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Hispanic Women Entrepreneurship: Understanding Diversity Among Hispanic Women Entrepreneurs

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The statements, findings, conclusions, and recommendations found in this study are those of the authors and do not necessarily reflect the views of the National Women's Business Council, the United States Small Business Administration, or the United States Government.

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Introduction

Introduction

It was estimated that there were 1.9 million Hispanic women-owned firms in the United States in 2016, employing 550,400 workers and generating \$97 billion in revenues.¹ The number of Hispanic women entrepreneurs grew at a faster rate than any other group – 137 percent between 2007 and 2016.² With the United States Census Bureau projecting the number of Hispanic women to nearly double by 2050 and for Hispanic people to become the number-one minority group in the United States, the growth rate in the number of Hispanic women-owned businesses is expected to continue to surge.³

However, Hispanic women are underrepresented as entrepreneurs. While their share of the population is 8.3 percent, their share of businesses is 5.3 percent.⁴ In addition, on average, Hispanic women-owned businesses are significantly smaller than businesses owned by other major racial and ethnic groups. According to the 2012 Survey of Business Owners and Self-Employed Persons (SBO), Hispanic women-owned businesses generated on average \$54,000 in revenue per year compared to businesses owned by their White women counterparts (\$171,000)⁵ and businesses owned by White men (\$716,000).⁶ Employer firms represented five percent of Hispanic women-owned firms while employer firms represent 12 percent of White women-owned firms. White men-owned firms were five times more likely to be employers than Hispanic women-owned firms.⁷

Because of the recent and projected increase in their numbers, Hispanic women entrepreneurs are an untapped engine of economic growth. Understanding what sets these firms apart from others is key to unlocking their potential. If revenues generated by Hispanic women-owned firms matched those currently generated by other women-owned business, they could add \$155 billion⁸ in revenues and 80,000 new jobs to the U.S. economy.⁹

¹ These estimates are based on projections. The last official number from the Survey of Business Owners and Self-Employed Persons (SBO) estimates 1.5 million Hispanic women entrepreneurs. The projections and the methodology used to derive them are available in "The 2016 State of Women-Owned Businesses Report," American Express OPEN and Womenable, 2016, accessed February 11, 2017, http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf.

² Ibid.

³ "Projections of the Population by Sex, Race, and Hispanic Origin for the United States: 2015 to 2060," U.S. Department of Commerce U.S. Census Bureau, 2012, accessed December 7, 2016, <https://www.census.gov/population/projections/data/national/2012/summarytables.html>.

⁴ 2012 Survey of Business Owners and Self-Employed Persons.

⁵ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

⁶ 2012 Survey of Business Owners and Self-Employed Persons. Note that in the context of this study, "White" refers to non-Hispanic Whites, since Hispanic may refer to individuals of any racial background.

⁷ Ibid.

⁸ This was calculated as follows: Average revenues of non-Hispanic women-owned firms x Number of Hispanic women-owned Firms = Revenues that Hispanic women firms would have if they reached average revenues of non-Hispanic women-owned firms. Revenues that Hispanic women-owned firms would have - Revenues that Hispanic women-owned firms already have = Additional revenues.

⁹ This was calculated as follows: Average employment of non-Hispanic women-owned firms x Number of Hispanic women-owned firms = Number of employees that Hispanic women-owned firms would employ if they reached average employment of non-Hispanic women-owned firms. Number of employees that Hispanic women-owned firms would employ - Number of employees that Hispanic women-owned firms already employ = Additional employment.

Introduction

This Report

Hispanic people¹⁰ are the most diverse ethnic group in the U.S. It is crucial to understand how that diversity influences the challenges and opportunities Hispanic women face in starting and growing their businesses, yet few studies have tried to understand the extent to which diversity affects the revenues, sales and job creation of Hispanic women-owned businesses.¹¹ This report identifies the unique characteristics of Hispanic women entrepreneurs, reviews entrepreneurship training program practices that work to encourage successful business outcomes among this population, highlights specific programs that exemplify these practices and suggests targeted tactics to unlock their potential.

This report includes a review of the literature that shows that the Hispanic community is not homogeneous and how this diversity impacts business success. It analyzes quantitative information about Hispanic women and Hispanic women entrepreneurs from publicly available data and from the 2012 Survey of Business Owners and Self-Employed Persons (SBO).¹² The report also shows differences between Hispanic and White individuals. When relevant, it highlights information about other minority groups such as Asians and Blacks. Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories “White” and “non-Hispanic White.” The report relies on the category definitions used by each individual study.¹³

Importantly, the report highlights the dimensions that shape program outcomes as well as providing examples of how five entrepreneurship training programs customize these dimensions to meet the specific needs of Hispanic women entrepreneurs. See Appendix for more information about the methodology used in this report.

Drawing on research and practice, this report is divided as follows:

- The first section is divided into two areas: 1) socio-demographic characteristics of Hispanics in the U.S. and 2) the main features of businesses owned by Hispanic women.
- The second section discusses the educational background, income and unemployment levels of Hispanic women and reviews research on this population’s financial capabilities and language proficiency.
- The third section highlights the dimensions that shape good entrepreneurial training program outcomes and discusses five selected entrepreneurship programs and their practices.
- Finally, the report presents policy recommendations based on the main findings.

10 For the purposes of this study, “Hispanic” will be used to describe the Hispanic and Latino population that falls within the U.S. Census definition. The Hispanic and Latino categories refer to one common geographic origin, Latin America, and specifically to Spanish-speaking countries. See, for example, Paul Taylor, Mark Hugo López, Jessica Martínez and Gabriel Velasco, “When Labels Don’t Fit: Hispanics and Their Views of Identity,” Pew Research Center, April 4, 2012, accessed November 24, 2016, <http://www.pewhispanic.org/2012/04/04/when-labels-dont-fit-hispanics-and-their-views-of-identity>.

11 “Projections of the Population by Sex, Race, and Hispanic Origin for the United States: 2015 to 2060,” U.S. Department of Commerce U.S. Census Bureau, 2012, accessed December 7, 2016, <https://www.census.gov/population/projections/data/national/2012/summarytables.html>.

12 SBO microdata is not available to generate further analysis.

13 The ethnic category non-Hispanic Whites does not include Hispanic minorities who self-identify as White. Therefore, it could be considered a more accurate way to analyze Hispanics. Nevertheless, data breakouts do not consistently use this category. This report uses the term White to refer to non-Hispanic Whites.

1. The Socio-Demographics of Hispanics in the U.S.

1.1. Hispanics in the U.S. as Entrepreneurs

By 2012, the U.S. population was 309.1 million people. Non-Hispanic Whites¹⁴ represented 63.7 percent (196.9 million), Hispanics 16.3 percent (50.5 million) and non-Hispanic Blacks 12.2 percent (37.7 million) of that total.¹⁵ An estimated 50.5 percent of Hispanics were men and 49.4 percent were women.¹⁶ Hispanics are the fastest growing minority in the U.S., increasing from 14.7 million in 1980 to a projected 88.1 million in 2045.¹⁷

Between 1996 and 2014, Hispanics showed the highest growth in entrepreneurship of any U.S. racial group.¹⁸ The 2012 Survey of Business Owners and Self-Employed Persons (SBO) shows that Hispanic women owned 5.3 percent of U.S. firms (1.5 million). Although this percentage is lower than that of other groups (Figure 1), its growth potential is high. If Hispanic women's share of business ownership (5.3 percent) were commensurate with their share of the population (8.3 percent), Hispanic women would own nearly 2.4 million businesses. This would represent a 60 percent increase above current levels.

¹⁴ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

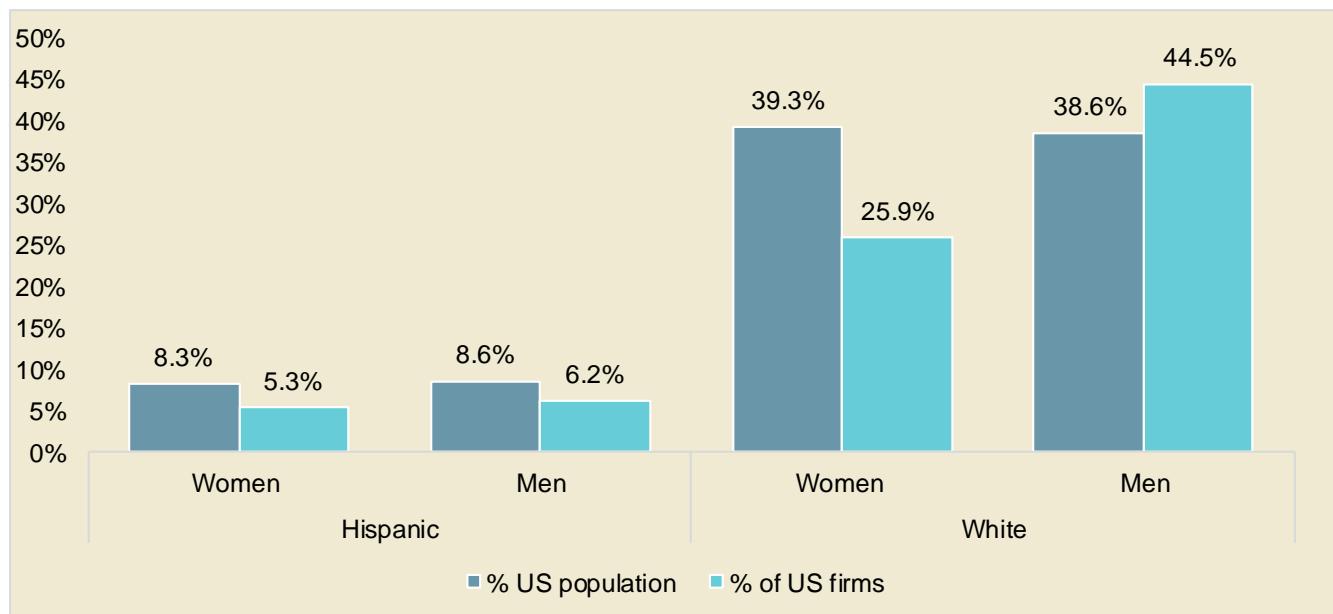
¹⁵ "ACS Demographic and Housing Estimates, 2011-2015 American Community Survey 5-year Estimates," US. Census Bureau, accessed June 5, 2017, https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_15_5YR_DP05&prodType=table.

¹⁶ "Nativity and Citizenship Status by Sex and Hispanic Origin Type: 2012," U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplement, 2012, accessed June 5, 2017, <https://www2.census.gov/programs-surveys/demo/tables/hispanic-origin/2012/2011-cps/cps-2012-table15.xls>.

¹⁷ "Projected U.S. Population by Race and Hispanic Origin, 2015-2016, with and without Immigrants Entering 2015-2065," Pew Research Center, September 24, 2015, accessed May 30, 2017, http://www.pewhispanic.org/2015/09/28/modern-immigration-wave-brings-59-million-to-u-s-driving-population-growth-and-change-through-2065/ph_2015-09-28_immigration-through-2065-a2-06.

¹⁸ Robert W. Fairlie, Arnobio Morelix, E.J. Reedy and Joshua Russell, "The Kauffman Index – Start up Activity, National Trends," Ewing Marion Kauffman Foundation, 2015, accessed May 29, 2017, http://www.kauffman.org/-/media/kauffman_org/research%20reports%20and%20covers/2015/05/kauffman_index_startup_activity_national_trends_2015.pdf.

FIGURE 1. PERCENT OF U.S. POPULATION VS. PERCENT OF US PRIVATELY-HELD FIRMS, BY GENDER AND RACE OR ETHNICITY IN 2012



Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO) and "Annual Estimates of the Resident Population by Sex, Age, Race, and Hispanic Origin for the United States and States: April 1, 2010 to July 1, 2012" from the U.S. Census Bureau.

Note: It was not possible to identify firms owned by only Non-Hispanic White women or men because SBO tables only present Non-Hispanic Whites for total population that includes both women- and men-owned firms.

Examining Country of Origin for Hispanics and Hispanic Business Owners in the U.S.

The place of birth of entrepreneurs is critical to understanding the opportunities and challenges they may experience when they start and grow their businesses.¹⁹ Depending on where they were born, they might encounter language barriers and lack of access to networks as challenges in opening a new business. This is not specific to the Hispanic population but also applies to other populations.

In the case of Hispanic women entrepreneurs, according to the SBO, in 2012 there were 325,236 foreign-born Hispanic women entrepreneurs in the U.S.²⁰ Foreign-born Hispanic women were nearly twice as likely as native-born Hispanic women to be entrepreneurs: 3.4 versus 1.9 percent, respectively (Table 1).

¹⁹ Qingfang Wang and Wei Li, "Entrepreneurship, ethnicity and local contexts: Hispanic entrepreneurs in three U.S. southern metropolitan areas," *GeoJournal* (February 2007): 167-182.

²⁰ The question in the SBO 2012: "Was owner born a citizen of the United States? Yes/No." There was the option to answer this question for up to four owners.

1

The Socio-Demographics of Hispanics in the U.S.

TABLE 1. HISPANIC WOMEN AND MEN ENTREPRENEURS BY PLACE OF ORIGIN IN 2012

	Total Hispanics	Total Hispanic Women	Total Hispanic Women Entrepreneurs	Percentage of Entrepreneurs Among Total Hispanic Women's Segment	Total Hispanic Men	Total Hispanic Men Entrepreneurs	Percentage of Entrepreneurs Among Total Hispanic Men's Segment
Native Born	33.7 million	16.9 million	327,640	1.9%	16.7 million	415,856	2.5%
Foreign Born	18.7 million	9.0 million	325,236	3.4%	9.7 million	502,117	5.2%

Source: Analysis of U.S. Census Bureau data, "Hispanic Origin 2012 SBO" and "Nativity and Citizenship Status by Sex and Hispanic Origin Type: 2012," accessed December 7, 2016, <https://www2.census.gov/programs-surveys/demo/tables/hispanic-origin/2012/2011-cps/cps-2012-table15.xls>.

Note: These are the numbers available from the 2012 SBO for U.S.-born and foreign-born entrepreneurs. The sum of these does not equal the total number of Hispanic women entrepreneurs responding to the SBO because not all SBO respondents answered the question about ethnic and racial background.

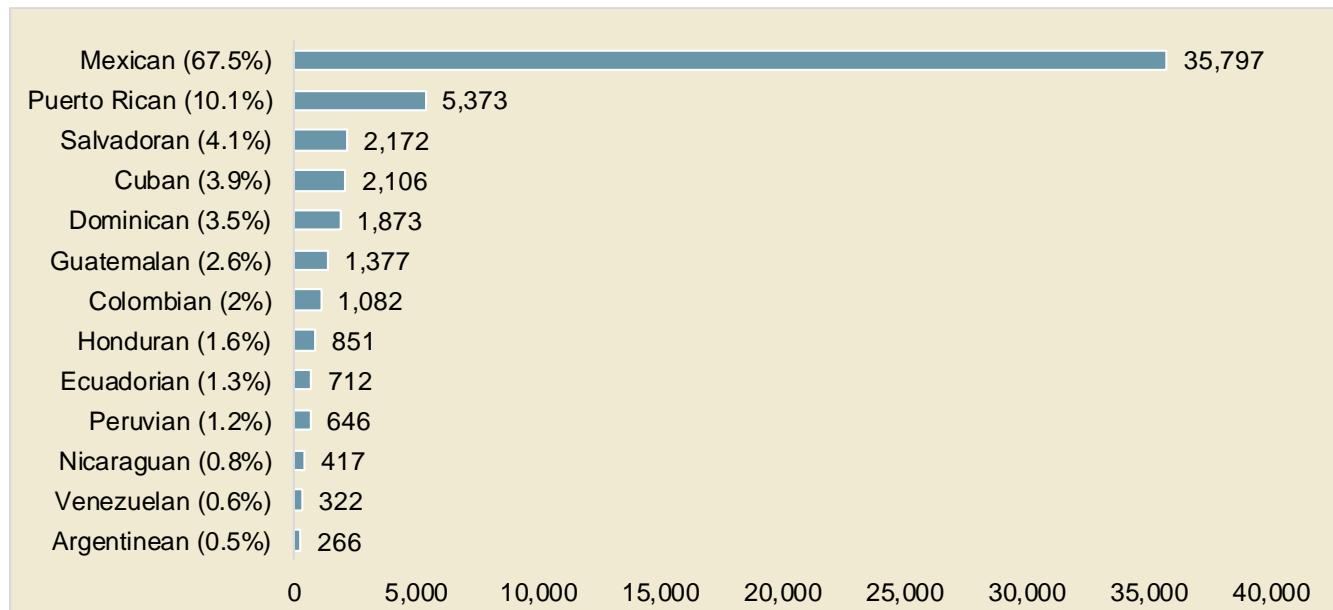
Foreign-born individuals contribute strongly to the economic growth of the U.S. by starting new businesses. In 2016, almost 40 percent of the Hispanic-owned businesses that increased their numbers of employees were owned and operated by foreign-born individuals.²¹ Studies suggest that having legal status may increase the likelihood of immigrants starting their own businesses. In particular, legal residents can have contracts with the government, own property to use as collateral to access credit and access the court system to resolve disputes with clients or employees.²²

Hispanics are also diverse in terms of country of origin. In the case of native-born Hispanics, country of origin refers to the country of their ancestors. For foreign-born Hispanics, it identifies their country of birth. Figure 2 shows the four most common countries of origin for Hispanics in the U.S. to be Mexico, Puerto Rico, El Salvador and Cuba. Groups from these four countries represent 85.6 percent of the Hispanic population in the U.S.

²¹ Douglas Rivers, Jerry Porras, Natassia Rodriguez Ott, Phil Pompa and Autiquio Chapa, "State of Latino Entrepreneurship 2016," Stanford Graduate School of Business Latino Entrepreneurship Initiative, 2016, accessed May 31, 2017, https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-state-latino-entrepreneurship-2016_0.pdf.

²² Robert W. Fairlie and Magnus Lofstrom, "Immigration and Entrepreneurship," *Handbook of the Economics of International Migration*, 2015.

FIGURE 2. COUNTRY OF ORIGIN OF HISPANICS (IN THOUSANDS) IN 2015



Source: U.S. Census 2015, "Hispanic or Latino origin by specific origin," 2015 American Community Survey.
Numbers in thousands.

The Hispanic population of the U.S. is geographically diverse as well. Figure 3 shows the states with the highest concentrations of Hispanics: California, Nevada, Arizona, New Mexico, Texas, Colorado, Florida and New Jersey. While Hispanics of Mexican origin live mostly in California and Texas,²³ Puerto Ricans are concentrated in New York,²⁴ Salvadorians in the South and the West, especially California,²⁵ and Cubans in Florida.²⁶

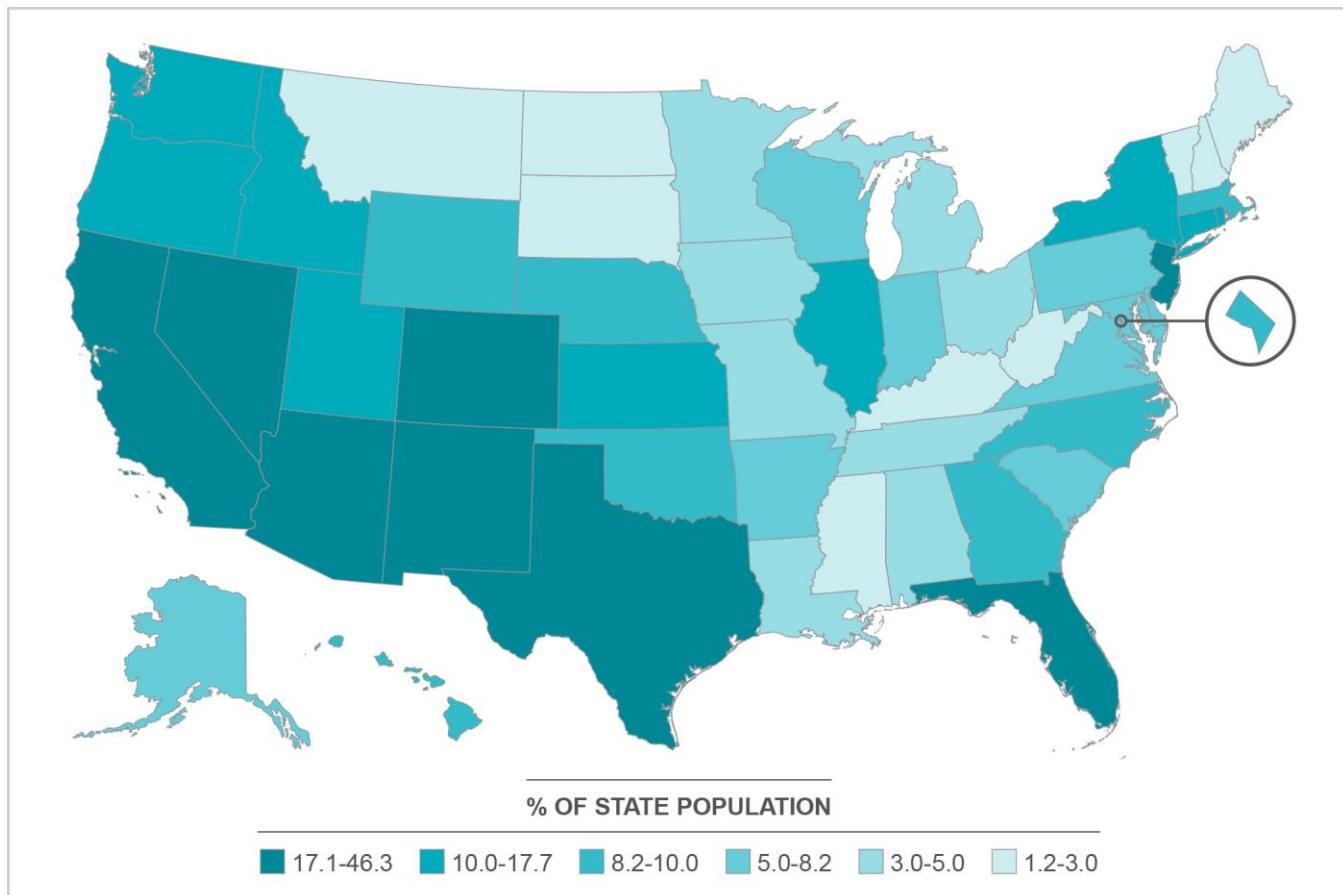
²³ Gustavo López, "Hispanics of Mexican Origin in the United States, 2013," September 15, 2015, accessed May 30, 2017, <http://www.pewhispanic.org/2015/09/15/hispanics-of-mexican-origin-in-the-united-states-2013>.

