

# Unemployment Rate Falls to 5.8 Percent as Recovery Speeds Up

*As Americans continue to get vaccinated, employment numbers have been improving – but at a slower than expected pace. Let's go inside the latest monthly employment report just released this morning. Search veterans from Work&Partners, Willis Consulting, and Rigsby Search Group share their views.*



June 4, 2021 – Employment rose by 559,000 in April as the U.S. unemployment rate dropped to 5.8 percent, according to the most recent [U.S. Bureau of Labor Statistics](#) report released this morning. Economists had expected 671,000 jobs added and a 5.9% unemployment rate in May. Job gains in May were led by leisure and hospitality, which added 292,000 jobs, education, and health care, the Labor Department said. “We think it will take several months for frictions in the labor market to work themselves out,” said Michael Gapen, chief U.S. economist at Barclays. “That just means we shouldn’t be

expecting one to two million jobs every month. Instead, it will be a more gradual process.”

Nick Bunker, economic research director for North America at the jobs site Indeed, said “those constraints are likely to ease in coming months as additional Americans become vaccinated, schools more fully open and the federal supplement ends broadly in September. Taking those factors together, the labor market could reach an inflection point in early fall because more workers will likely be available,” he said. “It’s a bit like a rocket where takeoff has been slightly delayed, but takeoff will still happen.”

“After last month’s sluggish job growth, the May jobs report provides us with the optimism that we are on a steady path toward economic recovery, especially as jobless claims continue to decrease to pre-pandemic levels,” said Michael Smith, global CEO of Randstad Sourceright. “And while today’s numbers are a positive sign, we are still finding that the supply of workers may not meet the current demand, putting this labor market growth at risk of decelerating. To respond to this challenge, companies are broadening their recruiting efforts, with some, like call centers and businesses in the IT space, expanding their desire to engage with contingent and flexible talent.”

“Other organizations are finding they are losing contingent workers to full-time roles and are offering full-time opportunities for roles that may have previously been temporary or contract based to keep up with the competition,” said Mr. Smith. “We’re also seeing growth in the borderless recruitment where companies are more willing to engage top talent who live outside of an organizations’ geographic area and are expected to work remotely.”

Becky Frankiewicz, president of the temporary staffing firm ManpowerGroup’s North American division, said many of the firm’s clients are raising pay and benefits to try to attract more applicants. Some of these companies, particularly in manufacturing and warehousing, are also trying other tactics, like paying their workers weekly or even daily, rather than every two weeks. Manpower is also encouraging its clients to make job offers the same day as an interview rather than waiting.

About 60 percent of Manpower’s temporary placements are leaving their jobs before a temporary assignment ends, Ms. Frankiewicz said, mostly because they are receiving better offers. “People have options,” she said. “Companies have to offer speed in cash, speed to hire and a lot of flexibility in how they work.”

### **Where Job Growth Occurred**

- In May, employment in leisure and hospitality increased by 292,000, as pandemic-related restrictions continued to ease in some parts of the country. Nearly two-thirds of the increase was in food services and drinking places (+186,000). Employment also rose in amusements, gambling, and recreation (+58,000) and in accommodation (+35,000). Employment in leisure and hospitality is down by 2.5 million, or 15.0 percent, from its level in February 2020.
- In May, employment increased in public and private education, reflecting the continued resumption of in-person learning and other school-related activities in some parts of the country. Employment rose by 53,000 in local government education, by 50,000 in state government education, and by 41,000 in private education. However, employment is down from February 2020 levels in local government education (-556,000), state government education (-244,000), and private education (-293,000).
- Healthcare and social assistance added 46,000 jobs in May. Employment in healthcare continued to trend up (+23,000), reflecting a gain in ambulatory health care services (+22,000). Social assistance added 23,000 jobs over the month, largely in child day care services (+18,000). Compared with February 2020, employment is down by 508,000 in healthcare and by 257,000 in social assistance.
- Employment in information rose by 29,000 over the month but is down by 193,000 since February 2020. In May, job gains occurred in motion picture and sound recording industries (+14,000).
- Manufacturing employment rose by 23,000 in May. A job gain in motor vehicles and parts (+25,000) followed a loss in April (-38,000). Employment in manufacturing is down by 509,000 from its level in February 2020.

