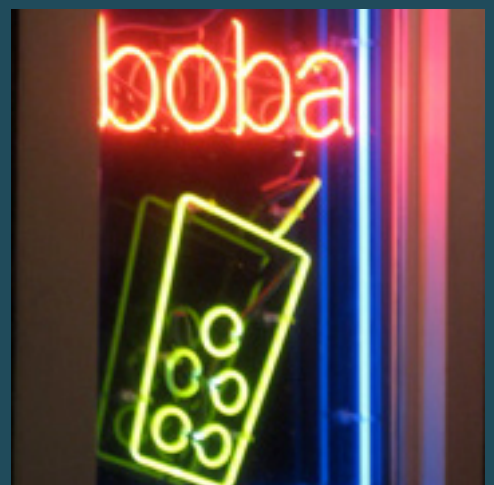


The State of Asian American Businesses

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BACKGROUND

Business ownership serves as an important path for economic and occupational mobility, especially when discrimination and other obstacles limit opportunities in the labor market (Light 1972). For immigrant communities and other new populations that face a number of disadvantages to participating in the mainstream economy, entrepreneurship offers a pathway from the informal to the formal economy (Light 2004). Owning businesses, through self-employment,¹ is a key route for the accumulation of wealth and overall economic stability. Many published studies have discussed the importance of entrepreneurship to immigrant and ethnic minority populations, and the relatively high rates of self-employment among Asian Americans as compared to other minority populations (Portes and Zhou 1996). This policy brief takes a closer look at publicly available data to examine the status of Asian American business ownership today. Have Asian American entrepreneurs achieved success at the same levels as non-Hispanic Whites in U.S. society?

Data from the 2005-2007 American Community Survey (ACS) and 2002 Survey of Business Owners (SBO) were used to inform this brief. Estimates used in this brief from the ACS are limited to civilian employed persons, who are 16 years of age and older. One of the limitations of this data is the lack of information on assets; nonetheless, the analysis does provide important insights into the extent and nature of Asian American² businesses.

According to the available statistics, a mixed picture emerges on the status of self-employed Asian Americans. Overall, self-employed Asian Americans have done relatively well. Overwhelmingly, they are immigrants pursuing business ownership as a path to economic integration. They seemingly occupy a middle position in the racial hierarchy, doing better than other minority business owners, but still generally lagging behind non-Hispanic Whites by various measures of business ownership and self-employment.

The self-employment gap between Asian Americans and non-Hispanic Whites is narrower on the national level. Nationally, Asian Americans are doing as well, or almost as well, as non-Hispanic Whites. However, with a significant proportion of Asian Americans residing in California and in areas like LA County, where it is relatively more expensive to live and operate a business, national statistics on self-employed Asian Americans may be somewhat skewed. By examining the status of Asian American self-employment at three different geographic levels – the U.S., California, and LA County – a more accurate analysis of Asian Americans can be attained.

The mixed story is compounded when the report takes a look at ethnically disaggregated data on self-employed Asian Americans. Given the great socio-economic diversity among Asian Americans along ethnic lines, it is important to take a look at this pan-ethnic population using disaggregated data. Differences among Asian American ethnic groups become very clear.

The brief primarily compares Asian American rates of self-employment to those of Non-Hispanic Whites and the overall population to determine whether Asian Americans continue to experience inequalities in self-employment. Compared to other populations, are Asian Americans more or less likely to be self-employed? Who are Asian American business owners? And how successful are these businesses, as measured by earnings? After a statistical overview of self-employment rates and firm characteristics by race and ethnicity, sections in the report provide a profile on Asian American business owners, detail and discuss more characteristics of firms, and examine self-employment earnings by race and ethnicity.

1 For the purposes of this report, the term “self-employment” includes individuals who are self-employed in their own unincorporated or incorporated businesses, professional practices, or firms. We use the term “self-employed” and “business owner” interchangeably.

2 Unless otherwise noted, the reporting of Asian American data uses “Asian Alone” statistics, not including Asian Americans who identify as more than one race.

OVERVIEW: ASIAN AMERICAN SELF-EMPLOYMENT AND FIRMS

Overall, the research literature on Asian American self-employment focuses on immigrant entrepreneurship, seeking explanations for why their rates of business ownership are higher than those of African Americans and other minorities. Because immigrants are more likely to be self-employed compared to native-born citizens, researchers have good reason to focus on immigrant Asian American entrepreneurs. However, it is interesting to see that the self-employment rate for U.S. born Asian Americans (7.8%) is significantly lower than for foreign born Asian Americans (11.6%), but about the same as the rate for recent Asian Americans immigrants (6.2%). Overall, U.S. born and immigrant Asian Americans are less likely than non-Hispanic Whites to be self-employed. Table 1 shows that although many self-employed Asian Americans are immigrants, they are not the most likely to be self-employed among all foreign-born residents. The self-employment rate of Asian American immigrants is 8.3 percent. Foreign-born non-Hispanic Whites have the highest proportion of self-employed at 11.1 percent.

