



# 2023 Economic Report



# Foreword

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America's small businesses find themselves at a crossroads. Today, many are feeling far better than they were one or two years ago, however they are facing some significant challenges: improbably high inflation, a tightened credit market and a labor market that makes growth nearly impossible. After an insanely turbulent two years under the pandemic and now economic contractions, the stakes for small business have never been higher.

The National Small Business Association (NSBA) is the nation's first small-business advocacy organization, celebrating more than 85 years of small-business advocacy in Washington, D.C. Focused on federal advocacy and operating on a staunchly nonpartisan basis, NSBA conducts a series of surveys every year, including this annual Economic Report. Among the key findings:

When asked to compare today's economy with six months ago, the majority said it is worse, and while that is notably lower than 2022—68 percent—the fact that more than half believe the economy is worse off in just the past six months should ring alarm bells for policymakers. Perhaps even more concerning is the fact that 60 percent of small businesses say they believe the U.S. economy today is worse off than one year ago.

The number of small businesses anticipating either a flat or recessionary economy today is 86 percent, the highest this indicator has been since 2011 at the height of the great recession.

While there has been positive movement among small-business owners who feel confident about the future of their small business, up from 62 percent in 2022 to 73 percent today, it's important to note that one-in-four small businesses still aren't confident about the future of their small business.

Nearly one-third of small businesses anticipate zero growth in the coming year, and although that's a significant improvement from 2022, it's the highest it's been since 2014. The majority of small-business owners picked "inflation" as the top challenge facing their business.

One of the most concerning trends throughout the data is clear tightening of lending. Today, more than one-third of small businesses (37 percent) say they are unable to obtain adequate financing—the highest this indicator has been since 2008, the start of the housing market collapse which kicked-off the great recession. There was an increase over the past year among small-business owners who said "lack of available capital" was the biggest challenge facing their business. Furthermore, 32 percent of small-business owners said the terms of current outstanding bank loans have become less favorable – a major jump from just 14 percent in 2022.

This contraction in lending has real-world consequences: the number of small businesses who said they are unable to grow or expand their business operations due to a lack of capital is at its highest point since we started doing the survey in 2007.

For those small businesses that are attempting to grow, the labor market has made it incredibly difficult: one-third of small-business owners say it's been very difficult to hire new employees over the past year, and nearly half (45 percent) of small businesses say they are NOT able to find workers who have adequate skills for their open positions.

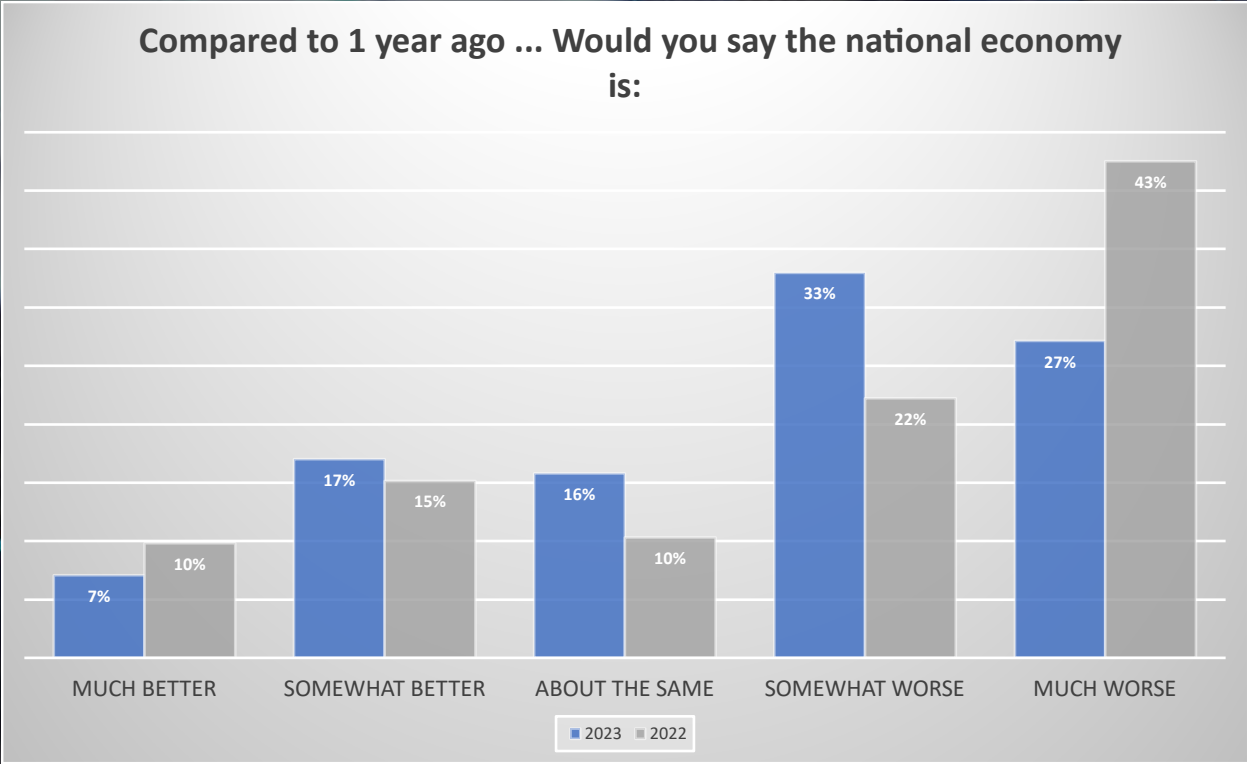
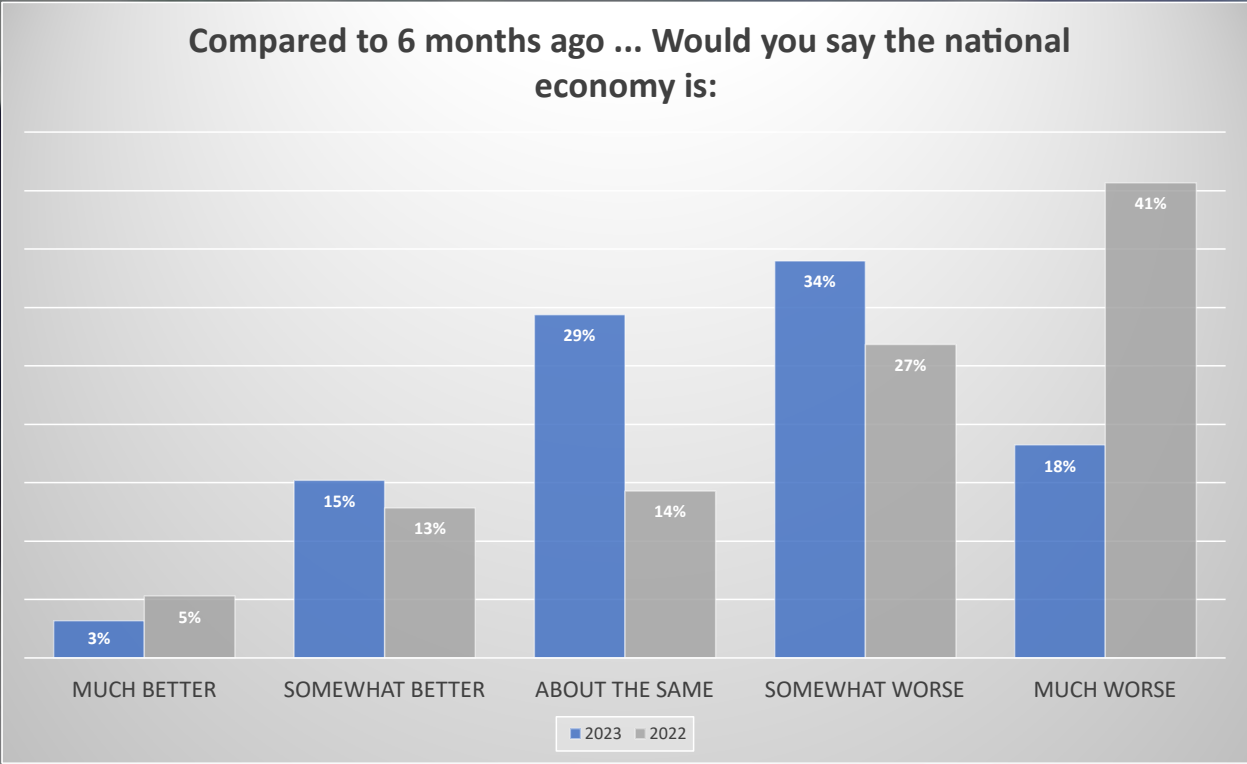
The 2023 Economic Report was conducted on-line Jan. 2 through Jan. 23, 2023 among more than 570 small-business owners. We hope you find this report informative and useful. Please contact NSBA's media office for inquiries at [press@nsba.biz](mailto:press@nsba.biz).

