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2023 OVERVIEW AND ANALYSIS

# AAPI Business Owners in NYC

*Researched and written by The Research Associates*

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## Executive Summary

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Asian American Pacific Islanders (AAPIs) are one of the fastest-growing ethnic groups in New York City, comprising an estimated 14.2% of the City's population in 2022 (US Census Bureau, n.d.). AAPI-owned businesses account for a significant portion of the City's economy, generating nearly \$72 billion in annual revenue and employing over 327,000 people in 2022 (estimated; US Census Bureau 2021; TRA Internal Analysis, 2023). In addition, Asian American businesses in NYC contribute to approximately \$13 billion in annual payroll for the City (US Census Bureau, 2021; TRA Internal Analysis, 2023).

Although AAPI business owners have been successful in adapting to changing market conditions, the last few years have been particularly devastating due to the COVID-pandemic and difficult financial conditions (Lee, 2021; Marte, 2021). Businesses in Asian communities were impacted earlier and harder by the COVID-19 pandemic than other businesses. For example, during the pandemic, Asian communities experienced sharper declines in overall spending when compared to NYC at large (Lee, 2021). In addition, from 2019 to 2020, self-employed workers in NYC saw increases in all races/ethnicities, except for Asian workers, who showed a decline of 0.8 percent (US Bureau of Labor Statistics, 2023). We know that AAPI businesses face unique challenges and barriers to success, such as language obstacles, lack of access to capital and resources, and discrimination (Blanchflower et al., 2003; Center for Responsible Lending, 2020; Harney, 2018; National CAPACD, 2019).

Supporting and promoting AAPI entrepreneurship and business development is essential for fostering a more inclusive and equitable economy in New York City. This report provides an overview of AAPI businesses in NYC as well as an analysis of the economic impact of these businesses. The report also presents results from quantitative and qualitative data from NYC-based AAPI business owners, with an emphasis on key challenges and needs within this community.

Key findings from the primary data collected include:

### Overall Business Challenges:

- Major challenges for AAPI business owners in NYC include **business growth, customer acquisition, labor acquisition and retention, and marketing.**
- Compared with AAPI business owners from other states, NYC-based AAPI business owners are more likely to be challenged by **legal issues and discrimination/bias.** Discrimination/bias comes from many different groups of people, including funders/banks and customers (results not statistically significant). However, these types of experiences – especially when they occur repeatedly over time – can have a negative impact.
- Many AAPI business owners struggle with **language and cultural barriers** in starting and running their businesses. In particular, immigrants from Asian countries have difficulty with tasks such as obtaining permits and licenses, negotiating a lease, and communicating with customers.

### Access to Capital:

- AAPI businesses in NYC face **limited access to capital due to factors such as language barriers, limited credit history, and lack of collateral**. Many AAPI business owners are not aware of the various funding sources that are available to them. They may not know about organizations such as Community Development Finance Institutions (CDFIs) or the grants available to support their businesses.
- Most NYC-based AAPI business owners look to **traditional banks** for funding.
- Specific challenges with regard to getting funding cited by AAPI business owners include **getting less money, funding takes longer and comes with higher interest rates, and being generally not as trusted or treated with respect** as non-Asians. A number of respondents also talked about the lack of Asian-focused funding opportunities and a greater number of opportunities for non-AAPI minorities.
- Overall, AAPI business owners in NYC are significantly more likely than those in other areas of the country to have applied for business funding. However, they're also significantly more likely to have experienced greater difficulty with the application process. They reported notable challenges with timing and requirements, finding a program to meet their business needs, accessing assistance from government agencies, and language issues.
- AAPI business owners who had never applied for business funding reported that the reason for this is they didn't want to accrue debt, and the application process was too overwhelming and cumbersome. In addition, one-quarter say they didn't apply because they didn't know how or where to go.

### Mental Health:

- AAPI business owners in NYC experience **high-stress levels** due to running their businesses. To deal with the pressures they face, they noted the importance of reaching out for help, connecting with other (AAPI) business owners, and connecting with AAPI communities and organizations. Respondents also remarked on the number of resources available to this community if they knew where to look.

### How Non-profits Can Help:

- **Non-profits can play a vital role in supporting AAPI business owners in NYC.** Respondents indicated a desire for access to a network that offers information sharing, advice, and support; mentorship and guidance; and peer networking. Non-profits might also consider ways to raise awareness of available resources, such as government programs, industry associations, and educational workshops. Business owners in this study also reiterated the need for early-stage, working capital and the opportunity for non-profits to play a role in providing this type of funding. Finally, it was suggested that non-profits and other community-based organizations should focus on increased collaboration and outreach.

# Study Methodology

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## Literature Review

The methodology employed for conducting the literature review on AAPI-owned businesses in New York City involved using online databases and search engines, using specific keywords such as “AAPI-owned businesses in New York City,” “Asian entrepreneurship in NYC,” and “Asian immigrant businesses in NYC” to retrieve relevant sources. Government reports, industry publications, news articles, and academic journal articles were reviewed to gain a broad understanding of the topic. Once the sources were selected, content related to AAPI-owned businesses in NYC was reviewed, and key information and findings were extracted and presented in this report.

## Economic Analysis

To conduct the economic analysis, we used the Bureau of Labor Statistics’ (BLS) Census of Employment and Wages (CEW) data, which serve as the source for Wage and Salary Employment and Income estimates. In addition, we used the Bureau of Economic Analysis (BEA) Regional Economic Accounts (REA) data. The BEA REA data also give us ratios of Employee Compensation to Wage and Salary Income. Revenue and employer data are mainly from the BEA’s Annual Industry Accounts and the US Census Bureau’s Annual Survey of Retail Trade. Projections were calculated based on past data ratios and annual data patterns.

## Surveys

An online survey was completed from March 7 through March 22, 2023, by AAPI business owners across the United States. The objective of the survey was to better understand the challenges and needs of AAPI business owners, specifically relating to funding and business development assistance. Individuals were eligible for the survey if they were currently a business owner, and they identified their ethnic background as Asian or Pacific Islander. Respondents were recruited using an online panel from a third-party data collection firm, Centiment.

To gain additional responses from NYC-based AAPI business owners, the same survey was fielded from April 3 through April 13, 2023 (and eligible only for NYC-based business owners). NYC-based respondents (N = 201) represented a fairly even mix of LLCs/LLPs, S corps, C corps, and sole proprietors, primarily located in Manhattan and Brooklyn. Nearly half (49%) of these business owners had 3 or more employees and most (61%) had been in operation for 2 to 10 years. A notable portion had been in operation for less than 4 years (representing the startup population). Respondents came from a wide range of industries, with the largest groups offering professional/business services and food/beverage services. Nearly half (45%) of respondents identified as women, 41% as men, and 14% as “other.” Most were between the ages of 20 and 39 (65%) and had lived in the US for at least 10 years (57%). Notably, 43% of respondents had lived in the US for 10 years or less. The largest percentage of respondents were Chinese (22%), Pacific

Islander (12%), and Indonesian (10%). The Appendix includes a more detailed profile of these respondents.

Answers from some respondents based in states other than New York (n = 97) were compared with those provided by a subset of the NYC-based sample (n = 160). The subset used for these analyses was limited to LLCs/LLPs, S corps, and C corps. Sole proprietors were deleted from both samples to ensure comparability across the locations; sole proprietors tend to have distinctly different needs than LLCs/LLPs, and corporations were more heavily represented in the national sample than in the NYC-based one.

## Interviews

Eighteen interviews were conducted with a cross-section of AAPI business owners in NYC and others who work with AAPI business owners in NYC. Respondents were obtained via NYC Small Business Services and personal networks. Representatives from AAPI-focused organizations, Community Development Finance Institutions, and NYC Small Business Services were invited to participate. Interviewees included owners of the following types of businesses:

- Food and beverage
- Retail/e-commerce
- Law firms
- Grocery markets
- Wholesale
- Marketing agency
- FinTech

Interviewees also included representatives from:

- Renaissance Economic Development Corporation (a Community Development Finance Institution)
- NYC Small Business Services (NY SBS)
- NYC Small Business Advisory Committee (SBAC)
- Welcome to Chinatown

Interviews were conducted online, via Zoom, from March 9 through April 17, 2023.

The aim of the interviews was to gather insights and opinions about issues related to AAPI business ownership in NYC. Interview questions covered the following areas:

- Business challenges
- Funding experiences and issues
- Stress and mental health
- Advice for AAPI business owners
- Marketing strategies
- Advice for non-profits and policymakers

The interviews typically lasted 25-30 minutes and consisted of a conversational style rather than a strict interviewee script.

# AAPI-owned Businesses in New York City: An Overview and Analysis

## AAPI Businesses in NYC

AAPIs are one of the fastest-growing ethnic groups in New York City, comprising a notable portion of the City's population. According to the US Census Bureau's 2020 data, AAPIs make up approximately 14.4% of the City's population, with a total of around 1.2 million residents. This is notably higher than the percentage in the state (9.3%) and the country (6.1%).

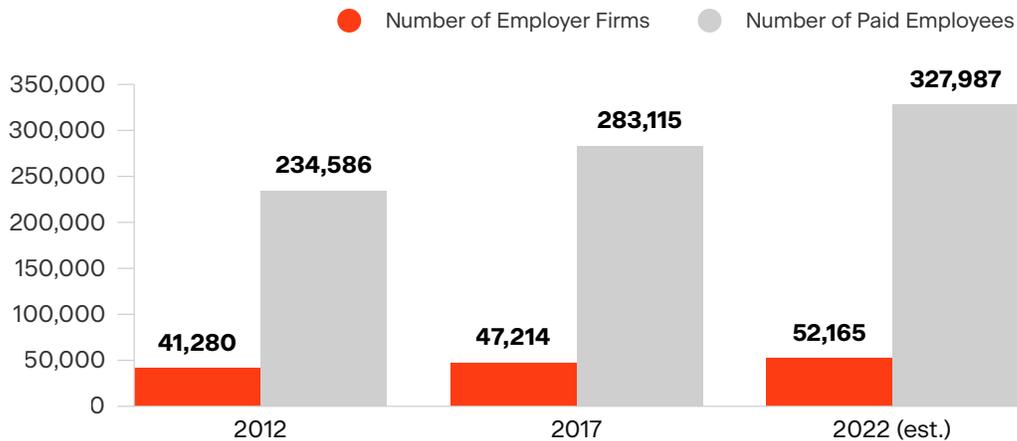
AAPIs own and operate a significant number of businesses in New York City. AAPI businesses play an important role in the economy of New York City, contributing to job creation, entrepreneurship, and the vibrancy of local neighborhoods (Dvorkin et al., 2021). In addition to their economic impacts, AAPI businesses contribute to the City's cultural diversity and social fabric (Hello Alice, 2021; Khan et al., 2022). They serve as community gathering places, provide essential goods and services, and often showcase unique cultural traditions and practices. For example, AAPI businesses in neighborhoods like Flushing and Sunset Park have helped to create vibrant and dynamic commercial districts, attracting visitors and residents from across the City and beyond. Restaurants, retail, wholesale trade, salons, and wellness boutiques tend to be well-represented by Asian business owners. The US Census Bureau's Annual Business Survey indicates that 23.8% of AAPI-owned businesses were in the Accommodation and Food Services sector in 2019.



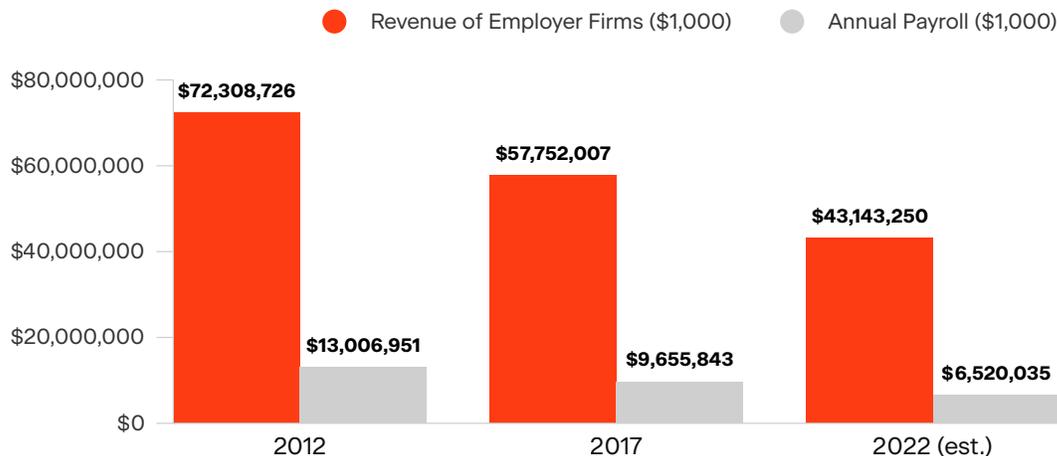
## Economic Impact Analysis

AAPI businesses contribute to a considerable economic impact in New York City. The number of AAPI-owned businesses in NYC increased by 31% between 2007 and 2012 from 224,811 to 295,000. The 2020 [Annual Business Survey](#) (ABS) notes there were an estimated 581,200 AAPI-owned businesses in the City in 2019.

