



National Small Business Poll

NFIB National

Volume 7, Issue 8
2007

Small Business Poll

Job Vacancies

NFIB National Small Business Poll

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.

Current individual reports are publicly accessible on the NFIB Web site (www.nfib.com/research) without charge. Published (printed) reports can be obtained at \$15 per copy or by subscription (\$100 annually) by writing the *National Small Business Poll*, NFIB Research Foundation, 1201 "F" Street, NW, Suite 200, Washington, DC 20004. The micro-data and supporting documentation are also available for those wishing to conduct further analysis. Academic researchers using these data for public informational purposes, e.g., published articles or public presentations, and NFIB members can obtain them for \$20 per set. The charge for others is \$1,000 per set. It must be emphasized that these data sets do NOT contain information that reveals the identity of any respondent. Custom cross-tabulations will be conducted at cost only for NFIB members on a time available basis. Individuals wishing to obtain a data set(s) should write the *Poll* at the above address identifying the prospective use of the set and the specific set desired.

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Small Business
Poll



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Job Vacancies

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Executive Summary

- Though the economy was trending downward in the latter half of 2007, 17 percent of small employers reported one or more job vacancies. Forty-two (42) percent of those currently employing 20 or more people had at least one. The plurality (47%) with a vacancy had only one while 21 percent listed two and 30 percent three or more. Of those without a current job vacancy, 43 percent had at least one in the six months prior to the survey.
- The types of jobs vacant in small businesses varied substantially, ranging from openings for the highly skilled to the unskilled. Examples of job vacancies included: pharmacist, CPA, laborer, chef, software engineer, bartender, driver, sales clerk, golf pro, warehouseman, appliance technician, cashier, mechanic, real estate agent, and mason's helper.
- The profile of the current job vacancy, or most recent hire among those without a current vacancy, is/was: a full-time rather than a part-time job (65% vs. 34%), a permanent rather than a seasonal or temporary job (78% vs. 22%), a replacement for a departed employee rather than a new position (59% vs. 40%), and a job with promotion possibilities rather than one without them (59% vs. 41%). The median starting wage for the opening is/was \$12.50 per hour with 31 percent of firms augmenting employee income with tips, bonuses, and commissions, and 40 percent with health insurance.
- Job vacancies in small businesses were more likely to require experience than not. Fifty-seven (57) percent of small employers with a vacancy required some prior experience. Another 20 percent preferred it. Experience did not matter in 23 percent of cases.
- The most common form of recruiting to fill a small business position was spreading notice of the opening by word-of-mouth (79%). Almost as frequently used was requests of current employees to help locate an employee(s) (65%). Twenty (20) percent placed a job listing on the Internet.
- Small employers typically met few qualified job applicants from which to choose. Fifty-six (56) percent had just a "few" qualified applicants and 10 percent had "none." In contrast, 9 percent had "lots" of qualified applicants and another 21 percent had "some." The most frequently cited reasons for the small pool of qualified prospective employees were the lack of experience (40%) and the lack of occupational or job skills (14%).
- Omitting experience, the lack of job-specific or occupational skills, a poor job and/or work history and inflated wage and/or benefit expectations were the most typical problems small business employers found in the pool of applicants they evaluated.
- Forty-six (46) percent of small employers always ask for and check out the references of the people that they plan to hire. Another 24 percent usually do. Only 12 percent either infrequently ask for or check references, or never do.
- Employers are required to complete an I-9 form for all employees hired. Six percent of small employers have had a government official ask to see an I-9 in the last three years.

Job Vacancies

Small employers have become increasingly concerned about their ability to locate qualified employees. Part of the explanation for their problem is the historically high employment rate. For a long time, the country has had rising, and recently near record, employment to adult population ratios. This has meant a gradually tightening labor market and lower unemployment rates. At the same time, the skill requirements of jobs seem to be rising, eliminating employment opportunities for workers that lack the most rudimentary job skills. The percent of firms with an opening obviously is sensitive to the business cycle. Of concern, however, is the very high percent of owners who try to hire or hire, but report “few or no qualified applicants” for their open positions, even when the economy is weak. As a result, this issue of the *National Small Business Poll* focuses on Job Vacancies and the problems small employers have locating qualified employees.

Although the economy weakened in the latter half of 2007, 17 percent of small businesses still had one or more job vacancies (Q#1). Size of the small business is strongly associated with the likelihood of an opening. Forty-two (42) percent of firms employing 20 or more people had at least one current vacancy compared to just 13 percent of those employing nine or fewer people.

The plurality (47%) of small businesses with job openings had just one (Q#1a). Another 21 percent had two; 12 percent had three; and 18 percent had four or more. Combining both the number of small businesses with a current vacancy and the number of vacancies in those firms extrapolates to well over one million job vacancies in smaller businesses throughout the country during the survey period.

