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## Immigration and street entrepreneurship in Alicante, Spain

### Abstract

Within the theoretical framework of Entrepreneurship Studies, this article investigates the thriving immigrant-based street market system in Alicante, Spain. Entrepreneurship research clearly has illustrated that the success of legitimate entrepreneurial endeavours is determined by a complex variety of factors that involve supply and demand, risk vs. return and opportunity vs. need, among others. Based upon field observations, interviews and a detailed survey conducted during the summers of 2005 and 2006, our investigation of the small business street vendor system in Alicante illustrates that these entrepreneurial factors also define and affect the illegal enterprises established by a largely undocumented immigrant population. Despite the apparent simplicity of the street vendor network, both the wholesale and retail systems in Alicante are highly complex and structured, and they work to minimise risk to street entrepreneurs while providing greater economic returns to a large and highly diverse population.

### Keywords

Alicante, entrepreneurship, immigration, piracy, street vending

### Disciplines

Entrepreneurial and Small Business Operations | International Business | Other Arts and Humanities | Other Languages, Societies, and Cultures

### Comments

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## **Immigration and Street Entrepreneurship in Alicante, Spain**

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Chad M. Gasta and Leland L'Hote

### **INTRODUCTION**

During the nearly three decades of post-Franco democracy, Spain has rapidly moved from being a country whose citizens emigrated to other nations in search of better employment opportunities to one that relies heavily upon a diverse group of immigrant populations to support a wide variety of industries. Like many countries in Western Europe, Spain has struggled with the social, political and economic complexities that have risen from the integration of such new groups. At the same time, the Spanish economy depends on these new immigrant populations, a point made in a recent Newsweek article: 'Europe's demographic deficit demands them: for Spain alone to keep growing its economy at the robust rate it has seen for the last decade, it has to have 1 million new immigrant workers per year' (Dickey 2005: 43). While many of Spain's new immigrants find work in agriculture, construction, service-related businesses and low-wage industries, an increasing number have set up their own businesses in the country's more populated and affluent areas (Hobbs 2004: 39). These first-generation immigrant enterprises vary greatly, from small retail endeavours, hospitality, and food-based enterprises to Illegal Street merchandising activities.

While a large body of scholarship exists on the social and political considerations regarding current immigration trends, research into the street entrepreneurship system, or *venta ambulante*, have been limited to the popular press. As such, this article seeks to expand understanding of legal and illegal immigration in Alicante through the lens of Entrepreneurship Studies in order to demonstrate how street vendors operate under many of the same social and economic principles of entrepreneurship when they start and maintain a business, adapt to the market, and consider risk and return. Through this study, we explore the street vendor populations, their entrepreneurial start-ups and the complex support mechanisms they use to avoid arrest and/or confiscation of their merchandise – in other words, mechanisms exploited to maximise profitability while minimising risks.

On a basic level, street entrepreneurship involves carrying out a specific open-air and often migratory business activity that furnishes a product or service that meets demands not satisfied by existing market conditions. In Alicante, there is a sophisticated system at work in the sale of pirated goods and other wares, a system and hierarchy of street entrepreneurship not always easy to identify precisely because of its illegality and secrecy.<sup>1</sup> Generally, the system works in the following way: merchants display their items on blankets along one of the tourist walking routes. Referred to in Spanish as 'top manta', it is so called because vendors offer their goods for sale on top of a blanket (manta) with ropes tied to the four corners and forming a knot in the centre of the blanket where the four ropes intersect. When the vendors need to flee from the police, they simply grab the rope at the knot, thereby enclosing the blanket around the merchandise, making for easy portability.

The hierarchy for setting up merchandise varies by location and the groups involved. Certainly, vendors display their goods according to the best location for sale. Many set up along

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<sup>1</sup> According to legal experts (Cervera 6/10/05 interview), all street vendorship in the city is prohibited without a license regardless of product or service sold. Individuals must provide legal resident documentation in order to solicit a license. Thus, because of the complexity of the application process as well as the unlikelihood of being able to demonstrate residency, many vendors forgo licensure.

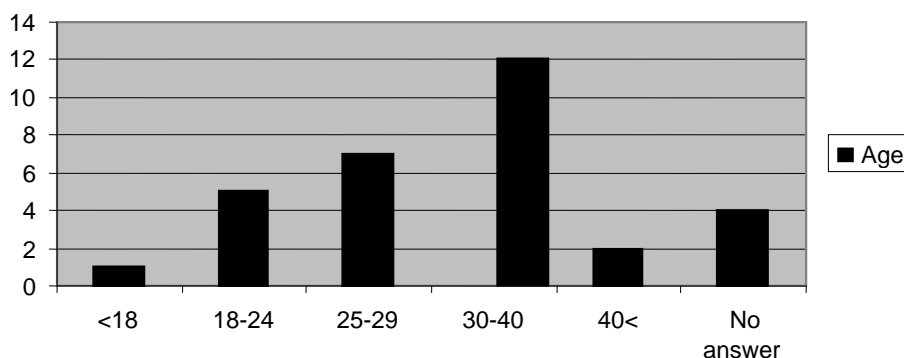
beach boardwalks during the daytime when citizens or tourists are arriving and departing from the beach area, or along one of the ends of the Explanada walkway during the evening hours when both locals and tourists come for their evening strolls. Other vendors travel back and forth along the beaches and sell directly to sun-bathing tourists. On many occasions, we witnessed what we call ‘street captains’ who negotiate the positioning of the vendors, sometimes nudging one down the line or moving one closer. At other times, groups simply set up their blankets on a first come first served basis. Once positioned, the merchants then use a well-rehearsed system of lookouts and signal communication to alert each other of the imminent arrival of police or, after having been chased away, a similar communication system lets them know they may return to reposition their merchandise. One might think that each immigrant would look out only for his or her individual interests. However, there is excellent rapport between these groups, and they tend to support each other by sharing in the vigilance. According to Buendicho, an immigration attorney in Alicante, street vendors generally respect and help one another; any disagreements or rivalries among them are based on cultural or racial differences that occur away from the marketplace, not due to economic competition (Buendicho 6/27/06 interview). This camaraderie forms part of the overall team mentality that permeates the street vendor areas.

