

CBIZ Small Business Employment Index Sinks for First Time since January

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- July Hiring Follows Historical Pattern of Decreasing Employee Headcounts -

CLEVELAND--(BUSINESS WIRE)--Aug. 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, revealed a 0.28 percent month-over-month decrease in small business hiring in July. This reading shows the first decline in hiring since January, following five consecutive months of employment gains among small businesses. The [June SBEI](#) saw an increase in hiring of 0.90 percent.

"Small businesses continue to remain tenacious through 2016 despite some strong headwinds," says [Philip Noftinger](#), president of CBIZ Employee Services Organization. "Though the July decline in hiring is not unusual, the relatively mild reading in a historically negative month shows us that the labor market remains on solid ground, looking ahead to a stable third quarter."

ADP and Moody's Analytics reported gains of 179,000 in July, which supports the notion of a solid labor market this most recent month. June's reading was initially reported at 172,000 gains, but was revised up to 176,000.

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

Additional takeaways from the July SBEI include:

- **July's snapshot:** In comparison to the June SBEI, 25 percent of companies increased staff, 51 percent made no change while 24 percent decreased employee headcounts. Despite the SBEI's month-over-month decrease, more companies in the index added employees than not. This shows that those larger small businesses are reducing hiring while companies on the smaller end of the spectrum continue to invest in human capital.
- **What industries should we be watching?** Industries that added workers in July include Construction, Healthcare, Real Estate, Financial Services and Professional Services. Non-Profit, Education and Transportation, meanwhile, all saw declines.
- **Geographical Hiring:** The country was split in July, with the Northeast realizing a 1.53 percent gain and the Southeast showing a 0.42 percent gain in employee headcounts. The Central region and West regions declined by 0.74 percent and 0.61 percent, respectively.
- **What's next?** As the fallout from Brexit remains mild and the U.S. economy demonstrates resiliency through earnings season, the strength of the labor market will be a major factor the Fed will be using to make its rate hike decision. Assuming a strong retail season in the fall and holiday shopping season, 2016 could pan out to be a sturdy year for the small business labor market.

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 U.S., 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:

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