Recruitonomics™

Appcast Technology Snapshot

Despite High Profile Layoffs, Tech Is Still Growing

Powered by Appcast

Economy-wide breakdown

- The U.S. labor market continued to be a bright spot in an otherwise challenging economy last month. In October, the economy added 261,000 net new jobs. The unemployment rate increased slightly to 3.7% from a historically low 3.5%.

- Encouragingly, wage growth moderated once again last month – the Federal Reserve's fears of a wage-price spiral are steadily abating. Average hourly earnings (3-month annualized rate) grew at just 4.3%.

- It was not all clear skies, however. Labor force participation disappointed yet again, with the prime-age participation rate declining to 82.5%. The labor force participation rate has yet to return to February 2020 levels.

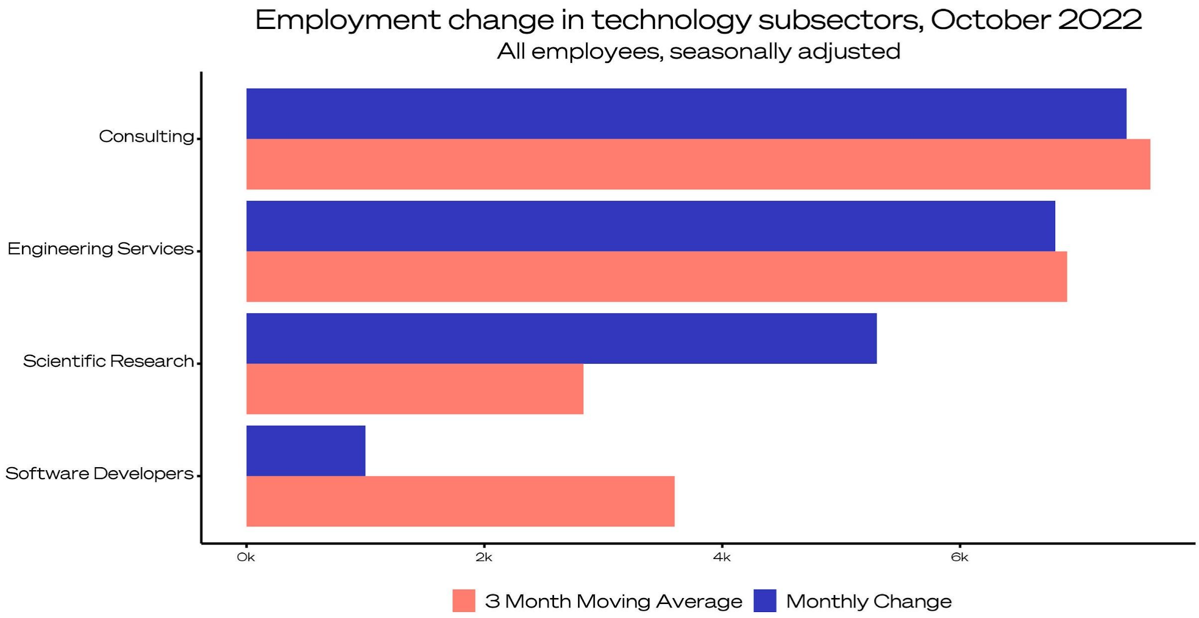
- Shifting employment growth trends reflect shifts in consumer demand and the receding influence of the pandemic. Goods-producing sectors that ruled the recent recession recovery, like warehousing, are slowing. Now, as pandemic fears ease, healthcare is leading monthly gains.

- Read our economy-wide breakdown of the October numbers.

Employment Trends in Technology

For large tech companies, October was a rough month. Twitter announced 50% of their workforce was cut at the very end of the month, and Meta announced layo s coming in November. There's also rumors of hiring freezes from giants like Apple. Although these companies do drive a large share of hiring in tech, they are not the whole industry.

