

**INSTITUTE FOR PUBLIC POLICY  
AND ECONOMIC ANALYSIS**

**Survey of Latino Business  
Owners in North Central &  
Northeast Washington**

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June, 2014



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# Survey of Latino Business Owners in North Central & Northeast Washington

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Monograph No. 19

June, 2014

FOR  
THE INSTITUTE FOR PUBLIC POLICY AND ECONOMIC ANALYSIS  
EASTERN WASHINGTON UNIVERSITY



With this latest monograph from the Institute for Public Policy & Economic Analysis, I welcome you to Eastern Washington University. I hope this research will inform your knowledge of the Inland Northwest. Efforts like this Institute monograph series are manifestations of this University's commitment to serve the region. I applaud the initiative of Eastern's Board of Trustees to launch this Institute.

Teaching remains our core mission at Eastern Washington University. Increasingly, teaching and research are interwoven. Our faculty members stay professionally current when publishing in peer-reviewed journals. These achievements, in turn, allow them to better convey the evolving knowledge base of our academic disciplines.

Our students receive an enhanced education if their classroom experience is informed by the content and enthusiasm of their professor's research. Increasingly, we ask students to conduct research projects of their own. Whether conducting their own projects or assisting professors, our students acquire a richer learning experience through research.

Research for academic journals is not the only area our faculty members target, however. Our University also asks its faculty to engage the communities and region from which we draw our students. This research provides a greater sense of place and a commitment by our faculty to it. It also translates academic methods and findings into a broader, and ultimately more relevant, arena: the lives of the residents of the Inland Northwest.

The overarching goal of the Institute for Public Policy & Economic Analysis is to serve the region by translating knowledge. It does this through a variety of activities, including this series, annual economic forecasts, contract research and the Community Indicators Initiative. I invite you to explore its web site ([www.ewu.edu/policyinstitute](http://www.ewu.edu/policyinstitute)) to learn more.

I have tremendous optimism that by collaborating with EWU's faculty, staff and partners, I will continue to ensure our institution will be anchored into the daily course of life throughout the Inland Northwest. During these difficult economic times, our collective future depends on an educated and informed citizenry. Helping our region reach higher levels of knowledge is something this University can and will do.

My office and that of the Institute director welcome all comments on how we might better serve.

A handwritten signature in black ink, reading "Rodolfo Arévalo". The signature is written in a cursive, flowing style.

Rodolfo Arévalo, PhD  
President

## **Table of Contents**

Executive Summary.....	1
Background.....	4
Short Summary of the Literature on Latino/Hispanic Business Owners & Entrepreneurs.....	6
Methods .....	9
Results .....	10
Discussion & Conclusions .....	33
Thoughts for Further Research .....	35
Appendix: Hispanic/Latino Business Owner Survey.....	36
Spanish Version of Survey Encuesta de Propietarios de Negocios Hispanos/Latinos.....	39
Bibliography.....	42

**List of Figures**

Figure 1: Shares of the Interviewees by County.....11

Figure 2: Years in Operation by Region of Latino-owned Businesses.....13

Figure 3: Latino Business Owners by Generation in the U.S.....13

Figure 4: Years in Business by Generation in the U.S.....14

Figure 5: Gender of Latino Business Owners Interviewed.....15

Figure 6: Years in Business by Owner’s Gender.....16

Figure 7: Number of Businesses Interviewed by Sector.....17

Figure 8: Average Number of Years in Existence of Businesses Interviewed, by Sector.....18

Figure 9: Ownership Status of Businesses Interviewed.....18

Figure 10: Share of Entrepreneurs Interviewed Who Used at Least Some Personal Savings to Start Their Business.....19

Figure 11: Origins of the Business.....20

Figure 12: Funding Resources for the Business Start-up.....20

Figure 13: Score of the Motives for Starting a Business.....21

Figure 14: Number of Employees Represented in Survey by Sector.....22

Figure 15: Shares of Full- and Part-time Employees by Sector.....23

Figure 16: Distribution of Interviewed Firms by Sales Non-Hispanic Customers.....24

Figure 17: Distribution of Interviewed Firms by Shares of Purchases from Non-Hispanic Suppliers.....24

Figure 18: Shares of Firms by Revenue Increases of Interviewed Latino Business Owners 2010-2012.....25

Figure 19: Percentage Growth in Workforce by Size of Business Among Interviewed Latino Business Owners 2010-2012.....26

Figure 20: Interaction between Latino Business Owners & the SBA & SBDC.....27

Figure 21: Interviewed Latino Business Owners’ Assessment of Political Climate.....29

## Executive Summary

This study on Latino business owners in north central and northeast Washington is among the first to document the economic contributions of Latinos as entrepreneurs, innovators and job creators in Washington State. This study reports on findings from interviews conducted with Latino business owners in Adams, Chelan, Douglas, Grant and Spokane Counties. The interviews for this study were conducted in July, August and the first part of September by Dr. Martín Meráz García and research assistant Jereny Mendoza, both of whom are native Spanish speakers from the region and well acquainted with the Latino culture and customs of the Hispanics community in Washington State. Most of the interviews were conducted onsite where Latino business owners operated their businesses. Additionally, other interviews were conducted over the phone as well as via e-mail to accommodate the schedules of the participants.

The study made a significant effort to get a representative sample for every business sector under the North American Industry Classification System (NAICS). The initial list of Latino entrepreneurs was provided by the North Central Washington Chamber of Commerce and supplemented by our own list of business owners that we gathered by searching websites and databases listing minority owned businesses as well as referrals by Latino business entrepreneurs. Finally, other Latino businesses were contacted at random often if they were identified as we drove to or from the interviews.

We contacted a total of 104 Latino business owners in all of the business sectors and categories and managed to conduct a total of 46 interviews. The overall response rate was 44 percent.

The study finds that Latino business owners cover a broad range of business sectors ranging from the most basic to the most sophisticated. For example, Hispanic entrepreneurs were identified in manufacturing, construction, wholesale and retail trade, agriculture, transportation and warehousing, finance and insurance, information (radio, newspapers, publishing), real estate, professional, scientific, technical and educational services, accommodation, as well as arts and the entertainment industry. Despite the presence of Hispanic businesses in all these sectors, the study found that Latino entrepreneurs proportionate to their population are underrepresented in terms of business ownership, often as much as 42 percent in some counties (Adams County).

The Latino entrepreneurs interviewed for this study were from all walks of life; some of the participants were college educated and from middle class backgrounds, others were from very humble beginnings and had little or no education, where as others fell somewhere in between, meaning that they had some education and were from working class backgrounds.

Additionally, the businesses Latino entrepreneurs owned ranged from sole proprietorships to over two hundred full time and part time employees. Some of the business entrepreneurs who were first generation immigrants came to the U.S. with only the clothes on their backs, and very little skills but with the dream of someday becoming business owners themselves.

First generation immigrants were the biggest share of participants, at 65 percent of the overall sample. Second and third generation Latino entrepreneurs constituted the rest of the participants in this study.

Some of the Latino entrepreneurs started working as laborers in local apple and cherry orchards, and after decades of service some purchased small plots of land often from their own employers who eventually helped them navigate the complexities of securing financing to purchase additional acreage. Other entrepreneurs built their businesses from the ground up by saving enough funds to start their own small business until they built corporations, employing hundreds of workers and spreading across various states in the country. The 46 Latino businesses interviewed employed almost 700 (677) employees, with 61 percent of this work force full time. Latino entrepreneurs overwhelmingly (87 percent) started their own businesses with their own personal savings and without assistance from financial institutions. Some business owners leased the business until they eventually became the sole owners.

While the economy was recovering from the Great Recession of 2008, approximately 75 percent of Latino entrepreneurs experienced revenue increases ranging from zero to sixty percent. A similar dynamic took place in the number of employees hired by these firms, and even though this growth varied by size of the business, Latino entrepreneurs managed to maintained a steady growth.

For example, firms with 30-59 employees grew by 121 percent; overall employment grew 6 percent. Despite stereotypes in the popular media about Latinos taking advantage of government services, the study found that 95 percent of Latino business owners did not take advantage of assistance offered by government or other community organizations on how to start or grow an already established enterprise. This was largely due to bureaucratic hurdles, lack of information and a disconnect between these organizations and the

type of assistance Latino entrepreneurs needed to help their business grow.

Furthermore, 78 percent of the Latino businesses interviewed purchased over eighty percent of their supplies from non-Hispanic customers, with almost 40 percent of their clientele being also non-Hispanic, indicating a good level of economic integration to the wider Washington economy.

The study found that over 65 percent of the Latino entrepreneurs regard the political climate in the state of Washington that as indifferent and antagonistic for their businesses to prosper hinting that state and federal regulations and overall government bureaucracy as well as prejudicial attitudes were hindering or making it more challenging to operate and grow their businesses. Negative stereotypes of Latinos among the dominant group were cited by some as a factor that was making the growth of their business more challenging. Additionally, the immigration issue was key among the Latino business owners we interviewed; in fact, many cited immigration raids and recent audits of companies as the primary reason for the slow down of economic activity in some areas.

Some shared that if the country were to engage in more aggressive deportations, they would have to close down their businesses, because without their undocumented clients they would be bankrupt. A business owner shared that more than 40 percent of its tax returns were from undocumented clients and many had businesses that were employing many people and were contributing to the community.

Additionally, Latino entrepreneurs cited the lack of access to capital from financial institutions, excessive regulations on their business, the lack of training and orientation by local organizations

such as Hispanic chambers of commerce and other local and state non-profits whose purpose is to assist small business owners growing their business as factors that had stalled their business growth.

Other Latino business owners cited the lack of education and implementation of technology into their business, as well as the language barrier, as additional obstacles preventing the growth of their business. Strong competition by some of the larger retail stores made it very challenging for smaller retail stores to survive.

Latino entrepreneurs who cited the lack of access to capital and the passage of an immigration reform as an obstacle to the growth of their business also perceived the passage of this reform as an opportunity for growth. For example, 97 percent of the Latino business owners interviewed expressed that a passage of a comprehensive immigration reform was critical for the growth of their businesses.

Even those business owners who identified themselves as strongly Republican stated they disagreed with their political party on their position on immigration largely because it was negatively impacting the growth of their business. With the passage of an immigration reform and the Latino population growth, many perceived opportunities for business growth in the health, education, legal, translation, home purchasing and service industry requiring an educated work force with bilingual and bicultural skills. Greater access to capital for Latino business owners to expand or start new businesses was also a critical component that would determine the growth of Latino business owners. Having additional training and education, acquiring additional language skills as well as the implementation of new technology and creative marketing of their products and services were cited as potential opportunities for growth.



## 1. Background

This study was funded by a grant awarded by the Small Business Administration (SBA) to the Institute of Public Policy and Economic Analysis to examine different aspects of minority businesses and economic development in north central & northeast Washington. The SBA has not reviewed the findings of the study, so therefore, does not necessarily endorse them. The purpose of this component of the grant was to study Hispanic owned business in north central and northeast Washington State. Hispanic/Latinos make up the fastest-growing group among all segments of the population of eastern Washington. Their rapid population increase has undoubtedly led to the creation of many Latino-owned businesses. Yet, very little is known of these entrepreneurs.

This study sheds light on a variety of characteristics of Latino business owners. For example, with rare exceptions, they are not profiled in the popular press. They appear to have little connection to the standing bodies of organized businesses, such as chambers of commerce or economic development organizations. Some are active in local Hispanic chambers of commerce, but many are not. To the best of our knowledge, this survey is the first of its kind in eastern Washington and perhaps in Washington State. It is the hope of the authors that the veil covering many of these businesses in terms of their existence, how they function and the challenges they face, can be lifted for the eyes of the Anglo community in these counties as well as in the state, sparking a dialogue among the two populations. Additionally, we hope this research will raise the profile of Latino businesses and bring about well-deserved recognition for their contributions to the state's economy.

We hope this research also assists policy makers in crafting policies in ways that can redirect resources and strategies among non-profit and government agencies tasked with helping these businesses prosper.

According to the U.S. Census, Latinos are the fastest growing minority group in the in the region and the United States, currently comprising over 53 million, or 17 percent of the total population; in Washington State, approximately 790 thousand Hispanics live in the state, comprising 12 percent of the population. (Brown & Lopez, 2013). Additionally, the Latino population in the State of Washington experienced a sharp increase from 444,718 in 2000 to 789,769 in 2011, a 77.6 percent increase over a 10 year period (Pew Hispanic Center, 2011).

There is little known about the businesses that have arisen within this community and the goal of the survey was to acquire a representative sample of the businesses in the five counties - Adams, Chelan, Douglas, Grant and Spokane - to learn about the key issues facing these entrepreneurs. Census 2000 data reveal that Adams County had a total population of 16,428, of which 7,732 residents were of Latino origin. In 2000, Latinos accounted for 47 percent of the total population and by 2010 it had surpassed the non-Hispanic population in this county. In that year, the total population was 18,728, of which 11,099 were of Latino origin, or 59 percent of the population.

In Chelan County, Census recorded a total of 66,616 residents in the year 2000 of which 12,831, or 19 percent, were of Hispanic origin. By 2010 the Latino population totaled 18,713 residents, constituting 26 percent of the total population of 72,453.

In Douglas County in 2000, Census recorded a total population of 32,603, of which 6,433, or 20 percent were of Hispanic origin. By 2010 total population had increased to 38,431, of which 11,013, or 29 percent, of the total population were of Latino origin.

In Grant County, Census recorded a total population of 74,698 in 2000, of which 22,476, or 30 percent, were of Latino origin. By 2010, total population had increased to 89,120, of which 34,163, or 38 percent, were of Hispanic origin. Of the five counties where interviews were conducted, Grant County constituted the largest Latino population.

In the year 2000, the U.S. Census recorded a total population of 417,939 in Spokane County, of which 11,561, or 3 percent, were of Hispanic or Latino origin. By 2010, total population had increased to 471,221, of which 21,260 were of Latino origin, accounting for a total of 5 percent of the total population in the county (U.S. Census, 2013).

This report combines statistical summaries to many questions with a pre-determined range of answers, along with compilations of the open-ended questions. The departments involved in this project included the Chicano Education Program and the Institute for Public Policy & Economic Analysis. The research team consists of Assistant Professor Dr. Martín Meráz García, Institute Director Dr. Patrick Jones, and research intern Jereny Mendoza and Institute research analyst Brian Kennedy.

