Local Economic Development through Joint Action: 
Latino Businesses and 
the Greater Mount Airy Chamber of Commerce

by

Badí Esteves Bradley

A Masters Project submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Regional Planning in the Department of City and Regional Planning.

Chapel Hill

2003

Approved by:

_________________ 
ADVISOR
# Table of Contents

Executive Summary  pp.3  

Literature Review/Background  pp.4  
   Introduction  pp.4  
   Historical Background of Mount Airy  pp.5  
   Economic Development Challenges of Mount Airy and Surry County  pp.7  
   Economic Development Programs and Policies Of Mount Airy and Surry County  pp.12  
   Role of the Chamber of Commerce, Collective Efficiency and Joint Action  pp.14  
   Hispanic Immigration  pp.23  
   Hispanic Businesses  pp.24  
   Public Policy Implications  pp.28  

Research Design  pp.31  
   Policy Concern  pp.31  
      Study Question  pp.31  
   Methods  pp.31  
      Concept  pp.31  
      Data Collection  pp.34  
      Use of Data/Analysis of Evidence  pp.37  

Results of the Study  pp.39  
   Survey Results  pp.39  
   Interview Results  pp.43  

Key Findings and Policy Recommendations  pp.50  

Conclusion  pp.54  

Acknowledgements  pp.55  

References  pp.56  

Appendices  pp.62  
   A: Technical Appendix  pp.62  
   B: Survey Questionnaires  pp.63  
   C: Summary Graphs  pp.64  
   D: Interview List  pp.67  
   E: In-depth Interview Questions  pp.68  
      Introduction  pp.68  
      English Questions  pp.68  
         Trainer Questionnaire  pp.68  
         Chamber Questionnaire  pp.69  
         Business Questionnaire  pp.69  
      Spanish Questions  pp.69
Executive Summary

Northwest North Carolina is experiencing an economic shock due to dependence on manufacturing and textile industries that are moving abroad. Many of the displaced workers entered the workforce at an early age and are now underprepared for work in the information economy. The institution of the chamber of commerce has the potential to organize businesses through collective efficiency, which includes joint action. By placing a value on place and community rather than the individual entity, the chamber of commerce can lead an area to recover through structural change of the local economy.

The Mount Airy Chamber of Commerce is taking steps to address the economic shock in the area. Through participation in the Northwest North Carolina Comprehensive Economic Development Strategy, the chamber is taking an active role in promoting joint action among local industries.

A demographic shift during the 1990s introduced a Latino population to Mount Airy and Surry County. A stagnant local population and the national demographic, political and economic expansion of the Latino community are reasons to believe that the Latino community in Mount Airy will be a significant factor in the future of the local economy. This study investigates how the Mount Airy Chamber of Commerce can incorporate Latino businesses in the area.

The study has two phases. The first is a survey of all local businesses in Mount Airy. The survey inquires about Minority-owned businesses, chamber membership, familiarity with workforce training options, and specific workforce training needs. The second phase consists of interviews with Latino businesses in Mount Airy, chambers of commerce that deal directly with Latino populations and business training institutions that work with Latinos.

This report concludes that the Mount Airy Chamber of Commerce should initiate an effort to coordinate with the Latino businesses. This can be accomplished through simple acts such as scheduling meetings at hours convenient for retail businesses and providing translations in Spanish of important legal documents. The chamber should also continue to support the minority council in order to demonstrate inclusiveness to minority businesses, rather than latently encouraging them to join specific minority-based chambers.

Acts of inclusiveness and response to minority business needs are critical towards establishing and maintaining a unified commercial and industrial base in the community. These attitudes and actions are essential for joint action, collective efficiency, and economic recovery.
Literature Review/Background

Introduction

Northwest North Carolina is at a pivotal time in the area’s modern history. Traditional reliance on manufacturing and textiles as the primary industries is leading the region towards unemployment and a low-skilled workforce. Low cost and physically skilled labor is what drew these industries to North Carolina fifty years ago and these factors are now drawing these industries to foreign countries such as Mexico and China. The slow decline over the past twenty years was enough for the region to notice, but not enough to sound the alarm and engage an action plan to confront the issue. Delayed effects from the passing of NAFTA in 1994 have accelerated the migration of industry over the past five years. In conjunction with the current economic recession, Northwest North Carolina is feeling the full force of economic stagnation.

Yet over the past decade these economic conditions also attracted new immigrants to the area. In particular, Latino workers from Mexico and Central America arrived during the economic boom of the late 1990s to work in the agricultural and manufacturing sectors. Willing to accept less money and benefits, and to work in jobs that many residents were no longer willing to do, these immigrants were welcomed with low paying, manual labor jobs. Many of the migrant workers brought their families and have established Northwest North Carolina as their home for the future. The immigration boom also brought
specialized supporting industries to serve this population, in particular Latino restaurants and stores specializing in products from Latin America.

With this backdrop, David Bradley, President of the Mount Airy Chamber of Commerce, asked me to investigate the ways that this new population may be incorporated into the greater business community. This noticeably different community is not taking advantage of the assistance and support that the chamber of commerce offers and he wanted to know if there was anything that the chamber could do to address the needs of this community.

This project is designed to accomplish three goals: identify minority-owned businesses in Mount Airy, specifically, the Latino-owned business community; contact these businesses and investigate the business and training needs that they have and whether these needs are being met; and find the best practices on the part of chambers of commerce and business training providers with respect to serving the Latino business community.

**Historical Background of Mount Airy**

The city of Mount Airy is situated in a valley with mountains surrounding it on all sides. Due to this geographical situation, the area was referred to as “The Hollows” through much of the 18th century. To the north are the Blue Ridge Mountains that serve as a physical frontier separating Virginia from North Carolina. The area was originally settled by European immigrants in 1747. In 1801, Thomas Perkins bought a plantation, named it Mount Airy and from there
the city started to grow. Mount Airy was incorporated in 1885 and the first town charter was drawn up in 1889 (City of Mount Airy 2002). The first settlers were drawn to the area by the agricultural productivity of the land. With time, however, immigrants settled the land for other features that the area offers.

The first railroad arrived in Mount Airy in 1888. A narrow gauge railroad line, the Mount Airy & Eastern Railway Company, existed from about 1900-1918 to haul lumber from the north and east of town. The primary industry that needed rail service was the granite quarry located 2 miles east of the city (Bott 2002). Thomas Woodruff and Sons followed the railroad to Mount Airy, bought the quarry and launched a successful business exporting the stones.

The granite quarry was the source of the last great migration that Mount Airy experienced. During the late 1800s, European immigrants from Germany, England, Ireland, and Italy settled in the area to excavate the granite deposits that sit below the soil. Many of these immigrants were stone craftsmen that were leaving the economic challenges of their native countries to apply their skills in America where the economic opportunity was greater. These master carvers created intricate designs that were so valued that the white granite stone was used in homes and buildings all across America. In fact, most of the public buildings in the city are out of granite, as are many in Washington, DC. This granite quarry is now the world’s largest open-face granite quarry (Mount Airy Museum of Regional History 2002).
The railroad opened up the region to foreign markets and brought foreign goods to Mount Airy. This medium of transportation and the location of Mount Airy in a forested land were competitive advantages for the furniture industry. The establishment of a manufacturing base in the early 1900s increased with textile mills and eventually expanded with the US interstate system in 1956. Automotive transportation, not dependant on fixed lines, combined with the central location of Mount Airy along the eastern seaboard has made Mount Airy one of the nations’ trucking clusters.

Economic Development Challenges Facing Mount Airy and Surry County

In the mid of the last century, manufacturing mills started to move south out of New England and the northeastern part of the country. The abundant labor market and the fact that, as a right to work state, North Carolina has no unions and labor therefore costs less were great incentives for these industries to relocate as the competitive pressures grew stronger. The division of labor and the economic forces that drew jobs from the northeast are the same factors that are drawing jobs further south to Latin America, the Caribbean and Asia. The strategy to target footloose industries, where the major competitive advantage is the cost of labor, surely was only going to be a temporarily effective strategy as other labor sources would become available and follow the same techniques at an even lower cost.

Workers in Surry County earn roughly half of the average annual wage of their metropolitan neighbors in Forsyth County (see Table 1 in Appendix A).
Throughout the undulations of the business cycle over the past few decades, manufacturing has always been there, like a granite rock, to save the city. Finally, global economic forces are having an effect, leaving Mount Airy in a period of transition.

Since the early 1990s, there has been little growth in the size of the city. The median age for residents of the city of Mount Airy is 42 years old compared to the North Carolina average of 35 years old (Census 2000). While part of this may be the fact that the city limits have not been expanded in recent decades (In February 2002, proposals were made to expand the city limits to about twice the size) and younger residents are living further away from the city core, it does indicate that the city residents are aging. As is common with many smaller towns, the most promising and ambitious young people are not coming back to Mount Airy once they graduate from high school, contributing to “brain drain.” It seems that these people often do return later in life, when they start to have families and their priorities for quality of life change. But the challenge is to accommodate the elderly and aging residents while trying to retain a youthful and vibrant population.

