



RESTARTING NEW YORK'S ECONOMIC ENGINE:

TAPPING THE STRENGTH OF ASIAN BUSINESSES



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Suggested Citation:

Khan, R., He, L., & Shih, H. (2022). Restarting New York's Economic Engine: Tapping the Strength of Asian Businesses. Asian American Federation. <https://www.aafederation.org/restarting-new-yorks-economic-engine/>

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Special thanks to Ahyoung Kim for her contribution to the policy recommendations, to Jenny Shin for design input and Meera Venugopal for review and edits.

Cover photograph and photographs on pages 7, 9, 10, 12, 15, 16, 17, 20, 21, 25, 28, 29, 30, 31, and 33 are by Sheng Lin. Photo on page 24 by Ahyoung Kim.

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PREFACE

Asian-owned businesses make vital contributions to the economic life of the New York metropolitan area. Not only are Asian-owned businesses an important job source and revenue generator, but they also provide new immigrants unversed in the nuances and complexities of the American labor market and business environment with opportunities to learn important work skills. During our discussions with elected officials, government agencies, community leaders, and small business owners, most of them recognized Asian-owned businesses as an important source of economic growth for the region. However, these stakeholders also expressed concern about the scarcity of resources needed to help these businesses start, sustain, and thrive.

The seeds of this report were planted long before the COVID-19 outbreak, as Asian businesses were suffering from neglect long before the pandemic. However, the lack of support became even more apparent when Asian-owned businesses, which were among those hit harder and earlier by the pandemic, were disproportionately overlooked by government aid programs. Now more than ever, we must advocate for robust support systems to ensure that Asian-owned businesses have the best chance of coming back even stronger in the long recovery ahead.

In keeping with Asian American Federation's (AAF) mission to heighten the voice and visibility of Asian American communities, this report aims to make data accessible and enable policy advocacy that will benefit Asian-owned businesses.

This report sets out to: 1) quantify the economic contributions made by Asian-owned businesses to the New York metro area's economy, 2) highlight the outsized impact of the Covid-19 crisis on Asian-owned businesses, and 3) outline challenges that Asian businesses face, as well as the policy changes that can address such challenges to ensure that they continue to grow and thrive. Along with AAF's 2016 report *NYC's Economic Engine: Contributions & Challenges of Asian Small Business*, we hope that this report continues the important conversation about the changes needed to support the sustainable growth of Asian-owned businesses and improve job quality for Asian immigrant workers.

We are grateful to the Korean American Community Foundation (KACF) for their generous support and their shared vision of using this report to recognize and celebrate the many Asian-owned businesses that keep our region's economy humming. We also want to thank them for their continuing support of our ongoing research efforts to amplify Asian American voices and make their lives more visible.

EXECUTIVE SUMMARY

With their expansion across the New York metropolitan area, Asian-owned businesses helped to strengthen the regional economy, create jobs, and anchor communities. In 2017, Asians made up 11.8 percent of the population in the metro area, but owned 17.4 percent of employer businesses — businesses with employees, and 15.6 percent of non-employer businesses — businesses without employees. This report examines both types of Asian-owned businesses in the metro area.

Employer Businesses in the New York Metro Area:

- From 2012 to 2017, the number of Asian-owned employer businesses increased from 74,453 to 84,753 and experienced the second highest growth rate among major racial groups.
- These businesses generated nearly \$121 billion in economic activity, which represented a 35 percent increase from 2012 to 2017.
- Along with business growth, there was a 31 percent increase in the number of jobs created by Asian-owned employer businesses, totaling 555,454 in 2017.
- Economic activity and jobs created by Asian-owned businesses were fairly evenly distributed across the metro area. While Asian-owned employer businesses totaled \$57.7 billion in economic activity and 283,115 jobs in New York City, Asian-owned employer businesses in the outlying NY metro areas also totaled \$63.2 billion in economic activity as well as 272,339 jobs in 2017.
- Asian-owned employer businesses were most common in the service sector. Retail Trade, Accommodations and Food Services, and Personal Services industries were the top three industries that had the most Asian-owned employer businesses.
- Employees at Asian-owned employer businesses earned an average of \$37,021 in 2017, representing a 12 percent increase from 2012. This was significantly lower than the regional average growth rate of 48 percent.

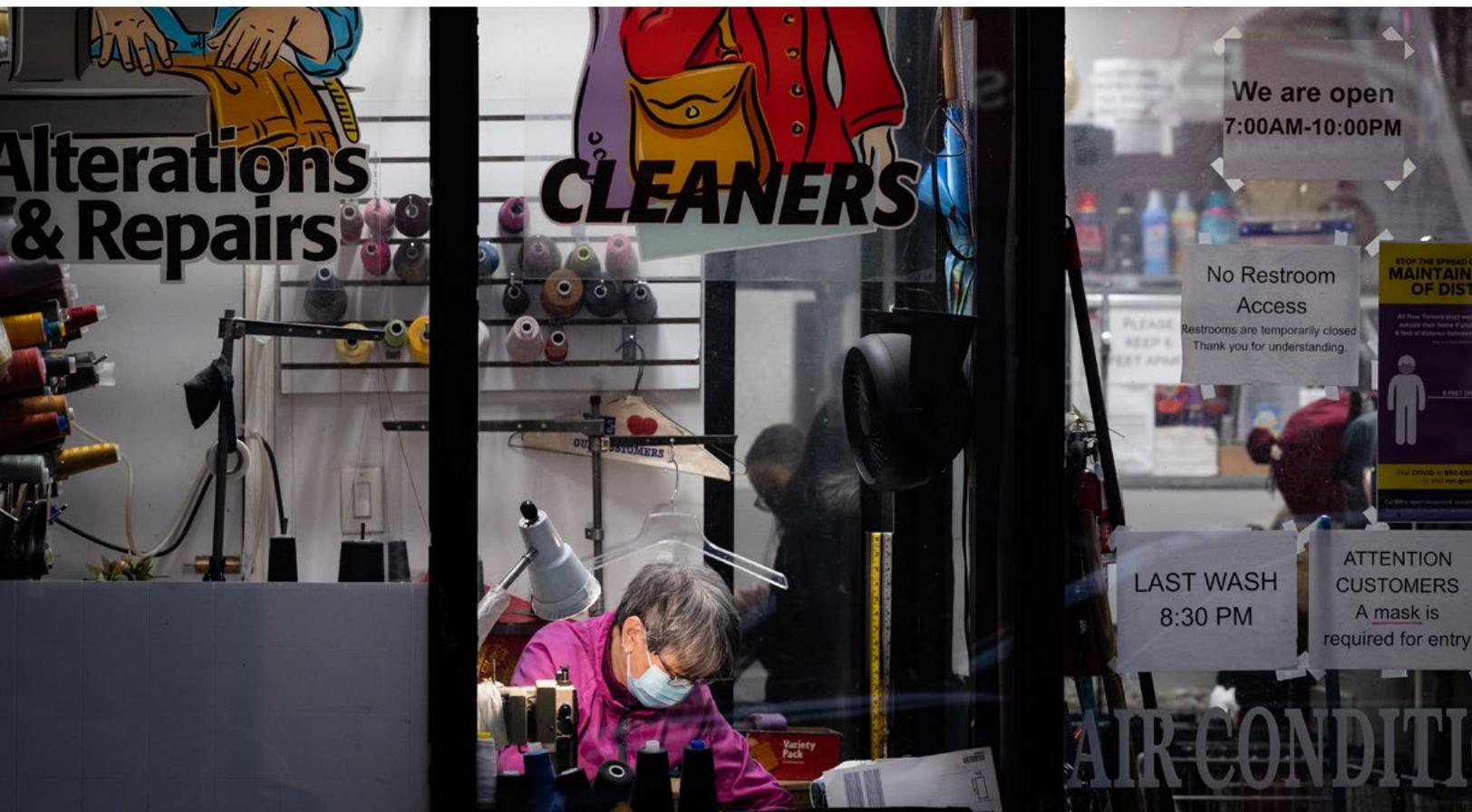
Non–Employer Businesses & Self–Employed Populations in the New York Metro Area:

- In 2017, 77.7 percent of all Asian-owned businesses were non-employer firms.
- The number of Asian non-employer businesses grew from 224,811 in 2012 to 295,000 in 2017. This 31 percent increase outpaced all other major racial groups in terms of the growth rate of non-employer businesses.
- Surpassing the regional average growth rate at 12 percent, Asian non-employer businesses experienced a 26 percent increase in economic activity from 2012 to 2017.
- In the New York Metro Area, the self-employed Asian population grew 10.4 percent from 2012 to 2017. Overall, one in ten Asian workers identified as self-employed in 2017.
- The top three industries with the most Asian self-employed workers were: Taxi and Limousine Service, Restaurants and Food Services, and Construction in both 2012 and 2017.
- Self-employed Thais, Taiwanese and Filipinos had the lowest median earnings among Asian self-employed populations.
- Self-employed Asians in New York City had the lowest median earnings of \$22,788 compared to the median earnings of their counterparts in the outlying NY metro areas including New Jersey/Pennsylvania, Long Island, and Hudson Valley.
- Limited English Proficiency (LEP) and immigration status were among the biggest challenges for Asian workers. Across the New York metro area, 45 percent of self-employed Asian workers had LEP compared to the 34 percent LEP rate of Asians who worked as regular employees.
- Most self-employed Asian workers with LEP were concentrated in service industries, such as Laundry Services, Nail and Beauty Salons, and Food Services.
- Median earnings for self-employed Asians who were non U.S. citizens was \$20,717, which was lower than the median earnings of \$26,531 of their U.S. citizen counterparts.

