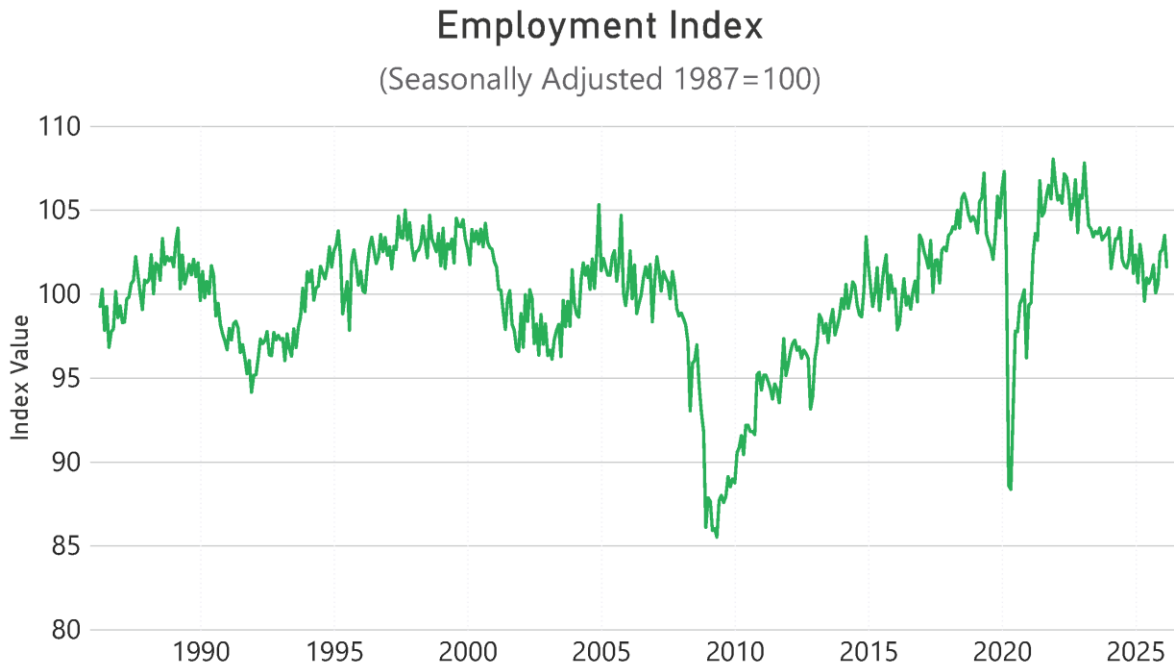


# Small Business Employment Index Pulls Back, Still Above 2025 Level

Based on 432 respondents to the March survey of a random sample of NFIB's member firms, surveyed through 3/30/2026.

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The NFIB Small Business Employment Index is a new measure of the current state of the small business labor market. The Index integrates actual and planned changes in employment and employee compensation into a singular data point. A higher Index reflects an overall tighter labor market; a lower Index reflects an overall weaker labor market.

The Employment Index fell in March, from 103.5 to 101.6. While the 1.9-point decline is a meaningful turn in labor market conditions, the current reading remains above both the 2025 average of 101.2 and the historical average of 100. This decline is indicative of further moderation in the labor market.

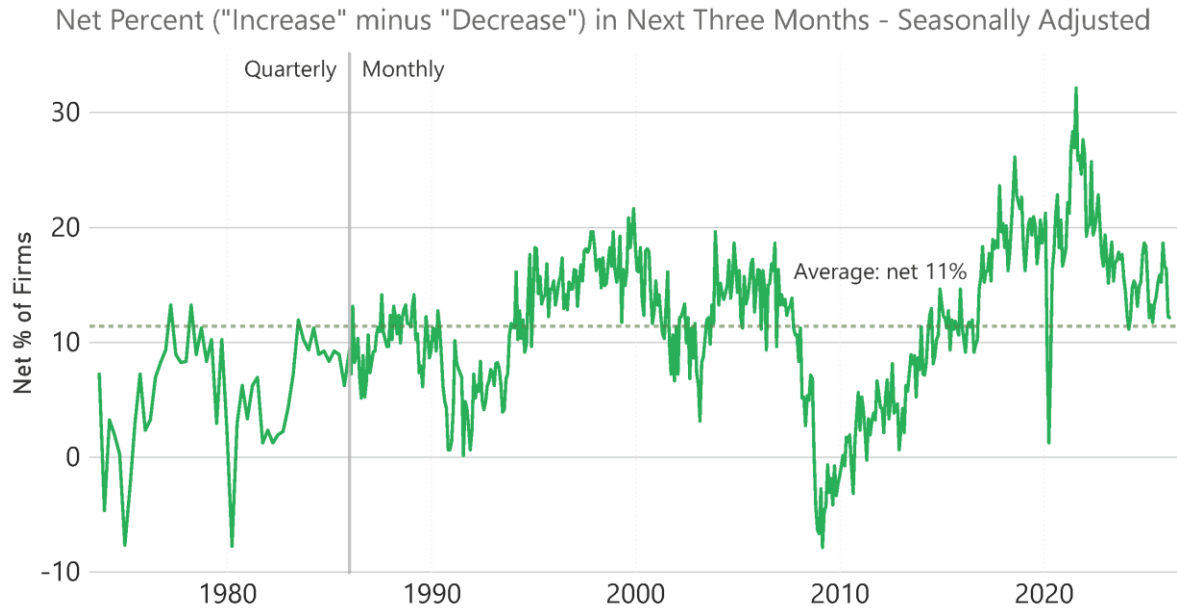
In March, reports of unfilled job openings showed little change. Thirty-two percent (seasonally adjusted) of small business owners reported job openings they could not fill in the current period, down 1 point from February. Unfilled job openings remain above the historical average of 24%. Twenty-seven percent have openings

