From Workers to Owners: Latino Entrepreneurs in Harrisonburg, Virginia
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In the vast literature on immigrant and ethnic entrepreneurship in the United States, relatively little attention has been paid to Latino entrepreneurship, perhaps because Latinos (except Cubans) tend to be perceived as labor migrants. For the same reason, even less attention has been given to the Latino small businesses that have quickly become a ubiquitous part of new Latino settlements in the rural South over the past two decades. Based on structured interviews with over 30 Latino business owners, this paper describes the growth of Latino-owned businesses in Harrisonburg, Virginia (population 40,468 in 2000) that has occurred since 1990 in tandem with the ever-increasing size and complexity of the local Latino community. In particular, the paper examines both the "structure of opportunity" for Latino entrepreneurship outside traditional gateway cities and the social and cultural characteristics of the entrepreneurs and their businesses. The paper highlights the role of local poultry processing plants in the settlement process and entrepreneurs’ work histories.

Key words: Latinos, immigrants, entrepreneurs, rural, Southeast

Introduction

During the 1990s the rural South became a new destination for Latino immigrants drawn primarily by jobs in agroindustries. Although Virginia has not witnessed as large or as rapid a growth as states farther south, such as Georgia and North Carolina, it hosts the sixteenth largest Latino population in the country. Within Virginia, one of the areas that has experienced the greatest growth in Latinos within the last decade is the Central Shenandoah Valley and particularly the city of Harrisonburg (population 40,468 in 2000). Harrisonburg’s Latino population grew from representing about two percent of the total population in 1990 to almost nine percent in 2000 (U.S. Census).

The influx of Latino immigrants has been accompanied by a rapid rise in Latino-owned businesses, which have increased from one to almost 50 since 1989. As new businesses continue to open on an almost monthly basis, even the most casual observer cannot fail to observe the ubiquity of Latino-owned businesses in the local area. The presence of these businesses in the rural Shenandoah Valley seems to fly in the face of national statistics that suggest low rates of entrepreneurship among most Latino groups (except Cubans). Given the perception that Latinos migrating to the rural South are primarily labor migrants, it is not surprising that little attention has been given to their entrepreneurship. This paper addresses the issue of Latino entrepreneurship (i.e., small business ownership) in the rural South as an integral part of the new migration to nontraditional destinations. It examines both the “structure of opportunity” provided by local conditions in Harrisonburg as well as the social and cultural resources and motivations Latinos draw upon when they engage in entrepreneurship.

Theoretical Background

Researchers are just beginning to record and analyze the implications of the massive influx of Latinos (i.e., individuals of Latin American origin) to nontraditional destinations in the South (e.g., Atiles and Bohon 2002; Fink and Dunn 2003; Gozdziak and Bump 2004; Griffith 2006; Hernandez-Leon and Zuñiga 2000 and 2002; Kandel and Cromartie 2004; Kandel and Parrado 2004; Mohl 2002; Murphy, Blanchard, and Hill 2001; Torres, 2000; Zuñiga and Hernandez-Leon 2005). As in the rural Midwest, another area that has seen a significant increase in Latino population in the last decade (e.g., Millard and Chapa 2004), Latino immigrants have been drawn to the rural South primarily by the availability of farm work or jobs in agriculturally-related industries (e.g., food processing) that require few specialized skills and little knowledge of English. In the Midwest the major source of agroindustrial jobs is meatpacking; in the South, it is poultry processing. Whatever their destination, immigrants’
concentration in economic niches consisting of low-paying, low-skill jobs has been well documented and has led researchers to regard Latino and particularly Mexican immigrants as labor migrants who, by implication, have little propensity for entrepreneurship. As a result, scant attention has been paid to the entrepreneurial activities that are associated with these populations, despite the fact that dozens of newspaper accounts of new immigrant destinations consistently highlight the proliferation of Latino-owned small businesses as one of the most visible signs of the new immigrants’ presence in a community. What is even more surprising is that there has been so little interest in understanding the low rates of entrepreneurship among Latino immigrants given that these rates differ so dramatically from rates in immigrants’ home countries. For example, Mexico, which is the largest source of Latino migration to the United States, is also, according to Fairlie and Woodruff, “one of the most entrepreneurial countries in the world.” (2004:1). Using various sources, they estimate that “roughly one-fourth of Mexico’s workforce is a self-employed business owner” (Fairlie and Woodruff 2004:1), while in the United States, the rate of entrepreneurship among individuals of Mexican origin is six percent compared to the US average of 11 percent (Fairlie and Woodruff 2004).

