



# LATINA-OWNED BUSINESSES IN THE INLAND EMPIRE REGION

**Breaking Barriers From Start-up to Success**

**OCTOBER 2019**



Dear Friends:

It has been an honor to partner with UC Riverside's EPIC Small Business Development Center and School of Public Policy to produce "**Breaking Barriers from Start-up to Success.**"

On behalf of the Board of Directors, staff and members of the National Latina Business Women Association-Inland Empire Institute (NLBWA-I.E.) we are pleased to present the results of the first *region focused* study of Latina business owners.

The inspiration for this study is the need for revitalization of the grass roots movement of Latina business owners in the Inland Empire. As the fastest growing sector of small business, they have the potential to provide substantial gains in jobs and commerce for our region. As an organization, our mandate is to provide ongoing insight, educational programs and resources to support the growth and success of our members and partners for the benefit of our community and the region.

Special thanks to our generous sponsors who provided the funding to make this happen: Union Bank, SBDC California, and our distinguished partners and professors at UC Riverside.

Mil Gracias,

### **Ruth Lopez Novodor**

NLBWA-Inland Empire, President  
Beverly Oncology and Imaging Centers, CEO

## **A WORD FROM OUR PARTNER**

Dear Friends:

The University of California Riverside through its EPIC Small Business Development Center and School of Public Policy is grateful to the NLBWA-IE for its partnership in conducting the first phase of a study to examine the experiences of Latina owned businesses in the Inland Empire. The ongoing research study will help our organizations better understand the Latina Business owners, their key differentiators, barriers for growth and will help us identify strategies and programs to accelerate their success.

### **Rosibel Ochoa , PhD**

Associate Vice Chancellor, Technology Partnerships  
Research and Economic Development  
University of California Riverside

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## ABOUT THE AUTHORS

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**Qingfang Wang** is a professor in the School of Public Policy at the University of California, Riverside. With a Ph.D. in geography, her research interests lie broadly in inequality and development, with a particular concern in minority populations (such as immigrants, racial minorities, and women) and minority communities. Her work has been funded by National Science Foundation, the Department of Housing and Urban Development (HUD), the Kauffman Foundation, and other agencies. She has published widely on ethnic labor market segmentation and ethnic entrepreneurship.

**Rosibel Ochoa**, PhD is the Associate Vice Chancellor, Technology Partnerships at the University of California, Riverside, where she leads a team that accelerates economic development by transferring UC Riverside research from the lab to the private sector, facilitating academic-industry collaborations, and encouraging innovation and entrepreneurship on campus and throughout our region. Dr. Ochoa has 12+ years of experience building the infrastructure of entrepreneurial programs, centers, and ecosystems that provide the resources for startups from the university and the community to launch and scale.

## ACKNOWLEDGEMENTS

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Union Bank, SBDC and University of Riverside, have generously provided the financial support to this project. Ruth Lopez Novodor provided important guidance since this project's inception. Jennifer Yturralde, Maria Molina Solano, and Patricia Murillo have helped tremendously with the recruitment of focus group participants. Elizabeth Ruano and Kathryn O'Neill worked as research assistants. Students from the Cohort 2018 Master of Public Policy program at School of Public Policy, UCR helped with the development of the focus group discussion. Special thanks to businesses and the community stakeholders who generously gave of their time and shared their notable experiences with us.







## EXECUTIVE SUMMARY

Despite dramatic growth, the rate of business start-up and survival differs by race/ethnicity, gender, foreign-born status, and place. Being both of an ethnic minority and female, women of color business owners bear greater personal financial risk, face more difficult challenges in scaling up their businesses, and encounter substantial obstacles in building necessary social capital for business development.

The Inland Empire National Latina Business Women Association, in partnership with UC Riverside's School of Public Policy, are leading an effort to better understand the drivers that influence the success and growth of Latina Business Owners. The first step towards greater understanding is to conduct a study focused on examining the experiences of Latina-Owned Businesses (LOBs) in the Inland Empire (IE), a region that includes both Riverside County and San Bernardino County in southern California.

## THE STUDY AIMS AT ADDRESSING THE FOLLOWING THREE OVER-ARCHING QUESTIONS:



What are the general profiles of Latina Business Owners and their businesses in the IE region?



What are important strategies and best practices for Latina business development?



What are the challenges faced by Latina business owners and what are the associated implications to promote Latina entrepreneurship?

Data for the study and conclusions were generated by working with multiple sources. These include: (1) the American Community Survey (ACS); (2) 19 in-depth interviews with Latina Business Owners from the study area; (3) focus group discussions with 14 community stakeholders involved with Latina business development; and (4) other documents including newspapers, white papers, research reports, and Latina business and community websites.

While not extensive, this report constitutes the first step towards identifying some of the key profiles that describe Latina Business Owners in the Inland Empire and what are the key areas that organizations such as the IELBWA can focus on to help them grow and succeed. The following are highlights from the study.

## I. GENERAL PATTERNS OF LATINA BUSINESS OWNERSHIP IN THE IE REGION BASED ON ANALYSIS OF ACS

1

When compared to Los Angeles County and Orange County and the state of California on average, business ownership is lower in the IE region for all ethnic minority groups, except Asian.

2

Women have lower business ownership rates than men across all ethnic groups in the IE region.

3

The largest sectors for Latina businesses in the IE region are personal services, social services, professional and management, and retail.

4

Compared to their counterparts in neighboring counties and the state average, Latino business owners in the IE region have higher percentages of associate degree holders but lower percentages of bachelor degree holders.

5

Compared to their counterparts in neighboring counties and the state average, Latino business owners in the IE region are less likely to be foreign-born and have a higher English proficiency.

6

Compared to their counterparts in neighboring counties and the state average, Latino business owners in the IE region are more likely to be married, with larger family sizes and more young children, and exhibit higher level of homeownership.



## II. KEY FINDINGS BASED ON THE INTERVIEWS

Interview questions focused on three aspects of success: factors that impact or affect business development and growth, operational strategy, and challenges faced by Latinas that may impact business success.

Overall, it is clear that Latina Business Owners place great importance to excellence in work ethics and best-in-class business practices. They expressed the need for access to resources and mentorship that will increase their management, strategic, and financial acumen.

Interviewed Latina Business Owners emphasized the importance of hard work, persistence, consistency, and perseverance. Human capital and access to continuing education are considered the most powerful weapons for success. They identified the importance of hiring the right people, cultivating a teamwork culture, keeping up with market changes and technology, diversifying customer markets, and collaborating with other businesses. They recognize the importance of being able to think outside the box. Access to mentorship is extremely useful for long-term growth.

