

**ENTREPRENEURSHIP AND BUSINESS DEVELOPMENT:
THE CASE OF MEXICAN AMERICANS**

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During the period from 1972 to 1977, Hispanic businesses increased in numbers by some 52.5% compared to a more modest 30% for businesses in general (Triana and Balkan, 1983:10) and the trend seems to be continuing through the 1980's (U. S. Small Business Administration; 1985:339). An increase in founding rates is desirable, given the fact that the 220,000 to 250,000 firms accounted for in the last Census count in 1977 (Nordlinger, 1981) represented only about 2.2% of all businesses.

Not so desirable is what appears to be a limited growth potential for individual Hispanic firms. To begin with, the vast majority of firms are very small businesses. Approximately 81% of Hispanic firms in 1977 were one-man operations (Llevada, 1983). Only 36 firms, or two-tenths of one percent, employed over 100 individuals in 1977. The average size of Hispanic businesses increased by only 14.5%, as compared to 26.2% for all businesses (Triana and Balkan, 1983:11). The survival rate for Hispanic firms is lower than the norm for business in general. The Department of Commerce's Minority Business Development Agency (1982) estimates that the failure rates for minority firms are two to four times higher than those for similar non-minority firms. At Senate hearings in 1978, the head of the Small Business Administration stated that only 30 of some 3,400 firms receiving aid under Section 8(a) during the previous ten-year period could still be located by that agency.

The existing state of Hispanic business serves to illustrate two important aspects of the problem of minority underrepresentation in business -- getting minorities to participate in the first place and making them a competitive force once they get there. Ultimately, the problem is one of developing entrepreneurship within minority sectors. Definitions of entrepreneurship vary; however, few would argue that the aim of most entrepreneurs would be to foster growth and innovation within the firm (Carland et al., 1984). Entrepreneurship has been studied from numerous perspectives, the most common being studies of personality traits of entrepreneurs. This approach has yielded rather inconsistent results. For example, the propensity to take risks has been attributed to entrepreneurs (McClelland, 1961; Timmons, 1978) but such a propensity has been de-emphasized or redirected to investors rather than business owners by other theorists (see Brockhaus, 1980). A similar situation exists for need for achievement, another trait associated with entrepreneurs (Planco, Inc., 1981). Traits like an internal locus of control (Borland, 1974) and growth initiative (Dunkelberg and Cooper, 1982) have not been examined with regard to minority businesses. Indeed, for minority individuals possessing the traits identified here, opportunities outside of business ownership may seem more lucrative, given the current state of minority businesses (Chen and Stevens, 1984:10; Caplovitz, 1973; Brimmer and Terrell, 1971). From their own review of the literature, the Minority Business Development Agency (1981:27) determined that there were no "identifiable personality characteristics, innate or learned,

that predict entrepreneurial behavior." Thus, while research on the personalities of business owners and entrepreneurs has generated much data, it has yet to solidify into a cogent theoretical framework.

This paper takes a different view of entrepreneurship. Assuming that innovative, growth-oriented business owners are also recipients of higher profits, self-employed income is examined as a function of selected determinants of success for self-employed Mexican American business owners. Determinants of success are seen as emanating from social structures rather than personalities. - Thus segregation, class-related characteristics, industry, and other factors which may determine success chances for Mexican American entrepreneurial efforts are examined. The paper (1) summarizes the literature on minority entrepreneurship and business ownership; (2) tests the relevance of theoretical models proposed by the literature for studying the Mexican American situation in the Southwest; and (3) begins to establish a new theoretical model based on specific findings.

THEORIES OF MINORITY ENTREPRENEURSHIP

Theories of minority entrepreneurship can be divided into studies which assume that minority businesses remain fairly isolated from the mainstream economy and those which assume that minority businesses are competitors in the mainstream economy. Thus the study of minority entrepreneurs ranges from the study of "minority enclaves" to studies of assimilation through the

procurement of human capital deemed necessary for success as business owners. Previous literature which reflects the isolationist approach is discussed next. Literature which reflects assimilationist views follow thereafter.

The Isolationist View

Studies which subscribe to isolationist views stress the importance of culture for two reasons. First, cultural ideology may promote the establishment of businesses for some groups while it may work against business formation in others. Second, certain cultural traits, like the use of a foreign language and religion, may result in segregating the minority group. Business opportunities may then arise in the segregated areas. Immigration is an integral part of this process. In some instances, immigrants themselves become business owners. In other instances, immigrants serve as a ready market for businesses which cater to the special needs of minority populations.

