

the **informal economy**

**Latino Enterprises
at the Margins**

ELAINE L. EDGCOMB

MARIA MEDRANO ARMINGTON

SEPTEMBER 2003



FIELD

Microenterprise Fund for Innovation,
Effectiveness, Learning and Dissemination

This publication was made possible by a grant from the Charles Stewart Mott Foundation.

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Printed in the United States of America
ISBN: 0-89843-383-5

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Acknowledgments

There are many people to thank for their assistance in completing this study. First and foremost, heartfelt appreciation is extended to Jack Litzenberg, Senior Program Officer for the Charles Stewart Mott Foundation, who generated the vision that has guided this work and all the components of the informal economy research project. Jack was the first to raise the question of whether informal microentrepreneurs might be an important market for enterprise development services, and if so, what policies and practices would facilitate their engagement with programs, and more importantly, their own business success.

Secondly, there are a number of individuals and institutions that introduced the project to their constituencies or that made key referrals on behalf of the researchers. Among them were Father John Gordon, Parroquia de la Asunción; Norris Perez of the Puerto Rican Association for Human Development; Alan Goldsmith, Jewish Renaissance; and Gerarda Mast, Perth Amboy School District, Perth Amboy; Father Jessie Carrel, Our Lady of Fatima; Father Raymond Macarino, Our Lady of Mount Carmel; Sister Avela Benoit, San Juan Bautista; Joanna Grace-Dreby, Unidad Cultural; and the staff of the Puerto Rican Action Board, all of New Brunswick; Father John Peter Nyaga, St. John Church, and Alice B. Sancho, Salvation Army, Bound Brook; Tania Tapia, Division of Family and Children Services, Highland Park; John Dunning and Maria Mora, Middlesex County Community College, New Jersey. Special thanks also to Jordan Pollinger and other staff members of ACCION New York for their efforts in recruiting respondents among their microloan recipients.

Our gratitude also goes to Daniel Santo Pietro and Ana Rivera of the Hispanic Directors Association of New Jersey for their interest in and support of the research. Other individuals who provided contacts and context included: Isabel Nazario, Office for Intercultural Initiatives and Sandra R. Castro, Center for Latino Arts and Culture, Rutgers University; Mary Garces; Gelasia Marquez; Giselle Esquivel-Cordero, Fordham University; Rebecca Radillo, Methodist Hispanic Ministries, Elizabeth; Diane Zimmerman, Center for Migration Studies; and Mark Miller, University of Delaware.

The New Brunswick, Perth Amboy and Bound Brook Public Libraries offered safe and comfortable places for the interviews. The staff of the Perth Amboy Library, especially Edwin Olavarria and Jessica Zulin, was particularly helpful in facilitating the researchers' regular comings and goings, often serving as welcoming receptionists for arriving entrepreneurs. We appreciate their hospitality. Thanks also to the Metuchen Public Library for special research support.

We are grateful for the collaboration we have had with the staff of the Institute for Social and Economic Development on this research project, and particularly the exchange and support of Jan Losby. We have followed in their footsteps and benefited immeasurably from their experience.

Thanks also to Erika Malm and Emma Jacobson-Sive, staff and consultant to the FIELD program, who organized the interviews and managed many other administrative aspects associated with the research. We also acknowledge the support of our communications team at Aspen, including Carol Rugg for her comments and guidance in the creation of this document, Colleen Cunningham and Greg Landrigan for their help in the production of the text, and Jackie Orwick for managing the electronic dissemination of all information on the informal economy research project.

Finally, we extend our sincerest appreciation to the 38 individuals who agreed to participate in these interviews and share their experiences with us. It is not easy to step out of the shadows and tell one's personal story to strangers. We were deeply moved by their willingness to tell us about their work histories and personal struggles for economic survival and advancement. While they may not be doing things "by the book" in every sense, their willingness to work hard, take risks and aspire to a better future are evidence that they hold, as do all entrepreneurs, the American Dream in their hearts.

Elaine L. Edgcomb
Maria Medrano Armington

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Executive Summary

This study summarizes and reflects on the experiences and perceptions of 38 informal, Latino businesspeople — both documented and undocumented — who live and work in central New Jersey and New York. The work is financed by the Charles Stewart Mott Foundation, a sustained funder and observer of microenterprise initiatives in this country, and is part of a broad inquiry into the place of microenterprise in the U.S. informal economy. Overall, the research is designed to answer the following questions:

- What is the nature and scale of the informal economy in the United States?
- How do microenterprises operate within the informal economy?
- What are the implications for practice? Could informal entrepreneurs be potential clients for microenterprise services? And, if so, what would be required to help them grow their businesses?
- What are the implications for policy? Are there specific governmental policies and/or regulations that might be changed to facilitate informal entrepreneurs' growth and ultimate movement toward the formal economy?

Complementing this study is a literature review prepared by staff of the Institute for Social and Economic Development (ISED) and The Aspen Institute's FIELD program, and a study of African American participation in the informal economy, also prepared by ISED.

For the purpose of this study, the informal economy is defined as that component of the overall market in which enterprises, employers and self-employed individuals engage in legal but unregulated activities. While they do not comply with standard business practices, taxation regulations and/or other business reporting requirements, they are otherwise not engaged in overtly criminal activity. It includes both employed and self-employed workers; cash is the most common medium of exchange; and inferior work conditions are commonplace for workers.

Interviews were conducted with Latino informal entrepreneurs in central New Jersey and New York. Thirty-three had no contact with any microenterprise services; five received loans from ACCION New York. The sample is roughly divided between men and women (42 percent and 58 percent, respectively), and between documented and undocumented individuals (52 percent and 48 percent). Thirty-seven percent have been in the United States less than three years, while another 34 percent are long-term residents, having been here 10 years or longer. Seventy-three percent report average monthly household incomes of \$1,999 or less, and there are only small differences between the incomes reported by the undocumented and documented. The average monthly household income is \$1,607 and the median is \$1,057 for the total group.

The respondents are engaged in a wide range of small-scale income-generating activities, with many of them engaged in more than one. Within the group of 38 individuals, there are 51 total businesses, of which a majority (72 percent) are part time. Many of the documented entrepreneurs patch these enterprises with a

primary wage job. The undocumented reported engaging in more enterprises and in contingent work. None have steady employment, but recur to employment agencies for factory work as needed or as available. On average, self-employment represents 35 percent of household income (the median was 28 percent). In most instances, the businesses are very small-scale, low revenue generating operations. The median monthly earnings for all the businesses is about \$570 a month; the average is \$792.

Undocumented entrepreneurs engage in informal economic activities to generate an income, and while doing so, reduce their need for and dependence on factory work. The activities in which these entrepreneurs engage can be clustered into three categories based on the markets that the entrepreneurs serve. There are those directed to the ethnic niche in which they participate, supporting other factory-employed Latinos (home-based food preparation, child care and van services); those that are on the edge of mainstream markets (providing child care and selling products to more established Latinos) and those that focus on mainstream markets (cleaning and home repair/improvement businesses).

Many of the documented entrepreneurs engage in steady patching of formal employment and informal business. Five (25 percent of the group) depend solely on their enterprises for their livelihood. More than anything, economic necessity drives these individuals into sideline or full-time businesses. A number of the female respondents are in minimum-wage jobs, most without any benefits, and with little or no opportunity for advancement. Four of the men emphasized that it was the lack of any employment options that drove them into the informal economy, and they pointed to the decreasing availability of factory work across the metropolitan region due to downsizings, plant closings and relocations. Medical necessity and joy in their craft are other motivators for engaging in informal work. Only a very few mentioned that these activities provided greater economic return than they could get through formal employment. Included among their enterprises are those that, because of their product line or owner preferences, are truly “sidelines with nowhere to go” (sewing and crafts businesses, specialty food producers and a car wash), and other “dynamic” businesses with the prospect of growth (auto repair and disc jockey).

The five entrepreneurs who had received microloans were similar in many respects to those who had not received microenterprise services. One clear difference between this group and the others in this sample is that they engage in buy-sell activities. A second difference was their experience and savvy in using credit. Their stories suggest how microloan programs might effectively work with informal enterprises — gently suggesting ways of moving forward toward formalization, while at the same time, offering small-scale financing to increase business volume to the point where formalization makes sense to the entrepreneurs themselves.

These entrepreneurs express a range of attitudes toward formalizing their businesses. A number of the undocumented respondents think that formalization, if allowed, would benefit them. Several of them have taken steps to “formalize” aspects of their businesses through legal incorporation to protect their cars, one of their most important business and personal assets. Other respondents dream of a formal business, but have not taken steps to investigate what it would take to make

this a reality. Still others have taken some specific steps to test the feasibility of going formal, but they see many barriers in the way. Mostly, they fear the loss of their market, due to the higher prices they would have to charge if they needed to pay taxes on their earnings. Others fear that formalization would require substantial financial investments. For all of them, the gap between where they are and where they would need to be looms very large indeed.

The research has implications for both policy and practice. Steps toward regularization of the status of undocumented workers, even if full residency is not granted, would have immediate benefits in opening up services to these individuals and increasing their opportunities to secure customers. Finding ways to create simpler and incremental paths to formalization than currently exist would encourage some of the documented to formalize and grow.

While many informal entrepreneurs are content with their businesses as they are, others would be potential markets for a set of microenterprise services if policies were designed to welcome them and specific marketing initiatives were implemented. This study underscores that there remain many markets that have not been touched yet by microenterprise services. Potential services include enterprise, housing and educational loans and a range of industry-specific services. Informal microentrepreneurs could also benefit from assistance in assessing the pros and cons of formalization and developing “risk mitigation” procedures to support their transition toward formalization. Training and guidance on incorporation processes, licenses and permits would be helpful, as would some form of expediter services — facilitating the actual steps involved in fulfilling legal and registration requirements. While these entrepreneurs don’t articulate a need for business management training in general, assistance with special issues, such as pricing, could be attractive and introduce them to ways of looking at their businesses that they have not previously considered.

Introduction

This study presents a look at Latino microentrepreneurs operating in the informal economy. As part of an ongoing research effort aimed at better understanding informal work in the United States and its implications for both policy and practice, this study summarizes and reflects on the experiences and perceptions of 38 informal businesspeople — both documented and undocumented — who live and work in central New Jersey and New York.

The work is financed by the Charles Stewart Mott Foundation, a sustained funder and observer of microenterprise initiatives in this country. While the U.S. field has grown enormously over the last 15 years, both in numbers of programs and numbers of individuals served, there still remains a large gap between the estimated size of the market and the documented reach of microenterprise program services. The *2002 Directory of U.S. Microenterprise Programs*,¹ for example, lists 650 programs located in all 50 states, the District of Columbia, the Mariana Islands and Puerto Rico, of which 554 provide loans, training or technical assistance directly to microentrepreneurs. The approximately 300 organizations that provided detailed data reported serving 100,000 individuals in 2000. Based on estimates of the likely reach of those programs on which detailed data could not be obtained directly, the field may actually have reached between 150,000 and 170,000 individuals that year.²

At the same time, research has documented the presence of much greater numbers of low- to moderate-income microentrepreneurs, many of whom practitioners believe are hampered in their efforts to build strong businesses by a lack of capital, technical assistance, training, networks and other resources commonly available to other businesses. ACCION USA-commissioned research, for example, has estimated 13.1 million microentrepreneurs in the U.S. (defined as either someone who is self-employed or a business owner with five or fewer employees), of whom 10.8 million have never received a bank loan for their businesses.³ Estimates made by Aspen Institute staff, drawing on U.S. Department of Commerce survey data and other sources, indicate as many as 2.3 million of these entrepreneurs are low-

¹Britton A. Walker and Amy Kays Blair, *2002 Directory of U.S. Microenterprise Programs* (Washington, D.C.: The Aspen Institute/FIELD, 2002).

²The estimates use MicroTest data as a proxy. MicroTest is FIELD's performance data collection project that annually aggregates and analyzes data from programs across the U.S. (53 in 2001; 73 in 2002). The lower estimate is based on using the median number of clients (205) served by these programs in FY 2000; the higher number is based on the median number of participants (273) for these same programs. Participants are defined as any individuals receiving any level of service from a program during a given year; clients are those who receive more substantial services: a loan or more than 10 hours of training, technical assistance or other services during the fiscal year.

³ACCION USA, *Executive Summary: The Microlending Market in the U.S.* (October, 1999).

income.⁴ These research findings have led the Mott Foundation to question whether the gap is due not only to a lack of resources or a lack of institutional capacity, but also to a mis-match between the services offered by microenterprise programs and the needs and circumstances of many of these entrepreneurs. Hypothesizing that a large portion of them may operate in the informal economy and under assumptions distinct from those of many program operators, the Foundation has initiated a broad inquiry into the subject, of which this study is a part. Overall, the research is designed to answer the following questions:

- What is the nature and scale of the informal economy in the United States?
- How do microenterprises operate within the informal economy?
- What are the implications for practice? Could informal entrepreneurs be potential clients for microenterprise services? And, if so, what would be required to help them grow their businesses?
- What are the implications for policy? Are there specific governmental policies and/or regulations that might be changed to facilitate informal entrepreneurs' growth and ultimate movement toward the formal economy?

To answer these questions, the Foundation has commissioned both FIELD at The Aspen Institute and the Institute for Social and Economic Development to undertake a number of research activities. These include:

- The completion of a literature review on the informal economy in the United States;
- A review of current microenterprise program practice with respect to informal entrepreneurs;
- Qualitative research with informal entrepreneurs in several settings;
- A convening of researchers and practitioners to explore the findings; and
- The development of summary findings and recommendations for both policy and practice.

Documents related to the first two tasks have been released and are available on the FIELD Web site.⁵ The Institute for Social and Economic Development has completed qualitative research in two African American communities, summarized in its study, *The Informal Economy: Experiences of African Americans*. And, this report documents FIELD's research in Latino communities. Subsequent documents will report on similar qualitative research in rural communities, and on overall research findings and recommendations.

⁴Peggy Clark and Amy Kays, *Microenterprise and the Poor* (Washington, D.C.: The Aspen Institute, 1999), 77. Low-income is defined as having household income below 150 percent of Department of Health and Human Services poverty line. For a family of four, that threshold was \$17,417.

⁵Jan Losby and others, *Informal Economy Literature Review* (Washington, D.C.: The Aspen Institute/FIELD, December 2002); available from <http://www.fieldus.org/li/pdf/InformalEconomy.pdf>; Internet. Erika Malm, "The Informal Economy and Microenterprise in the United States," in *FIELD forum* Issue 14 (Washington, DC: The Aspen Institute/FIELD, March 2003); available from http://www.fieldus.org/publications/Field_Forum14.pdf; Internet.

WHAT IS THE INFORMAL ECONOMY?

To place the findings in this report in context, it is helpful to have at least an initial understanding of the informal economy in the United States.⁶ And, the first thing that must be understood is that it is quite large. Microfinance practitioners engaged in international development have long understood how pervasive informal work is overseas. Informalization of work arrangements is a powerful global economic force that affects billions of people, especially in poor countries. While its presence is overwhelmingly obvious in the mega cities of Africa or South Asia where millions of people, caught in vicious circles of poverty and powerlessness, struggle to survive hawking single cigarettes, cheap watches or small food items, we are not used to thinking about the informal economy in the U.S. Yet, clearly many millions of people in this country lead economically “informal” lives: the Guatemalan “houseguest” who swaps household chores for room and board; the guy who’s always on the corner selling sweaters and hats in winter, tee-shirts and shorts in summer; the handyman who offers you a better price for a new kitchen cabinet if you pay in cash.

The estimates of the size of this economy vary from researcher to researcher, but the impression that all these estimates convey is that the informal component of the U.S. economy, while not matching that of developing nations, is surprisingly large and possibly growing. Economists have measured it as a percentage of GNP, and estimated it to represent between 4.4 percent and 27 percent of that sum, with most estimates centering on 10 percent. The current GNP figure equals \$10,678 billion. Therefore, the value produced in the informal economy is \$1,678 billion annually, using the 10 percent figure. In other words, for every \$10 produced, \$1 comes from the informal economy.⁷ Other researchers have estimated it to include up to one-seventh of the economically active population of the country, using firm size as a proxy. Still others have noted that it includes substantial numbers of workers in certain occupations (close to 84 percent of all child-care workers and 20 percent of all seamstresses, for example), and in certain localities. (Twenty-nine percent of the Los Angeles County population, which includes large numbers of immigrants, has been estimated to work informally.)⁸

But, what is the informal economy? For the purposes of this research, it is that portion of the economy identified by the following four characteristics:

- It is *legal but unregulated*: Enterprises, employers and self-employed individuals do not comply with standard business practices, taxation regulations and/or other business reporting requirements, but they are otherwise not engaged in overtly criminal activity. As presented here, the informal economy should not be confused with the underground economy, which may include trade in drugs, prostitution and other illicit commodities.

⁶A fuller discussion of the issues in this section can be found in Losby and others.

⁷U.S. Department of Commerce Bureau of Economic Analysis, National Income and Product Account Tables (July 8, 2003); available from <http://www.bea.doc.gov/bea/dn/nipaweb/TableViewFixed.asp?SelectedTable=17&FirstYear=2002&LastYear=2003&Freq=Qtr>; Internet.

⁸Losby and others, 32-35.

- It includes both *employed and self-employed workers*, with some engaged in both kinds of work. Individuals may hire themselves out irregularly or may be steadily employed at factories operating “under the radar.” Or, they may be operating full- or part-time businesses, which are either totally or partially generating revenues without a paper trail.
- *Cash is the most common medium of exchange*, although bartering also occurs. This enables participants to hide income from taxation. Workers and microentrepreneurs don’t claim it on income tax forms. And, employers don’t file employment records.
- *Work conditions for those who labor are inferior* to those found in the formal economy. Earnings, security and environmental protections are less. Equipment may be out of code or unsafe, and there is no protection from exploitation.⁹

Women and men, the poor and non-poor, immigrants, the educated and the less educated all engage in the informal economy. They do so for a variety of reasons. For some it is an economic necessity, their only resort or a better alternative to other low-wage formal employment available. Others are involved in informal work for personal fulfillment, social obligation or as a means of supplementing their primary income. The majority of informal economy participants are employees, working for others, in sweatshops or out of their homes in contract relationships to producers. But, many are also self-employed. The very nature of being a micro — or very small — enterprise lends itself to operating in the informal economy. These enterprises are largely invisible or operate at low levels of visibility. They may or may not have licenses, are often engaged in casual hiring, unreporting of income and other informal labor practices. They can be easily moved, opened or closed at will, and thus, can hide from regulation.¹⁰

Finally, it is important to note that the formal and informal economies are connected in many ways. Participants may combine earnings from informal self-employment with wages from formal employment, or transfer payments, such as public benefits, or investment income or savings. Or, they may be employed both formally and informally at the same time (a factory worker who also works for cash, part time, in a cleaning business). They engage in these activities to generate additional income in low-wage markets and to create an economic buffer to cover periods of unemployment. Informal work arrangements may also be a strategy imposed from the outside as big firms restructure and outsource functions to subcontractors both to minimize costs and maximize flexibility. Under these arrangements, they push workers out of the formal economy into the informal economy where they suffer without protections of the legal system. Workers are found who move fluidly back and forth between the two worlds, some by necessity, and others by choice.¹¹

⁹Losby and others, 5-8.

¹⁰Manuel Castells and Alejandro Portes, “World Underneath: The Origins, Dynamics, and Effects of the Informal Economy,” in *The Informal Economy: Studies in Advanced and Less Developed Countries*, eds. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore: Johns Hopkins Press, 1989), 11-37.

¹¹Losby and others, 11-12.

WHAT THIS STUDY IS ABOUT

This study examines the place of Latino entrepreneurs within this context. Its intent is to understand:

1. What is the nature of informal economic activities within urban Latino communities?
2. Why do people participate in the informal economy? What incentives exist for informal economic activities and what barriers hinder participation in the mainstream economy?
3. What are the survival strategies of informal Latino entrepreneurs? How are informal economic activities patched together, with each other and with more traditional income streams, to support individuals and their families?
4. How do informal microentrepreneurs not participating in microenterprise development programs differ from those who have approached programs for services? Are there differences in business size or the revenues generated?
5. What are the opportunities for and barriers to growth for informal enterprises?
6. What are the implications for microenterprise development programs?

To answer these questions, qualitative, open-ended interviews were conducted with 38 individuals in three communities in Central New Jersey and New York. The results of these interviews are reported in the pages that follow. Chapter 2 describes the respondents and the communities in which they live and work. Chapter 3 provides a summary description of the enterprises of the respondents, and their perspectives on these businesses. Chapter 4 offers a closer look at the businesses of the undocumented respondents, describing their motivations for selecting these activities, and offering a categorization of their businesses based on the markets they serve. Chapter 5 does the same for the businesses of the documented respondents, and includes a review of a small sample of businesses that have received microloans from a microenterprise program. Chapter 6 reports the expressed needs of these informal entrepreneurs for services, and discusses their perceptions on formalization. Chapter 7 presents recommendations for both policy and practice. Finally, Appendix A presents the research methodology used, and Appendix B presents the original language quotations of Spanish speakers, cited in English translation throughout the text.

A Quick Look at the Respondents and Their Context

Food sellers and cleaning teams, child-care providers and van services, crafters and cake bakers, plumbers and electricians, masons, DJs, and water filter distributors — these are the faces of informal enterprise found in the Latino communities of Central New Jersey and New York City. Mostly small in size and revenues, but large in terms of their contribution to household incomes and the economic survival of families, these entrepreneurs represent an energetic force in the economies of the region. This section will review the context in which these enterprises operate and profile the individuals who operate them.

THE CONTEXT

Interviews were conducted in central New Jersey and New York. Central New Jersey was chosen as the site for the majority of the interviews — those conducted with individuals without association with a microenterprise program — for several reasons. The area is characterized by a strong presence of both documented and undocumented Latinos. New Jersey is the fifth largest recipient of immigrants in the country, with 17.5 percent of its total population being foreign-born. Perth Amboy and New Brunswick, the sites for the interviews, in particular have been experiencing a real transformation of their character as the Latino communities there have increased. Additionally, there has been little penetration of microenterprise services in these areas.

Perth Amboy

Perth Amboy is the most striking of the interview sites. Historically a city of white European-Americans, the city of 47,303 is now 69.8 percent Latino. Of the overall population, 27.8 percent is Puerto Rican; 6.5 percent is Mexican; and more than a third, 33.6 percent, represent other Hispanic nationalities including Argentines, Dominicans, Peruvians and Colombians. Almost two-thirds of the population report speaking Spanish at home (65.1 percent), and more than a third (36.6 percent) report speaking English less than very well.

