Advancing U.S. Latino Entrepreneurship

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Entrepreneurial activity in the United States is generally associated with the social and economic incorporation of immigrant minorities and their descendants (Valdez 2011), facilitating their economic mobility and wealth creation (Butler and Morales 2012; Keister, Vallejo, and Borelli 2015). Entrepreneurship also fuels job creation and economic growth (Valdez 2015). An examination of Latino entrepreneurship in the United States thus contributes to our understanding of this group’s economic success and contributions to the larger U.S. economy (Dávila, Mora, and Zeitlin 2014). Though many immigrant and ethnic minority groups in the United States engage in business ownership at disproportionately higher rates than non-Hispanic whites, historically Latino rates of business ownership have lagged behind all other immigrant groups. Prior research has identified several factors that contribute to low rates of business ownership among Latinos, chief among them aggregate lower levels of educational attainment and personal wealth and a lack of coethnic social capital—the information and resources found within immigrant and ethnic networks that facilitate individual or collective economic action (Guo, Chen, and Yu 2016; Fairlie and Woodruff 2010).

Recent research, however, suggests that business ownership among Latinos in the United States is undergoing a transition. Though Latinos remain underrepresented in business ownership as a share of the overall population, today Latino business ownership is growing at unprecedented
According to the U.S. Census Bureau’s Survey of Business Owners (SBO), between 2007 and 2012 Latino-owned businesses grew by 46.3 percent. Latinos now own more firms than any other ethnic minority group in the United States, and according to the 2015 “State of Latino Entrepreneurship” report, Latino-owned businesses are located across all regions of the United States, with 75 percent in majority non-Latino neighborhoods serving mostly non-Latino customers (Rivers and Porras 2015) and with a growing presence in new immigrant destinations including the rural South.

This chapter provides an overview of estimates of Latino entrepreneurship using two sources of nationally representative government data for a comprehensive picture of Latino business ownership in the United States. We provide an extensive analysis of the contributions of Latino business owners to the U.S. economy, including identifying key patterns of Latino entrepreneurship as measured by business owner income, total sales and receipts, employment, payroll, industrial clustering, and exports. As we will demonstrate, Latino-owned businesses are making significant contributions to the economy, and while disparities remain, recent numbers show rapid growth and economic progress.

**METHODS AND DATA**

We present estimates of Latino business ownership and contributions to the U.S. economy using data from the two primary sources of nationally representative government data providing information on business activity by race and ethnicity: the American Community Survey (ACS) and the SBO. The two data sets are considered the authoritative government sources of data on population demographics (ACS) and minority business outcomes (SBO). Combined, they provide a comprehensive picture of Latino business ownership in the United States.

The focus and coverage of the two data sets are distinctive, leading to major differences in estimates that should be briefly noted before presenting results. The ACS data focus on business ownership only when it is the main job activity of the individual, whereas the SBO data capture all business entities (based on tax records) even if they are small-scale side businesses (e.g., consulting activities or contract work) or multiple businesses owned by the same person. Hence, the ACS provides data on the
number of Latinos who own businesses versus the total number of business entities that are owned by Latinos. As shown below, the total number of businesses captured in the SBO is much higher than the total number of business owners captured in the ACS. Another difference is that the ACS focuses on the income received by the business owner instead of the total sales of the business as in the SBO.

**American Community Survey**
The first data set that will be used is the latest five-year microdata sample of the ACS, 2011–2015. The ACS is a household survey and provides information on business ownership, income, and industries at the owner level. Individuals are included for only one year in the ACS and cannot be followed over time. The data are pooled over the five years to make the sample representative at smaller geographical levels. The ACS is one of the only nationally representative Census Bureau datasets that provides a large sample size of Latino business owners.

The ACS includes over 9 million observations for working-age adults (ages 20–64). Even after conditioning on business ownership, the sample size is very large, making it possible to explore the causes of differences in net business owner income. The ACS includes more than half a million observations for business owners and is also large enough to examine industrial concentrations.

