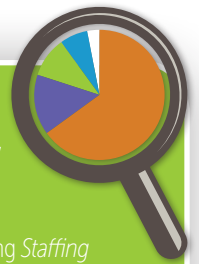




An industry-focused analysis of the latest employment projections reveals trends in job growth and contraction through 2024. Here's a look at the numbers and how the trends could affect your business.

# Staying Ahead of Employment Trends

*By Cynthia Poole and George Nadareishvili*



## Targeted Industry Research & Data

This is the second in a yearlong *Staffing Success* series from the industry's research and data leader—the American Staffing Association. Tell us what you think on Twitter. Follow @StaffingTweets and use the hashtag #ASAresearch.

**It may come as no surprise** that more than a third of projected job growth to 2024 will be in the health care sector, according to the latest U.S. Bureau of Labor Statistics employment projections. Also of note: There will be a large increase in the number of construction jobs, although the sector is still not expected to reach prerecession levels, and declines in manufacturing jobs will continue.

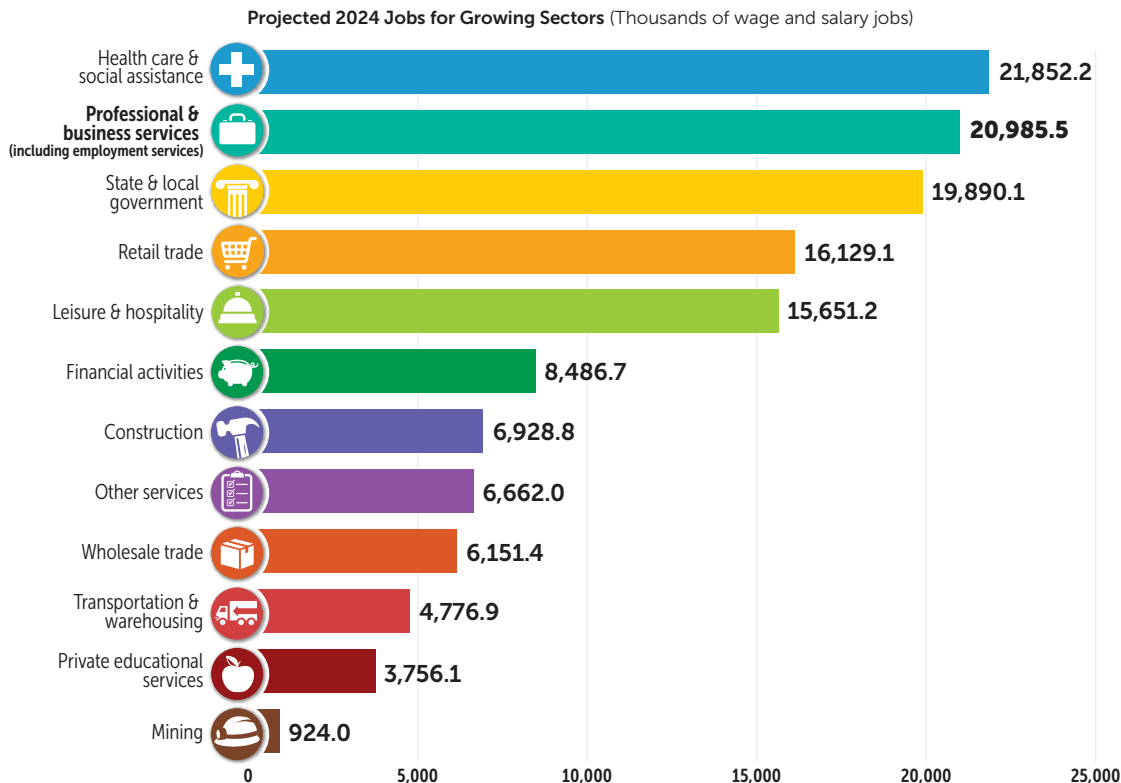
These are the kinds of trends that savvy staffing executives, analysts, and business development strategists are dissecting right now, so that they can plan ahead for market fluctuations and capitalize on impending opportunities. The resulting business plans reach regional and branch levels, where recruiting strategies must evolve to ensure that talent supply can meet demands.

While the economy is returning to a more consistent growth path, that growth is more sluggish than the long-term trends that existed prior to the Great Recession. Slowing of population growth, continually decreasing labor force participation,

and a lower unemployment rate will result in employment growth only slightly stronger from 2014 to 2024 than it was from 2004 to 2014, according to BLS.