Perth Amboy is also a city of modest means. While the median household income is \$37,608, a quarter of all households report earning less than \$25,000, and 14.3 percent of all families are below the poverty line. Over 63 percent of the population 25 years or older have only a high school diploma or less. Only 12.5 percent have an associate's degree or higher. Not surprisingly then, about a third of the population report working in production, transport and material-moving

occupations; 25 percent in sales and office occupations; and another 17.4 percent in services. Only 2.8 percent of all workers are reported to be “self-employed workers in own, not incorporated business,” but this is certainly an undercount.¹²

The city has a strong Latin flair. The shopping streets are full of Mexican, Puerto Rican and other Latin restaurants and shops. Spanish language signs are common, and the whole effect is of a Latin city. Latino cultural festivals are regular and every June includes a special commemoration of Roberto Clemente and Puerto Rican culture.

New Brunswick

New Brunswick is a similarly sized city with a population of 48,573. The city is less Latino than Perth Amboy, but the percentage is still substantial. Thirty-nine percent of the total population classifies itself as Hispanic or Latino. Of those, 15.2 percent is Mexican; 6.5 percent is Puerto Rican; .5 percent is Cuban; and 16.8 percent is composed of other Latino nationalities. Among all households, 35.6 percent report speaking Spanish at home, while 23.3 percent report speaking English less than very well.

Similar to Perth Amboy, the median household income is also \$37,608. More than a quarter report earning less than \$25,000, and 16.9 percent of families were below the poverty line in 1999. The community has a somewhat stronger educational profile. Overall, 22.6 percent have an associate’s degree or higher, yet almost two thirds (64.5 percent) report having a high school diploma or less.¹³ The higher levels of education present in the city are likely due to the fact that New Brunswick is home to Rutgers, the state university, which is a dominant presence in the city. New Brunswick is also the seat of county government. It houses the corporate headquarters of Johnson and Johnson, two highly regarded hospitals, and is also the site for several well known cultural centers. This profile of intellectual and civic power stands in marked contrast to Perth Amboy, as well as to the many low-income neighborhoods that exist in the city, and are the home of Latinos like those interviewed for this study.

Other Sites

In addition to interviews in these two communities, respondents were interviewed in Bound Brook, a smaller central New Jersey community that also is receiving a strong influx of Latino residents. The respondents were all associated with a faith-based organization there, and actually came from several other cities across the state: Newark, Harrison and Somerville, as well as Bound Brook itself.

Finally, interviews were conducted in New York, mostly with clients of ACCION New York. These individuals were residents in Latino communities in Washington Heights and the Bronx.

T H E R E S P O N D E N T S

The respondents for this study were selected through a purposive sampling methodology aimed at achieving maximum variation in the cases selected for

¹²U.S. Census Bureau, *Census 2000 Summary Files: Perth Amboy*. DP1: Profile of General Demographic Characteristics (2000); DP2: Profile of Selected Social Characteristics (2000); DP3: Profile of Selected Economic Characteristics (2000) available from http://factfinder.census.gov/servlet/QTGeoSearchByListServlet?_lang=en&_ts=76345824920; Internet.

¹³U.S. Census Bureau, *Census 2000 Summary Files: New Brunswick*. DP1: Profile of General Demographic Characteristics (2000); DP2: Profile of Selected Social Characteristics (2000); DP3: Profile of Selected Economic Characteristics (2000) available from http://factfinder.census.gov/servlet/QTGeoSearchByListServlet?_lang=en&_ts=76345824920; Internet.

interview. Individuals were recruited via referrals from church and community-based organizations, and then from each other. Because the research team was seeking to interview undocumented individuals (as well as documented ones), no public advertising or announcements were made. Rather, the approach was designed to slowly build trust through word of mouth as the interviewing progressed.

Respondents were also subject to a screening process designed to select individuals who met a set of criteria, most importantly that they be Latino adults between 20 and 65 years of age, low-income, and operating an informal business or having done so in the past 12 months. The intent was also to be equally inclusive of men and women and both documented and undocumented individuals, and representative of a broad array of microenterprise types.¹⁴

The sample that emerged from this screening represented a fairly diverse group of individuals in terms of nationality, occupation and experience. At the same time, 20 of the interviews clustered in three natural communities, an Argentine-exile community in Perth Amboy, a Puerto Rican community of women connected to a local community development organization, and the individuals associated with the faith-based organization in Bound Brook.

The Argentines

The 11 Argentines all came from the same region of Argentina, Mendoza, a province located in the center-west of the country along the Andes Mountains and on the border of Chile. Known for its wine production (and fruits, vegetables, wheat, corn and oil), the province is home to 1.5 million people, and its capital city, bearing the same name, has a population of 110,993. This number represents a decrease of 8.7 percent over the last 10 years, not surprising as the country has been buffeted by harsh economic times.¹⁵

Not surprisingly, coming from a historically strong middle class country, the group was, on the whole, fairly well educated and/or skilled. They had created a strong social network in Perth Amboy that provided some safety net for each other. A smaller circle within the group even engaged in a joint economic activity (which will be described later). All were undocumented, and many worked as day laborers in factories in New Jersey, as well as in small-scale enterprises. They had developed a sophisticated set of strategies for engaging with the formal and legal structures of the United States (they sought to be as “legal” as possible within the limitations of their “out of status” situation), and they felt strongly that it was a matter of simple justice for the United States to regularize them. Within this community were some individuals who were faring all right; there were others who were clearly struggling at the bottom of the economic ladder. It’s important to recognize that the interviews were conducted during January through March, the winter season and the hardest time for many of them to earn a living. The interviews also occurred during a particularly difficult period for the larger economy, which resulted in limited work opportunities in the factories that provided contingent work and were a fall-back for many of them. Some of the hardest-off spoke of possibly returning to Argentina; several had sent their wives and children home ahead of them, because

¹⁴For more on the research methodology, please see Appendix A.

¹⁵Secretaria de Turismo de la Nacion, “Argentina para el mundo,” in *Editorial Atlantida*, ed. Jorge de Lujan; available from <http://www.indec.gov.ar>; Internet. Also from Instituto Nacional de Estadística y Censo de la Republica Argentina, *National Economic Census: Mendoza Province*. Secretaria de Gobierno.

they could stretch their earnings more, given the lower costs for food and other basic items back home.

The Puerto Rican Women's Circle

The second community included five Puerto Rican respondents, all women and all connected to a local community-based service organization that provided a range of services, including day and elder care, medical and housing assistance, and support for emergency needs. Their connections to this center were either as employees or as users of services, and sometimes for social and cultural purposes. The women worked either full or part time as teachers' aides, cafeteria workers and administrative support staff for modest wages, and supplemented these wages with sideline businesses. Several lived in subsidized housing, as well. Some of these women were mature in age and described histories that included limited opportunities for education and work advancement. Their ambitions for their enterprises were also, in most instances, fairly limited and subordinated to their wage work. All emphasized the importance of a steady paycheck to maintaining their households.

The Bound Brook Community

The Bound Brook group of four interviewed through the faith-based organization was the most amorphous group. Bound by their involvement in that community and personal ties to one of the pastors who guided it, they included a Puerto Rican, Dominican, Brazilian and Costa Rican, and came from a number of cities across the north and central parts of the state. Most had a long history in the country (two were born in the continental U.S.). Their economic activities were various, and for the most part, represented what they hoped would be short-term opportunistic efforts at generating income. Only one expressed a long-term commitment to his trade and to building a business on his skills.

Other Respondents

In addition to these circles, the other respondents included undocumented workers from a range of countries, along with other documented individuals (Puerto Rican, Dominican and Mexican). Some of these individuals were similar to those above in terms of either their enterprises or their perspectives on them. But others were markedly different. The sample, for example, included a few documented men with more ambitious goals for their enterprises, and these were both microenterprise program clients (loan recipients of ACCION New York) and those who were not.

A Statistical Profile

The table on the next page summarizes the characteristics of the sample in quantitative terms. As can be seen, the sample is roughly divided between men and women (42 percent and 58 percent, respectively), and between documented and undocumented individuals (52 percent and 48 percent.) Forty-five percent of the sample is between 31 and 45 years of age, and another 29 percent is between 46 and 60. Slightly more than a third of the population is Puerto Rican; another 29 percent is Argentine. Thirty-seven percent have been in the United States less than three years, while another 34 percent are long-term residents, having been here 10 years and longer.

The sample's educational experience is high. Fully 42 percent have education beyond the high school level and 21 percent have college degrees. Many of these are undocumented entrepreneurs from Argentina, Colombia and Peru.

Thirty-nine percent are currently married or living with a partner; another 24 percent are divorced or separated. Household size ranges from one to five persons. The average household size is 2.4; the median is 2. Among these households are a variety of living arrangements. The undocumented include many individuals who live as boarders in larger households, or who share apartments with other singles. Most of these are men whose families either remained behind when they came to the States, or who were sent back to Argentina because the family could not generate sufficient income to cover expenses here. There are also a set of undocumented families who rent bedrooms to boarders to generate extra income. The sample additionally includes 12 female-headed households of two to four (9 documented; three undocumented). At least four of the sample live in subsidized housing.

Seventy-three percent report average monthly household incomes of \$1,999 or less, and there are only small differences between the incomes reported by the undocumented and documented. The average monthly household income is \$1,607 and the median is \$1,057 for the total group.

TABLE I: RESPONDENT CHARACTERISTICS

	TOTAL	PERCENT	DOCUMENTED	UNDOCUMENTED
Number of Respondents	38	100%	20	18
GENDER				
Male	16	42%	7	9
Female	22	58%	13	9
AGE				
20-30	5	13%	1	4
31-45	17	45%	7	10
46-60	11	29%	7	4
61 and over	2	5%	2	
Unknown	3	8%	3	
NATIONALITY				
Argentine	11	29%		11
Colombian	3	8%		3
Dominican	4	11%	4	
Peruvian	3	8%		3
Puerto Rican	13	34%	13	
Other? (U.S., Panamanian, Brazilian)	4	11%	3	1
CITY OF RESIDENCE				
Perth Amboy	23	61%	8	15
New Brunswick	5	13%	3	2
Other	10	26%	9	1

TABLE I: RESPONDENT CHARACTERISTICS (continued)

	TOTAL	PERCENT	DOCUMENTED	UNDOCUMENTED
YEARS IN U.S.				
0-3 years	14	37%	1	13
3-5 years	5	13%	1	4
5-10 years	5	13%	4	1
10 and above	13	34%	13	
Unknown	1	3%	1	
EDUCATION LEVEL				
Primary	5	13%	3	2
Some secondary	2	5%		2
High school grad or GED	13	34%	8	5
Some college-Associate's	8	21%	4	4
College degree-Bachelor's	8	21%	3	5
Unknown	2	5%	2	
MARITAL STATUS				
Married/living w/partner	15	39%	9	6
Divorced/separated	9	24%	6	3
Single	14	37%	5	9
HOUSEHOLD SIZE				
1	14	37%	5	9
2	9	24%	6	3
3-4	11	29%	8	3
5 or more	4	11%	1	3
AVERAGE MONTHLY HOUSEHOLD INCOME (all sources)				
\$499 or less	2	5%	1	1
\$500-\$999	13	34%	7	6
\$1,000-1,999	13	34%	8	5
\$2,000-\$2,999	2	5%	1	1
\$3,000 or more	5	13%	3	2
Irregular/not provided	3	8%		3
MICROENTERPRISE PROGRAM ASSOCIATION				
Not associated	33	87%	15	18
Associated (Loan recipients of ACCION NY)	5	13%	5	

Informal Enterprise as Survival Strategy

The Latino entrepreneurs interviewed for this study describe their enterprises in terms very similar to those used by others. The enterprises are small in size, in revenues generated and assets owned. Most are part time: entrepreneurs patch jobs with enterprises and enterprises with other enterprises.¹⁶ And, most represent an important contribution to the household, even if the contribution of each to the whole appears small. Perhaps, unlike others, fewer of these entrepreneurs talk about their engagement in microenterprise as a choice. Even when individuals speak with pride of their businesses, and with pleasure in the self-direction they allow, many also evaluate their activities as less attractive than “a good job.” But few of them believe that such jobs are a viable alternative for them.

PATCHING AS THE NORM

Estela works part time as a cafeteria worker and runs a catering business on the side. Pablo repairs small electrical appliances and lines up for daily factory work through a local employment agency. Rogelio runs a cleaning business with his wife, working with her at night cleaning health clinics and child-care facilities. During the day, he also uses his van to transport workers to their factory jobs. And, once a week, he works with others selling empanadas at factory lunch breaks. Griselda works as a sales clerk in a department store and makes typical Puerto Rican food to order for a steady group of customers.¹⁷

As these examples illustrate, the respondents are engaged in a wide range of small-scale income-generating activities, with many of them engaged in more than one. Within the group of 38 individuals, there are 51 total businesses, of which a majority (72 percent) are part time. In some instances, the respondent is involved in a job and an enterprise, like Estela and Griselda; in other instances the respondent operates multiple enterprise activities, as does Rogelio.

The patching these entrepreneurs do may involve a steady combination of income sources, with a primary wage job generating a regular return. For some, however, both the job and the enterprise are somewhat fluid with each rising and falling, depending on the availability of work or customers.

The documented respondents are more likely to report steady jobs than the undocumented. This may be as much a function of the individuals interviewed as of their legal status. Many are women engaged in low-paying but regular work, with or without benefits. Working as aides in day-care centers and schools, as cafeteria workers or administrative support staff, the women view their business activities as

¹⁶Patching is a term used to describe the multiple economic activities that one individual engages in to generate an income. In addition, a household may have other income streams contributed by its other members.

¹⁷All the names of the entrepreneurs have been changed to protect the individuals' privacy.

an important supplement to their paycheck. Almost none would be willing to forsake their jobs to focus more wholeheartedly on their businesses.¹⁸ On average, self-employment represented 35 percent of household income (the median was 28 percent).

The undocumented reported engaging in more enterprises and in contingent work. None have steady employment, but recur to employment agencies for factory work as needed or as available. Many of these report living very close to the edge, and see factory work as a choice of last resort. Factory work is also less available now than it has been in the past, due to the economic downturn. In the sample, 12 of the men and five of the women (45 percent of the total sample) currently work or have worked in a factory or warehouse, including clothing and textile manufacturers, electronics, chemical, plastics and metal plants, ice cream making, grocery warehouses, and garbage disposal.

Day Labor in the Factories¹⁹

"The thing is that you make very little money through agencies, really. It is the last resort, let's say, ... it is when you have no other option that you go there, when you don't have work, because that means you don't have anything."

–Juan

"I need to work doing that, but I feel I cannot breathe."

–Felipe

"To me it was like ... I used to say it was like a jail. ... A female prison. But, with time I learnt, and as you automatically get used to things, you become like a machine ... and I had to work as quickly as possible."

–Victoria

Many undocumented respondents spoke of factory work as a necessary evil, resorted to when business revenues were low. Here is how the "system" works in New Jersey, through which it is estimated that as many as 165,000 seek work. Temporary employment agencies across the state recruit Latino and other immigrant workers for large- and small-scale employers, warehouses and motels, on an as-needed basis. Agencies, which operate under contract to the employers, and actually hire the workers for the day or the week, are required to ask for documents proving legal residence in the country. But, according to *The Times* of Trenton, the U.S. Immigration and Naturalization Services has not held them criminally liable when documents turn out to be fraudulent, because proving intentionality is extremely difficult. This leads to the widespread use of false social security cards and other documents, purchased through well-known immigrant networks.

¹⁸It is not clear whether this would be the case if more documented men had been recruited into the study. Of the four documented men interviewed, two had steady jobs; two focused totally on their informal enterprise.

¹⁹Interviews with study respondents were conducted by two researchers, a microenterprise specialist and a cross-cultural expert and interpreter, in the language selected by the entrepreneurs. All quotes in the text are reported in English for ease of reading. If the statement was made in Spanish, the original quotation can be found in Appendix B. If the quote does not appear in the Appendix, the speaker made the statement in English, as indicated in the text.

The temporary agencies pay the workers an hourly rate minus a set of discounts that are not clearly described to them. While in the past, temporary workers were entitled by law to know how the money paid by the company would be divided between the agency and themselves, a 1981 change to the regulations exempted temp agencies from this requirement. While workers know that their wages are “discounted” for Medicaid, unemployment insurance and taxes, they don’t know the amount of fees the agencies take, because they are hidden in the difference between the unposted billing rate and the wages paid. Many of the workers get a sense of what they “pay” for their job when they compare their hourly wage with that of the permanent hire they work alongside. As Armando said, *“I believe they were paid twice what we got. Because coincidentally my friend, the one who worked there — an Argentine who came to this country with me — started to work in the office ... and he said to me, ‘It’s incredible, Armando, that we do not get even half of what the agency gets, you know.’ We would get, for instance, just to give an example, 50 percent.”*

Because billing rates aren’t posted, there is no incentive for agencies to compete for the workers’ business based on better terms.

In addition to the wage disparity, respondents report maltreatment at the hands of both employment agency staff and companies, and the difficulties of living with the uncertainty that daily hiring implies. Among the complaints:

- Irregularity of work — *“She is sent (to work) when they please, when they don’t want to, they don’t hire her. She had to call the person in charge of the agency ... and forget it, because they would keep you waiting there all day long and then tell you there is no work.”* –Pablo
- Work assignments are subject to favoritism — *“I also know women that have many problems with that agency ... if they are not on good terms with the person in charge of the agency, forget it! Everything is who they are buddies with.”* –Daniel
- Disrespect to non-English speakers — *“They treat much worse, at least those who don’t speak English. ... Agencies try to insult you or say something (nasty) to you in English. Those people who do not understand, since they do not know English, they don’t pay attention.”* –Pablo
- A system designed to prevent workers from transitioning to permanent status — *“At times agencies find work for you at a company, but you have to work for three months through that agency first. What the agency does next is that right before the three months are over, they change you to another job. That is how they take away from you the chance to move forward.”* –Benito.

Factory work is also described as dispiriting, due to its dependence on rote performance, the harshness of supervision and the press to perform. Only one individual had anything good to say about the system and the work it provided, and this was a mother who reported that it gave her two sons an opportunity that they hadn’t had at home: *“The fact of getting to this*

country, going to an agency and finding work is very gratifying, especially when in your own country you cannot find any. Even if you don't earn much, you know that you will have that money for sure. It is not ideal, what you would want, or what you dreamed of, but it is there and it helps you to move forward.” –Sara
But of course, she wasn't spending her days in the factory herself.

At the same time, these entrepreneurs confront a set of barriers to growing their businesses — the need to keep them somewhat invisible, their inability to take on certain jobs because of the lack of proper licensing, language impediments that restrict them to very local markets — that make it difficult for these entrepreneurs to depend solely on one of them. This leads them to engage in multiple activities using diversification as a survival strategy.

Even within this fluid mix of self-employment and employment, the undocumented respondents depend more substantially on their enterprises than the documented sample. On average, self-employment income represents 85 percent of their household income; the median was 100 percent.

LOW BUSINESS RETURNS AND BUSINESS ASSETS

In most instances, the businesses are very small-scale, low revenue generating operations. The median monthly earnings²⁰ for all the businesses is about \$570 a month; the average is \$792. Documented individuals, who do not receive assistance from any microenterprise program, report the lowest returns (a median of \$490 and average of \$763), reflecting the supplemental nature of most of their businesses. The undocumented respondents report median earnings of \$570 and average earnings of \$749. The five microloan clients report somewhat higher median earnings of \$650 and average earnings of \$1,052. Three of these are involved in some form of retail activities, and they have used their loans to increase their inventories to sell more. (Almost all are relatively new loan clients.)

The amount of assets owned by these entrepreneurs varies, but is also generally low. Respondents estimated their business assets between nothing and \$20,000 (this last sum reported by one of the two auto mechanics in the study). The average for the whole group was \$3,872, but the median was only \$1,000. Many entrepreneurs found it difficult to name and value their assets. (For example, the caterers in the study used a mix of cooking equipment, some bought over time for their own family use, some specially purchased for catering, and all difficult to estimate in terms of value.)

Nevertheless, within the rough calculations that the entrepreneurs made, it was interesting to see that the five microloan clients reported the greatest assets, a

²⁰This number should be understood as a rough estimate. It was derived through a series of questions with each respondent, asking what their earnings were from their businesses during a good month (or week), and a bad month (or week), and when the good and bad periods were during the year. Some respondents were able to report a more precise monthly or weekly average. In all cases, the number requested was what the respondent considered his/her “ganancia,” or profits after expenses. Most respondents appeared to have no difficulty separating out what they considered their expenses (generally identified as the cost of raw materials, transport expenses or purchased items for re-sale), and their “clean” earnings. These earnings were not reduced to reflect such “hidden” expenses as the cost of utilities used in producing their product, vehicle repairs or any other indirect expenses, such as depreciation. In this respect, then, most earnings should be considered overestimated. In no instance did anyone include his or her own time as a cost, so the reported earnings include their remuneration for their labor.

median of \$4,300 and average of \$4,150. These assets included inventory purchased by the retailers in the group, as well as other material assets used in production (or display) by the others. The undocumented respondents had the second highest median assets, \$1,325 compared to \$1,000 for the documented respondents. Most of the value of undocumented workers' assets resided in the value of vehicles, which were used as part of their cleaning and van service businesses. All of these vehicles were reported to have been purchased second-hand and at low prices. They are used for work and personal needs. Apart from vehicles, these entrepreneurs reported few other assets of value.

While the value of reported business assets of the documented entrepreneurs was higher than those of the undocumented (\$5,994 compared to \$1,144), this number is affected by two entrepreneurs — Horacio, the auto mechanic, who had \$20,000 invested in a variety of tools and equipment, and Jorge, the disc jockey, who reported \$10,000 in recording and playing equipment, speakers and special-effects machines. The median value of assets for this group was a much lower \$1,000. This is not surprising since the majority of businesses represented in this group were food businesses, crafts and child-care operations.

