Hispanic Small Business

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Introduction
As the Hispanic population continues to rise, their entrepreneurial spirit and economic contributions have been increasingly prominent. The growth of Hispanic small businesses, with valuable insights into the preserved achievements, encountering challenges, and the opportunities presented to them. Their unique experiences as Hispanic entrepreneurs highlight the major impact on their local communities and the U.S. economy. Through this exploration, there is resilience and innovation admired that Hispanic small businesses bring into the United States.
History
Hispanics have been breaking barriers with outstanding performance in the business world. Hispanics have shown 44% growth in the last ten years, according to the Stanford Latino Entrepreneurship Initiative (SLEI). This economic impact, Hispanics are doing. It is boosting the U.S. economy itself.¹ (One Park Financial, 2022)

In the early 20th century, Hispanic immigrants established small businesses in urban areas, such as ranchers, farmers, street vendors, barbers, and general store operators. In response to limited employment opportunities and discrimination in the workforce. One opportunity was being a street vendor, delivering snacks in neighborhoods as an Elotero. Many Hispanic small businesses were family-owned enterprises. Their businesses ranged from no employees to thousands of employees serving Latino and non-Latino communities. Latino culture, food, music, and style have spread across the United States. The population of Latinos has grown leading to expanded Latino markets.²(Geraldo L. Cadava, 2020)

In the mid-20th century in 1968, the creation of the Nation Council of La Raza, now known as UnidosUS, provided support, resources, and advocacy for Hispanic small businesses and the organization of the Minority Business Development Agency. Over the years, Hispanic small businesses have continued to grow. Hispanic small businesses span their small business a variety of industries. Industries including retail, construction, and technology professional services. This contributes to creating jobs and fueling economic growth.

However, with all these significant achievements, there have been difficulties for Hispanics, such as discrimination, limited access to capital, cultural biases, and language barriers. Because of these conflicts, organizations and government programs put in the effort to face these challenges to create a better-growing momentum for Hispanic businesses. Actions such as the MBDA, Small Business Administration, and various local initiatives provide the same goal.
**Successes**

Hispanic small businesses have achieved significant success in job creation, economic growth, and community development. They are contributing to the economy and society with their entrepreneurial spirit. According to Forbes, the five million jobs created by Hispanic businesses in the United States contribute more than $800.00 billion to the economy annually.\(^4\)(Rohit Arora, 2023) The significance of economic growth due to Hispanic small businesses fills the diversity gap by creating innovation and cultural preservation. Their services become cultural hubs providing opportunities to showcase heritage through products and services. Their unique product offerings, open up new perspectives for consumers.

The presence of their business enhances economic growth by providing consumers with more choices. Within all 50 states and the District of Colombia, there are more than 300,000 Hispanic-owned employer businesses, according to Congress’s Joint Economic Committee.\(^5\)(Martin Heinrich, 2021) These 300,000 Hispanic-owned employer businesses are instrumental in providing employment opportunities for people across the United States. This reduces unemployment rates, stimulates economies locally, and supports the well-being of communities and families. These successes encourage others to pursue business ventures and become part of the economic landscape.

The U.S. Department of Labor Blog reports that new networkers between 2020 and 2030 are 78% Hispanic while non-Hispanic will only have 0.5% growth over the next ten years. They are driving labor force growth with 4.5%.\(^6\)(Kevin Dubina, 2021)
For example, Silva Lucci, an Argentinian native, found herself suffering from minor strokes. Her husband is a chef and has begun to prepare healing and healthy foods for her. This began a small business. They started by handing cards to their customers at their favorite grocery stores. With this effort and support from their community, they dropped dozens of cards in a nearby Whole Foods Market. Lucci prompted the supermarket to pitch her LUHV Foods products. This launched after a shark tank-style pitch. Today, her LUHV Foods is distributed into Whole Foods Markets across the Atlantic region. Silva Lucci claims, “Being an immigrant is a virtue. This country was created by immigrants. We’re not foreigners; we’re new Americans planting roots here and building a future…” in CNBC. She credits all of her successes to her immigrant work ethic.7(Janet Alvarez, 2020)
The fundamental cause of the wealth gap between whites and Hispanics is inexperience in financial literacy. They have lower completion rates in four-year colleges only 52% graduate while whites are 65%. This lower education completion by Hispanics limits employment and earning potential. This causes lower income, challenges wealth accumulation, and limits financial security. This limits access to financial services due to language barriers and lower financial literacy.

Financial literacy is knowledge of financial decisions. Among Hispanics and Blacks, financial literacy tends to be lower than whites. According to the TIAA Institute-GFLEC Personal Finance Index, "Black and Hispanic Americans each correctly answered approximately 40% of the P-Fin Index questions, on average, compared with 55% among whites. 36% of Blacks and 29% Hispanic correctly answered up to 25% of the P-Fin Index questions, which is only up to 7 questions out of 28 that comprise the index."(Paul J. Yakoboski, 2021) This means Hispanics' financial literacy is lower than whites and blacks in all areas.

