AUGUST 2026



Workforce Optics

INSIGHTS, NUMBERS & KNOWLEDGE FOR A COMPETITIVE WORKFORCE

Welcome! The labor market is bending, not breaking. In this issue, we explore why employers are leaning on senior talent as entry-level hiring cools, what economists from Indeed and Glassdoor see driving hiring trends, and how the employer-employee relationship continues to evolve. We also break down the BLS data and trends, from retirement health care costs to robotics, to help employers navigate today's market with flexibility, adaptability, and workforce planning.

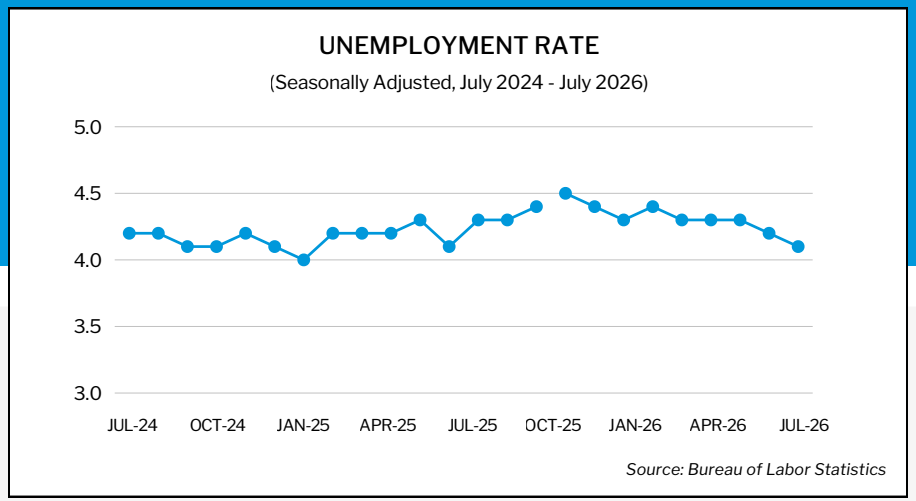
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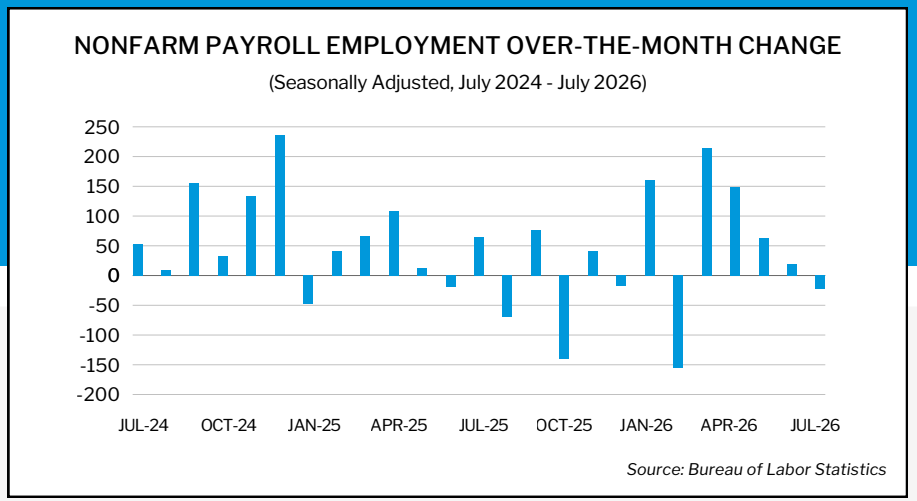
Jobs Update

The labor market held roughly steady in July, but this time it tipped into negative territory. The U.S. Bureau of Labor Statistics reported that total nonfarm payroll employment declined by 23,000 jobs, reversing June's gain of 57,000. The unemployment rate held nearly steady at 4.1%. Job losses were concentrated in local government education, which cut 50,000 positions, and retail trade, which lost 19,000 jobs as warehouse clubs, supercenters, and other general merchandise retailers scaled back hiring.

Financial activities kept sliding, shedding 14,000 jobs in July and bringing losses since a May 2025 peak to 121,000. Health care remained the market's steadiest performer, adding 22,000 jobs, though below its trailing 12-month average of 36,000 per month, a sign that hiring caution is reaching even resilient industries.

On the household side, the labor force participation rate slipped to 61.4%, while the employment-population ratio eased to 58.9%. Long-term unemployment held at 1.8 million and accounted for 25.5% of unemployed workers. Wage growth stayed steady, with average hourly earnings rising 3.2% over the year. The bigger story may be in the revisions: May's job gain was cut from 129,000 to 63,000 and June's from 57,000 to 20,000, erasing a combined 103,000 jobs. For employers and recruiters, fewer roles are opening, but competition for qualified talent remains strong.





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

4.1%

National Unemployment Rate

JULY 2026

0.1% MoM Change

▼

6.9 MILLION

Unemployed Persons

JULY 2026

0.2% MoM Change

▼

Why Employers Are Hiring Senior Talent While Workers Lose Confidence

Our latest discussion with Laura Ullrich, Director of Economic Research at Indeed, and Daniel Zhao, Chief Economist at Glassdoor, highlighted a labor market that remains stable but increasingly divided. Both economists pointed to the recent rise in senior-level job postings on Indeed as evidence that employers are prioritizing experienced talent while remaining cautious about entry-level hiring. Rather than signaling a permanent shift away from early-career workers, they described today's hiring patterns as the result of a softer labor market combined with rapid AI adoption. While some routine entry-level roles may disappear, both expect demand for early-career talent to rebound as organizations move beyond AI implementation and begin scaling new technologies.

