



OHIO

SMALL BUSINESS

ECONOMIC TRENDS

January 2026



Ohio Small Business Economic Trends

Introduction

Each month, NFIB publishes the Small Business Economic Trends (SBET) report, which tracks economic activity among small businesses in the US. The survey measures changes in sales, employment, investment, financing, and economic sentiment. While this is a useful country-wide snapshot, no state can be defined by national numbers alone. Therefore, the NFIB Research Center has produced state-specific numbers in our new, semi-annual “State of the States” SBET report for some of the largest states in the US. To create statistically meaningful numbers, responses from six monthly surveys are pooled together, creating summer (April-September) and winter (October-March) datapoints. These reports help signal the unique challenges and strengths of each state covered.

Ohio

Ohio is quietly one of the top economic drivers in the country. Its economy is the seventh largest in the US by GDP, led by the fourth largest manufacturing sector in the US, which supports a large share of total U.S. exports. Tax relief such as the \$250,000 Business Income Deduction and the increased Commercial Activities Tax threshold alongside regulatory reform efforts, such as the Common Sense Initiative, have made Ohio an increasingly favorable small business environment. As a result, Ohio sits at [number five](#) of CNBC’s Top States for Business in 2025.¹

Contextual Data

GDP: \$957 Billion (7th)

Per capita income: \$67,491 (37th)

Unemployment rate: 5.0% (45th)

1.1 million small businesses

2.2 million small business employees

Ohio has positive news on small businesses, as we will cover next. That said, the contextual data shows more mixed results. Despite its total economic size, Ohio is more of a working-class state, ranking 37 nationally by per capita income. Its labor market is also on the weaker end, with relatively high unemployment (tied for 45) at 5.0%.

¹Top States for Business in America 2025: The full rankings

Optimism Index

Ohio’s small businesses are currently faring slightly better than the US overall, with an optimism index of 99.4, 1.5 points better than the national average for the most recent data Summer 2025 (see Table 1). Looking within the Index’s 10 components, three categories meaningfully outperformed in Ohio to create its positive gap: expectations for real sales, plans to increase employment, and current job openings (Table 2). On the other hand, Ohio sees particular pessimism about the economy, with a substantially smaller percentage expecting general economic improvement over the next six months than in the rest of the country.

The more favorable outlook in the labor market components is something of a surprise for Ohio given that its unemployment rate is among the highest in the country (although historically not terribly high at 5.0%). The disappointing result in economic expectations is suboptimal and raises a question as to why. Is the outlook for a manufacturing-intensive economy more negative now? Unfortunately, the ultimate cause is not clear due to lack of granularity in the data.

Small Business Optimism Index			
Seasonally Adjusted (1986=100)			
	Current (OH)	Current (US)	*
Optimism Index	99.4	97.9	1.5

Table 1

Optimism Index Components			
Component (Seasonally Adjusted)	Current (OH)	Current (US)	*
Current Inventory (Too Low)	-3%	-4%	1
Current Job Openings	38%	33%	5
Earnings Trends	-19%	-21%	2
Expect Economy to Improve	18%	25%	-7
Expect Real Sales Higher	12%	5%	7
Expected Credit Conditions	-7%	-5%	-2
Now a Good Time to Expand	12%	12%	0
Plans to Increase Employment	21%	14%	7
Plans to Increase Inventories	-1%	0%	-1
Plans to Make Capital Outlays	15%	13%	2

Table 2

Over the past few years, Ohio has often been ahead of the national Index level (Figure 1). Over the Index's entire history, Ohio small businesses have fluctuated relative to the national average, with periods where they were ahead as well as ones when they were behind the US. They were consistently behind around 1980 and in the mid-2000s when the financial crisis hit Ohio particularly hard. They were consistently ahead for most of the 90s, both during the 1990-91 recession and later years when growth was strong.