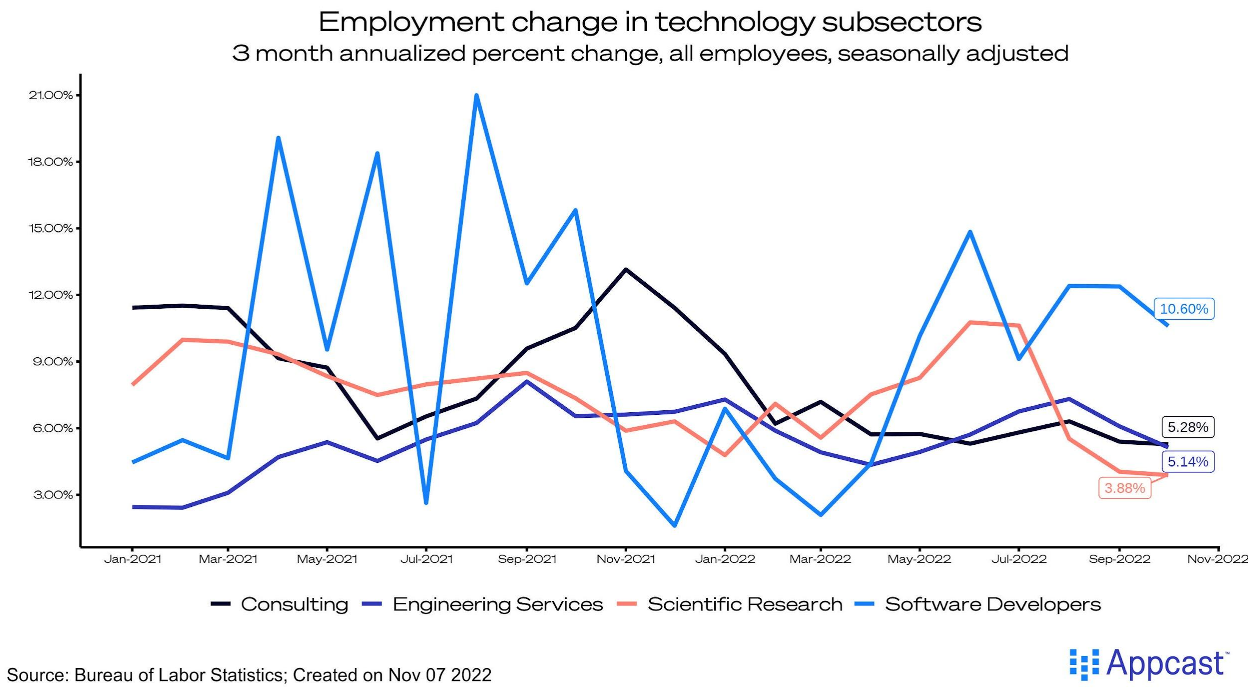
Information (the BLS category) added a modest 4,000 new jobs in October, despite all the news of layo s. Professional and Business Services (which can also contain tech jobs) added a solid 39,000 new jobs. Overall, the tech sector is a mixed bag. Interest rates are a ecting valuations, and revenue growth is slowing. Labor demand remains the bright spot.