The conversation also explored why employee confidence remains near record lows despite historically low unemployment. Zhao explained that limited hiring has reduced both external job opportunities and internal career mobility, leaving workers with less leverage to pursue promotions, raises, or new opportunities. Both economists agreed that rebuilding confidence depends less on compensation alone and more on restoring a healthier hiring environment with greater career mobility and opportunity.

The discussion also examined leadership, trust, and AI. Zhao suggested that declining confidence in employers is driven less by charismatic leadership than by transparent communication, clear direction, strong workplace culture, and meaningful career development. He also noted that organizations may unintentionally heighten employee anxiety by emphasizing AI's ability to replace jobs while promoting its business benefits. The discussion reinforces that rebuilding employee confidence through stronger leadership, clearer career paths, and thoughtful AI adoption will be essential as workplaces continue to evolve.

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

From Careers to "Situationships"

A recent Korn Ferry article compares today's employee-employer relationship to a "situationship," with no clear long-term commitment. Nearly 60% of workers do not see a future with their current employer, and 63% believe their employer is not committed to keeping them long term.



While productivity remains strong, many employees feel disconnected due to limited growth opportunities, blurred work-life boundaries, layoffs, and fewer pathways for advancement. As AI and organizational change continue to reshape the workplace, companies that provide clear career development opportunities and employees who invest in continuous learning will be better positioned to thrive.

Workers May Be Underestimating Retirement's Biggest Expense



Fidelity Investments' 25th Annual *Retiree Health Care Cost Estimate* finds that the average 65-year-old retiring in 2026 will need approximately $185,500 to cover health care and medical expenses throughout retirement—a 7.5% increase from last year and the largest annual jump in more than a decade.

The research also reveals a significant knowledge gap among Americans preparing for retirement. More than half (54%) of pre-retirees mistakenly believe Medicare will cover all of their health care expenses, despite many common services—including dental, vision, hearing, and long-term care—requiring additional out-of-pocket spending. With more than 11,000 Americans reaching age 65 each day through 2027, employers have an opportunity to support retirement readiness through education and benefits planning.

Sources: Korn Ferry, July 22, 2026 and Fidelity Investments, July 21, 2026

The Robot Reboot Has Begun

McKinsey's recent research points to rapid momentum in robotics across industries, with robotics expanding well beyond manufacturing into logistics, healthcare, construction, agriculture, retail, and hospitality. With falling hardware costs, more sophisticated AI models, and increased investment commercialization is accelerating. McKinsey estimates that physical AI and robotics could create more than $1 trillion in annual economic value by 2040, primarily across manufacturing and logistics, by enabling new products, redesigning workflows, and improving productivity rather than simply replacing workers.



Rather than framing robotics as a workforce replacement story, McKinsey emphasizes that the greatest value will come from human-machine collaboration. As robotics adoption accelerates, competitive advantage may depend less on automation alone and more on how effectively organizations blend human and machine capabilities.

Source: McKinsey, July 22, 2026

Manufacturing Hits Its Strongest Reading Since 2022, and Hiring Finally Joins the Rally

The U.S. manufacturing sector expanded for the seventh consecutive month in July, and did so at its fastest pace in more than four years, according to the latest ISM Manufacturing PMI report. The PMI registered 55.6, up 2.3 points from June's 53.3 reading and the highest level since May 2022. New orders climbed to 56.7, and production surged to 58.5, its highest reading since November 2021, pointing to genuinely strong demand rather than a modest rebound.

The most notable shift came in hiring. The Employment Index rose to 52.8, up 3.1 points from June, moving into growth territory for the first time in 33 months. Sixty percent of survey panelists reported their companies are actively hiring. Price pressures also eased for a third straight month, with the Prices Index falling to 71.1 from 73.0 in June, though raw material costs remain elevated, and survey respondents continued to flag tariffs, geopolitical tensions, and pricing volatility as ongoing concerns heading into the fall.

For workforce leaders, July's report marks a meaningful turn. After more than two and a half years of manufacturers holding steady or cutting headcount, hiring is expanding again alongside strong new orders and production. That combination suggests manufacturers may be shifting from a defensive posture to active growth planning—bringing renewed demand for skilled talent, flexible staffing, and workforce strategies built for scale.

ISM'S EMPLOYMENT INDEX					
EMPLOYMENT	% HIGHER	% SAME	% LOWER	NET	INDEX
July 2026	16.3	70.4	13.3	+3.0	52.8
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

THE TAKEAWAY ▶ U.S. manufacturing delivered its strongest month in more than four years, with new orders, production, and employment all expanding at a faster pace. Most notably, manufacturing employment grew for the first time in nearly three years, a signal that hiring momentum may finally be returning to a sector that has spent much of the past two years in a holding pattern.

Source: Institute for Supply Management, ISM Manufacturing PMI Report, July 2026, released August 1, 2026.

About Staffmark Group

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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.

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