

August Small Business Hiring Hints at Long-term Economic Impact of COVID-19

September 4, 2020

Hiring dips in the CBIZ Small Business Employment Index, countering outlooks of V-shaped recovery

CLEVELAND--(BUSINESS WIRE)--Sep. 4, 2020-- The CBIZ Small Business Employment Index ("SBEI") reported its first decline following the initial reopening of the U.S. economy, with a seasonally adjusted decrease of 0.48%. Following hiring gains in June and July, this decline to close out the summer signals a possible pullback in small business hiring recovery. The CBIZ SBEI tracks payroll and hiring trends for over 3,400 companies that have 300 or fewer employees, providing broad insight into small business trends.

"The economy has proven volatile in the wake of COVID-19, and many analysts have debated the possibility of a V-shaped recovery, but this now appears unlikely," said Philip Noftinger, Executive Vice President, CBIZ, Inc. "The CBIZ SBEI and recent initial unemployment claims data indicate that we have moved past the preliminary bounce in hiring as the economy began to reopen and are now settling in to recessionary employment levels."

This shift is not yet reflected by the ADP and Moody's employment report, whose August numbers show that private-sector jobs grew by 428,000 on a month-over-month, seasonally adjusted basis, and small business jobs grew by 52,000. 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.

In August, the CBIZ SBEI tracked small business hiring with state reopening data. Hiring declined across states that opened on or before May 15 (-0.44%) and states that opened after May 15 (-0.48%). Regionally, hiring numbers were flat or decreased. The West posted a sharp downturn (-3.06%), while hiring numbers also declined in the Northeast (-0.51%) and Southeast (-0.48%). Data was flat in the Central (-0.01%) region.

Only a few industries showed noticeable hiring growth in August, specifically Educational Services, Transportation, and Technology and Life Sciences. Industries with noteworthy hiring declines included Administrative and Support Services, Manufacturing and Real Estate.

"We are seeing the shutdown take a toll on small business hiring," Noftinger noted. "Businesses that survived the economic shock will need to prepare for a prolonged period of recovery, which could take us into mid-2021."

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

Additional takeaways from the August SBEI include:

August's snapshot: 22% of companies in the index increased employment, 51% held employment consistent and 27% decreased employment.

Industries at a glance: Small business hiring increased in Educational Services, Transportation, and Technology and Life Sciences. It decreased in Administrative and Support Services, Manufacturing and Real Estate.

Geographical hiring: The West, Northeast and Southeast saw a reduction in hiring, while the Central U.S. recorded relatively flat hiring.

What's next? With economic recovery from the shutdown likely stretching longer than originally anticipated, small businesses may be pressed to adapt well into 2021.

Editor's note:

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Source: CBIZ, Inc.