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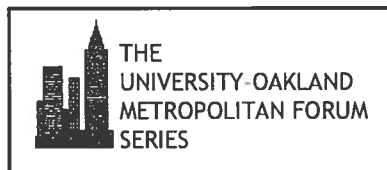
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**Southeast Asian Small Businesses and
Community Economic Development**

Mi Yeong Lee



The University-Oakland Metropolitan Forum is a partnership of the University of California at Berkeley; California State University, Hayward; Mills College; Holy Names College; the Peralta Community College District; and the Oakland community.

University of California at Berkeley
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INTRODUCTION

Southeast Asian refugees are changing the look of cities all across the United States. The San Antonio district, which lies just south of Oakland's Chinatown, is experiencing a similar face lift. The influx of Southeast Asians has resulted in the visible revitalization of the area. The proliferation of Southeast Asian small business has reversed the economic decline of the San Antonio community.

However, a closer look at the Southeast Asian small businesses in the San Antonio district reveal that the majority of the small businesses are marginal. In addition greater numbers of Southeast Asians in the area are still dependent on the government subsidies.

What can we learn from the small business experience of Southeast Asians? How can the momentum of small business development be applied to further develop the community's overall well being? What are some specific recommendations that can be used by the Southeast Asian business community at this point?

This video guidebook introduces a Community Economic Development approach for the Southeast Asian community.

Community Economic Development (CED) is a process which promotes development of the economic base of the community for the benefit of each and every member rather than a few individual small business operations. Community Economic

Development is a way in which the Southeast Asians in the San Antonio district can take control of and create for themselves a place, a community that can be claimed by the Southeast Asians in the area.

The small business experience of the Southeast Asian community will be highlighted to remind ourselves of the message delivered on the video. Although the video and the guidebook are specifically geared for the Southeast Asians in the San Antonio district, many of the processes and strategies will provide ideas for other communities in Oakland.

SOUTHEAST ASIAN IMMIGRANT EXPERIENCE

History

The settlement of Southeast Asians in Oakland began in the late 1970's when the Southeast Asian refugees came to the U.S. after the fall of Saigon. By 1987, a total of 810,000 Southeast Asian claimed legal refugee status in the U.S.

Through the federal relocation programs, Southeast Asian refugees were dispersed throughout the U.S. However, since 1985, a "secondary migration" took place. Dispersed Southeast Asian refugees began to migrate within the U.S., concentrating in areas where the climate was more hospitable and Asian goods and services are readily available.

Southeast Asians in Oakland

This "Secondary Migration" has led to the expansion of the Southeast Asian population in Oakland. In just 15 months between July 1985 and October 1986, California State Department of Finance estimated that 3,600 "secondary migrants" entered Alameda County, eight times as many as any other Bay Area counties. Estimates from

the Department of Social Services indicate 25,000 Southeast Asians lived in the Alameda County in 1987, with the largest settlement found in Oakland.

Southeast Asian Community in the San Antonio District

The Southeast Asian population in Oakland is mostly concentrated in the San Antonio district. This concentration is reflected in the dramatic increase of the Southeast Asian student population in the Franklin Elementary school located in the lower San Antonio district. In 1988, Asian students comprised of 67.8 percent of the total student population., twice the Asian student enrollment of 1980. Today, the Southeast Asians are the fastest growing minority in Oakland's San Antonio district.

SOUTHEAST ASIAN COMMUNITY ISSUES

Dependency

Southeast Asians resettlement is complicated by the prolonged war and the detrimental refugee camp experience. A National study reveals that two thirds (2/3) of the Southeast Asian refugee households who entered in the U.S. after 1980 live in poverty. Sixty nine (69) percent of them are on relief. In comparison, Southeast Asian refugees are three times more likely to be on relief than American blacks and four times more likely to be on relief than Hispanics.

Housing

The Southeast Asian housing situation is exacerbated by Oakland's housing crisis. In 1985, the Oakland Tribune reported that some of the apartments in the complex known as the "Cambodian Palace"

housed up to 15 people in one family unit. Given limited affordable housing and low-incomes, Southeast Asians are forced into overcrowded housing units. In order for the healthy development of Southeast Asian community to occur, it is essential that more affordable housing be made available.