In conclusion, despite numerous obstacles, Asian-owned businesses showed rapid growth in the metro area between 2012 and 2017. However, the economic repercussions of the COVID-19 pandemic were catastrophic for Asian-owned businesses and Asian workers across the metro area. Despite the fact that Asian-owned businesses were hit earlier and harder than other businesses by the pandemic, they were disproportionately unable to access the government aid programs. Therefore, the purpose of this report goes beyond quantifying the economic contributions made by Asian-owned businesses to our economy and the challenges they faced. This report's goal also includes advocating for policies and programs that are tailored to the specific needs of different Asian communities and the industries they work in. Various levels of government in the New York metro area could also benefit from a blueprint that addresses the challenges that Asian businesses have faced prior to and during the pandemic.

Our Policy Recommendations Center on Three Areas:

- In the recovery era, it is critical that Asian businesses receive financial assistance in the format that meets the different needs of their businesses.
- There is an urgent need for policies and programs to be delivered in-language across the New York metro area.
- Governments should increase investment in workforce development programs to improve the skills of Asian small business workers.



INTRODUCTION

Asian Americans, who made up 12.7 percent of the total population in the New York metropolitan area in 2020, have been the area's fastest growing major racial and ethnic group over the last decade. The rapid growth of the Asian American population not only provided willing workers, but also established a variety of businesses that generated revenue, contributed to the tax base, and created thousands of new jobs every year. While it is devastating to see many Asian-owned businesses suffer an outsized impact from COVID-19, it is important to note that there has been a historical lack of support and resources for Asian-owned businesses to grow and thrive even before the pandemic. Therefore, this report seeks to quantify the vital contributions that Asian-owned businesses have made to the economy of the New York metro area and outline the challenges that these businesses have faced before and throughout the pandemic.

The report is divided into four chapters. The first chapter presents an overview of Asian-owned employer firms across the New York metro area, followed by a chapter examining the non-employer Asian firms and the self-employed population. The third chapter looks at the impact of the COVID-19 pandemic on Asian-owned businesses. Finally, we conclude with a series of policy recommendations to address the barriers that Asian-owned businesses have faced.

The primary data sources used to create this report were released by the Census Bureau between 2012 and 2017. Given that the United States was experiencing a period of sustained economic growth prior to the COVID-19 pandemic, our findings aim at identifying long-term trends experienced by Asian-owned businesses and the pre-COVID challenges that they have faced. In order to compensate for the inherent delays in the release of comprehensive government data, we also examined business statistics that have a faster turnaround to estimate the scale of the pandemic's impact on Asian-owned businesses.

Chapter 1

ASIAN-OWNED EMPLOYER FIRMS DROVE ECONOMIC GROWTH IN THE NY METRO

From corner grocery stores to major companies, Asian-owned businesses are an essential part of the New York metro area's economy. While Asians made up 11.8 percent of the population in the NY metro area in 2017, they owned 17.4 percent of employer firms – businesses with employees, and 15.6 percent of non-employer firms – businesses without employees. Using datasets from Annual Business Survey, this chapter focuses on the growth and contribution made by Asian-owned employer firms.

Asian-Owned Employer Firms Grew across the NY Metro Area

From 2012 to 2017, the number of Asian-owned employer businesses increased from 74,453 to 84,753 and experienced the second highest growth rate among major racial groups in the New York metropolitan area (Figure 1). While New York City remained the metro region's hub, the expansion of Asian-owned employer businesses was not restricted to the City – the number of Asian-owned businesses had a 14.5 percent increase in New York City and 13 percent increase in the outlying NY metro areas.¹

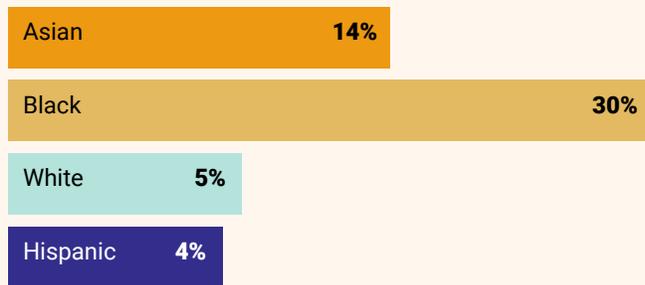
¹ This report defines outlying metro areas as those surrounding NYC within the NY metro area. And outlying metro areas and outlying areas are used interchangeably in this report. The regional level in this report refers to the whole metro area.



TABLE 1 NUMBER OF EMPLOYER FIRMS BY MAJOR RACIAL GROUP, NEW YORK METRO AREA

Major Racial Group	2012	2017
Asian	74,453	84,753
Black	10,148	13,218
White	346,405	363,660
Hispanic	28,666	29,760

FIGURE 1 PERCENTAGE GROWTH IN NUMBER OF EMPLOYER FIRMS BY MAJOR RACIAL GROUP, NY METRO AREA, 2012–2017



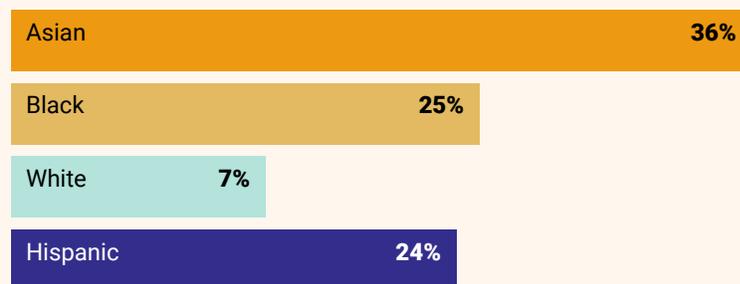
Source: AAF Analysis of Annual Business Survey 2017 and Survey of Business Owners 2012, U.S. Census Bureau



Across the NY metro area, Asian-owned employer businesses generated nearly \$121 billion in economic activity in 2017, which represented a 35 percent increase from 2012. In New York City, the economic activity generated by the Asian-owned employer businesses increased by 34 percent in the same five-year period and totaled \$57.7 billion in 2017.

Asian-owned employer businesses in outlying areas not only generated a larger total of \$63.2 billion than New York City, but also experienced a 36 percent increase in economic activity over the same time period – the largest growth rate among major racial groups (Figure 2).

FIGURE 2 PERCENTAGE GROWTH IN ECONOMIC ACTIVITY OF EMPLOYER FIRMS BY MAJOR RACIAL GROUP, OUTLYING METRO AREAS, 2012–2017



Source: AAF Analysis of Annual Business Survey 2017 and Survey of Business Owners 2012, U.S. Census Bureau

The growth of Asian-owned employer businesses was also accompanied by a rise in the number of jobs created – a 31 percent increase across the New York metro area between 2012 and 2017. As a result, in 2017 the number of jobs totaled 555,454 at Asian-owned employer businesses, including 283,115 jobs located in New York City and 272,339 jobs in the outlying metro areas.

While more jobs were created in New York City, Asian-owned employer businesses in the outlying metro areas showed a 43 percent rise in jobs between 2012 and 2017 – compared to the city's corresponding gain of 21 percent.

SURPASSING NEW YORK CITY, THE OUTLYING AREAS EXPERIENCED HIGHER GROWTH RATES OF ECONOMIC ACTIVITY AND JOBS CREATED BY ASIAN-OWNED EMPLOYER BUSINESSES.

