



# The Small Business Perspective: Navigating Today's Labor Market and Digital Transformation

August 2024



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## Executive Summary

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1. Small business owners and employees remain optimistic toward the future of their small business.
2. Small business owners are feeling the impact of their top macroeconomic stressors: competition, the economic environment and inflation.
3. A strong majority of small businesses have grown in the past year despite more than half reporting labor challenges.
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# A letter from Shruti Patel

## Executive Vice President and Chief Product Officer, Business Banking

### It is my pleasure to present the U.S. Bank 2024 Small Business Perspective report.

With this year's research, we continue to take an in-depth look at what stressors small business owners are facing in today's economy and the challenges they are experiencing – including efforts to retain and engage employees and the impact of AI on operations and job security. Our 2024 report also includes insights from small business employees to offer a holistic view of the small business landscape.

We found that most small business owners continue to show optimism for the future, with 90% rating their business as successful, a notable 4-percentage point increase from 2023. We found that almost three in four (73%) owners report that their business has grown over the past year, even more so for Black owners (84%) and Hispanic owners (80%). At the same time, many U.S. owners are facing broader challenges such as being understaffed (52%) and having to postpone strategic growth initiatives due to labor shortages (56%).

From the perspective of embracing the future, small business owners and employees understand the critical role digital tools play in enhancing their

business success and efficiency. They also find AI and automated solutions to be an exciting prospect, but both have some apprehension.

At U.S. Bank, it is an honor to power the potential of our small business clients. The insights from this data will help inform our role in supporting them through ongoing economic uncertainty and change.

The fact that almost 9 in 10 small business owners and 3 in 4 employees share a positive outlook on the future of their business, underscores the resilience of small businesses and the value they bring to our communities.

Our team is committed to providing information, connections and resources to help small businesses thrive in today's competitive landscape.



A stylized handwritten signature of Shruti Patel in black ink.

**Shruti Patel**  
Executive Vice President  
Chief Product Officer, Business Banking  
U.S. Bank

## Key findings from our research

### 1 Small business owners and employees remain optimistic toward the future of their small business.

Nearly 9 in 10 (87%) owners report feeling optimistic towards the future of their business, and the majority say their business has grown (73%).

### 2 Small business owners are feeling the impact of their top macroeconomic stressors: competition, the economic environment and inflation.

Top stressors for owners include competition (NET; 73%), economic environment (NET; 71%), inflation / increased costs of materials /supplies (65%), supply chain disruptions (47%), and obtaining enough funding to support their business (42%). Nearly half (49%) of owners say their top stressors are delaying their ability to grow their business at the rate they had wanted.

### 3 A strong majority (73%) of small businesses have grown in the past year despite more than half reporting labor challenges.

Over half of owners are understaffed (52%) and many indicated they are navigating an increasingly competitive labor market (77%). Owners also report they are struggling to increase their employees' salaries to keep pace with the rising cost of living due to inflation (65%).

### 4 Small business owners see the benefits of AI and automation. And while small business employees agree, there is lack of clarity on how automation will change the nature of their jobs.

7 in 10 owners (71%) and over half of small business employees (55%) agree that digital tools can make their jobs easier. However, with the rise of AI tools, there is lack of clarity among small business employees on how automation will change the expectation of their job (48%). Additionally, a quarter (25%) of small business employees and nearly half (47%) of small business owners say they are concerned their job or business will be replaced by automation in the future.

### 5 Small business owners recognize the critical role digital tools play in enhancing business success and efficiency – and are looking to their banks for help.

9 in 10 (94%) owners agree that digital tools are important. 8 in 10 say they prefer service providers who can bundle the banking, payments, and operations digital tools they need (80%), and prefer their bank to provide them with digital solutions for banking, payments, and other administrative tasks (79%).

**6**

**Knowing many small business employees value frequency of paychecks and digital solutions, owners are offering more flexible payroll options.**

Nearly 8 in 10 (76%) small business employees say that being paid when they want to be is very important to their success at work, and nearly three-quarters (71%) of owners say they would like to be able to offer more flexible payment options for their employees.

**7**

**Top three takeaways from small business employees:**

- **Employees of small businesses feel optimistic (78%)** about what's ahead and say they are unlikely (64%) to change jobs. They're motivated by the same factors as when they started—salary, work flexibility, and benefits.
- **9 in 10 say digital tools are important to their success at work** and having the right tools to do their job efficiently is important (93% and 89% respectively), but employees also recognize their benefits for the broader business as well.
- **Automation and AI are seen as beneficial to most (59%), but not without some apprehension** – as nearly half (48%) of employees say there is lack of clarity on how automation will change the expectation of their job and 1 in 4 (25%) are worried their job could be replaced by automation.

**8**

**Black small business owners have seen their businesses grow over the past year and are optimistic for the future. They are embracing digital tools, but payroll management remains a challenge.**

Black owners (94%) view the future of their business with more optimism compared to owners overall (87%), are more likely to rate their business as extremely successful (67% vs. 60% for owners overall) and are also more likely to characterize their business as having grown over the past year (84% vs. 73% for owners overall).

**9**

**Hispanic small business owners aim to increase their business' efficiency and growth by addressing labor shortages and implementing more digital tools.**

Navigating an increasingly competitive labor market has caused Hispanic owners to evolve their strategies such as upgrading benefits (72% Hispanic owners vs. 65% for owners overall) and feeling the need to offer ownership or equity incentives to potential hires (67% Hispanic owners vs. 52% for owners overall).

# Small business owners and employees remain optimistic toward the future of their small business.

## Small business owner and employee sentiment:

### Owner Optimism:

Optimism among owners has remained stable year-over-year, with nearly 9 in 10 reporting feeling optimistic towards the future of their business (87% in 2024 vs. 87% in 2023).

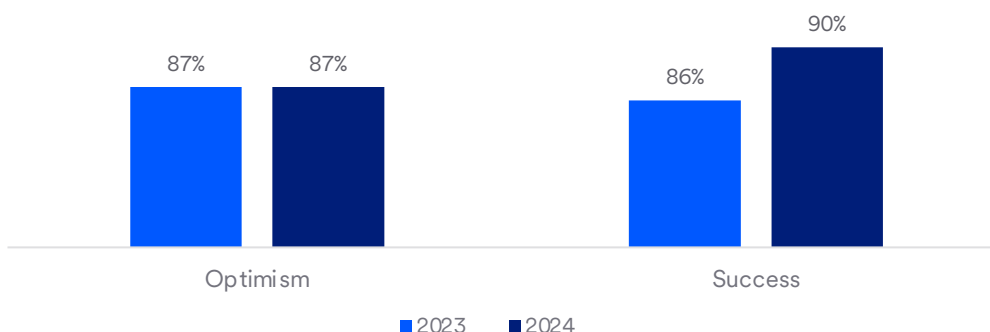
### Owner Future Growth:

Additionally, a majority of owners say their business has grown over the past year (73%), and 9 in 10 rate their business as successful – an increase from last year (90% in 2024 vs. 86% in 2023).

### Owner and Employee View of Business Success:

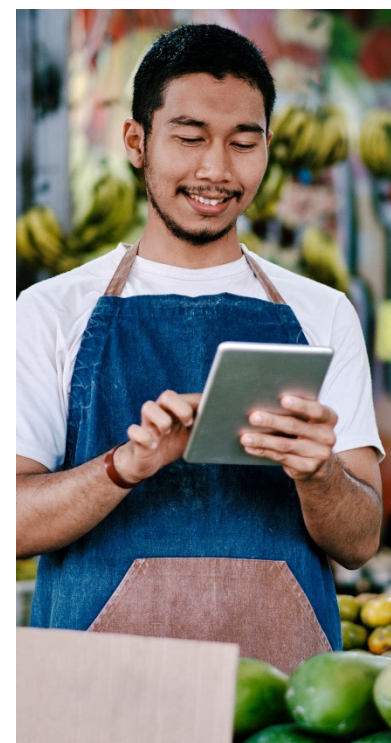
9 in 10 owners (90%) and over 8 in 10 small business employees (86%) are very likely to rate their business as successful and characterize the business as growing over the past year (73% owners and 63% employees).

