



Volume 49, Number 192,
January-March 2018

CONTENTS

EDITORIAL

THE MEXICAN TRANSNATIONAL ETHNIC ECONOMY:
LOS ANGELES, CALIFORNIA

Brianda Peraza and Blas Valenzuela¹

Date received: January 10, 2017. Date accepted: June 28, 2017.

Abstract

This research analyzes the nature of the Mexican ethnic economy developing in the cities of Huntington Park and Lynwood, California, in the United States. Using census databases and the results of 145 surveys administered to and 25 interviews with a range of people in 2012, this paper documents the existence of a Transnational Ethnic Economy (TEE), which goes further than the traditional definition of the "ethnic economy" concept and is organized and develops in such a way that includes individual businesses, businesses with multiple branches, supermarket networks, and a commercial consortium in the study zone, with bonds and relationships that transcend national borders.

Keywords: Transnational ethnic economy, immigrant entrepreneurs, ethnic products, ethnic market, wage work.

INTRODUCTION

In 2010, the estimated population of people of Mexican origin in the United States amounted to nearly 33 million (of whom 11.9 million were born in Mexico and 21.5 million are descendants of Mexicans (Mexican origin)) (Moctezuma, 2013). The southern-central zone of Los Angeles country is home to a total population of 450,384 inhabitants, of whom 323,441 reported being of Mexican origin (71.8%) (U.S. Census, 2010) (see Table 1).

The zone is home to an economic corridor that provides commercial and industrial services to the large group of Mexican people living in the region, known for having one of the highest rates of people of Mexican origin in the United States. These businesses are run by owners and self-employed people of Mexican origin, and their compatriots constitute a vigorous ethnic economy in the zone. With that in mind, this paper is focused on analyzing the ethnic economies of Mexicans located in the cities of Huntington Park and Lynwood, California, United States, which are part of the larger urban area of Los Angeles and, in particular, the southern-central part, home to unique historical and demographic traits (Rocco, 1996; Valenzuela, 2007, pp. 95-118).

Table 1. Overall Population and People of Mexican Origin in the South-Central Region of LA, 2010 Censu

<i>City</i>	<i>Total Population</i>	<i>Mexican Population</i>	<i>%</i>
Huntington Park	58 114	46 467	80.0
South Gate	94 396	73 677	78.1
Lynwood	69 772	51 021	73.1
Bell	35 477	26 606	75.0
Bell Gardens	42 072	34 509	82.0
Paramount	54 098	37 077	68.5
Compton	96 455	54 084	56.1
Total	450 384	323 441	71.8

Source: Created by the authors based on the 2010 United States census data for the cities mentioned.

This paper asserts that the traditional conceptualizations of the "ethnic economy" have now been surpassed, because these traditional limitations fail to capture the transnational aspects inherent to economies of this sort. The businesses located in the zone of study respond to the demand for ethnic products, generally fueled by the nostalgia immigrants feel toward their place of origin, made tangible when this need is covered via the purchase of a good or service, which is an action that expresses the simultaneity of the transnational connection the immigrant holds and is made possible through

the various supply networks that characterize, strengthen, and develop the ethnic economy, which is located in a zone home to a large number of Mexican immigrant businessmen and women.

Due to the nature of the businesses, employers, workers, and customers located in these two cities (Huntington Park and Lynwood), this paper posits the concept of the Transnational Ethnic Economy (TEE), the rationale for which shall be based on field results (Peraza, 2012).

In the United States, ethnic economies sprout up and prosper because small entrepreneurs have developed unique resources that sustain and underpin their businesses, enabling the economic integration of ethnic groups. Ethnic economies are of great importance to the country's economic life (Rajiman and Tienda, 2000). According to data gleaned from the 2002 United States census, there were 3,958,610 ethnic minority-owned businesses, accounting for 17% of all companies (U.S. Census Bureau, 2002a). That same year, there were 701,078 businesses owned by entrepreneurs of Mexican origin, representing an increase of 229,045 over five years earlier; in other words, in 1997, there were 472,033 businesses in the United States owned by entrepreneurs of Mexican origin. By 2002, 90% of them were located in the seven states home to the greatest concentration of Mexican immigrants: 44% in California, of which 40% were in Los Angeles county (U.S. Census Bureau, 2002b). Nevertheless, a report released by the United States census (2010) stated that the number of companies in the United States whose owners are Hispanic rose 43.7%, representing 2.3 million companies, more than double the national rate of 18.0% between 2002 and 2007. Nearly 45.8% of Hispanic-owned companies were owned by people of Mexican origin. Hispanic-owned companies generated 345.2 billion dollars in turnover in 2007, a rise of 55.5% over 2002. The number of Hispanic-owned companies whose revenues exceeded 1 billion dollars or more rose 51.6%, from 29,168 companies to 44,206 between 2002 and 2007 (U.S. Bureau, 2010). The power of these data sparked interested in this study.

It is worth noting that the phenomenon of Mexican ethnic economies is not exclusive to Los Angeles. In the Phoenix metropolitan area in the state of Arizona, according to the Phoenix Mexican Household Survey, in 2007, 10.1% of all households surveyed reported that at least one member of the household owned a business, of which 9.1% reported owning two businesses. Looking at the commercial sectors, commerce, construction, mechanic shops, and cleaning and gardening services stand out. The survey revealed that of all of the businesses, 25% were run solely by the owner or operator without the help of any employee; 71.7% had between 1 and 10 employees maximum.