²⁴ Gustavo López and Eileen Patten, "Hispanics of Puerto Rican Origin in the United States, 2013," Pew Research Center, September 15, 2015, accessed May 30, 2017, <http://www.pewhispanic.org/2015/09/15/hispanics-of-puerto-rican-origin-in-the-united-states-2013>.

²⁵ Gustavo López, "Hispanics of Salvadoran Origin in the United States, 2013," Pew Research Center, September 15, 2015, accessed May 30, 2017, <http://www.pewhispanic.org/2015/09/15/hispanics-of-salvadoran-origin-in-the-united-states-2013>.

²⁶ Gustavo López, "Hispanics of Cuban Origin in the United States, 2013," September 15, 2015, accessed May 30, 2017, <http://www.pewhispanic.org/2015/09/15/hispanics-of-cuban-origin-in-the-united-states-2013>.

FIGURE 3. PERCENTAGE OF HISPANIC POPULATION BY STATE IN 2012



Source: Analysis based on 2008-2012 American Community Survey 5-Year Estimates.

The relationships among immigration status, place of birth and country of origin show the tremendous differences in the Hispanic population. Table 2 summarizes the number of firms both by their owners' country of origin – Mexico, Puerto Rico, Cuba and Other – and by gender. Women business owners outnumber men only in the case of Puerto Ricans.

Table 2. Number of Firms by Owner's Of Hispanic Origin and Gender in 2012

	Mexican, Mexican American and Chicano	Puerto Rican	Cuban	Other Hispanic, Latino
Women- Owned	694,113	136,864	110,061	527,999
Men-Owned	866,495	118,060	160,155	554,595

Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Note: The survey asks only for these three Hispanic origins, specifically Mexican/Mexican American/Chicano, Puerto Rican and Cuban.

The high rates of entrepreneurship among some Hispanic groups such as Mexicans, Cubans and Puerto Ricans could be explained by the prevalence of ethnic enclaves: geographic areas with high concentrations of ethnic groups that share a cultural identity and economic activity. Mexican immigrant entrepreneurship is higher within ethnic enclaves than outside them.²⁷ Enclaves provide access to markets of both specialized products and services and ethnic labor, potentially providing a competitive advantage to entrepreneurs in particular markets such as food and restaurant services. Both foreign- and native-born individuals are more likely to have skills desired by consumers within the enclave. Studies suggest that ethnic enclaves tend to promote immigrant women's entrepreneurship and provide opportunities to increase revenues, sales and employment.²⁸ Close to a quarter of Hispanic-owned businesses with revenue greater than \$1 million per firm are located in enclaves.²⁹

1.2. Main Characteristics of Hispanic Women and Their Businesses

The SBO reports that as of 2012 Hispanic women entrepreneurs owned 1.5 million businesses.³⁰ Estimates indicate that in 2016 this number approached 1.9 million. Due to the high growth rate of this demographic group, the potential of entrepreneurship among its members could be key to enhancing the U.S. economy.³¹

This section considers the main characteristics of, and challenges and opportunities for, Hispanic women-owned firms.

Average Sales by Hispanic Women-Owned Businesses

In 2012, Hispanic women-owned firms generated \$78.7 billion in total sales, with an average of \$53,500 per firm (Figure 4). This represents a growth in revenues of 55.8 percent since 2002.³² Despite this growth, Hispanic women entrepreneurs' revenues still lagged behind their White³³ counterparts, who brought in revenues of \$1.2 trillion in 2012, averaging \$171,000 per firm. Estimates for 2017 showed revenues of \$97 billion for Hispanic women-owned businesses.³⁴

27 Robert W. Fairlie and Magnus Lofstrom, "Immigration and Entrepreneurship." *Handbook of the Economics of International Migration*, 2015

28 Galit Aharon, "Self-employment of immigrant women in the United States: the role of country-of-origin and family-related policies," *Social Science Research*, (March 2017), 277-291.

29 Douglas Rivers, Jerry Porras, Natassia Rodriguez, Phil Pompa and Eutiquio Chapa, "States of Latino Entrepreneurship 2016," Stanford Graduate School of Business Latino Entrepreneurship Initiative, 2016, accessed May 29, 2017, https://www.gsb.stanford.edu/sites/gsb/files/publication-pdf/report-slei-state-latino-entrepreneurship-2016_0.pdf.

30 2012 Survey of Business Owners and Self-Employed Persons.

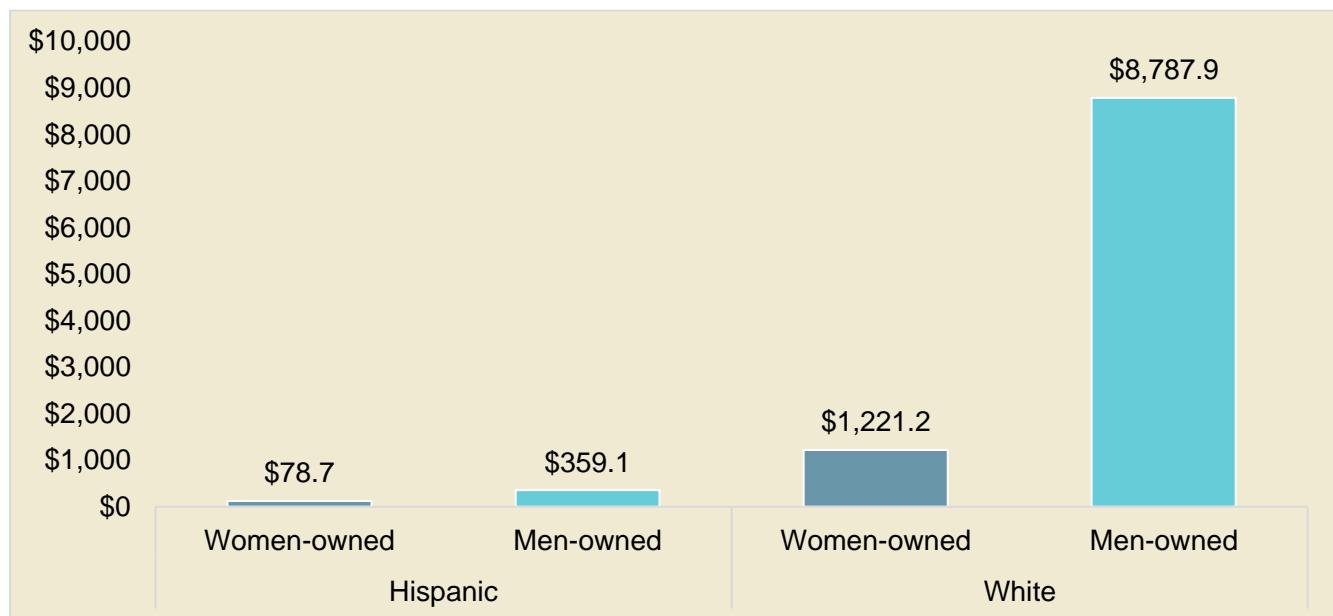
31 "The 2016 State of Women-Owned Businesses Report," American Express OPEN and Womenable, 2016, accessed February 11, 2017, http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf.

32 "Hispanic Women-Owned Businesses," National Women's Business Council, 2012, accessed June 5, 2017, <https://www.nwbc.gov/sites/default/files/hispanic%20women-owned%20businesses%20general.pdf>.

33 Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

34 "The 2016 State of Women-Owned Businesses Report," American Express OPEN and Womenable, 2016.

FIGURE 4. TOTAL SALES OF FIRMS BY GENDER AND RACE OR ETHNICITY (IN BILLIONS) IN 2012



Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO). Note: It was not possible to identify firms owned by Non-Hispanic White women³⁵ because SBO tables only present non-Hispanic Whites³⁶ for total population that includes both women- and men-owned firms.

Sources of Capital and Financial Challenges

Access to capital is a key ingredient in every company's success. To understand businesses and their potential growth, it is important to explore if and how they are financed. Sources of financing include personal or family savings, personal or business credit, angel or venture capital investments or crowdfunding (this includes rewards-based crowdfunding on platforms such as Indiegogo and Kickstarter and investment crowdfunding). Based on international literature reviews, family resources are the most common financing source entrepreneurs rely on to start their businesses.³⁷

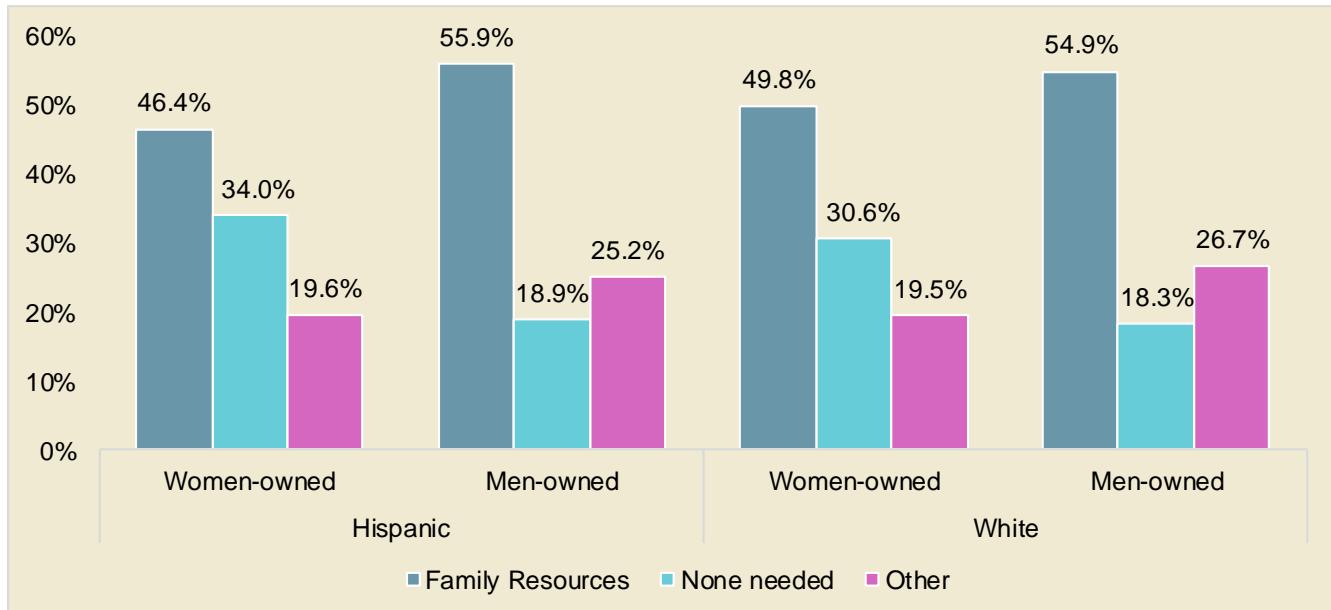
Both Hispanic and White women are less likely than men to start their businesses with family resources (Figure 5). Women also are more likely to indicate that they needed no resources to start their businesses. While 34 percent of Hispanic women entrepreneurs report needing no capital to start their businesses, only 18.3 percent of White men report this. White women show a similar trend to Hispanic women.

³⁵ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

³⁶ Ibid.

³⁷ "New Approaches to SME and Entrepreneurship Financing: Broadening the Range of Instruments," OECD, 2015, accessed June 5, 2017, <https://www.oecd.org/cfe/smes/New-Approaches-SME-full-report.pdf>.

FIGURE 5. PERCENT OF FIRMS BY SOURCES OF BUSINESS STARTUP CAPITAL IN 2012



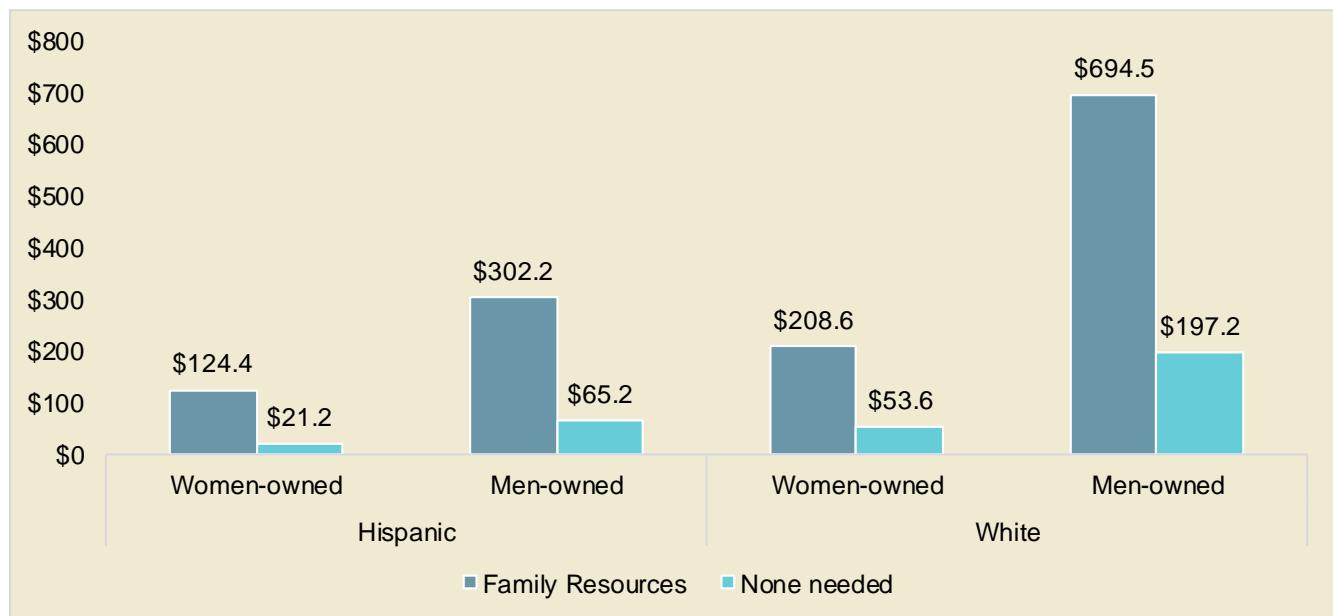
Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Note: It was not possible to identify firms owned by Non-Hispanic White women because SBO tables only present non-Hispanic Whites for total population that includes both women- and men-owned firms. Family resources include personal/family savings of owner(s), personal/family assets other than savings of owner(s) and business loan/investment from family/friend(s).

However, businesses that identified themselves as not requiring external capital had lower sales compared to those financed by family resources. As seen in Figure 6, Hispanic women-owned businesses that did not need any sources of capital had average sales of \$21.2 thousand. By contrast, revenues of Hispanic women-owned companies financed by family resources averaged \$124.4 thousand. A variety of factors may explain the limited use of external financing among Hispanic women, including: insufficient family resources, being rejected after applying for a loan or not perceiving a need for financing, among others. These characteristics are common to necessity entrepreneurs, which will be discussed in Section 2. In this report, the term “necessity entrepreneurship” refers to the practice of starting businesses as a way to generate or supplement income rather than to exploit a market opportunity.³⁸

³⁸“Including People of Color in the Promise of Entrepreneurship,” Ewing Marion Kauffman Foundation, *Entrepreneurship Policy Digest*, December 2016, accessed May 31, 2017, http://www.kauffman.org-/media/kauffman_org/resources/2016/including-people-of-color-in-the-promise-of-entrepreneurship-pdf.pdf.pdf.

FIGURE 6. AVERAGE SALES PER CAPITA, BY SOURCES OF CAPITAL USED TO START OR ACQUIRE THE BUSINESS (IN THOUSANDS) IN 2012



Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Note: It was not possible to identify firms owned by Non-Hispanic White women because SBO tables only present non-Hispanic Whites for total population that includes both women- and men-owned firms. Family resources include personal/family savings of owner(s), Personal/family assets other than savings of owner(s) and Business loan/investment from family/friend(s)

Not only do Hispanic women often report not needing financial capital to start their businesses, but when they do, they start with smaller amounts than Hispanic men (Figure 7). The same trend is true for White women. Overall, White men³⁹ start their businesses with greater amounts of capital than either Hispanic or White women.⁴⁰ For example, 10.2 percent of White men⁴¹ started with more than \$100,000 compared with 2.7 percent of Hispanic women and 4.9 percent of White women.⁴²

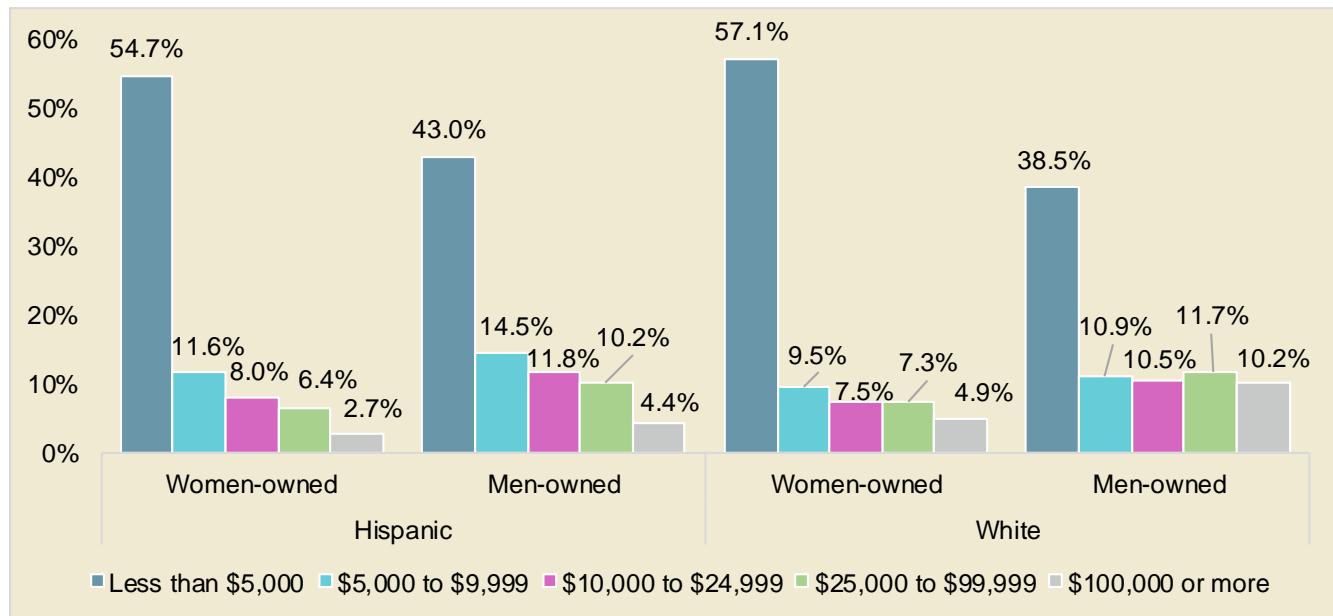
³⁹ This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

⁴⁰ Ibid.

⁴¹ Ibid.

⁴² Ibid.

FIGURE 7. PERCENT OF FIRMS BY AMOUNT OF CAPITAL USED TO START OR ACQUIRE THE BUSINESS IN 2012



Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO). Note: It was not possible to identify firms owned by Non-Hispanic White women because SBO tables only present non-Hispanic Whites for total population that includes both women- and men-owned firms.

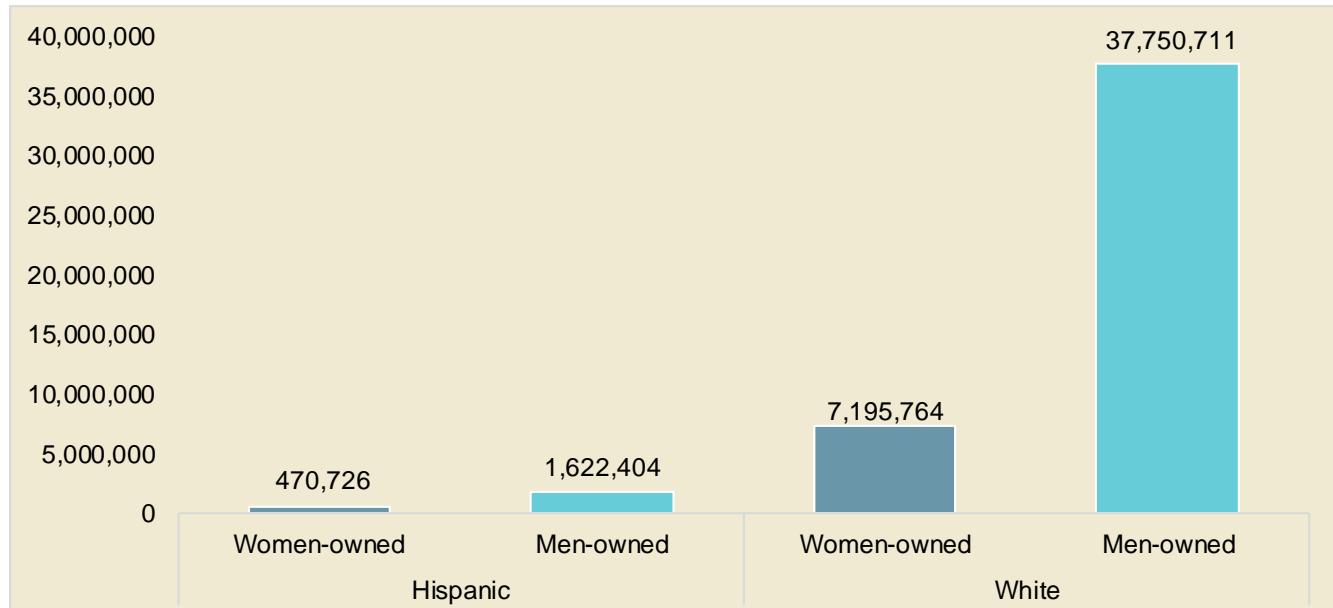
Hispanic Women-Owned Firms: Employment

By 2012, Hispanic women-owned firms employed a total of 470,726 individuals, an average of seven employees per firm.⁴³ Despite all the jobs generated by these entrepreneurs, their employment numbers lagged those of White women, who by 2012 had 7,195,764 employees and an average of 8.4 employees per firm (Figure 8). Payroll showed a similar lag. Hispanic women-owned firms had an annual payroll of \$13.1 billion by 2012, an average of \$27,938 per employee, while payroll for White women-owned businesses totaled \$229.8 billion, averaging \$31,943 per employee. There is good news. Estimates suggest that by 2016, Hispanic women entrepreneurs created an additional 80,000 new jobs for a total of 550,400.⁴⁴

⁴³ This was calculation: The number of employees was divided by the number of employer firms. .

