



CALIFORNIA STATE UNIVERSITY
LONG BEACH

College of Business

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Long Beach Small Business Monitor

Long Beach Small Business Expectations for Rest of 2023

"Cautious Optimism"

It's been more than a year since we last talked with Long Beach small business owners and managers for our small business survey. We decided to resume surveys in the Summer of 2023 to see how LB small businesses are doing and gauge expectations for the rest of 2023.

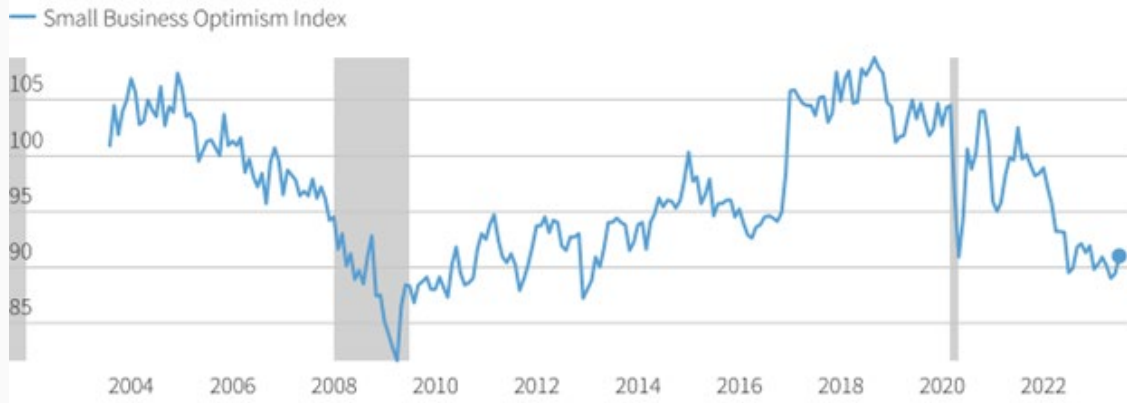
The trend of small business nationally remains cautious. Small business optimism is inching higher but remains far below levels measured prior to 2019 and the years of Covid-19 lock downs.

The same cautious pattern is evident among Long Beach small business owners and managers. As shown in the chart below, a growing majority (55%) of LB small business are optimistic about sales gains over the rest of 2023, but this is far below that measured prior to 2019 and the years of Covid-19 economic dislocations. In spite of a short-lived significant gain right after the 2020 election, a large share (45%) today are not as optimistic, viewing the status quo or worse as the most probable economic outcome over the rest of this year.

National Small Business Expectations

Small business optimism improves

The Small Business Optimism Index rose 1.6 points to 91 last month, the greatest month-to-month improvement since August 2022.