Of the latter, 86.7% reported having at least one Mexican as an employee; 52.3% of the businesses reported at least one family member employee, and 47.7% reported that no members of the family worked for the company (Valenzuela and Cota, 2012). Other urban hubs, like Chicago, have enjoyed similar situations.

It is worth noting that the traits that speak to an ethnic economy refer to the traditional concept of small family businesses, generally self-employed people belonging to internal communities, closed-off and limited to their ethnic setting, components that commonly and initially allow the business to flourish (Light and Gold, 2000). By contrast, the TEE—the concept posited here—transcends these conditions such that the majority of the business owners studied here have, among other things, businesses that accumulate capital by exploiting wage work.

Although since the beginning the definition of ethnic economy included self-employed and wage and non-wage workers, nowadays, most Mexican immigrant business owners in the zone of study have a salaried and formal payroll (93%). What is notable about this work is that at the moment, companies with wage-earning workers are on the rise. And although ties of affection, family, community, and social connections are bound up in their management, combined with several aspects of modern enterprises, their main objective is capitalization.

All of which begs the question: What are the current particularities of the Mexican ethnic economy located in the cities of Huntington Park and Lynwood, in southern-central Los Angeles, California, that enable a broader and more appropriate generalization of the concept of an ethnic economy and its challenges?

The overarching objective of this study is to show that the ethnic economy that has developed in these latitudes is transnational, meaning it operates as an ethnic market linked to the economies of the country it calls home, the country of origin of its participants, and even other countries beyond them, and moreover boasts its own machinations distinct from the general labor market, enabling it, among other things, and context-dependent, to deal with economic crises. These economies do not facilitate economic progress for all workers, but even so, they are a source of employment, especially for recently-arrived immigrants.

LITERATURE REVIEW

Recently, the literature on the topic of Mexico-United States migration has centered on studying the emerging destinations in the northeastern and midwestern regions of the United States, which emerged in the wake of the implementation of the Immigration Reform and Control Act (IRCA) in 1986, solidified by the North American Free Trade Agreement (NAFTA). This post-IRCA and post-NAFTA migration is characterized by scattered origins and destinations, multi-directional flows diverging from previous circular migration patterns, greater and different female participation, and the burgeoning rise of child migration. Zúñiga and Hernández-León (2006) believe that it was IRCA which led to this diaspora, granting security to 2.3 million immigrants and permitting them to leave their historical settlements in the southeastern region of the United States and put down roots in new destinations. Even so, the attention paid to this phenomenon has underestimated the importance of studying what are now considered the more traditional destinations, like Los Angeles, California, failing to observe the parallels that arise with the changes observed in the new destinations, therefore weakening the explanatory

power of the new geography. In this regard, without denying that these emerging phenomena are of interest, this paper rather aims to point the spotlight on the fact that the nature of ethnic economies is dynamic, even in destinations considered to be "traditional," and has evolved over the past decades to become something new, the TEE.

Several authors have discussed various controversial aspects of ethnic economies. For example: the fact that ethnic businesses may boost the economic welfare of their members because they work, albeit with certain limitations, as a sort of *domestic labor market*, by protecting, to some degree, immigrants from the competition in the overall market, offering their compatriots job opportunities which they would frequently be denied in the open market. Nevertheless, other ethnic economy scholars highlight that they act as a social trap for immigrants and a haven for the lesser-trained (Borjas, 1990; Bonacich and Modell, 1981; Light and Bonacich, 1991; Bonacich *et al.*, 1994; Min, 1996). Other authors have observed that in times of economic recession when the demand for labor falls, migration flows for people employed by the ethnic economy hold steady (Waldinger, 1993; Arjona and Checa, 2006).

Traditionally, an ethnic economy has been defined as: *that employment created by a minority for itself, and coming to signify coethnic relationships within the labor market* (Bonacich, 1973; pp. 583-594; Bonacich and Modell, 1981). The term dates back to the nineteen-fifties and sixties when it was first developed by Becker (1956), Blalock (1967), and Strucker (1959), later used in papers published by Bonacich (1973) (Riesco, 2008). The ethnic economy includes any immigrant person or person of an ethnic minority who is self-employed, an employer, or a wage or non-wage worker. An ethnic economy, based on the foregoing, is therefore defined and delimited by race, ethnicity, or national origin, and is also characterized by offering advantages in relations between business owners and the compatriot employees (Logan *et al.*, 1994; Light and Gold, 2000; Estrada, 2014). Small ethnic business owners are ethnically rooted, because the way they run their businesses is predicated on solidarity, trust, networks, and relationships. These features are assumed to belong to undeveloped countries, but what is interesting is how these business owner minorities thrive in developed societies, too (Bonacich, 1973).

It must not be forgotten that the ethnic economy theory has been criticized by some researchers, who underscore that it fails to explain the transfer and insertion of this type of marginal capitalist economy in advanced economies, as well as the situation of the minority groups for which the business activity is not a priority of economic behavior, evidenced via low rates of business ownership, or those who have only recently joined business activity, like Cubans or Puerto Ricans, which are not historically traders, as is the case of the Chinese, Jewish, or Armenian (Valenzuela, 2005).

All of this agrees with Sowell (1996), who noted that the fact that ethnic minorities can behave successfully as entrepreneurs in certain contexts despite lacking this historical tradition, as has been the case, for example, with the Turks in Germany or the Greeks in the United States. Another important aspect of this type of explanation is that it can be ad hoc for the behavior of the entrepreneur, in the sense that it assumes that the actions of immigrants are owed to the historical business tradition of the group, but in turn, this tradition has been made possible thanks to the business interests of its members (Sowell, 1996). To Sanders and Nee (1987), this theory has helped explain the economic success of a wide range of groups—the Hindu people in South Africa or the Jewish people in Europe—but cannot be applied to the case of ethnic minorities in the United States.