**They expressed the need for access to resources and mentorship that will increase their management, strategic, and financial acumen.**

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Latina Business Owners emphasized the importance of defining their business' competitive advantage and their specific target market/customer profile. They indicated that most of their customer sourcing is done through network and referrals. Therefore, delivering quality product or service and having an outstanding reputation are key to success. Furthermore, they expressed the need to build and leverage these social networks in order to access customers. They identified the lack of access to financial resources as a barrier for business success and the need for increased financial literacy as a key to success.

Operating out of the Inland Empire presents additional challenges, including a difficulty in recruiting employees, fewer regional markets to tap into, limited access to social networking events and training programs, as well as lack of mentors and access to role models in underserved communities.



Interviews also identified some of the cultural and market challenges faced by Latina Business Owners. This includes issues related to the negative stereotypes of being a female business owner, customer discrimination, difficulties in connecting or accessing broader, male-dominated social networks, and maintaining a work-life balance. Furthermore, particularly for Latina Business Owners, the group identified not having enough access to resources and experiences to start their own business even if they have the necessary drive. They indicated that Latino culture usually is not supportive of risk taking, which is an additional barrier for ambitious Latina entrepreneurs.

Latina-Owned Businesses (LOBs), as well as roundtables with representatives from businesses and community organizations dedicated to supporting LOBs, identified the following areas of needed support:



1. **EXPERT GUIDANCE** in all aspects for new businesses as they go through the startup process.



2. **ACCESS TO CONTINUING EDUCATION** through workshops, webinars, speaker series, and a wide variety of relevant training programs.



3. **OPPORTUNITIES AND TOOLS** to help LOBs build their social network through hosting social events and access to training on how to effectively apply social media-related technologies.



4. **DIRECT MENTORSHIP AND ASSISTANCE** with building local business communities.



5. **INFORMATION ON RESOURCES**, especially access to financing and relevant associated policies.



6. **TOOLS AND SUPPORT** on how to build and create strategic plans for business growth.



7. **A NURTURING, INCLUSIVE AND EMPOWERING ENTREPRENEURIAL ECOSYSTEMS** focused on businesswomen of color.

### III. RECOMMENDATIONS AND AREAS OF FURTHER RESEARCH

Our findings show that organizations aiming to support Latina Business Owners should increase their efforts and activities in multiple areas, including connecting entrepreneurs with a variety of stakeholders in and outside of the local community and improving the quality and effectiveness of innovative educational programs. Latina businesses would benefit by engaging more with government agencies and community partners that address their needs, while those same agencies and partners could work with organizations like the IELBWA in delivering programs that increase financial literacy, access to capital and how to secure it. Banks and other financial institutions can assist Latina Business Owners by better engaging with the Latino community. This could include utilizing multi-linguistic, multi-cultural, humanistic, and community-based approaches.

**Latina businesses would benefit by engaging more with government agencies and community partners that address their needs.**

Cultivating a nurturing environment for minority and immigrant entrepreneurs by promoting or increasing the number of community-engaged anchor institutions such as big corporations, higher education (including local institutions), and philanthropic organizations would help LOBs prosper, as would promoting the creation and implementation of public policies that are devoted to nurturing and developing entrepreneurship within underserved communities.

To gain a more comprehensive understanding of their experiences and the impact of different approaches, further research will focus on the inclusion of a broader and larger number of participants. We will continue to study the differences between businesses owned by Latino men versus those owned by women, as well as those owned by Latinas and other women business owners of color. Finally, more understanding on the impact of Latina businesses, including its effect on youth development, education, generational mobility, and community development, will be examined.

## LATINA-OWNED BUSINESSES IN THE INLAND EMPIRE REGION

### BACKGROUND: FAST GROWTH AND DISPARITIES

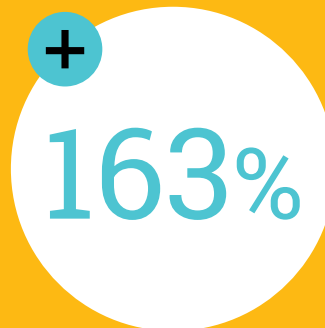
The number of both women and minority-owned businesses have experienced unprecedented growth. Between 2007 and 2018, the number of women-owned businesses surged 58%, while all businesses increased by only 12%. The total employment by women-owned businesses rose 21%, while for all businesses it declined 0.8%. Finally, the revenue of women-owned businesses jumped 46%, while revenue for all businesses increased by only 36% (The State of Women Owned Business, 2018).

While the number of women-owned businesses grew 58% from 2007 to 2018, firms owned by women of color grew at nearly three times that rate (163%). The number of Latina- and women-owned businesses grew even faster: 172% and 164%, respectively. As of 2018, women of color accounted for 47% of all women-owned businesses. An estimated 5,824,300 women of color-owned businesses employed 2,230,600 people and generated \$386.6 billion in revenue. Latina-owned businesses numbered 2,142,800 or 17% of all women-owned businesses (The State of Women Owned Business, 2018).

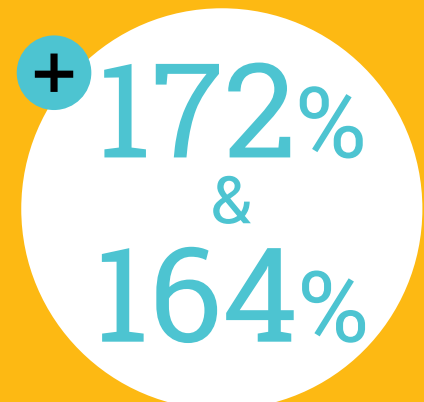
**2007-2018**  
THE NUMBER OF WOMEN-OWNED BUSINESSES SURGED



**2007-2018**  
FIRMS OWNED BY WOMEN OF COLOR GREW



**2007-2018**  
THE NUMBER OF LATINA & WOMEN-OWNED BUSINESSES GREW



Despite dramatic growth, the rate of business start-up and survival differs by race/ethnicity, gender, foreign-born status, and location (Bates, 2011; Fairlie and Robb, 2008; Wang, 2018). For minority businesses, women businesses, and particularly those owned by women of color, substantial barriers still exist for their start up, survival, and growth. According to the State of Latino Entrepreneurship 2017 (SLEI, 2017), only 3% percent of Latino-Owned Businesses grow to \$1,000,000 or more in annual revenue, compared to 6% percent of white-owned businesses. Being both ethnic minority and female, women of color business owners bear greater personal financial risk, face greater challenges in scaling up their businesses, and have more difficulties building the necessary social capital for business development (SLEI, 2018).

