

## Executive Summary

The Small Business Credit Survey (SBCS) is an annual survey that collects information about the business performance, financing needs and options, and borrowing experiences of firms with 500 or fewer employees. Responses to the SBCS provide insight into the dynamics behind aggregate lending trends and about noteworthy segments of small businesses.

This report analyzes data from the 2021 SBCS for the State of Hawai'i.

The findings in this report show data for employer firms only (employer firms are firms with at least one employee in addition to the owner(s)). The results are weighted to reflect the full population of small businesses. The SBCS is not a random sample; therefore, results should be analyzed with awareness of potential methodological biases.

## Survey Response<sup>1</sup>

- + Results summarized below reflect small business trends in Hawai'i. National results are included in the charts for comparison purposes.
- + In Hawai'i, there were 236 responses for the 2021 SBCS. Nationwide, there were 10,914 responses.
- + The 2021 SBCS was fielded September 8 through November 19, 2021 and is the second SBCS conducted during the COVID-19 pandemic.

## Surveyed Firm Demographics

- + The majority of firms surveyed have 1-4 employees (52%) and had 2020 revenues of \$500,000 or less (60%).
- + Firms in Hawai'i tend to be either well-established, with 37% in business for over 21 years, or newer, with 28% in business for five years or less.
- + Hawai'i has more diversity in the race/ethnicity of its business owners than nationally; 49% of Hawai'i business owners are White, compared with 83% nationally.

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<sup>1</sup> For a full discussion of the survey methodology, see [Small Business Credit Survey 2022 Report](#), page 27.



## **Firm Performance, Challenges and Expectations**

- + 91% of firms in Hawai'i report that the COVID-19 pandemic is currently having a negative effect on their business.
- + 75% of firms experienced decreases in revenue since 2019, but at the time of the survey in late 2021, the majority (53%) expected revenues to increase in the coming 12 months.
- + The top operational challenges for firms in Hawai'i were supply-chain issues and reaching customers/growing sales.

## **Pandemic-related Financial Assistance**

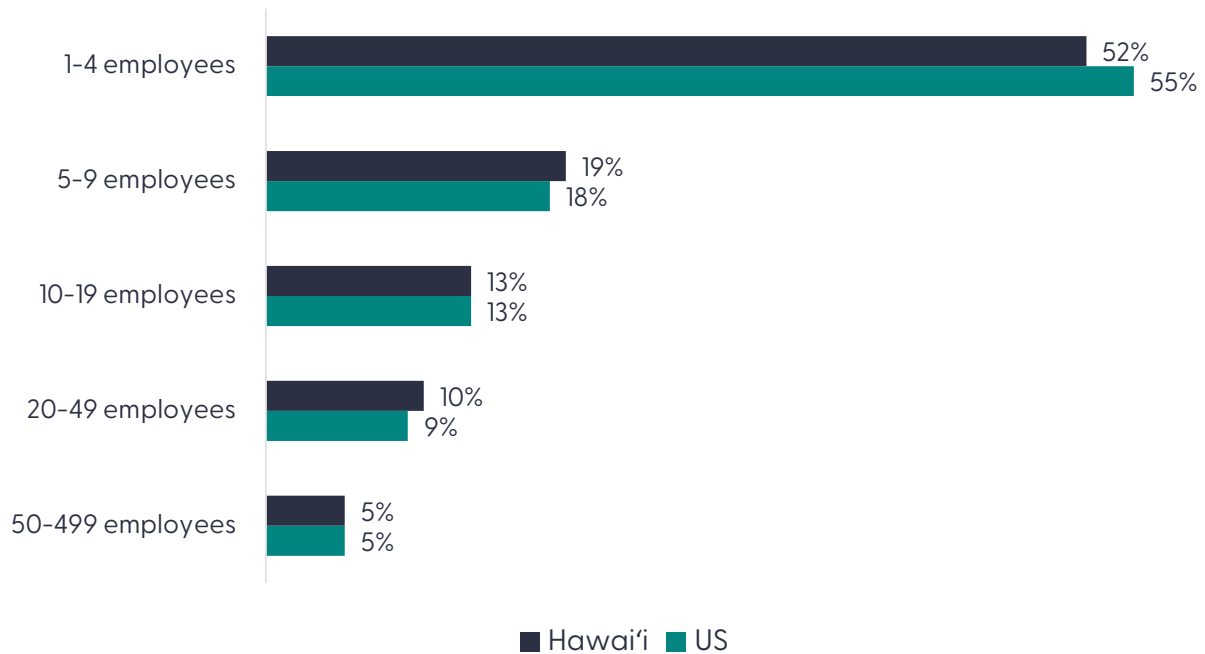
- + 89% of Hawai'i's firms sought some type of pandemic-related financial assistance in 2021.
- + Among businesses that applied for pandemic-related emergency assistance funding, 64% of firms applied for the federal Paycheck Protection Program (PPP), compared to 90% in the prior year's survey.
- + 92% of firms that received PPP loans in 2021 expect full forgiveness, whereas only 74% of firms receiving PPP loans expected full forgiveness in 2020.

## **Financing Needs and Credit Products**

- + 76% of firms had some level of debt outstanding at the time of the survey.
- + Of firms who applied for financing in the past 12 months, the most common reason for pursuing financing was to meet operating expenses.
  - o 77% of those applicant firms applied for a loan or line of credit.

