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U.S. JOBS SURGED IN JANUARY AS ECONOMY WEATHERED OMICRON

U.S. employers hired at a rapid pace late last year and in January, bolstering the economy in the face of the Omicron wave of Covid-19 and staffing shortages. The U.S. economy added 467,000 jobs in January. Job growth in November and December combined was about 700,000 higher than previously reported. Overall, the robust job gains this winter signal that hiring demand continued to be high as Delta and Omicron cases surged.

January payrolls might have been stronger if not for the surge in Omicron cases. The Labor Department said nearly two million workers were prevented from looking for a job last month because of the pandemic. And the number of Americans who said they were unable to work because their employer closed or lost business due to the pandemic nearly doubled in January from December.

The unemployment rate rose slightly in January to 4% from 3.9% in December, with more people joining the workforce. Historically low joblessness is helping spur wage growth. Wages climbed 5.7% in January from a year earlier, nearly double the average of about 3% before the pandemic hit.

Workers have more incentive to return to the labor market than they did a year ago due to the prospect for a bigger paycheck, a rundown in pandemic savings and an improving health situation. The labor-force participation rate, or the share of the population working or seeking a job, rose to 62.2% last month, the highest level since the pandemic hit in early 2020.

There are roughly 60 unemployed people for every 100 job openings, meaning just about anyone who wants a job can find one. Still, workforce participation remains below pre-pandemic levels. As a result, many companies are raising pay as they compete for labor. Wages grew briskly in January from December in some higher-wage industries including professional and business services. Meanwhile, pay in leisure and hospitality—which has surged 13% over the past year—logged softer growth than other sectors in January compared with a month earlier.

Omicron still affected parts of the job market in January. The variant sent millions of sick workers into quarantine, exacerbating labor shortages at restaurants, airlines and public-transit systems. About 3.6 million Americans were employed but absent from work due to illness in January, up from two million in January 2021 and 1.1 million in January 2020.

U.S. JOBLESS CLAIMS RISE BUT REMAIN LOW IN TIGHT LABOR MARKET

Jobless claims rose last week but remained historically low, indicating the labor market is on strong footing as Covid-19 cases of the Omicron variant decline. Initial jobless claims, a proxy for layoffs, increased to a seasonally adjusted 248,000 last week from 225,000 a week earlier, the Labor Department said.

New filings for unemployment benefits have largely stayed below 250,000 a week since mid-November. Continuing claims, a proxy for the total number of people receiving unemployment benefits through regular state programs, declined to 1.59 million for the week ended Feb. 5 from 1.62 million a week earlier. Continuing claims are reported with a one-week lag.

Millions of workers called in sick and businesses temporarily shut down last month because of Omicron outbreaks. Jobless claims spiked in mid-January but have since declined along with an easing pandemic.

Economists expect claims to drift further downward as employers cling to workers in a tight labor market. U.S. employers hired at a robust pace in January, adding 467,000 jobs. Wages rose in January from the year prior by 5.7%, well above the average of about 3% before the pandemic.

DESPITE SOARING OIL PRICE, DRILLING JOBS ARE SLOW TO RETURN

Exploration and production companies in Texas last year recovered less than a third of the jobs lost during the pandemic-driven oil crash. Since pandemic-related job losses stopped in September 2020, energy companies have added 18,600 drilling and extraction jobs in Texas, about 30 percent of the 63,000 jobs lost since the start of the pandemic in 2020, according to the Texas Alliance of Energy Producers.

Much of the job gains occurred last year after the rollout of coronavirus vaccines, which led to easing of economic restrictions and bolstered crude demand. The upstream sector added nearly 16,500 jobs last year, bringing employment in the state to 175,925 — still far from the 300,000 employed in late 2014 when oil was above $100 a barrel.

“I am certain we will never get back to 2014 (employment) levels,” said Karr Ingham, a petroleum economist with the oil and gas trade group. “This has implications for Houston and the state of Texas.”

Though Texas oil and natural gas production is set to hit new records this year, energy industry job growth during the recovery remains sluggish as public oil giants maintain fiscal discipline, producing more fossil fuels with fewer drilling rigs and workers.

At the same time, the price of oil continues to soar to near $90 a barrel, but the growing price doesn't look to translate into additional jobs. West Texas Intermediate, the U.S. crude benchmark, settled Wednesday at $87.35 per barrel, up from around $48 a barrel a year ago.

