



Opinion Poll

Small Business Owners Say Commonsense Regulations Needed to Ensure a Modern, Competitive Economy

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Executive Summary

Federal regulations are commonly cited as one of the biggest issues hindering small business growth. New scientific opinion polling debunks this argument and sheds light on small business support for some level of regulation, including support for regulations placed on Wall Street and large financial institutions following the Great Recession.

The poll, conducted by Chesapeake Beach Consulting for Small Business Majority, revealed that majorities of small business owners feel some regulation is needed in a modern, competitive economy and current levels of regulation are not the top concern of our nation's job creators. The poll was an online survey of 500 small business owners nationwide conducted between March 5 and 11, 2018.

Specifically, the poll found an overwhelming majority of 80% of small business owners agree that regulation of business is needed for a modern economy. Nearly 4 in 10 (37%) strongly agree with this sentiment. Importantly, the vast majority of small business owners do not feel that current levels of business regulation are hindering their business. When asked to rank the biggest problem facing their business, **the top concern cited is weak or uneven customer demand (20%)**, with the costs of healthcare and other benefits and competition from larger companies coming in second and third on the list. Just 6% of small businesses feel the level of state and local government regulation is their top concern, and 5% rank the level of federal government regulation as the top issue, ranking 7th and 8th respectively.

Some members of Congress and the Administration are promoting proposals to reduce financial regulations and oversight put in place after the Great Recession, including weakening the 2010 Dodd-Frank Act and undermining the Consumer Financial Protection Bureau's (CFPB) ability to enforce regulations in the financial sector and administer punishment for violations against consumers. The poll found a strong majority of **59% of small business owners agree that federal regulation of Wall Street and the financial services industry, such as Dodd-Frank, is necessary to protect small businesses like theirs**. Three in four small business owners support the CFPB and its oversight of mortgages, credit cards and other consumer financial products and services. Additionally, half of small business owners oppose policies that allow for financial speculation by Wall Street and banks.

Further, the poll revealed small business owners believe some level of regulation is necessary to promote fairness. More than 3 in 4 small business owners (78%) agree that some regulations are important to protect small businesses from unfair competition and to level the playing field with big business. Similarly, **82% agree that their business can live with some regulation if it is fair, manageable and reasonable**. An additional 78% disagree that we should get rid of **all** regulations on businesses, with 53% strongly disagreeing with this statement.

This support for regulations that level the playing field makes sense in light of small business attitudes about market competition. Seven in 10 small business owners agree that they are at a disadvantage compared to large corporations due to their size and market power. **More than 3 in 4 small business owners (77%) agree the government should do more to rein in monopolies and enforce anti-trust laws**.

It's clear that small business owners believe a certain level of regulation is not only not a burden to their business, but indeed necessary to level the playing field and allow them to compete with big business. They support specific, existing regulations on the financial industry, which they feel is necessary to protect the small business community. As the poll shows, contrary to popular belief, complying with regulation is not the biggest challenge faced by small business.

It's important to note that **respondents are politically diverse**: 45% of respondents identify as Republican or Republican-leaning independents, 39% are Democrat or Democrat-leaning independents and 15% are pure independent.

