

Inflation Concerns Soar Among Small Business Owners, But Many Remain Optimistic for Future

Nearly 7 in 10 small businesses have raised prices to cope with inflation

Washington, D.C. — The MetLife and U.S. Chamber of Commerce Small Business Index, released today, found inflation is the dominating challenge for small business owners.

The Index found that 88% of small business owners are concerned about the impact of inflation on their businesses. Nearly half (49%) are *very* concerned, compared to 44% last quarter and rising from 31% in Q4 2021.

“Historic inflation is top-of-mind and deeply troubling to small businesses right now,” said U.S. Chamber of Commerce Vice President of Small Business Policy Tom Sullivan. “But at the same time, there is confidence among small business owners that customer demand will remain strong, and this quarter’s Index shows they want to hire and plan on meeting that demand in the coming months.”



Despite the sharp increase in concern around inflation and ongoing economic uncertainty, the Small Business Index ticked up 2.7 points to reach a new pandemic-era high score of 66.8. The Index’s rise comes from its unique focus on individual small business circumstances, with less weight assigned to attitudes on the broader economy.

For instance, two in three small business owners say their business is in good health, a five-point increase from last quarter and on par with pre-pandemic Q1 2020. Two-thirds (66%) say they expect revenue to increase over the next year, and 43% plan to hire more staff, the highest number recorded in the past two years.

Meanwhile, there has not been any improvement in how small businesses view the overall economy. About half (49%) say the U.S. economy is poor, consistent with the last few quarters. Less than one in three (30%) say the overall U.S. economy is good. Slightly more (37%) rate their local economy as good.

Small business owner Brenda Nolby is still seeing high consumer demand at her gymnastics studio in Ham Lake, Minnesota.

“My current class enrollment is strong, leading me to believe that the local economy is doing well. We have waitlists for classes, so families apparently have enough for discretionary spending,” says Nolby,

CEO of Jam Hops Gymnastics. “The biggest inflation impact has been the need to increase pay by about 15-20%.”

When asked to rank their top challenges, 44% of small businesses cite inflation (up from 33% last quarter), with supply chain issues (28%) and revenue (22%) remaining steady. The number of small businesses choosing rising interest rates as a top challenge (15%) doubled compared to last quarter. Three-quarters (74%) say they are concerned about the impact of rising interest rates on their business.

“Despite facing headwinds, it is promising to see small business owners’ optimism reach a new pandemic-era high,” said Cynthia Smith, senior vice president, Regional Business at MetLife. “America’s small businesses employ tens of millions of people and are a major contributor to the nation’s economy. This resilience among small business owners will play an essential role as they navigate economic uncertainty.”

Additional Findings

- **Small business owners see more competition and red tape.** When comparing current conditions to six months ago, small businesses report higher levels of competition (39% vs. 30% last quarter), and say they are spending more time on licensing, compliance, or other government requirements (37% vs. 29% last quarter).
- **Raising the prices of products or services** is how most small businesses say they are coping with inflation (69%), followed by taking out a loan (46%) and decreasing staff (35%).
- **53% of small business retailers** say inflation is a top challenge, significantly above other sectors, and up 21 percentage points compared to last quarter.
- **Hiring woes remain.** Over half (55%) of small businesses express concern over filling empty roles. 54% are concerned about retaining employees.
- **Four in 10 small business owners** say they are still offering employees a hybrid work environment. Of those, 54% plan to continue to offer it indefinitely.
- **50% of small business owners say they are working more hours** now than they were a year ago. Just 30% said the same the last time this question was asked in 2017.

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.

Earlier this month, MetLife and the U.S. Chamber released a [Special Report on Small Business & LGBTQ+ Inclusion](#). Find more small business special reports [here](#).

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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