In the ACS microdata, business ownership is measured by using the class-of-worker question that refers to the respondent’s main job or business activity (i.e., activity with the most hours) at the time of the interview. Business owners are individuals who report that they are (1) “self-employed in own not incorporated business, professional practice, or farm, or (2) “self-employed in own incorporated business, professional practice, or farm.” This definition includes owners of all types of businesses—incorporated, unincorporated, employer, and nonemployer firms. The samples used in this analysis include all business owners ages 20–64 (i.e., working-age adults) who work 15 or more hours per week in their businesses. To rule out very small-scale businesses, disguised unemployment, or casual sellers of goods and services, only business owners with 15 or more hours worked are included.\(^1\) Fifteen hours per week is chosen as the cutoff because it represents a reasonable amount of work effort in the business (roughly two days per week). Note that self-employed business ownership is defined as the individual’s main job activity, thus removing the potential for counting
side businesses owned by wage and salary workers. Also, estimates are reported with and without the 15-hour restriction to show the robustness of disparities in business ownership rates. Finally, the self-employment information is self-reported and not based on tax or business registration filings and thus may capture a wide range of self-employment activities depending on the respondent.

Business owner income is calculated from survey questions about income sources. The main question used is “Self-employment income from own nonfarm businesses or farm businesses, including proprietorships and partnerships. Report NET income after business expenses.” Most business owners report this type of income, but incorporated business owners report their earnings from the business as wage and salary earnings. For simplification and consistency in treatment, the responses to self-employment income and wage and salary earnings are combined for all business owners. The questions refer to annual income and capture the past 12 months.

**Survey of Business Owners**
We also use data from the 2012 SBO, which are business-level data. The SBO includes detailed information on both the business and the owner. We mainly present information about the businesses in this chapter, but detailed information in addition to race and ethnicity is available. The SBO is conducted by the U.S. Census Bureau every five years to collect statistics that describe the composition of U.S. businesses by race and ethnicity. The universe for the most recent survey is all firms operating during 2012 with receipts of $1,000 or more that filed tax forms as individual proprietorships, partnerships, employers, or any type of corporation, with the exception of a handful of industries including crop and animal production (North American Industry Classification System codes 111 and 112). The 2012 SBO also includes information on the sales, employment, payroll, and exports of the business. All estimates using the 2012 SBO are from published sources using American FactFinder.

**Latino Business Ownership, Income, and Industry**

**American Community Survey**
Estimates of the number of business owners, business ownership rates, and business owner income are first presented. All estimates are calculated from ACS (2011–2015) microdata, which as noted above is the latest available
household data from the U.S. Census Bureau on business ownership and business owner income. Table 4.1 reports estimates for Latinos, non-Latino whites, and the U.S. total. There are 12.2 million business owners in the United States. Roughly 1.8 million of these business owners are Latinos. For comparison, there are 8.8 million non-Latino white business owners in the United States.

Latinos are underrepresented in business ownership. The total Latino working-age population (defined here as ages 20–64) is 31 million. As a percentage of the population, 5.8 percent of Latinos own a business. This level of business ownership is lower than the national level at 6.4 percent and lower than the non-Latino white rate of 7.3 percent. The causes of these disparities have been studied with relatively low levels of education and wealth being identified as two of the most important factors (Lofstrom and Wang 2009; Ramirez and Hondagneu-Sotelo 2009; Fairlie and Woodruff 2010; Valdez 2011; Dávila and Mora 2013; Vallejo and Canizales 2016).

For comparison, business ownership rates are calculated for other major ethnic and racial groups (although not reported in the tables). The business ownership rate is 3.0 percent (800,000 business owners) for African Americans, 6.6 percent (800,000 business owners) for Asian Americans, and 4.8 percent for Native American/Alaskan Natives (150,000 business owners). Thus, across the five major ethnic/racial groups, Latinos represent the second-largest number of business owners but only the third-highest business ownership rate.

Additionally, we calculate business ownership rates for all Latino groups identified in the ACS. Table 4.2 reports estimates. Focusing on the

### Table 4.1 Total Latino Business Ownership: American Community Survey 2011–2015

<table>
<thead>
<tr>
<th>Group</th>
<th>Latinos</th>
<th>Non-Latino Whites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (ages 20–64)</td>
<td>31,247,449</td>
<td>121,520,318</td>
<td>189,464,182</td>
</tr>
<tr>
<td>Business owners</td>
<td>1,817,236</td>
<td>8,820,771</td>
<td>12,159,527</td>
</tr>
<tr>
<td>Percent of population</td>
<td>5.8%</td>
<td>7.3%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Workforce (15+ hours/week worked)</td>
<td>21,320,868</td>
<td>86,387,463</td>
<td>130,981,496</td>
</tr>
<tr>
<td>Business owners (15+ hours)</td>
<td>1,692,007</td>
<td>8,277,854</td>
<td>11,388,697</td>
</tr>
<tr>
<td>Percent of workforce (15+ hours)</td>
<td>7.9%</td>
<td>9.6%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

Source: Authors calculations from American Community Survey 2011–2015 microdata.
largest groups, Mexican Americans have a business ownership rate that is only slightly lower than the total Latino rate. Puerto Ricans have lower rates (3.1 percent), and Cubans have higher rates (8.6 percent).

