

October Breaks Negative Hiring Streak, According to CBIZ Small Business Employment Index

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Data illustrates increased hiring among small business owners, departing from historical pre-holiday trends

CLEVELAND--(BUSINESS WIRE)--Nov. 1, 2019-- The CBIZ Small Business Employment Index, a gauge that tracks payroll and hiring trends at companies with 300 or fewer employees, records an increase of .92% on a month-over-month basis. This challenges the status quo of the past five Octobers, when hiring typically slowed or decreased ahead of a holiday season boost at year-end.

"This month's hiring increase is a departure from trends observed in the last five years," says Philip Noftsinger, Executive Vice President, CBIZ, Inc. "At CBIZ, managing payroll for small businesses, and tracking it through the SBEI, we've found that hiring in October typically slows or even declines before the real ramp up for the holiday shopping season begins. While it is still a mild reading, October 2019 moves in the opposite direction."

There are several industries within the small business category that showed growth in October, notably Admin and Support Services, Transportation, Healthcare and Financial Services. Healthcare had declined in September. Information, Real Estate and Arts and Entertainment showed declining numbers for October.

According to Wednesday's report from ADP and Moody's, the private sector grew by 125,000 jobs in October on a month-over-month, seasonally adjusted basis. The report, which classifies small businesses as companies with 49 or fewer employees, also notes that small businesses generated approximately 17,000 jobs. Of those companies covered in the CBIZ Small Business Employment Index, more than three-quarters (76%) are maintaining or increasing their staff headcount.

There are several potential drivers impacting the October SBEI reading, including historically low unemployment and macroeconomic readings pointing to potential cooling in the economy. "With historically low unemployment, there are just not enough employable resources for businesses to grow their headcounts," Noftsinger says. "Further, the potential cooling in the economy could be indicative of a peak in hiring."

The CBIZ SBEI tracks hiring trends for over 3,600 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](#).

Additional takeaways from the October SBEI include:

October's snapshot: When compared to the September SBEI, 26% of companies increased headcounts, 50% refrained from making labor changes and 24% decreased employee totals. Since the SBEI's inception in June 2009, the October reading has seen an average hiring decrease of 0.06%.

Industries at a glance: Of the industries in the index, hiring gains occurred in Admin and Support Services, Transportation, Healthcare and Financial Services. Alternatively, Information, Real Estate and Arts and Entertainment experienced hiring reductions.

Geographical hiring: In October, the Central, Northeast and Southeast regions were all at or near zero in hiring growth. The West, on the other hand, witnessed strong improvement.

What's next? Although the holiday shopping season is on the horizon, some macro readings point toward cooling in the economy, which could indicate a peak in hiring.

Editor's note:

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