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THE INTERNATIONAL TRADE FOOTPRINT OF LATINO-OWNED EMPLOYER BUSINESSES

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“The International Trade Footprint of Latino-owned Employer Businesses”

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Abstract. Nearly half of employer Latino-owned businesses (LOBs) with annual sales greater than \$10,000 engage in some form of international trade (exports and/or imports). Yet very little is known of LOBs and their international business activities. The present research relies upon a national survey of over 3,000 employer LOBs conducted in 2018 to provide baseline information on LOB international engagement. Multivariate analyses explore the determinants of international business activity for LOBs as exporters and/or importers. Important findings for LOB entrepreneurs include Latino origin, age, acculturation, and self-employment matter when engaging in international business activity. At the firm level, firm age, size, and ethnic product assortment are also significant in determining international business activity. Providing additional qualitative international business context to the national survey are four LOB case histories from Laredo, Texas. Managerial and policy implications are also presented.

Key Words: Latino-owned Businesses, International Trade, Business Case Histories

1. Introduction

According to the US Census Bureau, 9,900 Latino-owned employer businesses¹ exported \$11.6 billion worth of merchandise goods to 116 countries in 2018 (U.S. Census, 2019). These 9,900 enterprises did so while generating \$73.0 billion in annual sales (both domestic and international), employing 187,978 paid workers, and distributing \$9.1 billion in payroll.² These are consequential data for the fastest growing business segment in the US—Latino-owned businesses (Orozco et al., 2021). Yet very little has been written on the global footprint of Latino-owned businesses (LOBs). This article seeks to redress this omission beginning with an overview of merchandise exports.

In 2018, 3.0% of Latino-owned employer businesses engaged in merchandise exports (LOBXs); this percentage is comparable to the 3.1% of total US employer businesses engaged in merchandise exports (U.S. Census, 2019). The top merchandise export destinations by number of LOBXs is clearly Mexico (31.3% of LOBXs sell in Mexico), followed by Canada, Colombia, Costa Rica, Panama, and the United Kingdom (see Table 1). Export destination activity by world region with at least 15 LOBXs engaged in trade include 44 nations in the Western Hemisphere (Latin America, Caribbean & Canada), 25 nations in Europe, 19 nations in Asia and Oceania, 15 nations in Sub-Saharan Africa, and 13 nations in North Africa and the Middle East (U.S. Census, 2019).

[Insert Table 1 about here.]

By export sales volume, Mexico is the dominant export location for LOBXs comprising 30.2% (\$3.5 billion) of all LOBX sales. This mirrors the number of LOBXs active in the Mexican market. Canada is next, solidifying North America as the preeminent export platform for LOBXs. Yet, Canada and all other foreign markets pale in comparison to the sales volume of LOBXs engaged in Mexico. Hong Kong is in third place and is the last remaining country destination with at least

¹ According to the US Census data on merchandise exports used here, employer businesses have at least one paid employee.

² The collection and reporting of export data for merchandise goods by ethnicity is a unique strength of the US Commerce Department. Less robust is the collection and reporting of service trade and import data.

a five percent share of LOBX exports. The remainder of export markets with at least one percent of LOBX sales are in Europe or Latin America. The top 25 export markets for LOBXs by sales volume are listed in Table 2.

[Insert Table 2 about here.]

As with the US businesses generally, it is the largest LOBXs by sales volume and number of employees that undertake most of the exports. LOBXs with sales of \$1 million or more constitute 86.7% of LOBX sales (see Table 3, Panel A). This also corresponds with employee size as the largest LOBX employers export on average much more than smaller LOBXs (see Table 3, Panel B). Size matters when going international. Nonetheless, small numbers of employees or small sales volumes, however, do not prohibit LOBX engagement. Yet the proportion of all sales that are from international markets comprises 15.9% of total sales for LOBXs in 2018. This may suggest that most LOBXs undertake a stepped internationalization strategy where internationalization is a gradual process when competitive pressures for cost and adaptation are low and organizational learning relevant (Johanson & Vahlne, 1977, 2017; Melin, 1992).

[Insert Table 3 about here.]

Merchandise exports are only part of the international trade picture. Missing from this international trade view are imports as the US Commerce Department does not release the same level of detail for imports as it does for exports. The data presented above is only a high-level overview that omits many firm-specific characteristics. This exploratory research seeks to expand our understanding of LOBs engaged in international trade through the extended use of a unique dataset of more than 3,000 employer LOBs surveyed in 2018 through the Stanford Latino Entrepreneurship Initiative (SLEI) housed in Stanford University's graduate school of business. The annual SLEI survey of LOBs in 2018 included one-time only questions regarding LOB exports and imports permitting a closer view of the international activity of LOBs. For same-year comparisons, 2018 is used as the base year for SLEI and US Census data. Employer LOBs with at least one employee and annual sales above \$10,000 are the primary focus of this study, thus culling own account microenterprises.

With little written on the internationalization of LOBs, a baseline knowledge of LOB international activity is warranted and merits as a contribution to and convergence with the literatures on Latino studies, entrepreneurship, and international business. International business scholars increasingly advocate cross-disciplinary approaches that reach out and impact allied fields (Buckley et al., 2017). The 2018 SLEI data allows an exploratory pursuit of the following research questions: 1) What is the international trade footprint of employer LOBs? 2) What differentiates employer LOBs that only trade in the domestic sphere from employer LOBs that also trade internationally? 3) What differentiates employer LOB importers-only from employer LOB exporters-only from employer LOB exporters-importers? and 4) Does cultural affiliation matter in employer LOB trade patterns?

The remainder of this article is organized as follows. Section two provides a review of the pertinent literature. Section three illustrates four brief case histories of LOB international activity offering context for the empirical results that follow. Section four describes the data, descriptive statistics

and methodology employed in this study. Section five reports on the results and provides a discussion of the results. The last section concludes the article with a focus on managerial and policy implications.

2. Literature Review

Three strands of literature—international business, entrepreneurship, and Latino studies—guide this research focused on the international footprint of Latino-owned businesses.

2.1 International Business

One of the central research questions within the international business literature is the focus on why firms choose to go international (Buckley, 2002). This assumes that firms do engage in international activity. However, a search in ProQuest (i.e., ABI/Inform and EconLit) of peer-reviewed articles on the topic of Latino/Hispanic and international business/trade returned zero articles. So even before the why of LOBs and international business, a foundation baseline noting that LOBs are engaged in international business activity began this research endeavor and is explored further as the first research question.

Why firms go international may be considered within Peng's (2004, p. 99) ongoing big question for international business scholars: "What determines the international success or failure of firms?" Peng suggests that a firm's strategic ability to navigate institutions, both formal and informal (North, 1990), and leverage resources and capabilities enhance firm performance (Barney, 1991). Formal institutions include written laws, regulations, and rules that fall within the regulatory control of government. Informal institutions include ethics, norms, and culture or the unwritten rules of the game that fall under the normative and cognitive pillars of institutional theory (Scott, 1995). Firm resources and capabilities may be tangible (e.g., physical location, patents) and intangible (e.g., reputation, talent, cross-cultural agility) and secured by the resource-based view (i.e., the VRIO framework [Barney, 2011]).

The why of going international is often coupled with how a firm goes international. The how is often displayed as foreign market entry modes with direct exports viewed as an early non-equity and low-risk step in the internationalization process (Ghemawat, 2007; Johanson & Vahlne, 1977; Perlmutter, 1969). Often the international business literature is more outward-looking (export-focused) than inward-looking (import-focused), notwithstanding the recent focus on supply chain challenges associated with Covid-19. However, strategic sourcing of imports (or supply chain), either as intermediate goods or final goods, is also a component part of the internationalization process for firms (Kotabe, 1992; Swamidass, 1993).

2.2 Latino Studies

Latino studies focus on ethnic peoples in the United States with origins in Spanish- and Portuguese-speaking nations—Iberia and Latin America—and who identify as Latino (Lopez et al., 2021). In essence, Latinos³ share in many ways a common pan-ethnic culture, noting that Latinos from different national origins are not homogeneous (Orozco et al., 2021). Shared language and cultural attributes, or cultural capital, facilitate the connection of peoples across pan-ethnic national borders. This pan-ethnic cultural sharing allows for smoother transitions within the pan-ethnic sphere. Examples include Univision's US news anchor Jorge Ramos originally from

³ Latino and Hispanic are used interchangeably in this article.

