



HR Briefing

Recovery in Employment, Trends & Insights

October 14, 2020



COVID Disruptions, West Michigan

Loss of gig jobs increased labor force; newly unemployed were pushed into traditional avenues of work

- 32,685 labor force participants above pre-COVID; **1 in 13** are unemployed
- Falling optimism among jobseekers and intense competition among top-tier candidates (multiple offers for skilled talent)

Industries with lowest wages and educational attainment were hit the hardest (limited ability for remote work)

- 50,200 jobs below pre-COVID; **4 in 5** lost jobs were service-providing; **3 in 5** required a High School Diploma or below
- Greatest loss among: Accommodation & Food Services, Leisure & Hospitality, and Government (48% of total)

Minorities, Women, and Millennials have experienced disproportionate job loss and labor force separations

- Each were concentrated among essential industries and sectors most impacted by job loss
- All report higher rates of lay-offs, increased anxiety and financial stress, and relocation

Shift to remote work and accelerated adoption of automation/AI require enhanced digital & social-emotional skills

- Increased urgency to reskill workforce at scale to content with talent shortages for those still hiring
- Emerging challenges related to managing remote teams and dual cultures (on-site vs. remote teams)



Covid-19 Disruptions to West Michigan Labor Market

FEBRUARY – August 2020



FEBRUARY

- Record low unemployment: **2.9%**
- Record high labor force: **823,000**
- 2 job postings for every jobseeker

MARCH

- Minimal change to unemployment rate
- Slight decline (**2.3%**) of labor force
- Job losses begin with Leisure/Hospitality
- Statewide: **392,000** unemployment claims, 3x more than the Great Recession

APRIL

- Record high unemployment: **23%**
- Labor force: **778,685**
- Unemployed: **180,640**
- Greatest volume of losses in service industries
- Increase in average weekly earnings of \$20.78 indicates losses concentrated in low-wage, low-skill jobs

MAY

- Unemployment down to **18.2%** (still higher than Great Recession peak of 12.5%)
- Labor force adds **54,119**
- **41,700** jobs added, first growth since lockdown (losses persist in Information and Government sectors)

JUNE

- Unemployment falls to **12.6%** (close to Great Recession peak of 12.5%)
- Unemployed: **111,873** 4x higher than February
- Labor force adds **39,367**; total exceeds pre-pandemic level
- Job count gains **45,200**, total still 9.7% below pre-pandemic levels; (Gov't only sector where losses persisted)

JULY

- Unemployment falls to **8.8%**
- Unemployed: **75,086** 3x higher than February
- Labor force loses **34,043**; total exceeds pre-pandemic level
- Job count gains **2,700**, total still 9.3% below pre-pandemic levels; (Gov't only sector where losses persisted)

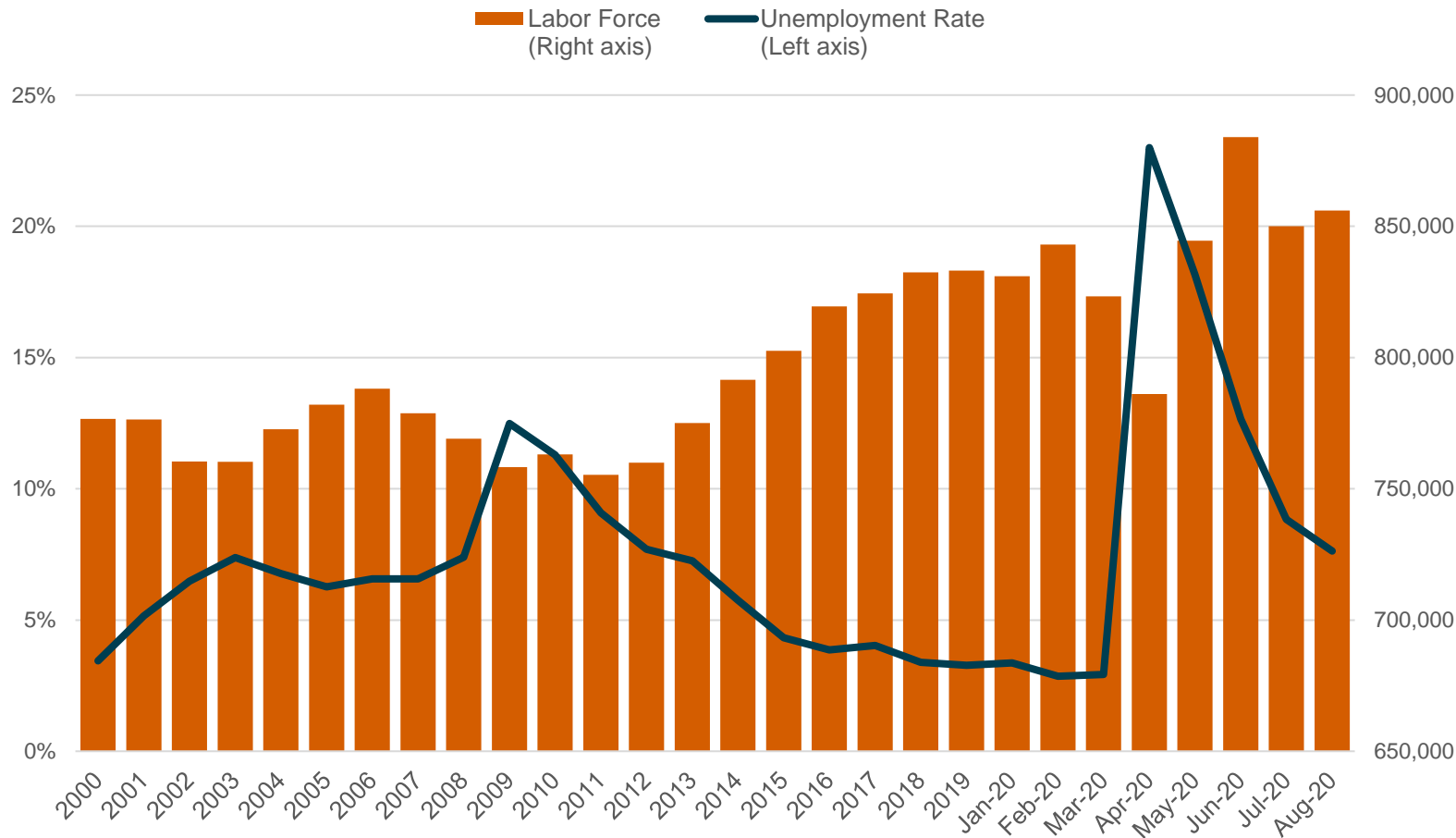
AUGUST

- Unemployment falls to **7.6%**
- Unemployed: **65,346** 3x higher than February
- Labor force adds **6,028**; total exceeds pre-pandemic level
- Job count gains **8,000**, total still 8.0% below pre-pandemic levels; (Only Mining, Logging & Construction saw losses)



Quick Recovery, But Not a Return to Normal

Labor Force and Unemployment, West Michigan (2000-August 2020)