Small Business Optimism Index

Seasonally Adjusted (1986=100)

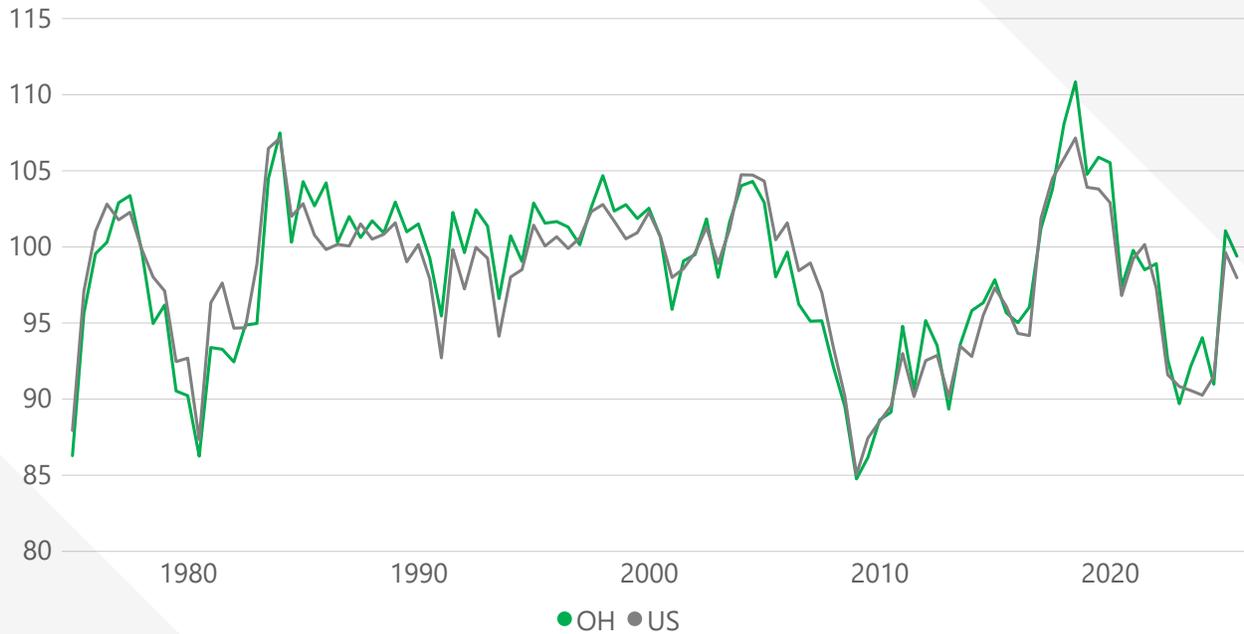


Figure 1

Overall Business Health

In 2025, NFIB added a question asking small business owners to assess the overall health of their business. This can be seen as a complementary second measure to the Optimism Index, which is comprehensive but includes several broader questions asking about their sense of the overall economy, plans, and expectations.

As expected, small businesses in Ohio report better business health than in the overall population of small businesses. It's not a huge difference, but 6% more report good or excellent health (split evenly between the two), while 5% less report fair or poor business health (mostly for fair). Note that the totals for the US do not sum to 100% due to rounding.

Overall Health of Business - OH			
Rating	Current (OH)	Current (US)	*
Excellent	14%	11%	3
Good	57%	54%	3
Fair	26%	29%	-3
Poor	3%	5%	-2

Table 3

Single Most Important Problem

Studying small businesses' top issues adds color to the overall barometers on how owners are faring. Compared to the US, it turns out that Ohio is quite normal. More explicitly, there are limited differences in what are the largest issues (Table 4) facing small business owners. The one substantial numerical difference is quality of labor, which is five points higher in Ohio than in the US overall. That is somewhat surprising considering the relatively high unemployment in Ohio. That said, labor quality is the number one issue in both geographies.

Single Most Important Problem - OH			
Single Most Important Problem	Current (OH)	Current (US)	*
Taxes	17%	17%	0
Quality of Labor	24%	19%	5
Poor Sales	9%	10%	-1
Inflation	14%	13%	1
Gov. Regulation	6%	8%	-2
Fin. & Interest Rates	3%	4%	-1
Cost/Avail. of Insurance	7%	9%	-2
Cost of Labor	9%	9%	0
Comp. from Large Bus.	7%	6%	1

Table 4

While there is a great deal of sameness between Ohio and the US overall right now, the picture within Ohio has changed dramatically over the past year. By far the biggest change is the drop in inflation as the single most important problem, falling from decisively the number one issue (at 27%) in summer 2024 to third (at 14%) in summer 2025 (Table 5). Two other categories also dropped in frequency, though by small amounts: government regulation and cost of labor.

