in an ethnic economy may have

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more trouble exchanging information in a less dense setting. This is a significant issue for immigrant entrepreneurs, since they frequently have difficulty accessing mainstream resources intended to help with small business creation.

Immigrant Entrepreneurs and the Information Gap

Cristina Alvanos, a Colombia native, says it's all too common for immigrants to start businesses without finding out about the laws they need to comply with. When she started a money transfer business a few years ago, she knew that she had to register the company, get a tax ID number, purchase liability insurance and apply for unemployment insurance and workers' compensation because she had worked for another firm for 11 years. 'A lot of people don't know this,' she says. 'I get calls from people telling me they got fined because they didn't know they needed workers' compensation. They don't know that when you have a sign, you have to have a permit and make it visible.' (Bowles and Colton, 2007, p. 29)

This lack of knowledge as to the exact legal requirements for starting a business was dubbed the 'information gap' by Servon *et al.* (2010). Both Bowles and Colton (2007) and Servon *et al.* (2010) focused their research on New York City, as did Gaviria (2012), who focused specifically on the experiences of Colombian-American entrepreneurs; but immigrant entrepreneurs in rural western Arkansas and Kelowna, a suburban settlement outside Vancouver, British Columbia, reported similar obstacles, in case studies by Moon *et al.* (2014) and Teixeira and Lo (2012), respectively. Chang *et al.* (2009), talking to nascent Hispanic entrepreneurs in New England, reported: '...the entrepreneurs studied lacked access to external support in sufficient qualities and quantities to make a difference in their start-up decisions' (p. 287).

In theory the Small Business Administration (SBA) provides resources to aspiring entrepreneurs, including immigrant entrepreneurs. But Yoon (1997), surveying Korean entrepreneurs in Chicago and Los Angeles, found little take-up of SBA loans, with his respondents reporting a lack of information as to how to get an SBA loan as an inhibiting factor. Bates *et al.* (2011), looking over the history of SBA attempts to target disadvantaged entrepreneurs, found that the agency's loan programs tended to be ill-structured to meet the needs of business owners in industries with low barriers to entry, and thus received little interest from the very audiences the SBA hoped to serve. Even microenterprise programs found themselves 'often serving two client pools, one of which was more advantaged and ready to borrow. The other client pool was less advantaged and not ready to borrow' (p. 258).

Lack of knowledge plays out in several related aspects of starting a business, such as understanding the applicable regulations, obtaining licenses, and securing available financing. 35% of the businesses working with ProMicro, a program founded by the

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Colombian consulate-general of New York City, were unlicensed (Gaviria, 2012). A survey of a group of Latino business owners in Las Vegas found that only 27% had written a traditional business plan and a fifth had no accountant (Shinnar and Young, 2008). A lack of contact with mainstream agencies puts the immigrant-owned firm at a disadvantage both before and after its founding. Firms may not be able to find the capital to expand beyond the smaller co-ethnic market (Levitt, 1995). Fairlie (2012), examining data from the 2007 Survey of Business Owners, found that immigrant-owned firms were undercapitalized relative to firms of native-born owners.

The economic-development assistance directors interviewed by Wah (2008), asked about challenges to the viability of firms founded by Afro-Caribbean entrepreneurs, frequently named lack of knowledge or familiarity with American business practices as a significant hindrance. They specifically pointed to such specific items of knowledge as business regulations, required licensing, borrowing from mainstream banks, and assembling required documents. Wah (2008, p. 479) concludes, 'Entrepreneurs need a great deal of handholding and without their own strong ethnic business support institutions during their first three to five years of operation will not receive the necessary program assistance.' A history of discrimination helps keep nascent immigrant entrepreneurs distant from mainstream banks and economic-development associations. Bradford (2013) summarizes 13 different studies that found evidence of discrimination against black and Hispanic borrowers. Not surprisingly, black and Hispanic borrowers have been described as more pessimistic when applying for loans (Bates & Robb, 2013). Portes and Sensenbrenner (1993) quote a Cuban-American banker describing his entrepreneurial co-ethnics in Miami: 'No American bank would loan to them.' (p. 1335) Even non-minority entrepreneurs applying for loans face a higher probability of being turned down, or a less favorable interest rate, if their planned business is in a minority-area location (Bates & Robb, 2013). Park (2010, p. 891) minces no words: 'The US Small Business Administration... is a racist institution,' having taken into account the racial patterns among its loan recipients. Quite possibly as a result, aspiring minority business owners, particularly those under age 35, reported a lack of support from government and mainstream banks (Liu, 2012a).