Language

Although many of the refugee relief programs require intensive English as Second Language training, many Southeast Asians are unable to read or write their own language find it next to impossible to learn English. With the language barrier, it is difficult to find employment and gain access to available resources.

Employment

The majority of the Southeast Asian refugees who arrived in the U.S. after 1980 are either farmers from rural areas or mountain tribes, or they are trained soldiers. The skills they bring are not readily transferrable in the U.S. In addition, since they know little or no English, the odds of finding a job are small. For women, the cultural tendency to marry early and raising the family prevails.

Diversity

Southeast Asians, while grouped together for the purpose of refugee status, include people from at least five distinct ethnic and national backgrounds. Language clearly distinguishes each group, as well as deeply rooted tradition and culture

Recognizing the diversity within the Southeast Asian refugee population, the initial centralized refugee programs providing ESL, vocational training and social adjustment counseling proved ineffective. Instead, each group has taken on the responsibility of providing these

services through their own community service organizations.

Southeast Asian Community Organizations

These service-providing community organizations in turn provide a sense of organization for the group. Coordinated efforts among the different Southeast Asian cultures is maintained through a monthly consortium of service providers for the Southeast Asian refugee population.

In addition to services provided, the community organizations are looking to expand their role in community development. Terms such as "Little Saigon" and "Khmer Village" can be heard, indicating the expressed desire to develop a Southeast Asian community.

SOUTHEAST ASIAN SMALL BUSINESSES

"IT USED TO BE CALLED THE STREETS OF THE LOSERS. NOT ANY MORE. AS YOU GO DOWN EAST 14TH STREET, YOU SEE THE CHANGES. ALL THE STORES ARE OWNED BY THE SOUTHEAST ASIAN MERCHANTS." Chu Pham, Executive Director of Vietnamese Fishermen's Association

Indeed, the influx of Southeast Asian businesses in the commercial corridor of the San Antonio district has contributed to the visual revitalization of the area. Vacant store fronts are being filled by Southeast Asian small businesses. Why small business and how did the Southeast Asians manage to venture into small business?

WHY SMALL BUSINESS?

"I'M TOO OLD TO LEARN ENGLISH. I CAN'T TEACH ANYMORE. BEFORE, I DIDN'T HAVE ANY EXPERIENCE. NOW I DO. I JUST OPEN AND SELL." Huong Que, owner of the Huong Que restaurant.

Faced with language barriers and lack of transferable skills, Southeast Asians found small business an alternative means of survival. The small business thus starts out as a way of employing recent immigrants and their family members for subsistence. The concentration of Southeast Asians in the San Antonio district also provided a specific market niche for Southeast Asian small business to fill. Southeast Asian small business provide ethnic specific goods and services lacking in the area.

A windshield survey done in 1988 indicated 64 small businesses owned and operated by Southeast Asians along San Antonio's commercial corridor on East 14th Street. Southeast Asian small businesses make up 50 percent of the district's commercial activity.

HOW?

"WE DID A LOT OF HAND-HOLDING BACK THEN. NOW THEY HAVE THE INFORMATION AND IT IS WELL SPREAD WITHIN THE COMMUNITY THROUGH THE COMMUNITY NETWORK." Sati Kanwar, former program director of Refugee Resettlement program.

Shared Information on Business Startups

In the early 1980's, refugee assistance programs provided small business technical assistance for Southeast Asian small business startups. The technical "know-how" gained from the experience of starting and operating a small business is shared within the

community.

Capital & Financing

" ONCE WENT TO GET A LOAN. THEN THE GENTLEMAN ASKED TOO MANY QUESTIONS, TOO MUCH PAPER WORK. THEY ASKED FOR FINANCIAL STATEMENTS AND EVERYTHING. " Joe Dang, owner of the Cam Auto shop.

The majority of the Southeast Asian businesses in the San Antonio district are financed by personal savings or from capital from a community pooling system called *Gae*. *Gae* can be best described as a revolving loan, and is often the only viable alternative for the Southeast Asian small business starters who lack collateral. The size of the loans needed are usually too small for the commercial lenders. *Gae* also does not require a complex application process and it can be obtained quickly. However, although *Gae* is readily available to remedy short-term cash flow problems, it can aggravate a small firm's financial situation because of the very high interest rates charged.