Ivan Light (1984) summarizes the forgoing ideas by separating minority entrepreneurship along two dimensions. The first dimension separates "orthodox" from "reactive" business formation. In "orthodox" explanations of business activity, causation is traced to cultural ideology. That is, the propensity to engage in business is assumed to be internalized in culture. A "reactive" explanation, on the other hand, traces causation to environmental conditions. For example, the difficulty of gaining employment in host societies may lead some individuals to become business-owners. It is possible to view

these two types as endpoints to a continuum. Cultures may vary on the degree to which they contribute to the formation of business and the environment may impose either a subtle or radical shift toward business formation. It is also conceivable that reactive responses may lead to the inculcation of specific business-related values, which, after a generation or two, could become imbedded in culture. Thus, under the proper circumstance, reactive explanations may anticipate orthodox explanations of entrepreneurship.

At another level, Light makes a distinction between "class" and "ethnic" resources for engaging in business (see also, Goldscheider and Kobrin, 1980). "Class" resources include "bourgeois values, knowledge and skills transmitted intergenerationally in the course of primary socialization (Light, 1984:202)." As such, class resources are tied to orthodox explanations of business involvement; however, class also implies political power. Further discussion on class is reserved for a later part of this paper. "Ethnic" resources include those characteristics of business activity which can be linked to specific race/ethnic groups. Among these characteristics are the ability to recognize and respond to the ideosyncratic needs of different cultures. Also included are cultural attributes which can be modified to support business or entrepreneurial activity. For example, in his study comparing Black and Asian business enterprise, Light (1972) points out that the Asian-specific practice of forming rotating credit associations (known as hui) eased the problem of procuring capital for the Asians. Other minority groups lacking this

resource, including Blacks (Cross, 1969) and Hispanics (Planco, 1981; Arellano and Abrahams, 1983) are confronted with the problem of seeking loans from institutional sources, which are less likely to extend loans. Again, these concepts can be seen as forming a continuum. The degree of class formation as well as degree of ethnicity may vary to form diverse composites of class-ethnic resources.

The previous discussion assumes that minority groups, and minority businesses, remain isolated from the main business economy to varying degrees. Indeed, such isolation is necessary if ethnic unity is to be maintained. Ethnic resources may lead to class resources within a given minority sector, but only if the race/ethnic sector remains united enough to maintain a need for ethnic products and services, especially at the initial stages of creating a market for products. Reactive engagement may lead to orthodox engagement in business, but only if the group maintains the culture through which business ideology is transmitted. Thus, the more united and interdependent the group remains, the more potential for ethnicity-based markets to develop. Interdependency between members of ethnic business elites (Goldscheider and Kobrin, 1980) as well as the evolution from ethnic to class resources (Thompson, 1979) have been investigated in the past with regard to other minority groups. Interdependency between businessowners and the ethnic community, especially the immigrant community, has been the topic of past research as well (Waldinger, 1984; Light, 1972; Cardenas, 1984; Lovell-Troy, 1981).

The isolationist view has generated three main views on mechanisms leading to the formation of businesses by minorities in segregated areas. The first, an examination of Cuban businesses in Miami, treats the minority business sector as an economic system which is relatively independent from the primary market economy (Portes and Wilson, 1980). Interdependencies are created within the enclave itself, allowing capital to flow through the enclaves more extensively. The more interdependent linkages within the minority enclave itself, the more competitive with the primary market sector (Wilson and Martin, 1982). The Wilson, Portes, and Martin studies analyze a sample with relatively high levels of class resources -- Cuban immigrants. Therefore, the ability to form networks of interdependent firms can be expected to be higher for this group relative to other immigrants from Latin America.

A second view depicts the minority business sector as a buffer between upper status producers and lower status consumers. Bonacich (1973; see also Turner and Bonacich, 1980) theorizes that the rigidity of the mainstream class structure itself contributes to the possibility that immigrant business groups will serve as "middlemen" between the class groups. A new "layer" between the existing class structure, that formed by minority groups with traditions of strong involvement in business, is kept intact by the rigid class structure of host societies as well as an ideology of sojournerism (Siu, 1952), or intentions to return to the mother country. Although middlemen business owners remain socially isolated from the host society, they are nevertheless economically tied to mainstream producers. This is unlike

minority enclaves, where the race/ethnic groups are both culturally and economically isolated. The middleman perspective is has been applied to groups like Jews and East Indians. Here, an ideological base for participating in retailing would seem to create an initial advantage for middleman minority businesspersons.

