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GALLUP: SMALL BUSINESS DIVERSE SEGMENTS LENDING STUDY

ASIAN, AFRICAN AMERICAN AND HISPANIC BUSINESS OWNERS

Sponsored by: Wells Fargo

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A. OBJECTIVES AND BACKGROUND

OBJECTIVES OF THE STUDY

This white paper is part of a Gallup series sponsored by Wells Fargo analyzing the experiences of small business owners across diverse segments, including race, ethnicity, gender, veteran status and sexual orientation. The main objective is to learn not only about the lending experience of each segment, but also how the financial community can better serve their needs. The study does not focus on any single bank or financial institution. Rather, it addresses, more broadly, the overall experiences of small business owners across the various diverse segments.

The study aims to shed light on similarities and differences of the small business experience for each diverse segment. In addition, the study seeks to better understand small business owners' challenges with respect to sources of funding and obtaining credit. This study includes their motivations to become business owners as well as the challenges they face, their definition of success, their sources of financial advice and their attitudes about business finances. The analysis in this paper focuses on the Asian, African American and Hispanic segments and provides important attitudinal and behavioral findings about their experiences as small business owners.

PHASES OF THE RESEARCH

Phase 1: Qualitative. Wells Fargo commissioned a qualitative research firm to conduct in-depth, one-on-one interviews with African American, Hispanic and Asian small business owners. The firm conducted the in-depth interviews in June 2014. Themes and patterns identified in the interviews helped to inform the design of the quantitative phase of the survey.

Phase 2: Quantitative. Results are based on a Gallup telephone survey completed with 1,003 small business owners in the general population, aged 18 and older, conducted August 1-18, 2014, and November 10-21, 2014.

The diverse segments interviews consisted of Asian (n=316), African American (n=630) and Hispanic (n=603) small business owners conducted during the period of August 1-18, 2014. Researchers integrated findings from the qualitative phase to develop survey questions that would address the objectives of the project. Respondents who indicated they were either business owners or self-employed were eligible for inclusion in the survey. Owners with less than \$10,000 in business revenue were included in the survey as long as they considered their work a business. The incidence of Asian small business owners in the small business population is lower than the other segments and therefore, the n size for this segment is lower.

For comparison purposes, Gallup included a representative sample of the broader population of small business owners. The general population segment contains minorities, as it is intended to be representative of the broader population of small business owners. Where possible, and depending on sample sizes, differences among subgroups within segments are examined. The counts below show the total number of respondents in each segment used in the analysis.

Total Number of Interviews in Each Segment			
Asian	African American	Hispanic	Small Business Owner General Population
316	630	603	1,003

B. EXECUTIVE SUMMARY

Gallup conducted this study, which was sponsored by Wells Fargo, in order to gain insight into the experiences of U.S. small business owners across diverse segments, including race, ethnicity, gender, veteran status and sexual orientation. The main objective of the study was to understand the credit and other financial needs of diverse segments to better serve them as small business customers. This study covers three main topic areas: life as a small business owner, funding a small business and the small business owner lending experience. The analysis in this paper focuses on the Asian, African American and Hispanic segments. For comparison, a general sample of small business owners is included.

LIFE AS A SMALL BUSINESS OWNER – KEY FINDINGS

- Asian, African American and Hispanic owners make up a significant portion of small business owners in the U.S., together accounting for one-quarter (25%) of all owners, according to Gallup's nightly nationally representative surveys of adults.
- Small business owners in each diverse segment tend to be younger than their peers in the general segment. About four in 10 Asian (40%), Hispanic (39%) and African American (38%) business owners are between the ages of 18 and 39, compared with about two in 10 (21%) among the general population of small business owners. The younger age of these diverse business owners is a good reflection of their representation in the general U.S. population. According to Gallup's nationally representative nightly surveys, African Americans, Asians and Hispanics all are younger than the Caucasian population.
- While the general U.S. population is somewhat evenly split on gender, business owners in the general segment tend to be men (58%). The gender gap within these diverse segments is consistent but most pronounced in the Asian segment with 67% men.
- Asian small business owners (73%) are the most likely of all diverse segments to have completed college, even more so than those in the general segment (53%). Although business owners are spread throughout the U.S., those in the Asian segment are mainly found in the West (45%) while African Americans tend to concentrate in the South (47%). Hispanic-owned businesses are equally found in the South (39%) and the West (39%).
- Business revenue varies across diverse segments. African American business owners (49%) are the most likely to report business revenue of less than \$50,000 per year while those in the Asian segment are the most likely to say their business generates at least \$250,000 in revenue annually. Business revenue in the Hispanic segment is roughly on par with their peers in the general population.
- In the general population of business owners, most report being either in the growing (37%) or sustaining (38%) phase of their business. African American-owned (21%) and Hispanic-owned (18%) businesses are more likely than their counterparts in the general population (10%) to be in the startup phase. Almost half of Asian-owned businesses are in the growing phase, ahead of Hispanic-owned businesses (40%) and those in the general population (37%) but on par with African American-owned businesses (43%). And in general, fewer businesses in the diverse segments are in the winding down phase compared with those in the general population.
- The main driver of business creation across all diverse segments is a desire for independence. When asked to explain why they decided to become small business owners, 49% of Hispanics, 47% of African Americans and 41% of Asians say "to be my own boss," which is roughly on par with what small business owners in the general population (48%) say.
- Attracting customers/finding new business is one of the top challenges small business owners say they face today (15% of Asians, 14% of African Americans and

16% of Hispanics), which is similar to what those in the general segment say (15%). The cost of running the business is another major challenge, especially for African American (16%) and Hispanic (12%) business owners. Asians (10%) and African Americans (13%) also cite financial stability/cash flow as one of the top challenges they face currently.

- Majorities of those in the Asian (66%), African American (65%) and Hispanic (62%) segments say they are extremely or very satisfied working as small business owners. None of the differences across segments are statistically significant. As a point of comparison, 70% of those in the general segment say they are extremely or very satisfied working as a small business owner.
- But satisfaction does not necessarily translate into success. Among the general population of small business owners surveyed, 49% feel extremely or very successful. Perceptions of success in the Asian (44%) segment are similar to those in the general population, while they are relatively lower in the Hispanic (43%) and African American (33%) segments.
- When asked to define success, small business owners, irrespective of the segment, refer to positive financial outcomes. Forty-nine percent of those in the Asian segment, 41% of Hispanic and 40% of African American small business owners cite sales and profitability to define their success.
- Top sources of financial information in the general small business population are other business owners (64%), accountants (60%) and family members/friends (59%). Asian business owners rely on all three sources equally while African Americans turn to other business owners first, then to family members/friends and finally, to accountants and to the Internet. Those in the Hispanic segment rely first on other business owners and family members/friends and then, on accountants.
- Small business owners appear to have a relatively strong appetite to learn more about several key aspects of business ownership, including sales growth,

building a strong credit application and choosing the best credit product for their needs. African American small business owners are the most likely of all diverse segments to express such an interest in having more information about most topics.

- In spite of the challenges of managing a small business, about nine in 10 small business owners across all segments say they would still become a small business owner rather than do something else.

FUNDING A SMALL BUSINESS – KEY FINDINGS

- Personal cash or savings are the most common source of initial capital for all small business owners, with at least eight in 10 who cite it. Personal credit cards are the second most common source of initial funding, especially in the Asian segment (55%). Financial gifts or support from family or friends are the third most common sources of startup funding across all segments, with about four in 10 business owners in each diverse segment who say they used it as a source to launch their venture.
- In general, Asian business owners tend to use small business loans and business lines of credit to initially fund their business to a greater extent than their peers in the African American and Hispanic segments.
- At least eight in 10 small business owners across diverse segments say revenue from their business is the source of their current funding. Personal cash or savings represents the second most often cited source of current funding across all diverse segments. But African American (77%) and Hispanic (67%) business owners are more likely than their peers in the Asian (54%) and general (59%) segments to report using personal cash to fund their current business operations.
- Borrowing money for business reasons is similar for Asian (53%) and Hispanic (51%) business owners and on par with their peers in the general population (50%). But borrowing in the African American segment tends to be lower at 42%. Incidence of

business borrowing is related to business revenue, irrespective of the diverse segment.

