

**2017 SMALL  
BUSINESS  
WORKFORCE  
AND LABOR  
SURVEY**



IN PARTNERSHIP WITH



# FOREWORD

The National Small Business Association (NSBA) is the nation's first small-business advocacy organization, celebrating 80 years of small-business representation in Washington, D.C. Focused on federal advocacy and operating on a staunchly nonpartisan basis, NSBA is a recognized leader of America's small-business community, with more than 65,000 members across the country. We are pleased to announce this **2017 Small Business Workforce and Labor Survey** in partnership with Cynthia Kay and Company Media Production, a media production and communication consulting company that provides a broad range of services to companies from the Global Fortune 500 to small business. CK and Co. owner and President Cynthia Kay is an author specializing in supplier relationships who provided a wealth of insight into this survey.

The 2017 Small Business Workforce and Labor Survey provides data on a number of key workforce issues, including the immigrant workforce, union relations, hiring practices, supplier relationships and much more. We hope this data is useful in framing the unique challenges facing small employers and how policy imperatives can greatly help—or harm—our nation's chief job creators.

Some of the more notable data points in this survey have to do with the immigrant workforce. We found that more than one-in-three small employers hire some kind of immigrant worker: green-card holders, temporary foreign workers or VISA holders. The current political climate clearly has people worried about the viability of guest workers, with nearly one-in-five saying they are less likely to hire a guest worker in the coming year.

Another hot-button topic we asked about was how common the practice of background checks is among small firms. Seventy-one percent of small-business owners ask potential employees about any past criminal convictions at some point during the hiring process, and just under one-in-five small firms require credit checks and/or physicals. The number one reason for these checks and requirements: liability concerns.

When it comes to workforce preparedness, nearly one-quarter of small-business owners believe the quality of high-school educated workers has gotten worse in the last five years. Therefore, it is no surprise that one-third of small businesses pay for off-site training for employees and one-fourth provide money toward employees' continuing education.

When it comes to worker verification, just one-third of small firms currently use the E-Verify system. However, the majority of small firms support some kind of required use of an improved-E-Verify or similar system if it included a safe harbor clause for employers operating in good faith.

The survey found that the majority of small firms are suppliers of goods or services to large companies, and that most of these contracts were secured through direct contact with the purchasing department – no doubt requiring a significant amount of time and investment. Among those who have taken supplier training programs, 40 percent said the program was offered by the U.S. Small Business Administration (SBA).

We hope you find this data useful and welcome any questions you may have. Please contact NSBA's media department at [press@nsba.biz](mailto:press@nsba.biz) for any questions or follow-up on this survey.

Sincerely,



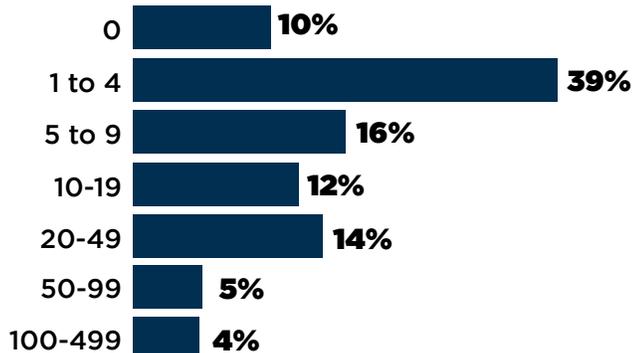
Todd McCracken  
NSBA President and CEO



Cynthia Kay  
Cynthia Kay & Co.

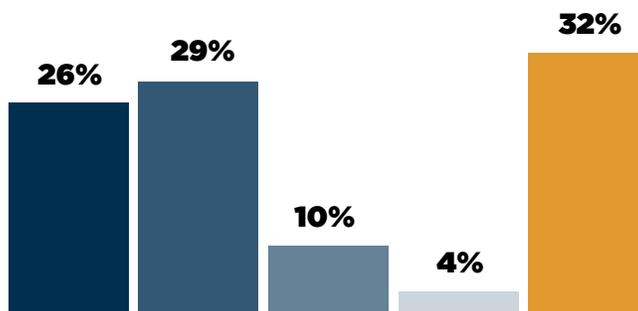
# DEMOGRAPHICS

How many total full-time personnel are currently employed by your business?



