

The background of the report cover is a photograph of a man and a woman. The man, on the left, is bald, wearing glasses, a grey blazer, and a checkered shirt. The woman, on the right, has long, wavy hair and is wearing a red top and a patterned cardigan. She is holding a smartphone. The image is partially obscured by a diagonal white and lime green graphic element that runs from the top left to the bottom right. A white rectangular box with a thin border is positioned at the bottom of the image, containing the title and sponsor information.

# 2018 WORKFORCE & HIRING REPORT

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# FOREWORD

The National Small Business Association (NSBA) is the nation's first small-business advocacy organization, celebrating more than 80 years of small-business representation in Washington, D.C. Focused on federal advocacy and operating on a staunchly nonpartisan basis, NSBA conducts a series of surveys every year, including this 2018 Workforce and Hiring Report which is also featured in NSBA's biannual end-of-year Economic Report.

For this report, NSBA partnered with ZipRecruiter, the fastest-growing online employment marketplace, connecting millions of small- and mid-sized business owners with job seekers through innovative mobile, web, and email services. Featured in this report is a section on workforce and hiring, which zeroes in on hiring practices, automation issues, recruitment and retention and full-time vs. part-time employees.

NSBA's most recent economic data shows an improved outlook for small businesses—both when it comes to the overall U.S. economy and their own business prospects. And while, for the first time in a decade, the majority of small firms reported increases in revenues, hiring still has not recovered in smaller firms like it has in larger U.S. firms.

The 2018 Workforce and Hiring Report found that smaller employers place a premium on their employees. Nearly all small businesses provide opportunities for on-the-job learning, and the majority of small-business owners say employees stay with their business four or more years, with 37 percent reporting employees remain on average eight years or more.

While we tend to think of corporate America when we think of career ladders, small businesses also have ample opportunities for career growth. Sixty-six percent of all small businesses offer opportunities for promotion, and at companies with more than five employees, that number is 85 percent.

Offering training and promotions help small businesses retain employees. Businesses offering neither of these opportunities are twice as likely to have an average tenure of less than two years (28.6 percent) as those offering both (14.2 percent). For businesses that do offer these growth opportunities, ones that offer both have longer tenures than those offering only training or only promotions, but offering training seems to be an important factor in keeping employees for the long-haul. Two-thirds of small businesses offering both training and promotion have average employee tenures of more than six years, compared to 63 percent of small businesses offering training only and 56 percent of those offering promotions only.

When it comes to the changing landscape of employees, the gig economy doesn't necessarily mean less full-time jobs - just more part-time jobs. In the past five years, more than a third of small-business owners, 37 percent, have increased their number of part-time employees. Among those, the majority were new part-time employees whereas just 17 percent reduced current full-time employees to part-time. And while one-third of small businesses expect to implement some kind of automation in the next year, just nine percent of those say it will result in fewer employees.

The survey for this report was conducted on-line Dec. 18, 2017 – Jan. 8, 2018 among 1,633 small-business owners. We hope you find this report informative and useful. Please contact NSBA's media office for inquiries at [press@nsba.biz](mailto:press@nsba.biz), or the ZipRecruiter communications department at [press@ziprecruiter.com](mailto:press@ziprecruiter.com).

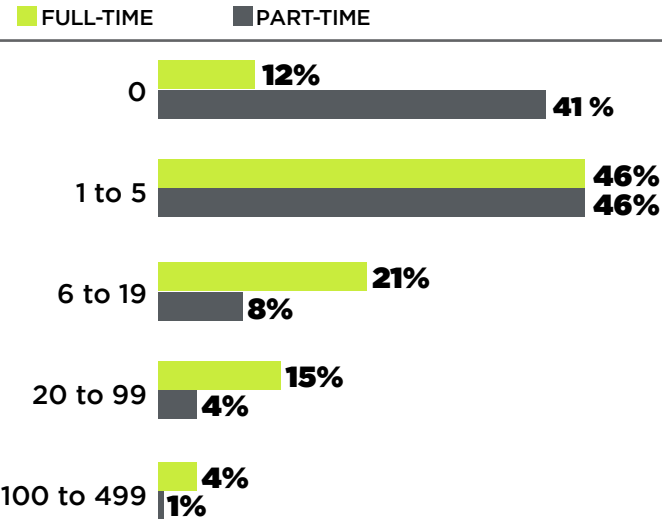
Sincerely,

Todd McCracken  
NSBA President and CEO

Cathy Barrera  
ZipRecruiter Chief Economist

# WORKFORCE & HIRING: EMPLOYEE TYPES

How many employees are currently employed by your business?