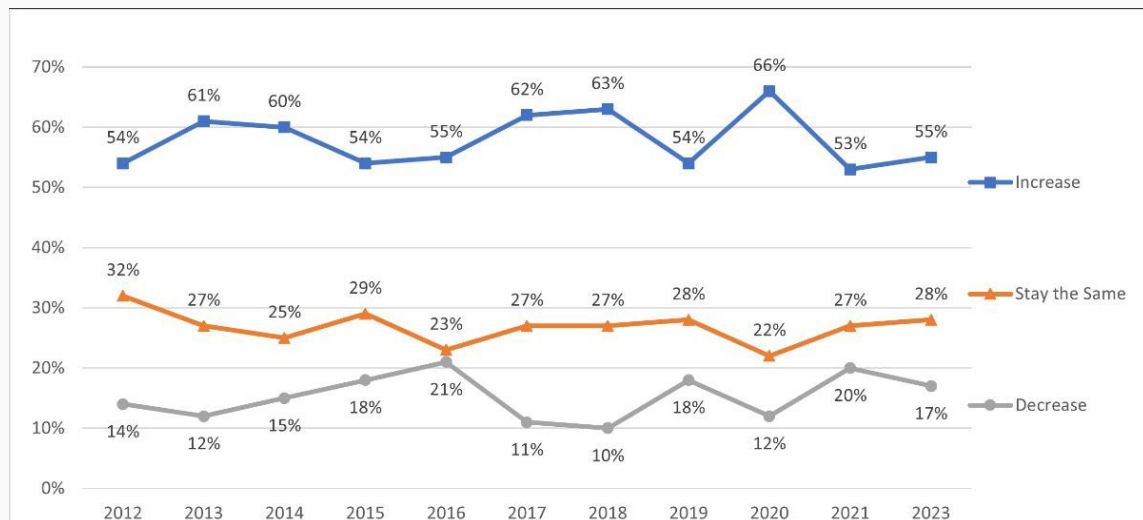


Note: the gray bars are recession

Source: National Federation of Independent Business

Long Beach Small Business Sales Expectations for Rest of 2023

Long Beach Small Business Monitor Survey:
Are You Planning on Sales to Increase, Decrease or Stay the Same?

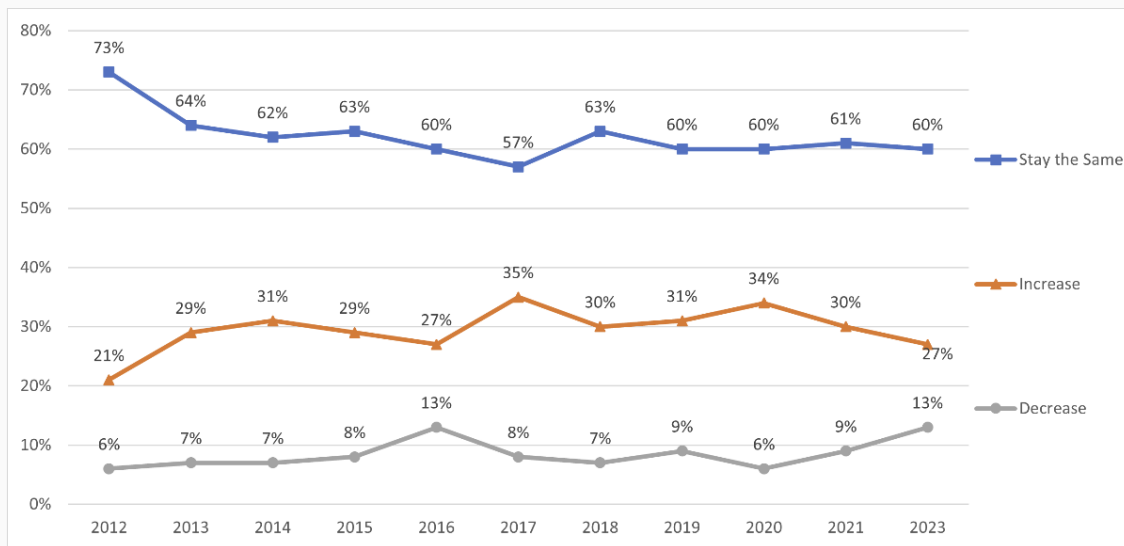


Long Beach Small Business Monitor Owners/Managers Survey New Hiring Expected to Slow Rest of 2023

Caution is evident in hiring expectations. A strong labor market is likely to slow over the rest of the year based on our survey responses. Just 27% of LB small businesses say they plan to increase hiring over the remainder of 2023, a number trending down to low levels. 60% say there will be no change. 13% report they are making plans to lay off workers.

Hiring Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Hiring at Your Business
to Increase, Decrease or Stay the Same?