Characteristics that were studied among Latino entrepreneurs included: products & services offered, the generational status of the owner, how s/he came to start the business, the type of financing used to start the business, recent growth of the business, exposure to local business organizations, whether s/he has used services of state and national government agencies set up to help small businesses and start-ups, opinions of immigration reform and assessments of future challenges and opportunities.

Other questions that were asked of Latino business owners were intended to assess how well these entrepreneurs weathered the Great Recession of 2008-2009, by comparing revenue and employee counts then versus 2013. Furthermore, the integration or absence of Latino entrepreneurs to the wider, regional economy, as well as their estimation of the business climate and perceptions of them as a group by the Anglo community, was also important in this study; hence, questions addressing the ethnicity of their clientele, suppliers and attitudes were also part of the survey.

Additionally, the study quickly assessed the level of engagement in the political process and the influence Latino business owners had in policymaking circles. Finally, questions intended to infer what motivated Latino entrepreneurs to start their businesses and how they managed to survive challenging economic downturns in the Washington State economy was part of the survey.

## 2. Short Summary of the Literature on Latino/Hispanic Business Owners & Entrepreneurs

The most recent studies conducted of Hispanic business owners cite strong entrepreneurial ability, creativity, resilience and resourcefulness among this population. Despite the Great Recession of 2008, their self-employment rates continued to rise while those of non-Hispanic whites fell (Dávila & Mora, 2013). Some of these traits explain at least in part why according to the U.S. Census Survey of Business Owners (SBO), “Hispanic-owned businesses increased by 43.7 percent, from 1.6 million to 2.3 million firms, between 2002 and 2007, tripling the 14.5 percent growth in the number of businesses own by non-Hispanics” (Dávila & Mora, 2013, p. 1). Other factors like labor market discrimination and ethnic-based social capital were cited as additional factors for higher self-employment rates among Latinos during the Great Recession (Dávila & Mora, 2013, p. 4; Valdez, 2011). In other words, higher unemployment rates among Hispanics often push Latinos to become self-employed and their strong community connections allowed them (at least in theory) to thrive even when the economic outlook was bleak.

Even though there was and still is to a certain extent an antiLatino immigrant sentiment, during the Great Recession, “Hispanic-immigrant entrepreneurs have added significant value to the U.S. economy...[For example], of the businesses that reported the birthplace of owners... immigrants owned more than half (55.8 percent) of Hispanic-owned business” (Dávila & Mora, 2013, p. 39). “Hispanic-immigrants business owners create employment (at least for themselves) rather than competing for jobs with U.S. natives, which contributes to the economic development of the localities in which they reside.

This economic development issue matters... [There are]... considerable employment and payroll implications of Hispanic-immigrant-owned firms...estimates using the 2007 SBO Public Use Macrodata Sample (PUMS), the 446,700 firms owned by foreign-born Hispanics hired an aggregate of 673,300 workers, and their payrolls totaled \$17.5 billion...This indicates that the employment of these businesses generated went beyond the jobs these entrepreneurs created for themselves” (Dávila & Mora, 2013, p. 57).

According to Dávila & Mora (2013) and Butler, Morales and Torres (2009), higher levels of education netted much higher income for Hispanic business owners than those with less education. For example, “firms of Hispanic college graduates outperformed those of their less educated counterparts with their sales being (statistically significantly) 51.8 percent higher than those of high school graduates” (Dávila & Mora, 2013, p. 65). The industries in which self-employed Hispanic-immigrants experienced the largest growth include construction, professional services, transportation and warehousing (Dávila & Mora, 2013). According to the SBO, in 2007 “of the more than two million Hispanic firms, 34.9 percent were owned by women and 54.3 percent were owned by Hispanic men; the remainder were equally owned by men and women”... however, a disproportionate number of female Hispanic-owned firms had no paid employees compared to those owned by their male counterparts (93.3 percent versus 87.2 percent) (Dávila & Mora 2013, p. 82).

Additionally, “in 2010 the self-employment rates of foreign born Hispanic women more than twice exceeded that of U.S.-born Hispanic women (10.8 percent versus 4.9 percent), while among Hispanic men, this rate was about one-third higher for immigrants than for natives...[Moreover], between 2005 and 2009, the self-employment rates of Hispanic-immigrant women surpassed those of their male counterparts, leading the growth in the Hispanic entrepreneurial population in the 2000s” (Davila & Mora, 2013, p. 84). According to the Kauffman Foundation survey and the Hispanic Association on Corporate Responsibility (HACR) Corporate Inclusion Index, “between 2002 and 2007, Hispanic women-owned enterprises grew by 172 percent...[and they] start[ed] businesses at a rate six times the national average” (Larsen, 2012, p. 38).

Despite this uptick among immigrant Latina women entrepreneurs, overall (native born and immigrant) self-employed Hispanic women are at a disadvantage from the perspective of socioeconomic and educational status (Lofstrom & Bates, 2009). For example, “businesses owned by Hispanic men had an overall earnings advantage (as well as a per firm sales advantage) over firms owned by their female counterparts in 2007. In particular, the SBO indicates that despite representing a third of all Hispanic-owned businesses, the \$55.7 billion in sales (\$71,000 per firm) generated by female Hispanic-owned firms accounted for only 15.9 percent of total sales of Hispanic-owned businesses. On the other hand, businesses owned by Hispanic men, in turn, had sales of \$256.4 billion (\$209,000 per firm), representing nearly three-quarters of total sales generated by Hispanic-owned businesses” (Davila & Mora 2013, p. 85).

These lower numbers in terms of total sales and profits may be attributed to several factors including women facing additional barriers such as the “lack of mentors, role models and opportunities, as well as cultural expectations—the guilt that follows a woman when she leaves the community and family to pursue higher education or a career opportunity” (Larsen, 2012, p. 39). The following example from a female Latina business owner illustrates this point: “I wanted my children to have a better life than I had and I wanted to achieve this by doing what I loved. It is hard for me to own my own business because I don’t get as much quality time with my children, but knowing that I am working to put them through school, it will all be worth it” (Personal Communications, August 21, 2013).

Yet, the contributions of female entrepreneurs should not be underestimated. For example, in 2007 these women business owners “had an aggregate payroll of more than \$9.3 billion according to the SOB” (Dávila & Mora, 2013). Female enterprises generated \$3.16 billion in state sales tax in 2007. Hispanic women, especially Mexican immigrant entrepreneurs, cited more work independence and control over economic outcomes as well as family responsibilities as primary motives for becoming self-employed (Lofstrom & Bates, 2009; Fairlie & Robb, 2009).

According to Davila and Mora (2013), Hispanic business owners were less likely than non-Hispanic business owners to acquire a loan from financial institutions. This may be attributed to Latino business owners having a harder time securing a loan than their non-Hispanic peers.

For example, “for nonemployers...6.2 percent of firms owned by Hispanics were unable to access financial capital to expand or improve, compared to 4.1 percent of those owned by non-Hispanics” (Dávila & Mora, 2013, p. 107). Additionally, Hispanic entrepreneurs reported higher (5.3%) rates of rejection than their non-Hispanic counterparts of 3.3 percent when attempting to access credit to expand or improve their business as well as having to pay higher interest rates (8.4 versus 6.5 percent) than their non-Hispanic counterparts (Dávila & Mora, 2013, p.109).

According to these authors, the inability to access credit as well as facing higher interest rates than their non-Hispanic counterparts was more pronounced in the West and South than in the northern parts of the country. Davila and Mora (2013) attribute the discrepancies in credit access by Latino business owners to various factors, including cultural; for example, these entrepreneurs are less trusting of financial institutions and request lower amounts of funds than they need to start or expand their business. Overall, Latino entrepreneurs often “engage in business ownership with insufficient resources and support...[prompted] by a vulnerable labor market situation (for example, job dissatisfaction...blocked mobility based on ethnic, racial, or gender discrimination...) [without] guarantee[s] that, once established, the business will prosper” (Valdez, 2011, p. 6).

Additionally, according to Kwon, Heflin and Ruef (2013), lower levels of social capital in communities often lead to lower levels of entrepreneurial success among “marginal members of a community—those who recently relocated to the community, immigrants, and ethnic minorities...[largely because] of greater poverty and little educational attainment, [hence]...these groups have less individual-level social capital to begin with than do members of the dominant group” (p. 1000).

Moreover, studies on Latina/o entrepreneurs have found high concentrations of Latino businesses in “the most vulnerable sectors of the economy, such as services, construction, and wholesale...[For example] enterprises owned by Hispanics [account for] 66 percent in the low-tech sector, compared to 58 percent among whites” (Kuznia, 2012, p. 37). Finally, other authors have cited clear and systematic discrimination on behalf of the banking and financial sectors even when controlling for characteristics of firms and characteristics of their owners, regions, credit history, credit rating, types of loans and lenders (Martinez & Avila, 2011).

### 3. Methods

The goal of the study was to get a representative sample of the various types of businesses, using the NAICS framework. The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. economy. The North Central WA Hispanic Chamber of Commerce provided the base of sample participants; the rest was supplemented by personal knowledge of the researchers, especially in Spokane County. A few participants were also found in the course of interviews through referrals (snowball sampling). NAICS qualifying businesses were found in all major economic sectors in these counties, with over 104 businesses identified. The overall response rate was 44 percent, with a total sample of finished interviews 46.

The information collected was elicited through a questionnaire during July and August of 2013, with most of the interviews conducted face-to-face and often onsite. The survey consisted of slightly more than 30 questions. For a few participants, telephone and the internet were used to conduct the survey. The questionnaire was produced in English and Spanish to accommodate the comfort level of the interviewee. Dr. Garcia and intern Mendoza were also native Spanish speakers, knowledgeable of the participants' culture and background.

## 4. Results

### 4.1 *Socio-economic Characteristics of the Five Counties*

The largest number of Latino business owners interviewed originated in Chelan and Douglas Counties, accounting for 48 percent of the sample. In 2012, the foreign born population in Chelan County was 12 percent, with 14.4 percent of the population living below the poverty level and a per capita income in 2012 of \$39,797. Furthermore, 23.1 percent of the population spoke a language other than English at home, 83.7 percent of the adult population had a high school education or higher, including 20.6 percent with a Bachelor's degree or higher (Chelan Douglas Trends, 2014). In 2007, the U.S. Department of Commerce reported a total of at least 6,833 firms in Chelan County. Firms owned by Hispanics amounted to 3.6% in that year.

Grant and Adams County accounted for the second largest concentration of Latino businesses interviewed, at 37 percent. As described previously, Grant and Adams Counties have experienced a sharp increase in Latino population over the past ten years. The two largest cities in Adams County are Ritzville and Othello, with the latter accounting for the largest Latino population increase and the highest levels of economic activity (Adams County, 2014). In Othello, we encountered a vibrant and diverse Latino business community, ranging from transportation, restaurant and farming to manufacturing, retail and professional services among others. Of the 324 firms reported in 2007 by the U.S. Census and the Department of Commerce, 36.7 percent were owned by Hispanics in the town.

Nonetheless, 31.8 percent of the population in Othello lives below the Federal poverty level, with less than \$15,000 per capita income in 2012 (United States Census Bureau, 2014). For the county as a whole, 23.1 percent of the population lives below the Federal poverty level with, a per capita income in 2012 of \$37,357. Additionally, over 50 percent of the population in Adams County speaks a language other than English at home; 24.6 percent are foreign born. Two thirds of adults have a high school education or higher and 12 percent have a bachelor's degree or higher (United States Department of Commerce, 2014). The U.S. Department of Commerce in 2007 reported a total of 1,002 firms in Adams County, of which 16.3 percent were owned by Hispanics.

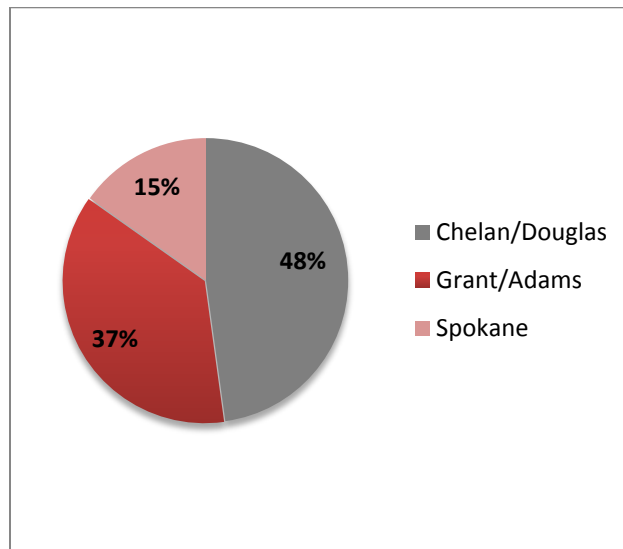
The county seat for Grant County is Ephrata, with Moses Lake serving as the largest center of economic activity and with the largest population of Latino origin (County Government, 2014). According to the most recent U.S. Census data (2012), in Grant County, almost 40 (39.2) percent of the population was of Hispanic origin and 19.5 percent of residents were foreign born. Per capita income in 2012 stood at \$32,342 and a 19.2 percent of the residents in this county lived below the Federal poverty level (Grant County Trends, 2014). The U.S. Department of Commerce reported in 2007 at least 4,913 firms in Grant County, of which 10.9% were owned by Latino entrepreneurs (U.S. Census, 2013).

In 2012, the Hispanic population in Douglas County accounted for 29.5 percent of the overall population. Of the total, 16.1 percent were foreign born, 27.3 percent spoke a language other than English at home. Among all adults, 80.5 percent had a high school education or higher, while 17.4 percent of the population had a bachelor's degree or higher. In 2012, 16.4 percent of the population lived below the Federal poverty level; per capita income was \$31,954 (Chelan Douglas Trends, 2014). Additionally, in 2007 Douglas County accounted for a total of 2,598 firms as reported by the U.S. Department of Commerce, of which 8.4 percent were owned by Latinos entrepreneurs (2014).

Of the Latino entrepreneurs interviewed for this study, 15 percent were interviewed in Spokane County, the smallest of the sample. The United

States Department of Commerce reported in 2007 a total number of 38,017 firms in Spokane County, of which 1.2 percent were owned by Hispanics. In 2012, 5.2 percent of the population was foreign born and 8.1 percent spoke a language other than English at home. Among adults, 92.6 percent had a high school education or higher, while 27.4 percent had a bachelor's degree or higher among the population 25 and older. Per capita personal income was \$37,653, with 15.9 percent of the population living below the poverty level (Community Indicators Initiative of Spokane, 2014). In the City of Spokane, 1.6 percent of 18,017 firms were owned by Hispanics or Latinos with slightly higher poverty levels than the overall county, 18.7 percent (United States Department of Commerce, 2014). Figure 1 summarizes the geographical distribution of interviewees.

