Hiring Source

eNEWSLETTER | APRIL 2024

HIRING KEEPS GROWING AT BRISK PACE

Jobs grew at a brisk pace in March, but wage growth was contained, confirming a belief among economists that the U.S. can continue to expand employment without fanning inflation. U.S. employers added a seasonally adjusted 303,000 jobs in March, the Labor Department reported April 5th, significantly more than the 200,000 economists expected. The unemployment rate slipped to 3.8%, versus February's 3.9%, in line with expectations. Average hourly earnings rose 4.1% from a year ago, the smallest gain since June 2021.

Like the Fed, many economists believe that, in part as a result of immigration, the supply of available workers has increased. If that is right, the number of jobs can grow faster. Supply alone isn't enough to generate job gains, however; there has to be demand. At the moment, it still looks as if there is plenty of that. Layoff activity remains low, and the number of unfilled jobs is high, with the Labor Department reporting that there were 8.8 million job openings as of the end of February. The job-opening rate, or openings as a share of filled and unfilled positions, was 5.3%. That has fallen over the past year, but in prepandemic 2019—a period of strength for the job market—that ratio averaged 4.5%.

But the share of people quitting their jobs each month has fallen to prepandemic levels, which indicates the intensity with which businesses were hiring away workers from each other has subsided. Moreover, the private-sector job market has been drawing most of its strength from just two sectors—private education and healthcare, and leisure and hospitality. Private education and healthcare added 88,000 jobs last month, while leisure and hospitality added 49,000. Combined, the two have accounted for 1.5 million of the 2.9 million jobs the U.S. has gained in the past year. High-touch employment (work must be done in person) fell sharply when the pandemic hit, and even now, four years later, appears low. Relative to the trend during the five years before the pandemic, there are some 2.7 million fewer jobs in those sectors than might have been expected.

For private education and healthcare, the story could be different. The loss of jobs these areas experienced when the pandemic hit was truly exceptional: Other than in 2020, employment in the sector has experienced near constant growth over the 85 years of available data. Moreover, the healthcare needs of an aging U.S. population will probably only grow. The sector is still about a million jobs short of its old trend. If that gap continues to narrow, as Gapen expects it will, it could help bolster job growth into next year.

TEXAS JOBLESS CLAIMS FALL AS LABOR MARKET THWARTS FEDERAL RESERVE

Fewer Americans applied for unemployment benefits as the labor market continues to hold up despite higher interest rates imposed by the Federal Reserve in its bid to curb inflation.

The Labor Department reported that unemployment claims for the week ending April 20 fell by 5,000 to 207,000 from 212,000 the previous week. That's the fewest since mid-February. The four-week average of claims, which smooths out some of the weekly up-and-downs, ticked down by 1,250 to 213,250.

Weekly unemployment claims are considered a proxy for the number of U.S. layoffs in a given week and a sign of where the job market is headed. They have remained at historically low levels since the pandemic purge of millions of jobs in the spring of 2020.

In March, U.S. employers added a surprising 303,000 jobs, yet another example of the U.S. economy's resilience in the face of high interest rates. The unemployment rate dipped from 3.9% to 3.8% and has now remained below 4% for 26 straight months, the longest such streak since the 1960s.

In total, 1.78 million Americans were collecting jobless benefits during the week that ended April 13. That's 15,000 fewer than the previous week.

SALT LAKE CITY AND FLORIDA HAVE THE HOTTEST JOB MARKETS

Follow the mountains and sunshine for the best job markets in America. Salt Lake City was the country's hottest job market in 2023, followed by three cities in Florida: Jacksonville, Orlando and Tampa. Miami also made the top 10, making Florida the top state last year.

The Mountain West and Sunbelt cities bucked the trend in a year marked by layoffs in the technology, manufacturing and financial sectors. Workers flocked to these areas for their plentiful job opportunities, wage growth, affordability and recreational offerings.

The WSJ, working with Moody's Analytics, assessed about 380 metro areas. The rankings determined the strongest labor markets based on five factors: the unemployment rate, labor-force participation rate, changes to employment levels, size of the labor force and wages. Larger areas, with more than one million residents, were ranked separately from smaller ones.

Employment in March rose by 303,000 jobs, according to the Labor Department, which was much higher than economists' expectations, while the unemployment rate ticked down to 3.8%. Cities with strong job markets were those well-positioned as affordable alternatives to the traditional tech and financial hubs.

For over a decade, Salt Lake City has attracted white-collar workers from the San Francisco Bay Area and Los Angeles. Many of the workers have taken jobs in Salt Lake City's tech hub, aptly referred to as "Silicon Slopes." They have also been able to buy homes after being priced out of California cities. This migration increased after the pandemic, drawing in young workers with a deepened desire for easy access to the great outdoors. Salt Lake City performed well across all five metrics, with the second-highest rate of labor-force participation and fifth-strongest growth in wages.