## Surveyed Firm Demographics

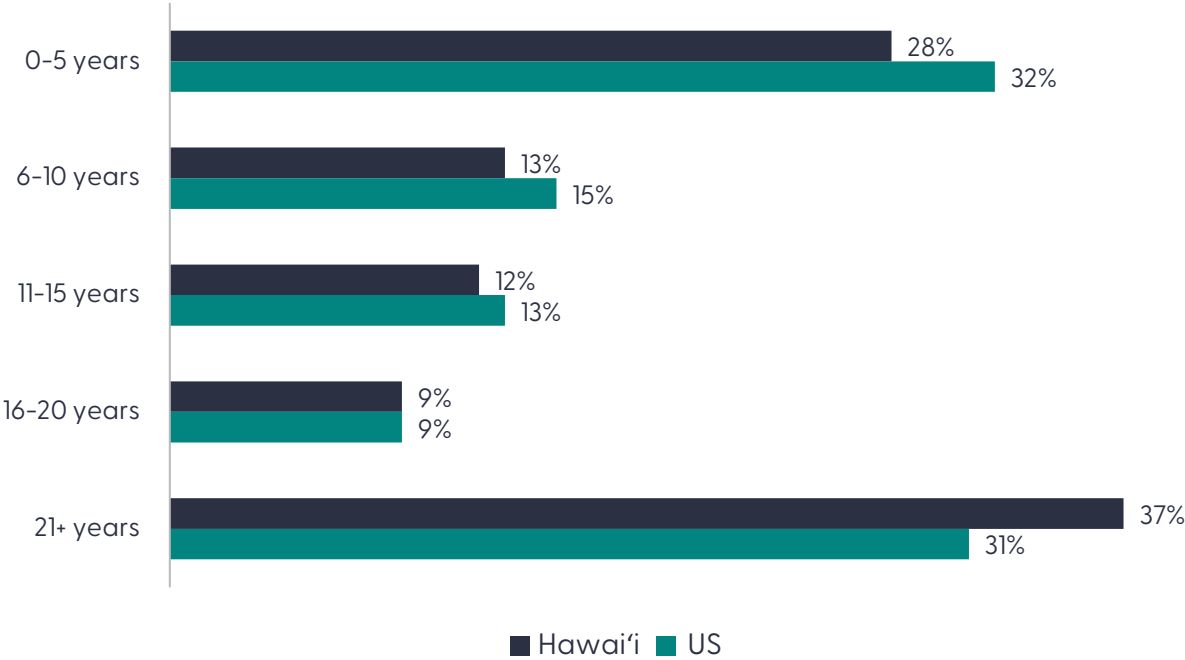
Figure 1: Number of firm employees



**32%** of firms in Hawai'i use contract workers compared to **39%** of firms nationally.

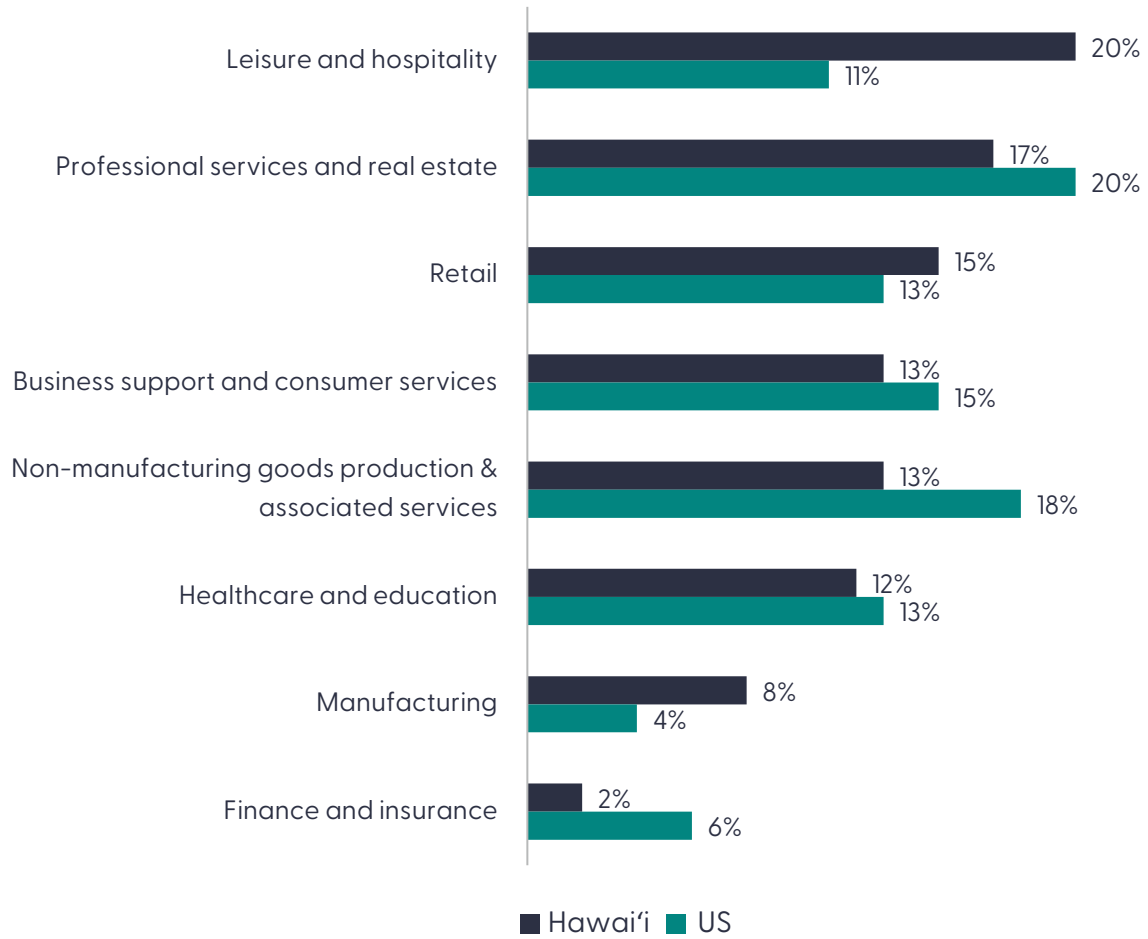


**Figure 2: Age of firm**



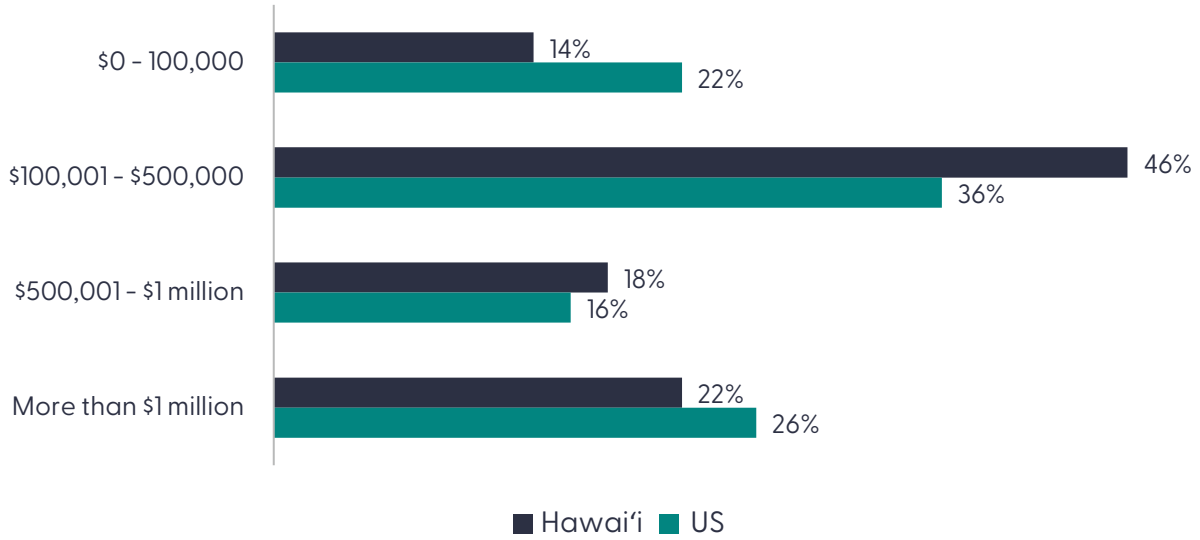


**Figure 3: Industry**

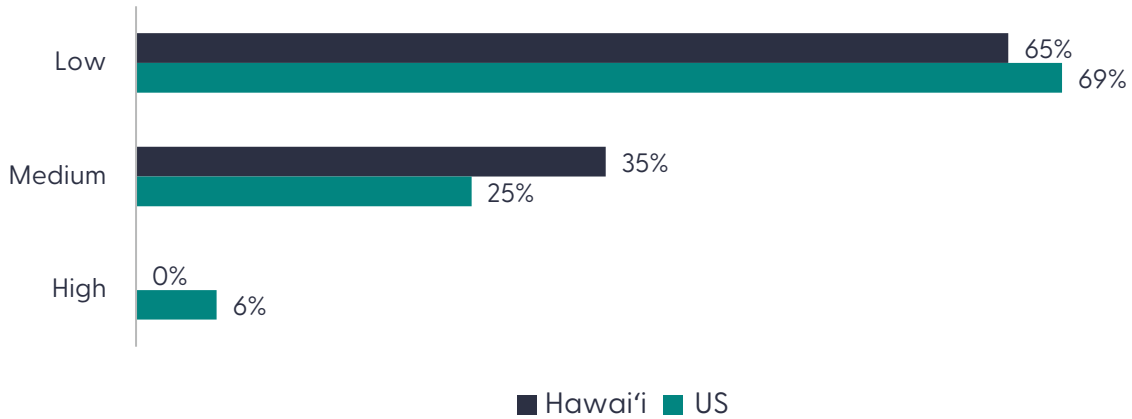




**Figure 4: Total firm revenues in 2020**

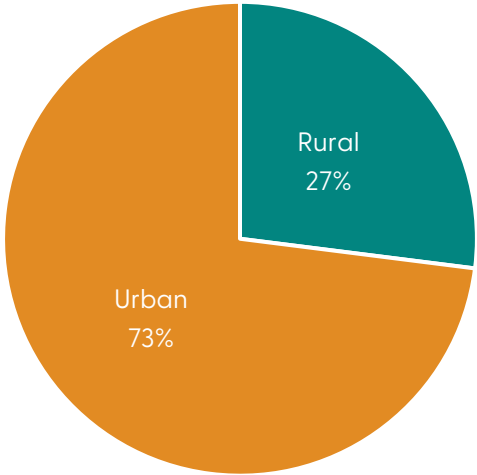


**Figure 5: Credit risk of firm**



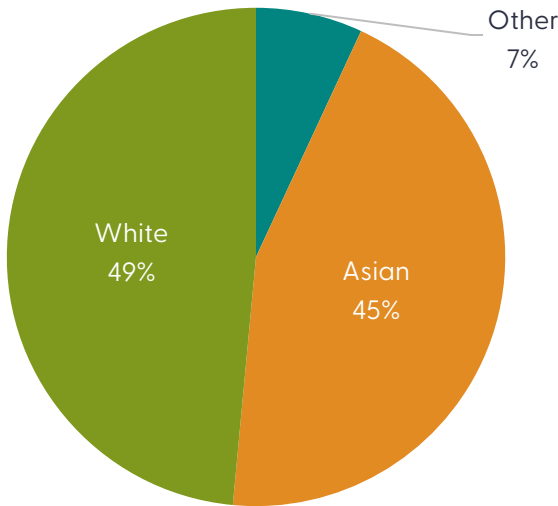


**Figure 6: Geographic location of firm**



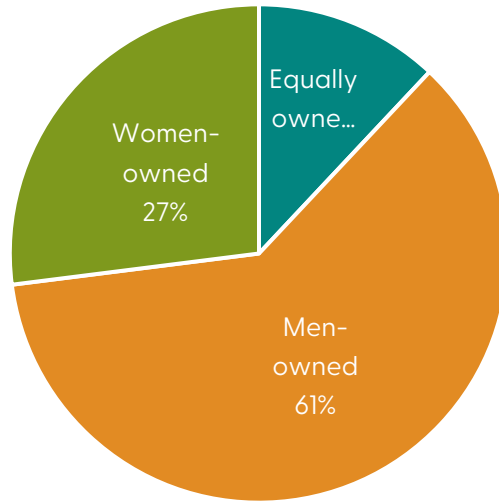
In the national SBCS sample, **86%** of employer firms are headquartered in urban areas and **14%** are in rural areas.

**Figure 7: Race and ethnicity of the owner(s)**

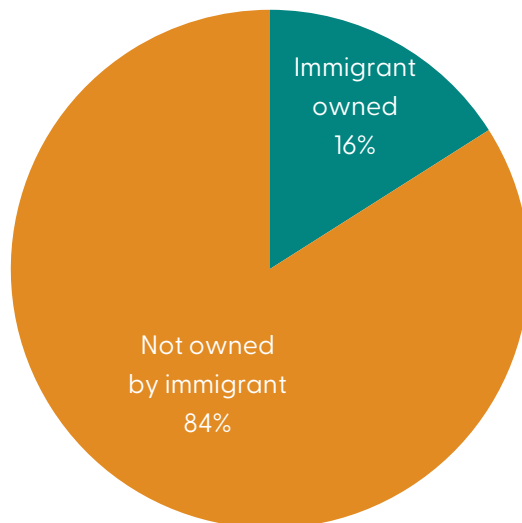




**Figure 8: Gender of owner(s)**



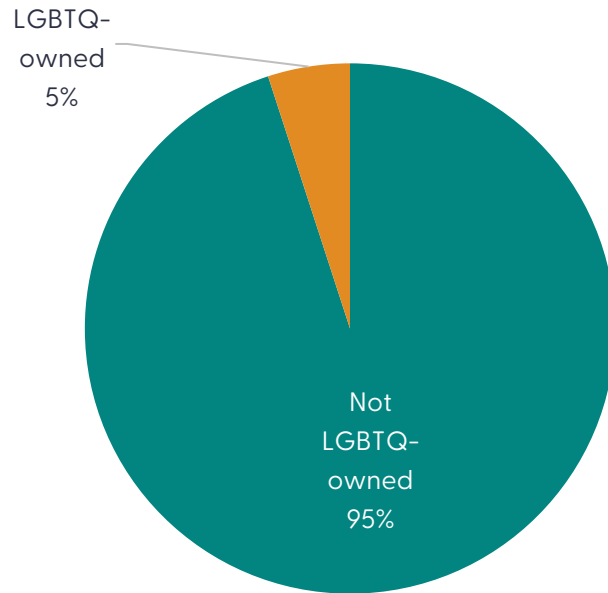
**Figure 9: Immigrant ownership**



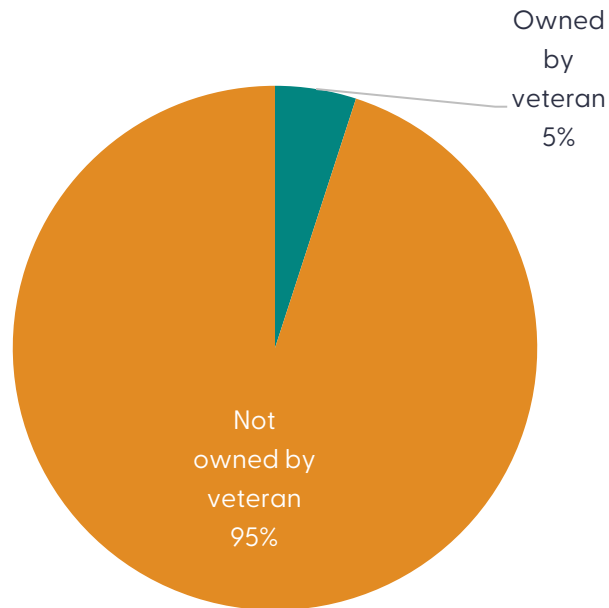




**Figure 10: LGBTQ ownership**

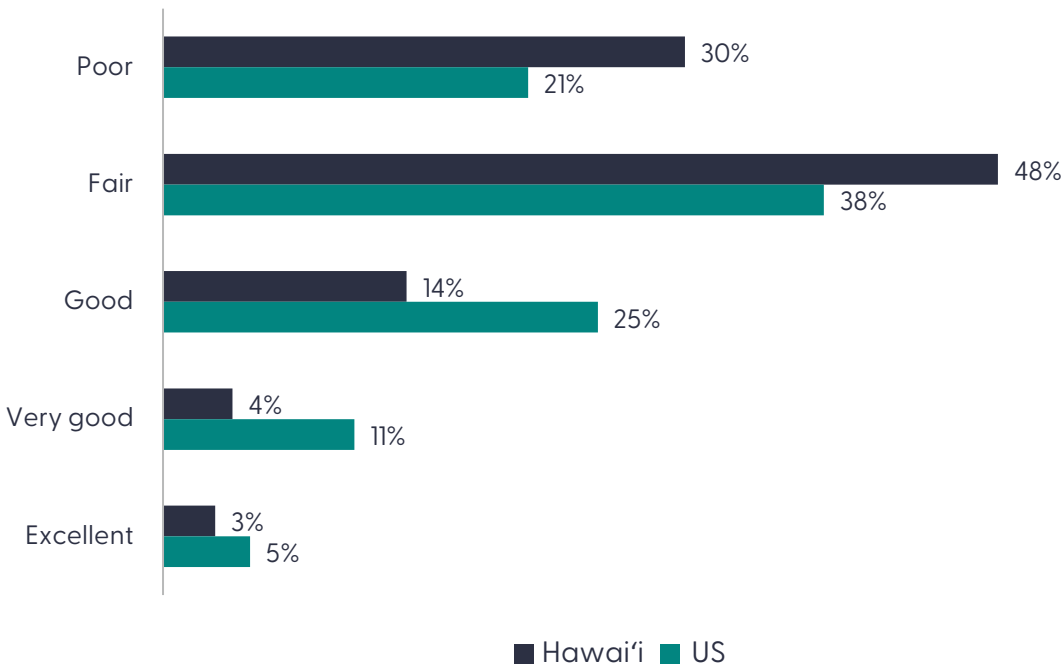


**Figure 11: Veteran ownership**



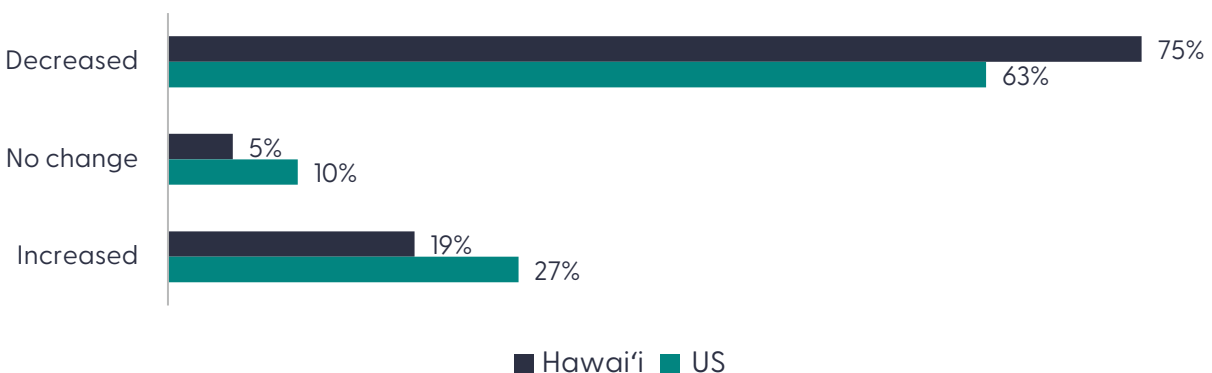
## Firm Performance, Challenges, and Expectations