- Across all diverse segments, relatively few small business owners say they are extremely or very familiar with Small Business Administration (SBA) loan programs: 12% of Hispanic, 15% of African American and 18% of Asian business owners, similar to the general population segment (12%).
- Most business owners report not needing to borrow in the past year, especially among the African American segment. Ability to obtain all needed credit is somewhat higher for Asians (24%) and Hispanics (20%), which is similar to what business owners in the general population (23%) say. As a point of comparison, 13% of African American business owners say they were able to obtain all the credit they needed in the past year — this is partially driven by a higher percentage of African American business owners saying they did not need credit.
- Inability to obtain business credit is higher among diverse segments than the general population of owners. Among those who indicated they needed credit, African American owners, in particular, say they were not able to get all the credit they needed.
- Across all three diverse segments, about one in four African American (26%), Asian (25%) and Hispanic (23%) small business owners say they plan to apply for a credit product in the next 12 months, compared with 15% in the general population segment who plan to do the same. Intentions to apply for a new credit product appear to be related more to the business phase of the business than to revenue, except in the Asian segment where there is no difference.

SMALL BUSINESS OWNERS' LENDING EXPERIENCES – KEY FINDINGS

- In the general population of business owners, 14% say they were declined credit for their business in the past. Differences across diverse segments are relatively small and not statistically significant.
- When asked about their level of confidence in obtaining credit today, if they needed it, about half of small business owners across all segments say they are extremely or very confident that they would get it. Among those who are not confident in their ability to obtain credit, those in the Asian segment attribute their lack of confidence mainly to the fact that their “business isn’t doing well” while their African American and Hispanic counterparts say it is mainly due to their credit rating/history and tight lending requirements.
- Across diverse segments and the general population, about four in 10 business owners strongly agree that they are confident in their ability to manage their business finances, although those in the Hispanic segment are less likely than their peers in the Asian segment to agree with the statement. Willingness to use credit to grow their business is similar across diverse segments (15% of Asians, 18% of African Americans and 11% of Hispanics) and is on par with levels of agreement in the general segment (11%) on this issue.
- Majorities say they trust banks and other financial institutions “a great deal” or “somewhat,” with Asian business owners (78%) expressing such levels of trust. As points of comparison, 69% of African American and general population business owners and 64% of Hispanic business owners trust banks and financial institutions “a great deal” or “somewhat.”
- Majorities across all three diverse segments say being a minority-owned business has no effect on their company. But African American business owners (41%) are more likely than their Asian (20%) and Hispanic (19%) counterparts to say minority status makes it harder to run their business.

- African American business owners (23%) are more likely than their Asian (9%) and Hispanic (8%) counterparts to feel that their business has been negatively impacted due to their race, ethnicity, gender or sexual orientation.
- Attitudes toward perceived discrimination in the lending context are more acute in the African American segment. Twenty-two percent of African American business owners say they felt that discrimination from a financial institution based on their race, ethnicity, gender or sexual orientation had impacted their chances to obtain credit for their business. As points of comparison, 12% of Hispanic and 6% of Asian business owners say the same.
- When asked about their general experience with discrimination without specifying any context, Asian (27%) and Hispanic (30%) business owners say they ever experienced some form of discrimination based on race, ethnicity, gender or sexual orientation. But those in the African American segment (50%) are the most likely to say they did. As a point of comparison, 23% in the general segment say they ever experienced such discrimination. Relatively few business owners who say they ever experienced discrimination actually reported the situation to an organization.

C. LIFE AS A SMALL BUSINESS OWNER

Becoming a small business owner is a major decision for most people; often, owning a business isn't just a career decision, but a lifestyle as well. Anxiety over depleting savings to raise capital, long nights spent thinking about strategy, uncertain income as sales fluctuate, worries over the ability to attract clients and customers, difficulty to find competent staff, fretting over lawsuits, finding help to navigate regulations — the emotional and financial costs of striking out on one's own to create a business entity tend to affect people's lives in dramatic ways. This section reveals important findings about the similarities and differences of the small business experience in the Asian, African American and Hispanic segments.

SOCIO-DEMOGRAPHIC PROFILES

Small business owners in the diverse segments are younger than their peers are in the general segment. About four in 10 of Asian, African American and Hispanic business owners are between the ages of 18 and 39, compared with 21% in the general segment. The younger age of these diverse business owners is a good reflection of their

representation in the general U.S. population. According to Gallup's nationally representative nightly surveys, African Americans, Asians and Hispanics all are younger than the Caucasian population. Educational achievement varies across diverse segments, with Asian small business owners (73%) being the most likely to have completed college, even more so than business owners in the general segment (53%), while Hispanic business owners (37%) are the least likely to have completed college. The educational profile of those in the African American segment mirrors that of the general population of small business owners.

While the general U.S. population is somewhat evenly split on gender, business owners in the general segment tend to be men (58%). The gender gap within these diverse segments is consistent but most pronounced in the Asian segment with 67% men. In terms of geographic distribution, Asian business owners are mainly found in the West, and African Americans tend to concentrate in the South. Hispanic-owned businesses are equally found in the South and the West.

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Men	67	58	60	58
Women	33	42	40	42
18-39	40	38	39	21
40-54	42	39	46	39
55 and older	18	23	15	38
High school or less	7	12	27	17
Some college	20	33	36	30
College graduate and higher	73	55	37	53
East	22	25	13	19
Midwest	15	16	9	21
South	18	47	39	32
West	45	12	39	29
Number of Interviews	316	630	603	1,003

There are important differences in terms of business revenue. Among the general population of owners, 36% of respondents report annual revenue of less than \$50,000, and 42% say it is between \$50,000 and \$249,999 per year. About one in five say their annual business revenue is more than \$250,000. Business revenue in the Hispanic segment is roughly on par with what business owners in the general segment report. Those in the African American segment (49%) are the most likely to report business revenue of less than \$50,000 per year while those in the Asian segment are the most likely to say their business generates at least \$250,000 in revenue annually.

Most small business owners in the U.S. are either in the growing (37%) or sustaining (38%) phase of their business. Forty-nine percent of Asians are in the growing phase, which is above what their peers in the Hispanic (40%) and general (37%) segments report, but statistically identical with what African American business owners (43%) say.

In addition, those in the African American and Hispanic segments are more likely than their counterparts in the general population to be in the startup phase. And in general, fewer businesses in the diverse segments are in the winding down phase compared with those in the general population.

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
\$50K or less in annual business revenue	25	49	40	36
\$50K-\$249.9K in annual business revenue	37	40	39	42
\$250K or more in annual business revenue	38	11	21	22
Number of Interviews	316	630	603	1,003

At what phase of your business lifecycle would you say you are currently in, would you say you are in the start-up phase, you are past start-up and are in the growing business phase, are you in a phase where you are sustaining your business but not growing or are you winding down your business?

Current Phase of Business Cycle	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Startup	14	21	18	10
Past startup and in the growing phase	49	43	40	37
Sustaining business but not growing	31	27	34	38
Winding down the business	6	9	7	15
Number of Interviews	316	630	603	1,003

MOTIVATIONS AND CHALLENGES

Although the original impetus to launch a business reflects each person’s unique circumstances, a desire for independence appears to be the main driver of business creation across all diverse segments as well as the general population. When asked to explain why they decided to become a small business owner, Hispanics (49%), African Americans (47%) and to a slightly lesser extent, Asians (41%) say it is to be “their own boss.” Small business owners speak of “having control of their work and the rewards from what they do,” “flexibility and ability to control my destiny” and “being tired of working for someone else.”