MICROENTERPRISE LESS A CHOICE AND MORE A NECESSITY

While many microentrepreneurs describe their businesses as a passion, the entrepreneurs interviewed for this study express mixed emotions regarding their businesses and their preferences. Many spoke of the benefits of business ownership in terms of the feelings of self-control and direction it provides, but at the same time, many spoke of the disadvantages that go along with that freedom. More than half the group, 53 percent, indicated their preference for self-employment, and their desire to grow their businesses to a point where supplemental employment would no longer be needed. Almost half the group, however — 42 percent (16 of 38) — view their informal economic activities as matters of sheer necessity rather than choice.²¹ When asked, they state that their preference would be a stable job with benefits. The strength of this response varied between the documented and undocumented respondents.

Slightly more than half of the documented respondents preferred formal work to increasing their business activities. Some of these had jobs and would have liked either more work hours or better pay than they were currently receiving through the jobs they had. This doesn't mean that they would abandon their informal economic activities necessarily. For some, the work is as much avocation as vocation (this is particularly true of the caterers and crafters). For others, the supplement is an important piece of cash that provides a few of the extras in life, and moves it above sheer subsistence.

Interestingly, only a third of the undocumented workers stated that their preference would be for a stable job. Those that did cited the pressure and strain that comes from operating a business and depending on that for the family's survival. They also noted that lack of health care benefits is a critical impediment.²² Those

²¹Two individuals in the study were on disability and saw a need to preserve this income stream. One had dreams of building her enterprise in the future, but was immediately in need of her disability benefit, due to serious medical issues; the other felt that keeping this benefit was her primary goal long term.

²²Many had resorted to "Charity Care," through local hospitals when serious medical emergencies occurred.

that preferred a business to employment were of several minds. Some could only conceive of employment opportunities as those afforded by the factory system. Self-employment not only offered greater economic opportunities, but also provided a measure of control and self-esteem that were seriously wanting in factory work. Others — especially those with skills — principally desired to apply those skills in the U.S. and build a future on the conduct of their trade. Finally, there were some women in the study who saw self-employment as offering the best avenue for combining their family responsibilities, in particular caring for their children, with their need to contribute to the household’s income.

Surprisingly two of the five loan clients also reported a preference for employment, and in particular, a steady job with benefits. But, neither of them, nor any of the others in the study, felt that this option was a viable one for them. All the respondents appeared very realistic (that is, negative) about their chances in the current economic market.

TABLE 2: RESPONDENT BUSINESSES

	All	Not Associated with any Microenterprise Program		Microenterprise Loan Clients
		Documented	Undocumented	
Total respondents	38	15	18	5
Total businesses	51	17	26	8
Full time	14	3	8	3
Part time	37	14	18	5
BUSINESS TYPE				
Food selling/catering	12	5	6	1
Child care	9	2	7	
Cleaning	5		5	
Retail (clothes, jewelry, perfumes)	4			4
Construction/home improvement/ skilled trades	5	1	4	
Crafts	3	3		
Auto mechanics	2	2		
Sewing repairs/alterations	2	2		
Odd jobs/handyman	2		2	
Hair salon	1			1
Real estate advice	1			1
Disc jockey/music sales	1	1		
Transport	1		1	
Water filter distributor	1		1	
Car wash	1	1		
Party planner	1			1

TABLE 2: RESPONDENT BUSINESSES (continued)

	All	Not Associated with any Microenterprise Program		Microenterprise Loan Clients
		Documented	Undocumented	
MONTHLY BUSINESS EARNINGS				
Minimum	\$27	\$27	\$60	\$83
Maximum	\$4,600	\$2,500	\$4,600	\$2,900
Median	\$570	\$490	\$570	\$650
Average	\$792	\$763	\$749	\$1,052
BUSINESS ASSETS				
Minimum	\$0	\$250	\$0	\$500
Maximum	\$20,000	\$20,000	\$2,500	\$7,500
Median	\$1,000	\$1,000	\$1,325	\$4,300
Average	\$3,872	\$5,994	\$1,144	\$4,150
PERCENT OF HOUSEHOLD INCOME				
Minimum	6%	7%	16%	14%
Maximum	100%	100%	100%	100%
Median	54%	28%	100%	100%
Average	60%	35%	85%	71%
INTERESTED IN GROWING BUSINESS				
	23	5	13	5
INTERESTED IN LOAN				
Yes	14	2	6	5
Minimum	\$1,500	\$20,000	\$1,500	\$2,700
Maximum	\$50,000	\$50,000	\$5,000	\$50,000
Median	\$4,500	\$35,000	\$2,200	\$26,350
Average	\$13,509	\$35,000	\$2,900	\$26,350
WOULD PREFER STABLE JOB TO MICROENTERPRISE				
	16	8	6	2

The Businesses of the Undocumented

In some ways, the businesses of the documented and undocumented respondents in this study are similar, but in other ways they are quite different. Both types of respondents know that there are risks they take working informally; both struggle with limited markets and opportunities for growth. But the undocumented — by the very nature of their irregular status in the country — face a different set of challenges in operating their enterprises. This chapter will describe these entrepreneurs' motivations for engaging in self-employment, the types of businesses they run, and the markets they serve.

MOTIVATIONS

When these entrepreneurs are asked to estimate how many of their friends and family engage in self-employment or in employment, they answer that the majority work for others, either in factories or warehouses, as workers for hire in cleaning businesses, construction, landscaping, gardening and so on. What impels these individuals, then, to strike off and work on their own account? There are two strong and intertwined motivations for their engagement in these informal activities: to generate an income and, while doing so, to reduce their need for and dependence on factory work. Earlier quotes capture the feeling of disdain they have for factory work and their treatment as contingent labor, and how little return they believe they get for their labors. As Pablo commented: *"... At first, I started to work at a warehouse. Then, as warehouse work does not pay much — not much at all — I started to work with electricity. I repaired appliances and did some wiring. If I have some free time — when I do not have any work at all — I go to some temp agency."* Or as Alicia noted, she chooses to run her own day-care business *"... because it is not a factory where you have a set schedule and you are under (constant) pressure."*

Women, in particular, flee or avoid factory work because it's incompatible with their need to care for small children, while home-based work, drawing on their skills as child-care providers and cooks, presents an alternative that can accommodate this need. Patricia said: *"If I were to work outside the home, I'd need someone to look after my child. I am very particular about my child. Even if I found the right person and I could spend more time outside the home, it would mean neglecting my child. This way I can spend more time with him."*

Working in one's own informal business also allows one to be more invisible. There is no need to be constantly showing documents to agencies or other prospective employers, and be at risk of being discovered to have fraudulent ones. Juan comments, for example, *"Above all ... let's say ... the fact of working in the cleaning business has given me other options ... I mean ... since we haven't been asked to show papers ... that legally ... We haven't had to show IDs so much, that is why we are*

here. ... That's where the little safety we have comes from, you know."

Several of the respondents noted that their enterprises allowed them the opportunity to use skills and education that they had acquired in their home countries. Notable among these are several skilled tradesmen who were either plumbers, masons, or tile workers at home, and a child-care professional with a degree in child psychology. Several of the skilled tradesmen had their own businesses in Argentina and found it natural to want to pursue work in the same way here.

Finally, others resorted to self-employment when medical conditions limited their capacity to endure the rigors of factory work. These include Armando who suffered an accident in construction that severely damaged his leg, Rogelio who is recovering from cancer, and Teresa who experienced two difficult pregnancies. She commented that the idea for working from home on her own came from her aunt: *"My aunt gave me the idea. She said to me: 'You are not working.' My two pregnancies were horrible. Once I had placenta previa and had to rest. In my other pregnancy, my baby girl wanted to come out before the due date, as well. My aunt said: 'Why don't you cook [for others]? You are a good cook and people like your Colombian food a lot.' I started with one person; he told someone else, and then I had four."*

M I C R O E N T E R P R I S E S A N D T H E I R M A R K E T S

The activities in which these entrepreneurs engage can be clustered into three categories based on the markets that the entrepreneurs serve. There are those directed to the ethnic niche in which they participate; those that are on the edge of mainstream markets, and those that fully participate in the mainstream economy.

The Ethnic Niche

Economists have identified sub-economies in the United States that have been variously labeled ethnic economies and ethnic enclaves, both important in facilitating the formation of small businesses among immigrant entrepreneurs. An ethnic economy is one where the immigrant or ethnic minority group has ownership stake in businesses that produce distinct market goods for its own co-ethnics, employs members of its own community in doing so, and exercises a strong market position in terms of these products and services. And, an ethnic enclave is an ethnic economy in which these productive activities are clustered geographically.²³

These two concepts convey perhaps a stronger, more robust, more independent ethnic market than is found in the central New Jersey communities that were the sites for this study, but it is clear that there are a number of businesses run by undocumented entrepreneurs that are designed largely to serve other undocumented Latino immigrants, and respond to fellow immigrants' survival and cultural needs as they struggle to make it in this country. They include many of the food businesses, most of the child care businesses and a transport business.

²³E. Bonacich and J. Modell, *The Economic Basis of Ethnic Solidarity in the Japanese American Community* (Berkeley: University of California Press, 1980).

K. Wilson and A. Portes, "Immigrant Enclaves: An Analysis of the Labor Market Experiences of Cubans in Miami," *American Journal of Sociology*, Vol. 86 (1980), 295-319.

Selling Foods from Home

Six individuals in this sample described five food businesses in which they were involved.²⁴ They were of two types: those focused on daily meal preparation for a short list of regular customers, and those focused on selling typical foods to fellow countrymen and other Latinos, as well. In this latter case, the foods were Argentine specialties — empanadas (meat pies) and Milanese sandwiches (made with veal). The returns for these businesses are generally low. The maximum monthly earnings were reported to be around \$500 for a very active empanada business. The minimum was \$73 for a very limited made-to-order operation of this type. The two meal preparation businesses returned an average of \$270 and \$420 monthly. In no case did any of the food operations represent the total household income. For the specialty foods businesses, it was between 10 percent and 20 percent of household income, while the meal preparation businesses generated between 34 percent to 56 percent of household income.

Teresa's Home Cooking

Teresa is a Colombian mother of three who lives with her partner in a small apartment in Perth Amboy. While her partner earns a living working for cash as a cleaning person, a landscaping employee, a painter from time to time, and odd-jobs man, Teresa stays at home to care for their small children. A professional in her home country, she finds herself limited both by her lack of papers and child-care responsibilities from working outside the home. So, on the advice of an aunt, she started cooking for other immigrants, generally men, who live as boarders in other households (without kitchen privileges), or who share apartments with others. They pay Teresa weekly for their main meal, which she prepares for them in accordance with their work schedules.

For \$35 a week, she prepares one meal daily, which can include, soup, rice and beans, chicken and other items. Occasionally she prepares a special Colombian stew, *estofado*, and other dishes with red meat, and when she does that, she charges \$5 more. About her cooking she says, *"I try to cook balanced meals for them and people like that."* Teresa estimates she spends between \$40 and \$50 a week on food and other items, and that her earnings are around \$100 a week after paying those costs.

The business is confining. While some women who do this cook once a day and have it waiting when the customer comes to pick it up, Teresa cooks to order and serves when each of her customers finishes his work for the day. As three work in factories on different shifts, and one is a school teacher, this means a continuing round of cooking and serving, since three of them also eat in her kitchen: *"That is, one comes at 12:30, another one at 3:00 p.m., the other one at 5:00 p.m. The man who lives in my house comes at 8:00 or 9:00 p.m. That may be why people choose me, because I always have their food ready. ... Saturday is the only day when there is no one in my house."*

²⁴Two of these individuals work cooperatively in one business that involves five to seven people pooling their time, expenses and returns.

From time-to-time her steady customers ask her to make additional platters for friends, and at Christmas, she prepared a celebratory feast for four, and while she thinks about growing her cooking business, the small size of her kitchen and small amount of cooking equipment she owns limit her.

The women engaged in the meal preparation activities appeared to live among the more economically precarious lives in the study. One lived in a small basement apartment within the home of a relative. Teresa lived in a small apartment and had a partner who brought in income through a variety of informal activities. Both women were restricted in their contacts and mobility. The meal preparation allowed them to earn money while operating out of very confined settings. At the same time, those settings constricted their capacity to earn more money.

The empanada/sandwich food sellers, on the other hand, were engaged with larger numbers of customers. While some sold from their homes, taking orders, several also sold outside the home. One woman went store to store at lunchtime when she had extra empanadas to sell. Another involved a group of food sellers who sold at factories during lunch breaks on weekends. All the individuals involved in these businesses indicated that their products had high demand in the community, and that as long as quality was good, they could sell just about as much as they could make. At the same time, while a few talked about increasing the volume that they produced, the barriers to doing so seemed high. Food preparation is labor intensive, as Teresa's long day shows; the small size of apartment kitchens constrains how much can be done, and there is always a concern of becoming too public in a situation where the operators have neither legal documentation nor licenses to operate a food business. And, there is a conservative approach to risk-taking almost always present. As Araceli noted, few would be willing to give up their other activities to place everything on the food business. What if it could not sustain them?

The Cooperative

At least two of the individuals in the study sample were involved in an informal cooperative that sold empanadas on weekends at local factories and warehouses. According to Araceli, the co-op had six to seven members, all friends or family, who worked over the course of several days to produce between 500 and 1,000 empanadas weekly. She notes, *"because if you want to make 500 empanadas and do it well, you will sell them. If you want to make a thousand, you will sell them, too."* It costs between \$150 and \$200 to make around 750 or 800 empanadas, and they're sold for \$1 each or \$10 per dozen.

The work is shared among the group: *"We start working on Wednesday. On Wednesday we have to peel onions, chop them, and go through the whole process of draining them, so that they don't hurt people's stomach. (We work in pairs.) So on Wednesday, two of us work. On Thursday, a second pair comes in. Those of us who come at noon do not come in the evening. Then a third pair comes in the evening."*

On Friday afternoon we make the filling and stuff the empanadas. We put them in the fridge, one on top of the other, and we cook them the next day."

The product is sold on Saturdays and sometimes Sundays at the morning and afternoon shifts, with other members of the group managing the sales. Earnings are generally divided based on the hours worked: *"One of us is more methodical. He says, 'Araceli worked for four hours. Rosario worked five. Rogelio worked for an hour, but selling. An hour of selling counts as two hours of work, since you have to be in the cold, walking and carrying the load.' It is more work. It works as a cooperative. One of us says 'I will stuff the empanadas.' While we wait until the filling is ready, we have a cup of coffee or mate (green tea). The system is pretty well organized."* But there are occasions when other needs take precedence. Rogelio, one of their group, has been fighting cancer, and when he needs medicines or special tests, his family works more, and the others cede their share.

The group has occasionally talked about growing their cooperative. In addition to empanada production, they've made pastas for sale at church festivals and occasionally for lunch sales at the factories. But, to really develop this, they'd need more space to cook and one that is separate from each of their households. But who would rent an apartment to them just so they could use the kitchen and dining room for food preparation? And they'd need additional equipment that they now don't have. It goes without saying that a commercial kitchen is not within their reach: how could they rent it without papers? And, who would give them a loan to help them on their way?

"Babysitting" or Child Care

Seven women in this group were involved in child care, or "babysitting," as they called it, most meshing this income-generating activity with their own child-care responsibilities. Like the food businesses, these businesses are constrained in the revenues they can generate, both because of the limited number of children that a woman can manage, and because her customers are mostly low-income factory workers, undocumented workers themselves, who can only pay so much. The day-care providers charge around \$50 to 80 a week per child,²⁵ and have anywhere from two to four under their care. When done full time, however, their total returns can be higher than many of the food preparers. The maximum monthly earnings were \$1,000; the minimum were \$60 for a very part-time babysitter. The median were \$640 (the average, \$518). For three of the women in the group, the child-care business represented the most substantial contributor to household income, bringing in between 84 percent to 100 percent of the total. Two of the women were living within other people's homes, reducing their financial obligations. (Rent was, in effect, bartered for child care, and in one instance, additional housekeeping duties.) For the others, it ranged from 31 percent to 43 percent, still an important income stream.

The women see real advantages in being able to stay at home and care for their children, as well as those of others. Most say they also incur very limited expenses

²⁵The higher figure was charged by one woman who was targeting a higher-end market.

in offering this service. Few provide food to the children, generally expecting the parents to bring what the child needs. Similarly, the parents are also expected to bring any equipment required (baby seats, playpens, cribs, etc.).

These undocumented workers generally do not describe what they are doing in professional or business terms. There is little acknowledgement that what they do requires special skill, nor do they see themselves in any way as part of an industry or profession. Their market is family, friends or other “conocidos,” (acquaintances) who must leave their own families for factory work. Only one individual in the group manifested a different orientation in this respect, and her case is discussed in the next section below.

Van Services

Taking factory workers to and from their shifts is another niche business found in this sample. Transport is in high demand in low-income communities where owning a car or van is not common. Most employment agencies contract with van services to ferry workers to their day jobs, and the workers pay for the service from their daily pay. In far-flung central New Jersey, where the factories and warehouses are spread out, van services represent another opportunity to make money off the ethnic community in which one lives. In Rogelio’s case, it is one more way to bring income into a five-person household.

Rogelio’s Van Service

Rogelio uses his van to ferry workers daily for two shifts — nine people for the afternoon shift, and four for the night shift. Unlike those who contract with the employment agencies, he has regular customers whom he picks up and delivers back to their homes. At \$5 a day per person, the business generates \$300 to \$350 a week gross, but there are high operating costs. Gas is estimated to be \$70 to \$80 per week, and insurance is \$1,400 a year.²⁶ Not including maintenance or repairs, the estimated monthly take-home for this operation is \$883 for around 40 hours of work weekly, about \$5.50 an hour before considering the full costs of operation. And the business requires a good van to launch.

For Rogelio, the business also represents one more way to make money off the van. In addition to transporting workers, the van is used in the evenings for the cleaning business he and his wife operate, and for transporting empanadas for sale to factory workers on weekends. Thus, the vehicle, probably the household’s most important asset, is being used almost “round the clock” to generate income.

²⁶Many of the undocumented members of this study have car insurance. How they acquire it will be discussed on page 37.

On the Edge of the Mainstream

This second category includes those businesses that have more successfully broached a mainstream market. The lines between the categories are porous, and some of the specialty food businesses described above have taken limited steps in this direction, including in their customer base a wide variety of Latinos, documented and undocumented, as well as a few American customers (by which they mean non-Latinos). But the businesses that most reflect this move from the undocumented immigrant market to the documented community are one child-care business and a water filter distributorship, both of which have targeted more affluent, resident Latinos as their clients. The first belongs to Alicia.

Alicia's Day Care

Alicia, from Peru, runs the first of these businesses. She has a degree in child psychology and work experience as a teacher in a child care/preschool in her home country. Because of this, she sees her informal child care as a stepping stone to her real goals. She has been in the United States for less than a year and lives with a family and cares for the daughter in exchange for room and board. In addition, she cares for two other children and is hoping to expand her business to include at least two more. Alicia cares for the children from 9 a.m. to 5 p.m. each day. She charges \$80 a week for each paying child, which is on the high side for child care in the area. As Alicia says, *"The people who called me up were mostly Mexicans who — don't take me wrong — work in factories, but do not earn much. So, when I mentioned I charge \$80, they said they would call me back, but they never did."* So her target market is families who are a little better off and willing to pay for exceptional care. (Two of the parents for which she works are teachers.) She explains: *"I teach them good habits, like putting toys away, good eating habits and hygiene. I teach them to ask to go to the bathroom. I work with them. ... What I mean to say is that my work is not only babysitting them in my home, but also stimulating [their learning]. They have learned songs. I have small materials for them. I tell the moms about this and they are happy."*

Alicia's goals are to learn English, and find work in a formal child-care setting where she can be sponsored for employment. According to Alicia, *"Since I have a professional degree and work experience, they told me it was possible. They said I need to be patient. Maybe in awhile I can be hired. They said I need to improve my [command of] English."* Once she gets a foothold in a child-care institution, she then plans to set her sights on starting her own formal day-care business, or possibly a "center for early childhood stimulation," a center where she could teach mothers how to enhance their children's development through better and more creative interaction.

In the meantime, she'll continue to work out of the home in which she lives. Already she is better off than most of the other child-care providers. She earns more per child and the mothers she works with appreciate her efforts.

They gave her paid holidays at Christmas time, pay for special educational materials for the children, and occasionally tip her for her excellent service.

Lucas is the owner of the second business, a water filter distributorship that he states is specifically targeted to long-term Puerto Rican and Dominican residents with stable jobs, regular paychecks, and the capacity to pay for an expensive water purification system for their home. In this market, he has found a way to make a living without facing the long hours and hard labor that most of his compatriots have, and he sees it as representing a business model with additional potential.

Selling Water Filters

Lucas offers high-end water filters to individuals concerned about the quality of water being piped into their homes. He says, *“I believe in the United States everyone thinks their tap water is dirty. ... I miss drinking tap water the way I did in my home country. Here you cannot do it because water is different. All Hispanics want to protect their children.”*

So he offers a system that’s installed in the homes for \$800, and paid for through installments, with the first down-payment being \$200, and subsequent monthly installments of \$100. Because the system costs him only \$300, by the time the second payment is made, he has his money back and is earning money from the customer. In addition, the filters need to be replaced in the system every 10 months or so, giving him a small, but steady stream of ongoing customers.

When Lucas arrived in New Jersey he capitalized himself by working for eight months in the factory system. Then he bought a car, got insurance and gathered some \$2,000 in working capital together. He estimates that he sees 30 potential customers a month, spending two hours with each, and sells to 15. He tries to go only on referral to homes where there is an established interest in the product. He has 35 active accounts, which he follows up monthly, and he estimates that he makes \$1,200 a month after expenses. Lucas characterizes himself as in the financing business rather than the water filter business, because he makes his money off the “financing” he offers his customers on the product. His goal is to find another product similar to this one — a product with high demand and a sufficiently high price tag that requires installment payments, and one of interest to established residents with the resources to pay. As he says, *“A legal alien here earns \$10. An illegal alien earns \$5.25, minimum.”*

Serving the Mainstream

Those who claim the mainstream market as their target are the cleaning businesses, of which there are five among the sample, and the home repair/improvement businesses of which there are four. While both types of businesses serve Latinos as well as Americans, the owners are clear about their preference to serve the American market, which is described as much less price-sensitive than Latinos. While these two types of business are similar in their target markets, they differ dramatically in their success. This appears due to the differences in the barriers to entrance that each of them face, and the relatively different levels of market demand.

