THE ARNOLD GROUP'S

WORKFORCE INTELLIGENCE BRIEF

September 2026

EXECUTIVE SUMMARY: KEY WORKFORCE TAKEAWAYS

- **Hiring strengthened in August, but employers remain selective**
  U.S. employers added 162,000 jobs in August, the strongest monthly gain in five months, while unemployment held at 4.1%. The rebound follows several months of softer hiring and points to a resilient, but still cautious, labor market.

- **Kansas and Oklahoma remain relatively tight labor markets**
  Kansas unemployment remained below the national rate in August, while relatively low unemployment in Oklahoma continues to support competition for experienced and skilled workers across the region.

- **Inflation is again complicating compensation and workforce planning**
  Consumer inflation was 3.4% year over year in July, while energy costs remained particularly elevated. Employers are balancing continued compensation expectations against renewed cost pressures.

- **Skilled and experienced talent remains the bigger recruiting challenge**
  A slower overall labor market does not necessarily mean easier recruiting. Employers continue to face greater difficulty replacing experienced employees and filling specialized, technical, skilled-trade, healthcare and leadership positions.

- **Temporary staffing is showing renewed momentum**
  The American Staffing Association's (ASA) Staffing Index rose 3.3% from July to August, while temporary and contract staffing employment for the four weeks ending August 16 was 4.4% higher than a year earlier. This may signal employers are increasingly using flexible staffing as they respond to uncertain demand.

WHAT EMPLOYERS SHOULD BE WATCHING

Compensation

Review pay structures for market competitiveness and compression while preparing for continued inflation uncertainty.

Recruiting

Expect applicant availability to vary significantly by occupation. Specialized and experienced talent remains considerably harder to find.

Retention

Focus on career progression, manager effectiveness and development as employers compete to retain experienced employees.

Workforce Planning

Identify retirement exposure, succession gaps and positions that would be difficult to replace before vacancies occur.

Flexibility

Use temporary, contract and project-based talent strategically as hiring demand and business conditions fluctuate.

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Sources: US DOL, KDOL, American Staffing Association (ASA), inflationdata.com
All data current as of publication date

REGIONAL WATCH & TRENDS

Kansas continues to operate in a relatively tight labor market. Statewide unemployment remained at 3.8% in August, below the national rate of 4.1%, while the state's labor force declined by roughly 2,700 workers during the month, reinforcing an already constrained labor supply.

Conditions vary considerably by occupation and industry. Applicant availability has improved for some positions, but employers continue to face a much smaller pool of qualified candidates for skilled trades, technical, healthcare, and leadership roles. Wichita employment also posted year-over-year growth in the latest metropolitan data, adding to demand within the region.

The result is a labor market that is becoming more balanced without becoming easy. Employers have greater opportunity to be selective than during the peak labor shortage, but highly specialized and experienced talent remains difficult to replace.

Oklahoma reflects many of the same workforce challenges, although its labor market indicators differ from Kansas. Applicant availability has improved in some areas, but employers continue to face competition for experienced workers in skilled trades, technical, healthcare, and leadership roles.

STRONG DEMAND

- Aviation
- Manufacturing
- Skilled Trades
- Healthcare
- Engineering
- Leadership Roles

EMERGING CHALLENGES

- Retirement & succession risk
- Limited experienced talent
- Inflation and labor costs
- Skills gaps
- Longer searches for specialized roles

IMPROVING AREAS

- Overall applicant availability
- Entry-level applicant flow
- Temporary staffing activity
- Employer hiring confidence

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WHAT WE'RE SEEING

HARDEST POSITIONS TO FILL

- Skilled Maintenance
- Industrial Electricians
- CNC Machinists
- Engineers
- Accounting & Finance
- HR Leaders
- Mid-Level Managers
- Executive Leadership

EMPLOYER RESPONSE

- Strengthen succession pipelines
- Review compensation positioning
- Shorten hiring decision cycles
- Develop internal talent
- Maintain recruiting pipelines for critical roles

EMERGING TREND

Employers are becoming more selective, but qualified talent has not suddenly become abundant. Organizations with clear compensation, career paths and efficient hiring processes remain better positioned to secure experienced candidates.

