

Small Businesses Think Regulations Hinder Growth

by *Burton Goldfield, President and CEO, TriNet*

(NAPSA)—Small businesses have a number of concerns when it comes to the effect that government regulations are having on their business. That's a key finding of TriNet's Small Business Confidence Survey, which explores the opinions of U.S. small business owners about issues such as their outlook on the state of their companies and on federal and state legislation.

According to the survey, conducted by Harris Poll, 67 percent of small business owners believe that the U.S. government's policies are unfavorable toward small businesses, with 32 percent rating them very unfavorable. The online survey was conducted within the United States between January 20–30, 2014 among 206 U.S. owners of small businesses with 10–49 employees.

Additional Concerns

In addition to the concern surrounding legislation, the survey also found that:

- The majority of small business owners believe that legislation hampering small businesses (56 percent), as well as the overall economic health of the United States (53 percent), will get worse in 2014.

- 76 percent of small business owners strongly agree that the amount of federal government regulations regarding employee benefits is restrictive to the growth of small business and 75 percent feel the same about state government regulations.

- Only one-third of those surveyed (33 percent) consider U.S. government policies to be favorable toward small businesses.

- The Affordable Care Act (ACA) is of major concern to some owners of small businesses. Nearly 8 in 10 (77 percent) consider themselves familiar with the ACA. In terms of impact, 52 percent believe that the effect of the ACA on their business has been neither better nor worse than expected, whereas 35 percent said that it has been worse than expected.

The Cost of Compliance

The cost of complying with these regulations may be what is driving small business owner concerns about government regulations.

According to a report released by the Heritage Foundation, the cost of federal regulations to businesses rose by \$70 billion during 2009–2013. At the end of 2012,



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the number of federal regulations affecting small companies was 13 percent higher than at the end of 2008.

Additionally, in a 2010 report entitled "The Impact of Regulatory Costs on Small Firms," by the Small Business Administration, Office of Advocacy, small businesses bear the largest burden of federal regulations. The report noted that small businesses face an annual regulatory cost of \$10,585 per employee. The costs for medium-sized and large businesses are \$7,454 and \$7,755, respectively. Costs per employee thus appear to be at least 36 percent higher in small businesses than in their larger counterparts. With respect to tax compliance, the same report indicated the cost per employee is three times higher in small businesses than in large businesses.

Therefore, according to those numbers, small businesses face a larger per-employee cost for complying with government regulations than big companies.

Complying with government regulations can be a complex issue for small businesses. Despite good intentions, the changes ushered in by the Affordable Care Act have made it even more challenging for companies to stay compliant. With TriNet's solutions, business owners can stay in line with government policies so they have more time to spend growing their business.

TriNet, the sponsor of the survey, is a leading provider of a comprehensive human resources solution for small to medium-sized businesses. To learn more, visit www.trinet.com.