## **RESEARCH METHODOLOGY AND SAMPLE**

The findings of this article are based upon a three-pronged approach to our investigations. First, we conducted a survey of 31 immigrant street vendors over a 4-week period during summer 2006 (Appendix I). We selected a student research assistant of Latin American ethnicity to administer orally the survey. The research assistant would approach street vendors and assistants in one of three targeted areas, identify himself as a student research assistant and clarify that he was not associated with the Spanish government, police agency or immigration organisation. Approximately 40% of those approached agreed to participate, although those we identified as street captains refused. The research assistant kept careful notes of any additional comments made during the process.

The demographic breakdown of the sample is as follows: 23 males and 8 females; 13 of Moroccan descent, 12 from Senegal, 4 from Ecuador, 1 from Sierra Leone, and 1 from Nigeria; average time of residency in Spain, 5.31 years (range from 1 month to 17 years), percent registered with the local government, 61.3% (19/31) (For age range, see Figure 1). Because of the illegal nature of their activity, there exists no accurate count of immigrant street vendors in Alicante, but both legal experts interviewed and the street vendors themselves estimated the number to be as many as two or three hundred during the peak of tourist season, with other members of the entrepreneurial team perhaps doubling the number. As such, our sampling of 31 participants, or as much as 15%, offers a statistically relevant number for analyses.

Our second method of inquiry included in-depth interviews with local immigration specialists and police authorities. University of Alicante sociologist Covadonga García Ordoñez and attorney Nacho Cervera provided information and statistical details regarding local immigrant communities.



*Figure 1: Age range of 31 survey respondents. Survey conducted June 2006.*

Immigration attorney Paula Elena Buendicho shared her familiarity with the street vendor system in Alicante and discussed details of local legal cases concerning immigration issues. Interviews with local police officials as well as informal conversations with local merchants and the vendors themselves also provided valuable insight. Finally, we based some of our conclusions on field study that concentrated upon the three main street vendor areas and two neighbourhoods known for their immigrant concentrations. On an average, we undertook twice-weekly observations over six-week periods during summer 2005 and summer 2006.

### **IMMIGRATION AND THE STREET VENDOR AS ENTREPRENEUR**

In 2005, there were more than 3 million legal immigrants living in Spain (Instituto Nacional de Estadística 2005a: 8). In June, 2005 there were over 319,208 legal resident immigrants alone living in the province of Alicante (Antuñano, Serrano and Soler 2005: 36). According to the Instituto Nacional de Estadística, the province ranks first in percentage of residents of non-Spanish origin, that number estimated to be 15.1% in 2003 (2005a: 3). While a slight majority of these residents include British, German and other European Union expatriates who prefer the area's temperate coastal climates, the fastest-growing group of immigrants, over 30%, hail from Africa and South America, especially Algeria, Morocco and Ecuador (Instituto Nacional de Estadística 2005a: 18). According to Spain's Ministry of the Interior in 2002, 62,664 of the province's foreign-born residents held permanent residence status and 170,240 held legal work permits (see Gómez Gil 2004: 37). Furthermore, although the Ministry of the Interior estimates the province's illegal immigrant population to be over 107,000, social service and immigration experts believe those figures to be much higher (García Ordoñez 6/16/05 interview, Buendicho 6/27/06 interview).

In terms of percentage, these estimates establish the immigrant communities in Alicante as the largest in Spain and among the most diverse. It is important to discuss why Alicante is such an appealing location for immigrant populations, and why many remain unregistered and drawn to economic enterprises such as street vendorship. First, Alicante serves as a principal entry port for those both migrating to Spain and travelling to other parts of Europe. The twice/daily ferry to and from Algeria transports as many as 2500 North Africans each day, and

the ever-growing El Altet airport is one of Spain's busiest airports in terms of passenger carriage during the summer, with direct and cheap flights from destinations throughout the world. Moreover, both Alicante and neighbouring Torrevieja (only 52 kilometers to the south) have become major entry points for Eastern European prostitution and drug rings (SOS Racismo 2004: 208–209).

Economic strength and employment incentives, however, remain the biggest draw for immigrants to the region. The largest percentage of immigrants in the province of Alicante are employed in the service sector (48%), construction (10%), industry (9%) and agriculture (6%) (Gómez Gil 2004: 96). According to government statistics released in July 2005, the province enjoys one of the lowest unemployment rates in the country, 9.43% (Instituto Nacional de Estadística 2005b: 1). Unlike the rest of Spain where only 5% of workers do not have a definite contract, in the Comunidad Valenciana non-binding, verbal contracts are quite prevalent: 32% of immigrants have verbal contracts for work, most of these in the tourist and agricultural sectors (Antuñano, Serrano, Soler 2005: 197–198). The ability to work seasonally, and then return to their native lands, means immigrants can minimise the severe social and cultural detachment resulting from expatriation. In other words, after their seasonal employment has ended, immigrants may seek out work in other areas of the country or they may return home. This arrangement appeals to some employers in the region also, as they would rather employ unregistered workers for a period of months than be forced into furnishing the standard labour contract and the accompanying expensive and complicated paperwork.