Mexico (Ramos, 2010) and even across the pan-ethnic divide, for example the music and lifestyle of Colombian singer Shakira (Cepeda, 2003).

The acquisition and use of cultural capital, sometimes referred to as social capital (Bourdieu, 1977; Verdaguer, 2009), may help overcome cross-national institutional complexity when doing business internationally. This complexity is known as the liability of foreignness in the conduct of international business (Zaheer, 1995). Such liability or additional business costs are accrued because of asymmetry of information and differences in doing business in another country. Transnationalism may strengthen social capital and lessen the liability of foreignness through the familiarity and maintenance of cultural and structural ties (Levitt & Waters, 2002). Cultural ties may be maintained through specific lifestyle and cultural practices whereas structural ties may physically connect through familial origin country visits and contacts (Richardson & Pisani, 2017). In this regard, cultural affiliation may assist LOB international business activity.

2.3 Entrepreneurship

Generally, entrepreneurship may be seen through the prism “of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000, p. 218). While such entrepreneurial endeavors may be induced by necessity or opportunity in the domestic arena (Williams, Round, & Rodgers, 2006), international entrepreneurship is viewed as purposeful, in essence seizing an opportunity to capture and build upon market opportunities (Kirzner, 1973) across borders (McDougall & Oviatt, 2000).

Latino entrepreneurship is a developing and young field of inquiry. Much of the earliest research centered on the Latino immigrant self-employment experience (Borjas, 1986) in ethnic enclave environments (Portes & Jensen, 1989; Wilson & Portes, 1980). The study of Latino enclaves persists with salient findings regarding employment discrimination, firm informality, and economic opportunism as drivers of entrepreneurship (Aguilera, 2009; Cervantes-Rodriguez, 2006; Orozco, 2021; Pisani et al., 2017; Richardson & Pisani, 2012; Valdez, 2011). More recently, the field has widened to include general and national study of Latino entrepreneurship (Dávila & Mora, 2013; Orozco et al., 2021; Pisani, 2022). The current state of theory and practice of Latino entrepreneurship and research is offered in *Advancing U.S. Latino Entrepreneurship: A New National Imperative* (Orozco et al., 2020) where novel research topics, innovative approaches, and unique data define the field and offer guidance for future research.

There are a few studies that connect Latinos and immigrant Latinos with international business activity to specific locations based upon transnational connections.⁴ Cervantes-Rodriguez (2006) reports on a small group of immigrant self-employed Nicaraguans in Miami doing business with partners in Nicaragua based on pre-established relationships and business networks. Other Latino enclaves (Patterson, New Jersey) and territories such as Puerto Rico have received some attention (Mantilla, 2020; Muschi, 2022). Latino cross-border informal or “off the books” business⁵ along the US-Mexico border is the subject of several studies from El Paso (Staudt, 1998) to South Texas (Pisani, 2013; Pisani & Richardson, 2012; Pisani et al., 2017; Richardson & Pisani, 2012) between Mexico-origin entrepreneurs in the Texas borderlands with Mexico.

⁴ This is distinct from remittance flows where a small percentage of remittances are used for business start-up, maintenance, or expansion in origin countries (see for example Pisani and Guzman, 2016).

⁵ This trade is also known as the *hormiga* or ant trade because of the small-scale nature of the business activity.

In convergence, these three strands of literature help position the current research study focused on LOB cross-border activity. The next section highlights four selected case histories to provide context and practice of LOB internationalization.

3. Four LOB Case Histories

Four mini-case business histories are presented in this section to provide qualitative context for the survey results to follow. Laredo, Texas was chosen as the location of the mini-cases due to the centrality of LOBs in a majority Latino community, the geographical emphasis on cross-border/international trade with Mexico, and the author's affiliation with the community. Laredo is located on the US-Mexico border in South Texas and is the largest inland port in the US facilitating US-Mexico trade.⁶ On an average day in 2020, 14,000 or more trucks with trailers and 650 or more railroad cars loaded with goods passed through the Laredo area commercial truck and rail bridges (Laredo Economic Development Corporation, 2022). The business community has specialized in the movement of cross-border goods where may be found a concentration of over 400 US customs brokers in partnership with their Mexican counterparts.

The flow of cross-border goods is not seamless, it requires complex and time-sensitive coordination of import/export documentation, transportation infrastructure and networks (roads, bridges, truck and rail yards, trucks, trailers, railcars, etc.), secure storage for offloading and reloading goods as is often the case in the cross-border flow of goods, and people (customs brokers, truckers, warehousemen, security, freight forwarders, customs agents, etc.). The acquisition of a customs broker's license is open to US citizens that pass a federal licensure examination with ensuing background checks to assess moral character. For Mexico, the acquisition of a customs broker's license is elaborate and dynamic, including requisites of Mexican citizenship and education, and the good fortune of family lineage where licenses are often passed down from one generation to the next. Typically, it is the customs broker that is the organizing unit for this cross-border activity and the business histories of three such LOBs from Laredo—Ermilo Richer Customs Agency, Librado Piña, Inc., and Lopezadri—are presented next. This is followed by a fourth mini-case history of Twenty One Textiles, a hybrid forwarding business specializing in wholesale textile sales into Mexico.⁷

3.1 RICHER Customs Agency

The process of moving goods between the US and Mexico became more formalized at the beginning of the 20th century. By design, a customs broker is embedded in the middle of international trade. Begun in 1917, the RICHER (ER) Company, named after Ermilo Richer the founder, was one of the very first and now one of the oldest in Laredo to officially facilitate the border crossing of goods. Now in its 4th generation family business, ER has grown from its beginning facilitating the intermittent movement of goods into and from Mexico during the time

⁶ Traded goods between Mexico and the US were valued at \$536 billion in 2020 (US Census, 2022). Traded goods passing through Laredo were valued at \$67 billion in 2020 (Texas Center, 2022).

⁷ The business histories were compiled by the author through discussions with the business owners of each of these LOBs in their facilities in Laredo, Texas in early February 2022. Discussions lasted between one and three hours. The author wishes to thank Mr. Gene Lindgren the Laredo Economic Development Corporation, Mr. Gerardo Oliva from the Laredo Chamber of Commerce, and Dr. Daniel Covarrubias of the Texas Center, Texas A&M International University, for their assistance and cheerful helpfulness in securing business meetings.

of the Mexican Revolution to the present post-NAFTA and USMCA era.⁸ The business remained small through the 1940s and relied on personal relationships and its bi-cultural capital (Spanish and English) to expand modestly into the 1980s. With NAFTA (1990s), ER growth spiked; the terrorist attacks of 9/11 slowed growth only slightly and temporarily. New market entrants from China and India in the 2000s helped change some of the manufacturing cross-border trade trajectory, but growth halted and retreated with the Great Recession (2007-2010). Since 2011, accelerated growth has continued with just a 2-month Covid plateau in early 2020. Covid has realigned some supply chains to re-shore some production back to Mexico enhancing cross-border trade through Laredo and ER.⁹

The bi-cultural and bi-national character of ER is indispensable to company-level business strategy and success. ER holds customs broker licenses and capabilities on both sides of the border where about half of the multi-million-dollar business originates from Mexican companies and the other half from the US companies. ER's 200 employees are Spanish language able where English is considered a beneficial job skill; hence nearly all ER staff are Latino. ER does have facilities or contract facilities throughout the US-Mexico border (and a bit beyond), but its largest concentration and focus is in Laredo. Some trade facilitated by ER moves beyond the US-Mexico border corridor (e.g., Canada, Central America, Europe), but this movement of goods is the exception.

ER serves about 150 core customers where a majority is corporate entities. This wasn't always the case. Pre-NAFTA times were more dominated by family concerns and required high context contact and relationship-building, particularly clients from Mexico. During these times, it was common for ER to host Mexican customers in their home for overnight stays, closely bonding business and personal relationships. While waning, these relationships are still important particularly within complementary Laredo business institutions such as banks in which Latinos primarily connect with Latinos where cultural affinity is an asset. This is in cultural contrast to many regions of complementarity outside of Latino South Texas.

