



## Opinion Poll

### Small business owners support banning non-compete agreements

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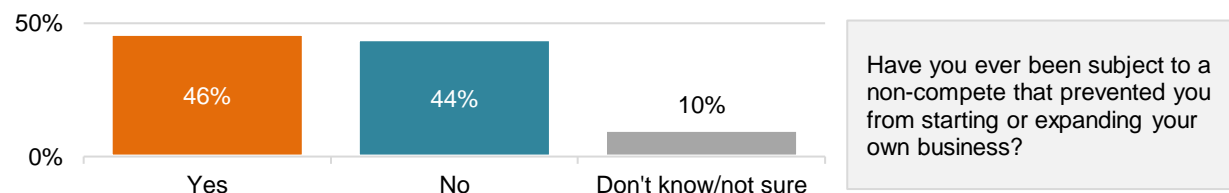
April 13, 2023

## Findings

President Biden called on the Federal Trade Commission (FTC) to ban non-compete agreements in his second State of the Union address. In response, the FTC recently proposed a rule to ban non-compete agreements, sparking a debate about the impact this rule would have on the business community. A new opinion poll of small business owners nationwide reveals that our nation's entrepreneurs are being harmed by non-compete agreements, and they strongly support the Federal Trade Commission's proposed rule to ban them in most instances.

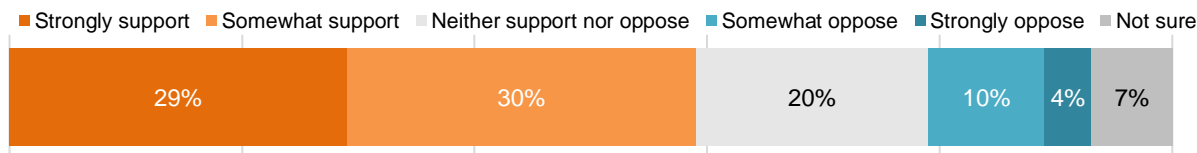
The poll reveals that nearly half of small businesses (46%) report that they were subject to a non-compete agreement that prevented them from starting or expanding their business. More than a third (35%) have been prevented from hiring an employee due to a non-compete agreement.

**Figure 1: Small businesses harmed by non-compete agreements**



While some have argued that non-compete agreements will harm the small business community, the survey finds that the proposal has strong support among small businesses. Nearly 6 in 10 (59%) support the FTC's proposed rule, with only 14% opposing the ban. Notably, those who currently use non-competes in their business are even more supportive of the ban (67%) compared to those who don't (51%).

**Figure 2: Small business owners support banning of non-compete agreements**



Importantly, a number of small businesses are using non-disclosure agreements to protect their confidential information or trade agreements (42%). What's more, 69% believe that non-disclosure agreements can protect their confidential information or trade secrets as effectively as a non-compete agreement.

This poll comes on the heels of a recent [Federal Reserve working paper](#) noting the important role entrepreneurs who leave a company to start new ventures have in creating dynamic, successful firms.<sup>1</sup> The data highlights how non-compete agreements can stifle free, fair and open competition and hamper entrepreneurs' ability to start their own endeavors as well as attract and retain a quality workforce.

## Methodology

This poll reflects a national survey of 312 small business owners and decision-makers in the United States. The poll was an online survey conducted on SurveyMonkey on April 2, 2023. The margin of error is +/- 6%.

<sup>1</sup> "Entrepreneurship through Employee Mobility, Innovation, and Growth", Federal Reserve Bank of Atlanta, September 2022, <https://www.atlantafed.org/-/media/documents/research/publications/wp/2022/09/26/10--entrepreneurship-and-employee-mobility.pdf>

# Survey Toplines

- 1. Before this survey, were you familiar with non-compete agreements?**

  - Yes..... 82%
  - No..... 18%
  
- 2. Do you use non-compete agreements in your business?**

  - Yes..... 48%
  - No..... 52%
  
- 3. Have you ever been subject to a non-compete that prevented you from starting or expanding your own business?**

  - Yes..... 46%
  - No..... 44%
  - Don't know/not sure..... 10%
  
- 4. Have you ever been prevented from hiring a worker because they were subject to a non-compete agreement?**

  - Yes..... 35%
  - No..... 56%
  - I don't know..... 9%
  
- 5. The FTC is considering prohibiting the use of most non-compete agreements. Do you support or oppose such a ban?**

  - Strongly support ..... 29%
  - Somewhat support..... 30%
  - Neither support nor oppose..... 20%
  - Somewhat oppose ..... 10%
  - Strongly oppose ..... 4%
  - Don't know/not sure..... 7%
  
- 6. Have you ever asked employees to sign a non-disclosure agreement to protect confidential information or trade secrets?**

  - Yes..... 42%
  - No..... 53%
  - I don't..... 5%
  
- 7. Do you believe that such a non-disclosure agreement can protect your confidential information or trade secrets as effectively as a non-compete agreement?**

  - Strongly agree ..... 24%
  - Somewhat agree..... 35%
  - Neither agree nor disagree..... 24%
  - Somewhat disagree ..... 7%
  - Strongly disagree ..... 3%
  - Don't know/not sure..... 7%

## 8. Business Size

Self-employed .....	35%
Fewer than 10 employees.....	21%
10-24 employees .....	12%
25-49 employees .....	6%
50-74 employees .....	7%
75-100 employees .....	7%
More than 100 employees.....	12%

## 9. Ethnicity

Asian or Asian American .....	13%
Black, African or African American .....	9%
Hispanic, Latinx or Spanish Origin .....	10%
Middle Eastern or North African .....	5%
American Indian or Alaska Native.....	2%
Native Hawaiian or other Pacific Islander .....	1%
White or Caucasian .....	52%
Some other race, ethnicity or ethnic origin.....	1%
Prefer not to answer.....	7%

## 10. Age

< 18 .....	0%
18-29 .....	19%
30-44.....	31%
45-60.....	38%
> 60.....	12%

## 11. Gender

Male .....	43%
Female.....	57%

## 12. Region

East North Central .....	16%
East South Central .....	4%
Middle Atlantic .....	16%
Mountain .....	6%
New England.....	3%
Pacific.....	21%
South Atlantic .....	19%
West North Central.....	6%
West South Central .....	10%