



Small Business Hiring Experienced a Decline in August

September 3, 2021

The CBIZ Small Business Employment Index showed a decrease in hiring trends, as pandemic concerns heighten and labor shortages persist

CLEVELAND--(BUSINESS WIRE)--Sep. 3, 2021-- The CBIZ Small Business Employment Index ("SBEI") reported a seasonally adjusted decrease of 1.79% for August, marking a significant decline following two months of growth during the summer season. The CBIZ SBEI tracks payroll and hiring trends for over 3,600 companies that have 300 or fewer employees, providing broad insight into small business trends.

"The August reading showed a reversal of the growth seen in the last two months," said Philip Noftsinger, Executive Vice President, CBIZ, Inc. "This abrupt change highlights a shifting environment, as students leave summer jobs to return to school, we see mass job movements and regions experience rising COVID-19 surges."

The ADP and Moody's employment report provided a contrasting perspective on hiring, indicating growth in hiring among small-, medium- and large-sized companies. Its August reading showed an overall increase of 374,000 private-sector jobs for the month, well-below analyst estimates, with small businesses accounting for 86,000 of them on a seasonally adjusted, month-over-month basis. 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.

The CBIZ SBEI reported decreased hiring across all four major regions of the U.S. The Central (-2.52%) region showed the largest decrease amid initial Delta variant surges in August. The Southeast (-0.99%), Northeast (-0.92%) and West (-0.92%) regions all showed declines, as well.

On an industry level, the most notable increases were seen in Educational Services, Accommodations and Food Services and Transportation. Non-profit, Retail and Healthcare saw decreases in hiring.

"The August hiring declines are not surprising as small businesses are facing mounting challenges with the pandemic and continued labor shortage," added Noftsinger. "The data seems to erode the theory that enhanced unemployment benefits are driving the labor shortage. While that may still be a factor in some states, it's clear now that it's not the only - or maybe even the primary - factor."

Additional takeaways from the August SBEI include:

August's snapshot: 21% of companies in the index expanded employment, 54% made no change to their headcounts and 25% reduced staffing.

Industries at a glance: Positive hiring gains were seen in Educational Services, Accommodations and Food Services and Transportation. Meanwhile, declines were reported in Non-profit, Retail and Healthcare.

Geographical hiring: All regions experienced hiring declines including Central (-2.52%), Southeast (-0.99%), Northeast (-0.92%) and West (-0.92%) regions.

What's next? As schools reopen, there will be greater opportunity for parents to return to the workforce. However, pandemic related headwinds could reverse that expectation as schools see virus-related closures and COVID-19 cases increase.

Editor's note:

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