Far behind being their own boss, business owners cite financial stability as their motivation, slightly more so among Asians (19%) and African Americans (17%). In addition, business owners speak of “doing what they enjoy doing,” “being good at it” as other major reasons for their choice, with no statistically significant differences across diverse segments. All other reasons cited elicit less than 10% of responses across all segments, and differences are not statistically significant.

“I didn’t want my destiny in someone else’s hands.” (African American man, East region)

“I wanted to work directly with my clients rather than through an employer.” (Hispanic woman, West region)

In your own words, what would you say is the main reason why you decided to become a small business owner? (Open ended)

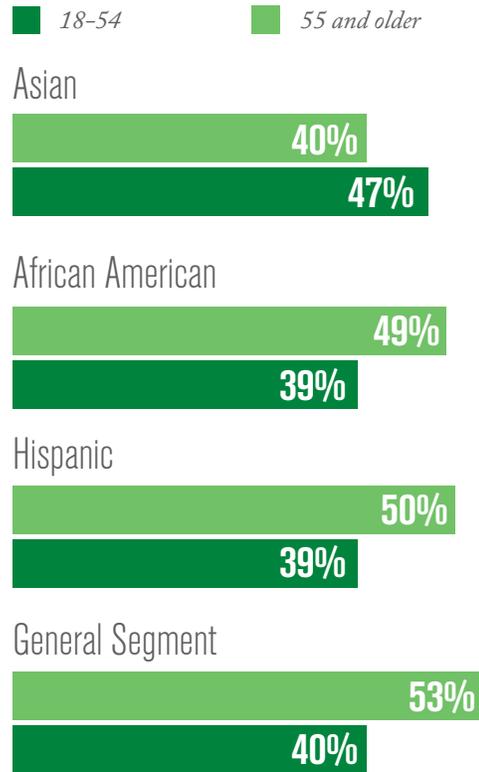
Top Reasons	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Be own boss/work for self/flexibility	41	47	49	48
Financial stability/cash flow	19	17	13	12
Do what I enjoy doing/good at it/all I’ve done	10	9	8	11
No jobs/lost job/laid off	5	6	5	5
Attracting customers/targeting business opportunities/finding work/new business	7	5	6	4
Family business/inherited	5	1	2	4
Number of Interviews	316	630	603	1,003

To have more robust sample sizes for analysis across diverse segments, the 18-39 and 40-54 age categories were collapsed. In general, a desire to work for themselves is more prevalent among those aged 18-54 than older business owners across diverse segments. However, the difference between age groups in the Asian segment is not statistically significant.

As significant proportions of small business owners report being in the growing phase, it is perhaps not surprising to see that business development is one of their top challenges. Among the general population, 15% of small business owners say “attracting customers” is the most important challenge they face today, which is on par with what business owners across diverse segments say.

In general, differences across diverse segments are relatively small, but the findings suggest that in addition to attracting customers, Asian business owners also cite financial stability and taxes while those in the African American segment mention costs/fees of running the business. Hispanic business owners also cite the cost of running their business as well as taxes as important challenges they face today.

Business Owners Who Cite “Being Own Boss” by Age



What do you think is the most important challenge facing you as a small business owner today?

Top Challenges	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Attracting customers/targeting business opportunities/ finding work/new business	15	14	16	15
Government regulation	7	3	6	10
The economy	7	6	7	9
Financial stability/cash flow	10	13	4	9
Taxes	11	8	9	9
Hiring qualified/good staff and retaining them	8	6	5	7
Costs/fees of running the business/having enough money for capital investments	8	16	12	6
Competition/larger corporations/internet	7	4	5	5
Marketing/advertising/reaching out/getting noticed	2	6	2	4
Difficulties being own boss/work for self	3	1	3	4
Government (general)	2	2	2	4
Number of Interviews	316	630	603	1,003

**SMALL BUSINESS OWNERS’
INFORMATION NEEDS AND SOURCES**

Small business owners rely on a variety of sources of financial advice in the context of running their business affairs. Top sources of financial information across all diverse segments, as well as the general population of business owners, are other business owners, friends/family members and accountants. However, their level of reliance on these sources differs somewhat across diverse segments.

Hispanic business owners most resemble those in the general segment, with 67% who say they turn to other business owners, 62% cite friends and family members and 55% say they turn to accountants for financial advice to help them run their business. African American business owners first turn to other business owners (74%), then to friends/family members (61%) and finally, to accountants (50%) and on the Internet (48%). Asian business owners, however, appear to rely equally on other business owners (72%), friends/family members (68%) and accountants (68%). For Asian (46%) and Hispanic (38%) business owners, non-social media sources of information on the Internet is another important source of financial advice, but to a lesser extent than their top three sources.

The next source of financial advice business owners turn to is their banker/relationship manager, with at least three

in 10 who say they rely on such a source, although it is important to note that differences across diverse segments are not statistically significant. Lawyers represent another important source of financial advice, especially for African American (39%) and Hispanic (37%) business owners.

African American business owners also rely on most other sources of financial advice to a greater extent than their peers in the Asian and Hispanic segments as well as the general population of business owners. More specifically, significant proportions of African American business owners rely on their financial institutions’ websites, the SBA, Chambers of Commerce and nonprofit groups/ government agencies. Significant proportions of Hispanic business owners (22%) also say they rely on the Small Business Administration for financial advice, especially when compared with the general segment (10%). Asian business owners’ reliance on most other sources, beyond their top three, is similar to what their peers in the general population say.

Overall, these findings suggest that while small business owners use many different sources of financial information, they appear to rank order such sources, relying first on those that may understand their concerns best, are most likely to address their needs or are closest to them and their business.

Apart from others in your company, who do you turn to when you need day to day financial advice for running your company? This could include things such as, establishing your credit needs, employee benefit needs, or cash flow analysis. Do you look to...?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Other business owners	72	74	67	64
Friends and family members	68	61	62	59
An accountant or accounting firm	68	50	55	60
Non-social media sources of information on the Internet, such as news organizations, blogs, etc.	46	48	38	35
Your banker or relationship manager	40	34	31	34
A lawyer or a law firm	30	39	37	25
Trade organizations or associations	27	30	23	27
Your financial institution’s website	20	33	22	18
Social media, such as Facebook groups or Twitter accounts	13	19	19	11
Nonprofit groups or government agencies	14	31	16	12
Small Business Administration	14	30	22	10
Chamber of Commerce	13	18	12	8
Number of Interviews	316	630	603	1,003

Business owners in diverse segments tend to be more interested in learning about business issues than those in the general segment. In general, their main interest is in sales growth, with 73% of African American and 68% of Hispanic business owners who say they are extremely or very interested in learning about this topic. While those in the Asian diverse segment (60%) are less likely than those in the other two diverse segments to express such interest in this topic, they are on par with the general population of small business owners (52%).

Similarly, African American and Hispanic business owners are more likely than their counterparts in the Asian segment to be extremely or very interested in understanding and managing their company's finances as well as developing a business plan. Differences between Asian business owners and those in the general population on these two topics are not statistically significant.

At the same time, business owners across all three diverse segments are more likely than those in the general population to be extremely or very interested in learning how to build a strong business application and how to choose the best credit product for their needs. It is important to note that African American business owners are the most likely of all diverse segments to express such level of interest about each one of these topics.

Age appears to be an important driver of diverse business owners' interest in these topics. Younger business owners (those aged 18-54) tend to express higher levels of interest, especially in the African American segment. Differences across revenue categories within diverse segments tend to be small and not statistically significant. However, when looking at business phases, some important differences should be noted.

