
Latino Immigration, Social Capital and Entrepreneurship

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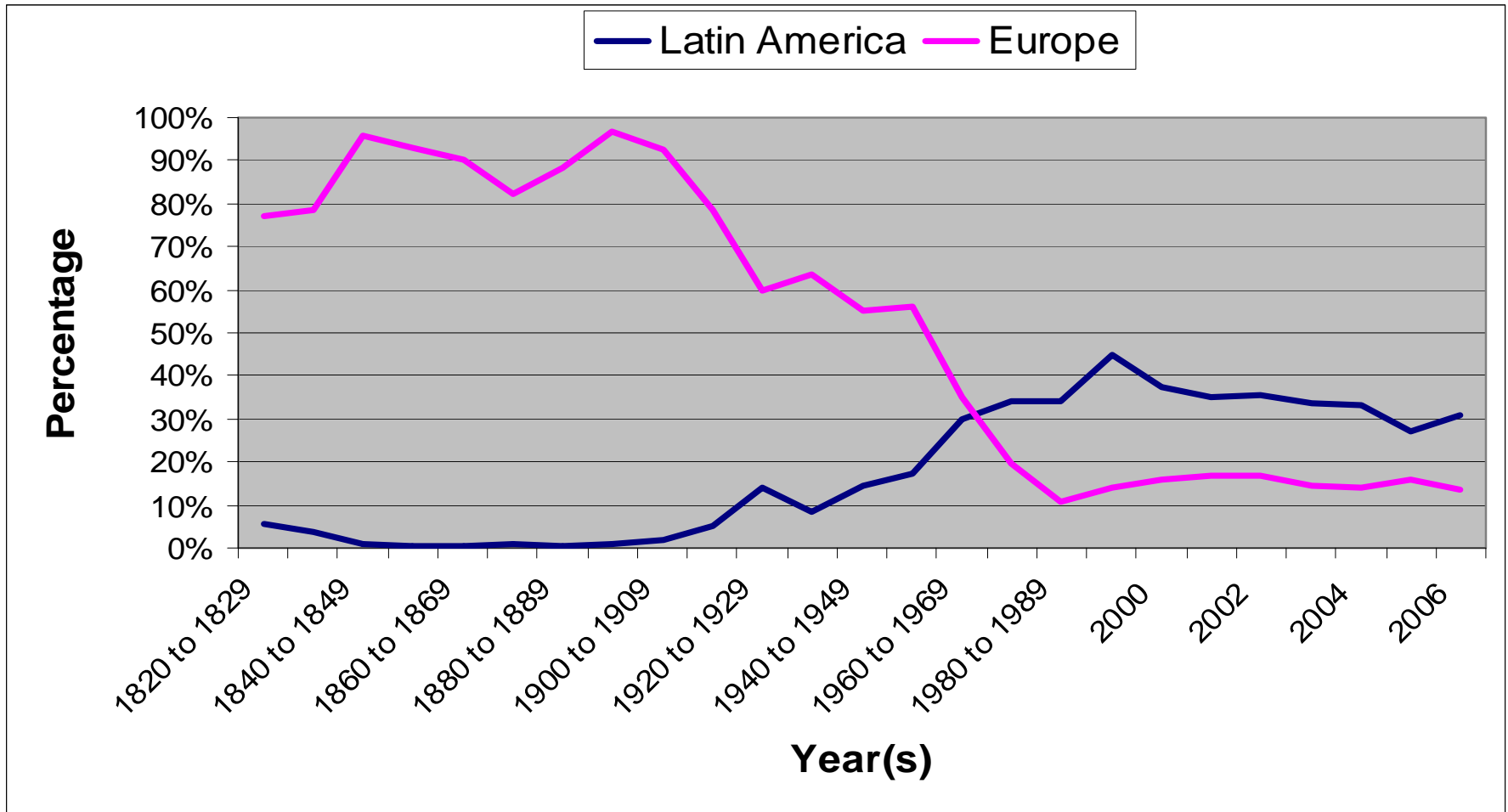
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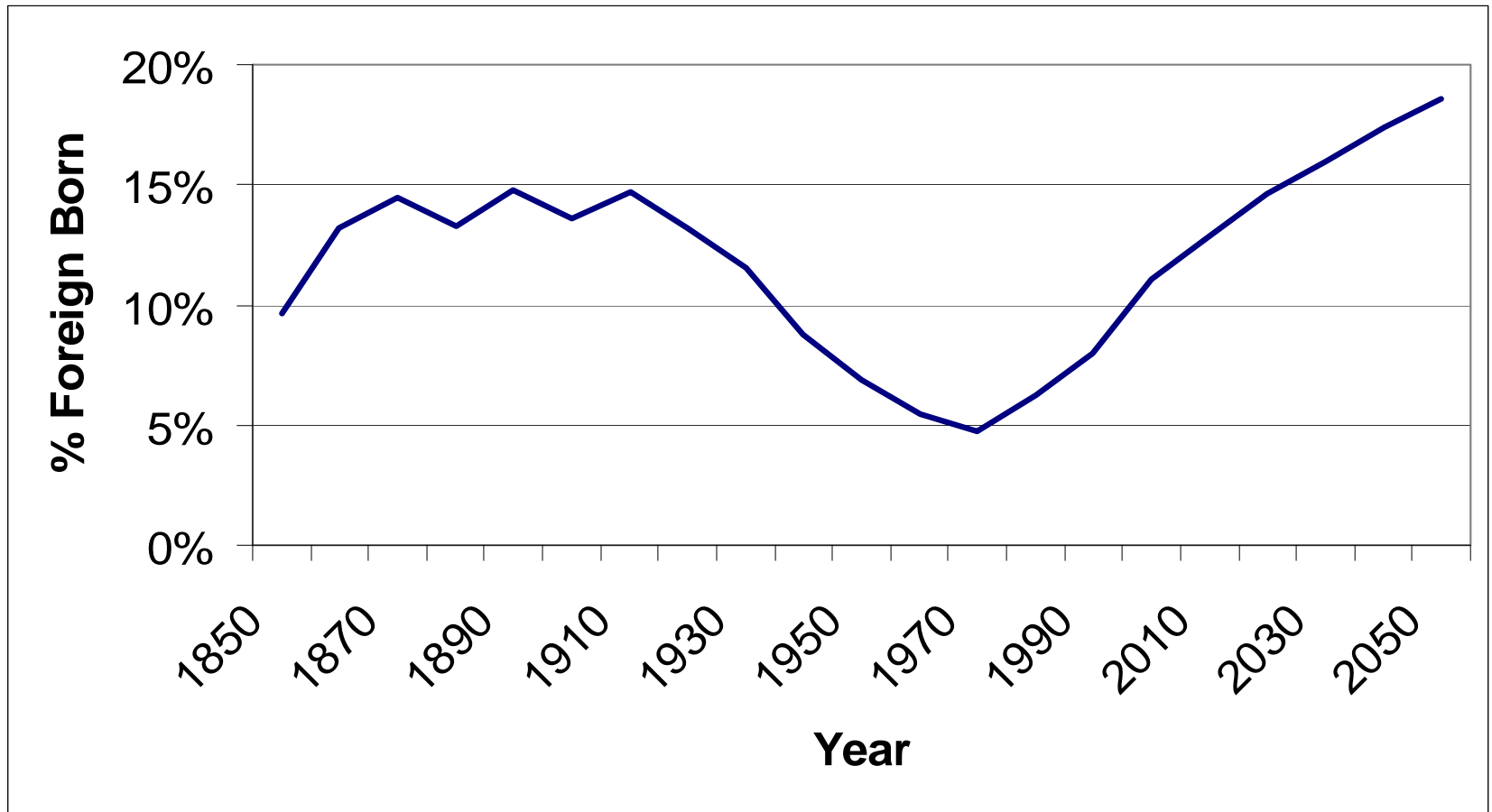
Overview

