

# Ready To Hire, Qualified Applicants Needed on Main Street

Based on 1205 respondents to the January survey of a random sample of NFIB's member firms, surveyed through 1/30/2025.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that in December, 256,000 jobs were created in the U.S. economy. Revisions to estimates for October and November totaled 8,000 lower. The unemployment rate fell slightly to 4.1 percent. Job growth continued to be dominated by public sector hiring, 46,000 in health care (averaged 57,000 per month in 2024), government added 33,000 (down from an average of 37,000 in 2024 and 59,00 per month in 2023), and 23,000 in social assistance, in total government accounting for about 40 percent of the jobs. A lot of private sector hiring was financed by spending from projects financed through the Inflation Reduction Act. Small business owners have to compete with government for workers and help pay for those workers through taxes. Competing with governments for workers is difficult as wages there are not subject to market disciplines, often set by labor agreement and rules.

Specifically looking at small businesses, NFIB's January Small Business Economic Trends survey found 35 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, unchanged from December. Twenty-nine percent have openings for skilled workers (unchanged) and 10 percent have openings for unskilled labor (down 3 points). Overall, the job market continues to soften.

## Unfilled Job Openings



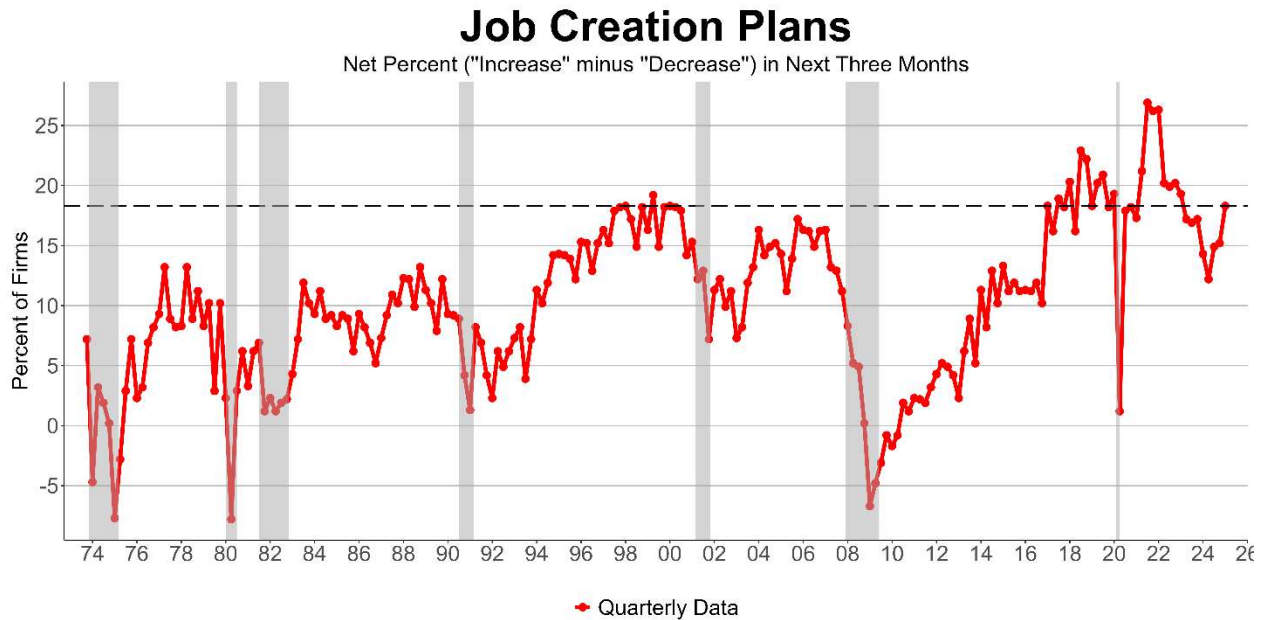
Job openings were the highest in the transportation, construction, and manufacturing sectors, and the lowest in the agriculture and finance sectors. Job openings in construction were up 4 points from last month and down 2 points from the prior year. Despite historically reliable predictions of a recession, the economy has continued to grow, carried by solid consumer spending and spending tied to government programs (Inflation Reduction Act, etc.) which has boosted government employment as well as related employment in social services, education, and healthcare.

