

Labor Market Analysis

AUGUST 2022 JOBS REPORT

A Look at July's *Trends*



ASTON CARTER®

Labor Market *Analysis*

With the addition of 528,000 jobs, July's job growth was well beyond 2022's monthly average of 453,000. Despite this significant increase, the labor force participation rate fell for the third time this year, landing at 62.1%, a likely signal that a tight job market is here to stay. Although the childcare industry saw significant growth with the addition of 8,800 jobs, the industry as a whole remains well below its pre-pandemic capacity. Because of this, some parents may face challenges when entering or rejoining the workforce due to a lack of available care — further contributing to an overall low participation rate.

Although the labor force participation rate remains low, employers may find some of the pressures related to hiring beginning to ease.¹ As job seekers respond to a general feeling of uncertainty related to factors like record-high inflation and looming recession fears, many have been willing to accept offers and settle into roles that provide a sense of security. Companies are also responding to uncertain times with 45%² noting they expect to cut spending by reducing the amount of money spent on real estate — a strategy that could make remote work accommodations commonplace at more companies.

July's Market Trends at a Glance



Industry Trends



Consumer Services

Recent earnings from companies such as Amazon, Shopify and PayPal suggest e-commerce hasn't slowed³ despite consumer behavioral shifts. As inventories build⁴ and consumer behavior continues to change, retail is becoming the fastest growing industry for procurement roles, which is leading to steep discounts even with record inflation. As the cost of travel shows no sign of slowing, the hospitality sector leads job growth making up about one fifth (98,000) of the total added jobs



Professional & Business Services

The Institute for Supply Management Services' Purchasing Managers Index (PMI) indicated economic activity in the services sector grew for the 26th month in a row. Despite adding 11,800 jobs, management consulting may see reduced hiring needs as 46%⁵ of companies cut spending on consulting to be more cost effective. On the other side, a tight labor market has led to increased payroll outsourcing⁶ by human resource teams that have been unable to fulfill staffing needs.



Manufacturing

As the three-month growth rate was half the amount seen in April, and the New Orders Index fell significantly since the start of this year, experts fear manufacturing may have peaked in Q2⁷ despite the addition of 30,000 jobs. Human resources (HR) continues to dominate demand in manufacturing with HR specialists as the top occupation as well as HR / talent acquisition making up 5 of the top 10 administrative roles due to quits remaining 67% above pre-pandemic levels.



Finance & Insurance

Insurance companies boomed with some experiencing a 50% or higher⁸ increase in property and casualty insurance income, while mortgage insurance income experienced strong growth⁹ despite a downturn in originations. Banks across the U.S. closed 153 branches¹⁰ for cost savings and to adapt to changing consumer expectations. Mergers and acquisitions may take another hit as regulators look to add financial cushion requirements, slowing down¹¹ any pending bank mergers.