Asian Businesses had a Large Presence in Service Industries

In 2017, 55 percent of Asian-owned employer businesses were concentrated in Retail Trade, Accommodations and Food Services, and Personal Care Services in the NY metro area (Figure 3).² At the same time, about one-third of the businesses in these industries were owned by Asians – 30 percent of Retail Trade businesses, 35 percent of Personal Care Services, and 31 percent of Accommodations and Food Services.

However, as depicted by Figure 4, the fastest growth in the number of Asian-owned employer businesses were outside of these three largest industry categories. Asian-owned

employer businesses with the highest growth rate between 2012 and 2017 were Information; Educational Services; Arts, Entertainment, and Recreation; Transportation and Warehousing; Construction industries.³

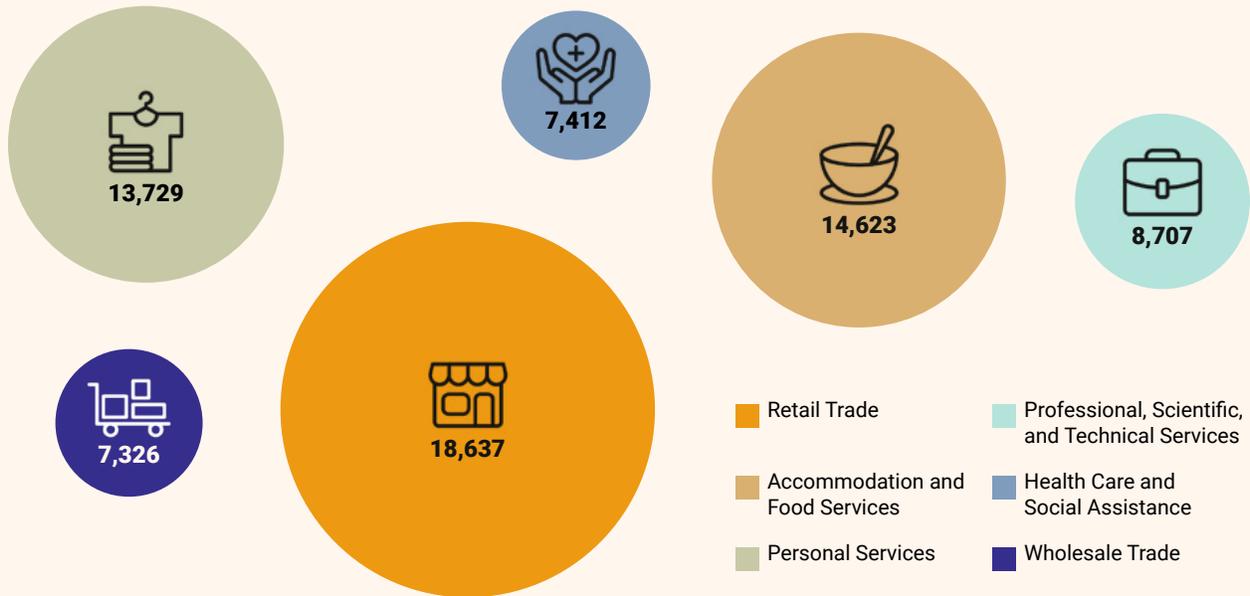
IN 2017, THE TOP 3 INDUSTRIES THAT HAD THE MOST ASIAN-OWNED EMPLOYER BUSINESSES WERE RETAIL TRADE, ACCOMMODATIONS AND FOOD SERVICES, AND PERSONAL SERVICES.

² For this report, we use the term Personal Care Services to indicate the Census Bureau's industry category of Other Services (except Public Administration). For Asian businesses, this category is dominated by personal care businesses such as Dry Cleaners and Laundromats; Nail Salons; Beauty Salons; etc.

³ Jobs in the information sector include telecommunications, publishing (including software publishers), and data processing. Jobs in the Transportation and Warehousing sector include taxis and rideshares.



FIGURE 3 TOP INDUSTRIES BY NUMBER OF ASIAN-OWNED EMPLOYER FIRMS, NY METRO AREA, 2017



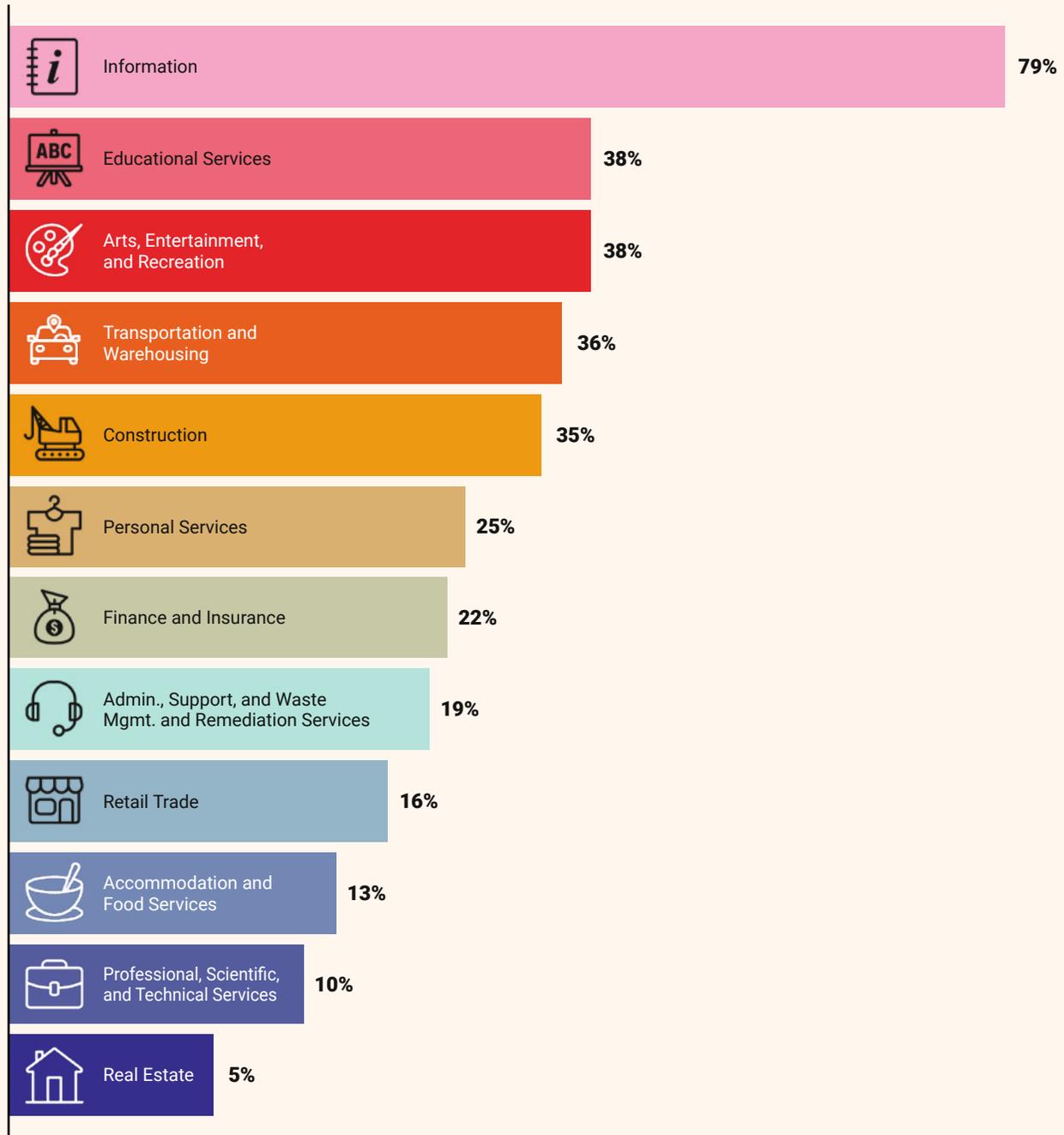
Source: AAF Analysis of Annual Business Survey 2017, U.S. Census Bureau

The fastest growth in employment for Asian-owned employer businesses occurred in Transportation and Warehousing (64 percent) and Educational Services (72 percent) from 2012 to 2017. In addition to the fact that people were traveling more for businesses (including commuting to jobs) and for leisure as the economy grew, the increase in the Transportation and Warehousing sector can be also credited to the growth in private chartered vans and buses between Asian-neighborhoods in the NY metro area. The growth in Educational Services could be attributed to the 7.8 percent growth in the Asian population under the age

of 25 years old who were accessing more educational services including, but not limited to, private test prep and tutoring centers.

