

## Small Business and Immigrant Entrepreneurship

The Brooklyn Chamber of Commerce is pleased to present the first quarterly update of the 2011 *Brooklyn Labor Market Review*. We hope you'll find that these quarterly reports provide useful and current data about the borough. This issue focuses on small business and immigrant entrepreneurship, and the importance of our foreign-born residents to the local economy.

### ● Brooklyn's self-employed: Immigrants and U.S.-born

Small businesses make up an important part of Brooklyn's economy and its neighborhoods. While there is no general standard by which to measure local small business, one common indicator is the number of people working in an area who are self-employed. In this report we analyze that portion of the self-employed population who also have incorporated businesses, focusing specifically on immigrants with incorporated businesses.

There are a total of 83,000 self-employed people working in Brooklyn, with more than a third of them (35 percent, or 29,000 people) owning incorporated businesses. We take the incorporated self-employed to be a good gauge of the number of small businesses in Brooklyn. The 29,000 incorporated self-employed reported in the American Community Survey fits fairly well with the 39,000 total firms in Brooklyn reported by the Quarterly Census of Employment and Wages—a figure that includes large firms and nonprofit

FIGURE 1.

#### Self-employed in Brooklyn

	BROOKLYN	U.S.-born	Foreign-born	Foreign-born share
Self-employed	82,686	39,678	43,008	52%
Incorporated SE	28,809	14,327	14,482	50%
Not incorporated SE	53,877	25,351	28,526	53%
% of SE who are Incorporated	35%	36%	34%	

Source: FPI analysis of American Community Survey 2005-09.

organizations as well as small private businesses. (See note on sources on page 2.)

Immigrants are just as big a part of Brooklyn's small business community as they are of Brooklyn's overall economy. According to the ACS, immigrants make up 50 percent of all workers and 50 percent of self-employed incorporated individuals. In New York City as a whole, immigrants make up 44 percent of all workers, and 46 percent of the incorporated self-employed.

### ● Top seven industries for immigrants

The top detailed industries of immigrants who are incorporated and self-employed is a diverse mix. Overall, it is notable that among the small businesses that most define the character of neighborhoods—restaurants and retail, particularly grocery stores—immigrants are playing an outsized role. At the same time, immigrants are well represented in a range of businesses, including industries with high wages such as doctors offices or real estate as well as those with lower wages such as child care or taxi services.

The largest number of immigrants in a detailed industry is in construction. There are 2,200 self-employed immigrants with construction firms in Brooklyn, making immigrants moderately over-represented among self-employed business owners in the industry, with a 58 percent immigrant share, compared to 50 percent in the labor force in general.

Not surprisingly, the number two detailed industry for immigrants is restaurants and food services, where 900 immigrants represent a 69 percent share of all incorporated self-employed restaurant and food service business owners.

FIGURE 2.

#### Top industries for foreign-born incorporated self-employed

	Foreign-born	Foreign-born share of incorporated self-employed
Construction	2,206	58%
Restaurants and other food service	872	69%
Offices of physicians	716	67%
Grocery stores	635	87%
Real estate	528	35%
Child day care services	516	77%
Taxi and limousine service	473	81%
All others	8,537	45%
<b>Total</b>	<b>14,483</b>	<b>50%</b>

Source: FPI analysis of American Community Survey 2005-09.

What may be less expected is that the number three detailed industry for foreign-born business owners is offices of physicians, where 700 immigrants are playing a substantial role, with 67 percent of the total offices of physicians.

● Immigrant entrepreneurship across all industries

FIGURE 3.

