



National Small Business Poll

NEIB National

Volume 3, Issue 1
2003

Small Business Poll

Contacting Government

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) 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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William J. Dennis, Jr.
NFIB Research Foundation
Series Editor



1201 "F" Street NW
Suite 200
Washington, DC 20004
nfib.com

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Table of Contents

Executive Summary	1
Contacting Government	2
Tables	8
Data Collection Methods	18

Executive Summary

- Small-business owners are considerably more likely to see the demanding or negative face of government than the collaborative or positive side, even when owners initiate contact.
- Fifteen (15) percent of small-business owners initiated contact with government “many times” over the last three years to learn about or clarify government requirements or obligations. Thirty-eight (38) percent reported no contacts for that purpose. Of those who made any contact to inquire about a government requirement or obligation, two-thirds were primarily interested in licenses or permits.
- Over the last three years, 1 percent extensively explored possible public assistance for their business. Another 18 percent made at least one inquiry about financial, management or other small business support programs. Eighty (80) percent made none.
- Five (5) percent of small employers indicated that they had received financial assistance in the form of a loan, loan guarantee, grant, bond, etc., from government during the last three years. That amounts to about 100,000 per year. Three (3) percent obtained publicly subsidized consulting, advisory or management help over the same period.
- Twenty-one (21) percent won one or more government contracts in the last three years. A non-mutually exclusive 15 percent won a contract to support a government contractor (effectively becoming a sub-contractor). Among those doing any business with government, the average proportion of government sales is 18 percent of total sales. Most (64%) now selling to government would like to increase their government sales.
- Seventy-two (72) percent made no direct or indirect sales to government in the last three years. Eighty-four (84) percent of that number do not intend to compete for a government contract in the next three years. The primary reason these owners have no plans to compete is that they believe the goods and services they produce are not purchased by government.
- Seventy-eight (78) percent have not attempted in the last three years to find information government produces or houses that is of direct commercial value.
- Over the last three years, 10 percent of small-business owners contacted an elected public official(s) “many times” to complain about a government rule or to express a view on potential legislation or regulatory activity. Fifty-seven (57) percent did not contact any public official for these purposes over the last three years.
- Nine (9) percent of small businesses received “many” on-site visits from one or more government officials to inspect the business, check records, etc., over the last three years. Forty-four (44) percent did not receive a single visit. Those employing 20 people or more are almost twice as likely to have received at least one visit as those employing fewer than 10.
- When initiating contact with government, small-business owners are usually most likely to do so by telephone or in person regardless of the contact’s purpose. They are less likely to use mail and the Internet.
- Small employers initiate contact at all levels of government. However, more appear to focus on state government than on any other level. The fewest focus on the federal government.

Contacting Government

Government's pervasive guidance of economic activity in the United States implies that government and business spend considerable time in one another's company. The interface has two fundamental dimensions. First, the initiative for interface can come from either side. At times, government wants the attention of business. At other times, business wants the attention of government. Second, the interface can be collaborative or combative. Government and business can jointly undertake productive activity such as the repair of a road or research on a cancer cure. The relationship can also produce friction as government coerces business into doing things it would ordinarily not do such as maintaining additional records, and business coerces government into things it would ordinarily not do such as revising inappropriate rules. Small business and their larger brothers are not fundamentally different in these regards. However, the interface between small business and government is far more personal than with large firms, and arguably far less satisfying. One important influence on this relationship is a small-business owner's experience with government, particularly the direct contact and its purposes. As a result, this issue of the *National Small Business Poll* focuses on small-business owner contact with government. The emphasis is on the contact initiated by owners.

Obtaining Compliance Requirements

Small-business owners are legally bound to follow, and therefore to know and understand, every rule and regulation that impacts them. That includes the differing requirements promulgated by every jurisdiction in which they operate. As a practical matter, this presumption is fiction. No small-business owner, let alone a reasonably large staff of experts, can recognize, understand, and implement the thousands of pages of rules that they must obey. Further, this continuing task must be undertaken while operating a business well enough to make its continuation worthwhile. Despite a legal

presumption that is impossible, most small-business owners make a good faith effort to comply with, at least, the most important requirements. That means they must frequently seek information about government rules and how to comply with them. While they usually prefer to get such information from private sources such as another business owner or a trade association, that is not always possible or convenient. They must instead request information or obtain documents directly from government.

