Bay Honors Consortium Honors Research Symposium 2017

Proposal Number: 1
Individual

Latinxs in Entrepreneurship: Understanding why Latinx startups have less diverse financing options

A study of Bay Area Latinx startups and their sources of capital.

Abstract

For many years Latinxs have been the largest and fastest-growing minority group in the United States, however, they are underrepresented in the entrepreneurship community. Research done by the Stanford Latino Entrepreneurship Initiative suggests that the problem lies in Latinx businesses struggling with the scaling from small to large firms. They further illustrate that a crucial reason behind this is the lack of diversified financing options. For example, last year 56% of Latinx businesses used only one source of capital to start, likely personal funds or credit cards. For my research, I wanted to see if I could confirm their results within the Bay Area. My talk will present my results and make suggestions for any future Latinx entrepreneurs who may need help diversifying their funds when creating a company. This is an untapped source of economic growth for the United States; helping Latinx businesses scale is crucial to all citizens.

Methodology

I located ten Latinx startup companies in the Bay Area and interviewed their founders about their current financing status. Have they sought out venture capital funds or angel investors? Did they apply for bank loans or government grants? I also studied their reasoning in developing their overall financing strategy.

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