

This month's "SPOTLIGHT" topic:
Performance Reviews: Annual or Always?

128,000 New Jobs Created in October Unemployment Remains Low

JOB GROWTH: Following upward revisions for the past two months to 219,000 jobs in August and 180,000 in September, October growth was more moderate, with the economy adding 128,000 new jobs. The most recent three-month average gain is now at 176,000 jobs per month.

TOP INDUSTRIES: While growth in the professional and business services sector and healthcare continued to be positive, it was somewhat muted from previous months. Noteworthy job growth in October centered on food services, finance and social assistance. Manufacturing was negatively impacted by a strike in the automotive sector and government jobs trended down due to the completion of project work relating to the census.

UNEMPLOYMENT: There was little movement in the unemployment rate, although it registered 3.6% compared to 3.5% the previous month.

WAGES: Wage growth moved up again in October, with average hourly earnings for the year reaching 3.0%.

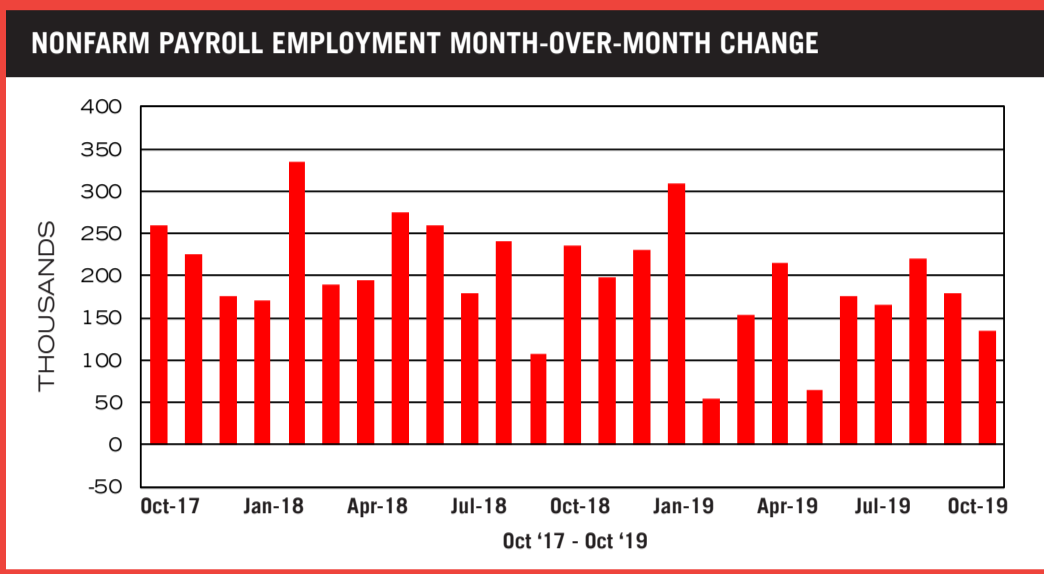
WORK WEEK: The work week was unchanged in October, with average hours steady at 34.4.

TEMPORARY JOB TRENDS: The temporary help sector added no new jobs in October, registering a loss of 8,100 jobs.

WHAT DOES IT ALL MEAN? Many of the voices predicting a downturn in the economy were silenced after seeing the October jobs report, as growth of 128,000 jobs was far better than anticipated. While the unemployment rate ticked up slightly, it was due more to an overall increase in the size of the labor force, as more people returned to work. Consumer confidence remains strong and the economy continues to move forward, with the impetus of job growth leading the way. Employers continue to fill their ranks, recruiting among segments of the population largely ignored in recent years, as the skills gap strengthens. The latest figures from the BLS set the number of job openings at 7.1 million, with only 5.8 million people available to fill them.

Sources: U.S. Bureau of Labor Statistics (BLS), Steinberg Employment Research, CNBC, USA Today, FOX Business, Staffing Industry Analysts, CNN, The New York Times

