OCTOBER 2024

Workforce Optics.

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE.

Let us be your resource as you plan budgets, set pay rates, and build and retain an engaged workforce. The enclosed employment trends, hiring challenges, and compensation tips are designed to help you better understand today's employment environment to make informed staffing decisions.

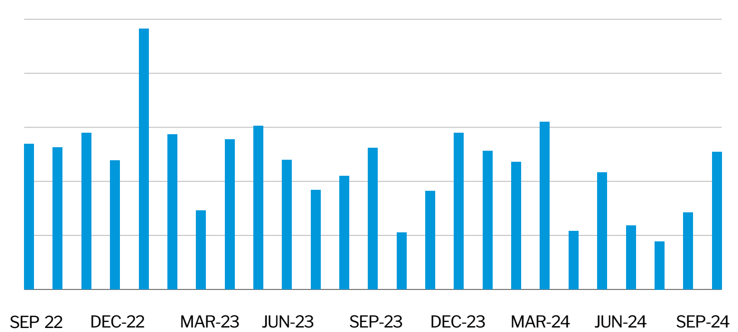
Jobs Update

In September, total nonfarm payroll employment rose by 254,000, with upward revisions for July and August. Significant job gains occurred in food services, health care, government, social assistance, and construction. This increase surpassed August's revised figure of 159,000 and exceeded the Dow Jones forecast of 150,000. The unemployment rate decreased slightly to 4.1% for the second consecutive month.

Wages showed mixed trends; while production worker wage growth eased, overall average hourly earnings rose by 0.4% for the month, reaching a 4% year-over-year increase, which surpassed expectations. The average workweek slightly decreased to 34.2 hours.

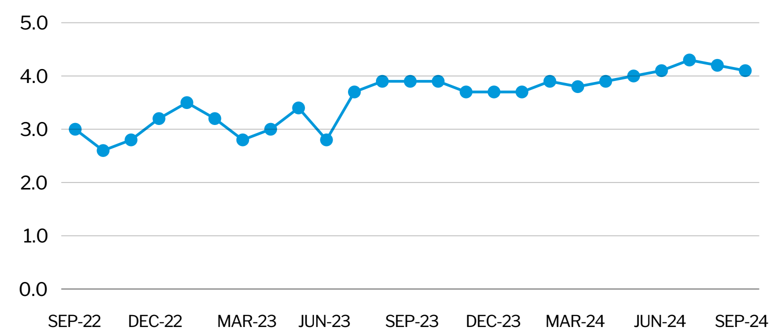
Additionally, a broader measure of unemployment, which includes discouraged workers and those in part-time jobs for economic reasons, fell to 7.7%. The labor force participation rate remained steady at 62.7%

NONFARM PAYROLL EMPLOYMENT OVER-THE-MONTH CHANGE
(Seasonally Adjusted, September 2022- September 2024)



Source: Bureau of Labor Statistics

UNEMPLOYMENT RATE
(Seasonally Adjusted, September 2022- September 2024)



Source: Bureau of Labor Statistics

4.1%
National Unemployment Rate
SEPTEMBER 2024
0.1% MoM Change ▼

6.8 MILLION
Unemployed Persons
SEPTEMBER 2024
300k MoM Change ▼

EMPLOYMENT TRENDS

Managers must recognize the impact of natural disasters on employees

Hurricane Helene has caused major disruptions across Florida, Georgia, South Carolina, North Carolina, Virginia and Tennessee, with Moody's Analytics estimating the economic impact on labor and production to be between $5 billion and $8 billion. At the time of this report, Hurricane Milton is also making its way toward Florida.

With natural disasters now occurring twice as often as they did a generation ago, managers find themselves increasingly challenged by complex situations, including navigating compensation claims and adapting benefit plans to unforeseen conditions. During such times, the immediate priority becomes ensuring employee safety and meeting essential needs, using strategies similar to military crisis management.

Once the immediate threat subsides, the focus shifts to a carefully managed resumption of work, adapted to the new circumstances. Leaders are charged with empowering their teams, paying particular attention to the needs of lower-level employees to avoid widening the gap between staff and management. In this phase, it's crucial for managers to ensure that all employees are fully informed about the available benefits, including Employee Assistance Programs designed to help manage the mental and physical health impacts of experiencing a disaster.

People First,
Safety Always.

HURRICANE HELENE'S IMPACT

$20–34 BILLION
ESTIMATED ECONOMIC LOSS

$5–8 BILLION
ESTIMATED LABOR AND PRODUCTION LOSS

Source: Moody's Analytics

2 in 10 people feel connected to their company culture

Company culture is the secret sauce that not only draws in customers but also turns your team into passionate brand champions. A strong workplace culture not only differentiates a company in the market but also boosts employee engagement, reduces burnout, and enhances performance. However, a recent Gallup study reveals a disconnect, with only 20% of employees feeling a strong connection to their workplace culture. This detachment is mirrored in their views on how coworkers and managers uphold the organization's cultural values.

