There's a lot More Hiring Going on Than You Might Think

In recent years, economists and data watchers have been able to incorporate a number of new data sources to their arsenal of economic indicators. One of the most exciting additions, in my opinion, is the Local Employment Dynamics (LED) information. LED data is a melding of available census, survey, and administrative records which provides new insights on the economy and, in particular, the labor market.

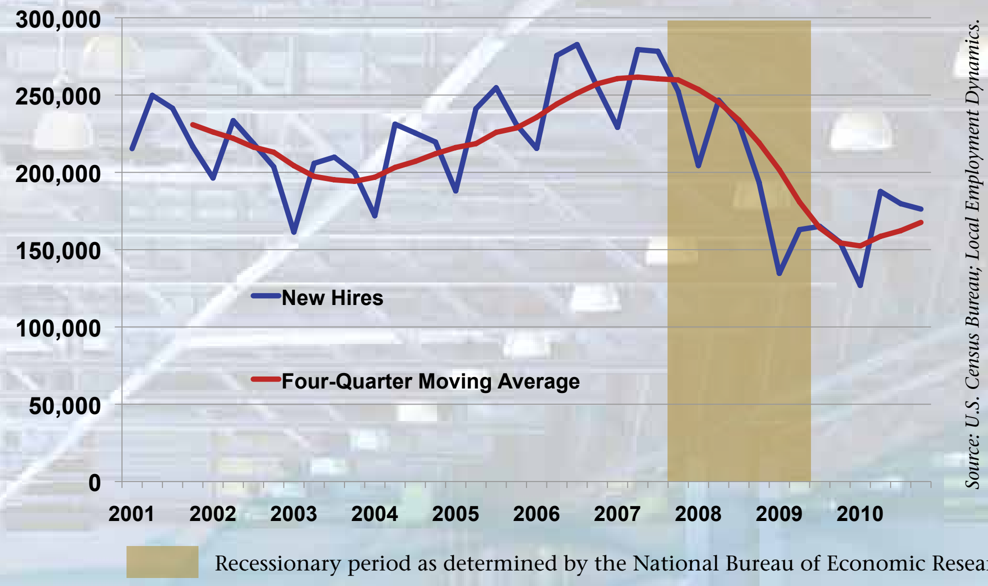
It is fluid out there. . .

I've been in this business a long time, and the "new hire" data produced by the LED program has truly opened my eyes to the fluidity of the labor market. A "hire" in this case simply represents a person on a company's payroll in the current quarter that wasn't on the payroll in the previous quarter. Typically, we analyze only the net changes—are there more or fewer jobs now than in a previous time period? But obviously, individuals are constantly leaving jobs, finding jobs, and entering the labor market. The "new hire" data makes this fact abundantly clear.

Lots of hiring going on

Guess how many people were hired during the worst quarter of the "Great Recession" in Utah? Go ahead and take a guess. Well, you most likely guesstimated low. Almost 127,000 Utah workers found a new job in the first quarter of 2010. In other words, almost 12 percent of the jobs tracked by the LED system were held by a "new hire." And, that's the worst quarter. These figures appear even more remarkable over time. New hires averaged more than 200,000 per quarter between 2007 and 2010.

Utah New Hires



For more information and data from the LED program:
http://lehd.did.census.gov/led/datatools/qwiapp.html

Seasonal Patterns

There is a very seasonal pattern to new hires. The first quarter of a year (January to March) shows the lowest hiring levels of the year, while the third quarter (July to September) always shows the highest annual new hires (although second quarter isn't far behind). On the other hand, despite increased retail hiring for the holiday season, the final quarter ranks third in terms of new hires.

Where's the trend?

A quick and dirty way to track the trends in the new hire data is to use a four-quarter moving average. As you can see in the accompanying chart, new hires follow the same trajectory as the labor market in general. Hires surged in 2005 and 2006, peaked in 2007, plummeted in 2008, bottomed out in 2009, and are now on the uptick.

Other Stuff

Young adults are most likely to be new hires (no surprise to parents with children that age). Individuals between 19 and 24 account for roughly 30 percent of new hires. And that share hasn't changed much over time. Slightly older adults—24 to 35—typically are responsible for one-fourth of new hires. However, this age group's share of hires has slowly been increasing. In the last two years, they have made up closer to 27 percent of new hires. Older adults are far less likely to be taking up new employment. Those between the ages of 55 and 64 typically account for only about 4 percent of new hires. But, their share of new hires has also increased somewhat in the past several years (to 5 percent)—undoubtedly a secondary result of the recession.

Finally, new hires are slightly more likely to be male (about 55 percent) than female. That's not significantly different from their share of the labor force. And, not surprisingly, most new hires are in the largest counties—Salt Lake, Utah, Weber, and Davis. Together, they steadily generate 70 percent of new hires.