### Industry- Percent with Job Openings

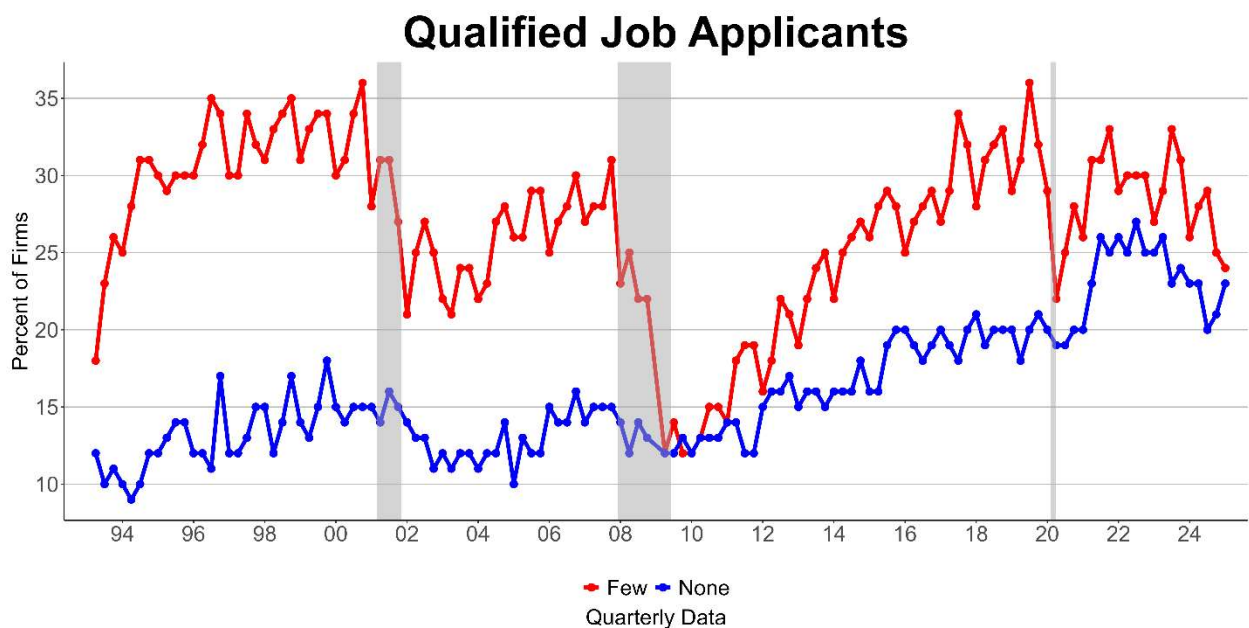
Industry	Jan. 2025	Jan. 2024
Transportation	48%	39%
Construction	45%	47%
Manufacturing	40%	47%
Services	37%	42%
Retail	32%	36%
Wholesale	30%	31%
Professional services	26%	19%
Agriculture	15%	21%
Finance	14%	15%

A seasonally adjusted net 18 percent of owners plan to create new jobs in the next three months, down 1 point from December. Job creation plans are below the

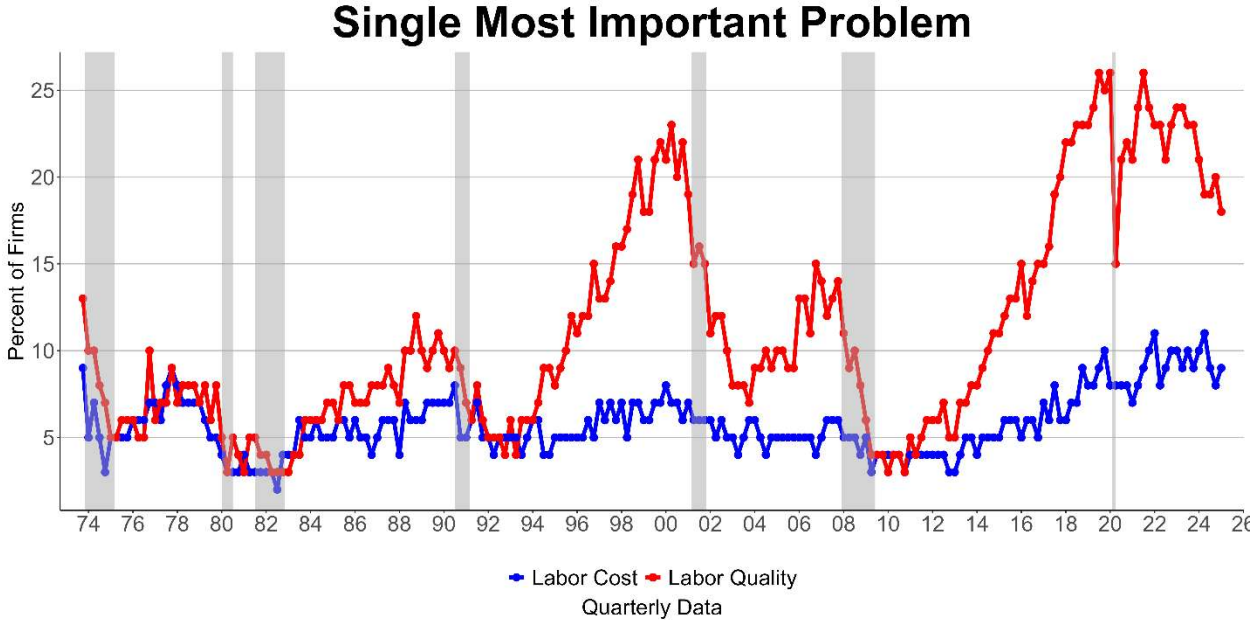
levels seen the last time the economy experienced solid growth but are still in firm territory historically.



