

Small Businesses Struggle to Hire Workers in May

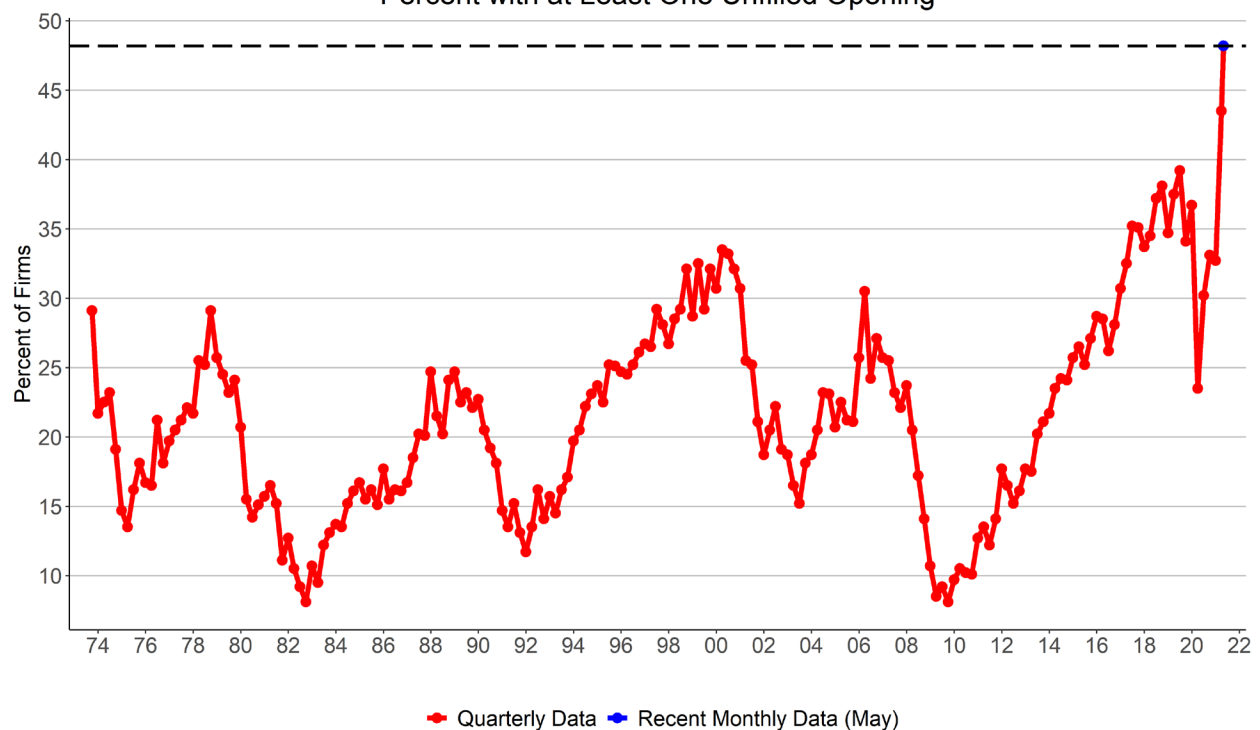
Based on 659 respondents to the May survey of a random sample of NFIB's member firms, surveyed through 5/28/2021)
EMBARGO 1 PM THURSDAY

Strong job growth eased in May as small businesses struggled to find workers to fill open positions as unfilled job openings increased from 44 percent to 48 percent, seasonally adjusted. May is the fourth consecutive month setting a record high reading for unfilled job openings. May's reading is 26 points higher than the 48-year historical average of 22 percent.

Forty percent have openings for skilled workers (up 3 points) and 27 percent have openings for unskilled labor (up 7 points). Fifty-one percent of the job openings in construction are for skilled workers, down 3 points. Sixty-six percent of construction firms reported few or no qualified applicants (up 6 points).