- Latino immigration to the Upper-Midwest
 - Social capital theory
 - Relationship between social capital and immigrant entrepreneurship
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Latino and European Immigrants Admitted to the U.S., 1820-2006

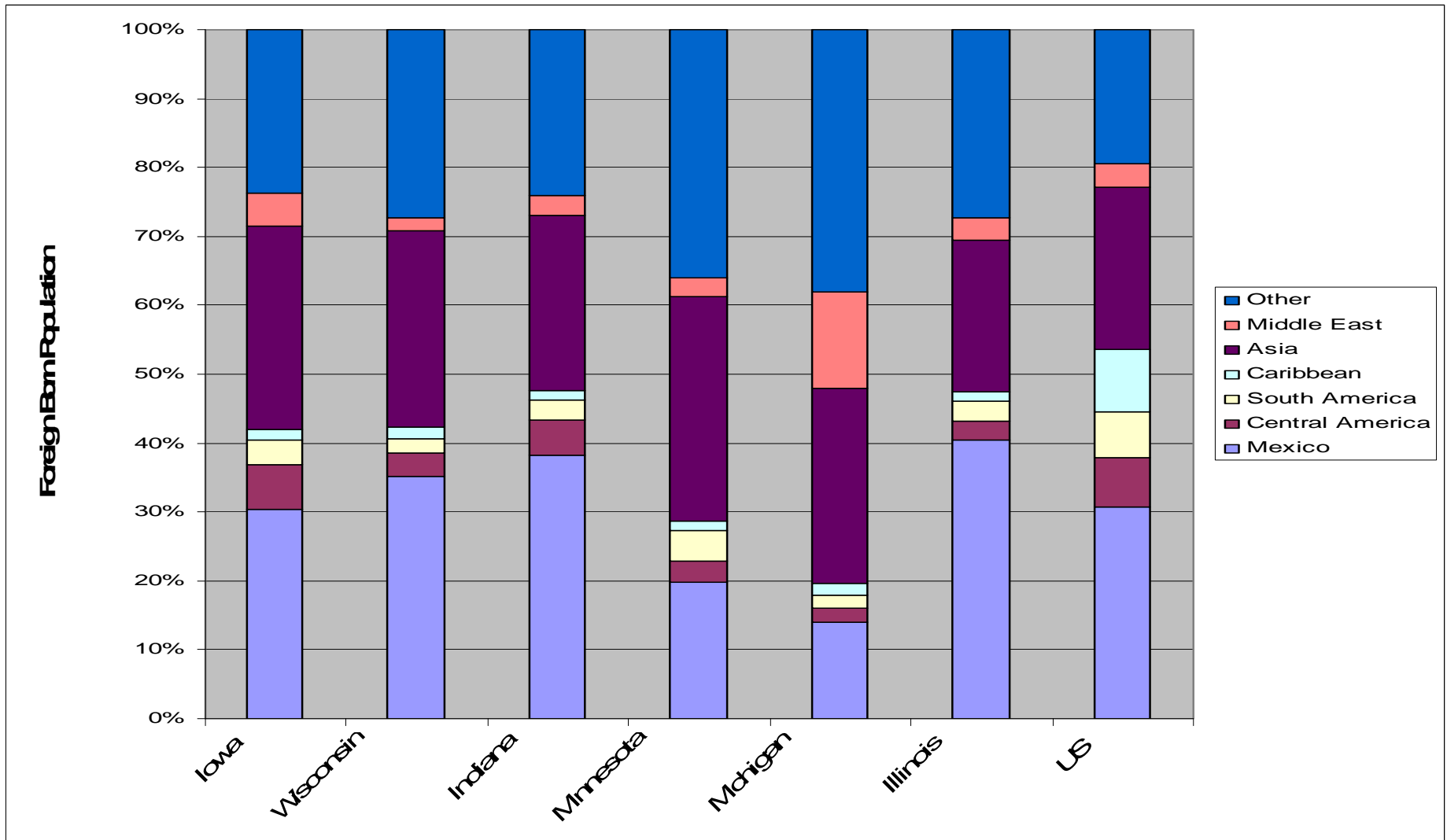


Proportion of Foreign Born in U.S. Population, 1850-2050 (Projected)