A third view departs from the previous two in that it more strongly emphasizes the role of the host society in isolating minority businesses. The ecological succession view of minority businesses, introduced by Aldrich and Reiss (1976; see also Aldrich, 1973; Aldrich, 1975; Aldrich and McEvoy; 1984) highlights the role of residential succession in providing "protected markets" for minority businesses. As the more affluent move to suburbs, minorities, especially immigrants, begin to settle in vacated central city neighborhoods (Aldrich and McEvoy, 1984). As white entrepreneurs lose interest in establishing new businesses in the areas now occupied by minorities, opportunities for minority entrepreneurs increase (Aldrich and Reiss, 1976). Although a business's chances for survival are lessened as the central city decreases in economic importance (Berry and Cohen, 1973), minority businesses tend to locate here because of two reasons (Aldrich and McEvoy, 1984). First, the organizing capacity of a minority group may be strong enough to enable the group to gain an initial advantage in the market niche. Aldrich et al. (1985) found that Asian shopkeepers tended to attract higher levels of Asian customers at every level of residential concentration. Secondly, minority business may be unable to

compete beyond the protected market. In essence, the ecological succession view strengthens our expectations that segregated areas of business activity exist, both for ethnic-specific and market-oriented reasons. These studies have focused on groups of individuals with fewer class and other orthodox resources for engaging in business, namely non-whites in both the United States and Great Britain. Thus the ecological succession view fits the case of Mexican American business development to a greater degree than the previous perspectives.

Regardless of which theoretical perspective one takes, the importance of examining the presence of ethnic determinants in a study of minority business is clear. The inclusion of immigration, as part of the culture factor, is also warranted. As well, the presence of "protected markets," and their implications for success in business are of viable theoretical interest.

The Assimilationist View

An alternative view of minority entrepreneurship focuses on assimilation with the mainstream business sector. Here, class and class-related factors are held as chief determinants of success. Class implies an ideology which transcends race/ethnicity.

The lack of interest of the black bourgeoisie and its mouthpiece, the Negro press in the broader issues facing the modern world is due to the fact that the Negro has developed no economic or social philosophy except the opportunistic philosophy that the black intelligentsia has evolved to justify its anomalous and insecure

position (Frazier, 1962:159).

The most basic conception of class is that of a dichotomy which separates those with control over private property and means of production from those having to sell their own labour power for subsistence. This being an antagonistic relationship, class also connotes a political dialectic between labor and capital, often with the State as a mediator. Especially problematic is the placement of minority businessmen within the theoretical construct of class. Following Aldrich and Weiss, small one-person businesses which minority individuals so often establish are considered here to represent the lowest level of the capitalist class (Aldrich and Weiss, 1981).

The notion of class is important to the assimilationist view because, as Frazier noted some years back, it transcends ethnic political boundaries and connects the ethnic businessperson to a broader political hegemony based on economic interests. Political power based on tradition (Thompson, 1979) or religion (Allvine, 1974) deteriorates as individuals with class resources establish a new hegemony, one sanctioned by broader institutions of the State. At the base of such power is the ownership of property and means of production.

General knowledge of the business elite tells us that Mexican American businesspersons, while making great headway within the last quarter century, are nevertheless a relatively powerless political segment at the national level. Within specific communities and enclaves, however, they have earned a substantial share of political power based on class resources. With regard to knowledge and the existing Mexican

American business population, past studies have found both insignificant (Bearse, 1983; Planco, 1981) and positive relationship between education and success in business (Arrelano and Abrahams, 1984; Valdivieso, 1983). Experience, on the other hand, has been consistently found to be associated with business ownership (Ando, 1983; Bearse, 1983; Planco, 1981), but not necessarily with success. Conceivably, these business owners rely on skills learned while in the labor force. To the extent that this is so, the entrepreneurial potential of these businesses could be expected to be limited.

Table 1 About Here

Table 1 summarizes the theoretical discussions presented above. Two primary forces are seen to be operating — cultural isolation and class formation. In cases where isolation from the mainstream sector is high, and a business class fully developed within the race/ethnic group, then ethnic enclaves would be expected to emerge. If a business class is not present but the group is still socially isolated, then the group would be expected to rely on ethnic-specific resources for participating in business, a "reactive" response to a hostile host society. Here one would also expect relatively marginal businesses aimed at providing goods and services to an ethnic market. In other cases where isolation is low or non-existent and a business class is fully developed, then the group could be considered to be operating in the mainstream economy. In cases where a business class was not developed but the group was still competing with

mainstream businesses, the business firms in question could be seen as operating in peripheral sectors of the main economy. Thus, the business typology in cell one of Table 1 would predict higher levels in measurements of both "ethnic culture" and "class." Cell 2 would predict higher levels in variables measuring class and lower levels of measures of cultural attributes. Cell 3 would predict lower levels in measurements of class development but high levels of measures of ethnic culture. Finally, cell 4 would predict a somewhat chaotic state where neither measures of class formation nor culture were developed.

