Hiring Source

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HIRING SURGE CONFOUNDED MANY EXPERTS

January's surge in hiring caught economists off guard. The Labor Department reported that employers added 517,000 jobs to payrolls in January, after accounting for seasonal movement, driven by increases in most industries, including restaurants and healthcare. The gains were far more than economists expected.

Forecasters surveyed by The Wall Street Journal had estimated 187,000 jobs would be added last month, which would have extended a cooling trend in the labor market. Monthly estimates often don't line up exactly with what the government reports, but the data showed the biggest discrepancy between economists' expectations and the Labor Department's initial estimate in nearly a year.

Economists point to a number of factors to explain the discrepancy between their forecasts and the Labor Department's initial monthly estimate, which itself will be subject to revisions over the coming months and years.

Some economists said they focused too much on media reports of layoffs by large companies. For example, Amazon.com Inc. said it was laying off more than 18,000 workers. That sounds like a big number. But it is small both compared with Amazon's own workforce of 1.5 million and the U.S. economy's entire labor force of 165.8 million people.

One reason could be that many of those laid off from technology firms have been able to easily find new positions. There were 11 million vacant jobs at the end December, according to the Labor Department, about double the number of unemployed job seekers.

HIRING SHOWS SURPRISING STRENGTH

U.S. job growth accelerated at the start of the year as employers added a robust 517,000 jobs and pushed the unemployment rate to a 53-year low.

The unexpectedly strong hiring gains raise questions about whether the economy, which had been losing momentum over the past several months, is starting to pick up steam again. If so, that could prompt a more aggressive response by the Federal Reserve as it raises interest rates in an attempt to temper economic growth and bring down inflation.

January's seasonally adjusted payroll gains were the largest since July 2022 and snapped a string of five straight months of slowing employment growth, the Labor Department said. December job growth was also stronger than previously estimated, pushing the average job gains for the last three months to 356,000, well above the 2019 prepandemic average of 163,000.

The unemployment rate was 3.4% last month, its lowest level since May 1969. The average workweek rose to its highest level since March 2022, reversing declines in the fourth quarter.

Wage growth continued to soften, despite the strong job gains. Average hourly earnings grew 4.4% in January from a year earlier, down from a revised 4.8% in December. Annual revisions to employment and pay data suggest that wage growth has been cooling—but at a slower pace than previously thought.

Other recent figures point to a tight labor market. Employers had 11 million job openings at the end of December, or nearly double the number of unemployed people looking for work that month, the Labor Department said. The department said first-time applications for unemployment benefits fell to 183,000 last week, the lowest level since April 2022.

Payrolls grew most strongly at services businesses, the Labor Department said. Leisure and hospitality industries added 128,000 workers in January, up from 64,000 in December. Retail, financial activities and education and health industries also posted strong job gains.

The information sector, a category that includes technology workers, lost 5,000 jobs in January, the second straight month of declines. Tech companies have led a string of high-profile layoff announcements as big corporations pull back amid economic uncertainty. FedEx Corp., Rivian Automotive Inc. and Okta Inc., a business-software firm, all announced layoffs this past week. Government employment also increased as some workers in California returned from a strike.
The report included annual updates to the 12 months ended in March 2022 that showed payrolls grew by 7.1 million over that span up from 6.4 million. That suggests the labor market was hotter in 2021 and into the first quarter of 2022 than previously thought. A key consideration for Fed officials will be whether wage increases continue to cool. Earlier this week the Labor Department said growth in wages and benefits moderated in the fourth quarter.

HOUSTON'S JOB CREATION, WAGES SHOW CONTINUED GROWTH

Wage growth is slowing across the country, according to new federal data, but many Houston workers can still expect an extra pop in their paychecks.

The region boasts a tight 4 percent unemployment rate and businesses, including small businesses, have maintained a brisk hiring pace, giving job seekers in most sectors some leverage when it comes to pay. Wages rose 1 percent across the nation in the fourth quarter, for total growth of 5.1 percent in 2022, according to data released by the Bureau of Labor Statistics. That's slightly slower wage growth than workers saw in the prior quarter and a sign that the labor market is loosening just a little.

While regional data for the fourth quarter hasn't yet been released, wage growth in the Houston metropolitan area outpaced the U.S. as a whole during the July to September quarter, and the labor market remains tight in the region. Houston led the nation's major metropolitan regions in job growth at small business over the past 12 months "by a wide margin," according to the latest data from Paychex.

The Paychex national jobs index stood at 99.56 in January, an increase of 0.18 from December but down 1.75 percent compared with January 2021. In Houston, the jobs index stood at 103, up 0.53 percent over the past 12 months and the highest in the nation. Second-place Chicago had an index reading of 101.53, while Dallas tumbled from second place to fifth over the month, dropping 1.23 points to 100.82. An upward trend in the index reflects a strengthening job market; a downward trend means the opposite.

HYBRID WARNING SIGNS

Is the new hybrid plan working? That's what a lot of companies are asking, as they step back and review their progress toward a new hybrid workplace. More and more businesses have at least a portion of employees who spend some of their time working in the office and some time working remotely, but it's not always clear whether they've arrived at the "right" hybrid model—that is, the version of hybrid that boosts individual productivity, team collaboration and organizational innovation.

