

Labor Market Analysis

SEPTEMBER 2022 JOBS REPORT

A Look at August's *Trends*



ASTON CARTER®

Labor Market *Analysis*

Unemployment eased at an overall rate of 3.7% in August compared to the previous month's rate of 3.5% — the tightest it's been since the '70s. With a growing labor force participation rate (LFPR) of 62.4%, and the addition of 786,000 new workers, hiring efforts may begin to level out as more people join the workforce and add to the pool of available candidates. Although unemployment rates may have risen overall, the rate among degreed workers fell to 1.9%¹ — its lowest rate since 2006. For the fifth month in a row, quits have decreased as 4.18 million workers left their jobs. Although decreasing, rates remain elevated and are 21.2%² higher than pre-pandemic levels.

Matching peak levels seen in March 2020, August's higher LFPR shows potential connections to growing consumer confidence and/or the recent decrease in gas prices for commuters. While record high fuel costs discouraged some from taking jobs that would require them to commute in favor of remote positions, decreased prices will hopefully encourage more people to join the workforce.

August's Market Trends at a Glance



Industry Trends



Consumer Services

Consumer Services continues its strong job growth as consumer confidence/spending shows little to no decline despite high inflation. Plagued by retention issues, more retail and e-commerce companies seek to utilize automation to reduce costs and appeal to a new generation of workers who are focused on specialized upskilling³ opportunities. With the fall season approaching and other holiday travel expected to heighten demand and flight cancellations, this may lead to increased customer support hiring⁴ for airlines.



Professional & Business Services

The Institute for Supply Management Services' Purchasing Managers Index (PMI) indicated economic activity in the services sector in August grew for the 27th month in a row. The management consulting sector added 13,000 jobs despite experts anticipating companies would cut consulting costs. On the other hand, company and enterprise management saw a small decline of about 2,000 jobs, remaining 1% below its pre-pandemic average.



Manufacturing

While the U.S. manufacturing sector grew in August, its growth has reached the lowest rate in more than two years. However, bolstered by companies on pace to reshore nearly 350,000⁵ jobs this year, this expansion and hiring are likely to rise. The return of facilities to the U.S. coincides with increased needs for supply chain visibility⁶ as the U.S. aims to potentially limit sales to Russia and China.



Finance & Insurance

Insurance hiring is expected to rise as travel insurers⁷ sell more policies and at higher prices as travel rebounds from the pandemic. Similarly, American International Group's second quarter earnings release shows significant growth in property and casualty income.⁸ However, other insurers are looking for cost savings through "resilience credits,"⁹ which would potentially increase needs for loss prevention departments.

