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BW SMALLBIZ -- FRONT LINE

Staffing Up Is Hard To Do

Small businesses in the service sector say it's getting harder to find good help. A first-quarter PricewaterhouseCoopers survey found that half of small service companies feared a lack of qualified workers could hamper their growth in the coming year. The first-quarter percentage is up sharply, from 35% just a year ago.

Among the 341 companies surveyed, only 23% of those who make goods are worried about finding skilled workers. Why the big difference? Manufacturers are becoming more productive -- boosting productivity growth at an annualized rate of 4.4% in the first quarter -- while large chunks of the service sector, such as accounting and technology, are fighting uphill battles. A hiring boom in accounting has made it tough for smaller firms to compete for personnel. Small and medium-size tech companies are looking to snag people who once worked for their competitors, and such candidates are getting harder to find, says Dion DeLoof, president of staffing firm Anteo Group.

Manufacturers also have an easier time offshoring. Because service companies have more customer interaction, offshoring is riskier for them, says Jay Mattie, an assurance partner at PricewaterhouseCoopers. As the economy keeps charging forward, service companies may find it still harder to find the right workers.

By James Mehring

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