Three categories have seen meaningful increases in importance: taxes, labor quality, and poor sales. In some cases, an increase in those reporting one issue as their biggest problem reflects less of a change in severity of that issue but rather a change in severity of another issue. Taxes—a consistent thorn in small business owners’ sides—is probably an example of this. It is unlikely that taxes have become more onerous over the past year; instead, it was probably the number two issue behind inflation for many businesses last year and defaulted to number one as inflation subsided. On the other hand, the increase in “poor sales” as the top issue is more concerning as a reflection of deteriorating economic conditions. The significant increase in poor sales as the top issue is nothing to panic about as it remains lower than during recessions, but it is a point of concern to monitor next release.

Single Most Important Problem - OH			
Single Most Important Problem	Current	One Year Ago	*
Taxes	17%	12%	5
Quality of Labor	24%	18%	6
Poor Sales	9%	4%	5
Inflation	14%	27%	-13
Gov. Regulation	6%	10%	-4
Fin. & Interest Rates	3%	3%	0
Cost/Avail. of Insurance	7%	5%	2
Cost of Labor	9%	12%	-3
Comp. from Large Bus.	7%	5%	2

Table 5

The next three figures show how these nine issues have fluctuated over time. Our graphs show three on each figure rather than all nine in one to avoid an overcrowded and undigestible image. The first graph shows poor sales, labor quality, and labor cost. The commonality between these three is that they fluctuate with the business cycle (the booms and busts of the economy). Poor sales, as you can see, are often low. However, when the economy turns south (for example, in the 2008-09 Great Recession), it spikes dramatically. The two labor issues tend to move as the inverse of poor sales, with labor becoming a problem when the economy is booming and unemployment is low and a background issue when the economy is suffering and unemployment is high.

