The New Hires Quality Index

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October 11, 2017
Introduction

- Much timely (monthly) government data on number of new jobs
  - By industry, not occupation or much else

- There are also considerable wage data for workers
  - Almost always for incumbents, not new hires

- Result is that we don’t know much about the “quality” of new jobs
Motivation

- Understanding characteristics of new jobs, and workers in them, of key concern
- An important coincident, and perhaps leading, indicator
- Provides insight into cyclical labor markets
- Can shed light on structural changes in skill demand

- Of new jobs created last month, how “good” were they?
  - Wage is often a useful summary statistic
  - Occupation—what you do—matters to wage more than industry—where you do it

- **Goal:** Create a new index of job hires quality
Most jobs added in Boston since recession called low-paying

By Katie Johnston | GLOBE STAFF SEPTEMBER 22, 2015

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Examples of New Hire “Job Quality” Lamp-post Inference

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New monthly index tracks “quality” of new job hires (2001 →)

Uses Current Population Survey (CPS), the same source used to track the unemployment rate, to identify new hires:

- those switching in adjacent months from non-employment to employment
- those changing employers

Occupations in CPS merged with wage data from Occupational Employment Statistics

Resulting index shows change in realized skill demand through changes in occupation mix of new hires

- Adjust for demographics, but not within-occupation skill changes

Also yields hire volume, and index for many subgroups
Summary of findings

1. Hourly wage index is up nearly 5 percent from 2005
New Hires Quality Index: Hourly Wages

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data

Index (2005=100)

2001 2003 2005 2007 2009 2011 2013 2015 2017
Summary of findings

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3. Volume of new hires has not recovered; wage bill has just barely; hires/person not at all
New Hires Quality Index: Monthly Volume

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Index is based on a 12-month lagged moving average of monthly data.
New Hires Quality Index: Monthly Wage Bill

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data

Hourly wage x New job volume

Index (2005=100)

Source: Upjohn Institute New Hires Quality Index
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New Hires Quality Index: Hires per capita

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4. Women have had a stronger recovery than men
New Hires Quality Index: Women and Men

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data

Women index (2005=100)  Men Index (2005=100)

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data
New Hires Quality Index: Women and Men, volume

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5. In 2005, college graduates accounted for one-fifth of all hires; in 2016, they accounted for one-fourth
New Hires Quality Index: Volume by education

SOURCE: Upjohn Institute New Hires Quality Index
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6. Wage index gains have been comparable for newly employed and employer changers, but volume growth of former vastly outpaces that of latter
New Hires Quality Index: Index by Hire Type

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data.
New Hires Quality Index: Volume by Hire Type

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Newly employed index (2005=100)
Employer changer index (2005=100)
Index is currently calculated for 26 subgroups
- Sex, age, education, sector, region, hire type

In each case, wage index (level and time-standardized), volume, and wage bill are all available

For age groups, per-capita hiring volume also available
NHQI: Index, by age (2005=100)

SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Wage index is based on a 12-month lagged moving average of monthly data

2001 2003 2005 2007 2009 2011 2013 2015 2017
45 to 54 55 to 64 65+

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NHQI: Index, by education (2005=100)

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SOURCE: Upjohn Institute New Hires Quality Index
NOTE: Volume index is based on a 12-month lagged moving average of monthly data
The Upjohn Institute New Hires Quality Index provides new and valuable information on job hires each month.

It complements existing measures of employment growth and worker wages.

It should be useful to policymakers, researchers, journalists, businesses, and workers.

Full report, methodology, and interactive: www.upjohn.org/nhq

Thank you!