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## **Latina Microenterprise and the U.S.- Mexico Border Economy**

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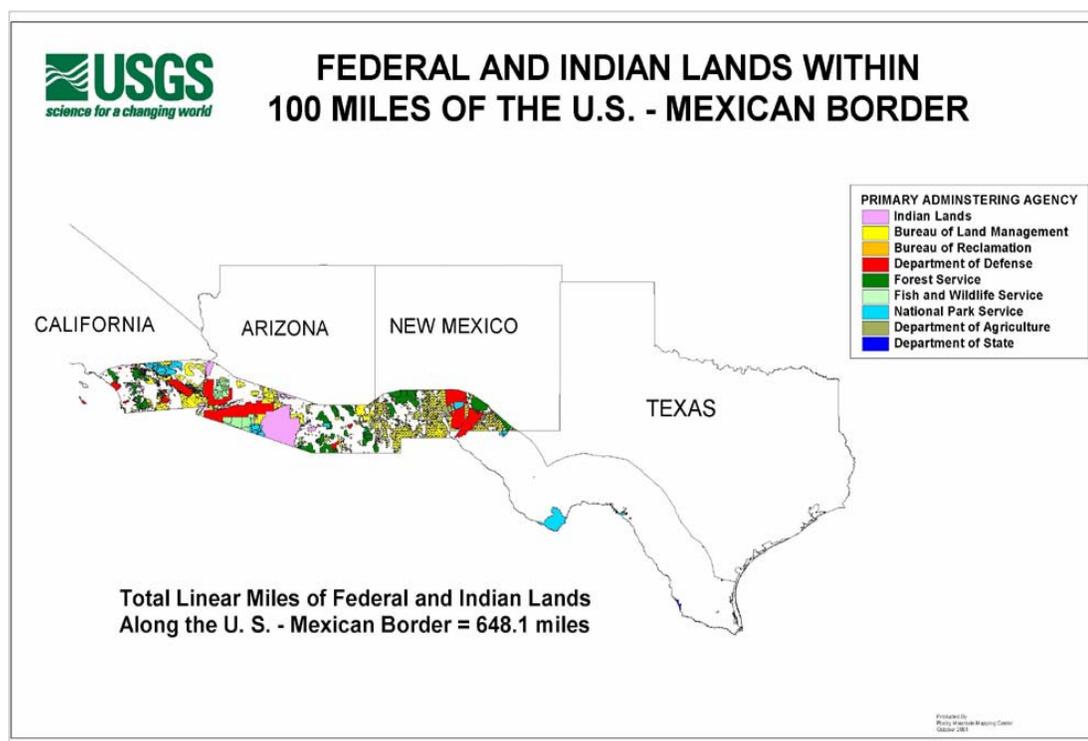
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The number of U.S. Latina-owned small businesses and microenterprises increased at a rapid clip during the 1990s. An astonishing growth rate of 232 percent between 1988 and 1997 in Latino-owned businesses was reported by the U.S. Small Business Administration (SBA, 1998). Self-employment rates among Latinas in the United States increased two-fold during the time period from 1990 to 2000 (Census Bureau, 2001). According to estimates there are more than two million microentrepreneurs in the United States (Grameen Foundation USA, 2002; Aspen Institute, 2000). Almost ten million people live along the U.S.-Mexico border. Mexico is the United States' second-largest trading partner, accounting for US \$262 billion in two-way trade in 2000 (Department of Commerce, 2002). This study explores the incidence of microenterprise growth in the U.S.-Mexico border economy. I present a case study of a Latina-owned microenterprise engaged in business activities that include transnational trade arrangements with Mexico and other Latin American countries. From this study, a variety of policy issues emerge that affect the ease of trade arrangements and that relate to the growth of microenterprises as a potential poverty-reduction initiative along the U.S.-Mexico border.

Keywords: bicultural skills, microenterprise, transnational trade, transparency.

## Introduction

The “U.S.-Mexico region” stretches from the Gulf of Mexico to the Bay of Cortez, ending at the Pacific Ocean, and shares a 3,141-kilometre border. The area includes six Mexican states, Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, Sonora, and Baja California and four U.S. states, Texas, New Mexico, Arizona, and California. The U.S.-Mexico border region (defined as 100 kilometres south and north of the U.S.-Mexico divide) has experienced uneven historical and contemporary economic development. The two U.S. states with coastal regions, Texas and California, display economic and population growth rates that have capitalized on the 1994 North American Free Trade Agreement (NAFTA). Arizona and New Mexico have lagged behind in economic and population growth but are poised to benefit from the growing flow of trade between the two countries.