A study conducted in 1997 found Surry County to have an average literacy score less than the state average, with nineteen percent of the population above the age of 18 reading at below a ninth grade level (NCLRC 1997). This is an obvious
challenge towards providing a capable and skilled workforce in the Information Age. Mount Airy has a high percentage of homes – 45 percent – that are rented. According to Fannie Mae, home ownership leads to strengthened families and communities (Fannie Mae 2002). While this may be a slogan, it is true that home ownership generates personal equity that can be reinvested in the community through small businesses, as well as the social capital of a commitment to the community. Another demographic challenge, again partially attributable to stagnant city boundaries, is the racial homogeneity of the city. Ninety percent of the city is white according to Census 2000. This may not be viewed as a problem to be dealt with by economic development policies, but a diverse workforce and residential base is generally viewed favorably by potential employers, as well as allowing for a wide mix of entrepreneurs in the community. Along the same lines, the increase in the number of Latino residents and the incorporation of their skills and their culture into the mainstream society is not only a challenge, but a great opportunity for Mount Airy and Surry County (Census 2000).

Within traditional economic development challenges, the greatest is the quality of the workforce. After decades of reliance on dexterity based manufacturing, the labor force lacks diversity in skill sets. Many employees of the manufacturing mills dropped out of high school for the temptation of a steady paycheck. Since 1994, and the passing of NAFTA, the labor force utilization in Surry County has been below the state average and on a steadily declining track (see Table 2, Appendix A) (NCESC 2002). In response to the layoffs, Surry Community
College has seen an increase in the number of people gaining new skills, but the skills they are learning are for current needs instead of future trends. Perhaps the next most important challenge is the lack of entrepreneurial spirit and the need for human capital in the area. When industries downsize or leave the area, there is a social capital drain; for each leader that leaves, the community loses four or five leadership roles (Robertson 2002).

Like many communities, jobs and financial wealth creation are the common definitions of economic development and success is defined by recruitment and the “buffalo hunt” (Morphis 2002). A challenge is to redefine the public’s view of economic development in terms of endogenous strategies in addition to the exogenous strategies, of which industrial recruitment is just one tool.

Endogenous strategies concentrate on factors that encourage growth from within the community. Exogenous strategies concentrate on factors outside of the local area focus on recruiting exporting industries to the area. Officials in Mount Airy acknowledge that Winston-Salem is the leading force and economic driver in the western Piedmont (Bradley, D. 2002). While Mount Airy is not resigning to the role of bedroom community for Winston-Salem, forming and strengthening the physical and economic ties between the areas through alliances and mutually beneficial partnerships is a challenge that must be met.

The capitalist class of manufacturers in Mount Airy did not reinvest in the workforce when large profits were being reaped. It was not in the interests of these businessmen to have a skilled workforce in ways other than manual
dexterity. The nature of the manufacturing businesses, particularly those who are labor intensive, is to follow the lead of cheap labor instead of investing in technological change and capital improvements. Therefore, there was little motivation to invest their profits in the workforce rather than in savings accounts. They kept skills down to secure a labor pool and persuaded other companies not to enter Surry County. More competition for the labor pool would force them to pay more, or offer benefits and training that would cut into the bottom line. Hank Spires, former CEO of Cross Creek Apparel, now apologizes for “standing at the county line with a shotgun.” Mr. Spires is now an industrial recruiter for the area and readily admits that he was part of the problem that put Surry County where it is today (Bradley, D. 2002).

The stagnant population and fast growth of the economy in the mid 1990s made for a labor shortage in Surry County, much like other parts of the state and country. The high demand for labor meant that people were leaving the least desirable, and most manual, jobs. The demand for these jobs was once again filled by a great foreign immigration to the area. Latinos started to come for migrant labor in the agricultural fields and poultry farms of the countryside. With time, they started to move to the mills within the city. This new population is now settling in as part of the community. With the economic slowdown of the new millennium, much of the excess labor has moved on to the next stop, or back to their home country. But many of the migrant workers brought their families, or started new ones and are incorporating themselves into the long-term fabric of the society.
Economic Development Programs and Policies in Mount Airy and Surry County

The Mount Airy Chamber of Commerce, Surry County Economic Development Partnership and other institutions have a variety of programs and policies dedicated towards improving the area’s well being. Perhaps the most promising of the initiatives is the Surrey Bank and Trust. While this may not be noted as an economic development program upon first glance, the intent and structure of the bank fall into the category of endogenous Economic Development strategy. Surrey Bank and Trust has local shareholders, whose mission is to provide loans to local start ups and has a strong record of SBA and USDA loans (Webb 2002). This bank removes the barriers to entry that local entrepreneurs may face when attempting to gain capital from larger, consolidated lending firms in the state.

The Mount Airy Chamber of Commerce has a focus on business to community relations but is starting to initiate plans to encourage more entrepreneurship among the citizens. The chamber is attempting to establish entrepreneurial projects in the high schools and in the community college. Despite the failure of an earlier business incubator attempt in the community, the chamber is starting a business plan competition with the small business development center at SCC, with the hopes of expanding to a more traditional incubator in the future. It is also working with the Triad Launch Pad Entrepreneurial Network to focus on local resources and to develop the entrepreneurial spirit. The Mount Airy
Chamber also participates in a triad-wide technology council, where it is investigating ways in which the area can support of the biotechnology and other knowledge industries that are emerging in the larger metropolitan area. A local diversity council was started not too long ago with the aim of fostering multicultural cooperation and providing representation for the concerns and needs of local minority businesses. Tourism is a large element of the Chamber’s strategy, and the agency continues to promote the area’s local events and image to an increasing array of media interests (Bradley, D 2002).

The Surry County Economic Development Partnership (SCEDP) is a relatively new organization, which is living up to its goal of serving as a unifying agency for the different communities in the county (Morphis 2002). SCEDP splits time and energy between business recruitment and existing industry support services. According to Crystal Morphis, former SCEDP president, the existing industry programs are working well with six expansions for every new location. Existing industry efforts include a visitation program to meet with industries to discuss growth and the resources that SCEDP has to offer. It provides information about local, state and national changes in tax, safety and environmental policies. An industry appreciation program is in place to inform the community about the efforts of industries towards community well being, and SCEDP consults with high school and workforce replacement counselors to inform them of high growth and other promising industries and occupations for unemployed workers to consider. SCEDP works in conjunction with the NC Department of Commerce
and recently started investigations with NC State University regarding the placement of an industrial extension office in the county. Business recruitment efforts are focused on the small business development center at SCC and providing information, including wage and benefit surveys, to potential relocation recruits. Targeted industries are auto parts suppliers, electronics, manufacturing elements of biotechnology, distribution and logistics companies and other manufacturing industries that would be attracted to the location and abundant water supply of the area. In addition, SCEDP is interested in the value-added manufacturing and production operations in wine and agricultural produce segments, but is waiting for the volume to increase in these industries to warrant further efforts. Surry County also has two industrial parks that are part of Foreign Trade Zone 230, but are not activated (Morphis 2002).

Role of the Chamber of Commerce, Collective Efficiency and Joint Action

Trades and trade associations go back centuries. Groups of blacksmiths, cobblers, masons, and other craftsmen would join together as a brotherhood to share their experiences, learn from each other, and for fraternity. The chambre de commerce of Marseilles (1599) was the first organization to use the name. The idea spread through France in the 17th and 18th centuries. The first to be formed in Great Britain was on the island of Jersey in 1768. In America, the first was the Chamber of Commerce of the State of New York, also organized in 1768. By 1870 there were 40 throughout the United States (Columbia Encyclopedia 2003). The Mount Airy Chamber of Commerce was established in 1959 by the president of a local funeral home, with the intent of serving as a trade association for merchants
Over time, the chamber started to offer services that would serve their clients, the group of merchants, such as group buying power and discounts for certain business services. In this regard, the chamber of commerce serves as a trade association whose members who are joined not necessarily by trade, but rather by location.

Intermediary organizations, such as the chamber, can tailor their services to a membership of firms that differs in terms of size, sector and location of their members. By combining their efforts at research and development, training, technology acquisition, and marketing, small and medium size enterprises garner economies of scale in providing services that come naturally to larger operations (McCormick 2002). Groups of firms offer certain economies compared to the individual firm. Firms in clusters gain external economies of scale and scope compared to the internal economies of scale and scope that large corporations can benefit from. These economies reflect the cost savings that can occur unplanned when firms are located in the same place. When firms intentionally carry out collective action with others, as when they join together in a business association, they may achieve even greater cost savings for each member (McCormick 2002). Hubert Schmitz calls the combination of planned and unplanned benefits “collective efficiency”. Hence, groups of firms achieve collective efficiency through intended joint action and external economies of incidental clustering (Schmitz and Nadvi 1999). “By calling the former passive and the latter active collective efficiency, one can express neatly that clustering
brings two advantages: those that fall into the producer’s lap and those that require joint efforts” (Nadvi 1996, Schmitz 1995).

The argument is that clustering facilitates the mobilization of financial and human resources, breaks down investment into small riskable steps, the enterprise of one creates a foothold for the other, and ladders are constructed which enable small enterprise to climb up and grow. It is a process in which enterprises create for each other - often unwillingly, sometimes intentionally – possibilities for accumulating capital and skill (Schmitz and Nadvi 1999).

According to McCormick, trade associations have seven critical functions that lead to a decrease in transaction and adaptation costs for their members: clarify the public and private sector roles concerning property and ownership and use through lobbying the government; input and output market coordination; skills and productive capacity upgrading; collectively promoting research and development; inter-firm coordination to smooth out conflicts and achieve efficiency; strategic planning to anticipate future changes in technology, labor force requirements, markets and other conditions; and to uphold labor standards and other social benefits for workers (2002).

