Community Attitudes and Perceptions of Entrepreneurship Survey (CAPES) 2.0 - ESHIP Neighborhoods

June 2019

Kenan Institute for Private Enterprise
UNC Chapel Hill

Methodology

- **Purpose:** To assess experiences and perceptions around entrepreneurship within two ESHIP Communities

- **Administration:** Online Qualtrics survey
  - Open April 15, 2019 through May 15, 2019
  - Survey distributed through Forward Cities Local ESHIP Director

- **Analysis sample:** 71 valid responses

Key Takeaways

Key Takeaways – Respondent Characteristics

- Compared to CAPES 1.0, CAPES 2.0 captured a greater proportion of respondents who are:
  - Non-white
  - 1st or 2nd generation immigrants
  - Entrepreneurs
  - "Struggling but stay afloat" with current income
  - Challenged by bureaucracy and red tape around entrepreneurship

Key Takeaways – Neighborhood and Race disparities

- African-American and KCMO respondents report:
  - Less confidence that things will improve
  - Less support for becoming an entrepreneur
  - Lower feelings of acceptance and inclusion within their neighborhoods
  - Lower levels of trust
  - Less confidence in finding people with needed skills for business
  - More experiences with minorities being treated worse in pursuing business endeavors

Key Takeaways – Entrepreneurship

- 100% of respondents report past, present, or future involvement in entrepreneurship

- African Americans reported lowest proportion of current business ownership, and highest proportion of earnings from a side hustle

- KCK respondents comprised highest proportion of business ownership, with no reports of side hustles

Key Takeaways – Need for Entrepreneurial Support

- 71% of respondents from KCK feel rules & regulations make KC a challenging place to start a business

- 56% of African Americans don't feel they could find people with needed skills for new business

- 36% of respondents from KCK are not aware of ESOs in Kansas City

- 25% of Hispanic respondents would like to be in a mentor relationship but don't know how

Key Takeaways – Business Financing

- Use of personal savings was 3x more prevalent than any other source of financing, across all races

- White respondents 6x more likely to report using a bank loan compared with African Americans

- Hispanics had highest proportion of using friends and family, but none reported using business acquaintances

Key Takeaways – Negative neighborhood descriptors

- When asked to provide "three words that come to mind about your neighborhood," responses varied by state and race.

- African American and KCMO residents had twice the proportion of negative descriptors as Hispanic and KCK residents (~40% vs 20%)

- Focus of negative descriptors centered around two themes:

   1) "Lack" – Hispanic and KCK residents referred to descriptors such as *Scarce resources*, and *Without help*

   2) "Instability" - African American & KCMO residents referred to descriptors such as *Blighted* and *Dysfunction*.

Key Takeaways – Positive neighborhood descriptors

- Focus of positive descriptors clustered around two themes:

  1) "Culture and Community" –Hispanic and KCK respondents referred to descriptors such as *Multi-cultural, Hispanic, Welcoming*

  2) "Progress" – African American and KCMO respondents referred descriptors such as *Potential, Promise, Changing*

- Descriptors that were shared among races and neighborhoods focused on positive attributes, e.g. *Growing* and *Friendly*.

Demographics

Respondent Characteristics; CAPES 2.0 vs 1.0

Immigrant Status

- Proportion of immigrants tripled for CAPES 2.0
  - 66% of CAPES 2.0 respondents
  - 19% of CAPES 1.0 respondents

	1st Generation	2nd Generation	Non-immigrant
CAPES 2.0	42%	24%	34%
CAPES 1.0	10%	9%	81%

Residence

- Greater proportion of respondents from KCK
- Similar to distribution in CAPES 1.0

	KCK	KCMO
CAPES 2.0	62%	38%
CAPES 1.0	60%	40%

Respondent Characteristics; CAPES 2.0 vs 1.0

Race

- Inverse distribution between Whites and Hispanics
  - CAPES 2.0 - 61% Hispanic / 12% White
  - CAPES 1.0 - 18% Hispanic / 61% White

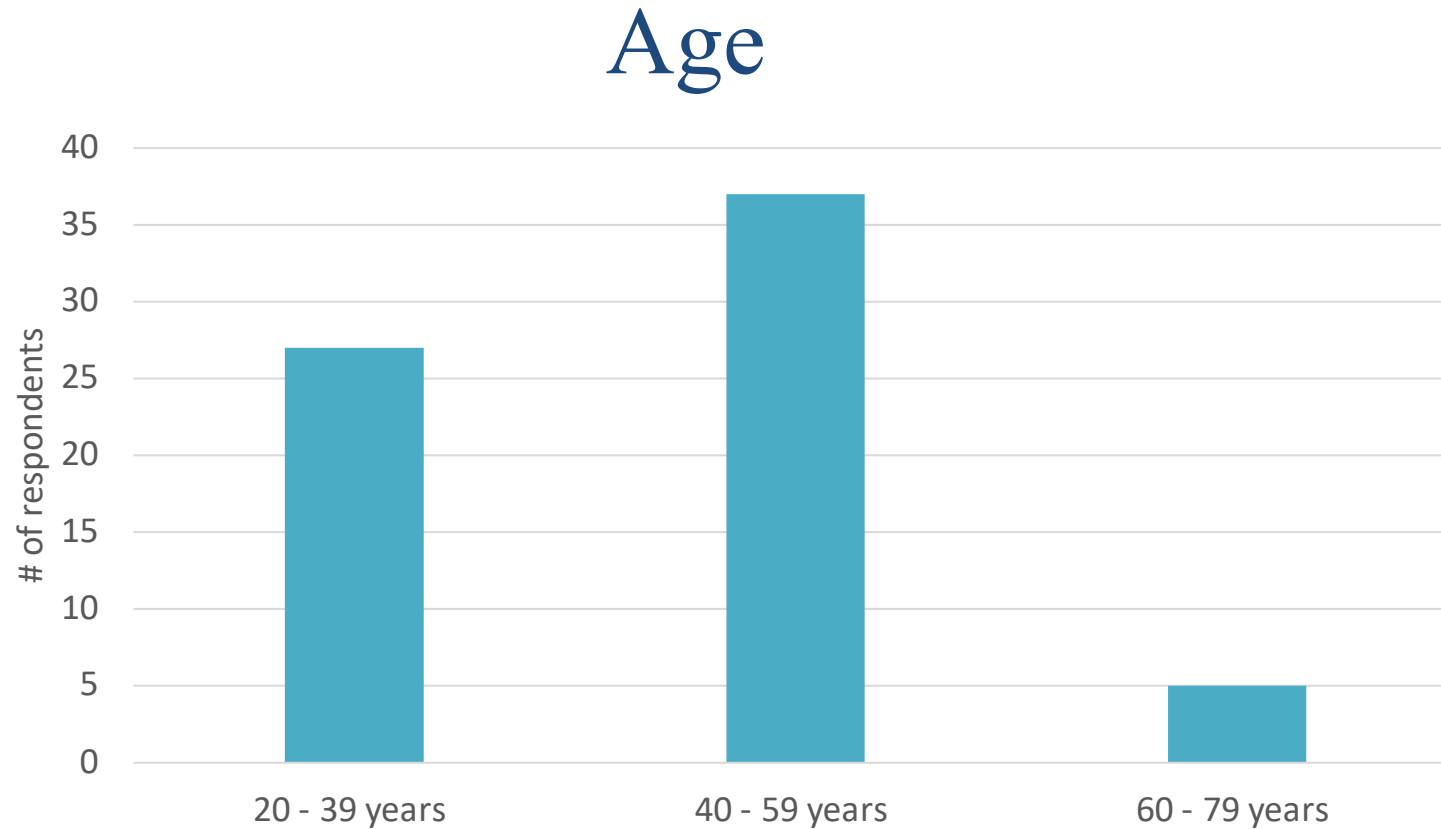- Proportion of African American respondents doubled for CAPES 2.0