- Transportation and warehousing added 23,000 jobs in May. Employment increased in support activities for transportation (+10,000) and in air transportation (+9,000). Since February 2020, employment in transportation and warehousing is down by 100,000.
- Employment in wholesale trade increased by 20,000 in May, mostly in the durable goods component (+14,000). Employment in wholesale trade is down by 211,000 since February 2020.
- Construction employment edged down in May (-20,000), reflecting a job loss in nonresidential specialty trade contractors (-17,000). Employment in construction is 225,000 lower than in February 2020.
- Employment in professional and business services changed little in May (+35,000). Within the industry, employment continued to trend up in accounting and bookkeeping services (+14,000). Employment in temporary help services changed little over the month (+4,000), following a large decline in April (-116,000). Overall, employment in professional and business services is down by 708,000 since February 2020.
- Employment in retail trade changed little in May (-6,000). Clothing and clothing accessories stores added 11,000 jobs. Employment in food and beverage stores decreased by 26,000, following a decline of 47,000 in April. Employment in retail trade is 411,000 below its February 2020 level.
- In May, employment changed little in other major industries, including mining, financial activities, and other services.

## A Measured Pace

“I believe the recovery is underway as reflected in the current new search activity that we are experiencing,” said Alan Work, founder and president of [Work&Partners](#). “While the search processes are at a measured pace it’s still indicative of a more positive outlook on the economy.”

“Twelve months at best, but more likely closer to 18,” Mr. Work said when prognosticating about a full recovery. “The more traditional type industries will be at the latter end of that spectrum while new economy companies are very much at the forefront of the recovery.”

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“The face-to-face, sitting across a table from someone and/or having a meal with candidates or a top client went through a sea change in the past year or so. However, we were early adopters of video conferencing going back to the late 80s and have used it widely in our interviewing and client meetings very effectively,” he said. “Transitioning to Zoom, Teams, WebEx and Google Meet was seamless for us, and those platforms are here to stay in the search process. We still will be getting on planes, trains and automobiles but we will continue to use all of the mediums that are available to us to reach and work with our clients.”

## A Strong Restart

“An economic recovery has occurred to greater or lesser degrees around the country with states such as Texas and Florida on ‘full go’ whereas California and others are just awakening,” said Bill Willis, president and CEO of [Willis Consulting](#). “The spike in travel as well rising prices are signs that we are beginning a strong restart.”

“I am hopeful but the workforce must be properly motivated,” he said. “Workers need to feel safe again on the job and extended government benefits need to taper. It is time to stop paying able body people to stay home. A full recovery is dependent on a robust return of workers. At this point too many organizations are struggling to fill key roles. I hope these issues are resolved by September.”

“We stayed functional throughout the pandemic often relying on virtual meetings with some employees working remotely,” Mr. Willis said. “Many of my colleagues and clients are suffering from Zoom fatigue. Most in my business circle are delighted to be meeting in person again. The trend seems to be fewer Zooms, more in person meetings, and the return of old-fashioned conference calls.”

## **The Human Element**

“I do believe an economic recovery has begun,” said Sean P. Rigsby, managing partner of [Rigsby Search Group](#). “We have been seeing a huge surge from an employment standpoint. Before COVID-19, we were facing a candidate short market, and in the midst of the pandemic it became an even shorter market. Now, as things have begun to ease up and more and more people are either fully or partially vaccinated, we’ve become very optimistic that employment will rise again and that the economy will recover.”

“I wouldn’t consider myself to be a virologist, but looking at the current rates of vaccination and assuming everyone does their part to end the pandemic, I hope that we will see a full recovery within the next year,” Mr. Rigsby said. “For the most part, our client interactions haven’t changed dramatically. As our business is primarily over the phone, physical interactions have always been limited. With COVID-19 however, we did lose a bit of that human element. Our client visits have stopped and we haven’t been able to attend the conferences we usually do. As the pandemic appears to be coming to a close, we’re hoping that our situation will change and we’ll be able to resume these activities.”

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*Contributed by Scott A. Scanlon, Editor-in-Chief; Dale M. Zupsansky, Managing Editor; and Stephen Sawicki, Managing Editor – Hunt Scanlon Media*