Overall, 52 percent reported hiring or trying to hire in January, down 3 points from December. Forty-seven percent (90 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (down 2 points). Twenty-four percent of owners reported few qualified applicants for their open positions (down 4 points) and 23 percent reported none (up 2 points).

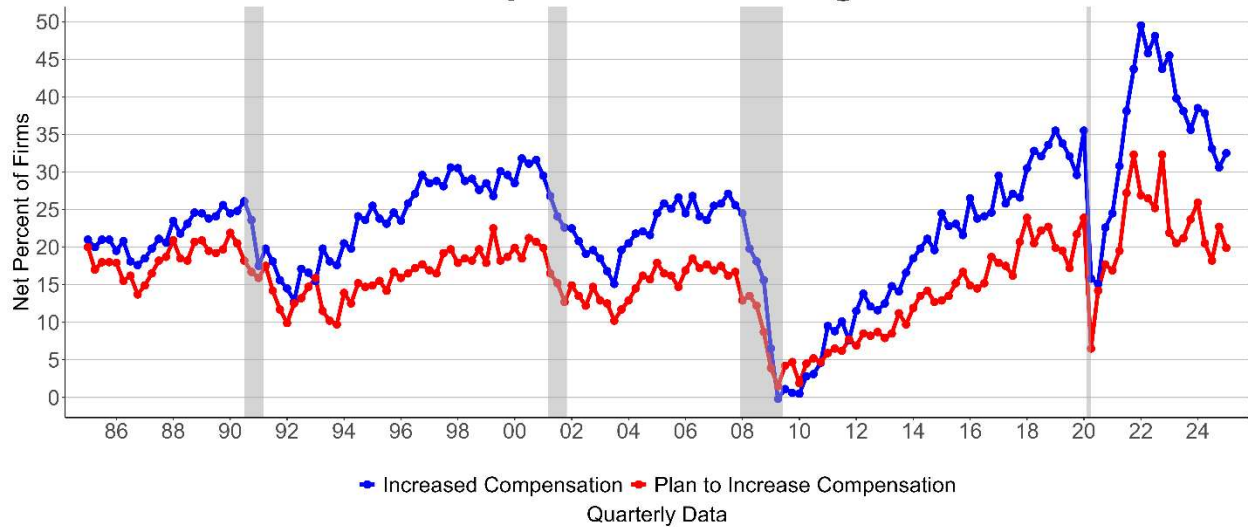


The percent of small business owners reporting labor quality as their top small business operating problem fell 1 point from December to 18 percent. Labor costs reported as the single most important problem for business owners fell 2 points from December to 9 percent, only 4 points below the highest reading of 13 percent reached in December 2021.



Seasonally adjusted, a net 33 percent reported raising compensation, up 4 points from December's lowest reading since March 2021. A net 20 percent (seasonally adjusted) plan to raise compensation in the next three months, down 4 points from December.

## Planned and Actual Labor Compensation Changes



Job growth remained solid, driven by firm consumer spending and direct and indirect government spending and hiring (social services, education, and healthcare). The private sector has taken the back seat on job creation. Finding qualified workers remains the major headwind for stronger job growth on Main Street, especially in the transportation and construction sectors. Owners are optimistic about possible government policies for 2025 that support their business rather than making it more difficult to operate. Small business owners will get a sense of how policy objectives will unfold once Congress and the new Administration get settled in.