



Rob Casey/Getty Images

# IMMIGRANT entrepreneurs

*A Key to Boston's Neighborhood Revitalization*

By Marcia Hohn

Immigrant-owned businesses have been anecdotally linked to the revival of a number of depressed areas in Massachusetts and across the country. Yet, few studies have examined the nature of immigrant businesses and the role they play in a community's turnaround. In 2003, the Immigrant Learning Center (ILC), Inc., a nonprofit organization located in Malden, Massachusetts, that provides English language training for immigrant adults, launched a public education program to raise the visibility of immigrants as valuable contributors to America's economic, social, and cultural vibrancy.

As part of this campaign, the ILC commissioned two University of Massachusetts-Boston research teams to carry out a study investigating the impact of immigrant-owned businesses on neighborhood revitalization.<sup>1</sup> The study focused on three Boston neighborhoods—Allston Village, East Boston, and Fields Corner—all home to large immigrant populations and immigrant-owned businesses. The resulting report, "Immigrant Entrepreneurs and Neighborhood Revitalization," will be released this fall. This article summarizes key findings of the study.

### **Main Findings**

The study revealed several important findings about immigrant-owned businesses in Boston:

- There is a disconnect between immigrant entrepreneurs

and the economic and community development services available to small businesses.

- All of the businesses were self- or family-financed. Traditional sources of credit and financial support were typically not available to or utilized by the entrepreneurs in the study.

- Most businesses are in the retail and service sectors, and many were started to provide goods and services to particular ethnic groups.

- Today, these businesses do not solely serve their own ethnic groups but draw a range of customers from both within and outside of the neighborhood.

- Collectively, the businesses bestow a distinctive character on the neighborhood business areas, attracting new customers and expanding economic activity in the neighborhood.

- Over time, the three neighborhoods have become cleaner, brighter, and safer in part because of the enhanced stability provided by the immigrant-owned businesses.

- In some cases, immigrant-owned businesses have created significant employment opportunities for neighborhood residents.<sup>2</sup>

- Most immigrant-owned businesses do not exist only for family survival and employment. Rather, the immigrant business owners in the study expressed ambitions for expansion and demonstrated entrepreneurial drive.

## Saul Parella

### Saul Perlera, Perlera Real Estate

Saul Perlera never wanted to start his own business. The second son of restaurant owners, Perlera knew what it meant to be a small business owner—long hours and hard work. But he could not escape his entrepreneurial roots, and today, he owns the top real estate office in East Boston.

At 16 years of age, Perlera left El Salvador for the United States, arriving at his uncle's house in East Boston. Within a few weeks, he was working three jobs—a full time factory job and two part time cleaning positions. "I didn't know a word of English when I got here," says Perlera. "But working with Italians at the factory and learning English along the way, I was soon able to speak Italian, English, and Spanish."

With East Boston's predominantly Italian landlords and largely Latino tenants, the value of Perlera's language skills was recognized by the real estate agent who rented him his first apartment. The agent offered him a job on the spot. Over the next ten years, Perlera worked in the agent's office, learning the ropes of the real estate business, eventually getting his license, and becoming the top agent in the office. Two years ago, Perlera decided to break out on his own. "I had a vision of creating a space where brokers would want to work," says Perlera. "I wanted an office that was equipped with the tools brokers need to function well in this industry and one that showed a commitment to professionalism."

He started small, hiring three people, working out of in his living room, and financing the operation with equity from his own personal investment properties. Soon, he found office space in the Meridian Street business district. He hired a designer and completely renovated the office, creating an aesthetically appealing space. Perlera's strategy worked. Brokers came knocking, wanting to work in the stylish atmosphere with its high-tech infrastructure. Today, Perlera Real Estate employs 14 agents, as well as a full support staff. Many of the employees



are young immigrants. "I like to hire young friends of mine," says Perlera. "I want to give young people the opportunity that I was once given."

