

Asian American Businesses: Identifying Gaps and Supporting Recovery

*Survey of Asian American Businesses**

**ASIAN AMERICAN
& PACIFIC ISLANDER
POLICY INITIATIVE**

UCLA Asian American
Studies Center

Photo: Alycia Cheng

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** This is a preliminary analysis of the survey findings as of August 2021. A report with policy recommendations is forthcoming.*

Foreword from Dennis Huang, Executive Director and CEO, Asian Business Association of Los Angeles:

The Asian Business Association of Los Angeles has been dedicated to supporting and advocating for Asian American owned businesses since 1976. It has been a challenging year for many individuals and businesses. The economic changes brought on by the pandemic as well as concerns over safety amid rising incidents of anti-Asian hate negatively impacted the Asian American businesses. A recent study showed that the Asian American and Pacific Islander (AAPI) community only accounts for 0.20% of all US Grantmaking. This is why surveys like this are important.

Whether it's to confirm what we suspected or gain additional insights, good data is lacking and much needed. Together, with UCLA's Asian American Studies Center and Center for Neighborhood Knowledge, we are able to disseminate the results. We need our voices to be heard so elected officials and public agencies can develop and shape better laws to better serve the Asian American business and our diverse community. In addition, community based organizations like ours can better shape the programs to be more in line with the needs and expectations of these businesses.

Introduction

The COVID-19 pandemic has had enormous economic impacts, including creating financial difficulties and hardships on Asian American businesses. Previous studies have documented how the public health crisis has impacted this sector. Restaurants and shops in Chinatown were among the first to feel the effects, with owners witnessing a decline as early as February 2020. These enclave businesses also experienced deeper and more prolonged closures than others, and a slower recovery.^{2, 3, 4} The devastation, however, has not been limited only to Chinatown businesses, but has also been felt by other Asian American businesses struggling to stay afloat.

The dramatic economic downturn can also be seen in the unprecedented levels of unemployment

among Asian American workers. Even when overall unemployment rates saw a decrease in May 2020, Asian American unemployment increased and the joblessness rate remained higher than that of other groups.¹ By May 2020, the researchers found, the unemployment rate for Asians was 15% and the jobless rate was 21%, compared to 12% and 16% for whites. Among those in the labor force with a high school education or less, 83% filed unemployment claims in California, compared to 37% for the rest of the California labor force with the same level of education. Impacts to the community have been especially deep since so many are employed in industries hardest hit by the pandemic (i.e. hospitality and leisure, retail, and other services).

Despite the magnitude of the economic and financial impacts, Asian American businesses have faced numerous challenges and barriers to accessing

The survey's major findings are:

- A large majority of Asian American businesses were adversely impacted by the pandemic, suffering financial losses, temporary closures, and staff reductions
- Many but not all received assistance but nonetheless faced barriers to applying for relief

Based on these findings our recommendations are:

- Lower barriers to applying for government relief
- Support local community and business organizations so that they may provide technical support for businesses
- Continue to track Asian American business health during the recovery

assistance and relief. The National Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship's survey of Asian American and Pacific Islander (AAPI) businesses found that over 60% of businesses "missed out on critical aid because they did not believe they were eligible."⁵

It is critically important that we have effective strategies and policies to ensure that Asian American businesses are able to thrive in the

recovery era. To better understand how the pandemic affected Asian American businesses and their needs during the economic recovery, the Asian Business Association of Los Angeles surveyed businesses across the Southern California region.

The survey collected information on: business characteristics, owner characteristics, pandemic impacts, applying for and receiving assistance, and needs for recovery. The survey was conducted in April 2021 and received over 400 responses. Details of the method, sample and data can be found in the Technical Appendix.

Results and Findings

Business Characteristics

The sample includes about 400 Asian American businesses in Southern California consisting of a diverse set of businesses that cover the major industrial sectors and not dominated by any one industry. Sectors represented in the sample include: goods production, retail/wholesale/transportation, professional services, education/health, hospitality, and other services. Restaurants, travel agencies, nail and hair salons, accounting, and healthcare services are among some of the businesses included in the sample.

Nearly all the businesses in the sample are small businesses, operating with fewer than twenty employees. Most businesses have no more than four employees including the owner.