**Figure 1: Shares of the Interviewees by County**





#### **4.2 Essential Statistics of the Businesses Covered by the Survey**

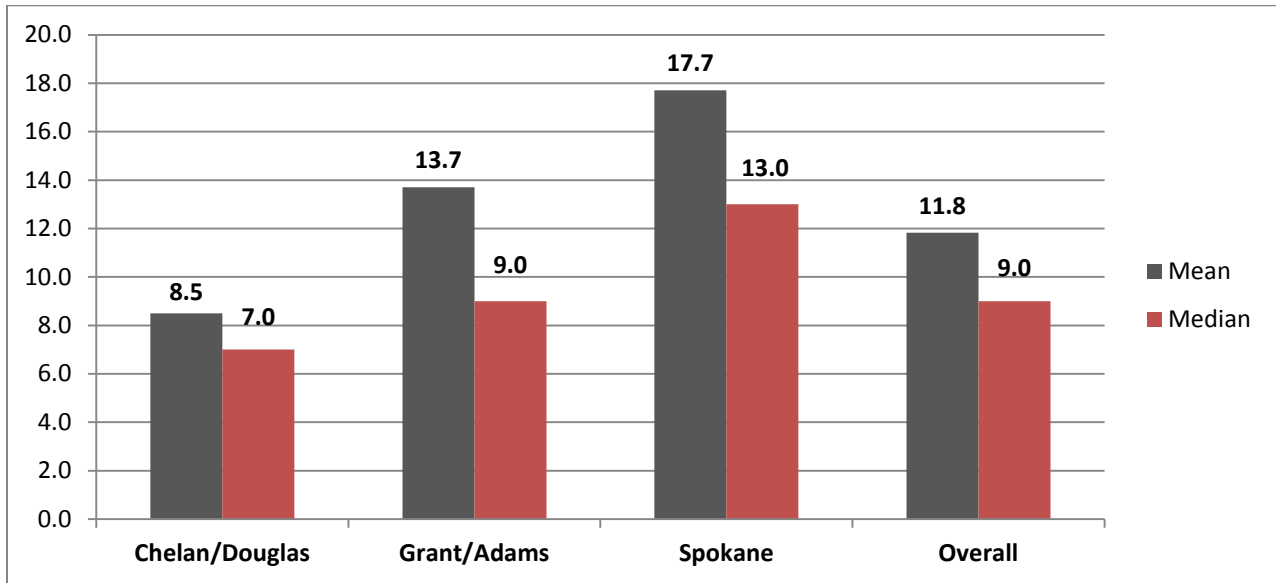
Even though Spokane was the smallest, both in terms of the Latino population residing in this county as well as the sample of Hispanic entrepreneurs interviewed, the data suggest that Spokane County Hispanic businesses have been in operation longer than their counterparts in the other counties. As Figure 2 shows, the mean lifespan of Spokane County Hispanic businesses was 17.7 years, compared to 13.7 in Grant and Adams Counties, and a mean of 13.7 and 8.5 in Chelan and Douglas Counties respectively. The rank of medians is similar.

It seems counterintuitive that Spokane County, having the smallest sample of Latino businesses as well as the smallest number of residents of Hispanic origin, would score the highest in terms of the mean and median years in business. For example, one would have predicted that the regions with the highest Latino population such as Grant/Adams Counties would have a higher mean and median on the number of years Latino entrepreneurs have been operating; however, the data disproved this hypothesis. Factors that might explain Spokane having higher mean and median

in terms of the number of years operating their businesses might be higher levels of education and second and third generation immigrant. The overall mean and median number of years operating businesses for the entire sample of Latino entrepreneurs interviewed was 11.8 and 9 years, respectively.

According to the Small Business Administration, approximately “30 percent of all new businesses in the U.S. fail within the first two years...By contrast Hispanic owned enterprises have a 50 percent chance of shutting down during that first year, says Richard David, CEO and director of finance at Bancofino of New York” (Kuznia, 2012, p. 36). According to these studies this sample of Latino entrepreneurs in Washington State seems to have generally passed that critical threshold, since the mean and the median for the county (Chelan/Douglas) with the lowest numbers of years in operation are 8.5 and 7.0 respectively. Even though the Latino entrepreneurs in this study have definitely passed the one year mark where the highest attrition rates occurred among this population, vulnerabilities and the possibility for failure is real for these entrepreneurs.

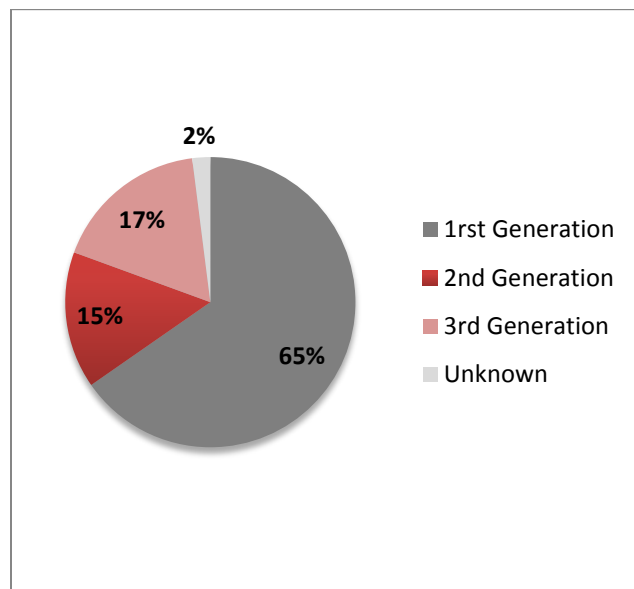
**Figure 2: Years in Operation by Region of Latino-owned Businesses**



Latino business owners were also asked to provide information about what generation of immigrants they represented in the United States. As Figure 3 details, 65 percent were first generation Latino immigrants, 15 percent were second generation and 17 percent were 3<sup>rd</sup>

generation. Given the literature on business ownership by generation (see Davila & Mora, 2013), 55.8 percent of Hispanic-owned businesses were first generation immigrants, it is not surprising that the majority of the sample studied fell under the first generation category.

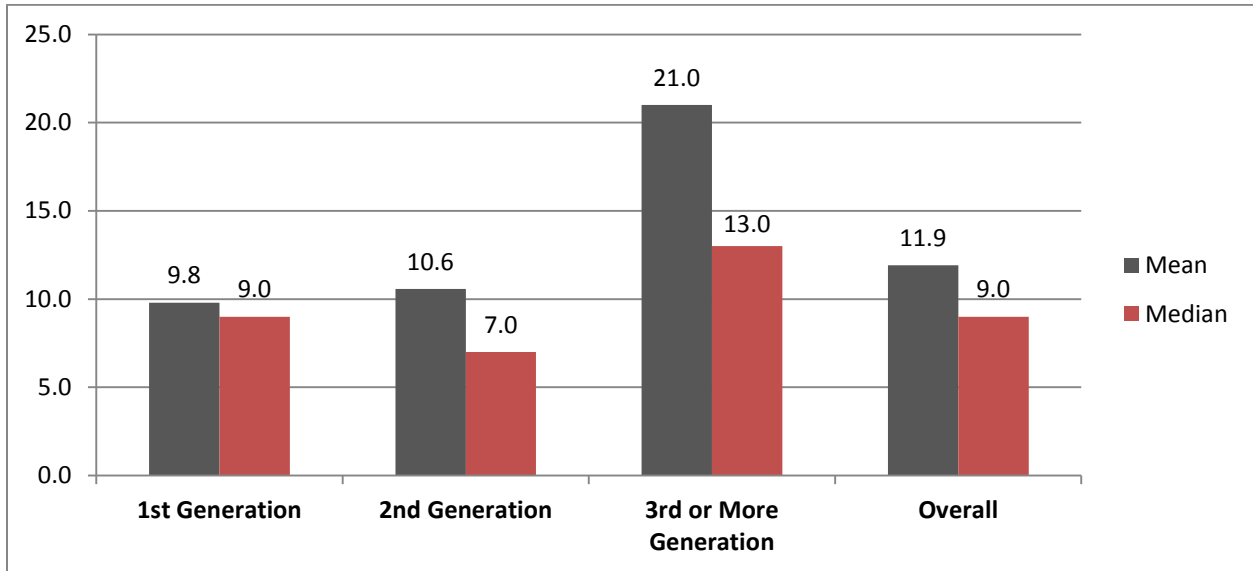
**Figure 3: Latino Business Owners by Generation in the U.S.**



Since many first generation Latinos are relatively new business owners, it is no surprise that third generation Latino business owners showed the highest mean and median years in business, at 21 and 13 respectively. Second generation Latino entrepreneurs had the lowest median years in

business, followed by first generation, at 7 and 9 respectively. Figure 4 gives this detail. A possible explanation for first and second generation Latino entrepreneurs with lower average scores the higher attrition rates common in the first decade of owning a business (see Kuznia, 2012).

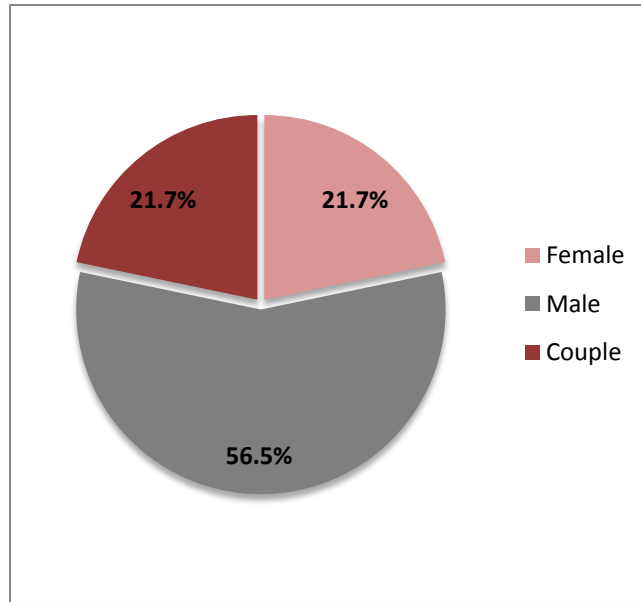
**Figure 4: Years in Business by Generation in the U.S.**



As expected, males constituted the biggest share of businesses interviewed, at 56.5 percent; couples accounted for 21.7 percent and an unexpectedly high percentage of female business owners, at 21.7. Even though the number of Latina entrepreneurs who owned and operated

businesses was not as high as the national average (34.9 percent), the 21.7 percent of females in these largely rural counties who run their enterprises was significant.

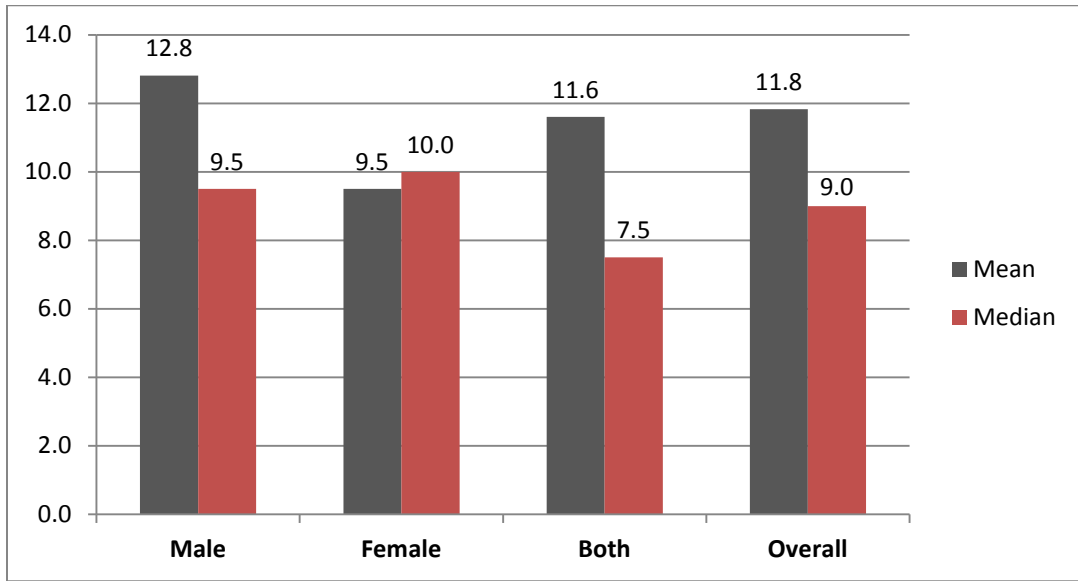
**Figure 5: Gender of Latino Business Owners Interviewed**



Additionally, women accounted for a median of 10 years operating their businesses compared to their male counterparts of 9.5 years. These findings indicate that Latina women are making significant headway regionally in entrepreneurial activities, contradicting a long standing belief that Latina women, especially first generation, are stay

at home mothers and wives. As Figure 6 reveals, mean longevity of Latina-owned businesses was slightly less, 9.5 versus their male counterparts at 12.8 years. The mean and the median number of years for females and males on running their businesses together were 11.6 and 7.5 respectively.