Austin, Texas, which fell five spots from the previous year but was still the seventh-highest-ranked labor market, had the strongest labor-force participation among large metro areas. Like Salt Lake City, Austin has become a cheaper alternative to the traditional tech hubs.

High-growth industries in Salt Lake City include life sciences, manufacturing and supply-chain logistics. In January, food company Mars Inc. announced a new 399,000 square-foot baking facility to make Nature's Bakery snacks. Subzero Engineering, maker of data-center equipment, announced a 155,000-square-foot manufacturing facility in December.

Though layoffs remain at low levels, companies have been announcing more job cuts recently, mostly across technology and media. Google parent company Alphabet, Apple, eBay, TikTok, Snap, Amazon, Cisco Systems and the Los Angeles Times have all recently announced layoffs. Outside of tech and media, UPS, Macy's, Tesla and Levi Strauss also have recently cut jobs.

Florida dominated the top 10 rankings of the hottest job markets in 2023 with four spots, after holding three of the top 10 spots in 2022. Jacksonville has continued moving up the ranks, becoming the second-hottest job market after placing third in 2022.

Florida as a whole continues to be a magnet for remote workers who like the affordability and the lack of a state income tax, said Kamins at Moody's. Banks, mortgage lenders and real-estate businesses hired aggressively last year in Florida. While those industries didn't have a banner year in 2023, Florida outperformed the rest of the country, Kamins said.

Hedge-fund giant Citadel announced two years ago that it was moving its headquarters from Chicago to Miami. Although the waterfront site for the planned headquarters remains empty, the project is finally starting to take shape. Financial firms including Fifth Third and PGIM announced in recent months they would open offices in Tampa.

Tampa and Miami came in first and second, respectively, in wage growth—indicating that employers are paying up to attract and retain workers. Meanwhile, New York and San Jose, Calif., metro areas, which are major financial and tech hubs, ranked toward the bottom of the list for wage growth. Rankings are based on five attributes: average unemployment rate throughout the year; yearly labor-force participation rate; change in the average monthly employment and labor-force levels from a year earlier; and the change in average weekly wages, not adjusted for inflation, in the first half of the year from a year earlier, reflecting the latest available wage data. Each attribute was ranked, and those rankings were added together to create an overall score. Large metropolitan areas are those with a 2022 population above one million.

TECH LAYOFFS – GOOGLE, RIVIAN, APPLE, TESLA, DELL, CISCO, SAP CUTS

Nearly 75,000 tech employees have lost their jobs so far this year.

Google laid off an unspecified number of workers, though the cuts were not company-wide. Google did not confirm or deny a report from Business Insider that teams in finance and real estate units were impacted. But a Google spokesperson did confirm to Fast Company that it was not a company-wide layoff. Google's restructuring will also include some jobs moving abroad and to U.S. based hubs in which the company is investing.

The Google cuts were foreshadowed earlier this year. In January, the company laid off thousands of employees in various departments and launched reorganizations in several divisions, from search to YouTube. And CEO Sundar Pichai hinted at the time that more could be coming. The 2024 cuts follow a round of layoffs in January 2023 that cut 12,000 jobs.

Rivian cut roughly 1% of its workforce. This came just two months after the company laid off 10% of its employees, reduced demand for the company's vehicles, and a lower-than-expected production forecast for 2024.

Apple is laying off more than 600 workers in California, marking the company's first big wave of post-pandemic job cuts amid a broader wave of tech industry consolidation. The iPhone maker notified workers in multiple offices on March 28 that they were losing their jobs, with the layoffs becoming effective on May 27. The Cupertino, California, company had been a notable exception as other tech companies slashed their workforces over the past two years. There was a massive surge in hiring during the COVID-19 pandemic, when people spent more time and money online, and big tech companies are still larger than they were before the pandemic. Still, as growth slows, companies are focusing on cutting costs. In a recent regulatory filing, Apple said it had about 161,000 full-time equivalent employees.

Amazon announced earlier this week a fresh round of layoffs, this time at its cloud computing business AWS. In recent months, video game maker Electronic Arts said it's cutting about 5% of its workforce, Sony said its axing about 900 jobs in its PlayStation division, Cisco Systems revealed plans to lay off more than 4,000 workers and social media company Snap, owner of Snapchat, announced its slashing 10% of its global workforce.

Tesla started laying off 14,000 employees and it couldn't have gone worse. We should start by acknowledging there is no good way to lay off 14,000 people.

On Monday April 1st, Tesla sent an email to employees saying it was laying off around 10 percent of its workforce, or roughly 14,000 people. On Tuesday April 2nd, affected employees found out they no longer had a job. The whole thing went about as poorly as you might expect for a company that sometimes seems to operate at the whims of its mercurial CEO, Elon Musk.