## Small Business Owner Optimism and Success



# 90%

of owners are very likely to rate their business as successful.



## Small business owners are feeling the impact of their top macroeconomic stressors: competition, the economic environment and inflation.

### Top macroeconomic stressors for small business owners:

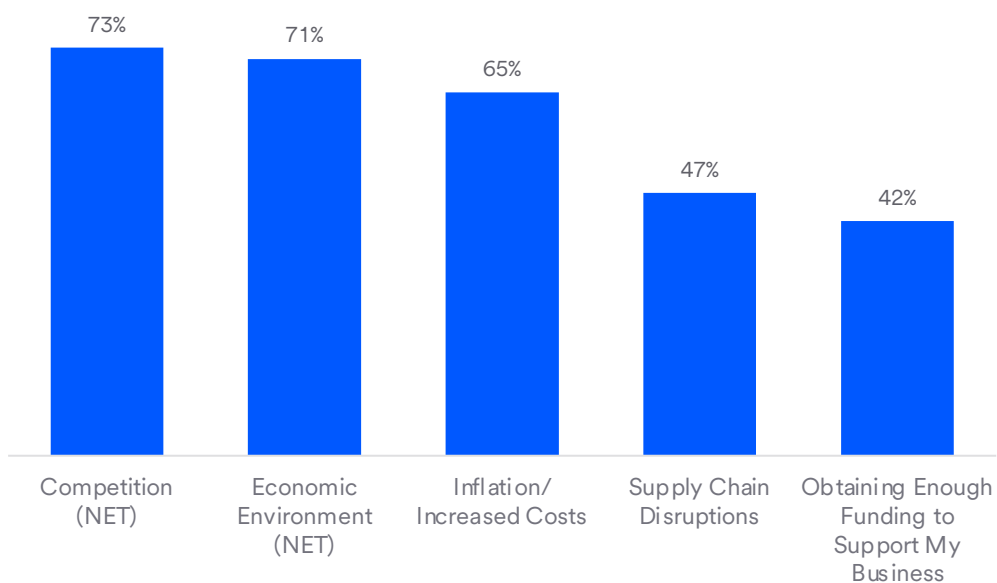
#### Competition:

Owners share similar levels of concern with both competition from other small businesses and competition from large businesses.

- **51%** rank competition from other small businesses among their top-five stressors.
- **50%** rank competition from large businesses among their top-five stressors.

Notably, owners from younger generations (Gen Z + Millennials) are slightly more concerned by competition from large businesses than older generations (Gen X, Boomers, Silent).

#### 2024 Top Stressors for Owners



# 73%

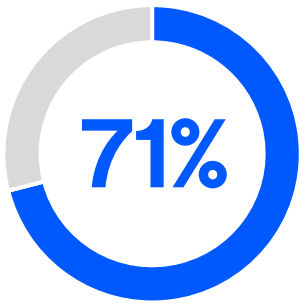
of owners say competition ranks in their top 5 stressors.

# 13%

of younger owners say competition from larger businesses ranks as their #1 stressor.

(vs. 9% of older owners)

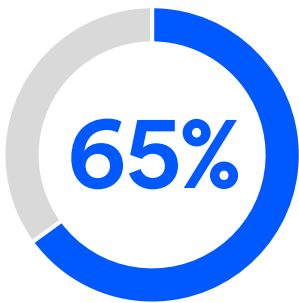
## Top stressors for small business owners (continued):



of owners rank economic environment among their top 5 stressors.

### Economic environment:

Owners are almost equally concerned about the national economy (51%) and local economy (47%).



of owners rank inflation / increased costs of materials / supplies among their top 5 stressors.

### Inflation / increased costs of materials / supplies:

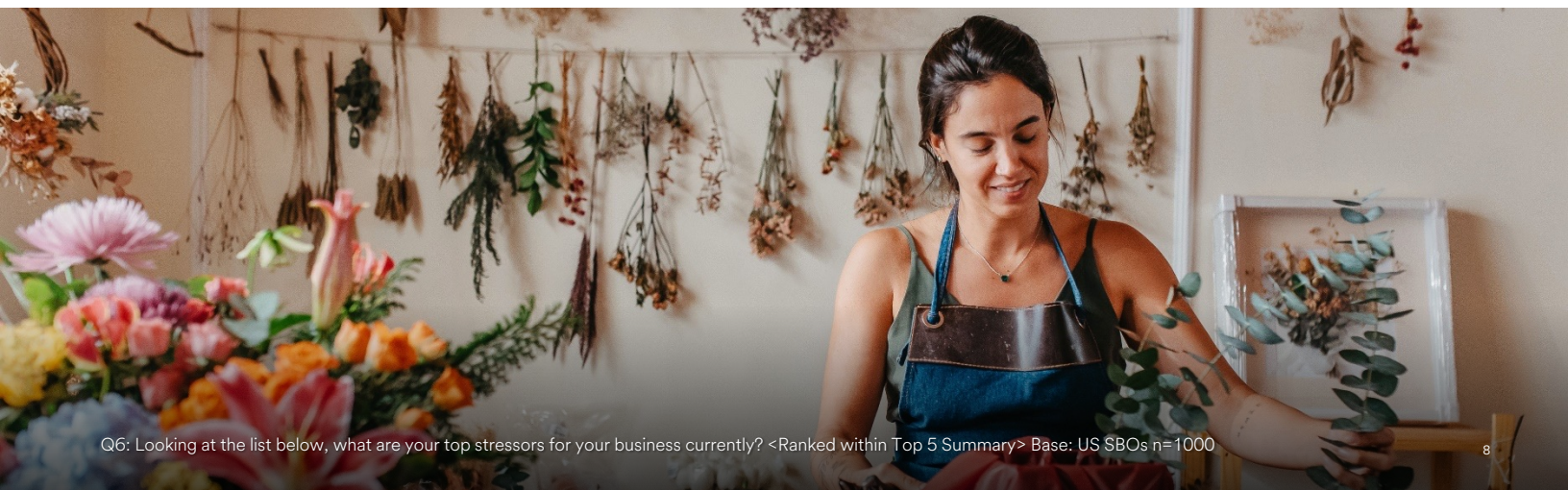
The business impacts of inflation are more top of mind for older owners (Gen X + Boomers + Silent). **7 in 10** rank inflation / increased costs of materials / supplies among their top-five stressors.

**% ranked inflation / increased cost of materials / supplies among their top-five stressors:**

- **65%** of total owners
- **60%** of Gen Z and Millennial owners
- **71%** of Gen X, Boomer and Silent Generation owners

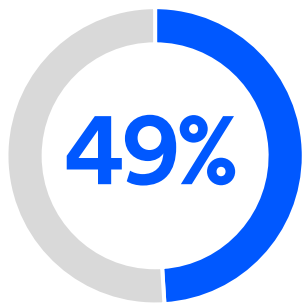
# 31%

of owners rank political environment among their top 5 stressors.

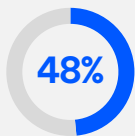




## The impact of small business owners' top stressors:

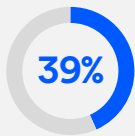


Nearly half of owners say their top stressors are delaying their ability to grow their business at the rate they wanted.



of those who cited **competition (NET)** as their top stressor

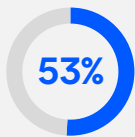
+



of those who cited **supply chain disruptions** as their top stressor

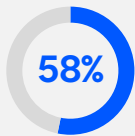


Said these stressors were **delaying their ability to grow their business at the rate they wanted.**



of those who cited **economic environment (NET)** as their top stressor

+



of those who cited **inflation or increased costs of materials / supplies** as their top stressor



Said these stressors were **decreasing their revenue.**

Top stressors are having a differentiated impact on younger owners (Gen Z + Millennials) vs. older owners (Gen X + Boomers + Silent)...

- **39%** of younger owners say their top stressors are causing a need for access to additional capital (vs. 30% older owners).
- **32%** of younger owners say their stressors are making them lack sufficient time to train staff to foster business growth (vs. 23% older owners).

