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OCTOBER 2018

workforce newsletter

This newsletter references the BLS Report of September activity, released 10/5/18.

This month's "Spotlight" topic:
Money Still Matters Most for Workers

134,000 New Jobs Added to Economy in September

Unemployment Hits Record Low of 3.7%

JOB GROWTH: Following upward revisions in the job numbers for both July and August, totaling a combined 87,000, September's addition of 134,000 jobs was not as strong as the previous two months, although it far surpassed the same time period last year when only 14,000 jobs were added. Based on the revised numbers, average growth over the past three months remained at 190,000 per month.

TOP INDUSTRIES: The top sectors for growth in September included professional and business services, healthcare and transportation and warehousing.

UNEMPLOYMENT: The unemployment rate dropped to 3.7 percent, its lowest rate in nearly 50 years.

WAGES: Payrolls lost a bit of steam in September, after seeming poised for stronger momentum after a good showing in August. Average hourly earnings slipped from 2.9 percent to 2.8 percent on an annual basis.

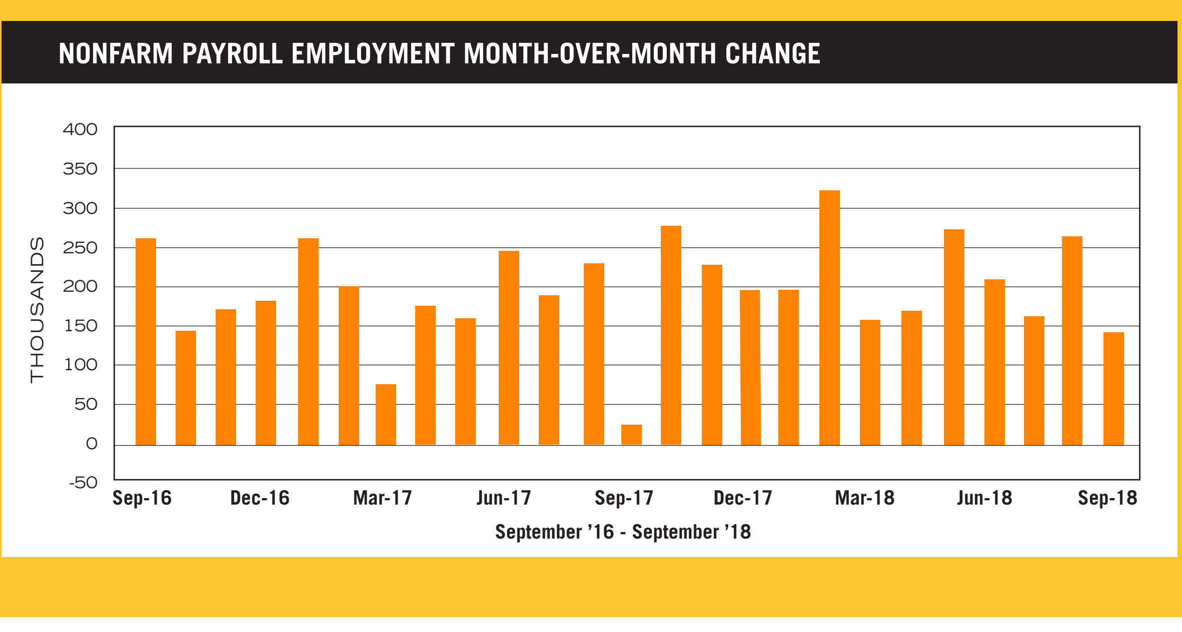
WORK WEEK: There was no change in the average work week from August to September, remaining at 34.5 hours.

TEMPORARY JOB TRENDS: The temporary jobs sector experienced its third consecutive month of growth, adding 10,600 jobs.

WHAT DOES IT ALL MEAN? September offered somewhat lukewarm news in an otherwise strong year for the economy. Job growth, missing analyst expectations, slowed from the recent pace, but not significantly. Unemployment hit a near 50-year low, signaling continuing tightening of the talent supply chain. Wages, which had started to grow last month, stepped back again. Some suggest the slow pace of wage expansion may be due to a rise in non-monetary benefits, such as enhanced paid time off, greater flexibility in when and where work is performed, and higher investments in training and development. Whether employers are paying out more cash to employees or paying more for employee benefits, the question remains whether these incentives are enough to attract and retain good talent.