Fifteen (15) percent reported that over the last three years they contacted a government unit or agency "many times" to learn about or clarify a government requirement (Q#3). Twenty-six (26) percent said

that they had done so a “few times;” another 21 percent indicated that they had done so “once or twice.” Meanwhile, 38 percent reported that not once in the last three years had they contacted government about a requirement.

Two-thirds (66%) of those who contacted government for this purpose responded that their contacts are made primarily to obtain licenses or permits (Q#3a). The remainder make their contacts about other legal requirements. Thus, it is likely that over the last three years a majority have not inquired (of government) about any regulatory requirements impacting them. The reason(s) so comparatively few approach government for such information is not a topic addressed in the survey. Among the potential reasons are: a preference for, and greater trust of, a private sector source; not wanting to draw attention to ones’ self; difficulty locating a source from which appropriate information might be obtained; the need to integrate compliance with the firm’s resources; and, complex, legalistic, impractical, and perhaps inaccurate answers to simple questions.

Thirty-nine (39) percent of small employers who make such contacts make most of them over the telephone (Q#3b). Eighteen (18) percent make most of them in person while 17 percent make most of them by mail. Just 5 percent use the Internet predominantly. A similar distribution of contact means will be repeated for virtually every type of initiative originating with the small-business owner.

Inquiries about legal requirements are made most frequently of state governments. Thirty-nine (39) percent of small-business owners claimed that most of the contacts they initiate to obtain information about government rules and obligations, including licenses, are made with state authorities. The next most frequent target is local officials. Slightly over one in four (26%) said that city hall is the place where most of their contacts about legal requirements are made. Given that licenses constitute such a significant part of these inquiries, it is almost surprising that localities are not identified by an even greater proportion. Just 16 percent cited the federal government as the unit most frequently contacted with another 19 percent asserting that they could not say that they contacted one unit more than another.

Public Support Programs

Eighty (80) percent of small-business owners reported that they have not contacted any government unit or agency in the last three years about a government program, financial or management assistance or other possible public support for their business (Q#6). Another 12 percent said they did so once or twice. A total of 7 percent appear to have actively sought public help over the last three years of which just 1 percentage point seems to have explored intensively. Those with firms employing 20 or more people are more active in seeking government resources than are those running smaller firms, but looking to government for support is unusual even for them.

When occurring, contacts seeking public assistance are made most often by telephone (43%) (Q#6a). In-person communication is the second most frequent type of contact (23%). Though public officials would like to drive inquiries from these two labor-intensive mediums to the more efficient Internet, few small-business owners seem interested. Only 11 percent reported that most of their contacts with government inquiring about public assistance programs are over the Internet. Six (6) percent are by mail.

Those who initiated contacts seeking public assistance spread them across all levels of government. Thirty-six (36) percent indicated that most of the contacts they initiated are made at the Federal level (Q#6b). The Small Business Administration (SBA) is the most likely target of these contacts if for no other reason than the name, but communication could have been made with any number of agencies or departments that have assistance programs. Twenty-eight (28) percent cited the state as the place most frequently contacted with 18 percent mentioning local governments. Another 18 percent volunteered that they did not make most of their contacts with any particular level. Rather they scattered inquiries broadly across all levels of government.

a. Specific Types of Assistance

One specific type of public support program for small business is financial assistance. Programs include various direct loans, loan guarantees, and out-right grants. Six (6) percent reported obtaining a government loan, loan guarantee, grant or other

financial assistance for their business within the prior three years (Q#7). Eight (8) percent of those employing 20 or more people said that they had received help. These numbers are surprisingly large, somewhat over 100,000 employing businesses every year, and appear to represent a significant increase over the last decade. They also underscore that the U.S. Small Business Administration (SBA) is only one, though the largest, player in the provision of financial assistance to small firms. In f.y. 2001, SBA provided non-disaster financial assistance to over 50,000 small-business owners, though not necessarily employers.

The policy anomaly with financial assistance is that more money is being provided by public sources precisely when the private markets are flush with cash and competing to lend at favorable rates. This suggests that the purpose of small business finance programs is not simply to finance smaller firms, particularly when many programs require that financing be extended only to credit worthy borrowers. Rather, they are to achieve political objectives such as broad distribution of public monies, reelection of public officials, etc.