Which of the following best describes the structure of your business?

■ CORPORATION   
 ■ S-CORP   
 ■ SOLE PROPRIETORSHIP  
■ PARTNERSHIP   
 ■ LLC



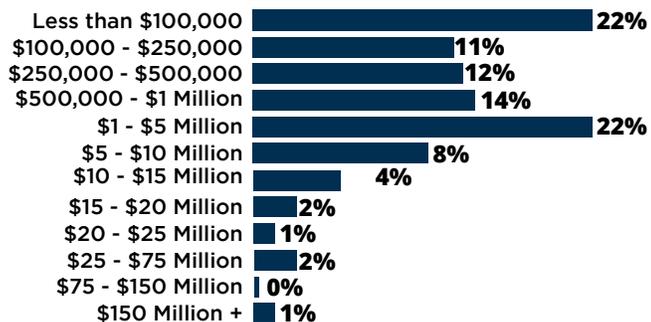
Which of the following best describes the industry or sector in which your business operates?

Manufacturing	15%
Professional	14%
Construction	13%
Other Services (except Public Administration)	12%
Scientific and Technical Services	8%
Health Care and Social Assistance	5%
Information (IT)	4%
Educational Services	4%
Retail Trade	4%
Transportation and Warehousing	3%
Agriculture, Forestry, Fishing and Hunting	3%
Wholesale Trade	3%
Real Estate, Rental and Leasing	2%
Finance	2%
Arts, Entertainment, and Recreation	1%
Administrative and Support	1%
Management of Companies and Enterprises	1%
Utilities	1%
Waste Management and Remediation Services	1%
Accommodation and Food Services	1%
Public Administration	1%
Insurance	1%

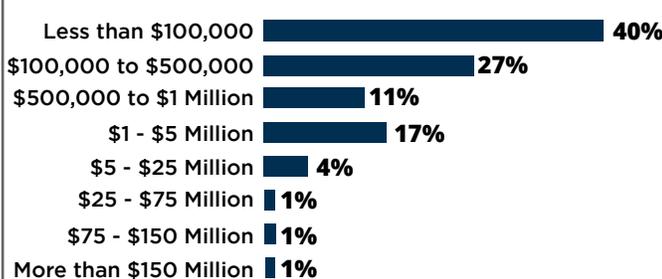
In what region is your business located?

New England	5%
Mid-Atlantic	18%
Great Lakes	16%
Farm Belt	5%
South	30%
Mountain	11%
Pacific	15%

What were your gross sales or revenues for your most recent fiscal year?



What was your total payroll for the most recent fiscal year?



# HIRING PRACTICES

More than one-in-three small employers hire some kind of immigrant worker: green-card holders, temporary foreign workers or VISA holders. Only one-half of one percent of small firms say they hire undocumented workers.

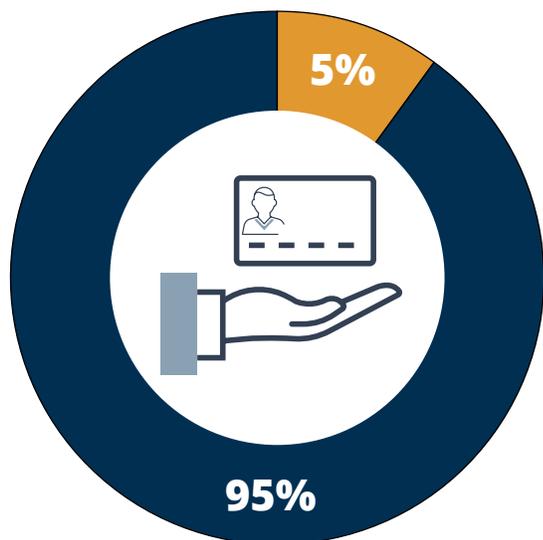
## Which of the following types of individuals do you employ? (check all that apply)

Naturalized or U.S.-born citizens	99%
Green-card holders (legal permanent residents)	27%
Temporary foreign workers	3%
Visa holders	6%
I am a Visa holder	1%
Undocumented workers	1%