Gallup's numbers tell us that leaders feel a strong connection to the company's culture—twice as much as individual staff members. This shows they're more in tune with the organization's values, which is vital since they're the ones setting the cultural tone. However, the gap in how connected leaders and employees feel highlights a broader issue of disconnect in the workplace. Managers, who are supposed to foster this culture, often struggle with this disconnect, caught between corporate messaging and actual workplace behaviors.

The shift towards remote work adds another layer of complexity. While there is a concern that remote work might dilute organizational culture, Gallup's research indicates that 60% of U.S. employees believe remote work will not negatively impact their company culture in the long run. However, leaders are more apprehensive about remote work, with 31% fearing it could worsen the workplace culture, compared to just 15% of individual contributors. This scenario underscores the importance of adapting to hybrid work environments and developing strategies that maintain culture and collaboration, regardless of physical location.

A CONNECTION TO CULTURE DRIVES PROFESSIONAL AND PERSONAL RESULTS

Those who strongly agree with “I feel connected to my organization’s culture” are:

2x
AS LIKELY
to be engaged at work

5.8x
AS LIKELY
to strongly agree they would recommend their organization as a great place to work

62%
LESS LIKELY
to feel burned out at work very often or always

43%
LESS LIKELY
to be watching for job opportunities or actively looking for another job

Source: Gallup

GenAI is more likely to support workers than replace them

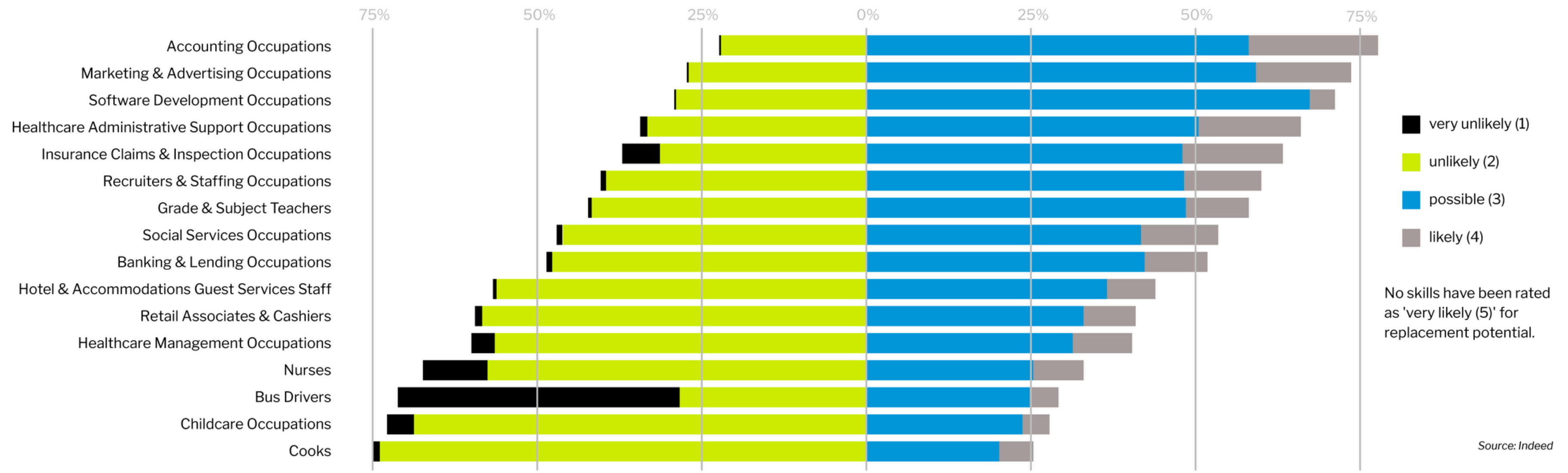
Despite the rapid advancements in generative artificial intelligence (GenAI), the technology is not poised to replace human workers in the workforce anytime soon. A study conducted by Indeed's Hiring Lab using OpenAI's GPT-4o model evaluated GenAI's capability across over 2,800 job skills, ranging from account management to wound care. These skills were analyzed across three key dimensions: the ability to provide theoretical knowledge related to the skill; the ability to solve problems using the skill; and the importance of physical presence in utilizing that skill.

The findings reveal that while GenAI excels at providing theoretical knowledge, its effectiveness diminishes when it comes to practical problem-solving and skills that require physical presence. For instance, tasks within the world of aviation or cooking, which demand significant hands-on involvement, show GenAI's limitations. Indeed's analysis, which involved a detailed and carefully engineered prompt process, underscores that the nuanced and complex nature of many job skills is still beyond the reach of current GenAI capabilities.

