

Vulnerable, yet Resilient: The Impact of COVID-19 on Latino-Owned Businesses in South Omaha

EXECUTIVE SUMMARY

April 2022

Cristián Doña-Reveco¹ and Marissa Cuellar²

University of Nebraska at Omaha

Office of Latino/Latin American Studies

University of Nebraska at Omaha

Background

In the years before the pandemic, the Latino community in the United States contributed heavily to economic growth through businesses-creation and active workforce participation. Very early in the COVID-19 pandemic, it became clear that Latino and other minority communities were being affected in ways that differed from the non-Latino communities. Certain health factors exacerbated the vulnerability of Latino communities to falling ill from COVID-19. In addition, Latinos' overrepresentation in industries and sectors which are considered frontline and essential throughout the pandemic added to this vulnerability. The adverse impacts of the pandemic are represented not only in a higher proportion among those who have become sick or have died, but in every aspect of life: education, mental health, employment, and economic impacts.

The experiences of Latino individuals, business owners, and communities in Nebraska, and particularly in Omaha where this study focuses, during the current pandemic mirrors significantly that of the country. Before 2020, Latinos had contributed significantly to Omaha's economy and business development. This was especially evident in three main zip-codes: 68105, 68107, and 68108, (commonly known as South Omaha), where the majority of the Latino community is concentrated. These three zip codes contain 86% of all Latinos in Southeast Omaha—the area of the city bordered by Dodge St. to the North, 72nd St to the West, the Missouri River to the East, and Sarpy County to the South. Overall, Southeast Omaha has the largest proportion of Latinos in Omaha with close to 57% of all Latinos in the city.

1 Associate Professor and Director, Office of Latino/Latin American Studies and Department of Sociology and Anthropology, University of Nebraska at Omaha.

2 Graduate Research Assistant, Office of Latino/Latin American Studies and Graduate Student, Master in Public Administration, School of Public Administration, University of Nebraska at Omaha.

While there is no information on the impact of COVID-19 by area of the city, we can argue that it is very likely that most cases of COVID-19 and deaths associated with the virus among Latinos did occur in Southeast Omaha. In Omaha, during the first two years of the pandemic, Latinos accounted for 21% of total COVID-19 cases and 10% of deaths while making up 13% of Omaha's population. It is evident that the Latino community in this city, and specifically in South Omaha, has suffered disproportionately negative effects not just in positive cases, hospitalizations, and deaths, but also due to the pandemic's impact on small business owners.

Research conducted in the early part of the pandemic indicated that Latino business owners in the United States were indeed being affected by the pandemic, but many studies did not capture the full extent to which Latino communities lacked support and guidance from state and federal policymakers. Relying on community and informal networks, Latino business owners largely navigated the pandemic with significantly less support and financial assistance than non-Latino business owners.

As the pandemic evolved, so did the experiences of the Latino business owners in our study, as well as their perspectives and expectations for post-pandemic recovery. As a growing demographic not only nationwide, but within Nebraska and Omaha, the experiences of Latino business owners throughout the pandemic highlights systemic issues related to access and equity in virtually all facets of society. In this report, we present the impact of the COVID-19 pandemic on Latino owned businesses in South Omaha.

Methods and Analysis

This report uses data from a non-random convenience sampling survey of 121 Latino business owners conducted between September 2021 and January 2022. Study participants were invited to answer questions on the impact of COVID-19 on their business at a series of community information nights for business owners that took place in South Omaha in October and November 2021. Invitations to these information nights were shared using social media and local Spanish-speaking newspapers and radio. Surveys were also applied at the respondent's place of business. Finally, an email was sent to a group of businesses to try to reach more business owners. This study was funded through a Community Resilience Fund grant from the Omaha Community Foundation and is a collaboration between UNO's Office of Latino/Latin American Studies, the Nebraska Department of Economic Development, and several community organizations.

While the surveyed was originally designed to be applied to Latino-owned business in the zip-codes 68105, 68107, 68108, about 28% of the respondents had businesses outside these three zip codes, one-third of which had businesses in the zip codes immediately to the east and south of South Omaha. In total we received 121 completed surveys. The majority of surveys were conducted and responded to in Spanish.

We analyzed the data collected through the survey focusing on five dimensions:

1. A pre-pandemic characterization of the business (in the case of businesses created during the pandemic these questions were used to describe the structure of the business)
2. The impact of COVID-19 during 2020
3. The impact of COVID-19 during 2021
4. Perceptions and evaluation of the impact of COVID-19
5. Projections of the business for 2022 and after

The survey begins by asking whether the business is currently open or closed, dividing respondents into two groups. Within the questions for businesses in operation, the survey is divided into questions for those that opened before 2020 (i.e., before the COVID-19 pandemic) and those that opened in 2020 or 2021 (i.e., during the COVID-19 pandemic). To develop the characterization of the Latino business owners we surveyed, sociodemographic questions (sex, business location, age of respondent, education, country of birth) were included in the survey questions as well.

