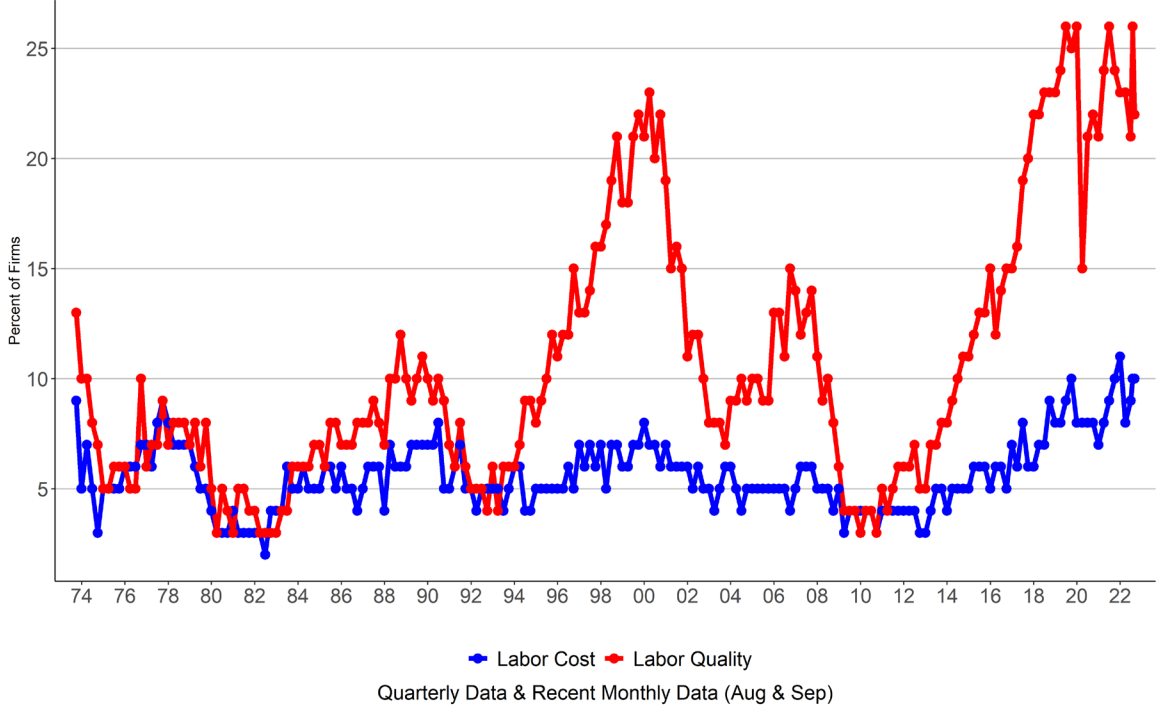


# Employment Shortages Continue for Small Businesses

Based on 557 respondents to the September survey of a random sample of NFIB's member firms, surveyed through 9/30/2022  
EMBARGO 1 PM THURSDAY

The percent of small business owners reporting labor quality as their top small business operating problem remains elevated at 22 percent, however, it did decline 4 points from August. The average increase per firm (including firms that did not change employment levels) was negative 0.22 workers per firm, a decline from August's negative 0.03. Labor cost reported as the single most important problem to business owners was unchanged at 10 percent.