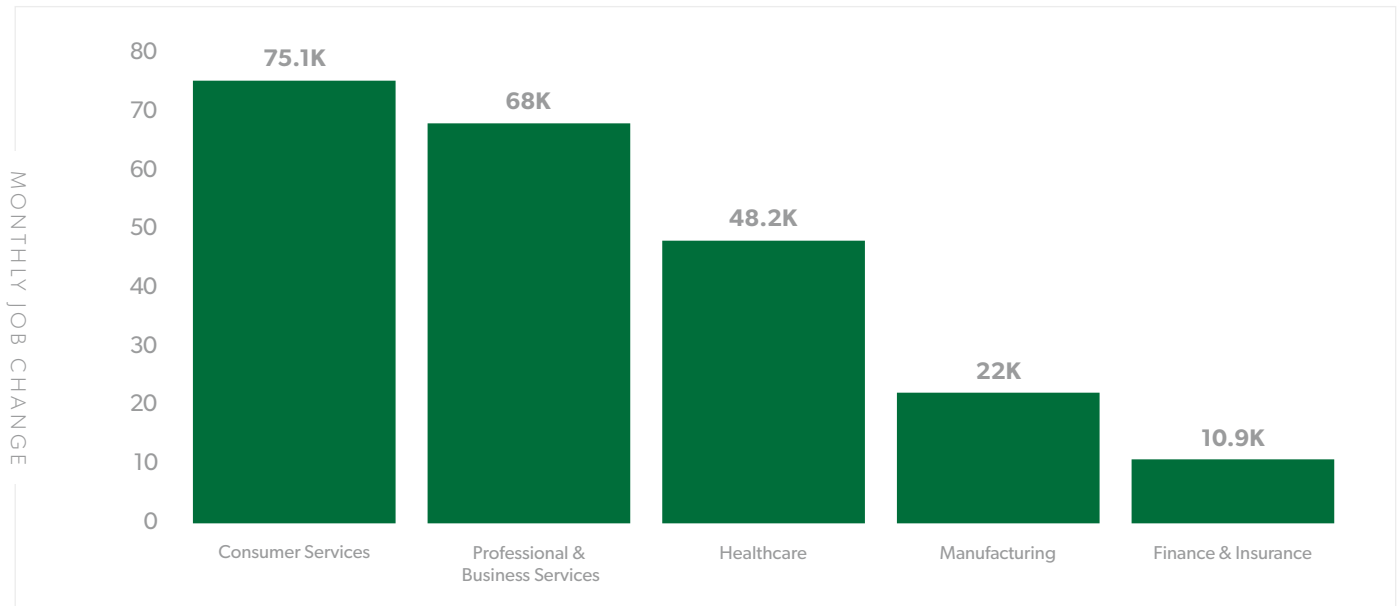


Healthcare

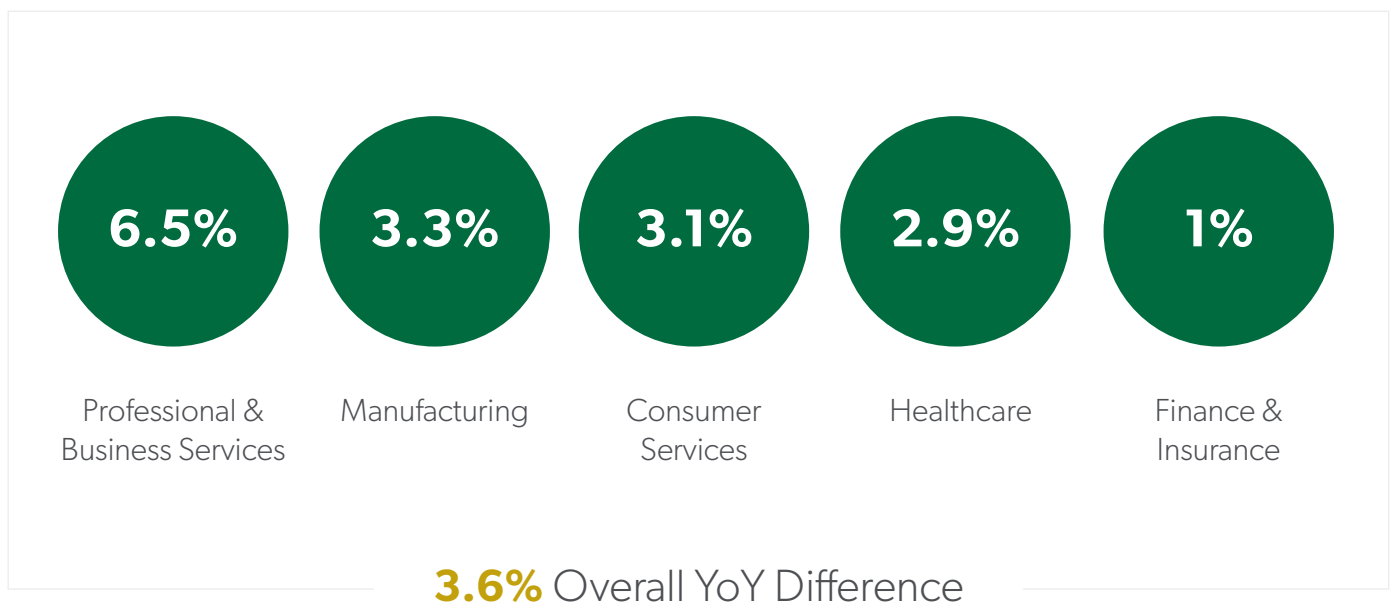
Hospital financials continue to wither with margins worse than when the pandemic began¹⁰ as funding dries up and shortages force costly alternatives to find labor. Hospital systems are cutting services¹¹ while others are closing certain locations¹² to deal with higher expenses. One positive; Centers for Medicare and Medicaid Services is investing \$98.9 million in organizations to help people navigate the ACA marketplace, Medicaid and Children's Health Insurance Program enrollment during the 2023 open enrollment period — potentially fueling an increase in need for new positions to support these initiatives.

