

Small Business Hiring Reports Surprise Upswing in September

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Hiring trends remain volatile amid the pandemic recovery but September numbers show signs of optimism, according to the CBIZ Small Business Employment Index

CLEVELAND--(BUSINESS WIRE)--Oct. 2, 2020-- The CBIZ Small Business Employment Index ("SBEI") reported significant growth to end the third quarter, with a seasonally adjusted increase of 1.5% for September. Hiring historically winds down in September, as summer comes to a close and businesses scale back their headcounts. The upswing in September 2020 underscores the volatile nature of the current employment landscape. 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.

"The hiring growth reported in September is a surprise and shows some optimism for the sector heading into the end of the year," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "Businesses typically decrease their payrolls as students return to school. The increase in September 2020 speaks to economic recovery, offsetting analyst fears that further improvement might stall."

The growth is mirrored by the ADP and Moody's employment report, which showed an increase of 749,000 private-sector jobs on a month-over-month, seasonally adjusted basis. Jobs increased by 192,000 for small businesses. 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.

All four regions tracked by the CBIZ SBEI posted growth in September. The Central (1.55%) had the greatest growth, followed by the Southeast (1.39%), West (1.27%) and Northeast (0.79%). The CBIZ SBEI continued to monitor small business hiring against the backdrop of state reopenings. While hiring increased mildly among states that opened on or before May 15 (0.72%), it increased more robustly among states that opened after May 15 (1.6%).

On an industry level, the CBIZ SBEI reported mixed results. Transportation, Information, Educational Services and Healthcare showed notable hiring growth, but hiring decreased in Real Estate, Retail Trade and Professional Services.

"Several industries are not operating at full capacity, but this could change if a vaccine comes into play and more businesses are able to fully open," Noftsinger added. "As we move through the fourth quarter, we'll also be carefully watching the data from states that opened after May 15. The data currently suggests that these states are lifting restrictions, which is promoting hiring growth and a good sign for the economy as a whole."

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

Additional takeaways from the September SBEI include:

September's snapshot: 24% of companies in the index grew staffing, 52% reported no change and 24% reduced staffing.

Industries at a glance: Transportation, Information, Educational Services and Healthcare all showed considerable hiring growth. Meanwhile, hiring declined for Real Estate, Retail Trade and Professional Services.

Geographical hiring: The Central region led hiring growth, with the West, Northeast and Southeast experiencing growth as well.

What's next? Small business hiring could be impacted by continued economic recovery and a potential vaccine in and beyond the fourth quarter.

Editor's note:

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