

As Small Businesses Worry About Supply Chains and the Economy, Congress Pushes Wrongheaded “Digital Disruption” Instead

80% of SMB Leaders Oppose More Federal Regulations, Including Burdensome New Digital Economy Laws

Overview

U.S. small and medium-sized business (SMB) leaders continue to be perplexed as many members of Congress press to fix a problem that doesn't exist in the remarkably successful SMB digital economy. [Our initial publication on this topic](#) clearly showed what SMB leaders' priorities are - and aren't. They want Congress to focus on inflation (60%), gas prices (51%), COVID (32%) and the supply chain (31%). But many policymakers are instead pushing “Big Tech antitrust” legislation that will harm SMBs by depriving them of affordable, easy-to-use tools, while only 7% of SMB leaders think regulating large technology companies is a high priority.

Clearly, much of Congress is not aligned with the actual priorities of SMBs. But our new data shows that some members of Congress seem to have forgotten the everyday challenges that SMBs face - and they typically don't include esoteric topics like “self-preferencing” in stores.

When asked to choose the top three issues that the President, his Administration, and Congress should be most focused on in the next six months, SMB access to capital and SMB regulatory burden were 2.9X and 2.4X more important, respectively, than increasing regulations on large tech companies. Even “consumer data protection and privacy” ranked higher than “increasing regulations on large tech companies” to SMB leaders. And while only 7% of SMB leaders view Big Tech regulation as top concern, even that small number drops by about half, to only 4% of SMBs that have less than 50 employees.

We also asked SMB leaders about whether the level of federal government regulation on SMBs was too high, too low, or just right: Almost a majority (47%) of SMB leaders say federal regulation on SMBs is too high, with 31% saying it is at about the right level. But pending “progressive antitrust” legislation like S. 2992 would make many small business digital tools and services more expensive and less useful, hampering their revenue and growth as a kind of “tax” caused by indirect regulation.

What SMBs Want Congress To Focus On



This is non-trivial for SMBs, with 75% reporting that digital tools are valuable and important for running their businesses right now; 38% say they are indispensable. Our previous research, [Digitally Driven](#), definitively showed that during the pandemic, SMBs relied on these tools as a “digital safety net” just to stay in business. Now that the country is emerging from COVID and both businesses and customers have adopted digital tools more, they continue to rely on them for hiring, training, advertising, and selling.

Top Findings

- Only 7% of SMB leaders consider “increasing regulations on large tech companies” a top-three business concern that the Administration or Congress should address this year.
- A mere 4% of leaders running the smallest SMBs (<50 FTEs) consider “increasing regulations on large tech companies” a top-three business concern that the Administration or Congress should address this year.
- Access to capital and regulatory burden are 2.9X and 2.4X higher SMB leader priorities, respectively, than “increasing regulations on large tech companies.”
- Close to a majority (47%) of SMB leaders say the amount of federal government regulation on SMBs is too high.
- 75% of SMB leaders report that digital tools are valuable and important for running their businesses right now; 38% say they are indispensable and couldn’t operate without them.
- Among SMBs with 50-500 employees, nearly all (91%) leaders report that digital tools are valuable and important for running their businesses right now; a majority (57%) say they are indispensable and couldn’t operate without them

The full results of the study, conducted from March 31, 2022 to April 6, 2022, with a sample size of 1,000 and a margin of error in the total sample of +/- 3.1%, can be found [here](#).

What This Means

Congress is pursuing legislation in the middle of economic turmoil that small businesses do not want, and are worried will hurt their bottom line. The sponsors and supporters of S. 2992 and H.R. 3816 claim that certain technology companies have grown too large and need to be reined in. They claim that this will help small businesses grow. Small business owners disagree: In reality, these bills will hurt the millions of small businesses that use digital tools from America’s leading technology companies to run and grow their businesses.

About 3C

The Connected Commerce Council is a non-profit organization with a single goal: to promote small businesses' access to digital technologies and tools. 3C provides small businesses with access to the market's most effective digital tools available, provides coaching to optimize growth and efficiency, and cultivates a policy environment that considers and respects the interests of today's small businesses.