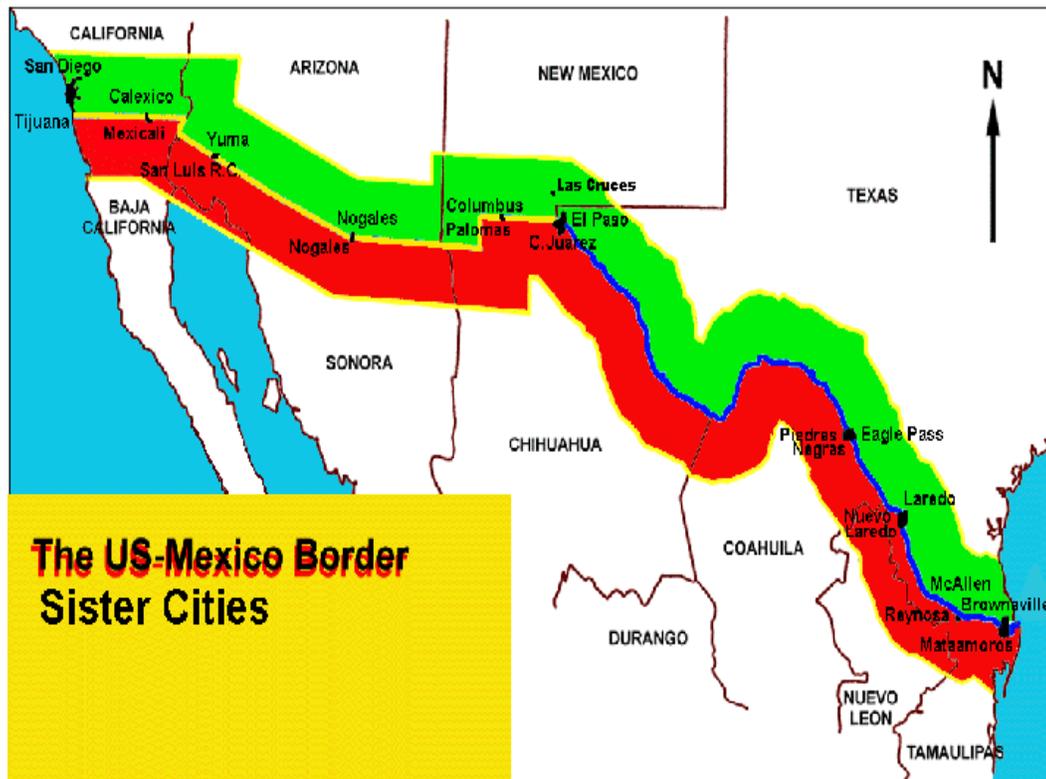
**Figure 1** Federal and Indian lands within 100 miles of the U.S.-Mexico border. (Although the map shows lands within 100 miles of the border, for purposes of the discussion in this paper, the U.S.-Mexico border region is defined as 100 kilometres north and south of the border.)

Source: US Geological Survey, Rocky Mountain Mapping Center, October 2001

The U.S. border is heavily populated with immigrant and native-born Hispanic<sup>2</sup> and indigenous peoples who share a common culture with their Mexican and Mexican indigenous neighbours. The historical and cultural commonality of this region creates the basis for a tightly integrated economic transborder market. Many of the inhabitants of both sides of the border employ bilingual and bicultural skills in conducting business activities and economic transactions. Given the historical legacy shared between the two countries, (all four U.S. states were once part of Mexico) and the continual flow of people and trade in the region, a growing coordination effort between the two governments has accelerated under the NAFTA.

This acceleration has resulted in many twin-city agreements between bordering states in order to increase the flow of information concerning trade opportunities, established and nascent market outlets and government economic development programs designed to encourage micro and small business growth in the border region.

Approximately ten million people live in the border region with almost 92 percent concentrated in or near the fourteen sister or twin cities located along the border. These sister cities, although legally separate entities, are in fact joint communities sharing social, environmental and economic interests and common developmental concerns. The sister cities with the largest populations are Ciudad Juarez, Chihuahua–El Paso, TX (with a growing corridor of trade activity that includes Las Cruces, NM) and Tijuana, Baja California Norte–San Diego, CA. Other areas that appear to be converging along geographical and trade corridors are the Matamoros, Tamaulipas–Brownsville–Harlingen–San Benito, TX and the Reynosa, Tamaulipas–McAllen–Edinburg–Mission, TX area. These areas saw double-digit population growth between the 1990 and 2000 decennial census enumerations.



