

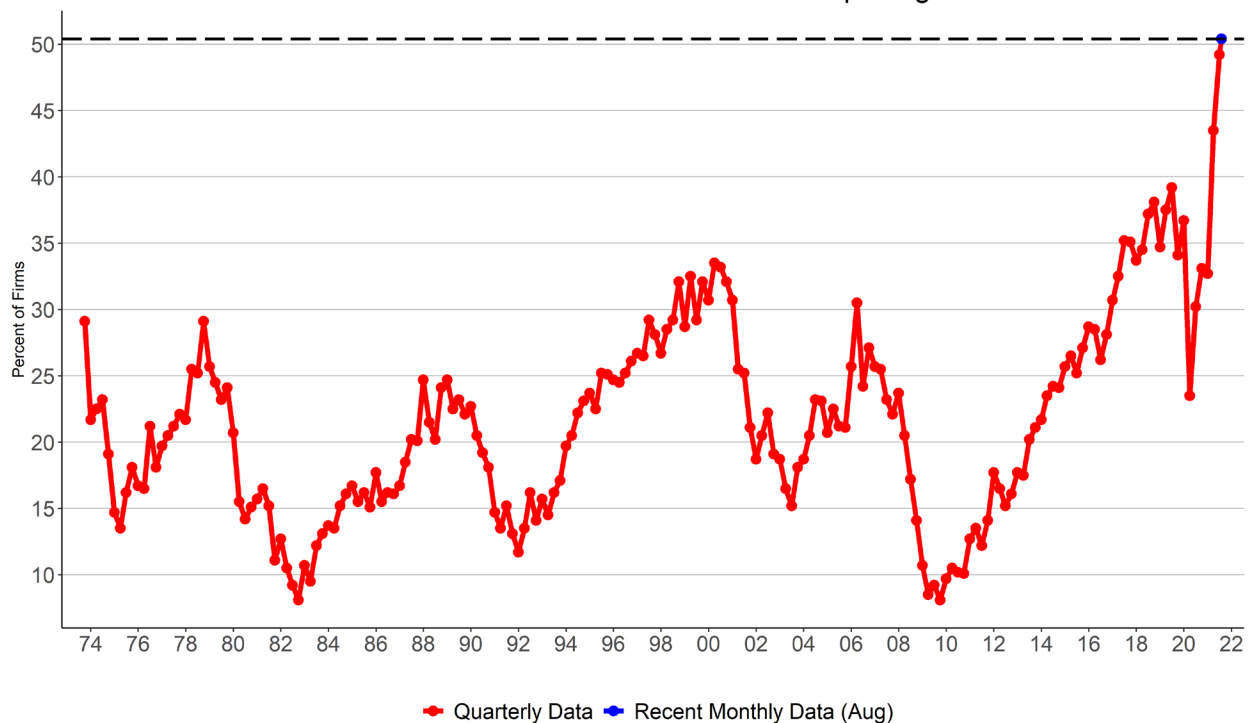
Labor Market Challenges Impacting More Small Businesses

Based on 537 respondents to the September survey of a random sample of NFIB's member firms, surveyed through 9/30/2021
EMBARGO 1 PM THURSDAY

More and more small businesses are struggling to find workers to fill open positions. Fifty-one percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 1 point from August and a record high reading for the second consecutive month. The number of unfilled job openings far exceeds the 48-year historical average of 22 percent.

