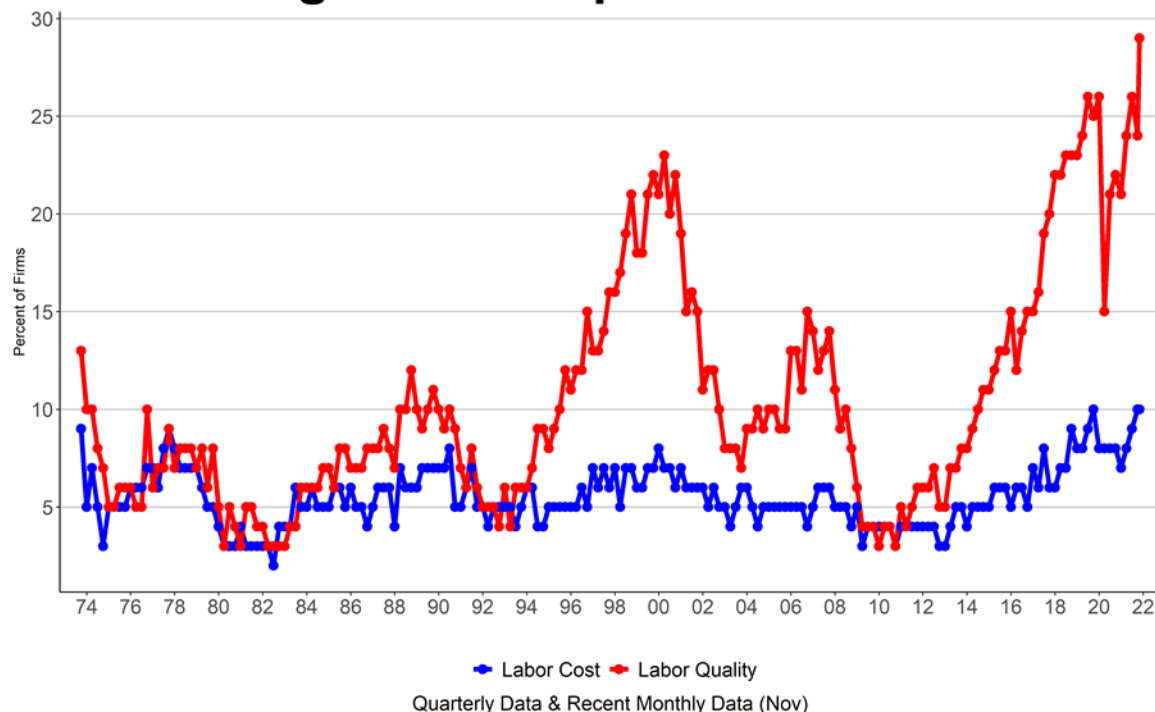


# Labor Market Challenges Breaks 48- Year Record as Biggest Issue Impacting Small Businesses

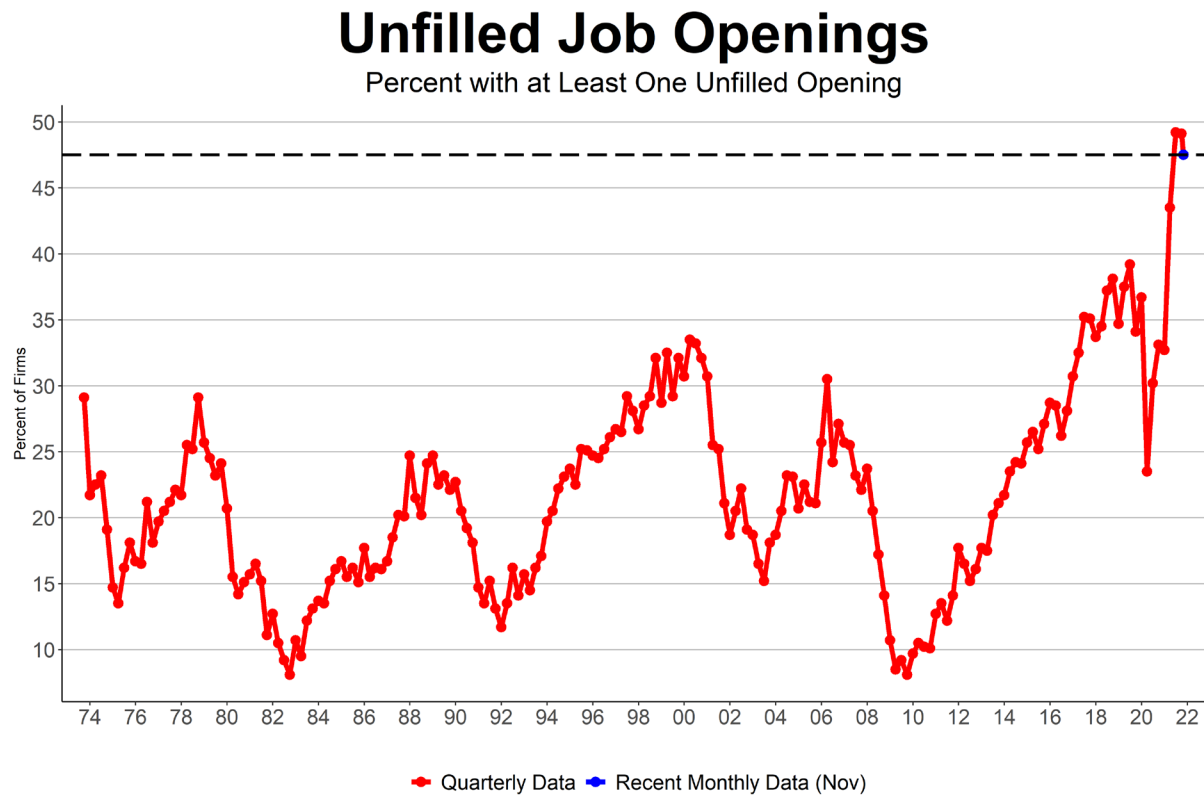
Based on 613 respondents to the November survey of a random sample of NFIB's member firms, surveyed through 11/29/2021  
EMBARGO 1 PM THURSDAY

Historically large numbers of small businesses are struggling to increase their workforce. Notably, 29 percent said that labor quality was their top business problem, a 48-year record high. Rising compensation does not seem to be solving the labor shortage (relative to demand) problem, but it is about the only “tool in the box.” Ten percent cited labor costs as their top business problem, unchanged from October. More firms are reporting investments in labor-saving technologies, but that’s a slow process. To keep employment growing, more participation among the “unemployed” and “not in the labor force” groups will be needed. Fourth quarter growth has been better than many professional forecasters expected so the job market may offer up some solid numbers.

