Hiring Source
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HIRING AND WAGES ARE UP

U.S. job growth burst past expectations last month even as the unemployment rate edged up to 4%, presenting a mixed view of a labor market that has generally been cooling while staying hotter than many anticipated.

Employers added 272,000 new jobs in May, the Labor Department reported, more than in April and well above the 190,000 that economists had expected. The jobs don't include agriculture jobs, and are adjusted for seasonal swings like extra hiring around holidays. Average hourly earnings also topped forecasts, rising 4.1% from a year earlier.

Overall, analysts said that the hiring boost highlighted the continued resilience of the U.S. economy, which has defied expectations as businesses keep hiring, wages keep rising and consumers keep spending in the face of steeply higher borrowing costs and persistent inflation.

The one caveat in the otherwise-strong report was the unemployment rate, which ticked up from 3.9% in April. It was the first time in more than two years that the jobless rate hit 4%. It also marked the extension of a steady climb higher; the rate was as low as 3.4% last year.

Yet unemployment remains low by historical standards and has shown little sign of making a big jump. The unemployment rate has been at or below 4% for 30 months, something most working-age Americans never have experienced.

The fact that the unemployment rate ticked higher while the economy added so many jobs might seem impossible. But the monthly payroll figures and the unemployment rate are derived from two separate surveys and sometimes send conflicting messages.

Some economists have said that surprisingly large payroll gains could be partly attributable to a surge in immigration that has added to the number of job seekers. That could be causing the workforce to grow without leading to increased competition for employees.

Still, the unemployment rate is based on a smaller survey and can jump around from month to month. As a result, investors were at least initially focused on the jobs and wage numbers, which caused many to scale back bets on the Federal Reserve cutting interest rates this year.

Even so, the report showed a broad rebound in payroll growth. Government jobs increased 43,000 last month, returning to the steady pace of gains that had paused in April when just 7,000 jobs were added in the sector. Private sector hiring also climbed, with a noticeable pickup among leisure and hospitality businesses.

LITTLER'S ANNUAL EMPLOYER SURVEY REPORT

2024 promises to be a consequential year for employers. The U.S. is preparing for an election that will likely have a significant impact on the future of employment and labor law. At the same time, businesses continue to wrestle with cultural changes stemming from the pandemic and are confronting newer challenges such as the disruptive impact of artificial intelligence (AI). All in all, employers are facing change and uncertainty across a number of key workplace issues. At this critical moment, Littler surveyed more than 400 in-house lawyers, business executives and human resources (HR) professionals—36% of whom hold C-suite positions at their organizations. Respondents are based across the U.S. and represent a range of company sizes and industries, including technology, manufacturing, retail, healthcare and hospitality. The survey's findings reveal how employer expectations and workplace policies are adapting to this complex and continually evolving landscape.

With lawmakers preoccupied by the upcoming presidential and congressional elections, U.S. employers are anticipating fewer impactful changes to key areas of employment law over the next year. For instance, the share of respondents expecting shifts in paid sick time and family leave requirements dropped notably, to 58% in 2024 from 71% in 2023. AI was the exception: Expectations of employment law-related changes in this divisive and fast-moving area jumped to 51% this year, from just 20% in 2023, as both state and federal lawmakers look to impose guardrails on the nascent technology. At the same time, as the Biden administration's labor-friendly policy agenda matures, employers are expecting increased enforcement of existing employment laws. Nearly eight in 10 respondents say they expect a moderate (64%) or significant (15%) impact from the U.S. Department of Labor (DOL) over the next 12 months, compared to 65% who said the same earlier in the administration, in 2022. The National Labor Relations Board (NLRB) remains an area of particular concern among employers following recent changes to the Board's rules, with 73% anticipating a moderate or significant impact in the year ahead, compared with just 43% in 2022. Against this backdrop, many employers appear eager to see the U.S. Supreme Court overturn or limit the Chevron deference doctrine, which gives federal agencies more latitude to interpret legal statutes. Indeed, 78% of respondents agree to some extent that federal agencies' influence in the interpretation of employment and labor laws creates challenges for employers.

As generative AI continues to attract both interest and scrutiny across the business world, employers are split in terms of their adoption of such tools for HR functions: 51% of respondents say their organizations do not use them, while 49% do in some form. For those that have leveraged generative AI in HR and talent acquisition, the most popular applications include the creation of HR-related materials (26%) and self-service chatbots for internal questions about policy or procedures (24%).

Yet even those who deploy both predictive and generative AI tools in HR processes have reservations about the risks they present. Nearly three-quarters of respondents are moderately (41%) or very (30%) concerned about the challenges of complying with data protection and information security laws at the state, federal and/or international levels. This is particularly true for respondents from large organizations—81% of whom are moderately or very concerned about data protection compliance—likely due to the more complex compliance landscape large multinationals face following the passage of the EU's AI Act.

Despite predictions about AI's transformative impact on the workforce, most respondents (88%) are only slightly or not at all concerned about corresponding job displacement, suggesting they see AI in its current form as a tool to supplement—rather than replace—human work. Nevertheless, the impact of AI-related job displacement is likely to become more of a reality in the near future, necessitating greater efforts to upskill employees.