Long Beach Small Business Monitor Owners/Managers Survey Capital Spending Expected to Increase During Rest of 2023

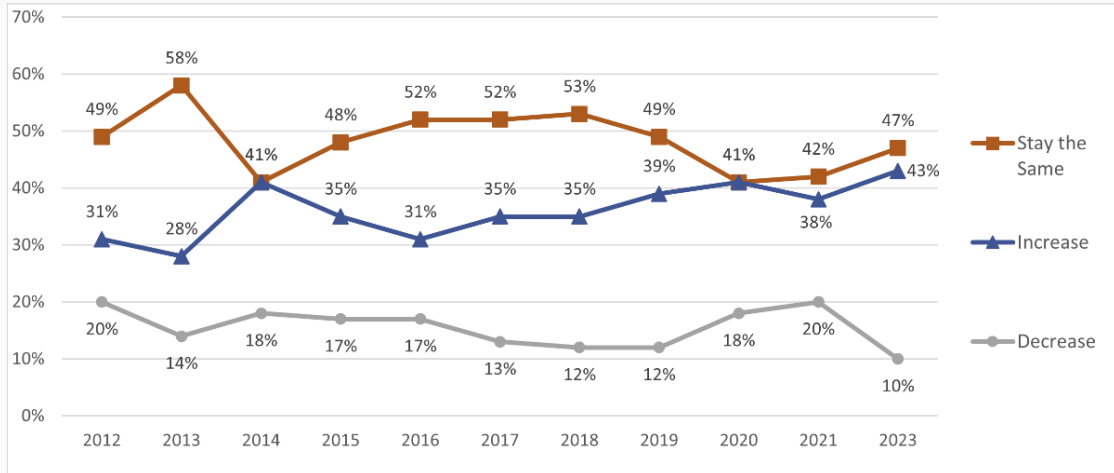
In periods of caution, small business typically invests profits in longer term infrastructure and other capital spending to lay a foundation for the future. This appears to be the case today. The survey shows a larger share of LB small business reporting they are expecting to make new capital investments during the last part of 2023. More than 4 in 10 (43%) say they will be increasing their capital spending during the remainder of this year one of the higher percentages yet measured.

And in spite of higher interest rates, one in three (31%) say they will be looking to increase new credit

and financing in 2023 to finance the new capital spending planned by many over the course of the rest of 2023. This is also a sign of cautious optimism among Long Beach small business.

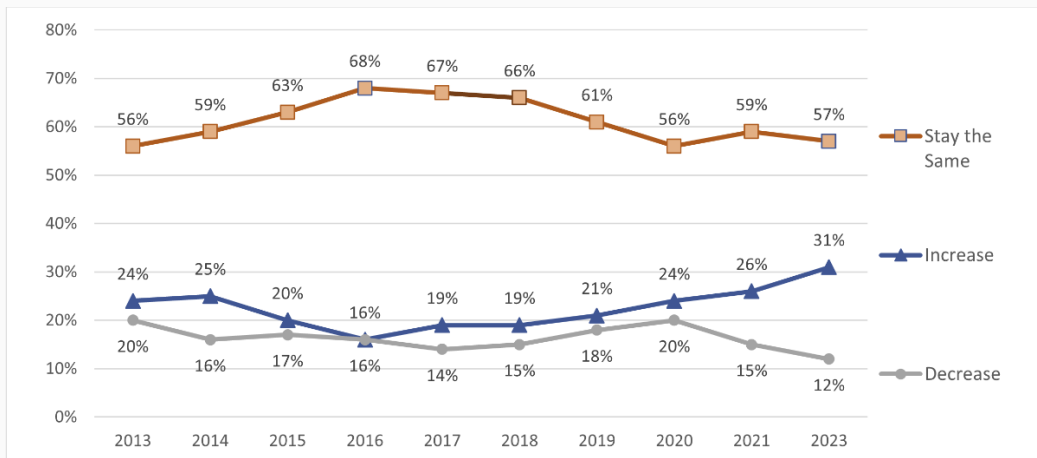
Capital Spending Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Capital Spending At
Your Business to Increase, Decrease or Stay the Same?



New Credit/Financing Expectations

Long Beach Small Business Monitor Survey:
Are You Planning on Applying for New Credit/Financing
to Increase, Decrease or Stay the Same?



Long Beach Small Business Monitor

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Visit the [Long Beach Small Business Monitor Web site](#) to learn more about survey methods, purpose and goals, and to access archives of past small business surveys and reports.

Upcoming Next Issue 2023

What LB Small Business People Say They Need for Growth Right Now.



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