⁴⁴ "The 2016 State of Women-Owned Businesses Report," American Express OPEN and Womenable, 2016.

FIGURE 8. NUMBER OF EMPLOYEES BY OWNER'S GENDER AND RACE OR ETHNICITY IN 2012



Source: Adaptation based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Note: It was not possible to identify firms owned by Non-Hispanic White women because SBO tables only present non-Hispanic Whites for total population that includes both women- and men-owned firms.

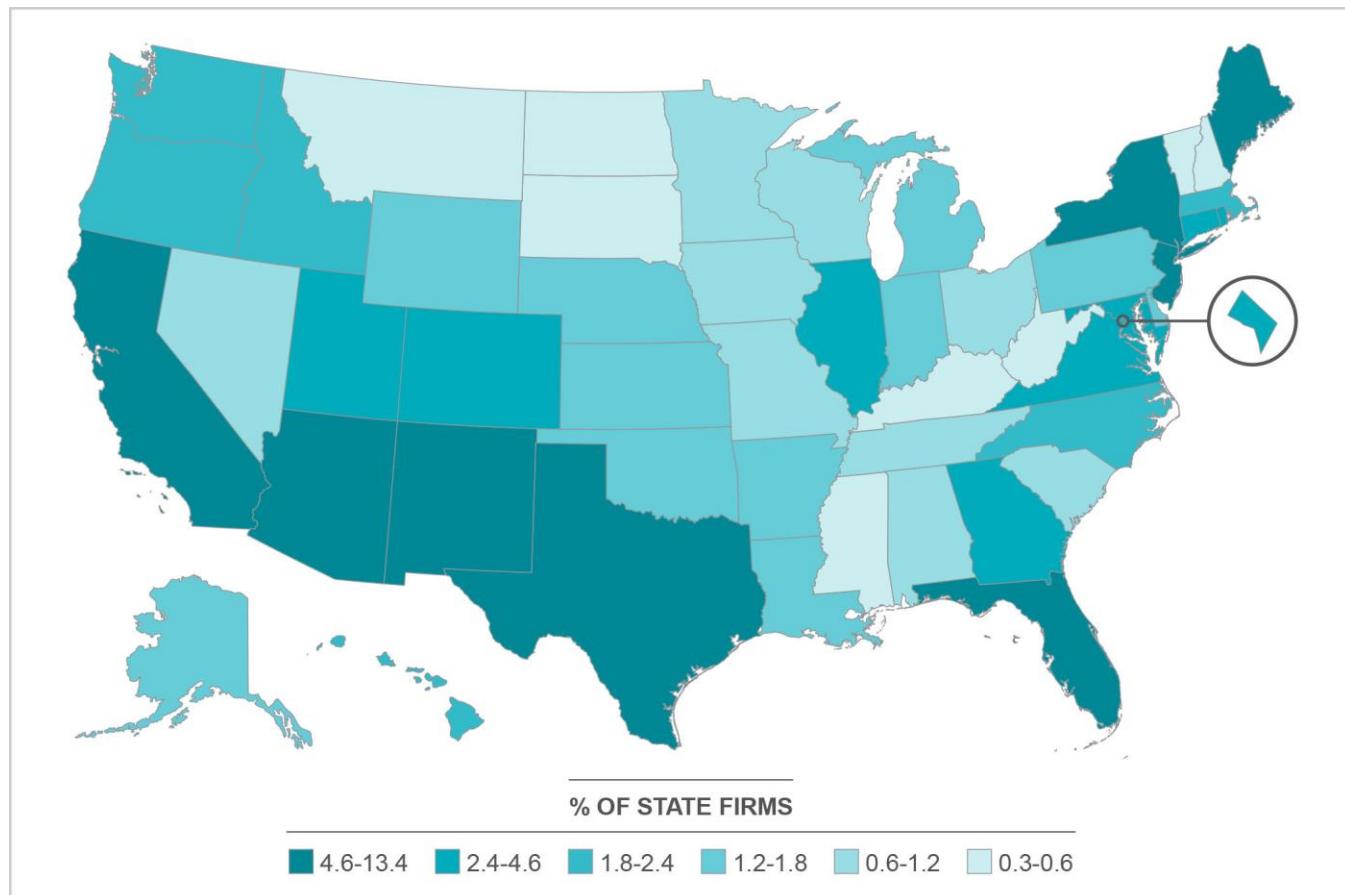
Hispanic Firms by Geographic Location

Hispanic women-owned businesses are also geographically diverse. States with the highest concentrations of Hispanic women-owned businesses are California, Nevada, Arizona, New Mexico, Texas, Florida, New York, New Jersey and Rhode Island (Figure 9). It is interesting to note that while New York and Rhode Island do not have the highest proportion of Hispanics in their populations, they rank among the states with the highest proportion of Hispanic women entrepreneurs. By contrast, Colorado, which has a large proportion of Hispanics, does not have a large share of Hispanic women entrepreneurs.

1

The Socio-Demographics of Hispanics in the U.S.

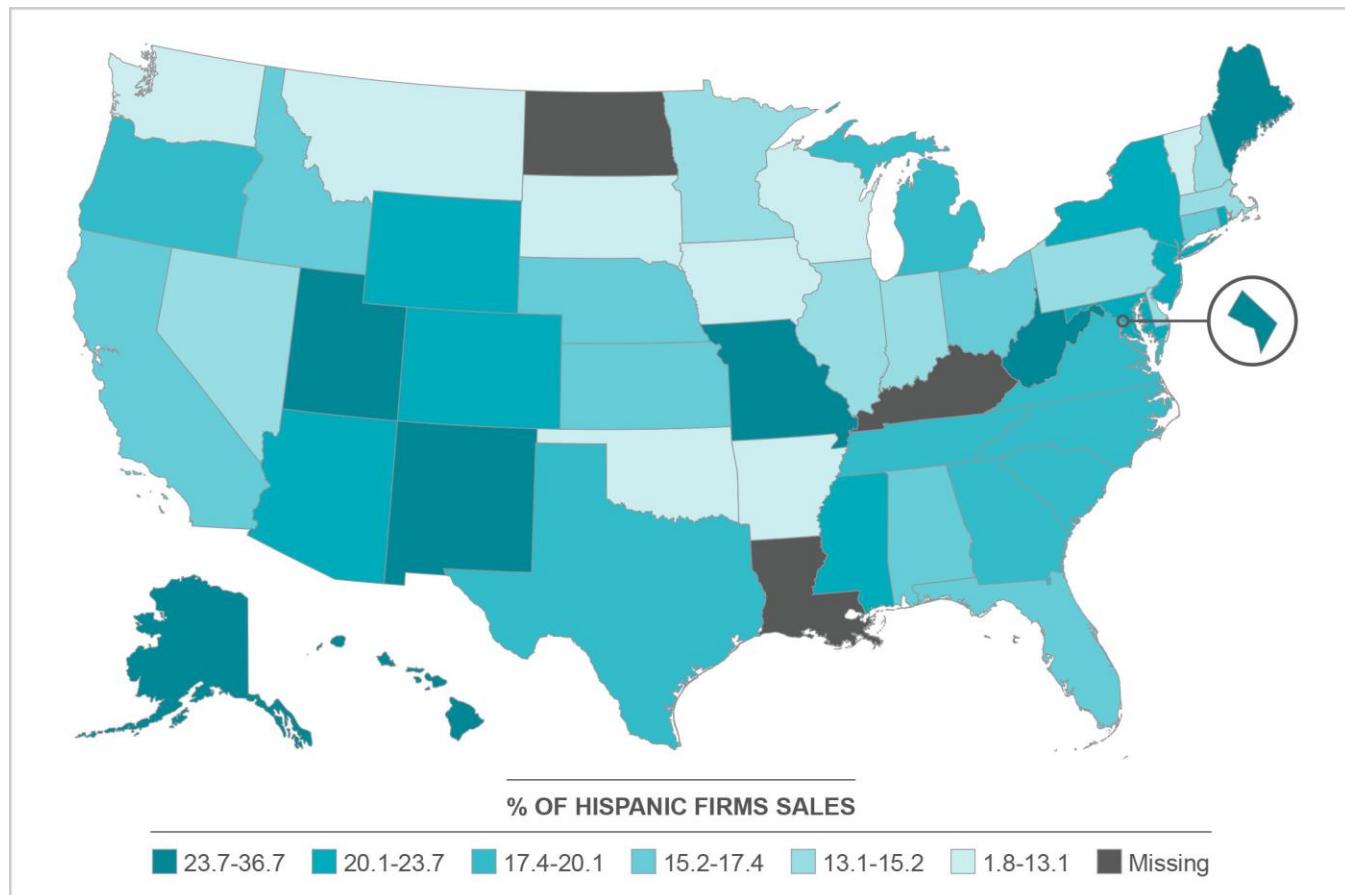
FIGURE 9. PERCENTAGE OF FIRMS OWNED BY HISPANIC WOMEN IN 2012



Source: Analysis based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Finally, Figure 10 shows that total sales by Hispanic women-owned firms are highest in the states of Utah, New Mexico, Missouri, West Virginia, Alaska, Maine and Hawaii. With the exception of New Mexico, the states with the highest sales are not the states with the largest concentrations of Hispanics or Hispanic women-owned businesses.

FIGURE 10. PERCENTAGE OF SALES BY HISPANIC WOMEN-OWNED FIRMS IN 2012



Source: Analysis based on 2012 Survey of Business Owners and Self-Employed Persons (SBO).

Note: States in black did not have additional information. The U.S. Census Bureau withheld the information because estimates did not meet publication standards due to low sample size.

In summary, while Hispanic women-owned businesses are growing at a faster rate than other ethnic subgroup businesses, they lag in sales and in the number of employees. Putting in place the right policies could increase sales and help Hispanic women grow their businesses. As the second section explains, understanding the demographic and geographic diversity of this population is key to designing effective entrepreneurship programs.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

2. Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

Studies show that Hispanics, and particularly immigrants (foreign born), are more likely to start a business based on a lack of employment rather than on identification of a market opportunity.⁴⁵ The Kauffman Foundation defines this path to business ownership as “necessity entrepreneurship.” Research from the Kauffman Foundation estimates that by 2015, 23 percent of new Hispanic entrepreneurs were unemployed before starting a business. The estimate for non-Hispanic Whites⁴⁶ and Asians was approximately 18 percent and 14 percent, respectively.

This definition of necessity entrepreneurship – starting a business out of the need to have a job – also relates to poverty. By 2015, the official poverty rate in the U.S. was 13.5 percent. Blacks (24.1 percent) and Hispanics (21.4 percent) disproportionately lived in poverty.⁴⁷ While 13.4 percent of women in the U.S. overall lived in poverty in 2015, the percentage was 20.9 for Hispanic women.⁴⁸ This is why, when addressing challenges and ways to support Hispanic women entrepreneurs, it is crucial to discuss the differences between opportunity entrepreneurship and necessity entrepreneurship.⁴⁹

Opportunity entrepreneurs are people who voluntarily start a business in response to a market opportunity or to fulfill a personal interest.⁵⁰ Before starting their enterprises, they were likely working for another organization or studying in school.⁵¹ In contrast, necessity entrepreneurs are individuals who cannot find quality employment or are unemployed and whose only viable employment option might be to start a business. Research suggests that necessity entrepreneurs, as defined above, are more likely to be solo entrepreneurs, tend to hire fewer employees and have fewer business assets. They have fewer resources available to produce revenue and less ability to obtain financing through formal institutions to inject capital into their businesses. Their firms undertake

45 “Including People of Color in the Promise of Entrepreneurship,” Ewing Marion Kauffman Foundation, *Entrepreneurship Policy Digest*, December 2016, accessed May 31, 2017, http://www.kauffman.org/-/media/kauffman_org/resources/2016/including-people-of-color-in-the-promise-of-entrepreneurship-pdf.pdf.

46 Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories “White” and “non-Hispanic White.” The report relies on the category definitions used by each individual study.

47 Bernadette D. Proctor, Jessica L. Semega and Melissa A. Kollar, “Income and Poverty in the United States: 2015,” U. S. Census Bureau Current Population Reports, September 2016, <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p60-256.pdf>.

48 Jasmine Tucker and Caitlin Lowell, “Income Security and Education. National Snapshot: Poverty Among Women and Families, 2015,” National Women’s Law Center, September 2016, <https://nwlc.org/wp-content/uploads/2016/09/Poverty-Snapshot-Factsheet-2016.pdf>.

49 Note that these definitions – “opportunity” and “necessity” – are challenged in the NWBC research report, “Necessity as a Driver of Women’s Entrepreneurship.” The authors of this report use the definitions set forth by the Ewing Marion Kauffman Foundation. See: National Women’s Business Council, Annual Report 2017, accessed August 10, 2017, <https://www.nwbc.gov/sites/default/files/NWBC%20Necessity%20as%20a%20Driver%20of%20Women%E2%80%99s%20Entrepreneurship.pdf>.

50 “Opportunity and Necessity Entrepreneurship,” Global Entrepreneurship Monitor, accessed June 5, 2017 <http://www.gemconsortium.org/wiki/1177>.

51 Robert W. Fairlie, Arnobio Morelix, E.J. Reedy and Joshua Russell, “The Kauffman Index – Start up Activity, National Trends,” Ewing Marion Kauffman Foundation, 2015, accessed May 29, 2017, http://www.kauffman.org/-/media/kauffman_org/research%20reports%20and%20covers/2015/05/kauffman_index_startup_activity_national_trends_2015.pdf.

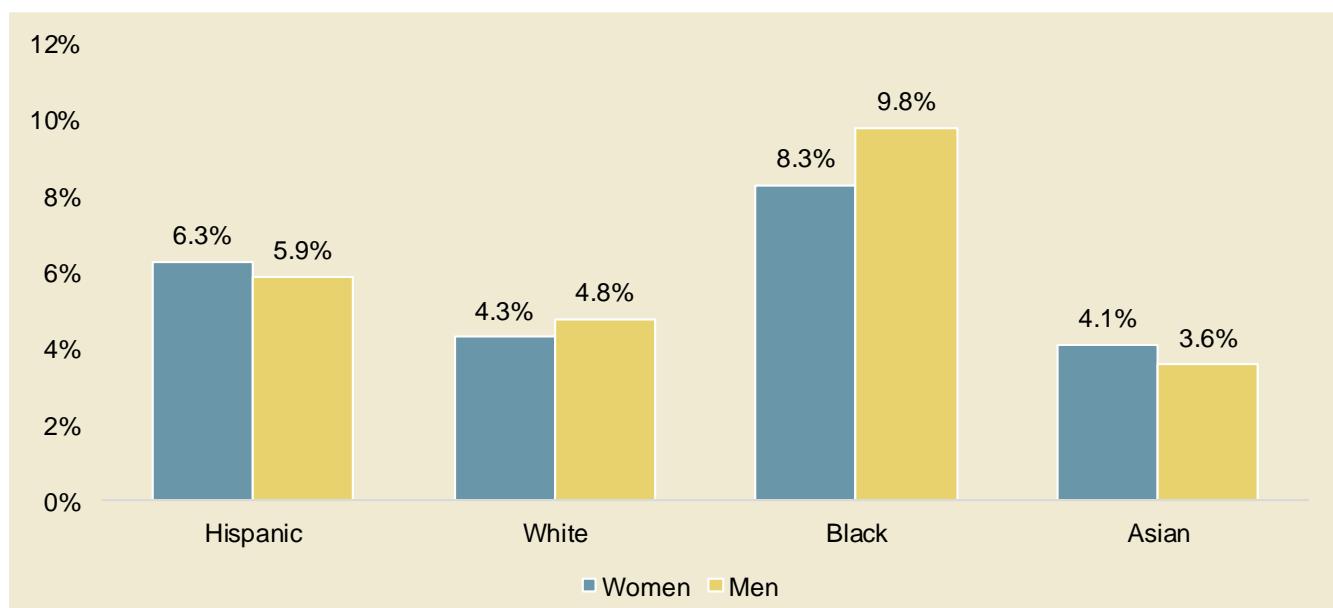
2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

fewer risks and therefore tend to have less value.⁵² This explains some of the characteristics of Hispanic women-owned firms observed in Section 2.2.

2.1. Unemployment and Earnings Among Hispanics

Necessity entrepreneurship is countercyclical in relationship to peak economic cycles. High unemployment rates and long-term unemployment can lead entrepreneurs to start businesses out of necessity and the need to survive rather than a desire to seize a market opportunity. When the unemployment rate increases, necessity entrepreneurship increases as well.⁵³ As Figure 11 shows, the 2016 unemployment rate among Hispanic women was 6.3 percent, compared to 4.3 percent among non-Hispanic White women⁵⁴ and 4.1 percent among Asian women. Unemployment among Hispanic women remained lower than among Black women.⁵⁵

FIGURE 11. UNEMPLOYMENT RATE BY GENDER, ETHNICITY OR RACE IN 2012



Source: Calculations based on "Labor Force Statistics from the Current Population Survey," Bureau of Labor Statistics, 2016. Note: Hispanics or Latinos may be of any race.

Note: This figure includes Blacks and Asians to show contrasting levels of unemployment, which were higher for Blacks than for Hispanics and lower for Asians than for all other groups. The data includes individuals 16 Year-Olds and Older.

52 Robert W. Fairlie, Arnobio Morello, E.J. Reedy and Joshua Russell, "The Kauffman Index – Start up Activity, National Trends," Ewing Marion Kauffman Foundation, 2015, and Joern Block, Philipp Sandner and Frank Spiegel, "How Do Risk Attitudes Differ within the Group of Entrepreneurs? The Role of Motivation and Procedural Utility," *Journal of Small Business Management*, (September 16, 2013), 183-206.

53 Robert W. Fairlie and Frank M. Fossen, "The Two Components of Business Creation: Opportunity versus Necessity Entrepreneurship," Preliminary Draft, December 2016, <https://www.aeaweb.org/conference/2017/preliminary/paper/Na5bafNb>.

54 Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

55 "Labor Force Statistics from the Current Population Survey," Bureau of Labor Statistics, U.S. Department of Labor, accessed October 17, 2016, http://www.bls.gov/web/empstat/cpsee_e16.htm. Note: Blacks and Asians were included in this unemployment analysis for comparative purposes.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

The higher unemployment rates among Hispanic men and women in 2016 compared to their non-Hispanic White counterparts can be associated with the occupations in which they concentrate, as well as their lower educational attainment, the quality of the institutions they attend in their native countries and their nativity status.⁵⁶ Hispanic workers have traditionally concentrated in the construction and manufacturing sectors, which were strongly affected by the 2008 recession.⁵⁷ The rate of Hispanic unemployment rose substantially between 2006 and 2009, from approximately five percent to 12 percent.⁵⁸ Studies associate unemployment with increases in both self-employment and entrepreneurship during the Great Recession, as a response to the need to create alternative income sources.⁵⁹

Necessity entrepreneurship also results from a lack of alternatives for employment and income generation.⁶⁰ As seen in Figure 12, while the median income of Hispanic women by 2015 was only \$31,109, the median for non-Hispanic White women⁶¹ was \$43,063. Both Black and Asian women earned higher wages than Hispanic women.

Another way to present earnings gaps is by calculating them as percentages. On average, Hispanic women make only 54.4 percent of the yearly income of a non-Hispanic White man. Income data reflects the fact that Hispanic women are more prone to experience economic hardship than any other commonly identified subgroup by gender and ethnicity.

⁵⁶ Cherrie Bucknor, "Hispanic Workers in the United States," Center for Economic and Policy Research, November 2016, accessed June 5, 2017, <http://cepr.net/images/stories/reports/hispanic-workers-2016-11.pdf>, and Roberto M. De Andaa and Michael Sobczak, "Underemployment Among Mexican-Origin Women," *The Social Science Journal* (2011), 621-629.

⁵⁷ Ibid.

⁵⁸ "The recession of 2007-2009," U.S. Bureau of Labor Statistics, U.S. Department of Labor, February 2012, accessed October 15 2016, http://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf.