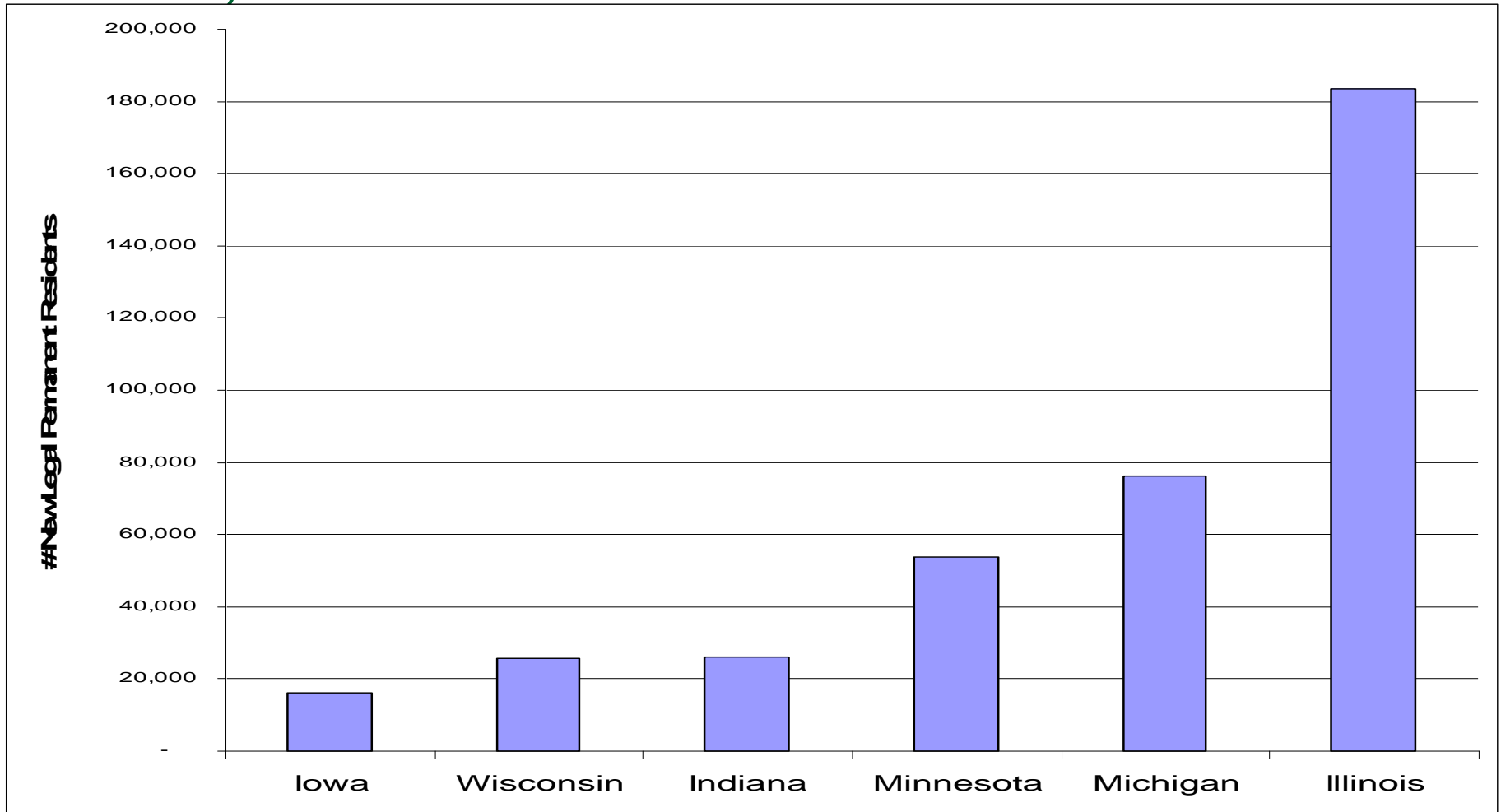
Source: Pew Hispanic Center, 2008

Foreign Born in the Midwest, by Region of Origin (2006)