Certainly the Spanish Government's latest attempt at immigration reform, 2005's Ley de Extranjería (2/7/05) and the Normalisation Process, or Proceso de Normalización, has increased nationally the number of registered immigrant workers and employers that offer legal employment contracts (Ministerio de Trabajo y Asuntos Sociales 2005). The Spanish Labour Organization Unión General de Trabajadores (UGT 2006: 3), for example, asserts that over 691,000 immigrants had petitioned for regular status during 2005, compared to only 221,000 during the reforms of 2001. In Alicante, resident status and normal employment, however, remain elusive. Survey data and interviews with local immigration attorneys revealed that undocumented workers and employers offering only verbal contacts continue to be common practice in the Alicante region. For example, 12 of 31 vendors surveyed (38.7%) were not registered, or empadronado, with local government authorities. With respect to employment, 58.1% of those surveyed either are employed or had been employed at some time, whereas 80.6% (25/31) indicated that they had actively sought other forms of employment in Spain beyond street vendorship. As such, the vast majority of the sample was familiar with current employment practices in the region. Those registered often stated that employers still take advantage of undocumented workers. For instance, one legal male resident from Morocco commented that an employer might contract 10 registered workers and then hire as many as 40 undocumented immigrants as a means to avoid government scrutiny while also reducing salary and tax obligations. Another registered immigrant from Morocco identified the construction industry as the most out of line with the Normalisation Process, noting that some construction bosses deducted hours from undocumented workers or, on some occasions, refused to pay them all together. Moreover, as a primary motivation for their current occupation as street vendors, several unregistered immigrants cited a difficulty in securing legal documentation as a reason for their lack of regular legal employment. Reinforcing the vendors statements, immigration attorney Buendicho noted that complaints against employers who offer only

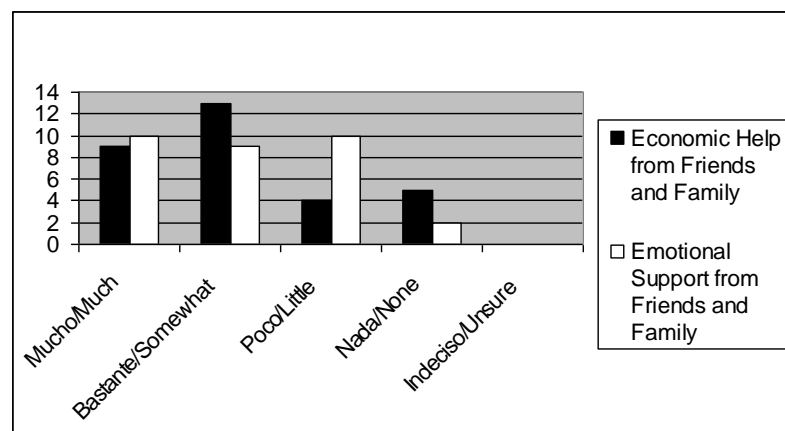
verbal contracts or abuse undocumented labour remained high in 2006 (Buendicho 6/27/06 interview).

In addition to the aforementioned economic reasons, very specific cultural and social motivations also affect immigration trends in Alicante. Greenberger and Sexton (1998: 6) state that among the conditions necessary for an individual to launch a new venture is a social support network. This social support network can take two forms. The first is an established social network of fellow compatriots, family or friends who provide emotional support and, sometimes, financial assistance. We found this to be especially the case with the Chinese, and to a lesser degree with the Moroccans and Algerians, whose close-knit communities have already formed small neighbourhoods in the heart of Alicante. Hisrich and Peters (1998: 74–75) further develop the concept of social networking to include family members and friends who are already successful entrepreneurs and who can become important role models during the entrepreneurship venture:

Role models can also serve in a supportive capacity as mentors during and after the launch of a new venture. An entrepreneur needs a strong support and advisory system in every phase of the new venture. This support system is perhaps most crucial during the start-up phase, as it provides information, advice, and guidance on such matters as organizational structure, obtaining needed financial resources, marketing, and market segments. Since entrepreneurship is a social role embedded in a social context, it is important that an entrepreneur establish connections to these support resources early in the new venture formation process.

In other words, in addition to knowledge of business environments or markets, successful entrepreneurs have social networks from which they gather emotional support and financial assistance.

The results of our survey reveal that many street vendors in Alicante rely on friends and family members for support (Figure 2). 71% reported



*Figure 2: Street vendors' self-assessments of the level of economic and emotional support received from friends and family. Survey conducted June 2006.*

the level of economic help from friends and family members as either much/great (9/31) or somewhat (13/31). Entrepreneurship research usually concludes that economic help primarily materialises in the form of direct investment in, or loans toward, the new venture (Hirsch and Peters 1998; Van Auken 1999). Survey responses in Alicante, however, indicated that economic aid came by more general and informal means: several interviewees specified financial support during the actual immigration journey to Spain, and vendors frequently highlighted aid through shared housing and general living expenses.

Emotional or psychological support also can be a factor in a successful business start (Greenberger and Sexton 1998; Hansen and Allen 1992). In Alicante, emotional support remains an important part of the new venture, and varies based on immigrant group. 61.3% of the entire sample indicated the level of emotional support as either much/great (10/31) or somewhat (9/31). In specific terms, 76.9% (10/13) of those of North African descent declared they received little or no support and were thus less likely than those of sub-Saharan African or Latin American descent to stress the significance of emotional support, which suggests that cultural differences may influence survey participants' self-perceptions. It is also important to point out that many immigrants to Spain frequently leave their friends and family behind as they search for greater economic opportunity underscoring the importance they may place on the social network in Alicante. Jiménez Alvarez (2005: 116–117) and Monteros (2005: 61–62), among others, have identified an extraordinary increase in emigration by unaccompanied young males from Morocco and other North African countries. This migratory tendency among North Africans may explain the variance between ethnic identities revealed through the survey.