In spite of all of the above, this approach will serve to help understand the business activities of ethnic groups, because this theory introduces basic arguments to comprehend this sort of economy as a creator of Mexican business owners in the cities of Huntington Park and Lynwood, California.

METHODOLOGY

To prepare this paper, two cities located in the state of California were chosen, because a considerable number of Mexican immigrants live in both of them (see table 1), and they are home to a wide range of businesses that render services and provide jobs primarily to Mexicans. This research used an inductive method via a qualitative investigation using interviews and ethnographic surveys. During the field research phases completed in 2012, information was collected from 61 questionnaires in the format of business surveys administered to Mexican immigrant business owners or site managers; 32 ethno-surveys administered to Mexican immigrant workers at ethnic businesses owned by Mexican immigrant owners; 32 ethno-surveys administered to Mexican immigrant workers in the general market 20 surveys given to consumers at typical ethnic businesses; 16 life stories from key business owners, characterized by an outstanding degree of organization, use of technology, and rapid growth; and 9 interviews given to people involved in the Mexican business sector in the region. In total, 25 people were interviewed and 145 surveyed. The criteria to choose the 61 business owners and/or managers surveyed consisted of making sure each commercial enterprise was located in the cities of either Huntington Park or Lynwood, California. The two criteria for selecting the businesses where the workers surveyed worked were their *representativity*, pursuant to the demand for ethnic products, and their geographical location, aiming to match up with the residential space where the 32 migrant employees lived. For the 32 remaining, the criterion was also that they worked and lived in those two cities, but did not render their services to ethnic businesses.

The survey administered to the owners and/or managers of the businesses contained 106 questions based on the following analytic dimensions: characterization of the businesses, profile of the owners and workers, social networks, solidarity, and economic crisis. Key variables included: commercial sector, amount of investment, sales, earnings, immigration category of the business owner, commercial zone of influence, use of labor, number of employees, nationality of employees, ties to commercial chains, and other aspects. The survey served to detect the makeup, functioning, and development of ethnic businesses at present, to elucidate how they behave in situations of economic difficulties. All of this

was designed to record the characteristics and significance that these types of businesses are producing.

After the survey, an ethno-survey was given to collect data from 32 employees at the surveyed businesses and 32 who worked in the overall American economy. A small questionnaire was also given to 20 consumers who frequent ethnic businesses in the zone, and 9 interviews were also conducted with people involved in the Mexican business sector in the region. Another 16 semi-structured interviews were conducted with business owners who stand out thanks to their track records in the ethnic economy, aiming to gather detailed life stories of business owners as migrants.

The businesses located in the zone of study respond to the demand for ethnic products and are located in a specific place, in the cities of Huntington Park (80% of the population is Mexican) and Lynwood, California (73%), home to a great number of Mexicans living in a specific area of Los Angeles: the southern-central zone (U.S. Census Bureau, 2010). If as background information we consider that 40% of the Mexican-origin-owned companies in the United States are located in Los Angeles county (U.S. Census Bureau, 2002b), we might deduce that the zone of study is indeed home to a significant portion of the Mexican ethnic businesses to be studied.

RESULTS AND DISCUSSION. EMPIRICAL ASPECTS CHARACTERIZING THE ETHNIC ECONOMY IN THE CITIES OF HUNTINGTON PARK AND LYNWOOD, CALIFORNIA

The data gathered enable the advancement of an argument that the traditional concept of an ethnic economy is insufficient to adequately characterize the phenomenon of business genesis and development that has been happening in the cities of Huntington Park and Lynwood, California. The phenomenon goes beyond the limitations of the traditional definition, which is why a reconceptualization is called for. The results and discussion are introduced below, divided into categories of interest that make it possible, in our judgment, to defend the existence of a TEE in the zone of study.

Business owner origin. The national origin of the business owners surveyed matches up with the type of population predominant in the zone. Most come from the Mexican states of Jalisco, Sinaloa, Michoacán, and the Federal District (now known as Mexico City). The rest come from Oaxaca, Puebla, Baja California Norte, Guanajuato, Guerrero, Nuevo León, Hidalgo, Chiapas, Colima, Durango, Tlaxcala, Veracruz, and Zacatecas. These entities are known for have a strong tradition of emigration: Jalisco, ranked first, accounted for 23% of all of the business owners surveyed (see Table 2).

Table 2. State of Origin of the Mexican Business Owners Surveyed

<i>Origin</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Origin</i>	<i>Frequency</i>	<i>Percentage</i>
Jalisco	14	23.0	Nuevo León	2	3.3
Sinaloa	12	19.7	Chiapas	1	1.6
Michoacán	7	11.5	Colima	1	1.6
Federal District	5	8.2	Durango	1	1.6
Oaxaca	4	6.6	Hidalgo	1	1.6
Puebla	4	6.6	Tlaxcala	1	1.6
Baja California	2	3.3	Veracruz	1	1.6
Guanajuato	2	3.3	Zacatecas	1	1.6
Guerrero	2	3.3	Total	61	100.0

Source: Survey to Mexican immigrant business owners in the cities of Huntington Park and Lynwood, California, 2011 and 2012.

