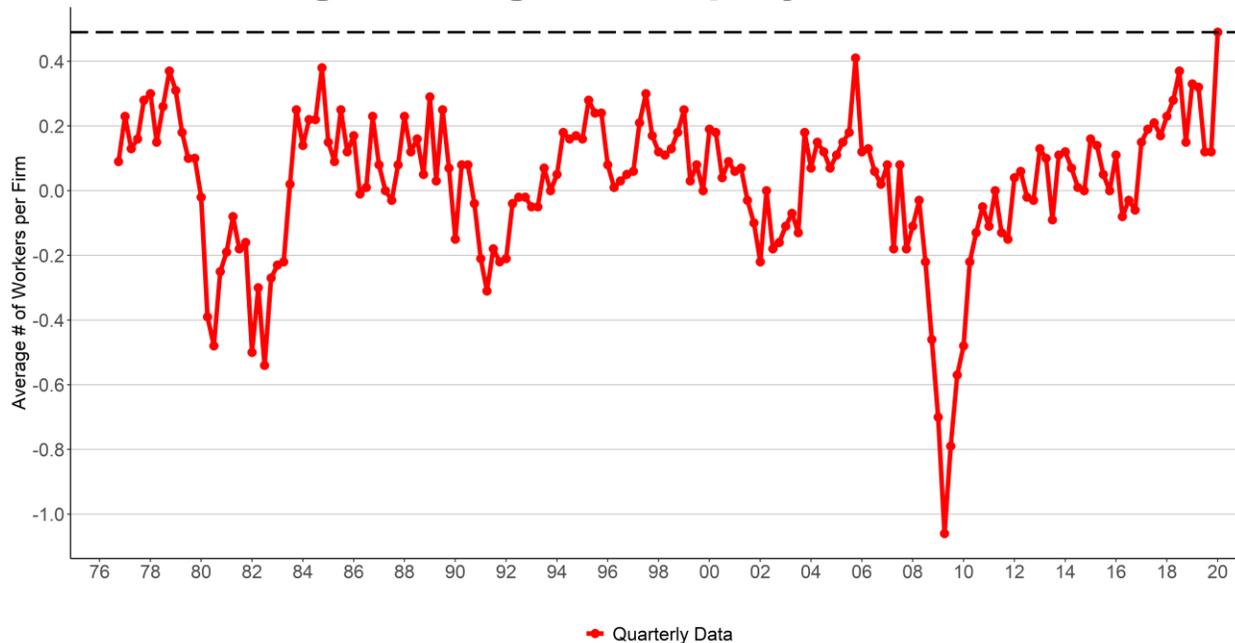


Job Creation Sprints Ahead in January

(Based on 1692 respondents to the December survey of a random sample of NFIB's member firms, surveyed through 1/30/2020)