Unfilled Job Openings

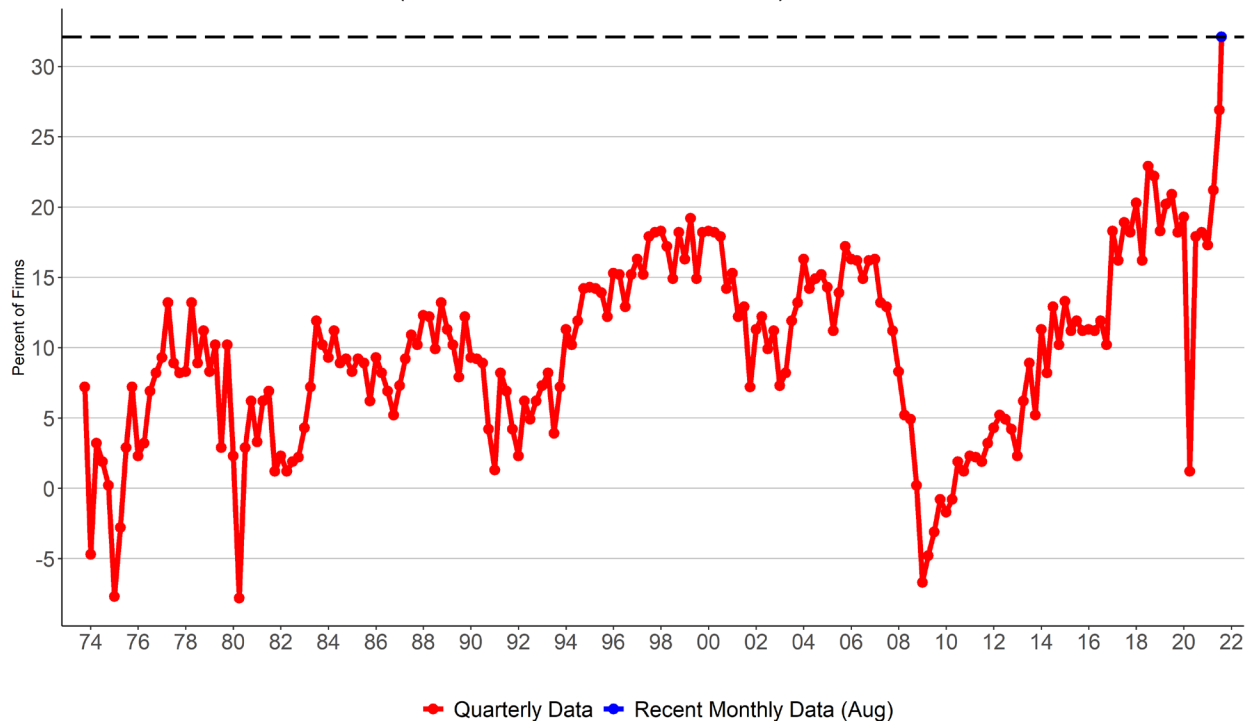
Percent with at Least One Unfilled Opening



Forty-six percent have openings for skilled workers (up 2 points) and 28 percent have openings for unskilled labor (up 1 point). Sixty-seven percent of the job openings in construction are for skilled workers, up 1 point. Eighty percent of construction firms reported few or no qualified applicants (up 13 points). The shortage of workers has slowed the construction of new homes, and home prices have soared over 20 percent.