Fewer small-business owners appear to have sought and obtained publicly-supported free or low-cost advisory or consulting services than finance assistance. Just 3 percent said that they had received any such services in the last three years, though 8 percent of those employing 20 or more people said that they had (Q#8). This datum is broadly consistent with an earlier issue in this series that reported 12 percent of small-business owners saying they had sought management help or attended a function in the last five years sponsored by Small Business Development Centers (SBDCs), the largest public training/advisory program.

Again, there seems to be a perversion in public policy. Owners of the largest firms are generally in a position to need subsidized management help least; owners of the smallest are generally in a position to need help most. Yet proportionally, subsidized help seems most frequently directed to owners of the larger, small businesses.

Still another type of public assistance is special tax abatements that are given to one firm without the same benefits accorded to all firms in similar circumstances. The

best known abatements are given to large firms that relocate to particular jurisdictions. But some small businesses receive them as well. The number is tiny compared either to the number of small businesses or the number of loans/loan guarantees/grants. Just 1 percent reported that they had obtained a special tax abatement in the last three years (Q#9).

b. Sales to Government

Government is a huge consumer of privately produced goods and services. The Federal government alone procures more than \$200 billion worth every year. That is a very large market and it offers small business many opportunities to expand sales.

In the last three years, 21 percent of small-business owners won one or more contracts to provide goods and/or services to a government agency or unit (Q#1). Proportionally, those in construction, educational and health services, and professional and business services are the most likely to have had a government contract. Those in the financial services and leisure and hospitality are least likely.

Over the same time frame, 15 percent won one or more contracts to provide goods and/or services to another business that in turn used its work as part of a sale to government (Q#1a). These small-business owners effectively served as subcontractors to government contractors. Proportionally, manufacturers are the most likely to be a subcontractor, about twice as often as the population in its entirety. Contractors (construction) are also relatively more likely to be one as are those in the professional and business services. But very few from other industries participate in the role of a government subcontractor.

Seven (7) percent sold both directly and indirectly to government.

Sales to government are a relatively small portion of total sales for most government contractors (direct and indirect). Almost half (49%) of those who have any government sales (direct and indirect) reported that they amounted to five percent or less of the total (Q#1b). Just 3 percent who have any sales to government (<1 % of all small employers) sell to government exclusively. The average proportion is 18.4 percent of sales. Spread across all small busi-

nesses, government sales amount to no more than 5 percent of total sales. While indirect sales in particular could have been subject to reporting errors, the primary message these numbers convey is that small business either does not compete or does not compete effectively to supply government.

Small business sales to government are spread relatively evenly across all three governmental tiers. However, the plurality of contracts appear to rest with local government. Thirty-eight (38) percent reported that their largest share of government sales (in dollars) are made at the local level (Q#1c). This could be explained by proximity and smaller contracts. Thirty-one (31) percent said that their largest share is with the federal level, while 26 percent cited the state. Care must be taken when examining these numbers. They do not mean that 38 percent of all government contract dollars won by small business originate in localities. The data were not collected that way. Rather, the numbers mean that the largest amount of government business (measured in dollars rather than contracts) for 38 percent of contractors and sub-contractors comes from local government.

Those selling to government seem basically satisfied with their commercial relationship. Even if the figures might be somewhat more favorable now than during strong economic times, 64 percent said that they would like to increase the amount of sales made to government (Q#1d). Just 9 percent said that they would like to cut back. The remainder would like to keep sales stable (26%) or were undecided (1%).

Seventy-two (72) percent have not made sales directly or indirectly to government in the last three years. Eighty-four (84) percent of that number or 61 percent of all small-business owners do not intend to compete for one or more government contracts in the coming three years (Q#2). The most often cited rationale (51%) for the lack of interest among those currently not doing business with government is the belief that government does not buy what they sell (Q#2a). That is an understandable response from someone who owns a business like a retail shoe store or a restaurant. Still, the breadth of government procurement is remarkable and many would be surprised to learn the goods and service gov-

ernment does purchase. The remainder of the reasons offered for the lack of interest in government contracts are shared by much smaller numbers. Ten (10) percent cited the general hassle including paperwork and excessive rules as a reason for the lack of interest; 12 percent mentioned the lack of knowledge about government contracting or not knowing about such opportunities; 6 percent indicated that they had all the business they now wanted; and 4 percent thought the contracts are too big for them to bid on. A wide variety of other reasons were expressed. However, less than 2 percent offered slow pay as the most important reason for their intention.

