



CALIFORNIA CHAMBER of COMMERCE

Helping California Business Do Business





CALIFORNIA SMALL
BUSINESS



INVESTING IN PREVENTION

www.calchamber.com

California Chamber of Commerce

The California Chamber of Commerce represents over 400 local chambers as well as over 13,000 business members.

Founded in 1980, the California Chamber is the largest broad-based employer advocate in the state.

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Facts on California's Small Business Community

- In 1998, 881,400 businesses in California.
 - 837,800 of these are small businesses.
 - These small businesses employ over 6 million workers.
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How Small Businesses View Regulations

- Small business owners often fear that they will inadvertently fail to comply with some obscure rule, and that a government inspector will show up, close down the business, and drive them into bankruptcy.
- Many believe, with some justification, that the government is more interested in obtaining penalties than in promoting compliance with the law.

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• Does regulatory burden fall more heavily on small business?

- ✓ **Yes** Small businesses employ 54 percent of the work force, but shoulder 63 percent of the total business regulatory costs.
- ✓ **Yes** U.S. SBA research found an average annual cost of all regulations, paperwork, and compliance is about \$5,000 per employee in smaller firms, compared with about \$3,400 per employee for larger firms.

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• Does regulatory burden fall more heavily on small business?

Yes.

- 1995 federal surveys of small business found that **94 percent** feel it is unclear what firms must do to be in compliance.
- **85 percent** of small business cite frequent changes in the regulations or their interpretation as a major problem.
- **80 percent** of those surveyed said it was difficult to obtain clear and specific answers to questions about how to comply.

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What to do to help small business comply?

- **Educate not retaliate.**
 - Employers
 - Workers - before and after entry to world of work.
- **Re-write Title VIII to remove duplication, overlap and “bureaucratese” so duties are clear and easy to understand by both employers and their workers**

What else?

- **Follow recent federal action:**
 - **In February 1995, President Clinton directed all federal agencies to waive up to 100 percent of any punitive penalty for any small firm that attempts in good faith to comply with regulations and corrects a violation within a reasonable time.**
 - **If there is a penalty of any kind, the small business is permitted to use the money to fix the problem, rather than paying a fine to the government.**

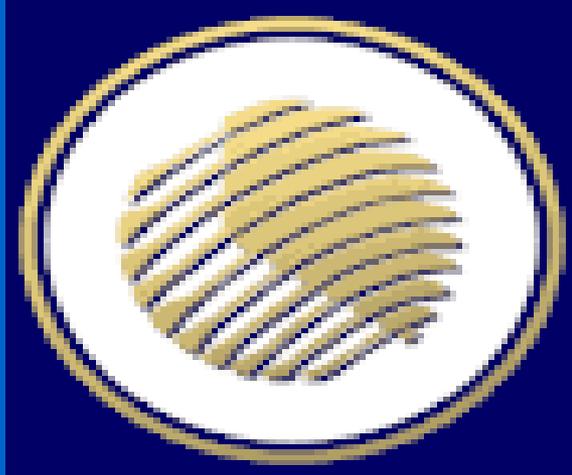
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Provide incentives for safety through “carrots” - not “sticks”

- Enact new state law similar to federal rules designed to encourage the increased use of voluntary self-audits. New federal rule prohibit use of self audits against employers in enforcement actions.

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Change the orientation: Better Before - Not After

- Increase efforts to reach new businesses with:
 - simple, clear instructions on duties and responsibilities; and
 - make every effort to reach them early-- either as they start up or before they hire their first worker.



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