



LATINO BUSINESSES IN NEBRASKA

A PRELIMINARY LOOK

UNIVERSITY OF
Nebraska
Omaha



Office of Latino/Latin
American Studies (OLLAS)

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OFFICE OF
LATINO/LATIN
AMERICAN STUDIES

LATINO BUSINESSES IN NEBRASKA: A PRELIMINARY LOOK

Lissette Aliaga Linares, Ph.D.

Research Associate

Office of Latino/Latin American Studies
(OLLAS)

University of Nebraska at Omaha

ABOUT THE OFFICE OF LATINO/LATIN AMERICAN STUDIES | OLLAS

The Office of Latino/Latin American Studies (OLLAS) at the University of Nebraska at Omaha is a leading center in the region focusing on research, teaching and engagement with the Latino population in the United States and the Americas. This report is intended to generate policy discussions and actions which advance the incorporation of Latinos in the state and the nation. For more information, visit our website: www.unomaha.edu/ollas.

ABOUT THE REPORT

Data for this report comes from the U.S. Census Bureau's Survey of Business Owners Public Use Microdata Sample (SBO PUMS) as well as published tables based on the full survey. The most recent release of the Survey of Business Owners is based on data collected in 2007. The data only allows for an imperfect portrayal of the current conditions of Latino businesses in the state. However, the analyses of such data, as presented in this report, constitute an important baseline from which to continue to monitor the growth and conditions of these businesses. The next SBO-PUMS will be released in 2015.

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A NOTE ON TERMINOLOGY AND METHODOLOGY

The terms *Latino* and *Hispanic* are used interchangeably in this report.

The terms *firms* and *businesses* also are used interchangeably.

The terms *immigrant* and *foreign born*, used interchangeably through the report, refer to owners born outside of the United States, Puerto Rico or other U.S. territories whose parents were not U.S. citizens.

Firms or businesses in this report include all non-farm businesses that filed taxes as individual proprietorship, partnership or any type of corporation with receipts of \$1,000 or more.

Establishment refers to a single physical location where business is conducted. A firm or business can have one or more establishments.

The generic term *sales* refers to the volume of sales, receipts or the value of shipments that a firm has reported in a year.

Employer firms refer to those businesses with paid employees anytime during the referenced survey year. Non-employer firms reported no paid employees anytime during the referenced year. None of the sources used in this report collect information about the number of unpaid workers in firms.

Ownership by race and ethnicity is defined according to the U.S. Census Bureau guidelines. A firm is characterized as being owned by a specific race or ethnicity when the owner or owners who belong to a specific race or ethnicity hold 51% or more of the firm's stock. For more details, see "Appendix A: Description of Data Sources and Methodology" at the end of the report.

Given the limited number of Latino firms in the SBO-PUMS sample, we only present results by either gender (male-owned versus female-owned firms) or nativity (immigrant-owned versus U.S.-born owned businesses). Further classifications, such as female-owned immigrant businesses, female-owned non-immigrant businesses and so forth were not possible given the smaller number of firms that could be classified as such.

Depending on the proportion of non-responses, many of the percentages may not add up to 100%. Refer to the tables for more details on the sources of non-responses.

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Executive Summary

This report is intended to draw attention to the contributions of Latino businesses in the state of Nebraska. Based on an analysis of the U.S. Census Bureau's 2007 Survey of Business Owners Public Use Microdata Sample (SBO-PUMS) released in 2012¹, this report presents an updated profile of Latino-owned businesses and the socio-demographic characteristics of Latino business owners in Nebraska. It also examines the evolution of Latino-owned start-ups through an analysis of the U.S. Census Bureau's Business Information Tracking System (BITS) 2002 to 2006 and other special tabulations. Additionally, this report makes use of a Latino business database purchased and revised by OLLAS² to identify the geographic distribution of Latino businesses in Nebraska cities. Our study highlights the entrepreneurial capacity of Latinos in the state and points out some key policy implications.

Major Findings

1. From 2002 to 2007, the number of Latino-owned businesses grew at a faster pace than white-owned, black-owned and Asian-owned businesses. The rate of growth in employment, annual sales and payroll outpaced the growth rate of all businesses in the state and all minority-owned businesses.
2. From 2002 to 2007, most of the Latino firm growth can be attributed to the proliferation of firms in the health care and social assistance industries (e.g., child care, elder care services and similar businesses). Administrative support, waste management and remediation services (e.g., cleaning, recycling and like businesses) as well as the construction industries also contributed significantly to the growth in Latino firms. Nonetheless, the growth in sales, employment and payroll was due to the expansion of Latino firms in the manufacturing, wholesale trade and construction industries. Retail trade was the only industry with losses in number of firms, sales, employment and payroll.
3. From 1997 to 2007, the proportion of Latino-owned employer firms, that is, those businesses with paid employees, decreased. This may suggest that more of the businesses opening in recent years have been less likely to hire employees.
4. Sixty-three percent of Latino establishments in operation in 2002 had survived up to 2006. In Nebraska, these survival rates for Latino establishments were lower than survival rates for any other minority-owned establishment. Also, in the period under study, Latino establishments were less likely to expand compared to other minority-owned businesses. Nevertheless, the few Latino-owned establishments that expanded in Nebraska created enough jobs to significantly counteract job losses due to closings. Consequentially, Latino firms retained 95% of their initial employees, a higher rate than national estimates for all establishments and the estimates of neighboring states for Latino establishments.

¹ Although information for more recent years would be desirable, we believe that using this database for this study can serve as a baseline for future research. The basic summary tables for Latino-owned businesses from the Survey of Business Owners 2012 will not be released until 2015. For more information, see the SBO release schedule at <http://www.census.gov/econ/sbo/releaseschedule12.html>.

² During 2006, OLLAS revised and updated a database of businesses purchased from InfoUSA.

5. The statistical profile of Latino businesses in 2007 shows important differences between immigrant-owned and non-immigrant-owned businesses as well as between female-owned and male-owned Latino businesses.
 - ◆ Immigrant-owned and Latina-owned businesses make up the largest share of recently established Latino firms.
 - ◆ Immigrant-owned and male-owned businesses are more concentrated in the construction sector. Latina-owned businesses are predominantly concentrated in the SBO industry labeled as “health care and social assistance.”
 - ◆ More than half of Latino businesses are home-based and one-third of Latino firms are either family or husband-and-wife businesses. Home-based businesses are more prevalent among Latina-owned businesses, and husband-and-wife businesses are more concentrated among immigrant Latino-owned businesses.
 - ◆ The use of English predominates in all Latino-owned business. However, half of Latino-owned businesses also use Spanish for business transactions. The use of Spanish is higher among immigrant-owned Latino firms.
 - ◆ Similar to the estimate for all firms in Nebraska, 18% of Latino-owned businesses have a website. The use of a website is more common in firms with U.S. born Latino owners, outpacing overall state rates.
 - ◆ Compared to Latino-owned businesses, Latina-owned businesses report less use of financial resources for start-ups and expansion.
- ◆ Similar to figures for the state as a whole, most Latino-owned employer firms hire full-time or part-time employees to run their businesses. However, they are also more likely to hire workers in non-standard work arrangements, such as independent contractors, day laborers or “on call” workers through leasing agencies or contract companies. Moreover, half of Latino-owned employer firms do not offer benefits to their employees.
6. Latino business owners are more likely to be male (58%) and relatively young (60% are between the ages of 25 and 54). They are almost equally likely to be immigrants or U.S. born. Almost half have either completed or have less than a high school education. Thirty-four percent of Latino owners studied beyond high school, a smaller share than non-Hispanic whites, black and Asian owners.
7. Most of Latino business owners have founded their own businesses yet have never been self-employed before. They are also more likely than business owners of other ethnicities to provide direct services to customers in their own businesses. Almost half of Latino business owners depend on their business as a primary source of income and spend longer hours working in their business than non-Hispanic white and black business owners.
8. There is some evidence that Latino businesses are becoming, or already are, spatially concentrated in cities such as Omaha and Grand Island, suggesting that ethnic enclaves³ may be present or forming in those cities.

³ Ethnic enclave is a term used to describe a physical space with a high concentration of ethnic firms. Portes and Wilson (1980) used this definition to call attention to how the Cuban community in Miami formed an alternative labor market for new immigrants through the proliferation of small businesses.



Introduction

Mayra Rodriguez and Jose Vega share a common story. Both have opened businesses in Omaha within the last five years. Mayra, a native of Guadalajara, Mexico, studied accounting and worked as a janitor for many years before opening her boutique. For Mayra, staying in the United States instead of working as an accountant in Mexico meant achieving her entrepreneurial goal. “The main problem is the lower salaries in my country,” she said. “Therefore, I decided to stay here. If I had not saved money, I wouldn’t have been able to afford the business I have now.” Jose, a native of California who spent much of his childhood in Mexico, worked for a long time in meatpacking plants in Nebraska. Having raised a family of stylists and being married to one, Jose decided that it was time to invest the money he saved for a long time for a family venture, a salon. “I’ve worked hard for a lot of years,” he said. “When the opportunity came, I decided to go for it.”

Stories about Latino and Latina entrepreneurs are not unusual in the local media. The stories of Mayra and Jose were featured, respectively, in *El Perico* (Rosado 2007) and the *Omaha World-Herald* (Gonzalez 2010). Immigrant and U.S.-born Latinos have contributed equally to the stronger-than-average growth of Hispanic-owned firms in Nebraska. Moreover, a growing Latino population has triggered new business ventures in industries beyond restaurants and personal services or led to expansions and renovations of existing businesses. Ricardo Castro, a Peruvian native with several years experience as a real estate agent, launched Castro Realtors Group just a few months before this report was published. Composed of a bilingual team, his company is one of few real estate companies led by Latinos, serving a growing number of Hispanics and providing services to new immigrants in Omaha.

Since 2002, every U.S. Census Bureau press release on business confirms that Latino businesses are prospering. Nevertheless, other than occasional media stories or government reports discussing broad growth trends, little detailed information has been published regarding the characteristics of these businesses and their owners in Nebraska. For instance, little is known about the fate of Latino establishments, sources of financing for Latino firms, the quality of employment they offer or the challenges that a Hispanic-owned business may face when the owner is an immigrant or a woman.

This report attempts to address these questions. Using the latest release of the Survey of Business Owners Public Use Microdata Sample (SBO PUMS) 2007 and other special tabulations from the U.S. Census Bureau, we present a descriptive analysis that could help identify and compare key characteristics of Latino owners and businesses in the state.

This report is divided into six sections. The first introduces the evolution of Latino businesses in Nebraska from 1997 to 2007. The second section presents an analysis of probabilities of survival and changes in employment for Latino start-ups. In this section, we take advantage of special tabulations that allow us to track ownership groups by race and ethnicity. In the third section, we examine key characteristics of Latino-owned businesses, such as access to financing and employment quality, and offer a comparative analysis of some characteristics by gender and nativity. In the fourth section, we describe the demographic and self-employment characteristics of Latino business owners. The fifth section describes the expansion of Latino businesses across counties and cities in Nebraska. Finally, we discuss some policy implications.



Evolution of Latino Businesses, 1997-2007

Latinos are the fastest-growing segment of Nebraska's population. From 2000 to 2010, the Latino population grew by 77.3%, representing 9% of the total state population and 51.3% of the state's minority population. The fast increase in pace has also been felt in the business environment. From 2002 to 2007, firms in Nebraska owned by Hispanics increased by 56%, far outpacing the rate for Hispanic-owned businesses at the national level (44%).

Latino businesses in Nebraska have come to represent the largest share of minority-owned firms in the state. According to the U.S. Census Bureau Survey of Business Owners (SBO), 1,437 businesses in Nebraska were Latino-owned in 1997. At this time, black-owned businesses were more numerous (1,565). From 1997 to 2002, Latino-owned firms increased at a slightly higher pace than black-owned businesses (36.8% and 33.6%, respectively), but Latino numbers were still lower. By 2007, the number of Latino-owned businesses had doubled and represented the largest proportion of minority-owned businesses. As of 2007, Nebraska had 3,063 Latino-owned businesses, representing 53% of all minority-owned businesses compared to 30% in 1997.

Although the total representation of Latino businesses may be perceived as small (1.9 % of all firms in Nebraska), Latino businesses experienced the highest growth rates in terms of sales, employment and payroll (total workers' wages) between 2002 and 2007 (See Figure 1). The volume of annual sales for Latino businesses grew by an estimated 83%, or three times as much as the state's rate of 38%, outpacing by far white-owned businesses and other minority-owned firms. Similarly, the rate of employment growth for Latino-owned busi-

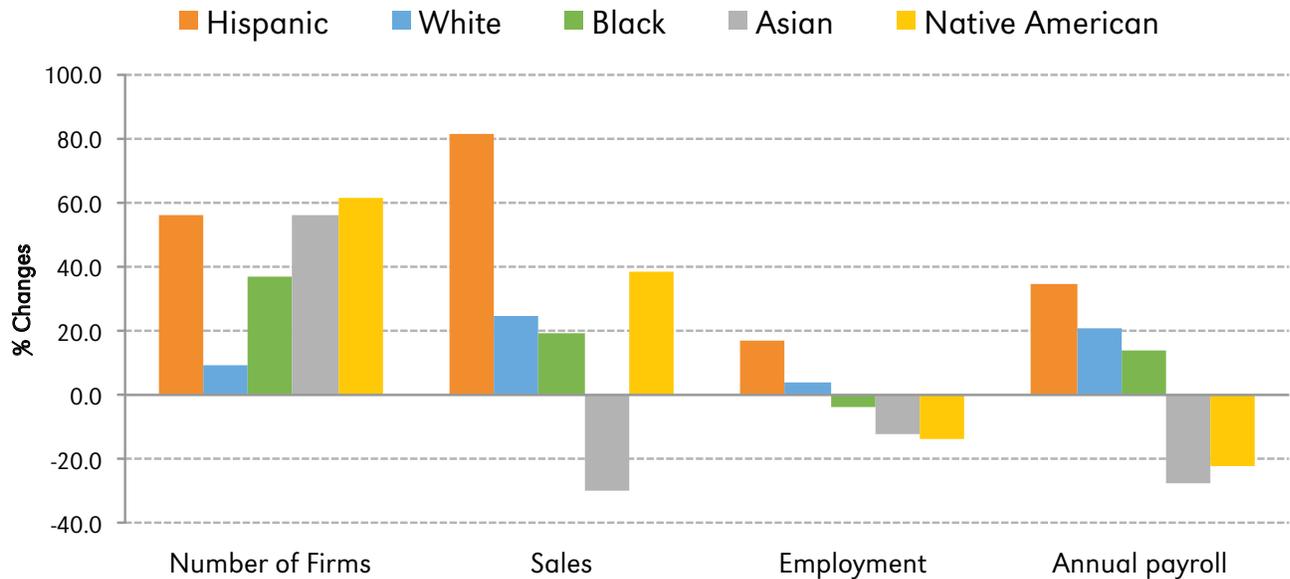
nesses (17%) was three times higher than that of the state as whole (5%) and four times higher than that of white-owned businesses (4%). Other minority-owned businesses, such as black-owned, Asian-owned and Native American-owned firms, experienced negative growth in employment. Payroll (the volume of wages paid to workers) increased by 35%, a higher pace than the rate of growth for all firms and other minority-owned firms.