In second place is the state of Sinaloa, from which 19.7% of the business owners hail, followed by Michoacán, with 11.5%, and Mexico City, with 8.2%. These data line up with other research, which has also pointed to the states of Jalisco, Sinaloa, and Mexico City as the state origins of the immigrants studied (see Peraza, 2005; Valenzuela, 2007, 2010).

Existence of business owners of other origins. Another of the commercial practices in the study was to look at the rise in the number of business owners of origins other than Mexican who are marketing popular Mexican products. These include Iranian, Chinese, Jewish, and Korean companies selling products symbolic to Mexican customers, which, in spite of being imported or bought, in general, from the Chinese informal market, are presented to the consumer in a similar way to the original products, like clothing and accessories for wedding parties and 15th birthday *quinceañera* celebrations; clothing typical of several Mexican regions, like embroidered leather belts, sombrero hats, shirts, T-shirts, and hats bearing images of saints or figures alluding to Catholicism or drug trafficking, two aspects which, although may appear at odds with one another, frequently appear together in Mexican culture.

Despite the challenges Mexican merchants face with these competitors in the aforementioned sectors, according to statements made by consumers faithful to the businesses surveyed in the area of study, most prefer to buy from their compatriot sellers, especially when it comes to culinary products, because they maintain the element of cultural identity combining language, feelings, customs, habits, and the originality that immigrants are looking for and demanding via nostalgic cultural products. These factors that represent structures of opportunity, according to the Waldinger *et al.* (1990) model are those that Mexican ethnic economies can best harness to continue facing off successfully against the competition.

One outstanding case of success is "Plaza México" (a mall in Lynwood, California), where owners and leasers are primarily of Mexican origin, even though the mall itself belongs to an immigrant of Korean origin.

Additionally, with an eye to the broader market, the field results indicate that the Mexican TEE in the zone of study has not only been maintained, but in some cases has actually become stronger with the rise of new businesses, proof of *sui generis* behavior in this type of economies as compared to the overall economy. Despite difficulties, their faithful clientele, mainly coethnic, continues to buy in times of economic crisis.

Gender. Some 45% of the business owners in the two cities (Huntington Park and Lynwood) are women, indicating an increasing share of female stakeholders in ethnic businesses. It should be noted that the weight of women in the sector is truly high, especially if the figure is compared to data from other economies or the Mexican economy, specifically. One of the main reasons why 26% of the women surveyed became business owners is losing a partner, whether due to divorce, being widowed, or separation, forcing them to become both professionally and economically independent. This is worthy of greater analysis in the field of gender, but it will not be dealt with here.

The report *Our American Immigrant Entrepreneurs: The Women*, published by the Immigration Policy Center based in Washington, D.C., explained that in the year 2000, 5% of immigrant women born in the United States had founded their own businesses. The figure rose to 9% by 2011. Furthermore, approximately 575,740 women immigrated to the United States as adults from other countries and report earning a living through their own businesses or companies. The number increased to 980,575 in 2010. In general, these are mainly Mexican women. Hispanic women represent 37% of the female immigrant business owners in the United States, and Mexico is the number one country of origin (Immigration Policy Center, 2011).

Labor insertion of Mexican immigrant business owners. Before becoming a business owner, a Mexican migrant generally goes through a period of high workplace turnover according to the information gathered. After arriving in the United States, 37.8% work at businesses owned by other Mexican immigrants; however, 35.6% reported that their first job after coming to the United States was in the broader American market. It is very common that before an immigrant decides to launch a business, he or she has already worked in the wider American economy secondary market, and has felt ripped off by the low wages earned, especially in the case of undocumented immigrants. The immigrant group reacts to these conditions in the destination society and mobilizes resources using various characteristics of the ethnic community, which frequently push a worker to become a business owner (Waldinger *et al.*, 1990).

Another phenomenon that emerged in the zone of study as the "transfers" as a way of insertion, meaning it is frequent for former bosses to transfer their businesses to their owners due to economic problems or a desire to expand and set up shop somewhere else. This phenomenon has been characterized in the literature as one of the gateways for immigrants to business ownership, arguing that the appearance of vacant businesses in the market, due to the withdrawal of native business owners, is filled by immigrants who become self-employed (Waldinger *et al.*, 1990).

However, the phenomenon is also reproduced in the case of ethnic business owners of a different origin, and frequently of the same ethnic origin, who withdraw from their businesses leaving a vacancy that can be taken advantage of by other immigrants interested in entering the world of business ownership. In the latter case, a coethnic employee may benefit, because he or she knows how to handle the business, and can buy it at an attractive price using own savings or with the help, in general, of family members. This is one way that workers in ethnic economies acquire a certain degree of social mobility and economic progress in the businesses where they used to work as an employee.

The 2008 economic crisis brought this phenomenon to the fore: some workers, with money saved up and the help of their families, became business owners through "transfers" from former bosses looking to unload businesses to deal with their own economic problems during the crisis. Many of the establishments are less than 10 years old, which is consistent with the endogamic nature of these businesses in the midst of economic crises.

Preponderance of workers of Mexican origin. 90% of the employees at the businesses surveyed are Mexican, while 6.8% come from Central America, and just 2% are Anglo-Saxon. Some businesses also had employees of Asian origin (0.24%) or African American origin (0.05%). Only 0.76% on average of the workers (others) came from other racial origins. Some 97% of the workers surveyed spoke Spanish, which is an important factor in managing the business, because the clientele is largely Mexican.

