

TOO BIG TO IGNORE: Latina Microbusiness Owners

A Report by
Hispanas Organized for Political Equality (HOPE)

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California Small Business Summit:
Building Local Economies

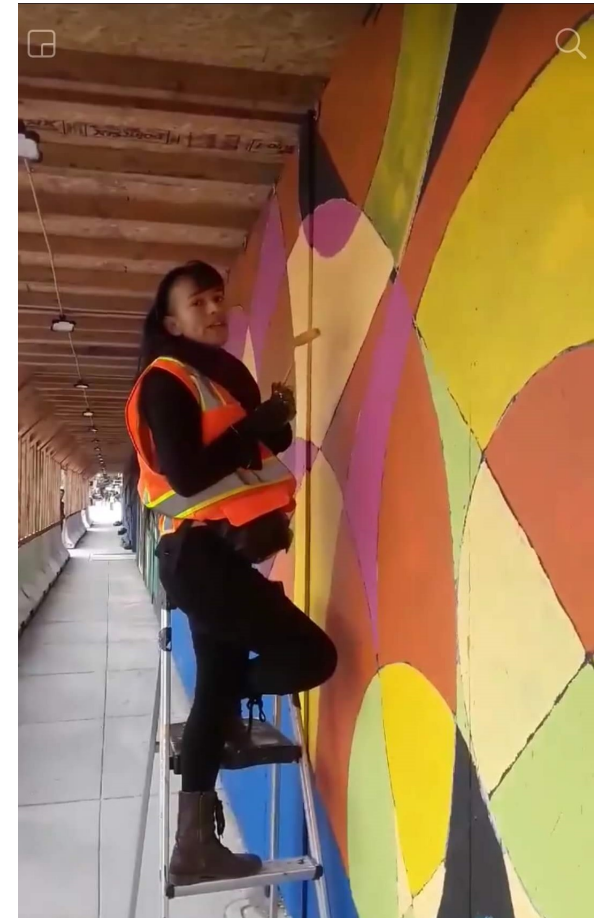
January 31, 2019



Questions

Why do Latinas become micro business owners?

How can Latinas be better supported to start, run and grow a micro business?





Business Ownership:

Latina-owned businesses in CA increased by 111% between 2007 and 2016

89% of all businesses are micro businesses

- Sole proprietor
- Fewer than 4 employees





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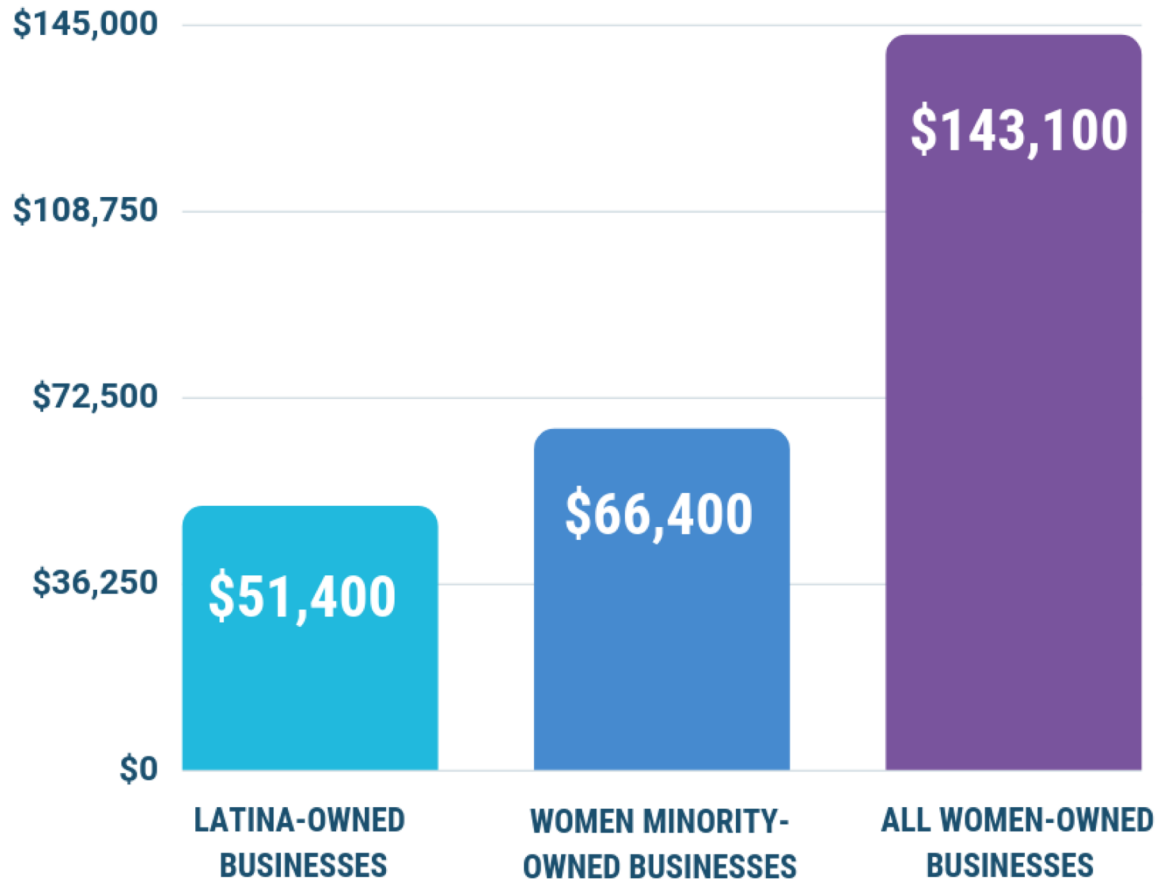
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Latina-owned businesses:

