



Opinion Poll

Small Businesses Hire Diverse Entry-Level Workforce

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Small Business Majority

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Executive Summary

Small businesses make up 99 percent of businesses in the United States and employ about 56 million of the nation's private sector workers. New scientific polling shows small business hiring of lower-level employees is diverse and varies geographically, but more can be done to increase diversity in the hiring of upper-management employees.

A national scientific opinion poll conducted for Small Business Majority by Greenberg Quinlan Rosner Research found that the proportion of women and minorities working in non-management positions at small businesses reflects the diversity of America. Businesses with less than 10 employees are not as diverse due to their smaller staffing numbers, but as the number of employees grows, so does the diversity of the workforce.

The poll found 7 in 10 small businesses have at least one female employee (69%), 24% have at least one Hispanic employee, 18% have at least one African American employee, 8% have at least one employee with a disability, 6% have at least one American Indian or Alaskan native employee, 5% have at least one Asian or Pacific Islander employee and 24% report having at least one other non-white employee.

Additionally, the poll found diversity among small business employees varies geographically, as owners hire from the community around them. For example, employers in Mississippi or Louisiana are more likely to have an African American (47% and 45%, respectively) employed, while employers in New Mexico are more likely to hire at least one Hispanic worker (62%). Owners themselves also play a role, as women are more likely to have at least one female staffer (82%), and non-white owners are more likely to have at least one African American (47%) or Hispanic (41%) worker.

While small businesses have a diverse workforce among their lower-level staff, women and minorities are underrepresented at the management level. Women represent 35% of management or non-entry level staff. And representation from minorities is even lower—among higher-level staff, 9% are African-American, 8% are Hispanic, 6% have a disability, 2% are American Indian or Alaskan native, 1% are Asian or Pacific Islander and 6% represent another non-white minority. However, it's important to note that many small businesses do not have management positions outside the owner, and nearly 9 in 10 poll respondents (88%) have 10 or fewer employees.

Some business owners plan to make it a priority to improve diversity among their high-level employees. Three in 10 (29%) plan to hire or promote in order to increase the diversity of their high-level workforce within the next few years.

Lastly, the majority of respondents own businesses located in suburban or rural areas. Nearly three-quarters (74%) of respondents' businesses are located in a rural or suburban area, and 88% have 10 or fewer employees.

