

**MetLife & U.S. Chamber of Commerce  
Special Report on the State of the Workforce  
July 14, 2021**

## Report Summary

### **LESS THAN HALF OF HIRING SMALL BUSINESSES CAN FIND WORKERS WITH ADEQUATE SKILLS, EXPERIENCE**

*MOST SEE SIX MONTHS TO A YEAR BEFORE BUSINESS CLIMATE RETURNS TO NORMAL*

As America continues to reopen, small business optimism about hiring prospects for their business are muted, as an equal number say they are more optimistic or more pessimistic compared to before the COVID-19 pandemic began, according to the latest MetLife & U.S. Chamber of Commerce survey. Small businesses also report it is not easy to find workers in their area with the adequate skills, or the right experience. Those reporting having difficulty finding workers say they are having to work more themselves or are asking staff to work longer hours.

Despite having plans for increasing staff, most small businesses have not yet begun to recruit, interview, or hire new talent this year, (52% of small businesses anticipate retaining the same staffing level and 32% plan to increase staffing according to the latest SBI Q2 poll). The poll found that just 33% of small businesses report seeking, recruiting, or interviewing new workers this year. This may be an indication that small business employers—discouraged by ongoing worker shortages—have given up on *actively* recruiting new workers. Less than half of small businesses report that it is easy to find candidates that meet certain criteria such as: finding candidates in their area (47%), with the experience they need (44%), and the skills they need (44%).

The worker shortage and lack of active recruitment are having effects on small business workflow. Of those reporting at least some difficulty finding new workers, the most common response (54%) was that the business owner had to personally work more hours or take on more roles. Forty-two percent of those reporting difficulty had to ask staff to work overtime or longer hours, and 31% reported difficulty with scheduling because they did not have enough staff.

Also, a majority (55%) of small businesses see six months to a year before the business climate returns to normal. Adding to the continued uncertainty over recovery timelines, more than three in five small business owners are concerned about the pandemic's impact on their business' health (63%), and the well-being of their employees (62%) and themselves (61%). Overall, 62% say they are concerned for their business' future. While a majority remain concerned, this marks a decline from the first quarter of 2021 (76%). One in four small businesses (26%) remain *very* concerned about the pandemic's impact on their business' future.

Around three quarters of small businesses plan to do something different to attract new talent once the COVID-19 pandemic is over. The most frequently cited plans are finding new ways to advertise, increasing pay, offering more flexible working hours, and offering a hybrid or remote work environment.

Taken all together, though some small business owners report more positivity about the candidates they are interacting with, the pace at which small businesses are able to make hires this year, and their optimism about the post-COVID workforce landscape, remains somewhat mixed. The data shows most businesses have yet to begin recruiting in earnest and continue to have concerns about the pandemic's impact on their business's health and the well-being of their workforce.

## Report Highlights

- **Some small businesses are planning to hire, but active recruiting remains limited.** Faced with ongoing workforce shortages and pandemic concerns, two-thirds (67%) of small business owners say they have not yet searched for, recruited, or interviewed new workers this year. Fewer than half (44%) report that they are likely to hire new staff in 2021.
- **Over half of small businesses see months before things return to normal.** The majority of small business owners think the U.S. small business climate will return to normal in six months to a year (55%). This finding has been relatively consistent throughout the pandemic: 55% expected it would take the same amount of time to fully recover in Q2 and Q3 of 2020.
- **Most still concerned about pandemic's impact.** Overall, 62% say they are concerned for their business' future. While a majority remain concerned, this marks a decline from the first quarter of 2021 (76%).
- **Larger small businesses more concerned.** Overall, 63% of small business owners are concerned about the impact of COVID-19 on their businesses' health. 59% with fewer than five employees have heightened concerns compared to 75% of small businesses with 20 or more employees.
- **Some owners working more hours to address workforce shortages.** Among small business owners who are actively looking for staff and report difficulty doing so, most (54%) say they have personally had to work more hours or take on more roles to make up for staffing shortages.
- **Less than half of small businesses who are actively hiring report finding skilled, experienced candidates is easy.** A minority of small businesses report that it is easy to find candidates that meet certain criteria, such as finding candidates in their area (47%), with the experience they need (44%), and with the skills they need (44%).
- **Medium-sized small businesses—like restaurants, bars, or small retailers—are more likely to struggle to find workers.** 48% of small businesses with 5-19 employees who are actively hiring<sup>1</sup> say it was hard to find enough candidates to fill open positions. Additionally, 44% of these sized businesses said it was hard to find candidates with the needed experience and 41% of them said it was hard to find workers with the right skills.
- **New incentives to hire.** Around three quarters of small businesses plan to do something different to attract new talent once the pandemic is over. The most frequently cited plans