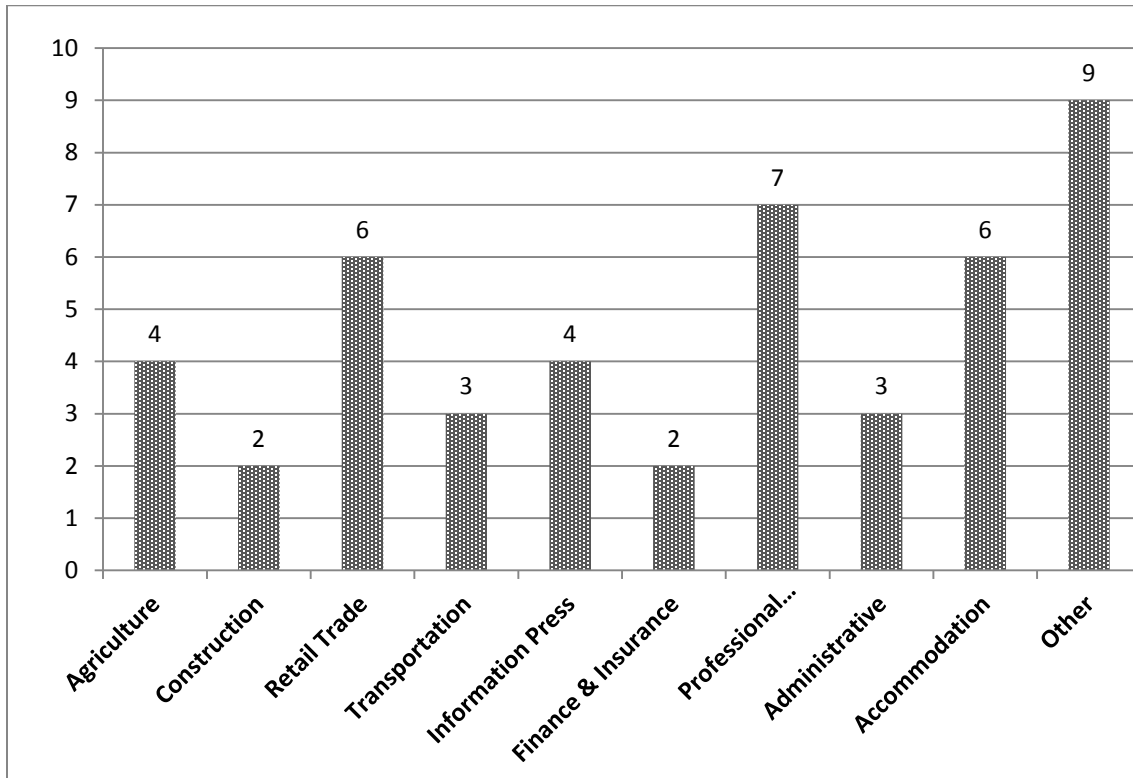
**Figure 6: Years in Business by Owner's Gender**



The Latino business owners interviewed represented the following industries: agriculture, construction, retail trade, transportation, information, finance and insurance, administrative, accommodation and professional-scientific, with the latter having the largest share of businesses under this category. Firms in construction, finance, and insurance had the smallest shares. This does not necessarily mean

that Latino entrepreneurs may not be equally represented in these areas. A simple factor such as not being able to locate businesses in these categories might have contributed to the lower levels of representation in any given sector. The business sector categorized as "other" was represented by business in the following areas; automotive, personal care services and civic organizations. Figure 7 gives the detail.

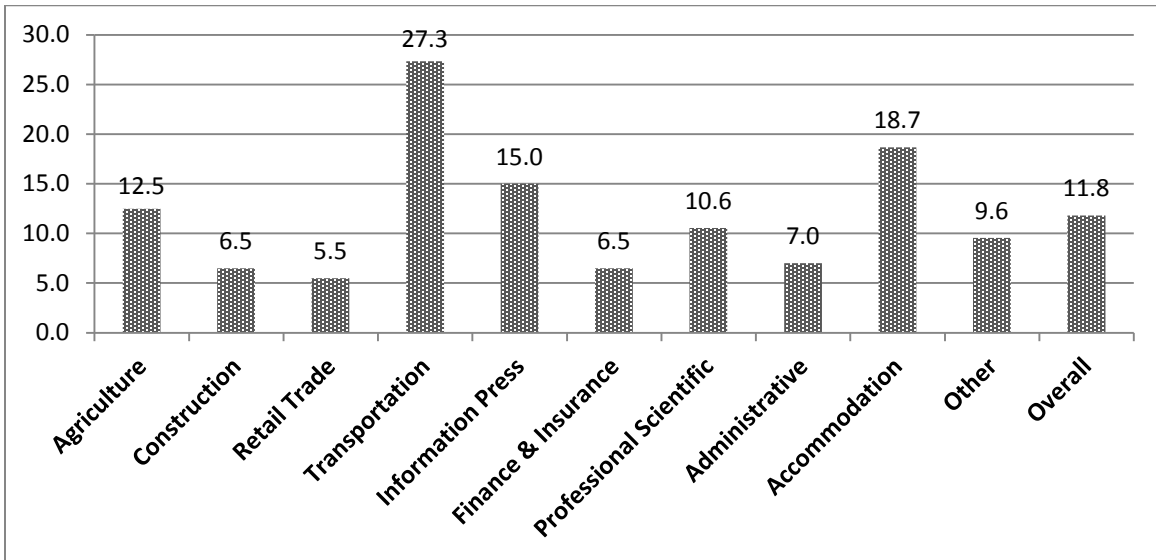
Figure 7: Number of Businesses Interviewed by Sector



An analysis of the length of time these Latino businesses have been operational by sector showed that the transportation firms was the sector with the greatest longevity, with a mean of 27.3 years in existence. The accommodation industry (lodging and restaurants) followed, with a

mean of 18.7 years in operation. Firms in the information sector ranked third, with a mean of 15 years in business, and agriculture had a mean of 12.5 years in business. Figure 8 provides additional detail.

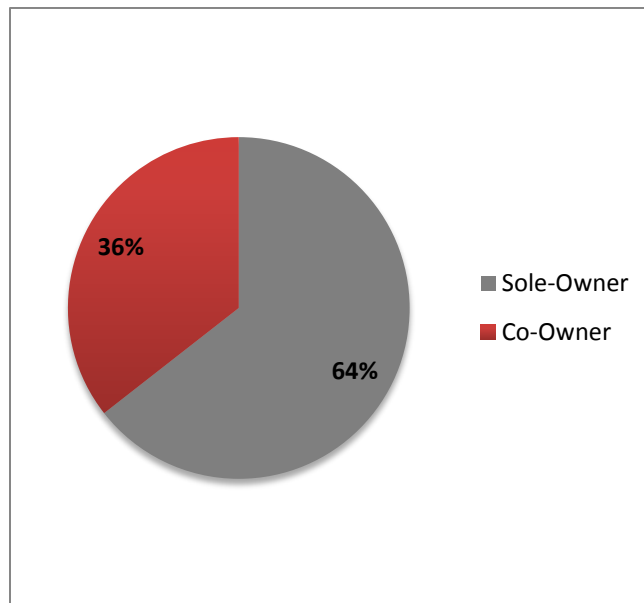
**Figure 8: Average Number of Years in Existence of Businesses Interviewed, by Sector**



The majority of Latino businesses were solely owned and operated, at 64 percent. Approximately 36 percent of the firms were co-owned or in partnership. Many of the interviewed business owners reported that partnerships

almost always resulted in failure. Those that co-owned their businesses claimed, however, that they were often forced into this partnership due to the lack of resources available to start businesses on their own.

**Figure 9: Ownership Status of Businesses Interviewed**

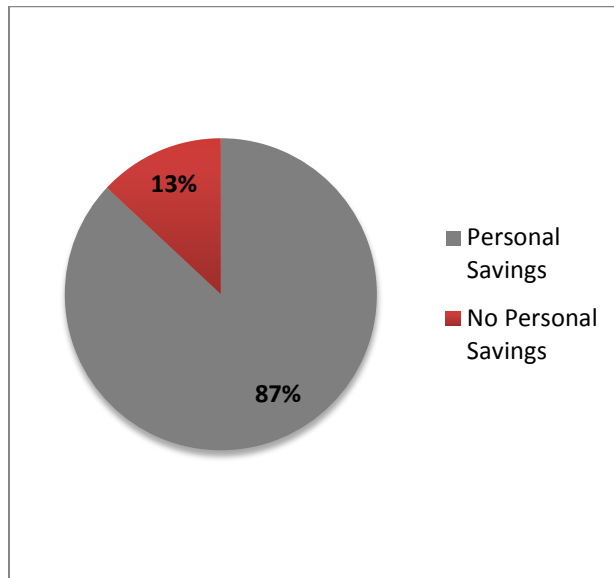


### 4.3 Start-up Financing

As Figure 10 shows, the interviews revealed that 87 percent who had started their businesses used their own personal savings. This is consistent with research on Latino entrepreneurs that suggest these business owners are less likely to acquire

loans because they lack sufficient capital and have a tendency to rely more on “informal funds,” which includes “family loans personal savings or credit cards” (Kuznia, 2012, p. 37).

**Figure 10: Share of Entrepreneurs Interviewed Who Used at Least Some Personal Savings to Start Their Business**

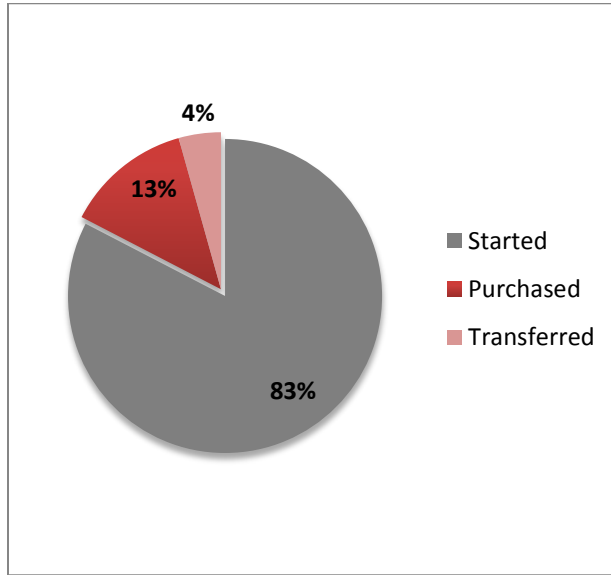


Of the Latino entrepreneurs interviewed overall, 83 percent had started their own businesses, 13 percent purchased an already established

business and 4 percent acquired an already established business as a transfer. This distribution is given in Figure 11.



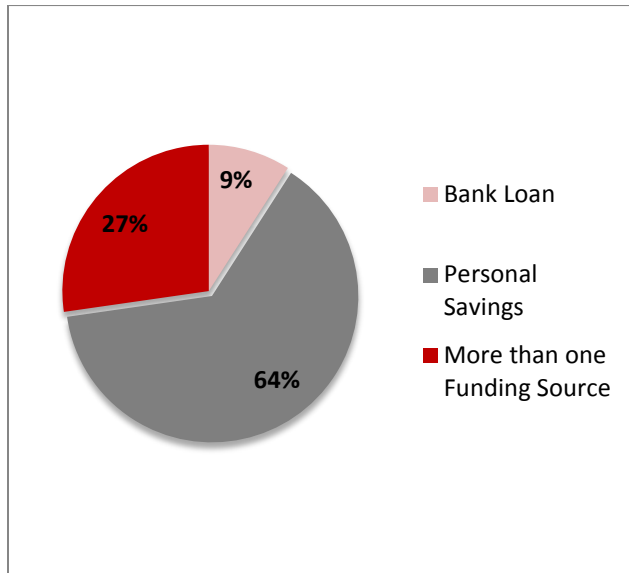
**Figure 11: Origins of the Business**



As Figure 12 shows, 64 percent of Latino business owners interviewed started their own business with personal savings and no assistance from any financial institution or anyone else, 27 percent

used a combination of sources (i.e. personal savings, bank loan, family loan) and only 9 percent used a bank loan only for the startup of their business venture.

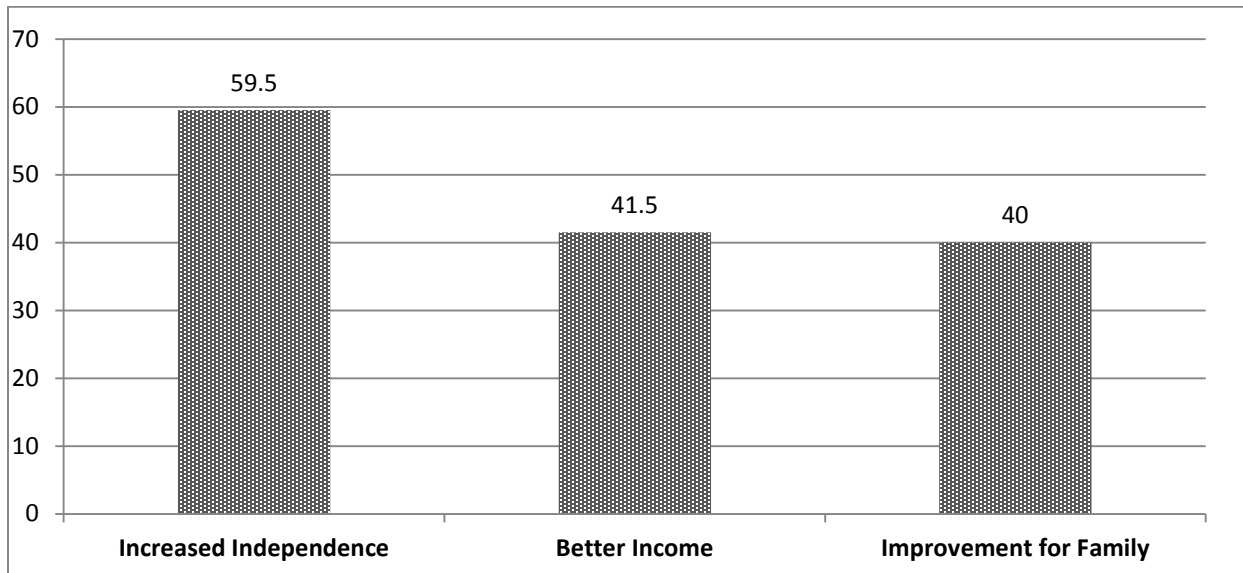
**Figure 12: Funding Resources for the Business Start-up**



The following numbers are the weighted summation of the primary reasons for Latino entrepreneurs starting their businesses. Increased independence scored the highest, at 59.5; better

income was cited second with a weighted summation score of 41; and being better for their families was cited third at a weighted summation score of 40.

**Figure 13: Score of the Motives for Starting a Business**



#### ***4.4 Characteristics of the Labor Force of Businesses Interviewed***

At the time of the interviews, the 46 businesses claimed a total of 677 employees. Of that number, 415 were full-time, with the remainder part-time. As Figure 14 demonstrates, the business sector employing the largest share of full time and part time employees was the accommodation (lodging and restaurants) industry, with slightly less than

300 (284) full time and 171 part time employees. The business sector categorized as “other” accounted for the second largest share of full time employees. The industry with the third largest share of full time employment was agriculture, followed by transportation, retail, professional & scientific and construction industry respectively. Businesses with the smallest share of full time and part time employment included the finance and insurance, administrative and information press industries.