For some business owners, even if the workers do frequently have the same national origin, and this is indeed important, because it means they speak the same language that the main clientele will use and they also want to give work to their own race, they also frequently state that it is essential for the employees to have some degree of knowledge or skill in the commercial sector being managed, and it is there, once the potential is detected, that the decision is made whether the employee will be kept around in the activity in which they have been assigned to work, or whether employees of the same or another origin will be sought who have the skills requested for the work being done at the company. What is interesting is the background of the human capital of an individual; meaning, speaking Spanish and knowledge of the business, and that Mexicans generally benefit from this. Nevertheless, most of the business owners surveyed recognize that if they do

not have employees who have the necessary knowledge, they will choose whoever does, regardless of whether or not he or she is a compatriot, confirming the capitalist bent of the business when it comes to hiring labor.

Products and business sector. The ethnic economy studied has ties to both ethnic and non-ethnic products, offering a range of Mexican products (63.9%) but also products from the general market. The main business in the zone is strongly associated with manufacturing and selling food and culinary products in general, as well as stores selling items for weddings, baptisms, 15th birthday party celebrations, and other items alluding to representative elements of Mexican culture: religion, drug trafficking, and sports. Regional products also stand out, like combs, tiaras, rings, bracelets, necklaces, rosary beads, hats, and other jewelry article decorated in unique ways alluding to the attire and popular religious figures of different from different towns in Mexico. Moreover, other services include gardening, edibles (oil, rice, dairy), healthcare services, construction, jewelry, advertising, furniture, cell phones, video games and electronics, indicating an economy open both to the broader American market and abroad, marking the simultaneity of the transnational link the economy holds with the different spaces where it has supply networks.

Suppliers. As would be expected in an ethnic economy, the commercial ties reflect the nature of a TEE, and they appear in two forms, the first by way of direct ties to other countries and the second through intermediaries. Looking at the *direct links*, Mexico (18.6%) and China (3.4%) are predominant, and logically, there is a good deal of direct commercial contact with the United States (22%). These three together account for 44% of the majority suppliers in the businesses surveyed.

The indirect ties happen through what are known as brokers,² who certainly are in the country, but their ties are held with Mexican companies (23.7%) and Latin American companies (5.1%), mainly, who distribute their products in large American commercial chains. As can be observed, the intermediaries predominate and, to a lesser degree, market directly to countries abroad.

Businesses with wage-workers and self-employed: sales and earnings. Some 92% of the businesses use wage workers. Only 8% use family self-employment. However, one interesting piece of data is that even these family-type businesses (8%) have earnings of between 1,000 and 2,000 dollars a month, while the businesses with 20 or more employees see earnings rise to between 20,000 and 900,000 dollars. Most of the business owners surveyed do not earn more than five thousand dollars and see monthly sales turnover of more than eight thousand dollars (60%). Fewer (19%) have monthly sales under six thousand dollars, which speaks to the high degree of capitalization these business owners have attained through sales and earnings, not to mention social or economic mobility.

Regarding the earnings of businesses with wage workers (92%), most of the business owners fall into the five to ten thousand dollars a month range, which is also the predominant range across all of the business owners surveyed. Total monthly sales of the majority average more than eight thousand dollars (60%), which suggests a business-style, and not subsistence-style, ethnic economy. The average income of Mexican immigrants in the state of California in March 2016 amounted to 1,631 dollars a month (Aguilar, 2016), meaning that these levels of earnings are acceptable at the businesses surveyed.

Migration status is not an impediment or an immigrant to set up and develop a business. It may be a difficulty, but is not a constraint on them becoming business owners. However, the data show that when a business owner's status changes from undocumented to resident or citizen, it becomes easier for the business to grow in sales and earnings. The same is true for time living in the United States; in other words, the longer immigrants live in the United States and the more experience they have, the more likely it will be for them to rise in migration status and grow the size of their business. There are also direct correlations between having citizenship and higher earnings.

Businesses with branches. This study found that 30 of the 61 businesses have branches, so it appears that half of the companies are effectively growing and have good capacity to expand, reflected in those that have more than one branch. This undermines the idea that this is a traditional ethnic economy driven by self-employment. In this regard, 12 businesses have one branch (19.7%) and 18 have two or more branches (29.5%). But some businesses do not have any branches at all (51%). Furthermore, the data become even more interesting with two of the relatively larger businesses, as one of them has 42 branches and the other has 16.

The businesses studied do not constitute a subsistence economy involving solely family businesses, emerging from the unemployment of the business owners, but rather the surveyed business owners reported having plans to open a business (37.1%) or quitting their previous jobs and using their savings to set up the business (6%), such that if we turn to Joseph Schumpeter's (1974) categories of owners by need and by opportunity, it could be stated that these businesses arose not so much by need, but rather as a result of advance planning for economic progress, due to the "desire to progress," and not because of unemployment or being fired from a job. In fact, none of the business owners pointed to these latter two reasons as the motive for having opened their own companies. Moreover, most of the businesses studied were founded in times of crisis: 72% of the businesses were between 1 and 10 years old. Of that percentage, 42% of the businesses were between 1 and 5 years old, meaning the latter were founded in the period of economic crisis in the United States, but they have stayed in business, meaning founded between 2008 and 2012.

Commercial chains. There are different levels of business expression in a transnational ethnic economy. The first level is based on individual investment. The second level is when these investments give rise to business associations and become stronger when expressed in multiple branches. The third level translates into commercial chains, implying interrelationships across various business owners, the result of business societies, with business-type network models. Some 10% of the businesses surveyed belong to commercial chains, based on services for modern systems, frequently associated with members of the same family. They are working in the following sectors: furniture, self-financing companies for houses and cars, healthcare services, renewable energy, restaurants, and supermarkets.