In the past two years, Perlera's business has become the top real estate firm in the East Boston area. Encouraged by this success, Perlera is now taking his vision to the neighborhood at large. He is developing several mixed-use properties, employing a professional design team and high quality materials. He is promoting the East Boston Main Streets façade-improvement program, helping other small business owners to enhance the look of their storefronts, and he is involved in several other organizations that are working to improve the image of Meridian Street and East Boston's other commercial districts. "Someone has to raise the standards of housing, business façades, and signage in the neighborhood," says Perlera. "Someone has to take the lead in creating a neighborhood that people want to be in."

## Methodology

The study focused on the perceptions that immigrant business owners have about their impact on their neighborhoods. Ten to fifteen interviews were conducted with a sample of immigrant entrepreneurs in each of the three neighborhoods. There were three criteria for a business' participation in the study: the owner must be foreign born; the business must be a storefront enterprise that has been in operation for at least three years; and the business cannot be a franchise or a branch of a parent company located outside of the neighborhood. The interviews were augmented by discussions with key neighborhood observers, including staff from community-based organizations, police officers, and local officials.

In Allston Village and Fields Corner, businesses were selected randomly and were administered a questionnaire that covered four areas: business operation, neighborhood relations, use of public services and policies, and future

plans. The hour-long interviews were face to face, given under the condition of anonymity, and often conducted in the owner's native language.

In East Boston, the process was slightly different. Interviews were conducted with 12 immigrant entrepreneurs and 16 key observers. The business owners were all Latino, selected from referrals from various sources: the Main Streets Program of East Boston, local leaders, and members of the Latino business community. As in the other two neighborhoods, interviews were one hour, anonymous, and often conducted in the native language. A similar questionnaire was used, covering business history, business relations, customers and community, problems and barriers, and future plans.

## The Neighborhoods

### Allston Village

Allston Village is a triangular-shaped commercial area in the Allston-Brighton neighborhood of Boston. At mid-

century, the area was a middle class shopping district featuring butcher shops and family restaurants. However, in the following decades, the area fell into decline. As property values dropped, three neighboring universities—Boston College, Boston University, and Harvard University—began to buy up land, and a large student population moved into the neighborhood. Bars and nightclubs replaced traditional businesses to cater to this younger population, and the neighborhood became increasingly transient.

The area's low rents also began attracting a sizable immigrant population as early as the 1960s, and today, of the neighborhood's 21,000 residents, 35 percent are foreign born, compared with 26 percent citywide. The immigrant population is diverse. Asian immigrants compose 41 percent of the foreign-born population. Latinos make up another 40 percent, while Russians, Middle Easterners, and Eastern Europeans also have significant numbers in the community.

Allston's mix of businesses has tracked these demographic shifts. Of the 276 businesses in Allston Village, at least 104 are immigrant-owned, and the ethnic diversity of these storefronts has become one of the neighborhood's unique features. Nearly half of these businesses are in the food services sector, prompting the *Boston Globe* to call the area the city's "premier bazaar of cheap and ethnic eats." Other businesses include hair salons, gift shops, a grocery store, a video-rental store, an herbal shop, and a jewelry store.

### **Fields Corner**

The Fields Corner commercial district is located at the intersection of Adams Street and Dorchester Avenue in the Dorchester area of Boston. Once a working class neighborhood, Fields Corner deteriorated following the Boston busing crisis in the 1970s. By the 1980s, the neighborhood was in bad shape, with landlords suspected of burning down their properties, and police considering the area a high crime locale.

Around this time, Vietnamese immigrants began to arrive in Dorchester through a refugee resettlement effort. The population grew steadily, and today, there are nearly 6,500 Vietnamese-born residents living in Dorchester, accounting for one-fifth of the area's foreign-born population. Starting in the late 1980s, the Vietnamese immigrants began establishing businesses in Dorchester, primarily in Fields Corner, the area's largest business district. Over time, the Vietnamese business community expanded, and by 1993, Fields Corner was considered to have been revitalized by these Vietnamese entrepreneurs.

