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The 2024 Impact of Women-Owned Businesses

A focus on Asian American women

This is part of a series of demographic backgrounders from the inaugural *2024 Wells Fargo Impact of Women-Owned Businesses* that are being shared prior to the full release of the report in late November.

The impact of Asian American women-owned businesses

Asian American women make a bigger contribution to the economy than they do to the U.S. population. They comprise the segment of women-owned businesses that are most likely to be employer firms and proved to stay nimble through the COVID-19 pandemic and the 2008 financial crisis.

Asian American women business owners were agile even against a combination of racial prejudice and partisan media consumption that contributed to the stigmatization of Asian Americans during the COVID-19 pandemic. Without evidence, some people blamed Asian Americans for the pandemic. This bias fomented a rise in anti-Asian sentiment, hate crimes, discrimination, and reduced revenues for Asian American businesses.^{1,2}

Asian American women-owned businesses punch above their weight

The number of Asian American women-owned businesses today has grown to 1,314,000 representing 9.4% of all women-owned businesses in the country. Asian American women represent a higher share of business owners than adult women in the U.S.—6.3%.³ Despite their financial challenges, Asian American women have played a big role in driving all other business formation during the pandemic—creating more than 150,000 new companies between 2019 and 2023.

1.3 Million	Employ 1.4 Million	Generate \$265.2 Billion
Asian American women-owned businesses represent 9.4% of all women-owned and 42.4% of all Asian-owned businesses	people—11.9% of all women-owned business employees	9.8% of women-owned businesses' revenue

Growth rates are robust

Though not always the highest for firms, employment, and revenue, growth rates among Asian American women-owned businesses from 2019 to 2023 were impressive. More Asian Americans saw opportunities during that period and seized the moment by opening businesses.⁴

A comparison of growth

	Number of firms			Employment			Revenues		
	Asian American women	Women	Asian American men	Asian American women	Women	Asian American men	Asian American women	Women	Asian American men
2019 - 2023	13.4%	13.6%	10.4%	17.9%	12.7%	19.2%	21.9%	26.2%	10.2%
2022-2023	3.9%	5.9%	0.9%	6.8%	4.9%	5.1%	5.4%	5.7%	3.6%

Resilient through economic crises

During the pandemic, indoor gathering restrictions and closures had a devastating impact on businesses owned by Asian American women, including restaurants, stores, nail salons, and other service industries that are vital to their communities. As a result, these businesses faced significant challenges in keeping their doors open and sustaining their livelihoods. Early in the pandemic, Asian businesses struggled to get federal stimulus money.⁵

The second round of Paycheck Protection Program (PPP) loans in 2021 helped improve the distribution process. The SBA and Treasury Department expanded the types of financial institutions that could offer funds. Community Development Financial Institutions (CDFIs) and minority depository institutions, which have a track record of serving minority and women businesses, received capital to provide PPP loans.⁶

During that period, CDFIs received unprecedented funding to help support small businesses impacted by COVID-19.⁷ Funding came not only from the public sector and banks, traditional funders of CDFIs,⁸ but also from philanthropic organizations, which had turned their attention to new causes. These organizations recommitted to funding CDFIs, and some raised bonds to increase their grantmaking dramatically.⁹

During the pandemic, corporations increased or started making contributions to CDFIs.^{10, 11, 12} Importantly, funders made flexible and nonrestrictive grants, enabling CDFIs to decide how to use the money. CDFIs used the money to not only provide grants, but also lower interest rates, cover loan losses, and improve technology to speed up the delivery of capital to business owners.

Asian American women-owned businesses showed their agility by recovering quickly from not just one economic upheaval but two. Their average revenues rose 7.5% between 2019 and 2023 and 8% between 2007 and 2012.

