ABSTRACT

CAMERON, ABIGAIL EILEEN. Hispanic Women and Entrepreneurial Success: Mobilizing Assets and Overcoming Obstacles in North Carolina. (Under the direction of Michael D. Schulman).

Hispanic women represent a relevant and understudied entrepreneurial population with considerable potential for economic impact. Fieldwork and semi-structured interviews with entrepreneurs and community informants are used to describe and understand the experiences of Hispanic women business owners in North Carolina. Findings suggest that Hispanic women face structural barriers such as reduced access to financial capital due to their unique social locations, as entrepreneurs, within the unequal structure of the market economy. Despite these barriers, Hispanic women creatively and strategically utilize available resources to sustain their businesses, with family playing an influential role in the initial start-up and ongoing management of their businesses. The entrepreneurial experiences of Hispanic women are also characterized by considerable agency and diverse trajectories of business entry, which challenge traditional labor market approaches to immigrant and ethnic entrepreneurship. This dissertation concludes that optimistic reports concerning the increase in minority women-owned firms and gains achieved by women entrepreneurs paint a misleading portrait of the reality experienced by many Hispanic women business owners today. Applied results suggest the need for increased outreach to women within the Hispanic business community by mainstream business support organizations and the need for increased mentorship of Hispanic women entrepreneurs by Hispanic women entrepreneurs.
Hispanic Women and Entrepreneurial Success: Mobilizing Assets and Overcoming Obstacles in North Carolina

by
Abigail Eileen Cameron

A dissertation submitted to the Graduate Faculty of North Carolina State University in partial fulfillment of the requirements for the degree of Doctor of Philosophy

Sociology

Raleigh, North Carolina

2013

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Brett Clark
Committee Member

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Sarah Bowen
Committee Member
DEDICATION

This work is dedicated to the business owners and community informants who generously shared their time and stories with me.
BIOGRAPHY

Abigail Eileen Cameron (Abby) was born February 4, 1977 in Allentown, Pennsylvania. She attended Southern Lehigh High School and worked at a camera store across the street from a car wash managed by her brother, Tucker. After graduation, Abby meandered undecidedly before finding a path to Temple University. Her memorable experiences at Temple, including a study abroad experience to the Yucatán, developed her interest in understanding social inequalities and instilled confidence in her that she could do something about them. In 1999, Abby graduated magna cum laude with a Bachelor of Arts in sociology and a minor in Spanish. Her ongoing concern for social problems led to graduate education at The George Washington University, where she earned her Master of Arts in sociology in 2002, specializing in gender and women’s studies. Abby utilized her research experience and social science background in several professional positions in the Washington, D.C. area before realizing her scholarly goal of completing her doctorate in sociology. This goal led Abby to North Carolina State University where, with much support from others, she successfully earned her degree.
ACKNOWLEDGMENTS

Completing this dissertation is a milestone in my academic career and one I never predicted as part of my professional future. Fortunately, my education has been supported by those around me. I am grateful for this support and the opportunities that I have had access to. The chance to conduct research on a topic of my choosing is a privilege made possible by the financial support of the College of Agriculture and Life Sciences at North Carolina State University, the Rural Sociological Society, the Women’s Business Center of North Carolina, and the Sociology Graduate Student Association. Additional support was provided by the Labor and Economic Analysis Division of the North Carolina Department of Commerce. I am particularly grateful to Michael D. Schulman for mentoring me since my first semester at North Carolina State.
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CHAPTER ONE:
INTRODUCTION

In the current economic downturn in the United States, policy and law-makers promote entrepreneurship as a pathway to economic recovery. The Small Business Jobs Act of 2010 created new tax cuts for small business owners and increased lending opportunities through several Small Business Administration (SBA) loan programs (Lee 2010). State leaders challenged by high rates of unemployment also emphasize the untapped potential of small businesses to reinvigorate the economy by focusing on Main Street over Wall Street.¹ For example, North Carolina Governor Beverly Perdue announced several new statewide policies (e.g., Main Street Solutions Initiative and Biz Boost Initiative) aimed at increasing employment through entrepreneurship, innovation, worker retraining, and historic preservation (Office of Governor Beverly Purdue 2008, 2010).

It is too early to predict the outcome of these initiatives. Yet, increased attention to entrepreneurship has invigorated public fascination with business owners – not only the highly successful, but the unlikely entrepreneur. In 2011, an Oscar-nominated film documented the meteoric rise of Facebook, a social networking technology owned by Mark Zuckerberg, now estimated to be worth billions of dollars. Media also profile local entrepreneurs as success stories amidst the dreary backdrop of the recession. For example, after Jackie Green, an African-American mother of two, lost her job as a corporate manager, she started Sweet Cheeks Heavenly Baked Goods (Coughlin 2010). With few local job prospects in Holly Springs, North Carolina, Jackie turned her baking hobby into a business

venture with the help of free advice from local SCORE volunteers.\(^2\) She now sells her products online and at a *Whole Foods Market* in her community.

Another North Carolina success story profiled the commercial cleaning business of Christian Ruiz, a Latino immigrant who secured a microenterprise loan through La Cooperativa Latina de Crédita to start his business (Deconto 2010).\(^3\) In a short time, Christian acquired 15 commercial clients, although he continues to work another full-time job in addition to running his business. He stated, “It’s part of the American dream that you can’t sleep” (Deconto 2010:1).

These success stories share a common theme that economic adversity may bring unexpected economic opportunities. Moreover, the free market rewards those who work hard. What Jackie Green and Christian Ruiz also have in common is that they own minority business enterprises (MBEs). According to estimates from the U.S. Census Bureau’s 2007 Survey of Business Owners, the number of minority-owned firms in the United States increased 45.5 percent (to 5.8 million) between 2002 and 2007 (U.S. Bureau of the Census 2010).\(^4\) This increase is more than twice the national rate of all U.S. businesses. Additionally, Jackie Green is part of a growing trend among women of all racial and ethnic backgrounds who are turning to formal business ownership as an income-generating activity. Between

\(^2\)Service Corps of Retired Executives (SCORE) is “…a nonprofit association, founded in 1964, dedicated to educating entrepreneurs and the growth and success of small business. SCORE is a partner with the U.S. Small Business Administration” (SCORE 2009). SCORE matches community volunteers (with diverse business experience) with entrepreneurs seeking assistance at no cost.

\(^3\)La Cooperativa Latina de Crédita is often referred to as LCCU or La Cooperativa. It was created to address the financial needs of an expanding immigrant and Spanish-speaking population in North Carolina. La Cooperativa provides bilingual banking services and financial education (LCCU 2000-2010).

\(^4\)Minority firms are defined in the SBO 2007 survey as, “Any firm with Hispanic, Black or African American, American Indian and Alaska Native, Asian, or Native Hawaiian and Other Pacific Islander owners or with owners of some other race not classified as ‘White non-Hispanic,’ holding 51 percent or more of the equity, interest, or stock of the business” (U.S. Bureau of the Census 2011e).
2002 and 2007, the number of women-owned businesses (minority and nonminority-owned) increased by 20.1 percent (U.S. Bureau of the Census 2010).

Despite these increases, advocates for women’s entrepreneurship question the growth potential of new women-owned firms by situating their financial outcomes in the greater context of the market. A 2010 report to congress authored by the U.S. Women’s Chamber of Commerce (USWCC) revealed that the number of women-owned firms increased by 42 percent between 1997 and 2006 but resulted in a 38 percent decrease in average annual revenues.\(^5\) These results highlight the disparity between women’s growing entrepreneurial ambition and their relative returns in the market.

Furthermore, men still own the majority of private firms and generate the most revenue and employment. Women-owned firms only account for about 28.7 percent of all non-farm businesses in the United States (U.S. Census Bureau 2011a) and about 28.2 percent of privately owned firms in North Carolina (U.S. Census Bureau 2010c). Minority women-owned businesses represent an even smaller percentage of these businesses – less than half of all registered women-owned firms.\(^6\)

Gender inequality is even more pronounced when revenue disparities are compared. In 2010, women-owned firms only secured about four percent of national revenues while men secured about 96 percent of national revenues (U.S. Women’s Chamber of Commerce 2010b). Men also own a larger percentage of high grossing firms. About six percent of men-

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5The USWCC 2010 Report to Congress was based upon the Preliminary Estimates of Business Ownership by Gender, Ethnicity, Race and Veteran Status: 2007 from the U.S. Census Bureau’s 2007 Survey of Business Owners (U.S. Women’s Chamber of Commerce 2010a).

6In 2007, women-owned firms represented about 25% of all U.S. firms across sectors. Minority women-owned firms accounted for about 10% of all U.S. firms. Please note that Hispanic women-owned firms fall within both racial minority and non-minority categories (U.S. Bureau of the Census 2011b).
owned firms have revenues of one million dollars or more compared to only three percent of
women-owned firms (Center for Women’s Business Research 2011). In response to these
statistics, Margot Dorfman, chief executive officer of the USWCC, states, “The hype
surrounding the tremendous growth of women-owned businesses continues to overlook the
bottom line for measuring the success of all businesses: revenue and profits” (2010: n.p.).

Inequality and stratification in the labor market by race, ethnicity, and gender is a
major topic of sociological research. Feminist scholars note the marginalization of minority
women in the labor force as well as the unique ways that race, ethnicity, gender, and class
function as interlocking categories of oppression (Collins 1990; Crenshaw 1993; Harvey
2005; Kennelly 1999; Reskin and Roos 1990). Given national trends on increased minority
women-owned business enterprises (MWBEs) and reduced revenues of women-owned firms,
the experiences of these minority women owners are important to consider (Center for
Women’s Business Research 2009a).

A recent article in Latin Business Today suggests that Hispanic women remain
“invisible” and underrepresented in media discourse and scholarly research on the growing
numbers of minority women entrepreneurs (Botta 2012). Yet, Hispanic women are entering
the formal economy as entrepreneurs in large numbers. From 1975 to 1990, the percentage of
self-employed women of “Hispanic origin” (any race) increased from 2.4 percent to 4.4
percent of all self-employed women (Devine 1994). More recently, economists estimate that
rapid surges in Hispanic entrepreneurship from 2000-2010 were driven by immigrants,
particularly Hispanic women (Mora and Dávila 2011).
What accounts for the invisibility of Hispanic women entrepreneurs within the context of this growing population of new business owners? According to Vallejo (2009), the experiences of upwardly mobile and/or second-generation Latinos are often absent from the sociological literature, which tends to focus on the poor and undocumented segments of the Hispanic population. Additionally, Hispanic women may challenge stereotypical notions of “entrepreneurship” as a privileged male endeavor. Therefore, it is important to ask: what are the experiences of the growing population of Hispanic women business owners and under what conditions do they achieve entrepreneurial success?

The research presented in this dissertation advances the sociology of entrepreneurship by considering the unique experiences of Hispanic women entrepreneurs operating in the formal economy of North Carolina. Hispanic women owners represent a relevant and understudied population with considerable potential for economic impact especially in North Carolina, where significant Hispanic immigration has occurred in the last two decades resulting in the growth of Hispanic-owned firms (Kasarda and Johnson, Jr. 2006).

Preliminary data from the U.S. Census Bureau’s 2007 Survey of Business Owners (SBO) suggest that between 2002 and 2007, the number of Hispanic-owned firms in North Carolina

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7The term “Hispanic” is an ethnic label generated by the U.S. government now accepted as a standard ethnic category by the U.S. Census Bureau (Romero 1997). It is important to question standardized terminology and reject assumptions of homogeneity within social groups (Oboler 1995). Therefore, this dissertation articulates ethnic identity from the perspective of respondents while acknowledging that many persons use the term “Hispanic” and “Latino/a” interchangeably. As such, I also use the terms “Hispanic woman/en” and “Latina(s)” interchangeably.

8In this dissertation, “Hispanic women entrepreneurs” and “Latina entrepreneurs” refer to women who identify as “Hispanic” or “Latina” and who own or co-own a registered, for-profit enterprise in the state of North Carolina, regardless of ownership type (e.g., sole proprietorship, partnership, corporation, etc.). I use the terms “business owner” and “entrepreneur” interchangeably when referring to study participants. Scholarly debates concerning the definition of “entrepreneur” range across disciplines. See Gartner (1988) for a helpful review of definitional perspectives represented in business management literature.
increased by 135.2 percent (U.S. Census Bureau 2011d). Moreover, North Carolina is one of the top five U.S. states to experience growth of 92 percent or greater in the number of Hispanic-owned firms between 2002 and 2007 (U.S. Census Bureau 2011d).

Despite this rapid growth, Hispanic-owned businesses only represented about 1.4 percent of all North Carolina firms in 2002 and about 2.6 percent of all North Carolina firms in 2007 (U.S. Census Bureau 2006; U.S. Census Bureau 2011b). The majority of these firms are owned by Hispanic men. In 2007, Hispanic women only owned about 34 percent of all Hispanic businesses in North Carolina (N = 6,624 for Hispanic women, N = 12,651 for Hispanic men) (U.S. Census Bureau 2011c).

Although more Hispanic men own businesses than Hispanic women, the majority of all Hispanic-owned firms remain concentrated in similar industries – primarily service-based ones such as retail trade (U.S. Census Bureau 2011c). Industry trends in North Carolina mirror national trends, especially for Hispanic women whose businesses are concentrated in healthcare services, administrative support services, waste management services, and other service-based sectors (see Table 1 and Table 2 for comparisons of Hispanic and non-Hispanic women-owned firms in the U.S. and in North Carolina by industry sector).
Table 1. Hispanic & Non-Hispanic Women-Owned Firms in the United States by Industry Sector

<table>
<thead>
<tr>
<th>INDUSTRY SECTOR</th>
<th>HISPANIC Firms</th>
<th>NON-HISPANIC Firms</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Firms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.1%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>1,146</td>
<td>25,612</td>
</tr>
<tr>
<td></td>
<td>(0.1%)</td>
<td>(0.3%)</td>
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<tr>
<td>Mining, Quarrying, and Oil/Gas Extraction</td>
<td>503</td>
<td>17,827</td>
</tr>
<tr>
<td></td>
<td>(0.1%)</td>
<td>(0.3%)</td>
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<tr>
<td>Utilities</td>
<td>532</td>
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<tr>
<td></td>
<td>(0.1%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Construction</td>
<td>33,190</td>
<td>235,167</td>
</tr>
<tr>
<td></td>
<td>(4.2%)</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8,775</td>
<td>104,581</td>
</tr>
<tr>
<td></td>
<td>(1.1%)</td>
<td>(1.5%)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>10,034</td>
<td>123,053</td>
</tr>
<tr>
<td></td>
<td>(1.3%)</td>
<td>(1.8%)</td>
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<tr>
<td>Retail Trade</td>
<td>77,744</td>
<td>839,701</td>
</tr>
<tr>
<td></td>
<td>(9.9%)</td>
<td>(12.0%)</td>
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<td>Transportation and Warehousing</td>
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<td>(1.8%)</td>
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<td>Information</td>
<td>6,325</td>
<td>90,668</td>
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<td>(0.8%)</td>
<td>(1.3%)</td>
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<tr>
<td>Financing and Insurance</td>
<td>16,735</td>
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<td></td>
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<td>(2.6%)</td>
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<td>Real Estate, Rentals, and Leasing</td>
<td>49,085</td>
<td>607,702</td>
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<tr>
<td></td>
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<td>(8.7%)</td>
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<td>Professional, Scientific, and Technical Services</td>
<td>69,567</td>
<td>1,025,719</td>
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<td>(8.8%)</td>
<td>(14.7%)</td>
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<td>Management of Companies and Enterprises</td>
<td>35</td>
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<td>(0.0%)</td>
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<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>134,990</td>
<td>650,373</td>
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<td>(9.3%)</td>
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<td>Educational Services</td>
<td>18,181</td>
<td>257,642</td>
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<td></td>
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<td>(3.7)</td>
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<td>Healthcare and Social Assistance</td>
<td>158,727</td>
<td>1,071,837</td>
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<td></td>
<td>(20.1%)</td>
<td>(15.3%)</td>
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<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>20,464</td>
<td>355,412</td>
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<td></td>
<td>(2.6%)</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>20,074</td>
<td>171,451</td>
</tr>
<tr>
<td></td>
<td>(2.5%)</td>
<td>(2.5%)</td>
</tr>
<tr>
<td>Other Services</td>
<td>142,593</td>
<td>1,107,858</td>
</tr>
<tr>
<td>(except public administration)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(18.1%)</td>
<td>(15.8%)</td>
</tr>
<tr>
<td>Industries not Classified</td>
<td>—*</td>
<td>2,673</td>
</tr>
<tr>
<td></td>
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<td>(0.0%)</td>
</tr>
<tr>
<td><strong>TOTAL NUMBER OF FIRMS FOR ALL SECTORS</strong></td>
<td><strong>787,914</strong></td>
<td><strong>6,995,502</strong></td>
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<td></td>
<td>(100.0%)</td>
<td>(100.0%)</td>
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</table>
Table 1. Continued

*A blank line indicates an estimate that is withheld by the SBO because it did not meet publication standards. This occurs when the relative standard error is greater than 50 percent.
**Total number of firms reports the actual number of firms reported by owners. Since firms may identify across multiple industries, column totals (not reported in this table) slightly exceed the total number of firms.

Table 2. Hispanic and Non-Hispanic Women-Owned Firms in North Carolina by Industry Sector

<table>
<thead>
<tr>
<th>INDUSTRY SECTOR</th>
<th>HISPANIC</th>
<th>NON-HISPANIC</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Firms</td>
<td>Firms</td>
</tr>
<tr>
<td>Agriculture, Forestry, Fishing and Hunting</td>
<td>2*</td>
<td>947</td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Mining, Quarrying, and Oil/Gas Extraction</td>
<td>6</td>
<td>96</td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Utilities</td>
<td>478</td>
<td>10,606</td>
</tr>
<tr>
<td></td>
<td>(7.2%)</td>
<td>(4.8%)</td>
</tr>
<tr>
<td>Construction</td>
<td>73</td>
<td>3,419</td>
</tr>
<tr>
<td></td>
<td>(1.1%)</td>
<td>(1.6%)</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>660</td>
<td>26,022</td>
</tr>
<tr>
<td></td>
<td>(10.0%)</td>
<td>(11.9%)</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>2</td>
<td>4,634</td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(2.1%)</td>
</tr>
<tr>
<td>Information</td>
<td>128</td>
<td>2,408</td>
</tr>
<tr>
<td></td>
<td>(1.9%)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Financing and Insurance</td>
<td>0</td>
<td>5,309</td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(2.4%)</td>
</tr>
<tr>
<td>Real Estate, Rentals, and Leasing</td>
<td>786</td>
<td>26,160</td>
</tr>
<tr>
<td></td>
<td>(11.9%)</td>
<td>(12.0%)</td>
</tr>
<tr>
<td>Professional, Scientific, and Technical Services</td>
<td>1,260</td>
<td>24,256</td>
</tr>
<tr>
<td></td>
<td>(19.0%)</td>
<td>(11.1%)</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>0</td>
<td>43</td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Administrative and Support and Waste Management and</td>
<td>1,091</td>
<td>30,230</td>
</tr>
<tr>
<td>Remediation Services</td>
<td></td>
<td>(16.5%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(13.8%)</td>
</tr>
<tr>
<td>Educational Services</td>
<td>186</td>
<td>8,238</td>
</tr>
<tr>
<td></td>
<td>(2.8%)</td>
<td>(3.8%)</td>
</tr>
<tr>
<td>Healthcare and Social Assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,111</td>
<td>38,836</td>
</tr>
<tr>
<td></td>
<td>(17.0%)</td>
<td>(18.0%)</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>294</td>
<td>4,960</td>
</tr>
<tr>
<td></td>
<td>(4.4%)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Other Services (except public administration)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.0%)</td>
<td>(0.0%)</td>
</tr>
<tr>
<td>Industries not Classified</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL NUMBER OF FIRMS FOR ALL SECTORS**</td>
<td>6,624</td>
<td>218,845</td>
</tr>
<tr>
<td></td>
<td>(100%)</td>
<td>(100%)</td>
</tr>
</tbody>
</table>
Table 2 Continued
*A blank line indicates an estimate that is withheld by the SBO because it did not meet publication standards. This occurs when the relative standard error is greater than 50 percent.
**Total number of firms reports the actual number of firms reported by owners. Since firms may identify across multiple industries, column totals (not reported in this table) slightly exceed the total number of firms.


In this dissertation, I use qualitative interview and fieldwork data as the basis for investigating the experiences of Latina entrepreneurs and situating their experiences within the context of the market economy of North Carolina. Chapter Two presents: a literature review of entrepreneurship studies in sociology, a synopsis of the existing studies of Hispanic women entrepreneurs, and core theoretical approaches for understanding their experiences. Chapter Three presents research questions concerning the intersection of social forces on women’s pathways to entrepreneurship, their access to financial capital, and the role of business networks and community resources. Chapter Three also presents the methodology used to investigate my research questions and addresses limitations thereof.

Chapters Four through Eight describe participants and present analyses of the empirical data derived from interviews and fieldwork. Chapter Four provides a descriptive overview of participants and their business. Chapter Five situates participants into a broader discussion of the Latino business community in North Carolina. Chapter Six describes why Latina entrepreneurs pursued formal business ownership. Chapter Seven investigates access to financial capital. Chapter Eight reports on the role of business networks from the perspectives of entrepreneurs and other informants. This chapter also highlights how ethnic fragmentation within the Hispanic business community, reduces opportunities for solidarity and assistance among Latina entrepreneurs. Finally, Chapter Nine summarizes the central
findings and contributions of this research. In addition, this chapter acknowledges study limitations and offers suggestions for further research and recommendations for improved support of Hispanic women entrepreneurs. Appendices provide additional detail on research methodology.
CHAPTER TWO:
SOCIOLOGICAL APPROACHES AND LITERATURE REVIEW

An entrepreneur is an entrepreneur is an entrepreneur (Green et al. 2004).

Introduction: Entrepreneurship and the Sociological Perspective

Entrepreneurial studies do not belong to a single tradition in sociology. Research varies significantly by level of analysis (macro versus micro), substantive foci, quantifiable measures, and theoretical approach. Even at the most basic level, entrepreneurial studies challenge categorization as ambiguity surrounds the fundamental question of “who is an entrepreneur?” This ambiguity is not unique to sociology but to the other social sciences including psychology (McClelland 1961), economics (Schumpeter 1934), and business management, where researchers employ a variety of approaches (e.g., behavioral, trait-based, or organizational approaches) to define the entrepreneur and pose related research questions (Gartner 1988; Thornton 1999). A dominant trend in business management literature is consideration of the “entrepreneur” as a unique individual. Thornton (1999) refers to this body of literature as the “supply-side” school of thought that focuses upon the characteristics of entrepreneurs. Likewise, Gartner (1988) refers to this body of literature as the “trait approach,” that examines the personality traits and individual management style of entrepreneurs.

With respect to gender and personal characteristics, some early studies of entrepreneurship within the business management literature reinforced sexist beliefs that women suffer from personal deficiencies that hindered entrepreneurial acumen. For instance, a common finding was that women’s financial success was dampened by their inability to
manage money (Hisrich and Brush 1983; Carter 1980-1). Conversely, other studies using the trait approach found that men and women were equally suited to business ownership based upon personal characteristics (Sexton and Bowman-Upton 1990).

In the 1980s, the sex role approach to entrepreneurship in sociology resembled the trait approach in business management. Goffee and Scase (1985) used the sex role approach to typify women entrepreneurs into four categories (e.g., innovative, conventional, domestic, and radical) based upon their acceptance (or rejection) of feminine roles acquired through gender socialization. The underlying assumption was that entrepreneurial traits such as “ambition” and “independence” pertained to masculine sex roles. In order to succeed as entrepreneurs, women needed to acquire these traits. Goffee and Scase (1985) argued that sex role acceptance explained some of the experiences of women entrepreneurs. Ultimately, the sex role approach lost support among sociologists due to intense criticism over its association with functionalism and its failure to account for power differences and structural factors (Connell 1987; Connell 2002; Edwards 1983).

While these approaches remain embedded in entrepreneurial studies, other perspectives on entrepreneurship have emerged. For instance, Gartner (1988) suggests that entrepreneurs should be defined by their behavior rather than by personality traits or personal characteristics. He argues that the primary difference between an entrepreneur and a non-entrepreneur is that, “…entrepreneurs create organizations, while non-entrepreneurs do not” (p. 47). While this definition seems reasonable, the creation of organizations often involves complex efforts simultaneously undertaken by numerous individuals. It is at this juncture that sociological analyses of entrepreneurship may be helpful in bridging individual-level
analyses with structural perspectives. As sociologist Martin Ruef (2010) notes, an emerging organization is often the result of collective action (e.g., co-founders, investors, employees, etc.). Therefore, the sociological entrepreneurial group perspective rejects categorizing individuals as entrepreneurs by personality traits and embraces analyses of how entrepreneurship connects individuals based upon common goals, social networks, and identities.

While Ruef’s contemporary sociological perspective emphasizes structure over individual-level analyses, he readily acknowledges that this is not an entirely new idea in the sociology of entrepreneurship (Ruef 2010). In retracing the nonlinear history of entrepreneurial studies in sociology, it is possible to identify influential works and important trajectories of entrepreneurial research that emphasize the role of social forces, which extend beyond the individual. Beginning with classical sociology, Ruef and Lounsbury (2007) argue that Max Weber’s (2003 [1889]) History of Commercial Partnerships laid the foundation for a sociology of entrepreneurship followed by The Protestant Ethic and the Spirit of Capitalism (1930 [1904-5]). In addition to studying “entrepreneurial processes and organizational forms,” Weber was also interested in the “context affecting entrepreneurial activities” (Ruef and Lounsbury 2007:7). In fact, the contextual perspective of how environmental aspects relate to entrepreneurship remains an enduring part of Weber’s legacy. Aldrich’s (1990) contemporary research on population ecology has forwarded what Thornton (1999) calls the “demand-side” perspective, which attempts to understand the societal context of entrepreneurship.
Following the post World War II period, organizational theory emerged as a dominant paradigm for understanding the relationship between entrepreneurial activity and bureaucratic authority. Organizational analyses remained popular in sociology throughout the 1970s and were often coupled with social psychological perspectives on the roles of entrepreneurs and corporate managers (Ruef and Lounsbury 2007). During the 1980s, a variety of entrepreneurial studies emerged ranging in substantive themes and theoretical frameworks. Importantly, social research began to relate entrepreneurial mobility (or immobility) to inequality and social stratification. Recognized examples of this research include studies of immigrant entrepreneurship and ethnic enclaves (Light and Bonacich 1988; Portes and Jensen 1989; Sanders and Nee 1987).

Ireland and Webb (2009) argue that from the 1980s to present, sociological studies of entrepreneurship remain concentrated within four broad categories: ethnic entrepreneurship (Aldrich and Waldinger 1990; Robles and Cordero-Guzmán 2007; Portes and Jensen 1989), organizational networks (Davis and Greve 1997; Peng 2004), innovation and diffusion (Chang and Harrington 2005; Wejnert 2002), and the effects of institutional forces on entrepreneurship (Cook and Clemens 1999; Rona-Tas 1994). While these categories vary in substantive focus, common sociological themes such as inequality and social stratification may be relevant to a variety of entrepreneurial studies, especially those concerning labor

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9Immigrant entrepreneurship is often discussed as “ethnic entrepreneurship,” which broadly refers to “… owners and managers (or operators) of their own businesses whose group membership is tied to a common cultural heritage…they are intrinsically intertwined in particular social structures in which individual behavior, social relations, and transactions are constrained” (Zhou 2007:219). The study of ethnic enclaves is derived from dual labor market theory and incorporates structural and cultural components. Enclave entrepreneurs… include mainly those who are bounded by co-ethnicity, co-ethnic social structures, and location” (Zhou 2007:221).
market constraints and access to capital. According to Flora and Flora (2008), capital broadly refers to, “…resources or assets…invested to create new resources,” (Flora and Flora 2008:15). Flora and Flora’s (2008) understanding of how capital relates to entrepreneurial experiences and community sustainability are developed in their community capitals framework, a useful model for understanding community capacity for economic development.

According to this framework, capital is a multidimensional concept and includes human capital, social capital, cultural capital, and financial capital.\(^\text{10}\) Definitions and measures of these forms of capital vary but can be summarized as follows: human capital refers to personal characteristics such as skills, abilities, health, education, employment experience, etc. (Flora and Flora 2008); social capital refers to social networks, connections, and shared norms such as those of reciprocity and trust, which exist within a group and contribute to a group identity (Flora and Flora 2008); cultural capital refers to values and approaches to life, which can signify status and yield social and economic advantages (Bourdieu 1986); financial capital refers to money that is used for investment (Flora and Flora 2008).\(^\text{11}\) Flora and Flora (2008) argue that entrepreneurship is best supported in sustainable communities that invest in all of the forms of capital discussed in their community capitals framework.

\(^\text{10}\) According to Flora and Flora (2008), other forms of capital include political capital, built capital, and natural capital. These forms of capital are applied more to communities or social groups than to individuals. Yet, all forms of capital overlap within society.

\(^\text{11}\) Financial capital may come in different forms including stocks, bonds, and property. This term is often used interchangeably with market capital, which refers more broadly to one’s ability to exchange resources in the market economy, as determined by socioeconomic class background (Valdez 2011).
Another form of capital relevant to sociological perspectives on entrepreneurship is
gendered capital. Davies-Netzley (2000) introduced the concept of gendered capital to refer
to the forms of capital available to women and to describe, “…how women’s
entrepreneurship is structured by society’s differential distribution of capital” (p. 18). While
men have historically enjoyed labor market benefits such as higher wages, women still
perform most unpaid household labor and endure labor market discrimination based upon
gender. As a result, the concept of gendered capital is useful for understanding how gender
inequality shapes the entrepreneurial experience of women business owners in a patriarchal,
capitalist society.

All of these streams of sociological research on entrepreneurship coincide with a wide
variety of research methodologies which differ significantly in their use of qualitative or
quantitative techniques. The qualitative case-study approach is a popular methodology
primarily employed in business management research that provides detailed description of a
single firm, organization, or business venture. While other qualitative strategies exist
including ethnographic and historical methods, a considerable proportion of social and
interdisciplinary research utilizes secondary data sources to conduct statistical analyses of
entrepreneurship (Robles and Cordero-Guzmán 2007). The major strands of contemporary
statistical research concern the topics of: self-employment (Aguilera 2009; Olson, Zuiker,
and Montalto 2000; Wang and Li 2007), small business credit (Cavalluzzo and Wolken 2005;
Craig, Jackson, and Thomson 2007), firm/organizational studies (Jarmin and Krizan 2010;
Raijman and Tienda 2000), and ethnic enclave/community development studies (Aldrich and Waldinger 1990; Raijman 2001; Sanders and Nee 1996).  

There are several limitations to the use of statistical data sources, particularly those from governmental sources such as the U.S. Census Bureau and the Bureau of Labor Statistics. Numerous sources utilize self-reports by individuals claiming to be “self-employed” in some fashion. Often, these reports fail to distinguish between incomes earned from formal business activities versus informal business activities. This is a critical point because entrepreneurial activities are complex and may extend across the formal and informal sectors. Second, individuals who report that they are self-employed may or may not have an active role in the business(es) that financially support(s) them. Their entrepreneurial activity could vary dramatically. For example, the entrepreneurial activities of a self-employed distributor of Mary Kay products may vary from those of a self-employed electrician who bids on federal contracts. Likewise, reported earnings reflect multiple facets of entrepreneurial activity. Earnings represent returns to the owner as well as returns of financial capital invested in the business (Loftstrom and Bates 2009).

These complexities invite opportunities for qualitative studies of entrepreneurship to supplement the large body of existing statistical analyses derived from quantitative measures. Qualitative methodologies such as in-depth interviewing are useful and timely strategies for understanding how changing historical conditions, like the current economic recession,

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12 For a detailed summary of existing data sources for Latino business owners see Robles and Cordero-Guzmán 2007. The U.S. Census Bureau’s Survey of Business Owners (SBO) is a notable exception discussed in Chapter Three. This survey is a random sample of U.S. firms selected from Internal Revenue Service tax forms. It compiles data on firms rather than reports from self-employed individuals. Demographic characteristics of business owners are also collected in the SBO.
impact business owners, organizations, and markets. Qualitative studies of entrepreneurship can also enhance our understanding of the entrepreneurial activities and experiences of socially marginalized and/or or understudied groups, such as Latina women business owners.

In summary, entrepreneurial studies traverse a wide range of disciplines, substantive foci, and theoretical traditions. With respect to sociology, researchers have always been interested in the economic activity of entrepreneurs and their role in capitalist society. Yet, the absence of a cohesive study of entrepreneurship results in a scattered body of sociological literature, offering both individual and structural perspectives on topics ranging from the psychological to the organizational.

The existing sociological literatures most relevant to this dissertation are ethnic entrepreneurship studies which incorporate ethnic labor market approaches. An underlying assumption of these approaches is that the acculturation and assimilation of immigrants and ethnic minorities contributes in some way to economic outcomes. While this is a logical supposition, previous research notes that assumed benefits of assimilation do not always accurately predict the economic success of ethnic minorities (Reitz and Sklar 1997). Social and/or economic disadvantages may be selectively imposed upon individuals based upon a variety of factors including race, ethnic origin, and gender (Reitz and Sklar 1997). Contemporary research on ethnic entrepreneurs focuses more closely upon human capital, as a means to predict how advantageous personal and cultural characteristics (e.g., language proficiency, formal education, etc.) may produce successful entrepreneurial outcomes (Smith-Hunter 2004; Taniguchi 2002; Zuiker et al. 2003). I elaborate more upon sociological
theories about acculturation and assimilation and how they relate to Latina entrepreneurs in Chapter Five.

Intersectional approaches in sociology such as intersectionality and the embedded market approach are also relevant approaches to studying ethnic entrepreneurship. These approaches may be applied to ethnic entrepreneurship since the mobilization of resources and entrepreneurial experiences are both shaped by multiple dimensions including race, class, gender, ethnicity, etc. All of these approaches represent well-developed streams of sociological thought which provide useful frameworks for understanding the experiences of Latina entrepreneurs. In the following sections, I review these major sociological approaches.

Sociological Approaches to Ethnic Entrepreneurship

Ethnic labor market approaches. The labor market experiences of immigrants and ethnic groups have been a major sociological focus dating back to the classical work of Marx, Weber, and Sombart (Light and Gold 2000). This project will consider how shared ethnic resources shape the entrepreneurial experience of Hispanic women who own and operate formal businesses in North Carolina. The relationship between culture, entrepreneurship, and capitalism (or the labor market) appears most frequently in literature on immigrant entrepreneurs and/or ethnic entrepreneurs (Aldrich and Waldinger 1990; Light 1972; Light and Bonacich 1988; Light and Bhachu 1993; Pessar 1995; Portes and Jensen 1989; Portes and Rumbaut 2001). According to Waldinger et al. (1990), ethnic
entrepreneurship is “a set of connections and regular patterns of interaction among people sharing common national background or migration experiences” (p. 3).¹³

Sociologists have developed numerous theories for understanding these “patterns of interaction” over time. The middleman minority theory, developed by Blalock (1967) and Bonacich (1973), emerged in the late 1960s and early 1970s. Scholars argued that minority groups turn to entrepreneurship as a means of survival after arriving in a new geographic area and being denied participation in the primary labor market (Greene and Owen 2004). The entrepreneurial success of Jewish communities in Europe is often cited as an example of this phenomenon.

“Middleman” refers to the traditional economic role frequently adopted by entrepreneurs (e.g., trader, contractor, money lender, etc.), which allows them to serve both producers and consumers within the mainstream economy (Bonacich 1973). Middleman entrepreneurs serve as important social links in the business community because they are able to network across socioeconomic groups. The middleman minority theory also emphasizes the cultural and moral values of ethnic groups (e.g., collective responsibility, loyalty, work ethic, etc.) in order to understand the entrepreneurial spirit of middlemen entrepreneurs (Valdez 2011).

As researchers investigated ethnic entrepreneurship, geographic concentration and clustering of minority groups became an important consideration. As a result, researchers

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¹³Scholars problematize the concept of “ethnic entrepreneurship.” Aldrich and Waldinger (1990) note that some ethnic entrepreneurs (e.g., Jews and Muslims) may be defined more by their “religio-ethnic” identity than their racial/ethnic identity (p. 113). Chaganti and Greene (2002) also note that some ethnic entrepreneurs are characterized by the type of goods/services they sell— not their ethnic identity. Alternatively, they suggest that ethnic entrepreneurs be defined by their level of participation in an ethnic community.
elaborated upon the middleman minority theory to include an understanding of spatial locations called ethnic enclaves (Greene and Owen 2004). Though conceptions of ethnic enclaves differ, Portes and Jensen (1989) define them as clustered businesses owned and operated by persons from the same ethnic group.¹⁴

Ethnic enclave theory illuminates many of the structural advantages and disadvantages of spatial concentration and co-ethnicity (Aguilera 2009). A significant advantage is the convenient opportunity for entrepreneurial training and employment from co-ethnics (Bailey and Waldinger 1991). A significant disadvantage is that ethnic minorities may remain isolated from the mainstream market and from opportunities to obtain a more diverse range of skills, such as language proficiency (Raijman 2001).

Further study of entrepreneurial interactions among co-ethnics draws attention to differences among entrepreneurs and entrepreneurial capacity. The work of Bonacich (1972), Light (1972), Light and Bonacich (1988), and Waldinger et al. (1990) suggests that both class resources (e.g., wealth, education, skills, etc.) and ethnic resources (e.g., values, kinship, beliefs, etc.) play influential roles in shaping employment, business creation, and entrepreneurial participation.¹⁵ Ethnic resources and class resources can be thought of as ideal types. Yet, they are inherently intertwined and vary by socioeconomic class position. Class resources refer to, “…the vocationally relevant cultural and material endowment of bourgeoisies” (Light and Gold 2000:84). These resources include various forms of capital

¹⁴Analyses of ethnic enclaves extend beyond consideration of residential concentrations of an ethnic community. Participants in ethnic enclaves need not live and work in the same spatial location (Portes and Jensen 1989).
¹⁵Light also refers to ethnic resources as “ethno-cultural resources,” and to class resources as “bourgeois resources” (Light 1984; Light and Gold 2000).
including financial, social, human, and cultural. Ethnic resources broadly refer to the unique character (e.g., cultural meanings, tastes, symbols, rituals, etc.) of ethnic communities, which is constantly evolving. Ethnic resources are primarily utilized to derive social and economic benefits (Light and Gold 2000:105). For instance, Light and Bonacich (1988) found that Korean entrepreneurs in Los Angeles exchanged valuable business information, formulated their own rotating credit associations, and utilized unpaid family labor to run their businesses. This sharing of resources is thought to build ethnic solidarity, which facilitates business and the growth of economic opportunities.

Reduced labor market opportunities are explored more deeply by Bonacich (1972) in her theory of the split labor market. Bonacich (1972) argued that ethnic antagonism emerges from a labor market segmented (or split) along racial and/or ethnic lines whereby the cost of hiring one group is lower than the other. Employers seeking reduced labor costs will hire cheaper workers. This results in racial and/or ethnic antagonism among the split groups who are competing for employment. Bonacich (1972) concluded that the end result is either 1) a social system of exclusion whereby lower-priced workers (often undocumented immigrants or political refugees) are barred from the labor market or, 2) a caste system whereby lower-priced workers are relegated to specific (and often dangerous or undesirable) occupations. While some workers may prefer to accept lower wages for undesirable jobs, the exclusion of ethnic groups from the labor market creates opportunities for entrepreneurship among racial and/or ethnic minority groups.

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16Ethnic resources such as skills are closely related to class resources available to members of any ethnic background (Light and Gold 2000).
A contemporary approach to the study of ethnic entrepreneurship is offered by Portes and Rumbaut (2001; 2006). As described by Valdez (2011), their “modes of incorporation” framework focuses upon three dimensions: 1) individual-level human capital, 2) group-level consideration of the viability of the ethnic community, and 3) structural-level consideration for the “context of reception” (Portes and Rumbaut 2001; 2006) or the “opportunity structure of the economy” (Waldinger et al. 1990). This approach is useful for describing the advancement of some minority entrepreneurs and the stagnated entrepreneurial progress of others. For instance, the success of Cubans in Miami was strongly shaped by the migration of a professional class and U.S. government support for Cuban refugees. These combined factors facilitated the emergence of a resource-rich entrepreneurial class bound by ethnic solidarity (Portes and Bach 1985). Mexicans, on the other hand, have not experienced the same entrepreneurial success in the United States due to a variety of factors including human capital deficiencies, migration controversies, discrimination, and reduced ethnic solidarity (Portes and Bach 1985). Therefore, the question of how ethnic and class resources shape entrepreneurial capacity is an important one for understanding differences within the Hispanic business community.

In summary, ethnic labor market approaches are useful for understanding entrepreneurial relationships formed around co-ethnicity and cultural ties to economic activity. These approaches emphasize ethnicity as central to the entrepreneurial experience, especially for immigrants. Yet, it is also necessary to consider how additional social dimensions inform these experiences. The Hispanic business community is not a homogeneous population. Hispanic entrepreneurs consist of men and women from diverse
racial backgrounds, native countries, and cultural traditions. It would be unwise to assume that the entrepreneurial experiences of an immigrant woman from Panamá may resemble those of a Cuban man who was born in Miami. Therefore, it is necessary to build upon traditional ethnic labor market approaches by considering intersectional approaches.

“Intersectionality” is an approach that examines how multiple socially-constructed categories (e.g., race, class, gender, etc.) interact simultaneously to perpetuate social inequalities such as racism, sexism, homophobia, ethnocentricity, etc. With respect to Latina business owners, intersectionality is an appropriate and useful approach for understanding how ethnicity, gender, and class interact to shape entrepreneurial experiences within a stratified labor market. In the following section, I provide an overview on intersectionality and relate this approach to contemporary studies of women’s entrepreneurship.

