FEBRUARY 2020

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# workforce newsletter

*This newsletter references the BLS Report of January activity, released 2/7/20*

This month's "SPOTLIGHT" topic:
***Refocusing on Retention***

## The New Year Started Strong with Job Growth of 225,000

### Unemployment Ticks Up Slightly

**JOB GROWTH:** January ushered in 225,000 new jobs, well above the 2019 monthly average of 175,000. Although there was little noteworthy month-over-month momentum in any specific employment metric, there was slight upward movement in both the labor force participation rate and the employment-population ratio.

**TOP INDUSTRIES:** After averaging only 12,000 jobs per month during 2019, construction employment surged in January with 44,000 new jobs. Solid gains were also recorded in healthcare and transportation and warehousing (think holiday returns). Both the business and professional services and leisure and hospitality sectors were also strong.

**UNEMPLOYMENT:** January brought a slight change in the unemployment rate, which ticked up to 3.6%.

**WAGES:** Wage growth continued to move in the right direction in January, with average hourly earnings over the past 12 months reaching 3.1%.

**WORK WEEK:** The work week was again unchanged, with average hours steady at 34.3.

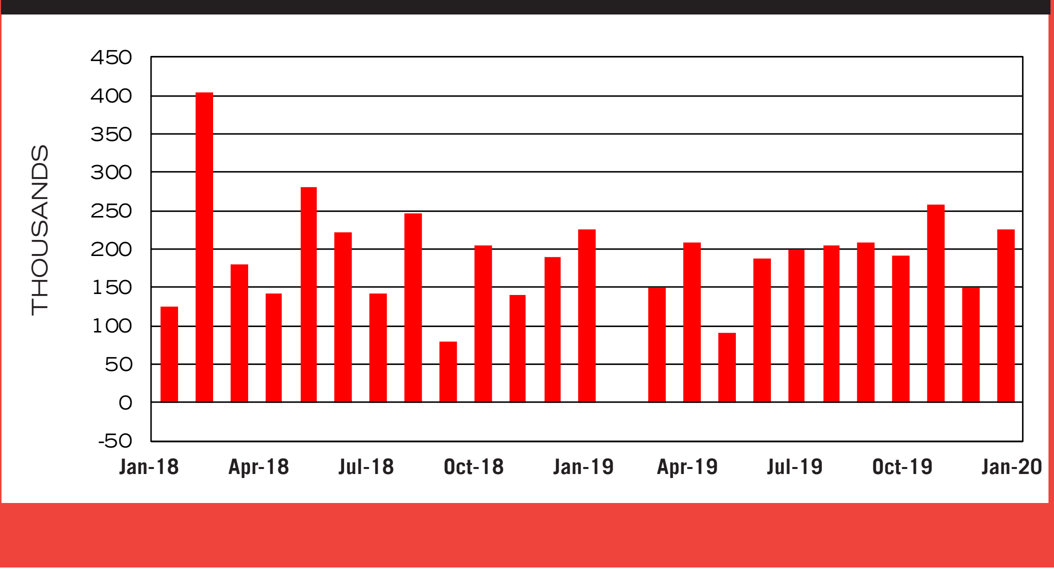
**TEMPORARY JOB TRENDS:** The temporary help sector experienced a loss of 1,500 jobs in January, which was the smallest year-over-year monthly loss since January 2019.

**WHAT DOES IT ALL MEAN?** The economy continues to expand, with strong job demand across multiple sectors, although trends are moving higher in the services arena than in manufacturing. New this month: benchmark revisions of data reported in the past indicate fewer jobs were created from 2018 to 2019, which is in line with economists' predictions that job growth is slowing, after a decade-long expansion. Despite this side note, demand for talent remains strong. While employers continue to battle each other for job candidates, the focus may be shifting to greater emphasis on retention efforts to reduce the need to recruit new talent. That's good news for the workforce but does not reduce pressure on employers to do more to raise wages.