Source: DTMB, Bureau of Labor Market Information and Strategic Initiatives, Local Area Unemployment Statistics

Loss of Gig jobs increased labor force

32,685 participants **above** pre-COVID

Unemployment Stagnating

1 in 13 are unemployed (7.6%); February – 2.9%

Falling Optimism

1 in 5 Americans have **relocated or know someone who moved** because of pandemic – [Pew Research Center](#)

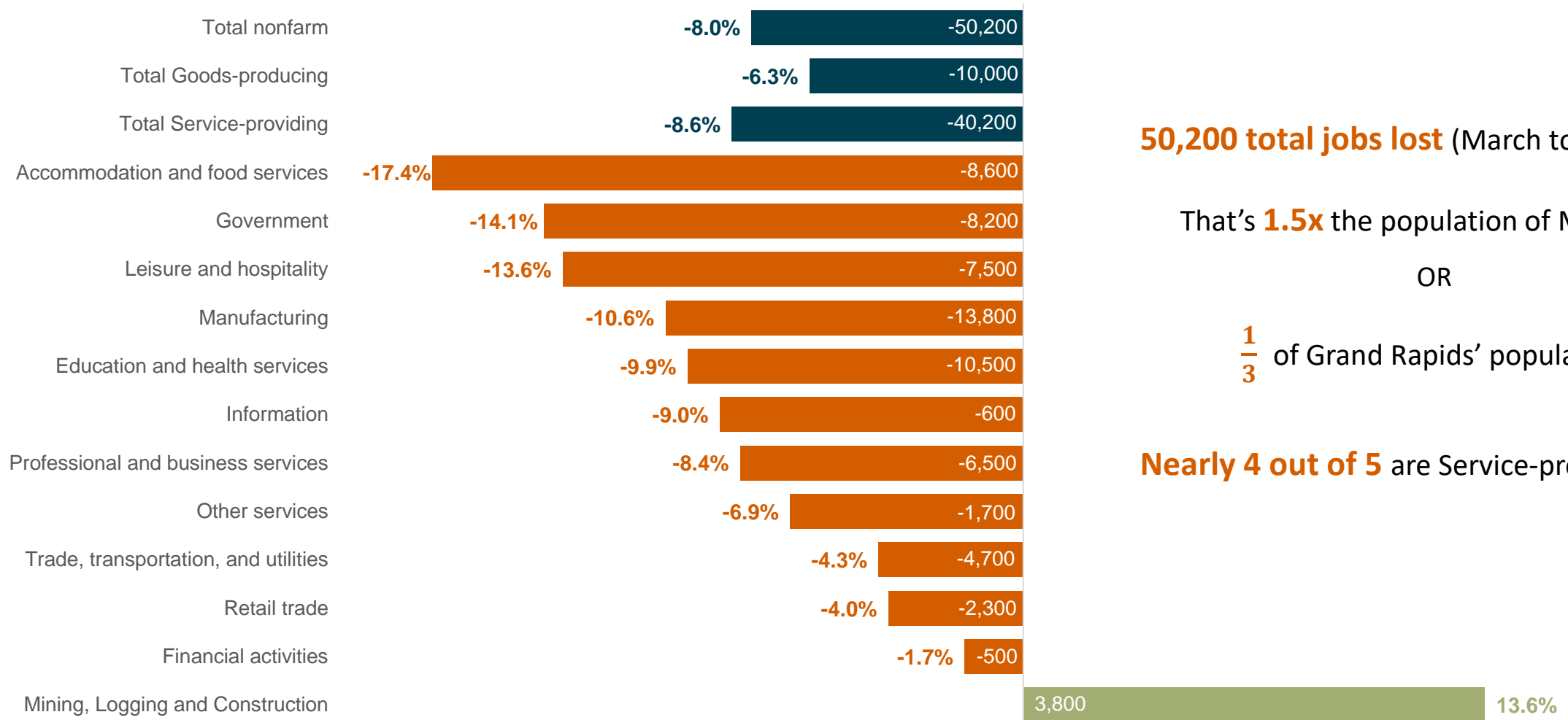
49% 'probably or definitely **will not**' return to same job (Aug. 2020), compared to **20%** in April – [Associated Press/NORC](#)

77% of respondents reported it's a **bad time to find a quality job** – [Gallup](#)



Number & Proportion of Jobs that have Disappeared since March

Job Growth by Industry, West Michigan (Indexed to March 2020)



50,200 total jobs lost (March to August)

That's **1.5x** the population of Muskegon

OR

$\frac{1}{3}$ of Grand Rapids' population

Nearly 4 out of 5 are Service-providing

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics (CES), Updated August 2020

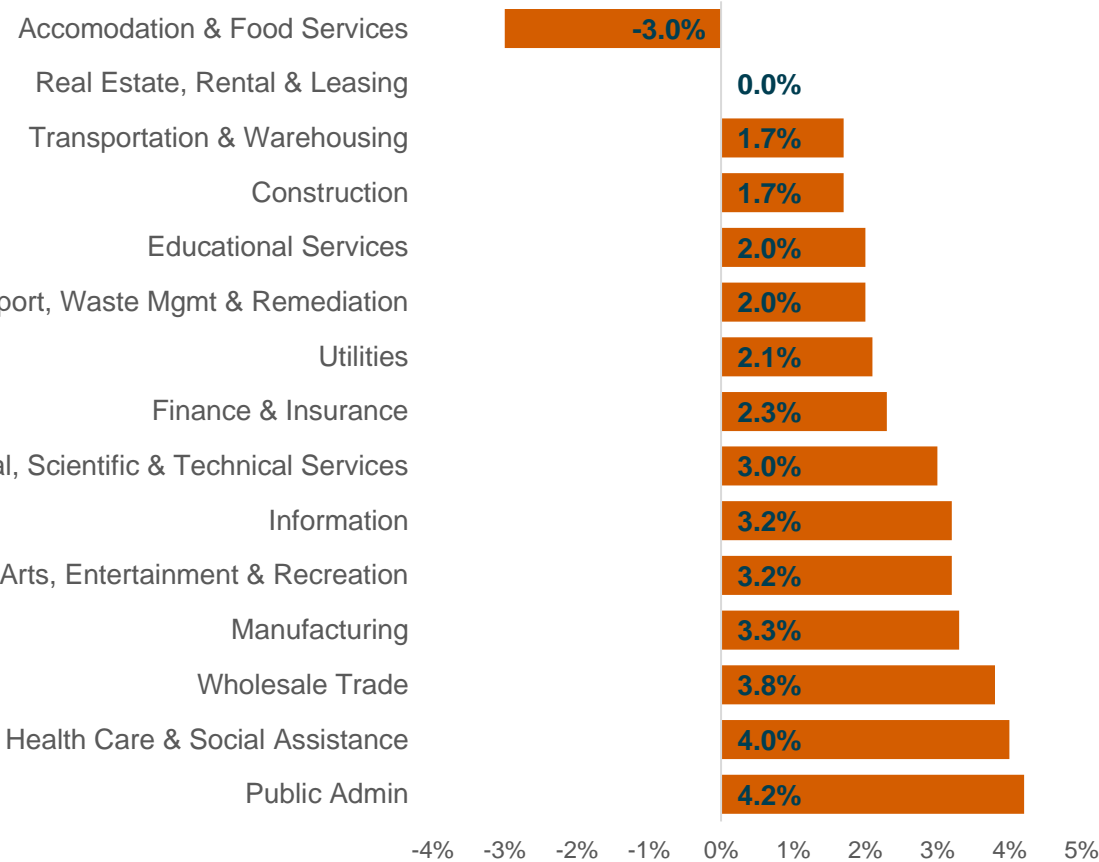


Wage Still Grew for Most Industry

Overall wage growth has remained positive despite job losses, layoffs, and reduced hours in several industries.

