Hiring Source

eNEWSLETTER | APRIL 2021

JOB OPENINGS JUMP TO TWO-YEAR HIGH

U.S. job openings rose to a two-year high in February while hiring picked up as strengthening domestic demand amid increased COVID-19 vaccinations and additional pandemic aid from the government boost companies' needs for more workers. The Labor Department's monthly Job Openings and Labor Turnover Survey, or JOLTS report, was the latest indication that the labor market had turned the corner after shedding jobs in December as the nation buckled under a fresh wave of COVID-19 infections and depleted government relief.

Job openings, a measure of labor demand, increased 268,000 to 7.4 million as of the last day of February. That was the highest level since January 2019 and pushed job openings 5.1% above their pre-pandemic level. The second straight monthly rise in vacancies lifted the jobs openings rate to a record 4.9% from 4.7% in January. There were an additional 233,000 job openings in the health care and social assistance industry. Vacancies in the accommodation and food services sector, one of the industries hardest hit by the pandemic, increased by 104,000 jobs. Arts, entertainment and recreation job openings rose 56,000. But vacancies decreased in state and local government education as well as educational services and information.

Economists polled by Reuters had forecast job openings would rise to 6.995 million in February. The report followed on the heels of news on Friday that the economy added 916,000 jobs in March, the most in seven months. The labor market is being boosted by an acceleration in the pace of COVID-19 vaccinations and the White House's recently passed $1.9 trillion pandemic relief package, which is sending additional $1,400 checks to qualified households and fresh funding for businesses. Demand for labor could increase further as more services businesses reopen. The U.S. Centers for Disease Control and Prevention said on Friday fully vaccinated people could safely travel at "low risk." An Institute for Supply Management survey on Monday showed services businesses reporting they "have recalled everyone put on waivers and made new hires" and had "additional employees added to service the needs of new customers at new locations."

In February, hiring rose 273,000, the largest gain in nine months, to 5.7 million. That boosted the hiring rate to 4.0% from 3.8% in January. Hiring was led by the accommodation and food services industries, which increased by 220,000 jobs. But hiring decreased in state and local government education. Hiring still has a long way to go, with employment 8.4 million jobs below its peak in February 2020. "The labor market continues to improve but remains a long way from what the Federal Reserve would describe as the conditions to restore maximum employment," said John Ryding, chief economic advisor at Brean Capital in New York.

With unemployment well above pre-pandemic levels, competition for jobs remains tough. There were 1.4 unemployed people for every open job in February, well above 0.82 on the eve of the first wave of the pandemic lockdowns 12 months ago. Layoffs increased to 1.8 million from 1.7 million in January amid job cuts in the finance and insurance industry. The layoffs rate was unchanged at 1.2%. Risks remain to the brightening labor market outlook.

The number of people voluntarily quitting their jobs rose to 3.4 million from 3.3 million in January. The quits rate was unchanged at 2.3%. The quits rate is normally viewed by policymakers and economists as a measure of job market confidence. But the pandemic has forced millions of women to drop out of the labor force mostly because of problems related to child care, with many schools still only offering online learning.

US JOBLESS CLAIMS PLUNGE TO LOWEST SINCE PANDEMIC

The number of Americans applying for unemployment benefits tumbled the week of April 5, 2021 to 576,000, a post-COVID low and a hopeful sign that layoffs are easing as the economy recovers from the pandemic recession. The Labor Department said that applications plummeted by 193,000 from a revised 769,000 a week earlier. Jobless claims are now down sharply from a peak of 900,000 in early January.

The decline in unemployment claims coincides with other evidence that the economy is strengthening as vaccinations accelerate, pandemic business restrictions are lifted in many states and Americans appear increasingly willing to travel, shop, eat out and otherwise spend again. In March, employers added a healthy 916,000 jobs, the most since August, and the unemployment rate fell to 6%, less than half the pandemic peak of 14.8%. Other healthy economic data was reported, underscoring that a potential boom, much anticipated by economists, may be getting under way. Trillions of dollars of government stimulus, including $1,400 checks largely distributed last month, have maintained overall household income despite widespread job losses in the pandemic. Those checks, supplemented by higher savings that many households have managed to build, drove retail sales sharply higher in March. Sales at stores, car dealers, restaurants and bars jumped 9.8%. It was the biggest gain since retail sales soared 18% in May of last year in a partial bounce-back from the virus' initial blow.