Stereotyping of ethnic entrepreneurship may contribute to this pattern of discrimination and lack of contact between immigrant entrepreneurs and mainstream economic-development agencies. Ethnic entrepreneurship is often largely linked in the public mind with 'low wages, bad working conditions, sweatshops, and distinct inequality' (Liu *et al.*, 2014, p. 566). Economic-development agencies may be focused more on recruiting larger firms and providing incentives for existing-firm relocation than on growing local small businesses (Osgood *et al.*, 2012) or focusing on "creative class"-influenced strategies of recruitment and land use, which tend to de-emphasize small businesses outside of certain

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industries and lower-skilled populations (Manning Thomas & Darton, 2006; Hackler & Mayer, 2008). Economic development decision-makers may be assuming *a priori* that smaller immigrant-owned firms are not the best recipients of their efforts. They might also assume, on the basis of stereotype rather than embedded experience, that immigrant entrepreneurs can draw on personal or family resources, and an ill-defined entrepreneurial spirit, blinding them to the actual abilities and needs of individual immigrant entrepreneurs (Nopper, 2010). In such an environment, immigrants who want to start their own business—high-skilled or low, employing others or only themselves, “creative” or not—have to look elsewhere for information and help.

How Nascent Entrepreneurs Overcome the Information Gap

There is no formula for predicting how any given nascent entrepreneur will collect the necessary information to start a business. Past literature on ethnic entrepreneurship has emphasized the role working for family plays in helping nascent entrepreneurs understand how to run a business (Light & Bonacich, 1987; Fairlie & Robb, 2008). Prior work experience is also a predictor of business success (Fairlie & Robb, 2008). Three types of sources of information appear often enough to highlight here: non-profit community organizations, ethnic banks, and informal social networks, which includes direct participation by owners of existing businesses.

Community Organizations

Wah (2008) interviewed directors of small local economic-development organizations that worked specifically with Afro-Caribbean immigrants in Dade County, Florida, and Kings County, New York. Her description of her interviewees’ work makes it clear how much of a role these organizations play in helping provide information:

...the directors are important players in the delivery of minority business assistance programs and policy implementation. They are gatekeepers to information, financial and technical assistance, and a multitude of other entrepreneurial development services. They serve as middlemen between government, private foundations, and support institutions on the one hand, and their entrepreneur clients on the other. Services provided include business advice, access to revolving and other loan programs, assistance with government sub-contracting and private supplier networks, merchant association organizing, networking and marketing events, business and marketing plan preparation and neighborhood beautification programs. (Wah, 2008, p. 465)

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Such organizations, targeted specifically at particular groups, are an example of 'culturally competent' help.² The term comes from Patraporn *et al.* (2010, p. 289), who surveyed representatives of asset-building community organizations targeting the Asian-American population in metropolitan Los Angeles. These organizations provided revolving loan funds and individual development accounts, as well as enabling access to banking products and helping undocumented workers. In addition, one-third of them offered programs aimed at small business development, including workshops and one-on-one counseling services. A shared cultural background allowed the organizations to provide help a mainstream bank or economic-development agency might not: for example, using personal information to evaluate the trustworthiness of a potential loan recipient with no credit history.

Community organizations not specifically designated towards business information or aid can still function as sources of information for would-be entrepreneurs. Park (1997), observing Korean entrepreneurs in Queens, New York, found that local Protestant churches functioned as facilitators for business owners. Sometimes this facilitation was passive—providing a place for business owners to meet and talk after the service—and sometimes it went further, with churches sponsoring rotating credit associations or pastors introducing business owners to potential employees. Choi (2010), looking at Korean-American economic activity in Los Angeles, reported similar trends, with pastors encouraging Christian businesses. Similarly, Portuguese entrepreneurs in Toronto said that participation in community organizations was important for obtaining information and advice (Teixeira, 1998).

