

Economic Empowerment: Small Business

CONTEXT

Out of some 32,000 businesses operating in the City of San Jose, more than 29,000 have ten employees or less, according to San Jose Mayor Ron Gonzales. It is reasonable to assume that twice those figures would represent all of Santa Clara County.

Small businesses are an important part of the Santa Clara County economy. Small businesses impact the quality and convenience of life here. They revitalize neighborhoods and encourage economic stability, especially for immigrants. Small businesses are often operated out of the owner's home, on the street, in a rented storefront or wherever people gather.

While some immigrants become small business owners here because they were entrepreneurs in their former home countries, many turn to running their own operations because of barriers to traditional employment. Still others do business in order to supplement their primary incomes.

Ironically, some barriers to employment are similar to impediments of business success. Language deficiencies, lack of connectedness to mainstream resources, limited access to standard business knowledge and financial resources are significant challenges.

Immigrant owners are talented and hardworking, yet frequently they lack knowledge of business basics and are cut off from mainstream markets and sources of funding and credit. Too often, they feel isolated.

A major asset of immigrants is that they have a great entrepreneurial spirit. They often have practical business concepts and are willing to do the hard work required to make them viable.

Small businesses in Santa Clara County have revitalized numerous neighborhoods. Asians and Latinos have established new shopping malls and upgraded older ones which blend Latino and Asian tastes. Those multicultural plazas have become alternatives to mainstream malls and shops for many immigrants. Beyond shopping centers, immigrant entrepreneurs frequently remodel their homes with display windows, new paint, neon signs and marked parking spaces. These home-based businesses peddle flowers, nail and hair styling, tailoring, jewelry and watch repair and printing services.