Growth by Industries

From 2002 to 2007, significant differences existed in the type of industries that contributed to the growth of Latino firms in number, sales, employment and payroll. Most of the Latino firm growth in this period can be attributed to the increase of firms in the industry labeled by the SBO PUMS as 'health care and social assistance' (e.g., child care and elder care services). This industry alone accounted for 68% of the total growth in the number of all Latino firms. Latino firms in the industry labeled as 'administrative support, waste management and remediation services' (e.g., cleaning services) accounted for 23% of the growth in the number of firms. The construction sector contributed 16% to the firm growth for the same period.

The growth in sales, employment and payroll was due to the expansion of Latino firms in manufacturing, wholesale trade, and construction. Sales in manufacturing and wholesale trade accounted for 86% of the growth experienced by Latino businesses during this period. These same sectors also accounted for 48% of the growth in employment and 47% of the growth in payroll. In contrast, the construction industry contributed a mere 8% to the growth in total sales

Figure 1: Percent changes for the number of firms, sales, employment and annual payroll by race and ethnicity, Nebraska, 2002-2007



Source: Calculations based on U.S. Census Bureau, 2002 and 2007 Survey of Business Owners, Summary Tables A1

registered by Latino businesses in the same period. Its contribution to employment (18%) and payroll (22%) growth among Latino businesses was slightly better, but still below the contributions made by other sectors.

Retail trade was the only industry which registered losses in number of firms, sales, employment and payroll for the 2000 to 2007 period (See Appendix Table 1 for the original source of these calculations).

Employer and Non-employer Firms' Growth

From 1997 to 2007, Latino employer firms (those with paid workers) and non-employer firms (those without paid workers) increased at different paces. As shown in Table 1, from 2002 to 2007, the number of Latino employer firms increased by 23.3%, a rate higher than that reported for the period of 1997 to 2002 (9.2%). Yet, the increase has been most impressive among Latino non-employer firms. From 1997 to 2002, the rate of growth for these firms was five times higher than that of employer Latino firms. For the 2002 to

2007 period, the increase was 63.5%, a rate almost three times as high as that of Latino employer firms.

The dramatic increase of non-employer Latino firms has meant that, as a proportion of the total Latino firms, Latino firms with paid employees have progressively decreased. In 2007, only 15% of Hispanic-owned firms had paid employees compared to 24% in 1997 (See Employer ratio in Table 1).

This emerging trend could be a manifestation of two possible factors. One is that more Latinos and Latinas are opting for self-employment as a way to attain some level of upward mobility blocked by the low-wage jobs they had occupied. These undercapitalized businesses may tend to be “non-employer,” as they are pulling in family resources or other forms of unpaid labor arrangements to staff their start-ups. But the second reason may be the pervasive use of “self-employed” classifications to hide dependent work relationships. Some large firms, availing themselves of Form 1099⁴, register workers as independent contractors to avoid paying labor related costs such workers’ compensa-

4 Form 1099 is a tax form used to report self-employment income. After subtracting the operation costs of running a business, self-employment income is subject to Social Security and Medicare taxes as well as federal and local taxes. Those taxes are paid by the self-employee.

tion, unemployment insurance and other labor-related taxes. The misclassification of workers through the use of Form 1099 is not uncommon in Nebraska. From October 1, 2002, to December 30, 2007, Nebraska Unemployment and Insurance (UI) tax field representatives conducted 1,765 audits and investigations. Of these 1,765 audits, 1,607 misclassified workers and additional tax collections of \$109,697 were uncovered (Nebraska Department of Labor 2011). Further research is needed to assess how and in what extent these factors or additional ones explain the increase of non-employer Latino firms.

Latino firms with paid workers have contributed the most to the observed growth in sales. Ninety percent of sales experienced by Latino businesses in 2007 can be attributed to firms that had paid employees on their payroll (See Table 1). The average annual sales per employer firm reached the \$1.5 million mark in that year. In comparison, annual average sales for non-employer firms were only \$29,000 in the same year.

Latino firms with paid employees also registered increases in both employment and annual payroll. Nonetheless, there was a slow down between 2002 and 2007. From 1997 to 2002, employment increased by 21.4% and by 17.1% for the period of 2002 to 2007. While the number of workers per firm increased to eight in 2002, it went back to seven workers per firm in 2007, similar to the average observed in 1997. With regard to annual payroll, the increase and later slow down in employment has meant that employer firms increased the amount of expenditures in wages at a similar pace. From 1997 to 2002, the annual payroll increased by 116.7% and by 34.8% for the period of 2002 to 2007. The average payroll per employee – a proxy for annual salaries paid per worker – increased moderately up to \$25,409 in 2007.

Table 1: General characteristics and business performance indicators for Hispanic-owned firms, Nebraska, 1997-2007

	Years			Percent Changes	
	1997	2002	2007	1997-2002	2002-2007
General characteristics					
<i>Total firms</i>	1,437	1,966	3,063	36.8	55.8
<i>Firms with paid employees or employer firms</i>	346	378	466	9.2	23.3
<i>Firms with no paid employees or non-employer firms</i>	1,091	1,588	2,597	45.6	63.5
<i>Total annual sales (\$1,000)</i>	141,202	433,790	786,747	207.2	81.4
<i>Annual sales employer (\$1,000)</i>	109,844	388,387	710,910	253.6	83.0
<i>Annual sales non-employer (\$1,000)</i>	31,358	45,403	75,837	44.8	67.0
<i>Total employment¹</i>	2,357	2,862	3,351	21.4	17.1
<i>Annual payroll (\$ 1,000)</i>	29,144	63,161	85,146	116.7	34.8
Business performance indicators (averages per firm)					
<i>Employer ratio² (%)</i>	24	19	15	-20.1	-20.9
<i>Average annual sales per employer firm (dollars)</i>	317,468	1,027,479	1,525,558	223.6	48.5
<i>Average annual sales per non-employer firm (dollars)</i>	28,742	28,591	29,202	-0.5	2.1
<i>Employees per employer firm</i>	7	8	7	11.1	-5.0
<i>Annual payroll per employee (dollars)</i>	12,365	22,069	25,409	78.5	15.1

Source: U.S. Census Bureau, 2002 and 2007 SBO, Summary Tables A1

Notes:

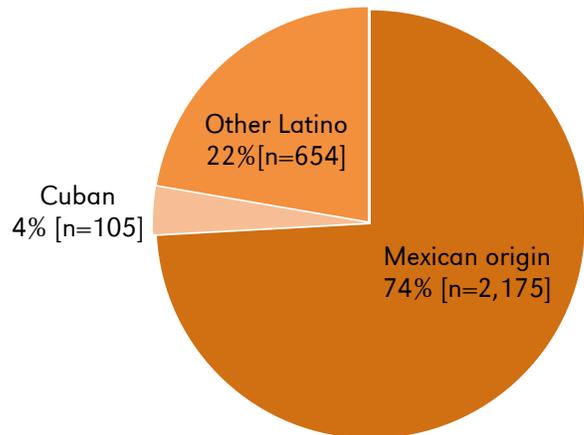
1. Employment is only collected for employer firms; that is, those firms that reported having at least one employee on their payroll at some time during the year previous to the survey.
2. Percentage of employer firms over total firms.

Characteristics of Firms by Latino Ethnicities

Among Latino businesses in Nebraska, 74% are Mexican origin-owned⁵ (See Figure 2). According to the 2007 SBO, ownership of the remaining Latino firms is 22% “Other Latino”⁶ and 4% Cuban. In terms of total numbers, businesses with Mexican-origin owners report a higher number of employer firms, sales, employment and payroll than businesses with owners of any other Hispanic ethnicity (See Table 2). The business performance indicators that we calculated from the general characteristics provided by the U.S. Census Bureau refer to the proportion of employer firms (employer ratio) and a series of average indicators per firm. According to these indicators, important differences by ethnicity of ownership among Latino businesses exist. Mexican-origin owned firms have the highest employer ratio (16.8%) among all Latino ethnicities. Other Latino-owned firms report the highest annual sales per firm with paid employees (\$2.6M). Cuban-owned businesses have the highest annual sales per firm without paid employees (\$29K). They

also reported the highest number of workers per firm (9) and higher payroll (annual gross salaries) per employee (\$35K). The sources of these differences remain to be investigated.

Figure 2: Distribution of Latino-owned businesses by ethnicities, Nebraska, 2007



Source: Calculations based on U.S. Census Bureau, 2007 SBO, Summary Tables A1

Table 2: Number, sales, employment, payroll and calculated business performance indicators for Hispanic-owned firms by race and ethnicity, Nebraska, 2007

	Mexican origin ¹	Cuban	Other Latino
General characteristics			
Total firms	2,175	105	654
Employer	366	7	83
Non-employer	1,810	S	572
Total annual sales (\$1,000)	303,326	9,399	229,384
Annual sales employer (\$1,000)	249,879	5,949	213,679
Annual sales non-employer (\$1,000)	53,446	S	15,705
Total employment ²	2,107	61	627
Annual payroll (\$1,000)	46,198	2,173	20,284
Business performance indicators (average per firm)			
Employer ratio ³ (%)	16.8	6.7	12.7
Average annual sales per employer firm (dollars)	682,730	849,857	2,574,446
Average annual sales per non-employer firm (dollars)	29,528	S	27,456
Employees per employer	6	9	8
Annual payroll per employee (dollars)	21,926	35,623	32,351

Source: U.S. Census Bureau, 2002 and 2007 SBO, Summary Tables A1

Notes: S = Suppressed estimate by the U.S. Census Bureau

1. Includes Mexican, Mexican-American or Chicano
2. Employment is only collected for employer firms
3. Percentage of employer firms over total firms

⁵ Mexican-origin includes all respondents who self-identified as Mexican, Mexican American or Chicano in the SBO 2007.

⁶ The SBO 2007 does not disaggregate for other specific Latino ethnicities.



Employment Dynamics of Latino Establishments, 2002-2006

In order to follow changes in employment and survival rates for Latino establishments in Nebraska, we referred to the U.S. Census Bureau special tabulations from the 2002 SBO and the 1989-2006 Business Information Tracking Series (BITS)⁷. This combined dataset is the latest available source that followed establishments for four consecutive years (2002 to 2006). It sought to inquire about establishments' employment dynamics and classified firms by owners' race and ethnicity. Employment dynamics, as used in this report, refer to the changes in employment caused by closings, contractions or expansions of establishments. As explained previously, establishments refer to the physical location of a business. Some business may have more than one location or may not need a visible physical location to operate. Thus, the total number of firms does not always correspond to the total number of establishments in the same year. In 2002, 359 Latino establishments were followed in this data set. Table 2 in the Appendix provides information on employment dynamics by state and establishment race and ethnicity.

Latino Establishments in Nebraska More Likely to Close Doors

In Nebraska from 2002 to 2006, Latino establishments, compared with other establishments, had one of the lowest probabilities of survival. Of the total Latino establishments in operation in 2002, 63% survived into 2006. As shown in Figure 3, this survival rate is the second-lowest among minority-owned establishments. The survival rate of Latino establishments is eight points above the rate of black-owned

establishments, which had the lowest survival rate in the state during this time period. Compared to the survival rates of all establishments in Nebraska (73%), including those with white owners, Latino firms' survival rates are ten points lower. The survival rate for Latino establishments nationally (66%) was also higher than the rate for Latino establishments in Nebraska.

When compared to surrounding states, the observed rate for Latino establishments in Nebraska was similar to that of Kansas (63%), higher than Missouri's rate (59%)⁸, and lower than Iowa's (67%). The reasons behind these differences of Latino business survival rates across the midlands remain to be investigated.

Latino Establishments in Nebraska Less Likely to Expand

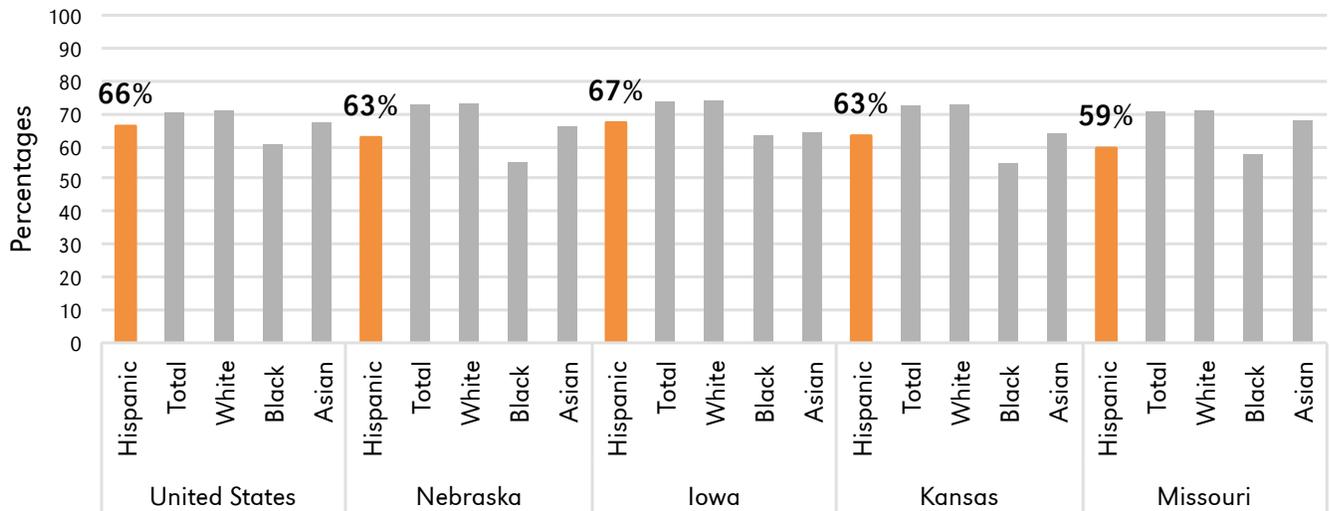
From 2002 to 2006, Latino establishments in Nebraska were also far less likely to expand compared to other establishments in the state. During the period under study, 23% of Latino establishments in the state hired new personnel compared to the 28% that reduced the number of employees. The rate of expansion for Latino establishments in the state was the lowest among the establishments classifiable by race or ethnicity, five points less than white-owned establishments and seven points less than black-owned and Asian-owned establishments.

Moreover, at the national level and in neighboring states, Latino establishments had higher proportions of expansions than that observed for Latino establishments in Nebraska. The national rate of expansion for Latino establishments was seven points more than

7 For more information, visit <http://www.census.gov/econ/sbo/specialtabs.html>

8 See calculated indicators in Appendix Table 2

Figure 3: Survival rate for establishments by race and ethnicity, U.S. and selected states, 2002-2006



Source: Calculations based on special tabulations of U.S. Census Bureau 2002 SBO and 1989-2006 BITS, Summary Table 4. For additional information, see <http://www.census.gov/econ/susb/> and <http://www.census.gov/econ/sbo/>.

Notes: Categories “other” and “non-Hispanic” not included in graph. See Appendix Table 2 for additional information.

that of Nebraska’s Latino establishments. Iowa, Kansas and Missouri also had higher rates of expansion for Latino establishments, while the overall rates of expansion for all establishments remained similar to that of Nebraska (See Appendix Table 2).

