

THE CONTRIBUTION OF THE CUBAN DIASPORA IN BUSINESS AND FINANCE

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Parallel to the increase of the size of the Cuban Diaspora in the United States, as described by Guillermo Martínez, there was also an accelerated creation and development of Cuban-owned businesses in the United States. Internal and external factors associated with this Diaspora first made possible and later facilitated the creation of enterprises. Internal factors include:

1. Past experience
2. Managerial know-how
3. Persistency and hard work
4. Personality traits.

External factors include:

1. First, the existence of a growing Cuban exiled market, and later an also growing Latin market
2. Continued increase in the average family income
3. Extensive aid on the part of the Federal government
4. Increased exports to Latin America.

All of the above psychological, economic, and financial factors in the case of the Cuban Diaspora over the last fifty years to this country replicate the basic requirements of the academic concept of the entrepreneurial event.

THE ENTREPRENEURIAL EVENT

The French refugees who left North Africa for France, the East Germans who escaped to West Germany, the South Vietnamese airlifted to the U.S. at the fall of South Vietnam, and the Cuban Exiles that first came to Miami and later moved to other parts of the U.S. had something in common: their entrepreneurial energy.

Three well-studied premises have been associated with the entrepreneurial event:

1. The psychological factor resulting from a personal trauma that impacts the potential entrepreneur. This can be the result of a geographical displacement due to political or economic reasons, a family crisis, or the loss of a job.
2. Arrival into an environment where there is stability and relative personal security plus social peace. That is, the lack of insecurity due to legal matters such as confiscatory laws, ideological pressures, etc.
3. The availability of sources of credit at low interest rates, free technical advice, educational opportunities as well as governmental support for those willing to assume the risk of launching an enterprise.

The existence of the above three factors creates a critical mass that generates a process known as the entrepreneurial event, which usually results in the decision of the potential entrepreneur in first planning and then assuming the risk of launching the enterprise.

According to the latest Survey of Business Owners—Hispanic-Owned Firms: 2007, published in 2010, most of the 251,070 Cuban-owned firms in the U.S. were small (218,741). The remaining 32,329 provided employment to 242,993 persons, with a total payroll of \$8.1 billion. Collectively these larger firms generated \$43.4 billion in receipts and had average receipts of \$1.3 million, indicating that many were already beyond the first stage of growth.¹

CUBAN-AMERICAN FIRMS IN MIAMI-DADE AND BEYOND

Table 1 shows that, in the case of the Cuban Diaspora, the propensity of this immigration to the U.S. to create new firms initially started in Miami, and it later expanded to the rest of the U.S.

Table 1. Cuban-Owned Firms and Cuban-Owned Firms with Employees in Miami-Dade County

| Year | Number of Firms | Number of Firms with Employees |
|------|-----------------|--------------------------------|
| 1969 | 1,764 | 549 |
| 1972 | 2,463 | 646 |
| 1977 | 7,336 | 1,320 |
| 1982 | 20,795 | 2,643 |
| 1987 | 34,771 | 5,205 |
| 1992 | 46,900 | 7,949 |
| 1997 | 72,369 | 16,138 |
| 2002 | 81,243 | 14,747 |
| 2007 | 117,798 | 16,315 |

Source: Surveys by the U.S. Department of Commerce in 1969, 1972, 1977, 1982, 1987, 1992, 1997, 2002 and 2007 of Hispanic-Owned Firms.

We all know the concept of a “business incubator,” a protected environment in which fledgling businesses are nurtured until they are strong enough to compete on a larger scale. Miami-Dade County (MDC), with its continuous inflow of Cuban exiles, as shown in Table 2, played that role with the new micro and small Cuban owned firms by:

- Providing support from friends, families and neighbors to early entrepreneurs.
- Patronizing the small Cuban owned neighborhood firms.
- Recreating organizations that had fostered professional development in Cuba, such as the Asociación Interamericana de Hombres de Empresas (AIHE) and the American Club.
- Practicing the so-called “character loans” that were a key tool to the early success of Cuban ex-

Table 2. Cuban Population, Miami-Dade County (4)

| Year | Population |
|------|------------|
| 1960 | 24,400 |
| 1970 | 185,411 |
| 1980 | 407,253 |
| 1990 | 561,868 |
| 2000 | 650,605 |
| 2010 | 856,007 |

Source: Research Institute for Cuba and the Caribbean, Center for Advanced International Studies, University of Miami, *The Cuban Immigration 1959–1966 and Its Impact on Miami-Dade County, Florida*, Appendix B, Table 3, Cubans in Dade County 1960–1966; Department of Planning and Zoning, Stephen P. Clark Center, *Demographic Profile Miami-Dade County, Florida 1960–2000*, September 2003; U.S. Census Bureau, Table 16, Total Persons and Spanish Origin, Persons by Type of Spanish Origin and Race, 1980; U.S. Census Bureau, Census 2000, Table DP-1 and U.S. Census Bureau, American Fact Finder 2010.

