KEEN INDEPENDENT RESEARCH LLC
2015 SMALL BUSINESS STUDY SUMMARY REPORT
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work2future and the City of San José seek an update on the composition and health of small businesses in Santa Clara County. These organizations need a review of the latest research on the importance of small businesses and entrepreneurship to the economy and the best practices for those assisting the small business community. Keen Independent Research LLC (Keen Independent) worked closely with work2future and City staff to develop these insights.

This research was a fast-tracked and streamlined update of the research David Keen and Annette Humm Keen conducted in 2010 and 2006, focusing on changes since the Great Recession. Because of the limited budget and time available for the update study, it is much more focused than our previous small business research assignments.

**Background and Objectives**

**Background.** In a 2006 study for work2future and the City of San José, David Keen and Annette Humm Keen (the Principals of Keen Independent) found that there were about 130,000 small businesses in Santa Clara County (firms with fewer than 20 paid employees), a large figure but still less than one would expect for a metropolitan area the size of San José. Further, the small business component of the local economy appeared to be a less important source of jobs in Silicon Valley compared with other cities. The 2006 study concluded:

1. It is true that Silicon Valley is a center for high-tech start-ups. Growth of the local high-tech industry has historically come from new firms, not old firms. However, small businesses are relatively unimportant in Silicon Valley high-tech, “infant giants” are.

2. There is little about the forces of high-tech entrepreneurship that carries over to other sectors of the Silicon Valley economy.

3. Even though the small business sector in Silicon Valley is relatively small and rates of business ownership lag other areas, entrepreneurship is important. New businesses account for most of an economy’s job growth.

4. San José metro area entrepreneurs need assistance, but rarely turn to local business assistance providers. Including people who have thought about starting a business or view owning a business as a personal goal, the potential market for business start-up assistance is about 500,000 adults in the San José metro area. A very small fraction of these individuals approach local business services providers for assistance.

David Keen and Annette Humm Keen also completed a 2010 study of small businesses in Silicon Valley and conducted joint research with local ethnic chambers to examine the role of minority-owned companies in the local economy and how these firms might be assisted.
Since the 2006 study, work2future, the City of San José and others have attempted to better coordinate and market the assistance services locally available to small business owners and entrepreneurs. For example, work2future created the BusinessOwnerSpace network of assistance providers and a website linking these partners. In 2013, the City of San José created a physical and virtual “Your Business Coaching Center” that helps business owners navigate City registration and permitting. A number of other initiatives combine community development and small business development objectives.

One purpose of the 2015 research is to determine whether local small businesses and entrepreneurs are aware of these efforts and if they can be improved.

In addition, the Great Recession and subsequent recovery may have changed the landscape for small businesses in Silicon Valley. Has the rate of entrepreneurship fallen locally? Do entrepreneurs still see the local area as a good place to start a business? Are local small businesses linked to the high-tech economy? Is there anything new that local agencies could be doing to facilitate new business start-up or small business growth?

Further, Silicon Valley has historically been a center for entrepreneurship among immigrants from other countries. What do we know about immigrant entrepreneurs in Silicon Valley and programs that could business assist this group?

Objectives. work2future established three objectives for this research:

- **Quantify the size and health of the small business sector in Silicon Valley.** Keen Independent investigated what has changed for small businesses in Silicon Valley since the 2010 study. We analyzed trends based on secondary data and a telephone survey of 400 small businesses in Santa Clara County. We supplemented this research with in-depth interviews with service providers such as BusinessOwnerSpace partners, chambers, City staff and other small business service providers.

- **Update analysis of the importance and health of small businesses nationally, as well as best practices for supporting this component of the economy.** Keen Independent examined recent research regarding the economic impact of small businesses and entrepreneurs in the economy through a comprehensive literature review. We also examined best practice programs and policies from other regions and identified opportunities that may be implemented in Silicon Valley.

- **Identify opportunities for local programs and policies to assist small businesses.** Keen Independent examined policies and programs that might be implemented by work2future, the City of San José and other local groups to improve the climate for small businesses and entrepreneurship in Silicon Valley. Keen Independent combined the assessment of small business survey responses, marketplace research and in-depth interviews to provide actionable recommendations for policy development, program management, the addition of services and changes to existing services.

Opportunities to serve underserved populations and immigrant entrepreneurs were one focus of this research.
Overall findings from the 2015 study can be summarized in three points:

#1. Conditions for small businesses have improved since 2010. For many, it is a good time to be a small business.

Local assistance initiatives have had a positive impact on some small businesses. More can be done to increase the impact of these efforts.

#2. The small business sector in Silicon Valley continues to shrink as a share of the overall economy and the rate of business ownership has fallen further behind other regions. The importance of small business to the local community continues to be for reasons beyond the raw number of jobs created.

Policies should focus less on total jobs created from this sector than on the other contributions small businesses make to the community. Even if they do not generate many jobs, the City should consider expanding programs such as San José Pop-Up Project and Small Business Ignite San José.

#3. Immigrants comprise 45 percent of Santa Clara County business owners. About 10 percent of all business owners are recent immigrants to the U.S., and many do not speak English well. Better assisting this group may be beneficial to the community.

The community should consider new programs specifically designed to reach immigrant entrepreneurs including those with limited English proficiency. work2future and the City can build from examples from around the country, including New York City.

The balance of this draft summary report explores each of these topics.

**Key Finding #1:** Conditions for small businesses have improved since 2010. For many, it is a good time to be a small business. Local assistance initiatives have had a positive impact on some small businesses. More can be done to increase the impact of these efforts.

Major conclusions were fourfold:

a. Small business owners now have very positive views about current and future economic conditions;

b. More small businesses are now hiring than reducing their workforce;

c. Proximity to workers, customers, suppliers and networks of advisors continue to be strong reasons for small businesses to be located in Silicon Valley, and there are few negatives to locating in San José; and

d. Assistance initiatives may have had some small impact on at least some small businesses, but more can be done.
We summarize results related to each conclusion below.

**a. Positive views about local economic conditions among small business owners.** In general, small business owners in Santa Clara County in 2015 have positive views about current and future economic conditions. Some are hiring, and the types of issues they are experiencing relate to a strong economy, rather than a weak one.

Both the 2010 and 2015 telephone surveys of Silicon Valley small business owners asked, “Generally speaking, how would you rate the Silicon Valley economy these days … excellent, good, fair, or poor?”

- In 2010, more than 80 percent responded “fair” or “poor.”
- In 2015, results were nearly reversed — 72 percent said conditions were “excellent” or “good.”

Small business owners expect conditions to continue to improve and very few anticipate worsening conditions, a turnaround from 2010.

- About 40 percent of small business owners surveyed in 2010 saw economic conditions improving over the next six months, with about one-third predicting that economic conditions will worsen.
- 2015 survey results showed 63 percent of business owners reporting improving economic conditions for their business in the next six months and only 12 percent expecting worsening conditions.

Financial condition of individual small businesses is much better in 2015 compared with 2010. For example, the number of small businesses that reported postponing bill payments due to cash flow problems dropped from 30 percent in 2010 to 17 percent in 2015.

**b. More small businesses are hiring than reducing their workforce.** The number of small business owners who expect to be hiring far exceeds those who expect to decrease their workforce, a big change from 2010. About 20 percent of 2015 respondents said they expect to hire more workers in the next three months and only 1 percent indicated that they expect to lay off workers.

And, actual hiring over the past three months appears to bear this out, a big difference from 2010:

- When asked about changes in their workforce over the past three months, in 2010, twice as many small business owners said they had decreased their workforce than had increased it.
- In 2015, 10 percent of small businesses now reported increased workforce and 7 percent indicated their workforce was reduced.

Nine percent of small business owners in 2015 said they have jobs they are unable to fill. These positions were not just high-skill, but also those with moderate and minimum requirements.
c. Proximity to workers, customers, suppliers and networks of advisors continue to be strong reasons for small businesses to be located in Silicon Valley; sales to high-tech are important; and there are few negatives to locating in San José. Access to skilled workers is the most important factor to small businesses; proximity to customers and low local taxes continue to be in the top three factors for local small businesses when asked what is important to them.

Many business owners rated a Silicon Valley location as better for these factors compared with other locations in California, and very few rated them as worse. Network of advisors was another highly-rated factor for Silicon Valley.

One of the remarkable results from the 2015 survey was that one-half of small businesses reported selling to the high-tech sector. Sales to high-tech customers accounted for at least half of their business for about 30 percent of local small companies. Even if this somewhat overstates the importance of sales to the high-tech sector, it suggests a stronger than expected direct link between local small business and the high-tech industry that drives the local economy.

However, more small business owners said Silicon Valley was worse than better compared with other locations in California for the following factors:

- Low local taxes;
- Affordable workers;
- Low cost utilities;
- Finding office, retail or industrial space to suit needs; and
- Low local minimum wage.

Because low local taxes and low cost utilities were rated as very important by about one-half of respondents, these might be areas for concern. However, only 18 percent rated low local minimum wage as very important, which suggests that the higher local minimum wage is not a major concern for most businesses.

More than one-half of respondents said “no” or “don’t know” when asked, “Are there advantages or disadvantages for a Silicon Valley firm to be located within the City of San José?” Business owners who mentioned any factor most often brought up proximity to customers and proximity to other businesses. The most frequent negative response pertained to high costs in general (6% of respondents). Only 1 percent mentioned local minimum wage.

d. Assistance initiatives may have had some small impact on at least some small businesses, but more can be done. Although the impact may be small, it appears that initiatives and programs through work2future, the City of San José, BOS partners and other organizations may have had a positive effect on some small business owners.

Some businesses have used job training resources, and more were interested in using those programs or receiving assistance in hiring new workers. About 8 percent of small business owners reported that they have used on-the-job training funds and online and in-person job training resources. About three-quarters said that they were satisfied or very satisfied with those programs and a similar percentage said they would use the programs again. An equal number of small business owners said
they were aware of such programs and expected to use them in the future. (Overall, 46 percent of respondents said they were aware of these programs.)

When asked, “Would you like to have someone from your local workforce investment board contact you regarding services they offer?” 13 percent of business owners said “yes.” However, when asked about how they recruit workers, only 1 percent of respondents identified (unprompted) work2future, NOVA, another workforce board or a government job board. Most mentioned word of mouth and referrals (39%) online job boards (24%), social media (8%) or Craigslist (6%) to recruit employees. (Only 5 percent advertise in print or online newspapers.)

One-third of business owners had taken a class or workshop on how to start or run a business. Although most business owners who said they had taken a class or workshop indicated that it was through a college or an online course, some referred to the Small Business Administration (7%), SCORE (3%) or a City of San José workshop (3%).

When the assistance providers were named, many small business owners said that they were aware of them. In rank order, the top three awareness results were:

- Silicon Valley SCORE (27%);
- Silicon Valley Small Business Development Center (26%); and
- City of San José Small Business Ally (13%).

As these responses came after the organizations were specifically named, results might somewhat overstate true awareness of these programs.

Most businesses that had been through the City of San José permitting, licensing or other regulatory processes had neutral to favorable comments. In recent years, the City of San José has worked to improve the experience of small businesses and other companies that go through its permitting and licensing process. It has developed a website, “Your Business Coaching Center,” and a Small Business Ally position to help new and expanding businesses navigate the process. The City has also streamlined certain permitting and licensing steps.

The 2015 survey was not designed to evaluate the City’s success, but it provides some insights into general perceptions of small business owners who have been through the process within the past 12 months. The study team asked business owners, “In the past 12 months have you had to work with any local governments in Silicon Valley regarding permits, licensing, inspections or other regulations related to your business?” More than 40 percent of the businesses indicated that they had been through such a process, and more than one-third of those companies mentioned the City of San José.
Respondents who had been through such a process were then asked, “If you had to describe your experience as positive, neutral or negative, how would you describe your experience working with [‘SPECIFIC GOVERNMENT’]?” Of the 63 business owners who had worked with the City of San José:

- 54 percent reported a positive experience (up from 45% in 2010);
- 29 percent said “neutral” (about the same as 2010); and
- 17 percent indicated a negative experience (down from 25%).

The relative high level of positive responses and the general improvement in responses for the City of San José were similar to results for Santa Clara County, the other agency mentioned by a large number of business owners.

Because of the small number of survey respondents answering this question in 2010 and 2015, the simplicity of the questions asked and the complexity of the permitting, licensing, inspection and other regulatory processes, the 2015 survey results only suggest that City efforts to ease the burden on new or expanding small businesses have been somewhat effective. In sum, it is a positive sign, which warrants more evaluation.

The City and work2future should consider expanding these efforts.

More can be done to extend the reach and effectiveness of local assistance efforts. Even with the indication of some positive impact from assistance providers and the City of San José, research in the 2015 study found that more can be done to increase the reach and effectiveness of these efforts.

Many small business service providers interviewed identified gaps in services offered in the City of San José and Santa Clara County; and, that those gaps made doing their jobs more difficult particularly when working with underserved communities and immigrant business owners. Gaps in services that impede extended reach and effectiveness of local assistance efforts include:

- No centralized business language translation services or effective multilingual web portal accessible to immigrant business owners and others who do not speak English well;
- Limited computer, smartphone and other technologies access and training for small business owners (for example, one business service provider noted that four out of five immigrant business owners he serves has some level of smartphone, but may not have knowledge of business-specific Apps, or access to a computer);
- Narrow access to microbusiness financing, particularly among minority-owned and immigrant business owners; and
- Inconsistent delivery of services among City and county inspectors while conducting inspections for building improvements.
Interviewees with BOS business partners found that they were mostly uninformed about the services offered by other partners. They also had little motivation or incentives to share or transfer clients to a sister organization. Some, for example, who share state, county or federal funding sources, may see others as competitors rather than partners.

Several interviewees said the City of San José permitting and inspection process for new construction and remodeling could be further streamlined, particularly identifying a continued bottleneck between building inspection and sign-off. A number of service providers spoke about clients who reported inconsistencies among building inspectors, where one inspector required one level of compliance and a follow-up inspector required an entirely different level of compliance.

Some providers suggested that there is not one silver bullet when targeting assistance to small businesses. Instead when reaching out to small businesses, particularly minority-owned and immigrant business owners, a more holistic approach is required that more perfectly connects the area’s myriad of business services (e.g., specifically translation services, business counseling, insurance and legal assistance and financing resources) to the difficult-to-reach immigrant business owner who may be resistant to accepting assistance or may have limited experience concerning how business works in California.

**Key Finding #2.** The small business sector in Silicon Valley continues to shrink as a share of the overall economy and the rate of business ownership has fallen further behind other regions. The importance of small business to the local community continues to be for reasons beyond the raw number of jobs created. Policies should focus less on total jobs created from this sector than on the other contributions small businesses make to the community.

Keen Independent discusses the following six major conclusions in the materials below. They are:

a. The share of total local jobs and payroll in the small business sector continues to shrink;

b. The gap between business ownership rates in Santa Clara County and the state continues to grow;

c. Racial and ethnic minorities comprise a large share of local small business owners;

d. There might be more small businesses in Silicon Valley but for the large disparity in the rates of business ownership for minority populations compared with non-minorities;

e. Minority-owned businesses can be a source of employment for workers from disadvantaged communities and a link between high-tech and workers in those communities; and

f. Because of the large number of small businesses and potential entrepreneurs in Santa Clara County, any public agencies or not-for-profit service organizations will need to set priorities for which segments receive high-touch personal service and which are primarily served through technology.
We summarize results related to each conclusion below.

**a. The share of total local jobs and payroll in the small business sector continues to shrink.**
In 2011 (the most recent data available), only 15 percent of workers in the private sector in the San José Metropolitan Statistical Area (MSA) worked in companies with less than 20 employees.

Keen Independent also examined the distribution of total private sector payroll by size of firm in 2011 for the San José MSA, the state of California and the United States. Although 15 percent of the metro area’s private sector workforce was employed by small businesses, those businesses represented just 8 percent of total private sector payroll. At the state and national levels, the small business share of total payroll was 15 and 14 percent, respectively.

There was no change in the share of workers in small businesses between 2007 and 2011 and a drop in small companies’ contribution to total private sector payroll. Small business in Silicon Valley, in aggregate, remains less important than in other regions. (The share of workers in small businesses was 19 percent for California in 2011.)

**b. The gap between business ownership rates in Santa Clara County and the state continues to grow.** In 2008 (the most recent data available in the 2010 Study), 9.2 percent of Santa Clara County workers were self-employed (owned businesses). This was two full percentage points lower than the self-employment rate for the state. Keen Independent’s regression analyses found that the low level of business ownership was specific to the region and was not because of the characteristics of local workers.

Although self-employment rates increased in most regions with the Great Recession, it fell to 8.3 percent in Santa Clara County in 2013, substantially below the 10.9 percent rate for California.

**c. Racial and ethnic minorities comprise a large share of local small business owners.** Asian American, Latino, African American and Native American business owners together comprise a large share of small business owners in Silicon Valley.

- Racial and ethnic minorities comprised one-third of the small businesses surveyed in 2015. Owners included (in order of number of business owners) South Asian Americans, Asian-Pacific Americans, Latinos, African Americans and Native Americans.

