

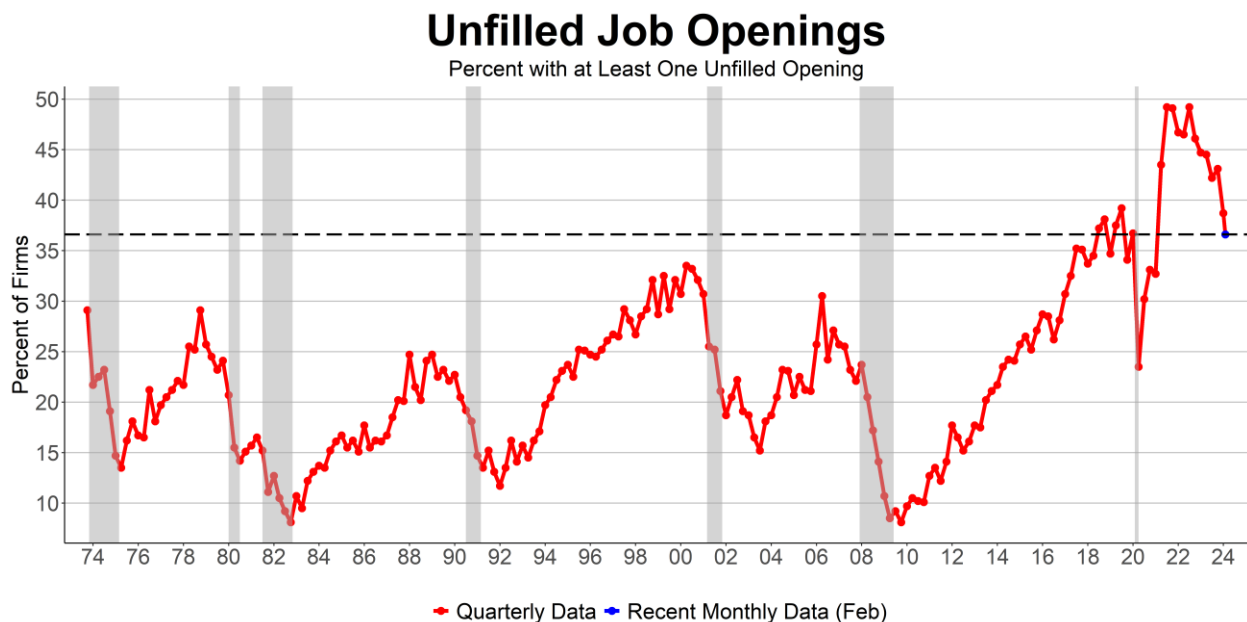
Small Business Employment Activity Slows in February

Based on 604 respondents to the February survey of a random sample of NFIB's member firms, surveyed through 2/29/2024.

EMBARGO 1 PM THURSDAY

The economy added 353,000 jobs in January, estimates for the year 2023 were revised down to 1,228,000 in annual benchmarks. December was the only month with a positive revision. February's NFIB jobs report also finds a slow down in employment activity among small business owners. Unfilled job openings fell as finding qualified workers becomes easier, indicated by a continued decline in the percent of owners complaining about labor quality.

In NFIB's February survey, 37 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 2 points from January and the lowest reading since January 2021. Thirty-two percent have openings for skilled workers (up 2 points) and 12 percent have openings for unskilled labor (down 3 points). But even with this slowdown in openings, the labor market remains tight, especially in the construction, transportation, and wholesale industries. Job openings are now back in line with levels before the pandemic (2017-2019).

