

# 2018 GEORGIA LATINO ENTREPRENEURSHIP STUDY



Report of Research Into the Characteristics, Challenges,  
and Needs of Latino Business Owners in Georgia  
April 24, 2019



In collaboration with the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI), and the UGA SBDC Office of Minority Business Development.

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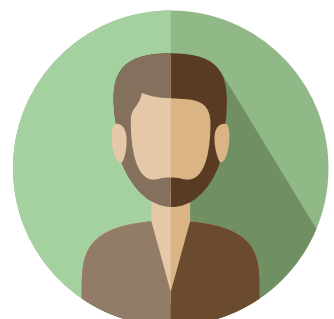
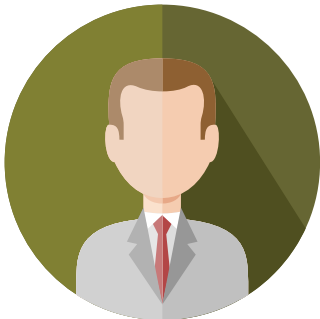


# THE GEORGIA LATINO ENTREPRENEURSHIP REPORT, FINDINGS & RECOMMENDATIONS

## ABOUT THE REPORT

The Georgia Latino Entrepreneurship Report (GLER) is a research project of the Latino Community Fund (LCF Georgia) to advance knowledge of Latino business owners in Georgia. It identifies needs and opportunities for these individuals to meet their potential and aspirations as breadwinners and wealth builders. Furthermore, the report presents findings and recommendations for the government, nonprofit, and financial sectors. It identifies strategies for equitable economic self-sufficiency and growth by creating and expanding opportunities for Latino business owners.

The 2018 GLER was possible with the generous support of the individuals and organizations that believed and invested time, talent, and resources in this project, as well as the collaborative partnership established with the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI), and the UGA SBDC Office of Minority Business Development.





# GEORGIA TEAM



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In collaboration with the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI), and the UGA SBDC Office of Minority Business Development.



## BACKGROUND AND HISTORICAL PERSPECTIVE OF LATINOS IN GEORGIA



Individuals from Spanish or Latino American descent have always had a presence in the state of Georgia. It was Hispanics who founded the first European settlement in the continental United States; specifically in Georgia San Miguel de Guadalupe in an area considered today to be Georgia's Sapelo Island.

In the 1950s, many Cubans arrived to Georgia escaping the regime. Puerto Ricans also called Georgia home looking for ways to improve their economic outlook and that of their families. Years later, immigrants became the workforce behind picking Vidalia onions, blueberries, and other fresh produce in South Georgia.

However, it would not be until the 1980s during the boom of the carpet industry in Dalton and poultry industry in Hall County, and later when the 1996 Olympics took place in Atlanta, that the Latino/Hispanic community grew in numbers and strength. It was during this time when the community first came to the attention of many residents and decision makers in Georgia.

Concerns about the lack of sufficient numbers of local workers to complete stadiums and other infrastructure led to the recruitment of thousands of migrant workers from California and Mexico to help build the infrastructure for the games. New workers in Georgia settled in the counties of Fulton and DeKalb due to the proximity with the job sites, affordability and availability of access to public transportation at that time.

From 1990 to 2000, Georgia became the third largest state for migrating Hispanics and Latinos with a 300% growth (Georgia State Fact Sheet. National Council of La Raza, 2003). The population grew from 30,000



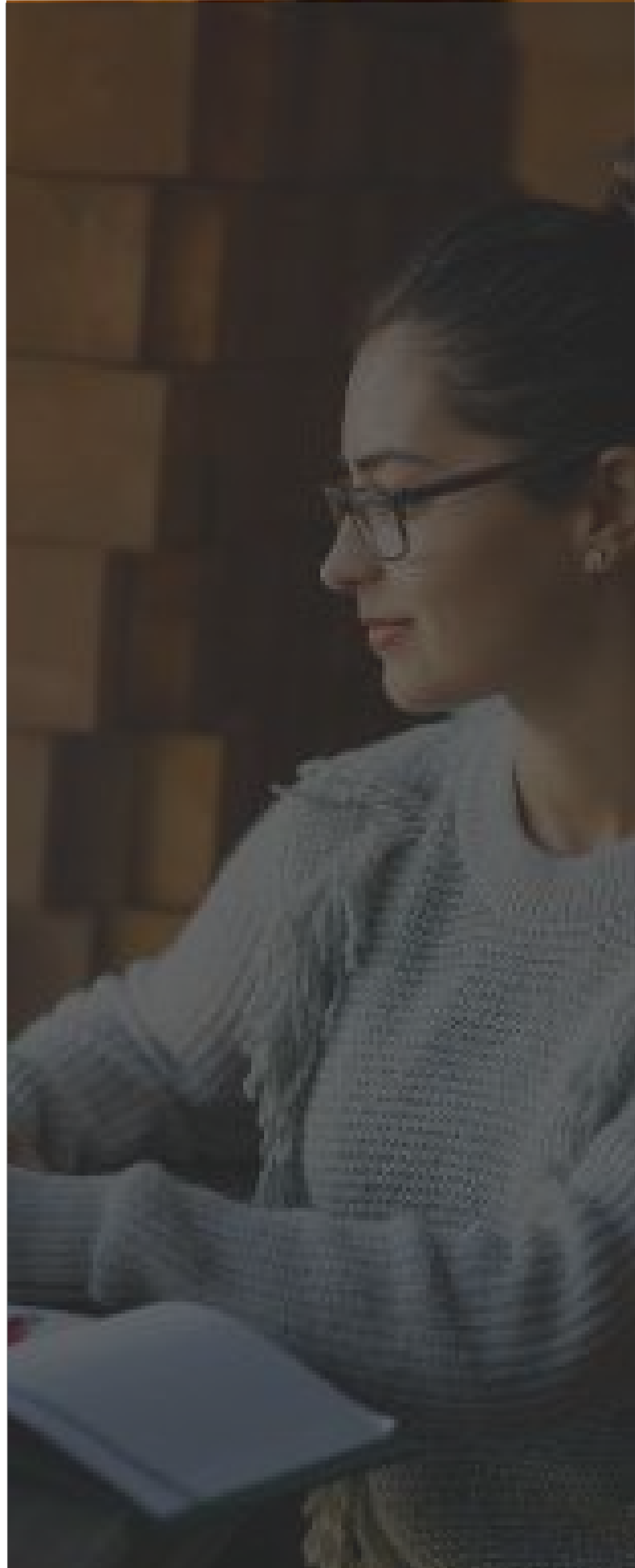
Hispanics in 1982 to over 230,000 in 1996.

Over time, these construction workers, mostly young and single men, stayed and formed families. Their main occupation evolved from construction workers to maintenance workers, then to hospitality workers, and eventually into business owners of small establishments that cater to a community primarily composed of first-generation immigrants from Mexico and Central America.

At present, nearly one million people of Latin American descent, mostly young adults and children, comprise the vibrant, diverse, and generally dispersed Latino community who call Georgia home. Today, US-born Latinos spurs the growth of Latino communities.

A third of the community's population is younger than 17 years-of-age, and 87% of these Latinos are American citizens (2015 Status of Latino Health in Georgia, HHCGA). This community is the fastest growing Latino community in the country.

Furthermore, according to a recent report from American Express (2017 State of Women-Owned Businesses Report - American Express), Georgia is also home to one of the groups opening businesses faster than any other demographic segment in the country: Latino women. This report and its findings illustrate the journey of Latino business owners in Georgia, the many intersections with local, state and federal policies and programs, and the opportunities to strengthen specific need-based segments



## STUDY OBJECTIVES

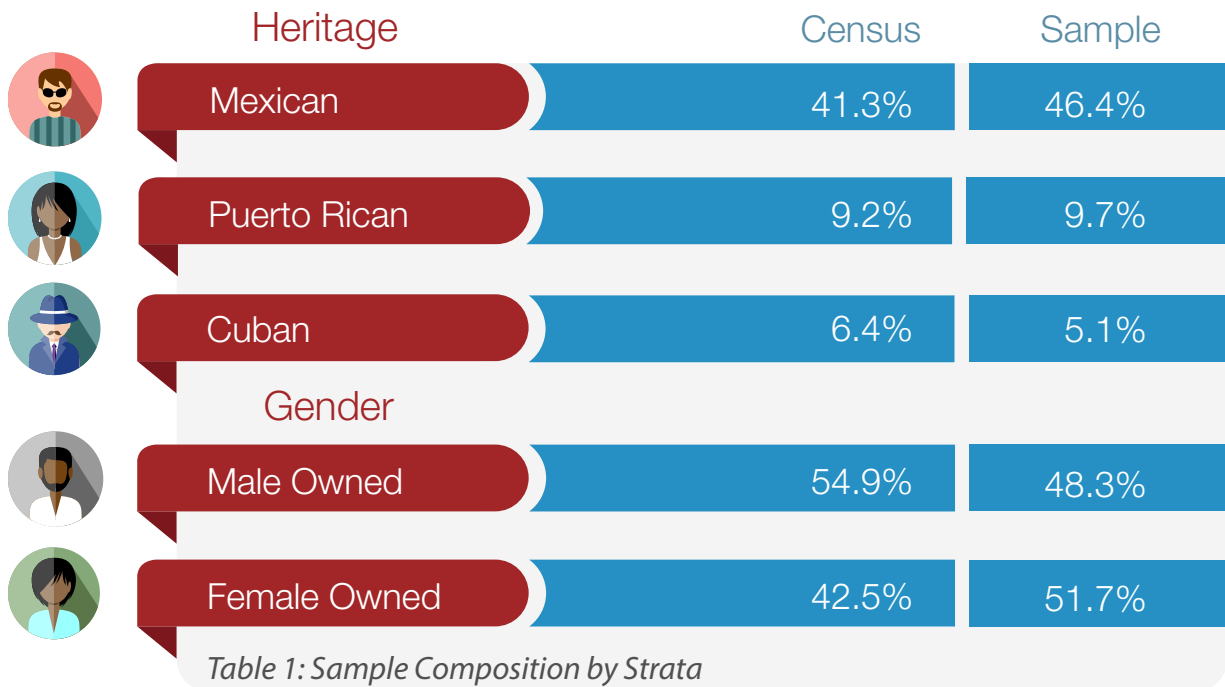
The goal of the Georgia Latino Entrepreneurship Study (GLES) is to generate data and insights about the state of Latino business entrepreneurship in 2018. Three specific objectives of the study are:

- 1) Assess the state of Latino-owned businesses in Georgia.
- 2) Understand the different types of Latino business entrepreneurs in Georgia.
- 3) Identify key enablers and challenges that affect the performance of Latino-owned businesses in Georgia.

## RESEARCH METHODOLOGY

The study took place in collaboration with the Stanford Latino Entrepreneurship Initiative (SLEI). In a preliminary phase, a steering committee formed of community leaders, research experts, and academicians identified the areas of inquiry for the study. The team worked with the SLEI to include questions in the SLEI national survey.

The team used a stratified sample design based on the characteristics of Hispanic-owned Businesses in Georgia as reported by the 2010 Census data with a focus on gender and heritage. As shown in Table 1, the study sample is quite representative of the larger population of Latino business owners in Georgia.



Data for Georgia was collected in a variety of ways including community outreach 60% and other methods such as online participation 40%. The community outreach took place in partnership with Coalition of Latino Leaders, Cross Keys High School Entrepreneurship Track, Georgia Hispanic Chamber of Commerce, Latin America Chamber of Commerce, La Alianza de Gainesville, and the University of Georgia Small Business Development Center - Office of Minority Business Development. Surveys were available in English and Spanish.

The figures below provide an overview of the total national sample collected by the SLEI and the Georgia sample of Latino-owned businesses compiled by the local community partners.

## NATIONAL SAMPLE

Advanced States:

(n=2,407)

Texas

California

New York

Florida

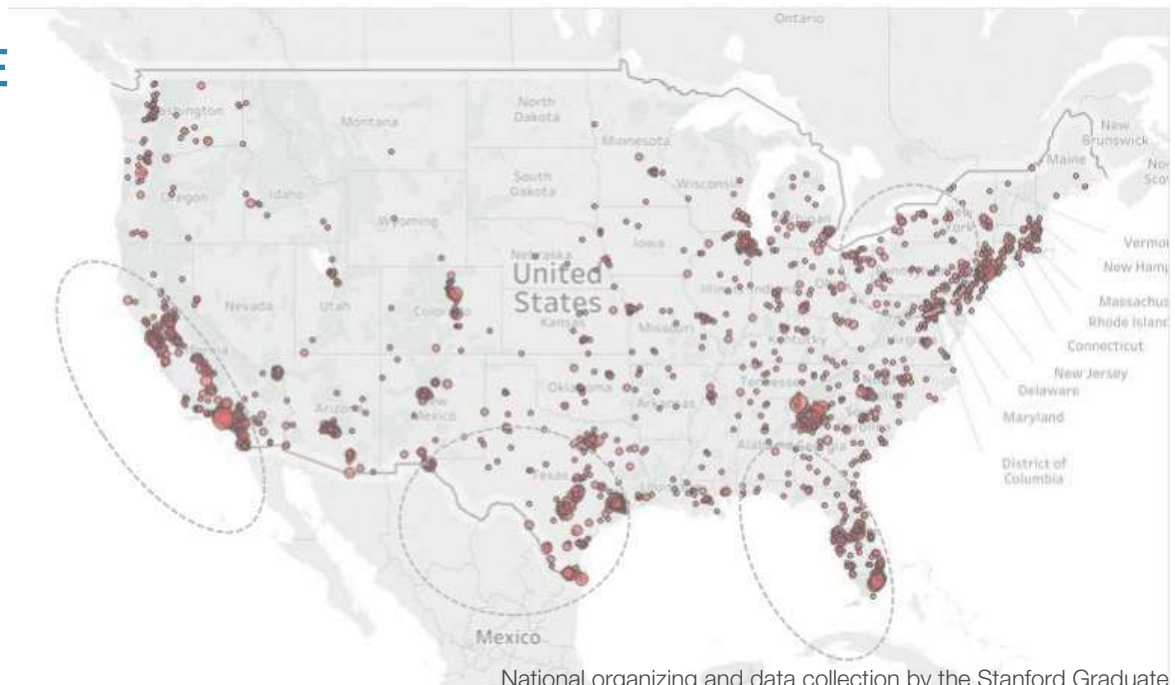
Georgia

(n=371)

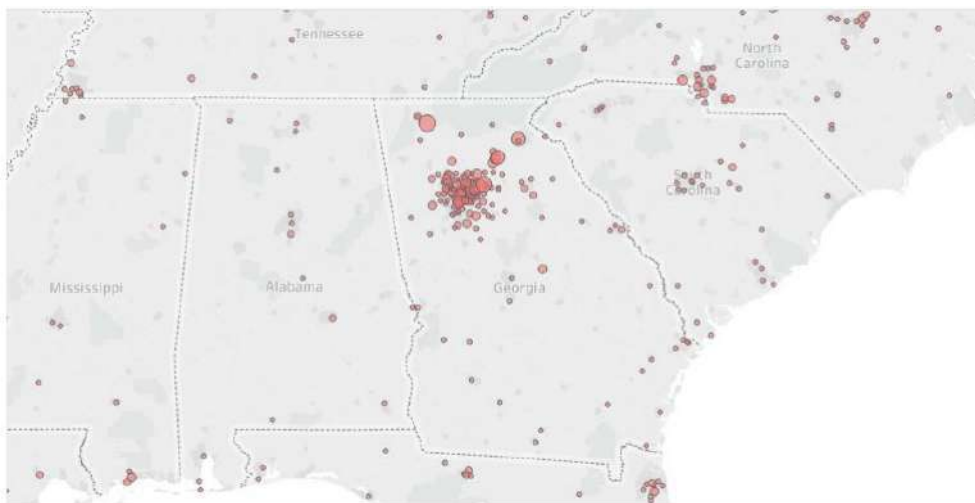
Rest of USA

(2,003)

**Total: 4,781**



## GEORGIA SAMPLE BY ZIPCODE



The analysis of the data followed the same methodology that SLEI implemented in the national report by weighting variables according to industry, region, as well as the business size defined by revenue and number of employees. The weighting approach approximated sample proportions to the population of Latino-owned businesses in the United States.

A comparison between the results and two segment groups provides a perspective of conditions affecting the Georgia population of Latino business owners. The first segment is a group of states referred to herein as the “Advanced States”, which includes California, Texas, New York, and Florida. These are states with: (1) well established Hispanic communities, (2) representation of Hispanic-Americans across all governmental levels and (3) long-standing trajectories of Hispanic community organizations. The conditions in the “Advanced States” are a goal to which Economic Developers, Technical Assistance Organizations, and Entrepreneurs can inspire to. The second segment, referred to herein as “Rest of USA”, is composed of the remaining states in the dataset, and it provides a second benchmark or set of conditions to compare with the data from Georgia.





# WEALTH IN LATINOS AND ENTREPRENEURSHIP

Nationally, Latinos comprise an estimated 17% of the population in the United States but hold only 2% of its wealth. According to the Pew Research Center, Demographic profile of Hispanics in Georgia 2014, Latinos in Georgia have a median income of \$21,000, the lowest income bracket of any demographic group in the state. The study also reports that 41% of Latino children under 17 years of age live below the poverty line.