The major role of the United States Chamber of Commerce and that of many localities is to lobby government on the behalf of business interests. American Chamber of Commerce affiliates in foreign countries also perform this lobbying function (Nelson 2003). Pressuring government to acknowledge the needs of a
collection of businesses is one of the functions of the chamber, but should not be the sole priority of the organization.

Jorg Meyer-Stamer’s example of the textile industry in Santa Catarina, Brazil is a good example of the effectiveness of lobbying efforts by the chamber in conjunction with leading joint action efforts of the member businesses. The industry went through an economic shock in the 1980s when they did not recognize the new competitive landscape where successful firms are agile, flexible and customer-orientated. The firms had to lower their costs in order to reorganize internally, reorganize their external relations, and intensify their collaboration and cooperation with the other firms in the industrial district. The leader of the biggest textile company in town took the lead firm initiative to arrange a visit of industry leaders to Italy to investigate how other textile clusters operates. This not only provided an example of how to structure the industry but also established new supplier and international contacts and initiated a dialogue between the firms to create a collective efficiency. The activities included: a study into the feasibility of the firms, the stimulation of new courses at the technical schools, the creation of a quality brand for the region, and a feasibility study in order to establish a technology center. Afterwards, the president of the lead firm was elected president of the Blumenau Chamber of Commerce and worked to sustain the initiatives to adjust and modernize the industries (Meyer-Stamer 1999).
Local chambers, particularly in smaller communities and specifically in the United States, are currently focused on selling their hometowns. In many localities, promotion of tourism or quality of life features has become the major function of the chamber in an effort to encourage residents or businesses to relocate in their area. One of the stated goals of the Mount Airy Chamber is to do what they can to preserve the quality of life that they currently enjoy (Bradley, D. 2002). The attributes of a fully developed community – inclusive community leadership, effective schools, access to quality health care, ample opportunity for productive and lucrative work, good roads and clean water – are both a by-product of positive economic performance and a foundation for future prosperity (MDC, Inc. 2002). The Mount Airy Chamber has incorporated the idea of the Cycle of Development of MDC, Inc. (Bradley, D. 2002). Good jobs generate revenue for public and private investment in schools, government, development and community organizations and good human and social services. Private and Public investment results in a capable and productive workforce, a safe appealing environment, good public health and community amenities. A good quality of life provides the foundation for good jobs to grow or come to the area and the cycle of development is complete (MDC, Inc. 2002).

Chambers of commerce also play an active role in the economic development process. They lobby local officials to offer incentives for companies to move, when possible. In Mount Airy and Winston-Salem, the chambers have conducted surveys to poll their constituent members on their workforce development needs, the current state of the workforce supply, and what the Chamber may be able to
do to help bridge the gap. In Winston-Salem, the results of this survey are being used to help determine the programs and services that the chamber will offer to businesses in the community (2002). David Bradley and the Mount Airy Chamber are lead members in the Northwest North Carolina Comprehensive Economic Development Strategy (CEDS). The CEDS committee applied for and was granted a federal grant to develop a comprehensive strategy in response to the economic crisis that manufacturing loss has created. Eight northwestern North Carolina counties are participating in the process with Angelou Economics, the economic development consultant. This is a clear example of how the role of the Chamber of Commerce is evolving, particularly in smaller communities that lack the supporting services that urbanization economies provide. In this case, the Mount Airy Chamber is taking the role of a trade association based on place, rather than trade. And, in this regard, place carries a larger priority than the individual bottom line of the firms. In the response to an economic shock, the chamber is leading the initiative to restructure the industrial landscape through joint action. Joint action is the active part of collective efficiency, according to Schmitz, and fits in well with the voluntary nature of the composition of the Chamber.

There is an international precedent for chambers of commerce reacting in response to economic shock. São Paulo, the financial capital of Brazil, was the recipient of a program of import substitution by the federal government. The program was responsible for a great territorial disequilibrium, where wealth and industrial production went to the South and Southeastern parts of the country,
principally in the state of São Paulo. The economic process of decentralization didn’t really affect the economic heart of the country until the 1980s. But, in the years of the presidencies of Sarney, Collor and Cardoso, and in particular during the Plan Real economic strategy, the combination of stability and liberalization had made Brazil an attractive destination for foreign investment. This investment was distributed more equally throughout the entire country. Older factories that were no longer competitive restructured or closed, many of them in the state of São Paulo. Between 1989 and 1995, the state lost almost 60,000 jobs in local industries. The financial system of Brazil gives much of the capital investment to the local and state governments. A significant portion of the money is based on the local value added. Therefore, the closing of the firms and factories had an immediate impact on the financial capacity of the local authorities. A decline in the taxes charged implied a decline in transfers, precisely when an investment in urban and social services was needed. This started the “fiscal war” in São Paulo between the national and local authorities (Rodríguez-Pose, et al. 2001).

The response was the formation of a new regional entity. Regional actors including trade associations, chambers of commerce, unions, ecologic movements, and community groups convened the “Forum of the Citizens of Greater ABC”. The Greater ABC region of São Paulo is where most of the industrial manufacturing was located. The forum emphasized the regional themes of the entire ABC region instead of the individual municipalities. In January of 1997, seven new mayors were elected, each sharing a regional agenda.
They formed the Council of Greater ABC Region, with working groups to discuss specific topics and to propose agreements. The regional agreements they reached included: the creation of a Regional Development Agency; the implementation of investments to improve the highway system; improved access to credit, technology and training programs for small and medium enterprises; and the implementation of a vocational school for the region. The seeds of the agreements were being planted. The Regional Development Agency was created in June of 1998. The RDA is considered to be the legal arm of the council and the Inter-American Development Bank signed a contract to provide technical assistance to this agency for strategic planning. The institutional capacity of the region is a recent realization in the Greater ABC Region that could form the base of a new focus on industrial policies (Rodríguez-Pose, et al. 2001). This is just one example among many where the initiative of the chamber, among other organizations, encouraged joint action and cooperation that led to significant structural changes for an area experiencing an economic shock. A key element in this process is the focus on the well being of an area or region over the profit maximization motives of individual firms.

Specialized chambers of commerce are not uncommon throughout the world. Chambers designed to serve a target population are looking to harness the forces that these companies possess. Institutions such as the United States Hispanic Chamber of Commerce use their representative power to lobby political entities on a national scale, as well as provide technical assistance to Hispanic businesses and promote international trade between US and foreign businesses (USHCC
Locally, Hispanic chambers of commerce have emerged over the past decade, with the North Carolina Hispanic Chamber of Commerce in Raleigh and the Latin American Chamber of Commerce of Charlotte being two examples. In the Piedmont Triad, Jose Isasi is a Cuban-born owner of The Hispanic Group, a consortium of five media-based companies. Mr. Isasi plans to have 40 Latino businesses to join together to form the Triad Hispanic Chamber of Commerce by April of 2003 (Business Journal 2003). The existence of different chambers signifies that members of these groups do not feel like their needs are being addressed by general chambers in the area; therefore, they must form their own organization to receive representation and services.

Victor Manuel Guzman, Chairman of the Latin American Chamber of Commerce of Charlotte, says that regular chambers have ignored the Latino community to a point, and that it makes sense considering the traditional size of the community. In Charlotte, there exists an Asian Chamber, African-American Chamber, and an Indian Chamber in addition to the Latino Chamber. In Winston-Salem, a Black Chamber is close to reaching its goal of 100 members in the first year of existence (Winston-Salem Journal 2003). These chambers unite people of like minds and like problems to talk about how they might address how they do business. According to Mr. Guzman, this doesn’t detract from the general chamber because there are two distinct issues: interaction of Latinos with the general business community and interaction of Latinos amongst themselves dealing with common issues (2003). However, a chamber of commerce that is in touch with their population and responsive to the needs of their constituency should find a way to
incorporate these discussions into existing institutions through roundtables or issue-driven committees. The existence of these separate chambers reveals that the general chambers are not meeting the multicultural needs of the business community. Communities are inherently changing entities and general chambers must find a way to empower different factions within a community and to counter the historical and cultural divisions that may be present in an area. Chambers must find a way to be an inclusive and uniting force among business interests, particularly when these interests are in a community that is recovering from an economic shock.

Hispanic Immigration

On January 21, 2003, the US Census Bureau released figures showing that the Hispanic population in the United States surpassed African-Americans as the country's largest minority group. “The percent of the total population that is Hispanic is projected to increase,” Census Bureau Demographer Roberto Ramirez noted (Miller 2003). The Pew Hispanic Center identified 51 metropolitan areas across 35 states as “hyper-growth areas for Hispanics”. North Carolina’s Hispanic population grew by nearly 400 percent from 1990 to 2000 according to census figures, the largest increase of any state in the last ten years. From 1980 to 2000, Charlotte experienced a 930 percent expansion of its Hispanic population to reach a population of about 77,000 Hispanics (Miller 2003). Hispanic immigrants from other states as well as other countries have been attracted to North Carolina for the mild climate, low cost of living, and employment opportunities. As in the rest of the country, most of the Hispanics
who reside in North Carolina are of Mexican or Puerto Rican ancestry (Johnson-Webb, Johnson and Farrell 1999).