The analysis presented here is based on the findings in a BLS report published in December 2015: “Industry Employment and Output Projections to 2024” by Richard Henderson. Here is a summary of the BLS projections with a focus on the staffing industry and in the context of nonfarm wage and salary workers in some of the top job-creating sectors. Also included are those sectors expected to shrink most.

## Sectors Projected to Add Jobs Through 2024



Source: U.S. Bureau of Labor Statistics

Employment services are projected to expand from 3.4 million jobs to nearly 3.9 million, adding 424,800 jobs from 2014 to 2024—the seventh largest increase for any industry at an annual rate of 1.2%.

## Top Sectors for Employment Growth

Here is a sector-specific look at where the BLS numbers are pointing in terms of best job growth potential.

**Health care.** What BLS calls the health care and social assistance sector is projected to have the largest growth, an increase of nearly 3.8 million jobs, and will reach almost 21.9 million jobs by 2024. The sector includes eight of the top 20 industry increases in jobs over the projected period. The health care sector is projected to grow at a 1.9% annual rate, which is more than three times faster than the overall annual growth of jobs in the entire economy.













Among the reasons for health care sector job growth: The number of insured people is expected to grow through 2024, leading to an increased demand for the services offered by all types of health care providers. Also, the aging population will require more health care providers, and the movement away from long-term facilities to more home health care will increase employment in some health care and social assistance industries. With more people

having access to insurance, there will be a shift away from hospital care to physicians' offices and clinical services, as fewer people will use the emergency room for their primary care.

**Professional and business services.** Three industries within the professional and business services sector are on the list of the top 20 in terms of the increase in the number of wage and salary jobs. Employment in the professional and business services sector is projected to grow from 19.1 million jobs in 2014 to 21.0 million jobs in 2024. The increase of 1.9 million jobs is the second largest of any sector over the projection period. Much of the growth in jobs in this sector is being driven by the short-term use of contract workers or consultants rather than the use of permanent employees.

The *employment services* industry, which comprises employment placement agencies, temporary help services, and professional employer organizations, is the largest within the professional and business services sector. Employment services are projected to expand from 3.4 million jobs to nearly 3.9 million, adding 424,800 jobs from 2014 to

## Projected Changes in the Number of Jobs and Growth Factors

SECTOR	2024 JOBS ('000s)	JOBS ADDED 2014-24 ('000s)	GROWTH FACTORS
<b>GROWING SECTORS</b>			
 Health care & social assistance	21,852.2	3,794.8	More people insured; aging population
 Professional & business services (including employment services)	<b>20,985.5</b>	<b>1,889.3</b>	<b>Increased demand for staffing services</b>
 State & local government	19,890.1	756.1	Higher enrollments in postsecondary education
 Retail trade	16,129.1	764.6	Slower growth—increased use of online shopping and self-checkout
 Leisure & hospitality	15,651.2	941.2	Slower growth—increasing use of technology
 Financial activities	8,486.7	507.2	Faster growth—increased need for retirement planning, housing starts, and the ACA
 Construction	6,928.8	790.4	Stabilizing—growth in residential and nonresidential investment
 Other services	6,662.0	268.0	Moderate employment growth; increased real output
 Wholesale trade	6,151.4	325.4	Faster growth—increased demand for goods
 Transportation & warehousing	4,776.9	136.6	Slower employment growth; increased real output
 Private educational services	3,756.1	338.7	Continued growth—higher enrollments
 Mining	924.0	80.2	Slower growth—uncertainty in oil prices; fracking

Source: U.S. Bureau of Labor Statistics

## Sectors Projected to Lose Jobs Through 2024



## Projected Changes in the Number of Jobs and Contraction Factors

SECTOR	2024 JOBS ('000s)	JOBS LOST 2014-24 ('000s)	CONTRACTION FACTORS
<b>SHRINKING SECTORS</b>			
Manufacturing	11,374.2	(814.1)	Change in skill requirements; increasing use of technology
Information	2,712.6	(27.1)	Technological changes
Federal government	2,345.6	(383.4)	Cuts in government spending; reduced use of the postal service
Utilities	505.1	(47.9)	Newer technology—more productive workforce

Source: U.S. Bureau of Labor Statistics

2024, which is the seventh largest increase for any industry at an annual rate of 1.2%. The industry will grow as demand rises for temporary workers, information technology workers, and health care workers.

**State and local government.** During the 2014–24 period, the state and local government sector is projected to add 756,100 jobs, reaching 19.9 million. This is more than three times the number of jobs added in the previous 10-year period. The increased need for educational services due to higher enrollments in postsecondary education will drive most of the employment growth in this sector.

