

# Labor Markets Watch Update and Outlook

November 17, 2021



## Some of the critical issues we will be covering today

- What are the latest **US labor market trends**?
- What is the **outlook for labor shortages** in the US?
- How has the **federal vaccine mandate** impacted recruitment and retention?
- How has **independent and nontraditional work** changed since the pandemic?



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# Today's Presenters



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***The Conference Board***



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***The Conference Board***



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Senior Economist  
***Committee for Economic  
Development of The  
Conference Board***



# POLL QUESTION 1



# POLL QUESTION 1

## RESULTS

# Labor Market Update and Outlook for the US

- Labor Market **Update**:
  - ✓ The negative **impact of Delta** on the labor market seems to be **fading**
  - ✓ The economy is still in a reopening stage in **in-person services industries**
  - ✓ **Labor shortages** are still severe
  - ✓ Employers struggle with the **Great Resignation**
  - ✓ **Wages are rapidly rising**, especially for blue-collar and manual services workers
  - ✓ **Many older workers** have **retired early**
- Labor Market **Outlook**:
  - ✓ **Labor shortages could somewhat ease** as a return to the labor market in the coming months and job-search intensity increases
  - ✓ However, the chances of **persisting labor shortages** are rising



# Will labor shortages ease in the coming months?

- Possible scenarios:
- Labor shortages will ease, because:
  - ✓ The enhanced federal **unemployment benefits** have expired
  - ✓ For the most part, schools reopened in person, freeing working parents
- Labor shortages will persist, because:
  - ✓ Those who return to the labor market are **gobbled up by the re-opening economy**
  - ✓ **Infection risk** is still significant, keeping workers on the sideline
  - ✓ The looming **federal vaccine mandate** could result in higher turnover and lower participation
  - ✓ The **Great Resignation** continues
  - ✓ **Older workers** who retired early are not coming back





# What would be the implications of severe labor shortages continuing into 2022?

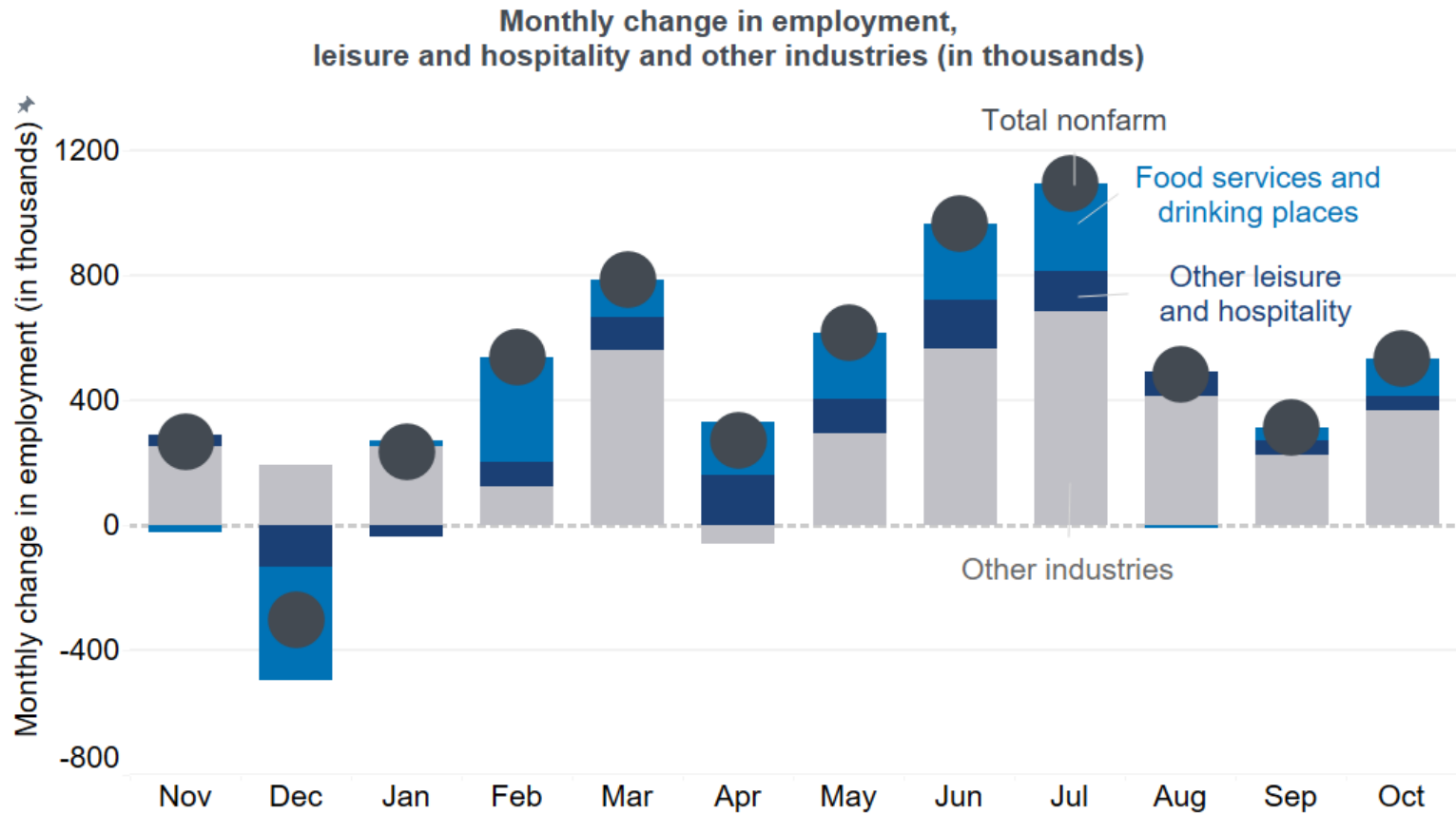
- Wages would continue to rise
  - ✓ Especially for **new hires** and **job-switchers**
  - ✓ But also for existing workers as annual raises need to be adjusted for higher cost of living
- **Corporate profits** would suffer as labor and other input costs rise
- Faster wage growth **would lead to faster inflation**
- The Federal Reserve would have to **raise rates faster than expected**
- **Economic growth could be hampered**
- While still less likely, the possibility of a **wage-price spiral**—where higher price inflation and rising wages feed on each other—could have major economic implication





