

# Small Business Owners Upbeat About U.S. Economy, But Few Plan To Hire

- **Nearly three-quarters are optimistic about U.S. economy - the most since 2005**
- **PNC economists forecast moderate growth amid owners' stable outlook for sales**
- **Two-thirds are dissatisfied with presidential candidates' plans for business**

PITTSBURGH, Oct. 6, 2016 /[PRNewswire](#)/ -- Owners of small and mid-sized businesses are upbeat about the U.S. economy amid steady expectations for their sales and hiring during 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 71 percent are optimistic about the national economy, the most since 2005, and up from 55 percent in the spring. Meanwhile, 77 percent are optimistic about their local economy, the highest since 2014.

Asked what term best describes their feelings about the business climate during the next six months, "hope" was chosen by 55 percent. This compares to 16 percent for "enthusiasm." On the negative side, 11 percent chose "fear" and 4 percent picked "despair."

## **Outlook: Stable Sales and Prices, Limited Hiring**

Half (51 percent) expect their sales to increase during the next six months and 47 percent say profits will rise – consistent with the past two surveys.

At the same time, 22 percent expect to hire new full-time employees compared to 24 percent in the spring. Most (67 percent) will maintain the same number of full-time workers while only 8 percent will reduce staff.

"The glass for small business owners appears half full instead of half empty, but they aren't ready to buy a round for everyone," said Stuart Hoffman, PNC's chief economist. "We expect to see moderate economic growth for the rest of this year with enough improvement for a federal funds rate increase at the Federal Open Market Committee's meeting in December."

If the survey results are a bellwether, inflation may remain in check. Price pressures have eased significantly as 37 percent expect supplier prices to increase, down from 44 percent in spring and 50 percent one year ago. One quarter (23 percent) expect to raise their own prices versus 29 percent in spring and 28 percent one year ago.

## **Findings: Election, Overtime Pay, Cyber Fraud**

When asked about the presidential election, business owners are dissatisfied. Two-thirds (65 percent) say they are not satisfied with how Hillary Clinton and Donald Trump are addressing the issues most important to them as business owners, a substantial increase from 53 percent in the spring.

Other PNC survey results included:

- **Overtime Pay Rule - Limited Impact on Hiring :** New regulations on overtime take effect Dec. 1, 2016. Four in 10 owners have at least one employee they expect to be covered by the new law. Few expect it to affect their hiring: just one in 10 say they would reduce their workforce or cut back in hiring while nearly eight in 10 say it would not affect hiring in any way. Five percent say they would hire more part-time employees.
- **Fraud Mitigation:** One in 10 (9 percent) say they have been a victim of an information security breach. Nine in 10 say they take at least one precaution, the most common being antivirus software and backing up data. Next are firewall/encryption and establishing security practices and policies for sensitive information.

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 Sept. 11, 2016, by telephone within the United States among 1,867 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 502 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 +/- 4.4 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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