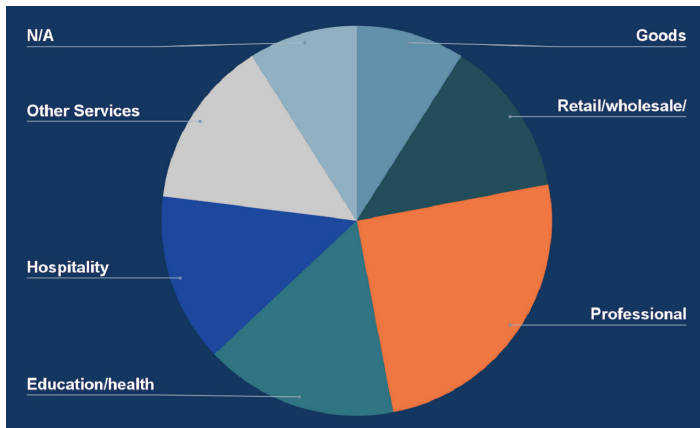
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Land Acknowledgement: The authors acknowledge the Gabrielino/Tongva peoples as the traditional land caretakers of Tovaangar (the Los Angeles basin and So. Channel Islands). We pay our respects to the Honuukvetam (Ancestors), 'Ahihirom (Elders) and 'Eyoohiinkem (our relatives/relations) past, present and emerging.

Disclaimer: The views expressed herein are those of the authors and not necessarily those of the University of California, Los Angeles or ABC/ABA of Los Angeles. The authors alone are responsible for the content of this report.

Figure 1: Sectors Represented

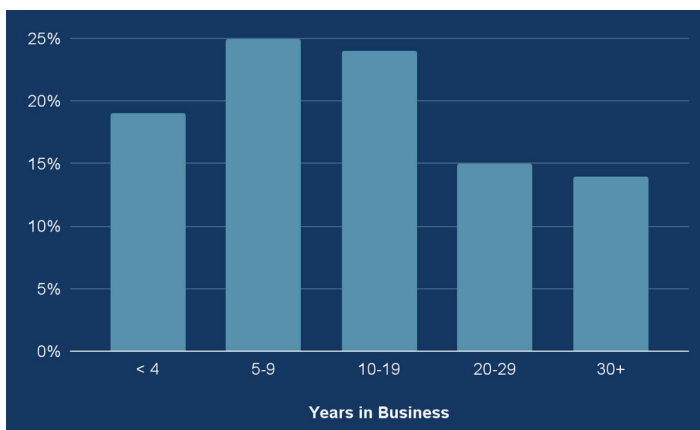


Source: ABA Pandemic Impacts Survey 2021

Just under half of the sample includes businesses that have been in operation for less than ten years. About a third of businesses have been operating for more than twenty years. New businesses and older businesses faced unique sets of challenges during the pandemic that will also have implications on their needs for recovery. During the pandemic, some very new businesses found themselves ineligible for assistance programs. Older businesses, especially in certain sectors, could have a harder time making adjustments and transitions to digital/mobile platforms and services.

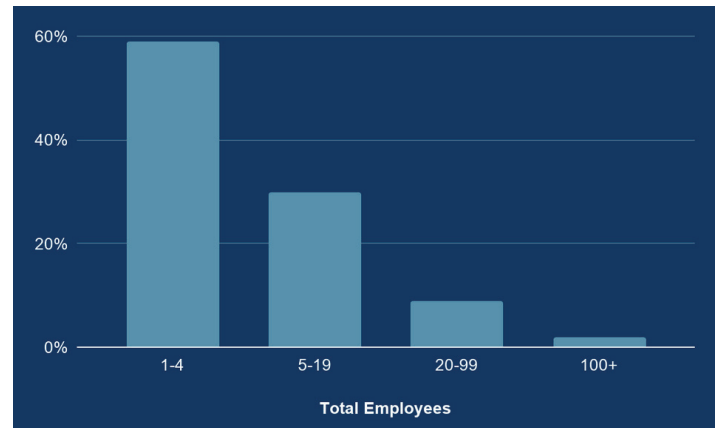
The survey asked businesses about their clients/customers, employees, and suppliers to learn about their embeddedness in ethnic networks. Many businesses are part of a larger ethnic and co-ethnic

