



Small Business Hiring in July Spurred by Reemerging Consumer and Economic Momentum

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The CBIZ Small Business Employment Index starts third quarter with solid growth, as economic recovery remains top of mind

CLEVELAND--(BUSINESS WIRE)--Aug. 7, 2020-- The CBIZ Small Business Employment Index ("SBEI") reported steady improvement in small business hiring in the month of July and posted a seasonally adjusted gain of 1.25% for the month. The reading is a departure from historical trends for the month, when hiring is known to flatten or decline. The CBIZ SBEI tracks payroll and hiring trends for over 3,400 companies that have 300 or fewer employees, providing broad insight into small business trends.

"Analysts previously cautioned the hiring landscape could lose steam in July, but the CBIZ SBEI showed continued growth," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "This tells us the economy is regaining strength as activity picks up and consumers reignite spending, and the data is especially encouraging following steep economic declines in the second quarter."

The ADP and Moody's employment report confirmed overall hiring growth, although the data fell short of economist consensus. Overall, private-sector employment increased by 167,000 on a month-over-month, seasonally adjusted basis, and small businesses added 63,000 jobs. The ADP and Moody's report counts small businesses as companies with 49 or fewer employees, while the CBIZ SBEI uses data from companies with 300 employees or fewer.

Notably, on a more granular level, the index compared small business hiring with state reopening data. States that opened on or before May 15 showed significant hiring growth (3.61%) from June to July, while states that opened after May 15 had much more modest growth (0.94%). Of the four major U.S. regions surveyed by the CBIZ SBEI, the Northeast (2.69%) and Southeast (2.52%) led seasonally adjusted hiring, while the West (1.00%) and Central (0.64%) showed slower growth.

Nationally, many industries increased hiring in July, namely Arts and Entertainment, Accommodation and Food Services, Construction, Healthcare, Real Estate, Retail Trade, Manufacturing, Technology and Life Sciences, and Professional Services. Hiring decreased in Educational Services, Non-Profits and Transportation.

"The overall economy is crawling back to life from the COVID-19 shutdown, but a lot remains to be seen," Noftsinger added. "The proposed HEALS Act is just one potential driver, with additional aid slotted for small businesses."

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

Additional takeaways from the July SBEI include:

July's snapshot: 29% of companies in the index increased their workforce, 50% kept employment stable and 21% pulled back on staffing.

Industries at a glance: Small business employment grew among Arts and Entertainment, Accommodation and Food Services, Construction, Healthcare, Real Estate, Retail Trade, Manufacturing, Technology and Life Sciences, and Professional Services. Industries in which hiring declined include Educational Services, Non-Profits and Transportation.

Geographical hiring: Hiring grew in the Northeast, Southeast, West and Central regions, with noticeably higher growth in the Northeast and Southeast.

What's next? Potential stimulus from the proposed HEALS Act and the course of state reopenings could tip the scales for small business hiring in the third quarter.

Editor's note:

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