The 2017 “Prosperity Now” report, “The Road to Zero Wealth: How the Racial Divide is Hollowing Out America’s Middle Class (RZW),” shows that the median wealth of Latino household declined 50 percent (from \$40,000 to \$20,000) from 1983 to 2013. Wealth for median black households declined 75% while median white household increased 14 percent from \$102,000 to \$116,800. The income projection for Latino households foresees a 12 percent decline by 2020.

The Health Impact Assessment of the World Health Organization (WHO) identifies income as a key determinant of health and wellbeing, including life expectancy and access to education. As a result, it is imperative to address systemic challenges limiting income gains and create the conditions that accelerate wealth creation for Latino families in Georgia.

Entrepreneurship is a critical path for wellbeing improvement in the Latino community. Traditional wealth-building avenues include homeownership, workforce development, and entrepreneurship. However, many challenges impede or limit Latinos in their ability to create wealth in the first two categories. Underemployment, high student debt, affordable mortgage credit barriers, language barriers, discrimination, and legal status are top challenges. Therefore, entrepreneurship becomes a path that allows community members to provide for themselves and their families as well as to build

1 Demographic profile of Hispanics in Georgia 2014, Pew Research Center

2 <https://prosperitynow.org/resources/road-zero-wealth>

individual wealth, create employment, and improve community institutions.

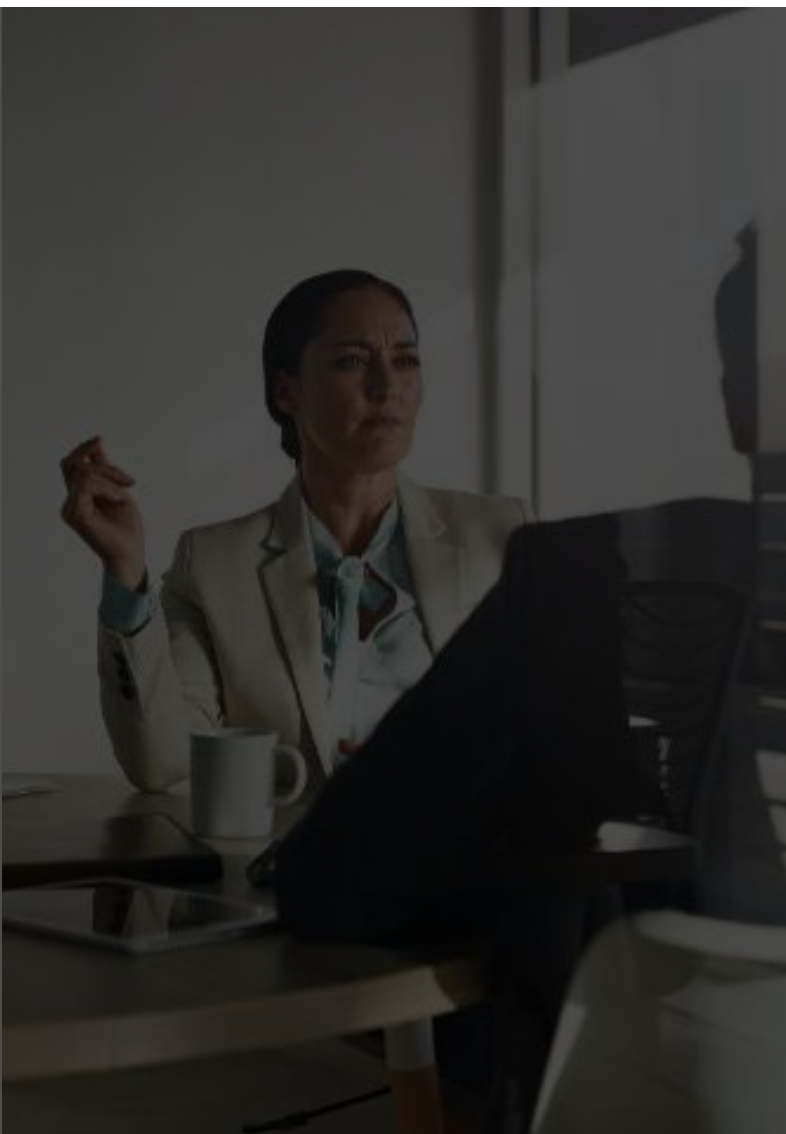
However, there are challenges in entrepreneurship. One of those challenges in Georgia is the HB 87 Illegal Immigration Reform and Enforcement Act of 2011 which mandates that any county or municipal corporation issuing or renewing a business license, occupational tax certificate, or other documents for any person operating a business, should secure evidence or an affidavit that the applicant has the approval to use the federal work authorization program. The preceding implies a legal presence in the United States. Thus, this mandate effectively limits the capacity of many entrepreneurs to operate lawfully, pay taxes, and be a visible part of the economy of their counties, cities, and regions.

Yet, other specific challenges and needs faced by the Latino community in Georgia have been largely unexplored in a systematic and rigorous way, generating a gap in the knowledge needed by regulators and service organizations.

Against this backdrop, this report aims to become one of the first comprehensive studies into the conditions, challenges, and needs of the Latino entrepreneur in Georgia. It also identifies success enablers for Latino business owners as critical opportunities to advance and reach their business potential.

The following section describes the key findings of the study:

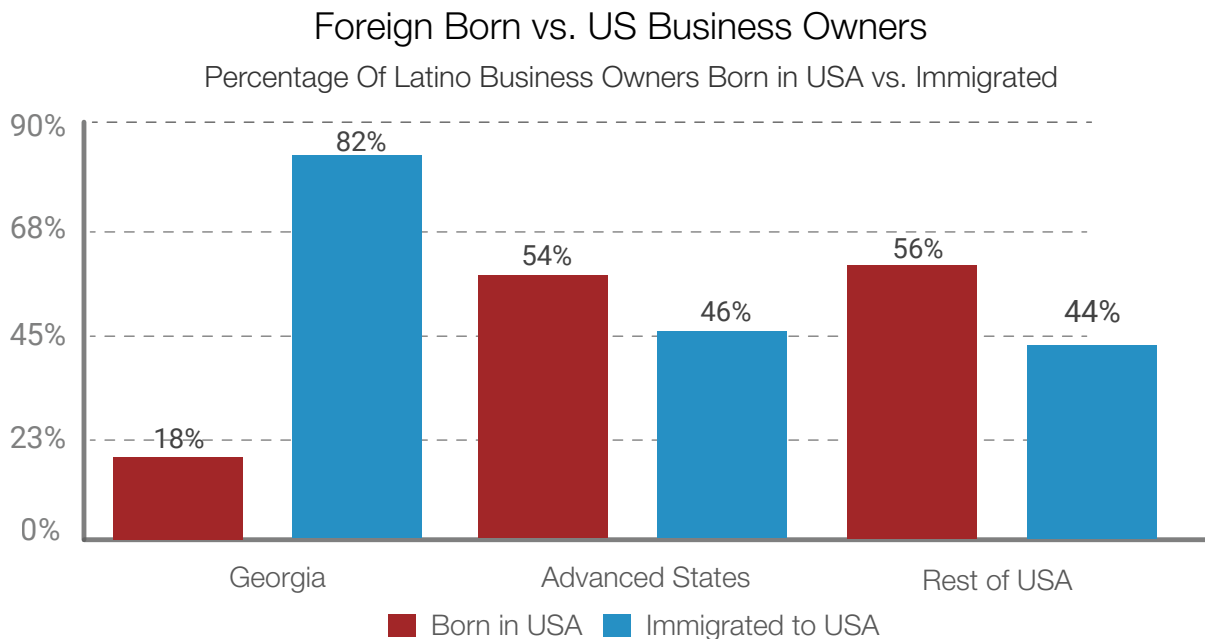
- I. Latino Business Owners in Georgia are Recent Immigrants.
- II. Georgia Latino-business Owners are Younger and Run Small Businesses.
- III. There are Significant Revenue and Income Gaps in Latina-Owned Businesses.
- IV. Latino Business Owners in Georgia Open Businesses Earlier.
- V. Latino Women Open Businesses Because They Have To.
- VI. Latino Business Owners in Georgia Exemplify the Entrepreneurial Spirit.
- VII. Latino Businesses are Family Businesses and are a Cornerstone in Georgia's Communities.
- VIII. Local Institutions Need to Adjust to Meet the Needs of Business Owners.
- IX. Enablers of Small Business Success are Education, Certification, Funding Knowledge, Personal Networks, and a Strong Social Safety Net.



# GEORGIA LATINO ENTREPRENEURSHIP REPORT FINDINGS

## I. LATINO BUSINESS OWNERS IN GEORGIA ARE RECENT IMMIGRANTS

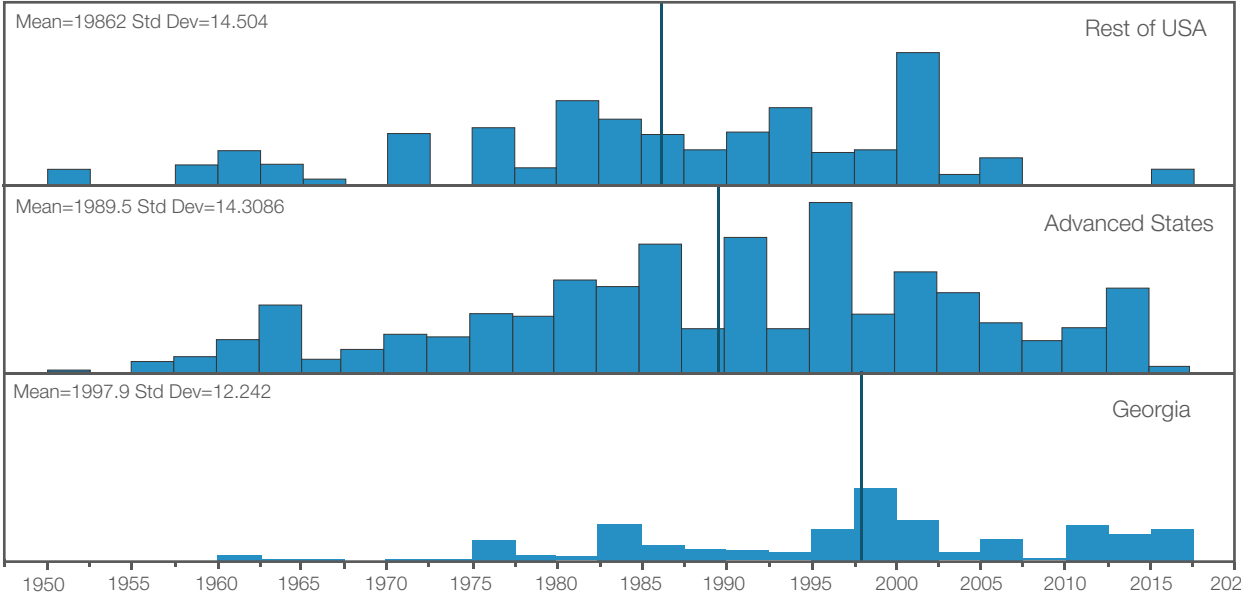
In contrast with the Advanced States and the Rest of the USA, 82% of Latino business owners in Georgia were born outside of the USA. The impact of this finding is far-reaching. Known challenges that affect Latino entrepreneurs in the Advanced States and the Rest of the USA, including but not limited to accessing networks and capital, are exacerbated with the additional limitations of English proficiency, legal status, and lack of knowledge in institutional system navigation.



The presence of Latino-business owners in Georgia is more recent than in other states. The table below shows the distribution of this population by year of arrival to the USA. Approximately 50% of the people in the Advanced States arrived before 1990, and in Georgia, the figure is around 27%.

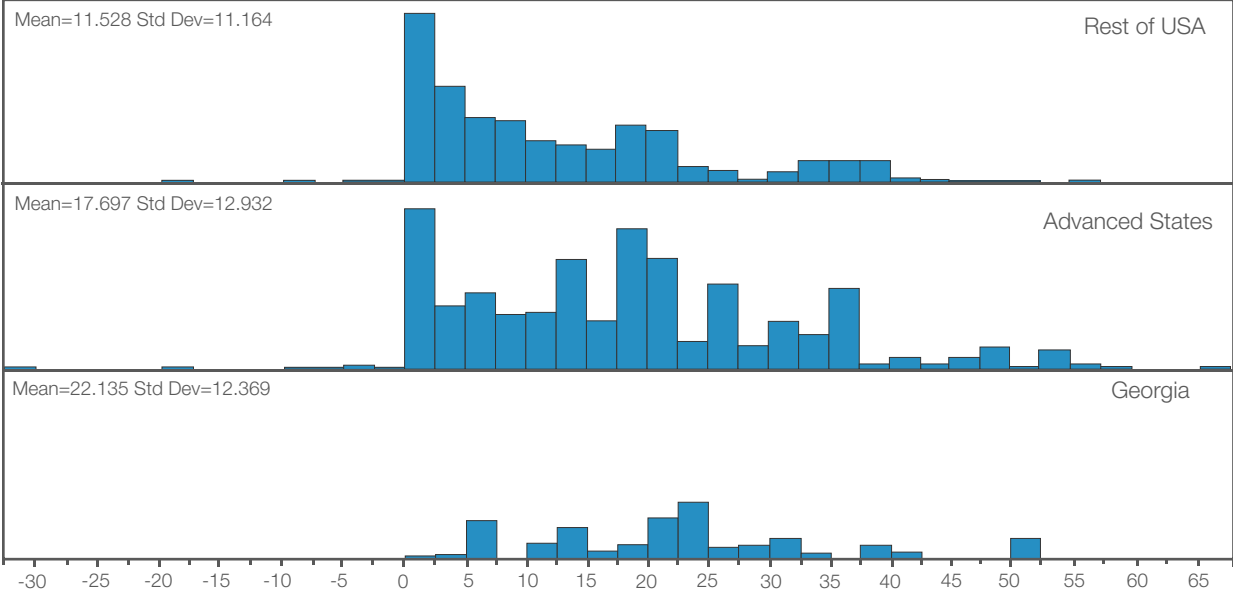
# Georgia Has More Recent Population of Immigrants

Q. In what year did you come to the United states?



# Georgia Immigration Age Skewed Older

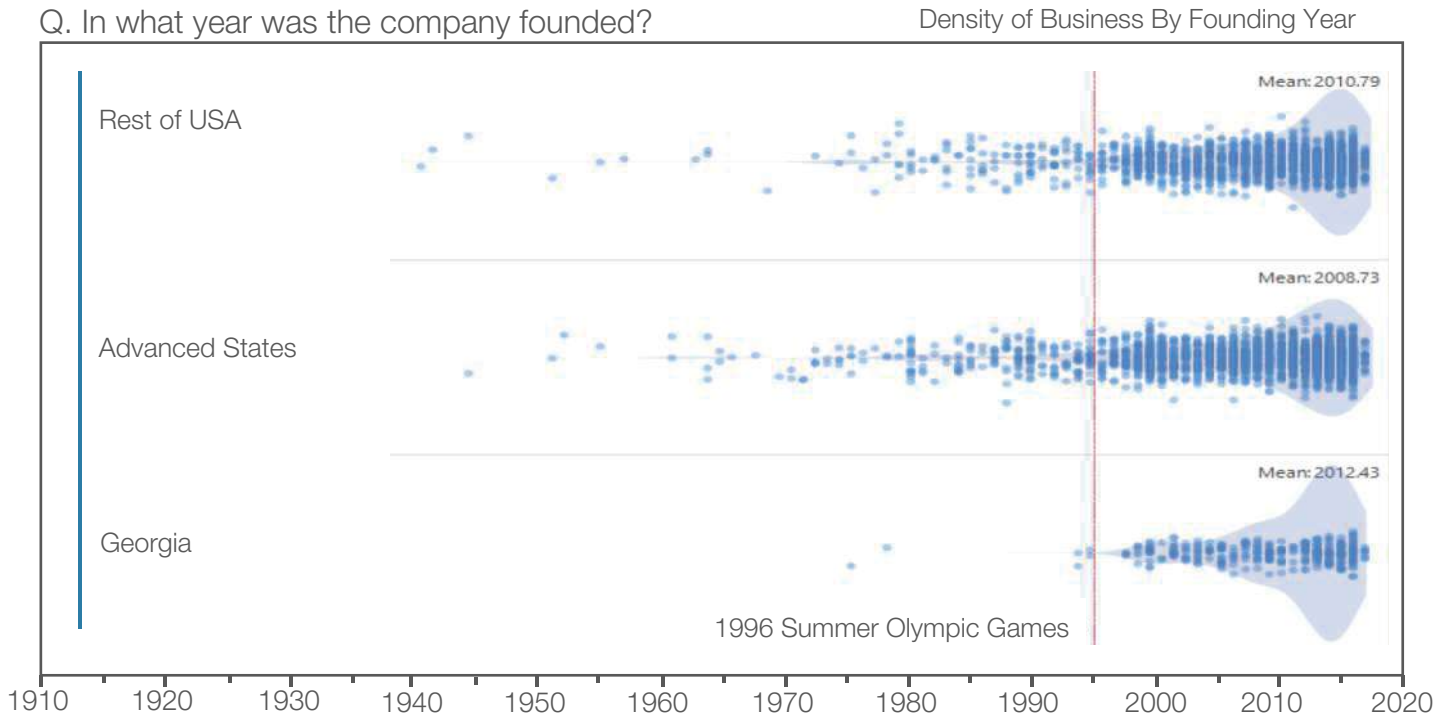
Q. At what age did you immigrate to the United States?