With new policies often lagging one to two years behind major shifts in workplace dynamics, employers continue to grapple with the lasting cultural changes spurred by the pandemic. For example, 74% of respondents report an increase in employee requests for leaves of absence or accommodations for mental health-related issues over the last year, reflecting employees' increased willingness to disclose psychological conditions following the pandemic. That share is even higher—86%—among those from large organizations with more than 10,000 employees. However, just 22% of overall respondents say they have changed their related accommodation or leave policies.

Additionally, while 71% say their organizations operate under some form of a hybrid work schedule (the same proportion as last year's survey), there was a notable shift toward more days spent working in person than remotely. With employers focused on bringing employees back into the office—even if it is for only part of the week—75% say they are tracking in-office attendance, with the largest share (51%) tracking badge swipes when an employee enters the building. Even among the 25% of employers who say they are not tracking in-office attendance, many may have access to that data and could feasibly rely on this information to review employee attendance at a later date.

Employers are also increasingly focused on addressing pay equity issues within their organizations. This shift comes as employees feel more empowered to ask for compensation-related information and as increased adoption of inclusion, equity and diversity (IE&D) initiatives has heightened scrutiny around pay disparities. The vast majority of respondents (93%) say their organizations have taken at least one step to address pay equity, a significant increase compared to just 63% who said the same five years ago.

JOBS FOR THE AUTISTIC GROW BEYOND TECH

More companies are tapping a reservoir of talent the tech industry has used to develop better artificial intelligence, cybersecurity and other products: the autistic.

Microsoft, SAP, Salesforce and other tech giants have long had programs to recruit and retain employees whose brains process information in ways that aren't typical. Now banks, retailers and others are recognizing the special skills of those with autism and other types of neurodivergence. The disproportionate number of people with unique minds in tech has been known for years. Elon Musk has publicly said he has Asperger's syndrome. Sam Bankman-Fried has requested access to his ADHD medicine in prison.

As the focus on people's mental health has increased since Covid-19, more companies are discovering that atypical ways of thinking can be a qualification rather than a disability. Specialists say some autistic workers have the ability to work long hours on repetitive tasks such as labeling photos and videos for computer-vision systems to train AI. Others have a knack for pattern recognition that makes them good at identifying gaps in cybersecurity or spotting tiny errors in reams of code. They can also be creative and hyperfocused.

Ernst & Young's neurodivergent workforce has grown more than 10-fold from four years ago, with most of hiring taking place in the past two years. This is, in part, because some are great at doing things like labeling for generative artificial intelligence, said Hiren Shukla, who leads the company's neurodiversity efforts.

The accounting firm's neurodivergent employees have built systems that can write contracts or scan reams of company documents like emails and memos to identify tax deductions.
Many neurodivergent workers still struggle to find work. Research before the pandemic suggested that about 50% of autistic adults in the U.S. were unemployed.

More companies are becoming open to making accommodations and navigating the challenges that come with hiring neurodivergent employees. Those hurdles include training managers to be more communicative and creating more ways to do job interviews and meetings online.

Companies are using new tools to support neurodivergent employees. Startup Inclusively has built a chatbot for people who might not feel comfortable reaching out to human resources for help. It can tell employees about under-the-radar benefits from their employer, such as subscriptions to meditation apps to help with anxiety, noise-canceling headphones and transcription services for hard-to-follow meetings. Some companies are redesigning their floor plans to account for their neurodivergent workforce.

Last year, Salesforce redesigned its Chicago office to include mindfulness rooms, focus pods and libraries with seats that let employees customize details down to the lighting. SAP built a sensory relaxation room at its Prague office last year where employees can lounge around on bean bags armed with eye masks. Earlier this year, it built a tranquility lounge at its sales conference in Las Vegas.

The company recently told all managers to be clear and direct while giving feedback during performance reviews. It previously offered that guidance only to managers with neurodivergent reports, because those employees often struggle to read between the lines, said Sarah Loucks, who leads SAP's Autism at Work program.

Microsoft learned that neurodivergent candidates felt more at ease receiving sample questions ahead of interviews. It now offers mock questions to any candidate who requests them. The company has hired hundreds of neurodivergent individuals through a diversity program that started in 2015.

WAGE EXEMPTIONS

The United States Wage and Hour Division of the Department of Labor (DOL) recently published a final rule that increases the minimum salary required to be paid to employees classified as exempt executive, administrative, professional (including the salaried computer professional) and highly compensated employees.

Final Rule Summary
Effective July 1, 2024

- The minimum salary requirement increases from $684 to $844 per week (equivalent to $43,888 per year for a full-year worker) for the administrative, professional (including the salaried computer professional) and executive exemptions.
- Increases the total annual compensation requirement for the "highly compensated employee" exemption from $107,432 to $132,964, including at least $844 per week paid on a salary or fee basis.

Effective January 1, 2025

- The salary requirement will increase to $1,128 per week (equivalent to $58,656 per year) for the administrative, professional (including the salaried computer professional) and executive exemptions.
- Increases the total annual compensation requirement for the "highly compensated employee" exemption to $151,164 per year, including at least $1,128 per week paid on a salary or fee basis.

Beginning July 1, 2027, and every 3 years thereafter, the amounts above will be determined by DOL using earnings data published by the U.S. Bureau of Labor Statistics.

Employers continue to be permitted to use nondiscretionary bonuses, incentive payments and commissions that are paid at least annually, to satisfy up to 10 percent of the minimum salary requirements.

SOURCES

Wall Street Journal; Littler; ADP