

The State of Asian & Pacific Islander-Owned (API) Businesses in San Diego County: 2021-2022

The Asian Business Association of San Diego

Presented by



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Foreword

This report was commissioned by the Asian Business Association of San Diego to thoroughly examine the Asian and Pacific Islander-owned business community in the San Diego region and evaluate the impact of the COVID-19 pandemic on their enterprises. We believe this report stands alone in the nation in providing the most current and in-depth look at API businesses, using Census data, survey responses and economic modeling software to build a comprehensive economic profile and



outlook. The report's findings and conclusions are critical to understanding the unique issues and challenges facing this business community, and the importance of smart policy solutions and new programs to meet their needs for the future in our region, and across the country.

Many Asian and Pacific Islander business owners are years away from recovering financially from the pandemic and are still in need of greater business and financial assistance. We believe that this report will help inform the community and local decision makers on the work ahead to secure equity in our economy, and ensure every business in San Diego County is back on track. On behalf of the Asian Business Association of San Diego, we thank the authors for their time, talents and contributions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Paguio'.

Jason Paguio

President & CEO, Asian Business Association of San Diego

Executive Summary

Asian and Pacific Islander (API)-owned businesses are some of the most dynamic and fastest-growing enterprises in the United States. Understanding more about the API business community, particularly on the local level, can bring greater public awareness to the unique challenges and needs facing their establishments, which have experienced greater financial hardship throughout the COVID-19 coronavirus pandemic compared to businesses overall.

Using public datasets, business license records, survey responses, geographic information systems (GIS) mapping software and econometric modeling software, we evaluated API-owned businesses in San Diego County. The following are our key findings:

- API-owned businesses generated \$5 billion in economic impact in the San Diego region in 2021.
- Survey data from the United States Census Bureau identifies 9,100 API-owned businesses in San Diego County, and approximately 24,692 self-employed Asian and Pacific Islander residents in the County.
- API businesses contribute \$43.4 million in local direct tax revenue (sales and property tax receipts combined at the county level).
- Approximately 90,000 total jobs are created from API businesses in the region (direct, indirect and induced jobs combined).
- In the City of San Diego, API-owned businesses are most highly concentrated in Kearny Mesa and suburban communities north of State Route 52. However, API-owned businesses are also ubiquitous; we found that API businesses are located in 117 out of the 124 neighborhoods in the City.
- Among City Council Districts, District 6 is home to the largest number of API businesses (1,535), and has more than twice the tally of any other District.
- The regional workforce study completed by API businesses in the County revealed:
 - An overwhelming challenge faced by API businesses is with recruiting and retaining qualified, talented workers while managing rising business and labor costs.
 - Four out of ten (40%) owners are wrestling with wage pressure, worker shortages, and the cost of employee benefits.
 - Alarmingly, more than one out of ten (10.1%) owners reported being racially harassed or discriminated against during the pandemic.
 - Finally, 44% of San Diego API business owners reported the pandemic had a large negative effect on their business, a clear shift from similar responses from business owners overall on the state level (26%) and national (23%) level.



Introduction

This study was conducted to bring a greater depth and understanding of the workforce and economic contributions of Asian & Pacific Islander (API)-owned businesses in the San Diego region, as well as the issues and challenges they have been confronted with, particularly since the start of the coronavirus pandemic in early 2020. Nationally, there have been few investigations completed in this research area, and most work that has been conducted has been completed only in the last few years. As one of the largest and diverse counties in California, San Diego is a prime area for specialized economic research.

We first began our efforts with a literature review of research previously performed on API businesses, which revealed that API-owned businesses are broadly making meaningful economic contributions. The most recent Annual Business Survey from the U.S. Census Bureau found that in 2018 there were approximately 584,488 API-owned businesses in the United States, comprising 1 out of 10 (10.2%) of all businesses in the country.¹

¹ Note: the Survey excludes the collection of data from non-employer businesses. Annual Business Survey: Statistics for Employer Firms by Industry, Sex, Ethnicity, Race, and Veteran Status for the U.S., States and Metro Areas: 2018. United States Census Bureau. Accessed October 1, 2021.

<https://data.census.gov/cedsci/table?g=310M400US41740&tid=ABSCS2018.AB1800CSA01&hidePreview=true>.

The Survey further found that API businesses generate \$874.5 billion from business receipts (combined sales, revenue, or value of shipments), employ 5.1 million workers and produce an annual payroll of \$177.9 billion. In San Diego County, the Survey counted approximately 9,001 API-owned businesses, which collectively employ 75,423 workers and generate an annual payroll of \$2.5 billion². API-owned businesses comprised 13.2% of all businesses in the San Diego region, a greater share than API-owned businesses nationally (10.2%).

Census figures also reveal a larger local business owner universe among those workers who identify as “self-employed.”³ Current estimates from the American Community Survey found there to be 24,692 self-employed API residents in San Diego County, of which 8,329 have an incorporated business (“C” and “S” corporations), professional practice or farm, and 16,363 which do not have their own incorporated enterprise (independent contractors).⁴

To expand our investigation and develop a more detailed sample of San Diego County API-owned business establishments, in late spring 2021 we submitted public record requests to the cities of San Diego, National City and Chula Vista for the most current city business license records. These cities were selected as we sought to build our sample using a manageable number of business records, and to focus our efforts on those cities that have large Asian and Pacific Islander populations⁵ and identifiable Asian and Pacific Islander commercial districts. These business records, which included the business owner first and last names and business names, were successfully received in May and June 2021. To identify which businesses are API-owned, we used the 2010 United States Census Bureau’s list of “Frequently Occurring Surnames” to identify the surnames which 40% or more of people with those surnames identified themselves as either “Non-Hispanic Asian” or “Native Hawaiian and Other Pacific Islander Alone” in the 2010 Census. This resulted in a total of 9,280 unique surnames. Excel matching and sorting formulas were then used to match listed business owner names with those names found in the surname list. This initially resulted in a total of 7,412 businesses in our sample - 6,609 in the City of San Diego, 618 in Chula Vista, and 185 in National City. To refine this initial sample, we sorted records manually for accuracy and quality assurance, removing all duplicates and errors. Additionally, we developed a list of more than 80 words that are commonly found in the business names of API-owned businesses across the United States. We further refined our sample and matched these words to the business names of all other non-matched businesses in our records.

These records were then sorted manually again for accuracy and verification purposes. This resulted in a total of 7,066 businesses in our final sample – 6,233 in the City of San Diego, 623 in Chula Vista, and 210 in National City.

² Data Table AB1800CSA01. Ibid.

³ We note that while the Census website cautions against making comparisons between the Annual Business Survey and other surveys, we found it was nonetheless informative to share this data.

⁴ 2019 5-Year Estimates. American Community Survey.

⁵ According to the 2019 United States Census Bureau American Community Survey.

Also of interest to our investigation is the presence of established API commercial corridors in the region. We identified the City of San Diego neighborhoods of Mira Mesa, Paradise Hills, Bay Terraces, Little Saigon, as well as the Convoy District area in Kearny Mesa, as defined by the area south of the 52 Freeway, East of the 805 Freeway, and west of the 163 Freeway. In Chula Vista, we identified through city redistricting documents the Asian Pacific American Cultural Economic (APACE) Corridor, as defined by the area east of the 805 Freeway and along the Telegraph Canyon Road and west of the 125 Freeway. In National City, we identified through Census Bureau demographic data the northeastern area east of Highland Avenue, north of East Plaza Boulevard (“API Neighborhood”). Using Geographic Information Systems (GIS) mapping software, we created shapefiles of these Districts.

The following map is an illustration of our principal study area for our research.