*Sources: U.S. Bureau of Labor Statistics (BLS), Steinberg Employment Research, CNBC, FOX News, Staffing Industry Analysts, NBC News, Forbes, MSNBC, MarketWatch, PBS News*

**CHART 1: EMPLOYMENT NUMBERS /** SOURCE: BLS

**NONFARM PAYROLL EMPLOYMENT MONTH-OVER-MONTH CHANGE**



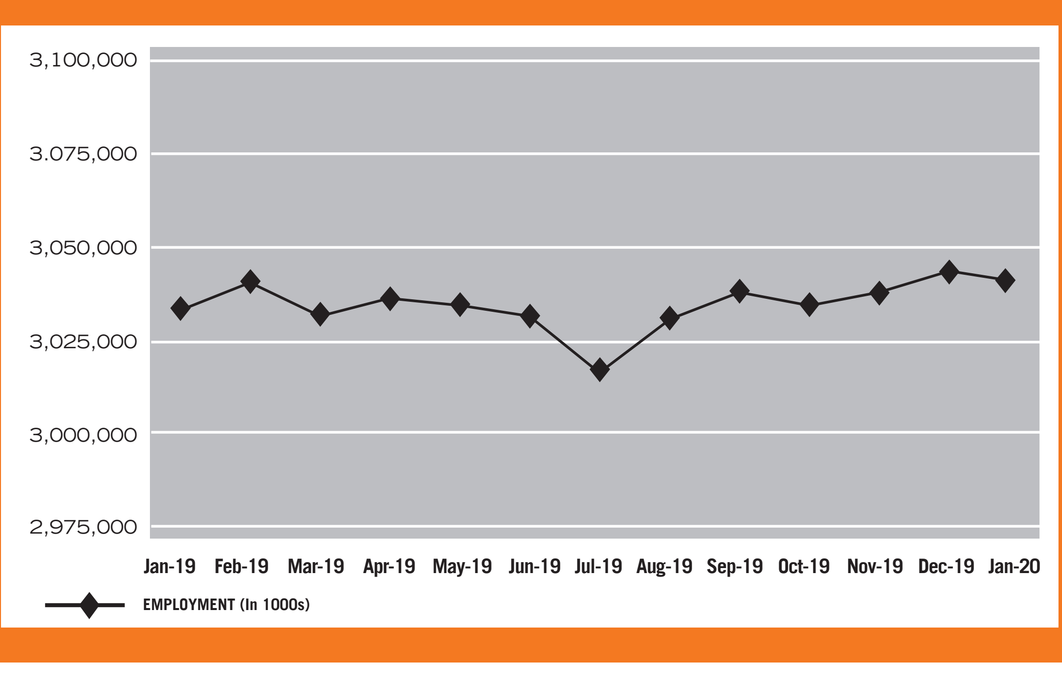

The job market started the year strong, with January job growth of 225,000

**CHART 2: TOP INDUSTRIES /** SOURCE: BLS

Job growth of 225,000 in January reflected strong activity in several sectors.

| SECTOR GAINS | JOB INCREASE |
| --- | --- |
| Healthcare & Social Assistance | +47,200 |
| Leisure & Hospitality | +36,000 |
| Transportation & Warehousing | +28,300 |
| Professional & Business Services | +21,000 |
| **SECTOR LOSSES** | **JOB DECREASE** |
| Retail Trade | -8,300 |
| Manufacturing | -12,000 |

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




The temporary help sector experienced a loss of 1,500 jobs in January.

## Refocusing on Retention

With 1.7 million more job openings than job candidates, there appears to be no slowdown in the ongoing battle for talent. As employers continue to struggle to fill talent gaps, the focus is generally on how to attract new talent, more so than how to retain talent. Great recruiting can have some unexpected consequences when it leads to higher turnover from employees who feel underappreciated, undervalued and underpaid.

To put more umph into retention efforts, the first step is to understand what employees care about. Many employers simply don't know. Among traditional employers, only 41% survey employees to determine what drives satisfaction and retention. That compares unfavorably with more progressive, emergent employers, 90% of whom make the effort to ask employees what they care about.

Spherion has been exploring the issue of retention for many years through the Emerging Workforce® Study and has consistently found clear disconnects on retention. In general, employees (other than the youngest generation in the workforce) rank compensation as the #1 driver of retention. Many believe they deserve higher pay than they currently receive, encouraging them to explore new options.

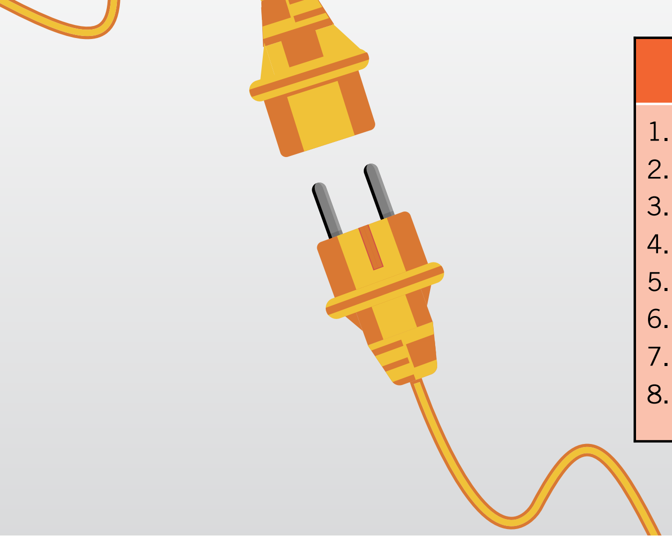
After pay and benefits, most employees (across every generation) place growth and earnings potential and flexibility higher on their priority list than employers do. In fact, employers rank time and flexibility last on their list of retention drivers.

