



GLOBAL JOURNAL OF MANAGEMENT AND BUSINESS RESEARCH: A  
ADMINISTRATION AND MANAGEMENT  
Volume 16 Issue 5 Version 1.0 Year 2016  
Type: Double Blind Peer Reviewed International Research Journal  
Publisher: Global Journals Inc. (USA)  
Online ISSN: 2249-4588 & Print ISSN: 0975-5853

## Asian Minority-Owned Business in the U.S.

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**Abstract-** Minority-owned businesses are not increasing in number since 2008 because the economy in the United States, and most of the world for that matter, are yet to recover fully. The period following the recession has been characterized by very high lending interest rates in different financial markets in the U.S. and the world over. Minority-owned businesses have been struggling to circumvent the high expenses of doing business as financial institutions try to recover from the catastrophic 2008 recession. The costs of acquiring resources necessary for production, too, have been increasing progressively, limiting the number of minority-owned businesses that can be established. The rapid flow of customers that existed before the 2008 recession, too, is yet to resume to its full capacity and the reduced demand has affected the emergence of new, minority-owned businesses (Brunner, 2007). Minority-owned businesses are also facing stiff competition from larger corporations that managed to stay virtually unaffected throughout the 2008 recession.

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**GJMBR - A Classification :** JEL Code : M00



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# Asian Minority-Owned Business in the U.S

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## I. CHALLENGES FACING BY ASIAN MINORITY OWNED BUSINESS IN THE US AND GLOBALLY

Several research investigations have stated that Asian minority owned businesses in United States faces many challenges and one of the major challenge that minority Asian owned businesses facing is access to the finance as compared to White owned US businesses. A research study was conducted in which 403 small owned businesses in the 15 localities in United States were investigated. In such study it is found about 60% of the Asian owned minority businesses had sought loans from banks verses about 40% of the White and African-Caribbean minority owned businesses that had applied for bank loan. About 40% of the Asian owned businesses had reported that encounter many problems in getting loan such as either their loan application has been rejected or paying loans under conditions which are not reasonable. However only about 20% of the White owned businesses reported such problems in obtaining loans in the United States

(Jones and Trevor). The Asian owned businesses rely more on the non-business market loans and usually finance, their start-up with their own loan and reported that due to the lesser access to finance in the US they face problems in the expansion of their businesses.

Another challenge that Asian minority businesses such as Bangladeshi facing is the collateral issues due to the creditworthiness problem of the Asian minority businesses require them to keep a valuable collateral with the bank in the return of bank loan and this collateral issue is associated with the Asian owned businesses operated in disadvantaged inner areas of cities due to which this disadvantage further creates problems of skill shortages, poor health conditions and also access to the health services and also the crime level in these cities are high which further created problems for these businesses (Hussain and Javed). Language and cultural barriers of Asian owned businesses creates challenge of free flow of the information between these businesses and lenders. Due to information deficiencies and poor communications these Asian businesses appears more riskier to the lenders which worsens their access to the finance (Dhaliwal and Spinder). Higher rate of interest that these Asian businesses have to pay on the loan payment further worsens the access to finance for these loans as due to the higher interest loans as compared to the White owned businesses these businesses face difficulty in accessing the loans (Fraser and Stuart).

## II. IMPACT OF DIVERSITY ON THESE BUSINESSES

As the increasing globalization in the world requires more interaction amongst different people that belongs from different cultures, have different beliefs and value systems and backgrounds. Diversity has an impact on Asian and other minority owned businesses because it increases the creativity, new skills, productivity, global understanding, solutions of different problems, and new attitudes of these businesses (Wangare).

Diversity creates greater agility, stronger community and customer loyalty, better insight of the market, improved the innovation of these businesses. However management of diversity is important for these businesses proper working and taking advantages from diversity are regular bases because failure to manage the diverse workforce results in losses for these businesses (Wangare).