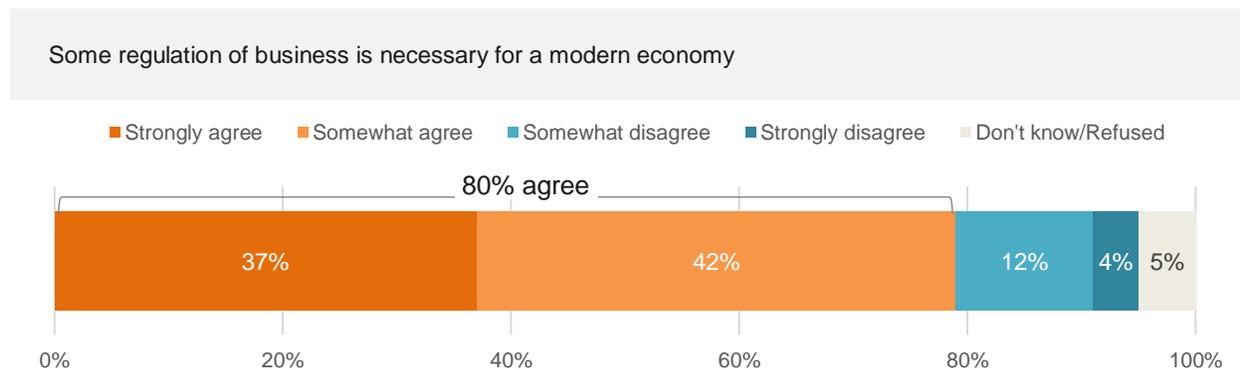
Main Findings

- **Small business owners believe regulation is needed in a modern economy:** A vast 80% of small business owners agree that some regulation of business is needed for a modern economy. Nearly 4 in 10 (37%) strongly agree with this statement, while just 15% disagree.
- **Small business owners view regulations as a relatively small problem facing their business:** When asked to rank the biggest problem facing their business, the top concern cited is weak or uneven customer demand (20%), with the costs of healthcare and other benefits and competition from larger companies coming in second and third on the list. The level of state and local government regulation (6%) and the level of federal government regulation (5%) rank 7th and 8th on the list, respectively.
- **Small business owners support regulations on the banking industry:** Nearly 3 in 5 (59%) small business owners agree that federal regulation of Wall Street and the financial services industry, such as the 2010 Dodd-Frank Act, is necessary to protect small businesses like theirs. What's more, 3 in 4 small business owners support the Consumer Financial Protection Bureau, which oversees mortgages, credit cards and other consumer financial products and services. Half of small business owners also oppose financial speculation by Wall Street and banks.
- **Some business regulation is needed to promote fairness and competition:** More than 3 in 4 small business owners (78%) agree that some regulations are important to protect small businesses from unfair competition and to level the playing field with big businesses. What's more, an overwhelming majority of **82% agree that their business can live with some regulation if it is fair, manageable and reasonable.**
- **Small business owners disagree with getting rid of all business regulations:** More than three-fourths of small business owners (78%) do not believe we should get rid of all regulations on businesses. A 53% majority strongly disagree with statement, while just 16% agree.
- **The government should do more to allow small businesses to compete with larger corporations:** 7 in 10 small business owners feel they are at a disadvantage compared to large corporations due to their size and market power. More than 3 in 4 (77%) small business owners feel the government should do more to rein in monopolies and enforce anti-trust laws.
- **Small business owners are politically diverse:** 45% of respondents identify as Republican or Republican-leaning independents, 39% are Democrat or Democrat-leaning independents and 15% are pure independent.

Small Business Owners Believe Regulations Necessary to Modern Economy

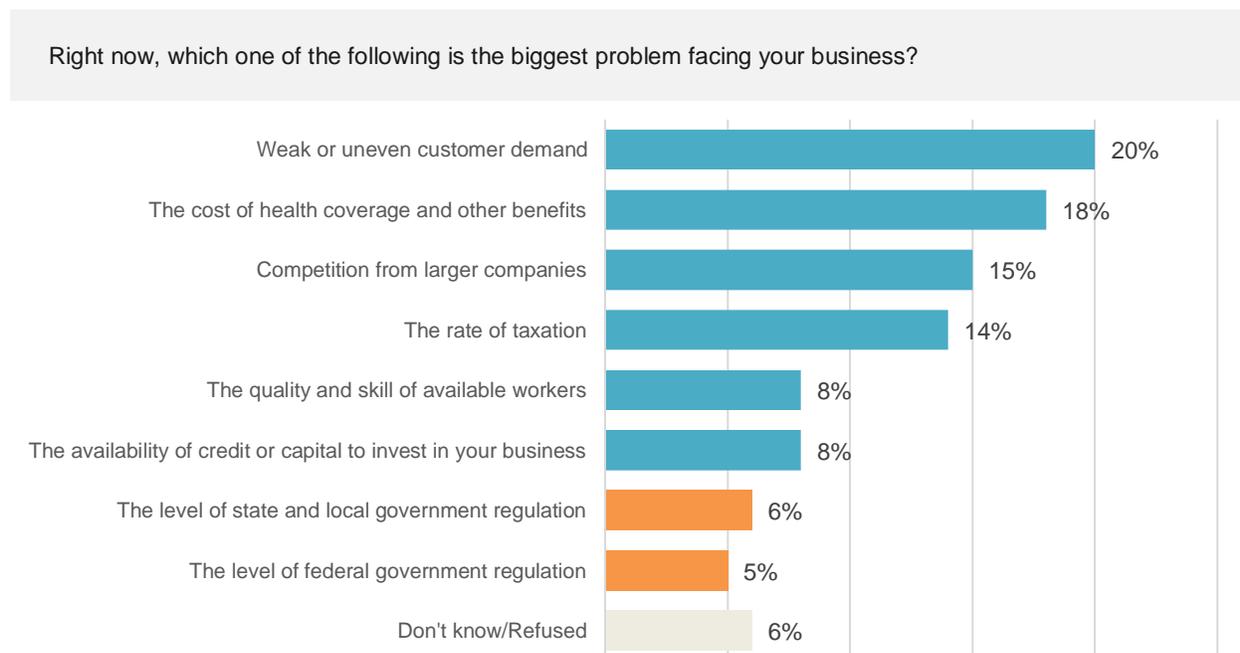
Politicians and pundits frequently argue that small business owners are being unduly burdened by regulations. The poll results debunk this argument, as 8 in 10 small business owners believe that some regulation is necessary for a modern economy. Nearly 4 in 10 small business owners (37%) strongly agree with this statement, while just 15% disagree.