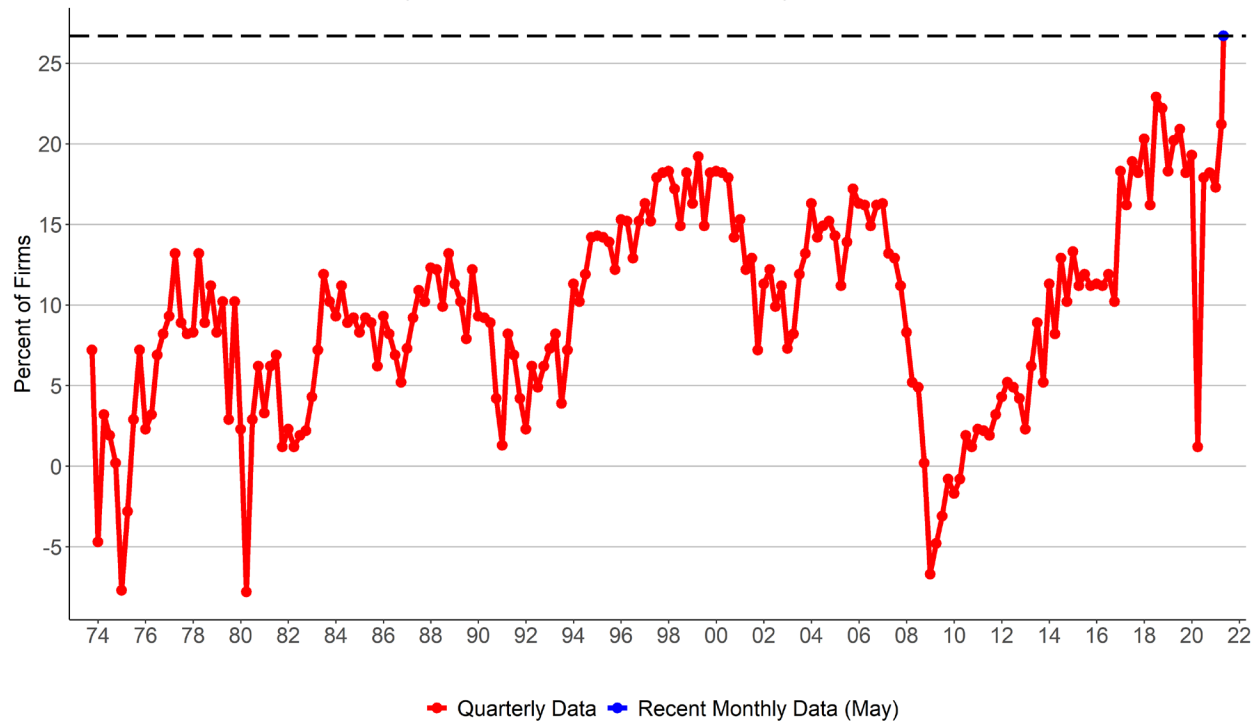
Unfilled Job Openings

Percent with at Least One Unfilled Opening



Job Creation Plans

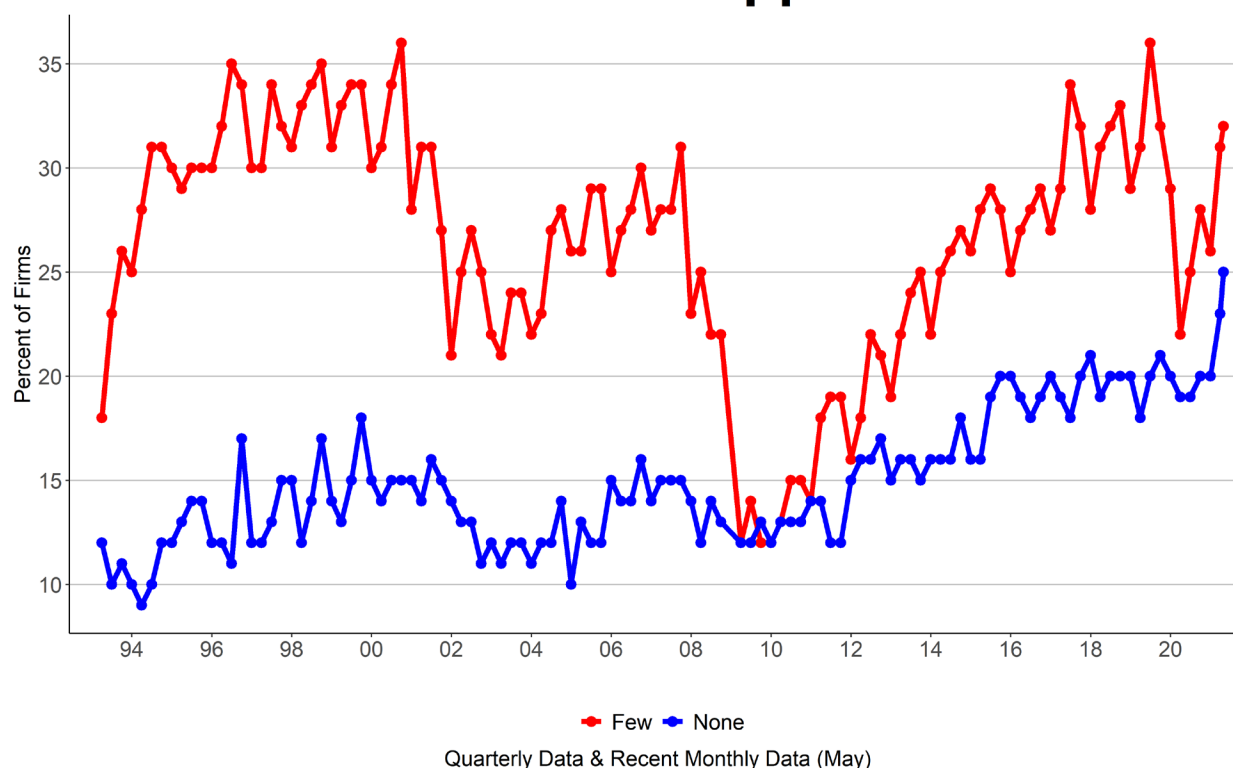
Net Percent ("Increase" minus "Decrease") in Next Three Months



The increase in unfilled openings was accompanied by a 2-point increase in the percent that reported hiring or trying to hire in May, 61 percent.