According to various reports, employees received emails overnight notifying them they were laid off. Some of those employees were currently working a night shift when the notice arrived. Others didn't see the email and showed up for work, only to discover they had lost their job when their security badge wouldn't scan and they were turned away at the gate.

Employees also shared the email they received notifying them they were laid off. According to the email, the company did "a thorough review of the organization and made the difficult decision to reduce our headcount globally. Unfortunately, as a result, your position has been eliminated by this restructuring."

Tesla would argue it's doing the right thing because--in many cases--it's paying employees through June 15, which is 60 days from the date of the notice. That might comply with the law, but at some point, it's not only about whether you're complying with the law--it's about doing the right thing. Look, losing your job is traumatic. It just is. You make plans for your life based on the idea that you're going to go to work, do your job, and get paid. You count on your job to provide you with an income so that you can pay rent, buy food, and maybe even go on vacation. The moment you find out you no longer have a job, all of that becomes uncertain.

Tesla bet that its growth would continue, so it built factories and hired employees. The company missed delivery estimates and has had a hard time with the launch of its latest vehicle, the CyberTruck. In addition, there are reports that its low-cost EV, the Model 2, has been canceled altogether (though Musk has disputed that report). Tesla probably needed to reduce costs, and layoffs are the quickest way for any company to do that. And, layoffs are always going to be painful--especially for those who lose their jobs. I just think it's possible to do it better than this.

FOUR YEARS AFTER PANDEMIC, LEADERS ARE STILL TERRIBLE AT REMOTE WORK

While some teams and companies are still arguing over how much time workers need to spend in the office, it's clear that knowledge workers are not going back to their pre-pandemic habits. Remote work, in some form or another, is here to stay.

As Stanford remote work expert Nick Bloom recently explained, real estate and commuting data and worker surveys all make clear that the return to office wars are over. Hybrid won. These days, a quarter of working days are done from home -- and that number isn't likely to fall much further.

Given that reality, have leaders figured out how to run their remote teams effectively? Four years after the pandemic upended how knowledge work gets done, you might think the answer is yes. But a new survey comes to a very different, and very depressing, conclusion.

The 2024 Workplace Flexibility Trends Report from TechSmith Corporation, together with workplace research firm Global Workplace Analytics and Caryatid Workplace Consultancy, surveyed 900 U.S.-based leaders. A whopping three-quarters reported their firms were still terrible at remote work.

The report is filled with worrying statistics, but perhaps the most alarming is this: fully 75 percent of leaders say their companies have not adopted best practices regarding remote work. This isn't because such best practices are complicated and a closely guarded secret. Professors from top business schools including Harvard, Wharton, and Stanford have been shouting about their research findings on how best to run hybrid and remote teams for years now.

The report also found three-quarters of firms had also not trained managers on how to manage remotely; roughly the same percentage said their teams still haven't established norms on how and where they will work; and just 25 percent of employees feel their companies have adequately supported them through the transition to remote or hybrid work. The result of this lack of thought and training around remote work is a lot of time wasted on pointless or poorly managed meetings and a lot of productivity-sucking distractions.

According to the report, 70 percent of employees feel an email could replace more than a quarter of their in-person meetings. Nearly half of employees say unwanted interruptions reduce their productivity or increase their stress *more than six times a day*. For every 1,000 employees, that adds up to $1.3 million in lost productivity a year.

Leaders are wringing their hands over the wrong questions. Rather than fretting over whether their people should work in an office, remotely, or some combination of the two, or whether it's better to collaborate in real time or asynchronously, they should be asking themselves, 'How can we empower our people to do their best work?. Another recent report from software companies Qatalog and GitLab found remote workers waste an average of an hour a day on uselessly checking in or being visibly online just to assuage managers' anxiety about whether they're actually working. 'The dramatic workplace shifts of the pandemic gave us a once-in-a-lifetime opportunity to reshape how we work forever," Qatalog founder and CEO Tariq Rauf wrote in the report. "Now, our research shows we're falling back into old habits--ones that should have been cast aside when we had the chance."

Taken together, the two reports suggest many companies may allow remote work while not actually adopting the approaches and practices that make it beneficial. If you offer your team flexibility and then bombard them with unnecessary meetings and messages to check up on them, neither your employees nor your company is benefiting from that so-called flexibility.

For any hybrid setup to work well, managers need to embrace asynchronous communication; measure output, not hours; and carefully think through what activities require in-person collaboration. Sadly, it looks like many companies are adopting so-called remote arrangements without doing any of that. Four years into the remote work revolution, it's past time for leaders to realize trying to work remotely like you did in the office makes no sense.

SOURCES

Wall Street Journal; Inc; Houston Chronicle; Fast Company