

Small business CEOs expect favorable yet uneven economic growth.

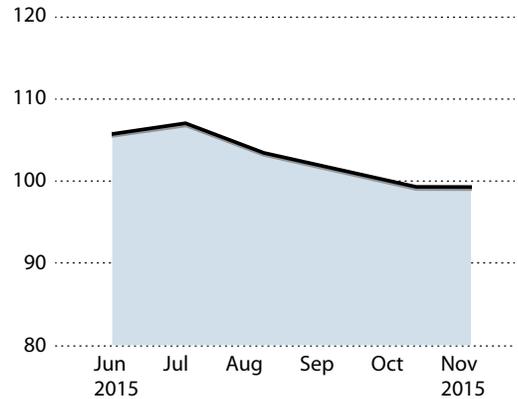
In contrast to the slow decline in confidence expressed by small firms during the past year, the 651 CEOs surveyed in the November Wall Street Journal/Vistage Small Business CEO survey showed no change in economic optimism. Of course, the data also provides no indication that a rebound in confidence is now underway. The WSJ/Vistage Small Business CEO Confidence Index was 101.9 in both the November and October surveys, although it was substantially below last November's 115.6.

The data suggest that the growing concerns of small business have not changed, only that these issues have not recently worsened. Importantly, seven-in-ten small firms still expect advancing revenues in the year ahead, more than half anticipate higher profits, and half plan on adding employees to their payrolls. This hardly constitutes a weak business outlook, although it does indicate a more cautious view than they expressed at the start of 2015.

The primary reason for the erosion of confidence has been weakness in the overall economy, which has led small firms to adopt a more cautious approach to expansion. To be sure, very few firms expected the economy to fall into recession, as just one-in-seven anticipated that the economy would actually worsen. The majority of small firms (57%) expected economic growth to remain largely unchanged on an annual basis, but nonetheless continue to demonstrate an uneven quarterly pace of growth. While the "new normal" is usually defined in terms of a slower pace of growth, small firms expect that it also implies an uneven pace of growth across quarters. Given this outlook—still favorable but uneven growth—it is not surprising that small firms have decided to temper their investment and hiring plans for the year ahead.

Analysis by Dr. Richard Curtin, University of Michigan

WSJ/Vistage Small Business CEO Confidence Index



Visit [here](#) to see the interactive tool and view results from previous months.

| Question | Answer | Respondents | |
|--|-----------------------|-------------|------------|
| | | Count | Percentage |
| 1. Compared with a year ago, have overall economic conditions in the U.S. improved, remained the same, or worsened? | Improved | 230 | 36% |
| | About the same | 303 | 48% |
| | Worsened | 102 | 16% |
| | Don't know/No opinion | 1 | 0% |

| Question | Answer | Respondents | |
|---|-----------------------|-------------|-----|
| | | # | % |
| 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 | 175 | 28% |
| | About the same | 364 | 57% |
| | Worse | 93 | 15% |
| | Don't know/No opinion | 4 | 1% |
| 3. Are your firm's total fixed investment expenditures likely to increase, remain about the same, or decrease during the next 12 months? | Increase | 292 | 46% |
| | About the same | 254 | 40% |
| | Decrease | 80 | 13% |
| | Don't know/No opinion | 10 | 2% |
| 4. Do you anticipate that your firm's sales revenues will increase, remain about the same, or decrease during the next 12 months? | Increase | 452 | 71% |
| | About the same | 143 | 22% |
| | Decrease | 38 | 6% |
| | Don't know/No opinion | 3 | 0% |
| 5. Do you expect your firm's profitability to improve, remain about the same, or worsen during the next 12 months? | Improve | 347 | 55% |
| | About the same | 221 | 35% |
| | Worsen | 66 | 10% |
| | Don't know/No opinion | 2 | 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 | 345 | 54% |
| | About the same | 246 | 39% |
| | Decrease | 43 | 7% |
| | Don't know/No opinion | 2 | 0% |

| Question | Answer | Respondents | |
|---|--|-------------|-----|
| | | # | % |
| 7. Many surveys have found that the way an employer communicates with employees directly impacts job satisfaction. How does your company send internal communications to its employees? Choose all that apply: | All-staff meetings | 511 | 27% |
| | Departmental meetings | 442 | 23% |
| | Company-wide emails | 419 | 22% |
| | Regular employee email newsletters | 93 | 5% |
| | Regular employee print newsletters | 37 | 2% |
| | Online employee portal | 99 | 5% |
| | Bulletin board/other print postings | 194 | 10% |
| | None of the above | 16 | 1% |
| | Other | 81 | 4% |
| | Skipped | 3 | 0% |
| 8. Are you leveraging the sharing economy – including trends such as TaskRabbit, Zaarly, Postmates, office sharing, and peer-to-peer lending – within your business, and how is it benefiting your business? | No | 490 | 77% |
| | Yes, because it saves money | 7 | 1% |
| | Yes, because it is more efficient | 13 | 2% |
| | Yes, because it increases productivity | 10 | 2% |
| | None of the above | 99 | 16% |
| | Other | 9 | 1% |
| 9. During your company's last fiscal year, what was its total employment? | 1-9 employees | 53 | 8% |
| | 10-19 employees | 107 | 17% |
| | 20-49 employees | 246 | 39% |
| | 50-99 employees | 142 | 22% |
| | 100-499 employees | 85 | 13% |
| | 500-999 employees | 2 | 0% |
| | 1000-4999 employees | 1 | 0% |

WSJ | VISTAGE
Small Business CEO Survey