The Cleaning Businesses

These entrepreneurs clean homes, offices, medical clinics and day care centers, and perceive that this is a business in which there is substantial demand even though there is also serious competition. The important thing to note about these cleaning businesses is that, while some significant capital investment is required to get started, they face few ongoing barriers to operation. An entrepreneur needs a car, or preferably a van, to travel from site to site and some very basic cleaning equipment, primarily vacuums. Most buy old, second-hand vehicles. Ester, for example, started her business with the purchase of a car for \$2,000 and vacuums for \$500.²⁷ She also pays \$200 in insurance every two months. Besides this, the entrepreneurs don't require either advanced skills or special licenses. Many homeowners are willing to contract with cleaners on a cash basis.

Monthly returns range from \$120 to \$4,600. The median is \$930 and the average is \$1,645 (n=4; the fifth reported that his income was so irregular that he could not provide an average return). They provide between 16 percent and 100 percent of household income, with the median, 66 percent and the average, 82 percent.

Owning and Operating a Car

Owning and operating a car is a challenge for undocumented workers in New Jersey. Unlike other states, the state does not issue licenses to the undocumented, so most carry their home country license and an international drivers' license. But this alone would not protect them from having a vehicle confiscated, if stopped by the police, or from serious financial harm if an accident occurred. And so, every respondent interviewed for this study reported that s/he had employed one of two strategies — paying someone who is legal to purchase the car and insurance in his own name, or more commonly, setting up a corporation to own the car. The entrepreneur has a lawyer establish a corporation in the name of the business; the corporation then buys the car and purchases auto insurance. While commercial auto insurance costs more than personal auto insurance, it's a necessary cost of owning a car in the state, whether one's an entrepreneur or not. New Jersey has the highest auto rates in the nation, and so, this makes a car a significant expense for these workers. But the car also supports entrepreneurial activity, and if one is able to buy it, it needs to be protected at all cost.

²⁷The quality of the vacuum is important, and many use heavy duty, higher-end machines than most homeowners have. Ester reported purchasing hers second-hand, thus lowering the start-up costs.

The greatest limitations to the growth of these businesses appear to be the need for capital investments (while one can get started with a car, a van is needed to manage multiple accounts and teams of cleaners), and certain limits to the market, due to the undocumented status of the owners. (Entrepreneurs reported that certain institutions — especially some preschools and clinics — required documentation and a financial track record to establish the quality and reliability of the service.) The businesses are also limited by their inability to market aggressively for fear of exposure. Few use any public means of advertising, but gain all customers through word of mouth.

Even with these barriers, several of these entrepreneurs see opportunities for growth. Two, Juan and Rogelio, mentioned that if they could purchase floor strippers and polishers, this would open up a whole new line of business and an exceedingly lucrative one. Floor strippers/polishers can charge as much as \$1 - \$1.20 per square foot and gross \$1,000 for a simple job. And, just like with cleaning, these entrepreneurs see a market just waiting to be tapped.

Home Repair and Improvement

These businesses are run by the skilled tradesmen in the sample — an electrician, a plumber, a mason, and a tile and marble installer — who presented themselves as among the most desperate in the interviews. Three were mature men who had long-term experience in Argentina; one was a young man who had some skills and was trying to study to learn more. All reported that they struggled to make money using their crafts for several reasons:

- Because the systems, construction methods and/or materials used in the U.S. are different from those used in Argentina, their home country, they needed to learn new skills.
- They needed more capital to purchase the tools required to take on larger jobs. Most had very small amounts of equipment, valued in the hundreds of dollars, and reported needing \$2,000 or more in tools.
- Most importantly, because they were undocumented, they can't earn apprenticeships or apply for the licenses their trades require, nor can they apply for the city permits that larger home improvement projects require.²⁸

These circumstances restrict them to the smaller jobs, where their work can be hidden from city inspectors (in some instances, the homeowner applies for a permit claiming to do the work himself), and where the homeowner is willing to accept

Serving an American Market in Spanish

How can Spanish-speaking undocumented tradesmen serve an English-speaking market? According to Felipe, "When both parties show good will ... there has to be good will on both parts. You can get to understand someone through gestures. You can even let others know what color, size, distance, everything you want ... if there is good will on both sides."

²⁸Some immigrants are able to work for construction industry subcontractors who are licensed and obtain the permits required. But these are generally individuals who do wood framing, window installations and other tasks that are less subject to the rigorous inspections of electrical and plumbing systems. The respondents in this study largely worked on their own.

the risk of a job done not to code in exchange for a lower overall cost. Owners use the prospect of risk as a lever in price negotiations with the tradesman, further reducing their possibility for an adequate return for their labor. Daniel comments:

“ ... if you tell them it would cost them \$500, they say ‘No, I will give you \$300.’ And you need the money, so you have to take it. Unfortunately, we are in no position to refuse that offer. Now ... those people also run a risk. If inspectors find out and come asking me for a license, and I do not have any, the problem is the homeowner’s. Mine as well, since I shouldn’t work without a license.”

The result is that the three mature men have either left or sent their families back home and live in shared arrangements, living with others in apartments; the fourth lives with his mother and a boarder. Reported monthly incomes ranged from around \$300 to \$1,200. Two of the tradesmen reported that their trade produced 100 percent of their earnings; one indicated that it was largely his income, but he resorted to the factories when work was scarce. Pablo, the young electrician, also “shaped up” for factory work when needed and pooled his income with his mother, another factory worker. These entrepreneurs also reported significant variability in their earnings from month to month, with winters being the worst time for jobs. As Felipe said: *“Since you have to open doors to come in or out, most people do not want to do that. They try to avoid opening doors, because their house gets cold. It becomes a hassle. So they decide to leave it for the summer.”*

Despite all the seemingly insurmountable barriers to plying their craft, all four of these respondents wanted to earn their living through their trade more than anything else. All expressed a pride in their skills and in the jobs they completed for customers. Daniel even noted that he and several colleagues in construction had considered developing a cooperative through which they could take on more substantial projects and grow their business, but this would require their solving a number of challenges: learning English, getting loans to purchase more tools and other equipment, developing some form of management structure, and solving the problem of getting professional licenses: *“First of all, English. That is the basis. Then, getting more training in the area of gas (systems). ... Training, since here you have to have a permit. People who install gas pipes have to have a permit from the gas company. Electricians need to get an electrician’s permit. Painters need a painter’s permit. Instead, in the country where we come from, you do everything on your own. It is necessary for the person to know what he is doing, of course. Instead, here ... to get all those licenses, you have to go through the government. ... And to be able to apply for a license, they give you a test, an exam.”* Their undocumented status prevented them from making any moves toward formally upgrading their skills to U.S. standards, completing training and/or apprenticeships, and taking the corresponding exams. But, even without this, they were committed to forging ahead. As Felipe noted, a little progress on the other fronts — learning English, acquiring more tools — would expand the potential market for their services. But, if things didn’t change, some of them would not last too much longer. Pablo gives himself *“one more year. In one more year, I would have to make up my mind whether to stay or not. If I choose to leave, I will do it then. It is too long a time to be away from my family.”*

The Businesses of the Documented

Unlike the undocumented, documented Latinos have more economic options. Clearly there is no legal impediment to their participation in the formal workplace, to accessing educational opportunities, financial services and other opportunities. But the lack of legal obstacles doesn't mean that there aren't other roadblocks that have impeded their progress toward economic security. Informal work represents an attractive option for many reasons, and this group contains a large group engaged in steady patching of formal employment with informal business, as well as five (25 percent of the group) who depend solely on their enterprises for their livelihood. This chapter will describe this group's motivations for engaging in the informal economy, and the characteristics of their businesses. It will also compare the majority who have no connection with any microenterprise program to five who are loan clients of ACCION New York.

The 20 individuals in this group are engaged in 25 informal economic activities. The 15 non-program individuals have 17 activities; the five loan clients have eight activities.

The majority of the non-program individuals have a permanent job and value their informal economic activities as sidelines providing additional cash to the household. Eleven of the 15 have full- or part-time jobs. One has a disability check in addition to her sideline activities. Only three depend on their informal activities completely. Not surprisingly then, the contribution of the enterprise to household income is smaller than that seen in the undocumented sample. The average contribution that the microenterprise makes is 33 percent of total income (the median is 21 percent).

The microloan clients present a different profile. The median and average contribution of the enterprise to their households was larger (the average was 51 percent; the median 40 percent). None of the five had a steady job in addition to the enterprises, although one had social security and one had a regular disability check. Two of the five had partners generating income into the household, but in both cases, the work was irregular and the earnings relatively low.

MOTIVATIONS

"I need more money than what I am making. I am not making much, to be honest ... I have a few things, a son, and many bills to pay."

–Miguel

"... I started to do a little sewing in my home, some little hems, things like that. They paid me \$5 for it, ... to help me with my bills, food and medicine, because they cost a lot."

–Graciela

“Oh, well the reason I do this is because I ... I was working part time while in school. I figured out how to make ends meet by babysitting, which was cash money under the table, and at the same time, the most important part for me was that I could stay home with my own kids.”

–Laura

These quotes and others like them make the point that, more than anything, economic necessity drives these individuals into sideline or full-time businesses. And, this need is provoked by several causes. A number of women respondents point out that they are in minimum-wage jobs, most without any benefits, and with little or no opportunity for advancement. Many of them also have had to take over the role of head of household and breadwinner when a marriage or partnership failed.

Four of the men emphasized that it was the lack of any employment options that drove them into the informal economy, and they (as had the undocumented in their interviews) pointed to the decreasing availability of factory work across the metropolitan region, due to downsizings, plant closings and relocations. As Oscar, one of the ACCION clients, noted: *“There are many people doing this. It is due to unemployment ... even older people. With traditional jobs in factories disappearing, there are a lot of people in Washington Heights who do this type of work. They sell just about anything in the street ... out of need. And, many of them are not old enough to retire, yet. They lasted 15, 20 years working in a factory. Then the factory closed and said goodbye to them.”*

Medical necessity is also a significant impetus. As Estela described it: *“I started because my husband got sick on me, almost died ... Thank God he made it after 22 days. He came home; the bills were up to my neck. I had him in bed for almost a year. So, I had to make money to pay the bills, the rent, etc., and with two kids.”* Two of the women had medical conditions of their own that forced them onto disability. Informal, small-scale income-generating activities provide a modest but hidden income flow to supplement their benefits. Another respondent, Cristina, said that a son born with cerebral palsy, requiring close care, and a partner who abandoned them both, forced her to seek work close to home with accommodating hours, but with low wages. A crafts business offers her an opportunity to make additional money, while exercising talents and creativity that get little chance to shine in other ways.

Several others in the study emphasized the joy in their craft is a strong motivation in and of itself. This was particularly true of the women engaged in the production of handmade objects — dolls, vases, decorated bathroom sets and other items. It was also true of Jorge, the disc jockey, who balanced a job in landscaping with his weekend work performing for weddings, birthdays and other celebrations.

And finally, only a very few mentioned that these activities provided greater economic return than they could get through formal employment. Two of these are auto mechanics working from a home garage or on a street. Luis notes, *“Believe it or not, I make more money right now than I made every day in my union job.”* And Horacio, who worked for several large auto repair companies agreed, *“Actually I make more money than what I earned.”* They’re well aware that this greater return is due, at least in part, to their lack of overhead and to nonpayment of taxes, and that they run risks in doing things the way they are. But how can one walk away from the chance to make good money when few other opportunities are there?

ENTERPRISES: CHARACTERISTICS AND PROSPECTS

This range of motivations and of circumstances that lead these individuals to take up informal businesses result in very different types of enterprises. While a variety of characteristics might be used to distinguish them (sector, size, whether full time or part time), the most interesting conceptual difference emerges around the businesses' future prospects. There are those that, because of their product line or the preferences of the entrepreneur, are truly "sidelines with nowhere to go." There are other "dynamic" businesses either with the prospect of growth if conditions become favorable, or with an entrepreneur interested in growth now. Each of these will be described in turn below.

Static Sideline with Nowhere to Go

These static businesses are, as the title suggests, sideline businesses engaged in by the entrepreneur, generally in conjunction with formal work, and at a level at which the entrepreneur feels comfortable working. The monthly revenue derived from them ranges from a low of \$27 to a high of \$650, but the majority are fairly low paying and the median monthly return is \$90. The category includes sewing and crafts businesses, an informal carwash and three food businesses focused on selling homemade Puerto Rican specialty foods.

Sewing and Crafts

The five businesses in this group are run by mature, low-income women, four of whom have part-time jobs and one of whom is on disability insurance. The two sewing businesses are actually home-based tailoring services, offering simple alterations and hemming to co-workers, friends and family, and others referred by them. Both women have prior experience in sewing factories, and one of them, Graciela, also did contract sewing from her home when she was younger. She has full dressmaking skills; the other's factory experiences were confined to specific components of the garments.

The amount of time invested in these businesses is small (three hours a week reported in one case, and maybe five in another), as are the returns. Customers pay between \$3 and \$5 per hem or other alteration, a very low amount. At the same time, it's clear that the money they earn is important to their welfare. Both have household incomes between \$400 and \$500 monthly, among the lowest in the sample. Held afloat by a mix of benefits, subsidized housing, low-paying work and the support of family, the little revenues these businesses generate (between \$27 and \$100 a month) provide a cushion that's important to them, but one that's likely always to remain quite small.

Both feel constrained in growing their businesses for a variety of reasons. Health problems are the most serious with each reporting a set of medical conditions that restrict their time and energy. Fear of loss of benefits is a strong inhibitor in Blanca's case, as well. Neither feels able to take on more complex sewing projects that might generate greater financial return, nor is either interested in expanding her markets beyond her circle of current contacts and their referrals.

The entrepreneurs with homemade crafts businesses all work part time in administrative or paraprofessional positions with the local school system or community-based organizations. Like the first two women, these individuals use their crafts income to supplement their wages, but unlike them, each emphasizes that a creative sense and desire to work with their hands drives them to produce the dolls, decorated Christmas wreaths, vases, towel sets and other items they sell. Carmela says, *"I like having my own ideas;"* Cristina, *"I like it a real lot,"* and notes that she has learned her crafts through special classes that she's taken with her child. Andrea says that when she first decided to make dolls, they were based on ones she saw in Puerto Rico — *"that was a fad"* in which she got caught up — and from there she developed her own designs. But all sell to limited numbers of customers, generally co-workers and those referred by them. Only one has a display space available to her through a community-based organization in which she teaches crafts to senior citizens. All three generally make to order with a limited amount of pre-production for Christmas, Mother's Day and other holidays. While one had tested the market for broader sales through a successful display of dolls in front of her home on Mother's Day, none of them had taken other steps to grow their market, like participating in flea markets.

The result is that the returns to these businesses are also quite limited, averaging \$75 per month (median \$71), and the time invested can be high for that amount of money. The entrepreneurs report spending between eight and 20 hours a week on their crafts, although it was difficult for two of them to determine this precisely, given that their time varied from week to week, depending on the season and demand. But, clearly in most instances, the return on labor was quite low.

Yet, two expressed dreams of expanding their businesses, generally in association with others. Andrea, speaking of a friend of hers, noted, *"She, who's a seamstress, said to me, 'Look ... if we had money, we would start a business together.' I said, 'that's true because you sew, you make wedding gowns, and I do alterations and everything else.'" And, Carmela says, "It is better to get two or three to work together with you, rather than to work alone."* But the barriers to developing these businesses seem very high and the risks great. Throughout the interviews, these respondents noted the challenges they've faced in pricing their products and in holding their customers to orders they've placed. Only Carmela described a pricing system that had some relationship to the effort invested in an object. She said: *"I always keep the receipts of the supplies I buy. And then, I look at the clock and say to myself: 'I started at such a time, and finished at such and such a time.' Well, I tell myself, 'If my boss pays me five dollars per hour, I am going to charge these people seven.'" And there is some sense that these products may not be ready for a broader market. Andrea, for example, sold none of the Three Kings' Dolls she produced last Christmastime, popular in Puerto Rico, but not here, but she had not determined what it was about the product that made it unattractive here. If anyone has a chance at growing a business, it might be Carmela, but even her case exhibits the characteristics of one more in love with her craft than her business.*

For Love or Money?

Carmela got involved in crafts through work with the Girl Scouts many years ago, and further developed her interest through a job with a gift shop called *La Quinceañera*, focused on items for sweet-15 parties, weddings and other occasions. There, she not only sold the store's items, but also was able to display her own crafts and recruit participants to craft classes she held in her own apartment. When the store closed, so did her workshops, because she lost her recruiting mechanism.

Later on, in a situation where *"I couldn't pay the rent. I had nothing to eat,"* she got a job teaching crafts part time to senior citizens at a local community-based organization, and she is now applying for a second, similar part-time position at a local nursing home. She displays her own crafts at the community organization and sells to staff, program participants and members of the community association there.

Carmela is also taking cake-baking lessons from a Dominican woman and attends classes two to three times a week, paying \$25 for each class she attends. When asked if she knew when the classes would end, she replied, *"no, because she says that the more often we go, the more we learn."* And when asked if she planned to turn this skill into a new vehicle for earning money, her reply sounded doubtful: *"I was talking with a lady today and she said to me: 'Why don't you open up a store?' Do you know why I don't open up a store? Because I have no money. ... Because rent is very expensive ... getting a license costs money, renting a place for the store costs money ... all those things cost money."*

Nevertheless, she remains full of ideas, and even though she's applied for a second part-time job, she'd prefer to work on her own account: *"I don't like anybody telling me what to do."* She's now planning to take a computer class at the high school in the summer and thinking about using one ultimately to hold photos of her products and even her patterns. Someday she'll use this to manage her sales and her workshops, selling not only the crafts, but also the patterns to those interested in using her designs.

Specialty Foods

Three women produce and sell Puerto Rican specialties from their homes, including pasteles (a type of stuffed wrap with a meat or vegetable filling and corn meal inside plantain leaves), alcapurrias (a fried croquette formed of grated plantain and filled with meat), sofrito (a blend of spices), and tropical fruit ices. One, Liliana, only sells small quantities to a limited circle of friends and family, using the money to supplement her part-time wages from a local church job. The second, Griselda, operates her business with peaks and valleys, responding to seasonal and holiday demands for the pasteles and ices that she sells. Her income is erratic from this enterprise, although at Christmastime, it can reach close to \$700 in earnings. The

third, Natalia, appears to have the most thriving of the three businesses, selling pasteles, alcapurrias and sofrito, with sales to a customer base of 100 and reported earnings of \$650 a month. In her own version of multi-tasking, she generated this income while also providing child care for three children, and said she was able to generate around \$1,600 a month in cash through the two activities. The time investments also vary across these enterprises, with the largest representing a full-time operation while the others varied tremendously.

Motivation, regulation and money are three barriers to the growth of these businesses. Liliana, for example, specifically stated that she did not want to increase this activity, because such under-the-table work was illegal. As she said, *“It’s illegal, because it is money you are earning. If I have a certain amount of money, a small amount, for instance, that helps me buy something, [that’s okay]. But, let’s say I have a store and I make thousands of dollars, hundreds of dollars, I would be stealing from the government ... because that amount is not declared [on my taxes]. If I open up a store, I have to pay taxes, because God’s law says so.”* She also had dreams of becoming a social worker someday, building on her church-based service work. Natalia is happy just the way she is, and Griselda’s more immediate interest is in securing a full-time position with her present employer, even though longer term, she contemplates having a “beauty salon/boutique/restaurant,” taking advantage of all of her skills and interests. She is very aware that this vision requires both substantial capital and more business skills than she currently has. She also emphasizes that she would need to learn much more to transition from a “made to order” food business to a restaurant, but has no idea where she could get the information she needs about setting up such an operation, getting licenses and managing it.

The Car Wash

Demonstrating the resourcefulness with which microentrepreneurs can create a business opportunity out of a few simple inputs, the last business in this category is an informal car wash run by a young man, Miguel, with his two brothers, and operating out of the family driveway. The car wash generates significant returns to the young man, between \$240 and \$840 a month for weekend operations (not more than 16 hours a week),²⁹ and is an important supplement to his current income (around \$1,000 a month for school bus driving), but the business is clearly seen as a temporary sideline. Its weather-dependent nature and use of family labor and other resources, mitigate against its ever being more than it currently is. The leap from a driveway to a car wash is a large one, and Miguel’s goal is formal employment as a trailer driver. The business is an example of how informal work can provide critical income at a transitional point in someone’s life, but never turn into something more.

Dynamic Businesses

The “dynamic” businesses included two food-related businesses, two automotive repair businesses and a disc jockey business. Each is substantial, ongoing and run by individuals who have contemplated becoming formal, some of whom are interested in immediate growth, and all of whom have struggled with the issues of

²⁹These earnings reflect return after subtracting costs of the soaps, waxes and other products used in car washing. The earnings are not reduced by the price of the water used. The operation is conducted in the family driveway, and the father pays the water and other utility bills, thereby subsidizing the operation for his sons.

formalization in some way. The food and auto businesses are both in industries with high investment costs and licensing requirements that make an informal operation attractive; the disc jockey business also demands a substantial investment of funds if it is to be competitive in the marketplace. Operating under the table has allowed each to reap financial returns doing what s/he enjoys, and all the entrepreneurs in this group expressed great pride of ownership. Average monthly returns for this group of businesses are \$1,500 (median, \$1,495), and unlike others in this study, several entrepreneurs foresee good prospects for further growth ahead.

Catering

Two Puerto Rican women operate catering businesses with strong customer bases. Compared with many of the other food businesses in this study, these businesses represent substantial and complex operations.³⁰ Experienced in managing large parties — preparing food for up to 200 from their homes — each recognizes that her success depends not only on her cooking ability, but also on her ability to price below the formal market. Customers come to these businesses both because of the food's quality and because comparison shopping has led them to realize that they can achieve real savings. At the same time, these food businesses carry special risks with respect to health and safety issues. Operating without licenses and health inspections place the entrepreneurs in clear jeopardy, of which they're acutely aware. One, Estela, is a cafeteria worker in her part-time job and applies the principles she learns through her certification training at work to her home-based operation, but she recognizes that this is not enough to protect her if discovered. Both emphasize that their greatest safeguard is their insistence on doing all the cooking themselves, but this places real limitations on growth, and leads to situations of total exhaustion. The dream of these caterers is some form of formal business, a restaurant in one instance, a take-out and catering business in the other, but neither has been able to determine whether there are intermediate steps that can be taken to move them in this direction without jumping in and risking it all. Because of that, they limit their operations, "keep their day jobs," and just keep dreaming as the case of Rosario shows.³¹

A Business with Growth Potential?