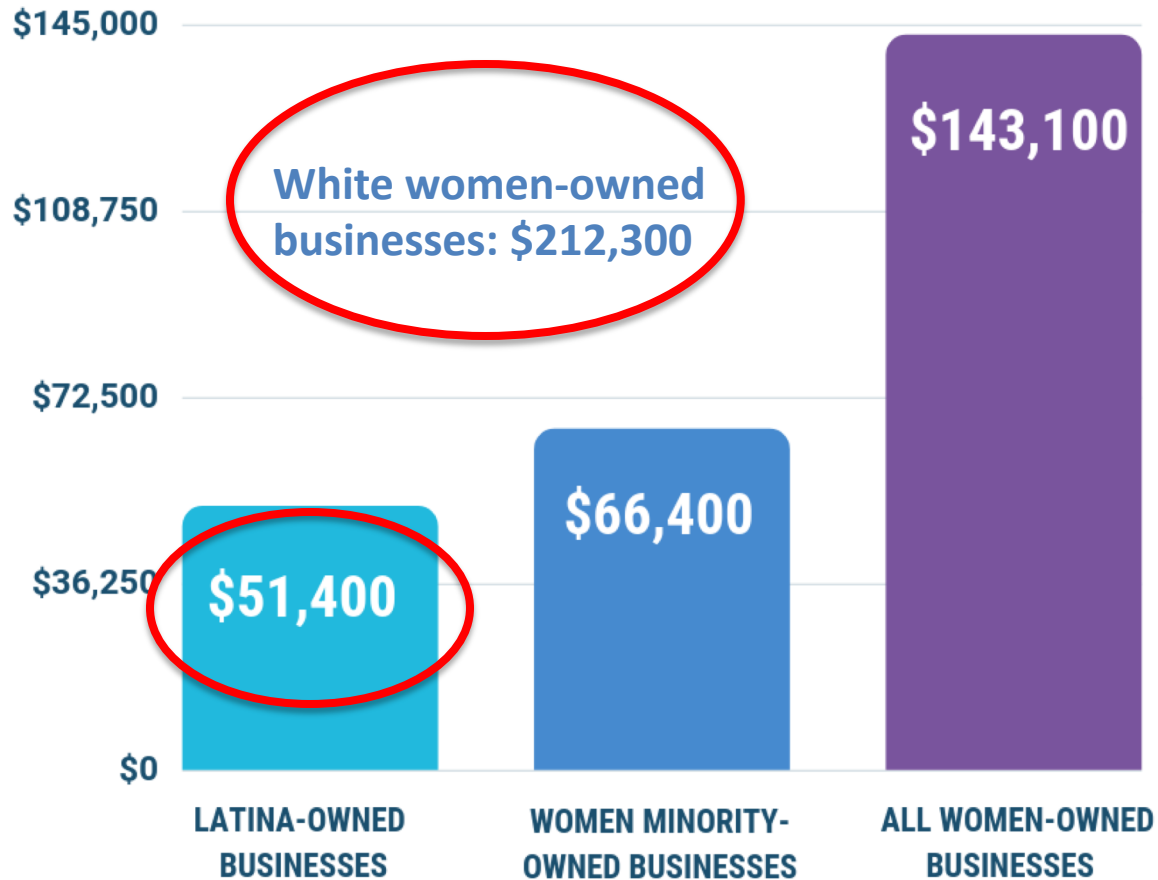
- ▶ No employees
- ▶ Less than 5 years old
- ▶ Lower revenues per firm



