

# Latino Immigrant Entrepreneurs: Planning and Future Time Perspectives

Report to LEDC

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## **Inspiration and Purpose**

The inspiration for this project derived from conversation between LEDC and American University faculty, including Eric Hershberg in the summer of 2011. Those conversations suggested that LEDC found that some of their Latino business clients had more difficulty than others in formulating and acting on business planning. Given the unique population of the Washington DC metro Latino population, we speculated that country of origin may have something to do with the forward thinking (planning orientation) of Latino entrepreneurs.

Based on that, preliminary research was done on the state of the art on Latino immigrant entrepreneurs and on the composition of Latinos in the DC metro area. We also began the process of qualifying for and achieving IRB approval to do the research.

We found that while there is research literature about Latino immigrant entrepreneurs, that literature tends to address only the most nationally populous Latinos, specifically Cuban, Mexican and Puerto Rican groups. In cases where there are other Latinos in the sample, they are grouped as "other". There is evidence that Cuban and to some extent Mexican entrepreneurs have formed enclaves where the community of Cuban (or Mexican) business owners buy from and sell into businesses and consumers of that particular nation-of-origin immigrant. Arguably there are likely to be fewer recent immigrants in these communities, at least proportionally since enclaves take considerable time to develop.

We found that the Washington DC metro area has a large number of Central American immigrants, with Salvadoran as the largest group. The area also has a significant number of South American immigrants. There are also significant numbers of Mexican immigrants.

Thus our research questions are: What are the differences in planning among Central American (specifically Salvadoran, Guatemalan, Honduran, Nicaraguan), and

among Andean (Columbian, Peruvian, Bolivian, Ecuadorian) immigrant entrepreneurs? How are Central American immigrant entrepreneurs different from

The two lead researchers examined the English language notes from the interviews. We used a method of code development offered by (Boyatzis, 1998). We were delayed in getting the codes developed due to personal issues of the lead researchers. Codes were finalized in November 2012 and are show in the two tables below.

## Table 2

### Latino Immigrant Entrepreneurs Data Coding

#### Short term planning

**Definition:** Person reports specific activities and cognitions expected from

current business; vague statements about the business being bigger or expanding without any specifics on what is needed from the person to get there; "someday", or more of something without specifying what, when where, how

Code 0 = no specific plans or goals for a year or more in the future

half have positive cash flow and pay themselves a salary. Most (74%) ventures do not employ anyone other than the entrepreneur on a full time basis whereas about 70% employ at least one part time employee. Only three respondents (11%) had no bank account. Most (81%) did not borrow money to start the business.

Planning.

entrepreneurs significantly more likely than Central Americans to do short-term planning ( $p < .02$ ) and long-term planning ( $p < .002$ ).

Within the Central American group, proportionally more do not do short-term planning than those that do ( $p < .02$ ), those who are married do more short-term planning ( $p < .01$ ) and those with a loan to more short term planning ( $p < .05$ ). Other tests of proportion differences (e.g., number to children and years in business) did not show a significant difference. Similarly for long term planning, among Central American entrepreneurs, proportionally more do no long term planning ( $p < .001$ ), those with loans do more long-term planning ( $p < .05$ ) as do those with another job ( $p < .02$ ). Other differences were insignificant.

#### Reference

Boyatzis, R. (1998).

. Thousand Oaks, CA: Sage.