Business Owners Hire More “gig” Workers

Small businesses employ almost half of all workers in the United States and have been responsible for much of the economic recovery (through hiring) since the 2008 recession as revealed in SCORE’s latest infographic in its The Megaphone Of Main Street Data Reports.

Drawing from SCORE’s large, diverse population of clients, The Megaphone of Main Street data report series fill a gap in existing small business research and helps cultivate a more accurate understanding of the true state of today’s Main Street, USA. While SCORE has collected this data annually for eight years, this is the first year that selected statistics will be shared with the general public. As one of its Certified Mentors, I will share some highlights of this very recent “Small Business Jobs Report, Fall 2017” study.

Hiring is Becoming More Challenging:

- 55.5% of small business owners said it was more difficult to fill their hiring needs in the past six months than it had been previously.
- 27.3% of small business owners surveyed said they had job openings in the past six months that they could not fill.
- 51.3% of business owners cited an inability to find qualified applicants as their greatest hiring challenge.

What specific issues are making hiring so difficult right now?

- 51.3% cannot find qualified applicants (skills/expertise)
- 26.2% need to raise salary/wages to be competitive
- 21.9% do not offer healthcare benefits
- 18.2% say it’s too time-consuming to hire qualified workers
- 12.9% need to offer other benefits (apart from healthcare) to attract workers
- 8.9% said their candidates did not pass drug-testing requirements
- 6.6% said company location not desirable to candidates

Where did small business owners look for qualified workers?

- 19% of small business owners relied on personal referrals from workers.
- 17% relied on referrals from other business owners during the hiring process.
- 15% used job posting sites
Business owners reported an increase in hiring in all categories of workers over the past six months, with the greatest growth in one-time project or “gig” workers (37%).

- 47% of non-employer/solopreneur firms reported hiring other people part-time to help run the business, for an average of 3.2 workers, including the owner.
- 20% of businesses reported replacing employees (of any type) with contractors over the past six months.

During the last 6 months, hiring increased for:
- Full-time employees at 13%
- Part-time employees at 22%
- Part-time independent contractors at 12%
- Temporary help provided by agencies or contract firms at 3%
- One-time project or “gig” workers at 37%
What has an impact on your decision to hire a contractor/temp worker versus an employee? The top five responses are:

- 50.8% say specialized expertise
- 41% say only have temporary or seasonal needs
- 35.1% say don’t have the cash reserves to comfortably make payroll
- 30.7% say cost of employee healthcare
- 25.5% say it’s less expensive to hire a contractor/temp worker

In what business functions do you outsource to contractors? The top three answers are:

- Technology (42%)
- Accounting (41%)
- Marketing (38%)

But employees bring benefits, too. Business owners reported that their top reasons to hire an employee included: consistency of work (57%) and a full-time worker’s commitment to the company, its vision and brand (53%).

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