Sincerely,

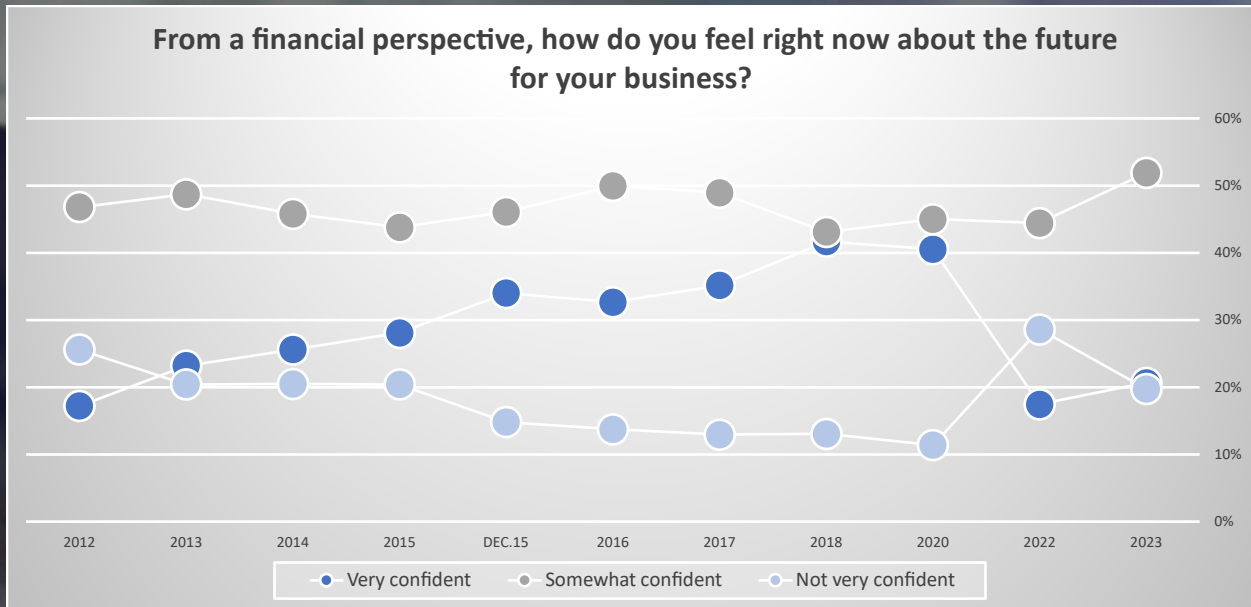
Todd McCracken  
NSBA President and CEO



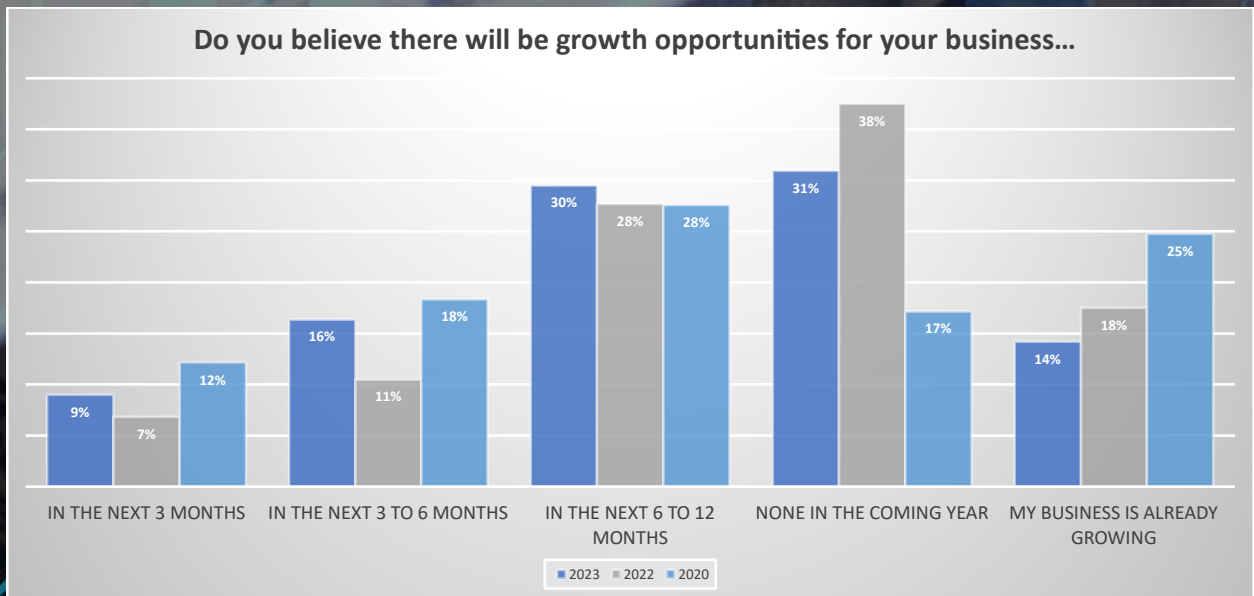
# Economic Outlook



# Small Business Confidence



One-in-four small businesses still aren't confident about the future of their small business.



Nearly one-third of small businesses anticipate zero growth in the coming year, and although that's a significant improvement from 2022, it's the lowest it's been since 2014.

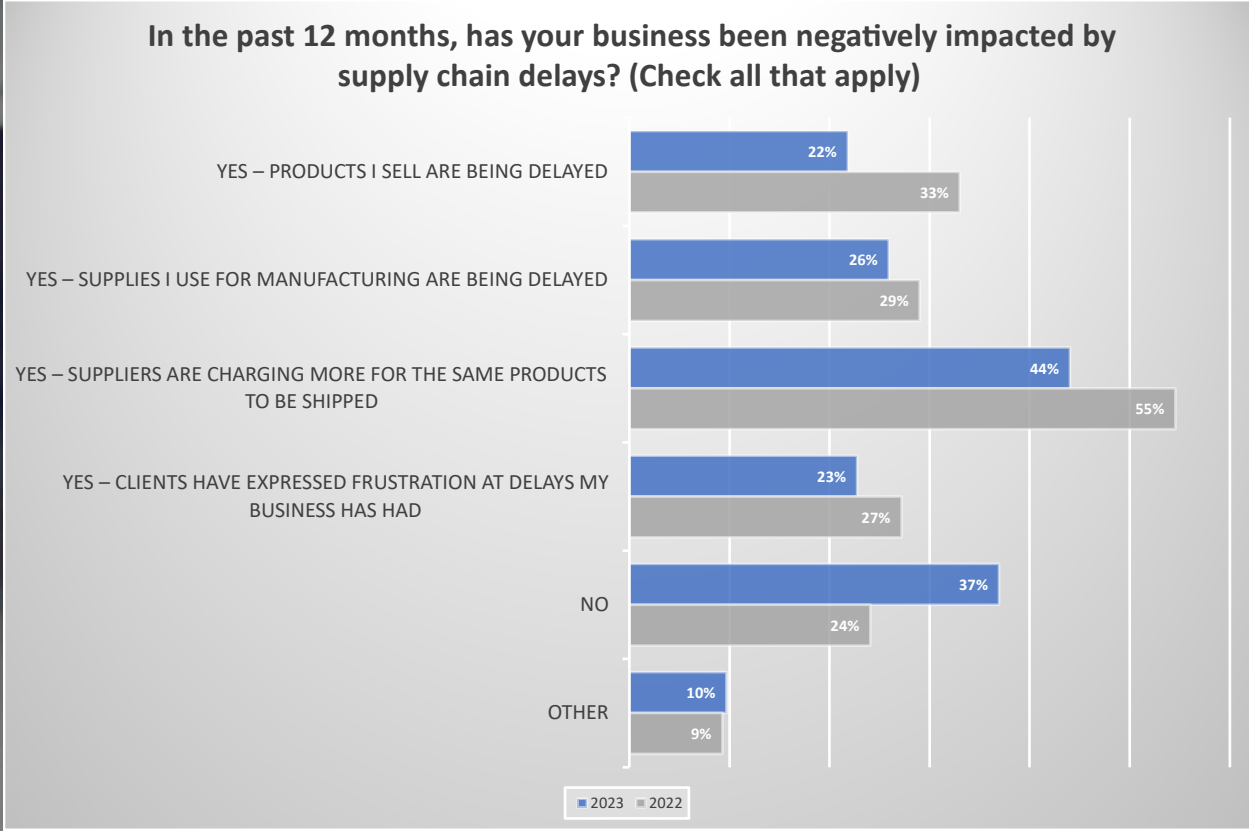
# Small Business Challenges

What are the three most significant challenges to the future growth and survival of your business?



The last time a majority (50%+) selected a similar challenge was in 2014 when 51 percent selected “economic uncertainty.”

# Inflation and Supply Chain



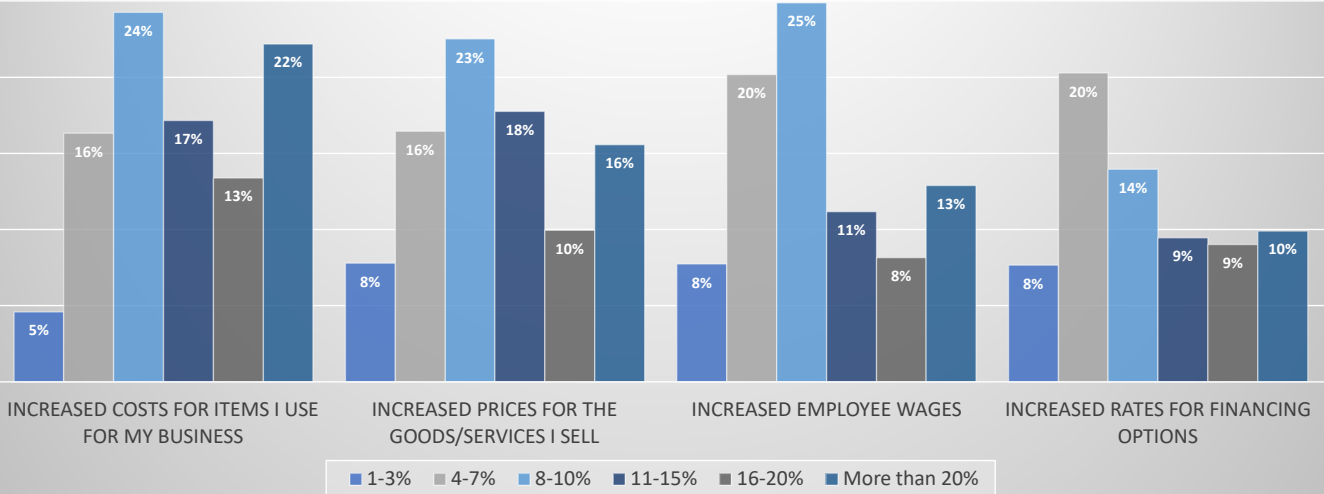
In terms of biggest challenges, there was a significant drop in “supply chain delays” from 43 percent in 2022 to 23 percent today.