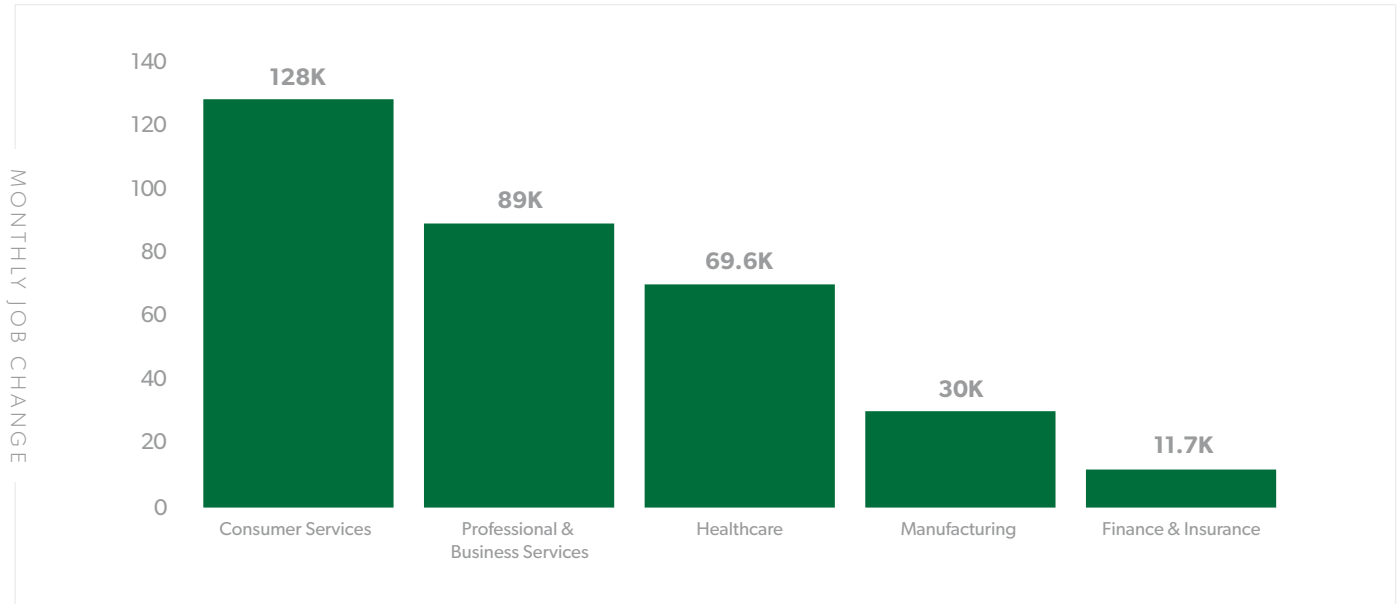


Healthcare

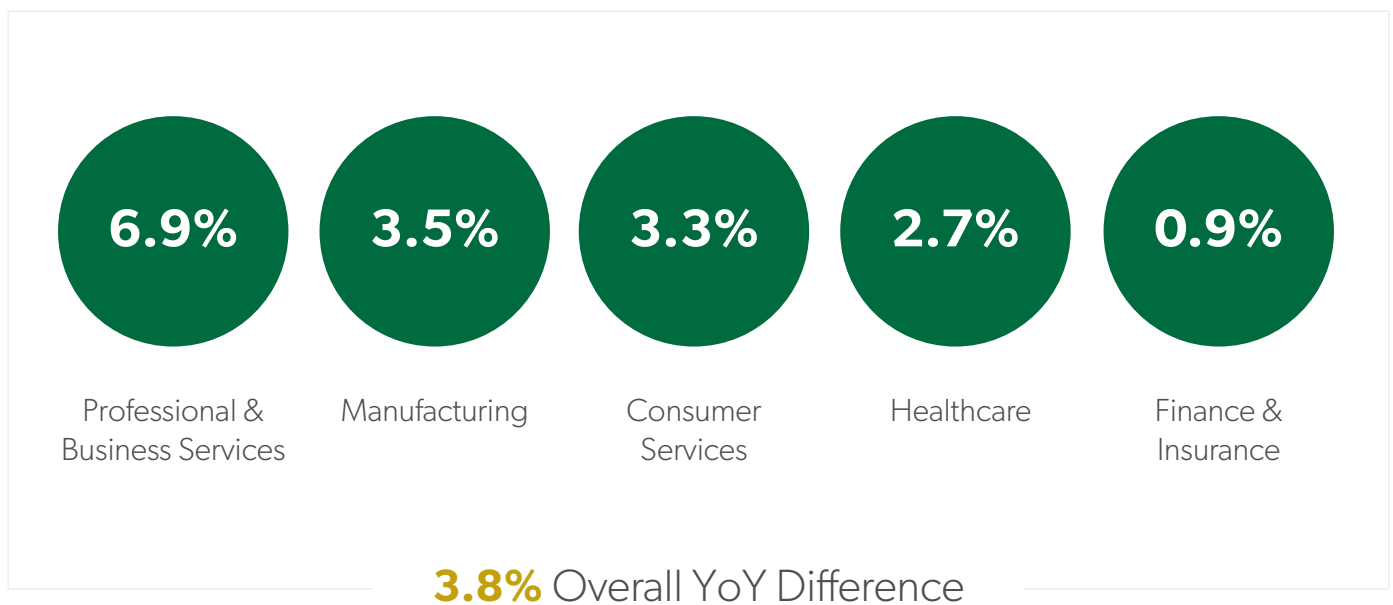
With COVID-19 relief funding running out and incomes suffering¹², hospitals experiencing critical shortages¹³ may limit their hiring to nurses and physicians, most negatively impacting administrative roles. Seeking to cut costs, many healthcare companies are looking to minimize office space¹⁴ and shift toward remote work. Despite fewer transactions, healthcare mergers and acquisitions¹⁵ reached a new record for transacted revenue in Q2, potentially shifting toward fewer but larger hospital "megamergers".