Those who emigrate with few personal contacts in place frequently turn to the second type of social support network, an interpersonal network of business associates (Hansen and Allen 1992: 57).<sup>2</sup> In the mainstream business environment, this type of networking usually involves association with formal business structures such as the Chambers of Commerce, trade unions or professional groups, where the entrepreneur can turn for advice and economic assistance in establishing a business. However, these formal associations often do not cater to the kind of ventures operated by immigrant vendors. Immigrant entrepreneurs therefore may seek out informal mentor–protégé relationships that have the advantage of providing needed professional guidance. The mentor–protégé relationship performs outside mainstream business practices, but has the advantage of rapidly adapting to the unusual and sometimes illegal business environment in which immigrants work. Most notable in Alicante and discussed in detail in the second part of the article, though, is that the street vendor system works as a hierarchical network that include lookouts, captains and the vendors themselves.

Scholarship on entrepreneurship frequently divides entrepreneurs into two main categories: entrepreneurs of opportunity, which are those who feel they may offer an underrepresented product or service to a defined community for financial gain, and entrepreneurs of necessity, which include those that start their own commercial venture primarily because of a lack of other economic opportunities in their current or previous environments (Hirsch and Peters 1998; Timmons and Spinelli 2004). The annual assessments provided by the Global Entrepreneurship Research Monitor (GEM) research program further delineate that the Opportunity–Necessity Entrepreneurship Ratio directly corresponds to the level of economic

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<sup>2</sup> Hansen and Allen underline the importance of social networks in the entrepreneurial process: ‘. . . entrepreneurs who possess sufficient management skills to (1) build large information and resource-laden social networks, and (2) effectively manage the interactive processes within them are substantially more empowered to create high-growth new ventures’ (1992: 57).



development within any given country (Acs 2006: 100–102). Less developed countries produce a much higher percentage of necessity-motivated entrepreneurs.

Interestingly, this division is also visible within immigrant populations in Alicante, where groups emigrated from their homelands due to political problems or limited employment opportunities. The financial and/or political security offered by the new country is a powerful catalyst for new venture activity. In fact, Bird (1992) and Katz (1998) both state that the awareness of and capitalisation upon new opportunities come about as the result of an arduous change in one's personal situation. The requirement to overcome obstacles in one's present situation similarly occupies a central place in the desire to create new venture opportunities: '[t]here is probably no greater force than personal dislocation to galvanise a person's will to act' (Hisrich and Peters 1998: 39). Whether one chooses to relocate, or is a victim of dislocation, Hisrich and Peters call this phenomenon 'negative force-disruption', so named to describe how uncontrollable external factors ultimately provide strong incentives to overcome a present situation (1998: 39).

Our survey of street vendors in Alicante confirms that immigrants to Spain from less developed countries largely fall into the necessity-based category. Participants identified factors like dislocation, language barriers, legal status and social marginalisation as causal agents that pushed them toward their current occupation. In other words, they became entrepreneurs by necessity. As mentioned earlier, 80.6% of survey respondents (25/31) indicated that they had unsuccessfully searched for other kind of work in Spain. Participants who answered yes to this question were then asked to assess why they had difficulties in finding work, and many offered multiple reasons. Twelve simply responded that there were no other jobs available, but many identified more specific reasons: six cited their lack of command of the Spanish language as a negative quality for employers, and five viewed their undocumented status as the chief inhibitor to employment.

The survey participants also largely expressed dissatisfaction with their current work as street vendors. 83.9% (26/31) aspired to another career choice. Interestingly, over 25% (8/31) described entrepreneurial goals with more stable enterprises, including restaurant owner – Turkish Kebab restaurants, in particular – and shopkeeper. Other career choices, such as banker, mechanic and gardener corresponded directly with their academic training in their native countries, whereas two expressed a desire to return to school full time. The vendors' most common response (12/31) to alternative career paths was 'cualquier otro trabajo' or 'any other type of job'. As such, lack of opportunity, cultural barriers and dissatisfaction with the actual career place the street vendor profession in Alicante firmly within the parameters of necessity-based entrepreneurship.

Among the most surprising findings of this study, though, was the fact that 58.1% (18/31) of street vendor entrepreneurs either held or had held other forms of employment. In fact, many often simultaneously pursued multiple economic opportunities to survive in their adopted homeland. The two most common occupations were construction (10) and agriculture/landscaping (8); several respondents mentioned more than one occupation. Those surveyed also indicated that they generally found street vendorship profitable, but not necessarily lucrative. Eight vendors volunteered information regarding net earnings. Most averaged 40 to 50 Euros per day after expenses, with a range of almost 90 Euros per day to nothing on rare occasions.

## **THE STREET VENDOR SYSTEM**

While the first part of this article focuses primarily upon the identity and motivations of the immigrant entrepreneur in Alicante, the second half investigates the complex structure of street vendorship in place in the city. This analysis of the vendor system is based on four principal tenets of Entrepreneurship Studies: the entrepreneurial opportunity, the available resources (supply and demand), the role that risk vs. return plays in fomenting entrepreneurship, and finally the entrepreneurial team that supports the entrepreneur.

At the heart of all entrepreneurial activity is the awareness of opportunity and the ability to evaluate it (Van Auken 1999: 44).<sup>3</sup> According to Hisrich and Peters (1998: 39), the entrepreneur evaluates and develops opportunities by overcoming forces that may act against a proposed project. Both survey results and immigration-related professionals confirm that in Alicante other acceptable forms of legal employment are limited and low-paying, or nonexistent. In the absence of gainful employment, as Greenberger and Sexton (1998: 6) argue, starting a new venture is the only acceptable alternative. The necessity of seeking out entrepreneurial opportunities can have positive results. According to Timmons and Spinelli, the unlikelihood of a perfect market actually leads to greater opportunity and possibility for financial freedom: '[t]he more imperfect the market, the greater the opportunity. The greater the rate of change, the discontinuities, and the chaos, the greater is the opportunity . . .' (2004: 58). Following this line of thinking, it seems likely that immigrants seeking out opportunities within a market dominated by continuous change, risk and unreliability are more inclined to find success.

