

## **Small Businesses Are Spending More Time, Money on Regulatory Compliance**

*About half (51%) say compliance requirements make it harder for them to grow their business*

**Dec. 16, 2024**

**Washington, D.C.** — About half of small business owners and decision makers say they are spending too much time and money navigating regulatory requirements and that it's impacting their growth, according to new findings in the [Q4 MetLife and U.S. Chamber of Commerce Small Business Index](#). Additionally, 51% say that licensing, certification, and permit requirements make it harder to grow their business. Almost as many (47%) say that their business spends too much time fulfilling regulatory compliance requirements.

The survey also found that 69% of small businesses say they spend more per employee to comply with regulations than larger competitors. About two in five (44%) small businesses say they outsource compliance tasks, further demonstrating the financial burden these tasks can put on a small business owner.

"Too many regulations cause big headaches for small businesses, even if they feel confident in their ability to comply or have the means to outsource compliance tasks," said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. "This quarter's survey shows these requirements are complex, time-consuming, and often prevent small business owners from focusing on running and growing their businesses."

Although nine in 10 (89%) small business owners and decision makers report they are confident in their compliance knowledge, they report being most likely to turn to a Google search (77%) for assistance, followed by other business owners (67%), consultants (65%), and outside legal counsel (59%) when they face a complex regulatory compliance issue. The areas of compliance that small business owners and decision makers report spending a great deal or fair amount of time on each year are:

- Taxes (73%)
- Recordkeeping (73%)
- Payroll (62%)
- Licensing, permits, and/or (re)certification (59%)
- Cybersecurity, data protection, and privacy (53%)

Small business owner Philip Freeman, Founder and CEO of Murphy's Naturals, Inc. in Raleigh, NC, says building permit lead times have increased so much that they decided to cancel an extensive office expansion.

"The delays make the expansion no longer a good return on investment," Freeman says. "While we saved money by canceling the construction, some contractors missed out on the construction project that would have been good for our local economy."

### **Small Businesses Optimistic on Revenue, Investment, Hiring**

The Small Business Index has measured small business owners and decision makers' perceptions of business operations, environment, and expectations quarterly since Q2 2017. In this quarter's survey,

which was in the field October 7 - 21, the overall Small Business Index score is 69.1, down slightly from last quarter's score of 71.2. While most Index measures are stable this quarter, small businesses are now more likely than last quarter, as well as this time last year, to say the time or resources spent on fulfilling regulatory compliance requirements has increased in the past six months (39% vs. 33% and 34%, respectively), causing the dip in score. However, small businesses remain optimistic about future revenue, investment, and hiring.

Seven in 10 small businesses (72%) say they expect next year's revenue to increase, a stable reading for the past two quarters and up significantly from this time last year (65%). Meanwhile, 46% say they plan to increase investment, and 41% say they anticipate increasing staff in the next year. Both of these measures have increased significantly from the start of 2024.

"The growing optimism among small business owners since the beginning of the year is a positive sign as we move into 2025 and potentially points to increasing opportunities in the new year," said Bradd Chignoli, executive vice president and head of Regional Business & Workforce Engagement at MetLife.

"As more and more employers look to increase investment and staff size, it is important to take advantage of the resources available to them, such as voluntary benefits, which can help strengthen their company's culture and help attract and retain new talent."

Consistent for the past two years, more than half (55%) of small businesses say inflation is their biggest challenge. Also notable, more small businesses now say the U.S. economy (32%) and their local economy (38%) are in good health compared to this time last year (25% and 30%, respectively).

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### **About the Small Business Index**

The MetLife and U.S. Chamber of Commerce [Small Business Index](#) is part of a multiyear collaboration by MetLife and the U.S. Chamber to elevate the voice of America's small business owners and highlight the important role they play in the nation's economy. The quarterly Index conducted by Ipsos is designed to take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

The Q4 2024 survey was conducted online in English by Ipsos during October 7 – 21, 2024. The survey has a sample size of 750 small business owners and operators age 18+ from the continental U.S., Alaska, and Hawaii. The survey has a credibility interval of plus or minus 4.4 percentage points for all respondents.

### **About the U.S. Chamber of Commerce**

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

**About MetLife**

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