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<sup>1</sup> Among the one-third of small businesses who are actively hiring right now, roughly two in five are medium-sized small businesses (n=78).

are finding new ways to advertise, increasing pay, offering more flexible working hours, and offering a hybrid or remote work environment.

## KEY FINDINGS

### ATTITUDES TOWARD COVID-19 RECOVERY AND REOPENING

Restrictions due to COVID-19 are easing across the country, yet at the same time, the majority of small business owners think the U.S. small business climate will return to normal in six months to a year (55%). Just 27% think the climate will return to normal in under 6 months. The desire to open is there, though: around three in five small businesses (59%) say it is likely they will fully open as soon as their state allows it.

Though most tend to think it will take time until we get back to “normal,” there are some subtle differences in opinion by region and sector. Those in the Northeast and West are likely to think the bounce back could happen quicker—though small businesses in the West are also slightly more unsure about timing than other regions. Those in the service sector are less likely to think things will return to normal within the next six months.

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

	Total	Region				Sector			
		North-east	Midwest	South	West	Manu-facturing	Services	Retail	Prof. Services
Less than a month	1	2	1	1	0	0	0	2	1
1-2 months	5	3	5	5	6	6	4	8	2
3-under 6 months	21	30	17	17	24	27	12	27	20
6 months – 1 year	55	53	57	62	44	53	58	52	58
Never	9	5	10	8	10	9	11	3	11
Don't know	9	6	9	7	16	4	14	8	8

Adding to this continued uncertainty over recovery timelines, more than three in five small business owners are concerned about the pandemic’s impact on their business’ health (63%), and the well-being of their employees (62%) and themselves (61%). Concerns rise slightly among larger small businesses. For example, 59% of small businesses with fewer than five employees are concerned about COVID-19’s impact on their business’ health, compared to 75% of those with 20 or more employees.

Overall, 62% say they are concerned for their business’s future. While a majority remain concerned, this marks a decline from the first quarter of 2021 (76%). This shift is largely due to movement away from “somewhat concerned,” to “not very concerned.” Yet, one in four small businesses (26%) remain *very* concerned about the pandemic’s impact on their business’ future.

When it comes to well-being, there is no significant difference by sector in terms of concerns about employees or themselves. However, by size, owners of larger and mid-sized businesses tend to be more concerned about employee well-being than owners of the smallest businesses:

77% of those with 20-499 employees are concerned about employee well-being, along with 76% of those with 5-19 employees, compared to 53% among the cohort with fewer than five employees.

One thing that doesn't appear to be part of the new small business landscape: proof-of-vaccination. Last quarter's Small Business Index found that most small businesses support customers in their area showing proof of vaccination at local businesses. However, we now find that they are unlikely to support a requirement at their own business. In fact, a majority of small businesses, 59%, say they are *unlikely* to require their customers or clients to show proof of COVID-19 vaccination for entry or service. One in three (35%) say they are likely, but just 17% report being *very* likely to require this proof or are already doing so.

### ***THE EFFECT OF COVID-19 ON HIRING, RECRUITMENT, AND BUSINESS OWNERS***

Overall, few small business owners and decision makers say they have actively searched for, recruited, or interviewed new talent in 2021. Just 33% have initiated the hiring process this year, perhaps indicating small business employers, discouraged by ongoing worker shortages, have given up on *actively* recruiting new workers.

Currently, slightly more manufacturers and retailers say they have either recruited, searched for, or interviewed new talent this year, or are likely to make hires this year, compared to the service or professional services sectors. But business size shows more significant differences than sector, with small businesses that have more than five employees being more likely to hire this year.