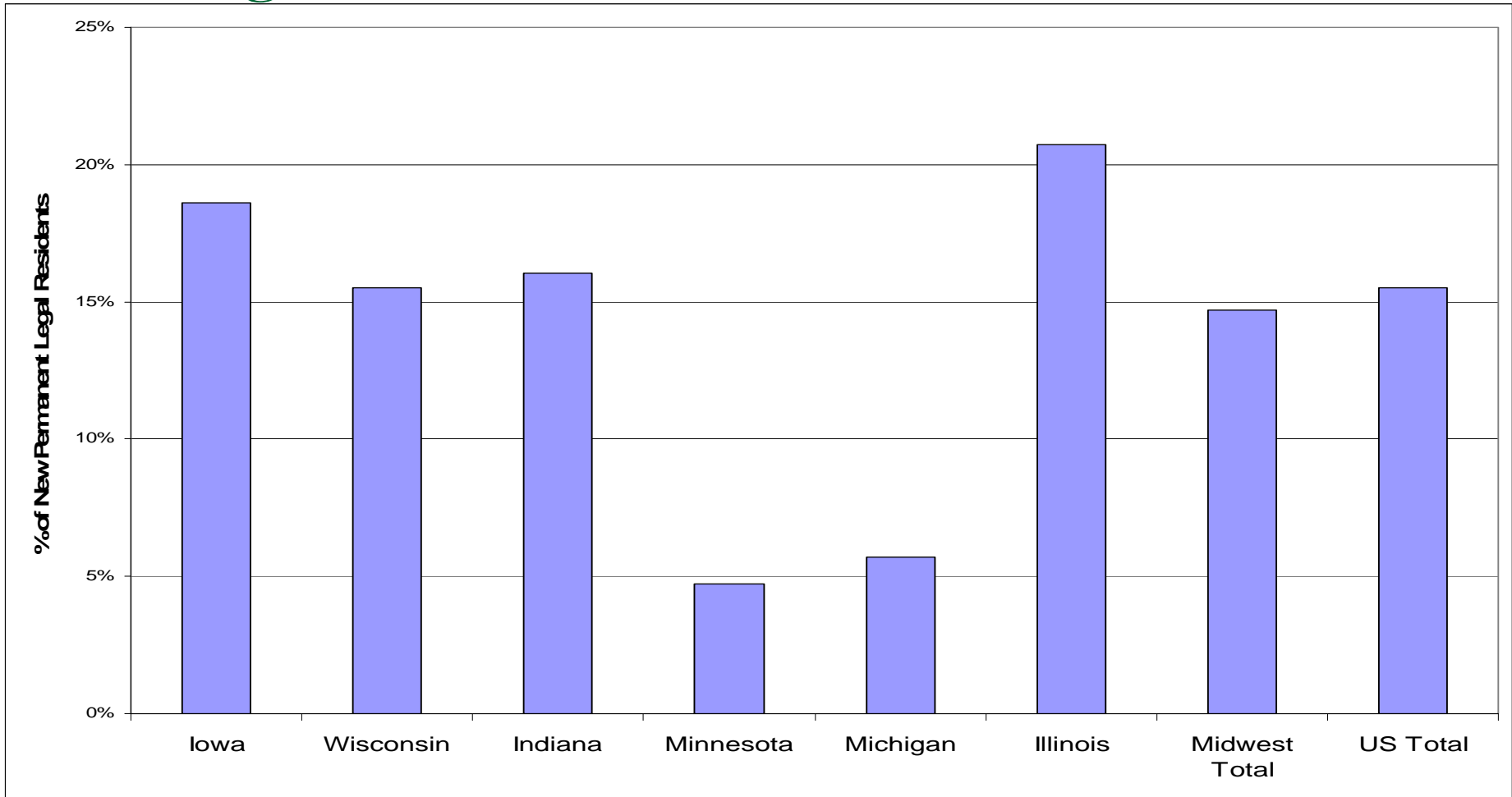
Source: Pew Hispanic Center, 2007

Recent Immigration to the Midwest (2003-2006)