According to the Asian American Federation, Asians own 18% of employer firms (those with staff on payroll) in the City – significantly more than the national percentage (6%). NYC's number of AAPI-owned employer firms increased by 21% between 2012 and 2017, from 41,280 to 47,214, making it one of the City's fastest-growing group of business owners during that period. In 2017 and 2022, there were just over 47,000 and just over 52,000, respectively, AAPI-owned businesses in the combined counties of Bronx, Kings, New York, Queens, and Richmond.



AAPI-owned businesses account for a significant portion of the City's economy, generating nearly \$72 billion in annual revenue and employing over 327,000 people in 2022 (estimated). AAPI-owned businesses bring in the highest revenues of all minority race groups in the City. In addition, AAPI businesses in NYC contribute to approximately \$13 billion in annual payroll for the City.



## AAPI Businesses in NYC: A County-Level Snapshot

**Highest number of employer firms:** Queens  
**Highest number of paid employees:** Manhattan  
**Highest total revenue of employer firms:** Manhattan  
**Highest payroll numbers:** Manhattan  
**Fastest-growing borough:** Brooklyn

Geographic Area	Number of Employer Firms			Number of Paid Employees		
	2012	2017	2022 (est.)	2012	2017	2022 (est.)
Bronx County	2,864	3,031	3,155	11,697	12,539	13,171
Kings County	9,203	11,323	13,149	36,370	54,621	73,808
New York County	15,139	15,873	16,412	98,672	120,966	140,098
Queens County	13,111	15,776	18,021	83,393	88,408	92,130
Richmond County	963	1,211	1,429	4,454	6,581	8,781
<b>Total</b>	<b>41,280</b>	<b>47,214</b>	<b>52,165</b>	<b>234,586</b>	<b>283,115</b>	<b>327,987</b>

Geographic Area	Revenue of Employer Firms (\$1,000)			Annual Payroll (\$1,000)		
	2012	2017	2022 (est.)	2012	2017	2022 (est.)
Bronx County	\$2,486,098	\$2,806,940	\$3,060,514	\$280,918	\$332,041	\$374,340
Kings County	\$6,629,136	\$11,377,301	\$17,081,651	\$862,133	\$1,549,995	\$2,415,671
New York County	\$21,258,842	\$27,462,594	\$33,072,485	\$3,617,535	\$5,226,081	\$6,852,734
Queens County	\$12,203,307	\$15,207,885	\$17,828,920	\$1,677,075	\$2,384,180	\$3,087,849
Richmond County	\$565,867	\$897,287	\$1,265,156	\$82,374	\$163,546	\$276,358
<b>Total</b>	<b>\$43,143,250</b>	<b>\$57,752,007</b>	<b>\$72,308,726</b>	<b>\$6,520,035</b>	<b>\$9,655,843</b>	<b>\$13,006,951</b>

Source: US Census Bureau and TRA Internal Analysis

### AAPI-owned Employer Firms by County

- Richmond County's number of AAPI-owned employer firms increased by 26% between 2012 and 2017, from 963 to 1,211, making it NYC's fastest-growing AAPI-owned employer firm county during that period. In 2017 and 2022,<sup>1</sup> there were just over 1,200 and just over 1,420, respectively – an increase of approximately 18%.
- Kings County's number of AAPI-owned employer firms increased by 23% between 2012 and 2017, from 9,203 to 11,323, making it NYC's second-fastest-growing county for AAPI-owned employer businesses during that period. In 2017 and 2022, there were just over 11,300 and just over 13,100, respectively – an increase of approximately 16%.
- Queens County's number of AAPI-owned employer firms increased by 20% between 2012 and 2017, from 13,111 to 15,776, making it NYC's highest number of AAPI-owned employer firms during that period. In 2017 and 2022, there were just over 15,750 and just over 18,000, respectively – an increase of approximately 14%.
- New York County's number of AAPI-owned employer firms increased by 5% between 2012 and 2017, from 15,139 to 15,873. In 2017 and 2022, there were just over 15,800 and just over 16,400, respectively – an increase of approximately 3%. The growth rate of AAPI-owned employer firms in New York County is the lowest of all counties.
- Bronx County's number of AAPI-owned employer firms increased by 6% between 2012 and 2017, from 2,864 to 3,031. In 2017 and 2022, there were just over 3,000 and just over 3,150, respectively – an increase of approximately 4%.

### AAPI-owned Firms' Number of Paid Employees by County

- Despite the slow growth of AAPI-owned employer firms in New York County, it has the highest number of paid employees – 120,966 in 2017 and 140,098 in 2022.
- Kings County's number of paid employees within AAPI-owned firms increased by 50% between 2012 and 2017 (from 36,370 to 54,621) and 35% between 2017 and 2022 (from 54,621 to 73,808), making it NYC's fastest-growing county for paid employees during these periods.
- Richmond County's number of paid employees within AAPI-owned firms increased by 48% between 2012 and 2017 (from 4,454 to 6,581) and 33% between 2017 and 2022 (from 6,581 to 8,781), making it NYC's second-fastest-growing for paid employees during both of these periods (not too far behind Kings County).
- Despite having the highest number of AAPI-owned employer firms in 2022, Queens County's paid employee numbers are substantially lower (92,130 in 2022) than in New York County (140,098 in 2022). Queens County's number of paid employees within AAPI-owned firms increased by only 6% between 2012 and 2017 (from 83,393 to 88,408) and 4% between 2017 and 2022 (from 88,408 to 92,130), making it NYC's slowest-growing county for paid employees during these periods, somewhat comparable to Bronx County. Bronx County's number of paid employees within AAPI-owned firms increased by 7% between 2012 and 2017 (from 11,697 to 12,539) and 5% between 2017 and 2022 (from 12,539 to 13,171).

### Revenue of AAPI-owned Employer Firms by County

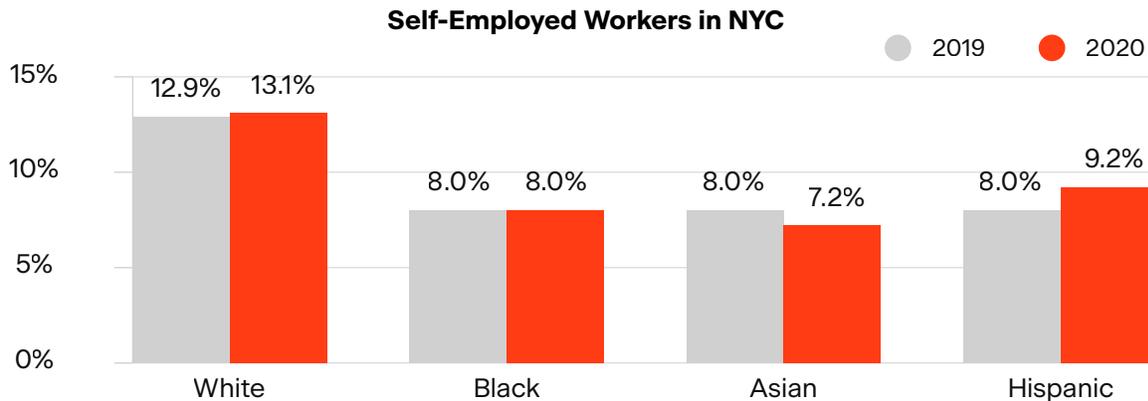
- Richmond County's number of AAPI-owned employer firms increased by 26% between 2012 and 2017, from 963 to 1,211, making it NYC's fastest-growing AAPI-owned employer firm county during that period. In 2017 and 2022, there were just over 1,200 and just over 1,420, respectively – an increase of approximately 18%.
- Kings County's number of AAPI-owned employer firms increased by 23% between 2012 and 2017, from 9,203 to 11,323, making it NYC's second-fastest-growing county for AAPI-owned employer businesses during that period. In 2017 and 2022, there were just over 11,300 and just over 13,100, respectively – an increase of approximately 16%.
- Queens County's number of AAPI-owned employer firms increased by 20% between 2012 and 2017, from 13,111 to 15,776, making it NYC's highest number of AAPI-owned employer firms during that period. In 2017 and 2022, there were just over 15,750 and just over 18,000, respectively – an increase of approximately 14%.
- New York County's number of AAPI-owned employer firms increased by 5% between 2012 and 2017, from 15,139 to 15,873. In 2017 and 2022, there were just over 15,800 and just over 16,400, respectively – an increase of approximately 3%. The growth rate of AAPI-owned employer firms in New York County is the lowest of all counties.
- Bronx County's number of AAPI-owned employer firms increased by 6% between 2012 and 2017, from 2,864 to 3,031. In 2017 and 2022, there were just over 3,000 and just over 3,150, respectively – an increase of approximately 4%.

### Annual Payroll by County

- Despite its smaller annual payroll base than other counties, Richmond County has shown a rapid annual payroll increase, approximately 69% (\$164 million to \$276 million) between 2017 and 2022, and 99% (\$82 million to \$164 million) between 2012 and 2017, making it NYC's fastest-growing county in terms of annual payroll.
- Despite its smaller annual payroll base than other counties, Richmond County has shown a rapid annual payroll increase, approximately 69% (\$164 million to \$276 million) between 2017 and 2022, and 99% (\$82 million to \$164 million) between 2012 and 2017, making it NYC's fastest-growing county in terms of annual payroll.
- In Kings County, the payroll of employer firms reached approximately \$1.5 billion in 2017 and \$2.4 billion in 2022 – an increase of approximately 56%. The annual payroll by AAPI-owned employer firms increased by 80% between 2012 and 2017, from \$860 million to \$1.5 billion. Kings County was NYC's second fastest-growing county during both of these periods.

## Declines for AAPI-owned Businesses in NYC

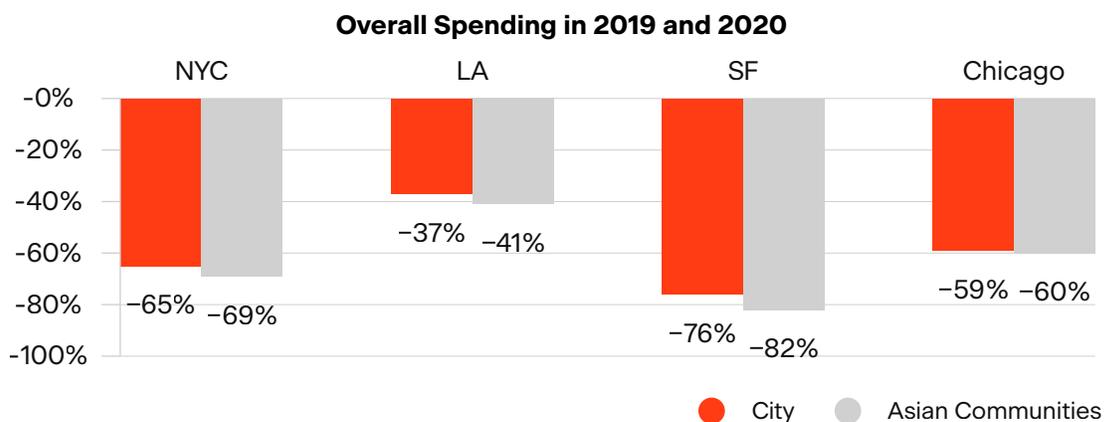
Self-employed workers in NYC saw increases in all races/ethnicities from 2019 to 2020, except for Asian workers, who showed a decline of 0.8 percent.



Source: [US Bureau of Labor Statistics](#)

The COVID-19 pandemic has been particularly difficult for AAPI-owned businesses. Businesses in Asian communities were impacted earlier and harder by the COVID-19 pandemic than other businesses, according to a report by the [Mastercard Center for Inclusive Growth](#) (Lee, 2021). According to this report and a national analysis by McKinsey, AAPI-owned businesses experienced the negative impacts of the pandemic about six weeks (around March 25, 2020) earlier than businesses in other communities did.

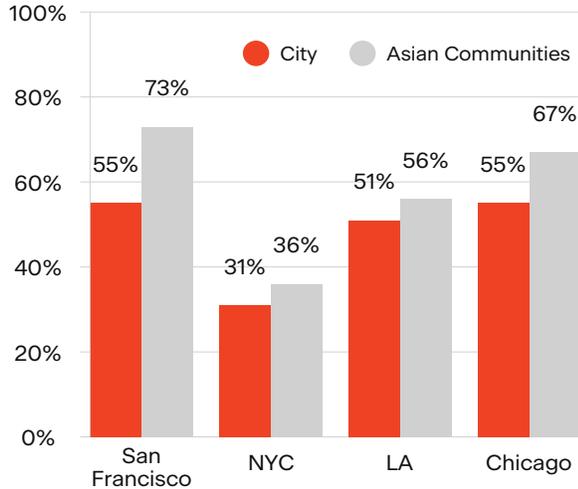
This same report shows that in NYC from 2019 to 2020, Asian communities experienced sharper declines in overall spending when compared to the City at large (-69% vs. -65%), as was the case in other major cities nationwide.