After three major oil busts in the past seven years, the oil industry has learned to do more with less. Drilling rigs and crews have become more efficient with advances in technology and operational practices. Houston-based Nabors Industries recently drilled its first wells for Exxon Mobil using a fully autonomous drilling rig that replaced roughnecks on the rig floor with robots. A decade ago, an oil worker in Texas produced about 200 barrels of oil per month. That same worker now produces more than 900 barrels of oil per month, Ingham said.

Texas companies added 3,000 drilling and extraction workers in December, the eighth consecutive month of job gains, according to data from the Texas Workforce Commission and analyzed by the Texas Oil and Gas Association, an industry trade group. "Texas is poised for continued economic growth as upstream job gains continue to climb," TXOGA President Todd Staples said.

The number of drilling rigs operating nationally rose last week to 604, up from 378 rigs operating a year ago, according to oil field services firm Baker Hughes. Drillers added 235 rigs in 2021, but the rig count remains far below the peak of almost 1,100 at the end of 2018 and the 790 rigs operating pre-pandemic. The rig count is a leading indicator of the nation's oil and gas production.

Texas oil and gas companies had 8,484 job listings in December, an increase of 2,612 from the previous month, according to the Texas Independent Producers and Royalty Owners Association. Houston had the most job listings: 3,041, followed by Midland with 939 and Dallas with 531.

Companies with the most job postings include National Oilwell Varco with 477, Baker Hughes with 468 and Halliburton with 407, according to the trade association. Companies are hiring tractor-trailer drivers and technology workers.

"We believe increasing global demand will outpace production as economic conditions improve, and oil inventories could hit their lowest level in more than two decades this summer, likely driving commodity prices higher and accelerating exploration and production activity in the state, if the market demands it," TIPRO President Ed Longanecker said.

REMOTE, HYBRID OR ON-SITE?

Companies continue to grapple with how to best approach their return to the office — a decision made more difficult by variants like Omicron — but it appears hybrid models are the top choice for now.

Less than one-third of knowledge-industry employees are working from the office every day, while the percentage of those in hybrid arrangements has increased to 58% compared to 46% in May 2021, according to a survey of more than 10,000 knowledge workers across the world by

Future Forum, a research group formed by workplace collaboration software company Slack Technologies Inc.

Vast majority of knowledge-industry workers say they want location flexibility, at 78%, while 95% want scheduling flexibility. Additionally, 72% of respondents who are dissatisfied with their current level of flexibility at work say they are likely to look for a new job in the coming year — higher than the 58% of respondents who say they intend to look for a new job.

Hybrid work has evolved from a pandemic necessity to an employment prerequisite for many workers. The desire for remote work is even higher among minority workers, with 86% of hispanic knowledge workers and 81% of Asian American and Black knowledge workers preferring hybrid or fully remote work, compared to 75% of white workers. Globally, about 52% of women want to work at least mostly remotely, compared to 46% of men.

Of course, hybrid setups also have some inherent challenges. As managers and employers navigate hybrid work, they need to be aware of — and work actively to mitigate — proximity bias, or the rewarding of employees for being in person over being remote. "The people who want to return back into the office on a more full-time basis are executives and white employees, while the people who want more flexibility are employees of color, parents and women," Subramanian said. "If leaders are not intentional about their return-to-the-office policies, then we are only going to see those gaps widen."

Executives are also spending more time in the office than their employees, according to the survey. About 42% of executives say they work from the office three or four days a week, compared to just 30% of non-executives. About 75% of executives currently working remotely would rather work from the office most of the time, compared to 37% of non-executives working remotely.

Across the board, overall employee satisfaction has improved, along with work-life balance and productivity, according to the report. Those working remotely and in hybrid environment report the highest satisfaction and productivity scores.

None of this means the office is going to go away entirely, but business leaders need to rethink the office. Instead of a place where people go every day to work, maybe it can become a place to build camaraderie or collaborate with others.

The surge in remote work occurs as companies look ahead to 2022 to make tangible decisions and strategic choices about the their future workplace. Many are choosing a hybrid route that will require employees to be in the office a set number of days a week. Some, such as accounting giant PwC, are opting for permanent remote work.

For the first time in two years for many people, the American workplace is transforming into something that resembles pre-pandemic days.

Tyson Foods said February 15th it was ending mask requirements for its vaccinated workers in some facilities. Walmart and Amazon — the nation's No. 1 and 2 largest private employers respectively — will no longer require fully vaccinated workers to don masks in stores or warehouses unless required under local or state laws. Tech companies like Microsoft and Facebook that had allowed employees to work fully remote are now setting mandatory dates to return to the office after a series of fits and starts.