DATA AND METHODS

Data are from the 1980 Public Use Microdata "C" Sample, a 1% sample of all households in the United States. Data for the five southwestern states of Texas, California, New Mexico, Arizona, and Colorado were extracted and transformed into person-oriented cases. The PUMS data list respondents from Arizona and New Mexico under a single state code; thus results are given for Arizona and New Mexico combined. According to 1980 Census figures, 83% of Hispanics of Mexican ancestry reside within these five states. Although only 56% of minority firms owned by individuals of Mexican ancestry are included in these states, 82% of all Hispanic firms within the five states are owned by those of Mexican origin. Therefore, the five states adequately reflect an area with a strong representation of Mexican American businesses. Only individuals who were listed as self-employed in

a non-farm activity, in a non-incorporated business are included in the sample. Individuals involved in farming activity were not included because of qualitative differences between farming and other business activity. Owners of incorporated businesses, who represented about 15% of the remaining sample, were excluded because of differences in reporting self-employed income. Of 162 owners of incorporated businesses, 128 reported zero self-employed income. Inclusion of this sub-sample would require analysis of income from all sources, which would introduce income from salaries, interest, social security, and other sources. Differences between the self-employed and self-employed incorporated are reserved for another paper. Only individuals sixteen years of age or older, who reported Mexican American ancestry (Mexican, Mexican American, Nuevo Mexicano, and Chicano) are included. The sample does not include individuals who reported their ancestry as "Spanish," "Hispanic," or some other generic category. Nor does it include Hispanics with national origins other than Mexico. Both native-born and immigrants are included. Descriptive statistics for variables related to immigration are presented in Table 2. Remarkable characteristics of these statistics are the high proportion of immigrants in California with non-citizen status and the high percentage of individuals living in the central cities in Texas. Both of these characteristics hold implications for the isolationist view of entrepreneurship.

TABLE 2 ABOUT HERE

Income: The Dependent Variable Income derived from non-farm self-employment is used as a measure of success. The variable is measured in 1979 dollars.

Variables Measuring Culture Four variables are used to measure aspects of ethnicity. **Immigrant status** is a dummy variable that equals 1 for persons born in Mexico, 0 otherwise. **Non-Citizen**, another dummy variable, equals 1 for non-citizens and 0 otherwise. **Year of Immigration** has a range of 1 to 6, with 1 reflecting the five year period 1975 to 1980 and 6 including all years prior to 1950. In essence, the greater the value, the more years in the United States. The year periods covered by each value of the scale are those presented in Table 2 for this same variable. Finally, **Ability to Speak English** is a four-point scale, with 1 reflecting the ability to speak "very well" and 4 "not at all." This variable is used to measure ethnicity and, indirectly, degree of segregation.

Variables Measuring Class Two variables are used to measure class. **Ownership of property** is measured through a proxy, the amount, in 1979 dollars, paid for real estate taxes and property insurance premiums combined. **Education** is the highest year of school attended and ranges from 0, for those who never attended, to 22, for those having eight years or more of college education. Although many more dimensions of class remain untapped, these two measured were found to adequately reflect the emergence of a class structure for exploratory purposes.

Control Variables The control variables included in this study are: the number of weeks worked in 1979, average number of hours worked per week, gender, true age, industry and city. The square

of age was also included in order to test for a curvilinear relationship between non-farm self-employed income and age. The age variable is used as a proxy for experience. For the industry measure, dummy variables were created for each industry having a concentration of 5% of the total respondents or more. Construction, retail trade, business and repair, personal services, professional and related industries, and finance-insurance-real estate (FIRE) were included as dummy variables. All other industries were used as the reference category. Table 3 presents descriptive statistics for interval-type variables.

TABLE 3 ABOUT HERE

The regression equations test for class, ethnic, and control variable effects at three levels: the sample as a whole, subsamples of immigrants and non-immigrants, and a subsample of business owners in five selected cities. In the latter equation, dummy variables for business owners in Phoenix, San Antonio, Dallas/Ft. Worth, and Houston are included. Los Angeles is used as the reference category.