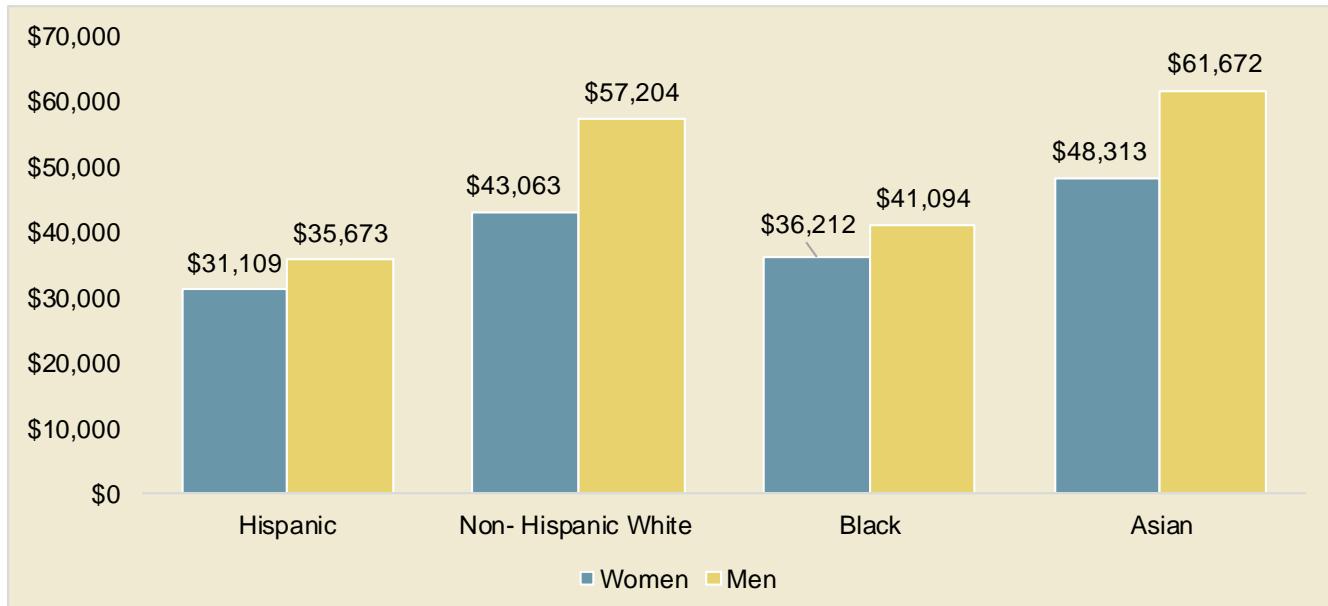
⁵⁹ J. Beckhusen, "Employment Transitions among the Self-Employed during the Great Recession," U.S. Department of Commerce, U.S. Census Bureau Survey of Income and Program Participation, Working Paper No. 267, 2014, <https://www.census.gov/content/dam/Census/library/working-papers/2014/demo/SIPP-WP-267.pdf>.

⁶⁰ Ingrid Verheul, André van Stel and Roy Thurik, "Explaining Female and Male Entrepreneurship at the Country Level," *Entrepreneurship and Regional Development* (March 2006), 151–183.

⁶¹ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

FIGURE 12. MEDIAN ANNUAL EARNINGS BY GENDER AND ETHNICITY OR RACE IN 2015



Source: Analysis of Institute for Women's Policy Research fact sheet, "The Gender Wage Gap: 2015," September 2016. <https://iwpr.org/wp-content/uploads/wpallexport/files/iwpr-export/publications/C446.pdf>.

Note: Categories are defined as White alone, not Hispanic; Black alone or in combination (may include Hispanic); Asian American alone or in combination (may include Hispanic); and Hispanic/Latina/o (may be of any race).

U.S.-born residents have average incomes 40 percent greater than those of immigrants.⁶² According to the Pew Research Center, in 2013 median personal earnings for foreign-born residents⁶³ were \$25,000 and for U.S.-born residents were \$30,000.⁶⁴ Among foreign-born people, those with the lowest median earnings were of Latin American origins: Mexico and Central America (\$20,000), Caribbean (\$25,000) and South America (\$26,000).⁶⁵

Incomes also vary between people from the same country of origin depending on whether they are foreign born or native born. According to calculations made by Portes et al.,⁶⁶ annual average incomes of foreign-born, or immigrant, Mexicans, Nicaraguans and Cubans were lower than those of native-born individuals. In 2014,

⁶² Robert Lynch and Patrick Oakford, "The Economic Effects of Granting Legal Status and Citizenship to Undocumented Immigrants," Center for American Progress, March 20, 2013, accessed December 8, 2016, <https://www.americanprogress.org/wp-content/uploads/2013/03/EconomicEffectsCitizenship-6.pdf>.

⁶³ The universe consisted of the 2013 resident population ages 16 and above with positive earnings. The source was the U.S. Census Bureau's American Community Survey (1% IPUMS).

⁶⁴ "Median Personal Earnings, by Nativity and Region of Birth: 2013," based on the U.S. Census Bureau's American Community Survey of 2013, Pew Research Center, June 22, 2015, accessed October 7, 2016, http://www.pewhispanic.org/2016/04/19/statistical-portrait-of-the-foreign-born-population-in-the-united-states/ph_2015-06_statistical-portrait-of-the-foreign-born_current-29.

⁶⁵ Ibid.

⁶⁶Alejandro Portes, Patricia Fernández-Kelly and William Haller, "The Adaptation of the Immigrant Second Generation in America: Theoretical Overview and Recent Evidence," *Journal of Ethnic and Migration Studies* (2009), 1077–1104.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

immigrant Mexican women earned the lowest annual median income among foreign-born Hispanic women at \$21,489.⁶⁷

Businesses need money to grow. As discussed in Section 1.2, compared to their white counterparts, Hispanic women are more likely to start a business with little or no money or financing, which limits growth capacity. High levels of poverty and unemployment and lower levels of income might lead Hispanic women to become necessity entrepreneurs.⁶⁸ This may explain one of the main reasons Hispanic women's businesses are growing in numbers but not in revenues or number of employees. Individual economic constraints, such as low levels of capital to invest in education and training, translate into lower productivity rates.⁶⁹

Part two of this report offers evidence to suggest that high quality and targeted training can successfully address these issues. Initiatives seeking to stimulate entrepreneurial activity among Hispanic women should take into account the high likelihood that this population will experience poverty, especially because, in many cases, the decision to become an entrepreneur results from the inability to find adequate work.

Ethnic enclaves are an example of the potential that Hispanic women entrepreneurs, particularly immigrants, represent for the U.S. economy. Ethnic enclaves correlate positively with entrepreneurship⁷⁰ and provide ethnically specialized markets for goods, services and labor.⁷¹ For Hispanic women, ethnic enclaves have the additional advantage of providing both the opportunity to participate in income-generating activities and to fulfill caregiving roles.⁷² For example, even though starting a business may require more hours and dedication than traditional employment, it may provide needed flexibility for a woman with caregiving responsibilities. Additionally, women may locate their businesses near their homes as a way of arranging their income-generating activities to complement their caregiving roles.⁷³

2.2. Educational Background of Hispanic Women Entrepreneurs

Educational attainment is a key predictor of entrepreneurs' success. Mathematical skills and reading comprehension are two of the factors related to the success, expansion and profits of any entrepreneurial undertaking.⁷⁴ On average, individuals with college degrees are more likely to grow their businesses, increase their profits and have paid employees than those with only a high school diploma or those who did not complete

⁶⁷ "Immigrant Women in the United States: A Portrait of Demographic Diversity," American Immigration Council, September 10, 2014, accessed May 31, 2017, <https://www.americanimmigrationcouncil.org/research/immigrant-women-united-states>.

⁶⁸ Robert W. Fairlie, Arnobio Morelitz, E.J. Reedy and Joshua Russell, "The Kauffman Index – Start up Activity, National Trends," Ewing Marion Kauffman Foundation, 2015.

⁶⁹ Daron Acemoglu and Jörn-Steffen Pischke, "Beyond Becker: Training in Imperfect Labour Markets," *The Economic Journal* (February 1999), 112 - 142.

⁷⁰ Galit Aharon, "Self-employment of immigrant women in the United States: the role of country-of-origin and family-related policies," *Social Science Research* (March 2017), 277-291.

⁷¹ Robert W. Fairlie and Magnus Lofstrom, "Immigration and Entrepreneurship" in *Handbook of the Economics of International Migration* (2015).

⁷² Galit Aharon, "Self-Employment of Immigrant Women in the United States: The Role of Country-of-Origin and Family-Related Policies," *Social Science Research* (March 2017), 277-291.

⁷³ Ibid.

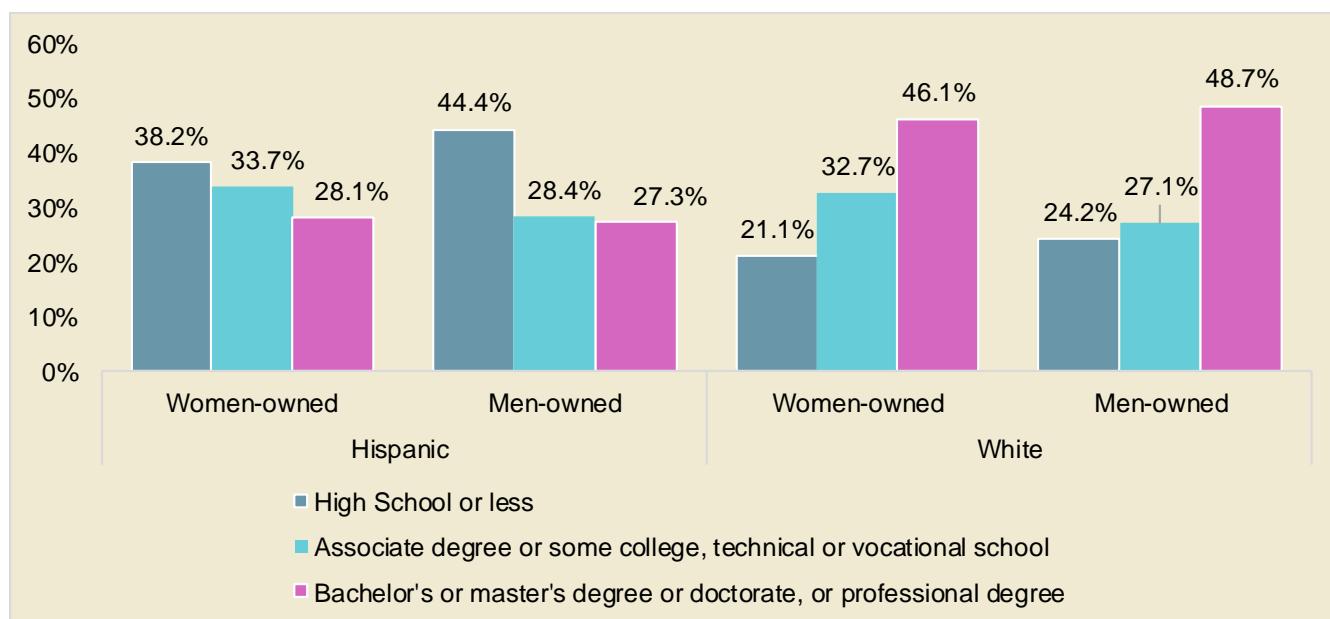
⁷⁴ Ibid.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

high school.⁷⁵ Currently, Hispanics in the U.S. have low formal education levels. In 2015, only 15.5 percent of Hispanics held a bachelor's degree or more, while 22.5 percent of Blacks, 36.2 percent of non-Hispanic Whites⁷⁶ and 53.9 percent of Asians held such degrees.⁷⁷ Hispanic educational attainment has shown positive change over the past several decades. Between 1993 and 2014, Hispanics' college enrollment increased 13 percentage points, from 22 to 35, compared to eight percentage points for Blacks and five points for Whites. Additionally, Hispanics' high school dropout rate reached record lows in 2014: 12 percent compared with 33 percent in 1993.⁷⁸

Figure 13 shows that 28.1 percent of Hispanic women business owners have a bachelor's degree, while 46.1 percent of non-Hispanic White women business owners⁷⁹ hold the same diploma or a higher degree. On average, Hispanic women entrepreneurs have higher educational attainment than their male counterparts.

FIGURE 13. EDUCATIONAL ATTAINMENT OF HISPANICS AND WHITE WOMEN ENTREPRENEURS IN 2012



Source: Adaptation based on 2012 SBO. It was not possible to identify firms owned by Non-Hispanic White women because SBO tables only present non-Hispanic Whites for total population that includes both women- and men-owned firms.

⁷⁵ Robert W. Fairlie and Alicia M. Robb, *Race and Entrepreneurial Success: Black-, Asian-, and White-Owned Businesses in the United States* (Cambridge: MIT Press, 2008).

⁷⁶ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

⁷⁷ Camille L. Ryan and Kurt Bauman, "Educational Attainment in the United States: 2015. Population Characteristics," U. S. Census Bureau Current Population Reports, March 2016, accessed June 5, 2017, <https://www.census.gov/content/dam/Census/library/publications/2016/demo/p20-578.pdf>.

⁷⁸ U.S. Census Bureau October Current Population Survey, accessed June 5, 2017, <http://www.pewresearch.org/fact-tank/2016/07/28/5-facts-about-latinos-and-education>.

⁷⁹ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

2 Explaining the Diversity of Hispanic Women Entrepreneurs and Their Challenges and Opportunities

Although no information is currently available for Hispanic women entrepreneurs by origin, studies show that foreign-born Hispanics have lower educational attainment than native-born Hispanics. Indeed, by 2015, 20 percent of native-born Hispanics held a bachelor's degree compared to 12 percent of those who were foreign born.⁸⁰

Non-U.S.-born Hispanics hold diplomas (high school, associate or bachelors) that are not recognized in the U.S., which limits opportunities to find local jobs. One hypothesis is that Hispanic women who hold a certificate beyond high school, but less than a bachelor's degree, may opt for entrepreneurship as way to generate income, since their skills are not necessarily recognized locally.

Programs designed to support and encourage Hispanic women entrepreneurs need to consider the educational attainment differences between Hispanics and non-Hispanics and particularly between those born in a foreign country and those born in the U.S. For example, some programs may need to address basic math skills and financial literacy (e.g., calculating percentages and understanding interest rates), while others need to move beyond these skills to addressing financing options, access to capital and marketing.

2.3. Financial Capabilities and Inclusion Among Hispanic Women

Financial capabilities refer to the attitudes, knowledge, skills and self-efficacy to manage money and make economic decisions. Owners' financial capabilities matter for business outcomes because business revenues and growth rely on managers' understanding of balance sheets, income statements and overall financial risk.⁸¹ This section examines financial literacy, financial inclusion and financial assets among Hispanics and Hispanic women, which are key components for the success of individuals as entrepreneurs and their integration into the larger economic community.

Financial Literacy Among Hispanic Women

Financial literacy refers to the ability to understand how money, loans and investments work.⁸² At a fundamental level, this means having basic math skills (e.g., understanding what a percentage and an interest rate are) and knowing how to apply them to real-life situations. For business owners, financial literacy also includes adherence to accounting standards, developing a business plan and knowing whether available cash flow will be adequate to service monthly loan payments.

⁸⁰ Camille L. Ryan and Kurt Bauman, "Educational Attainment in the United States: 2015, Population Characteristics" U. S. Census Bureau Current Population Reports, March 2016, <https://www.census.gov/content/dam/Census/library/publications/2016.../p20-578.pdf>.

⁸¹ Perminas Pangeran, "Entrepreneurial Capability and New Product Development Performance in Micro and Small Enterprises: The Moderating Role of Financial Literacy," *Mediterranean Journal of Social Science*, (January 2016), 97-104.

⁸² Markus Gieser and Ela Veresiu, "Creating the Responsible Consumer: Moralistic Governance Regimes and Consumer Subjectivity," *Journal of Consumer Research* (October 2014), 840-857.

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Different studies have found that Hispanic adults tend to have lower rates of financial literacy than non-Hispanic Whites.⁸³ A 2015 study testing knowledge about savings, inflation and mutual funds found that college-educated Hispanic adults were less financially literate than their White counterparts.⁸⁴ Table 3 shows the percentage of Hispanics and non-Hispanic Whites⁸⁵ that correctly answered three questions about basic financial literacy in the National Financial Capability Study (NFCS) from 2012. These questions covered knowledge about interest rates in savings accounts, the difference between interest rate and inflation and knowledge about buying stocks. Only 32 percent of Hispanics answered the three questions correctly, in contrast to the 52 percent of Whites who did so.⁸⁶

The study also identified differences by gender. On average, women's test results indicated that they had less financial knowledge than men; women answered fewer questions correctly and answered more questions with the response option "don't know."⁸⁷ Only 23 percent of college-educated Hispanic women correctly answered questions pertaining to interest rates, inflation and risk diversification. This is significantly lower than the percentage of college-educated White men (63 percent)⁸⁸ and White women (41 percent)⁸⁹ who demonstrated a basic level of financial literacy.

TABLE 3. FINANCIAL LITERACY AMONG COLLEGE-EDUCATED HISPANICS AND WHITES IN 2012

	Basic Financial Literacy	One or more "Don't Know"
Hispanic women	23%	71%
Hispanic men	43%	45%
White men	63%	37%
White women	41%	60%

Source: Analysis of data supplied by de Bassa Scheresberg, Lusardi and Yakoboski, "Hispanic Personal Finance: Financial Literacy and Decision making Among College-Educated Hispanics," TIAA-CREF Institute, May 2015, <http://gflec.org/wp-content/uploads/2015/05/College-Educated-Hispanics-Personal-Finance-Report-2015.pdf>.

Notes: It is not possible to identify whether Whites are non-Hispanic or not. The study did not include any information for Asians or other ethnic minorities.

⁸³ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

⁸⁴ This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

⁸⁵ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

⁸⁶ Carlo de Bassa Scheresberg, Annamaria Lusardi and Paul J. Yakoboski, "Hispanic Personal Finances: Financial Literacy and Decision making among College-Educated Hispanics," Global Financial Literacy Excellence Center, TIAA-CREF Institute, May 2015, accessed November 29, 2016, <http://gflec.org/wp-content/uploads/2015/05/College-Educated-Hispanics-Personal-Finance-Report-2015.pdf>.

⁸⁷ Ibid.

⁸⁸ This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

⁸⁹ Ibid.

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The same study shows a striking difference in knowledge of inflation and risk diversification between Hispanics and non-Hispanic Whites⁹⁰ (Table 4). Knowledge about inflation allows entrepreneurs to understand how to adjust business prices in response to fluctuating economic conditions. For example, if raw materials are more expensive, an entrepreneur can charge the customers more or absorb additional costs.⁹¹ Risk diversification gives entrepreneurs the option of hedging against sudden negative changes in demand for products and services.⁹²

TABLE 4. PERCENTAGE OF CORRECT RESPONSES TO FINANCIAL LITERACY QUESTIONS AMONG COLLEGE-EDUCATED HISPANICS AND WHITES⁹³ IN 2015

Questions	Hispanics	Whites
Numeracy	76%	85%
Inflation	58%	76%
Risk diversification	48%	64%
Mortgage	79%	87%
Bond prices	27%	37%
Answered all questions correctly	12%	25%

Source: Analysis of data supplied by de Bassa Scheresberg, Lusardi and Yakoboski, "Hispanic Personal Finances: Financial Literacy and Decision making Among College-Educated Hispanics," TIAA-CREF Institute, May 2015, <http://gflec.org/wp-content/uploads/2015/05/College-Educated-Hispanics-Personal-Finance-Report-2015.pdf>.

Note: It is not possible to identify whether Whites are non-Hispanic or not. Data given in the document did not include decimals in the tables.

Financial Inclusion and Asset Ownership Among Hispanics

Financial inclusion refers to the delivery of financial services at affordable rates to disadvantaged and low-income racial and ethnic segments of society. Financial inclusion ensures that people and companies have access to affordable services so they can make transactions and payments to meet their personal or business needs.

Financial literacy is positively associated with financial inclusion and increases the probability of entrepreneurial success.⁹⁴

Entrepreneurial activity requires not just being financially literate but also being knowledgeable about financial services. Having a bank account allows users to save money and make financial transactions and opens the door

⁹⁰ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

⁹¹ Chao He, "Inflation, Entrepreneurship and Growth," August 2012, <http://econ.shufe.edu.cn/upload/htmleditor/Image/121114105027.pdf>.

⁹² Federico Esposito, "Risk Diversification and International Trade," 2016 Meeting Papers, Society for Economic Dynamics, 2016.

⁹³ This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

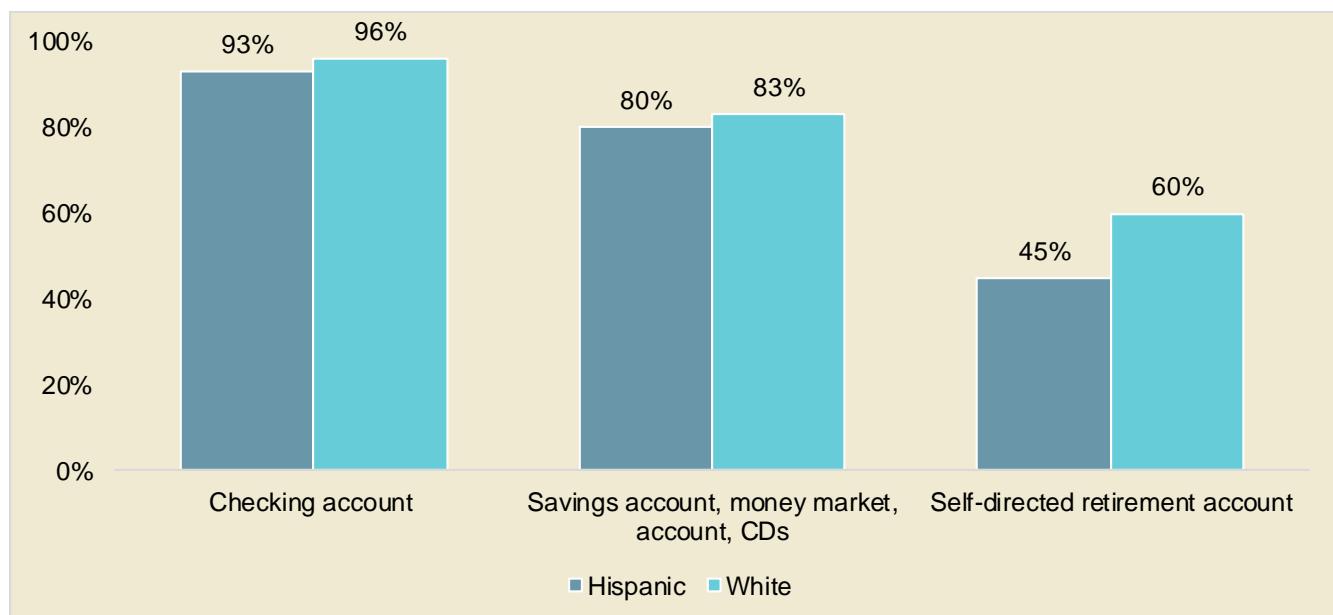
⁹⁴ The World Bank, "Financial inclusion," April 2017, accessed June 5, 2017, <http://www.worldbank.org/en/topic/financialinclusion/overview>.