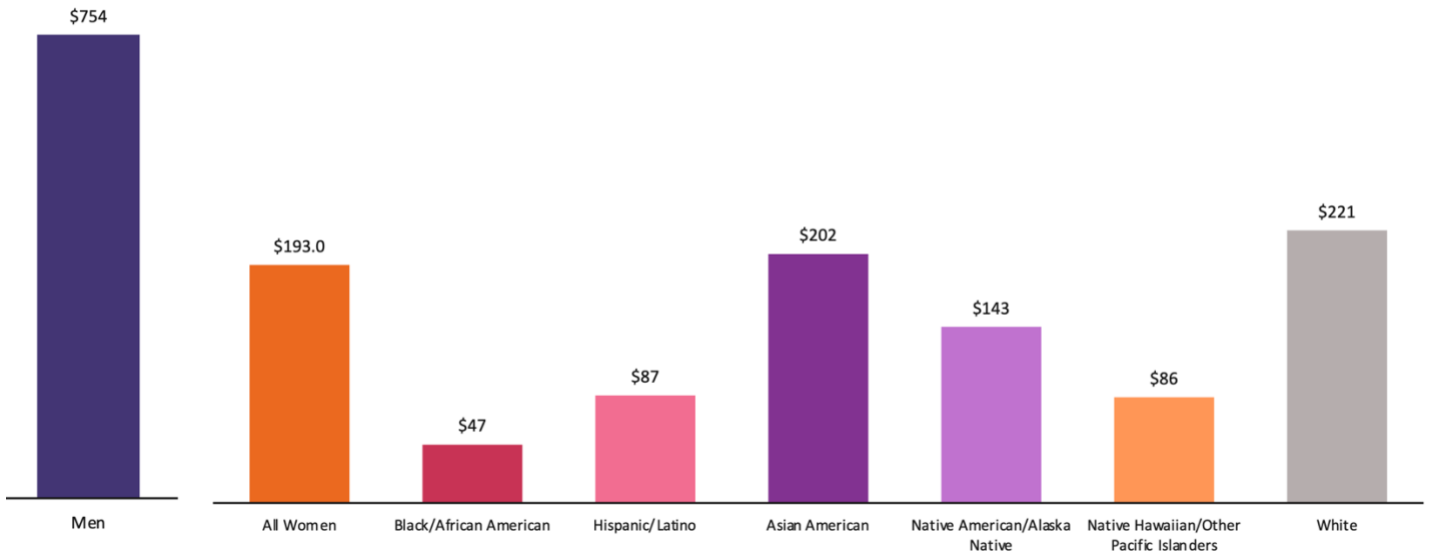
A comparison of average revenues by economic cycle

	Pre-financial crisis	Recovery		Steady economy	Onset of COVID-19		Pandemic ends	
	2007	2012	Growth	2019	2020	Growth	2023	Growth
Women-owned businesses	(000)	(000)	2007-2012	(000)	(000)	2019-2020	(000)	2019-2023
All	\$151.7	\$142.1	-6.3%	\$172.0	\$171.0	-1.0%	\$192.6	11.2%
Asian American	\$167.7	\$181.1	8.0%	\$187.8	\$195.1	3.9%	\$201.9	7.5%

Mind the gaps

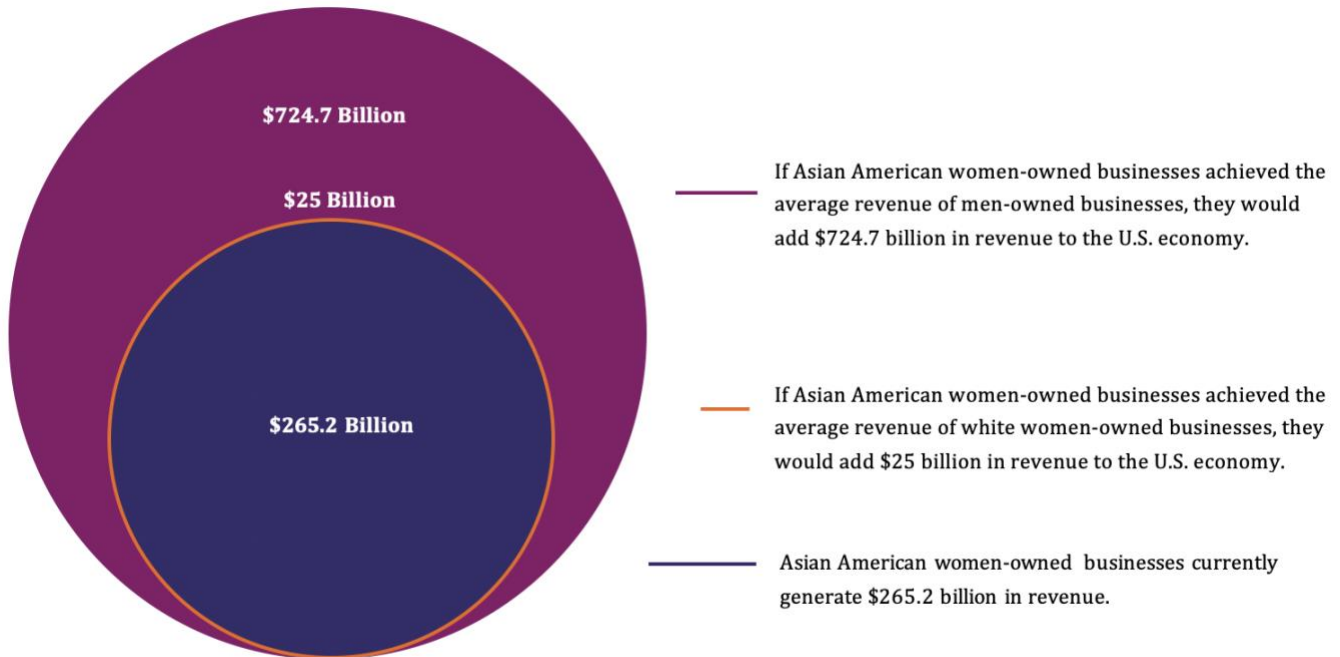
While Asian American women-owned businesses are among the highest average revenue generators of any women's segment, they make about one-quarter of the average revenue of men-owned businesses.