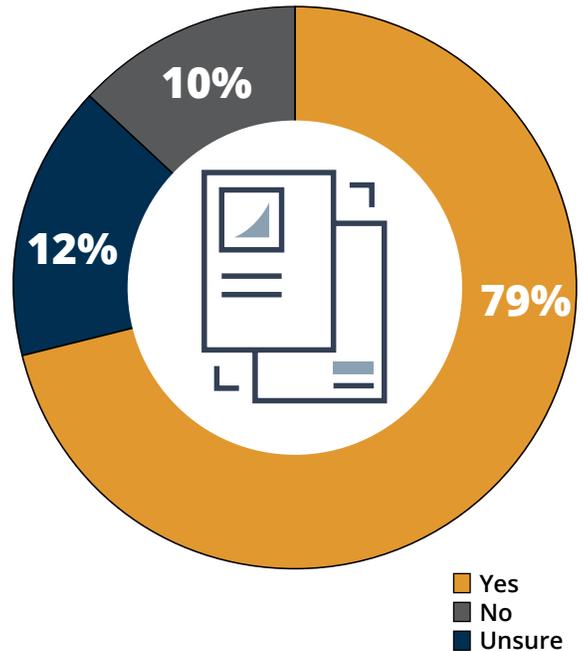
Just five percent of small-business owners say they have been given false identifications by a prospective employee.

## Have you ever been presented false identification by a prospective employee?

■ Yes ■ Not that I know of



## Do you complete the I-9 form for all new hires?



The overwhelming majority of small firms routinely complete the I-9 form for all new hires. Where there is a lapse is due to the fact that a) some people simply aren't aware of it, and b) there is no requirement that the form be sent in, just kept on-file.

## If you were presented false identification, what forms were used? (select all that apply)

Driver's license	76%
State ID card	24%
Passport	4%
Social security card	64%
Birth certificate	4%
Other	8%

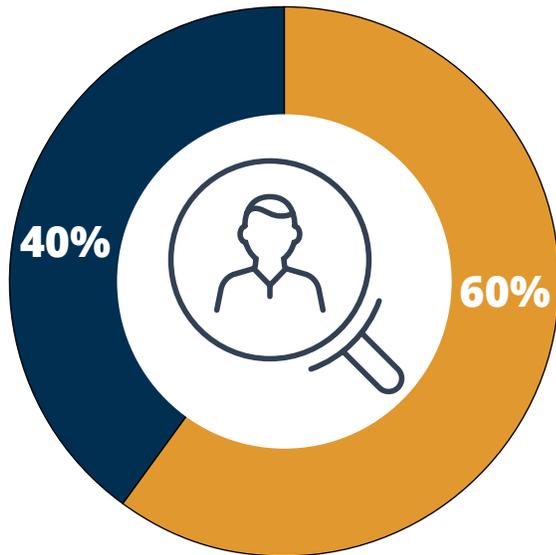
Driver's licenses and social security cards are the most frequently used fraudulent forms of identification, according to small-business owners.

# HIRING PRACTICES

The majority of small-business owners use conditional job offers in combination of conducting some kind of background check on prospective employees.

Do you provide conditional job offers to prospective employees, contingent on the employee passing background or other checks?

Yes No

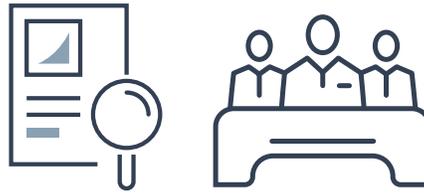


Concerns over liability is the number one reason small-business owners conduct criminal, background or health checks on prospective employees.

Please rank in order of their importance to your firm, the reasons why you conduct these checks?

1. Protect against liability
2. Safety of my customers
3. Requirement of contract with larger company or federal government
4. Safety of my customers' financials
5. Ensure health readiness for physical job requirements

How do you ask about criminal convictions of prospective employees?