In order to understand better immigrant street vendors' awareness of risk vs. return, we asked them to assess their relationships with the Spanish police (risk) and the Spanish public in general (potential market and return). Nearly all those surveyed identified negative relations with local police (Figure 3). 35.5% (11/31) indicated their treatment by police as very negative, 35.5% (11/31) as negative, and 16.1% (5/31) as indifferent. Certainly, the vendors viewed their relationship with local authorities as antagonistic and a primary threat to their livelihood. The group perceived more positive treatment from the Spanish public, but their responses also reflect moderate levels of tension between immigrants in Alicante and native residents. 29% (9/31) described their treatment as somewhat positive, whereas 41.9% (13/31) were indifferent regarding their treatment by Spaniards, and 32.3% (10/31) had either a negative or a very negative assessment.

Despite such conflictive relationships with both police and public, street vendors in Alicante find a sustainable demand in the city. Indeed, supply and demand are the cornerstones of all economic activity. Without the one, the entrepreneur cannot expect the other. As part of the opportunity evaluation, entrepreneurs examine market demand and actively seek out the relationship between what they offer, and who is in a position to purchase it. They must address, either consciously or subconsciously, numerous questions regarding the market. Where can legal and illegal products be purchased for later sale? Who buys these products and services, thus creating the demand, and why? What is the size of the market and what potential profit margins exist?

In Alicante, the supply and demand equation is quite simple: the public demand for cheap goods drives an informal economy and underground production capacity that leads to the illegal sale of merchandise by street vendors. In terms of products for sale, we can divide them into two basic groups: legal under normal commercial circumstances and illegal for copyright and/or

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<sup>3</sup> Nearly all research on entrepreneurship agrees that opportunity is the single most important aspect at the beginning of the entrepreneurial process; money, strategy, networks, business plans etc. are not as significant.

trademark infringement. The main illegal products include pirated DVDs, CDs and knock-off brand sunglasses, much of which

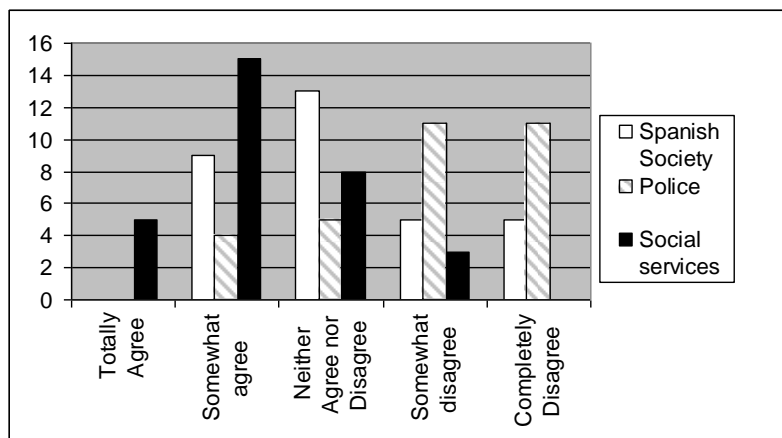


Figure 3: Street vendors' self-assessments of police', social services agents', and Spaniards' in general, attitudes and treatment of them as immigrants.

is sold mainly by those of Algerian, Moroccan and Senegalese descent. Ecuadorians and Senegalese generally traded general clothing items and beachwear. Legal (i.e., non-pirated) products available included paintings and prints, small children's toys and handicrafts. The vast majority of those selling children's toys on the streets was either Chinese or retired Spaniards, whereas Ecuadorians and Senegalese most often sold artwork and handicrafts such as small wooden carvings from their native countries. Vendors of this final group of products frequently had licenses and thus were least likely to flee upon police arrival.

The division of labour was gendered, but varied in degree by ethnicity. Senegalese males almost exclusively sold products on the street, whereas Senegalese females solely offered a service to tourists, such as hair braiding or massages. Ecuadorian couples often worked together, children in tow, whereas we rarely observed North African women in the streets. Chinese men and women were both present, but frequently worked separately, with women more likely to offer services like temporary tattoos rather than to sell a product. These noted gender differences in Alicante reflect national statistics. Recent studies from Spain's Office of Secretary of State for Immigration and Emigration have noted distinct immigration patterns within various ethnic populations. These investigations have found within both Chinese and Ecuadorian populations a fairly equal distribution of the number of males and number of females residing in Spain, whereas almost 70% of the population from sub-Saharan Africa are men and over 80% of those from North Africa (Gómez Gil 44).

Survey statistics shed greater light on product and service availability. The most popular products sold were sunglasses (51.6%, or 16/31), followed by clothing (22.6%, or 7/31) and CDs/DVDs (16.1%, or 5/31). Thirteen participants indicated more than one product or service. For any study of street entrepreneurship involving illegal products, however, it is more difficult to uncover in any detail the system of wholesale distribution. Most vendors discussed freely with us the sources for legal products. Many shopped with the Chinese wholesalers close to the Explanada walkway, whereas some bought products from wholesalers in their own neighbourhoods. Two survey participants in particular described their markup as high as 400%,

but acknowledged that bartering could reduce profit margins significantly. Three participants of Senegalese descent and two Ecuadorian street vendors indicated they made some of their handicrafts, and quite frequently we observed other artists and wood carvers peddling their own work.