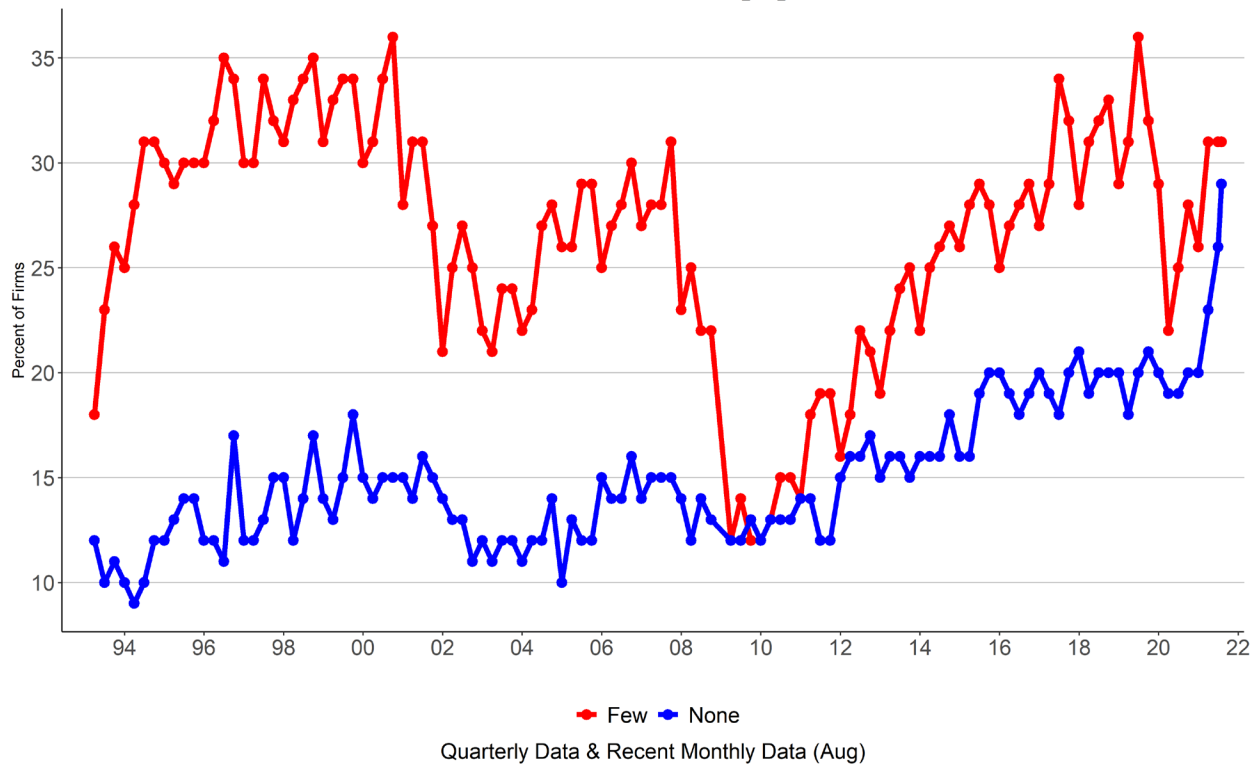
Job Creation Plans

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



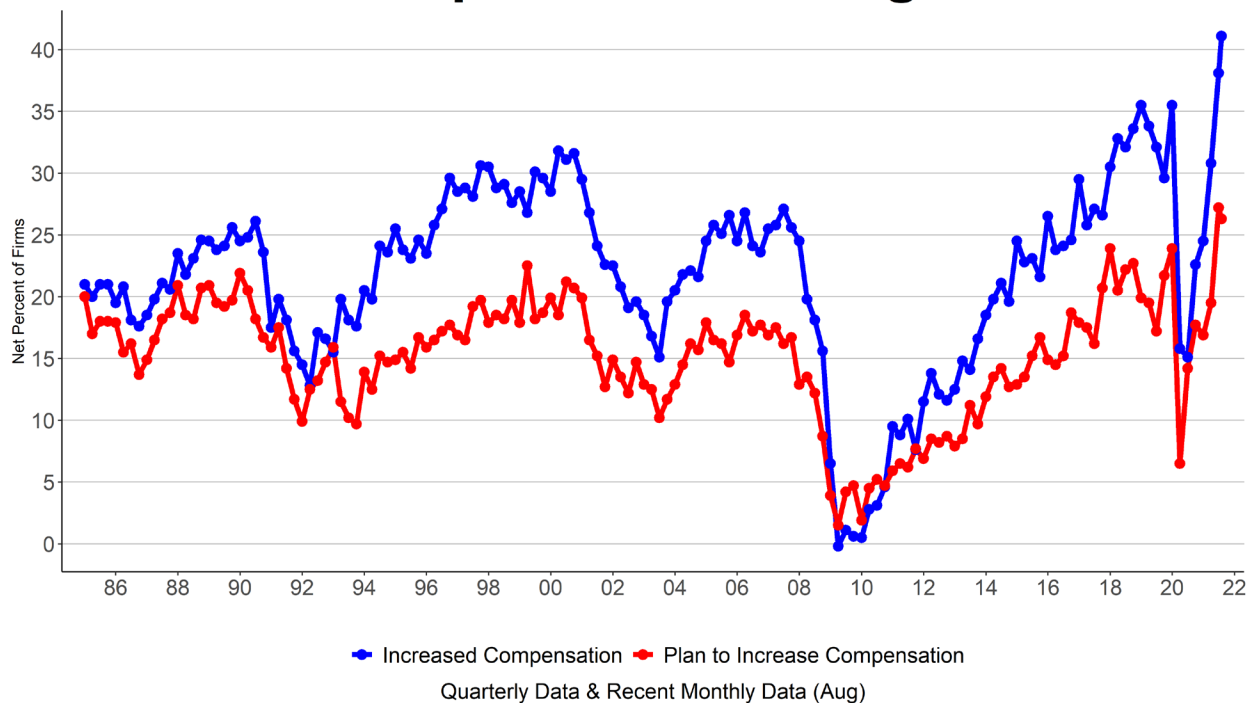
Overall, 67 percent reported hiring or trying to hire in September, up 1 point from August. Owners' plans to fill open positions remain at record high levels, with a seasonally adjusted net 26 percent planning to create new jobs in the next three months, down 6 points from August but still the fifth 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



Sixty-two percent (92 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 2 points). Thirty-four percent of owners reported few qualified applicants for their open positions (up 3 points and a record high) and 28 percent reported none (down 1 point).