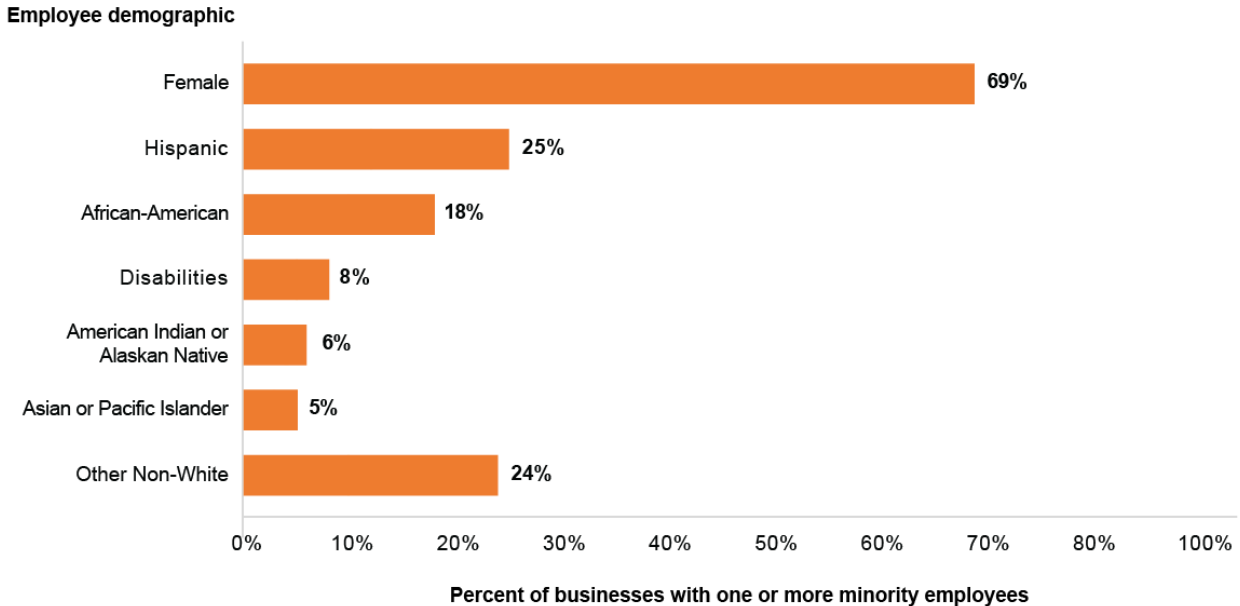
Main Findings

- **Small business employees in non-management positions represent diverse workforce:** Seven in 10 small businesses have at least one female employee (69%), 24% have at least one Hispanic employee, 18% have at least one African American employee, 8% have at least one employee with a disability, 6% have at least one American Indian or Alaskan native employee, 5% have at least one Asian or Pacific Islander employee and 24% report having at least one other non-white employee.
- **Small business hiring varies geographically:** Diversity among small business employees is dependent on the location of the business, as owners hire from the community around them. For example, employers in Mississippi or Louisiana are more likely to have an African American (47% and 45%, respectively) employed, while employers in New Mexico are more likely to hire at least one Hispanic worker (62%).
- **Small business owners play key role in the diversity of their workforce:** Women are more likely to have at least one female staffer (82%), and non-white owners are more likely to have at least one African American (47%) or Hispanic (41%) worker.
- **Women and minorities are underrepresented in upper-level staff:** When it comes to management or non-entry level staff, 35% are women, 9% are African-American, 8% are Hispanic, 6% have a disability, 2% are American Indian or Alaskan native, 1% are Asian or Pacific Islander and 6% represent another non-white minority. However, it's important to note that many small businesses do not have management positions outside the owner, and nearly 9 in 10 poll respondents (88%) have 10 or fewer employees.
- **Some small business owners plan on increasing the diversity of their high-level workforce:** Three in 10 small business owners (29%) plan to hire or promote in the next few years in order to increase the diversity of their high-level workforce.
- **Majority of respondents own businesses in rural or suburban areas:** Nearly three-quarters (74%) of respondents' businesses are located in a rural or suburban area, and 88% have 10 or fewer employees.

Small Businesses Employ Diverse Entry-Level Workforce, Play Key Role in Diversity of their Staff

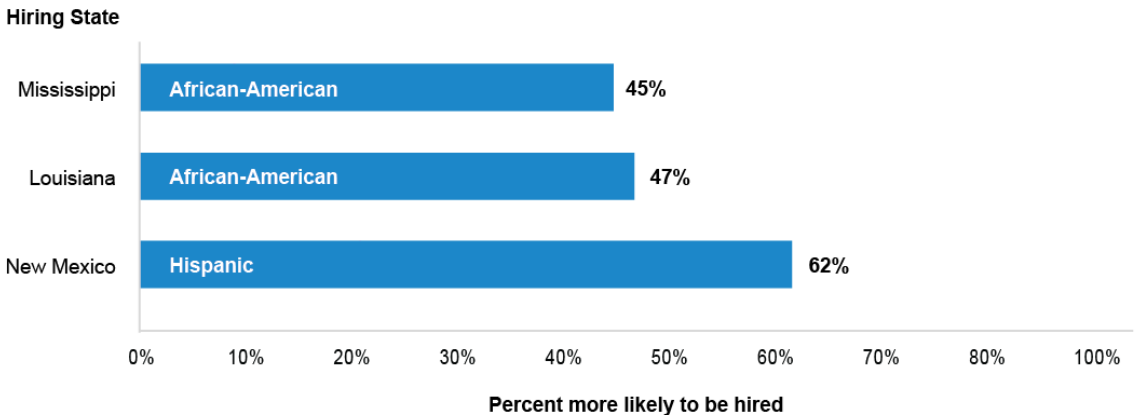
Polling found that small business hiring among non-management employees is diverse. Seven in 10 small businesses have at least one female employee (69%), 24% have at least one Hispanic employee, 18% have at least one African American employee, 8% have at least one employee with a disability, 6% have at least one American Indian or Alaskan native employee, 5% have at least one Asian or Pacific Islander employee and 24% report having at least one other non-white employee.