Figure 3: Business Age



Source: ABA Pandemic Impacts Survey 2021

Figure 2: Business Size



Source: ABA Pandemic Impacts Survey 2021

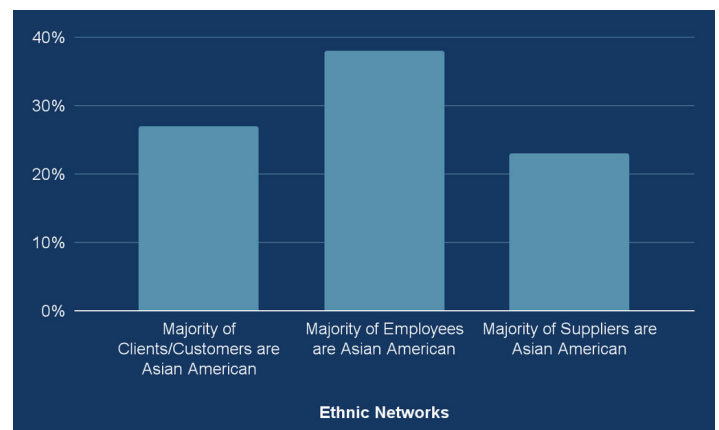
network of customers, employees, and suppliers. At the same time, many businesses are also serving, employing, and supporting non-Asians.

Owner Characteristics

Owners span a range of experience. Three out of four businesses are immigrant-owned and nearly half are owned by women. Half of business owners in the sample are between the ages of 35 and 54. About one-third of owners in the sample are 55 or older.

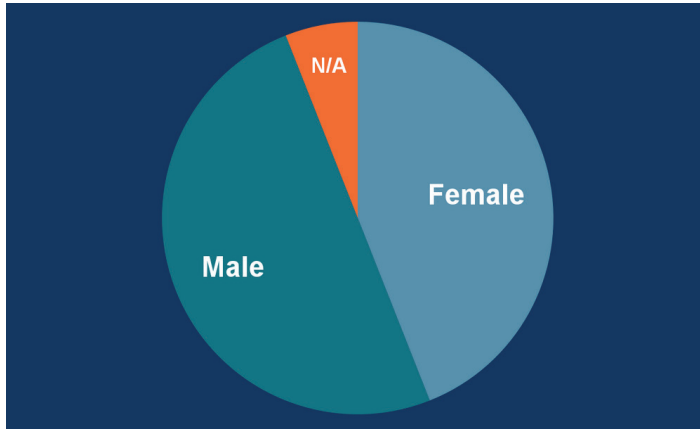
Chinese, Filipino, Japanese, Korean, and Vietnamese were the largest groups of owners. Other owners identified themselves as “Asian,” another ethnic group, or as multi-ethnic.

Figure 4: Ethnic Networks



Source: ABA Pandemic Impacts Survey 2021

Figure 5: Business Owners by Gender



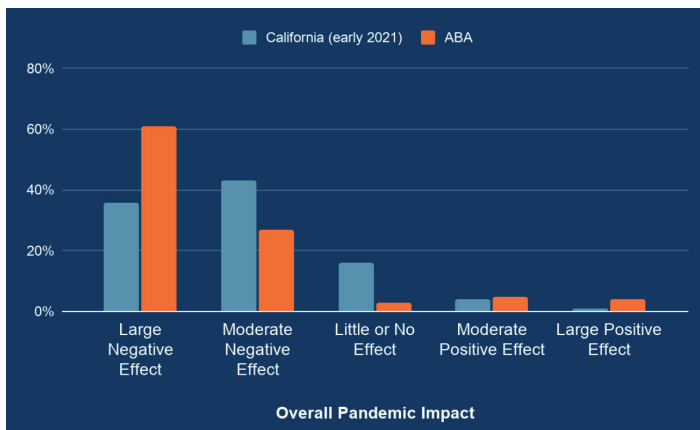
Source: ABA Pandemic Impacts Survey 2021

Pandemic Impacts

Respondents in this sample were asked about pandemic impacts using the same question used by the US Census Bureau in their Small Business Survey. This allows for direct comparison between this sample of local Asian American businesses and California businesses overall. Roughly 3 in 5 owners in this sample experienced a large negative effect.