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to accessing credit and getting insurance. These financial services can make a significant difference to the success of individuals starting and expanding their businesses, especially small- and medium-sized enterprises.⁹⁵

Evidence from shows that Hispanics were less likely than Whites⁹⁶ to have checking, savings and retirement accounts. The 2015 survey measured how adults with at least some college education managed their resources and how they made financial decisions.⁹⁷ Figure 14 shows, for example, that the gap grew with the complexity of the financial product; Hispanics were far less likely to self-direct savings to a retirement account.

FIGURE 14. FINANCIAL INCLUSION AMONG COLLEGE-EDUCATED HISPANICS AND WHITES⁹⁸ IN 2012



Source: Analysis of data supplied by de Bassa Scheresberg, Lusardi and Yakoboski, "Hispanic Personal Finances: Financial Literacy and Decision making Among College-Educated Hispanics," TIAA/CREF Institute, May 2015, <http://gflec.org/wp-content/uploads/2015/05/College-Educated-Hispanics-Personal-Finance-Report-2015.pdf>.

Note: It is not possible to identify whether Whites include the category "non-Hispanic" or not. Data given in the document did not include decimals in the tables.

The use of financial services, even those as basic as a bank account, is particularly low among foreign-born Hispanics. In 2013, 17.9 percent of Hispanics were "unbanked," which is defined as not having a checking or savings account. A study aimed at understanding the barriers immigrants face in the U.S. to financial participation

95 Ibid.

96 This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

97 Carlo de Bassa Scheresberg, Annamaria Lusardi and Paul J. Yakoboski, "Hispanic Personal Finances: Financial Literacy and Decision making among College-Educated Hispanics," Global Financial Literacy Excellence Center, TIAA-CREF Institute, May 2015, accessed November 29, 2016, <http://gflec.org/wp-content/uploads/2015/05/College-Educated-Hispanics-Personal-Finance-Report-2015.pdf>.

98 This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

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shows that foreign-born Hispanics were more likely to be unbanked than U.S.-born Whites.^{99, 100} Comparing foreign-born people using the New Immigrant Survey from 2004, this study identifies Hispanics as the group with the fewest members owning bank accounts in the U.S.: 35 percent for Mexicans and 34 percent for Central and South Americans, compared to 46 percent for all foreign-born people.¹⁰¹

This phenomenon could explain the widespread use of alternative financial services. In addition, Hispanics rely on their families for financial advice and information.¹⁰² The obstacles Hispanics encounter in accessing financial services include “lack of bilingual capacity among financial institutions and burdensome identification requirements” as well as a distrust of financial institutions.¹⁰³

Physical and Financial Assets Among Hispanics

Financial assets refer to savings, real estate, stocks, bonds, bank deposits and capital goods (buildings, machines, equipment, furniture and fixtures). Physical assets include inventory or stock that has the potential to be a source of income and that can generate income, interest and profits while an entrepreneur starts a business.¹⁰⁴

Physical and financial assets and wealth (for example, home equity) could fund starting and growing a business.¹⁰⁵ Assets also serve as collateral for loans and lines of credit and can help households cope with economic shocks.¹⁰⁶

Studies show that women lag behind men, and Hispanics lag behind Whites,¹⁰⁷ in wealth building. Home equity represents the largest asset for middle-class families in the U.S. Yet, as shown in Table 5, only 46 percent of Hispanics were homeowners compared to 73 percent of Whites in 2007. The same trend holds true for financial

⁹⁹ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories “White” and “non-Hispanic White.” The report relies on the category definitions used by each individual study.

¹⁰⁰ Silvia Barcellos James Smith, Joanne Yoong and Leandro Carvalho, “Barriers to Immigrant Use of Financial Services,” Financial Literacy Center, February 2012, accessed October 7, 2016, https://www.rand.org/content/dam/rand/pubs/working_papers/2012/RAND_WR923.pdf.

¹⁰¹ Ibid.

¹⁰² National Council of La Raza, *Latino financial Access and Inclusion in California* (Washington D.C.: NCLR, 2014), accessed June 5, 2017, http://publications.nclr.org/bitstream/handle/123456789/1123/CA_Latino_Financial_Access_ReportWeb.pdf.

¹⁰³ Ibid.

¹⁰⁴ Carmen D. Deere and Jacqueline Contreras Diaz, *Asset Accumulation: The Challenge for Equity*. FLASCO (Quito, 2011)

¹⁰⁵ Ibid.

¹⁰⁶ Cheryl Doss, Abena D. Oduro, Carmen Diana Deere, Hema Sswaminathan, William Baah-Boateng and Suchitra J.Y., “Shocks, Assets and Social Protection: a Gendered Analysis of Ecuador, Ghana and Karnataka, India,” Discussion paper, (New York: UN Women, 2015) accessed December 1, 2016, <http://www.unwomen.org/~media/headquarters/attachments/sections/library/publications/2015/discussionpaper-shocksassetsandsocialprotection-agenderedanalysis-en.pdf>.

¹⁰⁷ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories “White” and “non-Hispanic White.” The report relies on the category definitions used by each individual study.

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assets: only 23 percent of Hispanics reported owning stocks, bonds and other financial assets, compared to 45 percent of Whites.^{108,109}

As shown in Table 5, in 2007 only 28 percent of single Hispanic women were homeowners compared to 57 percent of their White counterparts.¹¹⁰ Furthermore, only one percent of single Hispanic women owned business assets compared to eight percent of single White women. Additionally, while the average dollar amount of home equity for Hispanic women was \$35,000, it was \$74,000 for White women.¹¹¹ A 2010 study estimated that 50 percent of single Hispanic and Black women had no or negative wealth. This is because their debts often exceeded assets.¹¹²

TABLE 5. WOMEN'S ASSET OWNERSHIP BY ETHNICITY IN 2007

	Homeownership	Average Equity*	Stocks and Other Financial Assets**	Business Assets Ownership**
Hispanic Women (Single)	28%**	No data available	No data available	1%
Hispanic (all)	46%	\$35,000	23%	23%
White Women (Single)	57%**	No data available	No data available	8%
White (all)	73%	\$74,000	45%	45%

Source: Analysis of data supplied by the U.S. Census Bureau, Center for Community Economic Development and Center for Global Policy Solutions.¹¹³ Notes: *Data from 2007. **Refers only to single women by ethnic group. More recent information was not available with depth of analysis.

Lack of financial literacy and low participation in the financial system can result from low educational attainment and high unemployment rates. As a result, Hispanics might hold lower expectations than other segments of the U.S. population about the benefits the financial system represents for them.

108 Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

109 Ibid.

110 It is often difficult to analyze differences by gender, since in many cases data is available only at a household level. Studies disaggregating asset ownership before marriage suggest that women's accumulation of wealth depends on inheritance and on social and legal practices characterized worldwide as being gender biased. Thus, if marriage wealth is considered as a total, a woman's share of a couple's wealth tends to be lower than that of the man. See for example Carmen Diana Deere, Abena D. Oduro, Hema Swaminathan and Cheryl Doss, "Property Rights and the Gender Distribution of Wealth in Ecuador, Ghana and India." *The Journal of Economic Inequality*, (June 2013), 249–265, accessed December 2, 2016, DOI 10.1007/s10888-013-9241-z.

111 Mariko Chang, "Lifting as We Climb: Women of Color, Wealth and America's Future," Insight Center for Community Economic Development, Spring 2010, accessed December 8, 2016, <http://www.mariko-chang.com/LiftingAsWeClimb.pdf>.

112 Ibid.

113 Ibid. Also "Residential Vacancies and Homeownership in the First Quarter of 2014," U. S. Census Bureau, United States Department of Commerce, April 2014, accessed November 28, 2016, <http://www.census.gov/housing/hvs/files/currenthvspress.pdf>.

"The Wealth Gap for Women of Color," Center for Global Policy Solutions, October 2014, accessed November 28, 2016, <http://globalpolicysolutions.org/wp-content/uploads/2014/10/Wealth-Gap-for-Women-of-Color.pdf>.

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Entrepreneurship programs targeting the most economically disadvantaged population of Hispanics need to increase their efforts to develop basic financial literacy skills for beneficiaries, particularly for women born outside the U.S., and provide more information about the advantages of financial inclusion.

2.4. Language Proficiency and Effective Communication Among Hispanics

Mastering written and oral English language skills is essential for communicating with U.S.-based banks, financial institutions, investors and clients and for applying for grants and entrepreneurship training programs. Language proficiency and effective communication skills can be key determinants of the economic performance of Hispanic women-owned businesses.¹¹⁴

English Language Proficiency Among Hispanics

Surveys estimate that by 2014, 68.4 percent of all Hispanics were proficient¹¹⁵ in English; this includes 89.4 percent of native-born Hispanics and 34.4 percent of those who were foreign born.¹¹⁶ The latter figure represents an increase over 1990 levels, when only 30.7 percent of foreign-born Hispanics reported being English proficient. In fact, English proficiency is increasing among all Hispanic age groups (Figure 15). For example, in 2014, while 88 percent of Hispanic children were proficient in English, only 55 percent of Generation X Hispanics (those born between 1965 and 1984) and 52 percent of baby-boomer Hispanics (those born between 1946 and 1964) considered themselves proficient in English.¹¹⁷ All these percentages increased significantly in the last 14 years.

¹¹⁴ James Foreman-Peck, "Costing Babel: the Contribution of Language Skills to Exporting and Productivity," *Quarterly Economic Bulletin* (2007): 20-28, accessed December 8, 2016,

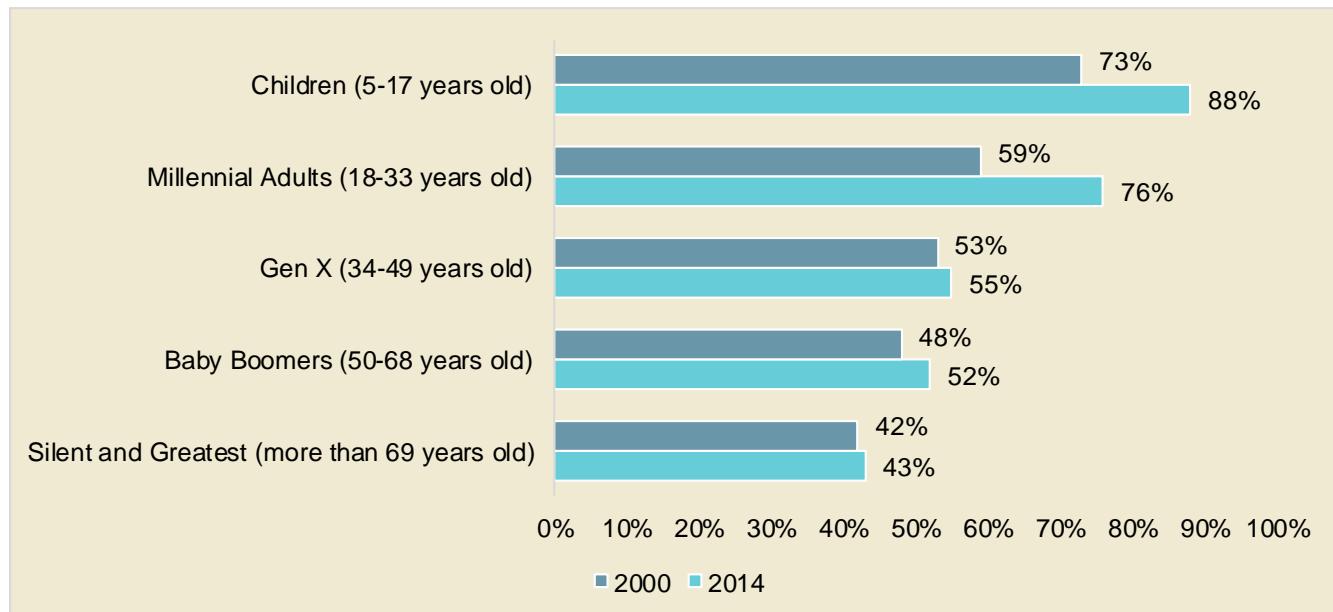
http://www.ucml.ac.uk/sites/default/files/shapingthefuture/101/CardiffBusSch_2007_Costing_Babel_Jan2012.pdf.

¹¹⁵ They report speaking only English at home or speaking it "very well."

¹¹⁶ "Statistical Portrait of Hispanics in the United States," Pew Research Center tabulations of 1980, 1990 and 2000 censuses (5% IPUMS) and 2010, 2013 and 2014 American Community Surveys (1% IPUMS), accessed June 3, 2017, <http://www.pewhispanic.org/2016/04/19/statistical-portrait-of-hispanics-in-the-united-states-key-charts/#hispanic-language>. Note: Respondents are asked if they speak a language besides English at home. If they answer yes, they are asked how well they speak English.

¹¹⁷ Ibid.

FIGURE 15. PROFICIENCY IN ENGLISH OF HISPANIC POPULATION BY AGE GROUP IN 2000 AND 2014



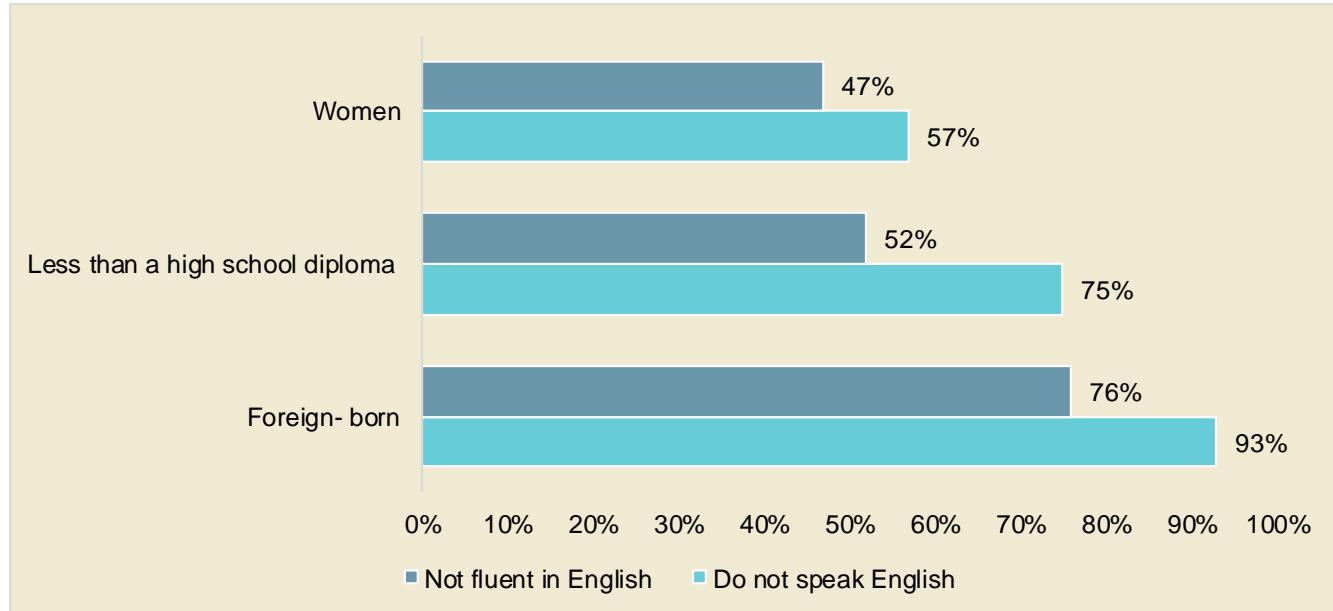
Source: Analysis of data supplied by Krogstad for the Pew Research Center, "Rise in English proficiency among U.S. Hispanics is driven by the young," 2016, <http://www.pewresearch.org/fact-tank/2016/04/20/rise-in-english-proficiency-among-u-s-hispanics-is-driven-by-the-young>.

Gender, nativity status and educational attainment also affect English fluency. In 2013, 57 percent of all Hispanics who reported not speaking any English were women, 75 percent had less than a high school diploma and 93 percent were foreign born (Figure 16).¹¹⁸

¹¹⁸ Analysis of data supplied of Krogstad, Stepler & Lopez, "English Proficiency on the Rise among Latinos," 2015.

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FIGURE 16. SELECTED CHARACTERISTICS OF HISPANICS NOT PROFICIENT IN ENGLISH IN 2013



Source: Analysis of data supplied of Krogstad, Stepler and Lopez for the Pew Resource Center, "English Proficiency on the Rise Among Latinos," 2013, with data from the 2013 American Community Survey.

Note: The educational and nativity questions refer to the Hispanic population in general and not only to Hispanic women. No data was available in this study specifically for this subgroup.

Cross-Cultural Communication and Linguistic Patterns

Despite the significance of the Hispanic population in the U.S., the business environment is framed by American cultural and communication patterns. Any exploration of why Hispanic women-owned businesses lag in sales and employees compared to their male and non-Hispanic White counterparts¹¹⁹ must take into account communication skills. Effective communication goes beyond English-language proficiency. Communication refers to the speaking patterns used to understand and assess what people say. These patterns include tone of voice, speed of speech and expressions and words used, among other factors.¹²⁰ Awareness of linguistic patterns enables the speaker to send and receive clear messages and is important to doing business.

Many American cultural and communication traits contrast with Latin American traits; differences may disadvantage Hispanics in the areas of business and personal relations. For example, Americans are well known

¹¹⁹ Because of the large number of studies and databases used or cited in this study, there is no consistency between the use of the ethnic categories "White" and "non-Hispanic White." The report relies on the category definitions used by each individual study.

¹²⁰ Deborah Tannen, "The Power of Talk: Who Gets Heard and Why," *Harvard Business Review*, September – October 1995, accessed September 20, 2016, <https://hbr.org/1995/09/the-power-of-talk-who-gets-heard-and-why>.

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for their focus on efficiency and time-consciousness, while Hispanics tend to focus on relationships.¹²¹ Gendered expressions and ways to communicate¹²² also differ between American and Latin American cultures (Table 6).

TABLE 6. DIFFERENCES IN COMMUNICATION PATTERNS BETWEEN SPANISH AND ENGLISH SPEAKERS IN 2016

Americans' code of communication ¹²³	Hispanics' code of communication	Hispanic women's code of communication
Focuses on efficiency, tasks and time-consciousness	Focuses on relationships and networks	Focuses on relationships and networks based on providing care
Emphasizes content	Emphasizes context	Emphasizes relationships
Privileges short and direct ideas	Privileges long and decorated ideas	Privileges long and decorated ideas with apologetic ¹²⁴ expressions

Source: Analysis of data supplied by Tannen, "The Power of Talk: Who Gets Heard and Why," Harvard Business Review, Sept./Oct. 1995, and Corewoman, "Comunicación efectiva," 2016.

An important American cultural trait, and one that influences business effectiveness, is a focus on tasks rather than relationships. Accomplishing a given objective is of primary importance; relationships assume a secondary, though not irrelevant, place in the workplace.¹²⁵ In contrast, the Latin American communication style is well known for its reliance on relationships and networks and is marked by reciprocity.¹²⁶

Messages in English tend to be direct and explicit. Although this trait is based on valuing efficiency and productivity, people who communicate this way may seem impersonal, selfish and aggressive to Latin Americans.¹²⁷

Further, American culture tends to emphasize content. Latin American culture emphasizes context.¹²⁸ Americans focus on what people say literally, while Latin Americans tend to concentrate on the unspoken messages expressed through body language. Thus, English tends to reflect these cultural traits, though the English language and American culture are not precisely interchangeable concepts.

121 Gary M. Wederspahn, "Cross-Cultural Communication Between Latin American and United States Managers," Grovewell Leadership Solutions, accessed October 18, 2016, <http://www.grovewell.com/pub-Latin+US-mgrs.html>.

122 Corewoman, "Comunicación Efectiva para Mujeres," Corewoman, Servicio de Empleo, 2016.

123 A code of communication refers to "a historically enacted, socially constructed system of terms, meanings, premises, and rules pertaining to communicative conduct." See William Gugyunkst, *Cross-Cultural and Intercultural Communication* (Thousand Oaks: Sage Publications, 2003).

124 It refers to the act of offering or expressing an apology or excuse.

125 Corewoman, "Comunicación Efectiva para Mujeres," Corewoman, Servicio de Empleo, 2016.

126 Ibid.

127 Ibid.

128 Gary M. Wederspahn, "Cross-Cultural Communication Between Latin American and United States Managers," Grovewell Leadership Solutions, accessed October 18, 2016, <http://www.grovewell.com/pub-Latin+US-mgrs.html>.

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A telling example of how language patterns might affect a Hispanic woman entrepreneur involves the area of pitching – verbal delivery of a business plan – which is essential for accessing capital. A pitch summarizes the main ideas that describe the business: the problem to be solved, the solution provided, the advantages of this particular solution compared to others, the business model and the entrepreneurial team.¹²⁹ Pitching is most important for early-stage businesses that as yet have no financial history but want to start and grow. A business pitch involves two main skills: identifying the audience for the message and delivering ideas effectively. Effective business pitching in English for Hispanic women entrepreneurs encompasses both English proficiency and the skills to communicate across cultures. Not employing the cultural practices common to U.S. businesses, such as explicit and direct messages and time-consciousness, can prevent Hispanic women from delivering their business ideas according to the expectations of their American audiences.