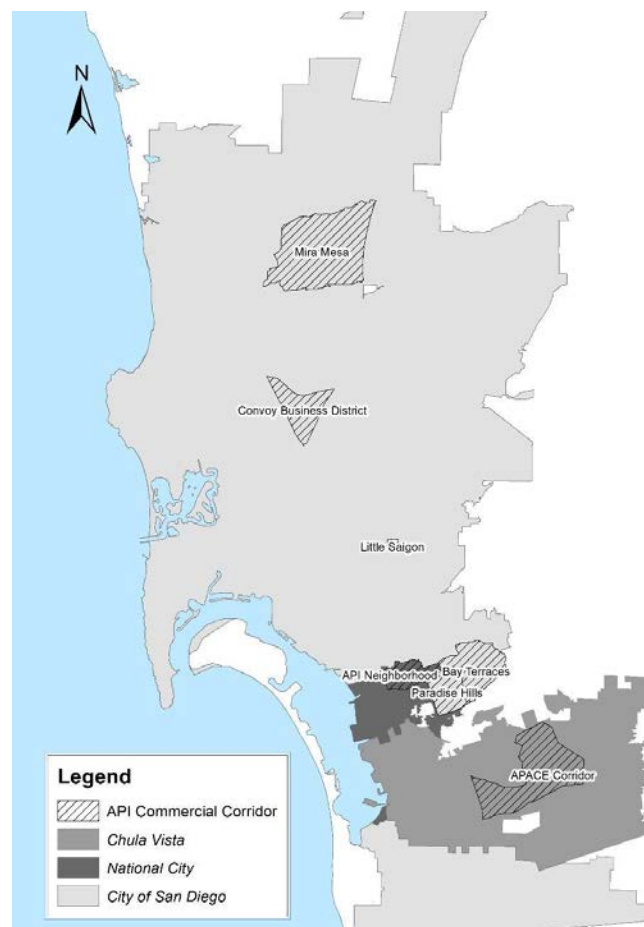


Figure 1: Area of API Business Investigation, San Diego County

API Business Community Profile

To evaluate our sample, we used GIS mapping software to geocode individual business addresses and generate latitude and longitude coordinates, and spatially displayed the resulting data points. As Figure 2 reveals, API businesses are located widely throughout the region.

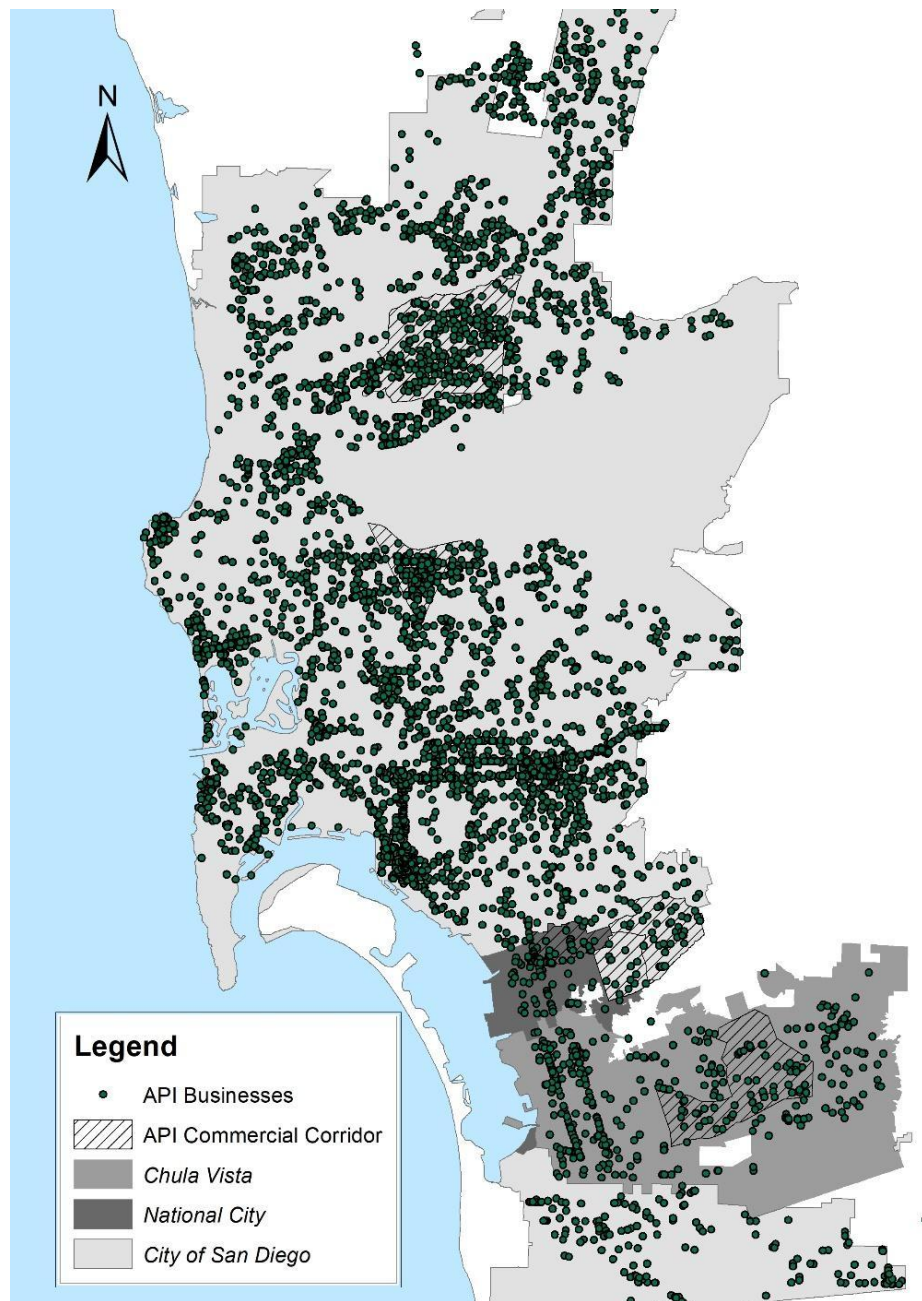


Figure 2: API Businesses in San Diego, Chula Vista and National City, 2021

We next overlaid the business data points with various community shapefiles downloaded from the San Diego Geographic Information Systems (SanGIS) web portal. Among City Council Districts, District 6 has more than twice the number of API-owned businesses than any other District, underscoring the size of the business communities in Kearny Mesa and Mira Mesa.

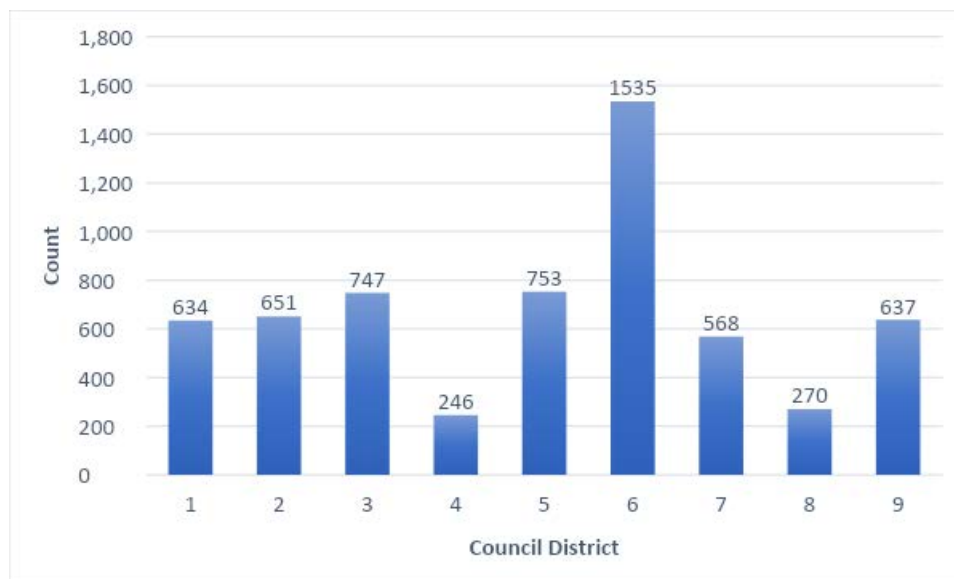


Chart 1: *Count of API-Owned Businesses by City Council District, San Diego, 2021*



With regard to API businesses in City of San Diego neighborhoods, we found that API-owned businesses are most highly concentrated in Kearny Mesa and suburban communities north of State Route 52 (see Figure 3). Still, coastal (La Jolla, Pacific Beach), Uptown (North Park, Hillcrest) and Downtown (Core-Colombia) neighborhoods are represented in the list, underscoring the prevalence of API establishments throughout the City (see Table 1). Overall, we found that API businesses are located in 117 out of the 124 neighborhoods in the City of San Diego.

