



# National Small Business Poll

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## Small Business Poll

*Independent Contractors*

# NFIB National Small Business Poll

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The *National Small Business Poll* is a series of regularly published survey reports based on data collected from national samples of small business employers. Eight reports are produced annually with the initial volume published in 2001. The *Poll* is designed to address small business-oriented topics about which little is known but interest is high. Each survey report treats different subject matter.

The survey reports in this series generally contain three sections. The first section is a brief Executive Summary outlining a small number of themes or salient points from the survey. The second is a longer, generally descriptive, exposition of results. This section is not intended to be a thorough analysis of the data collected nor to explore a group of formal hypotheses. Rather, it is intended to textually describe that which appears subsequently in tabular form. The third section consists of a single series of tables. The tables display each question posed in the survey broken-out by employee size of firm.

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NFIB National  
Small Business  
Poll



# *Independent Contractors*

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## *Independent Contractors*

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# Executive Summary

- The focus of this report is small business use of independent contractors to perform three different types of functions – construction, transportation, and computer services.
- Twenty-one (21) percent of non-construction small businesses engaged an independent contractor in the last three years to do construction-type work for their firms.
- Half of small business owners bid their construction jobs; half did not. Of those soliciting bids, price was the most important factor when selecting the bid winner in only 16 percent of cases. Quality (workmanship) was important more often as was a prior relationship. The lowest bid won in one-quarter (28%) of cases.
- Small business owners were generally satisfied with construction work done for them. Sixty-three (63) percent would definitely hire the contractor again, 28 percent probably would. Just 4 percent definitely would not.
- Twenty (20) percent of non-transportation businesses have employed at least one person as a driver in the last three years to deliver, haul or otherwise move things or people for the firm. The most frequently cited very important reasons for hiring employees rather than using independent contractors were the flexibility employees bring, their reliability and accountability, better coordination with other activities in the business, and greater control over times, routes, etc.
- Twenty-one (21) percent of non-transportation businesses have used independent contractors, excluding the U.S. Postal Service, UPS, FedEx, etc., and large over-the-road trucking firms to fill their delivery or hauling needs. The most frequently cited (overwhelmingly) very important reason for using independent contractors rather than employees was the absence of need to invest in vehicles, insurance, and similar overhead. Other very important reasons often cited were deliveries are too far and varied and the irregular flow of shipments.
- In the last three years, 8 percent of non-transportation firms employed both hired employees and independent contractors to perform their necessary transportation functions.
- Twenty-three (23) percent of small businesses employed people in the last three years to install, service, repair or instruct people in the use and maintenance of their computers and other information technology equipment. The most frequently cited very important reasons for using employees rather than independent contractors were greater control over performance and quality, reliability and accountability, helping others keep up with the technology, and concern over delay and timeliness of response among contractors.
- Forty-two (42) percent engaged independent contractors to perform computer services. The most frequently cited very important reason for use of independent contractors rather than employees is that different problems require different expertise and the skills brought in are needed for only short periods of time.
- Eighteen (18) percent have hired both employees and independent contractors to fill their computer services needs.
- In both transportation and computer services, employee cost is usually a less important factor in the decision to select employees or contractors to perform the work than other factors. Cost is cited as a very important reason for choosing one as it is for choosing the other.

# Independent Contractors

Independent contractors are another term for private businesses; they create and distribute goods and services for other businesses and the public. Thus, an independent contractor can be Exxon or John Doe part-timer. But the term has come to take on an ill-defined though conceptually recognizable and often pejorative expression for a very small business, frequently with the owner as the only employee, performing a task for a customer under conditions temporarily similar to those of an employee. Regardless, independent contractors, in the recognizable sense of the term, are indispensable to the smooth operation of the small business economy, filling production and service needs when it is inefficient for the firm to do so, providing otherwise unavailable or too costly expertise on a limited basis, and generally filling periodic gaps that arise from fluctuating demand. Two groups care intensely about the blurred distinction between employees and independent contractors: the Internal Revenue Service (IRS) because the agency finds it easier to collect employee withholding than self-employment taxes and organized labor because it can only organize people in paid employment, not in self-employment. Thus, hours are spent agonizing over the legal definition of independent contractor, which in the IRS's case runs to 20 tests (recently revised) and even then remains open to facts and circumstances. As a result of its significance, this issue of the *National Small Business Poll* is directed to Independent Contractors

The survey examines the small business purchase of services from independent contractors in the current sense of the term and from employees in three industry contexts, construction, delivery/transportation, and computer services. These three large industries contain considerable numbers of independent contractors, businesses working to provide goods and services to other businesses and the public alike. The following pages explore the relationships between these independent contractors, in the colloquial sense of the term, and the small business owners who engage them, and who in turn may be independent contractors themselves.

## Construction

Within the last three years, 21 percent of non-construction small employers engaged an independent contractor to remodel, renovate, install, or do construction-type work on their business premises or facilities that costs \$10,000 or more (Q#1). (Construction businesses constitute 10 percent of the sample). Sixty-one (61) percent of the group that undertook such project(s) in the last three years undertook only one, with 39 percent undertaking more than one (Q#2). Those undertaking more than one construction project in the three-year time frame infrequently (10%) used the same business or person, that is to say, independent



contractor, to perform the tasks (Q#2a); 90 percent used more than one. If the independent contractor were a disguised employee, one identifying characteristic might be the same contractor being hired repeatedly. That does not occur often.

The most recent construction-type job completed by an independent contractor carried a median value of just less than \$50,000, though 7 percent of them, constituting about 2 percent of the projects undertaken by the entire small-employer population, amounted to more than \$500,000 (Q#3). Just over half of those projects (51%) were competitively bid (Q#4). Little relationship appeared between size of the job and submission of the project to bid.

Small business owners who put their construction-type jobs out for bid were likely to telephone potential bidders (51%) or put out the word through business associates (31%) (Q#4a). Few used other methods to publicize or notify those who might be interested in the work. Three sets of bid specifications were typically (52%) sent out to potential bidders (Q#4b) and three bids were typically (46%) received (Q#4c). If three was not the number of bidders solicited or bids received, the number tended to hover around three. The fewer number of bids actually received than sets of specifications sent out showed some deterioration of contractor interest after reviewing the bid material, but the drop was minimal. Generally, those who received the bid material, bid on the project. The small employers tendering the bids were on the whole satisfied with those received. Fifty-one (51) percent were “very satisfied” and 42 percent “satisfied” (Q#4d).

Bids involve more than price. In fact, price was the single most important factor in selecting a bid in only 16 percent of cases (Q#4e). Twenty-two (22) percent identified quality or workmanship as the single most important factor, 21 percent a prior working relationship, 15 percent recommendations from others, 13 percent time to complete the project, and 9 percent the bidder’s experience. These results suggest that a wide variety of factors are associated with winning bids from small business owners, not just price. The ideal situation occurs when the most important factor combines with the lowest price (when the lowest price is also not the

most important factor). That did not seem to happen often. The low bidder received the work in only 28 percent of cases (Q#4f).