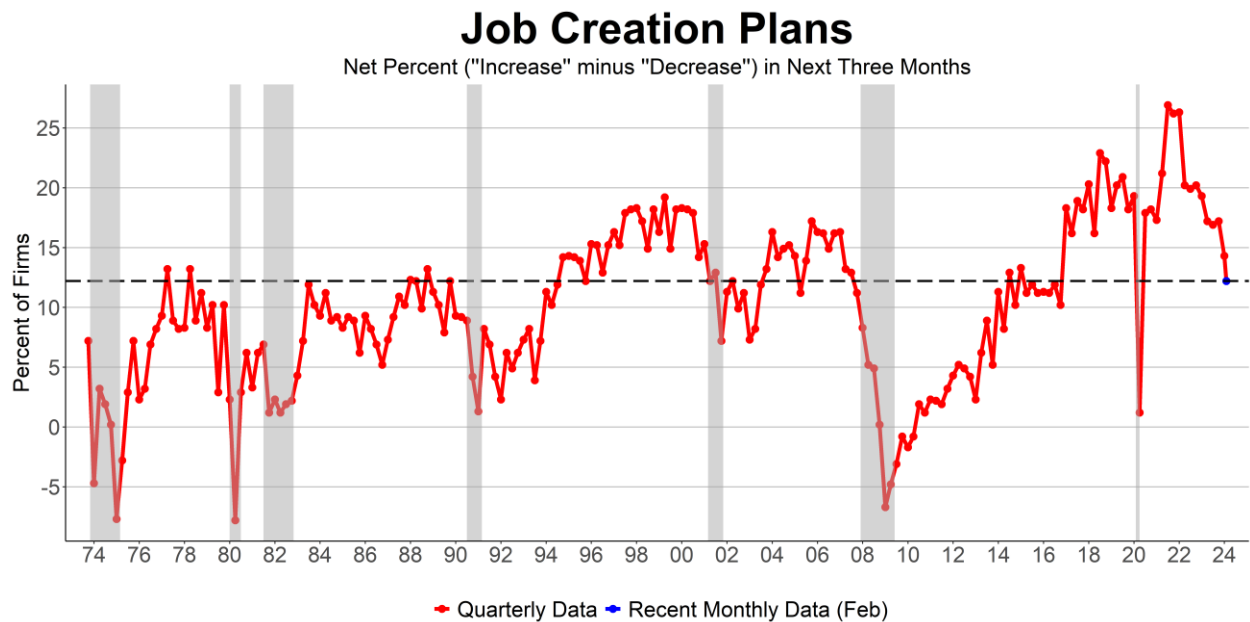


Job openings in construction were up 6 points from last month and over half have a job opening they can't fill. Job openings were the highest in the construction, transportation, and wholesale sectors, and the lowest in the agriculture and finance sectors.

Industry- Percent with Job Openings

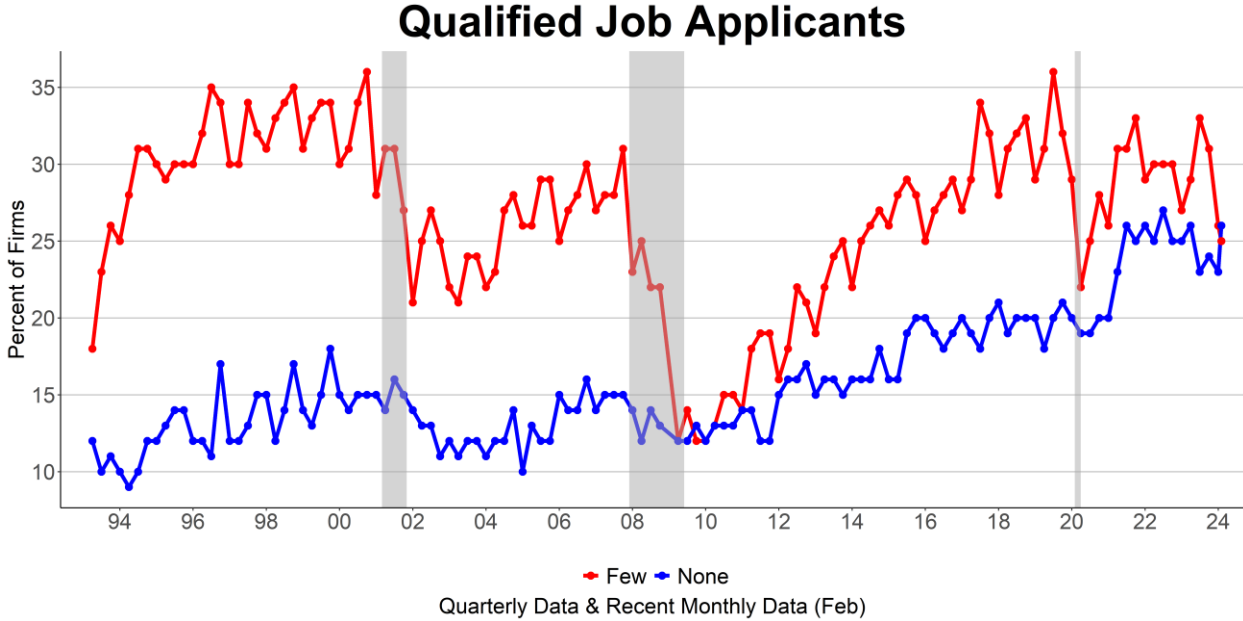
Industry	Feb 2024	Feb 2023
Construction	53%	48%
Transportation	49%	74%
Wholesale	46%	34%
Services	36%	49%
Professional services	36%	33%
Manufacturing	35%	41%
Retail	32%	47%
Finance	16%	12%
Agriculture	12%	34%

Owners' plans to fill open positions continue to slow, with a seasonally adjusted net 12 percent planning to create new jobs in the next three months, down 2 points from January and the lowest level since May 2020. Job creation plans are now below what would be typical in a strong growth economy.



