



January 2025

Job Market Summary

TalentRise's monthly summary of the employment landscape, staffing updates, and industry trends

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Overview



4.0%

Unemployment slightly decreased

The unemployment rate edged down to 4.0 percent in January, after accounting for the annual adjustments to the population controls.



1.4M

Long-term unemployed changed little

The number of long-term unemployed (those jobless for 27 weeks or more), at 1.4 million, changed little in January.



62.6%

Labor force participation changed little

The labor force participation rate, at 62.6 percent, changed little over the month and has remained in a after accounting for the annual adjustments to the population controls.

[View unemployment rates by state](#)

[Learn More: Bureau of Labor Statistics](#)



Overview



\$35.87

Average hourly earnings rose by \$0.17

In January, average hourly earnings for all employees on private nonfarm payrolls rose by 17 cents, or 0.5 percent, to \$35.87.



4.5M

Number of people working part time for economic reasons changed very little

The number of people employed part time for economic reasons, at 4.5 million, changed little in January.



5.5M

People not in the labor force who currently want a job changed little

The number of people not in the labor force who currently want a job, at 5.5 million, was little changed in January.

[Learn More: Bureau of Labor Statistics](#)

Staffing Update



1.59%

Temp penetration rate decreased

Temporary help employment was 1.59% of total nonfarm employment in January.



6.1%

Temp help jobs decreased

Temporary help jobs in January decreased -6.1%, seasonally adjusted, from the same month last year.



+143K

Nonfarm payroll employment rose

Total nonfarm payroll employment rose by 143,000 in January



Notable job gains occurred in

- Health care (+44K)
- Government (+32K)
- Retail trade (+34k)



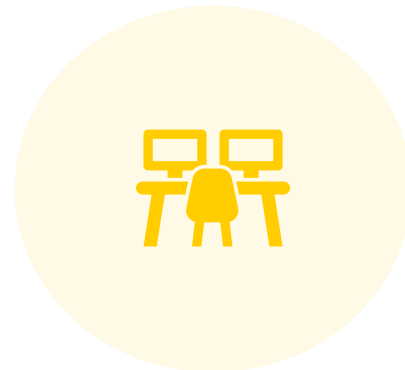
[Learn More: Bureau of Labor Statistics](#) | [American Staffing Association](#)

Industry Trends – **Return to Office (RTO) Mandate**

Recent RTO Updates

Recent return-to-office (RTO) mandates have sparked controversy and debate across various sectors. The new administration recently issued an executive order requiring federal employees to return to their workplaces full-time "as soon as practicable." This move has been met with dismay from many government workers who have grown accustomed to remote work arrangements

75% of workers required in office, up from 63% in 2023.



RTO Preparation Strategies

The return-to-office (RTO) mandate is significantly impacting employees' mental health, with 58% reporting a negative effect on their well-being. This transition is causing increased stress and anxiety for many workers, stemming from factors such as loss of flexibility, commuting hassles, and social pressures. To overcome these challenges, HR managers can take several steps:

Communication and Transparency

- Provide clear, frequent updates about RTO plans and policies
- Explain the reasoning behind the RTO decision
- Address employee concerns and questions proactively

Flexibility and Support

- Consider implementing a hybrid work model where possible
- Offer flexible scheduling options to ease the transition
- Provide resources for childcare and commuting challenges

Mental Health Support

- Expand mental health resources and benefits
- Provide access to counseling services or Employee Assistance Programs (EAPs)
- Offer workshops on stress management and work-life balance



Industry Trends – Increase in Skills-Based Hiring

What is Skills-Based Hiring?

Skills-based hiring represents a paradigm shift in talent acquisition, focusing on an individual's actual capabilities rather than their academic background. This approach recognizes that practical skills, demonstrated competencies, and potential are often more predictive of job performance than traditional markers of professional readiness.

Skills-based hiring is gaining unprecedented momentum in the US job market.

- 73% of employers used skills-based hiring in 2023, up from 56% in 2022
- A skills-based hire is 5 times more likely to predict job performance than an education-based hire
- Companies report 89% reduction in mis-hires when implementing skills-first recruitment strategies

Driving Factors

- Tight labor market and talent shortages
- Post-COVID reset of the job market
- Decline in college enrollments
- Need for increased diversity and inclusion

Skills-Based Hiring Offers Multifaceted Advantages

- Dramatically expands potential talent pools
- Reduces hiring bias
- Lowers recruitment and training costs
- Accelerates time-to-productivity
- Increases workforce diversity and innovation potential



Future Outlook

As the job market continues to evolve, skills-based hiring is not just a trend but a fundamental reimagining of talent acquisition. Organizations that embrace this approach are positioning themselves to attract, retain, and develop the most adaptable and capable workforce.



For more information on TalentRise or to discuss how we can help you address an important talent challenge, contact:

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