## There is no public data on Latina-Owned Businesses in the IE region.

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The Minority Business Ownership Report, recently published by UC Riverside (UCR, 2016), analyzes the most recent Survey of Business Owners for the IE region. The report found that from 2007 to 2012, the number of Latino-Owned Businesses in the IE had increased 50.6%, which dwarfed the growth of total businesses in the region (8%), the state (5%), and the nation (3.4%). However, revenue generated by Latino-Owned

Businesses in the IE lagged behind those from the state and national average. In addition, Latino-Owned businesses had not experienced the same level of employment growth as other groups. Study findings suggest that these patterns are mainly due to the age and size (i.e., young and small) of the IE region's Latino-Owned Businesses. Unfortunately, there is no public data on Latina-Owned Businesses in the IE region. It follows that it is difficult to design programs that are effective in supporting the creation and growth of Latino-Owned Businesses and in particular, women owned businesses, if there is limited understanding of their environment, growth opportunities, and challenges.

The IELBWA in partnership with the UC Riverside School of Public Policy, have undertaken the effort to generate a better understanding of the business environment for Latina-Owned Businesses in the Inland Empire. The first step towards a better understanding is to conduct an introductory research study generated by a combination of publicly available data and in-depth interviews. Insights shared in this first report, will be amplified and expanded by additional data that will be generated from further collaboration with local organizations and governments.



## RESEARCH OBJECTIVES AND STUDY SCOPE

The objective of this study is to examine the experiences of Latina-owned businesses in the Inland Empire (IE) region, which includes both Riverside County and San Bernardino County in the Southern California region. It addresses the following questions:

- What are the general profiles of Latina Business Owners and their businesses in the IE region?
- What are important strategies and best practices for Latina business development?
- What are the challenges faced by Latina Business Owners and what are the associated implications to promote Latina entrepreneurship?



This study uses multiple sources to compensate for the limited data currently available on Latina-owned businesses in the IE region. They include: (1) 5-year American Community Survey (ACS) 2012-2016; (2) in-depth interviews with Latina Business Owners in the study area; (3) focus group discussions with community stakeholders who are involved with Latina business development; and (4) documents that include newspaper articles on the research topic, white papers, and research reports by different interest groups. By tracing convergences and divergences among different data sources by multiple stakeholders, results are triangulated to determine commonalities in narrative as well as differences in perspective and opinion (Saldana, 2015).

Researchers from the **UC Riverside School of Public Policy** conducted a total of 19 in-depth interviews and a focus group with 14 community stakeholders. Interviewees were recruited by the Inland Empire chapter of the **National Latina Business Women Association (NLBWA-IE)**. The 19 businesses represent quite diverse industries, one from manufacturing, one from retail, two from construction, eight from professional and management, and six from personal services. Almost two thirds of the owners have at least an associate degree, half were foreign born, and use English is the main language used to conduct business. Thirteen of the interviewees answered survey questions. Of the 13 survey respondents, 5 have annual revenue under \$50,000, 5 between \$50,000 and \$5 million, and 3 generate over \$5 million. In terms of revenue sources, 4 report over 75% of their revenue generated from the IE region, 1 reported 30% of revenue, and 7 reported 10% or less. Three businesses have between 40-60 full time employees; all others have at most one full time employee.

A focus group discussion was conducted on the UCR campus. It included 14 participants from non-profit organizations, local governments, universities, and supporting small businesses such as **NLBWA-IE, Inland Empire Small Business Development Center Network, Service Corps of Retired Executives (SCORE), Union Bank, City National Bank, Small Business Association (SBA), UCR, Murrieta and Moreno Valley Economic Development offices, and Riverside ExCITE.**

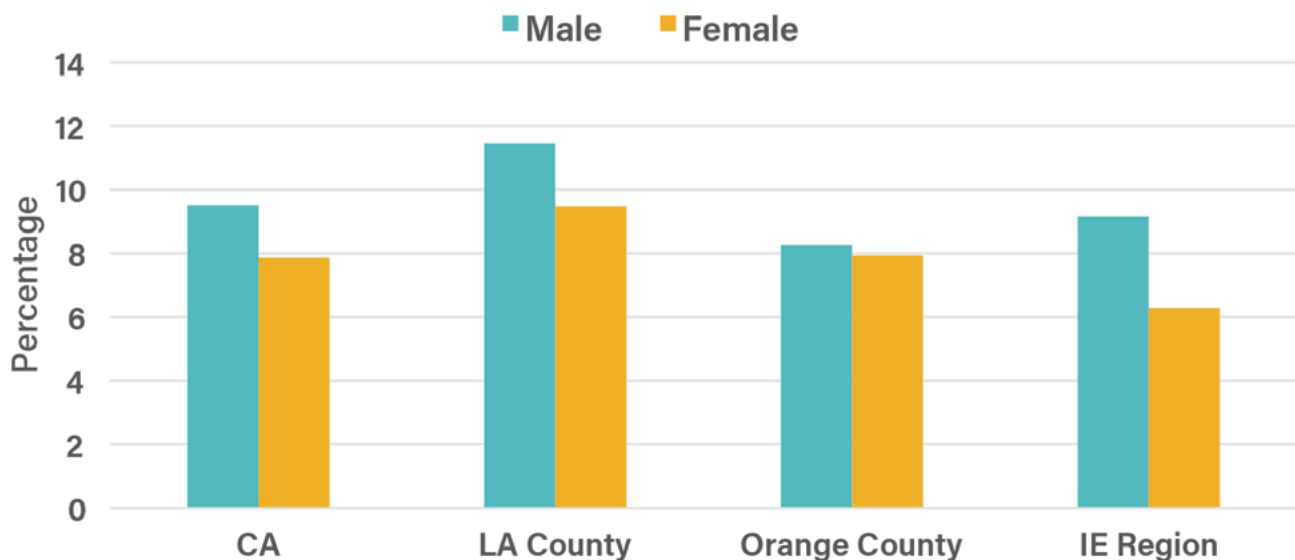
All interviews and the focus group discussion were transcribed verbatim for analysis. The qualitative software package QSR NVivo was used to employ the techniques of narrative analysis outlined by Strauss and Corbin (1998) and Smith (2000). Each interview and focus group discussion was coded to identify common major themes. Due to the nature of any qualitative case study, it is not appropriate to generalize the current study to the entire business community in the IE region or anywhere else. However, the saturation of identified themes across transcripts suggests their significance and commonality derived from the experiences of participating business owners.