**Figure 14: Number of Employees Represented in Survey by Sector**

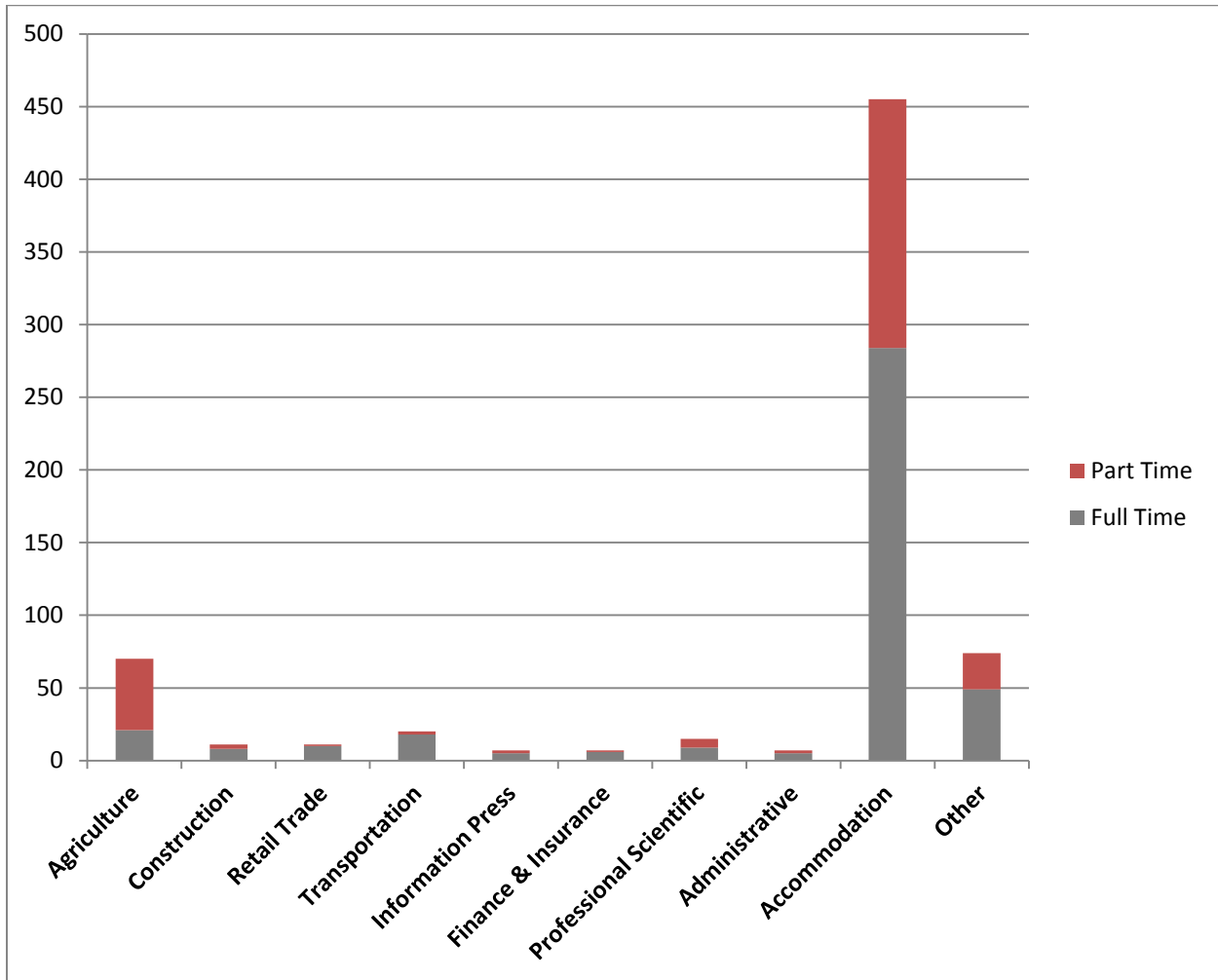
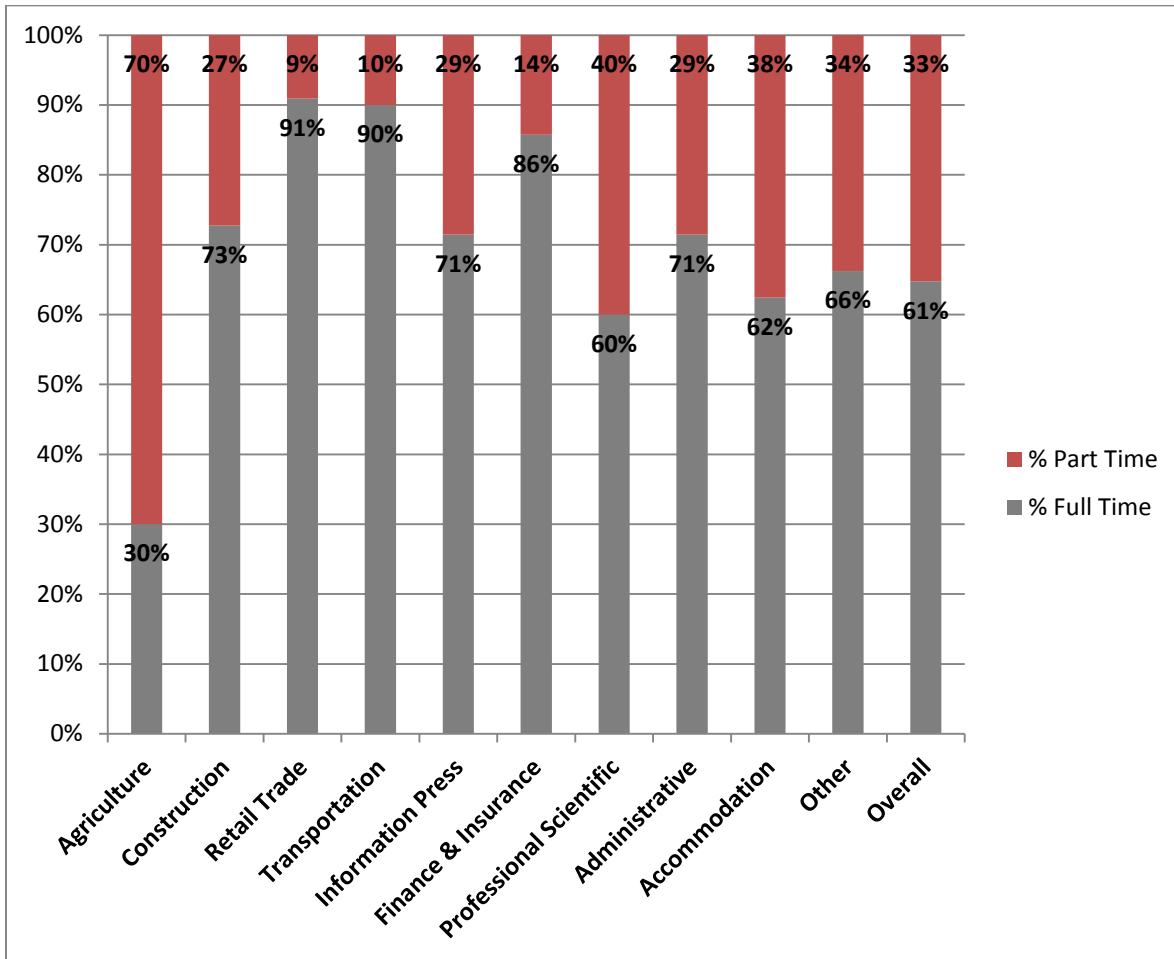


Figure 15 renders the data into percentage terms. Given the nature of agricultural work, it is not surprisingly that the agricultural industry scores the highest among those sectors employing part-time workers, with an estimated 70 percent of the workforce in that category. On the other hand, the businesses sector with the highest share of full time employment was the retail trade at 91

percent, followed by transportation at 90 percent, 86 percent in the finance and insurance industry, 73 percent in construction and 71 percent in information and administrative sectors. Overall, 61 percent of the workforce in the entire business sample of Latino entrepreneurs was employed full time.

**Figure 15: Shares of Full- and Part-time Employees by Sector**

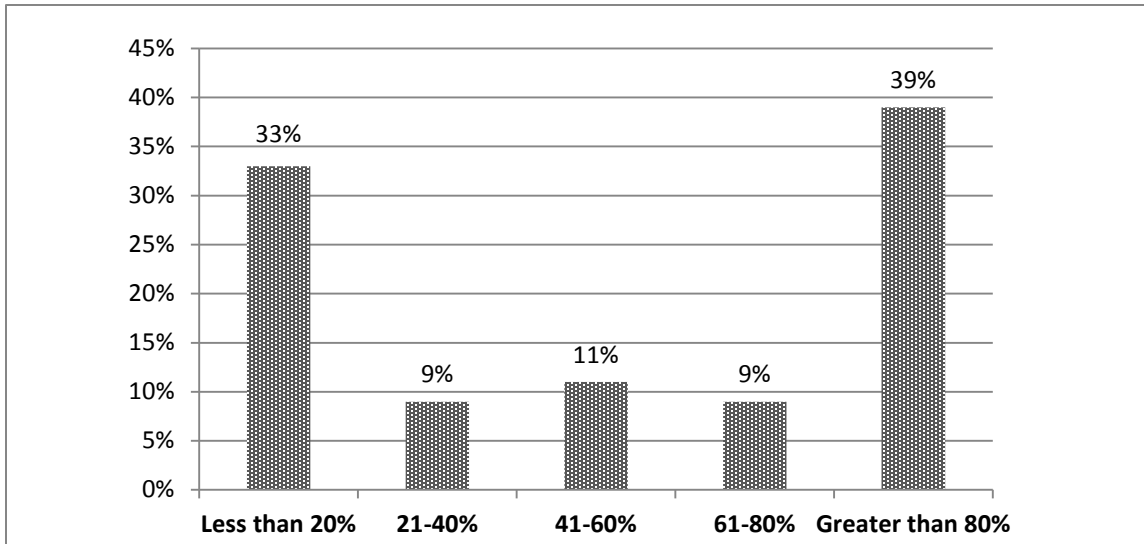


#### **4.5 Business Relations & Recent Experience**

Often the services and contributions of Latino entrepreneurs to the wider community are overlooked or even devalued, as many do not realize how embedded these business owners are in the regional economy. Additionally, even though many Latino entrepreneurs have built businesses to cater to the needs of the Latino population, the results of the study indicate these entrepreneurs provide a critical service to the

non-Hispanic population as well. For example, 39 percent of the Latino businesses interviewed had a customer base that was over 80 percent of non-Hispanic. Yet as Figure 16 makes clear, a third of the firms served less than 20 percent of non-Hispanic customers. This pattern clearly represents a bi-modal distribution. The shares of businesses by other, “middle” weights of non-Hispanic customer bases amounted to only 29 percent of the sample.

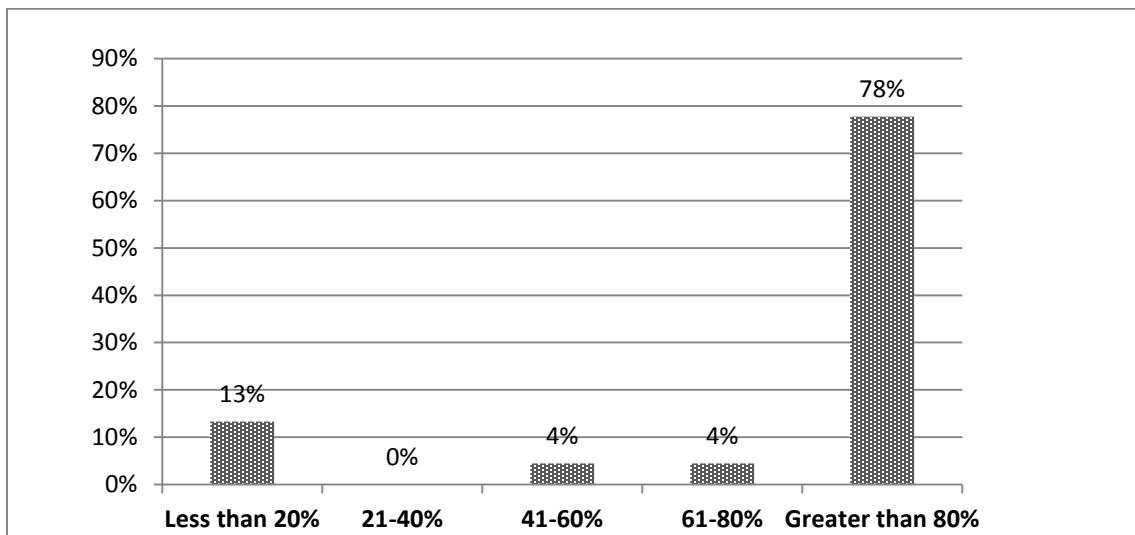
**Figure 16: Distribution of Interviewed Firms by Sales to Non-Hispanic Customers**



Significantly, 78 percent of Latino entrepreneurs interviewed purchased more than 80 percent of their supplies from non-Hispanic providers. Figure 17 displays the full distribution of responses to this question. The evident economic integration of Latino entrepreneurs to the wider economy suggest that if Latino

entrepreneurs do not succeed, than their suppliers, who are mainly owned by non-Hispanic entrepreneurs, may not succeed either. This linkage is often not considered by policymakers when designing policies to assist minority own businesses.

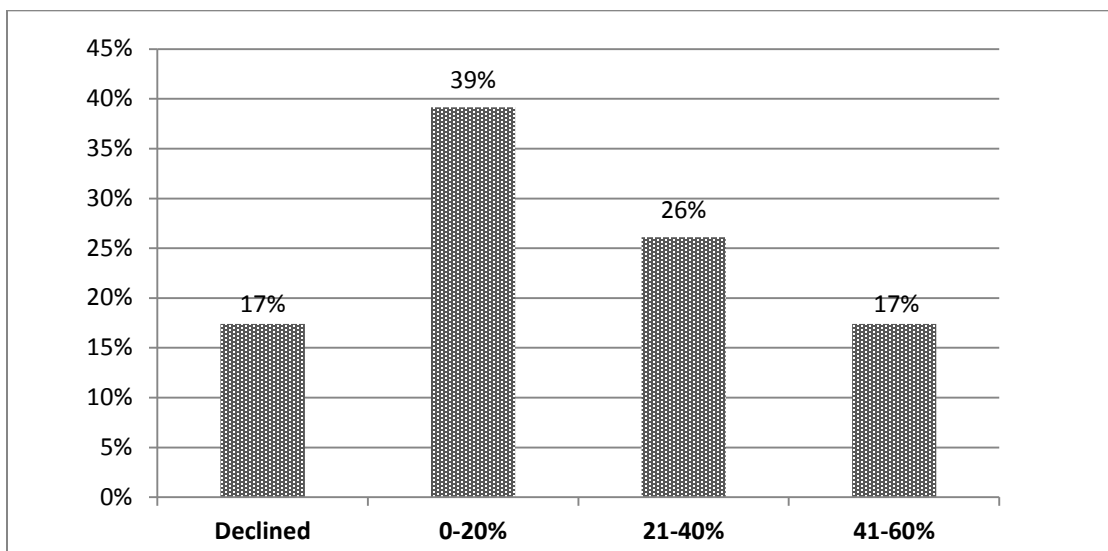
**Figure 17: Distribution of Interviewed Firms by Shares of Purchases from Non-Hispanic Suppliers**



The survey found that more than 75 percent of Latino business owners indicated that in the last three years, when the economy was slowly recovering, their businesses experienced revenue increases ranging from zero to sixty percent. More specifically, as Figure 18 depicts, 17 percent of Latino entrepreneurs interviewed experienced a 41-60 percent increase in revenue in the last three years, 26 percent experienced an increase of 21-40 percent and 39 percent of Hispanic business

owners experienced an increase in revenue of 0-20 percent. A total of 17 percent of Latino entrepreneurs experienced a decline in revenue over the same time period. The overall increase in revenue among Latino entrepreneurs occurred during the recovery from the Great Recession and at a time in which mainstream businesses were not only shedding jobs and experiencing a decline in revenue, but many were going bankrupt.