The majority (59%) of small employers without a current job vacancy hired at least one person within the 12 months prior to the survey, most within the preceding six months (Q#2). Owners of the largest businesses without a current opening were substantially more likely to have hired in the prior six months than owners of the small-

est firms in similar circumstances (84% compared to 36%).

The Jobs

This report employs two groups of respondents to assess the type of available jobs in the small business sector. The first group consists of employers who have a current job opening(s); the second group consists of employers who do not have a current job opening, but who have had one in the last three years. The former described their current opening, or if they had multiple openings, alternately described the opening for their most skilled and their least skilled employee. The latter, those who do not have a current opening, described their last job filled.

Sixty-five (65) percent of the job openings were full-time; 34 percent were part-time (Q#6). The smallest firms, those employing nine or fewer people, required more part-time help proportionally. The probable reason is that workload increases in the smallest firms are likely to occur in smaller increments requiring fewer work hours to fill them. The job is also more likely to be year around (78%) than temporary

or seasonal (22%) (Q#7). The smallest are more likely to use seasonal or temporary employees. Again, the probable reason is the incremental variation in the hours required to satisfy the firm's needs.

Most new hires replace existing employees. Fifty-nine (59) percent in this sample were replacements and 40 percent new (Q#9). Turnover can be a problem creating a constant need to replace employees in a specific job. Twenty-one (21) percent who hired a replacement indicated that turnover is a problem in the open job (Q#10). The number translated into less than 10 percent facing such a problem.

The median starting wage was about \$12.50 per hour (Q#11) translating into an annual salary of about \$24,000 a year. At the extremes, 14 percent were offered \$7.50 per hour or less and 7 percent were offered \$25 per hour or more. Thirty-one (31) percent augmented wages with tips, bonuses, and commissions, pushing actual job income higher (Q#11a). That additional compensation makes a considerable difference in some organizations and modest amounts in others. After the initial waiting period, 40 percent will/did also offer health insurance (Q#11b). Eighteen (18) percent did not respond to the question about starting wage/salary.

A majority (61%) indicated that compensation for the job is about average for their workforce as a whole (Q#11c). More (27%) reported the starting wage/salary lower than average than those (10%) reporting it higher than average. However, higher paying jobs turn over less frequently than lower paying ones.

A common concern frequently expressed about working in small businesses is the lack of promotion possibilities. The structured career ladders available in large firms are typically not present in smaller firms. But there are often advancement possibilities. Fifty-nine (59) percent indicate that the job in question has promotion possibilities (Q#12). In firms employing 20 people or more, the proportion rises to 75 percent. Though not every small business has an employee career pattern, the notion that a small business job is a dead-end job is simply false.

Small business owners value experience highly. Fifty-seven (57) percent required job

experience for the position currently vacant (Q#13). Another 20 percent preferred experience, though did not require it. That leaves less than one-quarter (23%) for which experience was not at least desirable. There is, of course, a correlation between experience and skill level. Time on the job generally results in improved general job skills, such as, ability to work with people or manage a group of workers, and specific skills, such as, welding or computer programming. So, demonstrable possession of job skills, particularly occupational skills, will sometimes substitute for experience.

Recruiting

Small employers frequently use “bootstrapping” methods to recruit new employees. They try to keep recruiting costs low, although they do periodically pay for services to help them. Owners of the smallest businesses are likely to limit their search methods to low-cost options, while owners of the largest, small businesses are more likely to use additional and costlier methods.

The most common method small business owners use to recruit new employees is word-of-mouth. Seventy-nine (79) percent announced their job vacancies through word-of-mouth (Q#14B). The method requires no outlay, making it particularly attractive from a cost point of view. The corollary is to ask employees to help in the recruitment process. Sixty-five (65) percent engage employees to help recruit (Q#14I). The employee's incentive to help recruit may involve a bounty-type payment or bonus for recruiting someone that is eventually hired; it may also involve the opportunity to work with a friend or acquaintance. The engaging-the-employees approach is particularly useful when the owner is happy with the current workforce and the job vacancy requires relatively low occupational skills or those possessed by several current employees. The effect of word-of-mouth, whether or not directly engaging employees, is to narrow the search, other factors equal, while minimizing costs.

Other relatively costless methods were also used frequently. For example, 13 percent placed an old-fashioned “Help Wanted” sign in the window (Q#14C). Window signs are particularly useful in places where there is high foot traffic or where people

often visit. The approach typically signifies a search for lower-skilled positions.

Schools are anxious to place their students and recognize that not all of their graduates will pursue further formal education. Seventeen (17) percent of small employers recruit at schools (Q#14G). The data do not reveal the type of school on which small employers focus their efforts, but younger trainees are likely to be recruited from high schools and skill-specific employees from vocational schools. Recruiting from schools is attractive not only because of its cost, but because of the records and implicit screening that schools provide.

