Hiring Source

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HOUSTON ADDED JOBS THE FIRST SIX MONTHS OF THIS YEAR

Metro Houston added 48,600 jobs through the first six months of this year. That brings the total recouped since the economy reopened last May to 213,500, just under 60 percent of the pandemic job losses.

If the economy follows historic patterns, Houston will lose jobs in July, mainly educators out of work during the summer. Job growth will resume in August and gain momentum in the fall. The last of the pandemic-related unemployment benefits are set to expire in September, which should compel workers still on the sidelines to seek employment. Houston typically adds 30,000 to 50,000 jobs in Q3 and Q4 each year. That suggests a net gain of 80,000 to 100,000 jobs in '21. Houston would end the year 100,000 to 120,000 jobs shy of where it stood prior to the pandemic. Though well underway, the recovery remains uneven, with some sectors recouping nearly all their lost jobs while other continue to shed workers.

Leading the Recovery Sectors which suffered the most from social distancing mandates last March and April have benefited most from reopening. As a group, arts and recreation, health care, other services (barbershops, nail salons, dry cleaners), retailers, restaurants, and bars shed 224,800 jobs. They accounted for 62.2 percent of the region's losses. Since May '20, they've recouped 200,700 jobs, accounting for 94.0 percent of the region's gains. Four categories still struggle: construction, energy, manufacturing, and wholesale trade. They continued to shed jobs as the economy reopened. As a group, they account for 77,500 lost jobs, or 52.4 percent of the remaining gap. COVID restrictions impacted these sectors early on, but structural and economic changes continue to stifle growth, delaying our return to pre-pandemic employment level.

Construction accounts for roughly one-fourth of the region's remaining losses. The boom in single-family construction hasn't been enough to offset the slowdown in office, industrial, retail, and multifamily construction.

The energy industry has shed one in seven workers since February '20, some 11,600 jobs. Most of the losses in manufacturing (26,300 jobs) and wholesale trade (6,200 jobs) are tied to energy as well. A handful of forecasters expect the price of crude to reach $100 within the next 12 months, but that's unlikely. The energy industry also faces challenges from policy makers, environmentalists, and activist investors.

Two sectors have recouped all their losses: transportation/warehousing and finance/insurance. Traffic has picked up at Houston's airports and the Port of Houston. Ecommerce continues to drive the need for warehouse space and truck drivers. Finance/insurance reported the smallest job losses, so it had the least amount of ground to make up.

JOB GROWTH RISES IN TEXAS

Job growth in Texas surged in July and the unemployment rate plunged, but the state and local economies face new uncertainty as the highly infectious delta variant of the coronavirus push COVID-19 cases higher. Patrick Jankowski, economist at Greater Houston Partnership, said if fear of the delta variant leads people to stop dining out, going to bars and attending events, it would slow the recovery, but probably not derail it.

Texas employers added almost 81,000 jobs in July, the biggest gain since March, the Texas Workforce Commission reported. The state unemployment rate fell by three-tenths of a point to 6.2 percent, the lowest rate since the pandemic began.

In Houston, the local economy gained 7,500 jobs in July, the most since April. The unemployment rate fell to 6.8 percent from 11.1 percent a year earlier.

Texas has added about 715,000 jobs over the past year — a sizzling 6 percent growth rate. Houston has gained more than 130,000 jobs over the year, with employment growing by 4.5 percent.

The strong gains follow a national economy which, after faltering in the spring, picked up momentum in June and July. U.S. employers added 943,000 jobs in July after boosting payrolls by 938,000 in June. The national unemployment rate fell by a half-point in July to a pandemic low of 5.4 percent.

In Texas, July's gains were led by leisure and hospitality, which added more than 20,000 jobs and returned to pre-pandemic employment levels as vaccinations helped boost dining-out and travel. The sector, however, which includes restaurants and hotels, is particularly vulnerable to the resurgence of the pandemic.

Hotel operators in Houston, for example, last week reported widespread cancellations ahead of the Offshore Technology Conference, which ended Thursday after days of sparse attendance. Professional and business services, a sector that includes companies from office cleaners to management consulting firms, added nearly 12,000 jobs in July. Manufacturing added more than 8,000 jobs over the month.

