



REPORT

U.S. Chamber of Commerce Q3 Small Business Outlook Survey

October 12, 2011

Survey Dates: September 29th – October 6th, 2011

Methodology

The Q3 U.S. Chamber Small Business Outlook Survey was conducted online September 29 to October 6, 2011 by Harris Interactive among 1,330 Small Business Executives (defined as executive level position in a company with fewer than 500 employees and annual revenue less than \$25M)

- N=508 U.S. Chamber of Commerce Members
- N=822 Non-U.S. Chamber of Commerce Members, weighted to be representative of the small business population

Sampling error: +/- 2.5 percentage points. This report contains data from this survey and references data collected in the Q1 and Q2 U.S. Chamber of Commerce Small Business Study.

Key Summary Points

I. The Small Business Outlook for the U.S. Economy Continues to Decline

- Among executives from small businesses, during the last three months there has been little improvement, and some decline, in overall attitudes about the economy. Nine-out-of-ten small business owners now believe the U.S. economy is on the wrong track.
- Compared to findings from Q2, fewer small businesses plan to hire additional employees—only 17% of small businesses expect to add employees over the next year.

- After general economic uncertainty, the greatest obstacles to hiring more employees are uncertainty about what Washington will do next, lack of sales, and the requirements of the new health care law.

II. Uncertainty Continues to be the Biggest Challenge for Small Businesses

- The majority of small businesses (52%) still perceives their top issue and biggest challenge as the general economic climate; however, challenges presented by recent legislation and over-regulation continue to elicit concern from small businesses.
- Despite its passage more than a year and a half ago, the challenges presented by the Patient Protection and Affordable Care Act continue to grow, with 41% of respondents citing the bill as a top concern in October (an increase from 39% in July).
- What do small business leaders want Washington to do? More than three-out-of-four say they would rather have Washington stay out of the way than provide a helping hand. 86% say they would rather have more certainty from Washington than more assistance (7%) to deal with the economy.

III. President Obama's Jobs Plan Falls Flat

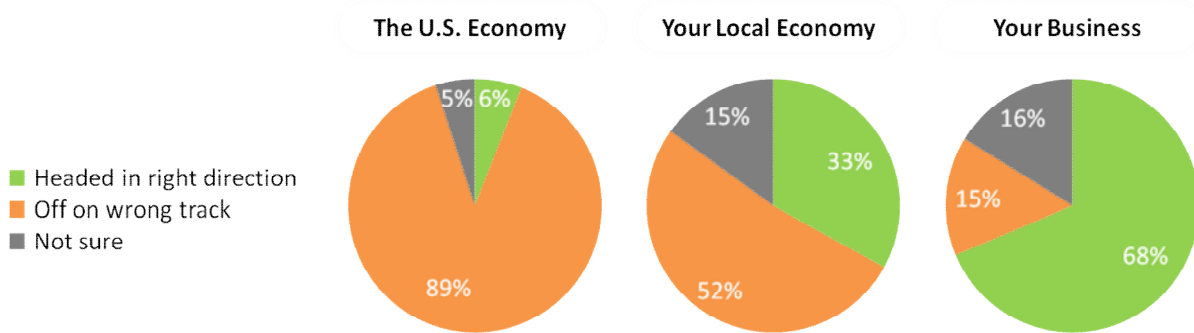
- Small business owners see little to be excited about in the President Obama's jobs plan. More than three-in-four small business owners have an unfavorable opinion of the plan and two-thirds have a strongly unfavorable view of the proposal.
- Owners of small business rate the individual elements of the Chamber's six-point jobs plan as highly effective. Specifically, small businesses think that the individual elements—to produce more American energy, speed up the permitting process, and provide tax incentives that create jobs and the proposal that would expand trade—would all be effective ways to create jobs. 80% of respondents see increased American energy production as effective for job creation.
- In head-to-head tests, executives from small businesses strongly prefer the components of the U.S. Chamber's plan over President Obama's, with 85% expressing support for the Chamber's six-point plan and 15% for the President's American Jobs Act.

Analysis

I. The Small Business Outlook for the U.S. Economy Continues to Decline

There is no improvement in general attitudes about the economy among small business owners. Only one-third of small businesses think that their local economy is headed in the right direction, and nationally nine-out-of-ten small business owners believe the U.S. economy is on the wrong track.

Right Direction v. Wrong Track



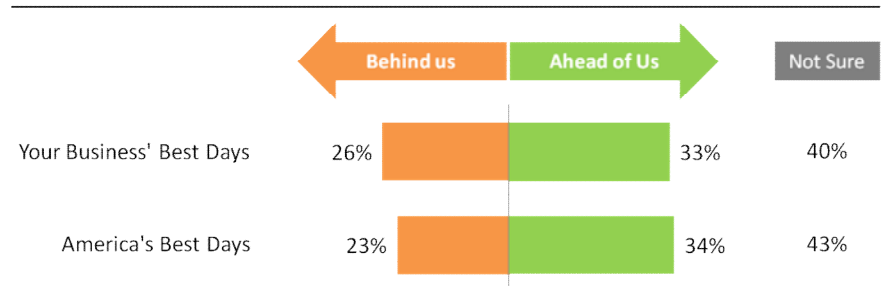
*Q3 Results Only

When asked about current economic challenges and who's responsible, 44% of small businesses surveyed place the blame on generic "bureaucrats in Washington."