Source: [Mastercard Center for Inclusive Growth](#)

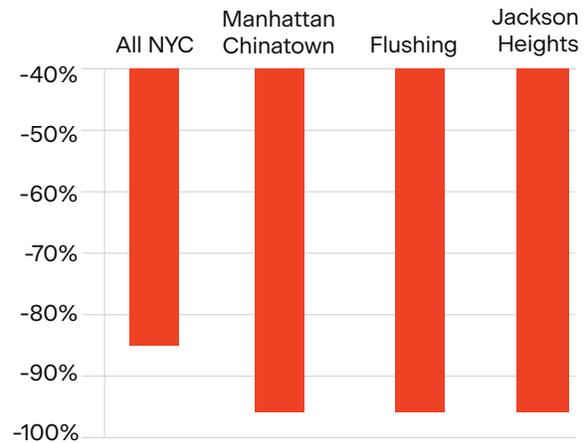
Further, restaurant sales in communities such as Chinatown and Flushing decreased more than those in the City as a whole (Lee, 2021). This was particularly impactful for the many AAPI business owners in these communities, given that a notable percentage of these businesses are in the food service industry.

**Share of Consumer Spending in Restaurants (2019)**



Source: [Mastercard Center for Inclusive Growth](#)

**Declines in NYC Restaurant Spending (2019 to 2020)**



Source: [Mastercard Center for Inclusive Growth](#)



## Challenges for AAPI-owned Businesses in NYC

**Anti-Asian discrimination, bias, and violence.** After the onset of the COVID-19 pandemic, we saw a surge in anti-Asian discrimination, bias, and hate crimes, which created problems for AAPI business owners trying to sustain and revive their businesses. For example, a 2022 study by Cherng et al. found that at the start of the pandemic, NYC health inspectors gave restaurants that served primarily Asian food a higher number of citations compared to restaurants that offered other types of cuisine. In January and February of 2020, Asian restaurants in NYC experienced a significant increase in citations compared to the pattern of the previous three years (2017-2019), while other restaurants received fewer citations.

**Impact of COVID closures.** AAPI businesses are concentrated in industries that were particularly impacted by COVID closures (e.g., restaurants, laundry services, retail, salons). These businesses were also negatively affected by the lack of foot traffic resulting from COVID lockdowns and the anti-Asian biases spurred by the pandemic. The Mastercard Center for Inclusive Growth report indicates that spending at grocery stores fell more notably in predominantly Asian areas such as Chinatown and Flushing, and attributes this differential decline to limitations on travel and tourism. Bloomberg reports that both Chinatown and Flushing experienced decreased foot traffic as of 2021 (Lee, 2021).

**Language barriers and cultural differences.** Many AAPIs in the City are not fluent in English, and many AAPI business owners struggle to find mentors or networking opportunities that are tailored to their needs and experiences (National CAPACD, 2019). Many have difficulty working with traditional banks and governmental relief programs because their products and services are often not offered in Asian languages (Marte, 2021).

**Immigration status.** Many AAPIs in NYC are immigrants, making many feel hesitant to obtain information about relief programs, let alone apply for them (Khan et al., 2022). A survey conducted by the National Coalition for Asian Pacific American Community Development (CAPACD) found that small business owners who are immigrants tend to have more difficulties accessing startup funding – they often lack the documentation and/or credit history needed for loans.

**Technology barriers.** A notable lack of e-commerce in Asian communities may have played a role in the significant declines these areas experienced during the pandemic. According to the [Mastercard Center for Inclusive Growth](#), about one-quarter of restaurant and grocery store sales across the City in 2020 were digital, compared to only 3 percent in AAPI communities (Lee, 2021). Many AAPI-owned restaurants are cash-based and do not operate digitally – many don't have an online presence or the technology required to conduct online sales and delivery orders, which were so key during the COVID lockdowns.



“Looking back, if I had had a mentor, if there was an association, especially within the Asian community, it would've been so valuable. I think for someone who's starting, business advice will be very helpful.”

EDDIE MAO, CHEF/OWNER  
Mao's Bao

## Funding Obstacles for AAPI-owned Businesses in NYC

**Limited access to capital.** AAPI businesses in NYC face limited access to capital due to factors such as language barriers, limited credit history, and lack of collateral (National CAPACD, 2019). According to a report from the Asian American Federation, AAPI businesses obtain far less financial relief from the government compared to other businesses (Khan & Shih, 2022; Sterling, 2022). This means they are less likely to receive loans, and when they do, they tend to be smaller than loans obtained by other businesses. Bloomberg reports that areas with a higher proportion of AAPI business (e.g., Chinatown, Elmhurst, Flushing, Ozone Park, and Sunset Park) received less aid from the small-business Paycheck Protection Program than other parts of the City: [“In south Flushing, around 1,000 borrowers received federal Paycheck Protection Program loans in 2020—an estimated rate of 10%. In a few wealthier parts of the City, the acceptance rate was closer to 50%” \(Yee et al., 2021\).](#) A 2020 report by Renthop indicates that 913 loans were given to 2,381 qualified businesses in Flushing (38.3%), compared to 78.2% in Greenpoint, a gentrifying neighborhood in Brooklyn. A Center for Responsible Lending survey (2020) notes that three-quarters of AAPI-owned businesses in NYC had the cards stacked against them when it came to getting a PPP loan. Many AAPI businesses were not eligible for PPP loans because they lacked the necessary documentation and/or did not have standing relationships with banks or credit unions to help them through the process (Marte, 2021; Renthop, 2020; Sterling, 2022).

**Lack of knowledge about funding sources.** Many AAPI business owners are not aware of the various funding sources that are available to them. They may not know about organizations such as Community Development Finance Institutions (CDFIs) or the grants available to support their businesses. A survey conducted by the Asian Pacific Islander American Chamber of Commerce & Entrepreneurship (National ACE) discovered that more than 50% of AAPI business owners had never heard of government support programs. Further, many of those who were aware of such programs assumed their businesses wouldn't be eligible for funding.

**Discrimination and bias.** Many AAPIs face discrimination and bias from lenders and investors due to their race or ethnicity (Blanchflower et al., 2003; Harney, 2018; Schweitzer & Meyer, 2022; Zhu et al., 2021). This has made it more difficult for AAPI-owned businesses to obtain funding, even if they have strong business plans and financials.

**Technology barriers.** AAPI-owned businesses – particularly those located in areas like Chinatown – tend to be mom-and-pop operations that aren't particularly tech-savvy (Welcome to Chinatown, n.d.; Yee et al., 2021). They're less likely to be aware of governmental aid programs, which are often promoted and applied to via digital channels. They also tend to rely on paper-based bookkeeping, which makes the documentation required for the application process overwhelming (Lee, 2021).

**Difficulty accessing networks and resources.** AAPI business owners may face difficulty accessing networks and resources that can help them grow and succeed (Hello Alice, 2021; National CAPACD, 2019; Welcome to Chinatown, n.d.). They may not have access to the same networks as other business owners, which can limit their opportunities to connect with investors, mentors, and other sources of support. Their limited English capabilities may also stand in the way (Marte, 2021; Yee et al., 2021).

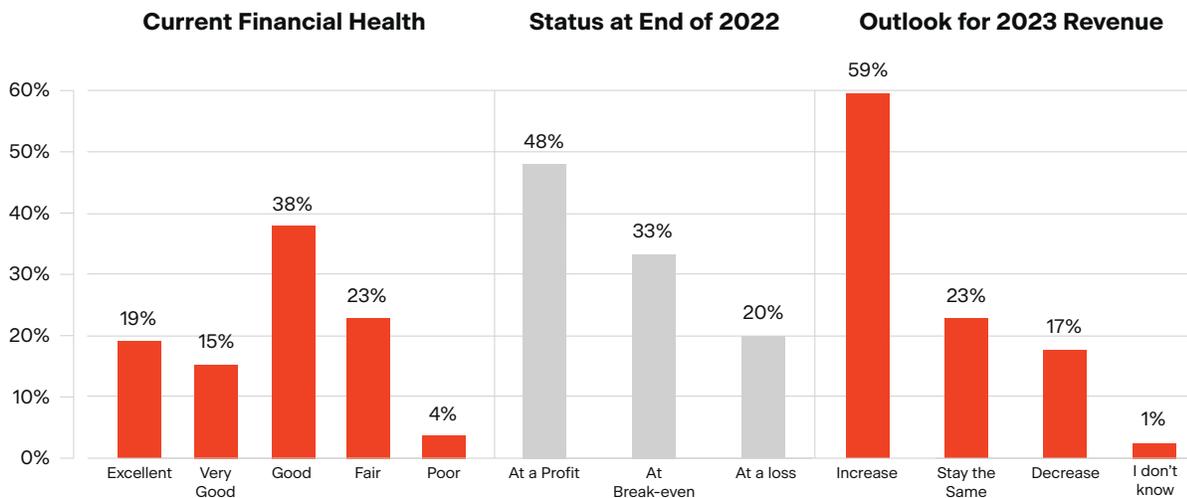
**Economic and policy disparities.** Many AAPI businesses also face economic and policy disparities that impact their ability to obtain funding (National CAPACD, 2019; Welcome to Chinatown, n.d.; Yee et al., 2021). For example, they may be located in areas with limited economic development resources or face policy barriers that make it more difficult for them to grow and succeed.



## Survey and Interview Findings

### Overall Financial Health and Outlook

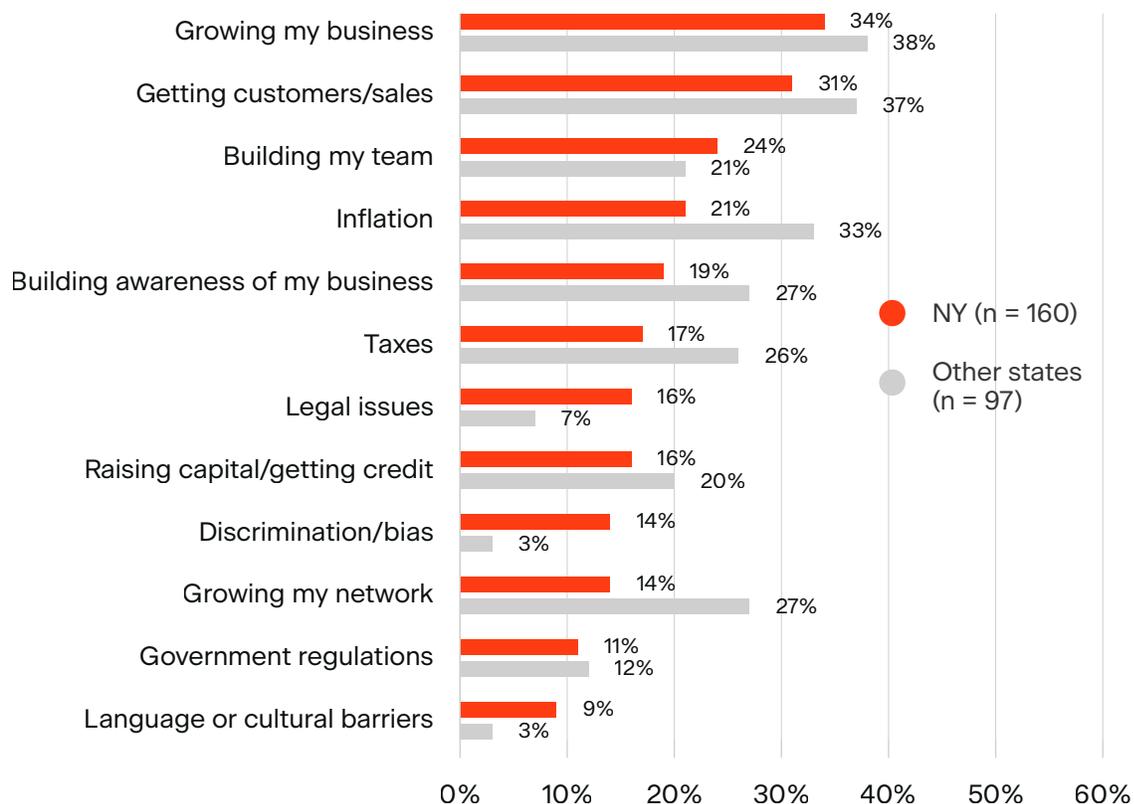
When the 201 NYC-based AAPI business owners were asked via survey how they would rate the current financial health of their business, most were positive – 72% gave their business a rating of excellent, very good, or good. Unfortunately, more respondents were break-even or operating at a loss at the end of 2022 compared to those who reported overall profits for the year. On the other hand, most expect to increase their business revenue in 2023.