Although none of the surveyed vendors would discuss at any length details regarding illegal and pirated merchandise, our field observations coupled with police interviews and news reports shed light on these sophisticated piracy networks. First, two prominent neighbourhoods with large immigrant populations in Alicante occupy major roles in the distribution of illegal goods. The roughly 15 square blocks that comprise Alicante's Chinatown contain approximately 35 Chinese-run storefront businesses. Although these wholesalers do sell to the public cheap goods such as clothing and luggage imported from China, we recurrently observed street vendors buying their products in bulk, confirming the survey results. More interesting, though, were the connections between the Chinese merchants and other wholesalers. On at least seven occasions, we witnessed merchants from the Algerian neighbourhood several blocks north arrive at the Chinese businesses with empty handcarts and then return to their stores with several large boxes of merchandise.

While some of these Chinese-run stores had on display only clothing items, we did see street vendors leave several times with boxes of sunglasses, indicating that some merchandise, likely illegal knockoffs of brands such as Oakley and Ray-Ban, was only available wholesale to street vendors. In these transactions, the question of risk plays a crucial role in the commercial distribution network. Merchants know that Spanish authorities could confiscate false brand name merchandise on display in their shops, whereas the mobility of the street vendors and their ability to flee reduces the risk for both the wholesaler and vendor.

Interestingly, we never observed street vendors leaving these Chinese merchants with pirated DVDs and CDs. However, major stings in 2003 and 2004 discovered several computer labs within the neighbourhood with complex video and music pirating equipment, leading to the destruction of over 100,000 confiscated disks ('Alicante: Se convierte en polvo 100.000 CD y DVD piratas', 20 September, 2004, Las Provincias). Local police reported that they still suspected activity in the area (Gómez 6/19/06 interview). Besides Chinese, the other national group targeted in the province through police arrests for illegal duplication of films and music is made up primarily of Spaniards. Based on first-hand accounts from immigrant clientele, immigration attorneys stated that the majority of piracy operations were Spanish-run, although the Chinese still remain involved. According to Nacho Cervera, an attorney familiar with immigration issues, 'la estructura es como cualquier organización criminal . . . sin duda son españoles los que encabezan toda esta estructura.' [the structure is like any other criminal organisation . . . without a doubt Spaniards are in charge of the structure] (Cervera 6/27/06 interview). We hypothesise that the prevalence of these two groups in piracy operations may be simply a question of capital outlay vs. risk. Police estimate the typical value of confiscated equipment from 15,000 to 40,000 Euros. The Chinese population in Spain ranks among the most financially stable and the most likely to lend capital to new immigrants (Nieto 2004). Certain segments of the Spanish community similarly would have greater access to start-up funds for a piracy operation.

The second neighbourhood from which numerous street vendors purchase their wholesale merchandise is the maze of streets between the Explanada and Calle San Francisco. This neighbourhood has rapidly become one composed primarily of Algerian immigrants, and it includes numerous businesses that cater to the migratory population that use the nearby ferry that

travels to and from Algiers. Unlike Alicante's Chinatown, in which various ethnic populations live harmoniously with the Spanish majority, the Algerian neighbourhood is known for its racial tensions, and for problems with organised prostitution and drug peddling. The local police target the neighbourhood, and numerous Spanish merchants and residents in the area have filed police reports in recent years claiming they are being threatened and intimidated into selling their properties to the growing North African population (Gómez 6/19/06 interview). Local Spanish business owners provided anecdotal observations that confirmed police accounts of the intimidation. Surveyed street vendors of North African descent indicated that they primarily acquire their merchandise here, suggesting a close-knit community. In addition, we observed that many of the lookouts and assistants in the street vendor system live or socialise in the neighbourhood.

While we now have a better understanding of the complex supply network for street vendor entrepreneurs in Alicante, we should address briefly the role demand plays in the equation. Nearly two-thirds of Alicante province's gross domestic product comes from service-based industries, tourism being the chief service offered in the area. Nearly 15 million tourists visited the province in 2003, of which 53% came from foreign destinations (Cámara de Comercio de Alicante: 2005). Many tourists view Alicante as a cheap tourist region and spend 30% less as compared to the coastal regions to the north or the Costa del Sol in the south. Only 26.8 % of hotel rooms fall into the 4 and 5 star categories, and, more strikingly, only 2% of all restaurant table space in the province fall into the 4 and 5 fork categories (Cámara de Comercio de Alicante: 2005). In other words, tourists come to the Alicante region for its sunny beaches and cheaper prices. As such, the thriving marketplace for discounted pirated music and movies, as well as other products, reflects the average Alicante tourist's interest in an economical vacation.

The assumption of necessary risks is the third principle of entrepreneurship. As previously mentioned, the general idea of street entrepreneurship is to sell cheap goods at the highest possible profit while minimising risk of arrest or confiscation. The prospect of above-average profitability is usually the motivation that attracts someone to commit all-out resources into an undertaking characterised by a high degree of risk of both financial loss, and, in extreme cases, personal liberties. Risk takes a variety of forms and, as Van Auken has shown, low tolerance of risk is a perceived obstacle to entrepreneurship (1999: 43). Street vendors must evaluate their situation in such a way as to measure and overcome risk. Indeed, in the tourist areas of Alicante, risks take many forms: confiscation of money or goods, as well as violence between immigrant groups resulting in financial loss or bodily harm, among others.<sup>4</sup> Other threats to a successful new venture include a slowdown in demand for goods, a perceived increase in police oversight, or a shrinking profit margin based on wholesale price fluctuations. In brief, entrepreneurs must be sure that the opportunity offers a financial return commensurate with the risks involved (Hisrich and Peters 41). It seems that in almost all cases, for the street vendors in Alicante, pirated goods or knock-off brand-named items provide enough financial incentives to forgo the risks involved in their distribution and sale. Indeed, 61.3% (19/31) of those surveyed admitted that at times they sold sunglasses, DVDs or CDs.