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 grew 6% (rolling three-month average) with significant demand for tax managers and tax accountants. The governance, risk and compliance sector grew 1.6% with significant growth in business risk managers and anti-money laundering analyst roles.

Texas

Houston, The Woodlands, Sugar Land

Massachusetts, New Hampshire

Boston, Cambridge, Newton

Indiana

Indianapolis, Carmel, Anderson

Texas

Austin, Round Rock, Georgetown

Texas

Dallas, Fort Worth, Arlington

Missouri, Illinois

St. Louis

Customer Support

The need for customer support at call centers fell in July by 1.2% for the rolling three-month average following a peak in March. Call center demand does however remain elevated at about 27% above the three months leading up to the pandemic.

California

Sacramento, Roseville, Folsom

Texas

San Antonio, New Braunfels

Colorado

Denver, Aurora, Lakewood

New York

Buffalo, Cheektowaga

Texas

Austin, Round Rock, Georgetown

Ohio

Columbus

Operations & Administrative

Operations and administrative rolling three-month average grew by just 1.4%. The most significant growth remained for in-demand occupations such as compensation analysts, logistics coordinators and marketing assistants, implying continued troubles in recruiting as well as supply chain constraints.

Massachusetts, New Hampshire

Boston, Cambridge, Newton

Texas

The Woodlands, Sugar Land

DC, Virginia, Maryland, West Virginia

Washington, Arlington, Alexandria

Connecticut

Hartford, East Hartford, Middletown

Alabama

Birmingham, Hoover

Utah

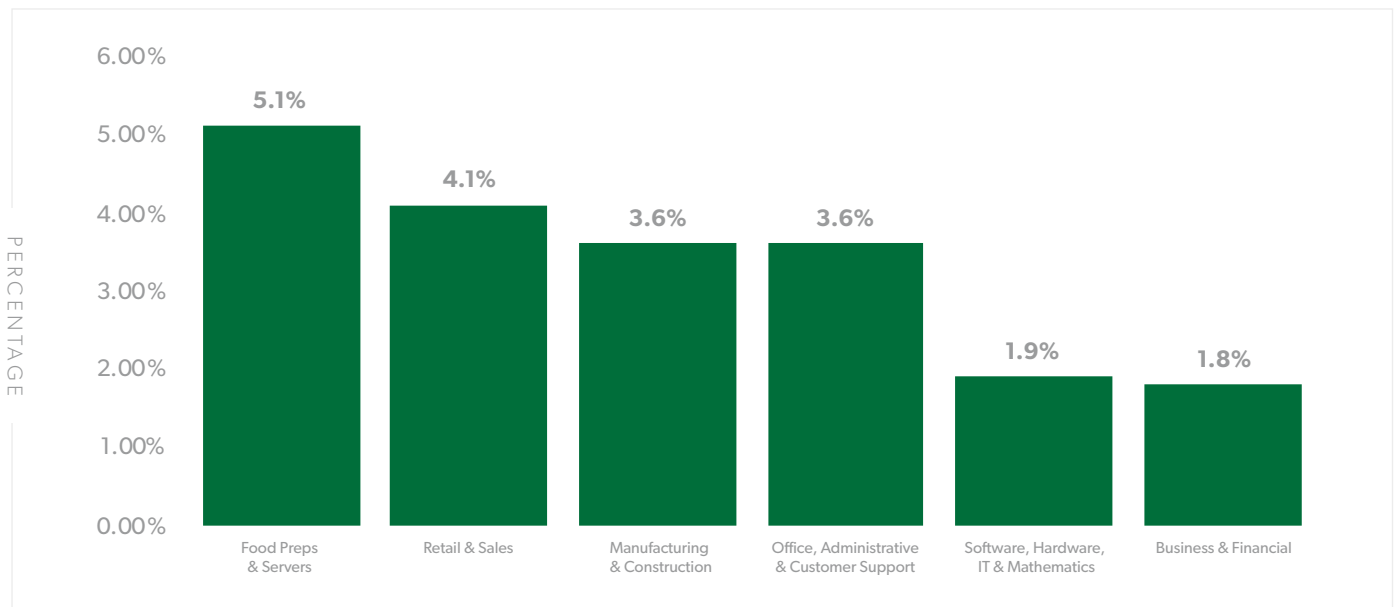
Salt Lake City

Unemployment Analysis

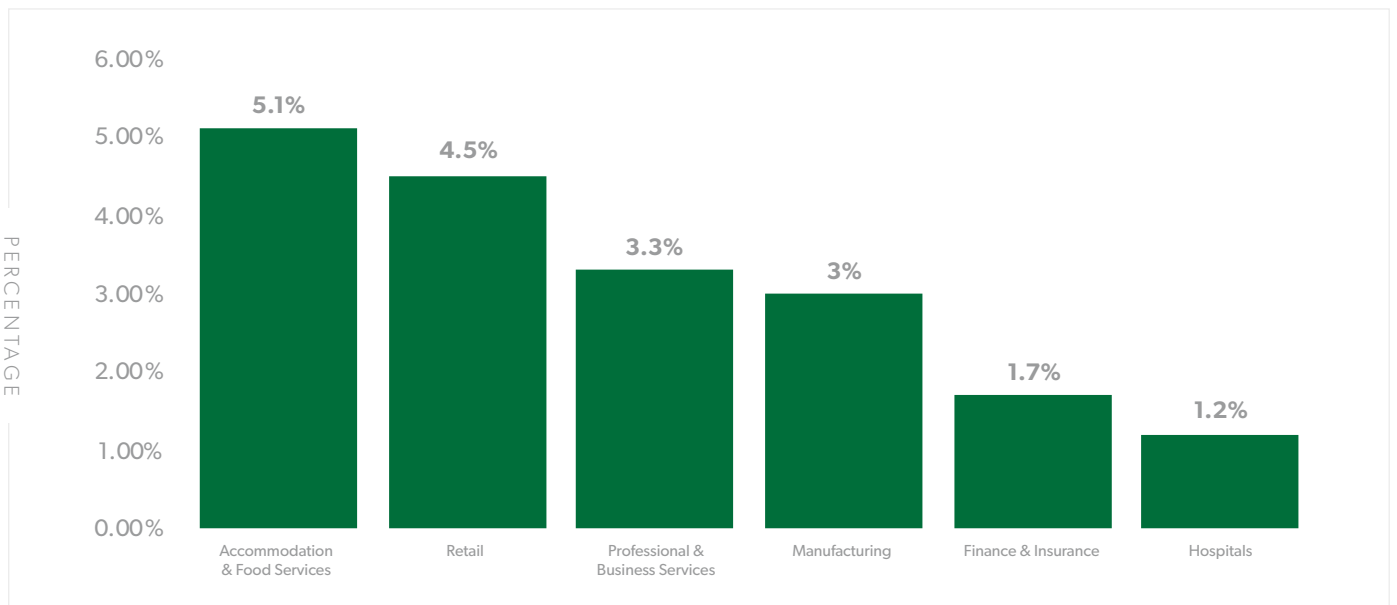
Across the professional services landscape, low unemployment within accounting and finance (business and financial), as well as average unemployment rates within the customer support and operations and administrative spaces, continues. With the ever-tightening labor market driving competition for skilled 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*



*(Based on unique online job postings with a three-month rolling average)