Focusing more generally on Latino business owners with a work commitment of 15 or more hours worked per week, the total number of business owners is lower but not substantially. There are 1.7 million Latino business owners after using this restriction. The total number of business owners in the United States who work 15+ hours per week is 11.4 million.
Imposing the hours worked restriction is useful for removing individuals who might be partly unemployed and just have part-time self-employment work as a method of generating some income.

Another commonly used measure of the rate of business ownership is being in the workforce. Of the total workforce that owns a business, 7.9 percent are Latino. The non-Latino white rate is 9.6 percent. The similarity of these differences and the ranking across groups indicates that the relatively low rates of business ownership among Latinos are not due to higher levels of unemployment or not being in the labor force.

Table 4.3 reports estimates of business owner income across groups. Latinos have substantially lower levels of business owner income than non-Latino whites. Mean business owner income is $34,500 for Latinos. This mean level of business owner income is roughly $30,000 lower than mean business owner income among non-Latino whites. The disparity in business owner income is much larger than the disparity in business ownership rates.

Low mean business owner income among Latinos is not driven by business owners working few hours. Table 4.3 also reports mean business owner income based on working 15+ hours per week. Using this restriction, mean business owner income among Latinos is $36,200. Mean business owner income among non-Latino whites is $66,600. The difference of roughly $30,000 is similar.

Examining the industry distributions of business owners provides useful information on concentrations of business owners and potentially where to target policy assistance. Table 4.4 reports industry distributions for Latino, non-Latino white, and all U.S. business owners. Latino business

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**TABLE 4.3  Latino Business Owner Income: American Community Survey 2011–2015**

<table>
<thead>
<tr>
<th>Group</th>
<th>Latinos</th>
<th>Non-Latino Whites</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business owners</td>
<td>1,817,236</td>
<td>8,820,771</td>
<td>12,159,527</td>
</tr>
<tr>
<td>Mean business owner income</td>
<td>$34,475</td>
<td>$63,329</td>
<td>$57,357</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$54,115</td>
<td>$88,131</td>
<td>$83,003</td>
</tr>
<tr>
<td>Business owners (15+ hours)</td>
<td>1,692,007</td>
<td>8,277,854</td>
<td>11,388,697</td>
</tr>
<tr>
<td>Mean business owner income (15+ hours)</td>
<td>$36,246</td>
<td>$66,618</td>
<td>$60,375</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>$55,314</td>
<td>$89,653</td>
<td>$84,575</td>
</tr>
</tbody>
</table>

Source: Authors calculations from American Community Survey 2011–2015 microdata.
owners are concentrated in construction (23.4 percent) and professional services (20.8 percent). The distribution across industries is not substantially different from the distribution across industries for non-Latino whites or all U.S. business owners. Latino business owners are more concentrated in construction and other services and less concentrated in agriculture/extraction and information/finance.

These findings are important because there are advantages and disadvantages to being concentrated in a few industries. On the one hand, it is easier to create business programs that could help minority business owners because they can be targeted toward those specific industries. On the other hand, efforts could be made to create general programs that allow people of color to create and grow businesses in whatever industry makes the most sense economically. Specific initiatives, such as the Stanford Latino Entrepreneurship Initiative’s Executive Program on Scaling Companies, serve as a model for such programs. Similarly, being concentrated in a few industries is advantageous if those industries grow rapidly, but not if they face economic contractions. For example, the
concentration of Latino business owners in construction could create a problem if those industries experience rapid structural changes, such as the rapid impact of Uber on the taxicab industry or the massive slump in home building that occurred during the 2007–2009 recession. Creating and maintaining a business in an ethnically concentrated industry thus has its own set of unique challenges, especially in the context of structural shifts in the larger economy. Once established, Latino business owners have achieved success in growing businesses regardless of industrial concentration. Most important is that Latinos own firms in a wide range of sectors, dispelling the myth that Latino businesses are concentrated only in low-status industries.