However, more than any other aspect, the threat of arrest and/or deportation is the single most important risk involved in street sales. We have shown, for example, that the difficulty of

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<sup>4</sup> The organization S.O.S. Racismo publishes an annual report on incidents of racism against gypsies, immigrants and other minorities in Spain. For accounts involving physical violence and financial intimidation against and between immigrant populations in Alicante, see pages 199, 203, 266 and 272, among others, in their 2004 Report (*Informe anual* 2004).

finding employment through traditional means forces immigrants into a necessity-based form of street entrepreneurship. Without a doubt, the chances of being arrested and/or deported are the greatest obstacles to successful entrepreneurial activity by street vendors. While Spain has in place deportation treaties with countries like, Ecuador, Morocco and Algeria, no agreements have been reached with several sub-Saharan countries, including Senegal, despite much negotiation. This ultimately means that some illegal immigrants, especially Moroccans or Algerians, are more likely than others to be deported upon arrest.<sup>5</sup> Since simply being an undocumented immigrant and/or lacking a sales license already are fraught with risk, the performance of a job that deals in pirated merchandise increases risk only slightly through higher fines or longer jail terms for multiple offenders. The high percentage of surveyed street vendors that indicated negative relationships with police authorities highlights the vendors' awareness of the extreme legal risk involved.

Interestingly, Timmons and Spinelli have shown that an entrepreneur's level of success corresponds directly to one's ability to first recognise and then minimise risk, thus receiving a higher return on one's investment (2004: 57). Surveyed Alicante street entrepreneurs indicated that they usually bear a large amount of risk primarily by investing their own financial resources. We discovered, however, that the street vendor system reduces risk in other ways such as by the implementation of a structured community and with the assistance of organised cooperation. Street entrepreneurs in Alicante have created a system that spreads risk among a greater number of individuals with the expectation that each member of the system will perform at maximum productivity.

This entrepreneurial team structure in Alicante encompasses the final basic principle of entrepreneurship studies. The most successful entrepreneurial ventures lead to the formation of a team, which in turn assists in the oversight of the new enterprise. Timmons and Spinelli (2004: 59) see the lead entrepreneur and accompanying entrepreneurial team as the key to all good new venture formation. Indeed, the lead entrepreneur should possess the ability to act as coach and player, should exhibit an interest in attracting like-minded and motivated management players and possess the capacity to build the team in his reflection (Timmons and Spinelli 2004: 59). Excellent team players, however, are hard to find and often in short supply, as Doerr has indicated: 'in the world today, there's plenty of technology, plenty of entrepreneurs, plenty of money, and even capital. What's in short supply is great teams. Your biggest challenge will be building a great team.' (qtd. In Timmons and Spinelli 2004: 59).

In Alicante, teams of several other immigrants who play various roles generally back up street vendor-entrepreneurs and form part of the street network. Survey responses, informal conversations and observations allowed us to identify the important team members beyond the vendors and wholesalers. These include: lookouts for police, transporters of merchandise, bankers who hold money in case of detainment of the primary vendor and finally street captains who coordinate the setup. Certainly, the success of the street vendors depends highly on the structure and management of the system.

Referring to themselves as 'vigilantes', the lookouts tend to be either the youngest or the oldest members of the network. The three lookouts who participated in our survey all were under the age of 25, although several other survey participants acknowledged their work as a lookout in the past. These individuals, usually at least five depending on the location and time of day, do not participate directly in the sale. Instead, they attempt to blend into the surroundings, strung out

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<sup>5</sup> Based on her caseload and knowledge of the local courts, Buendicho reported that actual deportation is quite rare 6/27/06 interview. Still, many of her clients fear deportation significantly more than incarceration.

along the walkway in a long chain, concentrated especially at the ends. Since they only keep watch, with neither cash nor merchandise on hand, their position involves the least amount of risk. When the lookouts see the police, who usually arrive by foot or on motorcycle, they signal by hand along the chain with sufficient time so that the captain can determine if the street merchants should pull up, run and hide, or wait to see what happens. In most cases, the police approach slowly and know that the sale of illegal merchandise is taking place ahead. Things become more frantic when police arrive by motorcycle, requiring the lookouts to use a series of low-pitched calls to warn the vendors to flee immediately. The reduced risk provided by the lookouts' vigilance also translates into earnings. Lookouts interviewed reported average earnings of 15 to 25 Euros in a typical afternoon, frequently paid in the form of a tip directly from the vendors themselves.

Vendor cash on hand also creates increased risk for the street entrepreneur. Two survey participants reported that on-the-spot extortion from the police used to be common, but also indicated that no incidents had occurred for some time. Others surveyed accused authorities of taking all their cash and assumed it was for personal use. To reduce the risk of cash confiscation, some members of the system in Alicante use legal businesses as banks to guard extra currency or, perhaps, as money laundering operations. We identified at least two in place. The first source, a Spanish-run licensed kiosk along the Explanada, served primarily as a bank for the street captains. On numerous days, we viewed (see below) street captains place money in a specific handbag on display in the back of a kiosk, thus reducing the confiscation risk. Since no street captain would agree to participate in our survey, we could not determine the actual financial arrangement in place between the captain and kiosk merchant. We distinguished a second such arrangement along the San Juan beach. In this case, some employees of the beach chaise and umbrella rental operations would guard money given directly from the vendors. According to one rental employee, they had no defined financial arrangement with the street vendors. Instead, many vendors would give them a small amount if the vendor made a number of sales in their area. The two groups also enjoyed collegial relationships and could be seen talking frequently or eating lunch together.

