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Developing Entrepreneurship Programs to Assist New Destination Latino Immigrants

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Abstract

As part of an integrated research and outreach program designed to better understand and to ultimately assist Latino entrepreneurs to establish businesses in Arkansas, educational materials and a pilot training program were developed. The results showed a renewed interest in business start-ups and expansions. Additionally, the pilot training created linkages between Latino entrepreneurs, community members, and business leaders, and also created a greater awareness of Latino concerns. Over the past two decades, many areas of the U.S. have experienced substantial in-migration of Latinos from Mexico and Meso-America. As the Latino populations have expanded, these migrants' participation in business creation has also expanded. However, a study of Latino business owners identified language and cultural barriers to establishing businesses, which are in addition to more typical barriers confronting entrepreneurs. These barriers were often found to be unique to the community in which the entrepreneurs resided. The educational materials combined existing entrepreneurship training resources with locally focused information to address the unique concerns of Latino entrepreneurs in Arkansas.

The pilot training program was conducted in two rural communities with substantial Latino populations. The topics covered in the workshops were those identified as most important by Latino entrepreneurs. This paper and presentation will explain the process for developing the educational materials and pilot training, describe the educational materials created for the target audience, and present the findings and key components of a successful outreach effort to Latino entrepreneurs.

Keywords: immigrant entrepreneurship, Latino businesses, business ownership

Introduction

It is well documented that Latinos have migrated to “new destination” states, including Arkansas, and that they have contributed to the local and state economies in which they reside (Farmer & Moon, 2009; Appold, 2013). From 2007 to 2010, the foreign-born population in Arkansas increased 11 percent compared to only 5 percent nationally (Capps, 2013). While immigrants’ contribution to the Arkansas economy as labor is well known, their role as entrepreneurs is also important.

Entrepreneurship among long-term residents and immigrants alike provides advantages at the community level that are widespread and varied. Empirical studies consistently show that entrepreneurship positively impacts regional growth through job development, expanded economic activity, and community revitalization projects (Low, 2005; Flota, 2001). Additionally, there is recent evidence that increases in self-employment accompany decreases in county-level poverty rates in nonmetropolitan counties (Rupasingha & Goetz, 2013). The centrality of local entrepreneurs in the creation of employment opportunities rather than “smoke-stack chasing” has been well documented (Dabson, Malkin, Matthews, Pate, & Stickle, 2003). This is especially evident in rural Arkansas which has experienced the downsizing and closing of large-scale and smaller manufacturing facilities alike. From 2000 to 2010, 47 of Arkansas’ 75 counties experienced a net loss of jobs, primarily due to the loss of manufacturing employment (Farmer et al., 2013).

As a realization of this potential, an integrated research and outreach program was designed to better understand and to ultimately assist Latino immigrant entrepreneurs establish businesses in Arkansas. In this paper, we explain the process for developing the educational materials and pilot training created for Latino immigrant entrepreneurs and we present the findings and key components of a successful outreach effort to this target audience.

This project, “*Entrepreneurial development targeting rural Hispanic immigrants: A collaborative research and extension effort,*” was funded

to identify the barriers and constraints that Latino entrepreneurs faced in Arkansas. Based on these research findings, an outreach program was designed to develop resource materials and a pilot training program to address their needs. Drawing from the classical Land Grant model of an integrated research and education approach, the current effort focused on 59 local communities in 26 counties. It engaged local community leaders and local Extension personnel in both the development and implementation of the research and outreach programs.

An essential component of gaining access to, and obtaining information from, the entrepreneurs was the interviewer and the affiliation with a respected organization, in this case the Division of Agriculture at the University of Arkansas. Thus, a key element in the success of the effort was having a team member who spoke the language and understood the culture and different cultural nuances among diverse Latino populations. It is clear that without such a team member, access to many of the entrepreneurs would have been more limited and subsequent information less complete.

Identifying Latino Immigrant Entrepreneurs’ Needs

There is no lack of programs throughout the U. S. that are designed to encourage and support entrepreneurs. However, there is a dearth of programs that are tailored to specific needs and nuances of recent immigrants with entrepreneurial inclinations. Given the recent dramatic increase in Latino immigrants to Arkansas (and other rural areas of the United States), this program was conceived to identify entrepreneurial training needs and barriers to entrepreneurship in the Latino immigrant community. The needs assessment included a survey that was administered to Latin American immigrant entrepreneurs from the 59 communities in western Arkansas. Participants completed a total of 171 surveys representing more than 200 businesses.

To guide the project in the development of programs and resources to assist entrepreneurs, the survey focused on barriers business owners encoun-

tered in the process of establishing their businesses in the local community. Survey findings indicate the top five barriers to Latino immigrant entrepreneurship to be:

- Insufficient start-up capital
- Difficulty in understanding local and state regulations and taxes
- Advertising
- Finding a location
- Obtaining licenses and permits

Given that a key component of the overall project was to develop an outreach program to provide tailored training in entrepreneurship, the survey also asked respondents to describe what information would have helped them start their businesses. Participants reported that the following information would have been helpful in the business start-up process:

- Understanding licensing and/or business regulations
- Assistance in the development of a business plan
- Management training
- Information concerning the loan application process
- Language classes or interpretation assistance

Although many of the barriers identified in the current effort are similar to those of entrepreneurs in general, the Latino immigrant respondents indicated a greater need for assistance in understanding the regulatory processes and requirements and perhaps most importantly, where to go to obtain this information. They must also learn about the institutions, requirements and procedures, as they are sometimes vastly different in their country of origin.