Planned and Actual Labor Compensation Changes

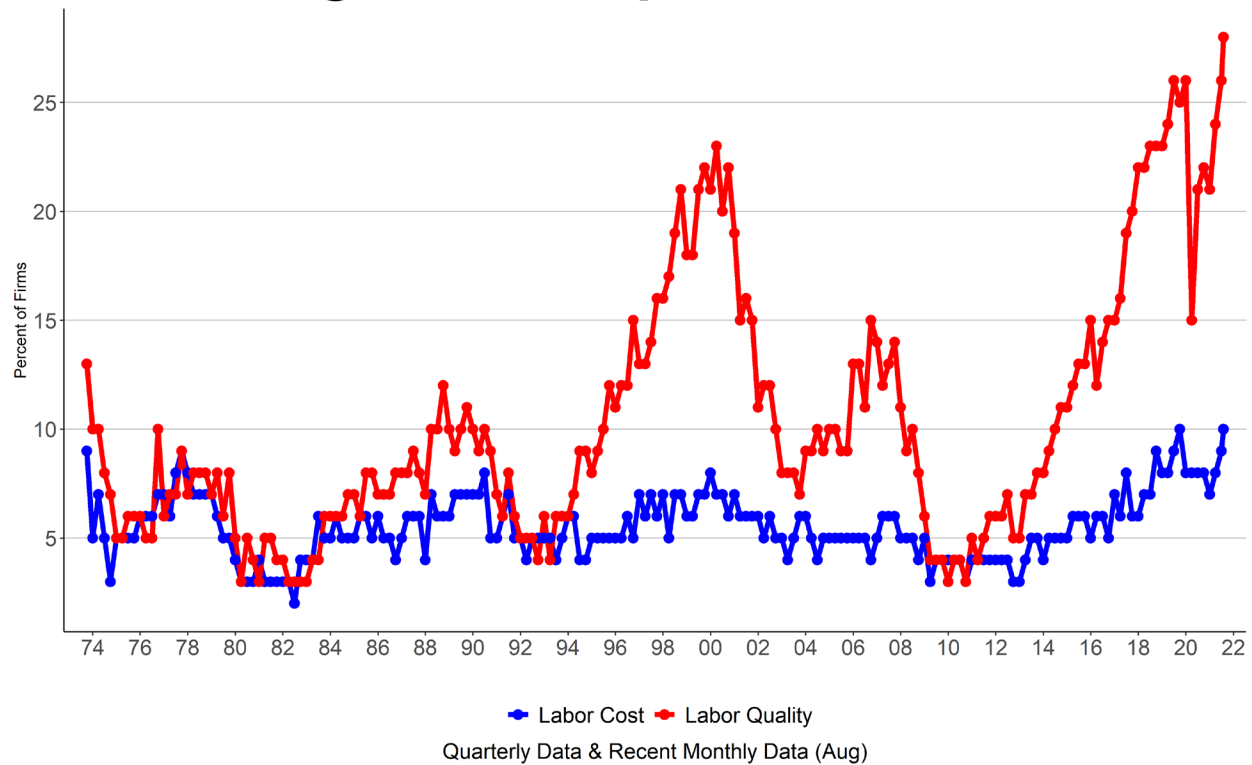


Seasonally adjusted, a net 42 percent reported raising compensation, up 1 point from August and a 48-year record high reading. However, employment still remains below the 2020 peak and labor force participation hasn't responded strongly to the higher levels of compensation.

A net 30 percent plan to raise compensation in the next three months, up 4 points from August's record high reading. Raising compensation is the main resource available for owners to retain their current employees and compete for new talent.

Twelve percent cited labor costs as their top business problem, up 2 points and a 48-years record high. Twenty-eight percent said that labor quality was their top business problem, unchanged from August and also a record high reading. For most firms, labor costs are the largest operating outlay, and owners will be compelled to pass those costs on to their customers by raising prices. This is the essence of a wage-price spiral that will continue to put pressure on inflation.

Single Most Important Problem



Supply side issues will continue to plague business owners, and the labor shortage will be the top problem for many. Some firms have closed because of an inability to hire enough workers to operate. Many more have reduced hours of operation to “fit” the restricted supply of labor. “Prices” (especially wages) have a lot of work to do to resolve these imbalances.