**Figure 2** Map of the U.S.-Mexico border with sister cities.

Source: Pan American Health Organization, El Paso Field Office, 1998-1999, (<http://fep.paho.org>)

This study explores the current economic trade environment in the border region and focuses explicitly on the burgeoning growth of microenterprises that benefit from the cultural, historical and linguistic commonalities of the region. I will argue that encouraging stable growth of self-employment and microenterprises is a sound poverty-reduction policy that both governments can support with minimal coordination efforts. The transborder market economy has sufficient growth potential to incubate and grow microenterprises, resulting in potential economic self-sufficiency for native-born and immigrant populations on both sides of the border. Moreover, policies aimed at encouraging microenterprises have additional spillover effects in border communities large and small that result in increased capacity building and economic development.

## **U.S.-Mexico Border Economy Overview**

The U.S.-Mexico border economy grew rapidly during the 1990s and activity in the region continues to be vital to the economic health of Mexico and the United States even as trade has slowed during the recent economic downturn. In 2000, U.S. exports to Mexico totaled over \$111 billion while U.S. imports from Mexico equaled \$136 billion. In the same year, 89 percent of all Mexican exports flowed to the United States while 73.3 percent of Mexican imports originated in the United States. Texas is the number one state exporter to Mexico, with exports totaling \$47 billion in 2000 (Texas Department of Economic Development, 2002).

Since the mid 1960s, maquiladoras have contributed to increased transborder industrial production. These export-oriented factories have generated many jobs for the border region. There are 1,600 maquilas located along the Mexican side of the U.S.-Mexico border, employing around 510,000 workers. Approximately half of these maquilas are located in Tijuana, BC (sister city: San Diego, CA) and Ciudad Juarez, CH (sister city: El Paso, TX) (U.S.-Mexican Chamber of Commerce, 2000).

Texas and California have benefited the most from the maquiladora program and Texas in particular has seen the rapid growth of many of its border cities. As the growth in population in the sister cities along the border accelerates, increases in economic activity and the number of Hispanic-owned firms continue. For example, along the Texas-Mexico border, Brownsville-Harlingen reported a 75.2 percent increase between 1992 and 1997 in minority-owned firms with a 263.7 percent increase in sales and receipts for these firms during the same time period. McAllen-Edinburg-Mission experienced a 76.8 percent increase in minority-owned firms with a 131.8 percent increase in sales and receipts during the 1992-1997 period. Laredo reported an increase of 89.7 percent in minority-owned firms and a corresponding 220.4 percent increase in sales and receipts. Finally, in El Paso the percentage change in minority-owned firms during 1992-1997 was the lowest at 50.3 percent, yet the increase in sales and receipts was the highest, at 277.9 percent.

**Table 1** Hispanic-Owned Firms along the U.S.-Mexico Border, 1997 (current US\$)

City and State	All Firms		Firms with Paid Employees		
	Firms (number)	Sales and Receipts (thousands)	Firms (number)	Sales and Receipts (thousands)	Employees (number)
Brownsville- Harlingen-San Benito, TX	12,199	\$1,417,697	2,487	\$1,190,116	14,422
Calexico, CA	1,105	N/A	149	\$63,272	916
Las Cruces, NM	4,462	\$399,353	964	\$321,917	5,139
Laredo, TX	8,632	\$1,941,551	2,844	\$1,655,697	15,619
El Paso, TX	20,259	\$3,662,493	5,263	\$3,295,441	43,086
McAllen- Edinburg- Mission, TX	20,548	\$2,462,040	3,879	\$2,043,125	20,476
San Diego, CA	28,087	\$5,217,451	4,541	\$4,547,321	38,850
Yuma, AZ	1,525	\$210,380	422	\$132,908	1,326

Source: 1997 Economic Census, Hispanic, Survey of Minority-Owned Business Enterprises, EC97CS-4, (February 2001)

The degree of Hispanic economic activity along the U.S.-Mexico border is also a function of the degree of concentration of the Hispanic native-born and immigrant populations residing in the area. Flota and Mora (2001) indicate that entrepreneurial activity along the U.S.-Mexico border may well be attributed to ethnic concentration, low rates of educational attainment and high unemployment rates. Rochin et al. (1998) find evidence that Mexican and Mexican American entrepreneurial activities result from low economic and wage opportunities along the border and specifically in “colonias”.<sup>3</sup>

### Self-Employment and the U.S.-Mexico Border

Several theories have evolved that attempt to explain the existence and evolution of ethnic self-employment and entrepreneurial activities. One theory suggests that increases in self-employment in ethnic enclaves are motivated by poor labour market outcomes and the presence of discrimination towards ethnic and racial minorities in the mainstream economy (Light and Gold, 2000; Clark and Drinkwater, 1998; Flota and Mora, 2001). The presence of barriers to entry into established mainstream labour markets are viewed as “push” factors into self-employment.