Figure 1: Small business support business regulations for a modern economy



This support for some level of regulations makes sense given small business owners' attitudes about the top problems they face as business owners. The poll asked respondents to choose the biggest problem facing their business. The top answer, ranked first by 20% of small business owners, was weak or uneven customer demand, followed by the cost of health coverage and other benefits (18%) and competition from larger companies (15%). The level of state and local government regulation and the level of federal government regulation ranked 7th and 8th respectively.

Figure 2: Small business owners view regulations as a relatively small problem facing their business

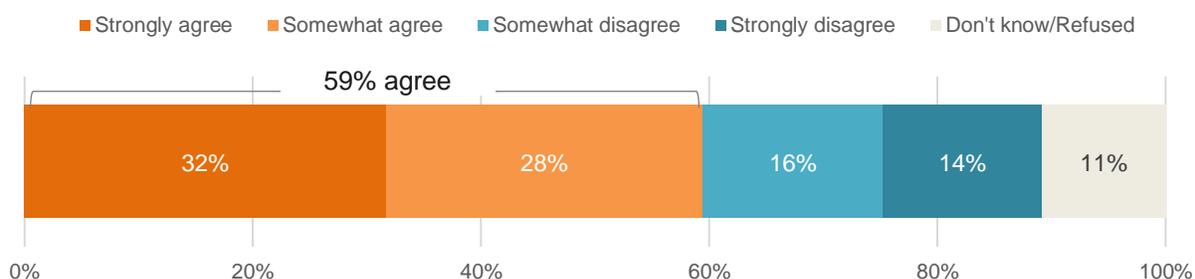


Small Business Owners Support Regulations on Banking Industry

Proposals from Congress and the Trump Administration have called to reduce regulations enacted as part of the 2010 Dodd-Frank Act that seek to regulate Wall Street and the financial services industry. Small business owners are supportive of current regulations and institutions in place that are meant to protect consumers and help prevent another financial crisis. Nearly 3 in 5 small business owners (59%) agree that federal regulation of Wall Street and the financial services industry like the Dodd-Frank Act is necessary to protect small businesses. An almost identical percentage of 61% agree with this statement without the specific mention of Dodd-Frank, agreeing that some regulations that indirectly affect businesses, such as bank regulations, are necessary to protect small businesses like theirs.

Figure 3: Small businesses feel financial regulations necessary to protect their businesses

Federal regulation of Wall Street and the financial services industry, such as the 2010 Dodd-Frank Act, is necessary to protect small businesses like mine



