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Title

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DIVERSITY AND ENTREPRENEURSHIP IN CALIFORNIA

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In the spring of 2021, IGS launched a two-year Diversity and Entrepreneurship Fellowship as part of the Cal-in-Sacramento Fellowship program. Now in year two, IGS and the Matsui Center are proud to showcase students' original research on the challenges and opportunities facing women- and POC-owned small businesses and diverse entrepreneurs in California. This series includes op-eds, blog posts, policy briefs and other research products. Learn more at <https://igs.berkeley.edu/matsui-center/fellowships/cal-in-sacramento>.

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HOW LATINX BUSINESS OWNERS UTILIZE SOCIAL MEDIA

The [Latino Entrepreneurs Initiative](#) found that the fastest-growing segment of U.S. small businesses are founded by Latinx entrepreneurs with a growth of 34% compared to a 1% growth for all business owners, however, it has remained difficult for Latinx owned small businesses to succeed financially due to the pandemic. The health crisis forced businesses to relocate online and onto social media platforms, specifically Instagram. Two years after the pandemic many of these businesses are still exclusively operating online rather than in person.

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Despite their widespread usage of online platforms, Latinx businesses have struggled to promote their services and products due to the difficulty of navigating online marketing. At the absolute least, when it comes to sharing posts, Latinx entrepreneurs have to adopt a certain aesthetic to increase the possibility of their products being displayed for viewing. No matter how narrow the search filter is, Latinx businesses find the same products being listed as references rather than their own products being displayed.

This was exemplified by an interview held with Juan Garcia, the owner of the Instagram handle [@Michis_eljuanillo](#). Mr. Garcia founded a small business that offers refreshing Mexican cold drinks as well as tasty foods and candies that can be enjoyed at any time of year. During the interview, he expounded on his experience with the social media algorithm being exclusive towards his business that demonstrates bilingualism, noting that only certain data that he was putting out on his social media posts was attracting attention. As he began to share the same product, one in Spanish and one in English, he saw that the English post was recognized at the top of the share feed, but the Spanish one was only present after several scrolls. To remain

visible, the business has used strategies such as marking popular spots, promotions, and color schemes to promote their Spanish post; nonetheless, in order to reach financial goals, the business is still required to replicate a white aesthetic.

Another Latinx small business owner by the Instagram handle [@Janetscharcuterie_](#) noted a similar experience about how far she went to promote her Spanish themed posts. During a sit-down interview, the owner, Janet Burgos, highlighted her current challenges in running her online business. In her experience, she dealt with content relevancy, which required her to delay her business to learn the fundamentals of running a business online to gain attraction. This issue necessitated her to study Instagram's algorithms and their unknown tactics that may be restricting businesses' online output. She discovered Instagram's search engine optimization and recognized that there was a specific style and theme she could use to increase exposure of her products. Unfortunately, she found in her tests that there has been a trend for white products that tend to rank at the top of the search results without having to satisfy every requirement that the customer was looking for. On one hand, Mrs. Burgos' change in style led to greater promotion however, the restrictiveness in creativity limits her air of authenticity to what her business truly represents.

Conclusion

With the pandemic's disruption, the small business ecosystem is facing setbacks as a result of the abrupt change from physical to digital, with little preparation or training to sell their products or services online. In terms of the fate of Latinx entrepreneurs of small businesses, they are not only facing the battle of shifting work practices, but they are also facing visibility hardships. With Instagram's algorithm missing in representation and services provided by Latinx entrepreneurs diversifying their businesses away from white products, a false reality emerges that

restricts essential data to make more room for a particular aesthetic. Currently, Latinx small business owners necessitate the expansion of social media marketing.