INDUSTRIES WITH THE FASTEST GROWING ASIAN-OWNED EMPLOYER BUSINESSES WERE TRANSPORTATION, WAREHOUSING, AND EDUCATIONAL SERVICES.

FIGURE 4 PERCENTAGE GROWTH IN NUMBER OF EMPLOYER ASIAN-OWNED EMPLOYER FIRMS, NY METRO AREA, 2012-2017



Source: AAF Analysis of Annual Business Survey 2017 and Survey of Business Owners 2012, U.S. Census Bureau

Income for Workers at Asian Businesses Remained Low Despite Economic Growth

Payroll (the total amount of wages and salaries paid to employees) for Asian-owned employer businesses in the New York metro area increased by 47 percent between 2012 and 2017, reaching more than \$20.5 billion. Despite overall payroll growth, the average pay at Asian-owned employer businesses was \$37,021 in 2017, representing a 12 percent increase from 2012, far lower than the metro area's average growth rate of 48 percent.⁴

⁴ Due to limited data from the Annual Business Survey, only average pay could be calculated instead of median pay.



"I opened my insurance agency in Flushing back in 2012 with my husband. And throughout the years, we expanded to 3 employees — all of them immigrants. We were doing fine.

But it was very difficult during the pandemic. Most of our clients are small business owners and a lot of them had to shut down. Naturally, they canceled their policy with us. I applied for PPP and ERC. With the money, I managed to keep all my employees. We worked from home and tried our best to keep the business running although there was at least a 30% drop in revenue."

GRACE YOU
KOREAN INSURANCE AGENCY OWNER
IN FLUSHING

Chapter 2

GROWTH IN ASIAN AMERICAN SELF-EMPLOYMENT AND THE CHALLENGES

This chapter focuses on self-employment, which has always been a vital part of the economic fabric of immigrant communities, including Asian American ones. Self-employment in this chapter includes both non-employer firms and the self-employed population, which are two different concepts. Non-employer firms refer to businesses with no employees other than the owner(s), while self-employed populations refer to those who earn their living from any independent economic activity. Therefore, while self-employed populations include all business owners (including employer and non-employer businesses), a freelancer or an independent contractor who performs all of their work for a single client is considered only a self-employed person but not a non-employer business owner.⁵

While the last chapter relies on the Annual Business Survey, this chapter uses datasets from Non-Employer Statistics (NES) for the section on non-employer businesses and on the American Community Survey (ACS) for the section on self-employed population.⁶

⁵ Different taxation rules apply to those who are self-employed but not business owners. They do not need to worry about business tax filings because the business profit is passed through to them and is accounted for on their personal taxes.

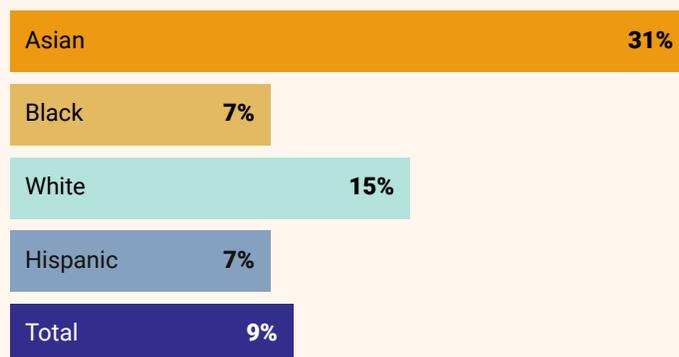
⁶ Please see Methodology (p.32) for more details.



Rapidly Growing Non-Employer Asian Businesses

Non-employer firms were a key component of Asian-owned businesses in the New York metro area, as they accounted for 77.7 percent of all Asian-owned businesses in 2017. Asian-owned non-employer businesses grew from 224,811 in 2012 to 295,000 in 2017 – a 31 percent increase that surpassed all other major racial groups in terms of non-employer business growth rate (Figure 5).

FIGURE 5 PERCENTAGE GROWTH IN NUMBER OF NON-EMPLOYER FIRMS BY MAJOR RACIAL GROUP, NY METRO AREA, 2012–2017



Source: AAF Analysis of Nonemployer Statistics 2012 and 2017, U.S. Census Bureau



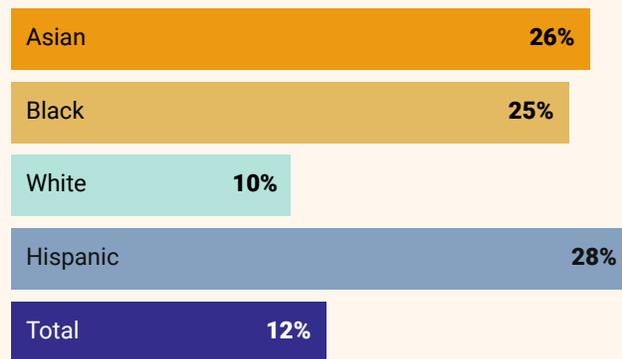
NEARLY 80 PERCENT OF ASIAN-OWNED BUSINESSES WERE NON-EMPLOYER BUSINESSES IN 2017.

ASIAN-OWNED NON-EMPLOYER BUSINESSES GREW BY 31 PERCENT BETWEEN 2012 AND 2017, SURPASSING ALL OTHER MAJOR RACIAL GROUPS IN TERMS OF NON-EMPLOYER BUSINESS GROWTH RATE.

Non-employer firms are usually small businesses that have \$100,000 or less in annual revenue. Nonetheless, Asian non-employer businesses generated \$13.1 billion in economic activity in 2017 across the NY metro area. Moreover, Asian non-employer businesses had a 26 percent increase in economic activity between 2012 and 2017, significantly higher than the metro area average increase of 12 percent during the same time period (Figure 6).

FIGURE 6

PERCENTAGE GROWTH IN ECONOMIC ACTIVITY OF NON-EMPLOYER FIRMS BY MAJOR RACIAL GROUP, NY METRO AREA, 2012–2017

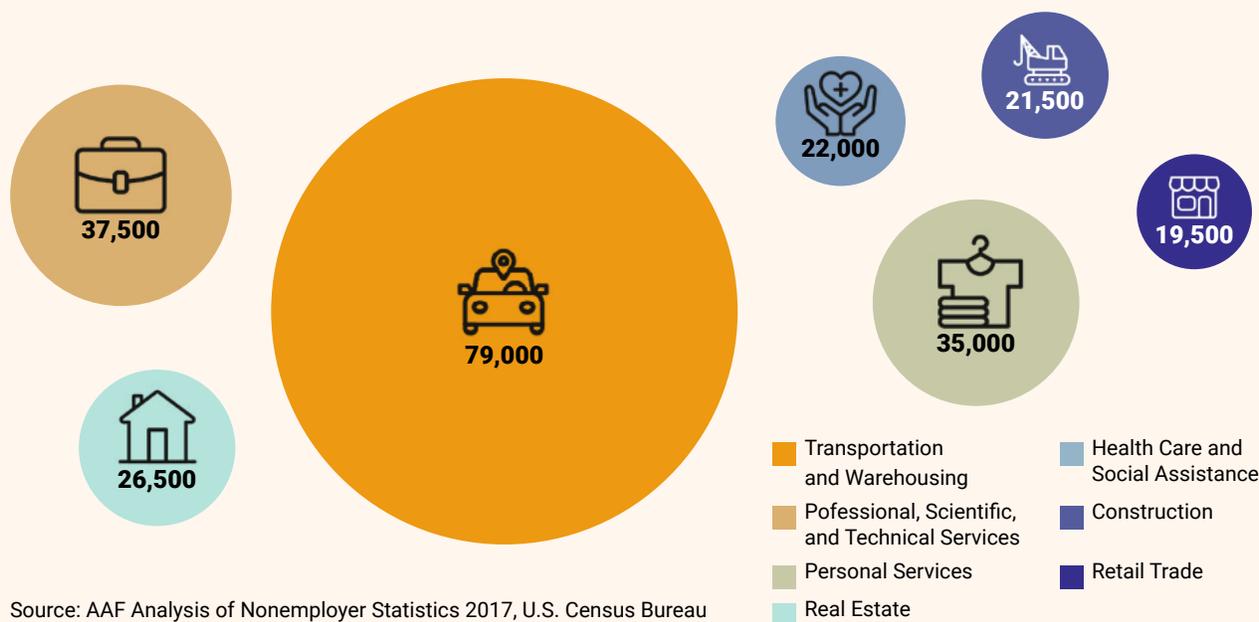


Source: AAF Analysis of Nonemployer Statistics 2012 and 2017, U.S. Census Bureau

In 2017, more than half of non-employer Asian businesses were concentrated in Transportation and Warehousing; Professional, Scientific, and Technical Services; and Personal Care Services (Figure 7). And the fastest increase in the number of Asian non-employer businesses between 2012 and 2017 took place in Transportation and Warehousing (164 percent), likely due to the growth in ride share services such as Uber, Lyft, and other delivery drivers.⁷

