

Employee Ownership as a Mechanism for Reducing the Racial Wealth Gap in Mecklenburg County: The Current State of Employee Ownership and Opportunities for Expansion

1 2022 MWSBE Survey

Conducted by the UNC Charlotte and NCEOC for the UNC
Charlotte Urban Institute

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Interviews: 02/14 - 03/13/2022

118 eligible* respondents

Margin of error: ± 9.00 percentage points at the 95% confidence level among all adults

All results show percentages among all respondents, unless otherwise labeled

* Eligible respondent is defined as a business owner, key financial decision-maker (i.e.: CEO, CFO, Executive Direct, etc.) or person next-in-line for succession of a business

Participant Demographic Questions

Q.1 What gender do you identify as?

Female	66.1 %
Male	30.5 %
No answer	3.4 %

Q.2 What is your age?

25-35	11.9 %
36-50	37.3 %
51-64	41.5 %
65+	5.9 %
No answer	3.4 %

Q.3 Are you of Hispanic, Latino, or Spanish origin?

Hispanic	5.9 %
Not hispanic	89.9 %
No answer	4.2 %

Q.4 Please select the race(s) that best describes you

Black or African American	46.6 %
White	39.0 %
Asian	3.4 %
Other race	5.9 %
No answer	5.1 %

Q.5 What is the highest degree or level of education you have completed?

Bachelor's degree	48.3 %
Master's degree or higher	26.3 %
Some college but no degree	13.6 %
Associate's degree	6.8 %
High school	1.7 %
No answer	3.4 %

Q.6 In how many years do you plan to retire?

1-4 years	13.6 %
5-10 years	28.2 %
11-15 years	17.8 %
16-20 years	14.4 %
21+ years	5.1 %
Unknown at this time	17.8 %
No answer	2.5 %

Business Demographic Questions

Q.7 Is your business employee-owned?

Employee owned	22.0 %
Not employee owned	67.8 %
Unsure	4.2 %
No answer	5.9 %

Q.8 Is your business family-owned?

Family owned	43.2 %
Not family owned	52.5 %
Unsure	0.8 %
No answer	3.4 %

Q.9 Which of the following best describes your business?

LLC	46.6 %
Corporation	30.5 %
S corporation	3.4 %
Sole proprietorship (one owner)	11.9 %
Partnership (two or more owners)	3.4 %
No answer	4.2 %

Q.10 How many years has your business been in operation?

0-5 years	31.4 %
5-10 years	19.5 %
11-14 years	11.9 %
15-20 years	16.9 %
20+ years	16.1 %
No answer	4.2 %

Q.11 How many years has your business been under current ownership?

0-5 years	38.1 %
5-10 years	19.5 %
11-14 years	11.9 %
15-20 years	16.1 %
20+ years	11.0 %
No answer	3.4 %

Q.12 What type of industry best describes your business?

Professional Services	41.5 %
Construction	18.6 %
Health & Personal Care	7.6 %
Wholesale & Retail	5.1 %
Entertainment & Food	3.4 %
Repair & Cleaning	2.5 %
Manufacturing	1.7 %
Other	16.1 %
No answer	3.4 %

Q.13 How many employees does your business have?

1-5 employees	54.2 %
6-10 employees	11.9 %
11-20 employees	6.8 %
21-49 employees	7.6 %
50-99 employees	2.5 %
100+ employees	1.7 %
No employees	11.9 %
No answer	3.4 %

Q.14 Does your business offer profit-sharing options to employees?

No	67.8 %
Yes	27.1 %
No answer	5.1 %

Q.15 Does your business offer a 401k plan to employees?

No	71.2 %
Yes	24.6 %
No answer	4.2 %

Q.16 What is your estimated annual business revenue?

Up to 100k	17.8 %
100k up to 200k	14.4 %
200k up to 500k	20.3 %
500k up to 800k	5.9 %
800k up to 1M	10.2 %
1M up to 2M	8.5 %
2M up to 10M	5.1 %
Over 10M	3.4 %
No answer	14.4 %

Awareness & Perceptions of Employee-Owned Businesses

Q.17 How familiar are you with...?

	Not at all Familiar	Slightly Familiar	Somewhat Familiar	Moderately Familiar	Extremely Familiar	No answer
ESOPs in general	42.4%	16.1%	13.6%	7.6%	5.1%	15.2%
Advantages of ESOPs	47.4%	15.3%	11.0%	5.1%	4.2%	16.9%
Disadvantages of ESOPs	49.1%	16.1%	5.9%	5.9%	3.4%	19.5%
Steps to set up an ESOP	60.2%	10.2%	5.1%	3.4%	2.5%	18.6%
Worker cooperatives in general	60.2%	13.6%	4.2%	2.5%	0.8%	18.6%
Advantages of worker cooperatives	60.2%	11.9%	5.1%	1.7%	1.7%	19.5%
Disadvantages of worker cooperatives	60.2%	11.0%	2.5%	4.2%	1.7%	20.3%
Steps to set up a worker cooperative	66.1%	7.6%	1.7%	3.4%	1.7%	19.5%
Employee-owned trusts in general	57.6%	15.3%	3.4%	1.7%	1.7%	20.3%
Advantages of employee-owned trusts	61.9%	11.0%	4.2%	0.8%	2.5%	19.5%
Disadvantages of employee-owned trusts	64.4%	10.2%	2.5%	1.7%	1.7%	19.5%
Steps to set up an employee-owned trust	67.8%	7.6%	1.7%	2.5%	1.7%	18.6%

Perceptions, attitudes, and beliefs towards employee-owned businesses

Q.18 How strongly do you agree or disagree with the following statements?