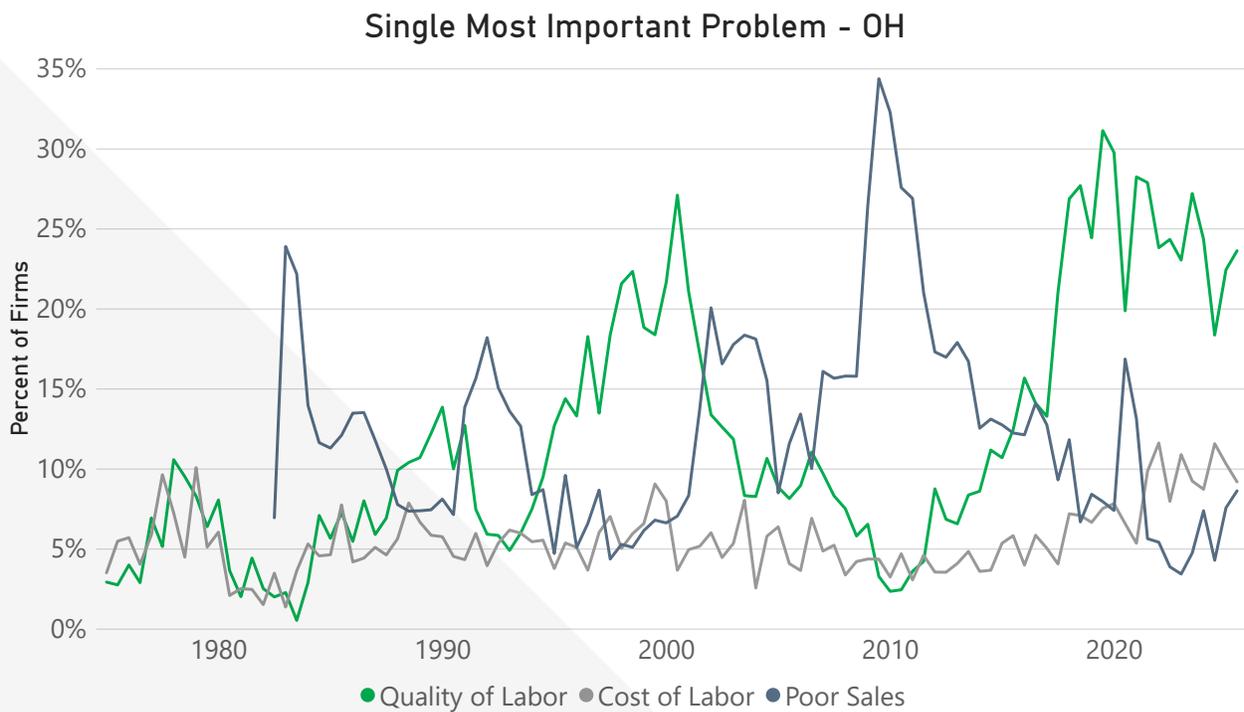


Figure 2

The next figure (Figure 3) shows the issues that stand out for their consistency over time. Taxes, government relations, and competition from big business tend to be a constant drumbeat for small businesses. Sometimes other issues take precedence, but these are always a part of the picture. One potential bit of good news in this figure is the low level of owners reporting taxes and regulations as their biggest problem in the last few years. It's very possible that this merely reflects inflation and labor quality simply outpacing taxes and regulation, but hopefully there's some extent to which this is a tangible improvement.

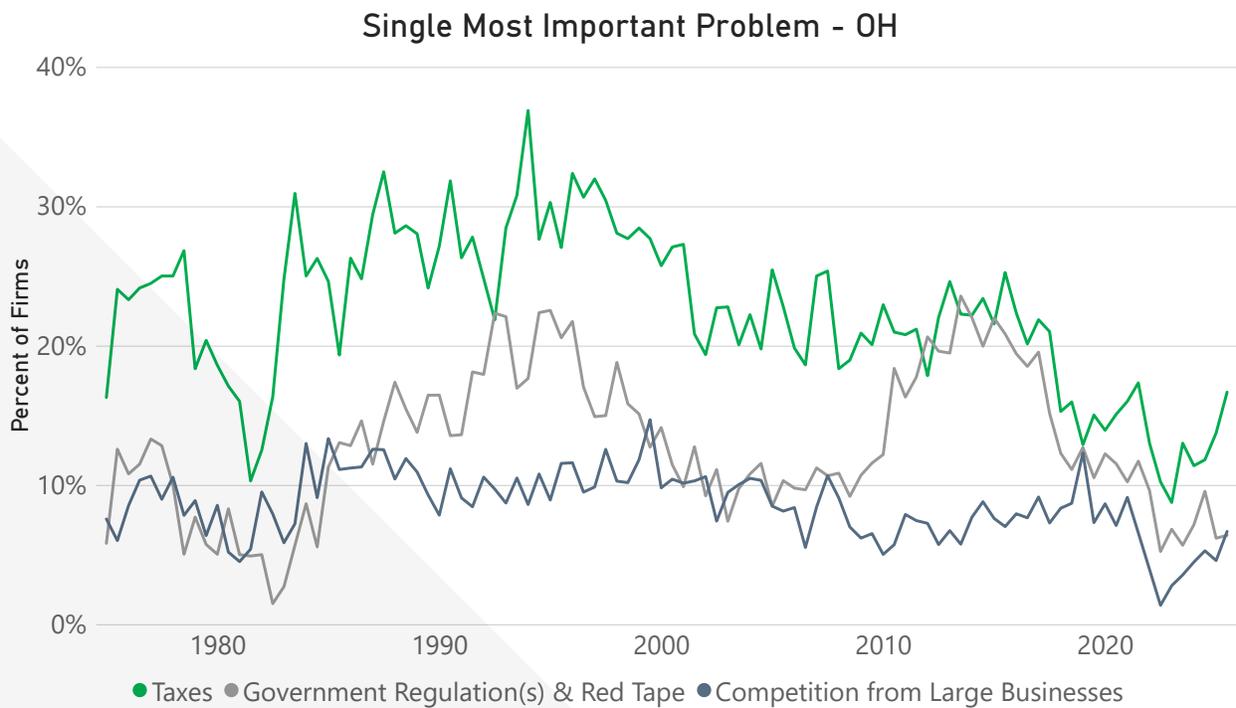


Figure 3

The final trio of top issues includes three issues that are mostly—but unfortunately not always—relatively low-impact: inflation, financing and interest rates, and cost/availability of insurance. Inflation has had two major spikes, one in the 70s to the early 80s, and one post-COVID that has not yet fully subsided. In the intervening period, inflation as the top business issue was almost non-existent, always in the low single digits. Financing spiked once, in the early 80s after the Fed dramatically raised interest rates to stomp out inflation. Insurance has been more consistent since it was first added to the survey in the 90s, generally remaining in the high single-digit percentages.