In general, those in the startup and growing phases tend to express higher levels of interest in sales growth than those in the sustaining and winding down phases. This is especially true for African American (79% vs. 63%) and Hispanic (75% vs. 57%) business owners. Further, African American business owners in the first two business phases tend to be more interested than those in the last two phases in learning more about managing their company's finances (68% vs. 52%) and choosing the type of credit that is best for their business needs (56% vs. 45%). Hispanic business owners in the first two business phases are also more interested in business plan development (49% vs. 36%), building a strong credit application (44% vs. 31%) and choosing the best credit product for their business needs (48% vs. 37%) than are their peers in the last two business phases. Within the Asian diverse segment, the only statistically significant difference between business phases is their interest in learning about sales growth, 64% vs. 52%.

As a small business owner, how interested are you in learning more about each of the following, extremely, very, somewhat, not very, or not at all interested in each?

% "Extremely" or "Very"	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Increasing sales for your business	60	73	68	52
Understanding and managing your company finances	43	63	53	41
Developing a business plan	37	51	43	28
Building a strong credit application	35	54	39	23
Choosing the type of credit that is best for the needs of your business	34	52	44	23
Number of Interviews	316	630	603	1,003

% "Extremely" or "Very"	Asian		African American		Hispanic	
	18-54 (n=211)	55 and older (n=102)	18-54 (n=350)	55 and older (n=273)	18-54 (n=401)	55 and older (n=198)
	%	%	%	%	%	%
Increasing sales for your business	64	38	76	63	70	56
Understanding and managing your company finances	45	30	66	54	55	45
Developing a business plan	41	23	52	49	45	37
Building a strong credit application	37	22	56	49	41	23
Choosing the type of credit that is best for the needs of your business	37	19	55	43	46	31

% "Extremely" or "Very"	Asian		African American		Hispanic	
	Startup/growing phases (n=168)	Sustaining/winding down phases (n=146)	Startup/growing phases (n=349)	Sustaining/winding down phases (n=245)	Startup/growing phases (n=318)	Sustaining/winding down phases (n=278)
	%	%	%	%	%	%
Increasing sales for your business	64	52	79	63	75	57
Understanding and managing your company finances	42	44	68	52	55	52
Developing a business plan	39	36	53	48	49	36
Building a strong credit application	34	36	56	49	44	31
Choosing the type of credit that is best for the needs of your business	36	31	56	45	48	37

SMALL BUSINESS OWNERS’ SATISFACTION AND SUCCESS

In general, satisfaction working as small business owners runs relatively high across all segments. Seventy percent of those in the general segment say they are extremely (28%) or very (42%) satisfied being a small business owner. None of the differences across segments are statistically significant.

However, satisfaction does not necessarily translate into success. Among the general population of small business owners surveyed, 49% feel extremely or very successful. While this figure is roughly similar to what Asian (44%) and Hispanic (43%) owners say, it is somewhat lower among African American owners (33%). Although sample sizes

across business revenue categories are relatively small, especially in the Asian segment, perceptions of success appear to be related to revenue.

And when asked how they define their success, small business owners, irrespective of the diverse segment, say success is about sales and profitability, well ahead of any other mention. Among the general population of small business owners, 47% cite sales, profitability, making money as signs of their success, which is on par with what Asian business owners (49%) say. Hispanic (41%) and African American (40%) business owners are slightly less likely than those in the general population to equate success with financial outcomes.

Overall, how satisfied are you with being a small business owner? Are you...?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Extremely satisfied	26	27	22	28
Very satisfied	40	38	40	42
Somewhat satisfied	29	28	32	27
Not too satisfied	5	3	4	2
Not at all satisfied	*	3	2	1
Number of Interviews	316	630	603	1,003

*Less than 0.5%

Overall, how successful do you feel you have been as a small business owner? Have you been...?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Extremely	10	5	8	7
Very successful	34	28	35	42
Somewhat successful	53	58	49	49
Not too successful	3	7	7	2
Not at all successful	*	2	1	*
Number of Interviews	316	630	603	1,003

*Less than 0.5%

% “Extremely” or “Very”	\$50,000 or less	\$50,000-\$249,999	At least \$250,000
	%	%	%
Asian	14	48	59
African American	22	41	55
Hispanic	29	46	63
Small Business Owner General Population	33	52	66

Business survival/staying in business is another often-cited measure of success, especially among African American (16%) and Hispanic (13%) small business owners. Achieving one's goals and doing what they love is another way small business owners define success, with no statistically significant differences across segments.

All other definitions of success (5% of responses or less) include customer satisfaction, growth or having a good product or service. Interestingly, mentions of freedom and independence are relatively few (4% or less), even though it is the main reason small business owners cite to start their business. Taken together, these findings suggest that while

the original impetus to join the ranks of business ownership represents a desire for more freedom, the measure of success entails a more tangible outcome of dollars and cents.

In spite of the challenges and sacrifices business ownership entails, overwhelmingly, small business owners say they would do it all over again. Across all diverse segments, about nine in 10 say they would still become a small business owner rather than do something else. Irrespective of their business phase, the potential financial gains as well as the ability to shape the direction of their company may be strong factors contributing to small business owners' willingness to go through the experience again.

How do you define success as a small business owner? (Open ended)

Top Reasons	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Sales/revenue/making money/wealth/profitability/steady income/making a good living/pay bills	49	40	41	47
Survival/staying in business/busy/getting work/a good customer base/returning customers	5	16	13	15
Personal satisfaction/achieving your goals/doing what you love	16	14	10	12
Number of Interviews	316	630	603	1,003

If you had to do it all over again, would you...?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Still become a small business owner	91	91	89	88
Do something else	8	8	10	10
Don't know/Refused	1	1	1	2
Number of Interviews	316	630	603	1,003

D. FUNDING A SMALL BUSINESS

Capital is a critical component of the business venture. Small business owners, irrespective of their diverse segment, need funding at various stages of their companies' lifecycle. This section reports on small business owners' sources of funding and experiences to obtain credit.

INITIAL SOURCES OF FUNDING

Across all segments, the top three sources of funding small business owners used to launch their venture are identical. Personal cash or savings are, by far, the most common source of initial capital for their business. Eighty-eight percent of Asian, 91% of African American and 82% of Hispanic business owners cite personal cash or savings, which is on par with what business owners in the general population (87%) say. None of the differences across segments are statistically significant.

Personal credit cards are the second most common source of startup funding. Overall, those in diverse segments tend to report using personal credit cards to a greater extent than business owners in the general population, especially those in the Asian segment.

Financial gifts or support from family or friends represent the third most common source of startup funding, with 39% of Asian, 39% of African American and 35% of Hispanic business owners who say they used it as a source to launch their business. Small business owners in the general population tend to use financial gifts or support from family or friends to a lesser extent (27%) than those in the diverse segments.

Business credit cards also represent an important source of initial funding, especially for Asian business owners (36%). However, use of business credit cards among Hispanics (23%) is on par with use reported by business owners in the general population (27%), while it is lower for African Americans (19%).

Sample sizes of those who used a small business loan as a source of initial funding are small, but findings suggest that Asian business owners report, to a higher degree than those in all other segments, that it was an SBA loan.