**Retail trade.** The number of jobs in the retail trade sector is projected to increase from just under 15.4 million in 2014 to just over 16.1 million in 2024—an annual growth rate of 0.5%, compared with a growth rate of 0.2% during the previous decade. The 764,600 jobs projected to be added are more than double the 306,300 jobs that were added from 2004 to 2014. The increased use of online

shopping and self-checkout will mean that the need for certain jobs within the retail sector will not be as great as in the past.

**Leisure and hospitality.** Employment in the leisure and hospitality sector is projected to increase from 14.7 million in 2014 to almost 15.7 million in 2024—an annual growth rate of 0.6%. The increase of 941,200 jobs is substantially less than the 2.2 million jobs added from 2004 to 2014. The slower growth in employment in this sector can be attributed to the increasing use of technology, such as booking hotel rooms online.

### Sectors Projected to Lose Jobs

Here is a sector-specific look at where the BLS numbers are pointing in terms of those sectors and corresponding jobs that will contract in the next several years.

**Manufacturing.** The largest goods-producing sector, manufacturing is projected to experience the greatest employment loss of any sector. An expected

**The federal government is the fastest declining sector and one of only three service-providing sectors—information and utilities being the other two—that are projected to lose jobs from 2014 to 2024.**

**BLS projects that overall employment growth will be slightly stronger from 2014 to 2024 than it was from 2004 to 2014.**

decrease of 814,100 jobs from 2014 to 2024 would reduce manufacturing employment to just under 11.4 million.

One factor contributing to the loss in jobs in manufacturing is a change in skills requirements. Over the last few decades, manufacturing plants have become more automated, thus requiring job skills that are more technical—such as computer programmers, coders, and people who design and run the machines—and usually requiring a higher level of education. With the increasing use of technology, jobs, such as welding, that were once done by people are now being done by computers or robots, and their use is expected to grow.

**Information.** The information sector is one of the three service-providing sectors (utilities and the federal government being the other two) projected to lose jobs over the 2014–24 period. Employment in the information sector is expected to decrease by 27,100 jobs, down to 2.7 million in 2024.

Much of the information sector's job loss can be explained by technological changes that require fewer people, such as less print publishing of newspapers and phonebooks and more web publishing of these services. Similarly, wireless and satellite communication have been replacing wired communication.

**Federal government.** The federal government is the fastest declining sector and one of only three service-providing sectors (information and utilities being the other two) that are projected to lose jobs from 2014 to 2024. The sector contains three of the top five industry decreases in wage and salary employment and six of the seven most rapidly declining industries.

This job loss trend is mainly due to continued pressure for cuts in government spending. The sector is projected to lose 383,400 jobs, lowering employment from 2.7 million to 2.3 million by 2024—an annual decrease of 1.5%, by far the largest decline of any sector in the economy. In addition to cuts in government spending, reduced consumer and business use of the postal service will contribute to the loss of jobs in this sector.

**Utilities.** The number of jobs in the utility sector is projected to fall by 47,900 to reach 505,100 in 2024. This is more than four times the number of jobs lost from 2004 to 2014. The utility sector is one of only three service-providing sectors (information and federal government being the others) that are projected to see a decline in employment

from 2014 to 2024. Newer technology will create a more productive workforce, thus reducing the number of employees needed.

## Service-Providing Sectors Continue to Dominate

BLS projects that overall employment growth will be slightly stronger from 2014 to 2024 than it was from 2004 to 2014. While the BLS employment projections do not account for any unanticipated affects on the economy, such as a recession; political conflicts; or changes in laws, overall projected employment growth rates are expected to return to the long-term trends that occurred prior to the last recession.

Service-providing sectors are projected to comprise more than 81% of all jobs in the economy and will account for the majority of projected job growth from 2014 to 2024. The health care sector will drive more than a third of the additional jobs, and the professional and business services sector (including employment services) will continue to expand.

Employment growth in the goods-producing sectors will be driven by construction—although construction employment is not expected to reach prerecession levels over the next decade. Meanwhile, manufacturing is projected to continue losing jobs.

The temporary help industry is considered a service industry, and staffing jobs in industrial or manufacturing occupations are counted by BLS as service jobs. Therefore, these employment projections do not explain the degree to which the continued decline in manufacturing employment may be due to jobs shifting from goods-producing employers to service-producing employers.

BLS sees strong growth for the staffing industry. Staffing employment is projected to grow faster than the economy and faster than overall employment, and is expected to add more jobs than most other industries. There will be an abundance of temporary, contract, and permanent employment opportunities for job seekers in the coming years, even with anticipated shifts in the occupational mix of staffing employment as health care expands, construction recovery continues, and manufacturing wanes. ■

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