

CBIZ Small Business Employment Index Reports Surprising Slowdown in Job Growth for June

July 5, 2019

CLEVELAND--(BUSINESS WIRE)--Jul. 5, 2019-- The CBIZ Small Business Employment Index (SBEI) reported that small businesses, classified as having 300 or fewer employees, showed a decrease in month-by-month hiring of 1.16% in June.

[Philip Noftsinger](#), Executive Vice President, CBIZ Employee Benefits, says several factors may be at play.

“There could be an overly tight labor market. However, this is usually accompanied by wage growth, which we have not seen. This shows there could also be a skills gap preventing small businesses from hiring,” says Noftsinger.

Industries that showed a decline in hiring were Educational Services, Non-Profits, and Accommodations and Food Services. Industries that reported an increase in job growth included Real Estate, Construction, Healthcare, and Wholesale Distribution.

ADP and Moody's reported Wednesday that the private sector posted an increase of 102,000 jobs in June on a month-over-month seasonally adjusted basis. However, small business jobs shrank by 23,000 according to the ADP and Moody's report, which classifies small businesses as companies with 49 or fewer employees.

The CBIZ SBEI tracks hiring trends for over 3,700 companies that have 300 or fewer employees, providing a broader insight into small business trends. CBIZ, Inc. provides payroll management services for thousands of companies throughout the country.

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

Additional takeaways from the June SBEI include:

- **June's snapshot:** When compared to the May SBEI, 26% of companies increased headcounts, 49% refrained from making labor changes and 25% decreased employee totals. Since the SBEI's inception in June 2009, the June reading has averaged a hiring increase within the small business sector.
- **Industries at a glance:** Of the industries featured in the index, Real Estate, Construction, Healthcare, and Wholesale Distribution all showed gains. Educational Services, Non-Profits, and Accommodations and Food Services posted declines.
- **Geographical hiring:** In June, hiring increases occurred in two regions. The Northeast grew by 1.60% and the Central by 0.36%. Job growth slowed in the South by 0.97% and the West by 1.88%.
- **What's next?** The NFIB Small Business Optimism Index recently revealed that 25% of employers cited difficulties in finding quality candidates as their single-biggest business issue, which is a record high. We will continue to watch in the coming months to see if this June's report is a trend or an anomaly.

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 Bureau of Labor Statistics employment reports.

Editor's note:

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CBIZ, Inc. provides professional business services that help clients better manage their finances and employees. CBIZ provides its clients with financial services including accounting, tax, financial advisory, government health care consulting, risk advisory, real estate consulting and valuation services. Employee services include employee benefits consulting, property and casualty insurance, retirement plan consulting, payroll, life insurance, HR consulting and executive recruitment. As one of the largest accounting, insurance brokerage and valuation companies in the United States, the company's services are provided through more than 100 company offices in 33 states. CBIZ Employee Services Organization is a division of CBIZ Benefits & Insurance Services, Inc.

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