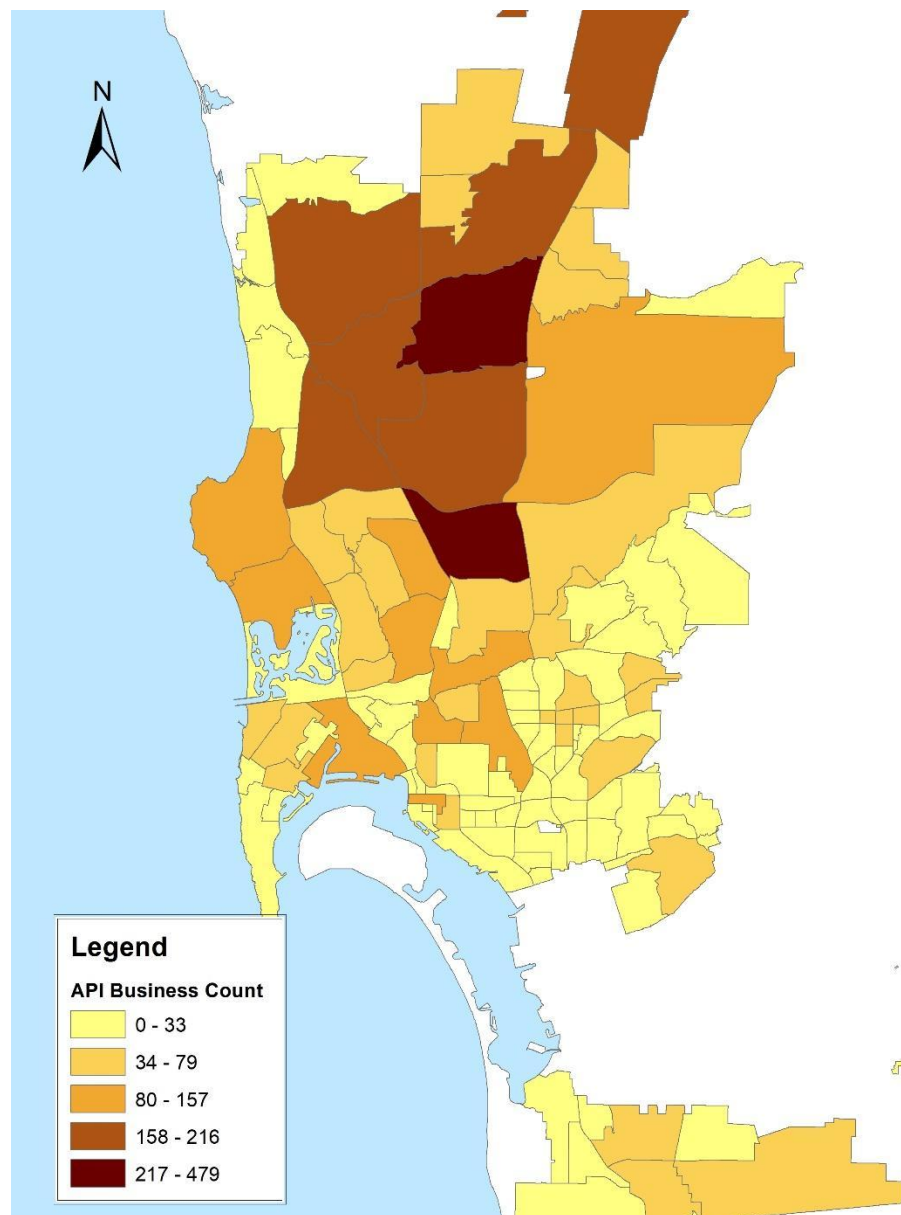


Figure 3: Total API Businesses by Neighborhood, City of San Diego

Neighborhood	Count
KEARNY MESA	479
MIRA MESA	412
CARMEL VALLEY	216
SORRENTO VALLEY	215
RANCHO BERNARDO	209
RANCHO PENASQUITOS	207
MIRAMAR	191
UNIVERSITY CITY	185
PACIFIC BEACH	157
NORTH PARK	138
LA JOLLA	131
CLAIREMONT MESA EAST	128
MISSION VALLEY EAST	128
MIDWAY DISTRICT	106
CORE-COLUMBIA	105
HILLCREST	103
SCRIPPS RANCH	100
LINDA VISTA	97
TALMADGE	79
CARMEL MOUNTAIN	74

Table 1: 20 Largest Neighborhood Counts of API-Owned Businesses, 2021





Taking a closer look at established API commercial corridors, Mira Mesa contains the largest concentration of businesses, followed closely by the Convoy District (see Chart 2). Paradise Hills has the smallest concentration of API businesses, likely due to the limited number of commercially zoned areas in the neighborhood.

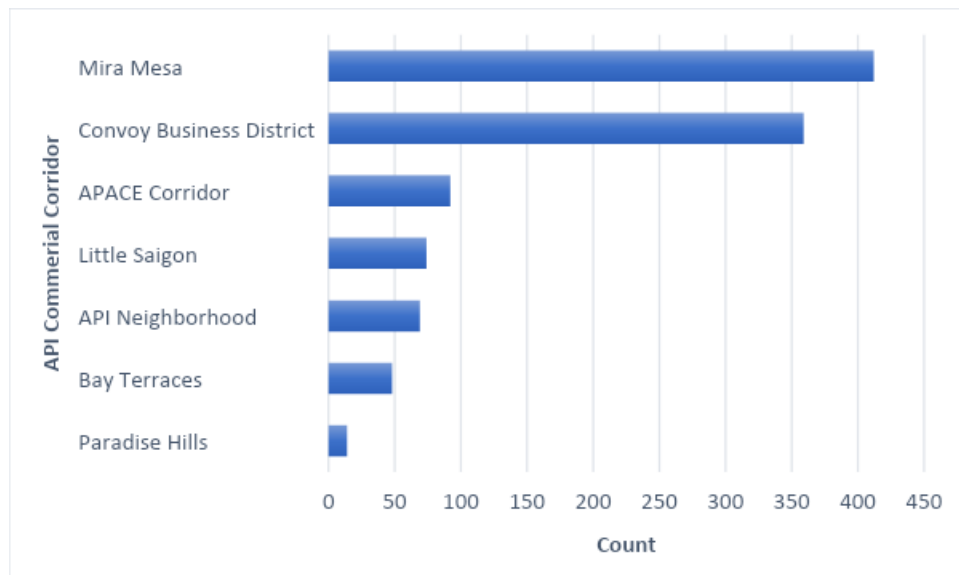


Chart 2: Total API Businesses by API Commercial Corridor

The City of San Diego business license records we requested included data on the first date a license was issued for each business by the City Treasurer's Office, dating back to 1970. We extrapolated the records of active business establishments from our sample and tabulated them by year of license issuance, beginning from the year 2000.⁶ As seen in Chart 3, the number of new API businesses has steadily increased since 2011. It is interesting to note that despite the coronavirus pandemic, there is no evidence of a sharp decline in entrepreneurship or new API business establishments in 2020 or 2021.

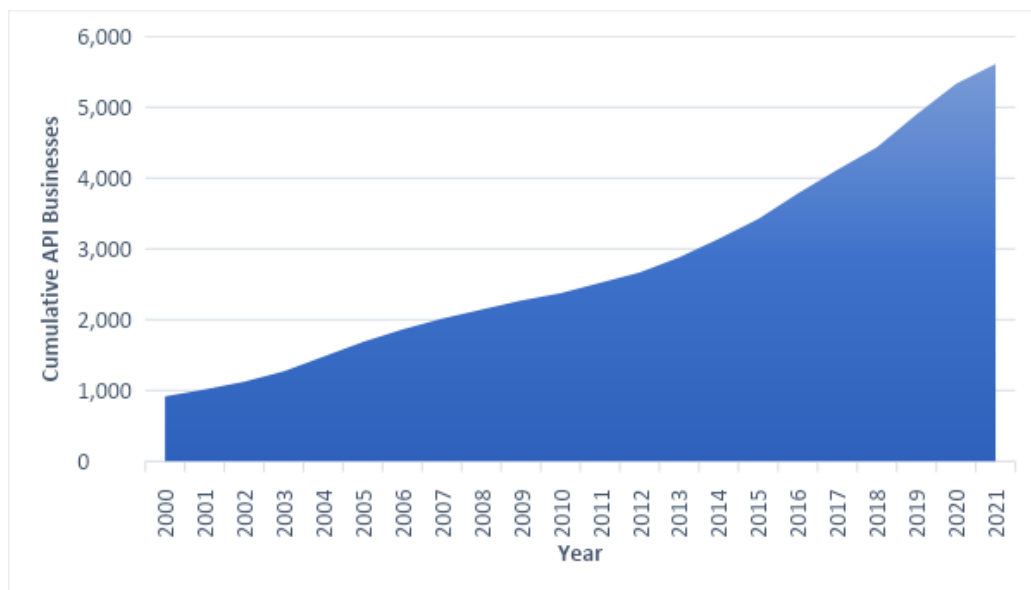


Chart 3: Cumulative API Businesses in the City of San Diego 2000-2021



⁶ It is important to note that businesses that have since closed, changed ownership or moved would not be included in our analysis, nor would any businesses which was established prior to 1970.