Sources: U.S. Bureau of Labor Statistics (BLS), Steinberg Employment Research, CNBC, Staffing Industry Analysts, The Wall Street Journal, The New York Times, USA Today, Seeking Alpha, Forbes, Fortune, MarketWatch

CHART 1: EMPLOYMENT NUMBERS / SOURCE: BLS



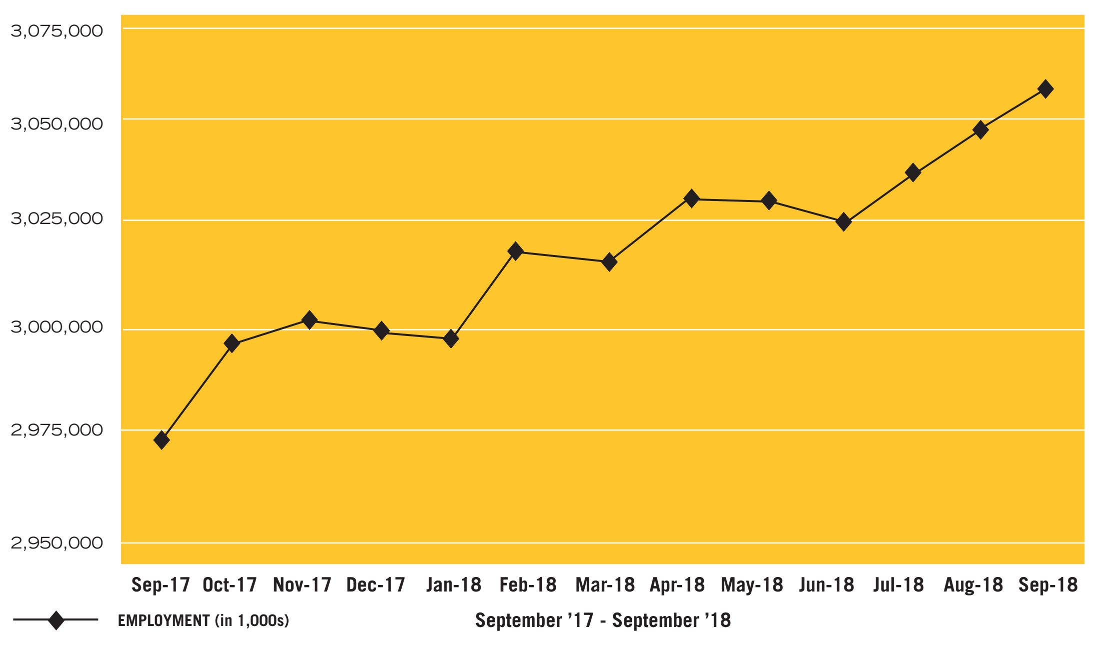
September saw the addition of 134,000 new jobs.

CHART 2: TOP INDUSTRIES / SOURCE: BLS

Employment increased by 134,000 in September, with continued strong momentum in professional and business services.

SECTOR GAINS	JOB INCREASE
Professional & Business Services	+54,000
Healthcare & Social Assistance	+29,800
Transportation & Warehousing	+23,800
Manufacturing	+18,000
SECTOR LOSSES	**JOB DECREASE**
Leisure & Hospitality	-17,000
Retail Trade	-20,000

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



Temporary help services added 10,600 jobs in September.

Money Still Matters Most for Workers

Despite a robust job market, wages have not kept pace, and employees are not happy. A tight talent supply chain would normally trigger pressure on employers to increase wages to attract candidates and retain good talent. With annual wage growth still hovering below three percent, however, that has not been the case. Recent headlines highlighting actions by a handful of employers to raise minimum wages to $15 per hour may help spur broader activity. The move is long overdue as employees see job change as the best way to secure a significant raise.

