



Small Businesses Are Adding Staff, Showing Signs of Optimism Heading Into Holiday Shopping Season

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As small businesses invest in labor to support holiday sales, the numbers suggest continued growth into 2020, according to CBIZ Small Business Employment Index

CLEVELAND--(BUSINESS WIRE)--Dec. 6, 2019-- The CBIZ Small Business Employment Index ("SBEI") showed hiring among small businesses increased in November, recording a 0.26% rise on a seasonally adjusted basis. The CBIZ SBEI tracks payroll and hiring trends for over 3,600 companies that have 300 or fewer employees, providing a broad insight into small business trends. The latest data builds on growth displayed in October, a month that historically has not been positive for payroll expansion.

"November small business hiring has historically mirrored levels of optimism among small business owners," says Philip Noftsinger, Executive Vice President, CBIZ, Inc. "Managing the payrolls for small businesses across the country gives us a firsthand look at this correlation. The NFIB Small Business Optimism Index cited higher optimism among small business owners in November 2017 and 2018, and small businesses invested in labor in advance of the holidays in those same periods."

Data from this week's ADP and Moody's employment report showed the addition of 67,000 private sector jobs on a month-over-month, seasonally adjusted basis. Small businesses in particular added approximately 11,000 jobs. The ADP and Moody's report qualifies small businesses as companies with 49 or fewer employees. The CBIZ SBEI expands the field of small businesses to include companies with 300 or fewer employees, and of companies included in the index, over three-quarters (77%) retained or expanded their staff headcount in November.

The ADP and Moody's report came in below economists' expectations, while the SBEI data shows greater signs of strength. Noftsinger notes initial reports on holiday spending are strong. He adds: "If these data points continue to show strength, conditions will be ripe for growth in the economy and the labor market overall in 2020."

November 2019 was the third consecutive November with a seasonally adjusted hiring increase. Industries with particularly strong hiring growth include Arts and Entertainment, Non-Profits, Technology, Retail and Healthcare.

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

Additional takeaways from the November SBEI include:

November's snapshot: When compared to the October SBEI, 24% of companies increased headcounts, 53% refrained from making labor changes and 23% decreased employee totals. Since the SBEI's inception in June 2009, the November reading has seen an average hiring decrease on a seasonally adjusted basis of 0.11%.

Industries at a glance: Of the industries in the index, hiring gains were made in Arts and Entertainment, Non-Profits, Technology, Retail and Healthcare. Meanwhile, declines came in Wholesale Distribution, Utilities, Construction and Professional Services.

Geographical hiring: In November, the West showed significant hiring growth, while the Southeast and Central regions showed slight declines. The data for the Northeast remained relatively flat.

What's next? The holiday shopping season is off to an effective start and could lead to growth in the labor market moving forward. That said, the biggest headwind for the labor market continues to be the limited number of employable individuals.

Editor's note:

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Source: CBIZ, Inc.

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