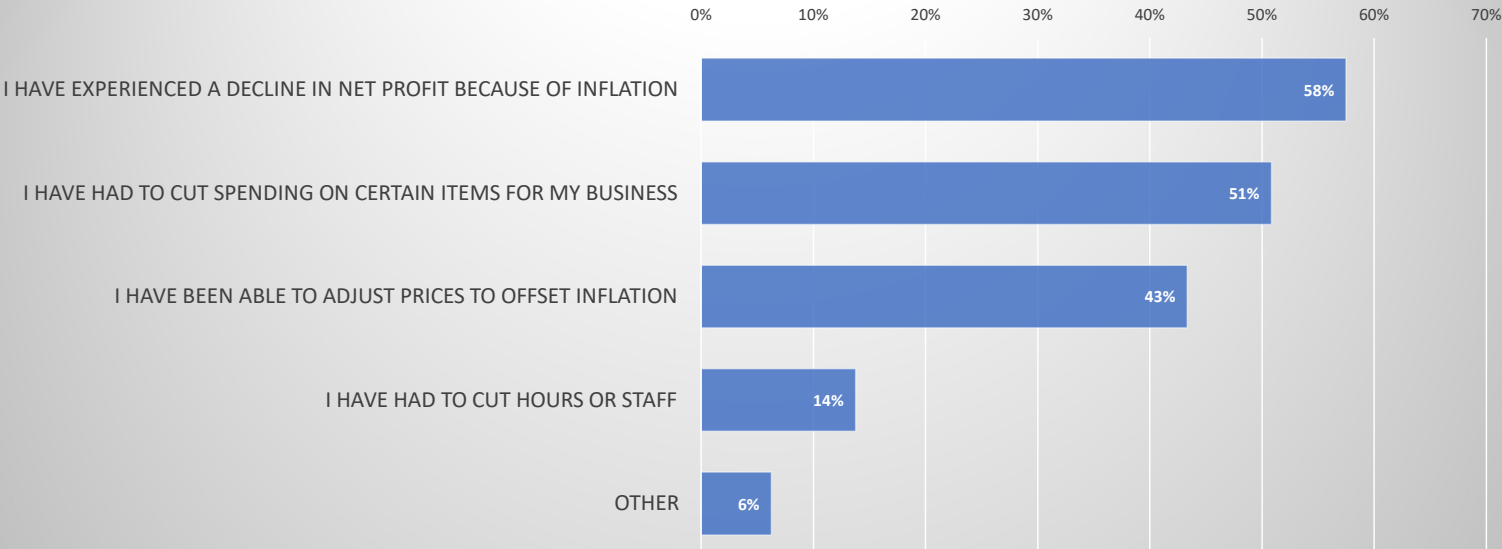


# Impacts of Inflation

Please indicate using percentages how much each of the following inflation-driven effects have changed costs for your business over the past 12 months.

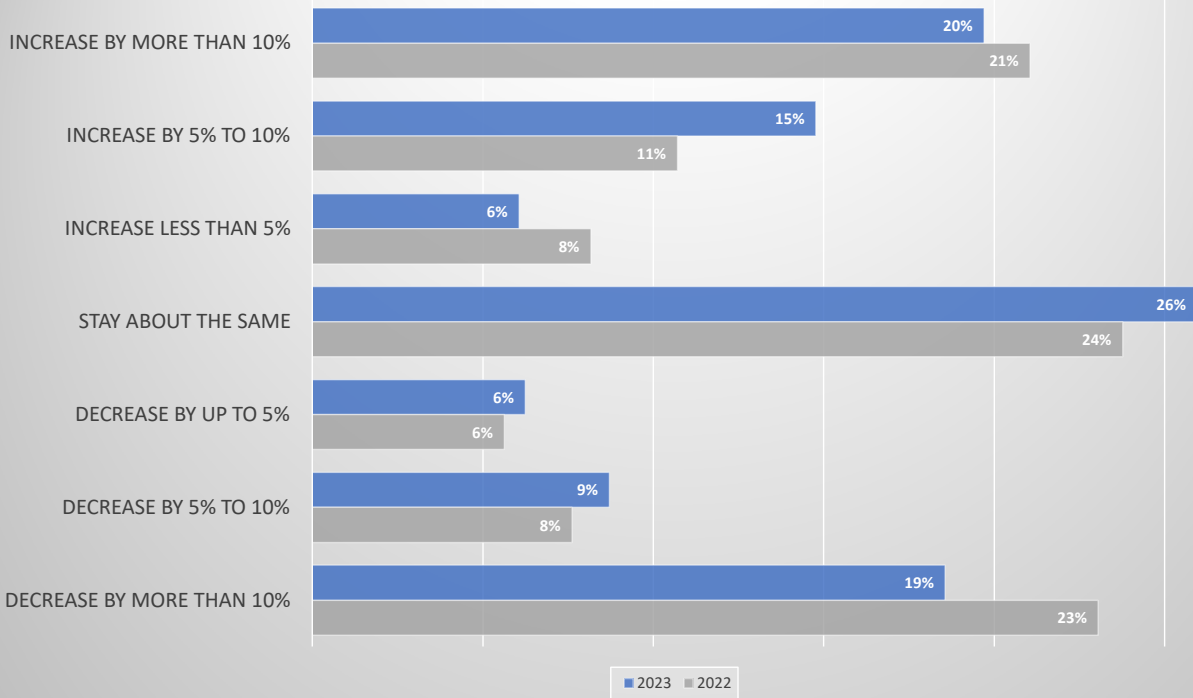


Please indicate how you have been able to absorb inflationary cost increases. (Check all that apply)

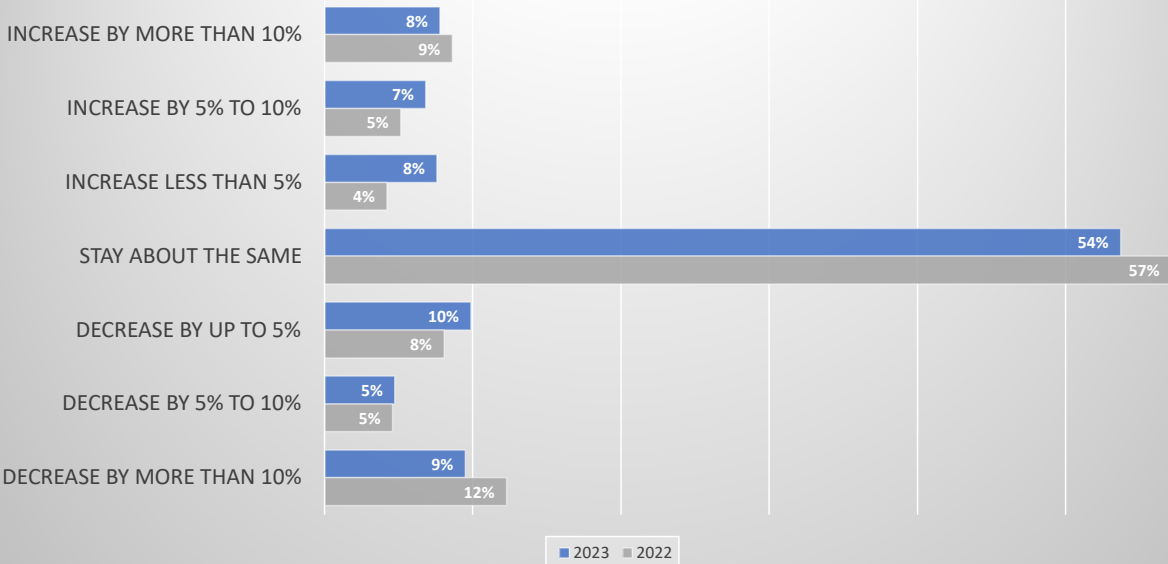


# Looking Back

How much did your gross sales/revenues change over the last 12 months?



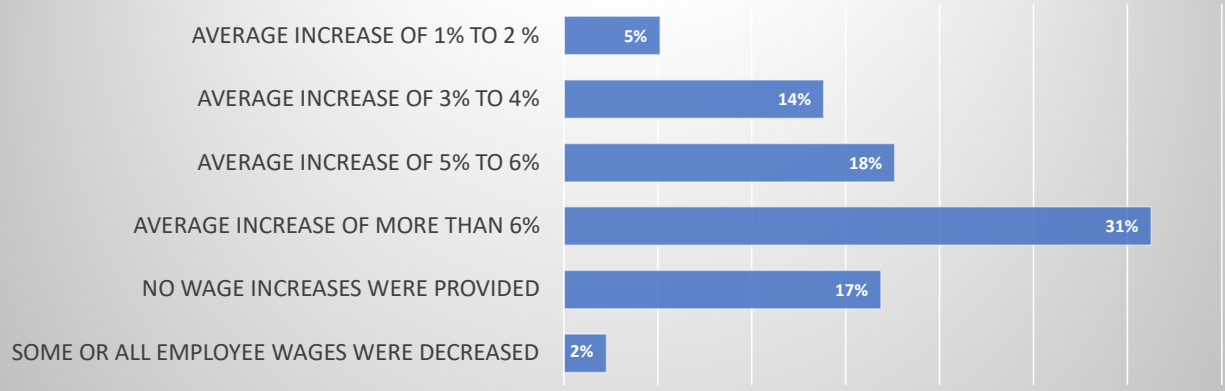
How much did the number of employees in your business change over the last 12 months?





# Looking Back

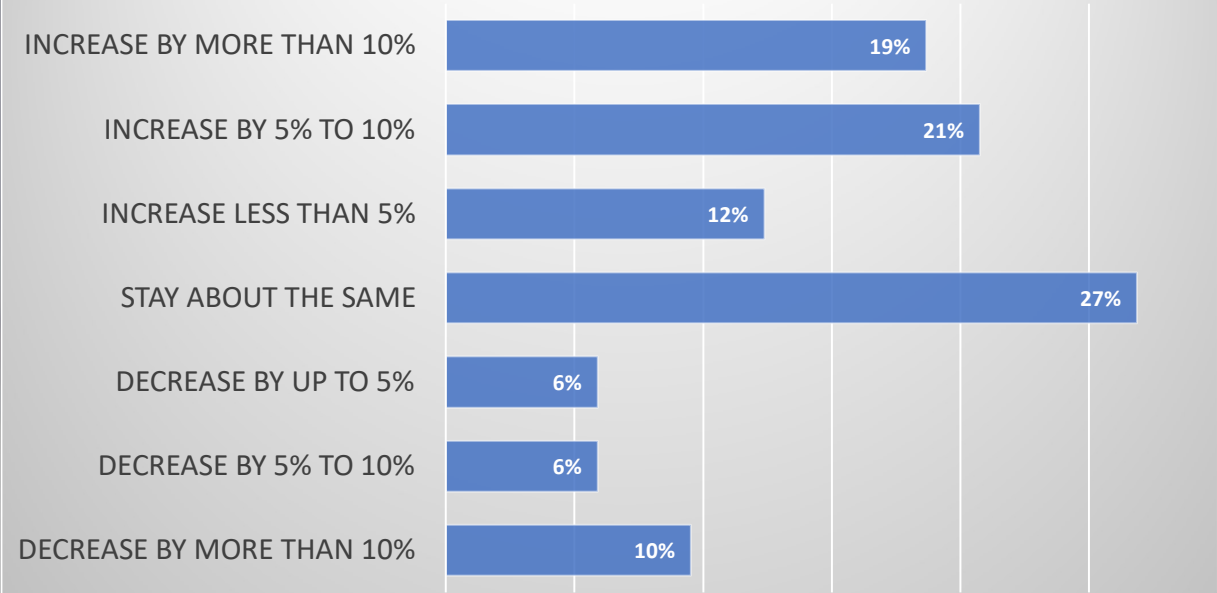
## How did average per-employee wages increase over the last 12 months?



