

## Small Business Labor Market Weakens in April

(Based on 1832 respondents to the April survey of a random sample of NFIB's member firms, surveyed through 4/30/2020)  
EMBARGO 1 PM THURSDAY

The small business labor market weakened dramatically in April. Job creation plans fell for a second straight month as the government ordered shutdown took hold. Three times as many owners reduced employment as reported an increase in their workforce (remember, although part of the economy is in some sort of “recession”, most of the economy is not at this time). The six-week total of initial unemployment claims has now reached 30.3 million. Programs such as PPP encourage firms to maintain employment even as the government shutdown reduces business activity.

### Job Creation Plans

Net Percent (“Increase” minus “Decrease”) in Next Three Months



A seasonally-adjusted net 1 percent plan to create new jobs, down 8 points. Not seasonally adjusted, 18 percent plan to increase total employment at their firm (down 5 points) and 9 percent plan reductions (up 3 points). Small business owners all but suspended hiring plans in the near term, with most observing the “shutdown”.

Forty-seven percent reported hiring or trying to hire (down 7 points), but 41 percent (87 percent of those hiring or trying to hire) reported few or no “qualified” applicants for the positions they were trying to fill. Fifty-four percent of construction firms reported few or no qualified applicants and 30 percent cited the shortage of qualified labor as their top business problem. The shutdown in industries like construction, agriculture (includes landscaping, etc.) and transportation have had less impact than in services such as restaurants and retail.

