

**They Are not all
the Same: Immigrant
Enterprises, Transnationalism,
and Development***

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ABSTRACT

The literature on immigrant entrepreneurship in the advanced countries tends to paint these initiatives in homogeneous colors. A debate lingers as well on the economic returns to self-employment by immigrant and ethnic groups. We present recent data demonstrating again the significant payoff to autonomous enterprise among all ethnic groups, but also the major differences in such returns among them. This provides the basis for a typology of immigrant enterprises and an analysis of their causes and potential effects for the development of sending nations. Human capital, social capital, and modes of incorporation are the principal determinants of types of immigrant enterprises in host nations. The stance of home country states determines, in turn, the development potential of high-tech immigrant enterprises. Data and examples supporting these conclusions are presented and their theoretical and practical implications are discussed.

Immigrant Enterprises, Transnationalism, and Development

Introduction

The character and effects of immigrant entrepreneurship have been long debated in the academic literature. Orthodox economists generally regard ethnic businesses and ethnic enclaves as “traps” that confined minorities to a position of occupational and economic subordination by limiting their mobility opportunities (Borjas 1986, Bates 1989). The more recent empirical literature has consistently contradicted this view by documenting the economic progress of immigrant groups that have managed to develop entrepreneurial enclaves in the past and present, and by showing that the self- employed have consistently higher earnings than wage workers across a range of different racial and ethnic groups (Rischin 1962; Goldscheider, 1986; Portes and Zhou, 1996).

Recent evidence from the United States in support of this position will be presented in the next section. For now, it suffices to point out that the empirical literature has further advanced by uncovering two additional trends. First, immigrant entrepreneurs may not be limited to domestic markets in the receiving countries, but may operate transnationally either by sourcing capital, labor, and merchandise or by selling what they produce in foreign markets (Landolt *et. al.* 1999; Guarnizo 2003; Saxenian 1999; Lee and Zhou 2015).

Second, immigrant entrepreneurship is not homogeneous. Instead, major differences exist in the size, mode of operation, and market fields where such businesses operate, with significant consequences both for the entrepreneurs themselves and for their ethnic communities. The determinants of these differences have not yet been properly theorized. By and large, the major

causal effects are assigned to the level and type of the human capital possessed by different groups and the business experience and progress of firm owners (Light and Rosenstein 1995; Zhou 2004; Portes and Yiu 2013). In this article, we wish to go beyond former conceptualizations by identifying different types and levels of immigrant entrepreneurship; examining under which circumstances they operate transnationally; and discussing forces other than individual human capital that impinge on both dimensions. In agreement with statements in the Introduction to this special issue (Zapata Barrero and Rezaei 2018), we believe that transnational immigrant enterprise represents a fertile research site. Our focus in this essay is to refine our understanding of this phenomenon and its implication for development.

As it turns out, the social context that immigrants encounter upon arrival in a foreign land can mold the character of their entrepreneurial initiatives and decisively affect their viability and chances for growth. This context is defined by the attitude and practices of the receiving government; the character and attitude toward specific foreign groups of the native population; and the existence and character of the co-ethnic community. This tripartite set of forces is collectively known as the mode of incorporation of particular immigrant groups (Portes and Rumbaut 2014; Portes and Zhou 1993). Their combined effects both on entrepreneurship and transnationalism is discussed after examining recent data on the extent and economic significance of self-employment.

Self-employment and Earnings in the United States.

This section surveys empirical data on patterns of ethnic entrepreneurship in the U. S. as a prelude and platform for the theoretical typology to be discussed later on. Table 1 presents data on entrepreneurship for selected immigrant and ethnic groups in the United States. The data come

from the survey of Business Owners conducted by the Bureau of the Census every five years. As of the time of this writing, data for 2012 are the most recent available. The first half of the table includes data on total number of firms while the second half is limited to firms with employees. Several points are noteworthy. First, the largest absolute number of firms corresponds to the two ethnic minorities conventionally placed at the bottom of the American occupational and economic hierarchies: African-Americans and Mexican-Americans. However, on a *per capita* basis, both groups exhibit the lowest levels of entrepreneurship.

Most entrepreneurial in terms of forms per 100,000 population are Koreans, closely followed by the Japanese, and then Chinese and Cubans. This pattern corresponds to the known history of these minorities, as described both in the social science and historical literature (Petersen 1971; Kim 1981; Light and Bonacich 1988; Portes and Stepick 1993). In terms of average receipts per firm, Asian Indians are in a class by themselves, far above any other group. This pattern reflects the high levels of human capital brought along by Indians immigrants that enable them to engage in business activities in high-tech sectors of the host economy. With 75 percent college graduates, Indian immigrants top the American educational ranks, significantly exceeding the mean educational level for the *native* population (28%). The percent of working adults classified as professionals is significantly greater among Indians (71.5%) than for the native-born (64.5%) (Portes and Rumbaut 2014: tables 14, 17).