The average wage growth across all industries was 1.2% between July 2018 and 2019, which went down to 0.8% from July 2019 to 2020

Year over Year Wage Growth by Industry, U.S



Declining Wage Growth

Accommodation & Food Services

Wage growth dropped -10.5% in Q2 and -3.5% year over year.

Retail & Customer Service

Wage growth declined -4.8% in Q2 and -4.7% year over year.

Rising Wage Growth

Information Technology

Wage growth increased 3.4% in Q2 and 3% year over year.

Healthcare

Wage growth jumped 3.3% in Q2 and 2.9% Y/Y, despite declining revenues, delayed elective procedures, and increased workloads.

New Job Offers

Wages associated with new job offers stood at 3.3% in 2019 and fell to 0.8% in 2020. Wages surged for new jobs associated with: *Nonprofits* (+4.2%), *Healthcare* (+2.8%), *Information Technology* (+2.8%), and *Manufacturing* (+2.6%). Conversely, wages plummeted for new jobs in *Retail & Customer Service* (-7.8%), *Accommodation & Food Services* (-3.3%), and *Transportation & Warehousing* (-1.1%).

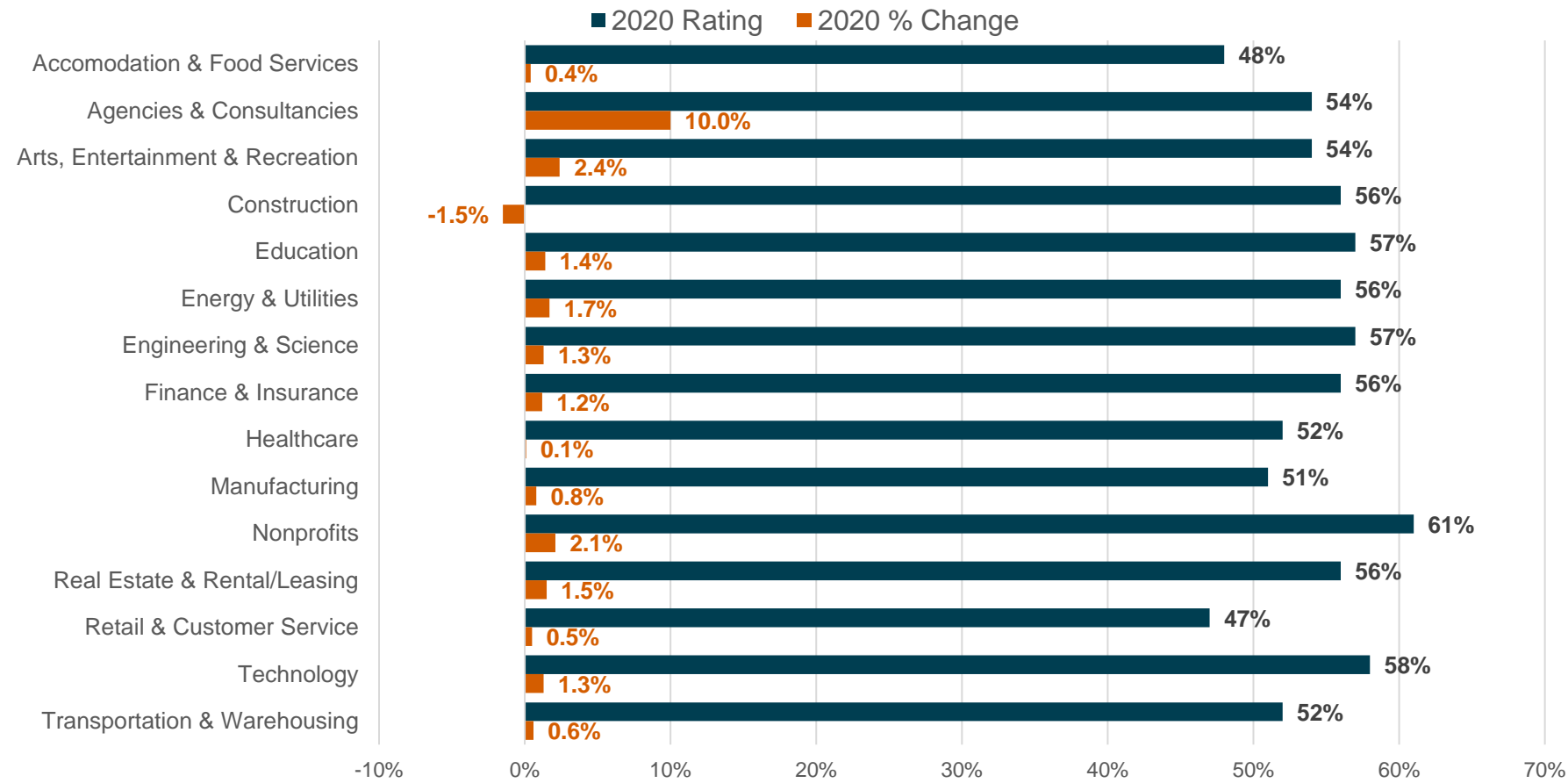
Source: PayScale, 'The Impact of the Current Economy on Wage Growth,' Revised July 2020



Employer Satisfaction is Rising

Overall, employees are feeling about the same or slightly better than they did last year about their employers.

Employer Satisfaction by Industry, 2020 Rating and % Change



Least Satisfied Post-COVID

Accommodation & Food Services: 48%

Retail & Customer Service: 47%

Most Satisfied Post-COVID

Nonprofits: 61%

Technology: 58%

Largest Change to Employer Satisfaction

Construction: -1.5% since COVID

Agencies & Consultancies: +10% since COVID

Source: PayScale, 'The Impact of the Current Economy on Wage Growth,' Revised July 2020



Job Stress and Job Meaning Are Becoming Critical Factors

Overall, workers are feeling significantly more stressed about their jobs than last year.