Overview of Findings

We began by developing a characterization of the business owners to understand the demographic context of our survey respondents and ultimately how this impacted or contributed to their perspectives of the COVID-19 pandemic. Overall, a few of the key characteristics of Latino business owners and their businesses emerged:

- Two-thirds of survey respondents were female. Male business owners tended to be between 35 and 44 years of age, whereas 47% of female business owners belonged to the 45 to 54 age range.
- Only 7% of the business owners surveyed indicated being born in the United States. More than half were born in Mexico, followed by El Salvador (19%).
- We saw significant differences regarding education when gender is considered. Nearly forty percent of respondents indicated they were high school graduates (37%). Men were more likely to have some college (26% vs. 16%) and have a post-secondary degree (37% vs. 21%). Almost one-quarter of Latina business owners did not complete high school, compared to only 5% of men.
- More than half of the business owners surveyed indicated they rely on direct contact with clients to provide products or services, which was ultimately a contributing factor in their perceived impact of the pandemic on their business.
- The majority of businesses surveyed operate with part-time staff, reporting serving 100 clients or less, and having an annual revenue of less than \$100,000 in the year before the pandemic (2019).
- These businesses, however, were well-established in the community with a significant number of them been open for 10 years or more.

- Nearly 70% of respondents indicated that this was the most difficult crisis their business has undergone; likely due to the industries they operate within and their reliance on direct client contact which was affected by public health safety measures.

Our survey findings were similar to other studies on minority communities comparable to Latino South Omaha:

- Business owners reported difficulty in finding information about state and federal financial assistance for business owners, and further difficulty in accessing such aid. Many of the obstacles they indicated were linked to the underrepresentation of minorities within traditional banking institutions and a lack of knowledge in navigating such application processes.
- Several of our survey respondents relied on informal and community networks to find information about state and federal aid processes. This not only indicates the importance of such community networks, but also demonstrates how state and federal government programs may not be reaching minority communities.

The report also shows that the experiences of business owners during 2020 and 2021, after the onset of the pandemic, caused extreme difficulty and uncertainty about how their business would sustain throughout the pandemic. Staff and budgets were reduced, and products and business expansions were halted. However, these resumed, to a degree, during 2021, likely due to vaccination rates and the ability to return to some pre-pandemic operating capacity.

Overall, female business owners were disproportionately impacted by the COVID-19 pandemic.

- Women predominately operate within the childcare services, food services retail, and cloth-selling businesses.
- Thus, women heavily operate in the “care services” industries. Since these businesses have more direct contact with clients, they were more likely to reduce operations or close.
- Latina business owners were more likely to respond that this has been the most difficult crisis for themselves and their business.
- Female business owners disproportionately highlighted the challenges and concerns they faced with regard to their business’ recovery, demonstrating a disparate impact in terms of the business owner’s gender.
- Latinas are more pessimistic about the future and were more likely to reduce staff and budget in 2021 when compared to male business owners.

Lastly, the report shows the perceived support felt by Latino business owners from their immediate community, the non-Latino community, and the local, and federal government. Latino business owners felt most supported by those in closer proximity to them: the Latino community (56%) and their clients (58%). On the other hand, only between 24% and 38% of business owners surveyed felt supported by the city and state government. It is important to gauge perceived support by various levels of the community and government in order to understand what role government assistance offered during the pandemic.

Conclusion

This report shows that Latino business owners, despite having faced significant difficulties throughout the COVID-19 pandemic, are largely optimistic about their future, while still expressing concerns for the nation’s long-term recovery. Although it is evident that Latinos are the fastest growing demographic in Omaha and the United States at large, and contribute extensively to the economy and nation’s workforce, Latino-owned businesses were more likely to be considered “at-risk” prior to the pandemic. Additionally, state and federal aid aimed at addressing the disparate economic impacts of the pandemic on minority business owners fell short of sufficiently reaching these communities. This highlighted barriers and inequalities within federal loan application processes. This reports also found that due to the overrepresentation of Latino-owned businesses in specific industries and sectors, and the nature of their business operations and reliance on direct client contact, Latino-owned businesses suffered not only immediate but also long-term losses.

As key drivers of economic growth, Latinos and Latino-owned businesses must be informed and included in economic recovery plans moving forward, especially when it occurs at the intersection of a public health crisis that overwhelmingly impacts Latino and other minority communities.



Omaha Community Foundation