homebase

Main Street Health Report

DECEMBER 2022

Context for December:

Economic indicators and recent interest rate hikes have sent mixed messages about short-term expectations around inflation and the likelihood of a recession.

As 2022 wraps up, continued slow downs at small businesses have begun to diverge from prior years, potentially a result of decline in holiday spending.

The good:

- Lower-than-expected upticks in the November CPI report cool some worries about runaway inflation
- Canada sees its first quarterly dip in job vacancies, putting brakes on red hot labor market

The bad:

- Holiday spending takes a hit as consumers feel the effects of inflation
- Powell's posture towards future interest rate hikes portends fears of continued inflation

The unknown:

- Job growth and wage inflation across the economy is good for workers, but conflicts with the Fed's strategy to curb inflation

In the past quarter, interest rate hikes and economic indicators on inflation and employment have led to widespread speculation that a recession is to be expected in 2023. To understand how the broader economic environment has impacted small businesses and their employees during the 2022 holiday season, we analyzed behavioral data from more than two million employees working at more than one hundred thousand SMBs.

Summary of findings:

Homebase high-frequency timesheet data indicate continued slowdown in hours worked and employees working, across most industries and major metro areas

Our key Main Street Health Metrics — hours worked and employees working — have continued prior month-over-month delines in December. Working employee count was down 3.5 percentage points over a 7-day rolling average in December relative to November. The December decline has been steeper than we have seen at the same time period in past years.

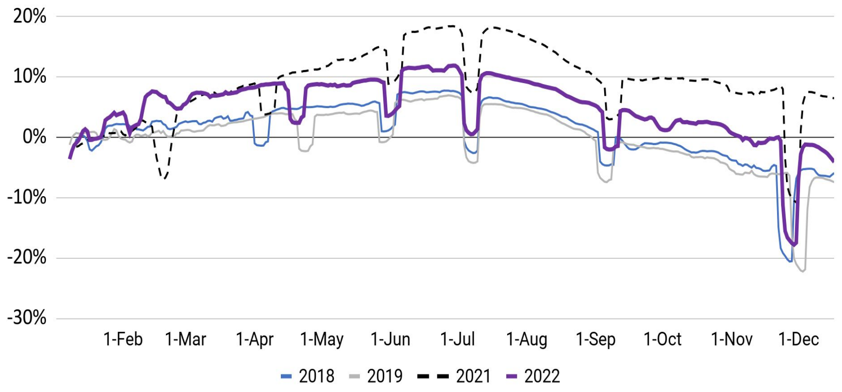
Most industry categories exhibited declines in employees working in mid-December vs. mid-November, more so than in the past. Declines were starker than at the corresponding time period in 2019, with hospitality (-7.0%) and caregiving (-4.3%) showing the largest declines. Entertainment, while softer than its comparative level in 2019, bucked the trend with a monthly increase (+0.3% versus November).

Hours worked saw continued declines across the top 5 major metro areas. These declines have been a consistent trend in the past two quarters, though Chicago and Los Angeles have seen the most significant drops compared to one year ago.

The percentage of employees working continued to decline after the Thanksgiving holiday, down 3.5 percentage points from the previous month. This downward trend is slightly starker than we have seen at the same time period in previous years.

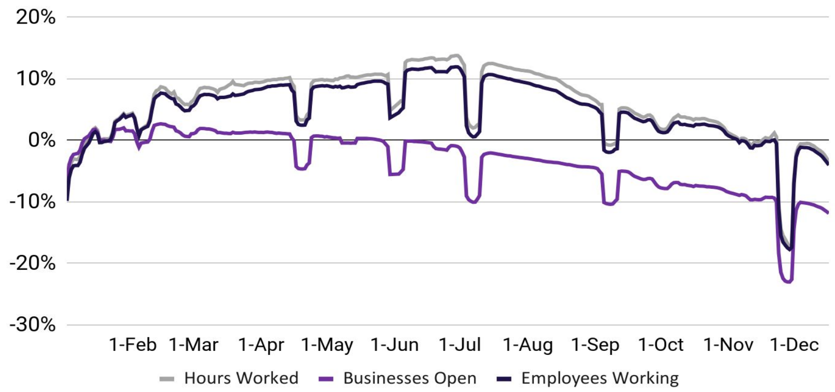
Employees working

(Rolling 7-day average; relative to Jan. of reported year)



Main Street Health Metrics[1]

