

## **Employment Will Never Be The Same In America**

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The Great Recession of the 21<sup>st</sup> Century has changed life in America. The period of full employment with generous benefits is coming to an end and in all probability will never return.

Reuters just reported that three out of four of the nearly 1 million job hires in the United States this year have been part-time and many of the positions are low wage. Add the fact that these part time jobs come without benefits and you can easily see the handwriting on the wall. At this time it appears this trend is only going to increase.

The two main reasons business is mainly hiring part-time workers are 1. They don't know what their costs are going to be because of the volatile economy and health care costs and 2. Middle class Americans are not buying products and services like they did pre-recession, because many are living in survival mode. A cut in sales from the buying public results in a cut in business employment. It's a vicious circle. Additionally some business sectors don't need a lot of people anymore because of the Internet and advanced technology. They can do more business with less people.

UPS and other large employers are cutting health care for spouses of fulltime employees. They cite the fact that the Affordable Care Act (ACA) has made it increasingly difficult to continue providing the same level of healthcare benefits to their employees at an affordable cost.

The effects of the Great Recession on the total U.S. labor market extend beyond unemployment or underemployment. In 1999, the share of the working-age population (that is the working employment rate) peaked above 64 percent. Just before the current recession started in 2007, it stood at 63.3 percent. By May 2013, the employment rate had declined to 58.5 percent. Bottom line...less than 60% of eligible working age individuals are currently employed.

A Rutgers University survey revealed some of the hardships suffered by U.S. families in the wake of the Great Recession. Over one-third (35%) said the recession has had a "major" impact on their families especially those who lost their jobs. 66% dipped into savings set aside for other things (resulting in less disposable income). 57% had to cut back on doctor's visits or medical treatment. 40% had to borrowed money from friends or family and 37% increased their credit card debt. 61% of those who were laid off believe their finances will never recover.

An example of the pessimism in the unemployed working class Americans showed an astonishing 90% of those surveyed said they were either "somewhat concerned" or "very

concerned” about the job market for those now looking for work. 85% of those employed said they were somewhat concerned or very concerned about their own job security.

Adding to the complexity of the employment picture, 60% of baby boomer workforce currently employed say they may have to delay retirement. 23% say they are very confident they will have enough income and assets to retire while 32% report little or no confidence in their ability to retire. The number of people over sixty-five having to work is growing exponentially due to little or no savings, small social security checks, no retirement income and acquired debt.

When you add the number of new workers entering the workforce every month there will continue to be more demand for employment with less jobs available. Supply and demand will cause wages to drop, stay the same or only grow slightly.

Another factor playing into the employment picture is the role of the professional “freelancer.” There has been an increase in the number of people who were working fulltime for a company, who now act as independent contractors. A company can pay more per hour because they are no longer in the benefit business and can eliminate office space because the independent freelancer most often works remotely. This lowers the fixed costs for a business, while increasing the hourly wage of the freelancer.

I predict that this type of employment will gain in numbers, because many will view it as a win-win situation. The business reduces cost, while the highly skilled individual increases their freedom, flexibility and creativity. The independent freelance worker will also be able to contract with several different companies opening the door to more money and increased job satisfaction. This employment model of the future will push more and more people to develop their entrepreneurial skills – a skill many small business owners already possess.

We are entering the age of a Knowledge-based workplace where each person will become a “business of one.”