Another explanation proposes that certain ethnics are predisposed to entrepreneurial behaviours and those who emigrate from countries with high self-employment rates have a high probability of engaging in similar behaviour in the host country (Fairlie and Meyer, 1996). The possibility of securing higher profits, cultural predilection toward self-employment, and personal self-satisfaction have been examined as potential “pull” factors for racial and ethnic entrepreneurs.

A third explanation for the incidence of ethnic self-employment has been investigated in the context of high ethnic concentration communities that provide the environmental conditions for entrepreneurial activities (Wilson and Portes, 1980; Light and Gold, 2000). This explanation focuses on social and cultural capital that promotes the formation of self-employment and micro and small business opportunities within the confines of the ethnic enclave. The U.S.-Mexico border area with its high Latino population density has been studied by Flota and Mora (2001) for evidence of the “ethnic enclave” hypothesis using 1990 U.S. census data. Their findings indicate that Mexican American male and female self-employment rates are greater in the border region than in locales situated farther away from the U.S.-Mexico border.

### **Latina Microenterprise and Small-Business Owners**

**T**he National Foundation for Women Business Owners (NFWBO) conducted a survey of randomly drawn respondents from the population of U.S. women business owners. Some intriguing demographic factors emerge from the various female entrepreneurial groups that also shed light on the increasing female microenterprise formation along the U.S.-Mexico border. Of the Latina-owned businesses, 81 percent were family owned and 45 percent reported that parents or children help run (or had helped to start) the business. These data were significantly different from the data for all other subpopulation groups and indicate a more firmly entrenched continuum of the Latino family cohesiveness in terms of economic survival and collective economic action of the family unit regardless of gender roles.<sup>4</sup>

Other salient features of Latina-owned businesses centre on marital status, number of children, and educational attainment compared to other women business-owner respondents. For example, Hispanic business owners were by and large older, married with more children and less educated than their female entrepreneur peers. Evidence exists from other studies that indicate married women business owners are generally older and have access to more family resources than do single, never-married female entrepreneurs, who also tend to be younger with higher levels of education (U.S.

Small Business Administration, *Women in Business*, 1998; Aldrich and Waldinger, 1990).

**Table 2** Marital Status of Women Business Owners, 1996/97

<b>Marital Status</b>	<b>Asian</b>	<b>Black</b>	<b>Anglo</b>	<b>Latino</b>	<b>Nat. Amer/ Alaska Nat.</b>
Married	72%	58%	66%	74%	62%
Single	15%	13%	13%	6%	22%
Divorced	6%	17%	13%	11%	13%
Separated	--	4%	1%	2%	--
Widowed	6%	8%	7%	5%	2%

Source: *Women Business Owners of Color: Challenges and Accomplishments*, National Foundation of Women, Business Owners (NFBWO), October 1998.

**Table 3** Number of Children of Women Business Owners, 1996/97

<b>Number of Children</b>	<b>Asian</b>	<b>Black</b>	<b>Anglo</b>	<b>Latino</b>	<b>Nat. Amer/ Alaska Nat.</b>
None	24%	18%	20%	13%	21%
1	15%	20%	14%	12%	18%
2	40%	32%	32%	27%	22%
3+	19%	27%	34%	45%	37%

Source: *Women Business Owners of Color: Challenges and Accomplishments*, National Foundation of Women, Business Owners (NFBWO), October 1998.

**Table 4** Educational Attainment of Women Business Owners, 1996/97

<b>Education</b>	<b>Asian</b>	<b>Black</b>	<b>Anglo</b>	<b>Latino</b>	<b>Nat. Amer/ Alaska Nat.</b>
High school or less	10%	10%	21%	36%	20%
Some college	17%	15%	26%	24%	32%
Technical degree	8%	19%	16%	14%	16%
Bachelors	42%	25%	20%	11%	12%
Graduate school +	21%	28%	16%	15%	16%

Source: Women Business Owners of Color: Challenges and Accomplishments, National Foundation of Women, Business Owners (NFBWO), October 1998.

