



Labor Market Insight

Census Hiring Masks Caution by Private Employers

Key Facts

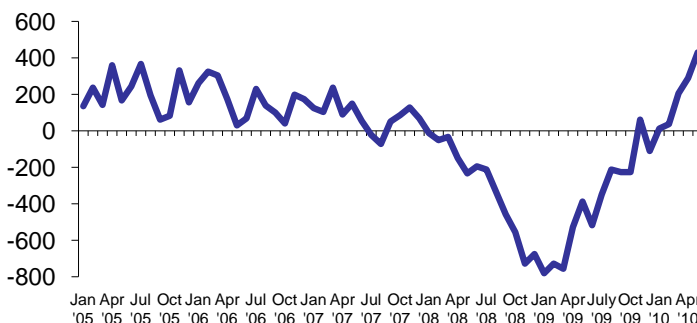
- ❑ Private sector employment up 41,000 in May.
- ❑ The national unemployment rate falls to 9.7%.
- ❑ Average hourly wages for production workers reaches \$18.99, 2.4% higher than last year.

Economic growth during the first quarter of 2010 was revised down to 3.0% as business spending on computers and software rose at a slower rate than previously reported.

The recently ended homebuyer tax credit should provide a short-term boost to the economy, but ongoing concerns about the European debt crisis and uncertainty surrounding the impact of the Gulf oil spill may slow the pace of the US recovery during the second half of the year.

Despite solid gains in private sector hiring, job creation will not be sufficient enough to significantly reduce unemployment in 2010.

Monthly Change in Non-Farm Employment (000's)



Source: Bureau of Labor Statistics

Employment Overview

	May	Apr	Mar	Feb	Jan
Non-Farm Empl. Growth	431K	290K	208K	39K	14K
Unemployment	9.7%	9.9%	9.7%	9.7%	9.7%

Source: Bureau of Labor Statistics

The addition of 431,000 jobs in May was largely driven by temporary government hiring to support the Census and masks underlying caution by private sector employers who created a below-forecast 41,000 jobs last month. Despite May's weakness, private sector payrolls have increased at an average of 100,000/month since the start of the year, prompting analysts to raise full year employment growth estimates to 1.5 million.

Unemployment dropped to 9.7% last month, but is expected to remain stubbornly high; hovering above 8% through 2012 as hiring struggles to keep pace with the growth in the labor force. Unemployment among college-degreed workers fell to a seven-month low of 4.7% in May compared to 15% for those without a high school education – a clear signal of employers' growing needs for higher level skill sets.

Goods-producing industries were nearly flat in May (4,000), as gains in manufacturing and mining were offset by losses in construction. Private service-providing industries added 37,000 jobs last month, primarily through gains in the temporary employment sector.

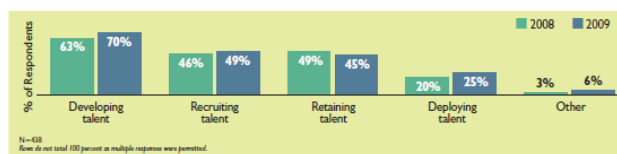
The current noise being created by the Census hiring is expected to continue as the government dismisses these workers later in the year. For this reason, private sector employment will serve as a better gauge of the health of the labor market recovery for much of 2010.

Talent Development: A Growing Gap in the HR Arsenal

While concerns about future talent shortages were put on hold during the recession, employers are once again facing the realities of an aging workforce and the growing risk of losing top performers as labor markets improve. To combat these realities, employers are now recognizing more focus is needed in the area of talent development.

A 2010 report by *Talent Management* magazine found that HR professionals ranked talent development as their biggest challenge, well ahead of recruiting and up significantly from the prior year. This growing challenge comes as employers, faced with new budget realities in the post-recession era, recognize the need to both retain and maximize the contributions coming from their top performers.

Biggest Talent Management Challenges within Organizations



And while talent development is becoming a higher priority, companies openly recognize current efforts are lacking. A 2010 survey by talent assessment company PreVisor found more than 60% consider career development initiatives to be a key retention strategy, yet fewer than 30% have either a formal career development program in place or a structured process for promoting leaders within their organization.

Sources: PreVisor Global Assessment Trends Report; 2010 Talent Management State of the Industry Report, Human Capital Media