

Risk & Resilience: Small Business Owners in the Wake of the Pandemic

Hispanic Employer Spotlight

September 2022

NFM-22375AO



REIMAGINE MAIN STREET



Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions via dialogue and data to ensure that MLK Boulevards, Cesar Chavez Ways, Chinatowns and Main Streets are at the center of our recovery.

Reimagine Main Street is a project of the Public Private Strategies Institute.

Survey Partners



Context for this Survey

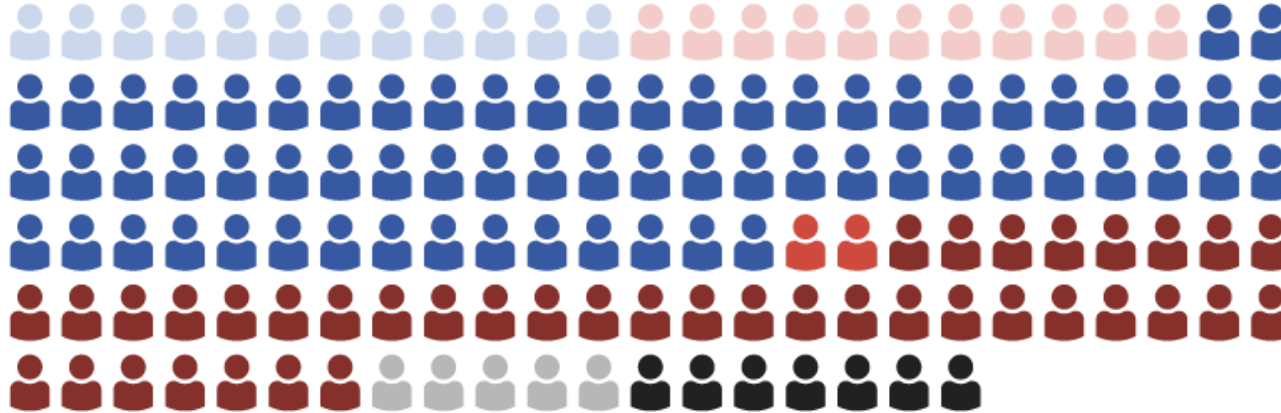
- The last two years have taken a tremendous toll on small businesses and challenges persist for many entrepreneurs. The impact of COVID-19 pandemic highlighted the need for small businesses to be resilient in the face of future shocks.
- Against this backdrop, we sought to better understand the outlook of Hispanic small employers compared to their peers, how they are responding to current challenges, and planning for future risks.
- In collaboration with the United States Hispanic Chamber of Commerce (USHCC) and Nationwide, Reimagine Main Street fielded a national survey of small employers from June 9 - July 6 , 2022.








Executive Summary

- Hispanic small employers are optimistic about the future of their businesses in spite of negative effects of COVID-19 on their performance. Most report that business is stable or improving and almost half expect revenue growth in the next six months.
- In spite of this optimism, Hispanic small employers were hard hit by the pandemic and are still experiencing headwinds including soft demand, increased input costs, the effects of higher interest rates, supply chain disruptions, and a tight labor market.
- To date, most Hispanic small employers have focused on strengthening their finances to prepare for future shocks. Opportunities exist for additional actions to focus on risk management.

Large and Diverse Sample of Small Employers

$n = 1,438$



	AAPI	120
	Black,	114
	Hispanic/ Latino	671
	Native	18
	White	397
	Other / Multi-race	47
	Prefer not to Say	71



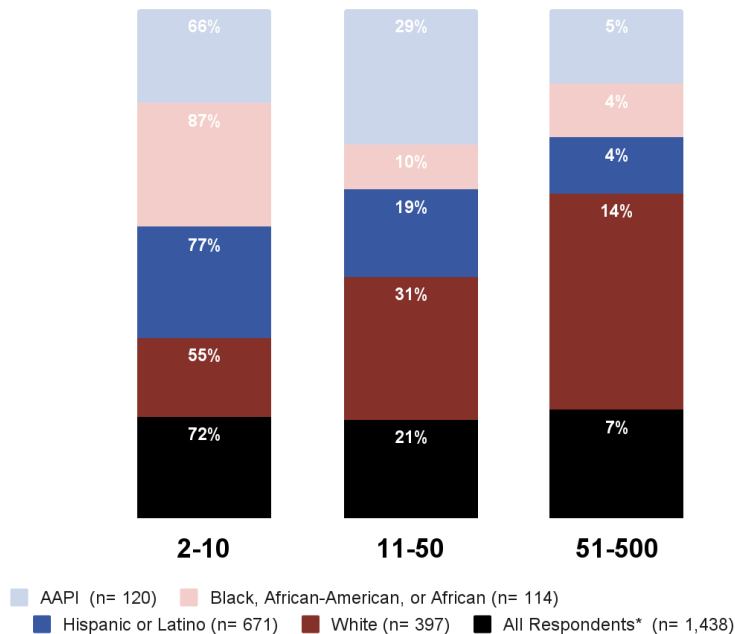
= 10 Small Business Owners

Sample Overview

Distribution by Number of Employees

% of respondents

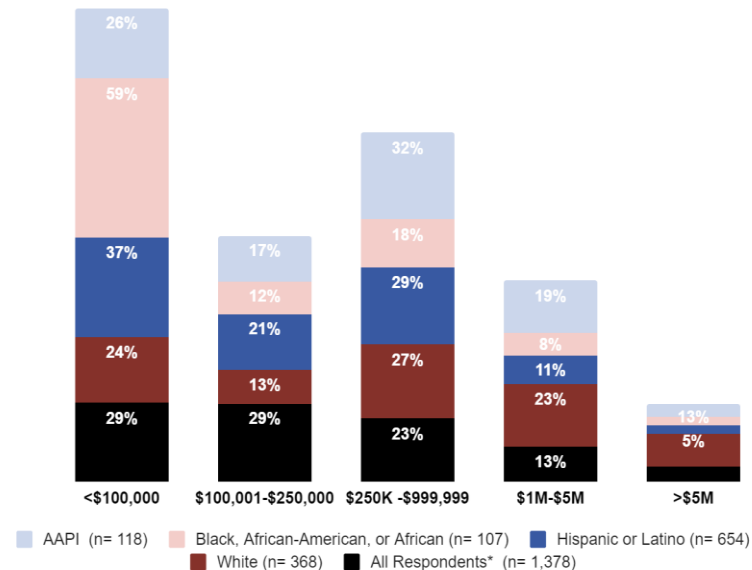
n= 1,438



Distribution by 2021 Revenue

% of respondents

n= 1,378*



Executive Summary

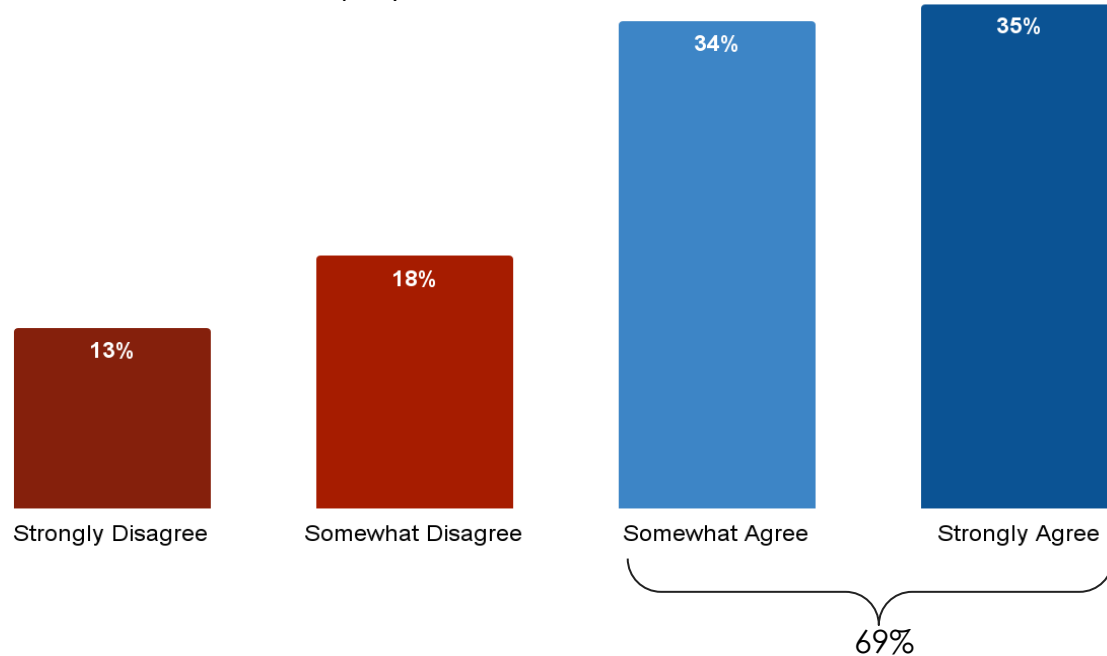
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- To date, most Hispanic small employers have focused on strengthening their finances to prepare for future shocks. Opportunities exist for additional actions to focus on risk management.

Most Hispanic Small Employers Optimistic About the Future of Their Businesses

Extent of agreement with the statement, "I am optimistic about the future of my business."

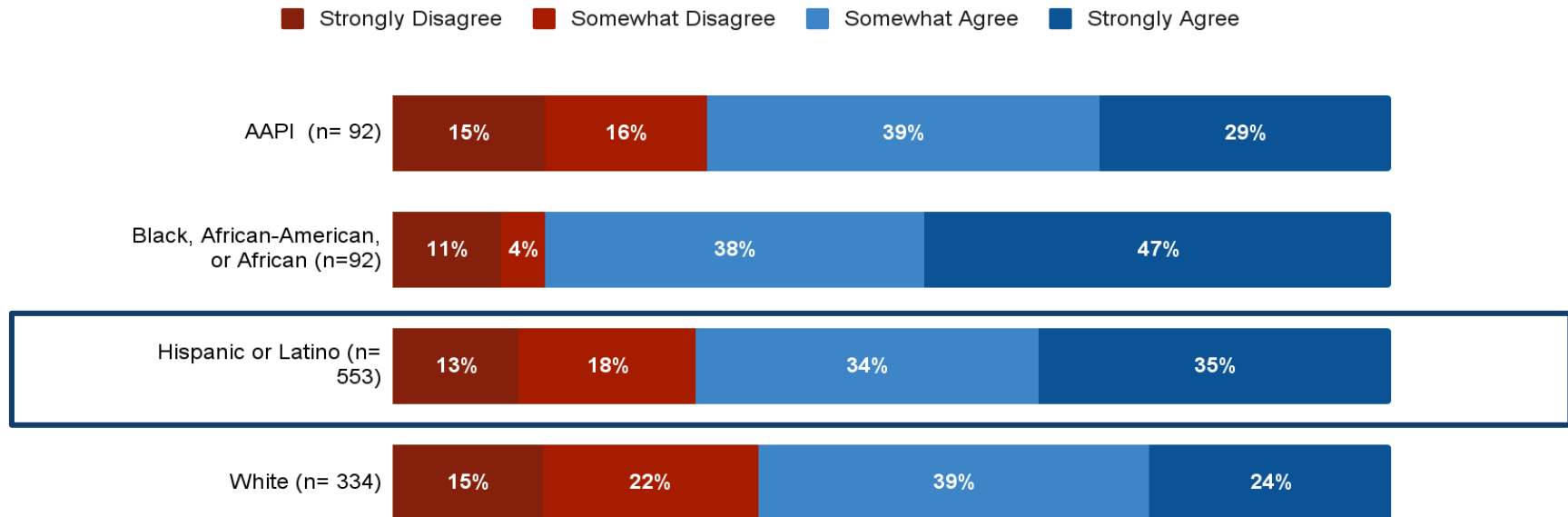
% of respondents who expressed an opinion

n=553 Hispanic or Latino/a small employers



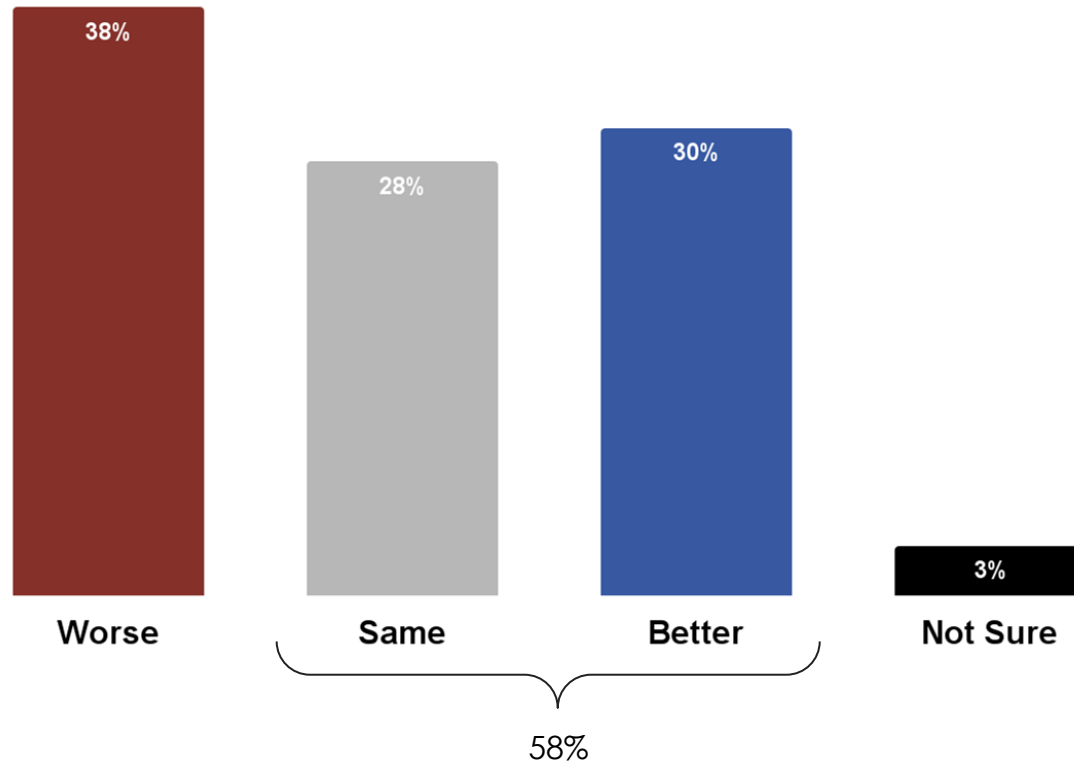
Hispanic Small Employers Among the Most Optimistic About the Future of Their Businesses

% of respondents who expressed an opinion



More than Half of Hispanic Small Employers Say Business is the Same or Better vs One Year Ago

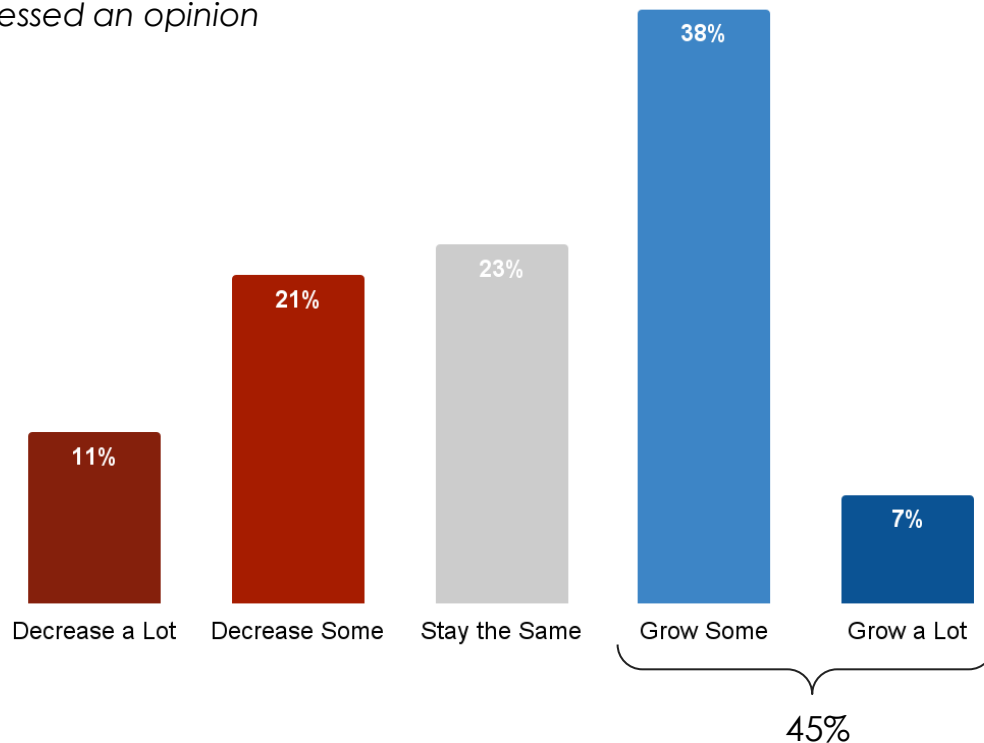
% of Hispanic respondents
n= 671



Source: Nationwide, United States Hispanic Chamber of Commerce (USHCC), and Reimagine Main Street, "Risk & Resilience" (July 2022)
Q4: How is your business doing today compared to this time last year?

45% of Hispanic Small Employers Expect Some Revenue Growth in Next 6 Months

*Extent of agreement with the statement, "My business performance will be stronger this year than it was last year."
% of respondents who expressed an opinion*

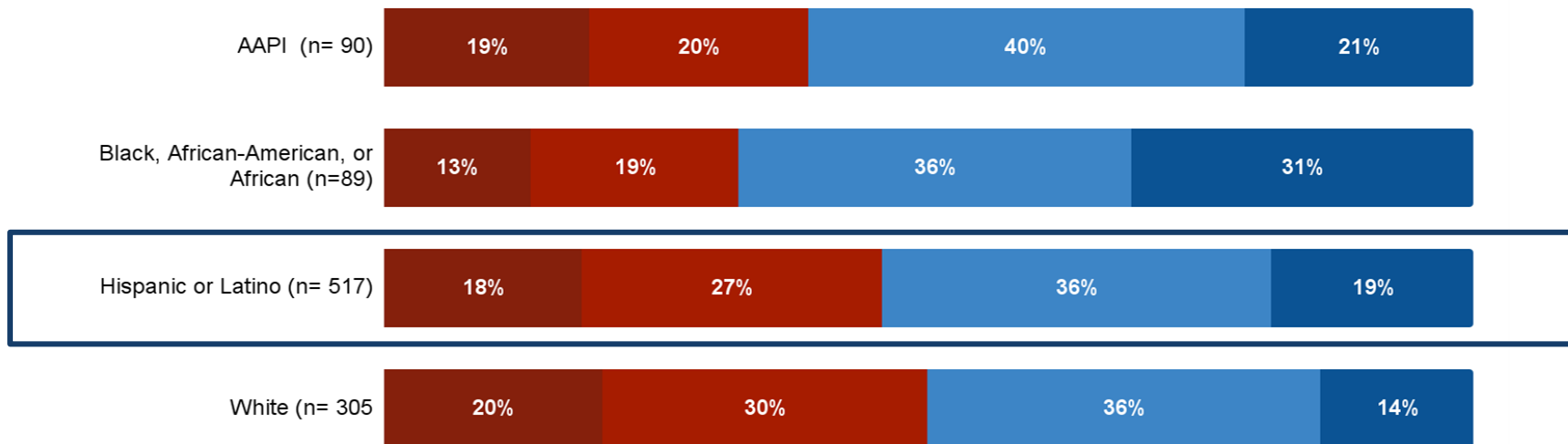


Hispanic Respondents Among the Most Confident They Will Achieve Their Annual Revenue Targets

Extent of agreement with the statement, "I am confident that my business will achieve the revenue goals and targets I have set for the year."

% of respondents who expressed an opinion

Strongly Disagree Somewhat Disagree Somewhat Agree Strongly Agree

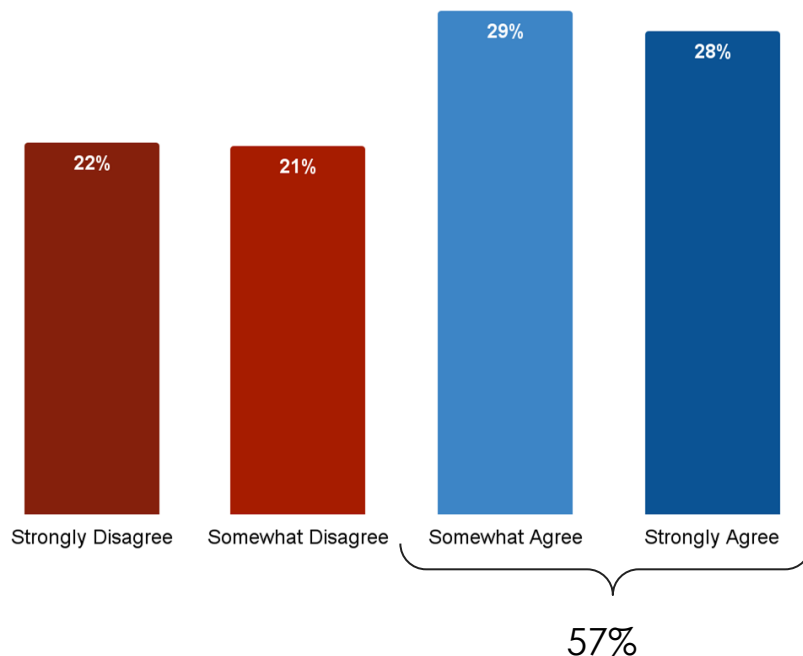


More than Half of Hispanic Respondents Confident that Business Performance This Year Will Be Stronger Than Last

Extent of agreement with the statement, "My business performance will be stronger this year than it was last year."