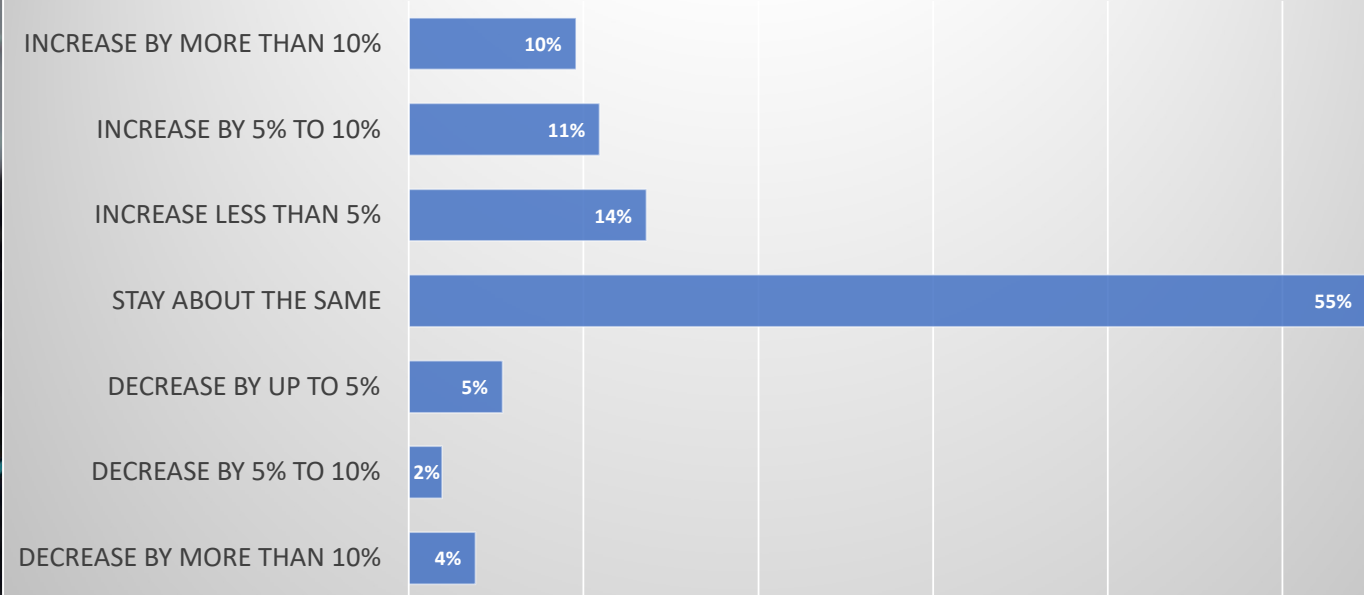
Similar to the overall theme of the survey (things are better than last year, but still pretty bad), fewer businesses this year reported decreases in total revenues from 2022. Additionally, more small businesses are hiring than in 2022 and fewer are cutting staffing levels.

# Looking Forward

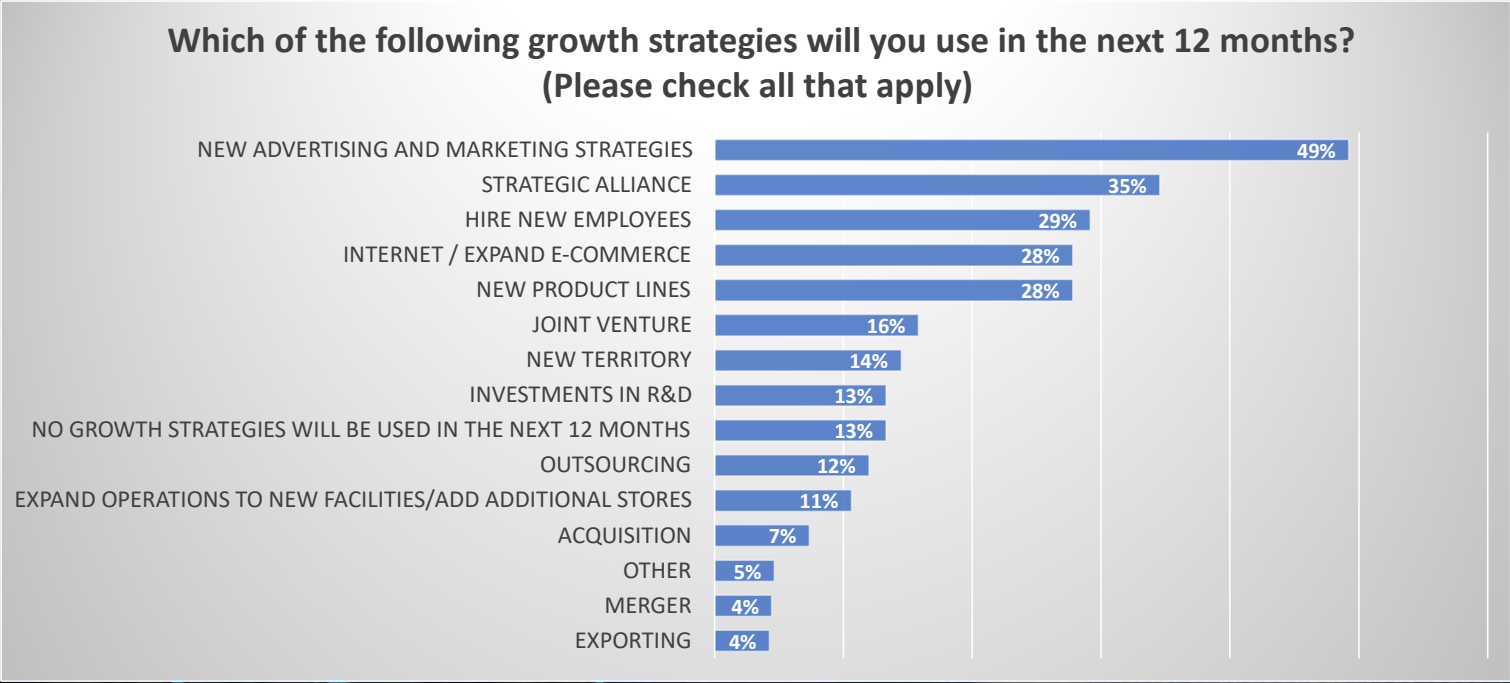
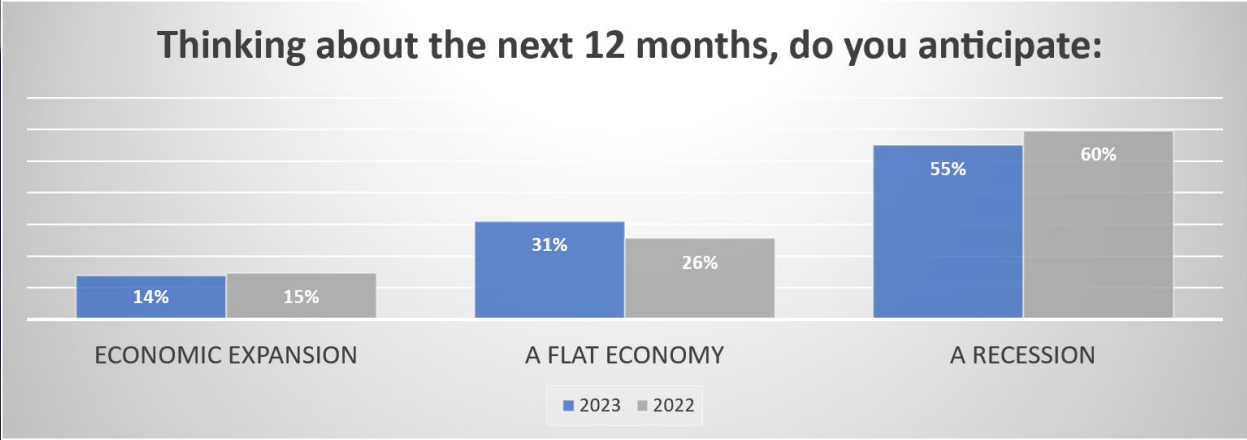
## How much do you expect gross sales/revenues to change over the next 12 months?



