

How Will EMPLOYMENT TRENDS Affect Your STAFFING BUSINESS?



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ASA researchers analyzed the latest U.S. Bureau of Labor Statistics job growth projections and culled the information staffing companies need to strategically prepare for shifts and changes at sector and occupational levels.

By George Nadareishvili and Cynthia Poole

Savvy staffing company executives, industry analysts, and business development strategists are in a constant state of reconnaissance. The information-gathering and analysis makes them agile in their business decisions, keeps them ahead of employment trends, and allows them to capitalize on areas of opportunity. Especially in the context of a talent shortage, effective recruiting strategies must be continuously refined to ensure that the pipeline is filled with candidates that have the occupational skills to meet demand.

An industry-focused analysis of the latest employment projections reveals trends in job growth by sector and occupational group through 2026. The tight labor market, tepid economic growth, and a rapidly aging population will continue to affect employment—and specifically job growth—over the next decade. Do you have the information you need to steer your business plans to account for shifts in the jobs mix and client needs? >>>



Exclusive Industry Research & Data

This issue's research-focused article summarizes the latest U.S. Bureau of Labor Statistics employment projections and reveals trends in job growth through 2026, and how the numbers could affect your business. As the industry's research and data leader, ASA reports on timely industry data in every issue of *Staffing Success*. Get up-to-the-minute data and research-related information when you follow @StaffingData on Twitter.



HEALTH CARE AND RELATED OCCUPATIONS ACCOUNT FOR 16 OF THE 30 FASTEST GROWING OCCUPATIONS FROM 2016 TO 2026. EMPLOYMENT IN HEALTH CARE SUPPORT OCCUPATIONS IS EXPECTED TO GROW THE FASTEST AMONG OCCUPATIONAL GROUPS, AT 23.6%.

Based on findings from a U.S. Bureau of Labor Statistics report published in October 2017 (“Projections Overview and Highlights, 2016–26” by T. Alan Lacey, Mitra Toossi, Kevin S. Dubina, and Andrea B. Gensler), this summary focuses on the staffing industry in the context of nonfarm wage and salary workers for the top job-creating sectors and fastest growing occupational groups.

Top Sectors for Employment Growth

Looking at BLS data in the context of sectors can be extremely valuable to strategic planning and business development, especially because companies in the staffing, recruiting, and workforce solutions industry often focus on a specific sector—or in some cases, several sectors that are treated as clearly segmented business verticals.

Here is a look at the top five sectors in which BLS expects the best job growth potential.

Health care. What BLS calls the health care and social assistance sector is projected to have the most employment growth, with an increase of nearly 4.0 million jobs, reaching more than 23 million jobs

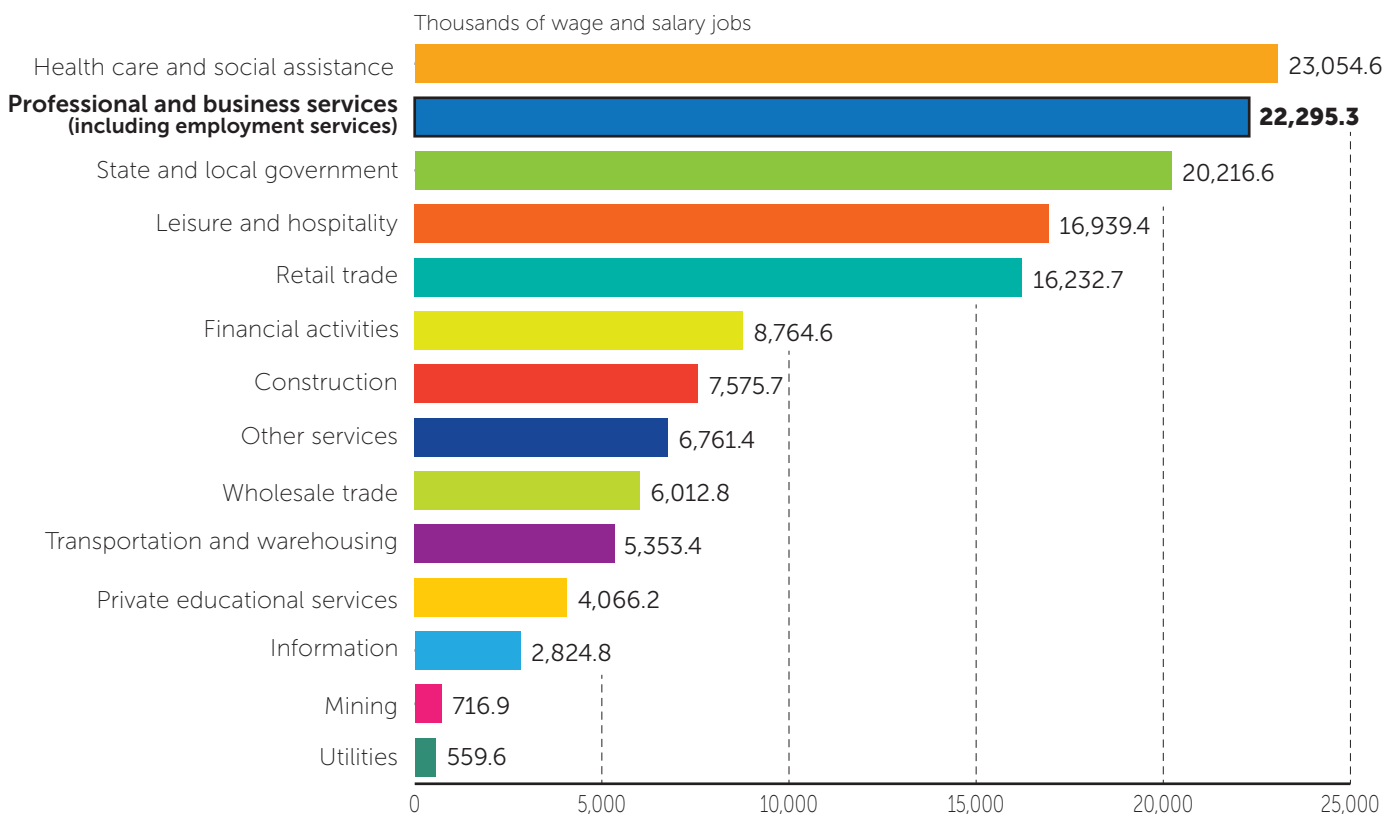
by 2026. This sector is projected to grow at a 1.9% annual rate, which is more than twice as fast as the overall annual growth rate of jobs in the entire economy. The health care sector contains eight of the 20 fastest growing industries:

- Individual and family services
- Home health care services
- Offices of physicians
- Nursing and residential care facilities
- Hospitals
- Outpatient care centers
- Offices of other health practitioners
- Offices of dentists

Factors that contribute to the anticipated increase in the number of health care jobs are the needs of an aging baby-boom population; longer life expectancies; growing rates of chronic conditions; and patient preference and shifts in federal funding toward in-home or community-based care.

Professional and business services. Employment in the professional and business services sector is projected to grow from 20.1 million jobs

PROJECTED 2026 JOBS FOR GROWING SECTORS



Source: U.S. Bureau of Labor Statistics

PROJECTED CHANGES IN THE NUMBER OF JOBS AND GROWTH FACTORS

SECTOR	2026 JOBS ('000s)	JOBS ADDED 2016–26 ('000s)	GROWTH FACTORS
Health care and social assistance	23,054.6	3,998.3	Aging population, longer life expectancies, and growing rates of chronic conditions
Professional and business services, including employment services	22,295.3	2,159.7	Continued demand for information technology services and consulting, as well as staffing services
State and local government	20,216.6	788.7	Enrollment rate increases in postsecondary education
Leisure and hospitality	16,939.4	1,319.0	Increasing use of technology offset by growth in food services and drinking places industry
Retail trade	16,232.7	412.3	Motor vehicle and parts dealer industry growth

Source: U.S. Bureau of Labor Statistics

in 2016 to nearly 22.3 million jobs in 2026. The increase of almost 2.2 million jobs is the second largest of any sector over the projection period.

The expansion of jobs in the professional and business services sector is being driven by four of the top 16 fastest growing industries overall:

- Computer systems design and related services
- Management, scientific, and technical consulting
- Services to buildings and dwellings
- *Employment services*

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, accounting for nearly one-fifth of the sector's labor force. Employment services are projected to expand from 3.6 million jobs to 3.8 million, adding 194,400 jobs from 2016 to 2026 with an annual rate of 0.5%. Steady demand for staffing services is expected to continue.

State and local government. During the 2016–26 period, the state and local government sector is projected to add 788,700 jobs, reaching 20.2 million. This is more than four times the number of jobs added during the previous 10-year projection period. The biggest factor driving the sector job growth is the increased school enrollment, especially at the secondary and college levels,

creating a demand for local government educational services.

Leisure and hospitality. Employment in the leisure and hospitality sector is projected to expand from 15.6 million in 2016 to almost 17.0 million in 2026—an annual growth rate of 0.8%. The increase of 1.3 million amounts to nearly half of the 2.5 million jobs added from 2006 to 2016. The slower employment growth in this sector can be attributed in part to greater reliance on the use of technology, such as booking hotel rooms online—although offset by the anticipated addition of jobs in the food services and drinking places industry.

Retail trade. The number of jobs in the retail trade sector is projected to rise from 15.8 million in 2016 to just over 16.2 million in 2026, an annual growth rate of 0.3%, unchanged from the annual growth rate seen during the previous decade. 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; however, the motor vehicle and parts dealer industry is expected to add a significant number of jobs.

