

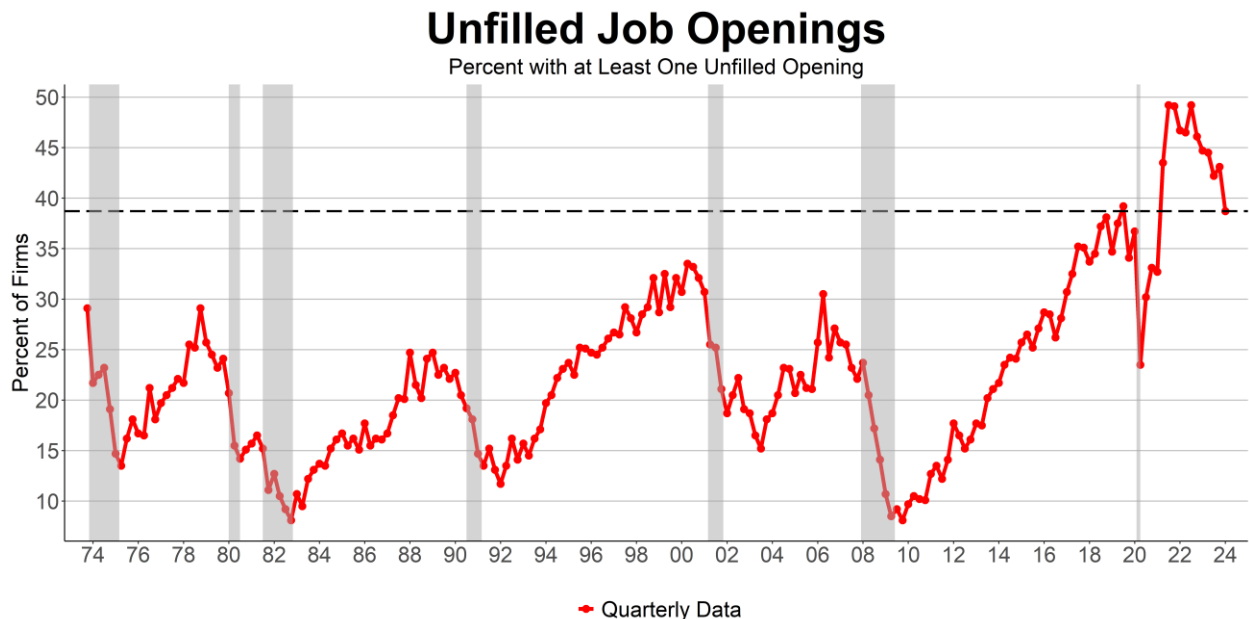
Small Business Hiring Plans Continues to Slide

Based on 1287 respondents to the January survey of a random sample of NFIB's member firms, surveyed through 1/26/2024.

EMBARGO 1 PM THURSDAY

The economy added 216,000 in December, estimates for the previous two months were revised down by 71,000. Downward revisions were made through most of 2023, averaging about 20 percent of the initial report. Job gains were modest and not what would be expected with 4.9 percent growth in the third quarter of 2023 and 3.3 percent GDP growth in the fourth quarter of 2023.

In NFIB's January survey, 39 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 1 point from December and the lowest reading since January 2021. Thirty percent have openings for skilled workers (down 3 points) and 15 percent have openings for unskilled labor (up 1 point). The labor market remains tight. With strong consumer spending, firms can't find enough workers, especially in non-professional services, construction, and manufacturing.



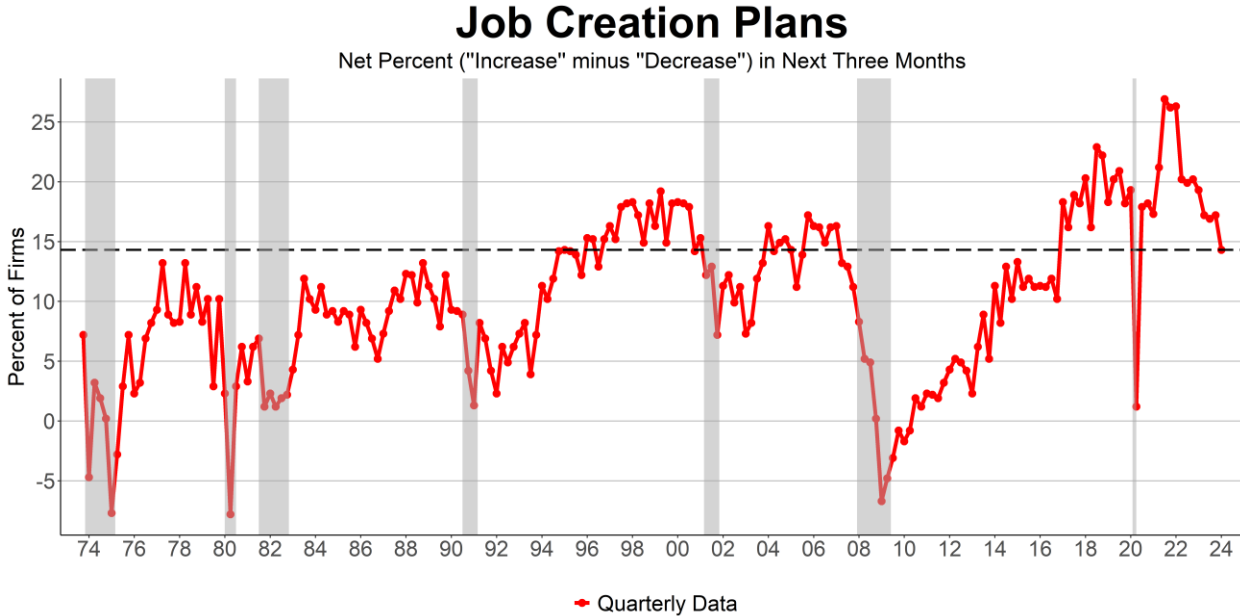
Job openings in construction were down 11 points from last month but almost half have a job opening they can't fill. Higher mortgage rates have not depressed real