Owners of the largest, small businesses are almost twice as likely to use advertising services as are owners of the smallest, small businesses. For example, 30 percent used the traditional newspaper ads (Q#14A). Forty-eight (48) percent with 20 or more employees used newspaper ads compared to 26 percent with nine or fewer. Thirteen (13) percent placed ads in trade publications or newsletters (Q#14F). While these are likely paid ads, some organizations offer job vacancy listings as a member benefit. Again, owners of larger, small businesses were almost twice as likely to use print media as owners of smaller, small businesses. A relatively new recruiting method is posting ads on the Internet. Twenty (20) percent recruited by placing an ad(s) on an Internet job placement site (Q#14E).

A more formal and costly recruitment method is employment agencies. The emphasis here is likely a special skill or urgency. A typical agency charge is the equivalent of the hired employee's first month's salary/wage. Only 7 percent used a private employment agency (Q#14D). That is the same percentage that used free government placement services (Q#14H).

Applicant Qualifications

It takes only one qualified applicant to fill a job vacancy. But, the quality of the applicant pool is an indication of the overall availability of that one qualified person who is willing to accept the job. Small employers considered the pool of applicants for their job openings as thin at best, even in a period when labor markets were beginning to weaken noticeably. In 56 percent of cases, small employers described the pool of avail-

able job applicants as having few qualified people available (Q#15). Another 10 percent reported no qualified applicants. Only 9 percent thought there were lots of qualified applicants for their vacancy and 21 percent thought there were "some".

Owners of larger, small firms, those employing 20 or more, evaluated the pool of job applicants more favorably than owners of the smallest. Assuming that these larger, small firms have more attractive positions to fill, for example, higher pay and more promotion opportunities, it is reasonable to assume that they are attracting higher quality applicants. On the other hand, it is also true that larger, small employers are less dependent on any single employee and therefore may not be quite so selective.

The most common complaint registered by small employers who find few or no qualified applicants is the lack of experience. Forty (40) percent volunteered the lack of experience as the reason for their overall view of the applicant pool (Q#15a). The second most frequently mentioned deficiency is the lack of job-specific or occupational skills (14%). Five percent mentioned scheduling/availability/transportation conflicts; another 5 percent a poor work history; 4 percent present legal issues which could include drugs, police records, legal status, etc. Ten (10) percent had no opinion since they have just started to search.

When asked to characterize their experience trying to fill job openings over the past three years, 26 percent of small employers considered the lack of job-specific or occupational skills as a *typical* deficiency of job applicants (Q#16A). Another 35 percent said the lack of those skills was an *occasional* problem. A poor work history was the second most frequent *typically* encountered deficiency (Q#16B), followed by unrealistic salary expectations (Q#16E). A lack of social or people skills (Q#16C) and a poor attitude (Q#16G) each were reported by 16 and 17 percent respectively as *typical* applicant characteristics. If these flaws occur "independently", a third of the applicant pool were either disqualified or discounted for reasons completely under their control and easy to correct (in comparison to having to finish school). As the country becomes a more service-oriented society, interaction with people becomes a

relatively more important qualification. That places a premium on social skills. While the anonymity of the computer may hide some social weaknesses, the average employee will need better social skills to survive.

Occupational skills are job specific. The skills gained through formal education usually are not. But education-associated skills are important in most jobs. Unfortunately, small employers cannot take their existence for granted. Eleven (11) percent reported the lack of basic English, communications or math skills as *typical* among job applicants (Q#16F). Another 21 percent said it was an *occasional* problem.

Appropriate employee appearance varies substantially by position. One job requires a suit and tie, another business casual, and another jeans and work boots. Fourteen (14) percent of small employers thought that inappropriate appearance was a *typical* problem (Q#16H). Twenty-nine (29) percent *occasionally* found appearance issues. Appropriate appearance is a totally avoidable issue and one that after the first day on-the-job should never occur.

Illegal drug use is a major national problem with important implications for the workplace. Nine percent of small employers reported drug use, including failed drug tests, as a *typical* problem among job applicants (Q#16I). Another 13 percent encountered it *occasionally* in screening applicants. Only 6 percent reported that ensuring that applicants were not illegal immigrants was a *typical* problem (Q#16D) and another 6 percent said it was an *occasional* problem. Eighty-six (86) percent of small employers do not view screening illegal immigrants as a problem.

Verification of References and Records

Many potential employee problems can be averted by obtaining and checking applicant job references and most owners take this precaution. Forty-six (46) percent of small employers always obtained and checked prospective employee references (Q#17). Another 24 percent usually obtained and checked references and 18 percent sometimes did. Just 5 percent never checked applicant references.

At the time of hiring, an employer must fill out a Federal I-9 form for each new

employee as well as tax withholding forms. Applicants must show the employer identification to prove they are who they say they are and a document to show they are eligible to work. Fifty-seven (57) percent of small employers always made copies of those papers (Q#19), likely thinking these records will prove, should proof be needed, of their effort to comply with the legal hiring requirements. Another 5 percent usually did.

