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JOB OPENINGS EXCEED UNEMPLOYED AMERICANS AGAIN IN JULY AS EMPLOYERS FEEL THE PINCH

An increasingly tight labor market leads companies to alter the way they look for workers

By Eric Morath
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The number of available jobs in the U.S. exceeded the number of job seekers by more than 650,000 in July – a gap that has been growing – in a sign of an increasingly tight labor market that is altering how employers find workers.

The number of available jobs in the U.S. rose by about 117,000 to a seasonally adjusted 6.94 million in July, the Labor Department said Tuesday. That is the highest level on records back to 2000, exceeding the prior peak set in April. It also exceeds the 6.28 million Americans who were unemployed during the month, meaning they were without work but actively seeking a job.

Such a gap never occurred before March in the records going back to 2000, but a gap has occurred in every month through the August report.

“The supply of workers is very limited and the demand for labor is expanding,” said Becky Frankiewicz, president of staffing firm ManpowerGroup North America. “Employers have to be more open to let people in they might not have before.”

The tight labor market – shown by an unemployment rate holding near a 17-year low – is shifting more power to workers. And increasingly they are willing to quit their jobs. In July, 3.58 million workers voluntarily left their jobs, the highest level on record, the Labor Department said.

“The tight labor market is quickly causing workers to gain the confidence they need to quit their jobs,” said JPMorgan Chase economist Jesse Edgerton. “That movement should lead to better wage growth.”

And indeed average hourly earnings for private-sector workers rose at the best rate in August since the recession ended in 2009, separate government data showed last week, though the figure remained somewhat sluggish by historical standards.

The influx of quitters is doing little to ease a pinch for employers seeking workers. Many of those who left their jobs are being quickly snapped up. The number of American unemployed for five weeks or less is trending near the lowest level since the early 1970s, when the total size of the labor force was much smaller.

Protolabs, a 1,700-employee manufacturer of 3-D printing equipment added on 390 employees this year in the U.S. and is looking to fill about 100 more jobs.

The hiring process has become rapid-fire. A few years ago, it took the company about four to five weeks to get from a preliminary candidate interview to a job offer. The time frame today is about half as long, said Renee Conklin, vice president of human resources for Protolabs.

"We were very, very methodical and thoughtful about making offers," she said. "But the shortage of qualified candidates has created more of an urgency."

The National Federation of Independent Business's survey of small firms, also released Tuesday, found the number of small-business owners who say they had unfilled job openings last month hit 38 percent, the highest reading in 45 years of records. A quarter of owners said finding qualified workers was their "single most important business problem." The small businesses also reported a record-high number of openings in August.

Still, labor-market tightness doesn't appear to be dissuading growth, according to the survey. Small-business optimism also reached the highest level on records back to 1973 last month, and 34 percent of small firms said now is a good time to expand – matching the highest level on record.

That is consistent with an acceleration in hiring this year, which suggests firms are having some success in either attracting Americans who weren't actively seeking employment or convincing current workers to stay on the job, rather than retire.

"For now, what's clear is that the music is playing and everybody's dancing," said Josh Wright, chief economist at iCIMS Inc.

He said the economy feels similar to 2007. "Everything is firing on all cylinders," Mr. Wright said. "Eventually something is going to go wrong, but no one knows when, so in the meantime people are just going for it."

– Sarah Chaney contributed to this article.