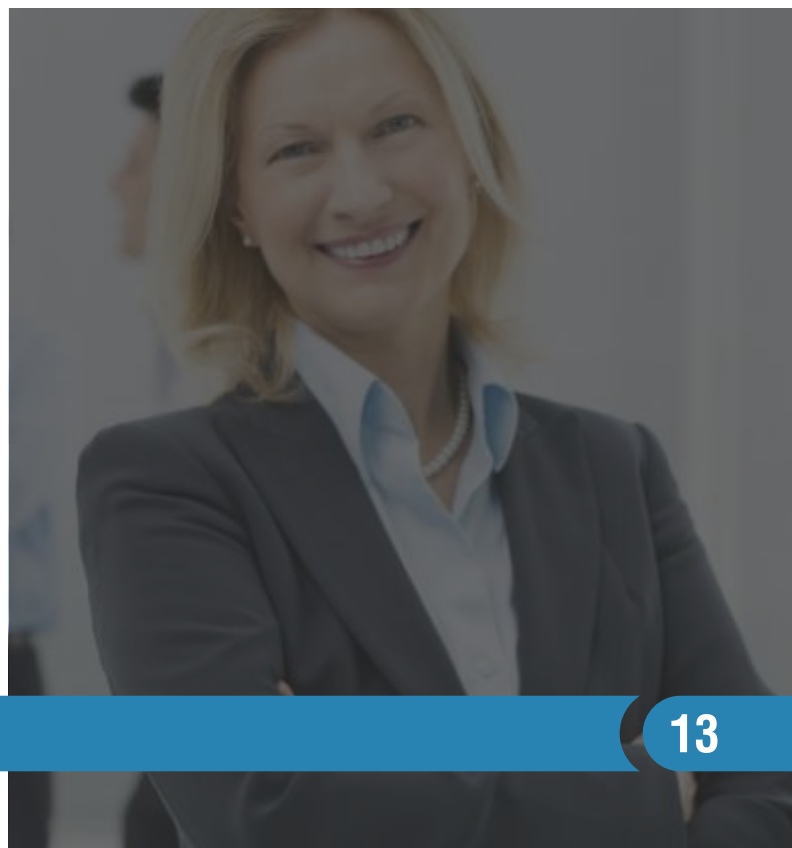
## II. GEORGIA LATINO-OWNERS BUSINESSES ARE YOUNGER AND RUN SMALL BUSINESSES

Following the known immigration patterns in the state and connecting the natural evolution from being construction employees to self-employed and entrepreneur, the presence of Latino-owned business becomes evident around the year 2000.

### Georgia Businesses are Younger



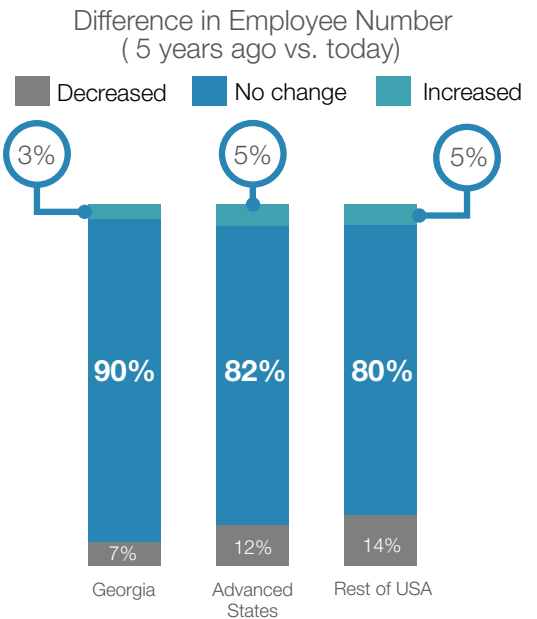
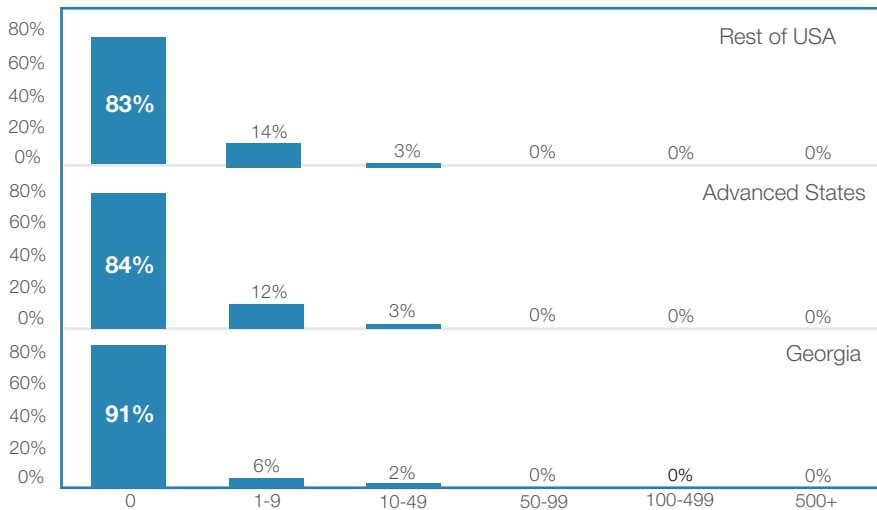
Latino-owned businesses are small and micro-businesses that primarily provide self-employment benefits to families in Georgia. Although self-employment can be a precarious form of employment with little social benefits, high risks and long working hours, it is concurrently an opportunity for financial self-sufficiency in families with limited employment options or avenues to secure income





## Majority Small Business with No Employees

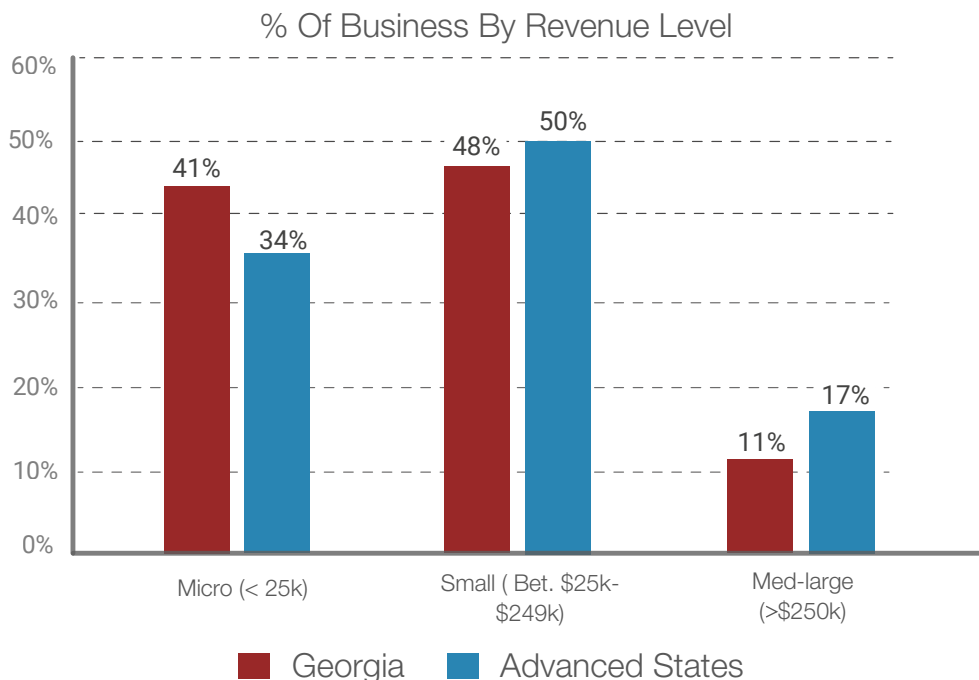
Q. Provide the number of employees at your business...



### III. SIGNIFICANT REVENUE AND INCOME GAPS IN LATINA-OWNED BUSINESSES

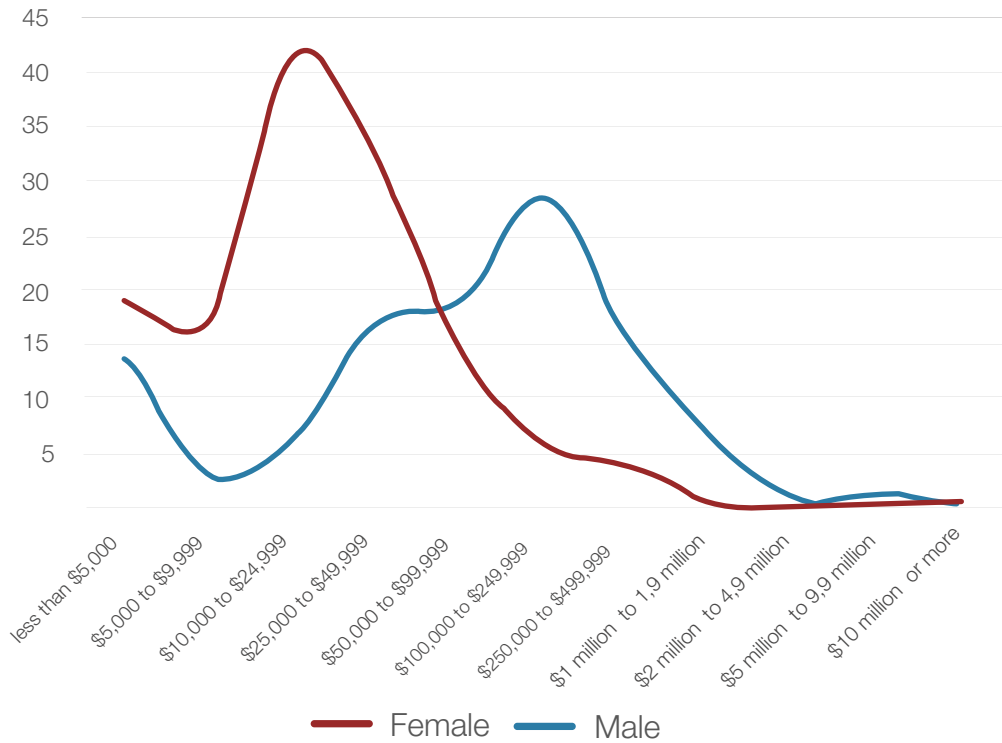
In terms of revenue, the businesses that Latinos own in Georgia are smaller than the ones in the Advanced States. 89% of Latino-owned businesses in this survey report median revenues below \$250,000 versus 84% in the Advanced States. The revenue gaps by gender are even more pronounced. In effect, while 64% of the businesses belong to Latino women, 95% of the businesses that Latino women own report revenues under \$250,000.

#### Latino Owned-Business by Revenue Size / Gender



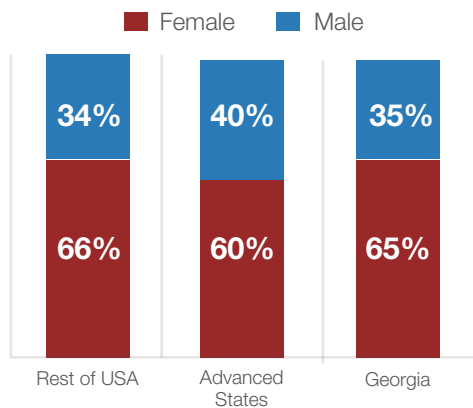
Income equality is an important enabler of community wellbeing. While income inequality persists between male and women owned businesses across most states, including advanced states, the gap is significantly greater in Georgia. The data shows that for Latino women, the median revenue gap with male-owned businesses in Georgia \$58,000 compared to \$46,810 in the Advanced States). In terms of income, the gap is approximately 2 times the gap in Advanced states (\$25,000 in contrast with the \$12,000 in the Advanced States).

### Revenue Level in Georgia by Gender

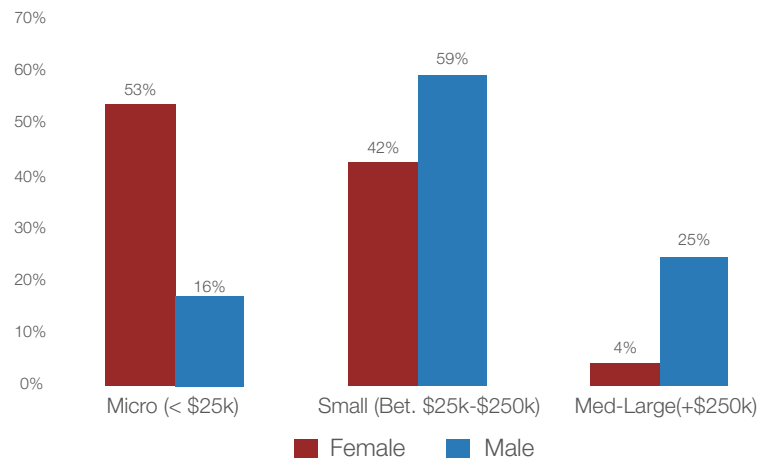


### Gender Profile of Latino Business Owners in Georgia

GENDER OF BUSINESS OWNERS BY REGION



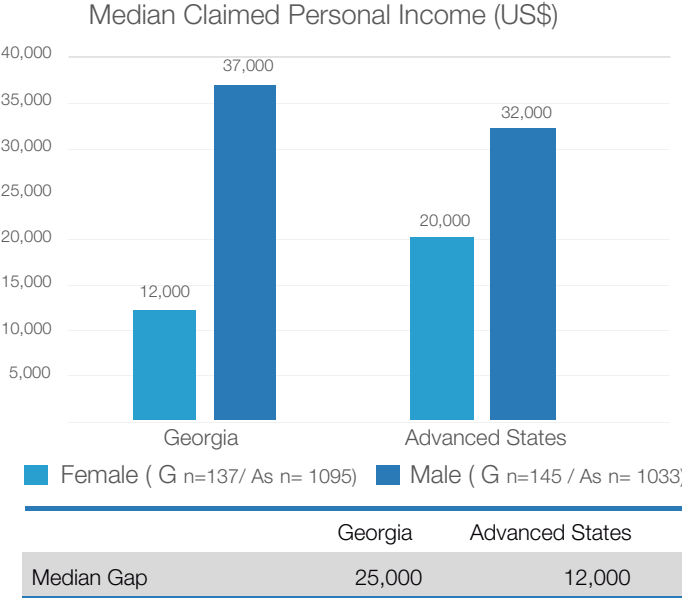
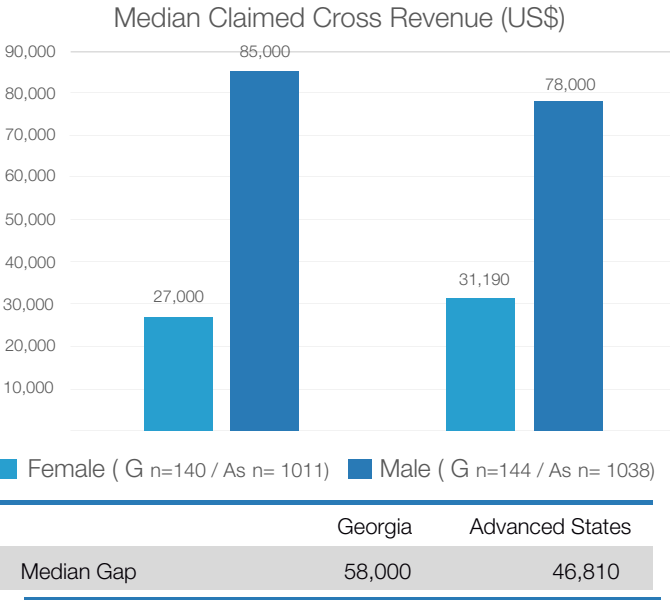
GENDER OF BUSINESS SIZE IN GEORGIA



For Latinas, the median revenue gap in the state is of \$58,000 when considering business revenue (compared to \$46,810 in advanced states, an \$11,000 difference) and a \$25,000 gap in income (compared to \$12,000 in advanced states).