Figure 12: Financial condition, at time of survey



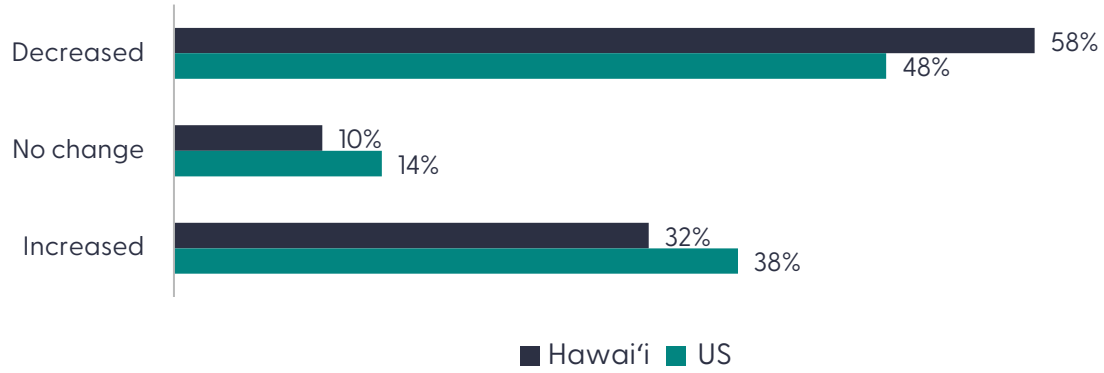
**78%** of Hawai'i firms reported being in **Poor or Fair financial condition** at the time of the **2021 survey**, compared with **59%** of firms nationally.