- One-half of Santa Clara County business owners are minorities based on U.S. Census data for 2009 through 2011. This figure is 60 percent for business owners living in San José.
d. There might be more small businesses in Silicon Valley but for the large disparity in the rates of business ownership for minority populations compared with non-minorities. Disparities in business ownership rates for minorities continue to persist in the local area.

- About one-half as many African American workers in Santa Clara County owned businesses in 2009-2011 compared with non-minorities.

- Asian Americans and Latinos in Santa Clara County own businesses at less than two-thirds the rate of non-minorities.

These disparities are found for the City of San José as well. (Similar disparities are evidence in the state as a whole, however, as well as across the United States.)

e. Minority-owned businesses can be a source of employment for workers from disadvantaged communities and a link between high-tech and workers in those communities. The 2015 small business survey found a link between minority-owned small businesses, selling to high-tech industry, and hiring from disadvantaged communities.

- Although the reasons are not known from this research, a much larger share of minority-owned small businesses surveyed in 2015 plan to hire workers in the next three months.

- Minority-owned small businesses are more likely than other small businesses to hire firms with minimal requirements.

- Minority-owned small businesses were more likely than other small businesses to employ workers from disadvantaged communities in Santa Clara County.

- Minority small business owners were more than twice as likely as non-minorities to say they would like to have someone from a local workforce investment board contact them regarding services they offer (21% vs. 10%).

- Minority small business owners were just as likely as other small businesses to report that they sell to high-tech customers (about one-half of small business reported these sales).

Based on these data, it may be that minority-owned small businesses can be a link between the high-tech industry in Silicon Valley and workers without substantial education or experience who are from economically-disadvantaged communities.

f. Because of the large number of small businesses and potential entrepreneurs in Santa Clara County, any public agencies or not-for-profit service organizations will need to set priorities for which segments receive high-touch personal service and which are primarily served through technology. There is a large need for technology-driven assistance to the large number of current and potential entrepreneurs in Silicon Valley. Local public agencies such as the City of San José might limit high-tech business assistance efforts to those that serve both community development and small business development goals.
Several new programs appear to meet both objectives.

- The City of San José Office of Economic Development led an initiative for small businesses, the San José Pop-Up Project. With the dual purpose of serving small businesses and bringing life to underutilized areas of Downtown San José, this initiative successfully provided “pop-up” space for nine businesses selling apparel to bicycles during the 2014 holiday season. At least two of those nine businesses have extended their leases for a more permanent venture.

- Other service providers such as the Office of Cultural Affairs Creative Entrepreneur Project and AnewAmerica San José’s micro-business development and asset building program are capturing businesses in the small creative industries and businesses owned by low-income immigrants and refugees, respectively.

- Ongoing programs also include Small Business Ignite San José. This private public partnership kicked off by the City of San José Office of Economic Development, the Silicon Valley Talent Partnership and the San José Downtown Association created a training, mentoring and networking platform for small businesses wanting to thrive and expand in the City. Much of the mentoring services are provided by volunteer mentors.

The City and work2future might consider expanding these types of programs, which serve both community development and small business development goals. These programs offer a high-touch “holistic” approach providing small business services targeted to unique business sectors. For example, the Creative Entrepreneur Project has helped develop business plans, locate affordable space and identify funding sources for artists, performing artists and others in creative industries. AnewAmerica San José has worked with immigrant business owners from 25 countries with a goal of moving business owners from serving primarily residential communities to serving commercial clients (“B2C”), while helping them thrive, expand and gain personal wealth and business assets.

**Key Finding #3.** Immigrants comprise 45 percent of Santa Clara County business owners. About 10 percent of all business owners are recent immigrants to the U.S., and many do not speak English well. Better assisting this group may be beneficial to the community.

Major conclusions were threefold:

- Immigrants represent nearly one-half of Santa Clara County business owners, including small business owners;

- About 10 percent of all business owners are recent immigrants; and

- Many immigrant business owners do not speak English well, which local agencies and business service providers need to address.
a. Immigrants represent 45 percent of Santa Clara County business owners, including small business owners. Santa Clara County is a national center for immigrants to the United States, which is reflected in its business owner community as well as its overall population.

- Based on people counted in 2009-2011 U.S. Bureau of the Census data, there were about 39,000 immigrant business owners in Santa Clara County.
- Immigrant business owners represent 45 percent of local business owners (about the same as immigrants’ share of the total local workforce).
- More than two-thirds of minority business owners in Santa Clara County are immigrants to this country.
- Although they were not born in this country, many immigrant business owners have lived in the United States for many years. About 57 percent of immigrant business owners are naturalized citizens.

b. About 10 percent of all business owners are recent immigrants. In Santa Clara County, there are about 8,600 recent immigrant business owners (those immigrating within the past 10 years), based on U.S. Bureau of the Census counts. This means that one-in-ten Santa Clara County business owners is a recent immigrant. The actual figure may be higher if undocumented business owners not counted in the Census data were included.

- Only 19 percent of recent immigrant business owners are naturalized citizens.
- The business ownership rate among recent immigrants (6%) is substantially less than for all immigrants (9%).

Interviews with City of San José staff, local business assistance organizations and others identified the following basic needs for many recent immigrants:

- Some lack basic computer fluency, or may not have an adequate computer for business. Most immigrant entrepreneurs have smartphones, however, which might provide a new way to communicate with them and potentially provide services.
- Some recent immigrants are unfamiliar with the legal and regulatory environment in the United States, from the importance of insurance that protects a business to interpreting contracts. Many important aspects of starting and operating a business in the United States differ from their home countries.
- Access to capital is an issue for recent immigrant entrepreneurs just like most long-time residents or native-born business owners. Several interviewees reported a need for microbusiness loans of $5,000 to $20,000, which might not be available for these business owners from traditional sources.
c. Many immigrant business owners do not speak English well, which local agencies and business service providers need to address. There are many immigrant business owners in Santa Clara County and perhaps many more people trying to start businesses who do not speak English well.

- More than 10,000 immigrant business owners in Santa Clara County do not speak English well based on U.S. Bureau of the Census data (a number that might be substantially higher if undocumented immigrants were included). This represents more than one-quarter of all immigrant business owners.

- Although there are immigrant business owners from all over the world, just four groups account for 90 percent of the immigrants who do not speak English well:
  - More than one-half of the immigrant business owners who do not speak English well are Hispanic (58%).
  - Most of the other immigrant business owners who do not speak English well are, in order, Vietnamese, Chinese and Korean.

Some local business assistance services are capable of serving immigrant entrepreneurs who do not speak English well, but most are not. Examples of business assistance services that do serve immigrant entrepreneurs in other languages include the following:

- The BOS website (www.BusinessOwnerSpace.com) has most pages translated into Spanish and Vietnamese.

- The City of San José website (www.sanJosé.gov) utilizes Google Translate for translation from English to about 90 other languages; however, translations are limited and do not include certain graphics and other website content.

- Your Business Coaching Center (www.sanJosé.gov/businesscoach) also utilizes Google Translate with similar limitations.

- The City of San José and some other small business service providers employ bilingual staff (for example, San José’s Small Business Ally and staff from the Silicon Valley Talent Partnership are fluent in English and Spanish, and a number of ethnic chambers have volunteers and staff with native language capabilities).
Interviews with City of San José staff, local business assistance providers and others indicated that it is difficult to serve entrepreneurs who do not speak English well.

- Although some small business service providers employ bilingual or multilingual staff (e.g., San José’s Small Business Ally who is fluent in English and Spanish), most had limited or no capability to reach non-English speakers. And, those with multilingual capabilities reported shortfalls in their ability to effectively translate business management, insurance, legal, construction and other necessary information.

- Interviews conducted as part of this study found that some entrepreneurs who are not fluent in English might bring someone who is when meeting with a government agency or business assistance provider. However, those informal translators may have limited understanding of “business language.”

Opportunities to better serve recent immigrants who have language barriers include the following.

- Silicon Valley is home to many ethnic chambers that serve their members in English and in their native languages. work2future and the City might partner with these organizations, or others with multilingual capabilities (e.g., local multilingual business professionals willing to volunteer).

- Local agencies should consider translating some website and print materials into additional languages. This study identified that most immigrants with English language barriers speak one of four languages: Spanish, Vietnamese, Chinese and Korean.

- New programs may also be needed. The City of San José might consider emulating New York City’s recent 2014 Immigrant Business Initiative. Immigrants in New York City, like San José, comprise half of the workforce and half of all business owners. In an effort to better serve immigrant entrepreneurs, New York City launched a public/private partnership with five community-based organizations using funds provided by Citi Community Development. The five partners provide free business education courses and one-on-one counseling in five preferred languages. Although the Immigrant Business Initiative is in its infancy, early feedback suggests the City is seeing early successes.

In addition to this initiative, New York City’s Small Business Services, by law, translates each of their most requested documents into the top spoken languages and provides in-person language assistance services for those with limited English proficiency.

There are opportunities for work2future and the City to partner with bi-lingual volunteers from the local business community to mentor immigrant entrepreneurs with limited English ability.
Summary of Potential Initiatives

In sum, work2future and the City might work with other partners on the initiatives such as the following:

1. Create an expandable “toolkit” translating materials into key languages (like NYC Immigrant Business Initiative):
   - Business registration, startup checklist, banking and legal information;
   - Strategies for business banking, choosing loans, understanding credit reports and managing debt;
   - Best practices for social media, websites, related marketing;
   - Point-of-sale systems information and scams avoidance;
   - Fact sheets on most-asked-about businesses such as daycare;
   - Links to area resources relevant to non-English speakers; and
   - Other information.

2. Collaborate with BOS partners and multilingual business professionals for high-touch assistance.

3. Partner with legal and insurance professionals willing to conduct pro-bono or low-cost counseling for immigrant businesses unfamiliar with best practices for California companies.

4. Upgrade the BusinessOwnerSpace website and use multi-lingual toolkit materials.

5. Connect small businesses with providers offering digital literacy “how-to” training, including application and use of business computer software and smartphone apps (e.g., credit card readers).

6. Identify potential partners to facilitate improved small business access to $5,000 to $20,000 microloans.

As this has been a collaborative research project with work2future and the City of San José, Keen Independent began sharing research results with those agencies in December 2014. At the time of this final report, work2future and the City of San José had begun implementing most of the above recommendations.
Additional Information

The nine appendices to this report provide considerable additional information and results.

- Appendix A is the profile of entrepreneurship and small businesses in Silicon Valley;
- Appendix B presents the self-employment regression results;
- Appendix C is the profile of immigrant workforce and entrepreneurship in Silicon Valley;
- Appendix D is the small business survey results;
- Appendix E presents the differences among minority and non-minority businesses from the small business survey;
- Appendix F is the small business survey instrument;
- Appendix G synthesizes discussions with local area small business service providers;
- Appendix H summarizes New York City’s Immigrant Business Initiative; and
- Appendix I is a brief summary of digital fluency and small business.
APPENDIX A.
Profile of Entrepreneurship and Small Businesses in Silicon Valley

In this Appendix, Keen Independent provides a current profile of small businesses in Silicon Valley and discusses changes since 2010 regarding:

- The size of the small business sector;
- Self-employment rates;
- Demographics of self-employed; and
- Wages paid to small firms relative to large firms.

Appendix A includes historical data where relevant. The terms “business owner” and “self-employed” are used interchangeably in the discussion. Related regression analyses of self-employment by industry are presented in Appendix B.

Size of Small Business Sector in San José

Keen Independent used data from work2future and the U.S. Census Bureau’s Statistics of U.S. Businesses to examine the size of the small businesses sector within the City of San José as well as the San José Metropolitan Statistical Area (MSA), California and the nation. The analysis includes an examination of small business employment in non-tech-related industries.

Small businesses’ share of total employment. Assessment of small business’ share of total employment differs substantially depending on the definition of small business and the source of data. Keen Independent presents two depictions based on local and national data sources.

work2future data. Data from the City of San José show about 55,000 small businesses in 2014 (35 or fewer employees). These firms employ approximately 144,000. Given the City’s count of total businesses and respective employees, small businesses represent about 38 percent of total private sector employment in the City of San José.

Census data. Data from the Census Bureau’s Statistics of U.S. Businesses define small businesses as those with fewer than 20 employees. These data show that small businesses in the San José MSA employ about 15 percent of all private sector employees. Figure A-1 shows the distribution of employees by size of firm in 2011 for the San José MSA, the state of California and the U.S. Nearly 70 percent of employees in the San José MSA worked for firms with more than 100 employees in 2011 compared with 63 percent across the state and 65 percent for the nation.
Only 15 percent of employees in the San José MSA worked for firms with less than 20 employees in 2011. Across the state of California and nationally, the percentage of employees working for small firms was higher, 19 and 18 percent, respectively.

There has been little change in the distribution of workers by size of firm since 2007. In each geographic designation, there has been only a slight increase in the percentage of workers that work for large companies and a slight decrease in the percentage of workers working for mid-size companies.

Silicon Valley is a unique region and the distribution of employees by industry in the San José MSA differs from the state of California as a whole. The retail trade sector employs about 12 percent of the state’s workforce compared to only 9 percent in the San José MSA. Similarly, health care and social assistance as well as accommodation and food services employ a greater share of workers across the state (13.5% and 10.5% respectively) compared to the San José MSA (10.6% and 7.8% respectively). Industries with more tech-related businesses, including information and professional, scientific and technical services, employ more workers in San José relative to the state. Controlling for industry mix (assuming the same distribution of workers by industry as found in California), small firms in the San José MSA would represent 17 percent of employment, still less than the state and the nation.

**Small businesses’ share of total payroll.** Keen Independent also examined the distribution of total private sector payroll by size of firm in 2011 for the San José MSA, the state of California and the U.S. Although 15 percent of the metro area’s private sector workforce was employed by small businesses, those businesses represented just 8 percent of total private sector payroll. At the state and national levels, the small business share of total payroll was 15 and 14 percent, respectively.

Since 2007, large business (more than 100 employees) share of San José MSA payroll has increased; the share of payroll represented by mid-size and small employers has declined. In the San José MSA,
the small business share of payroll fell from 8.7 percent in 2007 to 8.0 percent in 2011 and the share of payroll accounted for by mid-size businesses fell from 10.9 percent to 10.1 percent. Figure A-2 compares distribution of payroll by size of employer for different regions.

Figure A-2.
Share of total private-sector payroll by size of firm, 2011


**Size of non-tech-related small business sector by industry.** In order to measure the strength of the small business sector in the non-tech sector, Keen Independent analyzed the share of total employment in small business among industries not traditionally viewed as high-tech. Overall, the percentage of workers employed in small businesses within non-tech related industries has not changed since 2007. However, since 2007, a greater percentage of workers in construction are employed in small businesses (33.5% from 27%) while the percentage of workers in retail small businesses has declined (11.9% to 8.8%).

In most non-tech-related industries, small businesses in the San José MSA comprise a smaller share of total employment compared to California. Figure A-3 shows shows results for 2007 and 2011.
Self-Employment in San José

Keen Independent used data from the U.S. Census Bureau’s American Community Survey (ACS) to examine recent trends in the rate of self-employment in the City of San José, Santa Clara County and California. The analysis includes an examination of self-employment by industry and education.

Overall self-employment rates. Figure A-4 shows that for decades, self-employment rates were on the rise. In 1980, only 3.6 percent of adults in the City of San José were business owners; twenty-five years later, more than 5 percent were business owners. Self-employment rates reached a peak in 2009 through 2011 and have since declined. An increase in self-employment rates during recessions is typical in the United States.

<table>
<thead>
<tr>
<th>Industries</th>
<th>San José MSA 2007</th>
<th>San José MSA 2011</th>
<th>California 2007</th>
<th>California 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>27.0%</td>
<td>33.5%</td>
<td>31.1%</td>
<td>39.0%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>11.9%</td>
<td>8.8%</td>
<td>22.8%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>14.2%</td>
<td>14.3%</td>
<td>17.1%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>15.3%</td>
<td>14.5%</td>
<td>7.6%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Real estate and rental/leasing</td>
<td>32.3%</td>
<td>32.1%</td>
<td>34.2%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>20.1%</td>
<td>21.0%</td>
<td>20.1%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Arts and entertainment</td>
<td>12.3%</td>
<td>11.2%</td>
<td>14.6%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>21.6%</td>
<td>22.7%</td>
<td>18.9%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Other services</td>
<td>40.5%</td>
<td>40.4%</td>
<td>40.1%</td>
<td>41.0%</td>
</tr>
</tbody>
</table>

The self-employment rates in the City of San José and Santa Clara County have consistently been lower than the state as a whole. In 2013, the self-employment rate across all adults in California was nearly 3 percentage points higher than that of the City of San José.

When self-employment rates are based on percentage of the workforce that is self-employed, the results are similar. The self-employment rate for workers peaked in the years of 2009 through 2011 for all California workers (11.1%), Santa Clara County workers (9.2%) and City of San José workers (8.5%). In 2013, self-employment rates had dropped to 10.9 percent, 8.3 percent and 7.3 percent respectively.

**Self-employment rates by industry.** Keen Independent examined self-employment rates among workers in 15 industries in the San José MSA and California for workers with and without a college degree based on 2009 through 2011 ACS data.

