

SURVEY: SMALL BUSINESS OWNERS GIVE THE FEDERAL GOVERNMENT LOW GRADES FOR EFFECTIVENESS OF PROGRAMS, SERVICES, AND TAX CREDITS AVAILABLE TO SMALL BUSINESSES

94% say it is important for Congress to comprehensively modernize the Small Business Administration (SBA) for the first time in 23 years.

Small Businesses and the Federal Government

70% of small business owners give the federal government a “C or below” grade for the effectiveness of programs, services, and tax credits available to small businesses. Additionally, 85% give the government a “C or below” grade for the job it does communicating about the essential resources and services that are available to them.

If you were to assign a letter grade to the federal government specifically for the effectiveness of the programs, services, and tax credits available to small businesses, what grade would you assign?

- A: 2%
- B: 14%
- C: 32%
- D: 23%
- F: 15%
- Don't know: 14%

If you were to assign a letter grade to the federal government specifically for the job it does marketing and communicating about the programs, services, and tax credits available to small businesses, what grade would you assign?

- A: 1%
- B: 11%
- C: 35%
- D: 30%
- F: 20%
- Don't know: 4%

93% of small business owners think it is a problem that elected officials in Washington prioritize policy issues impacting big businesses over small businesses

96% believe the federal government should be doing more to tailor programs and services to better reflect the realities and needs of small businesses

Do you think the federal government is doing an excellent job, a good job, or a poor job in its effectiveness in each of the following areas?

		Excellent	Good	Poor	Don't Know
1.	Access to capital programs	2%	27%	42%	29%
2.	Technical assistance and entrepreneurial development	2%	23%	44%	31%
3.	Disaster assistance relief programs	10%	42%	16%	32%
4.	Procurement/contracting assistance and support	1%	14%	40%	45%

2023 Forecast

Small business owners report optimism about their businesses' health and hiring outlook in the new year, even as they expect a recession.

Given the current operating environment, are you optimistic or pessimistic about the financial trajectory of your business in 2023?

Optimistic: 68%
Pessimistic: 29%
Don't know: 4%

Do you expect your business to create new jobs, cut jobs, or maintain the same number of jobs in 2023?

Create new jobs: 51% - Should be 31 bars, so add one back
Maintain the same number of jobs: 38% - Should be 23 bars, so remove one again
Cut jobs: 7%
Don't know: 4%

Do you expect your business to increase profits in 2023?

Yes: 60%
No: 24%
Don't know: 16%

Based on what you know and are experiencing in your business, do you think the US economy will experience a recession in the next 12 months?

Yes – 55%
No – 16%
Don't know – 28%

The State of the Economy

The current economic climate presents challenges to businesses of all sizes, but only 9% of small business owners surveyed have implemented layoffs over the past three months.

How would you describe the current state of the economy?

Excellent: 0%
Good: 18%
Fair: 50%
Poor: 25%
Very poor: 6%
Don't know: 1%

Has your business been forced to lay off any employees over the past three months due to economic conditions?

Yes: 9%
No: 90%

Have increased interest rates had a negative impact on your business, a positive impact, or no impact at all?

Negative – 61%
Positive – 2%
No impact – 32%

Over the next 12 months, which of the following economic environments would be better for you?

Lower interest rates, higher inflation, more growth: 41%
Higher interest rates, lower inflation, less growth: 19%
Don't know: 40%

Compared to three months ago, have inflationary pressures on your business increased, stayed the same, or decreased?

Increased: 72%
Stayed the same: 23%
Decreased: 3%
Don't know: 2%

Which of the following do you think is the most significant problem facing small businesses?

1. Difficulty finding and retaining qualified employees: 35%
2. Inflation: 23%
3. Affordable employee benefits: 13%
4. Access to capital: 10%

5. Interest rate increases: 6%
6. Supply chain / inventory management: 6%

Workforce Challenges

A majority of small businesses are still hiring – but recruiting and retaining qualified candidates continues to be a significant challenge for small business owners surveyed.

59% of small businesses are currently hiring full-time or part-time employees

82% of those hiring are finding it difficult to recruit qualified candidates for open positions

64% of small business owners have been impacted by a loss of productivity from employee turnover

51% of small business owners say some of their employees work multiple jobs

FOOTER:

10KSBV, Babson, and David Binder logos

Source: Survey of **1,838** Goldman Sachs *10,000 Small Businesses* participants conducted by Babson College and David Binder Research from January 23 – January 26, 2023. The survey included small business owners from **48 US states**.