Source: Bureau of Labor Statistics; Created on Nov 07 2022

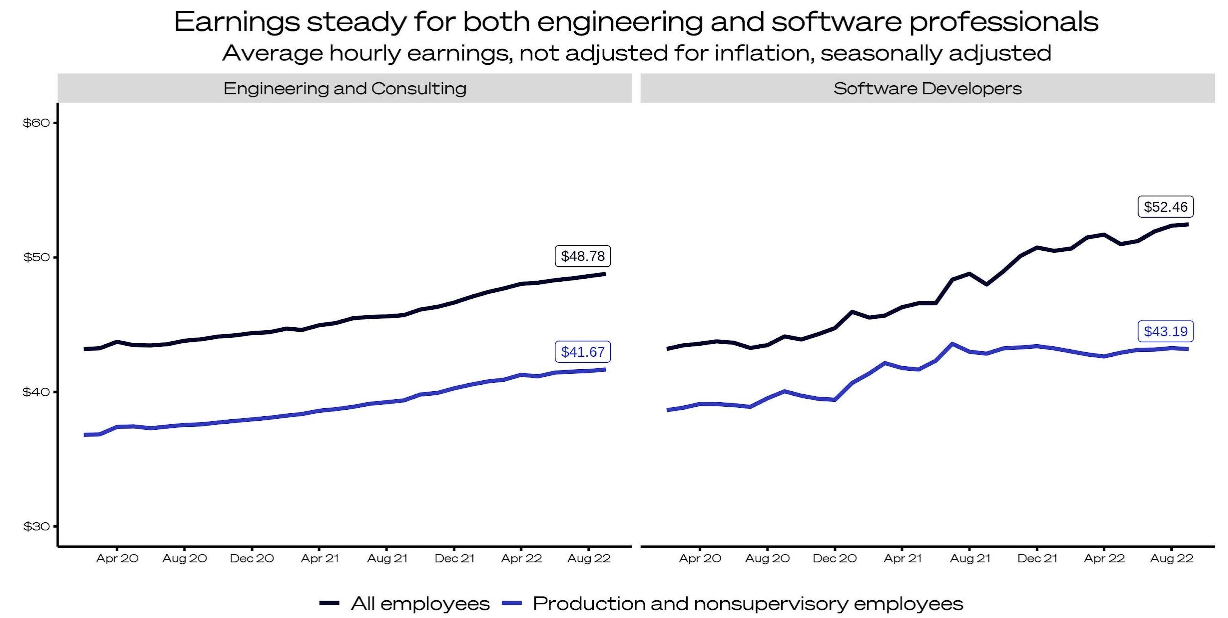
Employment Trends in Technology

Consulting and engineering remained the fastest growing subsectors in tech, while demand for software engineers has cooled. Whether that's the impact of big tech's shrinking hiring appetite or a broader slowdown remains to be seen. What can be argued is that the goal of the Federal Reserve to soften the labor market is working – higher interest rates are slowing hiring.



Wage Trends in Technology

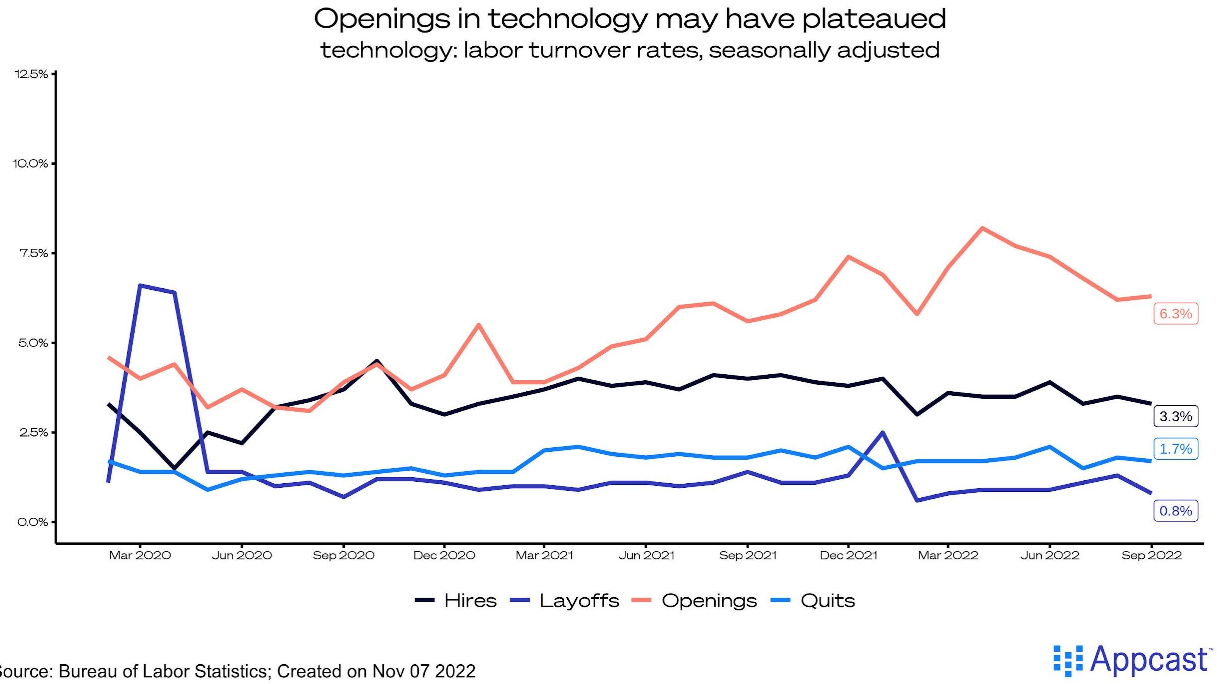
Average hourly earnings seem to be moderating after growing at a breakneck pace during the pandemic. Earnings for all software developers has plateaued at $52.46 an hour and at $48.78 for engineers and consultants. For non-manager roles, wage growth has been flat for most of the summer and into the fall.



Source: Bureau of Labor Statistics; Created on Nov 07 2022

Openings and Turnover Trends in Technology

After several months of consecutive declines, job openings did not change in September. Hiring and quits fell slightly. Surprisingly, so did layoffs. JOLTS (Job Opening and Labor Turnover Survey) is two months behind – so any of the high profile layoffs that happened in the past few weeks are not represented in the data. The next JOLTS release on November 30th should give a better idea on the overall state of tech during this period of change.