# US Labor Market Update and Outlook

# Job growth slowed during the summer as Delta hindered the reopening of the US economy

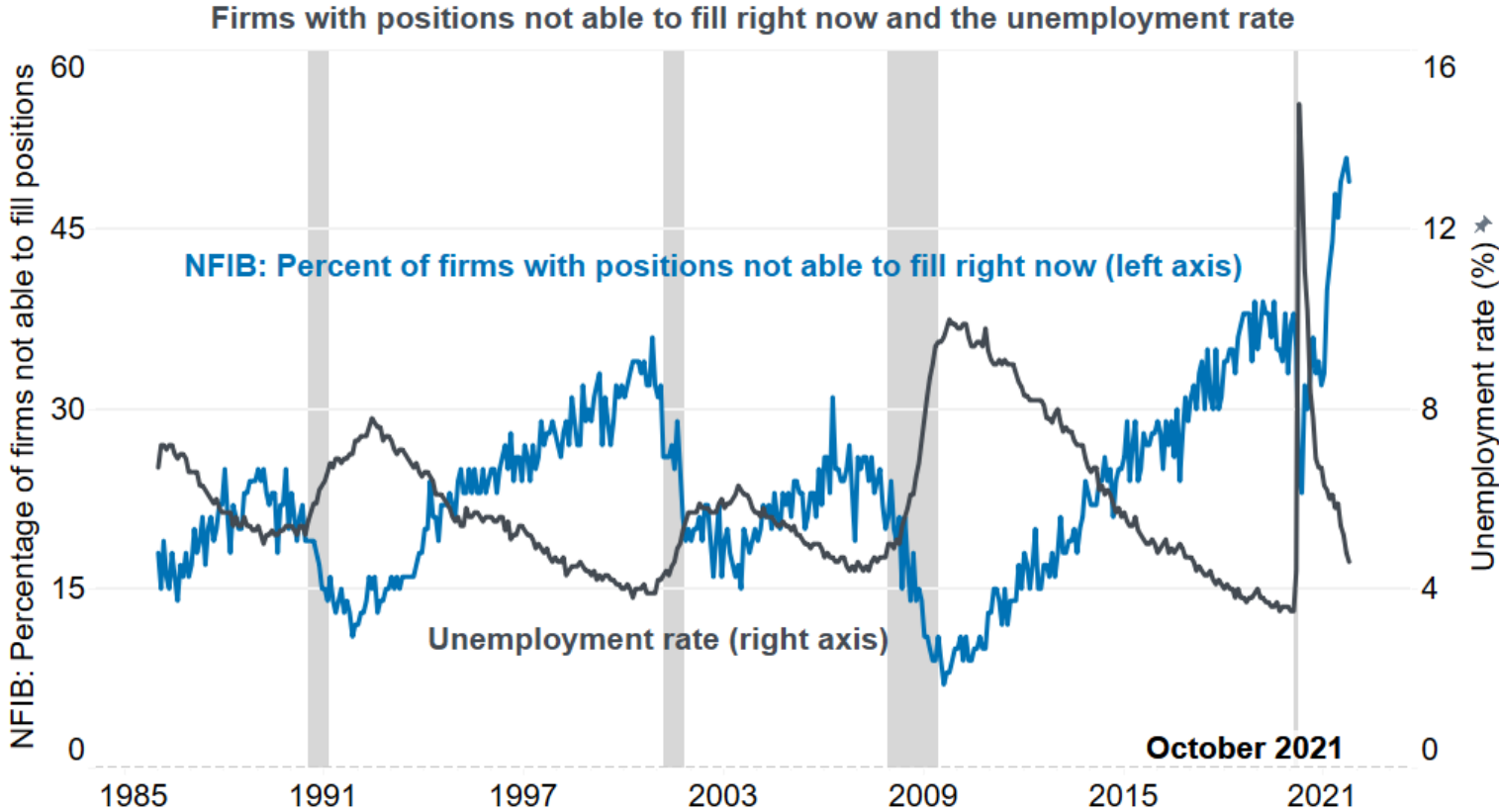


Source: US Bureau of Labor Statistics

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# Recruiting difficulties remain historically high

