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## More workers had their hours cut to part-time in May as businesses reversed some of their hiring plans

Hoff, Madison; Winck, Ben. **Business Insider, US edition; New York** [New York]. 03 June 2022.

# BUSINESS INSIDER

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### Abstract

None available.

### Full Text

- Nearly 300,000 more Americans had their hours cut to part-time in May, according to new data.
- The uptick hints some firms are cutting labor costs and reversing some of their pandemic hirings.
- The increase could mark the first sign of firms settling into an economy with weaker consumer spending.

The pandemic-era hiring boom seems to have moved too far for some US businesses.

The number of Americans with their work hours cut to part-time rose in May by 295,000 to 4.3 million, the Bureau of Labor Statistics announced Friday morning. That's the largest uptick since February. The total number now sits at the highest point since October, and the Friday reading adds to a months-long upward trend.

The uptick offers a clear hint that some companies are backtracking after months of extraordinary payroll creation and historic demand for workers. The increase reflected "an increase in the number of persons whose hours were cut due to slack work or business conditions," according to BLS. Businesses that overextended themselves as they rehired moved workers from full-time to part-time work.

The sum also counts those who took part-time jobs because they couldn't find full-time work. Those workers likely have other options amid ongoing demand for workers. Job openings totaled a near-record 11.4 million at the end of April, while quits surpassed 4 million for the eleventh consecutive month. Demand for workers, then, remains red-hot, and the bulk of those 11.4 million openings are likely for full-time jobs.

Some sectors' payroll counts flashed a similar sign that firms are pulling back from their plans to hire at all costs. Retailers shed 61,000 jobs through May, marking the largest one-month decline since the widespread lockdowns of early 2020. Finance and insurance, advertising, and machinery manufacturing firms also lost payrolls last month, revealing small spots of weakness in the otherwise booming labor market.

The May jobs report showed the economy exceeding expectations again as payroll growth surprised to the upside. The US economy added 390,000 new jobs last month, surpassing forecasts for a gain of 325,000 payrolls. The unemployment rate held at historic lows, and labor force participation improved slightly. Wages continued to grow at a healthy pace as well. The payroll gain may have been the smallest in a year, but with the Federal Reserve retracting its support and trying to cool the economy, the uptick shows the jobs recovery charging ahead.

Still, the rise of involuntary part-time work could point to a new dynamic in the labor market. The economy is set to complete its jobs recovery over the summer, and businesses are already hiring at a slower pace. The Fed's rate hikes are also set to slow demand and put new downward pressure on hiring plans. Businesses that hired at a breakneck pace throughout the recovery could soon pivot to cost-saving measures like layoffs or cutting hours.

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