

# **THE ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC ON KOREAN SMALL BUSINESS OWNERS AND EMPLOYEES IN NEW YORK METROPOLITAN AREA**

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Yunju Nam, Ph.D.  
*University at Buffalo*

Eun Jeong Lee, Ph.D.  
*Asian American Resource and Information Network, Inc.*

## **THE PURPOSES OF THE STUDY**

This qualitative study aims at our understanding of the economic impacts of the Covid-19 pandemic on Korean American small business owners and employees in New York Metropolitan Area. This study covers the following topics: 1) Korean American small business owners' and employees' experience during the Covid-19 pandemic; (2) the roles of the U.S. government's policies and programs for Korean American small business owners and employees to overcome economic challenges during the pandemics; (3) individual and collective efforts in responses to economic losses and difficulties during the pandemic. By expanding our knowledge on these topics, this study provides useful guide in developing and implementing policies and programs for Korean American community.

## **BACKGROUNDS**

The Covid-19 pandemic has had extremely negative impacts on Asian Americans, especially those working in the small business sector. In addition to the public health crisis generated by the virus (e.g., high rates of infection, hospitalization, and mortality) (McLaren, 2021) and economic shocks initiated by economic lockdowns and social distancing policies (Brodeur, Gray, Islam, & Bhuiyan, 2021; Chetty, Friedman, Hendren, Stepner, & the Opportunity Insights Team, 2020), Asian Americans have suffered from widespread Anti-Asian hate violence. Because Covid-19 originated in China, the virus was linked with people with Chinese or Asian ancestry by the mass media (Ittefaq et al., 2022). Some politicians, including former President Trump, provoked anti-Asian sentiments by calling the virus the "China Virus," "Kung Flu," or "Asian Virus" (Reny & Barreto, 2020; Thorbecke & Zaru, 2020). This political rhetoric reactivated the image of Asian Americans as "perpetual foreigners," which is deeply rooted in U.S. society (Li & Nicholson Jr., 2021; Reny & Barreto, 2020) and shifted the responsibility of failed public health responses to Asian Americans.

These pandemic-induced social, economic, and political changes have disturbed all aspects of Asian American lives. Asian Americans suffered from economic loss during the pandemic. The rate of job loss was steeper among Asian Americans than any other racial/ethnic groups (Kim, Kim, Tuttle, & Zhang, 2021; Thorbecke & Zaru, 2020). According to the state of New York, the number of Asians filing for unemployment benefits increased from 501 in 2019 to 51,653 in 2020, a more than 10,000 increase rate (Thorbecke & Zaru, 2020). At the same time,

Asian Americans have increasingly been the target of racial/ethnic hate violence, discrimination, and exclusion during the pandemic. Public intimidation and racist attacks toward Asians are prevalent both in virtual (Oyebode et al., 2021) and non-virtual worlds (Artiga et al., 2021; Ruiz, Edwards, & Lopez, 2021). A nationwide survey shows that Asian Americans experienced psychological, verbal, and physical violence at higher rates than other racial groups, resulting in a substantial portion (26%) feeling fearful of being threatened or physically attacked (Artiga et al., 2021; Ruiz, Edwards, & Lopez, 2021).

Existing evidence indicates that Asian Americans in the small business sector may have experienced severe distress during the pandemic. Compared to large businesses, small businesses are vulnerable to sudden shifts in business environments because of low financial resources: about two thirds do not have cash enough to cover 2 months' expenses (Bartik et al., 2020). Furthermore, small businesses are hit harder by social distancing policies because they are concentrated in sectors requiring in-person contacts (e.g., restaurants and retail): Their revenue declined sharply and low-wage workers in these sectors remained unemployed for an extended time period (Chetty et al., 2020). Asian-owned small businesses have had severe impacts, as shown in their high business closure rate (26%) (Fairlie, 2020). They have likely had a hard time obtaining government assistance, such as the Paycheck Protection Program (PPP) because of language barriers (AAPI Data, 2020) and a lack of information (Humphries, Neilson, & Ulyseas, 2020). Intensified anti-Asian sentiments may have aggravated business situations among Asian-owned small businesses: Commercial traffic in Asian ethnic business areas (e.g., Chinatown) declined more sharply than those in neighboring areas (Ong, Comandom, DiRago, & Harper, 2020); business closure rates were also higher in Chinatown than other areas (Yi et al., 2021). Asian American small business owners reported an unwillingness to ask customers to wear masks out of fear of retaliation (c. ong & Zhang, 2021). At the same time, Asian American employees working at restaurants suffered from underemployment and income loss: Their working hours declined because of decreased patronage, but their job made them ineligible for unemployment benefits (c. ong & Zhang, 2021).