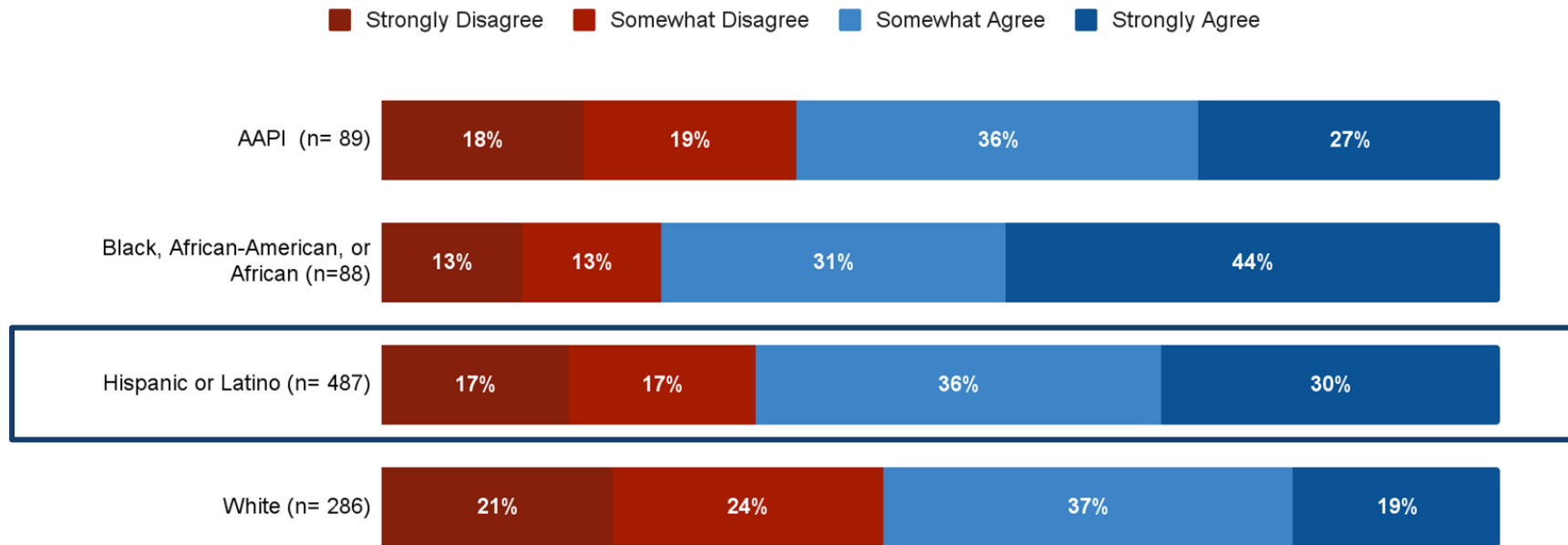
% of respondents who expressed an opinion

n= 525 Hispanic or Latino/a small employers



Hispanic Respondents Among the Most Confident That Business Performance Will Be Strong Going Into Next Year

Extent of agreement with the statement, "My business performance will be strong going into next year (2023)."
% of respondents who expressed an opinion



Executive Summary

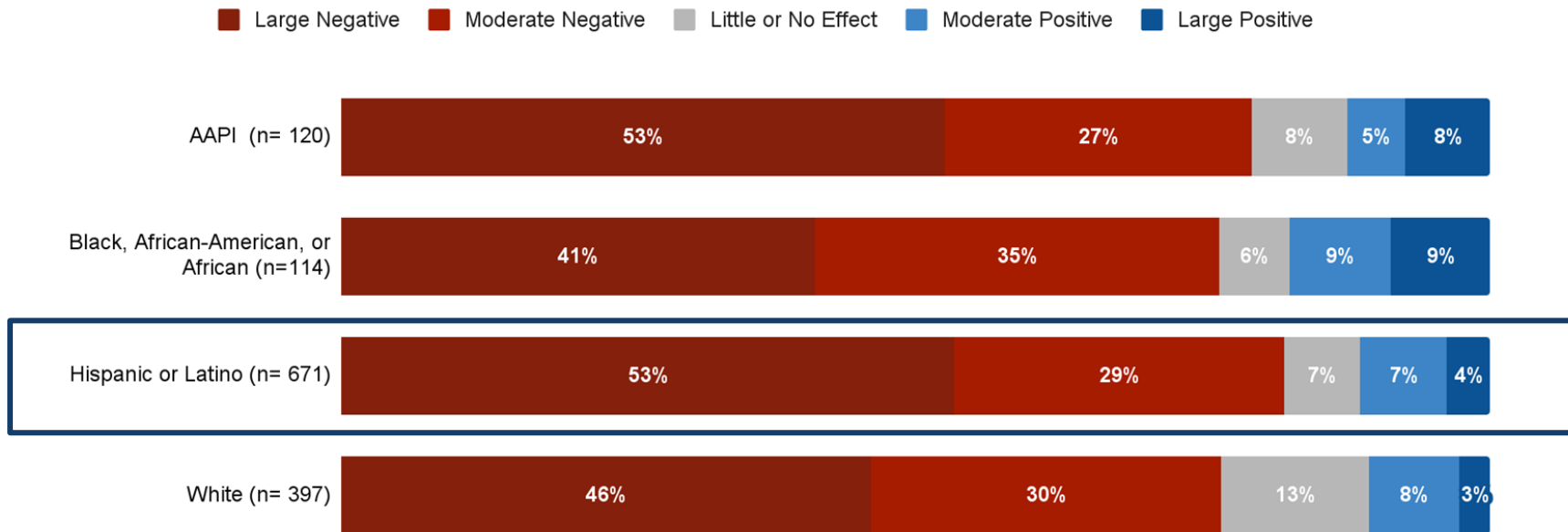
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- To date, most Hispanic small employers have focused on strengthening their finances to prepare for future shocks. Opportunities exist for additional actions to focus on risk management.

Hispanic Small Employers Among the Mostly Likely to Report Having Been Hit Hard by COVID-19

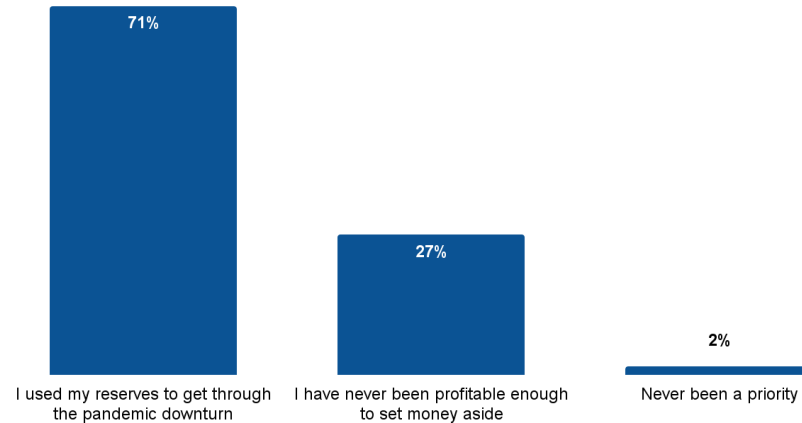
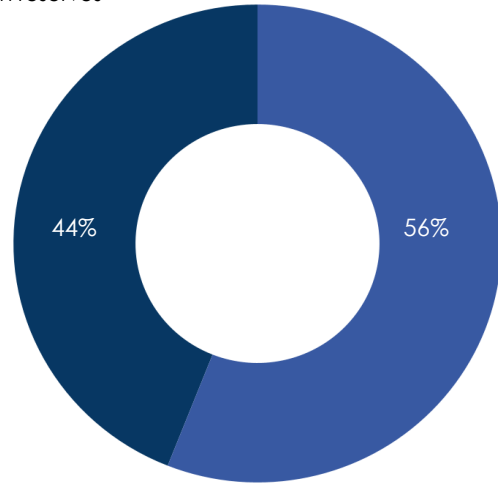
Impact of COVID-19 on business overall
% of respondents



Most Hispanic Small Employers Lack Cash Reserves Because of COVID-19

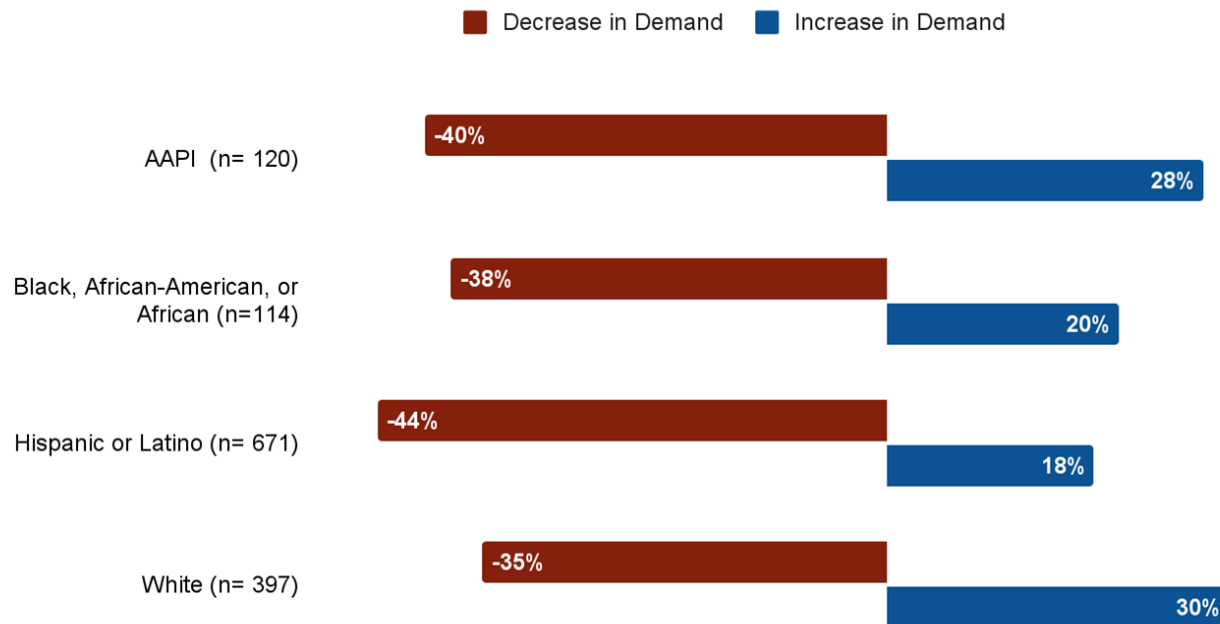
Share of Hispanic respondents
n=671

Yes, have cash reserves
No cash reserves



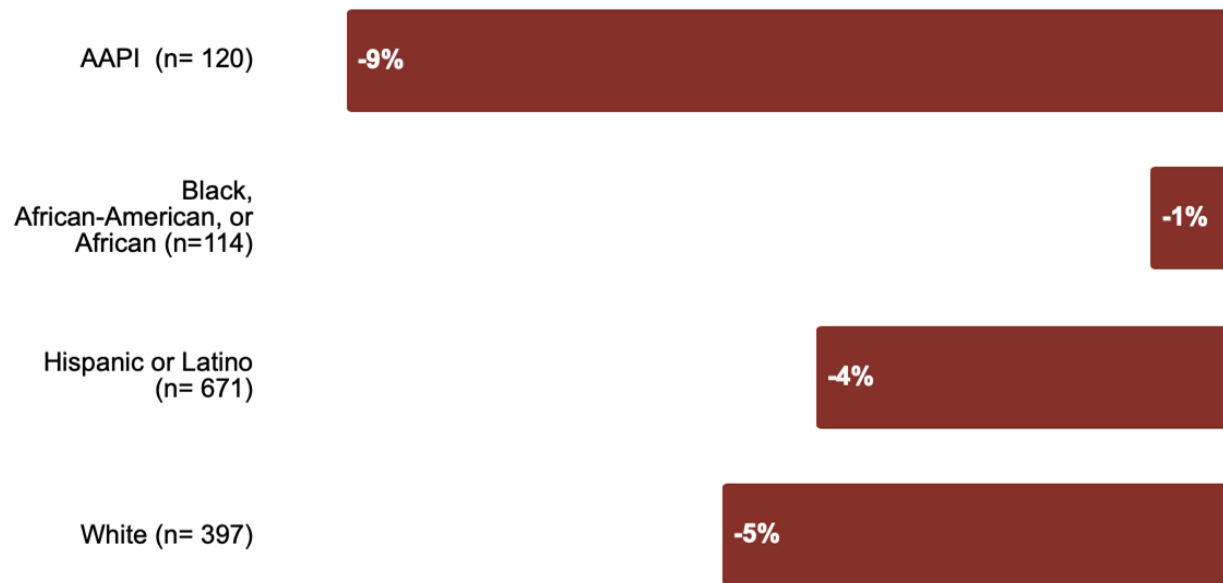
Hispanic Small Employers Most Likely to Report Decreased Demand (and Least Likely to Report Increase)

% of respondents who experienced decrease / increase in demand



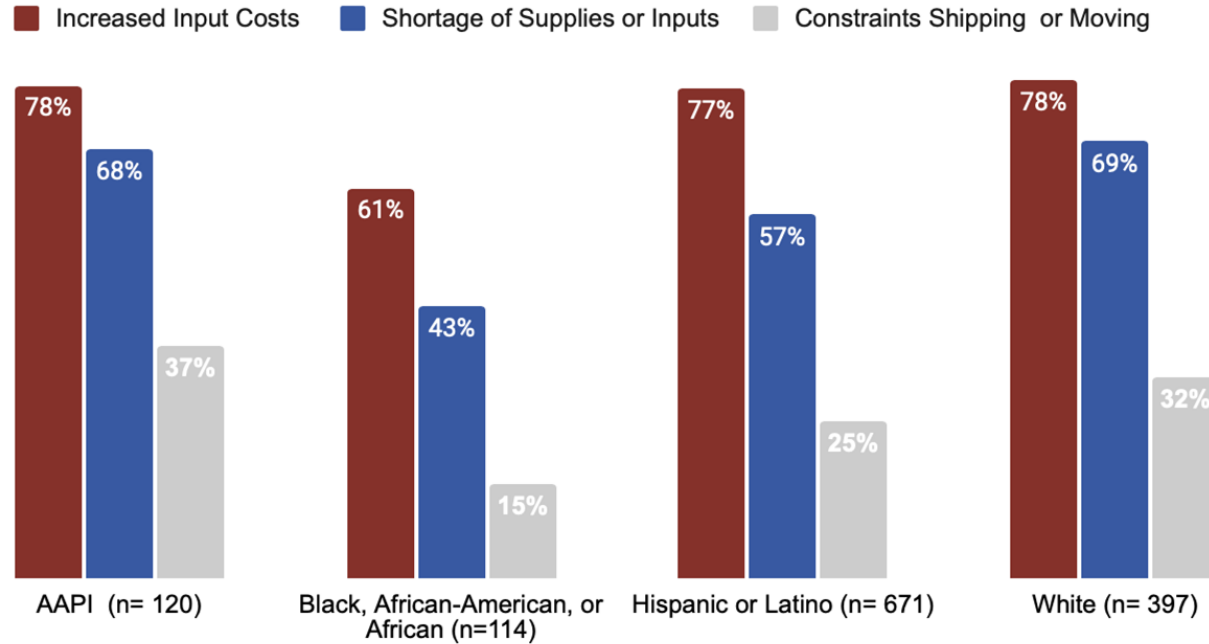
Hispanic Small Employers Closed More Locations than Opened in the Last Year

*Net Change in Open Locations
% of respondents*



More than 3 in 4 Hispanic Small Employers Hit by Increased Input Costs, in line with peers

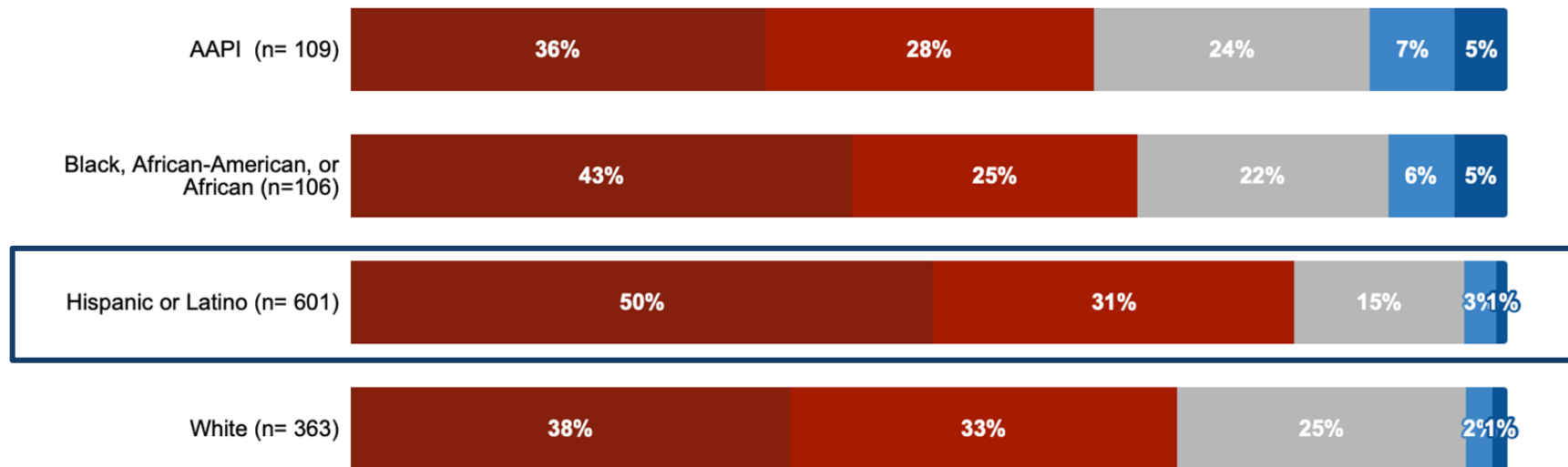
% of respondents who experienced



Hispanic Small Employers Most Likely to Expect Negative Impact from Higher Interest Rates

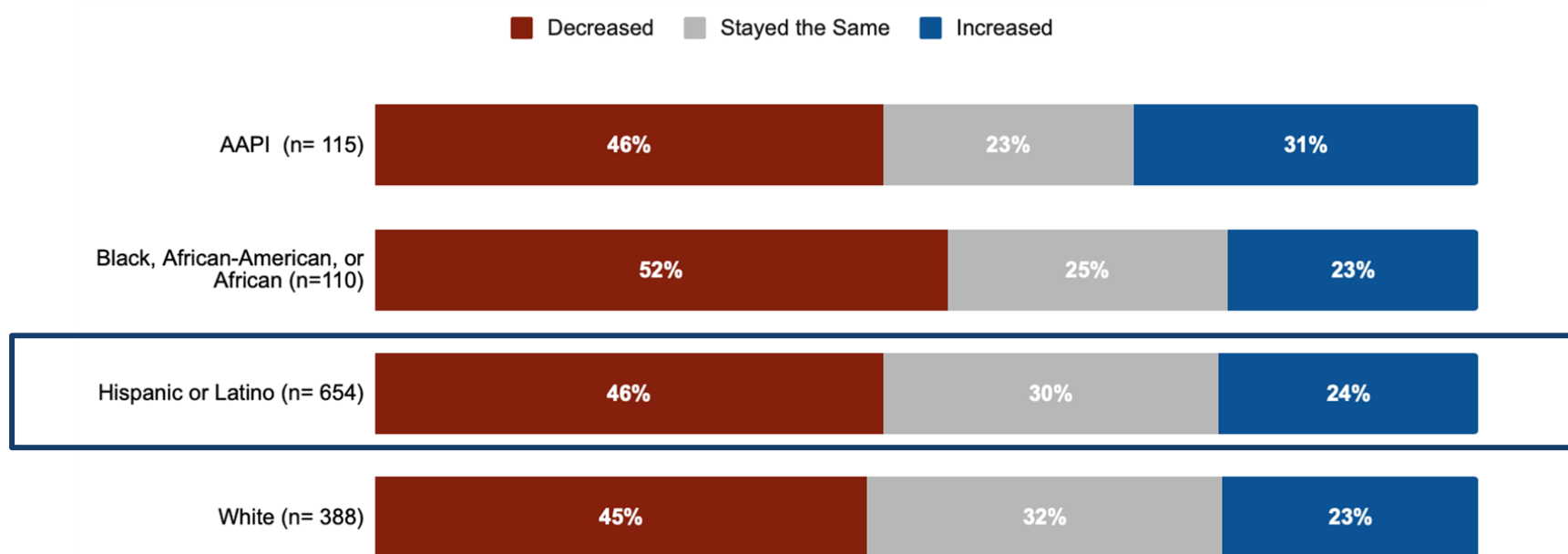
*Expected impact on small business of increased interest rates**

Strong Negative Some Negative No Effect Some Positive Strong Positive



Hispanic Small Employers Shed Jobs During Pandemic at Rough Parity with Peers

Change in employment compared to January 2020 (pre-pandemic)



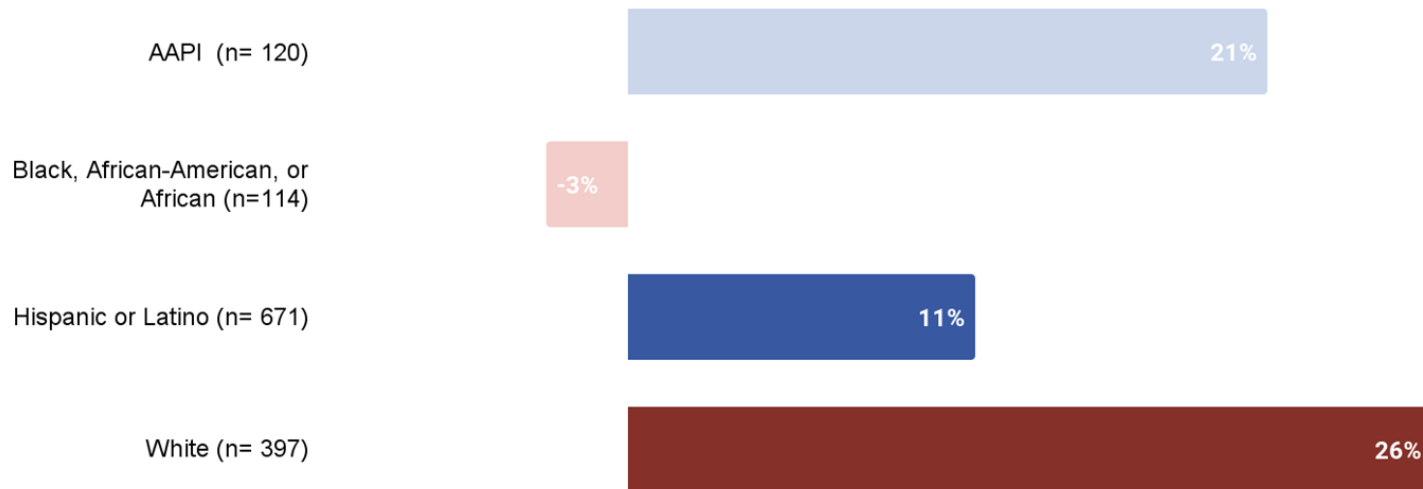
Hispanic Small Employers Seeking to Grow Their Workforces at Roughly Same Rates as AAPI & Black Peers

Share of respondents who reported they are actively seeking to grow their workforce



Hispanic Small Employers Were Less Likely Than White or AAPI Peers to Increase Headcount Over Last Year

