

May's CBIZ Small Business Employment Index Records Sharp Spike in Job Growth

June 1, 2018

- Small business hiring heats up this summer as the SBEI experiences largest hiring gain in five years -

CLEVELAND--(BUSINESS WIRE)--Jun. 1, 2018-- 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 month-over-month increase in hiring of 1.78 percent in May, following a slight decrease in hiring of 0.21 percent in April.

"While May's reading is positive for the small business labor market, it comes on the back of several months of disappointing job growth in light of tax reform," says [Philip Noftsinger](#), Executive Vice President, CBIZ Employee Benefits. "It represents a growing optimism among small businesses as the impact of tax reform is being realized. And, consumers who haven't been meaningfully affected by higher prices at the pumps could be taking their disposable income to the stores and businesses on Main Street, sparking a need for more labor to match demand."

ADP and Moody's Analytics reported Wednesday that the private sector fell short of economists' expectations of 190,000 jobs gained as private payrolls grew by only 178,000 jobs in May.

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:** When compared to the April SBEI reading, 29 percent of companies increased their employee count, 50 percent did not make a change to their staff, and 21 percent decreased their headcounts. Since the SBEI's inception in 2009, the May reading has demonstrated an average hiring increase of 1.05 percent and has never recorded a decrease in hiring for the period. This year's reading falls in line with the typical, seasonal hiring pattern in May.
- **Industries at a glance:** Most industries reflected in the SBEI saw positive growth, especially those companies in the Arts and Entertainment, Real Estate, Accommodation and Foodservices, Construction, Retail, and Manufacturing industries. The services industry, typically a job growth sector, saw mild declines, led by Professional and Financial Services, as well as Insurance.
- **Geographical hiring:** Regionally, all four areas of the country grew, with the Northeast posting the highest rate at 2.52 percent, followed by the Central region at 2.14 percent. The Southeast gained 1.26 percent and the West reported a nearly flat reading with a 0.12 percent gain.
- **What's next?** The small business labor market has demonstrated inconsistent hiring patterns throughout 2018. With macro indicators demonstrating stronger growth, this month's SBEI reading could be the first sign that tax reform has made its way to Main Street. This could be the hiring rush we have been expecting.

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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