Government as a Library

Government is a vast library. It produces and houses huge amounts of information. These data and intelligence are useful not only for compliance with government requirements, but for direct commercial activity. For example, property tax records provide information on ownership and valuation of property and structures. Government surveys provide figures on local average pay and benefits by occupation, as well the number of potential customers. Written publications (or Internet sites) offer information on relevant subject matter from new technologies to strategies for reducing energy consumption (costs).

Despite an abundance of useful information, relatively few small-business owners approach government seeking commercially-valuable material. Just 2 percent said that they sought such information from government “many times” in the last three years (Q#5). Another 9 percent indicated that they had searched a “few times,” and 10 percent “once or twice.” But 78 percent reported not having searched government sources for information that might help them resolve a business opportunity or problem.

Telephone, again, is the favored means of procuring such information when it is sought. Thirty-three (33) percent make their business information contacts primarily over the phone (Q#5a). However, almost as many make them over the Internet (32%). Small employers appear more likely to search for this type of information by electronic means than they are other types. The reason is likely linked to the specifi-

ty of the information sought. Electronic searches are especially efficient when trying to see what is available, that is to say, sifting through huge amounts of material quickly. Just 9 percent most often seek this type of information in person and 7 percent by mail. However, 18 percent use no dominant form of communication.

Small-business owners looking for commercially-valuable information have no one favored level of government in their searches. The largest proportion maintained that they made most of their contacts in the state capital (33%), but not even the states received the dominating share of inquiries (#5b).

Contacting Elected Public Officials

Many small-business owners actively participate in the legislative and political processes. In doing so, they often contact elected public officials to complain about a law or rule, or to express support or opposition to possible legislation or regulations.

Ten (10) percent of small-business owners reported that they contacted an elected public official(s) many times in the last three years to express an opinion on some public matter presumably affecting their business (Q#4). But 57 percent at no point in the last three years said anything to an elected public official about such matters. Given the strong views small-business owners seem to possess about government's impact on their operations, the lack of contact is surprising. Perhaps there is none because they expect no helpful response from it.

The means used to make contact with elected public officials are widely dispersed. However, 28 percent reported most of their contacts are by telephone (Q#4a). Seventeen (17) percent reported most of theirs are in person; 17 percent by mail, and 15 percent over the Internet. Twenty-three (23) percent did not favor any particular means of contact.

Small employers are most apt to contact state officials about regulatory or legislative matters. One-third (33%) indicated that most of their contacts on public policy matters are with people elected to their state capitals. Officials at city hall draw next most frequent attention (22%). Those in

Washington receive the least. Just 15 percent stated that most of their contacts are with federal officials.

Enforcement

This final item was included in the survey to put small business/government contact initiated by small employers into perspective. It asks about contacts in the government's role as the enforcer of the laws and regulations it promulgates. In that role, its officers undertake inspections and audits to ensure compliance. Many of the actions involved occur on the premises of the business owner.

Almost one in 10 (9%) small-business owners reported that in the last three years, a government official(s) has entered their premises or work site "many times" to check records or permits or otherwise ensure that small-business owners are complying with government requirements (Q#10). Another 20 percent indicated that these intrusions occurred a "few times;" 26 percent said it happened "once or twice" in the last three years. Forty-four (44) percent reported that no government official had put foot on their premises or work site over the same time frame.

Those employing fewer than 10 people are over 20 percentage points less likely to see the enforcement face of government than are those employing 20 people or more. About half (48%) of the former group have not seen a government enforcement official in their business over the last three years compared to just over one-quarter (26%) of the latter group. Since a single enforcement visit in a larger firm results in more employees and more output impacted, these data corroborate government inspection strategies and anecdotal information.

Conclusion

Small-business owners initiate contact with public officials routinely, though they receive no commercial benefit from it in most instances. Seventeen (17) percent reported that they had initiated contact "many times" during the last three years. However, most initiated contact periodically. The most frequent cause for contact is licenses or permits. Effectively, small-business owners initiate contact because they must obtain permission for some necessary

business activity, such as driving a vehicle, occupying a building, or operating a machine. A smaller number contact government for other types of information related to compliance with government dictates or taxes. These do not include contact with private sector service providers such as lawyers and accountants who may provide similar information, though often with a charge. Seventeen (17) percent reported that they had not initiated even one contact with government in the last three years.