Intersectionality. In addition to highlighting the relationship between ethnicity and the labor market, it is critical to examine the role of gender when investigating the entrepreneurial outcomes and experiences of Hispanic women. Feminist research reveals that women, as a heterogeneous population, are not equally disadvantaged in the labor market due to the complex intersections of race, ethnicity, class, age, ability, and other factors (Davies-Netzley 2000). Gender inequality persists across multiple sectors of the labor market, including business ownership.

Unfortunately, a thoughtful understanding of how women’s disadvantage as workers relates to their disadvantages as entrepreneurs is undertheorized. A compelling reason for this is the historical preoccupation with the individual traits and management style of entrepreneurs found in previous literature. Few scholars have articulated the structural
relationship between the experiences of women entrepreneurs with the gendered processes which perpetuate gender inequality in wage labor. Mirchandani (1999) notes:

…while there has been some reflection on the difference which the sex of the business owner makes, the reflection has not been contextualized within the theoretical understandings of the ways in which entrepreneurial work is situated within gendered processes which form and are formed through relationships between occupation, organizational structure, and the sex of the worker. (P. 225)

With respect to the labor market experiences of women entrepreneurs, scholars in business and sociology agree that gender inequality can be observed by comparing industry concentration and average earnings of men-owned and women-owned enterprises. Just as some women may find themselves employed in “female-typed” jobs due to occupational segregation, women entrepreneurs tend to own and operate businesses concentrated in “female-typed” industries (e.g., retail and service-based industries) (Loscocco and Robinson 1991). Female-typed industries in the United States are the least profitable and therefore unattractive business ventures for men. Yet, industry concentration alone cannot account for the diminished success of women-owned businesses. Even women owners concentrated in the same industries as men lag behind in average business receipts (Loscocco and Robinson 1991). Therefore, women carry gender disadvantage into the entrepreneurial sphere where men occupy favorable market positions within and across industry sectors as business owners. These favorable positions allow men to maintain entrepreneurial privilege and power by monopolizing market share and advantageous business networks.
Despite these disadvantages, some argue that entrepreneurship still holds great potential for women (and other minority groups) to achieve upward mobility. Light (2007) states:

> Although there are serious differences between immigrants and ethnic minorities and women, there are also serious parallels: women entrepreneurs reduce women’s earnings inferiority [by hiring women employees] just as ethnic minority entrepreneurs reduce the earnings inferiority of co-ethnics [by hiring co-ethnics]. (P. 553)

The optimistic potential for entrepreneurship to provide an opportunity for women to overcome the structural disadvantages of wage-labor is largely unsupported. Many scholars conclude that entrepreneurship is not an advantageous career for women or even a hopeful path to gender equality. Weiler and Bernasek (2001) suggest that self-employment may be steadily reducing women’s overall economic status. Moreover, Green and Cohen (1995) contend that women’s entry into business ownership is unlikely to change their structural position in the labor market and the household economy due to competing and unequal demands of paid and unpaid labor. Light (2007) suggests, “Were entrepreneurship drastically improved, women’s economic circumstances would drastically improve too” (p. 554).

Intersectionality provides a useful framework for understanding the labor market experiences of minority women entrepreneurs as it accounts for gendered processes and other forms of inequality. Intersectionality emerged when black feminists began to articulate how their experiences of oppression differed from those of white, middle-class feminist leaders. Although the premise of intersectionality or the interconnected nature of various forms of exploitation (e.g., race, class, gender, etc.) appears within many historical texts it was not until critical race theorist, Kimberlé Crenshaw (1993) situated the term within a
feminist framework (concerning legal challenges faced by victims of domestic violence) that intersectionality developed as a scholarly paradigm.

The work of Patricia Hill Collins (1990) is often cited as foundational for understanding the intersectional nature of oppression in the lives of black women. Collins’ (1990) argues that systems or structures of oppression overlap each other and therefore cannot be ranked. Moreover, systems/structures of oppression are of equal importance in the lives of individuals. For instance, black women are discriminated against on the basis of skin color, sexuality, gender, and, in many cases, class. The strength of Collins’ notion of intersectionality is that by choosing not to rank oppressions, we are able to see how systems or structures may not have clear boundaries and mutually constitute each other. Ken (2007) elaborates upon this idea further by suggesting that systems/structures of oppression depend upon each other to function smoothly. For instance, class oppression depends upon racism and sexism. Racism depends upon class oppression and sexism, etc.

Two recent sociological studies apply an intersectional approach to understanding women’s entrepreneurial experiences. Pearce, Clifford, and Tandon’s (2011) investigation of immigrant women in the United States includes a chapter on the experiences of several immigrant women entrepreneurs.17 The authors reveal “a quiet revolution” occurring among immigrant women. Instead of occupying secondary roles in immigrant enterprises, many immigrant women occupy primary positions as owners and originators of U.S. firms.

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17 Pearce et al.’s (2011) qualitative study investigates the experiences of 89 immigrant women from a variety of cultures and countries. One chapter describes the experiences of several self-employed immigrant women. The authors do not report how many women in their sample identified as business owners nor do they report how many entrepreneurs may identify as Hispanic or Latina immigrant entrepreneurs specifically.
With respect to interlocking oppressions, the authors contend that immigrant women face entrepreneurial barriers due to foreign-born status, reduced financial resources, and gender. Access to start-up capital is especially difficult for immigrant women due to lack of established credit in the United States. Despite these barriers, immigrant women entrepreneurs pursue business interests using determination, creativity, and the use of personal agency to reconstruct social disadvantages into advantages. A poignant example is provided by Sheena, whose business gives immigration legal advice. She stated,

People say that I have three strikes against me. But those three are my strengths. As a woman, I have more empathy for clients; as an immigrant, I am more sensitive than the native-born to immigrants’ needs; and I understand what it feels like to be a minority, so I can empathize with other minorities. (Pearce, Clifford, and Tandon 2011:152)

Pearce et al. (2011) conclude that immigrant women entrepreneurs face specific challenges as a result of the intersection of nativity and gender. The need for “good information” regarding local, state, and federal laws is critical. For these reasons, business ownership should not be considered a “panacea” for escaping constraints in the conventional labor market or for providing expanded economic opportunities for immigrant women (Pearce et al. 2011).

Another example of how an intersectional framework is applied to women’s entrepreneurship is offered by Harvey (2005). In her qualitative study of black women owners of urban beauty salons, Harvey (2005) found that race, class, and gender intersect to shape the entry of black women into salon ownership. Black women owners reported that entrepreneurship in the black hair salon industry represented upward mobility from previous employment in the low-wage service sector. The ability to reduce child care costs with a
flexible schedule was another motivating factor cited by respondents. Yet, the entry of black women into salon ownership also maintains and reproduces inequality. A notable consequence is the ongoing segregation or “ghettoization” of black-owned businesses in the service sector, which restricts the future of black enterprises in America from lucrative economic opportunities (Harvey 2005:803).

Harvey’s research illustrates how an understanding of black women’s entry into salon ownership can be understood by considering the intersecting effects of race, class, and gender. While Harvey’s research is a micro-level account, it is important to remember that intersectional (and gendered) processes actively maintain male power and privilege on a macro-level within the world economy. Entrepreneurial activity is embedded within a capitalist and patriarchal global system that is stratified by numerous social forces, especially gender. Contemporary feminists such as Moghadam (2005) draw upon Marxian theory to articulate how the sexual division of household labor and the global feminization of labor simultaneously benefit patriarchy and capitalism by keeping women’s wages low and maintaining occupational segregation.18

Similarly, other feminists such as Acker (2006) favor an intersectional perspective where class is emphasized as the most fundamental form of exploitation. Acker differs from Crenshaw and Collins, in that, she conceives of race, class, and gender in terms of “real practices” at the organizational level, rather than abstract systems or structures. Acker (2006) argues that class is created by gendered and racialized practices responsible for the unequal

18Socialist feminism emerged during the 1970s. Influential theorists such as Hartman (1976) and Eisenstein (1979) argued that women’s oppression emerged from the capitalist class structure and a gender system where women were exploited as laborers in both the public and private spheres (Davies-Netzley 1998).
production and distribution of material goods. In this way, inequality is fundamentally sustained by economic exploitation.

With respect to entrepreneurship, the primacy of class across intersectional perspectives is especially relevant since business ownership requires significant capital inputs (e.g., knowledge, financial investments, labor, etc.). According to Valdez (2011), “In the modern American market economy, class takes precedence over gender, race, and ethnicity in facilitating business ownership” (p. 67). In the following section, I summarize the embedded market approach, an intersectional perspective that considers the junctures of race, class, gender, and ethnicity while situating them within the social structure of the market economy.

The embedded market approach. In The Great Transformation, Polayni (1944) argued that the development of the modern nation state coincided with the development of modern market economies. In this way, markets are “embedded” in social relations, which vary by time and place. As Block (2001) notes, Polanyi’s concept of embeddedness has been elaborated upon by numerous scholars including Granovetter (1985) and Evans (1995) but Polanyi’s original usage of the term expressed, “…the idea that the economy is not autonomous as it must be in economic theory, but subordinated to politics, religion, and social relations” (p. 7).

When applied to ethnic entrepreneurship, the embedded market approach can be considered a union of the two approaches previously described in this chapter. The embedded market approach can be used to understand the economic activity of ethnic entrepreneurs by 1) highlighting the role of ethnicity in fostering entrepreneurship, as informed by the ethnic
entrepreneurship approach and by 2) situating this role within its social context created by the intersection of race, class, and gender, as informed by intersectionality. In this way, the embedded market approach considers the unequal playing field that ethnic entrepreneurs operate within, while also acknowledging the benefits and drawbacks of ethnic group membership.

Valdez (2008; 2011) argues that the embedded market approach is more useful than other approaches because the embedded market approach does not emphasize ethnicity as the singular factor shaping the economic action of entrepreneurs. Instead, the embedded market approach suggests that the relationship between group affiliation and economic action is “…maintained and reproduced by the social structure in which it is embedded” (Valdez 2011: 32). The emphasis upon ethnicity and ethnic-based social capital offered by the ethnic entrepreneurship approach obscures the complex intersection of ethnicity and other social forces such as race, class, gender, which simultaneously interact to shape economic activity. Valdez (2011) suggests that individual agency must be also considered when utilizing the embedded market approach, as the social location of individuals varies within and across social hierarchies based upon race, ethnicity, class, gender, etc. Valdez (2011) states,

The intersection of class, gender, race, and ethnicity reproduces structural inequality in America through systems of oppression rooted in capitalism, patriarchy, and White supremacy, even as they provide the basis for individual and collective agency. It is this interdependence of the structure and agency that shapes and reproduces the entrepreneurial life chances of Latino/as. (p. 21)

Rath and Kloosterman (2000) also support the use of intersectional perspectives for studying entrepreneurial experiences. They argue that research on the entrepreneurial
behavior of immigrants and ethnic entrepreneurs overemphasizes “ethnocultural” characteristics of entrepreneurs rather than the economic and institutional context of their economic activity. The embedded market approach resolves these problems by considering the complex intersections of ethnicity, race, class, and gender, which simultaneously interact to shape entrepreneurial activities.

**Conclusion.** In this section, I summarized three sociological approaches for understanding ethnic entrepreneurship – ethnic labor market approaches, intersectionality, and the embedded market approach. Traditional ethnic labor market approaches include the middleman minority theory, ethnic enclave theory, and the resource-based approaches advanced by Light (1972), Light and Bonacich (1988), and Waldinger et al. (1990). The modes of incorporation framework presented by Portes and Rumbaut (2001; 2006) is a contemporary perspective on ethnic entrepreneurship and considers individual, group, and structural characteristics.

The strength of these approaches is that they highlight how ethnicity and cultural ties facilitate economic activity. The drawback of these approaches is that they do not examine how ethnicity intersects with race, gender, and class to shape entrepreneurial outcomes. As more women become business owners, it is necessary to investigate these complex intersections and to assert the unique entrepreneurial challenges experienced by women of all racial and ethnic backgrounds.

Intersectional approaches provide insight on how the interaction of social forces (e.g., race, class, gender, etc.) may facilitate or impede entrepreneurial success. The contributions of black feminists such as Collins (1990) and Crenshaw (1993) reveal that systems of
oppression overlap and are of equal importance in daily life. Harvey’s (2005) research on salon ownership among African-American women is a prescient example of how entrepreneurship may represent upward mobility but also perpetuate the inequality. Harvey’s (2005) research reveals that the intersection of class, race, and gender results in a limited opportunity structure for black women entrepreneurs. Black women may experience entrepreneurial success (as owners) in the black beauty industry but also reduced opportunities in more lucrative industries. This arrangement perpetuates inequality in labor and consumer markets.

The embedded market approach represents a synthesis of intersectionality and ethnic labor market approaches because it emphasizes the role of ethnicity in fostering entrepreneurship and situates this role within the context of the labor market and other intersecting social forces (e.g., class, gender, etc.). The union of these approaches makes the embedded market approach a constructive and thoughtful framework for understanding the entrepreneurial experiences of Hispanic women. In the following chapters, I apply the embedded market approach in order to investigate how the entrepreneurial experiences of Hispanic women vary by social location and how intersections of ethnicity, class, and gender relate to pathways to business ownership, access to capital, and participation in business networks.¹⁹

In the remaining sections of this chapter, I review empirical approaches to studying Latina entrepreneurs drawing upon existing sociological and business management literature.

¹⁹Zavella (1991) uses the term “social location” to describe how the intersection of socially-constructed categories such as race/ethnicity, social class, gender, nativity, and sexual preference combine to produce a range of identities and experiences among Chicana women.
My review of these empirical approaches is organized into two sections. The first section reviews descriptive literature reporting trends among self-employed Hispanic women. Overall, findings from this small body of literature paint a negative portrait of Hispanic women’s entrepreneurial success by highlighting Latina’s capital deficiencies and reduced earnings (Lofstrom and Bates 2009; Taniguchi 2002; Zuiker, et al. 2011). The second section reviews literature on entrepreneurial experiences as reported by Latina entrepreneurs themselves. These studies offer alternative perspectives suggesting that 1) considerable social and economic diversity exists among Latina entrepreneurs, and 2) their experiences vary significantly as the result of complex intersections of gender, ethnicity, and socioeconomic class.

**Empirical Approaches to Studying Latina Entrepreneurs**

*Overview.* Existing research on Hispanic women business owners is embedded within the social science literature on women’s entrepreneurship (Clark and James 1992; Fairie and Robb 2008; Greene, Hart, Gatewood, Brush, and Carter 2004; Hisrich and Bush 1986; Loscocco and Robinson 1999). Popular topics related to women’s entrepreneurship include studies of: women’s pathways to business ownership (Buttner and Moore 1997), the balance of self-employment and household labor (Green and Cohen 1995), and racial differences in women’s business ownership (Davies-Netzley 1999; 2000; DeCarlo and Lyons 1979; Inman 1999; Lofstrom and Bates 2009; Smith-Hunter and Boyd 2004). A major limitation of these studies is that the population of “women entrepreneurs” is essentialized (Mirchandani 1999). This conveys the false notion that “women” represent a universal category. For instance, the
work of Loscocco and Robinson (1991) and Locsocco, Robinson, Hall, and Allen (1991) illustrates a tendency to group all women into the category of “woman entrepreneur” with no critical discussion of how social differences (e.g., race, ethnicity, class, etc.,) influence business ownership.

A second limitation is that some existing studies that take racial differences into account (among women entrepreneurs) tend to group Hispanic women into a general “minority” category without careful consideration of their unique perspectives or acknowledgment of heterogeneity within the Hispanic population. As a result, contemporary scholars agree that not enough is known about Hispanic women entrepreneurs to fully understand differences between and among minority and nonminority women entrepreneurs. For example, Lofstom and Bates (2009) acknowledge the striking, “…lack of baseline information describing Hispanic-Americans who own small businesses and/or pursue self-employment as a primary labor-force activity” (p. 427).

Some studies in sociology and business management explore Hispanic women’s entrepreneurship by investigating financial success, the role of capital, and industry concentration in the market. The major strengths of these works are that they: acknowledge diversity among Hispanic women (Davies-Netzley 1993, Davies-Netzley 1998; Davies-Netzley 1999), critique the overstated benefits of co-ethnic resources (Davies-Netzley 1999; Pessar 1995), and illuminate the intersectional nature of women’s labor market experiences.

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20Hispanic persons constitute a physically and culturally heterogeneous group without a coherent community, common ancestral history, or geographic settlement pattern (Massey 1993; Romero 1997). See Smith-Hunter (2006) for an example of how Hispanic women’s experiences are conflated with those of Black, Native American, and Asian women.
as entrepreneurs (Valdez 2007; Valdez 2008; Zarrugh 2007).\(^{21}\) The major weaknesses of this literature are that studies often test different measures, de-emphasize the role of patriarchy in maintaining men’s market share, and fail to explore differences between successful Hispanic owners in high growth industries and other Hispanic owners.

*Descriptive trends and statistical approaches.* Few studies of Latina entrepreneurs highlight their entrepreneurial contributions as a unique population. In fact, most existing research is largely descriptive and relies upon self-employment data to compare and evaluate the outcomes of self-employed Hispanic women. Previous findings generally confirm that self-employed Hispanic women earn less than most other workers including Hispanic men, and that they remain concentrated in service industries (Devine 1994; Valdez 2007). The exploitative working conditions of Hispanic women employed as *domésticas* (domestic labor) in the United States are well documented in numerous sociological studies (Hondagneu-Sotelo 2007; Romero 1992; Valdez 2007). The transition from informal domestic employment to formal self-employment is underexplored.\(^{22}\)

Descriptive, quantitative findings on self-employed Latina entrepreneurs confirm significant gender differences in earnings (Zuiker et al. 2011; Lofstrom and Bates 2009). In their study of self-employed Hispanic persons in California, Zuiker et al. (2011) used census data to investigate the relationship between income and explanatory variables including human and social capital characteristics as well as acculturation. The findings of Zuiker et al.

\(^{21}\)Please note that Pessar’s (2005) and Zarrugh’s (2007) studies of Latino entrepreneurs included the experiences of Hispanic men and women business owners. Gender differences were not the primary focus of their research. 

\(^{22}\)Taniguchi (2002) argues that the transition from wage labor to self-employment for Hispanic women is hindered by limited cumulative employment experience in the formal market. This study was based upon data from the 1979-1993 National Longitudinal Survey of Youth (NLSY).
(2011) confirm significant gender inequality in earnings among self-employed Hispanic men and women. The mean income for self-employed Hispanic men was 84 percent greater than the mean income for Hispanic women across all occupational categories.

Zuiker et al. (2011) found that self-employed Hispanic women were more likely to be younger than self-employed Hispanic men and concentrated in less profitable service industries. Self-employed Hispanic women also worked fewer hours per week than Hispanic men. Self-employed Hispanic men were more likely to have a present spouse than self-employed Hispanic women and the addition of a spouse’s income positively affected overall income for self-employed Hispanic men and women. The addition of children positively affected income for men but was not statistically significant for women (Zuiker et al. 2011).

Zuiker et al., (2011) also found that self-employed Hispanic men were more likely to speak English than women. Additionally, acculturation variables provide more explanatory power for earnings for self-employed men than for self-employed women. Attainment of a bachelor’s degree and speaking English had positive effects for both men and women. Having less than a high school education and immigrating to the United States were negatively associated with income for men only.

Zuiker et al.’s (2011) results confirm that self-employed Hispanic women do not receive the same economic rewards as Hispanic men in the labor market. Self-employed Hispanic men are generally older than self-employed Hispanic women. They also work longer hours, are more likely to speak English, and more likely to be married with a present spouse than self-employed Hispanic women. All of these worker characteristics reduce the economic returns received by self-employed Hispanic women.
Lofstrom and Bates (2009) find additional support for the reduced earnings of self-employed Hispanic women. Using data from the 1996 and 2001 Survey of Income and Program Participation (SIPP), Lofstrom and Bates (2009) argue that Hispanic self-employed women generally earn less than white (non-Hispanic) self-employed women. Hispanic self-employed women also earn less than working Hispanic women who are not self-employed. This finding reveals that wage labor may be a more economically advantageous choice than entrepreneurship for Hispanic women.

In terms of human capital, Lofstrom and Bates (2009) identified education, age, and immigrant status as three key explanations for the earnings gaps between Hispanic self-employed women, white self-employed women, and working Hispanic women (e.g., wage/salary workers). In their study, white self-employed women were over twice as likely to be college graduates, while Hispanic self-employed women were over six times more likely than white women to lack a high school diploma. With respect to age, older businesses tend to earn larger returns than new businesses. Lofstrom and Bates (2009) found that Hispanic women’s businesses are younger than those of self-employed white women. With respect to immigrant-status, both wage earners and self-employed Hispanic women were significantly more likely to be immigrants than white self-employed women. Even when controlling for all other characteristics, immigrants tend to earn considerably less than non-immigrants both in wage earnings and self-employment earnings. Lofstrom and Bates (2009) conclude that Hispanic women entrepreneurs may be capable of thriving as entrepreneurs but are constrained by human capital variables.
The findings of Smith-Hunter (2004; 2006) confirm those of Loftstrom and Bates (2009) regarding human capital and elaborate upon the important role of networks and access to financial capital. Unfortunately, Smith-Hunter’s (2004; 2006) research conflates the entrepreneurial experiences of Hispanic women with those of black, Native American, and Asian women by lumping these women into a general “minority” category and comparing their experiences with women who identify primarily as “white.”

The value in Smith-Hunter’s (2004; 2006) comparative research on minority and white women entrepreneurs is that she identifies the socioeconomic privileges white women retain over others and how these privileges create business advantage. In her mixed-methods study of women entrepreneurs in ten states, Smith-Hunter (2006) found that minority women had more informal social networks (e.g., friends, family, churches, etc.) and white women had more formal social networks with established organizations (e.g., educational organizations, women’s organizations, financial institutions, etc.). These organizations offered more advantageous opportunities than informal networks for attaining business advice and access to start-up capital.

With respect to informal networks, Smith-Hunter (2006) found that assistance from family and friends, particularly friends with business experience, positively impacted white women’s amount of start-up capital as did being married. Increased start-up capital for minority women was more closely associated with assistance from friends who were business owners and “others” (i.e., non-family members). With respect to employees, minority women

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Smith-Hunter (2006) defines “minority women entrepreneurs” as belonging to one of the following categories: Blacks, Hispanics, Asians, and Native Americans (p. 55). The author does not indicate whether or not participants identified across categories as multi-racial and/or multi-ethnic. These owners operated in the formal economy.
were more likely than white women to use family members as sources of unpaid labor (Smith-Hunter 2006).


Experiential approaches. Several sociological studies employ qualitative approaches for understanding the experiences of Latina entrepreneurs. Unlike the descriptive studies summarized above, these studies aim to understand the underlying conditions that both facilitate and impede entrepreneurial success for Hispanic women. The qualitative work of Davies-Netzley (1999; 2000) is an exemplary attempt to understand the experiences of Hispanic women entrepreneurs.24 In her comparative study of Hispanic women and white (non-Hispanic) women owners in San Diego County, Davies-Netzley (2000) found that race, ethnicity, and class shaped women’s entry into business ownership as well as their strategic use of economic, social, and cultural capital.

With respect to capital, Davies-Netzley found that family networks were more valuable to the economic success of Hispanic women’s businesses than are ethnic

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24Davies-Netzley (1999; 2000) studied women owners of sole-proprietorships and partnerships operating formally in San Diego County. She states that her study is “...likely biased toward smaller companies” due to recruitment strategies (2000:24). Davies-Netzley (2000) asserts that results regarding Latinas may vary regionally within the United States.
resources/solidarity in local communities (2000). These results question the extent to which ethnic resources are harmoniously shared and ethnic solidarity promoted within the Hispanic entrepreneurial community. Davies-Netzley (2000) found that Hispanic women drew upon familial resources more frequently than white women for both business start-up funds and daily business management (Davies-Netzley 2000). Husbands of Hispanic women took on a highly integrated role in their business as either partner or employee while few other family relatives took on such active employment. Spouses were a particularly important source of financial and social capital for married women (Hispanic and non-Hispanic women) in this study. Aside of Latino husbands, Davies-Netzley (2000) found little evidence that Latina entrepreneurs actively sought co-ethnic labor. Instead, they recruited employees unrelated to them using formal channels.

Davies-Netley’s (2000) results support the results of Pessar (1995) who found that the growth of Latino-owned businesses in the Washington, DC area was not facilitated by ethnic resources/solidarity but by class resources such as education and personal savings. In fact, ethnic solidarity among native-born and immigrant Latinos was greatly fractured by significant diversity within the Latino community due to race, origin, and socioeconomic class.

Consistent with Pessar’s (1995) work, Davies-Netzley (2000) also found that Latina entrepreneurs in San Diego County, “…unanimously agree that ethnic support networks do not function to benefit their businesses” (p. 113). Latina entrepreneurs reported feeling that other Latinos were unwilling to support their businesses, especially when entering a male-dominated industry. For instance, a participant shared that Latinas are specifically
disadvantaged by gender when dealing with male-dominated Hispanic-owned businesses such as construction firms, where men often assume that women are uninformed and inexperienced within the industry.

In regard to business entry, Davies-Netzley (2000) found that family-related concerns such as child care were a stronger influence on Hispanic women’s entry into entrepreneurship than on white women’s entry. Hispanic women were also more likely than white women to have entered entrepreneurship as a result of being laid off. White women were significantly more likely than Hispanic women to report workplace discrimination and bureaucratic issues (e.g., rigid work schedules, glass ceilings, etc.) as reasons for transitioning from employees to entrepreneurs.

With respect to financial capital, Davies-Netzley (2000) found that Hispanic women were less likely than white women to utilize personal finances as start-up capital and few women owners (regardless of race/ethnicity) utilized formal lending institutions to acquire loans for business start-up. Interestingly, Davies-Netzley (2000) could not identify a direct relationship between educational attainment and business earnings. She attributed this finding to industry differences in gross sales receipts. For instance, “Jennifer,” a flower shop owner, reported that higher education is not required in the floral industry and flower shops tend to have high gross sales. This finding questions the applicability of Lofstrom and Bates’ (2009) conclusion that human capital deficiencies, particularly reduced education, lead to decreased earnings.

Davies-Netzley (2000) also observed important within-group differences among Hispanic women business owners. For instance, Hispanic women’s pathways to
entrepreneurship were rarely constrained by stereotypical gender expectations within their immediate family. Most Hispanic women grew up in households with diverse expectations for educational attainment and labor force participation. Yet, younger Hispanic women reported more encouragement from their families to pursue advanced degrees than older participants, who were encouraged to attain basic secretarial skills in the event that they might need to enter the workforce one day.

Another important within-group difference found in Davies-Netzley’s study was the role of ethnic identity in the daily business practices of Hispanic women owners. Some Hispanic women reported encountering ethnic prejudices and expressed advantages in being viewed by others as non-Latino. These women were often able to strategically choose when to reveal cultural and/or ethnic characteristics about themselves in order to avoid ethnic biases and navigate the mainstream business community. Davies-Netzley (2000) concludes:

> Women entrepreneurs maintain varying levels of economic, social, and cultural capital and use these different forms of capital in their pathways to entrepreneurship. Their location in the social landscape determines their access to and accumulation of capital. (P. 135-6)

Valdez (2011) offers another qualitative study of entrepreneurship, comparing the experiences of 54 white, black, and Hispanic restaurant owners in Houston, Texas. While this study does not focus exclusively on women, Valdez’s (2011) findings reinforce Davies-Netzley’s (2000) assertion that race, ethnicity, class, and gender collectively shape the entrepreneurial experience.

Valdez (2011) applies the embedded market approach in order to reveal how race, ethnicity, class, and gender intersect to shape the experiences of a diverse group of
entrepreneurs.\textsuperscript{25} Lower-class Latino/as (primarily Mexican) and blacks reported pursuing restaurant ownership in search of autonomy and/or escape from exploitative working conditions. Meanwhile, their middle-class counterparts and whites described restaurant ownership as an exciting opportunity or strategy for overcoming blocked professional mobility (Valdez 2011).

With respect to gender, men (of all racial categories) retained more “entrepreneurial capital” than women, who struggled to translate skills and existing resources into economic activity.\textsuperscript{26} Valdez (2011) found that women’s struggles were stratified by socioeconomic class position. Middle-class Latinas utilized family resources for business start-up, particularly spousal resources. These resources coupled with a family history of entrepreneurship strongly promoted Latina entrepreneurship. By contrast, lower-class Latinas encountered greater hurdles due to the reduced availability of start-up funds and other resources. Nevertheless, Hispanic women from all socioeconomic backgrounds were more likely to borrow financial capital from family than any other resource (Valdez 2011). Latina owners were also found to be among the lowest-earning group of entrepreneurs (with earnings equivalent to black entrepreneurs) due to their lack of market and social capital resources.

\textsuperscript{25} Valdez (2011) uses Latino/a, white, and black as distinct racial categories (always capitalized) in order to underscore the importance of race on economic action. Valdez (2011) does not apply the term “Latino/a” as an ethnic category applicable to all races in this cited research. The category of “white” and “black” refer to U.S. born non-Hispanic individuals.

\textsuperscript{26} The term, entrepreneurial capital, was created by Aldrich, Renzulli, and Langton (2008) as a form of human capital relevant to business ownership. It refers to “Experiences and skills… that facilitate business ownership. Relevant attitudes created by experience include a willingness to work long hours, foregoing leisure activities…and perhaps sacrificing family life to the needs of the business. Relevant skills include managing a workforce and keeping track of a firm’s cash flow. Self-employed parents may foster the development of entrepreneurial capital in their children through socialization, work experience, and the development of social capital” (2008:11).
Socioeconomic class position also shaped Latina’s perceptions of sexism. Latina entrepreneurs with connections to the “male-dominated, upper echelons of the Latino restaurant industry” reported experiences of gender discrimination more frequently than Latinas who lacked these connections (Valdez 2011:136). Moreover, lower-class Latina entrepreneurs reinforced gender stereotypes affirming women’s superior skills in producing home-cooked products and providing customer service. Valdez (2011) concludes that Latinas face what Browne and Misra (2003) call a “triple disadvantage,” whereby Latinas’ market capacity is reduced by their lack of ethnic-, racial-, and gender-based networks. Cumulatively, the entrepreneurial success of Latinas is largely dependent upon economic and social support of their families and noneconomic resources available through ethnic-based networks.

Valdez’s (2011) results reveal that social locations near the top of class, gender, racial and ethnic hierarchies enjoy the greatest entrepreneurial success. Middle-class, white entrepreneurs and men accumulate the greatest economic rewards. Middle-class Latino men lag behind their white counterparts in earnings but they still earn significantly more than lower-class Latino/a men and women. Black entrepreneurs and Latina entrepreneurs endure the most disenfranchised status, often taking on additional employment to survive. Valdez (2011) concludes that unequal entrepreneurial outcomes, “…between the middle and lower classes, between men and women, and among whites, Latino/as, and blacks substantiate the constraints of individual agency within the American social structure,” which explains ethnic and nonethnic differences in American enterprise” (p. 160).
A final study relevant to the experiences of Hispanic women entrepreneurs in North Carolina is the ongoing research of Griffith, Contreras, and Kissam (2009) with the Nuevo Action Research Collaborative. Since this project is anthropological and service-oriented in nature, it does not fit neatly into the existing sociological literature on Latina entrepreneurs. However, their preliminary findings offer two points relevant to the experiences of Hispanic women business owners.

First, findings from their study of Latino businesses (male and female-owned) in four North Carolina counties slightly contradict the dependence upon family labor identified by Valdez (2011). Griffith et al. (2009) suggest that few Latino businesses rely upon family labor. Many, in fact, employ others within the Latino community thereby creating co-ethnic employment opportunities within the community. These findings prompt a closer examination of the conditions under which Hispanic entrepreneurs choose to exchange ethnic resources and facilitate ethnic solidarity.

The work of Griffith et al. (2009) also presents an analysis of two highly valued standards within the Latino business community - quality and trust (calidad and confianza). In an effort to distinguish Latino businesses as unique and viable, Griffith et al. (2009) found that Latino owners seek to provide high-quality services and market their products as distinct ones “produced with care,” even if other stores such as Wal-Mart sell similar items or services. These results are supported by Zarrugh (2007) who also found that Latino businesses in rural Virginia struggle to compete with established local (non-ethnic) businesses.

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27The Nuevo South Action Research is a community project based at East Carolina University. The goals of this project are “…supporting the development of the local and transnational Latino communities of eastern North Carolina and the southeast” (East Carolina University 2011). For more information, please see their website: http://www.ecu.edu/anth/nuevosouth/.
businesses and “big box” stores like Walmart. Latino-owned businesses must creatively find new ways to compete.

Additionally, Griffith et al. (2009) found that Latino businesses consider trust as critical to attaining clients and customers as well as for obtaining advice from others and financial credit from lenders. These results are also supported by Zarrugh (2007) who found that confianza structured business dealings among Latinos and provided valuable social networks for business owners. These results suggest that Hispanic businesses in North Carolina may be more likely to share ethnic resources in order to stimulate solidarity. Whether these results vary by gender (of business owner) is not reported in Griffith et al.’s (2009) preliminary findings or the work of Zarrugh (2007).

Conclusion. In summary, empirical studies of Latina entrepreneurship can be grouped into two categories. The first category includes descriptive literature reporting trends among self-employed Hispanic women. The second category includes literature on entrepreneurial experiences as reported by Latina entrepreneurs themselves.

Major findings from descriptive literature report that Latina entrepreneurs experience reduced economic returns from business ownership as compared to other groups, including Hispanic men and non-Hispanic women. The reduced success of Latina entrepreneurs is measured by reported earnings without consideration for how these women measure their own success. The reduced earnings of Latina entrepreneurs are attributed to human, social, and financial capital deficiencies. Entrepreneurship (or self-employment) is found to be a less successful path to upward mobility than wage labor for Hispanic women.
Major findings from qualitative experiential literature provide insight about the entrepreneurial practices of Hispanic women. Intersections of race, gender, and ethnicity shape Hispanic women’s strategic use of financial, social, and cultural capital. Hispanic women report a diverse range of entrepreneurial experiences and they become business owners for a variety of reasons. Hispanic women are unlikely to utilize formal financial lending resources or to seek membership and/or assistance from formal business organizations. Instead, they utilize the resources readily available to them through family networks with spouses acting as critical sources of financial and social capital. Ethnic resources and co-ethnic solidarity play a secondary and limited role in offering support resources to Hispanic women entrepreneurs. Overall, the experiences (and subsequent success) of Latina entrepreneurs is strongly influenced by the economic and social assistance of family networks and the noneconomic resources available to them based upon their unique social location.

Chapter Conclusion

My review of relevant sociological approaches to ethnic entrepreneurship and empirical literature leads to two conclusions. First, the embedded market approach is an appropriate sociological framework for understanding the experiences of Hispanic women entrepreneurs because it melds the benefits of traditional ethnic labor market approaches with contemporary feminist/intersectional approaches. Specifically, the embedded market approach highlights the role of ethnicity and co-ethnic resources with respect to entrepreneurship while also considering the intersectional position of individuals in the labor
market. This consideration allows for an understanding of how the unique social location of Hispanic women relates to their experiences as entrepreneurs. By applying the embedded market approach, we can also begin to understand important within-group differences previously overlooked in most empirical literature on self-employed Hispanic women.

In this dissertation, the embedded market approach allows me to: 1) offer a structural perspective that moves beyond individualistic conceptions of entrepreneurship, 2) illuminate how the experiences of Latina entrepreneurs are embedded in social relations defined by intersections of class, gender, and ethnicity, and 3) contribute a new direction of thought to the limited, existing literature on Latina entrepreneurs. By applying the embedded market approach to the entrepreneurial experiences of Hispanic women in North Carolina, this research expands upon the experiential research of Davies-Netzley (1999; 2000) and Valdez (2011) and makes a valuable contribution to existing literature on ethnic entrepreneurship and women.

My second conclusion is that previous research, with the exception of Davies-Netzley’s work (1998; 1999; 2000), offers a negative and shallow portrait of Hispanic women’s experiences as business owners. Descriptive studies using self-employment data suggest that Hispanic women entrepreneurs are the lowest earners concentrated in the least profitable industries with the least education, reduced language skills, and few advantageous formal business networks. Conversely, the qualitative work offered by Davies-Netzley (1998; 1999; 2000) and Valdez (2011) suggests that considerable diversity exists within the entrepreneurial experience of Hispanic women. Women are not only struggling for entrepreneurial success. They are actively striving to integrate with the mainstream business
community while utilizing the resources available to them. Hispanic women have moved beyond the constraints of stereotypical expectations of gendered work, though they still report sexism and experiences of discrimination as occupational concerns. Nevertheless, the portrait of Hispanic women entrepreneurs is not only one of struggle but one of resourcefulness, creativity, and advancement. In light of the conflicting claims between existing descriptive and experiential literature and also, the increasing numbers of minority women entrepreneurs nationwide, a more thoughtful understanding and descriptive profile of Hispanic women’s entrepreneurial experiences in the labor market is needed. In the following chapter, I summarize how this dissertation applies an intersectional perspective towards understanding the unique experiences of Hispanic women entrepreneurs in North Carolina.
CHAPTER THREE:
RESEARCH QUESTIONS AND METHODOLOGY

Research Questions

The purpose of this research is to investigate the experiences of Hispanic women who own and operate registered businesses in North Carolina by constructing exploratory profiles of this population. The goal of this study is to expand Davies-Netzley’s (2000) research on gender and entrepreneurship in order to articulate the pathways to success and failure experienced by this growing population of entrepreneurs. I apply the embedded market approach in order to understand how social location shapes entrepreneurial experience and contributes to within-group differences among Latina entrepreneurs. In doing this, I attempt to resolve conflicting claims in existing literature about the diminished success of Latina entrepreneurs while contributing new insights on a generally understudied population.

Specifically, this research investigates the intersection of social forces on women’s pathways to entrepreneurship, their access to financial capital, and the role of business networks and community resources in providing advice and assistance. By examining the experiences of Hispanic women business owners, this study asks:

a. How does the intersection of social forces including ethnicity, class, and gender shape the entry of Hispanic women into business ownership in North Carolina?

b. How do Latina entrepreneurs capitalize new businesses and how does the intersection of social forces including ethnicity, class, and gender shape access to financial capital?

c. How do business networks and community contacts promote or impede the success of Hispanic women entrepreneurs in North Carolina?
Unlike Davies-Netzley’s research, my research does not compare the experiences of Hispanic women entrepreneurs to non-Hispanic women or other entrepreneurs for two reasons. First, comparative research on women entrepreneurs is already a voluminous multidisciplinary literature that contributes little information about Hispanic women (Clark and James 1992; Fairie and Robb 2008; Greene, Hart, Gatewood, Brush, and Carter 2004; Hisrich and Bush 1986; Loscocco and Robinson 1999). Second, I argue that not enough is currently known about Hispanic women entrepreneurs to fully understand differences between minority and nonminority women entrepreneurs. With so little existing research on Hispanic women entrepreneurs, this study constructs exploratory profiles of this group while simultaneously acknowledging within-group differences and elaborating upon previous research.

**Methodology**

*Introduction.* As reviewed in Chapter Two, previous literature on Latina entrepreneurs operating in the formal economy is saturated with descriptive comparisons of self-employed Hispanic women, with the exception of the work of Davies-Netzley (2000) and Valdez (2011). The goal of my research is to elaborate upon Davies-Netzley’s (2000) research by applying the embedded market approach. Since my research questions concern the lived experiences of Hispanic women entrepreneurs, qualitative methods including interviewing and fieldwork were selected as the most appropriate strategies.

It is highly unlikely that my research questions could be answered by secondary data on Hispanic women entrepreneurs in North Carolina (see Appendix A for a chart of existing
data sources with variables of interest and data limitations). Furthermore, interviewing is a purposeful strategy for understanding an individual’s perspective elicited through social interaction (Benny and Hughes 1956). Interviewing often occurs simultaneously with other social interactions in the field. Lofland and Lofland (1995) articulate the “mutuality” of conducting participant observation and interviewing as key qualitative techniques often interwoven in the field. My research methods reflect this mutuality. I relied upon 1) semi-structured interviews with business owners and community informants and 2) participant observation at community events for entrepreneurs.

Prior to data collection, I solicited advice from local experts on how to connect with Latina business owners. Fortunately, I gained the support of the Women’s Business Center of North Carolina (WBC-NC) and established a research partnership with them. Their mission is to promote economic self-sufficiency for women of North Carolina through entrepreneurship and to increase the number and success rate of women-owned businesses (Women’s Business Center of North Carolina 2011). The WBC-NC provides: business counseling, educational events, networking opportunities, conferences, lists of bidding opportunities, and many other resources.

The WBC-NC generously granted me permission to attend their events for minority women business owners. They subsidized my expenses to attend a statewide business networking conference and provided me with informative literature on women’s entrepreneurship. The WBC-NC also assisted me in gaining important contacts in the field at many statewide business development organizations. I used these contacts to network and gain referrals to business owners and other community informants.
In this chapter, I begin by describing the geographic site of this research. Next, I summarize all of the data sources used to inform this research. Finally, I review the methodological limitations of this research.

*Study site.* North Carolina was selected as the geographic site of this research for convenience and because it is a compelling site to study Hispanic women’s entrepreneurship. Many previous studies of ethnic entrepreneurship focus primarily upon deeply rooted Hispanic communities in places such as Miami and San Diego. North Carolina offers a rare opportunity to observe young Hispanic communities that are diversifying this southern state.