Why the disconnects? For some, it may be the more intense focus on recruitment rather than retention. For others, it may be that retention requires more effort. Providing career paths and opportunities to advance is not new. Figuring out how to ensure employees take advantage of them can be a bigger challenge. Promoting flexibility with remote work or scheduling adjustments is easier said than done. Employers need to be proactive about flexible options to ensure that both employees and the employer reap maximum benefits.

Experts may differ on the best way to calculate the cost of turnover, but everyone agrees it is a cost best avoided and always minimized. When employers invest in retention priorities that match employee expectations, they may see a far better return on their talent initiatives.

**CHART 4: RETENTION DISCONNECTS /** SOURCE: 2019 SPHERION EMERGING WORKFORCE STUDY

## Disconnect on retention drivers continues to plague employers



| EMPLOYER VIEW | EMPLOYEE VIEW |
| --- | --- |
| 1. Benefits | 1. Financial Compensation |
| 2. Supervisor Relationship | 2. Benefits |
| 3. Financial Compensation | 3. Growth & Earnings Potential |
| 4. Management Climate | 4. Time & Flexibility |
| 5. Culture & Work Environment | 5. Management Climate |
| 6. Growth & Earnings Potential | 6. Culture & Work Environment |
| 7. Training & Development | 7. Supervisor Relationship |
| 8. Time & Flexibility | 8. Training & Development |

**CHART 5: EMPLOYERS FALLING SHORT /** SOURCE: 2019 SPHERION EMERGING WORKFORCE STUDY

Employees say employers are **doing less** to retain them

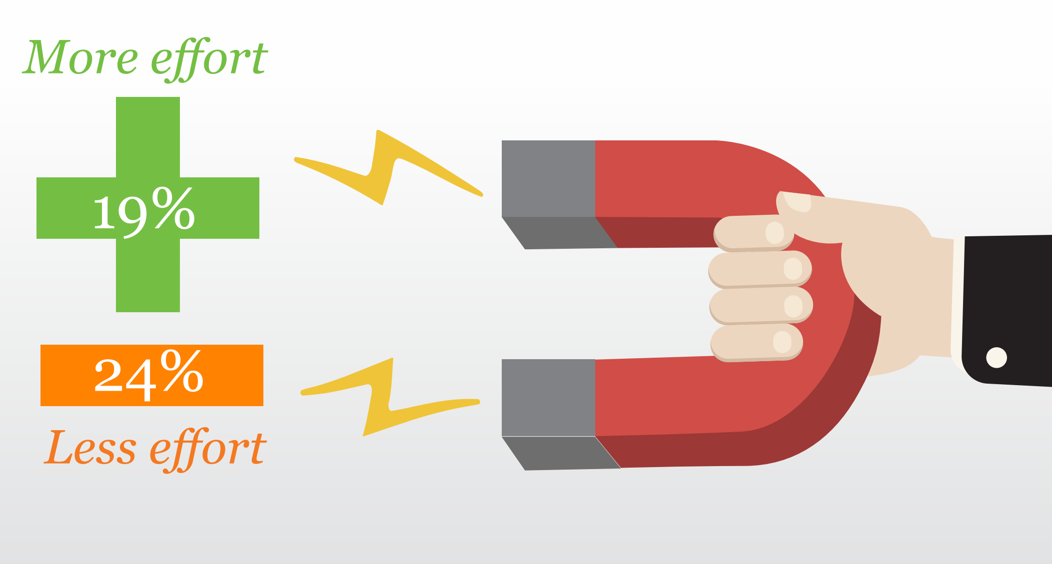



**CHART 6: IMPROVING RETENTION /** SOURCE: 2019 SPHERION EMERGING WORKFORCE STUDY


What's the first step to higher retention? **Ask employees what they want!**

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Learn more about the Emerging Workforce® Study and how to subscribe to this newsletter.