

Small Business Hiring Shows Second Month of Historic Decline

June 5, 2020

As states reopen and look to reignite local economies, the CBIZ Small Business Employment Index shows operating businesses were still shedding workers in May

CLEVELAND--(BUSINESS WIRE)--Jun. 5, 2020-- The CBIZ Small Business Employment Index ("SBEI") reported its second-largest decline in small business hiring, with its May reading showing a seasonally adjusted decrease of 2.53%. This data comes on the heels of the April reading, which recorded the steepest decline in the SBEI's 11-year history, and underscores the enduring economic consequences of the coronavirus pandemic on small businesses that have continued to operate. The CBIZ SBEI tracks payroll and hiring trends for over 3,300 companies that have 300 or fewer employees, providing broad insight into small business trends.

"The CBIZ SBEI is specifically focused on small business behavior as it relates to labor allocation, and the May metric shows many small businesses are operating, but continue to be negatively impacted by the pandemic," said Philip Noftinger, Executive Vice President, CBIZ, Inc. "These businesses cut staff in May, signaling the potential long-term impact on the U.S. economy."

The results of the ADP and Moody's employment report are in sync with the CBIZ SBEI findings. In the ADP and Moody's data, private-sector job losses reached 2,760,000 on a month-over-month, seasonally adjusted basis. Job losses for small businesses reached 435,000. The ADP and Moody's report counts small businesses as companies with 49 or fewer employees, while the CBIZ SBEI uses data from companies with 300 employees or fewer.

To offer additional insight, the CBIZ SBEI examines data by region. In May, hiring declines swept the United States in the West (-3.93%), Southeast (-3.23%), Northeast (-2.99%) and Central (-1.96%) regions. The CBIZ SBEI also examines data based on industry. Hiring grew in Agriculture, Transportation, Real Estate, and Construction in May.

Noftinger expects that with economic reopening underway, the CBIZ SBEI metric will improve in June. "We will continue to gauge job-loss stabilization over the next several months, keeping a close eye on its trajectory as economic conditions develop," he added.

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

Additional takeaways from the May SBEI include:

May's snapshot: 25% of companies in the index added employees, 48% kept employment consistent and 27% subtracted from employment totals.

Industries at a glance: Some industries experienced hiring growth in May, including Agriculture, Transportation, Real Estate, and Construction. In contrast, Accommodation and Food Services, Non-Profits, Retail, and Technology and Life Sciences saw hiring retract.

Geographical hiring: Hiring declines spanned all major regions, led by the West and followed by the Southeast, Northeast and Central, in order of largest to smallest percentage.

What's next? As states reopen more broadly, small business employment is likely to increase, realized as early as June. Hiring pace will likely be influenced by Paycheck Protection Program (PPP) loans and how the dollars are utilized.

Editor's note:

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