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# Immigrants Play Key Role As Entrepreneurs in City

By PATRICK WALL

Any taxi-riding, bodega-shopping, laundromat-using New Yorker knows that immigrants own many of the businesses that make New York tick. Now a new study shows that while immigrants constitute just over a third of the city's population, they make up nearly half of the city's small-business owners.

The study, published Monday by the Fiscal Policy Institute and based on census data, found that more than 69,000 New York City business owners - about 48 percent of the total - are foreign born. These immigrant entrepreneurs hail from around the world and run companies in every sector of the economy. But in certain lines of business, including dry cleaning, taxi services and grocery stores, the study shows that immigrant owners dominate.

"When you think of New York neighborhoods, you think about the stores and restaurants and groceries," said David Dyssegaard Kallick, a senior fellow at the institute - a union-supported, nonpartisan research and advocacy group. "Those are the kinds of small businesses where immigrants are playing a particularly strong role."

The study (pdf) is based on a five-year sample of data from the 2005-9 American Community Survey. It defines small business owners as self-employed people with incorporated businesses, which excludes corporations and nonprofits.

The country whose natives make up the largest share of immigrant business owners is China, with about 9 percent of the total, followed by the Dominican Republic, Korea, India, Italy, Greece, Colombia, countries of the former Soviet Union, Israel and the Palestinian territories and Jamaica. Another 55 percent of foreign-born owners come from other countries.

Immigrant business owners represent a majority in several industry sectors, including transportation and warehousing, retail trade, construction, wholesale trade and manufacturing. Within those broad sectors, foreign-born ownership of certain types of businesses dwarfs United States-born ownership. A full 90 percent of the city's dry cleaning and taxi service owners are immigrants, as are 84 percent of grocery store owners and 75 percent of child day care owners.

Immigrants also have a strong presence in higher-skilled professions. Among computer

systems design, architectural and engineering businesses, 40 percent of owners are foreign born.

The study notes that while the percentage of immigrant business owners is greater than the share of immigrants in the overall population, it is similar to the share of immigrants in the labor force, which is 46 percent. This means that New York's immigrants are more likely than their American-born peers both to own small businesses and to be in the labor force.

A 2008 analysis by the federal Small Business Administration found that, across the country, immigrants are nearly 30 percent more likely to start a business than are nonimmigrants.

Despite their numbers, immigrant entrepreneurs must navigate a sea of obstacles beyond the normal challenges that all small business owners face. One recent study showed that immigrants in New York were less likely than nonimmigrants to own a business that has been running for more than three-and-a-half years, and more likely to have shut down a business within the past year.

One commonly cited hurdle is a lack of access to the capital needed to start or expand a company. While most banks hesitate to loan money to any small business, which can be a risky, time-consuming process, they are especially reluctant to lend to immigrants, who often have little collateral and bad or nonexistent credit histories, experts say.

The situation is made worse for immigrants when banks send loan applications to distant offices to be evaluated, said Paul Quintero, CEO of ACCION USA, a New York-based microlender.

"You put an application in and it's processed by someone in Omaha," said Mr. Quintero. This disadvantages immigrants, who need "people that can look into the white of your eyes, speak your language and understand where you're coming from."

The average ACCION small business loan is about \$7,000 and, in New York City, a majority of borrowers are immigrants.

In Crown Heights, Brooklyn, Abel Cherubin, a native of Haiti, has prepared taxes for a local clientele -- a mix of working-class blacks, Latinos and West Indians -- from a rented storefront for more than a decade. But his client base has shrunk to 300 customers from a peak of 800 and he has had to lay off his last few employees. He has fallen \$6,000 behind on the rent and received an eviction notice last month.

"Maybe three, four months I could be out of business," said Mr. Cherubin, 55, who during the recession has borrowed money from a friend rather than

approach a lender, after being turned down for loans in the past. "That's my worry: I'm afraid one day I won't have that door to be open."

Another major barrier for foreign-born entrepreneurs is confusion about the city's myriad business regulations. Whether because of inexperience, language problems or reliance on informal business networks, immigrants often misunderstand or are unaware of the rules regarding tax filing, permits and practices.

For instance, many ground-floor merchants in Chinatown do not realize they are responsible for cleaning the sidewalks outside their shops until they are fined for noncompliance, said Larry Mei, a business counselor at the Chinatown Manpower Project.

"The business here is more regulated," Mr. Mei said. "In China, they don't have that many agencies that look after the businesses."

This year, the city introduced three new initiatives intended to support immigrant business owners. They include a competition that awarded funds to organizations that assist foreign-born entrepreneurs, free business classes to be offered in five non-English languages and an expo this month that will showcase immigrant-owned food manufacturing businesses.