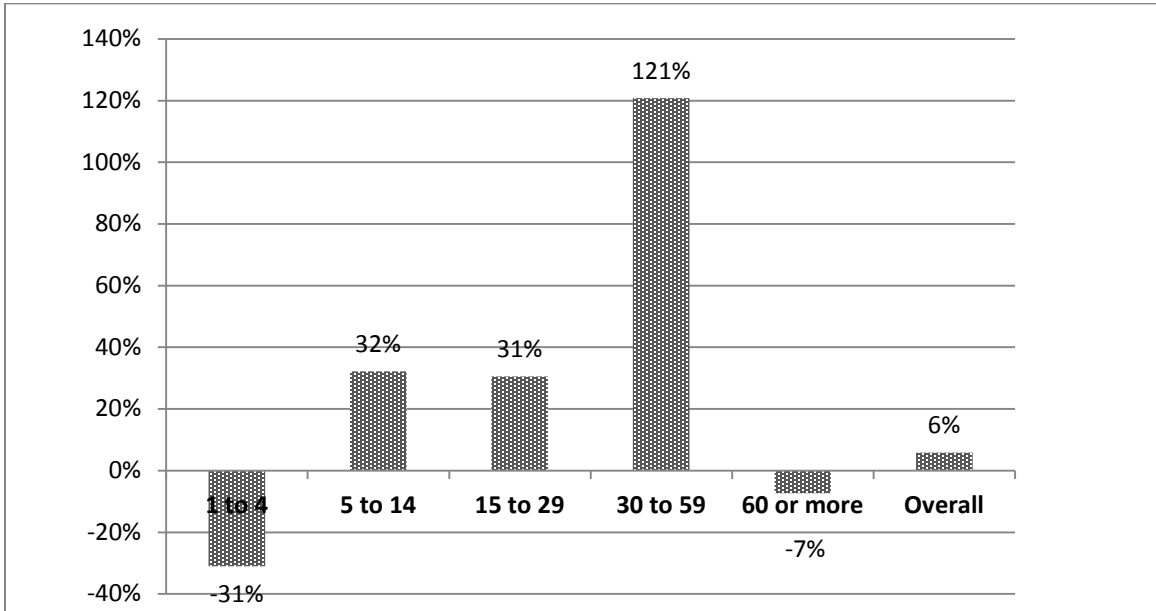
**Figure 18: Shares of Firms by Revenue Increases of Interviewed Latino Business Owners 2010-2012**



The numbers employed, in aggregate, by the interviewed firms also rose over the three-year period, as Figure 19 shows. In this same time period, the sample of Latino business owners showed a 6 percent overall employment growth. However, the experience varied by firm size, as evident in this graph; firms with 30-59 employees

grew at a rate of 121 percent while firms with 5-14 and 15-29 employees grew at a rate of 32 and 31 percent respectively. The numbers employed by firms with 1 to 4 and 60 or more employees decreased by 31 percent and 7 percent respectively.

**Figure 19: Percentage Growth in Workforce by Size of Business Among Interviewed Latino Business Owners 2010-2012**

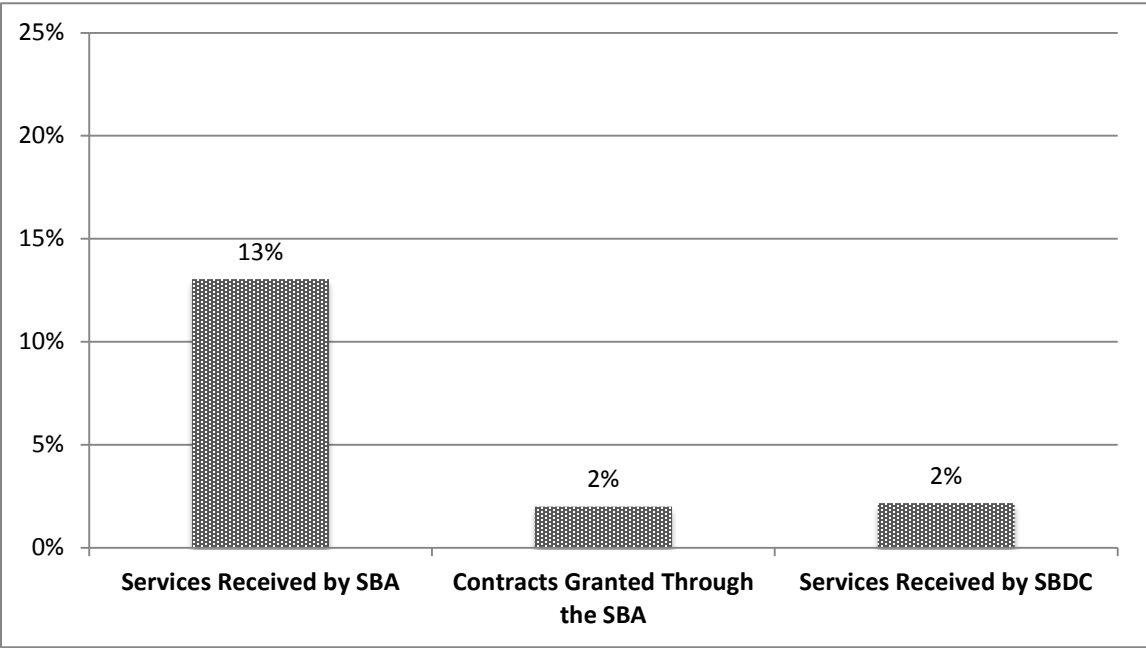


#### **4.6 Relationships with Government & Business Organizations**

The findings on how effective government programs and other organizations are in assisting Latino entrepreneurs in this region were minimal. For example, over 95 percent of Latino business owners interviewed did not received any type of orientation services from government, private or non-profit organizations on how to start or grow their businesses. Only 6 percent of Latino businesses reported having been certified by the Washington State Office of Minority and Women’s Business Enterprises and no contracts had ever

been awarded to any of the sample of the Latino business owners interviewed. Of the Latino entrepreneurs interviewed, 13 percent received some sort of services from the Small Business Administration and 2 percent were awarded some sort of contract by this agency. In terms of awareness of the existence of the Washington State Small Business Development Centers, 13 percent of the Latino entrepreneurs were aware of this agency but only 2 percent of Latino businesses ever received some sort of orientation or service by this organization. Some of these results are captured in Figure 20.

**Figure 20: Interaction between Latino Business Owners & the SBA & SBDC**



Similar results were observed with respect to the Service Corps of Retire Executives, also known as SCORE, a non-profit organization offering free business counseling to entrepreneurs. Of the Latino businesses owners interviewed, 21 percent were aware of its existence, but only 4 percent had ever used their services. This was attributed mainly to the lack of knowledge of the culture and type of services needed in the Latino entrepreneurial community. For example, Latino entrepreneurs expressed the disconnect and lack of knowledge and expertise typical within these organizations about Hispanic businesses; therefore, the advice or counseling they receive has often not been productive, substantive or even relevant to their business needs.

The Hispanic Chamber of Commerce was reported as doing much better at reaching out to Latino businesses, with 33 percent of owners interviewed reporting themselves as members.

However, a certain dissatisfaction and belief in a lack of expertise within these organizations was also evident via in the following comments: “HCC didn’t offer the services that are needed. They spoke about nothing concerning our community and our necessities. They had no interest in the Latino community or Latino business owners. They didn’t even treat the Latino business owners with interest; I felt ignored. They were treating white politicians like royalty and ignored us. In the HCC the members are mostly white and few Latinos” (Personal communications, September 11, 2013).



## **4.7 Current outlook of the Interviewed Business Owners**

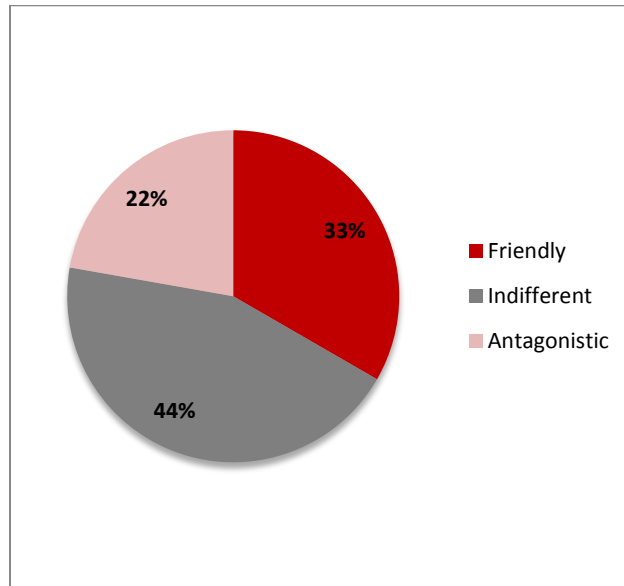
### *4.7.1 Assessment of the Business Climate*

The current outlook regarding opportunities for Latino business owners is mixed. Based on the interviews, it is evident that many of these Latino entrepreneurs would benefit tremendously from the use of technology, equipment, education, training, networking opportunities as well as more access to government programs designed to assist them, as well as access to capital from financial institutions. For example, some Latino entrepreneurs cited currently record low interest rates to refinance and expand their businesses as great opportunities but also cited challenges in acquiring these loans as a result of the economic downturn and many businesses going bankrupt. Others cited a lack of an educated workforce willing to learn the trade and negative stereotypes of Latinos among the dominant group in its field as major obstacles for growing their businesses. Some argued that limiting their services to Latino clients often put them at a disadvantage with their competitors because it had to charge less or their clients often engaged in bartering, a common cultural practice not typically used when paying for services owned by White owned business.

However, other Latino entrepreneurs cited the population growth among Hispanics as major opportunities to build new businesses and expand those they already had.

Figure 21 reveals that only 33 percent of the participants reported a friendly political climate; the majority, or 44 percent, believe the climate in Washington State was indifferent and 22 percent reported the business environment to be antagonistic. A Hispanic business owner who had taken over a franchise went further by claiming that the climate was not only antagonistic but threatening in nature. The business owner was referring to the community where he had taken over a business as being very intolerant of the fact that a “Hispanic” had taken over the franchise and all of the employees of the business under the previous ownership resigned in protest. The business owner also reported having received death threats and his children being bullied in school for their Hispanic heritage. It is important to note that this was an isolated incident and not the perspective of most Latino business owners as already discussed.

**Figure 21: Interviewed Latino Business Owners' Assessment of Political Climate**



However, the fact remains that 67 percent of business owners surveyed reported the business climate for Latinos in Washington State to be indifferent and antagonistic. This should be of concern to policymakers and the community as a whole. Some of the following comments express by business owners are indicative. “There needs to be more focus on Latino businesses here, and more recognition...A lot of people focus on the negative aspect [of Latinos] but don’t see the positive (August 22, 2013)...For them, we do not exist, to them we are like aliens (September 11, 2013)...I am part of the city council, and before I occupied my position I saw how they treated Latinos, but they didn’t treat me like that. They didn’t try to put obstacles in my way, but they did for other Latino business owners....[it] had issues getting final inspection approved then as City Council, I called the Chief of the Fire Department to go and they finished the paperwork within 20 minutes” (Personal communication, September 12, 2013). “They don’t really care, they are not welcoming. When it comes to advertising it is hidden in the newspaper. If you have complaints you really need to speak up to be heard...There are a lot of people that look at us like we don’t

have the same rights” (Personal communication, September 12, 2013). These comments reflect the sense of isolation and marginalization Latino business owners often feel from government, financial institutions and communities as they toil to build successful business in Washington State.

#### *4.7.2 Political Involvement*

Despite the fact that 97 percent of business owners interviewed seemed to have strong opinions about policy issues like the passage of an immigration reform, when asked about their political involvement and if they had ever contributed to political campaigns or political candidates since they had been in business, 66 percent stated they had not. Only 33 percent of Latino business owners stated they had contributed to or had been involved in a political campaign. Even though most Hispanic business owners did not provide a reason, the following statement by a business owner might be representative of the perspectives of most Latino entrepreneurs: “When it comes to political campaigns, we just don’t see the benefits. As Latinos, we are not represented and we are not

receiving the benefits” (Personal communication, September 2, 2013). This represents both a challenge and an opportunity for current political leaders to get Hispanic businesses to buy into a political system in which they feel largely ignored and left out. Furthermore, to persuade them that if they contribute to their campaigns they might just reap the benefits, especially as their economic clout increases and their population numbers continues to rise.

#### *4.7.3 Views on Immigration Reform*

When Latino entrepreneurs were asked how important it was to their business for a comprehensive immigration reform to be enacted by Congress, 97 percent stated this was very important for the success of their business. In fact, many cited the fact that immigration raids had slowed down economic activity in their areas and if the country engaged in massive deportation, they would have to close their business because without the undocumented clients they would be bankrupt. Moreover, the lack of immigration reform was cited as major concern and obstacle for the growth of many Latino businesses, quoting often the shortage of documented labor and the pressure by the government to comply with ever more regulations like I-9s to ensure that the hiring of undocumented workers did not occur. Some business owners cited regulations requiring a valid social security number to be able to conduct a credit check before providing services like car loans, access to financing for a home, start, expand and/or invest in a business as major obstacles preventing their businesses from growing.

We even encountered undocumented business owners operating a successful business, and they cited their undocumented status as a great obstacle in accessing loans to grow.