Following at a distance are gross receipts per firm for East Asian immigrant groups - - Koreans and Chinese. Worth noting is that the bottom category, is again occupied by African Americans whose enterprises are the only ones to fall below the \$100,000 threshold in gross annual receipts. These differences already point to significant disparities in the kinds, levels, and

profitability of ethnic firms. They are not all the same and the reasons for these differences deserve detailed examination, a task to be pursued in the next sections.

Table 1 about here

Shifting to the right-hand side of Table 1, we note confirmatory evidence for the trends just noted, but also novel ones. Koreans have the largest number of firms with employees, followed closely by Asian Indians. Of all Asian-origin groups only Filipinos have less than 10 firms with employees per thousand populations. This result is in line with the known pattern of adaptation of this immigrant group in the United States. With 50 percent college graduates, Filipinos are also significantly above the U.S. average in terms of human capital. However, they have tended to move into salaried employment in a variety of professions, of which nursing, medicine, and academic teaching and research are paramount. The Filipino median annual household income at the time of the last census was \$78,692, comparable to that of Asia Indians and significantly ahead of the comparable native-born population (\$50,541) (Portes and Rumbaut 2014: Table 21).

The largest firms in terms of gross receipts correspond to none of these Asian groups, but to Cubans. The *number* of such firms is not particularly large for this group on a per capita basis, but their *size* doubles that of most groups in terms of sales. The emergence and development of the Cuban enclave of Miami, documented at length in the research, lies behind these figures (Portes and Rumbaut 2001; Perez 1992; Nijmān 2011). The entrepreneurial performance of Cuban immigrants in the United States has been increasingly bifurcated in recent years. (Portes and Puhmann 2015). This latter trend is reflected in the relatively low gross receipts of Cuban firms as a whole and the very high ones for those with paid employees.

Table 2 presents data on self-employment, annual and hourly incomes for the native-born population of the United States and selected immigrant nationalities. The native-born population is divided into its white and black components. Immigrants nationalities include the three largest foreign groups in the country—Mexicans, Indians and Chinese; four Caribbean nationalities—Cubans, Dominicans, Haitians, and Jamaicans; two Middle-Eastern groups—Iranians and Israelis; and four Asian groups – in addition to the Chinese and Indians, Koreans and Vietnamese. The human capital profile and history of immigration and settlement of these foreign groups is generally well-known (Portes and Rumbaut 2014). The data include the most recent available figures from the U. S. Census (American Community Survey, 2016).

Table 2 about here

The first observation of note is that, relative to wage-salaried employees, the self-employed exhibit generally higher earnings, both annually and hourly. This is true for the American working population as a whole; for the two major components of the native-born population; and for most immigrant groups. The difference becomes even clearer when we consider the self-employed who have incorporated their businesses. This category can be considered that of “true” entrepreneurs as it excludes most forms of casual or informal activity. Economic differences between incorporated entrepreneurs and their wage-salaried co-ethnics favor, without exception, the first category and, in most cases, by a significant margin. For example, native white entrepreneurs earn over \$40,000 more per year than their wage-salaried counterparts; among Israeli immigrants, the difference exceeds \$50,000; and, for the country as a whole, it is close to \$40,000.

The second important observation are the major differences in the return to entrepreneurship among different ethno-racial categories, whether for all firms or for the incorporated. For example, incorporated Israeli firms report average annual incomes of \$167,046, as contrasted with just \$53,157 for Mexicans and a paltry \$39,559 for Haitians. Among natives, the difference in business returns is close to \$50,000 per year, favoring whites over African-Americans. The observed differences again point to the heterogeneity in the character of immigrant enterprise, a fact that is commonly obscured in past discussions on the topic. A typology of such firms is presented next.

Types of Ethnic Firms and Modes of Incorporation

a. Informal enterprise

Street vendors and casual day laborers are the best examples of ethnic enterprise at the most basic level. These activities are not incorporated, nor are they subject to legal regulations. They are, hence, an integral part of the informal economy. Informal vendors selling contraband watches and imported trinkets from their home countries are a common sight in the streets of New York, Madrid, and Rome. Clusters of men standing by the bus depot and certain parking lots waiting to be picked up for casual daily work are seen by the dozens in Miami, San Diego, Los Angeles, New York and other American cities (Duneier 1999; Stepick *et al.* 2001; Sassen, 1989; Fernandez-Kelly 1995, 2016).