Self-employment rates for workers with a college degree are shown in Figure A-5. Where results are indicated to be statistically significant, Keen Independent’s regression analysis showed that the San José metro area had significantly lower (or higher) rates of self-employment than California, after controlling for age, race/ethnicity, gender, educational attainment and other demographic characteristics. (Appendix B provides detailed results from Keen Independent’s regression analyses of self-employment rates.)
Self-employment rates in the San José MSA were significantly higher in just one industry — construction. In 2009 through 2011, the self-employment rate in the construction industry in the San José metro area was about 35 percent compared to about 28 percent in California. During the same time period, self-employment rates were significantly lower in the metro area compared to the state in six industries:

- Manufacturing (1.9% compared to 4.7%);
- Wholesale trade (11.3% compared to 17.2%);
- Retail trade (10.4% compared to 15.0%);
- Information (3.5% compared to 10.7%);
- Professional, scientific and technical services (12.7% compared to 23.9%); and
- Administrative support, waste management and remediation services (18.7% compared to 23.5%).

These differences are statistically significant and cannot be explained by demographic differences.

Figure A-6 shows self-employment rates in 2009 through 2011 for workers without a college degree. After controlling for demographic characteristics, there were no industries in which self-employment...
rates for workers without a college degree in the metro area were significantly higher than the state as a whole; there were 7 industries in which self-employment rates were significantly lower for the metro area compared to the state:

- Construction (20.4% compared to 23.3%);
- Manufacturing (2.6% compared to 4.1%);
- Retail trade (4.8% compared to 6.9%);
- Information (4.1% compared to 7.6%);
- Professional, scientific and technical services (12.9% compared to 17.1%);
- Administrative support, waste management and remediation services (17.4% compared to 19.9%); and
- Educational services (1.6% compared to 2.7%).

Figure A-6.
Percentage of workforce that is self-employed by industry (workers without a college degree), 2009-2011

<table>
<thead>
<tr>
<th>Industries</th>
<th>San José MSA</th>
<th>California</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>20.4% **</td>
<td>23.3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.6% **</td>
<td>4.1%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7.3%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>4.8% **</td>
<td>6.9%</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>10.3%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Information</td>
<td>4.1% *</td>
<td>7.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Real estate rental and leasing</td>
<td>16.0%</td>
<td>20.1%</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>12.9% **</td>
<td>17.1%</td>
</tr>
<tr>
<td>Administrative support, waste mgmt and remediation services</td>
<td>17.4% *</td>
<td>19.9%</td>
</tr>
<tr>
<td>Educational services</td>
<td>1.6% **</td>
<td>2.7%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>7.1%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>11.1%</td>
<td>14.1%</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>4.1%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>29.0%</td>
<td>30.4%</td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

These differences are statistically significant at the 90 and 95 percent level of confidence as indicated. Data are not reported for 2013 due to small, single-year sample sizes.
Demographics of Self-Employed

Keen Independent continued the analysis of the self-employed using U.S. Census Bureau’s American Community Survey. Keen Independent analyzed demographic characteristics of the workforce, both the self-employed and non-self-employed, including gender, race/ethnicity, age and educational attainment.

Self-employment and gender. Among the self-employed in 2009 through 2011 in the City of San José, about 39 percent were female. Results were similar for Santa Clara County (40 percent) and California (37 percent). Women make up a significantly greater percentage of the non-business owner workforce. Among the non-business owner workforce in the City of San José, 46 percent were female (45% and 47% in Santa Clara County and California, respectively).

Figure A-7 shows the composition of self-employed and non-self employed by gender for the City of San José.

Figure A-7.
City of San José workforce by gender, 2009-2011

Another way to look at the data is to analyze the percentage of females (and males) in the workforce who are business owners. In the City of San José, 7.4 percent of females in the workforce are business owners compared to 9.4 percent of males. This difference is statistically significant.

A greater percentage of female workers and male workers are business owners in Santa Clara County (8.2% for females and 10% for males) and California (9.1% for females and 12.8% for males). These differences are also statistically significant. Figure A-8 presents these results.
Self-employment and race/ethnicity. Keen Independent analyzed the race/ethnicity of the self-employed and the non-self-employed workforce in 2009 through 2011. Results indicate about 60 percent of business owners in the City of San José are racial and ethnic minorities compared with about 51 percent in Santa Clara County and 45 percent in California. Minorities make up a greater percentage of business owners in the City of San José compared with Santa Clara County and California, but minorities make up an even greater percentage of the non-business owner workforce. In 2009 through 2011, minorities represented almost 70 percent of the non-business owner workforce in the City of San José. Similarly, minorities comprise about two-thirds of the non-business owner workforce in Santa Clara County and almost 60 percent of the non-business owner workforce in California.

Non-Hispanic whites represent a significantly greater percentage of business owners in the City of San José relative to their representation in the non-business owner workforce. Most minority groups exhibit significantly lower representation among business owners compared to their representation among non-business owners:

- African Americans represent 1.6 percent of business owners compared to 3.3 percent of non-business owners;
- Asian Americans represent 29.6 percent of business owners and 34.4 percent of non-business owners; and
- Hispanic Americans represent 27.6 percent of business owners and 30.6 percent of non-business owners.

Figure A-9 shows the composition of self-employed and non-self employed by race/ethnicity for the City of San José.
Another way to look at the data is to analyze the percentage of workers by race/ethnicity who are business owners. In general, the percentage of minority workers in the City of San José who are business owners is significantly less than non-Hispanic whites.

- Only 4.5 percent of African American workers living in the City of San José are business owners, compared to 10.8 percent of non-Hispanic white workers.

- Less than 8 percent of Asian American workers and Hispanic American workers are business owners (7.4% and 7.7%, respectively).

About 9 percent of Native American and other minority workers are business owners, a difference not found to be statistically different from non-Hispanic whites.

Similar patterns were found for Santa Clara County and California. Across all geographic designations, minorities are less likely to own businesses as compared to non-Hispanic whites. Figure A-10 presents these results.
Figure A-10.
Percentage of workers who are business owners, 2009-2011

Notes: ** indicates the percentage of workers is significantly different from that of non-Hispanic white workers (for a given geographic designation) at a 95 percent level of confidence.

Source: Keen Independent Research from 2009-2011 Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

It is important to note that self-employment rates among workers in the City of San José are lower for all race/ethnic groups as compared to the state. Regression analyses presented in Appendix B evaluate the likelihood of self-employment after controlling for race/ethnicity, industry, educational attainment, and other demographic variables. In several industries, residents of the San José metro area are significantly less likely to own a business relative to other residents in California.

Self-employment and age. Figure A-11 presents the distribution of the workforce in the City of San José by business ownership and age. Overall, business owners are older than non-business owners. About 30 percent of business owners are 55 and older compared to about 15 percent of the non-business owner workforce. Only 17 percent of business owners are under 35 while about 37 percent of the non-business owner workers are under 35. Figure A-11 presents these results.
Figure A-11.
City of San José workforce by age, 2009-2011

<table>
<thead>
<tr>
<th>Age</th>
<th>Business owners</th>
<th>Non-business owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>2.9 % **</td>
<td>12.6 %</td>
</tr>
<tr>
<td>25 to 34</td>
<td>14.2 **</td>
<td>24.8</td>
</tr>
<tr>
<td>35 to 44</td>
<td>22.3 **</td>
<td>25.2</td>
</tr>
<tr>
<td>45 to 54</td>
<td>31.0 **</td>
<td>22.2</td>
</tr>
<tr>
<td>55 to 64</td>
<td>20.2 **</td>
<td>12.6</td>
</tr>
<tr>
<td>65 and over</td>
<td>9.4 **</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>100.0 %</td>
<td>100.0 %</td>
</tr>
</tbody>
</table>

Notes: ** indicates the age distribution among business owners is significantly different from that of non-business owners at the 95 percent level of confidence, respectively.

Source: Keen Independent Research from 2009-2011 Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

The distribution of the business owner workforce and non-business owner workforce by age at the county level and state level is nearly identical that of the City of San José.

Rates of business ownership increases with age. Among workers living in the City of San José:

- Only about 2 percent under age 25 are business owners;
- About 5 percent of workers ages 25 to 34 are business owners;
- About 8 percent of workers ages 35 to 44 are business owners;
- About 11 percent of workers ages 45 to 54 are business owners;
- About 13 percent of workers ages 55 to 64 are business owners; and
- More than one-fourth (26%) of workers ages 65 and older are business owners.

There is about a ten-year difference in the median age of business owners (48 years) and non-business owner workers (39 year) in the City of San José. This is true for Santa Clara County (49 years and 40 years) and California (48 years and 39 years).

**Self-employment and educational attainment.** Keen Independent also analyzed the educational attainment of the self-employed and the non-self-employed workforce in 2009 through 2011.

Results of this analysis reveal two significant findings. The percentage of business owners with less than a high school diploma is significantly greater than the percentage of non-business owners with
less than a high school diploma (17.5% compared to 13.3%); the percentage of business owners who have obtained a bachelors degree is significantly lower than the percentage of non-business owners that have obtained a bachelor’s degree (20.9% compared to 24.2%).

Results varied by geographic location. In Santa Clara County, far fewer business owners had less than a high school diploma (12.6%) compared to the City of San José (17.5%); more than 45 percent of business owners had achieved at least a bachelor’s degree compared with about 35 percent in the City of San José. Results for California were more closely aligned with the City of San José.

Figure A-12 presents the composition of the workforce in the City of San José by business ownership and educational attainment.

### Table A-12.
City of San José workforce by educational attainment, 2009-2011

<table>
<thead>
<tr>
<th>Educational attainment</th>
<th>Business owners</th>
<th>Non-business owners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than high school</td>
<td>17.5% **</td>
<td>13.3%</td>
</tr>
<tr>
<td>High school diploma</td>
<td>18.2</td>
<td>18.8</td>
</tr>
<tr>
<td>Some college</td>
<td>21.2</td>
<td>22.3</td>
</tr>
<tr>
<td>Associates degree</td>
<td>7.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Bachelors degree</td>
<td>20.9 **</td>
<td>24.2</td>
</tr>
<tr>
<td>Post graduate degree</td>
<td>14.7</td>
<td>13.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Notes: ** indicates the age distribution among business owners is significantly different from that of non-business owners at the 95 percent level of confidence.

Source: Keen Independent Research from 2009-2011 Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

**Small Firm and Large Firm Employee Compensation**

In past small business studies for work2future and the City of San José, the Keen study team examined the ratio of small firm payroll per employee to large firm payroll per employee.

Using data from the U.S. Census Bureau’s Statistics of U.S. Businesses, Keen Independent compared payroll per employee for firms with fewer than 20 workers to firms with more than 500 employees. Keen Independent examined 2011 payroll data for selected industries. Payroll includes several different types of compensation and is a more robust measure of employees’ overall compensation than wages alone.

**Small firm compensation relative to large firm compensation in 2011.** Figure A-13 shows the ratio of small firm payroll per employee to large firm payroll per employee in 2011.
In the professional, scientific and technical services sector, employees of small firms received about two-thirds the compensation received by employees of large firms in the San José MSA.

In the manufacturing sector, employees of small firms received about two-fifths the compensation received by employees of large firms in the San José MSA.

In the information sector, employees of small firms also only received about two-fifths the compensation received by employees of large firms in the San José MSA.

At the state level, the differences were not as pronounced; the manufacturing sector showed the greatest discrepancy, with employees of small firms receiving just over half the compensation of employees of large firms. In the professional, scientific and technical services sector, employees of small firms received about four-fifths the compensation of employees of large firms; in the information sector, employees of small firms were about on par with employees of large firms in terms of compensation.

Figure A-13.
Small firm payroll per employee per $1 of large firm payroll per employee, 2011

Notes: Ratios expressed such that, for the manufacturing sector in California, for every dollar of per-employee payroll in larger firms there is $0.54 for smaller firms.

Keen Independent analyzed the ratios from 2002 to examine changes over about the last decade. The payroll gap has widened for each sector at the metro and state level. The greatest change in the San José MSA was in the information sector. In the San José MSA in 2002, employees of small firms in the information sector received about three-fifths the compensation of employees of large firms.
APPENDIX B.
Self-Employment Regression Results

In this Appendix, Keen Independent updated the study team’s previous statistical analysis of self-employment rates by industry in the San José MSA and examines whether they differ from California after controlling for demographic characteristics. Probit regression models were analyzed separately for workers with a college degree and without a college degree. Keen Independent used data from the U.S. Census Bureau American Community Survey, 2009 through 2011.

This Appendix presents the results of the regression models. The terms “business owner” and “self-employed” are used interchangeably in the following discussion. Summary statistics for rates of business ownership and the demographics of business owners are presented in Appendix A.

We present a summary of model results and follow with detailed tables of regression output.

Summary

The impact of residence in the San José MSA on self-employment varies in direction, magnitude and degree of statistical significance based on industry and whether the worker has a college degree. However, in 2009 through 2011, there was only one case where San José resident workers were significantly more likely to own a business compared to other residents in California. In all other cases, San José residents were either significantly less likely to own a business or the likelihood of owning a business did not significantly differ from other Californians. The lower likelihood of self-employment for San José residents has persisted over time.

Figure B-1 presents these summary results. From 2009 to 2011, only college-educated San José metro residents working in the construction industry were more likely to own a business compared to other California residents. Regardless of education attainment, San José residents were significantly less likely to own a business in five industries:

- Manufacturing;
- Retail trade;
- Information;
- Professional, scientific and technical services; and
- Administrative, support, waste management and remediation services.

College-educated residents in the San José metro area working in the wholesale trade industry were also found to be significantly less likely to own a business; non-college-educated metro residents working in construction and educational services were also less likely to be self-employed.
Figure B-1.
Regression model results indicating that San José metro residents had statistically significant lower or higher rates of self-employment compared to other California residents.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College degree</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Higher</td>
</tr>
<tr>
<td>No college degree</td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>College degree</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>No college degree</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>College degree</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
<td>No college degree</td>
<td></td>
<td></td>
<td></td>
<td>Lower</td>
<td>Lower</td>
</tr>
<tr>
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<td>Accommodation and food services</td>
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</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS); previous years from 2010 study. The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
Regression Methodology

Keen Independent used a standard probit methodology for analyzing self-employment data. The probit model is based on a normal cumulative distribution. This approach has become the standard econometric technique for analyzing individual decisions (including whether or not to own a business).

The coefficients of probit analysis return the change in the cumulative normal probability distribution given one unit change in the dependent variable. Positive coefficients indicate an increase in the probability of self-employment and the larger the magnitude of a coefficient, the greater the relative impact of the given independent variable.

For these analyses, Keen Independent assumed the effect of demographic characteristics such as race, ethnicity and marital status on self-employment was consistent between the San José MSA and the rest of California. Keen Independent separated the self-employment analysis by education level, constructing two models for each sector. This method allows for variation of the impact of the independent variables across these groups of workers. The effect of residing within the San José MSA on the probability of being self-employed is modeled by an indicator variable for San José MSA residence.

Regression Variables

Dependent and independent variables are derived from a range of characteristics of individuals available in the American Community Survey PUMS data.

**Dependent variable.** Keen Independent used the “class of worker” variable from the PUMS data set to determine self-employment. Residents were classified as self-employed if they indicated they were either “self-employed in an unincorporated business or company,” or “self-employed in incorporated business or company.” In the probit analysis, self-employment was represented as a binary variable.

**Independent variables.** Keen Independent included the following binary independent variables for these analyses:

- San José MSA (where one represents a San José resident; zero represents a resident from another part of California);
- Female (where one represents female; zero represents male);
- Race and ethnicity (where a series of variables for individual race and ethnicity combinations are used for classification; one represents a specific race/ethnicity group and zero represents non-Hispanic whites);
- Homeowner (where one represents a homeowner; zero represents a renter or a non-paying occupant);
- High school diploma (where one represents the attainment of a high school diploma; zero represents no diploma or earning a diploma in addition to some college coursework);

- Some college (where one represents the completion of some college without earning a degree; zero represents no college coursework);

- Bachelor’s degree (where one represents the attainment of a bachelor’s degree only; zero represents no bachelor’s or graduate degree);

- Graduate degree (where one represents the completion of a graduate or professional degree; zero represents to graduate degree);

- English proficient (where one represents a native English speaker or an individual who speaks English “very well” or “well”; zero represents “not well” or “not at all” regarding ability to speak English; and

- Married (where one represents currently married; zero represents currently not married).

Keen Independent also included two integer independent variables: age and age squared.

**Regression Results**

The following two exhibits present the probit regression output for each industry by educational attainment for 2009 through 2011. Figure B-2 presents the regression output for college-educated workers; B-3 presents the results for workers without a college degree.

**College-educated workers.** Keen Independent analyzed the likelihood of self-employment among college-educated workers in 15 industries. Variables that affect the likelihood of self-employment vary substantially by industry; however, there are some factors that tend to affect the likelihood of business ownership more than others. Keen Independent found college-educated San José metro residents were less likely to own a business relative to other workers in California in six of the 15 industries. Other findings include:

- Females were less likely to own a business in 9 of the 15 industries;

- The likelihood of business ownership increased with age for 11 of the 15 industries and this effect decreases with advanced age;

- Higher home values were associated with increased likelihood of self-employment in 14 of 15 industries;

- African Americans and Hispanics were less likely to own businesses in more than half of the industries as compared to non-Hispanic whites; and

- Asian-Pacific Americans were less likely to own businesses in two-thirds of the industries compared to non-Hispanic whites.
Non-college-educated workers. Keen Independent also analyzed the likelihood of self-employment among non-college-educated workers in 15 industries. This analysis revealed several factors that tend to affect business ownerships.