Figure 13: Revenue change, since 2019

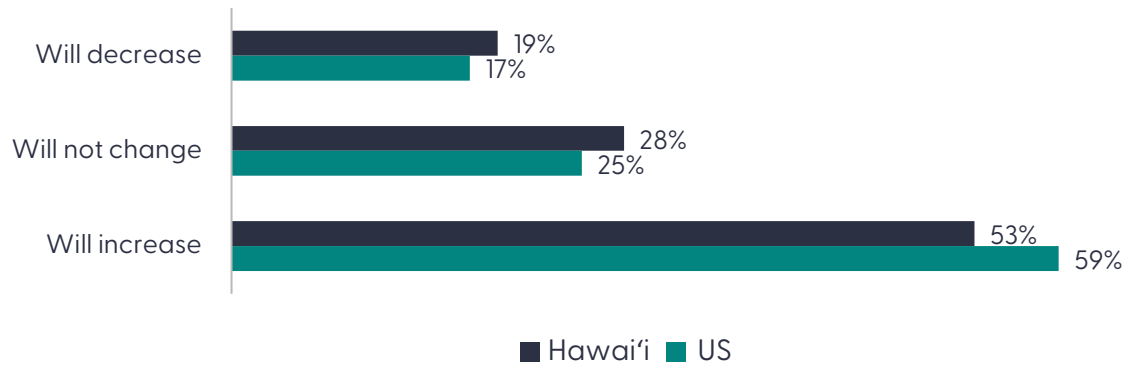




**Figure 14: Revenue change, past 12 months**

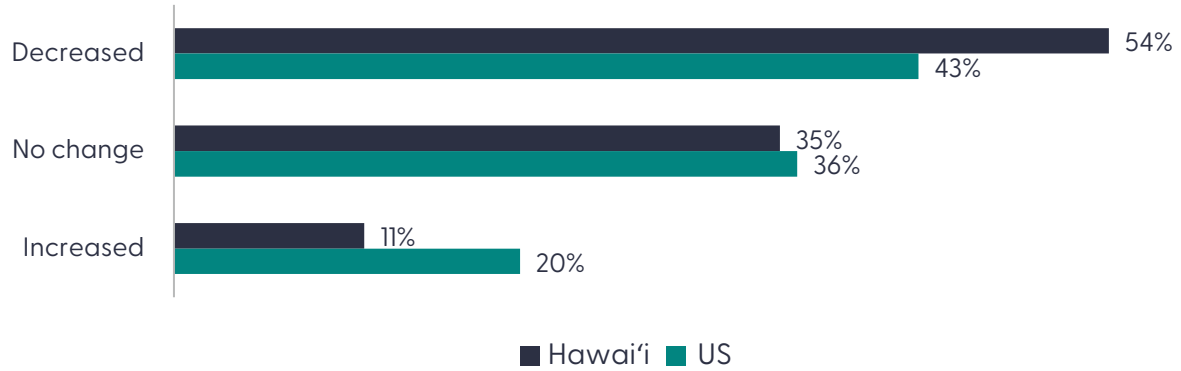


**Figure 15: Revenue expectations, next 12 months**

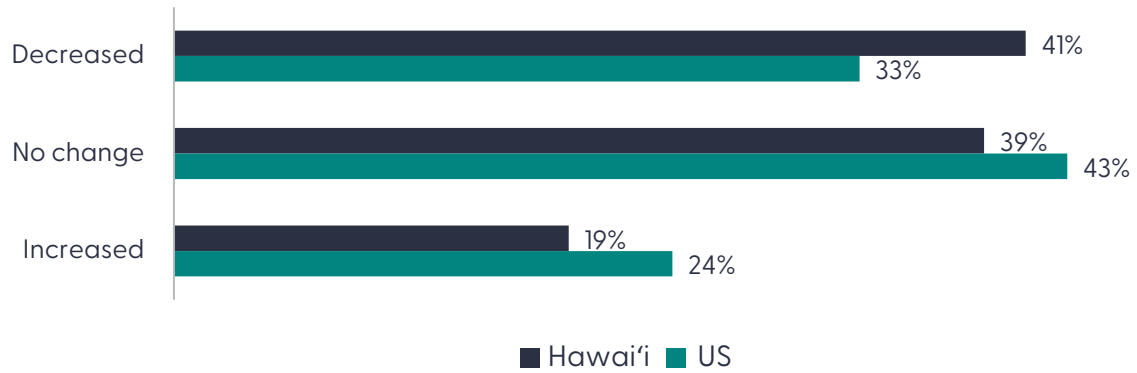




**Figure 16: Employment change, since 2019**

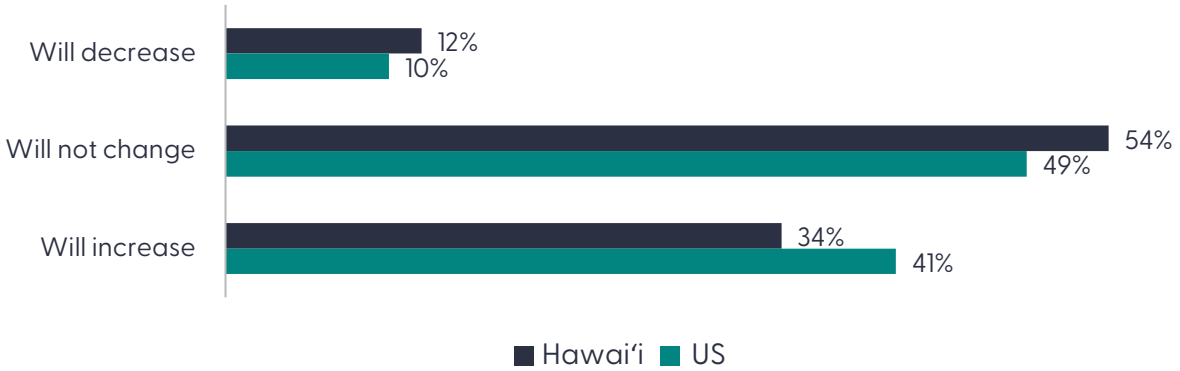


**Figure 17: Employment change, past 12 months**

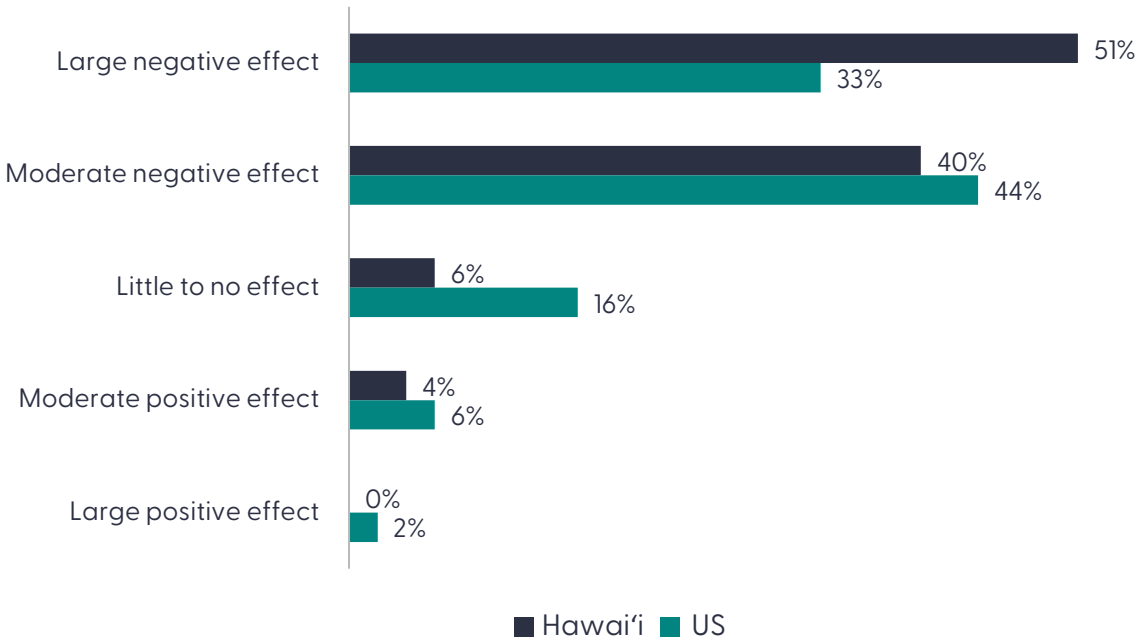




**Figure 18: Employment expectations, next 12 months**

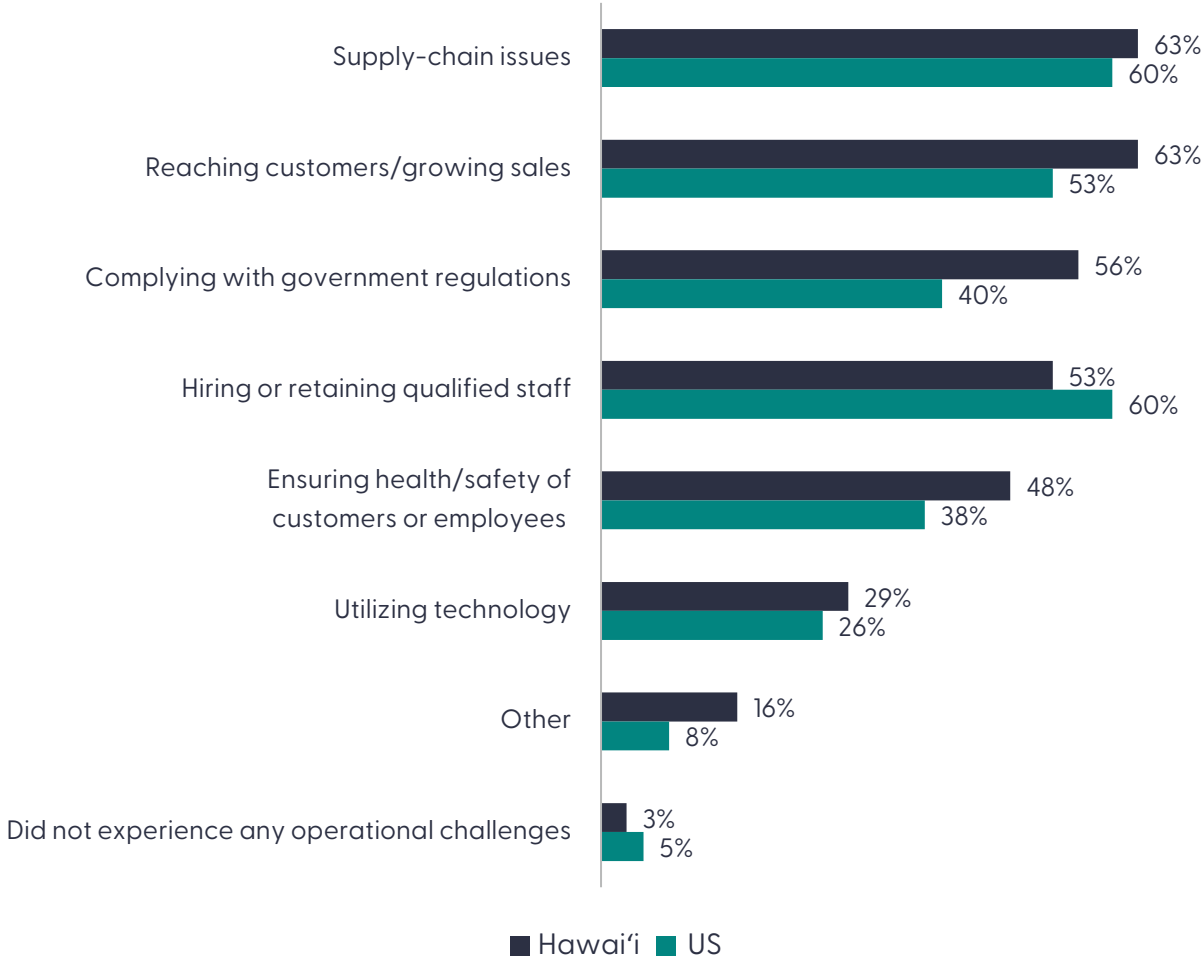


**Figure 19: Effects of the COVID-19 pandemic on firms, at time of survey**





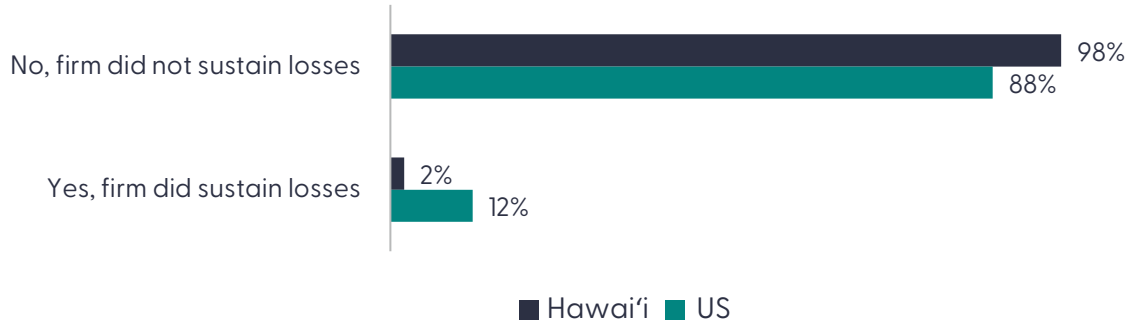
**Figure 20: Operational challenges, past 12 months**



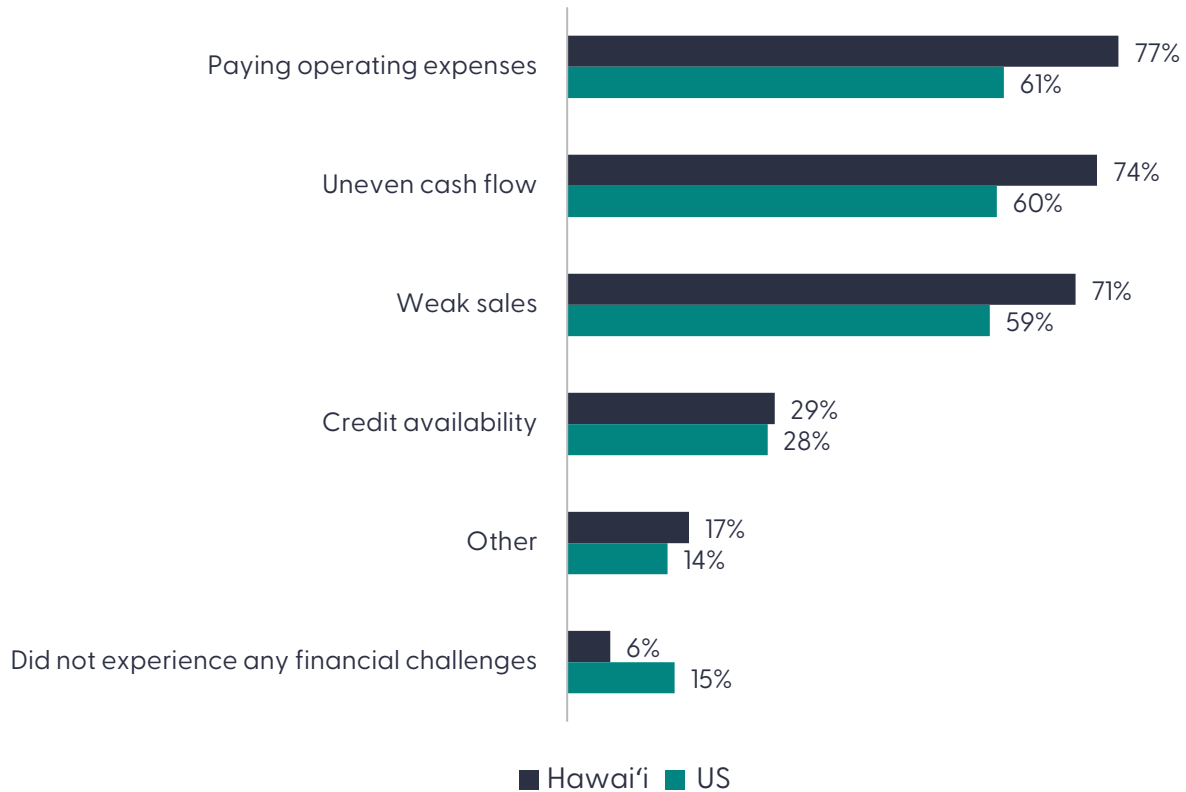
*Note: Firms selected all challenges that applied.*



**Figure 21: Natural disaster-related losses**



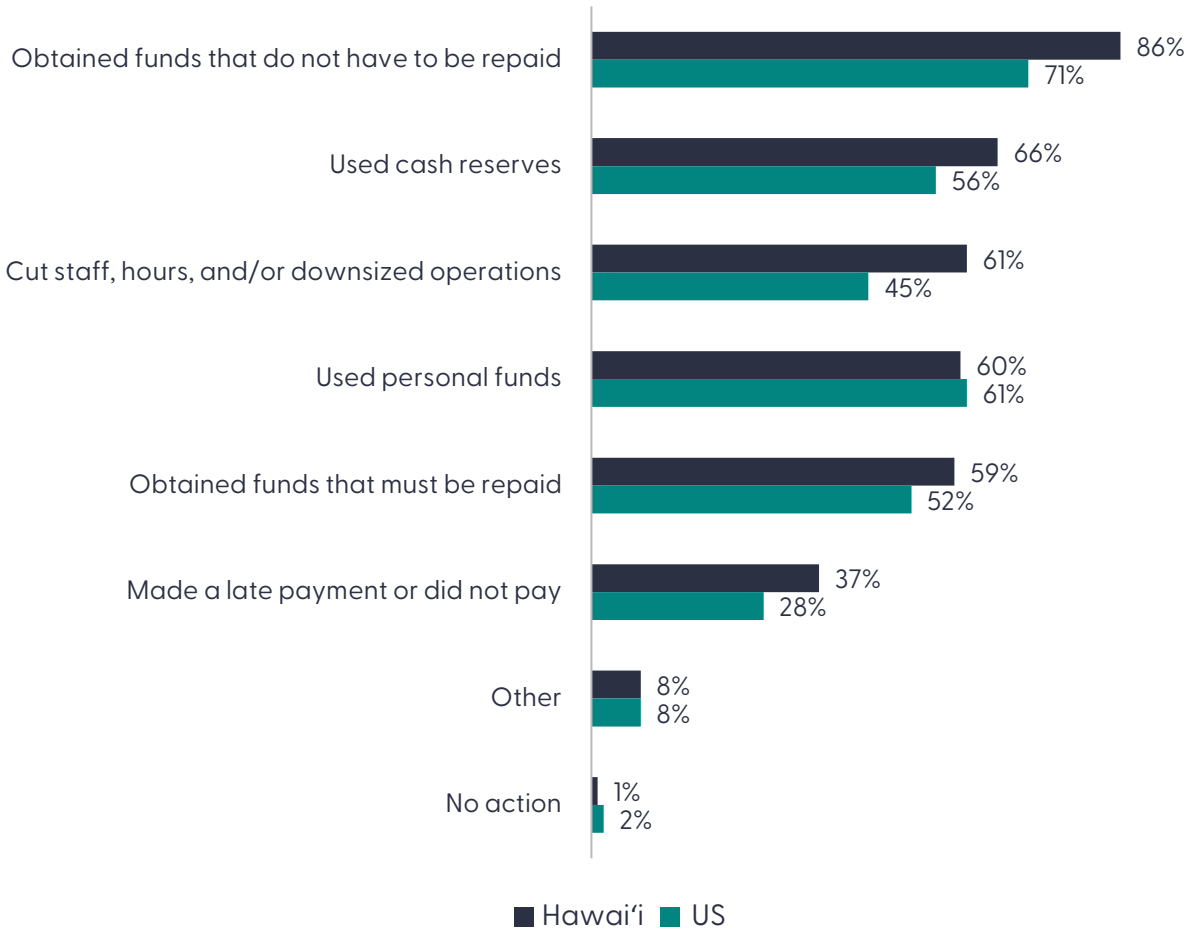
**Figure 22: Financial challenges, past 12 months**