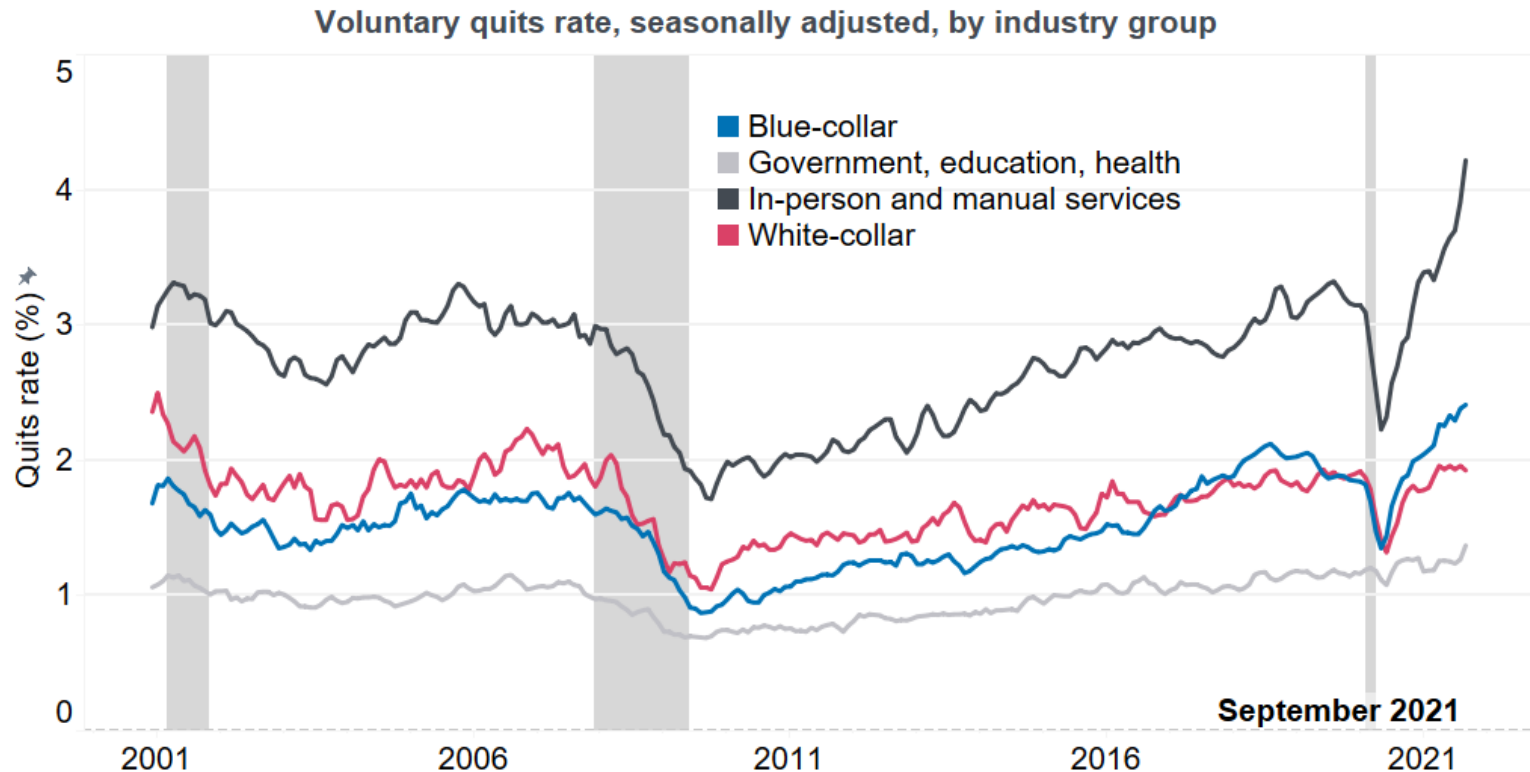


Source: National Federation of Independent Business; US Bureau of Labor Statistics

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# The Great Resignation: Quits are historically high across all industries, but especially in in-person services



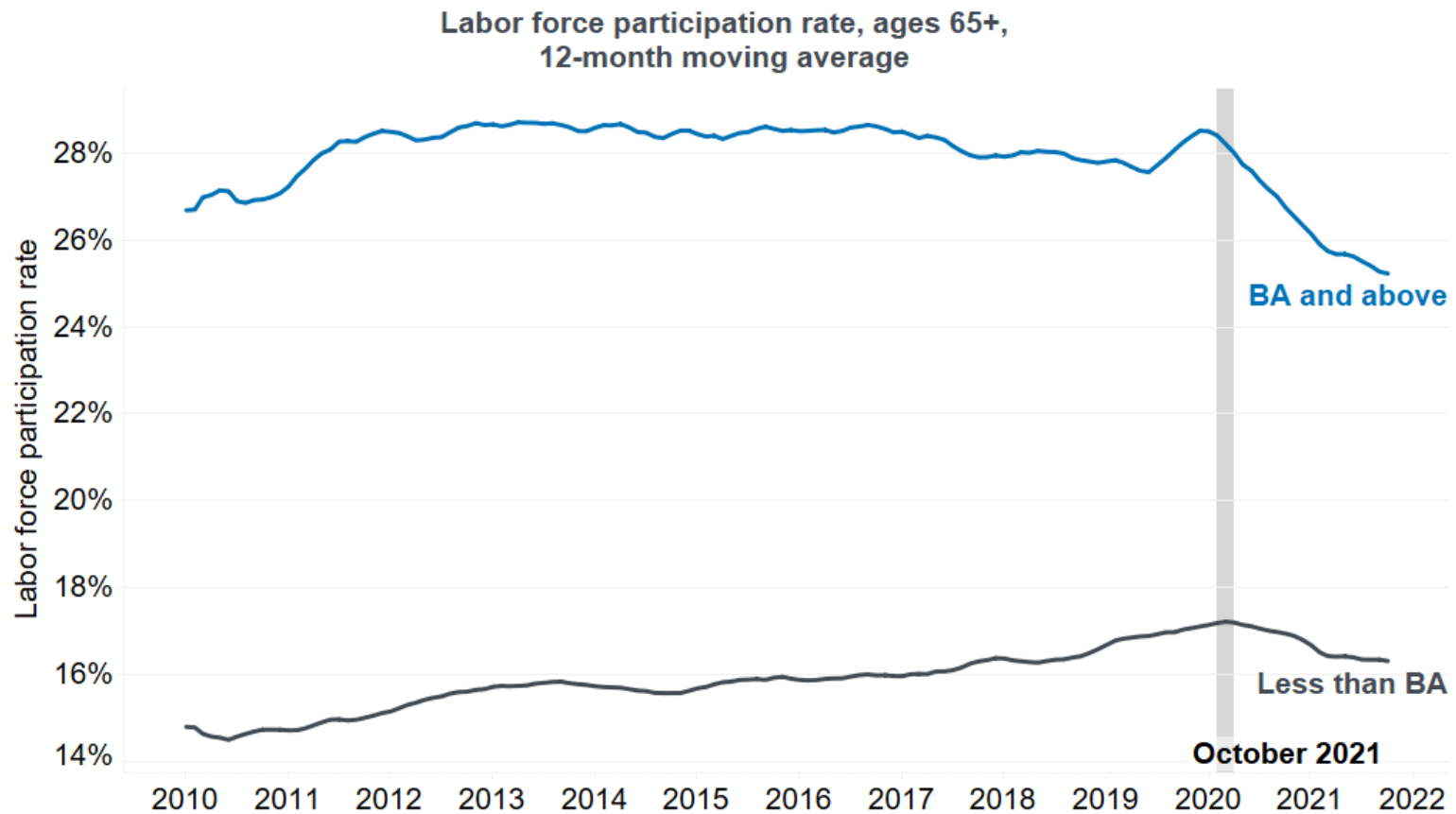
Notes: Shaded areas indicate recessions. See Appendix for detailed descriptions of industry groups.

