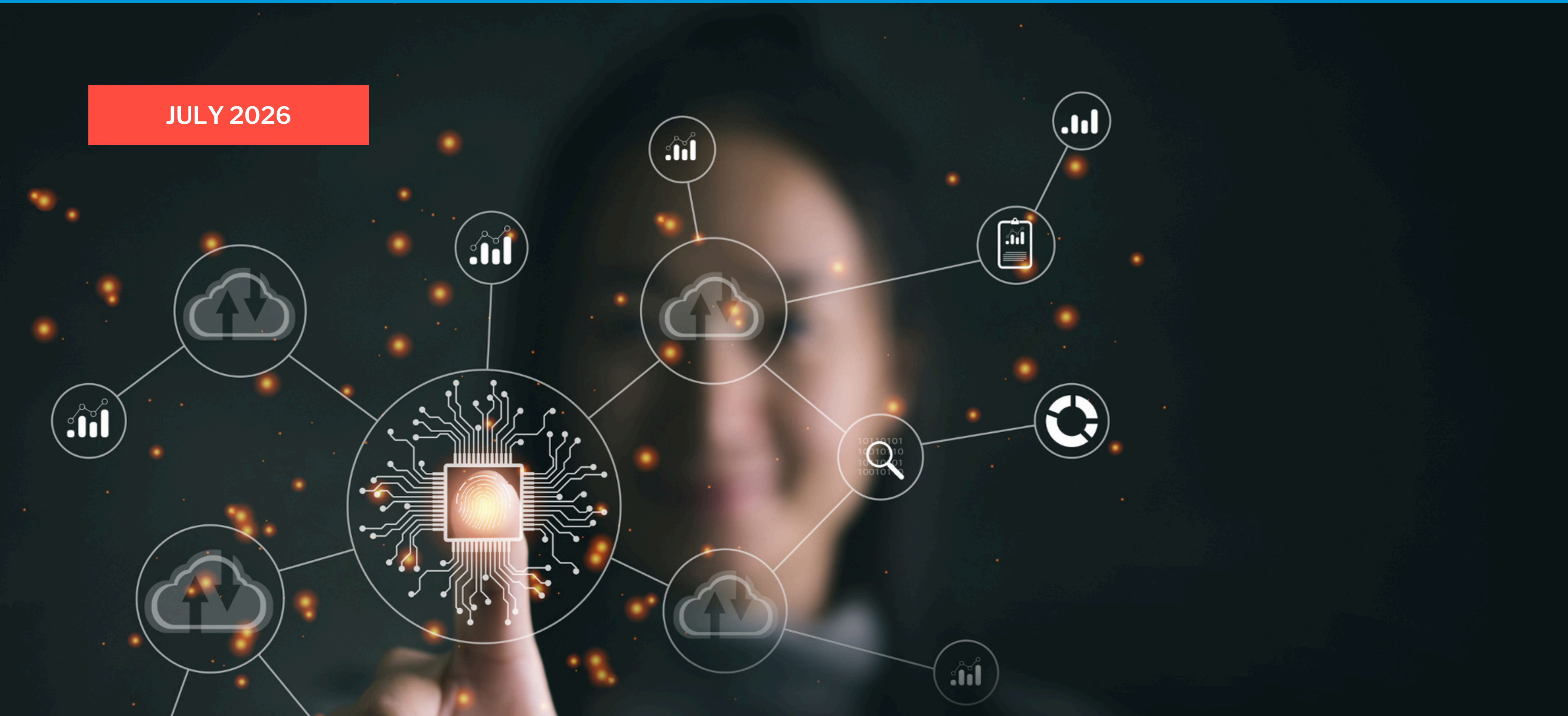
JULY 2026



Workforce Optics

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE

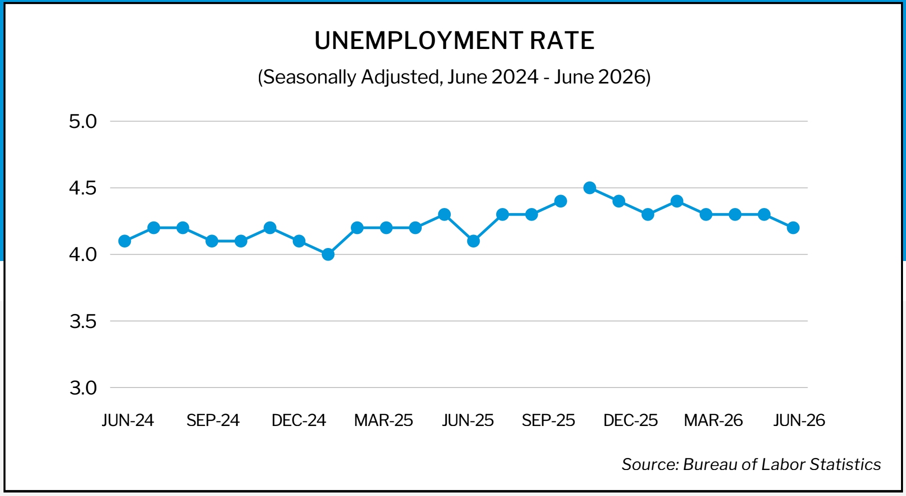
Welcome! The labor market remains resilient but increasingly cautious. In this issue, we examine trends shaping today's workforce, including what Indeed and Glassdoor economists are seeing in employee sentiment, why AI is making human skills more valuable, and how employers are expanding talent pools through skills-based hiring. We also break down the latest BLS and ISM data to help employers navigate today's labor market with flexibility, adaptability, and workforce planning.

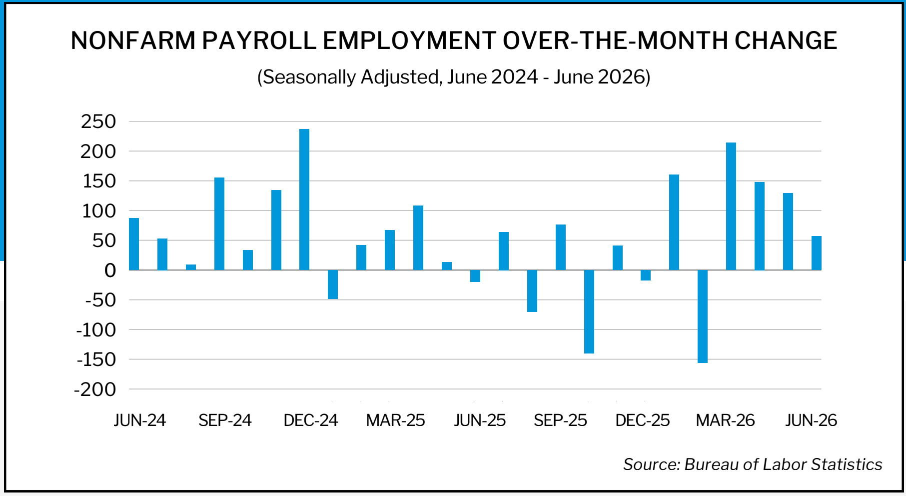
Jobs Update

The U.S. labor market continued to expand in June, but at a noticeably slower pace. Total nonfarm payroll employment increased by 57,000 jobs, well below recent monthly gains, while the unemployment rate edged down to 4.2%. Employment growth was concentrated in professional and business services (+36,000), social assistance, and health care, while leisure and hospitality experienced notable job losses. Revisions to April and May payroll data also reduced previously reported job gains by a combined 74,000, reinforcing signs that hiring momentum has cooled in recent months.

The labor force participation rate fell to 61.5%, and the employment-population ratio also declined, indicating fewer Americans were actively participating in the workforce. Meanwhile, the number of long-term unemployed workers remained elevated at 1.9 million, accounting for more than one-quarter of all unemployed individuals. Average hourly earnings rose 0.3% during the month and 3.5% over the past year, providing continued wage growth but at a slower pace than many workers experienced during the post-pandemic labor market boom.

