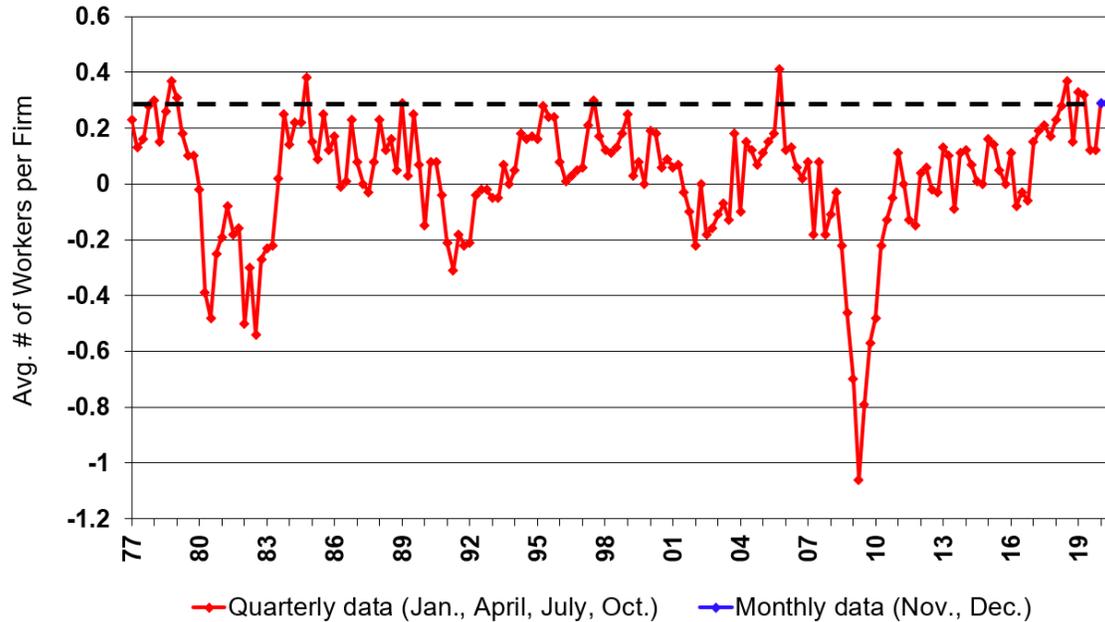


Job Creation Sprints Ahead in December

(Based on 488 respondents to the December survey of a random sample of NFIB's member firms, surveyed through 12/26/19)
EMBARGO 1 PM THURSDAY

Average Change in Employment Per Firm



The 2019 small business labor market ended in much the same way as it began with strong hiring, elevated levels of open positions, and higher employee compensation. Job creation did not change from November, with an average addition of 0.29 workers per firm, the highest level since May. Net job creation had faded from February's 0.52 workers per firm to September's 0.10, but is back in strong territory. Finding qualified workers remains the top issue for 23 percent reporting this as their number one problem, 4 points below August's record high. Eleven percent (down 1 point) reported increasing employment an average of 2.0 workers per firm and 4 percent (down 1 point) reported reducing employment an average of 2.3 workers per firm (seasonally adjusted).

Fifty-three percent reported hiring or trying to hire (down 8 points), but 50 percent (94 percent of those hiring or trying to hire) reported few or no "qualified" applicants for the positions they were trying to fill. Sixty-two percent of construction firms reported few or no qualified applicants and 46 percent cited the shortage of qualified labor as their top business problem. Comparable figures for manufacturing were 63 percent and 24 percent respectively. Growth is clearly constrained in these important sectors by a shortage of workers.