Long Hours and Simple Life Style

I START WORK 5 IN THE MORNING AND FINISH AT 8 O'CLOCK. I GO HOME TO COUNT THE MONEY AT NIGHT." Kap Nyugen, owner of Caravell restaurant

Family-owned and operated small business means *long hours* and a frugal life style. The goal of small business is to provide subsistence for the family, so the lifestyle is very simple, often constrained by the overcrowding housing, and consumption is restricted to mere necessities. Thus, the family business is able to survive on a very low net earning.

Employing Family Members and Friends

"MY HUSBAND, A FORMER SOLDIER, AND I WORK, AND ON THE WEEKEND MY NIECE COMES TO HELP ME." Huong Que

All of the small businesses interviewed on the video are family-run "Mom & Pop" stores. They are owner-operated, employing families and friends at low cost or often at no cost.

CHALLENGES FACED BY SOUTHEAST ASIAN SMALL BUSINESSES

"THE VIETNAMESE FISHERMAN'S ASSOCIATION ORGANIZED TO ASSIST VIETNAMESE IN DOING BUSINESS THE AMERICAN WAY", Chu Pham

The Southeast Asian leaders and service providers are in concert when discussing problems faced by Southeast Asian small businesses. The Southeast Asian entrepreneurs need to learn to do business the "American Way." What are the factors inhibiting the Southeast Asians from doing the business the "American Way"?

UNDER-CAPITALIZATION

The majority of the businesses are under-capitalized and experience daily risks from cash-flow problems. Small business loans are often difficult to tap into due to the lack of collateral, language barriers and complex paperwork required. Faced with cash flow problems, small businesses do not have the capacity to upgrade their businesses to increase their market for better returns.

INADEQUATE ACCOUNTING SYSTEM

In many cases, the small businesses do not keep accurate books and business owners have only a rough idea of whether they are losing money or not. Cash is often unaccounted for because it is drawn out of the cash register for their personal use. Organized bookkeeping would help the existing businesses to accurately assess operating shortcomings. In addition, an accurate accounting system will often be required in obtaining conventional loans for further expansion.

LACK OF DIVERSITY AND LIMITED MARKET

Currently, businesses are competing with each other for limited markets such as: foodstuffs, restaurants, beauty salons, and video shops. Businesses would benefit from diversifying to meet the community's unmet service needs. Given the revitalization occurring, the Southeast Asian businesses can expand their market to attract even more people from outside the Southeast Asian community.

SPECULATION THREATENING RENT HIKE

San Antonio is being threatened by real estate speculation, which will undoubtedly result in rent hikes. According to a real estate broker in the San Antonio district, the real estate appreciation rate is as high as 150 percent. Foreign investment, downtown development, and the revitalization of the area by the Southeast Asians have all contributed to the speculation activity.

THE COMMUNITY ECONOMIC DEVELOPMENT APPROACH

THE PHILOSOPHY

At this point, the Southeast Asian community is looking for ways to anchor itself and establish a foundation to foster development of a sound community. Small businesses have clearly played an important role in revitalization of the area. In order for the community to achieve self-reliance and further development, broader participation by the community is essential.

WHAT is Community Economic Development?

The Community Economic Development as an approach represents a fundamental shift in decision making power toward the community and its institutions. The activities associated with economic development focus on building the community capacity to benefit all members of the community, rather than on maximizing profit and opportunity for a few individuals.

Community Economic Development (CED) is a process by which community members pool and manage their resources to create jobs, income and managerial and ownership opportunities for themselves. It is a "systematic and planned self-help intervention intended to reduce dependency and economic leakage, and to promote a community's economic self-reliance".

WHY Community Economic Development Approach?

The revitalization of the area by the Southeast Asian businesses has clearly shown that the community has the capacity to pool its resources and manage economic development. But, the majority of the

community members who are the foundation of the community are still economically dependent. While the small businesses may have paved the way toward self-reliance, they are still vulnerable to external forces, such as, real-estate speculation in the lower San Antonio district. The strong inter-dependence of small businesses with its Southeast Asian neighborhood market calls for the coordinated effort by all members of the community to root itself and take control of building a community.

