

Seasonal Forces Lift Small Business Hiring in May as Reported by CBIZ Small Business Employment Index

June 2, 2017

- *The CBIZ Small Business Employment Index revealed a 1.12 percent increase in small business job growth in May -*

CLEVELAND--(BUSINESS WIRE)--Jun. 2, 2017-- The [CBIZ](#) Small Business Employment Index (SBEI), which tracks hiring trends among thousands of companies that employ 300 or fewer employees across the country, reported that small businesses increased their employee headcounts by 1.12 percent in the month of May.

May is typically a strong month for small business hiring thanks to the warmer weather bringing back seasonal jobs this time of year. While this year's May recording is largely in line with the historical average of a 1.11 percent headcount increase, political forces might have held back small businesses from hiring even more.

"While small businesses increased headcounts in May at a pace mostly in line with historical averages, we believe some slack remains in the market thanks in part to Washington's inability to secure fiscal policy changes around healthcare and taxes," says Philip Noftsinger, president of CBIZ Employee Services Organization. "With uncertainty lingering surrounding future healthcare costs and tax rates, we believe some small businesses are remaining on the sidelines until Congress can provide clarity on these issues."

ADP and Moody's Analytics' report exposed a larger than anticipated growth in private sector hiring, reporting 253,000 new jobs were added in May, nearly 88,000 more than expected.

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

Additional takeaways from the May SBEI include:

- **May's snapshot:** Compared to the April reading of the SBEI, 28 percent of companies in the index increased staff, 50 percent made no changes and 22 percent decreased headcounts. Since the SBEI's inception in 2009, the month of May has never printed a negative reading due largely to seasonal factors.
- **Industries at a glance:** Nearly every industry represented in the SBEI grew their staff totals, with the exception of companies in Manufacturing, which reported a slight decrease of 0.17 percent. Rental and Leasing Services represented the largest hiring boost, increasing headcounts by 8.9 percent in May. Agriculture, Arts and Entertainment, Utilities, Real Estate, Transportation, Construction and Retail Trade also saw significant growth in May.
- **Geographical Hiring:** Regionally, the Northeast increased hiring by 2.27 percent. The Southeast and Central regions also realized substantial increases, reporting a 1.37 percent increase and 1.15 percent increase, respectively. The West region decreased moderately by 0.54 percent.
- **What's next?** In June, we expect small businesses to continue hiring, but at a slower pace than witnessed in May, which was largely driven by seasonal tailwinds. Additionally, the Federal Reserve has been signaling that it will raise rates later this month, which could slow hiring and impact debt servicing costs and credit access for small business owners. Further, if Congress fails to make progress on legislation impacting healthcare costs and tax rates, many small business may refrain from hiring more aggressively. On the other hand, any emerging clarity could ramp up hiring over the next few months.

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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