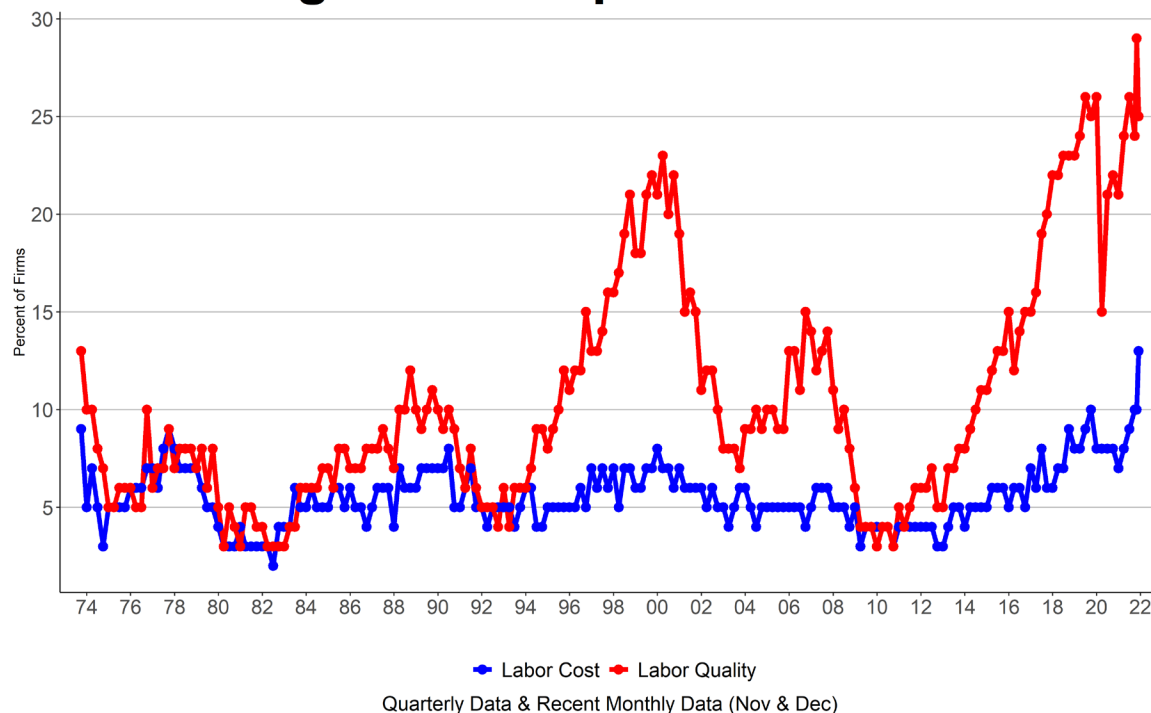


Another Record-Breaking Level of Small Business Owners Increasing Wages

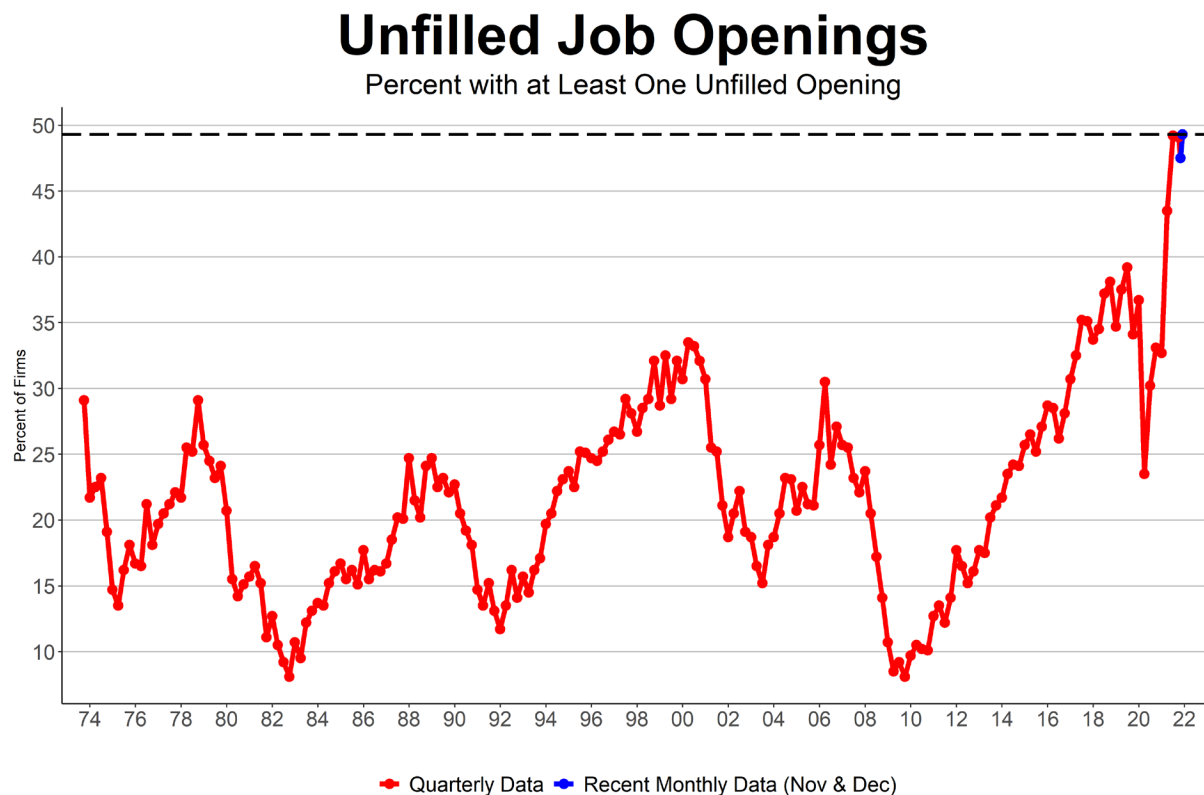
Based on 639 respondents to the December survey of a random sample of NFIB's member firms, surveyed through 12/30/2021
EMBARGO 1 PM THURSDAY

Historically large numbers of small businesses are struggling to increase their workforce. Twenty-five percent said that labor quality was their top business problem, down 4 points from November's 48-year record high. Thirteen percent cited labor costs as their top business problem, up 3 points from November and a 48-year record high. The staffing shortage continues to hold back the small business economy as owners try to retain their current employees and attract applicants for open positions.

