

Booming economy leads to lack of good staff

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Finding quality staff is emerging as the major problem for small to medium size businesses for the first time in more than a decade as a result of an economy that is close to peaking.

The chief economist of the Sensis SME Business Index, Steven Shepherd, said the quarterly index was at its highest historical level.

The latest index, which surveyed 1800 SMEs nationally, is released today.

It shows that finding the best people has surpassed the lack of sales and cash-flow problems as the No. 1 concern for small business.

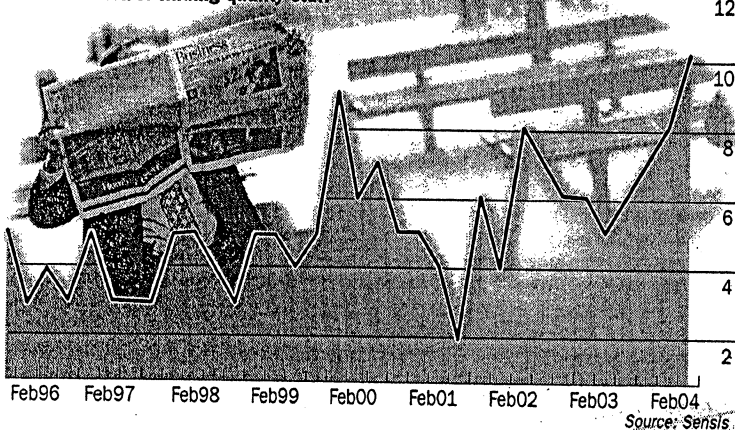
The issue was around last year, when a number of surveys put it at No. 2.

The Sensis results followed the publication of a survey by accountants Bentleys MRI two weeks ago that also identified attracting and retaining good staff as a major headache for SMEs this year.

For the past year, capital expendi-

BIG ISSUE

Proportion of small businesses saying their main concern is finding quality staff



ture has been strong, which in turn has fed into employment trends.

"It appears solid capital expenditure investment over the past year has finally translated into requirements for additional labour," Mr Shepherd said.

In the last quarter, SMEs recorded the strongest employment growth since November 1999, which has put pressure on small businesses in particular.

Unlike larger companies, SMEs do not have the resources to under-

take training and are more affected by market demand and government training programs than the bigger players.

"We're trying to expand, but to expand I need decent people," said Norman Armstrong, the owner of Top Care Carpet Cleaning in Sydney, who took part in the survey.

Mr Armstrong, who has owned his business for six years and worked in the industry for 20, is looking for staff whom he can train to take on another van.

Kim Tunbridge, chairman of the federal government's new Small Business Council and owner of Jungle Management, is not surprised by the results of the survey.

Ms Tunbridge believes the last couple of years were tough for small businesses, but now that the economy is going well, the focus has turned to finding the right people to add value to expanding businesses.

Business confidence in the January quarter was stable at 63 per cent, remaining at the highest level since

the August 1994 Sensis Business Index.

After four quarters of improvement, perceptions of the current state of the Australian economy declined — 49 per cent of SMEs believed the Australian economy was now growing, 7 percentage points down from the perception in the previous quarter.

While measuring a decline, the result is the second highest level in the history of the index.

There was a further improvement in economic expectations, with 19 per cent of SMEs expecting Australia's economy to be better a year from now.

Among other findings, attitudes towards the federal government's policies remained stable during the quarter.

While the Tasmanian government remained the most supported government by SMEs, the West Australian government's policies for SMEs lost further ground and it retains the position of the least supported government.