According to the 2000 Census, Mount Airy has a Latino population of 498, or 5.9 percent of the total population of 8484 people. Surry County has a total population of 71,219 people and a Hispanic community of 4620 people or 6.5 percent of the total population. Due to the formal nature of the census and its inherent imperfections, there is a great chance that this number is an under representation of the Hispanic community, particularly due to the low-skill nature of the Latino workforce and its recently immigrated status. The stagnancy of Mount Airy’s population, the increase of average age, and national and state trends lead to the assumption that the percentage of total population made up by the Hispanic community will continue to grow.

Hispanic Businesses

According to Hispanic Marketing Resources, Inc., there may be as many as 3000 Hispanic businesses in the Piedmont Triad. The Selig Center for Economic Growth at the University of Georgia in Athens estimates that the Hispanic purchasing power in North Carolina has grown 900 percent in the past 12 years (Business Journal 2003). First generation immigrants often are laborers and entrepreneurs who show great drive and initiative, and a propensity to take risks, demonstrated by their relocation to a new area. These businesses face many challenges to be able to function and survive in the American business landscape. Common challenges area distrust of the financial system, lack of access to credit,
and general differences between cultures (Nelson 2003). The Latino community
and the Latino businesses that serve them have only become more common over
the last ten years. Many are retail businesses, particularly focused in restaurants
and grocery stores that sell primarily Latino products.

Informal businesses are common in Latin America, but also exist here in the
United States. A common definition for informal economy would be a business
that is not officially recognized by the state. However, there is an existing body of
research of the informal economy in this country, which yields a list of
characteristics that denote informality. “The characteristics of the informal
economy include wages paid in cash, very small enterprises of ten or fewer
workers, intermittent fluctuation in work hours, and a general lax in labor,
health, and safety regulations at the work site” (Portes et al. 1989, Sassen 1994a,
1994b, Zloliski 1994). Castells and Portes state that the informal economy should
be viewed as a political-economic process, not an object, as a “specific form of
relationship of production” unregulated by legal and governmental institutions.
They also distinguish the informal economy from illicit or criminal type activities
(1989).

As the community matures, future generations of Latino citizens will establish
more businesses to serve an ever-increasing share of the population. However,
despite high labor force participation, many Latino workers are currently
concentrated in the low-skill sector of the labor market. Jobs in this sector often
offer low wages and few, if any, benefits. These industries, such as construction,
are also particularly vulnerable to unemployment during uncertain economic times. As a result, Latino workers continue to have higher unemployment rates and lower weekly earnings than other groups, which make it difficult for many Latino families to stay out of poverty (NCLR 2002).

Many immigrants come from a micro-enterprise culture where small businesses are common. Without financial investments or any official support system, these entrepreneurs are in a position where their business is their only option, so they must find a way to make their business work. Often, due to distrust of the banking system and roots in cash-based societies, Latinos save cash in their houses, making them potential victims of theft or fraud. With no credit history and therefore no access to credit, finding the capital to start a business or a line of credit to maintain a business is very difficult (Bustillo 2003). In June 2000, the Latino Community Credit Union (LCCU) opened in Durham, North Carolina. The LCCU provides savings and checking accounts, worldwide ATM and money order services, wire transfers, consumer loans, and a financial literacy program to introduce its members to mainstream financial services (Self-Help 2000). The credit union is “a way to establish credit histories to buy a home, and to build wealth in our community”, said Ivan Parra, former Executive Director of El Centro Hispano in Durham. In September 2002, the U.S.-Mexico Partnership for Prosperity, through the United States Treasury First Accounts Program, awarded $1.85 million to the LCCU “to improve access to banking services and financial education for Latinos in the United States.” The LCCU is using those funds to open three new branches in North Carolina (US Dept. of State 2002).
As communities in North Carolina try to recover from the economic shock of the loss of manufacturing, they must begin to search for new industries in which to invest. Rural communities, such as Mount Airy, have found their traditional population aging and stagnant. The arrival of Latino immigrants into these communities provides new opportunities for business and economic growth, not only in terms of a new market of consumers, but also in terms of a new population of entrepreneurs. “Through their productive work and their community and familial activities, immigrants are significant contributors to economic restructuring. Through their sheet commitment to improve their economic status, immigrants are changing the cultural, sociopolitical and economic dynamics of cities that are experiencing demographic changes” (López-Garza and Diaz 2001). As their demonstrated market power increases, Latinos in North Carolina will receive more attention. Business training organizations, such as Good Work, Inc, in Durham, have seen Latino participation in the business training skyrocket from one percent of total participants in 1999 to 41 percent in 2002 (Bustillo 2003). This population needs, and is receiving, attention to become integral and vested citizens of North Carolina. In this time of economic uncertainty, one thing that is certain is that the Latino community will continue to grow and gain importance in the economic fabric of the state and nation. Any assistance that the existing business community can give to assist its development will be well rewarded with a diverse and stable membership in the future.
Public Policy Implications

There are many public policy implications with increased attention paid to Latino businesses. In terms of economic development, a healthy locality has a good mix of endogenous and exogenous growth programs within their economic development strategy. Exogenous growth, that being growth that comes from outside of an area, is generally what is currently practiced by Economic Development Partnerships. Incentives, in the form of tax breaks and speculative buildings, are the most common tool used to entice foreign companies to relocate to the area. But placing too much emphasis solely on landing a large manufacturing company and the jobs that they offer is a risky proposition, especially when a locality does not have a clear competitive advantage over other places. On the other hand, endogenous growth strategies are those that focus on resources that already exist in an area. For many, this can be simply termed “quality of life,” but really it is more than that. The quality of the education system, the workforce, and the infrastructure is certainly a critical factor towards the vitality of an area, but the attitude an orientation of the leadership is equally as important. Leaders, who are inclusive and inviting while considering all members of the community, are valuable towards creating a vibrant community. The priorities that the leadership has, as stated by the budget, have a large and substantial impact on public policy. Making available the resources for Latino businesses to prosper is an endogenous policy that will require the commitment of the local leadership.
With the recent declaration that Latinos are the largest minority in the United States and the obvious increase in Latino population in North Carolina, the voting power of this constituency is now being felt. In Carrboro, John Herrera, a Costa Rica-born banker, was elected to the Carrboro Town Council over a long-time incumbent in 2002. In Charlotte, a Latino was recently elected to a city government position (Guzman, V. 2003). Latino participation in the economic, cultural and political arenas will only continue to increase with time. Many of the services that are being provided for the Latino population are already noticed in budget considerations. Bilingual services in the courts and in medical facilities are required to accommodate people who don’t speak English. Police and Fire Departments are also prepared to communicate with Spanish speakers. In this regard, the chamber should also be prepared to interact with a population that includes non-native speakers of English. The chamber’s budget should reflect efforts to reach out to the Latino population.

Many organizations already exist in certain locations to serve the specific needs of the Latino community. In the Triangle, El Centro Latino in Carrboro, and El Centro Hispano in Durham, are two examples of organizations that are dedicated primarily towards the needs of Latinos. In addition, many broader organizations have programs that are in Spanish or dedicated to Latinos. Good Work, Inc. conducts many of their business training programs in Spanish (Bustillo 2003). The Self-Help Credit Union, in Durham, offers their resources in Spanish and is closely affiliated with the LCCU. NC REAL Enterprises offers classes and programs to encourage entrepreneurship through participatory learning, directed
at rural areas. Three of the master facilitators of the training programs are dedicated to Spanish REAL. These are just a few examples of the many organizations that offer specialized skills towards this community. An important policy implication is consideration of the funding of these resources or consideration of contracting these resources to meet the objectives of other institutions. When planning and deliberating on how to reach the Latino community, these resources should be utilized.

Finally, there is need for more study in this area. Many questions and uncertainties remain, and a better understanding may prove beneficial to the interaction of the traditional majority and population of the Southern United States and new immigrant communities that move there. Some brief examples of potential studies are:

- The process of adaptation that Latino businesses undergo in order to assimilate into American business culture
- Identification of the differences between Latino cultures once they are transplanted in the United States
- A cost-benefit analysis between the general chamber of commerce assuming the responsibility of incorporating all the faction groups of an area or allowing faction chambers to address the specific needs of member populations and leaving the general chamber to focus on lobbying the government
- An investigation of the role of the chamber of commerce as a catalyst for joint action
Research Design

Policy Concern
This study investigates the dynamics between the Latino business community and the Mount Airy Chamber of Commerce. Little is known about the Latino business community in Mount Airy, and this study intends to explore the needs of this business community, what training opportunities are available for Latinos, and what training these companies have already completed. Given the economic crisis that Northwest North Carolina is experiencing and the industrial structural shift that is occurring, the Latino community is a promising component of the greater business community that should no longer be ignored.

Study Question
What can the Mount Airy Chamber of Commerce do to address the needs of the Latino business community?

