



Small Business Owner Survey

Findings based on a national survey of small business owners

September 2020



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Methodology

Lake Research Partners designed and administered this survey that was conducted online nationwide between August 31 – September 16, 2020. The survey reached a total of 600 small business owners with oversamples of 100 Black small business owners, and 100 Latinx or Asian American or Pacific Islander small business owners.

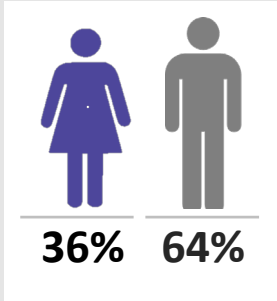
The sample was drawn from an online panel of small business owners and respondents were screened to be the current owner of a small business in the United States, who operates and makes decisions for the business, operates a for profit business, and employs 0-49 employees including themselves and excluding contractors, with a cap of 25% of respondents who employed 1 person before the pandemic and currently employ 1 person.

To ensure the data reflects attributes of the actual population of small business owners in the U.S., the base sample was weighted by gender, region, age, race, and number of employees prior to the COVID-19 pandemic. The sample of Black small business owners was weighted by gender and age. The sample of Latinx and Asian American Pacific Islander small business owners was weighted by gender, region, race, and number of employees prior to the COVID-19 pandemic.

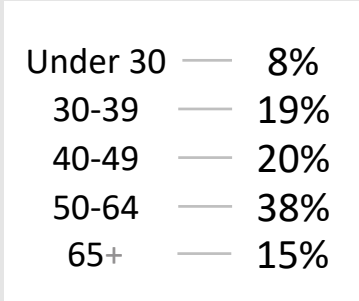
The overall margin of error for the entire sample is +/- 4.0.