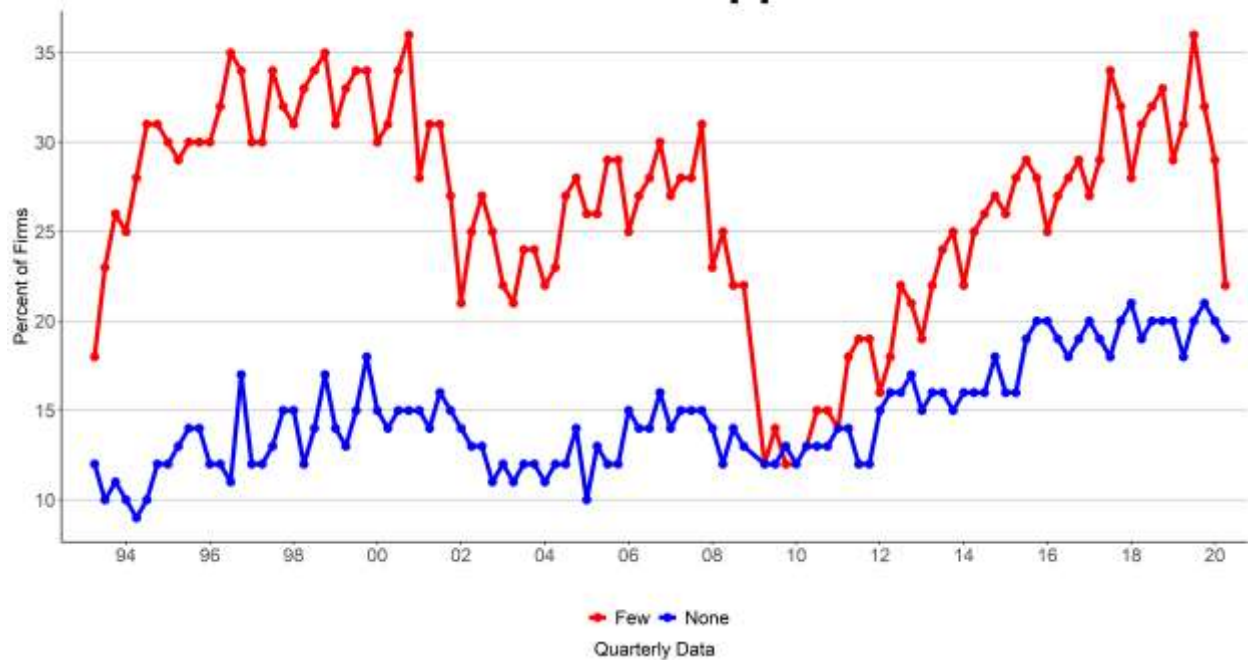
# Unfilled Job Openings

Percent with at Least One Unfilled Opening



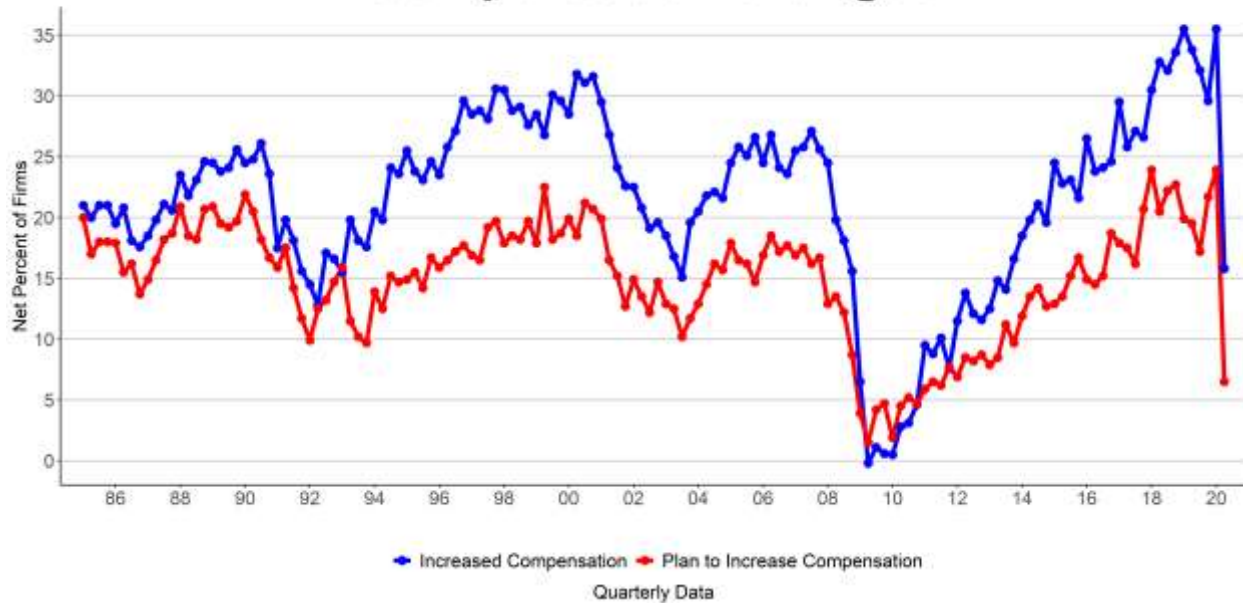
Twenty-four percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 11 points. A third of all job openings are in construction, 17 percent in non-professional services, and 12 percent in manufacturing and retail. Skill requirements are likely quite different for manufacturing firms and retailers who laid off most of their employees and now anticipate some level of renewed business as states re-open. Many owners may not have included laid-off workers they intend to rehire in their reports of employment change.

## Qualified Job Applicants



Twenty-one percent have openings for skilled workers (down 9 points) and 8 percent have openings for unskilled labor (down 5 points). Twenty-two percent of owners reported few qualified applicants for their open positions (down 5 points) and 19 percent reported none (down 1 points). This dynamic may change as workers released temporarily see opportunities to upgrade their employment. Thirty-five percent of the job openings in construction are for skilled workers.

## Planned and Actual Labor Compensation Changes



Fewer owners are raising compensation than in previous months with less upward pressure on wages created by the massive level of layoffs and terminations. Seasonally adjusted, a net 16 percent reported raising compensation (down 15 points) and a net 7 percent plan to do so in the coming months, down 9 points. Only 8 percent cited labor costs as their top problem. The percent of owners raising compensation was very similar across industry classifications, ranging from 17 to 24 percent across industry groups.

With millions of workers displaced by government edict, the unemployment rate will likely soar to between 15 and 25 percent. But as states start to re-open, many of the unemployed will be and expect to be called back to work. When the dust clears, as regulations are eased and the virus is contained, a better picture will emerge as to how many jobs and firms were actually lost, it will be substantial.