Even if copies of the foundation documents are not required, employers must retain copies of the completed I-9 as long as the employee works in the business. In most instances, small employers keep the documents much longer than necessary. Two percent usually disposed of I-9s when the employee left and another 13 percent held them for two years or less (after the employee left) (Q#20). Fifty-eight (58) percent kept an employee's I-9 form more than two years after the employee stopped working in the business. Fifteen (15) percent were not certain. But 11 percent indicated that they are not familiar with the I-9 form. It is possible the name or the terminology confused those respondents.

Just 6 percent claimed that in the last three years a government official has asked to see an I-9 (Q#20a). The likelihood of being penalized for not having these records is remote.

Mistakes and fraud lead to mismatches of names and Social Security numbers in Social Security records. To correct erroneous records and to ensure the correct amount of payroll tax is credited to the correct employee, the Social Security Administration (SSA) mails "does-not-match" letters to employers when mismatches appear. Eighty-seven (87) percent had not received a "does-not-match" letter from the SSA in the last three years (Q#18). Six percent of all small employers claimed to have received one and 3 percent claimed more than one in the last three years. Another 4 percent did not remember one. However, those employing 20 or more people are substantially more likely to have received one. That is reasonable as those employing more people have a greater opportunity for a mistake to occur or for a case of fraud to slip through.

Final Comments

The demand for experience when hiring new employees is a recurring theme in prior pages. Small employers demand it and complain about the lack of it. Experience means a new employee becomes productive immediately. The person requires little in-house training other than instruction in the firm's policies and procedures. Since training in small businesses typically requires temporarily removing another productive employee from his/her responsibilities to help the new person, training costs the time of two employees rather than just one. This assumes that the small business has an experienced person on staff who can teach appropriate skills. It further assumes that the new hire is capable of the work and will stay long enough to repay the investment. The cumulative result is the preference for experience. The trade-off for the small employer to avoid these training costs is higher compensation to attract experienced workers.

An important implication of the small employer demand for experience is the need for young people to obtain experience or a marketable skill early. Opportunities include internships, summer, and part-time jobs, any place a young person can begin building a resume. Artificial and legally mandated wage rates create an impediment to opportunities, however. They often raise the cost of young employees beyond their value. Small employers recognize that young, inexperienced employees may be of negative value (cost more than they produce) to their firm early in the employment period. If the employee stays long enough however, the employer can recapture his investment in the employee. But if the employee does not have experience, then the employer does not know if the employee will stay long enough for the employer to recapture his training investment. So, to let many young people begin to climb the career ladder, government must not kick out the bottom rung.

A ziz-zag pattern across employers is now a standard, if not the standard, way to advance a career and increase income. The presence of job mobility suggests that even positions without promotion possibilities offer young people in particular important job experience. But small businesses are not without job advancement potential. In

fact, the large majority of current vacancies in small firms have it. Small employers recognize that they must compete for talent. One way to compete is to have a job that has both personal and professional promotion potential.

Small employers complain that the pool of job applicants is thin. The type of job that they seek to fill obviously influences the pool as does local economic conditions and the compensation they can offer. Many of the cited shortcomings of applicants are preventable. The lack of job skills, poor attitudes, scrapes with the law, and poor work histories typically can be avoided. Employers are not social workers. When a prospective employee presents himself with little to recommend him or her, it is little wonder that the employer is reluctant to hire the candidate even when the need is present.

Job Vacancies

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

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Do you have a current job opening?				
1. Yes	12.6%	24.7%	41.6%	16.6%
2. No	87.1	75.3	58.4	83.1
3. (DK/Refused)	0.3	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	200	752
1a. Do you have just one job opening or more than one? (If more than one in Q#1a.) About how many?				
1. Just one	—%	30.0%	25.0%	46.8%
2. Two	—	35.0	15.6	21.1
3. Three	—	15.0	25.0	12.2
4. Four or more	—	10.0	34.4	17.5
5. (DK/Refused)	—	—	—	2.3
Total	100.0%	100.0%	100.0%	100.0%
N	48	50	84	179
2. When was the last time you had a job opening? (If “No” in Q#1.)				
1. Last six months	35.8%	72.3%	84.1%	42.5%
2. > 6 months to 1 year ago	18.0	9.2	11.4	16.7
3. > 1 year to 2 years ago	11.7	10.8	2.3	11.0
4. > 2 years to 3 years ago	4.6	3.1	2.3	4.3
5. > 3 years ago	26.5	4.6	—	22.7
6. (DK/Refused)	3.4	—	—	2.8
Total	100.0%	100.0%	100.0%	100.0%
N	306	151	117	574
3. Think of the <u>most</u> skilled job you have open. What is the name of the job, like a carpenter, sales clerk, mechanic, security guard, etc.? (Half of the sample that had more than a single job opening in Q#1a.)				
4. Think of the <u>least</u> skilled job you have open. What is the name of the job, like a carpenter, sales clerk, mechanic, security guard, etc.? (Half of the sample that had more than a single job opening in Q#1a.)				
5. What is the name of the job, like a carpenter, sales clerk, mechanic, security guard, etc.? (If only one job opening in Q#1a or 3 years or less in Q#2.)				

