

Small Business Hiring Slows, but Labor Shortages Persist

Based on 411 respondents to the September survey of a random sample of NFIB's member firms, surveyed through 9/28/2026.

EMBARGO 1 PM THURSDAY

Key Insights:

The labor market continued to soften in September as job openings and hiring activity declined. Reports of "labor quality or availability"¹ increased and remain high, while those citing "labor costs" as the single most important problem declined to its lowest level since 2020.

- Hiring plans were stagnant while actual hiring activity declined in September. Plans to increase employment over the next three months remained at a net 17% (seasonally adjusted), and the percent of owners reporting hiring or trying to hire in September dropped 5 points to 51%.
- Job openings decreased 3 points in September to 32% (seasonally adjusted), 8 points above the historical average.
- Reports of labor quality or availability as the single most important problem rose 3 points in September to 26%, 14 points above the historical average.
- Reports of labor costs as the single most important problem fell 1 point from August to 6%, marking the lowest level since December 2020.
- A seasonally adjusted net 28% reported raising compensation (down 3 points), and a net 20% (seasonally adjusted) plan to raise compensation in the next three months (up 2 points).

The NFIB Small Business Employment Index is a 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.

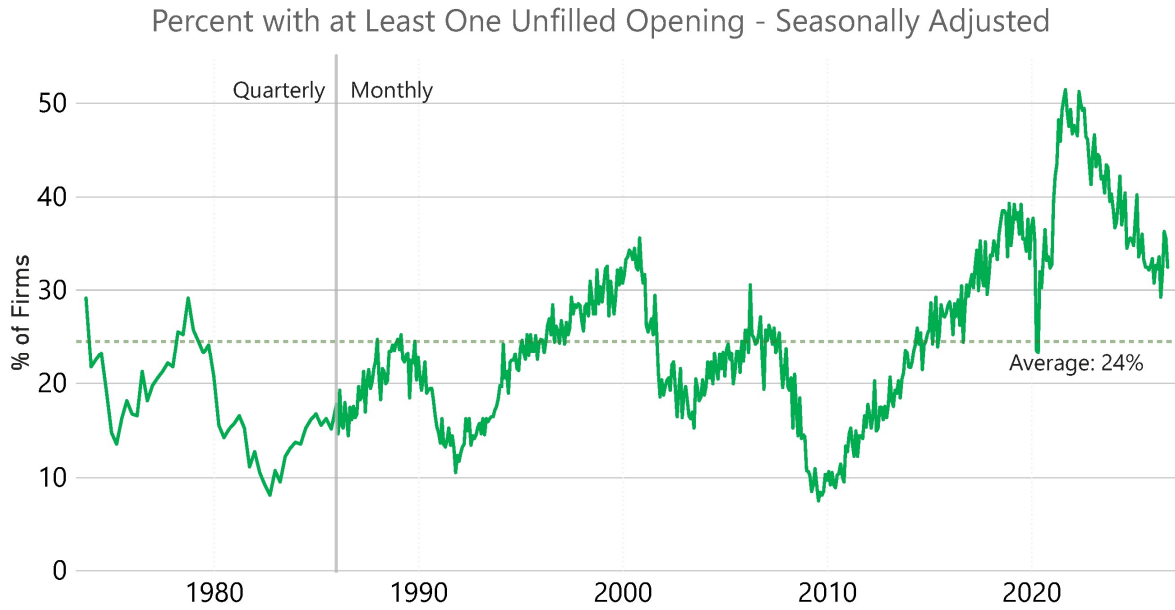
¹ In June, the Single Most Important Problem response category was revised from "Quality of Labor" to "Quality or Availability of Labor."

The Employment Index declined 1.2 points in September, registering 100.6 compared to 101.8 in August. The current reading is below the 2025 average of 101.2, but remains slightly above the historical average of 100.0.



