

# Small Businesses Report Substantial Decline in January Hiring Trends

February 5, 2021

*The CBIZ Small Business Employment Index reverses year-end growth and indicates its largest seasonally adjusted decline since May 2020*

CLEVELAND--(BUSINESS WIRE)--Feb. 5, 2021-- The CBIZ Small Business Employment Index ("SBEI") opened 2021 with a seasonally adjusted decline of 1.29% for January. This marks the largest seasonally adjusted decrease for the index since May 2020, as small businesses continue to navigate pandemic-related restrictions and harsh winter weather. The CBIZ SBEI tracks payroll and hiring trends for 3,400 companies that have 300 or fewer employees, providing broad insight into small business trends.

"Vaccine optimism and a robust holiday season helped small businesses close the year strong; however, the pandemic's impact continues to be felt across the sector," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "This distress underlines the need for extended support through fiscal policy."

The ADP and Moody's employment report showed a more encouraging reading for January, with an increase of 174,000 private-sector jobs on a month-over-month, seasonally adjusted basis. Small businesses reported 51,000 additional 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.

From a geographic view, all four regions reported declines in the CBIZ SBEI, with the Northeast (-4.20%) and West (-4.18%) impacted most severely. This aligns with trends related to COVID-19 restrictions and resulting business closures. The Central (-0.46%) and Southeast (-0.23%) regions showed more modest employment dips.

Hiring also showed widespread declines at the industry level. Industries with the greatest pullbacks were Accommodation and Food Services and Arts and Entertainment. Agriculture, Government, Rental and Leasing Services, and Administrative and Support Services also experienced noteworthy decreases. Educational Services was the only industry to show an increase in hiring.

"The CBIZ SBEI mirrors broader business-closure trends in both the industrial and regional data," Noftsinger added. "We'll be closely monitoring these trends and how small businesses react as we progress through the first quarter."

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

Additional takeaways from the January SBEI include:

**January's snapshot:** 15.3% of companies in the index grew their workforces, 51.4% reported unchanged employment levels and 33.3% reduced their workforces.

**Industries at a glance:** Hiring trended negatively in almost every industry, including Accommodation and Food Services, Arts and Entertainment, Agriculture, Government, Rental and Leasing Services, and Administrative and Support Services. Educational Services stood out as the only industry to trend positively.

**Geographical hiring:** Throughout the U.S., small businesses curtailed hiring. The most significant drops occurred in the Northeast and West, but the Central and Southeast U.S. reported decreases as well.

**What's next?** Current headwinds such as COVID-19 restrictions and winter weather could continue to put pressure on small businesses this quarter, which fiscal support could help to alleviate.

**Editor's note:**

(1) The SBEI illustration is licensed under a Creative Commons Attribution-NoDerivs 3.0 Unported License. Based on our work at <https://www.cbiz.com>.

Follow CBIZ on Twitter at [@CBZ](#) or on [Facebook](#).

## About CBIZ

CBIZ, Inc. is a leading provider of financial, insurance and advisory services to businesses throughout the United States. Financial services include accounting, tax, government health care consulting, transaction advisory, risk advisory, and valuation services. Insurance services include employee benefits consulting, retirement plan consulting, property and casualty insurance, payroll, and human capital consulting. With more than 100 Company offices in 31 states, CBIZ is one of the largest accounting and insurance brokerage providers in the U.S. For more information, visit [www.cbiz.com](http://www.cbiz.com).

View source version on [businesswire.com](https://www.businesswire.com/news/home/20210205005021/en/): <https://www.businesswire.com/news/home/20210205005021/en/>

Sandy McKenzie  
Gregory FCA for CBIZ  
[sandy@gregoryfca.com](mailto:sandy@gregoryfca.com)  
610-228-2147

Source: CBIZ, Inc.