EMBARGO 1 PM THURSDAY

Average Change in Employment Per Firm

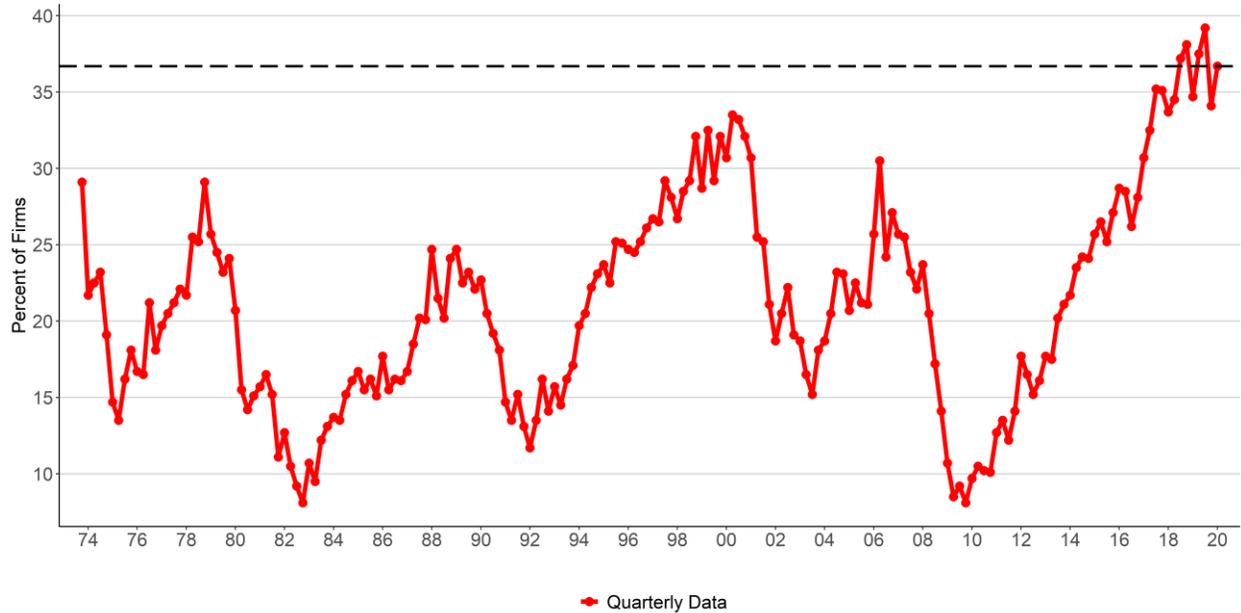


The 2020 small business labor market is starting similarly to the trends of 2019, with strong hiring, elevated levels of open positions, and higher employee compensation. Job creation jumped in January, with an average addition of 0.49 workers per firm, the highest level since March 2019, rebounding back into strong territory. Finding qualified workers remains the top issue for 26 percent reporting this as their number one problem, 1 point below August's record high. Thirteen percent (up 2 points) reported increasing employment an average of 2.8 workers per firm and 4 percent (unchanged) reported reducing employment an average of 2.8 workers per firm (seasonally adjusted).

Fifty-six percent reported hiring or trying to hire (up 3 points), but 49 percent (88 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 42 percent cited the shortage of qualified labor as their top business problem. Comparable figures for manufacturing were 52 percent and 34 percent respectively. Growth is clearly constrained in these important sectors by a shortage of workers.

Unfilled Job Openings

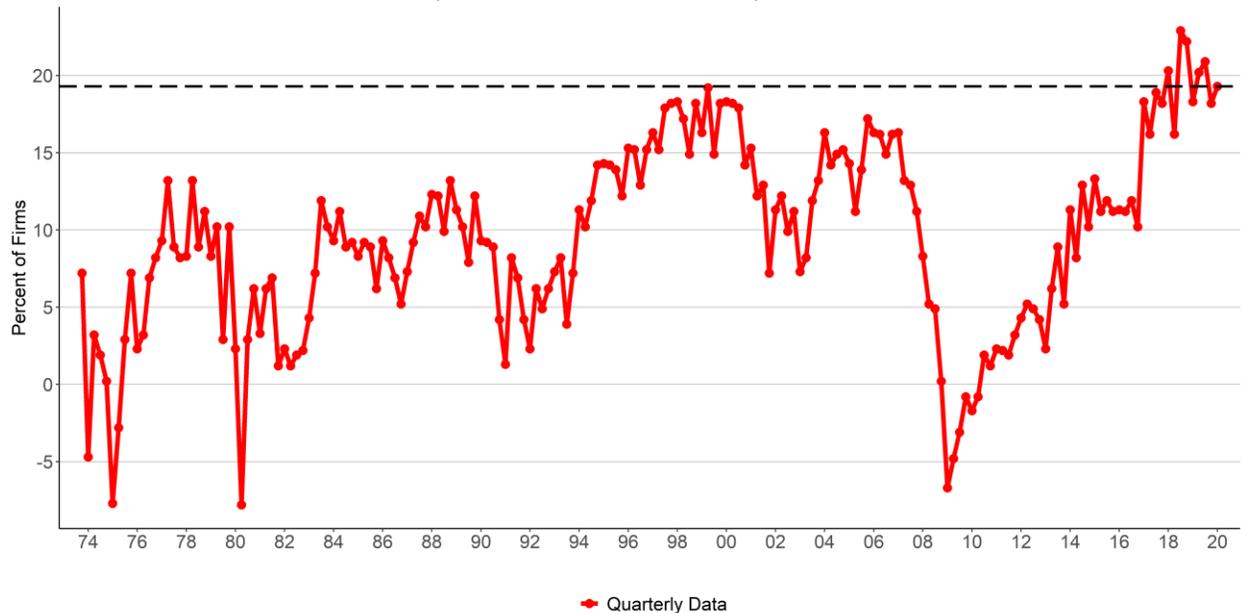
Percent with at Least One Unfilled Opening



Thirty-seven percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, up 4 points. Fifty 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