Today, 126 of the 225 businesses in Fields Corners are owned and operated by Vietnamese business people. The businesses reflect a diverse neighborhood economy. One-third of the Vietnamese businesses are in the retail trade sector, largely restaurants and other food businesses. Half are service-oriented businesses, including professional services such as lawyers, doctors, and architects, as well as personal beauty establishments and auto services shops. Still another 10 percent are businesses providing financial, insurance, and real estate services.

### **East Boston**

East Boston is a unique neighborhood. It has large areas of waterfront but is hemmed in by three major transportation elements: Logan International Airport; the Sumner and Callahan Tunnels; and the inner Boston Harbor Maritime infrastructure. All three have generated negative side effects on the quality of life in East Boston, and over time, the neighborhood has been one of the more depressed areas of the city.

In recent decades, East Boston has come to have the largest concentration of Latinos in Boston, with Latinos making up close to 50 percent of the neighborhood's population. Most are young, and the majority are from Central America, with large populations from El Salvador and Colombia. Originally settling around Maverick and Central Squares, the Latino population is steadily spreading to East Boston's other neighborhoods, as older Italian and Irish residents move out. The growing Latino population has sparked a Latino-owned business community, which largely supplies Latino-oriented goods and services in a range of industries—food, real estate, insurance, tax service, laundry service, beauty salons, and sporting goods.

### **Common Characteristics**

Across all three neighborhoods, immigrant entrepreneurs experienced similar paths to business ownership. Most had been in the United States for at least five years before starting their businesses, and all attested to having to work hard to establish their businesses, with most owners reporting that they still worked long hours—averaging 60 to 70 hours per week and often well over 80 hours.

The motivations for starting a business fell into several broad categories. Many owners were inspired by past business experience in their home countries, while a number of entrepreneurs were simply following a desire to open a certain type of business. In Fields Corner, many Vietnamese refugees started enterprises to provide a means of survival and employment for their families. Others established businesses to serve the Vietnamese community. In East Boston, mentorship played an important role. Often, immigrant business owners first worked for 10 to 12 years for someone else, gaining practical experience, learning "the inner workings of the business," and nurturing entrepreneurial ideas. In this time, they also attracted the attention of supervisors. These individuals, sometimes immigrants themselves who understood the struggle of being new in this country, became mentors and often provided opportunities to the fledging entrepreneurs.

### **Disconnect with Public and Financial Services**

In all three neighborhoods, not a single business owner in the study received outside assistance in starting up their business. Not one relied on government programs designed to help small businesses. No one received any kind of business development advising. No one accessed traditional sources of financing. Instead, owners told stories of working two to three

jobs, saving every penny, and turning to employers and family members to raise the needed funds to start the enterprise.

The business owners also reported limited involvement in neighborhood organizations such as Boards of Trade, Chambers of Commerce, and community development corporations. However, the desire to interact with other business people was evident. In Fields Corner, Vietnamese merchants started their own organization, and in East Boston, some entrepreneurs belonged to an El Salvadoran business group.

Language barriers, cultural attitudes towards the use of credit, an independent nature, and a perceived lack of need undoubtedly all played a role in the disconnect with public groups and services. A lack of knowledge also contributed. One business owner related that when applying to a bank for a loan, she had no idea what a business plan looked like and was confused by requests for business projections and other data.

### Cleaner, Brighter, Safer Neighborhoods

Most observers acknowledge that by deciding to invest in locales that were in decline, the immigrant businesses in these three neighborhoods revived commerce and generated a new and distinct community life. The immigrant entrepreneurs in the study recognized their role in neighborhood turnaround and were proud of it. In Fields Corner, almost all the business owners attributed to Vietnamese merchants the transformation of an abandoned, declining area into a thriving one. They saw themselves as the providers of important services and products, which filled the commercial gaps in the neighborhood.

In East Boston, the business owners believed that the considerable concentration of Latino businesses in Maverick Square, Day Square, and Central Square had revitalized life in each of these commercial districts. They credited the increased human activity with dispelling criminal and gang activity, a notion that was affirmed by the local police. They also cited the vast improvement in the physical appearance of these areas. In Allston Village, the business owners believed

that they had helped to generate a new reputation for the area as a multi-ethnic cluster, helping to overcome the perception of the area as one simply of bars and clubs. The business owners observed that the area had become cleaner, more active, and more upscale over the years.