Fewer Expansions but Strong Job Creation and Retention in Nebraska’s Latino Establishments

With the exception of Asian-owned establishments in Iowa, which reported job gains for the period of 2002 to 2006, job losses in the country, Nebraska, and neighboring states were predominant in most establishments regardless of race and ethnicity. Nonetheless, similar to what was observed in many states and the country as a whole (Lowrey 2010), Latino establishments in Nebraska showed higher rates of job creation through fewer expansions than the overall rates reported for all establishments. The strong job creations through expansions counteracted job losses due to closings or contractions for Latino establishments in Nebraska during the four years under study. At the end of 2006, the number of jobs created through 81 Latino establishment expansions represented 34% of the initial number of jobs reported in 2002. Job expansions for Latino establishments in Nebraska averaged 9.6 employees, a higher number than the

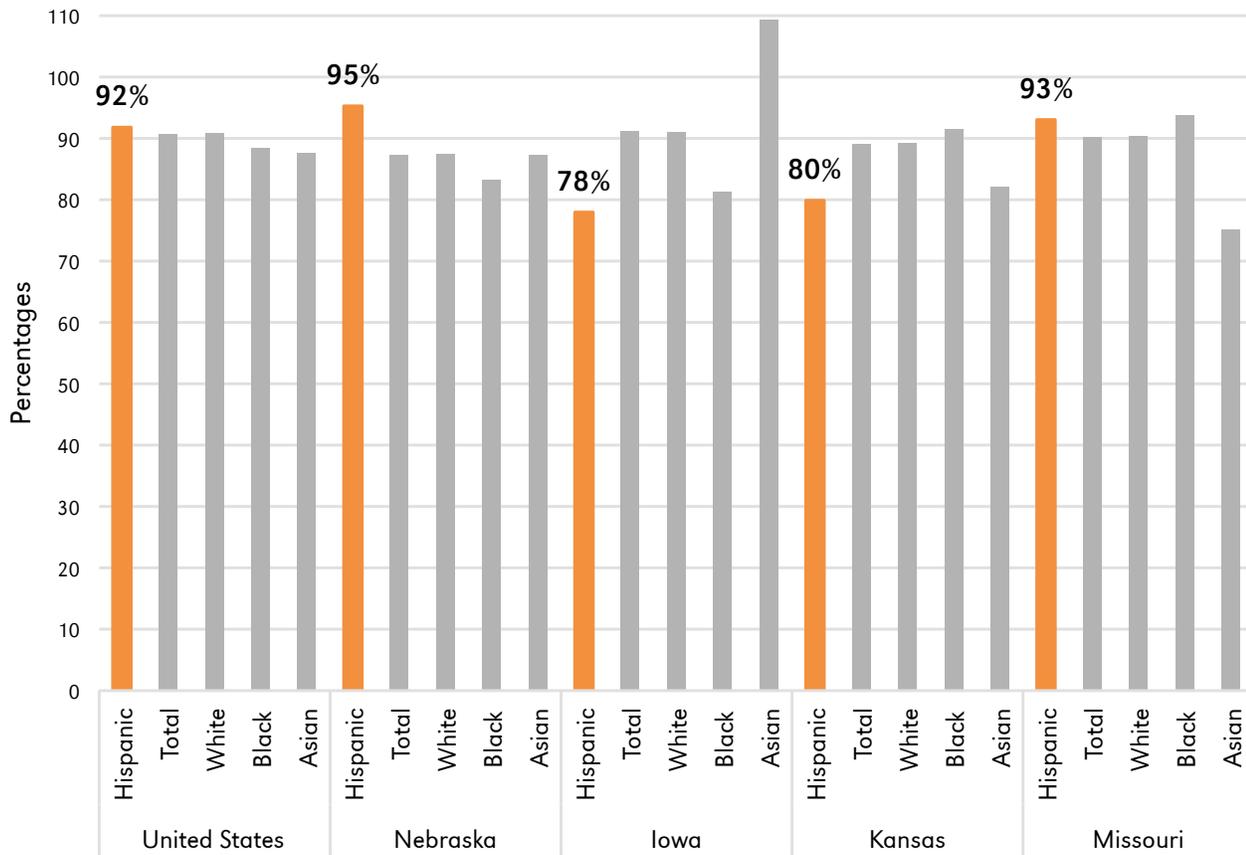
state average of 6.1 and a higher number than those of other ethno-racial groups in the state. The rate of job creation due to expansions by Latino establishments in Nebraska was higher than that observed for Latino establishments in the country as a whole and in neighboring states. This rate counteracted the 25% of initial jobs lost to closings and the 12% of jobs lost to contractions in Latino establishments (See Appendix Table 2).

Due to the number of jobs added through expansions, Latino establishments in Nebraska only lost 5% of employment from 2002 to 2006. Correspondingly, as shown in Figure 4, 95% of the jobs created by Latino establishments in 2002 were still retained in 2006. The rate of job retention of Latino establishments in Nebraska was 4% to 5% higher than the total rate in the nation and in neighboring states. Nebraska’s Latino retention rates were 2%, 15% and 17% higher than Missouri, Kansas and Iowa Latino rates, respectively. In Iowa and Kansas, Latino-owned establishments had lower rates of job retention than white-owned establishments. Again, with the exception of Asian-owned establishments in Iowa, job retention rates for establishments owned by other ethno-racial groups in neighboring states were less than that observed for Latino-owned establishments in Nebraska.

The Latino establishment's capacity to create and retain employment represents an important contribution to the Nebraska economy. Nonetheless, the

low probability for expansion and survival of these businesses point to significant challenges that need to be identified and addressed.

Figure 4: Percentage of jobs retained for establishments by race and ethnicity, U.S. and selected states, 2002-2006



Source: Calculations based on special tabulations of U.S. Census Bureau 2002 SBO and 1989-2006 Business Information Tracking Series, Summary Table 4. For additional information, see <http://www.census.gov/econ/susb/> and <http://www.census.gov/econ/sbo/>.

Notes: Categories “other” and “non-Hispanic” not included in graph. See Appendix Table 2 for additional information.





Characteristics of Latino-owned Businesses

General Characteristics

Table 3 summarizes by gender and nativity of the owner general characteristics of Latino businesses, including year of establishment, firm size, industry, type of business, language spoken in business transactions and website ownership. These characteristics show significant differences among Latino firms.

Year of Establishment

In the wake of Nebraska's rapid Latino population growth during the 1990s, Latino firms have now become visibly established. Among 75% of firms that reported the year of establishment, half of Latino businesses opened from 2000 to 2007, 15.2% from 1990 to 1999, and 10.6% prior to 1990. Around 25% did not report the year of opening (See Table 3 for details on non-responses). Immigrant- or foreign-born-owned (57%) and female-owned (56%) Latino firms make up the largest share of recently started firms according to our calculations based on the SBO PUMS 2007.

Type of Business

Home-based, family-based or husband-and-wife businesses are prominent among Latino firms. More than a half of Latino businesses are home-based and about one-third are either family or husband-and-wife businesses. Home-based businesses are more prevalent among Latina-owned businesses (66%), while family and husband-and-wife businesses are more characteristic of immigrant-owned Latino businesses (35.5%).

Firm Size

As discussed earlier, the overwhelming majority (85%) of Latino firms is non-employer; that is, firms that did not have paid workers at any time during 2007. Latino non-employer firms are more prevalent for businesses

owned by women (32.7%) than men (12.2%). Latino firms owned by U.S.-born owners are slightly more likely to be non-employer (11.1%) than their immigrant counterparts (7.4%).

Among Latino firms with paid employees during 2007, 14% reported not having employees on the March 12 pay period, the date of reference used in the SBO. Among the firms that reported having employees at the time of the survey, 50% had between one and four employees, 21% had between five and nine employees and 15% had more than 10 employees.

Industry

The participation of Latino firms by industry varies sharply, depending on the gender of ownership. Latino-owned businesses are overwhelmingly concentrated in the SBO industry labeled "health care and social assistance" (42%). In contrast, Latino-owned businesses are more concentrated in construction (20%). The three largest sectors for immigrant-owned Latino businesses are construction (19.8%), health care/social assistance (15.7%), and professional and enterprise management services (10%). For businesses owned by U.S.-born Latinos, health care and social assistance (20.6%), other services (14.7%) and administrative support and waste management (13.4%) are more prominent. Participation in retail trade is also slightly higher among immigrant-owned and female-owned Latino firms.

Language Used in Transactions

While the rapid growth of the Hispanic population in the state may suggest an increasing need for bilingual services, only 4.2% of businesses in Nebraska use Spanish in their businesses transactions. The use of

English also is dominant in Latino businesses (95%). Almost half of Latino-owned businesses use Spanish in their business transactions and around 41% use both languages. The use of Spanish or both languages varies significantly depending on the nativity of ownership. As would be expected, the use of Spanish is more pronounced in businesses with foreign-born

owners (74%) compared to businesses with U.S.-born owners (28%).

Use of Websites

In Nebraska, only 18% of all firms and 15% of Latino firms have a website. However, Latino firms with U.S.-born owners are more likely to have websites (23%) than all Nebraska firms and all Latino firms.

Table 3: General characteristics of Latino-owned businesses by owner gender and nativity, Nebraska, 2007 (% of respondent firms)

	All Nebraska	All Hispanic	Hispanic foreign born	Hispanic U.S.-born	Hispanic Female	Hispanic Male
Total*	153,121	3,065	639	815	1,088	1,607
Firm size (employer firms)						
<i>No employees¹</i>	14.0	14.3	7.4	11.1	32.7	12.2
<i>1 to 4 employees</i>	45.2	49.9	53.6	47.0	40.4	53.6
<i>5 to 9 employees</i>	18.6	21.2	19.2	27.1	5.0	21.8
<i>10 to 19 employees</i>	12.3	7.1	13.5	4.5	10.3	6.0
<i>20 to 49 employees</i>	6.7	5.6	4.5	8.8	10.3	4.1
<i>50 to 99 employees</i>	1.9	1.3	1.8	1.0	1.5	1.3
<i>100 or more employees</i>	1.2	0.6	0.0	0.5	0.0	1.0
<i>Non-employer</i>	77.0	84.7	82.7	75.6	93.7	81.0
Year established						
<i>Not reported</i>	5.2	9.9	0.3	7.9	12.4	10.8
<i>Before 1980</i>	16.4	4.7	0.8	8.4	3.8	6.2
<i>1980 to 1989</i>	12.4	5.9	3.8	11.1	4.1	8.0
<i>1990 to 1999</i>	19.2	15.2	22.4	13.4	8.8	16.8
<i>2000 to 2007</i>	39.2	49.3	57.1	47.3	56.9	46.5
<i>Don't know</i>	7.6	14.9	15.7	11.8	14.0	11.8
Sector						
<i>Agriculture and mining</i>	1.8	1.4	1.1	0.9	0.0	1.4
<i>Construction</i>	13.6	13.4	19.8	10.2	7.6	20.4
<i>Manufacturing</i>	1.9	1.9	1.6	3.1	2.3	1.6
<i>Wholesale trade</i>	2.6	1.3	3.2	1.3	1.2	1.1
<i>Retail trade</i>	12.1	7.5	8.8	4.0	7.5	5.3
<i>Transportation, information and utilities</i>	6.6	5.2	8.0	5.0	1.0	6.8
<i>Finance, insurance and real estate</i>	12.3	5.5	8.5	8.6	7.6	4.7
<i>Professional and management of enterprises</i>	10.7	7.2	10.6	7.3	5.2	9.7
<i>Administrative support, waste management and remediation services</i>	7.0	10.5	5.1	13.4	7.9	13.4
<i>Educational services</i>	1.7	1.6	0.8	2.0	2.3	1.5
<i>Health care and social assistance</i>	10.6	22.0	15.7	20.6	42.6	4.0
<i>Arts, entertainment and recreation</i>	3.6	3.7	0.2	6.2	0.9	6.4
<i>Accommodation and food services</i>	2.9	4.8	8.4	2.7	2.1	4.9
<i>Other services (except public administration)</i>	12.5	14.0	8.3	14.7	11.9	18.7
<i>Unclassified</i>	0.0	0.0	0.0	0.0	0.0	0.0
Type of business						
<i>Home-based</i>	55.0	53.8	58.2	49.8	66.0	46.1
<i>Family business</i>	39.9	16.9	26.5	7.8	5.1	9.5
<i>Husband and wife</i>	29.8	17.3	35.5	10.2	5.7	13.1
Language spoken in transactions						
<i>English</i>	99.6	95.5	93.6	99.2	98.3	95.8
<i>Spanish</i>	4.2	49.7	74.1	28.1	44.3	49.5
<i>Both</i>	3.9	41.5	67.7	26.3	38.7	40.9
Have a website	18.5	15.5	10.9	23.3	18.7	14.9

Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007.

Notes: 1. Employer firms with no employees are those businesses with employees at some time during 2007 but no employees at the time of the survey which was the March 12 pay period.

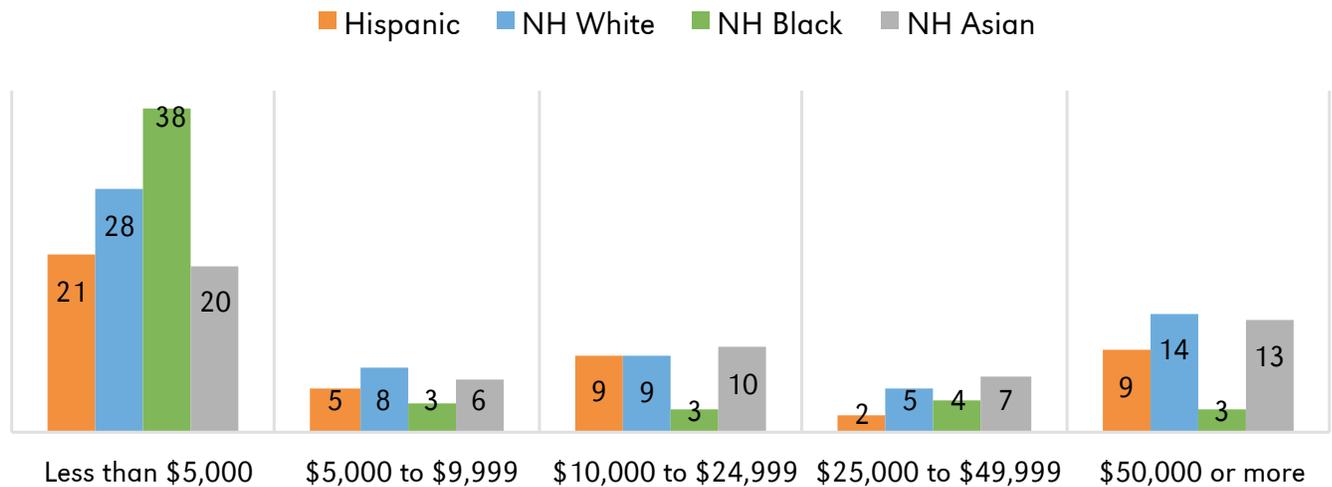
*SBO PUMS 2007 estimates differ from SBO reported totals due to additional sampling error. For additional information, see www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

Levels of Start-up Capital

Studies have shown that firms with higher levels of start-up capital are less likely to close, have higher profits and sales, and are more likely to hire employees (Fairlie 2012). The distributions reported in SBO PUMS 2007 show that among Latino businesses, 21% started with less than \$5,000, 5% with capital amounts ranging from \$5,000 to \$9,999, 9% with capital amounts between \$10,000 and \$24,999, 2% with

capital amounts between \$25,000 and \$49,999, and 9% with start-up capital above \$50,000 (Figure 5a). The lower levels of start-up capital are not uncommon for firms in Nebraska. The SBO PUMS 2007 estimates show that 28% of firms in the state started with less than \$5,000. Nonetheless, non-white Hispanic (14%) as well as Asian-owned businesses (13%) had a higher proportion of firms with start-up capital of more than \$50,000 when compared to Hispanic-owned (9%) and black-owned firms (3%).