We also were interested in reviewing API businesses by business sector. City business license records include a designated two-digit industry sector code for each enterprise known as a The North American Industry Classification System (NAICS) code, the federal government standard for classifying businesses based on the type of service or product they provide. Sorting business license records by NAICS sectors, we found a rich diversity of businesses operating within the API business community (see Table 2). Compared to all other non-API businesses in the City of San Diego, API-owned businesses have a significantly larger percentage of restaurants and bars (“Accommodation and Food Services”) and business categories labeled under “Other Services,” which skews towards lower skilled maintenance jobs, personal care services, cleaning, and laundry services. Interestingly, API businesses comprise a smaller share of higher skilled “Professional, Scientific and Technical Services” business categories compared to non-API businesses overall.

NAICS 2-Digit Sector	NAICS Business Sector	API Biz %	Non-API Biz %
81	Other Services	24.70%	14.60%
54	Professional, Scientific, and Technical Services	16.80%	22.20%
44-45	Retail Trade	12.10%	13.80%
62	Health Care	10.70%	8.30%
72	Accommodation and Food Services	9.70%	5.50%
56	Administrative and Support	6.70%	7.30%
53	Real Estate	3.50%	5.50%
48-49	Transportation and Warehousing	3.30%	3.50%
61	Educational Services	2.80%	3.00%
42	Wholesale Trade	2.40%	3.30%
31-33	Manufacturing	2.10%	2.40%
23	Construction	1.50%	3.90%
71	Arts, Entertainment and Recreation	1.40%	2.50%
52	Finance and Insurance	1.10%	2.10%
51	Information	0.80%	1.20%
55	Management of Companies	0.20%	0.40%
11	Agriculture	0.10%	0.10%

Table 2: API Businesses by NAICS Business Sector, City of San Diego, 2021



Economic Impact

Business establishments generate measurable economic benefits for the San Diego region. Just as a stone falling in water creates outer ripples that magnify its initial impact, a “multiplier effect” is created when new dollars are recirculated in an economy, indirectly supporting more jobs and additional business activities in a defined geographic area. In the economic world, “indirect effects” refer to those impacts that result as businesses procure goods and services from other businesses (and, in turn, these businesses buy goods and services from others). “Induced effects” refer to the impacts associated when workers spend their wages on goods and services (and, in turn, the associated impacts as these expenditures continue to circulate through a local economy).

To determine the total economic impact of the San Diego API business community, we analyzed our collected business record data using IMPLAN, a leading regional input/output model. Input/output models are an econometric technique used to explore economic relationships within a designated geographic area - in this case, the San Diego region. Input/output modeling enables researchers to understand the ways that economic sectors interact and capture the ripple effect of economic activities ranging from employment to spending.

Our approach to calculating economic impact was based on an employment input. To calculate those inputs, we totaled the number of business establishments by NAICS sectors and

converted them to IMPLAN business categories for modeling purposes. To estimate the total number of employees by industry, we leveraged 2020 state-level employment data by NAICS sector from the Bureau of Labor Statistics Quarterly Census of Employment and Wages web portal and used the average of employment figures to calculate projected employment by establishment. This approach was further refined by excluding all government and public-sector employment, as well as a limited number of business sectors where employment figures were derived from publicly-owned companies or deemed anomalous.⁷

Overall, we found that API-owned businesses are generating \$5 billion in regional economic impact in 2021, a significant figure that underscores the sales activity and revenue of more than 7,000 businesses in the County. IMPLAN also estimated that API businesses are contributing \$43.4 million in local direct tax revenue (sales and property tax receipts combined). Finally, nearly 90,000 total jobs are created from API businesses in the region (direct, indirect and induced jobs combined).

Economic Impact	Value
Direct Economic Value Added	\$5.0 billion
Direct Tax Revenue	\$43.4 million
Total Jobs	89,654
Direct Jobs	54,896
Indirect Jobs	16,136
Induced Jobs	18,622

Table 3: *Economic Impact of San Diego API-Owned Businesses, 2021*

⁷ We noted that NAICS assignment within our underlying data is imperfect, which we hypothesize is based on the individual applicants' and reviewers' interpretation of the appropriate NAICS code for their business. However, for the purposes of deriving economic impacts, we found this methodology a reasonable approach and performed additional reviews of aggregated NAICS categorizations to attempt to fully capture the economic impact of the API community within San Diego.



Coronavirus Pandemic

Of particular interest in our investigation was to evaluate the impact of the global COVID-19 pandemic on API-owned businesses in the San Diego region. Unquestionably, the coronavirus pandemic has disrupted the lives of Americans everywhere, and brought significant strain to business owners as well, as health orders and local and state governments restrictions fluctuated over time, shuttering brick-and-mortar establishments for periods at a time. Public fear, misinformation and misperceptions about the health and safety of indoor and outdoor retail establishments and restaurants culminated in lost revenue, lost customers and greater uncertainty about the future. Small business owners have fared worse than larger retail establishments throughout the pandemic, and there is evidence to suggest that API-owned businesses have experienced among the highest levels of financial hardship.

An analysis of sales transaction data released in early February 2021 by the Mastercard Center for Inclusive Growth found that businesses located in Asian American neighborhoods in New York City saw greater declines in restaurant spending and consumer spending in 2020 compared to spending levels in New York City overall.⁸ Consumer spending fell weeks earlier in Manhattan's Chinatown and Flushing (a majority-Asian population neighborhood) than the City overall, which may likely be linked to xenophobic fear and discriminatory treatment of Asian-owned businesses at the time. Researchers also found that, due to a combination of language barriers, a higher dependence on cash and limited online presence, Asian restaurants in New York City were less prepared to transition to digital transactions, take-out and delivery during the pandemic, resulting in larger revenue losses.⁹

A March 2021 report from the Federal Reserve Bank of New York and the Association of American Retired Persons (AARP) revealed that, similar to the Mastercard Center findings in New York City, across the country, Asian-owned businesses experienced earlier and more severe drops in revenue in March 2020 (60% decline) compared to businesses overall (approximately 50% decline). Furthermore, approximately 90% of small Asian-American businesses lost revenue in 2020, which is greater than the 85% reported for African Americans, 81% for Latinos and 77% for White business owners. The study also found that since spring 2020, older Asian entrepreneurs (aged 45+) have experienced higher rates of revenue losses and greater declines in active business ownership compared to their White, African American and Latino peers.¹⁰

A national survey of small business owners found that API business owners expected a slower business recovery than their Latino or White peers, and were less optimistic about the future overall¹¹. More locally, a 2021 survey of more than 400 Asian and Pacific Islander-owned businesses in Southern California found that survey respondents experienced more severe losses to their businesses and operating capacity compared to California businesses overall.¹²

We conclude that the existing research and academic literature point to a number of compounding issues that have severely impacted API business owners during the pandemic. First, a greater exposure to pandemic restrictions and revenue declines due to being overrepresented in the restaurant and personal care (nail salons, dry cleaners) business sectors, which endured strict and prolonged operating restrictions during the pandemic.

⁸ Lee, Edward. "NYC Asian communities hit earlier and harder by COVID-19." Blog post. Center for Inclusive Growth. Published February 9, 2021. Accessed August 5, 2021.

<<https://www.mastercardcenter.org/insights/nyc-asian-communities-hit-earlier-and-harder-by-covid-19>>.

⁹ Ibid.

¹⁰ State of the Older Entrepreneur During COVID-19. Federal Reserve Bank of New and the American Association of Retired Persons. Released March 30, 2021. Accessed August 1, 2021.

<<https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/45-entrepreneurs-aarp-report>>.

¹¹ Back to Business: Are AAPI Small Businesses Rebounding from COVID-19? Briefing Paper. Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship. June 2021.

¹² Cheng, Alycia, Ong, Jonathan and Paul Ong. Asian American Businesses: Identifying Gaps and Supporting Recovery. UCLA Asian American Studies Center. Released September 2020. Accessed September 27th, 2021.