Methods

Concept
As an exploratory study, this project is designed to identify the Latino business community in Mount Airy, find out what challenges these businesses face, and propose ways for the Mount Airy Chamber of Commerce to attend to those needs. The best method to investigate these subjects is through a combination of quantitative and qualitative analysis. While other studies have investigated workforce development issues, no other studies were identified prior to this
project that look specifically at the Latino community in Northwest North Carolina. The project is separated into 4 phases:

1. Identify minority businesses
2. Investigate the needs of the Latino businesses in Mount Airy
3. Investigate business training options that exist for Latino businesses
4. Identify “best practices” of chambers for interacting with Latino business

Every five years, the U.S. Census Bureau undertakes an Economic Census measuring the number of minority- and women-Owned businesses. At the time of this study, the Economic Census is being administered. In 1997, the Economic Census: Minority- and Women-Owned Business Enterprises for the City of Mount Airy reported that there were 606 businesses with employees (including those owned outside the area), of which 90, or 15 percent, were women owned. The 1997 Economic Census did not, however, list any minority-owned businesses in the city. This information was most likely withheld due to the small number of firms present not meeting publication standards. Because of the lack of access to the minority-owned information, a survey was designed to be administered to the universe of local businesses in Mount Airy. The purpose of the survey is to systematically identify Latino-owned businesses in Mount Airy and empirically investigate the business community’s knowledge of training opportunities that exist in the area. The survey instrument determines whether businesses are minority owned, whether they are members of the Mount Airy Chamber of Commerce, and whether they are familiar with and have participated in business training opportunities in Surry County.
Qualitative methods are used to learn more about the specific circumstances of Latino businesses in Mount Airy and resources available for them in North Carolina. The grounded theory method of case studies is used for the second part of the research design, where the theory is “inductively derived from the study of the phenomenon it represents” (Yin 1994). This is a theory building, rather than a theory testing, method. The issue being investigated is the different needs that Latino immigrant businesses have when compared to the general business community and the resources that are available to help them. The unit of analysis of the study is the Latino business owner. Focused interviews are used that follow a standard set of questions within a case study protocol. The predicted outcome is that there are differences between the needs and challenges of Latino businesses and those of the broader business community, and that these needs are not being addressed by the chamber of commerce. The interview instruments address the state of the Latino business community, the challenges that Latino business face, programs that are available to them, and the relationship between Latino businesses and chambers of commerce. The goal of this project is to inform the Mount Airy Chamber of Commerce of the Latino business community in Mount Airy, resources that are available for the businesses, best practices from other chambers, and how to reach out to the target community.
Data Collection

Data collection was conducted in two forms: a survey sent to all businesses in Mount Airy, and in-depth personal interviews. The first step in the project was to identify all the Latino businesses in Mount Airy. Mr. John Overton, the City Finance Director, provided a list of all registered businesses in the city. This list provided the names of the businesses, names of the owners, and contact information. However, further information such as whether a business is minority owned is not measured by the municipality. The survey was designed in conjunction with the Mount Airy Chamber of Commerce to determine which businesses are minority-owned. In addition to this direct question, the survey asked questions designed by the chamber, to investigate workforce development and training issues for the community (See Appendix B – Business Survey). The universe of businesses in Mount Airy was arranged numerically by zip code and all businesses outside of Surry County were deleted from the database, leaving 503 locally-owned businesses. The survey was then sent to the mailing addresses of all 503 businesses. Financial arrangements for the administration of the survey were shared between the author and the Mount Airy Chamber of Commerce. The author designed, printed and delivered the surveys to the chamber, which sent out the surveys through bulk mail. Limitations of this method are the costs to return the survey, the short response window (2 weeks) and authorship of the survey. Due to budget constraints, we were not able to provide return postage for the surveys. We did, however, provide a mailing address for participants to send back the responses, a local fax number to fax back the response and an email address for participants to respond to the survey.
electronically. We feel that the variety of response alternatives addresses the costs of sending back the survey, as well as the response time window. However, internal validity is an issue with regards to the response window, as there may not have been sufficient time for businesses to reply. Through consultation with the Mount Airy Chamber, the decision was made for Badí E. Bradley to be listed as author of the study, “administered with assistance from the Mount Airy Chamber of Commerce.” The prevalent opinion was that a research project that was administered from outside the region and through an academic organization may be regarded with more validity and authority than a project conducted locally. For this reason, the chamber of commerce is not the title author of the survey. The survey was not translated into Spanish. This fact may affect the response rate of Latino businesses that reply, due to respondents’ proficiency, or lack thereof, in English. Distrust of the academic nature of this project may also be a factor that influenced the response rate of the survey.

In-depth personal interviews were conducted with chambers of commerce, training providers and Latino businesses in Mount Airy. Chambers of commerce are consulted for the perspective of peer institutions with similar challenges and capacities of the Mount Airy Chamber. The two chambers selected were the Chapel Hill/Carrboro Chamber of Commerce and the Latino Chamber of Commerce of Charlotte. Each location has a large Latino community and the chambers have had to incorporate programs to address those groups. The Latino Chamber of Commerce of Charlotte also represents the viewpoints of a chamber
dedicated to the needs of the Latino community (See Appendix E – Chamber Questionnaire).

The three training organizations are El Centro Latino, in Carrboro, Good Work, Inc., in Durham, and NC REAL Enterprises in Durham. These three agencies were selected for their proximity, their programs dedicated to Latino businesses, and their focus on entrepreneurism (See Appendix E – Training Provider Questionnaire). Training institutions provide insight into the training needs that Latino businesses generally have and the training options that are available for the Latino community. These interviews serve as an introduction to programs that may be available in Surry County and as models of agencies whose services may fulfill a present or future need in the area.

Eight Latino businesses were identified from the universe of 503 local businesses by their Spanish business titles, with two of the businesses owned by one person. Because of the small number of Latino businesses, we attempted to interview all of them. Four businesses were selected as priority interviews based on business diversity; two are restaurants, and two are stores. The administrator of these interviews in Mount Airy was John Bradley, and the interview questionnaire was translated into Spanish, by the author, to assist with the interview process. Business questionnaires in English and Spanish were available during the interview (See Appendix E – Latino Business Questionnaire). In addition, a pre-interview background information session was held between the author and the administrator to assure that the purpose of the study, evidence being sought,
various responses that could be anticipated, and application of the interview instrument was clearly communicated. A list of interviewees is also provided in the Appendix (See Appendix D – List of Interviewees). Interviews with local Latino businesses are critical for the effectiveness of this project. In this case, interviews with the Latino Chamber and the Latino organizations will shed light on the relationships between the chamber and Latino businesses and may address opportunities that Latino businesses have to improve their skills. However, there is no substitute for speaking directly with Latino businesses to investigate what their direct needs and challenges are in the specific location of the project.

Use of Data/Analysis of Evidence
The survey was designed to serve the needs of two parties, the author of this research project and the Mount Airy Chamber of Commerce. This project uses a survey to identify minority-owned businesses, how long they have been in business, and whether they are members of the Mount Airy Chamber of Commerce. The chamber uses the survey to solicit information from all businesses in Mount Airy, regardless of whether they are members of the chamber. Questions are designed to inquire about critical skills that companies need from the workforce currently and three years in the future. Other questions ask about the challenges that local businesses face, familiarity with training programs offered, and desire for more training opportunities in Surry County. Survey data is analyzed quantitatively to form a picture of the business community in Mount Airy.
Interviews are the primary source of information for the purpose of this project. Pattern-matching and logical connections are used as modes of analysis to reach case study conclusions. Pattern-matching is the convergence of multiple sources of evidence, mostly from interviews and newspaper articles, to identify the same critical events and actors. If the predicted and observed patterns coincide, the results help to strengthen internal validity (Yin 1994, Elliot 2001). This analytic system allows for the filtering of qualitative data and a general informative picture of the state of Latino business in Mount Airy to be presented.
Results of the Study

Survey Results

Five hundred and three surveys were sent to the universe of registered businesses in Mount Airy on March 1, 2003. Of these 503 surveys, 13 were returned to sender, and invalidated. This reduced the universe of businesses in the Mount Airy vicinity to 490 businesses. Twelve of the survey responses were returned by mail. Twenty-five of the survey responses were returned by fax. None of the survey responses were returned by email. Therefore, 37 of the 490 surveys were responded to for a participation rate of 7.5 percent. This is lower than an ideal response rate, but considering the rapid response window and the open-ended nature of the responses, the results have a useful value. For a comparison, in May 2002, the Winston-Salem Chamber of Commerce sent an electronic questionnaire to its members focused on workforce development issues. In a city with a population of over a quarter million people, and 4728 firms with paid employees in 1997, “over 100 employers completed the questionnaire” (WSCC 2002). For a city with a population of 9,000 and 606 firms with paid employees in 1997, and a county with a population of 71,000 and 1525 firms, 37 responses is at least a comparable amount (1997 Economic Census 2001). The nature of the survey questions are both yes/no and open-ended, and the information gathered does present valid primary data collection addressing the needs of the Mount Airy business community.
Women-owned businesses were 27 percent of the respondents to the survey, while businesses owned by white men were 65 percent of the group. Other-minority owned businesses were 5 percent of the respondents. There were no responses from African-American-owned, Asian-owned or Latino-owned businesses. Fifty-one percent of the surveys received were from businesses established for more than 20 years, 22 percent had between ten and twenty years, 11 percent had between five and ten years, and 16 percent had between one and five years. None of the respondents were from businesses less than a year old. Forty-nine percent of the businesses are members of the Mount Airy Chamber of Commerce. Twenty-two percent have been members in the past, but not currently and thirty percent are not members of the chamber. Information gathered from these businesses is important because they do not fall within the reach of the chamber and any internal feedback that they receive from their members. That 30 percent of the respondents are not members of the chamber supports the legitimacy of the project. Summary graphs of these results are available in Appendix C.