Not all small business contacts with government have negative connotations. About one in five have had a contract with government to sell its goods and/or services during the last three years, and most who have had one would like to increase that business. A non-mutually exclusive 8 percent use a government sponsored finance (including guarantees) or management assistance program. However, few use generally available government information for commercial purposes. Therefore, on balance, small-business owners are far more likely to see the negative face of government than the positive, even when they initiate the contact.

Government can also initiate contact. About three of five witnessed at least one government official on their premises or work-site to inspect it, check records, etc. during the last three years. Government can also mail inquiries or demands, burdens that were not included in the survey.

The most frequent means of contact are telephone or in person. The least frequent are mail and Internet. The most likely reason that the two personal mediums are most frequently employed is that they allow immediate feed-back, the possibility of posing questions, and the handling of special circumstances that are not conducive to simply checking boxes. The exception seems to be broad searches for information. Relatively more are likely to use the Internet for these purposes. However, the concept of an electronic government bureaucracy to handle small business inquiries or transactions is certainly not the small-business owner's idea of customer service.

Different small-business owners focus on different levels of government for different types of contacts. There appears to be no pattern. But one thing is clear: small-business owners initiate contact with gov-

ernment officials at all levels of government. States seem to be the governmental unit that draws most attention. Localities are next followed by the Federal government. Still, small-business owners as a group must be prepared to deal with all government levels. These varying sources for rules and permits, let alone the different agencies within a level and/or the joint regulatory initiatives of cooperating levels, can be a source of great frustration to small-business owners, particularly for the inexperienced or those entering a new line of business.

Contacting Government

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

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
I. In the last THREE YEARS, have you won one or more contracts to provide goods and/or services directly to a government agency or unit – Federal, state or local?				
1. Yes	18.4%	28.1%	28.2%	20.5%
2. No	81.0	70.8	70.5	78.8
3. (DK/Refuse)	0.6	1.1	1.3	0.8
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

Ia. In the last THREE years, have you won one or more contracts to provide goods and/or services to another business, which then used your work in its sales to a government agency or unit?

1. Yes	12.4%	19.1%	26.9%	14.6%
2. No	82.4	78.7	66.7	80.4
3. (DK/Refuse)	5.2	2.2	6.4	5.0
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

Ib. Please estimate the percent of your total sales in the last THREE years that have come from direct and/or indirect sales to government agencies or units? (If “Yes,” in Q#1 or Q#2.)

1. < 2 percent	22.6%	26.9%	17.9%	22.5%
2. 2 - 5 percent	25.8	34.6	25.0	26.8
3. 6 - 10 percent	10.3	7.7	21.4	11.5
4. 11 - 25 percent	16.8	15.4	10.7	15.8
5. 25 - 99 percent	14.8	7.7	17.9	14.4
6. All	2.6	3.8	3.6	2.9
7. (DK/Refuse)	7.1	3.8	3.6	6.2
Total	100.0%	100.0%	100.0%	100.0%
N	84	69	78	231
Avg. (Pct.)	18.0	17.8	20.1	18.4

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

1c. In dollars, is the largest share of those sales made directly and/or indirectly to the Federal government, state governments, or local governments?

1. Federal	32.7%	22.6%	31.3%	31.1%
2. State	23.7	32.3	31.3	26.0
3. Local	40.4	38.7	28.1	38.4
4. (DK/Refuse)	3.2	6.4	9.3	4.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	84	69	78	231

1d. Over the next THREE years, would you like the SHARE of your direct and/or indirect sales to government units or agencies to increase, decrease, or stay about the same?

1. Increase	61.1%	74.2%	71.0%	64.4%
2. Decrease	10.8	3.2	6.5	9.1
3. Stay the Same	26.8	22.6	19.4	25.1
(DK/Refuse)	1.3	—	3.2	1.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	84	69	78	231

2. Do you intend to compete for one or more government contracts in the next three years? (If “No” or “Don’t know” in Q#1 and Q#1a.)