Forty-nine (49) percent did not send out their projects for bid. The principal reason (80%) was that they previously had identified the contractor they wanted to do the work (Q#4g). The survey did not determine how the intending purchaser identified their preferred contractor.

Small business owners procuring construction-type services were more likely to hire a firm with a business name and business tax ID (or an EIN, employer identification number) than an individual with a Social Security number and perhaps a business tax ID. Eighty-one (81) percent of the most recent projects were competed by the former and 15 percent by the latter (Q#4h).

About two-thirds (64%) of the projects were governed by a written contract and 35 percent were not (Q#4i). Larger projects were more frequently the subject of a contract than smaller ones. In three-quarters of cases (78%), the contractor was bonded (Q#4j).

Small business owners were generally pleased with their contractors. Sixty-three (63) percent would “definitely” hire the contractor again and 28 percent would “probably” (Q#4k). Still, not everyone was satisfied as 4 percent would “definitely” not hire their contractor again. Those who bid their jobs were no more or less happy than those who did not.

Businesses hiring independent contractors are typically required to file IRS form 1099-Misc on service transactions and copy the contractor by the following March. That is also generally true when materials and services are combined, such as might be the case with a builder. But there are significant exceptions, the most notable being the exemption of purchases made from certain corporations, not including health, medical and legal corporations. The purpose is to establish a paper trail to encourage payment of taxes. Twelve (12) percent of the most recent projects were completed in 2008 (Q#4l), and would not yet be subject to sending 1099s to contractors regardless. But of those completed prior to that time (but still in the three-year time frame), 40 percent sent the contractor an IRS Form 1099-Misc, 31 percent did not, and 17

percent did not know. Not all of these projects would be subject to the requirement of a 1099, so there is no way of knowing who should have sent a 1099 and who should not. But the data presented provide a measure of the proportion of projects with a 1099 filed.

Construction is the type of function that small businesses would rarely keep employees on staff to perform (unless they were in the business). It requires special skills that likely would be used intermittently at most. A property management company is an example of a possible exception. But on the whole, construction is a good example of a business function that is typically and most efficiently conducted by independent contractors, whether they carry the designation or not.

## Transportation and Delivery

Small business owners often have a choice of transporting the goods they want to move from point A to point B using a business vehicle(s) and an employee(s) or someone outside the firm. In other words, they can hire staff or an independent contractor. (For purposes of this discussion, the U.S. Postal Service, UPS, FedEx, DHL, and similar national and international services are not classified as independent contractors.) Many influences, factors, and reasons determine a small business owner's choice between employees and contractors, though the function is not necessarily performed exclusively by one or the other. About 8 percent of small employers have used both in the last three years.

### *a. Employees*

Twenty-two (22) percent of small business owners have employed, either full-time or part-time, a driver or drivers to haul, deliver, transport, or ship goods, commodities, products, waste, messages, or people within the last three years (Q#5). Forty-two (42) percent of firms employing 20 or more employed such personnel. Of that 22 percent, 25 percent (6% of the population) were in the transportation business, such as trucking or taxis (Q#6), meaning that about 16 percent of non-transportation businesses hired employees to perform transportation tasks.

The reasons small business owners hired people to perform these delivery and trans-

portation tasks rather than hiring an independent contractor were varied. The reason most frequently cited as "very important" is that employees provide the firm more flexibility, such as immediate delivery or scheduling drivers to perform other than driver tasks. Seventy-three (73) percent of owners with employees performing transportation functions offer flexibility as very important (Q#7G). Sixty-five (65) percent mention, as very important, that employees are more reliable and accountable (Q#7F). Virtually the same number (64%) identifies better coordination with other activities in the business as a very important reason (Q#7E). Somewhat fewer, but still a sizeable majority (61%), name greater control over times, routes, and performance as very important (Q#7A). Small business owners who hired for these jobs therefore place a premium on integration of the delivery/transportation function with other business functions.

Small business owners who hire people to transport things offer a second set of reasons as very important, though with much less frequency. Thirty-eight (38) percent classify a steady flow of things to transport as a very important reason (Q#7C). Thirty-four (34) percent think that employee(s) are cheaper is a very important reason (Q#7B). Another 34 percent cite a relatively small delivery or haul area (Q#7H). These are very practical reasons and consider the mechanics of having the function conducted efficiently.

One reason for hiring people to perform a transportation function in-house, offered as very important less often than virtually any other (19%), is the possession of underused resources, such as a vehicle (Q#7D). Small business owners are not likely to have many slack resources to be directed anywhere, let alone toward delivery or transportation. But for about 4 percent of the population, slack resources can stimulate adding resources, human resources in this case, to increase firm efficiency.

Opportunities arise. Providing a delivery or moving service for customers could translate into a profit center. In fact, 18 percent indicate a very important reason for hiring employees to perform transportation services is the potential of adding transportation as a profit center for the business (Q#7I).

These reasons reduce to three important elements pushing small employers to hire

employees to drive for them, better management control over the function, more efficient use of resources, and lower cost.

### *b. Independent Contractors*

Independent contractors are commonly used in the shipping and delivery business. The most visible contractors, that is, businesses performing the function, are the U.S. Postal Service, UPS and FedEx. But excluding those and similar, but lesser known names such as DHL, and prominent large, over-the-road trucking firms, e.g., Yellow, 21 percent of small business owners, other than those directly in the transportation business, hire independent contractors to ship, haul, deliver, etc. (Q#8). That is virtually the same number as those who have hired employees to do the same thing. Still, 21 percent of the 21 percent claim that the Postal Service and similar organizations transport close to 100 percent of their material, implying that they ship relatively little with more traditional independent contractors (Q#9).

The contractor small business owners most commonly use for transportation and delivery services is a firm with a business name and business tax ID rather than an individual. Eighty-six (86) percent fall in the former category and 12 percent in the latter (Q#10). Relatively few of these transactions occur with contracts, excluding those with an account number. Nineteen (19) percent have a contract and 81 percent do not (Q#10a). The amount of work the contractor performs for a small business varies substantially. Forty (40) percent claim the contractor works for them frequently (Q#10b). But another 27 percent term the incidence of work as occasional and another 33 percent as infrequent.

Again, the issue of a disguised employee performing the task is potentially relevant in only a small number of cases and then it is at best potential. For example, less than 1 percent of small employers hire an independent contractor to transport something where that contractor is a person rather than an identifiable business and the contractor carries frequently for the business.

Fewer sent transportation contractors 1099-Misc forms than in construction. One likely reason is that many transactions do not cross the applicable annual \$600 threshold. Still, 28 percent provided 1099s, 55 percent did not and 11 percent did not remember

(Q#10c). Five percent began using the contractor in 2008.