■ **Figure 1: Small businesses employ diverse entry-level workforce**



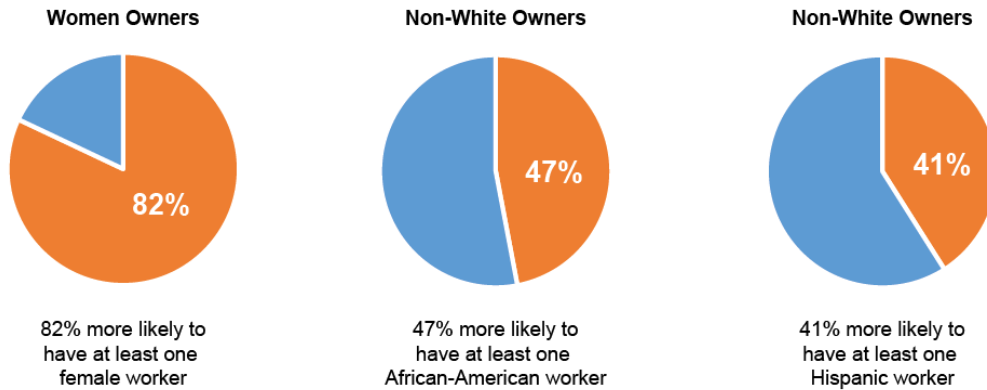
Additionally, diversity among small business employees varies geographically, as owners naturally hire from the community around them. For example, employers in Mississippi or Louisiana are more likely to have an African American (47% and 45%, respectively) employed, while employers in New Mexico are more likely to hire at least one Hispanic worker (62%).

■ **Figure 2: Small business hiring reflects the demographics of their communities**



What’s more, small business owners play a key role in the diversity of their workforce. Women are more likely to have at least one female staffer (82%), and non-white owners are more likely to have at least one African American (47%) or Hispanic (41%) worker.

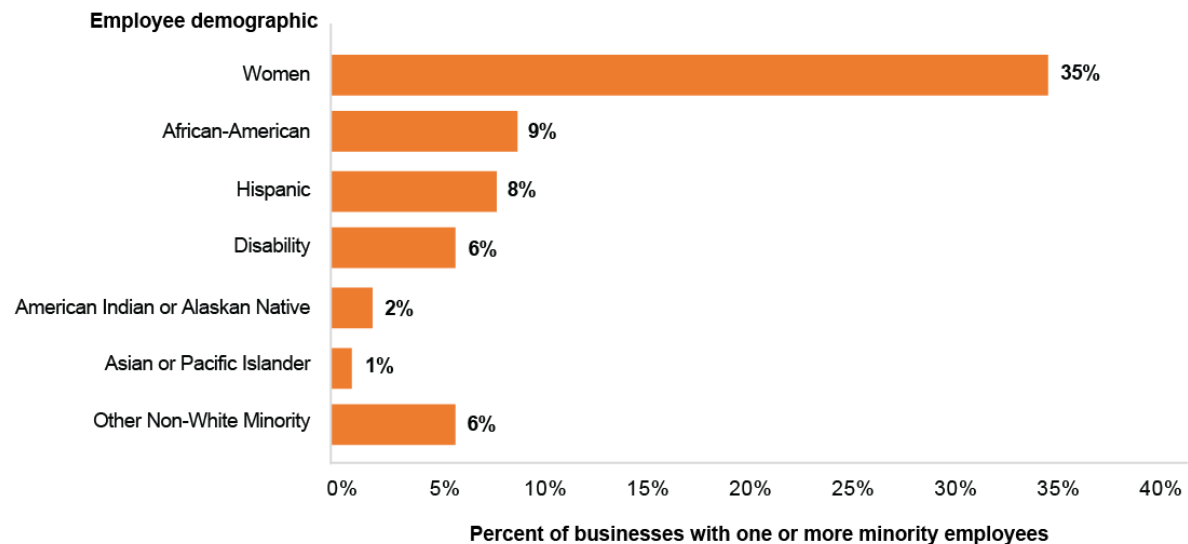
Figure 3: Small business owners play key role in diversity of their own workforce