Ethnic Banks

Another source of information for immigrant entrepreneurs are ethnic banks, which usually target their marketing to a particular ethnic group. An ethnic bank is a bank chartered in the United States, minority-owned and focused on a minority audience (Li *et al.*, 2002). This is to distinguish ethnic banks from banks owned outside the United States, which do not necessarily fill the same roles or target the same audiences. Zonta (2012), looking at Korean-owned bank activity in the United States, found that those banks tended to concentrate more on commercial real estate than small business loans or residential loans.

The first ethnic bank in the United States was founded by Japanese-Americans in Los Angeles at the turn of the 20th century, after they were unable to obtain loans from existing American banks (Li *et al.*, cited in Kaplan and Li, 2006). Of the more than 200 ethnic banks in the United States as of 2011, roughly half were owned by Asian-Americans

² Another example of formal organizations that are both ethnically targeted and focused on business promotion would be ethnic chambers of commerce, about which the literature to date is remarkably sparse.

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(Hum, 2011). Hum (2011, p. 82) describes Asian-American-owned banks as ‘instrumental actors in an immigrant growth coalition’ that includes developers, contractors, realtors, and non-profit community development organizations.

If immigrant entrepreneurs are unable to get credit from mainstream banks, then the importance of ethnic banks is clear enough: they can fill the gap in the market for available credit. Yet the importance of ethnic banks goes beyond simply providing credit. Ethnic banks frequently focus on ‘relationship banking,’ developing a more detailed and sustained series of interactions with the customer (Li *et al.*, 2002). Since immigrants may have limited credit histories, ethnic banks are often in a position of needing to collect more information about potential loan recipients (Servon, 1999); a shared knowledge of the local ethnic community, or shared cultural affinity, can help with that information exchange (Zonta, 2004). Banks that have “ethnic assets”, such as familiarity with cultural traditions or fluency in languages other than English, are more likely to target co-ethnics as customers (Li *et al.*, 2014)

A second, less direct possible influence of ethnic banks on immigrant entrepreneurship is the possible role ethnic banks may play in residential settlement patterns and thus in immigrants’ spatial concentration. According to Li *et al.* (2002), Chinese-American banks were instrumental in helping Chinese-Americans move to the San Gabriel Valley, creating an “ethnoburb” whose residents had financial stability and enough security to seek political power. Zonta (2004) found a correlation between Asian-American banks’ lending activity and patterns of residential settlement in greater Los Angeles. Finally, ethnic banks frequently sponsor community events (Li *et al.*, 2014), contributing still further to the interrelationship between economic development, community development, and co-ethnic networks.

Social Networks

Research into immigrant entrepreneurship has strongly emphasized the role of social networks within ethnic economies. In fact, the ability of co-ethnic participants to use social networks to help themselves economically helps distinguish an ethnic economy from a simple collection of similarly themed businesses (Greve & Salaff, 2005). Participating in an ethnic network can also help immigrants find jobs more easily during times of economic hardship (Zhu *et al.*, 2013). Admittedly, Gaviria (2012) found that Colombian entrepreneurs working in and around metropolitan New York City tended not to rely on social capital to help them start businesses. This may be a function of concentrating the research on microentrepreneurs: 25% of the businesses in her sample were home-based. .

More than half of the Korean entrepreneurs in Queens, New York, who talked to Park (1997) had secured their current job or business through personal or family connections.

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Meanwhile, Dominican and Puerto Rican entrepreneurs in Boston also used social networks to advance their entrepreneurial goals: they frequently heard about vacant storefronts or bought businesses outright from other Latino owners, and both received and provided technical assistance and skills training (Levitt, 1995). One clothing storeowner emphasized the relationship between face-to-face contact and economic success: 'My business has been able to shine because people have seen me with good eyes' (Levitt, 1995, p. 134).