## How much do you expect number of employees to change over the next 12 months?



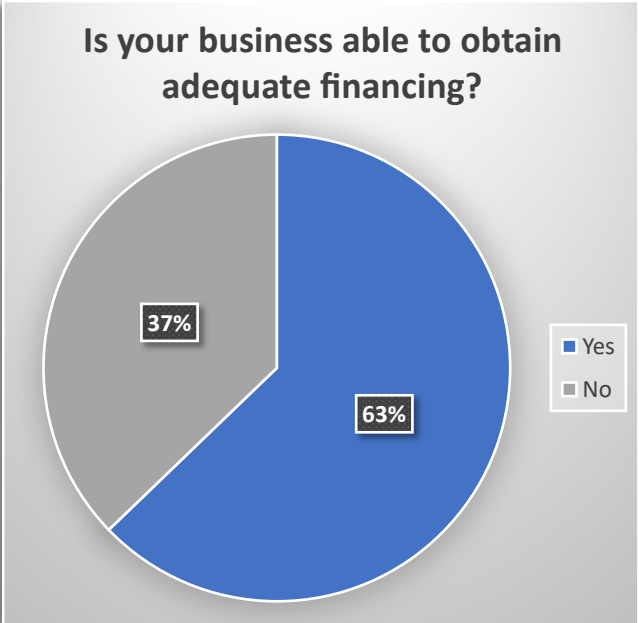
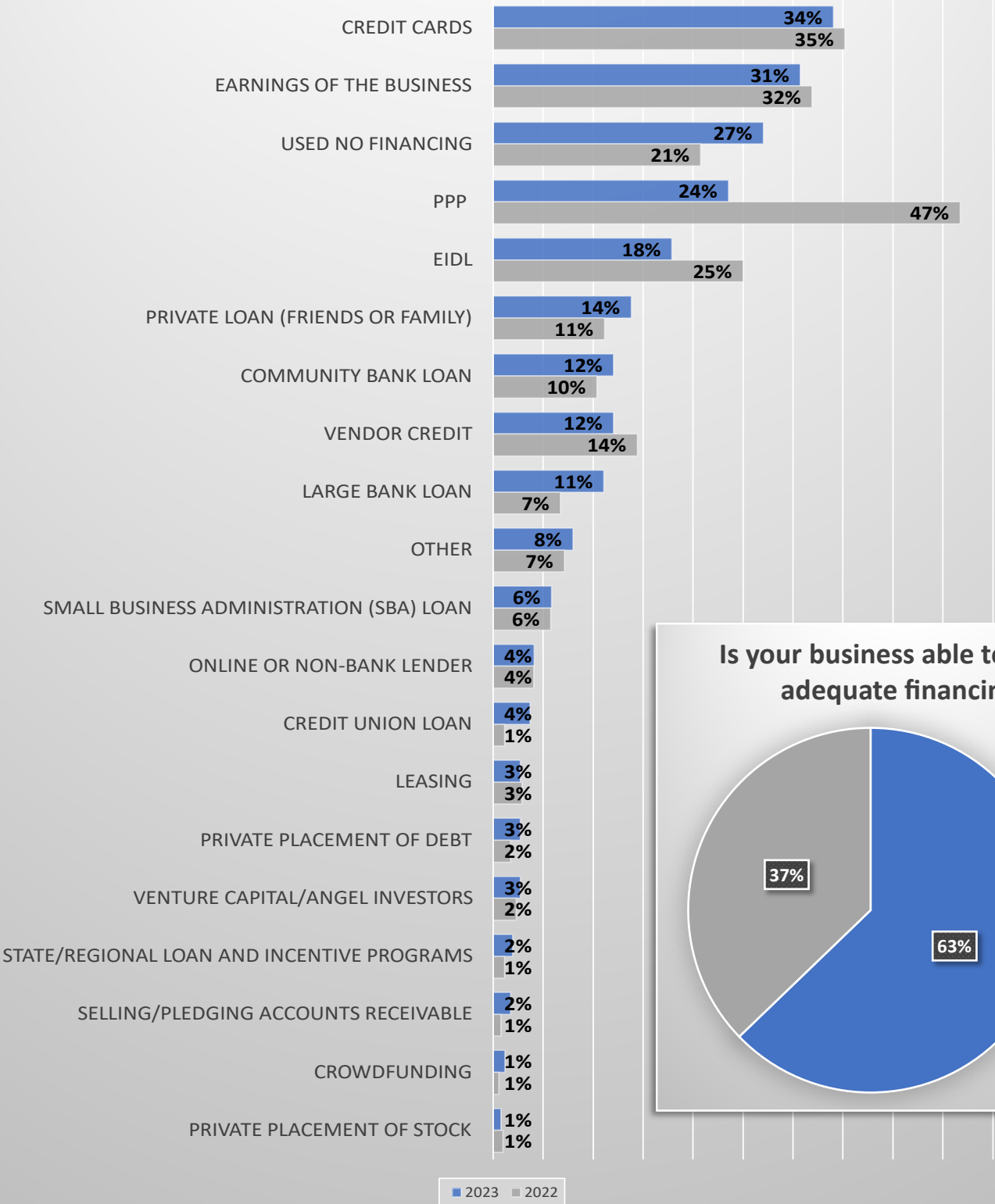
# Future Growth Strategies





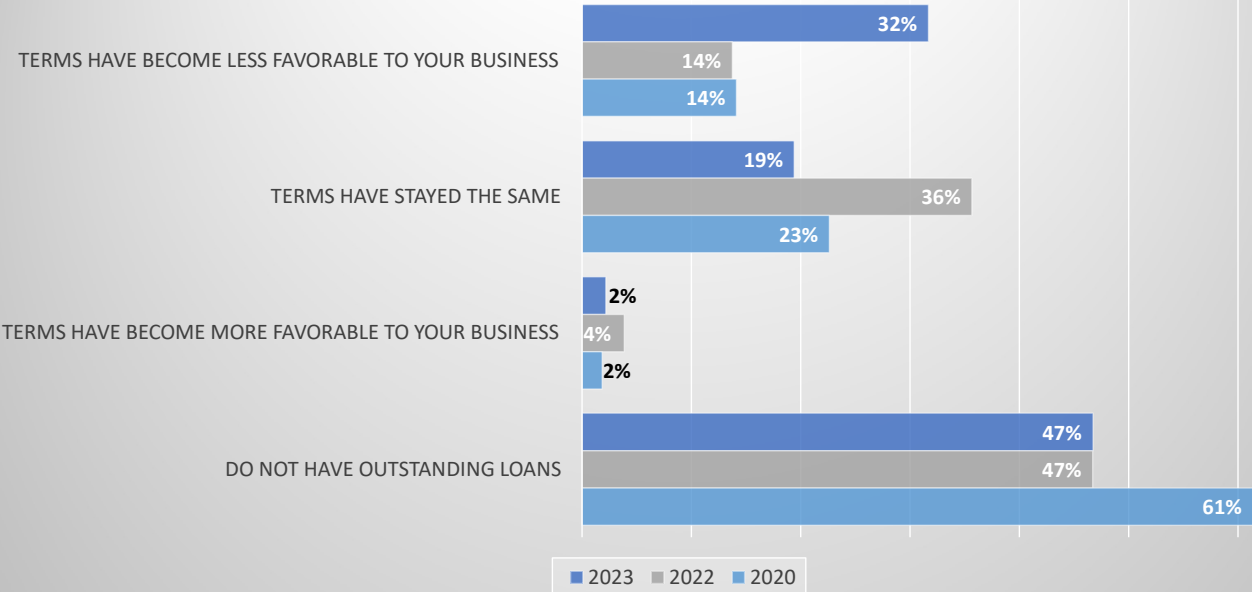
# Financing

What types of financing has your company used within the past 12 months to meet your capital needs? (Check all that apply)

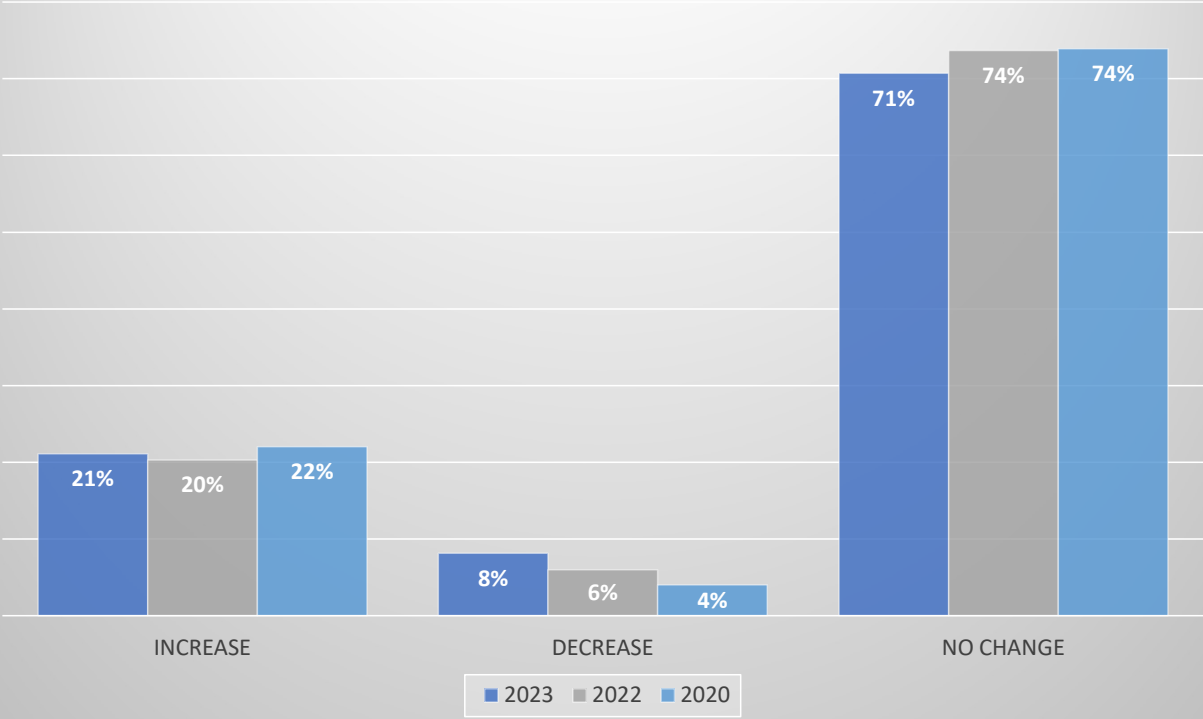


# Financing

For bank loans that are currently outstanding, which of the following has occurred in the last twelve months?

