

Small Business Hiring Plummet in July, According to CBIZ Small Business Employment Index

August 4, 2017

- SBEI records a significant decrease in hiring of 2.26 percent in July, a sharp decline from the prior month's positive reading -

CLEVELAND--(BUSINESS WIRE)--Aug. 4, 2017-- The [CBIZ](#) Small Business Employment Index (SBEI), which tracks hiring trends among thousands of companies that employ 300 or fewer employees across the U.S., reported a significant decrease in hiring activity of 2.26 percent this July. This reading follows a record breaking increase in hiring in June.

"Small businesses are yet to demonstrate their desire to hire employees on a consistent basis and are instead hiring in pulses," says Philip Noftsinger, President of CBIZ Employee Services Organization. "The reasons behind this likely vary from a declining confidence in the U.S. economy to sustainably grow, to the inability of Congress to make discernable progress on fiscal policy decisions that will impact employee healthcare costs."

ADP and Moody's Analytics' reported that the economy added 178,000 jobs in July, falling below economists' expectations of 190,000.

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

Additional takeaways from the July SBEI include:

- **July's snapshot:** Compared to the June reading of the SBEI, 49 percent of companies refrained from making employment changes, 31 percent cut headcounts while only 19 percent increased their employee totals. This reading of the SBEI is the largest decline during the July period, which averages at a 0.87 percent decrease.
- **Industries at a glance:** Industries posting positive growth include Agriculture and Financial Services. However, a much larger group of industries' hiring fell below zero, headlined by Non-Profits, Accommodations, Food Services, Technology, Life Sciences, Retail and Healthcare. Construction, an important industry for employment growth, posted a slight decrease for the month.
- **Geographical hiring:** The West region took a hiring hit, resulting in a decline of 4.36 percent, followed by the Central region with a 2.38 percent decline in hiring. The Southeast, posted a decrease of 1.7 percent and the Northeast region decreased 0.54 percent.
- **What's next?** A lack of sustained economic growth paired with inaction on Capitol Hill will yield uncertainty, and small business owners may be hesitant to make hiring decisions. In order for sustained labor market growth to occur, clarity must emerge surrounding fiscal policy changes in addition to continued macroeconomic growth.

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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