

# Labor Quality Remains a Headwind for Job Growth

## The Bottom Has Not Fallen Out - Yet

Based on 1078 respondents to the April survey of a random sample of NFIB's member firms, surveyed through 4/30/2025.

EMBARGO 1 PM THURSDAY

The U.S. Bureau of Labor Statistics (BLS) reported that in March, 228,000 jobs were created in the U.S. economy. Revisions to estimates for January and February totaled 48,000 fewer than previously reported. The unemployment rate rose slightly to 4.2 percent. Employment grew in health care, social assistance, retail, and transportation and warehousing, while federal government employment declined (DOGE).

NFIB's April Small Business Economic Trends survey found that 34 percent (seasonally adjusted) of all owners reported job openings they could not fill in the current period, down 6 points from March. The last time job openings were below 34 percent (seasonally adjusted) was in January 2021 (Covid recession). Twenty-nine percent have openings for skilled workers (down 4 points) and 13 percent have openings for unskilled labor (unchanged for the third consecutive month).



Job openings were the highest in the construction, transportation, and manufacturing industries, and the lowest in the finance and agriculture industries. Job openings in construction were up 1 point from last month, and up 2 points from

April 2024. Also notable, job openings in the wholesale industry rose 16 points from the prior month to 36 percent.

**Industry- Percent with Job Openings**

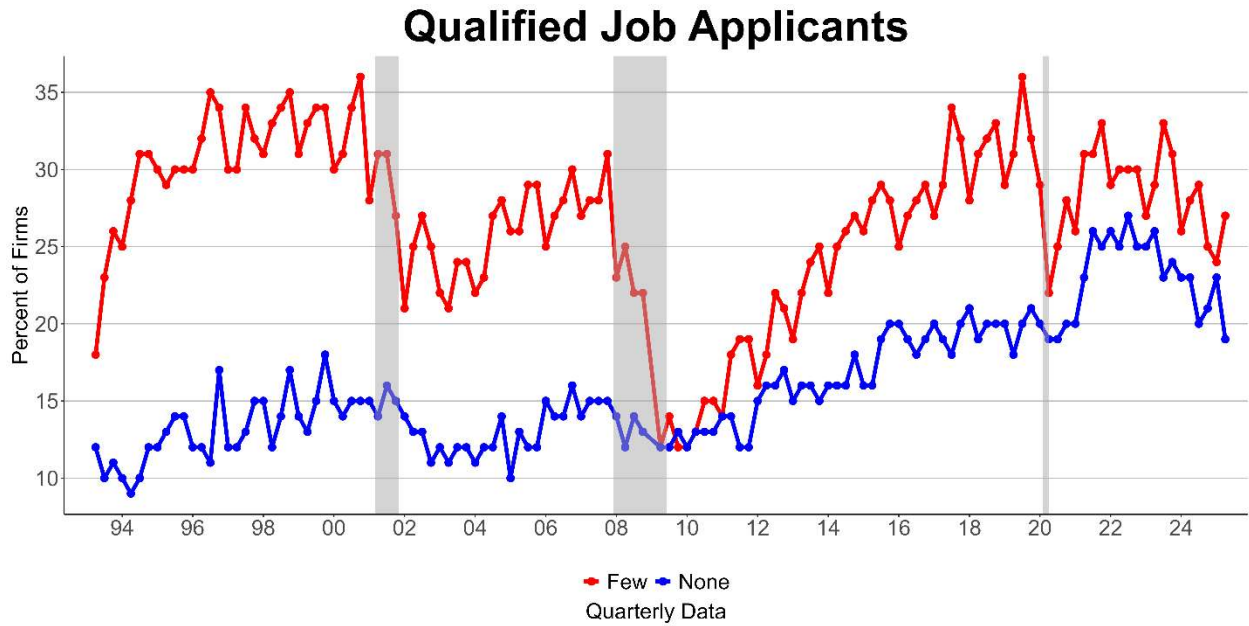
Industry	Apr. 2025	Apr. 2024
Construction	57%	55%
Transportation	45%	56%
Manufacturing	36%	38%
Wholesale	36%	43%
Services	35%	38%
Professional services	34%	42%
Retail	25%	42%
Finance	21%	19%
Agriculture	14%	27%

A seasonally adjusted net 13 percent of owners plan to create new jobs in the next three months, up 1 point from March. Job creation plans remain in weak territory compared to recent history.

