

**MetLife & U.S. Chamber of Commerce
Special Report on the State of the Workforce
October 28, 2021**

Report Summary

MORE SMALL BUSINESSES REPORT DIFFICULTY FINDING THE RIGHT WORKERS MOST SUPPORT VACCINE REQUIREMENTS AND SEE LONG ROAD TO RETURN TO NORMAL

The latest MetLife/U.S. Chamber of Commerce survey of small businesses¹, conducted between September 30 – October 7, 2021, shows that those who have initiated the hiring process are finding it more difficult now than this summer to find candidates to fill job openings. Although more small businesses report a likelihood to hire new talent this year (compared to early summer), optimism about hiring is muted, suggesting America's labor supply crisis shows no signs of letting up.

More small businesses say they intend to hire, but many are finding it hard to find the necessary workers to fill available openings. Currently, around three in five small business owners say they are likely to or already hiring in 2021, up 10 percentage points from June. Despite these intentions, only about one third say they have actively searched for, recruited, or interviewed new talent this year, unchanged from June.

Small business owners who have initiated the hiring process are more likely now than in the early summer to say it is challenging to find candidates with the skills and experience they need, to fill open positions, and to compete with larger businesses for talent. Given these challenges, optimism around hiring expectations remains muted.

In addition, most small businesses surveyed support implementing COVID-19 vaccine requirements for their *staff* and are more likely to require proof of vaccination from *customers* than they were early this summer. Over three in five (64%) small business owners support vaccine requirements, with both the Biden administration's proposed mandate and business initiated mandates receiving equal support. About half (51%) of small businesses say they are likely to or already require *customers* to show proof of vaccination, (up from two in five who were likely to do so early in the summer).

Majorities also support vaccination and masking requirements for staff *and* customers. Around 60% report the likelihood to require staff be vaccinated to work in person, and about two-thirds say they are likely to require masks for both staff and customers.

Small businesses are also less likely to see a quick end to the pandemic: most feel a return to normal is still far off. Over half (56%) of small businesses think the small business climate will

¹ Beginning in Q2 2020, the MetLife/U.S. Chamber of Commerce Small Business Index survey has been conducted via online surveys, in place of the typical phone-based approach. This methodological shift is in response to anticipated lower response rates in dialing business locations as a result of mandated closures related to the COVID-19 outbreak. While significant changes in data points can largely be attributed to the recent economic environment, switching from a phone to online approach may have also generated a mode effect.

not return to normal for at least six months. Additionally, while some (13%) small businesses now see a return to normal within three months, at the same time more than one in ten (13%)—an all-time high—say it will never return to normal. These incremental shifts in either direction (toward sooner or never) highlight a continued uncertainty about the small business landscape.

Heading into the final months of 2021, concerns remain for small businesses – about their future, their hiring prospects, and when the small business climate will return to normal.