Rosario is 49, a divorced Puerto Rican who works full time as a teacher's assistant in a nonprofit day-care program, caring for four-year-olds. She makes \$628 every two weeks in take-home pay, from which she pays \$750 in rent and uses the balance for food and other expenses. In addition to this income, she earns money by catering from her home. She makes Puerto Rican, Italian and Hungarian food for weddings, baptisms, Christmas and

³⁰They are rivaled only by the cooperative empanada business discussed on page 30 and Natalia's full-time empanada business in size and complexity.

³¹Low-income microentrepreneurs aren't the only ones who struggle with the costs, rules and regulations associated with establishing a legal restaurant. A *New York Times* article reported on a wave of underground restaurants from Manhattan to San Francisco managed by aspiring restaurateur, former restaurant owners, ethnic chefs and others. One chef, who runs a popular underground restaurant in San Francisco, "looked into a restaurant space, but became discouraged when she realized that it would cost \$250,000 to renovate it and bring it up to code." Another, who now runs a "fairly legal" operation in Portland, Oregon, notes that "The startup cost of most operations is astronomical ... It's impossible to do it by the book and make money in your first three to five years." No wonder caterers like Rosario and Estela remain cautious about taking the next steps.

"Restaurants on the Fringe, and Thriving," *New York Times*, 12 March 2003. sec. F, p. 1 & 7.

Mother's Day parties, and other events, cooking for up to 100 and 200 people at a time. Some time before, she had rented the kitchen in a friend's tavern and cooked lunches and suppers there, but she found it difficult, because she had small children then and another job. Without warning, the bar was closed due to drug dealing on the premises, and she lost all her cooking equipment. She had given up cooking after that, but recurred to it again after she was divorced.

She reads Julia Child and "loves Emeril," and reads cookbooks all the time. It was through friends' insistence that she began to seek catering jobs, and she now has seven regular customers for whom she caters all their family events. Through them, she also receives many referrals. She doesn't advertise because she knows she's operating illegally. But she has established her own health and safety rules she thinks protect her customers and herself. (She shows new customers her kitchen, pots and pans. She cooks alone, so she's sure everything is done right; she will not cook seafood; she asks about food allergies when constructing menus, etc.) She's also developed a protocol that mitigates her financial risks (all customers shop with her for the food needed for their parties and pay for it directly; she then charges for her labor).

Rosario struggles with pricing. In fact, she charges much less than a friend of hers who also caters. She gives several reasons for her low pricing: She doesn't think her market will pay more; she doesn't know how to charge for her time, and finally she thinks that by keeping her prices low, she reduces the risk that someone will turn her in to the authorities. She says: *"You see, I am not expensive, I don't think I am for all those hours that I do. I do this from my house and I am afraid that I might get in trouble, because people could be bad. I charge \$350 to \$500."*

At one time she was doing four or more events a month, but found it exhausting as it meant working all weekends; she now has cut it back to twice a month, but she still harbors the dream of opening a restaurant: *"My dreams are to someday to win the Lotto and get my own restaurant, because I want to be the cook. I do not want anybody cooking. I want to be there cooking. So, those are my dreams."* But she recognizes that there is a big leap between what she's doing and moving up to a restaurant. She's actually looked at an available building in a nearby town, but notes that it would require a significant investment in equipment and repair, and she'd need working capital. All of this seems beyond her reach. She has not even considered a loan and offered that her son couldn't get a loan for his education and had to drop out until his girlfriend's father co-signed for him. Why would a bank consider her credit-worthy?

Auto Mechanics

Horacio and Luis are two street mechanics (Horacio says he's a "street technician," given the level of skills he has) who work in an industry that requires a large investment to do in a formal way. Each has tried to get around this by operating in a driveway and home garage, or on the street itself. Going formal carries with it a set of requirements — ongoing certifications, licenses, investments in equipment and operating capital that could reach \$50,000 — all of which seem unattainable for a variety of reasons, and some of which relate to the characteristics of the respondents as much as to the industry itself. Horacio has bad credit, due to an unpaid student loan, and a failed business in his background — an auto repair shop that he says went under due to his own inexperience and lack of skill in customer relations. Luis doesn't have the certifications that would allow him to open his own shop (and notes that these would take two years to acquire), although he partners with someone who does. At the same time, this is an industry, like the catering business, where an individual's skill and reputation carry significant weight, and there are customers who are willing to take some risk to work with a mechanic they perceive is good. (After all, the stories of bad repair jobs from formal auto mechanics are also legion; this is the stuff of which *Car Talk* is made week in and week out on public radio.³²) In many low-income communities where cars are older and in need of more repairs, someone with a good touch and the capacity to charge less is an asset. Returns seem to be high. Reported monthly returns average \$1,000 in one case to \$2,500 in the second. (The first business is still establishing itself in its current location.) And the entrepreneurs estimate spending between 20 and 44 hours a week on the job, so compared to many of these informal enterprises, the returns are fairly good (as much as \$14 per hour).

Disc Jockey

This business is run by an individual, Jorge, who works in landscaping and construction, and appears to have a thriving business on the side. Mexican and legal, he claims an audience for his music that represents a broad mix of Latino nationalities. This music-oriented business is a competitive one, and as he describes, two factors influence one's competitive position more than anything else: the capacity to play the music desired by each audience and price. Being able to offer a cash price is a real advantage. A third factor also influences success — the sophistication of the equipment used. Speaker systems, mixers, recorders and special-effects machines increase a disc jockey's versatility, and allow him to present a show. In addition, the more equipment one collects, the larger the vehicle required to transport it from place to place. The business, therefore, demands a substantial investment over time, and Jorge estimates that he has already invested \$10,000 in it. This particular business generates an average of \$2,000 monthly for weekend work, even more remunerative than the auto businesses, allowing the entrepreneur to collect equipment over time. Unlike everyone else in the sample, Jorge keeps his business revenues separate from his employment income, using a separate bank

³²NPR describes the show as follows: "*Car Talk's* Tom and Ray Magliozzi — 'Click and Clack, the Tappet Brothers' — have been dispensing expert car advice and more on the Peabody Award-winning program for over 15 years. Each week, they take listener calls and create an hour's worth of automobile mayhem, interspersed with intelligent advice on car repair."

account to keep track, and invests all he makes back into the business. He has long-term goals to go full time, to perform and record his own music as well as play that of others, to become known in the U.S. and in Mexico, and to invest in real estate there for the benefit of himself and his family. Unlike many other businesses in this sample, this one shows clear prospects to “take off” and grow, and the careful use of loans can accelerate its trajectory.

M I C R O E N T E R P R I S E P R O G R A M C L I E N T B U S I N E S S E S

A few microloan clients were included in this study, all of whom are or were operating their businesses informally, but who had found their way to a microloan program, unlike the others interviewed here. This small sample of five are clients of ACCION New York, and operate their businesses in various locations across New York City. The intent of the interviews was to see if there were any obvious differences between informal entrepreneurs who approach a microloan program and those who do not (apart from the serendipity of being located where a microloan program existed), and while the small sample mitigates against any firm conclusions, there are some interesting differences that are worth pointing out.³³

The five interviewed represent an array of businesses — from the tiniest, which generated maybe \$80 a month, to the largest, which generated about \$1,200 a month in earnings for the entrepreneurs. One clear difference between this group and the others in this sample is the presence of buy-sell activities. Two of the microloan clients are street vendors of clothes, perfumes, sneakers, CD’s and other items. One of these sells by traveling a fixed route, visiting his customers at their places of business (most are owners or employees at shops and restaurants in the

From Informality to Formality

One of the street vendors, Walter, also represented an interesting case of how a microentrepreneur could move toward formalization over time. At first selling store to store, he now sells from a fixed location, a table on the street, with a small storage site behind it. He was just beginning to consider renting a storefront in association with his brother. With each move along the continuum, he understood and expected to be more formal, and began using an accountant to help him keep track of his finances, to maintain his license current, and to pay his taxes. (A fixed location requires a city license.) He has even experimented with using a credit card machine on the street in response to some customer requests, but found the costs too high for the volume he was doing. His ability to move along the continuum from total informality to formality seemed in tandem with the growth of the business. The moves made sense to him as he saw his returns rise.

³³The researchers had hoped to interview up to 15 microloan clients who had been or were still operating informally, but it was difficult for ACCION to identify clients according to this criterion. From a list of 10 provided, only five were willing to be interviewed.

Bronx). The second sells from a fixed table, for which he has the permit. A third client is a woman who does hairdressing from her home, but also sells jewelry on the side, and a fourth, while not using his first loan for retail, does sell over the Internet and is contemplating selling through a fixed flea market location in the future. In each case, an injection of working capital can make an immediate difference in the size and attractiveness of the business.

A second difference between this group and the others was both their experience with credit and their savvy in using it. Zulma, the hairdresser, was a client of ADEMI in the Dominican Republic (an international microfinance organization, also supported by ACCION International) before coming to the States and had an intimate acquaintanceship with microcredit. (She had a number of loans through that organization, reaching the \$10,000 level on her last loan.) More interestingly, two of the clients reported using part of their ACCION loan for debt consolidation and to reduce the interest that they were paying. While each loan was provided for a stated business purpose, it appeared that portions of the loan in these cases were also being used to pay off higher priced credit card bills, part of a strategy to reduce overall indebtedness and to improve the entrepreneur's financial standing. These entrepreneurs knew that the ACCION loan was a good deal, and they took advantage of the opportunity it presented to develop a more sound financial position.

The experience of the five microloan clients also shed some light on how one microenterprise program approached the challenge of working with informal businesses. None of these entrepreneurs was undocumented, so legal status was not an issue here. But, the businesses were informal in other ways: Oscar, the door to door vendor, operated totally in cash; Zulma, the hairdresser, operated out of her home without licenses; and Marta, a cake baker/party planner who used her loan to increase her equipment, like the other food businesses in this study, operated outside the purview of health and safety regulations. She did not feel pressured by ACCION staff to do things differently from the way she was currently doing, nor did any of the others express particular pressure in that regard. When asked how ACCION had addressed any of these issues with them, the entrepreneurs replied as follows:

- Their loan officers focused with them on the importance of credit repair as a first step in developing their capacity to secure more and better financing, not only from ACCION, but also from formal banks. This has meant advice with respect to timely payment of bills, to reducing and consolidating outstanding credit obligations, and to helping with specific personal credit problems that individual clients presented.
- Oscar's loan officer had advised him to move from a cash-only operation to one that accepted checks, deposited them in a bank account, and developed a paper trail. As he said: *"Because they say that when commercial banks see that, they get excited and even give you a loan. That's when I want to fix my credit [history] even more. Because, for instance, a line of credit is what I am interested in. Once you get a loan, you use only what you need."*

- Zulma's loan officer had raised the issue of her formalizing her beauty shop, moving it outside her home, but did not see the informal operation as an impediment to her first loan. Zulma noted: *"She asked me if I planned to move my shop somewhere else [out of my home]. I said 'yes, but I cannot do that overnight.' I said, 'Let's see how the connection goes and then I'll tell you.' If I get a chance, I'll move my shop somewhere else. ... It's very expensive. I'll find one that's convenient. It won't happen overnight, but in two years ... who knows?"*
- Their loan officers have suggested greater financial controls and better organization of their overall operations, all with the view to increasing their returns and moving the businesses forward, but never in a way that makes lack of compliance with sound business practice an impediment to a relationship with the program. Marta, the cake baker and party planner, for example, noted that, while her loan officer had advised her about the importance of paying taxes, she also acknowledged that the irregular nature of Marta's business, due to her health, made it more of a challenge: *"They know my situation."*

In short, the approach has been to gently suggest ways of moving forward toward formalization, while at the same time, offering small-scale financing to increase business volume and grow it to the point where formalization makes sense to the entrepreneurs themselves.

Looking for What?

So what are informal entrepreneurs looking for? What products and services might they need from microenterprise programs and others? In some respects, this is a difficult question to answer. Apart from the microloan clients, the respondents in this study have had no exposure to microfinance or business development services. When they speak of potential loans, they generally have only their knowledge of and experience with the formal banking system as a guide. When they speak of improving their skills and knowledge to do their businesses, the range of subject areas is broad. In addition, the undocumented see their legal situation looming large and constraining any other steps they might take to progress. Finally, as low-income individuals, these entrepreneurs can't and don't isolate their enterprise needs from others in their lives. These individuals note that they have a range of financial needs, not just for enterprise loans, and they face serious issues with respect to health care. These needs can't be ignored in thinking about what it takes for them and their families to move forward. Briefly listed below are the major areas respondents addressed.

LEGALIZATION

"If I were president, I would ask you, 'How long have you been here for? Two years, three years?' You have not committed any crime. You have behaved, [so go ahead and] file the papers for residence."

–Benito

The greatest concern of the undocumented workers is achieving legalization. These respondents strongly professed their belief that the opportunity for legalization should be offered to individuals like themselves who have made contributions to the U.S. economy through their labor force participation and their entrepreneurial activities. They also note that they have made financial contributions to the U.S., as well, through their payment of income and social security taxes, and that they have many skills to offer besides the ones they are currently using. A number of the South Americans in the study, for example, have advanced education or training. Legalization would offer them flexibility to pursue a variety of economic opportunities. Some in the study would use that flexibility to pursue more economically remunerative and stable jobs; others believe it would open the doors wider for their entrepreneurial talents. They would no longer have to be invisible; they could do their businesses openly, marketing their services to a wider audience. The tradesmen could work toward their licensing and pursue apprenticeships and subcontracting relationships.

CREDIT

“At any point did you think of asking for a loan to buy those tools?”

“Yes, but they wouldn’t give one to me.”

“Where did you look for one?”

“At the bank. At Fleet.”

“They wouldn’t give it to you?”

“No, because I didn’t have a credit history. They even check your Social Security number.”

–Daniel

“Have you looked for a loan?”

“Not yet, because I have a little money of my own, and I want to keep making it grow. I plan to ask for a loan, though, but I don’t know where. Frequently, it is very hard for Hispanics to get a loan. They see you look like a Mexican, like a Hispanic, and they don’t trust you. Even though I have my residence and my wife is American. When she comes with me, everyone treats me well, but that’s because she is white. That’s what makes a difference ...”

–Jorge

Thirty-seven percent of the whole group interviewed is interested in credit of some type. This includes six of the undocumented workers (33 percent of that group; 16 percent of the whole) and two of the documented, non-program individuals (13 percent of that group; 5 percent of the whole). Interestingly, some of the respondents have actually tried to obtain credit, all with a negative result. This includes Rosario whose son sought an educational loan; Pablo, an undocumented individual who also sought an educational loan; and Daniel who sought a business loan. Others have made no effort to apply for credit because they strongly believe that they would be turned down.

Those interested in business credit (not including the microloan clients who already have loans and expect to obtain others) cited a number of uses for loans:

- floor strippers and polishers, carpet shampooers, and vans for cleaning businesses;
- plumbing and woodworking tools, and tools for ceramic tile installation;
- equipment and working capital for an auto repair shop; and
- sophisticated sound systems, recording equipment and music mixers for a disc jockey’s business.

Others mentioned credit needs for other purposes. Two undocumented respondents mentioned the need for educational loans and housing loans. As mentioned above, Pablo had sought and been turned down for educational financing by both formal banks and finance companies. With respect to the need for mortgages, Juan, who had not sought any financing, said: *“And what happens is that many of us, for instance, would like to have access to [owning] a house ... because*

rent is high. For instance, I pay \$1,000 a month. If I made a little sacrifice, I would be able to pay a mortgage on a house without any problem. If my landlord pays \$1,250 and I pay him a thousand, he is practically living for free. But he has the chance to have papers and we do not."

Of course, there were others in the group who were extremely credit averse. These individuals, among them many of the women in the sample, expressed great fear that they would not be able to manage loan payments and that a loan would, in fact, leave them in a worse situation than they already are. As Cristina, one of the crafters commented: *"I don't want any more debts. Frankly, if I could ask for a loan, I would. But I also have to think that if I don't sell what I have, what would I do to cancel the debt?"* Likewise, Ester, an undocumented housecleaner, observed that, *"A loan would be very difficult for me [to pay off]. I would work and save, but not get involved with loans, no ... instead I would start buying [things] a little at a time, investing a little at a time. When I have all the equipment, then I would be able to expand more. But, [I wouldn't be able to do that] with loans, they charge interest and all that."*

L I C E N S E S

Four of the undocumented respondents seek the chance to become licensed in their trades here in the United States. At a minimum, this involves passing a licensing exam offered by the state. For some, it may also involve an apprenticeship, although the respondents were not completely clear on the various requirements established for each trade. As Daniel said, it is difficult to know the correct information, *"because you are not well informed due to fear. You don't go to the [government] agency out of fear of what they may say to you."* For all of them, however, it begins with regularizing their status, because without that, they can't present themselves for the exams.

Other undocumented workers are interested in securing licenses to prepare and sell food, because this would enable them to rent a locale and expand. Araceli, speaking of the food cooperative, said, *"We always talk about it, about renting a more spacious place, where you go and cook, and then come home. But, if you go to a landlord and tell him, 'Could I rent your stove and kitchen?' you are told, 'No, you are going to break it.' I don't know."* Being undocumented, they can't make the move to a more public and appropriately supervised setting.

I N D U S T R Y - B A S E D S K I L L S

"The other issue is that I would like to get more training related to my work. That is, on plumbing and pipes for hot and cold water. I would like some practical training to be able to get a license and so be able to offer clients more safety and a warranty. Those are my goals: for the client to be safer and for me to be more at ease, to work on a very solid basis."

—Roberto

"I would also love to go for training, for gourmet training. I haven't decided where. I have already gathered some information about it. I would like to go for more cooking classes."

—Rosario

"I would like to get more training for myself ... doing what I am doing, maybe a certified mechanic, because sometimes it has its ups and its downs. Some people want to see a piece

of paper that you are a certified mechanic. They do not care if [they] are going to charge them \$300 and you are going to charge them \$2. Hey, you are charging me \$2, but you are not certified, so I am going to take it to this guy. There are people like that."

–Luis

When respondents were asked whether they had any interest in training, their immediate responses focused on specific skills they felt would improve their position within their industry or trade. A caterer, Rosario, expressed interest in learning more about gourmet cooking. Another crafter is taking courses in cake baking, and interested in building her capacity in that area. The skilled tradesmen are interested in learning more about U.S. methods of housing construction and home improvements. Jorge, the DJ, wants to learn more about music production, and has even paid for training from a more advanced technician. One street mechanic, Luis, considers the possibility of formal training in auto mechanics. And, an already skilled child-care provider, Alicia, expresses her interest in increasing her knowledge of child psychology. When these entrepreneurs think of training, they mostly think about building their knowledge and skill base in specific sectors — learning new techniques, developing new product lines, and increasing professionalization.

B U S I N E S S S K I L L S

"Look, I do not think that this is a small issue. I didn't go to school. But, I am the type of person that if I earn 100, I won't spend 110. I have common sense and have worked, for instance ... I have worked with big firms. I always considered myself good in money management."

–Armando

"Would you need more business classes on how to run a bigger business?"

"I need that too. I don't know where I could get those classes."

–Estela

Very few of the entrepreneurs expressed a need for business training of any type. Rather, many expressed the opinion of Armando, above, that they understood the basics of managing their businesses, and that their skill in this regard came from experience — either the experience gained in working on one's own or through other employment where they had administrative responsibilities. Whether these entrepreneurs are right in their assessment of their capacities is hard to assess, but it is interesting to note that the one respondent in the group who had previously failed in his formal auto repair business, Horacio, noted that better management skills would be needed for his second attempt.

The ones who did express the need for business training were largely documented women running sideline businesses, and who acknowledged the need to learn more to grow them into something more substantial. Griselda, who dreamed of a combined beauty salon and restaurant, noted she would need to learn

how and where to get the licenses she needed, as well as more on *“how to build up a business from where it is to where it can grow.”*

Several others noted the difficulties they have in establishing the price for their products and services. Andrea, for example, says, *“I have never been able to calculate”* the total cost of her crafts, including labor. Others, who didn’t identify this as a need, made statements in discussing their businesses that suggested that neither did they have complete control over (or understanding of) the costs of making their products. Pricing is not just related to knowing costs better. It’s also related to knowing how to sell a price, and these entrepreneurs are engaged in a real balancing act as they approach their markets. Many believe that their customers are very price-sensitive, and that they need to charge below that price. Rosario, for example, says, *“I just do like, for this one I am going to charge that much ... because sometimes if you ask them a certain amount, [they say], ‘Oh no; too expensive; we can’t,’ and I need that money to pay my bills and everything, so if I say no for that price, then I lose \$300 or \$500 which I could use. ...”* At the same time, she notes that, *“Training on how to charge more, how to do it per head”* is exactly what she needs.

Only one of the respondents mentioned that she had ever heard of business seminars being offered, but she could not indicate who offered them or where. Her impression was that they were never offered at a convenient time and place, always when she was working and couldn’t get release time.

F O R M A L I Z A T I O N

“Do you plan to incorporate your business?”

“... It depends ... on how much I would pay in taxes. For instance, if I charge \$500 and the city charges me \$200 in taxes, then it’s not good business for me. That’s to say, I have to inquire how much it would cost me.”

–Jorge

“Have you even thought about going legal? What would be the obstacles to doing that?”

“I would have to go back to school. I have no problem with that ... to get your license, you would have to get insurance ... everybody that works for me would have to be certified then, like certified mechanics ...”

–Luis

“Actually, I met a lady when I was doing the arts and crafts things, and she brought all her little kids, because she used to do that. She used to be certified. And, we spoke, and she told me that I should get into it. But sometimes it’s just a hassle; they expect so much from you and from your own house. My house is a fixer-upper. I mean, it’s not like brand new inside. It’s decent, but it’s not brand new; it needs some work. ... So if you go through, let’s say, the legal way, then they expect more from you, and then what is it that you’re really doing. I wish I could; don’t get me wrong. And it’s not like I’m having these kids with a nasty environment or something. It’s not like that either, but you know, they have their rules.”

–Laura

Are these entrepreneurs looking to formalize their businesses? The answer to this is complicated. A number of the undocumented respondents would say yes, but that their uncertain legal status prevents them from taking the necessary steps to operate above board and to grow their businesses. Several of them have taken steps to “formalize” aspects of their businesses through legal incorporation, less because they see it as a step to operating in the formal economy, and more to protect their cars, one of their most important business and personal assets. (See discussion on car insurance, page 35).

