

Chapter 4

Portrait of the Hispanic Entrepreneur in the United States

Deborah Ramirez Bishop
Saginaw Valley State University, USA

Christopher J. Surfield
Saginaw Valley State University, USA

ABSTRACT

The rate of entry of Hispanics into entrepreneurial activity increased from a monthly average rate of new business creation of 0.33 percent of Hispanic adults in 1996 to a rate of 0.52 percent in 2011, while remaining relatively constant for White, non-Hispanics (Fairlie, 2012). Using the NLSY, 1979 Cohort, this chapter presents a portrait of Hispanic entrepreneurs in the United States and provides a comparison to non-Hispanic entrepreneurs on a number of human capital and socio-demographic variables to develop a better understanding of the factors that contribute to the decision to pursue entrepreneurship. Comparisons are also made among Hispanic origin groups.

INTRODUCTION

Hispanics are the fastest growing demographic group in the United States. While the general U.S. population increased 9.9 percent from 2000-2010, the number of Hispanics in the U.S. increased 44.1 percent over that same time period. The proportion of Hispanic residents has increased from 12.5 percent of the U.S. population in 2000 to 16.4 percent in 2010 (Motel, 2012). The U.S. Department of Labor's Bureau of Labor Statistics projects growth in the labor participation rate of

Hispanics of 3.0 percent annually between 2011 and 2020, compared with an annual 0.2 percent decline in the White, non-Hispanic, labor participation rate. In 2010, the Hispanic labor force was 22.7 million with a 14.8 percent share of the total U.S. labor force, and it is projected to reach 30.5 million in 2020, with an 18.6 percent share (Toossi, 2012).

With Hispanics constituting an increasingly larger share of the U.S. workforce, determining future labor force trends will require an understanding of occupational decisions made by Hispanic

DOI: 10.4018/978-1-4666-7533-9.ch004

workers. The rate of entry into entrepreneurial activity began to increase for Hispanics in the latter part of the 2000s. In 1996, an average of 0.33 percent of Hispanic adults created a new business each month in the United States. That rate, 0.33 percent, was the same for White, non-Hispanic, adults, and was 0.31 percent for the total population. By 2011, the rate had increased to 0.52 percent for Hispanics while remaining relatively constant for White, non-Hispanics (Fairlie, 2012). If we wish to promote entrepreneurship as a way to stimulate the economy, it can be instructive to see the pathways to entrepreneurship taken by the fastest growing ethnic minority group in the United States. This chapter focuses on the differences between Hispanic and non-Hispanic workers that may affect their decisions to enter entrepreneurship, and presents a portrait of Hispanic entrepreneurs in the United States.

LITERATURE REVIEW

Research on entrepreneurship is varied. One stream of research seeks to discover the reasons that an individual makes a choice to pursue self-employment as a primary occupational activity. Sequeira, Mueller, & McGee (2007) have identified several approaches that have been used to identify why someone would choose to become an entrepreneur: explaining how ideas evolve into new ventures, applying motivation models to explain the impact of individual differences on choice of entrepreneurship and focus on the “gestation” period during which the process of entrepreneurial behavior takes place. Both internal and external reasons contribute to the decision to start a business. Risk-taking has been found to have an impact on the decision to enter self-employment (Wang, Prieto, Hinrichs, & Milling, 2012). External reasons include access to capital and perceived ability to meet market demands, while internal reasons include individual motivation and personality factors (Lofstrom & Wang, 2007; Schiller &

Crewson, 1997; Krueger, 1998). While access to capital should (theoretically, at least) be similar for all demographic groups, individual factors can be expected to differ based on race, ethnicity and other demographic characteristics. Differences in human capital and individual characteristics have been found between Hispanic and non-Hispanic managers and professionals (Bishop & Surfield, 2012; Johnson, Ruiz, & Nguyen, 2012), and thus may be expected to be found among entrepreneurs.

Kroeck, Bullough & Reynolds (2010) found significant differences in locus of control between nascent entrepreneurs and non-entrepreneurs using panel data from the U.S. Panel Study of Entrepreneurial Dynamics and a domain-specific measure of internal locus of control. An internal locus of control indicates a strong belief in personal control of one’s destiny, while an external locus of control indicates a greater belief in the power of luck or fate in impacting the events that shape one’s life. They found that female entrepreneurs were more internal than male entrepreneurs, despite women in the comparison group and overall scoring more external than men. Hispanic entrepreneurs were found to be slightly less internal than White/Caucasian entrepreneurs.

In their review of research on the relationship between education and entrepreneurship, Dickson, Solomon, & Weaver (2008) concluded that there is a significant and positive relationship between education and entrepreneurial performance, but the findings regarding the link between general education and the decision to enter entrepreneurship are ambiguous. In their longitudinal study of predictors of entrepreneurship in Britain, Schoon & Duckworth (2012) found that, for men, academic attainment at age 10 was negatively associated with entrepreneurial intention at age 16. For women, academic attainment at age 10 was negatively associated with becoming an entrepreneur by age 34.

This chapter presents a portrait of Hispanic entrepreneurs in the United States and provides a comparison to non-Hispanic entrepreneurs. For purposes of this study, an entrepreneur is

16 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/portrait-of-the-hispanic-entrepreneur-in-the-united-states/125078

Related Content

Disruptive or Sustaining Impact of WLAN Hotspots?: The Role of Business Model Innovation in the Western European Hotspot Markets

Stefan Hüsigg (2012). *International Journal of Innovation in the Digital Economy* (pp. 41-58).

www.irma-international.org/article/disruptive-sustaining-impact-wlan-hotspots/61409

A Conceptual View of Knowledge Management Adoption in Hospitality Industry of Developing Economies

Abel Usoroand Bridget Abiagam (2012). *Leveraging Developing Economies with the Use of Information Technology: Trends and Tools* (pp. 39-56).

www.irma-international.org/chapter/conceptual-view-knowledge-management-adoption/65926

Which E-Lifestyle Avoids Internet Advertising More?

Amir Abedini Koshksarayand Kambiz Heidarzadeh Hanzae (2014). *International Journal of Innovation in the Digital Economy* (pp. 22-36).

www.irma-international.org/article/which-e-lifestyle-avoids-internet-advertising-more/119461

Cybersecurity Best Practices and Cultural Change in Global Business: Some Perspectives from the European Union

José Manuel Saiz-Alvarezand Guillermo Calleja Leal (2017). *Global Perspectives on Development Administration and Cultural Change* (pp. 48-73).

www.irma-international.org/chapter/cybersecurity-best-practices-and-cultural-change-in-global-business/164742

Instructional Design and Technology Implications for Indigenous Knowledge: Africa's Introspective

Wanjira Kinuthia (2007). *Information Technology and Indigenous People* (pp. 105-116).

www.irma-international.org/chapter/instructional-design-technology-implications-indigenous/23540