

UC Berkeley

IGS Poll

Title

Release #2021-20: Disparate Impact of Covid on CA Small Businesses: Minority Owners Most Negatively Impacted

Permalink

<https://escholarship.org/uc/item/1jx6c3zw>

Authors

Mora, G. Cristina
Schickler, Eric

Publication Date

2021-10-04



University of California, Berkeley
Institute of Governmental Studies
109 Moses Hall, #2370
Berkeley, CA 94720-2370
Tel: 510-642-1473
Fax: 510-642-3020
Email: igs@berkeley.edu

Release #2021-20

Monday, October 4, 2021

***Disparate Impact of Covid on CA Small Businesses:
Minority Owners Most Negatively Impacted***

by G. Cristina Mora and Eric Schickler, *IGS Co-Directors*
igs@berkeley.edu

The recent IGS poll shows that minority small business owners were significantly more negatively impacted by the pandemic compared to their white counterparts. The July 2021 IGS Poll surveyed 5,795 California registered voters, including more than 1000 small business owners. The survey found that Black and Latino small business owners were much more likely to state that covid negatively impacted their ability to keep their businesses open, maintain their staff, and stabilize their revenues. Minority business owners, especially Latinos, were also significantly less likely to state that they had applied for and received full Paycheck Protection loans (PPP) and other forms of government assistance.

Professor G. Cristina Mora, IGS Co-Director notes, “The findings indicate that racial disparities run deep in the state, and aid to minority business owners will be critical if California is going to fully recover from the economic impacts of the pandemic anytime soon.”

Impact on Business Operations

When asked about the impact that the pandemic had on small business owners’ operations, Black and Latino owners were more likely than White and Asian ones to answer that Covid-19 had permanently shut down their venues. Specifically, 18 and 13 percent of Latino and Black small business owners stated that their business had closed, compared to only 8 and 7 percent of White and Asian business owners.

Table 1				
% Stating that the pandemic permanently shut down their small business				
	Black	White	Asian	Latino
	13%	8%	7%	18%
Sample size	74	522	112	180

(Note that full question wording is presented at the end of this press release; detailed crosstabulations are available at <https://www.igs.berkeley.edu/research/berkeley-igs-poll>.)

Minority respondents were also much more likely to state that the pandemic had resulted in a reduction in employment in their small businesses. Indeed, 70% of Latino, 63% of Asian, and 58% of Black small business owners reported that they had reduced the number of workers or their hours, as compared to 45% of White business owners.

Table 2				
% Stating that the pandemic resulted in a reduction in the number of workers or their hours				
	Black	White	Asian	Latino
	58%	45%	63%	70%
Sample size	74	522	112	180

The pandemic also had differential impacts on business revenue, with 71% of Black, 66% of Latino, and 76% of Asian owners reporting that the pandemic decreased their venture revenue either “Somewhat” or a “Great Deal”, compared to 62% of White owners.

Table 3				
% Stating that the pandemic decreased their business’s revenue “somewhat” or “great deal”				
	Black	White	Asian	Latino
	71%	62%	76%	66%
Sample size	74	522	112	180

The survey also attests to the breadth of impacts across wide swaths of small business. On the whole, 74% of small business owners reported damage to their business (that is, reduced profits, revenue, employment, or being forced to close down or sell the business). Again, the survey indicated racial disparities in these impacts, with 77% of Latino, 81% of Black, and 82% of Asian owners reporting one or more negative impact, as compared to 70% of white business owners.

	Black	White	Asian	Latino
	81%	70%	82%	77%
Sample size	74	522	112	180

Racial Disparities in Access to Assistance

Small business owners also displayed important disparities with respect to accessing government assistance. Latino business owners were especially less likely than all other groups to note that they had applied for and been fully awarded Paycheck Protection Program assistance (PPP). Just 7% of Latino business owners reported applying for and being fully awarded PPP assistance, as compared to 16% of all business owners.

	Black	White	Asian	Latino
	24%	19%	20%	7%
Sample size	74	522	112	180

Among those small business owner respondents who stated that they had been eligible to apply but had not done so, Latino business owners were most likely to state that this was because they lacked proper assistance or because the application process was unclear and too cumbersome. Indeed, 54% of Latino business owners fell into this category, compared to only 25% of Whites. A high proportion of Black and Asian American business owners also reported that they were deterred from applying by a lack of assistance or the cumbersome application process.

	Black	White	Asian	Latino
	58%	25%	56%	54%
Sample size	74	522	112	180

About the Survey

The findings in this report are based on a *Berkeley IGS Poll* completed by the Institute of Governmental Studies (IGS) at the University of California, Berkeley. Funding for the poll was provided in part by the *Los Angeles Times*.

The poll was administered online in English and Spanish July 18-24, 2021, among a stratified random sample of 5,795 registered voters in California. The survey distributed email invitations to stratified random samples of the state’s registered voters. Each email invited voters to participate in a non-partisan survey conducted by the University and provided a link to the IGS website where the survey was housed. Reminder emails were distributed to non-responding voters and an opt out link was provided for voters not wishing to receive further email invitations.

Samples of registered voters with email addresses were provided to IGS by Political Data, Inc., a leading supplier of registered voter lists in California and were derived from information contained on the state’s official voter registration rolls. Prior to the distribution of emails, the overall sample was stratified by age and gender to obtain a proper balance of survey respondents across major segments of the registered voter population.

To protect the anonymity of survey respondents, voters’ email addresses and all other personally identifiable information derived from the voter listing were purged from the data file and replaced with a unique and anonymous identification number during data processing. In addition, post-stratification weights were applied to align the sample of registered voters responding to the survey to population characteristics of the state’s registered voters.

The sampling error associated with the survey results are difficult to calculate precisely due to the effects of sample stratification and the post-stratification weighting. Nevertheless, it is likely that findings based on the overall sample of registered voters are subject to a sampling error of approximately +/-2 percentage points at the 95% confidence level.

Note that the sample sizes presented above are weighted.

Question wording

- 1) What impact did the pandemic have on your ability to continue business operations?
- 2) What impact did the pandemic have on the number of your full-time employees?
- 3) What impact did the pandemic have on your business's total revenue?
- 4) What impact did the pandemic have on your business's profitability?
- 5) The following provided small businesses with various types of assistance during the pandemic. Please indicate which you were eligible for and whether you applied for assistance through each type of program? Paycheck Protection Program (PPP) loan.
- 6) For the assistance programs that you were eligible but did not apply, why did you choose not to apply?

Detailed tabulations reporting the results to each question can be found at the *Berkeley IGS Poll* website at <https://www.igs.berkeley.edu/research/berkeley-igs-poll>.

About the Institute of Governmental Studies

The Institute of Governmental Studies (IGS) is an interdisciplinary organized research unit that pursues a vigorous program of research, education, publication, and public service. A component of the University of California system's flagship Berkeley campus, IGS is the oldest organized research unit in the UC system and the oldest public policy research center in the state. IGS's co-directors are Professor Eric Schickler and Associate Professor Cristina Mora.

IGS conducts periodic surveys of public opinion in California on matters of politics and public policy through its *Berkeley IGS Poll*. The poll, which is disseminated widely, seeks to provide a broad measure of contemporary public opinion, and to generate data for subsequent scholarly analysis. The director of the *Berkeley IGS Poll* is Mark DiCamillo. For a copy of the detailed tabulations to this report or a listing of past poll reports issued by the poll, please visit <https://www.igs.berkeley.edu/research/berkeley-igs-poll>.