Diversity Lower Among High-Level Staff

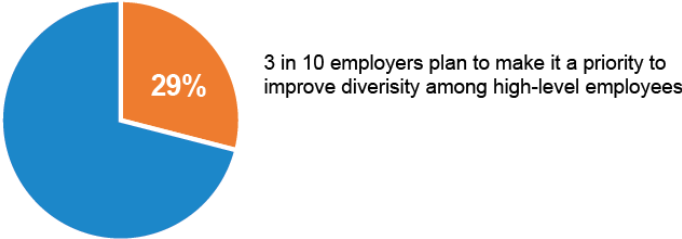
While small businesses have a diverse workforce among their lower-level staff, women and minorities are underrepresented at the management level. Women represent 35% of management or non-entry level staff. And representation from minorities is even lower—among higher-level staff, 9% are African-American, 8% are Hispanic, 6% have a disability, 2% are American Indian or Alaskan native, 1% are Asian or Pacific Islander and 6% represent another non-white minority. However, it’s important to note that many small businesses do not have management positions outside the owner, and nearly 9 in 10 poll respondents (88%) have 10 or fewer employees.

Figure 4: Workforce diversity is lower among upper-level staff



While diversity is low among non-entry level staff, some business owners plan to make it a priority to improve diversity among their high-level employees. Three in 10 (29%) plan to hire or promote in order to increase the diversity of their high-level workforce within the next few years.

■ **Figure 5: Some small employers plan to increase diversity of high-level workforce**



Conclusion

When it comes to their lower-level workforce, small business owners hire a diverse set of employees that reflects the demographics of their communities. However, small employers could do more when it comes to promoting diversity among their higher-level employees. While some business owners plan to make this a priority for their hiring practices, small business owners may benefit from more education on this topic.

Methodology

This poll reflects a telephone survey of 500 small business owners from around the country with state oversamples in Louisiana, Mississippi, Michigan and New Mexico. The poll was conducted by Greenberg Quinlan Rosner Research for Small Business Majority with a margin of error of +/-4.38%. The survey was conducted from January 15 through February 3, 2015.

Poll Toplines

Small Business Majority
Diversity Poll
500 Small Business Owners Nationwide

Q.1 Do you own your own business?

	Total
Yes	100
No	-
Not sure	-

Q.2 How many people are directly employed by your business or company, NOT including yourself or any immediate family members such as a spouse, domestic partner or one of your children?

	Total
1.....	28
2-5.....	48
6-10.....	12
11-25.....	9
26-50	2
51-100	0
100 plus	-
Mean.....	5.3
1-10	88
11 plus	12

Q.3 Is your business located in a rural area, suburban area, urban area or on tribal land?