Business owner income differs substantially across industries; however, the disparities in business owner income between Latinos and non-Latino whites are consistent for industries. Table 4.5 reports mean business owner income by industry. Latinos have lower average business owner income in every reported industry than non-Latino whites. The patterns are very consistent across all industries. This finding suggests

| TABLE 4.5 Mean Business Owner Income by Industry: American Community Survey 2011–2015 |
|-----------------|-------------|-------------|-------------|-------------|
|                  | Latinos     | Non-Latino  | Difference  | Total       |
| Number of businesses | 1,691,501  | 8,273,387   | 6,581,886   | 11,383,483  |
| Agriculture/extraction | $45,706  | $61,696     | $15,990     | $60,693     |
| Construction       | $31,214     | $49,805     | $18,591     | $45,354     |
| Manufacturing      | $46,887     | $69,399     | $22,512     | $66,138     |
| Wholesale          | $47,481     | $85,817     | $38,336     | $78,677     |
| Retail             | $33,659     | $53,996     | $20,337     | $50,114     |
| Transportation     | $48,059     | $61,996     | $13,937     | $55,050     |
| Information/finance | $59,592    | $87,173     | $27,581     | $82,830     |
| Professional services | $39,000   | $83,187     | $44,187     | $74,633     |
| Educational services | $35,961   | $40,351     | $4,390      | $40,547     |
| Health care and social assistance | $51,114 | $105,805  | $54,691    | $95,609     |
| Accommodation, recreation, and entertainment | $38,745  | $49,978     | $11,233     | $47,378     |
| Other services     | $21,604     | $32,849     | $11,245     | $29,473     |

Source: Authors calculations from American Community Survey 2011–2015 microdata.
that the total business owner income difference between Latinos and non-Latino whites cannot be explained by differences in industry concentration alone.

As Table 4.5 shows, the top five industries with the largest mean business income gap include health care and social assistance ($54,691), professional services ($44,187), wholesale ($38,336), information/finance ($27,581) and manufacturing ($22,512). Factors that explain the gap between Latino and non-Latino business income include age of the firm, number of owners, establishment size, and differences in financing (McManus 2016).

Contributions of Latino Business Owners to the U.S. Economy: Business Ownership, Employment, and Exports

American Community Survey
What is the contribution of Latinos to the total entrepreneurial economy? One method of answering this important question is to examine the total number of business owners who are Latinos and compare that to the total number of all business owners in the United States. The Latino share of total business ownership has likely increased substantially over time, partly due to population growth (Fairlie and Robb 2008; Dávila and Mora 2013) and also because of larger structural changes in the economy and opportunity structure that have created entrepreneurial pathways for specific segments of the Latino population, such as middle-class professionals (Vallejo and Canizales 2016). We update this work by examining current contributions here.

Table 4.6 reports the share of business owners relative to the U.S. total. Latinos represent 14.9 percent of all U.S. business owners. The Latino share of total business owner income provides another measure of the contribution of Latino entrepreneurs to the economy. Similar to the estimates of the Latino contribution to total business ownership in the United States, we estimate the contribution of Latinos to total business owner income in the U.S. economy. There are 1.8 million Latino business owners (15 percent), and they have a total business owner income of $63 billion (9 percent). Table 4.6 also reports total business owner income and shares of the U.S. total for Latinos. In total, Latino business owners have nearly $63 billion in business owner income. This represents 9 percent of the total U.S. business owner income of roughly $700 billion.
Published estimates from the 2012 SBO can also be used to measure the contributions of Latino businesses to the U.S. economy. As noted above, the SBO captures all business entities through tax records even if they are of small scale. The SBO also captures multiple businesses owned by the same person. Thus, the total number of businesses for Latinos and non-Latino whites are much higher than for business owners in the ACS (which focuses on main job activity).

Table 4.7 reports estimates from the SBO. The number of Latino businesses in the United States is 3.3 million, which represents 12 percent of all identifiable businesses. These businesses generate a total of $473 billion in revenue (representing 4 percent of total revenue among identifiable businesses). Nevertheless, Latino firms lag behind non-Latino white firms, which represent approximately 70 percent of classifiable businesses generating almost 90 percent of total revenue. Average revenue among Latino firms is $143,271, which is substantially lower than the average revenue of $440,190 among all identifiable firms.

**TABLE 4.6** Latino Business Ownership and Income Contributions: American Community Survey 2011–2015

<table>
<thead>
<tr>
<th>Group</th>
<th>Latinos</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of business owners</td>
<td>1,817,236</td>
<td>14.9%</td>
</tr>
<tr>
<td>Total business owner income (000s)</td>
<td>$62,649,379</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

Source: Authors calculations from American Community Survey 2011–2015 microdata.

