

Small Business Hiring Needs

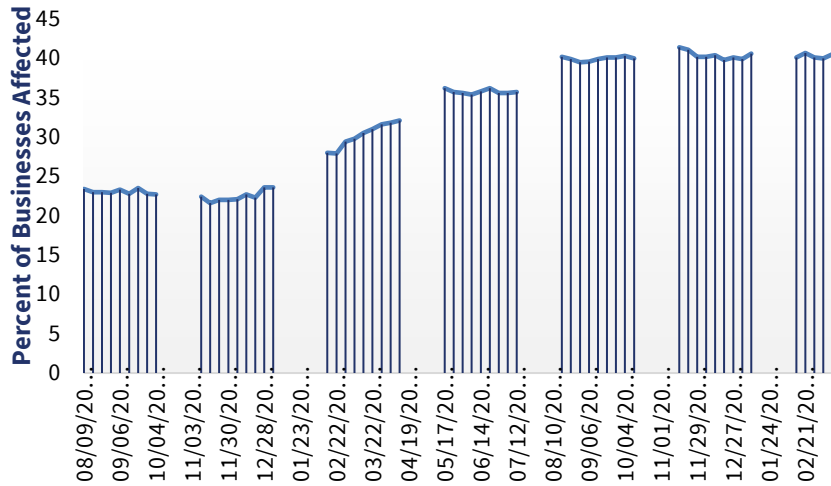
May 2022, By Daniel Brown, Regulatory Economist

Small businesses struggling to find new employees

Figure 1 illustrates high frequency survey data from the U.S. Census Bureau that tracks small business hiring needs. The data shows the number of small businesses in need of new workers has increased since August 2020. 23.4 percent of surveyed businesses cited labor needs in August 2020, which increased to over 40 percent at the end of March 2022. This dataset does not filter by size groups of small business. Exploring other data can uncover whether the labor shortage is impacting smaller businesses differently.

Figure 1: Small businesses hiring needs (SBPS)

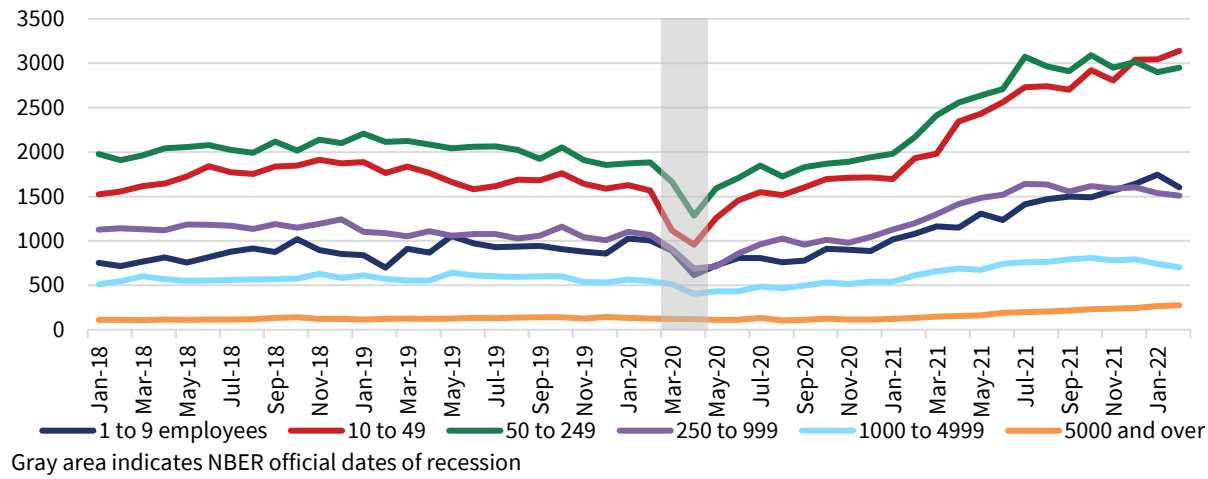
Census Bureau didn't collect where gaps in data are shown.



Sources:

Small Business Pulse Survey (SBPS), US Census Bureau, <https://portal.census.gov/pulse/data/>
Job Openings By Employee Count (JOLTS), Bureau of Labor Statistics (BLS), Department of Labor (DOL), <https://www.bls.gov/jlt/>

Figure 2: Job Openings by Employer Size (JOLTS)



Gross job openings persistent and growing for smaller employers

Figure 2 highlights job openings by size of business from the Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS). There were about 11.3 million job openings in February 2022, which is just shy of the record of 11.4 million job openings set in December 2021. Prior to the pandemic, job openings also set new highs. The pre-COVID peak in November 2018 was 7.6 million. While small businesses continue to contribute strongly to [new jobs filled](#), persistent job openings are a worrisome trend that has accelerated during the COVID-19 recovery.

While smaller businesses had higher gross openings prior to the pandemic, the national labor shortage particularly impacted smaller businesses. The pre-COVID job openings record for businesses with 50-249 employees was 2.2 million in January 2019. At the end of 2021, those businesses had over 3 million openings.

Job opening trends concern America's smallest businesses

From 2018-2021, smaller and larger businesses experienced similar fluctuations in job vacancies. However, at the beginning of 2022, openings for businesses with 1 to 9 employees surpassed openings for businesses with between 250 and 999 employees. While there were historically more openings for businesses with 50 to 249 employees than businesses with 10 to 49 employees, businesses with 10 to 49 employees now have more openings than any other size category at over 3.1 million. Continued monitoring of these trends will be important to understand whether they are a short-term anomaly or part of a long-term trend.