Job Gains/Losses by Industry

Source: U.S. Bureau of Labor Statistics



Year-Over-Year Difference



Highest Demand Growth Markets

Accounting & Finance

Accounting and finance openings fell 4% (rolling three-month average) but still saw significant growth in auditors and pricing analyst occupations. The governance, risk and compliance sector decreased slightly (2%) with sustained growth in business risk managers and anti-money laundering analyst roles.

Alabama

Birmingham, Hoover

Hawaii

Urban Honolulu

Massachusetts, New Hampshire

Boston, Cambridge, Newton

Arkansas

Little Rock, North Little Rock, Conway

Iowa

Des Moines, West Des Moines

Nebraska, Iowa

Omaha, Council Bluffs

Customer Support

The demand for customer support workers in call centers fell in August by 4% for the rolling three-month average following a peak in March. Call center demand does, however, remain elevated at about 15% above the three months leading up to the pandemic.

California

Sacramento, Roseville, Folsom

Massachusetts, New Hampshire

Boston, Cambridge, Newton

Texas

San Antonio, New Braunfels

Colorado

Denver, Aurora, Lakewood

Oregon, Washington

Portland, Vancouver, Hillsboro

Illinois, Indiana, Wisconsin

Chicago, Naperville, Elgin

Texas

Austin, Round Rock, Georgetown

Operations & Administrative

Operations and administrative rolling three-month average fell slightly by 4%. The most significant growth remained for in-demand occupations such as compensation analysts, logistics coordinators and payroll managers.