1. Yes	13.3%	8.6%	10.6%	12.7%
2. No	82.8	89.7	87.2	83.9
3. (DK/Refuse)	3.8	1.7	2.1	3.5
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	266	131	123	520

	Employee Size of Firm			
	1-9 emp	10-19 emp	20-249 emp	All Firms
2a. Why don't you intend to compete for a government contract? (If "No" in Q#2.)				
1. Hassle not worth it; paperwork, rules	10.0%	11.5%	7.5%	10.0%
2. Govt. doesn't buy what I sell	50.4	50.1	52.5	50.5
3. Don't know how to go about it; not aware of opportunities	12.9	11.5	7.5	12.3
4. Contracts are too big	4.9	1.9	2.5	4.4
5. No interest; not in plans	1.8	3.8	—	1.9
6. Don't bid for contracts	1.0	1.9	7.5	1.7
7. Enough business without govt. contract	6.9	5.8	2.5	6.4
8. Slow pay	1.0	3.8	2.5	1.5
9. Other	7.7	7.7	15.0	8.3
10. (DK/Refuse)	3.3	1.9	2.5	3.1
Total	100.0%	100.0%	100.0%	100.0%
N	224	118	108	450
3. In the last THREE years, have you contacted government units or agencies to learn about or clarify a government obligation, such as a tax rule or safety regulation, or to obtain a license or permit? Have you done that many times, a few times, once or twice, or never?				
1. Many times	14.1%	14.6%	19.7%	14.7%
2. A few times	24.3	31.5	32.9	25.9
3. Once or twice	20.8	19.1	19.7	20.5
4. Never	39.7	33.7	26.3	37.8
5. (DK/Refuse)	1.0	1.1	1.3	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751
3a. Were most of those contacts to learn about a government obligation or to get a license or permit? (If contacted in Q#3.)				
1. Obligation	25.5%	36.2%	37.5%	28.2%
2. License/Permit	68.8	56.9	58.9	66.3
3. (DK/Refuse)	5.6	6.9	3.6	5.5
Total	100.0%	100.0%	100.0%	100.0%
N	205	131	145	481

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

3b. Were most of those contacts in person, by mail, by telephone, or over the Internet?

1. In person	18.8%	15.5%	12.5%	17.7%
2. By mail	17.2	13.8	14.3	16.5
3. By telephone	37.9	41.4	41.1	38.7
4. Over the Internet	5.4	5.2	5.4	5.3
5. (Mixture/Combination)	20.7	24.1	26.8	21.8
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	205	131	145	481

3c. Were most of those contacts with the Federal government, state governments, or local governments?

1. Federal	15.9%	17.2%	18.2%	16.3%
2. State	38.2	37.9	41.8	38.6
3. Local	27.7	22.4	21.8	26.4
4. (Combination)	18.0	22.4	18.2	18.6
5. (DK/Refuse)	0.3	—	—	0.2
Total	100.0%	100.0%	100.0%	100.0%
N	205	131	145	481

4. In the last THREE years, have you contacted an elected public official to complain about a law or regulation, or to express support or opposition to possible new laws or regulations? Have you done that many times, a few times, once or twice, or never?

1. Many times	11.1%	4.5%	7.7%	10.0%
2. A few times	11.3	18.0	23.1	13.2
3. Once or twice	19.8	18.0	25.6	20.2
4. Never	57.8	58.4	43.6	56.5
5. (DK/Refuse)	—	0.1	—	0.1
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

4a. Were most of those contacts in person, by mail, by telephone, or over the Internet? (If contacted in Q#4.)

1. In person	15.4%	22.9%	20.5%	16.8%
2. By mail	16.2	17.1	18.2	16.5
3. By telephone	28.6	31.4	25.0	28.4
4. Over the Internet	16.9	5.7	11.4	15.1
5. (Fax)	0.4	—	—	0.3
6. (Mixture/Combination)	22.6	20.0	25.0	22.6
7. (DK/Refuse)	—	2.9	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	149	81	112	342

Employee Size of Firm

	1-9 emp	10-19 emp	20-249 emp	All Firms
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4b. Were most of those contacts with the Federal government, state governments, or local governments?

1. Federal	13.2%	17.1%	26.2%	15.2%
2. State	30.9	37.1	40.5	32.7
3. Local	24.2	14.3	14.3	21.9
4. (Combination)	31.7	31.4	19.0	30.1
5. (DK/Refuse)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	149	81	112	342

5. In the last THREE years, have you contacted government units or agencies for information or data that you could use for direct business purposes, such as determining the size of market, area wage rates, or technical feasibility, etc.? Have you done that many times, a few times, once or twice, or never?

1. Many times	2.4%	1.1%	2.6%	2.3%
2. A few times	9.0	9.1	11.5	9.3
3. Once or twice	10.0	9.1	12.8	10.2
4. Never	78.4	78.4	73.1	77.9
5. (DK/Refuse)	0.2	2.3	—	0.4
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

5a. Were most of those contacts in person, by mail, by telephone, or over the Internet? (If contacted in Q#5.)