Apart from the Cubans who have high rates of entrepreneurship (Portes and Rumbaut 1996), until recently relatively little research has focused on other Latino groups whose low entrepreneurship is often attributed to a lack of human capital, and particularly low educational levels (e.g., Levitt 1995). Although there has been increasing attention given to entrepreneurship among Latino groups other than Cuban, particularly since the 1990s (e.g., Alvarez 1990; Cárdenas, de la Garza and Hansen 1986; Chapa and Cárdenas 1992; Chincilla and Hamilton 1989; Garcia 1995; Guarnizo 1997; Levitt 1995; Pessar 1995; Rajzman 2001; Rajzman and Tienda 2000; Rochin et al. 1998; Spencer and Bean 1999; Tienda 2001; Valenzuela 2001; Zolinski 1994), almost all of it has focused on entrepreneurs in large metropolitan centers with sizeable immigrant populations.

It would be easy to conclude that immigrant entrepreneurship is essentially an urban phenomenon (see Evans 1989). However, immigrant history suggests otherwise. Historic studies (e.g., Loewen 1988 and Moraw ska 1996) have demonstrated that neither immigrant settlement nor entrepreneurship have been confined solely to large cities. Yet there is virtually no current literature that considers immigrant and ethnic entrepreneurs in smaller cities and towns in rural areas. Two exceptions are Griffith’s (2006) vignettes of three Latino businesses in the rural South and the Census-based survey research of Rochin et al. (1998) on Chicano/a entrepreneurs in rural California who become self-employed as a survival strategy.

Methodology

The research for this paper was carried out from January 2003 to September 2004. Using local Spanish newspaper advertisements, listings in city and business directories and personal contacts within and knowledge of the community, I was able to identify approximately 80 Latino-owned businesses that were licensed and operated within Harrisonburg since 1989. About 48 of these businesses were in operation in 2003-2004. Although there are probably many more Latino entrepreneurs operating in the local informal economy, the research focused on registered and licensed businesses. I conducted structured interviews with 31 owners who represent about two-thirds of the 48 Latino-owned businesses in operation in 2004. At least one interview, typically one to two hours in duration, was conducted for each business. In most cases, the interviews were conducted in Spanish because of the owners’ preference, in their place of business and during regular business hours. I have used pseudonyms to protect the privacy of the individuals referenced in the paper.

The Setting and Structure of Opportunity

Located “in the heart of the Shenandoah Valley,” the city of Harrisonburg, which was founded in 1737, has a long history as the county seat and hub of commercial activities for the surrounding agricultural area. For much of its history, the Central Shenandoah Valley, bordered by mountains that impeded travel, attracted few in-migrants. Unlike much of the lower South, the economy of the Valley was never dependent on plantation agriculture, but rather small farms that produced so bountifully that the area became known as “the breadbasket of the Confederacy” during the Civil War. In the 1930s Harrisonburg became the self-proclaimed “turkey capital of the East,” and, although Rockingham County has slipped to second place in turkey production nationally, it remains the leading agricultural county in the state of Virginia. With strong German and Mennonite roots and relatively few African Americans, the historic population mix of the Central Shenandoah Valley is also different from the eastern part of the state and the rest of the South. As recently as 1990 Harrisonburg’s foreign-born constituted only 2.4 percent of the total population (US Census 1990), but by 2000, they had grown to 9.2 percent (US Census 2000), with the majority originating in at least 14 different Latin American countries.

The history of the Latino, and particularly the Mexican, population in Harrisonburg is tied directly to the poultry industry. The first Latinos who settled more or less permanently in the area were Mexicans who came to the Valley in the early 1970s to work in the apple harvest, but later found more permanent employment in the poultry processing plants. During the 1980s poultry production expanded, causing a rise in production jobs, and coincidentally, the “amnesty” law of 1986 (IRCA) permitted many previously undocumented immigrants to become permanent residents, facilitating their movement from seasonal work into more permanent, better paying jobs in poultry processing plants. In the 1980s Mexicans were joined by Salvadoreans and Guatemalans fleeing civil wars in their home countries. By the 1990s, Cubans also began arriving in the area, mostly under the auspices of a local
refugee resettlement office, but others came as “secondary migrants.” Uruguayans, who first arrived in the 1980s, were joined by increasing numbers of their compatriots after an economic crisis in Uruguay in 2000-2001. The most recent Latino newcomers are the Hondurans, most of whom have arrived since 1998, the year Hurricane Mitch, one of the strongest hurricanes in history, caused widespread destruction in Honduras. Whatever their nationality, the poultry plants have functioned as the main port of entry to local employment for most non-English-speaking immigrants.