There are others who dream of a formal business as opposed to the sideline that they operate out of their homes. The crafters talk of teaming with others and opening gifts, crafts and accessories shops. Some of the food entrepreneurs talk about opening a take-out shop or restaurant, but none have taken a step to investigate what it would take to make this a reality.

Still others have taken some specific steps to test the feasibility of going formal, but they perceive a huge gap between where they are now and where they’d like to be, and they see many barriers in the way. Luis, the auto mechanic quoted above, knows what it would take to be formal, and while he says he has no objections to returning to school in principle, the reality of his current life (he has a wife and small child; he is paying a mortgage; he is involved in another sideline business and a band) suggests that he won’t be moving to start what would be a two-year training program any time soon. Jorge, the disc jockey, is another documented respondent who has observed others who’ve incorporated their businesses and knows that he will have to do the same if his business grows much bigger. But he and others like him fear the loss of their market, due to the higher prices they’d have to charge if they needed to share their revenues with Uncle Sam.

Finally, others fear that formalization would require substantial investments to transform their businesses. Horacio, the former auto repair shop owner, thinks he’d need \$50,000 to open a legal shop; Rosario has looked at a property that could be converted into the restaurant she dreams about, but it needs significant work to bring it up to code. Laura worries about the costs involved in bringing her house up to the requirements of a regulated day-care operation. For all of them, the gap between where they are and where they would need to be looms very large indeed.

Where to Go From Here?

"My dreams are someday to win the Lotto and get my own restaurant, because I want to be the cook."

–Rosario

"I would like to have a nice little restaurant where people could come and relax, eat the food they like. Something nice and simple, nothing fancy."

–Estela

"Well, my dream is to have, some day, a sewing room ... to do crafts and sew ..."

–Blanca

The impressions that one walks away with after listening to these 38 informal entrepreneurs are several. These are individuals whose lives are hard, and for whom the safety net is weak, indeed. For undocumented workers the net includes the church, their own social networks and Charity Care, subsidized medical assistance provided by the state.³⁴ Documented individuals have a somewhat larger safety net that also includes social security and sometimes disability insurance, unemployment benefits and health care. In fact, almost no one in this study had a job with medical benefits, sick leave, life insurance or pension benefits. And, almost no one believed s/he could get a job providing these benefits. These are individuals who live on the edge, who operate businesses as part of a survival strategy that demands patching income from a variety of sources and working long hours to do so.

At the same time, these are individuals who inspire one with their ingenuity, their capacity to create a livelihood where few options existed, and who take risks in doing so, whether those risks include living an undocumented life, or just generating "under the table" income. While some of them pursue their businesses only out of necessity, there are others for whom the business is a passion, who take pride in their work and who see opportunities in the future. Like other entrepreneurs, they express dreams of building their businesses into something more public and established, something that allows them autonomy and control in a way that a job never could.

³⁴New Jersey's Charity Care program is a state-mandated and state-funded program that reimburses acute care hospitals for in-patient and out-patient services to residents without health insurance, and who have no other means of paying for health care. The program supports citizens, non-citizens and undocumented aliens. To access it, individuals must supply evidence of state residence, valid identification, and documentation of gross income and assets. (The family assets limit is \$15,000; income guidelines based on family size: a family of four making less than \$35,300 pays nothing for services.)

Health Care for the Uninsured Program, *New Jersey Hospital Care Payment Assistance Fact Sheet* (January 1998); available from <http://www.state.nj.us/health/hcsa/ccfactsh.htm>; Internet.

The University Hospital, *New Jersey Charity Care Eligibility Requirements, "Quick" Check List* (2001); available from <http://www.theuniversityhospital.com/infoforpatients/charitycareinfo.htm>; Internet.

But there is a real gap between these entrepreneurial dreams and their current situation. And that gap is strewn with barriers that would need to be overcome for these entrepreneurs to grow. Some of them are external and some are of their own making. Some of them relate to policy, others to the dynamics of their businesses, and still others to their own knowledge and attitudes.

P O L I C Y

Regularization of Status

It is beyond the scope of this project to consider all the issues and nuances of immigration policy in this country, but it is important to recognize the perspective of the undocumented entrepreneurs in this study who believe that they are contributing to this nation in significant ways, that there should be methods for them to demonstrate their value as economic workers and as residents, and that there should be processes to incorporate them formally into the nation. This perspective is one they share with many informed policy analysts and advocates who have argued that:

- *The economy needs these workers:* U.S. Department of Labor projections indicate that between 1998 and 2008, the number of jobs will increase by 20 million, but the number of workers will increase by only 17 million.³⁵ Between 2000 and 2021, it is also expected that the growth of the native-born workforce will remain at the same levels as the previous twenty years, and "... any growth in the labor force will simply have to come from older workers and immigrants ..."³⁶
- *Immigrants already make substantial contributions to the economy and to government revenues at national, state and local levels:* Immigrants are reported to add about \$10 billion each year to the economy, not including the impact of immigrant-owned businesses. They pay substantial taxes (an estimated \$133 billion in 1997), and are net contributors to Social Security and Medicare (the net benefit — taxes paid over benefits received — is estimated to be nearly \$500 billion for the 1998 to 2022 period). While the average immigrant "imposes a net lifetime fiscal cost on state and local governments of \$25,000 ... there is no evidence that states and cities with large immigrant populations perform worse economically than those with small immigrant populations. In fact, just the opposite is generally true."³⁷
- *Immigrant and refugee small businesses are an integral and growing aspect of the vitality of urban neighborhoods throughout the U.S.:* Self-employed immigrants represent 12.4 percent of all self-employed workers in the United States. Between 1990 and 2000, the number of self-employed immigrants increased 46 percent, while the total of all self-employed workers increased seven percent. These self-

³⁵National Immigration Forum, "Immigrants and the Economy," 2002; available at <http://www.immigrationforum.org/pubs/articles/economy2002.htm>; Internet.

³⁶The Aspen Institute's Domestic Strategy Group, *Grow Faster Together or Grow Slowly Apart: How will America Work in the 21st Century?* (Washington, D.C: The Aspen Institute, 2002), 11-13.

The Domestic Strategies Group is described as a "group of prominent Americans [convened] to study work, the economy and the future of America." It "included both Democrats and Republicans, business and labor leaders, and prominent representatives of academia and the press."

³⁷National Immigration Forum, "Immigrants and the Economy."

employed workers generate income that supports households, buys goods and services in local communities, and stabilizes local economies.³⁸

- *The current system leads to exploitation of both undocumented workers and U.S. citizens:* The lack of full workplace rights leads to a series of abuses, including violations of worker protection laws, suppression of rights to organize, discrimination on the basis of nationality, and depressed wages for all workers.³⁹

Specific recommendations with respect to regularization of status include:

- Provision of permanent legal status through a new amnesty program;
- More strictly enforced labor standards, and provisions to safeguard “foreign-appearing” workers from discrimination;
- The granting of driving privileges (these are not uniformly available across states);
- In-state tuition fees for undocumented students; and
- Support for the use of “matriculas” for accessing work and financial services. (Matriculas are identification cards issued by Mexican consulates upon submission of original birth certificates or other specified documentation. They have been and are still accepted as valid forms of identification by some police departments, banks and others, and reduce immigrants’ needs to purchase false Social Security cards. They do not now legalize status or access to benefits or provide permission to work in the U.S.)

Organizations supporting one or more of these provisions include the U.S. Catholic Bishops Office of Migration and Refugee Services, the AFL-CIO, the National Immigration Forum, the American Friends Service Committee, the National Network for Immigrant and Refugee Rights, the League of United Latin American Citizens, the New York Immigration Coalition and the National Council of La Raza, among others.

Implementation of any of these recommendations would improve the status of the undocumented workers in this study and their ability to pursue entrepreneurial activities. Chapter 4 discussed the current, convoluted way in which New Jersey-based undocumented workers secure driving privileges and car insurance. Access to state licenses would make car and insurance purchases easier and less costly, as well as increase road safety for all citizens. Similarly, the application of in-state fee schedules for higher education would support the pursuit of technical training and skills building. Without changes like these, the efforts of the undocumented to grow businesses, and in turn, contribute to the economy will remain hampered.

Taxation, Business Licensing and Regulation

By definition, informal entrepreneurs do not operate in full compliance with

³⁸Maude Toussaint-Comeau, Art Rolnick, Robin Newberger, Jason Schmidt and Ron Feldman, *Credit Availability in the Minneapolis-St. Paul Hmong Community*, 3; available from <http://minneapolisfed.org/research/studies/hmong/credit.pdf>; Internet.

³⁹National Immigration Forum, “AFL-CIO Calls for Repeal of Employer Sanctions,” 24 March 2000; available from http://www.immigrationforum.org/currentissues/articles/032400_aflicio.htm; Internet.

applicable laws and regulations regarding taxation, incorporation, registrations, licensing, health and safety codes, and others. And yet, there are good reasons for this web of rules and procedures. For many entrepreneurs, these requirements are daunting. From their perspective, paying taxes and compliance are costly and would undercut the financial viability of their businesses; the steps are also complex. Many of the documented respondents, who could be “legal,” expressed limited understanding of what would be required to take their businesses formal, and held generally negative opinions regarding the perceived degree of difficulty involved.⁴⁰

A challenge for policymakers is finding ways to create simpler and incremental paths to formalization than currently exist. Some informal economy researchers, who perceive the informal economy as a seedbed of economic growth, suggest that these entrepreneurs could be nurtured with tax incentives, simplified regulations and business development services, with very positive results. Citing the example of “informal economies of growth,” such as those represented by central Italy, Cuban Miami and Hong Kong, they note that real and strong impacts have been achieved through the support and cooperation of local and regional governments. Noting that governments have made similar concessions in enterprise zones to large, formal firms, they ask: why can’t a similar approach be designed for areas of high poverty and unemployment, but where “semiformal neighborhood sub-economies” have emerged? Noting that these sub-economies are socially desirable responses that “stabilize low-income communities and generate internal resources that can be recirculated inside these areas,” tax breaks and simplified regulations can boost their economic power, link emerging businesses to the formal sector, and create avenues of cooperation — and ultimately, revenue flows — between them and government.⁴¹

PRACTICE

In the absence of policy changes that will make formalization easier, the research raises a set of issues for microenterprise development practitioners to consider. It is very clear from these interviews that:

- Not all informal entrepreneurs are entrepreneurs by choice. Fifty-three percent of the documented and 33 percent of the undocumented in this sample said they would prefer a stable job with benefits if they could get one. At the same time, most considered a “good job” unattainable. Some of them are not interested in either growth or formalization. This is particularly the case of

⁴⁰The Pioneer Institute for Public Policy’s Center for Urban Entrepreneurship has released a guide, *Navigating Through Regulations and Licensing Requirements: A Guide for Entrepreneurs in Boston*, that identifies the requirements for 12 different types of start-up businesses, including day care, beauty and barber shops, catering, cleaning services, sewing shops, street vendors, TV/radio repair shops and others. Among other things, the text identifies 23 steps for would-be beauticians, including dealing with eight city, state and federal offices. Street vendors have to deal with 10 offices. This suggests that informal entrepreneurs’ fears about the difficulty of becoming legal are not unfounded.

The Pioneer Institute for Public Policy’s Center for Urban Entrepreneurship, *Navigating Through Regulations and Licensing Requirements: A Guide for Entrepreneurs in Boston* (Boston: 2002); available from <http://www.pioneerinstitute.org/pdf/entre-all.pdf>; Internet.

⁴¹Alejandro Portes, Manuel Castells and Lauren A. Benton, “Conclusion: The Policy Implications of Informality,” in *The Informal Economy: Studies in Advanced and Less Developed Countries*, eds. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore: Johns Hopkins University Press, 1989), 306-307.

Saskia Sassen-Koob, “New York City’s Informal Economy,” in *The Informal Economy: Studies in Advanced and Less Developed Countries*, eds. Alejandro Portes, Manuel Castells and Lauren A. Benton (Baltimore: Johns Hopkins University Press, 1989), 74-75.

many women entrepreneurs operating sideline businesses for income supplementation. Others, seeking to make the best of the situation, are interested in improving the revenue potential of their businesses and could benefit from services.

- The undocumented can't operate fully legal businesses while their own legal status is irregular, yet 44 percent of this group believed that formalization would improve their business prospects. They may benefit from guidance on how to more closely conform to accepted business practices within the limits of their circumstances.
- There are some dynamic businesses with owners interested in growth but not necessarily formalization under current circumstances.
- Finally, there is a small number of informal entrepreneurs who are both growth-oriented and have the potential to formalize in the near term. In this study, one documented individual was probably ready to go and another five (25 percent of the sample) could be characterized as interested but cautious.

These findings underscore the diversity of informal entrepreneurs. They have different goals, different skills and capacities, and different constraints related to the industries in which they operate, the markets they're accessing, and their own household composition and economic portfolio. Not all are candidates for microenterprise services, but a number may be, depending on the program's willingness to look at this market.

What then should microenterprise programs do? First and foremost, practitioners need to clarify their interest in serving this market. Interviews with program managers have elicited a range of reactions to assisting what might be called "long-term, informal entrepreneurs," those who are not only starting out informally, but also, like many in this sample, can't or won't formalize in the near term, or remain cautious about doing so. It is clear that their willingness to work with these individuals depends in part on their funders and funder requirements (real or perceived), part on their own philosophies regarding proper business development, and part on their assessment of the best use of limited resources. At the same time, this research suggests that, while informal entrepreneurs can be a market for microenterprise services, it is a challenging market that calls for rethinking program services, program policies and marketing.

Products and Services

While this study was not intended to be market research, the conversations with the entrepreneurs interviewed suggest interest in several possible products and services.

Enterprise Loans

Individuals cited needs for financing from several hundred dollars to \$50,000. Setting aside the higher-end estimates (these individuals recognized that financing at these levels would require formalization, among other things), the balance of the requests primarily related to purchases of tools and equipment needed to expand business operations. These requests are similar in nature to those of most potential

microenterprise borrowers, and the issue for programs is to determine loan policies and procedures that can accommodate the situation of undocumented individuals and unregistered businesses. This implies developing a set of risk mitigation strategies that meet program needs while not imposing overly onerous demands on the loan applicants. Programs with experience in lending to informal and undocumented entrepreneurs have:

- Established loan limits under which unregistered businesses can access financing;
- Used higher loan amounts as incentives to formalization; and
- Developed alternative methods to verify identity, and place and length of residence, and to assess the reliability of prospective borrowers.

Loans to Informals

BusinessNOW of Atlanta allows an unregistered business to access microloans of \$250.

MicroBusiness USA of Miami, Florida, offers business training and \$500 microloans to all entrepreneurs, regardless of status. At the \$2,500 level, the business must be formalized.

ACCION USA's official policy is not to reject anyone based on their immigration status, and uses private funding to provide those loans. ACCION has developed alternative procedures to assess and manage risk, and accepts an expanded range of documents to verify identity and residence.

—FIELD forum Issue 14, March 2003

Housing and Educational Loans

Larger community development financial institutions should note the strong interest among the undocumented for access to both housing and educational loans. While housing loans may seem an even larger stretch than microenterprise loans, in fact, there are some institutions that consider mortgage lending less risky. The house provides a significant and immovable piece of collateral that facilitates the underwriting, whereas most microbusinesses have little in the way of assets.

Educational loans present other challenges, since borrowers may be less capable of offering either collateral or a demonstrated income stream to pay the loan in the near term. On the other hand, short-term, gap financing for specific coursework or technical training may be more feasible than support for enrollment in traditional four-year institutions. In this study, both documented and undocumented individuals sought loans for community college attendance.

Mortgages for the Undocumented

Conexión Americas, a community-development organization with microenterprise and housing programs in Nashville, Tennessee, operates Puertas Abiertas (Open Doors), a pilot program extending mortgages to undocumented borrowers. With funding provided by several banks and a foundation, the organization is assisting 13 families with the purchase of homes. The clients, all with three to five years residence in the U.S., must attend a homeowners' class for six months, participate in a monthly savings plan to generate the down payment and closing costs, and meet other criteria similar to those required by Fannie Mae. At the end of six months, each client will work with a real estate agent recommended by the program to select a house and proceed through the formal loan process.

Business Development Services

The entrepreneurs interviewed expressed little interest in formal business planning or management courses, even though the need for such assistance was evident in some cases. A more immediate need for many is to determine whether formalization makes sense for them against the concern that “going legal” would raise costs without necessarily increasing revenues. This suggests several possible roles for programs:

- Training or technical assistance specifically focused on assessing the pros and cons of formality, coupled with “risk mitigation” planning assistance for those who choose to move forward.
- Step-by-step descriptions of the processes for incorporation, and for obtaining licenses and permits for specific business types.
- Expediter services: staff with detailed knowledge of and connection to relevant state and local departments, creating faster and easier pathways to gaining necessary approvals.

While the sense of these services is obvious for documented entrepreneurs, they can also be adapted for undocumented individuals, as well. Even though the undocumented entrepreneurs in this study had incorporated businesses for the sake of car and auto insurance purchases, they had no knowledge that other steps were possible, as well, or that the effort might bring benefits. Yet, at least one program has convinced clients that it is worth it to take as many steps as possible to conform to the law, and has developed a pilot course to show them how. (See box.)

Although informal entrepreneurs may not be ready for a complete business planning course initially, they may be attracted to short courses designed to meet their immediate concerns. A particular issue raised by several in this study was pricing — both how to price products and services in relation to their costs, and also how to set prices that the market will accept. Many microenterprise programs build client skills in this area as part of their feasibility training or business planning courses, but rarely is this topic marketed separately. Offering and marketing a short course that speaks directly to this concern would meet an immediate need and might motivate these entrepreneurs to consider more in-depth training or technical assistance.

Following the Path to Formalization

Coastal Enterprise's Start Smart training program for refugees and migrants offers detailed guidance on establishing a formal business. As part of the course, the business trainer takes aspiring entrepreneurs to the requisite government offices to file forms and applications, knowing how intimidating the process is to new arrivals to the States.

Conexión Americas in Nashville found that many undocumented entrepreneurs were generating significant sums of money working as subcontractors, providing painting, roofing, framing, masonry and landscaping services. Even though undocumented, many felt the need to pay taxes, because they had been paid formally, and a few had workers' compensation for their employees, even though the businesses were not fully licensed. The organization started a training course especially for entrepreneurs like them called "Negocio Prospero" (Prosperous Business) which, over the course of three months (and 18 class hours), helps these individuals establish their businesses as sole proprietorships, get EIN numbers, open checking accounts, separate their business and personal finances, and learn how to buy business insurance. While the businesses aren't totally legal if they employ and pay "out of status" workers (including the owner), Conexión believes that the separation of the business from the individual creates some protections for the clients that they do not have otherwise. Conexión offers a second reason for moving into compliance in every way possible with the law. The hope is that when there is an amnesty or some window to legalize opens, they will have a strong record supporting their case for residency.

Industry-based Services

Sector specific services appear particularly attractive to entrepreneurs like those interviewed in this study. Training that blends business and industry knowledge in one course may be more attractive than generic business training. Courses entitled "Improving Your Food Business" or "Improving Your Home Improvement Business" might serve the twin needs of offering technical knowledge that entrepreneurs want to know along with basic business management. Courses like these will also facilitate transmission of information regarding the specific requirements for legal operation in specific trades.

This study sample contained a surprising number of food businesses, craft/sewing businesses, and construction trades within a small group of respondents and in a relatively limited geographic area. And, a regular theme in the interviews related to the attractiveness of group efforts to achieve economic ends. The empanada food cooperative represented the most fully realized example of this idea. But, there was informal sharing of business leads among the skilled tradesmen and among the caterers in the study. The tradesmen had also contemplated forming a business cooperative, and several of the crafters also spoke of the possibility of joining forces in a more formal business. Are these aspirations towards collaborative

models unique to these individuals, or to the Latino culture from which they emerged? Does it have to do, in part, with Argentines here replicating cooperative patterns that have emerged out of the economic crisis in their home country? Whatever the case, the notion of pooling resources in some way may make sense: a kitchen incubator could help many food businesses meet licensing requirements and grow, or help several join together to build the next Goya; a social business built on Latino crafts traditions and with better market savvy might create a product line and bigger market than the independent crafters can. Trades-based networking opportunities can help entrepreneurs gain skills and build their own alliances.

Program Policies

The previous section suggests some ways microenterprise programs might create or adapt services to meet the needs of informal entrepreneurs, but more than this, programs need to clarify their orientation to these potential clients and make their criteria explicit regarding the accessibility of services. Programs differ widely on their orientation to informal (and undocumented) entrepreneurs and range from those who are openly welcoming to those who are not. For example:

Program A has decided that it will not reject anyone based on immigration status and has developed funding streams that enable it to provide loans and other services to undocumented individuals.

Program B refuses to work with aspiring entrepreneurs who will not register with the city and become fully licensed. The organization believes that the economic case for microenterprise development can only be made by demonstrating that these small businesses pay taxes, follow the rules, and contribute to the formal economy. Their funders see this as a necessity.

Program C has decided to offer a limited menu of services to unregistered businesses and uses the carrot of larger loans to entice growth-oriented businesses to become formal.

And there are many programs that remain uncertain where to draw the line. One staff person asks: "Are we directing people appropriately to tell them to formalize their business? ... Is it truly beneficial to them. ...?" Another asks "how to respect the line between formal and informal. ...You can't preach to them; there is a reason they are doing it the way they are doing it."⁴² Yet, others are concerned about the ethical implications of assisting businesses that are not in compliance with important health and safety regulations. What if someone becomes sickened from the caterers' food, or an electrical fire occurs in a building wired by an unlicensed electrician? Should a program's willingness to work with informal businesses depend upon the industry?

Programs need to think through implications like these and develop a set of guidelines for products and services that are clear to staff, that guide program marketing, and are made explicit to prospective clients.

Marketing

The failure to reach informal entrepreneurs may be as much about the current reach of

⁴²Malm, 8.

program services, and the marketing of those services, as it is about products and policies. This research was largely conducted in New Jersey communities where limited microenterprise services appear available, where those that exist are bounded by geographic demarcations, and where few have targeted services to Latinos.⁴³ And, those services that do exist are unknown to the members of this sample.

To reach them, however, will require more than just putting out a shingle. The undocumented are innately careful about who they'll approach. The documented informal entrepreneurs are also careful with respect to how public they'll be about their businesses and with whom. Both groups have built their businesses through word-of-mouth advertising and use the same means to identify resources and make connections for themselves.