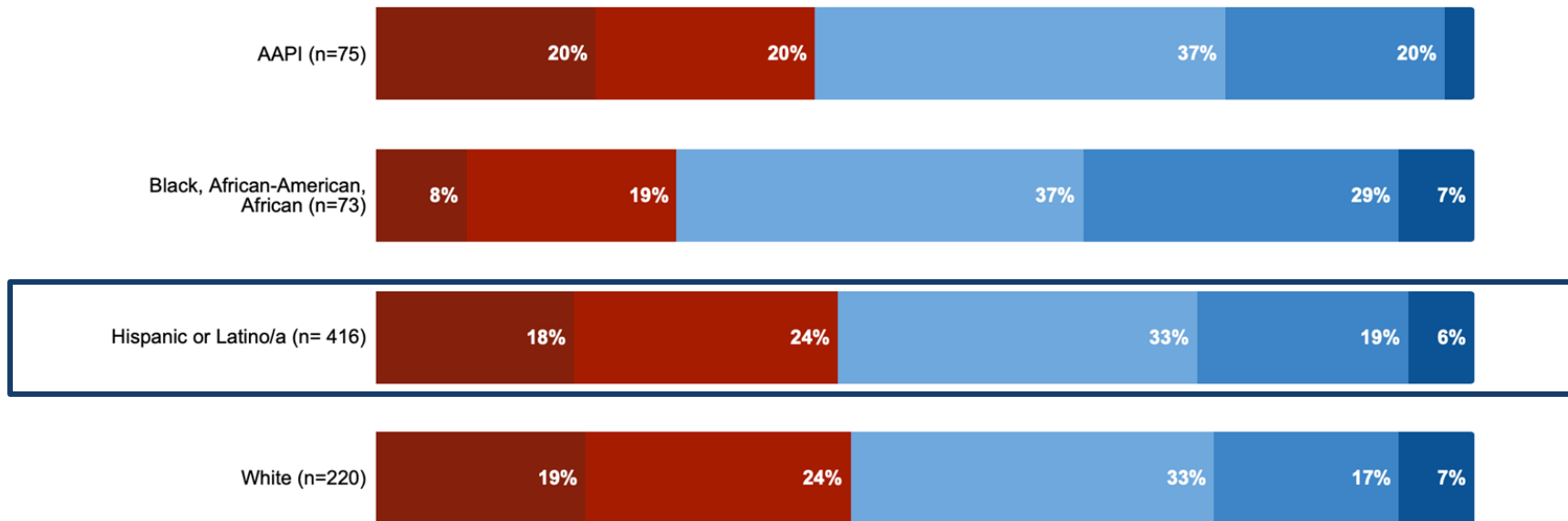
Net Share of respondents who hired/fired



Hispanic Small Employers Looking to Hire Express Some Confidence They Will Hire This Quarter

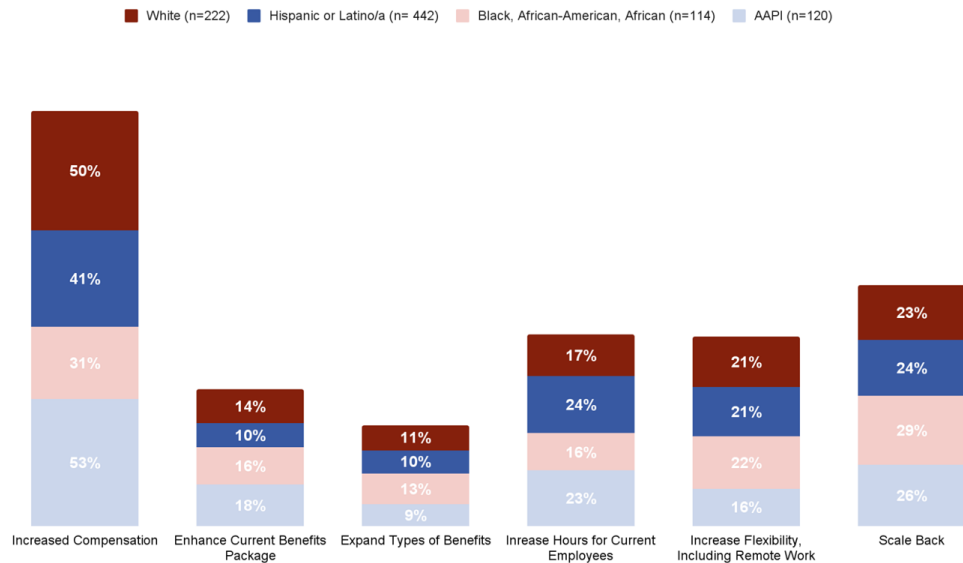
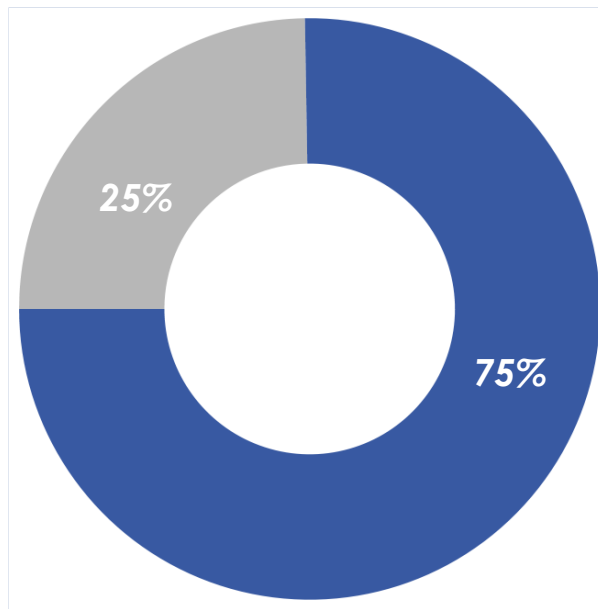
Confidence that business will hiring will happen this quarter

■ Not at all Confident ■ Not So Confident ■ Somewhat Confident ■ Very Confident ■ Extremely Confident



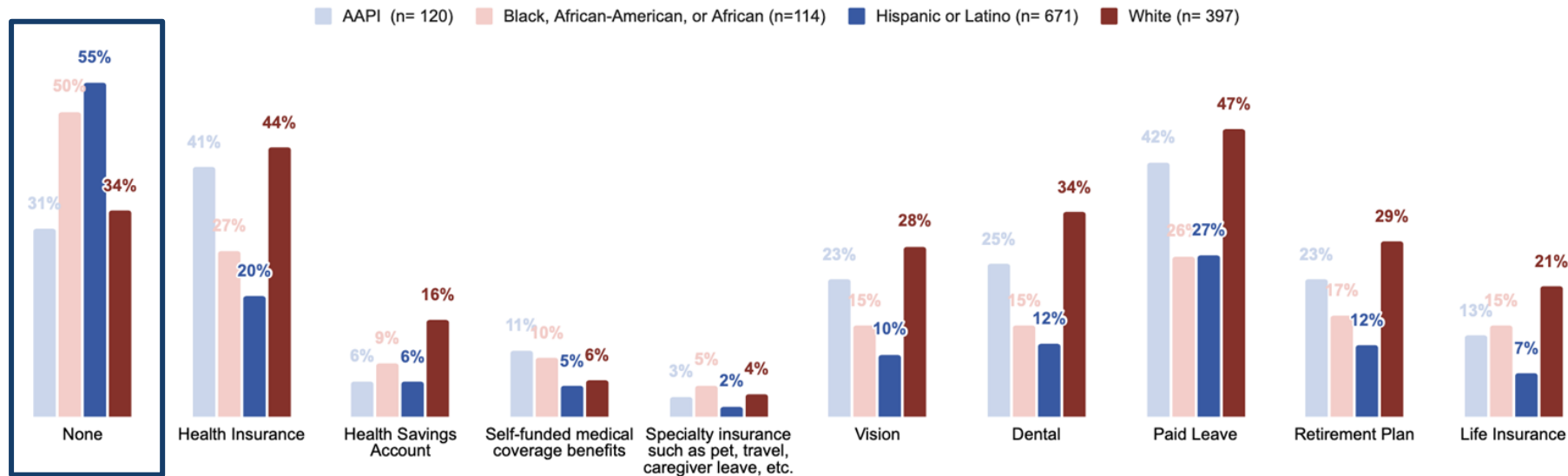
For Hispanic Small Employers, Increasing Compensation is Most Common Response to Hiring Needs

Share of Hispanic respondents who have made changes in response to labor market challenges



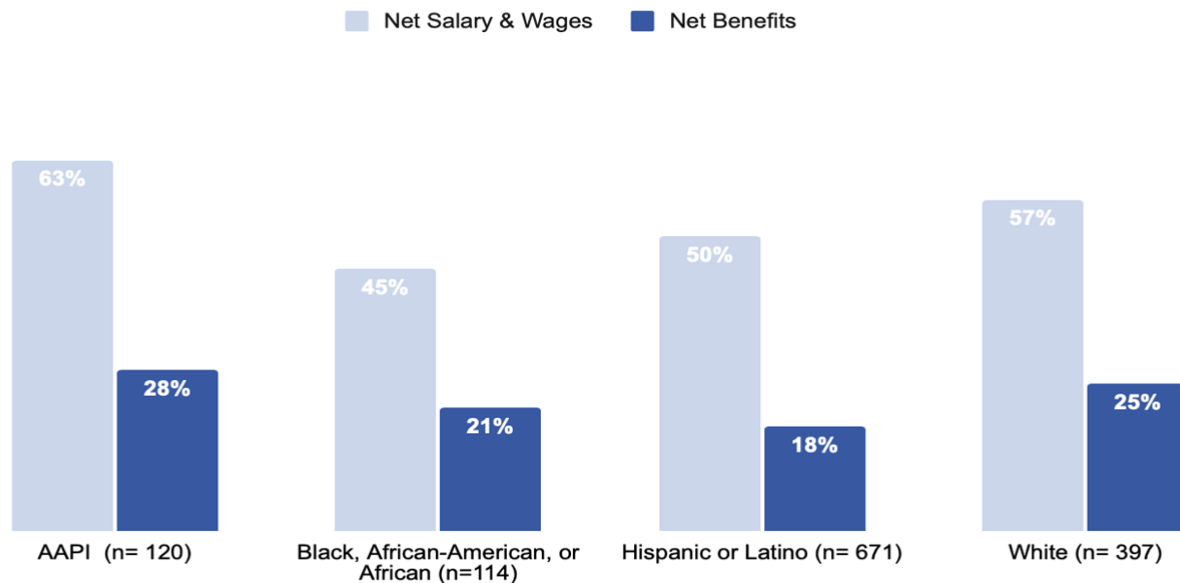
Most Hispanic Small Employers Do Not Offer Benefits; Paid Leave is Most Frequently Offered Benefit

Benefits Offered
Share of Respondents



Hispanic Small Employers Were Less Likely to Increase Compensation or Benefits Compared to AAPI or White Peers

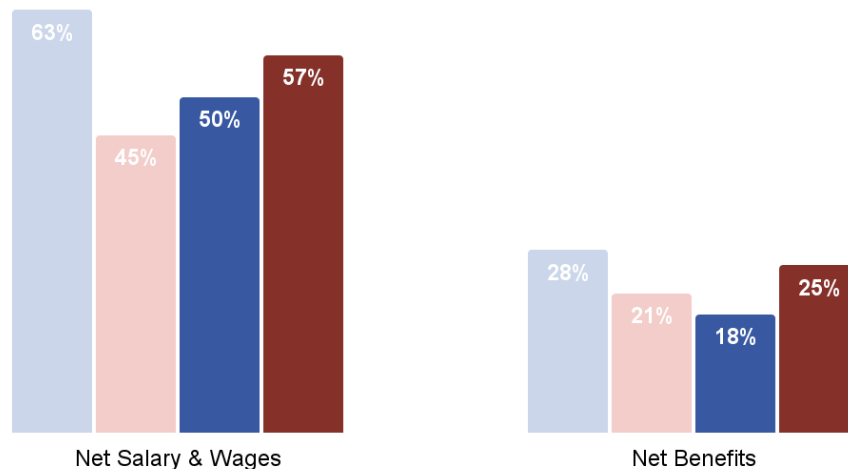
Net share of respondents who increased Salary & Wages / Benefits



Hispanic Small Employers Were More Likely to Increase Wages vs Benefits When They Made Changes

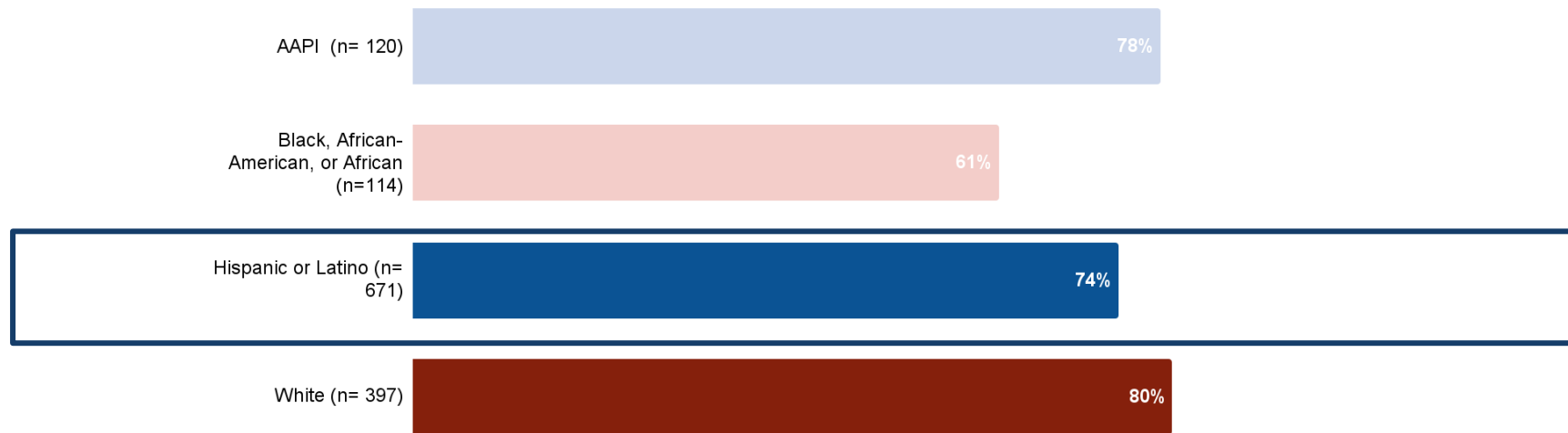
Net share of respondents who increased Salary & Wages / Benefits

■ AAPI (n= 120) ■ Black, African-American, or African (n=114) ■ Hispanic or Latino (n= 671) ■ White (n= 397)



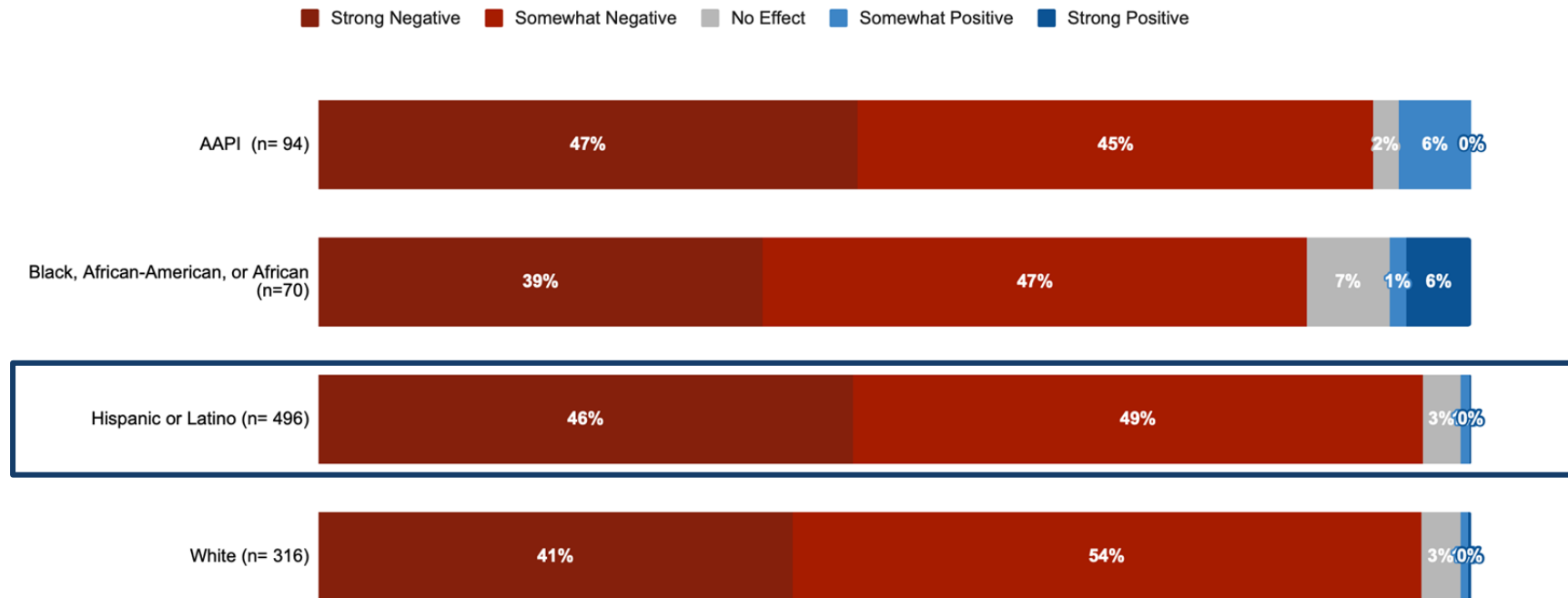
Almost 3 in 4 Hispanic Small Employers Reported Supply Chain Delays & Interruptions Last Quarter

Share of respondents who reported they have experienced supply chain delays or disruptions in the last quarter



Supply Chain Disruptions Have Had Strong Negative Effect on Nearly Half of Hispanic Respondents

Effect on revenue of supply chain disruptions among respondents who experienced disruptions



Executive Summary

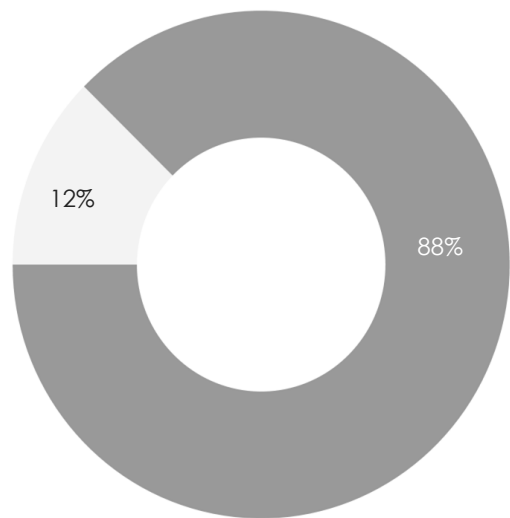
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Small Employers Seek to Prepare for Future Shocks by Strengthening Financial Position

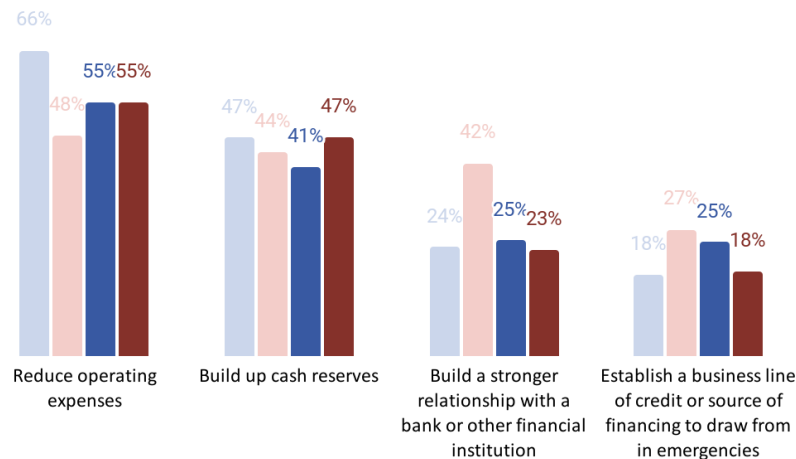
Share of respondents who have taken each action

Made changes to prepare for future shocks

No Changes



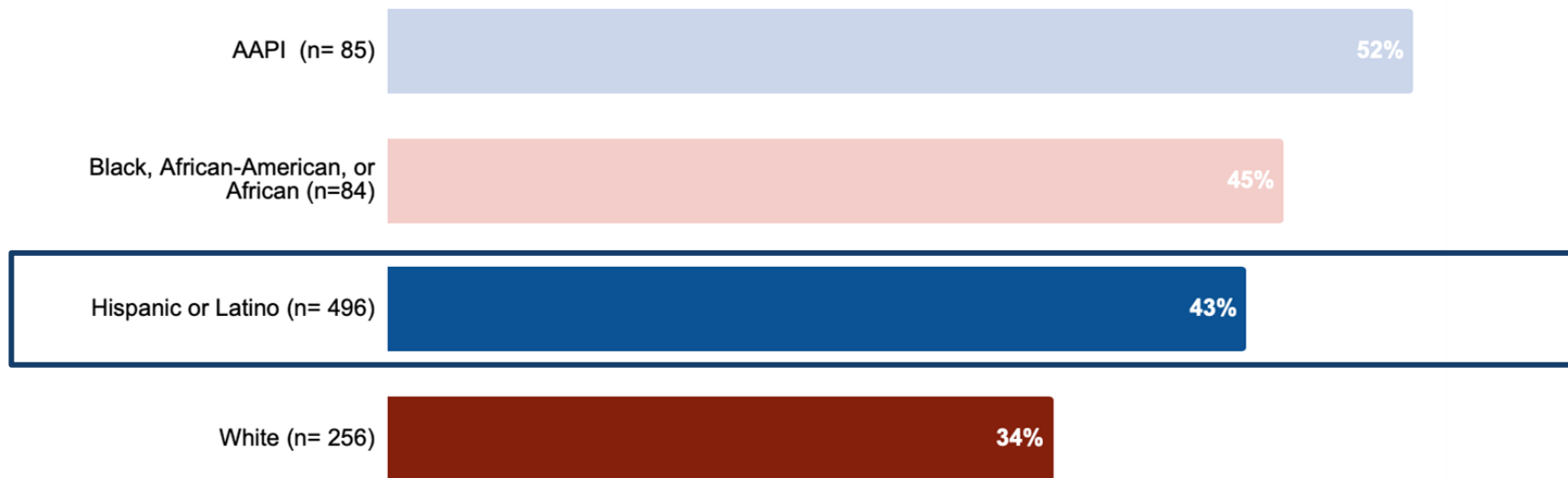
AAPI (n= 85) Black, African-American, or African (n=84) Hispanic or Latino (n= 496) White (n= 256)



Source: Nationwide, United States Hispanic Chamber of Commerce (USHCC), and Reimagine Main Street, "Risk & Resilience" (July 2022)
Q21: What changes have you made to your business to prepare for future shocks and risks? (Select all that apply)

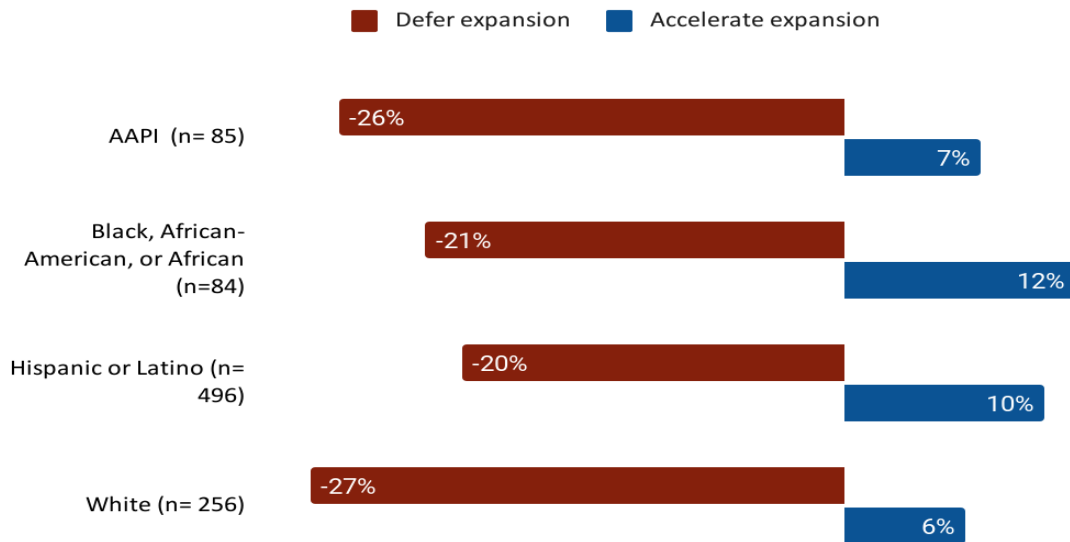
4 in 10 Hispanic Small Employers Diversified Revenue Streams as Part of Preparing for Future Shocks