### Median Revenue and Income of Small/Mid-Size Business Owners



Note: Excludes Claimed gross revenue / personal income > \$5 million



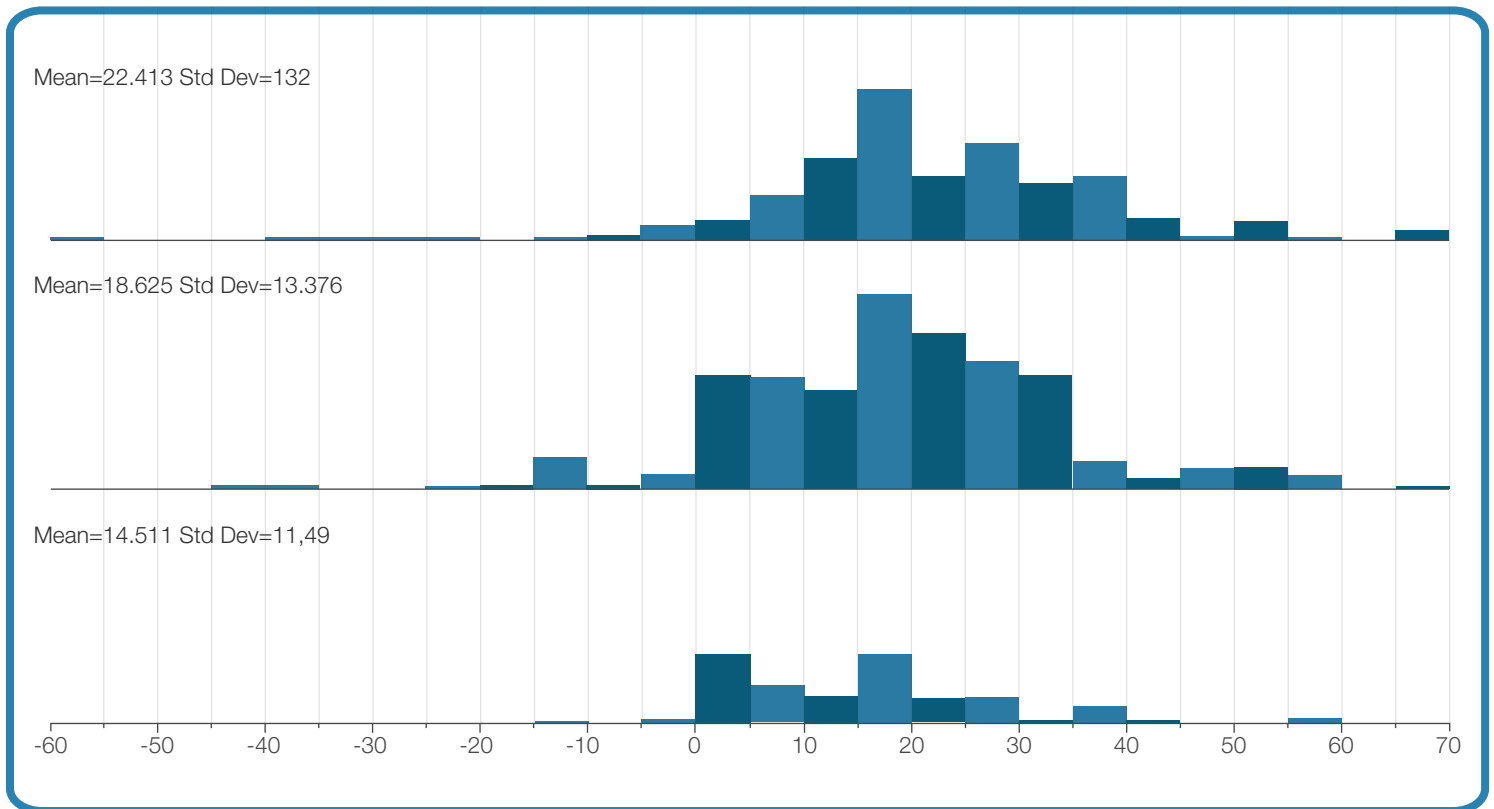


## IV. LATINO BUSINESS OWNERS IN GEORGIA OPEN BUSINESSES EARLIER

After immigrating, Latino business owners in Georgia open businesses on average 14 years after immigrating. The national average for Latino business owners is of 22 years after family migration.

### Georgia Immigrants Businesses Earlier

Difference in Years Between Immigrating to USA and Starting Busines



## V. LATINAS OPEN BUSINESSES BECAUSE THEY HAVE TO

The factors that motivate business owners to pursue an entrepreneurship route vary across two dimensions: Voluntary choices (pull factors) and involuntary choices (push factors) are part of this

study to understand the primary motivations that drive Latinos in Georgia to launch their businesses. The table below describes the motivators based on ranking by respondents as decisively influencing factors to start their own business.

Type	Motivator	Rank #1	Rank #2	Rank #3	Total Ranked Among Top 3
Pull	Wanted to be my own boss	43	74	46	163
Pull	Opportunity for greater income/Wanted to build wealth	62	19	56	137
Push	Balance work and family	51	32	28	111
Pull	Always wanted to start my own business	19	55	32	106
Pull	Best avenue for my ideas/goods/services	50	29	19	98
Push	Flexible hours	7	48	29	84
Pull	Working for someone else didn't appeal to me	7	6	34	47
Push	Job salary was too low to cover my costs	12	7	24	43
Push	Couldn't find a job/Unable to find employment	25	2	2	29
Pull	An entrepreneurial friend or family member was a role model	7	2	5	14

An important distinction emerges when assessing gender differences as motivational factors. “Pull” factors dominate the driving reasons for Latino male business owners. On the other hand, Latino women start businesses due to “push” factors. Motives include a lack of access to well-paid jobs due to the

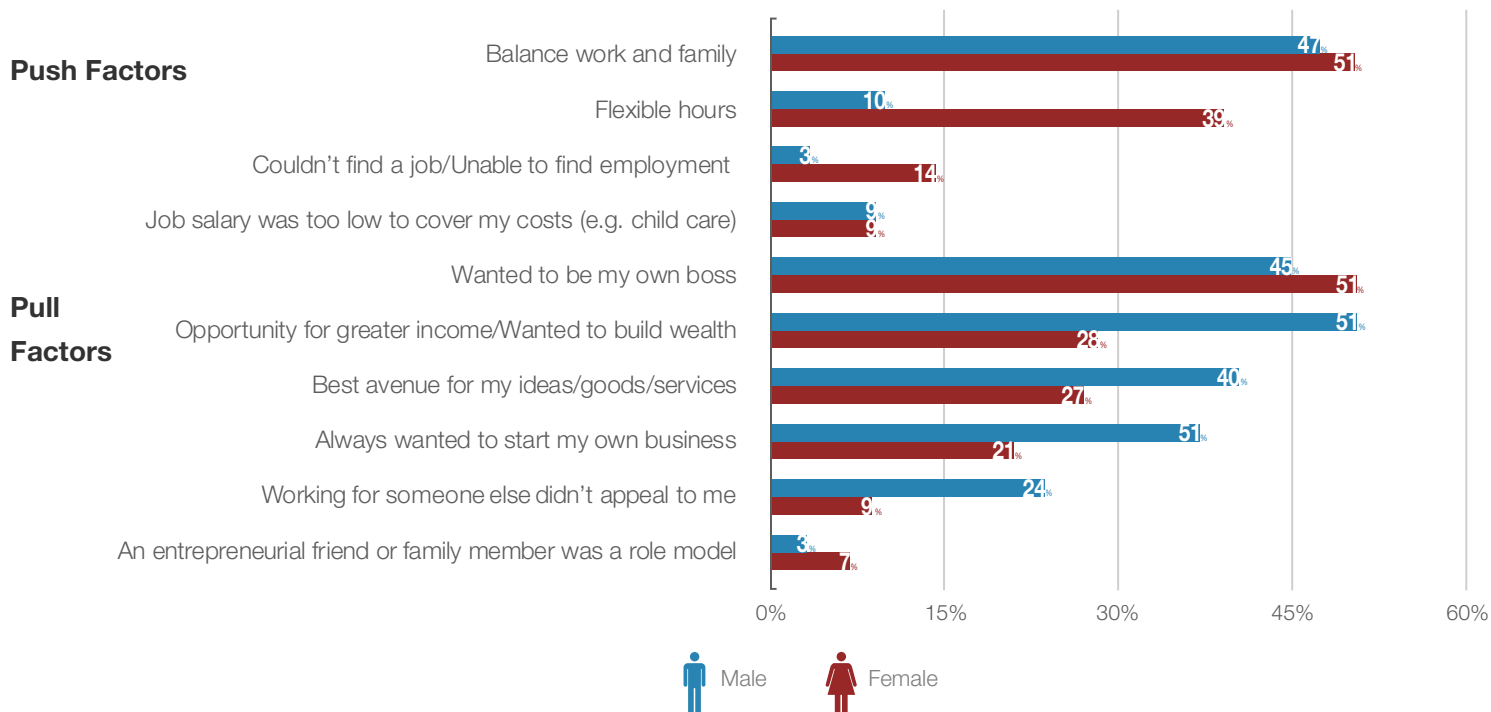
potential difficulties that first-generation immigrants face and mainstream challenges faced by women at-large, including flexibility to balance work-family and flexible hours. The 2017 National Women’s Council Report defines these “push” factors in women as “Necessity Entrepreneurship”.





# Motivation to Start the Business

## Georgia Latino Business Owners

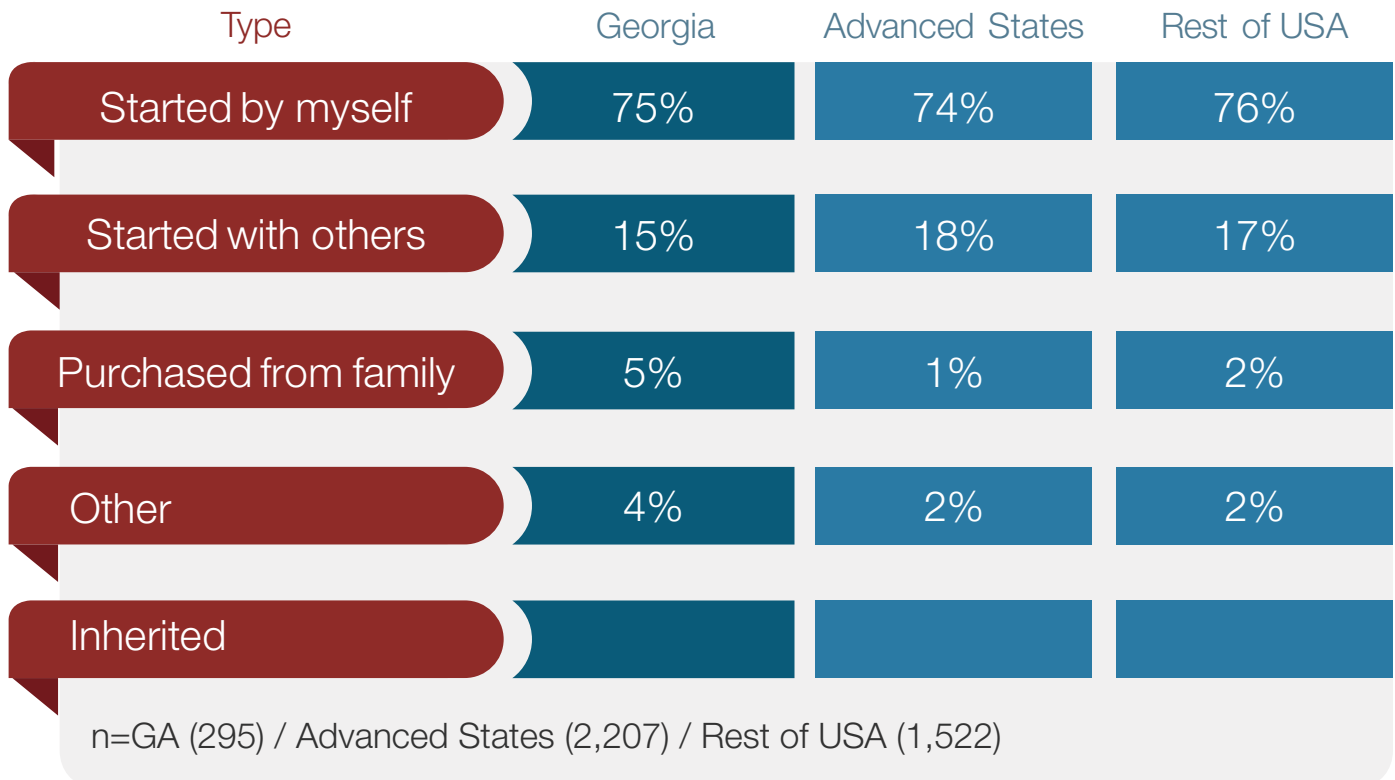


Sample: Georgia only / n= Female (145) / Male (147)

## VI. LATINO BUSINESS OWNERS IN GEORGIA EXEMPLIFY THE ENTREPRENEURIAL SPIRIT

Despite the “pull” factors, the chart below shows that the overwhelming majority of Latino business owners are self-starters, highly reflecting the national and Advanced States characteristics

### Owners as Self-Starters



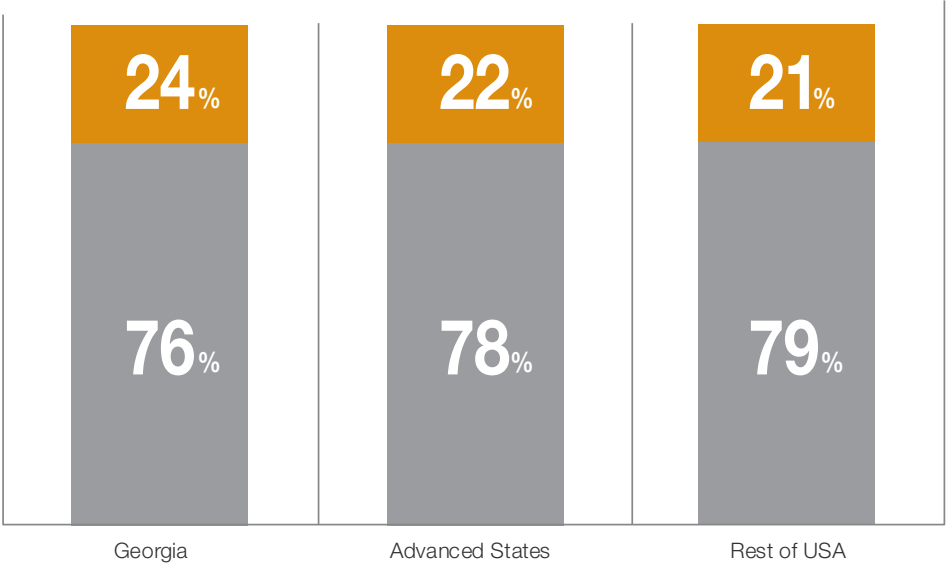
## VII. LATINO BUSINESSES ARE FAMILY BUSINESSES AND ARE A CORNERSTONE IN GEORGIA'S COMMUNITIES

Families co-own almost a quarter of Latino-owned businesses in Georgia, which is above the average of the US and the Advanced States.

# Single and Majority Stake Owners

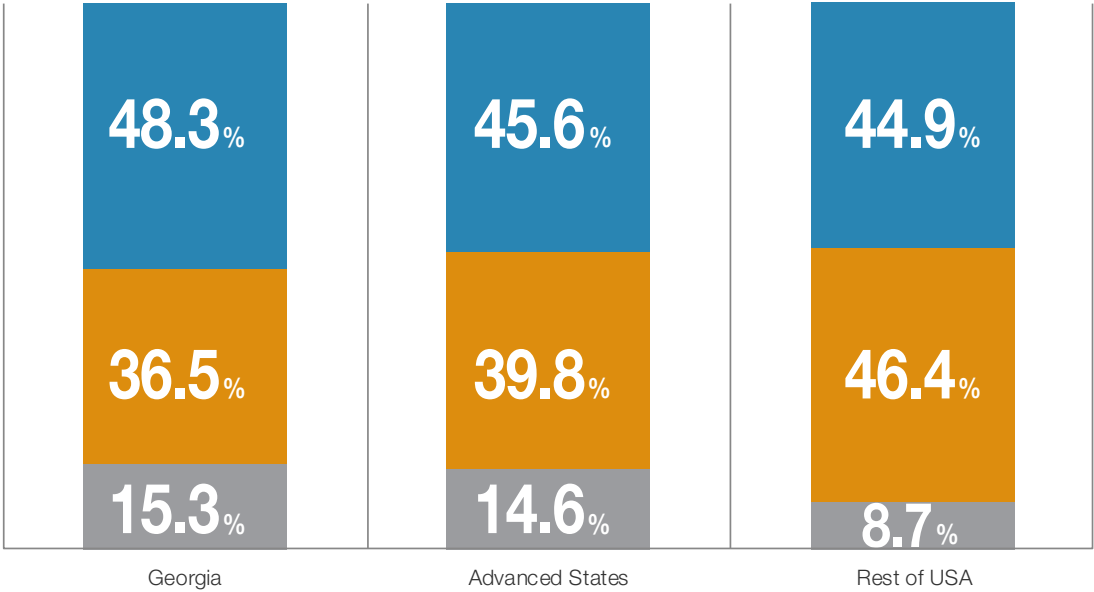
Q. Do you own this business?