Latina business owners distinguish themselves from their cohort of women business owners in their emphasis on family contributions and support encouraging their entrepreneurial drive. Under the survey<sup>5</sup> question that addressed “Motivations for Business Ownership”, the response category *To improve things for yourself and your family* yielded a 62 percent response rate for Latina business owners. In a series of responses designed to ferret out “What Women Business Owners Like Best About Business Ownership”, Latina women responded overwhelmingly (61 percent) to the category *Being own boss/Being in control*, with only Native American women exceeding this response rate (72 percent). The question on “Business Information Sources for Women Business Owners” had several response categories, and under *Family* Latinas signaled how much they relied on family as an information resource with a 35 percent response rate compared to Anglos (20 percent), African Americans (26 percent), Asians (22 percent) and Native Americans (20 percent).

### **A Case Study of a Latina Microenterprise**

This case study of a Latina-owned microbusiness<sup>6</sup> emphasizes the unique merging of cultural expression and entrepreneurial activity. The microenterprise studied is an importer and retailer of artisan curios, crafts, pottery, weavings, jewelry and other sundries from several Latin American countries (including Mexico) and includes crafts produced by local artisans. The merchandise is sold in three locations: (i) a storefront located in McAllen, TX (on the U.S.-Mexico border), (ii) a kiosk located in Harlingen, TX (on the U.S.-Mexico border), and (iii) a second kiosk located in Weslaco, TX (located within the 100-kilometre area of the U.S.-Mexico border). The

clientele is varied, with both out-of-state businesses purchasing merchandise as well as tourists and locals, who comprise the bulk of the customer base.

### ***Business Background***

The owners launched their microenterprise two years ago (2000). One owner is an assistant high school principal and plans to retire within the next ten years to devote her time and energy to the import business full-time. Her partner and sister is a full-time flight attendant with similar plans for retirement. One partner holds a master's degree in education and the other partner has some college education, an associate's degree in merchandising. They employ one half-time salesperson in their storefront operation and have a percent-of-sales arrangement with the managers of the locations where their kiosks are situated. Both partners indicate that family members, including children, often donate time to the business operations. They attribute much of their entrepreneurial motivation to their mother. The strong family participation parallels much of the empirical and anecdotal evidence on Latina entrepreneurship. Annual revenues/sales from the microenterprise total \$35,000.

The variety of products they sell ranges from small glass beads to Alpaca wool sweaters as well as paintings and crafts by local artisans. The theme of their goods is Spanish/Latin American/Mexican artisan goods and crafts. The pricing range of the goods is varied, allowing for a wide customer base. Clientele is diverse, with loyal local resident customers, international tourists and a large retiree population.

### ***Motivations to Import and Import History***

The owner with the full-time airline position recounted the numerous times that friends and family had requested she purchase particular items from Latin American countries during her international trips. Given that these popular items were consistently requested, she realized that formalizing her activities would lead to a successful and potentially growth-oriented small business. In order to launch the enterprise and purchase inventory, a loan was solicited from ACCION Texas, a non-governmental microlending organization whose own success record since inception in 1994 has aided microenterprises and small businesses throughout Texas. Once the enterprise was underway, the owners realized that other more distant businesses would also purchase their products. For example, vacationing business owners from North Dakota, Minnesota and San Antonio, TX (located in central Texas approximately 500 miles from the U.S.-Mexican border) requested particular shipments of items. These business-to-business sales originated from vacationers discovering the storefront. The

partners perceive this particular niche – as intermediary retailers – to be a growth-oriented aspect of current operations.

Establishing and cultivating indigenous artisans (suppliers) in the various Latin American countries has proved to be a time-intensive and long-term investment that contributes to the success of the microenterprise. In growing these relationships, a variety of factors that contribute to the ease of product supply as well as barriers to product supply have been identified. Two types of suppliers are used: indirect suppliers – approximately 15 intermediaries with their own networks to the indigenous families producing the retail items – and direct suppliers – approximately 20 indigenous families that supply the products directly to the microenterprise owners. Many of the suppliers operate within the informal economies of their own countries and have no access to communication infrastructure. The indirect suppliers have more access to communication infrastructure and acts as intermediaries for groups of indigenous artisan families. Both the direct and indirect suppliers use internet cafes to access e-mail for orders placed and advance orders. However, the majority of purchasing activity is conducted during international trips by the microenterprise owner.

### ***Success Factors***

The Latina microenterprise owners attribute their success to a variety of factors: bilingual/bicultural abilities, travel opportunities, establishment of long-term relationships among the indigenous artisan families that produce the high-quality goods for inventories, unique understanding of international border customs and shipping requirements, cultural advertising, and use of cultural festivals and holidays for promoting products. The owners have bought joint TV time for advertising in a kiosk cooperative. They extensively use the Yellow Pages (phone directory), newspaper, and small specialty catalogues to advertise. Cultivating the local artists and selling local artists' products have increased customer loyalty, cultivated a diverse customer base and formed strong ties to a growing local artisan community.

