

Despite Resource Constraints Small Businesses Are Investing in the Workforce and Driving Growth, According to New Study

Goldman Sachs 10,000 Small Businesses and Babson College surveyed over 2,000 of its program alumni

Findings reinforce opportunity to unlock economic potential through support of growth-oriented small businesses and a greater dialogue between small business owners, policymakers and capital providers

NEW YORK, NY and WELLSLEY, MASSACHUSETTS – September 5, 2019 – A new report released today from Goldman Sachs *10,000 Small Businesses*, developed in partnership with Babson College, found that small businesses lead workforce investment and economic growth. Despite resource constraints, small businesses surveyed reflected a commitment to wage growth, healthcare, and workforce training.

The report, “Voice of Small Business in America: 2019 Insights Report,” summarizes findings from a survey of 2,285 small business owners who have graduated from Goldman Sachs *10,000 Small Businesses*. The online survey was administered by Morning Consult, an independent third-party market research firm.

Small businesses employ nearly half of the American workforce. Growth-minded small business owners offer a critical perspective on how to foster entrepreneurial growth, innovation, and job creation. The findings highlight the need to continue dedicating resources to small businesses, while fostering greater knowledge-sharing and dialogue between small business owners, capital providers, and policymakers to unlock greater economic potential.

“Small businesses are vital to the health of our economy and core to what makes our communities strong. It is critical we create an environment that supports their growth,” said Asahi Pompey, Global Head of Corporate Engagement and President of the Goldman Sachs Foundation. “The data shows that small business owners will go above and beyond to support their employees—they will invest in training, provide healthcare and support wage growth— even if that reduces their bottom line.”

“This study confirms what we have heard for years. As small businesses grow, their biggest challenge is hiring the right people, which is especially tough in a tight labor market,” said Richard Bliss, National Academic Director of the Goldman Sachs *10,000 Small Businesses* program at Babson College. “We should consider how to narrow the growing skills gap and better facilitate a strong talent pipeline for small businesses.”

Key findings from the report include:

- 1. Workforce challenges:** The #1 challenge for small businesses is still hiring and retention, with 76% reporting difficulty to attract, hire and retain employees. When reviewing candidates, respondents prioritized attributes like a positive attitude, willingness to learn and integrity over work experience and education.
- 2. Uncertainty with taxes, trade and shutdowns:** 46% reported not to know how the Tax Cuts and Jobs Act of 2017 impacts their business growth; nearly half reported they were either negatively impacted or unsure about how changes in tariffs and trade policy would impact their business. For those who contract with the federal government, nearly 40% reported they were negatively impacted by the shutdown in late 2018 and early 2019.
- 3. A higher minimum wage:** Small businesses support a higher minimum wage: nearly 8 in 10 respondents favored a higher local minimum wage, a finding that persisted for 65% of respondents who stated they would be negatively impacted by an increase. This reflects the underlying tension

small business owners face: paying employees a robust wage while managing the bottom line.

4. **Healthcare for employees:** Though the ACA only requires 8% of respondents to provide healthcare, the majority provide health benefits to at least some of their employees, largely because they believe “it’s the right thing to do.”
5. **Impact of automation:** Though 71% have introduced some form of automation only 5% have laid-off employees due to it, while 35% transitioned their existing employees into new positions and 32% hired new employees.
6. **Gender differences:** Female respondents were less optimistic about the current economy than men (women 65% vs. men 77%) and nearly one-fifth of female respondents reported their gender negatively affected their ability to secure financing, compared to just 2% of men.
7. **Capital challenges:** 80% of respondents relied on personal finances to start their business and nearly half continue to rely on their personal finances to sustain and grow their business. Successfully securing external capital is a greater challenge for business owners of color, who were more likely to apply for funding than white business owners, but two times more likely to receive no funding at all.

About Goldman Sachs *10,000 Small Businesses*

Goldman Sachs *10,000 Small Businesses* is an investment by Goldman Sachs and the Goldman Sachs Foundation to help entrepreneurs create jobs and economic opportunity by providing greater access to education, capital and business support services. To date, *10,000 Small Businesses* has served over 8,600 small businesses across the United States. The program has reached businesses from all 50 states, Puerto Rico, and Washington, D.C, and has resulted in immediate and sustained business growth for the alumni of the program.

About Babson College

Babson College is the educator, convener, and thought leader of [Entrepreneurship of All Kinds®](#). The [top-ranked](#) college for entrepreneurship education, Babson is a dynamic living and learning laboratory where students, faculty, and staff work together to address the real-world problems of business and society. We prepare the entrepreneurial leaders our world needs most: those with strong functional knowledge and the skills and vision to navigate change, accommodate ambiguity, surmount complexity, and motivate teams in a common purpose to make a difference in the world, and have an impact on organizations of all sizes and types. As we have for nearly a half-century, Babson continues to advance [Entrepreneurial Thought & Action®](#) as the most positive force on the planet for generating sustainable economic and social value.

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