Report Highlights

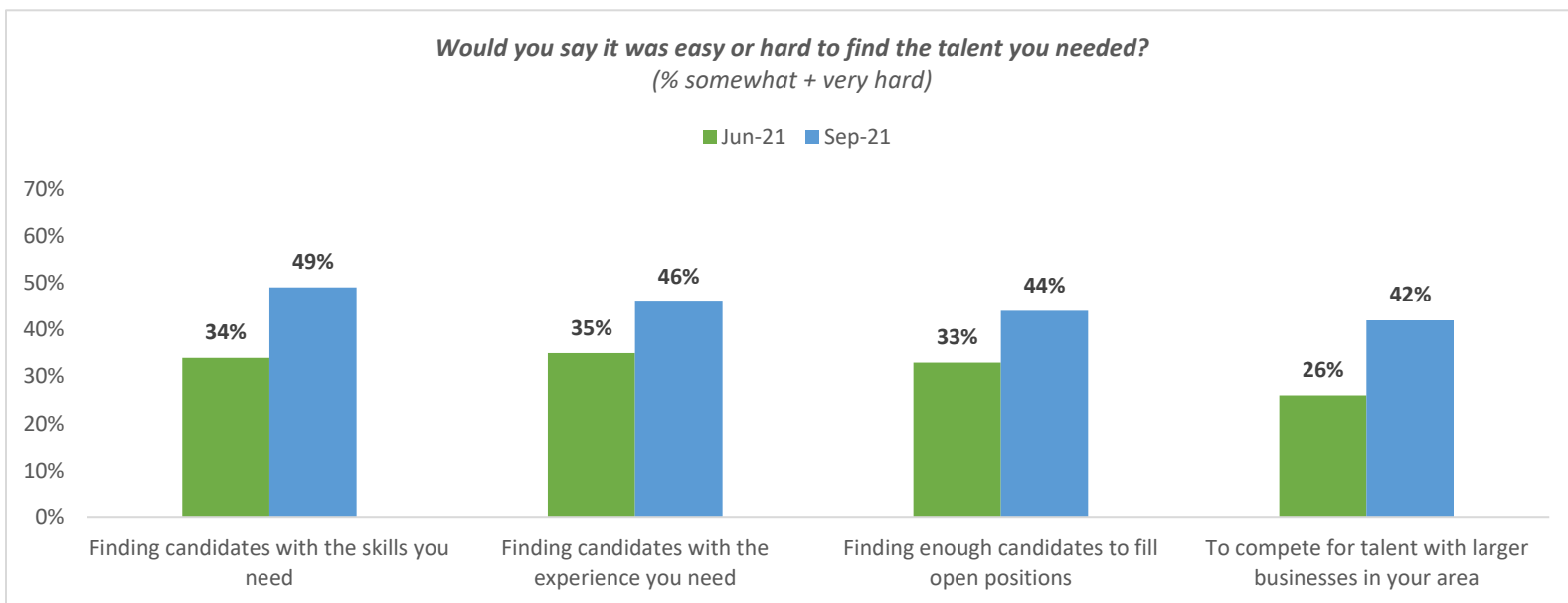
- **More small businesses say it is hard to find job candidates.** Forty-four percent say it is hard to find job candidates to fill open positions, up from 33% saying the same in June. Finding candidates with the right experience is harder: 46% say it is hard to find candidates with the needed experience, compared to 35% who said the same in June.
- **More small businesses say they are likely to hire this year—but in practice many are holding back.** Currently, around three in five small business owners say they are likely to or already hiring in 2021, up 10 percentage points from June. Despite these intentions, only about one third say they have actively searched for, recruited, or interviewed new talent this year, unchanged from June.
- **Majority support COVID-19 vaccine requirements.** Sixty-four percent of small businesses support both businesses in their area requiring vaccines for their staff and the federal government requiring businesses with 100 or more employees to require vaccines or regular testing for their staff.
- **More small businesses require proof of COVID-19 vaccination for customers.** About half (51%) of small businesses say they are likely to, or already require, proof of vaccination from customers. This represents a shift in attitudes on vaccine requirements from June (38% said they were likely/already doing so), before COVID-19 variants worsened the pandemic.
- **Majority of small businesses support mask requirements for staff and customers.** A majority of small business owners across all regions, sizes, and sectors say they are likely to, or already have, implemented mask requirements for staff (69%) *and* customers (66%) at their business.
- **Most small businesses see a return to normal as distant.** Over half (56%) of small businesses think the small business climate will not return to normal for at least six months, with more than one in ten (13%) saying it will never return to normal.

KEY FINDINGS

MORE SMALL BUSINESSES SAY IT'S DIFFICULT TO FIND WORKERS

Nearly half (49%) of small businesses that are actively hiring say it is hard to find candidates with the skills they need, a significant jump from 34% saying so in June. Small businesses that are actively hiring are also finding it harder to fill open positions (44% vs. 33% in June) and compete for talent with larger businesses in their area (42% vs. 26% in June).

Although more small businesses say that they are likely to hire new employees this year (58% vs. 48% in June), just 36% say they have actively searched for, recruited, or interviewed new talent in 2021, compared to 33% who said the same in June.



Optimism around hiring remains muted. Overall, a plurality (44%) of small businesses continue to say their views are unchanged toward hiring prospects compared to the start of 2020, before the COVID-19 pandemic began. Only a third (32%) now say they are more optimistic about their hiring prospects than they were before the start of the pandemic, similar to the 27% who expressed greater optimism in June, while a quarter continue to be more pessimistic (24% in September vs. 25% in June).

The survey also shows that those small businesses likely to or already requiring vaccines are more optimistic about their hiring prospects. Almost half who say they are likely to require their staff show proof of vaccination are more optimistic about their hiring prospects, compared to less than one in five who do not intend on requiring vaccines for staff. Most who are not likely to implement vaccine requirements instead say their views are unchanged.

Compared to your views before the COVID-19 pandemic began (that is, in the beginning of 2020), would you say your views of the hiring prospects for your business have become more optimistic, more pessimistic, or has your outlook stayed the same?