Of the young companies established between one and five years ago, five of the seven companies are members of the Mount Airy Chamber. Six of them are familiar with the training opportunities in the County and all of them would like to see more training opportunities offered. As new enterprises, these companies may be eager to network through the chamber and to learn as much as they can to sustain their business. Five of the eight companies in the ten to twenty year range are members of the Chamber. Five are familiar with training opportunities
and two are not, and the same numbers apply to the desire to see more training offered in Surry County, though these are not the same five companies. There is an even distribution of companies in the over twenty years category, with seven being members of the chamber, six not being members and six reporting membership in the past, but not currently.

Fifteen of the nineteen, or 79 percent, of the companies are familiar with training opportunities offered in Surry County, but only ten, 53 percent, would like to see more training offered. Seven of these companies do not want to see more training offered in Surry County. It is interesting to note that 24 percent of the total respondents would not like to see more training offered. This may be explained as misinterpretation of the survey instrument (Surry County as opposed to Mount Airy City) or these companies may feel that after twenty years of experience, there is nothing that they can learn from new training. This negative sentiment is the opposite of some of the positive responses with comments such as “any type of training would be an asset” or “not for me, but training that would make our labor pool more attractive to new interests.”

Most of the companies (76 percent) are familiar with training in Surry County (See Graph 4, Appendix C). Twenty-seven percent know about courses being offered at Surry Community College and 14 percent know about opportunities with SCEDP. Other training programs mentioned in the open-ended section of the question were: pharmacy technician classes, leadership training, training for the unemployed, and law enforcement security programs.
Sixty-two percent of the respondents want to see more training offered (See Graph 5, Appendix C). The most common suggestions were: “any type of training is good,” mathematics and arithmetic, small business entrepreneurship, and marketing. Other suggestions for training included Internet skills, finances and taxes, and culinary program at the Community College. Demand for better math skills may be a statement on the quality of education that students are receiving in the public schools or it may be the result of workers leaving school early to work in manufacturing that are now returning to the labor pool lacking in basic skills.

Small business entrepreneurship programs are available in the area. The mention of this may signify that the outreach that these programs undertake to inform the public of what is available to them is not effective. This also may suggest that the chamber could do a better job of relaying this information to the public in general, and to business owners specifically.

Of the ten women-owned businesses, half are members of the chamber, eighty percent know about training opportunities, but only forty percent would like to see more. Two respondents identified themselves as “Other”. Neither was a member of the chamber, nor was aware of training opportunities.

Unfortunately, none of the responses to the survey were from Latino-owned businesses. As mentioned previously, this may be due to the fact that the survey
was administered in English. Most of the Latino businesses in Mount Airy are retail in nature, and the owners may not have found the time to respond to the survey. Some may not have perceived a value to the survey or an incentive to participate.

**Interview Results**

The seven Latino-owned businesses in Mount Airy were contacted to arrange for an interview. Of those seven, two agreed to an interview with John Bradley, both were priority interviews. Tomás Guzman is the owner of Chile Verde Mexican Restaurant and Rigoberto Caro is the owner of La Tapatia, a general store that sells items directed toward the Latino market. A phone interview was conducted with Victor Manuel Guzman in Charlotte. Hector Perez, Murtado Bustillo and Aaron Nelson were interviewed in person.

Each respondent had a different opinion of whether there was an increase in the number of Latino businesses in the Mount Airy area. Tomás Guzman thought that there was, but that they were mostly informal businesses. Informal in this case is defined as “not registered with the state,” therefore not regulated by legal and governmental institutions. These small informal businesses are just starting out and would only become formal when they grew larger in size and cash flow. Mr. Caro did not notice a significant increase in Latino businesses, but noted that of those that are starting up, all are formally registering with the government.
The challenges of both businesses, as stated in the interview, are with paying taxes and working with Latino employees that do not have official documentation. Murtado Bustillo, program director at Good Work, Inc., had a similar response that the major challenge for new Latino businesses was “getting into the system.” The whole business administration system that exists locally is a “new world” for these entrepreneurs; additionally, there is a language barrier. Victor Manuel Guzman, Chairman of the Latino Chamber of Commerce of Charlotte, mentioned the difficulties of the process of licenses, taxes, and registration. Aaron Nelson, President of the Chapel Hill/Carrboro Chamber of Commerce, noted that often there is a shift from a bartering system of business to a contract-based system of conducting business. For the most part, informants agreed that many of the common challenges that Latino businesses face are the same challenges that all businesses face.

The biggest challenge expressed by the business owners in Mount Airy was the lack of Spanish language facilities. Almost no doctors speak Spanish; it is very difficult for a Spanish speaker to manage a trip to the DMV; there are few bilingual tellers in the banks; and you have to pay for translation in court. Eight-five percent of the Latino businesses that Murtado Bustillo works with have owners that do not know English very well. But Victor Manuel Guzman believes that Latino businesses must overcome the language issue to be successful.

Access to credit is also difficult for immigrant entrepreneurs. Tomás Guzman mentioned that the banking system has improved for Latinos over the past couple
of years. “Distrust of the banking system,” says Aaron Nelson, “is something that these businesses need to get over quickly to survive.” Understanding how banks works is part of the larger problem of becoming familiar with “the system.”

Hector Perez thinks that these businesses need to understand the dynamics of authority in the local culture. Unlike North Carolina, many Latin American countries have a history and a practice of the abuse of authority, and immigrants expect the same experience in the United States. It is a challenge for Latino immigrants to respect civil authority and to understand that institutions exist to help citizens. All of the Latino participants in Bustillo’s training want to be formal and legitimate businesses. “Most want to do things the right way, not under the table,” noted Bustillo. If Latino businesses don’t address the challenge of understanding the system, they risk separating themselves from the mainstream and limiting themselves to a niche market. Perez thought the sense of self-preservation through isolation was a challenge, and that the key was to engage the community. Victor Guzman believes that one of the cultural differences is a relationship-oriented versus price-oriented concept of business, based on loyalty and a rapport building attitude. Bustillo disagrees, saying that this is not distinctive of the Latino culture and that all cultures value loyalty, reputation and relationship. In this regard, all businesses are alike.

The Latino businesses in Mount Airy have not taken advantage of nor do they know of training programs available to them. While there are no Spanish language business training offered in Mount Airy, there are many options in
Winston-Salem and other parts of the state. The rest of the informants described the programs that their organizations offer. Victor Guzman, as facilitator of Spanish REAL Enterprise, offers business classes in an experiential learning format. There is an emphasis placed on role-playing and interaction, not just book learning. The curriculum has been proven successful over a long time, and is adapted for Latinos, but not geared entirely for that population. NC REAL has arrangements with educational institutions to provide the instructors and location, with communities to provide students and mentors. NC REAL provides the training assistance and support (NC REAL 2003). Hector Perez, Executive Director of El Centro Latino, provides direct education, social education services, and advocacy programs for Latinos. They offer English as a Second Language courses, employment services, a women’s group, and a pre-school program, among other services. They engage in business outreach and encourage as well as utilize volunteerism. Murtado Bustillo, Director of Programs at Good Work, Inc., offers a six-week business training class. The program addresses basic business skills such as: budgeting, making a business or marketing plan, planning into the future, licensing, structure of the business, how to negotiate insurance, cash flow, recordkeeping, and dealing with tax issues. If a business has a legitimate prospect of success and the owner is committed, Good Work will serve as a coach and a mentor for the business. They will help to create a strong bond and try to help and guide the business through the beginning stages. The goal is to be more than just a service organization, with more of a community organizing relationship. Successes in Durham include a butcher, that now has twelve employees with a store and a restaurant on the premises, and a bakery that
although it just opened, already has four employees. All of the informants signified that participation in the programs that they offer is increasing. Victor Guzman also mentioned that the training opportunities that exist for the community at large, in English, are also available for Latino businesses. Most community colleges offer business courses and have a small business technical area.

Interviews revealed some best practices that chambers of commerce could use to interact with Latino businesses. Victor Guzman related that the purpose of the general chamber is to help business, and that the focus of chamber has been on white-collar businesses. These businesses have high labor usage, money to reinvest in the community and political influence. Retail businesses have not received the same attention as the larger corporations. Many of the retail owners cannot take the time during the day to attend chamber meetings. The Latin Chamber in Charlotte is more geared towards retail businesses and arranges events on a schedule that is convenient for retail business owners. As the market power and sheer presence of the Latino community in Charlotte grows, the general chamber is starting to do more outreach to Latino businesses.

Aaron Nelson listed the programs that the Chapel Hill/Carrboro Chamber offers or coordinates for its members, including: networking events, continuing education, seminars, Service Corps of Retired Executives (SCORE), counseling, and providing access to services of the Small Business and Technology Development Center and the Orange County Economic Development
Commission. Membership in the Chamber nearly doubled from 550 to 900 in the past two years, mainly due to their hands-on approach. Currently, they only have two Latino business members, but he expects that number to grow in the future. Nelson mentioned that they would arrange more services for Latino businesses if more businesses were to participate in the chamber. A Latino roundtable or forum, better coordination with Good Work, El Centro Latino, and the Latino service organizations in the area, materials in Spanish, a Spanish version of the website and direct outreach are ways in which they would reach out to the Latino community.