## A strong majority of small businesses have grown in the past year despite more than half reporting labor challenges.

### Small business owners encounter labor challenges and struggle to remain competitive as their business grows:

#### Current Small Business Growth:

At the time this survey was conducted, three in four owners said they were hiring due to the growth of their business (76%) and in terms of hiring volumes, two-thirds (64%) of owners said they were adding between 1 and 5 positions over the next 12 months.

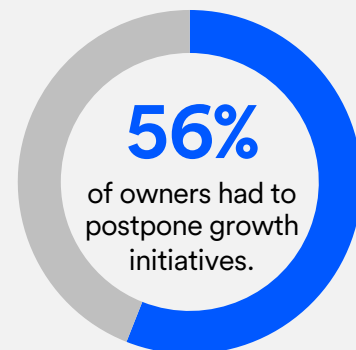
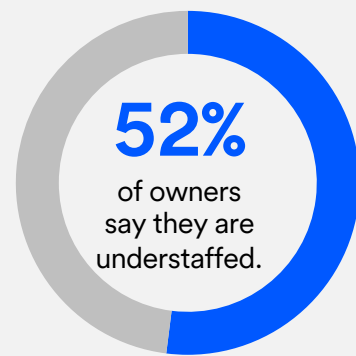
#### Owner Staffing Challenges:

Half of owners (52%) say their business is currently understaffed and more than half of owners (56%) have had to postpone strategic growth initiatives because of labor shortages.

#### Addressing Labor Challenges:

While 8 in 10 owners (82%; NET) say they plan to focus on addressing labor challenges to reach their business goals in the next 12 months, they also say they need help in:

- Upskilling/reskilling their workforce (27%)
- Having enough staff (27%)
- Attracting and retaining skilled employees (25%)



## Retaining and Attracting Employees:

Most owners say they plan on implementing strategies to retain current employees and / or attract potential hires.

As a result, nearly 9 in 10 owners (85%) are planning to provide pay raises and bonuses over the next year.

In addition, more than 8 in 10 owners (83%) plan on accommodating current and future employees' want of a healthy work-life balance by offering flexible work hours.

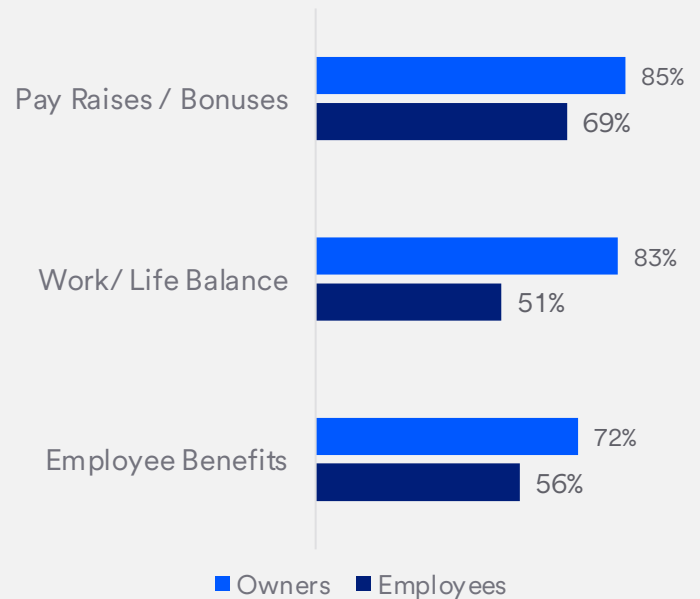
Furthermore, nearly three-quarters of owners (72%) say they plan to increase employee benefits in the next year and two-thirds (65%) say they've had to upgrade benefits to attract qualified employees.

## Employees Perspective on Retention Strategies:

These factors are also important to small business employees as they say they would be incentivized to stay in their current role through pay raises and bonuses (69%), increasing employee benefits (56%), and offering flexible work hours (51%).

Further, small business employees' top priorities when accepting their current role were salary (65%), flexibility that supports a good work-life balance (61%), and benefits (52%).

## Strategies to Retain or Attract Employees



## Owners Struggle to Remain Competitive

Despite owners' intention to do right by their employees, many indicate their business is struggling to stay competitive in a challenging economy.

Therefore, 3 in 5 (65%) owners agree that they are struggling to increase salaries to keep pace with the rising cost of living due to inflation.

Similarly, three-quarters (77%) of owners are also navigating a labor market that most feel has become increasingly competitive in the past 12 months.

4

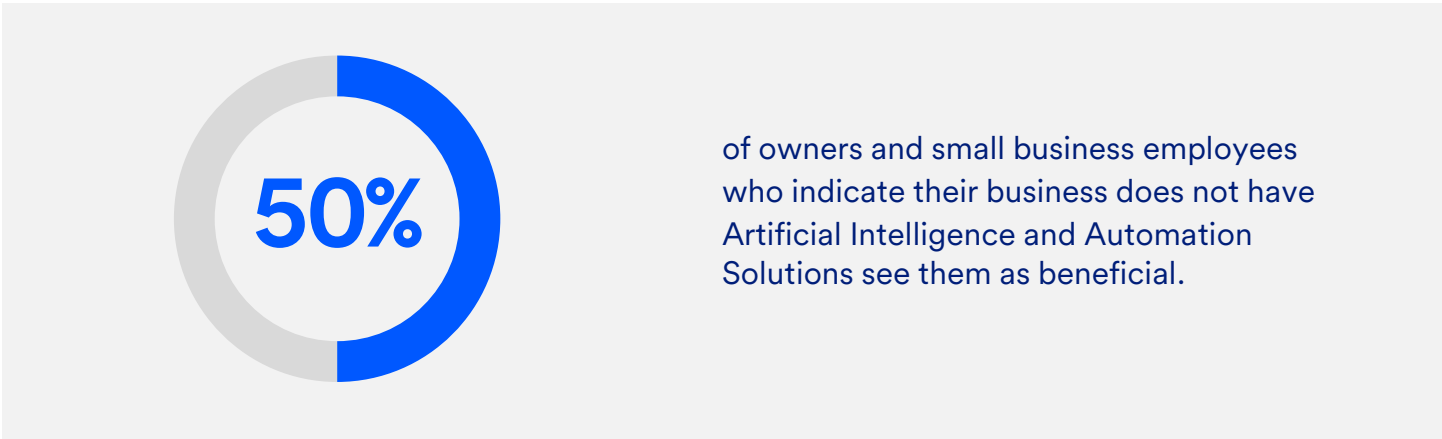
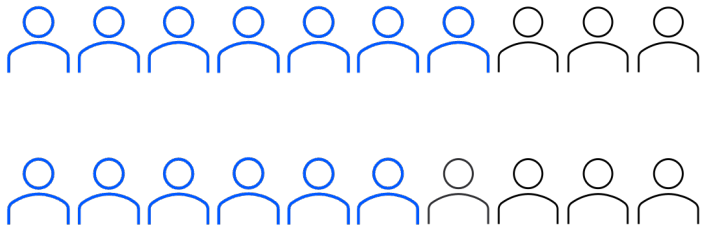
# Small business owners see the benefits of digital tools, including AI and automation. And while small business employees agree, there is lack of clarity on how automation will change the nature of their jobs.

Digital tools are essential for the productivity and success of small business staff, and they recognize their benefits for the broader business as well.

**7 in 10 small business owners and over half of small business employees agree that digital tools can make their jobs easier.**

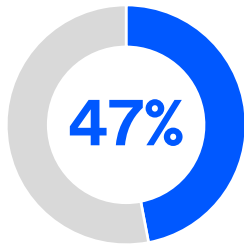


Nearly 7 in 10 (68%) owners specifically think Artificial Intelligence and Automated Solutions (e.g., ChatGPT, Qualifier.ai, Automated chat bots, Drift, Leena AI) are beneficial (vs. 59% of employees) and 6 in 10 (60%) owners say they have implemented AI and Automated Solutions.