(Rolling 7-day average; relative to Jan. 2022)

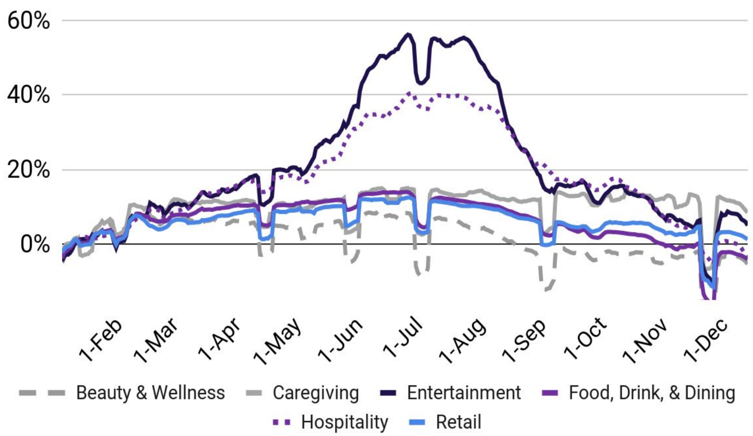


1. Some significant dips due to major U.S. holidays. Pronounced dip in mid-February 2021 coincides with the period including the Texas power crisis and severe weather in the Midwest. Dip in late September coincides with Hurricane Ian. Source: Homebase data.

Most industries save for entertainment have seen a pronounced decline in employees working during the week leading up to the 2022 holidays; beauty & wellness and caregiving are farthest below their corresponding 2019 levels, in a shift from our November data.

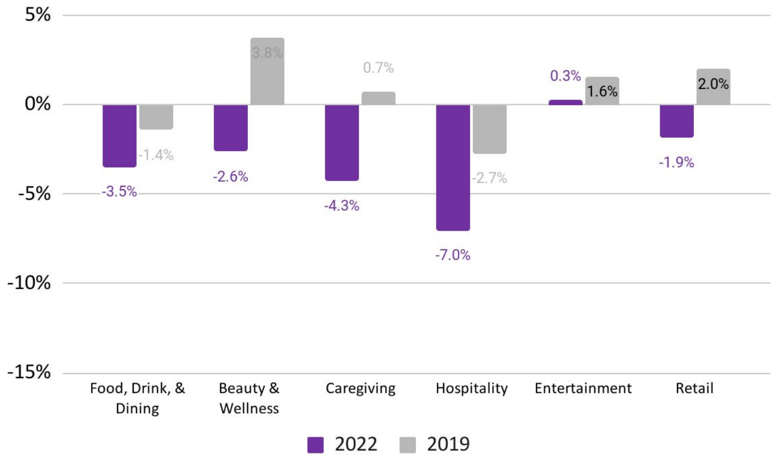
Percent change in employees working

(Compared to January 2022 baseline using 7-day rolling average)[1]



Percent change in employees working

(Mid-December vs. mid-November, using January 2022 and January 2019 baselines)[1]