	White	Hispanic	African American
CAPES 2.0	12%	61%	27%
CAPES 1.0	61%	18%	12%

Gender

- CAPES 2.0 sample slightly more male

	Male	Female
CAPES 2.0	54	46
CAPES 1.0	50	50

Respondent Characteristics; CAPES 2.0

Age

Similar age distribution with CAPES 1.0

Extent needs are met with current income, by race; CAPES 2.0 vs 1.0

- Substantially greater proportion of White respondents in CAPES 2.0 indicated their income more than meets their needs, both within and between surveys

- Within CAPES 2.0: Compared with White respondents, over twice as many African American respondents struggle but stay afloat

- Between 2.0 vs 1.0: Greater proportion of all respondents across races report they struggle but stay afloat

Income more than meets needs

	White	Hispanic	African American
CAPES 2.0	57%	7%	6%
CAPES 1.0	31%	20%	14%

Struggle but stay afloat

	White	Hispanic	African American
CAPES 2.0	29%	34%	67%
CAPES 1.0	16%	25%	42%

Extent needs are met with current income, by neighborhood; CAPES 2.0 vs 1.0

- **Within CAPES 2.0:** Twice as many KCK respondents report that their income meets their needs, compared with KCMO respondents

- **Within CAPES 2.0:** Twice as many KCMO respondents struggle but stay afloat

- **Between 2.0 vs 1.0:** Greater proportion of respondents between both neighborhoods report they struggle but stay afloat

Income meets needs

	KCK	KCMO
CAPES 2.0	48%	23%
CAPES 1.0	45%	39%

Struggle but stay afloat

	KCK	KCMO
CAPES 2.0	33%	62%
CAPES 1.0	18%	25%

Reported neighborhoods where respondents live

- 37 unique "neighborhoods"
- Wyanodette County most prevalent

66102	Clay County	Manheim & Hype Parks	South Kansas City
4394 Bridge Street	Douglas Heights	North Kansas City	Ruskin Heights
Argentine	Highland	Northeast (2)	Southwest Boulevard
Basehor	Independence	Olathe, KS (4)	Stagecoach
Between Ivanhoe and Hyde park.	Kansas City, KS (9)	Overland Park (3)	Sycamore Grove
Brookside	Kansas City, MO	Parkville	Troost
Carriage Hills	Key Coalition	Pine Grove	Washington Wheatley
Central Ave (2)	Lakeview Gardens	Plaza area	Westside (2)
Charleston Harbor	Lee's Summit	Rosedale (2)	Woodland
Clay County	Manheim	Shawnne, KS	Wyandotte County (9)

Map of respondent self-reported neighborhoods

Size and color of dots indicate concentration of responses
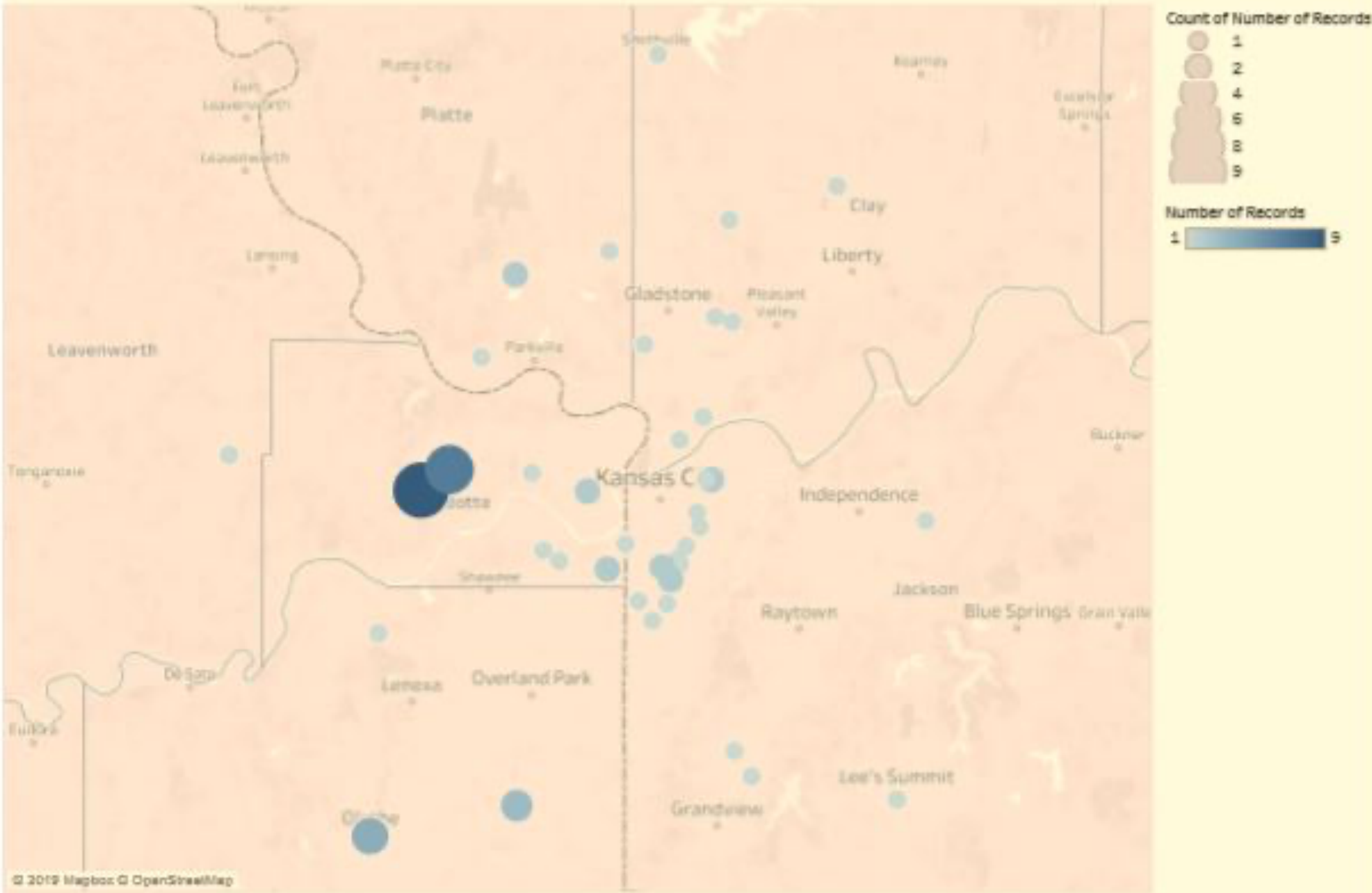
Respondent Characteristics; Entrepreneurial Status