	Total	Sector			
		Manu- facturing	Services	Retail	Prof. Services
More optimistic	32	36	18	41	37
Remained the same	44	36	52	37	45
More pessimistic	24	28	30	22	18

Compared to June, more small business owners now say they are likely to or already have hired new staff in 2021. Most of these businesses continue to fall into the “likely” camp, rather than already doing so. Almost three in five (58%) now say this versus just under half who said so in June (48%). This increase is not even across all regions, sectors, or business sizes.

Small businesses in the West, along with retailers, those in the professional services sector, and small businesses with 5-19 employees report the largest increases in an openness to hire, rising 16-20 percentage points. Those who report the greatest likelihood to hire in 2021 include small businesses in the South, those with 20 or more employees, retailers, and manufacturers. There is also a significant difference in likelihood to hire new talent this year between small businesses who plan to require vaccination for their employees and those who do not.

How likely, if at all, are you to hire new staff in 2021? (% likely/already doing this)

	Jun. 2021	Sep. 2021	Change from Jun. to Sep.
Total	48	58	+10
1-4 Emp.	37	44	+7
5-19 Emp.	59	76	+17
20-499 Emp.	75	82	+7
Manufacturing	62	67	+5
Services	43	46	+3
Retail	51	69	+18
Prof. Services	41	57	+16

SMALL BUSINESSES STRONGLY SUPPORT VACCINE MANDATES

Small business owners show strong support for COVID-19 vaccine requirements whether they are issued by the government or businesses themselves. Sixty-four percent of small businesses support both businesses in their area requiring vaccines for their staff and the federal government requiring businesses with 100 or more employees to require vaccines or regular testing for their staff. A similar number, 60%, support businesses in their area requiring proof of vaccination from their customers.

In general, small businesses in the West are more supportive of these requirements. By sector, there are slight differences, with retailers showing the strongest levels of support and those in

the services sector showing comparatively lower support. However, regardless of region, sector, or size, a majority of small business owners show support for implementing COVID-19 vaccine requirements for employees *and* customers.

Do you support or oppose the following?

	Total	Region				Size			Sector			
		North-east	Midwest	South	West	1-4 Emp.	5-19 Emp.	20-499 Emp.	Manu-facturing	Services	Retail	Prof. Services
<i>The federal government requiring businesses with 100 or more employees to require COVID-19 vaccines or reg testing for their staff</i>												
Support (net)	64	61	62	64	67	61	64	73	67	52	75	64
Oppose (net)	34	36	38	35	30	36	36	25	32	43	25	35
<i>Businesses in my area requiring COVID-19 vaccines for their staff</i>												
Support (net)	64	65	64	58	71	63	66	67	67	54	70	70
Oppose (net)	35	34	35	41	27	36	34	31	33	45	27	29
<i>Businesses in my area requiring proof of COVID-19 vaccination from their customers</i>												
Support (net)	60	54	61	60	63	58	63	60	65	51	68	60
Oppose (net)	39	44	39	39	36	41	37	40	35	48	32	37

MOST SMALL BUSINESSES SUPPORT PROOF OF VACCINATION FOR CUSTOMERS

Half (51%) of small businesses say they are likely to—or already—require proof of vaccination from customers. This represents a shift in attitudes on vaccine requirements from June (when 38% reported being likely/already doing so), before COVID-19 variants worsened the pandemic in the U.S. Though only 10% now say they already require customers to show vaccine cards, just 3% said they were doing so back in June.

The largest shift in likelihood to require proof of vaccination from customers (including those already doing so) is among small businesses in the West. Manufacturers and those in the professional services sector also report a greater likelihood now. Across business size, larger and medium-sized small businesses say they are more likely than smaller ones to require customers to show proof of vaccination.

How likely, if at all, are you to require customers or clients show proof of COVID-19 vaccination for entry or service at your business? (% likely/already doing this)

	Jun. 2021	Sep. 2021	Change from Jun. to Sep.
Total	38	51	+13
Northeast	46	47	+1
Midwest	41	44	+3
South	37	52	+15
West	32	61	+29
1-4 Emp.	29	47	+18
5-19 Emp.	54	59	+5
20-499 Emp.	47	61	+14
Manufacturing	42	64	+22
Services	30	37	+7
Retail	48	55	+7
Prof. Services	36	60	+24

A slim majority (51%) of small business owners are likely to ask *customers* for proof of vaccination. (Willingness to ask customers for vaccine proof is growing: the percent likely or actively requiring customers or clients to show proof of COVID-19 vaccination for entry or service is up from 38% in June). Three in five (61%) say they are likely to or already require staff to be vaccinated. Across regions, 70% of Western small businesses are likely to or already do this, more than any other region. In fact, 22% in the West say they already require their staff to be vaccinated, compared to 9-14% in the other regions.