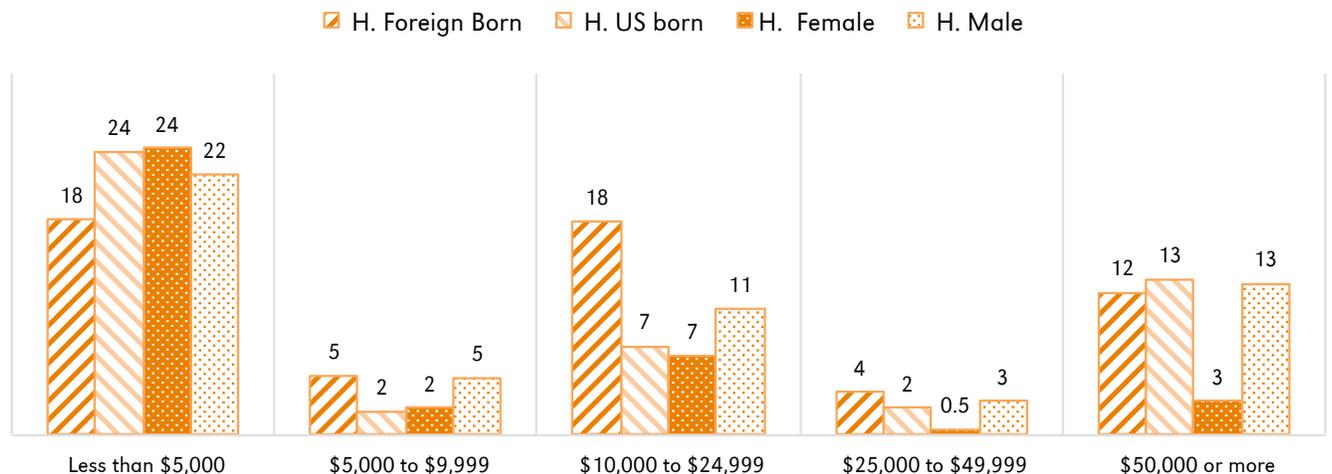
Figure 5a: Amount of start-up capital by business owner's race and ethnicity, Nebraska, 2007 (% of respondent firms)



Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

Notes: NH: Non-Hispanic

Figure 5b: Amount of start-up capital for Hispanic firms by owner gender and nativity, Nebraska, 2007 (% of respondent firms)



Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

As shown in Figure 5b, among Latino businesses, some differences exist in the amounts of start-up capital by owner's gender and nativity. Almost a quarter of Latino firms owned by women opened with less than \$5,000 of capital. Latino firms owned by men also have an important proportion in this category (22%). Nonetheless, around 13% of firms owned by men compared to 3% owned by women started with capital equal to or more than \$50,000. Differences based on owner nativity are less significant at these higher levels of start-up capital. Thirteen percent of U.S.-born Latino firms compared to 12% of foreign-born Latino firms reported start-up capitals equal or more than \$50,000. Nonetheless, a higher proportion of Latino firms with U.S.-born owners (24%) reported levels of start-up capital less than \$5,000 compared to their immigrant counterparts (18%). A higher proportion of Latino immigrant firms compared to U.S.-born Latino firms was also found at the mid-level start-up capital, ranging from \$5,000 to \$25,000.

Access to Financing

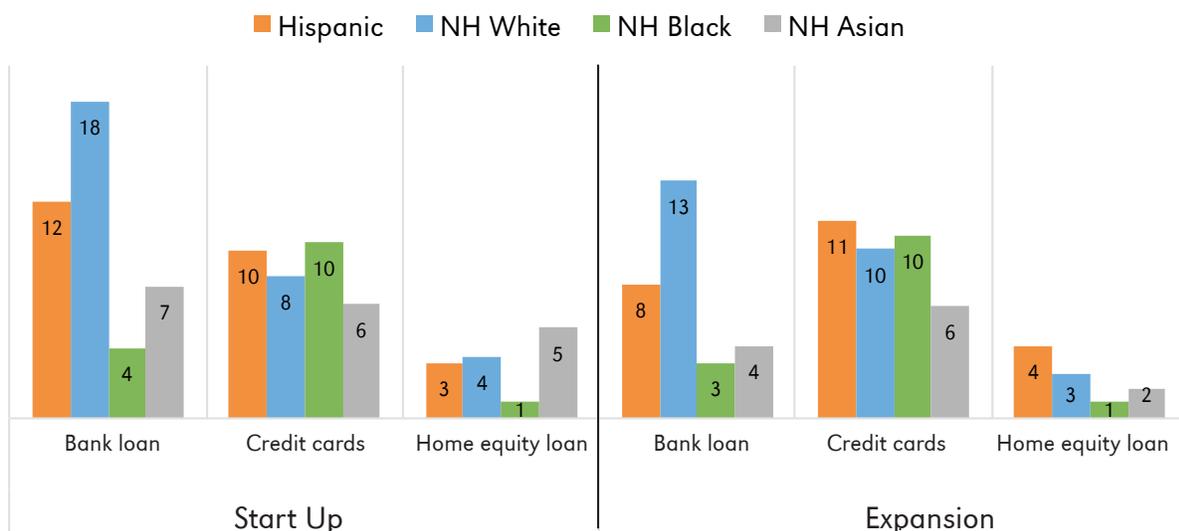
As most firms, Latino-owned businesses rely on personal savings as the primary source of financing for both start-ups and, to a lesser extent, for expansions. Approximately half of Latino-owned business (45.7%) used savings as means to finance their business start-up and around a third (31.2%) used savings for ex-

panding their businesses. Personal assets are used less frequently; 4% for start-ups and 5.2% for expansions. Family or friend loans are rarely used among Latino firms. Only 1.7% and 1.2%, respectively, used a family or friend loan for start-ups and expansions.

Compared to other firms owned by different race and ethnicities, Latino firms used less of these personal sources for start-ups. For instance, Latino firms' utilization rate of savings for start-ups is the lowest compared to those for non-Hispanic whites (52%), blacks (48%) and Asians (56%). Nonetheless, Latino firms are slightly more likely to resort to savings and personal assets for expansions when compared to other firms owned by different race and ethnicities. For instance, the utilization rate of savings for expansions for Latino firms is between five and six percentage points higher to those observed for non-Hispanic white, Asian and black-owned businesses. A similar trend can be observed for personal assets. (See Appendix Table 3).

The use of formal sources of financing (e.g., from a financial institution such as a bank or credit union) for either start-ups or expansions varies greatly by the race or ethnicity of owners (See Figure 6a). For instance, firms owned by non-Hispanic whites have higher usage rates of bank loans for either start-up or expansions than other race and ethnic groups. Black-owned firms have the lowest usage rates for

Figure 6a: Selected sources of financing for start-ups and expansions by business owner race and ethnicity, Nebraska, 2007 (% of respondent firms)



Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

Notes: NH: Non-Hispanic

bank loans. For other sources, such as home equity loans or credit cards, differences are less apparent.

In terms of bank loans, 12% of Latino-owned firms reported using a bank loan for start-ups, five percentage points lower than firms owned by non-Hispanic whites. For business expansions, the use of bank loans by Latino-owned firms is almost half the rate of non-Hispanic whites. Credit cards are the second-most used source of funding by Latino-owned firms. The use of credit cards for start-ups by Latino-owned firms (10%) is close to the rate for firms owned by non-Hispanic white-owned (8%) and black-owned firms (10%). For expansions, Latino-owned firms use credit cards at slightly higher rate than all other race and ethnicity groups. Home equity is a lesser-used source of financing for both start-ups (3%) and expansions (4%) among Latino firms. However, Latino-owned firms have used this type of financing source at a higher rate than other ethnic groups.

Differences by Nativity and Gender of Latino Business Owners

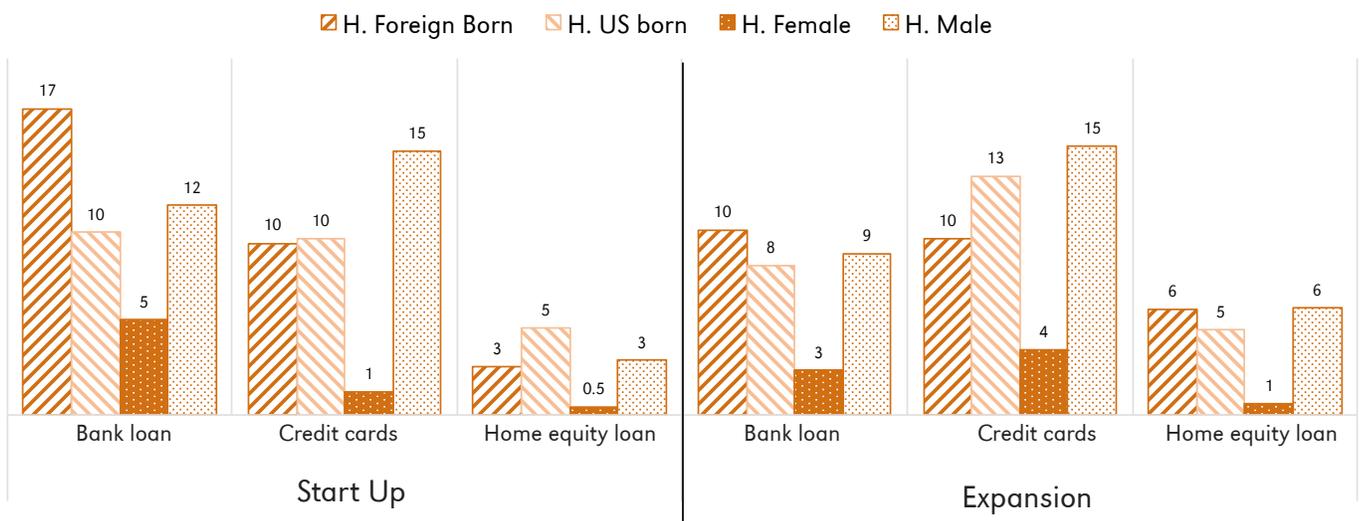
Among Latino-business, regardless of the gender or nativity of the owner, start-ups and expansions rely on savings over any other sources of financing. Nonetheless, notable gender and nativity differences exist with regard to the use of savings, other personal assets and family/friend loans (See Appendix Table 3). For example, female-owned Latino firms use less savings,

personal assets and family or friend loans than their male-owned counterparts. Immigrant-owned Latino firms are more likely to use savings for start-ups and expansions compared to U.S.-born-owned Latino firms. In contrast, the use of personal assets is higher among U.S.-born-owned Latino firms, particularly for expansions. Family or friend loans are also more likely to be used as a source of financing for expansions among U.S.-born-owned Latino firms.

Similarly, as shown in Figure 6b, notable differences exist in the formal financing sources used by Latino-owned firms based on nativity or gender of owners.

In terms of nativity, a relatively higher proportion of Latino businesses with foreign-born owners in 2007 used bank loans for start-ups and expansions compared to businesses owned by U.S.-born Latinos, approaching similar levels of those businesses owned by non-Hispanic whites. A similar trend has been reported for Asian immigrant firms but not for Hispanic immigrant firms at the national level (Fairlie 2012). Second, the use of credit cards for expansions is more prevalent among businesses owned by U.S.-born (13%) than foreign-born Latinos (10%). Debt financing with a credit card could be an indication of a firm seeking more access to financial resources to build a credit history, but it also is a high-risk method of financing. Third, more Latino firms with U.S.-born owners borrowed money using their houses as collateral (home

Figure 6b: Selected sources of financing for start-ups and expansions among Hispanic firms by owner gender and nativity, Nebraska, 2007 (% of respondent firms)



Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

equity loans) to finance their business start-ups than businesses with foreign-born owners. For expansions, however, Latino businesses with foreign-born owners used home equity loans at rates that are closely similar to Latino firms with U.S.-born owners.

In terms of gender, Latino businesses with female owners used fewer formal sources of capital for either start-ups or expansions. The use of home-equity loans is almost non-existent among Latina-owned firms. Only 5% of Latina-owned businesses reported using bank loans for start-ups and 3% relied on formal sources for expansions. Similarly, a meager 1% and 4% of Latina firms used credit cards for start-ups and expansions. The low use of any formal source of financing may suggest a more troublesome pattern having to do with the limited availability of financial resources for Latina owners.

Employment Quality

Although most Latino-owned employer firms⁹ reported using their own full-time or part-time employees to operate their businesses, they were also more likely than other firms to hire workers in non-standard work arrangements or temporary positions, such as leased personnel, contractors or day laborers. Likewise, Latino employer firms offered few benefits to employees.

Table 4 presents data on the types of workers used and benefits provided to employees by Nebraska firms according to the owner's race and ethnicity. As shown in this table, a total of 70% of Latino employer firms hired full-time employees and 60% hired part-time employees in 2007. These rates were close to those for the state as a whole and non-Hispanic white-owned employer firms in particular. Latino employer firms also reported higher rates of hiring full-time employees than part-time employees. In contrast, the trends observed for other minority-owned employer firms, such as non-Hispanic black and Asian-owned businesses, showed a preference for hiring part-time employees over full-time employees.

Almost half of Latino employer firms also used non-standard or temporary work arrangements, such as hiring day laborers, temporary staffing, leasing services or contractors. This percentage was slightly higher than that observed for employer firms in the state as a whole (43%). It was also higher than that observed for non-Hispanic white-owned employer firms (44%). The utilization of non-standard work arrangement was significantly lower for non-Hispanic black (16%) and Asian-owned employer firms (21%).

Among the type of workers that fall under the category of "non-standard work arrangements" in Latino-owned employer firms, the most prevalent were contractors and day laborers. A total of 26.4% of Latino-owned employer firms in 2007 reported hiring contractors. This rate was close to that observed for all Nebraska and non-Hispanic white-owned employer firms, but was higher than that observed for other minority-owned employer firms. In the same year, 15% of Latino-owned employer firms hired day laborers, the highest rate of all employer firms as well as white-owned and minority-owned counterparts.

Half of Latino-owned employer firms reported that they do not provide any benefits to their employees. The most common benefit provided was paid vacations (43%). Only 23% of Latino-owned businesses reported offering some type of health insurance, and a mere 9% reported making contributions to retirement plans (See Table 4). The proportion of Latino-owned employer firms providing any type of employment benefit lags behind those of all state firms and non-Hispanic white-owned employer firms. However, Latino employer firms were more likely to offer health insurance and profit-sharing options to their employees than any other minority-owned employer firm. Among minority-owned employer firms, non-Hispanic Asian-owned firms were more likely to contribute to retirement plans.

9 Characteristics on employment quality exclude non-employer firms. Due to the small sample size for employer firms, the characteristics do not allow for presenting separate indicators by gender or nativity.

