



The Small Business Worker:

What owners need to know to attract and retain talent

July 2022

Methodology

This survey was conducted online within the United States by The Harris Poll from June 8 - June 18, 2022 among 1,507 individuals in the United States who are age 18+, currently employed, and who have been in one of their jobs for at least 3 months or more. Sampling was done with the goal of representativeness among this population and weighting was completed to bring final data into line with the population.

This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. This report summarizes the key findings of the research.





The current list of challenges facing business owners, and in particular small business owners, is long. Inflationary pressure, supply chain woes and ongoing pandemic related disruptions are all forcing business owners to re-think their strategy & tactics. Perhaps the biggest challenge today is the worker shortage. With the job market dynamics currently tipped in workers' favor, it is difficult for many small business owners to attract and retain the talent required to keep businesses functional.

It's not all bad news though, new research conducted by The Harris Poll on behalf of Intuit shows that small business owners may have significant leverage in attracting talent that they are under-utilizing today.

But first, some context: what is the reality of the small business worker today? **It often involves having little financial cushion and a lot of hustle.** Despite this – most are generally satisfied with their job. Let's dig in.

Wage gaps leave small business workers with limited financial cushion.

From a financial perspective, it is often difficult for small business owners to compete with wages and benefits packages offered by larger businesses, and workers in businesses with less than 100 employees report significantly lower gross annual wages than those within larger firms. 28% of those employed in businesses with less than 100 employees make less than \$35,000 per year, compared to only 14% at this pay level in larger businesses (100+ employees). And as business size increases, so does the likelihood of higher wages. Only 24% of those employed by a small business make more than \$75,000 per year, while nearly half (49%) make this amount or greater in larger firms.

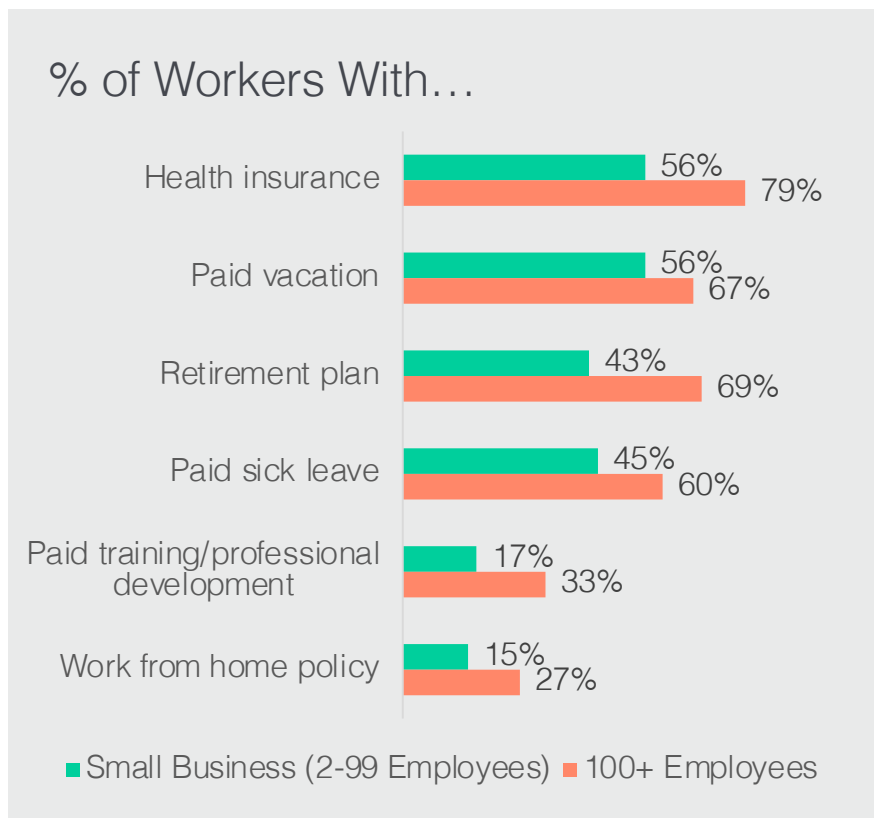
Small business workers are aware of these gaps – one-in-three indicate they are not paid enough for the work that they do. This perception is strongest in the smallest businesses, those with 2-5 employees, where 40% feel this way.

Given this wage gap, it is not surprising that small business workers are also more likely to indicate that they are struggling financially, and the situation feels like it is getting worse. One-in-five small business workers indicate this is their reality, compared to only 16% in larger businesses. Those in larger businesses are significantly more likely to feel like they are making ends meet and making progress on saving for the future.



The lack of benefits is also noted as a key issue among small business workers.

Small business workers are much less likely than their counterparts in larger businesses to have access to a variety of benefits. They are much less likely to have retirement benefits, health, dental or vision insurance, life insurance, paid sick leave, paid vacation, or professional development opportunities. This lack of benefits drives key areas of dissatisfaction among small business workers.



The top two job disadvantages mentioned by this group are a lack of opportunities for career advancement (31% note this) and limited benefit packages (23% note this).

Benefits play a key role in not only attracting talent, but also in retaining it. Those who receive at least some basic benefits (such as retirement, health insurance or paid time off) are unlikely to plan to leave their current employer for another (only 18% plan to do this). Conversely, more than one-in-four (27%) of those who do not have any of these basic benefits plan to leave their current job.

The pandemic has also raised the profile of the option to work from home as a key benefit when possible. Small business workers are much less likely than others to indicate that they can work from home in a typical week. Only 24% of small business workers report working from home versus 38% in companies with 100+ employees, and 41% in companies with 500+ employees.

This challenging financial reality means that many are working multiple jobs.