Effective community-building must be done from the "bottom-up", and by the members of the community. The past reliance on the "trickle down" policies has failed to improve the living conditions of the poor. Community Economic Development is a concept based on the assumption that communities can take control of their destiny when and if they assemble the resources and information necessary to build their own future.

For the Southeast Asian community, the Community Economic Development process is the community initiation and control of development to ensure that it:

- o **Benefits the people in the community**
- o **Provides services needed by the Southeast Asian community**
- o **Maintains cultural heritage of the community**
- o **Fosters self-reliance of the community**

WHAT IS INVOLVED in the Community Economic Development Process?

A major part of Community Economic Development has to be the **educational process** of the community to develop an in-depth

understanding of the community itself and a recognition of the value in the community institution building. The Southeast Asian community in the San Antonio district must confront the issue ethnic diversity within the Southeast Asian population and the boundary of lower San Antonio district where the Southeast Asian settlement is concentrated

This means Cambodians and Vietnamese and Laotians must work together to present a unified vision and voice for the community building process. It means the community working together to:

- 1) Learn about others in the community
- 2) Learn about the area they live in: zoning, development plans, political jurisdiction, trends in real estate values, and ownership.
- 3) Build an organization to represent the community
- 4) Set up goals for community's economic development
- 5) Identify projects to reach the stated goals
- 6) Implement community economic development projects

COMMUNITY ECONOMIC DEVELOPMENT PROCESS

THE METHOD

The community economic development process for the Southeast Asian community is divided into two phases. The **first phase** involves community organizing and education in which the concept of community is defined and the goals for the community are established. The first phase requires a committed organizer to ensure broad community participation. The **second phase** involves identifying the community's economic planning and implementation the project. The second phase requires an expert knowledge of the community economic development who can work with the community.

FIRST PHASE

I. ORGANIZE MEMBERS OF THE COMMUNITY TO DISCUSS COMMUNITY ECONOMIC DEVELOPMENT

The goal of community organizing is to initiate the community economic development process through open dialogue with the people in the community. The objectives of the discussions are for the community to:

- o **Understand "Community"** as inclusive of Vietnamese, Laotians, and Cambodians living in the lower San Antoniodistrict.
 - o Identify **needs and problems** of the Southeast Asian community
 - o **Establish common vision** for the community: A place where: Asian goods and services are plentiful, cultural values are upheld, ethnic education is available, employment opportunities exist, business opportunities exist, children can play safely, a central commercial area draws people together, low-income Southeast Asians can find safe and affordable housing, and where a sense of community pride prevails
 - o **Understand Community Economic Development Process**, which involves participation of Southeast Asians
 - o Understand how the **government system** works
- Discussion of the Community Economic Development must involve all members of the community. Through the discussions, people who are the potential participants of the community economic development implementation process is identified. Potential settings for the discussion are as follows:

Community Organization Leaders

Community service organizations are good place to start. Three of the community organizations interviewed already have some ideas for economic development ventures. Since the goal of community economic

development is to foster development, community organizations will benefit from the process of sharing information and ideas. Community organizations also hold a lot of community information, which needs to be compiled to present a comprehensive picture of the Southeast Asian community.

Religious Organizations

Religious organizations are a important part of the community. It is one of the central institutions for the community. Insight into community problems and issues can be gathered. Religious institutions are also a symbol of the community's stability and safety.

Mutual Assistance Associations

Each of the Southeast Asian groups is tightly-knit through various mutual assistance associations. These mutual assistance associations provide social support to their members and are a centers of information dissemination.

ESL/Vocational Training Classes

Discussion of community economic development issues can take place in the vocational training classes where many of the Southeast Asians are enrolled. They are the labor pool for the community and the direct beneficiaries of the community economic development process.

Small Business Owners

Small business owners know the problems of business operations and the barriers in business development. They are most keen on the economic aspect of the community in terms of development. At the same time, they know how to pool financial resources within the

community to start businesses and have knowledge about management through practical experience.

II. ESTABLISH GOALS AND OBJECTIVES

Based on the community needs and issues identified, set up goals and objectives for the community. What are the most critical and pressing problems or issues in the Southeast Asian community? Dependency, unemployment, housing, marginal small businesses, lack of capital financing. are some of the problems identified.