Share of respondents who have diversified revenue streams to prepare for future shocks and risks



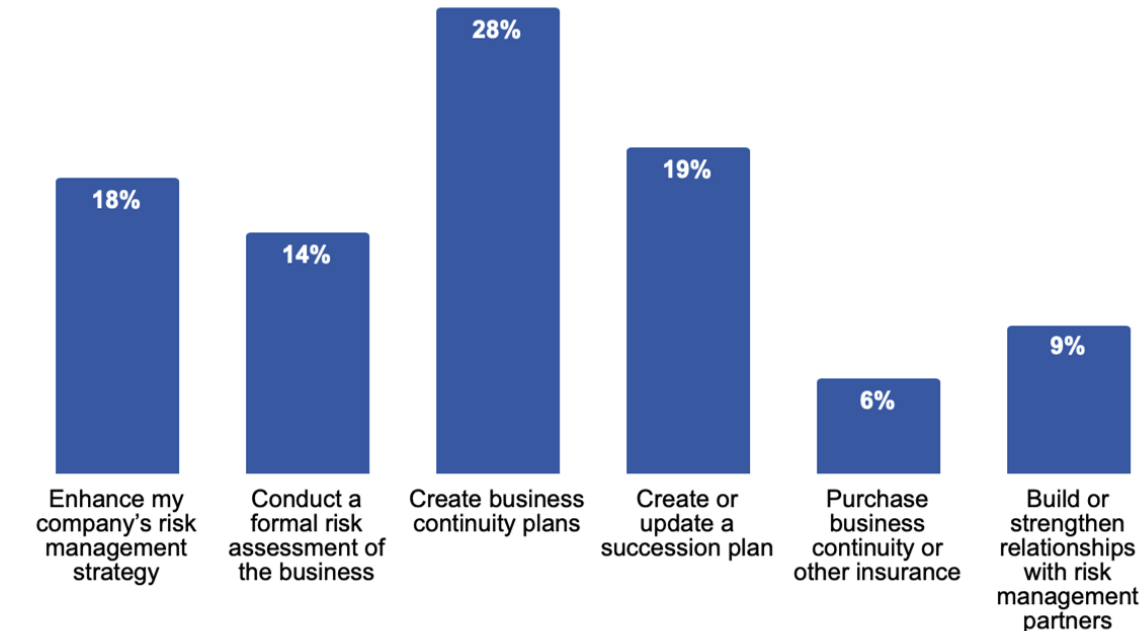
1 in 5 Hispanic Small Employers Deferred Expansion to Prepare for Future Shocks and Risks

Share of respondents who have taken each action



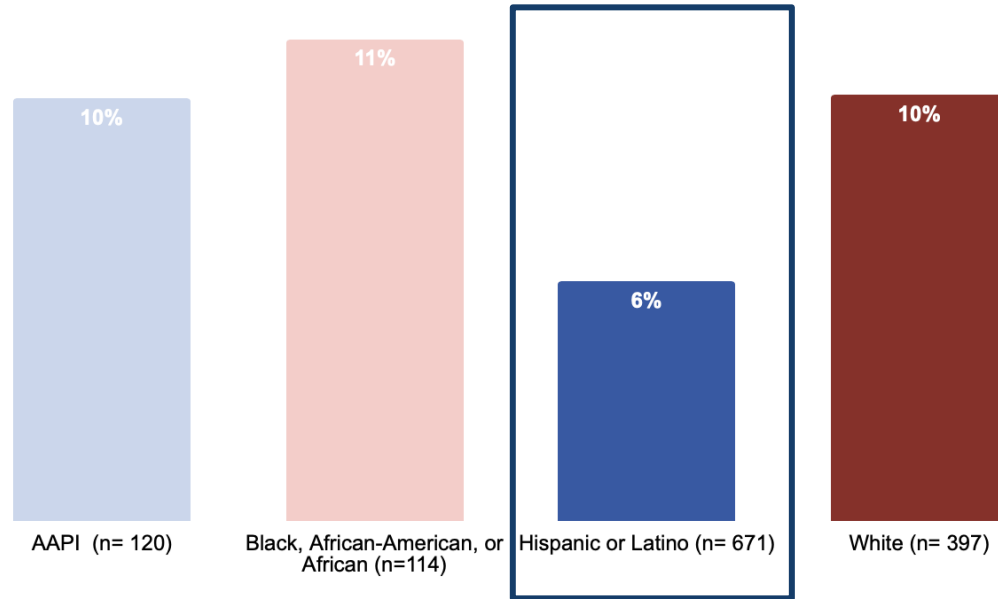
Room for Hispanic Employers to Increase Attention to Risk Management as Part of Preparing for Future Shocks

Share of Hispanic respondents who have taken each risk management action to prepare for future shocks and risks



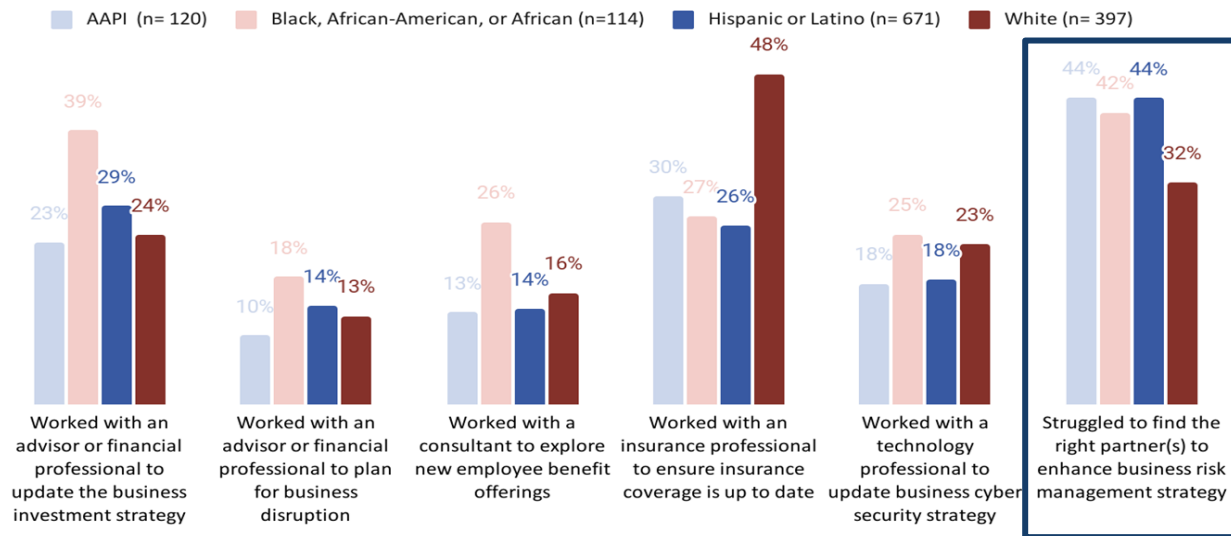
Most Hispanic Small Employers Open to Guidance About Improving Resilience

Likelihood of NOT seeking guidance about making the business more resilient
Share of respondents



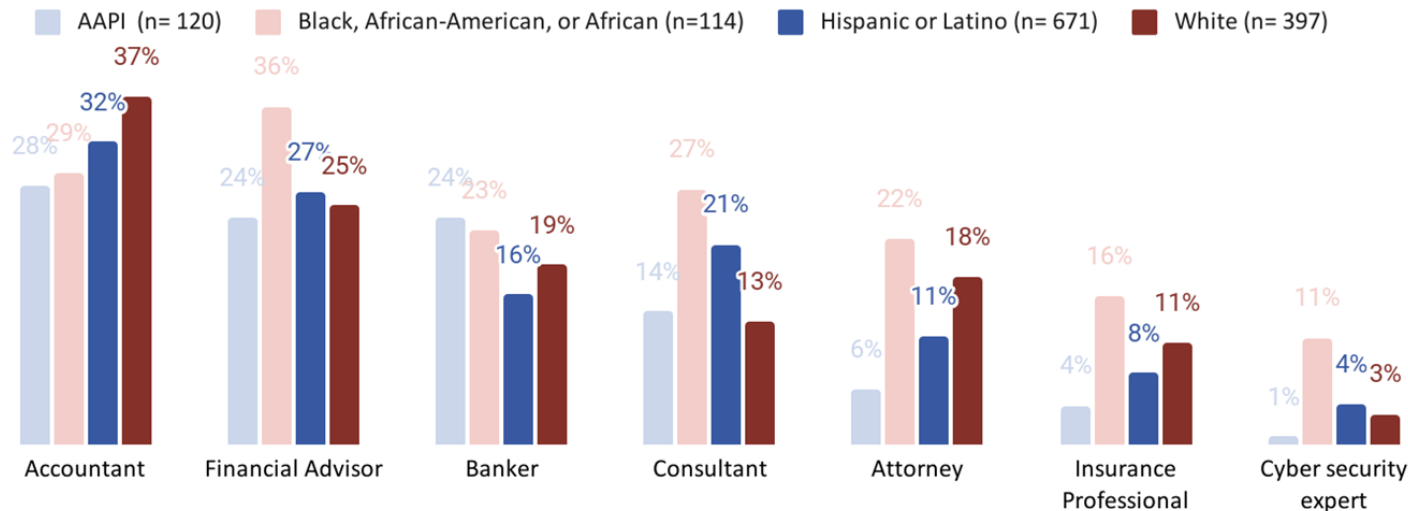
Hispanic Small Employers Among the Most Likely to Report Struggle to Find Right Partner(s) to Enhance Risk Management Strategy

Sources of Strategic Advice
Share of Respondents



Among Experts, Hispanic Small Employers Most Likely to Turn to Accountants

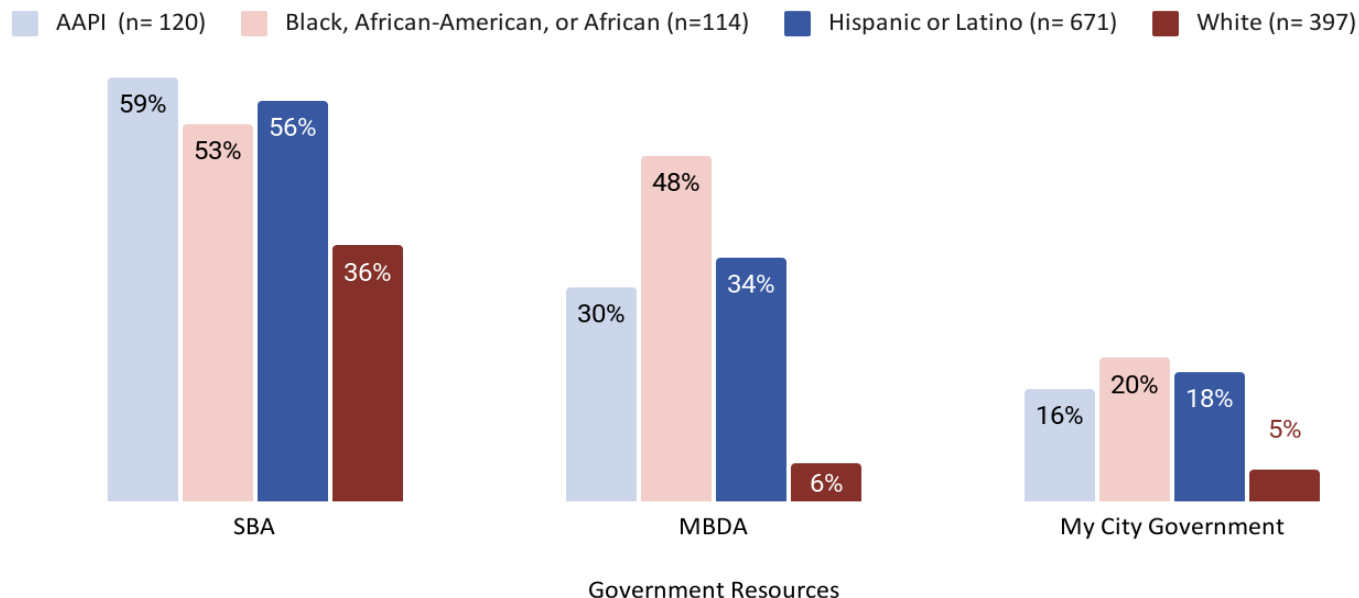
Likelihood of turning to each type of expert for guidance about resilience
Share of respondents



Advice from Professionals

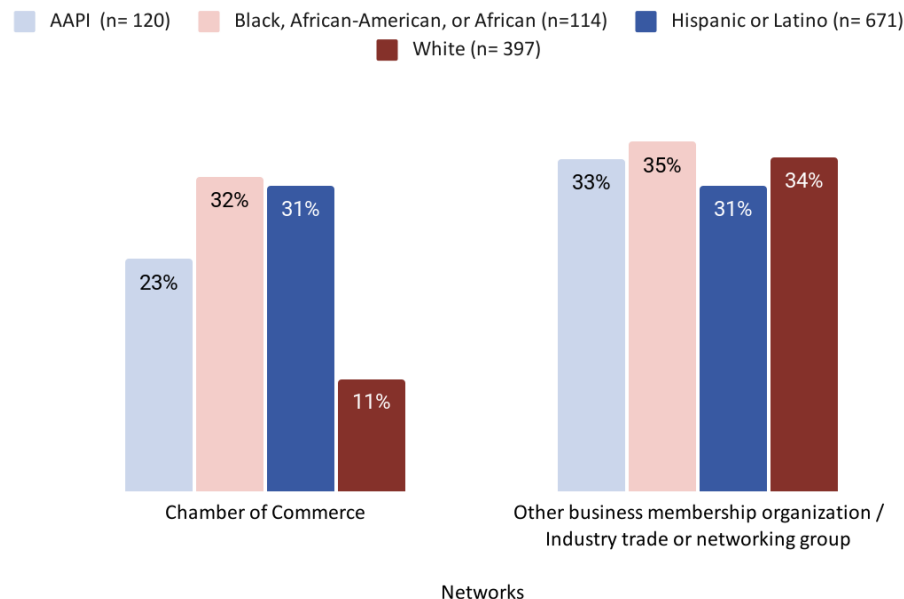
More than Half of Hispanic Small Employers Said They Likely to Turn to SBA for Guidance on Resilience

Likelihood of seeking guidance from government resources to make the business more resilient
Share of respondents



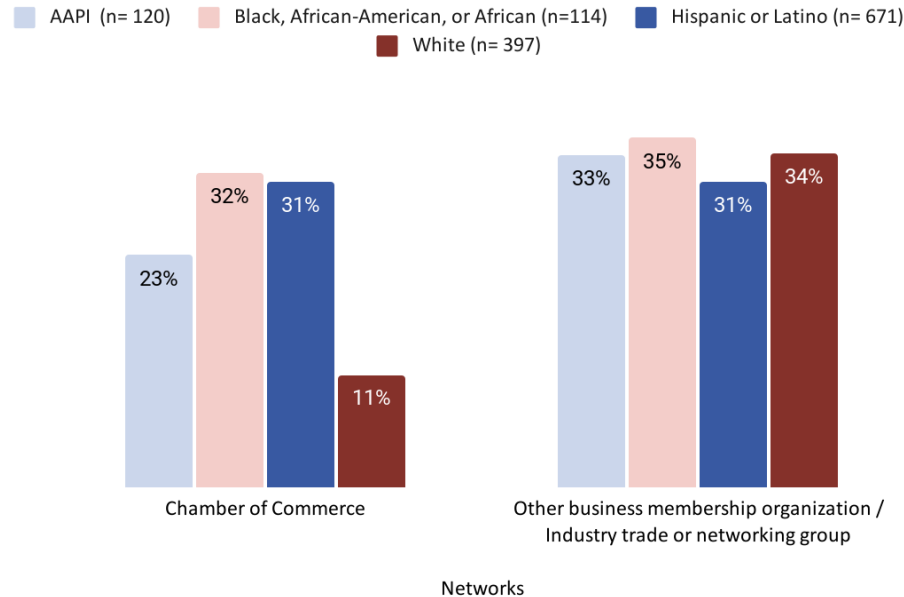
About 1 in 3 Hispanic Respondents Rely on Chambers and Industry Networks

Likelihood of turning to networks for guidance about resilience
Share of respondents



Hispanic Small Employers Rely on Chambers and Industry Networks at Roughly Same Rates

Likelihood of turning to networks for guidance about resilience
Share of respondents



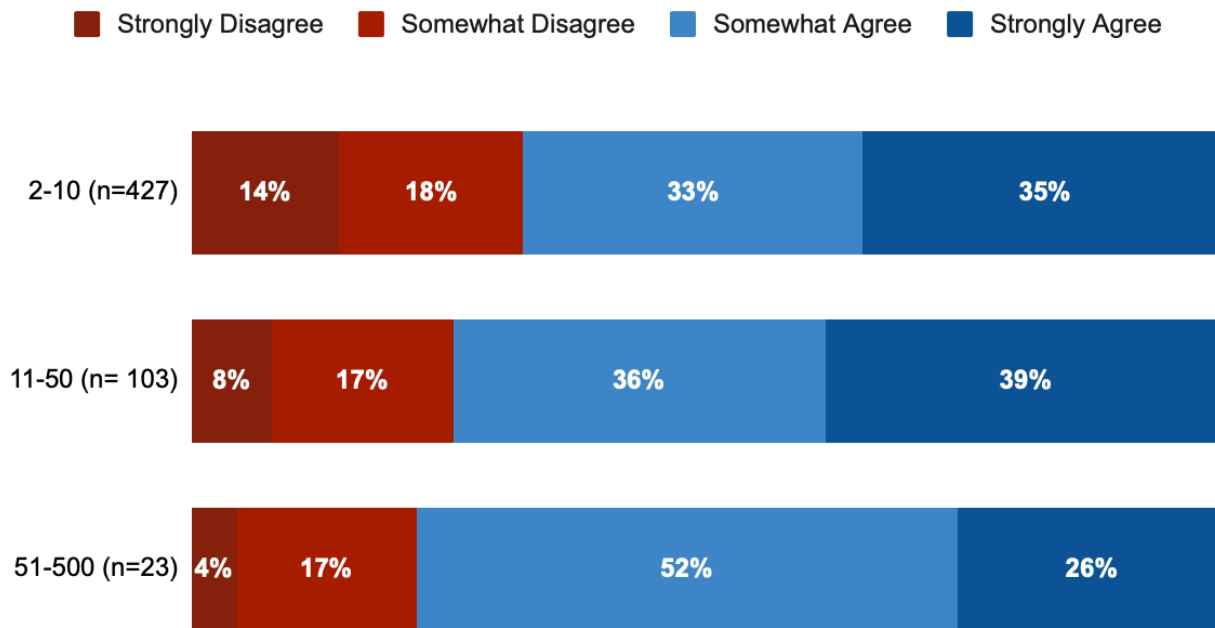


Appendix

Larger Hispanic Small Employers More Optimistic About the Future of Their Businesses

Appendix

% of respondents

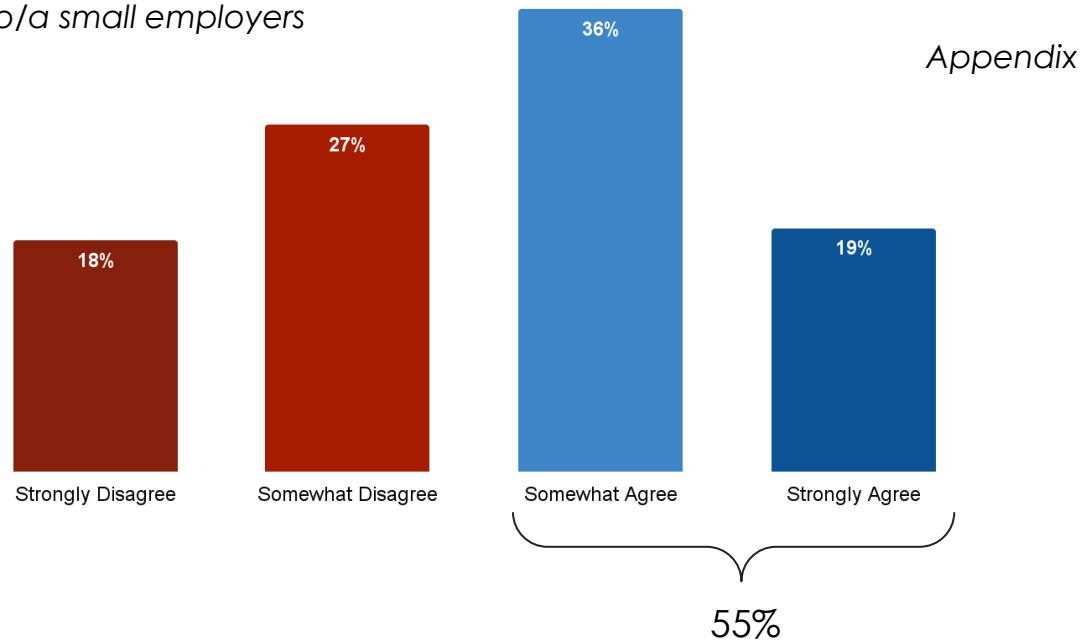


More than Half of Hispanic Respondents Confident They Will Reach Their Annual Revenue Targets

Extent of agreement with the statement, "I am confident that my business will achieve the revenue goals and targets I have set for the year."