17% of all small business workers report working more than one job and often that means multiple part time jobs. And this dynamic is not just limited to those just starting out - the age cohort most likely to hold multiple jobs are those 35-54, in which 22% have more than one job. Second are those 18-34 years old, where 18% have more than one job currently. There is also a racial disparity as Black workers (29%) and Hispanic workers (31%) are more likely to have multiple jobs than White workers (16%). These multi-job workers are also often highly educated as 40% have at least a 4-year college degree.

40%

of those with multiple jobs have a 4-year college degree

For many, their second (or third) jobs are often in the gig economy. Of small business workers with multiple jobs, 62% indicate at least one is a 'gig' (10% of all small business workers). The majority of those 18-34 (80%) and 35-54 (64%) with multiple jobs say at least one is a gig.

It should be noted – this 'gig' economy involvement is not only unique to small business workers, even those in larger firms are often getting involved. However, small business workers are often starting from a lower income – so it may be more of a financial lifeline for the small business worker than it is for





Despite these challenges, there are key opportunities for small business owners to attract strong talent by facilitating a work culture that aligns with personal goals and allows individuals to thrive.

What aspects of the workplace are most appealing and how can small business owners leverage these dynamics to recruit and retain top talent?

First, it is important to note that most small business workers are often not searching for wealth in and of itself – to the small business worker prosperity is most likely to mean financial stability (47% indicating this is their definition of prosperity) or not having to struggle (36% indicate this as their definition of prosperity). Only 1-in-4 small business workers associate prosperity with wealth. As such, small business owners do not have to compete on pay alone. Our research found that there are four other key angles that owners can take to attract talent.

Small business can offer a superior day-to-day work environment

Small businesses have an opportunity to establish a culture that meets needs outside of simple financials. Putting pay and benefits aside, flexible work hours are the most valued aspect of a job for small business workers. (48% select flexible hours as a top three aspect they value). Related to this, 31% mention the ability to work from home as something they would highly value. If employers can provide this desired flexibility to optimize work/life balance, they can offset some of the wage and benefit limitations.

Also, little things can go a long way with workers. 28% of small business workers say gift cards or other small perks in recognition of a job well done would be highly valuable to them in the work environment.

On the flip side, if small businesses can minimize what workers see as the biggest disadvantages, it will also help to retain talent. Among those who are dissatisfied with their jobs, the biggest disadvantages are a lack of an organizational structure (52% mention this) and limited opportunities for career advancement (51% mention this).

Employers might also consider limiting the hustle many small business workers face today. For those working multiple part-time jobs at different companies – is there an opportunity within your business to put two part-time positions together into a full-time position? Could there be a world where an employee does a part-time job on-site, but then does other work at home – an employee answers phones and provides services in the office part-time, and does book-keeping related duties at home part-time?

Thinking creatively about company culture and organization can go a long way in providing a highly desired workplace.

Small businesses are also well positioned to help women get back into the workforce with a culture that appeals to this often highly skilled cohort.



It has been well documented that many women left the workforce during the pandemic, but small businesses are well-poised to attract some of this talent back. First, many women are struggling financially – 23% of female small business workers say they are struggling, and it feels like it is getting worse versus only 15% of their male counterparts. Females are also working more part-time jobs than their male counterparts. As such, small business owners have an opportunity, with the right work environment, to win over females – particularly if they can offer compensation that helps females cross the barrier of survival, even if not matched to wages offered by larger firms.

To attract top female talent, there are four themes that come up again and again as highly important: flexible work hours, work from home options (or a workplace close to home when WFH does not make sense), work/life balance and job

Women Value

- Flexible hours
- Work from home or close to home
- Work/life balance
- Job security

In terms of the workplace culture, women value an environment where employees are treated fairly and professionally. However, that environment can be casual – and many women would prefer it to be. Having a level of camaraderie or friendship with their coworkers is also appealing to many women (49%).

The pandemic has also highlighted how important local businesses are to women, as they are more likely to prioritize supporting them than men (74% of women prioritize versus 65% of men). This understanding of how critical small businesses are to their communities also makes them an attractive option for women getting back into the workforce.

Small businesses can be a place for workers to develop their passions.

The opportunity to work on something they are passionate about is valued by many small business workers. In fact, it is second only to flexible work hours when putting aside pay and benefits. Likewise, we see that many (42%) also value work that gives them a sense of purpose and fulfillment. This is dynamic is particularly strong among females (47%).

Younger workers, those 18-34, are most likely to value work that relates to their passion with 41% indicating this as a top aspect they would value in an employer. Sustainability and social justice angles are particularly attractive to this cohort with 21% noting this as appealing (versus only 11% when looking among all workers).

Most, 67%, also agree that supporting small businesses is a priority for their community. This atmosphere of support lessens the headwinds for those looking to establish a small business – or for those looking to join a small business to explore their passions.



PASSION LED US HERE



Small businesses are an opportune training ground for entrepreneurs.

Half of all small business workers say they have an entrepreneurial spirit, and roughly one-in-four small business workers plan to either start their own business or freelance in the future. More than half of the small business workers with entrepreneurial aspirations agree that current jobs gave them the confidence to start their own business (54%), the skills to succeed as an entrepreneur (55%) and inspired them to become a business owner (55%).

Small business employees who are working multiple jobs are most likely to have a self-employment dream - 44% plan to own their own business or freelance in the future. And for many of these multi-job workers the dream is imminent – 45% plan to put this plan into motion within the next year. Small business workers who are younger (18-34) and who are dissatisfied with their current jobs are also more likely than others to have entrepreneurial goals.

Small businesses don't have to (and probably cannot) match the deep pockets of larger corporations. If they can find ways to pay 'enough', they can make up the difference by doubling down on other aspects that make up a 'prosperous' life for a worker, including culture, support, community, skill & passion development and personal growth.