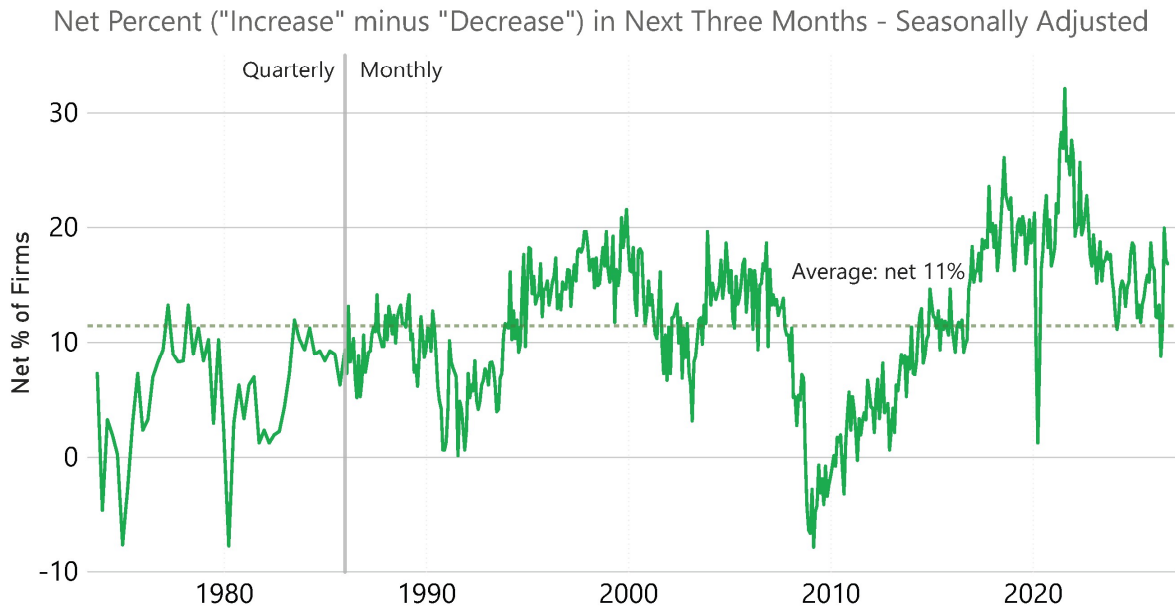
In September, 32% (seasonally adjusted) of small business owners reported job openings they could not fill in the current period, down 3 points from August and 8 points above the historical average. Twenty-seven percent have openings for skilled workers (down 4 points), and 16% have openings for unskilled labor (up 3 points).