Demographics of Small Business Owners

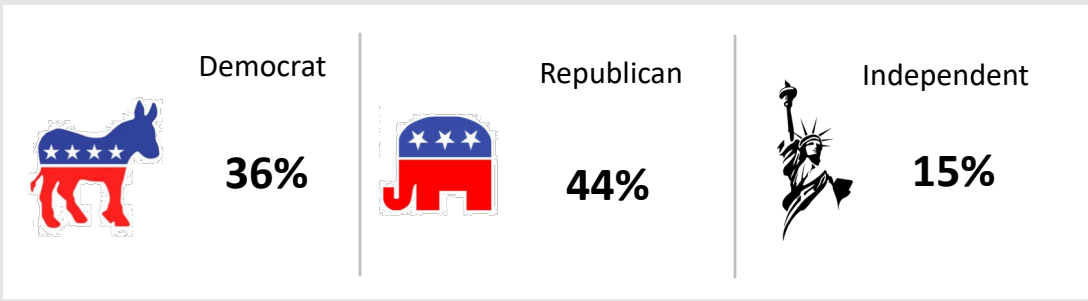
GENDER



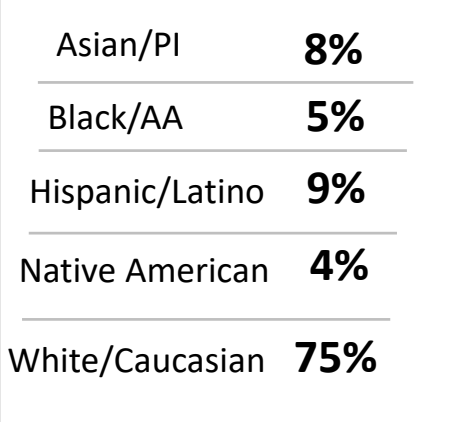
AGE



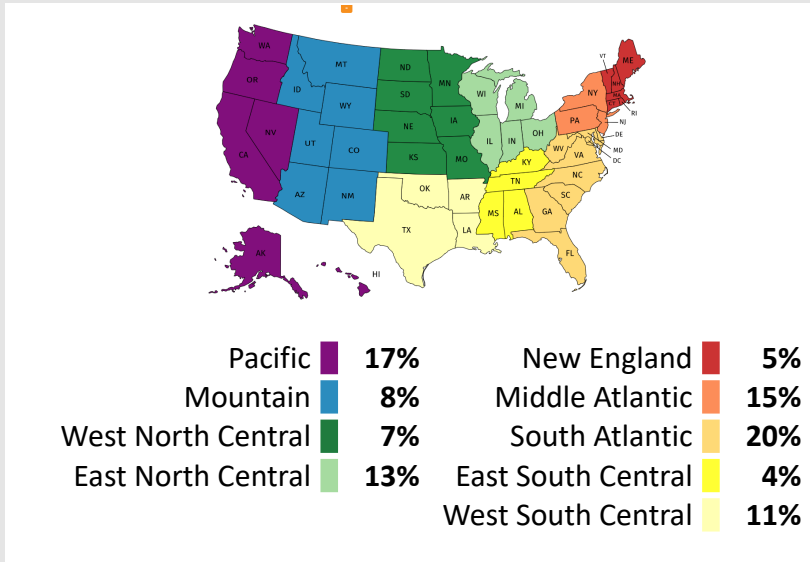
PARTY IDENTIFICATION



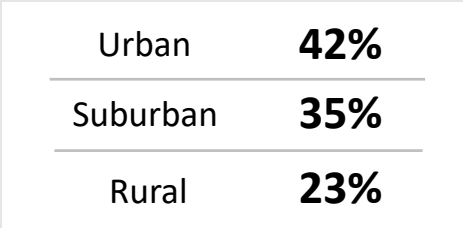
RACE



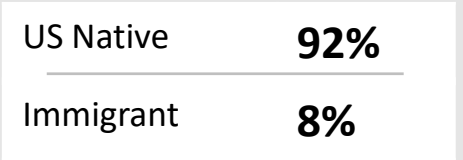
REGION



URBANICITY



PLACE OF BIRTH



Profiles of Small Businesses

OPERATIONS STATUS

Currently operating	93%
Currently closed	7%

MOBILE BUSINESS

Yes	31%
No	63%

TENURE OF OPERATIONS

Less than 1 year	5%
1-5 years	22%
6-10 years	26%
11-20 years	23%
21-30 years	14%
31 years or more	10%

INDUSTRY

Professional, scientific and technical services	17%
Retail	12%
Construction	11%
Food and beverage	4%
Financial services	5%
Wholesale trade, utilities, transport and warehousing	5%
Information technology	4%
Manufacturing	2%
Health and educational services	5%
Leisure and hospitality	4%
Mining and logging	0%
Agriculture/farming	3%
Childcare	2%
Other care services	4%
Other	21%

APPROX. YEARLY REVENUE

Under \$100K	39%
\$100K to under \$200K	16%
\$200K to under \$500K	16%
\$500K to under \$1M	11%
\$1M to under \$2M	9%
\$2M to under \$10M	5%
\$10M or more	1%

BUSINESS TYPE

Cooperative	3%	S Corp	8%
Sole proprietor	48%	D Corp	0%
Partnership	8%	C Corp	3%
Close corporation	0%	B Corp	0%
LLC	29%		

Key Findings – Shell Companies

- Nearly universally, small business owners see it as a problem that people have used shell companies to fraudulently win contracts or obtain government set-asides reserved for small businesses.
 - Across subgroups, over eight-in-ten see this practice as a problem.

Key Findings – Shell Companies

- With and without additional information about the current law, over three-quarters of owners agree that Congress should pass a law that would require businesses to list the true identity of their owners when forming. A solid majority strongly agree.

WITH INFORMATION: As you may know, current law allows a business to be established without listing the identities of the business' owners. Some have used these anonymous shell companies to engage in illicit behavior such as money laundering and financing criminal activity. Congress is considering legislation that would require businesses to list the true identity of their owners when forming, in order to address issues of fraud and abuse. The owners' names would only be made available to law enforcement for use in authorized investigations. Do you agree or disagree that Congress should pass this law?