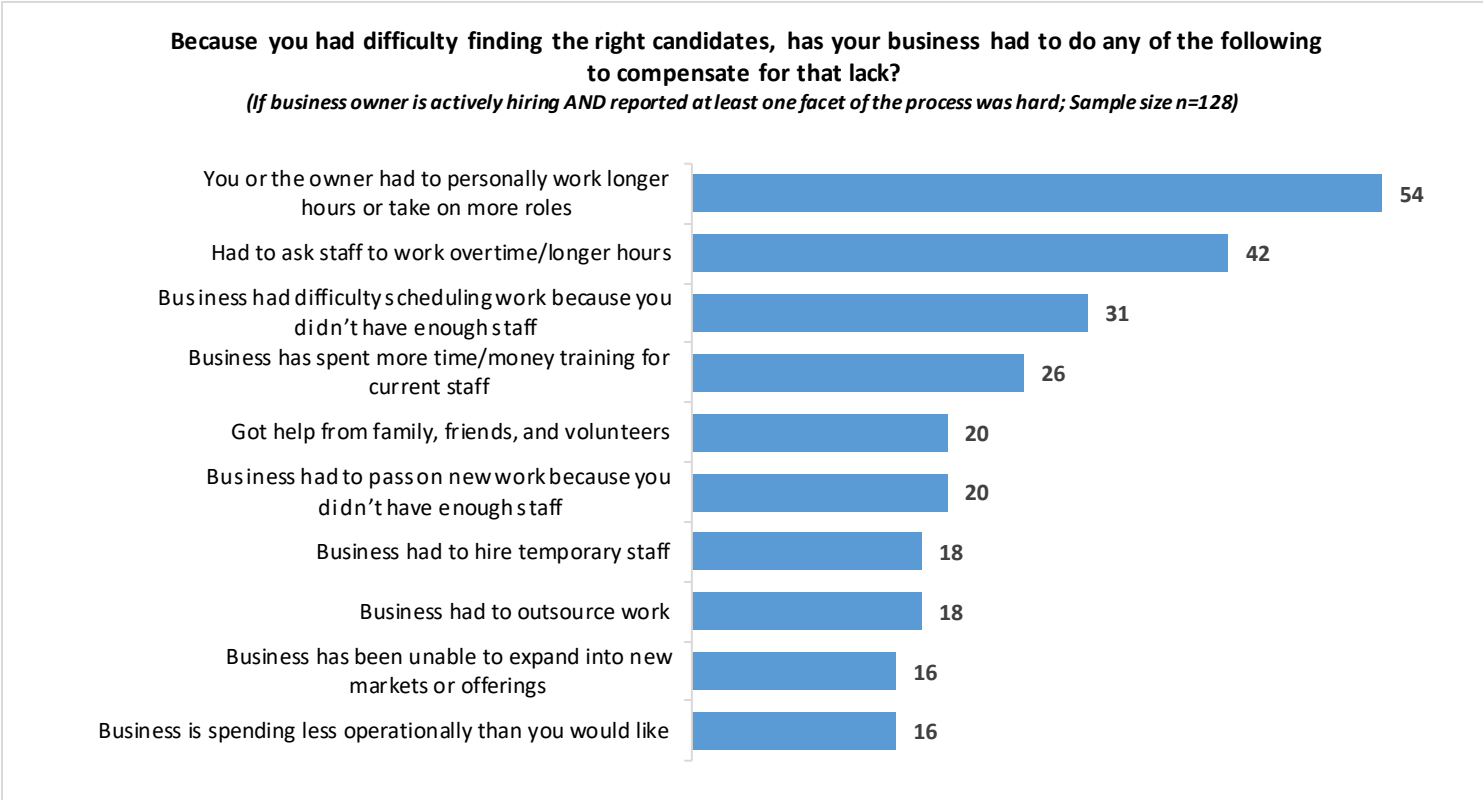
	Total	Region				Size			Sector			
		North-east	Midwest	South	West	0-4 Emp.	5-19 Emp.	20-499 Emp.	Manu-facturing	Services	Retail	Prof. Services
Very likely	20	17	20	29	11	12	31	36	26	17	27	17
Somewhat likely	24	20	24	29	20	22	25	30	30	20	22	23
Not very likely	22	28	17	18	28	20	28	17	18	24	22	25
Not at all likely	23	22	24	17	29	32	10	7	12	25	22	28
Already did/doing this	4	6	6	3	1	3	3	9	6	6	2	1
Don't know	7	8	9	3	10	11	3	0	8	9	5	6
<i>Likely/Already Doing (Net)</i>	48	43	50	61	32	37	59	75	62	43	51	41
<i>Not Likely (Net)</i>	45	50	41	35	57	52	38	24	30	49	44	53

Less than half of these actively-hiring businesses report that it is easy to find candidates that meet certain criteria, such as finding candidates in their area (47%), with the experience they need (44%), and with the skills they need (44%).