<http://www.aasc.ucla.edu/resources/policyreports/ABA_Survey_Brief_Recovery21.pdf>.

We also see the challenge of anti-Asian hate, racism, discrimination, xenophobia that has been pervasive throughout the pandemic due to political rhetoric and social media misinformation about the cause and source of the COVID-19 outbreak. In cases where business owners or employees exhibited limited English fluency or technology integration (no pay by app options, no established accounts with delivery app companies, no website or social media presence), establishments may have had a harder time unable to communicating, let alone adapting, to the volatile operating conditions in the pandemic. This has resulted in a longer recovery timeline revenue-wise for API-owned businesses. It is a reasonable assumption that San Diego API business establishments are also facing the same conditions and fiscal outlook. In order to investigate this, we conducted a survey questionnaire of API-owned businesses in our study area.





Business Owner Survey

To better understand the pandemic's impact on API-owned businesses locally, we developed an 18-question business owner survey and distributed it to our sample in late August and September 2021. Detailed information about our survey questionnaire and sampling methodology can be found in Appendix A. Ultimately, our efforts generated a significant response to our survey, the findings of which we share here.¹³

Overall, we found that most API-businesses in the region are small, diverse, and have between one to five employees on their payroll (Chart 4). This is similar to survey data responses from San Diego County businesses overall.¹⁴

¹³ Additionally, we asked respondents for their business sector, zip code of their business establishment, and name. Responses were verified as API owned businesses, and representative of our sample.

¹⁴ 2019 and 2018 Annual Business Survey data.

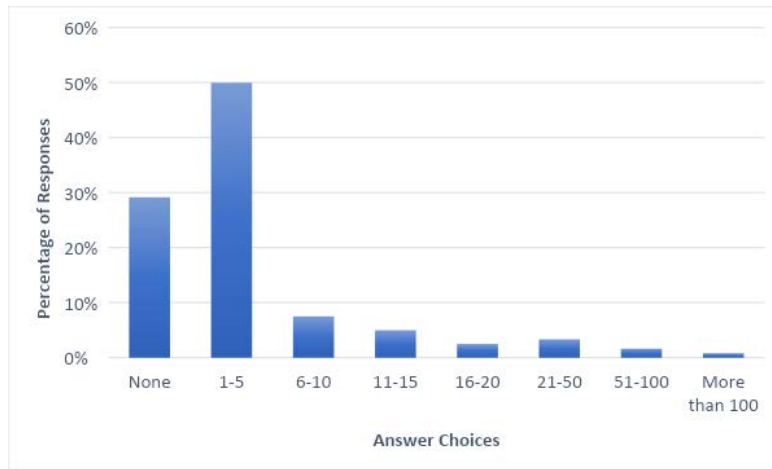


Chart 4: Total Employees on Payroll (Part Time and Full Time)¹⁵

When asked, “what was your total estimated net revenue for 2020 (your earnings, after subtracting for expenses),” most responses (55%) were under \$50,000, underscoring the significant number of small Asian businesses in the region and severe declines in revenue that they experienced (see Table 4).

Answer Choices	Percentage of Responses
Less than \$25,000	43%
\$25,000 to \$49,999	12%
\$50,000 to \$74,999	10%
\$75,000 to \$99,999	8%
\$100,000 to \$149,999	7%
\$150,000 to \$199,999	4%
\$200,000 to \$499,999	6%
\$500,000 to \$999,999	3%
\$1 million to \$3 million	4%
More than \$3 million	3%

Table 4: Total Net Business Revenue for 2020, Survey Responses

¹⁵ Survey responses to the question, “How many employees do you currently have on your payroll? Please include part-time and full-time employees.”

A persistent theme in regional workforce studies is the challenge business owners have with recruiting and retaining qualified, talented workers while managing rising business and labor costs. Similarly, our survey responses revealed that four out of ten (40%) API business owners are wrestling with wage pressure, worker shortages, and the cost of employee benefits (see Chart 5). We anticipate that the impact the pandemic has had on worker availability and job openings will persist through 2022.

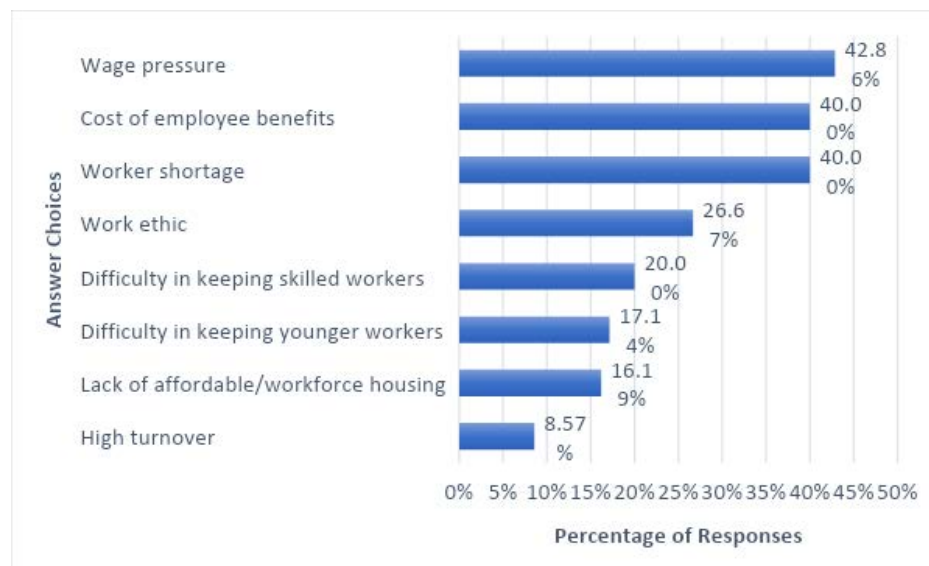


Chart 5: Issues Faced in Retaining Employees

We next turned to ask direct questions about the impact of the coronavirus pandemic. First, we inquired “overall, how has your business been affected by the coronavirus pandemic?” mirroring questionnaire language and responses from the U.S. Census Bureau’s Small Business Pulse Survey in late September 2021.¹⁶ As illustrated in Chart 6, 44% of API business owners reported the pandemic had a large negative effect, a clear shift from similar responses from the state level (26%) and national (23%).

¹⁶ More information at <https://www.census.gov/data/experimental-data-products/small-business-pulse-survey.html>.

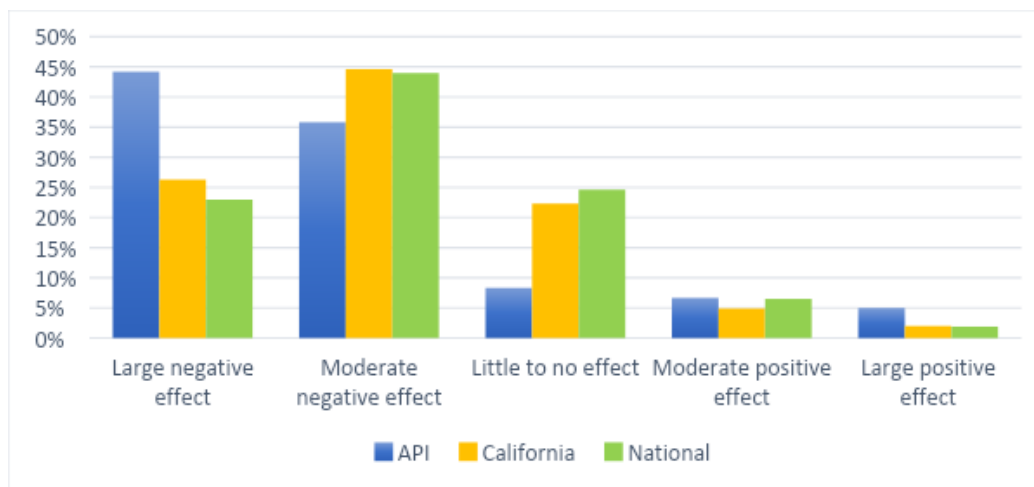


Chart 6: Responses to “Overall, how has your business been affected by the Coronavirus pandemic?”

News media and prior studies have explored the issue to which racism and xenophobia have had an impact on API business operations. Similarly, we asked, “Have you or your business been a victim of racial discrimination and/or race-related harassment during the Coronavirus pandemic?” In all, more than one out of ten (10.1%) reported being racially harassed or discriminated against during the pandemic. Roughly a quarter (23.5%) reported they didn’t know or were unsure, and 66.4% reported they were not victims.