⁷ Rideshare drivers report income as sole proprietors which classifies them as non-employer businesses. Harpel, E., Chapman J. (2017, November 15). Working Without a Job: Trends in Non-Employer Establishments. Stephen S. Fuller Institute and George Mason University. https://sfullerinstitutione.gmu.edu/wp-content/uploads/2017/11/SFI_Non-Employer_Trends_111517.pdf

FIGURE 7 TOP INDUSTRIES BY NUMBER OF ASIAN-OWNED NON-EMPLOYER FIRMS, NY METRO AREA, 2017



Source: AAF Analysis of Nonemployer Statistics 2017, U.S. Census Bureau

Self-Employed Asian Americans were Struggling with Low Earnings

In the New York Metro Area, the self-employed Asian population grew by 10.4 percent from 2012 to 2017. Overall, one in ten Asian workers identified as self-employed in 2017.

Similar to Asian non-employer businesses (discussed in the section above), self-employed Asians had a large presence in service-oriented industries, with most of them being either small business owners or independent contractors. The top 3 industries with the most Asian self-employed workers included: Taxi and Limousine Services, Restaurants and Food Services, and Construction in both 2012 and 2017.

Table 2 lists the top 10 industries with the

most self-employed Asians in 2012 and 2017. The list remained consistent between the years, except that Grocery Stores and Child Day Care Services were part of the top 10 industries in 2012 but did not make it to the list in 2017. Instead, Specialized Design Services and Management, Scientific, and Technical Consulting Services were in the top 10 industries list for 2017.⁸

THE TOP 3 INDUSTRIES WITH THE MOST ASIAN SELF-EMPLOYED WORKERS INCLUDED: TAXI AND LIMOUSINE SERVICES, RESTAURANTS AND FOOD SERVICES, AND CONSTRUCTION.

⁸ In 2017, Childcare Services and Grocery Stores were still close to the top 10 industries of self-employed Asians, in 12th and 13th place respectively.

TABLE 2 TOP INDUSTRIES BY NUMBER OF SELF-EMPLOYED ASIAN WORKERS, NY METRO AREA

2012	2017
Taxi and Limousine Service	Taxi and Limousine Service
Restaurants and Other Food Services	Restaurants and Other Food Services
Construction	Construction
Drycleaning and Laundry Services	Real Estate
Offices of Physicians	Computer Systems Design and Related Services
Real Estate	Offices of Physicians
Computer Systems Design and Related Services	Management, Scientific, and Technical Consulting Services
Nail Salons and Other Personal Care Services	Drycleaning and Laundry Services
Grocery Stores	Nail Salons and Other Personal Care Services
Child Day Care Services	Specialized Design Services

Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata, U.S. Census Bureau

"The rideshare business provides a degree of flexibility, you are your own boss to some extent – the business is highly unpredictable. We depend on an app so you never know how many rides you will get at any given time. During the pandemic the job has become harder. Since the rider rides along with us, in light of this pandemic, the fear is still there."

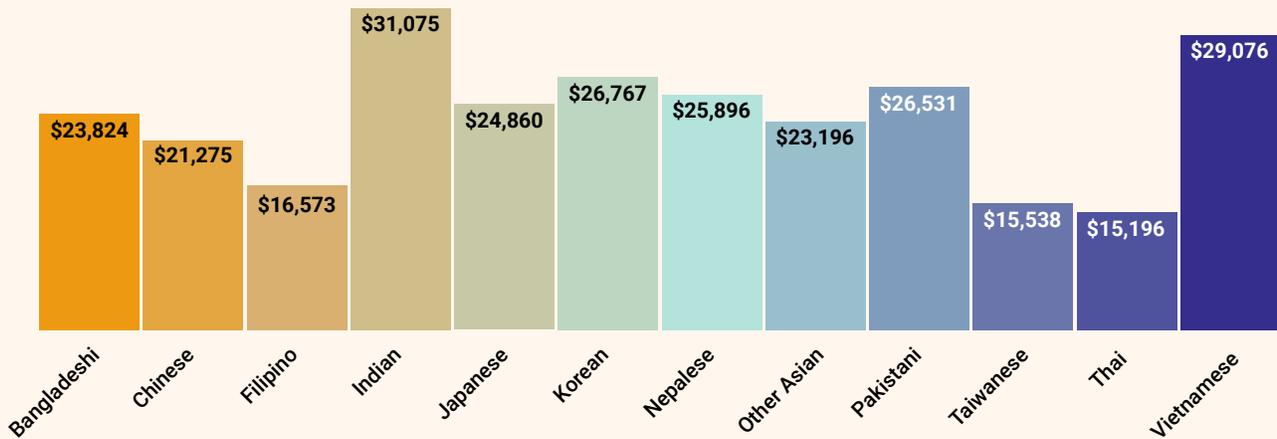
SOUTH ASIAN RIDESHARE DRIVER IN NEW YORK CITY



From 2012 to 2017, the median earnings for self-employed Asians grew by 10 percent, compared to the 15 percent for the non-Asian self-employed population.⁹ In 2017, the median earnings of Asian and non-Asian self-employed populations were similar — \$25,470 and \$25,327 respectively. The median earnings among self-employed Asian ethnic groups, however, differed significantly. As shown in Figure 8, self-employed Thai, Taiwanese, and Filipinos had the lowest median earnings of less than \$20,000, while self-employed Indians had the highest median earnings of \$31,075.

⁹ When calculating median earnings for the self-employed population, we only included those whose self-employed earnings are their main source of income—meaning that we excluded those people who only used self-employment as a side job to supplement their regular job income. See Methodology (p.32) for details.