However, our knowledge of Asian Americans' experiences is far from comprehensive (Artiga, Hill, Corallo, & Tolbert, 2021). Most studies relied on available public data (e.g., commercial traffic data) (P. Ong, Comandom, DiRago, & Harper, 2020; Yi et al., 2021) without asking Asian Americans about their own thoughts and feelings about their experiences. In addition, previous studies have not paid attention to Asian Americans' individual- and community- level efforts to overcome challenges during the pandemic. These studies do not recognize the possibility that Asian Americans are active agents who seek solutions to counter unfavorable circumstances.

To fill some gaps in our knowledge, this study conducted a qualitative study of Korean American small business owners and employees in the New York Metropolitan area. This study focused on Korean Americans for a few reasons. They are rarely studied although they are also targets of Anti-Asian hate violence as shown in the Atlanta shooting (New York Times, 2021). Most existing studies focus on small businesses in Chinatown (P. Ong et al., 2020; Yi et al., 2021). Second, among Asian ethnic groups, Korean Americans have the highest percentage of self-employment: 19% of Korean Americans are self-employed compared to 8% of Chinese Americans (Min & Kim, 2018).

This study asked following questions on the following topics: (1) What experiences have Korean American small business owners and employees had during the pandemic? How have

their experiences changed over time throughout the pandemic?]; (2) What roles have government policies and assistances played for Korean American small business owners and employees to overcome economic challenges during the pandemic?; and (3) How have Korean American small business owners and employees responded to the pandemic-induced socioeconomic crises both individually and collectively?

## **METHODS**

This study employs a qualitative research method to obtain in-deep understanding of Korean small business owners' and employees' lived experiences during the Covid-19 the pandemic. This study used convenience sampling in recruiting study participants who meet the following four criteria: (1) self-identified Korean or Korean American; (2) small business owners or employees; (3) 18 years old or older; and (4) able to be interviewed either in English or in Korean. The two authors of the study collected data using in-depth face-to-face or Zoom interviews based on a semi-structured interview guide. All interviews were carried out after the Institutional Review Board at University at Buffalo approved the study design.

All interviews were recorded and transcribed verbatim. After reading these transcripts, the authors of this report developed a list of codes and analyzed these transcribed interview data based on the list of codes. The authors identified patterns and emerging themes in data. Throughout the data analyses, the two authors discussed analysis strategies and initial analysis results. The two authors reached agreement before reporting their findings.

## **FINDINGS**

### **Brief Description of interviewees**

This study conducted in-depth interviews with 38 study participants (22 small business owners and 16 employees). Among 22 small business owners, one interviewee is excluded from the analysis because the interview ended before enough information was collected. The final analysis sample consists of 21 owners and 16 employees. The basic demographic characteristics of study participants are as follows:

#### **Small Business Owners (N=21)**

- ✓ 13 men and 8 women
- ✓ Average age is 56, ranging from 45 and 68
- ✓ Average age at immigration is 37
- ✓ Average interview length is 72.5 minutes

#### **Small Business Employees (N=16)**

- ✓ 5 men and 11 women
- ✓ Average age 53.5 , ranging from 32 and 62
- ✓ Average age at immigration is 34.4
- ✓ Average interview length is 64 minutes

## Findings from Qualitative Data

### 1. Government's assistances

Most small business owners and employees could overcome economic hardship thanks to government assistances (e.g., Paycheck Protection Program, Unemployment Benefits) during the pandemic. The U.S. governments at various levels – federal, state, and local governments – provided various benefits for small business owners and employees during the Covid-19 pandemics. The government policies include extended unemployment insurance benefits, Paycheck Protection Program (PPP), and the Economic Injury Disaster Loan Program (EIDL) program (Fairlie & Fossen, 2022; US Department of Labor, n.d.). This study's qualitative interviews indicate that these emergency government programs played critical roles for small business owners and employees to go through the Covid-19 pandemic. Most interviewees said that they had no income and had economic hardship during the first 2-3 months immediately after the outbreak of the pandemic because they could not open their business due to the lockdown mandate, except for essential businesses.; They could survive mainly due to economic supports from the government. As small business owner shared this experience as follows:

*"I lost a lot of money [during the lockdown]. Immediately after the outbreak of the pandemic, there was newsmedia coverage about government assistance programs...The news of government programs gave me hope and the government delivered these benefits promptly. Small business owners like me were benefited greatly from these programs. I received PPP [at the beginning]. Early this year, I also received the assistance to restaurants [Restaurant Revitalization Fund]. These benefit covered 100% of the loss I had last year. As a result, I did not lose anything." (Owner #2)*

Another small business owner in Nail Salon business said that she could not have survived the pandemic without government benefits

*"I could survive thanks to PPP. Without PPP, I might... Many owners closed their business [during the pandemic.] I would be one of them [if I had not received PPP.] (Owner #6)*

The same pattern emerged for the employees. Employees who were eligible were able to receive the unemployment benefits.