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WORKFORCE INDICATORS

Category	Indicator	PREVIOUS	CURRENT	Direction	WORKFORCE IMPACT
Demand	US Job Openings	7.2M	7.3M	▲	Openings remain substantial, but hiring demand is well below peak labor-shortage levels.
Demand	KS Job Openings	80K	79K	▼	Demand remains elevated relative to the available Kansas labor pool.
Demand	OK Job Openings	108K	101K	▼	Job openings remain elevated, indicating continued demand for workers.
Availability	US Unemployment	4.3%	4.1%	▼	Unemployment remains low despite slower hiring conditions.
Availability	KS Unemployment	3.9%	3.8%	▼	Kansas remains tighter than the national labor market.
Availability	OK Unemployment	4.3%	4.3%	—	Unemployment held steady in August and remains slightly above the national rate.
Availability	US Labor Participation	61.8%	61.6%	▼	Labor participation declined slightly, reinforcing continued labor supply constraints.
Availability	KS Labor Participation	67.4%	66.7%	▼	Declining participation further limits the state's available labor pool.
Availability	OK LaborParticipation	61.9%	61.9%	—	Labor force participation remained unchanged and continues to trail the national rate.
Compensation	US Inflation	2.4%	3.4%	▲	Renewed price pressure is complicating compensation and workforce budgeting.
Compensation	Salary Increase Budgets	3.2%	3.6%	▲	Pay budgets remain above historical norms despite greater employer caution.

Arrow = Direction of Change / Color = Workforce Impact

TAG TAKEAWAY

The labor market continues to send mixed signals. Hiring improved nationally in August, but overall demand remains below recent highs. Kansas unemployment remains below the national rate, while Oklahoma’s higher unemployment and lower labor participation point to somewhat different workforce conditions across the region.

For employers, the labor shortage isn’t over. It’s becoming more selective. Some roles may be easier to fill, but skilled, experienced and specialized talent remains difficult to replace, making recruiting pipelines, succession planning, competitive compensation and retention increasingly important.

STAFFING INDUSTRY PULSE

TAG TAKEAWAY

Temporary staffing is showing renewed momentum even as broader economic growth remains moderate. **Employers are turning to flexible staffing to add capacity while maintaining greater control over permanent headcount.** Continued staffing growth would be an encouraging indicator of employer confidence heading into the final months of 2026.

Indicator	Latest Reading	
ASA Staffing Index		
Current	94.27%	▲
4-week average	+2.35%	▲
vs. Prior Year	+5.78%	▲
GDP		
Q2 2026-Current	1.50%	▼
Q3 2026 -Projected	2.00%	▼

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SALARY GROWTH VS INFLATION

Year	Salary Increase	Inflation
2023	4.6%	4.12%
2024	3.9%	2.95%
2025	3.6%	2.60%
2026 YTD/Latest	3.6%	3.4%*

Latest 12-mo. CPI, July 2026

TAG TAKEAWAY

Salary increase budgets have stabilized around the mid-3% range, but renewed inflation pressure means employers cannot assume purchasing-power concerns have disappeared.

Rather than relying solely on across-the-board increases, employers should evaluate market competitiveness, internal equity, compression and critical-position retention when making compensation decisions.

REGIONAL INSIGHT: WAGE COMPRESSION

Many employers throughout South Central Kansas and North Central Oklahoma continue to manage wage compression created by rapid market adjustments earlier in the decade. As starting wages increased to attract candidates, pay differences between new hires, experienced employees and employees receiving promotions often narrowed.

With salary budgets now stabilizing, employers have an opportunity to address these structural issues more strategically. Regularly reviewing employee placement within pay ranges, promotional differentials and market competitiveness can help protect internal equity while supporting retention.

ACTION ITEMS

Ask yourself and your team:

- Is our pay structure competitive and internally equitable?
- Do we have wage compression concerns?
- Which positions would be hardest to replace tomorrow?
- Where are we most exposed to retirement/succession risk?
- What is our turnover rate and cost by department?
- Are we using temporary staffing strategically?

LOOKING AHEAD

Employers should expect a more balanced but still highly competitive labor market through the remainder of 2026. National hiring strengthened in August, while Kansas unemployment remains below the national rate and experienced talent continues to be difficult to replace.

At the same time, renewed inflation pressure, slower economic growth and uncertainty surrounding future business conditions make flexibility increasingly important. Organizations that strengthen compensation strategy, succession planning, employee development and flexible workforce options now will enter 2027 better prepared to compete for talent and respond to changing business conditions.

About The Arnold Group

The Arnold Group (TAG) is a Wichita-based, family-owned workforce solutions firm with over 45 years of experience helping employers meet changing workforce needs. Temporary staffing and flexible workforce solutions remain at the core of TAG's business, complemented by professional recruiting, executive and technical search through Executive Edge Recruiting, and compensation consulting through the C3 Compensation Blueprint. Together, these services help organizations address immediate talent needs while building stronger recruiting, compensation, leadership, and long-term workforce strategies.

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