Average Revenue (000)



Closing the gap in average revenue would make a significant impact on the U.S. economy

If Asian American women-owned businesses were to achieve parity with the average revenue of men-owned businesses, the U.S. economy would benefit from an additional \$724.7 billion in revenues.



Comparison of employer and nonemployer firms

During an economic shock, established businesses often face declines in sales and profits. Credit dries up. Whether an employer or nonemployer firm, smaller businesses—even established ones—tend to be less profitable and more vulnerable to closure.

When people lose their jobs or need to supplement their income, they often start a business out of need. The ranks of necessity entrepreneurs swell during economic crises, and these firms are most likely to be nonemployers. Their founders often return to the job market when the economy improves.

Employer firms

Businesses owned by Asian American women are more likely to be employer firms than firms owned by women in general: 14.3% compared to 10.2%. Yet, Asian American women-owned employers are smaller than all women-owned employer firms, averaging 7.7 workers and \$1,155,000 in annual revenue compared to all women-owned employers, which typically employ 8.5 workers and earn \$1,603,000 in revenue.

A comparison of growth rates

	Number of Firms		Employment			Revenue			
	Asian American Women	Women	Asian American Men	Asian American Women	Women	Asian American Men	Asian American Women	Women	Asian American Men
2019-2023	12.2%	17.8%	1.4%	17.9%	12.7%	19.2%	18.5%	26.2%	7.0%
2022-2023	4.1%	5.9%	-7.1%	6.8%	4.9%	5.1%	3.1%	4.4%	1.8%

A comparison of average employees and revenues for employers

	Average number of employees			Average revenue		
	Asian American Women	Women	Asian American Men	Asian American Women	Women	Asian American Men
2023	7.7	8.5	10.9	\$1,155,200	\$1,602,500	\$1,886,900

Growth rates

2019-2023	5.1%	-4.4%	17.5%	5.7%	7.1%	5.5%
2022-2023	2.6%	-1.0%	13.1%	-1.0%	-1.4%	9.6%

Nonemployer firms

Asian American women are less likely to be nonemployers than women in general: 85.7% compared to 89.8%. They are more likely to have higher revenue than the average women-owned nonemployer: \$42,700 compared to \$33,300. Asian American women nonemployers saw strong growth in their number of firms and aggregate revenue during the pandemic and coming out of it.

A comparison of growth rates

	Number of Firms			Revenue		
	Asian American Women	Women	Asian American Men	Asian American Women	Women	Asian American Men
2019-2023	13.6%	13.1%	12.7%	40.0%	33.7%	36.4%
2022-2023	3.8%	5.9%	3.0%	16.9%	13.6%	16.9%

A comparison of average employees and revenues for employers

Average revenue			
	Asian American Women	Women	Asian American Men
2023	\$42,700	\$33,300	\$68,200
Growth rates			
2019-2023	23.2%	17.3%	21.0%
2022-2023	12.6%	7.2%	13.5%