Table 1: Self-Employment Rates By Nativity and Race – United States

Nativity	Latino	NH White	Black	Asian	Pacific Islander*	Other
US Born	6.1	11.6	4.9	7.8	-	7.9
Foreign Born	9.6	16.9	7.3	11.6	-	11.1
<i>10 years or less</i>	7.0	10.4	5.2	6.2	-	9.5
<i>11-20 years</i>	9.6	16.2	7.8	11.7	-	11.0
<i>Over 20 years in US</i>	12.3	21.6	8.6	15.4	-	12.9

* Sample sizes are too small to generate a reliable estimate.

Source: American Community Survey 2005-2007

In part, only showing the relative success of Asian Americans compared to other minorities, and not examining their status in comparison to non-Hispanic Whites can reinforce the stereotype³ that Asian Americans are doing as well as Whites economically. Analysis based on available public data allows us to assess the status of self-employment for Asian Americans. Table 2 summarizes average self-employment rates between 2005 and 2007 for various racial groups nationally, in California, and in Los Angeles County. Asian Americans still trail non-Hispanic Whites in self-employment at all geographic levels. Self-employment rates are greatest in LA County, followed by California, for most racial/ethnic groups. However, gaps between White and Asian American rates of self-employment increase significantly from the national level to California and even more in LA County. Nationally, the self-employment rate for Asian Americans (10.9%) is comparable to that of the overall population (10.5%). In California, where the Asian American population is largest compared to all other states, their self-employment rate (10.8%) is significantly lower than that of non-Hispanic Whites (15.8%) and lower than the overall population's rate (12.2%). In Los Angeles County, where the Asian American rate of self-employment (12.2%) is higher than the Asian American rate in California and nationally, the gap compared to that of Whites is substantial at 7 percentage points. The non-Hispanic White self-employment rate in LA County is higher than it is in California and across the country.

³ A brief discussion of this stereotype of success can be found in the introduction to the original report by Patraporn, Ong, and Pfeiffer (2008).

Table 2: Self-Employment Rates by Race/Ethnicity – US, California, and LA County 2005-2007

Race/Ethnicity	US	California	LA County
Latino/Hispanic	8.1%	8.6%	9.9%
NH White	11.8	15.8	19.2
Black	5.2	7.2	8.1
Asian Alone	10.9	10.8	12.2
Korean	21.4	23.1	22.9
Vietnamese	12.1	11.5	8.2
Japanese	12.0	15.1	16.8
South Asian	11.5	12.4	14.3
Chinese	10.9	11.3	12.6
Other Asian	10.5	12.4	13.2
Other Southeast Asian	5.9	6.7	10.3
Filipino	5.3	5.1	5.0
Pacific Islander	6.1	-*	-*
Other	8.4	9.6	11.3
All Persons	10.5	12.2	13.1

* Sample sizes are too small to generate a reliable estimate.

Source: American Community Survey 2005-2007

Given the diversity among Asian Americans, analysis using disaggregated ethnic data can provide a more nuanced understanding of Asian American self-employment. Table 2 above shows that nationally, Vietnamese Americans (12.1%) and Japanese Americans (12.0%) have comparable rates to Whites (11.8%). Filipino Americans (5.3%) and other Southeast Asian Americans (5.9%), on the other hand, were less than half as likely to be self-employed and have similar rates to African Americans (5.2%) across the country.

Only Korean Americans (21.4%) have a significantly higher rate of self-employment than non-Hispanic Whites (11.8%). In fact, Korean Americans have the highest rates of self-employment at all geographic levels, where they exceed White self-employment by 7.3 and 3.7 percentage points nationally and in California respectively. The gap in LA County shrinks to 3.5 percentage points, with Korean Americans at 22.5 percent and Whites at 19 percent self-employment. These statistics have led to a relatively large amount of research literature on Korean American entrepreneurship, which discusses immigration and other socio-economic patterns that lead to these high rates.⁴