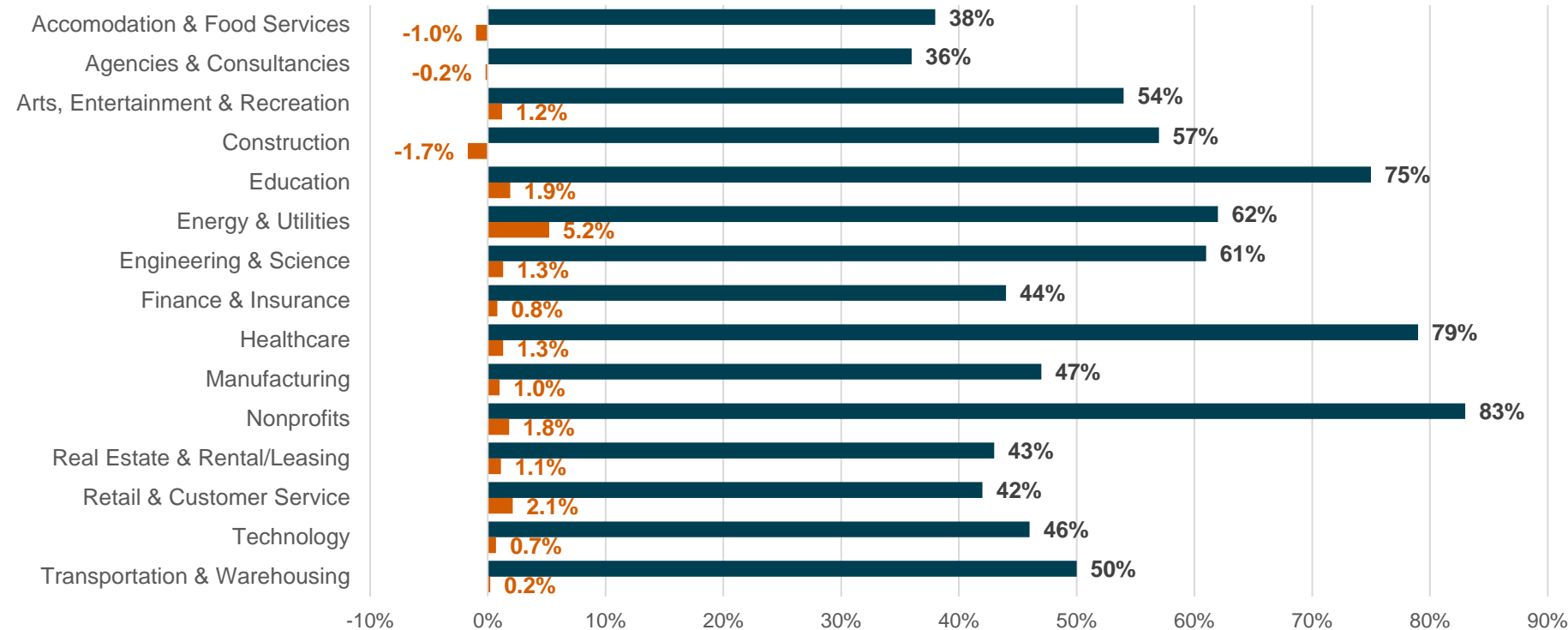
Job stress post-COVID is highest for workers in Healthcare (68%) and Accommodation & Food Services (67%)

Job stress post-COVID is lowest for workers in Technology (52%) and Engineering & Science (54%)

The largest declines in job stress are associated with Arts, Entertainment & Recreation (-3.5%) and Energy & Utilities (-1.8%)

Job Meaning by Industry, 2020 Rating and % Change

■ 2020 Rating ■ 2020 % Change



Most Meaningful Jobs Post-COVID

Nonprofits: 83%

Healthcare: 79%

Education: 75%

Least Meaningful Jobs Post-COVID

Accommodation & Food Services: 38%

Agencies & Consultancies: 36%

Largest Change to Job Meaning

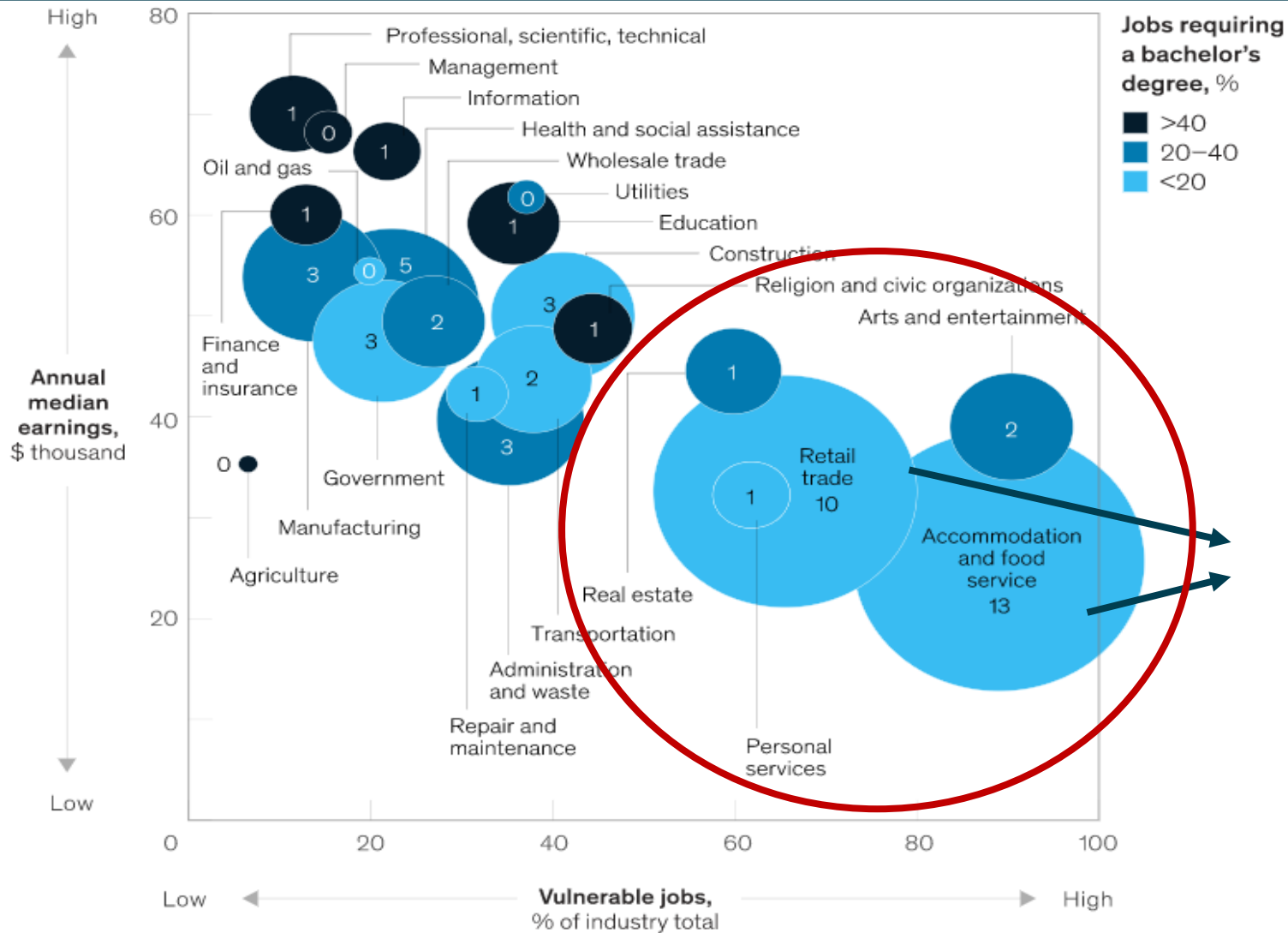
Construction: -1.9% since COVID

Energy & Utilities: +2.9% since COVID

Source: PayScale, 'The Impact of the Current Economy on Wage Growth,' Revised July 2020



Job Losses Concentrated Among Low-Wage, Low-Skill Sectors



Industries with the lowest wages and lowest educational attainment are being hit the hardest; they have reduced capacity for remote work.

