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One of the latest Small Business Growth Index, a biannual survey of 500 small business owners ...

Oct. 22, 2018

Continued growth and a strong economy have small business optimism reaching post-recession highs, particularly among male business owners, according to Capital One's latest Small Business Growth Index, a biannual survey of 500 small business owners (SBOs) gauging sentiment related to the economy, business conditions and plans for growth. The survey found 67 percent of business owners overall think business conditions in their area are good or excellent, up from 60 percent a year ago.

"We've seen small business optimism continue to rise as business owners benefit from a strong economy," said Jenn Flynn, head of Small Business Bank at Capital One. "At the same time, small business owners still have concerns about taxes, tariffs and other areas of economic policy. As business leaders balance opportunity with risk, we remain committed to offering solutions designed to empower small businesses and fuel growth."

Following are key themes uncovered by the Fall 2018 Small Business Growth Index:

**Business growth and strong economic conditions have driven small business optimism to its highest point in survey history, with men leading optimism for the first time.**

- Two-thirds (67 percent) of SBOs think business conditions in their area are good or excellent, up from 60 percent one year ago, and the highest measured since 2010.
- While female business owners have historically been more optimistic than males, the survey shows there has been a reversal. Sixty-nine percent of male SBOs say current economic conditions are good or excellent, up from 57 percent a year ago.

Meanwhile, 64 percent of women believe conditions are good or excellent,

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small businesses, more than half (59 percent) of SBOs said yes.

- At the same time, 49 percent of SBOs say the cost of healthcare is a top policy concern, followed by tax policies (43 percent) and economic growth (36 percent).
- One-third (33 percent) of small businesses are concerned that new tariffs will have a negative impact on their business.

**More businesses plan to hire, but are challenged by skills gaps and competition from bigger businesses.**

- One third (33 percent) of small business owners plan to hire in the next six months, an increase from 25 percent one year ago.
- Thirty-eight percent of small business owners say their biggest competition when hiring and retaining employees is bigger businesses who can offer more robust benefits packages.
- The skills gap is the top factor impacting small business owners' ability to hire (34 percent), closely followed by competition from other businesses (30 percent), financial resources (30 percent) and the tight labor market (28 percent).

**Business owners are preparing for the impact of Tax Cuts and Jobs Act, with fewer business owners expecting to pay less in taxes than earlier this year.**

- Fewer small business owners (20 percent) expect to pay less in taxes than earlier this year, when 36 percent thought they would pay less in taxes.
- Half (52 percent) of small business owners feel they will pay about the same in taxes, up from 41 percent in spring 2018.
- The majority (78 percent) of small business owners either have met or will meet with an accountant or financial advisor to discuss the tax plan.

“Concerns about hiring and tax reform are not only felt by leaders of large companies, but small businesses as well. The Small Business Growth Index tells us

that business owners are tackling challenges like hiring and retention with fewer

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