There are several very important reasons small business owners choose to hire independent contractors rather than employees to perform their transportation or delivery function. The most frequently cited very important reason is that the owner does not have to invest in vehicles or pay insurance (75%) (Q#10dA). The absence of large investment outlays improves the balance sheet, likely aids cash flow, and eliminates issues like maintenance and parking. Still, just 42 percent mention cash flow as a very important reason for outsourcing the function (Q#10dF).

The second most frequently mentioned most important reason is that delivery locations are too far and varied (50%) (Q#10dH). A similar reason for outsourcing is that the shipping flow is too uneven or periodic to make efficient use of resources. Forty-five (45) percent think irregular shipping flow is a very important reason for using contractors (Q#10dB). Uneven flow may be, though is not necessarily, tied to shipping or delivering minimal amounts. However, just 33 percent indicate modest shipping activity is a very important reason for outsourcing (Q#10dG). The point is that considerable volume may not exist, but even when it does, the volume is so fragmented that it cannot be shipped efficiently using internal resources.

Thirty-seven (37) percent who contract out driving say a very important reason to pursue that course is that contractors are cheaper than employees (Q#10dD); 34 percent of small firms hiring drivers think a very important reason to do so is that employees are cheaper than outside contractors. For all intents and purposes, the two cancel one another out. As many choose employees for cost reasons as choose independent contractors for cost reasons, indicating the cost factor works both ways. The choice depends on individual circumstances and the balance favors neither approach.

The actual process of establishing and operating a delivery or shipping activity pushes many to purchase the function on the outside. Forty-four (44) percent say the fact that they have no experience in transportation drives them to outsource the function (Q#10dE). In the same vein, a very important reason to outsource delivery and shipping for 42 percent of small employers

is difficulty screening and hiring qualified drivers (Q#10dC). These small business owners do not feel familiar enough with the industry to enter it.

## Computer Services

The emergence of the computer and the Internet as indispensable business tools has spawned an entire industry now servicing them, training people to operate them, etc. National brands performing these functions are minimal, leaving the industry to small firms, including independent contractors.

### *a. Employees*

Twenty-three (23) percent of small businesses have employed one or more persons in the last three years to install, service, repair and/or instruct other employees in the use and maintenance of their firm's computers and information technology equipment (Q#11). The population percentage includes 20 percent for the very smallest, those employing nine or fewer people, and 42 percent among the largest, those employing 20 or more people.

Three reasons were mentioned as very important by more than six of 10 owners in their decision to hire staff rather than independent contractors to perform computer services tasks. Sixty-seven (67) percent term greater control over performance and quality as a very important reason for using employees (Q#11aA). Similarly, 66 percent of small employers cite as very important more reliability and accountability (Q#11aE), though just 32 percent cite employees being cheaper as a very important reason (Q#11aB). The third most frequently cited crosses to a different theme. Computer services staff employees help other employees stay up-to-date on the equipment, which was a very important reason for 62 percent (Q#11aD).

Still, other reasons were cited almost as frequently as being very important. Fifty-nine (59) percent are concerned about delay in getting someone to their place of business in order to repair a problem (Q#11aG). In their view, an employee on staff performing the function ensures no waiting for someone to arrive at the business and address the need. The corollary is a steady flow of work. Without a reasonably steady work flow, it may make sense to occasionally wait to have a repair made or a problem tackled. As a

result, 51 percent also indicate that a steady work flow is a very important reason for an employee to perform the function in-house (Q#11aC). Fifty-eight (58) percent note a very important reason for staff computer service people is that they help find new and better ways to use technology in the context of the business (Q#11aF). In other words, people on staff help integrate the technology into operation of the business, likely making the business more productive.

One often overlooked source of knowledge on computers and information technology is people on staff who perform other tasks. Many have an aptitude for and an interest in them, current employees who would like to make these tasks part of their job description. Fifty-four (54) percent say that a very important reason to keep the function in-house was that they already had such an employee (Q#11aH).

### *b. Independent Contractors*

Though many small business owners directly engage employees to perform needed computer services, 42 percent have hired independent contractors to help them (Q#12). The largest are twice as likely as the smallest to have at least one employee performing the function. However, 58 percent of the largest also hire independent contractors to assist them compared to just 38 percent of the smallest. The greater investment in IT and the more employees using it explains the differentials.

The most commonly used contractor is a firm with a business name and business tax ID. Seventy-seven (77) percent engage this type of organization compared to 19 percent who most commonly use an individual (Q#12a). The infancy of the industry likely explains the relatively greater reliance on individuals compared to construction and transportation. About one in four (26%) have a written contract to perform those services (Q#12b). However, 44 percent with the written document indicate that it is a service contract that accompanied a purchase (Q#12b1). The latter two pieces of data together suggest most of these visits represent service calls rather than installations or planned activity.

The independent contractor is most likely (47%) to work infrequently for the small business (Q#12c). Just 20 percent

have the person or firm working for them frequently. Thirty-three (33) percent do so occasionally. Those who use a contractor frequently are less likely to have one or more on-staff performing the function.

The transmission of IRS Form 1099-Misc for computer services is similar to that found in transportation. Twenty-seven (27) percent sent the form to the contractor; 58 percent did not; 11 percent did not know; and, 4 percent started working with this independent contractor in 2008 (Q#12d).

The most frequent very important reason for hiring an independent contractor (65%) is that different problems require different expertise (Q#12eH). Small businesses are not large enough to have someone on staff who can handle every contingency. Even if a capable person can handle most situations encountered, situations arise which tax the skills and/or knowledge of a single employee or a small group of them. An independent contractor must be brought in to temporarily fill that skill or knowledge gap.

A corollary and the second most commonly cited very important reason (53%) is that the skills brought in are not often needed (Q#12eB). For example, someone may need training on an exotic piece of software; if only one employee will use the software, it makes no sense to have a paid staff member available to train the employee. Those circumstances typically demand that an independent contractor be used.

Internal knowledge about computers and IT is another common very important reason to hire independent contractors to perform computer services. Forty-four (44) percent indicate a very important reason is that they, the owners, have no experience in computers and IT (Q#12eE). Effectively, they cannot distinguish a qualified person from an unqualified one and 42 percent say so explicitly, by offering it as a very important reason (Q#12eC). Owners may not be able to identify the best independent contractor to perform the task, but they know if the task is completed on time and in budget. And, they can easily get rid of the outside firm if matters do not work well. Getting rid of the contractor with minimal issues is a very important reason for 45 percent (Q#12eG).