	Strongly Disagree	Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Agree	Strongly Agree	No answer
Employee ownership increases productivity	0.8%	0%	1.7%	11.0%	17.8%	22.0%	13.6%	33.1%
Employee ownership reduces efficiency	4.2%	21.2%	7.6%	19.5%	5.1%	2.5%	2.5%	37.3%
Employee ownership increases business profitability	0.8%	2.5%	0%	14.4%	16.1%	22.1%	6.8%	37.3%
Employee-owned companies are uncommon	0.8%	7.6%	2.5%	23.7%	8.5%	9.3%	1.7%	45.8%
Employee ownership does not work for small businesses	0%	8.5%	4.2%	17.0%	11.0%	1.7%	6.8%	50.9%
Employee ownership increases employee participation in decision making	0%	3.4%	2.5%	10.2%	20.3%	17.8%	6.8%	40.0%
Employee owners have lower wages	2.5%	11.0%	10.2%	16.1%	5.1%	4.2%	1.7%	49.2%
Employee ownership improves employee retention rate	0.8%	0.8%	0.8%	15.3%	17.0%	22.1%	4.2%	40.0%
Employee owners have higher job satisfaction	0%	1.7%	0%	15.3%	16.1%	24.6%	4.2%	38.2%
Employee owners have higher work-related stress	0%	4.2%	5.9%	20.3%	16.1%	9.3%	3.4%	40.7%
There are high admin costs associated with employee-owned business	0.8%	2.5%	4.2%	18.6%	8.5%	5.1%	6.8%	53.4%
I have an exit strategy plan for when I retire	5.9%	8.5%	4.2%	9.3%	20.3%	13.6%	5.9%	32.2%

Q. 19 Would you consider transitioning your business into an employee-owned company (includes an ESOP or a Worker Cooperative)?

[If participant selects yes, they are directed to Q20 and then skip Q21. If they select no, they are directed to Q21.]

Yes	8.5 %
Possibly	16.9 %
No	29.7 %
Don't know	25.4 %
No answer	19.5 %

Q. 20 What are your reasons for considering employee ownership? (select all that apply) *

Attract and retain good employees	24
Reward a loyal workforce	24
It offers a good exit strategy for when I retire	20
Create a more productive workforce when employees have "skin in the game"	17
Make the business more profitable	16
Share the burden of running a business	15
Tax benefits	12
Reduce wealth inequality between highest and lowest paid workers	9
Raise capital	7

**Q. 21 What are your reasons for not considering employee ownership?
(select all that apply) ***

I don't know enough about employee ownership	31
My business is too small	28
I already have another exit strategy in place	11
My business is too new	9
The process is too complicated	4
Reduced profits compared to a private sale of the business	4
The transition process takes too much time	3
High set-up costs outweigh the benefits	1

*Responses on Q.20 and Q.21 represent count, not a percentage, as respondents could select multiple answers.

Post-stratification tables

Gender

	Respondents		Non-respondents		Total	
	count	%	count	%	count	%
Men	38	32.2%	689	53.6%	727	51.8%
Women	80	66.8%	596	46.4%	676	48.2%
Total	118	100%	1285	100%	1403	100%

Response rate for men: 5.2%

Response rate for women: 11.8%

Business structure

	Respondents		Non-respondents		Total	
	count	%	count	%	count	%
LLC	63	53.4%	551	42.9%	614	43.8%
Not LLC	55	46.6%	734	57.1%	789	56.2%
Total	118	100%	1285	100%	1403	100%

Response rate for LLC owners: 10.4%

Response rate for non-LLC owners: 6.9%

Race

	Respondents		Non-respondents		Total	
	count	%	count	%	count	%
Black	59	50.0%	677	52.7%	736	52.5%
Hispanic	7	5.9%	124	9.6%	131	9.3%
White	45	38.1%	414	32.2%	459	32.7%
Other	7	5.9%	70	5.4%	77	5.5%
Total	118	100%	1285	100%	1403	100%

Response rate for black business owners: 7.8%

Response rate for hispanic business owners: 6.8%

Response rate for white business owners: 10%

Response rate for other business owners: 7.9%

Industry

	Respondents		Non-respondents		Total	
	count	%	count	%	count	%
Construction, repairs, manufacturing	29	24.6%	535	41.6%	564	40.2%
Professional services, other services	79	66.9%	671	52.2%	750	53.5%
Wholesale, retail, food, supplies	10	8.5%	79	6.2%	89	6.3%
Total	118	100%	1285	100%	1403	100%

Response rate for construction/repairs/manufacturing businesses: 5.1%

Response rate for professional and other services: 10.5%

Response rate for wholesale, retail, food and supply businesses: 11.2%