**Survey of Business Owners**

Table 4.7 reports estimates from the SBO. The number of Latino businesses in the United States is 3.3 million, which represents 12 percent of all identifiable businesses. These businesses generate a total of $473 billion in revenue (representing 4 percent of total revenue among identifiable businesses). Nevertheless, Latino firms lag behind non-Latino white firms, which represent approximately 70 percent of classifiable businesses generating almost 90 percent of total revenue. Average revenue among Latino firms is $143,271, which is substantially lower than the average revenue of $440,190 among all identifiable firms.

**TABLE 4.7** Number of Firms and Revenues among Latinos: Survey of Business Owners 2012

<table>
<thead>
<tr>
<th>Group</th>
<th>Latino Firms</th>
<th>Non-Latino White Firms</th>
<th>All Classifiable Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of firms</td>
<td>3,305,873</td>
<td>12.2%</td>
<td>18,987,918</td>
</tr>
<tr>
<td>Revenue (000s)</td>
<td>$473,635,944</td>
<td>4.0%</td>
<td>$10,482,831,537</td>
</tr>
<tr>
<td>average Revenues</td>
<td>$143,271</td>
<td></td>
<td>$552,079</td>
</tr>
</tbody>
</table>

Source: Published estimates from the Survey of Business Owners 2012. Includes all classifiable businesses by gender, race, ethnicity, and veteran status.
Clearly, Latino business owners make substantial contributions to the entrepreneurial economy in the United States. Although these are large contributions, they could be even higher as evidenced by the relatively low rates of business ownership among Latinos and low average business owner incomes among Latino business owners. If business ownership rates were increased relative to white levels or if business owner income was increased relative to white levels, the result would be a substantial increase in the total contributions made by Latino entrepreneurs to the U.S. economy.

Table 4.8 reports estimates from the SBO on the number of Latino businesses with paid employees. The majority of businesses in the United States do not hire employees; nevertheless, these businesses provide jobs for the self-employed business owner, who if not employed as a full-time wage-worker might otherwise be unemployed or underemployed. Businesses with paid employees contribute to the U.S. economy by not only providing a job for the self-employed owner but also creating additional jobs for American workers (Valdez 2015). Of the 3.3 million businesses owned by Latinos, only 7.5 percent have paid employees. In contrast, businesses owned by non-Latino whites are over twice as likely to have paid employees (19.4 percent). Although the majority of Latino and non-Latino businesses do not hire paid employees, a significant number of these businesses are creating jobs.

Table 4.9 reports estimates from the SBO on the employment size of businesses with paid employees. Although the percentage of non-Latino white businesses with paid employees is over twice that of Latino businesses, the employment size of these businesses is similar across race/ethnicity. For example, there is a difference of one percentage point or less for Latino and non-Latino white businesses that report an employment size between the middle ranges of 5 to 9 employees. A larger difference is

<table>
<thead>
<tr>
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<th>Latino Firms</th>
<th>Non-Latino White Firms</th>
<th>All Classifiable Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms with paid</td>
<td>246,773</td>
<td>3,684,250</td>
<td>4,539,370</td>
</tr>
<tr>
<td>employees</td>
<td>7.5%</td>
<td>19.4%</td>
<td></td>
</tr>
<tr>
<td>Number of firms</td>
<td>3,305,873</td>
<td>18,987,918</td>
<td>27,179,380</td>
</tr>
</tbody>
</table>

Source: Published estimates from the Survey of Business Owners 2012. Includes all classifiable businesses by gender, race, ethnicity, and veteran status.
reported for businesses with the smallest employment size (1 to 4 employees) and one of the largest employee sizes (100–499 employees). In other words, 4 percent more Latino businesses fall into this smallest employment size range than non-Latino whites (62.3 percent to 57.6 percent, respectively), whereas twice the number of non-Latino white firms fall into one of the largest employment size categories (1.3 percent compared to .7 percent).

Table 4.10 reports estimates on the percent of total sales that are exported for businesses reporting this information. Notably, a minority of Latino businesses report this information (38.0 percent). The vast majority of Latino businesses that do provide this information indicate that they do
not generate sales from exports (88.9 percent). Conversely, the small percentage of Latino businesses that do generate sales from exports is slightly higher than the export sales reported by non-Latino white businesses (2.7 percent to 2.2 percent, respectively).