6. Is/Was this a full-time or part-time job?

1. Full-time	61.1%	73.2%	76.3%	64.5%
2. Part-time	37.0	25.6	21.1	33.6
3. (DK/Refused)	1.9	1.2	2.6	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

7. Is/Was the job seasonal or temporary?

1. Yes	23.6%	17.1%	13.2%	21.5%
2. No	75.8	81.7	85.5	77.7
3. (DK/Refused)	0.6	1.2	1.3	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

8. How long has/was this job (been) open (before you filled it)?

1. One week or less	39.9%	42.9%	41.7%	40.4%
2. > one week to two weeks	13.9	18.2	16.7	14.8
3. > two weeks to one month	20.9	19.5	16.7	20.2
4. > one month to three months	13.1	13.0	11.1	12.8
5. > three months	7.6	2.6	5.6	6.9
6. (DK/Refused)	4.5	3.9	8.3	4.8
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

9. Are/Were you trying to replace someone or is/was it a new position?

1. New position	41.2%	32.1%	37.3%	39.6%
2. Replaced someone	56.3	67.9	62.7	58.5
3. (DK/Refused)	2.5	—	—	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

10. Has turnover in this job been a problem? (If “Replaced Someone” in Q#9.)

1. Yes	19.5%	23.2%	29.8%	21.4%
2. No	79.4	76.8	70.2	77.8
3. (DK/Refused)	1.1	—	—	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	149	131	123	403

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

11. What is/was the starting hourly wage or annual salary? (Salary translated into hourly wage.)

1. < \$7.50/hour	14.3%	10.8%	14.1%	13.8%
2. \$7.50 - \$9.99/hour	19.8	27.0	18.3	20.5
3. \$10.00 - \$14.99/hour	25.5	23.0	18.3	24.4
4. \$15.00 - \$24.99/hour	16.0	14.9	16.9	15.9
5. \$25.00/hour or more	7.9	2.7	5.6	7.0
6. (DK/Refused)	16.6	21.6	26.8	18.4
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

11 a. Will/Did this person also receive tips, bonuses, or commissions above the wage or salary?

1. Yes	30.5%	36.1%	31.6%	31.4%
2. No	68.4	61.4	68.4	67.5
3. (DK/Refused)	1.1	2.4	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

11 b. After an initial waiting period, will/was the person in this job (be) offered health insurance?

1. Yes	34.5%	48.8%	68.4%	40.4%
2. No	65.1	48.8	30.3	58.8
3. (DK/Refused)	1.1	2.4	—	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

11 c. Will/was total compensation (be) above average for your work force, below average or about average?

1. Above average	26.5%	22.0%	32.0%	26.6%
2. Below average	9.3	9.8	10.7	9.5
3. Average	61.7	65.9	53.3	61.2
4. (DK/Refused)	2.5	2.4	4.0	2.6
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

12. Does/Did this job have promotion possibilities?

1. Yes	54.7%	64.6%	75.0%	58.5%
2. No	44.4	35.4	25.0	40.9
3. (DK/Refused)	0.8	—	—	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

13. Does/Did this job require experience? Is/Was experience preferred or is/was no experience needed?

1. Experience required	57.7%	53.7%	53.3%	56.6%
2. Experience preferred	19.6	20.7	22.7	20.1
3. Experience not needed	22.3	25.6	24.0	22.9
4. (DK/Refused)	0.4	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

14. How are/did you recruit(ing) to fill the job? Are you?

A. Placing/Placed an ad(s) in a newspaper

1. Yes	26.1%	35.8%	48.0%	30.0%
2. No	73.9	64.2	52.0	70.0
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

B. Spreading/Spread the opening by word-of-mouth

1. Yes	77.9%	79.3%	84.2%	78.8%
2. No	21.3	19.5	14.5	20.2
3. (DK/Refused)	0.8	1.2	—	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

C. Putting/Put a sign in the window

1. Yes	12.8%	14.8%	12.0%	13.0%
2. No	87.2	85.2	88.0	87.0
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

D. Using/Use a private employment agency

1. Yes	5.7%	7.4%	14.7%	7.0%
2. No	94.3	92.6	85.3	93.0
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

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

E. Placing/Placed a listing on an Internet job placement site

1. Yes	19.2%	19.8%	27.6%	20.3%
2. No	80.8	79.0	71.1	79.4
3. (DK/Refused)	—	1.2	1.3	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

F. Placing/Placed an ad(s) in a trade publication or newsletter

1. Yes	12.4%	11.1%	21.1%	13.3%
2. No	87.2	88.9	77.6	86.2
3. (DK/Refused)	0.4	—	1.3	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

G. Contacting/Contacted a school about the opening

1. Yes	16.2%	14.8%	24.0%	17.0%
2. No	83.8	84.0	74.7	82.7
3. (DK/Refused)	—	1.2	1.3	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