When comparing ABA's sample of local Asian American businesses to the Census Bureau's Small Business Pulse Survey of California businesses, local Asian American businesses saw a higher rate of negative effects. As a result

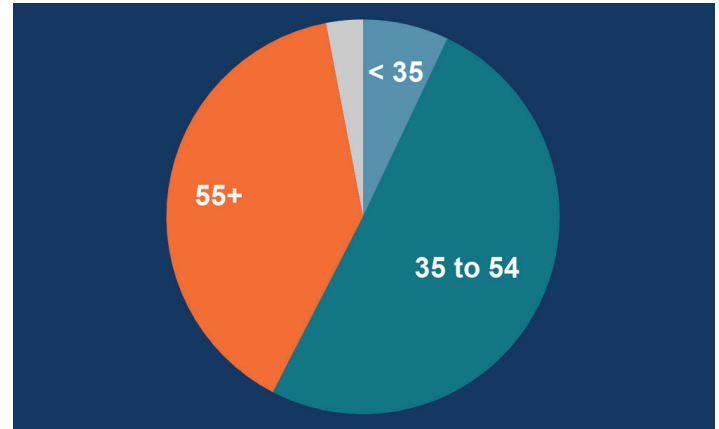
Figure 7: Comparing Pandemic Impacts on Local Asian Small Businesses and California Businesses Overall



Source: ABA Pandemic Impacts Survey 2021

Pulse Small Business Survey Response Detail for 01/04/21 to 01/10/2021

Figure 6: Business Owners by Age



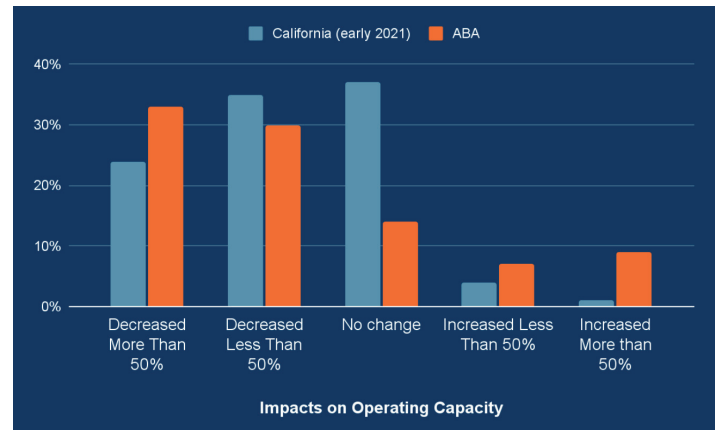
Source: ABA Pandemic Impacts Survey 2021

of the pandemic, most businesses saw a decrease in operating capacity. Nearly a third said their capacity decreased by more than 50% with over half reporting that they had to close their business at some point during the pandemic. Local Asian American businesses reported larger decreases in operating capacity when compared to businesses in the state of California overall.

Applying For and Receiving Assistance

There is a gap between those who were able to apply for government assistance and those who received aid. Asian American businesses applied

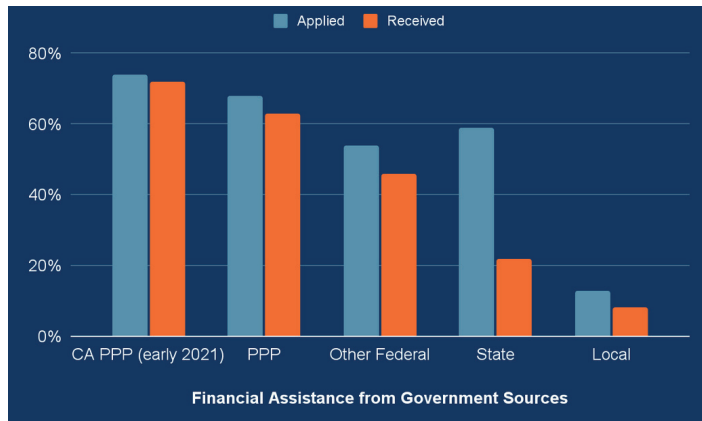
Figure 8: Comparing Impacts to Operating Capacity among Local Asian Small Businesses and California Businesses Overall



Source: ABA Pandemic Impacts Survey 2021

Pulse Small Business Survey Response Detail for 01/04/21 to 01/10/2021

Figure 9: Comparing Financial Assistance Applied for and Received from Government Sources



Source: ABA Pandemic Impacts Survey 2021
Pulse Small Business Survey Response Detail for 01/04/21 to 01/10/2021

to and received PPP assistance at lower rates compared to California businesses overall.

