

The Paradox of Commercial "Gentefication": How Latino-owned SMEs Shape and are Shaped by the Territorial Politics of Gentrification

The Theoretical Basis and the Reciprocal Relationship between SMEs and Territorial Context

This research investigates the reciprocal relationship between entrepreneurial small and medium-sized enterprises (SMEs) and the territorial contexts in which they operate, viewed through the lens of commercial gentrification in three distinct U.S. urban spaces: Boyle Heights in Los Angeles, Barrio Logan in San Diego, and Pilsen in Chicago. While traditional literature on commercial gentrification typically focuses on the influx of external corporations and boutique chains that displace local minority-owned firms, this study introduces a more complex concept known as "**Gentefication**." Derived from the Spanish word *La Gente* (the people), this term describes a process where entrepreneurs from within the minority community itself lead the redevelopment of their historically marginalized neighborhoods. The central research question explores whether this intra-ethnic entrepreneurial activity challenges the exclusionary nature of traditional gentrification or replicates its displacement dynamics under a shared cultural guise. These territories are characterized by a history of state disinvestment and planning discrimination, yet they also serve as hubs for political agency and community resilience. This territorial context is not a passive backdrop but a formative force that directly shapes the strategic decisions and behaviors of the SMEs operating within it.

Entrepreneurial Strategies as Tools for Resistance and Territorial Reshaping

The empirical analysis reveals that Latino entrepreneurs in these spaces do not operate within an abstract economic market; they actively politicize their businesses as a strategic response to the threat of cultural and economic displacement. The study identifies seven core strategies that blend profit-seeking with political objectives, ranging from the establishment of art galleries as anchors of territorial identity to the politicization of products and services. In these galleries, Chicano art serves as an alternative to the mainstream, white-dominated art establishment, transforming the "barrio" stigma into a sought-after cultural asset that attracts cultural capital. Furthermore, entrepreneurial firms utilize "ethnic packaging" and cultural branding, such as selling merchandise with political messages against immigration enforcement or in favor of minority rights, effectively turning commerce into an act of resistance and solidarity. A significant additional strategy is "independent spatial policing," which involves monitoring new businesses entering the neighborhood and refusing service to law enforcement or border patrol to create "protected spaces" for the community. These actions demonstrate how territorial characteristics—including the fear of displacement and the demand for authenticity—shape the strategic trajectories of SMEs, which in turn contribute to the structural and socio-political transformation of their territories.

The Territorial Tension between Community Empowerment and "Community-Washing"

Despite the declared aspirations of entrepreneurs to contribute to community resilience, the findings uncover a profound territorial tension dividing these changing neighborhoods. While entrepreneurs frame their activities as acts of solidarity protecting the neighborhood from "White gentrification," local residents and activists often criticize the process, arguing that it constitutes "community-washing" intended to legitimize personal profit and social displacement. For many residents, these SME strategies lead to the commodification of local culture and internal fragmentation within the ethnic community. The findings indicate that in spaces like Barrio Logan, the majority of new businesses are indeed Latino-owned, yet they were established recently and target a more affluent demographic, often replacing older working-class establishments with middle-class ethnic firms. Residents sometimes use the derogatory term "coconuts" (brown on the outside, white on the inside) to describe these entrepreneurs, reflecting a perception that shared ethnicity does not protect the community from the negative consequences of rising rents and the changing character of the space. Consequently, territorial identity becomes a battlefield where entrepreneurial SMEs serve simultaneously as anchors of identity and drivers of social polarization.

Conclusions: Political Empowerment and Cultural Preservation amidst Gentrification

In conclusion, the research emphasizes that the relationship between small businesses and their territory is dynamic and non-linear: the local context does not only influence business strategy; the business strategy actively redefines the territorial and social context. The case of Latino "Gentefication" proves that despite intra-ethnic class debates and internal community tensions, ethnic entrepreneurs possess a real and unique power to shape the space as a tool for empowerment. Beyond profit motives, these businesses act as political agents of change that succeed in amplifying the voice of a community marginalized for decades. By transforming commercial spaces into arenas for activism, these entrepreneurs successfully preserve and strengthen the cultural character of their neighborhoods, thereby partially halting the cultural erasure typical of external corporate gentrification. For urban planners and policymakers, the study offers a critical insight: ethnic entrepreneurship is more than an economic engine; it is an anchor of identity that prevents the neighborhood from becoming a generic, soulless space. Despite criticisms regarding "community-washing," these businesses are the ones upholding the cultural flag, providing space for local art, and generating a narrative of community ownership and pride. Ultimately, the paradox of gentefication teaches us that while the process generates social complexity and internal polarization, it also serves as one of the most effective tools available to the community to ensure its political and cultural presence in the changing urban landscape, creating a territorial resilience based on identity and continuity.