% of respondents who expressed an opinion

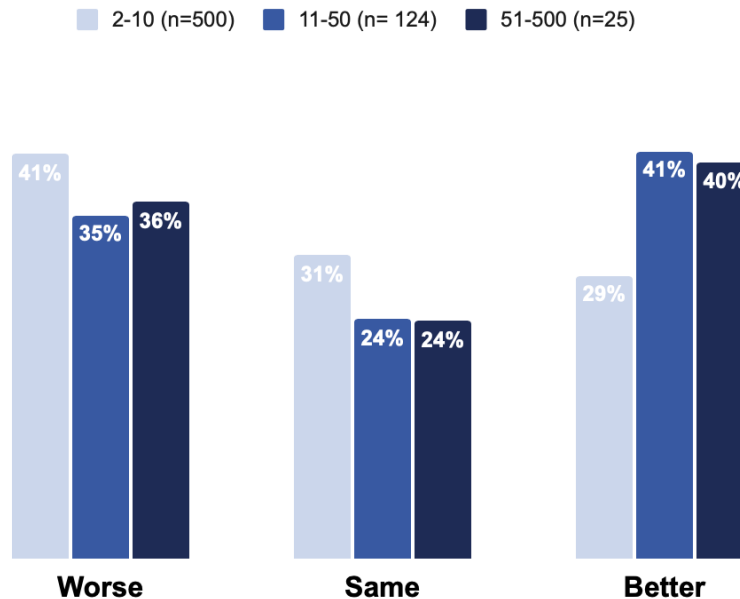
n= 517 Hispanic or Latino/a small employers



Larger Hispanic Small Employers More Likely to Say Business is Better vs One Year Ago

Hispanic respondents by number of employees
% of respondents

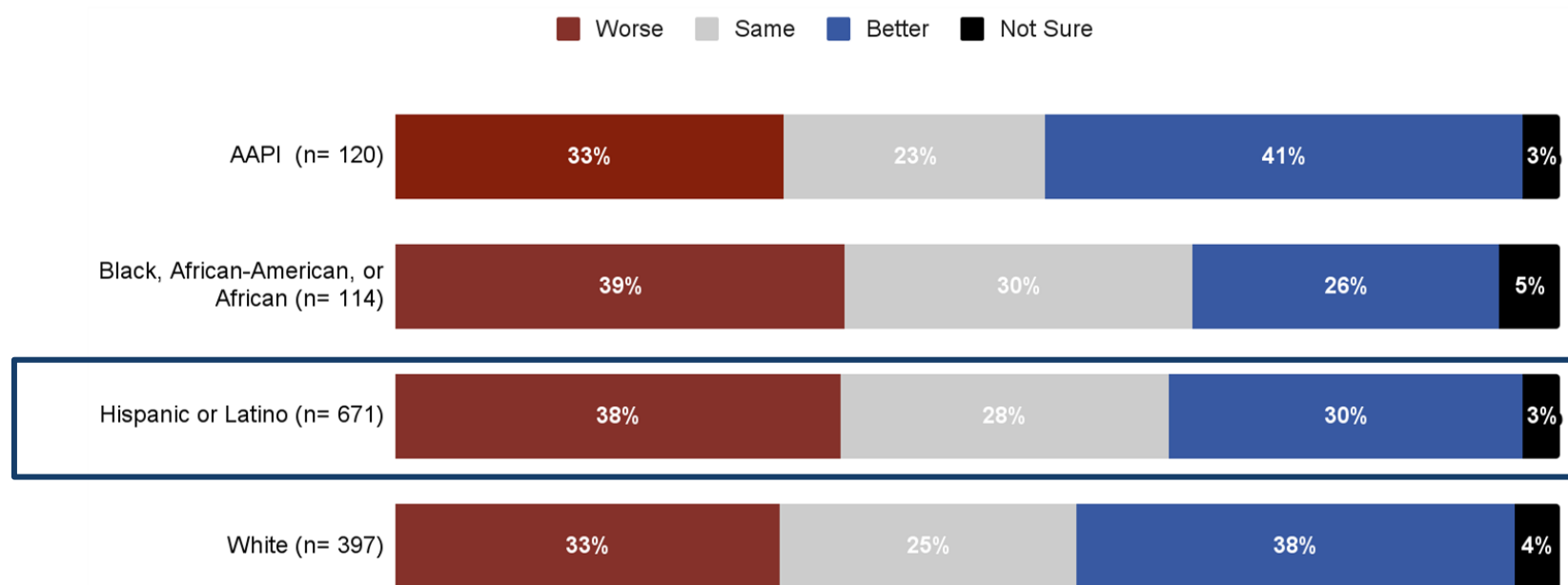
Appendix



Hispanic Small Employers Among the Least Likely to Report That Business is Better Today vs One Year Ago

% of respondents
n=1,438

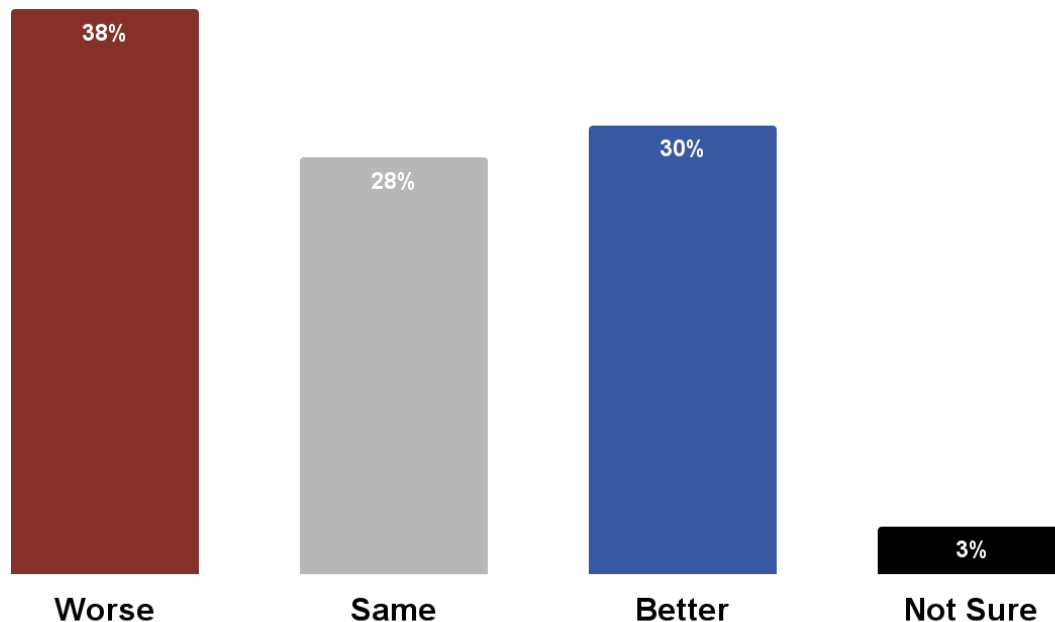
Appendix



Nearly 4 in 10 Hispanic Small Employers Say Business is Worse Today Than One Year Ago

% of Hispanic respondents
N = 671

Appendix



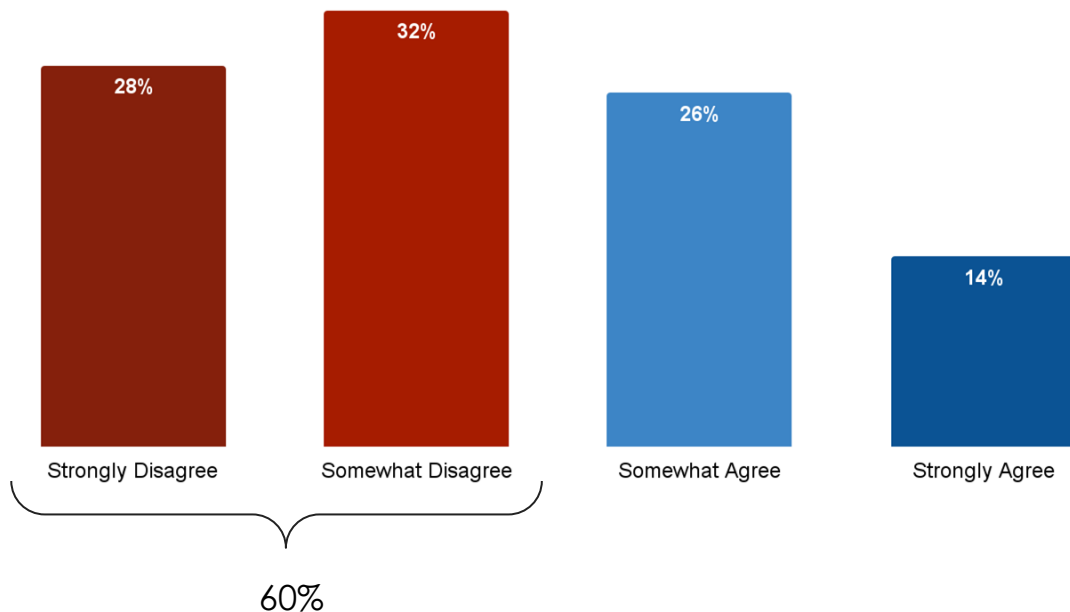
Most Hispanics Not Optimistic About the Future of the Economy

Extent of agreement with the statement, "I am optimistic about the future of the economy."

% of respondents who expressed an opinion

n=528 Hispanic or Latino/a small employers

Appendix

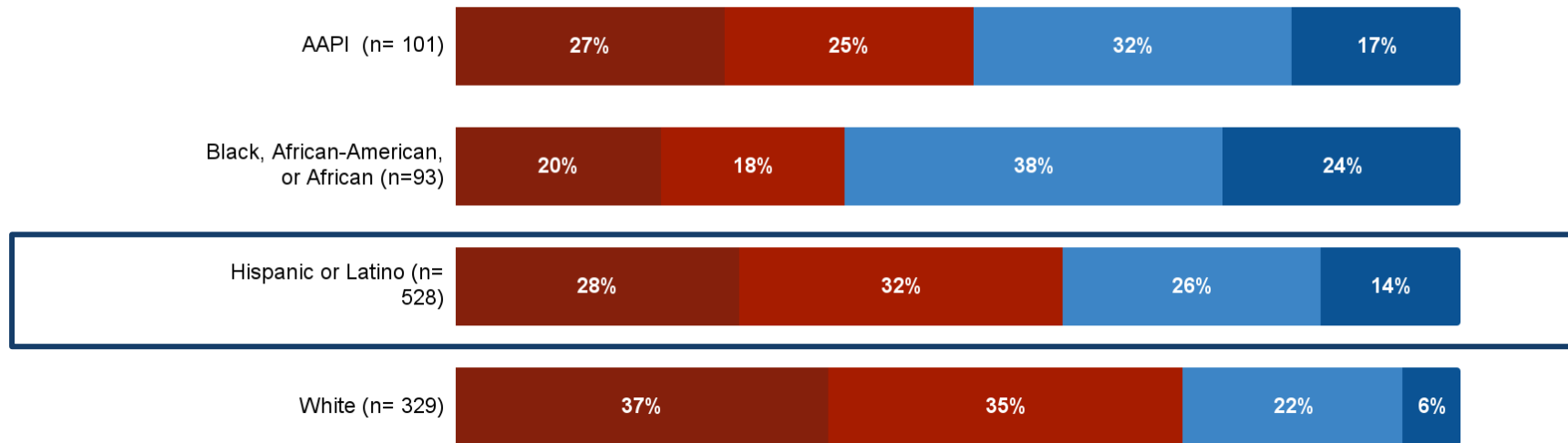


Hispanic Small Employers Among the Least Optimistic About the Future of the Economy

*Extent of agreement with the statement, "I am optimistic about the future of the economy."
% of respondents who expressed an opinion*

Appendix

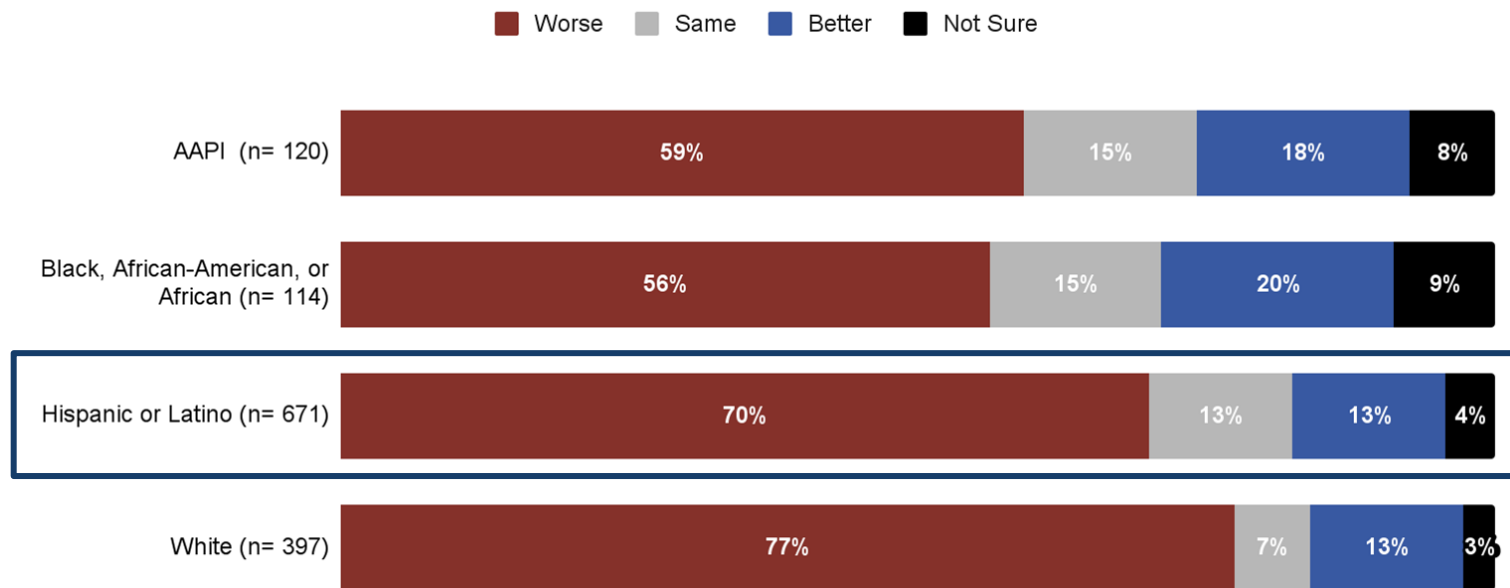
Strongly Disagree Somewhat Disagree Somewhat Agree Strongly Agree



Hispanic Small Employers Among the Least Likely to Report That Economy is Better Today vs One Year Ago

% of respondents
n=1,438

Appendix

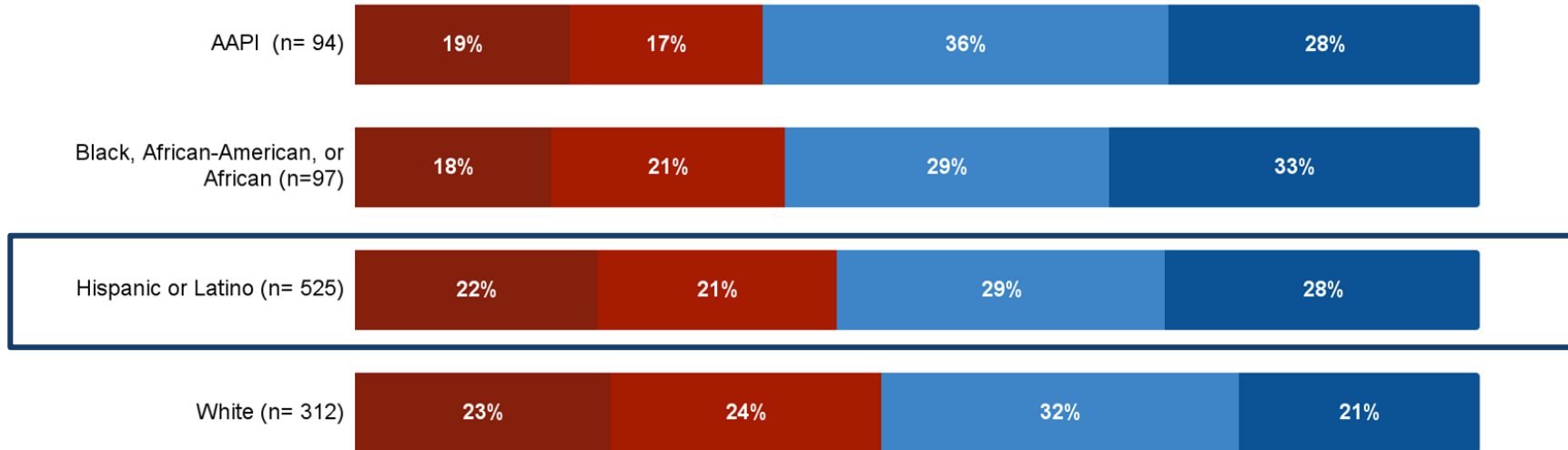


Hispanic Respondents Slightly Less Confident vs Peers that Business Performance Will Be Stronger Than Last Year

*Extent of agreement with the statement, "My business performance will be stronger this year than it was last year."
% of respondents who expressed an opinion*

Appendix

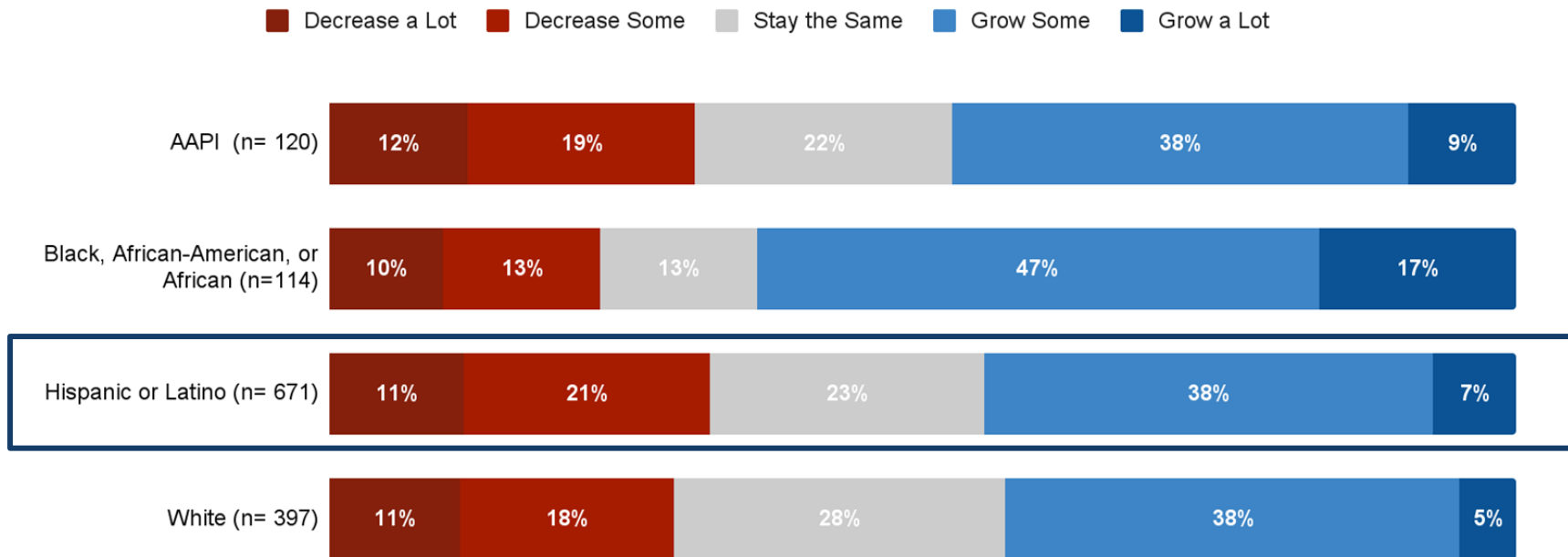
Strongly Disagree Somewhat Disagree Somewhat Agree Strongly Agree



Hispanic Respondents Revenue Expectations in Line with Peers

Revenue expectations for next 6 months
% of respondents

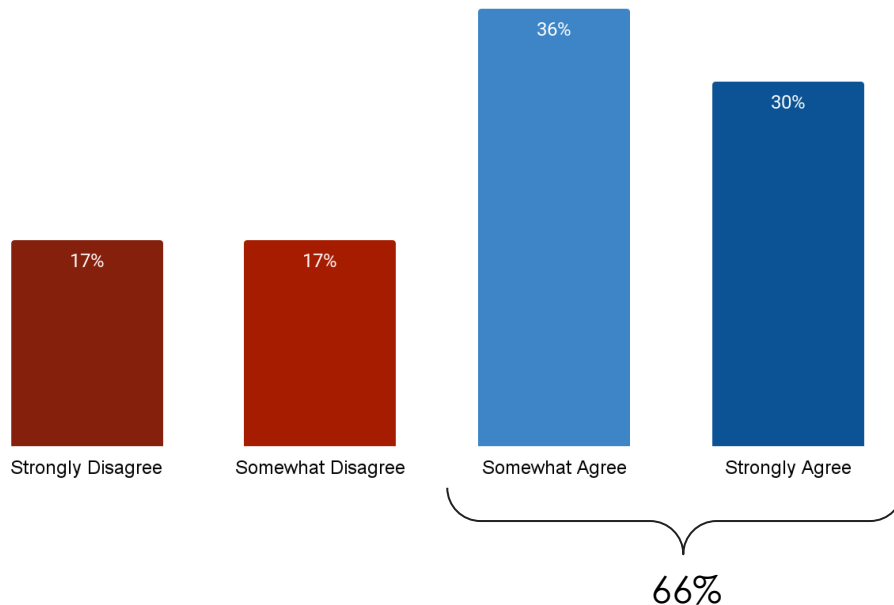
Appendix



Two in Three Hispanic Respondents Confident Business Performance Will Be Strong Going Into Next Year

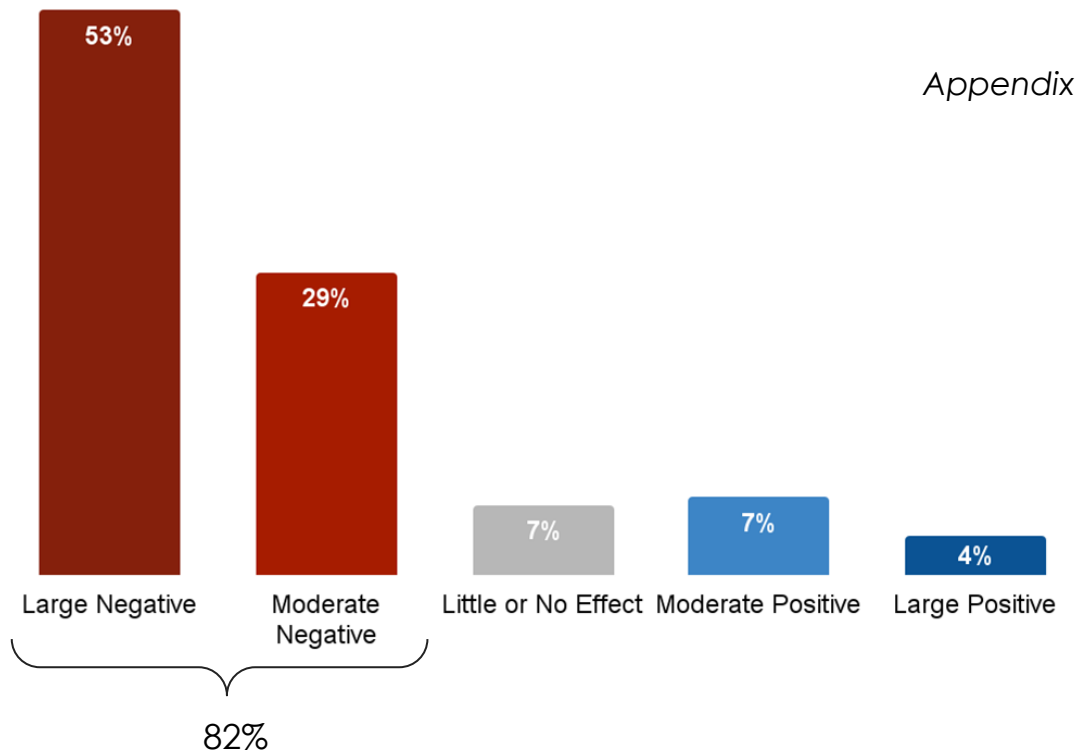
Extent of agreement with the statement, "My business performance will be stronger this year than it was last year."
% of respondents who expressed an opinion
n= 487 Hispanic or Latino/a small employers