for skilled workers (down 1 point), and 12% have openings for unskilled labor (up 2 points).



Looking ahead, a seasonally adjusted net 12% of owners plan to create new jobs in the next three months, unchanged from February and close to the average of net 11%.

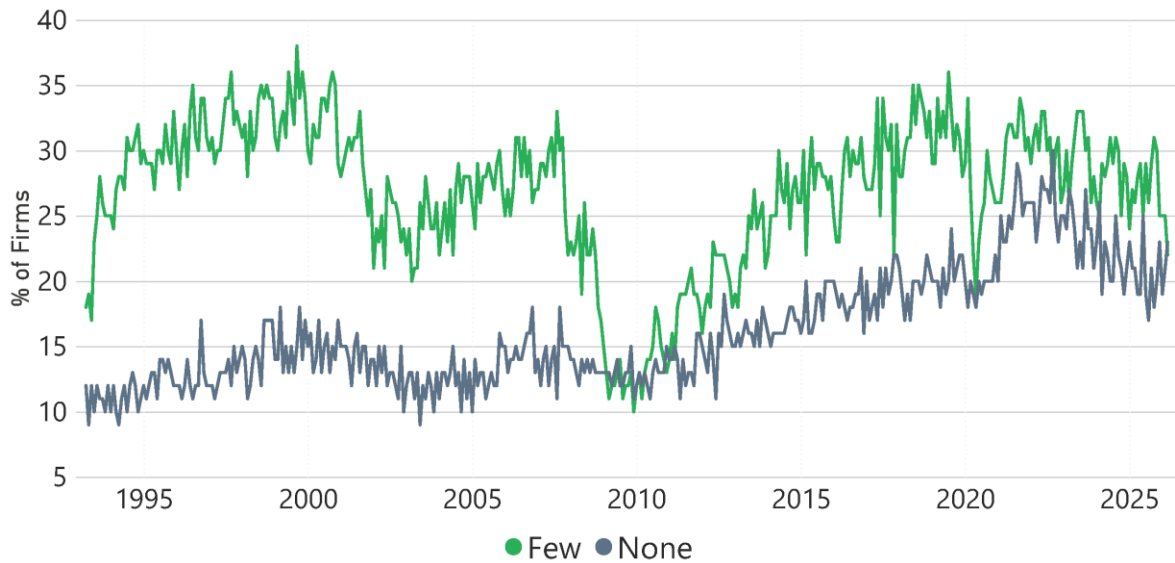
## Hiring Plans



Overall, 52% of owners reported hiring or trying to hire in March, down 2 points from February. Forty-five percent (87% of those hiring or trying to hire) of owners reported few or no qualified applicants for the positions they were trying to fill (down 1 point). Twenty-two percent reported few qualified applicants (down 3 points), and 23% reported none (up 2 points).