The latest Emerging Workforce® Study, commissioned by Spherion, explored pay issues to gain a better understanding of where employees and employers stand on pay. Unfortunately, too many employees are standing near the exit, contemplating a future with a fuller payday.

In this highly competitive talent market, companies may see one-quarter of their workforce leave in the next three months and one-third within the next year. The figures are even higher for younger workers. When we asked why, "salary" was the undisputed number one response.

Employers may be sympathetic but stymied nonetheless. Nearly 70 percent say they know they need to increase wages in order to compete for talent but are financially unable to do so at this time. Given that compensation is such an important driver of retention, however, even limited wage gains pose a continual threat as workers believe the fastest route to higher pay is to change jobs. The silver lining for employers? Lots of great new talent in the market to choose from, so long as the dollars match candidate expectations.

CHART 4: DOLLAR DISCONNECT / SOURCE: 2018 SPHERION EMERGING WORKFORCE STUDY

CHART 5: COMPENSATION COMPLAINTS / SOURCE: 2018 SPHERION EMERGING WORKFORCE STUDY

Why employees are unhappy with pay

35%	My current salary is below market value
20%	I can find a higher-paying job if I leave
18%	I'm a top performer and should be paid more
14%	My peers make more than I do

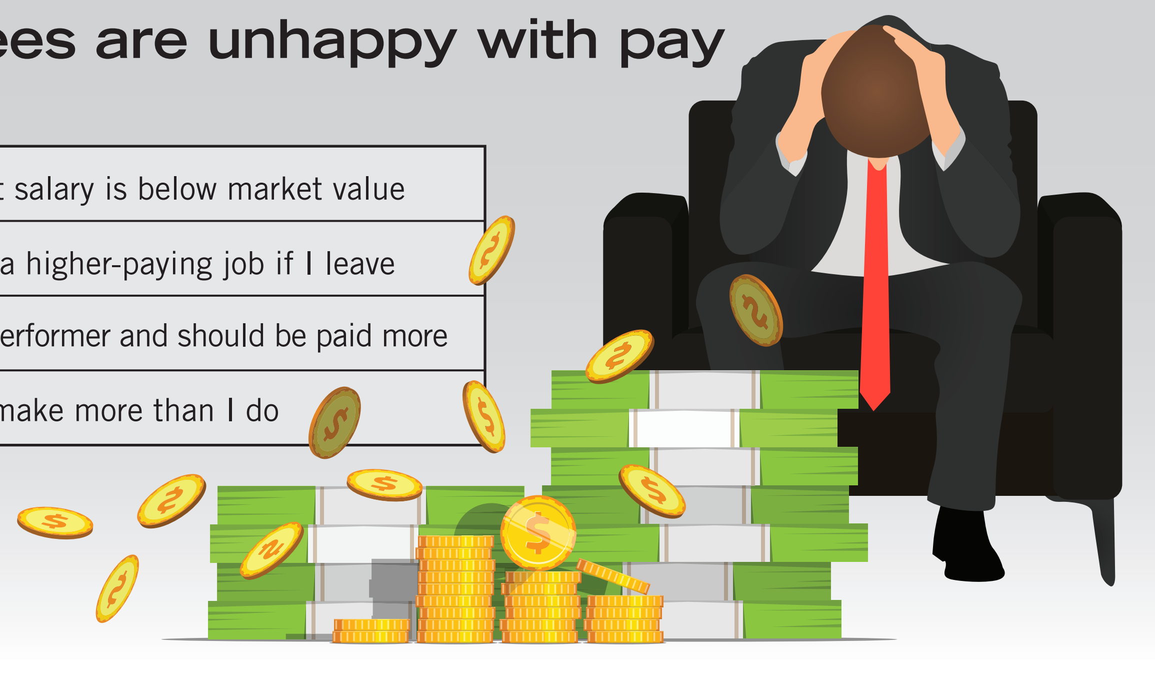


CHART 6: GENDER DISPARITY / SOURCE: 2018 SPHERION EMERGING WORKFORCE STUDY

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