Appendix



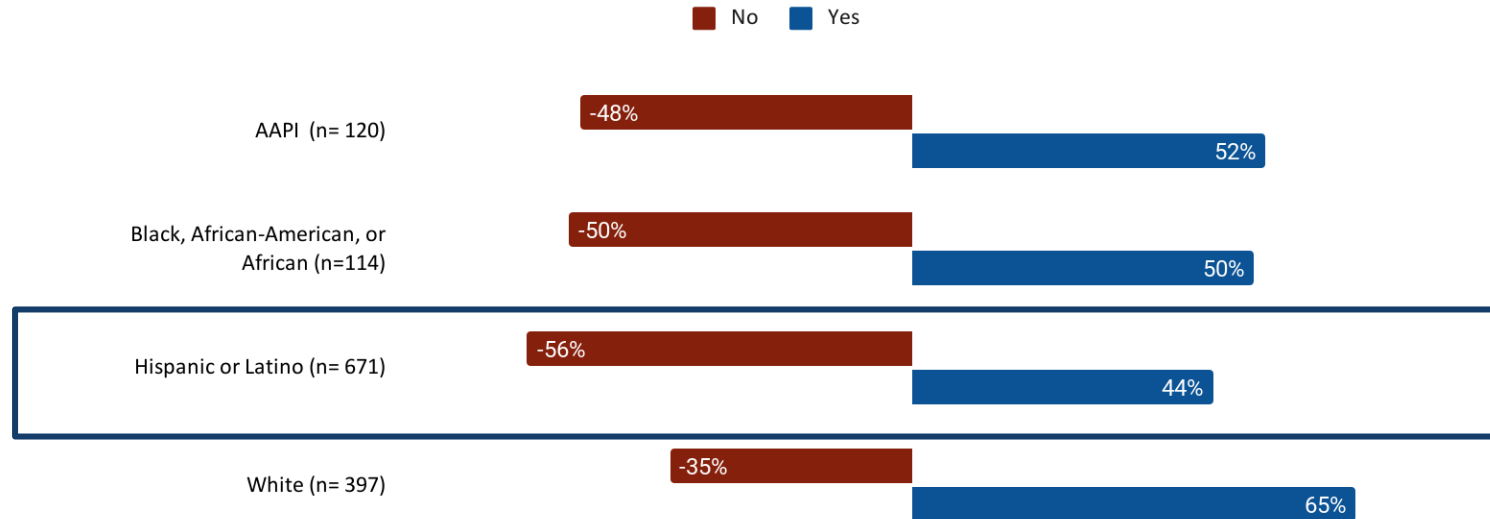
Most Hispanic Small Employers Were Hard Hit By Effects of COVID-19

Impact of COVID-19 on business overall
% of respondents
n = 671



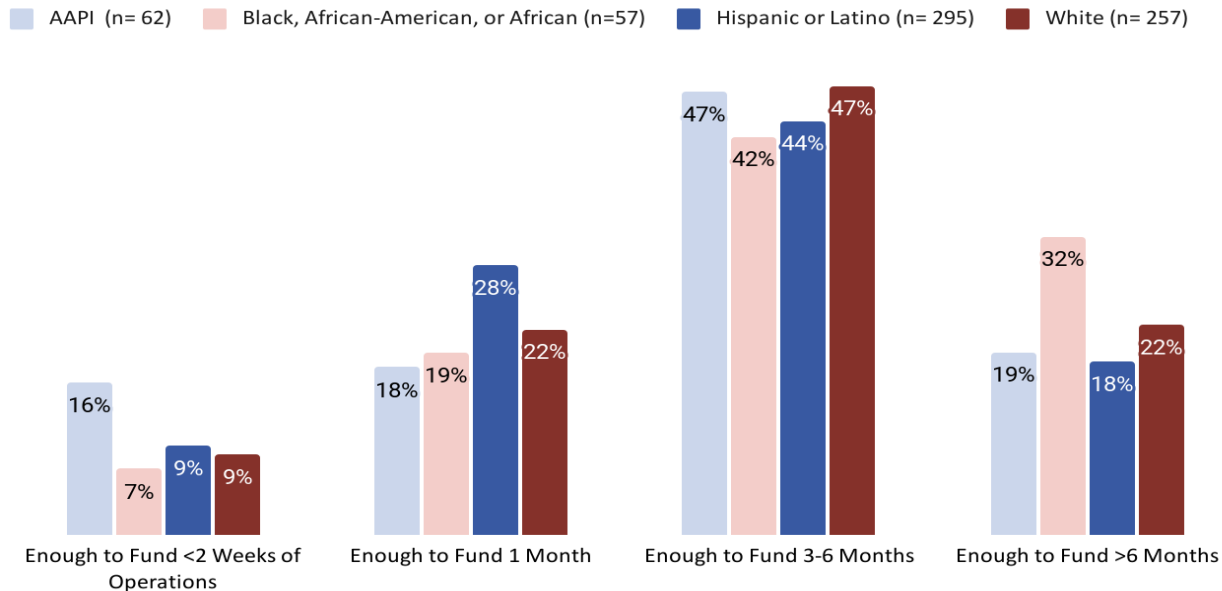
Most Hispanic Small Employers Lack Cash Reserves

Share of respondents with/without cash reserves



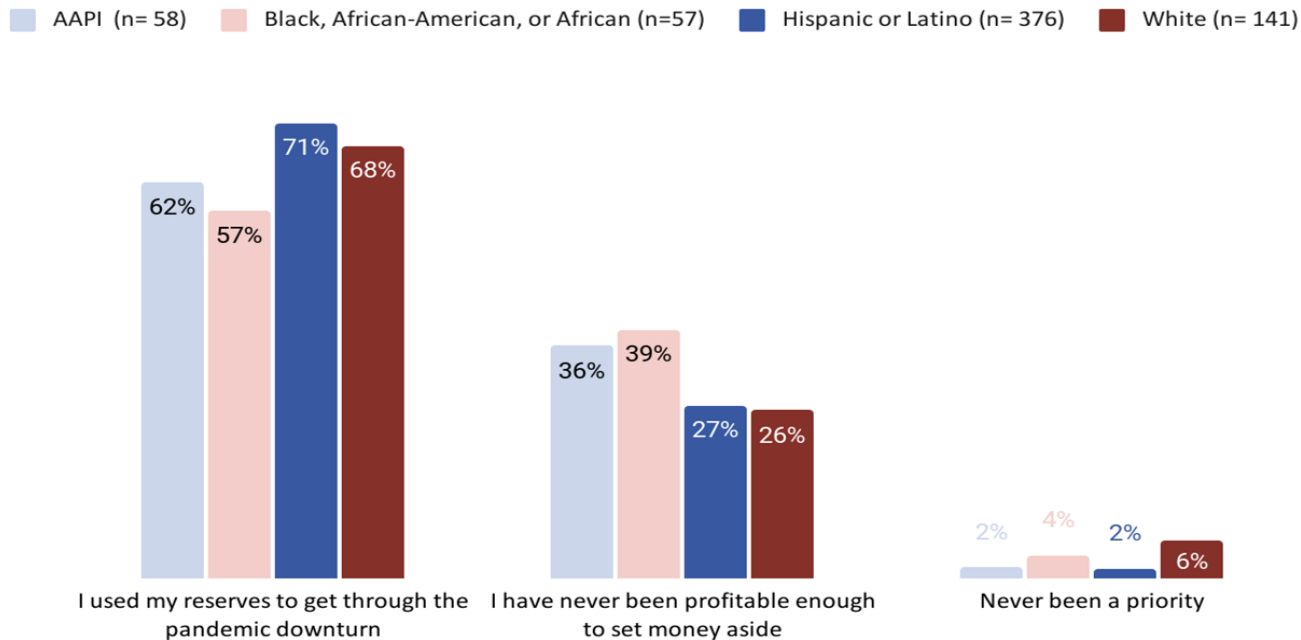
Of Small Employers with Cash Reserves, Most Can Fund at Least 3 Months

Share of respondents that reported having some cash reserves



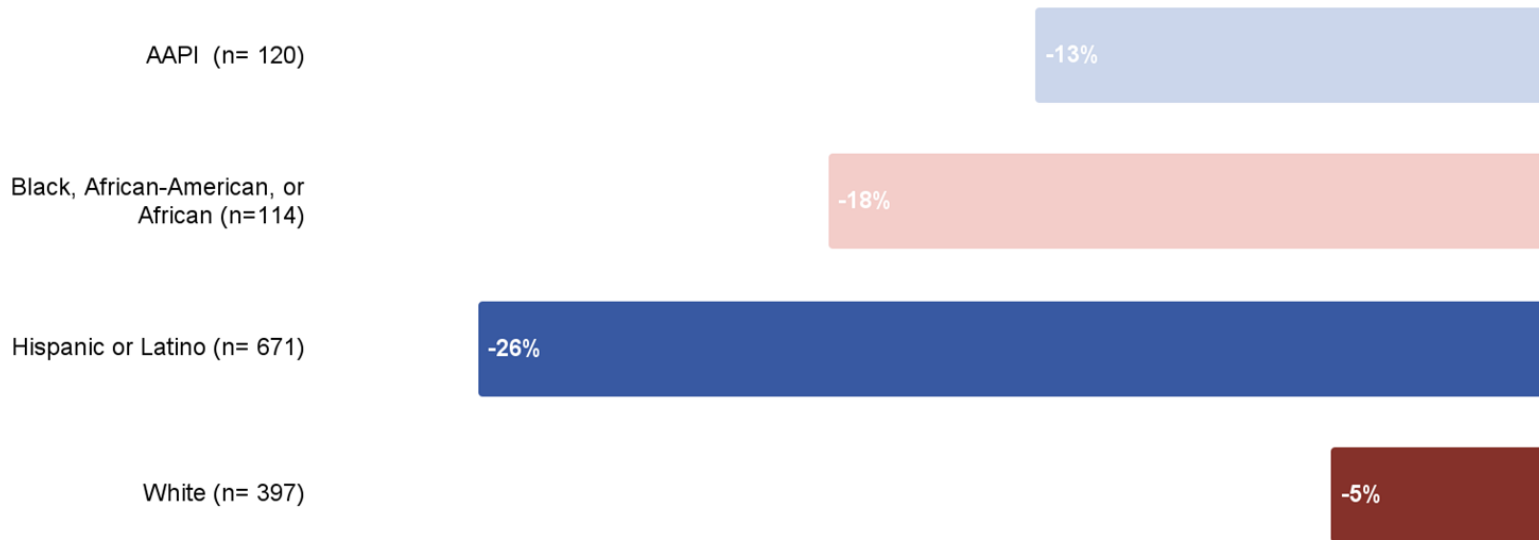
Pandemic Wiped Out Cash Reserves for Many Small Employers

Share of respondents that reported they lack cash reserves for the business



Hispanic Small Employers Report Largest Net Decline in Demand

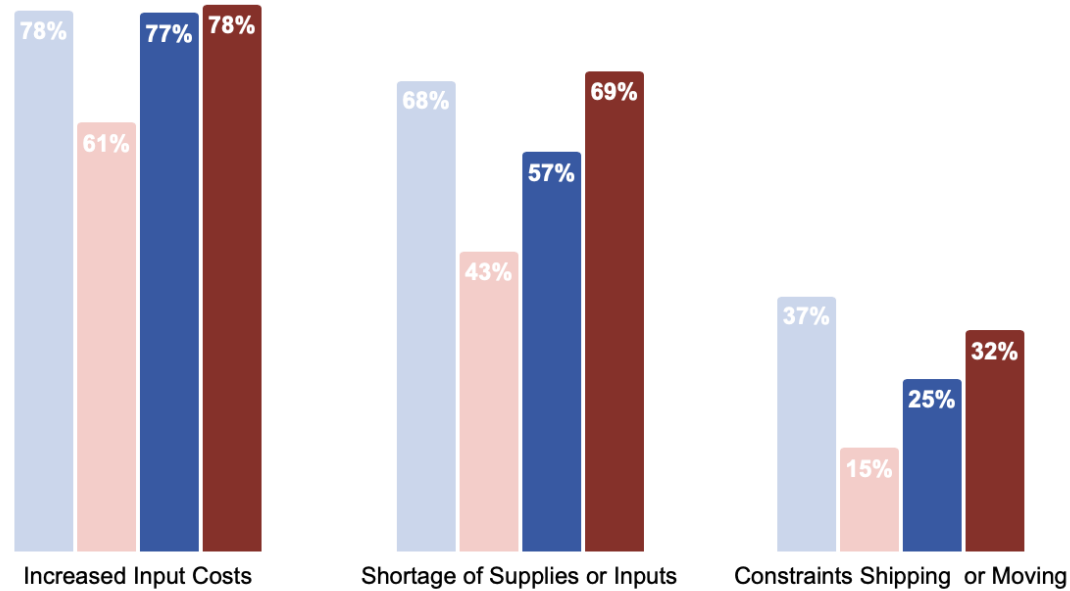
*Net Change in Demand
% of respondents*



Input Costs Increasing for More than 3 in 4 Small Employers

% of respondents who experienced

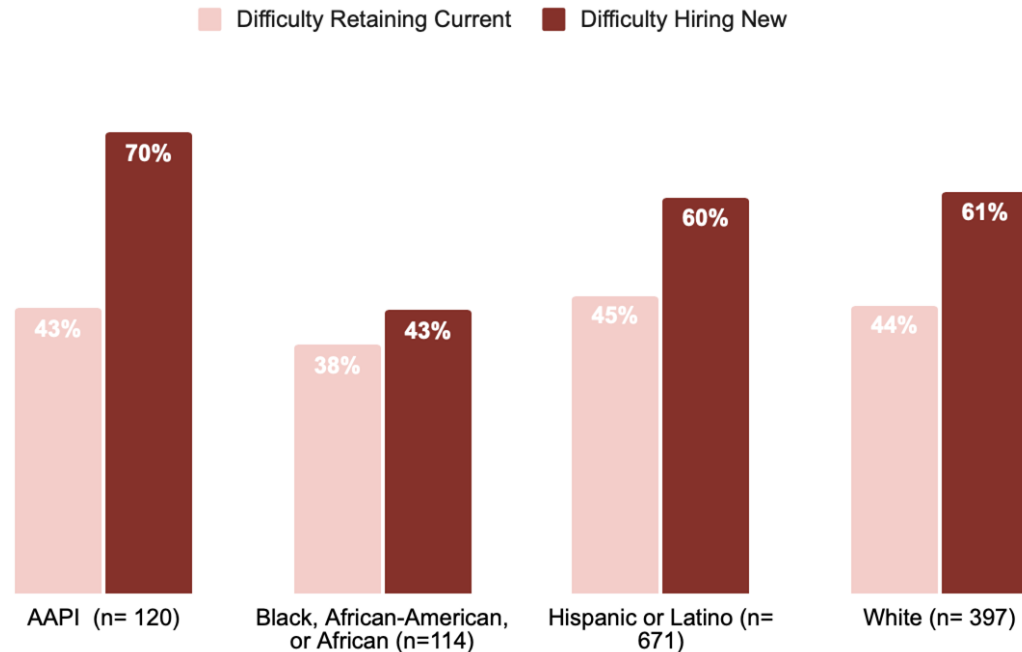
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Source: Nationwide, United States Hispanic Chamber of Commerce (USHCC), and Reimagine Main Street, "Risk & Resilience" (July 2022)
Q9: Which, if any, of the following has your business experienced in the last twelve months? [Select all that apply]

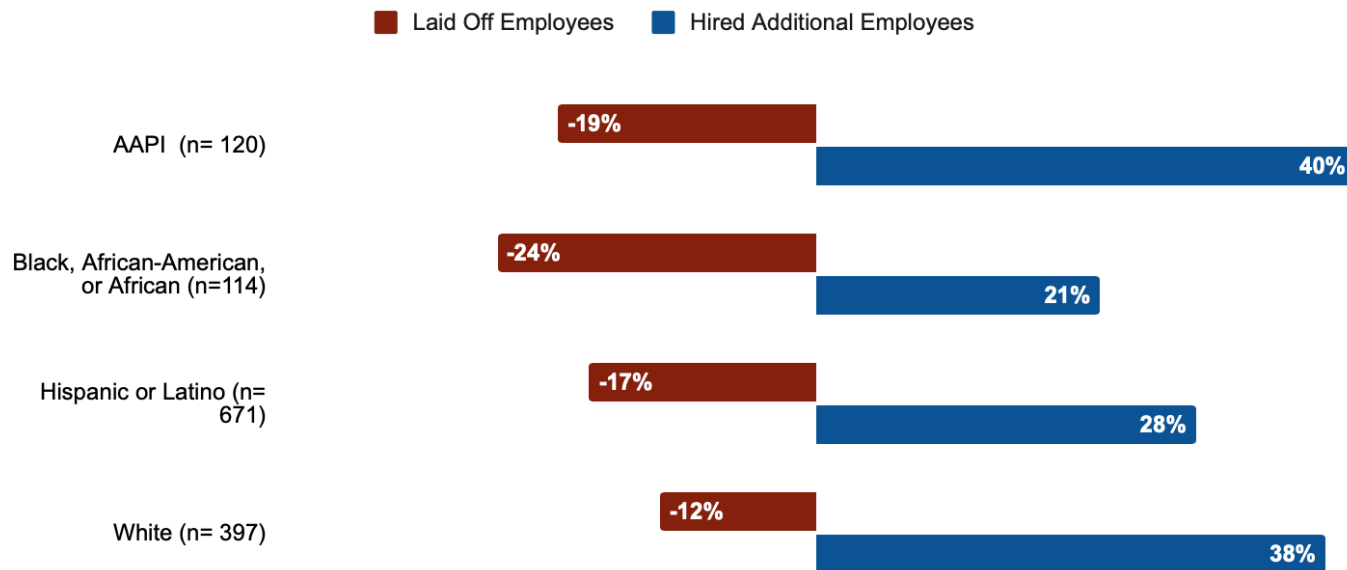
Hispanic Small Employers Experience Labor Market Challenges at Rough Parity with Peers

% of respondents who experienced difficulty retaining current employees / hiring new employees



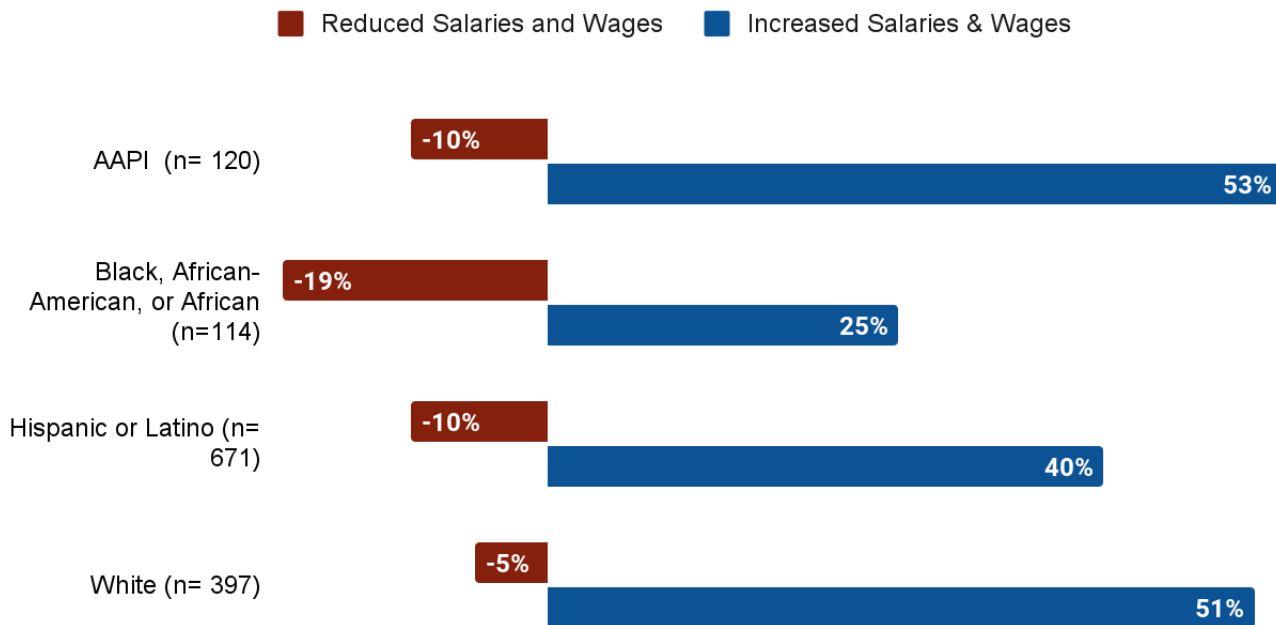
Hispanic Small Employers Were Less Likely to Have Hired New Employees in Last Year

Share of respondents who hired / fired employees in last twelve months



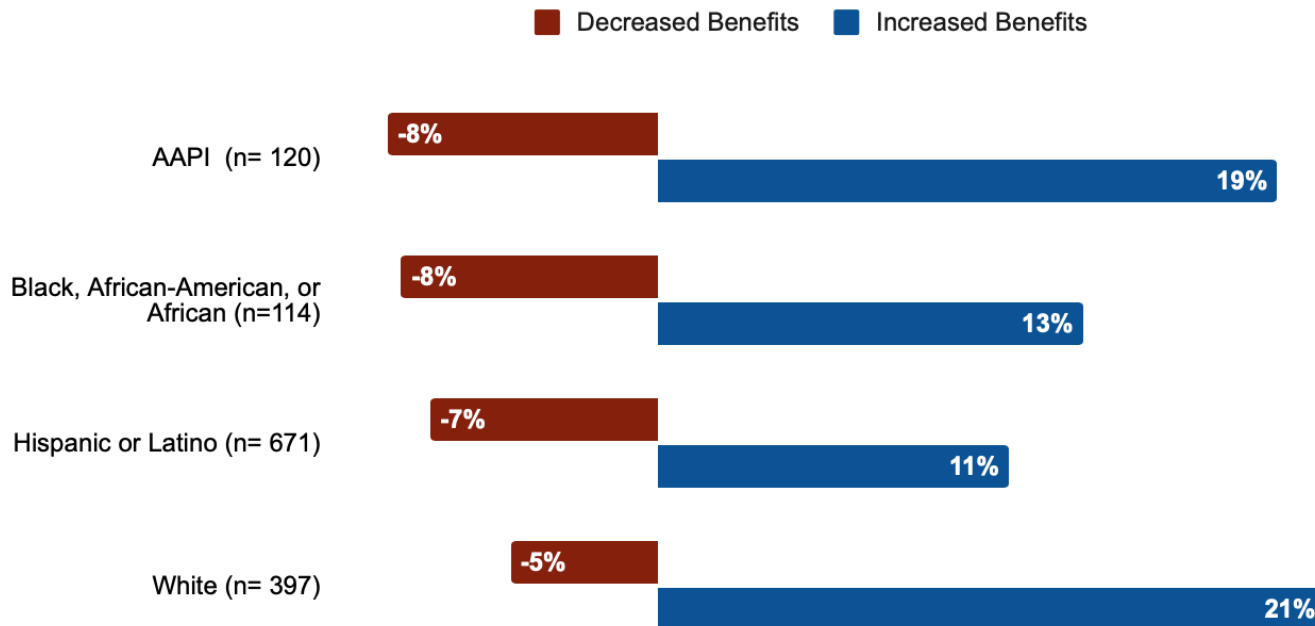
Hispanic Small Employers Were Among the Least Likely to Increase Compensation Compared to Peers