The rates reported in the previous table reflect the numbers of individuals who identify as being self-employed in their own unincorporated or incorporated businesses. The next table summarizes a broader measure of self-employment by race in the U.S., California, and in LA County. These alternative self-employment rates include individuals who identify as being self-employed, work as an unpaid family member, and/or reported self-employment income or earnings. Therefore, these numbers are more inclusive of people who identify as self-employed even on a part-time basis. The more expansive means of self-employment measurement shows the same pattern, that is, Asian Americans lag behind non-Hispanic Whites in self-employment. While table 3 shows that 15 percent of non-Hispanic Whites are self-employed in the U.S., it shows that 13 percent of Asian Americans are self-employed. The gap between Whites and Asian Americans increases, with the self-employment rate of non-Hispanic Whites increasing to 19.1 percent in California and 23 percent in LA County. For Asian Americans, the self-employment rate remains about the same as the national rate in California (12.7%) and in LA County (14%). Nationally, the Asian American rate of self-employment is about the same as it is for all persons (13.2%), but it falls slightly behind the general population's self-employment rate in California (14.6%) and in LA County (15.3%).

4 For an extensive discussion on Korean Americans and entrepreneurship, see Min's *Caught in the Middle: Korean American Communities in New York and Los Angeles* (1996), Park's *The Korean American Dream: Immigrants and Small Business in New York City* (1997), and Yoon's *On My Own: Korean Businesses and Race Relations in America* (1997).

Table 3: Self-Employment Rates (Broad Definition) by Race/Ethnicity – US, California, and LA County 2005-2007

Race/Ethnicity	US	California	LA County
NH White	15.0%	19.1%	23.0%
Asian	13.0	12.7	14.1
Latino	9.4	9.9	11.1
Pacific Islander	8.2	.*	.*
Black	6.8	9.2	10.0
Other	11.3	12.4	14.6
All Persons	13.2	14.6	15.3

* Sample sizes are too small to generate a reliable estimate.

Source: American Community Survey 2005-2007

Table 4 compares the numbers of firms owned by individuals of various racial backgrounds compared to the numbers of self-employed individuals. Interestingly, with the exception of Latinos, the number of firms exceeds the corresponding number of self-employed individuals. Although Asian Americans are more likely than other minority groups to be self-employed, nationally they own a smaller number of firms than African Americans and Latinos, reflecting the differences in overall population sizes. Asian Americans own 4.8 percent of all firms, while African Americans own 5.2 percent, and Latinos own 6.8 percent of all U.S. firms. In California, Asian Americans own more firms than African Americans, but less than Latinos, which also reflects the smaller number of African American self-employed in California and larger numbers of Asian American and Latino self-employed in the state. A similar trend can be observed in LA County. While Asian Americans are more likely than other minorities to be self-employed, their relatively smaller overall population size compared to African Americans nationally, and compared to Latinos in all three geographic areas logically lead to smaller absolute numbers of self-employed Asian Americans and firms. Thus, in California and LA County, where the population of African Americans is not as large as in other parts of the U.S., the number of self-employed African Americans and their firms is understandably smaller than for other groups.

Table 4: Number of Firms and Self-Employed Individuals by Race/Ethnicity – US and California, 2002, 2005-2007

Race	United States			California		LA County	
	# Firms (2002)	% of Firms	# Self- Employed (2005-2007)	# Firms (2002)	# Self- Employed (2005-2007)	# Firms (2002)	# Self- Employed (2005-2007)
NH White*	19,899,839	86.6%	11,459,091	2,322,121	1,209,962	..**	278,051
Black	1,197,567	5.2	756,368	112,815	64,500	52,669	28,571
Am. Indian & Alaska Native	201,387	0.9	--	--	--	13,061	--
Asian	1,103,587	4.8	682,104	371,530	228,276	140,461	75,225
Pacific Islander	28,948	0.1	--	7,074	--	--	--
Latino	1,573,464	6.8	1,480,975	427,678	458,936	188,422	196,076
All Persons	22,974,655	--	14,614,042	2,908,758	2,004,940	901,948	588,379

*Number of firms owned by White persons, as reported by Survey of Business Owners, includes both Hispanic White and non-Hispanic Whites.

** The number of non-Hispanic White firms was not easily accessible from the 2002 SBO.

Source: Survey of Business Owners 2002 and American Community Survey 2005-2007

PROFILE OF ASIAN AMERICAN BUSINESS OWNERS

This section takes a closer look at the diverse socio-economic characteristics of Asian American business owners. Table 5 details various characteristics of Asian American business owners, showing the great spectrum of socio-economic measures among Asian Americans, especially by ethnicity, educational attainment, nativity, and English proficiency. Overall, more Asian American men are business owners than Asian American women. This gender gap exists for all racial groups. The average Asian American business owner is in her/his mid-forties.

