

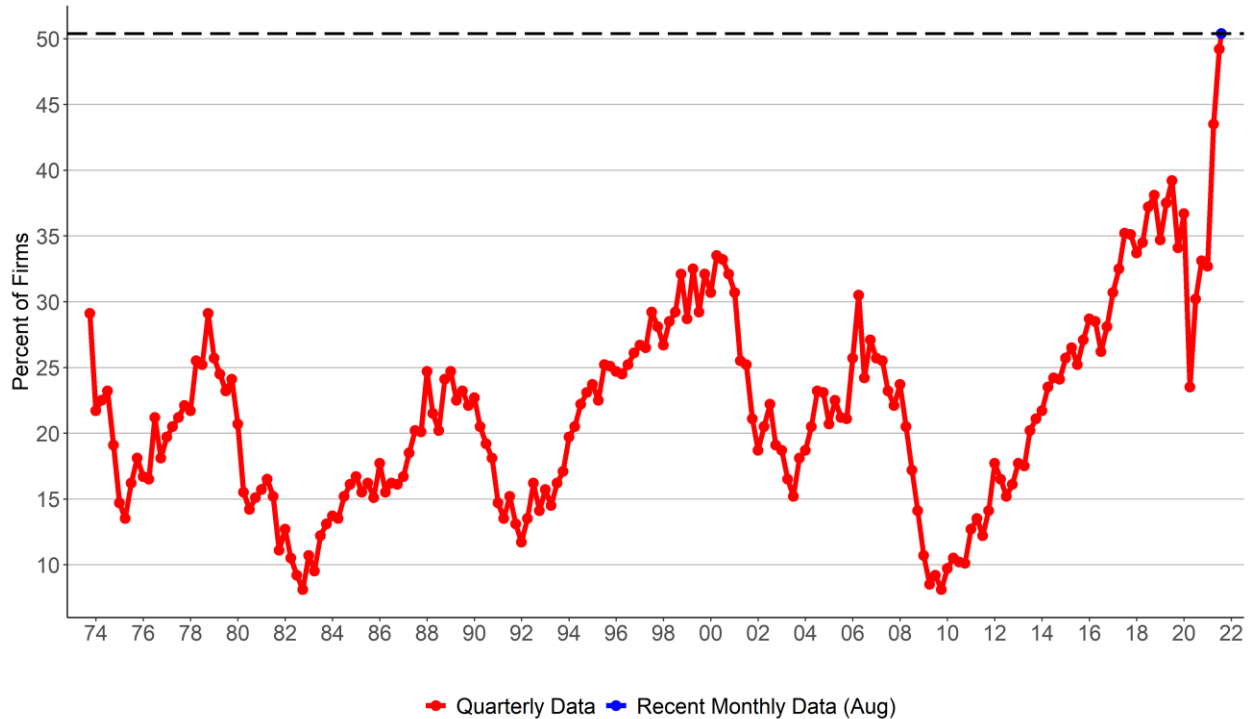
Labor Market Challenges Continue for Small Businesses

Based on 595 respondents to the August survey of a random sample of NFIB's member firms, surveyed through 8/27/2021
EMBARGO 1 PM THURSDAY

Small businesses continue to struggle to find workers to fill open positions. Fifty percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 1 point from July and a record high reading for the second consecutive month. The number of unfilled job openings remains far above the 48-year historical average of 22 percent.