## Overall Business Challenges

When asked (via interview) about overall business challenges, AAPI business owners in NYC noted that they face challenges that are fairly typical for most small- to medium- sized businesses: growing the business, getting customers/sales, getting funding, hiring/retaining labor, keeping up with finances, and dealing with an economic downturn. Funding issues have often stemmed from not knowing how to access finances from banks or other financial institutions, yet being conflicted about asking friends and family for funds. Another persistent challenge for these business owners has been the increasing difficulty of finding and retaining skilled labor in a competitive job market, leading to high turnover rates and increased costs for recruitment and training. In addition, business owners have often struggled to keep up with the complexities of managing their finances, including cash flow, taxes, and financial reporting. Finally, navigating an economic downturn has posed significant challenges for business owners, including decreased demand, reduced revenue, and increased uncertainty, requiring strategic decision-making and adaptive measures to sustain business during tough times.

When asked via a survey about their primary overall business top challenges, AAPI business owners in NYC focused on growing their business and getting customers/sales, followed by building their team and building awareness of their business. Compared with AAPI business owners from other states, NYC-based AAPI business owners were more likely to cite legal issues and discrimination/bias as a challenge to their business. On the other hand, they were less likely to report inflation and growing their network as a primary business challenge compared to businesses from other states.



Interviewees also described their business challenges:

### **Getting funding/working capital.**

*“Funding was my biggest challenge. When I first started, I was frustrated because everything was ready for the project. I had a team member join. But I didn’t get enough funding because the investors didn’t happen. So that was the hardest part for me. So I had to change the plan.”*

*“The biggest challenge when starting the business was the initial investment – how much I wanted to put into the firm as far as dollars. Setting up the office, a single paralegal, advertising, marketing, basic infrastructure, and business operating expenses. I pulled together about 30 grand, and put it into starting off the business.”*

### **Hiring/retaining labor.**

*“The number one issue I face is talent. Finding talent, especially for restaurants and retail, just finding part-time employees is incredibly, incredibly difficult in this environment.”*

*“The labor pool, especially for Chinese cuisine, is a major challenge going forward, because there’s no new blood coming into the industry. With the lack of immigration, because of government policies over the last few years, the pool of Chinese chefs is shrinking because everyone is aging out. But you can see that there are more and more Chinese restaurants opening. So what happens is people poach chefs from restaurant to restaurant, and they just keep driving up the price.”*

### **Keeping up with finances.**

*“We’re barely making any money. Some months we make money, some months we lose money. At the end of the year, we’re still slightly profitable, but we’re not really raking in a lot of money.”*

### **Dealing with an economic downturn.**

*“We have had challenges operationally – shortages of certain things. There’s so many items that we need, but yet, on a daily basis, we are a little afraid of ‘Oh, will they have this product?’”*

*“New York City area merchants’ sales actually suffered a big decline compared to previous years. Much fewer tourists compared to before the pandemic. And even the people coming to the City are spending much less. So businesses are suffering with less income. But meanwhile, the rent is still going up. And it’s very hard to get inventory. For example, cooking oil during the pandemic tripled compared to before the pandemic.”*

## Challenges Unique to AAPI Business Owners

Unique difficulties that AAPI business owners have contended with include language and cultural barriers and discrimination/bias. In particular, many immigrants from Asian countries who have come to the US have struggled to find their place here, often deeming it necessary to give up on their prior careers and open up a business in this country. Their difficulty with the English language has often been an obstacle for tasks associated with starting and running a business (e.g., obtaining permits and licenses, negotiating a lease, and communicating with customers). Respondents also noted that they have experienced discrimination and bias from many different groups of people with whom they interact for the business, such as funders and customers. These types of experiences – especially when they occur repeatedly over time – have had negative impacts. Some reported that a lack of recognition and respect from the government places AAPIs in a weak position, making them vulnerable to predators.

## Challenges Unique to Owning a Business in NYC

Many respondents remarked on particularly difficult challenges given the business' location in NYC. Renting space for the business tops this list. Many business owners noted obstacles when it comes to finding a space, getting a landlord to lease their space, and covering the cost of rent. Many landlords were reluctant to lease their space to the types of businesses that AAPIs tend to own (e.g., restaurants and startups). And when they can secure a contract, business owners in NYC often have found it difficult to cover the high costs of the initial deposit and the monthly rent (especially given their challenges with securing early funding). Respondents also reported that finances can be challenging because NYC is so expensive compared to most other cities. Government regulations have posed a notable problem for many AAPI businesses in NYC, with many remarking that the policies (and implementation of policies) are not “business-friendly.” Some requested an increase in data transparency, to ensure that policies are being implemented equally across demographically diverse regions.



“I’ve grown to learn that every obstacle that I’m going through is a learning curve. It’s all about learning what you can do and how to react to certain situations. I use that a lot to keep myself passionate about the business.”

MATHEW WONG, CEO  
Tea and Milk

## Stress and Mental Health

Given the difficulties noted above, it's not surprising that most of the business owners interviewed remarked on the high levels of stress they have experienced as a result of running their businesses. Most of their stress has come from the overwhelming pressure of shouldering multiple roles, such as being the owner, manager, marketer, and more. Such pressure can result in immense stress and burnout for business owners, impacting their mental and physical well-being. To cope with the stress of running a business, many said they have come to accept the challenges as part of the entrepreneurial journey and have implemented self-care practices to maintain their resilience and ability to move forward. The drive among these business owners is strong, as their businesses represent their livelihoods and their passions.

*"Stress is high at all times. I guess you just kind of get used to it. You're just always there. You just kind of understand and you live with it. And you work around it. And it's part of your life. And I think that's very appropriate. The faster you get used to it, the faster you can compartmentalize it and figure out how to work around it. Staying healthy and having a routine helps a lot."*

*"Especially during the pandemic, I think I found myself very helpless. I think I was at a point that maybe giving up the business – it was pretty difficult to survive. And at the end of the day it's a choice of keep on doing it – bleeding money, or just call it quits. There are times that no one knows how hard it is to stay afloat. There are so many uncertainties. So I was really down. And it was too costly for me to get insurance. Even if I wanted to go to a psychologist or to a therapist. When I looked at how much they charge, I was like, 'I can wait.' I mean I'm glad I made it."*

*"Running a business is very stressful. I have to wear a couple of different hats. I have to run the office. I have to do all the back-office stuff – accounting, payroll, negotiating contracts and leases...everything that's involved in business, I have to do all that. And then I have to kind of switch hats and put on a tie and become lawyer guy in court, talking to opposing counsel. So it's pretty stressful. If there's a mistake or things are not going well, we're not making money or a case gets messed up, I'm always thinking about it. So for me, in my practice, I would say the stress levels are pretty high – 9.5 out of 10."*

*"The stresses all build into kind of like, creating my character, I guess, in a way. It's very stressful. If it's not one thing, it's something else. There's always something to stress about. For me, it's normal now."*

*I kind of normalized it in a way. So, I wake up, I'm like, alright, I'll hit the gym, and then I'll take a look at my phone, oh, there's a lot of things happening. And then all of a sudden, it's like, okay, I guess I have to deal with A, B, and C. There's no weekends for us. There's basically Monday through Sunday. You've got to do whatever you need to do to keep up, keep this place running."*

## Funding Sources

How do AAPI businesses in NYC fund their operations? According to interviews with NYC-based AAPI business owners, most have used a mix of personal savings, venture capital, and government loans or grants. Others have relied solely on personal savings, a line of credit, or borrowing from friends/family.

According to many of the respondents that we interviewed, successful funding has required ongoing networking with individuals and organizations with money (to raise venture capital), particularly those with a specific interest in AAPI-owned businesses. Also, key has been keeping good business records (for government loans/grants).

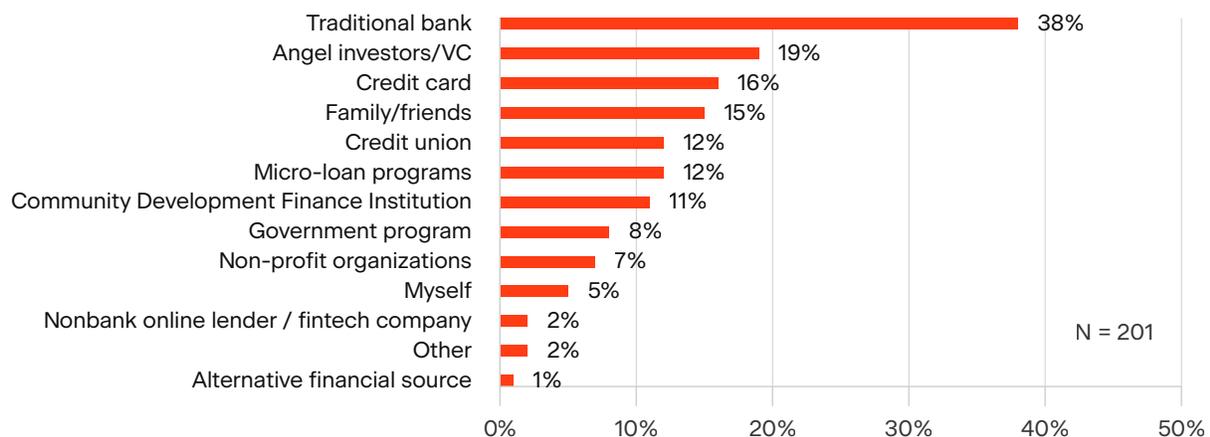
*“One of the things that I really wanted to do was raise money from the Korean community first. So the first year I even thought about this business was just networking - trying to meet Korean entrepreneurs, investors and all that stuff. We are now venture-backed, we have some angel investors, all Korean American or Korean based.”*

*“In the beginning, we were able to raise I think \$5,000 to help us build the outdoor patio. And then, as the government provided stimulus and aid packages, we were able to take a lot of that and benefit from a lot of it.”*

*“I started with \$30,000 to set up the firm. And then, I think in maybe year seven, I took out a \$100,000 line of credit and accessed that somewhat. And then, 10 years later after COVID, we took some SBA EIDL loans. We got a substantial amount on that based on payroll.”*

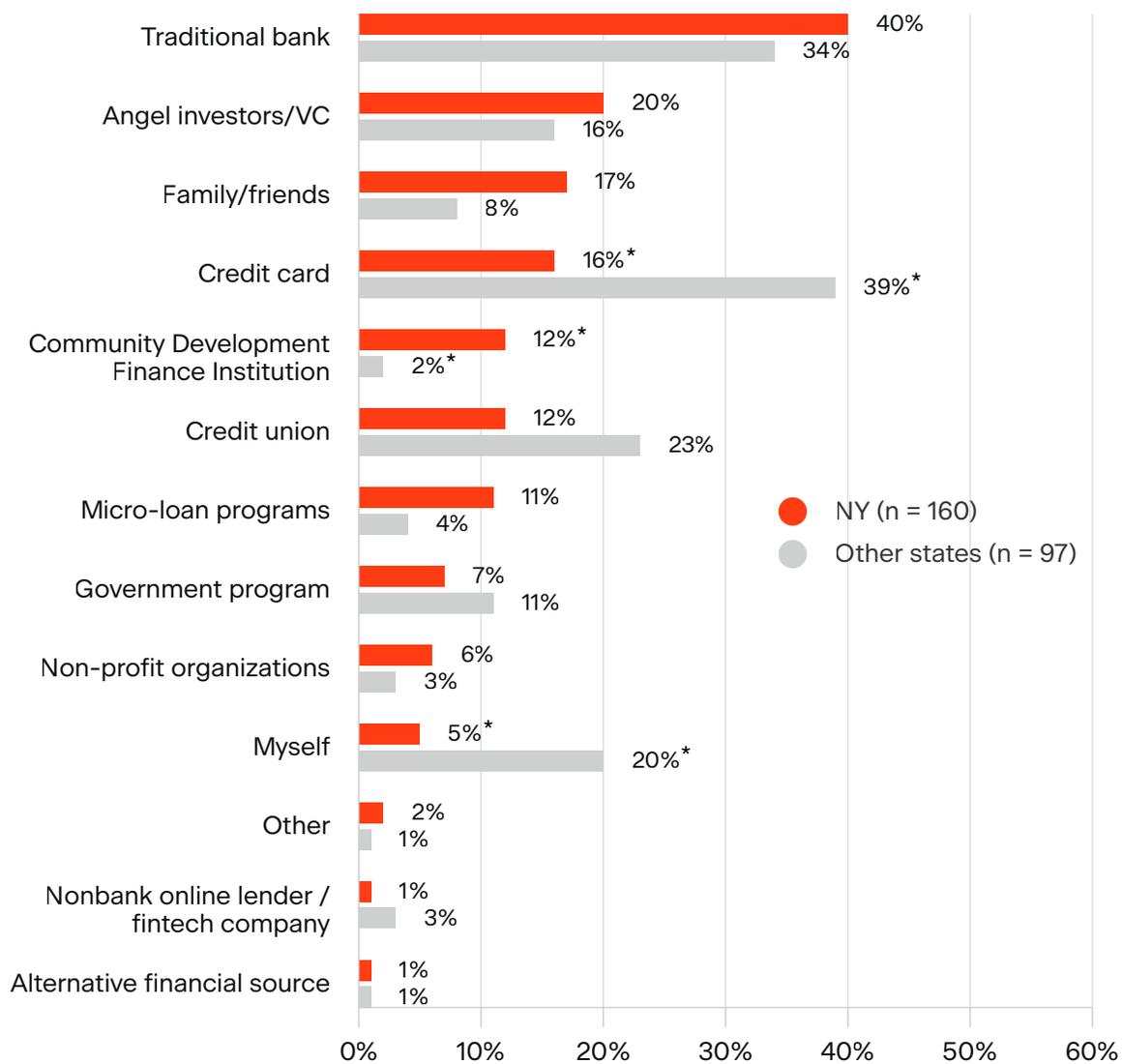
*“In terms of setting up the business...I used my savings. But using banks’ money – not using your own money – would be the way to go. At the beginning, I was still testing the idea. Family was definitely not supportive. I was not going to ask anyone for money. So that was the reason that I was using my own money.”*

When asked about which sources they had looked to for business funding, most AAPI business owners in NYC said traditional banks. A notable percentage also reported seeking out funding from angel investors/venture capital, relying on credit cards, and borrowing from family/friends. Only 8% have looked to government programs, and only 5% rely solely on their own funds.