From 2000-2007, the Hispanic population in North Carolina increased by about 69 percent (Pew Hispanic Center 2007). In 2008, Georgia and North Carolina each contained 51 of the fastest growing Hispanic counties in the South (Pew Hispanic Trusts 2008). In many North Carolina counties, growth in the Hispanic population exceeded 100 percent between 2000 and 2007 (Pew Hispanic 2009). Kasarda and Johnson, Jr. (2006) observe that the largest growth in the Hispanic population has occurred in metropolitan areas along the I-40/I-85 corridor. This interstate route connects Wake County to Mecklenberg County, home of Charlotte, North Carolina’s financial capital. Kasarda and Johnson, Jr. refer to this corridor as, the “NC urban crescent” (2006:5). See Figure 1.
*County-level Map from N.C. Rural Economic Development Center, Inc. modified in red to illustrate urban crescent. Map and other publicly-available data are available at: [http://www.ncruralcenter.org/rural-county-ma.html](http://www.ncruralcenter.org/rural-county-ma.html)

Figure 1. The North Carolina Urban Crescent
Rapid growth in the Hispanic population in the rural south at the beginning of the twenty-first century was the direct result of an economic boom in food processing plants and agroindustries (Marrow 2011; Zarrugh 2007). During the 1990s, economic ties with growing food-processing sectors in México encouraged strong channels of Mexican migration to new (often non-metropolitan) destinations in the United States (Sanderson and Painter II 2011). In North Carolina, Hispanic newcomers took advantage of low-wage employment opportunities in food processing while an economic “bust” in manufacturing and textile sectors resulted in mass lay-offs of native workers (Marrow 2011). In the last two decades, economic restructuring in North Carolina has led to the corporate buyout of farms and other family-owned firms (Schulman and Anderson 1999). New industries such as: information technology, pharmaceuticals, agribusiness (particularly hog and poultry processing), and the defense industry (around Fort Bragg and other bases) have replaced traditional and locally manufactured products such as tobacco (North Carolina Department of Commerce 2009).

These economic transitions changed the social landscape of North Carolina (Hossfeld, Legerton, and Keuster 2004). While food processing remains a profitable industry, the current economic downturn adversely affected other industries resulting in corporate downsizing, the closing of small businesses, and an increase in statewide unemployment. Many workers find themselves unemployable and/or competing for unskilled jobs with immigrant workers employed in low-wage (and often perilous) working conditions in food processing factories (e.g. slaughterhouses).28 Within this context, entrepreneurship is often

28The exact effect of the current economic recession in North Carolina on Hispanic immigration patterns and job loss among Latinos is not currently known. On a national level, a recent report from the Pew Hispanic
considered to be an appealing alternative to declining jobs, discrimination, and limited mobility (Zarrugh 2007).

Fortunately, rapid growth in the Hispanic population has created increased demand for cultural food items and products as well as social services, including education, healthcare, and churches for members of Hispanic communities (Griffith, Contreras, and Kissam 2009). This demand has created new markets for Hispanic business and consumerism. Yet, several well-known constraints continue to thwart would-be Hispanic entrepreneurs such as a lack of credit and financing, language barriers, and insufficient legal documentation. Similarly, the current economic recession and Immigration and Customs Enforcement surveillance and raids have further hindered Hispanic small business start-ups (Griffith, Contreras, and Kissam 2009). Nativist animosity toward undocumented Latino workers recently contributed to passage of a statewide bill requiring mandatory employment screenings for undocumented workers using the E-verify system (Norton 2011).

Another barrier within the business environment includes the lack of retail and service facilities that meet Hispanic consumer needs. This void creates geographic constraints on the overall buying power of this population (Kasarda and Johnson, Jr. 2006). Additionally, and perhaps most importantly, the lack of appropriate data about Hispanic entrepreneurship, especially women entrepreneurs, hinders extension organizations from offering effective business solutions and technical assistance. For these reasons, North Carolina is an appropriate and interesting site for this research on Latina entrepreneurs.

Center (2011) suggests that the current unemployment rate for native-born, Hispanic workers was 9.0 percent and about 10 percent for immigrants in March 2011.
Qualitative Data Sources

Interviews with business owners. From May 2010 to February 2011, I conducted interviews with 21 Hispanic women who owned a registered, for-profit enterprise in the state of North Carolina, regardless of ownership type (e.g., sole proprietorship, partnership, corporation, etc.). A dissertation completion grant from the Rural Sociological Society was critical to my data collection efforts and financed my transportation expenses. Interviews occurred across seven North Carolina counties. Most of these counties are metropolitan and located along the NC urban crescent.

Recruitment was not limited to these geographic areas. I recruited as many business owners throughout the state of North Carolina as possible until a data saturation point was reached. It is possible that my sample reflects the geographic concentration of commerce and industry saturated along the I-40/I-85 corridor observed by Kasarda and Johnson, Jr. (2006). Due to the reduced number of Hispanic women owners in North Carolina, county-level data on the geographic distribution of these owners is unavailable due confidentiality concerns (see Appendix A). Therefore, it is difficult to determine whether my sample of participants matches real geographic distributions of Hispanic women owners throughout North Carolina.

My preliminary interactions with business owners and conversations with WBC-NC staff suggested that most Latina business owners operating in the formal economy have considerable education and English fluency or proficiency. As a courtesy, I offered to

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29I also interviewed one woman striving to transfer her informal business to the formal sector. For this reason, I do not include her in my summaries of registered business owners. I include her in the category of “community informants.” Given time and resource constraints, I decided to conclude formal interviews with business owners after conducting my 21st interview in the field.
conduc t interviews in English or Spanish. I also offered informed consent documents in both languages. The majority of owners spoke English fluently and chose to conduct interviews in English. Language barriers did not prove a significant obstacle to participant recruitment or completion of interviews. A far greater barrier to recruitment and interview completion was the hectic schedule of most business owners, which may account for the reduced number of interview-based studies of entrepreneurs in sociological literature.

Recruitment of business owners began with an initial mailing of about 50 hard-copy invitations to participate in a face-to-face interview lasting about one hour. Criteria to participate was limited to self-identification as, “Hispanic or Latina” and ownership of a registered business in the state of North Carolina. A $20.00 gift card to either Walmart or Target stores was offered as an honorarium for participation. Owners could also choose to donate their honorarium to a church, school, or charity of their choice. I mailed invitations to participate via postal mail to registered business addresses and via e-mail to advertised business e-mail addresses. This initial mailing was based upon a list of owners that I compiled using various sources including referrals from the WBC-NC, personal contacts, internet searches for registered businesses and owners in North Carolina (using the Department of Commerce Website), and publicly-available lists provided by the Office for Historically Underutilized Businesses (HUB). Lists provided by the HUB office listed businesses certified as both “women-owned” and “Hispanic-owned” along with the name of the business and the owner. After this initial mailing went out, about one third of letters and

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30 All business owners were fluent in English or maintained a high degree of English proficiency. Most interviews were conducted entirely in English with occasional Spanish. I maintain a high command of Spanish proficiency from formal study of Spanish and personal connections.
e-mails were returned to me as a result of outdated information and/or the permanent closing of businesses.\footnote{I could not locate a complete list of registered, women-owned businesses in North Carolina by race and/or ethnicity. Many local organizations for entrepreneurs declined to share their membership lists with me due to privacy policies/concerns and the high number of similar requests made from marketing research groups (and others) seeking direct access to business owners.}

After this mailing, I conducted follow-up phone calls with owners on my list. After speaking with several owners and/or their assistants over the phone, I began to realize serious recruitment challenges. First, many business owners are well-insulated from public requests by administrative staff or others. This is for good reason. Business owners are regularly inundated by requests to participate in marketing events and research. Nevertheless, I found that if was able to get the owner on the phone, the likelihood of scheduling an interview was higher than if I left a voicemail message or spoke with another staff member. Many Latina owners often expressed delighted surprise that someone was interested in hearing about their perspectives as business owners.

Interview scheduling was also a serious recruitment challenge. Time is a precious commodity to most business owners. They have no sick leave, no paid vacation, and their average workday often exceeds 8 hours. Even when business owners have free time, they must be available to respond to intermittent crises. I received numerous outright rejections over the phone (probably 10 – 20) to participate in interviews and more commonly, no response from owners whom I had left phone messages for. Another common scenario was that an interested owner would schedule an interview, reschedule an interview, and eventually cancel due to time constraints, scheduling conflicts, or sudden dilemmas. On two
occasions, participants did not show up for scheduled interviews and did not respond to my attempts to reschedule with them.

Interestingly, two women on my recruitment list who were owners of businesses certified as both “Hispanic” and “women-owned” - responded that they only identified as Hispanic or Latina for business purposes. I found this to be an intriguing statement (especially given the resources needed to certify a minority and/or women-owned business) and invited them to participate. Unfortunately, both participants declined to be interviewed.

Over the course of this project, I discovered additional venues for participant recruitment including numerous online networking sites for entrepreneurs and e-mail list-servs used by business owners. After my initial mailing and follow-up phone calls, I supplemented recruitment efforts by using online resources and an e-mail list-serv for Hispanic professionals in North Carolina, which proved greatly effective. My fieldwork and networking at community events for entrepreneurs also facilitated recruitment efforts.

Business owners supplied me with referrals to other business owners. More often, business owners reported that they did not know of any other Latina-owned businesses formally operating in their community. This is an important finding elaborated upon in subsequent chapters. Curiously, several business owners also cautioned me to avoid contacting particular Latina-owned businesses in their community. The implication was that these businesses conducted illegal activities or were otherwise unsafe for me to visit. I made note of these establishments and avoided them.

Interviews with women owners were semi-structured in order to 1) ask directive questions pertaining to entry into business ownership, and 2) to allow for conversational
flexibility enabling the participant to introduce topics they felt were relevant to their experience (see Appendix B for the interview guide for business owners). For instance, open-ended questions such as, “What do you enjoy most about running your business?” sometimes invited lengthy discussions about the participants’ personal motivations and entrepreneurial ambitions. In fact, interviews rarely lasted under one hour and the longest interview was about 3.5 hours. The average interview length lasted one to two hours.

In general, business owners were pleased to share their entrepreneurial experiences with me. Interviews were conducted at a convenient location for the participant. In one case, a respondent prepared a full lunch for me at her home. Other interview locations included: coffee shops, community business centers, the owner’s place of employment (not necessarily their business), and most frequently, the site of the business owned by the participant. I found that interviewing business owners at their business site was insightful but fraught with distractions for the participant.

All interviews were audio-taped with the signed consent of the participant. Interviews were transcribed by me and by professional transcription companies who signed confidentiality agreements prior to service. Participant-identifiable information was deleted from transcribed interview data and pseudonyms were assigned to participants and their businesses for confidentiality purposes. Since there are very few Hispanic women-owned businesses in North Carolina, confidentiality was a major concern. As a result, I describe individual owners and their businesses as broadly as possible to avoid disclosure.

After interview data were stripped of participant-identifiable, it was imported into ATLAS.ti, a qualitative data analysis software program. Data were coded using the processes
of initial (or open) coding to identify the themes in my research questions such as: entry into business ownership, access to financial capital, and the role of business networks and community contacts/resources in entrepreneurial success. Related themes which emerged during interviews such as the importance of business mentorship were added to my coding scheme.

Next, focused coding was used to specify themes within these initial codes. For instance, I created a code called, “spousal capital” to categorize the ways that business owners relied upon their husbands (i.e., family networks) as important sources of financial support, labor, or other resources. The code for “spousal capital” was subsumed under the more general code for, “use of family networks.”

Data were analyzed while reflecting upon codes and while simultaneously engaging in the process of creating conceptual outlines and memos cataloging my own reflections upon the data. The opportunity to present preliminary findings at the 74th Annual Meeting of the Rural Sociological Society greatly motivated me to synthesize my reflections and analytical codes into distinct conceptual categories including capital and networking. These categories organize my findings in later chapters.

*Interviews with community informants.* From May 2010 to February 2011, I conducted seven face-to-face interviews with key members of the community whose perspectives offered unique insights into Latina entrepreneurship in North Carolina (see Table Three).\(^{32}\) Since the major subject of this research was business owners, I did not seek

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\(^{32}\)Community informants were primarily selected upon referral for their unique insights pertaining to their professional role(s) in facilitating Latina entrepreneurship. These informants include persons of Hispanic and non-Hispanic descent. Hispanic ethnicity was not required for selection for community informant interviews.
to attain a specific number of interviews with community informants. During the course of this study, if someone suggested that it would be beneficial for me to speak with someone specific from the community I recorded the name of the person for future reference. As a result, I relied exclusively upon referrals to connect with community informants and I welcomed diverse recommendations from the WBC-NC, business owners, and other contacts that I made in the field. By using referrals, I could delegate more time to recruiting owners. Referrals also ensured that my time would be spent with someone whose contributions would be relevant to this research.

Interviews with community informants were arranged by phone and/or e-mail. It was easier to arrange these interviews than interviews with business owners because most community informants already performed outreach or assistance-based services with the community. They are accustomed to helping people and had time to do so. While these interviews were conducted formally, I also conducted informal interviews with community members in the course of my fieldwork, which I discuss in detail in the following section entitled “participant observation.”

There was only one community referral who did not respond to my requests for an interview. This referral was to a loosely-organized Hispanic business organization. The phone service for this organization and their website were both intermittently out-of-service during the course of this study. The physical location of the organization also relocated to a private residence at one point. The capacity of this organization and its role in serving the Hispanic business community was frequently mentioned by business owners (during
interviews) as a source of contention within the Hispanic business community. I will elaborate more upon this finding in Chapter Eight, “Community and Networking.”

As with business owners, the $20 honorarium was offered to community informants. Interviews were conducted at a location convenient for the participant including their home or place of business. Interviews with community informants generally lasted an hour and were conducted in English. The only exception was my interview with Melita Sánchez, which lasted over two hours and was conducted in both English and Spanish. Despite being in the United States for only three years, Melita had an impressive command of the English language and seemed proud of her proficiency. We resorted to Spanish when she could not express herself in English.

All interviews were audio-taped with the signed consent of the participant. Interviews were transcribed by me and several professional transcription companies who signed confidentiality agreements prior to service. Participant-identifiable information was deleted from transcribed interview data and pseudonyms were assigned to community members for confidentiality purposes. See Table 3 for a summary and description of community informants and their geographic location. Please note that these descriptions are purposefully broad in order to protect participant identity.

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33 As with business owners, language barriers were not an obstacle to recruitment. With the exception of Melita Sánchez, community informants were fluent in English and accustomed to using English on a daily basis in professional capacities.

34 All names of individuals reported in this research are fictitious code names.
Table 3. Summary of Seven Community Informants

<table>
<thead>
<tr>
<th>Participant Name*</th>
<th>Community Role</th>
<th>Brief Community Description**</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Jennifer Cole</td>
<td>Microenterprise loan manager for a community business development center</td>
<td>This center is located in an urban county but serves rural populations statewide.</td>
</tr>
<tr>
<td>2. Miguel Pérez</td>
<td>Loan manager at one branch of a Latino credit union</td>
<td>This branch was located in an urban county but other branches extend service throughout urban and rural counties statewide.</td>
</tr>
<tr>
<td>3. Monisha Desai</td>
<td>Women’s business director at an economic empowerment center</td>
<td>This center is located near an army base in an urban county defined by transitional populations and significant poverty.</td>
</tr>
<tr>
<td>4. Silvia Anderson</td>
<td>Business consultant for Latino/a clients at an economic empowerment center</td>
<td></td>
</tr>
<tr>
<td>5. Estela Meyer</td>
<td>Small business center director at a community college</td>
<td>This community college is located in a transitional rural county, which borders a fast-growing urban county.</td>
</tr>
<tr>
<td>6. Melita Sánchez</td>
<td>Employed full-time at a shipping company and operates an informal jewelry business from home – seeks to transition business into a full-time venture</td>
<td>Melita lives and works in a rural county. She moved there from Honduras three years ago to be near family and send her young son to a good school.</td>
</tr>
<tr>
<td>7. Joe Andrews</td>
<td>Small business center director at a community college</td>
<td>This community college is located in another transitional rural county, which borders several fast-growing urban counties.</td>
</tr>
</tbody>
</table>

*All names reported in this table are fictitious code names assigned to protect participant identities. **Urban and rural designations are based upon the N.C. Rural Economic Development Center, Inc.’s definition of “rural.” Rural counties had no more than 250 people per square mile at the time of the 2000 U.S. Census (North Carolina Rural Economic Development Center, Inc. 2000-2011).

Since community informants were diverse, interview questions were designed to cover the basic topic of how the participant was involved in the Hispanic business community (see Appendix C for the interview guide for community informants). As I inquired about the specific role of the participant in the business community, interviews gradually flowed into personal conversations, For instance, my interview with Miguel Pérez began by discussing his employment as a loan manager at one branch of a Latino Credit
Union in North Carolina. From there, other topics emerged such as the common problems of lending within the Latino business community and Miguel’s ongoing struggle to educate immigrant Latinos about formal banking practices. By contrast, my interview with Estela began with a discussion of her role as a small business center director at a rural community college. Topics that emerged from our conversation concerned the challenges of providing business counseling to community members with little education and reduced resources, including limited internet accessibility. In general, community informants expressed little difficulty in speaking about their daily lives and I did not have to provide much direction during interviews for eliciting information about their involvement in the Latino business community.

After interview data was transcribed and stripped of participant-identifiable information, it was imported into ATLAS.ti, a qualitative data analysis software program. Since interviews with community informants varied by the informant’s specific role in the Latino business community, open coding was used to identify general themes relevant to how the informant was related to the Latino business community. For example, one code was “service provider.” This code was used to identify the services that an informant, such as Estela, provided to the community. Focused codes were later generated to organize comments about the Hispanic business community or the informant’s experience within this community. For instance, “distrust” was a code used to organize comments about the perceived distrust of banks by some Latinos.

Data were analyzed using coding while simultaneously engaging in the process of creating conceptual outlines and memos cataloging my own reflections upon the data.
Informant interviews provided another layer of complexity when compared to the interview data from business owners. For instance, service providers see an excess of available resources to support business owners. By contrast, business owners often comment upon the lack of support resources and criticize the ability of service groups to assist them. These important findings speak to the value of triangulation or incorporating diverse perspectives.

*Participant observation.* Semi-structured interviews occurred simultaneously with fieldwork involving participant observation at events related to the experience of Latina entrepreneurs. I was unable to locate events specifically created for Latina entrepreneurs. More commonly, events were tailored to minority entrepreneurs (men and women) or more generally, women entrepreneurs. From January 2010 to February 2011, I attended several formal and informal events in North Carolina pertaining to women’s and/or minority women’s entrepreneurship. Informal events represent meetings or invitations to visit relevant places of interest (facilitated by myself) such as the North Carolina Rural Economic Development Center or various branches of the Latino Community Credit Union (LCCU). Formal events represent advertised events open to the general public. These events represent valuable learning and networking opportunities for members of the business community and can be broadly categorized into three groups: educational events, professional conferences, and networking opportunities (see Table 4).
Table 4. Participant Observation - Events Attended, 2010-2011

<table>
<thead>
<tr>
<th>Types of Events*</th>
<th>Sponsored By</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational Events</td>
<td>North Carolina Institute for Minority Economic Development (NCIMED) and the Women’s Business Center of North Carolina (WBC-NC)</td>
<td>Taking the Plunge: What to Ask Yourself Before you Do “What Every Entrepreneur Should Consider” Presentation by Sarah Levitt</td>
</tr>
<tr>
<td></td>
<td>WBC-NC, Greater Raleigh Chamber of Commerce, Small Business Association (SBA), National Association of Women Business Owners (NAWBO), and others</td>
<td>The Woman-Led Economy Presentation by Margot Dorfman</td>
</tr>
<tr>
<td></td>
<td>Meredith College School of Business</td>
<td>Top Ten Characteristics of Successful Women in Business Presentation by Dr. Sharon G. Hadary</td>
</tr>
<tr>
<td></td>
<td>NC Department of Commerce</td>
<td>Presentations by an International Delegation of Women Leaders and Business Owners</td>
</tr>
<tr>
<td>Conference Events</td>
<td>NCIMED</td>
<td>Executive Networking Conference (ENC)</td>
</tr>
<tr>
<td></td>
<td>Fusión Multicultural Marketing</td>
<td>Hispanic Marketing Advantage Conference (HMAC)</td>
</tr>
<tr>
<td></td>
<td>WBC-NC and SBA</td>
<td>Diversity Women’s Business Conference</td>
</tr>
<tr>
<td>Networking Events</td>
<td>NAWBO and WBC-NC</td>
<td>MEGA Networking Business Social</td>
</tr>
</tbody>
</table>

*Events reported in this table, reflect my attendance at formal events advertised and open to the general public. I informally visited other organizations in North Carolina such as small business centers at community colleges. These meetings are reported in fieldnotes.

Educational events primarily included informative talks sponsored by the WBC-NC and other events such as lectures by recognizable speakers on women’s entrepreneurship. For instance, I heard Dr. Sharon G. Hadary speak on the topic of the, “Top Ten Characteristics of
Successful Women in Business.” Dr. Hadary is the founder of the Center for Women’s Business Research in McLean, Virginia (Hadary 2011).

Professional conferences consisted of large meetings for entrepreneurs hosted at hotels or conference centers in North Carolina. For instance, in March 2010 I attended the Executive Networking Conference (ENC) at Pinehurst Country Club. This conference was sponsored by the North Carolina Institute for Minority Economic Development (NCIMED). Conference events included lectures on timely business events such as business failure amidst the current economic recession. I did not attend nationwide conferences for entrepreneurs.

Networking opportunities consisted of social events sponsored by an organization or social group to facilitate interaction among business owners. The advent of social networking has allowed entrepreneurs to communicate through various sites such as Facebook and Meetup.com. Both formal and informal business networking activities are available in any city at almost any hour of the day. There are also opportunities for virtual networking online through chat groups. I found formal networking events to be more productive and reliable than informal networking events created by local individuals (rather than organizations). At the time of this study, the National Association of Women Business Owners (NAWBO) had two chapters in North Carolina. These chapters offered many networking opportunities, sometimes in conjunction with other groups such as the WBC-NC. Formal networking events provided an excellent forum for interacting with women business owners – even though, Hispanic women were underrepresented at these events.
During formal events, I took notes discretely and unobtrusively by hand. I later used these notes to compose more descriptive fieldnotes at home on my computer. These fieldnotes were uploaded into ATLAS.ti. Open coding was used to identify important themes relating to Latina entrepreneurship and/or the Latino business community in North Carolina. For instance, one code organized fieldwork data pertaining to the “struggles” of Latino business owners. From immigration tensions to the affordability of U.S. health care, the Latino business community faces many challenges as its members compete with the mainstream business community. Detailed coding highlighted my own observations during events such as the lack of visibility of Hispanic women speakers at professional conferences and the gendered, classed, and racialized dimensions of events created solely for women business owners. The combination of my interview and fieldwork data is supplemented by the addition of quantitative sources.

Quantitative Data Sources

While existing data on Hispanic women entrepreneurs is limited, descriptive data on women-owned firms and women business owners are currently available from the 2007 Survey of Business Owners (SBO).\(^{35}\) This survey is conducted by the United States Bureau of the Census every five years and provides, “…the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status” (U.S. Bureau of the Census 2010a). SBO 2007 participants are randomly selected on a national basis and include

\(^{35}\)See Appendix A for a chart of existing data sources with variables of interest and data limitations.
all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of $1,000 or more (U.S. Bureau of the Census 2010a). Useful variables available for the geography of North Carolina include: number of Hispanic or Latina, female-owned firms, number of employees, annual payroll, and kind of business (sector). These data are used throughout this paper for referential purposes in order to describe business ownership trends among Hispanic women in North Carolina at the state level only. Due to confidentiality concerns, these data are unavailable at the county level.

**Methodological Limitations**

The research presented in this dissertation represents an exploratory effort to investigate an understudied population of women entrepreneurs. I constructed a qualitative research design with the goal of understanding the experiences of a select group of entrepreneurs operating in North Carolina. There was no comprehensive list of Hispanic, women-owned businesses registered in the state of North Carolina. Therefore, my selection of informants is purposive and could not be randomly generated.

While my selection of informants has many advantages, including a culturally-diverse group of Latina entrepreneurs, it also has several weaknesses. First, it primarily showcases the experiences of small business owners (see Table 5). Nearly 71 percent (17 businesses) of business in this study did not employ any full-time permanent staff and nearly 50 percent (11 businesses) of businesses grossed less than $20,000 in annual receipts (see Table 5). While this selection is generally representative of the kind of businesses owned by Hispanic women
in North Carolina, research should not exclude the unique perspectives of Latina owners of large, high-profit firms. These owners represent a small number of successful Hispanic women operating firms in the formal market of North Carolina.\textsuperscript{36} Future research should incorporate their experiences.

\textsuperscript{36}According to the 2007 SBO, only about eight percent of all Hispanic, women-owned firms in North Carolina were firms with paid employees (U.S. Bureau of the Census 2011c). Ninety-two percent of all Hispanic, women-owned firms in North Carolina did not have paid employees (U.S. Bureau of the Census 2011c). Therefore, most Hispanic, women-owned firms in North Carolina are small businesses or microenterprises.
Table 5. Business Characteristics of Hispanic Women-Owned Businesses in this Study

<table>
<thead>
<tr>
<th>Business Characteristic</th>
<th>Businesses Owned (N=24)*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry Concentration</strong></td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td>1 (4.2%)</td>
</tr>
<tr>
<td>Food Services</td>
<td>4 (16.7%)</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>2 (8.3%)</td>
</tr>
<tr>
<td>Professional and Technical Services</td>
<td>10 (41.7%)</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>2 (8.3%)</td>
</tr>
<tr>
<td>Other Services</td>
<td>5 (20.8%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24 (100.0%)</td>
</tr>
<tr>
<td><strong>Age of Business</strong></td>
<td></td>
</tr>
<tr>
<td>Less than Five Years</td>
<td>10 (41.6%)</td>
</tr>
<tr>
<td>Five to Ten Years</td>
<td>7 (29.2%)</td>
</tr>
<tr>
<td>More than Ten Years</td>
<td>7 (29.2%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24 (100.0%)</td>
</tr>
<tr>
<td><strong>Number of Full-Time Employees</strong></td>
<td></td>
</tr>
<tr>
<td>Zero</td>
<td>17 (70.8%)</td>
</tr>
<tr>
<td>One to Ten Employees</td>
<td>7 (29.2%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24 (100.0%)</td>
</tr>
<tr>
<td><strong>Annual Gross Receipts or Sales</strong></td>
<td></td>
</tr>
<tr>
<td>$20,000 or less</td>
<td>11 (47.8%)</td>
</tr>
<tr>
<td>$20,001 to $40,000</td>
<td>3 (13.0%)</td>
</tr>
<tr>
<td>$40,001 to $60,000</td>
<td>3 (13.0%)</td>
</tr>
<tr>
<td>$80,001 - $100,000</td>
<td>1 (4.4%)</td>
</tr>
<tr>
<td>$100,001 - $125,000</td>
<td>2 (8.7%)</td>
</tr>
<tr>
<td>$200,001 - $300,000</td>
<td>1 (4.4%)</td>
</tr>
<tr>
<td>$300,000 and over</td>
<td>2 (8.7%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>23*** (100.0%)</td>
</tr>
</tbody>
</table>

* Three participants from the total study of Hispanic women business owners (N=21) owned more than one registered business.
**Number of full-time employees does not include labor of owner or co-owner(s).
***One participant did not report her gross receipts or sales during interview.
A second weakness of my study is that urban business owners are overrepresented. While previous research confirms that Hispanic communities and businesses are concentrated in urban counties of North Carolina, many Latinos operate registered businesses in rural communities. My efforts to identify Latina owners from rural areas were largely unsuccessful due to limited time and resources required for establishing trust in less populated counties. Many rural businesses cater to their local community and/or do not advertise widely. It is unusual for an outsider to approach local businesses making inquiries about the owner and its operations, especially during a time of ethnic tension toward undocumented Latinos. I also did not receive any referrals for rural Latina-owned businesses.

Initially, I sought registered business listings through rural Chambers of Commerce. Many listings were incomplete, outdated, and overall, unhelpful for locating Hispanic, women-owned businesses. In the course of interviewing community informants, I also learned that many rural areas of North Carolina still lack high-speed internet access. Many rural businesses operate through other venues, including word-of-mouth marketing, participation in community events, and advertising in local papers. Rural business owners were also underrepresented at statewide conferences and events for entrepreneurs.

Establishing long-term relationships with rural Latino business leaders and securing their support and endorsement would greatly improve the likelihood of identifying and recruiting Latina-owners. Future research should integrate a rural perspective on Latina entrepreneurship through a comparative case-study approach between urban and rural businesses. This will require building relationships of trust with Latino/a members of rural business communities and spending significant time in rural communities.
Finally, one general methodological limitation of this research is that data were collected over the course of one year during a historically dismal economic moment in North Carolina history. A longitudinal study of Latina entrepreneurs may provide deeper insight into their mobilization efforts during times of economic crisis and their true potential for success during times of prosperity. Increased participant observation at Latina-owned businesses may also provide useful information concerning the day-to-day survival strategies of owners.

Chapter Conclusion

Despite these methodological limitations, this research offers a thoughtful portrait of Latina entrepreneurs and a revealing investigation of the intersection of social forces on their entrepreneurial pathways and the forms of capital that are critical to success. To my knowledge, there is no other sociological study that exclusively documents the experiences of Latina business owners operating in the formal economy. By establishing baseline information on this population and constructing exploratory profiles, I lay the foundation for future comparative research on Latinas operating in other states. Unlike California, Texas, and Florida – North Carolina offers a unique glimpse at a nascent Latino community where Hispanic women are becoming part of an increasing number of minority women business owners. As Latino communities grow nationwide, it is important to document the inclusion of Hispanic women entrepreneurs in the formal economy and the unique challenges they face.
In the following chapter, I introduce and describe the business owners who participated in this study and their businesses. In Chapter Five, I situate business owners into a common typology used in Hispanic marketing literature to refer to different segments of the Hispanic business market: the isolated, the acculturated, and the assimilated (Aronja et al. 1998; Chiqui 2005). This typology is used throughout the remaining chapters of this dissertation to refer to business owners.

37 In business marketing literature, these terms are used to describe the Hispanic population by level of acculturation and language use. This population is also described as the “Hispanic dominant” sector, the “Intercultural” sector, and the “Assimilated” (Cartagena 2005).
CHAPTER FOUR: 
LATINAS DOING BUSINESS

Profiles of Owners

The 21 Hispanic women owners who participated in this research represent a small but growing segment of entrepreneurs operating in the formal economy of North Carolina. According to results from the 2007 SBO, Hispanic women represented about 3 percent of all registered female-owned firms in North Carolina (U.S. Bureau of the Census 2011c). This number suggests a one percent increase in the number of Latina-owned firms since the SBO was conducted in 2002 (U.S. Bureau of the Census 2002). Given their small numbers, it is important to understand the unique characteristics of the owners in this study.

Table 6 compares the ethnic background and immigrant status of informants. Given the well-documented immigration of Latinos to North Carolina, I was still surprised that over 50 percent of participants (52.4 percent, N = 11 participants) were foreign-born, first-generation women owners. The rest of the study was evenly divided between second-generation women owners (23.8 percent, N = 5 participants) and non-immigrant women owners (23.8 percent, N = 5 participants).

Informants were not interviewed about citizenship because I did not want them to feel threatened and citizenship status is not a primary focus of this research. Legal citizenship does not preclude someone from legally owning a business in North Carolina. Aspiring entrepreneurs are only required to have a federal tax identification number and a registered assumed (or fictitious) name for their business. Undocumented owners may face other barriers as a result of their illegal status. For instance, proof of legal citizenship is required to
obtain a driver’s license in North Carolina. In this dissertation, I do not comment on participant’s perceived status or any citizenship information voluntary shared by informants during interviews.

Table 6 illustrates the cultural heterogeneity found in this group of business owners. The family heritage and/or country of origin for participants varied across nine different countries with a majority of respondents (23.8 percent, N= 5 participants) from México. According to the Pew Hispanic Center, persons of Mexican origin compromised the majority (63 percent) of the Hispanic population in North Carolina in 2009 (Pew Hispanic Center 2009). Therefore, informants in this study are more culturally-diverse than the general Hispanic population typically found throughout the state.
Table 6. Ethnic Characteristics of Hispanic Women Owners in this Study

<table>
<thead>
<tr>
<th>Ethnic Characteristic</th>
<th>Hispanic Women Owners (N=21)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Immigrant-Status</strong></td>
<td></td>
</tr>
<tr>
<td>First- Generation</td>
<td>11 (52.4%)</td>
</tr>
<tr>
<td>Second-Generation</td>
<td>5 (23.8%)</td>
</tr>
<tr>
<td>Native-Born</td>
<td>5 (23.8%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>21 (100%)</td>
</tr>
<tr>
<td><strong>Birthplace and/or Family Heritage</strong></td>
<td></td>
</tr>
<tr>
<td>México</td>
<td>5 (23.8%)</td>
</tr>
<tr>
<td>Colombia</td>
<td>4 (19.0%)</td>
</tr>
<tr>
<td>Unknown</td>
<td>3* (14.3%)</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>El Salvador</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Honduras</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Peru</td>
<td>2 (9.5%)</td>
</tr>
<tr>
<td>Panamá</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Uruguay</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Venezuela</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>21 (100.2%)</td>
</tr>
</tbody>
</table>

*Three respondents did not identify a specific country of origin or heritage.
Table 7 summaries the sociodemographic characteristics of the Hispanic women owners in this study. With respect to age, most informants were in their late thirty to mid-forties. Nine women (42.8 percent) were between the ages of 35 and 44 years of age. Five women (23.8 percent) were between the ages of 25 and 34 years of age. Four women (19 percent) were between the ages of 45 and 54. One participant (4.8 percent) was between the ages of 44 and 64. Only one informant (4.8 percent) was over the age of 65. One informant (4.8 percent) declined to report her age.

With respect to marriage and family, the majority of women owners were married with one or more children. Fourteen informants (66.6 percent) were married. Fifteen informants (71.4 percent) had one or more children.

The educational attainment of businesses owners was higher than the general population of Hispanic women in North Carolina. Informants were asked to describe their highest level of education earned to-date. One woman (4.8 percent) held a high school diploma or general education equivalent earned in the United States. Two women (9.5 percent) held a skilled trade or associate’s degree earned in the United States. One woman (4.8 percent) had some college education in the United States, with no degree earned. Two women (9.5 percent) had some college experience outside of the United States, with no degree earned.

38 In comparison to 2010 data reported by the American Community Survey (ACS) for Hispanic/Latina women twenty-five years or older in North Carolina, business owners in this research are more highly educated than the general population. According to ACS, about 26% of Latinas held less than a high school education, about 22% held a high school diploma, 10% of Latinas held a bachelor’s degree, and about 4% held a graduate degree (U.S. Bureau of the Census 2010d). Countries where degrees were conferred are not reported by ACS.
Seven women or about one third of informants (33.3 percent) held a bachelor’s degree earned in the United States. Three women (14.3 percent) earned their bachelor’s degree outside of the United States. Over 20 percent of owners held a graduate degree with four women (19 percent) having earned a graduate degree in the United States and one informant (4.8 percent) having earned her degree outside of the United States.
Table 7. Sociodemographic Characteristics of Hispanic Women Owners in this Study

<table>
<thead>
<tr>
<th>Sociodemographic Variable</th>
<th>Hispanic Women Owners (N=21)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td></td>
</tr>
<tr>
<td>25-34</td>
<td>5 (23.8%)</td>
</tr>
<tr>
<td>35-44</td>
<td>9 (42.8%)</td>
</tr>
<tr>
<td>45-54</td>
<td>4 (19.0%)</td>
</tr>
<tr>
<td>55-64</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>65 and over</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Age Declined to Report</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21 (100.0%)</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
</tr>
<tr>
<td>Never Married</td>
<td>3 (14.3%)</td>
</tr>
<tr>
<td>Engaged to be Married</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Married</td>
<td>14 (66.6%)</td>
</tr>
<tr>
<td>Divorced</td>
<td>3 (14.3%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21 (100.0%)</td>
</tr>
<tr>
<td><strong>Children</strong></td>
<td></td>
</tr>
<tr>
<td>None</td>
<td>6 (28.6%)</td>
</tr>
<tr>
<td>One or More Children</td>
<td>15 (71.4%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21 (100.0%)</td>
</tr>
<tr>
<td><strong>Highest Level of Education</strong></td>
<td></td>
</tr>
<tr>
<td>High School Diploma/GED – U.S.</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Skilled Trade/Associate’s Degree – U.S.</td>
<td>2 (9.5%)</td>
</tr>
<tr>
<td>Some College – U.S.</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>Some College – Outside U.S.</td>
<td>2 (9.5%)</td>
</tr>
<tr>
<td>Bachelor’s Degree - U.S.</td>
<td>7 (33.3%)</td>
</tr>
<tr>
<td>Bachelor’s Degree – Outside U.S.</td>
<td>3 (14.3%)</td>
</tr>
<tr>
<td>Graduate Degree – U.S.</td>
<td>4 (19.0%)</td>
</tr>
<tr>
<td>Graduate Degree – Outside U.S.</td>
<td>1 (4.8%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>21 (100.0%)</td>
</tr>
</tbody>
</table>
Profiles of Businesses

Businesses vary dramatically by size, industry, and ownership type (e.g., sole proprietorship, partnership, corporation, etc.). In this section, I describe the businesses owned by informants in this study. Please note that three informants owned more than one registered business. Therefore, the total number of businesses is 24, even though 21 business owners participated in this research (see Table 8).

As summarized in Table 8, most businesses in this study were majority-owned by informants (i.e., 51 or more percent owned). Fifteen businesses (62.5 percent) were owned 100 percent by informants. Two businesses (8.3 percent) were majority-owned (51 percent or more) by informants. Seven businesses (29.2 percent) were jointly-owned by informants and additional partners - with the informant owning 50 percent or less of the business.

Businesses that were not owned 100 percent as a sole proprietorship represented owner “partnerships.” I asked informants to describe who they shared ownership with. Four businesses (19 percent) were owned by the informant and a spouse. Three businesses (14.3 percent) were owned by informants and a non-spousal member of their family. Two businesses (8.3 percent) were owned by informants and non-familial business partners.
Table 8. Ownership Characteristics of Hispanic Women-Owned Businesses in this Study

<table>
<thead>
<tr>
<th>Ownership Characteristics</th>
<th>Hispanic Women-Owned Businesses (N=24)*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percent of Business Owned</strong></td>
<td></td>
</tr>
<tr>
<td>100% of business</td>
<td>15 (62.5%)</td>
</tr>
<tr>
<td>51% or more</td>
<td>2 (8.3%)</td>
</tr>
<tr>
<td>50% or less</td>
<td>7 (29.2%)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>24 (100.0%)</td>
</tr>
<tr>
<td><strong>Spousal Co-Owner</strong></td>
<td>4 (19.0%)</td>
</tr>
<tr>
<td><strong>Familial Co-Owner(s)</strong></td>
<td>3 (14.3%)</td>
</tr>
<tr>
<td>(Non-Spousal)</td>
<td></td>
</tr>
<tr>
<td><strong>Non-Familial Co-Owner(s)</strong></td>
<td>2 (8.3%)</td>
</tr>
</tbody>
</table>

* Three participants owned more than one registered business.

With respect to industry concentration, most businesses owned by Hispanic women are concentrated in service-based industries.39 As previously summarized in Tables 1 and 2, this finding is not unique to women-owned firms in the United States and North Carolina, regardless of ethnicity. I use standard industry categories from the U.S. Census Bureau to describe the industry concentration of businesses in this study.

Table 5 summarizes industry concentration, age of business, number of full-time employees, and the annual gross receipts of the businesses owned by participants in this study. Ten businesses (41.7 percent) were concentrated in the professional and technical services industry. An example of one of these businesses is a translation and interpreting firm. Five businesses (20.8 percent) can be described as representing “other services.” An

39Due to the small number of Hispanic women-owned businesses registered in North Carolina, businesses are broadly described in order to protect the identity of owners and businesses.
example of one of these businesses is a party planning service, specializing in quinceañeras. Four businesses (16.7 percent) were in the food service industry. An example of one of these businesses is a mobile food truck. Two businesses (8.3 percent) were concentrated in the health care and social assistance industry. An example of one of these businesses is a childcare service. Two businesses (8.3 percent) were concentrated in retail trade. An example of one of these businesses is a custom jewelry and repair shop. Finally, one business (4.2 percent) was concentrated in the construction industry. This business provided electrical contracting services.

Businesses ranged in age from new businesses to well-established ones. Ten businesses (41.6 percent) were less than five years old. Seven businesses (29.2 percent) were five to ten years old. Seven businesses (29.2 percent) were more than ten years old. The median age of businesses was six years.

In terms of employed staff, most businesses were small. Owners were asked to describe the full-time permanent staff employed at their business(es), excluding their own labor and the labor of other registered owners. Seventeen businesses (70.8 percent) did not employ any full-time permanent employees. Instead, most owners employed: part-time staff, contractors, and family members (paid and unpaid). Seven businesses (29.2 percent) employed one to ten full-time permanent employees.

With respect to business income, owners were asked to describe their gross receipts or the total amount their business received before subtracting expenses (e.g., payroll, inventory, etc.) and taxes. I provided them with a note card listing the receipt ranges listed in

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40 A quinceañera celebration is a Latin American tradition celebrating a young woman’s fifteenth birthday and her passage into womanhood. Celebrations can be large social events often held following a religious service.
Table 5. This question proved to be a difficult one for many owners. New business owners did not have exact information to report but were able to predict what they thought their receipts would be by the end of the fiscal year. Other owners stated that they relied upon a bookkeeper or other employee to keep track of receipts but they were able to make an educated guess based upon the ranges provided on the card. One owner reported that she was terrible at managing her finances and could not estimate what she thought her gross receipts were.

Despite these issues, the feedback of business owners is helpful for understanding the size and capacity of the businesses they own. Overall, most businesses in this study grossed under $60,000 in receipts last year (see Table 5). While eleven businesses (47.8 percent) grossed receipts of $20,000 or less in the last year, five businesses grossed over $100,000 or more in receipts last year (21.8 percent). Therefore, business owners generally represent small, low grossing firms. Yet, several businesses represent larger, higher grossing firms in North Carolina.

It is important to remember that this research was conducted during a severe economic recession. As a result, reported gross receipts may not reflect the true earning potential for businesses or their capacity to operate under improved economic conditions. During interviews, business owners were asked to comment upon the financial effect of the economic recession on their business. Owners reported a variety of responses suggesting that some businesses were more severely affected than others.

