



Overseas Latino family business model in the United States

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Abstract

In this paper, we use a strategic management approach to construct a baseline business model of Overseas Family Businesses (OFBs), inspired by the historical experiences of the Asian OFBs in Asia and Africa. Though Asian OFBs have a long history of success in Asia and Africa, OFBs of many other ethnicities have also been pervasive for several generations around the world, including in the industrialized markets. In particular, Latino OFBs have long been prominent in the US, and a new wave of Latino OFBs is flourishing currently in the US. We review their experiences, in order to understand how they are creating, sustaining, sequencing, capturing, and championing value in the US. The analysis helps enrich our comparative knowledge of the OFBs, and has practical implications for the family businesses from the Asian region – both newly internationalizing as well as those aspiring to extend their internationalization into the industrialized markets.

Keywords: Ethnic entrepreneurship, Latino/ Hispanic business, family business, business model

Introduction

Since the mid-1980s, a rapid growth has taken place in the migration from various Latin American nations into the United States (Rodríguez et al, 2008). Latinos have been active in launching new businesses, most of which are self-employment options in the form of micro-enterprises. Latino enterprises tend to be overseas family businesses (OFBs) – i.e. family businesses through migration overseas. Latinos tend to employ one or more family members in their business, though such employment is identified only as taking help, and is generally unpaid. Most Latinos intend to transfer the business to next generation, and use the business for the formative training of their children (Tienda & Raijman, 2004). Although, many are of precarious nature, the OFBs are helping Latinos become better integrated into the host nation and to also contribute to its vibrancy through entrepreneurial energy. Several larger and more successful Latino OFBs have emerged out of this entrepreneurial pool, to become important role models as well as shapers of civic society in the United States. One of the distinctive characteristics of the Latino

OFBs is a strong presence of Latina – i.e. women – business owners (Lofstrom & Bates, 2009).

The received literature has studied Latino OFBs primarily from the perspective of ethnic entrepreneurship. It has underlined the role of ethnic networks and social capital in their launch, success, and vibrancy. Though collaborative networks are critical to the success of any business, sustainability and competitive advantage of a business is essentially a function of the business model it uses to create, perpetuate, sequence, capture, and champion value (Afuah, 2004).

The purpose of this paper is to use a business model perspective to analyze the features of the Latino OFBs in the US, and to use the analysis to identify practical implications for the Asian OFBs – both newly internationalizing as well as those aspiring to extend their internationalization into the industrialized markets. Guided by several theoretical approaches to define the elements of a business model (Afuah, 2004; Lambart, 2004), we develop a baseline model to analyze how Latino OFBs create, sustain, and manage value. For the baseline business