Mining and logging, dominated by the oil and gas industry in Texas, gained another 1,400 jobs as oil prices rose above $70 a barrel and producers brought more drilling rigs into operation. Jankowski said his main concern about the rapidly spreading delta variant is the impact on schools. If pediatric cases grow and it forces schools to shut down and return to virtual learning, it could affect parents' ability to work, as well as family activities and a sense of safety in the Houston area.

UNFILLED JOBS HIT ANOTHER RECORD

Available jobs in the U.S. rose to another record high at the end of June, pushing openings above the number of unemployed Americans seeking work, a sign of an unusually tight labor market. Unfilled job openings rose by 590,000 to a seasonally adjusted 10.1 million in June, the highest level since record-keeping began in 2000, the Labor Department said.

The increase was driven by industries such as professional and business services, retail and the accommodation and food services, as pandemic restrictions continued to ease that month and consumers were more willing to dine out and travel.

The June increase in job openings came ahead of an uptick in cases tied to Covid-19's Delta variant. The continued high number of openings indicates that the variant, so far, isn't affecting hiring plans.

The number of job openings in June exceeded the 9.5 million people who were unemployed that same month. The gap between openings and unemployment shows an unusual tightness in the labor market. From 2000 to 2018, there were more unemployed workers than available jobs. That flipped in early 2018, when the unemployment rate pushed toward a 50-year low.

Employers have responded to the tight labor market by raising wages and offering retention and hiring bonuses.

The rate at which workers quit their jobs, a proxy for confidence in the labor market, rose in June to just below the record high touched in April. People quitting their jobs may show they are seeking remote-work positions, which became a cornerstone of the labor market throughout the pandemic.

Employers added 943,000 jobs to payrolls in July, the best increase in 11 months according to the Labor Department, and unemployment fell. Those could be signs that businesses were increasingly able to fill open jobs this summer.

The Labor Department report showed the highest rate of job openings in June was in the South. Broadly, the labor market in the South, where business restrictions were less severe, has recovered from the pandemic more fully than the rest of the country. The West and Northeast, which includes New York and California where some restrictions were in place into June, had the lowest rate of job openings.

UNEMPLOYMENT CLAIMS HIT LOWEST NUMBER IN PANDEMIC

The number of people seeking unemployment benefits fell last week for a fourth straight time to a pandemic low, the latest sign that America's job market is rebounding from the pandemic recession as employers boost hiring to meet a surge in consumer demand.

The Labor Department reported that jobless claims fell by 29,000 to 348,000. The weekly pace of applications for unemployment aid has fallen more or less steadily since topping 900,000 in early January.

The dwindling number of first-time jobless claims has coincided with the widespread administering of vaccines, which has led businesses to reopen or expand their hours and drawn consumers back to shops, restaurants and entertainment venues.

Earlier this month, the government reported that the U.S. created 943,000 jobs in July, exceeding economists' forecasts. While job growth is strong in 2020, there's still a shortfall of about 7 million jobs from pre-pandemic levels in February 2020.

OIL IS BACK, BUT THE JOBS ARE NOT

Big Oil is back, earning gigantic profits as coronavirus vaccines, reopening economies and rising crude demand lift the fortunes of the nation's largest oil companies. Yet even as crude prices have rebounded to near $74 a barrel — higher than before the pandemic — the once swashbuckling oil giants remain humbled by the pandemic-driven oil bust. Instead of planning further drilling, more hiring and increased production, Exxon Mobil and Chevron promised skittish shareholders that they will focus on holding down expenses, reducing debt and raising dividends.

That's bad news for the 81,500 workers in Texas' oil exploration, drilling and production sectors who were laid off during the worst of the oil bust last year. As long as oil giants remain restrained in their capital spending, new drilling projects — and jobs — will be slow to return, analysts said. Only about 14,200 of the sector's jobs have come back so far, according to the Texas Alliance of Energy Producers, a trade group.

LEADING THE ENERGY TRANSITION

In late June, the Greater Houston Partnership released its blueprint for leading the global transition from traditional fuel sources to low-carbon and no-carbon energy. The report leads with four key points:

- Energy has been very good to Houston, powering economic growth for over a century
- Oil and gas production and consumption will not disappear, even in a net-zero emissions world.
- The traditional oil and gas industry won't drive Houston's growth as they have in the past.
- Houston has an opportunity and a responsibility to lead the transition to a low-carbon energy system.

Houston is called to solve a global challenge of extreme magnitude—how to meet growing global demand for energy while at the same time dramatically lowering climate changing greenhouse gas emissions. There's a great deal at stake for the region.