It is important to note that most business owners interviewed were documented, but still cited the lack of an immigration reform as the main obstacle for the growth of their business. The passage of this legislation for many businesses with a comparative advantage among the Hispanic population would bring increased demand for their bilingual and bicultural services in legal, real estate, transportation, construction and other professional service sectors. Business owners providing professional services also indicated the passage of immigration reform as a critical component of the local economy. They claimed business owners don't have to be “legal” to own and operate a business. In fact, these business owners claimed they had many business owners that were “illegal” and were operating and employing people in the community and contributing to the local economy.

The following quote from a business owner illustrates this point: “40% of tax returns are undocumented clients, [We are] waiting on immigration reform because it will increase translation and tax return services. Business owners I help are legal, but I have illegal clients too. I have Latino clients that are not legal residents but have businesses and hire employees. You don't have to be legal to own a business and I have clients like this and they contribute to the community” (Personal communication, August 21, 2013)

Bringing the undocumented workers and entrepreneurs out of the shadows would translate into an important boost of economic activity and an increase in community involvement. In fact, since 65 percent of Latino entrepreneurs in the sample were first generation immigrants, it is highly likely that they benefited from Reagan Administration's 1986 Immigration Reform and Control Act and as a result they now had thriving businesses. The following quote by a business

owner illustrates how she benefited from the 1986 immigration reform: “My dad came to the U.S. first but I was born and raised in Mexico. I came to the U.S. when I was 20 years old. The amnesty happened when I was 28 years old, that is how I got my papers” (Personal communications, August 21, 2013).

Additionally, the following quote is emblematic of the perspective of Latino business owners on the passage of an immigration reform: “I have a client who has \$230,000 buried in its backyard. By the millions, they will open up bank accounts and buy houses if the immigration reform passes” (Personal communication, September 2, 2013). Other business owners shared they had family members they wanted to hire and integrate them into the business but could not do so because they were undocumented. The fact they could not hire them was a major obstacle for the growth of their business. Additionally, others shared that many undocumented workers had been here for more than 20 years and had enough money for a down payment on a home, but needed a loan to finance the rest, but could not do so because of their undocumented status. A business owner related, “The local banks here used to loan them money through their IRS# but then they stopped loaning the money. After 9/11, they started checking social security numbers so people who were undocumented could not purchase homes. Now I have a lot of clients that want to purchase a home but they can’t because they don’t have a valid social security number” (Personal communication, September 12, 2013)

#### *4.7.4 Perceived Obstacles to Growth*

When we asked Latino business owners about the obstacles facing the growth of their business, the following themes emerged. Latino business

owners expressed a lack of information on how to access capital from financial institutions. When they found information, they often faced challenges in gaining access to the capital. This lack of access to capital leads to an inability to develop or improve their infrastructure (i.e. bigger parking lot, bigger shop, bigger office space, etc.). As one business owner said, “The parking lot is an issue...My clients might not find a parking spot so they will go to another business and just like that Ilost a customer... [another participant expressed the following] It is hard for small farm owners because they pay us less for the fruit when we sell it to the packaging companies. If we had capital we could have our own sort and packaging system and we could send it straight to the market” (Personal communication, September 12, 2013). Others cited strong competition from large retail stores that almost put them out of business.

Additionally, Latino entrepreneurs expressed the need for training on how to run a successful business, largely because they’ve never had any formal preparation in business management. The lack of access to mentoring and strategies on how to market their product and advertise their business was also cited as an obstacle for the growth of their business. Furthermore, the lack of education and language barriers was also cited as major obstacles in growing their business. They cited the misunderstanding by the Hispanic chambers of commerce for their inability to gauge the needs of the local business owners and assist them in developing skills that would aid them in running their business more efficiently. Simple training on how to use technology to write a contract with bigger companies or corporations, to apply for a loans, to access new markets, to secure information about lenders, to provide better customer service, to managing personnel, and to market their products were areas of great need.

Additionally, some Hispanic business owners in farm related and transportation industries cited factors that were out of their control that could hinder their business growth, including their dependence on weather conditions and fuel prices. Some professionals felt negative stereotypes of Latinos and prejudicial attitudes by the dominant group were hindering their ability to grow. Some of these attitudes were not so obvious like being denied loans or access to capital and being indifferent. But other anti-Latino attitudes were not so subtle, such as threatening the lives of Latino owners and their families.

Often these business owners felt it was challenging to break ground into certain professions because the dominant group, including government agencies, had a monopoly over services like counseling, education and legal services despite the competency and qualifications to serve their Latino clients. Some business owners did cite state and federal regulation, high taxes and bureaucratic hurdles as obstacles for expanding their business. A Latina business owner in the service industry complained about lax regulations that allowed her competitors to undercut her rates because they don't pay licensing fees, resulting in a higher overhead cost for her business.

On the other hand, a group of Latino business owners were highly optimistic, self-confident, determined, persistent and with having an exceptional work ethic. They cited no obstacles, not even the economic recession. These business owners were strategizing on how they would go about expanding in geographic areas where they were already operating as well as into other locations within the state. Lastly, some business owners were content with the size of their business and often did not want to grow or expand.

#### *4.7.5 Perceived Opportunities for Growth*

For many business owners, the continued growth in the Latino population was perceived as a major boost to the growth of their business and intended to expand to areas where this growth was more pronounced. With this population boom, many business owners perceived a great need for services by professionals in the health, education, legal and service industries, requiring an educated work force with bilingual and bicultural skills. Along the same lines, those who cited the lack of an immigration reform as an obstacle also cited the passage of this law as a major opportunity to expand their business because it would significantly increase their demand for legal, translation, home purchasing, tax and other services requiring valid social security numbers and proof of legal residence.

The following is a quote by a business owner that represents this theme: "If the immigration reform was to pass then I could hire people I personally know that are willing and capable of doing this job. The people I speak of have been driving trucks since they were young and they are hard workers with a strong work ethic. This can only happen if the immigration reform passes" (Personal communication, September 12, 2013). Many business owners cited their ability to access capital and credit as a crucial component to expanding their businesses; this would allow them to expand and access new markets (domestically and abroad) and increase their output.

Additionally, the use of technology to improve the efficiency of their business operations, as well as better marketing and advertisement of their businesses were cited as a major factor that could significantly improve the demand for their goods and services. Finally, some of Latino entrepreneurs cited their work ethic as one of the main assets and opportunities that would make their business grow.

## 5. Discussion & Conclusions

**B**ased on the findings of this study, it is evident that significant progress needs to be made in the services being offered by government, non-profit and for profit organizations charged with assisting Latino entrepreneurs. The fact that 95 percent of the Latino business owners never received services by these organizations and given the projected population growth of Hispanics in the state and the nation, quality and quantity of services being provided to this population should be of major concern to policymakers and other stakeholders.

Policymakers should also be concerned that more than 65 percent of Latino entrepreneurs have never contributed nor participated in any political campaign in the state. The reason cited for this lack of involvement is Latino entrepreneurs do not perceive policymakers as being responsive to their needs. In the area of immigration, the passage of the Real Hope Act (SB 6523) in February 18, 2014, policymakers appear to have responded to the call of Latino entrepreneurs who believe adopting policies that are friendly to the undocumented bring important economic benefits to the state. It was almost unanimous (97 percent) among Latino entrepreneurs, regardless of political orientation, that a passage of an immigration reform was critical for the growth of their businesses.

Another important finding in the study was that Latino entrepreneurs are concentrated in the service sector economy and very few have entered the manufacturing sector of the economy. It is important for policymakers to address this major deficiency by creating opportunities that would encourage Latino entrepreneurs to penetrate this industry sector with major market barriers for Latino entrepreneurs. These opportunities can be made available by making loans more accessible,

providing training and information for Latino entrepreneurs who are attempting to enter this and other less vulnerable business sectors in the state economy.

It is important to highlight that Latino entrepreneurs are still grossly underrepresented in most business sectors in all counties where interviews were conducted. For example, as pointed out earlier, 59 percent of the population in Adams County is of Hispanic or Latino origin yet 16.3 percent of the firms in the county are owned by this population. In Grant County, almost 40 percent (39.2) of the population is of Hispanic origin and less than 11 (10.9) percent of the firms in the county are owned by Latinos; in Douglas County almost 30 percent (29.5) of the population is of Hispanic origin and 8.4 percent of the firms are owned by Latinos followed by Chelan with a 26 percent and Spokane at 5 percent of the population being of Latino origin, while firm ownership rates are at 3.6 and 1.2 percent, respectively.

Even though the contributions of Latino entrepreneurs to the Washington economy are already significant, they can be increased quickly if Latinos are provided with the tools and opportunities needed to open up businesses. The fact that Latinos are underrepresented in firm ownership by more than 40 percent in some counties (Adams), it is evident that there is much room for improvement before we reach some level of parity between the Latino population and firm ownership. Moreover, it is important to highlight that despite the unexpected high percentage (21.7) of women entrepreneurs found in this study, Washington State is still behind the national average of 34.9 percent of businesses own by women.

The business sector with the highest (91 percent) share of full time employment was retail trade. It is important to point out that despite the overall net gains of firms owned by Hispanic business owners in Washington State, consistent with national trends, Latino entrepreneurs in this study owned firms in business sectors that are vulnerable to the downturns of the economy. Additionally, Latino entrepreneurs in the information and media industry continue to struggle to make significant inroads in firm ownership and funding and opportunities in this area can be increased to level the playing field.

Even though Latino entrepreneurs interviewed for this study were productive, highly innovative and profitable, it was evident their profits and productivity could greatly improve with more education, training, and most importantly, the use of technology to run their business. For this reason, Latino entrepreneurs who want to increase their profits should be encouraged to acquire more education since studies have shown Hispanic businesses owners who are college graduates can improve their profits by almost 50 percent (Davila and Mora, 2013).

## 6. Thoughts for Further Research

This study was an attempt to provide some basic understanding about Latino entrepreneurs operating in the parts of the eastern half of the state. The authors hope it serves as a starting point for future research involving Hispanic business owners in other parts of the state. The authors of this report understand these findings are just the tip of the iceberg and in order for these results to be more generalizable, the number of participants will need to increase significantly. Increasing the number of interviews of Latino business owners in other regions of the state will give researchers a better understanding of the significant contributions these entrepreneurs are making to the state economy and the status of their integration into their regional economies.

Increasing the number of participants will also make the results of this study more generalizable. Specific areas of inquiry that should be explored in future studies are the factors contributing to some business sectors, such as the transportation industry with the longest (27 years) longevity rates, thriving in some counties and not in others. Is it the growth in the Latino population that has allowed these Latino entrepreneurs to remain in business for as long as they have or are other factors involved including diversifying their clientele? What are the factors contributing to some counties (Adams) having a higher percentage (16 percent) of firms owned by Latino entrepreneurs where as others (Spokane) have the lowest (1.2 percent)? Is the growth of Latino population driving the opening up of new businesses and increasing the firm ownership in some areas by Latino entrepreneurs or are other factors behind these phenomena?



## 7. Appendix: Hispanic/Latino Business Owner Survey

*The purpose of this survey is to gain a perspective of the experiences of Latino & Hispanic business owners in north central and northeast Washington. There is little information about the history, present and future plans for businesses like yours. It is especially important to learn about your experiences and plans, since Hispanic & Latinos make up the fastest-growing segment of the population. It is our hope that the results of the survey will be of value, first to participants like you, and second to the many groups that are interested in the findings, such as the Washington state Commission on Hispanic Affairs, the regional Latino/Hispanic chambers of commerce in Eastern Washington, the mainstream chambers of commerce in the counties covered, elected officials and the press.*

*The survey is being carried out by faculty, students and staff associated with the Institute for Public Policy & Economic Analysis at Eastern Washington University. EWU is deeply committed to serving the residents of eastern Washington, by offering both high quality education to students and research relevant to the many communities of this region. The funding comes from the U.S. Small Business Administration. The project and survey have the endorsement and participation of the North Central Washington Hispanic Chamber of Commerce.*

*All the findings will be presented in the aggregate, and not for any individual. The team from EWU will treat all responses anonymously. Still, if you prefer not answer certain questions, we respect your decision. In this coming winter, a report will published, which you will receive.*

1. Name \_\_\_\_\_
2. Your title \_\_\_\_\_
3. Name of business \_\_\_\_\_
4. Major activity of business (i.e. retail, manufacturing, food service, etc.) \_\_\_\_\_
5. Minor activity of the business, if any \_\_\_\_\_
6. How many years have you been in this business? \_\_\_\_\_
7. Are you the sole owner of the business? \_\_\_ If not, how many partners do you have? \_\_\_
8. Is this the first business you have ever owned? Yes \_\_\_\_\_ No \_\_\_\_\_
9. If not, how many other businesses have you owned? (Give a number) \_\_\_\_\_
10. How did you come to be owner/operator of the business?
  - a. You started it \_\_\_\_\_
  - b. You purchased \_\_\_\_\_
    - 1) If so, from whom? (Private \_\_\_\_\_ Public corporation \_\_\_\_\_)
    - 2) If so, how long had it been in existence before you purchased it? \_\_\_\_\_
  - c. You received it as a transfer or sale from a family member \_\_\_\_\_
11. Can you tell us very generally how you financed the start-up or purchase of your business? If you used more than one category, can you give us the approximate percentage of your overall funding it made up? Do not provide DOLLAR amounts!
  - a. Loan from a bank? \_\_\_\_\_
    - 1) If yes, do you know whether this was guaranteed by the Small Business Administration? Yes \_\_\_\_\_ No \_\_\_\_\_ Don't Know \_\_\_\_\_
  - b. Loan from a credit union? \_\_\_\_\_
  - c. Loan from a local economic development fund \_\_\_\_\_
    - 1) If yes, please list the fund \_\_\_\_\_
  - d. Loans from family or friends? Yes \_\_\_\_\_ No \_\_\_\_\_
  - e. Personal saving? Yes \_\_\_\_\_ No \_\_\_\_\_
  - f. Other \_\_\_\_\_
12. What made you want to own your own business?