- San José metro resident workers were less likely to own businesses in 7 of the 15 industries compared to other workers in California.

- Females were less likely to own a business in two-thirds of the 15 industries;

- The likelihood of business ownership increased with age for 14 of the 15 industries and this effect decreases with advanced age;

- Higher home values were associated with increased likelihood of self-employment in each of the 15 industries;

- Married workers were more likely to be self-employed in more than half of the industries;

- African Americans were less likely to own businesses in 11 of the 15 industries as compared to non-Hispanic whites;

- Asian-Pacific Americans were less likely to own businesses in two-thirds of the industries compared to non-Hispanic whites; and

- Hispanic Americans were less likely to be self-employed in 14 of the 15 industries.
## Figure B-2.
Self-employment by industry, 2009-2011 – resident workers with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Industry</th>
<th>Construction Coefficient (standard error)</th>
<th>Manufacturing Coefficient (standard error)</th>
<th>Wholesale trade Coefficient (standard error)</th>
<th>Retail trade Coefficient (standard error)</th>
<th>Transportation and warehousing Coefficient (standard error)</th>
<th>Information Coefficient (standard error)</th>
<th>Finance and insurance Coefficient (standard error)</th>
<th>Real estate rental and leasing Coefficient (standard error)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
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<td>-2.7451 **</td>
<td>-1.8521 **</td>
<td>-1.9712 **</td>
<td>-3.1456 **</td>
<td>-2.1556 **</td>
<td>-1.6388 **</td>
<td>-1.9712 **</td>
<td>-2.8228 **</td>
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<td></td>
<td>0.2242 *</td>
<td>-0.4499 **</td>
<td>-0.3337 **</td>
<td>-0.3707 **</td>
<td>-0.2233 **</td>
<td>-0.4972 **</td>
<td>-0.0371 **</td>
<td>-0.0726 **</td>
</tr>
<tr>
<td>Female</td>
<td></td>
<td>-0.5162 **</td>
<td>-0.0222</td>
<td>-0.3273 **</td>
<td>-0.1062 **</td>
<td>-0.4914 **</td>
<td>-0.2716 **</td>
<td>-0.4059 **</td>
<td>-0.1475 **</td>
</tr>
<tr>
<td>Age</td>
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<td>0.0769 **</td>
<td>0.0003</td>
<td>0.0383 **</td>
<td>0.0749 **</td>
<td>0.0412</td>
<td>0.0207 **</td>
<td>0.0126</td>
<td>0.0818 **</td>
</tr>
<tr>
<td>Age squared</td>
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<td>0.0005 **</td>
<td>0.0002</td>
<td>0.0001</td>
<td>0.0001</td>
<td>0.0001</td>
<td>0.0001</td>
<td>0.0001</td>
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<td>0.2541 **</td>
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<td>0.0867</td>
<td>-0.0517</td>
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<td>-0.3195 **</td>
<td>0.0320</td>
<td>0.0406</td>
<td>0.0517</td>
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<td>0.0003</td>
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<td>0.0003</td>
<td>0.0002</td>
<td>0.0001</td>
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<td>-0.0371</td>
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<td>-0.2831 **</td>
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<td>0.6501</td>
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<td>-0.2738 **</td>
<td>-0.1581</td>
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<td>-0.3259 **</td>
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<td>-0.1518</td>
<td>-0.4242 **</td>
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<td>-0.3795 **</td>
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Notes: *, ** represent statistical significance at the 90 and 95 percent level of confidence, respectively.
The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
Figure B-2 continued.
Self-employment by industry, 2009-2011 – resident workers with a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Professional, scientific and technical svcs Coefficient (standard error)</th>
<th>Administrative, support, waste mgmt and remediation svcs Coefficient (standard error)</th>
<th>Educational svcs Coefficient (standard error)</th>
<th>Health care and social assistance Coefficient (standard error)</th>
<th>Arts, entertainment and recreation Coefficient (standard error)</th>
<th>Accommodation and food svcs Coefficient (standard error)</th>
<th>Other svcs, except public administration Coefficient (standard error)</th>
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<tbody>
<tr>
<td>Constant</td>
<td>-2.7860 ** (0.1841)</td>
<td>-2.7661 ** (0.3941)</td>
<td>-1.4358 ** (0.2208)</td>
<td>-2.3018 ** (0.2184)</td>
<td>-2.5802 ** (0.3467)</td>
<td>-5.5016 ** (0.461)</td>
<td>-2.5740 ** (0.309)</td>
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<td>-0.2062 ** (0.0768)</td>
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<td>-0.0796</td>
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<tr>
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<td>-0.1134 ** (0.0439)</td>
<td>0.0294</td>
<td>-0.2924 ** (0.0254)</td>
<td>-0.0121</td>
<td>-0.0306</td>
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<td>0.0759 ** (0.0131)</td>
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</tr>
<tr>
<td>Homeowner</td>
<td>-0.0020 ** (0.0001)</td>
<td>-0.0005 ** (0.0001)</td>
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<td>-0.0007 ** (0.0001)</td>
<td>-0.0013 ** (0.0002)</td>
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<tr>
<td>English proficient</td>
<td>0.1091 ** (0.1223)</td>
<td>-0.2324 ** (0.1333)</td>
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<td>0.0598</td>
<td>0.2923</td>
<td>-0.3122 ** (0.0941)</td>
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<tr>
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<td>-0.1592 ** (0.0629)</td>
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<tr>
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<td>0.0001 ** (0.0002)</td>
<td>0.0003 ** (0.0002)</td>
<td>0.0002 ** (0.0002)</td>
<td>0.0002</td>
<td>0.0000</td>
<td>0.0000</td>
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<tr>
<td>African American</td>
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<td>-0.0304</td>
<td>-0.3310 ** (0.0656)</td>
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<td>0.7762</td>
</tr>
</tbody>
</table>

Notes: * ** represent statistical significance at the 90 and 95 percent level of confidence, respectively.
The dependent variable is the probability of being self-employed.
Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
Figure B-3.
Self-employment by industry, 2009-2011 – resident workers without a college degree

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Construction</th>
<th>Manufacturing</th>
<th>Wholesale trade</th>
<th>Retail trade</th>
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Notes: ***, ** represent statistical significance at the 90 and 95 percent level of confidence, respectively. The dependent variable is the probability of being self-employed. Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
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Notes: *, ** represent statistical significance at the 90 and 95 percent level of confidence, respectively.

The dependent variable is the probability of being self-employed.

Coefficients represent the change in the cumulative normal probability of self-employment for one unit change in the independent variable.

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
APPENDIX C.
Profile of Immigrant Workforce and Entrepreneurship in Silicon Valley

In this Appendix, Keen Independent provides a profile of the immigrant workforce and entrepreneurship in Silicon Valley and discusses this segment of the small business community in terms of:

- Size and characteristics of the immigrant workforce;
- Size and characteristics of the immigrant business community; and
- Demographics of immigrant business owners;

The profile includes an analysis of recent immigrant workers and business owners, as defined by those immigrants who immigrated in the past 10 years. The terms “business owner,” “self-employed” and “entrepreneur” are used interchangeable in the discussion.

Immigrants in Silicon Valley

Keen Independent used data from the U.S. Census Bureau’s 2009 through 2011 American Community Survey (ACS) to examine the size of the immigrant workforce and proportion of immigrant business owners in Santa Clara County and the City of San José.¹ Keen Independent also analyzed the rate of self-employment among immigrants in Santa Clara County; the analysis includes an examination of self-employment by industry.

It is important to note that no representative national or state survey provides an accurate count of undocumented immigrants. Research has shown that some groups, including undocumented immigrants who may be less likely to speak English well and have informal or temporary housing arrangements, are less likely to participate in Census surveys and are consistently undercounted; undercount estimates vary widely.²

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¹ Immigrants are defined as foreign-born and not born abroad to American parents.

² In order to estimate undocumented immigrants, many researchers use a variant of the “residual estimation methodology,” a widely-accepted technique that subtracts the number of legal immigrants as defined by the Department of Homeland Security’s Office of Immigration Statistics from the total number of foreign-born as measured by the American Community Survey or the March supplement to the Current Population Survey. The residual of unauthorized immigrants is adjusted higher to compensate for the Census undercount.
**Workforce.** Immigrants represent a substantial portion of the workforce in Santa Clara County and the City of San José.

Of the approximately 950,000 workers living in Santa Clara County, nearly half (46%) are immigrants to the United States. Immigrants account for about 15 percent of the non-minority workforce and almost two-thirds (64%) of the minority workforce.

There are approximately 566,000 workers who live in the City of San José. As in the County, nearly half (47%) are immigrants. Immigrants account for 16 percent of the non-minority workforce but nearly three-fourths (74%) of the minority workforce. Figure C-1 shows the workforce in Santa Clara County and the City of San José by immigrant status.

**Figure C-1. Workforce in Santa Clara County and the City of San José by immigrant status, 2009-2011**

![Diagram showing workforce in Santa Clara County and City of San José by immigrant status]

*Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.*

**Language barriers.** Although the vast majority of the non-minority immigrant workforce speaks English well, many immigrant workers do not.

Overall, about two out of 10 immigrant workers in the County do not speak English well. While most of the non-minority immigrant workforce (95%) speaks English well, about 23 percent of the minority immigrant workforce does not speak English well.

About 25 percent of the immigrant workforce in the City of San José does not speak English well. Nearly all of the non-minority immigrant workforce (99%) speaks English well. About one-fourth (25%) percent of the minority immigrant workforce does not speak English well.

**Naturalization.** More than half of the immigrant workers in Santa Clara County (54%) and the City of San José (57%) are naturalized citizens.
**Total immigrant business owners.** In addition to comprising a large portion of the workforce, immigrant business owners represent a substantial share of business owners in the City and the County.

Analysis of ACS data from 2009 through 2011 show approximately 87,000 business owners in Santa Clara County. Nearly half of all business owners (45%) are immigrants. The self-employment rate among immigrant workers in Santa Clara County is about 9.0 percent.

The City is home to about 48,000 business owners and more than half (51%) of all business owners are immigrants. The self-employment rate among immigrant workers in Santa Clara County is about 9.1 percent. Figure C-2 shows business owners in Santa Clara County and the City of San José by immigrant status.

![Figure C-2. Business owners in Santa Clara County and the City of San José by immigrant status, 2009-2011](image)

**Naturalization.** More than half of immigrant business owners in Santa Clara County (57%) and the City of San José (56%) are naturalized citizens.

**Education.** Immigrant business owners in the County tend to be more educated than immigrant business owners in the City. Two-fifths of immigrant business owners in the County have attained a bachelor’s degree or more (41%); 32 percent of immigrant business owners in the City have at least a four-year degree. Another two-fifths of County immigrant business owners have a high school diploma or less (39%); almost half (48%) of City immigrant business owners have a high school diploma or less. Figure C-3 shows the educational attainment of business owners in the County and the City.
Age. The median age of immigrant business owners in the County and the City is 47. About 40 percent of immigrant business owners are under age 45. About one-third are ages 45 to 54; about one-fourth are age 55 or older.

Gender. The majority of immigrant business owners are male. About four-in-ten immigrant business owners are female in the County and the City.

Race/ethnicity. Hispanics comprise the greatest proportion of immigrant business owners in Santa Clara County (29%) and the City of San José (35%). Non-Hispanic whites account for another 18 and 13 percent of immigrant business owners, respectively. Chinese and Vietnamese owners together account for more than one-fourth of immigrant business owners (27 percent in Santa Clara County and 29 percent in San José). Other minorities comprise less than 10 percent of immigrant business owners. Figure C-4 shows the race/ethnicity of immigrant business owners in Santa Clara County and the City of San José.
Figure C-4. Percentage of immigrant business owners in Santa Clara County and the City of San José by race/ethnicity, 2009-2011

<table>
<thead>
<tr>
<th>Race/ethnicity</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>29 %</td>
<td>35 %</td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>Chinese</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Asian Indian</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Korean</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Filipino</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Japanese</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Black/Negro</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Other Asian</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100 %</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

**Language barriers.** ACS data show more than 10,000 immigrant business owners in Santa Clara County and about 7,700 immigrant business owners in the City of San José who are not English language proficient. This represents more than one-fourth of all immigrant business owners (26%) in the County and nearly one-third (31%) in the City. The majority of immigrant business owners who do not speak English well are Hispanic (58%). Vietnamese and Chinese represent another 25 and 27 percent in the County and City, respectively. Koreans represent about 7 percent in the County and 5 percent in the City. Together these four racial/ethnic groups account for 90 percent of the immigrant business owners who are not English language proficient. Figure C-5 shows the race/ethnicity of all immigrant business owners who do not speak English well.
Self-employment by industry. Self-employment rates among immigrants vary substantially by industry. For example, only 2 to 3 percent of immigrant workers in the information and manufacturing industries are self-employed. Industries in which immigrants experience double-digit self-employment rates include:

- Health care and social assistance (10 to 11 percent);
- Arts, entertainment and recreation (12 to 13 percent);
- Transportation and warehousing (13 to 14 percent);
- Administrative support, waste management and remediation services (18 to 19 percent);
- Construction (18 to 19 percent); and
- Other services, except public administration (30 percent).

Figure C-6 presents self-employment rates of immigrant workers by industry.
There are more immigrant business owners in other services, except public administration than any other industry. In 2009-2011, there were about 6,700 immigrant business owners in Santa Clara County and 4,800 in the City of San José in this industry, which includes automotive repair, equipment repair and maintenance, salons, dry cleaning and laundry services, and other services. Other industries with a substantial number of immigrant business owners include:

- Construction (4,900 in the County and 3,500 in the City);
- Administrative support, waste management and remediation services (4,700 in the County and 3,400 in the City);
- Professional, scientific and technical services (4,700 in the County and 1,600 in the City);
- Health care and social assistance (4,500 in Santa Clara County and 2,600 in the City);
- and
- Retail trade (3,200 in the County and 1,900 in the City).

More than half of the immigrant entrepreneurs living in the City of San José are working in one of four industries: other services, except public administration, construction, administrative support, waste management and remediation services, and health care and social assistance. Figure C-7
presents the number of and percentage of immigrant business owners in each of the 15 industries in 2009 through 2011.

Figure C-7. Number and percentage of immigrant workers who are self-employed in Santa Clara County and the City of San José by industry, 2009-2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>4,900</td>
<td>3,500</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,600</td>
<td>1,100</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>800</td>
<td>400</td>
</tr>
<tr>
<td>Retail trade</td>
<td>3,200</td>
<td>1,900</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>1,400</td>
<td>1,000</td>
</tr>
<tr>
<td>Information</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>900</td>
<td>700</td>
</tr>
<tr>
<td>Real estate rental and leasing</td>
<td>1,900</td>
<td>1,200</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>4,700</td>
<td>1,600</td>
</tr>
<tr>
<td>Administrative support, waste mgmt and remediation services</td>
<td>4,700</td>
<td>3,400</td>
</tr>
<tr>
<td>Educational services</td>
<td>900</td>
<td>400</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>4,500</td>
<td>2,600</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>600</td>
<td>300</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>2,100</td>
<td>1,300</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>6,700</td>
<td>4,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,300</strong></td>
<td><strong>24,400</strong></td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Recent Immigrants in Silicon Valley

Keen Independent used the same data from the U.S. Census Bureau’s 2009 through 2011 American Community Survey (ACS) to examine the size of the recent immigrant workforce and proportion of entrepreneurs who are recent immigrants in Santa Clara County and the City of San José. Recent immigrants are defined as those who immigrated to the U.S. within the past 10 years.

Recent immigrant workforce. Recent immigrants represent a sizeable portion of the immigrant and total workforce in Santa Clara County and the City of San José.

Recent immigrants account for about 15 percent of all workers and about one-third (32%) of all immigrant workers in Santa Clara County.

In the City, recent immigrants account for about 13 percent of all workers and about 29 percent of all immigrant workers. Figure C-8 shows the workforce in Santa Clara County and the City of San José by immigrant status, including recent immigrants.
**Potential language barriers.** Recent immigrant workers, as a subset of all immigrant workers, are less likely to speak English.

One-in-four recent immigrant workers in the County do not speak English well. While the vast majority of the non-minority, recent immigrant workforce speaks English well (94%), about 30 percent of the minority recent immigrant workforce does not speak English well.

More than one-third (35%) of the recent immigrant workforce in the City of San José do not speak English well. Most of the non-minority, recent immigrant workforce speaks English well (93%). More than one-fourth (26%) of the minority recent immigrant workforce does not speak English well.

**Naturalization.** About 22 percent of recent immigrant workers in San José are naturalized citizens compared to 17 percent of recent immigrant workers in Santa Clara County.
Recent immigrant business owners. Recent immigrant business owners comprise more than one-in-five immigrant business owners in the County and City.