H. Using/Used a government job placement service

1. Yes	5.5%	11.0%	9.2%	6.6%
2. No	94.1	87.8	89.5	92.7
3. (DK/Refused)	0.4	1.2	1.3	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

I. Asking/Asked current employees to help find someone

1. Yes	62.8%	72.8%	70.7%	65.0%
2. No	37.2	27.2	29.3	35.0
3. (DK/Refused)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

15. How many qualified applicants are/were there for the job? Are/Were there lots of qualified applicants, some qualified applicants, few qualified applicants, or no qualified applicants?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Lots	7.4%	9.9%	14.7%	8.6%
2. Some	19.0	25.9	28.0	21.0
3. Few	58.4	50.6	48.0	56.2
4. No	10.8	9.9	6.7	10.2
5. Too early to tell	0.4	1.2	1.3	0.6
6. (DK/Refused)	4.1	2.4	2.6	3.5
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

15a. What is/was the most important reason applicants are/were not qualified?

	1-9 emp	10-19 emp	20-249 emp	All Firms
1. Lack of experience	40.9%	37.0%	31.7%	39.5%
2. Lack of job-specific or occupational skills	15.2	6.5	14.6	14.2
3. Poor job and/or work history	4.3	6.5	4.9	4.6
4. Lack of social or people skills	0.9	—	2.4	1.0
5. Lack of basic English, communications, and/or math skills	3.4	2.2	2.4	3.1
6. Poor attitude or appearance	2.1	8.7	4.9	3.1
7. Legal issues	3.7	6.5	7.3	4.3
8. Scheduling conflicts/availability/transportation	5.2	4.3	7.3	5.3
9. Haven't started to look	9.8	15.2	9.8	10.4
10. (Combination/Other)	5.8	8.7	2.4	4.3
11. (DK/Refused)	0.6	—	2.4	0.7
Total	100.0%	100.0%	100.0%	100.0%
N	178	118	109	405

16. How would you evaluate the pool of applicants that you have had over the last three years for all the jobs you have had open? Would you say _____ has been a typical problem, an occasional problem, or not a problem?

Employee Size of Firm

	1-9 emp	10-19 emp	20-249 emp	All Firms
--	---------	-----------	------------	-----------

A. Lack of job-specific or occupational skills

1. Typical problem	26.1%	25.9%	26.3%	26.1%
2. Occasional problem	35.2	35.8	35.5	35.3
3. Not a problem	37.1	37.0	35.5	36.9
4. (DK/Refused)	1.7	1.2	2.6	1.7
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

B. Poor job and/or work history

1. Typical problem	22.8%	18.3%	25.3%	22.5%
2. Occasional problem	25.5	42.7	42.7	29.8
3. Not a problem	49.2	36.6	30.7	45.3
4. (DK/Refused)	2.6	2.4	1.3	2.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

C. Lack of social or people skills

1. Typical problem	16.7%	14.6%	15.8%	16.3%
2. Occasional problem	32.7	42.7	40.8	35.0
3. Not a problem	48.3	40.2	42.1	46.5
4. (DK/Refused)	2.3	2.4	1.3	2.1
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

D. Ensuring applicants are not illegal immigrants

1. Typical problem	5.5%	6.2%	9.2%	6.0%
2. Occasional problem	4.2	8.6	13.2	5.9
3. Not a problem	88.6	82.7	76.3	86.4
4. (DK/Refused)	1.7	2.5	1.3	1.8
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

E. Inflated wage and/or benefit expectations

1. Typical problem	19.2%	21.0%	21.1%	19.7%
2. Occasional problem	20.0	29.6	34.2	23.0
3. Not a problem	58.2	46.9	43.4	55.0
4. (DK/Refused)	2.5	2.5	1.3	2.2
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

F. Lack of basic English, communication, and/or math skills

1. Typical problem	10.3%	12.2%	10.5%	10.6%
2. Occasional problem	19.0	22.0	28.9	20.6
3. Not a problem	68.1	63.4	59.2	66.5
4. (DK/Refused)	2.6	2.4	1.3	2.4
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

G. Poor attitude

1. Typical problem	16.8%	15.7%	18.4%	16.9%
2. Occasional problem	33.9	43.4	47.4	36.8
3. Not a problem	47.8	38.6	32.9	44.8
4. (DK/Refused)	1.5	2.4	1.3	1.6
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

H. Inappropriate appearance

1. Typical problem	13.1%	14.6%	14.7%	13.5%
2. Occasional problem	25.9	35.4	42.7	29.2
3. Not a problem	58.6	47.6	41.3	35.2
4. (DK/Refused)	1.4	2.4	1.3	2.1
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

I. Drug use, including failed drug tests

1. Typical problem	9.7%	4.9%	10.7%	9.2%
2. Occasional problem	9.9	18.3	29.3	13.3
3. Not a problem	76.8	73.2	56.0	73.9
4. (DK/Refused)	3.6	3.6	4.0	2.6
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

17. Do you ask for, and check out, job references for people you plan to hire _____?

1. Always	43.8%	50.0%	51.3%	45.5%
2. Usually	24.4	23.2	19.7	23.7
3. Sometimes	17.3	19.5	21.1	18.0
4. Not often	7.6	4.9	5.3	7.0
5. Never	6.1	2.4	2.6	5.2
6. (DK/Refused)	0.8	—	—	0.6
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

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

18. In the last three years have you received a “does-not-match” letter from the Social Security Administration saying that the Social Security name and/or number of one of your employees does not match its Social Security records? Has this happened _____?