Table 5: Asian American Business Owner Representation by Gender, Ethnicity, Age, and Educational Attainment – US, California, and LA County 2005-2007

Characteristics	US	California	LA County
Gender			
Male	61.5%	61.7%	62.3%
Female	38.5	38.3	37.7
Asian Ethnicity			
Chinese	23.7%	27.6%	30.0%
South Asian	22.2	12.8	8.0
Korean	18.6	18.7	27.1
Vietnamese	12.1	12.2	4.4
Filipino	9.6	12.7	10.7
Japanese	7.0	9.7	12.4
Other Asian	4.8	4.3	5.7
Other SE Asian	2.1	2.1	1.7
Age Average	45.9	46.6	47.1
24 and under	2.0%	1.8%	1.7%
25-34	14.4	12.5	11.5
35-44	29.5	28.7	27.6
45-54	31.1	32.3	33.3
55-64	18.0	19.5	20.6
65 and over	5.1	5.2	5.4
Educational Attainment			
Less than HS	8.2%	6.4%	6.0%
HS graduate	19.3	16.5	15.9
Some college	20.1	22.4	21.8
Bachelor degree	27.9	32.2	36.9
Advanced degree	22.1	20.3	17.8

Source: American Community Survey 2005-2007

Table 5 also shows that Chinese Americans have the largest representation of Asian American business owners nationally (23.7%), in California (27.6%), and in LA County (30.0%). While the rate of Korean American self-employment is the highest of any group, they are not the largest group among Asian Americans to be self-employed. This can be attributed to the higher numbers of Chinese Americans overall in the nation. Korean Americans are the fourth largest Asian American ethnic population in the U.S., while Chinese Americans are the largest Asian group.

In California, Chinese Americans (27.6%), Korean Americans (18.7%), Filipino Americans (12.7%), Vietnamese Americans (12.2%), and Indian Americans (11.8%) make up a significant majority of Asian American business owners. In LA County, the Japanese American share of Asian American businesses increases, most likely due to the concentration of the Japanese American population in southern California. The proportion of Filipino American, Indian American, and Vietnamese American businesses is notably lower in LA County than throughout California. The shifts in statistics may reflect residential patterns of different Asian American groups.

Educationally, there is a wide spectrum of education attainment among self-employed Asian Americans. About 27 percent of all Asian American business owners nationally, 23 percent across California, and 22 percent in LA County, have a high school diploma or less. Slightly under half have not completed a bachelor degree at all three geographic levels. At the same time, about half of all Asian American business owners have a bachelor degree or more.

Table 6 draws attention to the fact that Asian American business owners are overwhelmingly immigrants, and that subsequent generations are not pursuing self-employment opportunities at comparable rates. In California, immigrant Asian Americans make up 83.9 percent of the Asian American business owners, which is slightly lower than the national percentage of Asian American self-employed who are immigrants (85.8%) and the LA County percentage (87.4%). However, counter to the stereotype of Asian Americans as foreigners or sojourners, the statistics on when they settled in the U.S. imply that immigrant Asian American business owners are making a living as permanent residents and citizens of the U.S. The majority of immigrant Asian American business owners (53.1%) across the country, California (59.2%), and LA County (58.3%) arrived in the U.S. over 20 years ago.

Table 6: Asian American Business Owner Representation by Nativity, and English Proficiency – US, California, and LA County 2005-2007

Characteristics	US	California	LA County
Nativity			
US Born	14.2%	16.1%	12.6%
Foreign Born	85.8	83.9	87.4
<i>10 years or less</i>	15.3	13.1	14.9
<i>11-20 years</i>	31.6	27.7	26.8
<i>Over 20 years in US</i>	53.1	59.2	58.3
Speaks Language Other than English at Home	81.2%	81.4%	84.9%
Ability to Speak English			
<i>Very Well</i>	46.0	45.6	39.2
<i>Well</i>	32.0	31.2	31.9
<i>Not Well</i>	19.4	20.7	25.7
<i>Not at All</i>	2.6	2.6	3.2

Source: American Community Survey 2005-2007

Despite the overwhelming proportion of immigrants among Asian American business owners, most of them speak English well or very well. Nationally, over 78 percent of Asian American business owners report being able to speak English well or very well. Interestingly, the self-reported numbers of self-employed Asian Americans who speak English well or very well drops to about 71 percent in LA County. A significant majority of Asian American business owners speak a language other than English in their homes – 81.2% nationally, 81.4% in California, and 84.9% in LA County. These numbers indicate that self-employed Asian American business owners are a highly bilingual population.

FIRM CHARACTERISTICS

This section describes the characteristics of firms owned by Asian Americans compared to others, summarizing and discussing the industries in which they operate their businesses, rates of business incorporation, average numbers of employees per firm, and average annual sales and receipts recorded. This section utilizes additional data from the 2002 Survey of Business Owners to describe and compare firm characteristics by race and ethnicity.