Alabama

Birmingham, Hoover

Louisiana

Baton Rouge

New Mexico

Albuquerque

Arkansas

Little Rock, North Little Rock, Conway

Massachusetts, Connecticut

Worcester

Virginia

Richmond

Kentucky

Lexington, Fayette

North Carolina

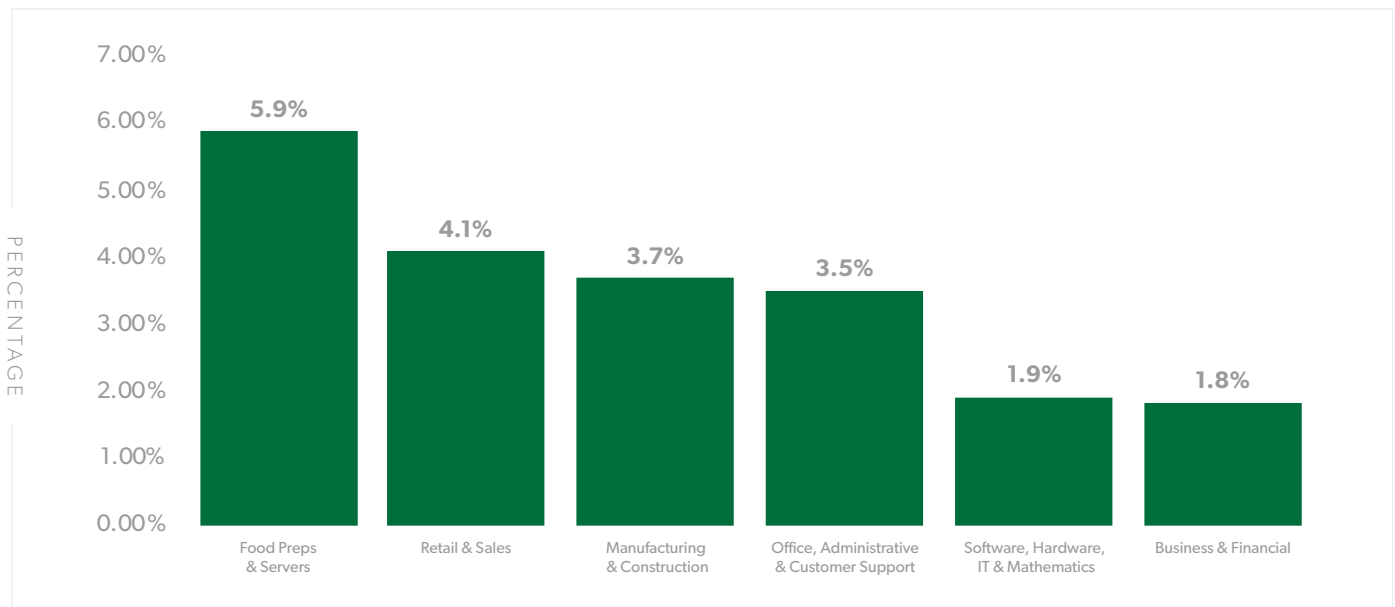
Greensboro, High Point

Unemployment Analysis

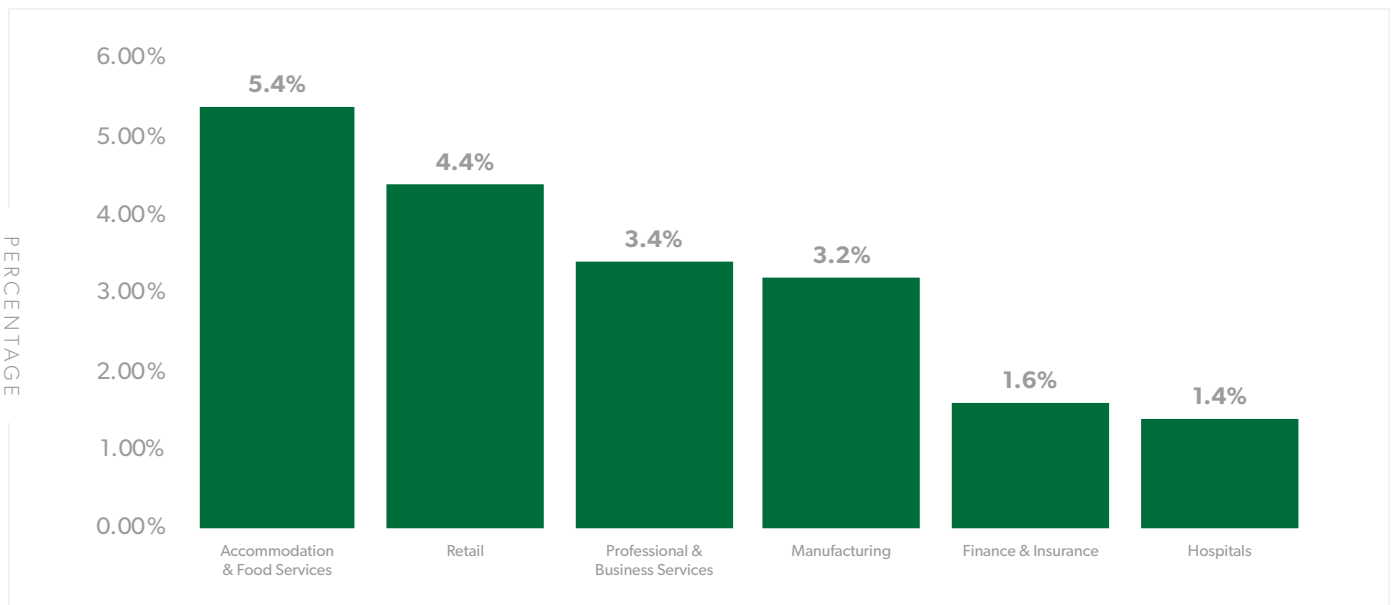
Across the professional services landscape, low unemployment within accounting and finance (business and financial), as well as average unemployment rates within the customer support and operations and administrative spaces, continues. With the ever-tightening labor market driving competition for skilled talent — especially for customer support and operations and administrative roles — hiring within these spaces will remain competitive across many industries.