Hector Perez had great praise for the Chapel Hill/Carrboro Chamber, using descriptors such as “progressive” and “hard working.” His suggestion is for the chamber, and chamber leadership in specific, to participate and get involved in the Latino issues in the community and make it a part of their agenda to speak on the issues. Chambers could play a role in the coordination of outsourcing the responsibility for Latino issues for community organizations to help resolve. For example, at a meeting, he discussed the services that his organization offers, such as English as a Second Language and daycare for Latino families with the Superintendent of the local school system. The chamber could play a role to facilitate this type of interaction.

Murtado Bustillo suggests that the chamber find out what the needs of the Latino community are through one-on-one contact. He also noted that the chamber could take the time to build a solid relationship with the different elements of the
business community, while being sensitive to the cultural issues that may exist. Additionally, he suggested that the chamber help Latino-owned businesses to get to know the resources in the community; for example, there may be skilled craftsmen in the construction labor pool, such as masons, painters, or carpenters who offer unique skills. Victor Guzman also mentions dialogue, through forums, workshops, and courses, but that dialogue alone is not sufficient; action towards creating a multicultural working environment must be taken.

Perhaps the most significant suggestion for improved interaction between the chamber and Latino businesses is from Tomás Guzman. The suggestion is that they keep in mind the Latino small businesses and have important documents, reports and changes in tax and business law translated into Spanish so that these businesses can stay informed. Dissemination of information is a critical function of the chamber.
Key Findings and Policy Recommendations

Based on information gathered through the survey and the interviews, there are some aspects of the relationship between the community and the Mount Airy Chamber of Commerce that stand out. Nearly every business that answered the survey indicated that there is a lack of “soft skills” in the workforce such as honesty, ability to communicate, and reliability. The majority are familiar with the training programs that are offered through Surry Community College and the Surry County Economic Development Partnership. Most believe that there should be more training available in Surry County, particularly in the areas of mathematics, job skills, small business entrepreneurship and marketing.

Businesses with more than twenty years experience are more likely not to be members of the Mount Airy Chamber than younger businesses. Twenty-two percent of the respondents were members of the chamber in the past, but not currently. Neither of the “other” minority respondents are members of the chamber. The fact that companies are not renewing their membership is an indicator that they are not satisfied with the service that they are receiving for their membership fees. That 75 percent of those not renewing were older businesses may mean that the disagreeable experience with the chamber occurred longer in the past. Younger businesses know about and take advantage of the business training at the Community College, but would like to see more.

Results of the survey suggest that the Mount Airy Chamber could do more to educate the business community for programs and training options that are
available to them. In fact, it could serve as a clearinghouse of training information to help develop the spirit of entrepreneurship in the community. To do this, they need to find an effective medium to communicate with the community at large. One suggestion is to place a weekly ad in the local newspaper advertising the different training opportunities that are available in the Triad. Among respondents, Surry Community College is considered to be successful at promoting and providing training. What about minority-owned businesses? One good question for a follow up study would be to find the participation rates of training programs at Surry Community College by minority business owners. Are their needs being met by the training opportunities in Dobson?

The Mount Airy Chamber of Commerce may not be promoting all of the training options that are available for the area. Other training programs and providers serve the entire state. A specific recommendation is that the chamber contact NC REAL Enterprises to investigate the possibility of offering their small business training program locally. “This academic year NC REAL will have 124 programs at 106 sites in 86 of 100 counties. These programs are made up of one elementary, three middle schools, 36 high schools, 18 community based organizations, 45 community colleges and three four-year colleges. Of these 106 sites we have 17 Spanish REAL and 10 eREAL online programs” (NC REAL 2003). Are any of these programs in Surry County? If not, they should be. NC REAL may soon be offering programs specifically tailored to displaced manufacturing workers.
The North Carolina Small Business and Technology Development Center also offers training on small business development, through regional universities, including Winston-Salem State University and Wake Forest University. The Latino community should know about the services of Surrey Bank and Trust and the other local economic development initiatives that are available to them. In fact, Surrey Bank and Trust should consider hiring bilingual employees to better serve local Latinos. These are examples of only a few of the resources that are available to small businesses, resources that the chamber of commerce should make sure that the community knows about.

Following the advice of Hector Perez, the Mount Airy Chamber should do more to engage the Latino community in Mount Airy. It could organize events for Latino businesses to meet each other, or more importantly, for the Latino businesses to meet other local business owners. The chamber should collaborate with one of the Latino civic leaders, such as Tomás Guzman, to forge a relationship with the Latino community. They could arrange for membership meetings at times that are convenient for retail business owners, or better yet, have the meeting at a Latino business or neighborhood. The evidence suggests that the Latino community is now permanently settling in the area and that the political, economic and civic importance of Latinos in the community will only continue to grow. Probably the most feasible step that the chamber could take is to translate key documents into Spanish and present them to the Latino businesses in the community. This is a service that the SCEDP provides for the English speaking
community. National and state documents relating to changes in business laws are probably on the Internet and possibly available in Spanish. Access or familiarity to these resources may be all that is necessary. The expense to translate a local document into Spanish may not be expensive, may give work to a local translator, and may be a good long-term practice to begin to implement. Taking the extra step is like extending a handshake, thereby establishing a welcoming attitude. Strong bonds formed now will go a long way towards a positive and inclusive working relationship in the future.

The Mount Airy Chamber should plan, even if it lies dormant, for a Latino forum or council. The Chapel Hill/Carrboro Chamber serves as a good model, not because of the number of Latino members it has, but rather because its attitude of engagement. The existing diversity council is the perfect first step. In the future, though, Latino businesses may need a forum where they can discuss problems and issues that are unique to their businesses. The same may be true for all minority-owned businesses. The key is that the chamber as an organization embodies a sense of inclusion, where the strengths and abilities of all members are respected and the conditions for joint action exist. The formation of distinct chambers of commerce for the different ethnic groups signifies that minority needs are not being met by local chambers. The adage “united we stand, divided we fall” applies in this situation, particularly when the organization is dependant on member fees to operate. A sense of empowerment, despite historical differences, is fundamental towards building an organization of inclusion.
Conclusion

The chamber of commerce as an institution has a real capacity to act as an agent of joint action to effect positive change, particularly in areas that have experienced an economic shock. Examples from Brazil, among other countries, show this to be true. The voluntary nature of the chamber, plus the sense of ownership by the members, allows them to make a contribution towards the recovery of the area and their business interests. Economic shock, in combination with demographic shifts, finds the Mount Airy Chamber at a critical juncture. The chamber can act to encourage a system of learning by facilitating training classes and publicizing them to the public. The emergence of the Latino community in terms of population and economic potential is a fact that the chamber must embrace. Simply making a concerted effort to inform Latino businesses of resources available to them and opportunities that exist is a major step. Consciously contacting the community, possibly through a Latino member, could fuel a positive cycle of learning. Identifying and addressing the needs of all minority-owned businesses is an important step towards empowering them. How the chamber reacts to the challenge of facilitating joint action for all members of the business community will have an impact on the Chamber and of Mount Airy.
Acknowledgments

I would like to thank Dr. Emil Malizia, Dr. Ed Feser and Dr. Meenu Tewari in the Economic Development Specialization at the Department of City and Regional Planning for academic advice and training. David Bradley and the Greater Mount Airy Chamber of Commerce are invaluable for the opportunity to work on this project and their dedication to the well being of Northwest North Carolina. John Bradley’s assistance with interviews of Latino businesses are a critical part of the project and much appreciated. David Kiddoo and Adam Rust assisted with the production of the document. I would also like to thank the interviewees, respondents to the survey and Latino businesses in Mount Airy for their willingness to participate in the study.
References


Thesis in the Curriculum in Public Policy Analysis. University of North Carolina at Chapel Hill.


North Carolina Literary Resource Center Website:
Available at http://www.nclrc.state.nc.us/home/reports/litnc98.htm. Last accessed on April 21, 2002.


Appendices

Appendix A: Technical Appendix

Table 1: Surry County Workers Earn Less than Metro Neighbors

<table>
<thead>
<tr>
<th>Year</th>
<th>Avg. Annual Wage Per Worker</th>
<th>Forsyth Total</th>
<th>Forsyth Manuf.</th>
<th>Surry Total</th>
<th>Surry Manuf.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>40,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>60,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: North Carolina Employment Security Commission

Table 2: Surry County Labor Utilization in Decline

<table>
<thead>
<tr>
<th>Years</th>
<th>Surry/NC Labor Utilization Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>0.910</td>
</tr>
<tr>
<td>1991</td>
<td>0.920</td>
</tr>
<tr>
<td>1992</td>
<td>0.930</td>
</tr>
<tr>
<td>1993</td>
<td>0.940</td>
</tr>
<tr>
<td>1994</td>
<td>0.950</td>
</tr>
<tr>
<td>1995</td>
<td>0.960</td>
</tr>
<tr>
<td>1996</td>
<td>0.970</td>
</tr>
<tr>
<td>1997</td>
<td>0.980</td>
</tr>
<tr>
<td>1998</td>
<td>0.990</td>
</tr>
<tr>
<td>1999</td>
<td>1.000</td>
</tr>
<tr>
<td>2000</td>
<td>0.980</td>
</tr>
<tr>
<td>2001</td>
<td>0.970</td>
</tr>
</tbody>
</table>

Source: North Carolina Employment Security Commission
Appendix B: Survey Questionnaires

Mount Airy Business Survey

My name is Badi' E. Bradley and I am Masters student studying Economic Development in the Department of City and Regional Planning at the University of North Carolina at Chapel Hill. I am conducting a research project investigating business training needs and services in Mount Airy. This survey is being administered with assistance from the Mount Airy Chamber of Commerce. You may decide whether or not to participate in this study.