One factor cited for financial success was the initial start-up capital of US \$10,000 solicited from ACCION Texas. The start-up loan was used for purchase of inventory stock. In the absence of an established commercial record, having a viable business plan placed the partners in a strong position to become a “success” story within the nascent microentrepreneurial community. The financial loan extended by ACCION Texas, the ease with which it was secured, and the ongoing lender-owner relationship has allowed the business owners to continue growing their operations. The partners

indicate that they will continue to maintain a relationship with ACCION Texas while cultivating a current depository relationship with a mainstream commercial bank. As the business continues to grow, they intend to utilize retained revenues for retiring debt and increasing inventories.

A further factor they believe is essential in maintaining a good relationship and good sales rapport with customers is providing above minimum wage salary and flexible work hours to their half-time employee. Finally, the owners stressed the involvement of family members in their operations as a strong factor in their overall success and continued growth.

### ***Barriers***

The partners did not believe that strong barriers existed to conducting operations. However, they indicated that in order to continue growing their microenterprise, a variety of procedural and management concerns would have to be addressed. These issues centred on a growing use of computerized procedures. For example, they are currently in the process of computerizing their inventory, which they believe will increase their productive capacity by moving inventory more quickly. They also indicated a need for regularized warehouse space for the inventory. Currently, they use their homes to warehouse products. The partners intend to purchase a check-clearing verification system in order to avoid banking problems with customer checks/drafts that do not clear. The partners expressed concerns over the high cost of purchasing container space for international shipments and believed that if they shared costs with other small importers, these costs would be more manageable.

The owners believe a major obstacle to their operations is related to the current inspection procedures employed by the U.S. Customs Agency. They believed more detailed information should be provided to small importers concerning import restrictions of particular goods and certain unallowable product contents (e.g., goods containing a portion of a restricted item) for importation into the United States. Another issue the partners discussed is less a barrier to operations and more a goal they jointly held: ownership of their own storefront. This would allow them to use the property as a business asset for leverage in negotiating lines of credit from commercial banks, and as business collateral. Currently, without ownership of the storefront, establishing commercial bank credit is too costly. Their lack of property collateral places them outside the “prime” interest rate category.

### ***E-Commerce***

No E-commerce is currently employed in the microenterprise operations. However, both partners are committed to creating and launching a website that would allow potential customers to engage in on-line product purchases. This would entail a high degree of technology commitment as well as cultivating a relationship with a website designer with administrative capacity. The partners plan to launch such a website sometime in 2003. They recognize the increasing flexibility and growth potential in creating such a venue for sales. They also acknowledge such a transaction system would require a high degree of business computerization and integration. This appears to be a long-term planning and growth project requiring intensive organization, technology sophistication and integration of operations.

### **Microenterprise and Policy Implications**

The microenterprise phenomenon in the United States has captured a remarkable amount of nonpartisan support from governmental agencies and the non-governmental sector. Much of this support rests on the peculiar American social and economic “mythos” of the self-made individual, which is a cornerstone of the small-business success story in the United States. In an era where less government intervention and more individual initiative are demanded by mainstream U.S. society and institutions, microenterprises are viewed as a viable solution to many social problems stemming from market failures and economic frictions. Policy analysts and researchers recognize the potential of combating social problems through self-employment while remaining aware of the pitfalls such a “market-driven” trend represents. For microenterprise to become a “successful” strategy to mitigate socio-economic problems such as poverty, underemployment, and other economic-related concerns requires the coordinated efforts of a variety of stakeholders. Moreover, microenterprise activities alone do not create the conditions for transition from poverty to self-sufficiency. Success of the microenterprise initiative requires private, public and not-for-profit stakeholders to maintain strong ties; it also requires continued adaptation to a changing economic environment. Policy initiatives that recognize and support the unique contribution of each stakeholder over economic cycles are essential to maintaining microenterprise development.

### ***Reduction of Poverty and Increased Self-Sufficiency***

Research and data analysis indicate that, on average, former welfare recipients who became microenterprise owners acquired \$4,800 in net business assets and

\$9,000 in gross personal assets within two and one-half years of starting their microbusinesses (Edgecomb et al., 1996). The same study found that in a two-year period, low-income entrepreneurs increased their personal assets by an average of \$4,000.

