

October Brings Boost in Small Business Hiring

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The path forward remains uncertain as COVID-19 and election uncertainty continue to be top of mind, according to the CBIZ Small Business Employment Index

CLEVELAND--(BUSINESS WIRE)--Nov. 6, 2020-- The CBIZ Small Business Employment Index ("SBEI") reported a seasonally adjusted gain of 1.18% for October despite mounting uncertainty for small businesses on multiple fronts, including the surge in COVID-19 cases and the U.S. election. Historically, small business hiring decreases in October, with this month's data deviating from the norm as continued reopening and engagement among consumers drove growth. 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 the election outcome prompts some uncertainty, both political parties have expressed interest in additional stimulus measures, which is a positive sign for increased support in the near term," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "Looking further into the future, the election's impact will be determined as policies move from campaign mode toward potential legislation."

Positive trends in small business employment were echoed in the ADP and Moody's employment report, as private-sector jobs rose by 365,000 on a month-over-month, seasonally adjusted basis. The uptick for small businesses included 114,000 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.

Across the U.S., small business hiring grew in all four regions, with the West (2.61%) seeing the most significant increase, followed by the Southeast (1.14%) and Central (1.11%), and finally the Northeast (0.49%) with more modest growth. Hiring also increased among states that opened after May 15 (1.5%). For states that opened on or before May 15 (-1.28%), hiring more closely mirrored seasonal trends for October, which could indicate that employment levels are gaining stability with economic recovery.

Small business hiring overall did trend negatively in some industries, namely Construction, Wholesale Distribution, Financial Services and Real Estate. Industries that reported hiring gains include Transportation, Accommodation and Food Services, Non-Profits, Retail Trade and Healthcare.

"We're seeing several industries continue to rebound from the economic shutdown, and as we move through the holidays, employment levels and consumer spending will offer insight into the sustainability of economic recovery," Noftsinger noted. "We'll be carefully watching consumer confidence, which has leveled out after the increase in September, as well as whether the U.S. follows Europe in implementing additional lockdowns, as this could shake up the small business employment landscape."

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

Additional takeaways from the October SBEI include:

October's snapshot: 25% of companies in the index boosted employment, while 53% did not alter staffing levels and 22% lowered their employee counts.

Industries at a glance: Hiring increased in Transportation, Accommodation and Food Services, Non-Profits, Retail Trade and Healthcare, but decreased in Construction, Wholesale Distribution, Financial Services and Real Estate.

Geographical hiring: Hiring activity expanded in all major regions. While the West posted dramatic growth, hiring also grew considerably in the Southeast and Central regions, with more modest growth in the Northeast.

What's next? Important factors to watch for small businesses include consumer confidence, the potential for additional lockdowns due to COVID-19 and developments regarding economic stimulus.

The CBIZ SBEI reading for October follows the release of the CBIZ Main Street Index, which surveyed over 1,600 small and mid-sized businesses throughout the U.S. on the impact of the COVID-19 pandemic.* According to the CBIZ Main Street Index, while over 43% of surveyed businesses identified a significant to severe impact, the data revealed signs of optimism, including plans to increase marketing spending and grow workforces. Please see the CBIZ Main Street Index [webpage](#) for additional data on small and mid-sized businesses.

*Note: Not all of those surveyed in the CBIZ Main Street Index are clients of CBIZ.

Editor's note:

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