Your privacy is important to us. We will not use your name in any of the information we get from this study or in any of the research reports. This survey should take no more than 20 minutes. As business owners in Mount Airy, your input is valuable for our study.

Thank you for your time and participation. Please respond to this survey by March 14, 2003.

1. Is your business minority-owned?
   - □ Woman-owned
   - □ African-American-owned
   - □ Latino-owned
   - □ Asian-owned
   - □ Other
   - □ No

2. How long has your business been established?
   - □ Less than one year
   - □ Between one and five years
   - □ Between five and ten years
   - □ Between ten and twenty years
   - □ More than twenty years

3. Are you a member of the Mount Airy Chamber of Commerce?
   - □ Yes
   - □ No
   - □ In the past, but not currently

4. What are the critical skills you need from employees right now? (answer all that apply)
   - □ Math skills
   - □ Computer skills
   - □ Honesty
   - □ Ability to communicate
   - □ Reliability
   - □ Manual skills
   - □ Other

5. What are the critical skills you will need from employees in three years? (answer all that apply)
   - □ Math skills
   - □ Computer skills
   - □ Honesty
   - □ Ability to communicate
   - □ Reliability
   - □ Manual skills
   - □ Other

6. What would you consider the biggest challenges facing your business?
   - □ Financing for growth
   - □ Development of a business plan
   - □ Finding customers
   - □ Keeping customers
   - □ Competition
   - □ Governmental regulations
   - □ Other

7. Are you familiar with training opportunities offered in Surry County (i.e., Surry Community College, Economic Development Partnership, etc.)? □ Yes □ No
   If Yes, which opportunities?

8. Would you like to see more business training offered in Surry County? □ Yes □ No
   If Yes, what would you like to see?

Please respond to this survey by March 14, 2003 in one of 3 ways:
Mail — please mail to: Badi’ E. Bradley, 104 Brewer Lane, B-2; Carrboro, NC 27510
Fax — please fax to: 336.786.1488
Email — please email responses to: mabizsurvey@unc.edu
Appendix C: Mount Airy Business Survey Summary Graphs

Graph 1: Minority-owned Businesses

Source: Mount Airy Business Survey

Graph 2: Years of Establishment

Source: Mount Airy Business Survey
Graph 3: Membership in Mount Airy Chamber of Commerce

Source: Mount Airy Business Survey

Graph 4: Familiarity with Training Opportunities in Surry County

Source: Mount Airy Business Survey
Graph 5: Desire for More Training Opportunities in Surry County

Desires more Training Opportunities in Surry County

- Yes: 23 (64%)
- No: 9 (25%)
- No Answer: 4 (11%)

Source: Mount Airy Business Survey
Appendix D: Interview List


Appendix E: In-depth Interview Questions

Introduction:

My masters project is working with Mount Airy Chamber of Commerce to investigate the status of Latino businesses in Mount Airy, their needs, what is available and how to address them. This project is purely academic to investigate the intersection of the Latino community and the business community in Mount Airy. In specific, I am looking at the services that the Chamber of Commerce offers, identifying who is using the services and determining any gaps between who needs and uses the Chamber’s services.

The Latino community has grown considerably in North Carolina in the past few years. As our economy structurally shifts from a dependence on manufacturing, we are looking for ways to increase entrepreneurship and improve the quality of our workforce. For this reason, I am investigating minority communities and the Latino community, which shows such great potential for business growth, which may have special needs that the Chamber may not be aware of.

As a Latino business owner, your opinion is very valuable to this study. As the subject of this study, there is no substitute for the knowledge that you have towards identifying the truly felt needs of Latino businesses in Mount Airy.

I have about 10 questions, should take about 20 minutes. You may choose not to answer if you like, and your names will not be used in the final report.

Training Providers

1. Do you see a significant increase in Latino businesses? Are they formal or informal?
2. Do they want to incorporate into the formal sector?
3. What are the challenges that they face?
4. Usually the challenges are distrust of the banking system and “cultural differences” can you explain what those are?
5. What programs do you offer? Explain what each addresses, i.e. problems, skills...
6. What is the participation rate? Growing? Stable?
7. Do Latino companies show a significant improvement after the program? Examples?
8. What is your opinion of the Chamber of Commerce?
Do they offer anything for Latino businesses?
What could they offer?
How could they incorporate the Latino community?
9. What is your outlook for the future of the Latino community in North Carolina?
Chambers of Commerce

1. Do you see a significant increase in Latino businesses? Are they formal or informal?
2. Do they want to incorporate into the formal sector?
3. What are the challenges that they face?
4. Usually the challenges are distrust of the banking system and “cultural differences” can you explain what those are?
5. What programs do you offer? Explain what each addresses, i.e. problems, skills...
6. What is the participation rate? Growing? Stable?
7. Do Latino companies show a significant improvement after the program? Examples?
8. Do you know the number of Latino businesses in your jurisdiction?
9. Do you offer anything specifically for the Latino business community?
10. What could you offer Latino businesses?
11. How would you reach out and incorporate the Latino community?
12. What is your outlook for the future of the Latino community in North Carolina?

Latino Businesses

1. Do you see a significant increase in Latino businesses? Are they formal or informal?
2. Do they want to incorporate into the formal sector like your business?
3. What are the challenges that you/they face?
4. Usually the challenges are distrust of the banking system and “cultural differences” can you explain what those are?
5. Are you familiar with business training opportunities in the area/state? Which ones?
6. Have you taken advantage of them?
7. Have you seen significant improvement?
8. What is your opinion of the Chamber of Commerce? Are you a member?
   Do they have anything to offer your business?
   What could they offer?
   How could they reach out to the Latino community?
9. What is your outlook for the future of the Latino community in Mount Airy/Surry County/North Carolina?

Introduction/Latino Business Questionnaire in Spanish

Hola. Mi nombre es Badi Esteves Bradley y soy un estudiante en la Universidad de Carolina del Norte en Chapel Hill. Soy de Mount Airy, y estoy trabajando con la Cámara de Comercio de Mount Airy para un proyecto de investigación.
Mi proyecto es investigando la Cámara de Comercio y la condición de las empresas latinas en Mount Airy. Quales son las necesidades, los recursos que están disponibles para ellas, y como la Cámara puede llenar las necesidades. Esta proyecto es un estudio académico para observar las interacciones entre la comunidad latina y la comunidad empresarial en Mount Airy. En específico, estoy observando los servicios que la Cámara de Comercio de Mount Airy les ofrece, identificando quienes están aprovechando de los servicios y quales son las simas entre los que necesitan y los que usan los servicios de la Cámara.

La comunidad latina ha crecido mucho en los últimos años en Carolina del Norte. Mientras nuestra economía cambia estructuralmente de una dependencia en manufactura, estamos buscando maneras de aumentar el espíritu empresarial y mejorar la calidad de los trabajadores. Por eso, estoy investigando las comunidades minoritorias, en específico la comunidad latina, que tiene una capacidad muy grande. Esta comunidad puede tener necesidades que la Cámara de Comercio todavía no les reconoce.

Como dueño de una empresa latina, la opinión de Usted es muy importante para este estudio. Como el sujeto del estudio, no hay una substitución por el conocimiento que tiene Usted, para ayudar identificar las verdaderas necesidades de las empresas latinas en Mount Airy.

El estudio tiene 8 preguntas. Sólo debe ocupar 20 minutos de su tiempo valioso. Usted puede decidir no responder, si quiere, y los nombres de las empresas no serán usados en el informe final.

Muchas gracias por su participación y apoyo en este proyecto.

Sinceramente,

Badi’ Esteves Bradley

Empresas Latinas

1. ¿Se nota Usted un aumento en el número de empresas Latinas en el área? ¿Son registrados con el estado?
2. ¿Quieren registrarse en el sector formal, como su empresa?
3. ¿Qué son los desafíos que estas empresas (su empresa) tiene?
4. Normalmente, dicen que los desafíos son desconfianza con el sistema bancario y “diferencias culturales”. ¿Usted puede explicar cuáles son las diferencias culturales?
5. ¿Usted conoce de las oportunidades de capacitación para empresas que existe en el área/estado? ¿Cuáles?
6. ¿Usted ha aprovechado de las oportunidades?
7. ¿Usted ha notado un mejoramiento significativo en su negocio?
8. ¿Qué es su opinión de la Cámara del Comercio?
9. ¿Usted es miembro?
¿Tiene la Cámara algo para ofrecer a su empresa? ¿Qué es?
Si no, ¿qué puede ofrecer para ayudar a su empresa?
¿En qué maneras pueden alcanzar a la comunidad latina?
8. ¿Qué es su opinión del futuro de la comunidad latina en Mount Airy? ¿Surry County? ¿Carolina del Norte?
Muchas gracias para su participación en este estudio.