The current scion of ER is Milo Richer, III, a CEO who spans and represents the bi-nationality of South Texas. Mr. Richer earned degrees in the US, civil engineering from Texas A&M University–College Station in 2005, and in Mexico. He is bilingual and a dual citizen. Mr. Richer has lived in both Laredo and Nuevo Laredo (Mexico). The Richer family is embedded in the region where his grandparents were born in Mexico, his parents in Laredo, and Milo was born in Laredo. Not certain about continuing with the family business, Mr. Richer worked in the oil and gas sector for a little time after graduation but came back to the family business in 2007. While in college, Mr. Richer broadened his worldview through a study abroad experience in Italy (including travel within Europe) that has allowed him another avenue to connect with non-South Texan (i.e., Anglo)

⁸ The information pertaining to ER is derived from a discussion with Ermilo “Milo” Richer, III, a 4th generation scion and owner. More information about the company may be found at www.ericher.com.

⁹ Covid did not, however, close the US-Mexico border to essential bilateral merchandise trade enabling the continuation of essential cross-border commercial traffic. Non-essential personal travel into the US was interrupted from March 2020 until November 2021 when the US opened its northern and southern borders to non-essential cross-border movement of people (contingent upon Covid testing requirements). Mexico's approach was much more open, the Canadian approach was more like that of the US. In essence, essential commercial trade was permitted and facilitated. Non-essential movement of people was not. Richardson and Cappellano (2022) name these approaches as the sieve (permitted flow of commerce) and shield (defense against humans as virus carriers).

business associates. Mr. Richer is married and is now raising a young family in Laredo... perhaps the 5th and next generation of Ermilo Richer (RICHER).

3.2 Librado Piña, Inc.

The origins of Librado Piña, Inc. reach back to 1956. At that time, a former high level (and retired) US Customs official from El Paso, John Lewis, sought to capitalize on his government experience in international trade through a private sector customs broker venture.¹⁰ His experience led him to Laredo as a nexus of US-Mexico trade, but Mr. Lewis lacked the Spanish language skills and local relationships needed to operationalize and realize the venture. The cultural and relational deficits were overcome through the partnership with Laredo native Librado Piña, Sr. Thus began the 50/50 partnership of Lewis (Anglo) and Piña (Hispanic) customs brokerage in 1956. Mr. Piña's cultural background and ties were critical to business start-up and future success. In that same year, Librado Piña, Sr. earned his US customs license as was a full partner in the new venture. Mr. Lewis was a generation older than Librado Piña, Sr. (b. 1927) and was thought of as a father-figure to the younger Librado Piña, Sr.

Through hard work and determination, the Lewis and Piña business grew and passed to Mr. Piña, Sr. in 1971 when Mr. Lewis retired and divested fully from the business. The business then became Librado Piña, Inc. As a family business, Librado Piña, Sr., integrated his children into business operations. His children admitted that Piña, Sr. was a tough man to work for, nevertheless two brothers, Humberto Piña and Librado Piña, Jr., stuck it out and became the second generation of the family business supplanting their father when he passed away in 1998. Both Humberto and Librado, Jr. are licensed US customs brokers and Librado Piña, Inc. is a US customs brokerage headquartered in Laredo with warehouse facilities in Laredo and Eagle Pass (another inland US-Mexico port about 125 miles upriver from Laredo). The multimillion-dollar operation focuses mostly on trade with Mexico employs about 100 people in Laredo and about 50 more in Eagle Pass (where expanded operations began in 2011) to process and facilitate the movement of goods between the US and Mexico.

The staff at Librado Piña, Inc. includes warehousemen, clerks and administrative staff, and managers, all with Spanish language ability. Utilizing partners from Mexico and the US, Librado Piña, Inc. serves 50 core clients and others, some present customers starting with the business in 1956. Family business values, infused in and throughout the company, remain important in the maintenance of clients. These values are family first, importance of faith (God), keeping one's word, being trustworthy, and treating the client as if their business was one's own.

Brothers Humberto (age 73) and Librado, Jr. (age 64) are second generation Laredoans. They point out their business is American and emphasize their patriotism to the US without diminishing their Hispanic heritage. At times, each had to fortify their Hispanic roots through a fuller and standard use of Spanish. While a demanding industry, Librado Piña, Inc. is doing well. Librado Piña, III works in the business and is well-positioned to carry Librado Piña, Inc. into its third generation of family ownership.

¹⁰ The business history of Librado Piña, Inc. was told and shared to the author by brothers Humberto Piña and Librado Piña, Jr. More information about the company may be found at www.lpina.com.

3.3 Lopezadri

Lopezadri emerged almost accidentally onto the customs broker scene in 2001.¹¹ Ruben Lopez, Sr., worked in Mexican customs for a long time as had other members of the extended family. A former customs agent able to perform customs business directly tied to for his employer¹², Lopez, Sr., knew the business very well from his hometown of Nuevo Laredo, Mexico (Laredo's Mexican sister city). When clients were in a real bind in trying to get goods across the border, Lopez, Sr., was the go to person who would work his network and solve the problem. Yet Lopez, Sr. was somewhat limited because he worked for another customs broker (not his own) and dealt exclusively with Mexican companies because of his Spanish language background. For Lopez, Sr., not being bilingual (Spanish/English) was a barrier for engaging with US companies. Enter his son, Ruben Lopez Adriano, Jr., a 2000 bilingual college graduate from Monterrey Tec¹³ who studied international commerce. Lopez, Jr. worked first as an expeditor after college and then in an innovation incubator for the municipal government in Nuevo Laredo. After some discussion between father and son, it was decided that both would work together to solve extraordinary customs challenges on the side as a part time endeavor through his father's Mexican employer.

The side gig lasted for much of the 2001-2005 timeframe and relied much upon their first customer's need to move steel between the US and Mexico. Steel in this case was moved by rail and father and son had leased a shared space in Laredo that happened to include an adjoining rail spur. Ruben Lopez, Jr., sensed that their early father-son experience could matriculate into something much bigger, so he headed back to Monterrey Tec in 2006 to formalize his ideas into a business plan. The fulltime endeavor, Lopezadri (a combination of surnames), was launched in 2006 under the leadership of Ruben Lopez, Jr., and guidance of Lopez, Sr. A core strategy was the use of technology to facilitate not only the movement of goods, but establish business legitimacy. For example, Lopezadri was one of the first in Nuevo Laredo to regularly use email daily, establish a web presence in English and Spanish, and place itself strategically in search engines (e.g., encompassed "shipping to Mexico" key word search to result in finding Lopezadri). As a new player in the field, technology and the World Wide Web (i.e., first impressions) became a pathway to compete with larger and longer established competitors.

From the beginning, operations were a family affair. Sr. (general director) and Jr. (commercial director) worked the Mexican side, Jr. also worked the US side as a dual citizen, Jr.'s brother (Azdriel Lopez) is charged with operations, and Jr.'s brother-in-law is a licensed US customs broker. Working with a Mexican customs broker, first Lopez, Sr.'s boss, and then another Mexican customs broker, Lopezadri has a full complement of services: customs brokerage, transportation, warehousing, forwarding, and a large storage yard (31 acres in all in between the major international commercial bridges). This enabled the business to grow into its own facilities, first in Mexico in 2012 and then in Laredo in 2018. The technological advantage was now supported by competitive facilities marking Lopezadri as a multimillion dollar frontline actor in the

¹¹ The business history of Lopezadri was told and shared to the author by Ruben Lopez, Jr. More information about the company may be found at www.lopezadri.com.

¹² Mr. Lopez, Sr., was able to perform duties and function as a private customs agent (*apoderado aduanal*) only with his former Mexican employer from 1983 until he left to embark on Lopezadri fulltime.

¹³ Or *Tecnológico de Monterrey* or more formally the school is known as the *Instituto Tecnológico y de Estudios Superiores de Monterrey, México* (ITESM).

respondents were directed to list their first and second import markets. The binary responses are reported in Table 4.

Table 4 reports LOBs with \$10,000 or more in annual sales and at least one paid employee, the primary focus of this study resulting in a respondent count of 3,086.¹⁸ Table 4 may be compared with US Commerce data for employer businesses. All in all, about 7% of LOBs are exporters only with another 18% considering exporting (see Table 4). About 15% of LOBs import materials only with almost 26% engaged in both exporting and important. When more inclusively broken out by all exporters and all importers, exporters comprise 32.8% and importers make up 40.7% of all LOBs, respectively. A little more than half of LOBs undertake no international business activity (see Figure 1).

[Insert Table 4 and Figure 1 about here.]

The top two export markets reported by LOBXs are combined in Table 5 under the heading existing markets (first two columns). The US is the number one export destination because Puerto Rico is included in the SLEI dataset and Puerto Rican LOBs identified the US as an export market. Only those countries with at least 15 LOBXs are included. The next export markets are Mexico and Canada. The right-hand column of Table 5 indicates the country export rank for all US exporters in 2018. The top export markets of Mexico and Canada converge with US exporters more generally. Divergent is the much lower LOBX connection with Japan, the UK, and Germany and the more intensive connections to Albania.