Even more so than vaccine requirements, small businesses report likelihood to require *masks* for employees and customers. A majority of small business owners across all regions, sizes, and sectors say they are likely to, or already have, implemented mask requirements for staff (69%) *and* customers (66%) at their business.

How likely, if at all, are you to...?

	Total	Region				Size			Sector			
		North-east	Midwest	South	West	1-4 Emp.	5-19 Emp.	20-499 Emp.	Manu-facturing	Services	Retail	Prof. Services
Require that employees at my business show proof of COVID-19 vaccination to work in person												
Likely/already do this (net)	61	57	55	58	70	57	66	69	67	54	69	60
Not likely (net)	39	40	45	40	29	42	33	30	33	45	31	37
Require that all employees wear a mask, regardless of vaccination status												
Likely/already do this (net)	69	56	68	70	82	65	76	78	81	68	76	65
Not likely (net)	29	39	32	31	17	33	23	22	19	32	24	33
Require that all customers or clients wear a mask for entry or service at your business												
Likely/already do this (net)	66	64	62	66	72	63	68	82	77	58	73	64
Not likely (net)	33	35	38	33	27	36	31	19	22	43	27	34

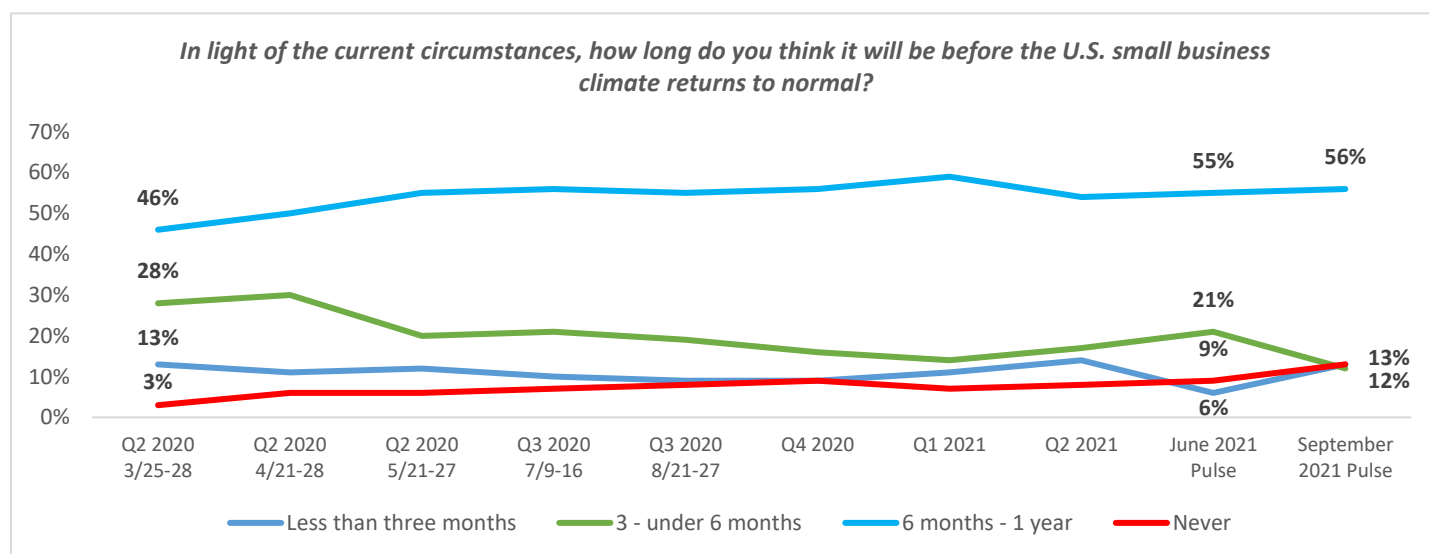
Small businesses seem to be willing to part with employees who decline to receive the vaccine, but few have done so in practice yet. For employees unwilling to comply with vaccine or testing requirements, 43% of small businesses report they are likely to replace them, but few (10%) say they have already done so. Across sectors, manufacturers (55%) and retailers (53%) most often

indicate likelihood to replace non-compliant employees, though not many have already done so (5% and 11%, respectively).

MOST SEE LONG RETURN TO NORMAL FOR BUSINESS CLIMATE

Most small business owners continue to see a return to a normal small business climate as distant. The majority (56%) of small businesses think the small business climate will not return to normal for at least six months (this is statistically unchanged from June when 55% said the same).

