

## WSJ Print Edition



Job seekers spoke with recruiters at a job fair in New York City in September. YUKI IWAMURA/ BLOOMBERG NEWS

## Jobless Find It Harder To Get New Work

More time is spent seeking a position, with the pain mostly in white-collar sectors

BY MATT GROSSMAN AND JASMINE LI

The U.S. economy has added more than two million jobs over the past year. But more people who are out of work are having a hard time getting back in.

As of November, more than seven million Americans were unemployed, meaning they didn't have work and were trying to find it. More than 1.6 million of those jobless workers had been job hunting for at least six months, according to the Labor Department. The number of people searching for that long is up more than 50% since the end of 2022. \*

On average, it now takes people about six months to find a job, about a month longer than it did during the postpandemic hiring boom in early 2023, according to the Labor Department. The pain is largely in high-paying white-collar jobs, including in tech, law and media, where businesses grew fast when the economy reopened from the pandemic but now have less need for new hires. \*

A labor market that looks healthy in the headlines is, under the surface, weaker than it seems. The unemployment rate, at 4.2%, remains well below the average during the de-

cade before the pandemic. But there is now just about one job posting per unemployed worker, down from two in early 2022. Strong hiring has narrowed to a thin set of industries. The government's monthly jobs report on Friday will provide another snapshot of the market's health.

"My life is on complete pause," said Olivia Palak, who was laid off in May after three months at a new company. Palak, a 32-year-old from Chicago, worked in recruiting for tech companies and management-consulting firms for about a decade. She has found some part-time contract work but has spent most of the past eight months hunting for fulltime work. More than four million U.S. workers, like Palak, are stuck working part time because their hours were cut or because they can't find a full-time job, according to Labor Department figures. \*

There are still plenty of jobs for people looking for hands-on services work, including in the healthcare and hospitality sectors. It's a much tougher slog for office jobs, where bosses are aiming to be leaner and in some cases replacing workers with AI.

Josh McLarty, a 42-year-old from Atlanta, was laid off from his job as a testing manager at a robotics startup in April. He has applied to almost 500 jobs and interviewed for six, but received no offers.

Taking advice from friends and family, McLarty applied for lower-wage hourly jobs, including at a Publix supermarket, but had no luck there either. He worries that his résumé suggests to hourly employers that he wouldn't be in it for the long haul. And a smallish paycheck would end his eligibility for food stamps and Medicaid, but not be enough to pay his mortgage.

"You're in this really weird Catch-22," he said.

More people getting unemployment benefits are drawing on public aid longer. Data last week from the Labor Department show that 1.8 million people continued to file for previously granted unemployment benefits as of late December, near a postpandemic high.

Year-over-year wage growth has fallen to 4%, down from about 6% at the height of the early 2020s hiring spree. That's a sign that many employers don't have to jostle so hard to attract workers.

Will Wiggins III, a 36-year-old visual designer in Austin, Texas, had been freelancing on and off since 2019, after his position at an education nonprofit was eliminated. But he hasn't had any work at all since April. He now spends about 40 hours a week jobsearching and has applied for hundreds of full-time roles, at times while holding his infant daughter in one arm.

"There are times where you'll put an application in at 1 a.m., and at 3 a.m. you'll get a notification saying that it's been rejected," Wiggins said. "There's literally no way that a person looked at my stuff."

To date, the labor market has been weakening primarily due to less hiring—not widespread layoffs. But once companies decide to reduce payrolls, job cuts often snowball, which could spark a much faster jump in the unemployment rate, said Veronica Clark, a Citigroup economist.

"The pessimistic way to look at weak hiring is that businesses are trying to reduce labor costs. If that's the reason, why shouldn't we get to that layoff stage at some point?" Clark said.

In a survey of consumers by the Conference Board in December, 37% said that jobs were plentiful, down from 57% in the middle of 2022. Families anxious about losing a paycheck are prone to tighten their budgets, threatening the consumer spending that has powered U.S. economic growth.

The job-market slack and slower wage gains have prompted the Federal Reserve to cut its benchmark interest rate by a full percentage point since September, even though inflation hasn't yet fallen back to the central bank's target.

Job postings on Indeed for software development, data science and marketing roles were each at least 20% below prepandemic levels late last year, said Cory Stahle, an economist for the website. Government figures show that the hiring rate in the information industry is 30% lower than just before the pandemic, while finance hiring is down by 28%.

By contrast, hiring has stayed resilient in fields such as mining, manufacturing and transportation. Two industries alone, healthcare and government work, have been responsible for more than half of overall job creation over the past 12 months.

More people have been forced to switch industries to land a job. In the past six months, more than half of newly hired workers reported changing fields to get their latest position, up from a more typical level of around 40%, said Julia Pollack, an economist at ZipRecruiter, citing the company's surveys.