

Small Business Hiring Trends End the Year on a Positive Note

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The CBIZ Small Business Employment Index reports a bounce back from November declines, as small businesses close 2020 with signs of optimism

CLEVELAND--(BUSINESS WIRE)--Jan. 8, 2021-- The CBIZ Small Business Employment Index ("SBEI") reported growth in December, closing out 2020 with a seasonally adjusted increase of 0.32%. While the small business sector has grappled with another surge in COVID-19 cases, analysts are looking toward consumer sentiment and optimism stemming from vaccine efforts to reinforce economic recovery in 2021. 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.

"The data indicates that small businesses weathered the third COVID-19 surge in December, and we expect positive trends to continue into early 2021, with vaccine optimism likely to bolster consumer sentiment through the early part of the year," said Philip Noftinger, Executive Vice President, CBIZ, Inc. "However, if general sentiment surrounding the pandemic outlook does not improve in Q2, continued economic recovery could taper."

Data from the ADP and Moody's employment report was not as bullish as the CBIZ SBEI. According to the ADP and Moody's data, private-sector jobs dropped by 123,000 on a month-over-month, seasonally adjusted basis. Small business jobs, in particular, decreased by 13,000. 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.

Breaking the data down by region, hiring declined mildly in the Central U.S. (-0.15%) but rose in the Northeast (1.18%), Southeast (1%) and West (0.44%). Positive readings swept the index's state reopening data, with increases for states that opened on or before May 15 (0.97%) and states that opened after May 15 (0.23%).

Although some industries increased hiring, growth did not occur across the board. Hiring climbed in Healthcare, Financial Services, Real Estate, Non-Profits and Retail Trade, yet decreased in Technology and Life Sciences, Transportation, and Accommodation and Food Services. The negative trend in Accommodation and Food Services could stem from renewed COVID-19 restrictions.

"Based on the current vaccination rate in the U.S., we still have a long road ahead," Noftinger noted. "Yet, we are confident that small business trends will end 2021 with vast improvement over the past few quarters."

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

Additional takeaways from the December SBEI include:

December's snapshot: 27.63% of companies in the index added to staffing, 51.52% maintained headcounts and 20.85% decreased employment.

Industries at a glance: Hiring fared favorably for Healthcare, Financial Services, Real Estate, Non-Profits and Retail Trade. This was not the case for Technology and Life Sciences, Transportation, and Accommodation and Food Services, where hiring receded.

Geographical hiring: Only the Central U.S. reported a hiring decline. Hiring saw the most robust increase in the Northeast, followed by the Southeast and then the West.

What's next? Moving past the holiday shopping season, consumer sentiment remains key, and the COVID-19 vaccination rate will likely help determine small business hiring trends in 2021.

Editor's note:

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