estate purchases as much as expected. Job openings were the highest in the construction, manufacturing, and non-professional services sectors, and the lowest in the professional services and finance sectors.

Industry- Percent with Job Openings

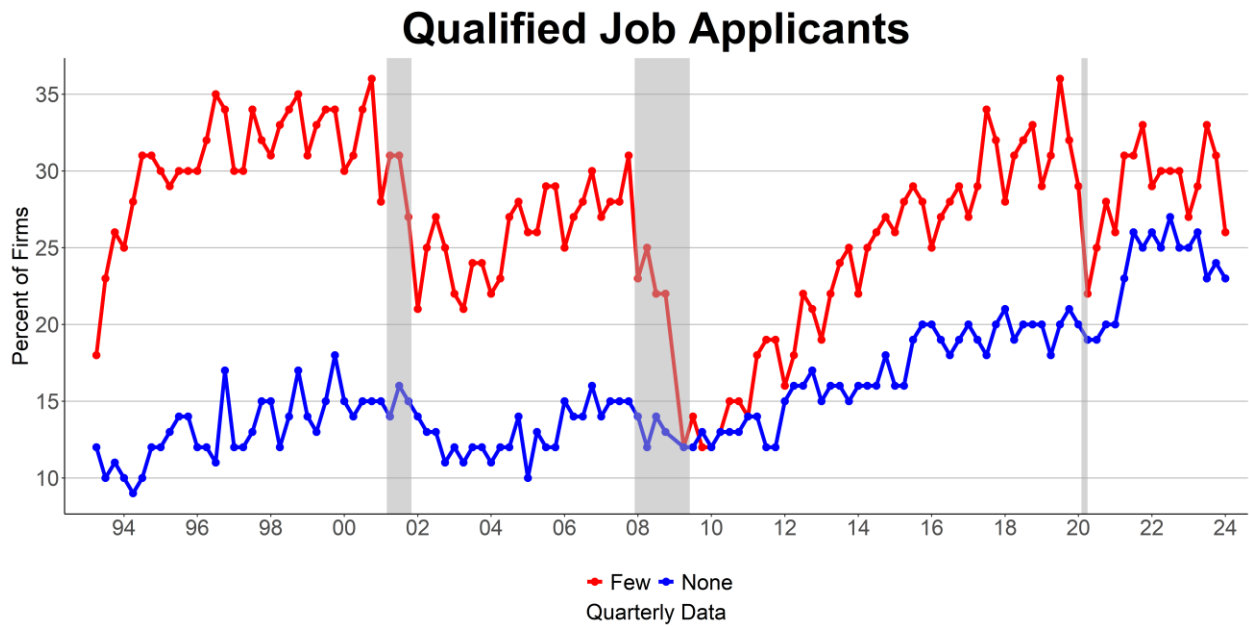
Construction	47%
Manufacturing	47%
Services	42%
Transportation	39%
Retail	36%
Wholesale	31%
Agriculture	21%
Professional services	19%
Finance	15%

Owners’ plans to fill open positions continue to slow, with a seasonally adjusted net 14 percent planning to create new jobs in the next three months, down 2 points from December and the lowest level since May 2020.