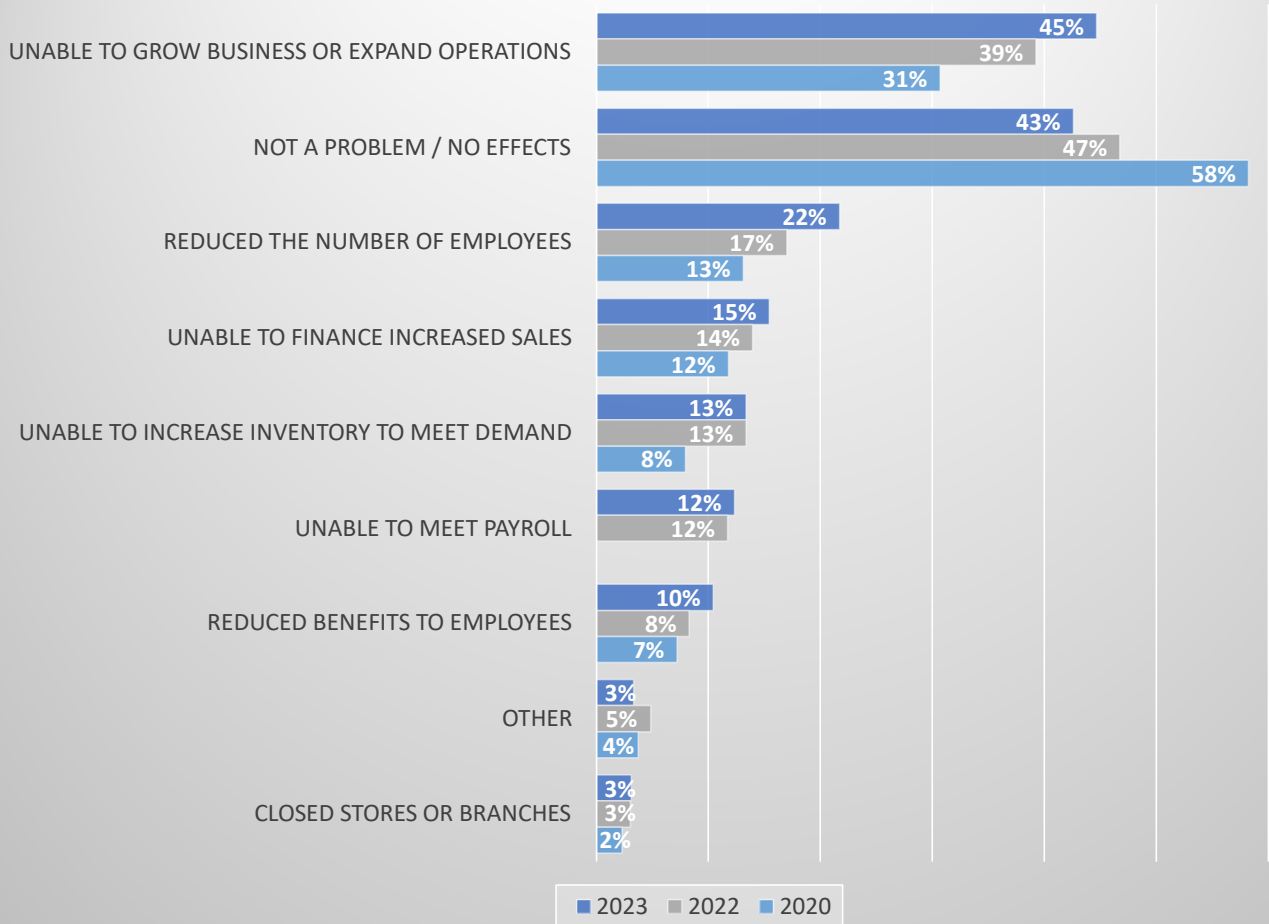


Have you experienced any of the following changes on any of your lines of credit or on your credit cards in the last six months? (On the actual account limits, not interest rates or fees)

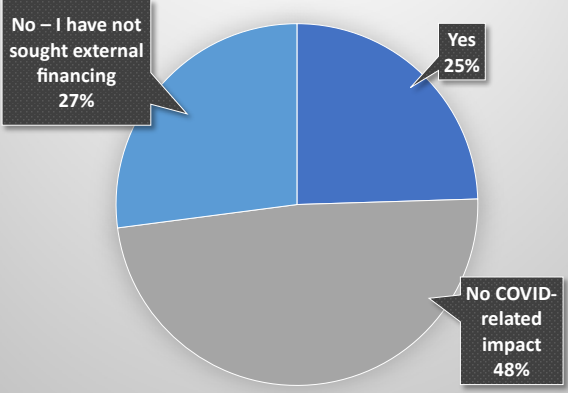


# Financing

If capital availability is a problem for your business, what is the effect on your operations? (Check all that apply)

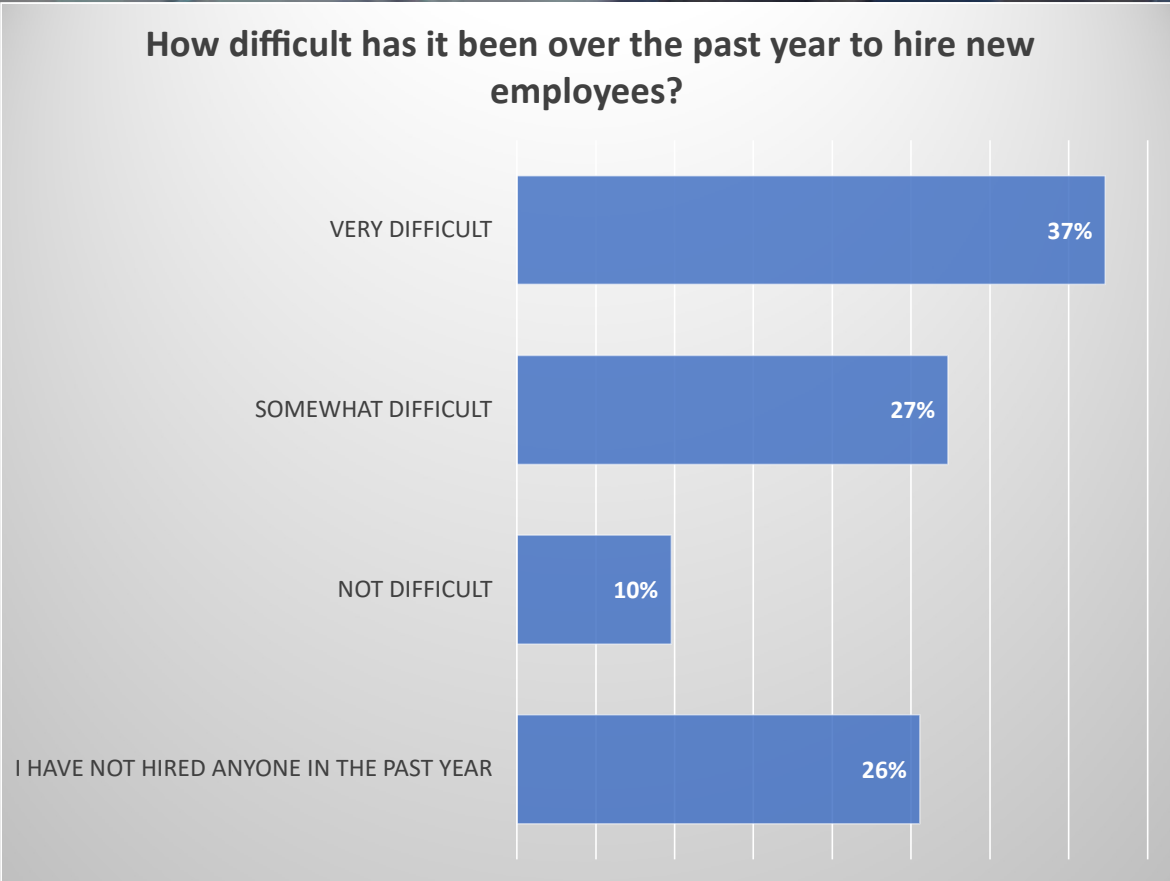
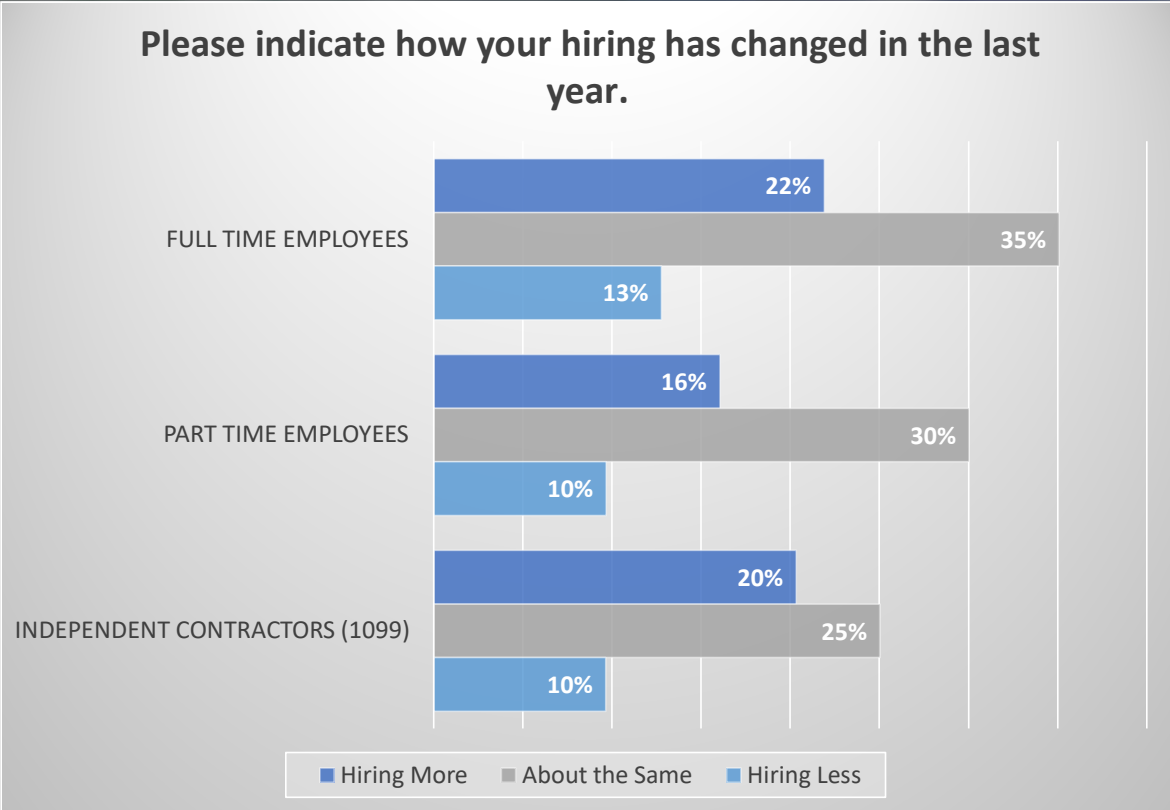


Are you experiencing any lingering impact of COVID when it comes to financing for your small business?