NYC-based business owners were significantly more likely to have looked to Community Development Finance Institutions for funding than did owners from other states, who reported more significant reliance on credit cards and self-funding (all differences significant at  $p < .05$ ). NYC-based business owners were also significantly more likely to have applied for business funding (64% vs. 38% among those in other states,  $p < .05$ ). However, business owners from other states were more likely to have received small funding amounts (less than \$5k – 19% vs. 5%, NS), which is not surprising given the higher expenses and, therefore, the need for higher levels of operating capital in NYC.

### Where Business Owners Have Looked to for Funding



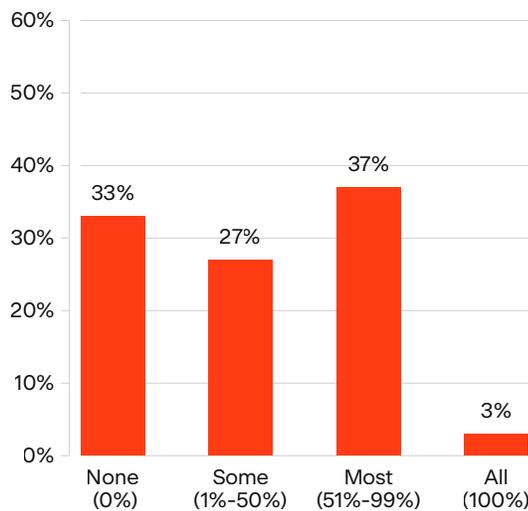
\* Indicate significant differences at  $p < .05$  level

## Funding Applications

Nearly two-thirds of the NYC-based AAPI business owners in our sample said they had applied for business funding at some point. Nearly two-thirds (64%) of those who had applied received some (1%-50%) or most (51%-99%) of the amount they were hoping for. In terms of the total amount of funding the respondents had received over the course of their business operations, most received between \$10K to \$100K. A great majority of those who had applied for business funding indicated that it was a difficult process.

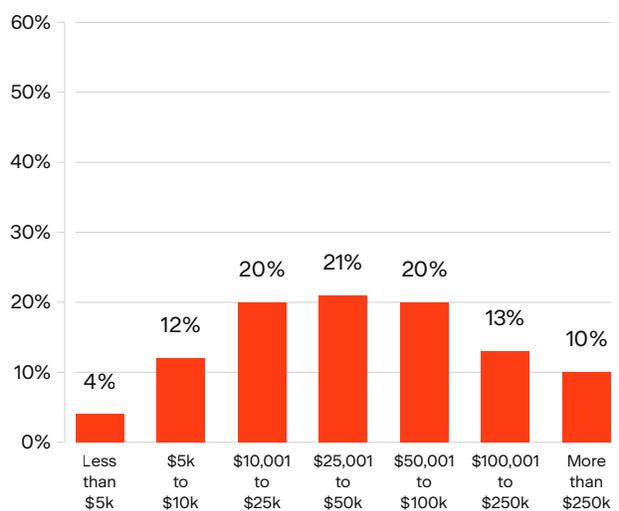
### How Much Financial Assistance Received

(among those who applied for funding; n = 128)



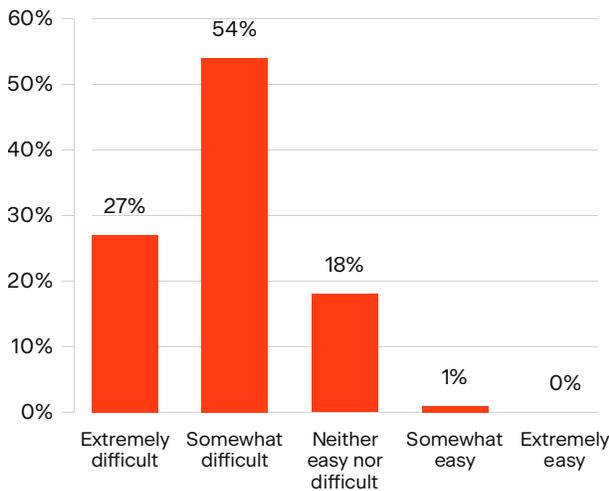
### How Much Total Funding Received

(among those who applied for funding; n = 128)



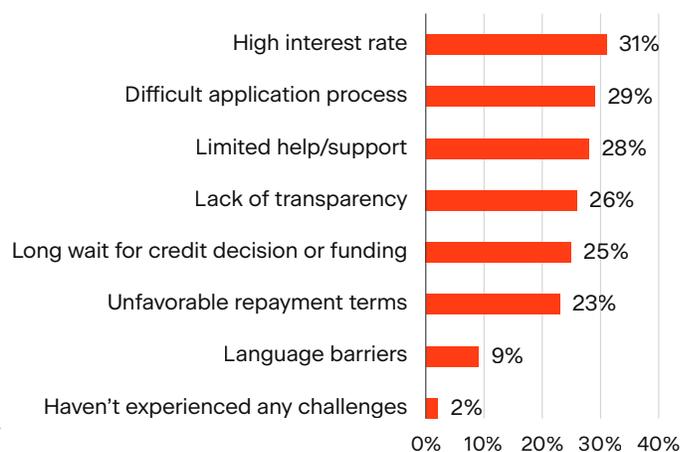
### Difficulty of Applying for Business Funding

(among those who applied for funding; n = 128)



### Challenges of Applying for Business Funding

(among those who applied for funding; n = 128)



## Funding Challenges

When asked about difficulties they've experienced with regard to funding, many respondents noted the restrictive qualification criteria and cumbersome application process often associated with SBA and bank loans. And, especially given the competitiveness of available grants and loans, it has been crucially important that applicants understand what's involved in the application process. Many AAPI business owners have required some education to learn about what they need to do to make themselves more competitive for funding opportunities in the future (e.g., keeping good business records, paying taxes on time, having a solid business plan, etc.). In addition, many AAPI business owners in our sample said they have struggled with traditional banks because of language barriers and obstacles due to discrimination and bias. Although many traditional banks may offer loans to AAPI business owners, they don't always offer information and communication in the variety of languages that AAPIs need, and the amounts of funding they provide tend to be quite small. Finally, another common criticism was that many minority-focused funding sources are focused on people who are Black or Hispanic; in such cases, Asian is not considered to be a minority, at-need population.

### **Burdensome criteria and process for loans.**

*"I know about the SBA loans. However, the qualification criteria are very cumbersome and restrictive. If the criteria are less strict, we will have more opportunities."*

*"I worked with the local Korean community bank, but its loan criteria are so difficult to meet. Without real estate collateral, it is very difficult to get loans. I applied for SBA and Community Bank loans, but they were insufficient due to a lack of collateral. Collateral-based bank loans are very challenging."*

*"When I have tried to raise money, including getting a credit line from a bank, it had to be either guaranteed or collateralized somehow. Or you get a line of credit with collateral, but then you pay commitment fees, even though you don't draw on it. So all of those options are very punitive. If you don't have the runway to take off, and you're paying interest on something that you're not even borrowing against, it is difficult."*

### **High competition and lack of confidence in the likelihood of success.**

*"The New York City Opportunity Fund is a great program originated by NYC SBS. But it's gone right away. Within a week or two, they received more than 10,000 applications. The total pool is only \$75 million. And the ratio is really incredibly low among the Asian America owners."*

*"What we saw during COVID was a frustration to apply for grants because they felt like their chances were limited. And it's kind of like, 'Why waste my time on this?' The scoring rubric and criteria are so difficult for business owners."*

### Lack of understanding of what's needed to be competitive.

*"There are also issues from the small business owner's side, they're kinda lacking education. In order to get any kind of loan or government grants, you need to keep your financial records organized; you need to file everything properly. You need to pay your taxes. Many Asian small business owners didn't qualify for the PPP because they couldn't show anything."*

### Language barriers.

*"Language is definitely the biggest obstacle that prevents people from applying. If a Chinese American owner is looking for a loan or funding, it's very hard for them to approach the institution directly. They tend to go to brokers, like Chinese American brokers. But some are not real licensed brokers. Then you hear frequently about people being trapped to pay many, many fees."*

### Discrimination/bias.

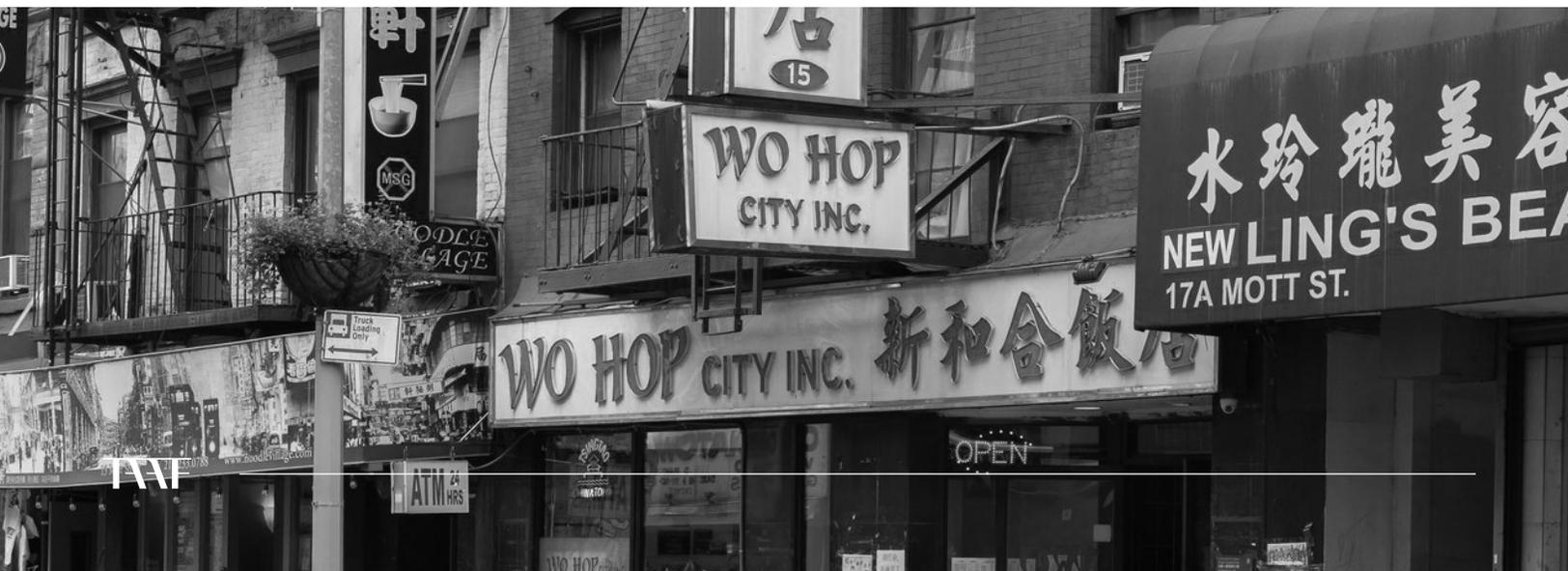
*"Access to major bank funding was difficult due to invisible ethnic bias/prejudice."*

*"I have a line of credit from a mainstream American bank, but the amount is minimal. On the surface (and because of social policy), mainstream banks provide small-business lending to Asian American business owners. However, the amount tends to be too small."*