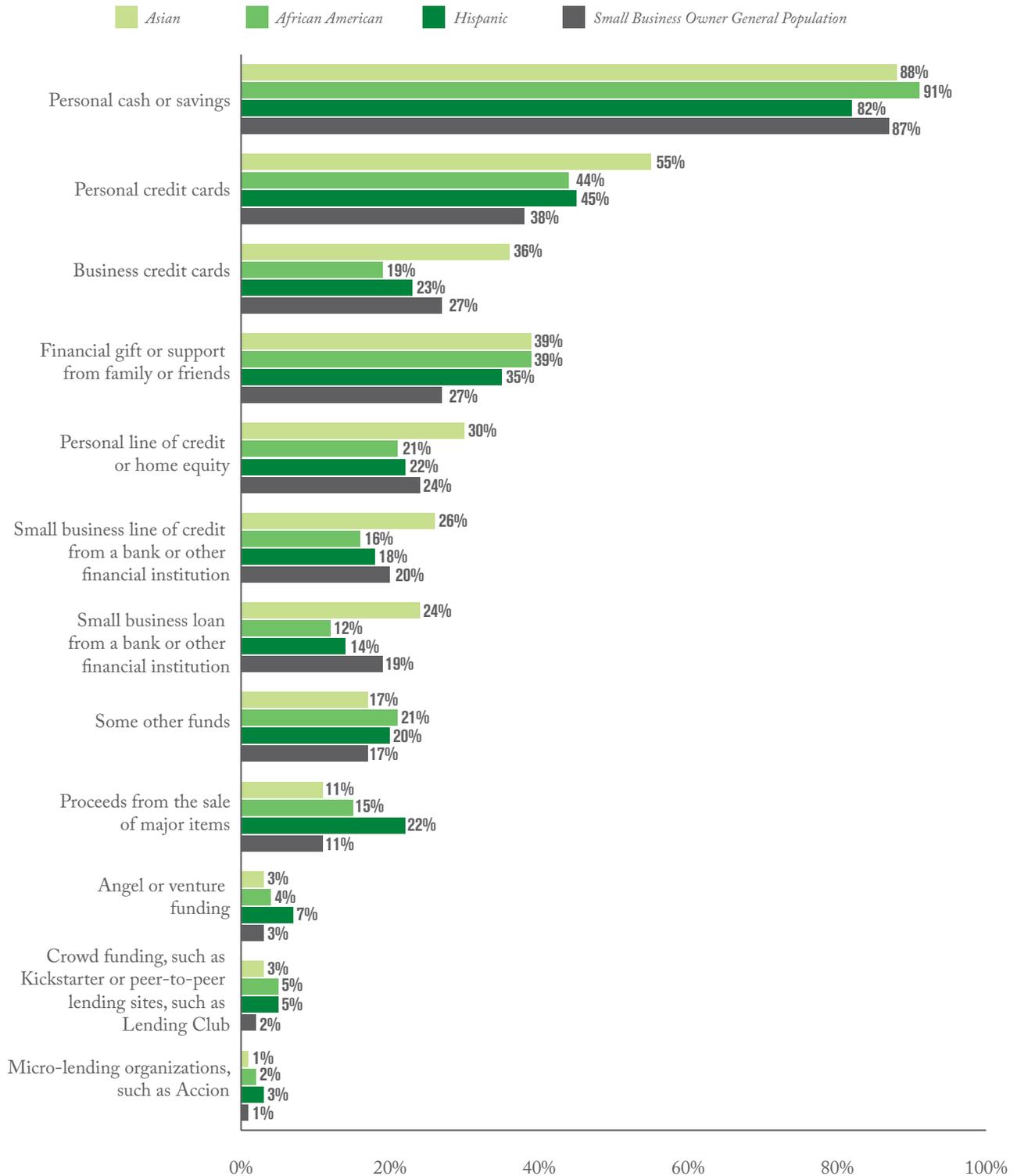
About one in five business owners across all diverse segments also mention "some other funds," which usually refers to other personal funds or money from sales/from the business itself. Very few report it was from retirement funds, such as a 401K plan.

Other funding methods, such as crowd funding (e.g., Kickstarter) or peer-to-peer lending sites (e.g., Lending Club), are not frequently used by any segment of small business owners, representing 5% or less of sources mentioned for startup funding. Angel or venture funding elicit 7% or less of mentions in each segment. Similarly, micro-lending organizations are mentioned by 3% or less of small business owners.

Overall, Asian business owners report using business credit products to initially fund their venture to a greater extent than their counterparts in other diverse segments, although differences between the Asian segment and those in the general population are not statistically significant on their use of a small business line of credit or a small business loan. It should also be noted that both African American and Hispanic business owners are less likely than their peers in the Asian segment and those in the general population to report using business credit cards and small business loans to start their business. Reliance on a small business line of credit among African American and Hispanic business owners is, however, similar to the general population of small business owners. In addition, Hispanic business owners are the most likely of all segments to say they used the proceeds from the sale of a major item to initially fund their business.

Now, thinking about when you started your small business, for each of the following, please indicate if you used this as a way to initially fund your business?

Sources of initial funding across diverse segments



When asked about their level of familiarity with the Small Business Administration’s loan programs available to small business owners, relatively small proportions of small business owners express high levels of familiarity. Twelve percent of Hispanic, 15% of African American and 18% of Asian business owners say they are extremely or very familiar with such programs. Differences are not statistically significant and such levels on familiarity are similar to what business owners in the general population (12%) say.

Further, Hispanic business owners are the most likely of all diverse segments to say they are not very or not at all familiar with the SBA’s loan programs. Within each diverse segment, familiarity with SBA’s loan programs trend flat across revenue categories and business phases.

How familiar are you with the Small Business Administration’s loan programs available to small business owners – would you say extremely, very, somewhat, not very, or not at all?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Extremely/very familiar	18	15	12	12
Somewhat familiar	34	36	27	26
Not very/not at all familiar	48	49	61	62
Number of Interviews	316	630	603	1,003

CURRENT SOURCES OF FUNDING

The primary source of current funding is the revenue from their business, irrespective of the diverse segment, with 87% of Asian, 82% of African American and 81% of Hispanic business owners who cite it as a source of current funding — 87% of their peers in the general population say the same. Differences across segments are not statistically significant.

Personal cash or savings represents the second most often cited source of current funding across all diverse segments, but those in the Asian segment are the ones most able to reduce their reliance on personal cash. Asian business owners (54%) are the least likely to rely on such a source and are similar to those in the general population (59%), while African American (77%) and Hispanic (67%) business owners are the most likely to rely on personal cash.

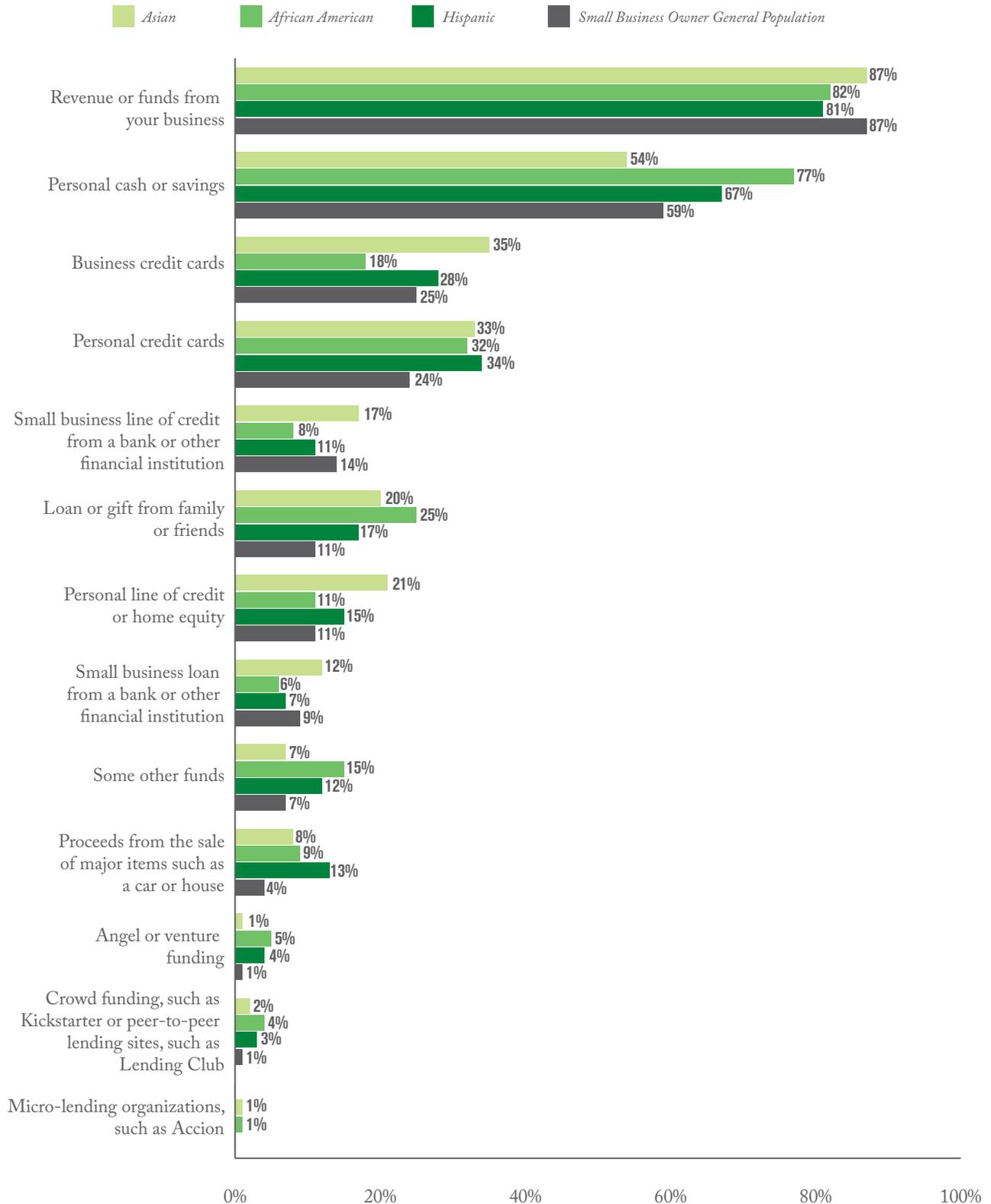
Business and personal credit cards also represent significant sources of current funding across all diverse segments, although their usage is far lower than the top two sources mentioned. Asian and Hispanic business owners tend to rely on business and personal credit cards equally, while those in the African American segment appear to rely less on business cards.