WITHOUT INFORMATION: Congress is considering legislation that would require businesses to list the true identity of their owners when forming, in order to address issues of fraud and abuse. The owners' names would only be made available to law enforcement for use in authorized investigations. Do you agree or disagree that Congress should pass this law?

- With and without information about the current law, across subgroups, owners agree that Congress should require businesses to list the true identity of their owners when forming. The additional information does not help make the case.
- Among men, older owners, Independents, and Latinx owners, it is much stronger to not include additional context.

Key Findings – Engaged Debate on Shell Companies

- In an engaged debate, owners overwhelmingly side with an argument that owner transparency would level the playing field and protect small businesses over an argument that such transparency is an unnecessary burden.

Which statement is closer to your opinion even if neither are exactly right?

Requiring businesses to list the true identities of their owners would level the playing field and help small businesses by protecting them from contract fraud and giving them fair access to government set-asides.

72%

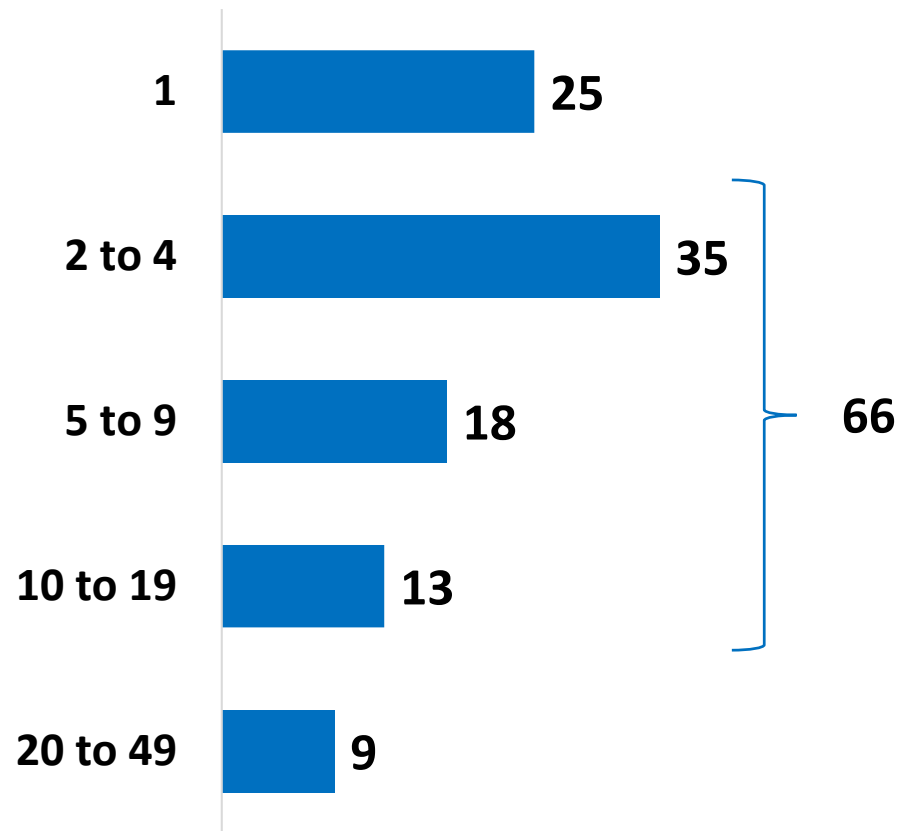
Requiring businesses to list their business owners' true identities places an unnecessary burden on businesses and would stifle business creation