A second type of informal enterprise involving poor immigrants is linked to sub-contracted homework paid on a piece-rate basis by middlemen who then market this production to stores and corporate firms in the formal economy. This type of a modern “putting-out” system often involves women and children who are less eligible for harsh daily work in agriculture and construction, but

who can sew and stitch garments and footwear for a fraction of the legal minimum wage (Fernandez-Kelly and Garcia 1989; Ybarra 1989; Zhou 1992). A third variant involves immigrant maids who make a living cleaning houses for middle and upper class families, paid in cash and without any social security deductions. By and large, daily laborers, street vendors, home subcontractors, and maids are unauthorized immigrant, ineligible for legal protection in the host society. (Repak 1995; Menjivar 2000; Hondagneu-Sotelo 1994).

Informal immigrant enterprise is consistently linked to a negative mode of incorporation in the receiving society by government authorities, widespread discrimination and prejudice by the native populations, and weak co-ethnic communities. Street vendors are commonly subjected to police raids because of their tenuous legal status and lack of permits; daily laborers are frequently defrauded of their pay by employers who regard them as little more than serfs; middlemen for subcontracted homework, often co-ethnics, commonly squeeze endless extra hours from women and child laborers. (Duneier 1999; Stepick 1989; Benería 1989; Fernandez-Kelly 2016).

This is, therefore, a “resource-less” type of entrepreneurship where the only recourse is to the co-ethnic community but where the latter is too precarious and too weak to provide any significant support. By the same token, this type of immigrant enterprise is seldom transnational. Poverty and the absence of a firm legal status in the host country make it all but impossible to travel abroad on a regular basis. One-way return trips are possible, but they often mark the end of the foreign journey (Menjivar 2000; Repak 1995). Middlemen who subcontract to daily laborers and homeworkers may themselves be involved in transnational ventures, but they belong to a different category of immigrant by dint of higher human capital and legal status in the receiving nation. (Levitt 2001; Itzigsohn 2009; Guarnizo 2003).

b. Enclaves and Peltry Entrepreneurship

The next type of immigrant enterprise is found in the agglomeration of small businesses serving their co-ethnic communities and providing selected goods and services for the broader market. Such agglomerations are commonly referred in the literature as “ethnic enclaves” (Zhou 2004; Light and Gold 2000). Characteristic of this form of entrepreneurship is that it compensates for limited economic resources by cohesive ethnic networks that provide an important source of social capital. On that basis, entrepreneurs are able to access start-up capital, as well as markets and cheaper labor.

Rotating credit associations (variously known as *Kye* or *Tanomoshi* in Korean and Japanese) have been key sources of start-up capital for Asian immigrant firms in the United States (Bonacich and Model 1980; Light and Gold 2000). Their existence depends entirely on social capital as there are no legal restraints on their participants. Similarly, the “character loans” that were instrumental in the rise of the Cuban ethnic enclave in Miami relied solely on relationships of trust and bounded solidarity among donors and recipients (Portes and Stepick 1993: Ch-6). The recent proliferation of Chinese garment subcontractors in Northern Italian cities and small convenience stores in Madrid and other Spanish cities have largely been built by co-ethnic networks through which capital, information about business opportunities, and access to labor flow (Yiu 2013).

Petty immigrant enterprise can be connected, in various ways, with the sending countries. A key finding of the Comparative Immigrant Entrepreneurship Project (CIEP) conducted in the United States in the late nineties is that up to sixty percent of successful businesses among various Latin American immigrant nationalities relied on transnational linkages for credit, labor, or

marketable goods (Guarnizo et. al., 2003; Portes et al. 2002). Similarly in her study of the Salvadorean immigrant communities of New York City and Washington D.C., Landolt uncovered a “vibrant entrepreneurial community embedded in a web of social relations” (Landolt, et. al. 1999).

That study identified four types of enterprises built on transnational networks. *Circuit firms* were involved in the transfers of goods and remittances across countries and ranged from an array of small international couriers to large firms like *El Gigante Express* based in California. *Cultural enterprises* relied on their daily contact with El Salvador, depending on the demand created by immigrants to acquire and consume music, art, and other cultures goods from their home country. *Ethnic enterprises* are retail firms that depend on a steady supply of foodstuffs, beverages, clothing, and other goods from the home country for sale within the immigrant community and, in the broader non-ethnic market. Finally, *return migrant microenterprises* are firms created by returnees to El Salvador that rely on their contacts in the United States for both capital and business skills. They include restaurants, auto detailing and repairs, laundromats, home deliveries, office supplies, and others (Landolt et al. 1999; Landolt 2001).

