HAS THERE BEEN EXPLOSIVE GROWTH IN ENTREPRENEURSHIP IN THE PANDEMIC?

NABE Policy Conference 2022

Holly Wade
NFIB Research Center
February’s Optimism Index 95.7, the 48-year average is 98.
Outlook for general business conditions landed at -35% in February, 3 points above the record low reading of net -38% most recently reached in Nov. 2021.
Economic conditions is the main reason owners cite for not a good time to expand.
How long do you think it will take before your local community is back to a pre-crisis level of economic activity?

- Covid-19(22)
- Covid-19(21)
- Covid-19(20)
- Covid-19(19)
- Covid-19(18)
- Covid-19(17)
- Covid-19(16)
- Covid-19(15)
- Covid-19(14)
- Covid-19(13)
- Covid-19(12)
- Covid-19(11)

**It is now**
**2023 or later**

*NFIB*
How does your current sales revenue compare to pre-crisis levels?
Owners’ plans to fill open positions remain elevated but easing, with a seasonally adjusted net 19 percent planning to create new jobs in the next three months, down 7 points from January.

**Job Creation Plans**
Net Percent ("Increase" minus "Decrease") in Next Three Months

![Graph showing job creation plans](image-url)
Forty-eight percent of owners reported job openings that could not be filled, the 48-year historical average is 23 percent.
A net 45% (seasonally adjusted) of owners reported raising compensation, down five points from January’s 48-year record high reading. A net 26% plan to raise compensation in the next three months, down one point from January.

### Planned and Actual Labor Compensation Changes

![Graph showing compensation changes over time]
Eleven percent reported labor costs as their single most important business problem, down from the 48-year record high of 13% two months ago. The percent was 14% for firms in agriculture and 13% for professional services.
Of those reporting a staffing shortage...

What adjustments (beyond normal hiring practices) have you made to attract applicants for open positions?

- Increased starting wages: 85%
- Increased paid time off: 28%
- Offered or enhanced hiring bonuses: 22%
- Offered or enhanced referral bonuses: 18%
- Offered or enhanced health insurance benefits: 27%

What adjustments have you made in business operations to compensate for the staffing shortage?

- Offering more hours to part-time employees: 43%
- Offering overtime to full-time employees: 62%
- Owner(s) working more hours: 91%
- Adjusted business operation hours: 39%
- Introduced new technology to enhance productivity: 36%
- Reduced the variety of goods or services sold: 37%

Source: NFIB Covid-19 Small Business Survey (22)
Is your staffing shortage causing lost sales opportunities?
- 23% 1. Significant lost sales opportunities
- 22% 2. Moderate lost sales opportunities
- 32% 3. Mild sales lost sales opportunities
- 16% 4. No lost sales opportunities
- 8% 5. Does not apply

Is your current staffing shortage better, worse, or about the same as it was one months ago?
- 6% 1. Better
- 27% 2. Worse
- 66% 3. About the same
- 2% 4. I didn’t have a staffing shortage one month ago.

Source: NFIB Covid-19 Small Business Survey (22)
Small Business Supply Chain Disruptions

<table>
<thead>
<tr>
<th>Small Business Covid-19 Survey series</th>
<th>Are supply chain disruptions impacting your business better, worse, or about the same as it was three months ago?</th>
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</thead>
<tbody>
<tr>
<td><strong>2021-2022</strong></td>
<td>Better</td>
</tr>
<tr>
<td>Mar. 10-11</td>
<td>51%</td>
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<tr>
<td>Dec. 30-Jan. 4</td>
<td>47%</td>
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<tr>
<td>Oct. 25-27</td>
<td>48%</td>
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<tr>
<td>Sept. 1-6</td>
<td>50%</td>
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<tr>
<td>June 26-30</td>
<td>32%</td>
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</tbody>
</table>
Small Business Supply Chain Disruptions

Is the supply chain disruption impacting your business causing lost sales opportunities?

21% 1. Significant lost sales opportunities
30% 2. Moderate lost sales opportunities
29% 3. Mild sales lost sales opportunities
15% 4. No lost sales opportunities
5% 5. Does not apply

How long do you anticipate the supply chain disruption that is impacting your business to continue?

1% 1. Less than 1 month
1% 2. 1-2 months
7% 3. 3-4 months
10% 4. 5-6 months
79% 5. More than 6 months
3% 6. Does not apply

Source: NFIB Covid-19 Small Business Survey (22)
Twenty-six percent of owners reported that inflation was their single most important problem in operating their business, highest reading since the third quarter of 1981.
A net 7 percent of owners viewed current inventory stocks as “too low” in February, down from a 48-year record high reading of net 15% set in Nov. 2021.
The net percent of owners raising average selling prices increased seven points to a net 68% (seasonally adjusted), a 48-year record high reading.

**Actual Price Increases**

Net Percent ("Higher" minus "Lower")

Compared to Three Months Ago (Seasonally Adjusted)
Seasonally adjusted, a net 46% plan price hikes. The 48-year record high reading is 54% reached in November 2021.

**Planned Price Increases**

Net Percent ("Higher" minus "Lower") in Next Three Months (Seasonally Adjusted)
Increased costs is the main reason most owners cite for lower earnings.

**Actual Earnings Changes**

Net Percent ("Higher" minus "Lower") the Last Three Months Compared to the Prior Three Months
Borrowing remains low as many owners accessed the PPP, EIDL, and ERTC programs.
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