A study shows that minorities and women have limited success in pitching their businesses to U.S. angel investors. According to *Forbes Magazine*, during the first half of 2013, minority entrepreneurs represented only 8.5 percent of people pitching their businesses; women represented 16 percent. Additionally, only 15 percent of minority-owned businesses were funded by angel investors, compared to 22 percent of all businesses.¹³⁰ More research is needed in this area since no evidence is available about Hispanic women specifically.

The key entrepreneurial skill of negotiation happens within specific cultural frames. Policies targeting Hispanic women entrepreneurs should include a component that teaches effective cross-cultural communication. Women who speak English as their second language may particularly benefit from training on how to pitch and/or write a proposal. Some training programs targeting Hispanics not fluent in English should be in Spanish, as a strategy for them to learn through an inclusive process, while allowing time to develop and strengthen English proficiency for a U. S. market, without delaying entrepreneurial education due to lack of English fluency.

Although all women face communication and bias challenges, Hispanic women, and in particular those born and raised abroad, face additional challenges. First, it seems that even with an increase in the percentage of women venture capitalists from three percent in 2014 to seven percent in 2017, women continue to be underrepresented as investment decision makers: women own 38 percent of the businesses, but receive only five percent of venture funding.¹³¹ Second, research demonstrates that lack of diversity in terms of ethnicity could work as a proxy for bias.¹³² The high percentage of Whites,¹³³ and especially White men, among venture capitalists may make it more difficult for qualified Hispanics to receive funding. A study of 14,000 startups based in the U.S. revealed that 67

129 Alexander Williams, "A Study on the Art and Science of Pitching New Businesses," Doctoral dissertation, MIT Sloan School of Management, 2003, <http://hdl.handle.net/1721.1/80674>.

130 Natalie Robehmed, "There are Few Minority Entrepreneurs, and They Rarely Get Funding," *Forbes*, 2013, accessed November 29, 2016, <http://www.forbes.com/sites/natalierobehmed/2013/10/16/there-are-few-minority-entrepreneurs-and-they-rarely-get-funding/#2bbe67106363>.

131 Dana Kanze., Laura Huang, Mark A. Conley and E. Tory Higgins, "Male and female entrepreneurs get asked different questions by VCs – and it affects how much funding they get," *Harvard Business Review*, June 27, 2017, accessed July 31, 2017, <https://hbr.org/2017/06/male-and-female-entrepreneurs-get-asked-different-questions-by-vcs-and-it-affects-how-much-funding-they-get>.

132 Frank Dobbin and Alexandra Kalev, "Why diversity programs fail," *Harvard Business Review*, July-August 2016, accessed July 31, 2017, <https://hbr.org/2016/07/why-diversity-programs-fail>.

133 This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

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percent of venture capitalists were White males,¹³⁴ 19 percent Asian males and seven percent White females. Only one percent were Hispanic females.¹³⁵

Acquiring culture-specific communication skills may give entrepreneurs the ability to identify their audiences and determine the kind of messages and arguments to use to negotiate with suppliers, clients and financial institutions. Taking this into account will help Hispanic women entrepreneurs succeed in the U.S. market. Effective communication is an important consideration in designing strategies to enhance the revenues and productivity of Hispanic women-owned businesses.

¹³⁴ Ibid.

¹³⁵ "Building a More Inclusive Entrepreneurial Ecosystem," National Venture Capital Association, 2016, accessed May 30, 2017, <http://www.tigofoundation.org/wp-content/uploads/NVCA-2016-Diversity-Report.pdf>.

3 Unlocking Hispanic Women Entrepreneurs' Potential Through Training

3. Unlocking Hispanic Women Entrepreneurs' Potential Through Training

Sections 1 and 2 of this report revealed the challenges Hispanic women entrepreneurs face and the benefits to both individuals and society from developing entrepreneurial opportunities for Hispanic women.

Hispanic women entrepreneurs contribute to economic development through high-growth enterprises or by providing a source of income and employment in necessity-driven situations. Many different players – including local and federal governments, chambers of commerce, business associations and groups, nonprofits and universities throughout the U.S. – offer an array of entrepreneurship training to support these entrepreneurs.

Whether entrepreneurs are necessity- or opportunity-driven, high-quality training and access to capital promote further job creation and revenue growth and boost entrepreneurs' contribution to the economy. Training programs need to tailor offerings according to the varying needs of Hispanic women entrepreneurs: educational attainment (Figure 13), financial literacy (Tables 3 and 4) and language proficiency (Figure 16). Training programs need to provide access to capital as well.

This section provides evidence showing that participation in entrepreneurial training programs correlates with improved business performance. For example, one study suggests that micro enterprises, which employ five people or fewer, generated an average of 3.9 jobs after their founders participated in a training program.¹³⁶ The section also aims to provide some guidance on the dimensions that shape good program outcomes. These include:

- Grant awards and access to capital.
- Monitoring and evaluation.
- Design and content: entrepreneurial capability, mindset, status and performance.
- Follow-up or wrap-around services.
- Bilingual programs.

The section also provides examples of how the entrepreneurial training programs interviewed for this study customize these dimensions to meet the specific needs of the Hispanic women entrepreneurs they serve. The researchers conducted a search of entrepreneurial programs within each state with the highest concentration of Hispanics, gathered information from program websites and reports and created an initial list of 34 programs to evaluate. The list was narrowed to 15 and further narrowed to the final five programs based on specific criteria. The researchers interviewed the providers of these five programs. The intention of the resulting case studies is

136 "Entrepreneur Data," EntrepreneurTracker, FIELD at the Aspen Institute, 2015, accessed June 10, 2017 <https://microtracker.org/explore/entrepreneur-data>.

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not to be all encompassing, but rather to provide information on how these five programs have effectively supported the Hispanic entrepreneurial population. See Appendix for a full description of the methodology.

Finally, this section aims to stimulate discussion, with the ultimate goal of improving programs for Hispanic women entrepreneurs.

3.1. Unlocking the Potential of Hispanic Women Entrepreneurs Through Training

Effective entrepreneurship training improves performance and can help close the educational gap between Hispanic women entrepreneurs, especially immigrants.¹³⁷ These programs can help individuals to develop cognitive abilities and technical skills that help them create and grow businesses.¹³⁸ Programs for startups are proliferating worldwide and in the United States.¹³⁹

Entrepreneurship training provides technical know-how, methods to shift mindsets about self-doubt¹⁴⁰ and access to mentorships and capital. These can help Hispanic women entrepreneurs overcome the additional structural barriers that may inhibit their ability to grow and scale their businesses and ultimately become employers.

¹³⁶ This report uses the term White to refer to non-Hispanic Whites when not specified in a research study or speaking generically.

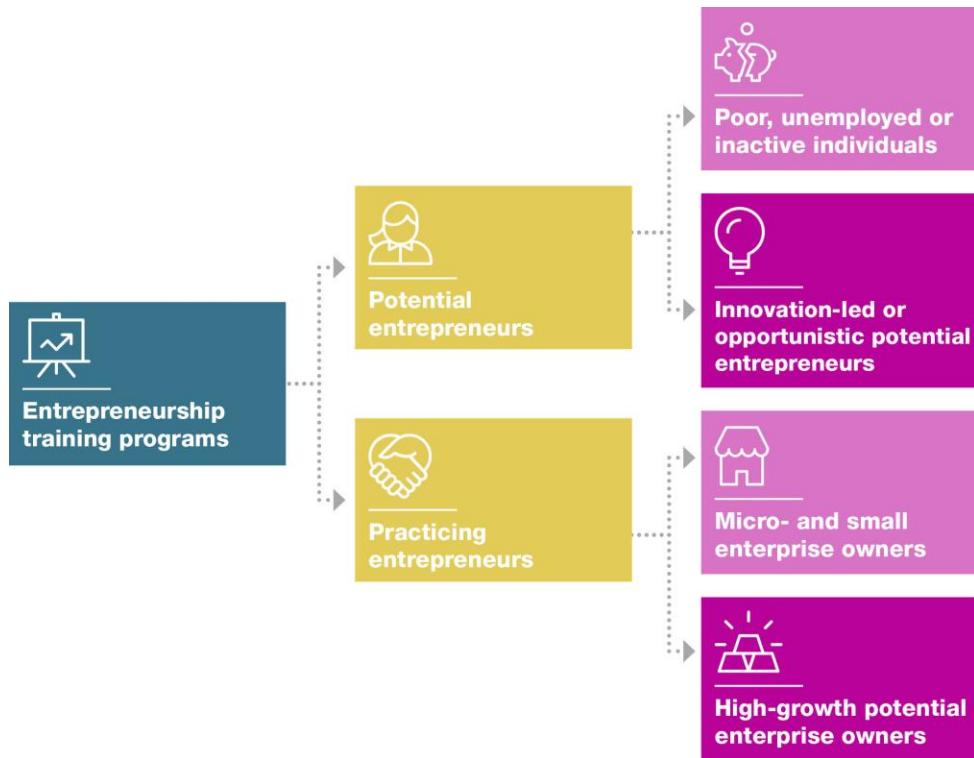
¹³⁸ Jonathan Levie and Erkko Autio, "A Theoretical Grounding and Test of the GEM Model," *Small Business Economics*, (October 2008), 235–63.

¹³⁹ Ernest Mwasalwiba, "Entrepreneurship Education: A Review of Its Objectives, Teaching Methods, and Impact Indicators," *Education + Training* (2010), 20–47.

¹⁴⁰ "Tenacity and Impact: Understanding Hispanic Women-owned Businesses," National Women's Business Council, accessed August 3, 2017, <https://www.nwbc.gov/content/tenacity-and-impact-understanding-hispanic-women-owned-businesses>.

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FIGURE 17: ENTREPRENEURSHIP TRAINING BASED ON DIFFERENT TARGET GROUPS



Source: Adaptation and terminology based on Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World."¹⁴¹

3.2. General Practices and Challenges

Several key features were used to analyze entrepreneurship programs: the target population, grant awards and access to capital, training program design and content, mentorship, follow-up or wrap-around services and monitoring and evaluation. These are the fundamental areas of entrepreneurship programs cited in "Entrepreneurship Education and Training Programs Around the World" (Table 9).

Fifteen of the 34 identified programs serve Hispanic women entrepreneurs, from micro businesses to high-growth firms, and were chosen for analysis because they are more than one-time workshops and because multiple influencers recommended their inclusion. See Appendix, Section 1.1, Step 3 for organizations.

¹⁴¹ Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World," The World Bank, 2014, accessed January 19, 2017, <http://documents.worldbank.org/curated/en/237611468151500808/Entrepreneurship-education-and-training-programs-around-the-world-dimensions-for-success>.

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While there is no one-size-fits-all approach to designing effective entrepreneurship programs, the analysis surfaced common themes across programs. Tables 7 and 8 present an overview of the practices that program leaders identified as contributing to program success.

TABLE 7. SUMMARY OF PRACTICES AMONG 15 SELECTED ENTERPRENURSHIP PROGRAMS

Program duration	Varies considerably: six weeks to three years
Provide technical know-how (hard skills such as understanding financial statements)	15 of 15 programs
Entrepreneurship status (moves the entrepreneur from concept to launch to growth in terms of revenues, profits and number of employees)	15 of 15 programs
Provide mentorship	12 of 15 programs
Provide access to capital	10 of 15 programs
Provide wrap-around services	Seven of 15 programs
Provide soft skills training (addresses mindset challenges such as confidence)	Seven of 15 programs
Grants	One of 15 programs
Track entrepreneurs' performance	No data

Source: Adaptation based on Table 8.

The most successful programs shared some common characteristics in their targeting and program content.

3 Unlocking Hispanic Women Entrepreneurs' Potential Through Training

TABLE 8. A REVIEW OF PRACTICES AMONG 15 SELECTED ENTREPRENEURSHIP PROGRAMS

Program	Target Population	Design and Content	Grant Award / Access to Capital	Mentoring / Evaluation	Wrap-Around Services	Program Duration
Interviewed Programs						
At the Table (National, Nonprofit)	Hispanic Women	Business strategy, business plan, financial literacy, marketing, access to capital, social media	No / Yes	Yes / Provided by corporate partners	Access to more training Connection with potential clients and investors	Ongoing
Bethel New Life Entrepreneurship training program (Chicago, IL, Nonprofit)	General Low Income	Business plan, marketing and financial literacy	No / Yes	Yes / No	Connection with micro-lenders	15 weeks
HBK Incubates, a program of Hot Bread Kitchen (New York City, NY, Nonprofit)	General Low Income Food Industry	Affordable licensed commercial kitchen space, business plan development, technical skills for success in the food industry	No / Yes	Yes / Will be	Access to capital and customers Help with business plan Cooking and storage space	Ongoing: Entrepreneurs can participate for up to 3 years
Stanford Latino Entrepreneur Leaders Program (Palo Alto, CA, Private)	Hispanic	Access to capital, business plan	No / Yes	Yes / Yes	Yes	6 weeks
WE NYC, a program of The NYC Department of Small Business Services (SBS) (New York City, NY, Public)	Women	Leadership, credit, funding	No / Yes	Yes / Yes	Networking events	Ongoing

3 Unlocking Hispanic Women Entrepreneurs' Potential Through Training

	Target Population	Design and Content	Grant Award / Access to Capital	Mentoring / Evaluation	Wrap-Around Services	Program Duration
Additional Programs						
Access Latina (San Juan, PR, Nonprofit)	High Growth Women	Business accelerator program plus grant funding	Yes / Yes	Yes / NA	Venture capital connection	No information available
Center for Hispanic Entrepreneurship (Chicago, IL, Nonprofit)	Hispanic Women and Men	Business strategy, business plan, financial literacy, marketing, access to capital, social media	No / Yes	One-on-one counseling / NA	No	No information available
Emerging Latinas Program (Los Angeles, CA, Nonprofit)	Hispanic Women	Finance, accounting, marketing	No / No	Yes / NA	No	NA
Entrepreneurial Training Program (ETP) Los Angeles (Los Angeles, CA, Public)	General	Access to capital, strategic planning, basic legal structures of a business, marketing on limited budget, business record keeping	No / Coaching	Individual counseling / NA	No	No information available
FastTrac NewVenture for the Female Entrepreneur (New York City, NY, Public)	Women Low Income	Business plan, marketing, financial literacy	No / Yes	No / NA	No	10 sessions, 40 hours
Goldman Sachs 10000 Small Businesses (33 sites across the U.S. and United Kingdom, Nonprofit)	\$150,000+ revenues	Business education, a network of support, access to capital	No / Yes	Yes / NA	Access to advisors and a community of entrepreneurs	NA

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Program	Target Population	Design and Content	Grant Award / Access to Capital	Mentoring / Evaluation*	Wrap-Around Services**	Program Duration
Hispanic Entrepreneur Program (Miami, FL, Nonprofit)	Hispanic Women and Men	Leadership and management training, English communication skills	No / No	No / NA	No	No information available
National Latino Entrepreneurship Program (San Antonio, TX, Nonprofit)	Hispanic Women and Men	E-commerce, QuickBooks and Excel training; training in financial literacy; skills training in cash flow management; setting performance metrics; producing budgets; overhead factoring and breakeven analysis to properly price products or services	NA / NA	No / NA	No	No information available
OLE (Part of the New York State Small Business Development Center-locations throughout the state.)	Hispanic Women and Men	Business strategy, business plan, financial, literacy, marketing, access to capital, social media	NA / NA	Individual counseling / NA	No	No information available
WiSTEM 1871 (Chicago, IL, Private)	High-growth Women	Content and mentorship designed specifically around the individual companies admitted into the program	No / Yes	Yes / NA	Venture capital connection	16 weeks

Source: Adaptation based on interviews and information on websites.

*Evaluation is the analysis of completed or ongoing activities that determine or support program accountability, effectiveness, and efficiency.

**Wrap-around services are the provision of services after the close of formal programming. For example, programs that offer regular mentoring and encourage connections with potential clients or lenders demonstrate greater success rates. Table 9 shows these patterns among selected programs

NA: Not available.

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Target a Focused Population

The interviewed programs show that there is a lot of flexibility in how each incorporates the dimensions that shape good program outcomes to the needs of the entrepreneurs it serves and the goals of the programs.

Evidence suggests that successful training programs clearly target a particular population, identify its needs, design a program according to those needs and create an outreach strategy to attract that population.¹⁴² Programs focusing on a specific target population yield better results than general programs.¹⁴³

Among the interviewed programs, specific target populations varied:

- *At the Table* is led by the United States Hispanic Chamber of Commerce (USHCC) Foundation. It focuses on Hispanic women, both corporate and entrepreneurial.
- *Bethel* focuses on the local community of the West Side of Chicago.
- *HBK Incubates* focuses on the food industry.
- *Stanford* focuses on Latino-owned business with revenues of \$1 million or more or startups that have raised \$.5 million.
- *WE NYC* focuses on low-income and/or immigrant women entrepreneurs and aspiring entrepreneurs.

Analysis of the programs found that few entrepreneurship programs are designed to meet the very specific needs of low income, undereducated women who may not be proficient in English (see Table 8). By 2014, an estimated 68.4 percent of all Hispanics were proficient¹⁴⁴ in English. As seen in Section 2.4 of the literature review, language proficiency and effective communication among foreign-born and middle-aged Hispanics are lower than for the rest of the Hispanic community, resulting in the unintended exclusion of a significant group of Hispanics.

Training Program Design and Content

Evidence shows that programs that combine training with grant awards and mentoring services have higher impacts than simple training programs.¹⁴⁵

¹⁴² Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World," The World Bank, 2014, accessed January 19, 2017, <http://documents.worldbank.org/curated/en/237611468151500808/Entrepreneurship-education-and-training-programs-around-the-world-dimensions-for-success>

¹⁴³ Ibid,

¹⁴⁴ They report speaking only English at home or speaking it "very well."

¹⁴⁵ ¹⁴⁵ Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World," The World Bank, 2014, accessed January 19, 2017, <http://documents.worldbank.org/curated/en/237611468151500808/Entrepreneurship-education-and-training-programs-around-the-world-dimensions-for-success>.

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As shown in Table 9, the research suggests that entrepreneurship programs cover four fundamental areas:¹⁴⁶

1. Entrepreneurial capabilities or hard skills and technical knowledge, such as budgeting and skills related to the entrepreneur's industry (e.g., hair styling, commercial food prep).
2. Entrepreneurial mindset or soft skills, including leadership, self-confidence, public speaking and effective communication and negotiation.
3. Entrepreneurial status (moving from being an aspiring entrepreneur to starting a company, becoming an employer, achieving higher income and employing more people).
4. Entrepreneurial performance or indicators of the venture's performance (higher profits or increased sales).

¹⁴⁶ Ibid.

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TABLE 9. IDEAL FUNDAMENTAL AREAS FOR ENTREPRENEURSHIP PROGRAMS

DIMENSIONS		
Program Context	Participant's Characteristics	Program Characteristics
 Contextual influences shown to impact the likelihood of a program's capacity to generate outcomes. Examples: Economic, political and cultural	 Profile, education, experience, interest, intentions and behavior Examples: <ul style="list-style-type: none"> • Individual's profile • Basic demographic • Education • Interest and intentions • Behaviors while enrolled within the program 	 Program design, trainers and delivery, content and curriculum, wrap-around services Examples: <ul style="list-style-type: none"> • Program design • Trainers and delivery • Content and curriculum • Wrap-up services

DESIGN AND CONTENT			
Entrepreneurial Capability	Entrepreneurial Mindset	Entrepreneurial Status	Entrepreneurial Performance
 Competences, knowledge and technical skills Examples: <ul style="list-style-type: none"> • Financial literacy • Management • Accounting • Marketing • Negotiation • Technical knowledge 	 Socio-emotional skills, awareness of entrepreneurship and future success Examples: <ul style="list-style-type: none"> • Self-confidence • Self-efficacy • Creativity • Resilience • Risk propensity • Motivation • Leadership 	 The temporary state of program's beneficiary Examples: <ul style="list-style-type: none"> • Pre-Incorporation • Start-up achieving higher income • Becoming an employer or becoming employed 	 Indicators of a venture's performance Examples: <ul style="list-style-type: none"> • Higher profits • Increased sales • Greater employment of others • Higher survival rates

Source: Adaptation based on Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World."¹⁴⁷

147 Alexandria Valerio, Brent Parton and Alicia Robb, "Entrepreneurship Education and Training Programs around the World," The World Bank, 2014, accessed January 19, 2017, <http://documents.worldbank.org/curated/en/237611468151500808/Entrepreneurship-education-and-training-programs-around-the-world-dimensions-for-success>.

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TABLE 10. ENTREPRENEURSHIP PROGRAMS' DESIGN AND CONTENT

Program	Entrepreneurial Capabilities (hard skills and technical knowledge)	Entrepreneurial Mindset or Soft Skills	Incorporation Status	Entrepreneurial Performance
The five interviewed programs				
At the Table	✓	✓	✓	✓
Bethel New Life Entrepreneurship Training Program	✓	✓	✓	✓
HBK Incubates	✓	✓	✓	✓
Stanford Latino Entrepreneur Leaders Program	✓	✓	✓	✓
WE NYC	✓	✓	✓	
The other programs				
Access Latina	✓	✓	✓	✓
Center for Hispanic Entrepreneurship	✓		✓	
Emerging Latinas Program	✓		✓	
Entrepreneurial Training Program (ETP) City of Los Angeles	✓		✓	
FastTrac NewVenture for the Female Entrepreneur	✓		✓	
Goldman Sachs 10000 Small Businesses	✓	✓	✓	✓
Hispanic Entrepreneur Program	✓	✓	✓	
OLE	✓		✓	
National Latino Entrepreneurship Program	✓		✓	
WiSTEM 1871	✓		✓	✓

Source: Adaptation based on Alexandria Valerio, Brent Parton, and Alicia Robb, *Entrepreneurship Education and Training Programs around the World*.