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### III. IMPACT OF 2008 FINANCIAL CRISIS ON ASIAN AND OTHER MINORITY OWNED BUSINESSES

The 2008 financial recession has impacted the Asian owned businesses and also other minority owned businesses throughout the globe. As the minority owned businesses help the economy in recovering but the 2008 financial crises has put several Asian owned businesses and other minority businesses into deficit (Ram and Monder).

It is also found that due to 2008 financial crises the banks restrict their line of credit to the minority owned businesses due to which the minority owned businesses become impaired and they faced severe difficulties in the expansion of the minority owned businesses due to credit unavailability during recession period which affected the survival of the Asian and other minority owned businesses (Ma and Yigui). Asian minority businesses and others countries minority businesses especially those that are innovative ones are hit hard by the financial crises of 2008 because in majority of cases as their main asset is intangible in the nature due to which it was difficult to them to find their value which makes them very hard to borrow loans from the banks or to sell or float them and as the banks were not providing loans to these firms due to which they failed to further innovate and failed difficulties in the expansion and survival due to financial crises of 2008 and also the consumer spending has also decreased badly by the financial crisis due to which they stopped buying things from the Asian and other minority businesses throughout the globe and only purchase their necessary things from their owned countries companies and saved their remaining incomes because of low purchasing power and lower employment (Taylor and John).

### IV. 2008 FINANCIAL CRISES IMPACT ON THE NUMBER OF ASIAN AND OTHER MINORITY OWNED BUSINESSES

After the economic and financial crisis of 2008 the number of the Asian and other minority owned businesses decreased in number in United States and globally because as these businesses rely on short term debt of the banks for their expansion and survival but after the 2008 financial crisis 70% of the banks has decreased the access of the finance to these ethnic owned businesses and increased the interest rate that is charged on bank loans for Asian and other minority owned businesses which caused a decreased in the number of the Asian and other minority owned businesses throughout the globe (Cowling and Marc).

### V. CHALLENGES AND OPPORTUNITIES THAT ASIAN OWNED BUSINESSES ARE FACING DUE TO EMPLOYMENT OF DIVERSE WORKFORCE

It is found that diverse workforce in the Asian minority owned businesses provides large variety of the solutions to the problems that they face in the sourcing, services and allocation of different resources. These diverse employees having different backgrounds with different talents and skills help these businesses in adapting to the different markets customers' needs and fluctuations in the market. Due to the diverse workforce skills and experiences such as different languages and understanding of cultures these businesses are much more able to provide services to the customers globally. Due to the diverse workforce these Asian minority businesses get more effective ideas due to different skills and perform different projects effectively. It is found that due to the diversity the corporate leaders perform much better because these leaders are become more sensitive to the different cultures of the employees and take the business decisions that are better for the business and also according the particular skills of the diverse workforce. Moreover they work for creating more interaction between the diverse team members so that they communicate with each other's effectively and better the tasks in their team because improved communication decreased the conflicts between the employees (Adams and Ferreira). However workforce diversity also creates certain challenges for the Asian minority owned businesses such as different cultures of the employees and different languages of the diverse workforce creates ineffective communication which results in the confusion, low morale of employees and less team work. Another challenge that Asian minority owned businesses faced due to its diverse workforce is more conflicts amongst the employees and more resistance of these employees towards the change when they consider the particular change as against their beliefs and cultures (Wangare). Management of the diversity workforce is also one of the challenge that these organizations face due to diversity in workforce. This requires the managers to recognize the value of the differences, promoting inclusiveness and combating the discrimination. Management of the workforce diversity is costly for these businesses (Wangare).

### VI. PROJECTIONS ABOUT CONTINUOUS USE OF DIVERSE WORKFORCE EMPLOYMENT IN ASIAN AND OTHER MINORITY OWNED BUSINESSES IN FUTURE

Due to the globalization and increasing number of immigrants in the United States, United Kingdom and globally it is projected that the diverse workforce will

increase in the Asian and other minority owned businesses which will require these businesses to manage them and to keep on continuous advantage from these diverse workforce (Bernard and Andrew).

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