Finding institutions and individuals of trust are key to opening doors to prospective clients. Among them are church- and community-based cultural and social service institutions, and through them, natural community-based leaders who understand the value of the service for the local community.⁴⁴ In this research, the first undocumented individual who came forward to be interviewed indicated that he had come to test out the interviewers and the nature of the interview. Having satisfied himself that the process could bring benefit to his community, he recommended the research to a network of others.

The recommendation to work through community-based leadership and institutions is commonsensical, but implementing it well can't be taken for granted. In FIELD-funded work focusing on learning more regarding marketing strategies, several lessons were clear:

- Effective outreach involves identifying and cultivating those organizations, and individuals within those organizations, that are close to the target community and appear most open to making referrals. These can include a broad range of institutions: cultural organizations, immigration rights institutions, social service agencies, ESL programs, churches, etc. It is important to test and assess which are most open to collaboration and then build a working relationship with them. It cannot be assumed that every Latino organization will welcome the potential services readily.⁴⁵
- Because referrals are so powerful, it is important to give the local organizations the tools they need to help make the referrals. At an extreme end, some microenterprise organizations have invested in videos, training manuals and seminars with key staff of those organizations to build the referral relationship. (This has been done with TANF caseworkers and Small Business Development Center staff, for example, in Iowa and Texas.) Even

⁴³Walker and Blair, 197-202. (This directory lists 14 programs in the state, most targeted to specific counties. Only one includes Middlesex County in its target area, where the majority of these entrepreneurs live. Another covers Union and Somerset counties, accessible to those entrepreneurs who live and work in Bound Brook, the third research site. This program has recently established an outreach effort and training program designed for Spanish-speaking entrepreneurs, but lending is strictly limited to documented business owners, due to funding criteria. One program that trains food industry workers and supports the development of food businesses, and is within striking distance of all the interviewees, is unknown to these entrepreneurs and does not appear to have Spanish language offerings.)

⁴⁴This study was particularly helped by the willingness of several church pastors to announce the study in church and to speak on its behalf to known entrepreneurs. It was also helped by two ethnic community-based organizations with long histories of cultural engagement and social service.

⁴⁵In doing this study, the researchers found some institutions and individuals who refused to refer prospective interviewees because they did not approve of informal (which they understood to be illegal) economic activities, or because they were extremely protective of their clients. Others were more welcoming.

without going that far, programs can provide orientation to local partners and equip them with easy to read, Spanish- and English-language materials that can be handed to prospective clients, along with posters, banners or other attractive materials for display. If the referral organization doesn't understand the program or its services well, and can't communicate the message simply and correctly, then the referrals will not be made.

- Prospective clients and referral organizations need to identify the microenterprise program as accessible and nonthreatening. Repeatedly, organizations funded by FIELD to test marketing strategies found that they got more inquiries when radio or television news shows feature them than when they pay for advertising themselves. This was so for several reasons: listeners and viewers perceived news to be more credible than advertising; news stories featured success stories of clients with whom they could identify; and the news stories portrayed the organizations as nonprofits, an organizational status that potential clients saw as more trustworthy than others. Clearly the undocumented Latinos interviewed in this study would be unwilling to go to any government source, or one deemed too close to the government. In the work FIELD supported on marketing, it was found that potential clients might also distrust other sources they perceived as commercial. Nonprofits were seen as more concerned about them than about making money.
- Effective outreach may require the microenterprise organization to do outreach on the "retail" level, as a political campaign might. Some organizations have found that "block walking" — going door-to-door or store-to-store is necessary to get the message out to the right people. But this also must be tested very carefully before an organization commits to this approach. ACCION Texas found, for example, that it worked well in some cities and not in others. It could be that undocumented individuals might find it intrusive and threatening, while other Latinos might not. FAU/CURE (Florida Atlantic University/Center for Urban Redevelopment and Empowerment), which works with Haitian and other immigrant groups, found that staff of local community partners made more effective outreach workers than their own staff. They were culturally in tune with the target population and the organization was known in the local community.
- Within an overall target market, there are differentiated market segments with specific needs and preferred methods of communication. ACCION New York, for example, found that there were real differences in the needs and perceptions of U.S.-born Hispanics and the immigrant Latino community. The second group had fewer credit options and was more willing to pay higher interest rates and comply with other program requirements. In this study, there were both documented and undocumented individuals. There were also U.S.-born and longer-term residents, and more recent immigrants. Several of the former chose to be interviewed in English, demonstrating greater comfort

in that language than in Spanish. Enterprise programs need to understand that informal Latino microentrepreneurs can be found in all categories and will respond to different communication methods, wording and style.⁴⁶

- Being physically present in the target communities can also be critical to gaining access and acceptance. ACCION New York found that its lending volume increased dramatically when it relocated loan officers to local communities within the city and had them work out of well-regarded community organizations. Even if that presence is not daily, but for certain established time periods, it can increase a program's familiarity to the intended client group, as well as the program's understanding of the groups' needs and perspectives.

The messages the program provides about itself in its announcements and in its early interactions with informal entrepreneurs are equally important. These informal Latino entrepreneurs are leery of bureaucracy and administrative procedures. The language must be clear about what services are offered and who qualifies for them, so as not to waste people's time. Access needs to be easy; the first steps, simple; or they will be gone. The place needs to be convenient and the time needs to be right. These entrepreneurs, patching multiple businesses and jobs, have little free time and often limited mobility. Reducing the perceived costs of participating in services, and fitting the schedule to the rhythms of their business activities need to be considered. Many of the entrepreneurs in this study, for example, had sharply delineated high and low seasons of work, with most having the greatest free time in the winter months. In these respects, they are not unlike most microentrepreneurs, but the more programs are cognizant of these issues, the more successful they will be.⁴⁷ At the same time, programs need to demonstrate that they are willing to take time to know the entrepreneur and his business (and sometimes family needs), and that they are willing to build a relationship with the entrepreneur to the extent that s/he wants one. Programs need to combine efficiency with the right amount of personal touch to ensure informal entrepreneurs that placing their trust in the institution will not jeopardize either them or their family members.

⁴⁶Mainstream marketers have found this out and are tailoring their advertising accordingly. A "New Generation Latino Consortium" of marketers and advertisers was recently formed to help raise the profile of the demographic segment it calls "new generation Latinos," second- and older-generation Latinos, from teenagers to 40-year-olds who are bicultural, but use mostly English-language media. They emphasize that reaching this group requires material that is culturally sensitive, but not Spanish-language only. Rather the campaigns require a mix of English and Spanish, images of Latinos, and cultural content that is aimed at the age group sought.

⁴⁷The Media Business: Advertising: Advertisers set targets on the Latino market that is urban, English speaking and American-born," *New York Times*, 22 May 2003, sec. C.

⁴⁸Elaine L. Edgcomb, *Scaling-up Microenterprise Services* (Washington, DC: The Aspen Institute/FIELD, March 2002).

Elaine L. Edgcomb, "Marketing Strategies for Scale-Up: FIELD's Grantees Share Their Experiences," *FIELD forum* Issue 13 (Spring 2002); available from <http://www.fieldus.org/publications/FIELDforum13.pdf>; Internet.

FIELD Web site, *Learning and Innovations: Scale*; available at <http://www.fieldus.org/li/scale.html>; Internet.

Caroline E. Glackin, "What Does it Take to Borrow?" *The Journal of Microfinance* 4, No. 1 (Spring 2002). (A full discussion of transaction costs faced by potential borrowers from microloan programs.)

Conclusion

If anything, this study has shown that the informal economy is large and diverse, populated by entrepreneurs — some there by choice, most by necessity, but all of whom believe that their “sideline” or “under-the-table” work provides an essential and important piece of their household income. Making it in America today for them doesn’t mean that one great job that pays all the bills. It means generating money in markets where the margins are small and where the customers themselves are looking for every price advantage they can get. It means satisfying local needs for child care and foods from home, and making decorative objects that suit the needs of friends and co-workers. It means washing and fixing cars, cleaning houses, repairing small appliances, and remodeling kitchens and baths. It means bringing clothes, shoes and other items at discount prices to busy people who don’t have time to shop for themselves. It means doing hair, playing music and performing odd jobs.

And, it means taking risks — that you’ll be discovered and deported, that you’ll face back taxes, that you are doing work not up to code or preparing foods not in accordance with full health and safety standards. In the calculus that people do to survive, these are risks that these entrepreneurs have learned to live with, some more so than others.

Are informal Latino entrepreneurs a market for microenterprise services? The message of this research is a qualified yes. If this study sample represents a microcosm of the characteristics, needs and perspectives of others in the sector, then the findings indicate that, while there are many who prefer to keep things just the way they are, there are others who could benefit if microenterprise program services were designed to better accommodate their legal status — personal or business. The microloan program clients interviewed show that some informal entrepreneurs will access credit and other services, if the terms are right and if the program takes the long view on formalization. The interests expressed by others in the study, who have not had exposure to microenterprise services, suggest opportunities to provide a set of tools, financial and nonfinancial, to entrepreneurs interested in growing their businesses.

There may also be the opportunity for programs to work on advocacy issues on behalf of those entrepreneurs who find it hard to formalize. If these businesses stabilize communities and create income for those most in need, are there ways to acknowledge the contributions they make to the towns and cities where they live and work, and to help create easier pathways to formality? Finding ways to support rather than penalize, and to foster incremental change, might unleash even greater potential in Latino communities to build family security and economic opportunity.

Appendix A: Research Methodology

FIELD designed and implemented this qualitative research study with a view to collecting detailed and rich information regarding the informal microenterprise activities of both documented and undocumented Latinos in the United States. As with ISED's research in African American communities, it was hoped that this work would enhance the literature available on the informal economy in this country by providing a more complete picture of the intersection between microenterprise and the informal economy, an area not fully explored in other literature.

RESEARCH QUESTIONS

As mentioned in the Introduction, the research questions established for this study included the following:

1. What is the nature of informal economic activities within urban Latino communities?
2. Why do people participate in the informal economy? What incentives exist for informal economic activities and what barriers hinder participation in the mainstream economy?
3. What are the survival strategies of informal Latino entrepreneurs? How are informal economic activities patched together, with each other and with more traditional income streams, to support individuals and their families?
4. How do informal microentrepreneurs not participating in microenterprise development programs differ from those who have approached programs for services? Are there differences in business size or the revenues generated?
5. What are the opportunities for and barriers to growth for informal enterprises?
6. What are the implications for microenterprise development programs?

RESEARCH LOCATIONS

Research was conducted in several Latino communities. The majority of the interviews took place in two Latino communities: Perth Amboy and New Brunswick, New Jersey, both medium-sized cities in central New Jersey and sites of strong immigration. Perth Amboy's population is almost 70 percent Latino, while New Brunswick's is 40 percent Latino. A small number of interviews were conducted in Bound Brook, New Jersey, a smaller community also undergoing a strong Latino immigration, and New York City, where ACCION New York provides microloans to aspiring entrepreneurs.

RESEARCH DESIGN

FIELD staff implemented a qualitative research design in these settings. The design had three elements: a purposive sampling method, an open-ended semi-structured interview process, and content analysis of the data collected.

Sampling Methodology

FIELD used a purposive sampling methodology aimed at maximum variation in terms of the cases selected. Respondents selected for interviewing met a set of criteria. They needed to be:

- Latino;
- Adults between and 20 and 65 years of age;
- Low-income;
- Inclusive of both men and women, and both documented and undocumented individuals;
- Currently operating an informal business or having done so in the past 12 months; and
- Representative of a broad array of microenterprise types.

All except five of these individuals were not associated with any microenterprise program, nor had they received assistance for their businesses from any source. Five ACCION New York microloan clients were also interviewed to gain some insights into any differences in business type or size, perceptions, and attitudes that might exist between informal entrepreneurs who had not accessed services and those who had.

Excluded from the study were individuals who did not have a consistent history of working informally, or who did not work “on their own account,” but solely in a continuing employer-employee relationship.

The interviewers recruited potential respondents through a range of community-based organizations, including local churches, community development organizations, cultural centers, community colleges and English-language programs. The interviewers presented a letter of introduction to these organizations in addition to visiting with many of them. Because a target of the study was the undocumented community, the interviewers focused on gaining access to microentrepreneurs through referral. No public media were used. As interviews were conducted, interviewers asked respondents to refer similar individuals in their networks, and flyers were provided to them for further circulation.

All potential respondents were screened by telephone to verify that the person met the study criteria. Interviews were scheduled at a local public library in the respondent’s home community (in the case of New Jersey), or in the Aspen Institute’s New York office (in the case of the New York microentrepreneurs).

The Interview

Two interviewers conducted all the interviews together. One interviewer was a FIELD staff person experienced in qualitative research and expert in microenterprise development. The second was an expert in cross-cultural communications and a skilled

translator and interpreter. Interviews were conducted in Spanish in almost all cases. A handful of interviews were conducted in English at the choice of the respondents.

The interviews were based upon a guide that contained a set of open-ended questions that allowed the interviewers and respondents to explore a wide range of issues together. The interview covered the respondent's history of engagement in the informal economy — how the individual became involved in his/her particular enterprise, how many hours does s/he engage in it, who the customers are and how are they found, what s/he earns from the enterprise, and what is invested in it. If the individual had multiple informal enterprises, all were discussed, as was the respondent's current employment experience if s/he was also employed. Respondents were also asked to discuss their motivations for having an informal enterprise, their perceptions regarding the positive and negative aspects of working this way, and what their goals were with respect to this work. If the respondent was interested in growing the enterprise, s/he was also asked what s/he might need to help its development. Respondents were also asked about their household situations, whether other household members worked informally as well, and whether they knew others who had informal enterprises. While the interviews generally followed the flow of the guide, the interviewers adapted the wording and sequence of the questions, and added others, to conform to the stories told by specific respondents in the context of the actual interview. The interview concluded with some closed-ended questions regarding age, educational level, marital status and household income.

The interviews were conducted between January and March 2003. Each lasted between 45 minutes and 90 minutes. All interviews were tape-recorded and 38 were completed. Each respondent was provided \$75 in payment for their time and willingness to share their experiences with the interviewers. Respondents were promised confidentiality with respect to the use of their names and other identifying information.

Analysis

All interviews were transcribed, and were subjected to a content analysis that involved a search for overall patterns and themes with response to the key questions asked. In addition, the interviews of documented respondents and undocumented respondents were studied separately with the intent of understanding and describing their quite different experiences. Within these two larger groups, the information regarding specific types of enterprises was further organized and analyzed as it became clear that markets and motivations were distinguishing characteristics of the entrepreneurs interviewed. Some additional secondary research accompanied the analysis of issues expressed by undocumented workers. In particular, this involved seeking additional information with respect to immigrants' rights, skilled trades' licensing requirements, the possibilities for advanced education, the legal aspects of business incorporation by non-citizens, and so forth. This secondary research enabled the interviewers to better understand the context in which the undocumented Latinos operated their businesses, as well as their prospects for future growth and assistance of a wide variety.

ESTUDIO DE ECONOMÍA INFORMAL

GUIA PARA LA ENTREVISTA

Nombre del entrevistado o entrevistada: _____

Número de teléfono: _____

Organización o persona que lo o la refirió: _____

Fecha de la entrevista: _____ Duración de la entrevista: _____

Introducción: El propósito de esta entrevista es ayudarnos a comprender mejor las razones por las que la gente trabaja informalmente. Por trabajo “informal” quiero decir cualquier trabajo por el que usted no pague impuestos: trabajos por los que se le pague en efectivo o en los que usted brinde servicios y reciba a cambio algo que no es dinero en efectivo. A veces se llama a éste trabajo “en negro”, “debajo de la mesa” o trabajo extra (moonlighting).

Me gustaría hacerle algunas preguntas acerca de sus experiencias de trabajo en el área informal para aprender más acerca de este tipo de trabajo. Mi trabajo no se relaciona ni con impuestos ni con inmigración. Tampoco tengo conexión alguna con la Dirección Impositiva (IRS) ni con el Departamento de Inmigración (INS) de ningún tipo. No informaré absolutamente nada de lo que hablemos ni a IRS ni a INS. Mi único propósito es aprender acerca de sus experiencias.

Antes de comenzar me gustaría que usted sepa que todo lo que usted me comente hoy se mantendrá totalmente confidencial. Vamos a entrevistar a 50 personas de tal modo que las experiencias que usted me relate se combinarán con las respuestas que otras personas han dado. No se utilizará ningún nombre en el informe.

SITUACION DEL ENTREVISTADO O ENTREVISTADA

1. ¿Cuál es su situación de trabajo en este momento? (Esta es sólo una lista para chequear información con la intención de mantener la entrevista organizada. Todos los entrevistados estarán en este momento ya sea trabajando en la economía informal o habrán trabajado en la economía informal en los últimos 12 meses. Pero no todos los entrevistados tendrán al mismo tiempo un trabajo con un sueldo estable y beneficios.)

- _____ Trabaja hoy en día en la economía informal
- _____ No trabaja hoy en día en la economía informal pero lo ha hecho en los últimos 12 meses
- _____ Trabaja además en un empleo estable con sueldo y beneficios

Trabajo informal principal del entrevistado o entrevistada

Vamos a hablar un poco más sobre los detalles de su trabajo informal ahora. Me gustaría aprender cuanto más pueda acerca de su trabajo. (OBSERVACION: Si el individuo entrevistado tuviese más de un tipo de trabajo informal pídale a la persona que hable primero acerca del trabajo informal que él o ella considere que es el principal. Aclárele que en unos momentos usted le hará preguntas acerca de su otro u otros trabajos informales.)

2. ¿Qué tipo de trabajo informal hace o hizo?
3. ¿Cómo empezó en un principio a trabajar informalmente en este tipo de trabajo?|
4. ¿Por cuánto tiempo ha estado trabajando en este tipo de trabajo?
5. En una semana típica: ¿cuántas horas trabaja o trabajaba en este tipo de labor?
6. ¿Trabaja o trabajaba por su cuenta? ¿Lo hace o lo hacía para otra persona?
- 6a. SI TRABAJARA POR SU CUENTA PREGUNTELE:
 - ¿Qué tipo de personas son o eran sus principales clientes o compradores?
 - ¿Cómo hace o cómo hizo para encontrar trabajos para más adelante?
 - ¿Hace o hizo propaganda? ¿Lo recomiendan o lo recomendaron? ¿Vienen o vinieron sus clientes a usted para pedirle que usted trabaje para ellos?
- 6b. SI TRABAJARA PARA OTRA PERSONA PREGUNTELE:
 - ¿Trabaja o trabajó para una compañía? Si la respuesta es “sí”: ¿Cuántas personas más trabajan en el mismo tipo de trabajo y bajo las mismas condiciones que tiene usted? ¿Hay en su lugar de trabajo otras personas que sí están contratadas y tienen beneficios y que reciben un sueldo en vez de trabajar informalmente y sin beneficios como usted?
 - ¿Cómo se enteró acerca de esa oportunidad de trabajo? ¿Alguien se acercó a usted para ofrecérsela o fue usted a ver a su empleador?
7. ¿Cómo le pagan o cómo le pagaban?

PROFUNDICE: ¿Le pagan o le pagaban en efectivo, con un cheque o de alguna otra manera?

8. ¿Recibe ahora durante su trabajo informal o si ya terminó ese trabajo recibió algún tipo de beneficios? Me refiero a beneficios como el uso de equipamiento, un descuento en el costo de su uniforme, un seguro médico, algunos días libres por enfermedad o días de vacaciones.
9. ¿Es o era ése el primer trabajo de tipo informal que usted ha tenido?

Beneficios y motivación o razones del trabajo informal

10. ¿Qué aspectos o partes del trabajo informal le gustan o le gustaron más? ¿Cuáles son las ventajas más importantes de ese trabajo?
11. ¿Qué aspectos o partes de su trabajo informal no le gustaron tanto? ¿Cuáles son los problemas más grandes que tiene ese trabajo?
12. ¿Qué lo llevó a buscar un trabajo “informal” como éste? ¿Cómo fue que empezó a trabajar de esa forma?

13. ¿Piensa seguir o le gustaría seguir haciendo este tipo de trabajo de aquí en adelante? ¿Por qué sí o por qué no?
14. Si respondió que sí: ¿Piensa seguir trabajando en esto exactamente igual que ahora? ¿Le gustaría aumentar su actividad comercial? ¿Le gustaría tener su propio negocio? ¿Qué tipo de negocio o trabajo le gustaría tener? ¿Le gustaría trabajar más en esto?
15. Si el entrevistado o entrevistada mostrara interés en incrementar su actividad comercial pregúntele: ¿Cómo le gustaría que aumentara su actividad comercial? (¿Cuáles son sus objetivos laborales?) ¿Qué necesitaría para que su actividad comercial aumentara? ¿Necesitaría tener más dinero o capital adicional? Si fuese así: ¿Dónde buscaría ese dinero o capital extra?
16. ¿Necesitaría más información, educación o entrenamiento? ¿De qué tipo? ¿Dónde buscaría este tipo de ayuda?
17. Si le dijeran que usted podría obtener este tipo de ayuda económica a través de un programa de servicio social sin fines de lucro ¿usaría esos servicios? ¿Por qué sí o por qué no?
18. ¿Qué tendría que pasar o qué sería necesario para que usted haga su trabajo (o su actividad comercial) más formal? En otras palabras: ¿Qué tendría que pasar para que usted trate de conseguir una habilitación o permiso comercial y/o pague impuestos sobre las ganancias que usted recibe?
19. ¿Consideraría en algún momento dejar de hacer este trabajo para aceptar un empleo con beneficios y con un sueldo estable? ¿Vería esa posibilidad con buenos ojos como algo deseable? Y si fuese así: ¿Qué sería necesario o qué tendría que pasarle a usted para que haga ese otro cambio?

Segundo trabajo informal del entrevistado o entrevistada

OBSERVE SI LA PERSONA TIENE O HA TENIDO MAS DE UN TRABAJO INFORMAL Y PREGUNTE LO SIGUIENTE:

20. Acabamos de hablar de su trabajo informal principal y usted había dicho antes que tiene o tenía más de un trabajo informal. Cuénteme ahora acerca de su otro trabajo informal.
21. ¿Cuántas horas por semana trabaja en su otro trabajo informal en una semana común? CONFIRME: Así que además de las horas de trabajo que usted pone en el trabajo informal del que hablamos antes usted trabaja...
22. ¿Cuánto dinero gana en una semana común en este otro trabajo informal?