Facilitated by the availability of jobs, this movement toward the establishment of a more or less permanent ethnic community (or perhaps more accurately, communities) is reflected in the growth of the city school system’s English as a Second Language (ESL) program which has grown from six students in 1986 to 37 percent of the total city school enrollment in Fall 2004, the majority of whom are Spanish speakers. Another indicator of more permanent settlement, as well as a growing Latino consumer market, is home ownership. Over 26 percent of Latino respondents to a telephone survey (Healthy Community Council 2001) said that they owned the place where they live. For some, this probably meant owning a mobile home on a rented lot, but for a small but growing number it meant traditional home ownership. Records of real estate transactions during a 10-month period in 2003 show that individuals with Spanish surnames purchased about four percent of the homes or land worth over $100,000 that was sold in the city and county and the number of such sales appears to be increasing.

Types of Businesses

The types of businesses owned by Latinos represent a rather narrow spectrum, albeit typical of immigrant-oriented businesses generally. Restaurants comprise the largest category of Latino-owned businesses and the only category that aims to attract non-Latino “American” customers in addition to or instead of Latinos. Over the past 10 years, about 25 Latino-owned restaurants have operated for some period of time, but 10 eventually closed, reflecting the high failure rate for restaurants generally. The 15 restaurants still in operation offer not only Latin American, but also Italian food. The smaller restaurants cater almost exclusively to Latinos, since the unfamiliar menus and limited English speaking staff discourage non-ethnic patronage. In addition, several of the restaurants hold dances with live bands on a regular basis, thus creating spaces for Latinos to socialize in an area where there are few such opportunities.

After restaurants, the second most common type of Latino-owned business involves retail stores that sell ethnic food and other products. These businesses include not only grocery stores, but tortillerias (bakeries that specialize in tortillas) or panaderias (Mexican pastries) as well as a smaller number of stores that specialize in clothing or music. The most common type of store is one referred to as a tienda hispana or tienda latina (Hispanic or Latino store). There are eight tiendas hispanas in Harrisonburg, as well as an additional tienda, that is Asian-owned. Asked to describe the meaning of “tienda hispana,” one owner said that it is means that “most of the products are from Hispanic countries, like Mexico, Colombia and El Salvador, and that you can’t find anywhere else,” while another said that it is a place where a customer can go and know that they will be able to communicate in their own language.

The tienda hispana offers, in addition to ethnic and often imported foods, a varying mix of merchandise that can include clothing, music, patent medicine, cookware, knickknacks, toys, greeting cards, and religious materials. Telephone cards are a relatively recent innovation that capitalizes on immigrants’ desire to stay in touch with family left behind. In one tienda that offers 72 kinds of cards, the owner estimated that she sells about $1,000 worth of cards a week for calls to several Latin American countries. Some tiendas offer other services, such as Spanish-language video rentals, money orders and tickets for private “first class autobuses” that service various destinations in Mexico. One tienda even contains an adjoining poolroom. Like the restaurants, the tiendas provide public cultural spaces for the community that has few such physical focal points, thus serving the community’s symbolic as well as material needs.

A third area of business concentration is in the personal service sector, which like the restaurants and tiendas, caters to the community’s cultural preferences and linguistic needs. For example, several beauty salons cater to special hairstyle preferences with the additional advantage that customers can communicate their preferences in their own language. The comfortable, “just-like-home” atmosphere of the shops is also perpetuated through the use of regional and Latin popular music as well as the ever-present satellite television featuring telenovelas (television soap operas) and talk shows in Spanish. Susana explained that she installed a television in her business “so that people will feel a little bit of their own country, so they will feel comfortable.” Other service-oriented businesses include a travel/multiservice agency, a taxicab company, a business directory, and Spanish language newspaper that serves as the major source of information and advertising to the community.