While small businesses say they remain confident in the direction their own businesses are heading (see chart above), many are unsure if the best days for their businesses are ahead of them or behind them (see chart on right).

Best Days Behind or Ahead

The percent who say they are confident that the best days for their small businesses are ahead of them declined from Q2 to Q3.

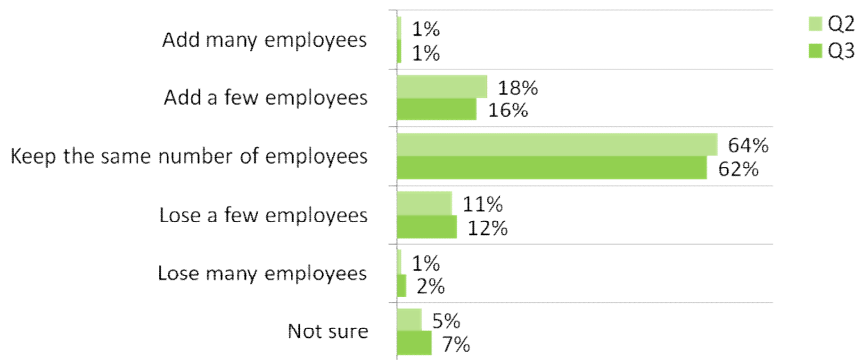


*Q3 Results Only

This uncertainty is having an impact on employment among small businesses polled. The new survey data shows a decline in the percent of small business owners

who intend to add more employees over the next year, with 62% saying they don't expect to add to their payrolls and only 17% reporting that they would add more employees in the next year (this is down from 19% in July).

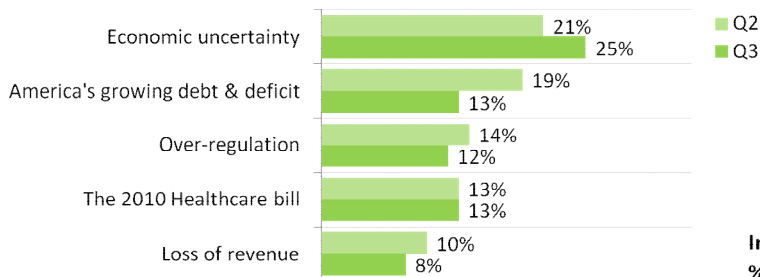
Plans to Add Additional Employees in the Next Year



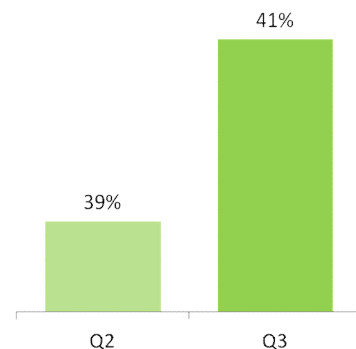
II. Uncertainty Continues to be the Biggest Challenge for Small Businesses

Owners of small businesses still perceive their biggest challenge to be general economic uncertainty. However, pressure from Washington through recent legislation and over-regulation is also considered a significant hurdle to their success and to their ability to hire new employees.

Top Challenges Facing Small Business



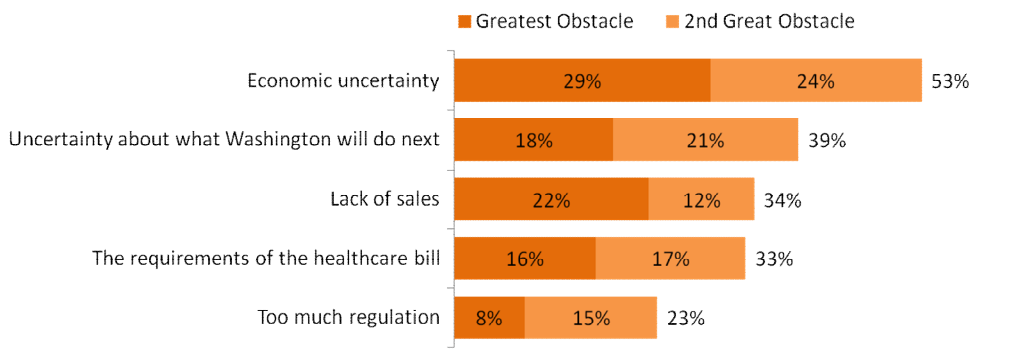
**Increasing Challenges of Healthcare Law
% Most Concerned with 2010 Healthcare Bill**



Despite its passage nearly a year and a half ago, the challenges presented by the Patient Protection and Affordable Care Act continue to grow, with 41% of respondents citing the bill as a top concern in October (an increase from 39% in July).