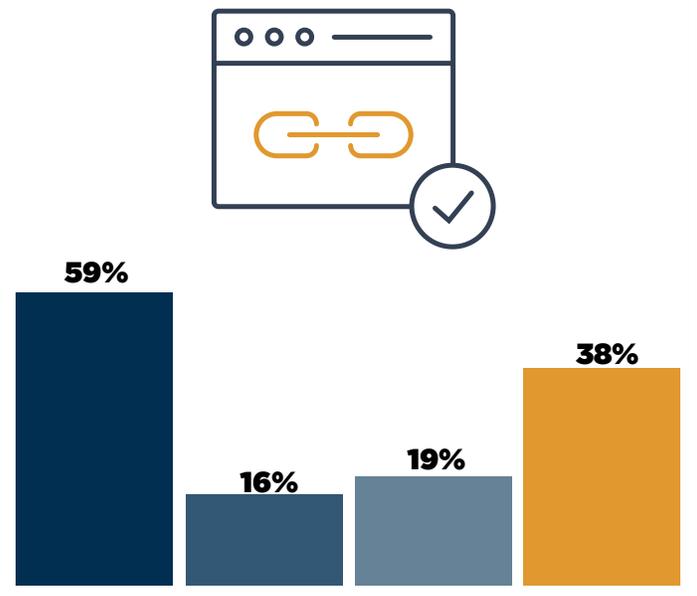


I ask on my application about any criminal conviction	30%
I ask on my application only about felony convictions	19%
I ask during the interview process	17%
I ask once I've made a conditional offer for employment	5%
I don't ask	20%
Other (please specify)	10%

Seventy-one percent of small-business owners ask potential employees about any past criminal convictions.

Please select which of the following you require of prospective employees? (check all that apply)

CRIMINAL BACKGROUND CHECK CREDIT CHECK  
PHYSICAL NONE OF THE ABOVE



Credit checks and physicals are also being more regularly utilized by employers.

# EMPLOYEE RECRUITMENT & TRAINING

Friends and family is still the number one way small businesses recruit new employees.

Nearly one-quarter of small firms seek employees with a masters or higher degree.

## How do you recruit new employees? (Check all that apply)

Friends and family	55%
On-line jobs posting service	54%
My company's Web site	35%
Vocational schools	15%
Local career fairs	14%
School job fairs	14%
Other	33%

## What level of education do you seek for your employees? (Check all that apply)

Masters or higher degree program	23%
College degree	44%
Some college	28%
Technical or vocational training	38%
Industry certifications	29%
High-school diploma or GED	46%
No education requirements	20%

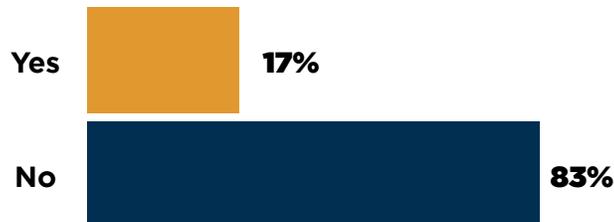
One-in-five small-business owners believe the quality of high-school educated workers has gotten worse in the last five years.

Just 17 percent of small firms are aware of state or local tax incentives for employee training.

## Compared to five years ago, would you say that the quality of education of your workers is...

	Better	About the same	Worse	N/A
High School	11%	50%	22%	17%
College/University	13%	53%	16%	18%
Trade School	15%	44%	10%	30%

## Are you aware of any state or local tax incentives for specialty training for your employees?



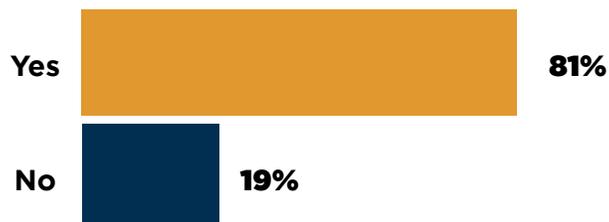
One-third of small businesses pay for off-site training and one-fourth provide money toward employees' continuing education, underscoring the real-world cost of the skills gap many employers face.

The overwhelming majority of small firms would take advantage of tax incentives for employee training if available.