## Single Most Important Problem



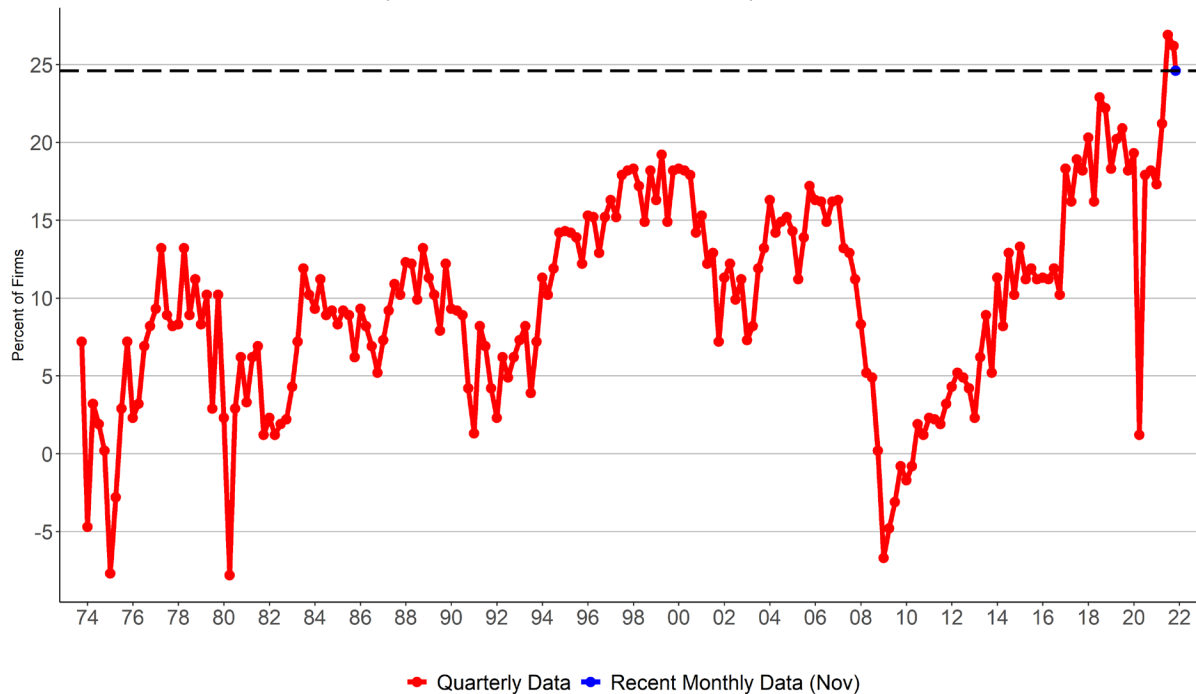
Forty-eight percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 1 point from October. The number of unfilled job openings far exceeds the 48-year historical average of 22 percent.



Forty-one percent have openings for skilled workers (down 1 point) and 22 percent have openings for unskilled labor (down 2 points). Fifty-six percent of the job openings in construction are for skilled workers, down 3 points. Sixty-four percent of construction firms reported few or no qualified applicants (down 1 point). Although employment has been rising, the U.S. still employed more people pre-Covid than today. The number of retirements has risen during the Covid crisis and more non-retired people are out of the labor force for a variety of reasons. It will take a significant amount of time to “resolve” these distortions in employment.