Some of the goals for the Southeast Asian community can be to:

- o Increase employable skills and employment opportunities
- o Increase affordable housing
- o Control speculation in the area.
- o Expand small business opportunities and strengthen existing small businesses
- o Expand existing small business
- o Increase community solidarity

III. ORGANIZATION BUILDING

It is crucial for the community to understand the importance of organization building. The organization is part of a community controlled and system which will ensure community participation and oversee the development process. This organization can be an extension of the Southeast Asian community service providers consortium, an association of existing community organizations, an association of mutual assistance groups, or it can be a newly formed organization of merchants in the lower San Antonio district, or representatives of each organization and ethnic group within the

Southeast Asian community.

The organization is also a liaison between the community and outside institutions. An effective organization should include individuals and organizations with already established relationships with the key outside institutions such as the City of Oakland. Once the organization is established, it should seek to hire a community economic development planner to work with the organization in the next phase.

PHASE TWO

IV. DEVELOP COMMUNITY ECONOMIC DEVELOPMENT STRATEGIES

Strategy is "groups of actions that will contribute to attaining the development of goals the community sets based on the options and opportunities available". Criteria to be used in developing community economic development strategies are:

- o Choose strategy that the community can implement
- o Choose the one that addresses multiple factors
- o Choose the one that has support of the community and the city government, and other resource agencies.
- o Choose the one that has resources to support

One of the ways to develop strategy is to examine four basic factors that are fundamental to the economic development.

Land

Land is one of the most important element in economic development. The community must act swiftly in order to control the the real-estate

speculation occurring in the lower San Antonio district. Community control of the land can be done by:

- o Land use-zoning regulation: The community advocates for appropriate land use through the City's planning department. The San Antonio district is especially concerned with the re-zoning of East 14th street corridor which is currently zoned for industrial/commercial use. As part of the San Antonio district, the Southeast Asian community need to participate in the discussion of re-zoning the main thorough street which currently house majority of the Southeast Asian small businesses.
- o Acquisition of land by the community: Market rate land can be purchased by the community. Land can be acquired through grants from the City to be used for the community economic development purposes. Vacant lots are scarce in the San Antonio district, but rehabilitating existing building is an alternative option to consider.

Business/Commerce

Business/commerce activities are the basic economic source of the community. Southeast Asians in the lower San Antonio district should focus on developing small business from its marginal state and increase startup businesses. Some of the goals and objectives to keep in mind in developing strategies for business development are:

- o Use of management & technical assistant agencies
- o Proposing efficient regulatory and permit process to the City
- o Diversify businesses to meet the needs of the community and to decrease competition
- o Attracting outside patronage

Human Resources

What skills does the people in the community have and lack?

Currently, community-based organizations are providing skills training as well as ESL. How can they expand their scope of services to provide placement services as well? Oakland's downtown development offers an opportunity for the Southeast Asian community-based organizations to negotiate with the new office tenants to guarantee placements for the trained persons.

Enclave program can be negotiated where a training enclave is housed within the company with trainee-worker supervised by both the company supervisor and training supervisor. The community can directly negotiate such arrangement.

Housing

Community must be able to house diverse groups of people. Two different types of housing are market rate and affordable housing. For market rate housing, financing is the crucial element. Strategies need to focus on how to access financing for the Southeast Asian home buyers.

For affordable housing, the City of Oakland's office of community development works with the San Antonio district council and its community development corporation to develop affordable housing in the area. The San Antonio district council welcomes affordable housing plan from the community and private developers. The East Bay Asian Local Development Corporation, a non-profit community-based organization, is a housing developer interested in working with the Southeast Asians in developing affordable housing for the Southeast Asian community.

Strategy development must be resources both from within the community and outside of the community.

Community Assets/Resources

- o *Unique flavor*: especially for the Southeast Asian community, the element of uniqueness should be explored seriously. What uniqueness will draw traffic into the community?
- o *Safety*: is the area safe for people to walk and shop around?
- o *Community Identify*: Does the community have visible signs to identify itself?