## Single Most Important Problem

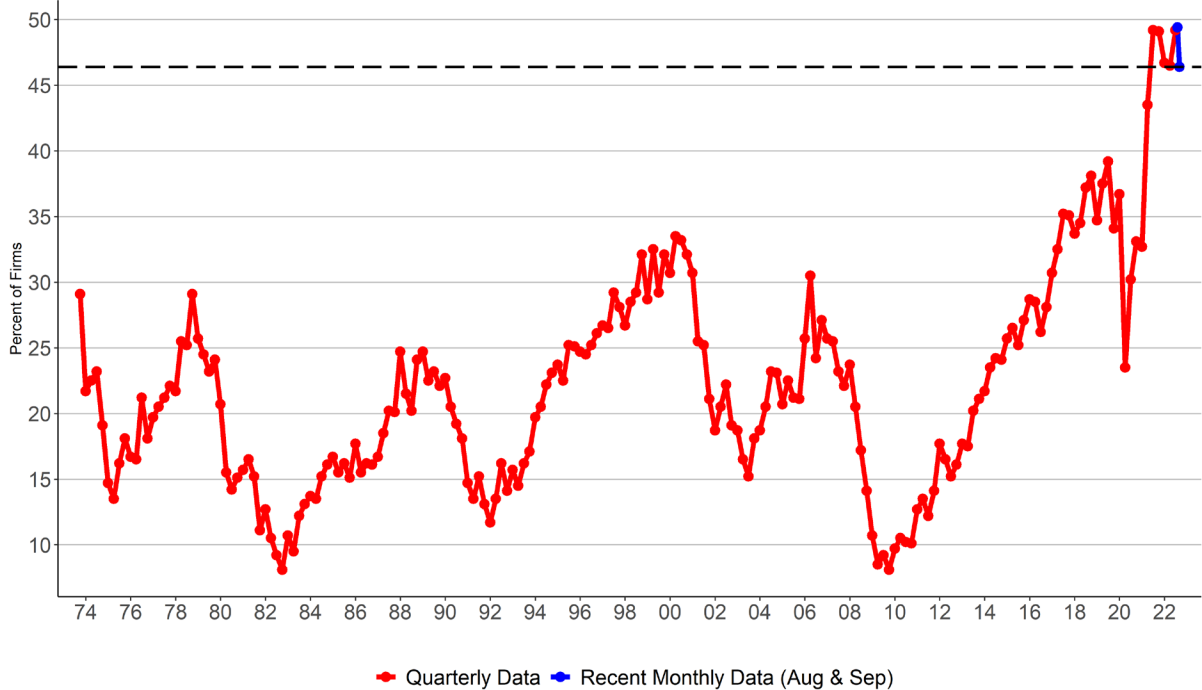


Forty-six percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 3 points from August. The number of unfilled job openings far exceeds the 48-year historical average of 23 percent. Forty-two percent have openings for skilled workers (up 1 point) and 22 percent have openings for unskilled labor (down 2 points).

Nationwide, the number of job openings fell in August to 10.1 million, down from 11.2 million in July. However, job openings continue to exceed the number of unemployed workers, those looking for a job. And, the labor force participation rate is still 1 percentage point below where it was in February 2020. The labor market continues to be a big challenge for small business owners. There are 6.1 million presumed job searchers and many more openings.

# Unfilled Job Openings

Percent with at Least One Unfilled Opening



## Industry- Percent with Job Openings

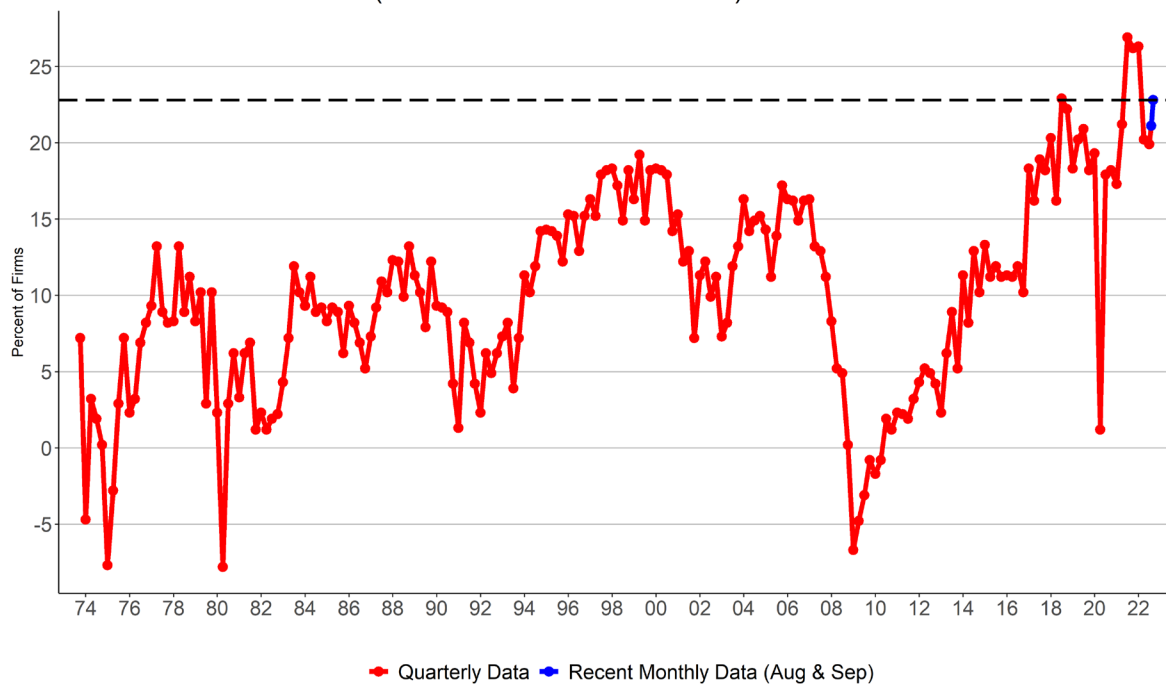
Transportation	68%
Manufacturing	61%
Construction	54%
Services	49%
Retail	48%
Wholesale	46%
Professional	43%

