

Record High Levels of Small Businesses Continue to Raise Compensation and Post Help Wanted Signs

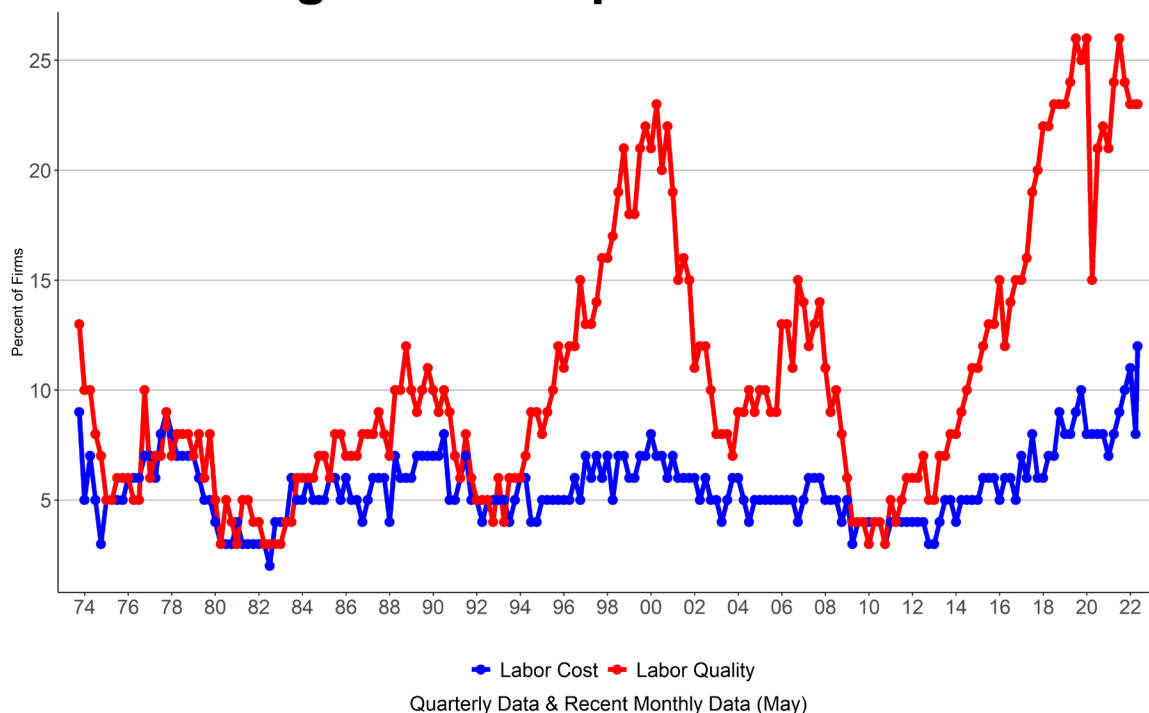
Based on 581 respondents to the May survey of a random sample of

NFIB's member firms, surveyed through 5/26/2022

EMBARGO 1 PM THURSDAY

Small businesses continue to raise wages to keep employees and fill historically high levels of open positions. Twenty-three percent said that labor quality was their top business problem, unchanged from April and remaining in second place behind inflation. Twelve percent cited labor costs as their top business problem, up 4 points from April and just one point below the 48-year record high level set in December. The labor shortage continues to stymie the small business economy as owners compete for workers. Although more small businesses reduced employment than increased, the average per firm remained positive at 0.04 workers per firm (including firms that did not change employment levels).

