



Small Business Hiring Rebounds in August After Two Consecutive Months of Decline

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The CBIZ Small Business Employment Index reports August job growth, but concerns loom as economic indicators signal potential trouble ahead

CLEVELAND--(BUSINESS WIRE)--Sep. 10, 2024-- The CBIZ Small Business Employment Index ("SBEI") reported a seasonally adjusted increase of 0.66% in August as the summer season comes to an end while losses were seen in June and July. The CBIZ SBEI tracks payroll and hiring data for over 2,900 companies that have 300 or fewer employees, providing broad insight into small business trends.

The Bureau of Labor Statistics' employment report indicated hiring growth that missed expectations. The August reading showed an overall increase of 142,000 private-sector jobs. The national unemployment rate fell slightly to 4.2%. The report is inclusive of all non-farm private employers across businesses of all sizes. The ADP employment report indicated hiring growth among medium and large-sized companies. Its August reading showed an overall increase of 99,000 private-sector jobs for the month. Despite overall growth, small businesses experienced a decrease of 9,000 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.

"This summer's data reflects a weakening labor market," said Anna Rathbun, CFA, Chief Investment Officer, CBIZ Investment Advisory Services, LLC. "The Job Openings and Labor Turnover Survey (JOLTS) report for July showed job openings at their lowest level since early 2021, while the ADP report for August fell below expectations, and the BLS report disappointed with further downward revisions. We are at a point where we can no longer say with confidence that the labor market is merely correcting from the post-pandemic surge. The data indicates a softening economy, with leverage shifting from employees back to employers."

Regionally, the Southeast (1.07%) and Central (1.04%) regions of the country saw the largest hiring increases, followed by the Northeast (0.16%). The West (-0.79%) was the only region to experience a hiring decline.

On an industry level, Educational Services; Technology and Life Sciences; and Transportation saw an uptick in hiring. Accommodation and Food Services; Agriculture, Forestry, Fishing and Hunting; and Insurance reported the largest job losses.

Rathbun added, "August saw a broad gain in job growth across a diverse range of industries, providing some relief following the declines experienced in June and July. As we head into the final quarter of the year, the sustainability of these gains remains uncertain, especially with economic indicators suggesting potential challenges ahead. The coming months will be crucial in determining whether this upward trend in hiring can be maintained."

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

Additional takeaways from the August SBEI include:

August's snapshot: 20% of companies in the index increased staffing, 61% made no change to their headcounts and 19% reduced employment totals.

Industries at-a-glance: In August, hiring increases were led by Educational Services; Technology and Life Sciences; and Transportation. The largest losses were seen in Accommodation and Food Services; Agriculture, Forestry, Fishing and Hunting; and Insurance

Geographical hiring: The Southeast (1.07%) Central (1.04%) and Northeast (0.16%) regions experience job gains while the West (-0.79%) was the only region to experience a decrease in hiring.

What's next? What stands out is that employers are retaining workers at the highest rate since the post-pandemic labor shortage began. Before the pandemic, the CBIZ Small Business Employment Index showed an average retention rate of 51%. That percentage has steadily increased, reaching 61% in August as small businesses compete for skilled workers. However, if economic conditions weaken, we could see not only a slowdown in hiring but also a decline in retention rates as businesses cut costs.

Editor's note:

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