For the week ending March 27, 2011, 16.9 million people were continuing to collect jobless benefits, down from 18.2 million in the previous week. Those figures make clear that even as the economy has strengthened in recent weeks, millions are facing a loss of a job or income and have been struggling to pay bills or rent. Some states are still struggling to clear backlogs of applications from previous weeks. As a result, jobless claims being reported now may stem from layoffs that occurred weeks ago. Other states are also facing what they suspect is a sizable number of fraudulent claims for unemployment aid.

President Joe Biden's $1.9 trillion rescue package, the federal government is now supplementing weekly jobless benefits by $300 a week — on top of the average state unemployment payment of about $340 — through September. That extra money may be encouraging more people to request unemployment aid.

Still, not all unemployment applications are approved. The government reports each week on how many people have applied for aid — but not how many have actually received it. Claims are rejected if the applicants hadn't earned enough money to qualify or had been fired or quit their jobs. Unemployment aid is intended for people who have been laid off through no fault of their own.

Most analysts have grown bullish about the economy's prospects for the coming months. They include Federal Reserve Chair Jerome Powell, who expressed his belief in an appearance last Sunday on "60 Minutes" that the economy is at "an inflection point" and appears poised for a boom. "We feel like we're at a place where the economy's about to start growing much more quickly and job creation coming in much more quickly," Powell said. "This growth that we're expecting in the second half of this year is going to be very strong. And job creation, I would expect to be very strong."

TECH COMPANIES THAT WON THE PANDEMIC ARE SNAPPING UP MBA'S

Tech companies whose businesses have surged during the pandemic—like Amazon. com Inc. and Zoom Video Communications Inc. —are snagging more of the M.B.A. talent entering the workforce, helping to offset pullbacks by industries harder hit by the Covid-19 economy. Openings for tech positions rose at 57% of full-time Masters of Business Administration programs this past fall, according to a survey of nearly 100 schools by industry group MBA Career Services & Employer Alliance. Overall, though, it has been a lackluster recruiting season at business schools, the survey found, as nearly half reported an overall decline in opportunities for students.

Sectors hit hardest by the pandemic, such as retail and energy, have pulled back their M.B.A. recruiting, according to the report. That is especially the case for companies in the hospitality industry, which 61% of business schools said have cut back job opportunities. Nearly half the schools also reported a decline in recruiting from consulting firms—traditionally some of the biggest hirers of M.B.A. graduates every year. Several of those firms, including PricewaterhouseCoopers LLP and Bain & Co., said last year that they planned to make fewer hires among second-year M.B.A. candidates, beyond those who interned in the summer.

Some of the biggest recruiters have been tech companies whose business have boomed during the coronavirus crisis, including Amazon, Zoom and Netflix Inc., said Megan Hendricks, executive director of the MBA Career Services & Employer Alliance. Amazon plans to recruit more than 1,000 M.B.A. students for full-time jobs and internships this year, a company spokeswoman said, while Zoom said it intends to hire more M.B.A. graduates as part of a new, global emerging-talent program. Netflix had no comment.

Business school graduates have increasingly gravitated to careers in technology in recent years, often starting and moving up in product-management roles that combine elements of marketing, design and problem solving. Business schools, in turn, have responded by fashioning more graduate degrees with training in tech skills such as data analytics and artificial intelligence. Peter Rodriguez, dean of Rice's business school, said some of its M.B.A. graduates typically used to go to major energy companies such as Exxon Mobil Corp. Now, though, more of its students take jobs in tech than in energy, he said. This year, he added, will be the first he can remember in which the school won't send any M.B.A.s to Exxon. An Exxon spokesman declined to comment on its M.B.A. recruiting but said the company hires for positions according to its business needs.

At Southern Methodist University's Cox School of Business in Dallas, Senior Assistant Dean Jason Rife said a similar trend is under way. In 2018, the top three industries recruiting its graduates were financial services, consulting and real estate, and about 5% of its graduates went into tech, he said. That is changing as more tech companies move to Texas, including Oracle Corp. and Hewlett-Packard Enterprises Co., or expand there, such as Tesla Inc. and Apple Inc. Last year, 17% of Cox students accepted roles with tech companies. This year, Mr. Rife added, employers in tech, venture capital, private equity and green energy have continued their hiring sprees as others, such as airlines, have pulled back internships and job offers.