Single Most Important Problem

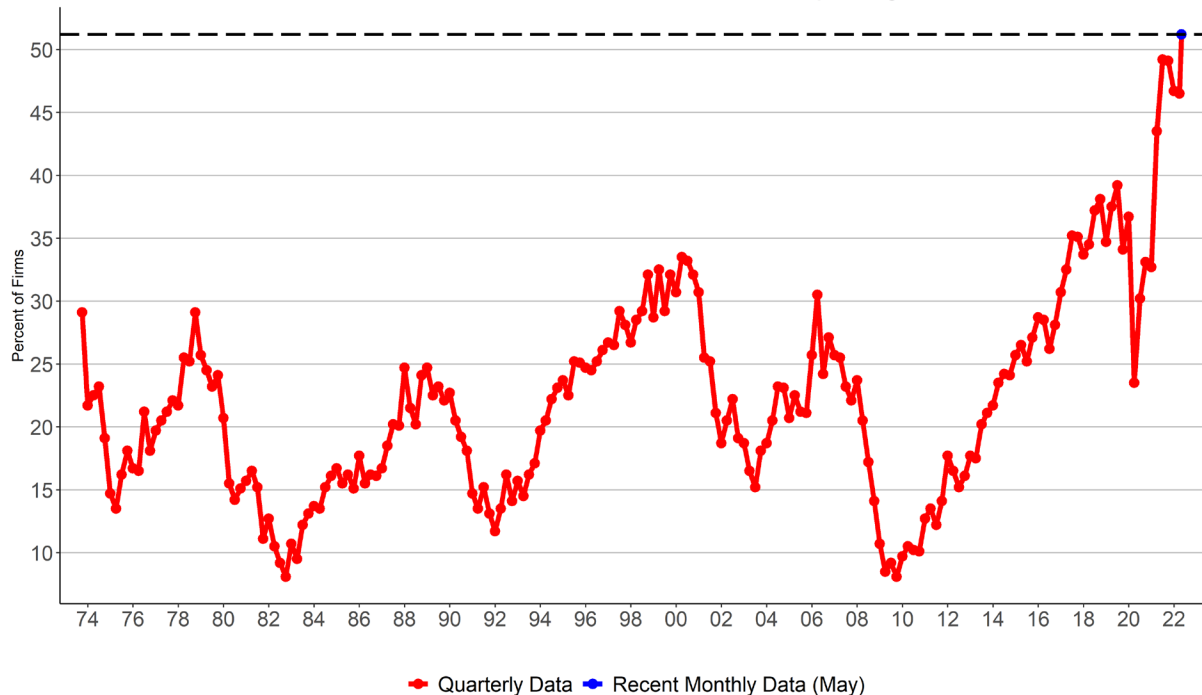


Fifty-one percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 4 points from April, and matching the 48-year

record high set in September. The number of unfilled job openings far exceeds the 48-year historical average of 23 percent. Nationwide, the number of job openings continues to exceed the number of unemployed workers (those looking for a job), producing a tight labor market and pressure on wage levels. Covid continues to reduce available worker supply as well as potential worker's willingness to take a job.

Unfilled Job Openings

Percent with at Least One Unfilled Opening



Forty-two percent have openings for skilled workers (up 2 points) and 25 percent have openings for unskilled labor (up 3 points). Sixty-five percent of the job openings in construction are for skilled workers, up 11 points. Sixty-nine percent of construction firms reported few or no qualified applicants (up 5 points), one of the tightest domestic labor markets in recent history.