Businesses also looked for help outside of government assistance; however, not all businesses were able to find the help they requested.

This could suggest pandemic-related strains and stresses on resources across social and kinship networks among individuals in the sample. While only about 6% of businesses in California turned to family and friends for help, Asian American businesses requested help from family and friends at about double the rate of CA businesses overall.

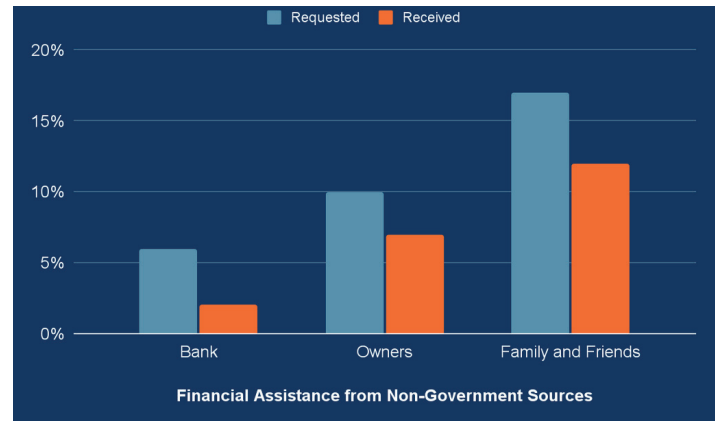
Challenges Applying for Assistance

For the many who did not apply for assistance, the most frequently stated challenges were:

- Did not know about programs
- Had difficulty getting assistance from governmental agencies
- Had difficulty meeting eligibility

Whether it was around information about the application process or with knowing about the programs themselves, there seems to be a gap in the accessibility of information on available assistance for many businesses owners. Respondents

Figure 10: Comparing Financial Assistance Applied for and Received from Non-Government Sources



Source: ABA Pandemic Impacts Survey 2021
Pulse Small Business Survey Response Detail for 01/04/21 to 01/10/2021

also raised issues with eligibility, the non-responsiveness of banks and agencies, confusion and technical barriers, and facing challenges completing the application due to language.

One owner wrote that they were declined from one program and was still waiting for a response about the state relief grant at the time of the survey:

“Decline[d] from EIDL Loan due to my credit score. Got wait listed from CA Relief Grant.”

Another wrote that being a new business made them ineligible for the state’s relief grant.

“CALIFORNIA RELIEF GRANT DEN[IED] DUE [TO] BUSINESS NOT PRIOR 6-1-2019”

The non-responsiveness of banks and agencies was another frustration that owners shared:

“Filed application since Jan 2021. Was told twice [I was] wait listed. Have not heard after”

Others expressed frustration around waiting and the lack of transparency in who has been able to access critical relief.

“Always on the wait list for grant assistance - we assume there is favoritism in the system.”

Many owners talked about how the process was confusing and how they are left uncertain about their status:

“Applied for PPP, however the process is not clear so you have to guess at it and there is long waiting time without a confirmation.”

Another owner elaborated on how the documentation process was confusing and was not flexible enough to take into account their case:

“Documentation -- Confusion [be] cause I have 2 businesses so it was flagged as duplicate”

The scarcity of information in other languages was another frequently cited challenge, especially for first-generation business owners:

“There [are] difficulties applying for financial assistance because [of] not understanding English well.”

Even when attempting to reach out for live support, some owners continued to have difficulty navigating the process:

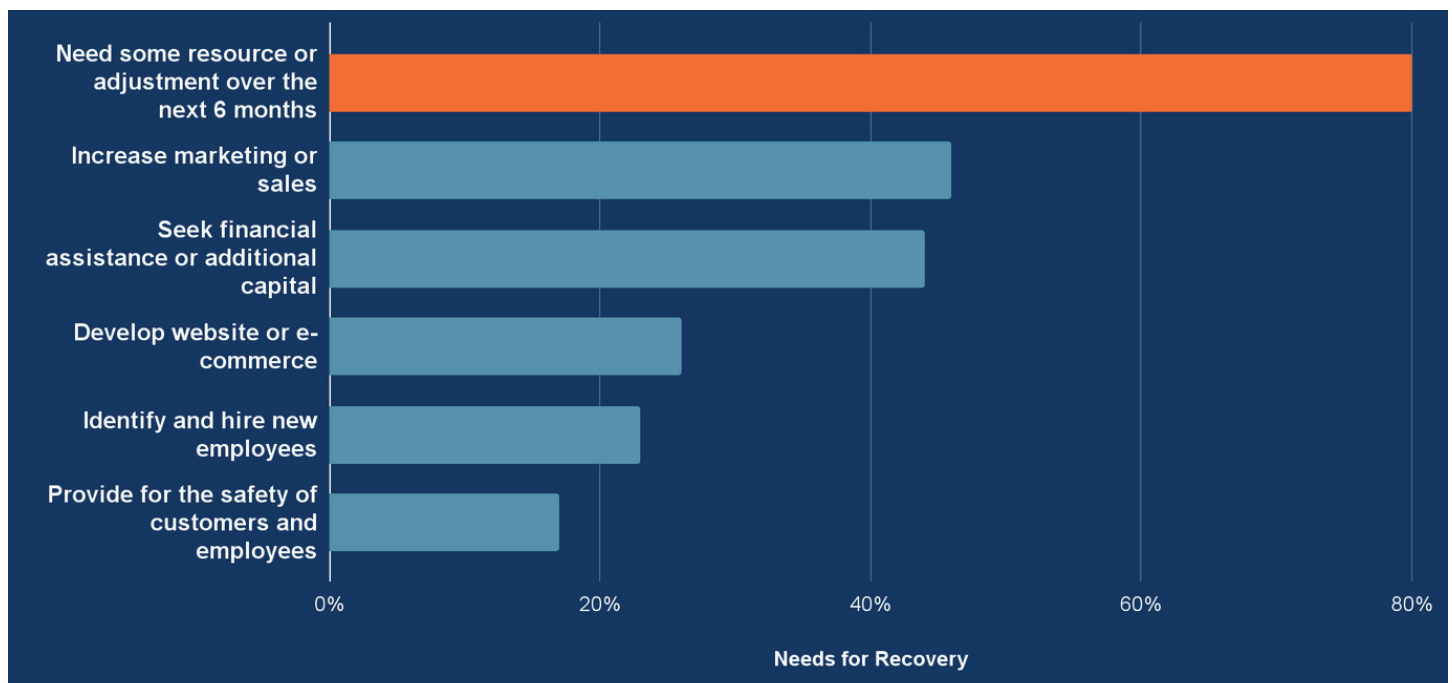
“English is my second language and even mak[ing] a phone call there is difficulty to understand”

Many small businesses have been stretched to capacity while working to stay afloat during the pandemic and trying to navigate the relief process. Among these businesses are many first-generation business owners who face the added challenge of navigating a system with limited support in their native language. Recovery can be targetted to better reach these businesses by resourcing local community and business organizations to help fill knowledge gaps through translation and counseling services.

Supports Needed for Recovery

Among this sample, a number of businesses had not been able to access timely relief and assistance. This makes a targetted approach to recovery even more critical in order to ensure that those who have been left behind are able to get the support they need.

Figure 11: Most Frequently Cited Supports Needed for Recovery



Source: ABA Pandemic Impacts Survey 2021

When asked about their needs for recovery, nearly all businesses stated having some type of resource or adjustment need over the next 6 months. The most frequently specified needs are increasing market and/or sales and a need for additional financial assistance or capital.

Some businesses are looking to develop an online presence to better adapt to drops in foot traffic. Nearly a quarter of businesses will need to identify and hire new employees. Others are also concerned about how to provide for a environment for staff and customers.

Key Takeaways

- Asian American businesses saw widely negative effects during the pandemic.
- Many Asian American businesses received assistance but nonetheless faced barriers. Others did not receive assistance at all.
- For Asian American businesses that have been hard-hit, there are several resources that are needed for recovery such as:
 - Access to financial capital to stay afloat.
 - Strategies on how to increase business activity to make up for lost revenue.
 - Technical assistance support for developing an online presence or marketing campaigns.
 - Support with attracting, recruiting, and retaining employees.
 - Resources to provide a safe and health workplace for staff and customers.
- Government relief programs can be improved by lowering barriers to the application process, such as requiring less financial statements in order to qualify.
- Media, public education, and outreach campaigns about relief and recovery resources must be developed in multiple Asian languages to reach immigrant small business owners.
- Technical assistance funding to local community and business groups who can provide application support to small businesses.
- Increase staff capacity of government agencies to handle inquiries in relation to applications and resources.
- Rethink and expand eligibility.
- Amplify the stories and needs of those most impacted by the pandemic.
- More research must be conducted in order to identify gaps and to prioritize actionable and impactful steps to support already vulnerable, minority-owned small businesses brace for disproportionate impact.