Another way to gain a better understanding of self-employed Asian Americans is by taking a look at the industries in which they are pursuing business, given their socio-economic status characteristics reviewed in the previous section. Table 7 compares the distribution of industries between Asian American and non-Hispanic White business owners. Compared to self-employed non-Hispanic Whites, similar percentages of Asian Americans own businesses in manufacturing and professional services nationally, in California, and in LA County. These professions reflect the higher levels of educational attainment among self-employed Asian Americans. The professional industry includes law firms, medical practices, and information technology services. However, Whites are still more likely to be in the professional services than Asian Americans at all geographic levels, with the gap between Whites and Asian Americans in professional services increasing from 2.3 percentage points nationally to 7.3 percentage points in California, and to 11.9 percentage points in LA County.

Table 7: Industry Distribution of Asian American and NH White Business Owners – US, California, and LA County 2005-2007

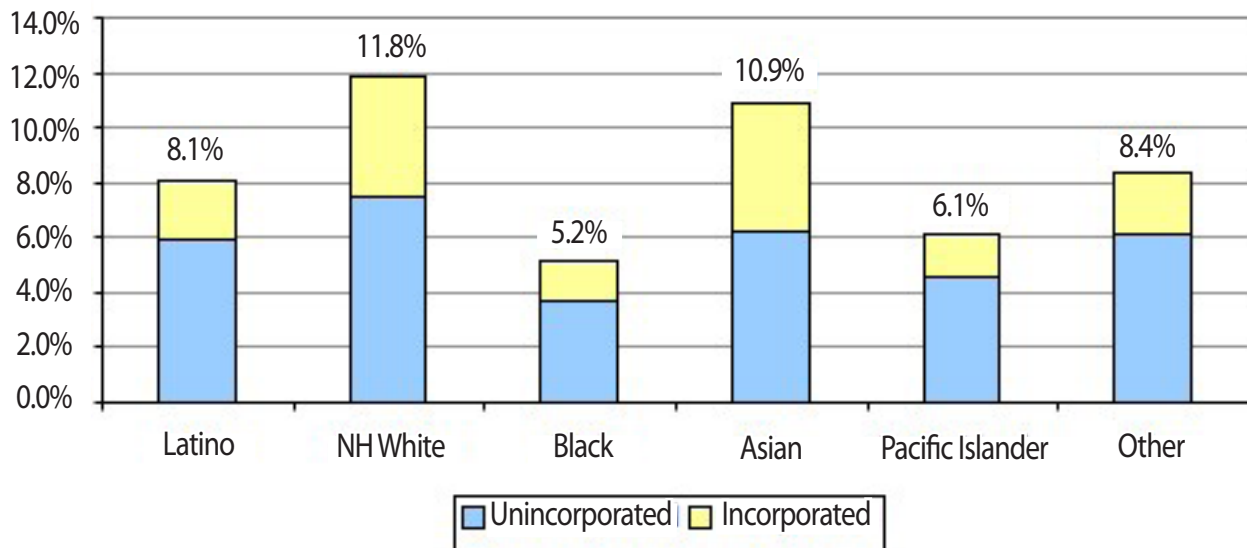
	US		California		LA County	
	NH White	Asian	NH White	Asian	NH White	Asian
Professional	36.1%	33.8%	45.2%	37.9%	48.7%	36.8%
Wholesale & Retail & Drinking/Eating Places	14.3	31.7	13.0	29.7	13.2	32.7
Personal Services	8.0	12.3	7.3	8.9	6.4	7.0
Manufacturing	4.1	3.6	4.6	4.8	4.7	5.4
Other	37.5	18.6	29.9	18.7	27.1	18.2

Source: American Community Survey 2005-2007

On the other hand, there are also significantly more Asian American entrepreneurs than non-Hispanic Whites in industries that do not require high levels of formal education attainment. Despite their high levels of educational attainment, nearly a third of Asian American business owners are in the wholesale/retail/restaurant industries. The percentages of self-employed Asian Americans in wholesale/retail/restaurant businesses are more than double the percentages of self-employed Whites in these industries nationally, in California, and in LA County. Asian Americans are also more likely than Whites to pursue business opportunities in the personal services industry, which includes beauty salons, dry cleaners, and auto repair, though the gap decreases as we narrow the geography from nationwide, to California, and finally to LA County. Overall, Asian American businesses are concentrated in fields that require high levels of education and fields that do not. Non-Hispanic White-owned businesses, in comparison, are more concentrated in the professional services industries.