Table 4: Type of workers and benefits provided to employees by owner race and ethnicity, Nebraska, 2007 (% respondent firms)

	All Nebraska	Hispanic	NH White	NH Black	NH Asian
Types of workers hired *					
<i>Full time paid-employees</i>	71.7	70.0	72.0	54.4	66.9
<i>Part-time paid employees</i>	61.8	60.2	61.6	70.1	71.1
<i>Non-standard work arrangements</i>	43.2	47.4	43.7	15.9	20.6
<i>Paid day laborers</i>	5.2	15.2	5.2	1.5	1.9
<i>Temporary staffing obtained from a temporary help service</i>	5.2	3.6	5.3	0.8	2.6
<i>Leased employees from a leasing service</i>	1.0	2.2	1.0	0.0	0.2
<i>Contractors or outside consultants</i>	31.8	26.4	32.3	13.6	16.0
<i>Not reported</i>	1.6	1.4	1.6	4.6	2.3
Benefits totally or partially paid to employees*					
<i>Health insurance</i>	37.2	23.1	38.0	12.0	17.8
<i>Contributions to retirement plans</i>	28.2	8.7	28.8	8.9	17.2
<i>Profit sharing and/or stock options</i>	6.5	3.2	6.6	0.8	2.9
<i>Paid holidays, vacation, and/or sick leave</i>	50.5	43.0	51.2	24.6	28.0
<i>None of the above</i>	35.1	51.9	34.2	68.6	58.9
<i>Not reported</i>	1.9	1.1	1.9	4.6	2.5

Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

Notes:

* Percentages do not add to 100% because respondents were given the option to mark more than one answer.

NH: Non-Hispanic





Characteristics of Latino Business Owners

Socio-demographic Characteristics

Among Latino-owned firms in Nebraska, owners are more likely to be young, male and almost equally likely to be U.S.-born and foreign-born. Compared to other racial and ethnic groups, Latino owners show lower educational attainment levels.

According to our calculations based on the SBO PUMS 2007, 58% of Latino business owners are male and 42% are female. More than half of Latino business owners are between the ages of 25 and 54.

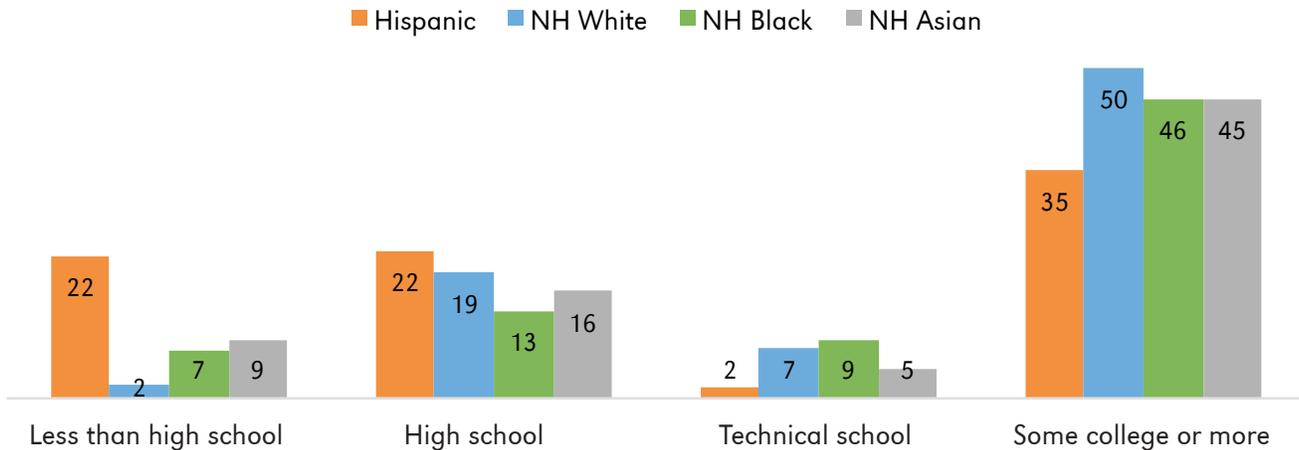
About 22.4% of respondents did not disclose whether they were born in the U.S. Of those Latino owners who reported nativity, 42.6% were U.S.-born and 35% were foreign-born. If unreported cases are excluded, the proportion would be 45% foreign-born and 55%

U.S.-born Latino owners. Non-Hispanic Asian business owners are more likely to be immigrants than any other racial and ethnic group (69% are foreign-born versus 5% who are U.S.-born).

In terms of educational attainment, Latino business owners have the highest proportion of individuals with less than a high school diploma (21.7%) compared to all other ethno-racial groups. Twenty-two percent have completed high school, a share that is slightly higher than non-Hispanic whites (19%), black (13.3%), and Asian owners (16.3%). Of Latino business owners, 34.6% have a higher educational level than high school, a proportion higher than that of the total population of Latinos in Nebraska¹⁰ but lower than that of other race and ethnic majority owners.

10 According to the American Community Survey 2005-2007, 22% of Nebraska Latinos 25 years and older studied for a degree beyond high school, excluding those who studied to get an associate's degree.

Figure 7: Educational attainment of business owners, by race and ethnicity, Nebraska, 2007 (% of respondent owners)



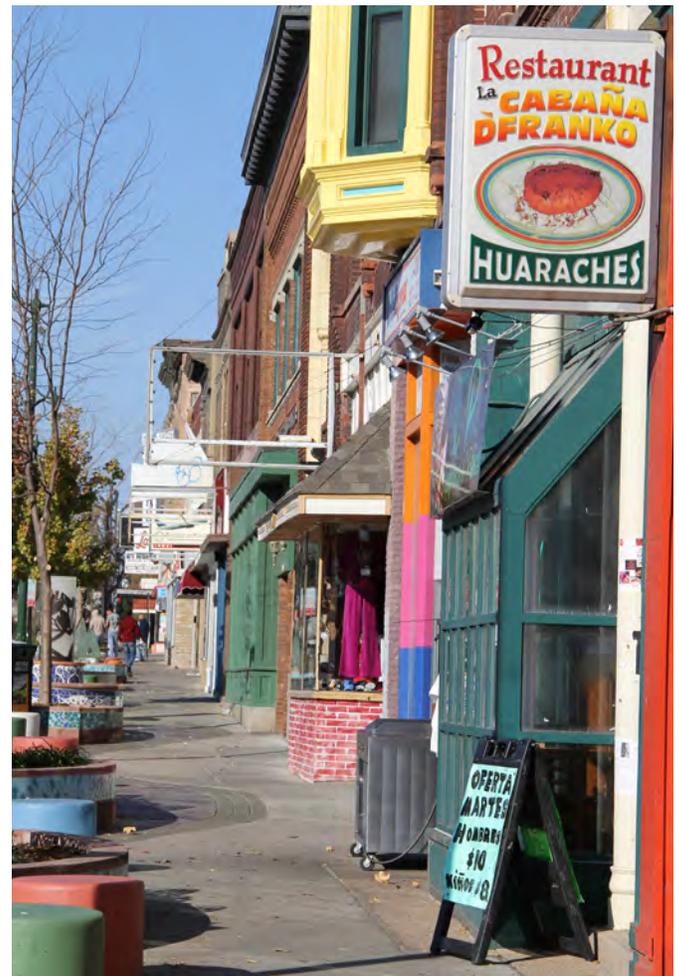
Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007. More information on the sources of data and sampling error is available at www2.census.gov/econ/sbo/07/pums/2007_sbo_pums_users_guide.pdf

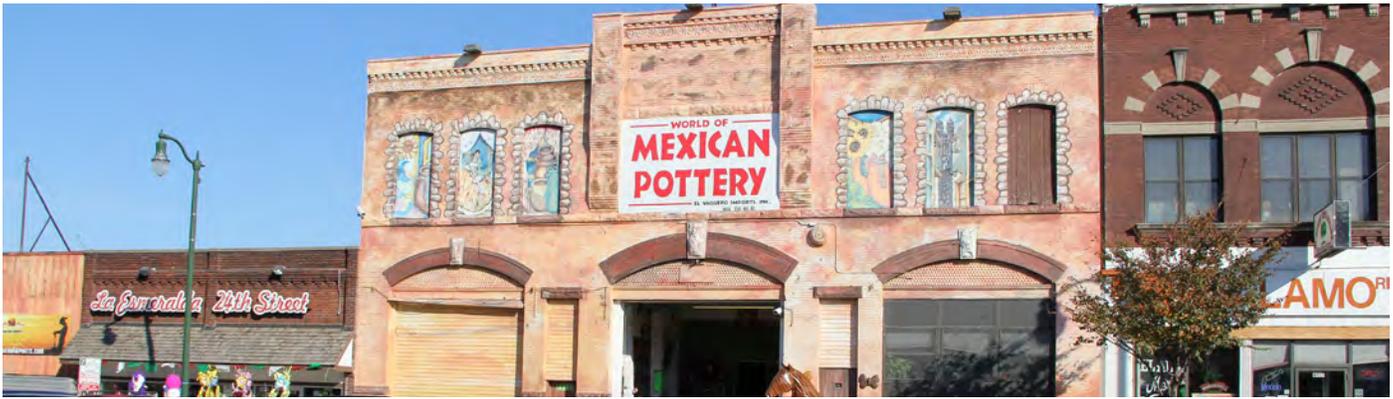
Notes: NH: Non-Hispanic

Self-employment Characteristics

Most Latino business owners are new entrepreneurs, founders of the business, working as any other employee and devoting most of their time to their businesses as means to support their families. According to our calculations based on the SBO PUMS 2007, half of the surveyed Latino owners acquired their business during the 2000s and were not previously self-employed (61%). Almost 60% acquired their businesses as founders and a relatively smaller proportion (19%) purchased a business (See Appendix Table 5).

Compared to other owners, Latino owners are more likely to directly provide services to customers or produce goods (56%) than they are to only manage or control the finances of their businesses. A significant number (45%) of Latino owners also depend on their businesses as a primary source of income and approximately half work full time in their businesses. Only 18% of Latino owners work in their business less than 20 hours a week, 23% work 20 to 40 hours a week, and 43% work either 40 or more hours, a higher proportion than non-Hispanic white and black business owners but similar to that of Asian owners (See Appendix Table 5).





The Expansion of Latino Entrepreneurship

Across Counties

Among Nebraska's 93 counties, ten are home to the majority of the Latino-owned businesses. For the most part, these counties also have experienced the largest Latino population growth. Among them are Douglas (829 Latino businesses), Lancaster (483), Sarpy (235) and Hall (208). When measured in terms of density, that is, the number of Latino firms per 1,000 Latino population¹¹, Lancaster County showed the highest density of Latino businesses in 2010.

As shown in Map 1, many counties adjacent to these fast-growing counties also have a significant number of Latino-owned businesses relative to their Latino population. For instance, Buffalo County, whose seat is Kearney, had a smaller increase in the Latino population than Hall County. However, the number of Latino-owned firms per 1,000 Latino population was higher in Buffalo County than in Hall County, where Grand Island is located and where large numbers of Latinos had arrived in earlier decades. Similarly, Sarpy County, another fast-growth area, shows a greater density of Latino businesses than Douglas County, even though Sarpy has a smaller Latino population. The higher business density in less-populated counties could reflect a higher proportion of Latinos transition-

ing from dependent employment to self-employment in these counties. Nonetheless, more research is needed to understand the factors associated with those differences.

According to the information collected by U.S. Census Bureau SBO, no reliable estimate¹² for the number of Latino-owned firms was identified in four of the counties (Dodge, Adams, Colfax and Saline) with the fastest-growing Latino population in 2007. Similarly, the SBO did not provide estimates for two of the slow-growth counties, namely Scottsbluff and Box Butte¹³.

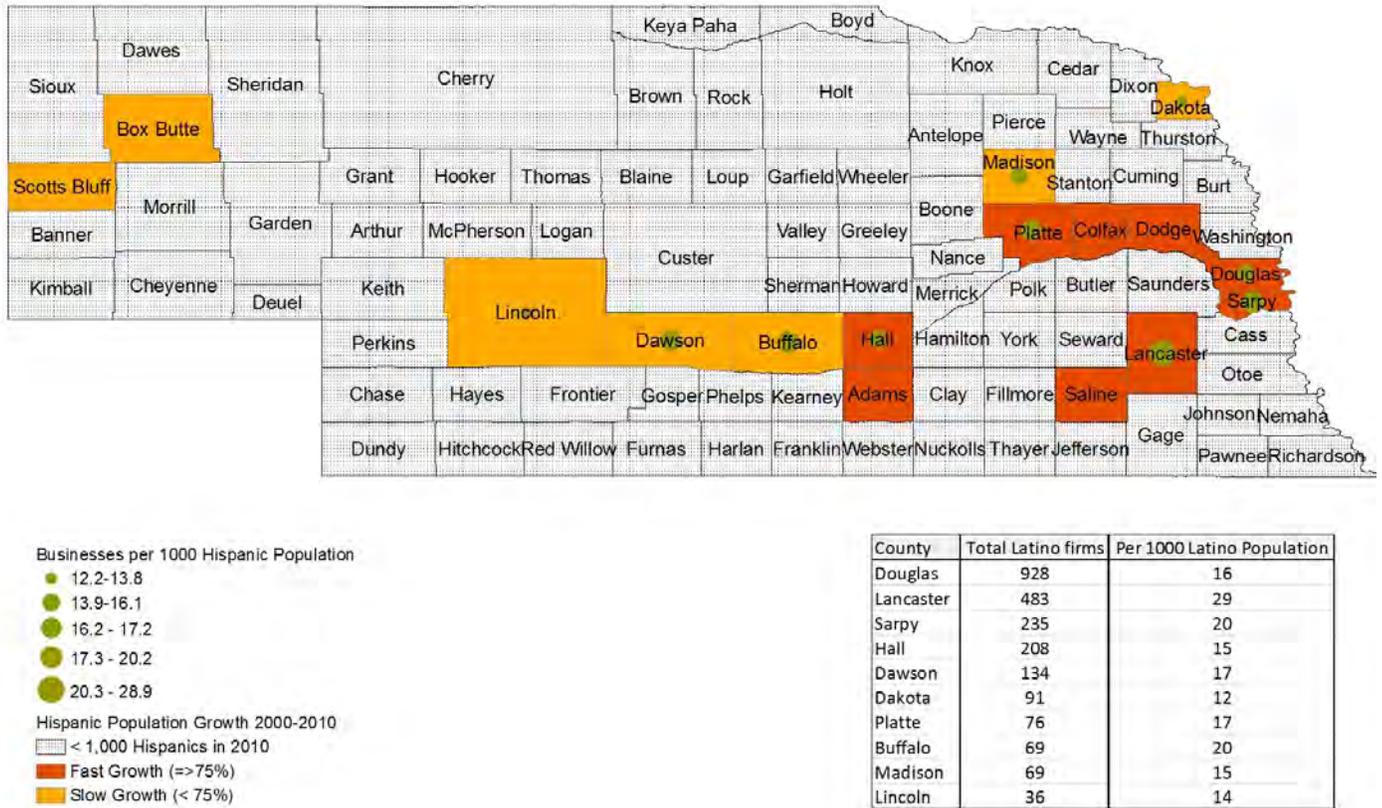
Table 4 summarizes the characteristics of Latino firms by county as reported in the SBO 2007. Firms with owners of Mexican origin are predominant in all counties. The ratio of employer firms over non-employer firms is higher in Sarpy (22%), Hall (20%) and Douglas (18%) counties. Douglas County's Latino businesses have the highest annual sales (\$299,914), closely followed by Platte County (\$234,437). Correspondingly, total employment (1,519 employees) and annual payroll (\$40,563) also were highest in Douglas County. In the 10 counties with the most Latino-owned businesses, construction and retail trade are the leading industries. In Douglas County, construction, retail trade and manufacturing are the leading industries.