Unfilled Job Openings

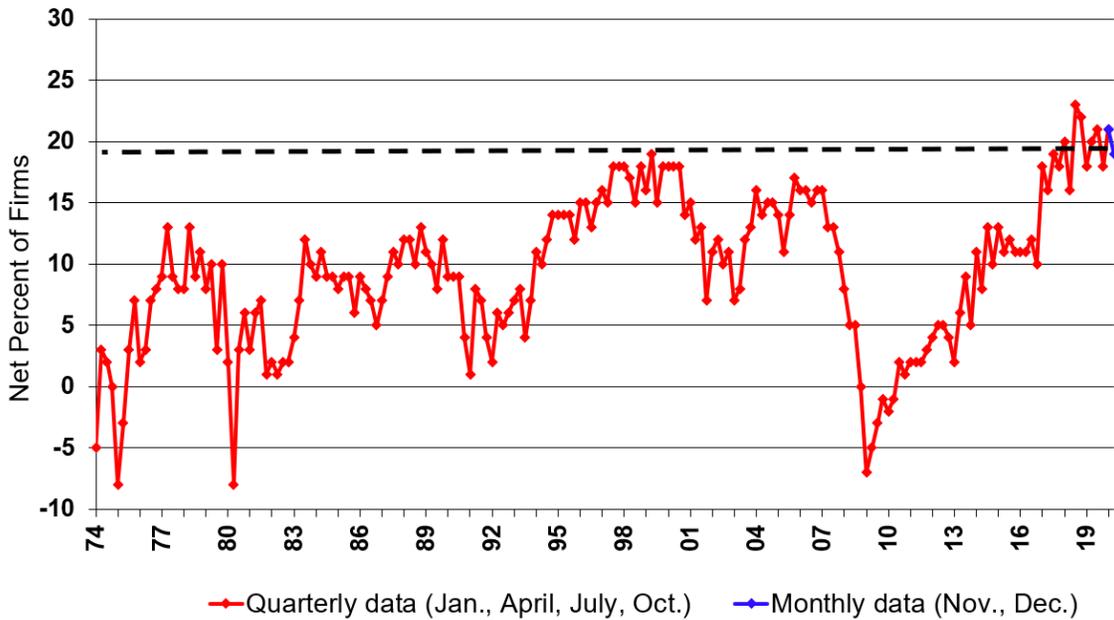
Percent with at Least One Unfilled Opening



Thirty-three percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 5 points. Sixty-one percent had job openings construction. Clearly the inability to assemble work teams is a major contributor to the lackluster performance of the construction industry.