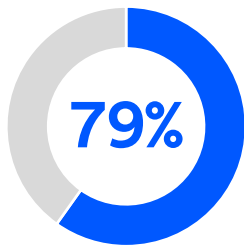


Q17b: How important or unimportant are the following solutions [SHOW SBOs: to your business's current and future success SHOW EMPLOYEES: to your success at work]? <Showing Beneficial NET; Beneficial Top 3 Box; Don't have the tool, some benefit NET>, Q20: How much do you agree or disagree with each of the following statements? <Showing Agree Top 2 Box> Base: US SBOs n=1000; US Employees n=1000

**Nearly half of small business owners are worried that their company will be replaced with automation.**

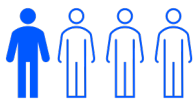


I'm worried my company (or products/services) will be replaced by automation.



**Despite hesitations, nearly 8 in 10 (79%) owners** who don't currently use AI say they are open to implementing AI and Automated Solutions in the next 12 months.

With the rise of AI tools, there is also lack of clarity among small business employees on how automation will change the expectation of their job, and 1 in 4 (25%) are worried their job could be replaced.



**1 in 4**

**Small business employees are worried their job could be replaced by automation.**

**1.5x**

**Gen Z and Millennial small business employees** are **1.5x** more likely to agree that they are worried about their job being replaced by automation than older generations.

(30% Gen Z + Millennials Employees vs. 19% Gen X + Boomers + Silent Employees)

## Small business owners recognize the critical role digital tools play in enhancing business success and efficiency – and are looking to their banks for help.

Owners recognize the importance of digital tools and put the greatest emphasis on solutions that service their day-to-day functions such as accounting software. In fact, nearly 3 in 4 owners (71%) agree that digital tools can make their jobs easier.

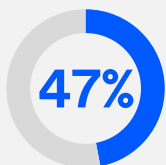
**9 in 10** owners say digital tools are important.

**8 in 10**

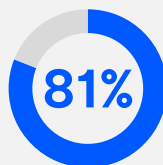
owners agree incorporating digital marketing tools can help grow the business and improve customer experience.

Owners view tools such as Payment Processing and Merchant Services solutions and Accounts Payable / Accounts Receivable solutions as the most essential and beneficial. These solutions are also the most widely adopted, yet nearly a quarter (23%) of owners say they do not yet have any Accounts Payable / Accounts Receivable solutions.

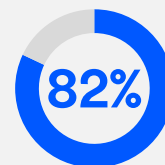
### Payment Processing and Merchant Services Solutions



of owners say this tool is essential.

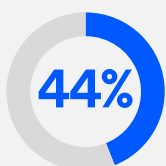


of owners say this tool is beneficial.

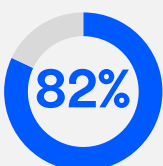


of owners say they have this tool.

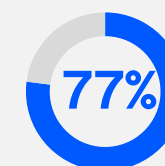
### Accounts Payable / Accounts Receivable Solutions



of owners say this tool is essential.



of owners say this tool is beneficial.



of owners say they have this tool.



## Efficiency and workflow optimization are top of mind for small business owners.

Roughly 6 in 10 (58%; NET) owners say digital tools would be most helpful in simplifying their work so they can focus on growth and/or creating more efficient processes and improving overall productivity.

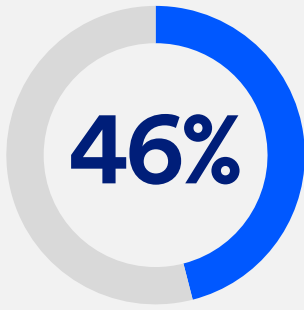
Ultimately, owners feel that digital tools are most beneficial when:

- **42%** Simplifying their work
- **37%** Preventing fraud
- **36%** Creating more efficient processes and improving overall productivity

Additionally, operational improvements are crucial for owners as 75% agree that consolidating their digital tools is a priority for streamlining their workflow.

They show less interest in digital tools benefits such as:

- **22%** Decreasing overtime pay
- **23%** Accelerating hiring process by automating certain tasks
- **31%** Preventing cybersecurity threats/attacks



To reach their business goals, almost half of owners say they plan on focusing on digital tools over the next 12 months but say they need help.



**31%** plan on adopting new digital solutions but need help.

**30%** plan on having the right digital tools to do their job effectively but need help.

Those lacking digital tools are most open to additional solutions that serve their daily operations. Their top three include:

- **87%:** Payment Processing and Merchant Services Solutions (e.g., Square, Stripe, PayPal, Clover, merchant services solution from a banking partner)
- **83%:** Contactless Payments, like Tap to Pay; Digital Wallets; P2P (Zelle, Venmo)
- **81%:** Email Marketing Solutions (e.g., MailChimp, ActiveCampaign)



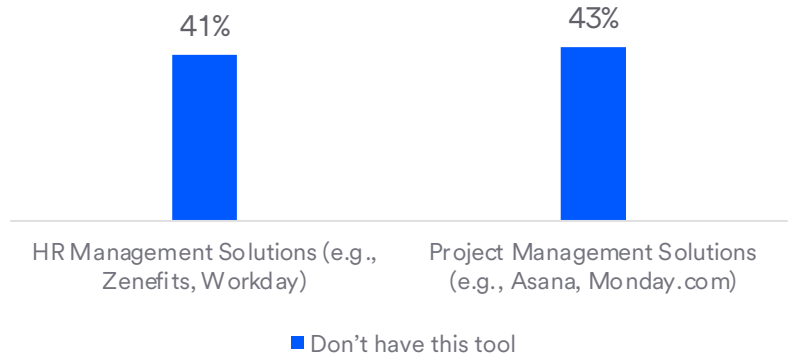
Q10: Thinking about that same list, are you planning on doing or focusing on any to reach your business goals within the next 12 months? <Showing Yes, I plan to do this, but I need help>; Q18: You previously mentioned that you don't currently have the following solutions. Which of the following do you plan to implement within the next 12 months? <Showing Open to Implementing NET>; Base: US SBOs Payment Processing and Merchant Services Solutions n= 111; Contactless Payment n= 142; Email Marketing Solutions n= 216; n=1000



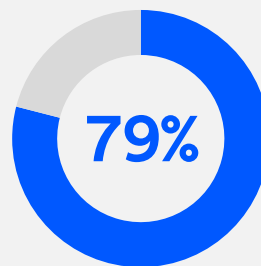
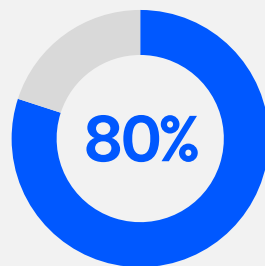
**Digital tools that serve the business long-term, such as HR or project management software, are less likely to be adopted by small business owners.**



Least Adopted Digital Tools Among Owners



A strong majority of owners say they prefer service providers who can bundle the banking, payments and operations digital tools they need (80%) and prefer their bank to provide them with digital solutions for banking, payments, and other administrative tasks (79%).



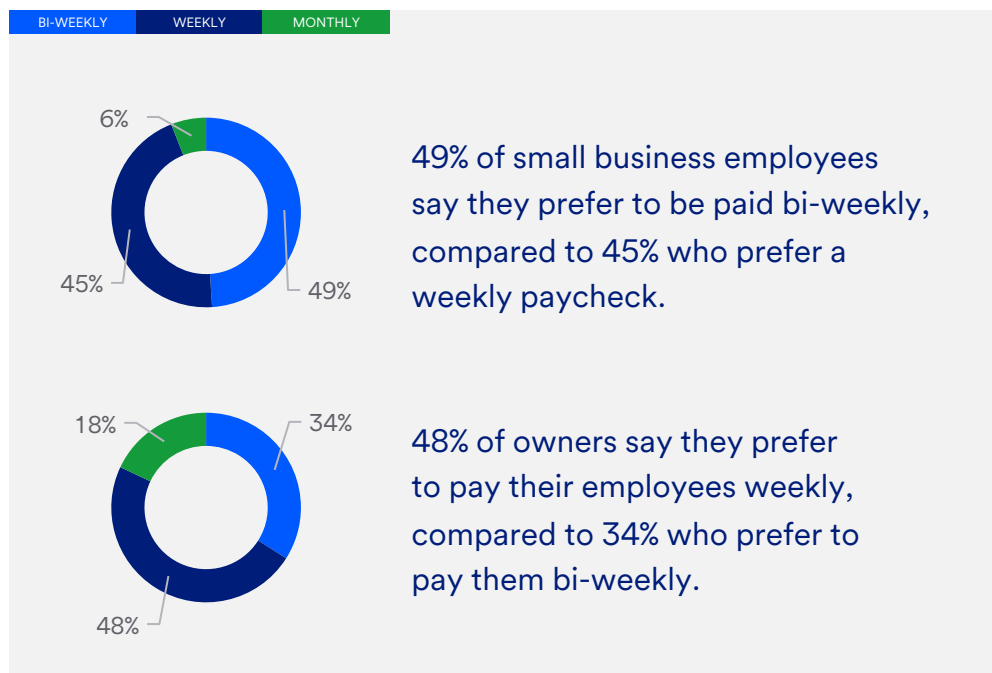
**57%**

There is significant opportunity for banks to provide help in consolidating solutions as **57% of owners say they are overwhelmed by the number of digital solutions they need to run their business.**

## Knowing many small business employees value frequency of paychecks and digital solutions, owners are offering more flexible payroll options.