	Total
Rural.....	43
Suburban	31
Urban.....	24
Tribal lands	0
(DK/REF)	2
Non-Tribal Lands	98

Q.4 Now thinking about all the people you employ, about how many are:

	0	1	2 Plus	DK/ Ref	Mean	1 Plus
Women	31	26	43	-	3.0	69
LA	25	21	54	-	4.1	75
MS	28	28	44	-	2.7	72
MI	23	25	52	-	3.5	77
NM	25	28	47	-	3.1	75
Parents with children, ages zero to eight years old	58	19	23	.	1.4	42
LA	49	28	23	-	1.4	51
MS	57	23	18	1	1.6	42
MI	51	19	30	1	1.6	49
NM	47	23	27	2	1.5	51
Hispanic or Chicano	76	12	13	.	0.9	24
LA	85	11	4	-	0.2	15
MS	93	5	2	-	0.1	7
MI	79	13	8	-	0.6	21
NM	36	21	41	2	2.8	62
Other non-white minority	76	10	14	0	1.1	24
LA	80	8	11	-	0.4	20
MS	82	5	13	-	0.4	18
MI	87	3	10	-	0.5	13
NM	68	11	19	2	1.1	31
People with disabilities	92	5	3	-	0.2	8
LA	88	8	4	-	0.2	12
MS	91	8	1	-	0.1	9
MI	92	4	5	-	0.2	8
NM	84	7	9	-	0.3	16
American Indian or Alaska Native	94	4	2	-	0.2	6
LA	93	4	3	-	0.1	7
MS	96	3	1	-	0.1	4
MI	90	3	7	-	0.2	10
NM	84	10	6	-	0.3	16
Asian or Pacific Islander	95	3	2	-	0.1	5
LA	92	7	1	-	0.1	8
MS	98	2	-	-	-	2
MI	93	5	2	-	0.1	7
NM	97	1	2	-	0.1	3

Q.5 Now, thinking about the more high-level people you employ, such as managers or non-entry level staff, about how many are:

	0	1	2	DK/	1	
			Plus	Ref	Mean	Plus
Women	65	22	13	-	0.8	35
LA	60	23	16	-	0.7	40
MS	69	18	13	-	0.6	31
MI	71	17	12	-	0.5	29
NM	62	21	17	-	0.9	38
Parents with children, ages zero to eight years old	84	11	4	.	0.4	16
LA	81	14	5	-	0.7	19
MS	85	9	6	-	0.3	15
MI	89	5	5	-	0.2	11
NM	84	5	9	1	0.3	15
African-American	91	8	1	.	0.2	9
LA	83	10	6	1	0.3	16
MS	86	7	7	-	0.3	14
MI	96	-	4	-	0.1	4
NM	98	-	2	-	0.1	2
Hispanic or Chicano	92	6	2	-	0.2	8
LA	95	2	2	-	0.1	5
MS	99	-	1	-	-	1
MI	94	6	-	-	0.1	6
NM	75	13	12	-	0.5	25
Other non-white minority	94	3	3	-	0.2	6
LA	90	5	5	-	0.2	10
MS	96	2	2	-	0.1	4
MI	94	5	1	-	0.1	6
NM	87	6	6	-	0.2	13
People with disabilities	96	3	1	-	0.2	4
LA	96	3	1	-	0.1	4
MS	97	3	-	-	-	3
MI	96	2	2	-	0.3	4
NM	98	1	1	-	-	2
American Indian or Alaska Native	98	2	0	-	0.1	2
LA	97	1	1	-	0.1	3
MS	99	-	1	-	-	1
MI	99	1	1	-	-	1
NM	94	4	2	-	0.2	6
Asian or Pacific Islander	99	1	0	-	0.1	1
LA	95	5	-	-	0.1	5
MS	100	-	-	-	-	-
MI	94	3	3	-	0.1	6
NM	96	1	3	-	0.1	4

Q.6 Do you plan to hire or promote in order to increase the diversity of your high-level workforce in the next few years?

	Total	LA	MS	MI	NM
Yes	29	38	39	29	27
No	63	58	57	59	71
(Don't know/Refused)	8	4	4	11	2
Yes - No.....	-34	-20	-19	-30	-44

Q.7 These last questions are for statistical purposes only: How would you categorize your business?