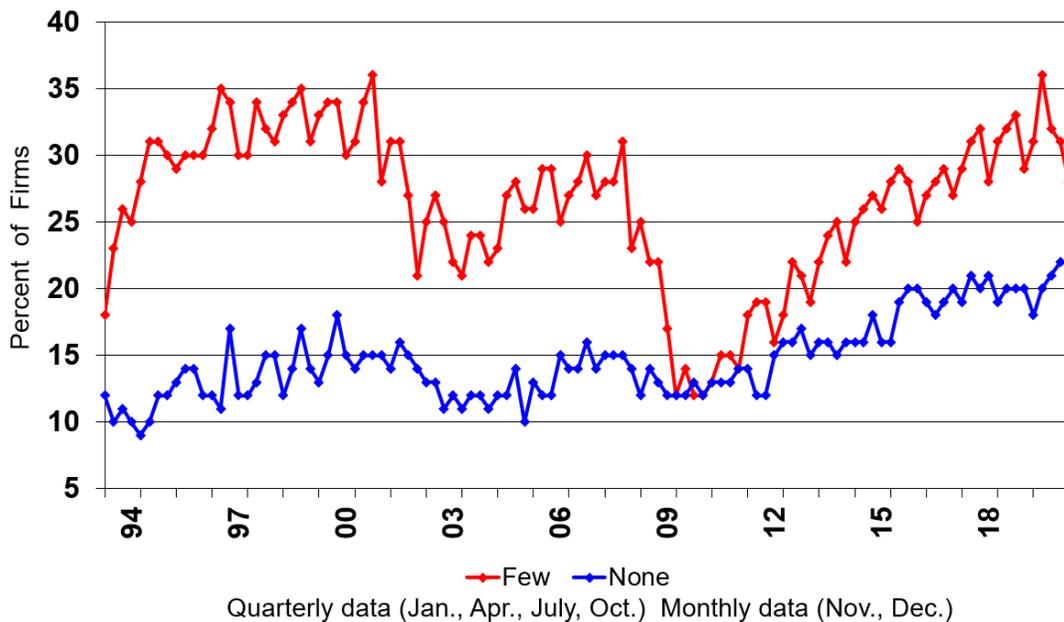
Job Creation Plans

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



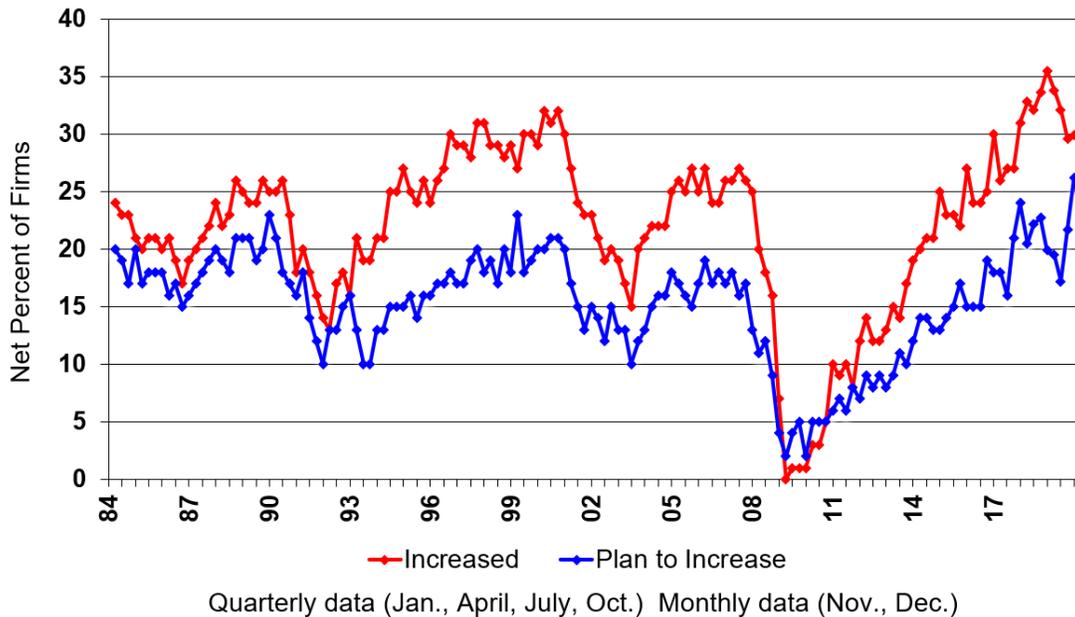
A seasonally-adjusted net 19 percent plan to create new jobs, down 2 points. Not seasonally adjusted, 19 percent plan to increase total employment at their firm (unchanged), and 5 percent plan reductions (unchanged). Thirty percent in construction plan to increase their employment, 3 percent plan reductions (not seasonally adjusted).

Qualified Job Applicants



Twenty-seven percent have openings for skilled workers (down 4 points) and 13 percent have openings for unskilled labor (down 2 points). Twenty-eight percent of owners reported few qualified applicants for their open positions (down 3 points) and 22 percent reported none (unchanged). Reports of “few or no qualified applicants” were very high in manufacturing (63 percent), construction (62 percent), and retail (55 percent).

Planned and Actual Labor Compensation Changes



Attempting to fill open positions, historically high percentages of owners plan to raise worker compensation. Seasonally adjusted, a net 29 percent reported raising compensation (down 1 point) and a net 24 percent plan to do so in the coming months, down 2 points. Seven percent cited labor costs as their top problem.

Labor shortages continue to slow economic growth in critical sectors like construction, manufacturing, and transportation. But even so, the economy is doing well given the labor constraints it faces. The economy continues to grow around a 2 percent pace. Unemployment and inflation are exceptionally low, and incomes are rising - that's a good economy.