Some companies that cut back M.B.A. recruiting in fields such as hospitality or consulting could still pick up their hiring later this spring as the U.S. economy improves, said John Helmers, associate director of graduate career management at the University of Colorado Boulder's Leeds School of Business and MBA Career Services & Employer Alliance president.
A fall survey of corporate recruiters from the Graduate Management Admission Council found that most companies expect M.B.A. hiring to return close to pre-pandemic levels in 2021.

WORKING MOTHERS DERAILED BY PANDEMIC FACE A TOUGH ROAD

After a year of sacrifices, many working mothers are trying to regain their momentum. Some have retooled their careers. Others hit new obstacles. **After a brutal year of layoffs, parenting struggles, and juggling jobs and schooling under one roof, many working mothers are trying to regain their career momentum—and hitting new obstacles.** Some are finding it difficult to land jobs with the same level of status and pay they had before. Others, bruised by pandemic childcare disruptions, say they need jobs that offer greater flexibility going forward. Hundreds of thousands have thrown up their hands, exiting the labor force for now. Between February 2020 and March 2021, nearly 1.1 million women of prime working age—between the ages of 25 and 54—dropped out of the labor force, compared with 830,000 men in that age group, according to the Labor Department.

A recently accelerating economy has helped women regain ground, but the setbacks of the past year have stalled career progress for many. While the share of mothers of school-age kids who are actively working fell far more sharply than that of their male counterparts last spring, that gap narrowed considerably by January, and reversed itself in March, according to Census Bureau economist Misty Heggeness. Those figures don't reflect the quality of the jobs landed, she says, and don't include mothers with children under the age of 5, who need the most hands-on care. One of the most likely explanations is that some mothers had little choice, financially, but to take paying work, says Ms. Heggeness, even if that meant taking a step backward. Before Covid-19, researchers had found that employers were sometimes unwilling to invest in women who left the workforce to care for their children.

Pandemic career sacrifices fell mostly on mothers rather than fathers, research shows. One in four women surveyed last summer by McKinsey & Co. said they were considering downshifting their careers or dropping out of the workforce. One in three women between the ages of 25 and 44 who were not working cited childcare demands as the primary reason for their departure, compared with 12% of men in that age group, according to census data.

The loss of prime working years for parents who take a career break can have long-term consequences. A worker who earns $50,000 a year and quits her job to raise children for two years loses, on average, $300,000 to $400,000 in total earnings over her lifetime because of lost wages during the time off, lower retirement savings and Social Security payments, and the fact that people tend to earn less when they return to work after an extended break, according to a 2016 report from the Center for American Progress.

PANDEMIC ACCELERATES RETIREMENT

The proportion of older workers participating in the labor force is hovering at its worst level since the onset of the coronavirus pandemic, raising the prospect that many of these Americans may have permanently left the workforce, potentially impairing future economic growth. The labor force participation rate—the proportion of the population working or seeking work—for Americans age 55 and older has fallen from 40.3% in February of 2020 to 38.3% this February—representing a loss of 1.45 million people from the labor force. The participation rate initially fell much more for prime-age workers, those between ages 25 and 54, from 82.9% in February last year to 79.8% in April, but has since jumped 1.3 points, to 81.1% in February of this year. By contrast, participation for older workers has shown no rebound from last spring.

Lydia Boussour, lead U.S. economist at Oxford Economics, said the unique health risk to older people during the pandemic has likely deterred them from rejoining the workforce in greater numbers. Public-health officials have warned that the risk of severe illness from Covid-19 increases with age. Among those who contract the virus, the death rate for those age 50-64 is nearly nine times that of those age 30-39, according to the Centers for Disease Control and Prevention.

Many of these workers appear to have retired and thus may not return even when the public-health crisis is over. The proportion of the working-age population not in the workforce due to retirement rose to 19.3% in the fourth quarter of 2020 from 18.5% a year earlier, just before the pandemic, according to government data compiled by the Federal Reserve Bank of Philadelphia. That is roughly 2.4 million workers who left the labor force due to retirement since the pandemic's onset, more than double the number who did so in 2019.

FORECAST PREDICTS INCREASE IN DEMAND FOR TEMPORARY WORKERS

Demand for temporary workers in the United States is expected to increase 45.0% on a seasonally adjusted basis for the 2021 second quarter, when compared with the same period in 2020, according to the Palmer Forecast. The significant increase in demand principally reflects economic recovery from the pandemic-related business lockdowns a year ago.