Industry- Percent with Job Openings

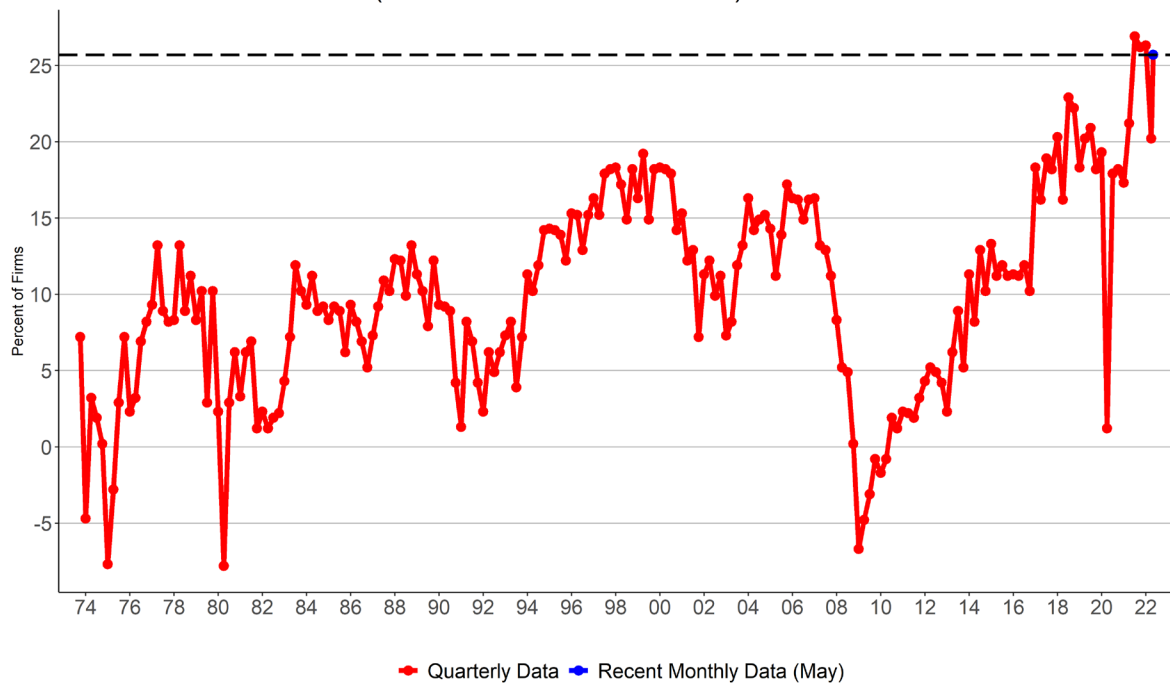
Construction	68
Manufacturing	64
Retail	56
Wholesale	56

Transportation	55
Services	44
Professional services	38
FIRE	34
Agriculture	27

Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 26 percent planning (hoping) to create new jobs in the next three months, up 6 points from April and close to a 48-year record high.