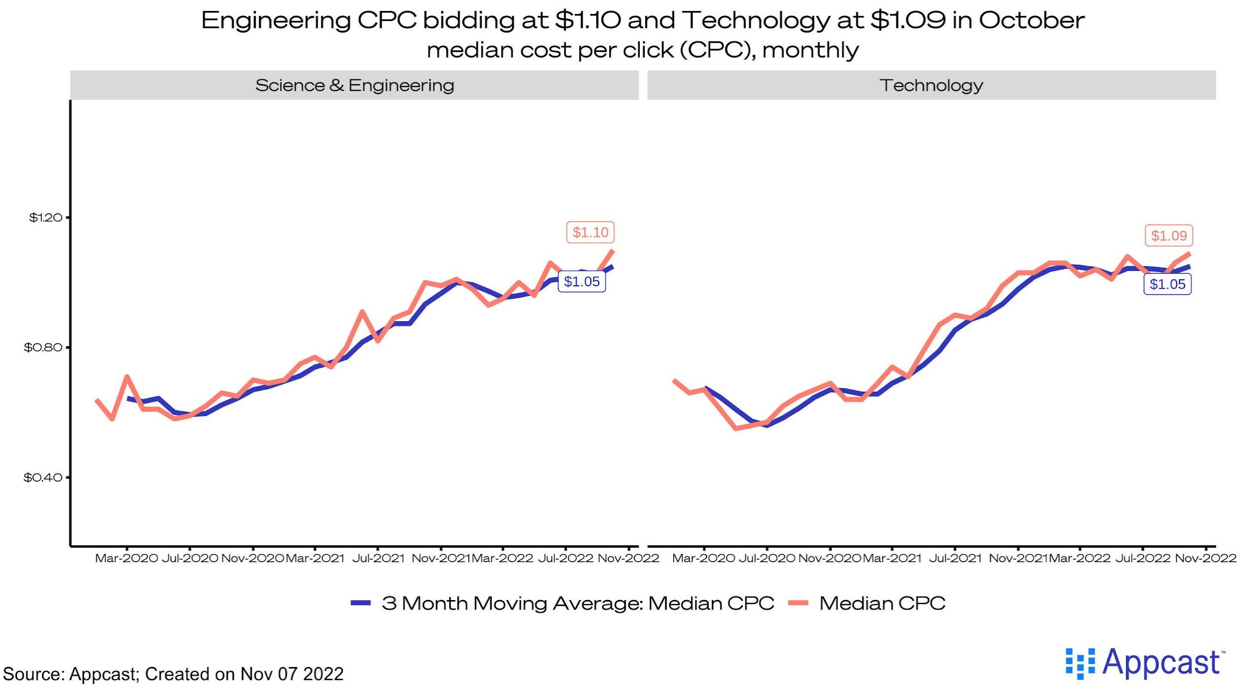


Source: Bureau of Labor Statistics; Created on Nov 07 2022

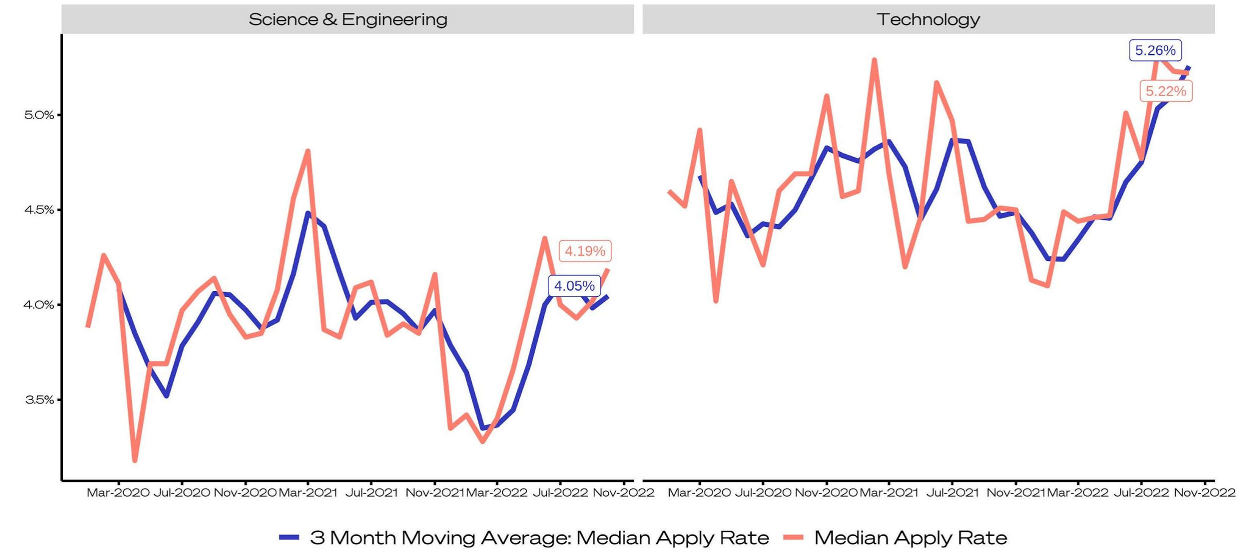
Recruitment Marketing Trends in Technology