Identifying and Developing Resource Materials

Once the barriers and training needs were identified, the next step was to identify existing resources that could be marshaled to develop a pilot training program targeted to the needs of Latino entrepre-

neurs in Arkansas. The materials identified as appropriate were published as “A Resource Guide to Latino Entrepreneurship Training Materials” (Abreo et al., 2011a).

These materials left some gaps and were not tailored to address all the specific needs of Latino entrepreneurs in different communities. Further, some resource materials, while directly relevant, were not accessible to those fluent only in Spanish. Therefore, additional resource/training materials were developed to address the specific needs of Latino entrepreneurs in Arkansas. In addition to the resource guide mentioned above, these materials include:

- A Latino Immigrant’s Guide to Starting a Business in Arkansas: A Handbook for Entrepreneurs – English & Spanish Editions (Abreo et al., 2011b, 2011c)
- Business Owner’s Record Portfolio: A Handbook for Entrepreneurs (Abreo et al., 2011d)
- Checklist of Licensing a New Business (town/county specific)

While some of these materials may be appropriate for generic Latino entrepreneur audiences, others such as the “Checklist” are specific to the town and county of the entrepreneur. This tailoring of materials was necessitated because of differences in the licenses required, including the order and location in which they could be obtained among towns and counties in Arkansas. Therefore, it is not surprising that Latino entrepreneurs were often confused as to what licenses were required and where they could get them. Study participants often stated they wanted “a piece of paper” that lists the licenses and permits that were required and where to go to obtain them. To address this concern, separate checklists that included license and licensing agency information were developed for 26 counties and 16 towns in the study area.

Once the resource materials were developed, the research team conducted entrepreneurial training workshops in two of the communities in the study area. The communities were selected based upon:

- Business owners' interest in receiving entrepreneurial training
- Community level support for emerging entrepreneurial endeavors
- Institutional support for hosting the workshops.

During the workshop registration process, Latino entrepreneurs were asked to identify priority topics that they wanted addressed in a training program. Each of the identified Latino-owned businesses in the selected community was visited by the workshop trainer and personally invited to participate in the training sessions. This individual contact allowed business owners to meet the trainer before the workshops and ask questions about the registration and training process. Registration forms were distributed during this initial encounter and were collected a week later.

Based on participant responses, a Spanish language pilot training program was developed to address their priority training needs in three areas: a) business organization; b) how to write a business plan, and opening and marketing; and c) accounting and cash flow. Each topic was addressed in a two-hour evening workshop, over a period of three weeks.

The workshop objective was to provide participants with information they could use to either start new businesses or improve and grow their existing businesses. Our experience suggests there are several factors that are critical to meeting this objective. They are:

- Have participants identify priority topics to be addressed in the workshop,
- Provide personal invitations and repeated contact before workshops by a respected colleague,
- Conduct the training in Spanish, and
- Provide the opportunity for and encourage interaction with local government officials.

Providing participants the opportunity to identify the workshop topics allowed buy-in to the process and showed that the trainers were concerned about their specific needs. Given the fact that the

needs also varied from community to community, it was essential that the final training components be developed *after* the potential participants identified topical areas in which information and assistance were needed. This can be done by listing possible workshop topics on the registration form. This experience also pointed to the importance of providing a personal invitation with follow-up telephone calls in obtaining commitment and ensuring workshop participation. Many of the participants indicated they would not have attended if the workshop was conducted in English.

A critical component of the workshops was for local government officials to meet, greet, and interact with the Latino entrepreneurs. This face-to-face interaction improved understanding by local officials of the issues and concerns faced by Latino entrepreneurs. It also provided the Latino participants with assurance that local officials wanted to assist and support their efforts. The Small Business Technology Development Center's participation in one of the pilot workshops led to a greater awareness, understanding, and utilization of the services offered to Latino entrepreneurs. This is the first step in building a sustained and mutually beneficial relationship between the two groups.

Participant Feedback

Two pilot workshops were conducted to address the information needs of Latino entrepreneurs and to obtain feedback to enable revisions of materials and workshop design to better address their needs. While the resource materials and workshop sessions were well received, many participants expressed a desire for more workshops to expand on the topics addressed, and they identified additional topics for future workshops. They also expressed appreciation for their improved awareness of the Small Business Technology Development Center's services, for getting to meet local government officials, and for learning more about how they could access and participate in Cooperative Extension Service's programs.

Lessons Learned

This study reinforces the idea that resource materials and training programs provided for Latino entrepreneurs need to be driven by locality-specific barriers and information needs. One size does not fit all. Taking the time to identify the concerns and needs of local entrepreneurs, and in turn providing training and resources tailored to address these needs, can greatly increase the effectiveness of outreach programs.

Also critical for an effective research and outreach program for a new immigrant audience are personnel who speak the language, understand the nuances of the culture, and are able to gain the confidence of the target audience. These professionals are essential to obtain reliable information from a new immigrant audience to develop effective outreach programs. Also, these professionals can modify existing materials or develop new resource and training materials that are nuanced for the new immigrants.

Another component to an effective outreach program is to foster relationships between the new immigrant community and local officials and key individuals in organizations that can provide support and assistance. Fostering these relationships can accelerate the integration of the new immigrants into the community and enhance the benefits the community receives from the immigrants.

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