*Note: Firms selected all challenges that applied.*



**Figure 23: Actions firm took to deal with financial challenges, past 12 months**

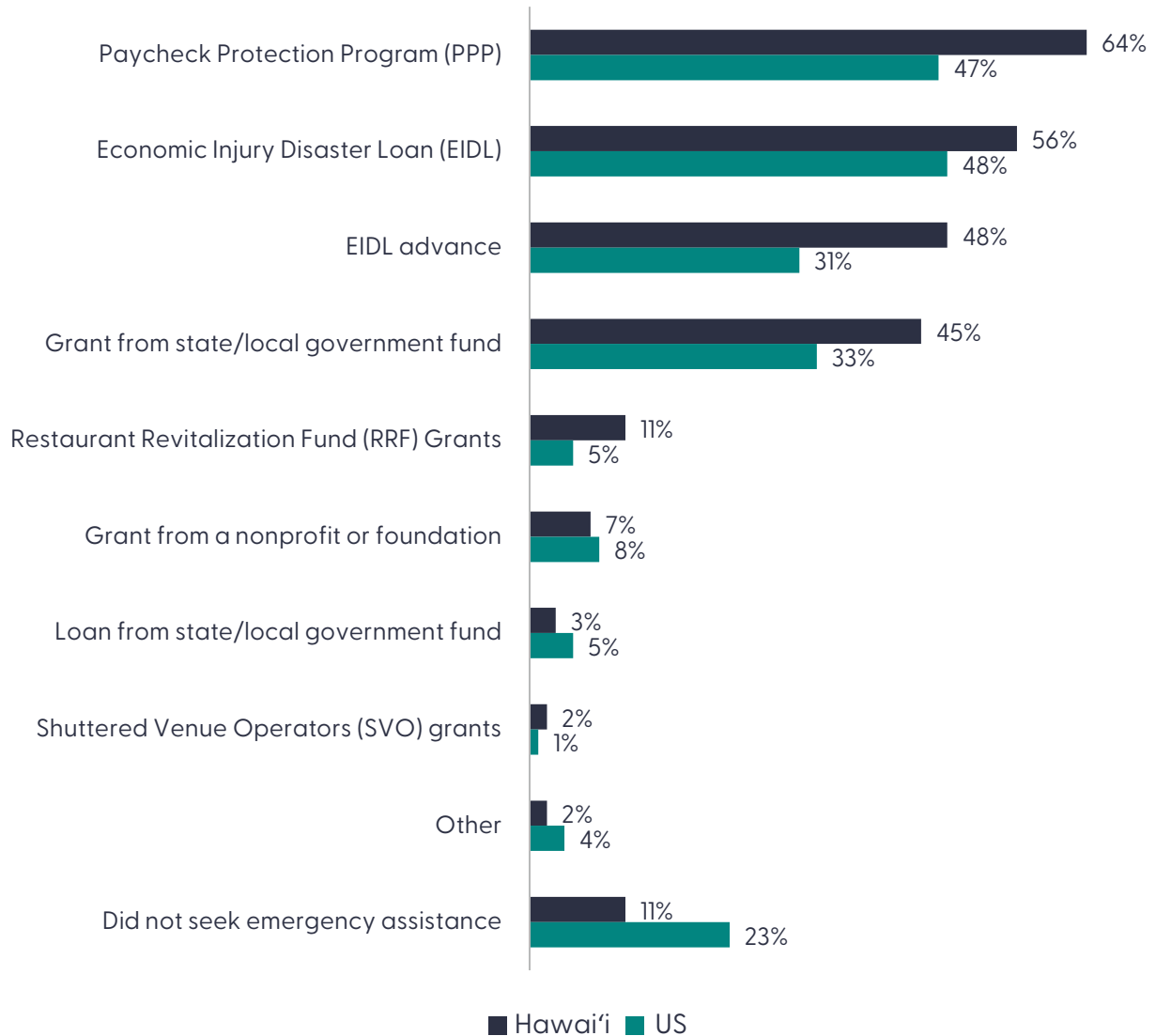


*Note: Firms selected all actions that applied.*



## Pandemic-Related Financial Assistance

**Figure 24: Applications for pandemic-related financial assistance**

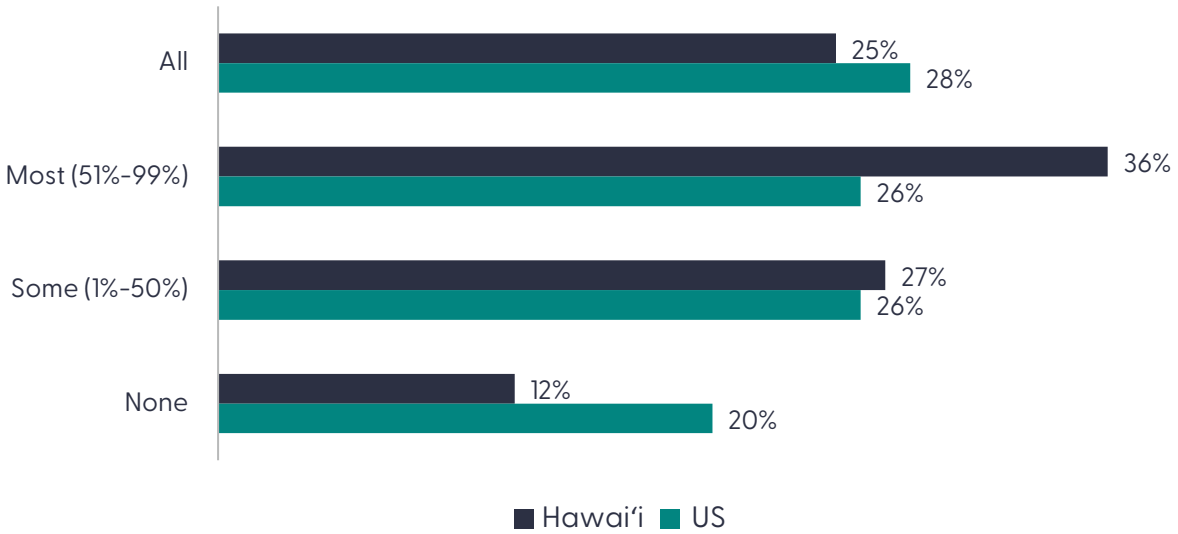


*Note: Firms selected all sources that applied.*

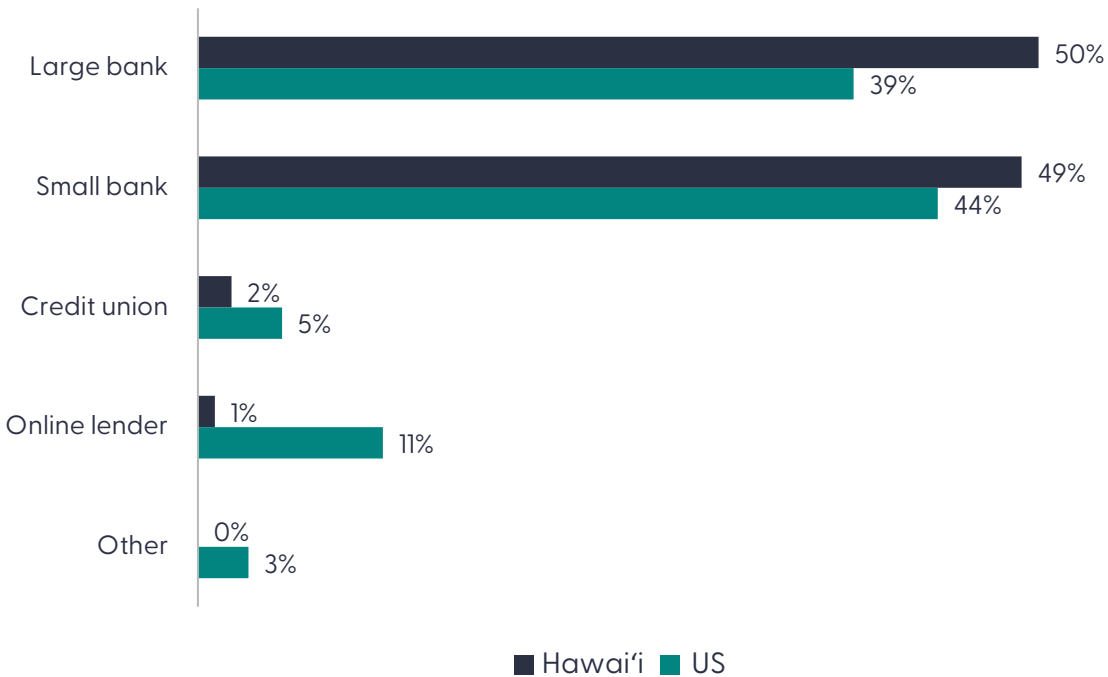
Of firms in Hawai'i that sought pandemic-related financial assistance, the most common forms sought were PPP and EIDL.



**Figure 25: Pandemic-related financial assistance received as share of amount sought (excluding PPP)**



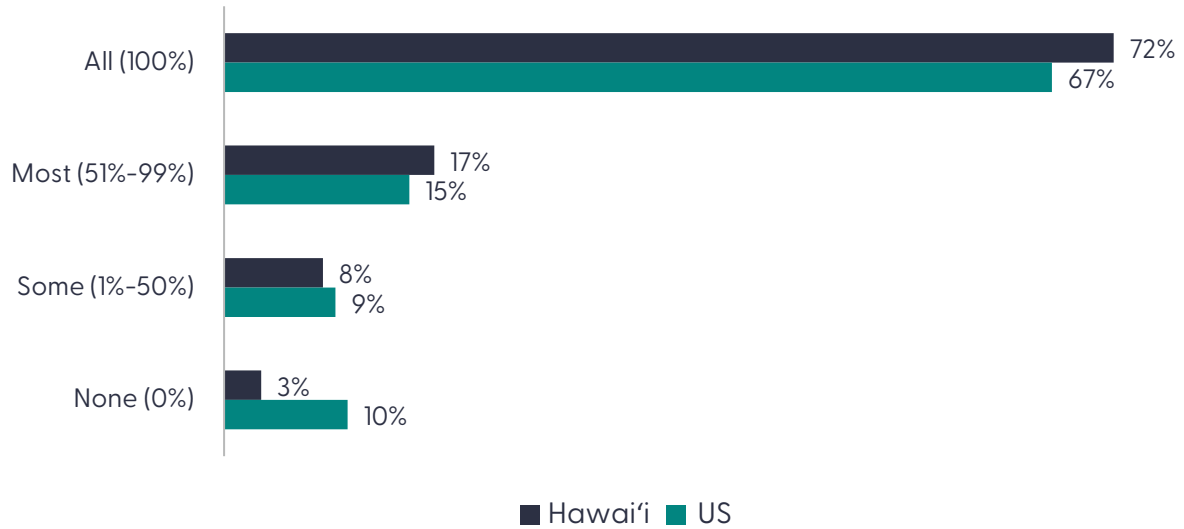
**Figure 26: Where firms applied for PPP**



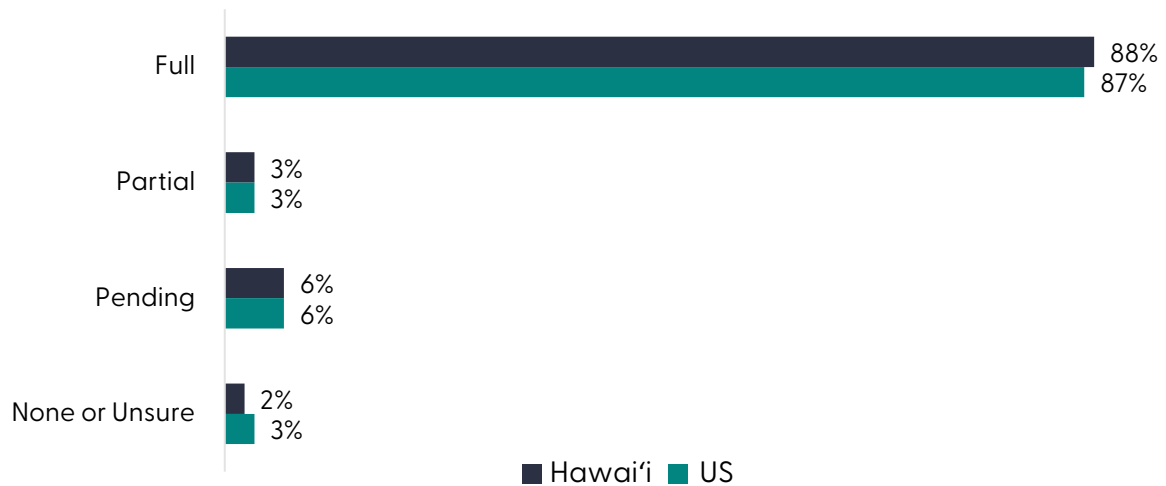
Note: Firms selected all that applied.