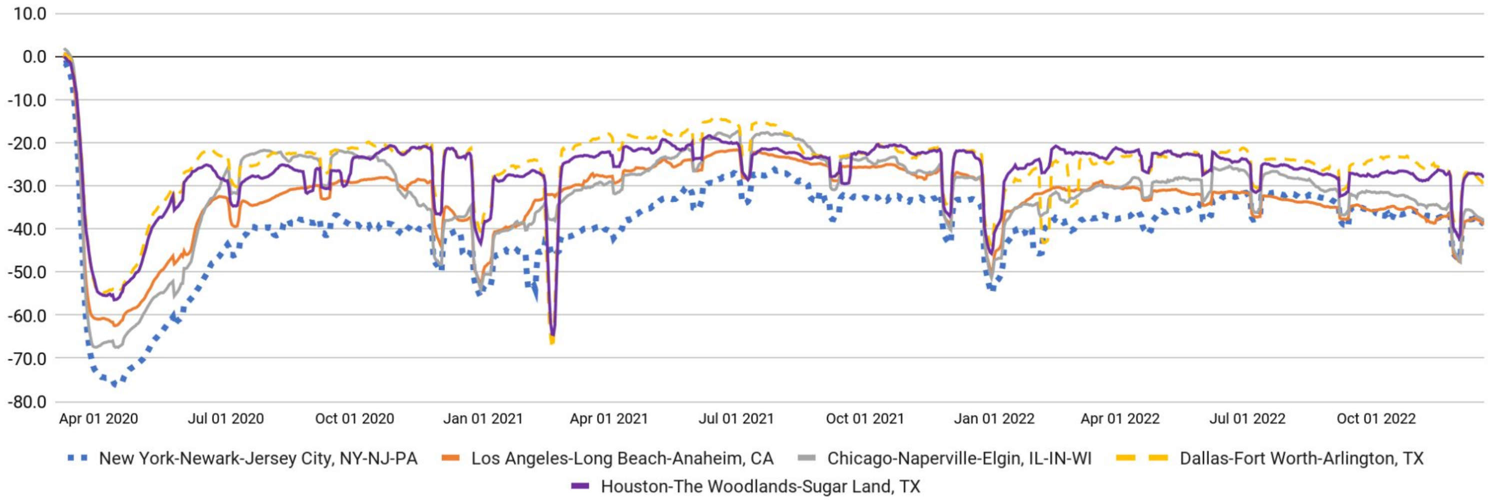


1. December 11-17 vs. November 13-19 (2022) and December 8-14 vs. November 10-16 (2019). Pronounced dips generally coincide with major US Holidays. Source: Homebase data

Hours worked across top 5 MSAs have continued to decline after the Thanksgiving holiday compared to mid-November levels, consistent with prior month-over-month trends. As in prior months, Los Angeles and Chicago are seeing the most significant drops from 2021 levels.

Hours worked

(Rolling 7-day average; relative to Jan. 2020 (pre-Covid))



1. Some significant dips due to major U.S. holidays. Pronounced dip in mid-February 2021 coincides with the period including the Texas power crisis and severe weather in the Midwest. Source: Homebase data.

Contact Us

Please reach out for comment or if you are interested in additional data

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Homebase makes work easier for 100,000+ small (but mighty) businesses with everything they need to manage an hourly team: employee scheduling, time clocks, team communication, hiring, onboarding, and compliance.

We are not Human Capital Management. We are not HR Software.

We're tools built for the busiest businesses, so owners and employees can spend less time on paperwork and more time on what matters.

Methodology and definitions

The January 2022 dataset is based on Homebase data gathered from **over 100,000 businesses and 2 million hourly employees** active in the US on our platform in January 2022.

Data from prior years (e.g., 2019, 2021) use a similar cohort-based logic. Unless indicated otherwise, daily figures are calculated relative to the median value for that specific day for the baseline month (e.g., January) net of the first 4 days of the month.

“Hours worked” is calculated from hours recorded in Homebase timecards.

“Businesses open” is based on whether a business had at least one employee clock-in.

“Employees working” is based on the distinct number of hourly workers with at least one clock-in.

homebase The labor market and world of work is a puzzle. Only Homebase has all the pieces to provide a complete picture.

Job openings / number of applications

Key insights

- Ratio of applicants/job openings (one of the key data points the Federal Reserve is tracking right now as it considers interest rates).
- Which jobs (and where) attract the most applicants. Which attract the least applicants.

Full view of the applicant review process

Key insights

- What job descriptions lead to the highest rate of successful job searches.
- What applicant characteristics predict getting a job interview or offer.

Hiring/ separation

Key insights

- Which types of applicants get hired.
- How long it takes to hire (by industry/location).
- What starting salaries are (by industry/location).

Employment relationship

Key insights

- Changes in average wages (inflation/deflation) and number of hours worked.
- Gross/net hiring and separation rates (by company, establishment, location, and industry).
- Changes in number of employees in a specific establishment and factors that predict turnover.

Full interconnected view of the labor market & employment relationship puzzle

Key insights

- How changes in a job, establishment, local competitive market, or the larger industry or economy impact employee hiring, wages, hours worked, tenure, and turnover.

ALTERNATIVE DATA SOURCES (GOVERNMENT & PRIVATE COMPARABLE)

Provides only some pieces of the labor market puzzle. Missing complete stage-to-stage linkages that can provide answers about how work changes for specific workers or companies over time.

JOLTS	✗	CES/CPS	CES/CPS	INCOMPLETE VIEW FROM DISCONNECTED DATA SOURCES
INDEED, BURNING GLASS	GREENHOUSE, ZOHO	ADP, GUSTO	ADP, GUSTO, UKG	INCOMPLETE VIEW FROM DISCONNECTED DATA SOURCES

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