2021 STATE OF LATINO ENTREPRENEURSHIP

PHOENIX, AZ METRO AREA

Stanford Latino Entrepreneurship Initiative surveyed 15,000 employer businesses in 2021 as part of its annual national survey to assess the current state of U.S. Latino entrepreneurship. We have compiled some of the most pressing insights about Latino-owned employer businesses in the Phoenix metropolitan area.

There are 5,554 Latino-owned businesses in the area. With 9 Latino-owned companies for every 100 White-owned businesses, the Phoenix metro area has a higher concentration of Latino-owned businesses than the United States at large (8 LOBs for every 100 WOBs).

LATINOS IN TECH

2.6x LOBs are 2.6 times more likely to be in tech than WOBs in the Phoenix metro area.

At the national level, LOBs are 1.4x more likely to be in tech than WOBs.

TOP CUSTOMERS FOR BUSINESSES

1. Consumers (B2C) 75% LOBs 70% WOBs
2. Businesses (B2B) 16% LOBs 23% WOBs
3. Nonprofit 9% LOBs 5% WOBs

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FAMILY-ORIENTED

1.3x Latino-owned businesses are 1.3 times as likely as WOBs to report their primary goal as an entrepreneur is to operate a business that can be inherited by their family.

EFFECT OF PANDEMIC

The COVID-19 pandemic was challenging for Latino-owned firms across the country, although fewer Latino-owned firms in the Phoenix metro area reported negative impacts of the pandemic than Latino businesses across the country (53% LOBs in Phoenix vs. 62% LOBs nationwide).

PROFITABILITY OF BUSINESS

LOBs are substantially less likely to be profitable than WOBs (21% and 52%, respectively) in the Phoenix metro area. This trend aligns with national patterns (43% LOBs and 49% WOBs).

LIQUIDITY

LOBs report having less available cash to cover business operations than WOBs in the Phoenix metro area. This pattern is consistent with national trends.

OUTSTANDING BUSINESS DEBT

Businesses in the Phoenix metro area have less outstanding debt than businesses across the country. Concurring with national trends, LOBs in the Phoenix metro area have higher outstanding business debt than WOBs.

COLLATERAL REQUIREMENTS FOR LOANS

In the Phoenix metro area, LOBs are more likely to be asked to provide collateral than WOBs when taking out loans. The double-digit gaps occur across all types of collateral requested.

NOTES: All data reported are for Latino-owned employer businesses (LOBs) and non-Hispanic White-owned employer businesses (WOBs). Our research focuses on employer firms earning over $10,000 in revenue to resemble Census parameters (MOE +/- 4%).


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