Fourteen percent of business owners in the general population say they use small business lines of credit, which is similar to what their peers in the Asian segment (17%) report. African American business owners are less likely than those in the Asian and general population segments to say they use a small business line of credit, although the difference with the Hispanic segment is not statistically significant. Also, relatively few across all segments cite small business loans as a source of current funding. It should be noted that the only statistically significant difference is between Asian (12%) and African American (6%) business owners with respect to current use of small business loans. Sample sizes of those who use a small business loan as current funding are small. But findings suggest business owners in diverse segments, especially among African Americans and Asians, have an SBA loan to a greater extent than those in the general population of small business owners.

Broadly speaking, and when comparing initial and current sources of funding, Asian business owners appear to rely more on business credit products while their peers in the African American and Hispanic segments appear to depend more on personal sources of funding. This broad difference may be due in part to the fact that more African American and Hispanic business owners report being in the startup phase than their Asian counterparts.

Which of the following do you currently use to fund your business today?

Sources of current funding across diverse segments



Even after the launch of their business, alternative sources of funding, including crowd funding, micro-lending and angel capital represent a small proportion of current funding, irrespective of the segment.

APPLYING FOR CREDIT AND OUTCOMES

Half of small business owners in the general population (50%) say they have borrowed money or used credit for their business. While Asian (53%) and Hispanic (51%) small business owners are on par with those in the general population, incidence of borrowing in the African American segment is somewhat lower at 42%.

While the sample sizes of diverse business owners who have ever borrowed money for their business are small within revenue categories, the trend suggests that incidence of borrowing is higher when business revenue grows, irrespective of the diverse segment. Differences across business phases are not statistically significant.

Majorities of small business owners across all diverse segments report not needing credit in the past year. African Americans (72%) are the most likely to say they did not need any credit and are on par with business owners in the general segment (71%). Asians (24%) and Hispanics (20%) are the most likely to say they were able to obtain all the credit they needed, similar to what business owners in the general population (23%) say, but African Americans (13%) are the least likely to say they were able to obtain all the credit they needed. It is also important to point out that small business owners across all diverse segments are equally likely to report not being able to obtain all the credit they needed in the last year: Asian (11%), African American (15%) and Hispanic (14%). All diverse segments are more likely than their peers in the general population (6%) to say they had not been able to obtain all the credit they needed.

Have you ever borrowed money or used credit for your business?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	53	42	51	50
No	47	58	49	50
Number of Interviews	316	630	603	1,003

% Yes	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Asian	27	53	69
African American	34	46	69
Hispanic	36	54	70
Small Business Owner General Population	41	48	72

Have you been able to obtain all the credit you needed for your business in the last year, not been able to obtain all the credit you needed, OR have you not needed credit in the past year?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Been able to obtain all the credit needed	24	13	20	23
Not been able to obtain all the credit needed	11	15	14	6
Not needed credit	62	72	64	71
Number of Interviews	316	630	603	1,003

Strong majorities among those who say they were unable to obtain all the credit they needed for their business believe it affected their business negatively. Due to the small sample sizes, caution should be used when interpreting results, as the differences across segments are not statistically significant.

PLANS TO APPLY FOR NEW CREDIT PRODUCTS

Across all three diverse segments, about one in four small business owners say they plan to apply for a credit product in the next 12 months (26% among African American owners, 25% among Asian owners and 23% among Hispanic owners). Intentions to apply for any new credit product

are higher in the diverse segments than in the general population of small business owners (15%).

In general, intentions to apply for a new credit product appear to be related more to the phase of the business cycle than to revenue. Those in the startup and growing phases tend to express more intentions to apply for a new credit product than those in the sustaining and winding down phases, except in the Asian segment for whom the difference is not statistically significant. Due to the relatively small sample sizes within revenue categories and business phases for each segment, caution should be used when analyzing those results.

Has your inability to obtain the credit you needed in the past negatively affected your business? (Among those who say they have not been able to obtain all the business credit they needed in the past year)

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	67	85	68	73
No	33	14	32	27
Number of Interviews	35	90	68	54

Are you planning to apply for any new credit products, such as a business credit card or a line of credit or loan for your business, in the next 12 months?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	25	26	23	15
No	75	73	76	85
Number of Interviews	316	630	603	1,003

% Yes	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Asian	11	33	25
African American	23	28	33
Hispanic	23	20	29
Small Business Owner General Population	11	14	24

% Yes	Startup/Growing phases	Sustaining/Winding down phases
	%	%
Asian	27	21
African American	31	18
Hispanic	31	10
Small Business Owner General Population	22	9

E. SMALL BUSINESS OWNERS' LENDING EXPERIENCE

This section explores the overall lending experiences across diverse segments.

In the general population of business owners, 14% say they were declined credit for their business in the past. Differences across diverse segments are relatively small and not statistically significant. While the sample sizes of diverse business owners who have ever been declined for credit are small within revenue categories, the general trend suggests that as revenue grows, chances of being declined increases. This is likely due to larger revenue companies having a greater opportunity to apply for credit.

While the sample sizes of those who have ever been declined for credit are relatively small, findings suggest that being declined for a loan does not discourage Asian and Hispanic business owners to apply again. However, being declined for business credit in the past appears to discourage African American business owners to try again.

Majorities among those who were ever denied credit say it affected their opinion of banks and financial institutions negatively, although caution should be used when reviewing these results due to the small sample sizes.