The Palmer Forecast indicated an 8.6% decrease in temporary help for the 2021 first quarter. Actual results as reported by the Bureau of Labor Statistics (BLS) came in better than anticipated, with a decline of just 6.0%, largely reflecting lower unemployment rates and faster job growth, led by hospitality and leisure, but also supported across the board in business services, education, healthcare, warehousing, retail, construction and manufacturing sectors. Although temp help declined by 800 jobs in March vs. February, and was down 4.3% from a year ago, it is rapidly improving as compared with a decline of 7.8% in February versus the previous year. There has been a strong rebound in the 2021 first quarter, with 149,000 temp help jobs added, or 49,700 on average per month. The Labor Department reported nonfarm payroll employment increased by 916,000 jobs in March 2021, significantly better than consensus estimate increase of 618,000 jobs. For the first quarter 2021, non-farm jobs average increased to 539,000, but remained 4.46 % below a year ago.

The key categories of jobs created are as follows:

- Total Non-farm jobs: +916,000
- Hospitality and leisure: +280,000
- Government sector: +136,000
- Retail: +121,000
- Construction: +110,000
- Education and Health Services: +101,000
- Professional and business services: +66,000
- Manufacturing: +53,000
- Temp Help: -800

In March 2021, the labor participation rate increased slightly to 61.4% from 61.2 % in February. The U3, commonly referred to as the unemployment rate, also improved slightly to 6.0% in March from 6.2% in February. As reported by the BLS, the rate of unemployment for workers with college degrees ticked down 10 bps in March versus February, to 3.7%, and the unemployment rate for workers with less than a high school education decreased 190 bps to 8.2%. The U6 unemployment rate, which tracks those who are unemployed, as well as those who are underemployed and are working part-time for economic reasons, was down 40 bps to 10.7% in March versus February. The U6 rate is considered the rate that most broadly depicts those most affected by the last economic downturn and measures the rate of discouraged workers.

ROBOTS COULD REPLACE OIL & GAS JOBS

After losing thousands of jobs to the pandemic downturn, robotics and automation could slash hundreds of thousands more oil and gas jobs around the world and sharply reduce labor costs by 2030, according to Norwegian energy research firm Rystad Energy. At least 20 percent of the jobs in drilling, operational support and maintenance could be automated in the next 10 years, Rystad said, with U.S. employment needs reduced by more than 140,000 workers. The industry has already seen significant job losses. Nearly 60,000 oil exploration and production jobs in Texas were lost in 2020, as the global pandemic caused an unprecedented oil crash. Nationally, the oil and gas industry lost an estimated 107,000 jobs during the pandemic, according to global consulting firm Deloitte.

The use of robots is already emerging as a low-cost alternative in the offshore industry, where they can stay underwater permanently and easily access places that are difficult to reach for submersibles remotely operated by humans. But their use in inspection, maintenance and repairs is where robotics has gained the most traction in recent years. For example, the self-propelled robotics arms developed by Kongsberg Maritime and used by Norwegian operator Equinor can travel longer distances and carry out subsea maintenance and repair in confined spaces. Drilling, which is costly work and involves dangerous tasks in challenging environments, also stands to be upended by robots. Robotic drilling systems can potentially reduce the number of roughnecks required on a drilling rig by 20 to 30 percent, decreasing the annual cost of U.S. wages in the industry by more than $7 billion by 2030, according to Rystad. The number of drilling rigs in Texas has already plunged. The figure decreased by more than 60 percent in 2020, dropping to 155 in December, the lowest level since Baker Hughes started tallying the weekly rig count in 1944.

Technological advancements and resulting job cuts are not new to the industry, which has become more efficient over the years, said Karr Ingham, economist at the Texas Alliance of Energy Producers. While the emergence of robotics in the oil and gas industry seems inevitable, there are challenges that will delay full-scale adoption by a few years, including their long-term reliability. Robots, according to Rystad, have yet to be widely tested and have limited communication capabilities between units. In addition, labor organizations will likely fight further automation and use of robotics, which may be subject to tests to ensure they meet federal safety and environmental standards, Rystad said.

SOURCES

Wall Street Journal; Reuters; Associated Press; Globe Newswire; Houston Chronicle