When asked what specific obstacles are preventing small business from hiring, a similar story unfolds. Beyond general economic concerns, nearly one-in-five respondents point to uncertainty about what Washington might do next as a major obstacle to hiring new employees.

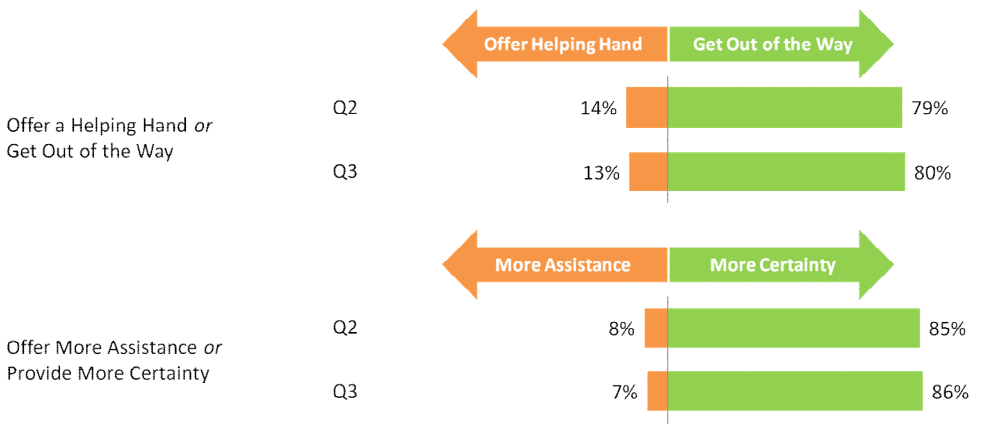
Top Obstacles to Hiring New Employees



*Q3 Results Only

What do small business leaders want Washington to do? More than three out of four say they would rather have Washington stay out of the way than offer a helping hand. And, 86% say they would prefer Washington to provide more certainty opposed to more assistance (7%) to help deal with the economy.

What Small Businesses Want from Washington



Related questions reveal that small business owners do not believe that the national debt and deficit pose an immediate risk to their business, but that the uncertainty presented by the debt does present long-term issues, with 40% saying they believe it poses a long-term threat to their business.

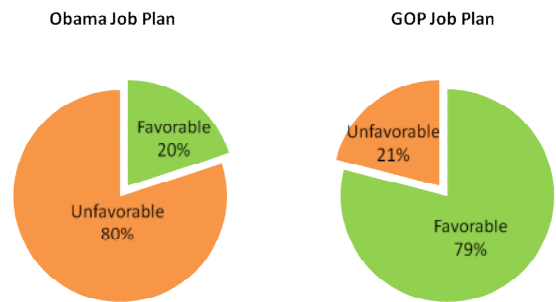
More than three out of four (83%) agree that the bigger the debt gets the more unsure they feel about the future of their businesses.

When asked to choose the biggest threat facing their business, between taxes, litigation and regulations; roughly half of the small businesses owners surveyed say regulations were the biggest threat. This survey found that 56% of respondents worry more about what regulatory move Washington will make next than regulations that are already on the books.

III. President Obama’s Jobs Plan Falls Flat

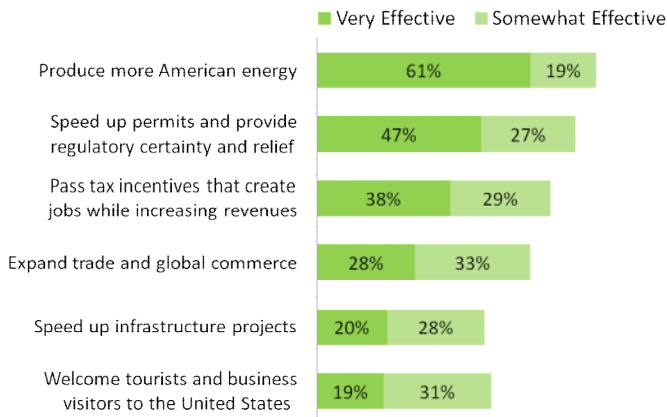
Small business owners see little to be excited about in President Obama’s proposed jobs plan, with 80% expressing an unfavorable opinion. The House GOP jobs plan, advocating lowering taxes and reducing spending to create jobs, is viewed very favorably by small business owners, with 79% having a favorable impression of the plan.

Favorability of Obama and GOP Job Plans



Note: Only asked in Q3 Wave

Small business owners rate the individual elements of the U.S. Chamber’s six-point job plan as highly effective ways to create jobs. These include: producing more American energy,



Note: Only asked in Q3 Wave

speeding up the permitting process, providing tax incentives that create jobs and expanding trade. 80% of small business respondents cite producing more American energy as an effective job creation proposal.

In head-to-head tests, respondents of the survey strongly prefer the U.S. Chamber’s jobs plan over President Obama’s plan.