Two examples of the aforementioned are the supermarket chain Northgates González, owned by Miguel González, and the restaurant chain Don Chente, belonging to the Ortiz family represented by Vicente Ortiz.³

The business owner Miguel González has a commercial chain of 42 supermarket locations, located throughout several counties in the state of California, including Orange County, San Diego, and Los Angeles. The first supermarket was opened in 1980, the result of a family undertaking, earning just 80 dollars a week. Nowadays, 32 years after the first doors opened, the business has grown, opening one or more branches a year ever since. The González family reports annual sales of 750 million dollars (at year-end 2011) and employs around five thousand employees (Interview, February 2012).

The Ortiz family's chain of Don Chente restaurants includes 11 locations throughout the state of California. The first restaurant was opened midway through the nineteen-nineties, thanks also to family savings and investment, purchased in a single payment for 120,000 dollars. At present, it has annual earnings of 24 million dollars, so Mr. Vicente Ortiz, as the direct owner of three of them, earns approximately 6 million dollars a year. The business employs on average 300 workers distributed across the commercial chain (Interview, February 2012).

Transnational migrants and business processes. Total monthly sales for the majority of business owners averaged between eight and ten thousand dollars (60%). There were also businesses with annual sales of over 200,000 dollars. Of the 61 business owners surveyed, 16 (25%) stood out as "key" business owners thanks to their entrepreneurship in leading their businesses, including level of organization, use of technology, rapid expansion, etc. However, only eight (12.5%) stood out as successful pursuant to having two variables in common setting them apart: high economic sales and the transnational piece. The data resulting from the interviews in these eight cases tell us that some of the immigrant business owners already had some sort of training like human capital, which is reflected in their current activity. A significant number of the interviewees were employees in the broader American market before opening their businesses, which speaks to the professional transition required before opening their own businesses in the ethnic market. Likewise, other interviewees worked in a similar business, which helped them with prior training, confirming what is known as the "school of entrepreneurs." Most of the business owners interviewed underscored that the main reason they decided to open a business was because they had planned it in advance and due to a desire to make economic progress. Below are two of the eight success cases found, both of which reflect aspects that are essential to the rationale for what is being called here the TEE.

Alonso Arellano has established connections with his country of origin, Mexico, through a company located in the municipality of Culiacán, Sinaloa, which manufactures corn chips: Trizalet, S.A. de C.V. He also has connections with other Mexican suppliers coming from the states of Morelos, Zacatecas, Guanajuato, and Mexico City. These connections are gestated and shape a TEE through the way their members are organized. This transnationalism facilitates the participation of immigrants. Just as Beltrán (2008) asserted about the Asians living in Spain who cross ethnic borders introducing new actors from outside the transnational sphere find in their close collaboration a road forward paved with opportunities.

Another clear example is the case of Hilario Navarro, a business owner of a company called Bonanza Farms. He comes from a family in Mexico that has long bought and sold livestock and has its own stables for finishing the livestock. In California he distributes pork from the Mexican states of Sinaloa and Sonora, where he maintains his own relationships. But he also has suppliers from Australia, Canada, and South America. This immigrant businessman is also a leader of Mexican clubs through which he engages in philanthropy. Mr. Navarro uses a sophisticated and modern accounting program, as well as a tracking and monitoring system, and the business has video cameras, computers, and an electronic portal where customers can log in from their cell phones into the business and view information on their orders or even place orders of merchandise, all of which requires a modern enterprise using technology to run optimally.

Immigrants who maintain and develop multiple family, economic, social, organizational, and political relationships in different countries are called transnational migrants (Moctezuma, 2008), which well describes most of the business owners belonging to the ethnic economy studied here. The transnational linkages are manifest in cultural, professional, artistic, and sporting activities, reflected when, for example, the Plaza México Foundation located in the city of Lynwood, made up of Mexican immigrant business owners and supported by myriad immigrant organizations and clubs, does social work, like awarding scholarships, supporting sports, and providing healthcare in several communities that both receive and send Mexican immigrants. All of these actions form a circular logic, representing not only the mere circulation of objects, people, and money, but also the creation, transmission, and shaping of existing practices (Levitt, 2001; Smith, 2006).

CONCLUSIONS

The term Transnational Ethnic Economy is proposed in this paper to describe the economic space researched in this work. The cities of Huntington Park and Lynwood, California are home to "ethnic economies," which originally arose traditionally, that is, as coethnic self-employment, but over time have managed to grow and formalize, employing wage workers, and encompassing individual businesses and companies with branches, supermarket chains, and a large commercial consortium. They boast an extensive network of relationships and services with the general economy and economies in other countries, including when it comes to labor. Unlike the ethnic economy originally defined by Bonacich and Modell (1981) as an ethnic economy of ownership, this economy does not have the limitation of the coethnic ties between employees and employers, and in some cases, even behaves as an ethnically controlled economy (Light and

Gold, 2000), as businesses have owners of different national origins but their employees are Mexican, exercising informal control over the hiring networks for the business and defining, despite not being owners, who will enter to work at the company. Besides not necessarily possessing the common denominator of coethnicity between the bosses and customers, nor do they have it with the suppliers, although sometimes the ethnic enclave does carry this factor, the TEE in this regard is more open, and is shaped by members who, although mainly coethnic, also have customers, employers, and even suppliers who come from different places, reaffirming the transnational aspect that sets it apart.