Sources: US Bureau of Labor Statistics, The Conference Board

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# The drop in labor force participation of those aged 65+ is more visible among those with a bachelor degree



Source: US Bureau of Labor Statistics

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# POLL QUESTION 2

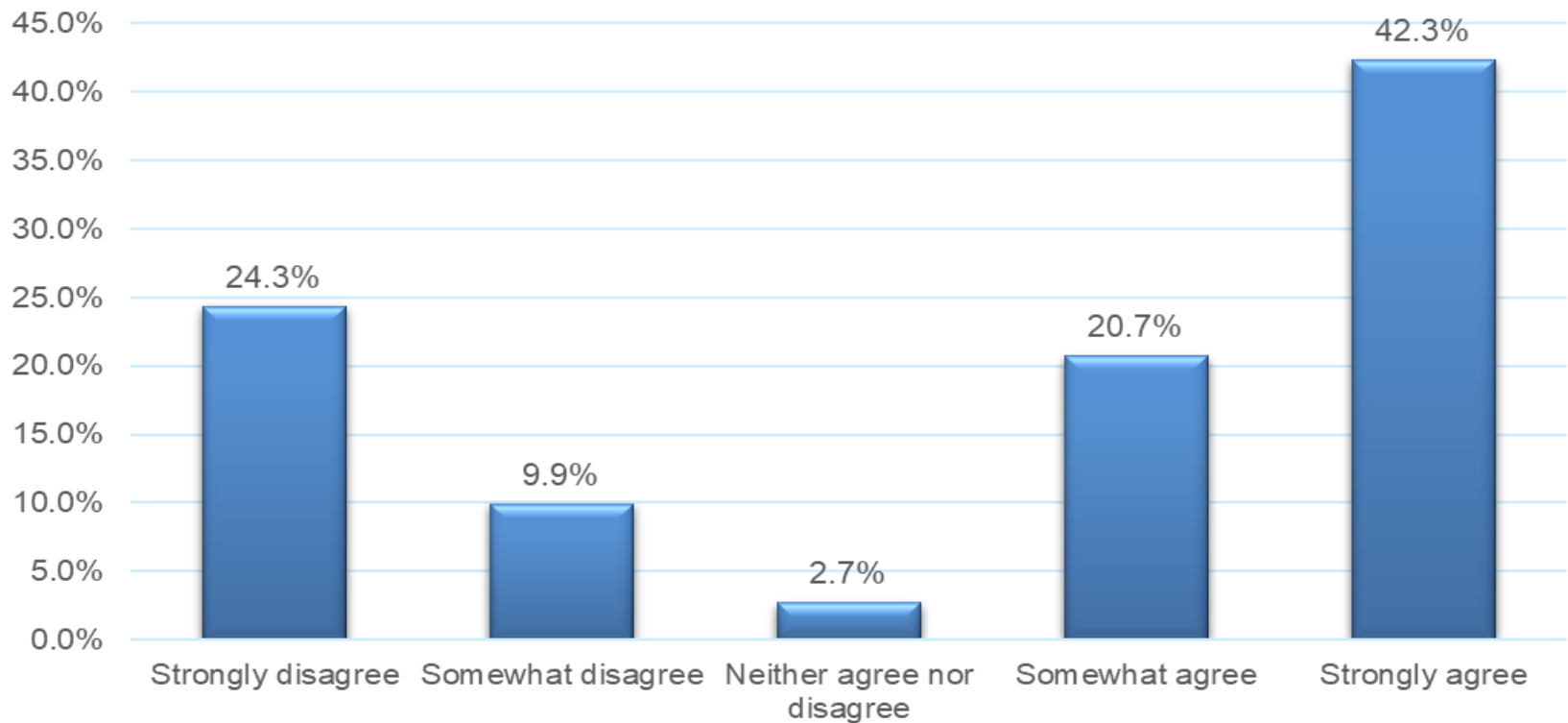
# POLL QUESTION 2

## RESULTS



# The majority of surveyed CEOs and Board Directors support the national vaccine mandate

Do you agree with the President's decision to mandate that all employees with more than 100 workers require their workforce to be vaccinated or tested for the virus weekly?



