

Small Businesses Report Modest Hiring Growth in December

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The CBIZ Small Business Employment Index reported an increase in hiring in December, signaling a positive sentiment from small business owners

CLEVELAND--(BUSINESS WIRE)--Jan. 10, 2023-- The CBIZ Small Business Employment Index (“SBEI”) reported a seasonally adjusted increase of 0.84% in December. The previous downward trend in hiring reversed in November and December, signaling a positive sign for small business owners going into the new year. 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.

“From a seasonal perspective, December’s hiring data was weaker than expected”, said Anna Rathbun, CFA, Chief Investment Officer, CBIZ Investment Advisory Services, LLC. “December typically sees increased seasonal hiring due to the holiday season, and the pace for hiring this month was less than expected for this time of year. But, this data is also in sync with the pattern of worse than expected holiday sales in the retail sector, and generally in line with the recessionary narrative.”

The Bureau of Labor Statistics’ employment report indicated hiring growth that beat expectations. The December reading showed an overall increase of 223,000 private-sector jobs. Despite the overall hiring growth, the national unemployment rate remained stagnant with only a minor reduction to 3.5%. The report is inclusive of all non-farm private employers across businesses of all sizes. Meanwhile, the ADP employment report showed an overall increase of 235,000 private-sector jobs for the month. Small businesses accounted for an increase of 195,000 of those jobs on a seasonally adjusted, month-over-month basis. The ADP 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 regional data showed a hiring increase in every region of the United States in December. The West (1.25%) reported the largest hiring increase, followed by the Central (1.18%), Southeast (0.35%) and Northeast (0.18%) regions.

From an industry perspective, the most notable hiring increases were seen in Healthcare, Non-Profit, and Wholesale Distribution. Arts, Entertainment and Recreation, Technology and Life Sciences, and Utilities all experienced declines in hiring.

“After nearly two years of dealing with labor shortage, small business owners may have an easier time staffing in the coming months,” added Rathbun. “The recessionary mood may give employers a better opportunity to properly staff their business because workers are less likely to leave.”

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

Additional takeaways from the December SBEI include:

December’s snapshot: 24% of companies in the index increased staffing, 57% made no change to their headcounts and 19% reduced employment totals.

Industries at a glance: Healthcare, Non-Profit, and Wholesale Distribution saw hiring gains. Decreases were seen in Arts, Entertainment and Recreation, Technology and Life Sciences, and Utilities.

Geographical hiring: The West (1.25%), Central (1.18%), Southeast (0.35%) and Northeast (0.18%) regions all experienced hiring increases.

What’s next? Small business hiring has experienced modest growth following a reversal in the downward trend seen in previous months. However, with seasonal hiring showing signs of weakness, the momentum may shift in 2023 as recession fears continue.

Editor’s note:

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