[Insert Table 5 about here.]

Export markets under consideration for LOBs not yet exporting appear in Table 6. North America tops the list of future export markets. Future export markets with at least 15 LOBs are included in Table 6. The right-hand column reports the current export market rank for all US exporters. The LOBs proposed export markets are generally aligned with current export practice, perhaps with Japan, the UK, Germany, and France a bit more distant and Colombia more present.

[Insert Table 6 about here.]

The top import market for LOBs is Mexico followed closely by the USA and China with Canada in the fourth spot (see Table 7). Unexpected are the import markets of Angola, Andorra, Antigua & Barbuda, and Albania in the top 20 import markets for LOBs. Overall, there appears to be strong ties to traditional export and import markets as well as those from Latin America.

[Insert Table 7 about here.]

4.2 Descriptive Statistics

For the remainder of the analyses, only employer LOBs with at least \$10,000 in annual sales are included (N= 3,086). This is in concert with US government reporting for employer firms and dismisses inconsequential microenterprises with no employees and nearly no sales. The variables

¹⁸ When all LOBs from the 2018 SLEI survey are considered (including own account enterprises and LOBs with annual sales under \$10,000), 70.1% of LOBs do not engage in international business activity.

selected for inclusion below in the remainder of the empirical analyses were identified *a priori* and are based on more than 20 years of research in LOB entrepreneurship and international business and variable availability in the SLEI data set.

Descriptive statistics of Employer entrepreneurs of LOBs are reported in Table 8. Three columns report for LOBs with international business activity (exporters only, importers only, LOBs that both export and import), one column for LOBs with no international activity, and the last column for the entire sample of LOBs by entrepreneur demographic. The following demographic variables are reviewed: Latino origin, nativity, gender, civil status, education, age, generation score (generation score is a proxy for acculturation in Latino populations¹⁹), and parental business ownership. Reading across Latino origin for Mexico in Table 8, 6.2% Mexican-origin LOBs export only, 14.1% import only, 28.2% both export and import, and 51.5% of Mexican-origin LOBs are not engaged in international business activity. The last column, all LOBs, records that 56.8% of the entire sample are Mexican-origin LOBs. The second to last row at the bottom of Table 8 records the proportion of LOBs by activity: 6.9% export only, 14.8% import only, 25.9% export and import, and 52.4% do not engage in international business activity.

[Insert Table 8 about here.]

Mexican-origin LOBs are the majority of LOBs and follow the general pattern of international business activity. Puerto Rican- and Cuban-origin LOBs are more likely to engage in international business activities compared to the LOB average. Other Latino origin LOBs are less engaged in international activity compared to the other sub-national-origin groups. Immigrant LOBs are more likely to be engaged internationally than their US-born LOB counterparts. There is not much divergence by gender except for LOB importers. Singles, by civil status, are more likely to be involved in international business than their married or once married counterparts.

Across the education spectrum, LOB entrepreneurs with two-year degrees and technical, trade or vocational training are more likely to be engaged in international business activity as compared to the educational attainment levels of other LOB entrepreneurs. Younger LOB entrepreneurs are more likely to be involved in international business than older LOB entrepreneurs. Acculturation of LOB entrepreneurs does not distinguish between international (in)activity. Generational entrepreneurship may be explored through parental business ownership. About half of the LOB sample had at least one self-employed parent with generally higher rates of parental self-employment associated with higher levels of international activity.

Employer LOBs descriptive statistics for firm characteristics of are reported in Table 9. Seven firm characteristics are explored: age, annual sales, industry classification, product type, number and

¹⁹ The generation score variable is a parsimonious proxy method for understanding acculturation and has been used in a dozen or more studies of Latinos in the US (see for example Richardson and Pisani, 2017, 2012). This variable tracks the country of birth of three generations, with a higher score indicating a closer birth connection to the US. The generation score (GS) is calculated by allotting a total of four points to each generation born in the United States, from respondent to grandparent. If a respondent is born in the United States, for example, he/she is assigned four points (zero if born outside the United States). Two points are allocated for each parent born in the United States (zero otherwise), and one point for each grandparent born in the United States (zero otherwise). This produces a GS range of 0 (all foreign born) to 12 (all U.S. born) with 0-4 points possible per generation level (respondent, parents, and grandparents).

composition of employees, and regional location. The average LOB had over a decade of experience with LOBs engaged in exports and both exports and imports having the longest business tenures. LOBs with annual sales over \$250,000 participate in internationally more so than LOBs with smaller annual sales. Industry sectors more active internationally for LOBs include financial activities, information technology, manufacturing, natural resources/mining, and trade/transportation/utilities. LOB self-identification of their primary product being oriented to Latinos or non-Latinos indicates LOBs focused on Latino products participate at higher levels internationally than LOBs focused on non-Latino products.²⁰ As with annual sales, larger LOBs with 10 or more employees participate at higher levels internationally than LOBs with fewer than 10 employees. The ethnic composition of LOB employees is primarily Latino. Co-ethnic employees participate across LOBs, both with international activity and those without. By regional location²¹, LOBs in the Southeast, Northeast, and Puerto Rico participate at higher rates in international business activity than the average LOB. Puerto Rican LOBs do so more intensely through export markets, primarily to the US. LOBs in the West, Southwest, and Midwest have lower international business participation levels than LOBs more generally.

[Insert Table 9 about here.]

4.3 Methodology

To help answer what differentiates LOBs in their international trade activities (addressing research questions 2 and 3) a multinomial logistic regression was utilized to help predict the odds or likelihood of group membership. Multinomial logistic regression requires a discrete $k > 2$ dependent variable along with a set of independent or predictor variables. The dependent variable captures the following international trade activities of LOBs: no international trade, exporters only, importers only, and both exporters and importers (four categories). Multinomial logistic regression requires one of the groups to be selected as the reference category. No international activity is selected as the reference category as it is the largest category by group membership and serves as a base to compare the three groups of international activity. Additionally, multinomial logistic regression is a robust statistical tool with few assumption requirements.

5. Results and Discussion

This section reports the results and then the discussion of the multinomial logistic regression. Only significant variables at the 10% level or lower ($p \leq .10$) are reported, and they are reported as inducing the odds of group membership as more or less likely (Petrucci 2009).²² For ease of exposition, each international activity is reported separately followed by a collective summary discussion. Exploration of the last research question focused on cultural affiliation and LOB trade patterns concludes this section.

²⁰ See Pisani (2022) for a discussion of LOB market orientation based upon LOB product (Latino/non-Latino) and LOB customer base (Latino/non-Latino).

²¹ The regions are comprised in the following manner: **West:** Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming; **Southwest:** Arizona, Arkansas, Louisiana, Oklahoma, Texas; **Midwest:** Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; **Northeast:** Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; **Southeast:** Alabama, Delaware, Florida, Georgia, Kentucky, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, Washington, D.C., West Virginia; and **Puerto Rico.**

²² Coefficient results of the multinomial logistic regression are available from the author by request.

5.1 LOB Exporters (LOBs without international business activity is the overall reference group)

This section highlights the significant variables for LOB exporters only in regard to LOBs with no international business activity as the reference group. This analysis provides a framework for uncovering the entrepreneur- and firm-level determinants of LOB exporters. Entrepreneur characteristics are reported first followed by firm characteristics. Latino business owners with origins in Puerto Rico and Cuba are more likely to be engaged as exporters than Mexican-origin LOBs (see Table 10). As Latino entrepreneurs age, they are less likely to export. Single entrepreneurs are more likely to export in contrast to divorced/separated/widowed entrepreneurs in reference to married/living together entrepreneurs. Entrepreneurs whose fathers were self-employed are more likely to export than entrepreneurs growing up without either parent being self-employed.

[Insert Table 10 about here.]

