

## Small Business Owners Are Feeling the Impact of Inflation, Yet Remain Optimistic

*Two in three small businesses have raised prices to cope with inflation*

**Washington, D.C.** — Despite a big jump in concern for inflation small business owners are feeling good about the health of their businesses and expectations for the future, leading to a new pandemic-era high score of 64.1 for the MetLife and U.S. Chamber of Commerce Small Business Index.

About three in five (61%) small business owners say their business is in good health. Upward trends over the last several quarters to hire more, invest more, and anticipate increasing revenues continued, according to the poll taken January 14 - 26, 2022, and released today.

But at the same time, concern for inflation soared. The vast majority (85%) of small business owners are concerned about the impact of inflation, and 44% indicate they are *very* concerned, jumping 14 percentage points from 31% last quarter. More than two in three businesses (67%) report having to raise prices to cope with inflation.



“It is encouraging to see the steady rise in business confidence on Main Street, even as this latest survey was taken at the height of the Omicron wave,” said U.S. Chamber Vice President of Small Business Policy Tom Sullivan. “Inflation is top-of-mind for small businesses as it continues to limit their purchasing power, forcing small businesses to raise their prices and absorb higher costs within already thin margins. The Administration and Congress need to focus on easing the burden on small businesses by reducing inflationary pressures and addressing the worker shortage crisis to ensure continued recovery on Main Street.”

One in three (33%) small business owners now rank inflation as their biggest challenge, up from 23% last quarter. Other top challenges include:

- Supply chain disruptions (26%), jumping eight percentage points since last quarter
- COVID-19 safety protocols/compliance (24%)
- Revenue (21%)
- Employee well-being/morale (14%)

## **Small Business Are Making Changes to Improve Employee Retention**

The worker shortage and The Great Resignation are causing major headaches for small business owners. Most small businesses (56%) are concerned about recruiting enough new employees to fill open positions, and 57% are concerned about employee retention. Larger small businesses (20-499 employees) rank employee retention (21%) alongside inflation (24%), supply chain disruptions (25%), and COVID-19 (26%) as one of their highest concerns.

However, a majority (60%) of small businesses say they have implemented new changes over the past year to improve employee retention. These changes include:

- increasing schedule flexibility (37%),
- increasing wages (31%), and
- providing employees with more opportunities to learn/grow (29%).

“While employee retention remains a concern for the majority of small business owners, it is a positive sign to see these employers taking steps to attract and retain talent,” said Cynthia Smith, senior vice president, Regional Business at MetLife. “This adds to small business owners’ confidence in winning the war for talent and is reflected in their growing optimism and pandemic-era high index score.”

### **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 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.

On March 3, 2022, the Q1 2022 Small Business Index quarterly spotlight section on inflation was released early as a [Special Report on Inflation and Supply Chain Shocks on Small Business](#). Find more small business special reports [here](#).

From April – July 2020, MetLife and the U.S. Chamber produced a monthly coronavirus report, the [Small Business Coronavirus Impact Poll](#). For more small business resources, visit [uschamber.com/co](https://uschamber.com/co).

### **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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