

Small Business Owners More Cautious About Future Plans as Delta Variant Cases Rise, New Poll Shows

Staffing levels and investments plateau; biggest concerns are revenue, inflation, and supply chains

WASHINGTON, D.C. — With the Delta variant causing a rise in COVID-19 cases, small business owners are showing increasing caution when it comes to future plans for hiring and investing in their business, according to a poll taken July 16 – 30, 2021, and released today by the U.S. Chamber of Commerce and MetLife.

While small business owners are generally happy with their current business health and cash flow, plans for future investment are plateauing compared to earlier in 2021.

Almost half (48%) of small business owners say they plan to keep investments in their business the same over the next year, up 11 percentage points from Q1 (37%). Fewer (29%) plan to increase investment, a drop from 35% in Q1. Also, small business owners who plan to keep their current staffing levels over the next year (as opposed to hiring more) is at 62%, an increase from 52% last quarter.

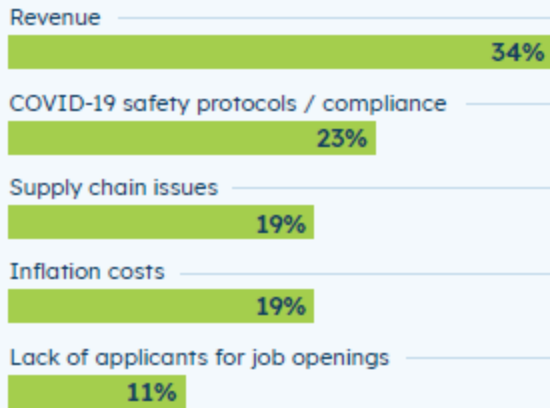
At the same time, small business owners are optimistic about their current business health and recognize improvement in the overall economy. More than half (55%) of small business owners believe the health of their business is good, two-thirds (66%) believe their cash flow situation is good, and 58% expect their revenue to increase in the next year.

One in three (34%) say the U.S. economy is in good health—higher than any point since the pandemic began. However, even here business owners show caution as the improving views come from more businesses saying the economy is “somewhat good.” Just 7% say it is “very good.”

“Limiting large-scale lockdowns and government-mandated business closures kept Main Street open, and paired with rising vaccination rates, small business owners are confident about their future and about the American economy,” said Tom Sullivan, vice president of small business policy at the U.S. Chamber of Commerce. “However, economic momentum has cooled off this quarter as a rise in COVID-19 cases, workforce shortages, and supply-chain woes led to caution among small businesses.”

As small businesses look to put the pandemic behind them, their biggest challenge is generating revenue. Although 58% expect their revenue to increase in the next year, 34% cite revenue as their biggest challenge right now.

Which of the following are the biggest challenges facing small business owners coming out of COVID-19 pandemic?



Higher costs are also proving tough to manage. Seventy-two percent of small businesses said managing higher costs due to inflation is difficult; 73% said rising prices have had a significant impact on their business in the past year.

Supply chain challenges are another top concern. This quarter, 61% of small business owners say it is difficult for them to manage disruptions to their supply chains (80% for retail businesses). Sixty-two percent say their supply chain has been dramatically disrupted during the pandemic.

Additionally, some small business owners are struggling to find workers to fill open jobs. Half (50%) say it is difficult to recruit and hire enough employees to fill open positions and compete for talent with other small (53%) and large (57%) businesses in their area. While 11% of small businesses overall cite this concern, 18% of larger small businesses (20-499 employees) noted it.

Despite these challenges, 79% of small business owners say they are optimistic about the future of their business. Small businesses in the Midwest showed the biggest increase in optimism: 59% feel more positive about their health this quarter, a 14 percentage point increase from Q2.

“It is promising to see a return of hope and optimism among small business owners, especially when it comes to their views on their business health and the overall economy,” said Jessica Moser, senior vice president, Small and Specialty Business at MetLife. “Small business owners are resilient and tenacious - attributes that are essential as they continue to navigate an evolving environment—however, their sense of caution is based on very real concerns.”

The current Small Business Index score is 56.6. This represents a 3.4 point decrease from 60.0 in Q2 2021, but is in line with the beginning of the year when the score was 55.9 in Q1 2021. However, the new score remains below findings before the pandemic: the Index score was 71.7 in Q1 of 2020 based on data collected before the full economic impact of the coronavirus became apparent.

More Key Findings:

- **More say minority businesses face unique challenges.** Two-thirds (66%) of respondents acknowledge that minority-owned small businesses face more challenges, an increase of 14 percentage points since this was last asked in Q1 2020.
- **Most see benefits in diverse hiring practices.** Seventy-one percent agree that hiring racially diverse candidates is beneficial for business, and the same percentage agree most businesses should focus on hiring racially diverse employees.
- **Most struggle with work-life balance.** Fifty-two percent of small business owners say they struggle with work-life balance; 51% say they struggle to spend enough time with family outside of work.

About the Small Business Index

The MetLife & U.S. Chamber of Commerce [Small Business Index \(uschamber.com/sbindex\)](https://uschamber.com/sbindex) 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 Index, which is an online survey of 750 small business owners and decision makers designed to take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

From April – July 2020, MetLife and the U.S. Chamber of Commerce had switched to producing a special monthly coronavirus report, the [Small Business Coronavirus Impact Poll](https://uschamber.com/sbpoll). To read those reports, visit uschamber.com/sbpoll. For small business resources on the coronavirus, please visit uschamber.com/co. The latest resources, step-by-step guidance, and insights to help American businesses, workers, and families is available at uschamber.com/coronavirus.

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

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