Out of all the skills assessed, none were found to be "very likely" to be replaced by GenAI soon. In fact, the majority (68.7%) were deemed "very unlikely" or "unlikely" to be automated. About a quarter of the skills (28.5%) might be automatable in the future if there were changes in business practices and further advancements in technology. This suggests a future where, although GenAI may take over some aspects of a job, significant portions will likely remain reliant on human expertise.

In practical terms, this means that in highly skilled areas such as nursing, GenAI could automate repetitive tasks such as documentation, allowing professionals to focus more on essential hands-on activities. Conversely, in typical office settings like software development, GenAI's role might expand to providing substantial knowledge and solving simpler problems, highlighting the ongoing need for human workers to engage in continuous learning and skills development.

REPLACEMENT POTENTIAL BY GENAI ACROSS OCCUPATIONS



Employee rewards need to be tailored for a multi-generational workforce

In discussions about workplace preferences, generational stereotypes often surface, suggesting varied preferences among Baby Boomers, Gen Xers, Millennials, and Gen Zers. However, Korn Ferry's extensive research challenges these clichés, offering insights into what truly motivates employees across different age groups, particularly in regard to employee rewards and recognition programs.

Korn Ferry's findings reveal that while all employees universally value cash and benefits, there's more to the picture. Employees across generations seek assurance that their organization is progressing positively and genuinely cares about their well-being. This insight is crucial for leaders managing diverse teams, as it guides the development of effective, inclusive total rewards programs.

Understanding these nuanced preferences helps in crafting a total rewards strategy that resonates with a multigenerational workforce. By aligning rewards with the specific needs and values of each age group, organizations can foster a workplace where every employee feels valued, engaged, and adequately rewarded.

REWARDS BY GENERATION

Gen Z values transparency, opportunities for personal development, and corporate social responsibility.

Millennials, navigating significant life milestones alongside financial pressures, prioritizes monetary rewards paired with professional growth opportunities.

Gen X, who value stability, are motivated by benefits that secure their future, such as competitive retirement plans.

Baby Boomers are driven by a combination of generous salaries and flexible working conditions, valuing clear and detailed communication about workplace benefits.

Source: Korn Ferry

Employees across generations seek assurance that their organization is progressing positively and genuinely cares about their well-being.

GDP growth set to pick up speed in 2025 despite current challenges

GDP growth is anticipated to accelerate in 2025 and 2026, driven by a surge in residential investments, according to UCLA's Anderson Forecast. They project robust growth rates in the high twos, fueled by a revitalized housing market as homeowners, previously holding out for low mortgage rates, are expected to re-enter the market.

However, the economic outlook for the fourth quarter of this year is less optimistic, with expected GDP growth dipping to just 1.2%. Several factors are contributing to this slowdown:

- Boeing's ongoing strike is causing significant industrial setbacks.
- The East Coast dockworkers' strike could drain the economy of up to $5 billion a day.
- Businesses are delaying major decisions until after the US presidential election.
- The complete economic repercussions of the recent natural disasters in the south are still unfolding.

These challenges are poised to affect the job market, potentially leading to temporary job losses in the sectors hit hardest by strikes and natural disasters. However, the expected economic rebound in 2025 and 2026, particularly in the housing sector, is likely to stimulate job growth in construction, real estate, and associated industries. Meanwhile, the cautious approach businesses are taking ahead of the election may introduce short-term volatility in the job market, impacting hiring and job security across various sectors. Businesses and workers alike will need to adapt to these evolving economic conditions.

This outlook from UCLA Anderson follows a third quarter that showed promising growth of 2.5%. It's worth noting that UCLA Anderson correctly predicted the 2001 recession and was quick to identify the onset of the pandemic recession in March 2020.

OTHER PROJECTIONS

The University of Michigan projects 1.9% GDP growth in 2025, following a projected 2.6% growth in 2024. The OECD predicts 1.6% growth in 2025, after a projected 2.6% growth in 2024. And Deloitte Insights expects it to increase 2.7% in 2024 and by 1.5% in 2025, with it hovering between 1.7% and 2.1% per year from 2026 to 2028.

About Staffmark Group

STAFFMARKGROUP.COM

Staffmark Group is one of the largest staffing companies in the United States and is a portfolio company of RGF Staffing and Recruit Group, renowned for pioneering brands like Indeed and Glassdoor. Harnessing our global strength and innovation, we power your business with the people, flexibility, and data insights you need to succeed in your market.

From the bustling floors of manufacturing facilities to the dynamic environments of technical and professional firms, we offer the widest range of specialized workforce solutions. The expertise of our specialty brands, Advantage Resourcing, Advantage Technical, Advantage xPO, Digital People, Hunter Hamilton, Staffmark, and Pro Staff, ensures the talent and customized solutions to propel your business forward.