- I own this business with my spouse and/or other person
- I own this business by myself



Q. What % of the business do you own?

- Minority stake
- 50% ownership
- Majority stake



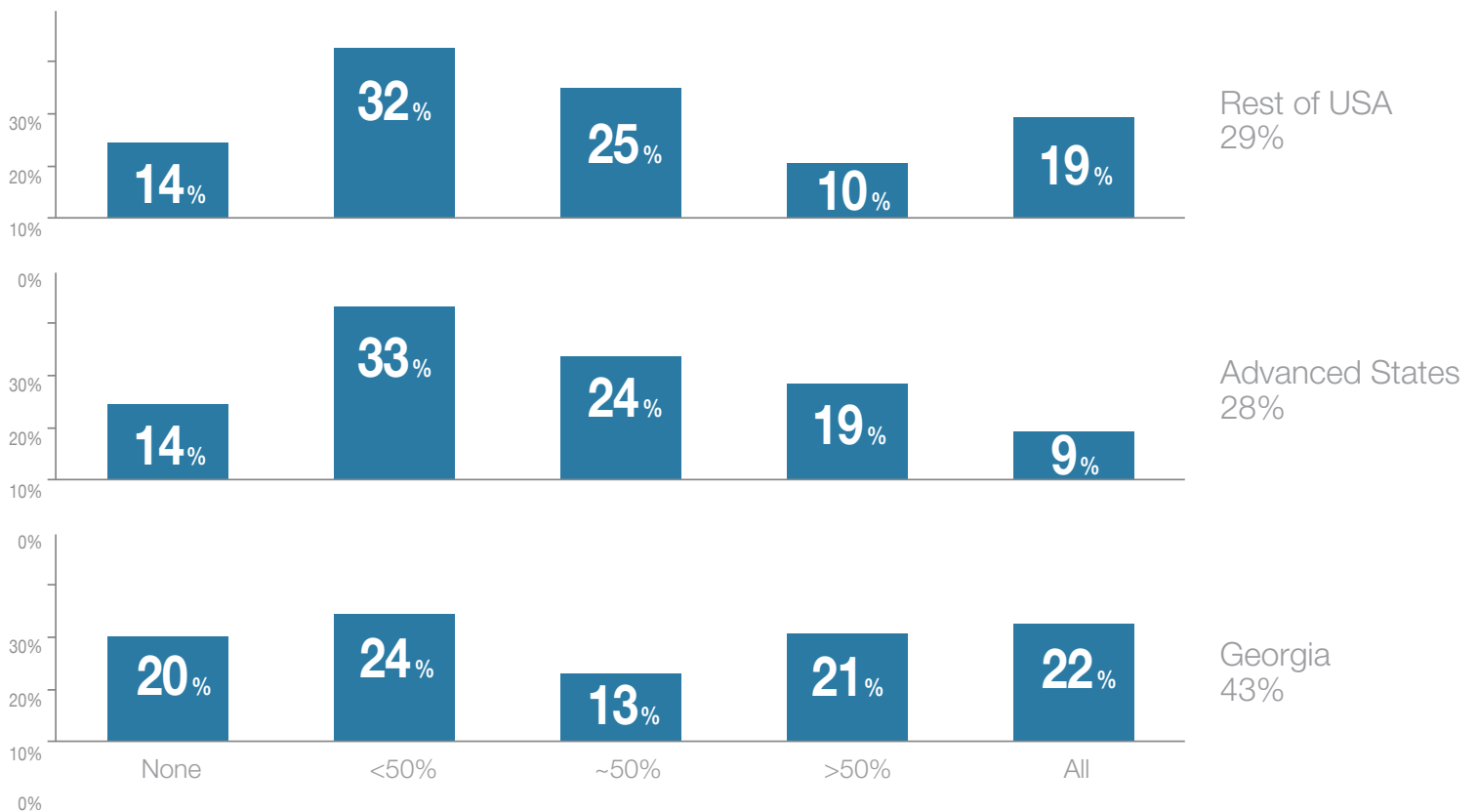
n=GA (295) / Advanced States (2,207) / Rest of USA (1,522)

Moreover, unlike businesses in the Advanced States and the Rest of the USA, overwhelming, clients of Latino-owned businesses in Georgia are other Hispanics & Latinos; a way to explain this could be that the large percentage of Latinos in Georgia who are first-generation immigrants prefer to buy products and services that relate to experiences in their countries of origin. Alternatively, it may be driven by the fact that the Latino owned businesses in Georgia have not achieved the level of scalability needed to expand beyond the local communities they serve.

71% of Latino-owned businesses in Georgia engage in commercial activity strictly in Spanish or English and Spanish, compared to 56% in the Advanced States and 45% in the Rest of the USA.

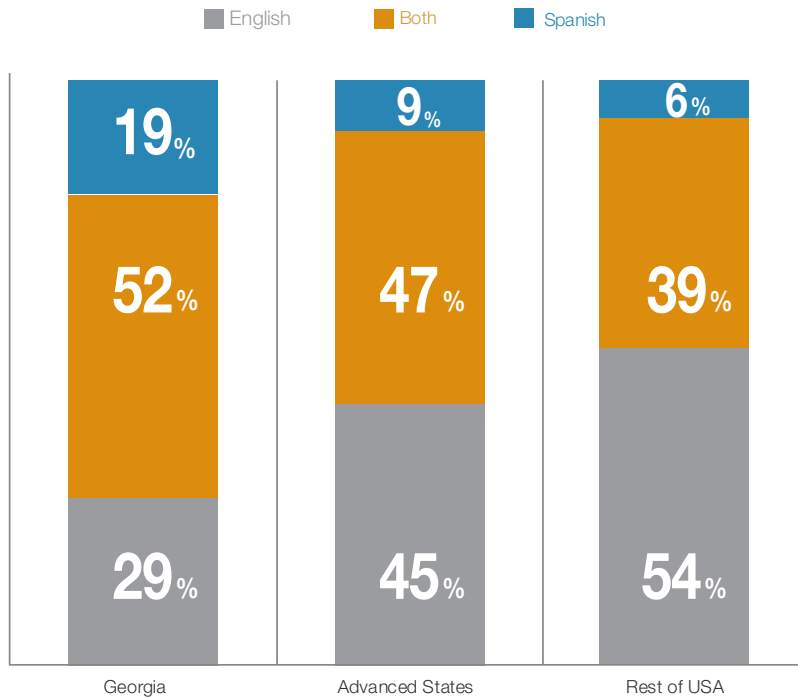
## Proportion of Latino/Hispanic Customers

Q. Over the last 12 months, what proportion of your customers/clients were Latino?

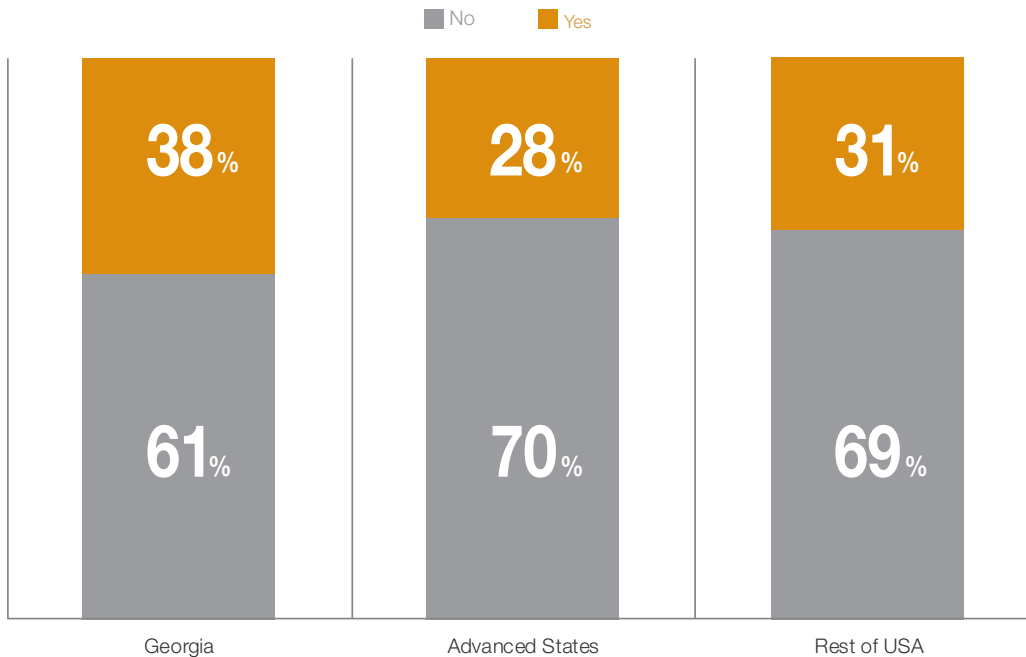


# Georgia Businesses Primarily Serve Latino Customers

Q. In what language do you conduct business?



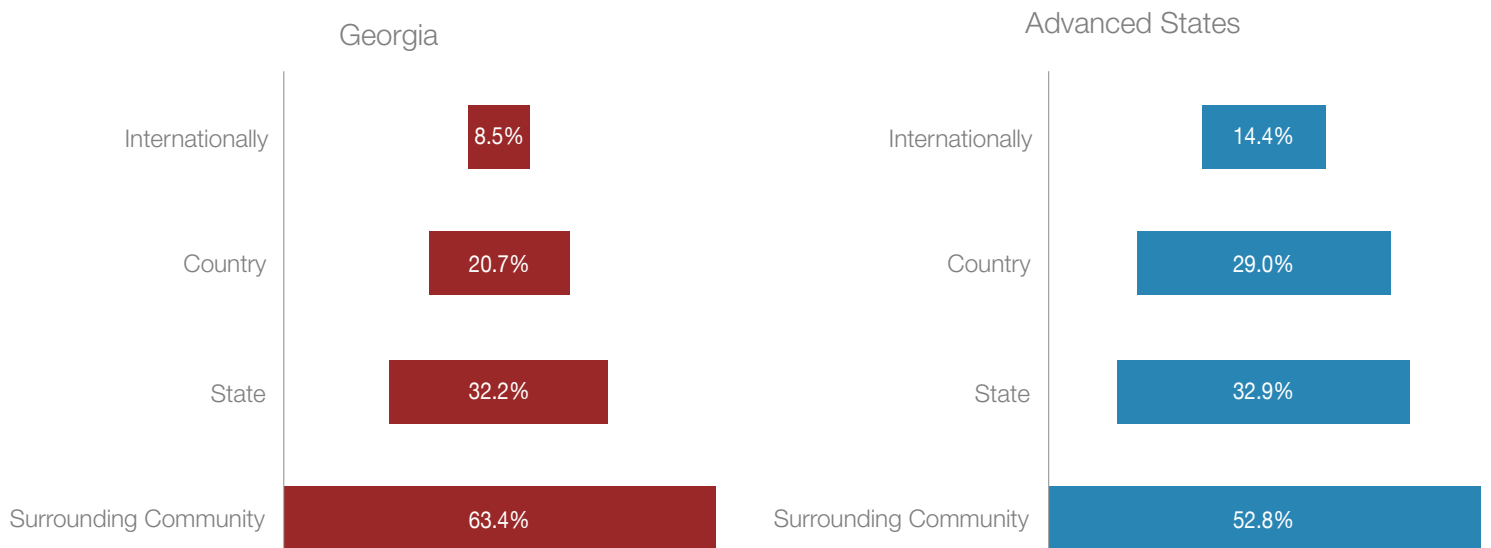
Q. Do Latino-oriented products/services make up the majority of your products?







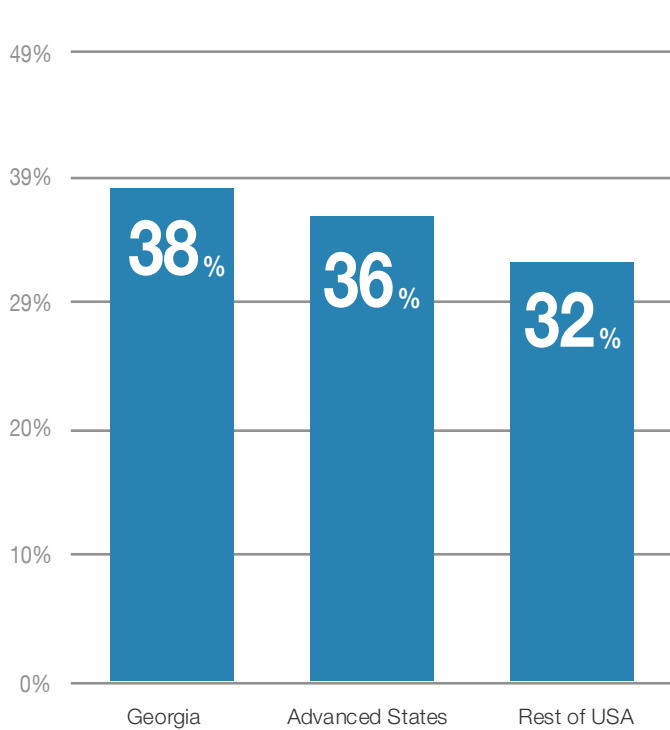
## Vast Majority of Georgia Business Customers are Local (Community & State)



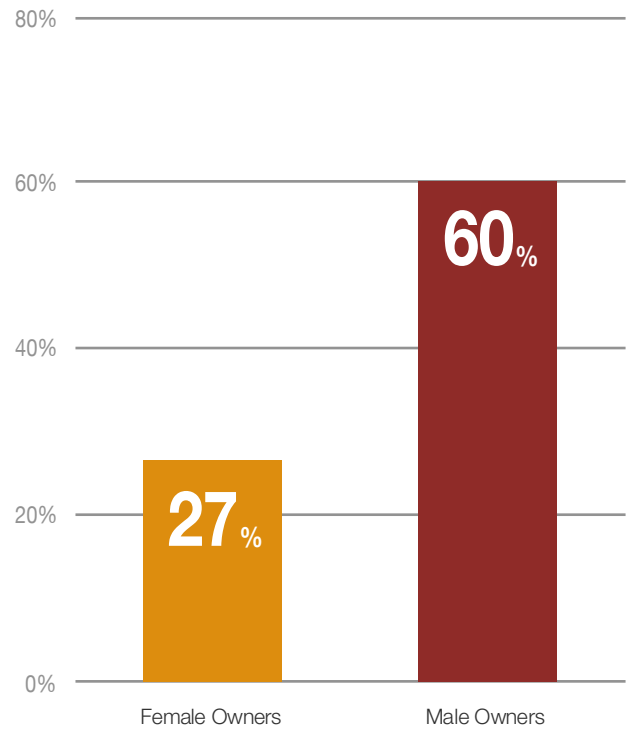
Significantly, and reflective of other minority-owned businesses as noted in the Prosperity Now report “Advancing Collective Prosperity Through Entrepreneurship in Atlanta”, Georgia Latino business owners are connected with community organizations at a higher rate than business owners in advanced states and the rest of the USA.