For employers, the June report reinforces the "low-hire, low-fire" environment that has characterized much of 2026. Companies are generally holding onto existing employees while remaining cautious about adding new headcount. Although layoffs remain relatively limited and unemployment remains historically low, slower hiring activity and declining labor force participation suggest both employers and workers are becoming more cautious amid ongoing economic uncertainty.





Note: Data for October 2025 were not collected due to the federal government shutdown.

4.2%

National Unemployment Rate

JUNE 2026

0.1% MoM Change ▼

7.1 MILLION

Unemployed Persons

JUNE 2026

0.2% MoM Change ▼

Resilient Labor Market, Cautious Workforce

While the labor market continues to show signs of resilience, both Indeed economist Svenja Gudell and Glassdoor economist Daniel Zhao noted that worker sentiment remains far less optimistic than the headline numbers suggest. Gudell observed that employees are staying in their current roles less out of loyalty and more because opportunities to move elsewhere have diminished. Fewer job postings, shrinking wage premiums for job switchers, and persistent concerns about inflation have contributed to a workforce that feels cautious rather than confident. Zhao added that historically low quits rates and declining employee satisfaction reinforce the growing hesitation among workers to take career risks.

Glassdoor data also shows mentions of burnout in employee reviews increased more than 40% year over year in May, highlighting growing levels of stress, fatigue, and uncertainty. The economists also discussed the relationship between AI and workforce sentiment. While Gudell noted that job seekers are rapidly pursuing AI-related training and upskilling opportunities, public conversations remain largely focused on fears of job displacement, overshadowing AI's potential benefits.

Zhao argued that AI is actually increasing the value of human-centered skills such as communication, empathy, collaboration, and change management. As organizations integrate more AI tools, employees and managers alike will need stronger leadership and coordination skills to effectively manage both people and technology. The discussion reinforces that technical expertise alone will not be enough as workplaces continue to evolve.

Looking ahead, Zhao cautioned against overestimating generational differences, noting that many traits commonly attributed to Gen Z are better explained by age and career stage. Both economists emphasized the importance of building strong managers, investing in employee development, and helping workers navigate ongoing technological and economic change. They also highlighted significant differences between hourly and salaried workforces, noting that predictable scheduling, career advancement opportunities, and competitive pay remain critical drivers of retention in many hourly roles.

ABOUT THE EXPERTS

Svenja Gudell is the Chief Economist at Indeed, where she leads economic research and analysis on global labor market trends. Her work focuses on workforce dynamics, hiring demand, and the intersection of technology and employment.

Daniel Zhao is the Chief Economist at Glassdoor, where he oversees labor market research and workplace analytics. He specializes in employee sentiment, job search behavior, and economic forces shaping the modern workplace.

EMPLOYMENT NEWS OF NOTE

Low Quit Rates Signal Cautious Workers and Slower Mobility

The latest JOLTS report suggests the labor market remains resilient but continues to move at a measured pace. Job openings remain healthy, signaling steady demand for talent, while hiring and worker movement remain subdued.

One key indicator of this cautious environment is the quits rate, which held at 1.9% in May. As a measure of worker confidence, the quits rate has remained at or below 2% for nearly a year, suggesting many employees are staying put amid continued economic uncertainty.

Employers Are Looking Beyond Degrees to Find Talent

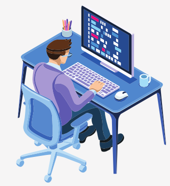
Employers are increasingly expanding hiring criteria beyond traditional degree requirements. According to LinkedIn, 30% of paid job postings no longer require a professional degree, up from 19% in 2019, reflecting the continued shift toward skills-based hiring.