The cost of computer services employees is less frequently a matter of major impor-

tance. Thirty-three (33) percent of small business owners think a very important reason not to hire employees for this task is that outside contractors are cheaper (Q#12eD). Again, this proportion is similar to the proportion that hires employees to perform the function because it is cheaper. Another issue that involves both cost and IT knowledge is training. Thirty-eight (38) percent think a very important reason to use independent contractors is that computer people need constant retraining and they cannot afford it (13eA).

Computer services is a young industry, creating some difference between it and the ages-old transportation industry. But there is one important point on which they are similar: those who procure either service do so through direct employment of people and employment of other businesses. At times they even employ both, simultaneously. And while some reasons for their choice are more important than others, they appear to be based on the firm's individual needs, its facts and circumstances, if you will.

## Final Comments

Enterprises that serve or produce for other enterprises allow the economy to function. Small businesses, even those consisting of one person, that handle relatively small jobs are simply part of that overall process. Scale is what differentiates them from their larger counterparts. But there are reasons small enterprises survive and even prosper in an economy filled with giants. One of those reasons is that smaller firms can plug holes quickly and cost-effectively. They can efficiently install a new computer system, put on a new roof, deliver a load of stones for a rock wall or perform an infinite variety of other jobs that grease the wheels of economic growth. In fact, it is not clear how the economy could function without them.

The foregoing pages illustrate just how pervasive small business out-sourcing to independent contractors, in the popular ill-defined sense of terms, really is. While the survey only explored construction, delivery/transportation and computer services, 61 percent of the entire small business population out-sourced to at least one of these independent contractors in the last three years and most used them multiple times. Add catering, automotive repair, and building

maintenance just to name three more and the extent of the phenomenon begins to gather perspective.

The decision to engage employees or outside sources, that is, independent contractors, to perform a task depends on numerous factors, the relative importance of each depending on the immediate circumstances of the business. The fact that many choose to use both employees and independent contractors at the same time to perform the same function underscores the individuality of their decisions. However, reliability and accountability keep surfacing as important reasons to use employees; functional knowledge (lack of expertise) and investment (no need to make) keep surfacing as important reasons to go outside. Employee costs are much less often an important factor. From the outside, it may appear that a general formula must, or at least should, guide these decisions. Possibly. But if one does, the formula's variables and their relative weights diverge so greatly from decision-maker to decision-maker and circumstance to circumstance that the results are highly unpredictable.

The flexibility and rapid adjustment to changing circumstance makes these arrangements most useful, but extraordinarily difficult to define the relationship between participants, let alone measure it. The current IRS definition of independent contractor is prima facie evidence of the difficulty. This raises the question – Why bother to define them at all?

# Independent Contractors

(Please review notes at the table's end.)

Employee Size of Firm  
1-9 emp    10-19 emp    20-249 emp    All Firms

**1. Within the last three years, have you engaged any contractor to remodel, renovate, install, or do construction-type work on your business premises or facilities that amounted to \$10,000 or more?**

1. Yes	17.7%	20.3%	51.5%	21.2%
2. No	81.9	79.7	48.5	78.6
3. (DK/Ref)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	318	181	177	676

**2. Have you done this type of construction work on your business premises or facilities once in the last three years or more than once? (If “Yes” in Q#1.)**

1. Once	63.4%	—%	51.4%	60.5%
2. More than once	35.6	—	48.6	38.8
3. (DK/Ref)	1.0	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	56	38	92	186

**2a. Did you hire the same person or firm in all cases or different people or firms to do different jobs? (If “More than once” in Q#2.)**

1. Same	—%	—%	—%	10.2%
2. Different	—	—	—	89.8
3. (DK/Ref)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	19	14	44	77

Please answer the following referring to the most recent job completed.

**3. Approximately, what was the total value of that job?**

1. < \$10,000	11.0%	—%	8.3%	9.9%
2. \$10,000 - \$19,999	21.0	—	13.9	20.5
3. \$20,000 - \$29,999	9.0	—	13.9	10.6
4. \$30,000 - \$49,999	14.0	—	8.3	12.6
5. \$50,000 - \$99,999	18.0	—	19.4	17.2
6. \$100,000 - \$499,999	22.0	—	16.7	20.5
7. \$500,000 or more	3.0	—	16.7	6.6
8. (DK/Ref)	2.0	—	2.8	2.0
Total	100.0%	100.0%	100.0%	100.0%
N	56	38	92	186

**4. Did you put the job up for competitive bid? (If value of \$10,000 or more in Q#3.)**

1. Yes	—%	—%	53.1%	50.7%
2. No	—	—	46.9	49.3
3. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>34</b>	<b>82</b>	<b>164</b>

**4a. What was the primary method used to invite potential bidders? (If “Yes” in Q#4.)**

1. Mail/E-mail	—%	—%	—%	1.5%
2. Telephone	—	—	—	50.7
3. Put out the word through business associates	—	—	—	31.3
4. Advertised	—	—	—	—
5. Referrals/recommendations	—	—	—	7.5
6. Verbal solicitation	—	—	—	3.0
7. Other	—	—	—	4.5
8. (DK/Ref)	—	—	—	1.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>23</b>	<b>17</b>	<b>44</b>	<b>84</b>

**4b. About how many bid packages or sets of specs did you send out to potential bidders? Your best estimate is fine.**

1. One	—%	—%	—%	3.0%
2. Two	—	—	—	21.2
3. Three	—	—	—	51.5
4. Four or five	—	—	—	12.2
5. Six or more	—	—	—	7.6
6. (DK/Ref)	—	—	—	4.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>23</b>	<b>17</b>	<b>44</b>	<b>84</b>

**4c. How many did you actually receive?**

1. One	—%	—%	—%	3.1%
2. Two	—	—	—	29.2
3. Three	—	—	—	46.2
4. Four or five	—	—	—	17.0
5. Six or more	—	—	—	4.6
6. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>23</b>	<b>17</b>	<b>44</b>	<b>84</b>



**Employee Size of Firm**  
**1-9 emp    10-19 emp    20-249 emp    All Firms**

**4d. Were you very satisfied, somewhat satisfied, somewhat unsatisfied, or very unsatisfied with the bids you received?**

1. Very satisfied	—%	—%	—%	50.7%
2. Somewhat satisfied	—	—	—	42.0
3. Somewhat dissatisfied	—	—	—	5.8
4. Very dissatisfied	—	—	—	—
5. (DK/Ref)	—	—	—	1.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	23	17	44	84

**4e. What was the single most important factor that influenced your choice of the winning bid? Was it:?**

1. Time to complete the project	—%	—%	—%	13.4%
2. Bidder's experience	—	—	—	9.0
3. Recommendations from others	—	—	—	14.9
4. Price	—	—	—	16.4
5. Workmanship or quality	—	—	—	22.4
6. Worked for you previously	—	—	—	20.9
7. Other	—	—	—	1.5
8. (DK/Ref)	—	—	—	1.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	23	17	44	84

