NAVIGATING COVID-19
IMPACT OF THE PANDEMIC ON SMALL BUSINESSES
42% of small business owners say they’ve had to close their business as a result of the COVID-19 pandemic.
Small businesses in service-based industries are the most likely to have closed due to COVID-19.
OVER 6 IN 10

SMALL BUSINESSES REPORT A DECREASE IN REVENUE SINCE THE BEGINNING OF COVID-19

CHANGES IN REVENUE

- 62% REPORT A GENERAL DECREASE IN REVENUE
- 12% REPORT A GENERAL INCREASE IN REVENUE
- 12% REPORT AN INCREASE IN REVENUE FOR SOME PARTS OF THE BUSINESS BUT A DECREASE IN OTHERS
- 14% REPORT NO CHANGES IN REVENUE
OF THE SMALL BUSINESSES THAT HAVE EXPERIENCED DECREASES IN REVENUE...

47% REPORT REVENUE LOSSES OF 10-30%
41% REPORT REVENUE LOSSES ABOVE 30%
13% REPORT EXPERIENCING A TOTAL LOSS
SMALL BUSINESSES IN SERVICE-BASED INDUSTRIES WERE MORE LIKELY TO REPORT BIGGER REVENUE LOSSES

- **SERVICE**
  - Revenue losses 10-30%: 23%
  - Revenue losses above 30%: 26%
  - Total loss of revenue: 52%

- **PHYSICAL**
  - Revenue losses 10-30%: 12%
  - Revenue losses above 30%: 38%
  - Total loss of revenue: 50%

- **KNOWLEDGE**
  - Revenue losses 10-30%: 4%
  - Revenue losses above 30%: 29%
  - Total loss of revenue: 67%
BUSINESSES WITH 2-99 EMPLOYEES WERE MORE LIKELY TO REPORT BIGGER REVENUE LOSSES

- **2-99 Employees**
  - Revenue loss 10-30%: 35%
  - Revenue loss over 30%: 48%
  - Total loss of revenue: 18%

- **100-500 Employees**
  - Revenue loss 10-30%: 73%
  - Revenue loss over 30%: 26%
  - Total loss of revenue: 1%
12% of small businesses say they can only keep their business going for up to one month.
Over half of small businesses can keep going, with or without making changes, **under 6 months** during COVID-19.
NEARLY HALF
OF SMALL BUSINESSES HAVE NOT LAID OFF ANY EMPLOYEES DUE TO COVID-19

BUSINESSES WHO HAVE LAID OFF:

17% HAVE LAID OFF LESS THAN 1/4 OF THEIR TOTAL EMPLOYEES
13% HAVE LAID OFF 1/4 TO 1/2 OF THEIR TOTAL EMPLOYEES
11% HAVE LAID OFF 1/2 TO NEARLY ALL OF THEIR TOTAL EMPLOYEES
14% HAVE LAID OFF ALL OF THEIR EMPLOYEES
SHRM COVID 19 RESEARCH: SMALL BUSINESS LAYOFFS

40% OF SMALL BUSINESSES HAVE SCHEDULED EMPLOYEES FOR FEWER HOURS TO AVOID LAYOFFS

25% OF SMALL BUSINESSES HAVE REPURPOSED OR REASSIGNED EMPLOYEES TO DO NEW TASKS

22% OF SMALL BUSINESSES HAVE FURLOUGHED EMPLOYEES

15% OF SMALL BUSINESSES HAVE DEFERRED BONUSES OR OTHERWISE DEFERRED COMPENSATION

14% OF SMALL BUSINESSES HAVE LOWERED WAGES FOR EMPLOYEES
Layoffs among entry-level employees:

- **Over 8 in 10** have laid off hourly entry-level employees.
- **Over 6 in 10** have laid off salaried entry-level employees.
SHRM COVID 19 Research: Small Business Layoffs

Layoffs among Managerial Employees:

Nearly 6 in 10 have laid off hourly managerial employees.

Half have laid off salaried managerial employees.
OVER 3 IN 4

SMALL BUSINESSES HAVE LET TEMP EMPLOYEES GO

76%
TWO-THIRDS

OF SMALL BUSINESSES EXPECT THAT MOST OF THESE LAYOFFS WILL BE TEMPORARY AND THAT THEY WILL REHIRE THESE EMPLOYEES WHEN THE ECONOMY PICKS BACK UP

- Unsure: 8%
- Some layoffs will be temporary and some will be permanent: 17%
- Layoffs will be permanent and will not be rehired: 9%
- Layoffs will be temporary and positions will be rehired: 66%
NEARLY 7 IN 10 SMALL BUSINESSES EXPECT IT WILL TAKE LESS THAN 6 MONTHS AFTER COVID-19 ENDS FOR BUSINESS TO RETURN TO NORMAL