ANALYSIS

Regression coefficients for the sample as a whole, with standard errors in parentheses, are presented in Table 4. Initial control variables remain significant even after the introduction of ethnic, class, and industry variables. As expected, self employed income increases as time spent on the job increases. Females net much lower incomes than men, even after controlling for class, ethnic, and industry. Income increase with experience

(age) and then decreases, with income peaking at approximately 47.63 years of age.

TABLE 4 ABOUT HERE

The only significant ethnic effect is proficiency in English, with less proficiency leading to significant reductions in income. This would tend to support an assimilationist rather than an isolationist argument.

Both class variables, taxes and insurance paid as well as education are significant when first introduced in the third equation; however, the effects of education become statistically insignificant after controlling for industry. This effect was predicted in a similar study of Blacks (Aldrich and Weiss, 1981). It reflects differences in education needed for entry into given industries, with the more exclusive industries generating the higher incomes. Of the industries with higher concentrations of Mexican American businessowners, only the professional category nets higher incomes, all other significant coefficients for concentrated industries being associated with negative coefficients in comparison to the reference category, non-concentrated industries. This implies that the non-concentrated sector is generating higher incomes.

TABLE 5 ABOUT HERE

Table 5 compares equations for Immigrants and the Native Born. Generally, the initial control variables are similar across the two subsamples. One remarkable difference is the peak ages of income for the two groups. On the average, Immigrants earned their highest incomes at 38.78 years of age compared to

49.26 for the Native Born. This may reflect a pattern where Immigrants establish businesses on the basis of manual skills or labor market experience. As they age or as labor market skills become obsolete, Immigrants' incomes decrease at a relatively young age. Separate analyses (not shown) revealed that the significance of hours worked per week becomes statistically insignificant for Immigrants with the introduction of class variables. Similarly, the significance of lack of English proficiency for the Native Born disappears as the class variables are introduced. Interestingly, education is never significant for Immigrants, but is significant for the Native Born until the industry variables are introduced, suggesting that the dynamics between education and industry shown in Table 4 apply to the Native Born and not Immigrants. The results for industry, in turn, suggest that there are vast differences in returns for the two groups from concentrated industries. The professional category nets substantially higher results for Immigrants, relative to the non-concentrated industries but the same is not true for the Native Born, where the coefficient for professionals is not statistically significant. Moreover, three of the remaining industry sectors for the Native Born show statistically significant negative coefficients which do not hold for Immigrants. In essence, the Native Born net higher returns in non-concentrated industries, possibly because they acquire the education to participate in more profitable industry sectors. The importance of class resources is again supported, but more strongly for the Native Born.

A more direct test of the existence of enclaves and/or social isolation, where the effects of ethnic variables would be expected to be highest, is made possible by examining only those cities with the greatest numbers of minority businesses. Individuals from five cities with sufficient numbers to allow statistical manipulation were extracted from the sample. Business owners from Los Angeles (219), Houston (39), San Antonio (76), Dallas/Ft. Worth (21), and Phoenix (21), representing 44% of the total sample, were included in the final analysis. Because of low representation in some cities, results should be regarded as tentative. Table 6 provides a summary of city characteristics. San Antonio has the highest percentage of Hispanics, with some 96% residing in the central city. However, Houston shows the highest percentage working in the central city, at the periphery of the Central Business District, where minority enclaves would be expected to exist. Los Angeles, with its relatively dispersed Mexican American population was selected as the reference category for this analysis.

TABLE 6 ABOUT HERE

The results for initial control variables shown in Table 7 are similar to those shown previously. Although age is not significant for the two subgroups, the curvilinear slope shown for the general sample of business owners in major metropolitan areas gives a peak earning age of 49 years. Gender is significant only for the Native Born, predicting a loss of almost \$8000 dollars for females. Although the average number of hours worked per week is not statistically significant, weeks

worked in 1979 supports the notion that time spent on the job is nevertheless an important factor in generating income.

TABLE 7 ABOUT HERE

Perhaps the most interesting results are those dealing with ethnicity. Here one finds some evidence supporting the isolationist view. Non-citizenship is shown to have a positive effect on income, significant at the .10 level. At the same time, however, less proficiency in English is associated with lower returns.