41I also listed a gross receipts range of $60,001 - $80,000. Zero business owners reported gross receipts in that range.
For example, Dora, who sells organic juices from a food truck, reported decreased profits and was on a temporary hiatus from juicing. She stated,

…in mid-June, the truck went into a ‘quiet phase,’ I call it. One, because I realized that I was going to drive myself into the ground in terms of like, working for free, and not just working for free, but working and increasing my debt because there wasn’t enough of a profit to sustain the business.

While Dora’s situation reflected serious financial loss, other businesses experienced more moderate economic losses. For instance, Luisa’s electrical contracting firm incurred reduced profits as a result of the decline in statewide construction. Yet, contracts that were signed before the recession began in 2008 ensured sufficient income for Luisa’s business and she is optimistic about the future.

Even though the economy fell in 2008, we came to see that in 2009 and in 2010. You see this has been two bad years for us. Now, 2011 will be great because everything is picking back up.

Other businesses were not impacted by the recession. For instance Flora’s interpreting and translation business was still thriving. She felt that the need for her services was buffered from the effects of the recession.

I’ll tell you the truth. The recession didn’t affect me… at all. I didn’t feel it. But…I shouldn’t say that I didn’t feel it… I didn’t feel it as bad… as some of my colleagues did, because I don’t provide a widget or a gadget. I provide a service, a very specific service - either you need me or you don’t need me. You know what I mean?

Another respondent felt that the economic recession had benefitted her business to a certain extent. Camila, the owner of a party supply business saw an increase in rentals. Even though customers were spending less on social events (particularly weddings), the desire to save
money and “do it yourself” shifted many customers away from all-inclusive venues to their own backyards, which required rental services from companies like hers. Camila stated,

The last few years, the weddings were small. I think actually that was helping me, because I made a lot of backyard weddings. Mm-hmm, so that helped me because where small weddings like 50 people, 100 people, and they need chairs…they need a tent….

Additionally, many business owners were unsure about the exact effects of the recession on their business. Alma, co-owner of a Mexican restaurant, reported that she broke even the last two years; but in 2011, she has seen a ten percent increase in sales. She was unsure about whether this pattern reflected economic fluctuations or whether this pattern reflected the natural progression of her business as she becomes a more experienced owner.

Likewise, Anita seemed unsure about the exact effects of the recession on her business. She opened her wedding invitation business during the recession. In her first year, she worked with 32 brides. Anita felt that this number represented a successful outcome regardless of the recession. In fact, she told me that opening a business during a recession offered certain benefits.

…and sometimes the best time to start a business is in a downfall because rent is a lot cheaper. It's a lot more negotiable. There are so many businesses going down that sometimes people are willing to give you a better deal on base rent because there are so many people who are going out of business. I also heard it was a good time to start a business because there's nowhere to go but up.

These comments paint a complex portrait of the positive and negative consequences of the economic recession in North Carolina for Hispanic women-owned businesses. While the financial impact of the recession is not a central research question, participant comments reveal how business owners may be differentially affected by economic cycles. In subsequent
chapters, I elaborate upon the financial and resource-based challenges experienced by business owners.
CHAPTER FIVE:
THE ISOLATED, THE ACCULTURATED, AND THE ASSIMILATED

Introduction

In this chapter, I use informant and interview data to describe business owners and their businesses. Specifically, I organize informants (business owners only) into three categories within the Hispanic business market – the isolated, the assimilated, and the acculturated. These categories are commonly used in business literature to describe the Latino market based upon acculturation and language use (Cartagena 2005). I use these terms in order to engage with the business literature and to create referential categories or “ideal types” to further describe business owners in this study. I also relate the use of the terms, “isolated, assimilated, and acculturated” in business literature to sociological theories of acculturation, emphasizing the contributions of segmented assimilation theory.

Describing Latinos in Sociological Literature

Sociologists have not created categories to describe segments of the Latino consumer market but they have theorized social processes of acculturation that account for variation within the Hispanic population of the United States. In the early to mid-twentieth century, two theoretical models prevailed - the assimilation model and the cultural pluralism model. The structural assimilation model, introduced by Gordon (1964), suggested that the acquisition of language and culture occurred in a linear and unidirectional fashion over time, as immigrant groups formed social relations with the host society. Gordon (1964) saw ethnic identification and acquisition of the norms and values of the host society as the inevitable
outcome or “end point” of full assimilation. The assimilation model remained a dominant theory in the early to mid-twentieth century but was later critiqued as ethnocentric, due to its treatment of ethnicity as a reflection of “old-country ways” or an impediment to full assimilation (Zhou 2002).

Cultural pluralism was introduced by Kallen (1956) who welcomed the idea that immigrant groups could retain some parts of their ethnic identity in the process of adapting to the norms and customs of the host society. Unlike assimilation theory, cultural pluralism embraced a multicultural image of coexisting groups. For this reason, Berbrier (2004) argues that cultural pluralism and assimilation theory are “antithetical master-frames.” Yet, both theories assume that immigrant groups will inevitably fully assimilate to the host culture over time and gain social acceptance. Prejudice and discrimination are intervening variables which may prolong social acceptance and impede assimilation.

Over time, cultural pluralism became a widely used and preferred framework for understanding the immigrant experience, especially with respect to the increasing population of second-generation Americans. Most contemporary studies of second-generation Americans draw upon Portes and Zhou’s (1993) “segmented assimilation theory,” which was a direct response to the ethnocentrism of classic assimilation theory. Portes and Zhou (1993) observed “variants” or differential outcomes of assimilation for the children of adult immigrants. They argued that the second-generation is assimilating, but in different socioeconomic and cultural directions.

Portes and Zhou (1993) outline three distinct trajectories. The first trajectory reflects classic, intergenerational assimilation upward into the native-born, white middle class. The
second involves “rapid economic advancement” with the preservation of some cultural traditions and ties to ethnic communities (Portes and Zhou 1993:82). The third trajectory is thought to reflect assimilation downward into the ethnic “underclass” and “permanent poverty” (Portes and Zhou 1993:82).

What social factors determine these trajectories? Portes and Zhou (1993) argue that these trajectories are determined by the socioeconomic and political obstacles that individuals face and the resources available to them. Human capital, cultural capital, immigration policies in host communities, and discrimination are some of the factors thought to influence assimilation trajectories in the United States. As a result, immigrants may experience dramatically different life trajectories based upon their unique migration paths as influenced by personal, geographical, and political factors.

**Describing Latinos in Business Literature**

Business and marketing scholars are less interested in the social processes of assimilation than devising effective strategies for marketing products and services to diverse groups of Latinos. For this purpose, marketing scholars such as Arjona et al. (1998) describe Latinos in terms of population “segments.” Arjona et al. (1998) use both demographic and sociological criteria to distinguish among segments of the Latino market (see Table 9).

The authors explain that the Hispanic market is not a “monolithic entity” but a heterogeneous population distinguished by variation in: levels of assimilation, language use, geographic location, income, and other characteristics (Arjona et al. 1998). As a result, Hispanic consumers cannot be reached simply by advertising products and services in
Spanish. More sophisticated and nuanced marketing strategies must be implemented in order to attract the appropriate Hispanic consumer to the product or service being marketed.

Different segments of the Hispanic market have different needs and preferences. For instance, the “isolated” market retains the lowest income, the largest household size, and relies solely upon Spanish media sources. They will gravitate to affordable products and services marketed to them in Spanish. The “acculturated” market earns significantly more income than the isolated market, is bilingual, and may live in the suburbs. Their needs and preferences will differ from those of isolated consumers, who are concentrated in urban communities with fewer resources. Likewise, the needs and preferences of the acculturated segment differ from those of the “assimilated” sector. Acculturated consumers retain attachments to Hispanic traditions that “assimilated” consumers no longer have. Assimilated consumers represent those who have lived in the United States for multiple generations, prefer to speak English, and retain the highest income and smallest household size. Acculturated consumers may shop in more traditional ethnic grocery stores and follow cultural traditions more closely than assimilated consumers. Yet, assimilated consumers have the most disposable income and can be reached through a wider variety of marketing strategies.
Table 9. Segments of the Hispanic Market – Aronja et al. 1998

<table>
<thead>
<tr>
<th>DEMOGRAPHIC</th>
<th>ISOLATED</th>
<th>ACCULTURATED</th>
<th>ASSIMILATED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Household Income</strong></td>
<td>$20,500</td>
<td>$36,100</td>
<td>$37,000</td>
</tr>
<tr>
<td><strong>Household Size</strong>*</td>
<td>3.9</td>
<td>3.6</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>Time in the United States</strong></td>
<td>Primarily first generation</td>
<td>U.S. born or long-term Resident</td>
<td>Fourth generation and beyond</td>
</tr>
<tr>
<td><strong>Neighborhood</strong></td>
<td>Inner city, heavy ethnic minority concentration</td>
<td>Mostly suburban, multi-ethnic neighborhoods</td>
<td>Suburbs, mostly Anglo-Saxon</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOCIOLOGICAL</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Identification</strong></td>
<td>Latin American</td>
<td>Hispanic American or Latino</td>
<td>American of Hispanic Heritage</td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td>Fully Hispanic</td>
<td>Strong attachment to Hispanic traditions</td>
<td>Fully Anglo-Saxon</td>
</tr>
<tr>
<td><strong>Language Preference</strong></td>
<td>Spanish</td>
<td>English or Spanish</td>
<td>English</td>
</tr>
<tr>
<td><strong>Use Spanish for Conversation with Friends and Family</strong></td>
<td>Always</td>
<td>Mostly</td>
<td>Seldom</td>
</tr>
<tr>
<td><strong>Consume Media in Spanish†</strong></td>
<td>Always</td>
<td>Seldom</td>
<td>Hardly ever</td>
</tr>
</tbody>
</table>

* Based on SRC assessment of acculturation level
†Based on Yankelovich assessment of language spoken at home
Source: Yankelovich Partners; SRC; American Demographics, McKinsey Analysis

Note: This table is reproduced in its entirety from page 108 of Aronja et al. (1998)
Overlapping Characteristics

When comparing the three trajectories of segmented assimilation theory with the isolated, acculturated, and assimilated segments of the Latino market, similar characteristics emerge (see Table 10). The primary overlap of these two classification schemes is that one group fully retains its cultural characteristics but remains economically disadvantaged, while two other groups experience upward mobility with the gradual acquisition of language skills and the adoption of cultural characteristics native to the host community. This overlap is significant but the goals of sociological theory and marketing strategies are distinct. While sociological theory aims to understand social processes, marketing strategies assist producers in understanding the needs of a consumer population.

In the following section, I organize my informants (business owners only) into the isolated, acculturated, and assimilated segments by creating referential categories or “ideal types” to further describe business owners in this study. The primary purpose of organizing informants into these segments is to 1) further describe business owners, 2) engage with the dominant terminology of business and marketing literature as it relates to contemporary sociological literature on immigration and assimilation, and 3) employ the language used by business owners to describe the Hispanic market (as illustrated in the following section).

I begin by summarizing my introduction to the isolated, acculturated, and assimilated terms. Next, I explain the origin of ideal types and their utility for describing social phenomena. Finally, I review the criteria that I used to classify my informants and summarize how my informants met the criteria while providing detailed examples from my data.
Table 10. Overlapping Characteristics of Hispanic Marketing Literature and Segmented Assimilation Theory

<table>
<thead>
<tr>
<th>GENERAL CHARACTERISTICS</th>
<th>HISPANIC MARKETING LITERATURE - BUSINESS ISOLATED</th>
<th>ACCULTURATED</th>
<th>ASSIMILATED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segmenting Informants as Ideal Types</td>
<td>SEGMENTED ASSIMILATION THEORY - SOCIOLOGY DOWNWARD ASSIMILATION</td>
<td>ADVANCEMENT</td>
<td>UPWARD ASSIMILATION</td>
</tr>
<tr>
<td>Generation</td>
<td>Primarily first-generation</td>
<td>Second-generation or first-generation with long-term residency</td>
<td>Residency across multiple generations</td>
</tr>
<tr>
<td>Cultural Orientation</td>
<td>Native culture dominant</td>
<td>Bicultural/learning to be bicultural</td>
<td>American culture dominant</td>
</tr>
<tr>
<td>Socioeconomic Status</td>
<td>Economically disadvantaged</td>
<td>Economically transitional, upwardly mobile</td>
<td>Economically established, upwardly mobile</td>
</tr>
<tr>
<td>Language Proficiency</td>
<td>Spanish dominant</td>
<td>Fluent in Spanish with varying levels of English proficiency</td>
<td>English dominant with/without Spanish proficiency</td>
</tr>
<tr>
<td>Business Clientele</td>
<td>Latino clientele only</td>
<td>Strong ties to Latino clientele, may have loose ties to mainstream business clientele</td>
<td>Mostly mainstream business clientele</td>
</tr>
</tbody>
</table>

Classifying Informants as Ideal Types

I first learned of the terms “the isolated, the acculturated, and the assimilated” during an interview with Flora, a business owner. While discussing her efforts to market her translation and interpreting services to the Latino community, Flora stated:

I think that when you look at Hispanics, the only way that we can approach them from a marketing perspective is to subdivide. And, that subdivision is the isolated, the assimilated, and the acculturated. And, when you look at the isolated, those Latinos that are just getting here, don't know anybody or anything. When you look at the acculturated, they've met people and they’re sticking together, hanging together for the good of getting ahead. And, then you have the assimilated, which is like me, I speak English, I speak Spanish,
and I blend. And, oftentimes we're not visualized as being Hispanic enough, you know what I'm saying?

Flora reveals her understanding of the “isolated” and “acculturated” market segments and identifies herself as a member of “the assimilated” segment.

In order to classify informants as members of either the isolated, assimilated, or acculturated sectors, I compared interview data (business owners only) with the criteria in Table 9 and Table 10 in order to organize informants into groups based upon these sectors. These groups can be considered referential categories or “ideal types” which can be used to further describe business owners in this study. Ideal types are commonly used by sociologists as analytic constructs created to measure similarities and differences among groups (or social phenomena). For instance, Grigsby (2009) constructed five ideal types in order to describe and compare the social identities of undergraduate college students in her qualitative investigation of identity-formation entitled, *College Life through the Eyes of Students*. This is a contemporary sociological example but the use of ideal types dates back to the classical work of Max Weber.

In *Economy and Society*, Weber ([1922]1978) formulated the concept of “ideal types” as a strategy for moving beyond comparisons of individuals to a higher level of abstraction whereby social action (e.g., economic activity) could be described based upon the “accentuation of certain elements of reality” (Calhoun et al. 2007:211). Ideal types allow sociologists to construct categories, models, or basic descriptions “…of something that is derived from examining a number of real cases and abstracting what appear to be the
essential characteristics of those cases” (Henslin 1991: 498). Therefore, ideal types simply represent referential categories to be used for comparative analytical purposes.

By classifying informants as members of the isolated, assimilated, or acculturated sectors, I create ideal types (based upon the criteria in Table 9 and Table 10) for descriptive and comparative purposes. Please note that categorizations do not represent perfect matches between participants and the criteria. These categorizations simply represent my best effort to organize participants into segments based on their personal characteristics.

The isolated sector. The first category, the isolated or “Spanish dominant” sector, refers to persons who rely solely upon Spanish. They may be recent immigrants, young or old, who rely primarily upon Spanish media and resources for survival (Cartagena 2005). I would not classify any of the business owners interviewed for this research as members of the isolated or Spanish dominant group.

The acculturated sector. The second category, the acculturated sector, refers to persons who tend to be younger, more educated, and more biculturally-oriented within the Hispanic community (Cartagena 2005). These persons are fairly comfortable navigating between English and Spanish. Yet, they are still in the process of learning and adapting to the dominant culture of the United States.

Four business owners (19 percent of participants) from this study may be classified as acculturated members of the Hispanic business community (see Table 11). These business owners are first generation immigrants who have lived and worked in the United States for over ten years. They demonstrate significant proficiency in English. Yet, they retain stronger ties to the Latino business community than the mainstream business market.
For example, Paula’s graphic design clientele primarily consists of Spanish-speaking business owners who do not have a computer and need assistance getting basic items such as menus, business cards, and signs for their businesses. Paula’s graphic design services are based within the “isolated” sector. Her work does not extend to clients in the mainstream business community (who might simply go to Kinko’s for similar services). Likewise, Vera’s quinceañera planning service exclusively serves her local Latino community. Neither Paula nor Vera advertise their services. All of their clients are the result of personal referrals made by word-of-mouth.

Unlike Paula and Vera, Camila and María currently operate businesses that are gradually becoming part of the mainstream business community. Although, this was not their intent. Camila began her party supply rental business with the intention of serving her local Latino community. She quickly learned that she could not compete with the lower prices offered by Latinos operating similar informal businesses with rented or recycled equipment. As a result, Camila attends networking events and is diligently working to market herself to a higher-end clientele.

Likewise, María began her drop-in child care business at a local mall with the intention of marketing it as a bilingual preschool. María believes that many Latino children do not receive adequate pre-kindergarten education primarily because they are often cared for by monolingual family members. María’s business did not attract the Latino clientele she hoped for. Instead, she has begun to attract a diverse clientele who find her Spanish-themed daycare to be multicultural and appealing.
Table 11. Acculturated Business Owners in this Study

<table>
<thead>
<tr>
<th>Name</th>
<th>Country of Origin</th>
<th>Residency in the U.S.</th>
<th>Type of Business Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Camila</td>
<td>México</td>
<td>11 years</td>
<td>Party/Event Supply Rentals</td>
</tr>
<tr>
<td>María</td>
<td>Venezuela</td>
<td>12 years</td>
<td>Child Care</td>
</tr>
<tr>
<td>Paula</td>
<td>México</td>
<td>13 years</td>
<td>Graphic Design/Advertising</td>
</tr>
<tr>
<td>Vera</td>
<td>México</td>
<td>15 years</td>
<td>Quinceañera Planning Service</td>
</tr>
</tbody>
</table>

*All names reported in this research are fictitious code names.*

The assimilated sector. The third category, the assimilated sector, refers to persons who have been living in the United States for multiple generations. They may or may not retain a Spanish surname. They may or may not speak Spanish regularly. They may or may not choose to identify themselves as Hispanic. They are fully integrated into mainstream American culture.

Even though many of the business owners in my study are first-generation immigrants (see Table 6), most of them are highly educated (see Table 7) and have lived in the United States for several decades (see Table 12). Based upon their language proficiency and the characteristics of their businesses, the majority of business owners (N = 17, 81 percent) in this study can be classified as part of the assimilated segment.
Table 12. Assimilated Business Owners in this Study

<table>
<thead>
<tr>
<th>Name*</th>
<th>Native Country</th>
<th>Residency in the U.S.</th>
<th>Type of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alma</td>
<td>Columbia</td>
<td>over 10 years</td>
<td>Mexican Restaurant</td>
</tr>
<tr>
<td>Ana</td>
<td>U.S.A.</td>
<td>N/A</td>
<td>Translation/Interpreting</td>
</tr>
<tr>
<td>Anita</td>
<td>Columbia</td>
<td>over 30 years</td>
<td>Custom Wedding Invitations</td>
</tr>
<tr>
<td>Carla</td>
<td>U.S.A.</td>
<td>N/A</td>
<td>Photography</td>
</tr>
<tr>
<td>Cristina</td>
<td>Peru</td>
<td>over 20 years</td>
<td>Baked Goods and Pastries</td>
</tr>
<tr>
<td>Diane</td>
<td>México</td>
<td>over 25 years</td>
<td>Translation/Interpreting</td>
</tr>
<tr>
<td>Dora</td>
<td>U.S.A.</td>
<td>N/A</td>
<td>Mobile Food Truck</td>
</tr>
<tr>
<td>Elena</td>
<td>Honduras</td>
<td>over 20 years</td>
<td>Life Coaching and Consulting</td>
</tr>
<tr>
<td>Flora</td>
<td>U.S.A.</td>
<td>N/A</td>
<td>Translation/Interpreting</td>
</tr>
<tr>
<td>Juana</td>
<td>Columbia</td>
<td>over 50 years</td>
<td>Business #1-Traditional Religious Products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Business #2 – Translation/Interpreting</td>
</tr>
<tr>
<td>Laura</td>
<td>México</td>
<td>over 20 years</td>
<td>Translation/Interpreting</td>
</tr>
<tr>
<td>Leticia</td>
<td>Panamá</td>
<td>over 12 years</td>
<td>Mobile Food Truck</td>
</tr>
<tr>
<td>Luisa</td>
<td>Dominican Republic</td>
<td>over 25 years</td>
<td>Electrical Contracting</td>
</tr>
<tr>
<td>Pilar</td>
<td>Uruguay</td>
<td>over 40 years</td>
<td>Custom Jewelry and Repairs</td>
</tr>
<tr>
<td>Rosa</td>
<td>Columbia</td>
<td>over 40 years</td>
<td>Massage Therapy</td>
</tr>
<tr>
<td>Sara</td>
<td>Peru</td>
<td>over 20 years</td>
<td>Business #1- Landscaping</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Business #2- Tax Preparation &amp; Accounting</td>
</tr>
<tr>
<td>Veronica</td>
<td>El Salvador</td>
<td>over 20 years</td>
<td>Business #1- Tax Preparation &amp; Accounting</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Business #2-Real Estate</td>
</tr>
</tbody>
</table>

*All names reported in this research are fictitious code names.
For example, Cristina represents the assimilated segment. Cristina was born in Peru and came to the United States with her parents when she was ten years old. Her parents opened a bakery that prospered. Cristina witnessed the entrepreneurial spirit of her parents and learned the baking business before leaving home to attend college out-of-state.

After succeeding academically and earning a master’s degree in business administration, Cristina worked for a large corporation while creating her own business plan. As an aspiring social entrepreneur, Cristina’s goal was to make a positive impact in the Latino community, while using the knowledge she acquired in graduate school and the skills she learned in her parents’ bakery. Cristina found a like-minded business partner from Puerto-Rico who shared her social vision and supported her interest in producing specialty baked-goods that would appeal to a growing market of “foodies” or gourmet food connoisseurs. Cristina stated,

>We do have a greater mission than just baked goods, right? It is really about leveraging baked goods and generating a new conversation about Latinos in the U.S., um, because we believe that today’s perception of Latinos, is very limited, right? And obviously it’s understandable because of the news that is out there to the public and so we want to broaden that perspective and we want to do it through our company and through our products.

Cristina and her partner currently market their baked-goods online and in gourmet food stores and restaurants throughout North Carolina. They are currently looking for additional investors in order to grow their business. They aspire to devote a percentage of their profits to fund educational programs for Latino youth. They also aspire to purchase Cristina’s parents’ bakery and operate their business from the very kitchen where Cristina learned to bake.
Conclusion. In this section, I organized Latina entrepreneurs into three ideal types using criteria selected from business literature on the Latino market and sociological literature on immigration and segmented assimilation theory (see Table 10). The purpose of applying these ideal types was to elaborate upon the descriptive profiles provided earlier in this chapter by situating Latina entrepreneurs into corresponding segments of the Latino business community detailed in referenced literature. The three ideal types represent three segments of the Latino business community - the isolated (or downward assimilating), the acculturated (or advancing assimilation), and the assimilated (or upwardly assimilating).

To summarize, zero informants in this research met the criteria of the isolated sector. Four informants (19 percent of business owners) can be classified as members of the acculturated sector of the Hispanic business community (see Table 11). These business owners represent first-generation immigrants who have lived and worked in the United States for over ten years. They demonstrate significant proficiency in English but also retain strong cultural and social ties to the local Latino business community.

The remaining seventeen informants (81 percent of business owners) can be classified as members of the assimilated sector (see Table 12). Four of these owners were born in the United States and the remaining owners are first-generation immigrants, who have lived in the United States for many years (one or more decades). They can be described as bilingual owners who are fully-integrated with mainstream American culture and the mainstream business community in North Carolina. These findings suggest that the majority of business owners in this research retain significant personal and entrepreneurial resources.
Chapter Conclusion

In this chapter, I constructed descriptive profiles of the 21 Latina business owners who participated in this research. I also described the 24 businesses owned by informants and created ideal types to organize business owners into well-known segments of the Latino community established by marketing literature.

With respect to informants, over 50 percent of Latina business owners are foreign-born, first-generation business owners (see Table 6). The majority of informants were born in México but overall, informants represent a culturally-diverse group with family heritages found across nine countries. Most informants are middle-aged, reporting ages between 35 and 44 years (see Table 7). The majority of respondents are married with one or more children. They are also well-educated with the majority of respondents holding a bachelor’s degree from a U.S. institution.

With respect to businesses, the majority of businesses owned by informants are majority-owned (see Table 5). Businesses that were not owned 100 percent (by informants) represent business partnerships. Informants share partnerships with spouses, non-familial contacts, and non-spousal family members. Most businesses are concentrated in service-based industries with the majority of businesses located in the professional and technical services industry (see Table 5).

Businesses ranged in age from new businesses to well-established ones. The majority of businesses are less than five years old and do not employ any full-time permanent staff (in addition to the owner). Instead, most businesses rely upon part-time staff, contractors, and family labor (paid and unpaid). In terms of gross receipts, most businesses grossed under
$60,000 in receipts last year (see Table 5). Informants reported a range of both positive and negative responses to how the economic recession affected gross receipts,

Considering the characteristics of informants and their businesses, I organized Latina owners into ideal types based upon criteria selected from business literature on the Hispanic market and sociological literature on segmented assimilation theory (see Table 10). By organizing informants into these categories, a descriptive portrait of Latina entrepreneurs begins to emerge. The majority of informants can be classified as members of the assimilated sector of the Latino community. They are bilingual owners who are fully-integrated with mainstream American culture and the mainstream business community in North Carolina.

With respect to the embedded market approach, we can begin to see how the unique social location of the business owners relates to their entrepreneurial activity. Upwardly mobile members of the assimilated sector retain significant socioeconomic advantages over members of the isolated and acculturated sectors. For instance, assimilated informants like Cristina are bilingual, highly-educated, and equipped to traverse both the local Latino and mainstream business markets. Cristina has the knowledge and resources to set high goals for herself and her business. She is cognizant of social inequality and seeks to challenge mainstream perceptions of Latinos by marketing her cultural product to high-end consumers.

Other business owners do not share the same entrepreneurial goals as Cristina and lack the resources to invest in launching a social venture. For instance, Paula and Vera are both members of the acculturated segment who run small businesses catering almost exclusively to Spanish dominant Latinos. Paula and Vera do not formally advertise their businesses. They rely upon word-of-mouth advertising only. They do not seek to grow their
current operations into larger, more profitable ventures and thus, remain segregated from the mainstream business community. Their social location allows them to do business within the parameters of their strong ties to the Latino community but that is the extent of their entrepreneurial activity and vision.

Not represented in this study are members of the isolated segment of the Latino business community. This is unsurprising since the major focus of this study is upon Hispanic women who own a registered, for-profit enterprise in North Carolina. Members of the isolated segment largely consist of first-generation immigrants (documented or undocumented) who rely solely upon Spanish media and resources for survival. As a result, informal work and/or unregulated entrepreneurial activities in Spanish-dominant communities may present more attractive options in combination with or without formal employment opportunities. Formal entrepreneurship requires significant inputs of capital which may be unattainable, at least in the short-term, for many members of the isolated segment.

In the remaining chapters of this dissertation, I refer to the three ideal types when referencing informants and their entrepreneurial experiences. In the following three chapters, I present the empirical findings of this research while using the embedded market approach to answer the research questions listed in Chapter Three. Qualitative data from face-to-face interviews with Latina entrepreneurs reveals diverse pathways to ownership and numerous circumstances which facilitate and impede entrepreneurial success. In Chapter Six, I describe the reasons why Hispanic women opened formal businesses. In Chapter Seven, I investigate access to financial capital. In Chapter Eight, I discuss the value of entrepreneurial business
networks from the perspective of business owners and other community informants. In that chapter, I also elaborate upon community networks, specifically ethnic fragmentation within the Latino business community and its consequences for Latina entrepreneurs. In Chapter Nine, I summarize the contributions of this research and its limitations. I also make recommendations for future research and applied solutions for supporting the future of Latina entrepreneurs.
CHAPTER SIX:
PATHWAYS TO ENTREPRENEURSHIP

Introduction

This chapter examines the reasons why Hispanic women decide to open formal businesses in North Carolina. I begin by describing the diverse circumstances that motivate Latina owners to pursue entrepreneurship. Next, I emphasize how their intersectional position in the market economy represents a complex set of circumstances in shaping entrepreneurial decisions that extend beyond simple economic necessity. I also explore the relationship between agency and structure by summarizing how gender, class, and ethnicity promote Latina entrepreneurship in sex-segregated industries. Social location emerges as a key factor for understanding why Hispanic women pursue entrepreneurship given the unequal social structure of the economy, a perspective consistent with the embedded market approach.

Three Pathways to Entrepreneurship

My data from conversations with owners challenge traditional labor market assumptions about ethnic minorities and immigrants turning to entrepreneurship as an economic survival strategy or as an appeal to cultural norms or dispositions (Bonacich 1972; Light 1972; Portes and Rumbaut 2006, Waldinger et al., 1990). The Latina business owners in my study described a complex set of circumstances, goals, opportunities, and constraints

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42In this chapter, class refers specifically to acquisition of “class resources” as defined by Light and Gold (2000) in Chapter Two. “Class resources are the vocationally relevant cultural and material endowment of the bourgeoisies. Class resources allow business owners to initiate and to run firms in the formal sector” (Light and Gold 2000:84). All class resources are forms of capital such as: human capital, cultural capital, and social capital (Light and Gold 2000).
reflecting unique personal histories and social location - not the backdrop of high unemployment and economic recession in North Carolina. This complex set of conditions includes many of the pathways to business ownership identified by Davies-Netzley (1998:2000) and Valdez (2011).  

Davies-Netzley (1998; 2000) found five reasons that women (white non-Latina and Latina) become entrepreneurs: leaving inflexible bureaucracies, being laid off, reacting to workplace discrimination, capitalizing on opportunities to buy out existing ventures, and managing family-related concerns. Similarly, Valdez (2011) highlighted three reasons why some Latino/as engage in entrepreneurial activity: the desire for economic mobility and autonomy, dissatisfaction as a worker or as an owner, and entrepreneurial succession (i.e., a family history of business ownership). Noticeably, some reasons identified by Davies-Netzley (1998; 2000) and Valdez (2011) seem to overlap. For instance, leaving inflexible bureaucracies and workplace discrimination (Davies-Netzley 1998; 2000) could relate to worker dissatisfaction (Valdez 2011). Likewise, family-related concerns (Davies-Netzley 1998; 2000) may relate to entrepreneurial succession (Valdez 2011).

From the data analysis, I identified three trends driving the decisions of Latinas to open formal businesses: entrepreneurial succession, employment opportunities and constraints, and a new trend that I call social ventures and passions. This new trend identifies Latina owners whose entrepreneurial motivation related to their commitment to a social problem and/or a personal passion such as cooking. Overall, the three trends that I identified elaborate upon the findings of Davies-Netzley (1998; 2000) and Valdez (2011) by

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43 The findings of Davies-Netzley (1998; 2000) also applied to non-Hispanic, white women. The findings of Valdez (2011) also pertained to non-Hispanic women, men, and other groups.
demonstrating diverse catalysts driving Latina entrepreneurship and significant “within group” differences among owners rooted in social location, particularly class. In the following sections, I describe each of the three trends and provide supporting evidence for how they relate to the intersectional position of Latina owners in the market.

**Entrepreneurial succession.** The term entrepreneurial succession generally refers to the future management of a business established by succession planning (Business Dictionary 2012). The ability for a business to economically endure requires long-term planning and investment. For family-owned businesses, this may include passing down ownership or employment opportunities to family members (Valdez 2011). These opportunities are important to consider when investigating ethnic or immigrant entrepreneurship because family may play a “vital intermediary role” in the management and economic success of minority and immigrant-owned businesses (Light and Gold 2000).

With respect to entrepreneurial succession, Valdez (2011) found that just under half of her informants (white, black, and Latino/a men and women) had a family history of business ownership. In addition to business inheritance, Valdez (2011) found that a family history of entrepreneurship socialized and prepared participants to consider entrepreneurship as a future career. According to Aldrich et al. (2008), entrepreneurial families may pass valuable *entrepreneurial capital* (see footnote 25 for Aldrich’s definition) down to their children. Entrepreneurial capital provides them with the skills and the experiences needed to

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44 Valdez (2011) uses the term, “entrepreneurial succession” to refer more generally to a family history of business ownership.

45 The critical role of family in business start-up and management is discussed in Chapter Seven.
manage a business. Therefore, entrepreneurial succession may involve direct inheritance and/or the acquisition of entrepreneurial capital.

During my interviews with Latina owners, “family roots” in entrepreneurship were a popular and nostalgic topic of conversation. Eight business owners (38.1 percent) reported a family history of business ownership and described how this facilitated their personal entrepreneurial endeavors. While none of these participants directly inherited a family business, acquisition of entrepreneurial capital proved influential in later years.

Alma’s story reveals how entrepreneurial succession prepares family members for future entrepreneurial roles. Alma is a Columbian woman in her mid-thirties. She has lived in the United States for over a decade and co-owns a chic downtown Mexican restaurant with her uncle and her father-in-law, who have owned restaurants in North Carolina for over twenty years. Alma reflected upon the years she spent working in her family’s businesses and explained how these experiences presented the future possibility of entrepreneurship. She stated,

I really worked with him [uncle] and apprenticed with him. Basically, all that time that I’d been here [in North Carolina]. I went to school. I took a job with the city for a while. But I mostly worked with him. So we knew that there was a possibility of us doing something together. I had my two kids and it was the right time for us [to open her business] when this space came available.

Alma’s restaurant has been in business for about four years. Although she holds a degree in art history, Alma enjoys being in the restaurant industry because it allows her to be creative and foster community relationships. Alma also expressed that her choice to remain

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46 Many factors including gender, culture, laws, etc., may affect business inheritance and the acquisition of entrepreneurial capital by children. With respect to gender, women’s contributions to family businesses are sometimes invisible (like household labor) and inheritance laws historically benefited men. Patriarchal ideologies also perpetuate entrepreneurship as an atypical career path for women (Green and Cohen 1995).
in food service was the natural outcome of her apprenticeship in her family’s business. She stated,

I think I had been preparing all my life to do it and I just didn’t know it. But, for me, just building personal relationships and community is what really brings me to have this kind of business. It’s a lot of work. But there is so much creativity that goes into it. Not just by building these personal relationships, but in the kitchen.

Alma continues the legacy of her family restaurant business by using the entrepreneurial capital that she acquired growing up and her artistic sensibilities to run a successful and popular restaurant.

A second example of how family history can lead to entrepreneurship is Anita’s story. Like Alma, Anita is Columbian and in her mid-thirties. She has lived in the United States for over thirty years. She is the proud owner of an upscale wedding invitation business. Her entry into business ownership was driven by her preference for a flexible work schedule and previous experience working in her family’s bridal salon. After completing college and working as a stay-at-home mother for ten years, Anita needed a change. She explained,

Well, both my kids were finally in school. I volunteered a lot of time, for years, in the school system...and I just realized that I, you know, I like to be busy and I've been putting in free work for years. I realized, you know what? It's probably time for me to start contributing to our family. My husband is not... does not make crazy money and we sacrificed a lot for me to be home with the kids for all those years. And so I just was thinking about going back to work. What could I do? I looked at different options and just realized that I wanted the flexibility of still picking them [children] up every day from school, still dropping them off every day from school, still being able to go on fieldtrips, not accounting to somebody saying, you know, my daughter's sick and I can't come in today.

Anita’s idea to open an invitation business came to her on an annual family trip to a bridal stationary show. She explained,
Well, once I decided that I wanted to go back to work, I did look at different jobs that I could apply to and stuff. I realized that…that just probably wasn't going to work out for me. I take a trip every year with my parents to New York when they go to the Invitation Stationery Show. It's been a tradition. We do a family trip; my brother goes and I go. And we help my parents buy stuff for their store. My brother's also in the business. He is the one that prints the seating scrolls for wedding businesses. He's got a lot of retailers and stuff, so he goes to that show as well. And when I was there, I just said you know what? I'm going to go back and open up an invitation place.

Anita opened her invitation business in 2009 and feels that she is doing well despite the economic recession. Anita’s entrepreneurial capital has benefitted her in dealing with clients and marketing her services to wealthy “southern girls” hosting large weddings. Anita recalled,

I like selling. I grew up…you know, my dad was a sales guy and I remember going to bridal shows with him when I was eight or nine and passing out stuff at shows and watching my dad stand up in front of huge crowds talking about motivating his sales groups and stuff. So, I think selling is in my blood.

Reflecting upon Alma and Anita, both women earned college degrees, started families, and opened businesses in the same industries they grew up with as the children of successful ethnic entrepreneurs. The role of social location becomes evident when comparing their entrepreneurial succession with Vera, one of four business owners in this study who are part of the acculturated sector of the Latino community.

Vera is a Mexican woman in her early forties. She holds a general education diploma (GED) and is married with three children and one grandchild. Vera has been living in the United States and doing event planning for over fifteen years. Lengthy employment in the bakery, floral, and deli departments of a large grocery store taught her the skills needed for planning large events but she longed for the autonomy of running her own business.
Like Alma and Anita, Vera has a family history of entrepreneurship. Her father was a farmer in rural México who sold vegetables. His work inspired the entrepreneurial spirit in Vera but she knew that she did not want to follow in his agricultural footsteps. She said,

When I was little in México, my family owned a business. So, I saw the independence of being a business owner. Then, it’s kind of like both sides. It’s independent and then it’s tired out because you’re always struggling for everything. But you can decide whether you like to do it or not. So, as a business daughter, I saw my family always, always run a business. It was like farmer’s work and I didn’t like that. As a farmer, I don’t think I will survive because I can’t go to the sun all day and work in the land and then wait for the vegetables to grow up so you can eat. That’s no way for me. And they were okay [her parents] because they grow up in that. I got the chance to see the other side of it, but I didn’t like it. There is another way to live than this. I like, you know, learning another type of cooking, learning about everything. I like to learn. If it is food or vegetables or flowers, I will enjoy. I don’t like learning how to fix hair or make up or dress, I don’t like that.

In her younger years, Vera invested in two entrepreneurial endeavors with former co-workers including a limousine service and a restaurant. Neither endeavor prospered due to soured partnerships and lack of revenue. Eventually, Vera decided to apply her event planning skills toward organizing quinceañeras, events in which host families often spend thousands of dollars. She began slowly (and informally) by marketing her services independently at a local flea market where her husband also sold “cowboy things for men.” Over time, Vera’s business grew and she was able to rent a storefront and formalize her operations.

At the time of our interview, Vera stated that the physical labor for putting on quinceañeras has worn her out. She would like to “slow down” but she cannot afford to. She explains, “Right now, it’s about survival, it’s not about making nothing. It’s just about the day by day.”
Conclusion. In this section, I detailed how family histories of business ownership may predispose Hispanic women to entrepreneurship by imparting entrepreneurial capital and inspiring an entrepreneurial spirit. I summarized the conditions under which Alma, Anita, and Vera decided to open their businesses in North Carolina.

When comparing these women’s motivations for opening formal businesses, social location illuminates important within-group differences. Alma, Anita, and Vera may share gender and Hispanic heritage, but class differences shaped their experiences of entrepreneurial succession which, in turn, influenced their future business decisions. Alma and Anita represent well-educated owners from the assimilated sector with favorable market positions. They attained entrepreneurial capital growing up in the United States where their families owned and operated successful businesses serving the mainstream business community. Their decisions to open formal businesses were guided by their previous experience in the industries owned and operated by their parents in the United States.

Alternatively, Vera is a Latina owner from the acculturated sector. She is an immigrant with a GED. Growing up on her father’s farm in México, she did not acquire the same advantageous entrepreneurial capital acquired by Alma and Anita. Yet, Vera respected the autonomy of entrepreneurship. Eventually, she combined her entrepreneurial initiative with the knowledge and skills that she attained (while working in a U.S. grocery store) to start a quinceañera planning business serving the local Latino community. This business began informally but eventually migrated to the formal sector.

Comparatively, neither Alma nor Anita lacked the resources needed to start businesses in the formal sector immediately nor did they wish to serve the Latino community
exclusively. Unlike Alma or Anita, Vera’s customers are limited to local Latino families whom she has been serving for multiple generations. Vera is aware of her weakened market position. Moreover, the exodus of many Latinos from North Carolina concerns her. She explained, “…the community has been a little bit more afraid of everything [intolerance for undocumented immigrants] and it’s about the recession also because a lot of people have been moving out, getting out from the state and headed to somewhere else.”

Vera’s future business depends upon the new clients she can secure from this dwindling population. Meanwhile, Alma and Anita are positioned to serve diverse consumers in the mainstream business market. Therefore, Alma and Anita retain significant entrepreneurial advantages based on their favorable position in the market. Furthermore, their decisions to open formal businesses reflect class advantages rooted in family succession.

*Employment opportunities and constraints.* During my conversations with Latina owners, the most frequently cited reasons for starting a business related to their experiences as wage earners. In comparison to Davies-Netzley (1998; 2000) and Valdez (2011), I did not find profound worker dissatisfaction (due to “iron cage” bureaucracies and discrimination) to be primary motivation for pursuing entrepreneurship. Instead, eleven Latina owners (52.4 percent) referenced an array of employment opportunities and constraints as motivating factors in their decision to open a formal business. For some, entrepreneurship represented a lucrative career move within their field of employment. For others, business ownership was a solution to career constraints, reduced employment opportunities, or a desire to change professions. I title this section “employment opportunities and constraints” in order to provide an overview of how Hispanic women’s diverse employment experiences influenced
their decision to open a business. Later in this section, I explain how social location mediates transitions from worker to owner.

Amidst the economic recession in North Carolina, I expected that layoff and/or unemployment would drive entrepreneurship. This scenario was true for only one participant (4.8 percent). After being laid off from a successful career at a pharmaceutical company, Carla decided to follow her dream of becoming a photographer. Carla is single with no children, in her mid-thirties and holds a master’s degree in business administration (MBA).