Of particular interest to our investigation was the extent to which financial assistance was both requested and received during the pandemic; prior research and news coverage has highlighted inequality and access issues in the first rounds of federal pandemic relief, and how those businesses and non-profit organizations with established relationships with medium to large-sized banks were in better position to immediately capitalize on the Paycheck Protection Program and other programs.¹⁷ Business owners who speak languages other than English and are not fluent or comfortable signing legal forms and applications in English confronted issues early in the pandemic, as few efforts nationally were taken in the early months of the pandemic to provide equitable outreach and cultural competency with financial assistance programs.¹⁸

¹⁷ Liu, Sifan and Joseph Parilla. New data shows small businesses in communities of color had unequal access to federal COVID-19 relief. Brookings Institute. Published September 17, 2020. <<https://www.brookings.edu/research/new-data-shows-small-businesses-in-communities-of-color-had-unequal-access-to-federal-covid-19-relief/>>.

¹⁸ Ibid.

As illustrated in Table 5, nearly two-thirds of respondents (64%) requested and/or received financial assistance for their business since March 2020. We found responses to be generally in the range of state-level and national-level survey responses to the Small Business Pulse Survey from late 2020 and September 2021. Of particular interest however is the near quarter (24%) of respondents requesting aid from banks or other financial institutions, but few (3%) receiving aid. This may require additional follow-up and investigation.

Answer Choices	Percentage Requested	Percentage Received
Paycheck Protection Program (PPP)	44%	37%
Paycheck Protection Program (PPP) loan forgiveness	31%	31%
Economic Industry Disaster Loans (EIDL)	31%	27%
Employee Retention and Rehiring Credit	4%	4%
Other Federal programs	8%	6%
State or local government programs	24%	24%
Banks or other financial institutions	24%	3%
Family or friends	10%	10%
Other sources	12%	7%
This business has not requested or received financial assistance from any source since March 2020.	36%	36%

Table 5: Financial Assistance Requested and Received Since March 2020, By Source, September 2021

When asked about the current economic environment (see Chart 7), most (51.7%) respondents rated the County’s economic climate today as “fair,” with the rest rating it as either “good” (29.2%) or “excellent” (6.7%). Few (12.5%) rated the climate as “poor.” As for the future of the County’s economic climate, most were either mixed or cautiously optimistic (see Chart 8), with “somewhat optimistic” as the highest percentage of response (40.8%) followed by “neutral” (20%). This suggests that proprietors are taking a “wait-and-see” approach to the local economic climate, but are not discouraged overall about conditions today.



Chart 7: Responses to “How would you describe the economic climate of San Diego County today?”

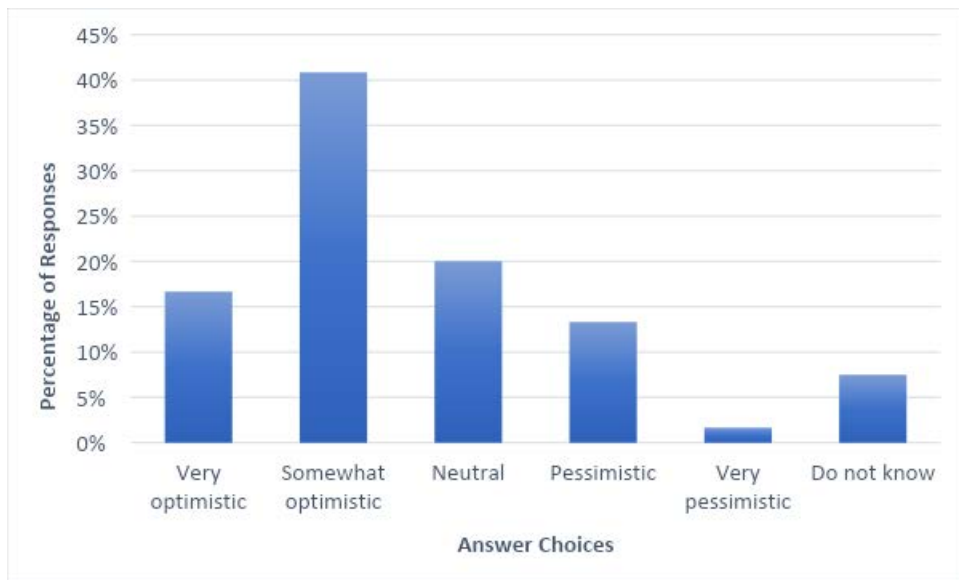


Chart 8: How optimistic are you about the future of San Diego County's economic climate?



Business Issues, Choices, and Policy Priorities

Key to understanding the direction of the API business industry is learning about the challenges and concerns of business owners and measuring those viewpoints in a quantitative way. As part of our survey, we asked respondents “looking towards future growth for your business, please select all of the issues that are impediments to growth.” We offered thirteen major policy categories to select from, based on prior surveys in other markets and preliminary interviews with industry participants. We tabulated the responses. As illustrated in Chart 9, we once again see the persistence of labor costs (53.5%) and labor supply (39.5%) as top concerns for API business owners in our questionnaire. State and federal taxes were also a top issue for more than four out of ten respondents (42.1%). This suggests that there are more systemic issues to business growth that need to be addressed and resolved in state government. Local regulations and permits were not a top pick among respondents (26.3%). It is worth noting that local policies, regulations and permits have not been highlighted as a major obstacle to survey respondents.

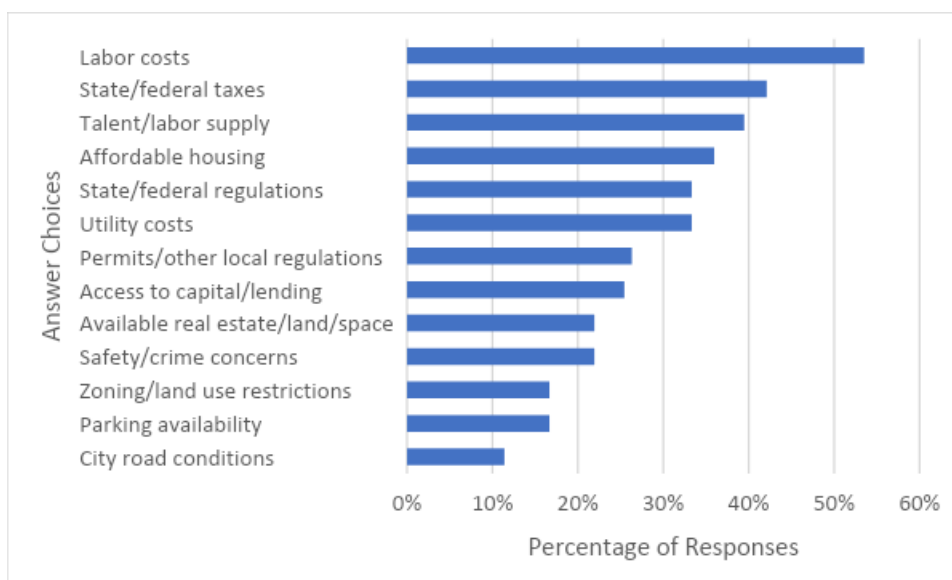


Chart 9: Responses to “Looking towards future growth for your business, please select all of the issues that are impediments to growth.”

Turning next to business outlook (Chart 10), nearly half (48.3%) of survey respondents identified a longer timeline for their business to return to normal operating levels (“more than six months”) than statewide or national respondents (42.1% and 38.1%, respectively). Prior surveys of API business owners have found similar response rates to this question. This again underscores the compounding challenges API businesses have been confronted with since the start of the pandemic.¹⁹



¹⁹ Back to Business: Are AAPI Small Businesses Rebounding from COVID-19? Survey Report. Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship. June 2021.