16% UP TO 1 MONTH TO RETURN TO NORMAL

27% 1-3 MONTHS TO RETURN TO NORMAL

26% 3-6 MONTHS TO RETURN TO NORMAL

30% OVER 6 MONTHS TO RETURN TO NORMAL
SMALL BUSINESS OWNERS ARE DIVIDED

AS TO WHETHER FEDERAL AND STATE GOVERNMENTS ARE DOING ENOUGH TO SUPPORT THEM DURING COVID-19

THE FEDERAL GOVERNMENT IS DOING ENOUGH
- Disagree: 36%
- Neither Agree nor Disagree: 18%
- Agree: 46%

MY STATE IS DOING ENOUGH
- Disagree: 31%
- Neither Agree nor Disagree: 20%
- Agree: 49%

DISAGREE - NEITHER AGREE NOR DISAGREE - AGREE
LESS THAN HALF

(47%) OF SMALL BUSINESS OWNERS SAID THEY WERE FAMILIAR WITH THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT (FFCRA)
SHRM COVID 19 RESEARCH: SMALL BUSINESS RELIEF

Based on the description “Under the FFCRA, businesses with fewer than 500 employees are required to provide up to 12 weeks of paid leave if an employee is unable to work because their child’s school or place of child care is closed.”

More than 2/3 of small businesses:
- Say this change is useful
- Say this change is necessary

Around half of small businesses:
- Say this change is enough
- Say this change will or has made it difficult for their business
68% of small business owners were familiar with the Paycheck Protection Program—21% were unfamiliar.

Business Size Differences

60% of small business owners of businesses with 2-99 employees were familiar with the PPP, compared to 84% of businesses with 100-500 employees.
Nearly half of small business owners said the PPP has directly influenced their decision to keep or rehire employees. 37% of small businesses said the PPP has not influenced their decision to keep or rehire employees. 14% of small businesses said they were not aware of the PPP.
67%

Of small business owners have either already submitted for a COVID-19 relief loan to keep their business going (16%) or are planning to apply (51%).
SHRM COVID 19 RESEARCH: SMALL BUSINESS RELIEF

OF THOSE WHO HAVE DECIDED NOT TO APPLY FOR A PPP LOAN:

29%  AREN’T APPLYING BECAUSE THERE’S TOO MUCH BUREAUCRACY INVOLVED

17%  AREN’T APPLYING BECAUSE IT WOULD TAKE TOO LONG

9%   AREN’T APPLYING BECAUSE THEY WERE DECLINED FOR A SMALL BUSINESS LOAN IN THE PAST

8%   AREN’T APPLYING BECAUSE THEIR BUSINESS HAS CLOSED

OF THE 24% WHO GAVE ANOTHER REASON, THE VAST MAJORITY AREN’T APPLYING BECAUSE THEY DON’T NEED IT
56% of small business owners agree the relief from PPP loans would be enough to keep their business going during COVID-19, however...

Over 4 in 10 small business owners agree the relief from PPP loans will likely arrive too late or has already arrived too late to help their business.
For the purposes of this analysis, the 14-industry standard demographic list was condensed into four categories based on the type of work done by the majority of workers in that industry.

**Service-type Industries:**
- Accommodation or food service (such as hotels or other travel accommodations, restaurants and other food services, or drinking places)
- Health care (such as doctors’ offices, dentists, optometrists, home health care services, hospitals, social services, or nursing care facilities)
- Retail trade (such as auto dealers, household or electronics stores, grocery stores, clothing stores, etc.)
- Other services (such as auto repair, electronics repair, barber shops and beauty salons, dry cleaning, funeral homes, or working in private homes)
- Education (such as K-12 teachers or administrators, colleges or universities, or business or trade schools)

**Knowledge-type Industries:**
- Finance, insurance or real estate (such as banking, financial investing, insurance companies, real estate agents, or other goods and equipment rental)
- Government, public administration or military (such as state, local or national government, justice and safety activities, national security, or military)
- Administrative support services (such as business support, travel arrangements, security services, landscaping, or waste management)
- Professional, scientific, or technical services (such as legal, accounting, computer systems, advertising, or scientific research services)

**Physical-type Industries:**
- Construction
- Manufacturing
- Wholesale trade (such as the wholesale trade or sale of vehicle parts and supplies, furniture and construction materials, plumbing and heating equipment, clothing or food and beverage supplies)
- Transportation and warehousing (such as airline, trucking, bus or metro, taxis, couriers or messengers, or warehousing and storage)

A sample of 375 small business owners (owners, operators, leaders, or chief executives of businesses with 2-500 employees) was sourced from Pure Spectrum. The sample contained 250 owners of organizations with 2-99 employees, and 125 owners of organizations with 100-500 employees. The survey was conducted April 15 through April 21.