The remaining nine Latino businesses involve some aspect of automobile sales or maintenance. Harrisonburg is a regional hub for automobile sales, with an auto auction and almost 100 dealerships listed in the telephone directory, 78 of which specialize in used vehicles. Latino dealers specialize exclusively in selling used cars to a Latino customer base. Other ethnically oriented auto businesses offer an array of services, ranging from mechanical repairs to body work and from detailing to sound system installation. There is a very large market for used cars among Latinos due to the limited public bus system that is not usable for commuting to work.

The Owners

All of the businesses are immigrant (as opposed to second or subsequent generation) owned by individuals from seven different countries—Mexico, El Salvador, Honduras, Cuba,
Dominican Republic, Uruguay, and Argentina—as well as Puerto Rico. About half of the business owners (20) are from Mexico, reflecting the fact that over 60 percent of the Latinos in Harrisonburg, as indicated by school statistics, are from Mexico. Though the largest number (six) of Mexican business owners is from the state of Jalisco, which has a long history of US migration, the other Mexican business owners come from 11 different states, suggesting that immigrants are now coming to the United States from many more areas of Mexico than traditionally has been the case. The majority of the owners are in their prime working years (25-44 years old), married, and have two children. They are also somewhat better educated than the general Latino population in Harrisonburg. According to a local telephone survey of Latinos (Healthy Community Council 2001), more than half of the respondents had less than six years of school, while only 13 percent had some post-secondary education. Of the 37 business owners and spouses (22 men and 14 women) for whom I was able to obtain information, only one married couple reported less than six years of school. One third (10 men and 2 women) completed ninth or tenth grade (called lower, basic, or general secondary school in most of Latin America). Five individuals (two men and three women) completed upper secondary school and some form of specialized training (e.g. nursing, teacher education), while seven individuals (four men and three women) attended and/or completed university in their home countries. An additional six individuals, all but one of whom are "1.5 generation" (born abroad but raised in the United States), completed high school or the GED in the United States and of these, two also attended college or completed graduate school in the United States. Reflecting a growing trend among Latinos nationally, at least six owners belong to Protestant, and particularly evangelical or Pentecostal, churches that they refer to as "Christian churches."

Like the Latino population generally, most business owners have come to Harrisonburg within the last 10 years. With few exceptions, they did not come directly to Harrisonburg from their home country, but spent time in another place or several places in the United States before arriving in the Valley "invited" by relatives, friends, or compatriots from their hometowns. Although they come from many different places in the United States, most mentioned well known immigrant gateways: Los Angeles, San Francisco, Miami, New York City, and cities in New Jersey. Their reasons for leaving, which focused on the high cost of living, crime, gangs, and poor schools, suggest that "urban flight" now involves immigrants as well as the native-born and that both groups are fleeing farther beyond the suburbs to more rural destinations where, as several people remarked, one can feel safe to walk the streets at night. For example, Eduardo, who drove a taxi at night for five years in New York while working a full-time job in construction, quit after being held up by a man who put a gun to his head.

After coming to Harrisonburg, most owners did not become self-employed immediately, unlike Asian immigrants who have often come to Harrisonburg specifically to start a business. Rather, most Latino business owners came to the area for jobs or family and resided in the local area for at least a few years before starting their business. Like most Latino immigrants in the area, many of the business owners, and particularly those from Mexico, have spent some period of time working in the local poultry processing plants prior to going into business for themselves. For example, Sergio and Roberto, who are now owners of their own businesses, both came to Harrisonburg separately as a result of seeing want ads in New York, advertising jobs in Virginia that offered paid transportation and housing. They were both brought to Harrisonburg by a temporary staffing agency to work in the poultry plants in 1998.