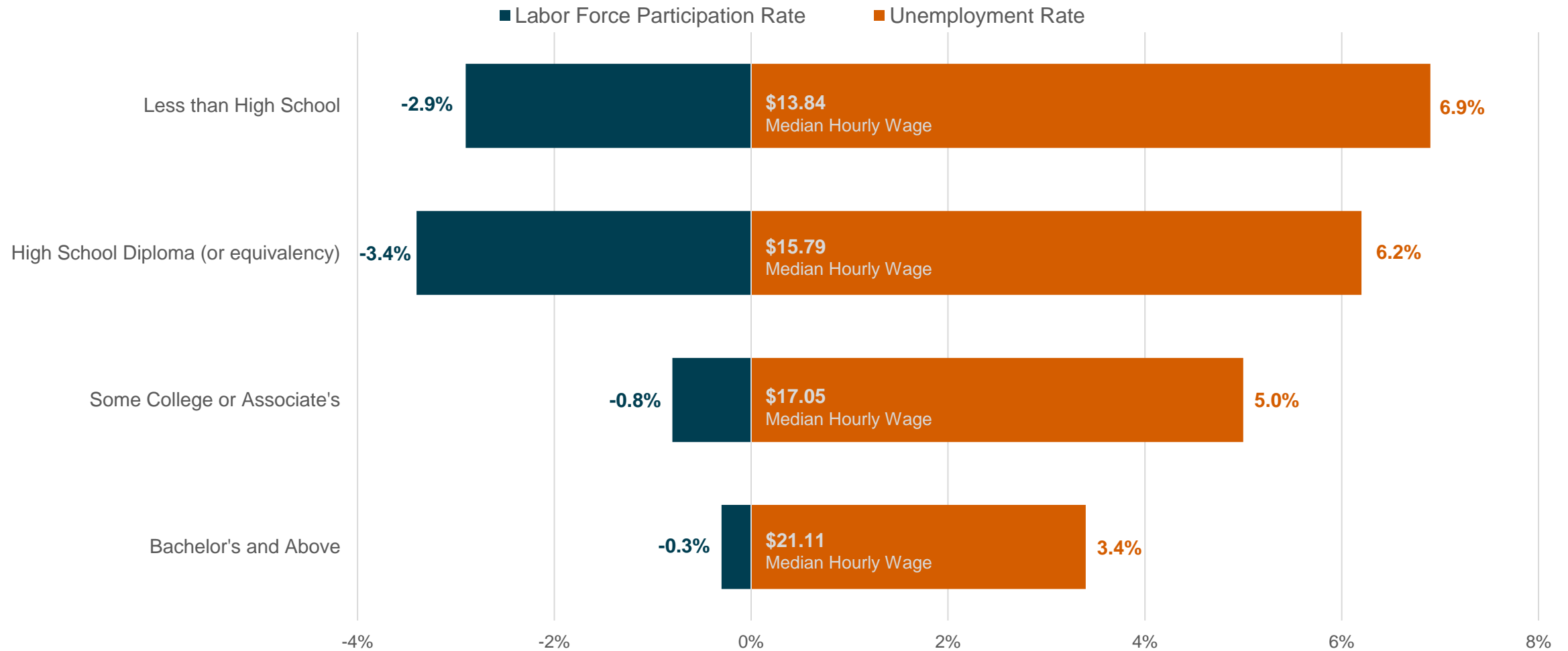
In West Michigan, these 2 sectors account for:

- 1 in 4 Black workers
- 1 in 3 workers of two or more races
- 1 in 4 Hispanic or Latino workers
- 1 in 3 female workers
- 1 in 3 millennial workers



Little Effect on Adults with Education Beyond High School

Change in Labor Force Participation & Unemployment by Education, U.S. (Feb-Aug 2020)

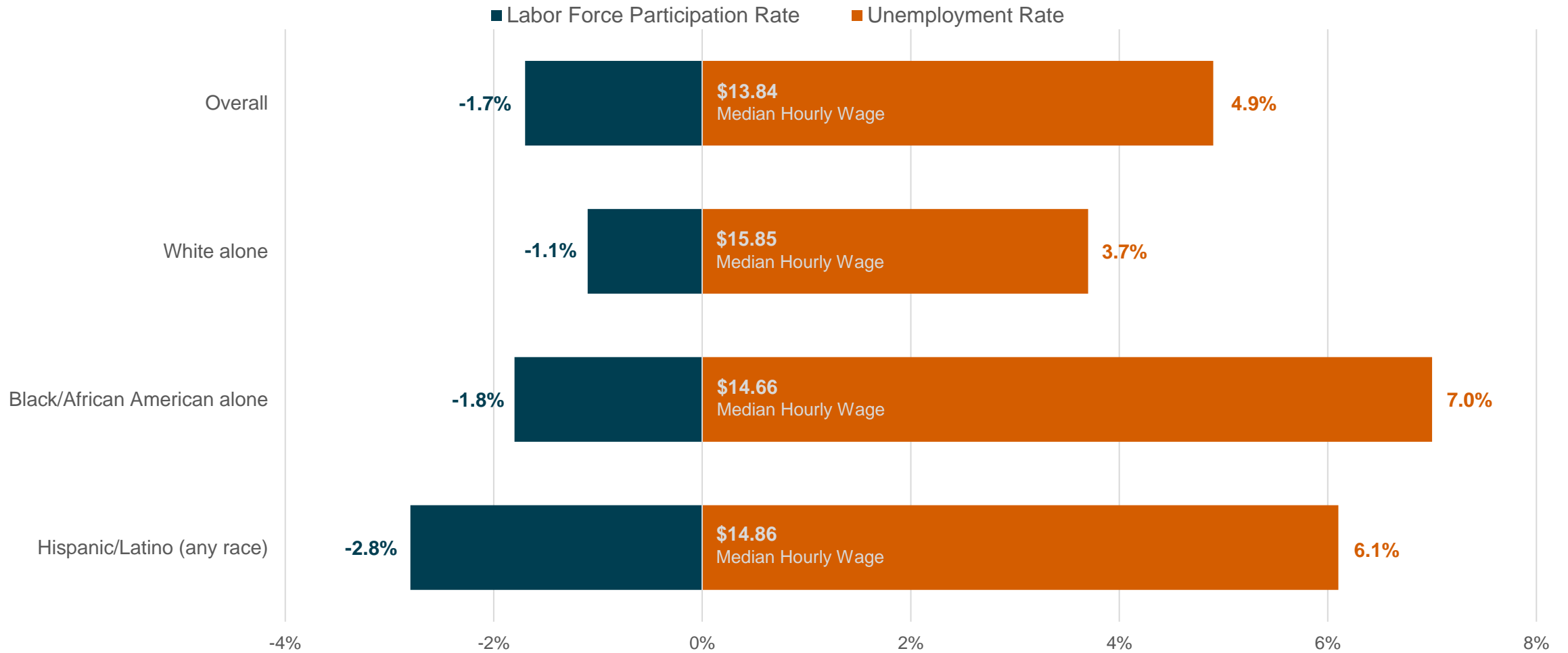


Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS)



