

May Hiring Data Signals a Pullback in Small Business Sector

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The CBIZ Small Business Employment Index reverses 3 months of hiring gains with the first decline since January

CLEVELAND--(BUSINESS WIRE)--Jun. 4, 2021-- The CBIZ Small Business Employment Index ("SBEI") reported a seasonally adjusted decrease of 0.21% for May. The downturn follows noteworthy growth in April and occurs despite continued economic reopening in May. 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.

"Small businesses may now be scaling back their hiring efforts after increasing headcounts for three consecutive months, beginning in February," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "We could also be seeing volatility in the reading, when assessing it on a seasonally adjusted basis and accounting for last spring's business closures. Data in the coming months will help to clarify the root of the trends here."

Statistics from the ADP and Moody's employment report for May took a different trajectory. The report showed private-sector jobs grow by 978,000 on a month-over-month, seasonally adjusted basis. The gain for small business jobs was 333,000. 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.

The CBIZ SBEI's regional data continued to align with reopening trends. The Northeast (0.52%) was the only region to increase hiring. The Central (-0.28%) and Southeast (-0.39%) regions, which generally reopened earlier, posted hiring decreases. The West (-0.5%), which trails the other U.S. regions on the reopening front, showed the greatest hiring decrease.

The industry data also revealed mixed results. Hiring increased in Arts and Entertainment, Accommodation and Food Services, Real Estate, and Retail Trade. Hiring decreased in Professional Services and Healthcare, which each accounts for a sizable portion of the U.S. employment landscape.

"Professional Services and Healthcare are known to be relatively consistent when it comes to small business hiring, so the declines observed here are surprising," Noftsinger noted. "Professional Services showed particular resilience during the height of pandemic-related restrictions. We will be looking at data over the summer months for insight into potential emerging trends."

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

Additional takeaways from the May SBEI include:

May's snapshot: 24% of companies in the index built up staffing, 55% did not change employment levels and 21% decreased headcounts.

Industries at a glance: Several industries experienced hiring growth, including Arts and Entertainment, Accommodation and Food Services, Real Estate, and Retail Trade. At the same time, multiple industries saw hiring decline, namely Professional Services and Healthcare.

Geographical hiring: In the U.S., the Northeast (0.52%) expanded hiring, but the Central (-0.28%), Southeast (-0.39%) and West (-0.5%) experienced contractions.

What's next? Data in the months ahead will shed further light on small business hiring trends and potential volatility in the CBIZ SBEI reading.

Editor's note:

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