*"There weren't really any major blows. There wasn't. Because me and my husband also had a \$600 extra (unemployment benefits). Otherwise, we would have been hurt." (Employee #1)*

*"Personally, though, the government gave us a lot of aid compared to other countries. So I thought, 'I could have endured this much in America'." (Employee #15)*

### 2. Challenges of receiving the government assistance

Not everyone received government benefits. Some could not obtain government assistances because of eligibility or immigration status. Those who could not receive government assistance experienced severe economic hardship.

Although the majority of business owners and employees were benefited from government benefits, especially those created to meet economic needs due to the pandemic, a

small number of interviewees could not take advantage of these programs. They were unable to benefit from these government programs because of eligibility rules or their immigration status.

Two small business owners applied for various grants and loans for small business owners but their applications were rejected because they opened their business in 2019, just before the outbreak of the pandemic. They could not provide needed business records for these government benefits: These government benefits required them to submit 2019 tax records and/or prove that their business generated profits in the past. With short-periods in new business, these two small business owners were unable to prepare for these documents.

*“[A CPA (Certified Public Accountant) told me that] I am not eligible for any of government benefits. When I informed him when I opened my business, he said that there was no benefits available to me (Owner #1)”*

For employees, the eligibility and immigrant status were the major challenges when applying for the benefits. During the interviews, the participants who were not able to receive the benefits expressed their frustration.

*“My husband was supposed to get it (unemployment benefit) too, but he got a little frustrated... he didn't apply. How did he not file his 2019 tax return?..... Anyway, my husband was also a bit frustrated.” (Employee #5)*

*“I thought it will pass for a while then, and then it gets longer, so a little... I don't get anything from the government. I couldn't get it..... I couldn't get it at all because I was undocumented.” (Employee #10)*

In addition to the unemployment benefits and PPP, there was another government assistant, called Emergency Rental Assistance Program (ERAP), but one employee shared why she was not able to receive it.

*“I didn't get it (ERAP). I called and they said I am not able to receive it. I don't know. When I said ‘I'm in a difficult situation right now and can't pay the rent anymore’, they said that this only applies to people who are in a situation where they will be kicked out because they can't pay the rent. They said no. But I borrowed and paid the rent in order not to be kicked out, but I shouldn't have paid it, and they said no. I didn't know. I have a mother in old age, and I don't want to be kicked out, so I borrowed money from people I know here and there, and I paid all of it, but they said that I shouldn't have paid rents. So I didn't get any help.”(Employee #14)*

### 3. Accessibility to the government assistance

The majority of small business owners and employees had hard time in accessing government benefits because of language barriers. Although the majority could survive economic shocks from the pandemic with government assistances at the time of interview, a large proportion of interviewees struggled in applying for benefits mainly because of language barrier. For small business owners, language barrier was one of the biggest challenges.

*“To us, English is not our first language. It is the second language. I often feel depressed because of the language. For example, governments provided various benefits this time [during the pandemic]. Native speakers of English obtained information much quicker than us. Accordingly, they received every benefit available and the maximum amounts possible.*

*However, it was extremely hard for us to apply for these benefits. It was really hard to talk [with government officers in charge] by phone. We received much less than we deserve. I want to say that it was really hard for us to receive these benefits” (Owner # 12)*

*“For me, [it was hard.] My son speaks English well but he does not know business. Because he does not know details of the business... He tried [to help me apply for government programs] but he told me “I cannot do it” and gave up.” (Owner # 6)*

#### 4. Ways to Overcome Language Barriers

The majority of small business owners and employees overcame language barrier to government programs and benefits through social network and information and communication technologies (ICT, such as Social Media).

##### a. Social network

Some participants received information from informal social network, such as friends and relatives.

*“I have many friends who are doing business. We asked each other “Did you apply for PPP?” [Interviewer: Did you exchange information by phone or through Kakao Talk? [Social Media popular among Koreans and Korean Americans; Korean version of WhatsApp]] With friends? Mostly in person. We are very close friends to each other... In addition, [I obtained information from] relatives. All of my close relatives are doing business. I did not want to meet strangers during the pandemic and spent time mostly with relatives and friends.” (Owner # 10)*

##### b. Social media

Many interviewees obtained information through social media (e.g. Kakao Talk).