It's often medium-sized small businesses—such as local restaurants, bars, or Main Street retailers—which are more likely to struggle to find new workers, especially those with the right skills and experience. 48% of small businesses with 5-19 employees who are actively hiring say it was hard to find enough candidates to fill open positions. Additionally, 44% of these sized

businesses said it was hard to find candidates with the needed experience and 41% of them said it was hard to find workers with the right skills.

For small business owners who said they were actively hiring and have faced at least one difficulty with the applicants they are interviewing (about 26% of overall respondents), most are making personal or staff sacrifices to compensate. For example, 54% of those who are having difficulty hiring say they and/or the business owner had to personally work more hours or take on more roles. Forty-two percent of those reporting difficulty had to ask staff to work overtime or longer hours, and 31% reported difficulty with scheduling because they did not have enough staff.



**SMALL BUSINESSES PLAN NEW RECRUITING TACTICS**

After the pandemic, small businesses are planning a mix of tactics to lure back workers including increased pay and new benefits.

For example, 26% plan to find new ways to advertise and 24% plan to increase pay. Flexibility is also a plan: 22% plan to offer more flexible working hours and 21% plan to offer a hybrid or remote work environment.

A quarter of respondents say they do not plan to do anything differently to attract talent once the pandemic ends; this is driven mostly by businesses with fewer than five employees. The

smallest small businesses are less likely to do things like offer more flexible work hours or offer current employees referral incentives.

Taken all together, the pace at which small businesses are able to make hires this year, and their optimism about the post-COVID workforce landscape, remains somewhat mixed. This data shows some small businesses are having difficulty finding qualified workers and continue to have concerns about the pandemic's impact on their business' health and the well-being of their workforce.

## **Methodology**

### *SURVEY METHODOLOGY*

These are the findings of an Ipsos poll conducted between June 16 – 23, 2021. For this survey, a sample of roughly 501 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 2020 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=501, DEFF=1.5, adjusted Confidence Interval=+/-6.5 percentage points).

### *INDEX METHODOLOGY*

To construct national, regional, employee size, and broad industry group level estimates of the health of small businesses in the U.S., a sequence of statistical techniques were applied to the survey results, including elastic net for variable selection and multilevel regression with post stratification (MRP) from the survey data.

Since each business may report the state of its health by different standards, Ipsos uses the core survey questions to construct a stable, consistent definition of small business status. Each business is then classified into one of three categories: poor, neutral, or good. Once each business is measured on a consistent scale, the survey results are fed into a multilevel regression model to generalize our results to a broader set of businesses enabling us to measure the health of businesses not just nationally but also at the level of state, industry, and business size. The model uses employee size, industry type, and location as individual level predictors, as well as data from the BLS on job change by industry.



Next, to ensure that our model results are reflective of the small business population in the U.S., we adjust our estimates using the number of businesses in the over 5,000 possible combinations of state, industry, and firm-size categories to ensure that the model of business health represents the U.S. population of small businesses.

The process used is known as post-stratification, something which was not possible with the original sample due to sample-size limitations. The population estimates for employee size, industry, and location were obtained from the U.S. Census 2020 Statistics of U.S. Businesses dataset.

Percentage breakdowns for region, employee size, and sector:

<b>Manufacturing and Resources</b>	19%		<b>Employee Size: 1-4</b>	61%		<b>Northeast</b>	20%
<b>Services</b>	25%		<b>Employee Size: 5-19</b>	27%		<b>Midwest</b>	21%
<b>Retail</b>	24%		<b>Employee Size: 20-99</b>	10%		<b>South</b>	35%
<b>Professional services</b>	29%		<b>Employee Size: 100+</b>	2%		<b>West</b>	25%
<b>Other</b>	3%						