## FINDINGS

### I. GENERAL PATTERNS OF LATINA BUSINESSES IN THE IE REGION-ACS DATA ANALYSIS

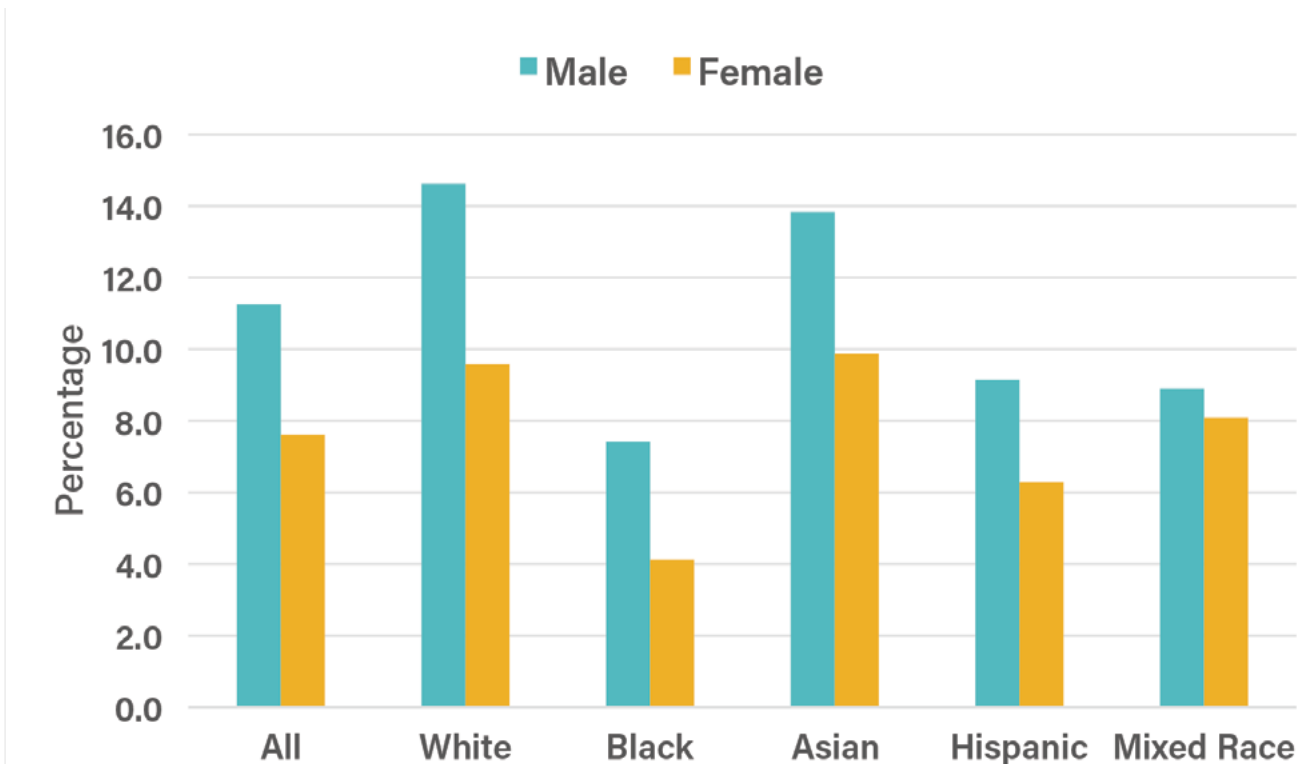
According to the ACS report, Latinas have lower business ownership than co-ethnic men in California and across all major regions in Southern California. As depicted in **FIGURE 1**, business ownership for Latinas in the IE region is slightly higher than the State of California, Los Angeles County, and Orange County averages. Thus, it is not surprising that Latinas comprise a lower proportion of all Latino Business Owners. Furthermore, **Latino men comprise 66% of total Latino business owners in the IE region, compared to only 34% for women.** The gender disparity among Latino Business Owners is higher for the IE region when compared to the averages from the State of California, Los Angeles County and Orange County.

**FIGURE 1. BUSINESS OWNERSHIP BETWEEN LATINO MEN AND WOMEN**



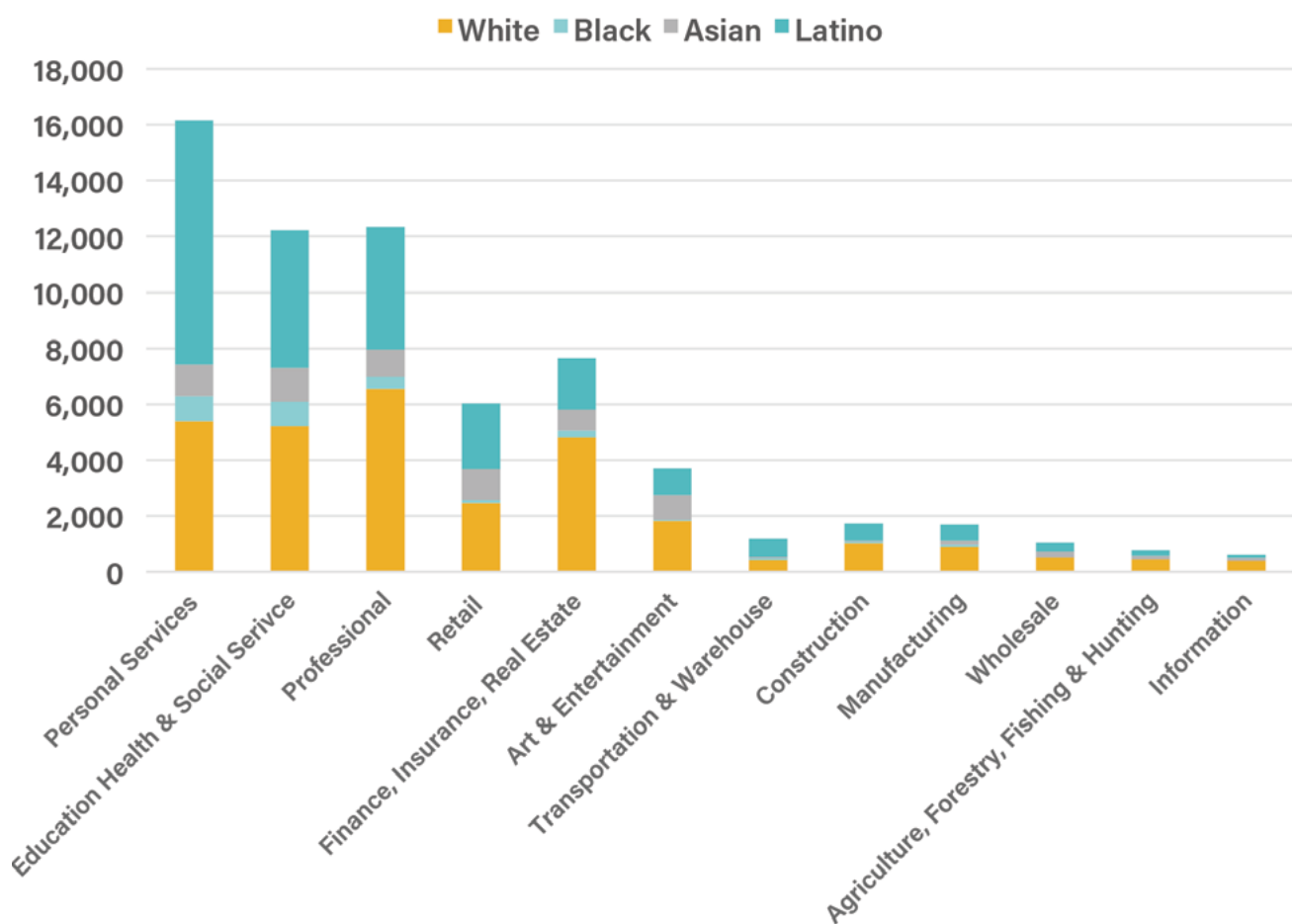
**FIGURE 2** breaks down business ownership across ethnic groups in the IE region by gender. Women have lower business ownership than men across all the ethnic groups in the IE region.