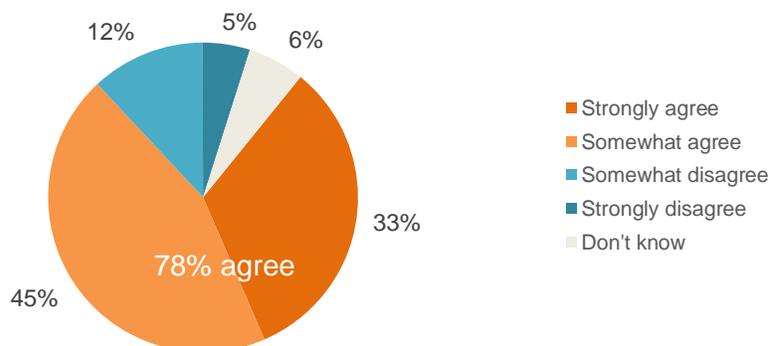
Additionally, 3 in 4 small business owners support the Consumer Financial Protection Bureau, which oversees mortgages, credit cards and other consumer financial products. One in three small business owners strongly support the CFPB, while just 15% oppose the institution. Additionally, half of small business owners are opposed to policies that allow for financial speculation by Wall Street and Banks.

Small Business Owners Feel Regulation is Needed to Promote Fairness and Competition

An overwhelming majority of 78% of small business owners agree that some regulations are important to protect small businesses from unfair competition and to level the playing field with big business. One in three small businesses owners strongly agree with this statement, while only 17% disagree.

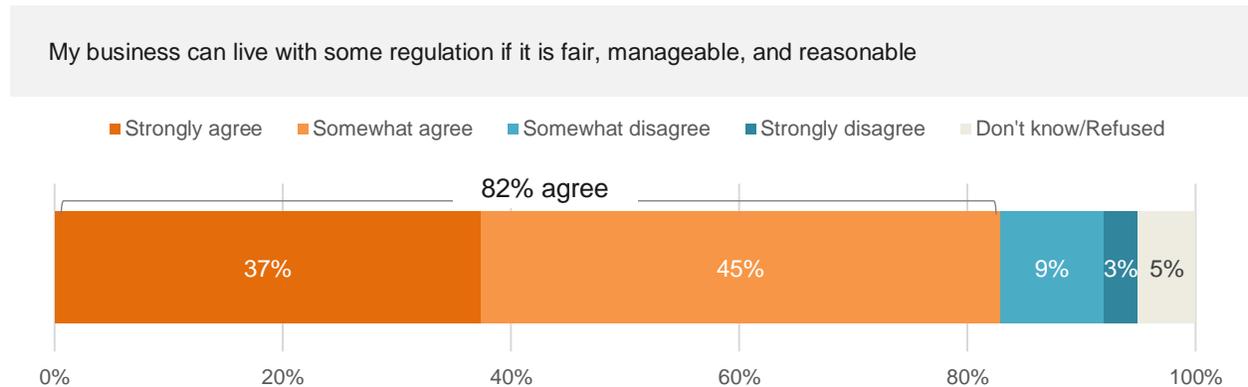
Figure 4: Some regulations important to protect small business from unfair competition

Some regulations are important to protect small businesses from unfair competition and to level the playing field with big business



What's more, 82% of small business owners agree that their business can live with some regulation if it is fair, manageable and reasonable. Nearly 4 in 10 small business owners (37%) strongly agree with this statement, while just 12% disagree. Few small business owners feel that all regulations on business need to be repealed. Indeed, more than 3 in 4 small business owners (78%) disagree with the statement that we should get rid of all regulations on business. More than half (53%) strongly disagree, compared to just 16% who agree. Some respondents were asked this question specifically regarding federal regulations. Almost 7 in 10 (68%) disagree with the statement that we should get rid of all federal regulations on businesses.

Figure 5: Small business owners okay with fair, reasonable regulations

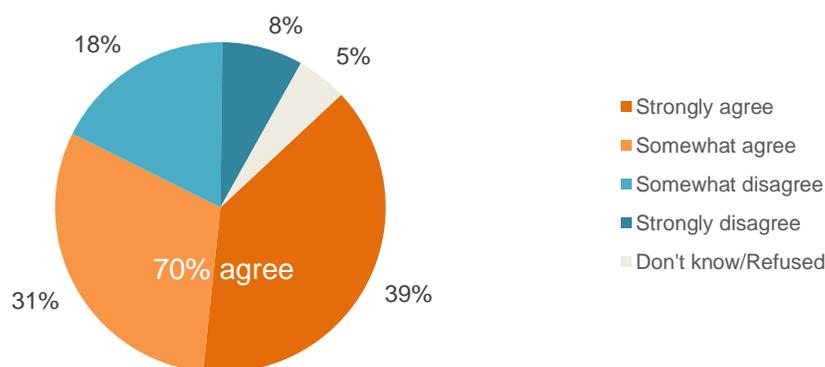


Small Business Owners Want Government to Do More to Level the Playing Field with Larger Corporations

