SMALL BUSINESSES ARE THE ENGINES OF GROWTH AND JOB CREATION IN THE UNITED STATES

THEY COMPRISE 99% OF ALL EMPLOYER FIRMS

AND EMPLOY NEARLY 50% OF AMERICA’S WORKFORCE

In partnership with Babson College, Goldman Sachs 10,000 Small Businesses surveyed 2,285 growth-oriented small businesses to understand their perspectives on the current economy and how today’s workforce, regulatory and capital environment impacts their growth.
SMALL BUSINESSES INVEST IN THEIR PEOPLE THROUGH HEALTHCARE, TRAINING AND RETOOLING

55% offer healthcare to at least some of their employees, though only 6% are legally required to

88% offer training or other professional development opportunities to their employees

but only 5% have laid off employees as a result

71% have introduced some form of automation

EXTERNAL FUNDING IS OFTEN UTILIZED TO MAINTAIN OPERATIONS RATHER THAN TO FUEL STRATEGIC GROWTH

54% improved cash flow or working capital

23% used new funding to pay debt

Respondents rely heavily on personal finances

80% when starting their business

47% to sustain their business

1 in 3 of those who applied for funding did not get the full amount requested

18% of female small business owners said their gender has negatively affected their ability to secure financing compared to just 1% of male owners

20% of business owners of color received no funding compared to 9% their white peers

Lack of sufficient funding directly impacts growth:

48% face greater difficulty expanding into new markets

42% of owners take on more work themselves

29% of owners reduce their own compensation

29% delay or cancel investments in technology and equipment
REGULATION IS A GROWING DRAIN ON RESOURCES FOR SMALL BUSINESSES

60% reported regulation negatively impacted their growth

The top three legal and regulatory challenges are in the areas of:

- Labor
- Healthcare
- Tax

Average time spent dealing with government regulations and compliance:

- 6 hours per week
  - which is almost
- 8 weeks per year

A HIGHER MINIMUM WAGE IS SUPPORTED BY SMALL BUSINESSES

8 in 10 favor a higher wage than their locally mandated minimum wage

On average, they favor a minimum wage that is

$2.48 higher per hour than the local requirement

But increasing the minimum wage would not be without consequence. Of those who stated an increase would negatively impact their bottom line:

- 60% would change higher prices
- 35% would decrease employee hours
- 28% would invest in automation
- 23% would delay future business plans
THE ECONOMY
TAXES, TRADE AND SHUTDOWNs

71% of small business owners are optimistic about the current economy, but optimism declines to 61% when asked about the future economy.

Uncertainty over taxes, tariffs and government shutdowns cannot be ignored:

- 46% do not know how the Tax Cuts and Jobs Act of 2017 impacts their business growth.
- 49% say they are either negatively impacted or uncertain about changes to tariffs and trade policy.
- 40% of those that contract with the federal government were negatively impacted by the 2018/19 shutdown.

THE #1 CHALLENGE IS HIRING AND RETENTION...

...with 76% reporting difficulty attracting, hiring and retaining people.

Why is it so hard to hire the right talent?

- 65% not enough applicants with the required skills.
- 41% difficulty meeting wage or salary expectations.
- 39% competition with larger companies.

Soft skills and attitude are prioritized when assessing candidates:

- 59% positive attitude.
- 49% willingness to learn.
- 46% integrity.