Transnationalism and social capital are intimately linked in the case of small ethnic enterprise, since social networks, within the immigrant community and across international borders provide these firms with their sole competitive advantage. The information, capital, and goods that flow through these networks make all the difference in the survival and growth of such firms (Itzigsohn et al. 1999; Guarnizo 2003; Yiu 2013). The use of social networks presupposes, in turn, a favorable or at least neutral mode of incorporation by the host society. A hostile reception by government authorities may negate legal status to immigrants and relegate them to a precarious situation. Lack of a secure legal status generally prevents the rise and consolidation of ethnic

firms. Any entrepreneurial initiative on the part of immigrants in such condition would thus be confined to the informal sector.

The same is true when an immigrant group confronts widespread discrimination by the host. In these cases, enterprises are restricted to serving the co-ethnic community, seldom expanding beyond it. Early Chinatowns in American cities like San Francisco and Los Angeles, created to provide a measure of refuge against widespread external hostility, provide an example (Boswell 1986; Zhou 1992). Haitians businesses in Miami have been faced with similar prejudice, being mostly unable to extend beyond the confines of their own neighborhood (Stepick 1992; Mooney 2009; Portes and Rumbaut 2014: Ch. 4).

While small immigrant enterprises, whether, concentrated in enclaves or not, depends on transnational ties for their creation and growth, they seldom make a significant contribution to national development in sending countries. Their limited size and market reach do not allow major capital investments or significant technological transfers abroad. In the aggregate, immigrant enclaves can provide a significant market for some home country exports, as documented by Landolt (2001) for Salvadoreans; Grasmuck and Pessar (1991) and Itzigsohn (2009) for Dominicans; and Zhou (1992; 2004) for the Chinese. But, beyond this function, plus the sending of remittances by successful entrepreneurs, the significance of immigrant enterprise in major developmental projects at home is limited.

c. High-Tech Transnational Firms

Drawing on the available census data, Table 3 presents results of a multivariable regression of annual incomes on selected human capital variables, self-employment, and selected ethno-

national categories for 2015¹. These results are presented as a means to introduce and illustrate the third type of immigrant enterprise. Several points are worth noting in this table. First, human capital is the strongest determinant of economic outcomes. A college degree yields a net gain of \$38,900 per year, relative to workers with less than a high school education; the payoff for those with a post-graduate title is \$66,000. Second, with all human capital variables controlled, self-employment still has a sizable positive effect on annual incomes. For the self-employed category as a whole, the net gain is over \$6,000 per year, but for those who have incorporated their business, it reaches almost \$31,000 being roughly equivalent to the effect of a college degree. This result is in line with those presented above about the superior economic outcome attached to self-employment and, by extension, entrepreneurship.

Table 3 about here.

Third, relative to native whites, almost all ethno-national groups are at an economic disadvantage, even after controlling for human capital variables and self-employment. That disadvantage includes relatively non-entrepreneurial groups, such as African Americans and Mexicans, and those whose enterprises seldom surpass the level of informal activity, such as Haitians. The disadvantage also extends, however, to immigrant groups known for their entrepreneurial prowess such as Chinese, Cubans, and Koreans. The only immigrant groups whose annual incomes exceed those of native whites are Indians, Iranians, and Israelis and they do so by sizable margins: close to \$8,000 for Indians; almost \$11,000 for Iranians; and a remarkable \$18,500 for Israelis.

The sizable income advantage for these three groups, to be labeled thereafter the “Triple I” requires additional explanation, and examination of its developmental implications. Previously,

we saw the considerable superiority of Indian immigrants in terms of their average level of education. The same characteristic is true of Iranians and Israelis among whom, the number of college graduates exceeds 50 percent (Portes and Rumbaut 2014: Table 14). In Table 1, we saw that gross receipts of Indian enterprises were the largest among all groups included and, in Table 2, that annual incomes of owners of incorporated firms belonging to the “Triple I” were by far the largest, all three exceeding \$115,000 per year.

This level of enterprise exceeds that normally associated with immigrant firms in or out of enclaves, and suggests the presence of better capitalized businesses in areas requiring higher levels of human capital. High-tech firms in such fields as electronics, international trade, advertising, and graphic design are likely candidates for this alternative type of enterprise. Ethnographic accounts of Indian and Israeli entrepreneurs in the United States indicate their involvement in knowledge-based businesses requiring both higher levels of human and physical capital (Light and Gold 2010; Agarwala 2015; Lessinger 1992; Saxenian 2006).