Class resources are significant only for the Native Born. While both ownership of property and education are initially statistically significant, the effects of education become insignificant as the industry variables are introduced (not shown). As previous equations showed, incomes from the professional category are higher for Immigrants, with other industry sectors remaining similar to the reference category. Also similar to previous equations, three of the six concentrated industries generate lower incomes for the Native Born, relative to non-concentrated industries. Finally, the only city with significant effects is Houston, with strong positive coefficients for both Immigrants and the Native Born. As Table 6 shows, over 90% of the business owners in Houston worked within the central city, at the periphery of the Central Business District. Thus the isolationist notion of minority enclaves is at least partially supported.

DISCUSSION AND SUMMARY

Although immigrant status or citizenship do not directly determine the income levels of the self-employed, at least at the level of the sample as a whole, the evidence presented here suggests that there are significant differences between immigrants and the U. S. born. Especially remarkable is the performance levels of the two groups in different industries. Shown below is a graphic illustration of success areas for immigrants and the U. S. born.

CONCENTRATION OF FIRMS

	<u>Low</u>	<u>High</u>
<u>Immigrant</u>	less successful	more successful
GROUP		
<u>U. S. Born</u>	more successful	less successful

At the base of this difference may lie the importance of class resources for entrepreneurial development. The results show, not the insignificance of education as other studies have shown, but rather the insignificance of education because it was superseded by the effects of industry. This effect is stronger for the Native Born, who seem to be venturing out into new industries, and being rewarded for doing so. Immigrants, who seem to lack the education resource, nevertheless get higher returns from the ownership of property, as measured through our proxy. In short, for the sample as a whole, class seems to be a much stronger determinant of success than ethnicity. Less proficiency in English is negatively associated with higher income; immigration variables prove not to be directly related with success.

The results do not entirely negate notions of minority enclaves, protected markets, or other isolationist arguments. It was shown that both Immigrants and the Native Born do well in a city with a high concentration of Mexican American businesses in a central area, such as Houston. It was also shown that Immigrants without citizenship status do better than Immigrants with citizenship in cities with high numbers of Mexican American businesses. Moreover, it was shown that Immigrants do well in industries with higher concentrations of Mexican American businesses. In essence, the entrepreneurial potential of Immigrants, especially non-citizens, may still lie in the protected markets of the cities and concentrated industries.

The results here highlight the need to consider the presence of two groups when examining business and entrepreneurial development in the Mexican American community. While immigrants and the U. S. born may benefit from the presence of a larger Mexican American community as a market base, the payoffs to participating in different sectors are clearly different for each group. From an entrepreneurial perspective, the strength of each group lies in different sectors. Future research, which takes into consideration the unique history and demographic characteristics of Mexican Americans, will be needed before a solid theoretical framework for studying business ownership and entrepreneurship is developed. This research has pointed in directions where entrepreneurial development is more likely to occur. Further research must inform the question of how such entrepreneurship is occurring in these sectors.

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TABLE ONE: SECTORS OF MINORITY GROUP BUSINESS PARTICIPATION

		<u>CULTURAL ISOLATION</u>	
		High	Low
<u>CLASS FORMATION</u>	High	Minority Enclave	Mainstream Competitive
	Low	Ethnic-Oriented Marginal	Mainstream Marginal

TABLE 2. SELECTED CHARACTERISTICS OF MEXICAN AMERICAN
BUSINESS OWNERS BY STATE

	CALIFORNIA (N=316)	TEXAS (N=434)	ARIZ./N. MEXICO (N=67)	COLORADO (N=19)
BIRTHPLACE				
U. S.	57	72	79	92
Mexico	43	28	21	5
YEAR OF IMMIGRATION (Immigrants - N=270)				
1975-1980	14	12	21	-
1970-1974	19	18	7	-
1965-1969	22	7	14	-
1960-1964	16	14	14	-
1950-1959	13	27	21	-
Before 1950	16	23	21	-
CITIZENSHIP				
Yes	67	86	84	100
No	33	14	16	0
CONCENTRATED INDUSTRIES				
Construction	19	23	12	32
Retail Trade	18	26	40	26
Bus./Repair	18	14	9	5
Personal Serv.	12	13	8	10
Prof./Related	5	7	10	10
FIRE	5	3	8	0
LOCATION OF RESIDENCE				
Central	33	63	39	53
Urban Fringe	49	7	9	32
Nonurban	10	17	30	10
Rural	8	13	15	5