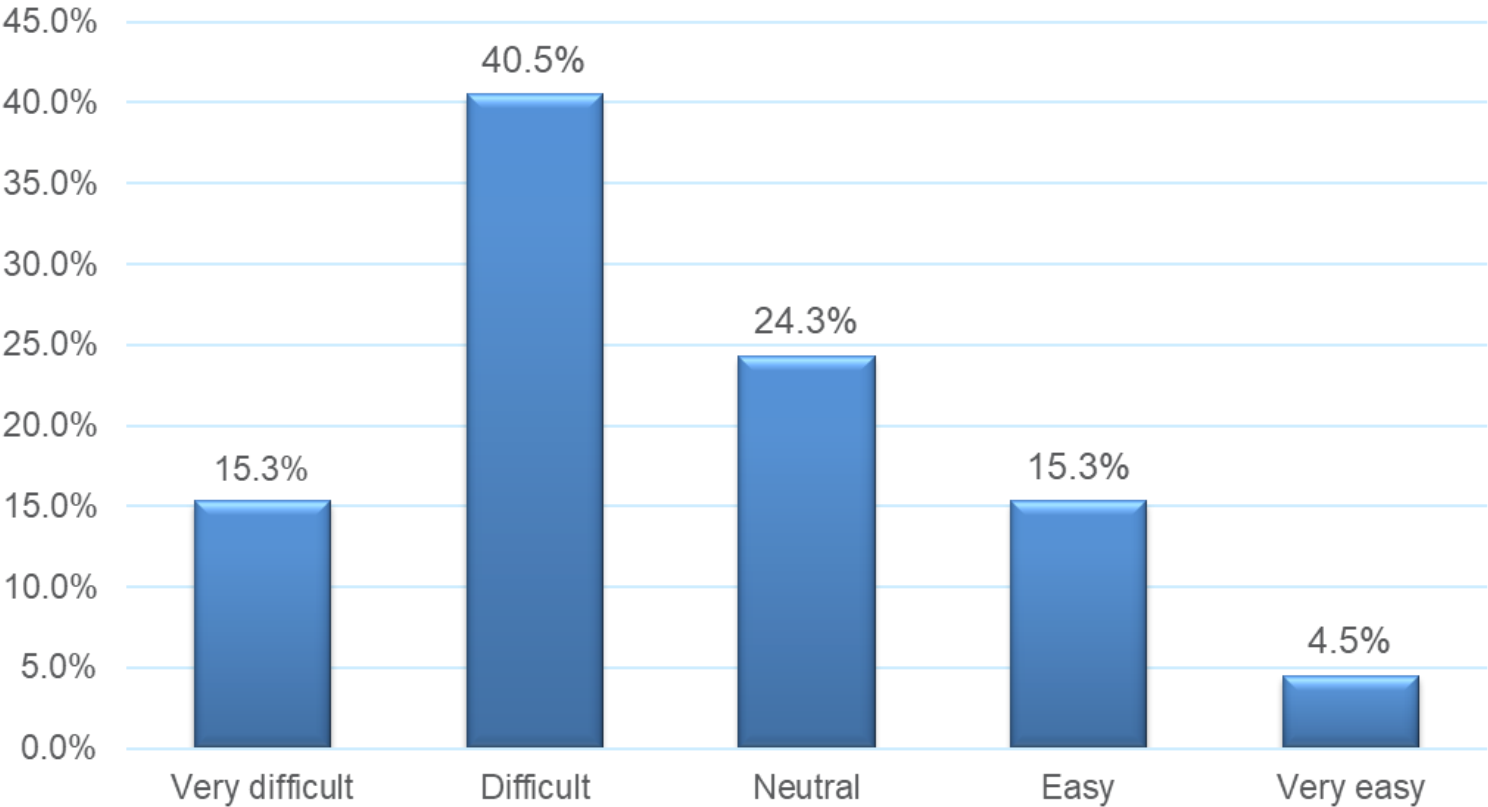
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Source: The Committee for Economic Development of The Conference Board



# Despite significant support, more than half of business leaders believe implementation will be difficult

How would you rate your ability to implement the vaccination/testing mandate in your firm?

