



The Voice of Small Business.®

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As Small Business Confidence Surges, Worker Shortage and Wage Pressure Intensify

Improving economy makes it harder to find qualified workers, raising pressure to increase compensation

WASHINGTON, D.C., Jan. 4, 2018—The shortage of qualified workers reached a record high in December, and the number of small-business owners who made plans to raise compensation was the second highest in history, according to the monthly National Federation of Independent Business (NFIB) Jobs Report, released today.

“We’ve been watching this problem build for the last 12 months, but it seems to have reached a critical point in December,” said NFIB President and CEO Juanita Duggan. “Small business owners are converting their optimism into action, and a majority cannot find enough workers to meet higher customer demand.”

The number of job openings remained steady in December while plans to hire fell four points to 20 percent. That modest decline could indicate that small-business owners are becoming more frustrated by the shortage of qualified workers.

“Finding qualified workers is now the second biggest concern for small-business owners,” said NFIB Chief Economist Bill Dunkelberg. “Taxes occupied the top spot all of last year, but that may drop as the recently enacted tax reform law takes effect. The worker shortage could very well become the number-one problem for small businesses.”

Fifty-four percent of small business owners last month reported finding few or no qualified workers. That’s a 10-point jump from the previous month and an all-time record. The previous record (53 percent) was September of 1999. Meanwhile, the number of firms planning to raise compensation jumped six points to 23 percent, the second highest reading in history. It’s the highest reading since March of 2000 (also 23 percent) and just shy of the record of 27 percent, set in December of 1989.

“They have to raise compensation to attract and keep qualified employees,” said Dunkelberg. “That means their costs will increase. It remains to be seen whether that will lead to higher prices.”

The labor shortage is a problem for small business owners, but it is also a strong signal that the economy

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is gaining momentum.

“Qualified workers are in strong demand. That’s good for workers and good for families,” said Duggan. “Finding qualified workers is a challenge that small business owners will be working through over the next few months. The positive is that small business owners are more confident in the economy, and workers will be the beneficiaries.”

www.nfib.com/foundations/research-center/monthly-reports/jobs-report/

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Celebrating its 75th anniversary in 2018, the National Federation of Independent Business has been the Voice of Small Business, taking the message from Main Street to the halls of Congress and all 50 state legislatures. NFIB annually surveys its members on state and federal issues vital to their survival as America's economic engine and biggest creator of jobs. NFIB's educational mission is to remind policymakers that small businesses are not smaller versions of bigger businesses; they have very different challenges and priorities.