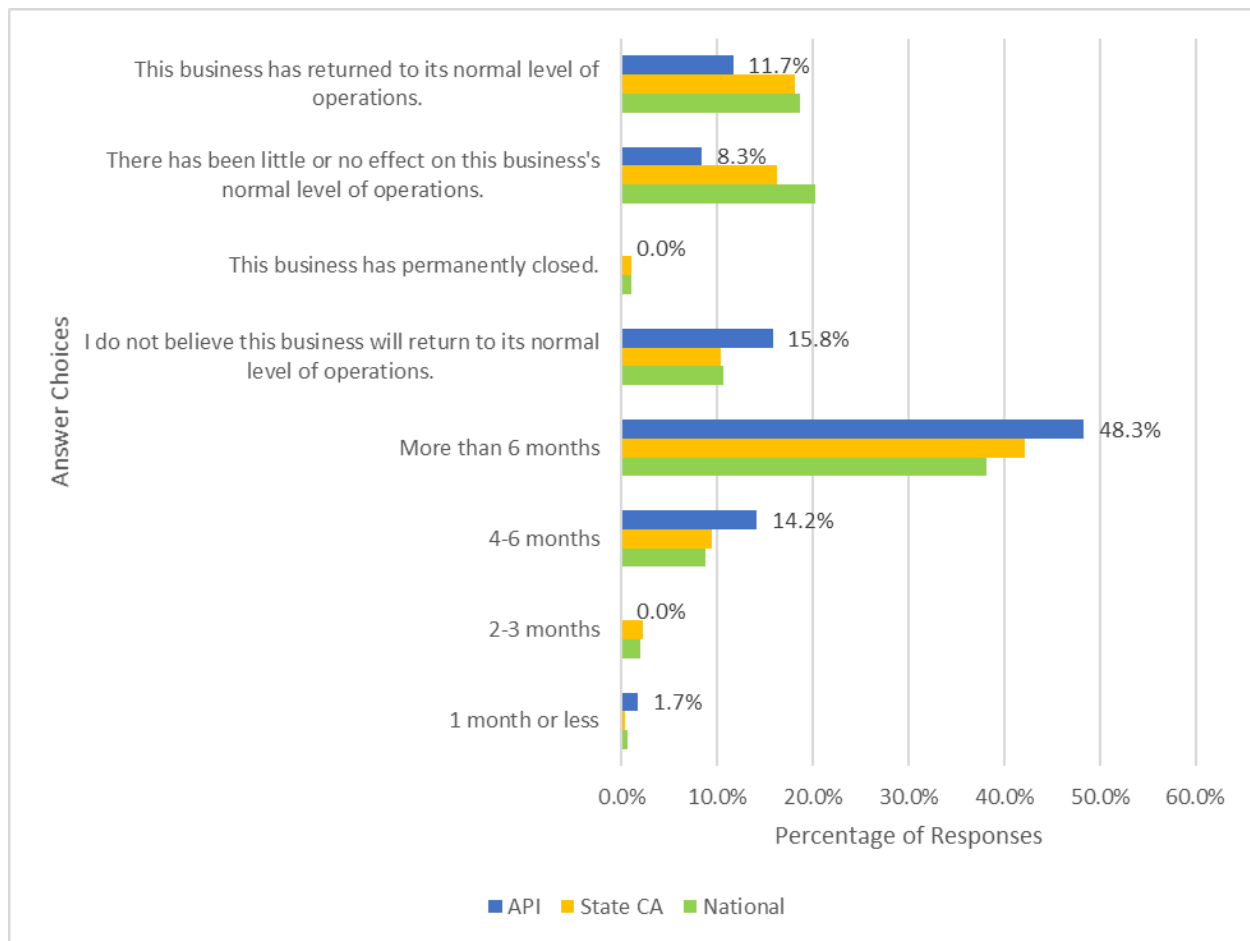


Chart 10: *In your opinion, how much time do you think will pass before your business returns to its normal level of operations?*

When asked what actions their businesses will need to take in the next six months (Chart 11), strong responses were received for increasing marketing or sales (44.2%), hiring new workers (37.5%), and obtaining additional financial capital (34.2%). It is important to highlight how significantly different some of the responses are compared to state and national level respondents—especially regarding developing online sales or websites (30% API, 12% CA, 10% US) or increasing marketing or sales (44% API, 29% CA, 26% US). These responses suggest a level of business development or digital customer engagement that a large share of local API business owners had not invested in or completed prior to the start of the pandemic.

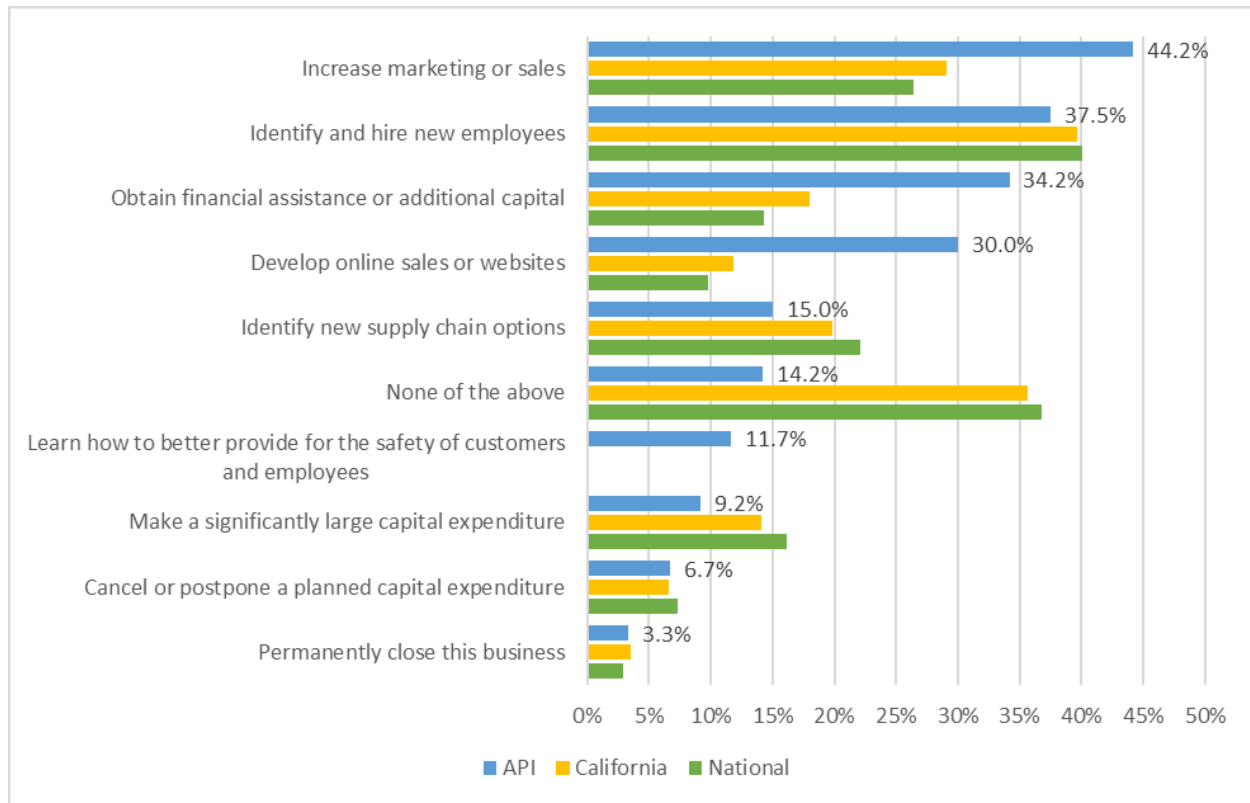


Chart 11: *In the next six months, do you think your business will need to do any of the following?
Select all that apply:*

Despite the challenging business climate and uncertainty about the future economy, respondents gave positive remarks for the pandemic response from local government officials (Chart 12) – 35% rated their local government response as “good,” and 12% rated it as “very good.” About 34% rated the response as “fair,” which is more of a mixed response. Few rated the response as poor.



Chart 12: *How would you rate your local government's response to the Coronavirus pandemic and its impact on business owners like yourself?*

When asked to share how local government officials could be more supportive of local businesses through the pandemic, and more supportive of their immediate- and long-term business needs, a strong majority of responses indicated a desire for greater financial aid and support in the form of grants, loans, stimulus funds, tax credits, tax breaks, rental assistance, and more people to help process financial assistance applications. The second group of responses were in favor of fewer government restrictions over businesses, fewer prescriptive rules, fewer mandates and regulations. The third group of responses was for more coronavirus safety—more vaccines, more consistent and clear communication and rules regarding coronavirus health and safety rules for business. When provided a list of ten choices in which local governments can help their business (Chart 13), the overwhelming favorite choice (81.4%) was for small business grants, loans and other financial assistance, followed by more housing (42.4%).