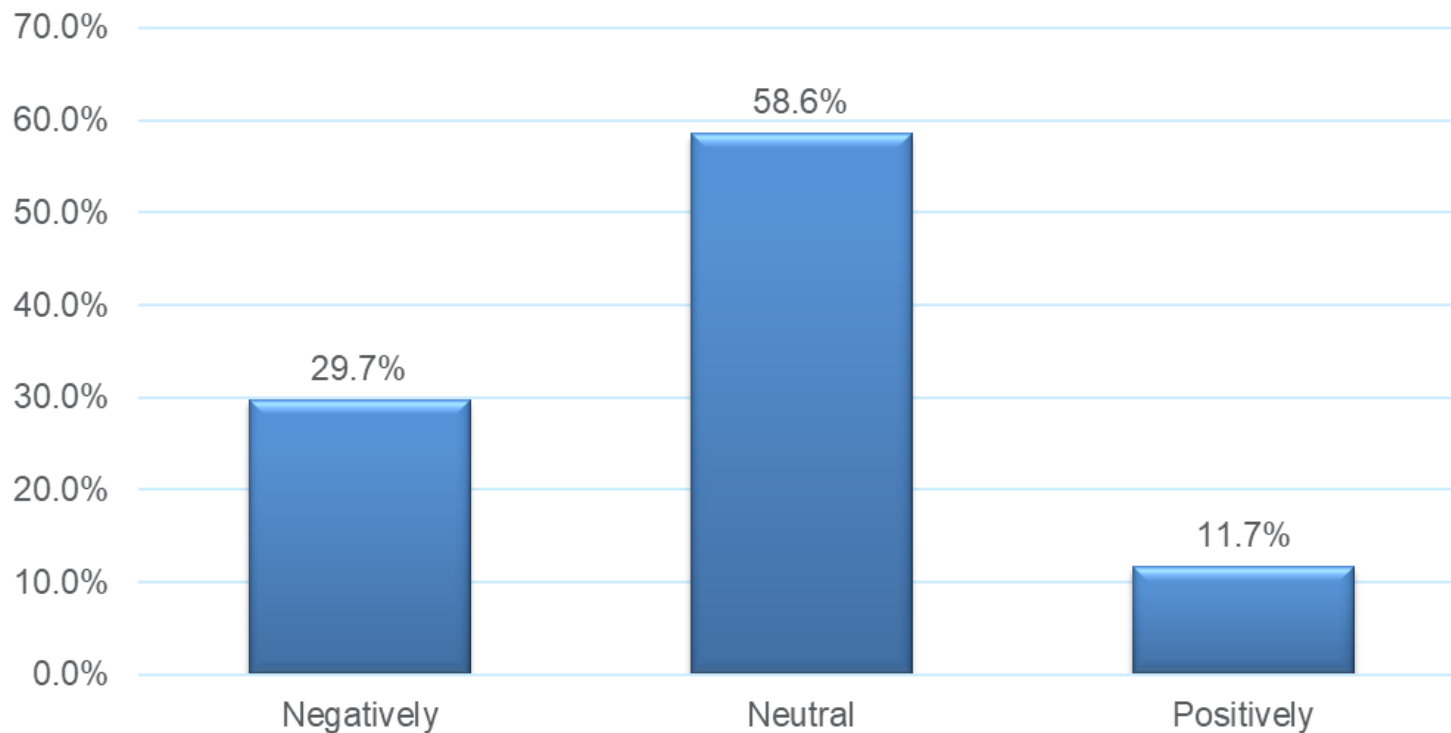


N=111  
Source: The Committee for Economic Development of The Conference Board



# Almost a third of respondents say the vaccination announcement has hurt company culture

How do you think the President's decision to mandate vaccinations or at least weekly testing has affected your firm's culture?



N=111

Source: The Committee for Economic Development of The Conference Board



# More than a third of unvaccinated workers say they would quit if their employer required vaccination or testing

- ✓ Rises to nearly three-quarters if no testing option was available
- ✓ 5 percent of unvaccinated adults report leaving a job because an employer required them to get vaccinated

■ Get the vaccine ■ Get tested weekly ■ Leave your job ■ Other/Don't know/Refused  
(Vol.)

If your employer required you to either get the COVID-19 vaccine or get tested weekly, what would you be most likely to do?



Now, what if your employer did **not** offer the weekly testing option?



NOTE: Among those who are unvaccinated and employed but not self-employed. See topline for full question wording.

SOURCE: KFF COVID-19 Vaccine Monitor (October 14-24, 2021)

**KFF COVID-19  
Vaccine Monitor**

Source: [Kaiser Family Foundation COVID-19 Vaccine Monitor: October 2021](#)