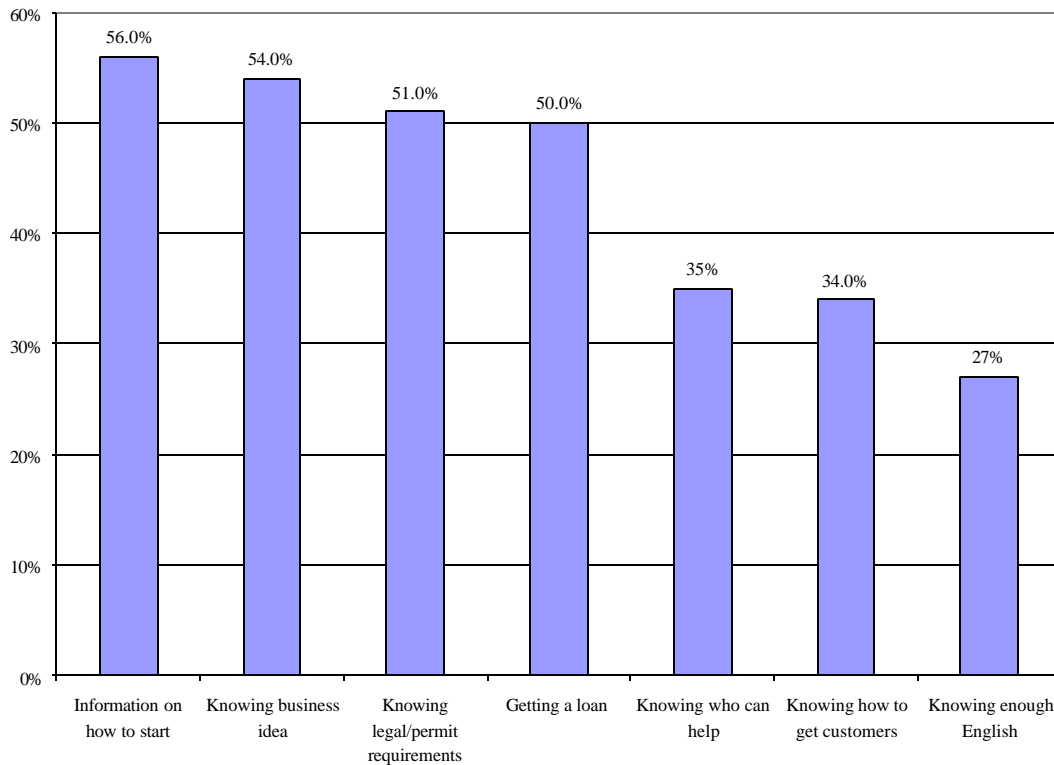
FINDINGS AND RECOMMENDATIONS

Currently in Santa Clara County there are many Ethnic Chambers of Commerce, non-profit organizations such as the East San Jose Community Law Center, and government agencies such as those funded by the Small Business Administration that provide valuable business services to people starting and running small businesses. One of the most effective ways to help immigrants start their own businesses is by providing direct one-to-one business counseling, workshops, and written materials in the immigrant's native language, presented in a *culturally* and *gender* sensitive manner. However, the existing agencies are able to provide only limited services.

Finding 1: Immigrants are very unlikely to receive help with small business, but especially those with low English proficiency.

Data collected from the random sample survey of the county's top five immigrant groups shows that of those who identified obstacles to starting or managing a business, the main obstacles are the following seven: information on how to start a business (56%), knowing

**Immigrant Obstacles to Starting or Managing a Business
(Random Sample)**



what business idea might be successful (54%), knowing legal/permit requirements (51%),

getting a loan (50%), knowing who can help (35%), knowing how to get customers (34%), and knowing enough English (27%). The Mexican and Vietnamese in particular have obstacles with English, with 53 % and 49% indicating English is a barrier, respectively.

Immigrants Building Community (IBC) participants identified the following as problems or issues in starting or managing small businesses: the requirement of legal documents, the need for drivers' licenses, a credit record, and funding. Iranian participants identified the need to have workshops about beginning and operating small businesses in their native language. The Latino community stated that some members are unable to qualify for programs and services and suffers economic hardship because many do not have legal documents. The Vietnamese participants pointed out that immigrants in their community don't know how to obtain loans, they do not have information on how to get started, and they do not understand complicated legal and permit requirements.

Moslem women on CalWORKs focus group participants stated that "Immigrant women should have the means and the tools to open Small Businesses and have workshops to be trained to convert their traditional skills to produce income for their families."

The best practices and service gaps analyses both concluded that providing comprehensive services is necessary in Santa Clara County. In specific, there is a need to provide services in numerous languages in all of the areas related to Small Business.

Recommendations for Finding 1:

Santa Clara County and cities in the county should enable more one-to-one business counseling, workshops and written materials to be provided in the native language of the immigrants and to better inform immigrants of these resources. The resources should include technical and legal assistance, loan processing and capital funding information, and translation services.

In order to accomplish this several steps must be taken:

- Trainers must be identified in the various agencies and in the community who are able to offer one-to-one business consultation, workshops and written materials in immigrants' native languages and in a culturally sensitive manner.
- More one-to-one business consultations, workshops and written materials are needed in immigrants' native languages in the following areas: how to start a business, writing business plans, budgeting, financial record keeping, legal service and legal advice, credit counseling, applying for loans, marketing, permits and licensing, employer and employee issues, taxes, leasing, and contract issues.

- Information about the city, county and state government permit and license process should be made more accessible to immigrants, by translating the required government forms and the instructions for the forms to languages other than English.
- Staff of existing business service agencies and government permit agencies must be better trained in languages other than English and in cultural sensitivity to better meet the diverse needs of the community.
- Funding should be increased to the ethnic chambers of commerce and other organizations with language capabilities other than English, to enable each program to increase the following services: offer more one-to-one counseling and workshops in immigrants' native languages, translate written business training materials into languages other than English, and provide more outreach to make these business services and resources better known to the immigrant community.
- The culturally sensitive business training and written materials should be offered in the following languages to accommodate the largest number of immigrants in Santa Clara County: Spanish, Vietnamese, Tagalog, Mandarin, Cantonese, Farsi and Hindi. Other languages that would be helpful to large numbers of immigrants include Amharic, Bosnian, Cambodian, Korean, Japanese, Laotian, Portuguese, Punjabi and Russian.