**4f. Was the bid you selected the lowest priced?**

1. Yes	—%	—%	—%	27.5%
2. No	—	—	—	65.2
3. (DK/Ref)	—	—	—	7.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	23	17	44	84

**4g. Why didn't you put the job out for bid? Was it because? (If "No" in Q#4.)**

1. You needed the job done in a hurry	—%	—%	—%	4.6%
2. You knew who you wanted to do the work	—	—	—	80.0
3. Did the job yourself	—	—	—	6.2
4. Other	—	—	—	7.7
5. (DK/Ref)	—	—	—	1.5
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>25</b>	<b>17</b>	<b>38</b>	<b>80</b>

**4h. Was the contractor you used a person with a Social Security number and perhaps an EIN, or was the contractor a business with a name and a business tax ID?**

1. Individual	—%	—%	9.4%	14.7%
2. Business	—	—	87.5	80.9
3. (DK/Ref)	—	—	3.1	4.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>34</b>	<b>82</b>	<b>164</b>

**4i. Did you have a written contract with that individual or business, NOT including a service agreement of some type?**

1. Yes	—%	—%	67.7%	64.0%
2. No	—	—	32.3	35.3
3. (DK/Ref)	—	—	—	0.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>34</b>	<b>82</b>	<b>164</b>

**4j. Was the contractor bonded?**

1. Yes	—%	—%	77.4%	77.8%
2. No	—	—	16.1	15.6
3. (DK/Ref)	—	—	6.5	6.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>34</b>	<b>82</b>	<b>164</b>

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

**4k. Would you definitely, probably, probably not, or definitely not use this contractor again?**

1. Definitely	—%	—%	62.5%	63.2%
2. Probably	—	—	28.1	27.9
3. Probably not	—	—	3.1	3.7
4. Definitely not	—	—	6.3	4.4
5. (DK/Ref)	—	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	48	34	82	164

**4l. If the job was completed in 2007 or before, did you send that contractor a federal form 1099 at the end of the year?**

1. Yes, sent 1099	—%	—%	48.4%	40.3%
2. No, did not send 1099	—	—	25.8	30.6
3. (Job completed this year/Not applicable)	—	—	9.7	11.9
4. (DK/Ref)	—	—	16.1	17.2
Total	100.0%	100.0%	100.0%	100.0%
N	48	34	82	164

**5. In the last three years, has your business employed, either full-time or part-time, a driver or drivers to haul, deliver, transport, or ship goods, commodities, products, packages, waste, messages, or people?**

1. Yes	18.7%	30.0%	41.6%	22.1%
2. No	81.2	70.0	58.4	77.7
3. (DK/Ref)	0.2	—	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**6. Is driving, hauling, transporting, or delivering goods, commodities, products, packages, waste, messages, or people the primary activity of your business?**

1. Yes	27.7%	23.1%	18.8%	25.4%
2. No	72.3	76.9	78.1	74.0
3. (DK/Ref)	—	—	3.1	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	66	60	83	209

7. **Was each of the following a very important, somewhat important, not too important, or not at all important factor in your decision to have an employee or employees drive rather than contracting the job to a person or firm outside the business? How about?: (If “Yes” in Q#5 and if “No” or “DK/Ref” in Q#6.)**

**A. Greater control over times, routes, and performance**

1. Very important	—%	—%	69.2%	60.6%
2. Somewhat important	—	—	23.1	24.2
3. Not too important	—	—	—	1.5
4. Not at all important	—	—	7.7	13.6
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**B. Employee(s) are cheaper**

1. Very important	—%	—%	38.5%	34.1%
2. Somewhat important	—	—	30.8	34.8
3. Not too important	—	—	15.4	9.1
4. Not at all important	—	—	11.5	18.2
5. (DK/Ref)	—	—	3.8	3.8
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**C. A steady flow of things to transport**

1. Very important	—%	—%	45.8%	38.3%
2. Somewhat important	—	—	25.0	21.9
3. Not too important	—	—	8.3	17.2
4. Not at all important	—	—	20.8	22.7
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**D. Had underused resources, such as an underused vehicle or employee, available**

1. Very important	—%	—%	28.0%	19.1%
2. Somewhat important	—	—	28.0	32.8
3. Not too important	—	—	20.0	16.8
4. Not at all important	—	—	24.0	29.0
5. (DK/Ref)	—	—	—	2.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

**E. Can better coordinate with other activities in the business**

1. Very important	—%	—%	66.7%	63.6%
2. Somewhat important	—	—	29.2	27.1
3. Not too important	—	—	—	3.1
4. Not at all important	—	—	4.2	6.2
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**F. Employees are more reliable and accountable**

1. Very important	—%	—%	57.7%	64.6%
2. Somewhat Important	—	—	26.9	25.4
3. Not too important	—	—	7.7	4.6
4. Not at all important	—	—	7.7	5.4
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**G. Gives you more flexibility**

1. Very important	—%	—%	69.2%	73.3%
2. Somewhat important	—	—	26.9	23.7
3. Not too important	—	—	—	—
4. Not at all important	—	—	3.8	2.3
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**H. Delivery or haul area is relatively small**

1. Very important	—%	—%	30.8%	33.8%
2. Somewhat important	—	—	38.5	28.5
3. Not too important	—	—	19.2	16.2
4. Not at all important	—	—	11.5	20.8
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**I. Transporting is a potential profit center**

1. Very important	—%	—%	16.0%	17.7%
2. Somewhat important	—	—	20.0	18.5
3. Not too important	—	—	16.0	22.3
4. Not at all important	—	—	48.0	40.0
5. (DK/Ref)	—	—	—	1.6
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>47</b>	<b>45</b>	<b>65</b>	<b>157</b>

**8. NOT including the Postal Service, UPS, FedEx, DHL, or similar carriers, in the last three years, has your business engaged another firm with a driver or drivers, or a single person known as an independent contractor to ship, haul, deliver or transport goods, products, commodities, waste, packages, or messages for you? (If not primarily in the business of transporting in Q#6.)**

1. Yes	19.3%	25.0%	32.9%	21.2%
2. No	80.2	75.0	67.1	78.4
3. (DK/Ref)	0.5	—	—	0.4
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>321</b>	<b>181</b>	<b>181</b>	<b>683</b>

**9. Of all the goods, products, etc., that have been shipped, hauled, delivered, or transported for your business by NON-employees in the last three years, approximately what percent of your shipping costs was spent with the Postal Service, UPS, FedEx, DHL, and similar carriers? Was it closest to?: (If “Yes” in Q#8.)**

1. 100% of costs	20.4%	—%	17.4%	21.4%
2. 75% of costs	22.1	—	17.4	20.8
3. 50% of costs	16.8	—	8.7	13.6
4. 25% of costs	15.0	—	34.8	19.5
5. Zero % of shipping costs	23.9	—	17.4	22.1
6. (DK/Ref)	1.8	—	4.3	2.6
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>60</b>	<b>41</b>	<b>59</b>	<b>160</b>