Why have you increased the number of part-time employees in your business over the last five years?

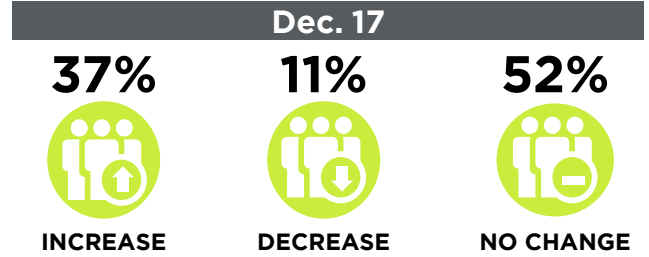
|   |     |
|---|-----|
| To minimize benefits costs                        | 9%  |
| To avoid the Affordable Care Act employer mandate | 5%  |
| Scope of work and business changes                | 68% |
| Other   | 19% |

Among small businesses that increased part-time employees, most (70 percent) were new part-time employees whereas just 17 percent reduced current full-time employees to part-time. This is underscored by the fact that, among those who increased the number of part-time employees in their business, the overwhelming majority cite changes to scope of work as the driver behind those increases.

What fraction of your employees work part-time?

|            |     |
|------------|-----|
| 1% to 24%  | 55% |
| 25% to 49% | 15% |
| 50% to 74% | 14% |
| 75% to 99% | 8%  |
| All        | 8%  |

How has your number of part-time employees changed in the last 5 years?



In the past five years, more than a third of small-business owners, 37 percent, have increased their number of part-time employees.

Which of the following applies to why your number part-time employee has increased? (check all that apply)

|   |     |
|---|-----|
| Existing full-time employees reduced to part-time | 16% |
| Hiring new part-time employees                    | 70% |
| Switched from outsourcing to insourcing           | 7%  |
| Other   | 18% |

# WORKFORCE & HIRING: EMPLOYEE EDUCATION

What level of education do you seek for your employees? (Check all that apply)



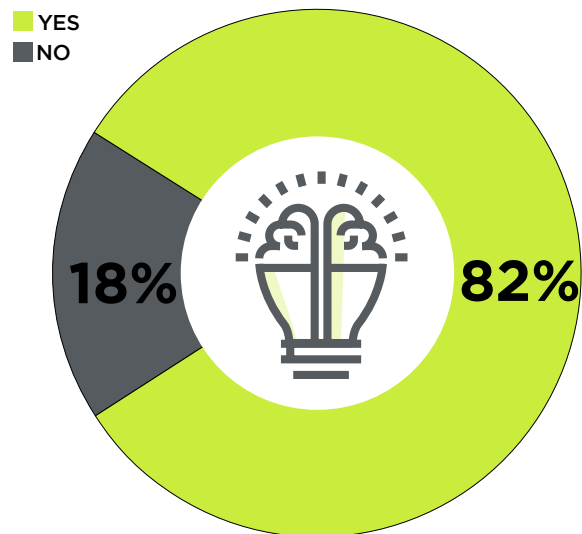
|                                  |     |
|----------------------------------|-----|
| Masters or higher degree program | 23% |
| College degree                   | 42% |
| Some college                     | 20% |
| Technical or vocational training | 33% |
| Industry certifications          | 19% |
| High-school                      | 27% |
| No education requirements        | 13% |

A college degree is the most common education requirement among small-business owners.

What kind of formal training/education programs (if any) do you offer your employees? (Check all that apply)

|   |     |
|---|-----|
| On-site training for their specific position                | 61% |
| Company paid off-site training                              | 26% |
| Money for employees' continuing education or certifications | 17% |
| Apprenticeships for certain trades                          | 11% |
| None  | 26% |
| Other   | 4%  |

Do employees receive any informal training (e.g. learning new software while on-the-job)?