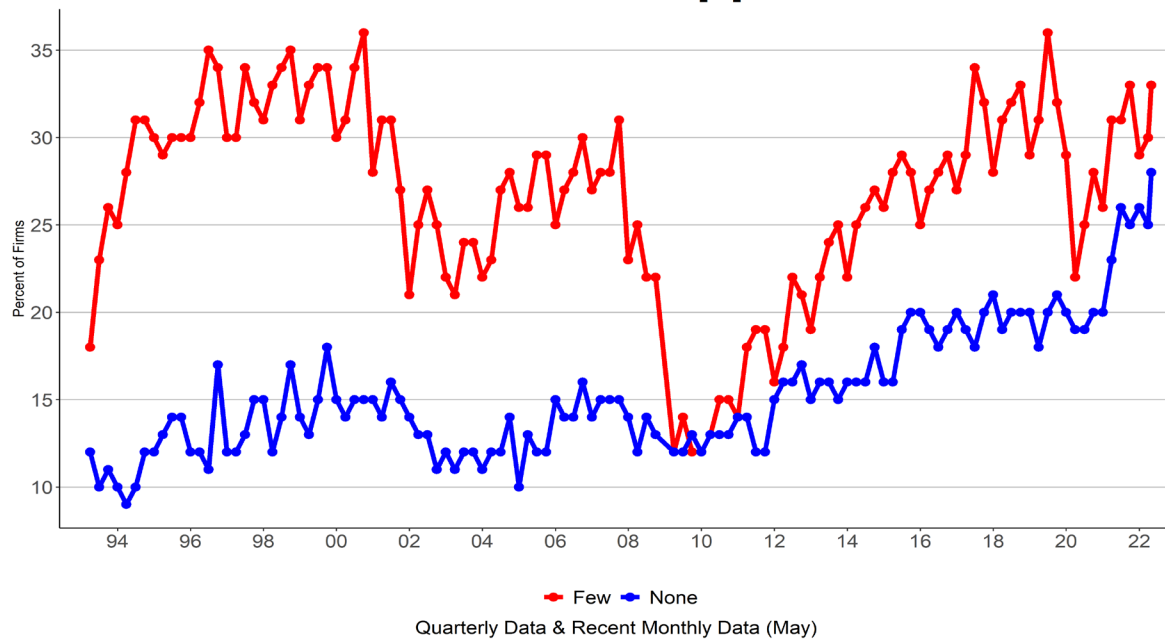
Job Creation Plans

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



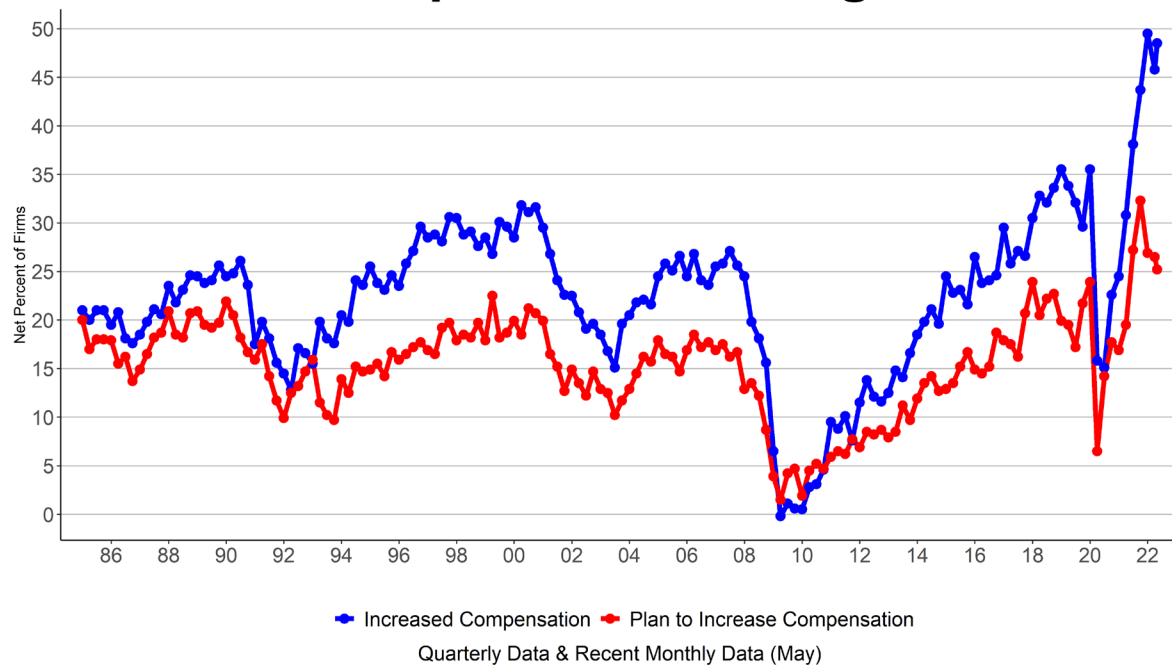
Overall, 67 percent reported hiring or trying to hire in May, up 8 points from April. Sixty-one percent (92 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (up 6 points). Thirty-three percent of owners reported few qualified applicants for their open positions (up 3 points) and 28 percent reported none (up 3 points, and 1 point shy of the 48-year record high). Apparently, it is getting even harder to fill those job openings.

Qualified Job Applicants



Seasonally adjusted, a net 49 percent reported raising compensation, up 3 points from April, just one point below the 48-year record high set in January. A net 25 percent plan to raise compensation in the next three months, down 2 points from April. These rising labor costs will be passed on to consumers through higher selling prices which are being raised at a record pace.

Planned and Actual Labor Compensation Changes



The labor force participation rate is slowly rising as more people come off the sidelines to take a job. Whether it is inflation pressure on retirement income or compensation offers they can't refuse, the increase is a welcome development. Wage gains have been good, but inflation has outpaced them, reducing real disposable income. Consumers are tapping into their savings, but that will not support spending indefinitely. Overall, monthly employment gains continue to close the gap with levels in February 2020. A few more good months in increased labor participation might get total employment back to 2020 levels.