Unfilled Job Openings

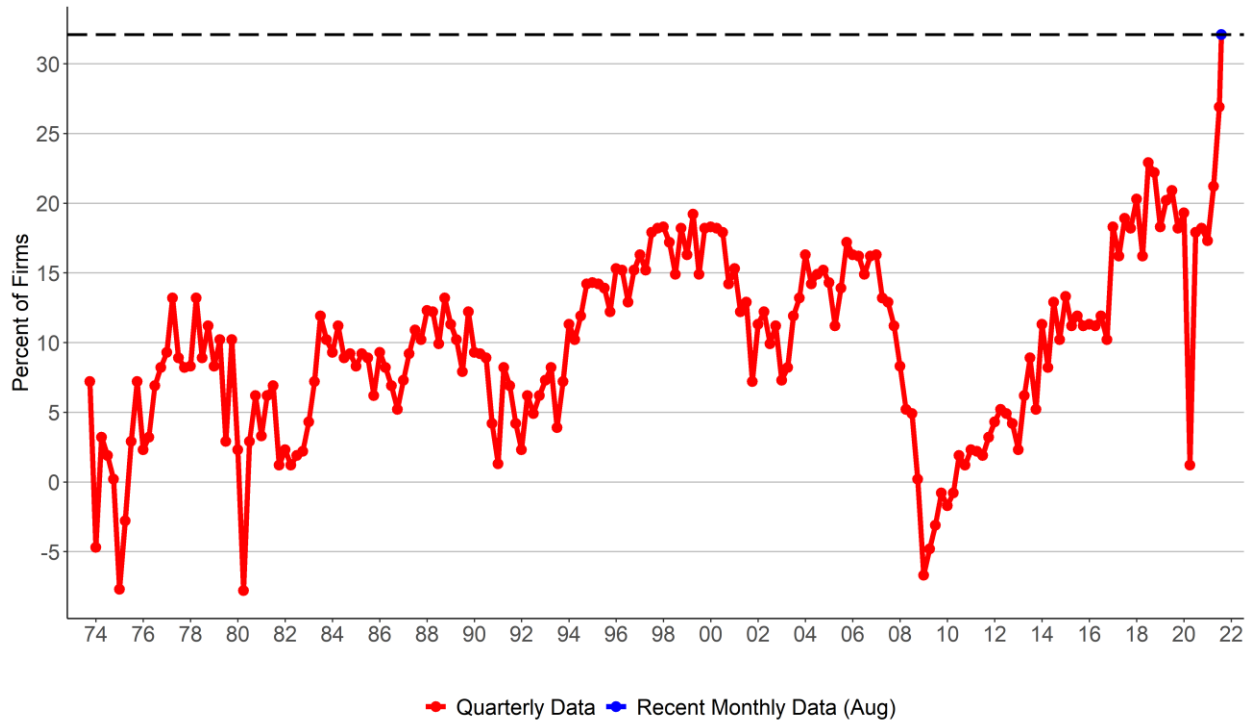
Percent with at Least One Unfilled Opening



Forty-four percent have openings for skilled workers (up 1 point) and 27 percent have openings for unskilled labor (up 2 points). Sixty-six percent of the job openings in construction are for skilled workers, up 7 points. Sixty-seven percent of construction firms reported few or no qualified applicants (up 1 point).