Microsoft, based in Redmond, Washington, on Monday announced plans to open its West Coast buildings on Feb. 28 with a hybrid mix of working in the office and home. Facebook parent Meta

Platforms, which had planned to bring workers back to the office on Jan. 31, will now require them to return — with proof of a booster shot — on March 28.

Thousands of Chevron employees in Houston are expected to return to the office for the first time since the pandemic starting February 14th – potentially impacting traffic and activity in downtown. The oil major had postponed a full return-to-office in January after the Omicron variant spread through the U.S. New coronavirus cases have been trending down in Houston and Harris County since late January, according to data from the Houston Health Department. The company is introducing a hybrid model that provides employees the option to work remotely two days per a week. Chevron has nearly 8,000 employees in the Houston area, including nearly 6,000 employees who work in downtown.

That's a stark reversal from just weeks ago when the omicron variant of COVID-19 was peaking, prompting companies to double-down on mask requirements and enforce daily health screenings while delaying return-to-office plans for remote workers. Many office workers will still be required to wear masks in the office and get regularly tested. Front-line workers like store clerks and restaurant staff who were already physically going to work will have to adjust to maskless colleagues and customers — whether they like it or not.

GOOGLE BUMPS UP VACATION DAYS AND PARENTAL LEAVES

Google on January 27th increased the amount of time employees around the world can take off for vacation or caring for newborns and seriously ill loved ones. Google has long been known as a global trailblazer in workplace benefits. But unlike many companies in Silicon Valley, it does not offer unlimited paid time off. Employees also have grown frustrated during the pandemic about long work hours, without being able to enjoy free meals and other Google office perks.

Employees will now receive a minimum of 20 paid vacation days annually, up from 15 days.

Google's chief people officer, Fiona Cicconi, said in a statement that the increased leave aims "to support our employees at every stage of their lives and that means providing extraordinary benefits."

Google said parents who give birth can take up to 24 weeks off compared with 18 previously. All other parents will have up to 18 weeks of leave, up from 12. It also will double caretaker's leave to look after seriously ill loved ones to eight weeks.

WILLIS TOWERS WATSON SURVEY ON HR'S TOP PRIORITIES FOR 2022

Employee mental health has taken center stage as one of the top HR priorities facing employers with nearly all companies identifying stress and burnout as a threat for their workforces, according to a survey by WTW (Willis Towers Watson, NASDAQ: WTW), a leading global advisory, broking and solutions company.

Nearly all (86%) of employers said that mental health, stress and burnout are a top priority; however, half (49%) have not yet formally articulated a wellbeing strategy for their workforce and only a quarter have already articulated and adopted a wellbeing strategy.

The survey identified the top two actions respondents plan to take in 2022 or are considering for 2023 to improve employee wellbeing in each of the following four categories: emotional, physical, social and financial wellbeing.

Emotional Wellbeing

- Nearly half (48%) of respondents are planning or considering implementing an organization-wide behavioral health strategy and action plan. Only a third (35%) currently have one.
- Four in 10 respondents (39%) are planning or considering redesigning their employee assistance program (EAP), including increasing limits on visits and expanding services. Forty-two percent redesigned their EAP in 2021.

Physical Wellbeing

- More than a quarter of respondents (27%) are planning or considering programs that target specific conditions for high-cost cases such as maternity, diabetes and depression. Nearly two in three (64%) currently offer these programs.
- One in four respondents (25%) are planning or considering promoting the use of mobile apps for physical wellbeing. Two in three (65%) currently do.

Financial Wellbeing

- One-third of respondents (34%) are planning or considering setting objectives and tracking financial wellbeing programs at pivotal financial decision points such as new family, young children and first house. Only two in 10 (18%) currently do.
- One-third of respondents (33%) are planning or considering assessing their financial wellbeing programs for consistency with inclusion and diversity values. About one-quarter of respondents (24%) currently do.

Social Wellbeing

- One-third of employers (32%) are planning or considering examining onsite perks to support new work arrangements. More than a third (37%) currently do.
- One third (32%) are planning or considering incorporating inclusion and diversity priorities in their benefit program design. Almost half (47%) currently do.

SOURCES

Wall Street Journal; Houston Chronicle; Houston Business Journal; Reuters; Willis, Towers, Watson