11 Estimates for Latino population at the county and city level were not available for earlier years.

12 SBO tables published through American Fact Finder (AFF) do not display estimates for geographic areas below the state level that have fewer than 25 firms or with estimates that have large sample errors. Indirect estimations, computed by subtracting the number of non-Hispanic firms from the total number of classifiable firms by ethnicity, render a count of 13, 19 and 3 Latino firms for Colfax, Dodge and Saline counties, respectively. Using this indirect estimation, the number of Latino firms in Scottsbluff, Box Butte and Adams would be 256, 76 and 33, but these estimates are suppressed by the U.S. Census Bureau due to large relative standard errors.

13 This unintended invisibility could be due to the timing of the survey and additional methodological limitations. Businesses that were established after 2007 are not reflected in these counts. Sampling error also plays a role. The SBO 2007 sample design was at the state level, so individual counties were not targeted for selection. In the reported estimates, and for any given sample, a firm may not be selected, reducing the sample size for specific firms that could be classifiable by race or ethnicity.

Map 1: Latino population growth 2000-2010 and Latino business density by counties, Nebraska, 2007



Source: SBO tabulations per county 2007, Summary Tables A1 available through American Fact Finder at factfinder2.census.gov; Population 2000-2010 growth estimates and total counts for 2010 to calculate business density taken from the Pew Hispanic Trends Project.

Notes:

SBO estimates for geographic areas below the state level are subject to additional sampling errors. More information on the sources of data and sampling error is available at <http://www.census.gov/econ/sbo/methodology.html>

Table 4: Characteristics of Latino businesses across counties in Nebraska, 2007

City	Mexican Origin Firms (%)	Employer Ratio (%)	Annual Sales (\$1,000)	Total Employment	Annual Payroll (\$1,000)	Main Industry
Douglas	68	18	299,914	1,519	40,563	Construction, retail trade, manufacturing
Lancaster	76	11	60,253	412	9,824	Construction
Sarpy	66	22	29,321	221	7,461	N.A.
Hall	75	20	14,807	41	2,241	Construction
Dawson	57	7	2,391	14	734	Retail trade
Dakota	100	N.A.	7,951	N.A.	N.A.	N.A.
Platte	N.A.	11	234,437	469	12,965	N.A.
Buffalo	N.A.	N.A.	2,048	N.A.	N.A.	N.A.
Madison	61	N.A.	N.A.	N.A.	N.A.	N.A.
Lincoln	N.A.	N.A.	1,139	N.A.	N.A.	N.A.

Source: SBO tabulations per County 2007, Summary Tables A1 available through American Fact Finder at factfinder2.census.gov.

Notes:

SBO estimates for geographic areas below the state level are subject to additional sampling errors. More information on the sources of data and sampling error is available at <http://www.census.gov/econ/sbo/methodology.html>

Across Cities

Nebraska's cities and metro areas appear to have been a fertile environment for the expansion of Latino businesses. Table 5 summarizes the main characteristics of Latino businesses in Nebraska cities using the Summary Tables from the SBO 2007. The Omaha-Council Bluffs metro area has the largest number of Latino firms and the highest amount of annual sales, employment and annual payroll of any city. Lincoln, Grand Island and Lexington also have significant numbers of Latino firms. In Omaha, Lincoln, and Grand Island, construction is the predominant business sector for Latino firms. In Omaha, equally important is the SBO industry labeled as 'health care and social assistance'. In Lincoln, the SBO industry labeled as 'administrative support and waste management sector' is more significant. In contrast, the predominant sector in Lexington is retail trade.

Mexican-origin ownership of Latino firms is prevalent in all cities. In the case of South Sioux City, all Latino firms have Mexican-origin owners, and in Bellevue, 84% of Latino firms have Mexican-origin owners. Bellevue also shows the highest employer ratio, which means that Latino firms in Bellevue are more likely to hire employees. Nonetheless, payroll and total employment lag behind other cities with a greater number of Latino firms. Interestingly, the city of Columbus has the second-largest amount of annual sales reported by Latino firms despite its smaller number of firms, employment and payroll.

The differences observed across cities may reflect the conditions of the business environments in which Latino firms operate. Many cities may have benefited from a rapid influx of Latino firms that could be temporary or seasonal. More research is needed to explain the sources of growth and decline of Latino firms.

Table 5: Characteristics of Latino businesses across cities in Nebraska, 2007

City	Total Latino Firms	Mexican Origin Firms (%)	Employer Ratio (%)	Annual Sales (\$ 1,000)	Total Employment	Annual Payroll (\$ 1,000)	Main Industry
Omaha-Council Bluffs (metro)	1,264	69	19	353,451	2,321	52,807	Health care and social assistance, construction
Lincoln (metro)	485	76	11	60,322	412	9,824	Construction, administrative support/waste management & remediation services
Grand Island (micro)	164	76	25	14,525	108	2,241	Construction
Lexington (micro)	135	58	7	13,942	29	1,782	Retail trade
Bellevue	79	84	37	13,268	115	4,469	N.A.
South Sioux city	75	100	N.A.	6,607	N.A.	N.A.	N.A.
Columbus city (micro)	76	N.A.	11	234,437	469	12,965	N.A.
Kearney	70	N.A.	N.A.	2,068	N.A.	N.A.	N.A.
Norfolk city (micro)	69	61	10	N.A.	N.A.	N.A.	N.A.
North Platte city (micro)	36	N.A.	0	1,139	N.A.	N.A.	N.A.

Source: SBO tabulations per County 2007, Summary Tables A1 available through American Fact Finder at factfinder2.census.gov.

Notes:

N.A, not available data is due to suppression of estimates with larger relative standard errors by the U.S. Census Bureau. SBO estimates for geographic areas below the State level are subject to additional sampling errors. More information on the sources of data and sampling error is available at <http://www.census.gov/econ/sbo/methodology.html>

Emerging Ethnic Enclaves

The spatial concentration of ethnic firms in residential areas populated by the same ethnic group may come to constitute what is known in the social science literature as ethnic enclaves. These have been linked to opportunities for upward mobility for immigrant entrepreneurs and workers (Kaplan 1998; Liu 2012). As ethnic firms concentrate in a particular area where their immigrant populations reside, social networks ease the access to jobs for newcomers and help them learn the trade of a business, which could promote future business start-ups (Menjivar 1997; Portes and Jensen 1992; Portes and Wilson 1980). Moreover, studies have reported that entrepreneurs' earnings in ethnic enclaves are much higher than earnings obtained through dependent employment (Xie and Gough 2011). Nonetheless, research in later years has also found that the participation of the self-employed in ethnic enclaves has not necessarily led to higher earnings for Mexican immigrants (Aguilera 2009). Moreover, smaller communities have been found to provide lower earnings for immigrants in ethnic enclaves (Spener and Bean 1999). In the case of new state destinations, such as Nebraska and Iowa towns, little is known about the formation and effects of participating in enclaves.

Given the small number of Latino firms relative to the total number of firms in Nebraska, it is difficult to precisely assess whether Latino businesses in Nebraska are significantly concentrated by either geography or industry composition (Wang and Pandit 2007). Nonetheless, the recent growth of Latino businesses in the area and their visibility in certain cities¹⁴ does suggest an emerging trend of Latino-businesses proliferating in specific neighborhoods and industries.

Based on the analysis of the OLLAS database, in Omaha-Council Bluffs we found that 48.5% of 276 verified Latino firms are located in zip code 68107, corresponding to South Omaha. Adjacent zip codes 68108 and 68105 have 9% and 6.5% of the verified Latino firms. Therefore, it could be stated that 64% of Latino firms in this city are located in South Omaha, the area of the city that is home to Omaha's largest Latino resident population. In these zip codes, the predominant industrial sectors are accommodation (lodging and related services) and food services (25%), retail trade (24%) and other services (17%).

In Grand Island, 78% of the city's 50 verified Latino firms are located in zip code 68801, which also is home to the city's largest resident Hispanic population. Half of all of Grand Island firms are located in this zip code. In contrast, the city of Lincoln shows a higher dispersion of Latino businesses. Latino firms seem to be more dispersed across 14 of the 29 city zip codes. The zip codes 68508 and 68510, located in the city's center, host 38% of the 47 verified Latino firms in the OLLAS database. However, the majority of the city's Hispanic population does not live in those zip codes. In these two cities' zip codes, Latino firms do not have a particular industry of concentration, but cover a variety of service categories, including auto repair, beauty salons, restaurants and retail stores.

Given that the residential patterns of Lincoln's Hispanic population do not match the geographic concentration of Latino firms, it could be argued that ethnic enclaves may not be emerging in Lincoln as they have done in Omaha and Grand Island. Much remains to be researched about the benefits and disadvantages of being self-employed or employed within these enclaves in new destinations states.

14 Given the small number of Latino firms that could be verified, this analysis is restricted to cities with the largest number of verified firms and from which an analysis of their distribution across zip codes is relevant. Lexington is omitted for this analysis because it only has one zip code.



Policy Implications

Nebraska and its metropolitan areas have shown favorable economic conditions for Latino start-ups in recent years. The state's low unemployment rate and the increasing settlement of Latino families in the area have encouraged many Latinos with an entrepreneurial spirit to transition from low-wage occupations to small-business owners. By 2020, the Latino population in Nebraska is projected to increase by 44.9%, representing 13% of the total state population and 56% of the minority population¹⁵. The growth of the Latino population may encourage more Latino business ventures in the coming decades but population growth is not the sole condition that allows Latino businesses to thrive.

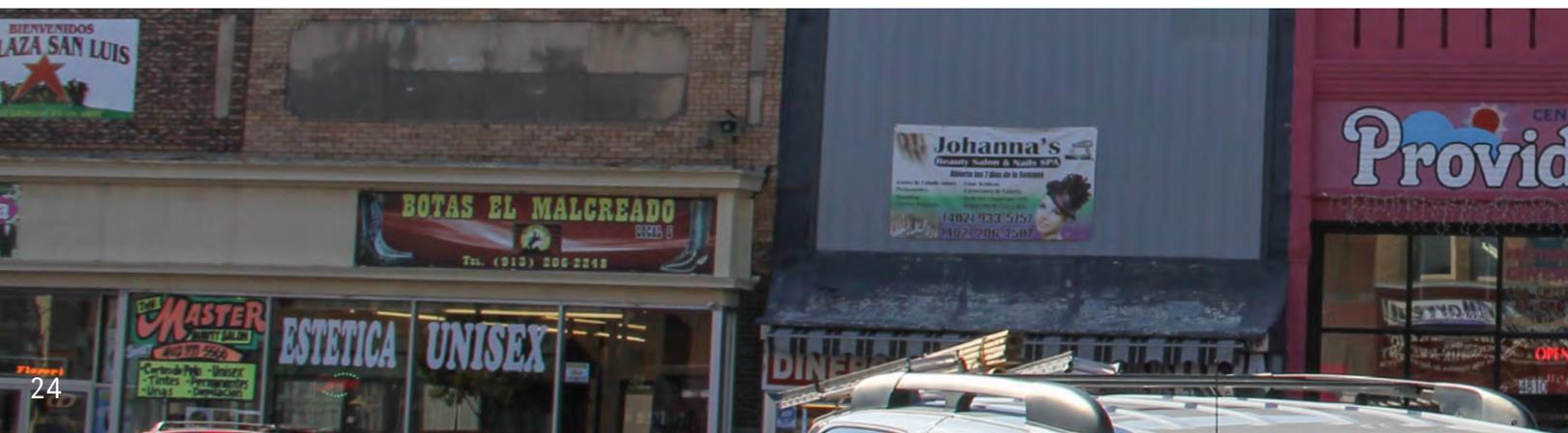
While prospering in recent years, Latino-owned businesses also are facing important challenges and barriers.

First, despite Latino firms' contributions to job creation and retention, they seem to experience difficulty in expanding and hiring new employees. The proportion of employer firms in the Latino business community

decreased from 1997 to 2007, and Latino-owned establishments from 2002 to 2006 showed a lower probability of expansion when compared to other minority-owned businesses. Despite the decrease in the proportion of employer firms, total employment in Latino businesses has continued to increase, although at a slightly slower pace than from 1997 to 2002. This suggests that more attention is needed to understand the underlying factors of the increase in non-employer Latino firms. On one hand, at the best, it could be a reflection of the efforts of many Latinos to gain upward mobility from low paid jobs. On the other hand, at the worst, misclassifications of workers in key industries of Latino firm growth could be also contributing to this trend.

Second, Latina-owned businesses show low rates of financial resource use, such as bank loans, credit cards and home equity loans, for both starting businesses and expanding businesses. This suggests that more efforts are needed to assure the success of minority women in business.

15 Projections provided by the UNO Center of Public Affairs Research.



Third, Latino-owned employer firms seem to rely significantly on non-standard work arrangements to operate their businesses and provide few benefits, if any, to their existing permanent employees. Policies supporting Latino businesses should emphasize strategies that will have the positive effect of creating good jobs in the Latino community.

Fourth, most Latino business owners are new entrepreneurs, and their relatively lower educational attainments suggest a need for further training. Therefore, financial education and business training are needed to ensure the sustainability and success of the region's Hispanic-owned businesses. As noted by Yesenia Peck, Executive Director of the Nebraska Hispanic Chamber of Commerce (NHCC), addressing the needs of the Latino business community goes beyond having bilingual services. It means elevating cultural competencies and being open to understanding the dynamics of Latino business¹⁶.

And finally, the expansion of Latino businesses and the spatial concentration of those businesses in Omaha and Grand Island suggest the existence of emerging enclaves. A proactive role in promoting areas where Latino businesses are spatially concentrated may encourage the expansion and growth of Latino businesses. Nonetheless, it is unclear if those configurations can provide opportunities for upward mobility if employment quality lags behind.

While this statistical profile did not provide much information on undocumented business owners, it is important that we do not underestimate the role of migration policies on Latino businesses. For instance,

as was noted by Marta Sonia Londoño, Executive Director of the Midlands Latino Development Corporation (MLCDC), many banks in Nebraska have started to require Social Security numbers instead of the Individual Taxpayer Identification Number (ITIN) to apply for loans¹⁷. The lack of proper documentation could have negative impacts on entrepreneurs by restricting access to formal banking systems and selecting more beneficial types of incorporation for small businesses (Weber 2009). A precarious immigration status could also become problematic in the event of a commercial dispute (Weber 2011). Moreover, a general climate of fear may cause entrepreneurs to open or maintain their current businesses in the shadows despite opportunities to expand.

Last but not least, more research and current information is needed to follow up on the evolution of Latino businesses in the state. An analysis by industry would help identify the specific regulatory constraints. In addition, sensible indicators that could not be accessed with current publicly available information include the use of micro-lending institutions, migratory legal status of owners, and prevalence of unpaid family employment, among other topics that will need further attention.