Have you ever been declined for credit for your business in the past?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	23	20	19	14
No	76	80	81	85
Number of Interviews	316	630	603	1,003

% Yes declined	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Asian	14	20	33
African American	17	19	38
Hispanic	15	19	26
Small Business Owner General Population	7	13	27

After you were declined, did you apply for credit again at any bank or financial institution? (Among those who say they had been declined for credit in the past)

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	52	36	54	53
No/Don't Know/Refused	48	64	46	47
Number of Interviews	62	128	115	134

Has being declined for credit in the past negatively impacted your opinion of banks and other financial institutions or not? (Among those who say they had been declined for credit in the past)

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	54	60	56	62
No	46	40	44	37
Number of Interviews	62	128	115	134

CONFIDENCE IN OBTAINING CREDIT

When asked about their level of confidence to obtain credit today, if they needed it, 51% of Asian, 50% of Hispanic and 44% of African American business owners say they are extremely or very confident that they would be able to obtain it, which is similar with the level of confidence in the general segment (53%). The difference between African American business owners and those in all other diverse segments on this issue is not statistically significant.

While some of the sample sizes within revenue categories are relatively small, the emerging pattern across diverse segments and the general population of small business owners is that confidence increases as revenue grows. Caution should be used when analyzing results in the diverse segment tables within revenue categories as differences are not statistically significant.

If you needed credit today, how confident do you feel that your business would be able to obtain it? Would you say you are extremely, very, somewhat, not very, or not at all confident?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Extremely/Very confident	51	44	50	53
Somewhat confident	28	28	25	26
Not very/Not at all confident	19	27	25	20
Don't Know/Refused	2	1	*	2
Number of Interviews	316	630	603	1,003

*Less than 0.5%

Asian			
	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Extremely/Very confident	38	55	55
Somewhat confident	17	30	33
Not very/Not at all confident	41	14	10
Don't Know/Refused	4	1	2
Number of Interviews	80	118	118

African American			
	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Extremely/Very confident	36	49	62
Somewhat confident	27	30	26
Not very/Not at all confident	36	20	12
Don't Know/Refused	2	1	1
Number of Interviews	297	256	77

Hispanic			
	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Extremely/Very confident	33	60	60
Somewhat confident	30	20	26
Not very/Not at all confident	36	20	14
Don't Know/Refused	*	*	*
Number of Interviews	239	238	126

*Less than 0.5%

Small Business Owner General Population			
	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Extremely/Very confident	40	57	65
Somewhat confident	35	22	23
Not very/Not at all confident	25	19	10
Don't Know/Refused	*	2	2
Number of Interviews	383	395	225

*Less than 0.5%

Business owners explain their lack confidence in their ability to obtain credit somewhat differently across segments.

Among Asians, their top reasons are that their business is not doing well (30%), that banks do not like small businesses/their business or industry (17%) and that lending requirements are too tight (12%). In the African American and Hispanic segments, business owners attribute their lack of confidence in their ability to obtain credit mainly to their credit history (24% and 16%, respectively), that lending requirements are too tight (21% and 11%, respectively)

and that their business is not doing well (13% and 11%, respectively). Among the general population of business owners, tight lending requirements (20%) and credit history (15%) are the top reasons given to explain their lack of confidence in getting credit for their business. All other reasons are mentioned by less than 10% of business owners lacking such confidence. Due to the small sample sizes, caution should be exercised when analyzing results in the table below, as differences across diverse segments are not statistically significant.

Why are you not confident about being able to obtain credit if you needed it? (Among those who are not at all/not very confident they could obtain credit, if needed; Top mentions are displayed in table)

Asian (n=58)	African American (n=149)	Hispanic (n=159)	Small Business Owner General Population (n=176)
Business isn't doing well/low income/revenue (30%)	Credit rating/history (24%)	Credit rating/history (16%)	Banks aren't lending (20%)
Banks don't like small business/my business/my industry (17%)	Banks aren't lending/requirements are too tight (21%)	Banks aren't lending/requirements are too tight (11%)	Credit rating/history (15%)
Banks aren't lending/requirements are too tight (12%)	Business isn't doing well/low income/revenue (13%)	Business isn't doing well/low income/revenue (11%)	Debt-to-income ratio is too high/over-extended (9%)
Credit rating/history (8%)	Banks don't like small business/my business/my industry (7%)	Banks don't like small business/my business/my industry (7%)	Business isn't doing well/low income/revenue (8%)
No assets/collateral (8%)	Been turned down previously (6%)	Economic conditions (7%)/Don't want to use credit/only use cash (7%)	Banks don't like small business/my business/my industry (8%)

MANAGING FINANCIAL ISSUES

Small business owners were asked how strongly they agreed with a series of statements about various aspects of handling financial issues for their business. Across diverse segments, owners are most likely to strongly agree that they are able to manage their business finances. Forty-seven percent of Asian, 40% of African American and 37% of Hispanic business owners strongly agree with the statement, which is similar to the 43% of business owners in the general population who strongly agree. Differences across segments are not statistically significant, although Hispanic business owners are less likely than their Asian counterparts to strongly agree with the statement. In the same vein, difficulty managing cash flow in the current economic climate elicits relatively low levels of agreement, with about one in 10 business owners across all segments who strongly agree with the statement.

Willingness to use credit to grow their business is similar across diverse segments (15% of Asians, 18% of African Americans and 11% of Hispanics), which is on par with

levels of agreement in the general segment (11%). At the same time, African American business owners tend to report slightly higher levels of negative experiences with credit issues (14%) and difficulty for their business to get credit (11%) than business owners in the other segments do. Agreement to borrow money for their business only in case of an emergency is similar across all segments, with about one-quarter of business owners who strongly agree.

Regarding their comfort level asking banks or other financial institutions about credit or lending concerns, 28% of Asians, 20% of African Americans and 19% of Hispanics strongly agree they are comfortable asking financial institutions such questions. But this level of agreement across diverse segments is on par with the general population of small business owners (21%). Further, Asian (31%) and African American (27%) business owners express similar levels of agreement that they understand the credit qualification process, which is similar to their peers' level of agreement in the general segment (28%). Hispanic business owners (22%) trail their peers somewhat on this issue.

For each of the following statements, please tell me if you strongly agree, agree, neither agree nor disagree, disagree, or strongly disagree? (Strongly agree shown)

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
I am confident in my ability to manage the finances of my business	47	40	37	43
I am confident in my understanding of banks' and financial institutions' credit qualification process	31	27	22	28
When it comes to my business, I consider myself to be technologically savvy	36	30	23	24
I would only borrow money for my business in emergencies	26	26	20	24
I am comfortable going to banks or other financial institutions with questions and concerns about credit and lending	28	20	19	21
I am willing to use credit to help grow my business	15	18	11	11
Managing cash flow is a serious problem for my business in the current economic climate	12	12	8	8
I have struggled with personal credit issues in the past	4	14	7	5
It has been difficult for my business to get credit	4	11	8	4
Number of Interviews	316	630	603	1,003

TRUST IN FINANCIAL INSTITUTIONS

Across all three diverse segments, majorities say they trust banks and other financial institutions “a great deal” or “somewhat.” Asian business owners appear to express more trust than those in the other segments, with 78% of them saying they trust banks and other institutions a great deal (13%) or somewhat (65%). As points of comparison, 69% of African American and general population business owners and 64% of Hispanic business owners trust banks and financial institutions “a great deal” or “somewhat.”

In addition, trust does not appear to be related to business revenue nor to business phases. Due to the small sample

sizes, caution should be used when interpreting results across segments and within revenue categories or business phases.

However, it is important to put findings about trust into the historical context of the U.S. economic climate. Gallup started to measure Americans’ attitudes toward banks in 1979. Over time, confidence in such institutions has fluctuated according to major events in the industry and the economy. For example, confidence in banks suffered after the savings and loans crisis in the early 1990s, but it recovered in the latter part of the decade and through the mid-2000s. After the start of the financial crisis in 2008, Americans’ confidence in banks dropped again and reached its lowest level in 2012.