# Membership in Industry/Support Organizations

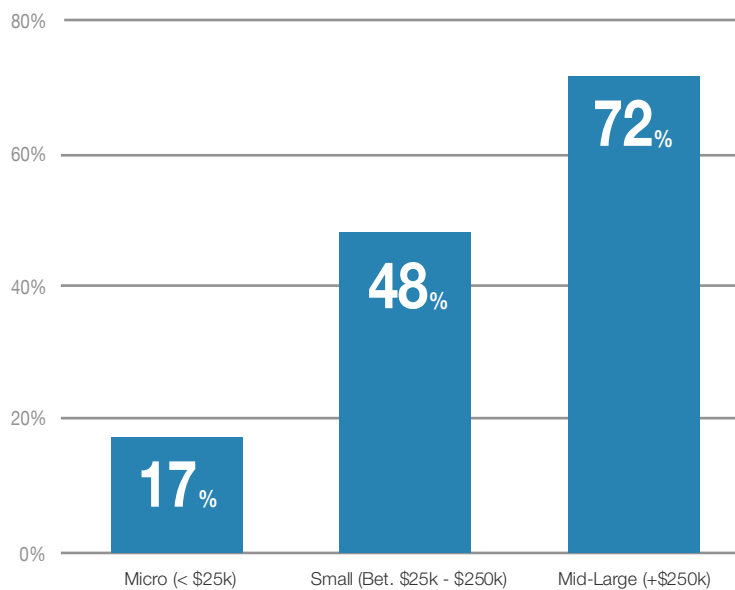
% Member by Geography



Georgia Only : % Member by Gender

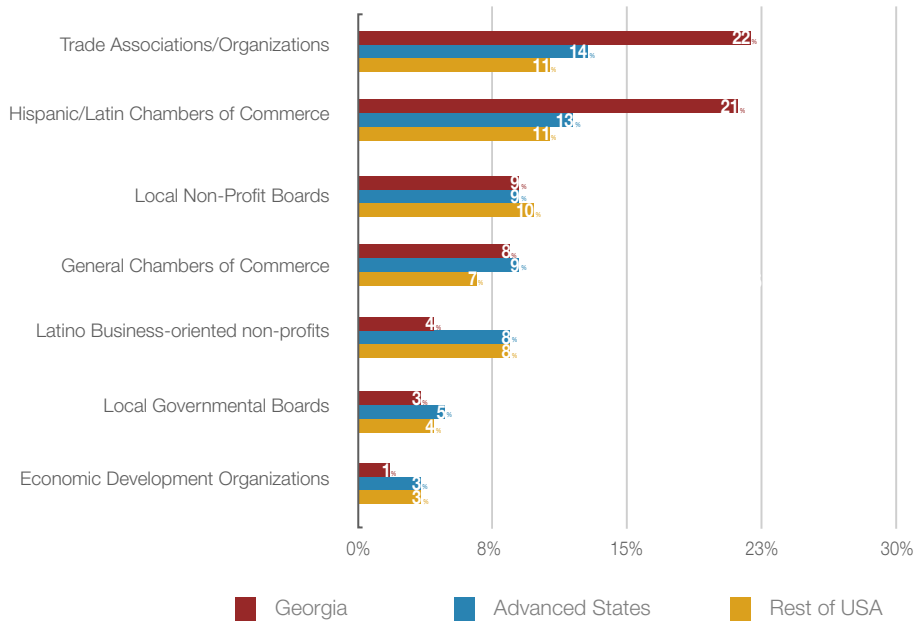


Georgia : % Member by Firm Size

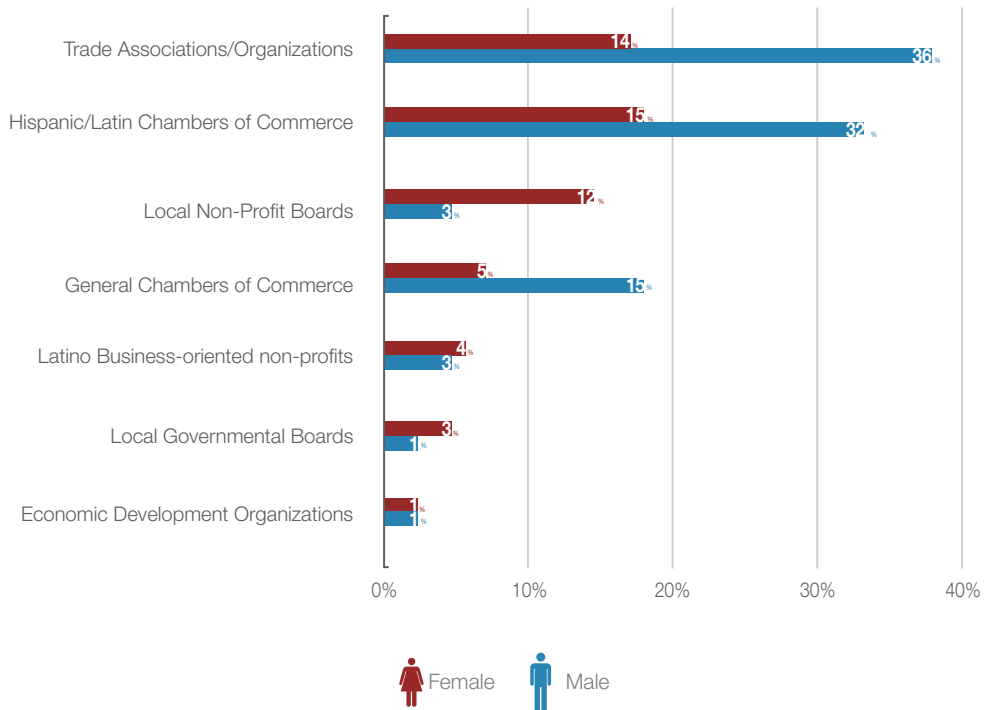


# Membership by Type of Organization

Are you CURRENTLY a member of any of the following organizations?



By Gender



## VIII. LOCAL INSTITUTIONS NEED TO ADJUST TO MEET NEEDS OF BUSINESS OWNERS

The above chart shows that 38% of business-owners support or have memberships in local organizations. However, a majority of business owners currently do not receive services from business-oriented organizations due to a relevancy gap as well as barriers such as time constraints and lack of awareness about programs and services.

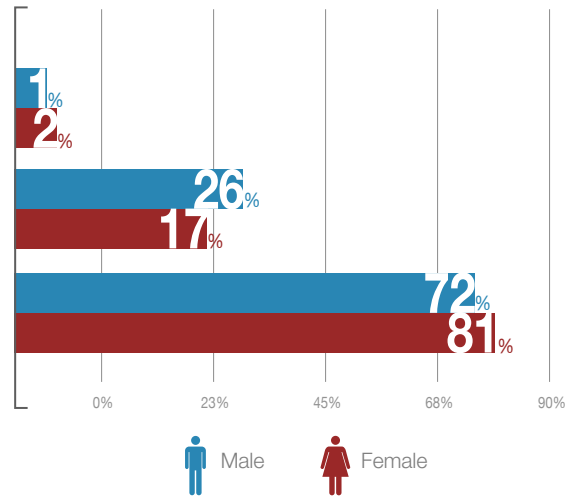
# Usage of Community Business Services

## GEORGIA

**I use many** of the business services provided by community organizations

**I use a limited** number of business services

**I do not use** business services from community organizations

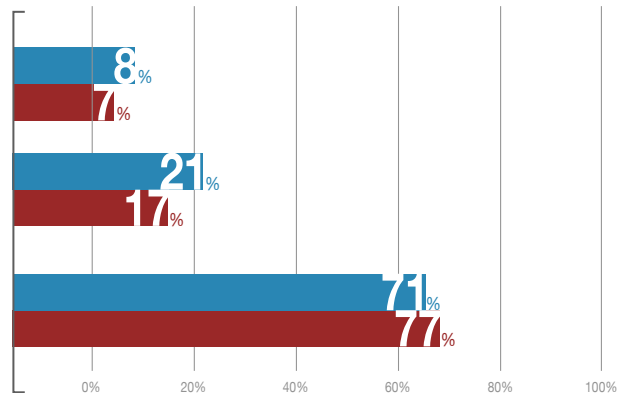


## ADVANCED STATES

**I use many** of the business services provided by community organizations

**I use a limited** number of business services

**I do not use** business services from community organizations

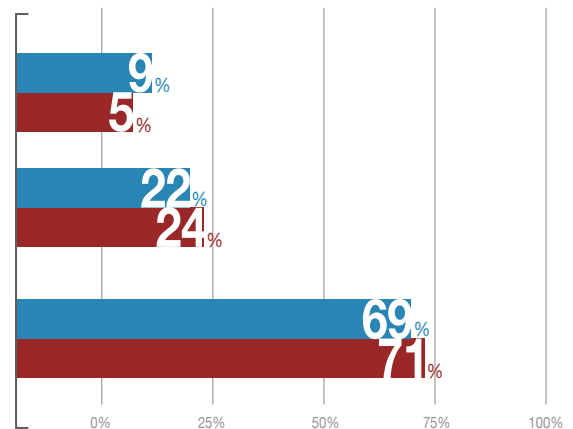


## REST OF THE USA

**I use many** of the business services provided by community organizations

**I use a limited** number of business services

**I do not use** business services from community organizations



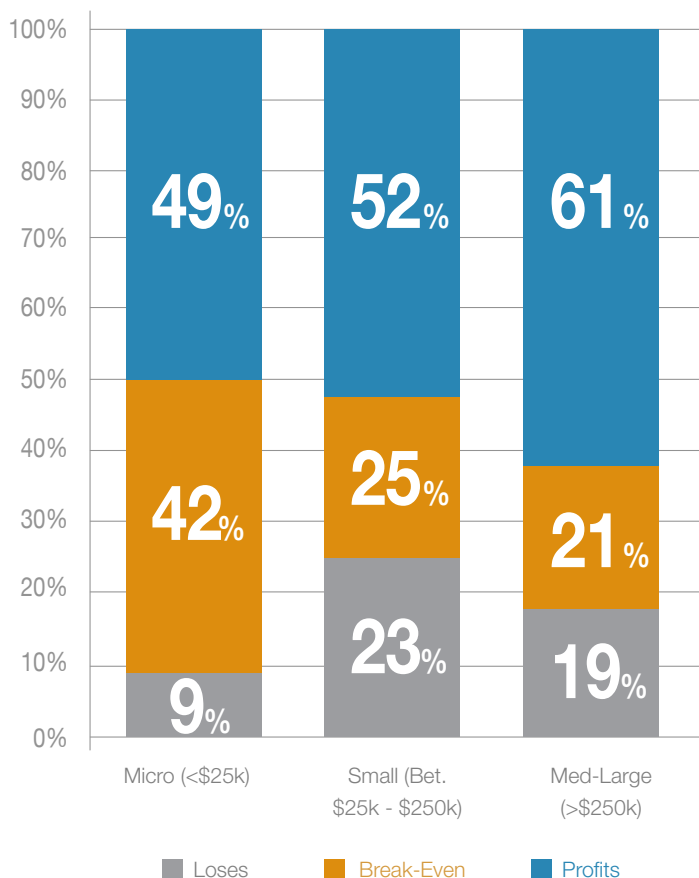
## IX. ENABLERS OF SMALL BUSINESS SUCCESS ARE EDUCATION, CERTIFICATION, FUNDING KNOWLEDGE, PERSONAL NETWORKS, AND A STRONG SOCIAL SAFETY NET

The table below displays the performance by business size in Georgia in comparison with the Advanced States. In every single category, the reported profits of Georgia businesses lag behind the profits of businesses in the Advanced States and the Rest of the USA.

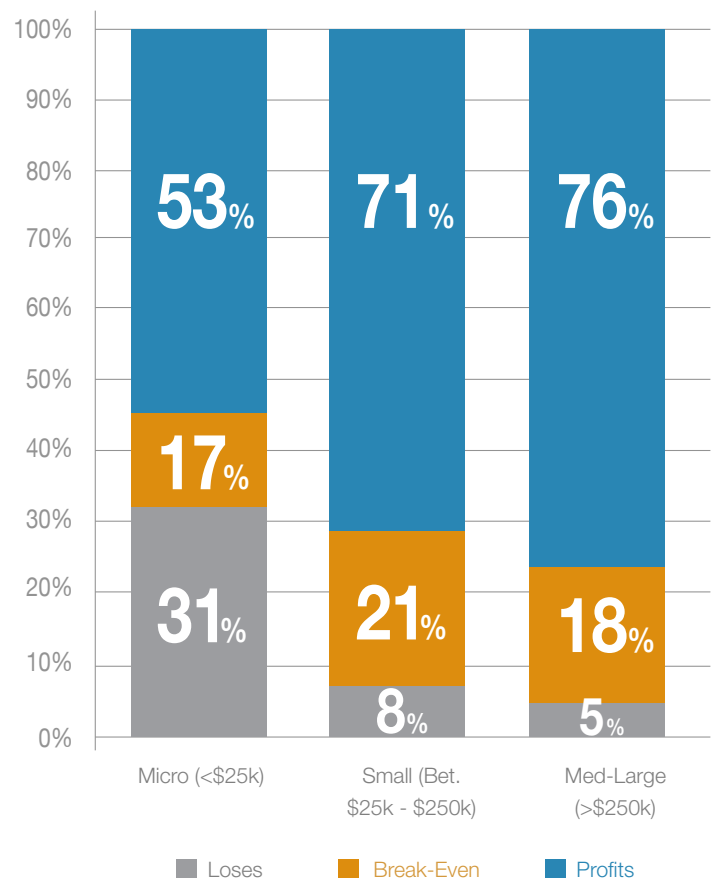


### Reported Performance by Business Size

% of Reported Performance by Business Size Georgia



% of Reported Performance by Business Advanced States



a)

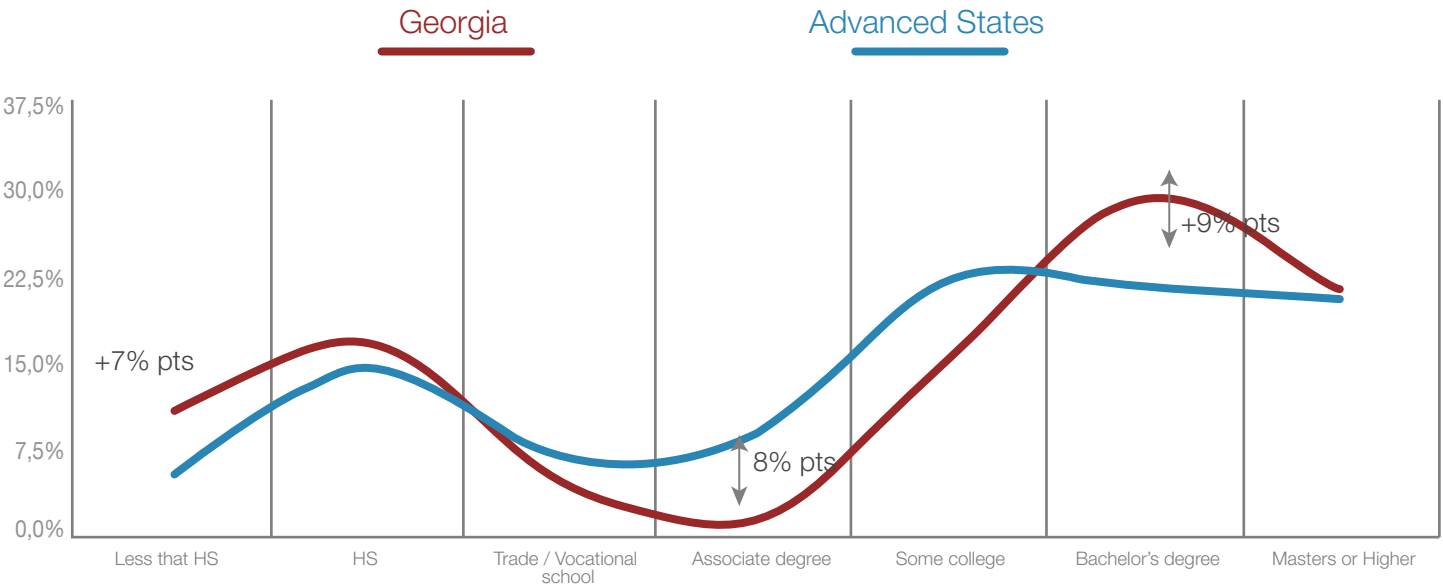
# EDUCATION AS A SUCCESS ENABLER

The image shows a concentration of Latino-business owners at both ends of the educational attainment spectrum with 10% of business owners reporting less than a high-school degree and close to 30% of business owners having a master's degree or higher, which is a difference of +7% and +9% in comparison with the Advanced States.



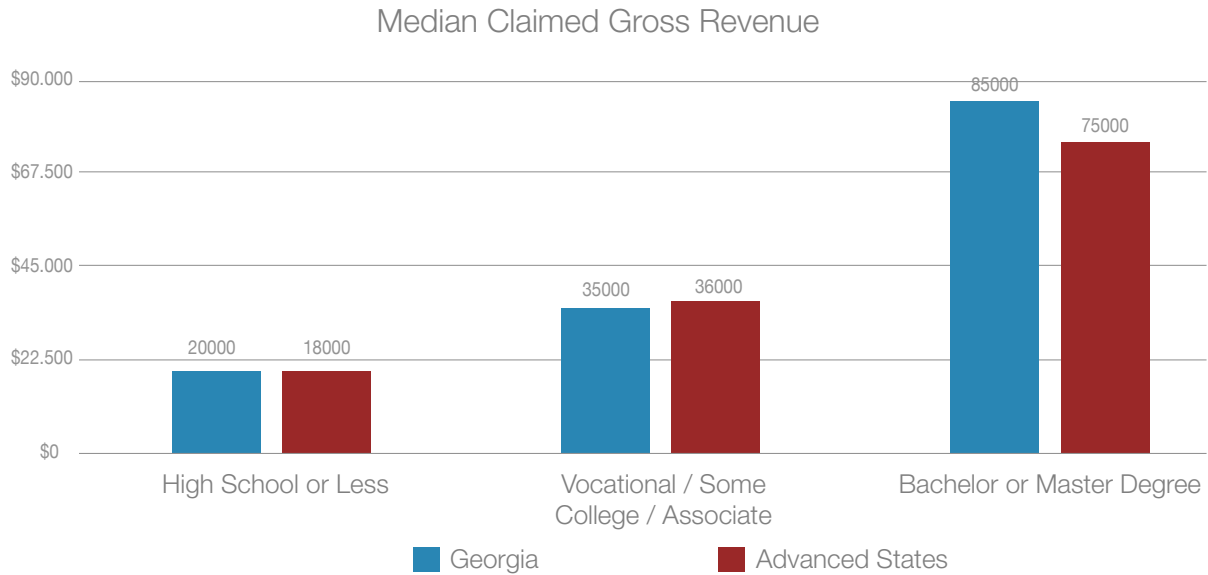
## Education Profile of Latino Business Owners

Q. What is the highest level of education you completed PRIOR to owning this business?



n = 364 (GA) / 2,148 (AS) / 1,512 (R\_USA)

# Revenue by Owner Educational Level

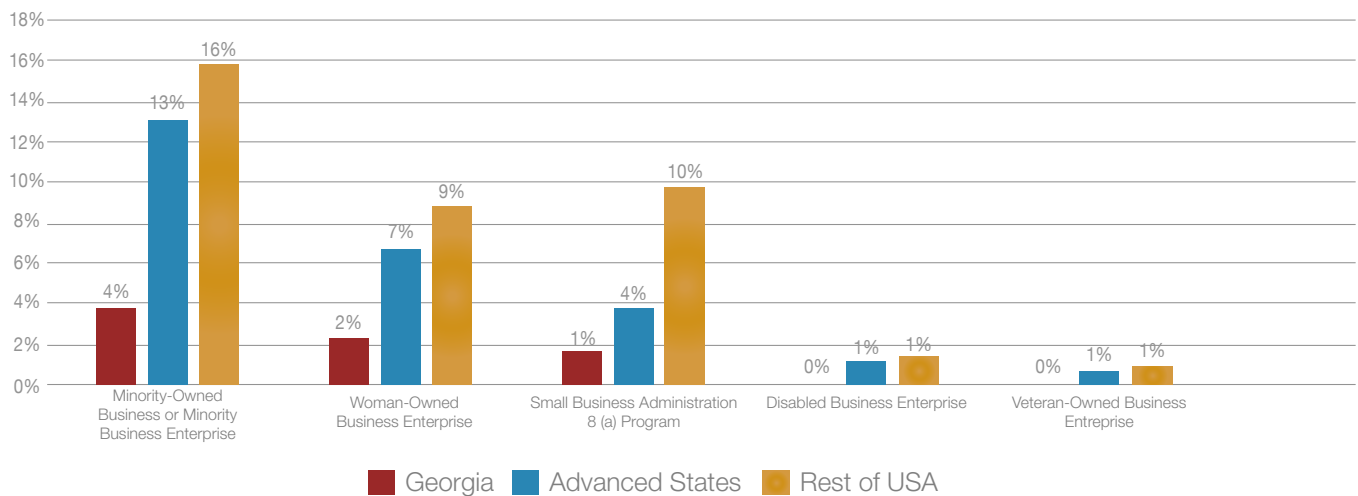


## CERTIFICATIONS AS SUCCESS ENABLERS

In contrast with the Advanced States or the Rest of the USA, Latino-owned businesses in Georgia are less likely to have a minority certification.