17%

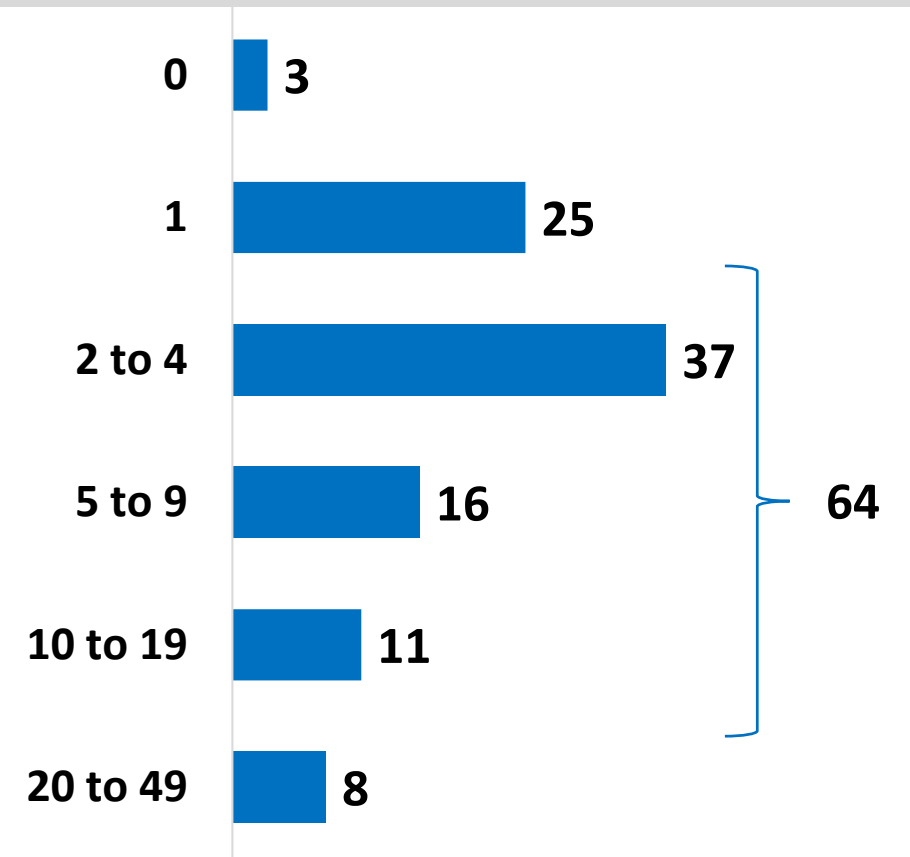
Context

Prior to the COVID-19 pandemic and when the survey fielded, about two-thirds of small business owners employed 2 to 19 people. At the time the survey fielded, three percent of owners employed no one.

Before the COVID-19 pandemic started having major effects in the U.S., approximately how many people worked at your business, including yourself? Please do not include contractors.



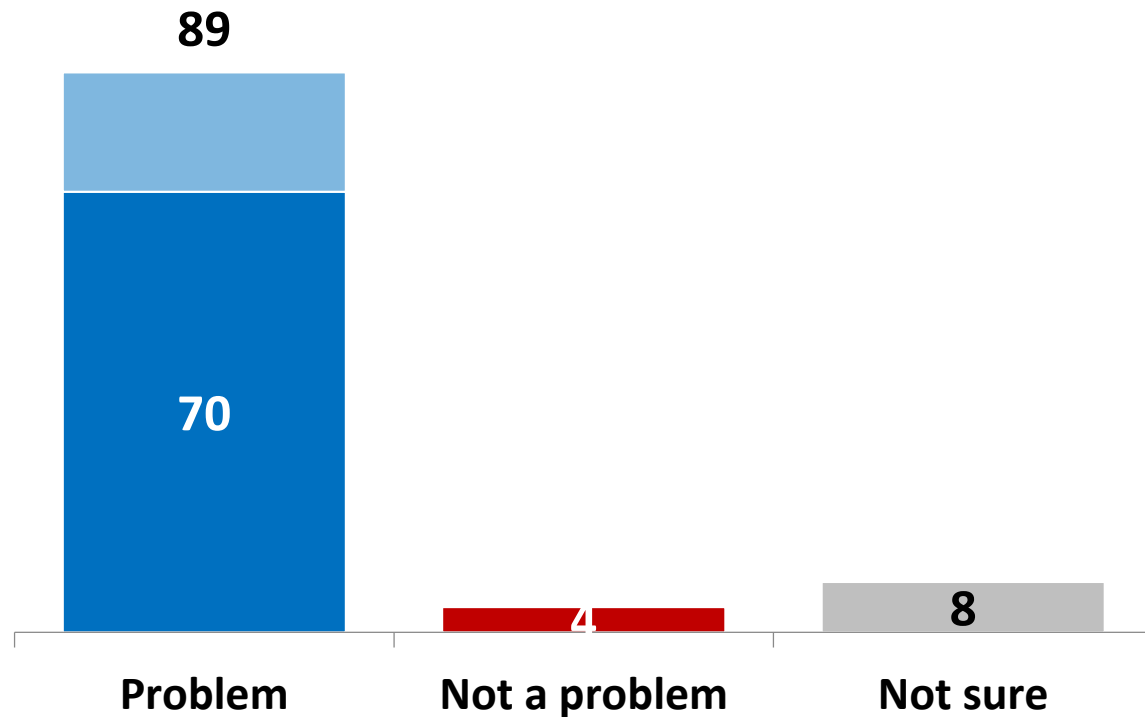
Currently, approximately how many people work or worked at your business, including yourself? Please do not include contractors.