As the energy industry becomes more efficient at finding and producing oil and gas, it will continue to shed jobs. Houston has lost over 100,000 energy-related jobs in the past six years. That doesn't include the indirect jobs, those created when the oil and gas workers spend their paychecks in local stores, restaurants, spas and consumer-oriented businesses.

If the region continues to conduct business as usual, the economy will continue to contract. Houston could lose another 270,000 jobs over the next 30 years, according to estimates from McKinsey & Co.

That could rise to 370,000 jobs if the world accelerates to low-carbon future, and as many as 650,000 if the world takes dramatic steps to prevent global temperatures from rising by more than 1.5 degrees Celsius. That would be prompted by a 90 percent drop in emissions, as set out in the Paris Agreement.

Houston is well positioned to lead the transition, the plan notes. The region has a large, diverse, and technically oriented workforce. It has the most highly developed of energy infrastructure in the nation. A large and expanding renewable generation capacity is already in place. The local culture supports innovation and growth. And the region's extensive port, rail and aviation systems offer a platform for large-scale decarbonization initiatives. The strategy sets out three initial objectives:

- Jumpstarting emerging markets where Houston has a strategic advantage,
- Attracting companies in established yet rapidly growing "New Energy" industries, and
- Creating an environment that encourages investment in and deployment of a range of energy value chains.

The later includes everything from nature-based solutions, to cleaner production of natural gas, oil, and petrochemicals, to breakthroughs in energy efficiency, geothermal energy, and advanced materials. The Partnership took a deep dive into industry and economic trends to develop the plan. The organization also conducted interviews with over 60 business, government, and academic leaders. The strategy is meant to complement existing energy initiatives of the City of Houston, the Center for Houston's Future, Rice University's Baker Institute, and ExxonMobil's proposal for a $100 billion carbon capture zone along the Houston Ship Channel. In summary, the plan builds on the best traditional 20th century energy skills and systems and paves the way for a 21st century net-zero emissions world.

COMPANIES PAY NEW WORKERS HIGHER WAGES

Companies across the U.S. economy are raising pay to recruit workers in a tight labor market, increases that are rippling through firms and prompting employers to rethink pay for existing staffers. So-called wage compression—when pay for new hires or entry-level staff approaches what longtime staff or senior colleagues make—poses a financial and management challenge for employers, and has gained new urgency as companies fight to attract and retain employees amid record-high rates of job-quitting.

Chipotle Mexican Grill Inc. said in May that it was lifting its pay for hourly positions to an average of $15 an hour, amounting to an average raise of around $2 for front-line workers. Months before making the announcement, the company completed an analysis of how the change would affect pay for entry-level crew members along with other roles, from hourly kitchen and service managers to the salaried general managers who oversee a store's operations, said Marissa Andrada, Chipotle's chief diversity, inclusion and people officer. The chain, which owns and operates its nearly 2,900 locations, made sure the raises included a premium for experienced employees within each role, and gave raises that averaged around $2 an hour to hourly managers and commensurate raises to salaried managers. To pay for the extra labor expenses associated with the raises, Chipotle raised its menu prices by 3.5% to 4% this year, Chief Financial Officer John Hartung said in July.

Employers are also offering retention bonuses to match the hiring bonuses they are giving new recruits. A variety of factors are driving up wages, especially at the lower end of the pay scale. Employers such as restaurants and amusement parks are raising pay to lure laid-off workers back to jobs that boomed when pandemic restrictions were lifted.
Companies are bidding up salaries to poach from other firms, as quitting rates reach record highs. Wages for job-switchers rose 5.8% from June 2020 to June 2021, compared with a pay increase of 3.1% for people who had been in the same job for a year or more, according to payroll-data firm ADP Inc.

In some states and metro areas, minimum-wage laws are raising the pay floor and narrowing the gap between junior employees and those with more experience and responsibilities.
ADP found that wages rose an average of 9.8% for job-switchers in the information industry from June 2020, 7.8% for switchers in finance and real estate, and 9.6% for those working in professional and business services. Pay for workers in those industries who didn't change jobs during the year rose on average between 3.7% and 4.7%.