A little over half of the products sold at this type of business are typically Mexican, highlighting the role of the culture, religion, and sports as elements of consumption that reflect the identity of Mexicans. However, to a lesser degree, they sell products from the broader market, too, demonstrating that it is not only a closed economy, but also an economy serving the general United States market and even abroad, showing the simultaneity of the transnational link through different spaces with which supply networks are maintained.

The earnings, branches, chains, and plans for launching the business all add up to growth dynamics. Nearly half of the business owners have businesses with one or more branches and over half have plans to open future branches or chains or commercial consortiums. Moreover, considering that 92% of the businesses have wage workers and 8% use family self-employment, it can be assumed that these are capitalist enterprises predicated on salaried employment. In the businesses studied, the migrants maintain diverse social relationships that link the societies of origin to the destination societies. Most have built social fields that go beyond geographic, cultural, political, economic, and other borders. All of this activity tangibly and intangibly reflects the movement related to the creation, transmission, and configuration of practices exercised by the communities established on both sides of the border.

Although the results of this analysis are valid only for the specific case described, the observations made and the testimonies collected through this research support the conceptual proposal for the existence of an immigrant business community taking part in shaping a TEE in the zones of high concentration of immigrants of Mexican origin in the United States, like the area studied, which is southern-central Los Angeles, California. Immigrant business owners are authentic promoters of Mexican products, so the recommendation is to continue diving deeper into and furthering studies of this sort, especially in light of the restrictive immigration and economic policies that the new administration led by Donald Trump plans to implement in the short term.

BIBLIOGRAPHY

- Aguilar, R. (2016), *Ingreso de los mexicanos en Estados Unidos*. Available at: <<http://www.animalpolitico.com/blogueros-lo-que-quiso-decir/2016/03/01/ingreso-de-los-mexicanos-en-estados-unidos/>>
- Arjona, A. and Checa, J.C. (2006), "Economía étnica, teoría, conceptos y nuevos avances", *Revista Internacional de Sociología* (RIS), vol. 64, no. 45, Córdoba, Spain, IESA-CSIC, September-December.
- Becker, H. (1956), *Man in Reciprocity*, New York, Praeger. Blalock, H. (1967), *Toward a Theory of Minority Group Relations*, New York, Wiley.
- Bonacich, E. (1973), "A Theory of Middleman Minorities", in *American Sociological Review*, vol. 38, United States, Sage Journals, October.
- Bonacich, E. and Modell, J. (1981), *The Economic Basis of Ethnic Solidarity: Small Business in the Japanese American Community*, Berkeley, University of California Press.
- _____, Cheng, L. Chinchilla, N. Hamilton, N. and Ong, P. (eds.) (1994), *Global Production. The Apparel Industry in the Pacific Rim*, Philadelphia, Temple University Press.
- Borjas, G. (1990), *Friends or Strangers. The Impact of Immigrants on the U.S. Economy*, U.S.A, Ed. Basic Books.
- Estrada, B. (2014), "Desarrollo empresarial inmigrante. La colectividad árabe en Valparaíso, Chile (1900-1940)", *Interciencia*, vol. 39, no. 12, Caracas, Venezuela, Asociación Interciencia, December.
- Immigration Policy Center (2011), *Immigrant Integration is a Two-Way Street*. Available at: <<http://www.immigrationpolicy.org/>>
- Levitt, P. (2001), *Between God, Ethnicity, and Country: An Approach to the Study of Transnational Religion*, United States, University of Oxford.
- Light, I. and Bonacich, E. (1991), *Immigrant Entrepreneurs. Koreans in Los Angeles. 1965-1982*, Berkeley and Los Angeles, University of California Press.
- _____, and Gold, S. (2000), *Ethnic Economies*, San Diego, California, Academic Press.
- Logan, J., Alba, R. and McNulty, T. (1994), "Ethnic Economies in Metropolitan Regions: Miami and Beyond", *Social Forces*, vol. 72, no. 3, U.S.A, University of North Carolina Press, March.
- Min, P. (1996), *Caught in the Middle, Korean Merchants in America's Multiethnic Cities*, Los Angeles, University of California Press.