ANNUAL AVERAGE REVENUE FOR LATINA-OWNED, WOMEN MINORITY-OWNED, AND WOMEN-OWNED BUSINESSES



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Latina Micro Business Owners:

Focus Groups:

Fresno, Los Angeles, San Diego, San Jose



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- Annual business revenue \$50,000 and under
- No employees
- Latinas of various ages
- Business at least one year old
- 3 in English, 1 in Spanish



Findings:

- Motivation: Increased **independence and flexibility**, **determining the direction** of their business, improving their **financial security**, more **time with family**, accommodate personal and community **values**

“Independence, freedom... you make the rules, realize your ideas and be creative without having to run it by anyone.”

“I felt boxed in. I had all these skills and experience and I couldn’t use them, so I [started] a business that also helps people.”



Findings:

- Need more opportunities to improve business skills, including accessing capital, creating business plans, outsourcing and determining the value of their services:

“I need help focusing on the long-term goals for my business.”

“It’s taken me a while to realize I don’t have to do it all. I can delegate responsibilities, work smarter by outsourcing.”

“I don’t know what resources are available or how to access a small business loan. And no one told me all I’d have to do to run a business, like having my taxes in order, health insurance...”



Findings:

- Seeking greater support from mentors and peers to learn skills, find resources, build confidence, counteract sense of isolation:

“There’s such a hunger in us for Latina development.”

“It’s hard to see myself as an entrepreneur, even though I took a big risk and now I’m making good money. ”



Findings:

- Gender and ethnic/racial pros and cons:

“My clients look a lot like me.”

“Men are intimidated by my position as a business owner, as a woman who knows more than they do. They question me more.”

“Being a Latina, a person of color, we have to push ourselves more than a white woman business owner.”



Findings:

- Policy and regulatory challenges/Regional differences:
 - ▶ City and state regulations that are not business friendly
 - ▶ Uncertainty about taxes:
 - Effect of import taxes on products
 - High business taxes and fees
 - Federal tax code policies
 - ▶ Lack of affordable space
 - ▶ Discrimination in traditionally white business districts
 - ▶ Concern about the impact of uncertain immigration policies on their clients



Findings:

- Latinas' Top Goals:
 - ▶ Grow their business
 - ▶ Access capital
 - ▶ Be more selective about clients
 - ▶ Quit a full- or part-time job
 - ▶ Donate to their community
 - ▶ Hire employees who are paid a good salary



Why Do These Findings Matter?

IF CA LATINA-OWNED BUSINESSES
CONTINUE TO GROW AT THE
CURRENT RATE IN 2019

52,000 NEW BUSINESSES
WOULD BE CREATED, GENERATING
\$2.7 BILLION



IF EVERY LATINA MICROBUSINESS
OWNER IN CA COULD EMPLOY ONE
PERSON, THEY WOULD CREATE

347,000
NEW JOBS



Policy Recommendations

- Government
 - Financial institutions
 - Small business and microfinance organizations
 - Higher education institutions
 - Latina-serving organizations
-
- ▶ Help Latinas start, run and grow businesses to succeed economically and build wealth



Policy Recommendations

- Help Latinas increase their **awareness** /knowledge of business practices



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- Ensure that Latinas are qualified to **access** capital



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- Help Latinas increase their **awareness** /knowledge of business practices
- Ensure that Latinas are qualified to **access** capital
- **Simplify** business procedures and reduce fees to simplify entry to business



Policy Recommendations

- Encourage partnerships between university business schools and Latina-serving organizations to create business **education** programs



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- Encourage partnerships between university business schools and Latina-serving organizations to create business education programs
- Invest in **research** on data and trends of the Latina business owner



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www.latinas.org/latinamicrobiz

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POPULATION GROWTH



US

2015: 56.7 million Hispanics = 17.7%

2060: 119 million Hispanics = 28.6%

Latinas = 27.9 million = more than total population of CA

CA

2015: 15.2 million Hispanics = 38.8%

2060: 25.5 million Hispanics = 49.3%

1 in 5 people in the state is a Latina = 20%