Attitudes toward Listing the True Identity of Owners

Nearly universally, small business owners see it as a problem that people have used shell companies to fraudulently win contracts or obtain government set-asides reserved for small businesses. Across subgroups, over eight-in-ten see this practice as a problem.

Do you see it as a problem that people have used shell companies to fraudulently win contracts or obtain government set-asides reserved for small businesses, or not really?

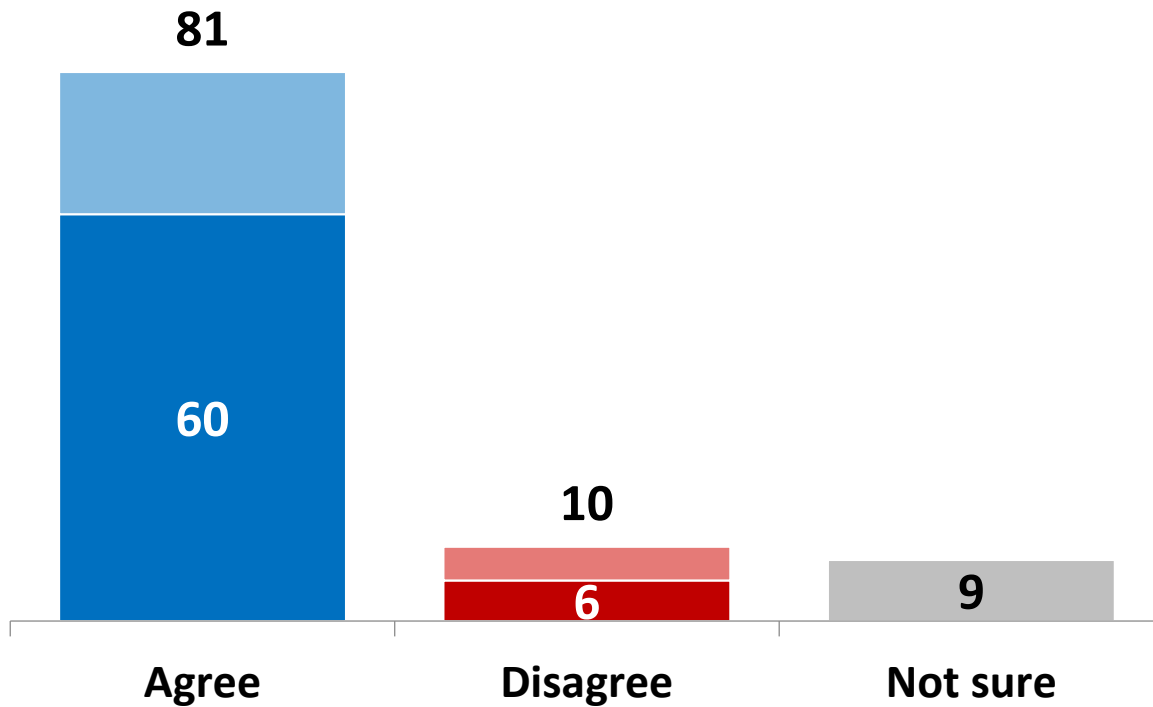


	Problem (Major + Minor)	Not a Problem	Margin
Men	89	3	86
Women	88	4	84
Under 30	81	13	68
30 to 39	87	4	83
40 to 49	88	4	84
50 to 64	89	2	87
65 and over	93	1	92
Democrat ID	93	4	89
Independent ID	87	3	85
Republican ID	86	4	82
Self-employed	88	3	85
2-49 Employees	88	4	84
Open	89	4	85
Closed	83	6	76
White	88	3	85
Black	88	4	84
Latinx	88	7	81
Asian	87	6	81



Over three-quarters of owners agree that Congress should pass a law that would require businesses to list the true identity of their owners when forming. A solid majority strongly agree. Across subgroups owners agree that Congress should require businesses to list the true identity of their owners.

