Hiring Source

eNEWSLETTER | OCTOBER 2022

JOBS DATA SHOW SOME COOLING SIGNS

The U.S. labor market lost some momentum in September, but remained strong, as high inflation and rising interest rates weighed on the economy. Job growth slowed, with employers adding a seasonally adjusted 263,000 jobs in September, the Labor Department said. The increase, while still robust, was less than August's increase of 315,000 and the monthly average gain of over 400,000 during the first half of the year.

The unemployment rate fell to 3.5% last month from 3.7% in August, matching a half-century low that was last reached in July. The number of people in the labor force fell in September after increasing the prior month.

Annual gains in average hourly earnings eased to 5.0% in September, still rapid but below August's 5.2% pace and the slowest rate since December 2021.

The Labor Department said job openings in August posted their largest decline since the early months of the Covid-19 pandemic, while layoffs rose slightly.
Leisure, hospitality and healthcare companies hired the most workers last month. Retailers and warehousing and transportation businesses cut jobs.

The labor-force participation rate, or the share of adults holding or seeking jobs, has remained stubbornly below where it stood before the pandemic, contributing to labor shortages that continue to pose challenges for the economy. That is keeping upward pressure on wages and inflation as employers compete for fewer available workers.

The 10.1 million job openings in August far exceeded the 6 million unemployed people looking for work. The openings also remained well above their prepandemic level in 2019, when they averaged 7.2 million.

This year several companies, including Facebook owner Meta Platforms, Snap, Stanley Black & Decker, Amazon, Google, Corteva and Goldman Sachs have started to lay off employees or leave jobs unfilled to reduce their costs in an uncertain economy. Walmart said it would hire about 40,000 mostly seasonal workers to serve holiday shoppers, down from the 150,000 permanent employees it was looking for a year ago. Yet nationally, the number of layoffs recently remains below prepandemic levels.

Executives say that cutting open positions and not posting new ones is easier than laying off current employees. Economists said that the labor shortages over the past year could leave companies more hesitant to lay off workers if the economy falls into a mild recession.
Many employers were left exasperated, grousing about a "Great Resignation" among American workers after the economy reopened; the nation's job quit rate, rose to 3 percent by the end of 2021, a record.

The total number of people who left their positions voluntarily, called quits, remained elevated at a seasonally adjusted 4.2 million in August, which suggests that workers are confident enough to leave their current postings.

Lack of childcare is a significant reason workers are staying out of the labor market. There were 4.8 million people who cited caring for children as a reason for not having a job, according to the Census Bureau's Household Pulse Survey. An additional 1.7 million said they weren't working because they were caring for an elderly person.

At other businesses, demand for workers hasn't eased. Laura Lee Blake, president and chief executive of the Asian American Hotel Owners Association, said that filling positions is a top concern among the 20,000 owners in the group. Difficulty in hiring has led some hotel owners to implement self-check-in kiosks, but some roles, such as cleaning rooms, don't have an automated solution.

JOBS ADDED IN HOUSTON FALL BELOW EXPECTATIONS

Metro Houston added 5,400 jobs in August '22. This falls below expectations for the month. In a normal year, the region creates 7,000 to 10,000 jobs in August. In a boom year, which has been the case up to this point, the region creates 10,000 to 18,000 jobs. It's too soon to determine whether the August report is the first sign of an economic slowdown.

- Restaurants and bars added 7,500 jobs in August. The sector normally creates 800 to 1,200 jobs in the month. August's job growth is likely an anomaly that will be revised downward in future reports.
- Administrative and support services added 5,500 jobs. Employers are relying on contractors to meet their workforce needs in the current tight labor market.
- Durable goods manufacturing added 1,500 jobs in August and 7,700 since the first of the year. Manufacturing overall remains well below pre-pandemic employment levels.
- Real estate/equipment rentals added 800 jobs in August bringing employment to 100 jobs shy of where it stood in February '20.

- Employment in hotels, information, and other services—all laggards in the COVID recovery— was flat in August.
- The energy sector, also a laggard, shed 700 jobs.

OIL FIELD SERVICES SECTOR CONTINUES TO ADD JOBS AS OVERALL HIRING SLOWS

Companies that provide equipment, labor and technology for oil and gas drilling continue to add workers, but employment in the oilfield services sector remains well below pre-pandemic levels.

In September, employment in oilfield services and equipment ticked up nationwide to 640,767, according to preliminary federal data analyzed by the Energy Workforce and Technology Council. The industry trade group estimates that, after August adjustments, the sector added 2,566 jobs in the U.S. last month.

Like the overall U.S. economy, the oil field services industry is still adding jobs, but the pace is slowing. Nationwide, the sector was adding about 5,000 jobs a month until reporting about half that number in September. Also, like other businesses in the country, oilfield services firms have been hit with supply chain issues making it hard to get equipment, and when they are able to secure needed resources, they're paying more because of inflation.

Oilfield services companies, however, are expected to benefit from this year's high oil and gas prices. While supply chain issues and exiting Russian operations after the war in Ukraine cost companies millions, Halliburton still posted more than $100 million in profits in the second quarter, and Schlumberger recorded $959 million. Analysts expect similar results when third-quarter results roll in this month.