**FIGURE 2. BUSINESS OWNERSHIP BY ETHNICITY AND GENDER IN THE IE REGION**



As shown by **FIGURE 3**, Latino-Owned Businesses in the IE region are mainly concentrated in construction, professional and management, transportation and warehouse, and personal services. The largest sectors for Latina businesses are personal services, social services, professional and management, and retail. The industrial distribution patterns for Latina Business Owners are similar to black business owners. Compared to Latina Business Owners in Los Angeles County, Orange County, and the average profile for California, the industrial distribution of Latina Business Owners does not differ significantly.

**FIGURE 3. LATINA BUSINESS CONCENTRATION IN THE IE REGION**



Differences in entrepreneurship rates and economic success may be due to an entrepreneur’s personal characteristics such as gender, higher educational attainment, foreign-born status, personal wealth, and social capital. For example, English proficiency, access to information, and cultural preferences may impact certain groups’ access to existing resources (Bates, 2011). At the same time, regional socioeconomic, cultural, and political characteristics, such as tax rates, cost of land, and local and state policies may also support or hinder business opportunities (Fairlie and Robb, 2008; Wang, 2009, 2018).

**TABLE 1** details the individual characteristics of all business owners by gender and by ethnicity in the IE region.

**TABLE 1. INDIVIDUAL CHARACTERISTICS OF BUSINESS OWNERS IN THE IE REGION**

	WHITE		BLACK		ASIAN		LATINO	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
AGE	51.9	50.8	47.0	48.6	49.5	47.3	44.0	44.6
HIGH SCHOOL	28.5	22.0	22.6	25.7	24.2	28.6	68.7	59.8
ASSOCIATE	41.1	48.4	55.6	47.3	21.0	29.0	25.0	32.4
BACHELOR	31.3	30.0	22.7	27.3	55.0	42.8	8.6	9.5
ENGLISH	99.6	99.9	100.0	99.0	83.8	75.9	78.2	75.3
FOREIGN	11.1	9.4	13.1	5.4	89.1	88.3	64.4	58.5
FAMILY SIZE	2.8	2.8	3.0	3.0	3.5	3.4	4.2	4.0
MARRIED	67.0	62.9	52.7	47.8	81.7	72.8	67.1	54.4
CHILD <5YRS	7.7	7.9	13.2	10.7	12.5	12.5	16.3	12.4
SPOUSE WITH BUSINESS	15.2	25.4	8.4	12.6	23.5	37.4	10.1	18.5
HOME OWNERSHIP	75.1	76.4	49.0	38.2	80.1	78.6	59.9	60.9
UNEMPLOYED	6.3	4.9	7.6	14.2	4.2	4.1	5.1	7.2
WORK HOUR PER WEEK	38.4	33.0	35.0	32.8	42.7	36.5	38.1	30.9
PART-TIME	35.9	53.3	41.3	51.4	21.3	40.8	32.6	57.9
INCORPORATION RATE	33.0	27.3	23.5	22.1	45.3	36.8	22.3	15.8
HIGH-TECH INDUSTRY	6.8	3.6	4.9	3.0	5.9	3.0	1.8	1.1
JOB EARNINGS	40505	25000	30000	16726	37094	25345	25345	12880
BUSINESS INCOME	12365	9631	11334	5564	6785	8200	15190	9620
FAMILY INCOME	75219	82429	60758	56672	71897	74827	49459	49600
HOUSEHOLD INCOME	83036	87810	72426	57888	78310	81329	54480	56570
TOTAL NUMBER	55824	30011	4776	2788	9897	6737	50074	25634

Notes: 1. Job earnings include all earnings from employment; Business Income is all the income from business and farms. All income variables are the median value of the data sample.

Source: Calculated from ACS.



Across all the ethnic groups, Latino business owners are younger and have significantly lower levels of educational attainment. About 60% of Latino business owners are foreign born. This is higher than non-Latino Whites and Blacks, but still significantly lower than Asian business owners. Their English fluency is lower than Whites and Blacks, but not Asian. At the family level, they are less likely to be married than Whites and Asians, but more likely than Blacks. They have larger family sizes and more children under the age of five when compared to other ethnic groups. They are less likely to own a home than Whites and Asians, but more likely than Blacks. Overall, these numbers indicate that at the individual and family level, Latino business owners experience more disadvantaged socioeconomic status than Whites and Asians, but higher status than Blacks except for level of education.

LOB owners have significantly lower family and household incomes than all other groups. However, Latina business median incomes are significantly higher than Blacks and Asians. Latina business incomes are not significantly different from non-Latino White women owned businesses. Similar to Asians, Latino business owners have a lower unemployment rate than Whites and Blacks. This indicates a higher labor force participation rate and willingness to work for the foreign-born labor force.

Gender differences observed in **TABLE 1** are noteworthy. Compared to Latino men, Latina Business Owners are older, less likely to be married, have a slightly higher percentage of associate degree holders, and have fewer children younger than five years old. They are less likely to be foreign born. They have lower English proficiency, higher unemployment rates, fewer hours worked per week, and are more likely to be employed part time. They are also less likely to be incorporated and in the high-tech industries. Overall, LOB owners' working profile indicates that they may be highly involved with family responsibilities when compared to coethnic male counterparts. This gender difference is common across all ethnic groups.

