

Revenue Concerns Surge as Inflation Remains Dominant Challenge for Small Businesses

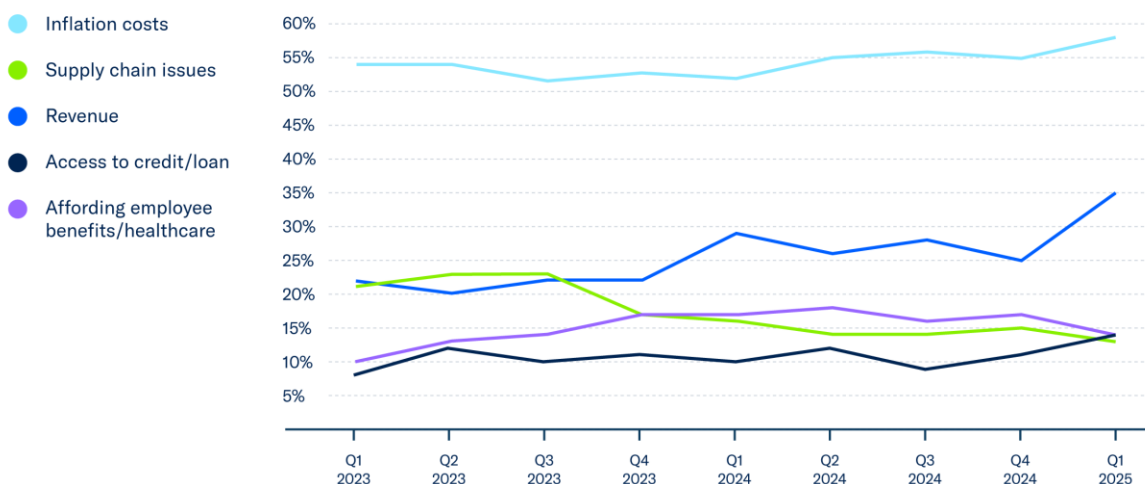
More than 1 in 3 small business owners are concerned about revenue, the highest share since 2021

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Washington, D.C. — Small business owners reported a dip in confidence this quarter across measures of business health, cash flow, and increases in staff, according to findings from the [Q1 MetLife and U.S. Chamber of Commerce Small Business Index](#). Notably, concern for revenue increased by 10 percentage points to 35%, reaching the highest level of concern since Q3 2021 (34%), when tracking of this measure began. Concern for inflation reached a new high with 58% reporting it as a top concern this quarter.

The overall Small Business Index score, a measure of small business confidence, dropped to 62.3 this quarter from 69.1, falling back in line with where sentiment stood one year ago in Q1 2024 (62.3). Despite the drop, views of the U.S. economy and local economies remained stable.

Top 5 biggest challenges facing small business owners



“The data is clear, confidence is being shaken as small businesses increasingly worry about their revenue while at the same time confronting the possibility that tariffs will raise costs for them and their employees,” said Tom Sullivan, Vice President of Small Business Policy at the U.S. Chamber of Commerce. “But while measures related to revenue and cash flow dipped, other underlying indicators such as hiring plans, investment plans, and overall confidence in the economy remain strong. The prospect of tax and regulatory relief may be buoying optimism amid uncertainty.”

According to the results of the survey (conducted between January 28 – February 14), two in three small businesses (66%) say they are comfortable with their cash flow, down six points from last quarter (72%). Confidence in business health has gone down slightly (63% this quarter, down from 67%). One in five (20%) small businesses report having increased staff in the past year, in a slight dip from Q4 2024 (22%).

“Honestly there is confusion right now as to what is happening with the local economy, and I am not comfortable as a business owner,” said Michelle Mekky, founder and president of Mekky Media Relations in Chicago. “We saw sales holding before the election and then it picked back up, but things have started to slow a bit with customers holding back on spending.”

Small Businesses Seek Leadership, AI Experience in New Hires

Despite overall confidence dipping, small businesses still remain optimistic about future hiring prospects. Similar to previous quarters, 37% said they expect to increase staff in the next year. For small businesses in the manufacturing sector, 56% plan to increase hiring in the next year. This quarter’s survey also asked small business leaders about workforce readiness. The survey revealed:

- 67% of small businesses would be more likely to hire an entry-level employee if they have previous leadership experience.
- 62% of small businesses plan to list the hourly pay or salary range in their job descriptions in the next year. For Gen-Z and Millennial owners, the share was 74%.
- Almost all (94%) small businesses say trade schools or technical colleges are effective at preparing new employees to enter the workforce, higher than both four-year colleges or universities (72%) and high schools (51%).
- Half (49%) of small businesses say they would be more likely to hire an entry-level employee if they have training/certification on how to use artificial intelligence (AI).

Small businesses believe overall their entry-level employees are prepared. Nearly three in five small businesses (57%) say that their recently hired entry level employees are prepared to enter the workforce, compared to just 20% who say they are not.

“Despite macroeconomic challenges, it is encouraging to see small businesses remain optimistic about hiring in the coming year, with more than a third expecting to increase staff. Robust benefit offerings will play a vital role in attracting and retaining top talent,” said Bradd Chignoli, executive vice president and head of Regional Business & Workforce Engagement. “Small business owners who prioritize benefit experiences and culture, as well as demonstrate employee care, can effectively build high-trust, high-performing workplaces, improving employee holistic health and business outcomes.”

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 conducted by Ipsos is designed to

take the temperature of the sector, see where small business owners are confident, and where they are experiencing challenges.

The Q1 2025 survey was conducted online in English by Ipsos during January 28 – February 14, 2025. The survey has a sample size of 750 small business owners and operators age 18+ from the continental U.S., Alaska, and Hawaii. 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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