Recruitment costs for tech workers have been relatively flat for the past three months, which can generally be explained by the slowdown of hiring within this industry. It's possible that labor demand is a leading indicator for recruiting costs, and a lower appetite to hire can take a while to have its realized effect on recruiting costs. The two remaining Labor Market Snapshot reports (November and December) will pay extra attention to this possibility.

The median CPC for science and engineering averaged $1.06 in the three months through October 2022. Technology was a penny lower at $1.05. Apply rates have been rebounding, now at 4.05% for science and engineering and 5.22% for tech (three month average). CPAs have been relatively flat, with science and engineering up slightly at $26.51 and tech at $21.09 (three month averages).

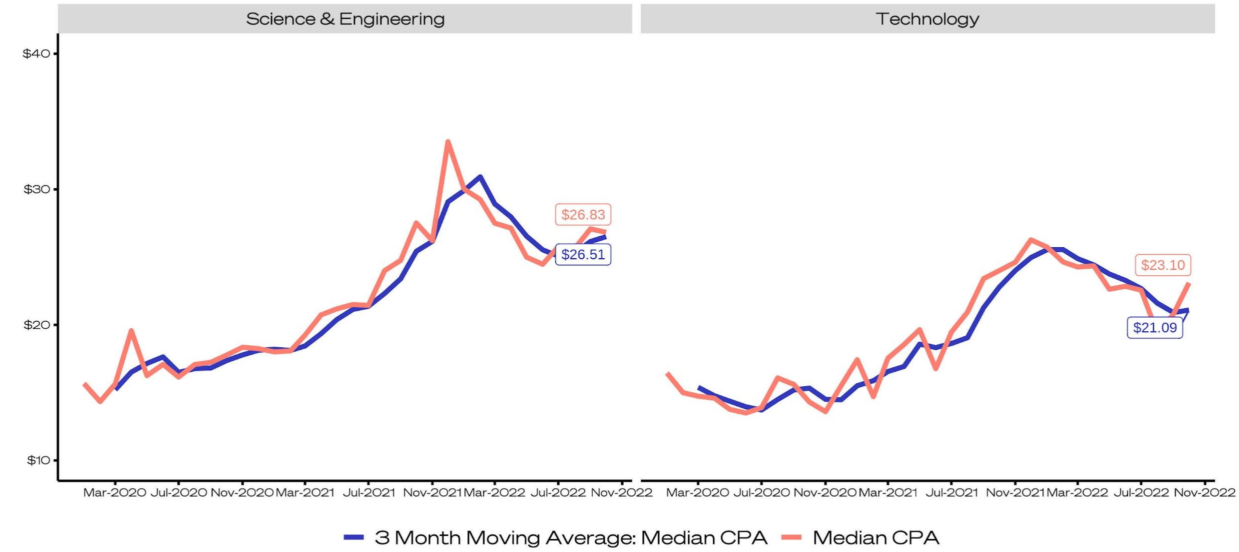


Engineering apply rates at 4.19% and Technology at 5.22% in October
median apply rate, monthly



Source: Appcast; Created on Nov 07 2022

Engineering CPA bidding at $26.83 and Technology at $23.10 in October
median cost per apply (CPA), monthly



Source: Appcast; Created on Nov 07 2022

What does this mean for Technology?

Demand for tech workers is cooling; big tech companies have announced layoffs or hiring freezes. But, this cooling is coming off of two overheated years, so jobs are still being added. Companies rely heavily on modern technical tools to run their businesses – cloud infrastructure, databases, and security protocols are all indispensable. These tools require engineers to create and maintain, thus necessitating robust hiring demand. The hiring avalanche of 2021 was a result of a unique set of circumstances: fiscal stimulus, near-zero interest rates, and exploding consumer demand. The economy of 2022 is much different and consequently is changing the demand for labor.

Thank you

Why Recruitonomics?

Recruitonomics is a hub for data-driven research, powered by Appcast, that aims to make sense of our evolving world of work. Combining labor economics and recruitment best practices, Recruitonomics seeks to bring clarity to the chaos of a changing economic landscape.