2019 Hispanic Small Business Owner Spotlight

Overview

Hispanic small business owners are confident about their 2019 business outlook, with strong majorities planning for increased revenue, growth and expansion, according to our third-annual Hispanic Small Business Owner Spotlight.

This year’s Spotlight finds that Hispanic entrepreneurs are significantly more optimistic than their non-Hispanic counterparts when it comes to both their business and economic outlooks. Similarly, Hispanic business owners report greater confidence in the direction of the national economy, as well as their local economies.

These high optimism levels persist despite lingering economic concerns and new operational challenges. Contrasting with their overarching confidence, Hispanic entrepreneurs are more concerned about many economic issues compared to their non-Hispanic peers.

Additionally, the ultra-competitive job market has created a challenging environment for Hispanic entrepreneurs looking to attract and retain talent. Hispanic business owners are much more likely to have had employees leave over the last year compared to their non-Hispanic peers. As a result, they are also more likely to adjust their hiring strategies to increase their chances of retaining and landing top talent.

Despite these obstacles, many Hispanic entrepreneurs report that their business has grown beyond their original expectations and identify family, community and employees as their primary sources of motivation and success. With an eye toward future generations, many hope to pass their business on to their children.

Methodology

GfK Social and Strategic Research conducted the Bank of America Hispanic Business Owner Spotlight survey between August 30th and October 16th, 2018 using a pre-recruited online sample of Hispanic and Non-Hispanic small business owners. GfK contacted a national sample of 1,067 small business owners in the United States with annual revenue between $100,000 and $4,999,999 and employing between 2 and 99 employees, as well as 303 interviews among Hispanic small business owners. The final results were weighted to national benchmark standards for size, revenue, and region, and, for the Hispanic augment, whether the respondents were primarily English-speaking or Spanish-speaking.
Hispanic small business owners are optimistic about the future, with stronger confidence in the economy than their non-Hispanic peers.

Contrasting with their overarching confidence, Hispanic entrepreneurs are more concerned about economic issues compared to their non-Hispanic peers.

**Economic concerns for the year ahead**

<table>
<thead>
<tr>
<th>Economic Concern</th>
<th>Hispanic business owners</th>
<th>Non-Hispanic business owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health care costs</td>
<td>70%</td>
<td>63%</td>
</tr>
<tr>
<td>Commodities prices</td>
<td>61%</td>
<td>41%</td>
</tr>
<tr>
<td>Trade tariffs and policy</td>
<td>60%</td>
<td>42%</td>
</tr>
<tr>
<td>Strength of the U.S. dollar</td>
<td>59%</td>
<td>42%</td>
</tr>
<tr>
<td>Consumer spending</td>
<td>59%</td>
<td>43%</td>
</tr>
<tr>
<td>Corporate tax rates</td>
<td>58%</td>
<td>36%</td>
</tr>
<tr>
<td>Interest rates</td>
<td>57%</td>
<td>44%</td>
</tr>
<tr>
<td>Stock market</td>
<td>50%</td>
<td>42%</td>
</tr>
<tr>
<td>Minimum wage increase</td>
<td>46%</td>
<td>31%</td>
</tr>
<tr>
<td>Credit availability</td>
<td>45%</td>
<td>29%</td>
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</tbody>
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In line with their economic optimism, Hispanic entrepreneurs anticipate a year of robust expansion and growth, expressing a consistently brighter business outlook than their non-Hispanic peers.

Over the next 12 months business owners:

- **Expect revenue to increase**
  - Hispanic: 71%, 71%, 74%
  - Non-Hispanic: 51%, 50%, 57%

- **Plan to hire**
  - 2017: 54%, 24%
  - 2018: 37%, 16%
  - 2019: 51%, 26%

- **Intend to apply for a loan**
  - 2017: 35%, 9%
  - 2018: 26%, 8%
  - 2019: 28%, 14%

- **Plan to expand**
  - 2019: 87%, 67%

Most Hispanic business owners plan to expand over the next five years:

- **79%** Hispanic business owners
- **55%** Non-Hispanic business owners
Intensified competition for talent

As Hispanic business owners look to augment growth plans by hiring, today’s ultra-competitive job market has created an especially difficult environment to attract and retain talent.

A look back at retention

Hispanic entrepreneurs are much more likely to have had employees leave over the last year, which may in part explain the significant spike in hiring plans.

Hispanic business owners who sought to hire over the last 12 months report that their hiring process has become a time-consuming task.

I believe the tightening labor market had a direct impact on my ability to hire
- Hispanic business owners: 58%
- Non-Hispanic business owners: 49%

It takes more time to fill a position than a year ago
- Hispanic business owners: 27%
- Non-Hispanic business owners: 25%

It takes me three months or more to fill a position
- Hispanic business owners: 45%
- Non-Hispanic business owners: 40%

I spend more than 10 hours hiring an employee
- Hispanic business owners: 58%
- Non-Hispanic business owners: 45%
Hispanic entrepreneurs are modifying their approach to better compete for talent.

### I offer at least one benefit or perk to potential job candidates

- **Hispanic business owners:** 90%
- **Non-Hispanic business owners:** 82%

### I offer the following benefits or perks to attract job candidates...

- **Flexible hours:** 55%
- **Flexible work location:** 36%
- **Professional development:** 35%
- **Discretionary bonuses:** 32%
- **Health care benefits:** 30%
- **Retirement benefits:** 21%

### Seventy percent of Hispanic entrepreneurs have adjusted their hiring strategies compared to just 55 percent of non-Hispanic business owners.

#### Top adjustments to hiring strategies:

- **Turning to social media to attract talent:** 32% vs 23%
- **Offering higher salaries:** 26% vs 17%
- **Shifting to a more flexible culture:** 27% vs 25%
More Hispanic entrepreneurs say their business has grown beyond what they originally envisioned compared to non-Hispanic business owners. Many credit employees, family and community as their primary sources of support and motivation in that success.

**My business has grown beyond what I originally envisioned:**

- **Hispanic business owners:** 34%
- **Non-Hispanic business owners:** 25%

**I am confident I can achieve my business goals because of my...**

- Employees: 86% (Hispanic) vs. 86% (Non-Hispanic)
- Community: 69% (Hispanic) vs. 66% (Non-Hispanic)

**More Hispanic business owners plan to pass their business on to their children**

- **Hispanic business owners:** 38%
- **Non-Hispanic business owners:** 23%

**Gender spotlight**

Regardless of gender, Hispanic entrepreneurs say a desire to be their own boss was one of the top motivators for starting their business. However, there are differences in secondary motivators among men and women.

**My top motivator for opening a business was...**

- **Desire to be my own boss**
  - **Female Hispanic business owners:** 37%
  - **Male Hispanic business owners:** 19%

- **Need for a flexible schedule**
  - **Female Hispanic business owners:** 14%
  - **Male Hispanic business owners:** 16%

- **Lack of opportunities**
  - **Female Hispanic business owners:** 12%
  - **Male Hispanic business owners:** 29%

- **Desire to be my own boss**
  - **Female Hispanic business owners:** 29%
  - **Male Hispanic business owners:** 19%

- **Passion for my industry**
  - **Female Hispanic business owners:** 14%
  - **Male Hispanic business owners:** 16%

- **Financial security**
  - **Female Hispanic business owners:** 12%
  - **Male Hispanic business owners:** 19%