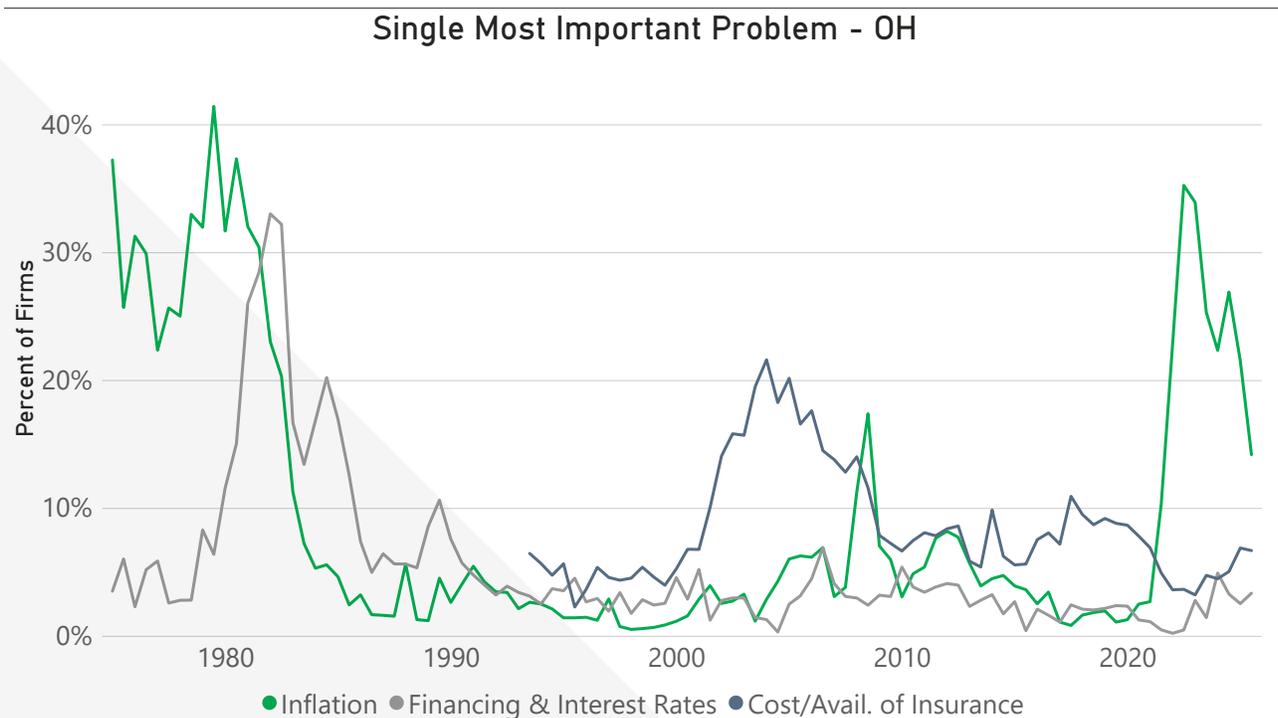


Figure 4

Uncertainty Index

In addition to positive/negative metrics like the Optimism Index and the business health assessment question, NFIB also has a metric assessing how confident owners are in making decisions about their business. This metric, the Uncertainty Index, is constructed from the percent saying “Don’t know” or “Uncertain” to six questions. As such, it is different from some uncertainty measures that are really more of volatility measures. Instead, it is a true measure of borderline conditions, when owners are thinking, ‘Could be good, could be bad, don’t know.’

