



NEWS RELEASE

Hedging Their Bets: Small Business Owners Feel Successful But Remain Risk Averse And Hold On Hiring

- *The Hartford finds owners support an increase in the federal minimum wage; many already pay hourly employees above minimum wage*
- *#SmallButMighty ranked highest as the hashtag that best describes the state of their business*

Hartford, Conn., Oct. 7, 2014 – More small business owners are feeling successful and fewer are concerned about macroeconomic factors, according to [The Hartford's 2014 Small Business Success Study](#). Yet surprisingly, the majority of them continue to be risk averse and have put a hold on hiring.

“Risk-taking is at the heart of what it means to be a small business owner,” said The Hartford's CEO Christopher J. Swift. “Unfortunately, the recent Great Recession has suppressed some of that spirit. It is critical that we recognize this shift in mindset and work to restore some of the confidence lost to help foster small business growth.”

According to the fourth annual study, 77 percent of small business owners feel successful about how their business is operating now, up from 70 percent in 2013. Thirty-five percent of owners said they feel extremely or very successful, a large increase compared to the 23 percent who felt this way in 2011.

Even with this rise in success, the most recent recession continues to have an impact on how small business owners operate their business. More than half (55 percent) say they are more financially conservative in how they are operating their businesses today because of the recession. Over the past six months, most small business owners report that the number of risks they have taken has stayed the same (74 percent) or decreased (9 percent).

Although small business owners remain cautious, fewer are concerned about certain uncontrollable risks that could impact their business.

Major Risks To Their Business	2014	2012
Slow economic growth	56 percent	67 percent
Taxes	40 percent	59 percent
Healthcare costs	39 percent	53 percent

Hiring Hold

While the overall economy continues to improve and recent job reports show that the unemployment rate is down, small business owners are hesitant to hire. Sixty-seven percent of small business owners have not hired in the last year, which is in line with fall 2013 findings. Even among those who believe their business is highly successful, more than half (57 percent) have not hired. When asked what they would do if they had \$100,000 to invest in their business, only 8 percent said they would hire full-time employees.

In the past year, the top three reasons cited for not hiring or not hiring as much as they would like are:

- Not growing (36 percent).
- Cannot afford to hire (34 percent).
- Taking on additional responsibilities themselves (31 percent).

Support for Minimum Wage Increase

Though small business owners are not hiring, two-thirds (66 percent) favor an increase in the federal minimum wage, which reflects their commitment to taking care of their existing employees. More than half (58 percent) of all small business owners would not take any action if there is an increase in the federal minimum wage.

Of those with hourly employees, 81 percent pay their employees above minimum wage and many do not anticipate having to take any actions to offset the increase. The reasons owners cited for already paying above the minimum are that their employees deserve higher pay or that paying above the minimum wage enables them to attract talent and to remain competitive with other companies.

Opting Out of Debt

Today's small business owners are tapping into fewer sources to fund their business than in the past. When they do borrow, they are now choosing personal sources of funding (such as personal savings, retirement savings such as a 401(k) or capital from family and friends) over commercial loans (such as bank loan, bank credit or Small Business Administration loans). This is compared to 2012 when commercial loans were the top source of funding.

Forty-six percent of small business owners believe it is slightly or not difficult at all to get a loan or other capital for their business – a 39 percent increase from 2012. While 31 percent have used commercial loans to fund their businesses in the past year, 36 percent have used personal sources of funding¹.

Millennial small business owners are significantly more likely to have used personal sources of funding over the past year (60 percent) than older generations, Gen X (34 percent) or Boomers (33 percent).

¹In 2014 the wording of the following survey options for this question changed from previous years: "Credit lines" became "bank credit lines" and "bank" became "bank loans."

Owners Feeling #SmallButMighty

When describing the state of their business right now, small business owners ranked #SmallButMighty the highest, mirroring their feelings of success. Not surprisingly, just 7 percent of respondents felt the hashtag #norisknoreward best represented their business.

Hashtag Best Describing State of Their Business	2014
#smallbutmighty	31 percent
#prevailing	18 percent
#barelykeepingthelightson	11 percent
#norisknoreward	7 percent
#ontherebound	4 percent

SBSS Methodology

Braun Research conducted a telephone survey among small business owners across the United States for The Hartford. A total of 2,024 interviews were completed with owners of for-profit businesses with fewer than 100 full-time employees that have been in business for at least one year. The study included a nationally representative sample of businesses in the United States. One respondent per business was interviewed. The interviews took place between Aug. 5 and Aug. 19, 2014. The margin of error is ± 2.2 percent at the 95 percent confidence level.

For more information on these survey results, visit www.thehartford.com/SuccessStudy.

For more news about The Hartford, visit: <http://newsroom.thehartford.com/>.

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