### Funding not focused on Asians.

*"At the federal level, they need to see that we need more resources for the Asian community. The government needs to recognize Asian Americans as an at-need group. If they don't recognize this as an at-need demographic, then we're not going to get the resources we need."*

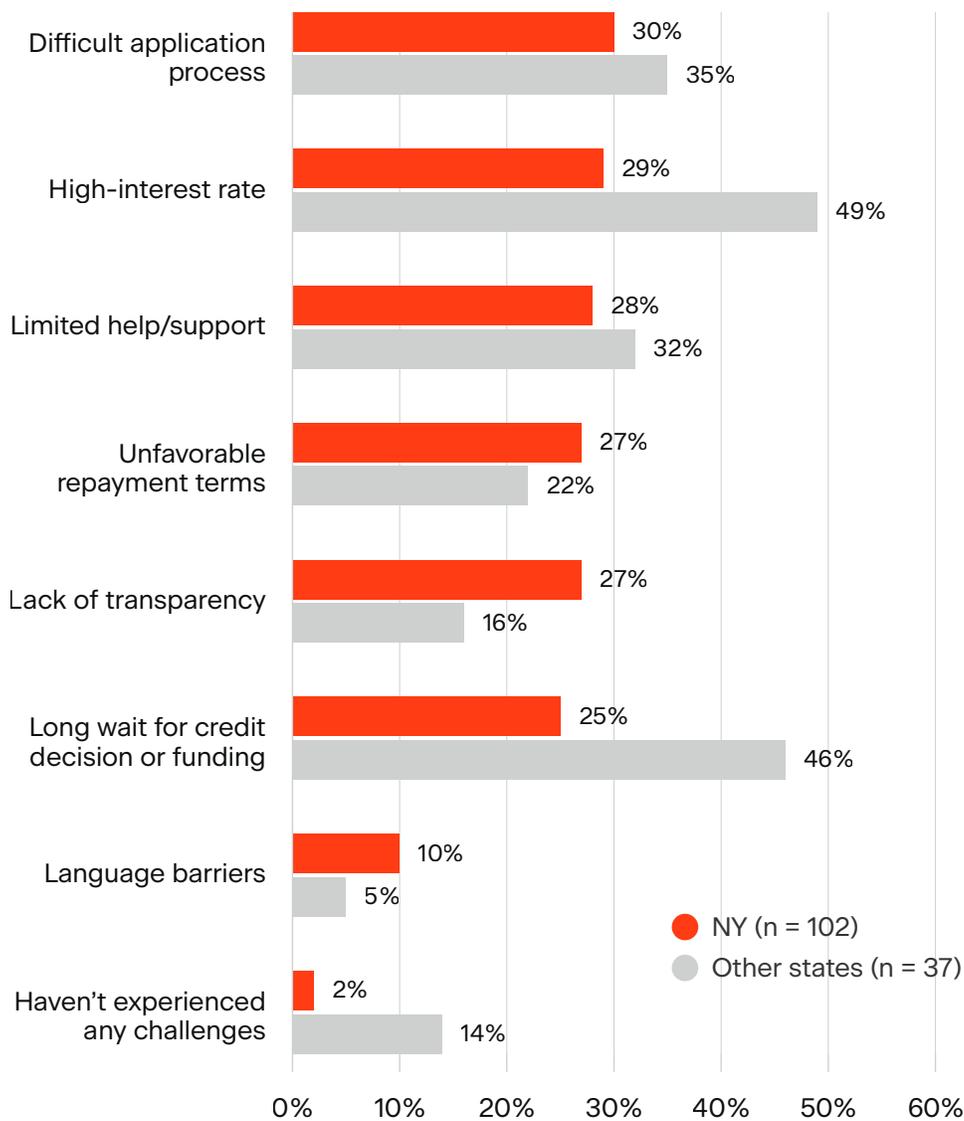
*"I have noticed that being an Asian business owner puts me in an awkward position, where I technically qualify as a minority business owner, but get overlooked in relation to other ethnic minority groups."*



New Yorkers who had applied for funding reported greater difficulty with the process than did respondents from other states (1% vs. 22%, respectively, said the process for somewhat easy or extremely easy,  $p < .05$ ). NYC-based business owners also reported more challenges with the timing and requirements of the application process, finding a program to meet their business needs, accessing assistance from government agencies, and language issues compared to their peers from other states (though none of these differences were statistically significant).

### Challenges Associated With Applying for Business Funding

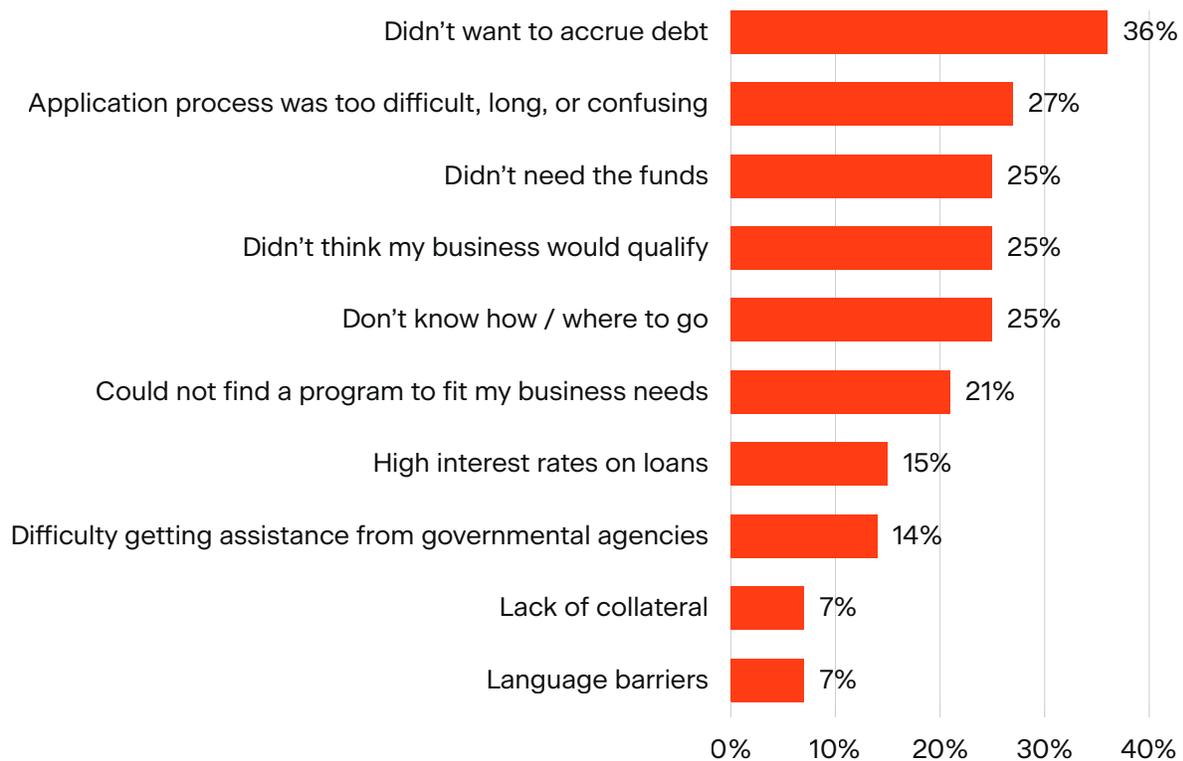
(among those who applied for funding;  $n = 128$ )



## Reasons for Not Applying for Business Funding

AAPI business owners who had never applied for business funding reported that the reason for this is they don't want to accrue debt, and the application process is too overwhelming and cumbersome. In addition, one-quarter said they didn't apply because they didn't know how or where to go.

**Reasons for Not Applying for Business Funding**  
(among those who have never applied for funding; n = 73)



“What we saw during COVID was a reluctance to apply for grants because business owners felt like their chances were limited. The scoring rubric and criteria were so difficult, especially for older business owners that lack language proficiency to complete the grant applications. For some of the newer entrepreneurs, when it comes to banking, they have questions about services they should be tapping into because there's just so much information out there – they don't know where to start.”

**VIC LEE, CEO**  
Welcome to Chinatown

## Advice for AAPI Business Owners

When asked what advice they would offer other AAPI business owners, respondents discussed their preferred funding strategies as well as the importance of reaching out for help, connecting with other (Asian) business owners, and connecting with Asian communities and organizations. Regarding funding, respondents advised new business owners to stay away from using their own personal savings and instead look to banks for financing. Finding the right loan officer and having a solid business plan are important in this process. Respondents also urged other business owners to reach out for help, remarking on the number of resources available to this community if they know where to look. They also discussed the importance of connecting with other Asian business owners, communities, and organizations, particularly for guidance, support, mentorship, networking, and fundraising. As part of this, some urged owners to be “fast, proactive, and willing to engage” with organizations that can help with funding and other forms of support.

### Consider these funding strategies.

*“Using a bank’s money – not using your own money – is the way to go. A local community bank would be much more likely to fund you in the beginning stage of business operations.”*

*“You have to work with the right loan officer, you have to work with the right people. If you go in there and you see that this person is stereotyping you - looking at you like they know what you want already, I would say to move on to the next person or bank.”*

*“Do it the professional way. Have a business plan...It structures your whole concept. And whatever business it is, it can be as simple as a one-page business plan. The bank looks at it. I think if there’s a school or a seminar, or someone who can walk you through this, that would be great. When someone sits down with you and explains to you, you understand more.”*

### Reach out for help.

*“When I first started out, if I was able to come across as a bank or if I had I talked to people, or the City’s small business bureau, it would have been better. With the City, there’s a lot of resources and funding that I wish I would have known about earlier, including ones in the Asian community and organizations.”*

*“Having the right people in your circle to be there to advise and at the same time support is very important. There are times when you just want to throw everything out the window and just give up. A lot of us are like that as small business owners. Do you have the right people who are there to help or assist or offer words of encouragement? I think that goes a long way.”*

*“You need to act fast and be proactive. Many AAPI business owners work really hard; they can work 14 hours a day, so they barely pay attention to what’s going on. Some people are shy, they don’t want to talk too much; or they don’t care. And of course, if you don’t talk, if you don’t really get involved, you don’t engage in organizations that can help you, like NYC SBS and TAAF.”*

### Connect with other (AAPI) business owners.

*“People think that it is such a competitive world in the food industry. But all the business owners, we talk to each other all the time. We share the issues that we come across, and a lot of times the solutions come with your competitor or your peers.”*

*“Reach out to other Asian-owned businesses and see if there’s any guidance. I think for too long that we haven’t been able to guide other people. People haven’t been really reaching out because maybe ego, maybe it’s just like they think competitors won’t help, but we have to look at it like community... where helping each other isn’t going to hurt. Everyone’s getting a piece of the pie. So reach out to other business owners and see what they can teach you, what they can mentor.”*

### Connect with AAPI communities and organizations.

*“There’s a lot of money in the professional Asian communities here in the City. They offer good networking and fundraising opportunities. I would tell Asian companies to think about their contacts and those types of organizations. There’s a lot of them, and they run the gamut in terms of what their missions are. It was through one of them that I met my future business partner. So it’s definitely a good sort of networking and a funding resource for Asian startups.”*



“Small businesses are integral to the neighborhood life and to the overall workings of a city. Each of us in the business ecosystem – business owners and city administration – should support each other with resources and information: ‘Did you know this private grant is being awarded?’ or ‘Have you contacted your Small Business chapter or City agency for guidance on the matter?’ In addition, each of us in the community should support local businesses with our personal shopping of goods and services. This will have a multiplier effect – business owners can prosper, they can provide sustained employment, can spend more on supplies and services, and, ultimately, can keep their shop doors open – all this feeds into the vibrancy of the neighborhood and the economy of the city, and therefore, will result in improving all our daily lives.”

DEEPA DADLANI, FOUNDER AND CEO  
BrandMX

## Recommended Marketing Strategies

New business owners may also benefit from learning how people find out about AAPI businesses in our study. Many of the business owners discussed the importance of being involved in the community, particularly with Asian groups and organizations. Participation in community-based events can offer business owners opportunities for networking, brand exposure, and fundraising, while also building customer loyalty, fostering positive relationships with the local community, and potentially boosting business growth. Many respondents also reported using significant social media efforts for marketing purposes, and many others said that their business growth has primarily occurred through word of mouth. Others remarked on the utility of becoming designated as a minority-owned business, citing this as “the most advantageous strategy we’ve done to get new clients.”