Owners have plans to fill open positions, with a seasonally adjusted net 27 percent planning to create new jobs in the next three months, sharply up 6 points from April.

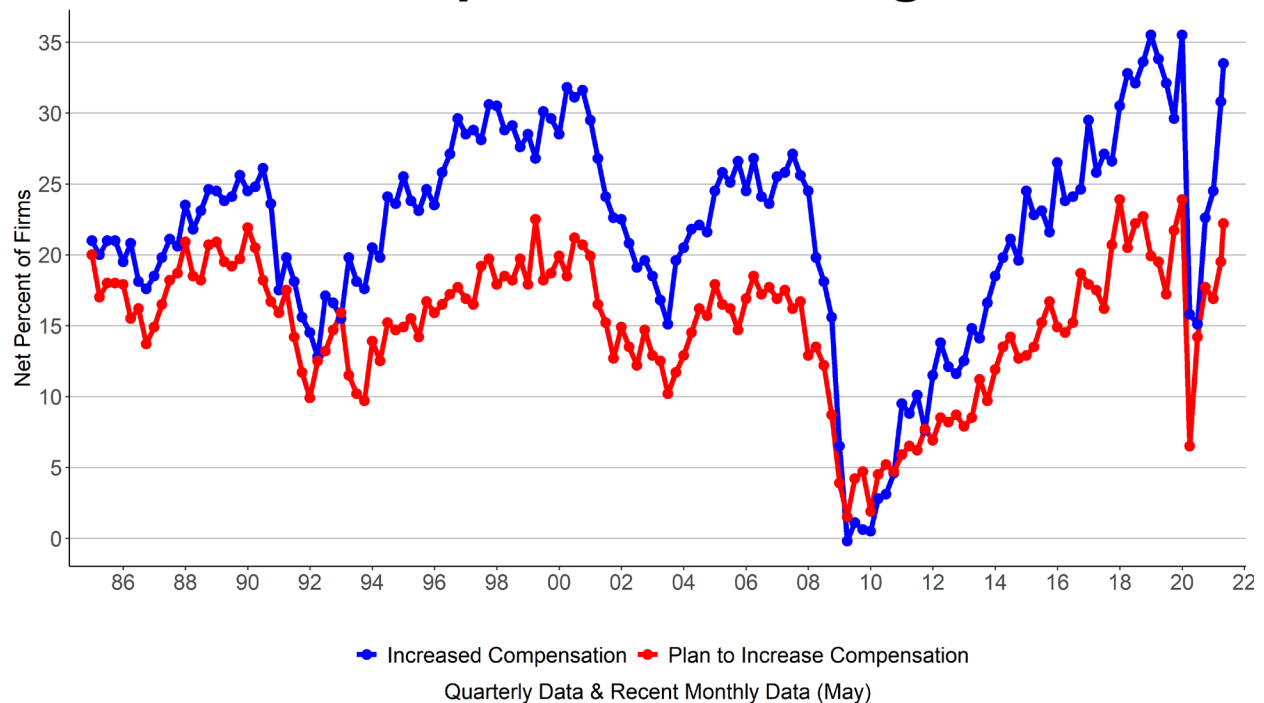
Qualified Job Applicants



Finding qualified employees remains a problem. Fifty-seven percent (93 percent of those hiring or trying to hire) of owners reported few or no “qualified” applicants for the positions they were trying to fill in May (up 3 points).

Where there are open positions, labor quality remains a significant problem. Thirty-two percent of owners reported few qualified applicants for their open positions (up 1 point) and 25 percent reported none (up 2 points).

Planned and Actual Labor Compensation Changes



Seasonally adjusted, a net 34 percent reported raising compensation (up 3 points), the highest level in the past 12 months. Raising compensation is about the only way owners have to remedy the labor shortage problem. A net 22 percent plan to raise compensation in the next three months, up 2 points. There are 9.8 million unemployed individuals, total employment is still below the early 2020 level (January, February) when the unemployment rate was 3.5 percent compared to 6.1 percent today.

Eight percent cited labor costs as their top business problem (unchanged) and 26 percent said that labor quality was their top business problem, up 2 points from April and the top business concern. Higher labor costs are being passed on to customers in higher selling prices.

Single Most Important Problem