Agriculture	28%
Finance	24%

Owners' plans to fill open positions remain elevated, with a seasonally adjusted net 23 percent planning to create new jobs in the next three months, up 2 points from August.

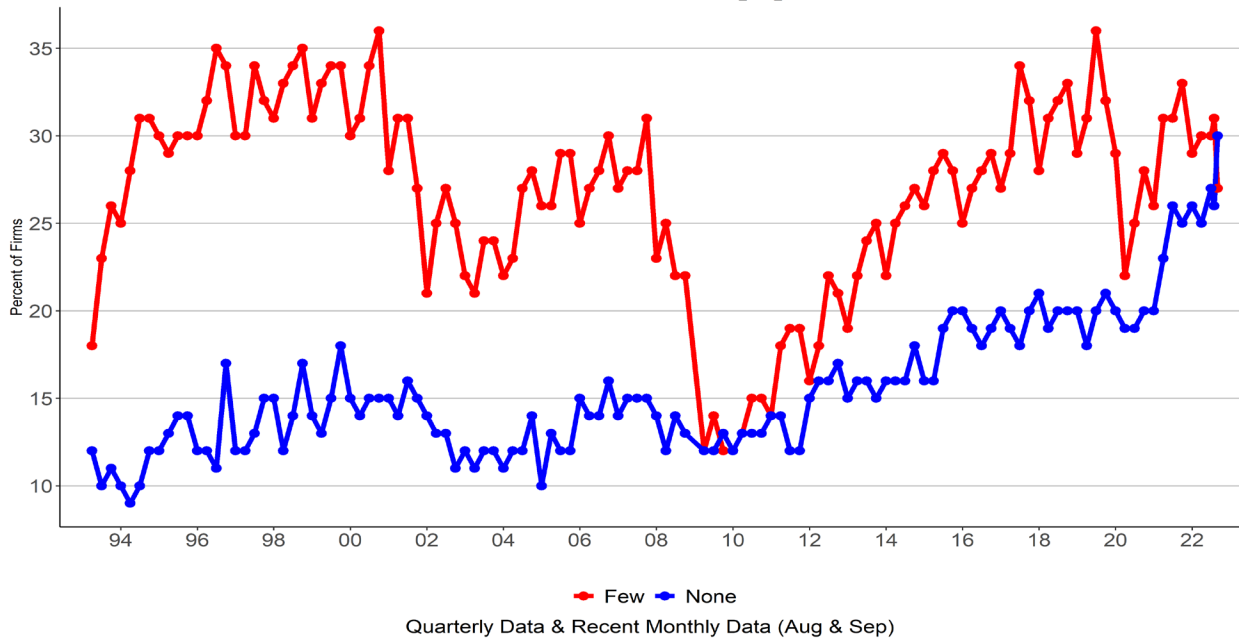
## Job Creation Plans

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



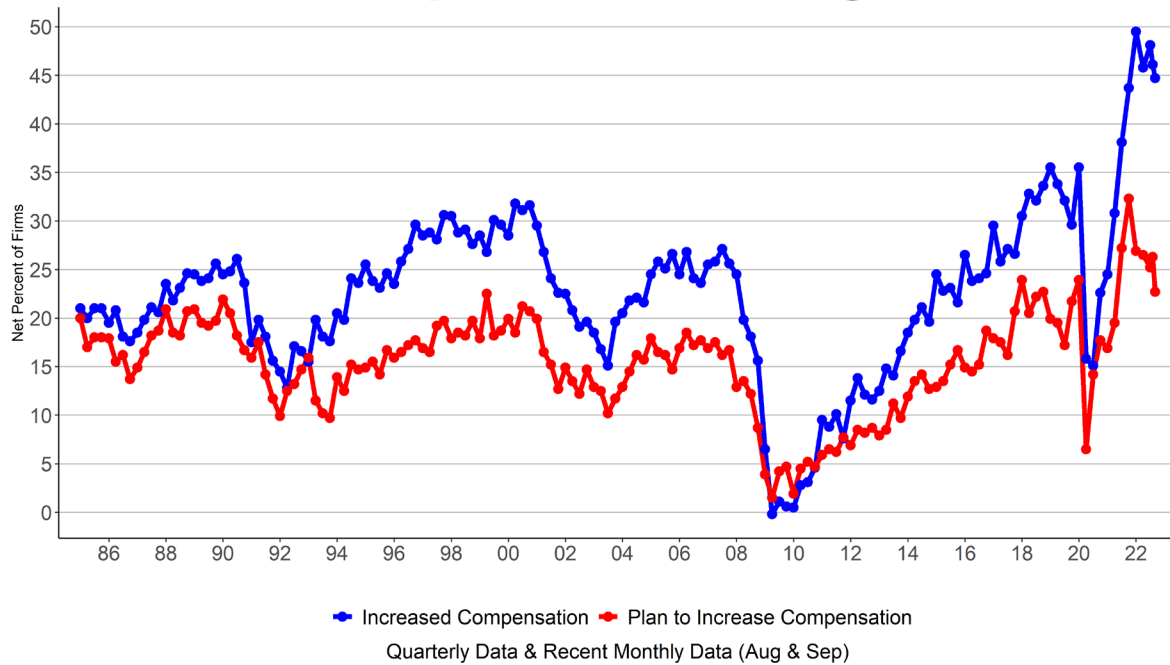
Overall, 64 percent reported hiring or trying to hire in September, up 1 point from August. Fifty-seven percent (89 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (unchanged). Twenty-seven percent of owners reported few qualified applicants for their open positions (down 4 points) and 30 percent reported none (up 4 points, and a 48-year record high). Hiring has never been harder!

## Qualified Job Applicants



Seasonally adjusted, a net 45 percent reported raising compensation, down 1 point from August, but just five points below the 48-year record high set in January. A net 23 percent plan to raise compensation in the next three months, down 3 points from August. Far more owners are having to increase compensation to compete than are planning for the added expense. Not being able to plan for added costs is putting a strain on owners' ability to manage cash flow and their balance sheet.

# Planned and Actual Labor Compensation Changes



The labor situation remains frustrating for many small business owners. The staffing shortage has limited small business owners' ability to fully take advantage of current sales opportunities. Owners are adjusting business operations where they can with often limited resources. The latest BLS JOLTS release also reported that the hire rates and quit rates were basically unchanged the last week in August, but job openings took a dive showing a bit of softening in the labor market overall. While there might be a few cracks in the labor market appearing overall, employment remains historically strong on Main Street.

The first casualty of a weakening labor market will be job opening followed by slower hiring activity. When sales soften enough, actual layoffs occur and initial claims for unemployment benefits rise. We are at the front end of this process. Its speed will depend on how quickly consumer spending fades and government spending eases.