### Paycheck frequency and flexibility are important for small business employees.

Nearly 8 in 10 (76%) of small business employees say that being paid when they would like to be paid is very important to their success at work. While employees are split, 1 in 2 (49%) still prefer to be paid bi-weekly.



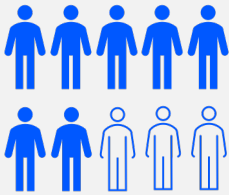
Additionally, 2 in 10 small business employees said they would be incentivized to stay in their current role if their company prioritized receiving paychecks earlier via direct deposit (21%) and increasing frequency of paycheck cycles (22%).

# 71%

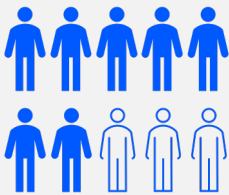
of owners say they would like to be able to offer more flexible payment options for their employees.



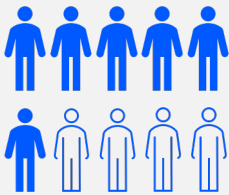
## Small business owners are making changes to try to align with employees' preferences.



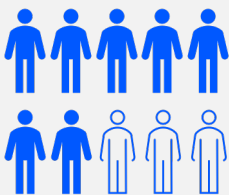
**73%** agree that **implementing a weekly pay schedule** has drawn qualified employees to their business.



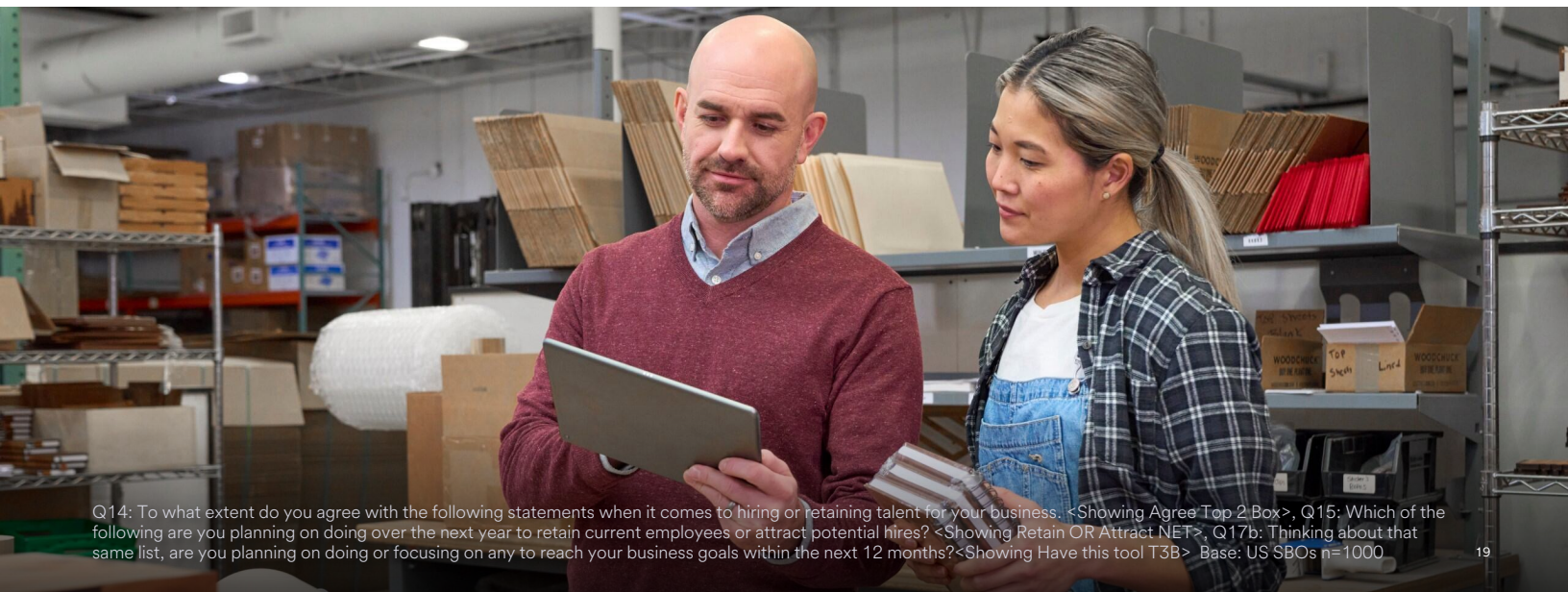
**69%** are planning to **provide paychecks earlier via direct deposit** over the next year to attract or retain employees.



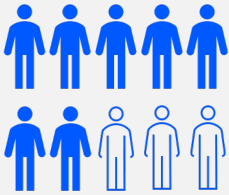
**60%** are planning to **increase the frequency of paycheck cycles** over the next year to attract or retain employees.



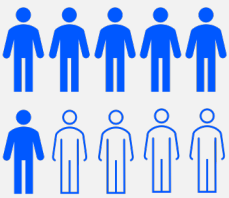
**70%** have a **payroll solutions tool**.  
(e.g., ADP, Paychex, Gusto)



## Small business owners admit that they are struggling to manage their payroll effectively and that digital solutions would help.



**7 in 10 (69%)** owners agree that they need digital solutions to help manage payroll.



**6 in 10 (59%)** owners agree that they spend too much time managing payroll and business expenses.

Owners value digital tools for their ability to provide more flexible payment options and frequency, while reducing the time they spend managing employee payroll:



**32%** say digital tools would be most helpful by having flexibility to pay employees daily/weekly.



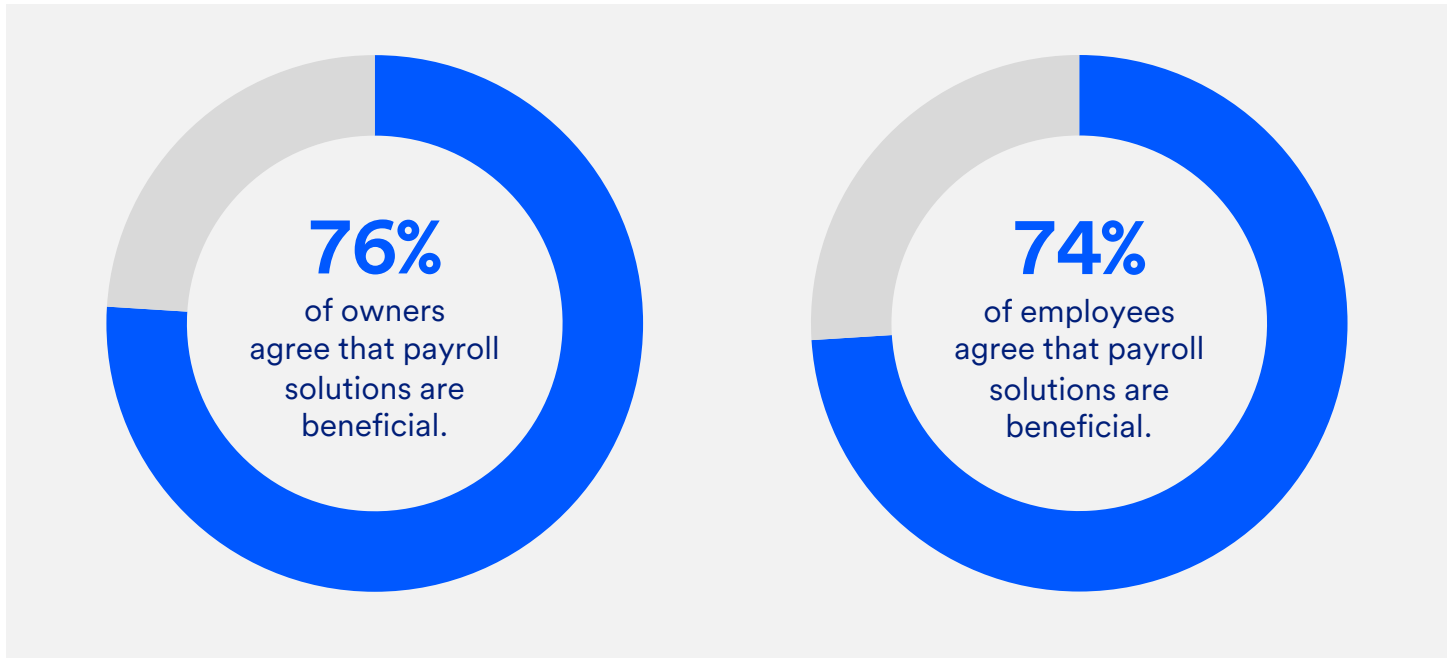
**30%** say digital tools would be most helpful by reducing the hours they spend on employee payroll.



**27%** say digital tools would be most helpful by allowing for more flexible payroll payment options.

## The payroll solutions landscape:

Small business owners and employees alike share similar perspective as to the value of payroll solutions.



Most small business owners that do not currently have a payroll solution are open to implementing one.



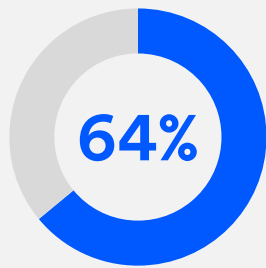
**71%** of owners who do not currently have a payroll solution (e.g., ADP, Paychex, Gusto) say they are open to implementing one.



**37%** of these same individuals say they do not have plans to implement but would like to if they had help.

## Top three takeaways from small business employees

1. Employees of small businesses feel positive about what's ahead and are choosing to stay in their roles, motivated by the same factors as when they started – salary, work flexibility, and benefits.



64% of small business employees say they are unlikely to change jobs within the next year. Older generations are also (73%) less likely than younger generations to change jobs (55%).

Small business employees' top priorities when accepting their current role include:

- **65%** Salary
- **61%** Flexibility that Supports a Good Work/Life Balance
- **52%** Benefits

Small business employees say the top benefits of working for a small business are:

- **67%** Closer Relationships with Coworkers
- **62%** Flexibility that Supports a Good Work/Life Balance
- **58%** Sense of Purpose and Impact

# 78%

of small business employees are optimistic about the future of the business they work for.

Older employees and younger employees differ slightly on priorities and benefits. Younger employees are more likely to say benefits were a top priority when accepting their job (56% vs. 48%), and older employees are more likely to place emphasis on flexibility for work/life balance (65% vs. 59%) as a benefit.

## 2. Digital tools are essential for the productivity and success of small business staff, and employees also recognize how these tools benefit the overall business.

93% of small business employees say digital tools are important to their success at work. Younger generations are more likely to say digital tools are very important to their success at work compared to older generations (71% vs. 59%). Further, 89% of employees say having the right tools to do their jobs effectively is important.

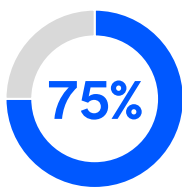
### 9 in 10



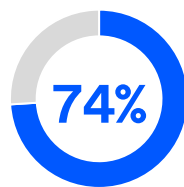
say digital tools are important to their success at work and that having the right tools to do their job effectively is important.

## Small business employees recognize the benefit financial solutions make to run small businesses better.

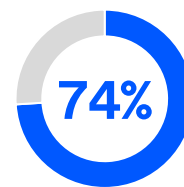
Three-quarters of employees find the following solutions beneficial:



Accounts Payable / Accounts Receivable Solutions (e.g., QuickBooks, FreshBooks, StaxBill, Tipalti, Melio)



Payroll Solutions (e.g., ADP, Paychex, Gusto)



Payment Processing and Merchant Services Solutions (e.g., Square, Stripe, PayPal, Clover, merchant services solution from a banking partner)

Employees find the most benefit in tools that increase efficiency and contribute to a better work-life balance.

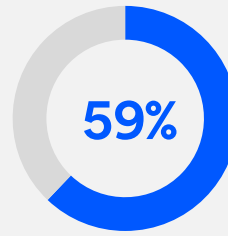
# 48%

Nearly half of small business employees report that digital tools would be most helpful by creating more efficient processes and improving overall productivity (48%) and increasing work efficiency, resulting in more manageable hours (48%).

### 3. Automation and AI are an exciting prospect for most, but not without some inherent apprehension – especially among the youngest generations of small business employees.

The majority of small business employees find Artificial Intelligence and Automated Solutions (e.g., ChatGPT, Qualifier.ai, Automated chat bots, Drift, Leena AI) beneficial **regardless of whether they currently have access to these tools.**

However, with the rise of AI tools, there is some uncertainty among employees as well, as nearly half (48%) of small business employees **say there is lack of clarity on how automation will change the expectation of their job.**



of small business employees find AI and Automated Solutions beneficial.

1 in 4



small business employees are worried their job could be replaced by automation.

**While younger employees are more likely to see the benefits of these solutions, they are more uneasy about automation’s role and impact in the workplace.**

# 64%

of Gen Z and Millennial employees are more likely to see the benefit of AI and Automated Solutions than older generations.

(compared to 54% of Gen X + Boomers + Silent employees)

# 1.5x

Gen Z and Millennial employees are **1.5x** more likely to agree that they are worried about their job being replaced by automation than older generations.

(30% Gen Z + Millennials Employees vs. 19% Gen X + Boomers + Silent Employees)



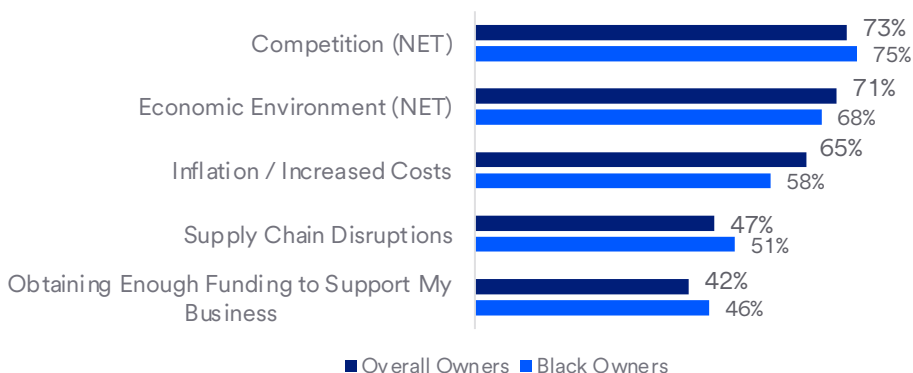
## Black small business owners have seen their businesses grow over the past year and are optimistic for the future. They are embracing digital tools, but payroll management remains a challenge.

Black owners view the future of their business with **more optimism (94%)** compared to owners overall (87%).

While on par with owners overall (90%) in rating their business as successful, Black owners are more likely to describe their business as extremely successful (67% vs. 60% for owners overall). They're also more likely than owners overall to characterize their business as having grown over the past year (84% Black owners vs. 73% for owners overall).

Digital tools may be a facilitator for growth among Black owners with nearly 9 in 10 saying digital tools are very important (**88% vs. 72% for owners overall**). In fact, each of the digital tools surveyed are held by at least 7 in 10 (**73%**) Black owners vs. nearly 6 in 10 (**57%**) owners overall.