Thinking about banks and other financial institutions, would you say that you currently trust them a great deal, somewhat, not very much, or not at all?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
A great deal	13	14	14	14
Somewhat	65	55	50	55
Not very much	13	15	20	19
Not at all	8	16	15	11
Number of Interviews	316	630	603	1,003

% Great deal	Less than \$50,000	\$50,000-\$249,999	At least \$250,000
	%	%	%
Asian	9	15	14
African American	12	14	21
Hispanic	14	12	16
Small Business Owner General Population	13	13	15

% Great deal	Startup/Growing Phases	Sustaining/Winding Down Phases
	%	%
Asian	13	15
African American	15	10
Hispanic	16	10
Small Business Owner General Population	14	13

IMPROVING THE BANKING EXPERIENCE

When asked, in an open-ended question, what banks or financial institutions could do to make the small business banking experience better, about two in 10 across all diverse segments said “better loans/lending availability.” As a point of comparison, 10% of business owners in the general population say the same.

Other suggestions include improving the overall processes involved in getting a loan, better communication and transparency during the loan transaction, charging fewer fees and offering better loan rates. Improving the lender-client relationship and making it more personal were other suggestions. It is also important to note that many business owners did not provide a specific recommendation or refused to answer.



What could banks or financial institutions do to make the small business banking experience better for small business owners like you?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Improve processes/procedures/regulations/lenient	6	8	7	10
Better loans/lending availability	16	17	18	10
Better communications/more transparency/answer questions	11	8	5	7
Fewer fees	7	6	6	6
Better rates	4	6	7	6
Positive comment	3	2	3	6
No comment/nothing	7	4	4	6
Don't know/Refused	19	14	20	18
Number of Interviews	316	630	603	1,003

PERSONAL EXPERIENCE WITH ANY FORM OF DISCRIMINATION

Although the question does not specifically refer to financial institutions, relatively large proportions of small business owners across all segments say they experienced some form of discrimination. African American business owners (50%), however, are more likely than those in any other segment to say they experienced some form of discrimination. As a point of comparison, 23% in the small business general population segment, which includes some minorities, say they experienced discrimination of any form based on race, ethnicity, gender or sexual orientation.

While half of African American business owners say they have experienced any form of discrimination, relatively few (28%) actually reported it to any organization or authority. Reports of discrimination in the other diverse segments is also low, with 18% of Hispanic and Asian business owners

who say they did. Such low levels of reporting are also found in the general population as 14% say they reported the discrimination to an organization or authority.

DIVERSE ATTRIBUTES AND PERCEIVED IMPACT ON BUSINESS

When asked if they felt that their business had ever been impacted based on their race, ethnicity, gender or sexual orientation, strong majorities across all diverse segments feel their business has not been impacted. However, those in the African American segment (65%) are the least likely among all diverse segments to feel their business has not been impacted. In fact, African American business owners (23%) are more likely than their Asian (9%) and Hispanic (8%) counterparts to feel that their business has been negatively impacted due to their race, ethnicity, gender or sexual orientation.

Have you ever experienced discrimination of any form based on race, ethnicity, gender, or sexual orientation?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	27	50	30	23
No	71	48	69	77
Number of Interviews	316	630	603	1,003

Do you feel that your business has ever been negatively impacted based on your race, ethnicity, gender, or sexual orientation, positively impacted, or has it had no impact?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Negatively impacted	9	23	8	10
Positively impacted	7	8	10	3
Has had no impact	82	65	81	86
Number of Interviews	316	630	603	1,003

Majorities of business owners in the diverse segments also say that being a minority-owned business has no effect on their company. Those in the Asian segment (70%) are the most likely to say so, compared with 62% in the Hispanic segment. But African American business owners (53%) are the least likely to share this opinion. In fact, African American business owners (41%) are more likely than their Asian (20%) and Hispanic (19%) counterparts to say that being a minority-owned business makes it harder to run their company.

PERCEIVED DISCRIMINATION FROM A FINANCIAL INSTITUTION

Overall, strong majorities of small business owners across all segments say they do not feel that discrimination from a financial institution based on their diverse attribute ever impacted their chances of obtaining credit for their company. But African American business owners (22%) are

more likely than those in all other segments to say they felt discrimination from a financial institution based on their race, ethnicity, gender or sexual orientation had impacted their chances to obtain credit for their business. It is important to note that such perceived discrimination is not related to revenue or business phases.

While business owners in all segments were asked to describe an experience in which they felt such discrimination occurred, only the African American segment had enough respondents (n=169) to allow for analysis of the results and thus, they are the only group highlighted. The most often cited reason referenced is “being treated differently in-person” (31%). Fifteen percent say they felt discriminated against because they were denied a loan, and 9% specifically cite poor customer service and inattentive, unhelpful service at a financial institution causing them to feel discriminated against.

Does being a minority-owned business...?

	Asian	African American	Hispanic
	%	%	%
Make it easier to run your business	8	3	16
Make it harder to run your business	20	41	19
No effect on your business	70	53	62
Number of Interviews	260	582	550

Do you feel that discrimination from a financial institution based on your race, ethnicity, gender, or sexual orientation has ever impacted your chances of obtaining credit for your business?

	Asian	African American	Hispanic	Small Business Owner General Population
	%	%	%	%
Yes	6	22	12	5
No	92	74	85	94
Number of Interviews	316	630	603	1,003

Can you briefly describe a situation in which this occurred? (Top mentions among African American small business owners who say they felt discriminated against by a financial institution)

	African American
	%
Felt discriminated against/age/race/sexuality/treated differently in person	31
Was denied a loan/financing (non-specific)	15
Poor customer service, inattentive, unhelpful	9
Fees/Rates too high	3
Number of Interviews	169

F. DETAILED METHODOLOGY

QUANTITATIVE DATA COLLECTION OVERVIEW

Results are based on a Gallup telephone survey completed with 1,003 small business owners in the general population, aged 18 and older, conducted August 1-18, 2014, and November 10-21, 2014. Interviews with the diverse segments of Asian (n=316), African American (n=630) and Hispanic (n=603) small business owners were conducted during the period of August 1-18, 2014.

The Gallup Daily tracking completed interview sample was used to create a nationally representative sample frame of small business owners. Every day Gallup completes 1,000 nationally representative interviews of adults aged 18 and older living in all 50 states and the District of Columbia, via landline and cellular telephones. At the end of each interview, respondents are asked if they would be willing to be re-contacted to participate in a future Gallup survey. Respondents who indicated they were either a business owner or self-employed and agreed to be re-contacted on the Gallup Daily tracking survey were eligible for inclusion in the current survey. Owners with less than \$10,000 in revenue were asked to confirm if they considered their work a business in order to be included in the survey. The sample was stratified by six demographic attributes: LGBT, Veteran, Asian, Hispanic, African American and the general population of small business owners.

WEIGHTING OF GENERAL POPULATION OF BUSINESS OWNERS

The sample was weighted to account for unequal selection probability and nonresponse. The data are weighted to match national small business owners' demographics of gender, age and race/Hispanic ethnicity. These demographic weighting targets are based on the weighted demographic distribution of Gallup's Daily Tracking Survey respondents identified as small business owners.

WEIGHTING OF DIVERSE SEGMENTS

The sample was weighted to account for unequal selection probability and nonresponse. The data are weighted within segments to match national small business owners' demographics of gender and age of each segment. These demographic weighting targets are based on the weighted demographic distribution of Gallup's Daily Tracking Survey respondents identified as small business owners in each segment.

SAMPLE SIZE AND MARGIN OF ERROR

The margin of error differs based on the size of the sample. For the general population of small business owners, it is plus or minus four percentage points; for the Asian sample, it is ± 8 percentage points; for the African American and Hispanic segments, it is ± 6 percentage points, at the 95% confidence level. Margins of error are higher for subsamples. In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error and bias into the findings of public opinion polls.

SURVEY LENGTH

The survey length averaged 15 minutes and included both closed-ended and open-ended questions. Prior to conducting the survey, Gallup completed an in-depth briefing with the interviewing team.

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