## Georgia Businesses Less Likely to Have Received Certification

Q. Has your business received any of the certifications below from a certification organization? (% Yes)

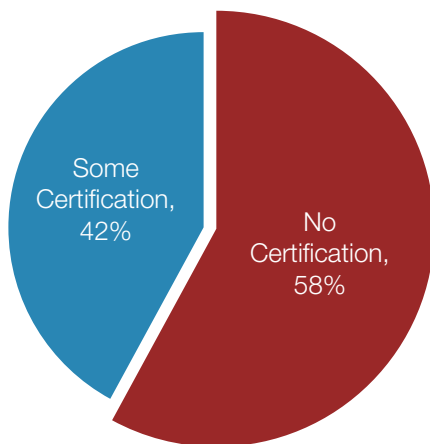




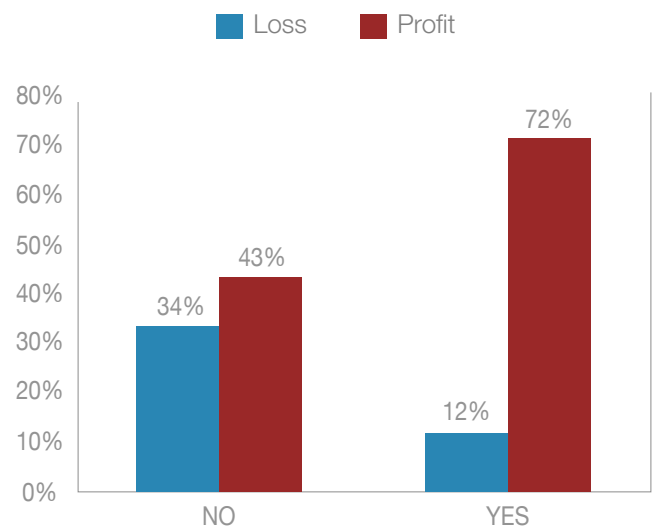
Although 58% of the Latino-owned businesses in Georgia do not have a minority certification, the analysis shows that the probability of reporting profits increases for businesses with one or more certifications. The likelihood that a business will report profits is 72% for Latino-owned businesses with a minority certification, and the probability decreases to 43% for Latino-owned businesses without a minority certification. Thus, the preceding probabilities evidence the importance of expanding minority certification access to business owners in Georgia.

## Expand Minority Certifications

% OF LATINO BUSINESS OWNERS WITH CERTIFICATION



PROBABILITY OF STATED PERFORMANCE BY MINORITY CERTIFICATION



c)

### FUNDING AWARENESS AS A SUCCESS ENABLER

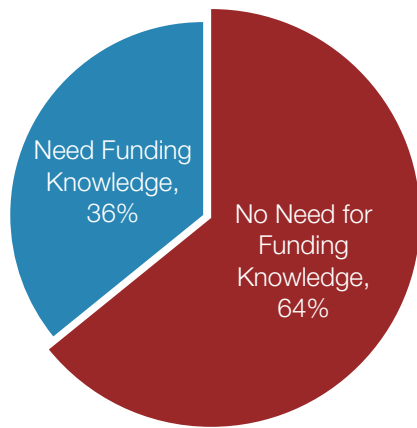
In addition to business certification, this study explores the skill set of Latino business owners and the relationship to business performance. Access to capital is a crucial factor in business growth as detailed in dozens of reports that focus on Latino entrepreneurs and minority entrepreneurs at large. Therefore, funding awareness of participants is part of this study. Specifically, respondents stipulated that a lack of knowledge about funding options, processes, or opportunities keeps them from accessing capital.

Approximately a third of the participants reported a need for more knowledge about funding sources. Importantly, participants with funding knowledge were significantly more likely to have a profitable organization. For 36% of respondents that reported a need to obtain additional funding knowledge, the probability of operating a profitable business declined from 61% to 43%.

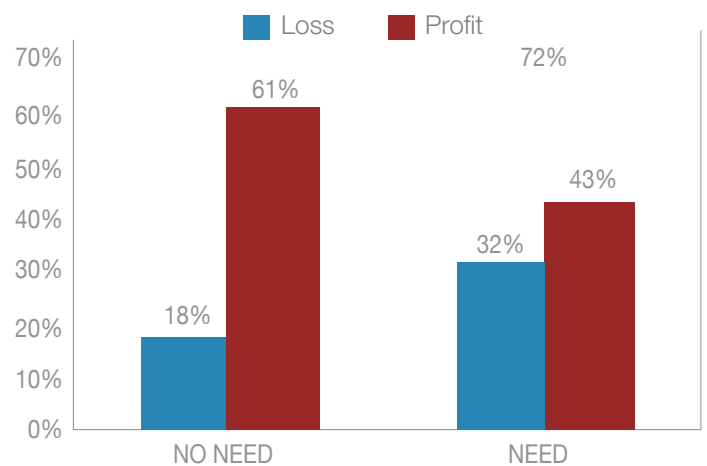


## Impact of Funding-Knowledge

% OF GEORGIA LATINO OWNERS



PROBABILITY OF STATED PERFORMANCE BY FUNDING KNOWLEDGE



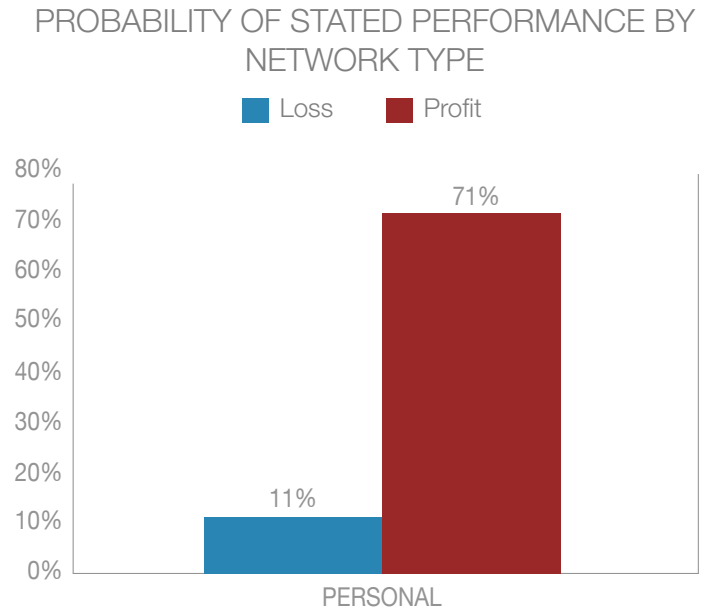
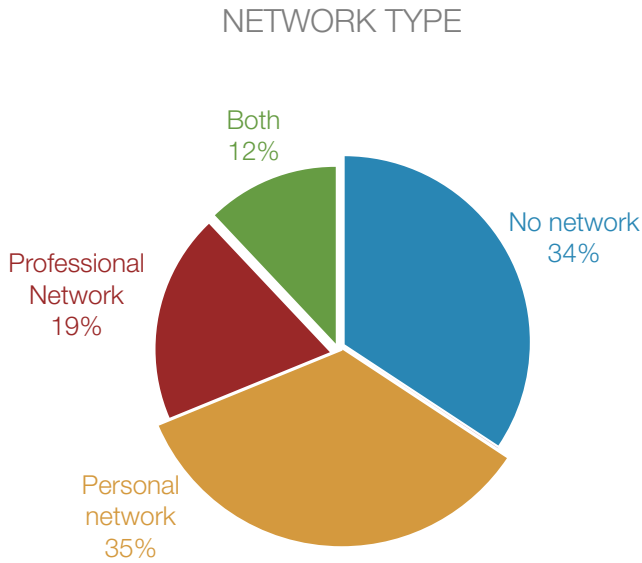
d)

### STRONG PERSONAL NETWORKS VS. PROFESSIONAL NETWORKS AS SUCCESS ENABLERS

A fourth condition that affects the performance of entrepreneurs is access to networks. This study defines memberships with industry associations or chambers of commerce as access to institutional networks, and it defines networks with friends and family as access to personal networks.

Approximately 34% of Latino-business owners operate without strong personal or institutional networks. When studying the relation between network access and performance, data suggest that access to personal networks is core to the success of Latino-business owners. In particular, owners reporting strong personal networks have a 71% probability of leading a profitable business.

# Impact of Strengthening Personal Networks In Georgia



## SEGMENTATION OF LATINO BUSINESS OWNERS

In an effort to guide the design of services and support structures that respond to the most critical needs of the Latino Business Owners in Georgia, the research team developed a segmentation analysis based on a diverse set of conditions and challenges reported by participants in the study.

The use of multiple study variables enable the segmentation of Latino-business owners in Georgia with similar conditions and needs into the six categories listed below.

a)

## GROWTH SEGMENT - 28% OF BUSINESSES SURVEYED

The primary need for this segment is to identify ways of accelerating their growth. They have overcome some of the foundational aspects of managing a business and are looking for ways to expand its customer base and operations. Business owners in this segment are 64% men. Most businesses focus on fast-growing industries such as construction and professional services; 70% of businesses in this category have been in operation for more than five years.

Traditionally, chambers of commerce and well-positioned organizations assist this segment to obtain minority certifications and expand funding knowledge options as growth enablers.



Omar Esposito | Stackfolio

b)

## POLICY AND REGULATION SEGMENT - 22% OF BUSINESSES SURVEYED

The primary need for this segment is learning how to navigate and manage the policy and regulatory environment in Georgia. 59% of these businesses have been in operations for less than five years, yet there is an excellent potential for growth. 78% of the businesses in this segment report profits, which makes this segment the one with the highest percentage of reported profits. Significant limitations include current policies and regulations, which create barriers that are difficult to overcome.

In this study, the barriers include:

- Business licensing and permitting regulations.
- Business registration.
- Immigration policies.

This segment operates primarily in the construction, food & beverage, and retail industries. It reports revenues similar to the growth segment.



Rick Tapia | La Bodega Internacional

c)

## CAPITAL CONSTRAINED SEGMENT -21% OF ALL SURVEYED BUSINESSES

Access to capital is the primary need for this segment. While 66% of these businesses report profit and 72% of these organizations have been operating for more than five years, the challenge for these businesses continues to be lack of capital and cash flow to resolve their financial growth limitations. They need more awareness about options to finance their business and help in understanding the processes required to secure investment.



Luis A. Montanez, MAFM, (MAJ. USAR)  
Concierge Business Solutions, Inc.

d)

## LIMITED ACCESS TO NETWORKS SEGMENT - 11% OF ALL SURVEYED BUSINESSES

The primary need for this segment is expanding its institutional and personal network. This includes becoming part of formal networking structures like those provided by the Chambers of Commerce, as well as having the opportunity to find mentors and people with experience in their line of business that can provide guidance. Women reporting a median revenue of \$25,000 represent 53% of this segment and less than half report profits. 34% of this segment conducts retail business in the food & beverage industry, and its primary challenge is finding networks to expand their business.

The dynamics of these businesses focus on covering immediate and basic needs.



Katherine Narváez  
Narváez Wireless Communications, Narváez Insurance



e)

## LIMITED MANAGEMENT AND ADMINISTRATION CAPABILITIES SEGMENT - 9% OF ALL SURVEYED BUSINESSES

The primary need for this segment is to learn basic concepts about administrative aspects to operate a business. This include achieving a working knowledge of accounting, taxes, financial management, as well as policies related to employment practices. Business owners report that their primary limitation is conducting accounting and management processes. 35% of this segment is involved in the construction industry, and 64% report profits, resulting in a vital opportunity gap in an industry that is fast growing in Georgia. Additionally, in terms of needs, both genders have equal presence in the management and administration segment.



Raquel Lozano  
Lozano Music, Shugastore

f)

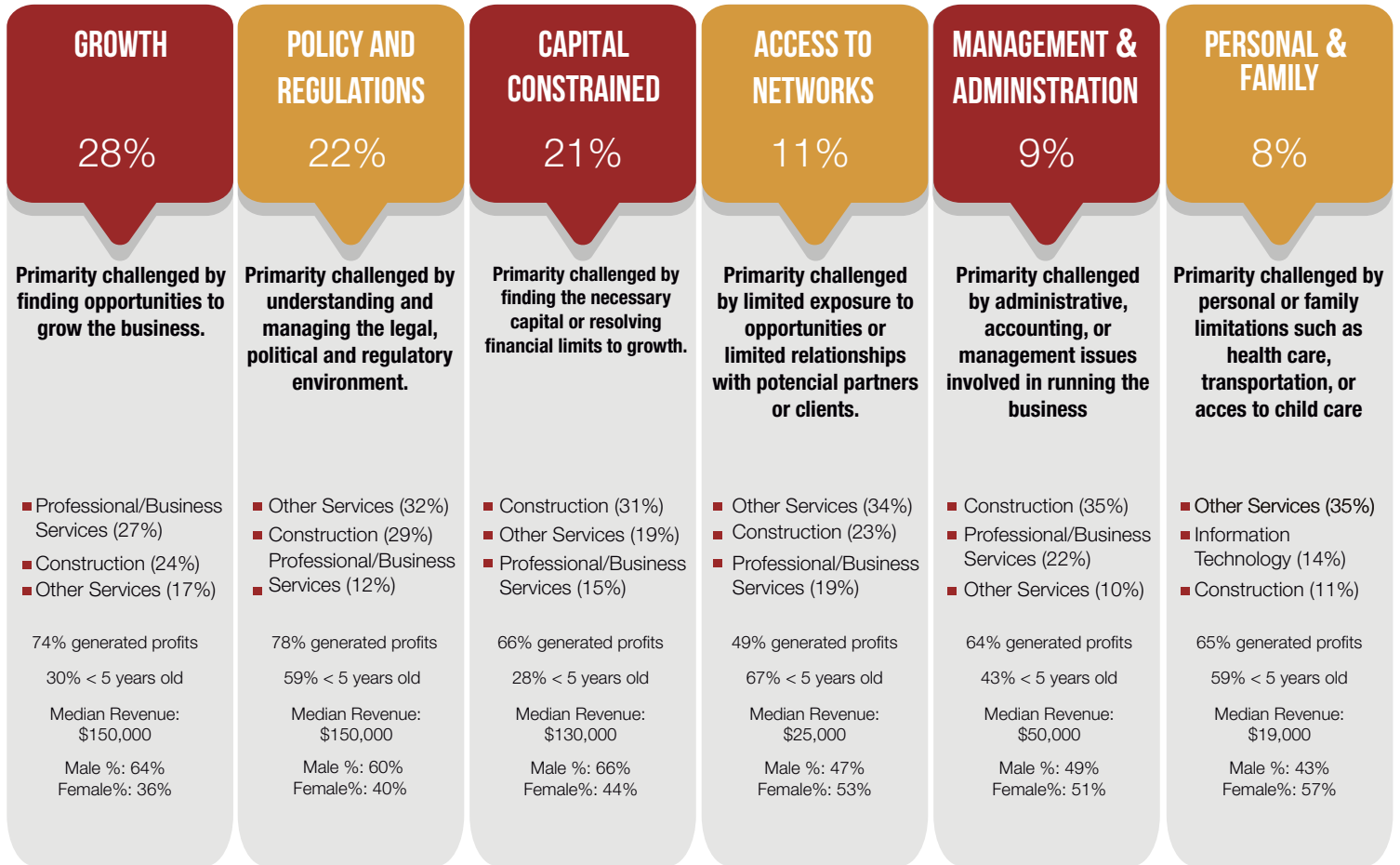
## PRIMACY OF PERSONAL AND FAMILY NEEDS SEGMENT - 8% OF ALL SURVEYED BUSINESSES

The primary need for this segment is managing family and personal needs while operating a business. Women comprise 57% of this segment, and they report that their primary challenges in running their businesses relate to safety net programs and policies like affordable health care, childcare, or transportation. 35% of these business owners participate in the retail food and beverage industry, and 65% report profits. Despite profits, their \$19,000 median revenue is the lowest among the six segments. Addressing this opportunity gap will foster business development and directly benefit low-income families and individuals.

