ADP report: Jobs increase, but ‘we aren't stepping up to the next level'

By Ken Tarbous

Private-sector nonfarm employment grew by 209,000 jobs on a seasonally adjusted basis in March, according to the national employment report released today by Roseland-based Automatic Data Processing, which revised its February numbers upward to 230,000, from the initial report of 216,000.

The numbers were slightly above consensus expectations, but held no surprises, said Joel Prakken, chairman of Macroeconomic Advisers LLC, which co-authors the monthly report with ADP.

"While I'm pleased with today's number — another month, another few hundred thousand jobs — I'm left with this concern that we aren't stepping up to the next level here," he said.

Prakken said the economy needs to add 300,000 to 400,000 jobs per month to get back to full employment.

Kurt W. Rotthoff, assistant professor of economics and finance at the Stillman School of Business at Seton Hall University, said job growth, while positive, is moving much slower than expected.

"We trying to get back to the point where we were before the financial crisis, which doesn't take into account the fact that under normal times, we would have been growing over the past four or five years," Rotthoff said. "If you take that into account, we're even further off the pace than we hoped to be."

Rotthoff said falling unemployment numbers can be biased because they reflect not only people who get jobs, but also those who leave the work force, resulting in a reduction to the labor force participation rate. The ADP report is based on payroll data.

"If they are leaving the labor force as a whole, they're neither employed nor unemployed, they just simply stop
looking," Rotthoff said. "It can make the percentiles look like they are doing something in a positive manner when it's not actually doing something to the betterment of our society and our people."

The service-providing sector, a large driver of the overall U.S. economy, added 164,000 jobs. The goods-producing sector grew by 45,000 jobs; within that sector, manufacturing added 23,000 jobs, construction grew by 13,000 jobs and the financial services sector added 8,000 jobs, according to the report.

Most of the job growth in March was on small payrolls. Companies with up to 49 employees added 100,000 jobs. Another 87,000 were added on mid-size payrolls, 50 to 499 employees, and large payroll with 500 or more employees grew by 22,000 jobs, according to the report.

The report's numbers, which are compiled by ADP using payroll records, include only private-sector jobs. The federal Bureau of Labor Statistics will release the results of its survey on nonfarm payroll employment, which includes government workers, Friday.

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