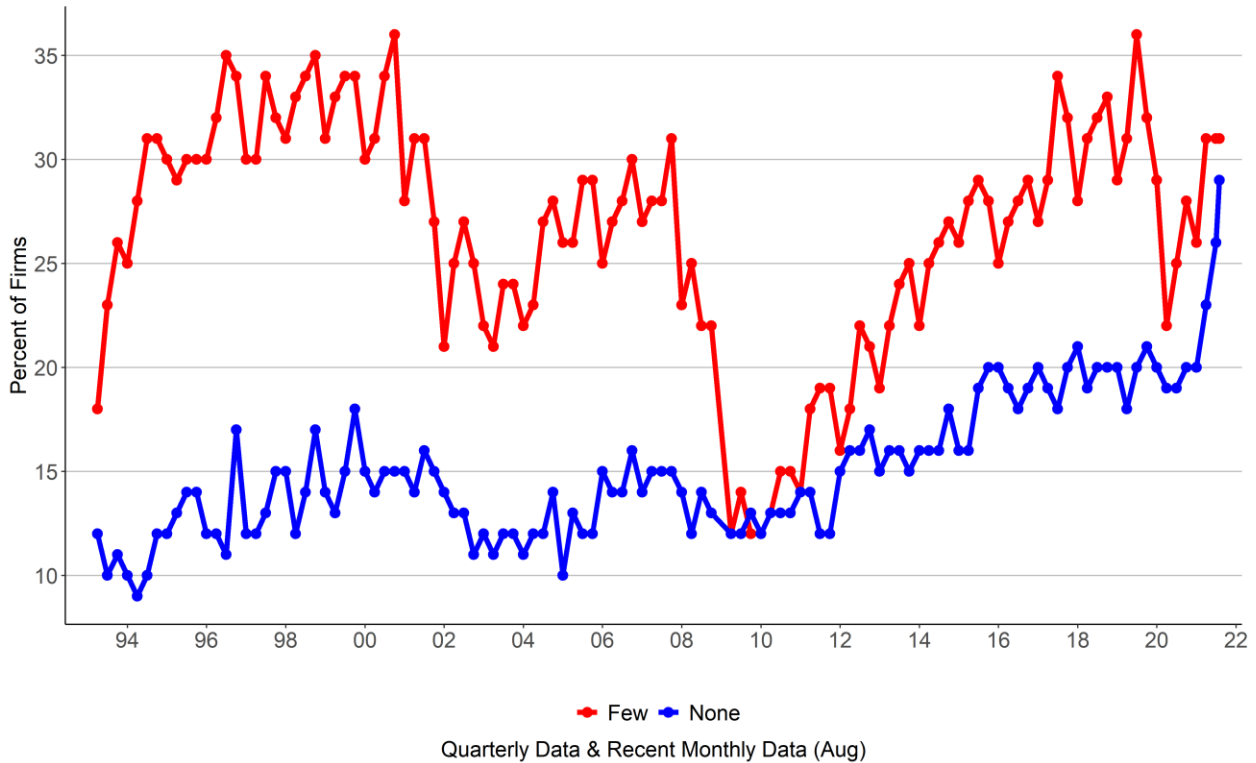
Job Creation Plans

Net Percent ("Increase" minus "Decrease") in Next Three Months



Overall, 66 percent reported hiring or trying to hire in August, up 5 points from July. Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 32 percent planning to create new jobs in the next three months, up 5 points and a 48-year record high reading.

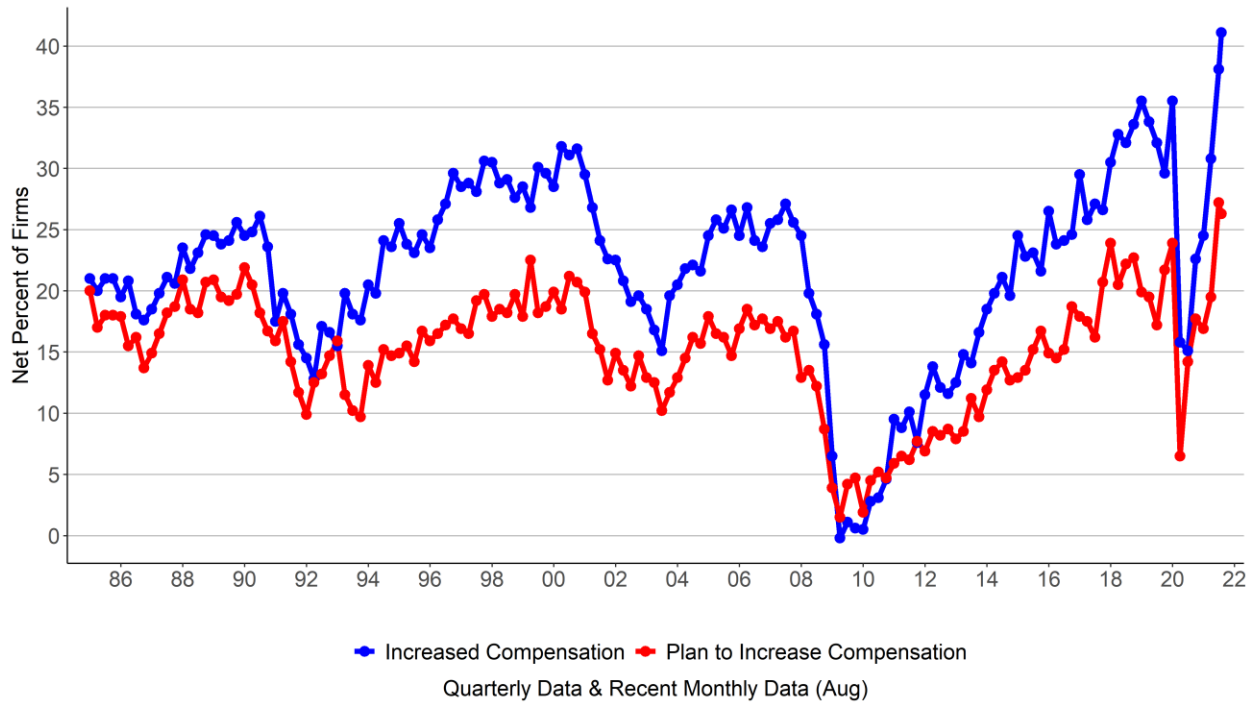
Qualified Job Applicants



Finding qualified employees remains a problem. Sixty percent (91 percent of those hiring or trying to hire) of owners reported few or no “qualified” applicants for the positions they were trying to fill (up 3 points).