Trabajo con beneficios y con un sueldo estable del entrevistado o entrevistada

SI TAMBIEN TRABAJARA EN UN EMPLEO FORMAL CON SUELDO Y BENEFICIOS PREGUNTE LO SIGUIENTE:

23. Además de su trabajo informal usted también mencionó que tiene un empleo con sueldo y beneficios. Con esto quiero decir un trabajo sobre el que usted paga impuestos. ¿Qué tipo de trabajo tiene en el que recibe un sueldo estable y beneficios?
24. En una semana tipo ¿Cuántas horas trabaja en su empleo estable con sueldo y

beneficios? CONFIRME: Entonces además de las horas que trabaja en el trabajo informal del que hablamos antes usted trabaja...

25. ¿Cuánto gana en una semana típica en su empleo estable con sueldo y beneficios?

R E S U M E N D E L E N T R E V I S T A D O R

26. Usted me ha dado un montón de información detallada y me gustaría asegurarme de que tengo una idea clara de lo que usted hace. Permítame por lo tanto hacer un resumen de lo que he escuchado hasta ahora antes de seguir con otras preguntas diferentes. En su trabajo informal principal usted trabaja un promedio de ____ horas por semana y gana aproximadamente ____ por semana. En su otro trabajo informal usted. ... Al mismo tiempo en su empleo con sueldo y beneficios usted...

(Observación: la tabla siguiente sirve para anotar detalles en forma de resumen durante la entrevista y para preguntar si hay alguna información adicional que se pueda agregar en este momento.)

Promedio de hs. por semana Promedio de ingresos por semana

Trabajo Informal Principal

Trabajo Informal Secundario

Empleo a sueldo y con beneficios

O T R A S P E R S O N A S R E S I D E N T S E N L A M I S M A V I V I E N D A

27. Hemos hablado mucho acerca de sus propias experiencias. Ahora me gustaría hacerle preguntas acerca de otras personas que vivan en su misma residencia. Me gustaría tener una idea acerca de cualquier trabajo informal que ellos puedan tener.

27 (a). ¿Cuántas personas viven en su misma residencia? _____

27 (b). En los últimos 12 meses alguna otra persona que viva en su casa ganó dinero en efectivo para pagar sus propios gastos de alguna otra forma que no sea con un empleo común con sueldo y beneficios?

27 (c) ¿Esa persona (o personas) ha podido pagar sus propios gastos con un trabajo informal por un tiempo largo? ¿Es eso algo nuevo? ¿Ha sido por un tiempo determinado o por una temporada estival?

27 (d). Si hubiese en su casa una o más personas en esa situación: ¿Qué tipo de trabajo es éste? Por favor descríballo. ¿Cuántas horas trabaja o trabajan? ¿Cuánto gana o ganan por semana? OBSERVACION: Puede desearse completar la tabla que aparece a continuación para mantener las cifras ordenadas.

Personas que viven en la misma casa (El nombre no es necesario. Haga referencia a la relación con el entrevistado o la entrevistada)	Describa el trabajo "informal"	Promedio de horas por semana	Promedio de ganancia por semana

AMIGOS Y VECINOS

28. Nos gustaría comprender qué tan común es tener un trabajo informal. ¿Tiene amigos, compañeros de trabajo o vecinos que también trabajan informalmente? ¿Es bastante común que la gente que usted conoce trabaje informalmente o es una excepción más que una regla? ¿Me podría contar un poco acerca del tipo de trabajo que ellos hacen?

CONCLUSION

29. ¿Hay algo más acerca del trabajo informal que usted piense que debo saber para entender en detalle de qué se trata el trabajo informal, cómo funciona y por qué es tan común?

TEMAS DEMOGRAFICOS

Antes de finalizar tengo unas últimas preguntas personales para hacerle. Estas preguntas nos van a ayudar a tener una idea más clara de qué tipo de personas trabajan informalmente. Le recuerdo nuevamente que todo lo que usted me dice se mantendrá confidencial.

D1. ¿De qué raza o grupo étnico considera que es usted? MARQUE SOLO UNA OPCION

AFRICANO NORTEAMERICANO
BLANCO
LATINO O HISPANO
ASIATICO O ISLEÑO DEL PACIFICO
NATIVO NORTEAMERICANO (INDIO NORTEAMERICANO)
MULTI-RACIAL
¿OTRA RAZA? (ESPECIFIQUE) _____

D2. Género: FEMENINO MASCULINO

D3. ¿Cuál es su estado civil actual? MARQUE SOLO UNA OPCION
CASADO/A
SEPARADO/A
DIVORCIADO/A
VIUDO/A
NUNCA HE ESTADO CASADO/A, SOY SOLTERO/A
VIVO EN PAREJA

D4. ¿Qué grado de educación alcanzó? MARQUE SOLO UNA OPCION

NO TERMINO LA SECUNDARIA (Indique el grado más alto que terminó)
TERMINO LA SECUNDARIA O RECIBIO EL DIPLOMA DE SECUNDARIO (o GED)
COMENZO EN LA UNIVERSIDAD PERO NO TERMINO
TIENE UN TITULO UNIVERSITARIO DE 2 AÑOS DE ESTUDIOS
TIENE UN TITULO UNIVERSITARIO DE 4 AÑOS DE ESTUDIOS
FUE ALUMNO/A DE POSTGRADO
TIENE UN TITULO DE POSTGRADO UNIVERSITARIO
OTRO: _____

D5. ¿Conoce usted a alguien que no viva en su casa con usted que esté trabajando por su cuenta y que podría estar interesado en tener una entrevista como ésta?

Nombre: _____

Número de teléfono: _____

Relación con el entrevistado o entrevistada: _____

Tipo de trabajo que tiene la persona referida: _____

Muchísimas gracias por su tiempo. Disfruté mucho aprendiendo de usted.

Appendix B: Respondent Quotes

Chapter 3: Informal Enterprise as Survival Strategy

Page 21:

“... es que se gana muy poco en las agencias, realmente, es lo último, digamos, es la última necesidad, cuando uno llega ahí, ya cuando no tiene trabajo, o sea no tenés nada.”

–Juan

“Necesito trabajar en eso, pero yo me quedo sin aire.”

–Felipe

“Para mí era como ... yo decía que era como una cárcel. Una cárcel de mujeres. Pero después ya aprendí, y como automáticamente uno se acostumbra como una maquina, y tenía que hacer lo más rápido posible.”

–Victoria

Page 22:

Yo creo que a ellos le pagaban el doble de lo que nos daban a nosotros. Porque casualmente mi amigo, el que trabajaba ahí, un argentino que se vino conmigo, empezó a trabajar en la oficina, y me decía, es increíble, Armando, que nosotros no cobremos ni la mitad de lo que les paga el dueño a la agencia, no? Nosotros recibíamos, un ejemplo, así por decir, el 50%.

–Armando

“La llevan cuando quieren, cuando no quieren no la llevan. Tenían que llamar al encargado de la agencia y olvídense. Porque lo tienen ahí todo el día y le dicen que no hay nada.”

–Pablo

“...yo conozco también mujeres que en esa agencia tienen muchos problemas ... si no está bien con el encargado de la agencia, olvídate. Porque es todo acomodado.”

–Daniel

“tratan peor, por lo menos a los que no hablan inglés. ... Las agencias tratan de insultarte o decirte algo en inglés, y a la gente que no entiende, como no saben no les prestan atención.”

–Pablo

“Las agencias de pronto le consiguen a uno un trabajo en una compañía, pero uno tiene que trabajarle primero 3 meses a través de la agencia y después lo que hace la agencia es que justo antes de los 3 meses lo cambian a uno de trabajo, no dándole la oportunidad de mejorar.”

–Benito

Page 23:

“El hecho de poder llegar aquí a una agencia y conseguir trabajo es muy gratificante, sobre todo cuando en tu país no consigues nada. Aunque ganes poco, pero sabes que la plata la vas a tener. No es lo ideal, no es lo que quieres, ni lo que soñaste, pero está y puedes salir adelante.”

–Sara

Chapter 4: The Businesses of the Undocumented

Page 27:

As Pablo commented:

“... primero empecé trabajando en un warehouse, y después como en los warehouse no pagan mucho, casi nada, me empecé a dedicar a trabajar con electricidad, reparar electrodomésticos, hacer instalaciones. Y si tengo algún tiempo libre, que no tenga ningún trabajo voy a alguna agencia temporaria.”

–Pablo

Or as Alicia noted:

“... porque no es una fábrica que hay que cumplir horario, y ahí te están presionando.”

–Alicia

Patricia said:

“yo para trabajar afuera necesitaría de una persona que cuide a mi hijo. Yo soy muy especial con mi hijo. Si fuera así, pasaría más tiempo afuera y descuidaría al niño. Así puedo estar más con él.”

–Patricia

Juan comments, for example:

“O sea, sobre todo, digamos, el hecho de trabajar en la limpieza, me ha dado otras actividades, digamos, de estar, no ser muy, digamos, vamos al caso legal, es porque no me solicitan papeles, o sea, no necesitamos identificarnos demasiados, estamos acá, pero. ... O sea, eso es la seguridad digamos, que tenemos, un poco, ¿no?”

–Juan

Page 28:

... from her aunt:

“ Mi tía me dió la idea. Me dijo, tú no estás trabajando. Porque mis dos embarazos fueron horribles. Uno tuve placenta previa y no podía hacer nada. Y en el otro, la

niña a cada rato se me quería también salir. Mi tía me dijo ¿por qué no cocinas? Tú cocinas bien y a la gente le gusta mucho la comida colombiana. Empecé con uno, uno le dijo al otro y se hicieron cuatro.”

–Teresa

Page 29:

About her cooking she says:

“trato de darle una nutrición balanceada y a la gente le gusta.”

–Teresa

...since three of them also eat in her kitchen:

“O sea, uno viene a las 12:30 hrs, el otro viene a las 3:00 hrs, la otra viene a las 5:00 hrs de la tarde. El señor que vive en mi casa viene a las 8:00, 9:00 hrs de la noche. Entonces, son cosas que tal vez por eso la gente me busca porque siempre su comida está lista. ... El Sábado es el único día que no hay gente en mi casa.”

–Teresa

Page 30:

She notes:

“porque si vos querés hacer 500 empanadas y trabajas bien, las vendés. Si querés hacer mil, también las vendés.”

–Araceli

The work is shared among the group:

“Empezamos a trabajar el día miércoles, porque el día miércoles hay que pelar la cebolla, hay que cortarla y hay que hacer un proceso para drenarla, para que no le haga mal a la gente. Entonces el día miércoles vienen dos y el jueves vienen otros dos y los que vienen a mediodía no vienen a la noche. Entonces vienen otros dos a la noche. El viernes a la tarde preparamos las empanadas y las armamos. Las vamos poniendo en la heladera, una arriba de la otra, y al día siguiente las cocinamos.”

–Araceli

Page 31:

Earnings are generally ...:

“Hay uno de los chicos que es más metódico. Dice: Araceli se quedó cuatro horas trabajando. Rosario trabajó cinco, Rogelio trabajó una pero vendiendo. El que vende es como esperando horas dobles porque es en el frío, caminando, tiene que cargar las cosas. Digamos que es un trabajo más pesado. Pero es como una cooperativa. Porque una dice yo voy a armarlas, y hasta que está todo preparado para armarlas, tomamos mate o hace un café. Es bastante organizado.”

–Araceli

Page 33

As Alicia says:

“las personas que me llamaron eran mayormente mejicanas que, no es por nada, pero trabajan en fábricas, pero que no ganan bien. Entonces, cuando yo les decía que eran 80 dólares, me decían que iban a volver a llamar, pero nunca.”

–Alicia

She explains:

“Les doy hábitos, de guardar los juguetes, hábitos de comer, hábitos de higiene, o sea les estoy enseñando a pedir ir al baño, trabajo con ellos, algunas cosas he pintado. ... O sea, mi trabajo no sólo consiste en tenerlos en la casa y cuidarlos, sino en estimularlos. ... Aprendieron canciones, hay cositas pequeñitas como para ellos, y yo les enseño a las mamás, y las mamás contentas.”

–Alicia

According to Alicia:

“como yo tengo un título profesional y tengo experiencia, me dijeron que iba a ser posible, de repente que yo tenga paciencia, y dentro de un tiempo puede que yo pueda incorporarme. Lo que me dijeron es que tengo que mejorar el inglés.”

–Alicia

Page 34:

He says:

“yo creo que en los Estados Unidos no hay una persona que no piense que el agua de la canilla es sucia. ... Yo extraño como en mi país tomar agua de la canilla. Pero acá uno no lo puede hacer porque el agua es distinta. Y todos los hispanos tienen la idea de proteger a los niños.”

–Lucas

As he says:

“una persona legal acá está ganando \$10. Una persona ilegal, mínimo, está ganando \$5.25.”

–Lucas

Page 36:

Box: Serving ...

“Cuando hay buena voluntad de ambas partes. Tiene que haber voluntad de ambas partes. Y tú te puedes llegar a entender a través de señas. Incluso dar a entender: color, tamaño, distancia, todo, si hay buena voluntad de ambas partes.”

–Felipe

Page 37:

Daniel comments:

“ ... si usted le dice son \$500 le dicen, no, te doy \$300. Y a uno le hace falta y lo tiene que agarrar. Lamentablemente no estamos en una situación para decir no. Ahora esas personas también corren sus riesgos, porque si lo agarran los inspectores y a me vienen y me piden licencia y yo no tengo, el problema lo tiene el de la casa y lo tengo yo también. Porque yo no puedo trabajar sin licencia.”

–Daniel

As Felipe said:

“La mayoría de las personas, como tú tienes que abrir puertas para salir o entrar, entonces las personas no quieren ... evitan eso porque se enfría su casa, el trastorno de hacer eso. Entonces, lo dejan para el verano.”

–Felipe

... solving the problem of getting professional licenses:

“Primero de todo el inglés. Es la base. Y después perfeccionarme en el sentido del (sistema de) gas. Perfeccionarme porque acá tenés que tener permiso. El gasista tiene que tener permiso del gas. El electricista de electricista. El de pintura de pintura. En cambio de donde nosotros venimos, todo lo hace uno sólo. Que sepa, por supuesto. En cambio acá para sacar todas esas licencias tenés que pasar por el Estado. Y para ponerse a aplicar ellos te toman una prueba, un examen.”

–Daniel

Pablo gives himself:

“un año más. Un año más me tendría que quedar sí o sí. Y si no, no. Ya es mucho para estar lejos de mi familia.”

–Pablo

Chapter 5: The Businesses of the Documented

Page 38:

Motivations

“Yo necesito más dinero que lo que estoy ganando, porque no estoy ganando muy bien que digamos, tengo unas cosas, mi hijo, y tengo muchos billes que pagar.”

–Miguel

“ ... me puse hacer costuritas en la casa, rueditos, cosas así que me pagaban cinco pesos, para ayudarme en los billes, en la comida y medicinas que me costaban muy caro.”

–Graciela

Page 39:

As Oscar, one of the ACCION clients, noted:

“Hay mucha gente haciendo esto. Fruto del desempleo. Hasta personas de edad. Con la desaparición de empleos tradicionales en factorías, hay mucha gente en Washington Heights que está haciendo este trabajo. Vendiendo lo que sea en las calles, porque tienen necesidad. Y muchos de ellos todavía no cumplen el tiempo de retirarse. Duraron 15, 20 años trabajando en factoría, la factoría cerró y les dijo adiós.”

Page 41:

Carmela says:

“me gusta tener mis propias ideas,”

–Carmela

“me gusta muchísimo,”

–Cristina

... she saw in Puerto Rico ...

“eso fue una fiebre”

–Andrea

Andrea speaking of a friend ...

“ella es modista y me dice, mire si nosotros tuviéramos dinero, montábamos un negocio entre las dos. Yo digo, eso es verdad porque tú coses, haces los trajes de novias, y yo hago los arreglos y todo lo demás.”

–Andrea

And Carmela says,

“es mejor trabajar dos o tres que una sola.”

–Carmela

She said:

“Siempre guardo los recibos que me gasto en el material. Y luego de ahí miro el reloj y me digo: empecé a tal hora, terminé a tal hora. Pues, ya más o menos me digo, si [her employer] me paga cinco pesos la hora, voy a cobrarles siete.”

–Carmela

Page 42:

Later on, in a situation where

“no podía pagar renta, no tenía nada para comer”

–Carmela

When asked ... she replied

“no, porque ella dice que mientras más vayamos más se aprende.”

–Carmela

... her reply sounded doubtful:

“Hoy estaba hablando con una señora y me dice: por qué tú no pones un negocio? ¿Sabe por qué yo no pongo un negocio? Porque no tengo dinero. Porque la renta es muy cara ... la licencia cuesta, el local cuesta, y todas esas cosas cuestan dinero.”

–Carmela

... on her own account:

“No me gusta que nadie me diga: tienes que hacer esto.”

–Carmela

Page 43:

As she said,

“es ilegal porque es un dinero que no se está sacando, si yo tuviera por ejemplo una cantidad de dinero, que eso no es nada, eso me ayuda a mí para comprar algo. Pero supongamos que yo tuviera un negocio, que yo sacara allá miles de pesos, cientos de

pesos, ésto yo se le estoy robando al gobierno. Porque eso no está declarado, y si yo pongo un negocio, yo tengo que pagar los taxes, porque la ley de Dios me lo manda. ...”

–Liliana

Page 48:

As he said:

“Porque ellos me dicen que cuando los bancos comerciales ven eso, se entusiasman y hasta le prestan a uno. Entonces yo quiero arreglar más mi crédito. Porque por ejemplo, una línea de crédito es lo que me interesa a mí. Que uno tiene el crédito pero usa sólo lo que necesita.”

–Oscar

Page 49:

Zulma noted:

“Porque ella me dijo que si yo tenía proyecto de sacar mi negocio afuera, y yo le dije que si pero que eso no es de la noche a la mañana. Yo dije, vamos a ver cómo queda la conexión y en el futuro te digo. Que de pronto aparece algo y pongo mi negocio afuera. Son muy caros, pero quién sabe si encuentro uno que me convenga. ... No va a ser de la noche a la mañana pero dentro de dos años ... quién sabe.”

–Zulma

... more of a challenge:

“ellos conocen mi caso ...”

–Marta

Chapter 6: Looking for What?

Page 50:

Legalization

“Si yo fuera presidente yo le diría: Usted tiene ¿cuánto tiempo de estar acá? Dos años, tres años ... Usted no ha cometido ningún delito. Usted se ha portado bien, haga la gestión para legalizarlo.”

–Benito

Page 51:

Credit

“¿En algún momento pensaste en pedir un préstamo para comprar ese material[herramientas]?”

“Sí, pero no te dan.”

“¿Dónde averigüaste?”

“En el banco. En el Fleet.”

“¿No te dan?”

“No porque no tenés crédito. Te chequean el número de Social Security.”

–Daniel

“¿Has buscado un préstamo?”

“Hasta ahora no porque tengo un poquito de dinero mío, y lo pienso ir subiendo yo mismo. Pero pienso pedir un préstamo, pero no sé en dónde. Muchas de las veces, para los hispanos es difícil que te den un préstamo. Te ven la cara de mejicano, de hispano, y les da desconfianza. Aunque tenga residencia. Y mi esposa es americana, y cuando ella va conmigo, todos me atienden bien, pero es por la diferencia de que ella es blanca, esa es entonces la diferencia. ...”

–Jorge

Juan, who had not sought any financing, said:

“Y lo que pasa es que muchos por ejemplo quisiéramos tener acceso a una casa. ... Porque las rentas son caras y por ejemplo, yo pago mil dólares mensuales, uno ajustándose un poquito más, puede llegar a pagar un mortgage de una casa perfectamente. Si el dueño de la casa donde yo alquilo, él paga \$1,250, y yo le estoy pagando mil, así que él está viviendo prácticamente gratis. Pero tiene la posibilidad de tener los papeles y nosotros no.”

–Juan

Page 52:

As Cristina ...

“ No quiero más deudas. En sí, si pudiera pedir un préstamo lo haría, pero también tengo que pensar que si no logro vender lo que tengo, ¿como lo haría yo?”

Likewise, Ester, an undocumented housecleaner, observed that

“un préstamo para mi sería muy difícil. Yo trabajaría y ahorraría, porque meterme con préstamos no ... o sea yo iría comprando poco a poco, invirtiendo poco a poco, y cuando ya tengo todo el equipamiento ya puedo expandirme más. Porque con préstamos no, me cobran intereses y todo eso.”

As Daniel said...

“porque uno no está bien asesorado también por miedo. No va a una entidad por miedo a qué te digan.”

Araceli, speaking of the food cooperative, said

“siempre lo hablamos, de alquilar un lugar más cómodo, donde vos vas y cocinás y te venís a tu casa. Pero si vos vas a una casa y le decís, me puede rentar la cocina y una sala para cocinar, te dicen: no, van a romper la cocina, no sé.”

Industry-based Skills

“El otro tema es que me gustaría capacitarme más, en unos temas de aquí de trabajo, en cuanto a mi trabajo que es plumbing, agua caliente, agua fría, quiero cursos de capacitación, y así si pudiera obtener una licencia para poderle ofrecer al cliente una mejor seguridad y garantía. Esas serían mis inquietudes para que el cliente este más seguro y yo también esté más tranquilo, trabajar con fundamentos bien concretos.”

–Roberto

Page 53:

Business Skills

“Mirá ... no, yo creo que eso es lo de menos. Mirá que yo no estudié. Y soy una persona, un ejemplo, si entran 100, ¿por qué voy a gastar 110? Soy consciente y he trabajado por ejemplo ... he trabajado con grandes empresas...Y siempre me consideré bueno en administración.”

–Armando

Page 54:

Andrea, for example, says

“Nunca me he puesto a calcular.”

Formalization

“¿Y tienes idea de incorporararte?”

“... depende ... cuánto me cueste el impuesto. Porque por ejemplo, si yo cobro 500 dólares y la ciudad me cobra 200 dólares en impuestos, no me conviene. O sea, tengo que investigar cuánto me cobra.”

–Jorge

Chapter 7: Where to Go From Here?

Page 56:

“Bueno, mi anhelo es, algún día en el futuro, tener un sitio para manualidades, y coser. ...”

–Blanca

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PRODUCTION CREDITS:

Design, Graphics, Composition

Olmsted Associates, Flint, Michigan

Printing

The Riegle Press, Inc., Davison, Michigan



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