FIGURE 8 **MEDIAN EARNINGS FOR SELF-EMPLOYED ASIAN WORKERS BY ETHNICITY, NY METRO AREA, 2017**



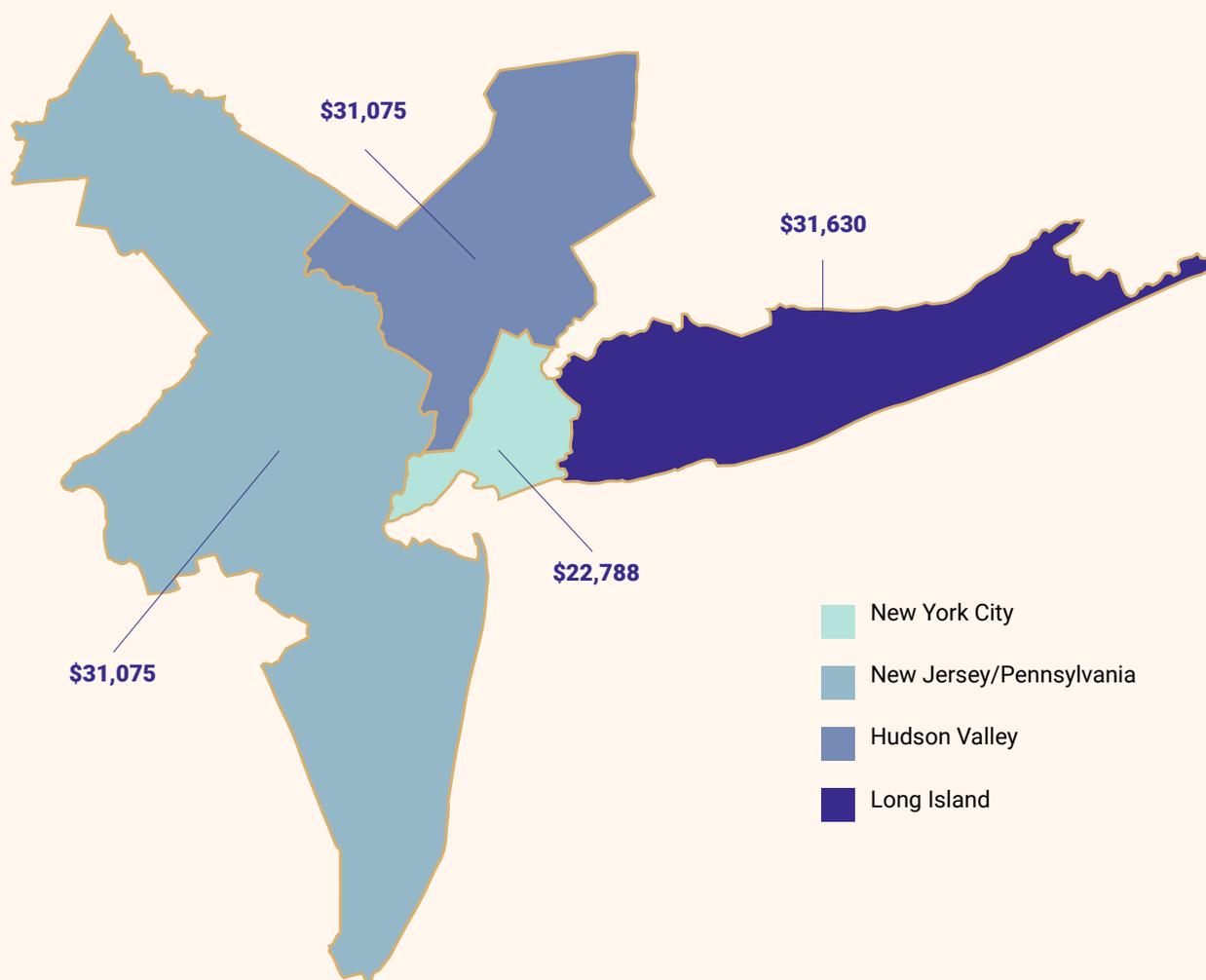
Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata, U.S. Census Bureau

Note: Median Earnings for Cambodians, Laotians, Malaysians, and Sri Lankans were excluded due to low sample count.



At the regional level self-employed Asians in New York City had the lowest median earnings of \$22,788 when compared to their counterparts in outlying metro areas including New Jersey/Pennsylvania, Long Island, and Hudson Valley (Figure 9). Such a difference was likely due to New York City's large immigrant population who disproportionately work in service-based industries with low earnings.

FIGURE 9 MEDIAN EARNINGS FOR SELF-EMPLOYED ASIAN WORKERS BY METRO REGION, 2017



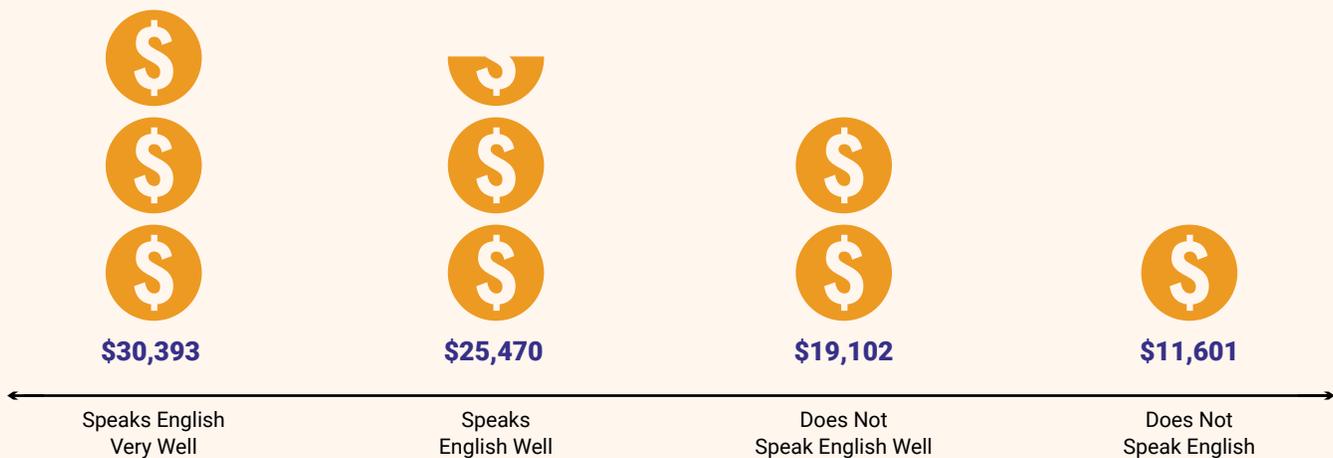
Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata, U.S. Census Bureau

Barriers to Sustainable Self-Employment

One of the most significant barriers for immigrants seeking paid employment has been limited English proficiency (LEP).¹⁰ Although some Asian workers with LEP turned to self-employment as an alternative, they still earned significantly less than those with greater English proficiency (Figure 10).

¹⁰ Anyone who reported speaking English less than “very well” in the American Community Survey was classified as having limited English proficiency (LEP)

FIGURE 10 MEDIAN EARNINGS FOR SELF-EMPLOYED ASIAN WORKERS BY ENGLISH PROFICIENCY, 2017



Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata, U.S. Census Bureau

Across the New York metro area, 45 percent of self-employed Asian workers had LEP, while 34 percent of Asians employees who work for wages or salaries had LEP. These self-employed Asians with LEP were mainly concentrated in service industries, such as Laundry Services, Nail and Beauty Salons, and Food Services, all of which rely heavily on in-person consumer demand. As a result, the widespread stay-at-home measures during the COVID-19 pandemic had a major impact on the earnings for these self-employed Asians. Moreover, language barriers made it nearly impossible for them to apply for the benefits they needed, unless translated information was made available to them in a timely manner before these benefits ran out.

In addition to LEP, immigration status also significantly impacted the earnings of the self-employed population. In 2017, the median earnings of self-employed Asians who were not U.S. citizens was \$20,717, which was lower than the median earnings of \$26,531 of their U.S. citizen counterparts. One of the many hurdles that non-citizen immigrants faced was the difficulty in getting their educational or occupational credentials obtained outside of the U.S. recognized. This in turn hampered their businesses and/or career advancement.¹¹ They were also less likely to get timely and accurate information about government benefit programs, when compared to citizens.

¹¹ Barriers to Work: Improving Access to Licensed Occupations for Immigrants with Work Authorization. (2018, July 17). National Conference of State Legislatures (NCSL). Retrieved from <https://www.ncsl.org/research/labor-and-employment/barriers-to-work-immigrants-with-work-authorization.aspx>

"Back when I started this business 20 years ago, photography was a booming industry. But the clientele has shrunk a lot compared to the old times, even before COVID-19. March to July in 2020 was the hardest time for my business... I was not allowed to operate my business indoors.

Because my industry does not benefit much from marketing, it's very important to maintain the connection with existing clients. Folks who used my service for a baby photo would come back to take more photos of the child as they grow, or for the younger sibling's photo. Nowadays, I can't expect customers to return for milestones like a baby's birthday any more because we lost that connection in the months of closure."

GYUHO CHOI
KOREAN AMERICAN NON-EMPLOYER
BUSINESS OWNER IN MURRAY HILL



Chapter 3

A PANDEMIC SETBACK FOR ASIAN-OWNED BUSINESSES AND WORKERS

While the last two chapters of the report show the trends and long-term challenges that Asian American business owners and self-employed workers have faced, the analysis relies on the datasets collected by the Census Bureau before the COVID-19 pandemic.¹² In this chapter we will use more recent data sources to gauge the pandemic's impact on Asian small business owners and low-income Asian American workers in the New York metro area.

Asian American communities in the New York metro area have not only been dealing with the health impacts of the COVID-19 pandemic, but also with its economic repercussions, which have been equally catastrophic. According to the Mastercard Center for Inclusive Growth, areas with high concentrations of Asian-owned businesses in New York City suffered a disproportionate loss in consumer spending when compared to the rest of the city.¹³

¹² Please see Methodology (p.32) for more details.