**Figure 27: PPP funding received as share of amount sought**

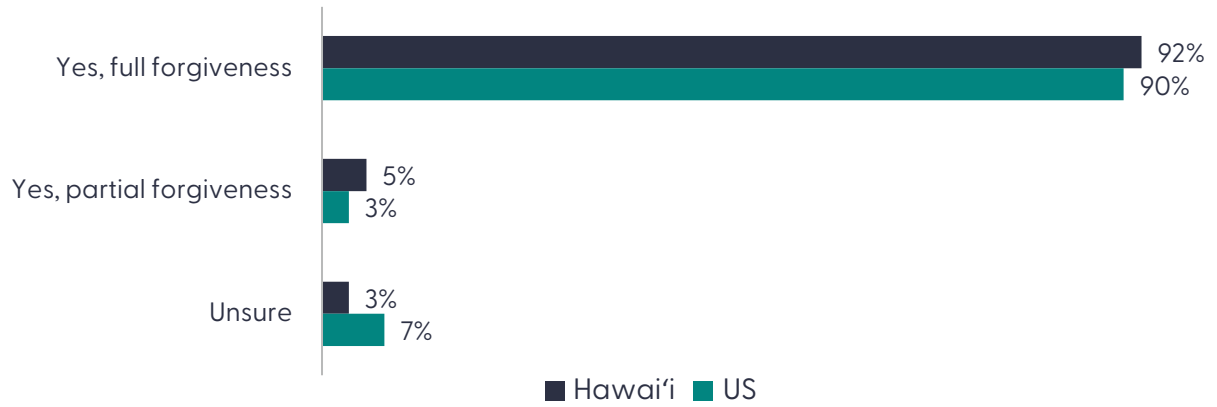


**Figure 28: Loan forgiveness received on 2020 PPP loans**



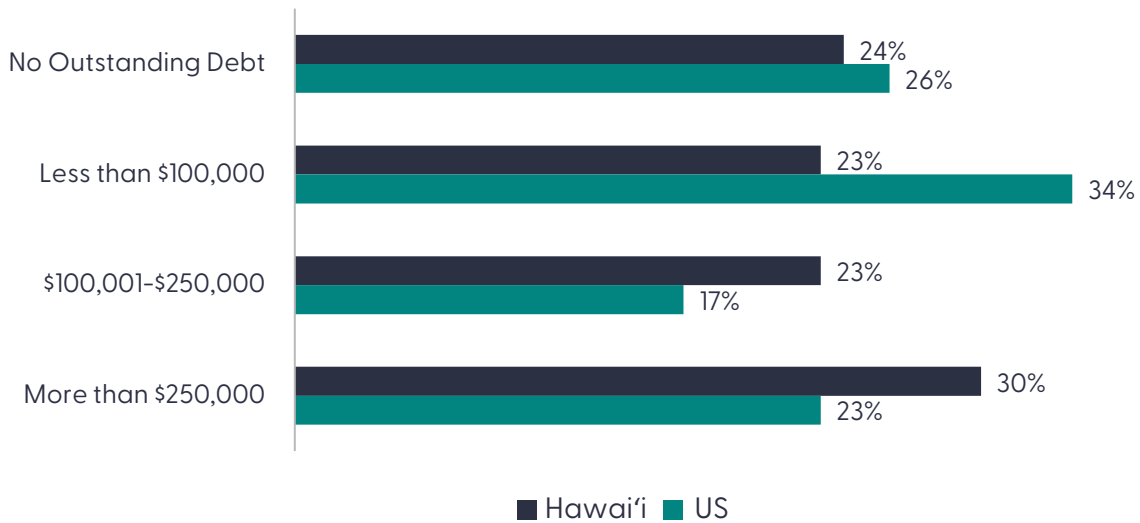


**Figure 29: Expect loan forgiveness on 2021 PPP loan?**

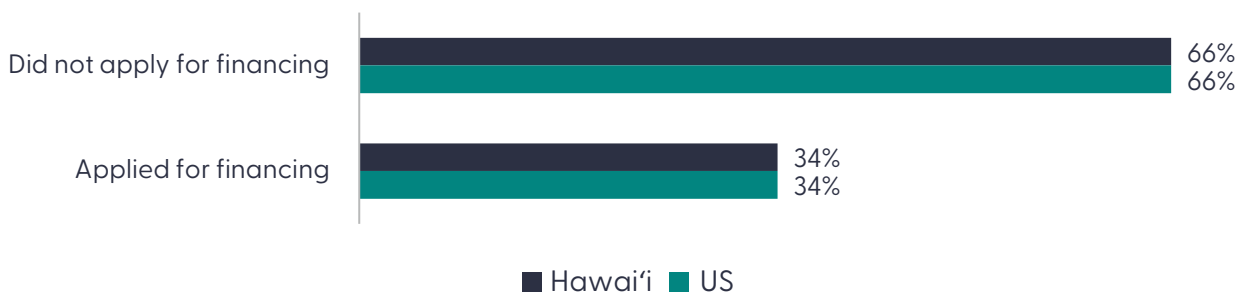


## Financing needs and credit products

**Figure 30: Amount of debt outstanding, at time of survey**

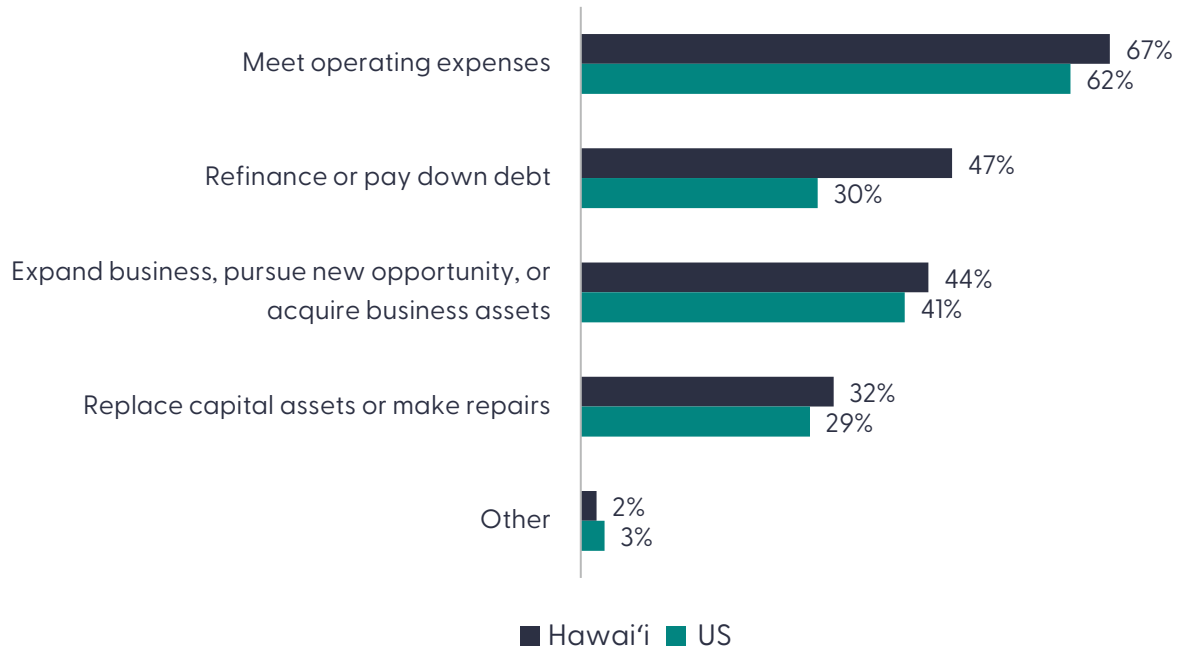


**Figure 31: Share of firms that applied for financing, past 12 months** (excludes applications for pandemic-related assistance)





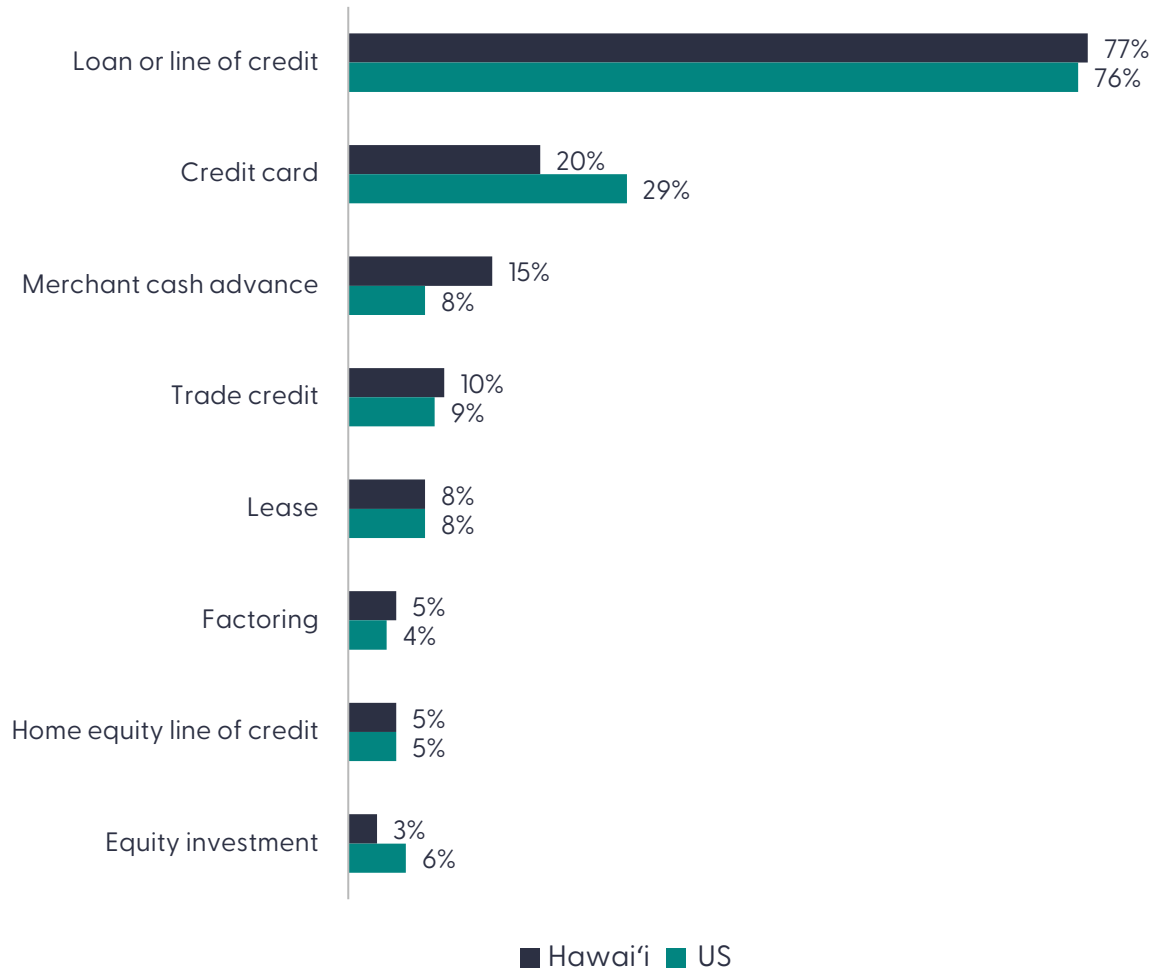
**Figure 32: Reason firm applied for financing**