The longer a firm has been in existence, the more likely the LOB is an exporter (see Table 11). There are mixed findings as far as sales. LOBs with annual sales between \$10,000 and \$24,999 are more likely to export than LOBs with annual sales greater than \$250,000. In contrast, LOBs with annual sales between \$100,000 and \$249,999 are less likely to export than LOBs with annual sales greater than \$250,000. Of the industry segments in which there is a significant difference (construction, education/health services, leisure/hospitality, other services, professional/business services), most segments are less likely to export than the reference group of trade/transportation/utilities. The exception is natural resources/mining, where LOBs in this segment are more likely to be exporters in reference to trade/transportation/utilities. LOBs self-reporting that they do not produce/sale a primary Latino product are less likely to export than LOBs focused on Latino products. Smaller LOBs by number of employees (1-9) are less likely to export than larger firms by employee size (10 employees or more). Lastly, all regions are less likely to export than LOBs based in Puerto Rico. Model diagnostics for entrepreneur demographics and firm characteristics fall within acceptable ranges.

[Insert Table 11 about here.]

5.2 LOB Importers (LOBs without international business activity is the overall reference group)

This section highlights the significant variables for LOB importers only in regard to LOBs with no international business activity as the reference group. Following the pattern of the previous section, entrepreneur characteristics are reported first followed by firm characteristics.

LOBs tracing their origins to Puerto Rico are more likely to import than their Mexican origin counterparts (see Table 10). Female LOBs are less likely to import than male LOBs. As the age of the LOB entrepreneurs increases, the likelihood of importing decreases. In reference to married LOB entrepreneurs, single LOB entrepreneurs are more likely to have import operations. In regard to educational background, LOB entrepreneurs with less than a high school education are less likely to import than LOB entrepreneurs with graduate level training (the reference group). Yet, LOB entrepreneurs with a trade/votech, associate's degree, and bachelor's degrees are more likely to be engaged in importing than LOB entrepreneurs with graduate school training.

In reference to LOBs in trade/transportation/utilities, LOBs operating in education/health services, financial activities, leisure/hospitality, and professional/business services are all less likely to import (see table 11). LOBs producing non-Latino products are less likely to import in reference to LOBs producing Latino products. LOBs with fewer employees (1-9) are less likely to import in reference to LOBs with more than 10 employees. LOBs located in the West and the Southwest are less likely to import in reference to LOBs located in Puerto Rico. Model diagnostics for entrepreneur demographics and firm characteristics fall within acceptable ranges.

5.3 LOB Exporters and Importers (LOBs without international business activity is the overall reference group)

This section highlights the significant variables for LOBs with both exports and imports in regard to LOBs with no international business activity as the reference group. Following the pattern of the previous sections, entrepreneur characteristics are reported first followed by firm characteristics.

LOBs of Cuban origin are more likely to both export and import in reference to Mexican origin LOBs (see Table 10). LOBs with origins outside of Cuba and Puerto Rico are less likely to export and import than Mexican origin LOBs. Female LOBs are less likely to export and import than male LOBs. Immigrant LOBs are more likely to both export and import in reference to native born LOBs. As LOB entrepreneurs age, they are less likely to engage in both exports and imports. Divorced/separated/widowed LOB entrepreneurs are less likely to export and import in reference to married LOB entrepreneurs. LOB entrepreneurs with less than a high school education, with a high school education, and those with some college are all less likely to engage in exports and imports than LOB entrepreneurs with graduate level training. An increase in acculturation (i.e., generation score) supports greater involvement with exports and imports. LOB entrepreneurs where the mother or father was self-employed are more likely to export and import in reference to LOB entrepreneurs whose parents were not self-employed.

In reference to LOBs in trade/transportation/utilities, LOBs operating in construction, education/health services, leisure/hospitality, other services, and professional/business services are all less likely to export and import (see Table 11). In contrast, LOBs in natural resources/mining are more likely to both export and import vis-à-vis LOBs operating in trade/transportation/utilities. LOBs producing a non-Latino product are less likely to export and import in reference to LOBs primarily producing Latino-oriented products. LOBs with fewer employees (1-9) are less likely to be exporters and importers in reference to LOBs with 10 or more employees. LOBs that have less than all Latinos on staff are more likely to export and import than LOBs with all or nearly all Latino employees. Model diagnostics for entrepreneur demographics and firm characteristics fall within acceptable ranges.

5.4 Summary Discussion of the Determinants of LOB International Business Activity

In summarizing the multinomial logistic regression results, entrepreneur characteristics are considered first followed by firm characteristics. The summary discussion corresponds to research questions 2 and 3. Generally, LOBs of Cuban and Puerto Rico origins are more actively involved in international business activities than Mexican origin LOBs. Puerto Rican entrepreneurs have much easier access to US markets as there are no immigration and nearly no international business restrictions. Cuban entrepreneurs may be more outward focused because of their geographic

concentration in Florida and the state's Latin American business orientation. Mexican origin LOBs may find the US market of sufficient size to warrant a more domestic focus, though not exclusively so. Female LOBs are generally less likely to engage in international business activity. Perhaps there is a built-in bias against female entrepreneurs in the international arena, this has been found to be so for women in Puerto Rico (Soto-Garcia, 2019).

As LOB entrepreneurs get older, they are less likely to engage in international business. This may be due to the added stress and complexity of international business activities that require more time and learning that perhaps older LOB entrepreneurs are less willing to give up and expend resources to develop. This consideration may also be true for single (unmarried) LOB entrepreneurs. The results for education are mixed. The lowest educational attainment levels are less likely to engage in international business; otherwise the picture is not very clear. Clearer is the role of parental self-employment which encourages LOB entrepreneurs to be more likely to engage in international business activity. Perhaps the perceived "risk" of international ventures is less so within the panorama of growing up in a family in which self-employment was present.

The distinct acts of exporting and importing require unique firm capabilities. Of the two, the complexities involved with exporting from market identification to entry, supply chain logistics, and expansion typically exceed that of importing (e.g., strategic sourcing). Accumulated experience over time suggests more mature firms may have the capabilities to engage in exporting, as is the case with LOBs. Younger firms, including LOBs, may source internationally (import) with fewer experience constraints. Annual sales of LOBs yield little information with regard to international versus domestic activity. The industry categories are quite broad particularly for the reference category of trade/transportation/utilities yielding few conclusive interpretations other than natural resources/mining is the most international of the industry segments.

More clearly, LOBs producing non-Latino products were less likely across the board to be engaged in any international activity. It may be that accumulated cultural capital plays an important role in LOB ventures internationally. While annual sales were not a good indicator of international business activity, the number of employees does matter. Smaller Latino firms, those with fewer than 10 employees, are less likely to have international activity suggesting a minimum employee scale to navigate exporting, importing, and both activities. Puerto Rican based LOBs export at greater rates than all other US regions supporting connections to a larger US marketplace as an imperative.²³ This section has provided further insights to answering what differentiates domestic- from international-oriented LOBs (research question 2) and what differentiates LOBs among the various international business pathways (research question 3).

5.5 Cultural Affiliation and LOB Trade Patterns

The final research question explores the relationship between cultural affiliation and LOB trade patterns. It reads: does cultural affiliation matter in employer LOB trade patterns? In essence the role of cultural affiliation or capital is explored in Latino international business activity. Cultural capital remains generally stronger with those most connected to their Latin American and Iberian origins. One measure of connection and acculturation to the general US culture is the generation score (GS) discussed earlier in this article. Recall that the GS is a parsimonious and robust

²³ See for example the case of Puerto Rican-based Cidrines bakery expanding into the US reported in Mantilla (2020, pp. 351-352).

approach to acculturation through birth location and connects across three generations, including the LOB entrepreneur, the entrepreneur's parents, and entrepreneur's grandparents (see footnote 19). A lower score suggests a lower level of acculturation whereas a high score suggests a higher level of acculturation. The generation score serves as a proxy for Latino acculturation and may provide insights into LOB culturally related trade patterns.

The 2018 Stanford Latino Entrepreneurship Initiative Latino-owned business survey provides country location by firm for the first and second export markets, the first and second import markets, and the first and second potential export markets for LOBs considering exporting. Country locations were grouped into a Latin cultural group or a non-Latin cultural group. The Latin cultural group included Spanish- and Portuguese-speaking countries, all other countries were sorted into the non-Latin group. Table 12 details the results of cross-tabulations between Latin cultural markets and non-Latin cultural markets by layers of international activity (exports, export considerations, and imports). For each sub-group of international business activity, less acculturated LOB entrepreneurs were significantly more associated with Latin cultural destinations. Hence, cultural capital and affiliation do matter in the trade patterns of internationally-oriented LOBs and reflect a stronger association for LOBs with countries sharing a Latin culture.

[Insert Table 12 about here.]