¹³ Lee, E., (2021, February 9). NYC Asian communities hit earlier and harder by COVID-19. Mastercard Center for Inclusive Growth. Retrieved from <https://www.mastercardcenter.org/insights/asian-american-communities-hit-earlier-and-harder-by-covid-19>



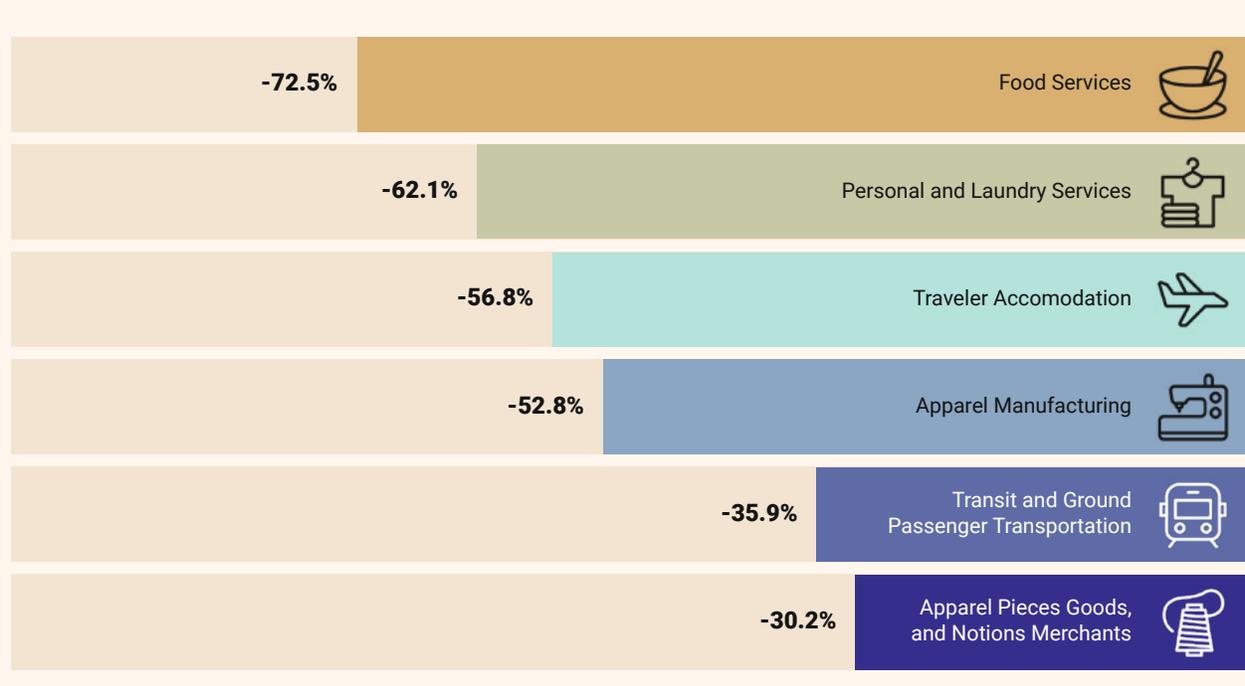
AAF's 2021 small business survey also showed that Asian-owned businesses suffered an outsized impact from pandemic shutdowns. An estimated 55 percent of Asian-owned businesses reported a loss in revenue of more than 75 percent. Another 26 percent reported losses in revenue between 50 and 75 percent.¹⁴

The hit to businesses also meant many in the community lost their jobs. Many industries with a high concentration of Asian workers were hit particularly hard by job losses during shutdowns, including apparel manufacturing, beauty and nail salons, laundromats, food services, taxi and rideshare, and retail. According to AAF's 2020 report, *The Impact of COVID-19 on Asian Employment in New York City*, the number of Asian Americans claiming unemployment benefits in New York State soared 6000 percent during the peak of the COVID-19 pandemic in 2020. In New York City, Asian unemployment also soared from 3.4 percent in February 2020 to 25.6 percent by May 2020, the largest increase among all major racial groups.¹⁵

¹⁴ Kim, A., Khan, R., & Shih, H. (2021). Small Businesses, Big Losses. Asian American Federation. https://www.aafederation.org/wp-content/uploads/2021/05/AAF_SB_Survey_2021.pdf

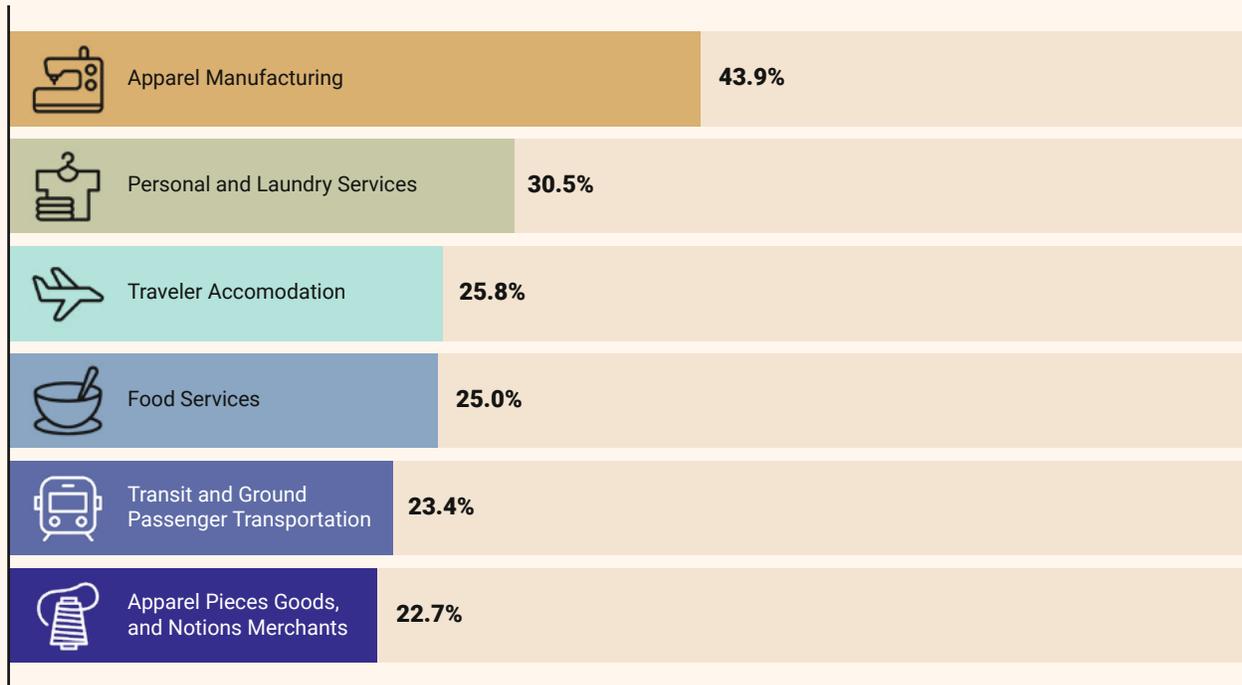
¹⁵ Khan, R., Shih, H., (2020) Impact of COVID-19 on Asian Employment in New York City. Asian American Federation. <https://www.aafederation.org/the-impact-of-covid-19-on-asian-american-employment-in-nyc/>

FIGURE 11 **PERCENTAGE OF JOB LOSSES AMONG INDUSTRIES WITH LARGE SHARES OF ASIAN WORKFORCES, NEW YORK STATE**
Loss in Industry Employment, April 2019 to April 2020



Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata and New York State Department of Labor

FIGURE 11 Percentage of Asian workers, 2018



Source: AAF Analysis of American Community Survey 2018 5-year Public Use Microdata and New York State Department of Labor

Despite such devastation, Asian business owners faced systemic roadblocks when they sought the assistance they desperately needed. According to AAF's survey, a lack of information, especially in languages they understood, prevented business owners from getting COVID-19 relief resources. Even for those Asian business owners who did not face language barriers, the process was still difficult. Asian-owned small businesses that relied on cash and paper-based bookkeeping, found it difficult to furnish the extensive documentation required by government applications, making them less likely to be eligible for aid. In south Flushing, around 1,000 business borrowers received federal Paycheck Protection Program (PPP) loans in 2020 – an estimated rate of 10 percent, while the acceptance rate was closer to 50 percent in some wealthier parts of the city.¹⁶

¹⁶ Which NYC Neighborhoods Received the Most PPP Loan Money? (2020, July 13). Renthop. Retrieved from <https://www.renthop.com/studies/nyc/which-nyc-neighborhoods-received-the-most-ppp-loan-money>

Moreover, Asian business owners often found that assistance programs did not address their needs. PPP loans, for example, were prioritized for payroll use, despite the fact that 37 percent of Asian small company owners regarded rent to be their top issue, compared to just 10 percent who considered payroll to be their primary concern.¹⁷

The following section outlines recommendations for addressing challenges faced by Asian American business owners as they grapple with a slow recovery from the pandemic.