<https://abala.org>



<https://knowledge.luskin.ucla.edu>



<https://aasc.ucla.edu>

Technical Appendix

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Survey Platform

Google Forms, SurveyMonkey, and Qualtrics were investigated as possible platforms for the survey. Due to resource limitations, Qualtrics was not a viable option due to its cost. The additional functionality it offered was not essential for this project. SurveyMonkey had serious limitations in terms of the number of viewable responses in the free version. In evaluating the free version of Google Forms, it was determined that it was adequate and more suitable for this project due to greater capacity and capabilities which would facilitate expanding the survey to other groups. Ease of implementation and user familiarity with the platform were two key points leading to the selection of Google Forms.

Questionnaire Development

A survey instrument was developed based on stakeholder priorities and based on a review of other preexisting surveys (Census Household Pulse Survey of Small Businesses, Pew Research Center's June 2020 Survey of Adults, and Urban Institute's Survey of AAPI Organizations) and Stakeholders to allow for direct comparison for select questions.

In consultation with ABA, we selected the following topics: the impacts of the pandemic, access to relief and assistance, recovery plans, anti-Asian hate and business characteristics. The resultant questions were initially tested internally for readability, clarity, organization and time to complete. We also reviewed the instructions for clarity as well as to assure confidentiality. We then formatted the questionnaire into Google Forms, ensuring that there was an explicit option stating "Not sure or don't know" or the option to opt out for each question. The Google Forms survey was tested and evaluated by the ABA board and a group of small business owners and other stakeholders, with modifications made based on their responses and the time required to complete the survey. We also assessed whether questions were deemed too intrusive.

Survey Sample and Outreach

Individuals from three different groups were invited to participate in the survey. The first was a group consisting of ABA members. The second was an email list for individuals that attended webinar sessions or reached out to ABA regarding CA Relief Grants. The third was an email list which included ABA's extended network of interested parties. This includes organizations and individuals (small businesses, large corporations, public agencies, nonprofits and others) who have some contact or connection with ABA but are not formal members of ABA. Large corporations, public agencies and unnecessary duplicates were removed from lists. Names were cleaned and standardized and duplicates were removed. Records with missing information (e.g. names), businesses identified as corporations, organizations, media and non-US entities were also removed. People who were already in one of the other lists were removed to make the lists mutually exclusive. To focus on Asians, we consulted the U.S. Census Bureau's Decennial Census Surname files which assign the probability that a given individual is of a certain race based on their surname based on the 2010 and 2000 enumeration. For example, about 98% of individuals with the surname Zhuang are Asian alone.⁶ We applied this to the lists and kept the ones with a probability of at least 40%. However, this method has limitations, especially for those with Spanish surnames. The selected individuals were invited by email to fill out the survey along with an opportunity drawing for one of five \$50 gift cards. Potential respondents were reminded an additional two times, then notified of a last call before the surveys were closed.

Data Cleaning and Assembly

The responses were downloaded from Google Forms in spreadsheet form which was reencoded as a dataset suitable for analysis. For multiple choice questions, answers were given as strings corresponding to one of the answers and re-encoded as integers. The question asking for a percentage as a response was also encoded as

an integer, by hand when required. Checkbox responses were given by Google Forms in the form of a string with the selected responses as substrings separated by commas. This was reencoded as separate individual questions for each checkbox option. The industry of each business was provided as an open ended response, and these were reencoded by hand to the nearest matching NAICS code. Other open ended questions were encoded into categories based on key terms.

To account for multiple submissions from the same respondent, weights were assigned to each record. Because submissions by the same person sometimes contained different answers, weights were used instead of eliminating duplicate entries. We also did not want to eliminate responses from potential individuals with more than one business or establishment. Records were considered duplicates when they met one of the following criteria: 1) all answers were the same, 2) the name of the person was the same, 3) the name of the company was the same or 4) the email address provided was the same. The first criterion was able to find matches even when no name, company name, or email was given. These entries were then confirmed to have identical responses to open-ended questions. The other criteria found matches even when there were differences in the other answers provided.