By the same token, knowledge-based immigrant enterprise possesses the potential of not only tapping resources in the home countries to facilitate their emergence, but of being able to transfer technology and capital to the same countries. Transnationalism in this instance becomes a two-way street with significant potential for development in home nations. Anna Lee Saxenian, who has studied these relations in detail, attributes the emergences of poles of high-tech concentration in such cities as Hyderabad and Bangalore in India and Tel Aviv in Israel to the transnational investments made by their respective expatriate professional communities (Saxenian 2002, 2006). Agarwala remarks on the same point:

Indian Americans in transnational organizations have built new physical and symbolic terrains that allow them to maintain a presence at both ends of the geopolitical spectrum. By focusing on economic development in India, such organized efforts help to bolster a strong presence in India while at the same time contributing to assimilation in the United States (Agarwala 2015: 105)

The development of this type of enterprise is naturally dependent on a positive or at least neutral mode of incorporation in the host country. Legal status and the absence of widespread discrimination are necessary conditions enabling immigrants to deploy their expertise for the creation of high-tech firms. A negative reception, either by the government or the society-at-large, would make it impossible to engage in such undertakings.

If the stance of the receiving state is vital in the emergence of such firms, that of the sending state, plays a similar role in their transformation into transnational entities (Portes and Yiu 2013). Successful Indian and Israeli engineers, computer scientists, and other professionals would not have been able to invest at home if a viable institutional framework did not exist for them to do so. Put differently, for immigrant professionals to be able to make a significant contribution to national development in their countries, there must be *something* to return to in the form of economic opportunities and legal protection of their investments. Without proactive home state encouragement and support, high-level immigrant entrepreneurship would remain confined to the receiving society without moving in a transnational direction (Saxenian 2006; Iskander 2015).

The situation of Iranian businesses in the United States offers a case in point. Despite their economic success, as documented in Table 2, they seldom transfer expertise or capital back home. The fact that they came to the United States as refugees from the ruling theocracy in Iran makes

all the difference. There is an instance of “blocked transnationalism” where a hostile relationship between the sending state and the expatriate community prevents the latter from making anything but occasional charity contributions to their home country (Huynh and Yiu 2015). A second example involves Indian professionals in the United States whose developmental activities in India vary significantly with the receptivity and initiatives of their respective home states. After a detailed study of Indian transnational organizations and business activities by migrants from the states of Gujarat and Andhra Pradesh, Agarwala concludes:

In 1995, (Chief Minister) Naidu created the Hyderabad Technology Engineering Consulting City (or Hytec City) where he provided investors with exemptions from statutory power cuts and labor inspections... Microsoft chose the state’s capital, Hyderabad, for its first foreign research and development center...Andhra Pradesh’s investments in education and IT have made Telugu American² transnational activities more diverse than those of Gujaratis (Agarwala 2015:89)

The Chinese transnational trajectory also bears mention as an illustration of the role of government in the rise of developmental investments and scientific transfers by the Overseas community. Chinese immigrant firms do not reach the average profitability exhibited by Triple I ones because their business in the United States are bifurcated between petty firms in ethnic enclaves (i.e. “Chinatowns”) and high-tech enterprises similar to those launched by Indians and Israelis (Zhou and Lee 2015). The Chinese state has paid particular attention to the professional community abroad and engineered all kinds of activities to nurture its loyalty and investments. The state has created specialized offices, known as *Quiao-ban* at the national, provincial, and municipal levels to deal exclusively with its expatriates. These offices host conferences, in the United States and China, in a number of professional and scientific fields involving both China-based and U.S.-

based participants. They also sponsor summer camps for the children of expatriate professionals in order to reinforce their knowledge of the language and culture. After their detailed study of the role of the Chinese state in the transnational field, Zhou and Lee conclude:

Currently, the Chinese government not only considers returned students and scholars a driving force for the country's economic and social development, but it also supports those staying abroad in the belief that they will make contributions to China in various ways... Since the mid-1990's, the Chinese state has launched a variety of programs to attract the permanent or temporary return of highly skilled immigrants in the fields of science and engineering. The National Ministry of Education has implemented several programs to attract scholars to return and to facilitate their career abroad (Zhou and Lee 2015: 46).

The Chinese government was the first to realize that the contributions to scientific and technological development of the country by its professional expatriates did not depend on their permanent return home. Instead, it deliberately fostered a transnational pattern in which these highly-skilled migrants regularly travel back home and are encouraged to make investments, create their own enterprises, and participate in technology-transferring conferences, all the while residing abroad. As in the cases of India and Israel, a proactive stance by the home state has been decisive in transforming high-tech immigrant enterprises into a significant vehicle for national development (Portes and Fernandez-Kelly 2015: 1-24).

