

Job market churn still at record pace

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FULL TEXT

4.4 million quit in Sept. as openings surge

Virus fears, family needs, higher wages fuel mobility

A record 4.4 million Americans quit their jobs in September, as workers took advantage of the surge in job openings across the country, a sign of how labor market imbalances continue to complicate the economic recovery 20 months into the pandemic.

The number of people quitting in September constituted 3 percent of the workforce, according to a monthly Bureau of Labor Statistics survey released Friday. That number is up from the previous record, set in August, when 4.3 million people quit their jobs - about 2.9 percent of the workforce. In February 2020, before the big wave of pandemic-related layoffs began, 2.3 percent of workers quit their jobs.

The new statistics reflect how severely in flux the labor market remains after the pandemic upended the course of business and life across the country last year.

Businesses have hired millions of American workers since April 2020, continuing to add employees even during a surge in coronavirus infections in the late summer. But workers have remained remarkably mobile, quitting jobs for a variety of reasons and often with little notice. Many businesses are so strapped to find and retain workers that they are dipping into budgets to offer higher pay and bonuses, creating the most worker-friendly labor market in recent history.

A number of factors have led to the churn. The September data came during a period when coronavirus cases were spiking, creating child-care and safety pressures for many employees as they rethought their daily routines. Many other workers, meanwhile, were lured to other jobs because of better pay and benefits as employers became desperate to fill openings. And a strong stock market combined with stimulus checks and other benefits have helped pad workers' savings, making it easier for them to cut loose or retire, rather than hold on to a job they no longer want.

"There are likely some delta-induced quits here," said Daniel Zhao, an economist at Glassdoor, referring to the coronavirus variant. "Workers are fed up with working conditions and feel unsafe and quitting even though they might not immediately jump into a new job."

Trey Phillips, a 52-year-old cook in southeastern Vermont, quit his job in September at an inn. His 22-year-old son quit as well.

Phillips has high blood pressure and other health concerns, and he said a new chef at the restaurant where they worked brought a more lax safety approach to the kitchen amid the delta wave. A number of incidents had raised his level of concern about being safe at work. The final straw was finding out that a recently hired dishwasher, working in tight quarters with his son without a mask, was not vaccinated despite it being after the inn's Sept. 1 deadline for employees to be immunized.

"I just lost it," Phillips said. "It was, you know, how dare you? Are you a moron? . . . I just said to my kid that we're gone, because I had warned them after these incidents. I had gone to [human resources] and said this can't keep happening."

Those types of decisions are reflected in the industry-specific data in Friday's report. A whopping 6.6 percent of workers in accommodation and food services quit their job in September - far higher than any other sector.

Industries with the highest percentages of workers quitting include trade, transportation and utilities, retail, and leisure and hospitality, including those who work in arts and entertainment, at hotels and in restaurants. The biggest increases in resignations for the month included entertainment and recreation (56,000) and education and health services (54,000).

"Quits are high in leisure and hospitality, health services and education," Zhao noted. "Those are all industries where an increase in covid can make work less safe."

Adam Hettler, 32, quit his job as a middle school teacher in Minnesota in early September because he worried that the school district where he worked wasn't taking enough precautions to protect students and staff from the coronavirus.

He had been thinking about quitting since mid-August, when he found out a student at a former school had died of covid-19. By the time teacher training rolled around a few weeks later, it was clear to Hettler that he wasn't comfortable going back to large classrooms with few protections.

"It just really hit me that we were taking a very big gamble on the health of our students," he said.

He found a new job with comparable pay and benefits within a few weeks. The high school where he teaches now is smaller, he said, and has more safeguards in place.

"The pandemic made me think about my own health and well-being, and what I'm willing to be part of," he said. "I realized there are other options."

The South, the West and Midwest have the highest numbers of workers quitting their jobs, at 3.3, 3.1 and 3.0 percent, respectively, while only 2.2 percent of workers in the Northeast are quitting jobs. This is consistent with trends seen in August, which showed that workers in more rural areas quit at a higher rate in part because they had more leverage to demand better pay.

The country has regained the vast majority of jobs lost in the earliest months of the pandemic, but still has over 4 million fewer jobs than in February 2020.

Economists have been looking to the return to full employment as an important milestone, but labor shortages, continued coronavirus cases, and supply-chain issues have emerged to complicate that recovery. The high level of turnover among employees is adding to the mismatch, as lower-wage jobs are increasingly hard to fill because workers in those professions are finding alternatives.

And some employers are pulling out all stops to attract the workers in this climate.

Rucha Vankudre, an economist at labor market analytics firm Emsi Burning Glass, said that data the company has crunched on job postings shows that the number of employers offering starting bonuses has almost doubled since the beginning of the year and mostly in jobs that don't require advanced degrees. Similar bumps have occurred in the number of employers willing to offer on-the-job training. The number of job postings that require background checks have declined, as well.

"It's really a workers' economy," Vankudre said. "It's a good time for people to be moving. Employees are really in charge for the first time in a long time."

Jay Starkman, founder of the human resources and employer firm Engage PEO, said the phenomenon is more than just the 3 percent of workers who quit in September. Other workers are threatening to quit and receiving higher salaries or bonuses to stay put.

"For every one of those [who quits], there's another person that says, 'Hey, I really don't want to leave, but so-and-so across the street is willing to offer me another 25 percent in compensation,'" he said. "So you have this other issue of wage inflation that's going on simultaneously that's making it really difficult for employers of all sizes."

Many companies have to weigh giving raises to their workers or lose them and deal with the cost of turnover and positions being unfilled. Starkman said he has heard of companies giving out monthly bonuses for employees who stay on the job.

"Employers are really struggling. It's just absurd to me, but people are desperate to keep their employees because of the cost of turnover," he said. "It's as much of an employee's market as I've ever seen."

Workers report being swarmed by recruiters on sites like LinkedIn, with offers of better pay and benefits.

And some economists question whether other factors have reshaped the traditional dynamics of the labor force after the deaths of 750,000 people.

Even in this climate, there are workers who say they cannot find suitable work because of a mismatch in the type of job they are looking for and the types of jobs that are available.

According to the jobs site ZipRecruiter, about 62 percent of job seekers on the site report that they are looking to change the type of job they had, according to a September study; 55 percent said they are trying to get a job where they can work from home.

Of those who were seeking the ability to work from home, 85 percent said either workplace safety concerns (50 percent) or child-care/family-care needs (35 percent) were driving their decisions - data that indicates how many people are attempting to switch industries in hopes of being able to work from home.

All the turnover has left workers with more leverage than before the pandemic, which has resulted in significant wage increases as well: Average hourly earnings are up more than 5 percent for the year. Strikes by unionized workers also have ticked up, as they also demand better pay and benefits.

Inflation from the rising prices of goods is wiping out some of those wage gains, at least so far. Prices rose 6.2 percent last month for the year - the largest annual increase in 30 years, raising the specter that inflation could complicate political decisions in Washington in the coming months. When adjusted for the costs of rising prices, earnings are down 1.1 percent on the year.

"I would expect over the next year the price inflation to relent a bit, and most of the wage growth to stay - and so I think they're going to come out ahead," said Josh Bivens, director of research at the left-leaning Economic Policy Institute. "But yeah, this inflationary spike has definitely bit into the growth of paychecks."

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