- 100% of CAPES 2.0 respondents currently or previously owned their own business, earned income from a side hustle, or are working to start their own business

- Compared with 79% for CAPES 1.0
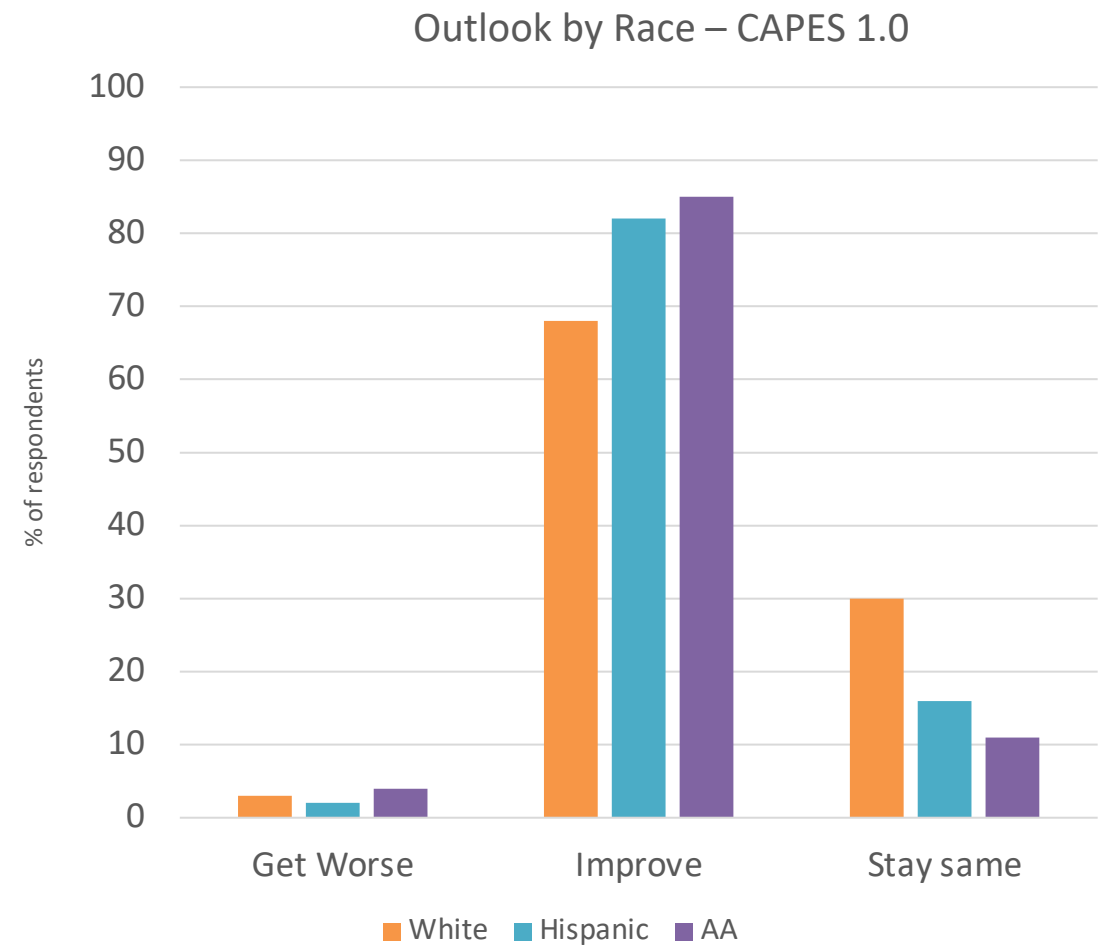
Outlook

