

Confidence unchanged amid offsetting trends

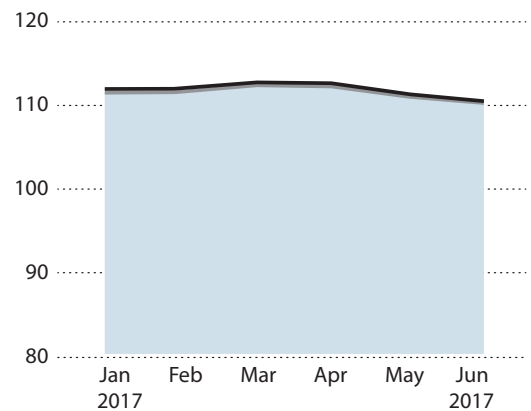
Confidence has declined minimally among small business firms during the past six months. The WSJ-Vistage Small Business Confidence Index slipped from 113.5 in January to 110.4 in June. Even with this small decline, small businesses remained optimistic, significantly more confident than a year ago. Although firms anticipated the pace of economic growth would slow, firms have expressed the most favorable plans for fixed investments in two years. Importantly, the majority of firms (58 percent) expressed increased challenges in hiring the number of workers they needed.

The reactions of firms to the tighter labor markets included boosting wages (33 percent), increasing benefits (13 percent), and stepping up on-the-job training (28 percent) to offset deficits in the skills and experience of potential hires. Moreover, 10 percent decided to slow the pace of growth in their hiring. Tight labor markets were not the only challenge faced by small firms as a significant number expressed increased uncertainty about passage of Trump’s economic policies.

Policy uncertainty caused 10 percent firms to delay hiring, one in five to delay investment spending and one in ten small firms to report expecting lower revenues due to reduced customer orders. Given that the expansion will complete its eight year this month, it is not surprising that the survey recorded a slowing pace of economic growth, a tightening labor market and rising interest rates. It is a surprise that the optimism sparked by a new president’s economic policies has begun to fade so soon.

– Analysis provided by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit vistageindex.com to see the interactive tool and view results from previous months.

Question	Answer	Respondents	
		#	%
1. Compared with a year ago, have overall economic conditions in the United States improved, remained the same or worsened?	Improved	455	57%
	Remained about the same	287	36%
	Worsened	55	7%
	Don't know/No opinion	7	1%
2. During the next 12 months, do you expect the overall economic conditions in the U.S. will be better, about the same or worse than now?	Better	305	38%
	About the same	368	46%
	Worse	113	14%
	Don't know/No opinion	18	2%

Question	Answer	Respondents	
		#	%
3. Are your firm's total fixed investment expenditures likely to increase, remain about the same or decrease during the next 12 months?	Increase	400	50%
	Remain the same	338	42%
	Decrease	60	7%
	Don't know/No opinion	6	1%
4. Do you anticipate that your firm's sales revenues will increase, remain about the same or decrease during the next 12 months?	Increase	590	73%
	Remain the same	163	20%
	Decrease	43	5%
	Don't know/No opinion	8	1%
5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months?	Improve	485	60%
	Remain the same	247	31%
	Worsen	71	9%
	Don't know/No opinion	1	0%
6. Do you expect your firm's total number of employees will increase, remain about the same or decrease during the next 12 months?	Increase	488	61%
	Remain the same	275	34%
	Decrease	38	5%
	Don't know/No opinion	3	0%
7. Are you having trouble hiring workers?	Yes	461	58%
	No	339	42%
8. If hiring workers has become more difficult, what are you doing in response?	Boosting wages	247	33%
	Adding benefits	100	13%
	Slowing growth	76	10%
	Stepping up training	209	28%
	Other	112	15%

Question	Answer	Respondents	
		#	%
9. Is uncertainty about taxes, health care and other economic policies having an impact on your business?	Yes, I am delaying additional hiring.	96	11%
	Yes, I am delaying additional investments.	164	19%
	Yes, it has reduced orders from my customers.	76	9%
	No, it has not had any impact on my business.	475	55%
	Other	53	6%
10. Has the new Trump administration changed prospects for your business?	It has improved prospects for my firm.	311	39%
	It has worsened prospects for my firm.	136	17%
	It has had no impact on prospects for my firm.	349	44%
11. During your company's last fiscal year, what was its total employment?	1-9 employees	73	9%
	10-19 employees	155	19%
	20-49 employees	315	39%
	50-99 employees	192	24%
	100-499 employees	67	8%
	500-999 employees	2	0%

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Small Business CEO Survey

A monthly survey measuring the sentiment of U.S. small business CEOs and owners about the economy.

Visit vistageindex.com to view an interactive tool with full results from previous months.