External Factors/Resources

Community exists in relationship to its external factors. What exists and what happens outside of the community have direct and indirect effects that are important to assess. The community can also affect the larger system and bring about changes to improve the relationship toward positive development. For the community economic development process, the participation of the larger community is crucial to the success of development project the community decides to take on.

POTENTIAL CED STRATEGIES

HOMESTEADING AND SHOPSTEADING

Southeast Asians by taking over vacant business lots, have followed the concept of shopsteading. Shopsteading is when an owner fills in a vacant business lot to eliminate its negative image and stop its negative impact on the whole business environment.

Both homesteading and shopsteading are for the community to take over abandoned housing or buildings to rehabilitate the structures and occupy them. The city or country provides programs where the abandoned structure, be it a house or commercial building, is granted to the participant and often loans are made. The rehabilitation of the building for Oakland's homesteading program is done by the city contractor but negotiation for self-rehabilitation may be possible.

COOPERATIVE

Cooperatives can be used creatively to exploit specific benefits of cooperative associations. This may be better than sharing the same assets. For example, used car lot cooperatives can be formed with existing businesses. Together they can get group rate insurance and personal health insurance which can be used as a leverage to obtain loans from non-profit organizations sponsoring small business cooperatives.

The cooperative can also hire a marketing specialist to seek out small business contracts. For example, auto mechanic shops can establish cooperative, hire a marketing specialist whose job would be to seek out contracts from the Auto insurance companies to provide services for the insurance claims.

CREDIT UNION

Pooling money together among extended family and friends can create unnecessary tension. A small credit union can be started based on the same concept of pooling money together. It can start by institutionalizing the Gae system to obtain legal protection. Legal protection is possible since the "Gae" was recognized as a legal means of banking in a specific cultural setting. Although the San Francisco

court case involving Korean Gae group won, and the precedence has been set, to this date, legal protection has not been sought.

V. PROJECT DEVELOPMENT

The Southeast Asian community has already identified possible community economic development projects. Common characteristics of the projects are that they play an anchoring role by the ownership of the development by the community. The process of project development are:

Describe Project Outcome

It is important that the project be developed with specific outcome in mind. The outcomes are measurable both in quantitative and qualitative. For example; Housing Development: How many housing units, types of household expected to house and how many? What income level, etc.

Specify Strategic Resources

What resources are needed and where is it coming from? Resources need to be identified for each element of the project.

o Land: how is land being acquired? What method will be used in acquiring the land-community purchase, City granted property, possible endowments?

o Tenants: Do you have tenants set up? Do you have families interested in purchasing houses have financing available?

o Management: Is effective coordination with the government and industry, industry and agency in place?

o Financing: Is financing necessary for the project in place? Where is the financing coming from? CDBG funds, private sources, private

foundations? And how much?

Organization Form for the Project Development

There are many creative ways of attracting resources. One of the ways in which the community can draw on outside resources is to combine different organizational structures that work best in attracting the most resources available. Some long term projects will require joint ventureship. Joint ventures can be formed with private investment, government entities, and non-profit organizations.

For the Southeast Asian community, given its limited track record in economic development activities, joint ventureship with a non-profit development corporation such as the East Bay Asian Local Development Corporation and San Antonio Community Development Corporation is highly recommended.

Deciding on the organizational structure for a specific project can be a complex and difficult process. Because of its complexity and legal issues involved, there are non-profit organizations specifically geared to assist communities to work out the best arrangement. The organizations providing technical assistance are listed in the agency section of this video guidebook

Project Development plan

Project development plan must have detailed information outlining the project development process and its funding/financing sources. Project development plan should include:

o Need assessment

o Feasibility studies

o Organizational form to carry out the project development plan

- o Business plan
- o Monitoring and Evaluation plan

Some of the projects identified by the community-based organizations interviewed are:

- o **Community Center Development:** To house community-service providing organizations and community cultural activities.
- o **Community-owned fish processing factory and distribution center** to process and sell the catch of Vietnamese fishermen.
- o **Multi-use housing and commercial space** to provide affordable housing for low-income Southeast Asians and to provide physical space for small business development.

Each of the development projects need to be carefully evaluated for feasibility. What are the resources available? Does the organization have the capacity to handle the development project? Technical work can be done by the planner hired.