## What kind of training/education programs do you offer your employees? (Check all that apply)

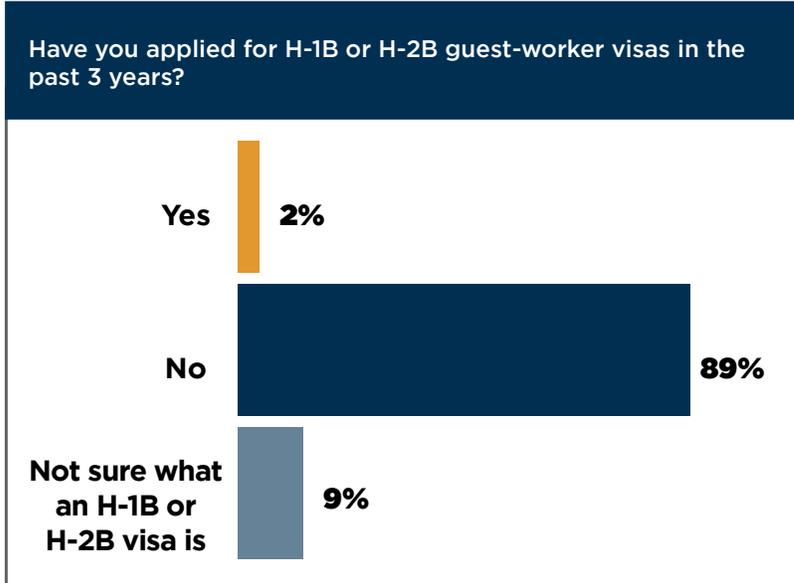
On-site training for their specific position	76%
Company paid off-site training	33%
Money for employees' continuing education or certifications	23%
Apprenticeships for certain trades	16%
None	13%
Other	6%

## Would you take advantage of tax incentives to provide your employees with additional education and/or training?

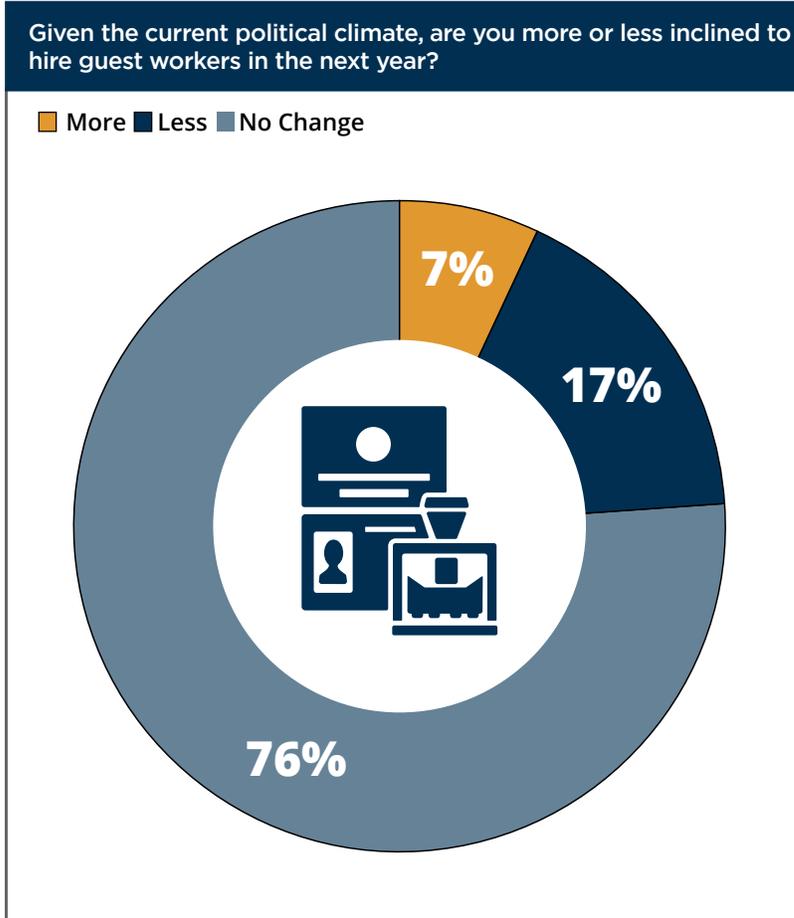


# WORKFORCE & IMMIGRANT WORKERS

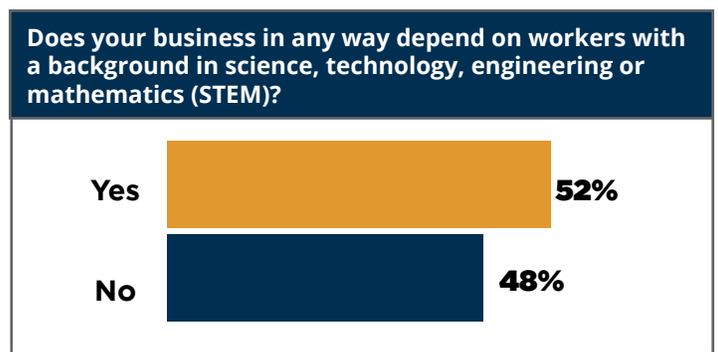
Just two percent of small firms report having applied for a H-1B or H-2B VISA in the past three years.