Little Effect on Whites

Change in Labor Force Participation & Unemployment by Race/Ethnicity, U.S. (Feb-Aug 2020)

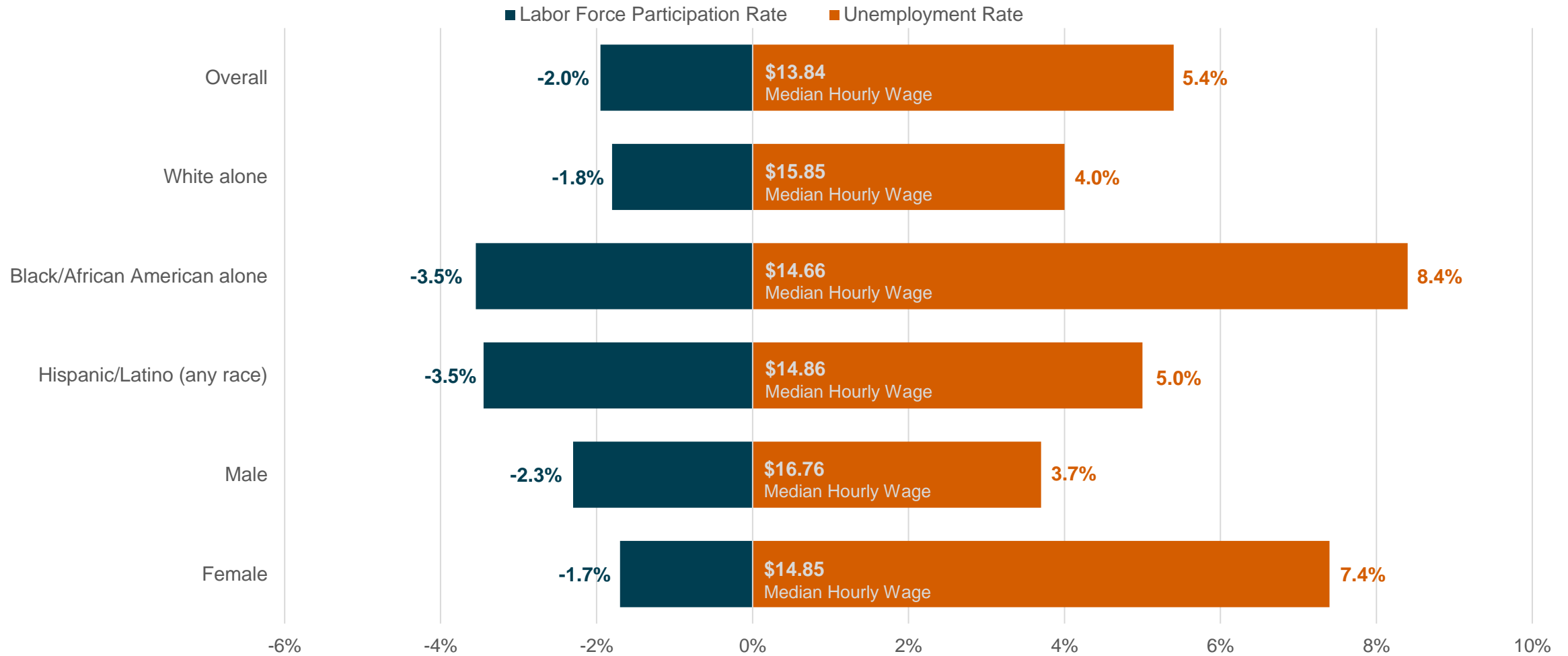


Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS)



Largest Impact on Minorities & Women with High School Diploma and Below

High School Diploma & Below, Change in Labor Force Participation & Unemployment by Race/Ethnicity & Gender, U.S. (Feb-Aug 2020)



Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS)



Greatest Impact on Minorities, Women, and Millennials

Minorities (Black/Hispanic):

- Disproportionately **more likely to be essential workers** or **employed among industries most disrupted** by COVID. – [Economic Policy Institute](#)
 - Severe disparities across educational attainment and median incomes prior to COVID (income gaps have widened)
- **Hispanics** consistently report higher rates of being **laid off** compared to whites and blacks. – [Economist/YouGov](#)
 - **1 in 6 Black** workers were laid off between February and April, compared to **1 in 4 Latina** workers. – [Economic Policy Institute](#)

Women:

- Even before the pandemic **working mothers** were **significantly less attached to labor force**, now they face compounding stress from shifts to home and family life.
 - For those **with children under 18**, LFPR was **21.1% lower** for **women** compared to men (2019).
 - LFPR was **10.4% lower** among **women with children under 6**, compared to **women with children 6-17** years old (2019).
- Women are disproportionately **more likely to be essential workers** or **employed among industries most disrupted** by COVID (Retail & Hospitality).
 - In West Michigan, women comprised **81% of Health Care** jobs and **53% of Retail & Hospitality** jobs in 2019.
- **Single mothers** accounted for **11%** of all West Michigan households (63,011), compared to **5%** for **single fathers** (28,486) in 2018.

Millennials:

- People ages 18-29 and 20-44 reported being **more worried about losing their jobs** than any other generation; this is the **second financial crisis** millennials have experienced in their professional lifetimes. – [Economist/YouGov](#)
- The **unemployment rate** for millennial adults (ages 16-24) peaked at **20%** in June 2010 (following the Great Recession). Today, these individuals (now aged 25-34) face an **unemployment rate of 13.1%**, the second highest of any age group after 16-24 (18.5%). – [Pew Research Center](#)
- More likely than other age groups to say they had been **laid off** and separately that someone they know had been laid off. – [Economist/YouGov](#)
 - Over **1 in 4** (aged 16 to 29) are now **unemployed**; **Labor force participation** dropped **-4.5%** from July 2019 (1.8 M fewer participants).
- **37%** report they **moved, someone moved into their home** or they **know someone who moved** because of the outbreak. – [Pew Research Center](#)



Accelerated Shift to Automation and Remote Work

By 2030, 60% of occupations have at least 30% of work that could be automated.

- McKinsey Global

78% of employers plan moderate to extensive changes to remote work strategies.