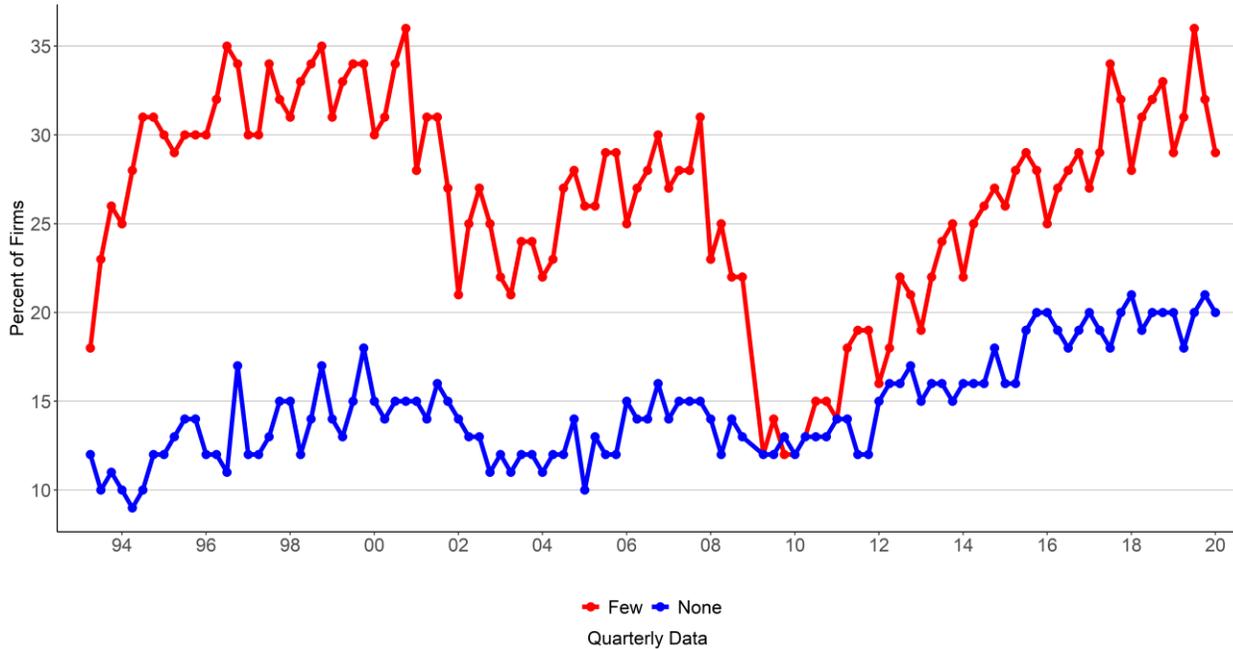
Net Percent ("Increase" minus "Decrease") in Next Three Months



A seasonally-adjusted net 19 percent plan to create new jobs, unchanged. Not seasonally adjusted, 24 percent plan to increase total employment at their firm (up 5

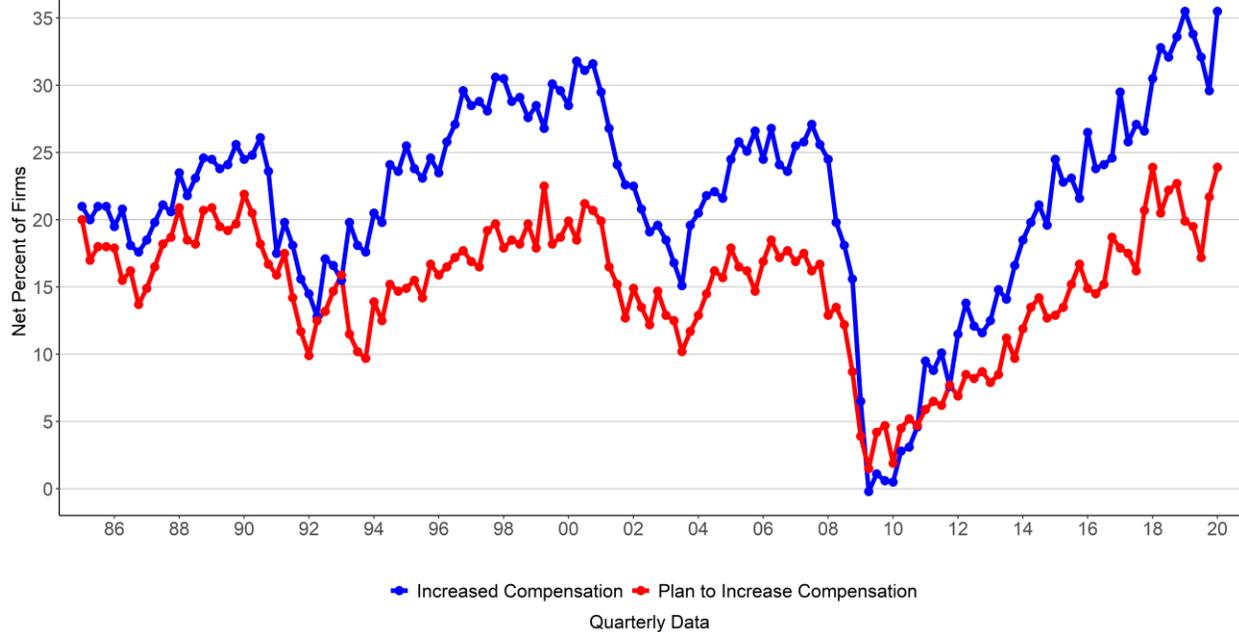
points), and 3 percent plan reductions (down 2 points). Thirty-four percent in construction plan to increase their employment, 4 percent plan reductions (not seasonally adjusted).

Qualified Job Applicants



Thirty percent have openings for skilled workers (up 3 points) and 14 percent have openings for unskilled labor (up 1 points). Twenty-nine percent of owners reported few qualified applicants for their open positions (up 1 point) and 20 percent reported none (down 2 points). Reports of “few or no qualified applicants” were very high in construction (62 percent), manufacturing (52 percent), and retail (52 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 36 percent reported raising compensation (up 7 points) and a net 24 percent plan to do so in the coming months, unchanged. Eight percent cited labor costs as their top problem.

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