Motives for Starting a Business

One hypothesis about why immigrants (and women) go into business for themselves is that self-employment is undertaken as a solution to unemployment or employment problems, such as blocked mobility and discrimination. These themes are prominent in local Latino business owners' job histories, including individuals with some college education and English fluency, both of which are required for most poultry plant jobs above production worker. For example, Felipe, who speaks English and has attended college, encountered blocked mobility in two plants. In the first plant he worked on "the line" for one and a half years before he asked for and received a promotion to "mechanical operator." Although not part of his job description, he had to do a lot of extra work and his bosses ignored his suggestions for eliminating waste and making the process more efficient. Finally, he told them that if they did not want to put on extra people, he wanted to return to the line. He returned to the line for one month, but started looking for another job. Having heard about a similar position, as "mechanical operator" in another poultry plant, he applied for the job, citing his prior work experience, but was put on the line for three months before he was able to apply for a mechanical operator position which he got on his second attempt. After remaining in that position for almost five years, he applied for a better position, as "general mechanic," but did not get it despite the fact that his supervisor recommended him for the position many times. He concluded, "There are some jobs that they give to Hispanics and some jobs they won't give to Hispanics... I decided I didn't want to stay because I thought I can't go any higher and if I can't find another place, I will open my own business."

For the women who own their own businesses, an important motive for becoming self-employed was being able to resolve childcare problems often occasioned by working in the poultry plants. For example, Concha worked at George's for seven months, but had to leave because the muchacha who took care of her two children could no longer baby-sit for her. When the babysitter told Concha on a Saturday night, she started looking for someone else right away, but missed work on Monday because she could not find anyone. The plant allows only three days off without permission before the worker is fired, so when Concha missed the three days,
she had to leave. She also mentioned negative experiences. “They make the Hispanics work faster while the Americans are allowed to rest. They treat us like we are dumb and work us like burros. We are capable of learning. We just haven’t had the chance.” Barbara also worked in a poultry plant for six months, but wanted to work for herself because of her three children. After starting her own business, she was able to take them to school and pick them up in the afternoon by closing the store briefly, then reopening with the children accompanying her. One of the most striking features of Latino businesses is the presence of owners’ children as an accepted part of doing business. Most of the women and even some of the men who operate a business and have young children take them along to work.

Childcare aside, other owners also said that their reason for wanting to own their own business was so that neither they nor their children would have to work in the poultry plants. As Cristina explained, “Here I can learn how to communicate with different people. In the poultry plant, you can’t even talk. They expect you to work like robots.” Almost without exception, when asked why they wanted to own their own business, owners replied in the same way—for superación (betterment) or por superar (to better myself) or in order “to be my own boss” or “to work for myself or “for the chance to be somebody.”

**Paths to Entrepreneurship**

According to one business owner, “Most Hispanics in the poultry plants want to have their own business, but they don’t know how.” However, among those individuals who become business owners, most have some sort of previous business experience although their current business is their first formally registered and owned. About one-third had previously owned businesses either in their home country or in the United States. Among those with previous business ownership, Vicente stands out for the scope of his entrepreneurship. Having started nine businesses in the United States, five of which he still owns, Vicente, who started his first business at age 16, had extensive business experience in Mexico. He is the only business owner who came to the United States with capital specifically to start a business. Susana also has a history of entrepreneurship from her teens in El Salvador. Before coming to the United States to further her education, she owned a dry goods and shoe store.

Some business owners who did not own their own business in their home country, nevertheless, gained business experience working in their parents’ business before coming to the United States. For example, Tomás, who owns several grocery stores, worked in his parents’ mercería (notions store) from the time he was four years old. Antonio, who owns an auto body and detailing business, began working after school in his father’s auto repair shop in the Dominican Republic when he was 11 years old.

For those who came to the United States without the experience of having worked in a family business or having owned their own business, very few individuals started their business without gaining some related experience in the United States, typically by working as an employee in a similar business or by operating their own “microenterprise” in the informal economy (see Rajmian 2001). Whichever strategy they employed (and some people used both), they often did so on a part-time basis while continuing to work a full-time job. For example, when Sergio came to Harrisonburg, he worked in a poultry processing plant for three months before deciding that he could earn as much “doing what I like to do as working in the poultry plants for the same amount of hours.” Like other Latinos who have started businesses in some aspect of the auto industry, Sergio loves cars. After attending ESL classes to learn English, he got a job as a parts sales manager in an auto parts store. “Each day I gained more experience and relationships with people and this way I was able to start my own business.” He learned the most about the business from one used car dealer, an “American,” whom he met through his job. Because 65-70 percent of the man’s customers were Latino and he did not speak Spanish, Sergio began working with him on his days off and other free time. He did this for about two years before starting his own used car business.