### Being involved in the community.

*“We support a lot of the Korean American organizations here – a lot of the non-profits, we try to get as involved as possible.”*

*“We do a lot of community-based events. These events tend to use one of us from each industry. And then they continuously work with them. So as we touch base with the communities, events, and organizers, we get to continuously grow with them, kind of like help support each other. And not leaving room for big competitors to come in and say, ‘Hey, let us come in and do this.’”*

### Social media.

*“Whether that’s collaborating with other brands and businesses and restaurants, in and around the city, but also advertising and putting up our campaigns and making our own campaigns as well.”*

*“We recently created a three-person social media team, where it’s going to be kind of like on Instagram and TikTok to bring up the brand a little bit – tell people where we are, who we are, why we’re doing this versus the others who are around – the big guys.”*

### Word of mouth.

*“We haven’t spent \$1 on marketing. It’s all word of mouth.”*

*“For our business, we have a history and legacy. And we’re fairly well known in this part of town.”*

*“Just know that if there’s one person that actually likes something from your company, eventually the word of mouth will help grow it. You may not see that person yet, but it will eventually grow into something bigger.”*

## Advice for Non-profits

When asked to provide advice to non-profits that want to help support AAPI-owned businesses, respondents were particularly enthused about the opportunity to access a network that offers information sharing, advice, and support. Many bemoaned the fact that they had no mentorship or guidance offered to them when they first started their business. Respondents also emphasized the need for more optimized use of already available resources. Raising awareness of available resources, such as government programs, industry associations, and educational workshops, can empower business owners with valuable tools and knowledge to overcome challenges, make informed decisions, and thrive in their business endeavors. Business owners in this study also reiterated the need for early-stage, working capital and the opportunity for non-profits to play a role in providing this type of funding. Finally, it was suggested that non-profits and other community-based organizations should focus on increased collaboration and outreach.

### **Build a network for information sharing, advice, and support.**

*“Being able to talk to other business owners regularly is so valuable. Even if it’s just something like the price of lettuce or the price of cucumbers, you can share information or pool resources. Give ideas or feedback.”*

*“It would be terrific to have a resource where people could pitch their ideas. And also a place to get either discounted or favorably priced advice or services. Whether that’s accounting advice or legal advice or strategic advice about taking the next step to scaling. It’d really be helpful to have access to the few folks who have done it before.”*

*“Give us access to a database, or a network of small businesses that try to help you get started and help you navigate. A lot of times, it’s not even monetary help. It’s just professional help, like where to register your business and applying for loans.”*

*“I think it would be great to have seminars or to talk to someone who’s in the business, veterans. There are big shots like Panda Express...I think it would be great to talk to or have a mentor from places like that. I wish there was a Shark Tank, but not that cutthroat, that I can share with or ask questions of.”*

### **Create greater awareness and utilization of resources that are available.**

*“The resources that are out there are not being taught to people who are in small businesses. For example, New York City has a website for Small Business Services. A lot of Asian owned businesses don’t know that. Also, New York City has pro bono lawyers who will read commercial leases for you and help you negotiate. I learned this for the first time this past year and I’m just like, ‘How is this not something that’s relayed to the right people?’”*

*“In terms of financial needs, there are actually enough organizations and government programs to help, but to connect those people with the right institutions.”*

### Provide funding at lower interest rates and without collateral.

*“There are no entities that can provide emergency funding for unforeseen circumstances.”*

*“It would be great to have non-profits that can provide emergent working capital – short-term funding (3 months to 2 years) – for operations when needed.”*

### Connect with other organizations for increased collaboration and outreach.

*“Empower community organizations around funding and help leverage these community organizations’ further insights. If you’re a newer org, how do you share really great learnings with the City? How do you make sure that it’s actually getting out there? I think consistent outreach with place-based non-profits is important.”*

*“I see a huge opportunity with working with non-profits and leveraging their space, their community centers, and being able to co-organize events. If you find the right non-profits, they already have very strong relationships with certain members of the community. It’s important to find groups that don’t have too much overlap so that you can maximize your reach.”*



*“Within the Asian American community, there’s a great wealth of expertise and a genuine desire to help. We need to find a way to match entrepreneurs with these professionals. As a small business owner, I’m responsible for everything but it’s not possible to know everything. I would greatly appreciate a pool of vetted lawyers, accountants, bankers, contractors, etc. who can offer preferential pricing and in turn build their own businesses. It’s a win-win for everyone.”*

**JOANNE KWONG, PRESIDENT**  
Pearl River Mart and Pearl River Mart Foods

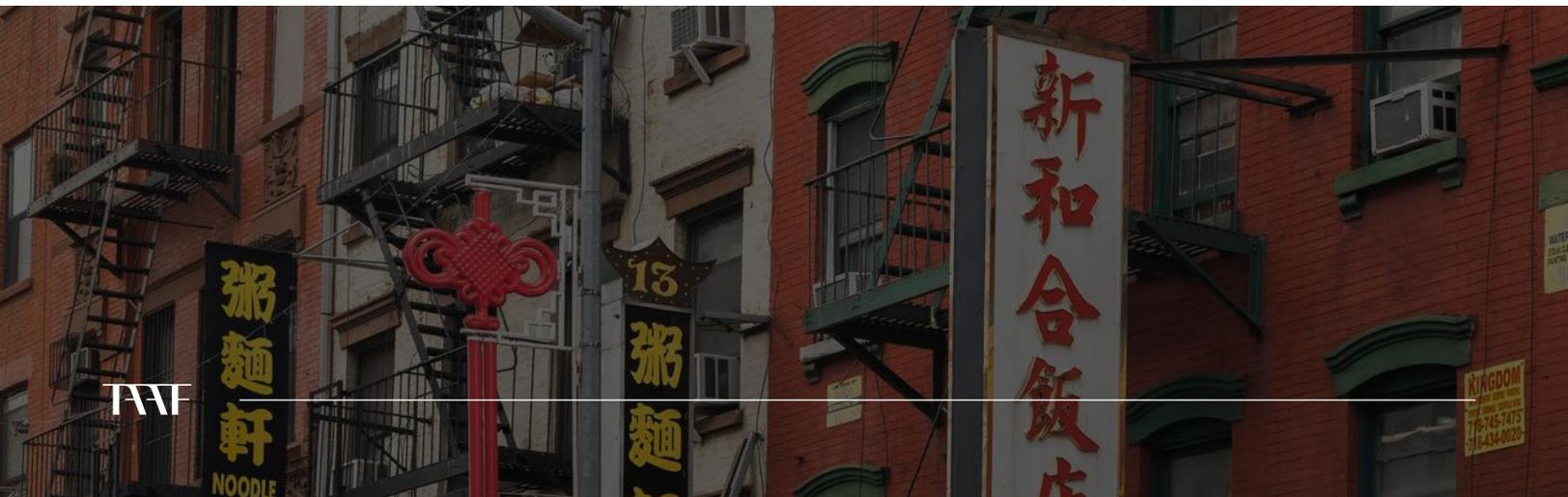
## Advice for Policymakers

Respondents offered several specific recommendations for government officials and policymakers. In general, the sentiment calls for efforts from the City to make starting and running a business in NYC less challenging (e.g., decreasing red tape and excessive fines). Interviewees also called for increased recognition of and resources for AAPI businesses. There was an expressed need for government policymakers and implementers to be more understanding of and fair with business owners. Instead of just imposing fines on business owners who don't understand what the fine is for, government officials might consider offering warnings that offer clear explanations of when the fines might come and why they would be imposed (explanations that are offered in the business owners' language). One respondent argued that the NYC SBS should work with other city agencies to ensure that government rules, regulations, and processes are equal for business owners of all demographics (and to overhaul the system if inequalities are found). Another respondent suggested the consideration of a public-private partnership to help business owners with rent by requiring them to pay a percentage of rent based on their sales.

*"The City makes it really difficult to do business. Navigating all the levels of bureaucracy, and the lack of coordination among various agencies to actually talk to each other. I think outdoor dining was a great example of a frustration that many of the business owners felt where it's like DOT is saying one thing, SBS is saying another thing, city council is saying another thing. So I think that there really needs to be more alignment among the city agencies and making it more clear about the guidance for small business owners. I do think it's important to ease regulations and make it easier to do business with the City. I think removing some of the red tape and cutting back on the excessive fining for small businesses is crucial."*

*"Government just goes around giving out fines. They should first talk to the business owner and give them a first warning so they can rectify it. Give them some technical assistance to understand why they might be fined."*

*"The Asian American Task Force needs to work with other city agencies on how they inspect our businesses, how they come down on our businesses about permits and filings and fees and penalties. And they need to overhaul how they're working. I want transparency on where they're collecting all these penalties and fees. Are they going to the upper east side the same way they come to Chinatown? We need transparency of data."*



## Discussion

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The burgeoning AAPI community in New York City has significantly contributed to the City's economy through their ownership of businesses, which have generated an impressive annual revenue of approximately \$72 billion in 2022 (estimated; US Census Bureau 2021; TRA Internal Analysis, 2023). Recognizing the importance (of fostering) an inclusive and equitable economy, it is crucial to support and promote AAPI entrepreneurship and business development in New York City.

AAPI business owners in New York City face a multitude of challenges that impact their operations and growth. These challenges include business expansion, customer acquisition, labor recruitment and retention, and effective marketing strategies. Moreover, they encounter unique obstacles and discriminatory practices that hinder their path to success, including language barriers, limited access to capital and resources, and discriminatory treatment. Immigrants from Asian countries, in particular, struggle with tasks such as obtaining permits and licenses, negotiating leases, and communicating effectively with customers.

Limited access to capital is one of the major concerns for AAPI businesses. Factors such as language barriers, limited credit history, and a lack of collateral can make obtaining necessary funding more difficult for AAPI business owners. In addition, operating a business in NYC presents unique challenges, including difficulties in finding suitable rental spaces, high costs (especially rent), navigating government regulations, and managing logistical aspects such as commuting and parking.

To try to obtain funding, AAPI business owners in NYC primarily turn to traditional banks. However, they face specific challenges in this process, including receiving lesser amounts, longer waiting periods, higher interest rates, and being treated with less trust and respect compared to non-Asians. Additionally, they express a need for more funding opportunities specifically tailored to the AAPI community and a greater balance in funding opportunities for non-Asian minorities. Furthermore, many AAPI business owners in NYC are unaware of the various funding sources available to them, such as Community Development Finance Institutions (CDFIs) and grants aimed at supporting their ventures.

Finances and other pressures associated with running businesses in NYC place significant stress on AAPI entrepreneurs. To cope with these pressures, they emphasize the importance of seeking help, connecting with other Asian business owners, and engaging with Asian communities and organizations. They also highlight the availability of resources within the community, provided individuals know where to find them.

Non-profits can play a vital role in this regard by providing support and resources to AAPI business owners in NYC. Respondents expressed a strong desire for access to networks that offer information sharing, advice, and support, as well as mentorship and guidance. To fulfill these needs, non-profits should consider raising awareness about available resources, such as government programs, industry associations, and educational workshops. Strengthened collaboration and outreach efforts between non-profits and community-based organizations are also recommended.

## Recommendations

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Based on the results presented in the current report, the AAPI business community would benefit from the following:

### **Encouraging various financial institutions to support AAPI-owned small businesses by:**

- Communicating the value of working with and supporting AAPI-owned small businesses (e.g., benefits for financial institutions, untapped opportunities, etc.)
- Recognizing AAPIs as an “at-need” minority that should have targeted funding options available to them
- Supporting financial institutions in developing more financing options for AAPI-owned small businesses, including loans (short-term, non-collateral, lower barrier to entry products, streamlined application process), grants, and other forms of investment support
- Forming AAPI-focused Community Development Finance Institutions (note that both financial institutions and AAPI business-focused organizations should consider this option)

### **Providing financial support that offers:**

- Easier access and a less challenging, cumbersome, and time-consuming process
- Financing education that helps business owners learn about different funding opportunities (especially government programs) and helps them through the process towards success (including advising them on what they need to do to qualify for various funding options)
- Financial assistance that meets the needs of AAPI businesses without putting them in tremendous debt
- The possibility of securing government contracts and partnerships with local or state agencies that prioritize diversity and inclusion in their procurement processes
- Increased language accessibility associated with funding opportunities and financial institutions
- AAPI-dedicated CDFIs (note that both financial institutions and AAPI business-focused organizations should consider CDFI options)

**Providing business support that offers:**

- Assistance with all aspects of starting/running a business when coming from a different culture and speaking a different language
- Mentorship programs
- Consolidation of information about resources and matching resources with specific business needs (e.g., business planning, hiring, marketing, etc.)
- Network of discounted resources (e.g., legal help, accounting, etc.)
- Technical assistance in all languages to help with major business challenges (e.g., getting permits, business growth, getting customers/sales, hiring/retaining labor, building awareness, rent, succession planning, etc.)
- Education/training about marketing, advertising, and networking opportunities
- Opportunities to collaborate and network with other AAPI business owners and organizations that share similar interests and goals
- Support and mentorship from established business owners and leaders in the AAPI community
- Hiring support
- Targeted resources to build digital capabilities within AAPI businesses
- Resources for mental health support (e.g., peer assistance, hotline, etc.)

