

Small Business Confidence Inches Up, But Economic Uncertainty Lingers

Inflation concerns dropped 10 points since Q1, but higher prices remain small businesses' top concern

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Washington, D.C. — The [MetLife & U.S. Chamber of Commerce Q2 2025 Small Business Index](#) rose slightly to 65.2, up from 62.3 in Q1. While this uptick reflects optimism around business health and cash flow, the survey also reveals persistent undercurrents of economic uncertainty.

Despite the uptick, the Index remains below where it was during the last three quarters of 2024, due largely to a sharp decline last quarter (Q1 2025). Although concern over inflation dropped to 48% (from 58% last quarter), 70% of small businesses report that rising prices have significantly impacted their operations, and 60% have raised prices in the past year as a result of inflation. In addition, significantly more small businesses (40%, up from 33% last quarter) spent more time completing licensing, compliance or other government requirements.

"Small businesses are cautiously navigating a complex economic landscape," said Tom Sullivan, Senior Vice President of Small Business Policy at the U.S. Chamber of Commerce. "While they are confident in their business operations—especially at the local level—when it comes to long term planning there is some hesitation as inflation concerns linger, and new trade policies create economic uncertainty."

According to the results of the survey (conducted between April 16 – May 5, 2025), 42% of small businesses expect to increase staff in the next year (up from 37% last quarter), but expectations for revenue growth have softened. Only 65% anticipate revenue increases—down from 73% a year ago.

Findings Signaling Growing Uncertainty

- **Supply Chain Disruptions:** Nearly half (47%) of small businesses have altered their supply chains in the past six months, and 30% report being unable to meet customer demand due to these disruptions.
- **Growing Concern Around Workforce Issues:** While concern for inflation dropped, more small business owners cite employee retention (16%, up from 11%) as top challenge this quarter. There is also a slight shift in the number that say supply chain concerns (17%, up from 13%).
- **Generational Difference in Optimism:** Businesses in the services sector and those owned by Baby Boomers report lower confidence in both national and local economic conditions. Gen-Z and Millennial owners are more optimistic.

Small business owner Colton McCurley, CEO of National Flooring & Supply Inc. in Sonora, California, says his clients remain loyal but are more cost-conscious than ever.

"We are managing these headwinds through tight cost controls, vendor renegotiations, and strategic investments in automation and distribution. These adjustments have improved profitability, even amid an unprecedented decline in demand," says McCurley.

Small Businesses Struggle with Cost and Complexity of Employee Benefits

This quarter's survey also asked small business owners about their employee benefit offerings. While most small businesses recognize the importance of offering employee benefits, many continue to struggle with the complexity and cost of doing so.

- **Nearly All Acknowledge Importance:** 93% of small businesses say benefits are important for showing care for employees and their families, and around nine in 10 cite benefits as key to boosting morale, productivity, and retention.
- **Health Insurance Leads:** Health insurance remains the most commonly offered benefit, followed by various forms of paid leave. Overall, 70% of small businesses offer at least one type of benefit.
- **Barriers to Offering Benefits:** Limited budgets (40%) and rising costs (37%) are the top barriers. Only 11% of small businesses report no barriers to offering benefits.

"Today's small business owners are navigating a complex benefits landscape that's only grown more challenging in recent years. It's no surprise that an increasing number, two in three, say they wish they had outside help," said Bradd Chignoli, executive vice president and head of Regional Business & Workforce Engagement. "Partners such as benefits brokers and insurers are excellent resources to meet this challenge. By working with knowledgeable experts, small business owners can focus on their top priority: growing their business."

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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 Q2 2025 survey was conducted online in English by Ipsos between April 16 – May 5, 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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