### Black Owners and Owners Overall: Top 5 Macroeconomic Stressors

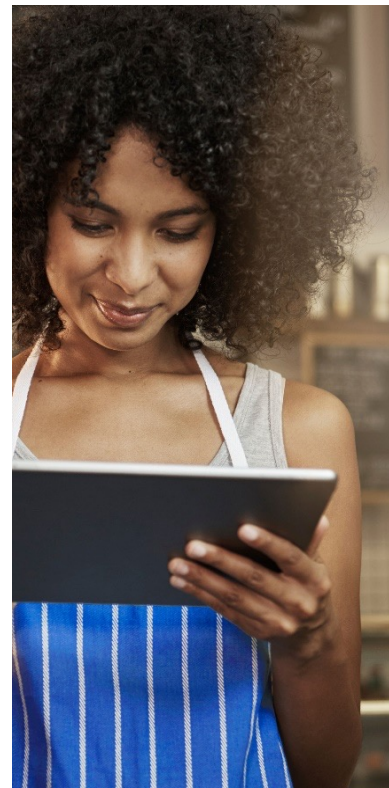


One-third (35%) of Black owners say their top macroeconomic stressor is affecting their business by lacking sufficient time to train or develop staff to foster business growth.

# 94%

of Black owners are optimistic towards their business.

(vs. 87% of owners overall)

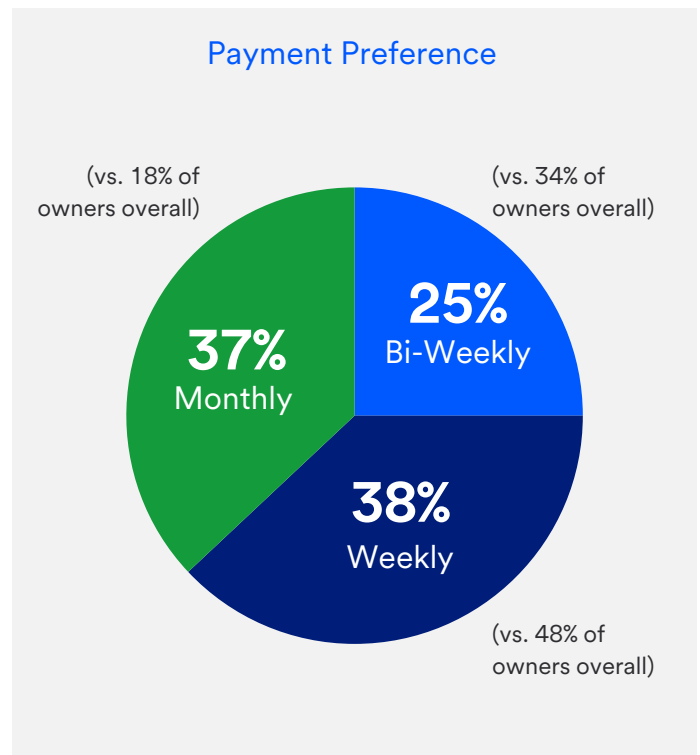


## Black small business owners are experiencing more payroll challenges and are focusing on payroll solutions to increase the efficiency of managing payroll and providing more payment options.

Black owners are more likely to agree they would like to provide more flexible payment options to their employees (85% Black owners vs. 71% owners overall), and that they need digital solutions to help with managing payroll (82% Black owners vs. 69% owners overall).

While owners overall showed a strong preference for weekly or biweekly paychecks, Black owners were more evenly split between weekly, biweekly, and monthly paychecks.

Black owners are more likely to feel the need to offer ownership or equity incentives to potential hires (64% Black owners vs. 52% owners overall) and agree that implementing a weekly pay schedule has drawn qualified employees (81% Black owners vs. 73% owners overall).



### Strategies to Retain or Attract Potential Hires

92%

Providing pay raises or bonuses

(vs. 85% owners overall)

83%

Providing paychecks earlier via direct deposit

(vs. 69% owners overall)

86%

Offering incentive-based pay

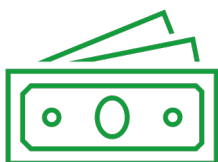
(vs. 74% owners overall)

79%

Increasing the frequency of paycheck cycles

(vs. 60% owners overall)

As Black owners plan to retain or attract employees with payroll benefits, they are also more likely to view digital payroll solutions as beneficial compared to owners overall:



**84%** of Black owners view payroll solutions as beneficial vs. 76% owners overall.

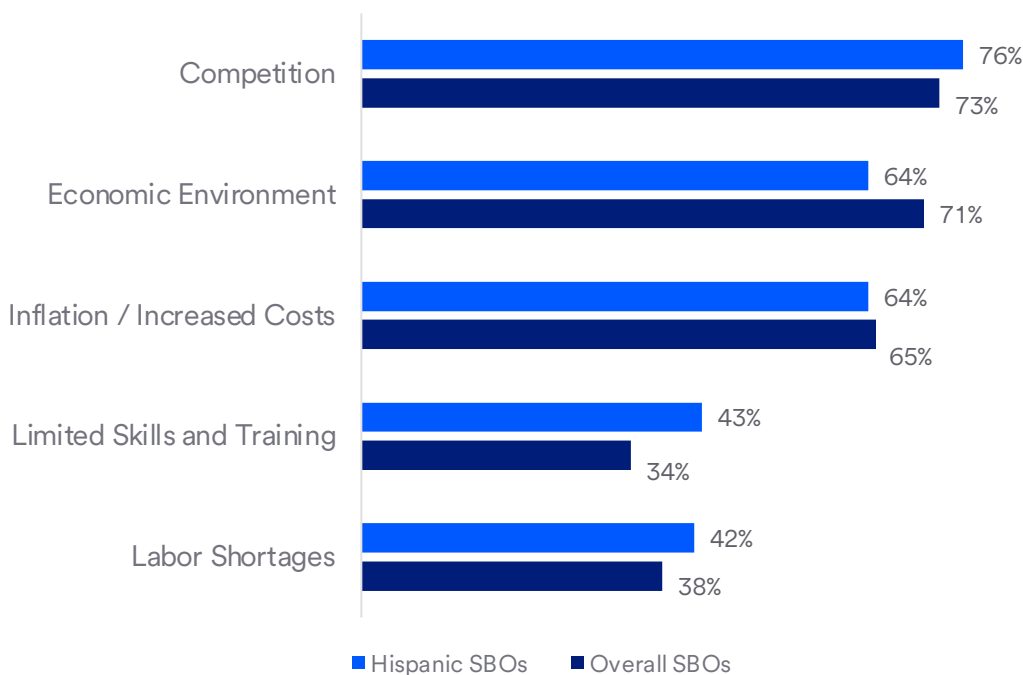
## Hispanic small business owners are aiming to increase their business' efficiency and growth by addressing labor shortages and implementing more digital tools.

Hispanic owners (89%) have a similar sense of optimism for the future of their business compared to owners overall (87%) and rate the current success of their business at similar levels (94% Hispanic owners, 90% owners overall).

Hispanic owners (80%) are also **more likely** than owners overall to view their business as having grown over the past year (73%).

Top stressors among Hispanic owners differ slightly from owners overall, with their top 5 stressors including:

Hispanic Owners and Overall Owners Top 5 Stressors



# 40%

of Hispanic owners say their top stressor is affecting their business by lacking sufficient time to train or develop staff to foster business growth.

(compared to 27% of owners overall)

# 65%

of Hispanic owners are aggressively addressing the challenge of postponing growth initiatives because of labor shortages.

(compared to 56% of owners overall)

## Hispanic small business owners have developed strategies to attract and retain employees as they encounter a competitive labor market.

Navigating an increasingly competitive labor market has caused Hispanic owners to evolve their strategies to attract qualified employees through benefits that potential candidates value most; however, the labor shortage has still impacted their business.



Hispanic owners who generate a larger revenue are more likely to agree that they feel the need to offer ownership of equity incentives to potential hires.