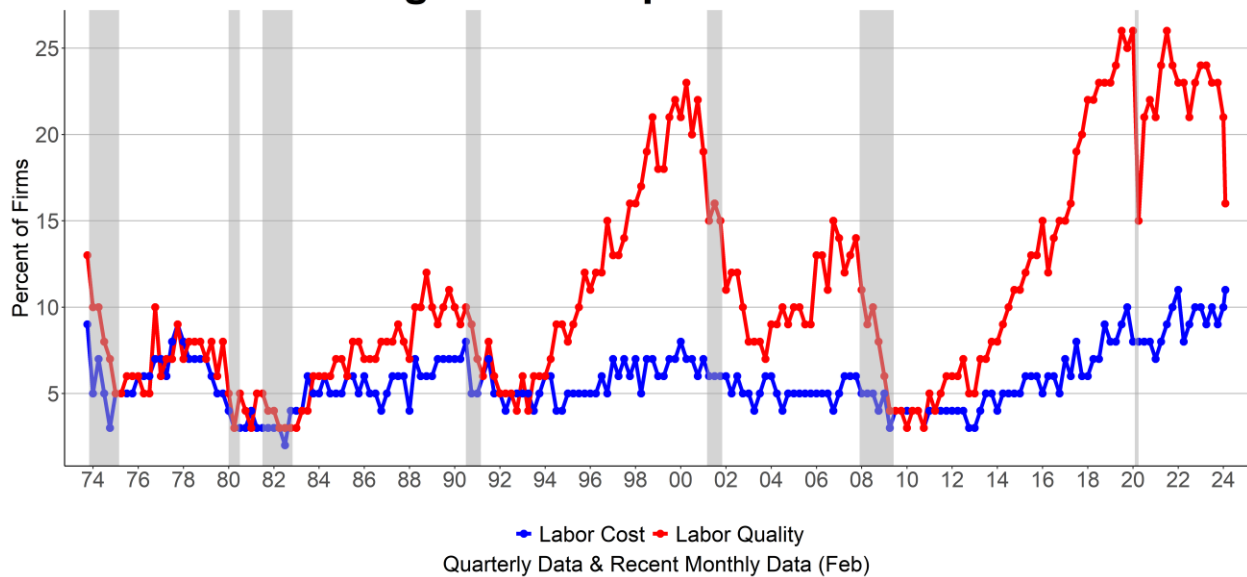
Overall, 56 percent reported hiring or trying to hire in February, up 1 point from January. Fifty-one percent (91 percent of those hiring or trying to hire) of owners

reported few or no qualified applicants for the positions they were trying to fill (up 2 points). Twenty-five percent of owners reported few qualified applicants for their open positions (down 1 point) and 26 percent reported none (up 3 points).



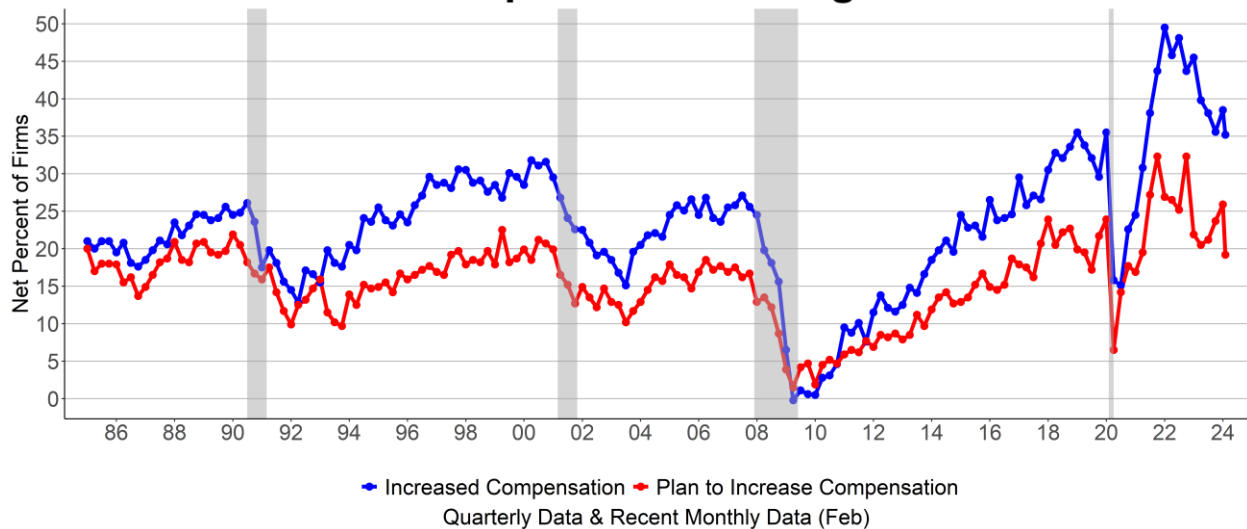
The percent of small business owners reporting labor quality as their top small business operating problem declined 5 points from January to 16 percent, the lowest reading since April 2020. Labor quality as small business owners' top problem has eased considerably over the last quarter. Labor cost reported as the single most important problem for business owners increased 1 point to 11 percent, only 2 points below the highest reading of 13 percent reached in December 2021.

Single Most Important Problem



Seasonally adjusted, a net 35 percent reported raising compensation, down 4 points from January and the lowest reading since May 2021. A net 19 percent plan to raise compensation in the next three months, down 7 points from January and the lowest since March 2021.

Planned and Actual Labor Compensation Changes



With labor demand remaining strong (as has consumer spending), firms must maintain competitive compensation to retain workers and hopefully to fill critical positions. As long as consumers spend, firms will find it profitable to hire. But hiring

continues to be hindered by the lack of qualified workers. For now, employment activity remains solid, although waning from peak levels.