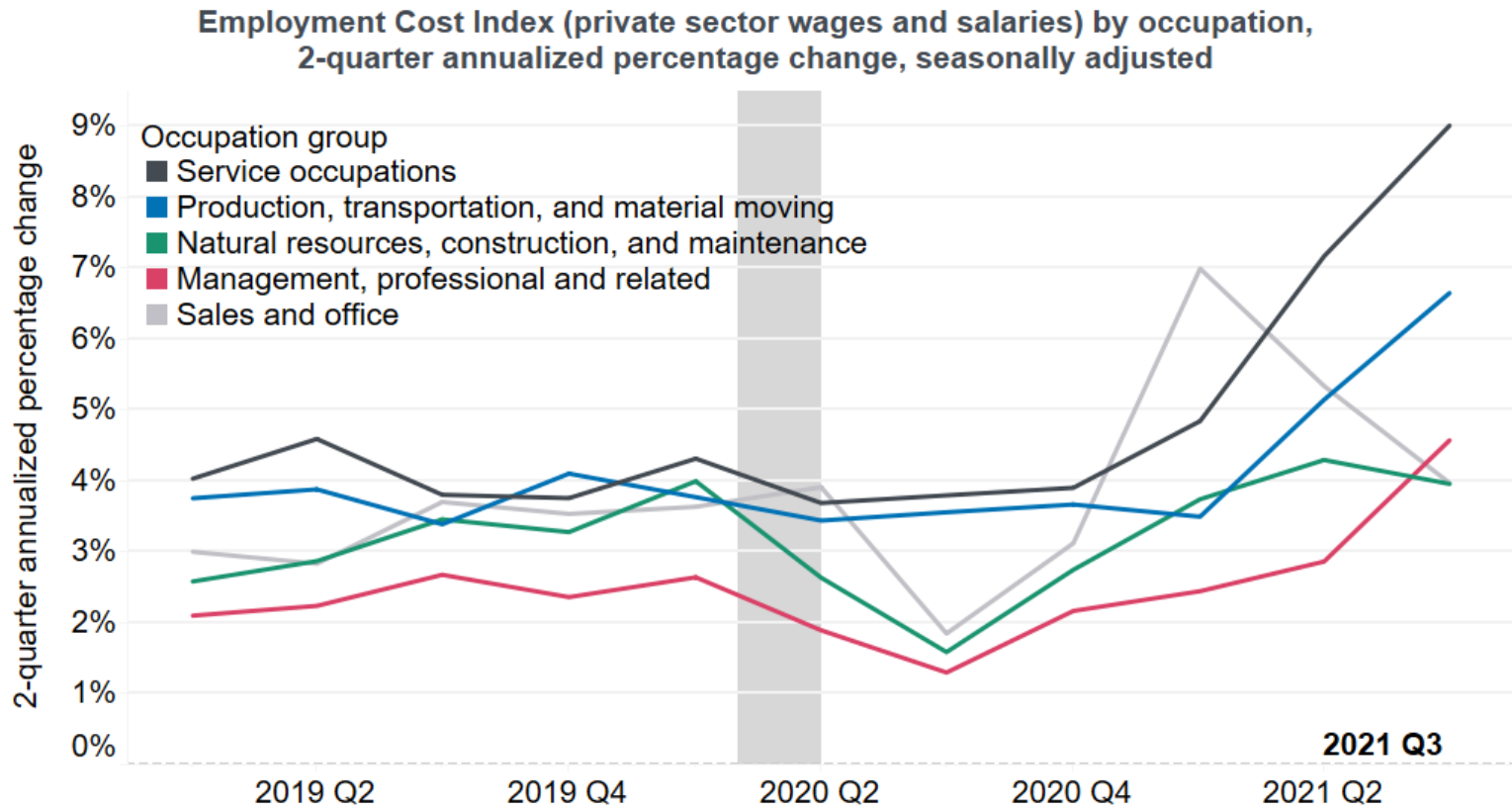


# Labor market implications of a vaccine mandate

- Vaccine hesitancy will intensify labor shortages in key industries and occupations
  - ✓ Healthcare (nurses)
  - ✓ Transportation (truck drivers)
  - ✓ Manufacturing and construction workers
  - ✓ Retail and shipping (esp. during the Holiday season)
  - ✓ Community services (teachers, policemen, and firefighters)
- There are also large regional concentrations of vaccine hesitancy that will affect regional labor supply
- A negative impact on company culture could mean more division in the workplace instead of more vaccinations



# Wages are rising especially fast in service and blue-collar jobs since the start of 2021



Note: Shaded area represents recession.