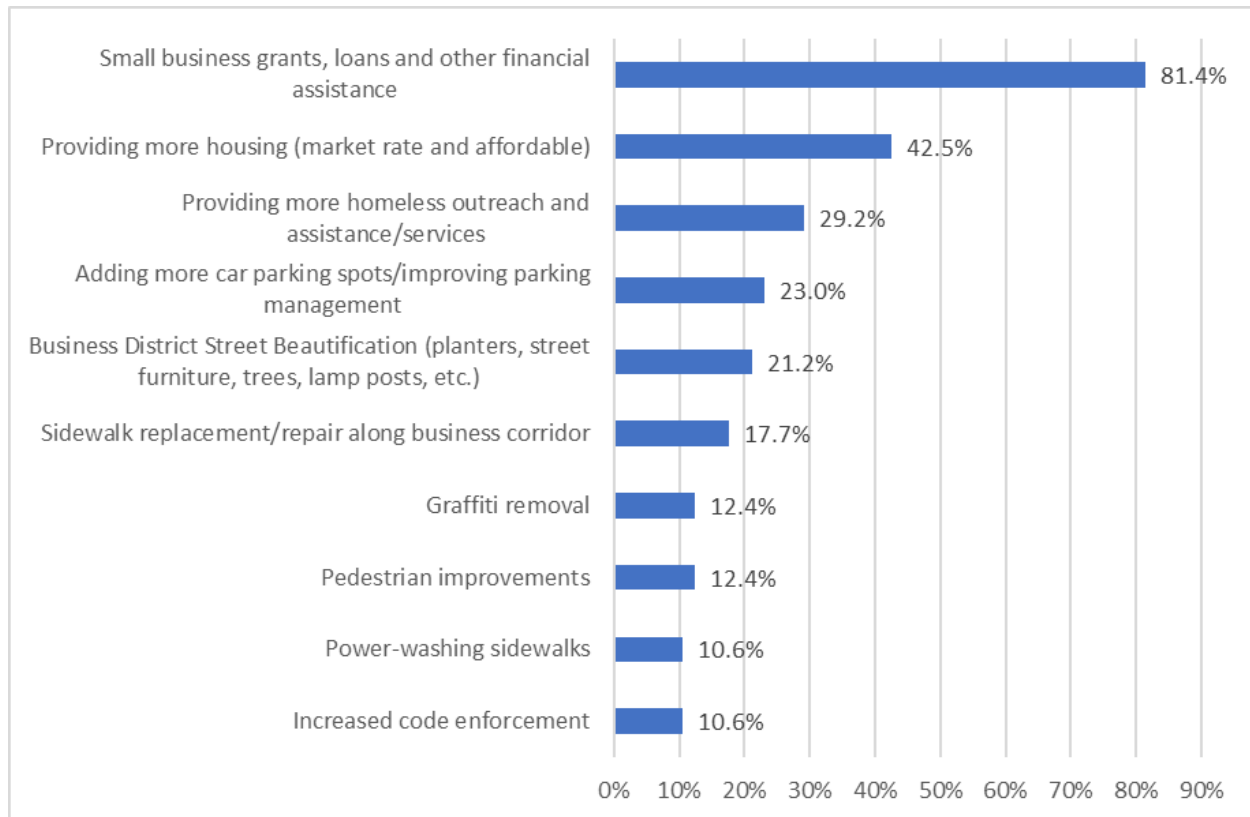


Chart 13: Please select all the areas in which your business would benefit from increased public assistance from your local government.





Policy Recommendations & Conclusion

This is the most comprehensive study to date, evaluating the dynamics of API-owned businesses in the San Diego region, their workforce, and the impact of the coronavirus pandemic on local business owners. The collected data, survey responses and impact modeling should help inform local decision makers and community business leaders on the priority needs and concerns of this business sector, as our nation emerges from the coronavirus pandemic and towards a new economic and political climate.

Chief among our policy recommendations is to consider an increase in financial aid and assistance programs for financially distressed small business owners. Targeted outreach efforts to non-English speaking business owners would also make meaningful inroads towards addressing the early inequities in access and eligibility to pandemic aid. We would also highlight again that API business owners face a more challenging economic outlook and longer expected time for business recovery. This perspective should guide policy or legislative solutions in the coming months. As a start, time horizons for loan repayment, as well as loan and grant processing time should be evaluated for equity purposes. Labor shortages, wage pressure and the lack of affordable housing also continue to warrant more significant attention on the local, state and federal level. Lastly, we call on policymakers and local and county law-enforcement to take urgent action to improve the monitoring, reporting and investigation of anti-Asian hate and harassment within our communities.

Appendix A

API Business Owner Contact Database Methodology

To develop the business owner contact database, we first included the contact information provided in our retrieved business license records - mailing addresses (San Diego and Chula Vista) and telephone numbers (San Diego). To supplement incomplete records, in July and August 2021 we applied data scraping techniques to the Google Search, Google Maps, and Yelp websites for all businesses in our sample. Additional addresses and telephone numbers were retrieved from data records provided by Data Axle and Dun & Bradstreet, two prominent global business data vendors. Ultimately, we retrieved mailing addresses and telephone numbers for approximately 97% of the businesses in our sample. Email addresses were purchased from Data Axle and retrieved from the efforts of trained project volunteers who searched for addresses posted on business websites and business Facebook pages. Combined, these efforts retrieved approximately 1,210 unique, usable email addresses.

API Business Owner Survey Methodology

The 18-question business owner survey questionnaire was developed using common questions found in business surveys, as well as coronavirus pandemic-related questions from the U.S. Census Small Business Pulse Survey Questionnaire. The leadership and staff of the Asian Business Association also provided feedback and suggestions for questions to be included in the questionnaire. Due to the length of the questionnaire and detailed answer choices, the survey was distributed using the SurveyMonkey survey platform. To facilitate survey responses from prospective respondents who speak a language other than English, survey information was provided online in Filipino, Vietnamese, Chinese, Japanese and Korean, directing interested individuals to trained bilingual volunteers who could facilitate telephone surveys.

To foster visibility and awareness of the survey, we conducted an earned media campaign in late August 2021. The press release announcing the survey was picked up by the local San Diego City newswire and circulated across multiple online local news sites. The survey was also promoted across the Asian Business Association social media channels in the months of August and September 2021.

In September 2021, oversized cardstock mailers were sent to 6,926 unique mailing addresses in our sample, informing business owners of the opportunity to participate in the survey, and providing a QR code and link to the survey. Mail pieces were sent three times across three subsequent weeks using a professional mail vendor. Using MailChimp, email blasts were also sent to our email database in late August and throughout the month of September. A link to the online survey was also shared via email with the members of the Asian Business Association of San Diego and the Convoy District Partnership, a non-profit organization representing business owners in one of San Diego's largest API commercial districts. Final reminders and a link to the online survey were sent twice via SMS text message blasts, using a professional mobile engagement platform, to more than 5,500 telephone numbers from our contact database.

Ultimately, we received 120 completed survey responses, generating a 95% confidence level with a 9 percent margin of error.

About the Asian Business Association of San Diego

Founded in 1990, Asian Business Association of San Diego (ABASD) represents the interests of over 30,000 Asian and Pacific Islander (API) owned businesses throughout San Diego County. ABASD believes in building sustainable communities through inclusive economic development and a qualified diverse workforce.

As part of the San Diego and Imperial Small Business Development Center (SBDC) network, ABASD provides no-cost technical assistance, educational workshops, and access to capital to minority-owned small and disadvantaged businesses, entrepreneurs and start-ups -- in hard-to-reach communities.

Civically, ABASD is among the most influential API organizations countywide and is a leader in public policy and advocacy for an inclusive economy that works for all. ABASD is an integral part of a greater business coalition of industry associations and has built strategic partnerships with local, regional and state organizations, multiplying its message more effectively and with greater depth.

About Booz Allen Hamilton

For more than 100 years, business, government, and military leaders have turned to Booz Allen Hamilton to solve their most complex problems. As a consulting firm with experts in analytics, digital, engineering, and cyber, we help organizations transform. To learn more, visit BoozAllen.com.

About Vince Vasquez, Principal Investigator

Vince Vasquez is an independent economic data analyst based in Carlsbad, California. Vince has more than 15 years of experience in public policy research and writing, survey design and economic data analysis. Vince has a Bachelor of Arts Degree in Political Science from the University of California - San Diego and has a certificate in Legislative Studies from Georgetown University.

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