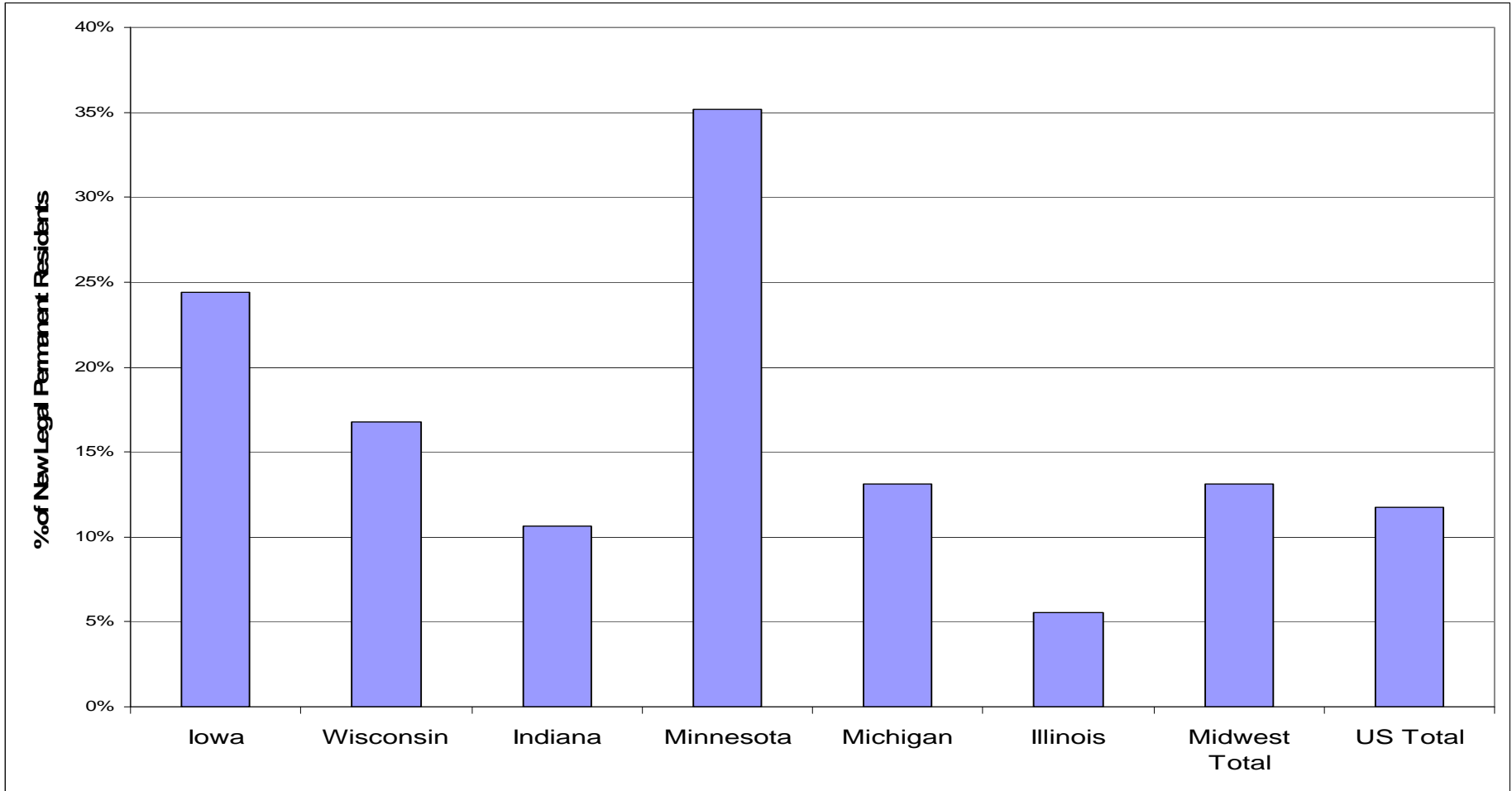
Source: Department of Homeland Security, 2007

