

Small Business Index Drops as Small Businesses' Confidence in the Economy Falters

Small businesses' views on the health of their own business remain positive

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Washington, D.C. — The Q4 MetLife and U.S. Chamber of Commerce [Small Business Index](#) shows small businesses' confidence in the economy dropping nearly eight points from Q3. The Index score, which measures small business owner confidence, fell to 61.3 from 69.2—a return to the scores seen earlier this year and in late 2022.

Small businesses' worsening view of the national economy and their local economy helped drive the index score down. Just a quarter (25%) of small businesses say the U.S. economy is in good health and 30% say their local economy is in good health, both down eight percentage points since last quarter.

But at the same time, small businesses' views on the health of their own business remain positive. About two-thirds (64%) of small businesses say the health of their business is very or somewhat good. Two-thirds (67%) of small businesses say they are somewhat or very comfortable with their current cash flow, down slightly from last quarter (72%) but consistent with the reading from this time last year (67%).

“With inflation still outpacing revenue expectations, small business owners are wary of the future and continue to have an overall negative impression about the national economy,” said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. “At the same time, holiday shopping is already setting records this year and most small businesses say they are doing okay despite persistent headwinds.”



Inflation and Worker Shortage Dominate Small Business Concerns

Small businesses' concerns are dominated by inflation. For the sixth consecutive quarter, 50% or more small businesses have cited inflation as one of their biggest challenges. Inflation concern has held steady at 52%-54% over the last year.

Amid the ongoing worker shortage, nearly half (45%) of small businesses report searching for, recruiting, or interviewing new talent in 2023. Nearly half of those who report searching for new

talent in 2023 say it is hard to offer competitive pay and benefits—and 60% agree it is challenging to keep up with existing employees' salary expectations.

More (48%) small businesses who have searched for talent this year also say it is hard to find enough candidates to fill open positions compared to a few years ago. Most of those who have looked for new employees say it is hard finding candidates with the experience (54%) or skills (52%) their business needs.

About seven in 10 (71%) small businesses agree that employers should more often consider hiring from talent pools such as formerly incarcerated people, veterans, military spouses, or immigrants. A majority (54%) of small businesses think the U.S. should issue more skilled worker visas annually so businesses can hire the workers they need.

In their efforts to attract and retain talent, 68% of small businesses say they plan to offer flexible work hours in the next year. Roughly half (48%) say they plan to offer a hybrid or remote work environment—especially those in the professional services sector (64%).

Brendy Nolby, President of Jam Hops Gymnastics in Ham Lake, MN, is one of many small business owners drilling down on ways to attract and retain talent.

“From a customer standpoint, we have waiting lists to get into our classes...but our biggest handicap to growth is staffing,” said Nolby. “We are working on revamping and increasing our pay scales and benefit structure to hopefully entice more workers.”

“As small business owners report challenges attracting and retaining employees, it is important to consider the recruiting tools beyond just salary and understand the powerful role benefits can play,” says Cynthia Smith, senior vice president, Regional Business at MetLife. “A robust voluntary benefits program can offer employees personalized benefits to meet their specific needs without adding cost.”

Fewer small businesses (19%) said they plan to hire seasonal employees for the upcoming holiday season compared to the last two years (28% in Q4 2022 and 29% in Q4 2021). The majority (74%) of small businesses who say they plan to hire seasonal employees continue to report that they plan to offer hiring incentives or bonuses to attract them.

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 Q4 2023 survey was conducted October 5-24, 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.

About MetLife

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