Unfilled Job Openings

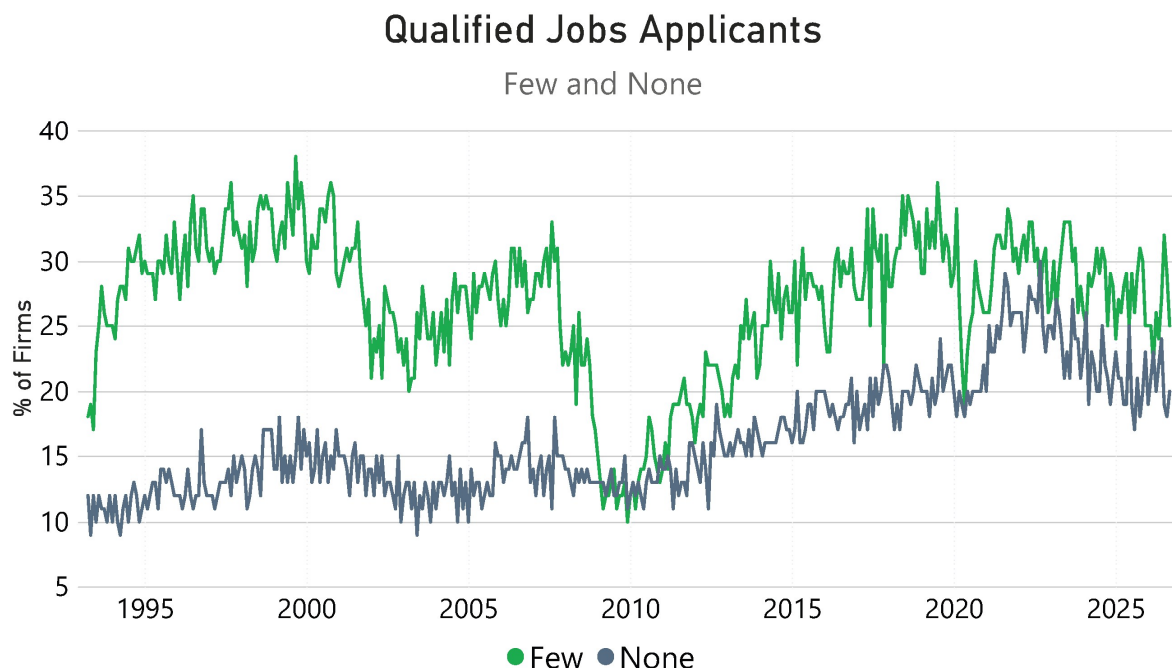


Looking ahead, a seasonally adjusted net 17% of owners plan to create new jobs over the next three months, unchanged from August.

Hiring Plans



Actual hiring activity declined 5 points from August, with 51% of owners reporting hiring or trying to hire in September. 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 2 points). Twenty-five percent reported few qualified applicants (down 4 points), and 20% reported none (up 2 points).

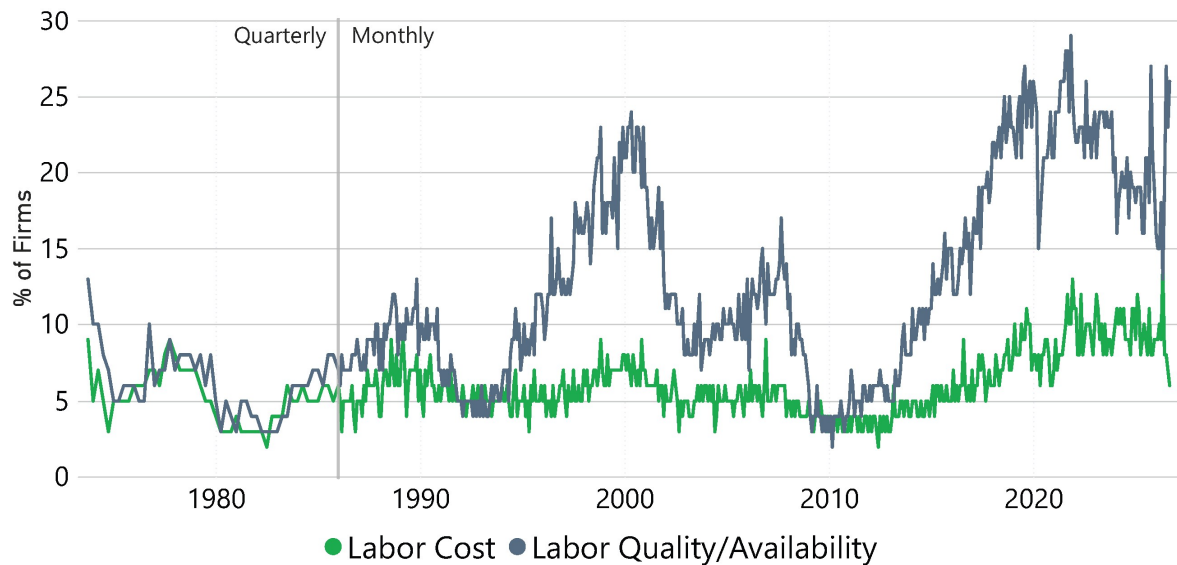


Twenty-six percent of small business owners identified "labor quality or availability"² as their single most important problem, up 3 points from August and still historically high. The current reading is 14 points above the historical average of 12%. Six percent of business owners reported labor costs as their single most important problem, down 1 point from August and the lowest level since December 2020.

² In June, the Single Most Important Problem response category was revised from "Quality of Labor" to "Quality or Availability of Labor."