Indeed, business ownership and community involvement are often intertwined. The contribution to social networks and the self-definition of the ethnic community may occur in the business itself: Oberle (2006), studying *carcinerías*³ in Phoenix, emphasized the businesses' social nature: the intimacy with which the owners and staff greeted customers, and the design of the store—very much unlike an American supermarket—to allow for customers to socialize at length. Like ethnic banks, Latino-owned businesses are frequent sponsors of community events (Delgado, 2013).

The successful business owner may see community involvement as part of his or her role as entrepreneur. Portes and Zhou (1996) argue that wealthy immigrant entrepreneurs are likely to give back to the community, a benefit that is not picked up in conventional statistical measures of immigrant entrepreneurial activity. Chaganti and Greene (2002) go so far as to suggest that business owners' "ethnic involvement" can be used as a descriptor when defining ethnic economies. But this, too, may be dependent on spatial factors. A middleman business in a largely non-co-ethnic neighborhood may have little incentive to participate in community-building; or a mutually beneficial social network and a marginalized one can exist in the same space. Zhou (2005, p. 1062) remarks on Los Angeles's Koreatown: 'Koreans and Latinos of this inner-city neighborhood are actually living in two very different social worlds... The Korean ethnic environment accrues ample tangible or intangible benefits within the easy reach of Korean residents, but it is not equally accessible to Latino residents.'

Past research such as that of Light (1973) emphasized the role of lending circles among immigrant entrepreneurs. The history of such informal lending circles dates back to Japanese-American business owners in the early twentieth century (Li *et al.*, 2006). But immigrants of Asian origin who might in the past have turned to lending circles may now choose to work with ethnic, or even mainstream, banks, and lending circles do not seem widespread. A survey of the banking practices of low- and moderate-income communities found that only 5% of respondents, and only 4% of Hispanic and Asian-American/Pacific Islander respondents, had used peer lending circles (Alliance for Stabilizing Our Communities, 2015).

³ A more literal translation would be 'meat market,' but the typical *carnicería* functions more as a grocery store, with opportunities to buy non-food items such as phone cards.

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The Case for Exchanges Between Immigrant Entrepreneurs, Community Organizations, and Mainstream Economic Developers

The example of Latino residents in Koreatown helps provide an answer to the question: how necessary is it that mainstream economic-development organizations extend aid to immigrant entrepreneurs? After all, if community organizations and informal social networks are so important to ethnic economies, and if immigrant entrepreneurs may be distrustful of help offered sincerely, is the targeting of immigrant entrepreneurs by non-co-ethnic economic developers a waste of time and energy? This section will argue in favor of reaching out, for two reasons. One, a continued lack of contact between mainstream economic-development resource providers and immigrant entrepreneurs is inefficient and may artificially suppress business formation. Two, mainstream economic-development agencies are well positioned to fill the information gap by bringing their expertise to the exchanges between nascent entrepreneurs and community organizations.

Those organizations, and the informal networks that have arisen to help immigrant entrepreneurs, are doing a service; but that does not mean the demand for information and help is completely met. First, not all co-ethnic social networks have an equal ability to address the needs of their entrepreneurs. Lo *et al* (2003) compared the Polish and Somali immigrant communities in Toronto: the former group was better integrated into the mainstream than the latter, and so Polish entrepreneurs had better access to credit and non-co-ethnic resources, and were able to expand outside their co-ethnic markets more easily than could their Somali counterparts. Liu (2012b) found a negative correlation between limited English proficiency and self-employment for Latinos in metropolitan Atlanta, but no such correlation for Asians; suggesting that self-employment was easier for the latter group than the former, possibly due to existing social networks.

Second, no individual would-be entrepreneur is guaranteed help from co-ethnics. (Nor are employees guaranteed help from employers, co-ethnic or not.) As with native-born social networks, differences of gender and gender performance, class, sexuality, social background, religion, and political views can stratify social networks (Li, 1998) or even lead to the exclusion and isolation of an individual. As with most things in life, the less wealth one has to begin with, the harder such obstacles can be to overcome. Blanchard *et al.* (2008) found that non-white loan applicants faced less discrimination if they had greater personal wealth. But would-be entrepreneurs with little wealth also had fewer social connections that could help them in starting their business (Casey, 2012).