**10. NOT including the Postal Service, UPS, FedEx, DHL, and similar carriers, would you describe the contractor you most commonly use or used as a person with a Social Security number and perhaps an EIN, or was the contractor a business with a name and a business tax ID? (If “Yes” in Q#9.)**

1. Person	—%	—%	—%	12.0%
2. Business	—	—	—	86.3
3. (DK/Ref)	—	—	—	1.7
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>27</b>	<b>45</b>	<b>120</b>

Employee Size of Firm  
 1-9 emp    10-19 emp    20-249 emp    All Firms

**I 0a. Did you, or do you, have a contract or written agreement with that person or business to perform those transportation services? An account number is NOT a written agreement.**

1. Yes	—%	—%	—%	18.5%
2. No	—	—	—	80.7
3. (DK/Ref)	—	—	—	0.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**I 0b. Does that person or business work for you frequently, occasionally, or infrequently?**

1. Frequently	—%	—%	—%	40.2%
2. Occasionally	—	—	—	27.4
3. Infrequently	—	—	—	32.5
4. (DK/Ref)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**I 0c. If that person or business worked for you in 2007 or before, did you send them a federal form 1099 at the end of the year?**

1. Yes, sent 1099	—%	—%	—%	28.4%
2. No, did not send 1099	—	—	—	55.2
3. (Worked just in 2008/ Not applicable)	—	—	—	5.2
4. (DK/Ref)	—	—	—	11.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**I 0d. Was each of the following a very important, somewhat important, not too important, or not at all important factor in your decision to hire that person or business to do the driving job rather than hiring an employee to do it?**

**A. Don't have to invest in vehicles or pay insurance**

1. Very important	—%	—%	—%	75.2%
2. Somewhat important	—	—	—	9.4
3. Not too important	—	—	—	4.3
4. Not at all important	—	—	—	10.3
5. (DK/Ref)	—	—	—	0.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**B. My shipping, delivery, or haul flow is uneven**

1. Very important	—%	—%	—%	45.2%
2. Somewhat important	—	—	—	24.3
3. Not too important	—	—	—	5.2
4. Not at all important	—	—	—	22.6
5. (DK/Ref)	—	—	—	2.6
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>27</b>	<b>45</b>	<b>120</b>

**C. Tough to screen and hire qualified drivers**

1. Very important	—%	—%	—%	41.7%
2. Somewhat important	—	—	—	9.6
3. Not too important	—	—	—	10.4
4. Not at all important	—	—	—	31.3
5. (DK/Ref)	—	—	—	6.9
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>27</b>	<b>45</b>	<b>120</b>

**D. Outside contractors are cheaper than employees**

1. Very important	—%	—%	—%	36.8%
2. Somewhat important	—	—	—	30.8
3. Not too important	—	—	—	6.8
4. Not at all important	—	—	—	21.4
5. (DK/Ref)	—	—	—	4.3
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>27</b>	<b>45</b>	<b>120</b>

**E. We have no experience in transportation**

1. Very important	—%	—%	—%	43.6%
2. Somewhat important	—	—	—	18.8
3. Not too important	—	—	—	6.8
4. Not at all important	—	—	—	30.8
5. (DK/Ref)	—	—	—	—
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>N</b>	<b>48</b>	<b>27</b>	<b>45</b>	<b>120</b>



**Employee Size of Firm**

	1-9 emp	10-19 emp	20-249 emp	All Firms
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**F. Helps cash flow**

1. Very important	—%	—%	—%	41.5%
2. Somewhat important	—	—	—	20.3
3. Not too important	—	—	—	14.4
4. Not at all important	—	—	—	22.9
5. (DK/Ref)	—	—	—	0.8

Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**G. Ship relatively little**

1. Very important	—%	—%	—%	33.3%
2. Somewhat important	—	—	—	31.6
3. Not too important	—	—	—	13.7
4. Not at all important	—	—	—	20.5
5. (DK/Ref)	—	—	—	0.9

Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**H. Delivery locations are too far or varied**

1. Very important	—%	—%	—%	50.4%
2. Somewhat important	—	—	—	22.2
3. Not too important	—	—	—	9.4
4. Not at all important	—	—	—	17.9
5. (DK/Ref)	—	—	—	—

Total	100.0%	100.0%	100.0%	100.0%
N	48	27	45	120

**I I. In the last three years, has your business employed a person or persons to install, service, repair, and/or instruct other employees in the use and maintenance of your firm's computers and information technology equipment?**

1. Yes	20.4%	27.0%	42.3%	23.3%
2. No	78.3	70.8	56.4	75.4
3. (Not applicable; no computers)	0.9	2.2	1.3	1.1
4. (DK/Ref)	0.3	—	—	0.2

Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**I 1a. Was each of the following a very important, somewhat important, not too important, or not at all important factor in your decision to have an employee work with your computers rather than contracting the job to a person or firm outside the business? How about?: (If “Yes” in Q#11.)**

**A. Greater control over performance and quality**

1. Very important	67.7%	66.7%	63.6%	66.8%
2. Somewhat important	23.8	25.0	24.2	24.1
3. Not too important	0.8	4.2	6.1	2.1
4. Not at all important	6.9	4.2	6.1	6.4
5. (DK/Ref)	0.8	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**B. Employee(s) are cheaper**

1. Very important	33.1%	28.0%	29.4%	31.7%
2. Somewhat important	30.8	28.0	32.4	30.7
3. Not too important	10.0	16.0	14.7	11.6
4. Not at all important	24.4	24.0	23.5	24.3
5. (DK/Ref)	1.5	4.0	—	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**C. The work flow is steady**

1. Very important	50.4%	54.2%	53.1%	51.4%
2. Somewhat important	25.6	20.8	28.1	25.4
3. Not too important	8.5	12.5	9.4	9.2
4. Not at all important	13.2	8.3	9.4	11.9
5. (DK/Ref)	2.3	4.2	—	2.2
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**D. Helps other employees stay up-to-date on the equipment**

1. Very important	63.8%	56.0%	57.6%	61.7%
2. Somewhat important	23.8	24.0	30.3	25.0
3. Not too important	2.3	8.0	6.1	3.7
4. Not at all important	9.2	8.0	6.1	8.5
5. (DK/Ref)	0.8	4.0	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

**E. More reliable and accountable**

1. Very important	63.4%	70.8%	72.7%	66.0%
2. Somewhat important	18.3	12.5	18.2	17.6
3. Not too important	6.9	8.3	3.0	6.4
4. Not at all important	10.7	8.3	6.1	9.6
5. (DK/Ref)	0.8	—	—	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**F. Helps find new and better ways to use the technology in the context of our business**