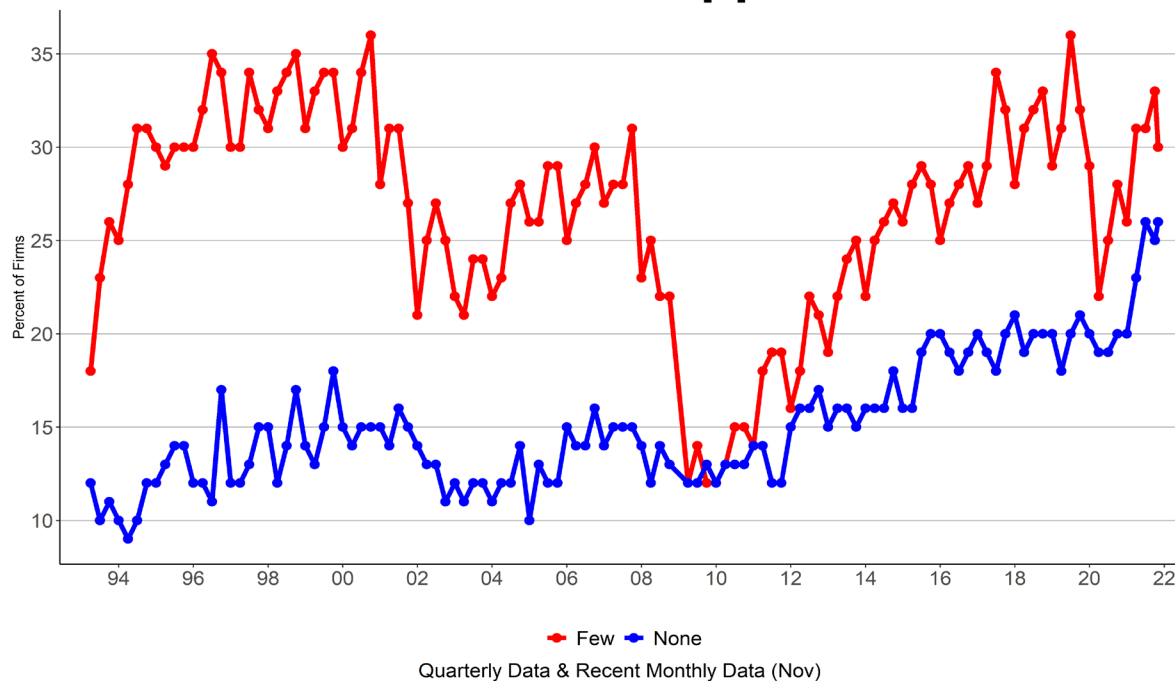
# Job Creation Plans

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



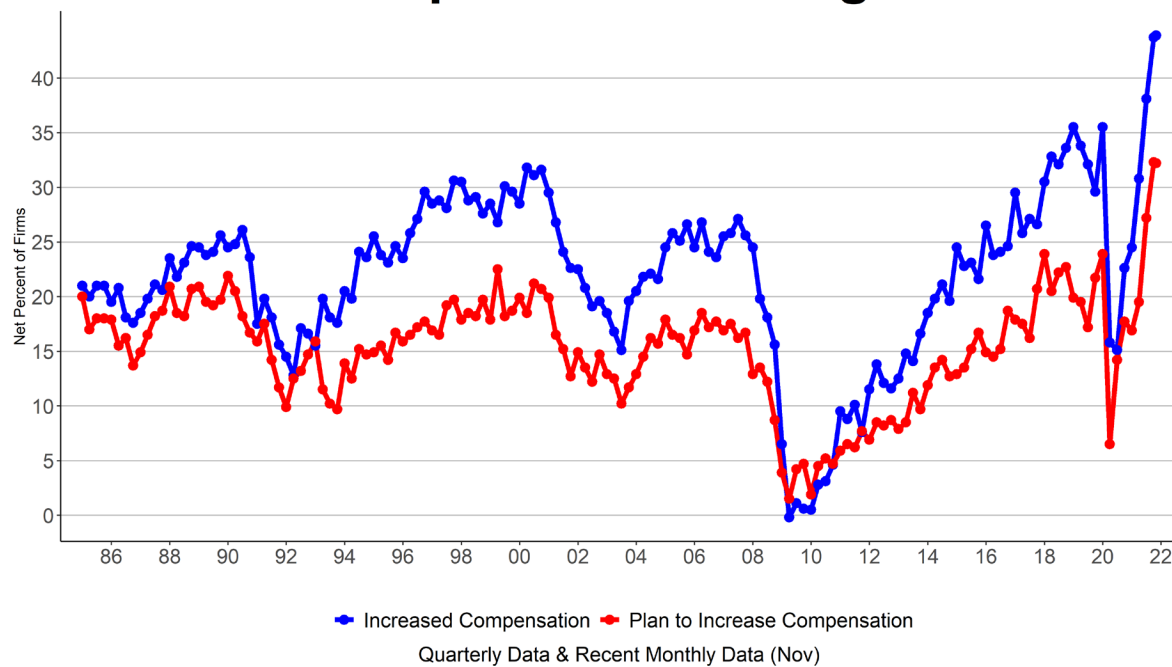
Overall, 60 percent reported hiring or trying to hire in November, down 2 points from October but very strong. Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 25 percent planning to create new jobs in the next three months, down 1 point from October but still the third highest reading in the 48-year history of the survey and well above the historical average reading of a net 11 percent.

## Qualified Job Applicants



Fifty-six 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 (down 2 points). Thirty percent of owners reported few qualified applicants for their open positions (down 3 points) and 26 percent reported none (up 1 point). The reductions hint at an improvement in labor market conditions, but qualified workers are hard to find.

# Planned and Actual Labor Compensation Changes



Seasonally adjusted, a net 44 percent reported raising compensation, unchanged from October and a 48-year record high reading. However, labor force participation hasn't responded strongly to the higher levels of compensation.

A net 32 percent plan to raise compensation in the next three months, unchanged from October's record high reading. Raising compensation is the main resource available for owners to retain their current employees and compete for new talent.