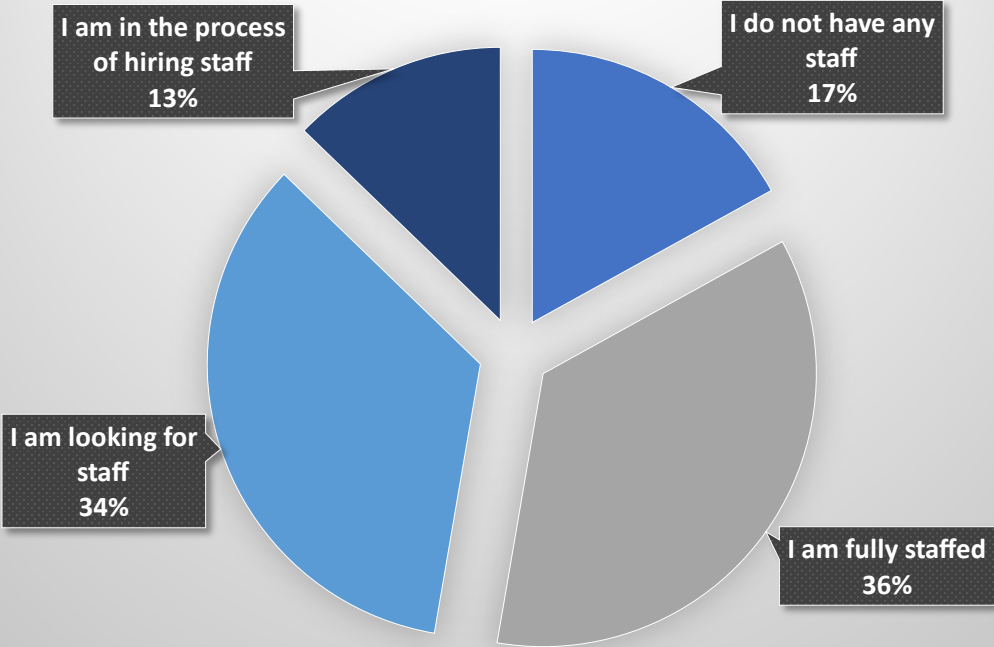


# Labor

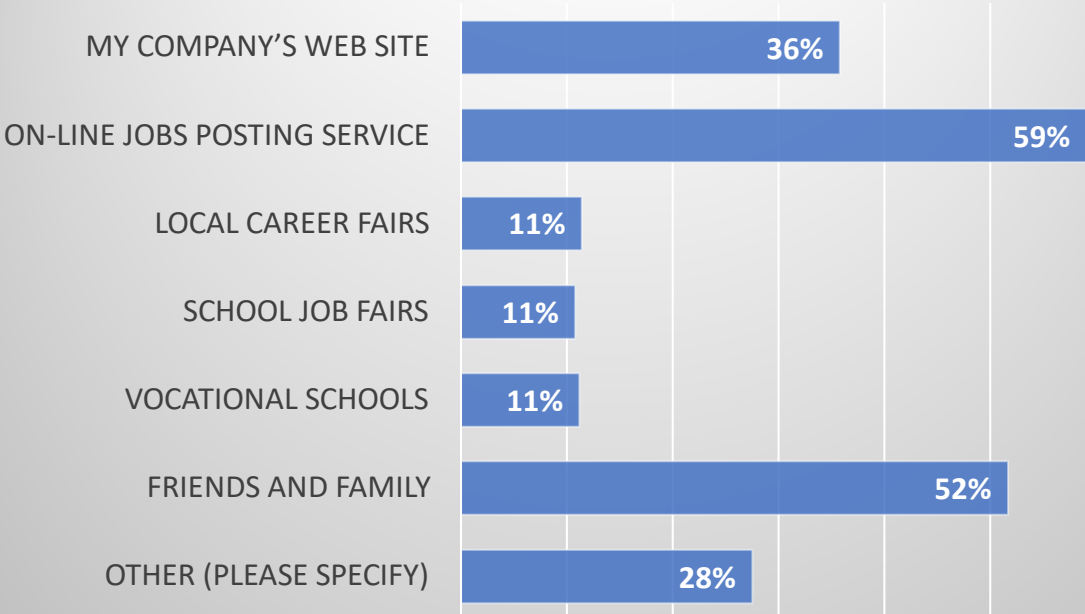


# Labor

Please indicate which of the following is most accurate when it comes to your staffing levels.

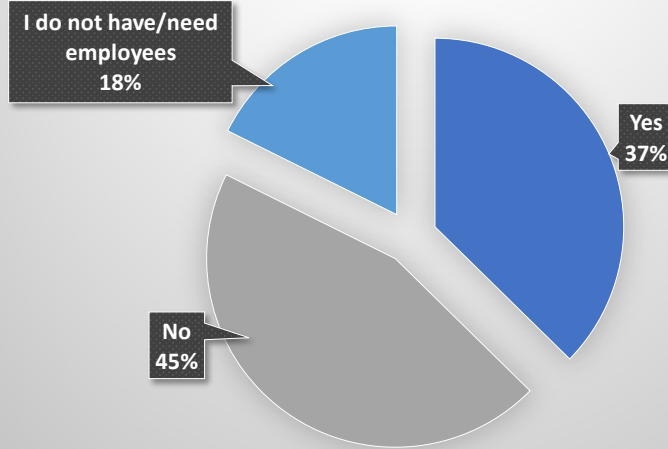


How do you recruit new employees? (Check all that apply)

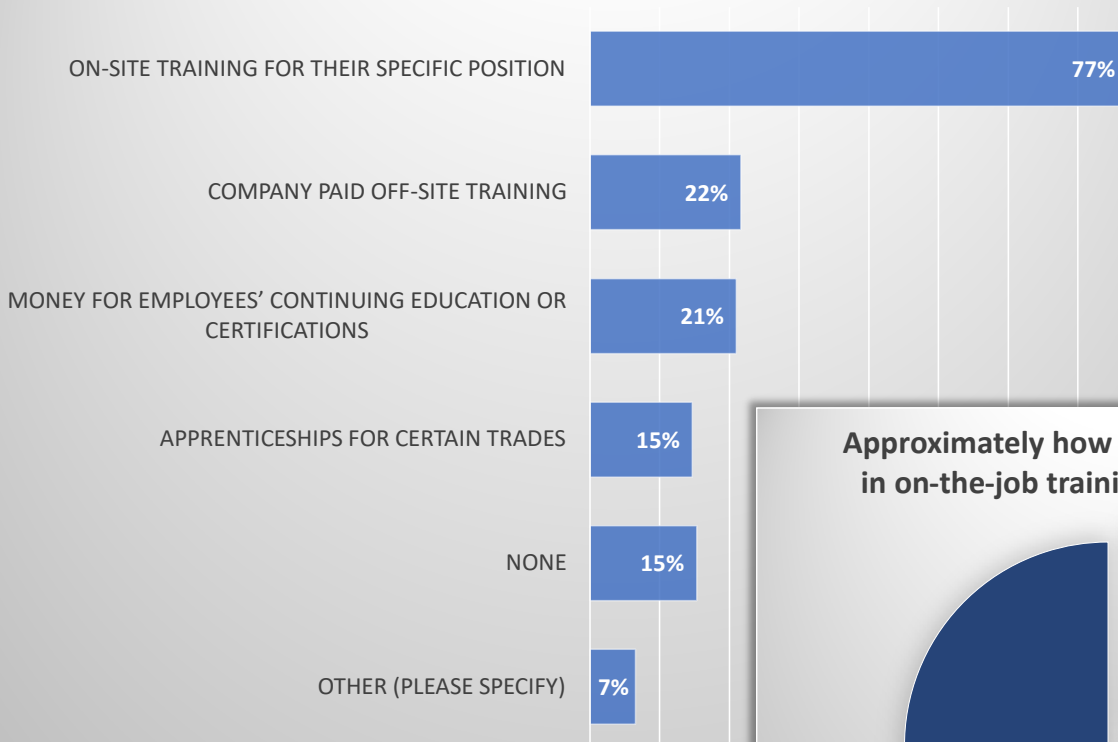


# Labor

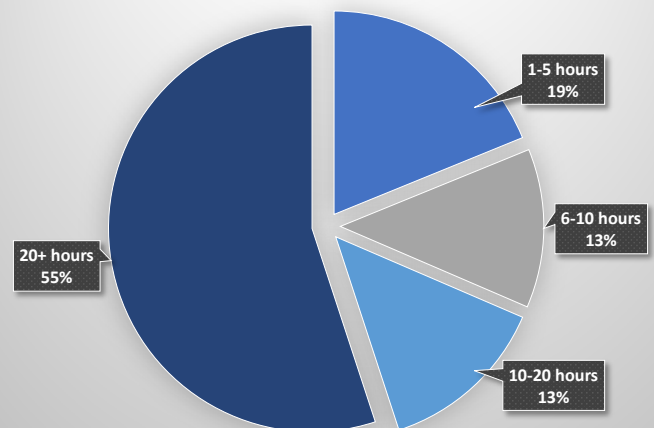
Are you able to find workers who have adequate skills for your open positions?



What kind of training/education programs do you offer your employees? (Check all that apply)



Approximately how much time do you invest in on-the-job training for new employees?