Latino-owned businesses are fast becoming a critical segment for future economic growth in Nebraska. More Latino firms mean more sources of employment and social development. A greater understanding of the challenges Latino entrepreneurs face could draw attention to key policies that could maximize their prospects of success from which the state, communities and families can benefit.

16 Interviewed on November 27, 2013.

17 Interviewed on October 16, 2013.



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Appendix: Description of Data Sources and Methodology

Survey of Business Owners Public Use Microdata Sample 2007

Unless specified otherwise, all data used in this report was selected from the datasets compiled and special tabulations elaborated by the U.S. Census Bureau. In addition to the tabulations provided for the state, county and city levels through American Fact Finder (AFF) and Business Information Tracking System (BITS), we computed special indicators for the state level using the Survey of Business Owners Public Use Microdata Sample (SBO-PUMS) 2007. The firms in this sample are non-farm businesses that filed taxes as individual proprietorship, partnership or any type of corporation with receipts of \$1,000 or more.

It is important to note that the total number of firms reported for the state of Nebraska in the SBO PUMS 2007 slightly differs from the full tabulation of the SBO 2007. The SBO PUMS 2007 was elaborated from a sample of SBO 2007 to protect confidentiality, excluding publicly held and other non-classifiable firms by gender, race, ethnicity or veteran status. For the same purpose, companies that operate in more than one state or sector were counted in every state/sector combination with no identifiers that could allow us to check for a double count. In the full tabulations of the SBO 2007, businesses with more than one domestic establishment are counted in each industry and geographic area in which they operate, but only once in the total for all sectors and the totals at the national and state levels. Therefore, the total weighted sample size for the state in the SBO PUMS 2007 file is 153,121; that is, 348 firms more than the total classifiable firms reported in the SBO 2007¹⁸. The total unweighted sample size for the state is 15,426, in which 7,745 correspond to employer firms and 7,681 to non-employer firms. The corresponding unweighted sample size for Latino-owned business is 500. Other relevant categories such as female, male, foreign/immigrant and U.S.-born Latino-owned businesses have respectively unweighted sample sizes of 143, 287, 123 and 143.

The SBO PUMS 2007 provides information on the characteristics of up to four business owners per firm. The sample is not intended to represent the universe of business owners in the state but only those owners within the respondent firms. The total unweighted number of business owners sampled in the SBO PUMS 2007 file is 27,287, and 791 are Latino owners.

The main advantage of the use of the SBO PUMS 2007 files versus other datasets¹⁹ is that it permits us to differentiate ownership characteristics by specific relevant categories of firms. Owners can have different ownership statuses according to their shares of stock in their firms. A profile of all owners within Latino-owned firms may filter some owners who do not share the same racial and ethnic backgrounds. For this reason, we have selected from the respondent owners those who are Latinos within Latino-owned businesses (a total of 637 unweighted sample units). In this way, the profile of Latino businesses reflects the characteristics of Latino owners.

Characteristics such as gender, race, ethnicity and veteran status provide the most complete picture of owners. Other detailed variables such as nativity, age and education have a higher non-response rate. Therefore, the socio-demographic profile of business owners provided in this report approximates some characteristics better than others.

Defining Business Ownership by Race and Ethnicity

Following the U.S. Census Bureau guidelines, business ownership is based on the share of equity, interest or stock owned by a particular group with a shared characteristic. For the purposes of this report and in accordance with these guidelines, a business or firm is defined as Latino-owned when a Hispanic-origin owner or owners hold 51% or more of equity or stock in the firm.

Note that race and ethnicity in the SBO 2007 and SBO PUMS 2007 files are collected in separate ques-

18 For more information, see the SBO -PUMS 2007 User Guide available at <http://www.census.gov/econ/sbo/pums.html> and the Methodology section at <http://www.census.gov/econ/sbo/methodology.html?2007>.

19 For instance, while the American Community Survey and Current Population Survey provide statistically representative estimates on the characteristics of the occupied population that is self-employed, they do not permit us to identify the characteristics of their businesses and the status and conditions of their ownership.

tions. A Hispanic-origin owner may be of any race. Additionally, an owner is allowed to check more than one race. Available tabulations at the U.S. Census Bureau website are presented in either aggregate racial categories or ethnic groups, which do not allow us to distinguish the proportion of Latinos within a specific racial group. In order to provide a more accurate comparison, we have combined race and ethnicity categories using the SBO PUMS 2007 file. As a result, we present some tabulations at the state level for non-Hispanic white, non-Hispanic black and non-Hispanic Asian²⁰.

Also, in the SBO PUMS 2007 file, detailed ethnicity groups have been collapsed into Hispanic and non-Hispanic. Therefore, the information on the specific ethnic groups within Hispanic-owned firms (e.g., Other Latino, Puerto Rican, Cuban –and so on) is presented using the published tabulations from the SBO 2007.

Latino-owned Businesses OLLAS Database

In order to identify patterns of spatial and industrial segmentation in cities with the largest number of Latino businesses, we complemented our analysis by creating a more detailed dataset that could identify Latino-owned business by zip codes. OLLAS revised and updated information during 2006 from a list provided by InfoUSA. InfoUSA used owners' surnames to create a list of Hispanic-owned businesses. Therefore, the list potentially excludes businesses owned by Hispanics who do not have obvious Hispanic or Latino surnames. Also, the list may include a business under the assumption that the name is Hispanic or Latino

when in actuality it is not. Because the InfoUSA database was compiled by making phone calls, another possible source of error is the misspelling of either individual names or company names.

In order to verify the information provided by InfoUSA, OLLAS systematically sampled businesses on the list and made phone calls to verify Latino ownership. For the rest of the businesses, supplemental information was used from selected sources including the Nebraska Chamber of Commerce website, the South Omaha Business Association (SOBA), *Directorio Latino*, and last, the Latino newspapers in Nebraska, such as *El Perico* and *Hispanos Unidos*. Also, because the database used industry classifications based on the U.S. Standard Industrial Classification (SIC) system, we changed the codes to the North American Industry Classification System (NAICS), which is compatible with the classification used in SBO 2007.

The OLLAS database provided information for 615 verified Latino-owned businesses in Nebraska, representing 20% of the total Latino firms reported by the Survey of Business Owners in 2007. We realize that the Latino-owned businesses in the OLLAS database will not be as complete as the Census Bureau's SBO, and estimates should be used with caution. However, we developed this database for three reasons: (1) The Census Bureau does not report detailed information for areas with less than 100 firms; (2) the Census Bureau does not divide the areas by zip codes and (3) the contact information for this database can serve for additional research.

20 Given that Native American and other ethnic groups have very small sample sizes in the SBO PUMS 2007, they were discarded as reference groups for comparative purposes.

Appendix Table 1: Number of firms, sales, employment and payroll by sector for Hispanic-owned firms, Nebraska, 2002-2007

Sector	2002						2007											
	Firms			Sales			Employment and Payroll			Firms			Sales			Employment and Payroll		
	Total	Employer	Non-Employer	Total	Employer	Non-Employer	Employment	Annual payroll (\$1,000)	Employment	Total	Employer	Non-Employer	Total	Employer	Non-Employer	Employment	Annual payroll (\$1,000)	
Total for all sectors	1,966	378	1588	433,790	388,387	45403	2,862	63,161	3,063	466	2,597	786,747	710,910	75,837	3,351	85,146		
Agriculture, forestry, fishing and hunting	S	S	n.a.	D	S	n.a.	S	S	43	0	43	136	0	136	0	0		
Mining	S	S	n.a.	D	D	n.a.	a	D	1	0	1	D	0	D	0	0		
Utilities	1	0	1	D	0	n.a.	0	0	3	0	3	D	0	D	0	0		
Construction	253	S	n.a.	23,823	S	n.a.	S	S	412	72	340	69,655	54,760	14,895	328	12,749		
Manufacturing	31	15	16	D	D	n.a.	f	D	59	14	45	244,699	243,546	1,152	587	15,052		
Wholesale trade	S	S	n.a.	S	S	n.a.	S	S	40	9	31	255,557	252,861	2,697	271	13,022		
Retail trade	261	39	222	52,266	43,406	8860	246	5,111	229	45	184	32,480	20,666	11,814	195	3,508		
Transportation and warehousing	S	S	n.a.	S	S	n.a.	S	S	S	S	S	S	S	S	S	S		
Information	12	2	10	D	D	n.a.	b	D	41	2	S	8,238	D	S	c	D		
Finance and insurance	43	S	n.a.	39,795	S	n.a.	S	S	94	34	S	14,735	14,088	S	122	3,747		
Real estate and rental and leasing	59	S	n.a.	2,777	S	n.a.	S	S	S	S	S	S	S	S	S	S		
Professional, scientific, and technical services	134	10	124	7,616	5,731	1885	39	1,573	220	13	207	19,447	13,930	5,517	121	3,890		
Management of companies and enterprises	0	0	0	0	0	0	0	0	1	1	0	D	D	0	b	D		
Administrative support/waste management/ remediation services	98	S	n.a.	8,867	S	n.a.	S	S	322	54	S	16,851	12,481	S	237	6,266		
Educational services	S	S	n.a.	D	D	n.a.	b	D	S	S	S	S	S	S	S	S		
Health care and social assistance	S	S	n.a.	S	S	n.a.	S	S	674	16	658	25,147	13,712	11,436	192	6,032		
Arts, entertainment and recreation	101	3	98	D	1,401	n.a.	47	422	113	0	113	1,227	0	1,227	0	0		
Accommodation and food services	131	91	40	21,786	18,871	2915	612	4,818	146	95	51	30,497	29,052	1,444	739	7,791		
Other services	283	13	270	6,822	2,746	4076	61	950	S	S	S	S	S	S	S	S		
Industries not classified	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		

Source: U.S. Census Bureau, Survey of Business Owners 2002 and 2007, Summary tables A1.

Notes: S = Withheld because estimate did not meet publication standards, D = Withheld to avoid disclosing data for individual companies

Data is included in higher level totals, a = 0 to 19 employees, b = 20 to 99 employees, f = 500 to 999 employees; N.A.= not available information

Appendix Table 2: Number of initial-year establishments, deaths, expansions and contractions with corresponding change in employment and calculated indicators for establishments and employment, U.S. and selected states, 2002-2006

State	Race/ Ethnicity	Initial Year		Deaths		Expansions		Contractions		Net Changes	
		Estab.	Jobs	Estab.	Jobs	Estab.	Jobs	Estab.	Jobs	Estab.	Jobs
United States	Total	5,485,758	53,449,766	1,624,156	-9,902,718	1,562,534	12,590,325	1,305,146	-7,676,080	3,861,602	-4,988,473
	White	5,035,274	50,221,784	1,469,825	-9,124,677	1,434,310	11,695,354	1,209,233	-7,161,102	3,565,449	-4,590,425
	Black	95,330	737,023	37,506	-196,318	24,764	229,311	18,882	-118,692	57,824	-85,698
	Asian	320,527	2,176,260	105,464	-517,130	92,621	584,383	69,375	-337,108	215,063	-269,855
	Other	56,787	453,245	19,195	-96,747	16,777	120,081	12,234	-78,245	37,592	-54,911
	Hispanic	197,893	1,436,854	67,048	-345,606	58,631	430,951	41,089	-202,800	130,845	-117,455
	Non-Hispanic	5,287,865	52,012,912	1,557,108	-9,557,112	1,503,903	12,159,374	1,264,057	-7,473,280	3,730,757	-4,871,018
Nebraska	Total	37,788	366,300	10,276	-58,380	10,542	63,804	9,509	-51,903	27,512	-46,479
	White	36,870	358,047	9,939	(D)	10,271	(D)	9,310	-50,637	26,931	-45,131
	Black	242	1,555	109	(D)	72	568	36	(D)	133	-261
	Asian	605	5,866	206	-715	182	938	137	-968	399	-745
	Other	135	941	32	(D)	62	(D)	34	(D)	103	57
	Hispanic	359	2,508	134	-630	84	807	102	-295	225	-118
	Non-Hispanic	37,429	363,792	10,141	-57,751	10,458	62,997	9,407	-51,608	27,288	-46,361
Iowa	Total	59,117	555,154	15,590	-83,473	16,453	106,359	15,253	-72,329	43,527	-49,443
	White	58,074	546,086	15,186	(D)	16,203	(D)	15,018	(D)	42,888	-49,148
	Black	217	2,128	80	-492	51	(D)	49	(D)	137	-398
	Asian	701	6,052	251	-1,246	157	2,937	179	-1,128	450	563
	Other	232	2,147	86	(D)	53	(D)	72	(D)	146	-692
	Hispanic	375	3,048	123	-718	106	526	76	-479	252	-671
	Non-Hispanic	58,742	552,106	15,467	-82,755	16,347	105,833	15,177	-71,850	43,275	-48,772
Kansas	Total	55,201	529,584	15,189	-85,090	15,374	102,279	14,034	-75,001	40,012	-57,811
	White	53,024	514,576	14,413	(D)	14,831	(D)	13,489	-72,647	38,611	-55,915
	Black	574	3,918	259	-760	117	1,072	105	-645	315	-333
	Asian	1,337	8,649	481	-2,440	321	2,344	359	-1,457	856	-1,553
	Other	536	4,484	146	(D)	152	(D)	142	-755	390	-577
	Hispanic	812	6,889	299	-2,388	224	1,589	136	-585	513	-1,384
	Non-Hispanic	54,389	522,695	14,891	-82,702	15,150	100,690	13,898	-74,415	39,498	-56,427
Missouri	Total	112,653	1,122,655	33,204	-187,499	32,112	225,598	27,296	-148,914	79,449	-110,816
	White	107,698	1,088,381	31,410	-179,156	30,798	218,028	26,164	-143,911	76,288	-105,038
	Black	1,970	14,491	836	-3,402	523	4,365	353	-1,871	1,134	-908
	Asian	2,483	15,483	797	-4,178	678	2,806	624	-2,484	1,686	-3,856
	Other	878	6,524	274	-1,141	236	853	237	-876	604	-1,164
	Hispanic	685	5,519	278	-1,186	175	1,384	118	-581	407	-383
	Non-Hispanic	111,969	1,117,136	32,926	-186,313	31,937	224,213	27,178	-148,333	79,043	-110,433

Source: Calculations based on Special Tabulations of U.S. Census Bureau 2002 Survey of Business Owners and 1989-2006 Business Information Tracking Series. For additional information, see <http://www.census.gov/econ/subs/> and <http://www.census.gov/econ/sbo/>.

Notes:

(D) indicates data withheld by the U.S. Census Bureau to avoid disclosing information for individual companies. N.A. refers to not available information to proceed with calculations.