Fastest Growing Occupational Groups

Here is a look at the fastest growing jobs over the next decade—but through a slightly different lens. The numbers in the context of occupational groups

EMPLOYMENT SERVICES ARE PROJECTED TO EXPAND FROM 3.6 MILLION JOBS TO 3.8 MILLION, ADDING 194,400 JOBS FROM 2016 TO 2026 WITH AN ANNUAL RATE OF 0.5%. STEADY DEMAND FOR STAFFING SERVICES IS EXPECTED TO CONTINUE.

reveal that health care, computer, and construction jobs are expected to top the list with the highest growth rates.

Health care occupations. Health care and related jobs account for 16 of the 30 fastest growing occupations from 2016 to 2026. Employment in health care support occupations is expected to grow the fastest among all occupational groups, at 23.6%.

Increases in health care and related employment also are reflected in the high projected growth rates for personal care and service occupations (19.1%), health care practitioners and technical occupations (15.3%), and community and social service occupations (14.5%).

Computer occupations. Growth in information and related computer industries is expected to drive employment growth for several occupations in the computer and mathematical group. Increased use of mobile devices and the addition of software in everything from home appliances to medical devices will create demand for application software developers. Employment in these occupations is projected to grow 13.7% over the decade. As more devices are connected to the internet, the need to combat cybersecurity threats will increase. Information security analysts will be needed to prevent the theft of critical information and service attacks on computer networks.

Construction occupations. The recovery of the construction industry back to near pre-Great Recession levels and the expected increase in energy prices will drive employment growth for associated occupations in construction and extraction up 11.0% over the next 10 years.

Growth for Service-Providing Sectors

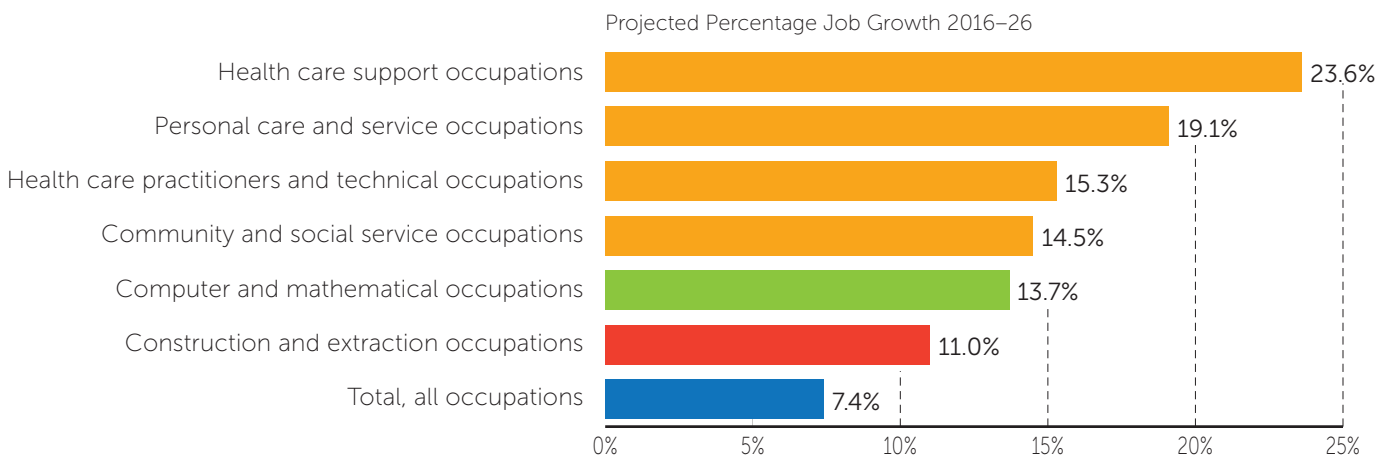
BLS projects that the service-providing sectors will add more than 10.5 million jobs to reach over 135.8 million by 2026. This increase represents just over 91% of all new jobs anticipated from 2016 to 2026. Employment in the service-providing sectors is expected to grow by 0.8% annually from 2016 to 2026, which is slightly faster than the 0.7% growth in jobs overall.

By 2026, the service-providing industry sectors are projected to account for more than 81% of all wage and salary jobs. The health care and social assistance sector will account for more than one-third of the jobs added over the decade.

BLS sees steady growth for employment services and the staffing industry. There will be an abundance of temporary, contract, and permanent employment opportunities for job seekers in the coming years, even with anticipated shifts in population demographics and the occupational mix of staffing employment, as health care expands and the use of technology increases. These projections bode well for staffing companies already doing business in these sectors and reveal opportunities for others. ■

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FASTEST GROWING OCCUPATIONAL GROUPS



Source: U.S. Bureau of Labor Statistics