



CBIZ Small Business Employment Index Shows Continued Weakness in Hiring Activity

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- *Businesses with Fewer than 300 Employees Continue to Slash Headcounts* -

CLEVELAND--(BUSINESS WIRE)--Mar. 7, 2014-- The [CBIZ Small Business Employment Index](#) (SBEI), a barometer for hiring trends that surveys data from 3,500 companies with 300 or fewer employees, decreased by .40 percent during the month of February. This reflects data that shows one in four employers covered in the index reduced employee headcount month-over-month.

Previous readings for the SBEI revealed a decrease of 2.1 percent during January. The last positive reading for the index was in December 2013 and that .31 percent increase was attributed to a boost in hiring during the holiday season.

The jobs weakness revealed in the SBEI comes on the heels of Wednesday's ADP February survey, which estimates that the private sector added 139,000 workers to payrolls while economists expected 158,000. Furthermore, in regard to January's numbers, the payroll processor once again revised its previous survey tally downward to 127,000 gains from an initially reported figure of 175,000.

"The February reading of the CBIZ Small Business Employment Index revealed that while 75 percent of employers have maintained or grown their staff, an alarming 25 percent have found the need to reduce headcount despite some positive signals in the broader economy. Evidence points to increasing competitive pressures, regulatory intrusion from federal and state agencies and potential changes – like a minimum wage hike – as reasons for this," says Philip Noftsinger, business unit president for [CBIZ Payroll Services](#). "On the other hand, while many believe that severe weather can impact employment numbers from the BLS, this is not necessarily the case. According to the BLS, weather has a much greater impact on average hours worked versus employment, and the change to average hours worked for the January report was only .01 hours per week," Noftsinger continues.

To view and/or use a graphic illustration that tracks and illustrates the employment index, [visit our blog here](#).¹

Additional take-away points from the February jobs numbers within the SBEI include:

- **At-a-glance:** Businesses continue to keep total staff growth relatively flat – 53 percent of the index had no change in workers. 22 percent increased staff in February while 25 percent decreased their employee headcount.
- **Small business sector:** Small business owners, much more than larger companies, are especially susceptible to uncertainty in the business climate. That uncertainty can come from legislative posturing and process, as well as local, national and global news events. Although the events in Ukraine have little effect on the local golf shop owner in Pinehurst, N.C., they do affect the general business mood. After watching geopolitical events impact the sector in 2008, today's small business owner is more attuned to how something as far away as Syria or Ukraine can impact their ability to grow.
- **What to watch:** As the Affordable Care Act deadlines and requirements change frequently, small business employers are generally apprehensive when it comes to making any significant investments that do not have a clear return on investment time horizon.

CBIZ Payroll Services manages payroll services for more than 3,500 businesses. Its index reflects a broad array of industries and geographies corresponding to the markets across the United States where CBIZ provides human capital services. The data represented by the SBEI is derived from a segment of employers not completely accounted for by the ADP and Federal BLS employment reports.

Editor's note:

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

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