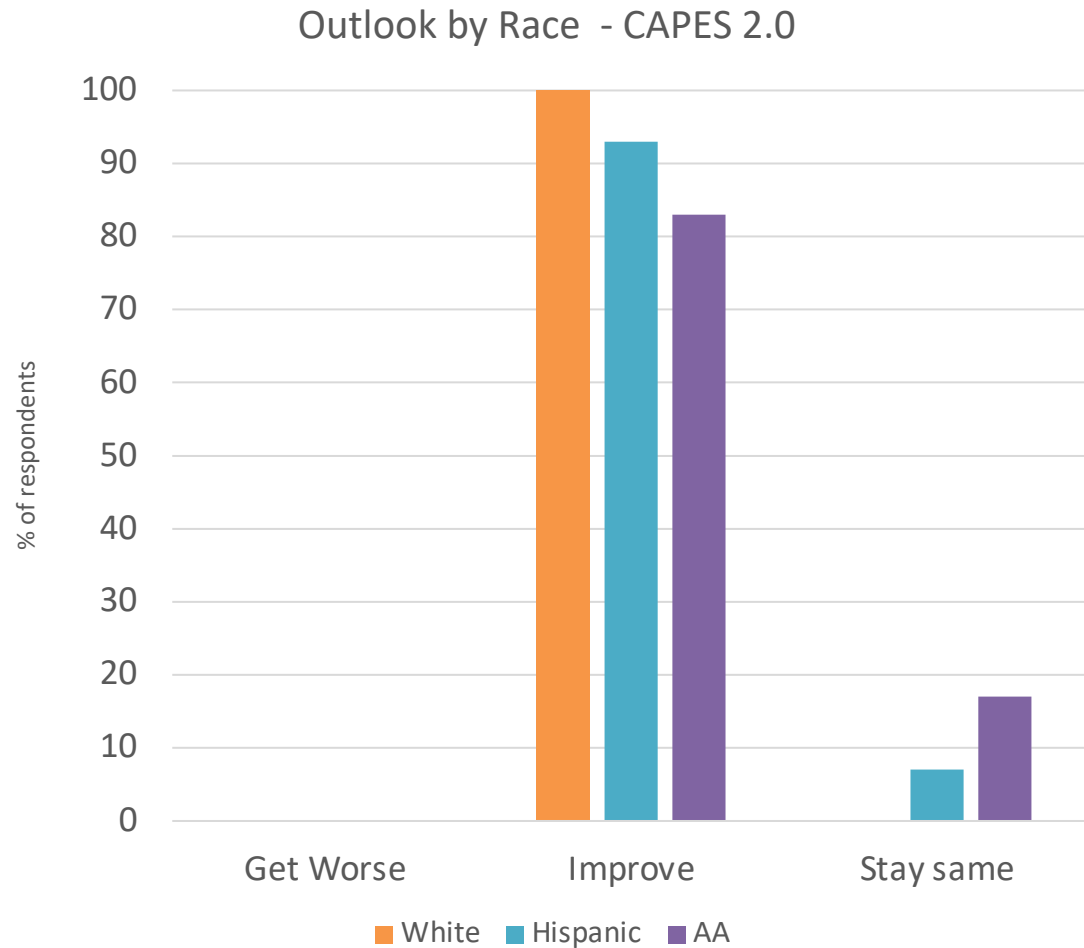# Outlook for coming year

Within CAPES 2.0

- Zero respondents indicated things would get worse

- 100% of White respondents felt things would improve
  - 93% of Hispanic respondents
  - 83% of African American respondents

- 93% of KCK respondents felt things would would improve
 - 88% of KCMO

Between CAPES 2.0 v 1.0

- Outlook of African American and White respondents flipped between surveys
  - 2.0 - Whites most likely to feel things will improve, African Americans least likely
  - 1.0 - African Americans most likely to feel things will improve, Whites least likely