1. Never	90.1%	87.8%	67.5%	87.1%
2. Once	4.8	4.9	14.3	6.0
3. More than once	1.9	3.7	7.8	2.8
4. Don't remember	2.7	3.7	9.1	3.6
5. (Refused)	0.4	—	1.3	0.5
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

19. Though the law does not require it, do you always, usually, sometimes or never make a photocopy of the ID that new employees present to show who they are and that they are eligible to work?

1. Always	52.8%	61.0%	78.9%	57.0%
2. Usually	4.6	6.1	2.6	4.6
3. Sometimes	7.6	7.3	5.3	7.3
4. Never	33.9	24.4	11.8	30.0
5. (DK/Refused)	1.1	1.2	1.3	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

20. How long do you usually retain an employee's completed I-9 form after the employee has stopped working for you?

1. Dispose of I-9s when employee leaves	2.7%	1.2%	1.3%	2.4%
2. Retain I-9s two years or less after the employee leaves	14.7	9.8	9.3	13.4
3. Retain I-9s more than two years after the employee leaves	55.7	64.6	65.3	58.0
4. Not familiar with the I-9 form	11.6	11.0	6.7	10.9
5. (DK/Refused)	15.3	13.4	17.3	15.3
Total	100.0%	100.0%	100.0%	100.0%
N	259	194	198	651

20a. In the last three years, has a government official asked to see one or more of your employee's I-9s? (If Familiar with the I-9 in Q#20.)

1. Yes	5.7%	5.5%	5.6%	5.7%
2. No	90.7	90.4	90.3	90.6
3. (DK/Refused)	3.5	4.1	4.2	3.7
Total	100.0%	100.0%	100.0%	100.0%
N	229	174	186	589

Demographics

D1. Which best describes your position in the business?

1. Owner/Manager	89.1%	81.0%	71.8%	86.6%
2. Owner, but not manager	4.0	3.6	3.8	4.0
3. Manager, but not owner	6.8	15.5	24.4	9.4
4. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. Agriculture, forestry, fishing	2.5%	3.6%	1.3%	2.4%
2. Construction	8.5	10.7	8.0	9.3
3. Manufacturing, mining	7.7	17.9	13.3	8.9
4. Wholesale trade	6.5	6.0	2.7	4.9
5. Retail trade	18.6	16.7	13.3	17.1
6. Transportation and warehousing	1.6	2.4	5.3	2.7
7. Information	2.8	2.4	2.7	2.4
8. Finance and insurance	6.4	2.4	5.3	4.6
9. Real estate and rental/leasing	6.5	3.6	4.0	4.9
10. Professional/scientific/ technical services	14.1	8.3	4.0	10.1
11. Admin. support/waste management services	5.0	3.6	4.0	4.2
12. Educational services	0.5	—	—	0.4
13. Health care and social assistance	2.5	4.8	13.3	7.0
14. Arts, entertainment or recreation	1.9	1.2	2.7	2.1
15. Accommodations or food service	4.2	11.9	16.0	9.7
16. Other service, incl. repair, personal service	9.9	2.4	2.7	9.7
17. Other	0.9	—	1.3	0.8
18. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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	12.4%	14.6%	12.8%	12.7%
2. Increased by 20 to 29 percent	8.9	15.9	19.2	10.6
3. Increased by 10 to 19 percent	26.4	28.0	25.6	26.5
4. Increased by < 10 percent	17.0	18.3	17.9	13.2
5. Decreased by < 10 percent	13.2	9.8	9.0	12.5
6. Decreased by more than 10 percent	14.8	7.3	6.4	13.2
7. (DK/Refuse)	7.4	6.1	8.9	7.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

1. Yes	27.5%	8.3%	3.9%	23.3%
2. No	71.4	89.3	93.5	75.4
3. (DK/Refuse)	1.1	2.4	2.6	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D5. How long have you operated this business?

1. < 6 years	20.6%	14.5%	18.2%	19.7%
2. 6 – 10 years	20.6	15.7	20.8	20.1
3. 11 – 20 years	28.7	31.3	23.4	28.4
4. 21 – 30 years	20.1	20.5	18.2	20.0
5. 31 + years	9.4	15.7	16.9	10.7
6. (DK/Refuse)	0.6	2.4	2.6	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D6. What is your highest level of formal education?