Not only are small business owners supportive of modest levels of regulations on their own businesses, they would like the government to do even more to help them compete. As noted above, more than three-fourths of small business owners think some regulations are important to protect small businesses from unfair competition and to level the playing field with big business. This sentiment makes sense in light of the fact that 7 in 10 business owners believe that as a small business they are at a disadvantage compared to large corporations due to their size and market power.

Figure 6: Small business owners feel they are at a disadvantage compared to big business

As a small business, I am at a disadvantage compared to large corporations due to their size and market power.



Small business owners would like for the government to step in to help level the playing field. Almost two-thirds of small business owners (64%) agree that the government should do more to reduce the disadvantages that small businesses face compared to large corporations due to their size and market power. Almost 1 in 3 (32%) strongly agree, while only 26% disagree. An even greater majority of 77% agree the government should do more to rein in monopolies and enforce anti-trust laws.

Conclusion

Contrary to popular belief, small business owners are not feeling hampered by current levels of government regulations, and they feel that some regulation is necessary to create a fair and level playing field. Small businesses specifically support existing regulations and regulatory institutions for the financial services industry. Additionally, they would like the government to do even more to help their businesses compete with larger corporations. As the poll shows, existing regulations are not a top concern of small business owners and small business owners are opposed to calls to drastically get rid of current regulations.

Methodology

This poll reflects an Internet survey of 500 small business owners nationwide with 1-100 employees. The poll was conducted by Chesapeake Beach Consulting for Small Business Majority between March 5-11, 2018. The margin of error is +/-4.4%.

Toplines

500 Small Business Owners Nationwide (Online)
1-100 Employees
March 2018

1. Please indicate your gender

Male..... 60%
Female..... 40%

2. What state is your business in?

West 22%
Midwest..... 25%
South..... 38%
Northeast..... 16%

3. Do you own your own for-profit business?

Yes 100%

4. How many people do you employ including yourself? (*Cap at 25% self-employed*)

One..... 25%
2 to 9 56%
10 to 19 9%
20 to 49 6%
50 to 100 4%

5. How long have you been in business?

Less than one year 2%
One to three years 11%
Four to six years 13%
Seven to 10 years 14%
More than 10 years..... 60%
Don't know 0%
Refused..... 0%

6. Right now, which ONE of the following is the biggest problem facing your business?

Weak or uneven customer demand..... 20%
The cost of health coverage and other benefits 18%
Competition from larger companies 15%
The rate of taxation 14%
The quality and skill of available workers 8%
The availability of credit or capital to invest in
your business 8%
The level of state and local government regulation..... 6%
The level of federal government regulation 5%
Don't know 5%
Refused..... 1%

As a small business owner, would you say that you strongly support, somewhat support, somewhat oppose or strongly oppose each of the following financial policies and institutions.

7. My business can live with some regulation if it is fair, manageable, and reasonable.

Strongly agree	37%
Somewhat agree	45%
Somewhat disagree	9%
Strongly disagree.....	3%
Don't know	5%
Refused.....	<1%
AGREE	82%
DISAGREE	12%

8. Some regulation of business is necessary for a modern economy.

Strongly agree	37%
Somewhat agree	42%
Somewhat disagree	12%
Strongly disagree.....	4%
Don't know	5%
Refused.....	<1%
AGREE	80%
DISAGREE	15%

9a. (SPLIT A – 251 respondents) We should get rid of all federal regulations on businesses.

Strongly agree	7%
Somewhat agree	18%
Somewhat disagree	29%
Strongly disagree.....	38%
Don't know	7%
Refused.....	1%
AGREE	24%
DISAGREE	68%

9b. (SPLIT B – 249 respondents) We should get rid of all regulations on businesses.

Strongly agree	4%
Somewhat agree	13%
Somewhat disagree	25%
Strongly disagree.....	53%
Don't know	5%
Refused.....	1%
AGREE	16%
DISAGREE	78%

10a. (SPLIT A – 251 respondents) Some regulations that indirectly affect businesses, such as bank regulations, are necessary to protect small businesses like mine.