Appendix Table 2 (continued)

State	Race	Calculated Indicators for Establishments				Calculated Indicators for Employment							
		Survival Rate (%)	% Expansion	% Contraction	% Closings	Jobs Retained	% Jobs created by expansions	% Jobs lost by contractions	% Jobs lost by closings	Average jobs initial year	Average jobs created by expansions	Average Jobs lost by closings	Average jobs lost by contractions
United States	Total	70.4	28.5	23.8	-29.6	90.7	23.6	-14.4	-18.5	9.7	8.1	-6.1	-1.3
	White	70.8	28.5	24.0	-29.2	90.9	23.3	-14.3	-18.2	10.0	8.2	-6.2	-1.3
	Black	60.7	26.0	19.8	-39.3	88.4	31.1	-16.1	-26.6	7.7	9.3	-5.2	-1.5
	Asian	67.1	28.9	21.6	-32.9	87.6	26.9	-15.5	-23.8	6.8	6.3	-4.9	-1.3
	Other	66.2	29.5	21.5	-33.8	87.9	26.5	-17.3	-21.3	8.0	7.2	-5.0	-1.5
	Hispanic	66.1	29.6	20.8	-33.9	91.8	30.0	-14.1	-24.1	7.3	7.4	-5.2	-0.9
	Non-												
	Hispanic	70.6	28.4	23.9	-29.4	90.6	23.4	-14.4	-18.4	9.8	8.1	-6.1	-1.3
Nebraska	Total	72.8	27.9	25.2	-27.2	87.3	17.4	-14.2	-15.9	9.7	6.1	-5.7	-1.7
	White	73.0	27.9	25.3	-27.0	87.4	N.A.	-14.1	N.A.	9.7	N.A.	N.A.	-1.7
	Black	55.0	29.8	14.9	-45.0	83.2	36.5	N.A.	N.A.	6.4	7.9	N.A.	-2.0
	Asian	66.0	30.1	22.6	-34.0	87.3	16.0	-16.5	-12.2	9.7	5.2	-3.5	-1.9
	Other	76.3	45.9	25.2	-23.7	106.1	N.A.	N.A.	N.A.	7.0	N.A.	N.A.	0.6
	Hispanic	62.7	23.4	28.4	-37.3	95.3	32.2	-11.8	-25.1	7.0	9.6	-4.7	-0.5
	Non-												
	Hispanic	72.9	27.9	25.1	-27.1	87.3	17.3	-14.2	-15.9	9.7	6.0	-5.7	-1.7
Iowa	Total	73.6	27.8	25.8	-26.4	91.1	19.2	-13.0	-15.0	9.4	6.5	-5.4	-1.1
	White	73.9	27.9	25.9	-26.1	91.0	N.A.	N.A.	N.A.	9.4	N.A.	N.A.	-1.1
	Black	63.1	23.5	22.6	-36.9	81.3	N.A.	N.A.	-23.1	9.8	N.A.	-6.2	-2.9
	Asian	64.2	22.4	25.5	-35.8	109.3	48.5	-18.6	-20.6	8.6	18.7	-5.0	1.3
	Other	62.9	22.8	31.0	-37.1	67.8	N.A.	N.A.	N.A.	9.3	N.A.	N.A.	-4.7
	Hispanic	67.2	28.3	20.3	-32.8	78.0	17.3	-15.7	-23.6	8.1	5.0	-5.8	-2.7
	Non-												
	Hispanic	73.7	27.8	25.8	-26.3	91.2	19.2	-13.0	-15.0	9.4	6.5	-5.4	-1.1
Kansas	Total	72.5	27.9	25.4	-27.5	89.1	19.3	-14.2	-16.1	9.6	6.7	-5.6	-1.4
	White	72.8	28.0	25.4	-27.2	89.1	N.A.	-14.1	N.A.	9.7	N.A.	N.A.	-1.4
	Black	54.9	20.4	18.3	-45.1	91.5	27.4	-16.5	-19.4	6.8	9.2	-2.9	-1.1
	Asian	64.0	24.0	26.9	-36.0	82.0	27.1	-16.8	-28.2	6.5	7.3	-5.1	-1.8
	Other	72.8	28.4	26.5	-27.2	87.1	N.A.	-16.8	N.A.	8.4	N.A.	N.A.	-1.5
	Hispanic	63.2	27.6	16.7	-36.8	79.9	23.1	-8.5	-34.7	8.5	7.1	-8.0	-2.7
	Non-												
	Hispanic	72.6	27.9	25.6	-27.4	89.2	19.3	-14.2	-15.8	9.6	6.6	-5.6	-1.4
Missouri	Total	70.5	28.5	24.2	-29.5	90.1	20.1	-13.3	-16.7	10.0	7.0	-5.6	-1.4
	White	70.8	28.6	24.3	-29.2	90.3	20.0	-13.2	-16.5	10.1	7.1	-5.7	-1.4
	Black	57.6	26.5	17.9	-42.4	93.7	30.1	-12.9	-23.5	7.4	8.3	-4.1	-0.8
	Asian	67.9	27.3	25.1	-32.1	75.1	18.1	-16.0	-27.0	6.2	4.1	-5.2	-2.3
	Other	68.8	26.9	27.0	-31.2	82.2	13.1	-13.4	-17.5	7.4	3.6	-4.2	-1.9
	Hispanic	59.4	25.5	17.2	-40.6	93.1	25.1	-10.5	-21.5	8.1	7.9	-4.3	-0.9
	Non-												
	Hispanic	70.6	28.5	24.3	-29.4	90.1	20.1	-13.3	-16.7	10.0	7.0	-5.7	-1.4

Source: Calculations based on Special Tabulations of U.S. Census Bureau 2002 Survey of Business Owners and 1989-2006 Business Information Tracking Series. For additional information, see <http://www.census.gov/econ/susb/> and <http://www.census.gov/econ/sbo/>.

Notes:

(D) indicates data withheld by the U.S. Census Bureau to avoid disclosing information for individual companies. N.A. refers to not available information to proceed with calculations. The job retention rate is the percentage of employees who were employed at the beginning of a period and remain at the end of the period. The job creation rate due to expansions refers to the percentage of jobs added to initial employment after subtracting job losses.

Appendix Table 3: Access to financing indicators by owner race and ethnicity and among Latino firms by owner gender and nativity, Nebraska, 2007 (% of respondent firms)

	All Nebraska	NH [†] White	NH Black	NH Asian	Total Hispanic	H. [†] Foreign- born	H. U.S.- born	H. Female	H. Male
Amount of start-up capital									
<i>Not reported</i>	7.3	7.2	9.3	6.4	7.6	1.4	1.7	9.2	7.9
<i>Less than \$5,000</i>	28.2	28.3	38.0	19.6	20.7	17.9	23.5	23.8	21.7
<i>\$5,000 to \$9,999</i>	7.5	7.5	3.5	6.3	5.1	5.0	2.0	2.3	4.8
<i>\$10,000 to \$24,999</i>	8.8	8.9	2.8	9.9	9.0	17.8	7.4	6.6	10.5
<i>\$25,000 to \$49,999</i>	5.3	5.3	3.8	6.6	2.1	3.6	2.3	0.5	2.8
<i>\$50,000 to \$99,999</i>	5.2	5.3	0.8	4.4	4.3	5.5	6.0	0.8	6.9
<i>\$100,000 to 249,999</i>	5.0	5.1	1.3	3.2	2.6	5.9	1.9	1.6	3.2
<i>\$250,000 to \$999,999</i>	2.7	2.7	0.6	4.9	1.8	0.5	3.3	0.5	2.5
<i>\$1,000,000 or more</i>	0.8	0.8	0.0	0.7	0.7	0.0	1.7	0.0	0.1
<i>Don't Know</i>	7.9	7.8	5.7	21.2	11.3	11.8	10.0	14.4	9.7
<i>Not applicable</i>	21.3	21.0	34.2	16.9	34.7	30.7	40.1	40.4	30.0
Sources of start-up capital*									
<i>Savings</i>	51.9	52.0	48.3	56.8	45.7	53.5	46.1	36.4	49.7
<i>Other personal assets</i>	8.6	8.8	2.5	9.6	4.0	6.1	4.4	1.0	3.2
<i>Home equity loan</i>	3.5	3.5	0.9	5.1	3.2	2.7	4.9	0.5	3.0
<i>Credit cards</i>	8.1	8.0	9.9	6.5	9.5	9.7	9.9	1.3	14.8
<i>Government loan</i>	1.0	1.0	0.6	0.9	0.6	0.0	0.6	0.0	0.3
<i>Government guaranteed bank loan</i>	1.3	1.3	0.6	1.7	1.1	2.0	0.2	1.9	0.0
<i>Bank loan</i>	17.7	17.9	4.0	7.5	12.3	17.2	10.2	5.3	11.7
<i>Family/friend loan</i>	3.0	3.0	1.5	6.2	1.7	1.6	0.5	0.5	0.6
<i>Venture capitalist investment</i>	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Grants</i>	0.3	0.3	1.0	0.0	0.1	0.0	0.2	0.0	0.2
<i>Other sources</i>	1.4	1.4	0.0	1.9	0.8	0.2	1.4	0.0	1.2
<i>Don't know</i>	3.9	3.8	5.3	13.1	5.3	5.5	3.9	10.0	3.4
<i>None needed</i>	21.3	21.0	34.2	16.9	34.7	30.7	40.1	40.4	30.0
<i>Not reported</i>	5.2	5.3	4.6	2.2	5.7	0.5	0.4	6.7	6.5
Expansion capital sources*									
<i>Savings</i>	25.2	25.0	26.5	25.3	31.2	43.4	35.0	21.1	32.0
<i>Other personal assets</i>	3.8	3.8	1.8	4.3	5.2	5.5	7.3	1.0	6.8
<i>Home equity loan</i>	2.6	2.6	1.0	1.7	4.1	5.9	4.8	0.7	6.0
<i>Credit cards</i>	9.6	9.6	10.3	6.4	11.2	9.9	13.4	3.6	15.1
<i>Government loan</i>	0.5	0.6	0.0	0.1	0.1	0.2	0.1	0.1	0.1
<i>Government guaranteed bank loan</i>	0.3	0.4	0.0	0.1	0.1	0.2	0.1	0.0	0.2
<i>Bank loan</i>	13.2	13.5	3.1	4.1	7.6	10.4	8.4	2.5	9.1
<i>Family/friend loan</i>	0.7	0.7	0.8	1.8	1.2	0.5	2.5	0.1	1.9
<i>Venture capitalist investment</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Grants</i>	0.2	0.2	0.2	0.0	0.0	0.2	0.0	0.0	0.1
<i>Other sources</i>	0.7	0.7	0.0	0.4	0.6	0.0	1.4	0.0	1.1
<i>Don't know</i>	6.1	5.9	6.2	17.7	8.1	2.2	7.2	10.5	7.6
<i>No access</i>	1.2	1.1	2.7	1.6	3.0	3.4	0.6	2.5	4.2
<i>No expansion</i>	43.2	43.3	54.0	41.2	36.3	41.2	39.7	44.1	33.3
<i>Not reported</i>	7.2	7.2	3.2	4.2	11.5	1.9	6.1	15.0	11.9

Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007.

Notes:

* Percentages do not add up to 100% because respondents could select more than one option.

† NH: Non-Hispanic, H: Hispanic

Appendix Table 4: Socio-demographic characteristics of business owners by race and ethnicity, Nebraska, 2007 (% of respondent owners)

	Hispanic	NH [†] White	NH Black	NH Asian
Total	3,775	223,988	3,323	3,080
Gender				
<i>Male</i>	58.1	60.1	40.7	51.0
<i>Female</i>	41.9	39.9	59.3	49.0
	100.0	100.0	100.0	100.0
Age				
<i>Not reported</i>	20.0	20.9	25.9	22.5
<i>Under 25</i>	4.0	2.1	2.9	1.8
<i>25 to 34</i>	15.5	8.5	10.0	13.1
<i>35 to 44</i>	20.9	14.8	21.5	31.1
<i>45 to 54</i>	25.0	23.8	13.6	22.4
<i>55 to 64</i>	10.2	19.1	17.1	7.7
<i>65 or over</i>	4.3	10.9	9.1	1.5
	100.0	100.0	100.0	100.0
Nativity				
<i>U.S.-born</i>	42.6	77.2	59.3	5.4
<i>Foreign-born</i>	35.0	1.3	12.3	68.9
<i>Unreported</i>	22.4	21.6	28.4	25.7
	100.0	100.0	100.0	100.0
Education				
<i>Not reported</i>	19.7	21.0	25.1	24.8
<i>Less than high school</i>	21.7	2.2	7.3	8.9
<i>High school</i>	22.4	19.1	13.3	16.3
<i>Technical school</i>	1.6	7.5	8.8	4.6
<i>Some college</i>	9.5	14.0	18.7	6.9
<i>Associate's</i>	3.5	5.3	2.4	3.7
<i>Bachelor's</i>	9.0	20.2	12.9	19.8
<i>Master's +</i>	12.6	10.7	11.6	15.0
	100.0	100.0	100.0	100.0
Veteran status	12.5	14.1	14.0	0.6
Disabled veteran	23.3	8.4	23.8	0.0

Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007.

Notes:

[†] NH: Non-Hispanic

Appendix Table 5: Self-employment characteristics of business owners by race and ethnicity, Nebraska, 2007 (% of respondent owners)

	Hispanic	NH [†] White	NH Black	NH Asian
Initial form of ownership acquisition				
<i>Founded</i>	59.7	53.7	52.6	59.4
<i>Purchased</i>	19.0	17.5	11.6	36.4
<i>Inherited</i>	1.1	3.1	0.3	0.0
<i>Received</i>	1.7	4.3	2.8	4.2
<i>Not reported</i>	18.6	21.4	32.7	0.0
	100.0	100.0	100.0	100.0
Year acquired				
<i>Not reported</i>	21.1	20.9	30.0	26.3
<i>Before 1980</i>	4.6	10.0	1.7	0.6
<i>1980-1989</i>	8.4	12.2	9.8	5.2
<i>1990-1999</i>	13.4	19.1	9.1	16.8
<i>2000-2004</i>	18.0	18.0	8.7	13.7
<i>2005</i>	10.6	5.0	8.9	8.3
<i>2006</i>	8.4	4.9	11.6	9.0
<i>2007</i>	11.7	6.8	12.3	16.9
<i>Don't know</i>	4.0	3.1	8.0	3.2
<i>2000s</i>	52.6	37.8	49.4	51.1
	100.0	100.0	100.0	100.0
Functions at business*				
<i>Providing services and/or producing goods</i>	56.7	45.9	49.0	49.5
<i>Managing day-to-day operations</i>	32.3	38.4	32.9	30.4
<i>Financial control with the authority to sign loans, leases and contracts</i>	23.8	34.7	19.7	23.3
<i>None of the above</i>	11.3	13.4	10.0	8.4
<i>Not reported</i>	19.5	20.8	27.3	25.6
Hours spent working at business				
<i>Not reported</i>	19.1	20.8	25.8	24.8
<i>None</i>	4.9	9.8	9.0	5.7
<i>Less than 20 hours a week</i>	18.6	25.0	23.3	16.3
<i>20 to 39 hrs</i>	14.3	11.5	21.2	9.6
<i>40 hrs</i>	9.5	6.7	5.3	10.3
<i>41 to 59 hrs</i>	21.7	16.1	6.3	21.7
<i>60 or more hrs</i>	11.9	10.0	9.1	11.6
	100.0	100.0	100.0	100.0
Business is primary source of income	45.0	37.5	27.3	44.6
Previously self-employed	19.7	27.3	22.3	19.0

Source: Calculations based on U.S. Census Bureau, SBO PUMS 2007.

Notes:

* Percentages do not add up to 100% because respondents could select more than one option.

† NH: Non-Hispanic