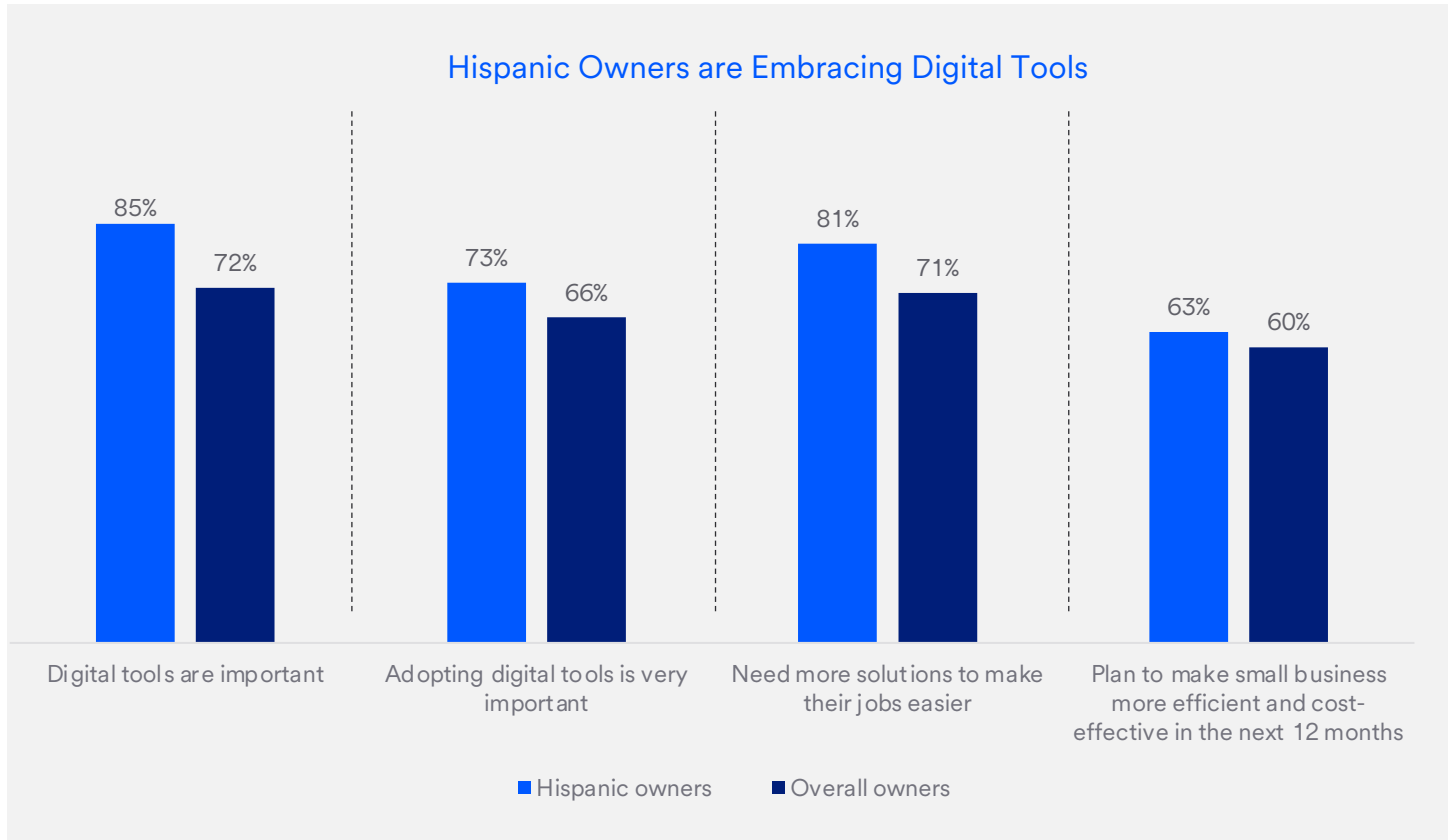
**76%** whose revenue total more than \$2.5 Million before taxes in 2023

**56%** whose revenue total with \$1M or less revenue before taxes in 2023

Furthermore, the need to address ongoing labor shortages is reflected by a majority of Hispanic owners boosting their hiring efforts in the near future as 60% are adding between 1-5 positions over the next 12 months, with 1 in 10 (11%) planning to hire 10 or more employees (compared to 3% for owners overall).

## Hispanic small business owners are more likely to view digital tools as important for their business' efficiency.

Over 8 in 10 (85%) Hispanic owners say digital tools are very important (vs. 72% for owners overall). Further, each of the digital tools surveyed were held by over 2 in 3 Hispanic owners (68% vs. 57% owners overall).



**33%**

**one-third (33%)** of Hispanic owners plan to make their company more efficient and cost-effective, but say they need help in doing so (32% of owners overall).

**78%**

**8 in 10 (78%)** Hispanic owners agree that they need digital solutions to help them manage payroll (vs. **69% overall owners**).

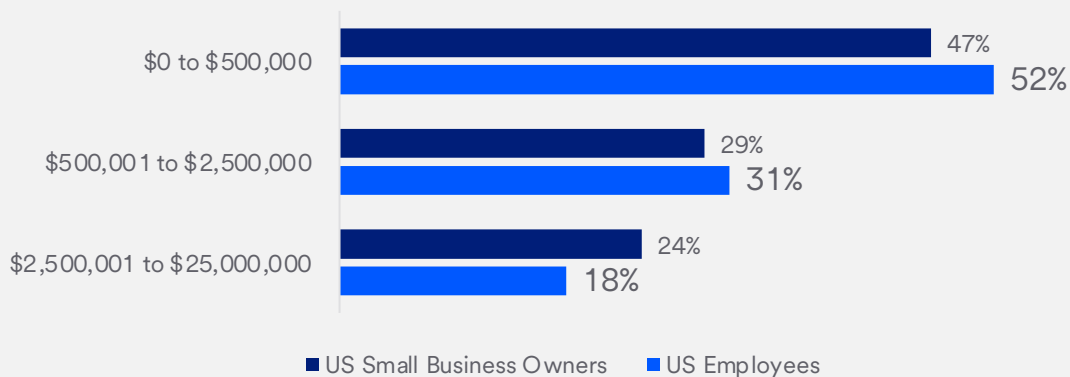
## About the research

Building off the success of the 2023 Small Business Owner Resilience survey, we narrowed in on the complex challenges owners face while incorporating insights from small business employees to offer a holistic view of the current small business landscape. Namely, identifying labor and employment trends for small businesses, uncovering tools and insights that owners need to navigate challenges, understanding owners' goals and sentiment toward the future of their business, and investigating the role that digital tools play and gaps in technology adoption.

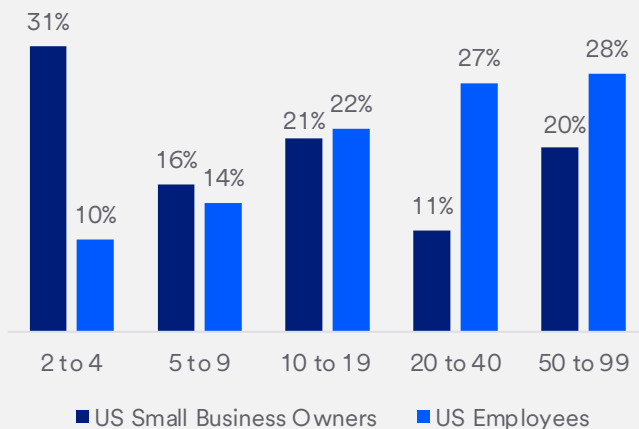
The research consisted of a 20-minute survey among 1,000 U.S. small business owners, 1,000 U.S. small business employees, plus oversamples of 300 U.S. Hispanic small business owners, 300 Black small business owners, and 200 small business owners from each of the following regions: Los Angeles County, Phoenix, Charlotte, and Minneapolis / St. Paul (Twin Cities).

Owners were required to have an annual revenue of \$25 million or less and between two and 99 employees. Employees were required to work for a small business between two and 99 employees.

### Survey Respondents' Annual Business Revenue



### Number of Employees at Survey Respondents' Business



### Survey Respondents' Generational Distribution