She stated,

> Just recently…for the last six months, I’ve been taking pictures but I’ve been thinking about it for the last five years. But because of my layoff last year with corporate America, it made me want to say, ‘Okay, well that’s what you’re doing. So, let’s go ahead and do it.’

Carla is currently establishing her business and marketing herself as a local photographer. Her formal education in business administration has proven to be a valuable resource in her transition from employee to owner. She is also taking advanced photography classes to refine her skills.

Like Carla, Paula’s path to entrepreneurship was shaped by unemployment. Paula, a Mexican woman in her early forties, could not secure employment in the United States as a graphic designer due to insufficient credentials and limited proficiency in English. After settling in the United States over a decade ago, Paula learned that her bachelor’s degree in graphic design from México was not recognized by U.S. employers. The steps needed to earn a U.S. degree were too time-consuming and costly for Paula, who had two young children.

\footnote{Carla identified as Hispanic but did not report a specific ethnic heritage.}
As a result, she began designing graphic materials (in her home office) for local Latino businesses. She also accepted a part-time job as an interpreter in the mental health field to pay her bills.

Paula’s business became a unique niche market for Spanish dominant persons who could not obtain design services due to language barriers. Paula says that many of her customers lack formal education, do not own computers, and need assistance creating basic materials such as signs, business cards, menus, etc. Paula stated, “When I am seeing their cards [client’s business card], there’s a lot of mistakes. My own people who come here are my age. They don’t have any education so their grammar and their vocabulary are very bad, very bad.”

After seven years, Paula no longer needs to advertise her business in local newspapers and she contracts with part-time designers to help her when necessary. Her clients trust her; even those who have moved out of state still utilize her services. Paula remains employed as an interpreter - not for financial reasons but because she believes that the Latino community needs bilingual advocates. Paula stated, “Everything that I can do to help the Latino community…I hate that they don’t know what to do, that they don’t know what their rights are. Whenever I can help, I do it.”

Other Latina entrepreneurs sought business ownership as a lucrative venture within their field of employment. Ten business owners (47.6 percent) transitioned from worker to owner within the same (or a similar) industry. From this group, five owners (23.8 percent) represent women employed in the interpreting and/or translation industry.
Luisa’s story reveals how prior employment led to ownership of a successful electrical contracting firm. Luisa is in her mid-forties and she came to the United States from the Dominican Republic when she was twenty years old. She met her husband in North Carolina and began doing accounting for her father-in-law, whose business sold lighting fixtures to electrical contractors. Luisa’s husband was also employed there as a salesperson. Together, they learned the business of providing electrical supplies to large construction projects.

After several years, Luisa’s father-in-law sold his business and Luisa and her husband were unemployed and uncertain about their future. Luisa began to explore the possibility of entrepreneurship. She researched business options at her local business development center. They gave her information about starting a business certified as minority-owned and woman-owned. They also provided her with a list of local businesses that were already certified. They explained to her that certification is a useful tool for securing business with government sources and private sector firms.

After studying this list, Luisa saw an opportunity to create an electrical supply firm using her existing knowledge of her father-in-law’s former business. She told me about a conversation that she had with her husband. Luisa stated,

> We were trying to figure out what we're going to do next with our lives. And, that's how the idea came. And, so what I told him, I said…you know, there is no electrical in here [list of minority-owned businesses], really, only one company that is certified, I can see something here. He said, ‘…the only problem is if we're going to do that, then it would take a tremendous amount of money than another type of a small business.’
Luisa’s education in business administration helped her navigate the cumbersome process of starting an electrical contracting business. After securing enough financial capital to build an inventory and rent the necessary office and retail space, Luisa hired her husband to do sales. Next, they secured contracts with manufacturers to distribute electrical products. Today, they have been in business over 19 years and employ two other full-time employees.\footnote{Luisa’s transition from worker to owner could be considered entrepreneurial succession. Yet, her circumstances do not resemble the traditional scenario (as experienced by Alma, Anita, and Vera) whereby children grow up working in a family business, apprentice in that business, and/or stand to inherit it in the future. Luisa did not report a history of entrepreneurship in her biological family.}

Additional examples of transitions from worker to owner are Diane and Juana, who both own interpreting and translation businesses. They became entrepreneurs in order to capitalize upon emergent opportunities in their field of employment. Diane is in her early forties and divorced. She was born in México but grew up in the United States. She attended college and earned a degree in marketing and communications. After working as a bilingual social worker in rural North Carolina, Diane discovered that many businesses did not know how to welcome Hispanic customers in a culturally appropriate manner. She stated,

You cannot just put a sign up in your window that says, ‘We speak Spanish.’ That is not sufficient. It’s bait and switch. It’s now a code for everybody in my community. When we see that, we laugh. We know it’s an American who’s done it. It’s not even proper Spanish. And when you go in, nine times out of ten, they say, ‘The Spanish speaker isn’t here today.’ They do it just to get us to come in. So, what I’ll tell a company is…you can’t have that sign. If you are truly having a Spanish speaker, than every sign that you have on your door, your hours of operation in English…need to be in Spanish.

Diane wished to bridge the cultural gap between U.S. businesses and the Latino community. She explained, “I wanted to help bring business together with Hispanics.” Using
personal funds, Diane created a home-based business where she designs marketing strategies and translated materials for businesses seeking to attract Hispanic consumers. Diane uses a website to provide webinar trainings. She also does face-to-face consulting with clients, which requires state and nationwide travel. The convenience and reduced cost of webinars has benefitted Diane’s business during the economic recession. She now has several part-time contractors who assist with accounting, graphic design, website maintenance, and other tasks. Despite the labor and added responsibilities of running a business, Diane prefers entrepreneurship to employment as a social worker. She stated, “You have to compare being a social worker to what I do [currently]. This is a lot easier…a lot easier.”

Like Diane, Juana used her bilingual skills to transition from employee to entrepreneur. Juana is a Columbian woman in her mid-sixties. She is divorced with two children and several grandchildren. Juana’s family settled in Miami before the Cuban exodus. She recalled, “When we got to Miami, we were the only Latinas. I remember having earrings and my neighbor…of course, we didn’t speak any English at all…and my dad was talking to her and she said, ‘Why do they have holes in their ears?’”

Juana remained in Miami and completed a bachelor’s degree. For several years, she worked in the booming technology sector (i.e., the “dot-com” industry) marketing products to Latin American countries. In the early 1990s, Juana was laid off. She did not look for another job. Instead, she submitted an ambitious proposal to a large technology firm outlining a plan to sell their products to the Latin American market abroad. To Juana’s surprise, they accepted her proposal. This collaboration provided the opportunity to establish
a contracting firm. Juana stated, “I incorporated with one project in 1992. It was a fluke. It was being at the right place, at the right time, with the right idea.”

Over time, Juana acquired additional clients in the technology sector who needed bilingual services. Her business succeeded until the dot-com industry economically collapsed. With few client prospects, Juana decided to begin a new life with her children who lived in North Carolina. Subsequently, Juana moved to North Carolina and brought her contracting business with her. She quickly acquired local clients and became certified as a courtroom translator.

A short time later, Juana started a second business. Upon the birth of her first granddaughter, Juana encountered difficulty finding the traditional baptismal gowns and remembrances that she grew up with in Colombia. She stated, “They [baptismal dresses] were just beautiful and so I had one made for my granddaughter in Columbia….I thought, maybe I should do this as a business because there is a need for the Latin American market.”

Juana used her own funds to launch a second business selling handmade baptismal gowns and religious supplies to the Latin American community. She hoped that this business would grow into a full-time venture with a storefront but Juana encountered unexpected challenges including a local competitor and class divisions among Hispanic consumers. Juana explained,

I realized there were two clearly defined markets here in North Carolina. There’s the Hispanic market, which I call the Latin American market. The people that came here legally and stayed. Then there’s the Mexican market, which is completely different. In doing my second year, I had a choice to make. I either went with the large market, which is the Mexican market and have a stand in the flea market and sell cheap, cheap, cheap stuff or continue
with my dream and sell the high-end [merchandise] to the high-end Latin American. And so that has been my goal and that’s what my customers are.

Juana decided to run her business by visiting church craft shows, speaking at workshops, and advertising online. She meets with clients in their homes by appointment only and brings sample products with her. She has had considerable success with her target group of consumers. Juana stated,

…in the Latin American market, one hundred percent sales. In the Mexican market, I have gone to their homes and I would say its ten percent or one percent sales. It’s very low. So, sorry…no, I don’t really do the Mexican market because it’s not worth my time.

Today, Juana still runs both of her businesses while also maintaining a part-time interpreting position at a law firm. She says, “So, you see…I have three part-time jobs.”

Conclusion. The experiences of Carla, Paula, Luisa, Diane, and Juana reveal how a variety of employment issues (e.g., layoff, credentialing, market fluctuations, industry opportunities, etc.) can facilitate entrepreneurship among Hispanic women. Similar to employment experience in a family business, wage labor may provide workers with the knowledge and skills to inform future entrepreneurial endeavors. This was especially true for Luisa, Diane, and Juana who successfully transitioned from worker to owner within their industries of employment. Constraints to employment can also provide the motivation necessary to embark upon a new or creative endeavor. Carla and Paula’s stories reveal how credentialing and layoff were catalysts to entrepreneurship.

Upon closer examination, the employment opportunities and constraints of these women also reveal how social location mediates the decision to open a business. For instance, Carla and Paula began formal businesses when faced with layoff and blocked
credentials, respectively. A central difference is that Carla is from the assimilated sector and retains more socioeconomic advantages than Paula, who is from the acculturated sector. Carla’s corporate layoff provided her with severance pay and uninterrupted time to utilize her MBA and turn her photography hobby into a for-profit venture in the mainstream market. Paula did not enjoy these privileges. As an immigrant from the acculturated segment, Paula needed to secure part-time employment in order to pay her bills and support her children. She also needed to determine how she could utilize her graphic design skills without employability in the mainstream market. Carla did not face these entrepreneurial challenges because she already occupied a favorable market position with increased access to class resources.

Fortunately, Paula was able to create a graphic design business offering services that were severely lacking in the Spanish dominant community. Like Vera (from the previous section), Paula faces the future challenge of retaining clientele. In order to compete with design firms in the mainstream market, Paula will need to adapt her services in order to overcome her weakened market position. Carla will not face this dilemma as her photography business will serve the mainstream market and her graduate degree has prepared her to resolve entrepreneurial obstacles.

Social location further explains why some Hispanic women are poised to accept lucrative entrepreneurial opportunities within their field of expertise. Luisa, Diane, and Juana are owners from the assimilated sector whose formal employment promoted entrepreneurship in their field of expertise. All of them retained the class resources and beneficial market positions needed to transition from worker to owner within the mainstream market. Luisa’s
business came about after learning her father-in-law’s business and researching local business opportunities for minorities. Diane and Juana utilized their bilingual skills, formal education, and industry expertise to create their own for-profit ventures. Juana was also able to open a side business selling traditional religious products to affluent Latinos. In the following section, I discuss a new trend in entry to business ownership that further illustrates how social location mediates the decision to open a business.

*Social ventures and passions.* During my conversations with business owners, four owners (19.0 percent) indicated that their paths to entrepreneurship were driven by a personal passion and/or commitment to a social problem.49 This finding identifies a new catalyst driving entrepreneurship not previously identified in sociological literature, including the work of Davies-Netzley (1998; 2000) and Valdez (2011). Conversations with these four owners suggest that Latina entrepreneurs enter business ownership for non-economic reasons related to personal fulfillment and/or social change.

Dora’s story reveals how her passion for healthy eating inspired an entrepreneurial vision. She is a single, Puerto Rican woman in her mid-thirties with no children and a master’s degree in public administration. Dora was employed in the nonprofit sector for several years and is well-traveled. She relates her decision to open a mobile organic juice truck in North Carolina to her previous experience residing in the Western United States. Dora recalled,

> When I moved to_______ [location removed] it was a life changing experience. It was my coming of age. One of the things I was exposed to was

49These owners include: Carla, Dora, Cristina, and Leticia. Carla’s photography business was discussed in previous section on employment issues. I do not discuss her passion for photography in this section due to space constraints.
taking a real look at my eating habits and at the time I just, you know, processed foods were a part of my diet just because I was raised in the United States. It wasn’t a part of my people’s diet [Puerto Rican diet]. But you know, things like pasta and processed cheese or like even Country Crock butter, cause margarine was ‘better than butter’ for you, um, I met some folks who, you know, just knew more about whole foods and what that all meant and I started my own education…really growing awareness, and that’s when I started thinking about smoothies, really healthy juicing and trying out things that I had never tried out before, so from there, it was just whenever I traveled to places that had juice bars, I would definitely be in there picking up menus and learning new things, books.

Dora became devoted to healthy eating. When she relocated to North Carolina, she became active with the local foods movement. Dora spoke about nutritional problems among Latinos and the need for increased education about healthy eating habits. She stated,

This [education] was actually a strong motivator in me starting this business. The addiction to sugar in my community is intense. One challenge is being able to wean them off the sugar and educate them as to why it’s so harmful in the long run and how it is impacting us in many different ways and then like, get to the point where they feel it is a valuable enough thing to invest money in this way. The harsh realization is that some of my community just doesn’t have that type of money.

As Dora participated in the local foods movement, she began to consider how she could deliver healthy foods to her community. During our conversation, she described how her business plan materialized after a trip to South America. Dora stated,

The original idea sprung in Feb 2008 and it was to start a juice bar but in a retail location, like a having a community gathering space, and it’s because I wanted access to fresh-pressed juices, really healthy smoothies in my community, and there was nowhere for me to get it [retail location] at that time. It was a question of, you know, could I be the one to do it? I started the business plan writing process, and, uh, talked myself out of it because I didn’t have the skills. I had never owned a business. I sure as heck didn’t have the money to do such a bold thing and so I shelved it for a year. It was a year later, February 2009, coming back from a solo journey to _______ [location removed] that I decided that it was a good time in my life to do it. The idea was that I would pursue it until I could pursue it no more.
Dora eventually learned that she could not afford to rent or to purchase a retail location for her business. Her solution was to purchase a “mini school bus” and retrofit it into a mobile kitchen for making and selling organic juice and smoothies. Dora also modified the bus to run on biodiesel in order to reduce fuel costs and lessen environmental impact. Dora opened her business in July of 2009 and enjoyed significant community support. Unfortunately, the economic recession in North Carolina and rising food costs have stagnated sales and Dora is currently in a “quiet phase” where she is brainstorming new directions for her business.

Like Dora, Cristina had a social vision for her business. (Her story is briefly summarized at the end of Chapter Five). Cristina is a Peruvian woman in her mid-thirties. She has lived in the United States for over twenty years and is currently single with no children. Cristina holds a master’s degree in business administration and has entrepreneurial “family roots” in the baking industry. Her passion for multiculturalism and her parents’ bakery influenced her decision to start a brand of specialty baked goods with a business partner.

Cristina’s baked goods blend Peruvian ingredients with other South American culinary traditions. Cristina hopes that these blends will generate conversation about multiculturalism and that her brand will improve the social perception of Latinos. Cristina stated, “We are really creating a new category of product. In the specialty foods industry, there are no Latino pastries. You have the salsas, you have the chips but there are no gourmet baked goods…no Latino anything.”
When I spoke with Cristina, she had recently left a successful career in the private sector to begin building her brand. She was in the process of securing investors. Cristina expressed many social and entrepreneurial goals. She and her business partner not only sought to change the underrepresentation of Latinos in the baked goods industry, but aspired to direct profits towards developing outreach programs for Latino youth.

A passion for food and culture was also the inspiration that Leticia needed to start her mobile catering business. Leticia is a Panamanian woman in her late thirties. She has lived in the United States for over twelve years. She earned a bachelor’s degree in computer science while living in Panamá but her true interest is the traditional food she grew up with. These foods represent a cultural fusion of Caribbean, African, and Panamanian culinary traditions. These cultures converged as the result of demographic shifts in Panamá when workers from diverse coastal regions sought employment on banana plantations and on constructions sites for the Panamá Canal. Growing up, Leticia was known as the “Saturday chef,” the person responsible for preparing food for all of the villagers on Saturdays. This title was a source of pride and cultural identity for Leticia.

After meeting her husband, a U.S. soldier stationed in Panamá, Leticia moved to the United States, gave birth to a son, and became a stay-at-home mom. Cooking was a significant part of Leticia’s life as a military spouse. Leticia enjoyed cooking for her husband’s unit and for other families when a parent was deployed. She prepared in-home meals and catered events within the military community.
Things changed for Leticia after she sold baked items to raise money for a condemned library in her hometown in Panamá. Leticia expressed strong attachments to this library and enormous pride that she was able to raise money to refurbish it. She stated,

> We didn't have no books in the library [when she was young]. It was a really old building. We didn't have any support. So, they was going to just demolish the building. Each time I go home, we have too many kids in the community that need somewhere to go. So, I took it upon myself. We had the building rebuilt, air-conditioning. That's where I went to do my homework. It was a little bit touching to me to see that it was going to go to waste. So, I did the best that I could with the support of all of my friends and customers. And, the library is now open.

The unique foods that Leticia prepared in order to raise money for the library were embraced by others who had heard about her cooking, especially Panamanians living in North Carolina. Leticia stated,

> I can say it was a huge success within the Panamanian community because they have nothing here that represents our culture and the food that we love to eat. So, everybody demanded that once a month was too little and we would like to have something regularly. And, it went on from there.

Leticia’s fundraising sales created great demand for her food but she did not know how to begin a formal business. One day, she stumbled upon an article in her local paper about a women’s business expo sponsored by a business development center in her community. Leticia attended and eventually formed a relationship with the center. With their assistance, she was able to create and implement a business plan for a mobile catering truck. Leticia wanted to mimic the Panamanian experience of a “fonda” or small food truck, although her truck would feature professional-grade kitchen appliances.

Today, Leticia’s business caters a variety of events from weddings to festivals. While the physical labor of her business is demanding, she says that cooking is “her heaven” and
when “she is most happy,” even if she is cooking at 3:00 AM. Leticia’s future goal is to grow her business and eventually, market retail products based upon her own recipes.

*Conclusion.* Altruistic endeavors were not previously identified by Davies-Netzley (1998; 2000) and Valdez (2011) as factors driving Latina entrepreneurship. My conversations with Latina entrepreneurs suggest that some women see entrepreneurship as an opportunity to achieve social change and/or to follow a passion. This finding suggests that pathways to business ownership are not always driven by economic interests.

Social location – specifically, intersections of ethnicity, class, and gender figure prominently in the social ventures and passions of Dora, Cristina, and Leticia. With respect to class, these women represent assimilated owners with the class resources required for investing in a socially-conscious venture. These owners represent privileged women with the capacity to enact and extend entrepreneurial goals beyond personal profit. Predictably, none of the four acculturated Latina entrepreneurs in this research reported social ventures and passions as catalysts for business ownership. Decisions made by acculturated owners to start business were more closely related to imminent needs for employment. Therefore, social ventures and passions is the only pathway to business ownership where acculturated owners are not represented.

Dora, Cristina, and Leticia’s motivations for starting businesses also relate to ethnicity and gender. With respect to ethnicity, Dora sought to promote healthy eating among local Latinos. Cristina and Leticia served cultural foods as a strategy to embrace their ethnic heritages. Regarding gender, food preparation is congruent with the gendered division of household labor and ascribed feminine roles. Dora, Cristina, and Leticia thought that food
could be used to achieve their greater social and personal goals. Therefore, intersections of class, ethnicity, and gender profoundly shaped their decisions to open a business. In the following section, I elaborate upon the relationship between agency and structure with respect to these intersections and pathways to entrepreneurship.

Structure and Agency

Overview. Latina entrepreneurs cite family succession, employment opportunities and constraints, and social ventures and passions as motivating factors in their decision to open formal businesses in North Carolina. As described in this chapter, the decision-making process is mediated by complex circumstances relating to the social location of Latina owners and their intersectional position in the market economy. Hispanic women exercised considerable agency in their decisions to become entrepreneurs; yet, it is meaningful to consider how their entrepreneurial endeavors relate to the structural position of women in the labor market and the household division of labor.

In Chapter Four, I profiled the businesses owned by Hispanic women in this study (for industry characteristics, see Table 5). Most businesses were reported as small, low-grossing, majority-owned firms in service-based industries. With respect to industry concentration, these characteristics are congruent with national and statewide labor market trends on women-owned firms (see Tables 1 and 2). They also support the findings of previous research that women pursue business ownership in personal services and retail trades across race and place in the global economy (Maysami and Goby 1999; Smith-Hunter 2006).
The reasons why women entrepreneurs choose to invest in these industries are multifaceted. Smith-Hunter (2006) suggests that women entrepreneurs may start businesses in personal services and retail trades because start-up capital is relatively low and these industries may offer familiar work activities (i.e., female-typed jobs) and/or extensions of hobbies. The underlying implication is that women may have limited choices for entrepreneurial endeavors due to occupational sex segregation, reduced wages, and lack of knowledge and/or workplace experience in profitable, male-dominated industries. Thus it is possible that women carry labor market disadvantages from the workforce into the entrepreneurial sphere.50

This transfer of disadvantage is undertheorized in current literature on women entrepreneurs (Mirchandani 1999). Nevertheless, researchers agree that women-owned businesses are clustered in service and retail sectors that commonly represent symbolic extensions of women’s traditional roles as wives, mothers, and homemakers (Devine 1994; Hisrich and Brush 1984; Loscocco and Robinson 1991; Smith-Hunter 2006). Men may be less interested in opening businesses in these sectors; likewise, women may lack interest in traditionally masculine sectors such as manufacturing, mining, and construction (Inman 2000). Furthermore, Mirchandani (1999) notes that small businesses are differentiated by gender along additional dimensions including geographic location of the business (i.e., home versus outside of the home) and its propensity to grow over time. As a result, women business owners predominate in low-grossing, low-growth sectors offering products and services.50

services reflective of women’s roles in the home (Moore and Buttner 1997; Smith-Hunter 2004).

Loscocco and Robinson (1991) accept this explanation but argue that structural barriers “specific to small capitalism” such as discrimination and the gendered division of household labor constrain the growth and financial success of women-owned firms. Women may encounter discrimination when competing for capital, contracts, and access to business networks, as these are likely to be controlled by men (Loscocco and Robinson 1991:515). Discrimination is especially salient for Latina entrepreneurs, who may experience racial, ethnic, and gender discrimination in addition to nativist sentiment. Latinas are also susceptible to ethnic stereotypes and not generally regarded as “entrepreneurial” workers, even though many are self-employed as domésticas (Valdez 2008). Even upwardly-mobile Latinas in white-collar jobs report that their occupational chances are mitigated by skin color, accent, and language proficiency (Segura 1992). For this reason, Segura (1986) contends that Latinas in the labor force experience “triple oppression” whereby the cumulative effects of class, ethnicity, and gender channel them into subordinate social and economic roles.

Furthermore, Loscocco and Robinson (1991) suggest that the gendered division of household labor restricts the full potential of women entrepreneurs. Historically, women have supported the entrepreneurial efforts of their husbands while simultaneously performing unpaid household labor (Watkins and Watkins 1983). Today, more women than ever are employed outside of the home and opening their own firms but they continue to perform the majority of household labor (Hochschild 1989). Research also demonstrates that husbands with entrepreneurial spouses are unlikely to adopt compensatory roles to assist with
housework. Husbands are more likely to adopt the role of an expert consultant to their wife’s business rather than the role of a supportive assistant (Watkins and Watkins 1983). For women business owners, increased responsibilities in the domestic sphere divert time and attention away from their businesses.

Compounding the effects of gender inequality are the evolving conditions of the global economy, which present challenges and opportunities for women workers. In recent years, globalization and demands for cheap labor resulted in the off-shoring of labor-intensive jobs from the United States to other nations (U.S. Department of Commerce 1996). Off-shoring coincided with the femininization of the global labor force, whereby women workers were aggressively recruited for low-wage positions (i.e., proletarianization) and new professional in-roads were laid for women in public service sectors (i.e., professionalization) (Moghadam 2005). These labor shifts contributed to the feminization of migration whereby increased numbers of women left native countries in pursuit of employment, unification with family members, and greater independence (Benería 2010).

In the United States, additional transformations occurred. Technological advances, an aging population, and women’s increased presence in the workforce created a high demand for services such as healthcare, childcare, and communications. The labor-intensive (and male-dominated) manufacturing base of the U.S. economy was gradually replaced by burgeoning service sectors that dominate the market today. Women workers, especially immigrants, answered the call for employment in these growing U.S. sectors. As Schmalzbauer (2011) reports, the increased employability of migrant women workers
(especially in service industries) often resulted in a breadwinner status for women whose husbands were unemployed as a result of the 2008 U.S. economic recession.

By 2010, the largest percentages of Hispanic women workers in the United States were concentrated in education and health services (30.5 percent), health care and social assistance (20.2 percent), and wholesale and retail trade (14.4 percent).\textsuperscript{51} Hispanic women workers in North Carolina were concentrated in similar industries such as accommodation and food services (19.3 percent), health care and social assistance (11.8 percent), and retail trade (10.7 percent).\textsuperscript{52} Unsurprisingly, these occupations reflect the same service and retail sectors invested in by Latina entrepreneurs in North Carolina. The North Carolina Institute for Minority Economic Development (NCIMED) advises that women-owned firms can become more competitive by positioning themselves as suppliers to emerging service industries such as those in biotechnology, banking, and non-apparel textiles (2008).

In summary, the entrepreneurial endeavors of Latina entrepreneurs are embedded within the social structure of the American capitalist system, which is stratified by class, gender, and ethnicity. Latina entrepreneurs exercise individual agency but are also vulnerable to structural forms of inequality and economic shifts at the global and local levels. In the following section, I focus on gender stratification and industry concentration more closely by

\textsuperscript{51}These data are excerpted from the Current Population Survey, U.S. Bureau of Labor Statistics (2011) for Hispanic women workers. White, Black, and Asian women workers are also highly concentrated in the industries reported for Hispanic women workers above.

\textsuperscript{52}These data are excerpted from the American Community Survey, U.S. Bureau of the Census (2012) for years 2006-2010. Hispanic women workers were also highly concentrated in manufacturing industries (18.5 percent) in North Carolina for this time period. Yet, the wide variety of service-based industries (e.g., food, health care, social services, etc.) still employs a larger segment of this population overall.
describing how Latina owners conform to and resist stereotypical associations of “women’s work” within service and retail trade industries.

**Conforming and resisting.** Data from conversations with Latina owners show that they conform to and resist stereotypical associations of women’s work in their entrepreneurial endeavors. The majority of Latina-owned firms cannot be neatly characterized as examples of “female-typed” or “male-typed” work.\(^{53}\) I estimate that seven owners (33.3 percent) operated businesses that conformed to traditional labor activities associated with women’s work and/or female-typed occupations. Several of these owners were discussed earlier in this chapter. For example, Alma, Cristina, Dora, and Leticia operate businesses dealing with food preparation and/or food service. Anita’s upscale wedding invitation business and Vera’s quinceañera business also represent services which mirror women’s domestic role in organizing family events such as weddings and birthday parties. A final example is María’s drop-in day care business, which I discussed in Chapter Five. Childcare is perhaps the most compelling example of a Latina-owned business that conforms to women’s traditional roles as mothers and care-givers.

Only two entrepreneurs (9.5 percent) owned businesses that resist stereotypical associations of women’s work and/or categorization in a female-typed industry. Luisa and Sara are majority owners and operators of firms situated in male-dominated industries.

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\(^{53}\) Many businesses offer gender-neutral services and/or are congruent with occupations currently occupied by men and women in the United States. For instance, photography and accounting businesses offer gender-neutral services and represent occupations with relatively equitable distributions of men and women workers. Annual averages for 2011 reported by the U.S. Bureau of Labor Statistics report that women comprise 51.3% of photographers in the United States and 61.3% of accountants and auditors (U.S. Bureau of Labor Statistics 2011).
Luisa’s electrical contracting business was profiled earlier in this chapter. Sara is the owner of a landscaping business that caters to construction projects.

Luisa’s and Sarah’s pathways to business ownership reveal common factors. At the time of our conversations, both women employed their husbands full-time and neither husband was reported as a co-owner. Prior to this employment, both husbands worked in related fields. Like Luisa, Sara’s decision to open a formal business was inspired by her husband’s previous employment and Sara’s knowledge of the industry acquired from him. Sarah and Luisa have similar educational backgrounds in business administration with prior employment experience in accounting. Sara saw an opportunity to “do the books” while providing landscaping employment for her husband who enjoys the outdoors. Similar to Luisa, Sara also sought to capitalize upon the benefits of minority certification in their local community where few other minority-certified landscaping companies existed.

The cases of Luisa and Sara suggest that business ownership in male-dominated industries may be facilitated by spousal involvement. Additionally, Luisa and Sara’s education may have promoted their entrance into these industries as both women acquired minority certification and sought clients within the state bidding system for contractual work. The remaining 12 owners (57.1 percent) in this research represent entrepreneurs in service or retail trade industries whose daily work did not clearly conform nor resist traditional conceptions of women’s work. These owners represent women who accumulated capital in the paid labor force and translated it into self-employment opportunities. Latina-owned firms in these sectors include the following businesses: photography, retail sales, translation and interpreting, marketing and consulting, event equipment rentals, accounting, and real estate.
Conclusion. Latina-owned businesses represent diverse entrepreneurial endeavors which may or may not mirror women’s traditional roles in the home or female-typed jobs in the labor market. While Latina entrepreneurs utilize some agency in their decision to become business owners (particularly in worker to owner occupational transitions), their entrepreneurial outcomes resemble those of most women-owned businesses who remain concentrated in service and retail sectors.

The coded data on the relationship between agency and structure reveal that: 1) overall, sex segregation in the labor market constrains the growth of women-owned firms into high-profit industries, and 2) Hispanic women entrepreneurs are not all equally disadvantaged in the labor market. Social location affords some women sufficient agency and resources to pursue entrepreneurial endeavors, including some in traditionally male-dominated industries. These findings reinforce Margot Dorfman’s contention that the “rosy picture” of increasing women-owned businesses obscures the reality of women’s reduced access to mainstream markets and long-term financial growth (U.S. Women’s Chamber of Congress 2010a:4).

Chapter Conclusion

In this chapter, I analyzed the reasons why Hispanic women decide to open formal businesses in North Carolina and I explained how these choices relate to social location and reflect heterogeneity among Latina entrepreneurs. I also highlighted how Latina entrepreneurs conform to and resist stereotypical associations of “women’s work” in their decisions to open small businesses in service and retail trade industries. The relationship
between agency and structure results in the saturation of women-owned firms in low-growth, low-profit industries. Yet, the complexity of women’s entrepreneurial choices should not be oversimplified. Hispanic women are not equally disadvantaged in the labor market and their decisions to open formal businesses are impacted by complex circumstances related to their unique personal histories.

Data suggest three factors motivate Latina entrepreneurs to open formal businesses including: entrepreneurial succession, employment opportunities and constraints, and social ventures and passions. These factors refute the conventional assumption that immigrant and ethnic entrepreneurs open businesses as an economic survival strategy or as an appeal to cultural norms (i.e., ethnic labor market approaches). Rather, these factors confirm the findings of previous experiential literature (summarized in Chapter Two) that Hispanic women become business owners for a variety of reasons. Building upon the research of Davies-Netzley (1998; 2000) and Valdez (2011), my findings highlight significant within-group differences among Latina entrepreneurs and document a new trend in business entry that I call “social ventures and passions.”

Entrepreneurial succession was an influential factor in the decisions of eight Latina business owners (38.1 percent) with family histories of entrepreneurship. Entrepreneurial family roots provided valuable entrepreneurial capital and made lasting impressions on some Latina owners. The second trend, employment opportunities and constraints, was the most commonly reported reason for starting a business. Eleven Latina entrepreneurs (52.4 percent) reported an employment transition from worker to owner. These transitions reflected 1) advantageous career moves within the owner’s industry of employment, 2) reduced
employment opportunities and 3) a desire to change fields of employment. Additionally, four Latina owners (19.0 percent) indicated that their path to entrepreneurship was driven by a personal passion and/or a commitment to a social problem.

Consistent with the embedded market approach, intersections of ethnicity, class, and gender shape trends in business entry and highlight how social location (particularly access to class resources) facilitates entrepreneurship. Even though Latina owners started businesses for different reasons, social location reveals how some paths to entrepreneurship are smoother than others. For instance, Latina owners from the assimilated segment retained more socioeconomic advantages than acculturated Latina owners including: enhanced language proficiency, higher education, U.S. employment experience, and family histories of entrepreneurship in the United States. These advantages positioned assimilated owners to participate in the mainstream market economy. Regardless of class, assimilated Latina owners chose entrepreneurship for a variety of reasons related to their unique circumstances rather than prescribed expectations. For instance, Cristina left a successful career in the private sector to launch a social venture with a business partner.

Decisions to open formal businesses were more constrained for acculturated owners due to weaker market positions and reduced class resources. Acculturated owners did not open formal businesses for altruistic reasons, to create flexible work schedules, or to capitalize on lucrative ventures in their field of employment. Their decisions were primarily shaped by a combination of labor market obstacles and individual agency. Acculturated owners such as Paula and Vera exercised considerable agency in their decisions to open formal businesses in Spanish dominant sectors. For example, Vera’s decision to open a
quinceañera business was motivated by her desire for autonomy and her personal interest in party planning.

Paula and Vera’s stories also demonstrate the market boundaries defined by class. Both Paula and Vera relied upon co-ethnic resources (rather than class resources) to create businesses serving the Latino clients in their local communities. While both women turn a profit, their market position stratifies them outside of the mainstream market. Their clienteles are restricted socially and geographically. With many Latinos leaving North Carolina, their financial futures are vulnerable to demographic and economic shifts.

These findings illustrate how the diverse conditions and motivations driving Latina entrepreneurship are shaped by unique personal histories related to social location. While Hispanic women share a common ethnicity and gender, class mediates entries to formal business ownership. Assimilated owners already retain the class resources necessary to position them favorably in the market. They retain multiple options for employment and therefore, may choose entrepreneurship for a variety of reasons such as: the convenience of a flexible schedule (Anita), lucrative opportunities within their industry of employment (Luisa, Diane, and Juana), dedication to a social cause (Dora, Cristina), and/or a personal interest or passion (Carla, Leticia).

Conversely, paths to entrepreneurship for acculturated owners are constrained by weakened market position and reduced class resources. Acculturated owners entered business ownership to capitalize on their existing skills in the face of reduced opportunities in the mainstream market. Yet, it is important to reiterate that these women made strategic decisions when choosing what kind of business to pursue and when. Overall, their paths to
business ownership are characterized by concern for economic stability and strong reliance upon non-economic resources including co-ethnic support and clientele within their local ethnic economies.

The agency of Latina owners is analyzed in this chapter with respect to structural gender stratification and investments in industries that mirror women’s ascribed feminine roles (e.g., service and retail trade). Like the majority of women-owned firms in the United States, nearly all of the Latina-owned business in this research are situated in service and retail trade sectors. Regardless of this trend, I observed that Latina owners conformed to and resisted stereotypical associations of “women’s work” in their entrepreneurial endeavors. Additionally, the majority of Latina-owned firms offered or performed gender-neutral products and services.

Seven owners (33.3 percent) operated businesses that conformed to traditional labor activities associated with women’s work and/or female-typed occupations. Two owners (9.5 percent) operated businesses that resisted traditional labor activities associated with women’s work and/or female-typed occupations. Twelve owners (57.1 percent) represented entrepreneurs in service or retail trade industries whose daily work did not clearly conform nor resist traditional conceptions of women’s work.

These findings suggest that Latina owners, like the majority of women entrepreneurs, invest in formal businesses in the sectors of service and retail trade. At the same time, their daily business activities vary to the extent that they conform or resist stereotypical associations of women’s work and/or offer gender-neutral services. Additionally, the experiences of Latina entrepreneurs may vary according to their unique social locations and
positions in the market economy. Some owners, like Luisa, have the increased capacity to permeate a lucrative, male-dominated industry like electrical contracting; whereas, other owners do not. What remains constant is that women’s structural position in the labor market, conditioned by sex-segregated industries and reduced wages, discourages the majority of women business owners from entering high-profit, male-dominated industries. Therefore, my findings confirm national and state-level trends on women-owned businesses and I conclude that the social location of Latina entrepreneurs profoundly shapes pathways to entrepreneurship within the unequal social structure market.

In the following chapter, I investigate the critical role of financial capital in business start-up. I begin by describing the strategies used by Latina entrepreneurs to acquire funds for their business while emphasizing the use of family resources, particularly spousal capital. Finally, I discuss how access to financial capital relates to social location in the structural context of the market economy.
CHAPTER SEVEN: Access to Financial Capital

Introduction

Business start-up is a laborious process that requires significant capital investments. The embedded market approach suggests that capital is unequally distributed among entrepreneurs in the American market economy. Furthermore, Davies-Netzley (2000) argues that women entrepreneurs pay a distinct penalty as a result of “gendered capital” or a system of unequal access to capital for women. In this chapter, I investigate how Latina entrepreneurs launched their businesses focusing on the critical role of capital – specifically, access to financial capital.

This chapter describes how Latina owners in this study obtained start-up funds using informal and formal resources. Assimilated and acculturated owners overwhelmingly relied upon informal resources including family and spousal funds. Owners accepted the risks of investing personal and familial assets into new businesses even amidst the economic recession in North Carolina. With respect to formal resources, Latina entrepreneurs experienced varying degrees of success in securing financial capital. Owners’ experiences suggest that commercial lending is an unreliable source of support. Given these constraints, assimilated and acculturated owners creatively maximize the financial resources most readily

54 Davies-Netzley (2000) elaborates, “Women’s economic activities…occur within the context of gendered ideologies…women in the United States overwhelmingly hold lower-paid jobs in comparison to men, continue to do the bulk of unpaid household work, and are increasingly becoming impoverished, single heads of households.”

55 In order to protect owners’ privacy, I discuss financing and business practices as broadly as possible.
available to them. I conclude that the acquisition of financial capital is a formidable challenge for all Latina entrepreneurs regardless of social location.

Access to Financial Capital

Access to financial capital is crucial for establishing and maintaining a formal enterprise. Previous sociological and business literature overwhelmingly reports that women business owners utilize informal sources of financial capital (e.g., loans from family, personal savings) more frequently than formal lending sources (e.g., commercial and/or personal loans, lines of credit) (Davies-Netzley 1998; Davies-Netzley 2000; Smith-Hunter 2003; Smith-Hunter 2006; U.S. Women’s Chamber of Commerce 2010a; U.S. Women’s Chamber of Commerce 2010b). According to Inman (2000), women entrepreneurs often experience difficulty securing formal loans and fear rejection from lending institutions based upon their personal financial history and the possibility of gender discrimination.

The trepidation of women entrepreneurs is a rational response to widely-acknowledged obstacles faced by women entrepreneurs in securing financial capital. Gender-based discrimination by lending institutions is well-documented, even at the federal level (Goffee and Scase 1985; Hisrich and Brush 1984; U.S. Congress 1984; U.S. Congress 1988). Findings suggest that lenders often typify women-owned businesses as risky investments with low potential for production, growth, and earning power (Brindley 2005).

As a result, many women avoid formal lending and instead, leverage personal or family assets to fund their businesses. This scenario presents a high degree of personal financial risk to women’s guaranteed earnings, home equity, retirement savings and
healthcare coverage. Loss of these vital assets can negatively impact women, their families, and communities over time (U.S. Women’s Chamber of Commerce 2010b). Therefore, commercial loans are important resources for buffering owners from personal economic loss and ensuring the future growth of the business.

Women’s reluctance to pursue formal lending and their negative outcomes in securing loans are situated within the socioeconomic context of “gendered capital.” Historically, men have occupied favorable positions in the labor market including roles as entrepreneurs and hoarders of capital. Men in business today continue to benefit from a gendered system that supports their interests. For instance, federal lending programs overwhelmingly reward male applicants (U.S. Women’s Chamber of Commerce 2010b). The Women’s Business Council reports that in 2010, women business owners received about 14 percent of all U.S. Small Business Administration (SBA) backed loans U.S. (Women’s Chamber of Commerce 2010b). This percentage represents a decrease in loans awarded to women business owners since 2008, when 15.4 percent of women business owners secured SBA backed loans and equity investments (Women’s Chamber of Commerce 2010b). The declining investment in women-owned businesses continues to benefit men leaving women entrepreneurs with few options but to rely upon informal financial resources for business start-up and maintenance.

Davies-Netzley (1998; 2000) and Valdez (2011) confirm that Latina entrepreneurs, like most women business owners, rely upon informal sources of financial capital. In her comparative study of white (non-Latina) and Latina women entrepreneurs, Davies-Netzley (2000) found that most women (regardless of race and ethnicity) primarily utilized personal
savings as start-up capital. Latina entrepreneurs were more likely to secure financial capital from extended family members (i.e., those members outside of personal household) than non-Latina owners, who often relied upon intimate family resources. Among married owners, Davies-Netzley (2000) found that spouses provided crucial financial support and benefits to families during the early stages of business start-up and growth. Davies-Netzley (2000) also found that Latina owners were more likely than non-Latina owners to have a spouse integrated in their business as a partner or employee.

In her study of black, Latino, and white restaurant owners, Valdez (2011) found that Latino/a entrepreneurs relied upon personal savings and extended family networks to secure capital resources. Unlike Davies-Netzley (2000), Valdez (2011) reports modest use of formal banking resources by Latino/a owners including the use of credit cards, bank loans, and refinanced personal property. Unfortunately, Valdez (2011) does not differentiate between the financial activity of Hispanic men and Hispanic women business owners.

During my interviews with Latina owners, the question, “How did you fund your business when you first got started?” initiated lengthy conversations concerning the acquisition of financial resources. Despite the sensitive nature of this question, business owners openly shared their financial histories with me. These discussions revealed that all owners (regardless of social location) invested some amount of personal funds or assets into the initial start-up(s) of their business(es). Owners secured supplemental finances through a variety of informal and formal means.