The qualitative data are equally encouraging. Himes and Servon (1998) found that at the individual level, pride, control and self-realization are strong indicators of how successful the microenterprise owners feel. Cavazos (2002) indicates that among Latino microenterprise owners, goal-setting and goal-achieving behaviours are clear “success” indicators for microbusiness owners. At the family level, microenterprise owners indicate that family involvement and flexible schedules are perceived as important factors in owning and operating a microbusiness (Himes and Servon, 1998; Cavazos, 2002). Child-care is often combined with operating and running a microenterprise. Light and Gold (2000) found that family members often contribute to ethnic enterprises by pooling financial and labour resources. Finally, microenterprise owners are cognizant of community benefits from self-employment and microbusiness ownership. At the community level, microentrepreneurs report that information and social networks have been instrumental in achieving success and that ongoing business stability and growth is predicated on continuing relationships among microentrepreneurs and microfinance agencies (Cavazos, 2002).

### *Access to Financial Capital and Credit*

Many studies of minority-owned and women-owned small businesses indicate that access to financial capital is the most pressing concern for business owners.<sup>7</sup> Along the border, non-governmental microfinance lending organizations like ACCION Texas, ACCION New Mexico and ACCION San Diego<sup>8</sup> report an increasing female microenterprise customer base. Moreover, the degree of labour-intensive lender-client contact and individual loan counseling is clearly captured by the miniscule default rates on loans reported by ACCION microlenders operating in Texas, New Mexico and California.

**Table 5** Impact Indicators of Microlending along the U.S.-Mexico Border, 2000-2001

Indicators	ACCION Texas		ACCION New Mexico		ACCION San Diego	
	2000	2001	2000	2001	2000	2001
No. clients served	729	1032	332	456	202	256
New clients	398	605	139	192	89	113
No. loans disbursed	702	838	231	321	169	217
Average loan size	\$4,103	\$4,225	\$3,869	\$4,656	\$4,560	\$4,327
% women clients	51%	46%	51%	50%	45%	51%
Default rate	4%	3.27%	2.3%	2.5%	5%	NA

Source: History and annual reports for ACCION Texas, ACCION New Mexico, ACCION San Diego, 2000-2001

Anthony (1999) suggests that increased contact hours and cultivation of trust between lenders and borrowers, networking among borrowers facilitated by lenders, and established borrowers vouching for and serving as character references for new potential borrowers help mitigate the high-risk status of many microbusiness owners. More research on relationships between microenterprises, their lenders and their bank arrangements (if they indeed have a relationship with a formal bank) is needed. Of equal importance is policy enforcement of the Community Reinvestment Act (CRA) in low-income communities.<sup>9</sup> These measures would increase our understanding of the unique financial capital needs of the microenterprise community and the concerns microfinance lenders face.

### *Intergenerational Transmission of Entrepreneurial Skills*

Several studies on small business success have found that the single most important indicator of small business viability is having had a family member who owned and operated a business.<sup>10</sup> Extended Latino families retaining cultural values and behaviours from their country of origin capitalize on their bilingual and bicultural skills. This allows for extended market opportunities via culture, language and country-of-origin dualism along with transnational business networks. These factors are especially relevant along the U.S.-Mexico border, where extended families reside on both sides of the international divide.

The evidence and findings from research on women-owned businesses, and especially the responses from canvassing women-of-colour business owners, show

that family and child-care arrangements are important concerns, often motivating female entrepreneurs to launch their own businesses. Family friendly business environments and public policies aimed at safeguarding the family unit (in all its various arrangements) will become an increasingly important consideration for women-owned businesses. Indeed, the intergenerational socio-cultural-economic dimensions of the family unit have been designated by researchers as both a success factor in ethnic enterprises and as a component of potential conflict if not properly navigated and mediated (Light and Gold, 2000).

What is most notably inspiring is the innovative manner in which Latinas use their traditional strengths, related to such roles as family mediator, nurturer, and cultural-social transmitter, in their entrepreneurial activities. Building on people skills and networking capacity as well as utilizing family ties and community bonds, Latina business owners are entering into entrepreneurial efforts in increasing numbers. Latina microbusiness owners are transferring to future generations the knowledge, the social and cultural capital, and the survival skills needed to own and operate their own enterprises.