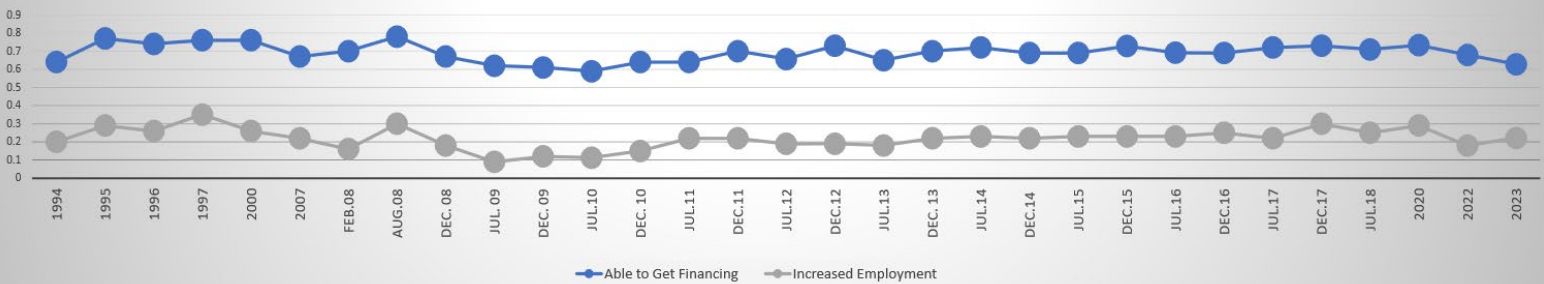


# Policy

## Which one of the following issues do you believe Congress and President Biden's administration should address first?

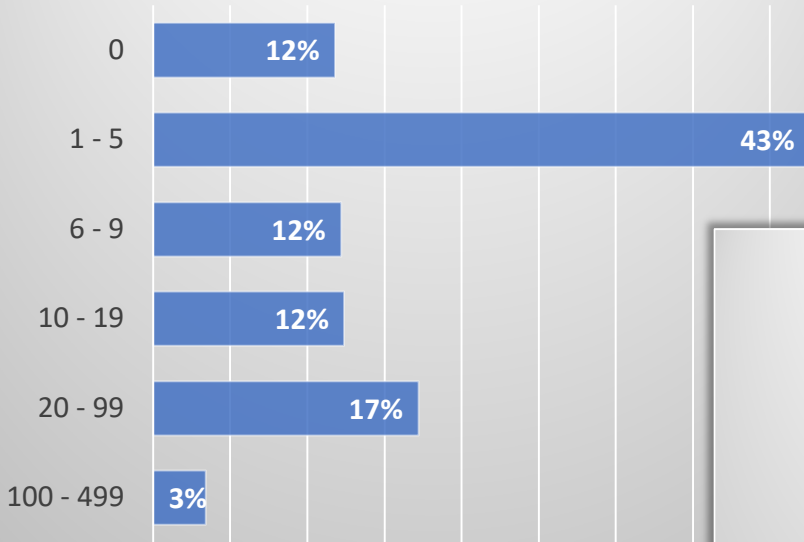


Correlation between financing and employment

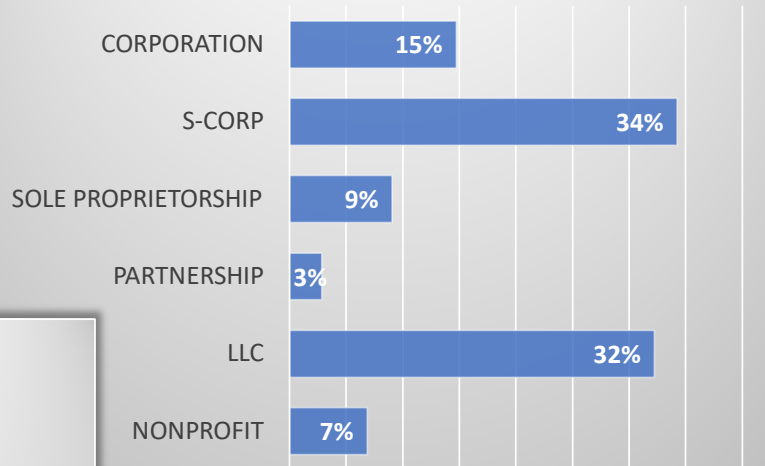


# Demographics

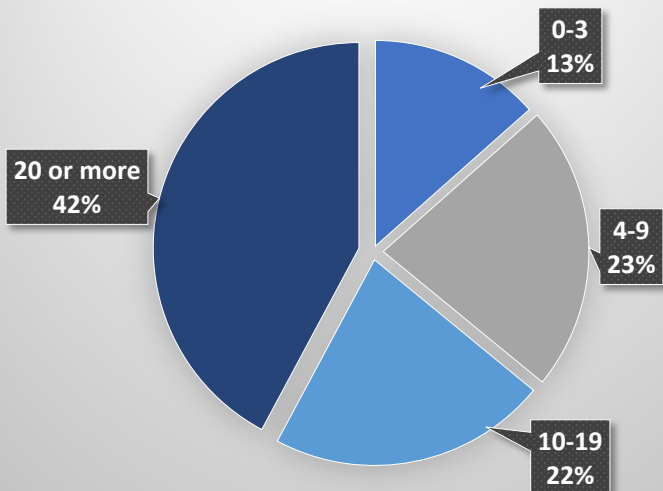
How many total full-time personnel are currently employed by your business?



Which of the following best describes the structure of your business?



How many years has your business been in operation?

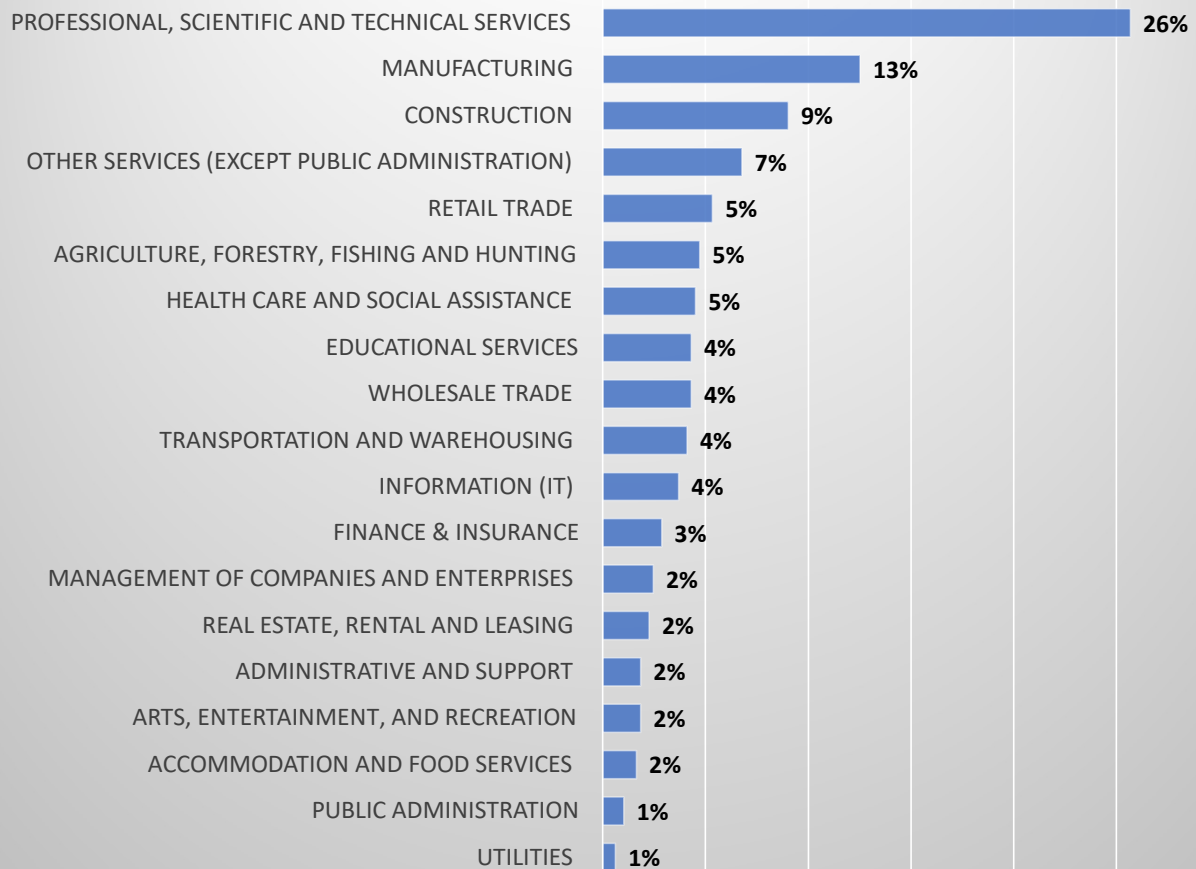


## Methodology:

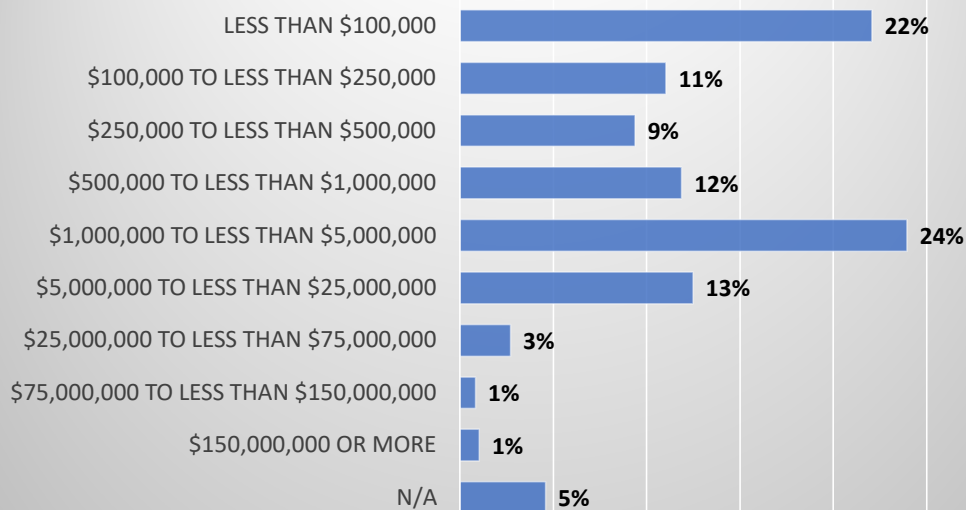
The NSBA 2023 Economic Report survey was conducted online among more than 570 small-business owners between Jan. 2 and Jan. 23, 2023.

# Demographics

## Which of the following best describes the industry or sector in which your business operates?



## What were your gross sales or revenues for your most recent fiscal year?







# 2023 Economic Report