Similarly, restaurant owners often learned about restaurants by working in them. For example, Roberto, who at age 26 owns two restaurants, began working in the restaurant he now owns after suffering a serious accident on the job in a poultry plant. He began working for the previous owner of one of his restaurants as a cook and quickly worked his way up to manager. When his boss told him he wanted to sell the business, Roberto took on a second job to come up with the down payment. He continued to work the second job even after buying the restaurant in order to pay off his debts.

While restaurant and auto sales or repair are two types of business that Latino immigrants most often learn by working for someone already in the business, individuals who started other types of business, particularly in retail sales, often gained their initial experience by working for themselves, operating similar, but smaller-scale enterprises in the informal economy, echoing the itinerant immigrant peddlers of a century ago. For example, before opening her store, Concha sold clothes door-to-door. When Teodoro decided that he wanted to go into business for himself, he took two weeks’ vacation from his job in the poultry plant to work in a relative’s bakery in Texas in order to learn how to bake. Back in Harrisonburg, he practiced the techniques he had learned and began to sell baked goods in the trailer parks and later through an established store where he split the rent with the owner before opening his own bakery. Tomás got his start in the grocery business selling ethnic foods door-to-door that he transported from New Jersey every week. Before opening their restaurant, Raul and Florencia sold tacos at weekend soccer games.

**The Challenges**

Asked about the challenges of starting and running a business, owners most frequently mentioned lack of capital
and competitors. Obtaining start-up capital was the greatest challenge for most owners since only one individual, Vicente, came to the United States with money to invest in a business. In fact, many individuals, and especially those from Mexico, commented that they had come to the United States to earn money for use in their home community. Only four people obtained start-up money through a bank or small business loan and almost no one else attempted to get one, since they felt that they would not qualify. Raúl and Florencia were exceptions in that they were able to get a bank loan through the help of Raúl’s boss who is “American.” Similarly, Fermín had the help of a couple of “American” realtors in getting his loan.

In contrast, most owners used their own savings, often accumulated through long hours of work in the poultry plants, and second jobs, as their principal source (and in some cases as their only source) of capital. To augment their savings, many individuals also obtained loans from their parents or siblings or far less frequently from friends. For example, Braulio and his wife borrowed $8,000 from his brother to open their restaurant. Two of the women who are sole proprietors received gifts of money from their mothers. Another source of funding, used by several owners, was to go into partnership, usually with a sibling, which enabled them to divide the costs. Concha, who invested about $3,000 to open a clothing business, got most of the money from her savings and the rest came from an $850 loan from her brother who decided to become her partner in lieu of repayment. Some individuals used credit cards for some of their start-up costs, while others raised capital by selling their house and/or car. In about a half dozen cases involving the purchase of a pre-existing business, special financial arrangements were negotiated between the buyer and seller. Roberto, for example, got a loan of $100,000 to buy his restaurant from the previous owner. No one mentioned using a rosca or tanda (rotating credit association), despite the fact that such arrangements are commonly used in Mexico (Kurtz and Showman 1978) and by Mexicans in the United States (Vélez-Ibáñez 1983) to raise money for large purchases.

Given the difficulty of obtaining start-up capital, owners typically scaled the scope of their business to fit the amount of money they had available to invest. For example, owners of restaurants reported that they invested as little as $8,000 or as much as a $100,000 to start, with most investing between $35,000 and $70,000. Similarly, owners of tiendas latinas or other retail stores invested as little as $2,000 to as much as $30,000. In contrast, owners of used car dealerships typically reported larger investments of $30,000 to $60,000. To compensate for their low capitalization, many individuals used the additional strategy of “starting small” and “growing slowly little-by-little.” One common way of “starting small” was to use only a portion of their rented space and to expand with increasing business. For others, “starting small,” involved renting or sharing space with other businesses. For example, Antonio and his partner started their auto repair business in a small space that they rented within a large garage that housed another repair business.

Undercapitalization not only makes it difficult to “grow” one’s business, but also leads to other problems, such as using the money earned by the business for living expenses. According to Susana, “This is a mistake that people often make in starting a business. A couple might think that they can both stop working at their job and just run the business. But it is better for one of them to continue working to ensure an income.” In her own case, her husband, who works for a poultry plant, takes care of the household expenses, while the money she earns in the business is used to pay for business expenses. This strategy is used by many other business owners. In some cases, one spouse operates the business while the other spouse continues to work elsewhere; in other cases, siblings continue working their regular jobs and take turns working in the store during their off hours.