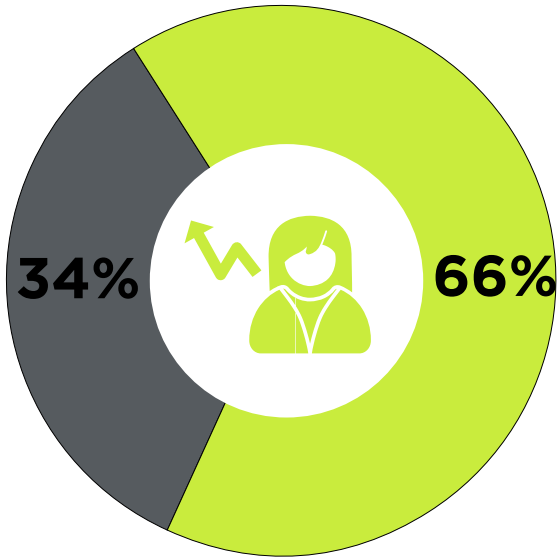


Small businesses are investing in providing their employees with essential training: 74 percent provide some type of formal training, and an additional 15 percent provide informal training for a total of 89 percent.

# WORKFORCE & HIRING: **EMPLOYEE RETENTION**

Is there opportunity for promotion for employees at your company?

■ YES  
■ NO

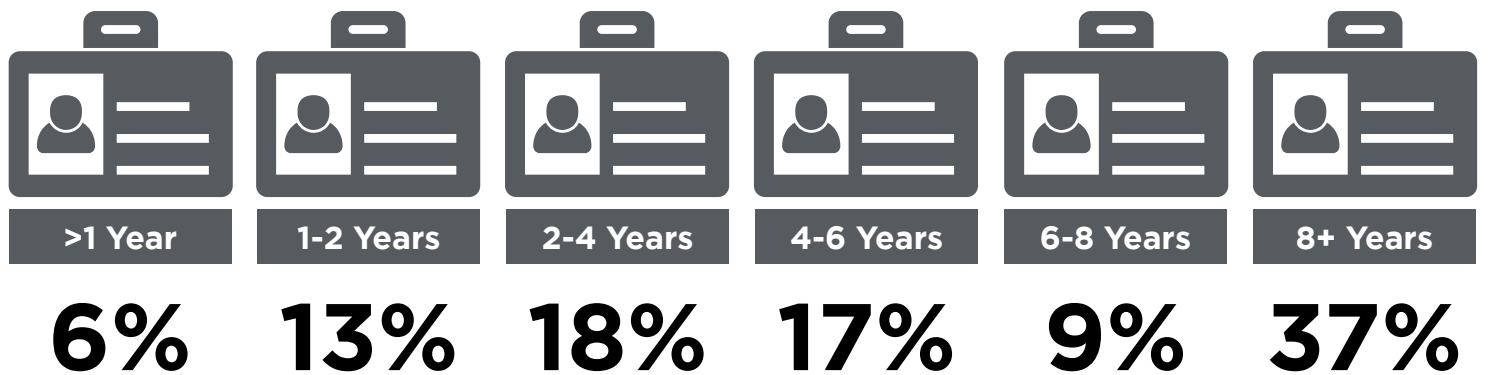


Where do employees tend to work after leaving your company? (check all that apply)

|                          |            |
|--------------------------|------------|
| Another small business   | <b>34%</b> |
| A large business         | <b>22%</b> |
| Start their own business | <b>11%</b> |
| Government               | <b>8%</b>  |
| Not Sure                 | <b>47%</b> |

The majority of small-business owners say employees stay with their business four or more years.

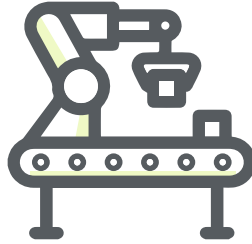
What is the average length of time an employee stays with your business?



More than one-in-three small firms retain employees for eight years or more.