1. In person	9.6%	—	4.8%	9.2%
2. By mail	7.4	—	9.5	6.9
3. By telephone	31.6	—	33.3	33.3
4. Over the Internet	33.1	—	28.6	32.2
5. (Mixture/Combination)	17.6	—	23.8	17.8
6. (DK/Refuse)	0.7	—	—	0.6
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	78	42	55	175

5b. Were most of those contacts with the Federal government, state governments, or local governments?

1. Federal	23.7%	—	35.0%	25.0%
2. State	32.6	—	40.0	33.1
3. Local	23.0	—	10.0	22.1
4. (Combination)	20.7	—	15.0	19.8
5. (DK/Refuse)	—	—	—	—
<hr/>				
Total	100.0%	100.0%	100.0%	100.0%
N	78	42	55	175

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

6. In the last THREE years, have you contacted government units or agencies about a government program, financial or management assistance, or other possible public support for your business? Have you done that many times, a few times, once or twice, or never?

1. Many times	1.1%	2.2%	2.6%	1.4%
2. A few times	5.4	4.5	10.3	5.8
3. Once or twice	12.6	9.0	12.8	12.2
4. Never	80.6	83.1	74.4	80.3
5. (DK/Refuse)	0.3	1.1	—	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

6a. Were most of those contacts in person, by mail, by telephone, or over the Internet? (If contacted in Q#6.)

1. In person	24.2%	—	15.8%	22.9%
2. By mail	5.0	—	10.5	5.9
3. By telephone	40.8	—	52.6	42.5
4. Over the Internet	12.5	—	—	11.1
5. (Mixture/Combination)	17.5	—	21.1	17.6
6. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	68	32	53	153

6b. Were most of those contacts with the Federal government, state governments, or local governments?

1. Federal	38.3%	—	30.0%	36.4%
2. State	25.0	—	40.0	27.9
3. Local	18.3	—	10.0	17.5
4. (Combination)	18.3	—	20.0	18.2
5. (DK/Refuse)	—	—	—	—
Total	100.0%	100.0%	100.0%	100.0%
N	68	32	53	153

7. In the last THREE years, have you obtained a loan, a loan guarantee, or a grant for this business from any government agency or unit?

1. Yes	5.2%	5.6%	7.8%	5.5%
2. No	93.6	91.0	90.9	93.1
3. (DK/Refuse)	1.2	3.3	1.3	1.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

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

8. In the last THREE years, have you obtained any free or low-cost consulting services or management assistance from a government-sponsored or subsidized program?

1. Yes	2.5%	2.3%	7.7%	3.0%
2. No	97.1	97.7	91.0	96.6
3. (DK/Refuse)	0.4	—	1.3	0.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

9. In the last THREE years, have you obtained a special tax abatement or other tax relief that is generally NOT available to businesses similar to yours?

1. Yes	1.0%	1.1%	1.3%	1.0%
2. No	97.0	97.7	97.4	97.1
3. (DK/Refuse)	2.1	1.1	1.3	1.9
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

10. In the last THREE years, has a government official been on your business premises or work site to inspect it, check permits and records, or otherwise ensure you are complying with government requirements? Has that happened many times, a few times, once or twice, or never?

1. Many times	8.7%	11.2%	10.3%	9.2%
2. A few times	16.8	24.7	35.9	19.6
3. Once or twice	25.6	29.2	28.2	26.2
4. Never	47.8	33.7	25.6	44.0
5. (DK/Refuse)	1.1	1.1	—	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

Demographics

D1. Which best describes your position in the business? Are you the:

1. Owner/manager	87.8%	80.7%	76.9%	85.9%
2. Owner, but NOT manager	4.6	5.7	3.8	4.7
3. Manager, But NOT owner	6.5	13.6	17.9	8.4
4. (DK/Refuse)	1.2	—	1.3	1.0
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