No wonder, then, that it was in MDC where the Census Bureau in its 2007 Survey of Hispanic Business, released in September 2010, found that 48 years after the start of the Cuban Diaspora (1959–2007), the Cuban-American business community had the following characteristics:²

- A total of 117,798 firms, collectively generating over \$ 24.5 billion in receipts.
- Of the above firms, 16,315 had employees providing work to 109,659 workers and an annual payroll of almost \$ 3.5 billion.
- The 117,798 firms located in MDC represented 46.9% of all Cuban-American firms (251,070) in the U.S. at the time the survey was taken.

The 2010 Survey also provides the following data regarding the status of Cuban-American firms across the U.S.

- 74.2% of Cuban-owned U.S. businesses (186,312) were located in Florida.
- California had 15,476 or 6.2% of all Cuban-owned U.S. firms.

1. <http://www.census.gov/econ/sbo/get07sof.html>?11. Survey of Business Owners—Hispanic-Owned Firms: 2007. Published 2010.

2. Survey of Business Owners—Hispanic-Owned Firms: 2007, op. cit.

- Texas had 10,472, New York 7,353 and New Jersey 6,969.³

THE CUBAN-AMERICAN BUSINESS COMMUNITY AS PART OF THE HISPANIC BUSINESS COMMUNITY IN THE U.S.

The original Cuban exiled community in the U.S. gradually evolved into the Cuban-American minority, and has become part of the Hispanic population in this country while still retaining strong cultural and emotional linkages to the home country.

As the previous data underlines, an important characteristic of the Cuban Diaspora has been its propensity in the creation of firms and enterprises. According to the mentioned 2007 Survey of Business Owners: Hispanics, the Cuban-American business community in spite of representing only 3.5% (1,785,547 v. 50,477,594) of the total Hispanic population of the U.S.,⁴ had achieved the following in the financial and economic areas:

- Number of firms: 251,070 (11.1% of the total universe of Hispanic owned firms in the U.S. economy in 2007).
- Sales and receipts: \$51,252,333,000 (14.8% of the total sales and receipts of Hispanic-owned firms in the U.S. economy in 2007).
- Firms with employees: 32,329 (12.9% of the total firms with employees of Hispanic-owned firms in the U.S. economy in 2007).
- Employees: 242,993 (12.8% of all employees of Hispanic-owned firms in the U.S. economy in 2007).
- Annual payroll: \$ 8.1 billion (14.8% of the annual payroll of all Hispanic owned firms in the U.S. Economy in 2007).⁵

CONCLUSION

A careful review of the previous information clearly shows the contribution of the Cuban Diaspora to the creation of a large and sustainable Cuban-American business and finance establishment, first in Miami-Dade County, and later in other Hispanic enclaves throughout the United States. Furthermore we can state the following:

- There is a correlation between the increase of the size of the Cuban Diaspora and the number of firms created by exiled Cubans.
- Miami-Dade County has served as a “business incubator” in the creation of the Cuban owned firms.
- The “entrepreneurial event” resulting in the creation of enterprises found in other immigrations has been duplicated and validated in the case of the Cuban Diaspora.
- Internal factors such as past managerial know how, past experience, persistency and hard work, as well as personality traits associated with this Diaspora, have all contributed to a proclivity to plan and launch new enterprises.
- In the period between 2002 and 2007, 99,382 new Cuban-owned firms were established in the U.S. (36,555 of them in Miami-Dade County alone). This indicates that the momentum in the creation of new enterprises continued at a rapid pace during those five years.⁶
- Finally, this successful experience in the U.S. relative to the creation of enterprises might perhaps be transferred to a free Cuba, and the lessons learned in this country could be applied in the island under the proper circumstances.

3. Hispanic-Owned Firms: 2002, Table 1; Statistics for Hispanic-Owned Firms by Kind of Business and Detailed Hispanic or Latino Origin 2002, p. 1, Table 5; Statistics by Detailed Hispanic or Latino origin for Selected Metropolitan and Metropolitan Statistical Areas With 100 or More Hispanic-Owned Firms: 2002, p. 230, issued August 2006. U.S. Census Bureau, Survey of Business Owners—Hispanic-Owned Firms: 2007, Summary of Findings, <http://www.census.gov/econ/sbo/get07sof.html?11>.

4. The Hispanic Population: 2010, Table 1. Hispanic or Latino origin Population by Type: 2000 and 2010. *2010 Census Briefs*. United States Census Bureau, U.S Department of Commerce, p. 3, issued May 2011.

5. Survey of Business Owners—Hispanic-Owned Firms: 2007, op. cit.

6. Hispanic-Owned Firms: 2002, Table 1; Statistics for Hispanic-Owned Firms by Kind of Business and Detailed Hispanic or Latino Origin 2002, p. 1, Table 5; Statistics by Detailed Hispanic or Latino Origin for Selected Metropolitan and Metropolitan Statistical Areas With 100 or More Hispanic-Owned Firms: 2002, p. 230, issued August 2006; U.S. Census Bureau, Survey of Business Owners—Hispanic-Owned Firms: 2007 Summary of Findings, <http://www.census.gov/econ/sbo/get07sof.html?11>.