The other big challenge faced by owners is competition. While in large metropolitan centers, competition is usually among co-ethnics who locate their businesses within the same inner city, ethnic neighborhoods that are not serviced by mainstream chain stores (Yoon 1991), in Harrisonburg Latino businesses face their greatest competition from mainstream businesses. Many local businesses have recently made a concerted effort to lure Latino customers by offering ethnically-oriented products, providing signage in Spanish, hiring bilingual employees, and advertising in the local Spanish language newspaper. Just as Wal-Mart and other “big box” stores provide very stiff competition to small town businesses generally, they also make it more difficult for Latino businesses to survive. Tomás, who owns several tiendas, remarked succinctly that “we can’t compete with Wal-Mart.” Sometimes when he needs to buy something at Wal-Mart, he sees his customers there. Realizing that he has to find other ways to compete, he focuses on products that Wal-Mart does not carry. An assistant manager at one of the two local Wal-Mart stores affirmed that Latinos constitute 25 percent of the store’s customers during the week and 40 to 50 percent of their customers on Sundays.

Other Latino-owned businesses, and particularly the auto dealers, compete by offering their customers credit. Sergio, who opened his business in 2000 after working with a dealer for two years, remarked, “There was no service in Spanish and that was an advantage for me. Our community has the need to acquire vehicles, but they have trouble because they don’t have a credit plan to help them. I did an experiment with a friend. We went to many banks and tried to get credit and they all said ‘no.’” Sergio competes by offering customers his own financing and admits that he has lost some money by offering credit, but he shrugs this off.

The Role of Social Networks

One of the advantages that immigrant businesses are often assumed to possess is “social capital,” which is usually construed as social networks of co-ethnics that are based on “bounded solidarity and enforceable trust” (Portes and Sensenbrenner 1993). Such networks can be resources
for start-up capital, information and business tips, access to protected markets, and a “pliant and disciplined workforce” (Portes 1998). However, the utility of such networks is no better than the quality and quantity of resources they contain. As Portes points out, “For new immigrants in working-class communities, the natural path is to follow the course of earlier arrivals” (Portes and Rumbaut 1996:87) which means that people get channeled into the same jobs as their personal contacts, making mobility difficult if the established channels lead to dead-end, low-paying jobs. In Harrisonburg, the employment histories of most business owners suggest that they came to the area at the “invitation” of friends and family who helped them find jobs in the poultry plants. However, their histories also show that they did not remain in the plants, but rather drew upon previous job experiences, as well as resources contained in networks of relatives and friends, sometimes extending beyond the local Latino community both ethnically and geographically, to start their own business.

Given the emphasis that researchers place on the functions of co-ethnic solidarity, it is striking that local business owners’ networks often included individuals outside of their own ethnic group, both from other Spanish-speaking countries and non-Latinos, that prospective business owners typically met while working on the job. For example, Raul and Florencia, received free housing and help in securing a loan to open their business from Raul’s “American” boss. Similarly, Roberto received assistance from one of his “American” vendors in securing a liquor license, while Tomás’s “American” landlord paid for the expansion of Tomás’s store. These and other similar examples suggest that social networks, at least in small towns, frequently cross ethnic boundaries and may confer greater advantages than networks that are strictly bounded by ethnicity (see Granovetter 1973 on the “strength of weak ties”). What appears to be crucial is not so much “bounded solidarity” as trust generally, whether or not it is confined to the ethnic community. Confianza (trust) is a cultural issue that is continually raised in discussions of any dealings involving Latinos. Local cultural brokers advise service providers that in order to work effectively with Latinos, they must establish relationships of trust.