Proportion of Mexicans Among Recent Immigrants, 2003-2006



Source: Department of Homeland Security, 2007

Proportion of Refugees Among Recent Immigrants, 2003-2006



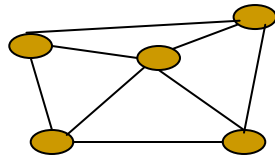
Source: Department of Homeland Security, 2007

Defining Social Capital

- Ability of individuals to access benefits and resources because of their membership in social networks
 - Three aspects to social capital
 1. Claimant
 2. Those who provide access to resources
 3. Resources
 - Examples
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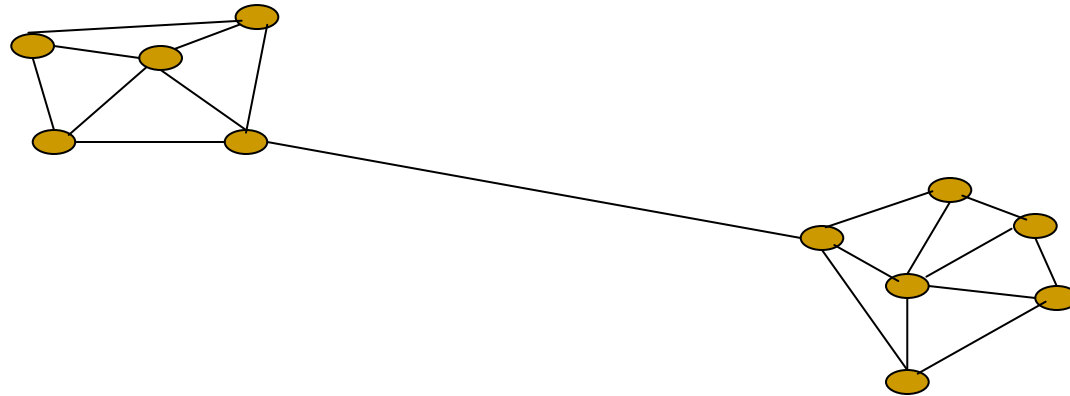
Different Types of Social Capital

- Bonding social capital
 - Strong social ties
 - “Getting by”



Different Types of Social Capital

- Bridging social capital
 - Weak social ties
 - “Getting ahead”



Embeddedness and Economic Markets

- Economic actions (exchange) are enabled and constrained by social relationships (Granovetter 1985, Polanyi 1944)
 - Trust
 - Reputational concerns
 - Social dimensions of business relationships
 - Benefits and costs
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Immigrant Entrepreneurship

- Why immigrant entrepreneurship?
 - Labor market disadvantage (Reitz 1980)
 - Class and ethnic resources (Light 1984)
 - Comparative advantage (Wilson & Portes 1980)
 - Cultural predisposition (Light 1984)
 - Relationship between immigrant networks and entrepreneurship (saturation) (Light 1984)
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When Does Ethnic Entrepreneurship Thrive (Aldrich & Waldinger 1990)?

1. Underserved/abandoned markets
 2. Markets with low economies of scale
 3. Markets with unstable/unpredictable demand
 4. Markets for exotic goods
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Supporting Immigrant Entrepreneurship

- Creating strong *internal* institutions (e.g., Latino Chamber of Commerce)
 - “Decoupling” immigrant entrepreneurs from their embedded social relationships
 - Expanding the sophistication of business practices
 - Diversifying products/services offered
 - Increasing the size and diversity of potential demand for products/services
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