Share of respondents who increased vs reduced salary & wages



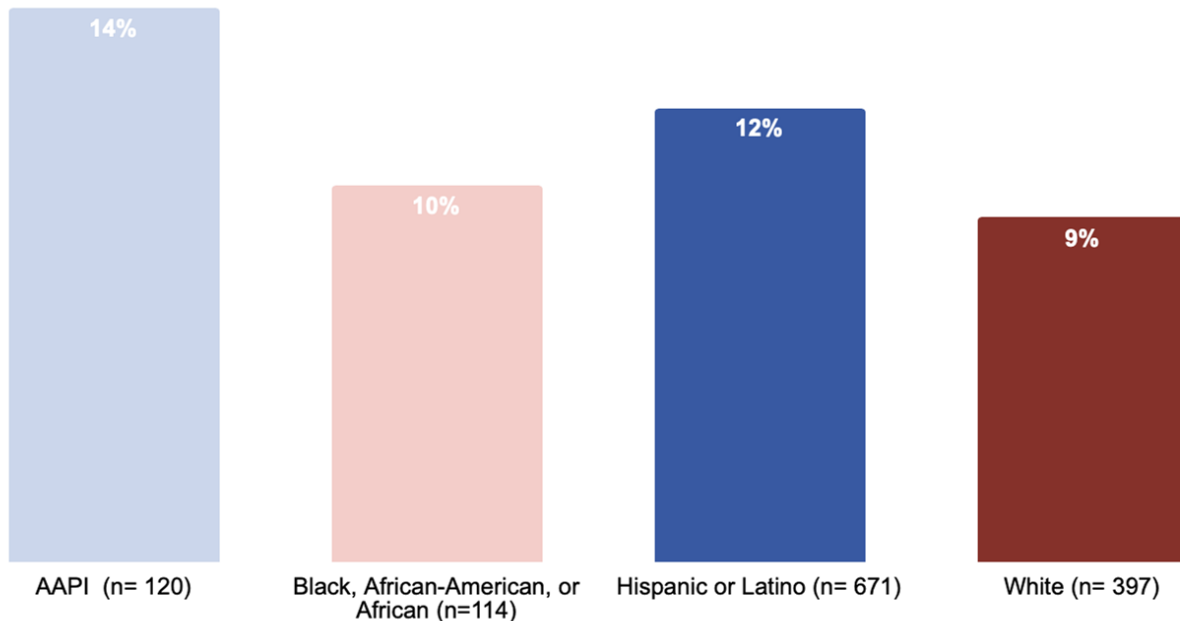
Hispanic Small Employers Were Least Likely to Increase Benefits and at Parity in Maintaining

Share of respondents who increased vs reduced benefits



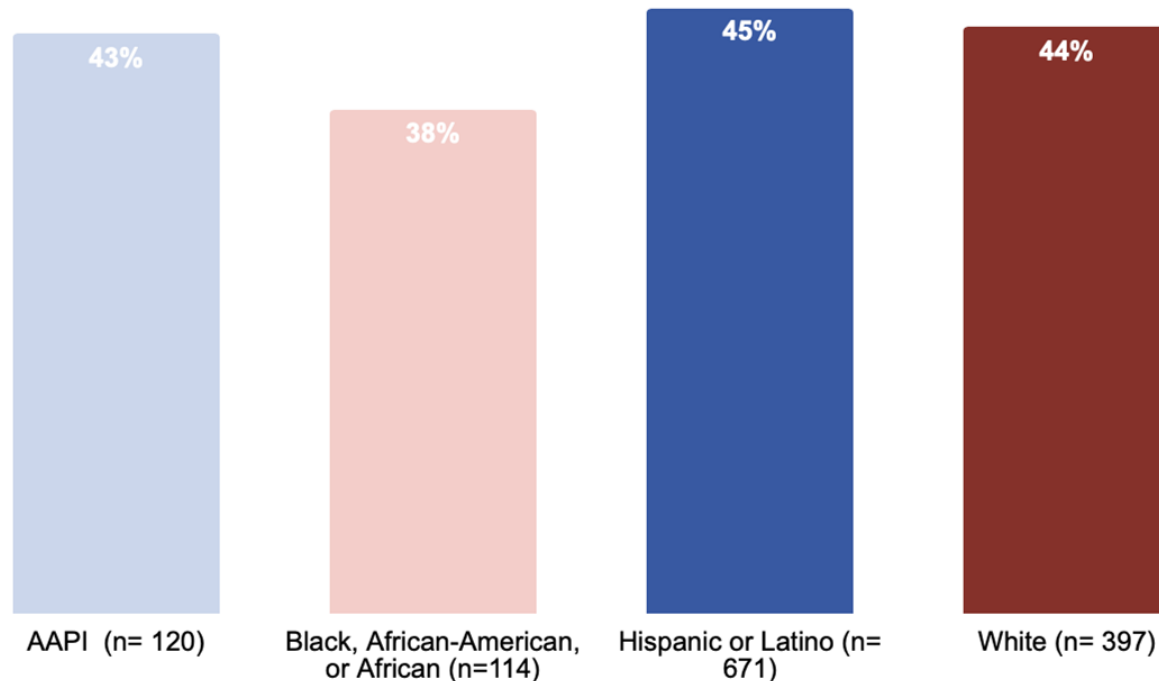
~1 in 10 Hispanic Small Employers Reported Increased Online Sales

% of respondents who increased online sales



Hispanic Small Employers Most Likely to Experience Difficulty Retaining Employees

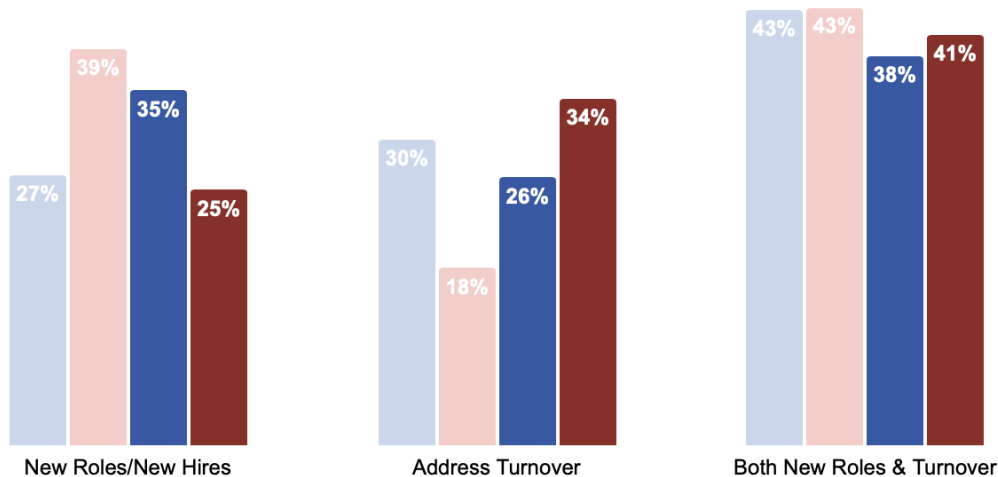
% of respondents who experienced difficulty retaining current employees / hiring new employees



Workforce Needs Reflect a Mix of Turnover and Growth

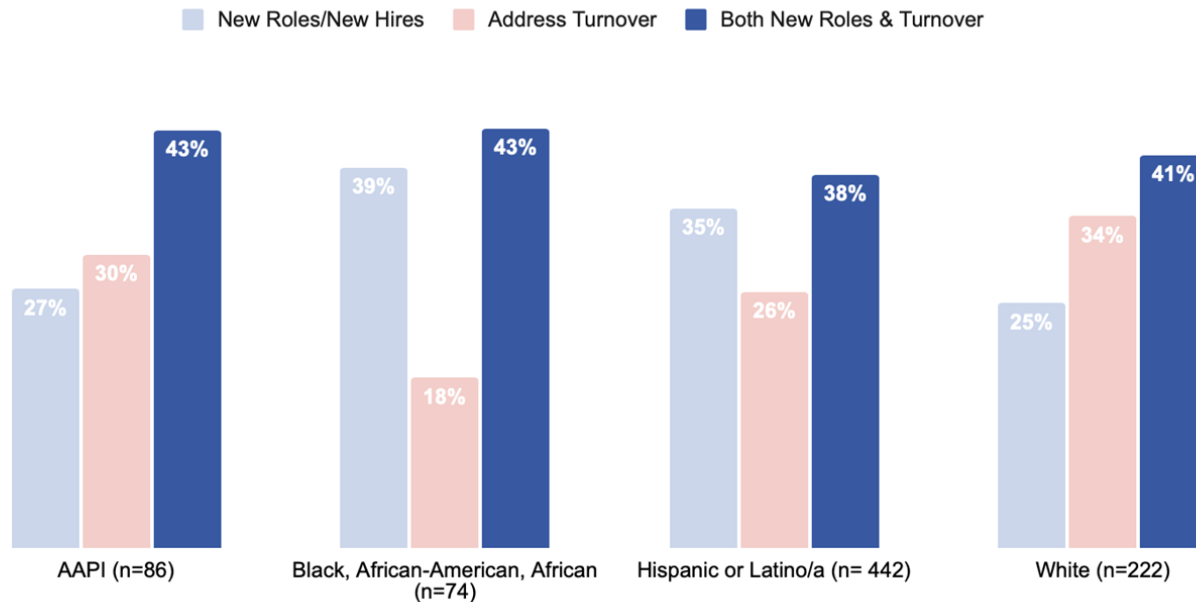
Motivation to grow workforce
% of respondents

■ AAPI (n=86) ■ Black, African-American, African (n=74) ■ Hispanic or Latino/a (n= 442) ■ White (n=222)



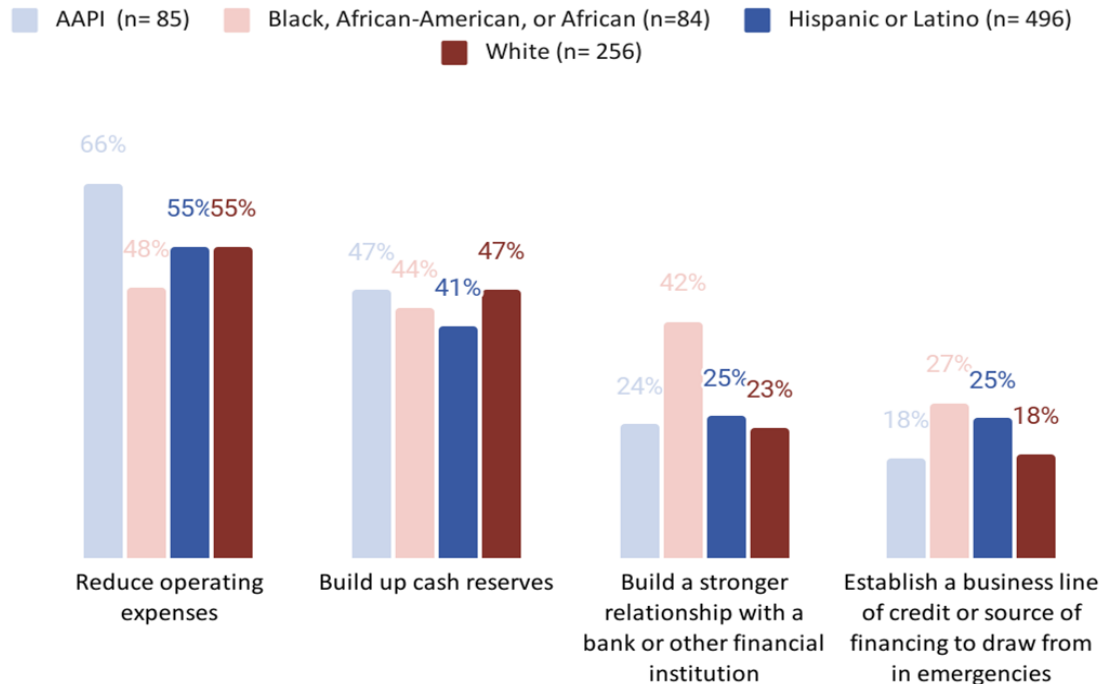
Hispanic Small Employers Most Likely to Want to Hire New Roles for Growth

Motivation to grow workforce
% of respondents



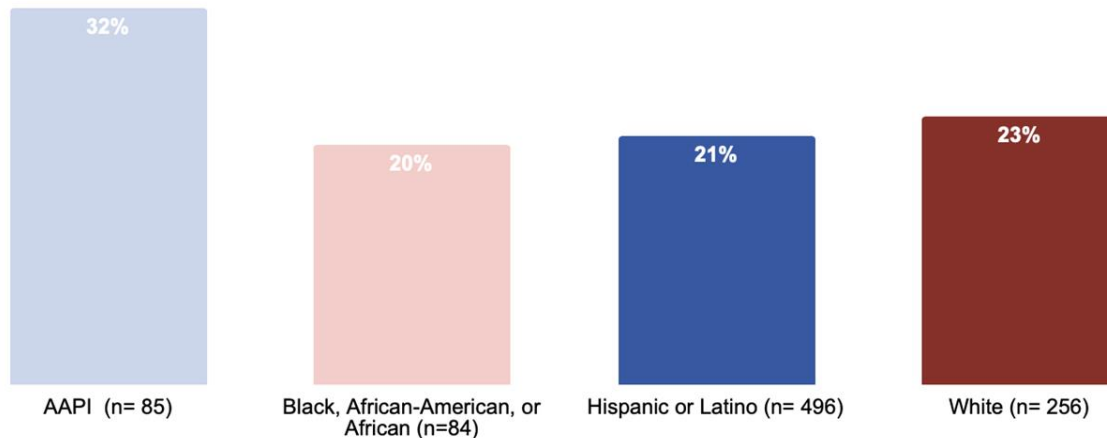
Most Small Businesses Focused on Conserving Cash to Prepare for Future Shocks and Risks

Share of respondents who have taken each action



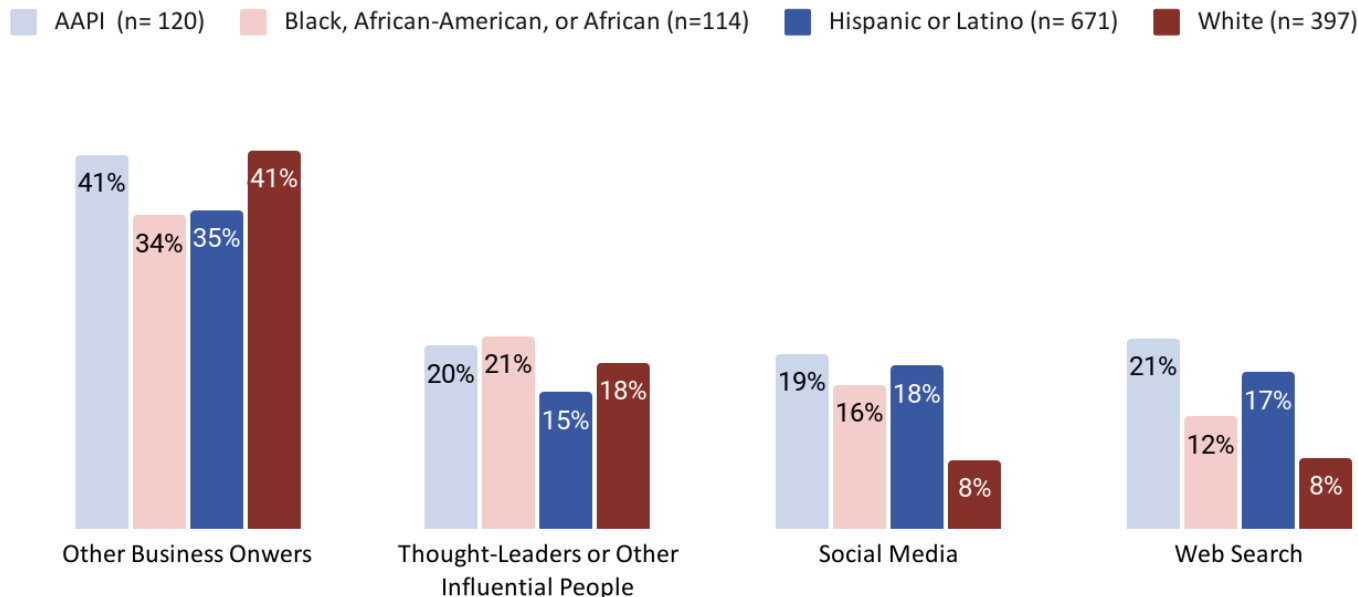
One in 5 Hispanic Respondents Increased Benefits to Respond to Future Risks

Share of respondents who have expanded employee benefits to prepare for future shock and risks



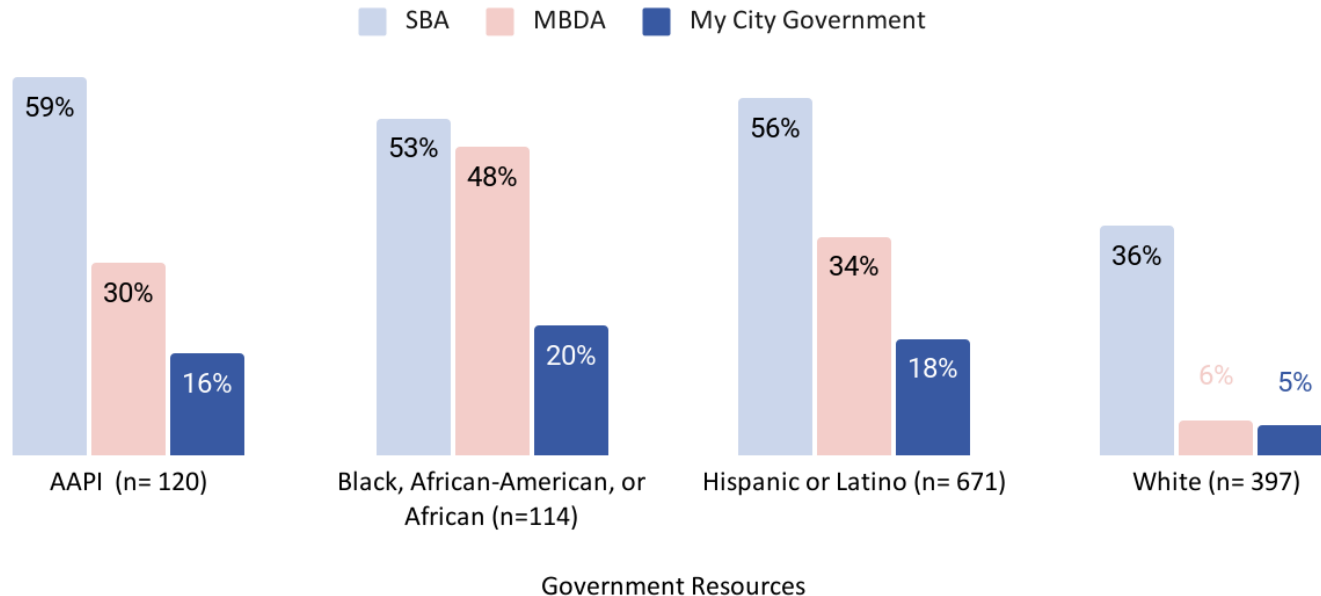
Small Employers Most Likely to Turn to SBA Among Government Resources

Likelihood of seeking guidance from each source to make the business more resilient
Share of respondents



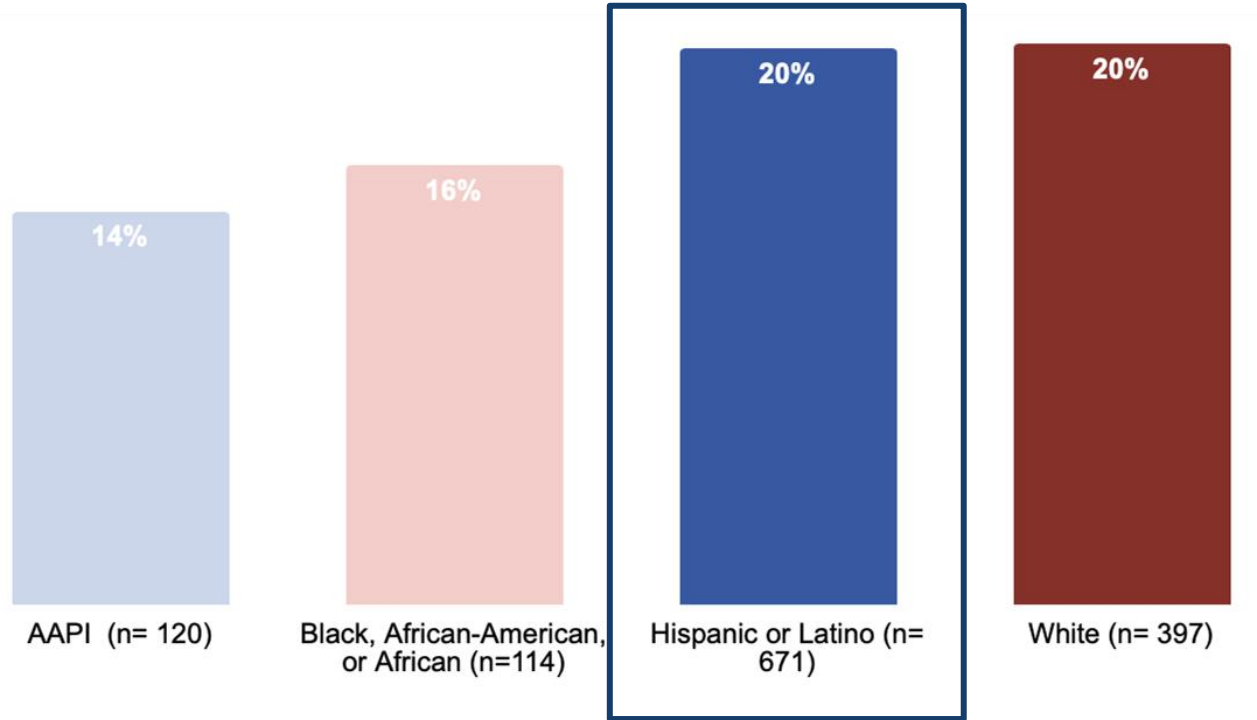
Hispanic Small Employers Most Likely to Turn to SBA Among Government Resources

Likelihood of seeking guidance from government resources to make the business more resilient
Share of respondents



One in Five Hispanic Small Employers Reported Increased Investment in Technology

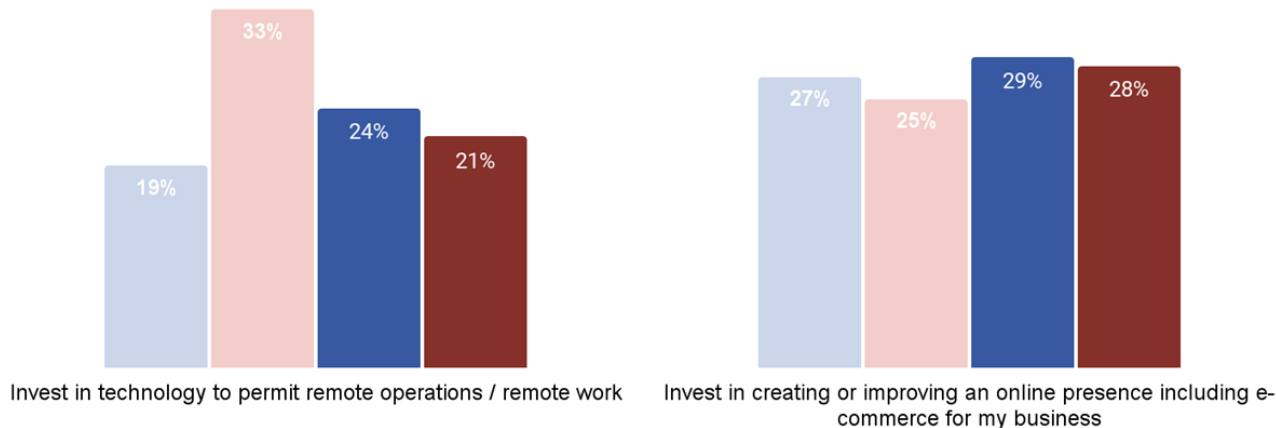
% of respondents who increased technology investment



