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Small Business Owners Report Record Confidence

Economic uncertainty not changing Main Street's upbeat outlook

WASHINGTON, DC - Data from the 2019 Q4 **MetLife & U.S. Chamber of Commerce [Small Business Index](#)** (Index) indicates that employers are experiencing record high levels of confidence about their businesses and financial future. The overall Index score increased again this quarter to 71.3, up 0.6 points from Q3, marking the highest number since the Index's inception. The survey of 1,000 small business owners shows that more than 71% currently have a "strong outlook" on the small business environment and optimism about their own business health, the highest level recorded in the Index since it began in 2017.

In addition, the number of small business owners who have a positive outlook on their local economies has increased three percentage points from Q3 to 59%. Not only are small business owners confident in what they see as healthy local economies, more than half (57%) believe that the U.S. economy is in good health, continuing an overall positive trend since Q1 2019 (53%). Midwest small businesses rank the most optimistic concerning the national economy with 62% of business owners believing the economy to be in good health.

"This quarter's findings emphasize that small businesses are one of the backbones of our economy," said Jessica Moser, senior vice president, Small & Specialty Business, MetLife. "Although we hear media reports of many larger businesses retrenching, in most industries small businesses continue to thrive, and many indicate plans to expand, whether by increasing headcount, increasing investment in the business, or both."

Hiring pace remains hot

One in five (20%) of small businesses report increasing their staff size over the past year, the highest percentage in the Index's history. Hiring plans also showed interesting trends with 36% of minority-owned small businesses having plans to grow staff compared to 27% of non-minority owned businesses. More than half (51%) of millennial owned businesses have plans to grow their staff. In comparison, 25% of Baby Boomer generation or older owners have plans to increase staff.

"Through this quarter, small business optimism has continued to grow reaching unprecedented levels. These high levels of confidence have prompted Main Street employers to increase hiring," said Tom Sullivan, vice president of small business policy at the U.S. Chamber of Commerce. "It is remarkable that millennial-owned and minority-owned small businesses have aggressive hiring plans despite the tight labor market."

Manufacturers lag in overall confidence

Small manufacturers have become more pessimistic about the national economy over the last two quarters with a decline of 11 points (from 69% in Q2 to 58% in Q4). This quarter, small manufacturers remain the least likely to plan to increase investments (19%) compared to 26% for all small businesses.

Manufacturing remains the least optimistic across industries when reporting expected revenue growth, although it is higher than last quarter (54% in Q4, was 49% Q3). The sector's hiring plans (31%) are statistically unchanged since last quarter (32% in Q3 2019).

Technology use among small business owners

This quarter's Index spotlights small business attitudes towards adopting technology for their businesses. Small businesses showed a strong affinity for technologies that help them complete daily tasks like accounting software. They also cited cost as the biggest barrier to adopting new technology.

"No matter what business you feel like you're in, almost every company now is a "tech company"—or should be," said Casey Stanley, Vice President of Ontario Systems and a U.S. Chamber Small Business Council Member. "Technology drives how companies operate today. Businesses that make steady and smart investments in technology are the ones who lead, are more profitable, and are more prepared to weather challenging business times."

A majority of small business owners are concerned about cybersecurity threats (54%) and data privacy issues (50%). By sector, professional service firms are the most concerned about cybersecurity (62% vs. 44%). Professional service firms are also the most likely to agree that data privacy issues are a challenge at 59%.

Cost was identified by 44% of small businesses as, by far, the biggest factor keeping them back from adopting new technologies. Other significant concerns when deciding on new technologies are: the time it takes for IT training (25%) and lack of understanding of new technologies (19%).

About the Small Business Index

The Index is part of a multiyear collaboration by MetLife and the U.S. Chamber to elevate the voice of America's small business owners and highlight the important role they play in the nation's economy. The initiative produces the quarterly MetLife & U.S. Chamber of Commerce Small Business Index; a nationwide event series, and the annual [Dream Big Small Business Awards](#) program, which celebrates the achievements of small businesses and honors their contributions to America's economic growth.

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than 3 million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. For more information, visit www.uschamber.com.

About MetLife

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Please visit www.sbindex.us for the full results and methodology.

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