From the data, I was able to distinguish between owners who *primarily* relied upon informal resources (14 owners, 67 percent) and those who *primarily* relied upon formal
resources (seven owners, 33 percent). In the following sections, I report how Latina entrepreneurs gained access to these financial resources and how their access relates to social location. Specifically, assimilated and acculturated Latina owners utilized similar resources for financial capital and shared related concerns regarding debt management and formal financing difficulties.

**Informal sources.** Among the fourteen Latina owners who primarily relied upon informal resources, all of them utilized personal funds and/or the funds of a spouse or other family member. (See Table 13 for a detailed summary of informal financial sources utilized by Latina owners). Latina owners utilized these resources for three reasons. First, owners stated that businesses start-up costs were low enough to be absorbed without formal lending assistance. Second, owners expressed preferences to avoid accruing loan debt and seized opportunities to utilize personal and/or family financial resources (e.g. loans, investment partners, and family labor). Third, Latina owners reported prior difficulty securing financial capital through lending institutions. As evident in Table 13, Latina owners from acculturated and assimilated sectors of the Latino community expressed similar reasons for relying primarily upon informal resources.

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56 I use the term, “informal resources” to refer to non-institutional sources of financial capital including personal funds/assets and those resources secured from friends, family, and others. “Formal resources” refer to financial institutions, community organizations/programs, and accredited investors who lend capital.
With respect to initial capitalization, five owners reported that they utilized informal resources rather than formal resources because they could absorb the start-up costs of their businesses. Three of these owners operated home-based businesses that did not require large initial investments or high overhead. For example, Diane, a divorced owner in her early forties, described the low start-up cost of her home-based translation business and how she was able to finance it. She stated,
It just didn’t require a lot. I could do it from home because clients would have me come to their business. They’re located mostly in bigger places - you know…Los Angeles, Atlanta, New York. So, they’re not going to come here. I mean, they hire me to go there. I didn’t need an office. Basically, all I needed was a computer, a phone, and so it just didn’t require a small business loan…I didn’t have to have an inventory, products, and that kind of thing. I already had the things I needed. It was more of the legal fees that were the initial barrier but right when I opened the business, I had written a book and I got a publishing contract. I used the money that they gave me to upgrade my computer, buy a nice desk, and just upgrade stuff.

Other Latina owners such as Carla, Elena, Paula, and Sara were able to use personal funds to start-up their businesses due to low start-up costs. Paula, the owner of a graphic design business, explained how she started her home-based business with minimal financial investment. Paula stated,

> With the graphic design – you don’t have to do much. We already had the good computers. When I’m saying good computers, I am talking about the ones that are fast at their capacity. The expensive thing is the programs, the programs for the designs run for $1,000 to $3,000 and we got those at the beginning…so we did not need anything to start the business.

Elena, the owner of a life coaching and professional development center, was the only owner to operate her business from rented office space. The nature of her business required a private setting for interacting with clients. With two children at home, Elena opted to rent a small professional office that she was able to afford.

The ability of these owners to personally finance their businesses supports Davies-Netzley’s (2000) research and national trends (described in Chapter One) that women-owned businesses tend to be small, service-based enterprises where start-up costs are lower than businesses based in other sectors such as manufacturing and construction. Nevertheless, low start-up costs were not the only reason that Latina entrepreneurs chose to utilize personal and
family resources over formal lending. Six owners utilized personal resources in order to avoid accruing debt. Concerns about debt management stemmed from conservative financial practices (i.e., not wanting to owe money) to fears about unstable economic conditions and business failure. Owners reported positive and negative outcomes associated with their decisions to avoid formal lending resources.

Juana, the owner of a translation consulting business and a religious supply business, adamantly sought to avoid debt. She stated, “All of the investment…has been from my savings. I didn’t want to get into debt. I’m not a debt person. I’m just not having any.” Juana considered applying for a loan to obtain retail space for her religious supply business but she had difficulty finding appropriate space and lingering doubts about whether the investment would grow. She explained,

I was not able to find a corner [store] that would let me rent. And if I wanted a window so that people could see my stuff, it is highly expensive and I would be getting into so much debt…but then the economy really took a dip and I was so glad that I didn’t do that.

Juana’s reliance upon personal savings kept her debt free and buffered her from potential losses that she may have incurred as a result of the economic recession in North Carolina.

Like Juana, Flora also owns a translation and interpreting business in North Carolina. Flora shared Juana’s preference to avoid debt. Flora stated, “I don't owe any money. I have always operated out of… you work with what you got.” Flora has been in business over ten years. Although she is debt free, she regrets investing personal finances into her business because it restricts the long-term commercial growth of her business. Flora explained,

It’s a great thing [to be debt free] because you don’t owe anybody. But, my advice would be the contrary now. I’m at a point where I want to grow the
business but I don’t have a credit history for the company. Even though we bought a car outright, we bought computers outright, we bought furniture outright, we paid rent in an office building for nine years…we don’t have a credit history, which is not good. Let’s say for example that I want to buy a building instead of renting this [current space]. I would have to go back to using my personal credit and it’s a big mistake. When you have a business, you do not mix personal and business. I learned that early on. It will come back and bite you in the butt.

Flora is now working to build commercial credit so that her business can continue to grow.

Veronica, owner of a tax preparation business and a real estate agency, shared Flora and Juana’s preferences to avoid debt. Veronica invested personal funds to start her businesses and reiterated Juana’s doubts about whether loans would increase profits given the instability of the market during the economic recession. She stated,

Anything that I started, I made sure that I could start it with my own resources. Had I gone and gotten a loan, say, to open up my real estate business and I had gotten office space, gotten in a lease, and bought furniture just so that I could appear successful, where would I be today? Does that mean that I would be making a lot of money? No, I don’t believe so because the recession is still here. With my husband unemployed…and I don’t generate business unless I make it…I’m not depending on a paycheck to come in. So, if I had gone to a loan, to a bank, I probably would have defaulted by now.

Consequently, Veronica is grateful that she chose to invest personal funds into her businesses rather than formal loans. The unexpected collapse of the national housing market adversely affected many independent real estate agencies, including hers. With the recent unemployment of Veronica’s husband, the profits from her tax preparation business are necessary to support their family. Making monthly loan payments would have been an additional burden for her.
Three other Latina owners (Camila, Laura, and Leticia) avoided formal lending by seizing opportunities to utilize the financial resources of family members, including spouses. These owners represent women from assimilated and acculturated backgrounds (see Table 13) whose family members donated or loaned funds, invested in a business as co-owner, and/or provided labor. Unlike Juana, Flora, and Patricia, these owners did not express strong commitments to debt aversion. Instead, they avoided formal lending by relying upon personal funds and accessible family resources, especially spousal capital.

Camila, owner of a party supply rental service, utilized personal funds and financial capital from her father and spouse. Camila’s business required a substantial initial investment of inventory including: chairs, tables, linens, china, flatware, tents, etc. She explained how she purchased this inventory. Camila stated,

My father helped us with that and we had some savings, my husband and I. We each had savings. And the other part was my father. He gave us a loan and he say...you don’t have to pay interest to the bank. It’s money that I can pay [back to her father] when the business is getting enough money. So, my father supports us.

Camila’s father is a successful business owner in México whose generous support allowed her to avoid borrowing thousands of dollars in loans and paying interest. The assistance provided by Camila’s husband was also significant. Even though he maintains full-time employment (outside of the business), Camila’s husband invested savings as a co-owner and assists Camila on weekends with large events.

Laura is another owner who utilized family resources including spousal capital. Laura owns a translation and interpreting business where her husband is a co-owner and full-time employee. But this was not always the case.
Initially, Laura began her business from a home office while her husband was employed by a local technology firm. His earnings combined with her savings provided the initial investment for the business and sustained their household until Laura’s business began to profit. Laura did not consider applying for a business loan. She recalled, “…he [husband] worked at [name of company] when we started the business. We needed money to survive…but everything was put back into the business….yeah, we never asked for a loan which could have made things a lot easier.”

Over time, Laura’s translation business grew. With advances in technology came new requests from clients for digital training materials and other products. Laura began soliciting assistance from her husband, whose technical skills were useful for creating client materials. Their working relationship blossomed. Eventually, Laura’s husband left his full-time job in order to contribute his professional skills to the business full-time. Therefore, spousal capital was integral to the financial start-up and progression of Laura’s business.

Leticia is another owner who relied primarily upon family resources for capital, including spousal capital. The initial capitalization of Leticia’s mobile catering business resembles the experiences of Camila and Laura. Like Camila, Leticia needed a substantial initial investment. It cost over $45,000 to refurbish a truck with professional grade cooking equipment in accordance with state health standards. Leticia described how she obtained the funds to build her mobile kitchen. “Fortunately, we [she and her husband] had about 50% of the capital and I had an investor, my in-laws, which is my other 50%.”

In addition to the generous financial support of her family, Leticia wisely spread out major purchases for kitchen components and supplies. Leticia always knew that she wanted
to open a mobile catering business so she prepared well in advance. Leticia described this process.

I’ve always purchased professional equipment. So, I was preparing myself for the state that I’m in now [fully functional kitchen]. It takes a little bit of preparation and that’s why I didn’t have a lot of expenses when I decided to go into business because I was preparing myself. But you always have expenses and all of the permits that you need to keep…in order to maintain healthy food and healthy customers.

Leticia’s careful planning and contributions from her spouse and in-laws were supplemented by the additional support of family labor. Leticia’s husband plays a dual role in her business as a co-owner and employee. Despite his retired military status, Leticia’s husband retains another full-time job and assists with catered events on the weekends. His primary job is to drive the truck and monitor the propane levels that fuel the oven. Leticia’s extended family also participates as regular employees. Leticia’s sister is second chef and her mother assists with other food preparation activities. Leticia stated, “They are all key players in what we do.”

Four other Latina owners (Anita, Cristina, María, Sara) relied upon informal sources of financial capital because they were discouraged from applying for loans or rejected by formal lenders. Their stories reveal personal and financial barriers to formal lending such as gendered household dynamics, poor credit, existing debt, and institutional reluctance to lend to new entrepreneurs. In response to these constraints, Latina owners creatively mobilized informal financial resources.

Anita’s story reveals how household dynamics may discourage some women from utilizing formal lending resources. While planning her wedding invitation business, Anita
was optimistic that she could secure a loan for a minority-owned enterprise but she was uninformed about the application process. She stated,

_The whole paper stuff and money…that is all very new to me because I went from living with my parents to living with my husband. As a matter of fact, he never let me do the bills. I never even carried a checkbook because he liked to be in control of all of that._

Anita shared that she deferred to her husband’s advice when it came to personal finances because he was a financial analyst but also because this was his preference. When Anita consulted with him on how to secure a small business loan, he discouraged her from applying. Anita recalled,

_I asked my husband [about applying for a loan]. He’s a financial analyst and was kind of discouraging. He said, ‘I know how the real world works – the bank world – and there’s no way that you’re going to get money.’ And I said, ‘Well, everybody keeps telling that I can because I’m female and Latin.’ He said, ‘The process that you would have to go through is so complicated and the chances that are that you are not going to get it [a loan].’ So, he said, ‘I can give you about four thousand dollars in cash and we have about three thousand dollars in credit. We can go to Rooms to Go [furniture store] and get some credit [to purchase office furniture]. If you can do it [start the business] for that amount – then, I think you should do that.’ And so, I just figured out how much I needed to make it work and I didn’t have to borrow money._

_Today, Anita owns 100% of her business and her husband is not involved as a co-owner or employee. The initial investment of funds provided by her husband enabled Anita’s business to grow in spite of the economic recession in North Carolina. Anita stated,_

_When I talk to other people…they’re like, ‘What you have done with your business in one year is amazing. The fact that you make enough money to pay your rent, pay your shows [bridal shows], pay your marketing, and still take a little bit of money out is great.’ So, I guess I’m doing good but I always want to do better._
Other Latina owners investigated or applied for formal loans but experienced discouragement or direct rejection from financial institutions. Cristina, María, and Sara were unable to secure financial support through formal channels. Consequently, they turned to informal sources of financial capital out of necessity. Their stories highlight the personal sacrifices that entrepreneurs make in order to capitalize their businesses when resources are limited and lending institutions are reluctant to support women.\textsuperscript{57}

Despite holding an advanced degree in business administration, Cristina’s loan application was rejected from a lending institution with no explanation provided. Cristina was disappointed at this outcome and joked that this institution did not share their “secret formula” for why they rejected her application. Nevertheless, she and her business partner were undeterred from selling their specialty baked goods. They proceeded with their business plan by incorporating and seeking out investors. Cristina stated, “We’ve actually self-funded everything so far but we are quickly running out of money and so we are looking for equal investors to invest in the company and its great mission.” The inability to secure a loan was discouraging but Cristina expressed optimism about the future. She stated,

\begin{quote}
I really believe that things happen for a reason. You know, when I quit my job and I was leaving a well-paying salary...people said, ‘What are you doing [starting a business] in today’s economy? You’re totally crazy.’ I mean, we [her and partner] just decided that this was what we were going to do. We’ve been very fortunate to meet many people along the way from different fields...who believe in what we are doing, love our energy, and they’ve been so supportive. We’ve received so much pro-bono work that it’s not even funny. That’s why we are raising the capital because we are at the point where we have to move faster. So, I rented out my house and sold my car. I had a really nice car. And I moved into a house that needed house-sitting.
\end{quote}

\textsuperscript{57}It is critical to note that small businesses lending has decreased annually since the global economic crisis of 2008 (Clifford 2011). Many new entrepreneurs who participated in this study may have been adversely affected by lending trends unique to this context.
Today, Cristina and her partner are still raising capital in order to expand operations across North Carolina. Eventually, they plan to purchase Cristina’s parents’ bakery and do business from the same kitchen where Cristina learned to bake. The future of their company will depend on the capital they are able to raise from committed investors.

Like Cristina, María’s loan application was rejected. The bank informed her that in order to qualify for a Small Business Association (SBA) loan, she needed to submit two year’s worth of business receipts. At the time of our conversation, María had only been in business for several months and was struggling to keep her new drop-in child care center in compliance with health and safety regulations.

María has always been interested in child development. After working in the industry as an employee, she decided to become an owner. María wrote a business plan for a drop-in child care center and acquired commercial rental space in a popular mall where she could market her services to shoppers and mall employees. María was proud that the mall selected her business plan over others offering similar services.

The loan rejection left María in a quandary over finances. Fortunately, her future mother-in-law offered to invest in the business as a co-owner and as a full-time employee. María explained the sacrifices involved in starting a new business to her mother-in-law and stressed that incoming funds would have to be reinvested into the business. María recalled this conversation,

I told her [mother-in-law]…I say…ok, you have some money to invest right now and I have all the connections. I have the knowledge, the environment, and the other resources. We can match everything together. I know that she [mother-in-law] works hard and sometimes they do not pay enough to her. I told her…I will help you out. I just need your support. I need you to be very
understanding. We’re not going to receive any money…I try to work with whatever I have.

María’s mother-in-law chose to invest in the business and accepted full-time employment. Currently, she is María’s only full-time employee. Unfortunately, she does not speak English fluently. This scenario complicates interactions with clients but without the financial security of a loan, María cannot afford to hire additional employees or advertise their services to the community.

In order to acquire clients, María is keeping her prices “the lowest flat prices in the market right now.” As her client base grows, María knows that she will need to hire additional employees in order to satisfy child-to-caregiver ratios established by the state. María also anticipates that she will need to rent a larger space for the kids to play in once her business grows.

Sara, another owner who primarily utilized informal sources, reported a complicated history of obtaining financial resources. Sara is the owner of two businesses, a landscaping business (business number 1 in Table 13) and a tax preparation firm (business number 2 in Table 13). As detailed in Chapter Six, Sara’s interest in owning a landscaping business was inspired by her husband’s employment in that industry and her interest in accounting or “doing the books.”

The landscaping business was Sara’s first entrepreneurial effort. It was a challenging endeavor due to high overhead costs (e.g., lawn mowers, trucks, tools, plants, etc.) and competition among local landscapers for new construction projects within the context of the
economic recession and the collapse of the housing market. Sara reflected on her first year in business.

The first year was just hard because you have to get all of the equipment or at least the basic equipment. We limited our overhead…we did one thing and the next year, we did t-shirts for example. We never acquired everything at the same time. Top-of-the-line, brand new equipment…you’re talking about a Bobcat [brand name truck] is about $30-$40,000. We rented them [trucks] and some people, they had a good two years and they went off and bought everything in sight but what happens is that you have to save that cushion. I guess…count your chickens before they hatch and I think that is what many people did.

Despite these cost-saving efforts, Sara and her spouse took on additional employment to subsidize the start of their landscaping business. Sara’s mother also contributed funds as a “silent partner.” Sara considered applying for a commercial loan but seemed intimidated by the process. She was also convinced that her financial history would adversely affect them. As a recent college graduate, Sara carried existing debt and a short history of formal employment. Her husband had no established credit or formal work history. Sara recalled,

We started to look into it [applying for a loan]. Everybody was telling us to. ______ [Sara’s husband’s] financial history is not that long and he always worked for cash. I was the one who convinced him to get a credit card but he…barely used it. He was self-employed and I had only been working for two years. So, those factors…it’s terrible when you’re trying to get a loan.

After investing personal funds and funds donated by Sara’s mother, Sara turned to personal credit cards to finance the rest of their landscaping business. She explained her decision and expressed regrets. Sara stated,

The thing is…they make loans so difficult to get so that people are like, screw it! I have money here on my credit card. I’ll just deal with it….We tend not to ask for money upfront on jobs. We finance all commercial jobs upfront. That’s kind of a hard thing too but we try to do that because we’ve tried to establish a reputable company. In hindsight, if I would have maybe attempted
to get a loan in the beginning, maybe things would have been a little bit better financially at this point.

Today, Sara’s landscaping business is saddled by credit card debt but business is rebounding with the slow recovery of the construction industry. Sara described her current financial situation.

It’s incredible. We are actually in debt to the point where we can’t make money. Because of our high debt ratio…our self-employed income…we can’t get loans for anything you know. It’s very difficult but in a way, it’s really good because what we do is we’re paying off that debt and so everything we do now is built on money that comes in and we haven’t used our credit cards in almost two years.

While Sara was managing her landscaping business, an opportunity to start a second business emerged when a friend solicited her partnership in a tax preparation business aimed at serving the growing Latino population in their community. Sara says that the decision to invest in this business was easy, “We started out doing taxes immediately because that was going to be…you know…for lack of better words…quick money.” The tax preparation business also required little financial investment. Sara stated, “Our overhead was pretty much the software, rent [for office space], and office supplies. We bought paper and the software, which was about $2,000.”

With the added income from the tax preparation business, Sara hopes to pay down her existing credit card debt. Today, she balances the demands of her landscaping business with performing tax services for clients. Sara’s future goal is to grow both of her businesses and to become a trusted tax resource for the Latino community in her area, especially for persons being audited by the Internal Revenue Services (IRS).
In summary, the majority of Latina owners in this study, regardless of social location, relied primarily upon informal sources of financial capital to start their businesses. These informal sources included personal, family, and spousal resources. Latina owners reported three motivations for using informal sources of capital rather than formal resources. Their motivations included: low overhead and start-up costs, personal preferences for debt aversion, and formal financing difficulties such as rejected loan applications. Latina owners’ reliance upon informal sources confirms the findings of Davies-Netzley (1998; 2000) and Valdez (2011) that Latinas, like most women entrepreneurs, primarily rely upon informal sources of capital.

Without formal assistance from a lending institution, Latina owners demonstrated resourcefulness in mobilizing financial capital for their businesses. Some owners, like Flora, expressed regret for not pursuing a business loan. Other owners, such as Sara and María, reported the personal hardships associated with the ongoing financial management of their businesses. In the following section, I describe the experiences and motivations of Latina owners who gained financial capital through formal sources.

Formal Sources. Seven Latina owners primarily relied upon formal financial resources to start their business (see Table 14). All seven of these owners used personal loans or lines of credit from a financial institution. In addition to personal loans, five owners secured commercial loans from a financial institution or lending organization. Among these owners, six can be described as members of the assimilated segment and one (Vera) can be described as a member of the acculturated sector of the Latino community.
Table 14. Use of Formal Financial Sources

<table>
<thead>
<tr>
<th>Owners’ Motivation</th>
<th>Segment Membership</th>
<th>Personal Financing**</th>
<th>Commercial Financing***</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Start-Up Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alma</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Dora</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Luisa</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Pilar</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Vera</td>
<td>Acculturated</td>
<td>Yes</td>
<td>No (Attempted - unsuccessfully)</td>
</tr>
<tr>
<td><strong>Willing/Able to Finance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ana*</td>
<td>Assimilated</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Rosa</td>
<td>Assimilated</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

*Denotes that the majority of business activities are conducted from a household office. **Personal financing refers to loans, mortgages, lines of credit, and other lending options issued by a bank, credit union, or other institution to an individual. ***Commercial financing refers to loans, lines of credit, mortgages, and other lending options issued through a bank, credit union, or other institution to a formal business.

Latina owners primarily utilized formal financial resources for two reasons. First, some businesses required large initial investments that were unavailable through informal channels. Second, some owners maintained longstanding relationships with banks or other lending institutions and saw financing as a useful resource for investing in their business. Latina owners experienced various degrees of difficulty in securing financial capital through formal resources. Nevertheless, the seven owners described in this section were successful in their efforts.
As reviewed earlier in this chapter, previous literature overwhelmingly reports that women entrepreneurs avoid formal lending or experience frustration and failure when applying for a commercial loan. Davies-Netzley’s research (2000) confirms this trend. Only five women owners (three white, non-Latina and two Latina) out of 89 who participated in Davies-Netzley’s study successfully secured start-up capital from lending institutions. Davies-Netzley (2000) describes these women as well-educated, married women who owned and operated businesses outside of the home with paid employees and annual revenues exceeding $100,000. Davies-Netzley (2000) discloses that two of these owners sought loans to purchase existing businesses but she does not disclose the industry sectors that these elite owners operated in. This profile suggests that women business owners with a privileged social location are more likely to secure capital from a lending institution than owners with less education, fewer/none spousal resources, and reduced revenues.

The Latina owners who participated in this research are a diverse group of entrepreneurs from the acculturated and assimilated sectors of the Hispanic community. Among the seven owners in this research who utilized formal financial resources, only three of them (Alma, Luisa, and Pilar – all assimilated owners) resemble Davies-Netzley’s (2000) profile. The remaining four owners operate small, less financially profitable businesses, and may or may not be married with advanced education. Despite differences in social location, all seven owners experienced difficulty securing loans through formal channels even though their motivations for using formal sources varied.

Alma, Luisa, and Pilar are Latina owners who resemble Davies-Netzley’s profile of owners who successfully secured capital through formal means. The backgrounds of Alma,
restaurant owner, and Luisa, owner of an electrical supply firm are summarized in Chapter Six. Both women are college graduates and owners of businesses that employ paid employees and generate annual revenues of $100,000 or greater. Alma and Luisa turned to formal lending sources because their businesses required large initial investments of capital. 

Alma recounted the story of applying for loans with her business partners, her uncle and father-in-law, who have owned restaurants in North Carolina for over twenty years. She recalled, “We tried one bank but for some reason, it just didn’t work out.” After this rejection, Alma and her partners met with a representative from the Small Business Association (SBA) who referred them to another bank. Alma stated, “We filled out an application for a loan [SBA loan] and then the SBA, we met with them and they referred us to a bank and that bank gave us the money.” I asked Alma whether she believed that her family’s long-term ownership of local restaurants influenced their success in securing a loan. Alma replied,

Yeah, I think that really helped us. There was big collateral for the loan with the other businesses being in town for so long [her family’s other businesses] that they [lenders] certainly knew…okay, these people know what they are doing. They will be okay. So we weren’t too big of a risk for them.

Alma did not state the exact amount of her loan but went on to describe the immense costs involved in purchasing a downtown location for her restaurant and refurbishing it according to acceptable health and safety standards. Alma described,

We actually took out two loans through the small business association. They gave us a loan for the purchase of the building [location of restaurant] and then a second loan for the renovation of the building because we did a whole demolition.
Over time, Alma’s business evolved into a popular restaurant in her local community.

The ability to pay back her investors is a source of stress. Alma explains,

> After the capital was put into the business, I tried not to go back to my investors for any more money. We always figured that we wanted to be sustainable and it’s a difficult thing to do for a new business. Our first few years, there were some months that we were short. There were other months that we were able to make up [lost funds]…. but we are very frugal with our expenses and we don’t make a lot of waste. We just, we pay a lot of attention to where we put our money and I think that helped us.

Like Alma, Luisa faced major financial obstacles to starting her electrical supply firm. She was actually in business for about a year before she was able to secure a loan to purchase about $200,000 worth of inventory. Luisa explained her first year in business. She recalled,

> I started this business with $3,500 to begin with. That is all I had. You know, I had to get all of my licenses. I had to go to the bank, open a business account. Then, I went in to lease a very small office because I needed a location. I said, it’s going to take some time to get established, so I just got a small office to cut down on cost….The next thing was contacting all of the manufacturers to get set up with them for credit. That was really a challenge. First, because of the fact that I’m a Hispanic woman and then there’s the part that you are broke. It took a long time to get established but little by little we made it happen and a year later I got a loan that was guaranteed by the SBA.

Luisa detailed the complex process of securing an SBA loan. Her primary obstacle was furnishing sufficient collateral. Fortunately, her father-in-law assisted her. Luisa explained,

> Since it was taking such a long time to get that loan…you know, the bank was giving me the run around…what he [father-in-law] did was he loaned me $75,000. He borrowed that money from the bank using his life insurance as collateral. He gave the money to me so that I could have some kind of working capital until that SBA loan could work itself out…..then also, we [Luisa and her husband] had to get life insurance on ourselves in case something happened, the SBA loan would be covered and could be paid off in seven years for $200,000.
Luisa used the $75,000 loan from her father-in-law as collateral for a larger SBA loan, which she used to purchase her initial inventory. Over time, Luisa’s business grew and her investments were rewarded. Today, she has been in business over 19 years and carries twice the amount of inventory that she started her business with.

Pilar is the final owner who resembles the participants in Davies-Netzley’s study who secured financial capital through formal sources. Pilar is married and holds a college degree. Pilar and her husband recently retired from the jewelry shop they co-owned for over twenty-five years. Pilar’s husband, a skilled watchmaker, always dreamed of owning his own shop. The fulfillment of his dream brought satisfaction to the couple as well as financial success and a local reputation for quality products. Ironically, Pilar and her husband went into business sporadically - without a business plan. She recalled,

In 1982, we [Pilar and her husband] were just talking and he said, you know, if it wasn’t for the family, I would love to have a business of my own. I thought to myself…well, I don’t want to be in the middle of him and his dream. So, I said, ‘Ok, why don’t we look into opening a business.’ Then, all of a sudden we were at the beach and there was a store for sale and we bought all of their showcases. And after that we said, ‘Oh gosh, now we’re going to have to find a place to put the showcases,’ and that is how we ended up opening our business.

Pilar and her husband realized that they would need a loan in order to purchase inventory and rental space. They sought advice on loans from a small business center. She stated,

We went to the Small Business Bureau and they were saying how the government had loans but the way it worked was that you had to be rejected by the banks. Then, they required all kinds of…a business plan, and all of these things. We had no clue how to do anything like that. To me, it was like trying to learn Japanese. And we did have good credit, so we knew we weren’t going to be rejected by the bank.
Pilar and her husband used their good credit to secure a commercial loan and a commercial credit card through their local bank. Over two decades, their business grew. Pilar managed sales and bookkeeping while her husband designed and repaired jewelry. At times, they struggled financially to keep the business viable. Despite challenges, their business thrived until 2008, the start of the economic recession in North Carolina. Pilar and her husband considered closing the business and retiring. She described this difficult decision.

I was worried and anxious about actually closing the business and I couldn’t understand why. I thought to myself that I should be happy [to be retiring] but I was anxious for some reason. It was all we had done for so many years. And at no time, did we ever think we weren’t going to succeed.

Today, Pilar and her husband enjoy retirement. Pilar’s husband still designs and repairs jewelry from home. The formal resources available to them (e.g., personal assets and commercial loans) provided the springboard for a long and prosperous entrepreneurial career in the jewelry trade.

The experiences of Alma, Luisa, and Pilar do not significantly differ from the experiences of Dora, Vera, Ana, and Rosa – four owners who do not resemble Davie-Netzley’s participants who secured financial capital through formal sources. All of these women faced challenges of rejection before successfully securing financial capital through formal channels. The experiences of Dora, Vera, Ana, and Rosa reveal the conditions under which some women are able to secure capital without the increased benefits of spousal resources, higher education, and/or annual revenues exceeding $100,000.
As detailed in Table 14, Dora and Vera owned businesses which required large initial investments. Both women secured capital using personal and commercial financing. Vera, an acculturated owner, does not have the same educational credentials or high business profits as Alma and Luisa. Yet, her longstanding relationship with a local bank enabled her to secure a line of credit to capitalize her business despite having bad credit. As detailed in Chapter Six, Vera is the owner of a party planning business, specializing in quinceañeras. Before opening her party planning business, Vera was employed at a grocery store bakery and co-owned two unsuccessful businesses – a limousine service and a restaurant.

During this time, Vera had excellent credit but soured relationships with business partners eventually led to business failures. Vera explained,

> When I was working at the bakery, I bought my own limousine and I did the limousine service. Back in those days it was easy for me to do anything I wanted to make a lot of money. So, I bought two limousines and I got real, real good credit because when I went to the dealer, they gave me five years [for the auto loan] and I paid it off in like half the years. So, my credit was really good. I didn’t mess it up until I got the restaurant…the partnerships and everything…I jumped out [of the partnership] and the bills and everything was in my name. That’s when the problems came…they [former partners] didn’t care about my credit or paying bills on time. When they didn’t, the landlord came to get everything straight and they didn’t pay on time. So, they closed the restaurant and everything was in my name. It was bad.

Despite having bad credit, Vera was determined to start her own business. Since her party planning business required a large initial investment in inventory, Vera could not rely upon personal or family funds. She began investigating commercial lenders and sought assistance from a community development organization. Vera recounted,

> I went to this place [name of organization] and they helped me a lot….I learned a few things. It was kind of like a lesson and this gentleman told me that I could get a line of credit there [commercial line of credit] but when I
went to apply, I couldn’t make it because of my past…the restaurant. So, they
couldn’t help me out. I went back to [name of her local bank] where I was
able to open a personal line of credit. I had to put that line of credit over my
house but if your credit is bad, no one wants to loan you money.

By gaining a home equity line of credit at her local bank, Vera was able to invest in her new
business without relying upon informal sources of capital. Like Alma and Luisa, the process
of gaining capital for Vera required persistence, utilization of collateral, and established trust
with a lending institution.

Capitalization for Dora’s mobile organic juice business further reveals how Latina
owners resourcefully acquired capital from formal sources. Like Vera, Dora does not fit
Davies-Netzley’s profile of owners who successfully secured loans. While Dora holds an
advanced degree, she is unmarried with few family resources. She spoke about her decision
to take out commercial loans to start her business. Dora stated,

I think on the surface we would like to believe that this dream of…pull
yourself up by the bootstraps…and anybody can achieve anything in the
United States….There is the hopeful, idealistic part of me that wants to truly
believe that. The reality is that for a person like me to succeed within the
business world it is just a much more difficult hurdle. I don’t come from
money so I didn’t have family resources to rely upon….I was already coming
from a place of incredible debt because in order to acquire the education I
have it meant taking on a whole lot of student loans, which I will be paying
for the rest of my life. I didn’t have a lot of access to models or examples
within my family.

Dora’s vision for a juice bar and community gathering space is described in Chapter
Six. Driven by her passion for the sustainable food movement and nutrition, Dora was
inspired to create a community gathering space around organic juices. After working with a
small business center at a community college, Dora created a formal business plan for her
mobile juice truck. She used four thousand dollars from her personal savings to purchase the
truck. In order to convert the truck into a commercial kitchen (fueled by biodiesel) in compliance with state health guidelines, Dora needed additional funds.

Conversations with business owners, friends, and community organizations pointed Dora to valuable lending resources in her local area. Using her business plan and creative vision, Dora was able to secure two commercial loans. The first loan was a microenterprise start-up loan from a community business development center. The second loan was an SBA loan facilitated by a women’s business center.

In 2008, Dora used these loans to refurbish her truck, which she began taking to local events, festivals, and farmer’s markets. As economic recession worsened in North Carolina, juice sales eventually plummeted. Upon reflection, Dora stated, “People actually commented quite often that this is not the best time to be starting a business but I was hopeful, bold, and naïve…all of the above.” After a year in business, Dora’s truck entered a “quiet phase” of inactivity. Dora is currently reevaluating the goals for her business.

Despite her success in securing financial capital, Dora was the only owner in this research to voice deep concerns about economic inequality and entrepreneurial start-up. Dora felt that businesses with a social mission suffer within the context of the profit-driven market economy. Dora stated,

My commitment to…organic and wholesome and accessibility goes against the grain of the profit margin….I realize it doesn’t hold much weight if profit is the key. Profit ultimately is the driving factor within this structure and I have realized that doesn’t necessarily work when I’m trying to do good in the community. The framework overall just doesn’t support these types of businesses that want to value climate and people as much as profit unless you are heavily subsidized or unless you come from deep pockets where you haven’t had to accumulate debt to be able to do this.
Despite her good intentions, Dora is now burdened with the financial responsibility of paying down her existing student loan debt and her commercial loan debt.

Like Dora, Rosa and Ana experienced little difficulty securing financial capital. Rosa and Ana sought loans through formal resources because their start-up costs were low and they had already established good credit with a banking institution. Unlike the other owners described in this section whose businesses required large initial investments, Ana and Rosa turned to formal lending resources out of convenience rather than necessity.

Instead of seeking commercial loans, Rosa and Ana opted to pursue small personal loans through their local bank to cover start-up costs. Rosa is the owner of a massage therapy business. She is in her late forties, divorced, and holds a certificate in massage therapy but no other education beyond high school. Prior to becoming a massage therapist, Rosa operated a successful day care business. She sold this business after her husband’s job (now ex-husband) relocated their family. After this move, Rosa worked as a stay-at-home mom for several years.

An unexpected injury sustained during a family ski trip introduced Rosa to the benefits of massage therapy. She says that she “fell in love with it.” It did not take Rosa long to graduate from a local massage therapy program and secure her state certification to practice in North Carolina. Rosa and a classmate worked together to open their own massage practice but the physical demands of the job were too strenuous for her partner and soon, Rosa became the primary owner (100% share of business).
Rosa reported several challenges in opening the practice but securing financial capital was not one of them. Despite needing equipment and rental space, start-up costs were low for Rosa. She only required a small personal loan in order to decorate the space. She stated,

I did get a personal loan to update the office. When I bought it, we painted the whole office. I changed the structure [office layout] to make it more effective and easier to maneuver everybody around…I wanted to make it look more peaceful and more quiet so I did get a loan and that was something I went to my bank for.

Rosa’s business was financially stable until the economic recession and the emergence of a national massage therapy chain, which undercut the industry by offering low-cost massages. Rosa’s established clientele continue to support her work despite the higher cost of her services. Today, she has been in business for over twelve years.

Ana, like Rosa, operates a business that required a small initial investment. Ana is married, in her late twenties, and owns a translation and interpreting business based from a home office. After graduating from high school, Ana began doing Spanish translation for local government agencies in her local area where there was a critical need for bilingual services. Ana says that “work found her” and that she did not consider going to college because employers rarely asked about her education. She says, “Language proficiency is more scrutinized.”

Eventually, Ana realized that she was being unfairly compensated by her employers. Ana stated, “Most interpreters are well-paid…like $60 per hour.” At the time, Ana was earning $10/hour. When she asked for a raise (from $10 to $12/hour), she was told that a 20% raise was “unheard of” in state government. Ana decided that she could earn more money as a professional consultant.
After meeting with a SCORE volunteer and doing internet research on small business ownership, Ana was able to write a formal business plan and eventually, launch her business. Because she already had many contacts in her community, Ana did not need to worry about advertising or steady income. Plus, her start-up costs were very low. Ana explained, “Working from home is fine. I didn’t need a storefront and most of my clients just want to conduct all business over the computer…not even phone calls, just e-mail.” Ana only needed to purchase a computer and a printer for her home office. She took out a small personal loan from her bank to cover these costs.

Today, Ana is a successful business owner and consultant. The absence of bilingual Latino professionals in her county guarantees a steady stream of work for her. While this is financially good for business, Ana says the drawback is that she “sticks out like a sore thumb” in her local community and “everyone knows her no matter where she goes.” Ana accepts as much work as she feels like doing and enjoys spending personal time with family.

Chapter Conclusion

Findings from this research reveal that Latina business owners utilize informal and formal sources of financial capital to fund business start-up. The majority of owners (14 owners, 67 percent) relied primarily upon informal resources to secure financial capital. This finding supports previous literature documenting women’s reliance upon informal sources of

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58 As previously stated, the Service Corps of Retired Executives (SCORE) is “…a nonprofit association dedicated to educating entrepreneurs and the growth and success of small business.” (SCORE 2009). SCORE matches community volunteers (with diverse business experience) with entrepreneurs seeking assistance at no cost.
capital – specifically, the qualitative findings of Davies-Netzley (2000) and Valdez (2011) regarding Latino/a entrepreneurs.

Latina owners reported three motivations for utilizing informal sources of financial capital rather than formal lending sources (see Table 13). Four owners reported that businesses start-up costs were low enough to be absorbed without formal lending assistance. Six owners expressed preferences to avoid accruing loan debt and seized opportunities to utilize personal and/or family financial resources (e.g. loans, investment partners, and family labor). Four owners reported prior difficulty securing financial capital through lending institutions and turned to informal sources out of necessity.

Latina owners from acculturated and assimilated sectors of the Latino community expressed similar reasons for relying upon informal sources of capital. This finding suggests that the acquisition of capital proves to be a challenge for all owners regardless of social location. Valuable sources included personal savings and family financial resources, particularly spousal finances and labor. These sources of capital were conveniently available for many owners. Yet, overreliance upon personal and/or family resources resulted in financial strain and personal hardship for several owners who incurred credit card debt, failed to establish commercial credit, liquidated personal assets, and/or worked exhausting hours in order to reduce labor costs.

Seven Latina owners secured financial capital through formal resources including financial institutions and other organizations. Owners reported two motivations for utilizing formal sources of financial capital rather than informal sources (see Table 14). Five owners needed large initial investments, which could not otherwise be obtained through informal
channels. Two owners maintained longstanding relationships with local banks and saw financing as a convenient and useful investment. Some owners, such as Luisa, needed to leverage personal assets as collateral in order to secure large commercial loans. Yet, these loans ultimately provided owners with the funds necessary to start and maintain their businesses.

Overall, assimilated and acculturated owners experienced varying degrees of difficulty securing financial capital through formal resources. No clear pattern emerged indicating which Latina owners were more likely to successfully secure a commercial loan. In fact, several contradictions suggest that loan distribution is unpredictable. For instance, Cristina, an assimilated owner who holds an advanced business degree from a prestigious university, was rejected for a commercial loan to produce specialty baked goods. Meanwhile, Vera, an acculturated owner with a compromised credit history, was able to secure funds as a result of a trusted and long-standing relationship with her local bank.

Vera’s experience and others reported in this section challenge the profile observed by Davies-Netzley (2000) who found that well-educated, married owners of large, lucrative industries were more likely to secure capital through formal sources than other women owners. My findings also suggest that the skewed distribution of financial capital in the context of the “embedded market” offers women business owners no guaranteed support as entrepreneurs and potential job creators. Latina owners in this research accepted the personal risk of investing family and spousal finances/assets in businesses that were starting up and/or operating during the worst economic climate in North Carolina since the Great Depression.
The experiences of assimilated and acculturated Latina owners in this research suggest that women entrepreneurs creatively maximize the financial resources most readily available them – with or without support from a lending institution. While Latina owners experience different financial challenges, certain stabilizing factors emerge which promote positive outcomes in terms of acquisition of financial capital (as it pertains to business start-up). For example, the financial stability (i.e., socioeconomic status) of owners and their family members (including spouses) enabled the majority of Latina entrepreneurs to pursue entrepreneurial ventures. Some owners included family and spouses as co-owners, silent partners, and/or employees.

It is also important to consider alternative explanations for Latina owners’ reliance upon informal sources and the absence of major differences in access to financial capital between assimilated and acculturated owners. It is possible that some Latina owners may not have disclosed personal financial details with me, related to loan eligibility, that they may have found embarrassing or upsetting. It is also possible that some Latina owners may have downplayed their lack of understanding about commercial banking and/or their trust in U.S. financial institutions. Regardless of these possibilities, findings from this study suggest that access to financial capital is a complex process for all Latina entrepreneurs with streams of support emanating from multiple sources irrespective of assimilated or acculturated status.

Overall, major differences in access to financial capital between assimilated and acculturated owners were not overtly apparent. Acculturated owners such as Vera and Camila were able to mobilize formal and informal sources just as successfully as assimilated owners. Moreover, assimilated and acculturated owners reported similar limits on the
benefits of personal/familial financial stability. For instance, five Latina owners (4 assimilated and 1 acculturated) required supplemental funds beyond their personal and familial investments due to high start-up costs. These women relied less upon personal and/or family resources and sought financing assistance from community organizations or local banks they had already established trusted relationships with. These findings reveal that Latina owners experience similar problems accessing financial capital, regardless of their class location and integration with the mainstream market economy.

