

The workplace economy

September 2011

Prior to the Bureau of Labor Statistics' release of August's "The Employment Situation," many nationwide economists were generally optimistic that there would be some level of growth. Some believed that, although the nation's unemployment rate would likely remain at 9.1 percent, roughly 60,000 to 67,000 jobs would be created in August. Of course, no one could have possibly foreseen what actually transpired.

Contrary to economists' expectations, the economy's job growth came to a stop, as the United States government reported a monthly net job change of zero for the first time since World War II. This historical, uncharacteristic job stagnation was attributed to three underlying factors – the nation's recent loss of its Standard and Poor's triple-A credit rating, inconsistent stock market figures, and incessant European debt, leading to a deficiency of trade and commerce amongst Europe and the United States. Although the private sector added 17,000 jobs, an equal loss from the public sector leveled this number out.

Despite the lack of job growth, the nation's unemployment rate remained unchanged at 9.1

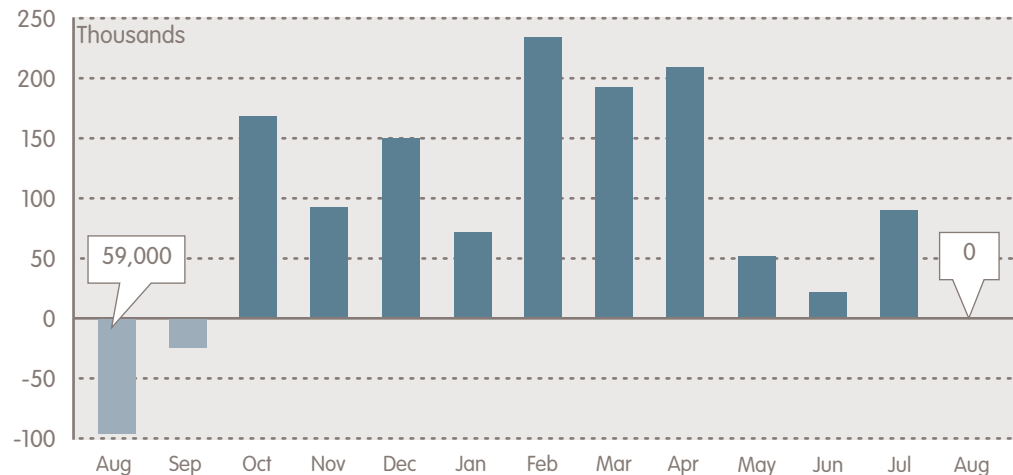
percent. At the same time, the employment-to-population ratio slightly increased from 58.1 percent in July to 58.2 percent in August, while the civilian labor force participation rate, the percentage of the population's working age individuals who are currently working, remains around 64 percent. The normal rate has typically hovered around 66 or 67 percent throughout the last two decades.

Of equal importance, 8.8 million workers are still employed part-time for economic reasons. In the meantime, 2.6 million individuals are marginally attached to the labor force as they are available for work, but have not searched for jobs in the last four weeks. Additionally, the average workweek for all employed individuals continued to decline (from 34.3 hours in July to 34.2 hours in August); the average hourly earnings for all employed professionals also decreased (from \$23.12 to \$23.09).

As the Obama administration strives to create new stimulus packages to improve the economy and foster future job growth, one final statistic stands out. The employment diffusion index, an indicator of

Government job losses lead to net job growth of zero payrolls

Monthly payrolls



Seasonally adjusted. Source: Labor Department as seen on CNNMoney.com

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job creation, is now 52.2 percent. Although this percentage is much lower than it has been in recent years, it is still high enough to indicate that job generation is still achievable.

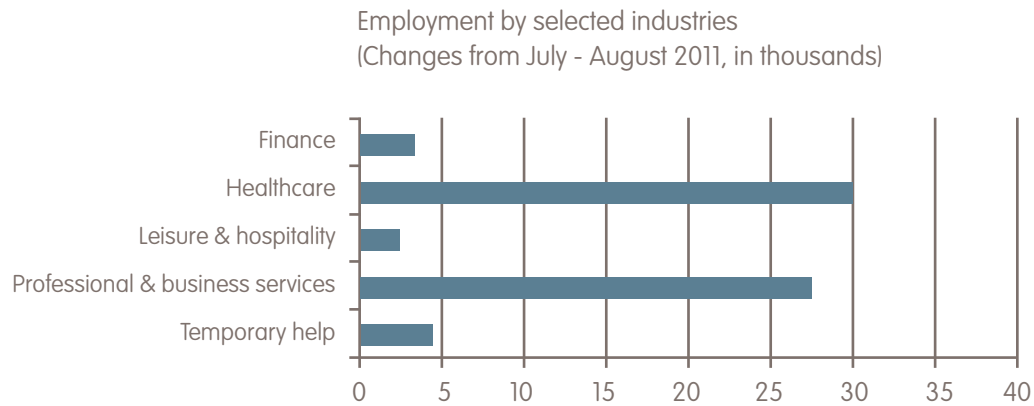
Such statistics show that the administration, as well as millions of employers and employees, face a long, challenging road towards economic recovery. Yet, through the proper utilization of financial resources, the nation can ultimately secure a strong, steady economic future once again, much like it had enjoyed prior to the beginning of the recession.

Sector changes

The following BLS findings were recently issued to the American public regarding a wide array of sectors:

- **Government:** Hiring remained low as 17,000 workers within the industry lost their jobs in July. Although 22,000 professionals returned to work in Minnesota, following the state's partial government shutdown, state governmental employment did not improve significantly, as the industry only added 5,000 new jobs and both federal and local government positions faced losses.
- **Healthcare:** Throughout July, the healthcare industry, as a whole, continued to hire at a regular pace with 30,000 new jobs. Ambulatory health care services and hospitals hired 18,000 and 8,000 medical professionals, leading the sector in growth.
- **IT:** IT design and consulting continued to show growth with nearly 14,000 jobs added.
- **Manufacturing:** Employment in the manufacturing industry decreased by 3,000 in August, following steady growth throughout the first seven months of 2011.
- **Mining:** The mining industry continued to enjoy job growth while creating 5,000 new positions in August.
- **Professional and business services:** Employment in this sector added 28,000 jobs. Temporary help services increased by 5,000 jobs throughout the month, while computer systems design and other associated services generated approximately 8,000 new jobs.

Sector changes observed in August



Source: BLS