Despite this progress, talent shortages remain a challenge, with 72% of employers globally reporting difficulty finding qualified candidates. As a result, organizations are placing greater emphasis on demonstrated skills, potential, and competencies rather than educational credentials alone.

Sources: Indeed Hiring Lab June 30, 2026 and Korn Ferry's This Week in Leadership, June 24, 2026

The Skills AI Can't Replace Are More Valuable Than Ever

According to LinkedIn's 2026 Skills Report, the fastest-growing skills in today's workforce fall into two distinct categories:



AI-RELATED TECHNICAL CAPABILITIES

UNIQUELY HUMAN SKILLS

While demand for AI literacy, prompt engineering, and AI business strategy continues to surge, employers are placing equal importance on skills that technology cannot easily replicate, including communication, relationship building, adaptability, conflict resolution, and leadership.

The split is already showing up in workforce decisions at major companies. A Harvard Business School study, analyzing nearly all U.S. job postings from 2019 through March 2025, found that structured and repetitive cognitive roles declined 13 percent following the launch of ChatGPT, while demand for analytical, creative, and leadership-intensive work grew 20 percent. Those two numbers describe the same workforce splitting into two different futures.

Source: LinkedIn 2026 Skills Report, Inc.com

MANUFACTURING UPDATE

Manufacturing Growth Extends to Six Straight Months

The U.S. manufacturing sector expanded for the sixth consecutive month in June, according to the latest ISM Manufacturing PMI report. The PMI registered 53.3, down slightly from May's 54.0 reading but still well above the 50-point threshold that signals growth. New orders remained strong at 56.0, marking a sixth straight month of expansion, while production also continued to grow, indicating that demand for manufactured goods remains healthy despite ongoing economic uncertainty. Overall, the report suggests that manufacturing continues to be a bright spot in the economy, supported by steady customer demand and improving business activity.

Despite the positive headline, several indicators point to a more cautious operating environment. Employment remained in contraction territory at 49.7, extending a long-running trend of restrained hiring as manufacturers focus on productivity and efficiency rather than workforce growth. While price pressures eased during the month, many survey respondents cited concerns about geopolitical tensions, tariffs, and raw material costs, which continue to create uncertainty around future planning and profitability.

For workforce leaders, the June report reinforces a familiar theme: demand remains resilient, but employers are continuing to take a measured approach to hiring. As production expands and new orders remain healthy, manufacturers may increasingly look for flexible workforce strategies that allow them to meet demand while navigating an environment still marked by cost pressures, uncertainty, and rapidly changing market conditions.

ISM'S EMPLOYMENT INDEX

EMPLOYMENT	% HIGHER	% SAME	% LOWER	NET	INDEX
June 2026	16.2	70.0	13.8	+2.4	49.7
May 2026	17.0	67.6	15.4	+1.6	48.6
Apr 2026	17.5	62.3	20.2	-2.7	46.4
Mar 2026	14.2	70.8	15.0	-0.8	48.7

THE TAKEAWAY

U.S. manufacturing continued to expand in June, driven by strong new orders and steady production activity, signaling that demand remains resilient despite broader economic uncertainty. However, continued weakness in manufacturing employment suggests employers remain cautious about adding workers, prioritizing productivity and flexibility as they navigate ongoing cost pressures and market volatility.

Sources: Manufacturing ISM® Report On Business® & Institute of Supply Management, June 2026

About Staffmark Group

STAFFMARKGROUP.COM

Staffmark Group (SMG) is one of the largest staffing companies in the United States and is a portfolio company of RGF Staffing and Recruit Group, renowned for pioneering brands like Indeed and Glassdoor. Harnessing our global strength and innovation, we power your business with the people, flexibility, and data insights you need to succeed in your market.

From the bustling floors of manufacturing facilities to the dynamic environments of technical and professional firms, we offer the widest range of specialized workforce solutions. The expertise of our specialty brands, Advantage Technical, Digital People, Hunter Hamilton, Employee Management Services and Staffmark, ensures the talent and customized solutions to propel your business forward.