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Credit crunch still a top concern, CFOs say

About 70 percent of U.S. chief financial officers say that credit conditions are worse or much worse than in 2007, limiting businesses' ability to hire and continuing to dampen economic growth.

That's one grim finding from the latest quarterly survey of 1,389 chief financial officers, released this morning by Duke University and CFO Magazine.

"CFOs are telling us the credit crunch has not abated," said Duke professor Campbell Harvey in a prepared statement. "It is hard to run the economic engine without any financial lubricant. This prolonged financial crunch poses a real risk of sending us into a double-dip recession."

About half of U.S. companies plan to increase full-time employment in the next year, but hiring remains modest at best and 56 percent won't get back to pre-recession employment levels until 2012 or later.

Net employment is expected to increase a meager 0.2 percent.

"It is good news that the employment bleeding has stopped," said Duke finance professor John Graham, in a prepared statement. "CFOs, however, still expect a virtually jobless recovery in 2010. ... CFOs say they are keeping workforces low due to weak consumer demand and increased efficiency in their production processes."

Some positive signs from the survey: Capital spending will increase 9 percent in the next 12 months, and research and technology spending will rise 4 percent. Those are the first projected increases for those categories in more than a year.

But CFOs' optimism remains low. Other top worries about the economy include weak consumer demand, changes to federal government policies and price pressure. Concerns about their own companies include maintaining profit margins and low employee morale.

The gloomy outlook mirrors the findings of a recent AICPA/UNC Kenan-Flagler survey of corporate CPAs. Financial executives oversee businesses' books and are considered a good barometer of future economic activity.

Read the full results of the Duke/CFO survey online here.