**Brooklyn incorporated self-employed**

**Broad industries and detailed industries with more than 400 businesses**

	Number of incorporated self-employed	Share of all incorporated self-employed	Percent foreign-born among incorporated self-employed	Incorporated as a share of all self-employed
Construction	3,819	13%	58%	32%
Manufacturing	1,434	5%	60%	52%
Wholesale Trade	1,803	6%	46%	66%
Retail Trade	4,838	17%	58%	59%
Grocery stores	728	3%	87%	61%
Transportation and Warehousing	1,287	4%	78%	26%
Taxi and limousine service	586	2%	81%	18%
Information and Communications	810	3%	16%	29%
Motion pictures and video industries	459	2%	29%	36%
Finance, Insurance, Real Estate, and Rental and Leasing	2,058	7%	39%	40%
Real estate	1,497	5%	35%	41%
Professional, Scientific, Management, Administrative, and Waste Management	5,149	18%	32%	36%
Legal services	731	3%	27%	33%
Management, scientific, and technical consulting services	640	2%	17%	45%
Architectural, engineering, and related services	583	2%	42%	56%
Specialized design services	552	2%	39%	29%
Computer systems design and related services	513	2%	26%	36%
Accounting, tax preparation, bookkeeping, and payroll services	503	2%	29%	43%
Educational, Health and Social Services	3,147	11%	60%	25%
Offices of physicians	1,074	4%	67%	50%
Child day care services	669	2%	77%	15%
Offices of dentists	469	2%	50%	49%
Arts, Entertainment, Recreation, Accommodations, and Food Services	2,462	9%	49%	28%
Restaurants and other food services	1,271	4%	69%	48%
Independent artists, performing arts, spectator sports, and related industries	834	3%	25%	15%
Other Services (Except Public Administration)	1,940	7%	54%	23%
Automotive repair and maintenance	620	2%	45%	52%
Beauty salons	490	2%	64%	32%
<b>Total</b>	<b>28,809</b>	<b>100%</b>	<b>50%</b>	<b>35%</b>

**A few facts about Brooklyn's unincorporated self-employed**

- In **construction**, there are 8,300 unincorporated self-employed workers, double the number of incorporated self-employed. Among unincorporated self-employed construction workers, 72 percent are foreign-born, compared to 58 percent of incorporated self-employed construction workers.
- In the **taxi and limousine** industry, there are 2,600 unincorporated self-employed, 92 percent of them foreign-born.
- For work done in **private households**—the third most common detailed industry for immigrants and the fifth most common overall, there are zero incorporated self-employed, but 2,600 unincorporated—84 percent of whom are foreign-born. There are an additional 3,800 child-care workers who are unincorporated self-employed, 57 percent of whom are foreign-born.
- The most common detailed industry for U.S.-born self-employed is **independent artists and performing arts**, where there are 4,600 overall, 3,600 of whom are U.S.-born and 1,000 are foreign-born, with a foreign-born share of 21 percent.

Source: FPI analysis of American Community Survey 2005-09.

Immigrants are well represented in virtually every sector of incorporated self-employed in Brooklyn. Immigrants make up close to half of all broad industry categories, straying significantly from the norm only in information and communications, where they make up 16 percent of the

incorporated self-employed, and transportation and warehousing, where they make up 78 percent. In all other broad industries immigrants make up between 32 and 60 percent of all self-employed people with incorporated businesses in Brooklyn.

**Note on sources:** The data in this report are drawn from the American Community Survey (ACS), for people who work in Brooklyn. The ACS is a survey of individuals. It is the best source of data on the self-employed, and includes demographic information about the individuals, including nativity. In previous issues of Brooklyn Labor Market Review, the main source of data has been the Quarterly Census of Employment and Wages (QCEW). The QCEW is derived from the wages reported by employers to the state unemployment insurance fund. While the QCEW likely includes businesses run by the incorporated self-employed, this group cannot be isolated in the data. The QCEW does not include the unincorporated self-employed, nor does it have demographic information about business owners. ACS data includes people whose wages may not be reported to the unemployment insurance fund, including unincorporated self-employed people as well as people who are legally are employees but who are not treated as such. Misclassified workers are in the ACS data among both wage and salary workers and unincorporated self-employed, but are not likely to be among the incorporated self-employed.