TABLE 3. MEANS AND STANDARD DEVIATIONS OF SELECTED VARIABLES BY STATE: U.S. BORN AND IMMIGRANTS

THE U. S. BORN

	CALIFORNIA	TEXAS	ARIZ./N. MEXICO	COLORADO
SELF-EMPLOYED INCOME	13,608.86 (13,896.52)	11,727.50 (14,234.53)	6,164.43 (7,578.62)	14,301.11 (18,590.90)
REAL ESTATE TAXES & INS.	400.94 (520.13)	332.44 (449.28)	292.92 (361.79)	375.72 (743.12)
AGE	40.53 (12.16)	42.90 (12.96)	41.94 (14.66)	40.94 (12.78)
EDUCATION	13.76 (3.23)	11.67 (4.69)	12.96 (3.41)	14.33 (3.43)
WEEKS WORKED IN 1979	42.99 (15.35)	39.43 (18.08)	34.90 (20.90)	35.39 (20.57)
AVERAGE NO. OF HOURS	38.72 (17.98)	39.09 (20.80)	34.07 (21.88)	34.87 (17.55)
	N=217	N=366	N=69	N=23

IMMIGRANTS

SELF-EMPLOYED INCOME	9,075.70 (10,450.26)	8,753.65 (11,062.56)	6,306.07 (6,084.34)	**
REAL ESTATE TAXES & INS.	181.26 (318.48)	196.37 (371.78)	118.50 (177.20)	**
AGE	40.46 (14.49)	44.50 (14.65)	47.36 (19.77)	**
EDUCATION	10.54 (4.95)	9.90 (5.01)	9.93 (4.16)	**
WEEKS WORKED IN 1979	38.50 (19.56)	37.43 (18.50)	43.28 (16.18)	**
AVERAGE NO. OF HOURS	38.50 (18.87)	37.43 (18.92)	43.28 (14.40)	**
	N=136	N=122	N=14	N=1

TABLE 4. REGRESSION COEFFICIENTS FOR SELF-EMPLOYED INCOME ON CLASS, ETHNIC AND SELECTED VARIABLES:
 SAMPLE OF MEXICAN AMERICAN SELF-EMPLOYED IN THE SOUTHWEST^a (N = 836)

VARIABLES	(1)	(2)	(3)	(4)
Hours	67.12*** (26.65)	80.33*** (26.40)	68.29*** (26.00)	61.22*** (26.10)
Age	619.12*** (169.91)	609.58*** (169.07)	568.37*** (168.01)	576.28*** (164.84)
Sex	-5252.37*** (944.99)	-5214.38*** (931.60)	-5162.69*** (914.85)	-4599.79*** (986.94)
Weeks	196.71*** (28.35)	166.37*** (28.65)	167.57*** (28.15)	172.45*** (27.77)
Age ²	-6.70*** (1.88)	-6.47*** (1.87)	-5.96*** (1.85)	-6.05*** (1.82)
Immigrant		-1387.79 (1288.05)	-1052.49 (1265.19)	-851.76 (1241.68)
English Prof.		-2369.83*** (529.14)	-1281.73** (582.90)	-1379.03*** (572.13)
Non-citizen		1773.12 (1495.54)	1742.29 (1468.65)	1918.57 (1443.38)
Tax & Insur.			4.38*** (.94)	3.96*** (.93)
Grade			253.63*** (105.11)	136.34 (108.65)
Business				-4791.65*** (1341.58)
FIRE				1753.61 (2144.18)
Retail				-3783.11*** (1227.87)
Professional				4238.65*** (1850.72)
Personal Service				-4553.87*** (1504.97)
Construction				-1678.03 (1224.61)
Constant	-10993.90*** (3574.15)	-6327.86** (3651.82)	-11408.16*** (4173.12)	-7897.36** (4186.24)
	Adj. R ² =.20 F=42.55	Adj. R ² =.22 F=30.82	Adj. R ² =.25 F=29.00	Adj. R ² =.28 F=21.53

^a Standard Errors in Parentheses

Sig.: *** = .025 or less ** = .05 or less * = .10 or less

TABLE 5. REGRESSIONS COEFFICIENTS FOR SELF-EMPLOYED INCOME ON CLASS, ETHNIC AND OTHER SELECTED VARIABLES: IMMIGRANTS AND THE NATIVE BORN