	Total
Administrative support and accounting	3
Agriculture.....	6
Arts, entertainment and recreation	2
Construction.....	8
Finance and insurance	4
Information technology	2
Legal	4
Manufacturing.....	5
Medical or dental	4
Real estate	2
Restaurant	8
Retail (such as a shop or store).....	19
Retail services (such as car repair, home repair, landscaping).....	11
Scientific and technical services	1
Whole sale trade.....	1
(Transportation).....	2
(OTHER)	15
(Not Sure/Prefer Not to Say)	2

Q.8 I'm going to read you a list of different types of businesses. Please tell me which one describes your business.

	Total
Limited Liability Corporation or L-L-C.....	22
S-Corporation.....	20
B-Corporation	1
C-Corporation	6
Non-profit or a five-oh-one c-3.....	1
Cooperative	1
Partnership.....	5
Employee-owned business or E-S-O-P.....	12
Limited Liability Partnership or L-L-P.....	3
(Proprietor)	25
Other.....	2
(None/Refused).....	1

Q.9 In what year were you born?

	Total
18 - 24	
25 - 29	2
30 - 34	2
35 - 39	5
40 - 44	9
45 - 49	12
50 - 54	13
55 - 59	14
60 - 64	15
65 and over	23
(No answer)	5

Q.10 Generally speaking, do you think of yourself as a Republican, a Democrat, or what?

	Total
Strong Democrat	16
Weak Democrat	8
Independent-lean Democrat	5
Independent	20
Independent-lean Republican	11
Weak Republican	11
Strong Republican	22
(Don't know/Refused)	8

Q.11 Do your employees, through stock options or other agreements, own any part of your business?

	Total
Yes	2
No	94
(DK/Refused)	4

Q.12 For statistical purposes only, what was the gross revenue of your business in 2014? Just stop me when I get to the right category.

	Total
Less than \$100,000	19
\$100,000 to under \$250,000	23
\$250,000 to under \$500,000	17
\$500,000 to under \$1 million	8
\$1 million to under \$2 million	3
\$2 million or under \$5 million	3
\$5 million or more	0
(DK/REF)	27
Under \$500K	59
\$500K or more	14

Q.13 What is your race?

	Total
White	78
African American or Black	7
Hispanic or Chicano	6
Asian or Pacific Islander	2
American Indian or Alaska Native.....	1
Other.....	1
Biracial or multiracial	0
DK/REF.....	5

Q.14 Respondent gender:

	Total
Male	61
Female	39

Q.15 What state do you live in?

	Total
AL	3
AK.....	0
AZ	2
AR.....	2
CA	11
CO.....	2
CT	1
DE.....	-
DC.....	-
FL.....	3
GA.....	2
HI.....	-
ID.....	1
IL	4
IN.....	2
IA	1
KS	1
KY	1
LA	2
ME	1
MD.....	1
MA	1
MI	3
MN.....	1
MS.....	1
MO.....	2
MT	1
NE.....	0
NV.....	-
NH	0
NJ	3
NM.....	1
NY	4
NC.....	4
ND.....	1
OH	2
OK.....	2

OR.....	3
PA	7
RI	-
SC.....	2
SD	1
TN.....	3
TX.....	9
UT.....	1
VT	1
VA	1
WA.....	3
WV.....	0
WI.....	3
WY.....	1

Crosstab data on business owners' impact on the diversity of their workforce

	RACE		GENDER	
	White	Non-White	Men	Women
Total Answering	(390)	(85)	(305)	(195)
Women	69	72	61	82
Parents with Kids	43	42	44	40
Hispanic or Chicano	21	41	25	24
Other/Non-White	23	32	22	28
African-American	12	47	20	14
People with Disabilities	9	4	6	11
American Indian/Native	6	9	5	9
Asian/Pacific Islander	3	13	5	5