Three conclusions stand out regarding Ohio’s Uncertainty Index. First: Currently, Ohio is right in line with the US overall (Figure 5). It is a touch below in the current reading and was a touch above in the previous reading, and qualitatively, that sums up to about the same. Second: Historically, Ohio has had higher uncertainty than the US overall. On the graph, the green Ohio line has typically fluctuated a few points higher than the gray US overall line. Third: Right now, uncertainty is extremely high. In the monthly U.S. overall report, the data shows more nuanced trends over the last year or two in response to factors such as the election and trade announcements. But the six-month season data points on this graph underscore that uncertainty has climbed to levels far beyond what is normal for the long history of the index.

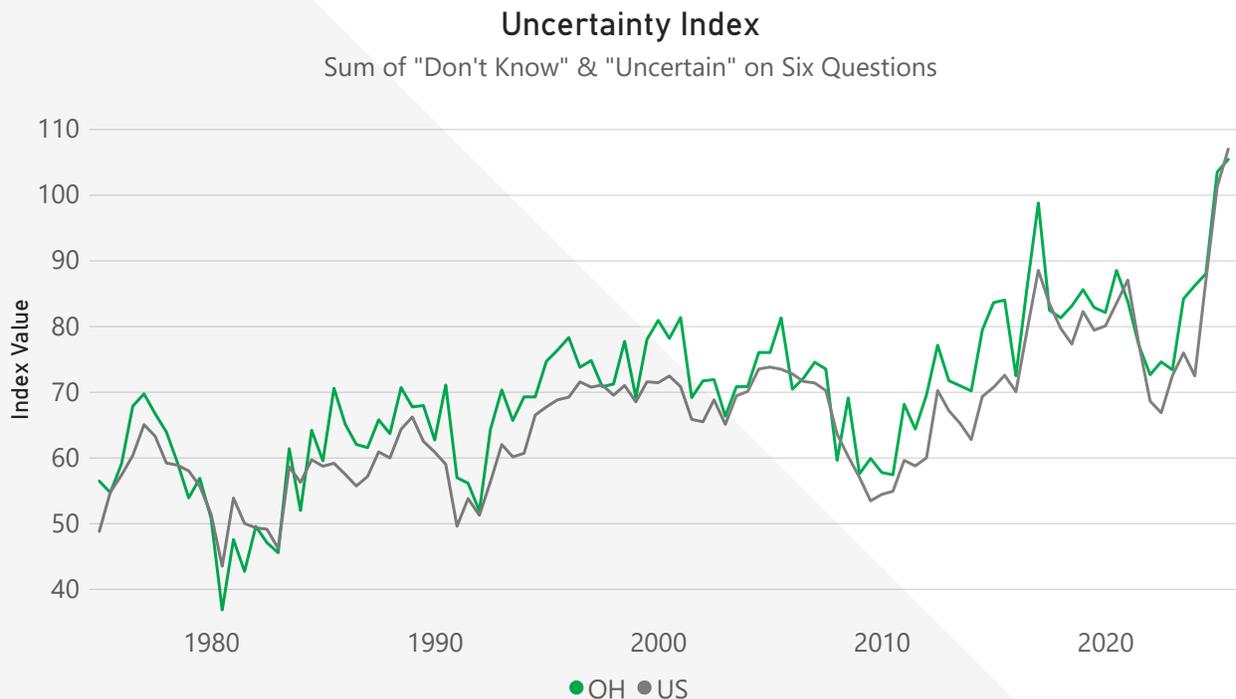


Figure 5

Conclusion

Ohio is a fascinating state, with a large and manufacturing-intensive economy that has a couple challenges in the form of below-average personal income and higher unemployment. Fortunately, when we focus on small businesses, we see some good news. Small businesses in Ohio appear to be faring better than in the US overall, with a modestly higher Optimism Index and modestly better business health assessments. The top problem for Ohio businesses is quality labor, though uncertainty is also an issue, as it is at a record high (though it is in line with the US overall).

Methodology

The data for this report is sourced from our Small Business Economic Trends Survey, which polls a random sample of NFIB members. The survey ran quarterly from 1973 to 1985 and monthly from 1986 through the present. As this is a national survey, the number of responses from an individual state are not necessarily statistically meaningful in a given month. To create this new state-specific report, we pooled data from multiple surveys into a weighted average for a given season (Apr-Sep for summer and Oct-Mar for winter). For summer 2025, Ohio had 360 total responses.