Here are six warning signs leaders should look out for:

1. Managers are out of sync with their teams - If managers are spending a lot more time in the office than their teams are, or a lot less, you have a problem. For one thing, if your boss spends most of the time in the office, even though the official line is that you're welcome to spend two days a week at home…well, it's hard not to feel uneasy about working remotely. But it can be even worse if the boss is in the office less than the rest of the team. When you have to be in the office four days a week, but the boss is only there for two, it feels unfair—even when that discrepancy is directly related to the nature of your work and responsibilities.

2. Video calls persist for on-site employees - If your hybrid approach isn't reducing the volume of video calls, it is a sign that you're failing to make the most of your staff's in-office, face-to-face time, or that you are making people come into the office for no reason. After all, why make people trudge to the office if they are just going to spend yet another day on video calls? One solution is to align the on-site hours of people who work together. Yes, that will reduce some individual flexibility. But many employees will happily exchange some flexibility for fewer video meetings. One other benefit: Fewer video calls means less Zoom fatigue.
3. Work hours are expanding - Maybe some executives still see 12-hour workdays as a badge of honor, but for a lot of employees, that just leads to burnout and resentment. And that's one risk of a hybrid schedule, since days crammed full of video calls and meetings often push other work into the wee hours. It's easy enough to find out: Your company's email and text records can tell you if employees are online more than they ideally should be. If your data shows email and messaging creeping past business hours, start by looking at your managers' habits—again, looking at a group, not at individual users—to see if this is a top-down problem. When the boss is emailing at 9 p.m., it can be hard for rank-and-file workers to unplug and unwind.
4. It's all business - Many business leaders worry about what hybrid work means for their company culture. Hybrid teams can build relationships and trust both in person and remotely—but only if there's room for play and exploration as well as for the job at hand. When on-site days are so packed that there's no time for social chitchat, or if the volume of online communications is so overwhelming that there's no room to waste on a little personal news, it's a sign that you haven't left any space for bonding. Use the kind of strategies that help global teams connect across geographic and cultural distance: leave the first or last minutes of every meeting for informal conversation; call remote colleagues on their birthdays.
5. People miss the pandemic - "Remember when we were all working remotely?" is a question that should ring an instant alarm. When you hear your employees waxing nostalgic for the days of full-time remote work, you know the return to the office has been less than a clear win. No, you don't need to return to pandemic-era working conditions: there's good reason to reopen the office and tap into the benefits of on-site work. But pandemic nostalgia is a sign that employees aren't seeing those benefits—at least, not at a level that offsets what they miss about full-time remote work. Dig into what they're missing, and then look for ways to reduce workplace frustrations, whether that means subsidizing commuting costs, or creating interruption-free hours, or increasing benefits such as tastier snacks.
6. Your late adopters relapse - One positive effect of Covid? Even the most steadfast late adopters—the people who refused to use Google Docs, Slack, Microsoft Teams or really anything other than email—finally had to learn to use online collaboration tools, many of which are just as useful in the office as they are when working remotely. Now that they are back in the office, at least part of the time, are they relapsing? Have they significantly reduced their use of digital collaboration tools? In that case, it is a sign that you haven't found a sustainable, effective approach to distributed and hybrid teams. If part of your team has reverted to the physical exchange of paper, or at best whiteboards in the office, the hybrid team isn't going to be as productive as you'd like.

LAYOFF NOTICES SENT BY EMAIL

At first, Jeremy Joslin thought the email announcing his layoff was a phishing attempt. The news was real: Mr. Joslin, a 20-year company veteran, had been laid off with a template email, one of roughly 12,000 workers Google's parent, Alphabet, said this month it was letting go.

Covid-19 has rewritten many work norms, and moved even more on-the-job communications to email, Slack and other messaging tools. Yet layoffs via email still come as a shock. After a pandemic hiring spree in which big-tech firms such as Meta and Amazon recruited tens of thousands of new hires via LinkedIn, Zoom interviews and other virtual means, many of those same companies are turning to email to conduct the biggest wave of industry layoffs in years

Human Resources Managers say the speed at which email layoffs can deliver difficult news to many workers at once can limit confusion and the dread of waiting for a fateful call or meeting invite. And some workers say that being able to absorb the decision in written form, privately, can help soften the blow.

A spokesperson for Amazon, which recently laid off more than 18,000 people, confirmed that the company conducted layoffs via email to ensure quick notification, but that workers who were emailed were given the opportunity to have a direct conversation with their manager and HR that same day.

Even in a hybrid work world, most workers say they prefer to be laid off in person. In a January survey of more than 9,800 workers conducted by SurveyMonkey on behalf of The Wall Street Journal, 67% of workers said they would prefer to be laid off via an in-person meeting, while 11% said they would want the news by email, and fewer still, 7%, via a virtual meeting. Even the majority of full- and part-time remote workers said they'd want the news delivered face-to-face.

Harvard Business School professor Sandra Sucher, who studies layoffs, says emails can play a useful role in terminations, especially as workforces become more far-flung. Ideally, she says, a top leader should personally communicate news about impending layoffs to the company—while also taking responsibility, apologizing and explaining the rationale. Then, that leader can say that anyone affected will receive an email in a few minutes. Simultaneous emails, she says, prevent workers from having to wait hours in suspense. But those emails also need to let workers know their managers will quickly follow up for a direct conversation, she says, offering workers a chance to be heard and ask questions. Phyllis Hartman, president of PGHR Consulting Inc., a Pittsburgh-based HR consulting firm, says any insensitivity during a layoff increases the likelihood that disgruntled employees will legally challenge their terminations.

SOURCES

Wall Street Journal; Houston Chronicle