6. Conclusion and Managerial and Policy Implications

As the fastest growing business segment, employer Latino-owned businesses (LOBs) are critical to the success of the US economy. LOBs are important business and economic participants in the domestic US economy that is increasingly receiving scholarly and public policy attention. Yet LOBs also engage in international business activity, a story that has yet to be fully documented and told. The present research is the first scholarly attempt to examine LOB international business activity using a large generally representative 2018 survey from the Stanford Latino Entrepreneurship Initiative of more than 3,000 LOBs, supplemented and contextualized with the telling of four LOB international business brief case histories.

LOBs are active in the international business sphere with nearly half participating as exporters (6.9%), importers (14.8%), or both exporters and importers (25.9%). Much of this present LOB international activity is centered in North America (though not exclusively so) with future LOB exporters considering the North America as viable markets. Mexico is the number market for LOBs and the case histories from Laredo, Texas illustrates that large, scaled LOBs are well positioned to utilize accumulated cultural capital and logistical frameworks to succeed in cross-border business.

This baseline information of international business activity is enhanced through multivariate analyses that indicate Latino entrepreneurs of Cuban and Puerto Rico origin are the most engaged Latinos connected to international business. Younger LOB entrepreneurs and children of self-employed parents are more likely to participate internationally. At the firm level, older, larger (by number of employees), and LOBs selling Latino-oriented products are more likely to take part in international business. This is also true for LOBs located in Puerto Rico where the US market is

first and foremost pathway toward internationalization. Culture links also matter, whereby LOBs are more likely to participate with countries sharing a pan-ethnic Latin culture.

The managerial implications of the research suggest that LOBs are well positioned as natural born-globals or later international business entrants into culturally similar business environments, such as Mexico and Latin America. Business success may rest upon the use of cultural capital (e.g., language ability, family values)—embedded with the Latino owner and Latino employees—in combination with advanced education and generational accrued business knowledge.

Public policy may support LOB international activity through the acknowledgment of its presence, perhaps in greater extent than present data suggests. Such support may take the form in facilitating LOB international business activity in Spanish language friendly ways. It may also champion the importance of bicultural and binational LOB entrepreneurs, supporting the development and maintenance of bilingualism and the ease of operating across borders (e.g., dual citizenship, immigration reform). As LOBs develop more international business capacity, movement beyond cultural affinity Latin environments may be facilitated with other important international markets such as Japan, China, the United Kingdom and Germany.

As a first step in exploring Latino-owned business connections to international markets, further research may consider longitudinal analyses and qualitative case studies beyond one border location and a single Latino origin group. It is hoped that others will build upon the foundational work presented here.

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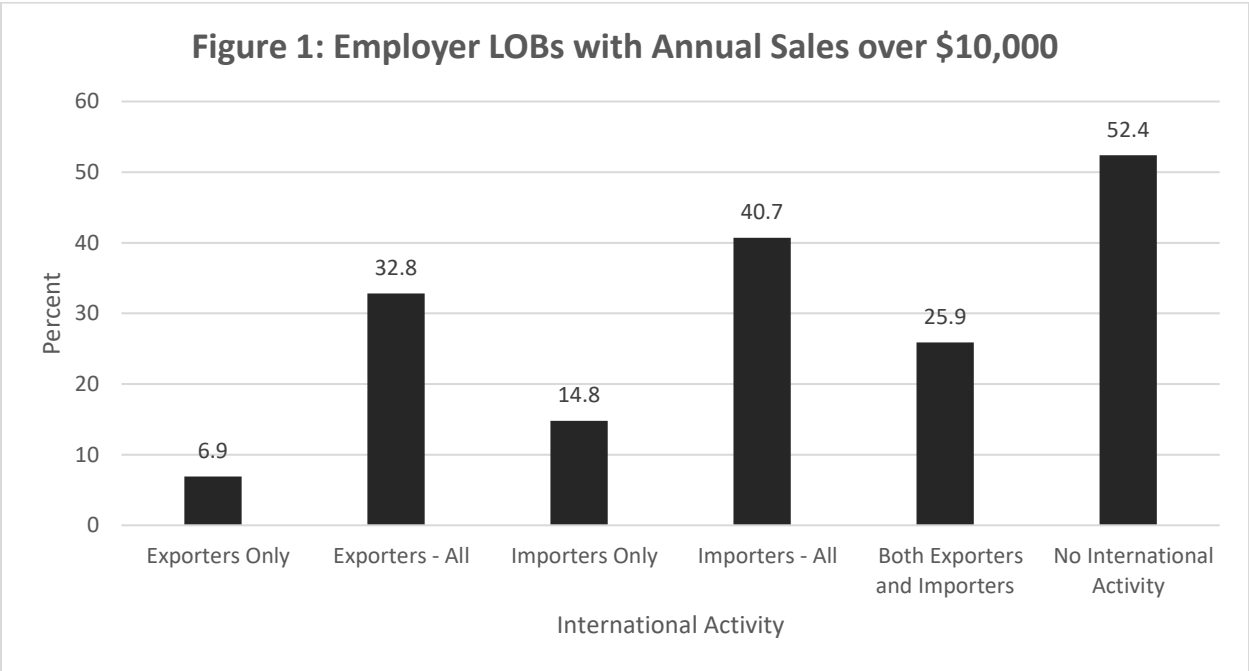
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Source: Author's calculations from SLEI 2018 LOB Survey.

Table 1: Top 25 Export Markets by Number of Exporting LOBs, 2018

Export Market	Number of LOBs Exporting to*	Percent of Exporting LOBs
Mexico	3,100	31.3
Canada	1,900	19.2
Colombia	1,300	13.1
Costa Rica	1,000	10.1
Panama	1,000	10.1
United Kingdom	1,000	10.1
Dominican Republic	950	9.6
Peru	850	8.6
Ecuador	850	8.6
Guatemala	850	8.6
Venezuela	850	8.6
Trinidad & Tobago	800	8.1
Chile	750	7.6
Honduras	750	7.6
El Salvador	650	6.6
Argentina	600	6.1
Australia	600	6.1
Bahamas	600	6.1
Germany	600	6.1
Brazil	550	5.6
China	550	5.6
France	500	5.1
Jamaica	500	5.1
Hong Kong	450	4.5
Spain	450	4.5

* LOBs may export to more than 1 destination.

ABS-U.S. Exporting Firms by Demographics 2019 Tables, Table 1: Employer Firms by Exporting Status, Export Destination, Sex, Ethnicity, Race, and Veteran Status: 2018, US Census.

Table 2: Top 25 Export Markets by LOB Export Sales, 2018

Export Market	Export Sales (\$1,000s)	Percent of LOB Export Sales
Mexico	3,508,107	30.2
Canada	676,044	5.8
Hong Kong	620,171	5.3
Dominican Republic	382,809	3.3
Argentina	283,115	2.4
Italy	253,026	2.2
Chile	250,324	2.2
France	169,697	1.5
Germany	150,653	1.3
Costa Rica	127,288	1.1
United Kingdom	111,181	1.0
China	95,775	0.8
South Korea	95,160	0.8
South Africa	90,866	0.8
Singapore	80,820	0.7
Brazil	68,080	0.6
Switzerland	67,085	0.6
Malaysia	66,233	0.6
Australia	58,540	0.5
Israel	56,805	0.5
Japan	52,508	0.5
United Arab Emirates	50,516	0.4
India	43,027	0.4
Taiwan	34,325	0.3
Saudi Arabia	24,643	0.2
Total	7,416,798	63.9

ABS-U.S. Exporting Firms by Demographics 2019 Tables, Table 1: Employer Firms by Exporting Status, Export Destination, Sex, Ethnicity, Race, and Veteran Status: 2018, US Census.

Table 3: LOB Exporters by Sales Size, Employee Size, and Export Value

Panel A Annual Sales (\$)	Number of LOBs	Exports (\$1,000s)	Average Exports per LOB (\$1,000s)
Under 10,000	n/a	179	---
10,000-49,999	30	1,205	40.2
50,000-99,999	150	23,344	155.6
100,000-249,999	800	125,896	157.4
250,000-499,999	1,300	777,902	598.4
500,000-999,999	1,300	610,816	469.9
1,000,000 or More	6,300	10,061,035	1,597.0
Total	9,880	11,600,377	1,174.1
Panel B Number of Employees	Number of LOBs	Exports (\$1,000s)	Average Exports per LOB (\$1,000s)
None	550	n/a	---
1 to 4	4,300	3,444,349	801.0
5 to 9	1,900	1,773,610	933.5
10 to 19	1,500	1,639,761	1,093.2
20 to 49	900	1,753,256	1,948.1
50 to 99	400	241,797	604.5
100 to 249	200	n/a	---
250 to 499	30	175,080	5,836.0
500 or more	50	365,888	7,317.8
Total	9,830	9,393,741	955.6

Source: ABS-U.S. Exporting Firms by Demographics 2019 Tables, Table 2: Employer Firms by Exporting Status, Receipt Size of Firm, Sex, Ethnicity, Race, and Veteran Status: 2018, US Census, and ABS-U.S. Exporting Firms by Demographics 2019 Tables, Table 3: Employer Firms by Exporting Status, Employment Size of Firm, Sex, Ethnicity, Race, and Veteran Status: 2018, US Census.