Outlook for coming year by race; CAPES 2.0 vs 1.0

Outlook by Race - CAPES 2.0

Outlook by Race – CAPES 1.0

Outlook for coming year by state; CAPES 2.0 vs 1.0

Outlook by State – CAPES 2.0

Outlook by State – CAPES 1.0
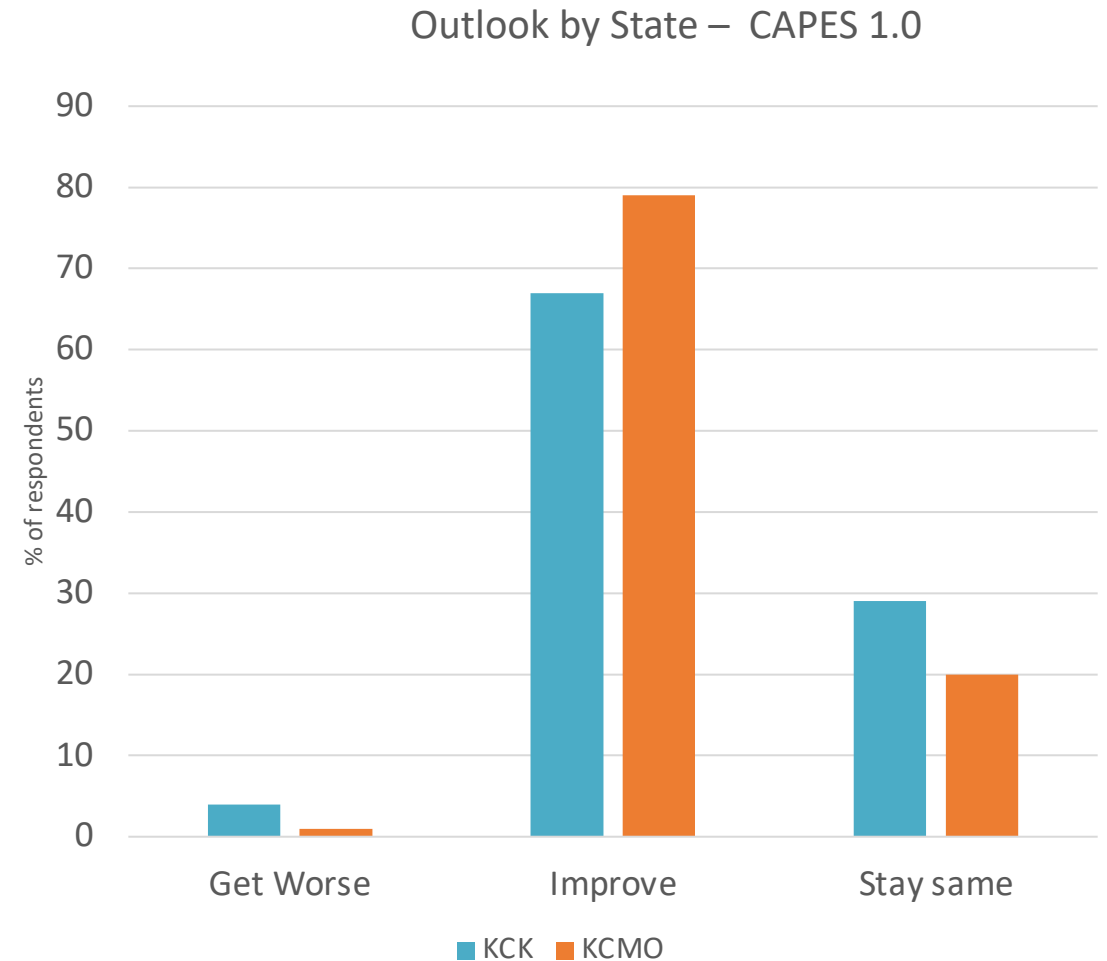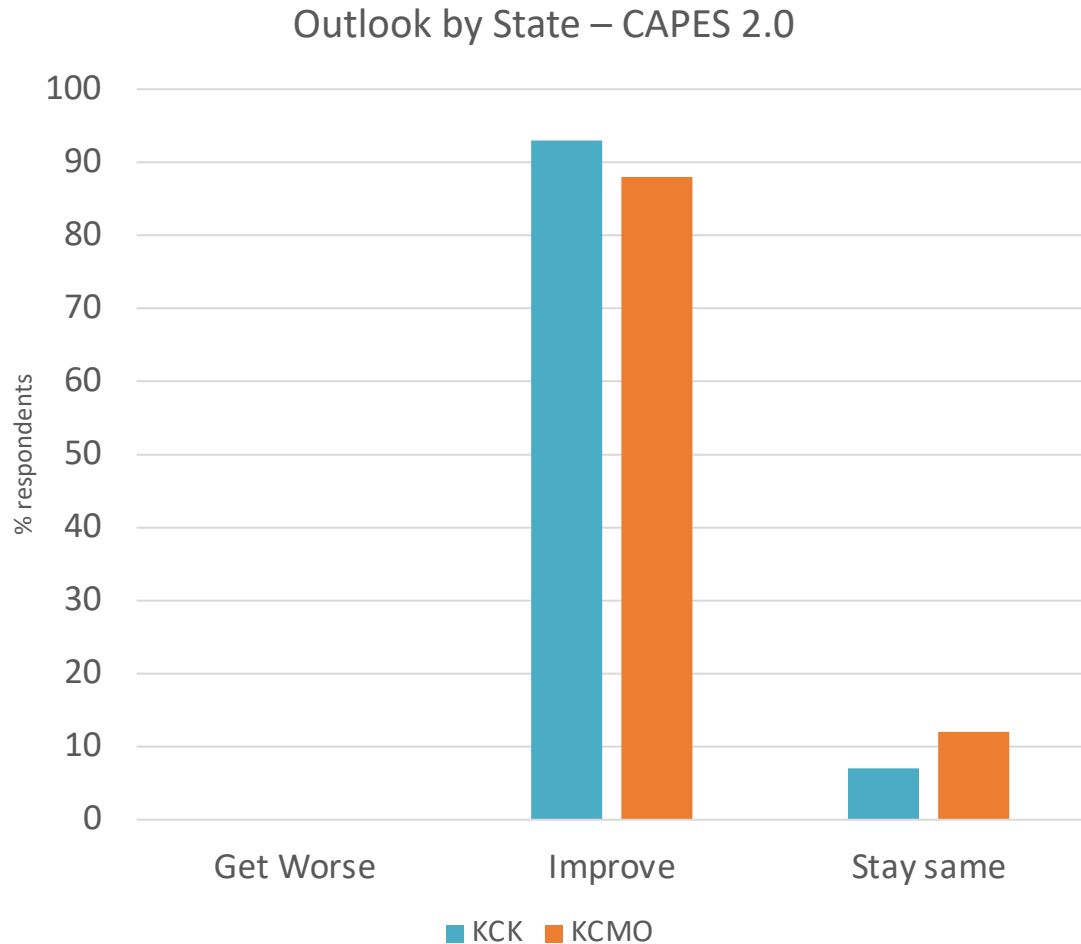
Cultural Norms

Cultural Norms; Kansas City is supportive of people like me who have ideas to start businesses

- **Within CAPES 2.0**: Large disparity in perceptions of support between White and African American respondents

- **Between 2.0 vs 1.0**: Substantially lower perceptions of support among African American

- Lower perceptions of support among CAPES 2.0 respondents in both neighborhoods

	White	Hispanic	African American
CAPES 2.0	87%	77%	50%
CAPES 1.0	93%	69%	76%

	KCK	KCMO
CAPES 2.0	76%	63%
CAPES 1.0	87%	83%

Social Capital

Social Capital; Awareness of organizations in Kansas City that support people who are starting new businesses

- The proportion of Hispanic respondents who are aware of ESOs is substantially lower than both their white and Hispanic counterparts
  - 88% of Whites
  - 75% of AA
  - 65% of Hispanics

- Greater proportion of respondents from KCMO report being aware of ESOs
  - KCMO 83%
  - KCK 64%

Human Capital

Human Capital: Confidence that an entrepreneur could find people with the skills to meet the needs of their new businesses in Kansas City