Where there are open positions, labor quality remains a significant problem. Thirty-one percent of owners reported few qualified applicants for their open positions (unchanged) and 29 percent reported none (up 3 points), a 48-year record high.

Planned and Actual Labor Compensation Changes

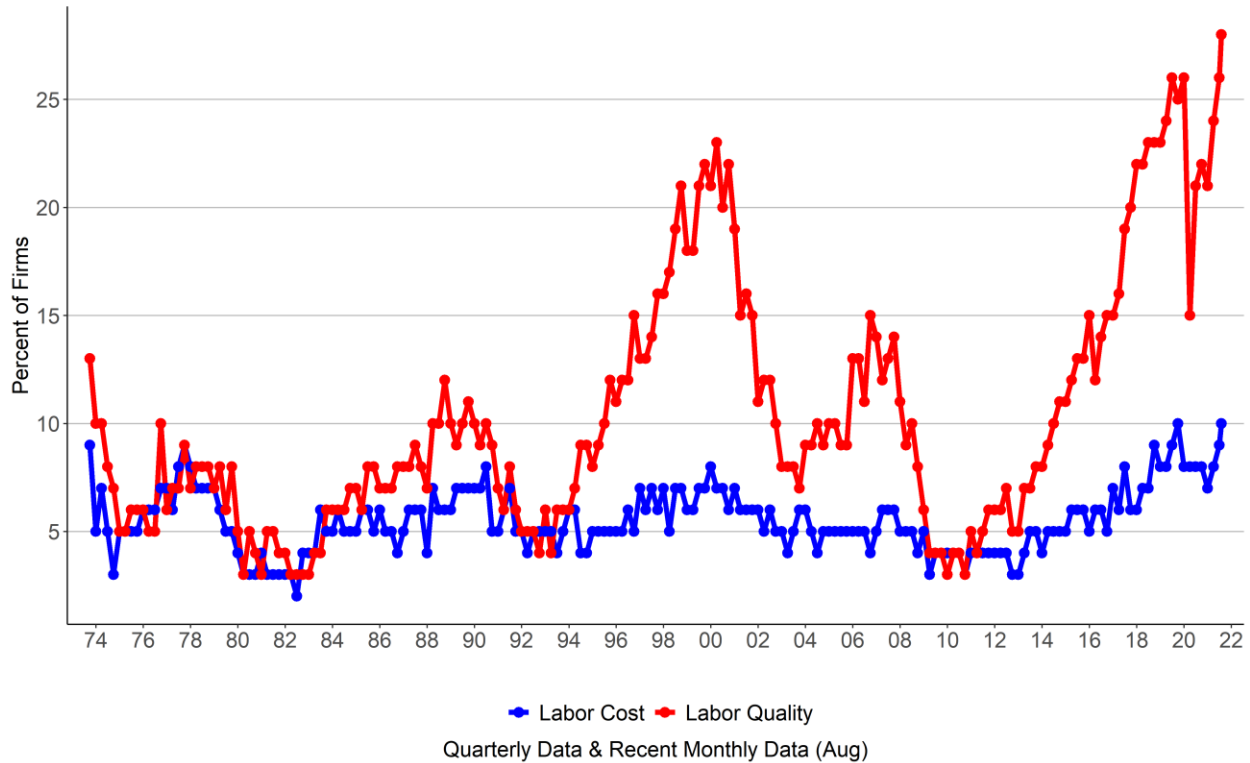


Seasonally adjusted, a net 41 percent reported raising compensation, up 3 points from July and a 48-year record high reading.

A net 26 percent plan to raise compensation in the next three months, down 1 point from July's record high reading. Offering higher compensation is the main resource available for most small business owners to compete for applicants.

Ten percent cited labor costs as their top business problem (up 1 point) and 28 percent said that labor quality was their top business problem, up 2 points from July and record high readings.

Single Most Important Problem



Labor demand measures are at 48-year record high levels (job openings, hiring plans, etc.). Unfortunately, so are supply side indicators of labor shortages (qualified applicants, skill shortages, etc.). All of this is happening even though the employment numbers are still below pre-pandemic levels (3.5% unemployment rate). Owners report raising compensation at record high rates in an attempt to resolve the imbalances and are passing these costs on to consumers through price hikes, creating inflation pressures. As the economy weakens, much of this will be resolved. However, structurally, the economy will have changed through the pandemic, making some adjustments longer lasting and more complex.