### Expanding Customer Bases and Increasing Economic Activity

It is commonly believed that immigrant-owned businesses serve only their own ethnic niche. The study found that while many of the businesses may have started out with this goal in mind, their customer bases have significantly expanded. For instance, most of the Fields Corner businesses were built around the needs of the local Vietnamese customer base. Over time, Vietnamese from outside of the neighborhood and non-Vietnamese have learned of the stores' products and services and become patrons.

The immigrant-owned businesses have also introduced the non-Vietnamese residents of Fields Corner to different products and to a different culture and language. They have lent the distinctive character of a Vietnamese enclave to the area, a so-called "Little Saigon." From the vantage point of commerce, this character attracts more people into Fields Corner for Vietnamese food, products, and services.

In Allston Village, a small number of the owners were looking for a site with a specific ethnic population, but most were drawn to the area by its large student population. As a result, a cluster of diverse businesses was created, meeting the needs of the neighborhood and developing a reputation as a multi-ethnic area. The diversity attracts outside customers into the neighborhood, and Allston has developed a reputation as a destination for ethnic food.

East Boston's businesses are more ethnically focused, with all of the interviewed business owners emphasizing their expertise at catering to the Latino community. While their customers were drawn predominantly from the local area, most business owners reported that their markets also included

customers from other Latino communities in the Greater Boston area. For example, the Brazilian owner of a sporting goods store said that many of his customers come from Framingham, Malden, and Somerville, Massachusetts—all cities with significant concentrations of Brazilians.

### Some Job Creation

Most of the immigrant-owned businesses in the study employed several workers, but the average contribution to job counts

**Characteristics of Immigrant-Owned Businesses in the Sample**

	Allston Village	Fields Corner	East Boston
Average Number of Years in the United States Before Starting the Business	5	10	11
Average Number of Years of Operation	12	11	8
Median Number of Hours of Operation	69	60	70
Median Number of Employees	4	2	9

## Cecilia Maya

### Maya Insurance Agency

Cecilia Maya started Maya Insurance to provide insurance products to the underserved Latino community in Boston. Emigrating from Colombia when she was just four years old, Maya grew up in the Jamaica Plain area of the city. After high school, she took a job with an insurance agent and fell in love with the work. “It felt so good to help people and to make a difference in their lives,” recalls Maya.

The office served a number of Latino clients, many of whom did not speak English. These customers gravitated to Maya, who would routinely take extra time to translate and explain insurance forms and policies in detail. “It takes more time to service these clients because of the thorough explanation they require,” says Maya.

“Many Hispanic people want their interaction with their agent to be more than a business relationship. They want to get to know you.”

Looking around at the city’s insurance market, Maya realized that there were few agencies that had the bilingual capacity to service the growing Latino community. “At that moment, I decided to go into business for myself,” recalls Maya. “The Hispanic community needed someone that was fully bilingual to serve them in the insurance market.”

With little knowledge of what it took to run a small business, Maya set out. She investigated funding options at several banks, but found herself befuddled by requests for business plans and revenue projects. “I did not even know how to complete a financial statement,” says Maya. “I thought I would just rent a space and say, ‘Here I am!’”



With traditional financing options closed, Maya turned to her family. “I have a large family, and I borrowed \$1,000 here, \$2,000 there.”

Soon, she had scraped together enough to open two storefronts—the first in Jamaica Plain in January 1991 and the second in East Boston in March. She hired a bilingual staff and started selling

home, auto, and business insurance to residents of these two communities. At first, business was slow, and it was three years before Maya could draw a steady salary. “There were weeks when I couldn’t even afford to buy a gallon of milk,” recalls Maya.