- Large differences between neighborhoods:
  - 86% KCK
  - 53% KCMO

- Large differences between races:
  - 44% AA
  - 87% White
  - 90% Hispanic

- Findings similar with CAPES 1.0 data

Economic Empowerment
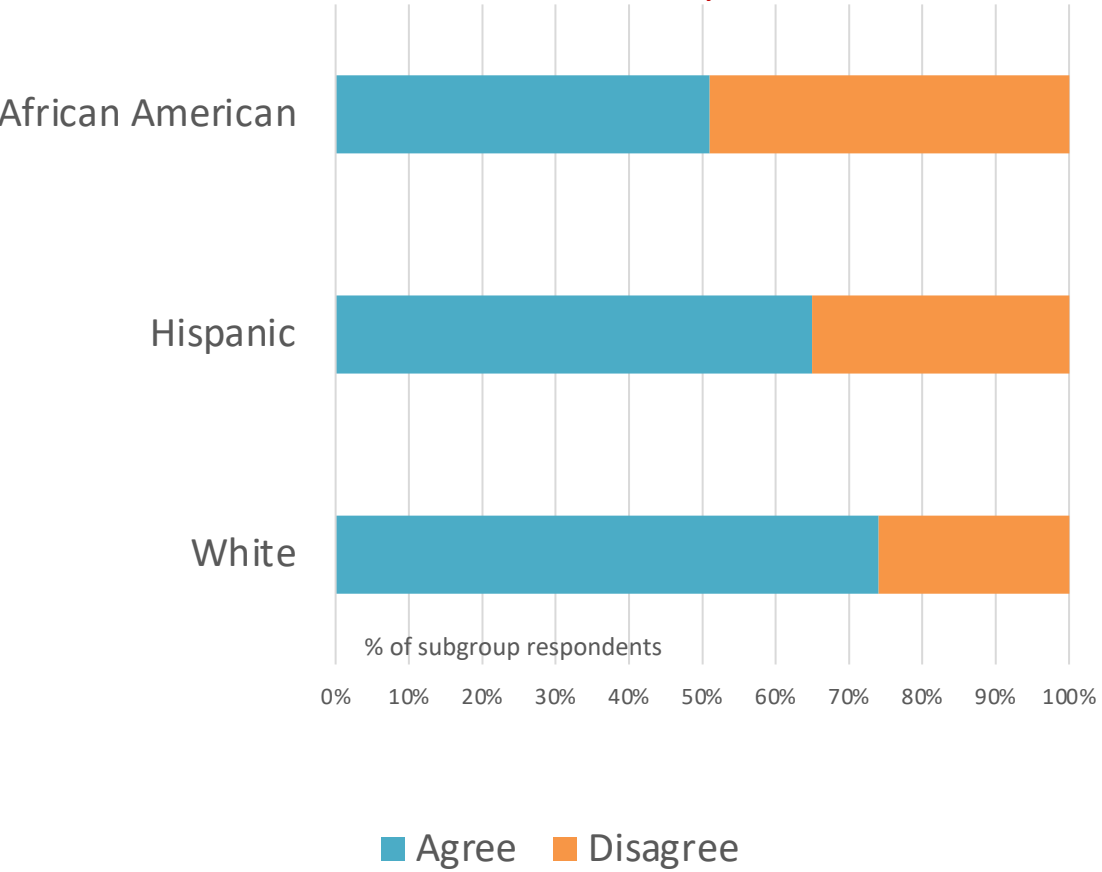
Economic Empowerment, by Neighborhood:

- Feel accepted in neighborhood
  - KCK – 100%
  - KCMO – 85%

- Minorities treated worse when pursing a business endeavor
  - KCK – 44%
  - KCMO – 65%

- Neighborhood is inclusive of individuals from different backgrounds
  - KCK – 86%
  - KCMO – 79%

Economic Empowerment, by race: My neighborhood is inclusive of individuals from different backgrounds
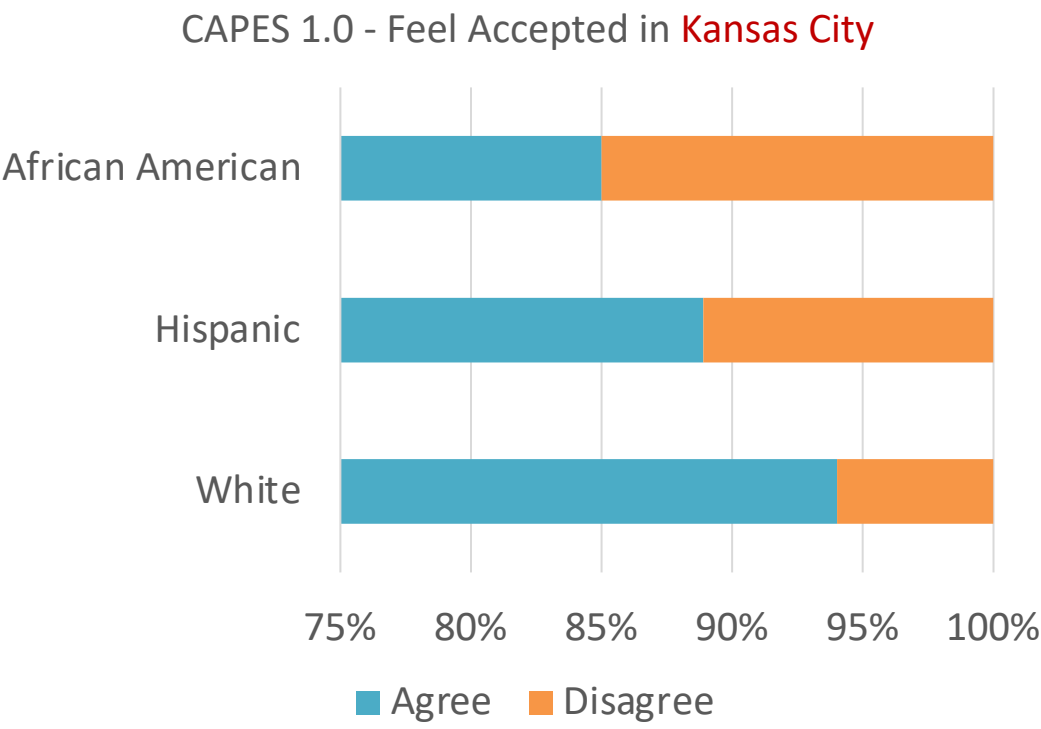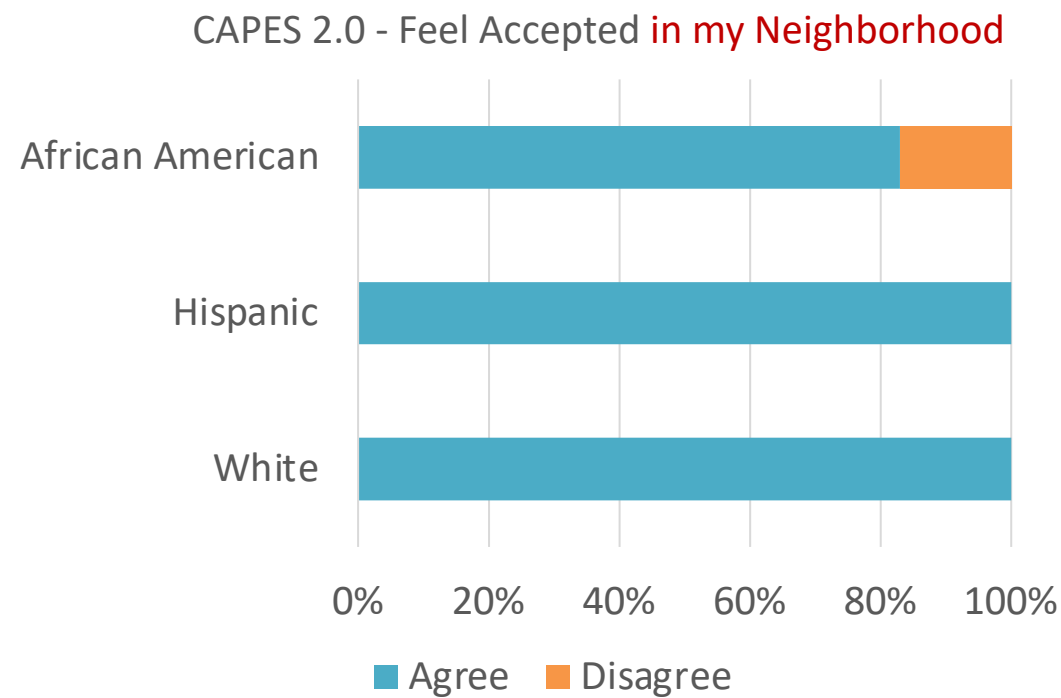