Single Most Important Problem



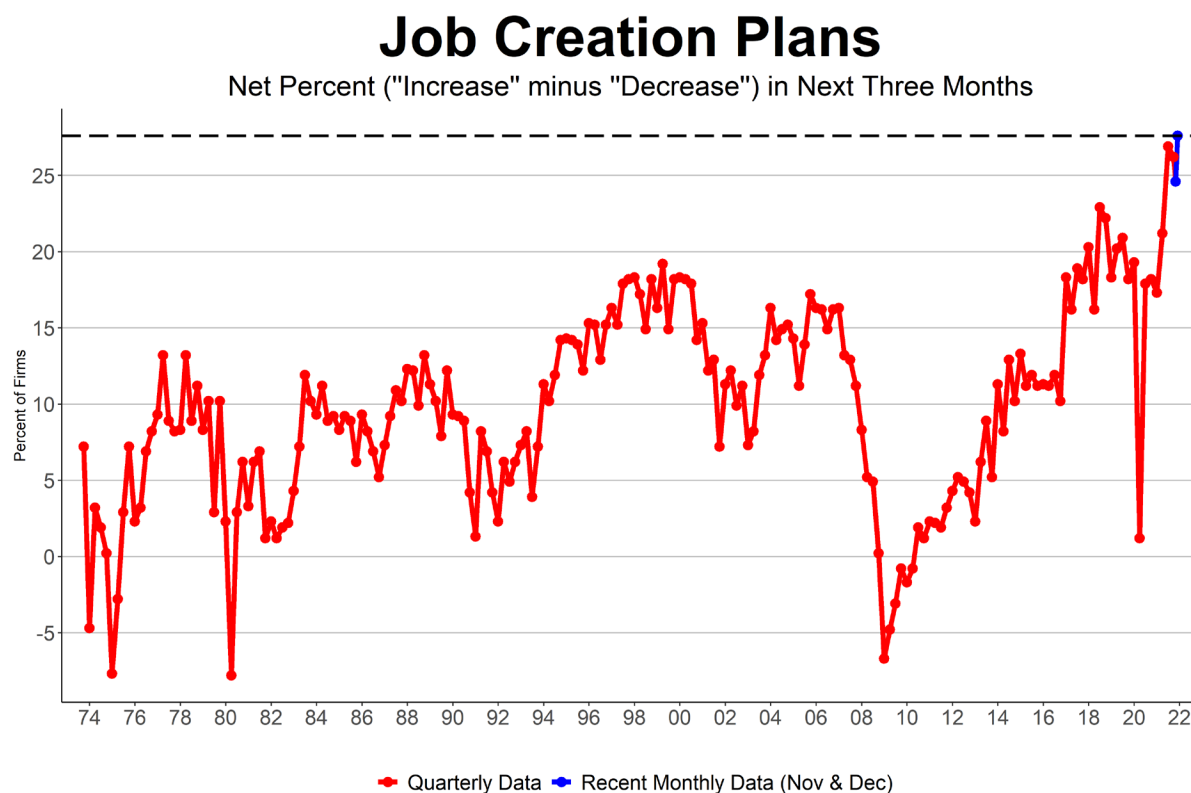
Forty-nine percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 1 point from November. The number of unfilled job openings far exceeds the 48-year historical average of 23 percent. The most recent Jolts report found 10.6 million job openings for 6.9 million unemployed.



Thirty-nine percent have openings for skilled workers (down 2 points) and 22 percent have openings for unskilled labor (unchanged). Fifty-six percent of the job openings in construction are for skilled workers, unchanged. Sixty-five percent of construction firms reported few or no qualified applicants (up 1 point).

Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 28 percent planning to create new jobs in the next three months, up 3 points from November and just 4 points below the highest reading in the 48-year history of the survey set in August.

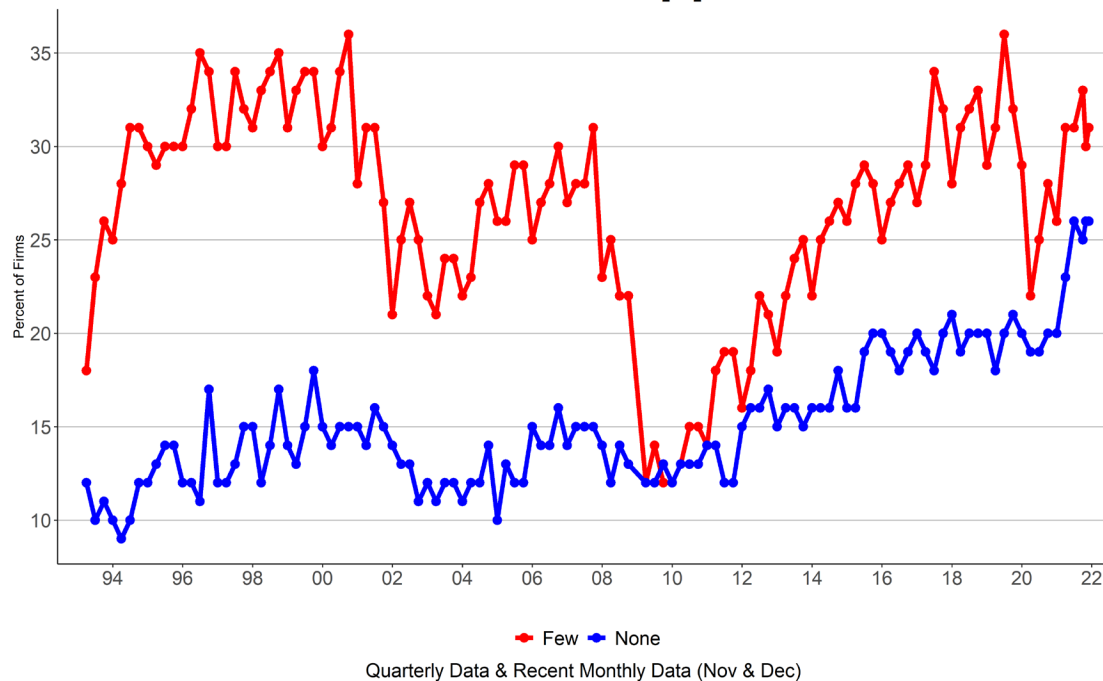
November's BLS labor report shows that both the labor force participation rate and employment-population ratio increased from October, but neither have yet reached pre-pandemic levels.¹ These levels will continue to lag due to the elevated number of retirements and those who are non-retired but staying out of the labor market for a variety of reasons.



