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Help Wanted: Optimistic Small Business Owners Plan Hiring Amid Expectations for More Sales and Capital Spending

- PNC Survey Findings Show Brightest Outlook Since Start of Great Recession; Plans for Price Hikes Could Lead to Increased Risk of Inflation -

PITTSBURGH, April 5, 2012 /PRNewswire/ -- An upbeat outlook on sales will prompt nearly one in three U.S. small business owners to add employees over the next six months as their optimism returns to positive levels unseen since before the 'Great Recession' of 2008-2009, according to the PNC Economic Outlook survey's newest findings.

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The spring findings of PNC's biannual survey, which began in 2003, show expectations for sales and profits have rebounded from near-historic lows last fall and that owners have growing optimism about the U.S. economy, and their own company's prospects. Nearly three in four (70 percent) plan to invest in their business in the next six months.

Despite the good news, inflation expectations remain elevated, as two in five owners (40 percent) plan to raise their selling prices, while only 7 percent intend to cut prices, indicating a significant rise in pricing pressures. Two-thirds (69 percent) plan to increase prices by more than 2 percent, which is Federal Reserve's inflation "goal."

"With the start of the baseball season, the economic recovery is on base, but heading home, but rising energy prices, elevated unemployment and a recession in Europe could still prevent it from scoring the winning run," said Stuart Hoffman, chief economist at PNC. "These findings show a significant improvement in business expectations and optimism, and thus strongly support PNC's baseline forecast that the U.S. economic and jobs recovery will continue to play ball in 2012-2013."

Highlights: Outlook Brightens on Sales, Profits

The survey, which gauges the mood and sentiment of small and medium sized business owners, found that nearly six in 10 (58 percent) expect their sales to increase in the next six months, up sharply from last fall (40 percent). Just 10 percent expect them to decrease, which is significantly lower than last fall (20 percent). Profits are also on the rebound, as 43 percent expect an increase compared to 29 percent in the fall.

Other findings about the next six months include:

- **Federal Actions to Create Jobs:** Three-fourths (75 percent) believe Federal action would positively influence their hiring plans. Reduced regulation is the most desired (non) action.
- **About Those Jobs...:** Potential skills gaps could pose a threat to owners' hiring plans, as almost half (45 percent) say requirements for employees' skills and background are higher than in the recent past. Computer/technical abilities, experience "in the field" and communication skills are the top three priorities.
- **Growing Demand for New Loans:** One quarter (23 percent) will probably or definitely take out a new loan or line of credit in the next six months, compared to just 15 percent last fall and the most since Spring 2009 (29 percent). 18 percent say credit is easier to obtain than three months ago, which is higher than last fall (10%)
- **Optimism for Local Economy:** Owners are positive on the local level, with 65 percent optimistic about their own local economy (compared to 57 percent in the fall).
- **National View Gets Even Brighter:** Pessimism about the national economy is significantly reduced compared to six months ago, with 58 percent of owners reportedly optimistic about the U.S. economy's prospects during the next six months (compared to 31 percent in the fall).

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

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Methodology

The [PNC Economic Outlook](#) survey was conducted between Jan. 25 to February 17, 2012, by telephone within the United States among 1,697 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 508 businesses nationally, while the remaining interviews were conducted among businesses within the states of Florida, Georgia, Illinois, Indiana, Michigan, New Jersey, North Carolina, Ohio and Pennsylvania. 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), 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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