CAPES 2.0 - My neighborhood is Inclusive
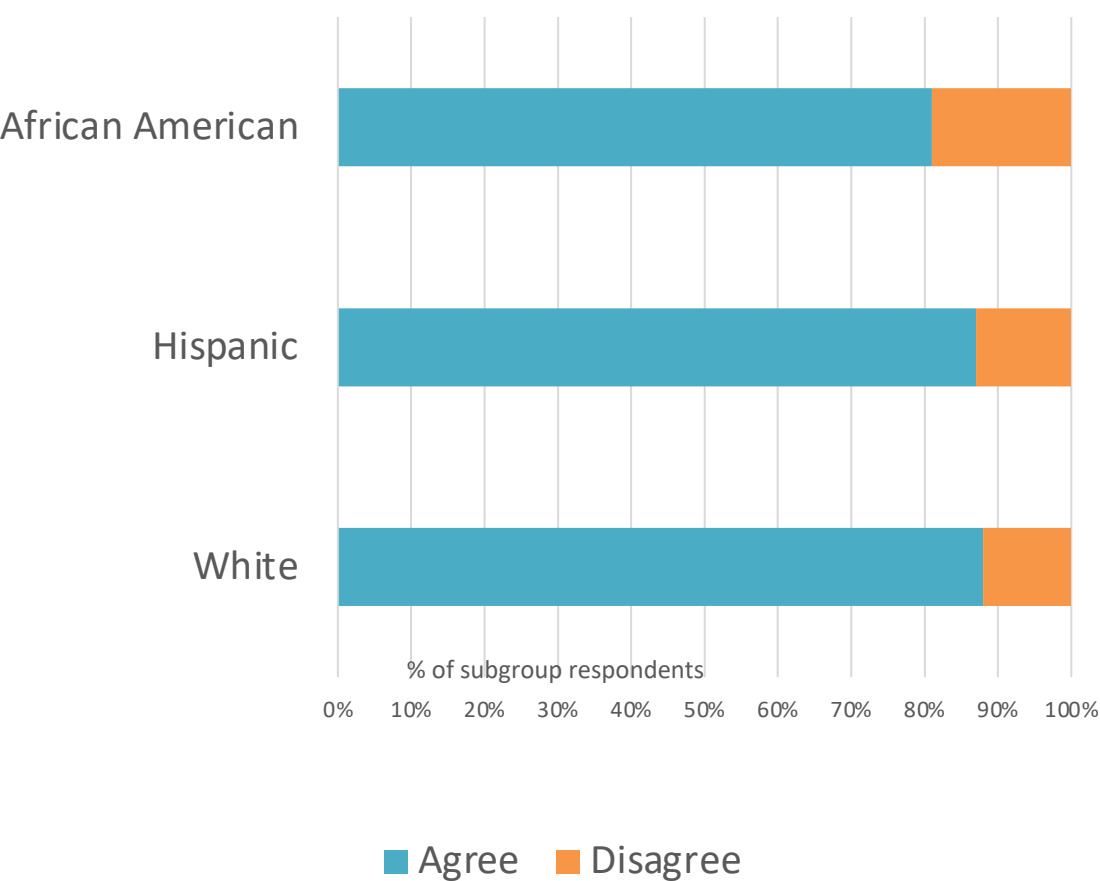
CAPES 1.0 - Kansas City is Inclusive

Economic Empowerment, by race: I feel accepted in my neighborhood

Trust: People in my neighborhood* are helpful without expecting you to return the favor

Compared with CAPES 1.0 sample:

- Substantially higher proportion of Hispanic respondents agreed
- Lower proportion of KCMO respondents agreed

	White	Hispanic	African American
CAPES 2.0	100%	85%	58%
CAPES 1.0	90%	20%	42%

	KCK	KCMO
CAPES 2.0	88%	68%
CAPES 1.0	85%	80%

* CAPES 1.0 asks about people in "Kansas City", vs "neighborhood" for 2.0

Trust: Most people can be trusted, or you can't be too careful dealing with people

- Overall – 60% of respondents feel you can't be too careful
- Substantial variation by race
  - 75% of White respondents feel most people can be trusted, compared with 29% of African American respondents

	African American	Hispanic	White
Most people can be trusted	29%	36%	75%
You can't be too careful dealing with people	71%	64%	25%

	KCK	KCMO
Most people can be trusted	45%	32%
You can't be too careful dealing with people	55%	68%

Economic Empowerment; Minorities treated worse when pursing a business endeavor

- Smaller proportion of African American respondents reported minorities treated worse in CAPES 2.0 vs 1.0
- Greater proportion of KCMO respondents reported minorities treated worse in both surveys

	White	Hispanic	African American
CAPES 2.0	43%	50%	54%
1.0	45%	61%	74%

	KCK	KCMO
CAPES 2.0	44%	65%
1.0	47%	60%

Communities of Practice

Communities of practice, by race & state: There is enough community support for someone like me who wants to be an entrepreneur

- Whites most likely to perceive enough community support
- Similar distribution between CAPES 2.0 and 1.0

- KCK respondents more likely to agree
- Slightly lower overall agreement between CAPES 2.0 and 1.0

	White	Hispanic	African American
Agree	63%	58%	46%

	KCK	KCMO
Agree	59%	44%

Communities of practice; Community support for someone who has a high impact idea related to innovation and entrepreneurship

- Substantial variation within and between surveys, by race
  - Highest perceptions of support by White respondents
  - Lower perceptions of support for CAPES 2.0 respondents vs 1.0

- Substantial variation within and between surveys, by neighborhood
  - Highest perceptions of support by KCMO respondents
  - Lower perceptions of support for CAPES 2.0 respondents vs 1.0

