

January Small Business Hiring Grows at Highest Rate in the Last Decade

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The CBIZ Small Business Employment Index reports growth in all major regions amid strong economic outlook

CLEVELAND--(BUSINESS WIRE)--Feb. 7, 2020-- The CBIZ Small Business Employment Index ("SBEI") showed companies hit the ground running with hiring in 2020, documenting a seasonally adjusted growth rate of 1.61% in January. This is the highest January reading since the metric's inception in June 2009.

The CBIZ SBEI tracks payroll and hiring trends for over 3,500 companies that have 300 or fewer employees, providing broad insight into small business trends. While January generally sees small businesses scale down their employee ranks with the end of the holiday shopping season, this year's numbers told another story.

"This month's data was a pleasant surprise and suggested the overall strength of the sector heading into 2020," says Philip Noftsinger, Executive Vice President, CBIZ, Inc. "Not only did small businesses hang on to seasonal employees, but they brought on additional resources. There are a number of tailwinds supporting this, with overall economic strength, the bipartisan trade agreement and a milder-than-normal winter benefiting small businesses."

The ADP and Moody's employment report also noted a hiring jump in January, with the addition of 291,000 private sector jobs on a month-over-month, seasonally adjusted basis. Narrowing the parameters to small businesses, the report showed an uptick of 94,000 jobs. The ADP and Moody's report qualifies small businesses as companies with 49 or fewer employees, while the CBIZ SBEI broadens the definition of small businesses to companies with 300 or fewer employees. According to the CBIZ SBEI data for January, hiring remained steady or increased for almost three-quarters (73%) of small businesses.

From an industry perspective, Insurance, Information and Real Estate all experienced hiring growth. Conversely, Arts and Entertainment, Financial Services, Wholesale Distribution and Retail Trade all reduced hiring.

For the months ahead, Noftsinger remains positive in his forecast for the labor market. He noted, "A strong economic outlook as well as the recently passed bipartisan United States-Mexico-Canada Agreement could set the stage for even more growth in 2020."

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

Additional takeaways from the January SBEI include:

January's snapshot: 23% of companies increased headcounts, 50% refrained from making labor changes and 27% decreased employee totals.

Industries at a glance: Of the industries in the index, Insurance, Information and Real Estate grew employee headcounts. Pullbacks came in Arts and Entertainment, Financial Services, Wholesale Distribution and Retail Trade.

Geographical hiring: In January, the West saw the largest increase in hiring. The Central, Southeast and Northeast regions experienced growth as well, though their numbers were more modest.

What's next? The current economic outlook indicates strong potential for continued growth, especially if the winter remains mild.

Editor's note:

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