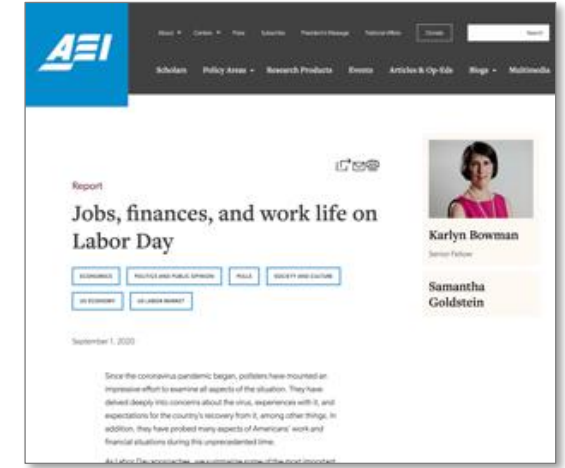
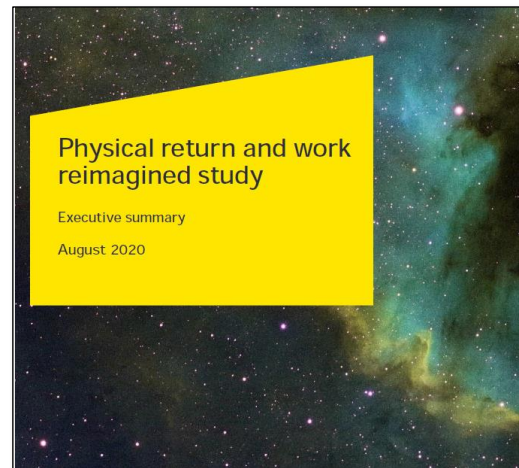
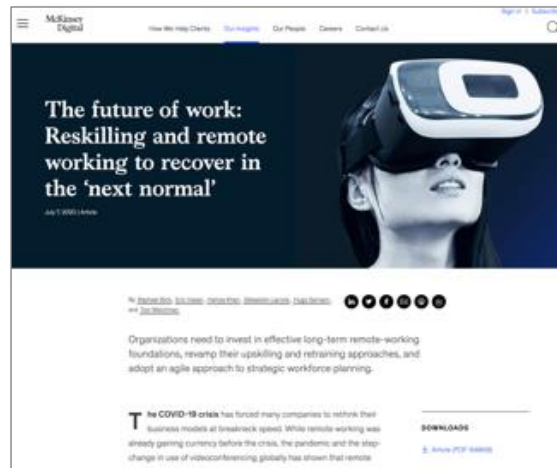
- Ernst & Young

62% of hiring managers say their workforce will be more remote going forward.

- UpWork

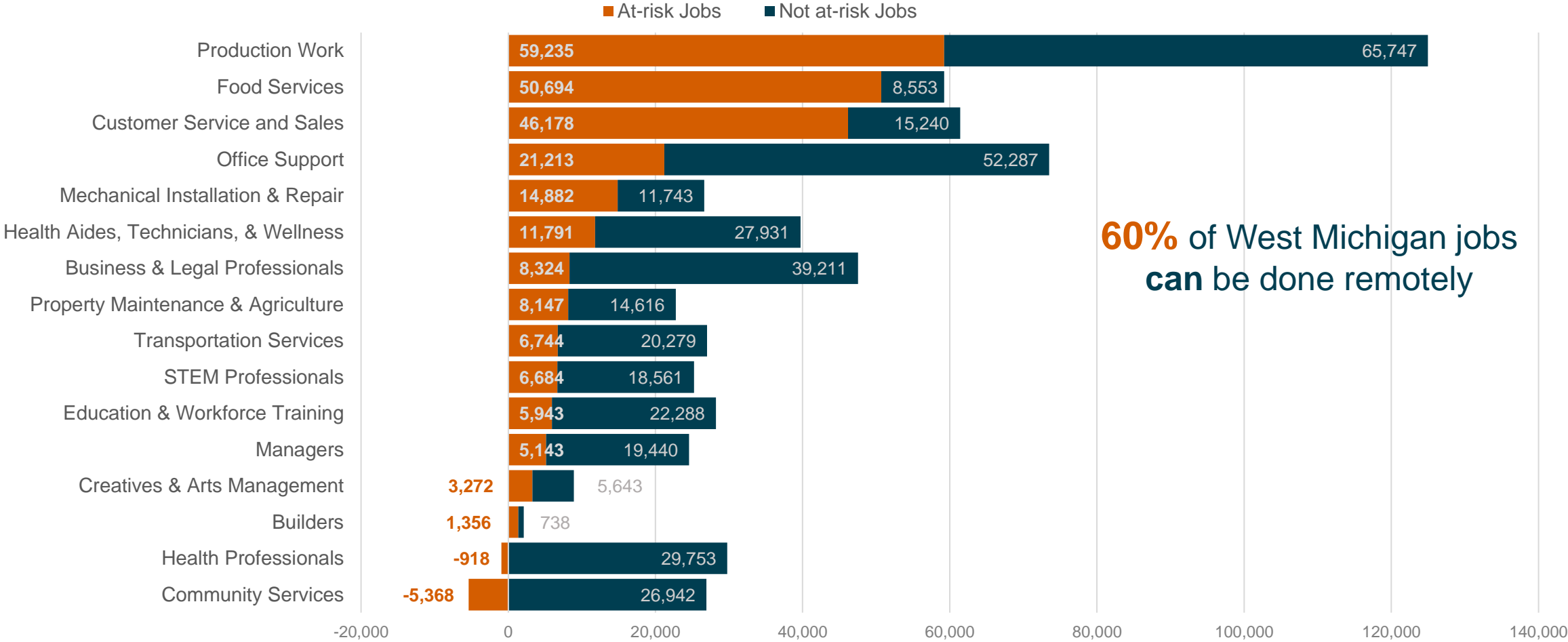
55% of employees want to work remote 3+ days per week; 75% want to work remote at least one day per week.

- Morning Consult



Occupations Vulnerable to Physical Distancing, West Michigan

Number and Share of At-risk Jobs by Occupational Group, West Michigan (2020)



*Vulnerable jobs are defined as those which are subject to furloughs, layoffs, or being rendered unproductive (for example, workers kept on payroll but not working) during periods of high physical distancing
 Source: McKinsey Global Institute LaborCube, Bureau of Labor Statistics, US Census Statistics of US Businesses, American Community Survey





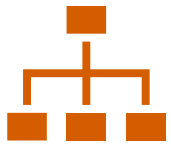
Remote Work: Challenges and Opportunities

People



- Feelings of **isolation**; barriers to building rapport & community
- Lack of impromptu interactions, **decreased team cohesion**
- **Pressure to balance personal and professional life** (childcare, virtual learning, etc.)
- **Demoralization** due to less daily direction & **misunderstandings**

Structure



- Amplification in the **lack of clarity**
- **Difficulty in navigating** organization
- **Inefficiencies in decision-making**
- **Disturbed** office-based **flows and rhythm**

Process



- **Unaligned priorities**
- **Inefficient** use of digital communication tools
- Challenges in **ownership of content and progress**

Technology



- Limited access to co-creation & process management tools
- **Increased security risks** using digital communication channels
- **Unfamiliar tools** employees may not be trained to use (in terms of technology & security requirements)

Think about...