*Note: Firms selected all reasons that applied.  
Hawai'i question sample size was less than 100.*



**Figure 33: Types of financing firm applied for**

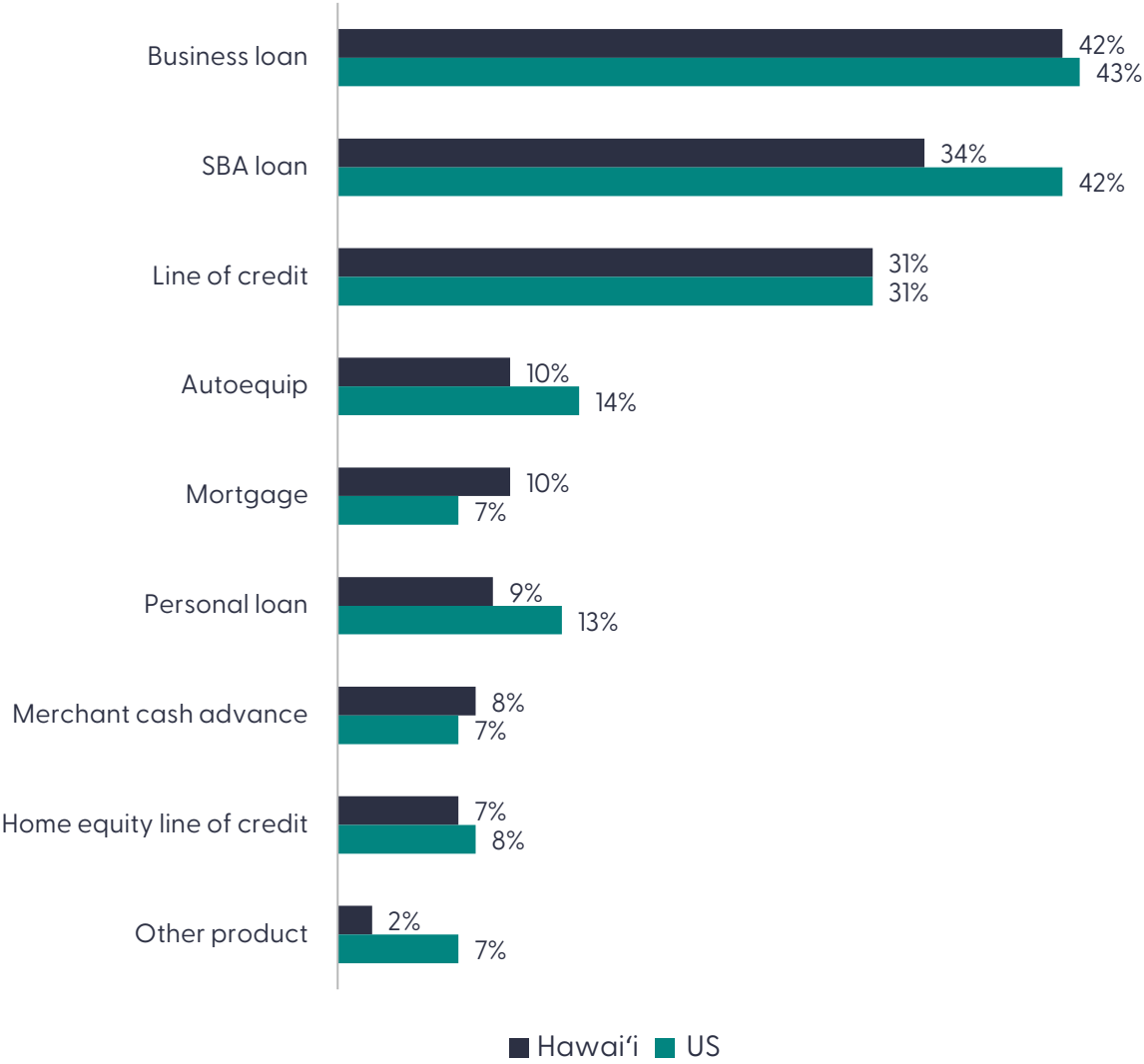


*Note: Firms selected all types of financing that applied.*

*Hawai'i question sample size was less than 100.*



**Figure 34: Application rate by type of loan or line of credit**

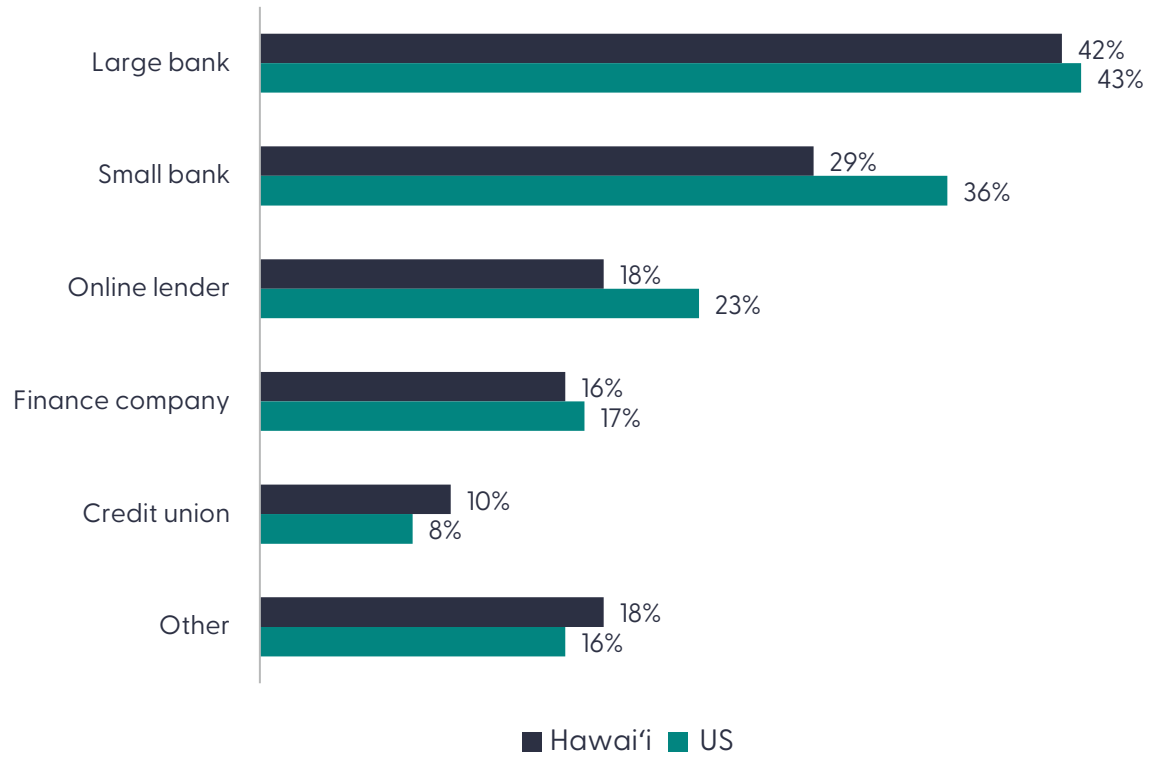


Note: Hawai'i question sample size was less than 100.





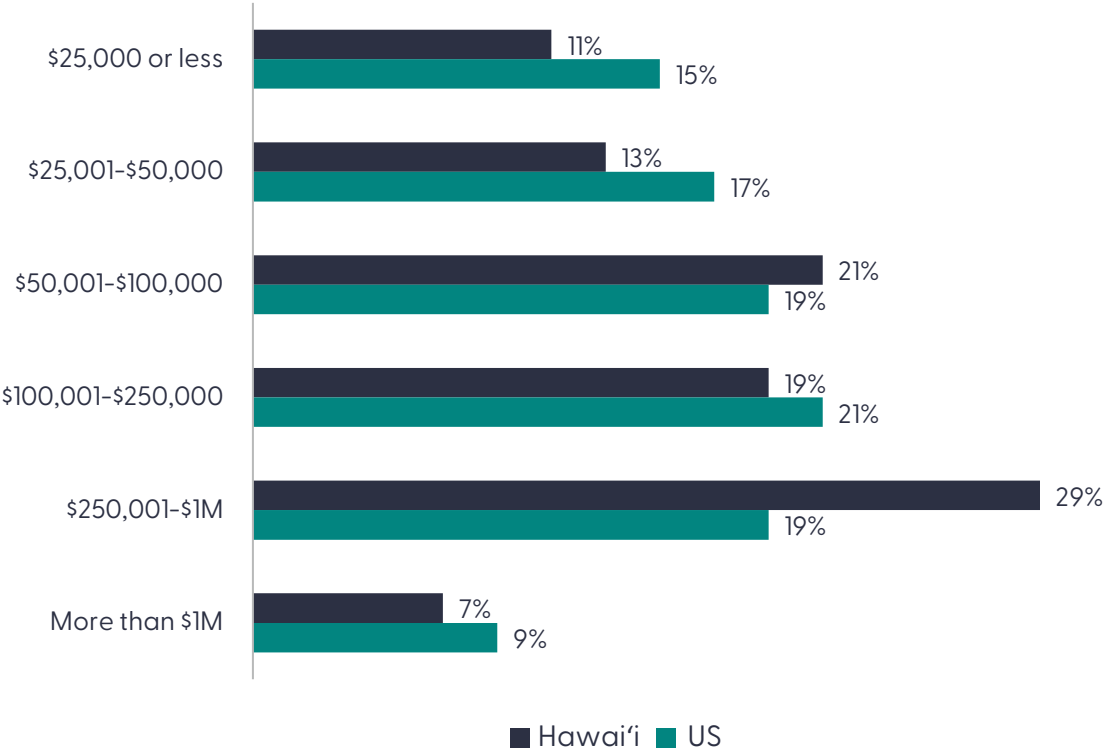
**Figure 35: Loan or line of credit source**



*Note: Hawai'i question sample size was less than 100.*



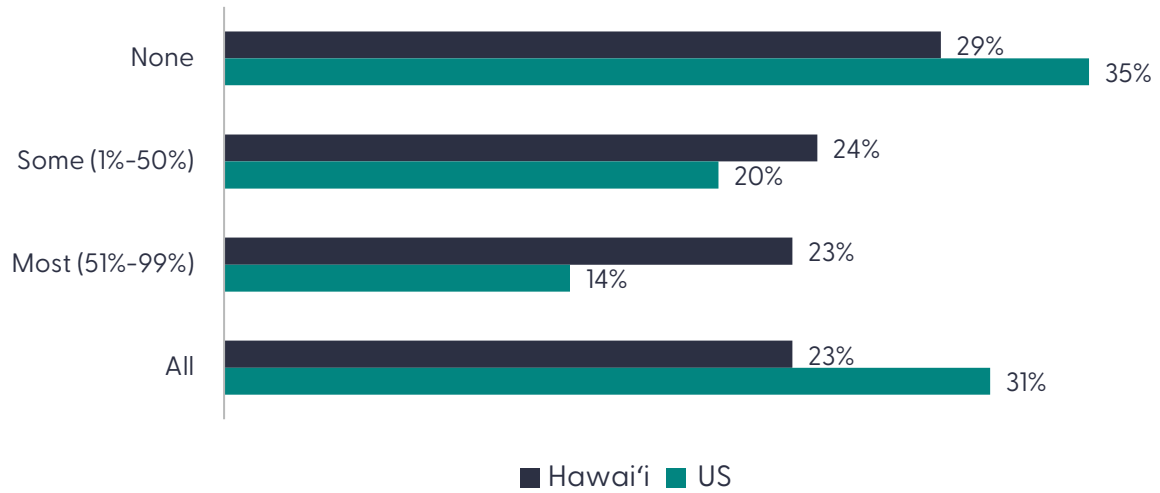
**Figure 36: Total financing firm applied for**



Note: Hawai'i question sample size was less than 100.