Hispanic Respondents Slightly More Likely to Invest in E-Commerce Capabilities vs Remote Work

Share of respondents who have taken each technology investment action to prepare for future shocks and risks

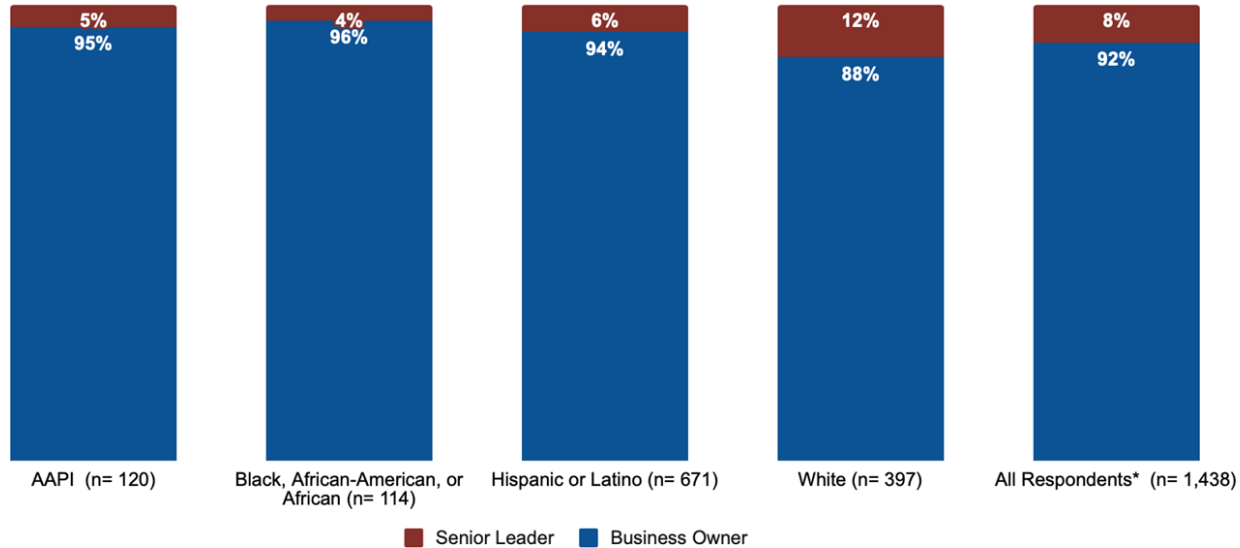
■ AAPI (n= 85) ■ Black, African-American, or African (n=84) ■ Hispanic or Latino (n= 496) ■ White (n= 256)





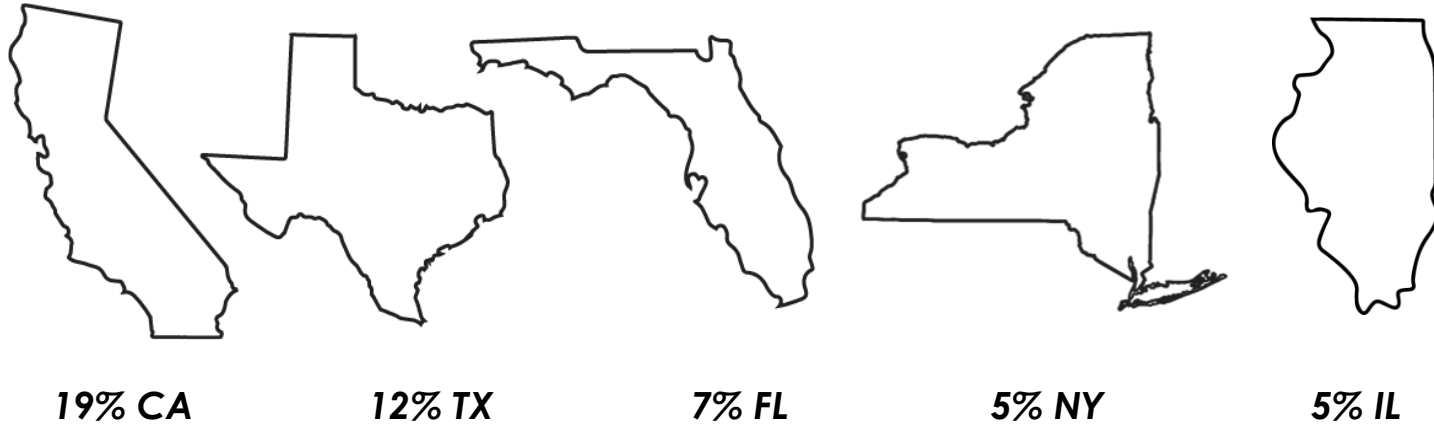
About the Sample

Most Respondents Own the Business

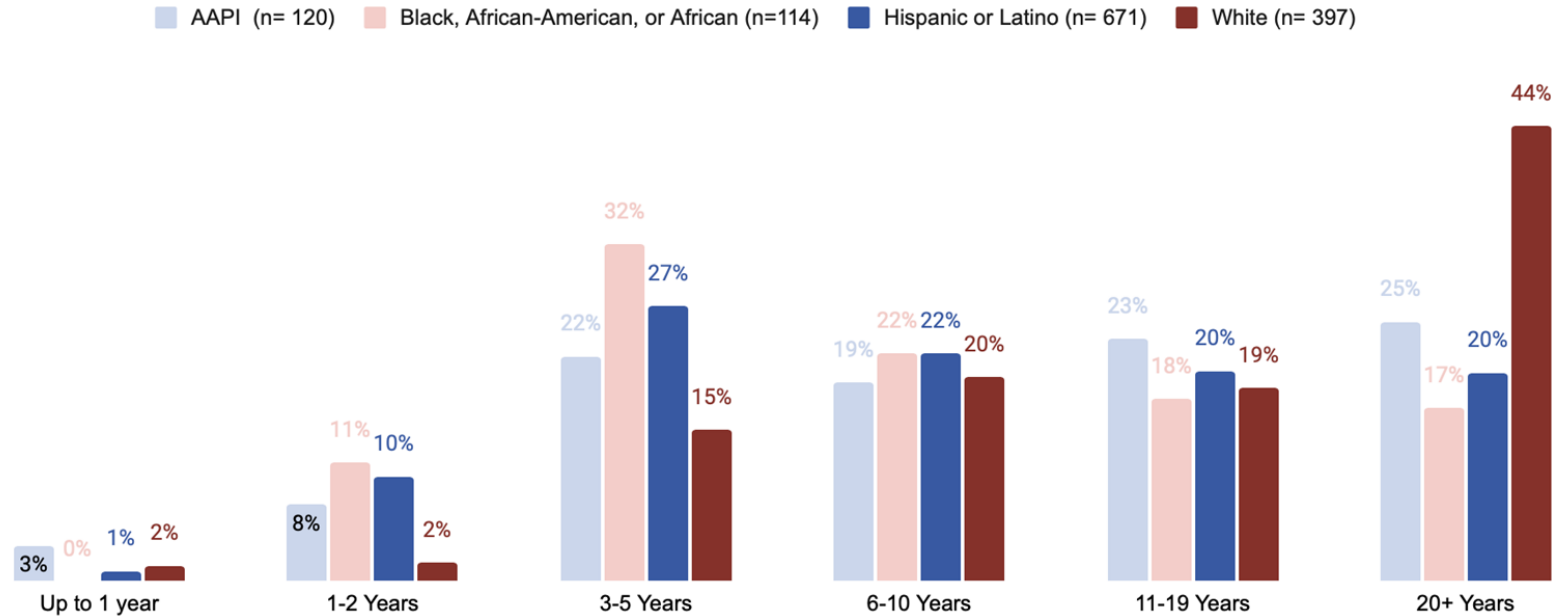


Survey Respondents in 48 States + DC

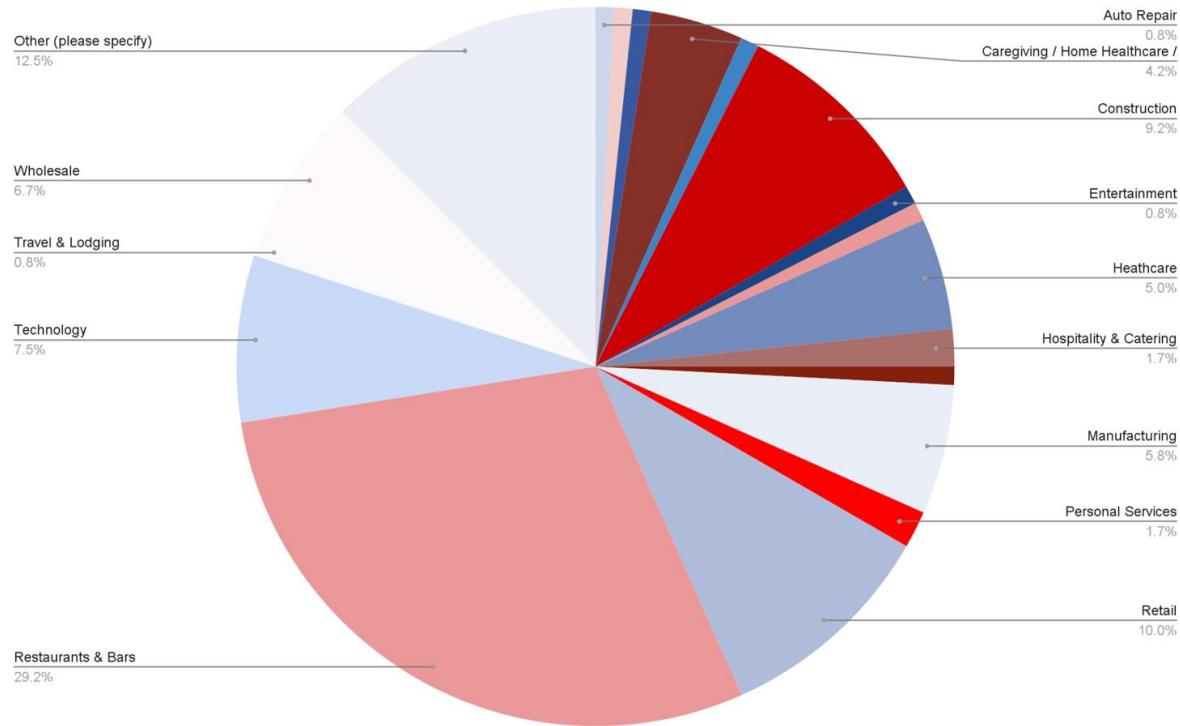
Top 5 States of Respondents



Mix of Newer and Long-Standing Businesses



Broad Range of Industries Represented

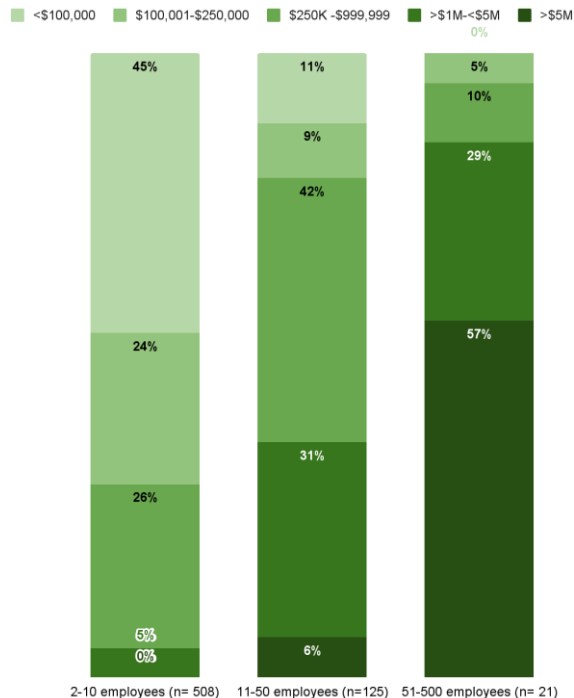


Sample Overview

Distribution by # of Employees & 2021 Revenue

% of Hispanic respondents

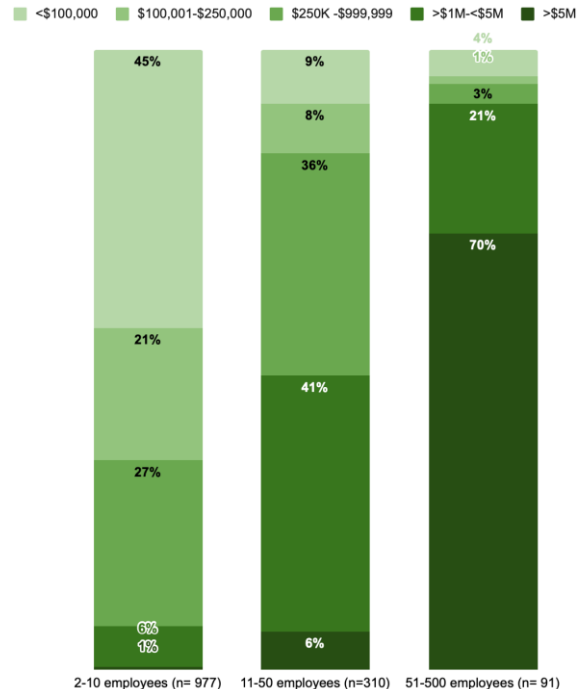
n= 654*



Distribution by # of employees & 2021 Revenue

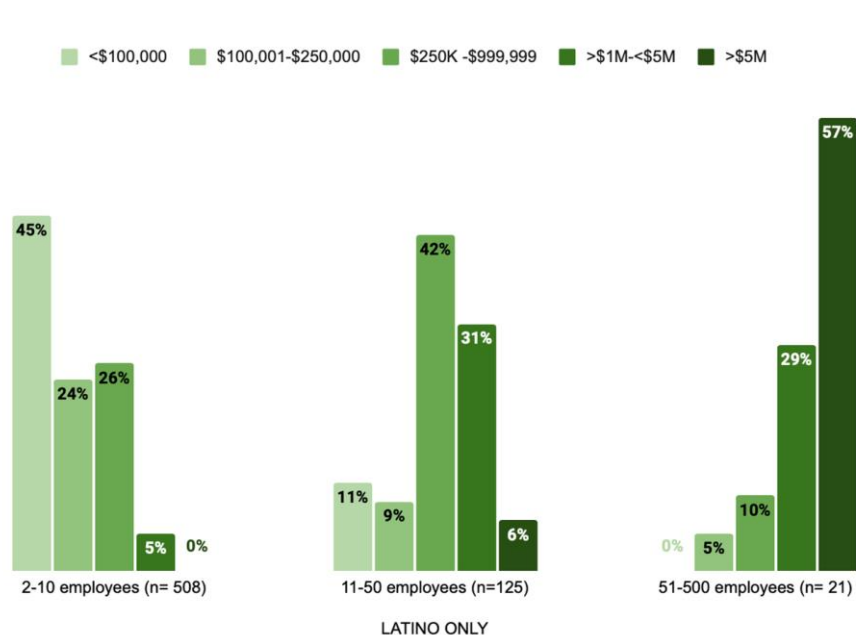
% of all respondents

n= 1,378**

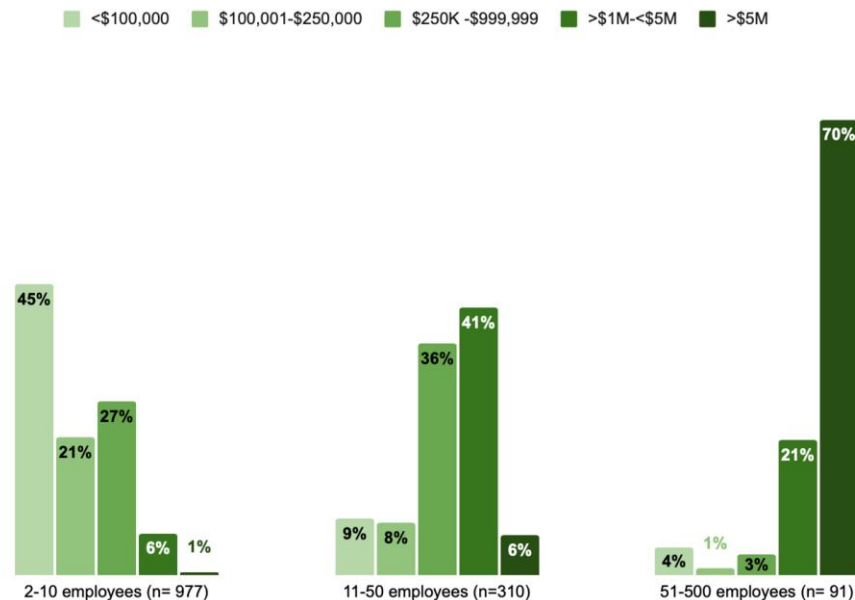


Sample Overview

Distribution by # of Employees & 2021 Revenue
% of Hispanic respondents
n= 654*

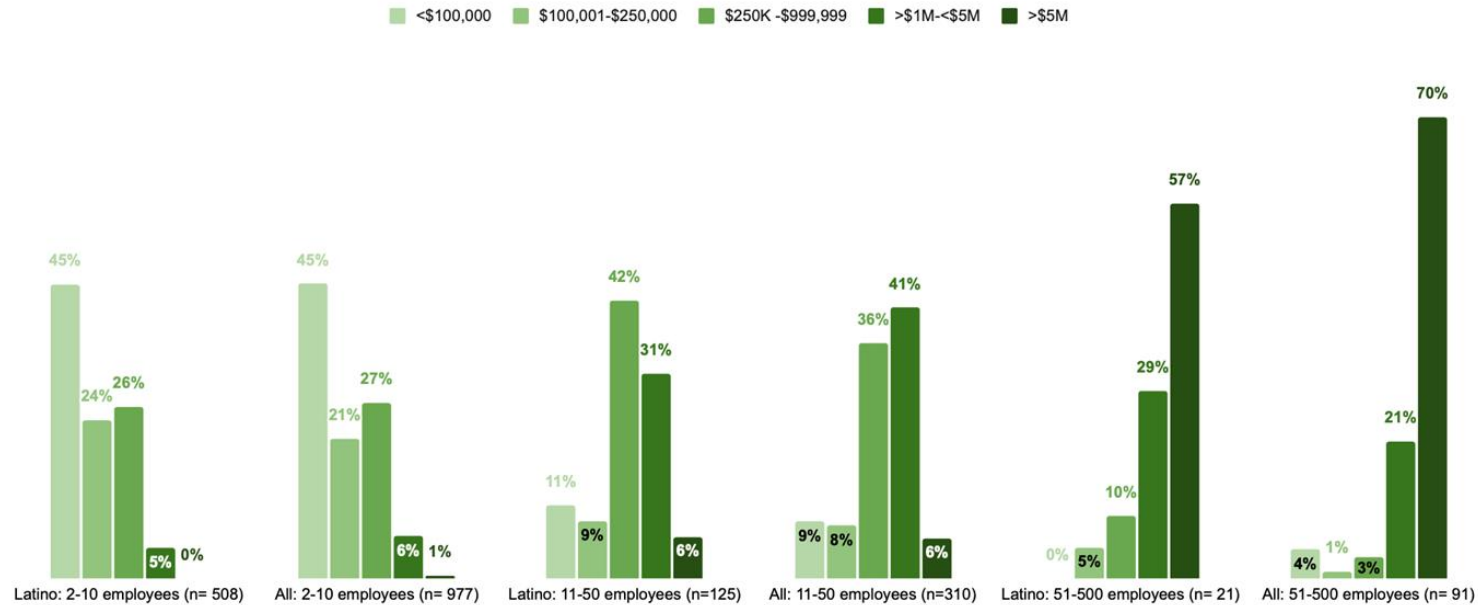


Distribution by # of employees & 2021 Revenue
% of all respondents
n= 1,378**



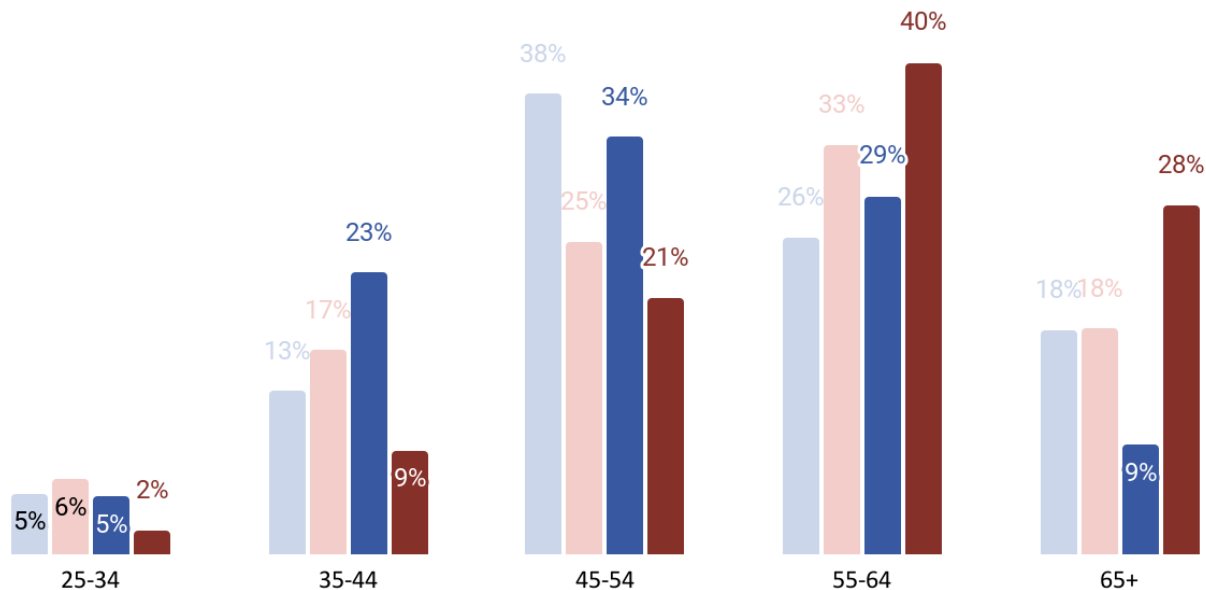
Sample Overview

Distribution by # of Employees & 2021 Revenue
% of Hispanic respondents (n=654*) vs all respondents (n=1,378)



Age of Respondents

AAPI (n= 120) Black, African-American, or African (n=114) Hispanic or Latino (n= 671) White (n= 397)



Gender of Respondents