Table 4.11 reports SBO estimates for the number of businesses reporting very low and very high sales. Latino businesses, when compared to non-Latino white businesses, are similar to each other in the percentage of businesses that report very low sales/receipts. About 20 percent of Latino and non-Latino white businesses report sales/receipts of $5,000 or less. In contrast, a markedly higher percentage of non-Latino white businesses than Latino businesses report sales at the high end. Over 1.2 million non-Latino white businesses generate sales of $1 million or more (5.6 percent). Though significantly fewer, the number of Latino businesses that report sales/receipts in excess of $1 million is not insignificant. Of the 3.3 million Latino businesses operating in the United States in 2012, fully 55,000 (1.7 percent) report sales/receipts in excess of $1 million.

**CONCLUSION**

Our analysis reveals that rates of Latino ownership and income are on the rise, associated with greater economic incorporation and mobility. Latino business owners are also making significant contributions to employment
and exports in the United States, particularly in some economic sectors. The highlights from the analysis of ACS and SBO data are:

- There are 1.7 million Latino business owners in the United States, representing 15 percent of all business owners.
- Latinos own businesses at a rate that is roughly 20 percent lower than non-Latino whites, suggesting that contributions could be even larger.
- Latino business owners generate $62 billion in total business owner income, representing 9 percent of all business owner income in the United States.
- Latino-owned businesses generate $474 billion in total sales and revenues.
- There are 247,000 Latino firms with paid employees, representing 7.5 percent of all Latino firms.
- There are 55,000 Latino firms representing 1.7 percent of all Latino firms that generate $1 million or more in total sales/receipts.

These findings demonstrate that Latino business owners are making significant contributions to the American economy, although some disparities remain. Several individual-level factors increase the odds of Latino business ownership, including earning a college degree and acquiring managerial (Guo, Chen, Yu 2016) or professional experience (Vallejo and Canizales 2016); access to financial capital, which may include personal savings or securing funds from friends, family, and/or banking institutions (Fairlie and Robb 2008; Fairlie and Woodruff 2010; Valdez 2011; Vallejo and Canizales 2016); and accumulating or inheriting wealth (Butler and Morales 2012; Keister, Vallejo, and Borelli 2015).

At the group-level, fostering coethnic social support and business networks for advice and mentorship (Vallejo 2009) are particularly important for immigrant and ethnic minorities. Social capital, or group-based resources and social support, provides business information and networking opportunities as well as financial aid and offers a source of coethnic labor (Valdez 2011). Successful Latino entrepreneurs also engage the business community and join organizations such as the Hispanic Chamber of Commerce. Beyond providing crucial information on funding and establishing business connections, these organizations often provide training in
business and financial planning, navigating financial institutions or locating angel investors, and web development and social media tools to increase the chances of business success (Vallejo 2009; Vallejo and Canizales 2016). Recent research also demonstrates that some wealthy Latino entrepreneurs are using their wealth and social capital to create economic structures, such as Latino-owned banks, that aim to provide Latino entrepreneurs with access to capital (Vallejo 2015). Future research could more fully investigate the mechanisms—such as racial discrimination in commercial credit markets—that might hinder Latino entrepreneurship. Finally, important efforts are being made by ethnic organizations, such as the Latino Business Access Network, to create programs that aim to fill resource gaps so that Latino business owners can access social and economic capital and scale up their businesses.

ACKNOWLEDGMENTS

The authors would like to thank Arnobio Morelix, Alfonso Morales, Leticia Lara, Jerry Porras, and participants of the Stanford Latino Entrepreneurship workshop for comments and suggestions. For an earlier analysis of this chapter, see Fairlie (2018).

NOTES

1. Some unemployed individuals may report being self-employed if they sell a small quantity of goods or services while not working at their regular jobs.
2. Although not directly comparable from using slightly different definitions, Dávila and Mora (2013) find that the self-employment rate for Hispanics increased from 7.9 percent in 2000 to 9.1 percent in 2010.
3. It is not clear how informal business activity, which is shown to be relevant (e.g., see Richardson and Pisani 2012), is captured in the ACS data as self-employment, unemployment, or some other labor force activity.
4. For evidence from earlier years of the SBO, see Fairlie and Robb (2008) and Dávila and Mora (2013).
5. The SBO delineates businesses by whether they are identifiable by gender, race, ethnicity, and veteran status to rule out public corporations in which ownership status is difficult to identify.
REFERENCES


