

## Limited Access to Capital Remains Top Barrier to Entrepreneurship

*Gallup survey supported by JPMorganChase and the Kauffman Foundation finds few business owners seek or obtain funding*

**WASHINGTON, D.C., April 29, 2025** — Forty-five percent of U.S. workers who do not own a business say a lack of capital is a primary reason they haven't started one, according to Gallup's latest report, [\*Scaling to One Million: The Complicated Role of Capital\*](#), supported by JPMorganChase and the Ewing Marion Kauffman Foundation. The nationally representative study explores why more Americans aren't starting businesses, how current business owners interact with the capital system, and what role credit and local support play in business performance.

### Financial Barriers Deter Aspiring Entrepreneurs

Among non-business owners, financial constraints are the most commonly cited barriers to entrepreneurship. In addition to the 45% who say they lack capital, 40% report not being wealthy enough to start a business. Other key reasons include concerns about risk (43%), a lack of confidence (39%), not knowing how to start (36%) and not having a specific business idea (34%).

About a quarter of respondents say they prefer being an employee (25%) or feel that business ownership doesn't align with their personality (28%). These responses were notably more common among individuals who have never seriously considered starting a business, compared with those who have.

### Few Owners Seek Capital, Especially Non-Employers

Most current business owners — even those who expanded by hiring employees — did not seek external capital last year. In 2024, only 10% of owners sought capital, and just 3% applied for a loan. Owners who had recently hired at least one employee were more likely to seek capital (24%) than those who had not (8%). Black owners were the most likely to pursue funding, with 17% doing so, compared to 8% of White and Hispanic owners.

Among those who did not seek capital, the most common reason was a desire to avoid debt (47%), followed closely by owners reporting that their business could meet expenses without external funding (45%).

### Poor Creditworthiness Tied to Difficulty Borrowing, Worse Business Outcomes

Self-reported creditworthiness is strongly associated with access to financing and overall business outcomes. Sixty-seven percent of owners with less-than-good creditworthiness reported difficulty obtaining a loan, compared with 44% of those with excellent creditworthiness. Owners with excellent creditworthiness also reported higher median annual profits (\$10,000), compared to \$5,000 among those with good creditworthiness and just \$1,000 among those with less-than-good creditworthiness. Annual revenue was five times higher for owners with excellent creditworthiness than those with poor creditworthiness.

Black (51%) and Hispanic (29%) owners were significantly more likely than White owners (15%) to report poor or less-than-good creditworthiness. Non-employer owners also reported lower creditworthiness — only 51% rated their credit history as excellent, compared to 75% of owner-employers — and were less likely than owner-employers to have paid off credit card balances in the past month (30% vs. 50%).

### Local Support Linked to Growth but Remains Rare

Across three forms of support — non-federal loans or grants, assistance from local organizations or governments, and opportunities to publicly present or pitch their business — most owners reported receiving none.

Non-federal loans or grants were the least common, reported by only 5% of all business owners. Owner-employer businesses were more likely to receive this support (16%) than non-employer owners (7%). Black owners (8%) were slightly more likely to have received non-federal support than White (4%) or Hispanic (5%) owners.

Support from local organizations or governments was only slightly more common. While just 7% of all business owners reported receiving this support overall, 45% of owner-employers and 28% of non-employer owners said they received non-financial assistance from a local entity.

Owners who received any of these external supports were more likely to report recent revenue growth. The effect was strongest among those who received non-federal loans or grants — 41% of these owners reported growth in the past year, compared with 24% who did not receive such funding.

"Many Americans have the interest, skills and personality traits associated with entrepreneurship, but say financial barriers are holding them back from starting a business," said Jonathan Rothwell, Gallup's principal economist. "Many businesses, however, are able to get by on their own revenue, and business owners with a strong credit history are usually able to secure external funding if they seek it."

## **METHODOLOGY**

The methodology closely follows that used for the Year 1 Pathways to Wealth Survey, except that it includes previous Year 1 survey participants who provided recontact permission. Members of the Gallup Panel™ provided the largest source of data for Year 1 (9,279 responses). They had previously agreed to be part of Gallup surveys and provided their email addresses. Of these, 6,711 participated in the Year 2 survey.

Additionally, Gallup recruited participants in Year 1 through mail sent to Paycheck Protection Program (PPP) funding recipients. Of the 549 total respondents recruited through this mechanism, 368 agreed to recontact and provided their email addresses. Of these, 104 participated in Year 2.

To increase the sample size for Year 2, Gallup recruited another 4,813 respondents from the Gallup Panel and 367 from mail-based surveys to recipients of SBA funding.

The final sample of 11,891 working U.S. adults included 3,589 "owners," defined as anyone who received at least some income in the prior month from a business they own. Among these owners, 1,149 reported that they employed at least one employee other than themselves. Surveys were completed between Sept. 20 and Oct. 28, 2024.

## **About Gallup**

Gallup delivers analytics and advice to help leaders and organizations solve their most pressing problems. Combining more than 80 years of experience with its global reach, Gallup knows more about the attitudes and behaviors of employees, customers, students and citizens than any other organization in the world.

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