## Qualified Jobs Applicants

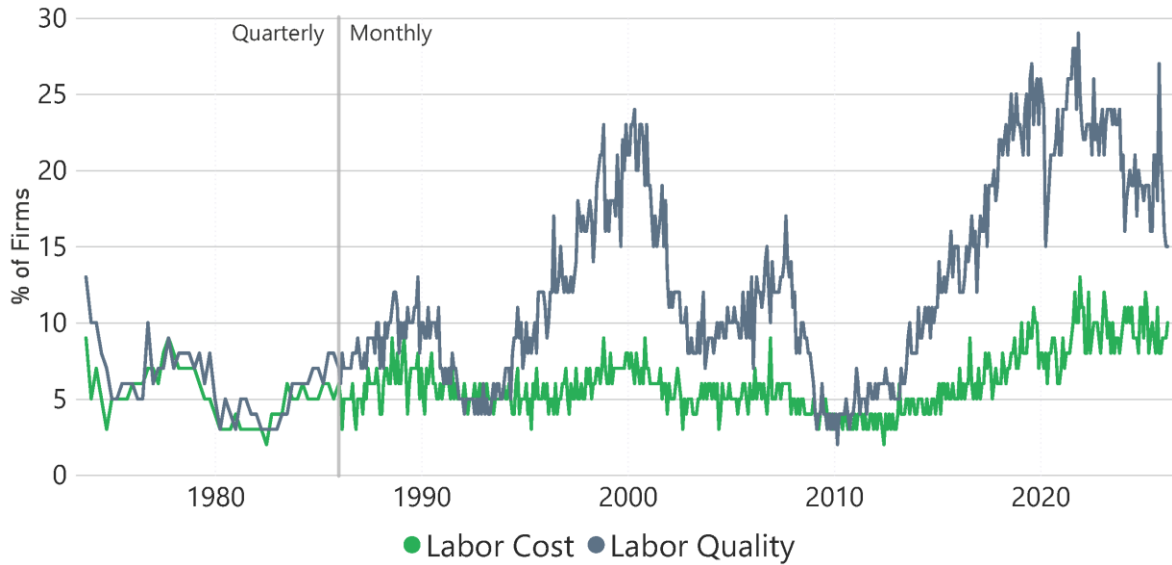
Few and None



In March, 15% of small business owners identified labor quality as their single most important problem, unchanged from February and above the historical average of 12%. The last time labor quality, reported as the single most important problem, was below 15% was in December 2016. While labor quality has declined over the past few months, reports of labor costs as the single most important problem have gradually increased. Ten percent of business owners reported labor costs as their single most important problem, up 1 point from February.

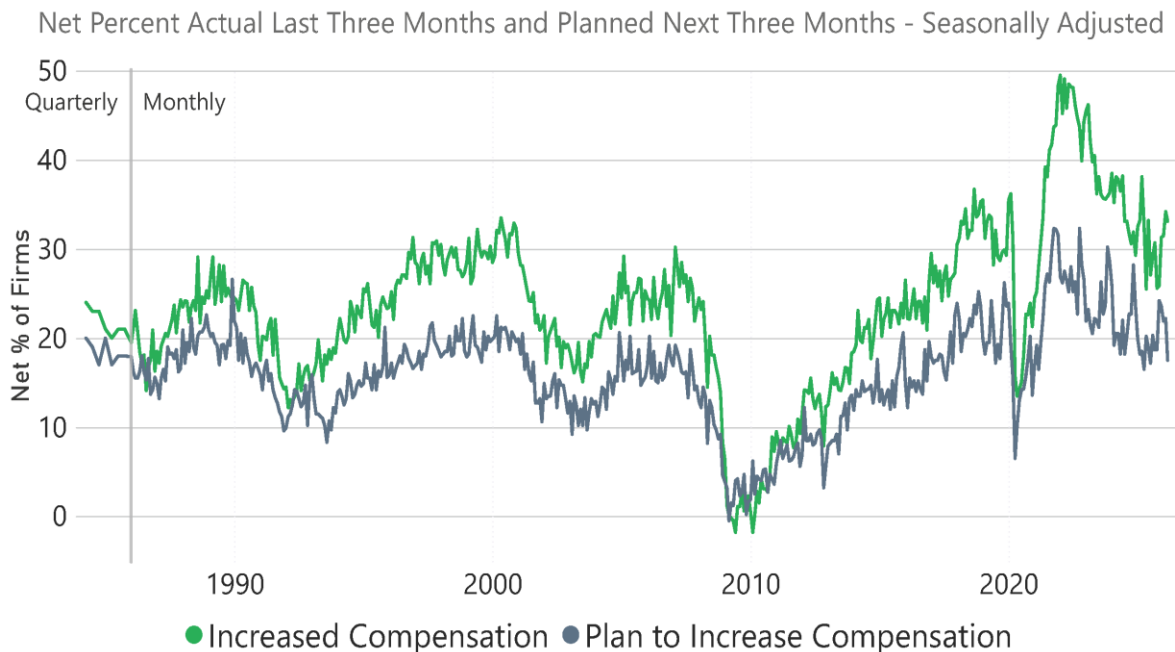
# Single Most Important Problem

## Labor Cost and Labor Quality



In March, both planned and actual labor compensation decreased from the previous month. A seasonally adjusted net 33% reported raising compensation, down 1 point from February. A net 18% (seasonally adjusted) plan to raise compensation in the next three months, down 4 points from February and the lowest reading since July 2025. Despite these declines, planned and actual labor compensation levels remain above their historical averages.

## Planned and Actual Labor Compensation Changes



Employment growth has stagnated, as hiring plans continue to slide toward the historical average (which includes some bad recessions). Job openings are at their lowest readings since the recovery from the Covid recession. The BLS jobs report will likely be missing a digit as conditions weaken. The economy is in ok shape, but a downturn is not out of the question. Stay tuned, things could change rapidly.

### Quotes from NFIB Members

"It is extremely difficult to find workers who portray good work ethics and take pride in what they do. Too many want to show up, do as little as possible, and still want a premium wage. Small businesses cannot afford workers with that mentality." – Construction, AZ

"If I could hire two good people (one skilled and one unskilled), I would be able to increase sales volume and be able to become an absentee owner (partially retired)." – Services, MI

"Quality of job applicants is up in the last 12 to 18 months." – Agriculture, WI

"The main problem with the commercial plumbing in our business is that no one is qualified to run commercial jobs. Our generation has retired or deceased, and the

new generation doesn't go into plumbing. We have been in business since 1988, and it's horrible finding help." – Construction, AL

"We would like to see more funds available for trade schools to improve the applicant pool." - Services, MO