1. < H.S.	0.6%	—%	1.3%	0.6%
2. H.S. diploma/GED	16.2	11.9	9.2	15.1
3. Some college or associate's degree	24.0	26.2	18.4	23.7
4. Vocational or technical school degree	4.2	6.0	2.6	4.2
5. College diploma	36.1	41.7	47.4	37.7
6. Advanced or professional degree	18.0	10.7	18.4	17.3
7. (DK/Refuse)	0.9	3.6	2.6	1.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D7. Please tell me your age

1. < 25 years	0.5%	—%	1.3%	0.5%
2. 25 – 34 years	6.2	3.6	6.6	6.0
3. 35 – 44 years	16.9	14.3	13.2	16.3
4. 45 – 54 years	28.0	29.8	35.5	28.9
5. 55 – 64 years	28.4	33.3	30.3	29.1
6. 65+ years	16.0	15.5	9.2	15.3
7. (Refuse)	4.0	3.6	3.9	4.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D8. What is the zip code of your business?

1. East (zips 010-219)	20.2%	16.7%	15.6%	19.4%
2. South (zips 220-427)	19.4	19.0	15.6	19.0
3. Mid-West (zips 430-567, 600-658)	23.1	31.0	27.3	24.3
4. Central (zips 570-599, 660-898)	22.2	19.0	26.0	22.2
5. West (zips 900-999)	13.4	11.9	13.0	13.2
6. (DK/Refuse)	1.7	2.4	2.6	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D9. Urbanization (Derived from zip code.)

1. Highly Urban	12.6%	14.3%	14.5%	13.0%
2. Urban	18.8	16.7	19.7	18.7
3. Fringe Urban	17.0	19.0	21.1	17.6
4. Small Cities/Towns	22.1	17.9	19.7	21.4
5. Rural	23.2	27.4	21.1	23.4
6. (Not Known)	6.4	4.8	3.9	6.0
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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

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	16.5%	16.5%	28.9%	17.6%
2. Somewhat high performer	21.4	34.1	31.6	23.7
3. Moderate performer	41.9	36.5	26.3	39.9
4. Somewhat low performer	3.4	3.5	5.3	3.6
5. Low performer	11.0	4.7	2.6	9.6
6. (Haven't been in business three years)	1.6	—	—	1.2
7. (DK/Refuse)	4.2	4.7	5.2	4.3
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

D11. Sex

1. Male	83.4%	81.2%	84.4%	83.2%
2. Female	16.6	18.8	15.6	16.8
Total	100.0%	100.0%	100.0%	100.0%
N	351	201	201	753

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 October 17 - November 13, 2007 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

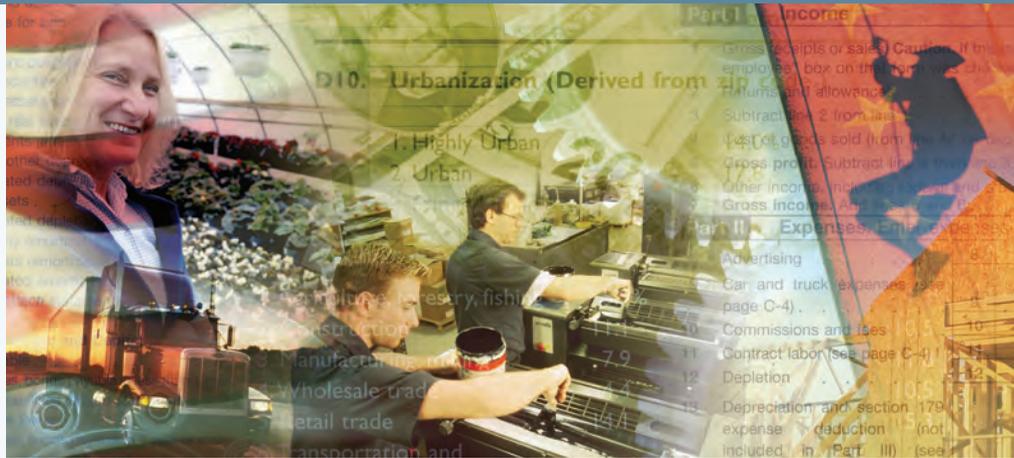
Sample Composition Under Varying Scenarios

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	351	46
10-19	82	11	200	27	201	27
20-249	75	10	200	27	201	27
All Firms	750	100	750	101	753	100

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

The Sponsor

The **NFIB Research Foundation** is a small-business-oriented research and information organization affiliated with the National Federation of Independent Business, the nation's largest small and independent business advocacy organization. Located in Washington, DC, the Foundation's primary purpose is to explore the policy related problems small-business owners encounter. Its periodic reports include *Small Business Economic Trends*, *Small Business Problems and Priorities*, and now the *National Small Business Poll*. The Foundation also publishes ad hoc reports on issues of concern to small-business owners. The Foundation's functions were recently transferred from the NFIB Education Foundation.



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