For businesses in any industry, there are important benefits in filing legal documents to incorporate, such as protections against personal liability, tax advantages, increased access to capital, among others (Smalley 2005). The procedures to incorporating one's business require a certain level of legal knowledge and capital. Higher levels of human capital, such as educational attainment as discussed later in this brief, may explain the large proportion of Asian Americans who go through the legal process of drafting and filing incorporation papers, as shown in Chart 1.

Chart 1: Percent of Self-Employed in Unincorporated and Incorporated Businesses by Race, 2005 - 2007



Source: American Community Survey 2005-2007

While the advantages of conducting business as an incorporated firm are significant, providing access to additional capital and leverage for more rewards on investment, Asian American firms earn significantly less than non-Hispanic White owned firms in average sales and receipts. However, the statistics for all firms include publicly traded corporations whose ownership cannot be easily racially categorized. Table 8 shows average sales and receipts for all firms.⁵ Asian American firms are doing significantly better than other minority firms with average annual sales and receipts of \$296,002, but their revenues are much less than the sales and receipts of non-Hispanic White owned businesses (\$415,974). These statistics may reflect the industry patterns for Asian American and non-Hispanic White owned businesses. As summarized earlier, a large proportion of non-Hispanic White owned businesses are in professional industries. While Asian Americans also have a large proportion of businesses in professional fields that charge higher prices to clients, they have a similar percentage of firms in industries like personal services and restaurants.

Table 8: Firm Characteristics by Race/Ethnicity – United States 2002

Race	All Firms	Firms with Employees			
	Avg. Sales & Receipts	% Firms with Employees	Avg. Sales & Receipts	Avg. Number of Employees	Avg. Payroll per Employee
NH White	\$415,974	23.7%	\$1,613,651	11.0	\$29,666
Black	\$74,018	7.9	\$696,158	8.0	\$23,277
Am. Indian & Alaska Native	\$133,439	12.2	\$897,489	7.8	\$26,848
Asian	\$296,002	28.9	\$911,399	6.9	\$25,314
Pacific Islander	\$147,837	12.8	\$948,323	7.9	\$28,180
Latino	\$141,044	12.7	\$899,600	7.7	\$23,888
All Firms	\$983,852	24.0	\$3,952,417	20.0	\$34,419

Source: Survey of Business Owners 2002 and American Community Survey 2005-2007

For firms with employees, revenues increase for all racial groups, reflecting the larger capacity of firms with staff. For these businesses, average sales and receipts somewhat equalize for minority owned firms. Asian American firms with employees have an average sales and receipts of \$911,399. This is less than average revenues for Pacific Islander firms with employees (\$948,323).⁶ Average revenues for Latino and American Indian and Alaska Native firms are \$899,600 and \$897,489 respectively. For firms with employees, African

5 The statistics for all firms include publicly traded corporations whose ownership cannot be easily racially categorized.

7 Recall however, that the number of Pacific Islander firms nationally (28,948) is significantly smaller compared to other groups, and a more detailed analysis on Pacific Islander businesses is outside of the scope of this brief.

American firms with employees have the lowest average sales and receipts at \$696,158. Average revenues for non-Hispanic White firms (\$1,613,651) are significantly higher than for any other firms with employees, nearly doubling the average sales and receipts of Asian American firms.

Asian American firms are more likely than other firms to have employees, with 28.9 percent of them employing one or more workers. Interestingly while they are more likely than others to hire staff, they have the lowest average number of employees compared to other firms with employees. In terms of average payroll per employee, Asian American firms have an average payroll per employee (\$25,314), which is lower than that of White owned firms (\$29,666), similar to other minority-owned firms.