Immigrant business owners who immigrated to the U.S. within the past 10 years account for about 10 percent of all business owners in Santa Clara County and 22 percent of all immigrant business owners. The self-employment rate among recent immigrants is 6 percent, lower than that of all immigrants.

In the City, immigrant business owners who immigrated to the U.S. within the past 10 years account for about 11 percent of all business owners and 21 percent of all immigrant business owners. The self-employment rate of 6.6 percent among recent immigrants in the City is slightly higher than the County. Figure C-9 presents the distribution of business owners in the County and City by immigrant status, including recent immigrants.

Figure C-9. Business owners in Santa Clara County and the City of San José by immigrant status including recent immigrants, 2009-2011

![Pie chart showing business ownership by immigrant status and duration in Santa Clara County and City of San José.](image)

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Naturalization. The vast majority of recent immigrant business owners are not naturalized citizens. Only one-fifth of recent immigrant business owners are naturalized citizens (19% in Santa Clara County and 20% in the City of San José).

Education. One-fourth (27%) of recent immigrant business owners in the City of San José have at least a four year degree compared to 40 percent in Santa Clara County. More than half (59%) of recent immigrant business owners in the City have a high school diploma or less compared with 45 percent in the County. Figure C-10 compares the educational attainment of recent immigrant business owners in Santa Clara County and the City of San José.
Recent immigrant business owners are younger than other immigrant business owners. The median age of recent immigrant business owners is 38 in Santa Clara County and 40 in the City of San José, respectively. About two-thirds of recent immigrant entrepreneurs are under age 45 (67% in the County and 62% in the City). Only 12 percent are 55 or older.

Gender. The majority of recent immigrant business owners are male; about four-in-ten are female (41 in Santa Clara County and 44 percent in the City of San José).

Race/ethnicity. Hispanics comprise about one-third of recent immigrant business owners in Santa Clara County (32%) and about two-fifths in the City of San José (41%). Non-Hispanic whites account for another 17 and 9 percent in the County and City, respectively. Chinese, Vietnamese and Asian Indian together account for about one-third of recent immigrant business. Other minorities comprise less than 10 percent of recent immigrant owners. Figure C-11 shows the race/ethnicity of recent immigrant business owners in Santa Clara County and the City of San José.
Figure C-11. Percentage of recent immigrant business owners in Santa Clara County and the City of San José by race/ethnicity, 2009-2011

<table>
<thead>
<tr>
<th>Race/ethnicity</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>32 %</td>
<td>41 %</td>
</tr>
<tr>
<td>Non-Hispanic white</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Chinese</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Asian Indian</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Filipino</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Korean</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>Japanese</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Black/Negro</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other Asian</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other race</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Language barriers. A substantial number of recent immigrant business owners do not speak English well. Two-fifths of recent immigrant business owners in Santa Clara County and half of the recent immigrant business owners in the City of San José are not English proficient. Of those recent immigrant owners who are not proficient, most are Hispanic (61% in Santa Clara County and 62% in the City of San José), Vietnamese (14% and 17% in the County and City, respectively) and Chinese (16% and 15%, respectively). Together, these three racial/ethnic groups account for more than 90 percent of the recent immigrant business owners that are not English language proficient. Figure C-12 shows the race/ethnicity of all recent immigrant owners who do not speak English well.
Figure C-12. Race/ethnicity of recent immigrant business owners in Santa Clara County and the City of San José who do not speak English well

<table>
<thead>
<tr>
<th>Race/ethnicity</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic</td>
<td>61 %</td>
<td>62 %</td>
</tr>
<tr>
<td>Vietnamese</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td>Chinese</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Korean</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>White</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Asian Indian</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other Asian</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

**Self-employment by industry.** Self-employment rates among recent immigrants vary substantially by industry. The industry with the lowest self-employment rate among recent immigrant workers is manufacturing: only 1 percent of immigrant workers in the manufacturing industries are self-employed. Other industries in which 5 percent or fewer of immigrant workers are self-employed include retail trade, information, finance and insurance, educational services, accommodation and food services, and professional, scientific and technical services. Industries in which recent immigrants experience double-digit self-employment rates include:

- Construction (13 to 15 percent);
- Transportation and warehousing (9 to 21 percent);
- Real estate and leasing (15 to 24 percent);
- Administrative support, waste management and remediation services (13 to 15 percent); and
- Other services, except public administration (24 to 30 percent).
Figure C-13 presents self-employment rates of recent immigrant workers by industry in the County and City.

Figure C-13. Percentage of recent immigrant workforce who are self-employed in Santa Clara County and the City of San José by industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>15 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Retail trade</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>21</td>
<td>9</td>
</tr>
<tr>
<td>Information</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Real estate rental and leasing</td>
<td>15</td>
<td>24</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Administrative support, waste mgmt and remediation services</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Educational services</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>30 %</td>
<td>24 %</td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Half of all recent immigrant entrepreneurs living in Santa Clara County and more than half of all recent immigrant entrepreneurs living in the City of San José are working in three industries: other services except public administration, construction, and administrative support, waste management and remediation services. Other services, except public administration accounts for one-fifth of recent immigrant self-employed persons living in the County and one-fourth of those living in the City.

Figure C-14 presents the number and percentage of recent immigrant business owners in each of the 15 industries in 2009 through 2011.
Figure C-14. Number and percentage of recent immigrant workers who are self-employed in Santa Clara County and the City of San José by industry, 2009-2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>Santa Clara County</th>
<th>City of San José</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>1,500</td>
<td>900</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>400</td>
<td>150</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>200</td>
<td>70</td>
</tr>
<tr>
<td>Retail trade</td>
<td>600</td>
<td>350</td>
</tr>
<tr>
<td>Transportation and warehousing</td>
<td>350</td>
<td>100</td>
</tr>
<tr>
<td>Information</td>
<td>150</td>
<td>100</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Real estate rental and leasing</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Professional, scientific and technical services</td>
<td>650</td>
<td>200</td>
</tr>
<tr>
<td>Administrative support, waste mgmt and remediation services</td>
<td>1,100</td>
<td>800</td>
</tr>
<tr>
<td>Educational services</td>
<td>350</td>
<td>100</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>850</td>
<td>450</td>
</tr>
<tr>
<td>Arts, entertainment and recreation</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Accommodation and food services</td>
<td>450</td>
<td>250</td>
</tr>
<tr>
<td>Other services, except public administration</td>
<td>1,700</td>
<td>1,230</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,600</strong></td>
<td><strong>5,000</strong></td>
</tr>
</tbody>
</table>

Source: Keen Independent Research from 2009-2011 ACS Public Use Microdata Sample (PUMS). The 2009-2011 raw data extracts were obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.
APPENDIX D.
Survey of Small Businesses in Santa Clara County

From December 2014 through January 2015, Keen Independent surveyed small business owners in Santa Clara County to gauge the current economic climate for small business. This appendix explains the survey methodology, presents results and discusses their implications.

Background and Methodology

The main objectives of the survey included:

- Gauging opinions of small business owners regarding current economic conditions in the San José area;
- Measuring awareness of the small business services provided by the City of San José and partner organizations;
- Identifying factors most important to small businesses in and around San José;
- Identifying advantages for business location in San José; and
- Analyzing changes in the small business marketplace since 2010.

Keen Independent worked closely with City of San José staff to draft the survey instrument; the study team’s 2010 survey instrument provided a starting point. Keen Independent and the City identified areas of current interest and concern and revised the survey accordingly.

After developing the instrument, Keen Independent worked with Customer Research International (CRI), a telephone research firm, to conduct the interviews. Conducted in December 2014 and January 2015, the survey included 400 small business owners and managers in Santa Clara County, randomly selected from Dun & Bradstreet (D&B) listings of firms with fewer than 50 employees. All but four respondents had 35 or fewer employees.

Surveyors interviewed one owner or manager per company. CRI used computer assisted telephone interview (CATI) technology. Businesses were called up to five times in an attempt to obtain an interview.

Survey Results

The discussion of survey results begins with small business owners’ and managers’ views of current economic conditions in the San José area. The discussion continues with employment outlook and composition. This analysis is followed by an examination of factors that are important to small businesses and a location in San José. Finally, we report on the awareness of small business resources.
Business ownership and age of business. About 83 percent of individuals surveyed reported that they are the owner/partner/CEO/President of the business. The median age of the businesses surveyed was 12 years; about one-fourth had been in business five years or less and about one-fourth had been in business 25 years or more.

Opinions regarding economic conditions. Figure D-1 summarizes the opinions of respondents concerning current economic conditions. Respondents were asked how they rate the Silicon Valley economy; possible answers included excellent, good, fair or poor. Half of respondents rated the economy as good. Another 22 percent rated the economy as excellent. Only 4 percent rated the current economy as poor.

Conditions have improved substantially for small businesses since 2010. At that time, very few small business owners rated the economy as good or excellent. Half rated the economy as fair and one-third rated the economy as poor.

Figure D-1. How do you rate the Silicon Valley economy?


Additionally, most businesses reported they had not experienced any temporary cash flow issues in the past three months (83%). In 2010, almost one-third reported recent cash flow issues. Similarly, when asked about the six-month outlook, most businesses indicated they felt economic conditions would improve (63%) or stay the same (26%). Only 12 percent thought economic conditions would worsen. In 2010, one-third of businesses thought economic conditions would worsen.

Employment changes. Business owners were asked about recent and upcoming changes in the number of employees in their business. Eight-in-ten firms indicated the number of employees had remained the same over the past 3 months. About 10 percent had increased the number of employees and 7 percent had decreased the number of employees.

Similarly, over the next three months, about 80 percent of businesses do not expect to change their level of employment. However one-fifth plan to hire. Less than 1 percent plan to lay off workers. Figure G-2 shows the employment outlook and hiring over the past three months.
Figure D-2. Have you over the past 3 months, or will you in the next 3 months, increase or decrease your workforce?

Notes: Numbers may not total 100 due to rounding.

In 2010, about 80 percent of businesses also reported no change in employment in recent months and no anticipated change in employment in the coming three months. Only 12 percent indicated they would be hiring in 2010 compared to 20 percent in 2015.

Employment composition. Business owners were asked to think about the mix of jobs in their business by the requirements of the position:

- Jobs that have substantial requirements;
- Jobs that have moderate requirements; and
- Jobs that have minimum requirements.

Respondents were then asked to estimate the percentage of jobs in each category. On average, business owners reported that over half (56%) of their jobs have substantial requirements. Nearly one-third (29%) have moderate requirements. Only 15 percent have minimum requirements. Figure D-3 presents these results.
Unfilled job openings. When asked if they had any job openings that they were unable to fill, only 9 percent of business owners indicated they had unfilled openings. About 5 percent reported openings for jobs with substantial requirements, 3 percent for jobs with moderate requirements and 2 percent for jobs with minimum requirements. About half of respondents with openings for jobs with substantial requirements said they were unable to fill those positions due to the applicants’ lack of experience and/or training (32%) or competition (21%).

Advertising for job openings. Business owners were asked about all of the methods they use to advertise and recruit for job openings. About four-in-ten respondents reported word of mouth/referral. Another one-fourth indicated they use a job board or online postings. Social media is a relatively new tool used by about 8 percent; about 6 percent use Craigslist. Only 5 percent use newspaper ads to recruit for openings, including print or online.

Contact for local services. When asked if they would like to be contacted by someone with the local workforce investment board regarding services offered, 13 percent of business owners responded positively.

Employ from economically disadvantaged communities. Business owners were also asked if any of their employees are from economically disadvantaged communities. About 15 percent of respondents reported they employ workers from economically disadvantaged communities; about three-fourths indicated they do not. Ten percent of business owners said that they did not know if any of their employees are from economically disadvantaged communities.

Sales to high-tech and local community. In an effort to better understand the link between small business and the high-tech sector and the local community, business owners were asked if they sell to the high-tech sector and if so, about what percent of their sales are to businesses in the high-tech sector. Similarly, businesses were asked to estimate the percent of total sales to households and businesses in Santa Clara County.

High-tech sector sales. When asked if they sell to the high-tech sector, about half (49%) of small business owners surveyed reported that they did. Nearly half (44%) of those that indicated they sell to the high-tech sector indicated that 75 percent or more of their total sales are to firms in the high-tech sector. Another one-fifth reported 50 to 74 percent. About one-fourth of those that sell to
the high-tech sector reported less than 25 percent of total sales are to firms in this sector. Figure D-4 presents these results.

**Figure D-4.**
Do you sell to the high-tech sector and if so, about what percent of your sales are to businesses in the high-tech sector?

Notes:
Numbers may not total 100 due to rounding.
Source:

Local sales. As shown in Figure D-5, about 60 percent of businesses indicated at least half of all of their total sales are to households and businesses in Santa Clara County, with one-fourth (24%) of small businesses indicated 100 percent of their sales are to households and businesses in the County. About 20 percent report less than 50 percent of sales are to local households and businesses and another 20 percent said that none of their sales are conducted locally.

**Figure D-5.**
About what percent of your sales are to households and businesses in Santa Clara County?

Notes:
Numbers may not total 100 due to rounding.
Source:
Manufacturing. One question the survey research sought to answer was the extent to which manufacturing firm materials production occurs locally. Survey respondents were asked if their company is involved in manufacturing or materials production. About 13 percent of businesses reported involvement and those businesses were asked if the manufacturing or production occurs in Santa Clara County. About three-fourths (76%) of manufacturing firms indicated the production occurs in the County.

Factors important to small business. Business owners were asked, “I’m going to read a list of factors that might be important to a small business. Could you tell me for your business whether these are not important, somewhat important or very important?” Results showed:

- Survey respondents rated skilled workers as the most important factor, with 84 percent of small business owners reporting skilled workers are very important (65%) or somewhat important (19%);
- Low local taxes was rated as the second most important factor for small business owners with 56 percent and 26 percent reporting it is very or somewhat important, respectively;
- Being close to customers is important to eight-in-ten small business owners;
- Another cost factor — low-cost utilities — was rated very or somewhat important to 78 percent of respondents; and
- Affordable workers and good local public services were both rated important by about three-fourths of small business owners (76% and 75%, respectively).

About two-thirds (68%) of business owners reported access to suppliers is very or somewhat important. A low, local minimum wage was rated the least important factor. Nearly six-in-ten respondents (57%) indicated this factor is not important. Similarly, half of small business owners said finding office, retail or industrial space to suit their needs is not important. Figure D-6 presents these results.

In 2010, business owners were also less concerned with space to suit their needs (half rated this factor as not important). Five years ago, the most important factors to small business owners included low local taxes, followed by low-cost utilities and access to customers.
Comparison of factors between Silicon Valley and California. Owners were then asked, “Thinking about the same list of factors, please rate a location in Silicon Valley compared to a location in other cities in California. For your business, is a location in Silicon Valley better, the same or worse for your business?” About one-half of respondents rated access to customers, network of advisors and availability of skilled workers as better than in the rest of the state. About 40 percent of small business owners rate Silicon Valley better than other locations in California for selling a business or planning for succession (42%), availability of good, local public services (38%) and access to suppliers (37%).

As shown in Figure D-7, about one-third of business owners reported that a location in Silicon Valley is worse compared to other cities in California with regards to:

- Low local taxes (33%);
- Affordable workers (33%); and
- Finding office, retail or industrial space to suit business needs (32%).
Figure D-7. Rating of factors as better, the same or worse in Silicon Valley compared with other cities in California

<table>
<thead>
<tr>
<th>Factor</th>
<th>Worse in Silicon Valley</th>
<th>Better in Silicon Valley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to customers</td>
<td>5%</td>
<td>49%</td>
</tr>
<tr>
<td>Network of advisors</td>
<td>7%</td>
<td>48%</td>
</tr>
<tr>
<td>Skilled workers</td>
<td>7%</td>
<td>48%</td>
</tr>
<tr>
<td>Ability to sell a business</td>
<td>9%</td>
<td>42%</td>
</tr>
<tr>
<td>Good local public services</td>
<td>8%</td>
<td>38%</td>
</tr>
<tr>
<td>Access to suppliers</td>
<td>5%</td>
<td>37%</td>
</tr>
<tr>
<td>Appropriate zoning for your business</td>
<td>12%</td>
<td>26%</td>
</tr>
<tr>
<td>Low local taxes</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Affordable workers</td>
<td>33%</td>
<td>22%</td>
</tr>
<tr>
<td>Finding office</td>
<td>32%</td>
<td>23%</td>
</tr>
<tr>
<td>Low cost utilities</td>
<td>27%</td>
<td>19%</td>
</tr>
<tr>
<td>Low local minimum wage</td>
<td>22%</td>
<td>19%</td>
</tr>
</tbody>
</table>


The top three factors rated as better for a location in Silicon Valley have not changed since 2010 (access to customers, network of advisors and skilled workers). Similarly, two of the three top three factors rated as worse have not changed (low local taxes and affordable workers). However, in 2010, only 9 percent of small business owners said a location in Silicon Valley is worse for finding office, retail or industrial space to suit their business needs. In 2015, nearly one-third said a location in Silicon Valley is worse for finding suitable business space.

**Advantages or disadvantages to locating in the City of San José.** About one-half of the businesses surveyed are located in the City of San José. When asked whether there are advantages or disadvantages for a Silicon Valley firm to be located within the City of San José, roughly one-third (30%) of businesses in the City responded that there are no advantages or disadvantages to a location in the City. Another one-fourth (26%) were not sure if there are advantages or disadvantages to locating in San José.