# WORKFORCE & HIRING: **WORKPLACE AUTOMATION**

Do you anticipate implementing any automation over the next year (e.g. accounting systems, scheduling,...)?



|          |            |
|----------|------------|
| Yes      | <b>32%</b> |
| No       | <b>49%</b> |
| Not sure | <b>19%</b> |

One-third of small businesses expect to implement some kind of automation in the next year.

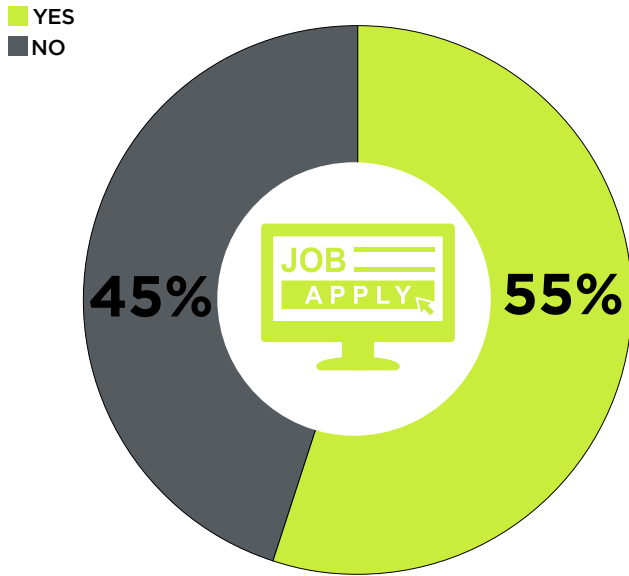
After implementing automation, how do you expect your employment needs to change?

|  |            |
|--|------------|
| I will need more employees               | <b>24%</b> |
| I will need fewer employees              | <b>9%</b>  |
| I will need the same number of employees | <b>67%</b> |

Just nine percent of those planning automation in the next year say they will need fewer employees.

# WORKFORCE & HIRING: HIRING PROCESS

In general, do you notify job applicants with updates throughout the hiring process?



Among those who DON'T provide updates throughout the hiring process, why not?



|   |            |
|---|------------|
| I don't have enough time to notify every applicant                    | <b>21%</b> |
| I don't have enough people who can regularly check-in with candidates | <b>22%</b> |
| I don't want to / don't think it's worth it                           | <b>23%</b> |
| Other   | <b>50%</b> |

45 percent of small-business owners do not notify job applicants with updates throughout the hiring process.

Among those who DO provide updates throughout the hiring process, what applicants do you notify?

|  |            |
|--|------------|
| Any and all who applied to the position                          | <b>46%</b> |
| Only those who at least made the first round of interviews       | <b>25%</b> |
| Only those who had an in-person interview                        | <b>17%</b> |
| Only those who got to the very final stage of the hiring process | <b>8%</b>  |
| Other  | <b>5%</b>  |

Among those who DON'T provide updates throughout the hiring process, would you notify and regularly update all applicants if you could?



# WORKFORCE & HIRING: **HIRING PROCESS**

Among those who DO provide updates throughout the hiring process, when do you notify candidates? (Check all that apply)

|  |            |
|--|------------|
| We confirm when we receive their application.          | <b>47%</b> |
| We let them know when we fill the position.            | <b>50%</b> |
| We let them know when their application status changes | <b>35%</b> |
| We let them know when there's a timing update          | <b>20%</b> |
| We thank them following each interview                 | <b>47%</b> |
| Other  | <b>8%</b>  |

Among small businesses that do notify job applicants, 66 percent send personalized emails and 50 percent call applicants.

Among those who DO provide updates throughout the hiring process, when do you notify candidates? (Check all that apply)

|   |            |
|---|------------|
| We send automated emails  | <b>11%</b> |
| We send personalized emails   | <b>66%</b> |
| We call candidates  | <b>50%</b> |
| We talk to candidates through a job site service and/or social media platform | <b>8%</b>  |
| Other   | <b>8%</b>  |

Less than half of small-business owners, 47 percent, notify job applicants they have received their application, and even fewer, 35 percent, notify applicants when there is a change to their application status.





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