Overall, 60 percent reported hiring or trying to hire in December, unchanged from November.

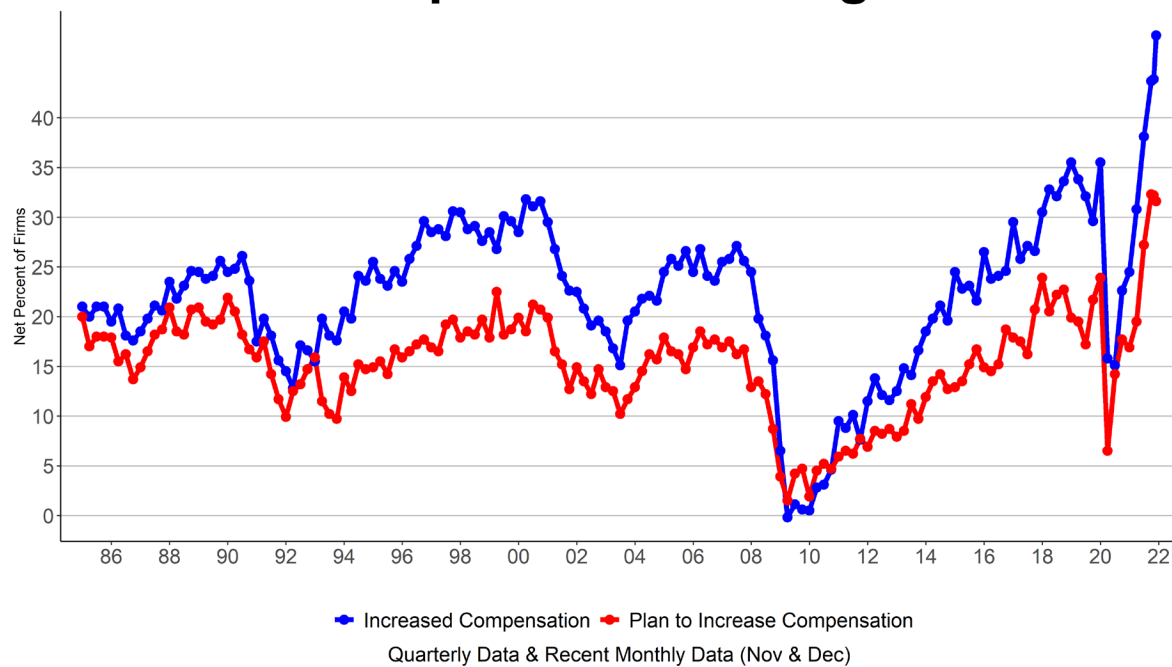
¹ <https://www.bls.gov/news.release/pdf/empst.pdf>

Qualified Job Applicants



Fifty-seven percent (95 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 1 point). Thirty-one percent of owners reported few qualified applicants for their open positions (up 1 point) and 26 percent reported none (unchanged).

Planned and Actual Labor Compensation Changes



Seasonally adjusted, a net 48 percent reported raising compensation, up 4 points from November and a 48-year record high reading. A net 32 percent plan to raise compensation in the next three months, unchanged from November's record high reading.

To date, the job recovery has been doing well, but there is still a lot of ground to make up before total employment reaches pre-Covid levels.