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

1. Agriculture, forestry, fishing	6.7%	2.3%	2.6%	5.8%
2. Construction	8.1	7.0	9.0	8.1
3. Manufacturing, mining	8.4	10.5	15.6	9.4
4. Wholesale trade	5.3	5.8	10.3	5.8
5. Retail trade	18.4	20.9	11.5	18.0
6. Transportation and warehousing	3.0	5.8	3.8	3.4
7. Information	0.6	2.3	1.3	0.9
8. Finance and insurance	3.5	3.5	3.8	3.5
9. Real estate and rental leasing	5.6	3.5	3.8	5.2
10. Professional/scientific/ technical services	12.2	8.1	5.1	11.0
11. Adm. support/waste management services	1.4	2.3	2.6	1.6
12. Educational services	0.8	1.2	—	0.8
13. Health care and social assistance	3.2	4.7	7.7	3.8
14. Arts, entertainment, or recreation	1.6	3.5	3.8	2.0
15. Accommodations or food service	4.3	10.5	12.8	5.8
16. Other service	5.8	2.3	2.6	5.1
17. (Other)	9.4	4.7	2.6	8.2
18. (DK/Refuse)	1.6	1.2	1.2	1.5
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

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

1. Increased by 30 percent or more?	10.3%	7.8%	14.3%	10.4%
2. Increased by 20 to 29 percent?	9.4	7.8	9.1	9.2
3. Increased by 10 to 19 percent?	18.7	18.9	23.4	19.2
4. Changed less than 10 percent one way or the other?	25.4	35.6	28.6	26.9
5. Decreased by 10 percent or more?	31.7	25.6	20.8	30.0
6. (DK/Refuse)	4.4	4.4	3.9	4.4
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

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

1. Yes	23.7%	4.5%	3.5%	13.2%
2. No	74.6	95.5	96.0	85.9
3. (DK/Refuse)	1.7	—	0.5	0.9
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

D5. How long have you owned or operated this business?

1. < 6 years	27.0%	18.2%	22.1%	25.5%
2. 6-10 years	22.5	21.6	15.6	21.8
3. 11-20 years	27.9	27.3	26.0	27.7
4. 21-30 years	11.4	21.6	19.5	13.3
5. 31 years+	9.4	10.2	14.3	9.9
6. (DK/Refuse)	1.7	1.1	2.6	1.8
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	757

D6. What is your highest level of formal education?

1. Did not complete high school	3.0%	—%	1.3%	2.5%
2. High school diploma/GED	21.5	13.8	15.4	20.0
3. Some college or an associates degree	26.2	21.8	20.5	25.2
4. Vocational or technical school degree	2.7	3.4	3.8	2.9
5. College Diploma	28.3	42.5	37.2	30.7
6. Advanced or professional degree	17.2	18.4	20.5	17.6
7. (DK/Refuse)	1.1	—	1.3	1.1
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

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

D7. Please tell me your age.

1. <25	3.3%	1.1%	2.6%	3.0%
2. 25-34	8.3	5.6	7.8	7.9
3. 35-44	24.2	22.5	26.0	24.2
4. 45-54	37.9	34.8	29.9	36.8
5. 55-64	17.8	27.0	27.3	19.8
6. 65+	8.1	9.0	6.5	8.1
7. (DK/Refuse)	0.3	—	—	0.3
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

D8. What is the zip code of your business?

1. East (zips 010-219)	16.6%	17.0%	14.1%	16.4%
2. South (zips 220-427)	18.0	20.5	20.5	18.5
3. Mid-West (zips 430-567, 600-658)	23.1	26.2	25.6	23.7
4. Central (zips 570-599, 660-898)	24.6	21.6	26.9	24.5
5. West (zips 900-999)	17.8	14.8	12.8	16.9
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

D9. Sex

Male	81.1%	87.5%	88.3%	82.5%
Female	18.9	12.5	11.7	17.5
Total	100.0%	100.0%	100.0%	100.0%
N	350	200	201	751

Table Notes

1. All percentages appearing are based on **weighted** data.
2. All “N’s” 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 Education Foundation by the executive interviewing group of The Gallup Organization. The interviews for this edition of the *Poll* were conducted between February 4 and February 28, 2003 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 was 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 were 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	350	47
10-19	82	11	200	27	200	27
20-249	75	10	200	27	201	27
All Firms	750	100	750	101	751	101

*Sample universe developed from special runs supplied to the NFIB Research Foundation by the Bureau of the Census (1997 data).

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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. Included are analyses of selected proposed regulations using its Regulatory Impact Model (RIM). The Foundation's functions were recently transferred from the NFIB Education Foundation.



1201 "F" Street NW
Suite 200
Washington, DC 20004
nfib.com