VARIABLES	EQUATIONS	
	IMMIGRANTS	NATIVES
HOURS	44.48 (42.50)	57.63* (32.95)
AGE	383.91* (216.88)	669.12*** (240.75)
GENDER	-3358.15*** (1394.78)	-4982.22**** (1332.86)
WEEKS	144.63*** (41.05)	183.15*** (36.69)
AGE*AGE	-4.95** (2.25)	-6.72*** (2.75)
ENG. PROF	-1398.50** (669.77)	-1478.71 (935.16)
NON-CITIZEN	1806.41 (1269.53)	N/A
YRS. SINCE IMMIGR.	459.39 (469.33)	N/A
TAX & INSUR.	4.66*** (1.74)	3.62*** (1.12)
GRADE	27.94 (135.50)	184.42 (158.71)
BUSINESS	-2084.65 (1781.90)	-5921.17*** (1851.17)
FIRE	288.54 (1919.80)	1146.14 (2638.83)
RETAIL	-626.95 (1752.87)	-5357.21*** (1627.40)
PROFESSIONAL	10663.35*** (3387.27)	2349.62 (2305.79)
PERSONAL SERVICE	-1978.73 (2248.59)	-6200.04*** (1964.99)
CONSTRUCTION	-88.76 (1746.55)	-2463.86 (1620.43)
CONSTANT	-4234.53 (5620.60)	-10027.74* (5942.84)

N=270	N=563
Adj. R ² = .29	Adj. R ² = .27
F=7.91	F=15.69
(.00)	(.00)

* < .10 ** < .05 *** < .025
Standard Errors in Parentheses

TABLE 6. SELECTED CHARACTERISTICS OF FIVE SOUTHWESTERN CITIES
(N=370)

	L.A.	S.A.	HOUSTON	DALLAS/F.W.	PHOENIX
Percent Hispanic*	27	45	15	8	13
Percent Residing in Central City	37	96	80	67	67
Place of Work in Central City:**					
CBD	5	8	0	0	0
CBD Boundary	36	79	94	75	57
Other	58	12	6	25	43

* From 1980 Census Summary Tape File Documents

** Based on a subsample included in Migration Study (N=133)

TABLE 7. REGRESSIONS OF CLASS, CULTURE AND CONTROL VARIABLES ON SELF-EMPLOYED INCOME: LOS ANGELES, SAN ANTONIO, HOUSTON, PHOENIX, DALLAS/FT. WORTH

VARIABLES	ALL	IMMIGRANTS	NATIVES
HOURS	32.34 (46.09)	37.55 (78.20)	31.12 (59.06)
AGE	539.91* (287.98)	361.00 (348.82)	560.77 (452.57)
GENDER	-5438.44*** (1606.43)	-144.46 (2103.57)	-7785.20*** (2301.38)
WEEKS WORKED	217.57*** (49.83)	171.39*** (68.86)	244.90*** (73.18)
AGE * AGE	-5.51* (3.19)	-6.08 (3.74)	-5.12 (5.17)
YRS. SINCE IMMIGR.	—	611.66 (715.59)	—
ENGLISH PROF.	-1629.78* (951.57)	-1924.56* (994.28)	-1561.93 (1800.04)
NON-CITIZEN	4248.37* (2419.16)	3950.91* (2156.94)	N/A
TAX AND INS.	3.67*** (1.41)	4.04 (2.85)	3.53** (1.76)
EDUCATION	250.14 (190.32)	50.54 (206.50)	340.83 (317.44)
BUSINESS	-6112.66*** (2146.94)	-1358.23 (2358.27)	-10105.59*** (3409.77)
FIRE	-1465.34 (2958.44)	1428.55 (4258.60)	-11555.95*** (3532.88)
PERSONAL SERVICE	-7810.77*** (2471.07)	-2068.73 (3226.65)	-4632.62 (4075.49)
RETAIL	-5858.09*** (2123.48)	-1877.02 (2567.38)	-9002.22*** (3143.74)
PROFESSIONAL	1972.26 (2925.79)	12728.32*** (5471.83)	-1441.27 (3908.04)
CONSTRUCTION	-1295.93 (1995.53)	2708.39 (2344.52)	-4539.43 (2998.00)
PHOENIX	-2227.81 (3263.45)	-1068.26 (5512.06)	-2191.98 (4159.78)
HOUSTON	3992.16* (2165.92)	5057.13* (2924.11)	5101.92* (3033.39)
DALLAS/FT. WORTH	1335.95 (2845.59)	-223.87 (5526.37)	3425.56 (3577.94)
SAN ANTONIO	-655.95 (1748.25)	-1150.62 (2852.64)	-548.05 (2261.74)
CONSTANT	-8029.07 (7266.99)	-6371.13 (8759.23)	-8703.85 (11082.83)
	N=370 ADJ. R ² = .26 F=7.47	N=140 ADJ. R ² = .25 F=3.31	N=230 ADJ. R ² = .24 F=5.09

* < .10 ** < .05 *** < .025
Standard Errors In Parentheses

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