

News Brief



Small Employers Focus on Retention, While Large Employers Hire Slower

Recent findings from payroll provider ADP showed that small businesses hired more than large employees this fall. According to ADP, employers with fewer than 50 employees added 95,000 employees, while employers with 500 or more employees cut 83,000 jobs. The divergent trends suggest that small businesses still need employees to produce, while large businesses can afford to reduce their workforce to mitigate inflation's impact on their businesses.

For job seekers, this means that although there are job opportunities available, they may not come with the most competitive wages or benefits. In fact, ADP found that only 18% of small businesses plan to change wages in the next three months, compared to 50% of midsize businesses and 58% of large businesses. Therefore, small businesses may need to consider other tactics to attract and retain workers.

in the next three to six months, 25% are upskilling current employees and 24% are expanding benefits. Workplace flexibility and mental health support will also be essential for small businesses trying to establish a healthy and positive workplace culture.

Employer Takeaways

The recent ADP report indicates that the Federal Reserve's interest rate hikes could finally be impacting the labor market. According to the U.S. Bureau of Labor Statistics' latest jobs report, the U.S. economy added 150,000 jobs in September. This was the third slowest month of the hiring in 2023, behind June and July. Many small employers have vacancies and are looking to hire and expand but are being held back by high interest rates. If rates start to come down, it may unleash employers' demand for labor and expansion. Employers should continue to monitor employment trends for new developments in today's evolving market.

Contact us today for more information.

"From a retention perspective, the most cited reason for small businesses' challenges is the demand for higher salaries."

- Tina Wang, vice president of HR at ADP

When increasing wages isn't an option, many employers understand that focusing on connection and communication can improve productivity and retention. ADP found that 27% of small businesses are focused on improving the employee experience