¹⁷ Kim, A., Khan, R., & Shih, H. (2021).



"I opened my eyelash business in Flushing around October of 2019. I started with two employees. It was open only for six months and had just started to get on track when the shutdown mandate started.

During the shutdown, I had to let go of my two employees to cut down costs. I still needed to pay the full rent. I tried to apply for government aid programs but was not eligible because I opened my business in 2019 and could not provide the 2018 tax return required by the application."

OSCAR LIM
CHINESE EYELASH BUSINESS OWNER
IN FLUSHING



Chapter 4

POLICY RECOMMENDATIONS

To ensure that Asian businesses are able to thrive, it is crucial that policies and programs address the specific challenges faced by Asian-owned businesses. Different levels of government in the New York metro area need to create initiatives that support Asian-owned businesses and put them on the road to a strong and lasting recovery. Therefore, our recommendations should serve as a blueprint for addressing what Asian businesses have faced in three major areas: financial assistance, language access, and workforce development.

Financial Assistance:

As the economy recovers, it is critical that Asian businesses that were devastated by the effects of COVID-19 have access to financial assistance. This assistance should be in the format that meets the different needs of small businesses, such as those in need of legally necessary infrastructure repairs mandated by law. To be more specific:

- Restrictive eligibility criteria such as the geographic limits for low-to-moderate income (LMI) neighborhoods, constraints on the eligibility of certain industries, or the need to show business sustainability based on net profit have excluded Asian small business owners from applying for government aid. To transform the application process into a more equitable one, governments should actively seek alternate standards for identifying small businesses in need of financial aid, including expanding eligibility criteria and accepting a range of documents.
- To promote transparency, future small business assistance programs should have communication plans to disseminate consistent information centered on first-time applicants, as well as a well-defined appeal process. In addition, future programs should collect data on application submissions and approval rates with geographic, sectoral, and racial breakdowns. By revealing the economic damage caused by the COVID-19 pandemic, such data would be critical in helping policymakers and advocates evaluate whether interventions are reaching people who need them the most.

Language Access:

There is an urgent need for improved language access for Asian businesses. Policies and programs, such as standards regarding business inspections, need to be delivered in-language across the New York metro area. Therefore, we recommend:

- To build comprehensive and robust programs, local governments should address the diverse languages spoken by the potential entrepreneurs in Asian communities. For example, culturally relevant outreach programs in Asian languages could lead to more Asian small business owners participating in the Minority and/or Women-Owned Business Enterprise (MWBE) contracting process.
- Language access, cultural competency, and consistent standards for inspections should be a priority for government agencies engaging with Asian small business owners in marginalized communities. Increased support and funding for trusted Community Based Organizations (CBOs) serving hard-to-reach small business owners has long proven to be an effective practice.



Workforce Development:

Governments should increase investment in workforce development programs to help Asian small business workers improve their skills. More support would not only ensure the success of Asian businesses, but also expand economic opportunities for their workers across the New York metro area.

- Working with community-based partners, new programs should identify the labor needs of the business community and the skills gap in the labor pool with the goal of growing opportunities for both the workers and the businesses that hire them. The Korean American Family Service Center (KAFSC), for example, held sewing and beautification classes in the pre-pandemic era that were well received by the community.¹⁸
- Additionally, programs that train low-income workers with in-demand skills should also leverage workers' existing cultural and language abilities, especially as multilingual employees are in high demand at Asian businesses. For example, seven years ago, the Murray Hill Merchant Association offered food handling license classes and accreditation programs in Korean. The program ended due to the loss of city funding, but restaurant owners have repeatedly asked for it to be reinstated as it helped them to find qualified workers.

¹⁸ Those who finished the course, however, found it difficult to find work because many small businesses were forced out of business by the pandemic.



METHODOLOGY

Data Sources

This report relies on the following data sources from the U.S. Census Bureau: the 2017 Annual Business Survey (ABS), the 2012 Survey of Business Owners (SBO), the 2012 and 2017 Nonemployer Statistics (NES), and the 2013 and 2018 American Community Survey (ACS).

For data on employer businesses, we used 2017 ABS and 2012 SBO. The 2017 ABS provides information on selected economic and demographic characteristics for businesses and information on sex, ethnicity, race, and veteran status for business owners. Both surveys classified a firm as Asian-owned if more than half the stock or equity in the business is directly owned by up to four persons identified as Asian. So a publicly traded company with four Asians owning more than half the stock would be classified as Asian-owned.¹⁹ The SBO was discontinued and replaced by ABS survey. The 2012 SBO was the most recent survey prior to the 2017 ABS.²⁰

For data on non-employer businesses we compared the 2012 and 2017 NES. These statistics use administrative data for businesses that have no paid employees and are subject to federal income tax.

For data on the self-employed population, we used the ACS Public Use Microdata Sample (PUMS). We compared the ACS 5-year estimates from 2018 to the ACS 5-year estimates from 2013. Because of the time lag between ACS's data collection and publication, this comparison aligned approximately with the same time frame of the comparison between 2017 ABS and 2012 SBO.²¹

¹⁹ About the Annual Business Survey (ABS). (n.d.) U.S. Census Bureau. Retrieved from <https://www.census.gov/programs-surveys/abs/about.html>

²⁰ Guidance for Data Users. (November 22, 2021). U.S. Census Bureau. Retrieved from <https://www.census.gov/programs-surveys/sbo/guidance.html>

²¹ The rolling nature of the ACS made it so that respondents answered questions about the last 12 months so the 2018 dataset included data from 2017, and the 2013 dataset included data from 2012.



Geographic Definitions:

For data from ABS, SBO, and NES, the New York metropolitan area (shortened to New York metro area) includes parts of New Jersey, Pennsylvania, the Hudson Valley, and all of New York City and Long Island. It aligns with the U.S. Office of Management and Budget’s current definition of the New York–Newark–Jersey City, NY–NJ–PA, Metro Area.

However, in our analysis of ACS data, we included some counties that are outside the U.S. Office of Management and Budget’s definition of the New York metropolitan area. This is because ACS uses the Public Use Microdata Areas (PUMA) to define geographies, which often combines counties to achieve minimum population threshold requirements.

We split up the New York metro area into four areas:

1. The New Jersey-Pennsylvania area combines PUMA areas from both states. The Pennsylvania counties included are Monroe, Pike, Wayne and Susquehanna. New Jersey counties in the region include Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, and Union.
2. New York City was delineated by PUMA areas that cover all five counties that comprise New York City: Queens, Bronx, Kings (Brooklyn), Richmond (Staten Island), and New York (Manhattan).
3. Long Island was defined by PUMA areas that cover Nassau and Suffolk counties.
4. The Hudson Valley area included PUMA areas covering Dutchess, Orange, Putnam, Rockland, Ulster, Sullivan, and Westchester counties.

Terminology

Asian Ethnicities

Major Asian ethnic groups are reported based on Census categories. Asians in the data are identified in several instances by nationality instead of ethnicity. While the Census Bureau is constantly studying how they can better adjust their data collection and reporting to reflect the changing needs of our communities, we must work with the ethnicity labels that are currently available. This analysis also includes comparisons between Asians and non-Asians – including all major racial groups (Hispanic, Black, and White). While Hispanic is classified as an ethnicity by the Census Bureau, this category was treated as a major racial category in our analysis.

Non-Employer Business

Non-employer businesses were U.S. businesses with no paid employees or payroll. According to the Census Bureau, “Most non-employers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner’s principal source of income.”²²

Self-Employed

We determined who was self-employed based on the American Community Survey variable “Class of Worker.” Any respondent who selected that they were “Self-employed in own not incorporated business, professional practice, or farm” or “Self-employed in own incorporated business, professional practice or farm” were coded as self-employed in our analysis. This includes business owners (both employer and nonemployer businesses) and those working multiple jobs as long as they worked the most hours for the self-employed job.

Median Earnings for the Self-Employed

When calculating median earnings for the self-employed population, we only included those whose self-employed earnings are their main source of income – meaning that we excluded those people who only used self-employment as a side job to supplement their regular job income. Median earnings are solely based on self-employment income, without including any other sources of income.

²² About this Program. (n.d.) U.S. Census Bureau. Retrieved from <https://www.census.gov/programs-surveys/nonemployer-statistics/about.html>

Support provided by



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