

Small Business Index Reaches Post-Pandemic High as Business Owners See Improving Economy

High concern for inflation remains; 56% say keeping up with employee salaries is a challenge

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Washington, D.C. — The Q3 MetLife and U.S. Chamber of Commerce [Small Business Index](#), released today, hit its highest score since the start of the pandemic as small business owners see an improving economy. The Index score, which measures small business owner confidence, jumped this quarter to 69.2 from 63.1 thanks to a nine-percentage point increase in the share of small businesses (33%) that say the economy is in good health. Sixty-six percent of small businesses also report that their business is in good health and 72% say they are comfortable with their cash flow. Both measures jumped several points from last quarter.

“Main Street employers are showing remarkable resiliency in the face of high inflation and a shortage of workers,” said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. “With fears of a recession likely in the rearview mirror and inflation starting to ease, small businesses owners are feeling a lot better than they were a year ago.”



Inflation Remains Top Challenge, Employee Retention Concerns Creep Up

Over half (52%) of small businesses say inflation is their biggest challenge, still around a record high which has been consistent over the last year. This quarter there was notable concern about wage inflation as 56% said keeping up with employee salary expectations is a challenge.

Amid the ongoing worker shortage, there has been a slow uptick in concern for employee retention and being able to afford employee benefits. Small businesses are twice as likely to say employee retention is one of their biggest challenges compared to two years ago (15% vs. 7% in Q3 2021).

This quarter’s survey asked small business leaders about the unique benefits and advantages that small businesses can offer employees in a competitive job market.

Roughly nine in ten say their company feels like a family and that this environment has helped them retain employees (89% vs. 77% in Q3 2021). Similarly, 82% agree that small businesses are uniquely qualified to provide employees with connections to—and support from—upper management.

Most (70%) small businesses say they are actively addressing employee mental health as a priority right now, up from 60% in Q3 2021. Most (68%) report utilizing at least one resource to assist with employee mental health, including encouraging employees to take mental health breaks during work (32%) or offering partial or full reimbursement for childcare (32%).

Allen Brooks, Chief Storytelling Officer at Building Momentum in Alexandria, VA, says his teaching and training firm has worked very hard to create policies that support employee's mental wellness.

"All employees have 120 hours of personal time to utilize for therapy visits, taking their dog to the vet, vacations, days off, etc. Additionally, we offer an unlimited number of sick leave hours, to accommodate myriad ailments that need to be addressed by our employees, including mental health needs," says Brooks.

As small businesses begin to feel more optimistic about the economy and their day-to-day operations, this quarter's data shows a keen focus on improving over the long term by hiring—and keeping—the right talent.

"Employee care is an essential element to an engaged workforce as well as to the success of a small business," says Cynthia Smith, senior vice president, Regional Business at MetLife. "It is encouraging to see the majority of small business owners focusing on their employees' mental health and leveraging available resources. By doing so, they are building an environment that attracts and retains a loyal, more productive workforce."

About the Small Business Index

The MetLife and U.S. Chamber of Commerce [Small Business Index](#) is part of a multiyear collaboration by MetLife and the U.S. Chamber to elevate the voice of America's small business owners and highlight the important role they play in the nation's economy. The quarterly Index, an online survey of approximately 750 small business owners and decision makers, is designed to take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

The Q3 2023 survey was conducted July 20 – August 8, 2023. The survey has a credibility interval of plus or minus 4.4 percentage points for all respondents.

About the U.S. Chamber of Commerce

The U.S. Chamber of Commerce is the world's largest business organization representing companies of all sizes across every sector of the economy. Our members range from the small businesses and local chambers of commerce that line the Main Streets of America to leading industry associations and large corporations.

They all share one thing: They count on the U.S. Chamber to be their voice in Washington, across the country, and around the world. For more than 100 years, we have advocated for pro-business policies that help businesses create jobs and grow our economy.

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