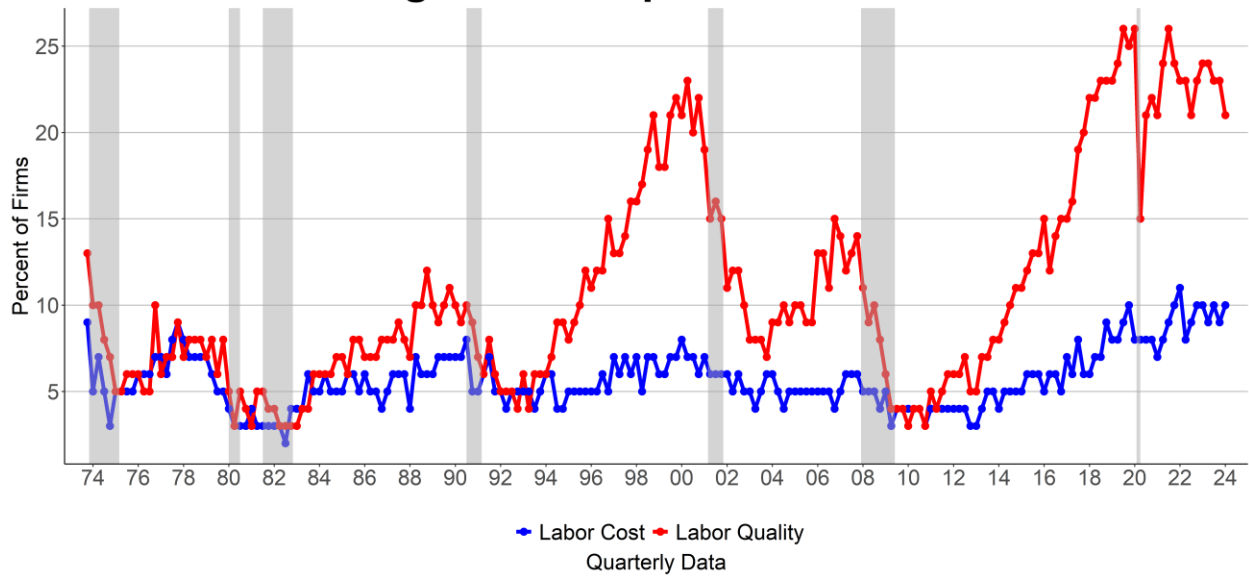
Overall, 55 percent reported hiring or trying to hire in January, unchanged from December. Forty-nine percent (89 percent of those hiring or trying to hire) of

owners reported few or no qualified applicants for the positions they were trying to fill (unchanged). Twenty-six percent of owners reported few qualified applicants for their open positions (down 2 points) and 23 percent reported none (up 2 points). Apparently, many workers that could fill these open positions have found other ways to support themselves.



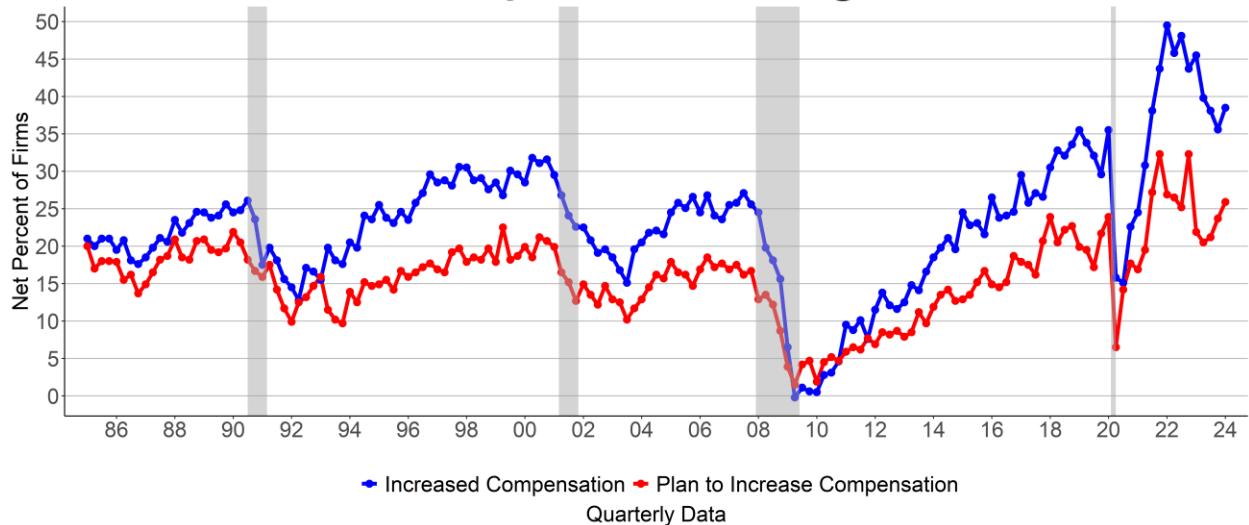
The percent of small business owners reporting labor quality as their top small business operating problem remains elevated at 21 percent, up 1 point from December. Labor cost reported as the single most important problem for business owners increased 1 point to 10 percent, 3 points below the highest reading of 13 percent reached in December 2021. Labor quality encompasses more than work skills. It includes communication, attitude, and a willingness to do the job among other factors.

Single Most Important Problem



Seasonally adjusted, a net 39 percent reported raising compensation, up 3 points from December and the highest reading since May 2023. A net 26 percent plan to raise compensation in the next three months, down 3 points from December but still uncomfortably high for inflation watchers.

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, the level of job openings suggests a solid labor market will continue, especially on Main Street.