Even as the opportunities for immigrant entrepreneurs expand in the future, the question of access will still remain. In some neighborhoods, for example, mainstream banks are increasing their outreach to immigrant communities, taking such steps as translating their literature into different languages and hiring co-ethnic tellers and loan officers. But that

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does not guarantee take-up by the immigrant audience, or even that new users from the immigrant community would see the bank as a potential source of capital and financial information (as opposed to simply a place to bank) without a dedicated and sensitive effort on the part of the banks.

Thinking about such scenarios raises the question of survivor bias in the study of immigrant entrepreneurship. Previous research has concentrated on those immigrant-owned businesses that actually exist: of a necessity, businesses that failed quickly, or never existed in the first place, get much less attention. The Panel Survey of Entrepreneurship Dynamics (PSED) surveyed nascent entrepreneurs and collected data on whether they later started a business; Parker and Belghitar (2006) use such data to show that the transition from nascent entrepreneurship to actual entrepreneurship is more likely to occur if the would-be entrepreneur has secured some startup funding (and, conversely, that those who gave up altogether were more likely to not have secured any funding) and that participating in a government or university business-assistance program also had a positive effect on the likelihood of starting a business. More research on when, and why, immigrants choose *not* to start a business is needed, but it does seem possible that, facing the information gap and uncertainty over financing and regulations, at least some immigrants decide against becoming entrepreneurs.

There is, then, a need for mainstream economic-development agencies to think more deeply and more proactively about the needs of nascent immigrant entrepreneurs. But simply reaching out to those entrepreneurs will not bridge the gap entirely, for two reasons. One, already established, is a long history of mutual alienation: many nascent entrepreneurs are likely to prepare themselves to be discriminated against, and defend themselves by failing to respond even to well-meant offers of help. The second reason is that, as offering information happens in a specific cultural and social context, so does asking for information. To illustrate: the would-be entrepreneur who needs help learning about loan programs, or putting together a business plan, is incurring a debt she would someday like to pay back. Given a choice between entering into this arrangement with a larger mainstream organization, or a smaller one with which she shares a community and possibly a language, it makes more sense for her to choose the latter even if the former is equally eager to help her. She will have a better chance of understanding what receiving help entails, and can more easily envision a future in which she, having successfully started a business, can acknowledge her obligation to the helping organization by donating her money, time, or expertise.

Therefore mainstream economic-development organizations should not try to supersede or de-legitimize existing organizations that specifically target immigrants, such as community-based organizations or ethnic banks. Rather, mainstream economic-development

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agencies should seek partnerships with these existing 'culturally competent' organizations, to expand their reach without disrupting existing social networks (Chang *et al.*, 2009; Patraporn *et al.*, 2010; Fairlie & Robb, 2008; Bowles & Colton, 2007; Servon *et al.*, 2010; Gaviria, 2012). Even research not concerned with immigrant entrepreneurship has suggested that small business growth is enhanced by local governments' partnerships with the private sector (McFarland and McConnell, 2013). The ideal partnership would be one in which each organization brings its particular knowledge to the benefit of the other: the community organization sharing its knowledge of the social and cultural context in which its clients operate, and the mainstream agency sharing its (presumably greater) resources and its knowledge of the legal and financial requirements.

Conclusion

All entrepreneurs face obstacles in developing their businesses; this paper has argued in part that immigrant entrepreneurs face a different, and larger, set of obstacles than their native-born counterparts. Yet these obstacles, and the resources immigrant entrepreneurs can muster to overcome them, will vary at the local level. The presence or absence of a supportive co-ethnic community and the availability of resources from the likes of community organizations and ethnic banks can help an aspiring entrepreneur obtain the information, skills, and money necessary to open and sustain a new business. Therefore it is necessary for future research to examine the way ethnic economies develop in a spatial setting (Wang, 2013b). This will be useful in both theoretical and practical terms. On a theoretical level, it will allow planning scholars to add a heretofore less-developed dimension of immigrant-entrepreneurship research. From a practical perspective, it will help local economic-development agencies to offer small-business tools to a larger audience of potential entrepreneurs, thereby expanding immigrants' financial and economic options and helping to recognize immigrants' economic and social aspirations.

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