**Forming partnerships with the City of New York to:**

- Educate about the impact of the City of New York's regulations and bureaucracy on AAPI-owned businesses that slow down progress
- Persuade the City to reduce unnecessary regulations and speed up the permit process
- Advocate for the City to be more friendly and easy to do business with
- Urge the City of New York for increased data transparency to ensure that policies are being implemented equally across demographically diverse regions
- Promote various programs through NYC Small Business Services (SBS) for AAPI-owned businesses
- Form various Asian Task Forces with the City of New York to recognize, prevent, and punish discrimination/bias in many areas

## Available Sources of Funding and Assistance

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We urgently need to increase awareness of, access to, and eligibility for funding for AAPI businesses in NYC. The following list includes some common methods for AAPI businesses in NYC to get funding, as well as other sources of assistance and education:

**Community Development Financial Institutions (CDFIs).** CDFIs play a significant role in supporting AAPI businesses in NYC. CDFIs are specialized financial institutions that provide loans and other financial services to underserved communities. These organizations often offer more flexible lending criteria and lower interest rates than traditional banks, making it easier for AAPI businesses to qualify for loans. CDFIs may consider factors such as the business owner's character and commitment to the community, in addition to financial factors like credit scores and cash flow. In addition to providing loans, CDFIs often offer business support services to help AAPI businesses succeed. These services may include financial education and training, business coaching, and networking opportunities.

**Renaissance Economic Development Corporation (REDC).** The REDC was founded more than 25 years ago to support NYC's AAPI community. In 2021, the REDC launched the Economic Recovery Loan Program (ERLP), which provides loans of up to \$50,000 at a 3% fixed interest to low-to-moderate income, immigrant, and/or minority-owned small businesses. The loans come with technical assistance in Asian languages. The organization also offers workshops and coaching sessions focused on business topics such as marketing, financing, and legal issues. As an established CDFI, the REDC also frequently conducts business analyses for AAPI business owners and helps underwrite their loans.

**Minority Business Development Agency (MBDA).** The MBDA provides resources and services to help minority-owned businesses, including AAPI businesses, grow and succeed. These resources include business counseling, training, access to capital, and networking opportunities.

**Asian American Business Development Center (AABDC).** The AABDC is a non-profit organization that offers various programs and services for Asian American entrepreneurs and businesses, such as training, networking opportunities, and mentoring, and information about funding opportunities and resources.

**NYC Department of Small Business Services (SBS).** The NYC SBS is a government agency that's responsible for promoting economic development in New York City. The agency works with small businesses, including those that are AAPI-owned, to help them start, operate, and grow in the City. Some of the key services offered by SBS include business courses and workshops, business loans and grants, assistance with permits and licenses, workforce development, and certification.

**Small Business Administration (SBA) Loans.** The SBA offers loans to small businesses, including those owned by AAPIs, to help them start, grow, and expand. These loans can be used for various purposes, such as working capital, equipment purchase, and real estate acquisition. The SBA also provides resources and counseling to help businesses navigate the loan application process.

**Venture Capital (VC) Funding.** VC firms provide funding to startups and early-stage businesses that show high growth potential. Many VC firms have a focus on investing in diverse entrepreneurs, including AAPIs. However, competition for VC funding is high, and businesses need to have a strong business plan and pitch to attract investors.

**Crowdfunding.** Crowdfunding platforms like Kickstarter and Indiegogo allow businesses to raise funds from a large number of individuals. These platforms can be a great way for businesses to gain exposure and build a community of supporters.

**Grants.** Some organizations and government agencies offer grants to businesses and entrepreneurs to AAPI-owned businesses. These grants can provide funding for specific projects or business development. There are various s available for AAPI businesses in NYC. However, the availability and eligibility of grants can vary depending on the specific type of business, industry, and location. Some examples of grant sources include:

[Welcome to Chinatown's Longevity Fund.](#) Chinatown's small businesses are exclusively eligible for Welcome to Chinatown's Longevity Fund, which aims to reinvest in the community through initiatives targeted at reducing or eliminating overhead costs and pandemic-related debts. Applicants for this fund are predominantly Asian (98%). Most lack e-commerce capabilities – 67% don't have a website, and 57% lack a social media presence. One-third of applicants are not fluent in English. Previous grant recipients have used their funds to purchase inventory, pay rent, and make building repairs.

[Asian Women Giving Circle \(AWGC\).](#) The AWGC is a community-based organization that supports AAPI women artists and filmmakers. The organization offers grants to AAPI women artists and filmmakers in NYC to help them create new works and reach a wider audience.

[The New York State Office of Minority Health \(OMH\).](#) The OMH offers grants to minority-owned businesses that are focused on addressing health disparities in underserved communities. The grants are designed to support businesses that are working to improve the health and well-being of their communities.

[Lower Manhattan Cultural Council \(LMCC\).](#) The LMCC offers grants to artists, arts organizations, and creative businesses in Lower Manhattan. The grants are designed to support artistic and cultural projects that contribute to the vibrancy and diversity of the area.

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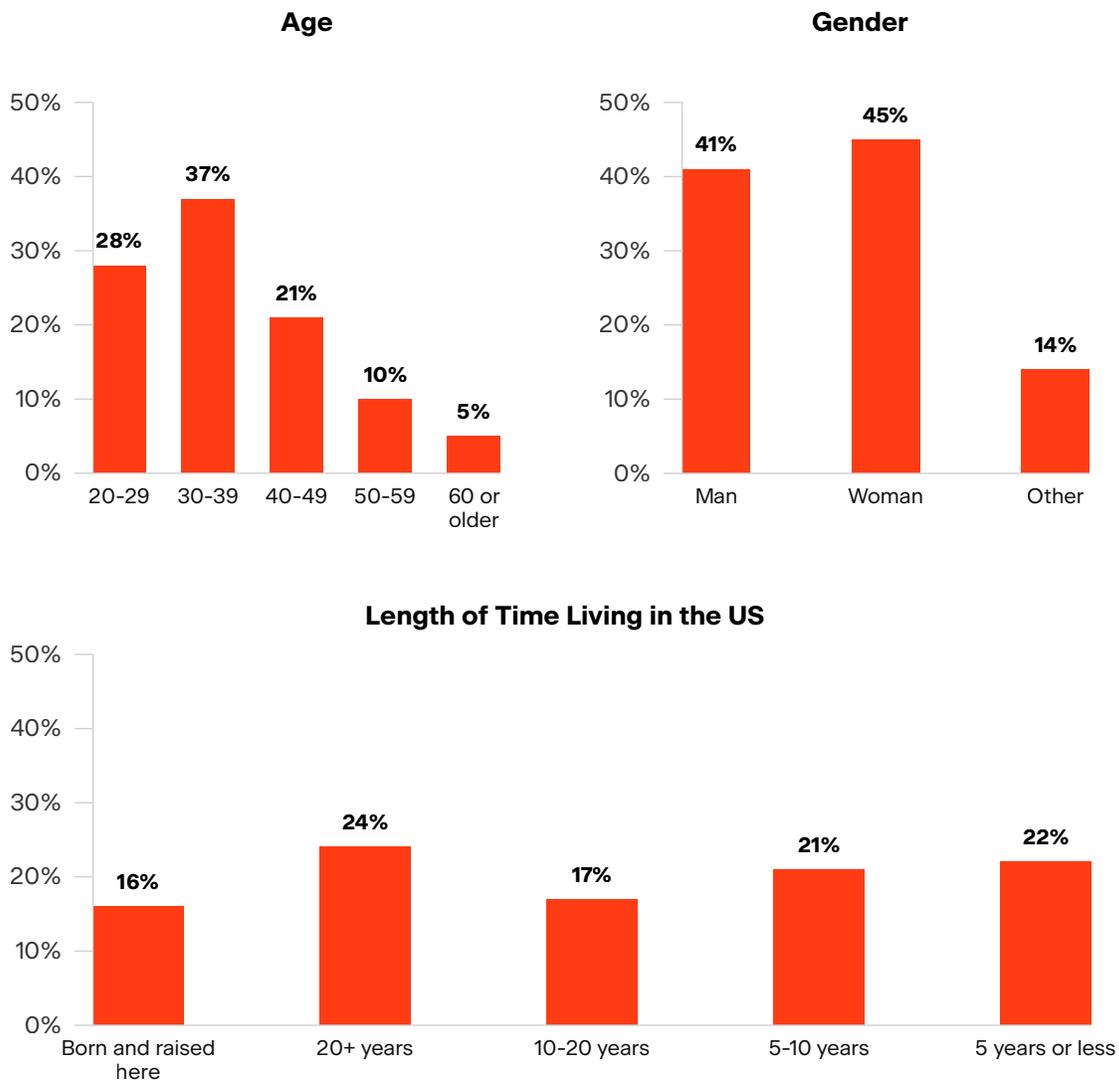
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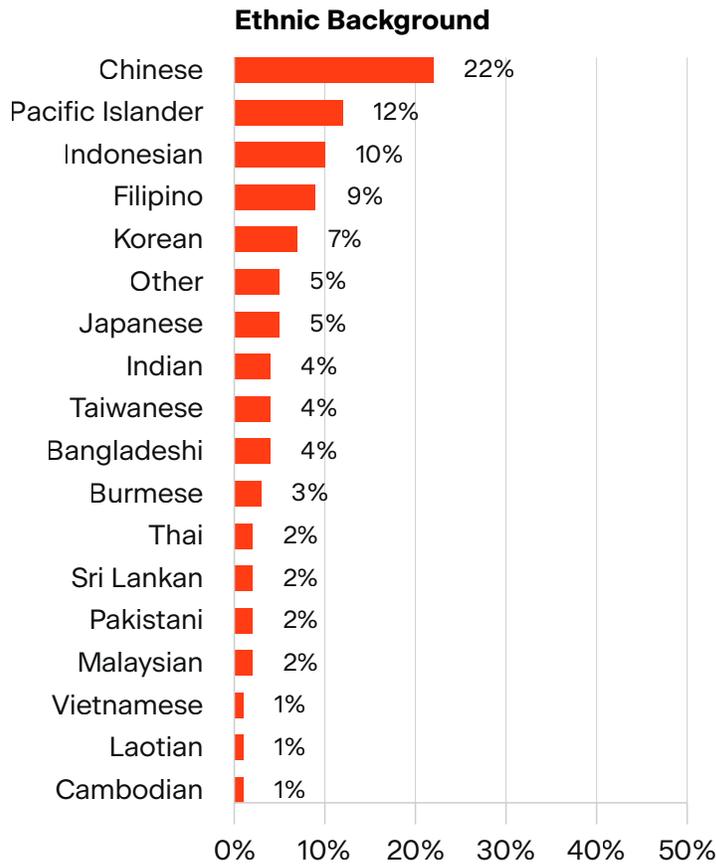
## APPENDIX

# Profile of Survey Respondents

NYC-based respondents (N = 201) represented a fairly even mix of LLCs/LLPs, S corps, C corps, and sole proprietors, primarily located in Manhattan and Brooklyn. Note that all data presented in this report was analyzed by borough; no significant differences across boroughs were identified.

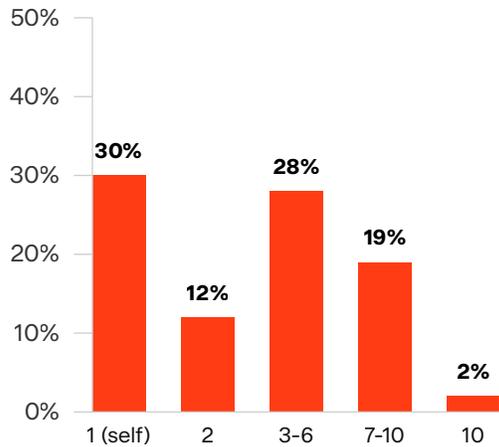
See the demographic profile of these respondents below:



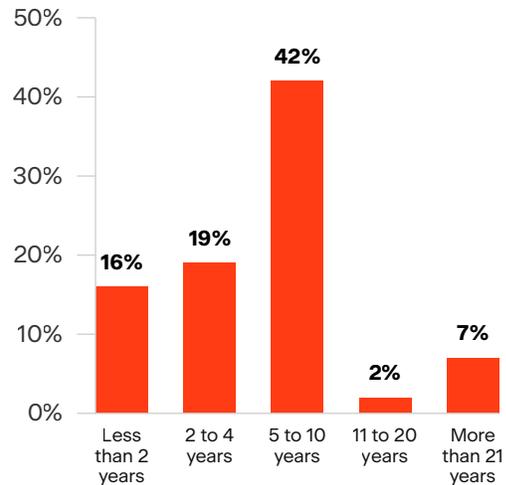


Nearly half (49%) of these business owners had 3 or more employees and most (61%) had been in operation for 2 to 10 years. A notable portion had been in operation for less than 4 years (representing the startup population). Respondents came from a wide range of industries, with the largest groups offering professional/business services and food/beverage services.

#### # of Employees



#### Years in Operation





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