Congress is considering legislation that would require businesses to list the true identity of their owners when forming, in order to address issues of fraud and abuse. The owners' names would only be made available to law enforcement for use in authorized investigations. Do you agree or disagree that Congress should pass this law?



	Agree	Disagree	Margin
Men	82	11	71
Women	78	10	68
30 to 39	81	14	67
40 to 49*	72	15	57
50 to 64	84	7	77
65 and over*	92	4	88
Democrat ID	91	3	87
Independent ID	79	13	66
Republican ID	76	14	62
Self-employed	86	5	81
2-49 Employees	79	12	67
White	81	11	70
Black*	82	9	72
Latinx*	83	11	72

■ Not so strongly agree
■ Strongly agree
■ Not so strongly disagree
■ Strongly disagree

Split sampled question

*Note small sample size

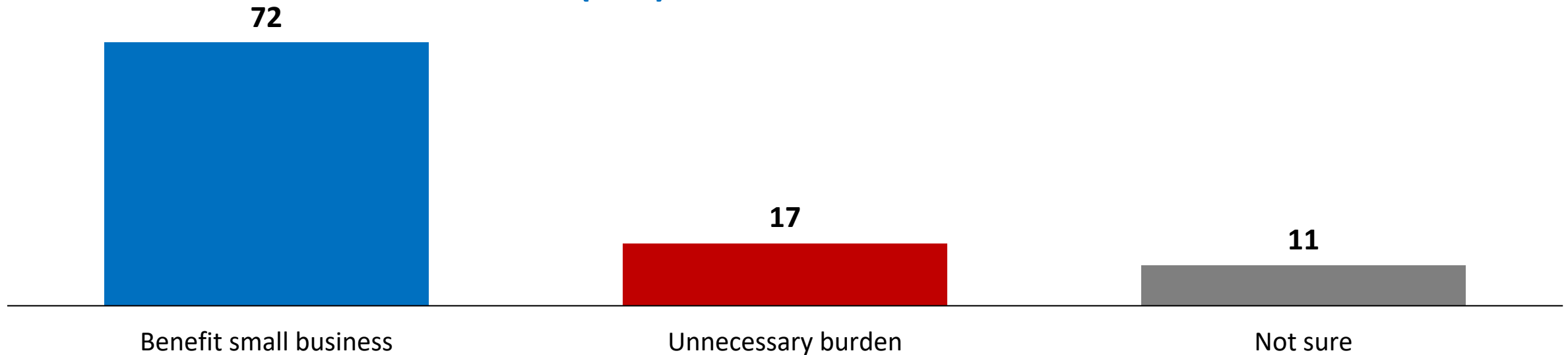
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Requiring businesses to list their business owners' true identities places an unnecessary burden on businesses and would stifle business creation

(+55)



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