Highest Unemployment Markets

California 5.7%

Fresno

Ohio 5.6%

Cleveland, Elyria

Nevada 5.3%

Las Vegas, Henderson, Paradise

Tennessee, Mississippi, Arkansas 4.7%

Memphis

Michigan 4.6%

Detroit, Warren, Dearborn

Louisiana 4.4%

New Orleans, Metairie

Texas 4.6%

Houston, The Woodlands, Sugar Land

Illinois, Indiana, Wisconsin 4.4%

Chicago, Naperville, Elgin

Lowest Unemployment Markets

Minnesota, Wisconsin 1.8%

Minneapolis, St. Paul, Bloomington

California 2.1%

San Jose, Sunnyvale, Santa Clara

Utah 2.2%

Salt Lake City

Iowa 2.3%

Des Moines, West Des Moines

Nebraska, Iowa 2.3%

Omaha, Council Bluffs

Alabama 2.4%

Birmingham, Hoover

Wisconsin 2.4%

Madison

Idaho 2.4%

Boise City

Top Unemployment Declines and Percentage Change

California -0.4%

Fresno

Missouri, Illinois -0.3%

St. Louis

Kentucky, Indiana -0.3%

Louisville/Jefferson County

Ohio -0.2%

Cleveland, Elyria

Iowa -0.2%

Des Moines, West Des Moines

New York -0.2%

Buffalo, Cheektowaga

Missouri, Kansas -0.2%

Kansas City

Colorado -0.1%

Denver, Aurora, Lakewood



Conclusion

Average hourly earnings grew at a rate of 0.5%¹⁶ in July, increasing 5.2% year-over-year. While the number of quits decreased for the third month in a row — indicating a potential stabilization — overall levels remain elevated and are still 22.4%¹⁷ higher than pre-pandemic levels.

Despite the increase in hourly earnings, many employers are still struggling to hire and retain their workforce. With elevated quit rates, these numbers indicate a need for employers to remain focused on retention strategies to help bolster and maintain their workforce; particularly as more workers increasingly are seeking not just a reliable paycheck, but are also now searching for things like flexibility, upskilling and professional development opportunities when considering possible employers.

References

- ¹ ["Hiring Gets Easier for Some Employers Despite Hot Job Market"](#), The Wall Street Journal.
- ² ["Companies Weigh Fresh Cuts as Operating Costs Go Up"](#), The Wall Street Journal.
- ³ ["Amazon, Shopify, PayPal Earnings Suggest Continued Growth in eCommerce"](#), Yahoo Finance.
- ⁴ ["We've never seen anything like this': US retailers compete to clear stock"](#), Financial Times.
- ⁵ ["Companies Weigh Fresh Cuts as Operating Costs Go Up"](#), The Wall Street Journal.
- ⁶ ["Increased HR outsourcing delivers busy departments administrative, strategic help"](#), HR Dive.
- ⁷ ["Column: U.S. manufacturing activity shows signs of peaking"](#), Reuters.
- ⁸ ["Wall Street Journal"](#), Newsletter.
- ⁹ ["Mortgage insurer earnings grow in 2Q"](#), National Mortgage News.
- ¹⁰ ["PNC and Key among nation's 5 biggest branch slashers in June"](#), Pittsburgh Business Times.
- ¹¹ ["U.S. Weighs New Rules for Regional Banks, Complicating Merger Plans"](#), The Wall Street Journal.
- ¹² ["Volumes, net income down at for-profit hospitals in Q2"](#), Healthcare Dive.
- ¹³ ["Hospitals struggle with staff shortages as federal Covid funds run out"](#), Politico.
- ¹⁴ ["Molina Healthcare to slash two-thirds of real estate footprint amid permanent shift to remote work"](#), Fierce Healthcare.
- ¹⁵ ["Megadeals lift healthcare M&A revenues to record in Q2"](#), Healthcare Dive.
- ¹⁶ ["United States Average Hourly Earnings MoM"](#), Trading Economics.
- ¹⁷ ["FRED Economic Data"](#), Economic Research

About Aston Carter

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