RETURN TO OFFICE DELAYS

Chevron has begun requiring some employees to receive Covid-19 vaccinations and is evaluating mandates throughout its entire workforce as the oil-and-gas industry contends with rising infections. The second-largest U.S. oil company is one of the first major oil-and-gas producers to implement such requirements as the industry wrestles with unvaccinated field workers. Virus outbreaks have recently been affecting operations in the offshore platforms of the Gulf of Mexico and the Permian Basin of Texas and New Mexico. Chevron is now requiring expatriate employees, workers traveling internationally, and employees on U.S.-flagged ships to receive vaccinations. It will also require offshore workers in the Gulf of Mexico and some onshore support staff to be vaccinated by November 1st. The requirements cover thousands of employees. Executives at the company are also evaluating the feasibility of mandates for each

Chevron business unit and could implement such requirements more broadly through its roughly 47,000 member workforce.

Apple Inc. is delaying its return to corporate offices from October until January at the earliest because of surging Covid-19 cases and new variants. When employees are required to return, they will be expected to work at the office at least three days a week -- Mondays, Tuesdays and Thursdays -- with remote work on Wednesday and Friday available. The memo to staff, sent by human resources and retail head Deirdre O'Brien, added that the company does not currently expect to shutter its offices or retail stores. But she strongly encouraged staff to get vaccinated. The company is yet to require vaccinations or testing, though it is upping its testing program to as many as three at-home coronavirus tests per week. A January 2022 return would mean that Apple employees will have gone nearly two years without being required to enter corporate premises, since the start of the virus surge in the U.S. in March 2020. Apple recently launched a program to let some retail staff work from home by assisting people online. Its physical stores will play a critical role in the coming months as the company launches new iPads, iPhones, Apple Watches, AirPods and Macs.

Facebook Inc. is delaying its return to office plans due to a resurgence in Covid-19 cases, telling U.S. employees that they don't need to return to work in person until January 2022. Facebook had originally said it expected about 50% office capacity in the U.S. by September, with a full return by October. The company also said it would require Covid vaccination and masks for employees returning to its U.S. offices.

McDonald's Corp. said in a note to employees that all of the company's U.S. corporate workers must be fully vaccinated by Sept. 27 as businesses impose new employee rules amid rising Covid-19 cases. The Chicago-based burger giant also postponed the official reopening date of its headquarters and other domestic offices to Oct. 11 from Sept. 7 to allow time for U.S. workers to get vaccinated and build up immunity. Workers must still wear masks in the office regardless of vaccination status, though McDonald's said the company hopes to make facial coverings optional in the future.

Comcast Corp.'s NBCUniversal is postponing their return-to-office dates, citing a rise Covid-19 cases. Comcast Corp. Chief Administration Officer Adam Miller said the company, which had been planning for a large-scale return to the office after Labor Day, is moving that date to Oct. 18 at the earliest. Until then, Mr. Miller wrote, employees who are fully vaccinated can return to the office on a voluntary basis. NBC will require returning U.S. employees to be fully vaccinated.

Capital One delayed the reopening date for its offices from Sept 7. to Nov. 2. The bank will require employees to be fully vaccinated when they return to the office. Returning to the office will be strongly encouraged for vaccinated employees, but not mandatory. Contractors, vendors and visitors to the bank's offices will also have to be vaccinated. Unvaccinated employees will continue to work from home and will be "supported" in doing so. The company's vaccine policy will apply through at least the first quarter 2022. The vaccine requirement doesn't apply to bank branch employees but Covid testing will be required for unvaccinated employees and the bank said it would cover the cost of testing. The bank will be providing a $150 incentive to encourage branch employees to get vaccinated.

Citigroup Inc will require U.S. employees returning to its New York headquarters and offices in some cities to be vaccinated against COVID-19. The bank expects these employees to start returning to the office for at least two days a week starting Sept. 13th. The bank's decision would also affect employees in the Chicago, Boston, Philadelphia and D.C. offices. The bank will also be providing rapid test kits for its employees. These employees will be required to wear masks given fears around the highly transmissible Delta variant of the coronavirus. For employees at other branches, Citigroup would "strongly encourage", but not mandate vaccination.

Amazon.com Inc said it would not expect U.S. corporate employees to return to the office until next year because of the coronavirus pandemic. The Seattle-based company said it was extending its work-from-home period to Jan. 3, 2022, from its earlier guidance of Sept. 7 for the United States and other countries it did not name. It said it will require masks in offices except for staff who verify they are fully vaccinated. The latest guidance from the world's largest online retailer does not pertain to warehouse and delivery operations staff, which make up the majority of its workforce.

