Facts on Working Women

U.S. Department of Labor
Women’s Bureau

No. 89-8
December 1989

ASIAN AMERICAN WOMEN BUSINESS OWNERS


Similar to firms owned by all women, those owned by Asian American women (80 percent) are more likely to be in services (51 percent) and retail trade (29 percent). The six States with the highest share of firms owned by Asian American women are California (40 percent), Hawaii (11 percent), New York (8 percent), Texas (6 percent), Illinois (4 percent), and Washington (3 percent). Further, according to the Ando report, among sole proprietorships owned by Asian American women:

-- Fifty-one percent were home-based, less than among all women-owned sole proprietorships (61 percent).

-- About 88 percent had no employees and 8 percent had one to four employees. Women were employed in 9 percent and minorities were employed in 7 percent of the firms.

-- More than 88 percent did not export any of their goods or services.

-- In 1982, 47 percent had less than $5,000 in sales and 39 percent had between $5,000 and $49,999 in sales.

-- Most showed some profits. About one-fifth suffered a net loss. Of firms owned by Asian American women, 39 percent had 1982 profits of less than $5,000; 25 percent had profits between $5,000 and $19,999; and 19 percent had a net loss less than $5,000.

-- About 20 percent reported none of their income originated with the firm. On the other hand, about 20 percent reported that 100 percent of their 1982 income came from their businesses.

-- About 30 percent had no initial capital, and an additional 35 percent began with less than $5,000.

-- Sixty percent of Asian American women reported their firms had no equity capital. Of those with equity capital, the dominant source (23 percent of firms) was family.
With respect to the firms’ initial debt ratio, 61 percent had no debt. However, 8 percent had between 91 and 100 percent debt. Four debt sources dominate in the case of firms owned by Asian American women. They are banks (46 percent), family (33 percent), friends (18 percent) and former owners (15 percent). (Note: A firm may have had more than one source.)

About 58 percent of firms owned by Asian American women in 1982 survived until 1986. The two chief reasons given by those that discontinued operations were insufficient profit (42 percent) and personal (47 percent).

Characteristics of Asian American women business owners:

-- 67 percent were between the ages of 25 to 44
-- 74 percent were married
-- 71 percent had completed at least 1 year of college
-- 87 percent had been business owners for less than 7 years. Thirty-six percent had been in business for less than 1 year.
-- 72 percent were founders of the firm covered in this report (72 percent). Twelve percent had previously owned another business.
-- 86 percent had previous employment (86 percent). Although 62 percent had had no managerial experience in paid employment, 53 percent had attended business courses or seminars.

Asian American women business owners (36 percent) are nearly as likely as all women business owners (39 percent) to have had a role model, i.e., a close relative who owned a business. Of Asian American women business owners with a role model, 30 percent reported they had worked for a relative.

Opportunities for Asian American and other women business owners should be enhanced by the Women’s Business Ownership Act of 1988 which authorizes $10 million over a 3-year period for private organizations to provide financial, management, marketing, and technical assistance to women business owners. Information about programs funded under this Act may be obtained from the Office of Women’s Business Ownership in the U.S. Small Business Administration at (202) 653-8000.

The Office of Women’s Business Ownership in the U.S. Small Business Administration recently announced a program to foster long-term mentoring relationships between successful women-owned businesses and fledgling women-owned businesses of 1 to 3 years. Additional information about this program, Women’s Network for Entrepreneurial Training (WNET), may be obtained from the Office of Women’s Business Ownership at the number listed above.