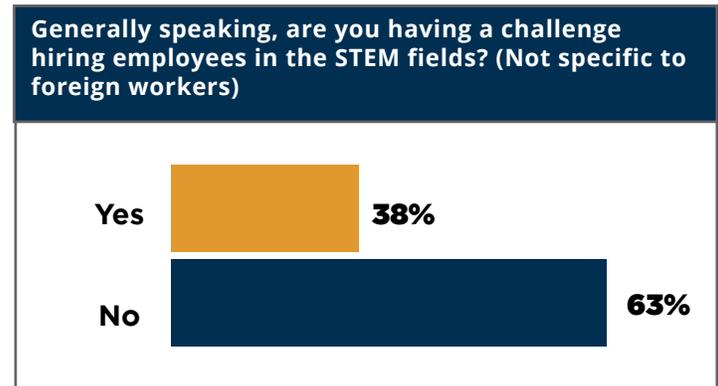
The current political climate clearly has people worried about the viability of guest workers.



More than half of small firms say their business depends on workers in the STEM field.



One-third of small-business owners say they are having difficulties hiring STEM workers.



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**What is the biggest challenge you face in hiring employees in the STEM field? (Not specific to foreign workers)**

Shortage of available worker visas	4%
Cost of worker visas	1%
High cost of competing for talent (high salaries)	54%
Other	41%

# EMPLOYMENT ELIGIBILITY VERIFICATION & IMMIGRATION

Just one-third of small firms currently use the E-Verify system, making a gradual phase-in even more critical.

## Are you familiar with the federal government's employee eligibility verification system (i.e. E-verify)?

Yes I use it	33%
I have heard of it but don't use it	42%
I have never heard of it	25%

Nearly half of small businesses support a warning prior to the assessment of penalties for hiring illegal immigrants.

## Do you believe employers who knowingly hire illegal immigrants should... (check all that apply)

Face significant fines	40%
Face moderate fines	24%
Face jail time	19%
Be given one warning before any penalties are assessed	48%
Not face any punishment or fines	10%

Just 22 percent of small firms support requiring illegal immigrants to return to their country of origin before beginning the process of becoming a legal citizen.

## Please check which of the following you would think should be required of illegal immigrants if they were to become legal citizens. (Check all that apply)

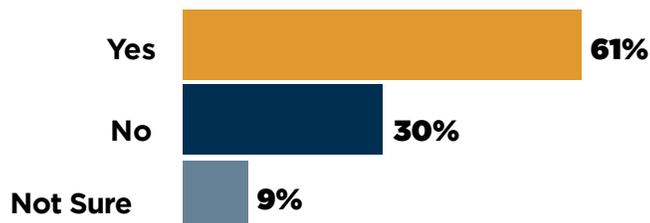
Payment of back taxes	55%
Payment of appropriate fines	45%
Successful completion of a citizenship exam	85%
Returning to their country of origin before beginning the process	22%
Demonstrate English proficiency	68%

## Would you support requiring all employers to use E-verify or a similar system to verify work eligibility?

Yes for all employees	41%
Only for new hires after the date of implementation	23%
No	12%
Not sure	24%

The majority of small-business owners would support some kind of required use of an improved-E-Verify or similar employee verification system if it included a safe harbor clause for employers operating in good faith.

## Would you support a mandatory E-verify type system if there was a safe harbor or hold harmless clause for employers operating in good-faith?



Nearly half of small businesses support the creation of a new VISA category for students in STEM fields.