*“There are many Kakao Talk Group Chats. Group Chat for golf, group chat for gatherings, etc. Information was shared really quickly through them. If one person in Kakao Talk Group chat obtains new information, he or she shares it through Group Chat. Then, everyone learns from the talk. [The chat gives instructions] “If you go to this place [a certain website, etc.], you can do this or that.” The chat provides all information needed.” (Owner # 4).*

##### c. Internet media/YouTube

A small number of interviewees actively looked for online information, such as websites and YouTube.

*“I owe a lot to YouTube [I benefited from YouTube]. California has more information than East Coast. Korean community in California is more active. For example, [I learned from YouTube videos created by] John Chung who is a lawyer and CPA and Byungchang Ahn who is a CPA. My CPA here knew less than me. I watched YouTube videos everyday. Everyone has different (information) needs. Some information [in YouTube] is relevant to me and other is irrelevant. While watching various YouTube videos, I kept records of information useful to me. This is a notebook I made during the pandemic.” (Owner # 12)*

*“At that time, information about unemployment benefits was also updated every day. I was mainly told by friends. A friend at church tells me, and then, “The information is up on YouTube, so go (YouTube videos) quickly.” And now, if you get to know a certain YouTube here, they have made a reliable YouTube videos, so you continue to search and upgrade through the algorithm. Keep doing it and now you're learning.” (Employee # 3)*

d. Information and communication technology (ICT) by organizations

There were organized efforts to disseminate information through ICT. For example, Association of Korean Nail Salon of New Jersey collected and disseminated needed information through Webinars in a structured and systemic way. President of the association describes how the leadership of the business association mobilized resources to disseminate the information.

*“Vice President of our association is 35 years old. He came to the United States when he was a third grader. He went online and searched for information. He searched for PPP, EIDM, and all other programs. He shared the information with members. “Please apply for XXX. This is how to do this and how to do that.” He continuously updated information. The association runs Kakao Talk Group Chat. Every nail salon owners in the association received 100,000 to 200,000 grants. They do not need to pay back. This is how we survived.” (Owner # 5)*

The association also runs webinars to share information in a more systemic way:

*“I often runs webinars. I do it once a week. Everytime, one hundred people participate in a webinar. The maximum is 100 people. One hundred people joined the webinar.”*

e. Ethnic media

The ethnic media had an important role to disseminate the information as well.

*“I watched a lot of news. It's KBN and it's a Korean news called KTV. Here's what we do here in New York, New Jersey. That explained the Covid situation very well. So I mainly watched it a lot and got information through it.” (Employee # 4)*

*“I'm still old-fashion. So I read the newspaper (US-based Korean newspapers) very carefully every day. All areas of politics, society and economy are covered through newspapers, then Korean news, and then various things. Then watch TV sometimes. I get a lot of information mainly from newspapers.” (Employee # 5)*

5. The Role of Community Organizations

During the pandemic, the community organizations have played critical roles in delivering the information the government assistances and providing essential services, especially for disadvantaged people.

*“It was very hard [for me to apply for government benefit]. I did not know how to do it. President of the Association uploaded information on PPP and other programs through Kakao Talk Group Chat. I received tons of help from the Association (the Association of Korean Nail Salon) and people who I got to know through the Association. Those fluent in English in the Association helped me apply for government benefits... Because they also run business, they knew exactly what documents I needed.” (Owner # 6)*

"I didn't even know if there's unemployment benefits. I lost my job because of the lockdown at that time. I didn't know there was such a thing (like community organizations), but at that time I was out of my job and had to look for new jobs here and there. So I called the XX Center and XX Center to find out about other jobs, and then they told me about the unemployment benefits..."(Employee # 13)

## POLICY SUGGESTIONS

COVID-19 has been a global disaster, no one was free from the negative impact; however, the economic impact was much severe for Korean Americans who are linguistically vulnerable to access the government resources. Two major policy suggestions will be presented: Language services and more support for community nonprofit organizations.

1. The federal, state, and local governments should accommodate language services for those with limited English proficiency so that they have access to government benefits.
2. The federal, state, and local governments should support community nonprofit organizations. Many small business owners and employees told that they were able to receive information and government assistances thanks to community nonprofit organizations.

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For questions and comments, please email to the authors: Yunju Nam ([yunjunam@buffalo.edu](mailto:yunjunam@buffalo.edu)) or Eun Jeong Lee ([ejlee@aarin.org](mailto:ejlee@aarin.org))