Finding 2: Loans, financial assistance, and technical help are greatly needed but not widely accessed by immigrants in Santa Clara County.

In Santa Clara County the existing ethnic chambers of commerce are providing valuable services and workshops to assist their members. However, a very large number of immigrants are being left out of financial programs geared towards them, especially from the Small Business Administration. There are not many micro-loan programs available for low-income immigrants. In contrast, there are various groups of immigrants who had their own business in their home country who would benefit significantly from micro-loans to start a business in the United States.

Immigrants Building Community participants identified the need for loans and financial assistance as one of the greatest needs in starting a business. Participants stated that the Small Business Administration loan process is complicated for micro-businesses. They also saw as a solution the concept of banks creating special loans for immigrants interested in small business ideas. In addition, the service gaps analysis identified the need to have organizations that provide micro-loans, especially for occupations such as gardeners, hairdressers, janitorial businesses, locksmiths, home cleaning (\$5,000 and below).

The public assistance recipient survey showed the following percentage of respondents as immigrants who owned their own business in their home country: Iranian (45%), Vietnamese (31%), Korean (27%), Somalian (24%), Indian (18%), Bosnian (16%), and Filipino (11%). In regards to funding, as seen in the graph, the random sample survey showed that an average 50 percent of the people who responded the question on the biggest obstacles to starting a business mentioned that getting a loan or enough money was an obstacle.

The random sample survey data showed the following percentage of respondents as immigrants who owned their own business in their own country: Vietnamese (28%), Filipino (20%), and Indian (13%).

Recommendations for Finding 2:

- With Santa Clara County as the lead, establish a “revolving fund” for micro-loans.
- Encourage all cities in Santa Clara County to have a well-publicized amnesty period to encourage the registration of city business tax licenses.
- Start an “Immigrant Small Business Resource” booklet incorporating access to micro-loans and to a new immigrant small business set-aside program of local government contracts of \$20,000 and below. This booklet would be printed in various languages.
- Encourage affordable business license fees and Business Improvement district fees.
- Offer financial and legal workshops on how to progress from micro-loans to regular or other small business loan programs.

Finding 3: Information about how to start a business is difficult for immigrants to obtain.

Currently in Santa Clara County, a “permit assistance center” for micro-businesses does not exist. Although there is a Santa Clara Valley Permit Assistance center in existence, a physical location does not exist for this center. Their services are mostly environmental permit issues, and it is intended for businesses that are “bigger than small businesses.”

Best practices and gaps in services analyses in addition to the real-life experience of work group members support the need for this. The best practices analysis showed that a center where people can go for assistance in obtaining permits and forms is highly effective in meeting the needs of immigrants needing to understand permit requirements and assistance in filling out the forms. The best practice analysis also showed that it is important to provide services in numerous languages according to needs in the

population. The gaps in services analysis showed that such a center is lacking in our county.

The Immigrants Building Community participants identified the need to understand complex “legal and permit” requirements. They also identified the need to have a central location to obtain assistance in meeting legal and permit requirements, in addition to translation of forms and procedures into various languages.

The random sample survey also showed that of the total number of immigrants from Mexico, Vietnam, Philippines, China and India, 60% of those who received help starting a business were residents of San Jose, 11% were residents of Santa Clara, 9 % were residents of Sunnyvale, 5 % were residents of Milpitas and the other cities had less than 5 % of the respondents who checked that they had received help in starting a small business. Of the public assistance recipients who answered the Summit survey, an average of 13 percent of the people checked that they needed help starting a business. The communities that most requested this help were the Nicaraguan (40 percent), Iranian (29 percent), Mexican (21 percent) and Bosnian (19 percent).