She built the business primarily by targeting the Latino immigrant community. She advertised on the Spanish-language radio stations that much of Boston’s Latino community depends on for news and other information, and she ran occa-

sional ads on Hispanic television channels. However, she depended largely on work of mouth. “Boston’s Latino community is very family oriented. When people would come to buy an insurance policy from me, they would often bring their brother along for support. In time, the brother would decide to purchase a policy for himself, and family member by family member, the business has grown,” says Maya.

Today, Maya Insurance employs nine people in its two offices, and the business turns a healthy profit for its owner. Though Maya would like to expand, particularly so she could offer employment opportunities to other immigrants, she has her hands full with the current business and her family life. And she is satisfied. She says, “I love what I do. I get to meet people every day and help them.”

varied by neighborhood. Fields Corner’s businesses undoubtedly created the fewest jobs beyond family employment, in part because many of the businesses were established as a survival tool for refugee families. East Boston’s businesses created the most jobs, although this is likely a result of the sample selection methodology, which chose well-established, well-connected businesses. Employees in the East Boston businesses numbered between 2 and 25, with an average of 9 jobs in any one business. Most of those employed were Latinos. In Allston Village, the median number of people employed in the immigrant-owned businesses was 4, and these workers were less ethnically specific.

### Not Mom and Pop – Future Plans and Entrepreneurial Spirit

The vast majority of the immigrant businesses in the study expressed a desire for expansion and new ventures. In Allston Village, most of the immigrant owners intended to expand their business within the next five years, either by adding services and related businesses or by creating branches. Some had already done so. The owner of a video rental business had already established two others in the neighborhood. Another small business owner had opened a healing arts center to accompany his herbal store. There were similar stories in Fields Corner. Here, one merchant owned a bookstore, a flower shop, and a food distribution business.

## B.J. Wang

### E. Shan Tang Herbs, Inc.

In 1982, B.J. Wang came to the United States searching for garlic. He was a young buyer for an import/export business in Japan and an expert on plants and herbs after having trained in his family's herbal remedy store in Korea. However, in the midst of his garlic expedition, he found a new calling—sushi. Deciding not to return to Japan, he began training as a sushi chef in California, a career that would take him to Chicago and eventually to Boston. Attracted to the ethnic enclave of Boston's Allston Village, Wang found a job at a sushi restaurant on Harvard Avenue in the heart of the neighborhood.

A few years later, Wang's father came to live with him after selling the family business in Korea. "He was so bored at my house," recalls Wang. "I would leave every day for the restaurant, and he would have nothing to do. He asked me if I would start an herbal shop with him to give him something to occupy his time."

Wang agreed and found a space near the restaurant—one that would allow him to manage the new business and continue working at the restaurant. The first year, juggling two jobs was easy as the newly opened E. Shan Tang Herbs, Inc., saw few customers. In fact, when an opportunity arose to open his own sushi restaurant across the street, Wang jumped at it. However, when a *Boston Globe* reporter stopped in one day, searching for an herbal tea that he had previously found only in California, the future of E. Shan Tang Herbs was forever changed. The shop was written up in the paper, and customer volume began to soar. Business became so busy that when a fire caused damage to his restaurant, Wang decided to close it and dedicate himself to the next generation of his family's business.



Sixteen years later, people from all parts of the country come to Allston Village to shop in E. Shan Tang Herbs, Inc. Wang is not merely the proprietor; he is also the store's doctor and often the main reason for people to visit. Trained in acupuncture, pulse reading, herbs, and other traditional healing methods, Wang's customers come to him, seeking remedy from their illnesses. "I see all kinds of people—white, black, yellow, brown. We all speak broken English to each other,"

says Wang. "My philosophy is to treat each customer like a god. If you are good to people and love them, they feel better faster."