Returning to Theory: Human Capital, Social Capital, and Modes of Incorporation

Figure 1 presents a synthetic portrait of the ways in which the different entrepreneurial paths described above relate to their basic determinants. While all three forms exist, they have very

different bearings on the transnational field and on the contributions that immigrant enterprises can make to development. Assuming a positive or at least neutral mode of incorporation to the host society, it is clear that key factors determining the viability of immigrant firms, in general, and transnational enterprise, in particular, are linked to the expatriates' human capital and social capital. This is the case both at the group level and at the level of individuals.

Figure 1 about here

For illustration of individual determinants of immigrant entrepreneurship, we present results of a study conducted among Latin American immigrants in the United States at the turn of the century. This study, known as the Comparative Immigrant Entrepreneurship Project (CIEP) remains one of the few sources of individual –level data on this topic. The study interviewed representative samples of three Latin American nationalities in their principal areas of concentration in the United States in 2000-01. When weighted, the 1,202 interviews completed were representative of over 187,000 adult immigrants from these nationalities (Guarnizo et. al. 2003). The significance of the study was its focus on individual determinants of entrepreneurship in general and transnational enterprise in particular.

Table 4 presents evidence from this survey with respondents classified as wage workers, purely domestic entrepreneurs, and transnational entrepreneurs³. As the table shows, the latter were better educated, had better occupational qualifications, received higher incomes, and were more likely to acquire American citizenship, a point to which we will return below. Table 5 presents results of a multinomial logistic regression using wage-workers as the reference category. The table shows that immigrant businesses of any kind were largely the preserve of married males'

since both gender (male) and civil status (married) bear strongly on the pursuit of entrepreneurship. This result is no different from those reported consistently in the past research literature. (Bonacich and Model 1980; Zhou 1992; Light and Gold 2010).

Tables 4 and 5 about here

Education and professional-executive background increased significantly the probability of self-employment, but the effects were stronger for transnational than for purely domestic enterprise. Based on model coefficients, a married male with a college education had a 37 percent greater probability of becoming a transnational rather than a domestic entrepreneur; the advantage increased to 45 percent if wage/salaried workers were the relevant reference category. The notion that transnational activities are a transitional pursuit, to be abandoned as assimilation takes hold (Waldinger 2015), is not supported by these results. Longer periods of U.S. residence *increased* the probability of engaging in transnational enterprise and, as seen above, their owners were the most likely to acquire U.S. citizenship.

Finally, the effect of social networks lends support to the social capital argument. Business owners had more numerous social ties than wage/salaried workers, and transnational entrepreneurs stronger social networks than domestic ones. As seen in Table 5, the social network coefficient is very strong. Each additional social contact increased the probability of transnational enterprise by 1.5 percent. While CIEP results are in need of actualization, and replication, they lead to the conclusion that at both, collective and individual levels, determinants of immigrant enterprise are the same. The tripartite set of determinants, summarized in Figure 1, affect whether immigrants are able to engage in business at all, the type of enterprises that they are able to create, and the incidence of such activities on prospects for development in the home countries.

In contrast to a past literature that painted the phenomenon of immigrant and ethnic entrepreneurship in homogeneous terms, they are in reality quite heterogeneous, since immigrant groups adopt quite diverse economic adaptation strategies. In particular, high-skilled professional migration can represent a significant “brain drain” for the exporting countries or a major “brain gain”, depending on the motivations of the immigrant themselves and, in particular, on the stance of home country states and their capacity to affect those motivations. As the cases of China, India and Israel show, immigrant transnationalism can come to play an important, even decisive role in the future of sending nations. While small businesses in ethnic enclaves have been shown to be a means for economic survival and mobility for the immigrants themselves, a winning formula for development of the source nations requires the emergence of strong professional/business community abroad with which sending states can engage in a sustained relationship.

Table 1. Minority Firm Ownership and Indicators of Firm Performance, 2012

Group	All firms				Firms with paid employees				
	Total number of firms	Firms per 1,000 population	Sales, receipts, or value of shipments -	Gross receipts per firm	Number of firms	Firms per 1,000 population	Employees per firm	Sales, receipts, or value of Shipments-	Gross receipts per firm
Asian									
Korean	224,891	155.05	107,813,236	479,402	81,902	56.47	6.4	99,194,346	1,211,135
Asian Indian	377,486	123.80	227,148,254	601,740	137,720	45.17	8.2	209,778,561	1,523,225
Japanese	119,163	152.73	44,243,189	371,283	23,906	30.64	9.2	39,990,633	1,672,828
Chinese	528,702	144.43	210,062,246	397,317	139,016	37.98	8.1	209,778,561	1,509,025
Filipino	193,336	72.73	25,845,518	133,682	24,548	9.23	7.6	20,460,768	833,500
Latin American									
Cuban	281,982	144.05	92,600,303	328,391	32,037	16.37	8.6	84,298,660	2,631,291
Mexican	1,624,617	47.73	204,712,259	126,006	141,764	4.16	9.0	156,210,266	1,101,904
African American	2,584,403	65.22	150,203,163	58,119	109,137	2.75	8.9	103,451,510	947,905

*Sources: US Census Bureau, 2012 Survey of Business Owners; US Census Bureau, American Community Survey, 2016.