Of the advantages cited for locating in the city, about one-in-four mentioned proximity to customers (15%) and other businesses (8%). More than one-in-ten mentioned networking (12%). Central location, including convenience and access to employees was cited by about 9 percent of business owners.

Disadvantages cited for a location in the City by about 10 percent of business owners included high costs (expensive business license, taxes, minimum wage and general high costs).

There were no substantial differences in 2015 from the advantages and disadvantages cited by small business owners in 2010.
Public training programs. Business owners were asked if they have ever used or are aware of public agency programs that offer on-the-job training funds and resources to local businesses.

Awareness and use. More than half of small business owners indicated they are not aware of these programs. About 38 percent reported that they are aware of the programs, but have never used any. Less than 10 percent of business owners surveyed reported they have used or participated in these programs. Figure D-8 shows these results.

Satisfaction. Business owners that reported participating in these programs previously were asked to rate their satisfaction on a scale of 1 to 3, where 1 equals very satisfied and 3 equals not very satisfied. Of those that have used the programs, one-third (34%) reported they were very satisfied and another 45 percent reported they were satisfied. One-fifth (21%) reported they were not satisfied with the program used. When prompted to indicate if they would use a similar program again, about seven-in-ten responded positively.

Reasons for lack of interest. Owners who are aware of the programs but have not used them were asked if they thought they would ever use a job-training program. About one-fifth said they thought they would and about 10 percent were unsure.

The remaining two-thirds of business owners reported they did not think they would use these public programs. When asked why not, about 40 percent responded that their employees require specialized training and/or higher education or that the programs are not applicable to their firm. About one-third said they do not have a need for these programs and 10 percent did not perceive any usefulness to the programs. About 6 percent reported conducting their own training of employees.

Business classes. Most business owners (70%) have not taken courses and/or workshops on starting or running a business. About one-third have taken classes or workshops on starting or running a business.

When asked to name all of the places where they had taken classes or workshops, universities and colleges (including community colleges) were cited by about four-in-ten businesses (38%). About 12 percent reported taking courses online. Ten percent reported private seminars and training workshops; another 10 percent cited company or professional organization training. The Small
Business Administration (including Silicon Valley SBA) was also cited by about 10 percent. SVSCORE and the City of San José were mentioned by 3 percent each of owners who had taken business classes or workshops.

Results were similar in 2010. Most respondents (35%) reported taking classes or workshops on starting or running a business at universities and colleges.

**Business provider awareness.** In order to gauge awareness of local small business service partners, owners were asked if they are aware of such providers. Figure D-9 shows that Silicon Valley Score and the Silicon Valley Small Business Development Center have the highest recognition among small business owners, with just over one-fourth of businesses indicating they are aware of these organizations. About 13 percent are aware of the San José Small Business Ally. Less than 10 percent recognized either the San José Special Tenant Improvement Program or BusinessOwnerSpace (BOS).

**Figure D-9. Percentage of small business owner who are aware of City of San José small business partners**

![Bar chart showing awareness of different small business partners.]

- Silicon Valley Score: 27%
- Silicon Valley Small Business Development Center: 26%
- City of San José Small Business Ally: 13%
- City of San José Special Tenant Improvement Program: 8%
- Business Owner Space: 5%


**Reaching out to small businesses.** Business owners were asked their preference for receiving information on local business resources. Three-fourths of business owners stated they prefer to receive information via email (53%) or through the mail (22%). Other forms of contact were mentioned by less than 10 percent of respondents: website (6%), newspaper/print media/business journal (4%), personal contact (2%) and social media (1%).

**Interaction with government.** About 43 percent of business surveyed reported working with at least one local government in Silicon Valley regarding permits, licensing, inspections or other regulations related to business in the previous 12 months. Of those that had worked with a local
government, about 40 percent mentioned the City of San José. Another 17 percent had worked with Santa Clara County.

When asked to describe their overall experience as positive, neutral or negative, over half described their experiences as positive (54% for City of San José and 58% for Santa Clara County). Very few respondents (17% for City of San José and 12% for Santa Clara County) described their experience as negative. Figure D-10 presents these results.

Figure D-10. How would you describe your experience working with the City of San José and Santa Clara County?

![Pie charts showing positive, neutral, and negative experiences for City of San José and Santa Clara County.]


In 2010, relatively more respondents reported an overall negative experience working with the City of San José and Santa Clara County.

- About 25 percent of business owners reported an overall negative experience with the City in 2010 compared to 17 percent in 2015.
- For the County, about businesses were twice as likely to report a negative experience in 2010 (24%) compared to 2015 (12%).

**Suggestions for starting and growing businesses in Silicon Valley.** Each survey participant was asked “What suggestions would you have to make it easier for people to start and grow small businesses in Silicon Valley?” The most common responses and the percentage of business owners who mentioned each suggestion are as follows:

- Reduce the tax burden/lower the cost of doing business (15%);
- Reduce the administrative burden (10%);
- Need a one-stop shop for information on starting a business (9%);
- Expand access to capital/loans for small business (9%);
- Network with organizations/associations (8%);
- Conduct market research for your business (8%);
- Have working capital and financial management skills (6%); and
- Encourage use of training/assistance (5%).

In 2010, the most frequent responses were also reducing the tax burden and administrative burden on small businesses. Small business loans and access to capital was a frequent response that year.
APPENDIX E.
Survey of Small Businesses in Santa Clara County
Differences between Minority and Non-Minority Owners

Appendix E provides additional analyses from the 2015 survey of small business owners in Santa Clara County regarding differences in the survey responses given by minority- and non-minority-business owners.

Survey Results

The discussion of survey results begins with small business owners’ and managers’ views of current economic conditions in the San José area. We then report on employment outlook and composition. This analysis is followed by an examination of factors that are important to small businesses and a location in San José. Lastly, we report on awareness of small business resources.

Race/ethnicity of small business owners. About one-third (31%) of small business owners surveyed are minorities. About 18 percent are Asian American, split equally between Asian-Pacific Americans and South Asian Americans. Hispanics represent about 6 percent of respondents and African Americans represent about 3 percent of respondents.

Age of business. Minority-owned small businesses are more likely to be younger than non-minority-owned small businesses in Santa Clara County. The median age of the minority-owned small businesses surveyed was 8 years; non-minority-owned small businesses have been operating for a median of 16 years. About one-fourth of minority-owned businesses have been in business for four or fewer years; about one-fourth have been in business for 16 or more years. One-fourth of non-minority-owned firms have been in business for 30 years or more.

Opinions regarding economic conditions. Figure E-1 shows minority business owners were slightly less likely to report the current economic conditions as excellent or good. Respondents were asked how they rate the Silicon Valley economy; possible answers included excellent, good, fair or poor.

- About three-fourths of non-minority owners indicated the economy is excellent or good. About two-thirds of minority owners agreed.
- Minority owners were more likely to indicate the economy is fair (29% vs. 22% for non-minority owners).
- Additionally, minority-owners are more likely to report temporary cash flow issues in the past three months (25% vs. 14% for non-minority owners).
Figure E-1. How do you rate the Silicon Valley economy?

When looking forward to the next six months, minority owners were more likely to indicate the economic conditions for their business would be better (68% vs. 60% for non-minority owners).

Employment changes. Business owners were asked about recent and upcoming changes in the number of employees in their business. Minority-owned businesses were more likely to indicate they had decreased the number of employees (13% vs. 4% for non-minority-owned businesses) during the previous three months. The majority of all businesses indicated the level of employment had not changed (76% of minority-owned businesses and 86% of non-minority-owned businesses).

When asked if they expected to hire employees over the next three months, minority owners were twice as likely to say “yes” (32% and 15% of minority and non-minority owners, respectively). Almost no businesses, regardless of ownership, indicated they would be laying off workers.

Employment composition. Business owners were asked to think about the mix of jobs in their business by the requirements of the position:

- Jobs that have substantial requirements;
- Jobs that have moderate requirements; and
- Jobs that have minimum requirements.

Respondents were then asked to estimate the percentage of jobs in each category. Non-minority business owners reported that over 60 percent of their jobs have substantial requirements and about 10 percent have minimum requirements. Minority business owners reported less than one half of their jobs have substantial requirements and nearly one-fourth have minimum requirements. Figure E-2 presents these results.
Figure E-2.
Please think about the mix of jobs in your business. About what percent have substantial, moderate and minimum requirements?

![Chart showing job requirements by business type](chart.png)


About 10 percent of businesses reported job openings that they are unable to fill, regardless of ownership. However, minority owners were more likely to report difficulty filling jobs with moderate requirements (46%) and minimum requirements (38%) while non-minority owners were more likely to report difficulty filling jobs with substantial requirements (71%). There were no substantial differences in the method of advertisement for job openings between minority-owned and non-minority-owned businesses.

**Contact for local services.** Minority business owners were twice as likely to indicate they would like to have someone from the local workforce investment board contact them regarding services they offer (21% vs. 10% for minority and non-minority business owners, respectively).

**Employ from economically disadvantaged communities.** Business owners were also asked if any of their employees are from economically disadvantaged communities. About one-fifth of minority business owners reported they employ from economically disadvantaged communities; about 13 percent of non-minority business owners reported the same. Ten percent of business owners did not know if any of their employees are from economically disadvantaged communities, regardless of ownership.

**Sales.** Business owners were asked about sales to high-tech firms and sales to individuals and businesses within the County.

**High-tech sector sales.** When asked if they sell to the high-tech sector, about half of minority- and non-minority-owned small businesses responded positively. Minority owners were more likely to indicate a smaller percentage of total sales to businesses in the high-tech sector (30% vs. 21% for non-minority owners).

**Local sales.** Businesses are equally likely to sell to households and businesses in Santa Clara County regardless of ownership. When asked what percentage of sales are to households and businesses in the County, about one-fifth of both minority- and non-minority-owned businesses reported no sales.
within the County; about one-fourth of each reported 100 percent of sales to households and businesses within the County.

**Manufacturing.** Most businesses are not involved in manufacturing (89% of minority- and 87% of non-minority-owned businesses). Of those that are involved in manufacturing, the majority report production occurring in the County, regardless of ownership.

**Factors important to small business.** Business owners were asked, “I’m going to read a list of factors that might be important to a small business. Could you tell me for your business whether these are *not important, somewhat important or very important*?” Results showed minority owners are more likely to indicate every factor is very or somewhat important as compared to non-minority owners. Factors with a 10 point difference or more include:

- Good local public services (82% vs. 70%);
- Finding office, retail or industrial space to suit needs (62% vs. 47%);
- Being close to customers (88% vs. 77%);
- Appropriate zoning for your business (71% vs. 60%); and
- Low local minimum wage (63% vs. 34%).

Figure E-3 presents these results.

**Figure E-3. Factors *very important or somewhat important* to Santa Clara County small businesses**

Respondents’ comparison of factors between Silicon Valley and California. Owners were then asked, “Thinking about the same list of factors, please rate a location in Silicon Valley compared to a location in other cities in California. For your business, is a location in Silicon Valley better, the same or worse for your business?” There were far fewer differences between minority and non-minority owners when comparing factors in Silicon Valley to other cities in California. Minority owners were more likely to rate appropriate zoning for your business and low local taxes as better compared to non-minority owners (32% vs. 23% and 23% vs. 14%, respectively) but less likely to rate access to suppliers as better compared to non-minority owners (32% vs. 40%).

Advantages or disadvantages to locating in the City of San José. Relatively more minority-owned business respondents are located in the City of San José. More than one-half of minority business owners reported their business is located in the City (56%); about 45 percent of non-minority business owners reported a location in the City.

When asked about advantages and disadvantages to locating in the City, there were no substantial differences in the responses of minority and non-minority small business owners.

Public training programs. Business owners were asked if they have ever used or are aware of public agency programs that offer on-the-job training funds and resources to local businesses.

Awareness and use. Minority owners were more likely to indicate they are not aware of public agency programs that offer training resources. Figure E-4 presents these responses by ownership.

Figure E-4. Public agencies offer on-the-job training funds and online and in-person job training resources to local businesses. Have you ever used or are you aware of these programs?

Potential use of programs. When owners who had not used the programs previously were asked if they would ever use public training programs, minority small business owners were twice as likely to indicate they would use programs in the future (34% vs. 17% for non-minority owners).

Business classes. Most business owners (70%) have not taken courses and/or workshops on starting or running a business. About one-third have taken any classes or workshops on starting or running a business. There were no substantial differences based on ownership.

Business provider awareness. In order to gauge awareness of local, small business service partners, owners were asked if they are aware of five local, small business service providers. Figure E-5 shows that Silicon Valley Score and the Silicon Valley Small Business Development Center have the highest recognition among small business owners, regardless of ownership; however, minority owners are less likely to indicate awareness of both organizations relative to non-minority owners.

Figure E-5. Percentage of small business owner who are aware of City of San José small business partners


Reaching out to small businesses. Business owners were asked their preference for receiving information on local business resources. There were no significant differences between minority- and non-minority owners (most indicated a preference for email and mail).

Interaction with government. About four-in-ten business surveyed reported working with at least one local government in Silicon Valley regarding permits, licensing, inspections or other regulations related to business in the previous 12 months (44% of minority-owned businesses and 43% of non-minority-owned businesses).
Suggestions for starting and growing businesses in Silicon Valley. Each survey participant was asked “What suggestions would you have to make it easier for people to start and grow small businesses in Silicon Valley?” Differences in responses based on ownership included:

- Minority owners were less likely to mention lowering the cost of doing business (6% vs. 11% for non-minority owners);
- Minority owners were less likely to mention reducing administrative burden (4% vs. 14%);
- Minority owners were twice as likely to mention encouraging the use of training/assistance (8% vs. 4%); and
- Minority owners were more than three times as likely to indicate that there is a need for a one-stop shop for information on starting a business (17% vs. 5%).
APPENDIX F.
Survey of Small Businesses in Santa Clara County

Hello, my name is ____________, and I am calling on behalf of work2future, which is affiliated with the City of San José. We are updating our study about the importance of small business in Silicon Valley and asking for the opinions of small business owners. The survey takes only a few minutes and is confidential. [ASK FOR BUSINESS OWNER OR MANAGER]

SA  [IF THERE IS A LANGUAGE BARRIER WITH THE SURVEY RESPONDENT, SPECIFY LANGUAGE FOR CALLBACK AND THEN TERMINATE]

   1  No language barrier

   2  Specify language for callback [TERMINATE]

SCREENERS

S1  I have a few basic questions about your company. Can you confirm that this is [FIRM NAME]?

   1  Right company

   2  Not right company [TERMINATE]

   98  Don’t know [TERMINATE]

   99  Refuse to give information [TERMINATE]

S2  Is your company part of a larger firm with a headquarters outside of Santa Clara County?

   1  Yes [TERMINATE]

   2  No

   98  Don’t know

   99  Refused

S3  Does your firm have multiple locations in Santa Clara County?

   1  Yes

   2  No

   98  Don’t know

   99  Refused
S4 Dun & Bradstreet indicates that your company has about [NUMBER] employees for all of your locations. Is that a fairly accurate average thinking about all of 2014?
1 Yes [IF 25-49 EMPLOYEES SKIP TO S6 OTHERWISE SKIP TO QA1]
2 No
98 Don’t know
99 Refused

S5 If you include all company locations, how many employees — including yourself — does the company have?
1 1 [SKIP TO QA1]
2 2 to 4 [SKIP TO QA1]
3 5 to 9 [SKIP TO QA1]
4 10 to 24 [SKIP TO QA1]
5 25 to 35 [SKIP TO QA1]
6 36 to 49 [SKIP TO QA1]
7 50 or more [TERMINATE]
98 Don’t know
99 Refused

S6 Do you have more than 35 employees?
1 Yes
2 No
98 Don’t know
99 Refused

GENERAL SMALL BUSINESS QUESTIONS

QA1 About how many years have you been in business?
1= [VERBATIM]

QA2 Are you an owner of the business?
1 Yes
2 No [SKIP TO QA6]
99 Refused [SKIP TO QA6]
QA3  Did you start the business?
1  Yes
2  No
99  Refused

QA6  Generally speaking, do you see the economic conditions for your business getting better or worse in the next 6 months?
1  Better
2  Worse
3  Same
4  Not sure / don’t know
99  Refused

QA7  Over the past three months, has your business encountered any temporary cash flow issues that caused you to hold off on paying some bills?
1  Yes
2  No
98  Don’t know
99  Refused

QA8  During the last three months, did the total number of employees in your firm increase, decrease, or stay about the same?
1  Increased
2  Decreased
3  Stayed the same
98  Don’t know
99  Refused

QA9  Over the course of the next three months, will your company be hiring more workers, laying off workers, or making no change in the workforce?
1  Hiring more workers
2  Laying off workers
3  No change
98  Not sure / don’t know
99  Refused
QA9a  Please think about the mix of jobs within your business in terms of applicant requirements and separate the jobs into 3 categories, those that have substantial requirements including a college degree or significant work experience, those that have moderate requirements including some work experience, training or college and those that have minimal requirements,

About what percentage of jobs have substantial requirements?
1= [VERBATIM]
[If unable to answer, ask if about two thirds, one-half or one-third (67%, 50% or 33%)]

QA9b About what percentage of jobs have moderate requirements?
1= [VERBATIM]
[If unable to answer, ask if about two thirds, one-half or one-third (67%, 50% or 33%)]

QA9c About what percentage of jobs have minimal requirements?
1= [VERBATIM]
[If unable to answer, ask if about two thirds, one-half or one-third (67%, 50% or 33%)]

QA10 Do you have any job openings that you are not able to fill right now?
1 Yes
2 No [Skip to AQ10c]
98 Don’t know [Skip to AQ10c]
99 Refused [Skip to AQ10c]

QA10a Are these opening for jobs that have substantial, moderate or minimal requirements?
[Select all that apply]
1 Substantial requirements [if indicated, ask QA10b]
2 Moderate requirements [if indicated, ask QA10c]
3 Minimal requirements [if indicated, ask QA10d]
98 Don’t know [Skip to AQ10c]
99 Refused [Skip to AQ10e]
QA10b  Why are you not able to fill jobs that have substantial requirements?