The success of Wang's herbal store has prompted him to expand the business. He now fills prescription orders for 40 to 50 doctors around the country. He has bought a small farm south of Boston to experiment with growing locally many of the herbs he currently imports. He has also opened the Asian Healing

Arts and Learning Center next door to E. Shan Tang Herbs, Inc. Here, Wang and other teachers share with students their knowledge of the healing arts. The building also houses several acupuncturists, whose revenues help to support the Center's free nutrition and therapeutic classes for individuals suffering from cancer, AIDS, and other maladies. Neighborhood groups also use the space for meetings and other functions. Supporting the community and serving people in this way is important to Wang. "The business has had the chance to be really big. I've had offers to franchise it and to sell herbs over the Internet. But I don't want to be really big. I would rather do what I can here," says Wang.

Another had bought numerous properties in the area and was interested in moving into commercial real estate. East Boston entrepreneurs also had plans to grow. One business owner was assessing the feasibility of acquiring a Chinese restaurant to complement his Latino restaurants, and two other restaurant owners were also looking to expand their businesses. Two separate real estate firms had major plans—one hoped to become a national franchise, while the other was positioning itself to develop property along the East Boston waterfront.

Most of the businesses appeared to have outlined their expansion plans, and several entrepreneurs were developing

relationships with traditional banking and legal institutions to help them achieve their desired growth. However, the majority of the business owners in the study did not intend to seek business assistance for expansion, and many did not seem to know how they will access the capital and legal services they will need. Moreover, involvement in local business networking organizations was low.

### Left Out of City Plans?

Immigrant business owners in Fields Corner and East Boston were concerned that their interests were being over-

looked in Boston's redevelopment plans. In Fields Corner, the city is planning a multi-million dollar initiative to improve Dorchester Avenue. Although the city's planning agency has made substantial outreach efforts by working with several Vietnamese organizations, advertising its plans in Vietnamese newspapers, and holding neighborhood meetings, the interviewed business owners conveyed the belief that the needs of the immigrant community have not been adequately addressed in planning process. Some merchants expressed fear that the distinctive identity that they had worked to bring to the neighborhood would be lost. Others feared that they would be priced out of the neighborhood.

In East Boston, the city is also planning improvements, including waterfront parks, greenways, public transportation enhancements, and the development of several large parcels of land along the waterfront. Although these reconstruction and revitalization efforts will make East Boston a more attractive area, business owners in the study expressed concern that the impacts on the Latino community and its businesses have not been explored. Merchants fear that these plans may lead to rising rents and taxes, which may erode the Latino customer base.

### **Possible Policy Recommendations**

The study added to the current knowledge of the links between immigrant entrepreneurs and neighborhood revitalization. It also uncovered several ways in which this connection could be enhanced, benefiting both immigrant small business owners and neighborhoods. For example, the immigrant entrepreneurs in the study are not currently connected to the city's business support programs and traditional channels of capital. Building stronger connections could help to enhance the sophistication and longevity of Boston's immigrant-owned businesses, in turn benefiting the city's neighborhoods by creating a more stable business base. To this end, program providers could try a number of creative strate-

gies, such as combining elements of English language learning into technology and business development classes; collaborating with existing ethnic-specific business groups; providing mentorship programs; or clustering activities around community events.

Additionally, the study showed that immigrant business owners feel left out of the city's planning processes, despite outreach attempts. Finding new ways to incorporate immigrant entrepreneurs in city planning will help ensure that their needs are addressed and that the city's neighborhood commercial districts remain vibrant. For instance, city planning officials could hold discussions at ethnic organizations, outreach through trusted ethnic representatives to promote attendance, or use inclusive processes at meetings.

Regardless of the strategies employed, policy makers must recognize that immigrant entrepreneurs are vital economic and social contributors to their neighborhoods and to the city of Boston. To ensure that these populations and their neighborhoods continue to thrive, the critical sectors of economic, political, and social life in Boston must respond in kind.

<sup>1</sup>One teams was from the Institute for Asian-American Studies, and the other, from the Gaston Institute.

<sup>2</sup>This figure is likely affected by the non-random sample selection process used in East Boston.

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*Marcia Drew Hohn is the Director of Public Education at the Immigrant Learning Center in Malden, Massachusetts. The full report, "Immigrant Entrepreneurs and Neighborhood Revitalization," will be available from the Immigrant Learning Center in the fall.*