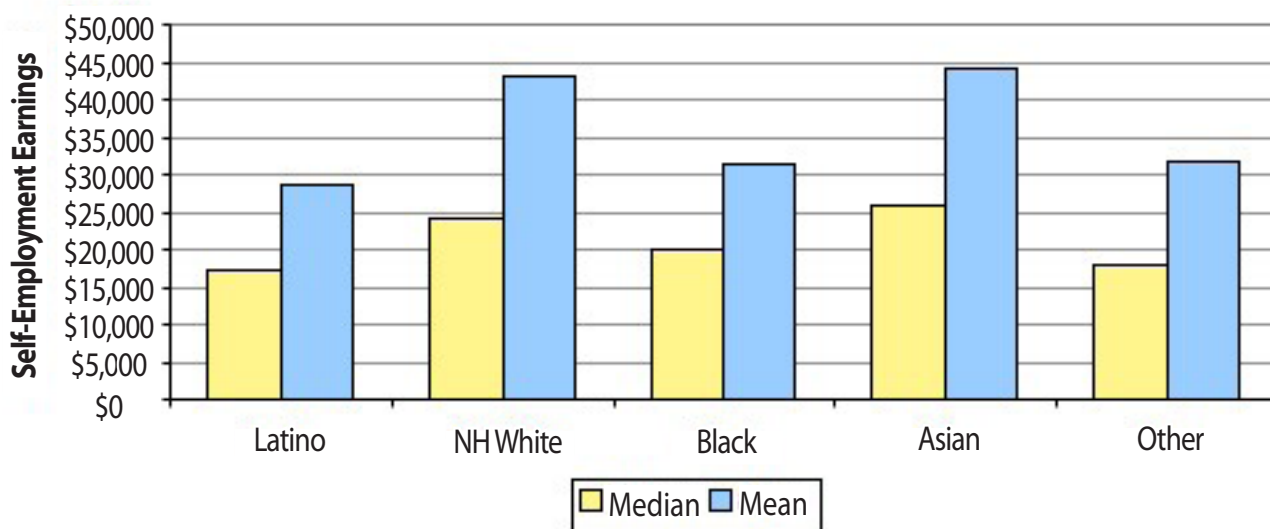
SELF-EMPLOYMENT EARNINGS BY RACE/ETHNICITY

This section presents information on income earned through self-employed work. ACS respondents were asked to report self-employment income (farm and non-farm) and salary earnings in the past 12 months. However, caution should be taken when describing self-employment earnings, as opposed to salaried earnings, for persons self-employed in unincorporated businesses and those who own incorporated firms. Only 9 percent of sole proprietorship or partnership owners worked as an employee for another firm. One hundred percent of persons self-employed in their own corporation, however, received salary earnings for paid work. Given that self-employed individuals are likely to compensate themselves through salary pay, earnings are reported separately for incorporated and unincorporated business owners.

The average unincorporated business owner in the United States made \$40,500 dollars per year. Comparisons by race/ethnicity reveal significant income variations between different groups. Asian Americans business owners reported highest average earnings at \$44,100 per year, followed by non-Hispanic Whites at \$43,000. Compared to the average business owner in the U.S., the earnings gap for Black (\$9,300) and Latino (\$11,900) business owners is substantial.

Looking at mean self-employment earnings is one way to measure a group's success, but a few highly successful individuals can influence the mean. As shown in chart 2, self-employed persons at the 50th percentile earn significantly less than the average person overall but convey only part of the story. Overall median self-employment earnings in the United States were \$21,900. Median earnings for self-employed Asian Americans were highest at \$26,000. Non-Hispanic Whites made slightly less at \$24,200. Self-employed Latinos, Blacks, and persons of other races reported lower median earnings than all U.S. business owners.

Chart 2: Median and Mean Self-Employment Earnings among Unincorporated Business Owners by Race/Ethnicity – US 2005-2007 (in 2007 Dollars)



Note: Pacific Islander sample size too small to establish a reliable estimate.

Source: American Community Survey 2005-2007

Overall, incorporated business owners on average have salary earnings of \$76,300 and a median salary of \$46,500. Unlike self-employed Asian Americans in unincorporated businesses, Asian Americans working in their own incorporated firms earn less than those of non-Hispanic Whites. The median salary gap is approximately \$8,300. Table 9 compares the median and mean self-employment and salary earnings for Asian Americans and non-Hispanic Whites with unincorporated and incorporated firms nationally, in California, and in LA County. Asian to White earnings ratios for both median and mean earnings are useful to quickly observe the differences between salary earnings for each racial group in unincorporated and incorporated firms. For unincorporated firms nationally, Asian American earnings are slightly higher compared to non-Hispanic Whites. However, when looking at California and LA County, White earnings are higher than that of Asian Americans. For incorporated firms, Asian American salary earnings lag behind

those of non-Hispanic Whites across the board. Therefore, despite the advantages gained by incorporating one's business, Asian Americans may not be benefiting as much as Whites do with incorporated businesses.