- Instill an **inclusive**, caring culture and **increase social interactions** within the team
- Allow for **flexibility**, including childcare
- Use **one-on-one catchups** to guard against demoralization
- Set **clear direction**; lead rather than micromanage
- Adopt a **'test & learn'** mindset with mechanisms to **share ideas**

- Set **clear objectives and KPIs**
- Establish a **structure for decision-making**
- Define a **new routine** and **new norms**

- Use the **correct digital channel** for each interaction (e.g., video conference to discuss complex topics in real-time; chat-based software for quick catchups)
- Create a **widely accessible 'single source of truth'** to align priorities and owners, sharing regular updates and establishing a shared folder structure

- **Start with the basics** of fast, stable and secure internet connection
- **Expand access to virtual private networks (VPNs)** to enable employees to access systems remotely
- Use **Software as a Service (SaaS)** technology tools for effective teams' collaboration
- **Take security seriously**; work with Infosec and legal teams to ensure tools comply with security requirements

What HR Leaders Told Us

- **3 in 4** report remote work was the most dramatic change since the pandemic
- **53%** report the pandemic increased the pace of adoption for automation/AI
- **85%** are considering a permanent shift to allow employees to work remotely
- **46%** anticipate long-term challenges to managing distributed teams and dual cultures (remote team vs on-site team)
- **2 in 3** reskilled or redeployed their current workforce to adapt to changing market conditions
- **All** reported ghosting was a significant problem in filling open positions



What HR Leaders Told Us

- **2 in 3** reported that expanded unemployment benefits made it difficult to recall workers
 - **30%** offered bonuses and/or increased wages and benefits to recall workers
- **50%** report childcare availability has moderately/greatly impacted return to work
- **64%** cite that varying **K-12 reopening plans** has moderately/greatly impacted return to work
- **1 in 3** cite continued labor shortages and unexpected resignations
 - **36%** report increased demand for front-line workers; **47%** say these are hard-to-fill
- **1 in 5** report increased demand for Diversity & Inclusion officers



What CEOs Told Us

First, thinking of YOUR business (rather than the Western Michigan economy overall) which of the following is most true?

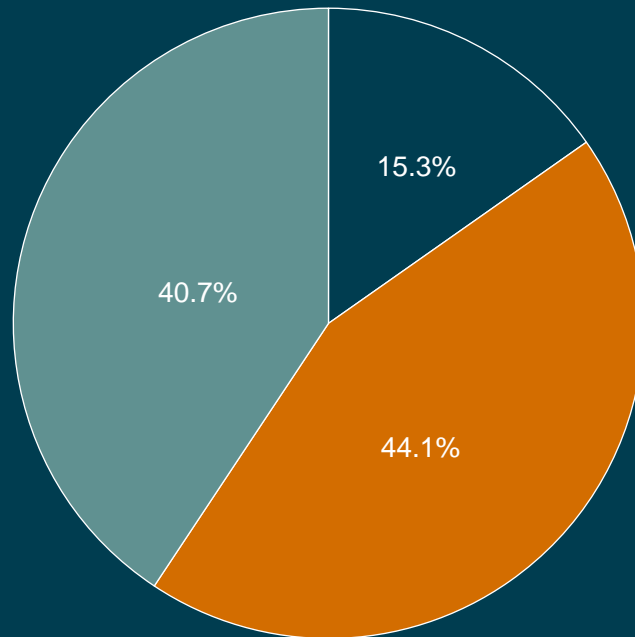
- A.) We have much less demand for talent now, and don't see shortages of talent to fill open positions.
- B.) We have somewhat less demand for talent now, but still face some difficulty filling certain open positions.
- C.) We have strong demand for talent now and face serious shortages in multiple areas.

N=59

□ A

■ B

■ C



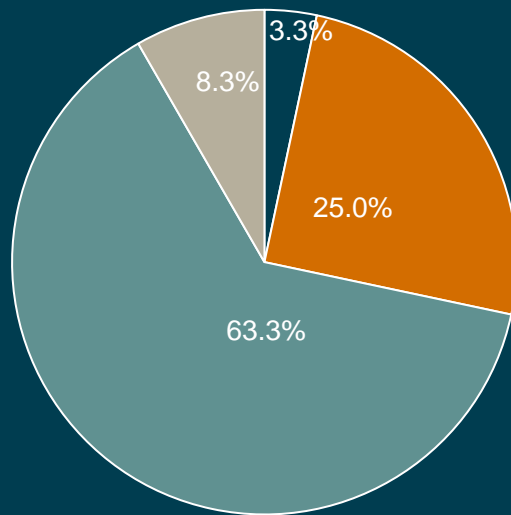
What CEOs Told Us

Assuming the acute phase of COVID-19 comes to an end in the next year, what business environment should Talent 2025 plan for, as the context for our 2- to 5-year strategy?

- A.) Assume the economy will remain soft in most areas and our strategies will need to shift significantly, and the highest priority is to reduce unemployment.
- B.) Assume the economy will recover strongly and the highest priority is to develop, attract, and retain talent to address shortages.
- C.) Assume a mix – some parts of the economy will grow strongly whereas other parts will remain weak for an extended period.
- D.) We just can't predict...the most important thing is to be nimble.

N=60

- A
- B
- C
- D



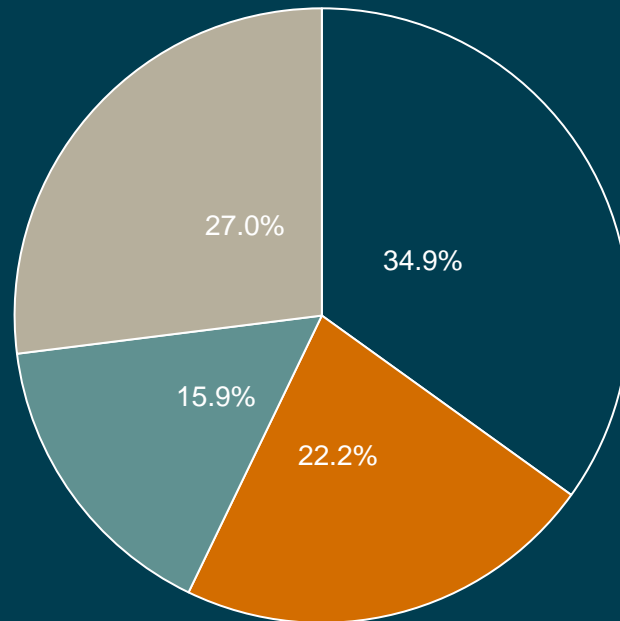
What CEOs Told Us

What is your company doing to build capacity and develop diverse talent?

- A.) Career Pathing
- B.) Mentorship
- C.) Executive Sponsorship
- D.) Other

N=63

- A
- B
- C
- D



What CEOs Told Us

How would you rate the effectiveness of your organization's D&I strategies?

- A.) Not at all effective
- B.) Somewhat effective
- C.) Very effective
- D.) Extremely effective

N=62

- A
- B
- C
- D