**TABLE 2** compares the socioeconomic characteristics of Latina Business Owners in the IE region with the State of California, Los Angeles County, and Orange County. Compared to their counterparts in neighboring counties and the state average, Latina Business Owners in the IE region have a higher percentage of associate degree holders but lower percentage of Bachelor degree holders. They are less likely to be foreign-born and have greater English proficiency. They seem to be more family oriented, as they are more likely to be married, with a larger family size, more young children, and higher homeownership. They have slightly lower business income. However, they do not show any disadvantages in family and household income, especially if considering the lower cost of living and housing prices in the IE region. Overall, Latina Business Owners in the IE region have lower level of

educational attainment and are more family oriented (e.g., larger family sizes and more young kids at home), when compared to other areas. This is consistent with their relatively lower business ownership as shown earlier in **FIGURE 2**.

**TABLE 2. INDIVIDUAL CHARACTERISTICS OF LATINA BUSINESS OWNERS**

	CA STATE	LA COUNTY	ORANGE COUNTY	IE REGION
AGE	45.0	45.2	45.2	44.6
HIGH SCHOOL	62.7	69.7	60.0	59.8
ASSOCIATE	26.5	20.8	27.7	32.4
BACHELOR	12.4	10.7	13.5	9.5
ENGLISH	65.1	57.6	67.0	75.3
FOREIGN	70.2	79.2	71.9	58.5
FAMILY SIZE	3.7	3.7	3.8	4.0
MARRIED	50.7	44.3	52.2	54.4
CHILD <5YRS	11.3	10.7	11.0	12.4
SPOUSE WITH BUSINESS	18.9	18.0	19.0	18.5
HOME OWNERSHIP	43.8	34.5	38.4	60.9
UNEMPLOYMENT	6.2	7.0	4.3	7.2
WORKHOUR PER WEEK	30.8	30.7	30.8	30.9
PART-TIME WORKING	58.0	56.4	60.7	57.9
INCORPORATION RATE	14.6	13.9	12.2	15.8
HIGH-TECH INDUSTRY	1.3	1.4	1.3	1.1
JOB EARNINGS	13590	12673	13300	12880
BUSINESS INCOME	10126	10000	10138	9620
FAMILY INCOME	45366	37616	53980	49600
HOUSEHOLD INCOME	53427	46205	63492	56570

Notes: 1. Job earnings include all earnings from employment; Business Income is all the income from business and farms. All income variables are the median value of the data sample.

Source: Calculated from ACS.

## II. INSIGHTS FROM INTERVIEWS

Although individual paths for success followed by Latina businesses vary, contingent on age, gender, life stage, family background, human capital, operational strategy, industrial sector, and local context, in-depth discussions with the group interviewed revealed some key commonalities that allowed each to lead the development and growth of their businesses. The following summarizes key insights/takeaways from the interviews. They are classified from two vantage points: factors that influence success at the business owner level, and those at the operational and management of the enterprise. Finally, challenges related to culture and gender are being addressed.

### 1. FACTORS THAT AFFECT BUSINESS SUCCESS AT THE BUSINESS-OWNER LEVEL

#### (1) HARD WORK AND STRONG WORK ETHIC AS KEY FACTOR

They learned how to be successful by doing the hard work. This was especially true for Latina Business Owners who said that they have to work even harder than their competitors to achieve business growth and success.

As commented by Claudia, “I have confidence that I have the experience and the knowledge and the attitude, [...], the desire. I have probably one of the strongest work ethics that my parents instilled in all of us, which I think is inherent in all Latinos. We all have a very strong work ethic. Mum always told me, ‘Go the extra-mile, just do anything extra you can do,’ which I’ve always done.”

#### (2) BE PERSISTENT, CONSISTENT, AND PERSEVERE

Interviewees noted that it takes time to reach their goals. The business world is never easy;

“Every day it’s putting something there... always looking little by little, to realize your goals” (Sara). To reach their goals, business owners have to be patient, keep trying, follow their dreams, and never stop. Eva told us that when she started her businesses, she got divorced, her mother had just passed away, and she had to go live in her sister’s garage with her four kids. But she didn’t give up. Similarly, Lisa wanted to encourage all newcomers to “Don’t give up. I don’t care how many times they say no, you can’t. You’ve shown that you can never give up. I don’t care what the circumstance is, life’s too short. Make an impact. Shine. This is our time to shine, especially right now with women.”

### **(3) HUMAN CAPITAL AND CONTINUING EDUCATION ARE THE MOST POWERFUL WEAPONS FOR LATINA BUSINESS OWNERS**

Prior work experience, English fluency, bilingualism, and formal education are all important to build human capital and social capital. About 65% of interviewees emphasized that continuing education is equally important to formal education. Although very few had an MBA, the majority had attended training programs or short courses offered by universities, the Small Business Administration, the Small Business Development Centers (SBDCs), and a variety of non-profit organizations. Some of them also studied via webinars and online courses.

### **(4) ABILITY TO THINK OUTSIDE THE BOX**

Entrepreneurship is the process to identify, evaluate, and pursue market opportunities; through this process, the entrepreneur creates value to customers through new products, services by creatively mobilizing and capitalizing resources in different geographical contexts. Participants believe that attributes such as creativity, uniqueness, and innovation are key to identify their competitive advantage, target market and for growth. For instance, respondent Eva summed it up as, "You always have to be thinking outside of the box. How do you get creative with the business?"

### **(5) MENTORSHIP PROMOTES GROWTH**

About half of the interviewees identified having a mentor or several mentors as tremendously helpful for growth. These mentors interact with Latina Business Owners in a variety of ways such as guidance with procedures of startup, providing advice on business operations, setting up practical business goals, developing strategy, and building social networks. The majority of mentors come from training programs or workshops that the business owners attended with the supporting organizations or government agencies. They also include family members who are entrepreneurs, or individuals that they have met in prior work experiences, such as a former boss or via participation in internet communities.

## **2. FACTORS THAT INFLUENCE SUCCESS AT THE BUSINESS LEVEL**

### **(1) COMPETITIVE ADVANTAGE AND MARKET DIFFERENTIATION**

Being innovative is a key attribute of successful business owners. Similarly, at the business level it is critical to identify how to be unique in the market and to stand out from competitors. One interviewee brought up the concept of competitive advantage (Porter 1985), which refers to the leverage a business has over its competitors.

## (2) REPUTATION, REFERRALS, AND QUALITY PRODUCT OR SERVICE

The majority of interviewees indicated that they do not normally market through formal media channels such as newspapers or television. Instead, they source or reach clients through social networks, word of mouth, and referrals. Providing quality service and products that are reliable and meet the needs of the customer is at the core of business success. The experiences of these successful businesses stress the importance of building a long-term relationship with customers that can then lead to growth and expansion.