However, since June, the landscape of when small businesses anticipate a return to normal has shifted. More now expect a return to normal to be sooner, but at the same time, more anticipate a return to normal will *never* come. While some (13%) small businesses now see a return to normal within three months (up from 6% in June), more than one in ten (13%)—an all-time high—say it will never return to normal. This indicates that there is a great deal of uncertainty as to what “normal” now looks like and when it might occur.



By sector, small businesses hold varying beliefs about when the return to normal will come. For example, more retailers now say “never,” compared to June (12% in September vs. 3% in June). At present, manufacturers are a bit more optimistic, with 26% expecting the small business climate will return to normal within three months (vs. 6% in June), while majorities in the professional services and services sectors feel the return will take six months or more.

In light of the current circumstances, how long do you think it will be before the U.S. small business climate returns to normal?

	Less than 3 months			3 to under 6 months			6 months to 1 year			Never		
	Jun. 2021	Sep. 2021	Change from Jun. to Sep.	Jun. 2021	Sep. 2021	Change from Jun. to Sep.	Jun. 2021	Sep. 2021	Change from Jun. to Sep.	Jun. 2021	Sep. 2021	Change from Jun. to Sep.
Total	6	13	+7	21	12	-9	55	56	+1	9	13	+4
Northeast	5	5	-	30	9	-21	53	66	+13	5	10	+5
Midwest	6	9	+3	17	15	-2	57	52	-5	10	16	+6
South	6	18	+12	17	13	-4	62	52	-10	8	14	+6
West	6	14	+8	24	11	-13	44	58	+14	10	10	-
1-4 Emp.	3	10	+7	19	12	-7	54	56	+2	12	13	+1
5-19 Emp.	10	21	+11	22	12	-10	58	51	-7	4	15	+11
20-499 Emp.	11	11	-	29	11	-18	53	66	+13	3	8	+5
Manufacturing	6	26	+20	27	9	-18	53	49	-4	9	7	-2
Services	4	2	-2	12	8	-4	58	66	+8	11	18	+7
Retail	10	17	+7	27	19	-8	52	47	-5	3	12	+9
Prof. Services	3	10	+7	20	14	-6	58	58	-	11	12	+1

Interestingly, staff vaccination rates are linked to slightly more optimistic perceptions of when things will return to normal. One quarter (26%) of small businesses where fewer than half of employees are vaccinated say the climate will never return to normal, compared to only 8% with those businesses that have more than half of employees vaccinated. Meanwhile, 16% of small businesses with at least half of their workforce vaccinated expect a return to normal within three months, compared to only 6% of small businesses with low staff vaccination rates.

However, in both cases, a majority see the timeline for returning to normal at six months or more away, mirroring overall sentiments that have held since May 2020.

Methodology

SURVEY METHODOLOGY

These are the findings of an Ipsos poll conducted between September 30 – October 7, 2021. For this survey, a sample of roughly 500 small business owners and operators age 18+ from the continental U.S. Alaska and Hawaii was interviewed online in English.

The sample for this study was randomly drawn from Ipsos’ online panel and partner online panel sources and does not rely on a population frame in the traditional sense. Ipsos uses fixed sample targets, unique to the study, in drawing sample. Small businesses are defined in this study as companies with fewer than 500 employees that are not sole proprietorships. Ipsos used fixed sample targets, unique to this study, in drawing sample. This sample calibrates respondent characteristics to be representative of the U.S. small business population using standard procedures such as raking-ratio adjustments. The source of these population targets is U.S. Census 2018 Statistics of U.S. Businesses dataset. The sample drawn for this study reflects fixed sample targets on firmographics. Post-hoc weights were made to the population characteristics on region, industry sector and size of business.

Statistical margins of error are not applicable to online non-probability polls. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error and measurement error. Where figures do not sum to 100, this is due to the effects of rounding. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll has a credibility interval of plus or minus 5.0 percentage points for all respondents. Ipsos calculates a design effect (DEFF) for each study based on the variation of the weights, following the formula of Kish (1965). This study had a credibility interval adjusted for design effect of the following (n=500, DEFF=1.5, adjusted Confidence Interval=+/-6.5 percentage points).

Percentage breakdowns for region, employee size, and sector:

Manufacturing and Resources	18%		Employee Size: 1-4	61%		Northeast	19%
Services	24%		Employee Size: 5-19	27%		Midwest	20%
Retail	23%		Employee Size: 20-99	10%		South	35%
Professional services	28%		Employee Size: 100+	2%		West	25%

Other	7%
-------	----