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3.3. Promising Practices: Lessons from the Field

Grant Awards and Access to Capital

Obtaining adequate access to capital is one of the biggest hurdles to starting and growing a business.¹⁴⁸ Effective entrepreneurial support programs acknowledge this need and provide mechanisms to connect women with the appropriate financial resources through introductions to Community Development Financial Institutions (CDFIs), crowdfunding platforms, banks and equity investors.

As Section 1.2 highlights, because Hispanic women have higher rates of poverty, lower earnings levels (Figure 12) and higher unemployment (Figure 11) and are less likely to own assets such as a home and stocks (Table 5), the availability of grants is particularly important to this group. As Section 1.4 highlights, Hispanic women have lower financial literacy and greater distrust of financial institutions than their White counterparts, making it more important that the financial institutions to which these women are referred understand their needs. Not all business owners should seek outside financing; however, as Figure 5 shows, women – and especially Hispanic women – are more likely to start a business without any capital at all.

Only one of the 15 programs analyzed provides grants. Participants in the Access Latina program compete to win one of five \$25,000 grants. None of the five interviewed programs provides grant awards. The interviewers did not ask whether programs provide access to grant opportunities, nor does this report look at the increasing number of competitions for women entrepreneurs that provide awards, such as the Small Business Administration's InnovateHER challenge.¹⁴⁹ Importantly, all five interviewed programs maintain relationships with funders and connect women entrepreneurs to these funders.

Because they have fewer financial resources, lower levels of financial literacy and greater distrust of financial institutions, Hispanic women may need entrepreneurship training that includes information about why outside financing can be important and which funding options are right in what situations, and may also need connections to appropriate resources.¹⁵⁰

Mentorship

Mentors are often volunteers who do not receive financial compensation for the advice and guidance they provide mentees. Mentorship plays an important role in developing successful entrepreneurs.¹⁵¹ Research suggests that

¹⁴⁸ William R. Kerr and Ramana Nanda, "Financing Constraints and Entrepreneurship," Harvard Business School working paper, 2009, accessed April 23, 2017 <http://www.hbs.edu/faculty/Publication%20Files/10-013.pdf>.

¹⁴⁹ Geri Stengel, "A Woman's One Stop Resource for Starting and Financing a Business," Chapter 4, QuickBooks, 2017, accessed January 11, 2017, <http://quickbooks.intuit.com/r/womans-resource-starting-financing-business>.

¹⁵⁰ Ibid.

¹⁵¹ Margaret E. Blume-Kohout, "Understanding the Gender Gap in STEM Fields Entrepreneurship," Small Business Administration, 2014, accessed January 13, 2017, <https://www.sba.gov/advocacy/understanding-gender-gap-stem-fields-entrepreneurship>.

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entrepreneurial and management mentorship is limited for women of color; this dearth may limit the potential of Hispanic women entrepreneurs.¹⁵²

Most – 12 of the 15 – programs analyzed provide mentorship. All five interviewed programs provide mentorship but vary in how they provide it according to the program's goals and resources. Stanford provides the most comprehensive mentorship support by matching entrepreneurs with mentors who conduct hour-long weekly calls with participants during the program. Cohorts of 70 to 80 participants meet twice a year. Stanford also provides guidance on how to maximize the mentor-mentee relationship.

WE NYC's approach is slightly different. Each year, the program aims to reach thousands of women entrepreneurs, from aspiring necessity-driven ones to those who are growth-oriented. WE NYC mentors share their advice in several ways: during office hours held regularly at the seven Department of Small Business Offices throughout New York City, by facilitating problem-solving small-group discussions at networking events and through articles they write on the WE NYC website.

Mentorship can be particularly valuable to necessity entrepreneurs,¹⁵³ who have been thrust into their new roles because of circumstances. These entrepreneurs may have less experience and fewer resources available than those who pursue entrepreneurship for other reasons. There is a great need for volunteers willing and able to provide mentorship to this population, which may require support around the basic activities of starting and running a business.

Follow-Up or Wrap-Around Services

Studies show that one of the most valuable attributes of a successful entrepreneurship program is the provision of services after the close of formal programming.¹⁵⁴ For example, programs that offer regular mentoring and encourage connections with potential clients or lenders demonstrate greater success rates. Table 9 shows these patterns among selected programs.¹⁵⁵

The research finds that many programs offer only limited follow-up services (also known as wrap-around services) or none at all. Some of the most common services include individual mentoring, access to capital and access to customers, including through minority- or women-owned business certification programs.

Examples of wrap-around services provided by the five programs include:

¹⁵² Hermina Ibarra, "Personal Networks Of Women and Minorities in Management: A Conceptual Framework," *The Academy of Management Review* (January 1993), 56-87.

¹⁵³ As defined on page 17 of this paper; note that NWBC research also posits an alternative definition of necessity entrepreneurship in its report *Necessity as a Driver for Women Entrepreneurs*.

¹⁵⁴ Ibid. p. 47.

¹⁵⁵ Ibid. p. 46.

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- At the Table connects women entrepreneurs to large corporations with supplier diversity programs through matchmaking meetings held at the U.S. Hispanic Chamber of Commerce's two national conferences. It provides scholarships to attend these conferences.
- Bethel's training program is followed by a year of personal mentoring from a business leader. Qualified participants are also eligible for low-interest bank loans of up to \$10,000 for a startup business and \$25,000 for an existing business upon graduation.
- HBK Incubates connects entrepreneurs to vendors such as co-packing facilities and retailers such as Whole Foods as well as to capital. It is currently developing services for alumni.
- Stanford encourages participants to do business with each other and stay connected after the program ends. Alumni have organized to continue connections built with their cohort and to make connections with other cohorts.
- WE NYC offers workshops on leadership training, the importance of credit to a business and an explanation of financing options with introductions to funders. WE NYC is a program of the Department of Small Business Services, which offers an array of additional programs and services, from business planning courses to how to become certified with the city and how to build capacity to handle large city contracts.

It is worth highlighting that in September, 2016, Mayor Bill de Blasio announced a goal of awarding at least 30 percent of New York City government agency procurement dollars to certified minority and women business enterprises (M/WBEs) by 2021.¹⁵⁶ His administration is conducting capacity-building workshops to ensure small businesses can handle the size of city projects. New York City is not alone in recognizing that government contracting is a powerful way to grow local small businesses owned by underrepresented communities. Cleveland, OH, Montgomery County, MD and Phoenix, AZ recognize this as well.¹⁵⁷

As shown in Table 10, the pattern that emerges from the analysis is that most programs focus on at least three of the four fundamental areas in which they do exceedingly well. The five interviewed programs provide even more comprehensive services. Importantly, they also all provide mentorship and access to capital, which other studies have found to be critical.

¹⁵⁶ "Mayor de Blasio Announces Bold New Vision for the City's M/WBE Program," accessed July 7, 2016 <http://www1.nyc.gov/office-of-the-mayor/news/775-16/mayor-de-blasio-bold-new-vision-the-city-s-m-wbe-program/#0>.

¹⁵⁷ Olivia LaVecchia, "Procurement Can Be a Powerful Tool for Local Economies, but Takes More Than a Policy Change to Work," Institute for Local Self Reliance, Independent Business, August 27, 2015, accessed May 12, 2017 <https://ilsr.org/procurement-more-than-a-policy-change>.

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Monitoring and Evaluation

Evidence suggests that conducting evaluations and monitoring program effectiveness are essential to the success of a program.¹⁵⁸ Evaluations allow implementing agencies to continuously improve the program and to monitor and follow their clients' performance. Organizations cannot improve what they do not measure.

Most entrepreneurship programs are under-resourced and emphasize programming over measurement. However, three of the five organizations interviewed provide evaluation and monitoring systems to measure outcomes: Stanford Latino Entrepreneur Leaders Program, WE NYC and HBK Incubates. Stanford tracks sales and employee growth. It also collects stories about how participants do business with one another and how they have applied what they learn, as well as about the impact this knowledge made on their organizations. WE NYC conducts assessments before and after its trainings but has not yet completed an impact evaluation of its programs. HBK Incubates tracks metrics related to demographics, growth and economic impact.

At the Table has taken a different approach to measuring outcomes. Rather than doing the measurement itself, At the Table relies on corporate partners with resources to track whether their supplier diversity departments are meeting their goals. Corporations share their numbers with At the Table.

Anecdotal Findings

In addition to data obtained through a literature review, the interviewed training programs suggested other areas that are key to a successful program.

Programs Do Not Need to Be Exclusively for Hispanic Women Entrepreneurs to Address Their Needs

None of the interviewed programs is exclusively aimed at Hispanic women entrepreneurs. However, the programs do address the needs of Hispanic women entrepreneurs who attend. Stanford Latino Entrepreneur Leaders Program includes both men and women. At the Table primarily works with Hispanic professional working women, including both entrepreneurial and corporate women. It also recruits non-Hispanic women through strategic alliances with other associations. WE NYC and Bethel have a geographic focus and because many women within their geographic areas are Hispanic, they focus on the needs of Hispanic women. HBK Incubates is aimed at people launching food businesses, many of whom are foreign-born Hispanic women.

Outreach and Marketing

Only a small percentage of entrepreneurs attend entrepreneurial training programs. This is true for everyone and more specifically Hispanic women, whether they are already entrepreneurs or aspire to be. Based on the interviews, one reason may be lack of awareness.

¹⁵⁸ Ibid.

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For the most part, marketing and outreach budgets at entrepreneurship programs are small or nonexistent. Programs focus their dollars on content.

Marketing primarily consists of three strategies. The first is building a mailing list composed of previous attendees or those who signed up on the program website. Programs tend to recycle previous participants for email communication instead of recruiting new ones. The second strategy involves program referrals from external organizations (including Latin American consulates). The third strategy is referrals from alumni.

While most organizations have not formalized their referral relationships, At the Table has memos of understanding with its referring organizations.

Stanford was the only program to mention doing paid advertising, which includes social media and search engine marketing.

Providing Affordable Entrepreneurial Training

Low- to moderate-income Hispanic women may not be able to afford entrepreneurial training. Program fees vary depending on participants' perceived ability to pay, the resources of the organization and the depth of services provided. Bethel and WE NYC are free. HBK Incubates also charges for cooking and storage, offering standardized rates for low-income entrepreneurs as needed. At the Table offers scholarships. Stanford charges a fee but philanthropic donations cover the bulk of the program cost.

Funding Diversity

As nonprofits and government programs, entrepreneurship programs frequently find funding in short supply. Evidence suggests that entrepreneurship programs should diversify funding streams to ensure the quality of their services and their sustainability.¹⁵⁹ Interviews revealed that all programs use a variety of public/private partnerships to provide services. For example, At the Table generates revenue from program fees for services, corporate sponsorships and, in the near future, foundations. Bethel relies on a combination of Small Business Administration (SBA) and state funding, as well as corporate sponsorship, money from faith-based organizations and individual philanthropy. HBK Incubates is funded by a mix of fee-for-service and philanthropy. Stanford's Latino program is funded by corporations, individuals, Stanford University and tuition. WE NYC relies on city dollars and some corporate partnerships.

¹⁵⁹ Ibid./

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Entrepreneurship provides a pathway to economic stability and higher earnings, one that increasing numbers of Hispanic women are taking. The number of Hispanic women-owned businesses is growing at a higher rate than businesses owned by other groups, including non-Hispanic White women and men. However, businesses owned by women, especially Hispanic women, are underrepresented and dramatically lag behind men-owned businesses in several key business productivity measurements: amount of revenue, having employees and number of employees. There is an economic and social opportunity to develop the right programs and policies to support the nearly two million practicing Hispanic women entrepreneurs¹⁶⁰ and those who aspire to start businesses. This would positively influence the lives of the women business owners and their families while creating jobs and strengthening the economy.

Several important factors – including immigration status, whether Hispanic women are foreign born or native born and their country of origin, educational attainment, economic status, financial capabilities and communication skills – interact to produce a palpable effect on business productivity. Hispanic women represented a sizable proportion of the U.S. population in 2015 – 27.9 million – and this number will keep growing.¹⁶¹ Understanding their diversity holds the key to designing more effective entrepreneurship programs for the growing number of Hispanic women entrepreneurs. If Hispanic women-owned firms generated revenues proportional to those generated by other women-owned business, they would add \$155 billion¹⁶² and an additional 80 thousand new jobs to the U.S. economy.¹⁶³

This paper has demonstrated the following key points about the characteristics of Hispanic entrepreneurs, their businesses and some selected best practices regarding entrepreneurship training.

1. Levels of education, economic status and employment differ depending on place of birth. This means, for example, that foreign-born Hispanic women might need different support to start a business than their U.S.-born counterparts.

¹⁶⁰ "The 2016 State of Women-Owned Businesses Report," American Express OPEN and Womenable, 2016, accessed February 11, 2017, http://www.womenable.com/content/userfiles/2016_State_of_Women-Owned_Businesses_Executive_Report.pdf.

¹⁶¹ "Hispanic Foreign-Born Population, by Sex and Age: 1980-2013," Pew Research Center, March 18, 2015, http://www.pewhispanic.org/2016/04/19/statistical-portrait-of-hispanics-in-the-united-states-trends/ph_2015-03_statistical-portrait-of-hispanics-in-the-united-states-2013-trend-20.

¹⁶² This was calculated as follows: Average revenues of non-Hispanic women-owned firms x Number of Hispanic women-owned Firms = Revenues that Hispanic women firms would have if they reached average revenues of non-Hispanic women-owned firms. Revenues that Hispanic women-owned firms would have - Revenues that Hispanic women-owned firms already have = Additional revenues..

¹⁶³ This was calculated as follows: Average employment of non-Hispanic women Firms x Number of Hispanic women Firms = Number of employees that Hispanic women firms would employ if they reached average employment of non-Hispanic women-owned firms. Number of employees that Hispanic women firms would employ - Number of employees that Hispanic women firms already employ = Additional employment

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2. Foreign-born Hispanic women may not necessarily master English. Hispanic women, especially those who are foreign born, may face additional barriers to understanding U.S. networks, cultural codes or regulatory and financial environments well enough to start and grow a business.¹⁶⁴
3. Capital is a key component in growing businesses. Yet Hispanic women entrepreneurs are less likely to seek outside funding (Figure 5) and when they do, they seek less money (Figure 7). There is an opportunity to educate Hispanic women entrepreneurs about financing, especially the newer forms such as crowdfunding, as well as to provide education about and access to all forms of financing.
4. Entrepreneurship training boosts entrepreneurial performance. The evidence cited in Section 2 shows the benefit of providing training customized to the needs of the population the program serves. This includes entrepreneurial capability, mindset shift, status and performance.

Understanding diversity enables organizations to create policies that effectively target and support Hispanic women entrepreneurs. Based on the characteristics of Hispanic women entrepreneurs and the existing programs available to support them, the authors propose the following policy recommendations.

4.1. Increase Funding to Women's Business Centers

The diversity of the Hispanic population within the United States means that trainings and access to capital need to be customized to different levels of English proficiency, education and skills and varying cultural attitudes. Targeted services include entrepreneurial training in both hard and soft skills and financing. Services aimed at undereducated poor and foreign-born Hispanics need to be offered in both English and Spanish.

Women's Business Centers (WBCs) provide training programs targeting undereducated and low-income Hispanic women, especially women who do not speak English fluently. These women may need to develop basic math skills. They may also need to address cultural attitudes of distrust toward the financial system. Hispanic women who are already fluent in English and have basic math skills may need training that addresses issues related to starting a business, such as opening a bank account, best practices for obtaining and using a credit card and building or rebuilding a credit score.

Despite the growth in the number of women entrepreneurs¹⁶⁵ and their economic impact,¹⁶⁶ the grant size to WBCs has not increased since 1988. It remains at \$150,000¹⁶⁷ per center. These centers provide vital entrepreneurial training to Hispanic women, especially to women who do not speak English or are not proficient in

¹⁶⁴ Aaron Terrazas, "The Economic Integration of Immigrants in the United States: Long-and Short-Term," Migration Policy Institute, July 2011, <http://www.migrationpolicy.org/research/economic-integration-immigrants-united-states>.

¹⁶⁵ Geri Stengel, "A Woman's One Stop Resource for Starting and Financing a Business," Chapter 4, QuickBooks, 2017, accessed January 11, 2017, <http://quickbooks.intuit.com/r/womans-resource-starting-financing-business>.

¹⁶⁶ "Latina Women-Owned Businesses (WOBs) NWBC Analysis of 2012 Survey of Business Owners," National Women's Business Council, accessed December 7, 2016, <https://www.nwbc.gov/sites/default/files/Latina%20Women%20Entrepreneurs.pdf>.

¹⁶⁷ Marsha Bailey, "Dream Big, Start Small: Why Women's Business Centers are so Important," The Business Journals, May 5, 2015, accessed June 18, 2017, <http://www.bizjournals.com/bizwomen/news/profiles-strategies/2015/05/dream-big-start-small-why-womens-business-centers.html>.

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English. The report's authors recommend increasing funding to WBCs. This is in keeping with H.R. 1680, the Women's Business Centers Improvements Act of 2017, which recommends increasing grant size to \$185,000.¹⁶⁸

4.2. Elevate Awareness of Training and Support Hispanic Women Need

One option for elevating awareness is to hold roundtables with Senate and House subcommittees to educate members of Congress about the positive impact entrepreneurial training and access to capital can have on Hispanic women, their families, communities and the overall economy.

Another strategy could be to convene a meeting of organizations that serve Hispanic women to encourage collaboration and sharing of best practices and determine ways to collaborate to provide low-cost programming. As leaders in this area, Small Business Administration resource partners, Women's Business Centers (WBCs) and Small Business Development Centers (SBDCs) could play a central role in the meeting. Other players might include local chapters of the U.S. Hispanic Chamber of Commerce, the National Association of Women Business Owners (NAWBO), women-owned certifying organizations such as Women's Business Enterprise National Council (WBENC) and groups that advocate for government programs such as Women Impacting Public Policy (WIPP). Such resource partnerships should work to facilitate collaboration and share best practices. Key organizations that serve Hispanic women business owners can:

- Create alliances to offer more complete programs, taking into consideration the ideal design and content explained in Section 3.2.
- Implement best practices.
- Decrease the learning curve for all involved organizations.
- Reduce rework and avoid reinventing the wheel.
- Cut costs through better productivity and efficiency.
- Minimize knowledge loss.
- Explore innovations that either increase capital available to small businesses or make it easier for small businesses to access capital.

4.3. Enlarge and Make Permanent the New Markets Tax Credit

Low- to moderate-income businesses have different financing needs than high-growth companies. Many Hispanic women entrepreneurs are represented in this category. Additionally, these entrepreneurs face major obstacles in accessing capital.

¹⁶⁸ "The Association of Women's Business Centers Applauds the Introduction of the Women's Business Centers Improvements Act of 2017," Association of Women's Business Centers, Press Release, March 23, 2017, accessed June 18, 2017 <http://awbc.org/wp-content/uploads/2017/03/2017-H.R.-1680-Intro-Press-Release-002.pdf>.

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Community Development Financial Institutions (CDFIs) provide affordable loans to low-income, low-wealth small businesses whose owners are from underrepresented segments such as women and minorities. The number of community banks has been in decline and loans to small businesses are less profitable for traditional banks; CDFIs play a vital role in funding Hispanic women entrepreneurs.¹⁶⁹ Many CDFIs complement their loans with training and technical assistance. Their funding comes from the federal government, foundations, faith-based organizations and commercial banks. Some CDFIs such as Grameen America provide micro loans for amounts less than \$10,000. They also provide extensive peer support and technical assistance to women who have no or bad credit and/or who have never acquired a bank account. These loans may be preferred for low-income and immigrant-owned businesses.

Other CDFIs such as Action provide larger loans, some as high as \$500,000, with lighter support. These loans are a good choice for moderate-income businesses.

Community organizations have a long tradition of providing needed financing, dating back to the 1880s when the first minority-owned banks focused on low-income areas. Credit unions formed in the 1930s and 1940s, followed in the 1960s and 1970s by community development corporations. (This included the 1977 Community Reinvestment Act (CRA) by which commercial banks and savings associations receive positive CRA consideration for facilitating lending in low- and moderate-income areas.) Nonprofit loan funds were created in the 1980s.¹⁷⁰

The Riegle Community Development and Regulatory Improvement Act of 1994 established the CDFI Fund to promote economic revitalization and community development in low-income communities through investment in and assistance to CDFIs. Through unique programs and tailored resources that leverage federal dollars with private capital, the CDFI Fund supports creating jobs, building businesses and revitalizing neighborhoods.¹⁷¹

The Community Renewal Tax Relief Act of 2000 authorized the New Markets Tax Credit (NMTC) Program as part of a bipartisan effort to stimulate investment and economic growth in low-income urban and rural communities that lack access to capital needed to support and grow businesses, create jobs and sustain healthy local economies. The NMTC Program helps low-income communities attract private capital by providing investors with federal tax credits.¹⁷²

The NMTC Program attracts investment capital – some not already at the table – to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income taxes in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs).

¹⁶⁹ Karen Gordon and Brayden McCarthy, "The State of Small Business Lending: Credit Access during the Recovery and How Technology May Change the Game," Harvard Business School Working Paper, 2014, accessed July 25, 2017, http://www.hbs.edu/faculty/Publication%20Files/15-004_09b1bf8b-eb2a-4e63-9c4e-0374f770856f.pdf.

¹⁷⁰ "What are CDFIs?" U.S. Department of Treasury CDFI Fund, accessed December 28, 2016, https://www.cdfifund.gov/Documents/CDFI_infographic_v08A.pdf.

¹⁷¹ Ibid.

