



Hawaii's Native Hawaiian Entrepreneurs



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This publication was prepared by Laura Meisinger, Economist, and Dr. Wayne Liou, Economist, under the direction of Dr. Eugene Tian, Division Administrator. Dr. Joseph Roos, Economic Research Branch Manager reviewed and provided comments for this report.

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Table of Contents

Introduction.....	1
Data and Definitions	1
Native Hawaiian Entrepreneurs by Industry.....	2
Demographics of Native Hawaiian Entrepreneurs.....	3
Conclusions.....	9
References.....	10

Introduction

Entrepreneurs are the engine of economic growth. They create jobs, spawn innovation, and propel economies forward. There are various paths to entrepreneurship including starting a new business, purchasing or inheriting an existing business, and being added as a partner to a business (Cooper and Dunkelberg, 1986). Of these, economic development policies often focus on encouraging business startups with assistance attracting and supporting capable entrepreneurs, assisting with access to capital, and promoting access to markets (Bates et al., 2007). These functions can be strengthened through networks consisting of universities, trade associations, and firms that specialize in venture capital, marketing, and consulting.

There is empirical evidence that encouraging business ownership within a region could be linked to economic growth. While larger firms have higher wages, smaller growth firms generate jobs at a faster pace (Edmiston, 2007). A study that examined 23 OECD countries over the period 1972–2004 found that countries with lower rates of business ownership experienced a “growth penalty” compared with those with higher rates of business ownership (Caree et al., 2007). In addition to policy, another factor contributing to successful new businesses is founder experience. Recent research has shown that successful startup founders tend to be middle-aged rather than young, with the mean age of the fastest growing startups examined being 45 (Azoulay et al., 2018).

One area of importance to the state is entrepreneurship for Native Hawaiians. Accordingly, this report examines Native Hawaiian entrepreneurs, with comparisons to all Hawaii entrepreneurs, as well as analyzing characteristics of Native Hawaiian entrepreneurs across counties¹.

Data and Definitions

The data used for this report come from the Census Bureau’s American Community Survey 5-year sample. For the purposes of this report, entrepreneurs are people who respond that they are self-employed, either in (1) own incorporated business, professional practice, or farm, or (2) own *not* incorporated business, professional practice, or farm. In the public use microdata, this variable is the “class of worker” variable. Throughout the report, “Native Hawaiians” refers to anyone who, for the question of race, responded that they are Native Hawaiian alone or in combination with some other race. In the public use microdata, this is the “RACNH” variable.

¹ Due to sample size, Maui, Kalawao, and Kauai Counties are combined.

Native Hawaiian Entrepreneurs by Industry

Native Hawaiians (alone or in combination) are more likely to work for a private company compared to the overall population, by almost 7 percentage points. They are slightly less likely to work in government, and even less likely to be self-employed, by about 4.5 percentage points (see Table 1). For the 2014-2018 5-year sample, there were 88,282 self-employed workers in the state, of which 10,193 were Native Hawaiian self-employed workers.

Table 1. Class of Workers in Hawaii: Population 16 Years and Over

Class of Worker	Native Hawaiian, Alone or in Combination	State Total
Private	71.8%	65.1%
Government	21.2%	23.7%
Self-employed	6.3%	10.8%
Working without pay	0.7%	0.4%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Table 2 presents a breakdown by industry among Native Hawaiian and all Hawaii entrepreneurs. The top three industries for Native Hawaiian entrepreneurs are construction (15.7%); administration, support, waste management, and remediation services (14.5%); and other services except public administration (13.9%). Construction and other services are among the top three industries for all entrepreneurs, as well (12.5% and 11.1%, respectively), but professional, scientific, and technical services ranks second at 12.2% among all entrepreneurs s.

Native Hawaiians are more likely to be entrepreneurs in construction and administration, support, waste management, and remediation services, relative to entrepreneurs overall, and are less likely to be entrepreneurs in professional, scientific, and technical services; real estate rental and leasing; and accommodation and food services, relative to entrepreneurs overall.

Table 2. Industries of Hawaii Entrepreneurs

Industry	Native Hawaiian Entrepreneurs	All Entrepreneurs
<i>Number of entrepreneurs</i>	<i>10,193</i>	<i>88,282</i>
Construction	15.7%	12.5%
Adm/Support/Waste Mgmt/Remediation Services	14.5%	8.9%
Other Services (except Public Administration)	13.9%	11.1%
Health Care and Social Assistance	9.1%	9.3%
Retail Trade	8.4%	7.8%
Professional, Scientific, and Technical Services	5.8%	12.2%
Agriculture/Forestry/Fishing/Hunting/Mining	5.0%	4.2%
Wholesale Trade	4.7%	2.9%
Real Estate Rental and Leasing	4.5%	7.3%
Arts, Entertainment, and Recreation	4.4%	4.8%
Manufacturing	4.2%	3.2%
Educational Services	2.6%	2.6%
Transportation and Warehousing	2.2%	3.9%
Information	2.1%	2.2%
Accommodation and Food Services	1.6%	4.8%
Finance and Insurance	1.2%	2.2%
Utilities	0.1%	0.1%
Management of Companies and Enterprises	0.0%	0.0%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Demographics of Native Hawaiian Entrepreneurs

Table 3 compares the ages between Native Hawaiian entrepreneurs and all entrepreneurs in Hawaii. Native Hawaiian entrepreneurs tend to be younger than entrepreneurs in general. While less than half of entrepreneurs in Hawaii are under the age of 50 (just over 40%), almost 55% of Native Hawaiian entrepreneurs are under the age of 50, a difference of around 15 percentage points. Furthermore, the number of entrepreneurs in each age group increases in number for each age group, whereas Native Hawaiian entrepreneurs are more evenly spread out across the 30-39, 40-49, 50-59, and 60+ age groups.

Table 3. Age of Hawaii Entrepreneurs

Age Group	Native Hawaiian Entrepreneurs	All Entrepreneurs
<i>Number of entrepreneurs</i>	<i>10,193</i>	<i>88,282</i>
19 years or younger	1.3%	0.6%
20 to 29 years	10.6%	5.5%
30 to 39 years	20.5%	14.6%
40 to 49 years	22.1%	19.7%
50 to 59 years	22.3%	25.8%
60 years and over	23.2%	33.8%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

The age breakdown of Native Hawaiian entrepreneurs by county is in Table 4. Hawaii County’s Native Hawaiian entrepreneurs tend to be younger than all Native Hawaiian entrepreneurs in the state. Honolulu County’s Native Hawaiian entrepreneurs are slightly older, but are not quite as old as entrepreneurs in general. The age breakdown for Maui, Kalawao, and Kauai Counties’ Native Hawaiian entrepreneurs is a little unique, with almost a third of Native Hawaiian entrepreneurs between 40 and 49 (30.9%), almost a quarter over the age of 60 (24.5%), but only 13.1% between 50 and 59.

Table 4. Age of Native Hawaiian Entrepreneurs, by County

Age Group	Maui, Kalawao & Kauai Counties	Hawaii County	Honolulu County	State
<i>Number of entrepreneurs</i>	<i>1,942</i>	<i>2,850</i>	<i>5,401</i>	<i>10,193</i>
19 years or younger	1.1%	3.1%	0.4%	1.3%
20 to 29 years	15.7%	12.9%	7.5%	10.6%
30 to 39 years	14.6%	28.4%	18.3%	20.5%
40 to 49 years	30.9%	17.4%	21.4%	22.1%
50 to 59 years	13.1%	22.7%	25.4%	22.3%
60 years and over	24.5%	15.5%	26.9%	23.2%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Comparing gender breakdowns (Table 5), a higher percentage of Native Hawaiian entrepreneurs are male compared to all entrepreneurs, by about 5 percentage points (62.5% compared to 57.8%). Table 6 has the gender breakdown of Native Hawaiian entrepreneurs by county. For Maui, Kalawao and Kauai Counties, the male-to-female ratio among Native entrepreneurs is similar to the ratio among all entrepreneurs in the state. Hawaii County’s breakdown is similar to the state gender breakdown among Native Hawaiian entrepreneurs. Meanwhile, Honolulu County’s male-to-female ratio among Native Hawaiian entrepreneurs is nearly 2-to-1.

Table 5. Gender of Hawaii Entrepreneurs

Gender	Native Hawaiian Entrepreneurs	All Entrepreneurs
<i>Number of entrepreneurs</i>	10,193	88,282
Male	62.5%	57.8%
Female	37.5%	42.2%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Table 6. Gender of Native Hawaiian Entrepreneurs, by County

Age Group	Maui, Kalawao & Kauai Counties	Hawaii County	Honolulu County	State
<i>Number of entrepreneurs</i>	1,942	2,850	5,401	10,193
Male	58.6%	62.0%	64.2%	62.5%
Female	41.4%	38.0%	35.8%	37.5%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Native Hawaiian entrepreneurs tend to have lower levels of educational attainment compared to the broader entrepreneur population (Table 7). Almost half (47.6%) of Native Hawaiian entrepreneurs have not attended college, compared to 30% of all entrepreneurs. The difference is due to a high percentage of Native Hawaiian entrepreneurs who only have a high school degree, 42.2%. The only other category of entrepreneurs who are within 15 percentage points of this category are Native Hawaiian entrepreneurs with some college. Native Hawaiian entrepreneurs with a bachelor's degree or higher are just under 20%, whereas over 35% of all entrepreneurs have a bachelor's degree or higher.

Table 7. Educational Attainment of Hawaii Entrepreneurs

Educational Attainment	Native Hawaiian Entrepreneurs	All Entrepreneurs
<i>Number of entrepreneurs</i>	10,193	88,282
Below High School Graduate	5.4%	7.1%
High School Graduate or Equivalent	42.2%	23.0%
Some College	27.5%	23.7%
Associates Degree	5.8%	8.5%
Bachelor's Degree	13.1%	23.9%
Graduate or Professional Degree	6.0%	13.9%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Looking at educational attainment of Native Hawaiian entrepreneurs by county (Table 8), over half of Hawaii County's Native Hawaiian entrepreneurs have not attended any college (around 61.3%). Maui, Kalawao, and Kauai Counties have the highest percentage of Native Hawaiian entrepreneurs with some college, at 39.2%, while Honolulu County's Native Hawaiian

entrepreneurs are over three times likelier to have a bachelor’s degree or higher compared to the other counties; over 28% have a bachelor’s degree or higher, compared to 8% and 9.3% in Maui, Kalawao, and Kauai Counties and Hawaii County, respectively.

Table 8. Educational Attainment of Native Hawaiians Entrepreneurs, by County

Educational Attainment	Maui, Kalawao & Kauai Counties	Hawaii County	Honolulu County	State
<i>Number of entrepreneurs</i>	<i>1,942</i>	<i>2,850</i>	<i>5,401</i>	<i>10,193</i>
Less than 9th grade	0.0%	0.8%	0.8%	0.6%
9th to 12th grade, no diploma	3.5%	7.4%	3.7%	4.7%
High School Graduate or Equivalent	43.3%	53.1%	36.1%	42.2%
Some College	39.2%	24.1%	25.1%	27.5%
Associates degree	6.0%	5.2%	6.0%	5.8%
Bachelor's degree	5.2%	6.9%	19.2%	13.1%
Graduate or professional degree	2.8%	2.4%	9.1%	6.0%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Among entrepreneurs with a bachelor’s degree or higher, there are some major differences in degree earned among Native Hawaiian entrepreneurs and all entrepreneurs. Degree-earning Native Hawaiian entrepreneurs are much more likely to have earned a general social science degree, by about 10 percentage points (as a percentage of the top 20 degrees earned by Native Hawaiian entrepreneurs). Degree-earning Native Hawaiian entrepreneurs are slightly more likely to earn architecture, zoology, or physics degrees. Among all degree-earning entrepreneurs, there is a higher percentage of psychology, biology, and fine arts degrees earned compared to Native Hawaiians. Business management and administration is a relatively popular degree for both Native Hawaiian entrepreneurs and entrepreneurs in general.

Table 9. Degree Earned of Hawaii Entrepreneurs (Bachelor's Degree)

Top 20 Degrees for Native Hawaiian Entrepreneurs	Native Hawaiian Entrepreneurs		All Entrepreneurs	
	Count	Percent*	Count	Percent*
General Social Sciences	143	11.5%	220	1.4%
Business Mgmt & Admin	119	9.6%	1,653	10.8%
Architecture	105	8.5%	833	5.5%
Zoology	88	7.1%	359	2.4%
Communications	83	6.7%	896	5.9%
Nursing	76	6.1%	742	4.9%
History	75	6.0%	584	3.8%
English Language and Literature	64	5.2%	1,076	7.0%
Physics	59	4.8%	273	1.8%
General Education	54	4.4%	761	5.0%
Political Science and Government	47	3.8%	882	5.8%
Psychology	43	3.5%	1,597	10.5%
Marketing and Marketing Research	42	3.4%	669	4.4%
Elementary Education	41	3.3%	310	2.0%
Biology	40	3.2%	1,399	9.2%
Mathematics	36	2.9%	469	3.1%
Treatment Therapy Professions	33	2.7%	215	1.4%
Physical Fit/Parks/Rec/Leisure	31	2.5%	407	2.7%
Economics	31	2.5%	767	5.0%
Fine Arts	31	2.5%	1,155	7.6%
Total	1,241	100.0%	15,267	100.0%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

*Percent is based on total in the 20 degrees in the above table, not among all degrees.

Comparing income earned by entrepreneurs, Native Hawaiian entrepreneurs earn less income, on average, relative to all entrepreneurs in Hawaii. Over a quarter of Native Hawaiian entrepreneurs responded that they earned less than \$9,700, and over half earned less than \$39,475. With that being said, over half of entrepreneurs in general also earned less than \$39,475, though the percentage was smaller (65.6% for Native Hawaiians, 56% for all entrepreneurs). Around a quarter of both Native Hawaiian entrepreneurs and entrepreneurs in general earned between \$39,476 and \$84,200.

Table 10. Income of Hawaii Entrepreneurs

Income	Native Hawaiian Entrepreneurs	All Entrepreneurs
<i>Number of entrepreneurs</i>	<i>10,193</i>	<i>88,282</i>
\$0 to \$9,700	26.6%	18.0%
\$9,701 to \$39,475	39.0%	38.0%
\$39,476 to \$84,200	22.2%	25.9%
\$84,201 to \$160,725	7.5%	10.7%
\$160,726 to \$204,100	0.9%	1.6%
\$204,101 to \$510,300	3.5%	5.5%
\$510,301 or more	0.1%	0.4%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Low-income earning Native Hawaiian entrepreneurs were prevalent in Hawaii County, with over three quarters (76.1%) of Native Hawaiian entrepreneurs in Hawaii County earning less than \$39,475. The distribution of income among Native Hawaiian entrepreneurs in Maui, Kalawao, and Kauai Counties and Honolulu County make it difficult to evaluate which counties had the highest earners. Maui, Kalawao, and Kauai Counties had a higher percentage of high-income earners in the \$204,101-\$510,300 bracket, but Honolulu County had slightly more Native Hawaiian entrepreneurs in the \$510,301 or more income bracket.

Table 11. Income of Native Hawaiians Entrepreneurs, by County

Income	Maui, Kalawao & Kauai Counties	Hawaii County	Honolulu County	State
<i>Number of entrepreneurs</i>	<i>1,942</i>	<i>2,850</i>	<i>5,401</i>	<i>10,193</i>
\$0 to \$9,700	23.3%	38.1%	21.8%	26.6%
\$9,701 to \$39,475	31.9%	38.0%	42.1%	39.0%
\$39,476 to \$84,200	32.0%	17.1%	21.4%	22.2%
\$84,201 to \$160,725	7.2%	4.7%	9.1%	7.5%
\$160,726 to \$204,100	0.8%	0.0%	1.5%	0.9%
\$204,101 to \$510,300	4.8%	2.1%	3.8%	3.5%
\$510,301 or more	0.0%	0.0%	0.3%	0.1%

Source: U.S. Census Bureau, 2014-2018 5-year American Community Survey

Conclusions

Due to interest in entrepreneurship as a key aspect of economic development, and particular concern for the Native Hawaiian population, this report compared the demographics Native Hawaiian entrepreneurs with all entrepreneurs in Hawaii. This report also compared Native Hawaiian entrepreneurs across counties. Entrepreneurs are those who responded to the American Community Survey (ACS) that, with respect to class of worker, they are self-employed in own not incorporated business, professional practice, or farm, as well as those who report being self-employed in own incorporated business, professional practice, or farm. Native Hawaiians are those who responded that, with respect to race, they are Native Hawaiian alone or in combination with some other race.

For the 2014-2018 5-year ACS sample, the percentage of Native Hawaiians who are entrepreneurs is lower than overall population. The top three industries among Native Hawaiian entrepreneurs are construction; administration, support, waste management, and remediation services; and other services except public administration. These are in the top five industries for entrepreneurs in general, as well.

Looking at demographics, Native Hawaiian entrepreneurs tend to be younger than other entrepreneurs, particularly in Hawaii County. A higher percentage of Native Hawaiian entrepreneurs are male, relative to all entrepreneurs. This is mainly driven by the near 2-to-1 male-to-female ratio of Native Hawaiian entrepreneurs in Honolulu County. Almost half of all Native Hawaiian entrepreneurs have not attended college, compared to 30% of all entrepreneurs; Hawaii County's Native Hawaiian entrepreneurs have among the lowest levels of educational attainment.

The lower level of educational attainment could be driving the income disparities between Native Hawaiian entrepreneurs and entrepreneurs in general, with Native Hawaiian entrepreneurs earning less income than the average entrepreneurs. The correlation in educational attainment and income earned is evident at the county levels. For example, Hawaii County's low level of educational attainment among Native Hawaiian entrepreneurs correlates with the particularly low income earned among Native Hawaiian entrepreneurs in Hawaii County.

Entrepreneurship plays an important role in economic growth. Economic development policies that encourage business startups by assistance attracting and supporting capable entrepreneurs, assist with access to capital, and promote access to markets can improve rates of business ownership. The role entrepreneurship plays in Hawaii's economy and policies that affect entrepreneurship in Hawaii are areas for future research.

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