[Do not read. Select all that apply.]
1. Applicants lack required education
2. Applicants lack required experience
3. Applicants lack required training
4. Applicants have poor communication skills
5. Applicants have poor interpersonal skills
6. Local training program(s) curriculum not sufficient
7. University/college curriculum(s) not sufficient
8. Offers haven’t been accepted
9. No responses to postings
10. Offers haven’t been accepted
11. Other [SPECIFY]
98. Don’t know
99. Refused

QA10c  Why are you not able to fill jobs that have moderate requirements?

[Do not read. Select all that apply.]
1. Applicants lack required education
2. Applicants lack required experience
3. Applicants lack required training
4. Applicants have poor communication skills
5. Applicants have poor interpersonal skills
6. Local training program(s) curriculum not sufficient
7. University/college curriculum(s) not sufficient
8. Offers haven’t been accepted
9. No responses to postings
10. Offers haven’t been accepted
11. Other [SPECIFY]
98. Don’t know
99. Refused
QA10d Why are you not able to fill jobs that have minimal requirements?

[Do not read. Select all that apply.]

1 Applicants have poor communication skills
2 Applicants have poor interpersonal skills
3 Applicants are over-qualified
4 Applicants are not qualified
5 No responses to postings
6 Offers haven’t been accepted
7 Other [SPECIFY]
98 Don’t know
99 Refused

QA10e Please name all the methods you use to advertise and recruit for job openings?

[Do not read. Select all that apply.]

1 Job board or other online network
2 Social media or LinkedIn
3 work2future, NOVA, workforce board or government job board
4 Word of mouth and internal referrals
5 Company website
6 Professional industry organizations, unions, etc.
7 Colleges and universities
8 Newspaper ads (print or online)
9 Employment agency
10 Other [SPECIFY]
98 Don’t know
99 Refused

QA10f Would you like to have someone from your local workforce investment board contact you regarding services they offer?

1 Yes
2 No
98 Don’t know
99 Refused
QA10g Are any of your employees from economically disadvantaged communities in the Santa Clara County area?
   1  Yes
   2  No
   98 Don’t know
   99 Refused

QA12  Generally speaking, how would you rate the Silicon Valley economy these days? Excellent, good, fair, or poor?
   1  Excellent
   2  Good
   3  Fair
   4  Poor
   98 Not sure / don’t know
   99 Refused

QA12a Do you sell to the high-tech sector and if so, about what percent of your sales are to businesses in the high-tech sector?
   1  No, we don’t sell to the high tech sector
   2  Less than 10
   3  10 to 24
   4  25 to 49
   5  50 to 74
   6  75 or more
   98 Don’t know
   99 Refused
QA12b  About what percentage of your sales are to households and businesses located in Santa Clara County?

1  0
2  Less than 10
3  10 to 19
4  20 to 29
5  30 to 39
6  40 to 49
7  50 to 59
8  60 to 69
9  70 to 79
10  80 to 89
11  90 to 99
12  100
98  Don’t know
99  Refused

QA12c  Is your company involved in manufacturing or materials production?

1  Yes
2  No [Skip to QA13]
98  Don’t know [Skip to QA13]
99  Refused [Skip to QA13]

QA12d  Does the manufacturing or production occur in Santa Clara County?

1  Yes
2  No
97  Other [SPECIFY]
98  Don’t know
99  Refused

QA13  I’m going to read a list of factors that might be important to a small business. Could you tell me for your business whether these are not important, somewhat important, or very important?

[ROTATE QA13a – QA13l]
QA13a  Networks of advisors.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13b  Skilled workers.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13c  Affordable workers.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13d  Good local public services.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused
QA13e  Office, retail or industrial space to suit business needs.
1  Not important
2  Somewhat important
3  Very important
98 Not sure / don’t know
99 Refused

QA13f  Access to suppliers.
1  Not important
2  Somewhat important
3  Very important
98 Not sure / don’t know
99 Refused

QA13g  Being close to customers.
1  Not important
2  Somewhat important
3  Very important
98 Not sure / don’t know
99 Refused

QA13h  Low-cost utilities.
1  Not important
2  Somewhat important
3  Very important
98 Not sure / don’t know
99 Refused
QA13i  Appropriate zoning for your business.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13j  Low local taxes.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13k  Low local minimum wage level.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA13l  Ability to sell a business or plan for succession.
   1  Not important
   2  Somewhat important
   3  Very important
   98 Not sure / don’t know
   99 Refused

QA14  Thinking about the same list of factors, please rate a location in Silicon Valley compared to a location in other cities in California. For your business, is a location in Silicon Valley better, the same or worse for your business?

[ROTATE QA14a – QA14l IN SAME ORDER AS QA13]
QA14a  Networks of advisors.
  1  Better
  2  Same
  3  Worse
  98  Not sure / don’t know
  99  Refused

QA14b  Skilled workers.
  1  Better
  2  Same
  3  Worse
  98  Not sure / don’t know
  99  Refused

QA14c  Affordable workers.
  1  Better
  2  Same
  3  Worse
  98  Not sure / don’t know
  99  Refused

QA14d  Good local public services.
  1  Better
  2  Same
  3  Worse
  98  Not sure / don’t know
  99  Refused
QA14e  Office, retail or industrial space to suit business needs.
       1  Better
       2  Same
       3  Worse
       98  Not sure / don’t know
       99  Refused

QA14f  Access to suppliers.
       1  Better
       2  Same
       3  Worse
       98  Not sure / don’t know
       99  Refused

QA14g  Being close to customers.
       1  Better
       2  Same
       3  Worse
       98  Not sure / don’t know
       99  Refused

QA14h  Low-cost utilities.
       1  Better
       2  Same
       3  Worse
       98  Not sure / don’t know
       99  Refused
QA14i  Appropriate zoning for your business.
   1  Better
   2  Same
   3  Worse
   98  Not sure / don’t know
   99  Refused

QA14j  Low local taxes.
   1  Better
   2  Same
   3  Worse
   98  Not sure / don’t know
   99  Refused

QA14k  Low local minimum wage level.
   1  Better
   2  Same
   3  Worse
   98  Not sure / don’t know
   99  Refused

QA14l  Ability to sell a business or plan for succession.
   1  Better
   2  Same
   3  Worse
   98  Not sure / don’t know
   99  Refused

QA15  Is this location or any of your business locations in the City of San José?
   1   Yes
   2   No
   98  Don’t know
   99  Refused
QA16  Are there advantages or disadvantages for a Silicon Valley firm to be located within the City of San José? [LIST SPECIFIC ADVANTAGES, DISADVANTAGES. OPEN-ENDED FOR PRE-TEST]

1  Networking opportunities
2  Proximity to customers
3  Proximity to other businesses
4  Expensive business license
5  High taxes
6  High cost area in general
7  Minimum wage
8  Other [SPECIFY]

SAN JOSÉ AREA SPECIFIC SMALL BUSINESS QUESTIONS

QB1a  Public agencies offer on-the-job training funds and online and in-person job training resources to local businesses. Have you ever used or are you aware of these programs?

1  Used
2  Not used, but aware [Skip to QB1d]
3  Not aware [Skip to QB2]
4  Other [SPECIFY] [Skip to QB2]

QB1b  Can you rate your experience on a scale of 1 to 3, where 1 equals very satisfied and 3 equals not very satisfied?

1  Very satisfied
2  Satisfied
3  Not very satisfied
98  Don’t know
99  Refused

QB1c  Do you think you will ever use those programs again?

1  Yes [Skip to QB2]
2  No [Skip to QB1c]
98  Don’t know [Skip to QB2]
99  Refused [Skip to QB2]
QB1d  Do you think you will ever use those programs?
1  Yes [Skip to QB2]
2  No
98  Don’t know [Skip to QB2]
99  Refused [Skip to QB2]

QB1e  Why not?
Open-ended for pre-test
1  [VERBATIM – 250 Character limit]

QB2  Have you taken any classes or workshops on starting or running a business?
1  Yes
2  No
98  Don’t know
99  Refused

QB2a  Please name all of the places you took classes or workshops
1  San Jose Entrepreneur Center
2  Professional/trade association/Chamber
3  Trade show or conference
4  College or University (including community college)
5  Small Business Administration (SBA)
6  Silicon Valley Small Business Development Center (SBDC)
7  Silicon Valley SCORE
8  Other [SPECIFY]

QB2b  I’m going to list some local small business assistance providers. Please tell me if you aware of the following small business partners.
[ROTATE QB2b1 – QB2b7]

QB2b1  Silicon Valley SCORE
1  Yes
2  No
98  Not sure / don’t know
99  Refused
<table>
<thead>
<tr>
<th>Question</th>
<th>Program Description</th>
<th>Code 1</th>
<th>Code 2</th>
<th>Code 3</th>
<th>Code 98</th>
<th>Code 99</th>
</tr>
</thead>
<tbody>
<tr>
<td>QB2b2</td>
<td>Business Owner Space (BOS – pronounced “Boss”)</td>
<td>Yes</td>
<td>No</td>
<td>Not sure / don’t know</td>
<td>Refused</td>
<td></td>
</tr>
<tr>
<td>QB2b3</td>
<td>City of San Jose Small Business Ally</td>
<td>Yes</td>
<td>No</td>
<td>Not sure / don’t know</td>
<td>Refused</td>
<td></td>
</tr>
<tr>
<td>QB2b4</td>
<td>City of San Jose Special Tenant Improvement Program</td>
<td>Yes</td>
<td>No</td>
<td>Not sure / don’t know</td>
<td>Refused</td>
<td></td>
</tr>
<tr>
<td>QB2b5</td>
<td>Silicon Valley Small Business Development Center</td>
<td>Yes</td>
<td>No</td>
<td>Not sure / don’t know</td>
<td>Refused</td>
<td></td>
</tr>
</tbody>
</table>
QB2b8 How do you like to receive information on local business resources?

[Do not read. Select all that apply]

1. Don’t like to get information/none
2. Email
3. Website
4. Social media
5. Mail
6. Fax
7. Personal contact, phone call, etc.
8. Other
98. Not sure / don’t know [Skip to QB3]

QB3 In the past 12 months, have you had to work with any local governments in the Silicon Valley regarding permits, licensing, inspections or other regulations related to your business?

1. Yes
2. No [Skip to QB5]
98. Don’t know [Skip to QB5]
99. Refused [Skip to QB5]
QB3a Which local governments?

[NAME A, B, C, D]

[IF RESPONDENT SPECIFIES A DEPARTMENT OR AGENCY, PROBE TO DISCERN IF THE ORGANIZATION IS A CITY, COUNTY or STATE AGENCY.]

1 City of San Jose
2 Other City [SPECIFY]
3 Santa Clara County
4 Other California County
5 State of California Department or Agency
6 Other local government [SPECIFY]
7 Campbell
8 Cupertino
9 Gilroy
10 Los Altos
11 Los Altos Hills
12 Los Gatos
13 Milpitas
14 Monte Sereno
15 Morgan Hill
16 Mountain View
17 Palo Alto
18 Santa Clara
19 Saratoga
20 Sunnyvale

QB4a If you had to describe your overall experience as positive, neutral, or negative, how would you describe your experience working with _____ [LOCAL GOVERNMENT A]?

1 Positive
2 Neutral
3 Negative
98 Don’t know
99 Refused
QB4b  How would you describe your overall experience working with _____ [LOCAL GOVERNMENT B]?
1 Positive
2 Neutral
3 Negative
98 Don’t know
99 Refused

QB4c  How would you describe your overall experience working with _____ [LOCAL GOVERNMENT C]?
1 Positive
2 Neutral
3 Negative
98 Don’t know
99 Refused

QB4d  How would you describe your experience working with _____ [LOCAL GOVERNMENT D]?
1 Positive
2 Neutral
3 Negative
98 Don’t know
99 Refused
QB5 Thinking back on your experience with your business, what suggestions would you have to make it easier for people to start and grow small businesses in Silicon Valley? [Do not read. Select all that apply]

1 Loans for small businesses
2 Lower the cost of doing business in the Silicon Valley (e.g., taxes, fees)
3 Reduce administrative burden on small businesses (e.g., streamline paperwork)
4 Encourage use of local training or assistance
5 Develop small business incentives (e.g., tax breaks, location zoning permits)
6 Expand access to capital
7 Network with professional organizations, trade associations and Chambers of Commerce
8 Reduce the tax burden on small businesses
9 Hire small businesses to complete public projects
10 Provide small business assistance in locally spoken languages
11 Other [SPECIFY]

QB6a. Just a few last questions. A business is defined as woman-owned if more than half – that is, 51 percent or more – of the ownership and control is by women. By this definition, is your firm a woman-owned business?

1 Yes
2 No
98 Don’t know

QB6b. A business is defined as minority-owned if more than half – that is, 51 percent or more – of the ownership and control is African American, Asian, Hispanic, Native American or another minority group. By this definition, is your firm a minority-owned business?

1 Yes
2 No [SKIP TO QB7]
98 Don’t know [SKIP TO QB7]
QB6c. Would you say that the minority group ownership is mostly African American, Asian-Pacific American, South Asian American, Hispanic American or Native American?

1. African American
2. Asian-Pacific American
3. South Asian American
4. Hispanic American
5. Native American
98. Don’t know
99. Other [SPECIFY]

QB7. What is your name and position at [firm name / new firm name]?

(RECORD FULL NAME)
1=VERBATIM

QB8. What is your position?

1. Receptionist
2. Owner
3. Manager
4. CFO
5. CEO
6. Assistant to Owner/CEO
7. Sales manager
8. Office manager
9. President
10. Vice President
11. Partner
98. Other [SPECIFY]
99. Refused
QB9. Would you be willing to participate in a follow-up interview about any of these issues?
   1 Yes
   2 No
   98 Don’t know
   99 Refused

QB9b. Would you please provide your email information for follow-up contact?
   1= [EMAIL - VERBATIM]
APPENDIX G.
Summary of Interviews with Stakeholders

Keen Independent conducted in-depth telephone interviews with City of San José staff and stakeholders from a number of small business service providers including:

- Santa Clara County;
- San José State University;
- Partners of BusinessOwnerSpace.com;
- Neighborhood business associations; and
- Other manufacturing- and community-based organizations.

Annette Humm Keen, Principal at Keen Independent, gathered qualitative input from about 25 business assistance providers. Discussions focused on three key issues:

1. Current small business environment in San José;
2. Gaps in services for small businesses including immigrant businesses; and
3. Recommendations for concrete actions the City could take in the next year.

We summarize, in aggregate, insights on these three issues below.

1. Current Small Business Environment in San José

Most interviewees reported an improving economy in San José as evidenced by an increase in the number of small businesses seeking their services. Interestingly, some also reported a client shift from start-ups to a greater number of “high-potential” firms (three-plus years in business) preparing for the next big step. However, with limited staff, many business assistance providers had difficulty servicing all the businesses seeking their assistance, including high-potentials.

Many business assistance providers indicated that there are serious deficiencies in the number of area service providers compared with the number of small businesses in need of services. Interviewees reported:

- “It’s important to set realistic expectations. We don’t have enough people to address the size of the small business community.”
- “We don’t have the staff to fill all the gaps in [small business] services.”
- “We can’t ‘alone’ handle the demand for services; we need to all ‘work smarter.’”
2. Gaps in Services for Small Businesses including Immigrant Businesses

Many small business assistance providers identified gaps in small business services in the San José area.

**Limited access to technology.** Some looked to technology to bridge the gap between the limited number of service providers and the needs of a large number of small businesses and immigrant businesses in the San José area. For example, one business assistance provider commented, “We can’t do it all; we need to spread the word [leveraging] social media and technology to work smarter.” Some recommended updating www.BusinessOwnerSpace.com to better meet the need for 24/7 outreach and communications.

Many interviewees, however, reported that relying entirely on technology without “one-on-one” training to serve small businesses could widen the economic gap. A number of small business service providers identified the need for digital literacy, particularly among recent immigrant, non-English speaking business owners. Several business assistance providers indicated that many of their recent immigrant business owners lacked access to a computer, or adequate training to effectively use a computer for operating their business.