¹⁷² "New Market Tax Credit Fact Sheet," New Markets Tax Credit Coalition, accessed December 27, 2016, <http://nmtccoalition.org/fact-sheet>.

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A CDE is an intermediary vehicle that enables CDFIs to receive the NMTCs.¹⁷³ The NMTC provides the return on investment sought by institutions and individuals.

The NMTC Program has proven to be an effective, targeted and cost-efficient financing tool valued by businesses, communities and investors across the country. It incentivizes community development and economic growth using tax credits that attract private investment to distressed communities. Program achievements include:

- Between 2003 and 2012, the NMTC program generated about 750,000 jobs, at a cost to the federal government of less than \$20,000 per job.¹⁷⁴
- Between 2003 and 2014, NMTC projects invested \$38 billion in businesses. These investments leveraged nearly \$75 billion in total capital investment to businesses and revitalization projects in communities with high rates of poverty and unemployment.¹⁷⁵
- By law, all NMTC investments must be made in economically distressed communities. However, as of the end of FY 2015, more than 72 percent of all NMTC investments were in communities exhibiting severe economic distress, including unemployment rates more than 1.5 times the national average, a poverty rate of 30 percent or more or income at or below 60 percent of the area median.¹⁷⁶
- As of FY 2015, the NMTC Program had generated \$8 of private investment for every \$1 of federal funding.¹⁷⁷
- The program created 164 million square feet of manufacturing, office and retail space.¹⁷⁸
- The program financed more than 4,800 businesses.¹⁷⁹

In December 2015, congressional leaders and the White House agreed to extend the NMTC Program for five years (2015-2019) at its current level of \$3.5 billion annually. The bill had strong bipartisan support.¹⁸⁰

A bill was introduced with bipartisan House and Senate support on February 15, 2017 to make the New Markets Tax Credit permanent. Nearly 2,000 groups sent letters to Congress calling for approval of the legislation.¹⁸¹

173 Ibid.

174 Ibid.

175 Ibid.

176 Ibid.

177 "New Markets Tax Credit Program," U.S. Department of Treasury CDFI Fund, accessed December 27, 2016, <https://www.cdfifund.gov/programs-training/Programs/new-markets-tax-credit/Pages/default.aspx>.

178 Ibid.

179 Ibid.

180 Ayrianne Parks, "NMTC Leaders Applaud 5-Year Extension of Community Development Tax Credit," NMTC Coalition, 2015, accessed December 28, 2016, <http://nmtccoalition.org/2015/12/16/nmtc-leaders-applaud-5-year-extension-of-community-development-tax-credit>.

181 "House and Senate Members Move to Make New Markets Tax Credit Permanent," 2017, accessed May 14, 2017 <http://nmtccoalition.org/2017/02/16/house-and-senate-members-move-to-make-new-markets-tax-credit-permanent/>.

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As mentioned above, this type of private and public sector partnership has increased private investment in underserved communities. CNote is one example of such private investment. CNote raises money to invest in CDFIs¹⁸² and in the future NMTCs that serve women via Titles II and IV of the Jumpstart Our Business Startups (JOBS) Act.¹⁸³ Making the NMTC Program permanent would remove risk for entrepreneurial ventures that might use it as the basis for their business model.

4.5. Lift or Raise Cap on SBA-backed Loans

Women accounted for only 4.4 percent of the total dollar value of conventional small business loans from all sources between 2001 and 2004. In other words, just \$1 of every \$23 in conventional small business loans goes to a woman-owned business.¹⁸⁴

Women made huge strides in receiving SBA-backed loans in 2015, according to the SBA Office of Capital Access. These loans are guaranteed by the federal government, which allows lenders to offer flexible terms and low rates to businesses that might not otherwise qualify. The SBA made \$3.8 billion in capital available to women, up 19 percentage points to 36 percent of total lending.¹⁸⁵ However, these advances were not without challenges. On July 23, 2015, the SBA announced it had reached its annual lending limit for its biggest loan program, the 7(a) loan, forcing a hold on loan applications filed by more than 1,100 potential borrowers. Within a week, both houses of Congress raised the \$18.75 billion cap to \$23.5 billion.¹⁸⁶

Therefore, lifting or raising the cap on SBA-backed loans for all small businesses or those from underserved communities may result in increased participation or funds to qualified Hispanic women entrepreneurs.

4.6. Invest Federal Agency Pension Funds in Emerging Managers

Some Hispanic women entrepreneurs may start as micro businesses but become high-growth companies or they may start a business with the intent of scaling it quickly. Venture capitalists (VCs) rarely invest in companies with women chief executive officers (CEOs); only five percent of venture dollars went to firms with women CEOs in

¹⁸² Geri Stengel, "How Investing In Women Entrepreneurs Can Be A Surefire Way To Good ROI," *Forbes*, August 17, 2016, accessed May 14, 2017 <http://www.forbes.com/sites/geristengel/2016/08/17/how-investing-in-women-entrepreneurs-can-be-a-surefire-way-to-good-roi/#3cd76164166>.

¹⁸³ On April 4, 2012, the JOBS Act was signed into law. The JOBS Act greatly expanded entrepreneurs' access to capital, allowing them to advertise their capital raises publicly. Title II went into effect on September 23, 2013. It allows private companies, at any stage, to market a securities offering to accredited investors (wealthy people) via crowdfunding platforms. Title IV, also known as Regulation A (Reg A) or a mini IPO, allows companies to raise up to \$50 million from accredited and mainstream investors. Individual investments are capped at 10 percent of the investor's annual income or net worth.

¹⁸⁴ Maria Cantwell, "21st Century Barriers to Women's Entrepreneurship Majority Report of the U.S. Senate Committee on Small Business and Entrepreneurship," U.S. Senate, 2014, accessed December 30, 2016, http://www.sbc.senate.gov/public/?a=Files.Serve&File_id=3f954386-f16b-48d2-86ad-698a75e33cc4.

¹⁸⁵ NWBC, "10 Million Strong: The Tipping Point for Women's Entrepreneurship," National Women's Business Council 2015 Annual Report, 2016, https://www.nwbc.gov/sites/default/files/NWBC_2015AnnualReportedited.pdf.

¹⁸⁶ "Congress passes bill to lift SBA's 7(a) loan lending cap," Growth Capital Corp., 2015, accessed on December 28, 2016, <http://www.growthcapitalcorp.com/blog/banking-news/congress-passes-bill-to-lift-sbas-7a-loan-lending-cap>.

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2016, according to Pitchbook.¹⁸⁷ One of the reasons is that so few women are investment decision makers in venture firms.¹⁸⁸

Emerging manager programs were created to ensure there is a pipeline of qualified minority and women VCs. These programs generate attractive investment returns that are on par with, or superior to, industry norms by encouraging investment in venture firms owned by minorities and women. Firms with minority and women investment decision makers are more likely to invest in companies with women at the helm.¹⁸⁹ A growing number of cities and states are doing this.¹⁹⁰ The federal government can catalyze change by investing a portion of its pension funds in emerging manager programs.

4.8. Areas for Future Research

Hispanic single-mother families are nearly 2.5 times more likely to be poor than married couples.¹⁹¹ Hispanic single mothers experience a higher poverty rate than their non-Hispanic White, Black and Asian counterparts.¹⁹² These mothers have a critical need for affordable high-quality childcare. Yet in many parts of the U.S., putting children in a day-care center has become the single greatest expense parents face, exceeding the cost of housing.¹⁹³ Research should explore the need and methods for providing affordable, high-quality childcare and how lack of affordable childcare may be impacting business success rates for Hispanic women.

Health care is also a source of major concern to entrepreneurs, especially to smaller and less profitable businesses such as Hispanic women-owned businesses. The burden of healthcare costs is a significant barrier to small business growth and diminishes the likelihood that a business will hire new employees. More research should explore these concerns, particularly for Hispanic women entrepreneurs and their families.

A clear set of best practices around entrepreneurship has not been developed in the U.S. despite the interest in and importance of the topic. The World Bank published one of the most comprehensive reports about what works and what does not. This report, however, examines international experiences that do not necessarily apply in the U.S. It also does not include practices (such as crowdfunding) that are beginning to take off in the U. S. but might not be as prevalent worldwide. For example, women entrepreneurs outperform their male counterparts at both

187 Geri Stengel, "How Cities Can Unlock The Potential Of Women Entrepreneurs," *Forbes*, July 19, 2017, accessed July 26, 2017, <https://www.forbes.com/sites/geristengel/2017/07/19/how-cities-can-unlock-the-potential-of-women-entrepreneurs/#14f4633c5a85>

188 Candida G. Brush, Patricia G. Greene, Lakshmi Balachandra, and Amy E. Davis, "Diana Report Women Entrepreneurs 2014: Bridging the Gender Gap in Venture Capital," September 2014, Arthur M. Blank Center for Entrepreneurship Babson College, accessed August 7, 2017 <http://www.babson.edu/Academics/centers/blank-center/global-research/diana/Documents/diana-project-executive-summary-2014.pdf>.

189 Ibid.

190 James Comtois, "Emerging managers finding more opportunities coming from institutions, February 23, 2015, *Pensions & Investments*, accessed August 7, 2017 <http://www.pionline.com/article/20150223/PRINT/30223993/emerging-managers-finding-more-opportunities-coming-from-institution>.

191 "Poverty rates are higher among single-mother family regardless of race," U.S. Census Bureau, Current Population Survey, 2012, accessed June 27, 2017 <http://www.freerepublic.com/focus/news/3041770/posts?page=28>.

192 Ibid.

193 Michelle Jamrisko, "Childcare Costs Even More Than Rent in Most of the U.S.," Bloomberg, October 5, 2015, accessed January 2, 2017, <https://www.bloomberg.com/news/articles/2015-10-06/childcare-costs-even-more-than-rent-in-most-of-the-u-s->.

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rewards-based crowdfunding (such as that conducted on platforms like Indiegogo and Kickstarter) and Regulation Crowdfunding (such as that conducted on platforms like Republic and StartEngine).¹⁹⁴

No research was found on entrepreneurial training program best practices and access to capital specifically for Hispanic women entrepreneurs. Future research on entrepreneurship training program best practices should be conducted. This is especially important for programs that address the needs of necessity-driven entrepreneurs as this group has different needs from other groups.

It is crucial to understand what sources of financing could work better for Hispanic entrepreneurs than traditional sources, considering the barriers they face. Crowdfunding could be a good match for Hispanic women entrepreneurs; however, no evidence is currently available to support this hypothesis.

Finally, although training program managers are aware of the importance of soft skills and effective communication, little evidence exists about the impact of this type of training on entrepreneurs' performance. Future studies must include this analysis.

¹⁹⁴ Geri Stengel, "How Reg CF Closes the Financing Gap for Women Entrepreneurs," *Forbes*, May 24, 2017 accessed June 15, 2017, <https://www.forbes.com/sites/geristengel/2017/05/24/how-reg-cf-closes-the-financing-gap-for-women-entrepreneurs/#96952b8215e0>.

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Acronym Definitions

CDFI: Community Development Financial Institutions provide affordable loans to low-income, low-wealth small businesses whose owners are from underrepresented segments such as women and minorities. Many CDFIs complement their loans with training and technical assistance. Their funding comes from the federal government, foundations, faith-based organizations and commercial banks.

NMTC: New Markets Tax Credit stimulates investment and economic growth in low-income urban and rural communities that lack access to capital needed to support and grow businesses, create jobs and sustain healthy local economies. The NMTC Program attracts investment capital – some not already at the table – to low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income taxes in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). A CDE is an intermediary vehicle that enables CDFIs to receive the NMTCs.¹⁹⁵ The NMTC provides the return on investment sought by institutions and individuals.

SBA: The U.S. Small Business Administration was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation.

SBDC: Small Business Development Centers provide an array of technical assistance to small businesses and aspiring entrepreneurs. The SBDCs are made up of a collaboration of SBA federal funds, state and local governments, and private sector resources.

SBO: Survey of Business Owners and Self-Employed Persons provides the only comprehensive, regularly collected source of information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. It is undertaken by the United States Census Bureau.

WBC: Women's Business Centers are a national network of over 100 educational centers throughout the United States and its territories, which are designed to assist women in starting and growing small businesses. Small Business Administration's Office of Women's Business Ownership (OWBO) oversees the WBC network, which provides entrepreneurs (especially women who are economically or socially disadvantaged) comprehensive training and counseling on a variety of topics in several languages.

¹⁹⁵ Ibid.

Appendix

A.1. Steps to Select the Programs and Interviewees

The researchers took the following seven steps to select the programs to analyze for developing the best practices section.

1. **We chose the five states with the highest share of Hispanics among their populations and within those states the metropolitan areas with the highest Hispanic population.¹⁹⁶** Chosen cities were:
 - a. Chicago, IL
 - b. Los Angeles, CA
 - c. Houston/San Antonio, TX
 - d. Miami, FL
 - e. New York, NYIn order to be comprehensive yet targeted in uncovering entrepreneurship programs, the researchers focused the search on these five metropolitan areas, but did not limit it to these areas.
2. **The researchers conducted a search of publicly available information about entrepreneurship programs focusing on local government and nonprofits in the United States.**
3. **Programs were also recommended by influential institutions in the United States.** Influencers were chosen based on their visibility within the entrepreneurship ecosystem. The researchers included organizations that were cited in articles in business media and academic journals on entrepreneurship, as well as research institutes and executives from influential organizations such as the U.S. Hispanic Chamber of Commerce, Community Development Financial Institutes and Kiva, which specialize in serving this community. The researchers contacted approximately nine influencers by phone and email, including:
 - a. The Aspen Institute
 - b. Brava Investments
 - c. Center for an Urban Future
 - d. CNote
 - e. Grameen America
 - f. Kauffman Foundation
 - g. Kiva
 - h. Slow Money Social
 - i. U.S. Hispanic Chamber of Commerce (USHCC)
4. **Steps 2 and 3 generated 34 programs. Where possible the researchers collected the following information from organizations' websites.**

PROGRAM CHARACTERISTICS

- a. Is the program offered by a public or private institution?
- b. The year the program started
- c. Target population
 - i. Minorities
 - ii. Women
 - iii. Language spoken (if providing training in Spanish)
 - iv. Income level of the business owner
 - v. Education level of the business owner
 - vi. Industry
 - vii. Size of business
- d. Training offered

¹⁹⁶ "The Pew Research Center's Hispanic Trends Project," accessed on September 20, 2016 <http://www.pewhispanic.org/states/> and Source: <http://www.pewhispanic.org/interactives/hispanic-population-in-select-u-s-metropolitan-areas/>.

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- e. Soft skills (interpersonal skills that improve relationships with other people)
 - 1. Leadership
 - 2. Negotiation
 - 3. Pitching
 - 4. Self confidence
 - 5. Mentoring
 - 6. Networking events
- ii. Hard skills training (technical skills that are necessary to be an entrepreneur)
 - 1. How to access capital
 - 2. How to get funding
 - 3. Business plans
 - 4. Financial education
 - 5. How to increase sales
- iii. Credit score building/repair
- f. Top five skills developed (hard and soft)
- g. Access to expert professionals (marketing, accountants, lawyers, IT)
- h. Length of commitment to entrepreneurs
- i. Vertical or horizontal support (industry-specific training; for example, a food entrepreneur might need different support than another entrepreneur would need)
- j. Cost (program budget, delineated by beneficiary if available)
- k. Cost for the attendees – per workshop and in general (how much beneficiaries pay)
- l. Type of training
 - i. Workshops
 - ii. Individual counseling
 - iii. Peer advisory groups
- m. Class/cohort size (if there is a maximum number of people per class/cohort)

PROGRAM RESULTS (if impact evaluations or evaluations are available)

- a. Does the program have an impact evaluation? (with a randomized control group)
 - i. Type of impact evaluation
 - ii. Results
 - iii. Policy implications described
- b. Does the program have an evaluation/monitoring system?
 - i. Type of evaluation/monitoring
 - ii. Results
 - iii. Policy implications described
- c. Does the program lack any type of evaluation?
 - i. What is interesting/innovative about the design?

MARKETING: How does the organization get the word out about its programs?

5. **Based on the following criteria, the researchers culled the list to 15 entrepreneurial programs:**
 - a. Must be an official entrepreneurship program and not a one-time program, which happens only once and is not repeated.
 - b. Recommendations from multiple influencers.
 - c. Whether it is a government or private program. Government programs were given a higher priority for inclusion because the National Women's Business Council has more influence over these programs than over private ones.
6. **Based on the following criteria, five programs were chosen for deeper analysis:**
 - a. Serve women or Hispanics.
 - b. Offer more than one session.

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- c. Cover more than one topic such as budgeting, public speaking, benefits of becoming a woman- and/or minority-owned certified business.
 - d. Have the program dimensions that research finds improves entrepreneurs' performance. This includes:
 - i. **Program characteristics:** wrap-around services, existing mentoring and evaluation, etc. as reviewed in Table 8.
 - ii. **Participant characteristics:** focus on training potential entrepreneurs or practicing entrepreneurs and focus on a specific population.
 - iii. **Program context:** entrepreneurial capabilities, entrepreneurial mindset, incorporation status and entrepreneurial performance, as reviewed in Table 10.
 - e. Serve different segments of the Hispanic women's entrepreneurship market (low income to high growth).
 - i. Three programs were selected because they serve low-income and/or immigrant entrepreneurs. According to Figure 15, nearly half of the 1.5 million Hispanic women business owners (Figure 2) are foreign born.
 - ii. Two programs were chosen that serve growth-oriented entrepreneurs with one focused on high growth. These were included not just to show the spectrum of programs required to serve the diverse needs of Hispanic women but to show how the progression of support can be used to move an entrepreneur from necessity entrepreneur to growth.
- Programs that focused on Hispanics were given a higher priority.
- i. Programs for students (either in secondary education or higher education) and programs offering only mentorship sessions were discarded because they serve young people, not adults.
7. **We conducted 30-minute interviews with these five programs:**
- a. At the Table
 - b. Bethel New Life
 - c. BK Incubates
 - d. Stanford Latino Entrepreneur Leaders Program
 - e. WE NYC

A.2. Entrepreneurship Program Interview Questions

The following questions were posed to interviewees.

INTRODUCTION

As previously mentioned, Ventureneer and CoreWoman were commissioned by the National Women's Business Council to conduct research to better understand Hispanic women entrepreneurs. One part of the research was to determine the best practices of entrepreneurship programs that service this market. Your organization is one of five organizations that has been selected to interviewed for this research.

If all five programs agree, the interviewer can mention the programs by name and attribute quotes to interviewees. If all five don't agree, interviews will be anonymous. May the researchers mention your organization in the report and attribute quotes to you?

Yes () No ()

The researchers will let you know if all 5 organizations have agreed and if they do, a consent form will be sent.

I. PROGRAM TARGET

We are interested in knowing about the specific target you have for your program.

1. Does your organization target any specific demographics or group? For example, do you target:

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- Minorities such as Blacks or Hispanics
- Women
- People who are not fluent in English
- Vulnerable people such as low income or unemployed
- Micro/small businesses, high growth
- Potential/aspiring entrepreneurs or practicing entrepreneurs
- Specific industry such as food, childcare services, tech

2. How is your program designed to meet the needs of the specific target population?

II. GENERAL PROGRAM CHARACTERISTICS

We are also interested in knowing about the characteristics of your program.

- 3. What type of training and technical assistance do you provide? These services might include:**
 - Workshops
 - Individual counseling
 - Networking events
 - Access to expert professionals such as marketing staff, accountants, lawyers
 - Peer advisory groups/accountability groups/mastermind groups/CEO roundtables
 - Specific skills workshops, such as instructions for writing a business plan
- 4. What is the average class size (if you have a maximum amount of people per class)?**
- 5. What is the average cost of providing a program and/or what is the average per person cost of a given program?**
- 6. (a) What is the cost of the program to the entrepreneur?**
(b) Do you provide any scholarships or a sliding scale?
- 7. From what sources does the funding for your program come? This could include:**
 - Federal funds
 - State funds
 - Local funds
 - Philanthropy
 - Earned income

III. PROGRAM SKILLS DEVELOPMENT

Now, the researchers would like to know about the specific skills you develop in your program

Hard skills include how to write a business plan or to get funding, marketing and accounting. These are important because they help you do the technical work at hand.

8. What hard skills training do you provide?

Soft skills or "people skills" are social capabilities and interpersonal skills that characterize a person's relationships with other people. These skills include attitude, self confidence, personal presence, communications, presenting, negotiation and leading. These skills are key for building relationships with other people.

9. What soft skills training do you provide?

10. Which are the 5 most important skills, hard or soft, to provide training for and why?

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IV. PROGRAM EVALUATION AND EFFECTIVENESS

We would like to learn about the results you have had so far and what makes a program effective.

- 11. Do you assess a client's skills before they take a program? For example, do you assess:**
 - Mindset – confidence, risk tolerance, resilience, ability to influence others, etc.
 - Capabilities – management skills, technical knowledge such as accounting, legal, financing, marketing
 - Demographics such as education, age, income
- 12. (a) Do you track clients' performance after they have taken your program? For example, by measuring revenues, number of employees or profitability before and after your program?**
(b) If so, how do you manage this data collection?
(c) Do you have any reporting requirements based on your funding?
- 13. What other kind of evaluation or monitoring do you do?**
- 14. What have you learned about the factors that make a successful program?**

IV. OUTREACH

Finally, the researchers would like to ask you how you market your program and connect participants to additional resources.

- 15. How do you get the word out about your programs and does this outreach generate the ideal number of participants for your program?**
- 16. How do you coordinate with other programs that might provide complementary or supplemental services to participants? This could include:**
 - Sources for financing
 - Getting certified
 - Hard skill training
 - Soft skill training

Hispanic Women Entrepreneurship:

Understanding Diversity Among Hispanic Women Entrepreneurs

RESEARCH CONDUCTED BY:



COMMISSIONED BY:

