



RECENT FINDINGS AND RESEARCH IN FINANCIAL ASSET-BUILDING



The pandemic was devastating for many Main Street small businesses. Yet finally after more than one year of lockdowns, devastating illness, and a racial wealth gap reckoning, there are signs that across the country customers are returning, and we are getting back to business. Against this backdrop, our team at [Reimagine Main Street](#) wanted to understand what small business owners were experiencing and whether any emerging recovery was felt equally by all business owners.

So, we asked them.

In partnership with the [US Black Chambers, Inc.](#), the [United States Hispanic Chamber of Commerce](#), the [Asian/Pacific Islander American Chamber of Commerce and Entrepreneurship \(National ACE\)](#), and [Public-Private Strategies](#), we fielded a national survey of small businesses. More than 1,300 small business owners responded including >400 Black or African American business owners; >220 Hispanic or Latin(x) business owners; >150 AAPI business owners; 49 Native American business owners and >480 White business owners. This survey preceded the emergence of the Delta variant.

Here's what we found:

- Small business owners are refreshingly optimistic. This positive outlook is fueled by availability of vaccines, confidence in the overall trajectory of the economy, and backstopped by relief.
- In spite of this optimism, we have a ways to go and signs of recovery are not experienced equally by all business owners. Differences are most stark when we overlay race and ethnicity, gender and age.
- Looking ahead, small businesses need solutions in three areas: 1) access to capital; 2) reduced healthcare expense burden, and 3) Increased federal contracting opportunities.

Optimism Prevails Among Small Business Owners



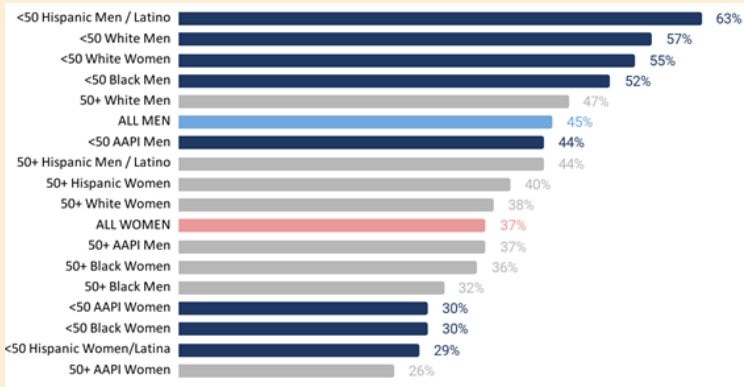
Small business owners report feeling optimistic about the future. The data tells us that a few things are fueling this positive outlook: first, the availability of vaccines. 78% of respondents overall told us that vaccines give them more confidence in their businesses, rising to 82% of Black or African American business owners saying this.

Second, a degree of confidence in the overall trajectory of the economy. Two-thirds or 66% of the entire sample expressed confidence in the economy rising to almost 8 out of 10 (79%) of Black or African American business owners.

Finally, this optimism is backstopped by relief, especially the PPP. Although PPP application and funding rates vary, 64% of the sample that got PPP said it was critical for keeping the business afloat. This rose to 66% and 72% for AAPI and Black respondents respectively.



But Signs of Recovery are Not Experienced Equally



We asked the extent to which respondents agreed (or disagreed) with the statement, “We have turned the corner on the pandemic and business is returning to normal.”

- Overall, White respondents were most likely to agree that we’ve turned the corner on pandemic. AAPI, Black or African American, and Native business owners least likely to agree, and Latin(x) business owners were in between.
- Young Latinos were the most likely to report that we’ve turned the corner on the pandemic with 63% agreeing. By contrast, only 29% of young Latinas reported seeing recovery.
- In general, men are more likely to report seeing signs of recovery than women.
- 50+ AAPI women report seeing recovery for their businesses at the lowest rates. Just over 1 in 4 reported signs of recovery.

Then we asked whether revenue had not been materially affected, whether the business had already recovered, or if they were not yet back to pre-pandemic revenue levels, how long they expected it would take to get there. Overall Native, AAPI and Black business owners expect the longest road to recovery. Not surprisingly, they were also generally among the hardest hit.

But as with the question about signs of recovery, what we see is much more interesting when we disaggregated the data further:

- Women business owners generally expect a longer road to recovery. On average, young White men expect the shortest time to recovery with 60% reporting less than 6 months compared to only 39% of men overall.
- By contrast, nearly 3 in 4 or 72% of AAPI women over 50 expect it will take more than 6 months to recover.
- Across the board, older business owners defined as 50+ generally expect a slower recovery independent of race, ethnicity and gender. But younger Black men expect recovery timelines more in line with 50+ White women than with young White or Hispanic men.
- 50+ AAPI expect the longest road to recovery and are at gender parity with only 38% expecting recovery within 6 months.

Looking ahead, what small businesses said they need: Access to capital, lower healthcare costs and increased Federal contracting opportunities

Access to Capital

We asked small business owners how confident they were that their businesses can access financing to meet working capital and growth needs. Across race or ethnicity, very small businesses have pretty low confidence in their ability to access capital. This is not a new problem and distribution of the PPP loans brought it into even sharper focus: deploying relatively small amounts of capital tends to be less profitable for financial institutions than larger denominations. But when we look at larger small businesses, defined as businesses with at least \$1M in revenue, we see very clearly that entrepreneurs of color have far less confidence in their ability to access capital than their peers. (79% of White business owners expressed confidence compared to 51% of entrepreneurs of color.) Eliminating bias and radically reducing barriers for entrepreneurs of color to access capital is imperative. Efforts are underway in government and the private sector to do so, but there is much more work to be done.

Lower Healthcare Costs

We asked small business owners how important a basket of Federal policy issues was to them. Across all segments of race or ethnicity, respondents prioritized lowering the costs of healthcare and prescription drugs. This support was both high and intense (e.g. few small business owners did not prioritize it.)

Simplification of Government Contracting Opportunities

Black and Latin(x) respondents expressed intense and substantial support for access to government contracting opportunities with an emphasis on simplifying the process. Revenue growth is a priority for small business owners and the ability to compete effectively for government contracts is a critical element.

By *Tammy Halevy*, Co-Director of *Reimagine Main Street*, a project of the *Public Private Strategies Institute*.

Learn more about [Reimagine Main Street](#) and the [survey findings](#).