Alphabet Inc's Google said it would extend its work-from-home policy through Oct. 18th. Twitter Inc said it would close workspaces it already had reopened.

BP, the British oil major. last week began requiring employees in its Houston offices to wear masks regardless of their vaccination status, following the recent mask guidance from the Centers for Disease Control.

Exxon Mobil and **Sysco** are staying the course on their current vaccination and masking policies, despite the changed conditions.

Kinder Morgan still plans to have all its 2,100 local employees back in their Houston offices by September.

Landry's CEO Houston billionaire Tilman Fertitta, and owner of the **Houston Rockets**, said he'd like his employees to be vaccinated, but estimates he would lose around 18 percent of his employee base — nearly one in five workers — if he required vaccinations.

KORN FERRY SURVEY – RETURN TO THE OFFICE

Amid the coronavirus resurgence, a new Korn Ferry survey of professionals shows growing uncertainty regarding when – and if – there will be a return to the office.

While many companies had announced plans to re-open their offices after Labor Day, more than half (54 percent) of professionals say their companies have changed return-to-office plans in response to the increase in COVID cases.

When asked when they think they'll go back to the office full-time, nearly one-quarter (22 percent) of respondents said it won't be until 2022, and nearly one-third (32 percent) said "never."

Even when (and if) a full return eventually happens, there will be a shift in health protocols. Nearly one-third (32 percent) of respondents say vaccines or negative COVID tests will be required before they are allowed to return, and 73 percent say masks will be required when inside the office.

LITTLER SURVEY - EMPLOYERS CONSIDER VACCINE MANDATES

Littler, the world's largest employment law practice, has released the results of its COVID-19 Vaccine Employer Survey Report, completed by 1,630 in-house lawyers, C-suite executives and HR professionals across the United States.

While most employers surveyed are encouraging vaccinations, the data shows an increasing openness to such mandates amid rising infection rates. The survey also explores how employers are shifting their policies for incentivizing vaccination, return-to-office timing and mask wearing.

While the majority of employers surveyed (63 percent) are encouraging vaccination, the calculus may be shifting given the rapid spread of the highly contagious delta variant and the universal accessibility of vaccines for U.S. adults. Nearly half of respondents (46 percent) say they are more strongly considering a vaccine mandate in light of the recent rise in COVID-19 cases. Only 22 percent say they have firmly decided not to institute a mandate. Last January, less than 1 percent of employers were mandating vaccination and 9 percent were planning to.

Not surprisingly, given the myriad factors involved with establishing an effective vaccine policy, employers planning to mandate vaccines have differing definitions of what such a policy entails. Thirty-three percent are taking a hard line, defining their policy as "workers will be terminated if they refuse to be vaccinated," but (35 percent) are taking a softer approach, saying workers must be fully vaccinated or regularly tested as a condition for returning to in-person work. A smaller percentage (14 percent) are splitting the difference, defining their policy as "workers must be fully vaccinated or regularly tested, otherwise they will be terminated."

Though employers' approach to vaccine mandates have evolved in recent months, their primary concerns have not. The top two concerns about mandating vaccination are the same as they were in January, resistance from employees who are not in a protected category but refuse to be vaccinated (75 percent) and the impact of a mandate on company culture and employee morale (68 percent). Yet the stakes for keeping employees happy have risen in today's tight labor market and 60 percent now fear the possible loss of staff and difficulty operating due to termination or resignation of employees who don't wish to be vaccinated.

At the same time, other concerns have diminished, notably legal liability if employees experience adverse reactions (36 percent versus 64 percent in January), the effectiveness of such a policy given exempt groups (32 percent versus 57 percent in January), and uncertainty about a vaccine's effectiveness in limiting the spread of COVID-19 (10 percent versus 22 percent in January).

Regardless of where employers net out on vaccine mandates, maintaining a safe workplace remains top-of-mind. Forty percent of employers have delayed plans to return employees to in-person work, and that figure rises to 50 percent for organizations with 10,000+ employees. Many are requiring that face masks be worn in the workplace (except private offices), either for all (54 percent) or just for those who are unvaccinated (42 percent).

SOURCES

Greater Houston Partnership, Houston Chronicle, Wall St. Journal, Bloomberg, Korn Ferry, Littler