In order to illustrate more clearly the highly structured street entrepreneurship system, we include in detail one of the most interesting encounters we observed between police and the street vendors. On one particular afternoon approximately eight street vendors and their team set up along the southern end of the Explanada. The vendors included Algerians, Senegalese, Chinese and Ecuadorians selling primarily sunglasses and pirated CDs, while a pair of groups at one end offered hair-braiding services. After witnessing over one dozen transactions during a 15-minute period, we observed the local police arrive by motorbike at the same time from both the north and the south, causing great confusion concerning which way to flee. Despite the initial disorder, the sophisticated warning system succeeded in its provision of a sufficient warning for the vendors. During this encounter, the street captains considered a variety of contingencies and relied heavily upon one another and their lookouts. The actual vendors generally were younger – indicative of their role in the hierarchy. In one instance, the young vendor eagerly followed the directives of his captain and exited to the south. However, he encountered several other vendors fleeing north and east, thus underlying the confusion caused by police arriving from different angles. After a few more moments of confusion, we then observed lookouts, both north and south, signal and whistle to each other concerning police presence and the best escape route. Following the lookouts' signals, the entire group of vendors headed east, causing the heavy

traffic of a main boulevard to come to a sudden halt, and successfully escaped toward the port area.

Despite the chaos and flight of all vendors, a sale still occurred without police knowledge. Within seconds of the police officers' departure from the area in pursuit of the various groups who had fled on foot, we observed a young woman complete a transaction that had begun before the arrival of the authorities. Originally, the woman had been shopping for pirated CDs when her vendor fled. The street captain had ordered the vendor to leave, but held on discretely to several CDs in order to complete the sale. Within 30 seconds, the captain approached the young woman to let her re-examine the merchandise. Since the vendor already departed, the captain approached the licensed kiosk used to safeguard money, asked for a specific bag in the back and made change for either a ten or a twenty-Euro note, and the transaction was completed. Although the entire sequence of events was quite complex, we witnessed similar incidents on numerous occasions during both 2005 and 2006.

## **LIMITATIONS AND CONCLUSIONS**

Although we hope that this study has shed new light on the street vendor system in Spain, we acknowledge the limitations of the article. First, our results are specific to Alicante, with a distinctive immigrant population and a unique tourist industry that stimulates demand. Further research is needed to identify tendencies found in other parts of the country. Second, while we had excellent responses from both vendors and local immigration experts, we were unable to collect statistical data regarding wholesale distribution and other collaborations. Since these aspects fall within the parameters of organised crime, we recognise that such data collection will be difficult for future research endeavours. Finally, for reasons that include economic and legal status, among others, street vendors in Spain are among the most marginalised immigrant populations. Our findings represent only one segment of the country's diverse immigrant communities.

Still, this study provides new insights for those interested in contemporary immigration issues as well as entrepreneurship in practice. We have identified street vendors in Alicante to be by far entrepreneurs by necessity, and the system in place follows many of the same patterns found in traditional entrepreneurial venues, including an understanding of risk vs. return, supply vs. demand, among others. Different from most entrepreneurs, though, immigrant vendors in Alicante struggle with hostile relations with police, problematic relations with the local population, lawful issues related to immigration status, and a complex underground and often illegal system structure. Nevertheless, the system, its participants and support network suggest that the wholesale and retail systems in effect in Alicante, despite their simple-appearing nature to the casual observer, are indeed highly complex and structured.



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### **Interviews**

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Cervera, N. 6/19/05 and 6/27/05 interviews, Alicante, Spain.

García Ordoñez, C. 6/16/05 interview, Alicante, Spain.

Gómez. L. 6/19/06 interview, Alicante, Spain.

## Survey

### Immigration and Street Vendors in Alicante

1. Sexo       Hombre     Mujer
2. Edad       menos de 18 años  
               18 – 24 años  
               25 – 29 años  
               30 – 40 años  
               más de 40 años
3. País de origen: \_\_\_\_\_
4. Meses/años viviendo en España: \_\_\_\_\_
5. Empadronado:     Sí             No
6. “Los españoles tienen una actitud abierta y me aceptan como inmigrante”
- Totalmente de acuerdo  
 Bastante de acuerdo  
 Ni de acuerdo ni en desacuerdo/Indeciso  
 Poco de acuerdo  
 Nada de acuerdo
7. “La policía generalmente es justa y me trata bien/recibo buen trato de ellos.”
- Totalmente de acuerdo  
 Bastante de acuerdo  
 Ni de acuerdo ni en desacuerdo/Indeciso  
 Poco de acuerdo  
 Nada de acuerdo
8. “Los trabajadores sociales generalmente son justos y me tratan bien/recibo buen trato de ellos.”
- Totalmente de acuerdo  
 Bastante de acuerdo  
 Ni de acuerdo ni en desacuerdo/Indeciso  
 Poco de acuerdo  
 Nada de acuerdo
9. “Mis amigos y paisanos me han ayudado *económicamente* durante mi estancia en España”
- Mucho  
 Bastante  
 Poco  
 Nada  
 Indeciso

10. “Mis amigos y paisanos me han ayudado *emocionalmente* durante mi estancia en España”

- Mucho  
 Bastante  
 Poco  
 Nada  
 Indeciso

11. ¿Qué tipo de profesión tiene Ud.? \_\_\_\_\_

12. ¿Ha tenido otros trabajos en España?  Sí  No

Si la respuesta es “Sí”, ¿qué trabajos?

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13. ¿Preferiría hacer algo diferente?  Sí  No

Si la respuesta es “Sí”, ¿qué trabajo?

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14. ¿Ha intentado encontrar otro trabajo sin éxito?  Sí  No

Si la respuesta es “Sí”, ¿qué trabajo? \_\_\_\_\_

¿Por qué cree que fue imposible encontrar otro trabajo?

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15. Si se dedica a la venta ambulante, ¿qué productos vende?

¿Por qué eligió vender esos productos?

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