CHART 1: EMPLOYMENT NUMBERS / SOURCE: BLS



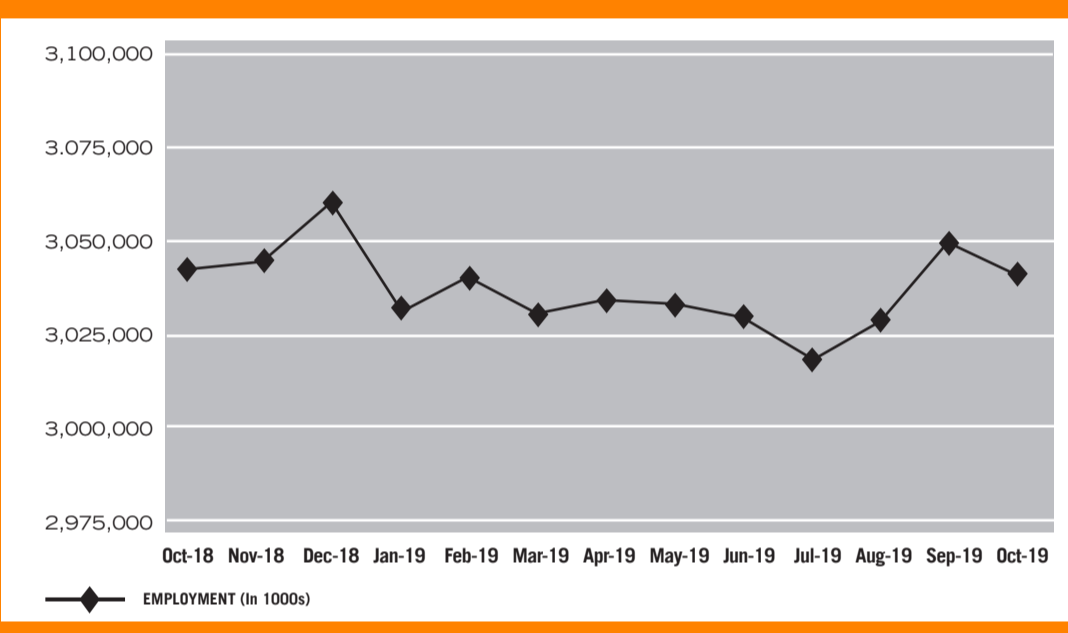
The labor market added 128,000 new jobs in October.

CHART 2: TOP INDUSTRIES / SOURCE: BLS

Job growth of 128,000 in October was led by a solid bump in hospitality services.

SECTOR GAINS	JOB INCREASE
Leisure & Hospitality	+61,000
Healthcare & Social Assistance	+34,200
Professional & Business Services	+22,000
Transportation & Warehousing	+9,900
Retail Trade	+6,100
SECTOR DECLINES	JOB DECREASE
Manufacturing	-36,000

CHART 3: TEMPORARY WORKFORCE / SOURCE: BLS & STEINBERG EMPLOYMENT RESEARCH



Growth in the temporary help sector slowed in October, with a loss of 8,100 jobs.

Why Performance Reviews Are Switching from Annual to Always

Repairing a leaky roof, a burst pipe or a flat tire cannot wait for an annual inspection. Each requires immediate attention. The same is true of employee performance. For decades, employers relied on the annual performance review process to evaluate employee capabilities and possibly create a coaching opportunity. When feedback is provided in a 12-month loop, however, there are myriad opportunities for errors to go unchecked and mistakes uncorrected. Time and effort are expended needlessly. Employees are frustrated and customers dissatisfied. That annual cycle is beginning to undergo a transformation as both employers and employees look for more frequent and continuous conversations on performance.

The 2019 Emerging Workforce® Study, commissioned by Spherion, found the majority of employers still rely on an annual review process, with only 6% switching to an ongoing, continuous feedback loop. The power of inertia may be in play here, as institutions cling to the familiar, slow to make a change to a more realistic and requested frequency, especially by Millennials and the growing Gen Z cohort.

Both employees and managers track fairly closely in their disdain for the traditional process. Nearly a third of employees and a quarter of managers consider it nothing more than an HR requirement. Check the box once a year and move on, with little impact on actual performance. Another quarter of both managers and employees say it is a necessity to drive raises and promotions.

On the positive side, 25% of managers say the process offers an in-depth analysis of performance that helps employees grow and improves overall productivity and efficiency. Only 17% of employees agree with this assessment.

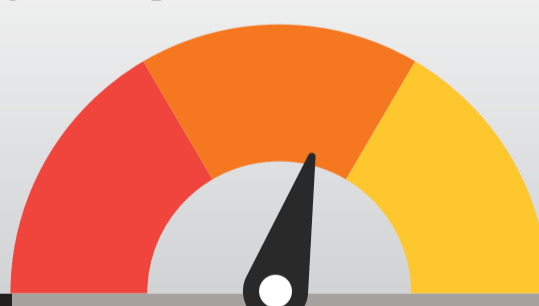
While in the minority, 16% of managers believe a formal review process facilitates constant learning and improvement and builds stronger relationships between employees and supervisors. Only 11% of employees agree.

Not surprisingly, another 12% of managers and 16% of employees say their review process is not frequent enough.

Rather than re-engineer the timing or content of the traditional annual conversation, consider coaching managers and employees in the giving and receiving of feedback. That would advance the goal of focusing on continuously improving performance and create more opportunities to talk about career development—an important driver of retention.

CHART 4: PERFORMANCE REVIEW TIMING / SOURCE: 2019 SPHERION EMERGING WORKFORCE STUDY

How frequently do performance reviews occur?



What employees say

52%
15%
10%
7%
18%

What managers say

58%
22%
10%
6%
6%

On a positive note, performance reviews...

	Employees	Managers
Provide in-depth analysis of performance that helps employees grow and improves overall productivity and efficiency	17%	24%
Facilitates constant learning and improvement and builds stronger relationships between employees and supervisors	11%	16%



CHART 6: REVIEW PROCESS CONS / SOURCE: 2019 SPHERION EMERGING WORKFORCE STUDY

On the other hand...



	Employees	Managers
Not great—a 'check the box' activity required by HR	30%	25%
Necessity for raises and promotions	27%	24%
Not frequent enough	16%	12%