Table 2. Employment Type and Incomes for Native and Selected Immigrant Groups, 2016^a

Characteristics	Natives		Immigrants											Average
	White	Black	Chinese	Cuban	Dominican	Haitian	Indian	Iranian	Israeli	Jamaican	Korean	Mexican	Vietnamese	
Type of Employment:														
Waged/salaried worker	87.58	93.45	87.94	82.28	90.52	91.34	89.96	74.69	68.17	89.80	80.60	88.00	86.37	88.13
Self-employed—General	12.42	6.55	12.06	17.72	9.48	8.66	10.04	25.31	31.83	10.20	19.40	12.00	13.63	11.87
Self-employed—Incorporated.	5.41	2.27	5.67	7.37	2.87	2.58	5.78	14.70	20.24	3.74	10.10	2.39	5.39	4.93
Annual income Mean:														
Waged/salaried worker	77,042	46,406	83,005	44,639	40,188	42,176	99,446	104,000	111,885	52,182	86,509	35,117	57,225	70,831
Self-employed—General	75,353	46,225	84,263	43,818	40,463	42,440	100,349	100,913	103,477	52,413	87,445	34,987	58,366	69,404
Self-employed—Incorporated.	88,952	48,987	73,834	48,448	37,563	39,399	91,354	113,111	129,890	50,150	82,579	36,072	49,992	81,418
Hourly income Mean:														
Waged/salaried worker	120,143	71,361	101,000	68,093	53,050	39,559	117,912	135,354	167,046	74,191	104,910	53,157	61,309	113,757
Self-employed—General	34.29	22.15	38.52	21.09	19.30	20.28	44.31	46.72	46.88	24.48	38.90	16.61	27.57	31.81
Self-employed—Incorporated.	33.24	21.94	38.56	20.25	19.44	20.13	44.89	44.01	45.18	24.63	38.76	16.49	28.04	30.92
Mean hours worked per week	41.74	25.24	38.26	24.99	17.95	21.84	39.12	54.72	50.54	23.22	39.49	17.53	24.60	38.38
	52.24	32.99	48.44	34.94	27.13	19.16	48.65	57.93	61.67	32.54	50.56	25.11	27.18	49.71
	43.75	41.04	41.43	41.03	40.81	40.37	42.60	43.44	44.55	41.10	43.05	41.92	41.55	43.22
<i>N</i> ^b	378,196	32,746	5,937	2,372	1,201	838	9,626	1,059	208	1,088	2,162	29,161	3,185	467,779

A. Sample restricted to males, between ages of 26 and 65 in civilian labor force. **B.** Un-weighted sample. Figures in the table are adjusted using person-level analytical weights.

Source: American Community Survey, 2016.

Table3. Regressions of Annual Incomes on Self-employment, Nationality, and Selected Predictors, 2015. ^a

<i>Predictors</i>	<i>Self-employed</i>		<i>Self-employed</i>	
	<i>vs. not</i>		<i>incorporated vs. not</i>	
	Coeff.	SE	Coeff.	SE
Nationality (ref. native whites)				
African Americans	-7,590***	194	-7,408***	195
Chinese	-2,399***	498	-2,286***	505
Cuban	-6,607***	836	-6,928***	858
Dominican	-8,637***	1,063	-8,270***	1,083
Haitian	-10,375***	1,298	-10,049***	1,306
Indian	7,757***	455	7,742***	458
Iranian	10,901***	1,286	9,680***	1,329
Israeli	18,550***	3,196	17,308***	3,351
Jamaican	-5,322***	1,081	-4,923***	1,094
Korean	-4,712***	809	-4,589***	837
Mexican	-4,761***	316	-4,242***	325
Vietnamese	-4,061***	702	-3,849***	722
Self-employed	6,322***	176	30,693***	278
Age	554***	4	560***	4
Married, spouse present	11,155***	124	10,771***	127
Number of children	3,768***	55	3,838***	56
Lives in South	-1,311***	113	-1,469***	115
Knows English well	10,806***	384	10,823***	395
Education (ref. less than high school)				
H.S. graduate	6,445***	207	6,441***	212
Associate degree	15,008***	253	15,170***	258
College graduate	38,662***	222	38,933***	227
Post-graduate degree	66,022***	241	65,888***	247
N	1,345,898		1,252,980	
Adjusted R^2		0.175		0.191

a. Annual dollars, unlogged. See Note 1.