- “There are still small business owners in San José operating without a computer. For example, landscapers and daycare operators.”

- “More can be done with computer classes and improving business owners’ access to computers. We see those [particularly recent immigrant, non-English speaking business owners] who need basic skills as simple as setting up an email account.”

- “To keep up with other more established businesses, we need to help [emerging and] disadvantaged businesses become more tech savvy, accept Internet payments and help them avoid credit card scams [for those taking credit cards for payment] … navigate SEOs.”

- “For [high-potential] businesses, there needs to be how-to training for submitting bids and gaining exposure to public and private sector procurement opportunities.”

Another small business assistance provider primarily serving recent immigrant business owners suggested focusing on “smartphone technology.” He reported that a substantial portion of his clients who are non-English speaking, recent immigrants used smartphones set up in their native languages. “Providing advanced training and easy access to [smartphone] business Apps [and products] such as “Square®” could be the answer for those business owners having familiarity with smartphones but who are lacking fluency with computers.”

**Little capability to serve non-English speakers.** Some interviewees reported inequity in the economy, identifying emerging immigrant businesses as largely underserved. For example, most local business assistance providers interviewed reported little capability to serve non-English speakers.

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1 Square® is the trade name for a credit card processing and business solutions product, “Square Reader,” and other products and services: www.squareup.com.
Language barriers are a big problem; we have limited ability to communicate [with non-English speakers seeking small business assistance]. There are some ‘old flyers’ around, but that’s all.”

“We can all benefit from resources including multilingual websites and translation services.”

“We need specific resources for native languages.”

“Our agency tried to staff a multilingual counseling position for eight years.”

“We serve really diverse, multicultural businesses; it’s difficult to find and afford interpreters.”

“Our clients who are non-English speaking bring an English-proficient family or friend with them sometimes. We rarely get feedback or know if we were helpful.”

Those with multilingual capabilities reported shortfalls in translating complex business information. For example:

“There’s a real need for business translation and interpreters — business, legal (including regulatory demands), insurance, real estate, financial and other business language translation.”

“I’m [only] fluent in Spanish ‘lay speak.’ I’m never 100 percent sure that I’m getting through to a client, or that I know or can communicate all the technical terms.”

“We rely on our non-English speaking clients to bring their own interpreters — typically a family member or friend. Although fluent, family and friends are often not knowledgeable about business terminology and may cause more harm than good. We never know if what we say is being communicated accurately.”

**Gaps in training.** Some mentioned that one-on-one services are critical to business success, particularly when working with business owners who are recent non-English-speaking immigrants. Many reported this gap coupled with the need for increased “train-the-trainer” programming and more formalized partnerships and sharing of resources among stakeholders such as the City of San José, Santa Clara County, BusinessOwnerSpace partners and other area stakeholders. “First, we need to train the trainers to make more progress.”

“We need to coordinate more, connect with the County and make partnerships more formal.”
“When serving small businesses, you’re never going to totally eliminate ‘handholding.’ [For the City to encourage small businesses to prosper,] the critical path involves making new agreements with area chambers and reconnecting with area service providers. Resources need to be shared equally and effectively.”

“We have ‘Your Business Coaching Center’ as a tool, but [for best use of the web portal] need to sustain internal staff and stakeholder training … because of turnover.”

Many business assistance providers indicated that small businesses and emerging immigrant businesses require improved financial, legal and other regulatory training to succeed and expand. For example, one business assistance provider reported, “Some say it’s strictly about securing working capital; however, when lacking financial fluency, and legal, insurance, business management, staffing and other regulatory training, we see failure. Money is not the only answer; the answer has to be a ‘complete package’ including one-on-one training.”

**Limited access to and management of working capital.** Access to capital is an issue for recent immigrant entrepreneurs just like other business owners. Many reported an even greater disadvantage for emerging immigrant business owners when attempting to secure working capital. Some reported that those businesses are particularly susceptible to lending swindles and other financial challenges. For example:

- “New immigrant businesses are at a disadvantage when seeking credit or other banking services. They can get into trouble if they don’t know what to look for when getting involved with accepting credit cards and securing loans.”
- “There’s a need for outreach to immigrant communities. [Recent immigrant business owners] may seek loans from ‘alternative’ funding sources that can result in high interest and ultimately default. Helping secure loans from traditional microloan sources can be the difference between success and failure.”
- “Small and [emerging] immigrant businesses need access to microloans in the $5,000 to $20,000 range. These loans can help a three-to-four-year-old business take the next step … build a new product prototype to expand and grow.”

**3. Recommendations for Concrete Actions the City could take in the Next Year**

Many business assistance providers recommended strategies for narrowing gaps in services. The following suggestions summarize those recommendations.

- “Formalize partnerships … share resources [among key stakeholders including BusinessOwnerSpace partners and other area stakeholders].”
- “Provide training to improve computer [and other digital] literacy.”

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2 “Your Business Coaching Center” is the City of San José’s permitting and business tax online portal. This is supported by the City’s Small Business Ally Program.
“Assist providers with multilingual resources and translation services to improve outreach to and training for non-English speaking business owners.”

“Develop and sustain [best] methods to ‘train the trainer’ and sustain that training.”

“Package training [for small business and recent immigrant businesses] to include business management and staffing, and legal, real estate, insurance and other regulatory training.”

“Train [high-potential] business owners to identify and respond to procurement opportunities.”

“Improve access to working capital: Through partnerships with lenders, provide access to microloans in the $5,000 to $20,000 range for high-performing small businesses operating for three or more years.”
APPENDIX H.
Case Study of New York City’s Immigrant Business Initiative

In this Appendix, Keen Independent provides an overview of New York City’s recently implemented Immigrant Business Initiative. The Appendix is organized as follows:

- Background;
- Structure; and
- Implementation.

Appendix H also includes information on New York City’s approach to translation services for the immigrant entrepreneur sector.

Immigrant Business Initiative

Like San José, immigrants comprise almost half of the workforce and business owners in New York City. Survey research of New York City immigrant entrepreneurs conducted in 2011 showed most immigrant businesses (92%) had not received any City-sponsored assistance and half of those were not aware of the services available; however nearly 80 percent expressed a desire for services. Services most desired included financial assistance, legal guidance and marketing services. Other results showed most immigrant businesses did not have an internet presence (company website) and about one-third only accepted cash payment.¹

In 2014, the City launched an initiative to assist immigrant entrepreneurs. The initiative is a result of a public/private partnership between the City’s Small Business Services (SBS) and Citi Community Development.² The initiative has several objectives:

- Identify needs of specific immigrant business communities;
- Design and execute solutions; and
- Raise awareness of services.

Background. The City solicited proposals in June 2014 from organizations with existing ties to the immigrant entrepreneurial community to provide solutions to helping local immigrant entrepreneurs. Specifically, they asked organizations to identify the needs of the immigrant entrepreneurial communities they serve and propose tailored solutions. The City sought organizations with the ability to provide services in five target languages: Spanish, Chinese, Korean, Haitian-Creole and Russian.

¹ The Fund for Public Advocacy and ACCION USA. (February 2012). Immigrant Entrepreneurs: Paving the Way for Job Creation in New York City.
² A division of Citigroup that focuses on “achieving financial inclusion and economic empowerment for underserved individuals, families and communities by working with nonprofit and public agencies across the country.”
Citi Community Development provided funding of $250,000. Organizations with the ability to provide services in one of the requested target languages could request up to $35,000; organizations that could provide services in two of the target languages could request up to $50,000. In October 2014 the City awarded funds to five community-based organizations.

**Structure.** The Immigrant Business Initiative is facilitated by SBS and executed by the five chosen organizations. These organizations are tasked with executing their tailored plans, as well as providing free business courses, one-on-one counseling and community-based outreach in five target languages: Spanish, Chinese, Korean, Haitian-Creole and Russian.

About 80 percent of the funds provided by Citi Community Development were awarded to the community-based organizations. The remaining 20 percent of the funds are being used by the City’s Small Business Services for administrative and marketing purposes.

The funding provided by Citi Community Development was a one-time infusion. The City has historically enjoyed a positive relationship with Citi and is hopeful that they will continue to fund this program. If need be, the City will pursue other funding opportunities to continue to fund this program.

**Implementation.** The immigrant business initiative program is modeled after the City’s current business assistance outreach system of Business Solution Centers located in each of the five boroughs. The Business Solution Centers provide free business services, including business courses, recruitment, pro-bono legal assistance and help navigating government. Each of the partner organizations will enhance these services by providing business education in a neighborhood’s preferred language, focusing on topics that have been identified as specifically of interest to the immigrant community. They will also provide one-on-one small business counseling in the preferred language and will direct immigrant entrepreneurs to resources provided in preferred languages.

To date, marketing of this initiative has been limited; however SBS is nearing completion of a marketing plan that will help raise awareness of the free business services available to immigrant communities.

While the program is in infant stages, the City reports early positive feedback. The City believes this initiative has changed the relationship between government service providers and the immigrant business sector. All parties have recognized real value in the coordination of the delivery of business services.

**Translation Services**

Title 8 of the New York City Administrative Code requires agencies to provide translation services to limited English proficient individuals seeking or receiving benefits or services. Furthermore, agencies must make all reasonable efforts to provide language assistance services in person by bilingual personnel.

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3 Title 8, Chapter 10, Section 8 of the New York City Administrative Code: [http://72.45.128.254/nyc/adcode/Title8C10_8-1003.asp](http://72.45.128.254/nyc/adcode/Title8C10_8-1003.asp).
As a result of New York City law and the City’s commitment to providing services to business owners with limited English proficiency, SBS provides all of the most requested documents on their website in the top languages spoken. They have also recently translated many of their business courses into seven languages: Spanish, Russian, Chinese, Korean, Haitian Creole, Bengali and Arabic.

SBS has worked with some of the partner organizations listed above to translate documents and has also contracted with LanguageLine, a company based in Monterey, CA, that provides translation of documents, websites and training materials as well as over-the-phone, in-person translation services.
APPENDIX I.
Digital Fluency and Small Businesses

In order to study the extent to which small businesses in the City of San José are digitally fluent, Keen Independent compiled national research on use of technology by small businesses and, where available, immigrants. A summary of small business programs designed to increase digital fluency among small businesses follows.

Small Business Digital Fluency

In the past five years, several companies have conducted surveys of small businesses to determine web presence, digital literacy and digital fluency.

Google/Ipsos. In 2011, 2012 and 2013, Google partnered with Ipsos MediaCT to survey small businesses (as defined by 250 employees or less) on Internet use and the presence of a company website. National results showed that in 2012, 58 percent of small businesses (250 employees or less) did not have a website. In 2013, 55 percent of small businesses (250 employees or less) did not have a website.

Capital One. Capital One conducts a quarterly telephone survey of 400 small businesses (defined as less than $10 million in annual sales). The survey is designed to gauge the economic climate for small businesses. Each quarter additional topical questions are asked as well.

Q4 2013. In the fourth quarter of 2013, small businesses were asked about mobile technology usage. About 86 percent of small business owners indicated they use mobile technology to interact with customers. One-third (34%) use mobile technology every day.

Q1 2014. In the first quarter of 2014, small businesses were asked about mobile application usage. About 36 percent of owners reported they use mobile apps on smartphones or tablets to help manage their business and one-fourth (24%) reported usage of mobile apps on a daily basis. However, 61 percent indicated they do not use mobile application technology. Firms in retail are even less likely to use mobile application technology for their business. About 71 percent of owners in the retail industry do not leverage mobile technology. Firms in the transportation industry (57%) are more likely to use mobile technology to support business operations.

Statistics Canada. Because there is very little recent information about computer use by U.S. businesses, Keen Independent examined data for Canada. Statistics Canada publishes an annual report on business technology use by Canadian businesses and the data are available by enterprise size.

In 2012, about 79 percent of small businesses (0 to 19 employees) reported having a computer. In 2013, about 84 percent reported having a computer.
Internet-enabled mobile device usage is growing at a faster rate. In 2012, about half of small businesses reported using an Internet-enabled mobile device. In 2013, this percentage had increased to 58 percent.

For comparison purposes, medium-size business (20 to 99 employees) reported computer usage at 94 and 97 percent in 2012 and 2013, respectively. Medium-size business use of Internet-enabled mobile devices also rose considerably from 2012 to 2013, from 74 percent to 83 percent.

While most businesses report using the Internet for business purposes (89 to 99 percent, depending on size), small businesses are significantly less likely to have a website. In 2012, 41 percent of small enterprises had a website and in 2013, 42 percent had a website. About 83 percent of medium-size enterprises had websites in 2012 and 2013. About 91 percent of large enterprises had websites in those years.

**Digital Fluency among Immigrant Population**

The following studies in the United States examine digital technology use among immigrant populations and business owners.

**Pew Research Center Study.** A 2013 report from the Pew Research Center examined Internet, mobile device and computer use among U.S. Hispanics, including immigrants. The study concluded that Hispanics are closing the gap with non-Hispanic whites in technology usage.1 Because the report was based on 2012 and earlier data, technology use would be higher today.

**Internet use.** Internet usage by Latinos is on the rise and gains have largely been driven by foreign-born Latinos and Spanish-dominant Latinos. In 2012, nearly eight-in-ten Latinos (78%) reported using the Internet at least occasionally. In 2009, only 64 percent reported occasional Internet use. Among foreign-born and Spanish-dominant Latinos, Internet usage rates increased significantly between 2009 and 2012 from 51 to 69 percent for foreign-born Latinos and 36 to 63 percent for Spanish-dominant Latinos. Only 31 percent of Latino adult Internet users are English-dominant; about 41 percent are bilingual and 28 percent are Spanish-dominant.

**Mobile device access.** In 2012, about three-fourths of Latinos reported that they access the Internet from a mobile device. Among foreign-born Latinos, 70 percent access from a mobile device and among Spanish-dominant Latinos, about two-thirds (65%) access the Internet from a mobile device.

**Computer ownership.** Nearly three-fourths (72%) of Latinos said they owned a desktop or a laptop computer (in 2012). About two-thirds of foreign-born Latinos owned a computer.

**Cellphone use.** Most Latino adults had a cellphone (86%). From 2009 to 2012, cellphone ownership among Latinos has increased 10 percentage points.

**Smartphone use.** About one-half of Latino adults had a smartphone (49%) in 2012, slightly more than non-Hispanic whites (46%) and on par with African Americans (50%). Foreign-born Latinos represented about 46 percent of all Latino smartphone users. About one-third (32%) of Latino

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smartphone users were English-dominant and about half (47%) were bilingual. About one-fifth of Latino smartphone users were Spanish-dominant.

**Social networking.** About two-thirds (68%) of Latino Internet users in 2012 indicated they use social networking sites. About half of those that use social networking were foreign-born (46%) and about one-fourth were Spanish-dominant (25%).

**New York City immigrant business owner study.** A 2011 survey conducted by The Fund for Public Advocacy and ACCION USA focused on 52 New York City neighborhoods with substantial immigrant populations. The study sought out immigrant business owners and researchers completed 625 surveys.

The results showed:

- 83 percent of respondents were foreign-born;
- 87 percent of businesses did not have a website; and
- One-third only accept cash payment;

Respondents were asked to provide an email address to receive a summary of the report. Almost 80 percent of business owners did not submit an email address. About one-third of businesses with a website submitted an email address; only 19 percent of businesses without a website submitted an email address.

**Programs Assisting Small Businesses with Digital Fluency**

**Brooklyn Chamber of Commerce GoDigital.** Starting in January 2015, Brooklyn Chamber of Commerce employees and Google volunteers will visit businesses in immigrant and low-income neighborhoods and help educate owners on improving their online presence and marketing, including using social media and search optimization tools. This effort is part of the chamber’s “Brooklyn GoDigital!” campaign, started in 2014 to help small businesses get online after research showed only 50 percent of businesses in New York are online and businesses that use the web grow up to 40 percent faster. This particular part of the GoDigital campaign is funded in part by a $25,000 grant from Google.

**Louisville, KY Digital Economic Corridors.** The City of Louisville developed a program called Digital Economic Corridors to help small businesses use the Internet to increase web presence and brand visibility after research showed the following:

- Only 16 percent of local businesses were accurately represented online;
- 43 percent lacked key information like hours of operation or a link to their website;
- 20 percent were incorrectly categorized; and
- 21 percent did not appear at all on Google Maps.

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The program provides online instructions for free tutorials for businesses to sign up with Google Places, Yelp, Better Business Bureau, Yahoo! Local and Citysearch. For restaurants, there are additional instructions to sign up with a local-based mobile app, Menu and Hours.

**Washington DC Get Your Business Online.** Washington DC’s Department of Small and Local Business Development has also partnered with Google to offer free websites for businesses in the District of Columbia. The website for Get Your Business Online with Google provides four easy steps to setting up an online business website. It also provides links for monitoring your online traffic and using web analytics to improve your online presence.

**Oakland Digital Arts and Literacy Center.** Oakland Digital Arts and Literacy Center (ODALC) started in 2009 in Oakland’s Chinatown. ODALC is a nonprofit digital marketing organization that connects local design students with underserved small business owners. They focus on mentoring community college students to use their design interests and skillset to help local, lower income entrepreneurs build business models and a digital presence that incorporate the Internet, mobile devices and other digital tools.