

Worried about layoffs and downturns? Recruiters aren't: 'We're still seeing job growth on the whole'

Recruiters are some of the first people to get a preview of how well a company is doing. In good times, they're busy building out staff to take the business into exciting new territory. In leaner times, hiring takes a back seat. But for Deven Lall-Perry, 31, a New York-based recruiter, even she didn't see her own layoff coming.

On July 1, she was laid off from her tech startup job along with a handful of her colleagues.

Sure hiring was a little slow recently, but pauses are natural, she tells CNBC Make It, especially when people are out on summer vacation. So when she received word of the staff cuts via an internal memo, she didn't expect it.

Big-name companies including Microsoft, Google and Meta are pumping the brakes on hiring, giving way to fresh concerns about an economic recession and job-market dive. But hiring pros, even ones recently laid off, say recent jolts in the job market don't indicate a mass downturn ahead.

A cooling hiring market doesn't mean a recession is inevitable

Both job openings and turnover remain at record highs, yet 70% of Americans believe an economic downturn is on its way, driven by concerns over high inflation, rising housing prices and a volatile stock market.

Sentiment data from the workplace platform Fishbowl by Glassdoor shows an uptick in employees mentioning keywords like "recession" and "layoffs" in their discussions.

Allie Kelly understands the concern. She's the chief marketing officer at Employ, the parent company of several recruiting brands. But she says Employ's hiring data shows more of a "normalization" in the job market, where record-high job openings are beginning to level off to match labor supply. There are currently roughly two jobs available per unemployed worker.

She points out that layoffs and hiring pauses in certain industries and geographies are noteworthy and unfortunate for those impacted, to be sure, but they also represent a "small slice" of the U.S. economy.

"Those happen to be very visible areas: Silicon Valley tech companies on the West coast," Kelly says. "Have there been some layoffs, pauses or hiring freezes? Absolutely. Is it enough to influence the larger market? Absolutely not."

Recruiters are still as busy as ever

Roughly half, 51%, of U.S. companies under 500 employees have increased hiring levels this year compared to last, according to a June survey from Employ. Meanwhile, 46% plan to increase their hiring for the remainder of 2022, and just 7.6% plan to decrease

hiring through the year's end.

"We're still seeing job growth on the whole," Kelly says. "We haven't seen any demonstrable data showing there has been a true downturn."

So why are people so worried?

People have been quitting and negotiating for better jobs and higher wages at record rates in the last year, and workers know those pressures on employers won't last forever. In other words, "people are waiting for the other shoe to drop," Kelly says.

It's true that workers will lose some leverage if there are fewer jobs available in the coming months. But Lall-Perry, having been both a recruiter and a recent job-seeker, says it's still undeniably a candidate's market.

"As a recruiter, this is the most insane market I've ever seen," she says. She continues to hear stories from peers about candidates backing out of jobs days before they're set to start.

How to figure out if a company is hiring responsibly

To be clear, Lall-Perry has no hard feeling about her ex-company's layoffs: "It's the nature of a series A startup, so I knew in a sense anything can happen."

It did change some of the questions she asked of prospective employers, though: Have you ever done layoffs in the past? If so, how did you handle it?

Ginny Cheng, a coach with Career Contessa, agrees that it's a good idea to ask a few additional questions about a company's growth during interviews. "Be wary of descriptions like 'hyper-growth' in the job description and dig deeper," she says. "Learn more about the steps they are doing to support employee retention or how they are growing responsibly."

Overall, she adds, "many companies may still hire for key priorities even after some pause in hiring or even layoffs."

Two weeks after Lall-Perry was laid off, she accepted a new job as director of talent acquisition and retention with another small firm, this time in business consulting. She'd rather take the risk of a small company over a big corporation in order to make an impact.

"You're going to have to take risks no matter what," Lall-Perry says about changing jobs. "You just have to weigh the risks you're willing to take."

Region	June 2021	May 2022	June 2022	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	5.5%	1.9%	2.3%	+ 0.4	- 3.2
San Francisco MD	5.6%	1.8%	2.1%	+ 0.3	- 3.5
California	8.2%	3.5%	4.0%	+ 0.5	- 4.2
United States	6.1%	3.4%	3.8%	+ 0.4	- 2.3

Sector — June 2022	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,161,100	1,172,500	2,333,600	+ 0.7%	+ 6.6%
Construction	54,900	45,100	100,000	+ 1.7%	+ 7.9%
Manufacturing	175,100	38,500	213,600	+ 1.2%	+ 3.8%
Retail Trade	75,300	68,900	144,200	+ 0.3%	+ 2.1%
Information	111,700	119,600	231,300	+ 2.0%	+ 6.0%
Professional & Business Services	255,200	308,700	563,900	+ 0.6%	+ 8.0%
Educational Services	46,100	30,200	76,300	- 2.4%	+ 6.7%
Health Care & Social Assistance	138,500	117,600	256,100	- 0.1%	+ 2.2%
Leisure & Hospitality	100,400	115,400	215,800	+ 2.0%	+ 23.8%
Government	96,800	132,400	229,200	+ 0.3%	+ 2.2%

Note: San José MSA (San José–Sunnyvale–Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
San Francisco MD (San Francisco–Redwood City–South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

9-County San Francisco Bay Area	Labor Force			Employed			Unemployment		
	June 2021	June 2022	Change	June 2021	June 2022	Change	June 2021	June 2022	Change
California	18,920,200	19,110,300	+ 1.0%	17,367,400	18,346,900	+ 5.6%	8.2%	4.0%	- 4.2
Alameda County	808,400	822,400	+ 1.7%	752,200	798,200	+ 6.1%	6.9%	2.9%	- 4.0
Contra Costa County	541,400	549,700	+ 1.5%	502,000	532,200	+ 6.0%	7.3%	3.2%	- 4.1
Marin County	128,700	129,700	+ 0.8%	122,100	126,800	+ 3.8%	5.1%	2.2%	- 2.9
Napa County	70,000	70,900	+ 1.3%	65,500	69,000	+ 5.3%	6.4%	2.7%	- 3.7
San Francisco County	542,300	566,200	+ 4.4%	510,400	553,800	+ 8.5%	5.9%	2.2%	- 3.7
San Mateo County	427,800	448,300	+ 4.8%	405,100	439,100	+ 8.4%	5.3%	2.0%	- 3.3
Santa Clara County	1,008,200	1,038,600	+ 3.0%	953,500	1,015,600	+ 6.5%	5.4%	2.2%	- 3.2
Solano County	200,000	199,500	- 0.3%	183,400	191,500	+ 4.4%	8.3%	4.0%	- 4.3
Sonoma County	242,600	247,500	+ 2.0%	227,600	240,900	+ 5.8%	6.1%	2.7%	- 3.4
SF Bay Area (sum)	3,969,400	4,072,800	+ 2.6%	3,721,800	3,967,100	+ 6.6%	6.2%	2.6%	- 3.6

Note: Totals may not add correctly due to rounding

Source: California Employment Development Department, LMID

June 2022 Layoff Events	Company	Location	# Affected	WARN SUMMARY	
				Events YTD †	44
				Individuals Affected YTD :	3,090
				Individuals Previous YTD ‡:	24,801
				* WARN: Worker Adjustment and Retraining Notification (notice of mass layoff or closure) † YTD: Year to Date (Program year: July 1–present) ‡ Previous YTD: (Same date range as YTD, one year prior)	
			Total		61

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN data