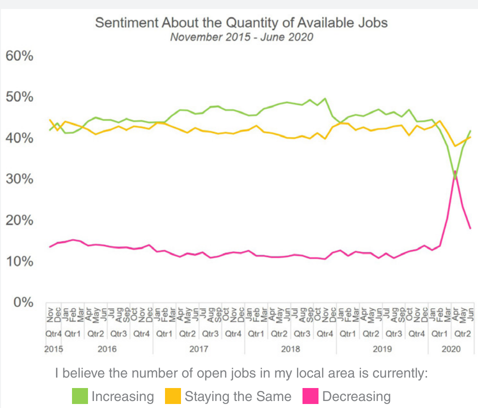
REACTIONS TO COVID-19: *JOB SEEKERS AND EMPLOYERS SHOW SURPRISINGLY OPTIMISTIC OUTLOOKS*

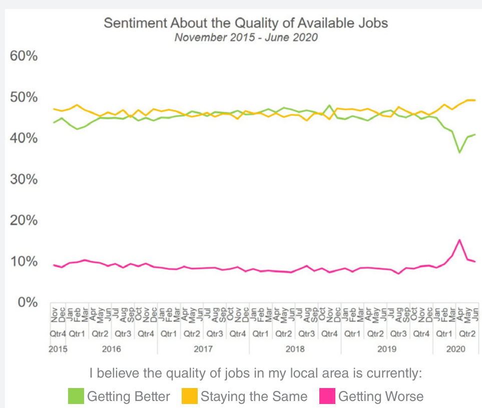
Since our founding in 1980, we've been through many market swings: a couple of financial recessions, Y2K, the dot-com boom and bust, 9/11, and now a global pandemic. Every situation has been new and nuanced, and there has never been a perfect playbook for any industry to follow, especially one like ours that is deeply affected by the fluctuations in other industries. So we created our own. We collect, analyze, and interpret data from our database and from surveys we deliver to job seekers and employers. These data have been especially useful as we navigate the ever-changing landscape fashioned by COVID-19.

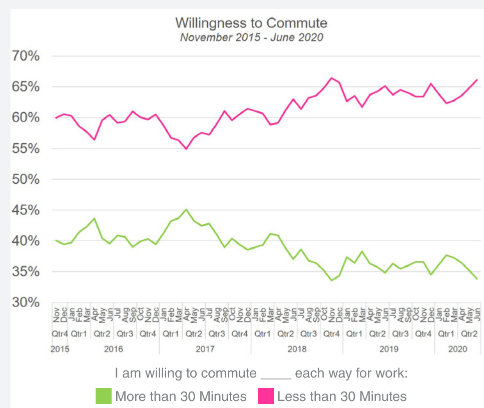
After years of a job seekers' market, employers are ready for a much-needed reprieve from high turnover, low inventory of talent, and increasing pressure to raise wages … but is that where we're headed? We don't have a crystal ball, so we'll have to steal a line from a Magic 8-Ball: My sources say no. Current signs, like continued declines in unemployment and the behavior of our clients and associates, are pointing to a return of the "old normal" in the coming months—absent a large recurrence of the virus, of course.

The temporary staffing industry has long been considered a leading indicator of economic downturn and recovery, and here's what we're seeing:

DECLINING OPTIMISIM ABOUT THE JOBS MARKET WAS SHORT-LIVED

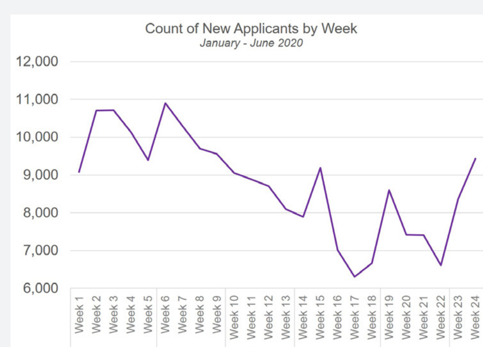






Through our Applicant Sentiment Index™ (ASI), we survey new job applicants about their feelings toward the local labor market because the way workers feel today informs the way they act tomorrow. We've surveyed nearly 350,000 people in the United States since the inception of the ASI in late 2015.

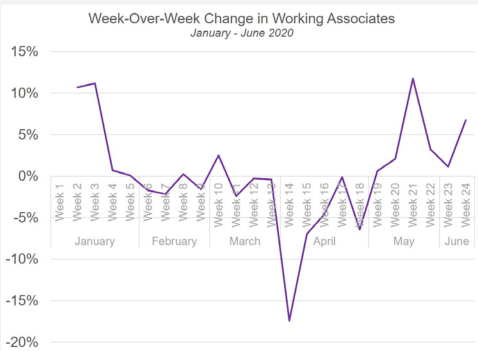
As recent data show, positive sentiment toward the jobs market plummeted toward the end of the first quarter and well into the second quarter, so much so that negative sentiment about the number of available jobs eclipsed positive sentiment in April for the first time in five years—but it seems to have turned a corner. Overall sentiment is headed back to pre-pandemic levels, indicating worker mentality is returning to a time where jobs are plentiful, the quality of those jobs is stable, and an increasingly smaller group of workers believe it's necessary to make a lengthy commute to find work (one of the tell-tale signs of a bad jobs market).



INTEREST FROM NEW APPLICANTS REMAINS TEPID

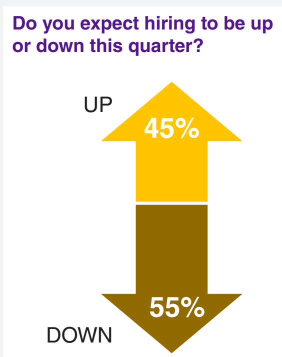
Weekly, we track the number of applications we receive from job seekers who have never submitted an application to us. This is an important measure because it helps us identify increasing or decreasing interest in temporary work as an option for employment. Despite high unemployment throughout the spring, the count of new applications we received each week actually declined—most likely due to a combination of reduced recruiting efforts on our part, the fear of contracting COVID-19, and stimulus funds supplied by the government. The count of new applications is on the rise again, but it has not outpaced pre-COVID levels, a sign that many workers are interested in returning to work, but the marketplace has not been flooded by workers desperate for any job we can provide.

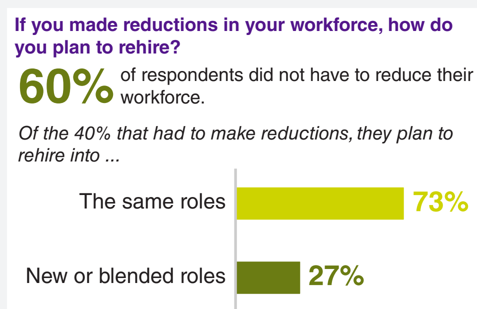
DEMAND FOR EMPLOYEES HAS SHOWN STEADY IMPROVEMENT SINCE MAY

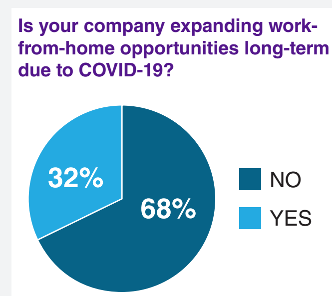


The number of associates we have working on assignment each week is due to two factors: namely, the number of orders our clients place with us but also our ability to fill 100% of those orders. The first quarter always produces a decline in the number of working associates because many companies right-size their temporary workforce following the conclusion of the busy holiday season. Business tends to pick up in the second quarter, but that was not the case this year. We saw further decline in demand for our services throughout March and April, but we've experienced week-over-week positive gains in the number of working associates since early May. Business-to-business spending, such as employer demand for temporary workers, is a major sign of economic recovery, and all signs point to this trend continuing.

EMPLOYERS HAVE BRIGHT HIRING OUTLOOKS







Contrary to headlines predicting doom and demise, our employer partners report relatively hopeful outlooks. Of nearly 250 employers surveyed in April and May, there was an almost-even split between employers who expect to hire more workers and those who still forecast reductions. Of employers who made workforce reductions due to the pandemic (only 40%), nearly three-quarters plan to rehire employees into the same roles, while only one-quarter will rehire fewer people into blended or entirely new roles. One-third of employers plan to attract and retain future talent through long-term, work-from-home arrangements. This mirrors the larger trend across America, with ZipRecruiter reporting a ten percentage point increase in job postings mentioning the opportunity to work from home.

CONCLUSION

Unlike previous recessionary environments, employers do not hold all the cards today. Job seeker sentiment and government incentives make it harder than normal to attract workers in this seemingly short-lived downturn. Couple that with the fact that many employers plan to start hiring again and return-to-work bonuses are under consideration by lawmakers, it remains important for employers to craft employment packages more attractive than their neighbors' to entice workers back into their doors.

This document was researched, analyzed, written, and prepared by Elwood Staffing®, one of the largest light industrial staffing firms in the United States. Since its founding in 1980, Elwood has attracted millions of candidates, made hundreds of thousands of placements, and served tens of thousands of clients. Each and every day, our interactions with job seekers, workers, and employers generate valuable data we continually develop into actionable insights that guide better business decisions. We love data, and we love to share our knowledge to help employers like you make informed decisions. We are committed to finding new and consistent ways of sharing the valuable insights we gain, and we hope you look to us as an advisor with the knowledge and capabilities to help you get ahead.

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