

# Majority of Main Street Businesses Are Preparing for a Downturn in the Economy

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*The CBIZ Main Street Index found while 81% of small and mid-sized business owners report a negative view of the economy, most believe they can confront the upcoming challenges*

CLEVELAND--(BUSINESS WIRE)--Oct. 18, 2022-- [CBIZ, Inc.](#) (NYSE: CBZ), a leading provider of financial, insurance and advisory services, has released the Q4 2022 CBIZ Main Street Index, which takes the pulse of and gauges the outlook for small and mid-sized businesses (SMBs). The results reveal the majority of business owners expect a recession to affect their operations in the coming months but remain optimistic about their ability to navigate the changing environment.

The CBIZ Business Confidence Study, a weighted average of responses to the Index's business confidence-focused questions, rose nearly seven points from the second to third quarter to a score of 67. The Index showed while four in five business owners expect a recession, 71% remain positive in their ability to respond to a downturn. Most businesses continue to combat multiple challenges brought on by the pandemic and labor market conditions, including 75% which experienced a staffing shortage of some kind.

The Index, which was conducted between September 12 and September 30, analyzed responses from more than 1,100 Main Street businesses with fewer than 100 employees in 27 industries across the U.S.\* The index assesses a range of timely trends, including business sentiment, staffing needs, areas of growth and decline, and adapting to a changing workplace.

"Despite the expectation of a recession, small to mid-sized businesses have seen increased profits and revenues, leading to increased confidence," said Anna Rathbun, Chief Investment Officer of CBIZ Investment Advisory Services. "Main Street has shown to be resilient in the face of conditions produced by the pandemic, notably inflation. Our data shows these companies are now preparing to weather a potential downturn in the economy."

The data was assessed from an overall perspective, as well as based on company size, region and industry. An interactive infographic with the results is available on the [CBIZ website](#). Key findings include:

- **81% of businesses are expecting and preparing for a downturn in the economy** - Reflecting the general lack of confidence in the current U.S. economy, SMBs report a negative view of the nation's business landscape. 47% of businesses are preparing by reviewing and reducing spending and more than one in five (23%) have instituted hiring freezes.
- **Business Confidence Study remains high despite challenging economic times** - Despite rising interest rates and persistently high inflation, which have increased the cost of doing business, 71% of respondents indicated their confidence level remains positive, including 31% who report a "very positive" outlook. In Q2, only 64% of businesses stated they had at least a positive outlook.
- **Inflation is the greatest concern for small to mid-sized businesses** - While the issue of inflation comes first in the list of concerns (76%), the lack of an 'adequate number of skilled workers' and the likely possibility of a recession fall closely behind. As a result, 58% of businesses have increased costs by passing them down to customers and another 57% have implemented cost controls.
- **62% of companies are impacted by employee turnover, resignations** - Almost two in three companies say they're affected by employee departures in this tight labor market. 14% reported that steady turnover had a major impact on their organization, while 22% indicated it had a moderate impact. In an effort to retain talent, 44% say they've opted to revamp and enhance their compensation and health benefits packages. 22% of SMBs have turned to technology to improve efficiency in light of staffing issues.
- **23% of SMBs still report major staffing shortages** - Almost ¼ of businesses surveyed say they continue to suffer major staffing shortages, while another 30% say the inability to hire enough workers is having a moderate impact on business performance. This is an improvement from Q2, when a combined 62% of small to mid-sized businesses reported experiencing at least a moderate impact from worker shortages.

Rathbun added, "The increase of employee turnover is forcing SMBs to take more action to retain their talent. Our survey shows this is a common theme among small to mid-sized businesses and will likely persist despite possible layoffs in some sectors brought on by a recession."

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

## About CBIZ

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