## (3) BUILD AND LEVERAGE SOCIAL NETWORKS

Participants provided numerous examples about how social networks bring repeated clients, reliable employees, provide access to untapped markets, financial opportunities, and information on resources. These social networks form in different ways. Several business owners stated that friendship was key in helping their businesses grow. Some suggest following a couple of “thought leaders” – especially Latinos who are creating communities around them – or companies or organizations who focus on the underserved and under-marketed Latino small business owner.

The role of social media through platforms such as Twitter, Facebook, and websites for businesses, is another crucial means for social networking and customer sourcing. Professional networks are the most commonly cited and powerful tool for these businesses to develop relationships that allow them to grow. Some entrepreneurs pay to join national industry-specific associations to access their associated social networks while the majority depend on local organizations associated with race/ethnicity, gender, or small business development centers. Several organizations and institutions that promote social networking were mentioned by the interviewees. Membership in such organizations sometimes translates directly into more business, but, in most cases, these organizations provide access to additional resources and information. In addition to regularly attending these conferences, workshops, and social events, serving on different non-profit organizations' boards opened the door for many of our interviewees.

In addition to the major aspects listed above, interviewees mentioned other factors that affect success. These included hiring the right people, cultivating a teamwork culture, keeping up with market changes and technology, diversifying customer markets, and collaborating with other businesses.





### 3. IMPACT OF COMMUNITY ORGANIZATIONS AND PARTNERS IN SMALL BUSINESS DEVELOPMENT

Our interviewees repeatedly emphasized the importance of community organizations and partners supporting the development of small business, especially Latino and women owned businesses. Organizations such as SCORE, the SBA, the SBDC, the Women Business Center, CSU San Bernardino, UC Riverside and some other industry specific associations provide valuable services from assistance with business startup to support with growth and access to financing.

Due to limited family wealth and lower socioeconomic status, in general, these resources are not readily available in most Latino neighborhoods or Latina business communities. Therefore, the support provided by these organizations and partners are indispensable for Latina entrepreneurs to start and grow their business. Interviewees indicated that support can take multiple forms, such as:

1. Guidance through the business startup process, including providing basic information regarding company formation, legal structure, and technical assistance.
2. Assistance with access to continuing education through workshops, webinars, speaker series, and a wide variety of relevant training programs.
3. Hosting of social and networking events and providing training on the effective use of social media-related technologies.
4. Delivery of direct mentorship to Latina businesses and assistance with building local business communities.
5. Providing information on resources, access to financial services, and relevant policies and guidelines on how to access capital.
6. Empowering women business owners of color and fostering inclusive entrepreneurial ecosystems at the local level and throughout IE region.

### 4. CHALLENGES FOR BUSINESS DEVELOPMENT AND GROWTH

#### (1) LIMITED ACCESS TO FINANCIAL ASSISTANCE

Study interviewees seldom started their businesses by obtaining business loans. Instead, the majority of participants utilized their own resources such as personal savings, funds from family members, or refinanced their cars and houses. Several observations are worth noting:

1. The majority of participating businesses started small, with small budgets, expenses, and number of staff.

2. There is uneven information available to business owners on how to access loans and capital. They are not always financially literate and do not always qualify for commercial loans.
3. Access to capital requires financial literacy as well as a strategic business development plan. The challenges of accessing financial assistance need to be addressed from the provider side as well as from the business and business owner side. This echoes the earlier argument that training and continuing education are extremely important for Latina business owners.
4. Over time, businesses become ready for business loans, which in turn help their growth. More established businesses said that they are now working with agencies to get business loans.

Overall, business owners need greater financial literacy, information on available resources, and strategic plans to grow their businesses. Moreover, as their businesses grow, their need for financial assistance will grow significantly. This promises a dynamic market for financial institutions. An accurate understanding of emerging markets in underserved communities can result in innovative – and effective – financial products and services.

## **(2) LIMITED ACCESS TO TRAINING AND CONTINUING EDUCATION**

More than half of the participants emphasized the need and importance of training and education. Training needs include the basics of starting a business, financial literacy, certification, how to prepare a business plan, and access to industry-specific knowledge. Flexibility in terms of time and format was indicated as helpful.

## **(3) LIMITED MARKETS AND RESOURCES IN THE IE REGION**

Consistent with the opportunities and challenges facing the IE region as a whole, the business participants see potential for growth. However, concerns remain:

1. Difficulty recruiting employees. Several business owners indicated that it is extremely hard to find the right people, especially reliable employees.
2. Limited regional markets. Business owners from various industries discussed consumer market constraints. Their comments indicate that diversifying the local economy, advertising the region's assets, alleviating poverty, and integrating small businesses into local industrial concentrations (such as logistics) can provide significant potential.
3. Limited social networking events, training programs, and resource awareness. Business participants commented that there are limited opportunities, especially social events

that are available for them to socialize with different stakeholders. Some business owners believe there should be more training programs. These needs could be due to the fact that appropriate services and resources are limited for Latina businesses. It could also result from the lack of information in Latina business communities. For example, the community service providers identified that one of the main challenges for them is, that despite the existence of abundant resources dedicated to assist the entrepreneur community, the community does not necessarily know where to get the information they need.

4. Lack of mentor and role models in underserved communities. Investment in Latina Business Owners extends far beyond its economic impacts. Their community involvement can potentially become a significant catalyst for growth from the inside of traditionally underserved communities. For example, many echoed the need to pay attention to youth in traditionally disadvantaged neighborhoods. However, due to low business ownership and limited wealth in Latino communities, mentors and role models are needed to encourage potential Latino entrepreneurs to start and grow their businesses.

## 5. CULTURAL AND GENDER ISSUES

### (1) BEING A FEMALE BUSINESS OWNER

Many of our participants shared experiences of feeling disadvantaged as a female business owner. These difficulties arise from gender stereotyping, customer discrimination, and problems with accessing the broader, male-dominated social networks. On the customer side, when dealing with male clients, women business owners often perceive a lack of trust and a slower process to build that trust, especially when compared with their male business partners. For some Latina Business Owners, carrying much or all of the housework and childcare responsibilities makes it more difficult for them to fully dedicate their time to their business. Some women may not want to start their own businesses because of family responsibilities.

Although most of the interviewees have had many negative experiences, they have grown through their failures and hard lessons, continuing education, strategic planning, proactive self-promotion, and innovative business operational strategies. Some business owners particularly pointed out that being a woman provides them unique perspectives in running their businesses and approaching opportunities. In particular, taking the advantages of public policies in promoting minority and women businesses is highly recommended by the established businesses. As Vivian put it, "Being certified a woman business owner, we get priority for some projects, which is great. So, there is an advantage."