1. Very important	59.2%	52.0%	56.3%	57.8%
2. Somewhat important	20.8	32.0	31.3	24.1
3. Not too important	6.9	4.0	6.3	6.4
4. Not at all important	12.3	8.0	6.3	10.7
5. (DK/Ref)	0.8	4.0	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**G. No waiting for a repair tech or problem solver to get here**

1. Very important	55.0%	75.0%	62.5%	58.9%
2. Somewhat important	27.9	12.5	25.0	25.4
3. Not too important	4.7	4.2	3.1	4.3
4. Not at all important	11.6	4.2	9.4	10.3
5. (DK/Ref)	0.8	4.2	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**H. Had a person already on staff who was interested and skilled on computers**

1. Very important	50.8%	60.9%	59.4%	53.6%
2. Somewhat important	28.9	26.1	25.0	27.9
3. Not too important	5.5	4.3	6.3	5.5
4. Not at all important	14.1	8.7	6.3	12.0
5. (DK/Ref)	0.8	—	3.1	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	67	55	83	205

**12. In the past three years, has your business engaged an outside person known as an independent contractor or another business to install, service, repair, and/or instruct other employees in the use and maintenance of your firm’s computers and information technology equipment rather than having an employee do the job? (If has computers in Q#11.)**

1. Yes	38.1%	52.3%	58.4%	41.6%
2. No	61.1	47.7	41.6	57.7
3. (DK/Ref)	0.8	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	348	199	199	746

**12a. Would you describe the contractor you most commonly use or used as a person with a Social Security number and perhaps an EIN, or was the contractor a business with a name and a business tax ID? (If “Yes” in Q#12.)**

1. Person	20.4%	19.6%	11.1%	19.0%
2. Business	75.8	76.1	86.7	77.3
3. (DK/Ref)	3.8	4.3	2.2	3.6
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**12b. Did you, or do you, have a contract or written agreement with that person or business to perform those computer services?**

1. Yes	19.2%	42.2%	42.1%	25.5%
2. No	79.2	57.8	55.6	73.0
3. (DK/Ref)	1.7	—	2.2	1.5
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**12b1. Is that document a service contract that came with the purchase of computer hardware, software, or attachments? (If “Yes” in Q#12b.)**

1. Yes	—%	—%	42.1%	44.0%
2. No	—	—	57.9	56.0
3. (DK/Ref)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	25	44	51	120

**Employee Size of Firm**  
 1-9 emp    10-19 emp    20-249 emp    All Firms

**12c. Does this person or business work for you frequently, occasionally, or infrequently?**

1. Frequently	16.7%	21.7%	33.3%	19.6%
2. Occasionally	29.6	47.8	37.8	33.2
3. Infrequently	52.9	30.4	28.9	46.5
4. (DK/Ref)	0.8	—	—	0.6

Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**12d. If that person or business worked for you in 2007 or before, did you send them a federal form 1099 at the end of the year?**

1. Yes, sent 1099	20.8%	37.0%	48.9%	26.9%
2. No, did not send 1099	65.4	45.7	31.1	58.0
3. (Worked only in 2008/ Not applicable)	3.8	6.5	4.4	4.2
4. (DK/Ref)	10.0	10.9	15.6	10.9

Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**12e. Was each of the following a very important, somewhat important, not too important, or not at all important factor in your decision to hire an outside firm to do the job rather than hiring an employee to do it? How about:?**

**A. Computer people need constant retraining and we can't afford it**

1. Very important	38.5%	37.8%	31.8%	37.5%
2. Somewhat important	25.1	20.0	29.5	25.0
3. Not too important	12.1	13.3	13.6	12.5
4. Not at all important	21.3	26.7	25.0	22.6
5. (DK/Ref)	2.9	2.2	—	2.4

Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**B. Don't need such skills very often**

1. Very important	54.8%	53.3%	42.2%	52.9%
2. Somewhat important	28.6	35.6	35.6	30.5
3. Not too important	5.4	2.2	8.9	5.4
4. Not at all important	9.5	8.9	13.3	10.0
5. (DK/Ref)	1.6	—	—	1.2

Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**C. Tough to screen and hire qualified computer people**

1. Very important	42.3%	36.4%	42.2%	41.5%
2. Somewhat important	20.9	22.7	24.4	21.6
3. Not too important	6.7	11.4	8.9	7.6
4. Not at all important	27.2	29.5	24.4	27.1
5. (DK/Ref)	2.9	—	—	2.1
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**D. Outside contractors are cheaper**

1. Very important	37.2%	23.9%	20.0%	33.0%
2. Somewhat important	28.0	23.9	24.4	27.0
3. Not too important	13.0	10.9	17.8	13.3
4. Not at all important	20.9	34.8	35.6	24.8
5. (DK/Ref)	0.8	6.5	2.2	1.8
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**E. We have no experience in computers and IT**

1. Very important	46.0%	40.0%	34.9%	43.7%
2. Somewhat important	27.6	31.1	34.9	29.1
3. Not too important	10.5	8.9	11.6	10.4
4. Not at all important	14.2	17.8	18.6	15.3
5. (DK/Ref)	1.7	2.2	—	1.5
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**F. Helps cash flow**

1. Very important	49.2%	35.6%	29.5%	44.7%
2. Somewhat important	16.3	22.2	25.0	18.2
3. Not too important	7.5	11.1	13.6	8.8
4. Not at all important	14.2	17.8	18.6	15.3
5. (DK/Ref)	1.7	2.2	—	1.5
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

**G. Easy to get rid of if they don't work out**

1. Very important	46.3%	47.8%	37.8%	45.3%
2. Somewhat important	26.3	19.6	33.3	26.3
3. Not too important	5.0	6.5	8.9	5.7
4. Not at all important	17.5	23.9	20.0	18.7
5. (DK/Ref)	5.0	2.2	—	3.9
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

**H. Different problems require different expertise**

1. Very important	64.0%	68.9%	65.9%	64.9%
2. Somewhat important	25.9	20.0	29.5	25.6
3. Not too important	2.9	4.4	2.3	3.0
4. Not at all important	5.9	4.4	2.3	5.2
5. (DK/Ref)	1.2	2.2	—	1.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	128	102	116	346

## Demographics

### D1. Which best describes your position in the business?

1. Owner/Manager	87.0%	87.6%	83.1%	86.7%
2. Owner, but not manager	8.8	6.7	5.2	8.2
3. Manager, but not owner	4.2	5.6	11.7	5.1
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