Unemployment by Labor Category*

Source: U.S. Bureau of Labor Statistics



Unemployment by Industry*



*(Numbers are based on a three-month rolling average)

Highest Unemployment Markets

California 5.6%

Fresno

Ohio 5.6%

Cleveland, Elyria

Nevada 5.5%

Las Vegas, Henderson, Paradise

Tennessee, Mississippi, Arkansas 5.1%

Memphis

Louisiana 4.7%

New Orleans, Metairie

Texas 4.6%

Houston, The Woodlands, Sugar Land

Illinois, Indiana, Wisconsin 4.6%

Chicago, Naperville, Elgin

Pennsylvania 4.4%

Pittsburgh

Lowest Unemployment Markets

Minnesota, Wisconsin 1.9%

Minneapolis, St. Paul, Bloomington

California 2.1%

San Jose, Sunnyvale, Santa Clara

Utah 2.2%

Salt Lake City

Iowa 2.4%

Des Moines, West Des Moines

California 2.4%

San Francisco, Oakland, Berkeley

Wisconsin 2.5%

Madison

Nebraska, Iowa 2.5%

Omaha, Council Bluffs

Florida 2.5%

Miami, Fort Lauderdale, Pompano Beach

Top Unemployment Declines and Percentage Change

Michigan -0.2%

Detroit, Warren, Dearborn

California -0.2%

Fresno

Ohio -0.1%

Cleveland, Elyria

California 0%

Sacramento, Roseville, Folsom

Utah 0%

Salt Lake City

California 0%

San Francisco, Oakland, Berkeley

California 0%

San Jose, Sunnyvale, Santa Clara

Colorado 0%

Denver, Aurora, Lakewood



Conclusion

Average hourly earnings grew at a rate of 0.3%¹³ in August, an increase of 5.2% year-over-year. While increases in compensation are happening, many employers are still struggling to retain their workforces, and some are beginning to leverage more innovative solutions to combat their retention challenges. For example, the consumer services industry is introducing robotics in hopes of not only reducing costs, but also decreasing turnover, increasing employee satisfaction and attracting workers who seek the specialized upskilling opportunities that automation allows for.

With 11.24 million available jobs in August — a staggering 64% higher than pre-pandemic levels — and 0.5¹⁴ unemployed workers per job opening, this further emphasizes why companies need to be innovative and evolve alongside labor market trends. If organizations hope to attract and retain new generations of workers, it's important to know that workers are seeking more than just fair compensation, but they are also looking for opportunities that promote professional development or enable them to learn new, valuable skills.

References

- ¹ ["Unemployment rates for persons 25 years and older by educational attainment"](#), U.S. Bureau of Labor Statistics.
- ² ["FRED Economic Data"](#), Economic Research.
- ³ ["Survey finds strong 'generation gap' factor in warehouse labor shortages"](#), Supply Chain Management Review.
- ⁴ ["Amid Labor Day weekend travel surge, airlines promise better customer service"](#), National Public Radio.
- ⁵ ["U.S. Companies on Pace to Bring Home Record Number of Overseas Jobs"](#), The Wall Street Journal.
- ⁶ ["US limits chip sales to Russia, China"](#), LinkedIn.
- ⁷ ["Travel Insurance Is Hugely Popular This Year. So Are Claims."](#), The Wall Street Journal.
- ⁸ ["AIG Earnings Show Improved Property-Casualty Business"](#), The Wall Street Journal.
- ⁹ ["Insurer Spurs Companies to Mitigate Climate-Related Risks"](#), The Wall Street Journal.
- ¹⁰ ["Hospital margins worse than when pandemic began, report says"](#), Healthcare Dive.
- ¹¹ ["Hospitals reduce services over staffing concerns"](#), Modern Healthcare.
- ¹² ["Wellstar Health System to close Atlanta Medical Center"](#), Modern Healthcare.
- ¹³ ["United States Average Hourly Earnings MoM"](#), Trading Economics.
- ¹⁴ ["Unemployment Level/Job Openings: Total Nonfarm"](#), FRED.

About Aston Carter

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