## Please indicate which of the following immigration reform proposals you support. (check all that apply)

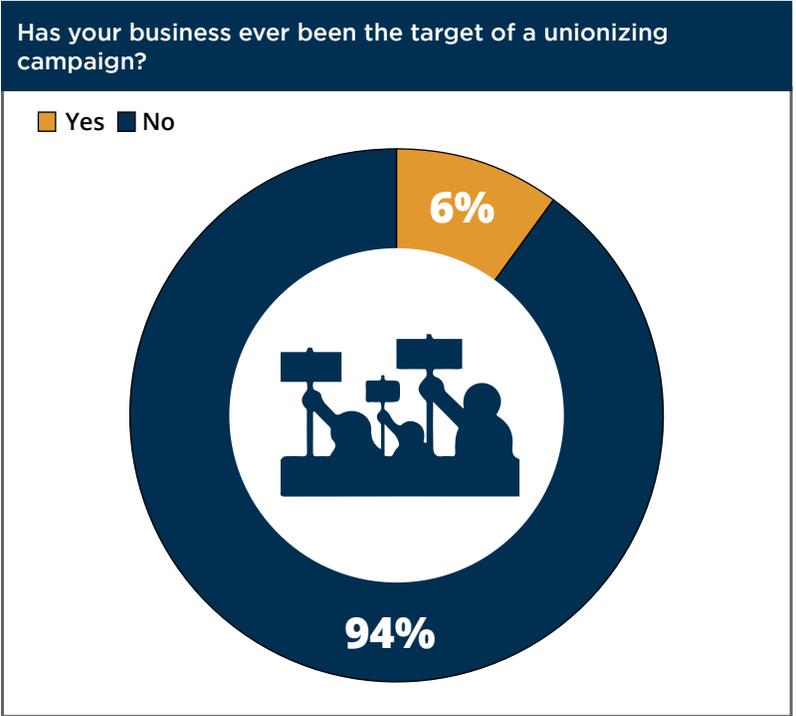
Create a new visa category for students in the science, technology, engineering or mathematics (STEM) field	46%
Create a new visa category for highly-skilled immigrant entrepreneurs who start a company in the U.S.	40%
National ID Cards	34%
Increasing allowable employment-based visas	37%
Mandatory participation in E-verify	41%
Mandatory participation in an improved E-verify system with certain safe harbors for small business	57%

# UNION RELATIONS

Just five percent of small firms have unionized workers.



The overwhelming majority of small firms have never been the target of a unionizing campaign.



Among those small firms that were targeted by a unionizing campaign, one-third are now a unionized employer.

**What was the outcome of that campaign?**

I am now a unionized employer	31%
The union organizers failed to get enough support and I am not unionized	54%
Other	15%

## SUPPLIER RELATIONSHIPS

The majority of small firms are suppliers of goods or services to a large company.

**Do you supply any of the following to another company with more than 500 employees?**

Goods	10%
Services	36%
Goods and Services	19%
Not Sure	8%
I don't supply anything to companies with more than 500 employees	20%
I do supply goods and/or services to companies with fewer than 500 employees	8%

The most common way small firms secure contracts with large companies is through direct contact with the purchasing department, underscoring the likely high amount of leg-work required by the small firm.

**With your current vendor companies (your customers), how did you gain access to the contracts? (check all that apply)**

Direct contact with purchasing department	69%
Procurement programs	38%
Diversity programs	18%
Inclusion programs	11%
Other	30%

The majority of supplier companies attend trade shows to develop and bolster their supplier/vendor relationships.

**Please select which of the following activities you and/or your staff engage in with regards to your vendor/supplier relationships. (check all that apply)**

Attend trade shows	53%
Market specifically to larger companies	46%
None	25%
Participate in mentor/protege programs	18%
Other	13%

Just one-in-five small firms have participated in supplier training programs to help them work with large companies, meaning most small firms have to figure it out as they go.

**Have you participated in any training programs for smaller companies to work with larger companies?**



Among those who have taken supplier training programs, 40 percent said the program was offered by the U.S. Small Business Administration (SBA).

**Who offered the training program?**

SBA Program (SBDC, SCORE, Etc...)	40%
Large-company training program	23%
Local/State Economic Development Office	10%
Chamber of Commerce	7%
Community College or University	2%
Bank or other lending institution	1%
Other	18%

One-third of respondents said they currently have a certification as a supplier.

**Do you currently have, or are you seeking any certifications to be a supplier?**

Yes, I currently am certified	33%
Yes, I am in the process of getting certified	5%
I am looking into getting certified	8%
No certifications	26%
I am not a supplier	29%

## METHODOLOGY

The 2017 Small Business Workforce and Labor Survey was conducted on-line June 6 - June 12, 2017 among 624 small-business owners, both members and nonmembers of NSBA, representing every industry in every state in the nation.



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