While the sector, which also includes Baker Hughes and Weatherford, has seen more activity this year, employment is still about 65,000 jobs below that of February 2020, the month before the pandemic brought drilling to a near standstill.

Texas is home to nearly half of those jobs. In September, the council estimated Texas oilfield services employment at 312,246 – a 3,970 dip from August's preliminary numbers, but still well above the 287,000 Texas had at the start of the year. Both September and August data are subject to adjustments.

The oil and gas industry as a whole has reported record-breaking profits amid soaring demand after the pandemic and an energy crunch brought on by the war in Ukraine. Most recently, the move by the Organization of the Petroleum Exporting Countries and its allies to limit production has sent the price of West Texas Intermediate, the U.S. benchmark, back above $90 per barrel.

QUIET QUITTERS, SHOULD EMPLOYERS BE WORRIED

Social media has exploded with stories of employees rejecting "hustle culture," reclaiming work-life balance, and prioritizing their own well-being over their allegedly thankless and greedy employers.

The workplace has dramatically changed since the beginning of the pandemic. Unprecedented numbers of employees are leaving the workforce and employers are struggling to keep or recruit scarce labor. Some employers adapted and transformed their workplaces and culture to improve retention by offering more flexibility and better benefits.

Some employees who remain unsatisfied, however, are adopting novel work behaviors. Some employees are "quiet quitting" for example, that is reducing their commitment to and productivity at work to focus their efforts on only their core job duties, avoiding work beyond their job description.

Other employees s juggle two or three full-time remote jobs every day without their employers' knowledge. To remain undetected, the over-employed may employ elements of deceit: multiple desktops and monitors or "mouse jigglers," devices that simulate mouse movement. Other employees pool resources by sharing multiple jobs and splitting salaries, resulting in someone performing work for an employer for which the employer has no information, no background checks, and no acknowledgments of key policies.

What can employers do to rebuild security and trust within their workforce and also protect their business?

- Connect. Invest. Trust. Employers should invest in their employees by mentoring, motivating, providing quality supervision and reassuring employees that they are valued and not just another number in the workforce.
- Transparency. Employers should reassess the expectations they have for their employees in this post-COVID-19 era, and revamp their job descriptions, offer letters and performance review criteria accordingly.
- Reward. Employers should reassess and adjust their employee bonuses, incentives, benefits and career opportunities for those employees that demonstrate commitment and enthusiasm for their employer.
- Monitor. The New York Times recently reported that eight out of the ten largest private employers in the United States are tracking productivity metrics for their employees, including measuring active time, checking for keyboard pauses and even counting keystrokes.
- Document. Enforce. Employers should consider implementing or updating moonlighting policies that prohibit employees from working additional jobs while employed, or at least require disclosure or consent. Employers should also consider reviewing conflict of interest, business ethics, and unfair competition agreements to arm themselves with the ability to prohibit certain conduct. Finally, privacy policies should be carefully considered and expanded to allow for the company to utilize appropriate productivity software so that it can more effectively manage its workforce, and for employees to understand how employer scrutiny may change going forward.

EMPLOYERS STRIKE BACK AT "QUITTERS"

This time last year, companies big and small were gearing up for a push to bring workers back to offices after Labor Day. The same thing is happening now. But this time, the bosses really mean it — probably — which could set companies up for clashes with their workers, experts say.

Much like quiet quitting, the trendy term for reducing effort, quiet firing refers to minimizing an employee's significance. Companies have always had subtle ways to nudge people out the door. Tactics include cutting responsibilities or denying promotions and raises to make someone miserable enough to leave. Many companies are renewing their focus on what employees put out at the same time that a lot of workers are recalibrating what they put in.

Gallup reports the ratio of engaged to actively disengaged workers is at the lowest level in a decade and that half of the U.S. workforce is allegedly quiet quitting—that is, doing only what's in their job descriptions and no more. For much of the past two years, executives have largely put up with this. In a tight labor market, a warm body is better than nobody.

Plus, companies want to be seen as sensitive to employees who seek balanced work and personal lives. Events like the pandemic and police killing of George Floyd prompted many to re-evaluate their priorities, and it would have been bad business and worse optics for management to demand a greater focus on work during the most acute periods.

With more businesses expecting a recession, every company has associates that have been poor performers or haven't been as productive. In the marketplace we have right now, it's good corporate hygiene to be looking at them.

Managers at all levels should form lists of employees to let go if better or harder-working talent becomes available. Bosses are at risk, too. Some businesses that held off on leadership changes during the pandemic have discreetly hunted for upgrades. An uncertain economy and broadscale office returns in many industries put hybrid and remote workers on especially high alert for signs of being managed out.

A survey by Microsoft revealed a wide gap between employees' assessments of their own remote productivity and managers' perceptions of how much gets done away from the office. 87% of the rank and file say they're just as effective at home, but 80% of bosses disagree.

Some firms, including Goldman Sachs and Meta Platforms, have reinstated performance reviews to help identify and cull underachievers, after suspending that practice during the pandemic. One-third of medium-to-large businesses have adopted employee-surveillance systems since 2020, joining another third that already used such tools.

SOURCES

Wall Street Journal; Greater Houston Partnership; Houston Business Journal; Littler