Another important dimension of securing financial capital is the network of relationships which facilitate access to lending information and opportunities. Gaining advice and assistance with commercial lending is particularly critical to entrepreneurs in need of large initial investments. In the following chapter, I investigate the role of business networks by describing how Latina entrepreneurs used formal and informal networks to obtain business advice and assistance. I also reveal the perspectives of community informants regarding networking within the Latino business community and the delivery of support resources to Latino/a entrepreneurs. Finally, I discuss the fractured state of the Latino business community with respect to business networks and missed opportunities for mutual assistance among Latina entrepreneurs.
CHAPTER EIGHT
COMMUNITY AND NETWORKING

"It's a lack of knowledge about resources. You have to fish in their pond. (Flora, Business Owner)"

Introduction

“Networking” and “network structures” are popular terms used to discuss entrepreneurs’ personal connections and community contacts (Smith-Hunter 2006). For business owners, the significance of social networks rests upon Polanyi’s concept of “embeddedness” (described in Chapter Two) where social relationships are thought to function as pathways to resources and ideas. The entrepreneurial value of these resources and ideas depends upon the quality of information flowing through social networks (Renzulli, Aldrich, and Moody 2000). The network dimensions of social relationships (often considered a form of social capital) of individuals and communities are core issues within entrepreneurship studies.

According to Misner (2004), a strong contact network serves as a “main street” for business owners where information, products, and services may be exchanged. Therefore, entrepreneurs are advised to create strong networks by participating in structured networking programs, establishing referral systems, finding an industry mentor, and creating a board of advisors (Center for Women’s Business Research 2009a; Misner 2004). Amidst all of the responsibilities involved in operating a business, building networks is a necessary and time-consuming task for entrepreneurs.

Within the context of the embedded market, some entrepreneurs (such as minority women) may face greater challenges building networks in groups or communities where they...
are underrepresented and possibly, unwelcome. According to Davies-Netzley (2000), the activity of business owners is immersed in social relations which may facilitate or inhibit entrepreneurial success. These social relations are shaped by norms of inclusion and exclusion that often relate to ethnicity, gender, race, national origin, and/or social class (Fernandez-Kelly 1994).

An example of how norms of inclusion and exclusion specifically relate to entrepreneurial networking was revealed in my fieldwork. In 2011, I attended a statewide networking conference at a prestigious country club in North Carolina known for its champion golf courses and expensive green fees. Minority business development groups endorsed the conference and encouraged minority entrepreneurs to attend. As a result, there was a diverse turnout among men and women attendees.

While formal networking sessions took place indoors, other networking activities took place on the golf course including competitive tournaments. According to the conference agenda, these events were not gender-segregated but there were additional fees to play. During the conference, I observed many conference attendees (almost exclusively men) wearing golf apparel and carrying golf bags and equipment. I did not observe nor did I speak with any women entrepreneurs who participated in any golf-related activities during the conference.\(^{59}\)

In terms of networking, attendees who did not play golf were excluded from opportunities to interact with conference participants who could afford to socialize on the fairways. In this way, the privileged (mostly male and white) entrepreneurs reaped the

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\(^{59}\)Golf was a highlighted recreational activity at the conference. I do not know if women engaged in other recreational activities at the conference.
benefits of networking with each other while less privileged attendees watched from the sidelines. This scenario is reminiscent of Domhoff’s (1974) sociological research on the cohesion of elites at wealthy retreats like *The Bohemian Grove*. Domhoff (1974) found that exclusive clubs provide a relaxed setting for corporate leaders to exchange ideas. In regard to the conference, golf served as a recreational activity where privileged attendees could interact in a casual, yet exclusive environment thereby reinforcing solidarity and mutual support.

Vallejo (2009) notes that golf is a contentious topic among many Latino professionals in business. In her study of professional associations, Vallejo (2009) found that upwardly-mobile Latino professionals lament their limited exposure to golf as it alienates them from networking opportunities and “informal deals” made on the golf course. Specifically, Latino professionals reported that they were never exposed to golf due to their parents’ marginalized economic positions. A participant in Vallejo’s research (2009) stated, “the Latino community is missing the boat with their lack of interest in golf” (p.140). Thus, opportunities to access entrepreneurial networks may be limited by norms of inclusion and exclusion based on gender, class, race, and/or ethnicity.

Norms of inclusion and exclusion are often glossed over in previous studies of entrepreneurial networking even though findings note important gender differences. For instance, most business networks are male-dominated (Aldrich, Reese, and Dubini 1989). Additionally, the social networks of women are smaller and less effective than men’s - mainly because women are embedded in more homogenous, familial (i.e., kin) social networks than heterogeneous ones (Aldrich et al., 1989; Liao and Stevens 1994; Marsden
1987; Moore 1990; Renzulli et al. 2000; Reskin and Roos 1990). It is commonly asserted that: 1) gender segregation in the workplace, 2) the sexual division of labor in the home, and 3) the organization of social/leisure activities along gender lines - account for the major differences in the network composition of men’s and women’s social networks (Aldrich et al., 1989).

In the context of “embeddedness,” women’s homogenous social networks are generally thought to reduce entrepreneurial advantage because “strong ties” offer less valuable information than “weak ties” (i.e., acquaintances outside of one’s immediate family) (Granovetter 1973). Productive business information is thought to stem from diverse sources emanating from heterogeneous social networks. Alternatively, strong ties provide little new information to members of tight-knit groups because members have increased contact and access to similar knowledge and resources (Granovetter 1973).

It is therefore advantageous for entrepreneurs to develop weak ties through participation in heterogeneous networks. In the business world, this strategy is referred to as the “spider web structure” of social networking whereby entrepreneurs “spin a web” in various directions in order to “catch” information from a wide variety of sources (Baker 2000). Does this strategy guarantee equally successful entrepreneurial outcomes for men and women?

Several studies question whether network composition (i.e., weak versus strong ties) and networking activity account for gender differences in entrepreneurial success. This is a valid critique given the rate of business failure in the United States. Only about 50 percent of all new establishments (regardless of gender) will survive five years and only about 30
percent of those establishments will survive 10 years (U.S. Small Business Administration 2012).

Katz and Williams (1997) argue that the characteristics of men and women owners’ networks may differ qualitatively, but that no meaningful difference exists in how owners use these networks. Men and women’s social contacts may look different but they use networks for the same reasons. Reese and Aldrich (1995) also found that networking time invested in by men and women entrepreneurs was unrelated to business survival rates and economic performance. Moreover - Aldrich, Elam, and Reese (1997) report that women pursue advice and assistance through social networks just as aggressively as men with equally successful outcomes. These studies suggest that networking may be useful for support and assistance but not a primary determinant of entrepreneurial success or failure.

In recent years, the increasing number of minority women entrepreneurs has inspired further research on networking. Unfortunately, few studies compare within-group differences among minority women entrepreneurs and findings generally confirm the dominant view that minority women entrepreneurs, like other women, are disadvantaged by homogenous networks (Harvey 2005; Smith-Hunter 2006). For instance, Harvey (2005) found that the social networks of black women salon owners largely consisted of other working-class black women in the salon industry (i.e., homogeneous networks). As women transitioned from stylists to owners, they relied upon existing contacts in the salon industry for assistance in locating available real estate. This scenario resulted in new salons opening in close proximity to existing salons. Greater knowledge of real estate and the untapped potential of other
geographic locations may have benefited new salon owners by redistributing services and reducing local competition.

Research on the business networks of minority women entrepreneurs also finds that minority women utilize less advantageous networks than white (non-minority) women entrepreneurs. Smith-Hunter’s (2006) research suggests that minority women rely more upon informal social networks (e.g., family, friends, co-workers, etc.) than white (non-minority) women entrepreneurs who rely on informal and formal networks. Throughout business start-up and management, white women received more assistance from formal organizations (e.g., banks, professional organizations, educational institutions, etc.) than minority women did. By contrast, minority women were more likely to receive assistance from church and community groups, membership organizations, family members, and friends. These findings suggest that the business networks of minority women may be more homogeneous than those of non-minority women. Smith-Hunter’s (2006) results are congruent with the findings of Davies-Netzley (2000) who found that Latina entrepreneurs depend more strongly upon family networks of support than do white, non-Latina entrepreneurs. Davies-Netzley (2000) also found that Latina entrepreneurs were less likely than white, non-Latina entrepreneurs to attend formal networking events such as all-women’s business functions.

Consensus in the literature on the deficiencies of women’s business networks (as compared to men) and minority women’s networks (as compared to non-minority women) undermines any positive outcomes associated with women’s entrepreneurial networks. An alternative approach is offered by Inman (2000), who rejects the assumption that strong ties disadvantage women entrepreneurs. Inman’s (2000) research on black and white women
owners suggests that strong ties provide important foundations for women’s businesses. While strong ties are often embedded in smaller, homogeneous networks, they are nonetheless essential cornerstones for resource mobilization and business growth. This was especially true for black women owners in Inman’s study who were located in rural communities. Many of these women owned businesses derived from a family tradition or skill (e.g., embroidery, cooking, etc.) where kin networks provided mentorship, business referrals, and other supportive roles.

While Inman (2000) acknowledges that black and white women owners utilize similar strong-tie networks to gain advice and assistance, she also reports variations by family status. For instance, married owners (or owners in relationships with men) gained more weak business ties than women owners who were single or unmarried. This finding confirms the research of Davies-Netzley (2000) and Valdez (2011) who found that employed spouses served as valuable support resources for Latina owners. Inman (2000) also found that white women received more financial assistance from formal organizations than black women who, Inman (2000) argues, are still adversely affected by structural lending constraints due to race and gender.

In summary, Inman’s (2000) research redirects perspectives on the networks of women entrepreneurs by articulating the productive value of strong ties. Inman’s approach is critical to understanding within-group differences in networking among minority women entrepreneurs, particularly understudied populations such as Hispanic women entrepreneurs. As revealed in the previous section, the majority of Latina business owners (14 owners, 67 percent) in this research relied primarily upon informal sources, particularly personal assets.
and the financial resources of family and spouses to start their businesses. This is evidence of the strength of strong-ties, not weak ones.

In the following sections, I describe how acculturated and assimilated Latina entrepreneurs utilize a variety of informal and formal networks to obtain business advice and assistance. As with financial capital, Latina entrepreneurs in this study maximize the resources most readily available to them and seek assistance when needed. Contrary to the findings of previous literature, Latina entrepreneurs participate in heterogeneous business networks. While strong ties still figure as critical support resources, the networks of acculturated and assimilated Latina entrepreneurs are diverse. Later in this chapter, I analyze community informant perspectives on networking and discuss ethnic community fragmentation in North Carolina and its consequences for Latina entrepreneurs.

Networking Summary

During interviews with Latina entrepreneurs, I asked, “Who do you go to when you have a problem with your business and you need advice?” (see Appendix B). Participant responses revealed that assimilated and acculturated owners turned to contacts within informal and formal networks to obtain advice and assistance (see Table 15). In addition to social contacts, Latina owners frequently cited “the internet” as a major resource for obtaining business advice and networking with others in their community. Contrary to previous findings on minority women entrepreneurs, particularly those of Harvey (2005) and Inman (2000), the composition of Latina owners’ informal and formal networks suggested considerable diversity. The majority of participants reported that their business networks do not consist of other Latina entrepreneurs. In fact, Latina entrepreneurs expressed frustration...
about the absence of Latina business networks and Latina mentors in North Carolina. As
Veronica stated, “I don’t have a mentor. I don’t even know anyone [business owner] who is
also Latina. Not to say that I don’t need one [a mentor]. Absolutely, I need one.”

Assimilated and acculturated owners obtained business advice and assistance from
informal networks. About 24 percent of owners (five women: one acculturated, four
assimilated) relied primarily upon informal networks consisting of family and friends or
other business/personal contacts. In the case of acculturated owners, Paula and Vera,
informal networks solely consisted of local contacts within their respective ethnic
communities.61

Many Latina owners, nearly 38 percent (eight women: one acculturated, seven
assimilated), reported that they primarily used formal networks to obtain business advice and
assistance. Assimilated and acculturated owners connected with a variety of community
organizations including volunteer groups like the Service Corps of Retired Executives
(SCORE), community colleges, and business development centers.

Another 38 percent of owners (eight women: two acculturated and six assimilated)
utilized both informal and formal networks to obtain business advice and assistance. Fifty-
two percent of owners (11 women) reported having a business mentor, or someone who
provided them with ongoing business support. Business mentors represented members of
informal and formal networks including family members, personal contacts, community
advocates, and teachers. Camila, an acculturated owner, was the only owner who retained (at

61 Please note that Paula was the only acculturated owner to primarily rely upon informal networks. Vera used
both formal and informal networks, as listed in Table 15.
cost) a professional business coach to provide her with ongoing entrepreneurial support.

None of the Latina entrepreneurs in this research reported having a Latina business mentor.
Table 15. Networks Utilized for Entrepreneurial Advice and Assistance

<table>
<thead>
<tr>
<th>Owner</th>
<th>Segment Membership</th>
<th>Informal Networks</th>
<th>Formal Networks</th>
<th>Business Mentor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alma</td>
<td>Assimilated</td>
<td>Yes</td>
<td>No</td>
<td>Family Member</td>
</tr>
<tr>
<td>Ana</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>Family Member</td>
</tr>
<tr>
<td>Anita</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>Family Member</td>
</tr>
<tr>
<td>Camila</td>
<td>Acculturated</td>
<td>No</td>
<td>Yes</td>
<td>Business Coach**</td>
</tr>
<tr>
<td>Carla</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>Photography Teacher</td>
</tr>
<tr>
<td>Cristina</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>College Professor</td>
</tr>
<tr>
<td>Diane</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>Community Official</td>
</tr>
<tr>
<td>Dora</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Elena</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Flora</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>Advocate for Women’s Businesses</td>
</tr>
<tr>
<td>Juana</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Laura</td>
<td>Assimilated</td>
<td>No</td>
<td>Yes</td>
<td>Family Member</td>
</tr>
<tr>
<td>Leticia</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Luisa</td>
<td>Assimilated</td>
<td>Yes</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>María</td>
<td>Acculturated</td>
<td>Yes</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Paula</td>
<td>Acculturated</td>
<td>Yes*</td>
<td>No</td>
<td>None reported</td>
</tr>
<tr>
<td>Pilar</td>
<td>Assimilated</td>
<td>Yes</td>
<td>No</td>
<td>None reported</td>
</tr>
<tr>
<td>Rosa</td>
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<td>Yes</td>
<td>No</td>
<td>Personal Contact</td>
</tr>
<tr>
<td>Sara</td>
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<td>No</td>
<td>Yes</td>
<td>Personal Contact</td>
</tr>
<tr>
<td>Vera</td>
<td>Acculturated</td>
<td>Yes*</td>
<td>Yes</td>
<td>None reported</td>
</tr>
<tr>
<td>Veronica</td>
<td>Assimilated</td>
<td>Yes</td>
<td>No</td>
<td>None reported</td>
</tr>
</tbody>
</table>

*Indicates strong use of ethnic networks within the Latino community.
**Indicates a paid professional mentor.
Informal Networking

The diverse networks reported by Latina entrepreneurs challenge previous findings that women’s entrepreneurial networks are saturated with strong ties from informal networks. Nonetheless, some Latina entrepreneurs reported that strong ties - particularly kinship networks, were vital sources of advice and assistance. Family ties provided support for owners like Alma and Anita who grew up with family businesses and valued family members as knowledgeable advisors.

Alma relied upon her uncle as a source of business advice due to his long history of entrepreneurship in the restaurant industry. She also considered her mother’s lifestyle to be a source of inspiration for running a sustainable business. She stated,

My mother raised two girls in a big city by herself. Definitely, she is my mentor. She worked really, really hard …I feel like I got that tenacity of just getting things done with limited resources from her because that is what she always did. Then, I worked with ______ [uncle]. He is a hard working man full of vision. He can do anything.

Anita, owner of a wedding invitation business, also cited family members as important networks of support and assistance. Anita stated,

I think watching my parents and my brother who owns his own business has just given me the thought that if you wanted to run your own business, you could. I saw it firsthand…I think they’re my mentors, the people that I look up to.

Two Latina owners obtained business advice and assistance through informal networks consisting of ethnic, non-kin contacts in their local communities. Acculturated owners, Paula and Vera, operated in the “isolated” sector of the Latino businesses community. As described in previous chapters, Paula operates a graphic design business and
Vera operates a party-planning business specializing in quinceañeras. They were the only owners in this research to rely upon ethnic contacts for business advice and assistance. Their business needs are confined to their customer base, which functions along the periphery of the mainstream market economy.

Paula and Vera reported that their local communities supplied them with networks of consumers and support resources. Paula described how word-of-mouth travels fast in her local community. Paula stated, “With the Latino population, if you say…I opened a business, everybody knows within a week. Whatever is going on with the Latino people [in her community], they know.” As a result, Paula and Vera do not need to advertise their services and business support is often within immediate reach.

With respect to business advice, both owners reported that they are at a comfortable place in their career where they do not experience frequent problems requiring additional assistance. At the same time, Vera felt that certain knowledge resources were lacking in her community. When Vera began formalizing her quinceañera planning business, she recalled considerable difficulty understanding state regulations for business registration. Few people in her community (including Vera herself) spoke English fluently. Therefore, their knowledge and understanding of state regulations was limited.

Vera was forced to reach outside of her community network to locate information on formalizing her business. Vera stated, “When I was trying to do the business, I didn’t find no help. I have to find it by myself.” Despite having low English proficiency, Vera enrolled in a short course for aspiring business owners at a local community college. Vera stated that this
course improved her English proficiency and allowed her to learn about the business formalization process.

Since taking the course, Vera feels empowered as a business owner and primarily relies upon herself and also, the internet for finding the answers to business dilemmas. Vera says she encounters very few problems that she can’t solve. She stated, “I never have real, real [difficult to solve] problems, so I kind of handle things myself.”

In addition to the use of ethnic networks, Latina owners utilized informal networks consisting of non-familial business contacts and associates. For instance, Rosa, an assimilated owner of a massage therapy business, gained assistance from a patient who helped her partner with a local country club for massage therapy services. Rosa considered this patient to be her business mentor. She stated, “Yes, as a matter of fact, I have a mentor. He was actually a patient but he was also an attorney….he was actually the person who helped me negotiate the contract at the club.”

Other assimilated owners, such as Diane, gained business advice and assistance from other informal community contacts. Diane, owner of a translation business, stated,

I have a male mentor who owns…I don’t know how many businesses. I mean, he’s worth at least 8 million dollars at this point. He is a county commissioner and he has…a background of being in the public and running businesses. I turn to him for advice all of the time and he gives it willingly. Why? Because he doesn’t see me as a threat…and he’s probably like, hey - more power to you.

Diane expressed frustration with a lack of Latina mentorship and what she perceived as competition rather than cooperation among women entrepreneurs in her community. Diane recalled,
I found two women in this area who are business owners - very successful - and they closely guard their information. They are not helpful. Both of them are in a business similar to mine. When I initially reached out to them, when I was nobody, and I asked a couple of questions...they would throw me a bone but when I started getting successful, their information just cut off. As long as the person feels sorry for you and doesn’t feel like you are going to be a competitor, they will mentor you. In truth, all of the mentors that I have had have been men. I think because they don’t feel like I’m going to bypass them.

Frustrations about mentoring and the knowledge limitations of informal networks motivated owners, like Vera and Diane, to explore supplementary routes to obtaining advice and assistance in their communities. With respect to social location, Paula was the only acculturated owner who did not utilize any formal resources to obtain advice and assistance. These results suggest that informal resources are utilized by assimilated and acculturated owners. Yet, most Latina entrepreneurs (regardless of social location) utilize formal networks to obtain the advice and assistance they need.

These efforts reveal agency on the part of Latinas to participate in diverse networks perceived as beneficial to their businesses. These findings differ from some previous literature on the saturation of strong ties within the networks of women entrepreneurs, particularly minority women entrepreneurs. My results may differ because: 1) this body of literature diminishes the agency of minority women entrepreneurs by dwelling upon the role of strong ties, 2) this body of literature underreports the experiences of Latina entrepreneurs without taking into account within-group differences, and 3) Latina entrepreneurs in this research may represent an upwardly-mobile generation willing and able to permeate more diverse and lucrative business networks.
Assimilated and acculturated Latina entrepreneurs in this research creatively mobilized class resources to obtain the assistance they needed venturing beyond strong ties and co-ethnic networks. In the following section, I describe the formal networks (i.e., weak ties) utilized by Latina owners to obtain business advice and assistance. Later in this chapter, I elaborate upon the role of co-ethnic networking as it pertains to Latina entrepreneurs’ use of formal networks.

Formal Networking

The majority of Latina owners in this research utilized formal networks exclusively or in combination with informal networks to obtain business advice and assistance. Thirty-eight percent of owners (eight women: one acculturated, seven assimilated) reported that they primarily relied upon formal networks to obtain business advice and assistance. Thirty-eight percent of owners (eight women: two acculturated and six assimilated) utilized both informal and formal networks to obtain business advice and assistance.

Consistent with the use of formal and informal resources for obtaining financial capital, acculturated and assimilated Latina entrepreneurs maximized the networking resources most readily available to them. Despite differences in social location, assimilated and acculturated owners reached beyond strong ties to obtain advice and assistance. The availability of business support resources in North Carolina figured prominently as valuable knowledge and opportunity networks. Latina entrepreneurs capitalized upon these resources to gain entrance to heterogeneous business networks.

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62 Only five owners (24 percent) exclusively relied upon informal networks for business advice and assistance without contacting any outside organizations or groups for assistance.
Camila’s story illustrates how an acculturated owner found herself unexpectedly operating in the mainstream market and utilizing formal business networks to obtain advice and assistance. As detailed in Chapter Five, Camila began her party supply rental business with the intention of serving her local Latino community. After learning that she could not compete with the lower prices offered by informal Latino-owned businesses, Camila decided to market her party rental products to a broader consumer base.

In order to do this, Camila reluctantly exited the comfort zone of her local Latino community. She worried that her limited English proficiency and thick accent would hinder communication. Fortunately, Camila surpassed her own expectations by making profitable network connections within the mainstream market economy.

When she began her business, Camila boldly introduced herself to the owner of a successful party rental chain (and potential competitor). She stated,

I went to _______ [name of store] and I introduced myself and I say okay, ‘Hello, I opened a party rental business.’ The guy was super nice. He gave me advice and this was one day when I wasn’t very scared. I thought he was going to be mean but he wasn’t at all. He was really nice and has helped me. He gave me more ideas. He told me to go to the Chamber of Commerce and to go to the American Rental Association. He also told me, ‘I’m not scared of you…you are a small business and I’ve been in the market for 30 years. There is a market for everybody.’ So, he was really nice.

The information provided by this friendly owner introduced Camila to several business networks, which proved to be critical support resources. For instance, Camila was referred to a local Chamber of Commerce which offered informative classes and nightly networking groups. This visit inspired Camila to learn about additional formal networking opportunities and entrepreneurial groups in her community by searching the internet. Camila stated,
When I was doing the research [online] I found the networking meetings. Sometimes I go every day. It just depends on how much time I have. Actually, the contract I got from _______ [name of major league baseball team], I got from a networking meeting.

Camila went on to describe successful outcomes of networking meetings. One of these outcomes included the opportunity to work with a professional business mentor, an older gentleman who offers mentoring services to new business owners. Camila decided to retain his services and after working with him for five months, she felt that she benefited from his assistance. Camila stated,

He helped me to understand better how to make business in the American way. Because the way we do it in our country is very different. Something like… sending thank-you cards…we never do that in México. Having testimonials on a website…making alliances with other businesses…quality of service…mainly, small details that are different to make in America.

This advice helped Camila acclimate to the practices of American business owners. Camila added that another benefit of attending formal networking sessions is the opportunity to market herself and her services. Camila explained,

I can tell you from the networking meetings that I’m usually the only Latina. So, when I go to the groups everybody remembers my name. It’s hard for me to remember the 20 other persons [whom she meets] but they always remember me. I think it’s an advantage because when they see me somewhere else, it’s like, ‘Oh, we met you before.’

Acculturated and assimilated business owners echoed Camila’s sentiments about the positive outcomes of formal networking. Flora, owner of a translation business, attributed much of her entrepreneurial success to a business development organization for minority women. Flora was fortunate to connect with this organization in the early stages of opening her business. She stated,
The ______ [name of organization] is the key to my success. The ______ [name of organization] has been instrumental in why I’m here today because they have given me the information I needed…the resources that I needed…the support that I needed…the guidance that I needed. You know, they helped me facilitate the relationships that I needed. They’ve been my rock and I’d tell anybody who is a minority business owner…the ______ [name of organization] should be your first thought.

Other acculturated and assimilated owners relied upon informal and formal networks for advice and assistance. María, owner of a drop-in child care business, is one example of an acculturated owner who utilized an informal contact for business advice in addition to seeking assistance from formal business support organizations.

María’s story is detailed in Chapter Five. She originally hoped to market her bilingual child care business to a Latino clientele in order to increase pre-kindergarten education within her local community. Instead, her business began to attract a more affluent, non-Latino clientele interested in a multicultural, bilingual experience for their children. When asked about obtaining advice and assistance, María shared that she primarily relies upon her prior business education (obtained outside of the United States) and internet research to resolve business problems. Occasionally, she solicits business advice from her godfather and a friend who both own small businesses in North Carolina.

During business start-up, María consulted with two business development organizations for advice. The first organization provided her with free advice on opening a child care enterprise. María stated, “These people…they really helped and gave me some good ideas for making business connections and you know, there were so many things where I thought, ‘Oh, if I had only known this!’” María also received assistance from an
organization that assists business owners with implementing payroll systems. Both organizations contributed to María’s successful business start-up.

Anita is an assimilated owner who also utilizes informal and formal networks to obtain advice regarding her wedding invitation business. As revealed in the previous section, Anita relies upon family members for advice and assistance because they have operated a bridal shop for many years. Nevertheless, Anita realizes the importance of developing local business networks and utilizing formal network resources to market her services and secure entrepreneurial support. Anita stated,

I network a lot. I realized early on in the business that that is the way to go for me. Most of my business comes in through event planners. On Wednesday, I invited eight wedding planners here and I served them breakfast. I also go to different organizations who host networking events for the catering community. I try to go to these events every once in a while.

Anita has increased the visibility of her business through networking and says that she has learned a lot from her interactions with other business owners. She stated, “I do my research. I know who is in town. I know everybody who does invitations in the area but at the same time, I try to focus on what I can do for my clients.”

The results reported in this section reveal that acculturated and assimilated Latina entrepreneurs participate in heterogeneous, formal business networks. Combined with the benefits of informal networks, Latina owners successfully utilize a variety of formal networks (e.g., networking groups, organizations, community colleges) to obtain advice and connect with other entrepreneurs. Social location did not impede acculturated owners from accessing many of the same formal networks utilized by assimilated owners. For this reason, Latina entrepreneurs in this research may represent an upwardly-mobile generation of
women with the knowledge and resources to permeate networks previously inaccessible to many minority women.

Since previous research does not document the networking behavior of Latina entrepreneurs exclusively, it is difficult to compare findings from this research to general findings on minority women entrepreneurs. Nevertheless, the findings of this research suggest that formal business networks are more accessible to Latinas today than previous literature on minority women’s entrepreneurial networks implies. Moreover, acculturated and assimilated Latina entrepreneurs report positive outcomes from formal networking experiences rather than exclusionary practices. These results suggest that formal networks, particularly the efforts of support organizations, may be effective routes to improving entrepreneurial outcomes for minority women owners.

In the following section, I report the perspectives of community informants regarding the benefits of formal networking and their experiences in delivering these services to Latino/a owners. Their responses provide a broader context within which to understand the relationship between formal networks and the barriers to success experienced by some Latino/a entrepreneurs in North Carolina.

Community Informant Perspectives

Business support resources in North Carolina figured prominently as valuable formal networks for acculturated and assimilated Latina entrepreneurs. The perspectives of community informants tell a more nuanced story about networking with the Latino business community – specifically, the challenge of integrating some Latino entrepreneurs into formal
networks (e.g., business support groups, financial systems, industry events, etc.). The experiences of community informants reinforce the perspective that the Latino business community is a heterogeneous group operating within the complex structure of the embedded market. As such, the needs of Latino/a entrepreneurs are as diverse as their socioeconomic positions. Some entrepreneurs, like the women profiled in this research, are relatively well-positioned in the mainstream market economy with access to formal business networks and support resources. Other Latino/a entrepreneurs operate within narrow boundaries of their local community with reduced access to formal networks in the mainstream market. As revealed in this section, community informants struggle to meet the needs of this diverse population while balancing agency budgets, antiquated community infrastructures, cultural differences, and other obstacles.

The perspectives of community informants reflect the experiences of seven individuals (see Chapter Three, Table 3) referred to me as stakeholders or informative voices within the Latino business community. Six of these seven community members delivered support resources, of some kind, to the Latino business community. During face-to-face interviews, I asked them about their specific roles (see Appendix C for the interview guide for community informants). Informants communicated their concerns about delivering support resources to Latino/as entrepreneurs and integrating them into formal business networks, particularly financial ones.

Community informants consistently reported that support resources offered by business networks are largely underutilized by Latino/as despite efforts to attract them through accessible programming. Nevertheless, community informants reported several
challenges to integrating Latino/as in formal business networks in North Carolina. Three major barriers are: 1) cultural differences, 2) norms of exclusion embedded within the structure of existing business networks, and 3) reduced access to broadband internet resources (i.e., antiquated community infrastructure).

Cultural differences, including language barriers and distrust for financial institutions, were obstacles according to community informants who seek to integrate Latino/a owners into business networks and financial systems. Estela, a small business center director, reported that her Latino/a clients primarily consist of individuals with varying levels of English proficiency. She does not have sufficient funds to create bilingual materials and resources for her community. At the same time, she questions how useful these resources would be and whether local Latinos would take advantage of them. She stated,

We haven’t done things in English and Spanish here…I can’t tell you of a time when we’ve had someone walk in this door that we couldn’t communicate with. It means one of two things. One - people coming to us have enough English knowledge, no matter what their nationality is, that we can communicate. Or, it means that we’re not getting people from other nationalities…that they don’t know how to find us. But, when they get here [to her office] they can communicate well enough. Some of the Spanish-speakers don’t really need it [to learn English] either because they don’t want to grow their business. I had a woman tell me that it’s not about making money, it’s about surviving.

Estela emphasized that she is not fluent in Spanish but that if aspiring and/or struggling Latino/a entrepreneurs can find her office, she makes every effort to assist them at no cost.

Like Estela, Jennifer also struggles to meet the needs of the Latino population while dealing with budget constraints. Jennifer is a microenterprise loan manager at a community business development center. She struggles to attract Latino/a owners to her lending program
due to communication barriers. Jennifer stated, “The microenterprise lending program does not specifically address the needs of the Latino community. This is largely because we don’t have bilingual staff.”

Jennifer also suspects that Latinos distrust the center due to local politics. She stated, “Many people in rural counties believe they know all of their neighbors…they treat outsiders with distrust. Plus, the Latino community…because of citizenship issues…has much distrust for state and local agencies.” Jennifer feels that other centers with bilingual outreach are doing a superior job of connecting Latino entrepreneurs with support resources and formal business networks.

Silvia and Miguel work for agencies that offer bilingual services. They are fortunate to reach a broader clientele than Estela and Jennifer because of their organizations’ capacities to offer bilingual outreach. Miguel is a bilingual loan manager at a Latino Credit Union. He described the challenges of dealing with complex language barriers and the isolation experienced by Latino/a entrepreneurs who do not gain English proficiency. Miguel stated,

There is a big misconception in the United States that Latinos are all the same and we are all Mexican. We are not. We come from many different countries. I’ve seen the barriers of trying to communicate with Mexican versus people from other countries. The ones [Latinos] we serve [at credit union] are low-income and their formal studies are not above 7th grade. So, their language is pretty basic. Can you imagine explaining financial concepts to them? But the truth is that some Latinos just feel comfortable without speaking English and there’s a lot of Latino neighborhoods. They just go live in their neighborhood and for small businesses…their clients are Latinos, their providers are Latinos, so very few of them feel the need to speak English. That’s a big one [problem] for business because if you want your business to grow, you need to speak English.
Miguel attempts to communicate basic financial concepts to a diverse clientele who may speak various dialects. His professional goal is to increase the number of “banked” individuals in order to strengthen Latino community wealth and financial security. The greater challenge, implied by Miguel and Estela, is encouraging the participation of Latino/a entrepreneurs who would prefer to operate exclusively within informal, co-ethnic networks without gaining English proficiency.

Silvia is a bilingual consultant at an economic empowerment center. She agreed that language barriers prevent Latinos from participating in formal business networks. Yet, she was adamant that the most critical barrier to the integration of Latino/a entrepreneurs in mainstream business networks was a state law prohibiting the issuance of driver’s licenses to undocumented persons.

Most of Silvia’s clients are undocumented. She feels that this law is a “toxic combination” for responsible business owners. Silvia stated, “They can own a home, open a bank account, and conduct business in the United States legally - but they aren’t allowed to drive.” As a result, transportation has become a unique challenge for Silvia (and other services providers) who would like to encourage undocumented persons to attend networking events and educational sessions. Silvia feels that this law isolates undocumented Latino/a entrepreneurs from business networks and resources while reinforcing their secondary status and reduced capacity to succeed in the mainstream market economy. She also fears for the safety and security of her clients who drive illegally to conduct business activities.

In addition to language barriers and transportation issues, community informants frequently described Latino/as’ resistance to engaging with U.S. financial institutions – a
choice that makes entrepreneurs vulnerable to personal financial losses and reduced business growth. Jennifer feels that Latino/as’ unwillingness to engage with financial institutions stems from: cultural differences, reduced financial literacy, and a historical legacy of discriminatory lending practices in the United States.

On the topic of cultural differences, Jennifer described how formal lending practices may seem strange and less appealing than informal borrowing from family members or co-ethnic contacts. She stated,

> Latinos do not understand nor endorse the American ethos of borrowing and living in debt as a normal facet of life. Latinos would rather establish a group investment arrangement whereby a large group of people…neighbors, family, friends…contribute funds as a group investment into a business.

Monisha, director of an economic empowerment center, agreed that cultural differences in lending behavior persist among numerous ethnic groups. She stated,

> There may be some cultural issues surrounding lending. While most people have no trouble loading their credit cards up with debt - Latinos, Chinese, and people from India tend to be scared of debt and will save money. Most of the time, they invite partners from their family into the business before they start… rather than gaining financial support from outside of the family. Of course, there are pros and cons to involving family and business.

On the topic of financial literacy, Jennifer argued that distrust for financial institutions often coincides with reduced knowledge of banking systems. In her experience, providing basic financial education to the public is an arduous task and one that becomes complicated with an audience of immigrants (or others) unfamiliar with U.S. financial practices. Additionally, Jennifer feels that most people find financial management to be an intimidating topic that they would rather avoid. Jennifer stated,
Community college programs on entrepreneurship… even financial literacy are overwhelming to people without a high school degree. Even the word ‘college’ in the title of ‘community college’ is threatening and people will avoid situations where they feel uncomfortable.

Jennifer provided an example to illustrate her point. In the past, her agency offered a home health-aide training program designed to provide low-skilled individuals with a marketable employment credential. When this training program was offered at a local community college, no one enrolled. When the agency shifted the program to a popular community center, twenty-eight individuals enrolled on the first day. Through this experience, Jennifer learned that public participation in outreach services can be achieved by reducing intimidating factors. For this reason, she is doubtful that the Latino community will respond positively to her agency’s programs without future implementation of bilingual programs.

On the topic of discriminatory lending practices, Jennifer suggested that Latino/as’ resistance to and distrust of financial institutions may stem from the historical legacy of discriminatory banking practices aimed at rural peoples, racial and/or ethnic minorities, and women. She argued that one negative experience with a financial institution was often enough to deter some individuals from ever using formal financial resources. Jennifer stated,

Distrust among rural blacks and women is also due, in part, to the long history of negative treatment of black people by lending institutions who enacted discriminatory lending practices for years. One bad experience with a bank is enough to turn someone completely against all banks and many often vow never to use a bank again because they felt unwelcome and humiliated.

With respect to Latino/a entrepreneurs, community informants confirmed Jennifer’s observation that negative experiences may have long-lasting effects on banking behavior.
Miguel agreed that negative lending practices have contributed to Latino/as’ distrust of U.S. financial institutions. He specifically blamed Latin American banks for perpetuating exploitative lending practices and discouraging financial literacy among non-wealthy Latino/as. Miguel stated,

The barriers to formal financial services…that comes from the lack of trust that they [Latinos] have…and this is a very big generalization. In Latin America, they charge very high interest rates and very high fees. If you are someone with money, they are going to give you great loans, great interest rates and that might be a reality in banks all over the world, but especially Latin America, because social differences are huge. I mean, here [in the United States]…if you are middle class, you can have access to banks. Over there, you have to be middle/upper to be well benefited by banks. It doesn’t mean that you don’t have access, you do have access, but the fees are so high for the amount you can deposit and have access to - that it’s not worth it and they [Latin American banks] haven’t worked well and there have been corruption issues. So, in general, the people that we see here [Latino credit union] don’t trust financial institutions. They keep their money under the mattress or bury it on the land or carry a lot of cash. So, there are a lot of safety issues, Getting to them and ‘selling’ in a good way why we are a trustworthy institution to keep your money….all those things take time, building that trust takes a lot of time….the lender’s trust of the type of Latinos that we serve is difficult.

In addition to cultural differences and transportation issues, community informants reported that Latino/a entrepreneurs may also fail to participate in formal networks due to norms of exclusion. Much like the privilege to network on the golf course (as mentioned earlier in this chapter), Latino/a entrepreneurs may not have the knowledge and/or resources to access certain business networks.

Estela described the demographic composition of her local Chamber of Commerce and argued that its lack of diversity and its mandatory membership fees discourage the
inclusion of minority business owners. Estela also implied that these exclusionary trends extend across other business networks. She stated,

I think the demographics of the Chamber group are... maybe one African American person, no Hispanics... pretty much a balance between males and females. I would say... based on the places I’ve been... that that’s the norm [in her county]. I can’t tell you that’s the norm anywhere else. But I’ve seen these people with my own eyes. And I know that that it is a barrier to growth for minority groups. Now, anyone can be a member of the Chamber, but you’ve got to have the money to do it. It isn’t that it’s restricted. It doesn’t discriminate on a racial level but from a financial perspective it does. And that’s why I encourage people to come to our seminars [small business center] because they’re free. Anyone can come. It’s just a matter of knowing.

Exclusionary practices such as membership fees coupled with lack of diversity may present an unwelcoming atmosphere to minority entrepreneurs who may feel that their business interests are not represented. As a result, the integration of Latino/a entrepreneurs into other networks becomes a primary goal – especially for providers like, Estela, who offer free networking events and counseling services to entrepreneurs in her community.

Some Latino/a entrepreneurs may also be excluded from business networks and assistance resources due to infrastructural issues concerning internet accessibility in rural areas of North Carolina. Community informants reported that the absence of high-speed internet adversely affects delivery of outreach services and access to knowledge and opportunity resources online. I asked Joe, a small business center director in a rural area, how local entrepreneurs learned about his agency’s support resources. He replied that communication typically occurs by word-of-mouth in his community. Joe stated,

Most people use word-of-mouth. There is also a community chat newsletter that goes out via e-mail to members. This newsletter is the eyes and ears of the local community where we advertise seminars and counseling services. We also use the local newspapers... even though we do not have an advertising
budget for the office. There are many resources online for doing marketing and demographic research like online templates for business plans and that kind of thing but internet access remains an obstacle towards reaching many parts of [his county]...80% of county members cannot get wireless internet access and still rely upon dial-up methods.

Monisha, who also services rural areas, agreed that rural peoples remain isolated from formal support networks due to exclusion from high speed internet resources. This exclusion prohibits rural entrepreneurs from learning about bidding opportunities and growing their businesses. Monisha stated,

State contractors have to advertise the opportunities but if no one responds, then opportunities are lost. In rural areas, many people rely more on the phone than the internet...and they may not see the advertisements. Broadband internet may not even be available to them. This happens all of the time. The end result is that quotas for utilizing minority businesses are not met.

Joe and Monisha’s comments suggest that the absence of high-speed internet has restricted the growth capacity of some rural entrepreneurs. Latino/a entrepreneurs in compromised areas lack a valuable resource in their entrepreneurial toolkits. Additionally, service providers like Joe and Monisha must rely upon “word of mouth” and less convenient strategies for providing entrepreneurial assistance in their communities. In the context of the embedded market, rural Latino/as entrepreneurs without broadband internet operate with a fundamental disadvantage in the market economy. The end result is missed opportunities for business growth and integration in formal business networks where educational and entrepreneurial resources are widely exchanged.

In conclusion, community informants report that Latino/a entrepreneurs often underutilize formal support resources and business networks existent in their communities due to barriers including: cultural differences, norms of exclusion, and infrastructural issues.
Community informants acknowledge these barriers as they strive to promote entrepreneurship within the constraints of their service agencies. By contrast, the Latina entrepreneurs in this research were able to overcome the barriers reported by community informants. For instance, Camila (acculturated owner) capitalized upon her moderate English proficiency and internet research skills to connect with formal networks including networking sessions for entrepreneurs in her industry. These findings suggest diverse network trajectories for Latino/a entrepreneurs based upon the intersection of several factors including: cultural adaptation (e.g., proficiency in English, citizenship status), community resources (e.g., bilingual service provisions, internet infrastructure), and to a certain degree, willingness to participate in non-ethnic networks.

But how does participation in formal networks relate to Latina entrepreneurs’ involvement in co-ethnic networks? In the following section, I discuss ethnic solidarity within the Latino business community of North Carolina as it pertains to networks and the entrepreneurial outcomes of Latina owners. Findings suggest that Latina entrepreneurs did not find co-ethnic networks as useful as other business networks in North Carolina.

*Ethnic Community and Networking*

As summarized in Chapter Three, a young Hispanic population is gradually diversifying the social landscape of North Carolina. As a result, new Hispanic communities may lack deeply-embedded relationships of trust and solidarity found in older Hispanic communities and within ethnic enclaves. According to the community capitals framework, norms of reciprocity and trust are critical for establishing social networks, connections, and
shared norms among community groups (Flora and Flora 2008). Norms of trust are particularly important for nascent entrepreneurs seeking customers and assistance from community networks. In North Carolina, Griffith et al. (2009) found that Latino businesses rely upon trust to attract customers and obtain entrepreneurial advice (as described in Chapter Three).

