

# Optimistic U.S. Business Owners Plan More Hiring and Raises for Employees

- **One in four expect to hire over the next six months - the most since 2012**
- **More than 40 percent expect to raise wages and salaries in next six months**
- **One in three say it has become harder to find qualified workers**
- **Seven in 10 business owners expect to make a profit this year**

PITTSBURGH, Oct. 1, 2015 /[PRNewswire](#)/ -- Small and mid-sized business owners nationwide are increasingly optimistic about the prospects for their own businesses and more expect to increase hiring and wages for their employees over the next six months, according to the latest PNC Economic Outlook Survey findings.

The fall findings of PNC's biannual telephone survey, which began in 2003, reveal that one in four (26 percent) expect to hire additional full-time employees, the most since 2012 and second highest since 2007. Forty-two percent, meanwhile, intend to increase employees' pay, which is the most since 2007. One in four businesses (26 percent) also say they have hired in the last six months -- a significant increase over the 18 percent in the spring.

This positive outlook is bolstered by a decline in pricing pressure, in part due to the sharp drop in energy prices. Twenty-eight percent plan to charge higher prices this year, down from 38 percent one year ago. For prices charged by suppliers, 50 percent expect price hikes this year compared to 62 percent last year.

"Small businesses are like the economy's grass roots based on the employment and economic activity they create," said PNC's Chief Economist Stuart Hoffman. "These encouraging results demonstrate the job market will continue to grow for at least six more months and also strongly support PNC's forecast for real GDP growth of 2.5 percent -- comparing fourth quarter this year to 2014."

Owners, however, are also finding it increasingly difficult to hire qualified workers. The survey shows that 34 percent say it has become harder to hire qualified employees than it was a year ago. One in 10 (11 percent) who are not hiring say they it is because they cannot find the right skilled workers.

## **Optimistic Outlook, Profitable Year**

Nearly nine out of 10 (87 percent) owners are optimistic about their company's overall prospects -- an increase from 83 percent in the spring. At the same time, 76 percent are optimistic about their local economy, the highest number since 2007, but 67 percent are optimistic about the U.S. economy.

Ninety percent of business owners say they will at least break even this year, including 70 percent who believe they will make a profit. The average profit is about seven percent of sales. Only six percent expect a loss.

## **Financing Needs Remain Limited**

Although expectations for business prospects are promising, loan and credit demand continue on a slow path upward. Eight out of 10 owners say they will not pursue new loans or lines of credit in the next six months while 18 percent will. When asked about access to credit, 23 percent say it is easier and only 12 percent say it is harder now compared to three months ago.

Other key findings include:

- **Reinvesting in the Business:** Of those expecting to make a profit this year, 36 percent say they intend to invest in business operations followed by: add to cash reserves (29 percent); distribute money to owners (27 percent); and pay off debts and liabilities (25 percent).
- **Healthcare Cost Impact:** Almost half (49 percent) believe their company's cost for employee health care will rise in the next six months, up from 44 percent in the spring. More than half (53 percent) said they believe the Affordable Care Act will have a negative impact on business costs in 2015, up from 49 percent in the spring.
- **Housing Prices Continue to Rise:** 58 percent expect housing prices to rise in their local market in the next 6-12 months, on a par with 59 percent six months ago and 52 percent one year ago.

An online media kit containing national and regional survey results is available on PNC's website at [www.pnc.com/pncpresskits](http://www.pnc.com/pncpresskits).

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### **Methodology**

The PNC Economic Outlook survey was conducted between July 21 to August 20, 2015, by telephone within the United States among 1,883 owners or senior decision-makers of small and mid-sized businesses with annual revenues of \$100,000 to \$250 million. The results given in this release are based on interviews with 520 businesses nationally, while the remaining interviews were conducted among businesses within the states of Alabama, Florida, Georgia, Illinois, Indiana, Michigan, North Carolina, Ohio and Pennsylvania plus Washington, D.C. Sampling error for the national results is +/- 4.3 percent at the 95 percent confidence level. The survey was conducted by Artemis Strategy Group ([www.ArtemisSG.com](http://www.ArtemisSG.com)), a communications strategy research firm specializing in brand positioning and policy issues. The firm, headquartered in Washington D.C., provides communications research and consulting to a range of public and private sector clients.

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