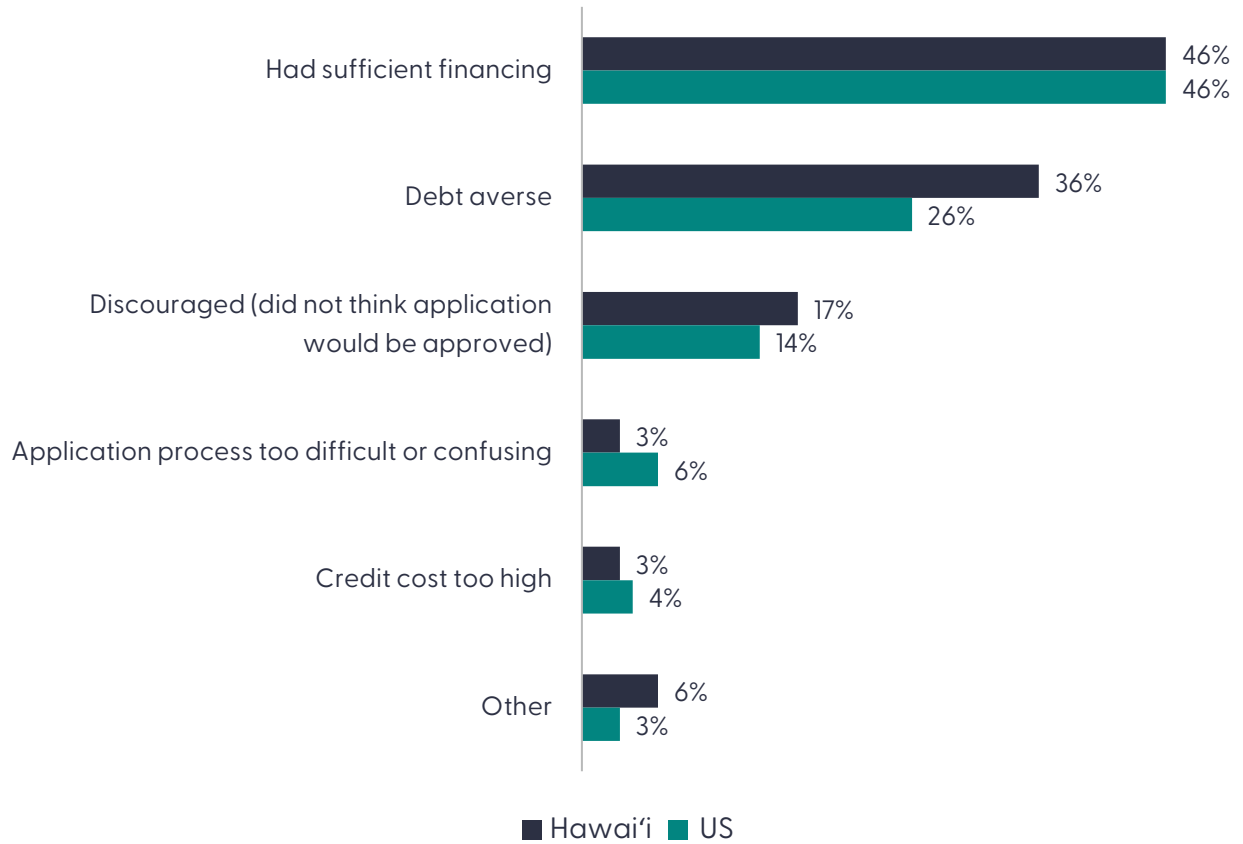
**Figure 37: Total financing obtained**



*Note: Hawai'i question sample size was less than 100.*

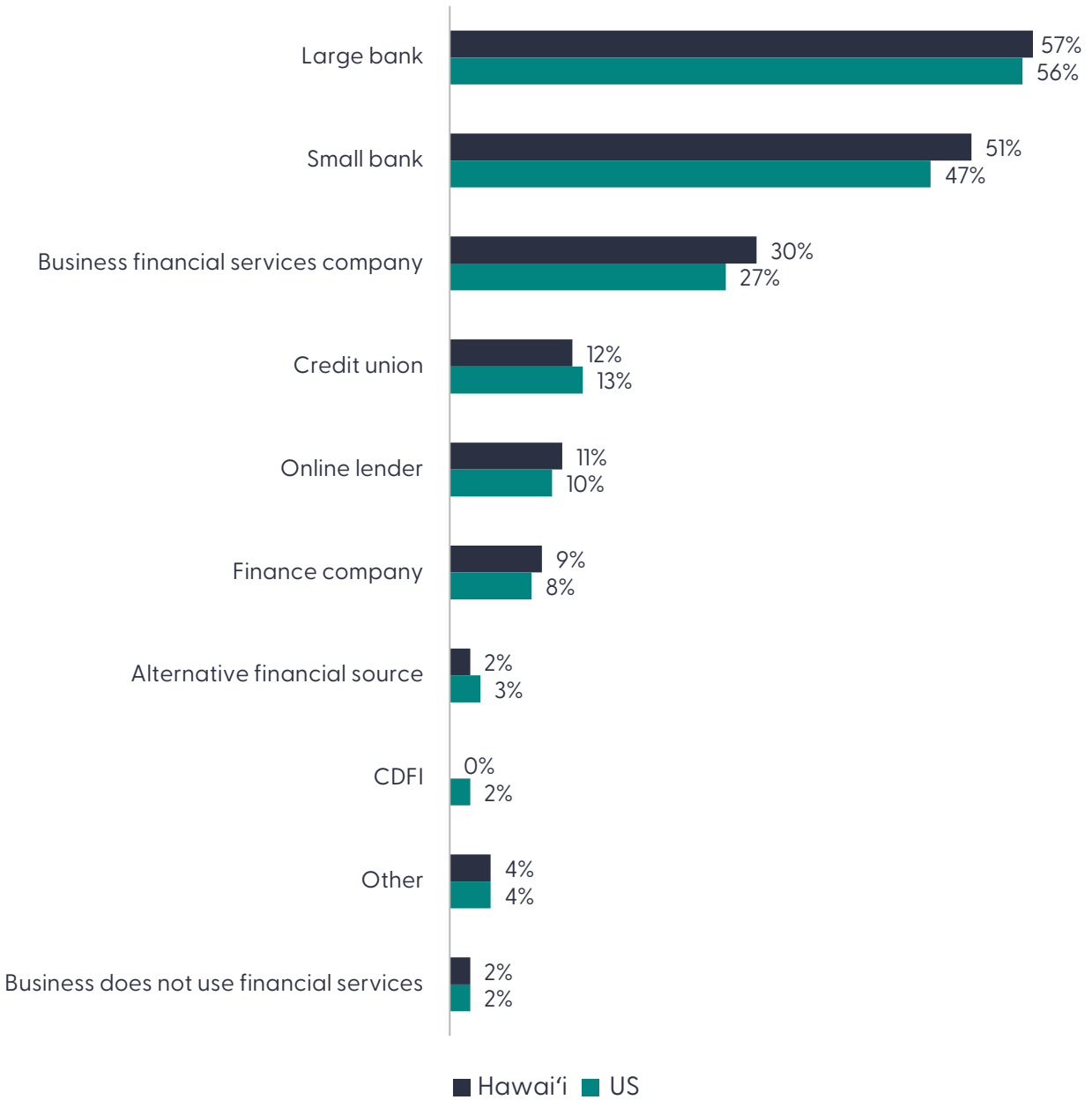


**Figure 38: Reason firm didn't apply for financing**





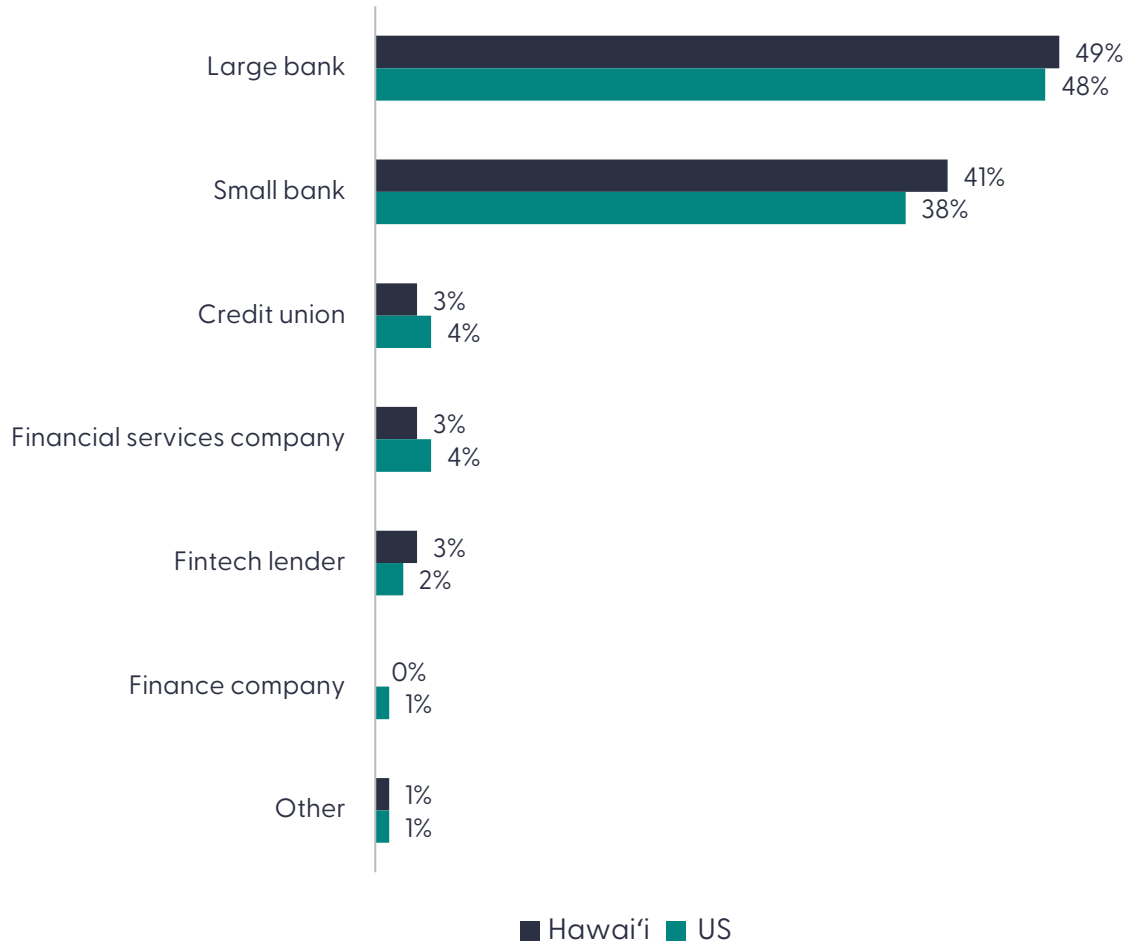
**Figure 39: Use of financial services providers**



*Note: Firms selected all financial service providers that applied.*



**Figure 40: Primary financial services provider if use more than one**



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### Author

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### Acknowledgement

Thanks to Kelsey Brown for research assistance.

### Disclaimer

The views expressed here are those of the author and not necessarily those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.