Table 4: Employer LOBs by Trade Activity

Employer LOBs with Annual Sales over \$10,000	Percent	N
Exporters	6.9	214
Importers	14.8	458
Both Exporters and Importers	25.9	798
No International Activity	52.4	1,616
Total	100.0	3,086
Considering Exporting (no current exports)	17.9	553

Source: Author's calculations from SLEI 2018 LOB Survey.

Table 5: Top Two Existing Export Markets for Employer LOBs with Annual Sales over \$10,000, 2018 (>15 Firms Indicating Export Market)

Top Two Existing Export Markets			
Country	Number of LOBs	Percent of LOBs	Top US Export Markets by Rank (Goods)
USA	395	20.1	---
Mexico	287	14.6	#2
Canada	122	6.2	#1
China	81	4.1	#3
Argentina	71	3.6	#29
Albania	22	1.1	#166
Brazil	65	3.3	#9
Colombia	58	2.9	#21
Australia	56	2.8	#16
Puerto Rico	34	1.7	---
Costa Rica	34	1.7	#38
Bahamas	31	1.6	#53
Japan	29	1.5	#4
Algeria	26	1.3	#76
Dominican Republic	26	1.3	#32
Angola	25	1.3	#99
Spain	25	1.3	#24
Chile	23	1.2	#20
Cuba	23	1.2	#122
Germany	22	1.1	#6
France	20	1.0	#11
United Kingdom	19	1.0	#5
Afghanistan	18	0.9	#77
Austria	18	0.9	#49
Belgium	18	0.9	#14
El Salvador	16	0.8	#50
Top Responses	1,564	79.4	
All Responses	1,969	100.0	

Source: Author's calculations from SLEI 2018 LOB Survey and Exhibit 13: U.S. Trade in Goods by Country and Area: 2018 (@https://www.census.gov/foreign-trade/Press-Release/ft900_index.html)

Table 6: Top Two Future Export Markets for Employer LOBs with Annual Sales over \$10,000 Not Exporting, 2018 (>15 Firms Indicating Export Market)

Top Two Future Export Markets			
Country	Number of LOBs	Percent of LOBs	Top US Export Markets by Rank (Goods)
Mexico	197	18.4	#2
Canada	134	12.5	#1
USA	92	8.6	---
China	48	4.5	#3
Colombia	48	4.5	#21
Puerto Rico	36	3.4	---
Brazil	35	3.3	#9
Argentina	34	3.2	#29
Dominican Republic	27	2.5	#32
France	27	2.5	#11
Australia	26	2.4	#16
Spain	24	2.2	#24
United Kingdom	23	2.2	#5
Germany	22	2.1	#6
Bahamas	20	1.9	#53
Costa Rica	19	1.8	#38
Japan	19	1.8	#4
Top Responses	831	77.8	
All Responses	1,068	100.0	

Source: Author's calculations from SLEI 2018 LOB Survey and Exhibit 13: U.S. Trade in Goods by Country and Area: 2018 (@https://www.census.gov/foreign-trade/Press-Release/ft900_index.html)

**Table 7: Top Import Markets for Employer LOBs with Annual Sales over \$10,000, 2018
(>15 Firms Indicating Import Market)**

Existing Import Markets			
Country	Number of LOBs	Percent of LOBs	Top US Import Markets by Rank (Goods)
Mexico	308	12.7	#2
China	289	11.9	#1
USA	276	11.4	---
Canada	141	5.8	#3
Argentina	90	3.7	#50
Australia	78	3.2	#34
Colombia	67	2.8	#26
Brazil	66	2.7	#17
Japan	57	2.3	#4
Germany	42	1.7	#5
Angola	40	1.6	#61
Puerto Rico	38	1.6	---
Bahamas	35	1.4	#96
France	35	1.4	#11
Andorra	32	1.3	#162
Algeria	31	1.3	#52
Costa Rica	30	1.2	#49
Dominican Republic	30	1.2	#45
Antigua & Barbuda	29	1.2	#190
Albania	28	1.2	#136
Italy	28	1.2	#9
Afghanistan	26	1.1	#153
Armenia	25	1.0	#145
Spain	25	1.0	#24
Anguilla	24	1.0	#187
India	23	0.9	#10
Belgium	21	0.9	#25
Chile	21	0.9	#31
Cuba	21	0.9	#207
Belize	19	0.8	#110
El Salvador	19	0.8	#64
Austria	18	0.7	#27
Bolivia	16	0.7	#92
Ecuador	15	0.6	#42
Top Responses	2,043	84.2	

All Responses	2,427	100.0	
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Source: Author's calculations from SLEI 2018 LOB Survey and Exhibit 13: U.S. Trade in Goods by Country and Area: 2018 (@https://www.census.gov/foreign-trade/Press-Release/ft900_index.html)

**Table 8: Descriptive Statistics for Employer LOBs and International Business Activity–
Entrepreneur Demographics**

Variable	LOB Exporters Only	LOB Importers Only	LOB Exporters and Importers	No International Activity	All LOBs
<i>Latino Origin (%)</i>					
<i>Mexico</i>	6.2	14.1	28.2	51.5	56.8
<i>Puerto Rico</i>	9.0	18.3	30.3	42.4	15.2
<i>Cuba</i>	10.5	11.0	33.8	44.7	7.4
<i>Other</i>	6.1	15.7	13.2	64.9	20.6
<i>Immigrant (%)</i>					
<i>Yes</i>	33.7	38.9	48.3	35.8	38.9
<i>No</i>	66.3	61.1	51.7	64.2	61.1
<i>Gender (%)</i>					
<i>Male</i>	49.3	57.5	49.5	51.8	52.1
<i>Female</i>	50.7	42.5	40.5	48.2	47.9
<i>Civil Status (%)</i>					
<i>Married/Living Together</i>	65.4	66.4	64.2	73.2	69.3
<i>Divorced/Separated/Widowed</i>	3.3	5.7	1.8	8.4	5.9
<i>Single</i>	31.3	27.9	34.0	18.4	24.8
<i>Education (%)</i>					
<i>Less than HS</i>	3.3	1.3	2.9	4.2	3.4
<i>HS/GED</i>	13.6	13.8	12.7	12.1	12.6
<i>Tech/Trade/NoTech</i>	5.6	8.5	8.1	5.2	6.5
<i>Some College</i>	20.1	16.6	12.9	19.9	17.6
<i>AA/AS</i>	12.6	12.0	13.2	8.7	10.6
<i>BA/BS</i>	29.9	34.3	30.7	30.4	31.0
<i>Graduate, Professional or Doctoral Degree</i>	15.0	13.5	19.5	19.5	18.3
<i>Mean Age (years)</i> <i>(std. dev.)</i>	38.1 (13.5)	37.8 (11.6)	33.7 (9.8)	42.8 (12.6)	39.5 (12.5)
<i>Mean Generation Score</i> <i>(std. dev.)</i>	5.6 (3.9)	5.1 (3.9)	5.5 (3.5)	5.3 (4.2)	5.3 (4.0)
<i>Parental Business Ownership (%)</i>					
<i>Mother</i>	10.7	12.4	34.6	9.8	16.7
<i>Father</i>	29.9	26.9	25.2	25.2	25.8
<i>Neither Parents</i>	54.2	51.3	34.3	55.9	49.5
<i>Both Parents</i>	5.1	9.4	17.9	9.1	8.0
(%)	6.9	14.8	25.9	52.4	100.0
N	214	458	798	1,616	3,086

Source: Author's calculation from 2018 SLEI survey.

Notes: 1) Variables in italics are significantly different (cross-tabulations, comparison of means), $p < .10$.