***p<0.001

Source: Microdata sample, American Community Survey, 2015.

Table 4**Characteristics of Latin American Immigrants in the United States by Economic Type**

	Wage Worker	Domestic Entrepreneur¹	Transnational Entrepreneur²	Total
Years of Education	9.8	12.2	13.6	11.0
Professional/Executive Background, %	16	31	35	23
Monthly Income, U.S. ³	1251	2836	3143	1918
U.S. Citizen. %	26	49	53	36
Years of Residence in U.S.	14.0	18.0	16.4	15.1
Satisfied with Life in U.S., %	29	49	49	57
N	744	181	277	1202

¹Owners of firms with no transnational linkages.

²Owners of firms with regular transitional linkages: markets, sources of supplies and/or credit.

³In 2000 dollars.

Source: Comparative Immigrant Entrepreneurship Project (CIEP). Center for Migration and Development, Princeton University. Reported in Portes, Haller, and Guarnizo (2002).

Table 5. Determinants of Becoming a Domestic or a Transnational Entrepreneur among Latin American Immigrants in the United States

Predictor:	Transnational Entrepreneurship			Domestic Entrepreneurship		
	Coefficient	S.E.	Δ^1	Coefficient	S.E. Δ	Δ^1
(Multinational Logistic Regression)						
<u>Demographic:</u>						
Age	.013	.014		-.008	-.013	
Sex (Male)	1.245***	.239	.11	.876**	.260	.04
Marital Status (Married)	.615**	.223	-.04	.749**	.243	.03
Number of Children	-.046	.074		-.014	.072	
<u>Human Capital:</u>						
Education (Years)	.130***	.026	.01	.071*	.028	.008
Professional/Executive Background	1.473***	.340	.14	.861*	.416	.04
<u>Assimilation:</u>						
Years of U.S. residence	.048**	.018	.004	.041*	.019	.003
Post-1989 Arrival	-.585	.353		-.743*	.373	-.02
Downward Mobility ²	-.451**	.170	-.02	-.110	.202	
Experiences of Discrimination	.344	.217		.199	.222	
<u>Social Networks:</u>						
Size	.139***	.023	.015	.105***	.023	.008
Scope ³	.153	.133		-.561*	.249	-.01
<u>Nationality⁴</u>						
Colombian	-1.685***	.384	-.04	-.846**	.331	-.02
Salvadoran	.939**	.284	.07	-.619*	.306	-.015
Constant	-6.511	.692		-3.673	.817	
Chi Square	257.17(28 D.F.)***			257.17(28)***		
Pseudo R ²	.225					
N ⁵	1,096					

¹Increase/decrease in the net probability of each outcome per unit change in significant predictors only, computed at the mean of the weighted sample distribution.

²Ratio of occupational status in the country of origin to status of the first U.S. occupation.

³Ratio of number of contacts outside city of residence to local contacts.

⁴Dominican immigrants are the reference category.

⁵CIEP unweighted sample.

*p<.05 ; **p<.01; ***p<.001.

Source: Portes, Haller and Guarnizo, 2002, Based on data from CIEP.

Figure 1
Immigrant Entrepreneurship and its
Determinants

<u>Type of Enterprise</u>	<u>Human Capital</u>	<u>Social Capital</u>	<u>Mode of Incorporation</u>	<u>Home State Reception</u>	<u>Transnational Involvement and Developmental Impact</u>
Informal	Low-skilled	Limited to Cooperation for Survival	Negative	Negative to Neutral	None
Petty-entrepreneurial	Entrepreneurial skills brought from home country	High in ethnic enclaves as a vehicle for capital raising and search for identification of business opportunities	Neutral- to- positive by the state and society at large	Neutral	High for the procurement of business inputs; limited otherwise.
High-Tech Professional	High skills brought from home country or acquired abroad	Limited, through professional associations and ties with home country institutions	Neutral- to- Positive	Positive and Proactive	High transnational activism and high developmental contributions

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¹ Income regressions in Table 3 use raw annual incomes, rather than the familiar logarithmic transformation. The latter is commonly employed by economists and sociologists to smooth skewed earnings distributions, as well as neutralized the effect of outliers. By the same token however, it tends to obscure the economic effect of entrepreneurship (self-employment) that is commonly associated with the highest income levels (positive outliers). See Portes and Zhou (1996).

² "Telugu" is the self-designation of natives from the state of Andhra Pradesh.

³ This section reproduces material originally presented in Portes, 2010:Chapter 9.