13. On a scale of 1-7 (1 is the lowest and 7 is the high), would you rate the advantages of owning the business:
- Independence \_\_\_\_
  - Ability to improve your income over prior jobs \_\_\_\_
  - Better for your family \_\_\_\_
  - Other (*please state*)
14. Have you been in this field of work before? Yes \_\_\_\_\_ No \_\_\_\_\_
15. How many employees do you now have? (*Provide a number*)
- Full-time \_\_\_\_\_
  - Part-time \_\_\_\_\_
16. Three years ago, about how many employees did you have?
- Full-time \_\_\_\_\_
  - Part-time \_\_\_\_\_
17. Can you tell us, very generally, how much your revenue has grown over the past 3 years?  
*Again, no dollar amounts needed. Choose one of the four options:*
- They have declined \_\_\_\_
  - 0-20% \_\_\_\_
  - 20-40% \_\_\_\_
  - Greater than 40% \_\_\_\_
18. Approximately what percentage of your *sales* is to non-Hispanic/Latino customers? If unknown, give an estimate. Pick one from the percentage below:
- < 20% \_\_\_\_
  - 21-40% \_\_\_\_
  - 41-60% \_\_\_\_
  - 61-80% \_\_\_\_
  - > 80% \_\_\_\_
19. Approximately what percentage of your *purchases* is from non-Hispanic/Latino suppliers? If unknown, give an estimate. Pick one from the percentage below:
- < 20% \_\_\_\_
  - 21-40% \_\_\_\_
  - 41-60% \_\_\_\_
  - 61-80% \_\_\_\_
  - > 80% \_\_\_\_
20. Have you been certified by the Washington state office of Minority & Women's Business Enterprises?  
Yes \_\_\_\_\_ No \_\_\_\_\_
- If yes, have you landed any contracts with the state of Washington? Yes \_\_\_\_ No \_\_\_\_
21. Have you been certified by the Small Business Administration to be able to bid on contracts from federal agencies? Yes \_\_\_\_\_ No \_\_\_\_\_
- If yes, had you landed any contracts with U.S. government agencies?  
Yes \_\_\_\_ No \_\_\_\_
22. Are you a member of the local/regional Hispanic chamber of commerce? Yes \_\_\_\_\_ No \_\_\_\_\_
23. If no, why not? Give a reason.
- .
24. If yes, what are the advantages of membership? Give a reason.
- .
25. Are you member of the local chamber of commerce? Yes \_\_\_\_ No \_\_\_\_\_
26. If no, why not? Please give a reason or reasons.
- .
27. If yes, what are the advantages of membership? Please give a reason or reasons.
- .
28. Have you ever used the services of the SBA? Yes \_\_\_\_ No \_\_\_\_\_ If so, which programs?
29. Are you aware of WA's Small Business Development Centers? Yes \_\_\_\_ No \_\_\_\_\_

- If so, have you ever used their services? Yes \_\_\_ No \_
30. Are you aware of the SCORE program (spell out)? Yes \_\_\_ No \_\_\_\_  
If so, have you ever used their services? Yes \_\_\_ No \_\_\_\_
31. How do you feel the current political climate for Latino business owners is like in the state of WA?  
Friendly\_\_\_\_\_ Antagonistic \_\_\_\_\_ Indifferent \_\_\_\_\_
32. Since you have been in business, have you ever contributed to a political campaign or a political candidate? Yes \_\_\_\_\_ No \_\_\_\_\_
33. What is your view on the passage of a comprehensive immigration reform?  
Important \_\_\_\_\_ Somewhat important \_\_\_\_\_ Not important at all \_\_\_\_\_
34. Can you tell us what "generation" of your family in the United States you represent?
- First \_\_\_
  - Second \_\_\_
  - Third \_\_\_
  - Greater than third \_\_\_
  - Prefer not to answer \_\_\_
35. Can you tell us the 2-3 biggest obstacles facing the growth of your business?
- .
36. Can you tell us the 2-3 largest opportunities you see for your business?
- .

**Ending Statement**

*We want to thank you for your time and thoughtful answers. As mentioned, you will receive the aggregate results of the survey. We expect to have*

*the reports done in winter of this year. Since we are surveying only 50 business owners, your responses will definitely matter.*

## Spanish Version of Survey

### Encuesta de Propietarios de Negocios Hispanos/Latinos

El propósito de esta encuesta es obtener una perspectiva de las experiencias de los empresarios Latinos e Hispanos en el centro norte y noreste de Washington. Hay poca información sobre la historia, los planes actuales y futuros de las empresas como la suya. Es especialmente importante aprender acerca de sus experiencias y planes, ya que hispanos y Latinos conforman el segmento de mayor crecimiento de la población. Tenemos la esperanza que los resultados de la encuesta sean de valor; en primer lugar a los participantes como usted, y en segundo lugar a los muchos grupos que están interesados en los resultados, como la Comisión Estatal de Washington sobre Asuntos Hispanos, las cámaras Latinos / Hispanos regionales del comercio en el este de Washington, las cámaras convencionales de comercio en los condados cubiertos, funcionarios electos y la prensa. La encuesta se lleva a cabo por profesores, estudiantes y personal asociado con El

Instituto de Análisis Económico y Política Públicas de la Universidad de Eastern Washington. EWU está profundamente comprometida en servir a los residentes del Este de Washington ofreciendo tanto una educación de alta calidad a los estudiantes y la investigación relevante para las numerosas comunidades de esta región. El financiamiento proviene de la Administración de Pequeños Negocios de Estados Unidos. El proyecto y el estudio tienen el respaldo y la participación de la Cámara de Comercio Hispana del Centro-norte de Washington.

Todos los resultados serán presentados en conjunto, y no especificara alguna persona en particular. El equipo de EWU tratará todas las respuestas de forma anónima. Sin embargo, si usted prefiere no contestar ciertas preguntas, respetamos su decisión. El próximo invierno un informe publicado será enviado a usted como agradecimiento por su participación.

1. Nombre: \_\_\_\_\_
2. Su título/posición: \_\_\_\_\_
3. Nombre del negocio: \_\_\_\_\_
4. La actividad principal de la empresa (es decir, venta al por menor, industria, servicios de comida, etc.) \_\_\_\_\_
5. Menor actividad de la empresa, en su caso: \_\_\_\_\_
6. ¿Cuántos años ha estado en este negocio? \_\_\_\_\_
7. ¿Es usted la/el único propietario/o de la empresa? \_\_ Si no es así, ¿Cuántos socios tiene? \_\_\_\_\_
8. ¿Es la primera empresa o negocio que usted ha adquirido? Sí \_\_\_\_\_ No \_\_\_\_\_
9. Si no es así, ¿cuántos otros negocios ha poseído? (De un número)
10. ¿Cómo llegó a ser propietario / operador de la empresa?
  - a. Usted la empezó: \_\_\_\_\_
  - b. Usted la compró: \_\_\_\_\_
    1. Si es así, ¿De quién? (Privado \_\_\_\_\_ Corporación Pública \_\_\_\_\_)
    2. Si es así, ¿Cuánto tiempo había estado en existencia antes de que usted la haya comprado?
  - c. Usted lo recibió como una transferencia o venta de un familiar:
11. ¿Puede contarnos cómo se financio la puesta en marcha o compra de su negocio? ¿Si ha utilizado más de una categoría, puede darnos el porcentaje aproximado de su financiación total? No proporcione cantidades en dólares!
  - a. Préstamo de un banco? \_\_\_\_\_
    1. En caso afirmativo, ¿Sabe usted si está garantizado por la Administración de Pequeños Negocios? Sí \_\_\_\_\_ No \_\_\_\_\_ No sabe \_\_\_\_\_
  - b. Préstamo de una cooperativa de crédito? \_\_\_\_\_
  - c. Préstamo de un fondo de desarrollo económico local?
    1. En caso afirmativo, indique el fondo por favor: \_\_\_\_\_

- d. ¿Préstamos de familiares o amigos? Sí \_\_\_\_\_ No \_\_\_\_\_
- e. ¿Ahorros personales? Sí \_\_\_\_\_ No \_\_\_\_\_
- f. De otra manera: \_\_\_\_\_
12. ¿Qué hizo que usted quisiera ser dueño de su propio negocio?
13. En una escala de 1 a 7 (1 siendo más bajo y 7 siendo más alto), cómo calificaría usted las ventajas de ser dueña/o de la empresa):
- Independencia: \_\_\_\_\_
  - Capacidad de aumentar sus ingresos comparado a trabajos anteriores \_\_\_\_
  - Mejor para su familia \_\_\_\_
  - Otros (especifique): \_\_\_\_\_
14. ¿Ha estado en este tipo de trabajo antes? Sí \_\_\_\_\_ No \_\_\_\_\_
15. ¿Cuántos empleados tiene ahora? (Proporcione un número)
- De jornada completa: \_\_\_\_\_
  - De media jornada: \_\_\_\_\_
16. ¿Hace tres años cuantos empleados tenía?
- De jornada completa: \_\_\_\_\_
  - De media jornada: \_\_\_\_\_
17. ¿Puede decirnos, de forma muy general, si la cantidad de sus ingresos ha crecido en los últimos 3 años? Una vez más, no en dólares. Elija una de las cuatro opciones:
- Han disminuido \_\_\_\_
- 0-20% \_\_\_\_
- 20-40% \_\_\_\_
- Más de 40% \_\_\_\_
18. Aproximadamente, ¿qué porcentaje de sus ventas se concentra en clientes que no son Hispanos/Latinos? Si no sabe, puede dar una estimación. Elija uno de los porcentajes siguientes:
- < 20% \_\_\_\_
  - 21-40% \_\_\_\_
  - 41-60% \_\_\_\_
  - 61-80% \_\_\_\_
  - > 80% \_\_\_\_
19. ¿Aproximadamente qué porcentaje de sus compras son de proveedores que no son Hispanos/Latinos? Si no sabe, de una estimación. Elija uno de los porcentajes siguientes:
- < 20% \_\_\_\_
  - 21-40% \_\_\_\_
  - 41-60% \_\_\_\_
  - 61-80% \_\_\_\_
  - > 80% \_\_\_\_
20. ¿Usted ha sido certificada/o por la oficina del Estado de Washington de Minorías y Empresas de Mujeres?
- Sí \_\_\_\_\_ No \_\_\_\_\_
- ¿En caso afirmativo, ha podido firmar un contrato con el estado de Washington? Sí \_\_\_\_ No \_\_\_\_
21. ¿Usted ha sido certificada/o por la Administración de Pequeños Negocios para poder adquirir contratos de las agencias federales? Sí \_\_\_\_\_ No \_\_\_\_\_
- ¿En caso afirmativo, usted ha firmado un contrato con las agencias de gobierno de Estados Unidos? Sí \_\_\_\_ No \_\_\_\_
22. ¿Es usted un miembro de la Cámara Hispana local / regional de comercio? Sí \_\_\_\_\_ No \_\_\_\_\_
23. Si no, ¿por qué no? Puede dar una razón?
24. ¿En caso afirmativo, Cuáles son las ventajas de esta afiliación? Puede dar una razón.
25. ¿Es usted miembro de la cámara de comercio local? Sí \_\_\_\_ No \_\_\_\_
26. Si no, ¿por qué no? Por favor, puede dar una razón o razones.
27. ¿En caso afirmativo, cuáles son las ventajas de esta asociación? ¿Por favor, puede dar una razón o razones?
28. ¿Ha utilizado alguna vez los servicios de la SBA/la Administración de Pequeños Negocios? Sí \_\_\_\_ No \_\_\_\_\_

- ¿Si es así, qué programas?
29. ¿Sabe usted de los Centros de Desarrollo Empresarial de WA? Sí \_\_\_\_ No \_\_\_\_  
 ¿Si es así, ha utilizado alguna vez sus servicios? Sí \_\_\_\_ No \_\_\_\_
30. ¿Sabe usted acerca del programa SCORE Sí \_\_\_\_ No \_\_\_\_  
 ¿Si es así, ha utilizado alguna vez sus servicios? Sí \_\_\_\_ No \_\_\_\_
31. ¿Qué le parece el clima político actual para los propietarios de negocios Hipanos/Latinos en el estado de Washington? Amigable\_\_\_\_ Antagonista \_\_\_\_ Indiferente \_\_\_\_\_
32. ¿Desde que usted ha sido dueño de negocios, alguna vez ha contribuido a una campaña política o un candidato político? Sí \_\_\_\_ No \_\_\_\_
33. ¿Cuál es su opinión sobre la aprobación de una reforma migratoria integral?  
 Importante \_\_\_\_ Algo importante \_\_\_\_ Nada importante \_\_\_\_
34. ¿Puede decirnos qué "generación" de su familia en los Estados Unidos representa usted?  
 Primera \_\_\_\_  
 Segunda \_\_\_\_  
 Tercera \_\_\_\_  
 Más de la tercera \_\_\_\_  
 Prefiero no responder \_\_\_\_
35. ¿Podría compartir 2-3 obstáculos mayores que enfrenta el crecimiento de su negocio?
36. ¿Podría compartir 2-3 oportunidades más grandes que puede ver usted para su negocio?

#### **Declaración de clausura**

*Queremos darle las gracias por su tiempo y sus respuestas en esta encuesta. Como se ha mencionado, usted recibirá los resultados de este estudio. Esperamos tener los informes realizados en*

*el invierno de este año, ya que estamos entrevistando a 50 propietarios de negocios. Sus respuestas serán sin duda muy importantes.*

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# EASTERN WASHINGTON UNIVERSITY

start something **big**



## **Our Mission**

Eastern Washington University's mission is to prepare broadly educated, technologically proficient and highly productive citizens to obtain meaningful careers, to enjoy enriched lives and to make contributions to a culturally diverse society. The University's foundation is based on career preparation, underpinned by a strong liberal arts education.

## **Tradition, Connections, Opportunity**

In 1882 the Benjamin P. Cheney Academy opened its doors to more than 200 students. More than a century later, the Academy has evolved into Eastern Washington University. The regional, comprehensive public University is a driving force for the culture, economy and vitality of the Inland Northwest region, with programs also offered in Spokane, Bellevue, Everett, Kent, Seattle, Shoreline, Tacoma, Vancouver and Yakima.

Eastern offers students the opportunity to study one-of-a-kind, in-demand disciplines such as biotechnology, cybersecurity, forensic science, children's studies, dental hygiene and urban planning. In addition, Eastern is the only regional university in the state to offer a doctorate in physical therapy.

Eastern enhances its strong commitment to teaching and learning by vigorously pursuing grants, extramural funding and student-faculty research collaborations. For the most recent fiscal year, the University secured a total of \$10.5 million in grants and extramural funding.

A focus on personal attention, faculty excellence and community collaboration allows Eastern to accomplish its mission of preparing well-rounded students ready to hit the ground running in their chosen career fields. Eastern will give you the chance to start something big!

## **Accreditations**

The University is accredited by the Northwest Association of Schools and Colleges and many discipline-specific associations, such as the American Assembly of Collegiate Schools of Business, the National Association of Schools of Music, the Computing Sciences Accreditation Board, the National Council of Accreditation of Teacher Education, the Planning Accreditation Board and many more.