	White	Hispanic	African American
CAPES 2.0	63%	58%	46%
CAPES 1.0	84%	63%	52%%

	KCK	KCMO
CAPES 2.0	51%	65%
CAPES 1.0	80%	70%

Peer Mentorship and satisfaction, by race; CAPES 2.0

	Hispanic	African American	White
Over the past year, I have mentored at least one individual.	33%	36%	59%
Over the past year, I have been mentored by at least one other individual.	25%	32%	33%
I want to be in a mentorship relationship, but don't know how to make that happen.	24%	14%	0%
I do not have any interest in mentorship.	18%	18%	8%

	Hispanic	African American	White
Very satisfied: I am getting all I had hoped out of it.	45%	45%	71%
Mostly satisfied: It has been helpful but there are a few additional things that would benefit me.	32%	27%	29%
Only somewhat satisfied: I've received a small benefit, but mostly it is not meeting my needs.	18%	18%	0%
Dissatisfied: It's not meeting my needs.	5%	9%	0%

Peer Mentorship and satisfaction, by neighborhood; CAPES 2.0

	KCK	KCMO
Over the past year, I have mentored at least one individual.	38%	38%
Over the past year, I have been mentored by at least one other individual.	30%	25%
I want to be in a mentorship relationship, but don't know how to make that happen.	21%	13%
I do not have any interest in mentorship.	11%	25%

	KCK	KCMO
Very satisfied: I am getting all I had hoped out of it.	44%	57%
Mostly satisfied: It has been helpful but there are a few additional things that would benefit me.	37%	14%
Only somewhat satisfied: I've received a small benefit, but mostly it is not meeting my needs.	15%	21%
Dissatisfied: It's not meeting my needs.	4%	7%

Policy and Governance

Policy & Governance, by race & neighborhood: Policy makers often discuss issues related to entrepreneurship and small business.

- White respondents most likely to agree
- Greater proportion of White and Hispanic respondents agreeing in CAPES 2.0 vs 1.0 samples

- Greater proportion of KCK respondents agreed within CAPES 2.0, and between the two samples.

	White	Hispanic	African American
CAPES 2.0	75%	63%	45%
CAPES 1.0	63%	58%	46%

		KCK	KCMO
CAPES 2.0		66%	44%
CAPES 1.0		51%	45%

Policy & Governance, by race & neighborhood: Rules & Regulations make Kansas City a challenging place to start a business

- White respondents most likely to agree

- Substantially greater proportion of CAPES 2.0 respondents agree

- Similar proportion of respondents from KCK and KCMO agree

- Substantially greater proportion of respondents agreeing in CAPES 2.0 sample

	White	Hispanic	African American
CAPES 2.0	88%	67%	75%
CAPES 1.0	32%	58%	46%

	KCK	KCMO
CAPES 2.0	71%	67%
CAPES 1.0	34%	42%

Policy & Governance, by race & neighborhood: Red tape and bureaucratic steps place excessive burdens on my business

- White respondents most likely to agree

- Substantially greater proportion of respondents across all races agree in CAPES 2.0 sample

	White	Hispanic	African American
CAPES 2.0	75%	56%	58%
CAPES 1.0	36%	52%	36%

- KCMO respondents more likely to agree

- Substantially greater proportion of respondents across both states agree in CAPES 2.0 sample

	KCK	KCMO
CAPES 2.0	57%	63%
CAPES 1.0	34%	42%

Entrepreneurship Module

Entrepreneurial Status; CAPES 2.0

Current business owner	77%
Working to start business	8%
Considered starting a business in the past two years before abandoning the idea altogether	6%
Previously owned a business	3%
Draw income from a side hustle	6%
Don't own a business and haven't considered starting one	0%

Business ownership, by race & state

- African Americans reported the lowest proportion of business ownership
  - 87% White
  - 78% Hispanic
  - 67% AA

- African Americans reported highest proportion of having a side hustle
  - AA 17%
  - Hispanic 3%
  - White 0%

- KCK respondents reported greater proportion of business ownership
  - 84% KCK
  - 67% KCMO

- KCMO respondents reported greater proportion of side hustle
  - 15% KCMO
  - 0% KCK

Use of ESOs to start business

- Overall use of ESOs
  - 13% used
  - 71% did not use
  - 16% weren't aware of ESOs in their community

- Hispanic respondents had notably lower use of ESOs compared with White and African American respondents

	White	Hispanic	African American
Used ESO	25%	5%	25%
Did not use ESO	75%	78%	66%
Not aware of ESO	0%	16%	8%

Primary sources of business financing; CAPES 2.0

- Most common financing source across all races is personal savings, 39% overall

- White respondents most likely to report financing with a bank loan
  - 24% compared with 4% of African Americans

- Hispanics mostly likely to report using friends and family, but 0% reported use of business acquaintances

- Similar distribution with CAPES1.0

	Hispanic	African American	White	Overall	CAPES 1.0
Bank Loan	14%	4%	24%	13%	9%
Business Acquaintances	0%	8%	12%	3%	2%
Friends and Family	14%	4%	12%	11%	12%
Personal Credit Card or Loan	10%	12%	12%	10%	12%
Personal Savings	39%	38%	41%	39%	37%
Second Job, Moonlighting or Side Gig	8%	8%	0%	7%	9%

Neighborhood Descriptors

Words to describe Kansas City, common to KCMO & KCK

- 120 total responses
- 22 descriptors in common between states
- 2 negative
  - dangerous
  - poor

Words to describe neighborhood; unique to KCK respondents

- 56 unique descriptors
- 12 negative (21%)
- Themes around "lack"
  - Homelessness
  - Low income
  - "Without help"
- Zero refer to inclusion

Words to describe neighborhood, unique to KCMO respondents

- 42 unique words

- 16 negative (38%)

- Themes around instability
  - Dysfunction
  - Blighted
  - Violence

- 3 relate to inclusion

Words to describe Kansas City, unique to White respondents

- 8 unique descriptors
- 2 negative
  - Divide
  - High Traffic

Words to describe Kansas City, unique to Hispanic respondents

- 47 unique descriptors
- 11 negative (23%)
  - Scarce resources
  - Starving
  - Not safe

Words to describe Kansas City, unique to African American respondents

- 28 unique descriptors
- 11 negative (39%)
  - Crime
  - Violence
  - Underserved

Shared words across all respondents