

The CBIZ Small Business Employment Index Suffers a Setback

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The First Reading for 2016 Reveals Sharp Decline in Small Business Hiring

CLEVELAND--(BUSINESS WIRE)--Feb. 5, 2016-- [The CBIZ Small Business Employment Index \(SBEI\)](#), a barometer for hiring trends that surveys labor data from over 4,000 companies employing 300 or fewer people, registered a -3.71 percent change in hiring for January, a historically negative month for hiring. While a January decline is to be expected, this is the worst start to a year since 2010 per the Index.

“The January CBIZ SBEI saw a seasonally adjusted decline of 1.2 percent. While it is not unusual for companies to reset from the holiday shopping and staffing season as well as adjust for the impact of bad weather, this particular reading seems to show that small business owners are taking stock of the global economy once more.”

At the same time, though, Wednesday’s jobs report from payroll processor ADP revealed businesses added 205,000 jobs in January, which exceeded economists’ expectations of 195,000 additions.

To review an infographic with data from the employment index, [visit the CBIZ blog](#).¹

Additional takeaways from the January SBEI include:

- **January snapshot:** This month, 35 percent of companies included in the SBEI reduced headcounts, 18 percent increased payroll commitments, and 47 percent of the small businesses in the Index made no change to their employee totals. The January reading averages a -2.87 percent decline since 2009, making this the second worst January on record for the SBEI.
- **What industries should we be watching?** As businesses unraveled after the holiday season, only one industry, Business Outsourcing, showed growth. All other industry categories showed a decline in hiring, led by Wholesale Distribution, Construction, Healthcare, Non-Profits, Professional Services, Manufacturing and Retail.
- **What’s next?** As the global economy continues in a state of violent chaos with markets swinging wildly in either direction on a daily basis, labor markets will likely remain negative until the current situation adjusts and solidifies. As countries continue to adjust their currency value to enhance their competitive footing on the global stage, businesses here and abroad will continue to regulate their hiring positions.

CBIZ Payroll Services manages payroll services for more than 4,000 businesses. Its index reflects a broad array of industries and geographies corresponding to the markets across the United States, where CBIZ provides human capital services. The data represented by the SBEI is derived from a segment of employers not completely accounted for by the ADP and Federal BLS employment reports.

Editor’s note:

(1) *The SBEI illustration is licensed under a Creative Commons Attribution-NoDerivs 3.0 Unported License. Based on a work at <http://www.cbiz.com/insights-resources/blog>.*

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