Confianza is an especially important issue in business (Levitt 1995; Lomnitz and Perez-Lizaur 1987). Although co-ethnicity may raise individuals’ levels of trust, it does not automatically create the degree of trust and loyalty necessary for conducting business. For that, people tend to turn to family. In fact, very few businesses, apart from the larger restaurants, have more than two or three paid employees, so that, taken as a whole, Latino businesses locally offer very limited opportunities for co-ethnic employment or the development of an “enclave economy.” Among those owners who have employees, it is clear that relatives are favored for employment. As Tomás explained about the problem of hiring someone with the knowledge to computerize his business inventory, “it is hard to find the perfect person to do that, someone I can trust. I could probably find someone, but it would be difficult. I would worry about them stealing from me.” In Sergio’s case, his only employees are his four brothers, while Diego’s only employee is his brother-in-law. With 80 employees, Vicente has not only one of the largest Latino-owned businesses in the area, but also multiple locations each managed by one of his sons. While most businesses are much smaller than Vicente’s, they are even more clearly family operations, employing only family members—spouses, children and other relatives—whose labor may be paid, unpaid, or only sporadically compensated. The significance of this reliance on family labor is evident in the fact that, whether they work on a regular or contingent basis, relatives are usually referred to as “helping out” or “helpers” rather than employees, suggesting that this is something that both parties regard as more of a family obligation than a strictly economic transaction. For example, Porfirio’s 12-year-old son “helps out on weekends” while Wilfredo’s father, who is visiting from the Dominican Republic, “helps, but isn’t an employee.”

Similarly, when Benjamin and Doris went on vacation, Benjamin’s brother and his wife took charge of their restaurant as a way of “helping out,” though they are not regular employees. “Helpers” may also include trusted friends who are treated like family. For example, Antonio worked for his friend and fellow dominicano in his spare time without regular pay as a way of “helping him out.” Although “helpers” may be from the same place of origin, they need not be. For example, Susana, who is Salvadoran and Inez, who is Puerto Rican, have been best friends for many years. Inez often “helps out” in Susana’s shop on weekends. In a few businesses, the workers even include “Americans,” but in every case, they are also individuals who, like Carlos’s “American” girlfriend, have a personal or familial relationship to the owner.

Conclusions

Despite the recent growth of research on Latino entrepreneurship, most of the studies have ignored the development of immigrant businesses that is occurring along with the movement of Latino populations into rural areas of the Southeast and Midwest. At the same time, the growing literature on new geographic destinations of Latino migration tends to emphasize how rural migration is linked to the demand for cheap labor in agriculturally-related industries, thus perpetuating a monolithic portrait of Latino immigrants as an undifferentiated mass of low-wage laborers. The case of Harrisonburg suggests that these newly emerging Latino communities contain considerably more social complexity and cultural diversity than is usually recognized. While it is true that many immigrants have been drawn to Harrisonburg by the availability of the poultry processing jobs, the increasing size and concentration of Latino immigrant populations have created myriad employment opportunities for other Latinos and non-Latinos who provide the community with goods and services. Latino entrepreneurship is one such outgrowth of this population increase over the
past decade. Most entrepreneurs were originally drawn to the area by the poultry processing industry, but they have since seized the opportunities presented by a growing immigrant community to move beyond production line jobs to small business ownership. In doing so, they have been able to draw upon differing combinations of personal resources, both co-ethnic and interethnic, in order to take advantage of a nostalgic market for culturally-oriented products, as well as the demand for services unencumbered by the language barrier and facilitated by shared cultural understandings. It may well be that entrepreneurship represents the next step in a migration process that has evolved from sojourning to settlement (Cornelius 1992) and one that has provided economic and social mobility to other immigrant groups in the past. Ethnic businesses are clearly an essential part of ethnic community building.

While immigrant businesses that are oriented toward a co-ethnic clientele appear to require a critical mass of population to survive, their presence may also help attract further settlement, as they at least partially recreate familiar cultural space and enable newcomers to partake of accustomed goods and services. When such goods and services are not locally available, people will travel considerable distances to find what they need and want. As some individuals have indicated, the unavailability of these things may even cause people to leave the area for places with larger concentrations of Latinos that offer the products they crave.

Premised to a large extent on the existence of a “protected market,” the fate of most Latino-owned businesses depends heavily on the economic fate of the local Latino population, as well as their sense of ethnic solidarity. If the poultry plants, which are no longer locally owned, close or relocate farther south to areas offering greater cost advantages in a very competitive market, it is unclear how much of the Latino population might simply follow the jobs out of state. It is always risky to try to predict the future, but some patterns are beginning to emerge. With the recent closure of several poultry plants in the Valley and the downsizing of others, many people have begun to speak about the end of the local poultry processing industry as though it is a certainty. However, because the demand for low-wage labor continues to expand in construction, landscaping, hotels, and restaurants, Latinos are already finding jobs beyond the poultry plants. Assuming that this trend continues, the movement of Latinos from workers to business owners seems likely to continue as well.

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