Overcoming systemic barriers

- Asian American women are not monolithic. The wide variance in subpopulation characteristics makes Asian Americans hard to paint with one broad stroke. Their roots are in more than 20 countries in East Asia, Southeast Asia, and Indian subcontinents.¹³ Unfortunately, due to the small sample size, a more granular analysis of Asian American women-owned businesses is impossible.
- Median pay varies widely, with Taiwanese, Indian, Malaysian, and Chinese women outearning white men and other subpopulations not. The greatest pay gaps were for Nepali and Burmese women, earning a little more than 50 cents for every dollar a white man earns.¹⁴
- They lack the networks or social capital to connect them to financial capital, expertise, and services.¹⁵
- Asian American women entrepreneurs may face cultural barriers that can hinder their success. For example, they may be expected to put their family first over their business, or they may be reluctant to network with people outside of their cultural community.
- In addition to caring for children, they often live in extended or multi-generational households caring for aging parents or in-laws.¹⁶
- They have a harder time accessing outside financing than white men. Asian-owned businesses are more likely to apply for outside financing and less likely to receive full or partial financing.¹⁷
- Asian Americans are the fastest-growing racial group in the U.S., projected to grow from 6% to 14% by 2065, yet their experiences and impact are often overlooked.¹⁸

Capital is the fuel to start and grow businesses. Programs that offer low-interest loans and access to other forms of capital in combination with technical assistance, training, and mentorship CAN¹⁹ reach even greater heights and close the average revenue gap between men and women.

Certification as a women-owned business opens doors to business development opportunities and is a growth strategy for Asian American women. Many local, state, and federal government agencies and corporations have supplier diversity programs. These organizations may do outreach alerting entrepreneurs when requests for proposals (RFPs) are available. The certifying organizations often provide matchmaking services, mentorship, training, and networking opportunities, which help increase the visibility of women-owned businesses.

Take advantage of the growth in Asian Americans by creating products and services that meet their needs. Their strong ties to their cultural community give them a competitive advantage in serving this market. Asian American communities often have strong social networks that can be leveraged for business support, mentorship, and customer base. Many Asian American women have connections to their home countries, providing opportunities for international business ventures and partnerships. Opportunities exist for creating initiatives to educate and empower other women, both within the Asian American community and beyond, fostering a sense of solidarity and mutual support.

Methodology

The report is based on data from the United States Census Bureau, with projections built on data from 2002 to 2020.

Projections include number of firms, number of employees, and revenue from 2020 to 2023 for nonemployer firms and from 2021 to 2023 for employer firms. These projections are done for gender, race, and ethnicity, firm size, industry, and geography.

Employer firms' estimations used data 2017 to 2020 data from the Annual Business Survey (ABS) and 2014 to 2016 data from the Annual Survey of Entrepreneurs (ASE); nonemployer firms' estimations used data from 2017 to 2019 from the Nonemployer Statistics by Demographics Survey (NES-D) and the Survey of Business Owners (SBO) from 2002, 2007, and 2012. Additional macroeconomic data from the Bureau of Economic Analysis, the Bureau of Labor Statistics, and the Federal Reserve System were used.²⁰

Several econometric models were used to calculate projections. For employer firms, these models incorporated real data trends and variables such as nominal GDP and national consumer spending.

For nonemployer firms' revenue, the level of national consumer spending was also used to project revenue. For the number of firms, the yearly nominal GDP and the female labor force rate were used to project the number of women-owned firms, and the annual real GDP and the male unemployment rate were used to project the number of men-owned firms. When there were gaps in historical data, data imputation was applied.²¹

Endnotes

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¹¹ “PayPal Announces \$530 Million Commitment to Support Black Businesses, Strengthen Minority Communities and Fight Economic Inequality.” PayPal Newsroom, June 11, 2020. <https://newsroom.paypal-corp.com/2020-06-11-PayPal-Announces-530-Million-Commitment-to-Support-Black-Businesses-Strengthen-Minority-Communities-and-Fight-Economic-Inequality>.

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¹⁹ Capitalizing CAN is a nod to Candace Ayles Waterman, the CEO of Women Impacting Public Policy, who recently passed away unexpectedly. She exemplified the “can do” attitude of women-owned businesses. With the right support, women CAN make even greater contributions to the economy.

²⁰ The data was used from February 15, 2023 for employer firms and size of business projections. For nonemployer firms’ projections we used the latest data available as of May 18, 2023 (national and state information) and June 6, 2023 (metropolitan statistical areas (MSA) information).

²¹ Data imputation was made on the following projections: revenues and number of firms for employer firms by race and gender; employment, revenues and number of firms by gender and industry; number of firms and employment by gender and state; number of firms and employment by gender and MSA.



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The WIPP Education Institute is a national organization on a mission to accelerate the capacity and economic growth of women-owned businesses.