**Table 9: Descriptive Statistics for Employer LOBs and International Business Activity—
Firm Characteristics**

Variable	LOB Exporters Only	LOB Importers Only	LOB Exporters and Importers	No International Activity	All LOBs
<i>Mean Firm Age – Years</i> (std. dev.)	14.5 (13.6)	10.9 (10.4)	15.8 (14.3)	11.5 (11.3)	12.7 (12.3)
Firm Sales (%)					
10-24.9k	11.2	7.6	5.8	7.5	7.3
25-49.9k	11.7	9.6	10.7	12.1	11.3
50-99.9k	14.5	18.3	15.9	16.8	16.6
100-249.9k	12.6	17.0	16.8	20.5	18.5
250k+	50.0	47.4	50.9	43.1	46.2
Industry (%)					
Construction	8.4	17.0	15.9	14.0	14.5
Education/Health Services	9.8	6.1	7.1	8.1	7.7
Financial Activities	6.1	2.6	8.3	4.4	5.2
Information Technology	10.7	7.6	14.7	5.9	8.7
Leisure/Hospitality	8.4	12.0	7.1	9.7	9.3
Manufacturing	14.0	7.6	11.7	3.9	7.2
Natural Resources/Mining	3.7	0.7	3.0	0.7	1.5
Other Services	14.5	22.7	9.5	19.9	17.3
Professional/Business Services	14.0	17.5	15.7	28.3	22.5
Trade/Transportation/Utilities	10.3	6.1	7.0	5.1	6.1
Primary Product is Latino (%)					
Yes	50.0	57.2	85.1	33.0	51.2
No	50.0	42.8	14.9	67.0	48.8
Number of Employees (%)					
1 to 9	37.9	38.0	12.7	62.5	44.2
10 or More	62.1	62.0	87.5	37.5	55.8
Latino Employees (%)					
None	5.6	3.3	4.1	7.2	5.7
Less than Half	12.6	16.6	16.5	17.5	16.8
About Half	33.6	31.9	34.8	23.0	28.1
More than Half	26.2	28.6	32.8	20.6	25.3
All or Almost All	22.0	19.7	11.7	31.7	24.1
Region (%)					
West	23.7	23.8	24.5	29.5	27.0
Southwest	19.9	17.1	17.7	23.3	20.7
Midwest	5.2	13.1	10.0	7.5	8.8
Northeast	19.0	19.6	22.3	14.0	17.3
Southeast	28.0	24.7	24.6	24.3	24.7
Puerto Rico	4.3	1.8	0.8	1.4	1.5
(%)	6.9	14.8	25.9	52.4	100.0
N	214	458	798	1,616	3,086

Source: Authors' calculation from 2018 SLEI survey (unweighted).

Notes: 1) Variables in italics are significantly different (cross-tabulations, comparison of means) $p < .005$.

Table 10: Multinomial Logistic Regression for the LOBs International Activity – Entrepreneur Demographics (No International Activity=Reference Category)

Variable	Exporters	Importers	Exporters and Importers
Demographic Variables			
Latino Origin	--	--	--
Other Latin America	n/s	n/s	Less Likely
Puerto Rico	More Likely	More Likely	n/s
Cuba	More Likely	n/s	More Likely
Mexico	Reference	Reference	Reference
Female (Male = reference)	n/s	Less Likely	Less Likely
Immigrant (Born in US = reference)	n/s	n/s	More Likely
Mean Age (years)	Less Likely	Less Likely	Less Likely
Civil Status			
Single	More Likely	More Likely	n/s
Divorced/Separated/Widowed	Less Likely	n/s	Less Likely
Married/Living Together	Reference	Reference	Reference
Education			
Less than HS	n/s	Less Likely	Less Likely
HS/GED	n/s	n/s	Less Likely
Tech/Trade/VoTech	n/s	More Likely	n/s
Some College	n/s	n/s	Less Likely
AA/AS	n/s	More Likely	n/s
BA/BS	n/s	More Likely	n/s
Graduate, Professional or Doctoral Degree	Reference	Reference	Reference
Mean Generation Score	n/s	n/s	More Likely
Mother was a Business Owner	n/s	n/s	More Likely
Father was a Business Owner	More Likely	n/s	More Likely
Both Parents were Business Owners	n/s	n/s	n/s
Neither Parents Business Owners	Reference	Reference	Reference
N=2,654			
-2 Log Likelihood significance level: 5851.844 <.001			
Cox & Snell R ² Nagelkerke R ² McFadden R ² : .228 .256 .116			
Hit Ratio (Correct): Exporters Importers Exporters & Importers No International Overall: 0.0% 0.1% 18.1% 93.0% 63.2%			

Source: Author's calculation from 2018 SLEI survey, p < .10, n/s = not significant.

Proportional Chance Criterion = .394; a good model predicts better than .493 (1.25*.394); this model predicts .632.

Table 11: Multinomial Logistic Regression for the LOBs International Activity – Firm Characteristics (No International Activity=Reference Category)

Variable	Exporters	Importers	Exporters and Importers
Mean Firm Age – Years	More Likely	Less Likely	More Likely
Firm Sales	--	--	--
10-24.9k	More Likely	n/s	n/s
25-49.9k	n/s	n/s	n/s
50-99.9k	n/s	n/s	n/s
100-249.9k	Less Likely	n/s	n/s
250k+	Reference	Reference	Reference
Industry	--	--	--
Construction	Less Likely	n/s	Less Likely
Education/Health Services	Less Likely	Less Likely	Less Likely
Financial Activities	n/s	Less Likely	n/s
Information Technology	n/s	n/s	n/s
Leisure/Hospitality	Less Likely	Less Likely	Less Likely
Manufacturing	n/s	n/s	n/s
Natural Resources/Mining	More Likely	n/s	More Likely
Other Services	Less Likely	n/s	Less Likely
Professional/Business Services	Less Likely	Less Likely	Less Likely
Trade/Transportation/Utilities	Reference	Reference	Reference
Latino Product (yes = reference)	Less Likely	Less Likely	Less Likely
Number of Employees (10 or more = reference)	Less Likely	Less Likely	Less Likely
Latino Employees	--	--	--
None	n/s	n/s	More Likely
Less than Half	n/s	More Likely	More Likely
About Half	More Likely	More Likely	More Likely
More than Half	More Likely	More Likely	More Likely
All or Almost All	Reference	Reference	Reference
Region	--	--	--
West	Less Likely	Less Likely	n/s
Southwest	Less Likely	Less Likely	n/s
Midwest	Less Likely	n/s	n/s
Northeast	Less Likely	n/s	n/s
Southeast	Less Likely	n/s	n/s
Puerto Rico	Reference	Reference	Reference
N=2,945			
-2 Log Likelihood significance level: 6656.892 <.001			
Cox & Snell R ² Nagelkerke R ² McFadden R ² : .361 .402 .195			
Hit Ratio (Correct): Exporters Importers Exporters & Importers No International Overall: 0.3% 0.2% 31.9% 67.6% 65.5%			

Source: Author's calculation from 2018 SLEI survey, $p < .10$, n/s = not significant.

Proportional Chance Criterion = .376; a good model predicts better than .470; this model predicts .655.

Table 12: LOB Cultural Affinity (Acculturation) and International Activity

	Latin Cultural Destination [^]	Non-Latin Cultural Destination
Export Market 1		
GS Mean (std. dev)	4.7 (3.6)	5.9 (3.5)
ANOVA: F=48.911, df=1, p=.001, n=780		
Export Market 2		
GS Mean (std. dev)	4.7 (3.6)	5.8 (3.5)
ANOVA: F=18.701, df=1, p=.001, n=745		
Considering Export Market 1		
GS Mean (std. dev)	4.4 (3.8)	5.9 (3.8)
ANOVA: F=18.447, df=1, p=.001, n=475		
Considering Export Market 2		
GS Mean (std. dev)	4.7 (3.8)	5.8 (3.8)
ANOVA: F=9.350, df=1, p=.002, n=460		
Import Market 1		
GS Mean (std. dev)	4.8 (3.7)	5.5 (3.6)
ANOVA: F=7.189, df=1, p=.007, n=1,003		
Import Market 2		
GS Mean (std. dev)	4.8 (3.5)	5.6 (3.6)
ANOVA: F=10.488, df=1, p=.001, n=921		

Source: Author's calculation from 2018 SLEI survey.

Note: [^]Latin Cultural Destination = Latin America and Iberia (Spanish- and Portuguese- speaking).