

More Small Businesses Hiring in 2011, but Credit Challenges Impacting Pace of Job Growth, According to New CareerBuilder Survey

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CHICAGO, Feb. 3, 2011 [/PRNewswire/](#) -- Small business managers are expecting hiring activity within their organizations to improve in 2011, but say it will likely be hindered by continued challenges related to accessing credit, government regulations and health insurance costs. This is according to a new nationwide survey from CareerBuilder conducted between November 15 and December 2, 2010, among more than 1,350 small businesses (organizations with 500 employees or less).

Half of small businesses (51 percent) reported that they are in a better financial position than one year ago, but overall they remain cautious in recruitment plans. Job growth for this segment is expected to be better in 2011, but will continue at a modest pace.

Full-time Hiring

Twenty-one percent of small businesses plan to add full-time, permanent headcount in 2011, up slightly from 20 percent last year and up from 15 percent in 2009. Similar to last year, 6 percent of small businesses expect to decrease full-time, permanent headcount, which is half of the number reported in 2009. Sixty-four percent anticipate no change in full-time, permanent headcount while 9 percent are unsure.

Looking at companies with 100 employees or less, 18 percent expect to increase full-time permanent employees, on par with last year. Five percent expect to decrease headcount, down from 6 percent in 2010 and 11 percent in 2009.

Part-time Hiring

Eleven percent of small businesses are hiring part-time help, up from 9 percent last year and up from 8 percent in 2009. The number of small businesses planning to decrease part-time hires (3 percent) is trending below 5 percent reported in 2010 and 11 percent in 2009. Seventy-six percent anticipate no change in staff levels while 10 percent are unsure.

Contract or Temporary Hiring

Fourteen percent of small businesses reported that their organizations will not be able to maintain current productivity levels, stating that workers are already burned out. To help meet increased demands, 26 percent of small businesses plan to hire contract or temporary workers in 2011. Thirty-one percent expect to transition some contract or temporary staff into full-time, permanent employees.

"Small businesses are a major driving force behind job creation in the U.S. and play a vital role in economic growth," said Matt Ferguson, CEO of CareerBuilder. "Small businesses had been in a holding pattern where they were less likely to decrease headcount compared to larger organizations, but also less likely to add new staff.

Over the last year, we saw modest, but continued gains in jobs that are carrying over into 2011. Before we see people back to work in greater numbers, we need to find ways to get this segment of the economy hiring again."

Accessing Credit and Other Major Challenges

Eighteen percent of small businesses reported they were unable to access the credit needed to support their businesses in 2010. More than one-quarter (26 percent) of those companies who could not obtain credit were unable to add employees. Of those companies who were able to access credit last year, 66 percent were able to hire new employees.

Looking forward, 33 percent of small businesses do not think or are unsure if their companies will be able to access credit needed in 2011; 16 percent said it would prevent them from adding headcount this year. Eight percent said they would not likely be able to stay in business if they can't access credit needed.

In addition to credit issues, small business employees cited the following as their top challenges for 2011:

- Cost of health insurance – 50 percent
- Government regulations – 27 percent
- Marketing expenses and building awareness – 26 percent
- Attracting and hiring top talent – 19 percent

Survey Methodology

This survey was conducted online within the U.S. by Harris Interactive© on behalf of CareerBuilder among 1,356 U.S. small business employers (employed full-time; not self-employed; non-government) ages 18 and over between November 15 and December 2, 2010 (percentages for some questions are based on a subset, based on their responses to certain questions). With a pure probability sample of 1,356 one could say with a 95 percent probability that the overall results have a sampling error of +/- 2.66 percentage points. Sampling error for data from sub-samples is higher and varies.

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Media Contact:

CareerBuilder

Jennifer Grasz

773-527-1164

Jennifer.Grasz@careerbuilder.com

<http://www.twitter.com/CareerBuilderPR>

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