In particular, a total of 56 percent of the respondents from the random sample survey checked that they need information on how to get started in a business. Moreover, 51 percent of the respondents checked that they need help knowing the legal and permit requirements.

Recommendation for Finding 3:

It is important to create a “Permit, Procurement and Licensing Assistance Center” for immigrants with micro businesses, with the goal of co-locating and creating partnerships whenever possible. This might be accomplished in the short term by a non-profit agency.

The purpose of this Center would be to

- Create brochures in various foreign languages. Brochures in an immigrant’s native language would provide information on how to obtain a permit and the legal requirements of starting a micro-business.
- Provide all of the forms necessary for starting a business, translated into various languages. Examples of forms include the following: Fictitious name registration forms, Board of Equalization forms for tax ID#, EED forms (if the business has employees), Liquor License forms (ABC application), Health Department requirements, and Fire Department requirements.
- Provide basic business equipment such as typewriters, faxes, phones, and computers.
- Offer computer training classes in regards to starting a business and basic computer use.

Finding 4: Many immigrant small businesses are isolated, decreasing their access to networks and making it less likely that they will succeed.

Currently in Santa Clara County there is a need to identify immigrant entrepreneurs. A number of immigrant entrepreneurs join the existing ethnic chambers of commerce; however, most do not. While many immigrant small businesses are successful, some have failures that can be attributed to their isolation. These failures consist of mainstream business agencies that are not doing effective outreach to immigrant entrepreneurs and they are exclusive or discriminatory. In addition, ethnic chambers of commerce lack adequate funding to serve their constituencies.

Gaps in services analysis showed that there are not many organizations that outreach specifically to immigrant small business owners or entrepreneurs. As such, people who are entrepreneurial by nature may not be benefiting from assistance that may be available to help them start a business. The experience of Work Group members is that immigrants are not being served by mainstream small business organizations and programs. Although ethnic chambers exist, specially targeted outreach programs would draw the participation and collaboration of small business entrepreneurs.

Immigrants Building Community participants stated that there has not been any community education and outreach workshops for small business in their native languages.

The random sample survey showed that of the 10 occupational categories encompassing all occupations, immigrant entrepreneurs tend to have been in this country for a longer time (more than 19 years) than those in any of the other occupations. Based on the respondents in our survey, it was uncommon to find a respondent who is an entrepreneur and has been in the United States for less than 10 years.

Recommendation for Finding 4:

Santa Clara County organizations should do outreach and empower the immigrant small business community to network, sell their products and services to each other and the mainstream, and also tap into foreign markets. This includes creating an international directory of all the ethnic businesses perhaps classified by continent and country. This directory will serve also to reach out to immigrants with resources and information for their survival, growth, and expansion.

Finding 5: The digital divide significantly impacts immigrant businesses.

In Santa Clara County immigrants who are currently willing to start their own business do not have adequate access to technology, especially the training and use of computers.

As a result what is referred to as the “digital divide” is affecting immigrants negatively, especially those who want to start a business.

Service gaps analysis showed that there is no one-stop shop where immigrants can learn and use technology for small business purposes. Work Group members’ experience concludes that immigrants have limited, if any, access to technology, especially the internet. The best practices analysis showed that the more technology and internet access people have, the more successful they can become in managing or starting their own business.

Recommendation for Finding 5:

Santa Clara County should provide the small business immigrant community with access to the internet and appropriate technology. This should include providing classes on technology and the use of computers for small business purposes. These classes must be provided in accessible locations and in various languages.

WHAT IMMIGRANTS SAY ABOUT SMALL BUSINESS OPPORTUNITIES

“Immigrant women should have the means and the tools to open small businesses and have workshops to be trained to convert their traditional skills to produce income for their families”

“If I can have a job that I do not have to leave my children with a stranger, I will be able to progress in that job”

“Vocational upgrade needs to be developed to raise the minimum wage jobs to better paid jobs which helps the self sufficiency process”