Table 9: Median and Mean Self-Employment and Salary Earnings by Race/Ethnicity – US, California, and LA County 2005-2007 (in 2007 Dollars)

	Median			Mean		
	US	California	LA County	US	California	LA County
Unincorporated Business Owners (Self-employment earnings)						
Asian	25,979	30,290	27,062	44,107	47,570	42,016
NH White	24,200	32,474	33,841	42,989	56,483	57,346
Asian/NH White Ratio	1.07	0.93	0.80	1.03	0.84	0.73
Incorporated Business Owners (Salary earnings)						
Asian	41,780	52,224	43,869	73,919	84,630	79,237
NH White	50,135	66,091	71,025	79,747	104,323	112,898
Asian/NH White Ratio	0.83	0.79	0.62	0.93	0.81	0.70

Source: American Community Survey 2005-2007

When we look at estimates of self-employed earnings for Asian Americans with unincorporated firms by Asian ethnicity in table 10, once again the population's diversity is evident. Average self-employment earnings among these populations ranged from \$31,300 to \$53,700. South Asian American business owners reported highest average earnings with \$53,700 a year, while Filipino Americans and Southeast Asian Americans made less than \$40,000. Median earnings among Asian American ethnic groups also varied widely, with Korean American and South Asian American business owners reporting the highest earnings.

Table 10: Median and Mean Self-Employment Earnings Among Self-Employed Asian Americans in Own Unincorporated Business by Asian Ethnicity – US, California, and LA County 2005-2007 (in 2007 Dollars)

Asian Ethnicity	Median			Mean		
	US	California	LA County	US	California	LA County
Other Asian	23,273	-	-	39,122	-	-
Chinese	25,420	30,504	30,309	45,398	50,838	47,203
Filipino	23,386	25,979	23,814†	39,273	43,224	29,989†
Japanese	25,068	25,979**	25,979††	45,797	47,773**	44,744††
Korean	30,504	32,474	32,474	44,283	46,544	43,210
Other SE Asian	21,308*	-	-	31,273*	-	-
South Asian	30,504	36,804***	-	53,655	58,104***	-
Vietnamese	22,064	27,062	-	37,690	44,533	-

- Samples sizes are too small to establish an estimate.

* N=264; ** N=448; *** N=462; † N=149; †† N=162

Source: American Community Survey 2005-2007

Median earnings are substantially greater in California compared to national earnings for Chinese, South Asian, and Vietnamese business owners. As seen earlier, mean self-employment incomes among Asian ethnicities are greater in California than compared to the U.S. overall. However, mean self-employment earnings among Asian Americans are lower in LA County than California overall. This suggests that Asian American business owners are more successful in other parts of the state, potentially in the San Francisco Bay Area and in Silicon Valley where more self-employed Asian Americans may be in professional fields. These variations are likely influenced by residential patterns and the size and concentration of the ethnic population in each area.

CONCLUSION AND POLICY IMPLICATIONS

The analysis in this report, based on empirical data, presents a mixed picture about the status of self-employed Asian Americans. It is clear that Asian Americans, especially immigrants, are pursuing a path of entrepreneurship toward economic integration and opportunities for upward mobility. While many are finding success, on average, they continue to trail non-Hispanic White businesses in various measures of success. Nationally, the data show that self-employed Asian Americans have narrowed the gap with non-Hispanic White business owners. They have very similar self-employment rates to non-Hispanic Whites, and their businesses are the most likely to be incorporated. However, their average sales and revenues are significantly lower than that of non-Hispanic White businesses.

National numbers only tell part of the story. Given residential patterns with Asian Americans concentrated in states and areas with high costs of living and operating businesses such as California and Los Angeles, it is important to conduct analysis confined to these areas as opposed to using aggregated national data. When analysis is narrowed down to California and LA County, the gap between Asian Americans and non-Hispanic Whites increases in self-employment. Additionally, analysis conducted using ethnically disaggregated data shows a very diverse picture. While some Asian American ethnic groups have very high rates of self-employment, others are much less likely to be self-employed.

Overall, while Asian American entrepreneurs are faring better than other minorities, when compared to non-Hispanic Whites, they still lag behind on many measures of self-employment and business success. Various barriers may contribute to disparities, such as less access to mainstream capital and business networks. Moreover, Asian American business owners are largely immigrants with some limited English proficiency; consequently, their nativity and English language ability may lead to barriers to further success as entrepreneurs. However, identification of potential barriers to Asian American business success is beyond the scope of this report. Moreover, this report does not present data or discuss the longevity of businesses started. Future research may conduct analysis to understand why gaps remain and examine other issues impacting Asian American businesses.

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UCLA Asian American Studies Center

Established in August 1969 as one of four ethnic studies courses, the Asian American Studies Center has become the foremost national research center on Asian Pacific Americans. As an official Organized Research Unit (ORU) of the University of California, the Center has sought to bridge the educational, social, political, and cultural concerns of the Asian Pacific community, with the overall mission of the University through research and creative endeavors, curriculum development, publications, library and archival work, public educational activities and partnerships with local and national organizations through its programs in the social sciences, arts, professional school disciplines and the humanities. For more information, please visit our website: <http://www.aasc.ucla.edu>

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