- Moctezuma, M. (2008), "El migrante colectivo transnacional: senda que avanza y reflexión que se estanca", *Sociológica*, vol. 23, no. 66. Available at: <<http://www.scielo.org.mx/pdf/soc/v23n66/v23n66a5.pdf>>
- _____ (2013), "Retorno de migrantes a México. Su reformulación conceptual", *Papeles de Población*, vol. 19, no. 77, Toluca, Mexico, Universidad Autónoma del Estado de México, July-September.
- Peraza, B. (2005), *Las economías étnicas como generadoras de pequeños empresarios mexicanos: El caso del sur-centro de Los Ángeles*, Masters Thesis in U.S.A and Canada, UAS, Culiacán, Sinaloa.
- _____ (2012), "Pequeños empresarios mexicanos en Los Ángeles, California", in H. Márquez, R. Soto and E. Zayago (coords.), *Visiones del desarrollo*, Mexico, Miguel Ángel Porrúa/UAZ.
- Rajiman, R. and Tienda, M. (2000), "Training Functions of Ethnic Economies: Mexican Entrepreneurs in Chicago", *Sociological Perspectives*, vol. 43, no. 3, Berkeley, California, University of California Press, March.
- Riesco, A. (2008), "¿Repensar la sociología de las economías étnicas? El caso de la empresarialidad inmigrante en Lavapiés", *Migraciones*, no. 24, Madrid, Spain, Universidad Pontificia Comillas, August-December.
- InvertirFOREX (2009), *En ¿qué son los brokers? ¿para qué sirven? y ¿cómo operan?* Available at: <<http://www.invertirforex.com/plataformas-de-operacion/brokers.htm>>
- Rocco, R. (1996), "Latino Los Angeles. Reframing Boundaries/Borders", in Allen J. S. and E.W. Soja (coords.), *The City. Los Angeles and Urban Theory at the End of the Twentieth Century*, United States, University of California Press.
- Sanders, J. and Nee, V. (1987), "Limits of Ethnic Solidarity in the Enclave Economy", *American Sociological Review*, vol. 52, no. 6, United States, Sage publication, December.
- Schumpeter, J. A. (1974), *Capitalism, Socialism and Democracy*, London, United Kingdom, Unwin.
- Smith, R. (2006), *Mexican New York. Transnational Lives of New Immigrants*, Los Angeles, University of California Press.
- Sowell, T. (1996), *Migrations and Cultures: A World View*, New York, Basic Books, a Division of Harper Collins Publishers.
- Stryker, S. (1959), "Social Structure and Prejudice", *Social Problems*, vol. 6, no. 4, United Kingdom, Oxford University Press, September-December.
- U.S. Census Bureau (2002a), *Economic Census. Statistics for Hispanic Owned Firms by Kind of Business and Detailed Hispanic or Latino Origin: 2002*. Available at: <<http://www.census.gov/prod/ec02/sb0200cshisp.pdf>>
- _____ (2002b), *Survey of Business Owners: Hispanic-owned Firms: 2002*. Available at: <<http://www.census.gov/epcd/mwb/ca/CA.html>>
- _____ (2010), *American Factfinder. Community Facts*. Available at: <http://factfinder.census.gov/faces/nav/jsf/pages/community_facts.xhtml>
- Valenzuela, B. (2005), *Etnicidad y riesgo: Empresarios sinaloenses en South Central Los Ángeles*, Doctoral Thesis in Social Sciences, UAS, Culiacán, Sinaloa.
- _____ (2007), *Economías étnicas en metrópolis multiculturales. Empresarialidad sinaloense en el sur de California*, Mexico, Plaza y Valdés.
- _____ (2010), "Características de enclave étnico en los restauranteros sinaloenses de Los Ángeles, California: relaciones patrón-cliente-trabajador", in I. García, E. Montoya and O. Woo (coords.), *Migraciones globales. Población en movimiento, familias y comunidades migrantes*, Mexico, Jorale Editores.
- Valenzuela, B. and Cota, B. (2012), "Los microempresarios mexicanos en Phoenix, Arizona: ¿Quiénes son y a qué se dedican?", in B. Valenzuela and E. Montoya (coords.), *Nuevos senderos, mismo destino. Proceso migratorio the inserción económica de mexicanos en Phoenix, Arizona*, Mexico, Jorale Editores.
- Waldinger, R. Aldrich, H. and Ward, R. (1990), "Opportunities, Group Characteristics, and Strategies", in R. Waldinger, A. Howard and R. Ward (coords.), *Ethnic Entrepreneurs: Immigrant Business in Industrial Societies*, Newbury Park, California, Sage Publications.
- Waldinger, R. (1993), "The Ethnic Enclave Debate Revisited", *International Journal of Urban and Regional Research*, vol. 17, no. 3, Germany, Wiley- Blackwell, September.
- Zúñiga, V. and Hernández-León, R. (2006), "El nuevo mapa de la migración mexicana en Estados Unidos: el paradigma de la Escuela de Chicago y los dilemas contemporáneos en la sociedad estadounidense", *Estudios Sociológicos*, vol. 24, no. 70, Mexico, El Colegio de México, January-April.

¹ Autonomous University of Sinaloa, Mexico. E-mail addresses: bperaza@uas.edu.mx and blasvc@uas.edu.mx, respectively.

² This is an Anglo-Saxon term to define the person, individual or company, acting as an intermediary in any market via economic transactions of buying and selling, in this way executing the orders of their customers (InvertirFOREX, 2009).

³ In-depth details from the interviews conducted with Miguel González and Vicente Ortiz can be found in the full version of the research (Peraza, 2012).

Published in Mexico, 2012-2017 © D.R. Universidad Nacional Autónoma de México (UNAM).

PROBLEMAS DEL DESARROLLO. REVISTA LATINOAMERICANA DE ECONOMÍA, Volume 49, Number 192, January-March is a quarterly publication by the Universidad Nacional Autónoma de México, Ciudad Universitaria, Coyoacán, CP 04510, México, D.F. by Instituto de Investigaciones Económicas, Circuito Mario de la Cueva, Ciudad Universitaria, Coyoacán, CP 04510, México, D.F. Tel (52 55) 56 23 01 05 and (52 55) 56 24 23 39, fax (52 55) 56 23 00 97, www.probdes.iiec.unam.mx, revprode@unam.mx. Journal Editor: Alicia Girón González. Reservation of rights to exclusive use of the title: 04-2012-070613560300-203, ISSN: pending. Person responsible for the latest update of this issue: Minerva García, Circuito Maestro Mario de la Cueva s/n, Ciudad Universitaria, Coyoacán, CP 04510, México D.F., latest update: Feb 23th, 2018.

The opinions expressed by authors do not necessarily reflect those of the editor of the publication.

Permission to reproduce all or part of the published texts is granted provided the source is cited in full including the web address.

[Credits](#) | [Contact](#)

The online journal *Problemas del Desarrollo. Revista Latinoamericana de Economía* corresponds to the printed edition of the same title with ISSN 0301-7036