The findings of this research suggest that networks utilized by Latina entrepreneurs in North Carolina were not characterized by ethnic solidarity or the sharing of ethnic resources. Specifically, Latina entrepreneurs reported ethnic fragmentation and distrust within their communities. These findings: 1) contradict assumptions of ethnic solidarity and support offered by traditional ethnic labor market approaches (summarized in Chapter Two), and 2) confirm contemporary research that ethnic support networks do not benefit Latina entrepreneurs (Davies-Netzley 2000; Pessar 1995).

During conversations, Latina owners referenced reduced solidarity and distrust in response to questions concerning support resources (Appendix B, questions 4F and 4i) and my question, “How do ties to the Latino community benefit your business?” Acculturated and assimilated owners overwhelmingly reported that ties to the Latino community, including ties with Latino/a business organizations, did not support their entrepreneurial endeavors. Moreover, Latina owners reported that some business networks and organizations were plagued by internal dysfunction. Negative interactions within Latino networks traversed varied circumstances.

Cristina described a networking experience with a Latino business owner that occurred while she was preparing to open her specialty baked-goods business. With few
Latino-owned bakeries in her community, Cristina hoped to connect with other bakers. Her efforts were met with suspicion. She stated,

I stopped at a bakery. I was just trying to know a little more about what they do with their products. It’s a gentleman [Latino] that owns it and I had some questions, right? He wasn’t very receptive. I just wanted to introduce myself and he was like, ‘who are you?’ And he wanted to know like my whole life before he was sharing anything...[sarcastically] and I thought...now I would like to get to know you as well, before sharing my whole life with you, right? So it was very...I was actually a little surprised.

Cristina’s surprise was shared by other Latina entrepreneurs who lost faith with co-ethnic cooperation. Veronica, owner of two businesses (see Table 12), reported that she no longer participates in any Latino-specific business groups in her community. She stated,

The resources that are out here, even some of the organizations that stand out to be for Latinos, are disappointing to me. Because what they're supposed to be there for...they are not. There's a lot of personal agendas going on in them. So I will not... I won't support them.

Juana, owner of two businesses (see Table 12), was especially critical of a Latino-specific business organization that she actively volunteered for in the past. She stated,

The ______________ [name of organization] really didn’t support the little businesses really. And the problem on the other side...being a member is that the members would come in and say, what can you do for me? But nobody [members] wanted to contribute. To have benefits, you have to have a board that is very, very active and very involved to be able to make it grow. And so they [members] wanted to just get benefits, but not build it up. And so that’s probably why and that’s still a difficult thing to do in any Hispanic group here. They want the benefits, but they don’t want to participate.

Juana’s statement implies that the operational capacity of some Latino business organizations is too low to serve their target population of entrepreneurs. At the same time, Latino/a owners may lack the time to volunteer with organizations that would ultimately benefit
themselves and their community. Therefore, “personal agendas” of highly active members may dominate the group.

Elena, owner of a life coaching and consulting business, is another business owner who volunteered for a Latino-specific group. She communicated frustration about reduced participation in group activities but also, dedication among certain group members. Elena related reduced participation in group activities to many of the networking challenges noted by community informants (in the previous section) such as transportation difficulties. She stated,

For example, we have trainings. We have meetings. We have things that we want them [Latino/as] to come to and they don’t go because…one, they don’t drive…OR, they work so hard. Latinos…they really work so many hours. According to them…[they think], ‘Oh no, we are not going to lose 40-60 dollars to go to the training.’ They are not thinking that this [training] will help them. We also have Latinos that are very dedicated and they are willing to work the extra mile for the community. So I think like any other society, we have people that are willing to do things and we have people that just don’t.

Elena went on to confirm Juana’s points regarding the capacity of Latino/a organizations to retain the skills and assistance of successful community members. She stated,

It's very important. They are very well educated. They are doing wonderful things. What they don’t know how to do…is to share…to give back to the community. I have seen that. And because the reality in Latino countries is whoever has education and money…money and businesses…they have the power. They come to the United States thinking that if they have a business, they have the power…they think, ‘I don’t need you’ [community groups]. And I even told them that from a business side, you need to give back to the community.

Flora, owner of a translation business, is an example of the type of successful entrepreneur referenced by Juana and Elena. Flora described why she does not participate in local Latino/a business networks or groups. She stated,
Those groups don't do anything for me... at this level. You see what I'm saying? At this level, I need national support. You need someone who will grow with you. That's what we [Latino/a entrepreneurs] need. Someone who can help you grow. I think some of these organizations help you, but you stay stagnant. Because, the amount of help they can give you is only so much.

Flora chooses to participate in other business networks that can offer her the support that her business requires at this stage in her career.

Latina entrepreneurs elaborated upon relationships of co-ethnic distrust in their communities by sharing specific business transactions where trust and solidarity were compromised. Sara, owner of a tax preparation business, described predatory business transactions in her community. Some Latino-owned businesses charged exorbitant fees for basic services simply because their clientele (i.e., undereducated, poor, and/or immigrant) was compliant and unaware that they were being taken advantage of. Sara stated,

I think that this particular area [her community] lacks Latino professionals around. You know…it’s unfortunate to say, but Hispanics are the ones that take advantage of other Hispanics, more so than any other demographic, I believe. Just basic little things like…we’ll charge a particular amount for a tax return, just a very basic return. It’s the other side [Latino-owned businesses without professional tax preparation experience] who have only taken one tax preparation course you know… this little shop…where somebody decided to say, ‘Hey, I want to do tax returns.’ At the Mexican stores…they just open and they have a laptop. They have a printer and somebody decides that they want to do tax returns…and that’s how it goes. A lot of them [Latino/a persons] get screwed, for lack of a better word, and those kind of places are building a reputation too. Like, I’ll tell this for example, I notarize a signature for $5. You go to these places, $30 to $40.

As part of her business model, Sara is committed to providing ethical tax services to local customers at reasonable rates. She has already assisted numerous individuals whose returns were filed incorrectly by uninformed and/or dishonest tax preparers. Sara is
optimistic that she will be able to gain the trust of her community over time. She stated, “The Latino community will eventually know that I am here.”

Camila, owner of a party rental business, also spoke about co-ethnic distrust and predatory behaviors in her community. She recalled an example of devastating financial loss from a Latino client with diplomatic immunity. Camila recalled,

I lost a lot of money with them. They destroyed one of my tents. And they took like six months or more to pay and they didn't pay all the damage. And I couldn't do anything because they have diplomatic immunity. They ran over the tent with their car. They didn't do anything for like six months and after that, they called and only paid about one third. It was a big, big mess. That tent was worth five thousand dollars in value and they only paid $2,000. I lost a lot of money with that.

Since Camila could not press charges against the client, she was forced to recover the costs of replacing her largest party rental tent from her own pocket. Although she would like to increase business with Latino/a groups in her community, she felt victimized by this experience and hesitant about future business dealings.

Vera, owner of a party-planning business specializing in quinceañeras, recalled another incident where co-ethnic solidarity was compromised. A large Hispanic organization in her community planned to throw a “quinceañera style” party to celebrate their organization’s anniversary. They wished to invite party-planners to showcase their products and sponsor quinceañera supplies.

At the time, Vera’s business was in its initial start-up phase. She was not invited to participate in this event until every other locally-owned quinceañera business declined to participate. Vera explained,

63In order to protect the privacy of study participants and others, no further details are provided about this incident or the client involved.
There is _______ [name of organization], a non-profit organization, that was organizing the quinceañera of the _______ [name of organization]. So, they wanted a celebration to be big. At that time, there were already two established stores in the area that were doing quinceañeras. So, because they [the two stores] were more popular with the people, the _______ [name of organization] went over there to ask them if they wanted to support the party. They would have to provide the dresses and the tuxedos because they wanted to do 15 girls with quinceañera dresses and the guys with the tuxedos and everything. The stores said ‘no’ because, ‘They’re going to mess up my dresses…they’re going to mess up my clothes and I can’t.’ So, they [name of organization] came to me and I said, okay. When I did that, the news…and everybody was talking about my store. They_______ [name of organization] put me in the market.

In this example, reduced ethnic solidarity created an advantageous opportunity for Vera’s nascent business. The benefits of her participation included positive publicity and increased sales. Vera says this event was a turning point for her business. Her experience reinforces Elena’s previously-stated point that, “…from a business side, you need to give back to the community.” These examples illustrate how co-ethnic distrust and reduced solidarity directly impacts entrepreneurial behavior and ultimately, relationships within the Latino business community.

In conclusion, Latina entrepreneurs reported that their businesses were not strongly supported by co-ethnic networks or the sharing of ethnic resources. Latina entrepreneurs described co-ethnic distrust in their local communities. Additionally, Latino-specific business networks and organizations were considered unhelpful and unproductive. As revealed earlier in this chapter, Latina entrepreneurs utilize diverse networks (e.g., informal and formal) for business advice and assistance. These results are congruent with Davies-Netzley’s (2000) conclusion that frameworks emphasizing “ethnic solidarity for entrepreneurial success” cannot be neatly applied to the experiences of Latina entrepreneurs.
Chapter Conclusion

Findings presented in this chapter pertain to: 1) Latina entrepreneurs’ use of informal and formal business networks, 2) community informant perspectives on networking within the Latino business community, and 3) the utility of co-ethnic networks in supporting Latina-owners and their businesses. Overall, findings suggest that the business networks of Latina entrepreneurs lack the disadvantages noted in previous literature on minority women’s business networks. Assimilated and acculturated Latina entrepreneurs in this research represent resourceful networkers who actively sought business advice and assistance when needed. As compared to minority women owners in previous research, Latina entrepreneurs in this study may represent a more upwardly-mobile generation of business owners more strongly buffered from networks of exclusion than previous generations. Additionally, Latina entrepreneurs in this study may have benefited from increased access to free networking support resources, which are readily available in most North Carolina counties.

Latina entrepreneurs utilized a variety of informal and formal networks to obtain business advice and assistance. About 24 percent of owners (five women) relied primarily upon informal networks consisting of family, friends, and other business/personal contacts. In the case of two acculturated owners (Paula and Vera), informal business networks solely consisted of local contacts within their ethnic communities. Paula was the only owner in this study who did not connect with any formal business networks in North Carolina.

The majority of Latina owners relied primarily upon formal networks for business advice and assistance – OR – formal networks in combination with informal networks. About 38 percent of assimilated and acculturated owners (8 women) primarily connected with
formal business networks including SCORE, small business centers, and networking groups. An additional 38 percent of owners (8 women) utilized these formal networks in conjunction with informal networks to obtain business advice and assistance.

On the topic of mentoring, 52 percent of owners (11 women) reported that they had a business mentor, or someone who provided them with ongoing business support. Mentors consisted of family members, personal contacts, community advocates, and teachers. Camila, an acculturated owner, was the only participant who retained a professional mentor at cost. Among owners with mentors, none of them had a Latina mentor even though several owners including Veronica and Diane, expressed interest in having one.

The diverse networks and resourcefulness of Latina entrepreneurs contrast with the perspectives of community informants tasked with incorporating Latino/a entrepreneurs into business networks. Community informants consistently reported that Latino/a entrepreneurs across North Carolina communities underutilize formal business networks and support resources. Efforts to network with these entrepreneurs are constrained due to several factors including: reduced budgets, cultural differences, norms of exclusion within existing business networks, transportation issues, and antiquated community infrastructures in rural areas. These barriers create service challenges for community informants and promote the increased isolation of some Latino/a entrepreneurs from participation in lucrative networks.

Finally, Latina entrepreneurs report that co-ethnic community networks do not support them or their businesses. With the exception of acculturated owners, Paula and Vera, most Latina owners were integrated in heterogeneous networks defined by considerable diversity rather than ethnic homogeneity. Latina owners reported reduced confidence in
Latino business networks and examples of co-ethnic distrust and predatory business practices. Owners actively avoided many Latino/a networks and participated in other networks they perceived as more productive. In comparison to previous findings on the saturation of strong ties among minority women entrepreneurs, lack of co-ethnic solidarity may also explain why the majority of Latina entrepreneurs in this study sought out and developed diverse networks of weak ties rather than homogenous, strong ties.

With respect to the embedded market approach, findings from this chapter reveal two important distinctions based Latina entrepreneurs’ ability to employ class resources for entrepreneurial success in light of reduced ethnic solidarity. First, Latina entrepreneurs did not experience the networking obstacles noted by community informants (e.g., transportation issues, language barriers, fear of financial institutions, reduced community infrastructure). These obstacles directly relate to social location and the intersectional position of Latinas, as entrepreneurs, in the market economy.

Owners in this research retained the cultural and socioeconomic advantages necessary to utilize business networks and community support resources. Even acculturated participants with reduced English proficiency (e.g., Vera and Camila) were able to access numerous networks and assistance resources such as community colleges and networking groups. At the same time, community informants still struggle to integrate Latino/a owners who may be operating with fewer resources including limited internet access and lack of transportation. With respect to networking, Flora (a business owner) stated, “It’s a lack of knowledge about resources. You have to fish in their pond.” Her thoughtful comment implies that in order to
assist Latino/as entrepreneurs, their specific life circumstances and community environment must be considered.

The contrasting perspectives of Latina owners and community informants affirm important within-group differences within the Hispanic business community of North Carolina. In the context of the embedded market, numerous ethnic and non-ethnic factors including language proficiency, socioeconomic class, broadband internet access, etc., interact to shape the networking behavior of entrepreneurs. Latina entrepreneurs in this research were well-positioned to participate in diverse, heterogeneous business networks. It is also possible that the availability of productive business networks and ample support resources in North Carolina facilitated the integration of Latinas into business networks and perhaps, contributed to their entrepreneurial success.

Another important distinction in regard to the embedded market is Latina entrepreneurs’ reconsideration of co-ethnic solidarity and support. The traditional ethnic entrepreneurship paradigm (described in Chapter Two) contends that ethnic group membership and the sharing of ethnic resources promote ethnic enterprise (Valdez 2008). The experiences of Latina entrepreneurs contradict this perspective suggesting that market relationships across business networks may facilitate business ownership more than reliance upon co-ethnic relationships and/or ethnic resources.

Latina entrepreneurs consistently reported disappointment with co-ethnic business relationships and dissatisfaction with the capacity of Latino-specific organizations. In the context of North Carolina’s young Hispanic population, these tensions may also reflect the “growing pains” of an emerging ethnic business community where norms of reciprocity and
trust have not yet been established. Nevertheless, an important question remains about whether Latina entrepreneurs would benefit from mentorship and mutual assistance from other Latina entrepreneurs in the future.

In conclusion, findings presented in this chapter offer new insights on the networking behavior of Latina business owners which challenge previous research on the entrepreneurial networks of minority women. The informal and formal networks of Latina entrepreneurs in this research did not reflect the stereotypical deficiencies of minority, women-owned businesses. Specifically, acculturated and assimilated Latina entrepreneurs are not clustered in homogeneous networks nor do they depend exclusively upon strong-ties for business advice and assistance.

Furthermore, most Latina entrepreneurs in this research did not rely upon ethnic resources nor feel that co-ethnic solidarity was necessary to sustain their businesses. This important finding contradicts the fundamental assumptions of ethnic labor market approaches and affirms recent findings by Davies-Netzley (2000) and Pessar (1995) that ethnic support networks do not benefit Latina-owned businesses. As consistent with the embedded market approach, complex relationships resulting from the intersection of ethnic and non-ethnic factors shape the networking trajectories of Latina entrepreneurs.

In the following chapter, I discuss the contributions and limitations of this exploratory research on Latina entrepreneurs in North Carolina. Next, I suggest topics for further research on Latina entrepreneurship such as the impact of women’s business centers on Hispanic women business owners. Finally, I summarize the recommendations of Latina entrepreneurs for improving networking and support resources in North Carolina.
CHAPTER NINE:
CONCLUSION

Contributions and Conclusions

This study advances the sociology of entrepreneurship by considering the unique experiences of Latina entrepreneurs operating in the formal economy of North Carolina. Existing research paints an unflattering portrait of Latina entrepreneurs as low-earners concentrated in the least profitable industries with low education, reduced language skills, and few advantageous formal business networks. The results of this study show that Latina entrepreneurs are active and resourceful individuals operating within the structural constraints of the U.S. market economy. Rather than grouping Hispanic women into the general category of, “minority women business owners,” this study notes important within-group differences among Latina entrepreneurs. For instance, Latina entrepreneurs start their own businesses for a variety of reasons and utilize diverse forms of financial capital to do so. By applying the embedded market approach, this research also contributes to an intersectional perspective on how the entrepreneurial activities of Hispanic women are “embedded” in social relations shaped by ethnicity, gender, and class. The intersectional approach builds upon traditional ethnic labor market theories by accounting for the junctures of social forces rather than emphasizing the primacy of ethnic resources and co-ethnic solidarity.

Throughout this study, I show how social location shapes pathways to entrepreneurship, access to financial capital, and incorporation with business networks and co-ethnic networks. Findings reveal that Latina entrepreneurs creatively mobilize the
resources available to them by drawing upon formal and informal resources and social networks. With respect to access to resources and networks, the experiences of Latina entrepreneurs reveal that social location, particularly socioeconomic class, is often more influential than other social factors such as ethnicity.

In Chapter Six, I described Latina entrepreneurs’ diverse pathways to business ownership and answered research question (a) [see Chapter Three]: How does the intersection of social forces including ethnicity, class, and gender shape the entry of Hispanic women into business ownership in North Carolina? Findings suggested that the socioeconomic privileges of assimilated owners offered them smoother pathways to entrepreneurship than acculturated owners. Specifically, the increased socioeconomic resources of assimilated owners enhanced their participation in the mainstream market economy and permitted them to pursue entrepreneurship for varied reasons including altruistic endeavors, flexible work schedules, and lucrative opportunities in their chosen professions. Decisions to open formal businesses were constrained for acculturated owners due to weak market positions and reduced class resources. Acculturated owners were motivated to become entrepreneurs due to immediate employment obstacles, often in combination with personal interests. In this way, some Hispanic women are more disadvantaged as entrepreneurs in the market economy than others.

With respect to the intersection of gender, I also explained in Chapter Six how Latina entrepreneurs resisted and conformed to stereotypical associations of “women’s work” in their entrepreneurial ventures. Even though Latina entrepreneurs, like most women owners, remain clustered in low-grossing, female-typed industries (e.g., services and retail trade), the
majority of Latina owners in this research offered or performed gender-neutral products and services that did not clearly conform to traditional conceptions of women’s work. For example, the majority of women in this research owned businesses in the following industries and trades: photography, sales, marketing and consulting, accounting, translation and interpreting, and real estate. These results suggest meaningful variation in the entrepreneurial trajectories of Latina owners within the larger structure of sex-segregated industries in the market economy. Thus, Latina owners may be moving away from enterprises strictly defined as, “women’s work.”

In Chapter Seven, socioeconomic class failed to predict Latina entrepreneur’s acquisition of financial capital. Research question (b) was addressed in Chapter Seven: How do Latina entrepreneurs capitalize new businesses and how does the intersection of social forces including ethnicity, class, and gender shape access to financial capital? Acculturated and assimilated owners experienced many of the same obstacles to securing financial capital including fear of debt and difficulty securing financial capital through formal means. As a result, the majority of owners relied primarily upon informal resources to secure financial capital. These findings confirmed previous research on the financial borrowing patterns of women entrepreneurs.

Several acculturated and assimilated owners successfully obtained start-up funds through formal channels with varying degrees of difficulty. No clear pattern indicated which Latina owners were more likely to secure a commercial loan than others. In fact, results suggested that commercial loan distribution is unpredictable, unreliable, and a major challenge for all Latina owners regardless of social class location. Davies-Netzley’s (2000)
concept of, “gendered capital” remains a discouraging reality for women seeking financial investments for entrepreneurial start-up. Therefore, the intersection of gender and class is a critical one regarding Latina entrepreneur’s access to financial capital.

In Chapter Eight, social location was considered in reference to business networking and networking within ethnic communities. Research question (c) was addressed in Chapter Eight and asked: How do business networks and community contacts promote or impede the success of Hispanic women entrepreneurs in North Carolina? Findings revealed that Latina entrepreneurs utilized diverse business networks and found them to be more beneficial than co-ethnic specific networks. With respect to social location, acculturated and assimilated Latina entrepreneurs retained the cultural and socioeconomic advantages necessary to utilize formal business networks and community support resources. As a result, the informal and formal networks of Latina entrepreneurs in this research did not reflect the stereotypical deficiencies of women’s business networks reported in previous literature. Specifically, acculturated and assimilated Latina entrepreneurs were not clustered in homogeneous networks nor did they depend exclusively upon strong-ties for business advice and assistance.

Latina entrepreneurs also did not experience the same networking obstacles reported by community informants (e.g., transportation issues, language barriers, fear of financial institutions, reduced community infrastructure) due to their generally high levels of education, language proficiency, access to internet resources, and upwardly-mobile socioeconomic status. Additionally, most Latina owners in this research did not rely upon ethnic resources nor feel that they needed co-ethnic solidarity to sustain their businesses.
Most Latina entrepreneurs did not need a co-ethnic “safety net” because they were already well-positioned in the mainstream market economy to participate in diverse, heterogeneous business networks. Consistent with the embedded market approach, the intersection of ethnic and non-ethnic factors, particularly class, shaped the networking trajectories of Latina entrepreneurs.

In conclusion, the experiences of Latina entrepreneurs investigated in this research provide rich data for the sociology of entrepreneurship. Contrary to the findings of previous literature, Hispanic women are not equally disadvantaged in the labor market as entrepreneurs. The women who participated in this research maintain varying levels of cultural and socioeconomic class resources. Yet, they face many of the same structural barriers, as entrepreneurs, within the unequal structure of the market economy.

For instance, access to financial capital through commercial lending services still eludes Latina entrepreneurs revealing a lack of structural investment in women-owned businesses.

In the face of such obstacles, Latina entrepreneurs strategically mobilize to obtain financial capital and to participate in business networks that they feel are beneficial. Though many of the women in this study were educationally and economically privileged, their agency and efforts suggest that Latina entrepreneurs are moving beyond the low expectations and negative assumptions of previous literature on minority women entrepreneurs. In the following sections of this chapter, I discuss: the limitations of this research, needs for further research, recommendations from business owners, and some final thoughts on Latina entrepreneurship and policy recommendations.
Limitations and Further Research

While this research makes several contributions to existing literature on Latina entrepreneurs, it is necessary to acknowledge its limitations. First, this study represents an exploratory effort to increase baseline knowledge on a growing but understudied population of business owners – Hispanic women. I could not locate a comprehensive list of Hispanic, women-owned businesses registered in North Carolina. Therefore, my selection of informants is purposive and could not be randomly generated.

My sample of informants also primarily consists of owners of small businesses and urban businesses, which are heavily represented in this research due to various factors including: recruitment challenges (described in Chapter Three), the geographic concentration of commerce along the NC urban crescent (described in Chapter Three), and the increased ownership of small businesses and microenterprises by Hispanic women in North Carolina (see footnote 36). Entrepreneurs in this study also had education levels greater than the general population of Hispanic women in North Carolina. Additionally, most Latina-owned businesses in this research were situated in the retail trade and services industries.

Therefore, this study generally represents the entrepreneurial experiences of well-educated, Hispanic women who owned small businesses located in urban areas. As such, this segment of Hispanic women entrepreneurs is overrepresented. Most of these businesses, like other women-owned businesses in the United States, are concentrated in service-based or retail-trade sectors.

Due to these limitations and renewed interest in minority women’s entrepreneurship, future research could proceed in numerous directions. In order to incorporate a wider range
of perspectives, future research should include the experiences of Hispanic women who own large firms and/or firms located outside of the retail trade and services industries. Since owners of large firms may be difficult to interview, recruitment efforts should be carefully designed.

Diverse perspectives may also result from incorporating the perspectives of Hispanic women operating large or small firms in rural areas. This will require building relationships of trust within rural business communities in order to recruit business owners. Researchers should also consider how reduced broadband internet access in rural areas may impact recruitment of business owners. The opportunity to compare results regionally is yet another opportunity to explore trends in Latina entrepreneurship by space and place.

One more new direction for future research is the role of women’s business centers in promoting Latina entrepreneurship. As evident in Chapter Eight, acculturated and assimilated Latina entrepreneurs took advantage of diverse formal business networks including small business development centers, community college programs, and formal networking groups. In recent years, the women’s business center movement has gained momentum as a resource for economically disadvantaged clients, most of whom require assistance developing new businesses (Godwyn, Langowitz, and Sharpe 2005). A new direction for future research is to investigate utilization of women’s business centers by Latina owners and outreach efforts by women’s business centers to attract this population of entrepreneurs. If Latina owners value the rewards of formal business networks over co-ethnic resources, can women’s business centers play a greater role in promoting successful entrepreneurial outcomes for Hispanic
women? This is just one of many potential research questions to consider as sociological research on Latina entrepreneurship expands.

**Recommendations from Owners**

During conversations with Latina entrepreneurs, I asked, “Are there any support resources that you would like to see in your community for business owners like you?” Six owners offered productive suggestions for increased support in the areas of educational resources, commercial lending, and mentoring. Their suggestions point to some practical solutions for connecting Latina entrepreneurs with support resources in their communities.

With respect to educational resources, Flora, owner of a translation business, suggested a “one-stop-shop” format for providing Hispanic women with entrepreneurial counseling and other professional resources. Flora’s idea was to develop an entrepreneurial support program designed specifically for Hispanic women. She stated,

I would like to see a place where all that [educational training] can happen in one room…when a Hispanic woman decides she wants to start a business, or learn the language, or she decides that she wants to be a successful - there’s a place where she can knock on the door and not worry about language proficiency or education.

Rosa, owner of a massage therapy business, agreed that educational resources could be more accessible, especially for women with reduced funds, transportation issues, and/or limited access to broadband internet. Rosa suggested,

I think what is lacking is a free hotline, where you could ask questions to retired people or people who used to be business owners. Because when you first open your business, funds are so limited and you don’t want them to be depleted [by paying for assistance services]. It’s important to have that kind of free support.
Camila, owner of a party rental business, suggested that city officials could play a greater role in matching entrepreneurs with educational resources during the business registration process. She stated,

When you go to the city hall, maybe they can give you a guide? Because...you go...and fill out the application [to register a business] and that’s it. Then you don't know what to do, what you can do. So, maybe when you go and ask for a business license they can give you a package? Say if you're opening a business...you need to know to have a CPA [certified public accountant], pay your taxes every three months, and you have to pay every year to the Secretary of State. Because you just go, fill out the application, pay for your business license...and then you don't know what else to do.

With respect to commercial lending, Juana, owner of a translation business and a religious supply business, proposed increased access to start-up funds through community mini-grants. She felt this type of financial support would greatly benefit aspiring Latina owners in her community. Juana stated,

If there was some type of resource for low-capital borrowing, low-end borrowing...like grants. If there could be any grants for the Hispanic businesses, I think it would be wonderful. I would jump at the opportunity of these grants. Something they can give you to get started...and then once you come into more capital, you can borrow more or even grow it more.

With respect to mentoring, Dora and Anita expressed interest in creating opportunities for conversation and mentorship among Latina entrepreneurs in their communities. Dora, owner of a mobile organic juice business, felt that “real conversations” among Latina entrepreneurs are missing from her local community. She stated,

There is nothing like being able to talk to someone directly who has been through an experience...to be able to ask questions and gain from their life experiences. It’s a good thing, you know, small business planners who help you go through your business plan and look at your financials, that’s all good. It was incredibly helpful to me and then there this piece of sobering reality behind actual business ownership. That’s the story that needs to be told. It’s
one thing to hear stories from a white male and it could be useful, but it is a whole different thing for me to hear that story from a Latina who has done it or who is in the thick of it and who I can learn from in that way beyond papers and videos.

Like Dora, Anita also felt that Latina entrepreneurs would benefit from increased communication. Anita, owner of a wedding invitation business, expressed interest in having a Latina mentor and suggested a “matching” service for Latina entrepreneurs in her community. She stated,

There’s one thing that I’m really interested in…having the opportunity for looking at business owners, as women, to be matched with someone else so that they can exchange experiences, especially if they working heavily within the Latino market.

In summary, Latina entrepreneurs feel that educational resources, lending resources, and mentoring could be improved in their communities. While some of their suggestions are more feasible than others, they can be used to inform future programming by business support networks and community organizations. Flora’s suggestion of a Hispanic women’s business center in North Carolina is an ideal long-term solution, but one that would require major investments. Additional suggestions for information guides, free hotlines, matching services for mentors, and start-up mini-grants are more feasible, short-term solutions for addressing the needs of Latina entrepreneurs.

Final Thoughts and Policy Recommendations

By investigating the experiences of Latina entrepreneurs, it is evident that entrepreneurial activity is embedded in social relations shaped by intersections of gender, ethnicity, and class. On an individual-level, Hispanic women from different cultures and
socioeconomic class backgrounds begin their careers as business owners with different resources in their entrepreneurial toolkits. Language proficiency is a critical asset in this toolbox, especially when bilingual business support resources are scarce.

On a structural level, Hispanic women also challenge the traditional image of “the entrepreneur” (i.e., white, non-Hispanic, male) and as a result, encounter patriarchal constraints – specifically, the gendered distribution of capital. The intersection of individual-level constraints and structural-level constraints interact to produce different entrepreneurial outcomes. In response, Latina entrepreneurs mobilize resources in order to achieve their goals. How far can minority women owners succeed without increased investment from lenders and integration in male-dominated industries in the market?

The U.S. market economy is an uneven playing field where social location positions some entrepreneurs in more favorable positions than others for entrepreneurial success. As a response to structural constraints, the Latina entrepreneurs in this research harnessed personal, family, and community resources to overcome challenges. Their agency and determination highlight the efforts of minority women entrepreneurs to prosper but there is more work to be done before women, as a class, can achieve equity in the market and equality, as entrepreneurs, in American society.

On a national level, my policy recommendations align with those of the U.S. Women’s Chamber of Commerce (USWCC) who are actively working to increase federal investments in women-owned and minority women-owned businesses. A 2013 campaign called, “Breakthrough” is currently underway by the USWCC to steer 90 billion dollars in federal contracting dollars to women owned firms (U.S. Women’s Chamber of Commerce
2012). This amount signifies the total loss to women-owned firms between 1995 and 2010 caused by the federal government’s failure to meet the 5 percent contracting goal established by congress in 1994 for federal contracting with women-owned small businesses (U.S. Women’s Chamber of Commerce 2012). The goal of the USWCC and the “Breakthrough” campaign is to increase women’s access to federal contracting dollars in order to achieve gender equity in the market and redirect needed funds from competitors. While this action may not directly impact some Latina entrepreneurs in North Carolina, it represents a critical shift at the federal level to reduce gender inequality. Such dramatic efforts are necessary to reverse long-standing market patriarchy and to create new revenue opportunities for women-owned firms.

On a local level, my policy recommendations for Latina entrepreneurs involve incentivizing state government, lending agencies, and other community groups to invest in Latina-owned businesses as new sources of employment and innovation in North Carolina. As social demographics shift and the Hispanic community matures, markets will continue to emerge creating opportunities for economic growth.

Additional incentives should be created to inspire successful Latina entrepreneurs to mentor others and/or incubate new Latina-owned businesses. It is clear that Latina entrepreneurs want to be connected with each other but that community fragmentation and co-ethnic distrust are obstacles. Future efforts to bridge communication might include creating a website for Latina entrepreneurs to use as a “safe forum” for discussion. Subsidizing a mentorship “matching” program (as Anita suggested) is another option for
incentivizing highly-successful Latina entrepreneurs to counsel aspiring Latina entrepreneurs in their communities. Yet, this will require investments of time and money.

In conclusion, there is strong potential for solidarity among Latina entrepreneurs in North Carolina and there is strong potential for Latina entrepreneurs to make an economic impact statewide. Understanding their unique experiences as entrepreneurs, particularly their entrepreneurial challenges, is essential for promoting positive entrepreneurial outcomes and ultimately, achieving gender equity for all women-owned firms.
REFERENCES


Southern Poverty Law Center. 2009. “Stand Strong Against Hate: Stop the Racist Backlash from Infecting your Community.” The Intelligence Project Retrieved on November 20, 2009 (http://www.splcenter.org/center/petitions/standstrong/).


Appendix
Appendix A:
Existing Data Sources
**Existing Data Sources on Hispanic Entrepreneurship**

*This list is not exhaustive but identifies primary sources of publicly-available data on Hispanic Entrepreneurship and their limitations.*

<table>
<thead>
<tr>
<th>DATA SOURCE</th>
<th>DESCRIPTION</th>
<th>ONLINE SOURCE</th>
<th>VARIABLES</th>
<th>LIMITATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S Bureau of the Census - Public Use Microdata Dicennial Surveys at the 1 and 5 percent levels (PUMS)</td>
<td>PUMS files have state-level Census data containing individual records of the characteristics for a 1 or 5 percent sample of people and housing units. Data is released every year in 1-year, 3-year, and 5-year increments.</td>
<td><a href="http://www.census.gov/main/www/pums.html">http://www.census.gov/main/www/pums.html</a></td>
<td>Hispanic Native Foreign-Born Year of Entry Country of Origin Gender</td>
<td>Contains socioeconomic and demographic responses only. No complete county level data for NC.</td>
</tr>
<tr>
<td>U.S Bureau of the Census - Survey of Business Owners (SBO)</td>
<td>2007 survey released in 2010-2011. Included are all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of $1,000 or more. The SBO provides the only comprehensive, regularly collected source of information on</td>
<td><a href="http://www.census.gov/econ/sbo/">http://www.census.gov/econ/sbo/</a></td>
<td>Hispanic Country of Origin Gender Industry Type</td>
<td>Contains socioeconomic and demographic responses only. Considers owner to be person with ownership of 51% or more of business – excludes other owners. County level data for crosstab of women and Hispanic unavailable at county-level due to confidentiality concerns for few data points.</td>
</tr>
</tbody>
</table>
### The Federal Reserve Board of Governors - Survey of Small Business Finances (SBF)

| **Description** | **Most recent data is from 2003. The survey collected information on firm and owner characteristics, an inventory of small businesses' use of financial services and of their financial service suppliers, and income and balance sheet information. The survey collected demographic characteristics for up to three individual owners and helped to refine the firm-level measurement of characteristics such as race, ethnicity, sex, and ownership concentration.** | **http://www.federalreserve.gov/Pubs/oss/oss3/nssbftoc.htm** | **- Hispanic**  
**- Gender**  
**- Small size of Hispanic respondents.**  
**- No county level data for NC.**  
**- Survey favors small business.** |
These publicly-available data sources were identified by:
- Personal online research
- Robles and Cordero-Guzmán 2007:27

Chart Data is informed by:
- Survey website information
- Robles and Cordero-Guzmán 2007:27

* Many private data sources also exist for purchase. For instance, Dun and Bradstreet (D&B) maintains a commercial database of firms. Many businesses worldwide register for a D&B® D-U-N-S® Number, which is the universal standard for identifying and tracking businesses (Dun and Bradstreet 2010). Many businesses choose to obtain a D&B® D-U-N-S® Number in order to use D&B as a credit reference. A D&B listing also allows potential business partners and customers to easily locate the business in the D&B registry.

*Membership data on business owners maintained by U.S. chambers of commerce and other support-related organizations is subject to the privacy policies of the organization. These data may or may not be shared publicly without the permission of clients or group members. Additionally, much membership data and even publicly-available business directory data does not indicate gender AND race/ethnicity of owners.
APPENDIX B:
Semi-Structured Interview Guide for Business Owners
Interview Guide for Business Owners

1. Introduction

Hello Ms. ____________ (Name of Business Owner),
Thank you for agreeing to meet with me today (or speak with me today- if on the phone). I would like to start by reading a short form to you about my project. Then, I will ask you if it is ok for me to interview you today. Do you have any questions for me before I start?

2. Read Verbal Informed Consent Script and Ask for Verbal Consent

If participant agrees, continue and provide her with a copy of consent form.
If participant does not agree, stop.

3. Background of Business and Entry into Entrepreneurship

Again, thank you Ms. ____________ (Name of Business Owner) for agreeing to this interview. I would like to remind you that I will NOT be using your name or the name of your business in my project. Do you have any questions for me?

I would like to begin by asking you some general questions about your business.

a. How many years have you owned _________ (Name of Business)?

b. Have you ever owned a business before you owned _________ (Name of Current Business)?
   If so, probe:
   i. What kind of business(es) did you own previously?
   ii. What kind of products (or services) did you offer?
   iii. What inspired you to start this business?
   iv. Businesses can be difficult to start up, was it hard for you to start this business?
   v. How did you fund your business when you first got started?
   vi. Did you go out of business or sell this business to someone else?

c. Before you opened _________(Name of Current Business), did you work outside the home?
   If so, probe:
   i. Where did you work?
   ii. Did your previous job lead to starting a business? How?

d. What kinds of products (or services) does your current business provide?
e. Are there other businesses like yours in the community?
   If so, probe:
   i. About how many other business?
   ii. How is your business different?
   iii. Is there competition in your community for business?
   iv. Does the local Hispanic community support your business? If so, how?

f. Who are your main customers or clients right now?

g. Do you have any paid employees working for you?
   If so, probe:
   i. How many employees do you have?
   ii. Are any employees related to you such as family members? (If yes, probe.)
      - If yes, what types of jobs do your family members perform?
      - Do they earn wages?
      - How helpful is it to have support from family members in your business?

h. What made you decide to open your current business?

i. Did running a business turn out to be what you expected?
   If not, probe:
   i. What did you imagine running a business would be like?
   ii. What is it really like?

j. Is your business currently certified with any small business organizations such as the Office of Historically Underutilized Businesses (HUB) or the Small Business Administration (SBA)?
   i. If so, how do you think certification has helped your business?
   ii. If not, what other sources of financial assistance do you utilize?

4. Challenges as an Entrepreneur
   a. What do you enjoy most about running your business?
   b. What do you least enjoy about running your business?
   c. Can you describe to me what your work day is like as a business owner?
   d. Businesses can be difficult to start up, what as the most difficult part of starting up your business?
   e. Did you seek help from others such as family or friends when you started your business?
      If yes, probe:
      i. How did friends or family help you?
If no, probe:
   ii. How did your friends and family react when they learned that you were opening your own business? What does your family think of your career as a business owner?

f. When you first got started, did you seek advice from any organizations or groups that help small businesses such as the Women’s Business Center? If so, probe:
   i. How did this group help you?
   ii. Were you satisfied with their help or did you still require assistance?
   iii. Did this group assist you in securing capital? If so, how?

g. What kind of response did your businesses receive from the community when you first opened?

h. How do ties with the Latino community benefit your business?

i. Who do you go to when you have a problem with your business and you need advice? In what ways does this person help you?

j. What are the most difficult financial challenges for your business?

k. Are there any other ways that family members have helped your business?

l. How do you balance managing your business with managing family life at home?

m. If I wanted to open a business of my own, what advice would you offer me about starting my business and running it?

n. What are the advantages of being a Hispanic woman in business?
   i. Are there any disadvantages? (If so, probe.)
   ii. What are these disadvantages?
   iii. How do these disadvantages affect business?

o. Are there any support resources that you would like to see in your community for business owners like you?

p. I am looking to interview other women like you. Do you know any other Latina women who own businesses in North Carolina that I could talk to?

Contact Information for Other Businesses:
We are almost done!
I just have a few more questions about you and your business income.

5. Demographics
a. What is your age?
b. Where were you born?
c. Are you currently married, widowed, separated, divorced, or single?
d. How many children do you have?
e. I am going to hand you a card. Could tell me which option A, B, C, or D best describes your annual profits from your business?
f. I am going to hand you a card. Could tell me which option A, B, C, or D best describes your educational history?

Thank you so much.
Do you have any questions for me?

I want to thank you for your time and offer you a thank-you gift, a $20 gift card. If you choose, I can donate this to a local church or charity.
APPENDIX C:
Semi-Structured Interview Guide for Community Informants
Interview Guide for Community Members
*This guide will change based upon the interviewee’s role within the Hispanic business community.*

1. Introduction
Hello Mr. or Ms. ____________ (Last Name of Person),
Thank you for agreeing to meet with me today (or speak with me today- if on the phone). I would like to start by reading a short consent form to you about my project. Then, I will ask you if it is ok for me to interview you today. Do you have any questions for me before I start?

2. Read Verbal Informed Consent Script and Ask for Verbal Consent
*If participant agrees, continue and provide her/him with a copy of consent form. If participant does not agree, stop.*

3. Background of Work/Involvement with the Hispanic Business Community
Again, thank you Mr. or Ms. ____________ (Last Name of Person) for agreeing to this interview. I would like to remind you that I will NOT be using your name or the name of your business in my project. Do you have any questions for me?
I would like to begin by asking you some general questions about your work.

a. How many years have you worked at _________(Name of Employer/Organization)?
b. What is your primary role at ______________ (Name of Employer/Organization)?
c. How does your organization interact with the Hispanic business community and/or Hispanic business owners? What are the primary goals of your organization?
d. What is your personal level of interaction and role in working with the Hispanic business community and/or Hispanic business owners?
e. Can you tell me a little about the process of opening a business in North Carolina?
f. Do any incentives exist in North Carolina for women and ethnic/racial minorities who aspire to own a business?
g. In your opinion and experience is it difficult for women and ethnic/racial minorities to start up a business and succeed as an owner? If so, probe:
   i. Why do you feel this way?
   ii. Can you give me an example?
   iii. Would you agree that certain barriers exist for minority women, in particular, Hispanic women?

h. As you know, I am studying the experiences of Hispanic women entrepreneurs. Are there any Hispanic women who own businesses that you can refer me to?
Contact Information for Other Businesses:

Name of Business Owner__________________________________________________________
Address________________________________________________________________________
Telephone or E-mail_______________________________________________________________

We are almost done!
I just have a few more questions about you.

4. Demographics
a. How long have you worked in North Carolina?
b. Where were you born?

Thank you so much.
Do you have any questions for me?

I want to thank you for your time and offer you a thank-you gift, a $20 gift card. If you choose, I can donate this to a local church or charity.