Strongly agree	22%
Somewhat agree	38%
Somewhat disagree	18%
Strongly disagree.....	9%
Don't know	13%
Refused.....	<1%
AGREE	61%
DISAGREE	26%

10b. (SPLIT B – 249 respondents) Federal regulation of Wall Street and the financial services industry, such as the 2010 Dodd-Frank Act, is necessary to protect small businesses like mine.

Strongly agree	32%
Somewhat agree	28%
Somewhat disagree	16%
Strongly disagree.....	14%
Don't know	11%
Refused.....	<1%
AGREE	59%
DISAGREE	29%

11. Some regulations are important to protect small businesses from unfair competition and to level the playing field with big business.

Strongly agree	33%
Somewhat agree	45%
Somewhat disagree	12%
Strongly disagree.....	5%
Don't know	6%
Refused.....	0%
AGREE	78%
DISAGREE	17%

12. As a small business, I am at a disadvantage compared to large corporations due to their size and market power.

Strongly agree	39%
Somewhat agree	31%
Somewhat disagree	18%
Strongly disagree.....	8%
Don't know	5%
Refused.....	<1%
AGREE	70%
DISAGREE	25%

13a. (SPLIT A – 251 respondents) The government should do more to reduce the disadvantages that small businesses face compared to large corporations due to their size and market power.

Strongly agree	32%
Somewhat agree	32%
Somewhat disagree	18%
Strongly disagree.....	8%
Don't know	10%
Refused.....	<1%
AGREE	64%
DISAGREE	26%

13b. (SPLIT B – 249 respondents) The government should do more to rein in monopolies and enforce anti-trust laws.

Strongly agree	37%
Somewhat agree	40%
Somewhat disagree	11%
Strongly disagree.....	4%
Don't know	8%
Refused.....	0%
AGREE	77%
DISAGREE	15%

As a small business owner, would you say that you strongly support, somewhat support, somewhat oppose or strongly oppose each of the following financial policies and institutions.

14. Financial speculation by Wall Street and banks

Strongly support.....	8%
Somewhat support	22%
Somewhat oppose	25%
Strongly oppose.....	25%
Don't know	19%
Refused.....	<1%
SUPPORT	30%
OPPOSE	50%

15. The Consumer Financial Protection Bureau, which oversees mortgages, credit cards, and other consumer financial products and services

Strongly support.....	33%
Somewhat support	41%
Somewhat oppose	9%
Strongly oppose.....	6%
Don't know	10%
Refused.....	0%
SUPPORT	75%
OPPOSE	15%

Now, I have just a few questions for statistical purposes...

16. In what year were you born?

18-29	3%
30-44.....	19%
45-54	20%
55-64	32%
65+	25%

17. How would you categorize your business?

Retail	17%
Financial, insurance or legal services	9%
Construction	8%
Real estate	6%
Information technology	5%
Agriculture	4%
Manufacturing.....	3%
Medical or dental	3%
Restaurant or food service	3%
Other non-retail services	9%
Wholesale trade	3%
Other	29%
Not sure/Refused to answer	1%

18. Generally speaking, do you think of yourself as a Republican, a Democrat, or an Independent?

Democrat.....	26%
Independent.....	33%
Republican	35%
Other	3%
Don't know	1%
Refused.....	<1%

18a. IF INDEPENDENT, OTHER OR DON'T KNOW, ASK: Do you think of yourself as closer to the Republican or Democratic Party? **N=189**

Closer to Democrats	32%
Closer to Republicans.....	26%
Neither	39%
Don't know	2%
Refused.....	1%

19. Again, just for statistical purposes what was the gross revenue of your business in 2017?

Less than \$100,000	39%
Between \$100,000 and \$250,000	16%
Between \$250,001 and \$500,000	13%
Between \$500,001 and \$1 million	12%
Between \$1 million and \$2 million	8%
Between \$2 million and \$5 million.....	4%
More than \$5 million	2%
Don't know	1%
Refused.....	6%

20. What is your race?

White.....	82%
African American or Black	5%
Hispanic or Chicano.....	4%
Asian or Pacific Islander	4%
American Indian	1%
Other	1%
Biracial or multiracial	1%
Don't know	0%
Refused.....	1%