On average, Hispanic families had $992,000.00 less than whites. Being 24 cents of Hispanic families for every $1.00 of a white family's claims, St. Louis Federal Reserve. This data shows the second quarter of 2023 for U.S. households and wealth by race and ethnicity.(Ana Hernandez Kent and Lowell R. Ricketts, 2023)

Solution/Opportunity Resources

Figure 3: Distribution of U.S. Households and Wealth by Race and Ethnicity, 2023
Although it is challenging to discover opportunities for Hispanics and their business, it is possible. Applying for grants can help grow the businesses. These grants allow Hispanics to take a step financially and start their journey in business ownership. These grants can lead to great investments, new or advanced technology, more exciting products, and hiring more employees. With the help of grants, Hispanics can manage expenses. These are examples of grant resources from the SCORE website: Latinas Think Big, UnidosUS, PepsiCo Juntos Crecemos, and Latino Business Action Network.\(^3\)\(^{\text{(Maria Valdez Haubrich, 2023)}}\)

Grants are an effective source of money to boost productivity in a small business. According to Fundera, Grants.gov is the most prominent place for federal grants. This repository consists of information on grants.\(^10\)\(^{\text{(Sally Lauckner, 2020)}}\) These are grants primarily based on the type of business. The grant focused on agriculture is the USDA Rural Business Grant. This grant helps with expanding their work, with little requirement of revenue of less than one million with low-populated employers. Amber Grant for Women funds 12 top female competitors annually for $10,000.00.\(^10\)\(^{\text{(Sally Lauckner, 2020)}}\) As complex as it is to operate a business as a Hispanic, being a woman with the same ethnicity is much more complicated. This grant allows female computers to have an opportunity for growth. Adding on to the best quality grants, the National Associations of the Self-Employed qualifies any small business owner with a grant of $4,000.00, with the requirements of being in the NASE before application and exhibiting how this will benefit goal achievement.

Latinas Think Big is a platform that empowers and inspires Latina women of color and Latina women through stories and a supportive community and provides resources to accelerate careers. They promote mentorships and networking opportunities. Consequently, this platform seeks to inspire Latina women to expand their ideas and celebrate their accomplishments by sharing how to get there with others.

UnidosUS, the National Council of La Raza, is the most extensive advocacy and civil rights organization in the United States and Puerto Rico. This organization works to improve political, economic, and social by challenging them for the well-being of Hispanics in all areas of life, such as immigration, healthcare, and education. The organization advocates for social justice and equality while fighting against discrimination, offering programs and services to support families, and collaborating with community organizations. Overall, empowering Hispanics by ensuring they are heard.

The PepsiCo Juntos Crecemos program, initiated by PepsiCo, focuses on providing expertise and opportunities to help Hispanic businesses grow and offering support for business
training, mentoring, access to capital, and technical assistance training. The inspiration for this program was founded on Hispanic Small Businesses' contribution to the economy. The program aims to further education and help these businesses thrive and better impact the community.

Latino Business Action Network (LBAN) organization, serves Hispanic entrepreneurs and their businesses. LBAN addresses the underrepresentation of Hispanic-owned companies by providing development opportunities and offering programs to aspiring entrepreneurs. This includes the Standford Latino Entrepreneurship Initiative research conducting and analyzing data on Hispanic entrepreneurship, giving access to educational programs, and promoting economic empowerment.

Another option is loans. Loans can assist Hispanics in their businesses by providing capital for their daily managing operations. This capital may cover employee payments, manage inventory, and cover operational expenses. With this funding, entrepreneurs can diversify their offerings and explore new markets.

According to Fundera, the Minority Business Development Agency (MBDA) assists Hispanics in competing for contract loans and identifying strategic partners.¹⁰ (Sally Lauckner, 2020) MBDA promotes growth development with minority small businesses within the United States Department of Commerce. MBDA provides access to capital, business consulting, contracting opportunities, and expertise.¹¹ (Minority Business Development Agency, 2020) MBDA has calculated an estimated 44% growth within the Hispanic-owned business industry.

![Figure 4: Growth within the Hispanic Business industry]¹¹

Conclusion
The expansion of Hispanic small businesses highlights the remarkable accomplishments achieved, the obstacles faced, and the opportunities becoming available to them. Understanding the distinct experiences of Hispanic entrepreneurs reveals their influence on communities and impact on the U.S. economy. Through understanding Hispanic entrepreneurs and their unique contributions to the business world, it becomes evident that these businesses create opportunities for individual success, significantly influence the communities they serve, broaden the U.S. economy, and exemplify embracing diversity.

Supporting the growth of Hispanic small businesses fosters a more inclusive and prosperous business landscape for all.

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**List of Figures**