



The CBIZ Small Business Employment Index Shows Disappointing Drop in Hiring this February

March 6, 2015

Small business hiring diverges from the historical trend in February, showing an unusual decline in hiring

CLEVELAND--(BUSINESS WIRE)--Mar. 6, 2015-- [The CBIZ Small Business Employment Index \(SBEI\)](#), a barometer for hiring trends that surveys labor data from over 4,000 companies employing 300 or fewer people, decreased by -0.69 percent during February. This follows a decrease of -2.71 percent during the month of January and deviates from the typical February trend, which has averaged 0.13 percent growth over the past five years of the metric's existence.

Wednesday's jobs report from the payroll processor ADP didn't live up to expectations either, as private-sector job growth decelerated to the slowest pace in job creation since August 2014. Companies added 212,000 jobs in February, whereas economists expected 220,000 jobs to be created.

"Despite a high level of optimism among small business owners in November and December, the current reading of the SBEI shows that this optimism has not translated into job creation. This really isn't surprising, as we have been seeing weak macro-economic data lately," says Philip Noftsinger, business unit president for [CBIZ Payroll Services](#).

To review an infographic with data from the employment index, [visit the CBIZ blog](#).¹

Additional take-aways from the February SBEI include:

- **At-a-glance:** Only 22.5 percent of the companies included in the February SBEI increased payroll commitments during the period, while 26.3 percent reduced headcounts. 51.2 percent of the small businesses in the index made no change to their employee totals. More than 4,000 small businesses were included in the February period of the SBEI.
- **February take-aways:** The February 2015 SBEI reading shows the biggest decline in hiring for the month of February since the index's inception in 2009. Though February has historically been a positive month for hiring, weak macro-economic data—including the drop of the Gallup ECI, and declines in vehicle sales and construction spending—could have contributed to this month's negative reading.
- **What could the future bring?** It will be important to determine whether recent declines in economic data and the SBEI are a result of the weather, or a result of a bigger, underlying economic trend. For instance, the PMI Manufacturing Index showed significant pickup during the second half of February, which may support the weather impact storyline.

"I think it will be important to allow some of the macro numbers to play out over another two months before we hit the 'sell' button on this economic recovery. I expect a weak jobs report from the BLS this month, but the reason for the weakness will be especially important to determine," continued Noftsinger.

CBIZ Payroll Services manages payroll services for more than 4,000 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://www.cbiz.com/insights-resources/blog>.

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