### ***Rethinking Success Measurements***

Success is often the most significant measurable outcome of entrepreneurial activities. However, the way in which researchers and policy analysts traditionally measure “success” may not be the only or even the most relevant indicator of success for Latina-owned businesses. For example, some of the more traditional economic variables employed as measures of success focus on access to capital markets, longevity of business operations, expansion of businesses, diversification of services and products, market concentration and increasing sales volume and revenues. These may not be the only markers of “success” for Latina entrepreneurs who believe that “working with people” and “sharing information intergenerationally” are the most compelling and relevant measures of their success. The Women of Color Business Owners Survey (1998) asked respondents to identify “What Women Business Owners Like Best About Business Ownership”. Latinas responded differently from their female colleagues. Twenty-five percent of Latinas identified the category *Enjoy Working with People*, compared to 10 percent of Native American, 19 percent of Asian American, 18 percent of African American and 18 percent of Anglo women. Latinas who start up their own enterprises often recount that the achievement of doing so, of contributing to the economic well-being of their families, of offering employment to others, of being one’s own “boss” are the real compensations for

entrepreneurial activities. Policy analysts and researchers need to incorporate these non-quantifiable factors when evaluating what constitutes microenterprise “success”.

## **Conclusions**

**T**he U.S.-Mexico border is a tightly integrated economic region with historical and contemporary commonalities. The region shares a common people, language and culture. Despite the socio-economic inequalities<sup>11</sup> that exist for the region, it is also a growing and rapidly developing area for the retail, services, light manufacturing and trade sectors. The growth of microenterprise along the U.S.-Mexico border may well be a feasible and sustainable development provided national and state policies encourage the appropriate economic and community initiatives that foster this trend. In the absence of balanced policies and a state-non-governmental partnership aimed at creating supportive networks for microenterprise, the current economic uncertainty and increasing focus on national security issues may converge to reverse a potentially welfare-enhancing development.

Increasing self-sufficiency and reducing the incidence of poverty are important policy goals within the microenterprise community. Access to financial capital is an essential component of microenterprise growth and continues to be a major concern for microbusinesses. Without microfinance lending organizations, the traditional avenues to secure capitalization and start-up capital are inaccessible to most microentrepreneurs as well as many small businesses. Intergenerational transmission of entrepreneurial skills is a potent form of cultural and social capital that may well mitigate poor life-cycle outcomes related to undereducation and lack of educational opportunities. Finally, traditional measures of success have not captured the qualitative aspects of microbusiness ownership that ethnographic studies indicate are increasingly important factors in community capacity building. Policy analysts and researchers investigating the microenterprise phenomenon along the US-Mexico border must be willing to address the bicultural and transnational factors unique to this growing trend.

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## Endnotes

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1. This research was funded by the Inter-American Policy Studies Program at the LBJ School of Public Affairs and the Hewlett Foundation. I gratefully acknowledge their financial support of Inter-American and US-Mexico Border research topics.
2. Hispanic and Latino are used interchangeably in this study to denote U.S. residents of Latin American or Hispanic origin. This includes Mexican, Puerto Rican, Cuban, Central American and South American origin populations. Along the U.S.-Mexico border, a large majority of the Hispanic population originates from Mexico.
3. “Colonia” is a Spanish term for neighbourhood or community. Along the border on the U.S. side, the word refers to an unincorporated settlement that may lack basic water and sewer systems, paved roads, and safe and sanitary housing (Federal Reserve Bank of Dallas, 2001).
4. For a concise overview of gender role reversals within ethnic entrepreneurial enclaves/economies, see Light and Gold (2000).
5. Women Business Owners of Color: Challenges and Accomplishments, National Foundation of Women Business Owners (NFBWO), October 1998.
6. This case study was conducted at the request of the U.S. State Department as a contribution to the Asian Pacific Economic Cooperation Report on Microenterprise and Import/Export Trade (April 2002).
7. Bank rejection rates for Black-, Hispanic- and Women-owned small businesses are higher than for White non-Hispanic males, and less rejection of commercial lending occurs in higher-income localities than in lower- and moderate-income neighbourhoods. See Squires and O’Connor (1999), Cavalluzzo et al. (1999) and Bostic and Lampani (1999) in Business Access to Capital and Credit, A Federal Reserve System Research Conference Proceedings, Arlington, VA, March 8-9, 1999.
8. The Accion microlending non-profit organizations operating in Border States (TX, NM, and CA) are part of the Accion USA network (the largest microlending network operating in the United States), which also has organizations in Chicago, IL (AccionChicago) and in New York City (AccionNewYork).
9. The CRA was enacted in 1977 to decrease the incidence of red-lining and to ensure that low-income communities would have access to banking services.
10. Since many of the national surveys on small businesses do not include family-related questions, smaller surveys and ethnographic studies such as Rajjman (2001) establish the importance of extended family kin having owned and operated their own businesses as a predictor in ethnic business start-ups and success.
11. This region suffers from some of the lowest educational attainment rates and highest unemployment rates in the United States.

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