### D2. Is your primary business activity: (NAICs code)

1. Agriculture, forestry, fishing	4.1%	1.1%	1.3%	3.5%
2. Construction	9.6	11.2	12.7	10.0
3. Manufacturing, mining	8.7	10.0	11.4	9.1
4. Wholesale trade	4.2	6.7	6.3	4.7
5. Retail trade	20.5	16.8	15.2	19.6
6. Transportation and warehousing	2.0	2.2	3.8	2.2
7. Information	1.7	1.1	3.8	1.9
8. Finance and insurance	2.7	5.6	2.5	3.0
9. Real estate and rental/leasing	5.2	4.5	3.8	5.0
10. Professional/scientific/ technical services	14.3	11.2	7.6	13.3
11. Admin. support/waste management services	2.8	4.5	2.5	3.0
12. Educational services	0.2	1.1	—	0.2
13. Health care and social assistance	6.4	3.4	7.6	6.2
14. Arts, entertainment or recreation	1.9	1.1	1.3	1.7
15. Accommodations or food service	3.1	11.2	15.2	5.2
16. Other service, incl. repair, personal service	12.7	6.7	3.8	11.2
17. Other	—	1.1	1.3	0.2
18. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757



	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms

**D3. Over the last two years, have your real volume sales?:**

1. Increased by 30 percent or more	10.1%	11.4%	19.2%	11.1%
2. Increased by 20 to 29 percent	8.8	10.2	12.8	9.4
3. Increased by 10 to 19 percent	22.3	28.4	28.2	23.6
4. Increased by < 10 percent	15.9	17.0	15.4	16.0
5. (No change)	3.3	3.4	1.3	3.1
6. Decreased by < 10 percent	5.3	11.4	7.7	6.2
7. Decreased by more than 10 percent	31.3	15.9	11.5	27.7
8. (DK/Refuse)	3.0	2.3	3.9	3.0
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D4. Is this business operated primarily from the home, including any associated structures such as a garage or a barn?**

1. Yes	23.5%	4.5%	3.8%	19.5%
2. No	75.4	95.5	93.5	79.4
3. (DK/Refuse)	1.1	—	2.6	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D5. How long have you operated this business?**

1. < 6 years	25.7%	18.2%	15.6%	23.9%
2. 6 – 10 years	18.4	17.0	13.0	17.7
3. 11 – 20 years	24.6	28.4	29.9	25.6
4. 21 – 30 years	19.8	23.9	22.1	20.4
5. 31+ years	10.8	12.5	16.9	11.6
6. (DK/Refuse)	0.6	—	2.6	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D6. What is your highest level of formal education?**

1. < H.S.	1.4%	1.1%	2.6%	1.5%
2. H.S. diploma/GED	22.7	14.8	11.5	20.7
3. Some college or associate's degree	18.3	25.0	19.2	19.1
4. Vocational or technical school degree	4.1	2.3	2.6	3.7
5. College diploma	34.6	34.1	41.0	35.2
6. Advanced or professional degree	18.2	21.6	20.5	18.8
7. (DK/Refuse)	0.8	1.1	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D7. Please tell me your age**

1. < 25 years	0.2%	—%	—%	0.1%
2. 25 – 34 years	7.7	3.4	5.2	7.0
3. 35 – 44 years	16.8	18.0	13.0	16.6
4. 45 – 54 years	28.7	36.0	36.4	30.3
5. 55 – 64 years	27.9	27.0	29.9	28.0
6. 65+ years	16.2	14.6	13.0	15.7
7. (Refuse)	2.5	1.1	2.6	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D8. What is the zip code of your business?**

1. East (zips 010-219)	16.7%	15.7%	14.3%	16.3%
2. South (zips 220-427)	23.9	20.2	14.3	22.6
3. Mid-West (zips 430-567, 600-658)	24.7	19.1	23.4	23.9
4. Central (zips 570-599, 660-898)	18.9	29.2	26.0	20.7
5. West (zips 900-999)	15.3	13.5	19.5	15.5
6. (DK/Refuse)	0.6	2.2	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**Employee Size of Firm**  
**1-9 emp    10-19 emp    20-249 emp    All Firms**

**D9. Urbanization (Derived from zip code.)**

1. Highly Urban	12.4%	12.4%	11.7%	12.3%
2. Urban	18.7	21.3	18.2	18.9
3. Fringe Urban	18.2	29.2	19.5	18.5
4. Small Cities/Towns	18.5	18.0	24.7	19.0
5. Rural	26.2	21.3	19.5	25.0
6. (Not Known)	6.1	6.7	6.5	6.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D10. Compared to your competitors over the last three years, do you think the overall performance of your business in terms of sales and net profits makes it a?:**

1. High performer	19.2%	22.5%	30.3%	20.6%
2. Somewhat high performer	23.4	37.1	31.6	25.7
3. Moderate performer	42.7	32.6	30.3	40.4
4. Somewhat low performer	4.9	2.2	2.6	4.4
5. Low performer	5.7	1.1	2.6	4.9
6. (Haven't been in business three years)	0.8	—	—	0.6
7. (DK/Refuse)	3.4	4.4	2.6	3.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**D11. Sex**

1. Male	81.5%	86.5%	85.9%	82.5%
2. Female	18.6	13.5	14.1	17.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	353	203	201	757

**Table Notes**

1. All percentages appearing are based on **weighted** data.
2. All "Ns" appearing are based on **unweighted** data.
3. Data are not presented where there are fewer than 50 unweighted cases.
4. ( )s around an answer indicate a volunteered response.

**WARNING** – When reviewing the table, care should be taken to distinguish between the percentage of the population and the percentage of those asked a particular question. Not every respondent was asked every question. All percentages appearing on the table use the number asked the question as the denominator.

# Data Collection Methods

The data for this survey report were collected for the NFIB Research Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between September 11 to October 17 from a sample of small employers. “Small employer” was defined for purposes of this survey as a business owner employing no fewer than one individual in addition to the owner(s) and no more than 249.

The sampling frame used for the survey was drawn at the Foundation’s direction from the files of the Dun & Bradstreet Corporation, an imperfect file but the best currently available for public use. A random stratified sample design is typically employed to compensate

for the highly skewed distribution of small business owners by employee size of firm (Table A1). Almost 60 percent of employers in the United States employ just one to four people meaning that a random sample would yield comparatively few larger, small employers to interview. Since size within the small business population is often an important differentiating variable, it is important that an adequate number of interviews be conducted among those employing more than 10 people. The interview quotas established to achieve these added interviews from larger, small business owners are arbitrary but adequate to allow independent examination of the 10-19 and 20-249 employee size classes as well as the 1-9 employee size group.

**Table A1**  
**Sample Composition Under Varying Scenarios**

Employee Size of Firm	Expected from Random Sample*		Obtained from Stratified Random Sample			
	Interviews Expected	Percent Distribution	Interview Quotas	Percent Distribution	Completed Interviews	Percent Distribution
1-9	593	79	350	47	353	46
10-19	82	11	200	27	203	27
20-249	75	10	200	27	201	27
All Firms	750	100	750	101	757	100

\* Sample universe developed from the Bureau of the Census (2002 data) and published by the Office of Advocacy at the Small Business Administration.



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