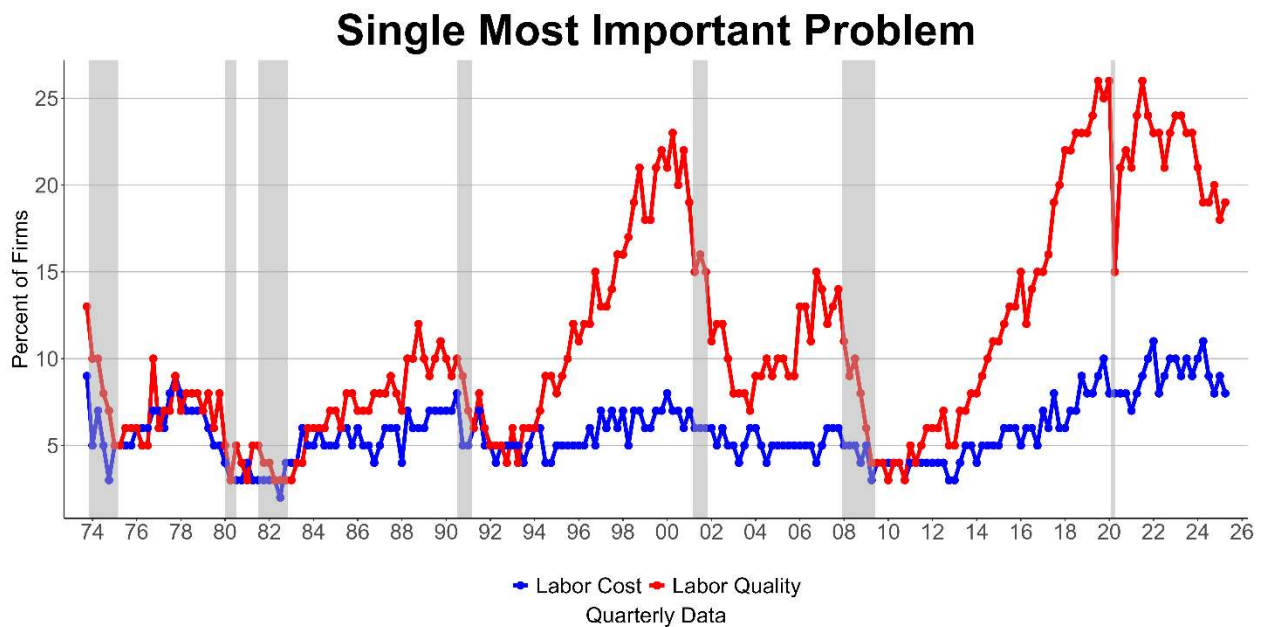


Overall, 56 percent of owners reported hiring or trying to hire in April, up 3 points from March. Forty-seven percent (85 percent of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (unchanged). Twenty-eight percent of owners reported few qualified applicants

for their open positions (up 2 points) and 19 percent reported none (down 2 points).

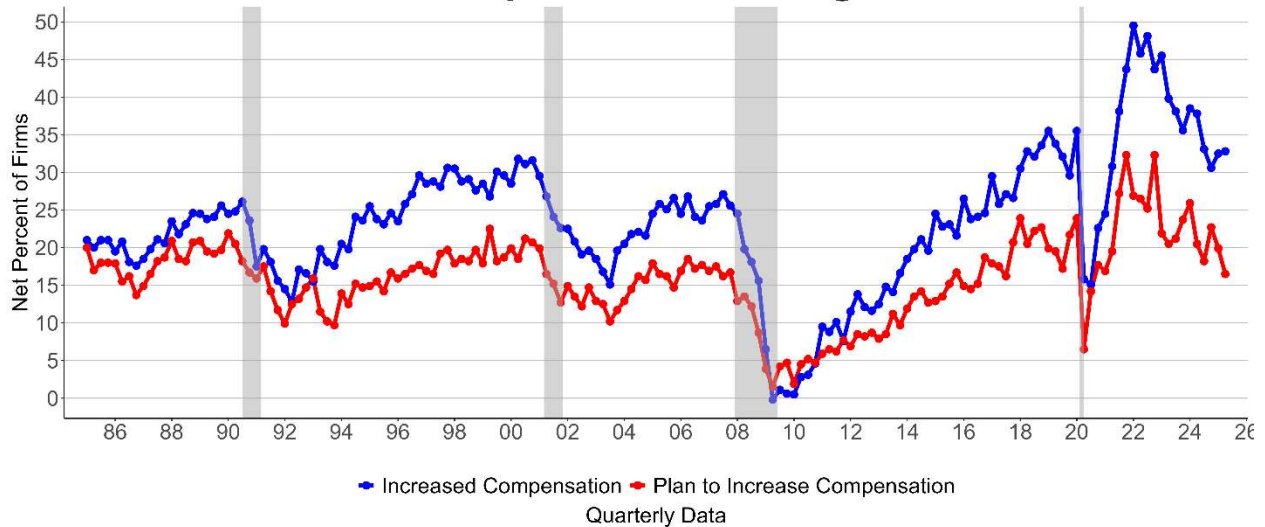


The percent of small business owners reporting labor quality as their top small business operating problem was unchanged from March for the third consecutive month at 19 percent. Labor costs reported as the single most important problem for business owners fell 3 points from March to 8 percent.



Seasonally adjusted, a net 33 percent reported raising compensation, down 5 points from March. A net 17 percent (seasonally adjusted) plan to raise compensation in the next three months, down 2 points from March. The last time plans to raise compensation was this low was in March 2021.

### Planned and Actual Labor Compensation Changes



Although the percent of small firms with unfilled job openings has declined steadily from record-high levels post Covid, they remain among the highest levels reached in over the 51-year history of the survey. Owners are showing more uncertainty about policies and the strength of the economy. A growing number of observers feel that the economy is already in recession. However, employment growth is solid and the unemployment rate low. Owners remain open to hire, plan to hike compensation, and increase employment. If there is a recession, it is definitely "slow walking."

DOGE layoffs are substantial, but all workers are paid through September so they probably aren't rushing to take any job, and not impacting the JOLTS numbers yet. Some large firms have announced layoffs, but 30 million small business owners remain willing to hire. A lot of policy changes are yet to come and the impact of tariffs is yet to fully play out. In the meantime, business is as usual as you can make it for most small businesses.