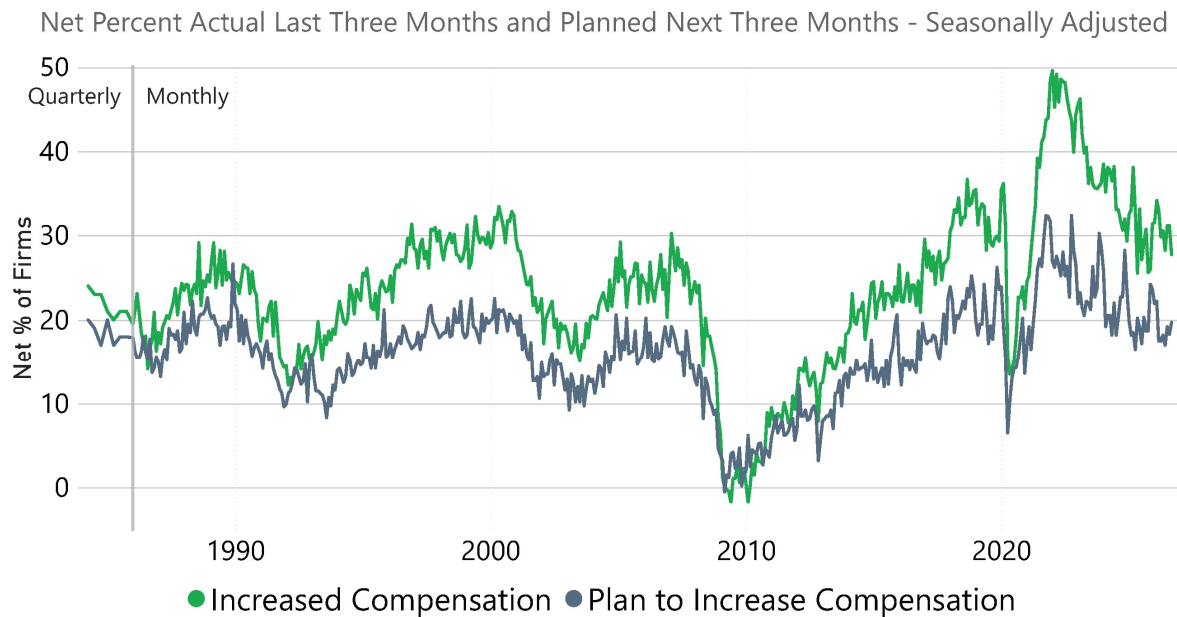
Single Most Important Problem

Labor Cost and Labor Quality/Availability



A seasonally adjusted net 28% reported raising compensation, down 3 points from August. A net 20% (seasonally adjusted) plan to raise compensation in the next three months, up 2 points from August. Both actual and planned compensation measures are above their historical averages.

Planned and Actual Labor Compensation Changes



Employment conditions continue to soften, but the small business labor market remains tight by historical standards. In September, 32% of owners reported job openings they could not fill, down 3 points from August but still 8 points above the historical average. Hiring activity also declined, suggesting that employers are proceeding more cautiously amid unpredictable demand and elevated operating costs. At the same time, persistent difficulty finding qualified applicants continues to constrain firms seeking to expand. Overall, employment growth is likely to remain modest in the near term, with both employer caution and labor availability shaping hiring decisions.

Quotes from NFIB Members

“Our business could increase if we were able to hire skilled labor.” – Services, ME

“We need more experienced and skilled trade workers.” – Services, MI

“My biggest problem is finding people who want to work. [...]” – Services, TN

“Ongoing training for employees needs to be accessible to small towns, not just large cities. Incentives and training for entry-level staff need to be increased.” – Services, ID

“It is very difficult to find production employees who want a job and can pass a drug screening. Supplier delays are also hurting business.” – Manufacturing, OH

“The paid sick leave and PMFL is affecting my overall cash flow!” – Professional/business services, MN

“I don’t know where all the workers went. [...]” – Services, MT

“We need less government involved in our labor force. Let competition for employees dictate the wages, benefits, insurance, PTO, etc. [...]” – Construction, MN