

Latino-owned businesses growing rapidly in Michigan

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May 3, 2016

For Immediate Release

According to results from the 2012 Survey of Business Owners conducted by the U.S. Census Bureau, the number of Latino-owned businesses in Michigan increased by 84.8 percent between 2007 and 2012. That is nine times the growth rate of 9.4 percent experienced between 2002 and 2007.

By comparison, the state's rate of business growth was 2.1 percent between 2007 and 2012.

“At the national level the growth rate for Latino-owned businesses was 46.3 percent for that period, compared to the national business growth rate of 1.9 percent,” said Rubén Martínez, director of the Julian Samora Research Institute (JSRI).



University Outreach and Engagement

“Michigan’s economy could benefit by eliminating barriers that hinder the growth and success of Latino businesses, especially at a time when they are growing rapidly,” said Rex LaMore, director of the Center for Community and Economic Development (CCED).

JSRI and CCED, both at Michigan State University, are partnering to conduct a survey of Latino businesses in Michigan to inform service providers of their characteristics, needs, and challenges. CCED and JSRI are collaborating with Latino chambers of commerce in conducting the survey.

“Challenges to Latino businesses include access to start-up funds, with studies indicating that Latinos tend to rely on personal savings and informal credit sources to start businesses. Further, loan and service programs are underutilized, pointing to problem of limited outreach to this population segment and to the lack of culturally competent services,” said Martínez.

Data from ReferenceUSA, an internet service provider of Infogroup, show that Latino businesses are concentrated in Services (46.6%), retail trade (17.7%), and Construction (9.2%).

The growth of Latino businesses continues to reflect the growth of this population subgroup, both in Michigan and across the nation. In Michigan, the size of the Latino

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population was estimated at 476,000, but because of undercounts and growth since then, the figure is closer to 500,000, or 5 percent of the state's population.

At the same time, despite the rapid increases in the number of Latino businesses in the state, they comprise only 2.4 percent of the state's businesses. As these firms are recent start-ups, they are less likely to have paid employees (9.4%), compared with non-Latino firms (18.7%).

Approximately one in four has sales/receipts of less than \$5,000, compared to one in five among non-Latino businesses. Further, 28.7 percent have sales/receipts of \$10,000 to 24,999, compared to 22.5 percent among non-Latino firms. Altogether, Latino businesses in Michigan generate approximately annual sales/receipts of \$4.6 billion.

Approximately 43.8 percent of Latino businesses with paid employees have from 1 to 4 employees, compared to 48.8 percent of non-Latino businesses. However, Latino businesses (14.9%) with paid employees are more likely than their non-Latino counterparts (10.6%) to have 10 to 19 employees).

Latino-Owned and Total Business Growth, Michigan and U.S., 2007-2012						
Geo-Unit	2007		2012		Rate of Growth	
	Latino	Total	Latino	Total	Latino	Total
Michigan	10,770	816,972	19,890	834,087	84.8%	2.1%
U.S.	2,260,309	27,110,353	3,305,873	27,626,360	46.3%	1.9%

More information is available at www.jsri.msu.edu.

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