## (2) BEING A LATINA

From the interviews we found that the negative perception and stereotyping of female business owners is always related to their being Latina. Latina Business Owners think that it is much more difficult for them to break through the social barriers in order to access broader networks and opportunities. In addition to stereotypes around Latina Business Owners, other factors such as poor English proficiency and immigration status are significant barriers for foreign-born Latina Business Owners. Many – particularly immigrants – are hesitant to ask for help. Furthermore, some business owners mentioned two challenges of being Latina: first, Latinos generally do not have enough resources and experiences to support potential entrepreneurs even if they want to. Second, Latino culture does not promote risk-taking for ambitious Latina entrepreneurs. These points were also raised in the focus group discussion with community stakeholders.

However, being a Latina Business Owner is not all negative. Some think a good work ethic, being hardworking, having a passionate personality, and coming from a rich culture grant Latinas an inner strength that they should feel proud of. In particular, growth of the Latino population brings huge profitable consumer markets. With a niche market in the Latino population, bilingualism is one of the most valued skills for Latina Business Owners. Both business owners and community stakeholders commented that Latino communities are strong and loyal, which calls for business strategies to serve a market that offers immense potential.

Based on interviews and analysis, the following are some recommendations to be implemented by organizations supporting the creation and growth of Latina-Owned Businesses.



## RECOMMENDATIONS

### I. CONNECT ENTREPRENEURS WITH MULTIPLE STAKEHOLDERS IN AND OUTSIDE OF THE LOCAL COMMUNITY

1. Connection with peers in similar industries and with more experienced entrepreneurs in and outside of the IE region.
2. Connection with local governments, community organizations or any interested entities that develop programs to support LOBs.
3. Promote Latina and other women and ethnic minority businesses' community involvement. While many regard community involvement as a means of being philanthropic, it can be argued that being involved in the community provides a win-win interaction between businesses and communities.

### II. CREATION AND BETTER DELIVERY OF INNOVATIVE EDUCATIONAL PROGRAMS

More innovative programs are needed on language training, credit building, and legal assistance for Latina businesses. These organizations should also encourage and motivate Latina businesses owners to become more engaged with these supporting organizations, government agencies, and community partners.

In order to foster better communication and collaboration among Latina businesses and community organizations, supporting organizations and local service providers need to be more innovative in order to create and deliver programs that fit the needs of the Latina business community. Suggestions include:

1. Addressing the information gap by developing a web-based database of available resources and services for small businesses.
2. Creating a one-stop-shop for Latina startups.
3. Supporting and increasing programs that mandate female and minority participation in business and integrating childcare assistance into start-up assistance programs.
4. Providing more avenues for social networking within local business communities and encouraging communication between women-owned businesses and supporting groups, especially for small business owners with limited budgets.



5. Providing information, mentoring, training, technical assistance, and connections between Latina businesses and all other stakeholders, especially local financial institutions.
6. Promoting stronger relationships between women-owned businesses, banks, and local financial institutions.
7. Creating more industry-specific and business cycle-specific programs.

### **III. FACILITATE ACCESS TO CAPITAL**

1. Organizations should work towards increasing entrepreneurs' understanding of business financing and the importance of business plans before approaching banks and other financial institutions. Strategic programs and streamlined processes will aid new entrepreneurs' access to capital. Financial literacy efforts should also cover credit scores and how to build relationships with banks and other financial institutions.
2. Financial institutions interested in serving this rapidly growing community, should take proactive strategies to engage with the Latino community, targeting Latino businesses, the Latino population, and non-traditional markets in the IE region, with multilingual, multicultural, humanistic, and community-based approaches.
3. Local organizations and community stakeholders can play a strategic role in building up the education and outreach programs to connect the entrepreneur and financial institution sides. A healthy entrepreneurial ecosystem, which especially nurtures Latino and immigrant businesses, needs to have multiple approaches.

### **IV. CULTIVATE A NURTURING ENVIRONMENT FOR MINORITY AND IMMIGRANT ENTREPRENEURS**

1. It is important to acknowledge and raise awareness around stereotyping and discrimination against Latinos and immigrants. In particular, an organizational, service-delivery, and advocacy infrastructure that better meets the needs of Latinas, other women, and ethnic minorities-at-large will benefit minority populations, minority businesses, and the broader society.
2. Community-engaged anchor institutions such as big corporations, institutions of higher learning, and philanthropic organizations should play a larger role. Bringing research, teaching/internships, and practice together, institutions of higher learning have great potential to promote an exclusive, efficient, and healthy entrepreneurial ecosystem in the region.

3. Public policy is key to promoting an inclusive environment. Diversifying the economic structure and fostering the engine for economic growth will be beneficial for the IE region. While the typical economic development strategies such as tax abatements, subsidies, and low-interest loans to businesses are attractive to recruit outside businesses, public policies should be devoted to promoting entrepreneurship within communities. Latina Business Owners' experiences suggest that because of their strong ties with local communities, local place-based economic development programs will greatly benefit from integrating them.

## LIMITATION OF THE STUDY AND AREAS FOR FURTHER INVESTIGATION

1. Outcomes from this study are limited due to the difficulty faced by the authors and partners in recruiting Latina business participants.
2. It would be beneficial to compare the experiences of Latino men business owners to those from Latina Business Owners and between Latinas and other women business owners of color.
3. We do not know enough about the impact of Latina businesses in the local communities and the IE region. For example, what might be their impact on youth development, education, generational mobility, and community development-at-large? A greater understanding can increase the amount of societal support.
4. Studies to increase knowledge of the design and delivery of training programs and services across different communities. For instance, what are the characteristics of effective programs for Latina-Owned Business to access financial assistance? What are best practices that can be implemented across different stakeholders? How do cultural and gender differences affect how information is received and integrated?
5. In-depth studies on the impact of particular public policies. For example, it would be beneficial to examine the effects of certification on the growth of minority businesses and then take the examples to the minority business communities to demonstrate these impacts. For immigrant Latina business communities, it is extremely useful to examine the impacts of SB1159 in terms of how those types of policies can serve the underserved communities.

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CONTACT US AT:

National Latina Business Women Association-Inland Empire (NLBWA-IE)

OFFICE: (909) 204-7450

EMAIL: [info@nlbwa-ie.com](mailto:info@nlbwa-ie.com)

[WWW.NLBWA-IE.COM](http://WWW.NLBWA-IE.COM)

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