The following table summarizes the segment characteristics:



Claudia Lira  
Cleaning Services

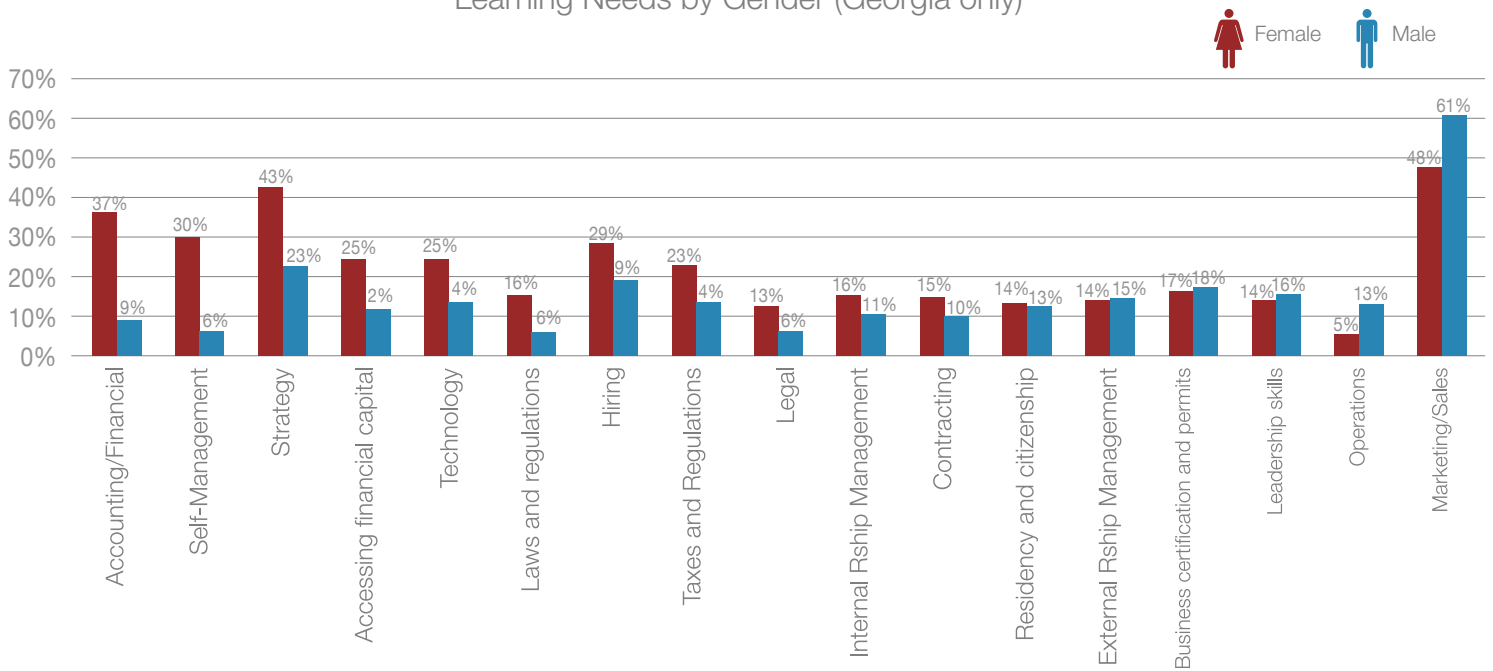




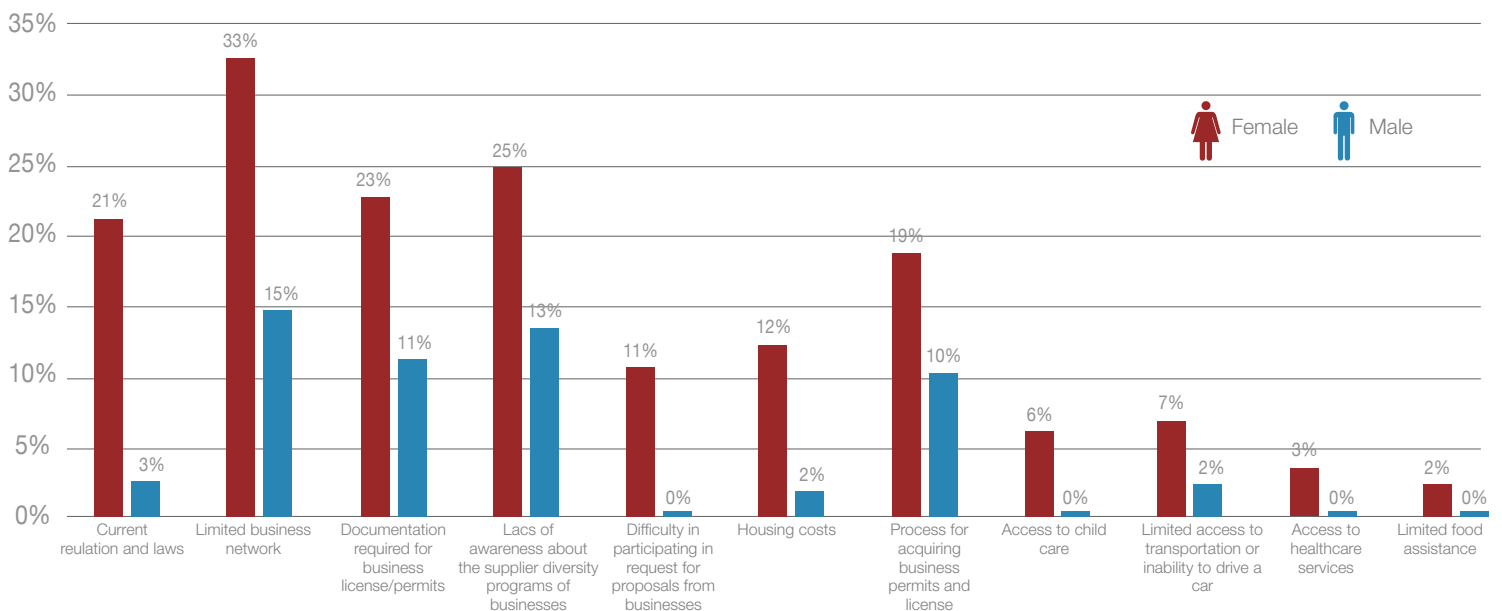


## Learning Needs by Owner Gender

Learning Needs by Gender (Georgia only)



## Limitations to Growth by Gender



# IMPLICATIONS —&— RECOMMENDATIONS

## **BUSINESS-FRIENDLY POLICIES IN GEORGIA MUST ALSO BE FAMILY-FRIENDLY**

Personal and family limitations to running businesses, including access to healthcare, transportation, and childcare, directly affect Latino business owners, predominantly women. A strong safety net and social investments for business owners benefit children as well as their economic mobility prospects, which also create the conditions for parents to reach their business ownership potential. Due to the interconnection between business and community, inequitable policies that do not contemplate the impact on family-wellbeing are by default not business friendly for Latino-owned businesses in Georgia. Establish and/or engage a Georgia General Assembly lobbying and advocacy strategy with the support of organizations dedicated to economic development, Latino business development and general Latino-issues advocacy.

## **INVESTING IN WOMEN-OWNED BUSINESSES**

The most significant opportunity gap is in businesses owned by Latino women in Georgia. A 100% gap in income compared to the Advanced States puts Georgia's women and families at a disadvantage and financial risk. The limitations of Latino-women-business owners are not a lack of drive or work ethic but the systematic barriers that

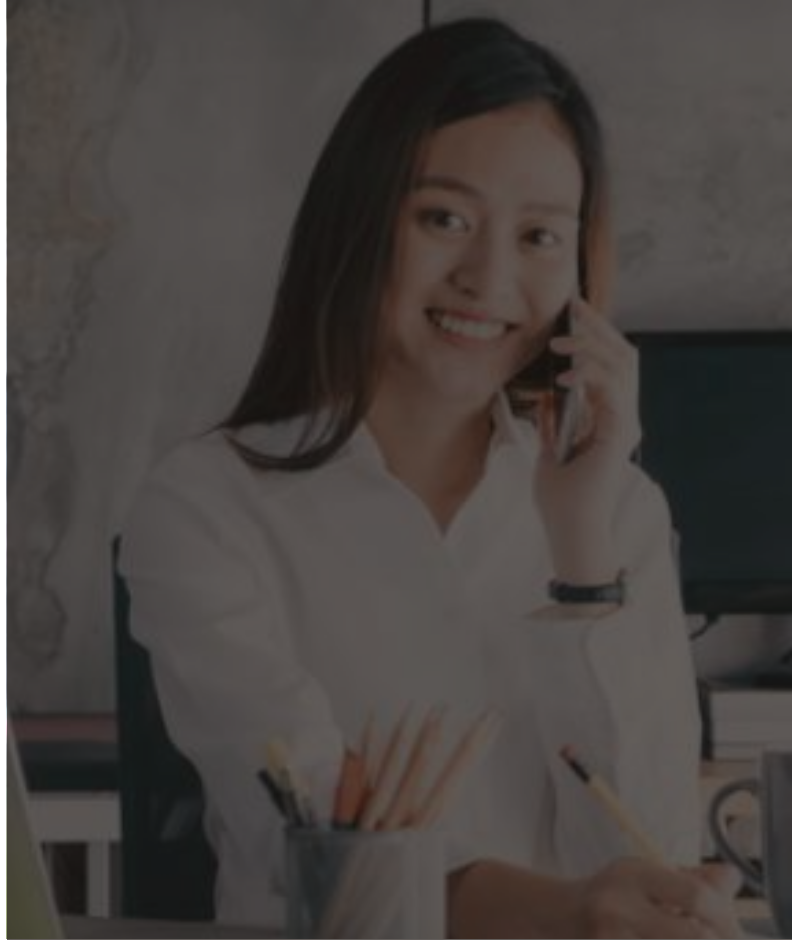
impede businesses growth as well as engagement in other employment forms. Information about these systemic gaps is available in the 2018 GPBI publication "Women, Wages, Wealth". Encourage organizations to provide technical assistance and robust programming throughout the state addressing transportation and childcare challenges as well as coaching and a high-touch model to support women entrepreneurs.

## **GEORGIA NEEDS ROBUST EDUCATIONAL PROGRAMS AND NAVIGATION SYSTEMS TO TARGET SPECIFIC SEGMENTS**

Different segments have different needs, and due to the unique characteristics of Latino-business owners in Georgia as immigrants, educational programs must include connections and navigation to broader systems and infrastructure in which businesses operate. Technical assistance, robust content, and dedicated support from culturally-knowledgeable educators are key parts in building trust in Georgia's entrepreneurs.

Chambers of Commerce, Small Business Administration (SBA), Economic Development based organizations, Community Development Financial Institutions (CDFI's), and nonprofit organizations working within the business development and entrepreneurship space have an opportunity for a better product-market fit of services currently delivered.

Funders and SBA might want to focus on specific deliverables and comprehensive programs when investing in business-related activities.



## **CURRENT REGULATIONS AND LIMITED SERVICES HARM LATINO-OWNED BUSINESS IN GEORGIA**

CDFIs and other financial institutions receive millions of valuable investment dollars every year. Nonetheless, it is critical for funders and economic development offices to invest equally in advocating regulations, programs, and services that reflect the needs of already profitable businesses in Georgia. Many researchers (Kreft and Sobel, 2003, and Baumol, 1990) note that economic freedom is a public policy that best fosters entrepreneurship. Consequently, regulations and guidelines must be more straightforward to ease the transition from a hobby or commercial activity to business ownership. Organizations that have in their missions to empower and develop Latino entrepreneurship must engage in advocacy to educate and influence the Georgia General Assembly in facilitating and easing regulations, and policies that allow individuals already engaging in commercial activity to formalize and grow their businesses.



# — CONCLUSION —

Entrepreneurship is an essential factor of the economic performance of a country, state, and region. In Georgia, Latino Entrepreneurs' propagate ripples in local economies by fulfilling needs for products and services, as well as by creating opportunities for self-employment and income, especially in marginalized community segments without other salary alternatives.

According to the Pew Hispanic Center Demographic profile of Hispanics in Georgia 2014, Pew Research Center, the median income for Latinos in Georgia is \$21,000. However, the surveys in this study show a median income of \$24,000. The additional \$3,000 in extra median income per year can move a family from the survival income bracket to income generation.

Entrepreneurship is also a path that increases civic participation and representation in the state because the links between poverty, lack of opportunities, and resources such as childcare, transportation, literacy and time, affect turnout rates.

While a single policy will not help reduce the gap in revenue between Latino-owned businesses and non-Latino white-owned businesses, as well as between Latino-owned-female businesses and Latino-owned-male businesses, there is a false choice between family-friendly and

business-friendly policies and regulations. Targeted efforts to create favorable conditions for families to satisfy their basic needs and have a stronger safety net is vital in the support efforts for Latino business owners. Safety net programs reduce risks for entrepreneurs and allow for more, better, and more consistent consumers and clients, who happen to be mostly community members of the immediate geographic region.

Immigrant entrepreneurs, like the majority of Latino business owners in Georgia, have been key in stabilizing neighborhoods and commercial retail corridors much like in Detroit, the Great Lakes Region, and towns in Iowa. These businesses generate millions of revenue dollars and hire employees to move the state forward.

Hence, the entire community benefits when Latino entrepreneurs reach their potential.

The 2018 U.S. Latino Entrepreneurship Gap research report by the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI) quantifies the national impact of us collectively addressing the growth barriers detailed in this study. If barriers like cost and lack of access to capital were removed, the US could have extra 650,000 businesses and additional 3.5 million jobs.



# CHALLENGES OF DATA COLLECTION

LCF Georgia and member organizations, partners, and program fellows gathered data in Hispanic/Latino shopping centers or malls, at community events, through social media, and direct contact. All individuals collecting data were bilingual and Latin American descents.

The information contained in this report section aims to provide useful information to plan and execute future data collection efforts that help advance knowledge in Georgia's Latino community.

The points below describe the obstacles encountered during this study. The obstacles hindered the possibility of obtaining a larger sample that would result in higher accuracy. The three obstacle categories are (1) lack of trust, (2) survey language, and (3) survey length.



## LACK OF TRUST

The most persistent obstacle encountered during the data collection process was the lack of trust. During field operations at Latino-owned businesses, most participants refused to complete the survey because they doubted the confidentiality of their responses. Many respondents showed discomfort regarding the anonymity and privacy of their answers out of fear to disclosure to the government or other organizations. In an attempt to address this issue and build trust, surveyors provided the business owners a letter signed by the organizers of the study. In businesses with absentee owners, employees were more responsive and showed intentions of delivering the letter to the owner. Lack of trust is possibly less common when trusted community organizations endorse a survey or a data collection effort.

## SURVEY LANGUAGE

For some cases, after overcoming the hurdle of lack of trust and successfully receiving from participants a completed survey, survey data contained misleading data or improperly filled information because of a literacy level gap, as well as the wording and format of questions and answers. Business terms like “angel investors”, “soft money”, and “hard money” confuse respondents and yield unanswered replies or erroneous data that complicates data analysis. Furthermore, the surveys in Spanish had answer options in English, and these untranslated answers options triggered linguistic comprehension barriers.

Future projects should include more straightforward language terms or a word bank for clarification. Also, questions that require special instructions such as asking respondents to use a scale for

specifying the severity of the impact of a particular factor on their business were prevalently unanswered. Participants did not respond well to questions with non-traditional formatting. Lastly, given the underwhelming 15% average response rate for these questions, avoid the inclusion of the similar type of questions in surveys.

## SURVEY LENGTH

The 2018 U.S. Latino Entrepreneurship Gap research report by the Stanford Graduate School of Business, Latino Entrepreneurship Initiative (SLEI) quantifies the national impact of us collectively addressing the growth barriers detailed in this study. If barriers like cost and lack of access to capital were removed, the US could have extra 650,000 businesses and additional 3.5 million jobs.



# 2018 GEORGIA LATINO ENTREPRENEURSHIP STUDY



## Georgia Organizer



## Supporting Organizations



## Community Partners

Coalición de Latinos Líderes de Dalton  
Hispanic Alliance Gainesville  
Latin American Chamber of Commerce, Georgia  
Georgia Hispanic Chamber of Commerce  
Cross Keys High School Entrepreneurship Track  
UGA SBDC Office of Minority Business Development

## Academic Partners

Goizueta Business School, Emory University  
Terry College of Business, University of Georgia  
UGA SBDC Office of Minority Business Development

In collaboration with Stanford Graduate School of Business, the Latino Entrepreneurship Initiative, and UGA SBDC Office of Minority Business Development (SBDC)