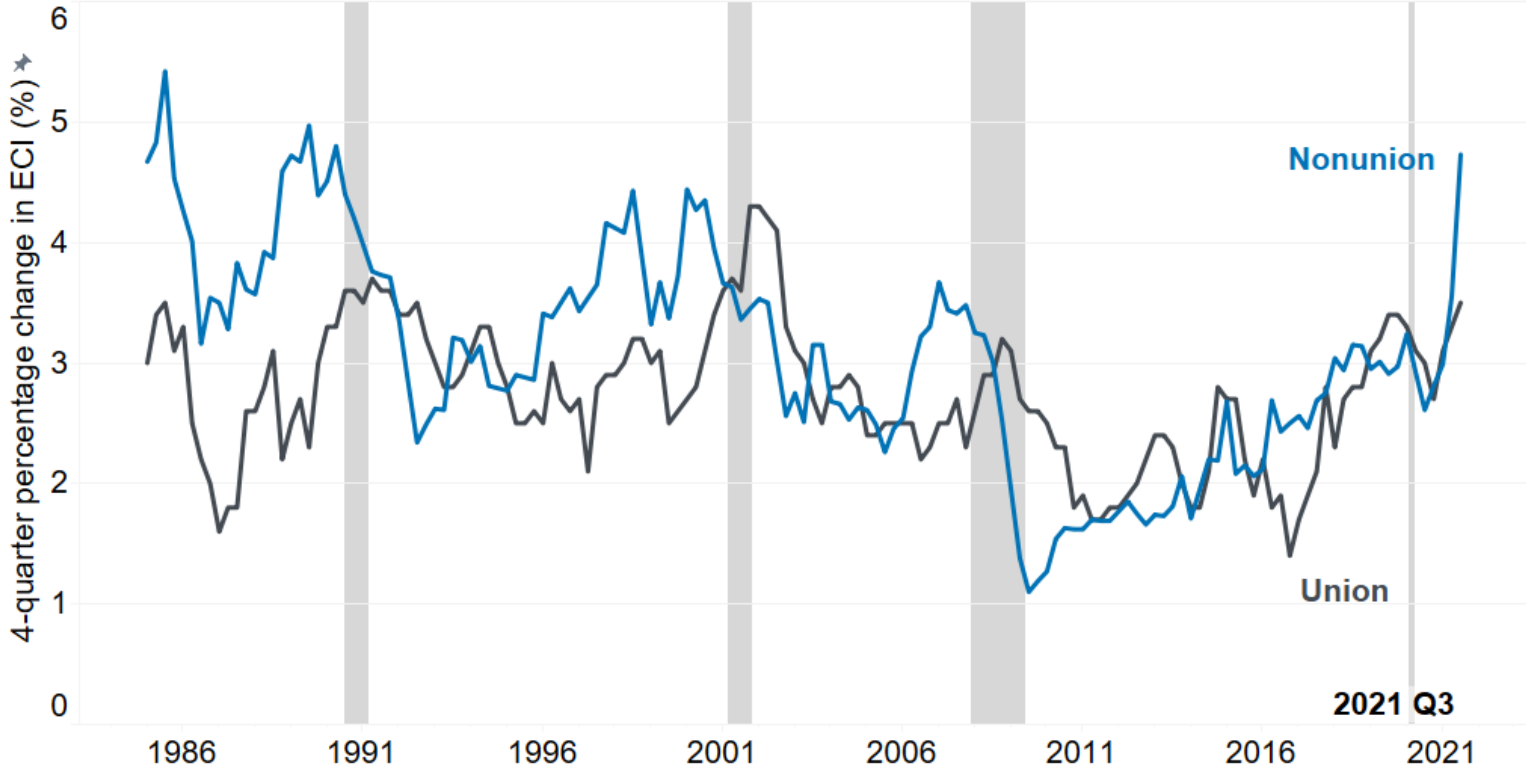
Source: US Bureau of Labor Statistics

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# Unions may demand stronger wage increases over the coming months to keep up with nonunion wage growth

Employment Cost Index by bargaining status, wages & salaries, private industry workers, 4-quarter percentage change

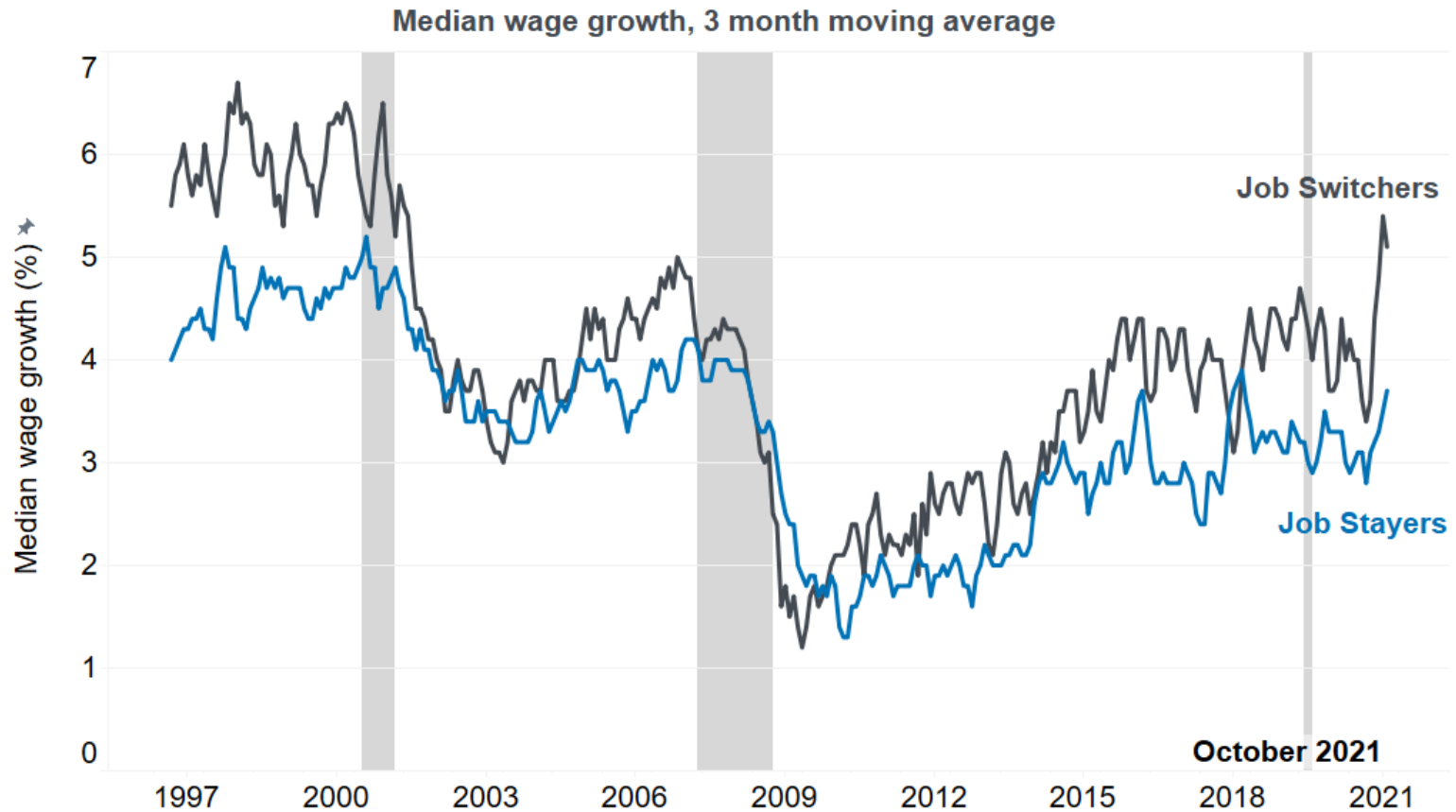


Source: US Bureau of Labor Statistics

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# Job switchers now receive much larger increases in wages than job stayers



Source: Federal Reserve Bank of Atlanta

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# Survey: Salary Increase Budgets and Structure Adjustments

We invite **compensation leaders** to participate in The Conference Board Annual Survey of Salary Increase Budgets and Structure Adjustments.

This survey is especially important this year as the business community is uncertain as to how to react to the **acceleration in wage and price inflation**.

**Link:** [http://tcb.qualtrics.com/jfe/form/SV\\_bxSEzTUY9dbEVh4](http://tcb.qualtrics.com/jfe/form/SV_bxSEzTUY9dbEVh4)

**Deadline:** Friday, November 19th, 2021

**Time to complete:** about 10 minutes

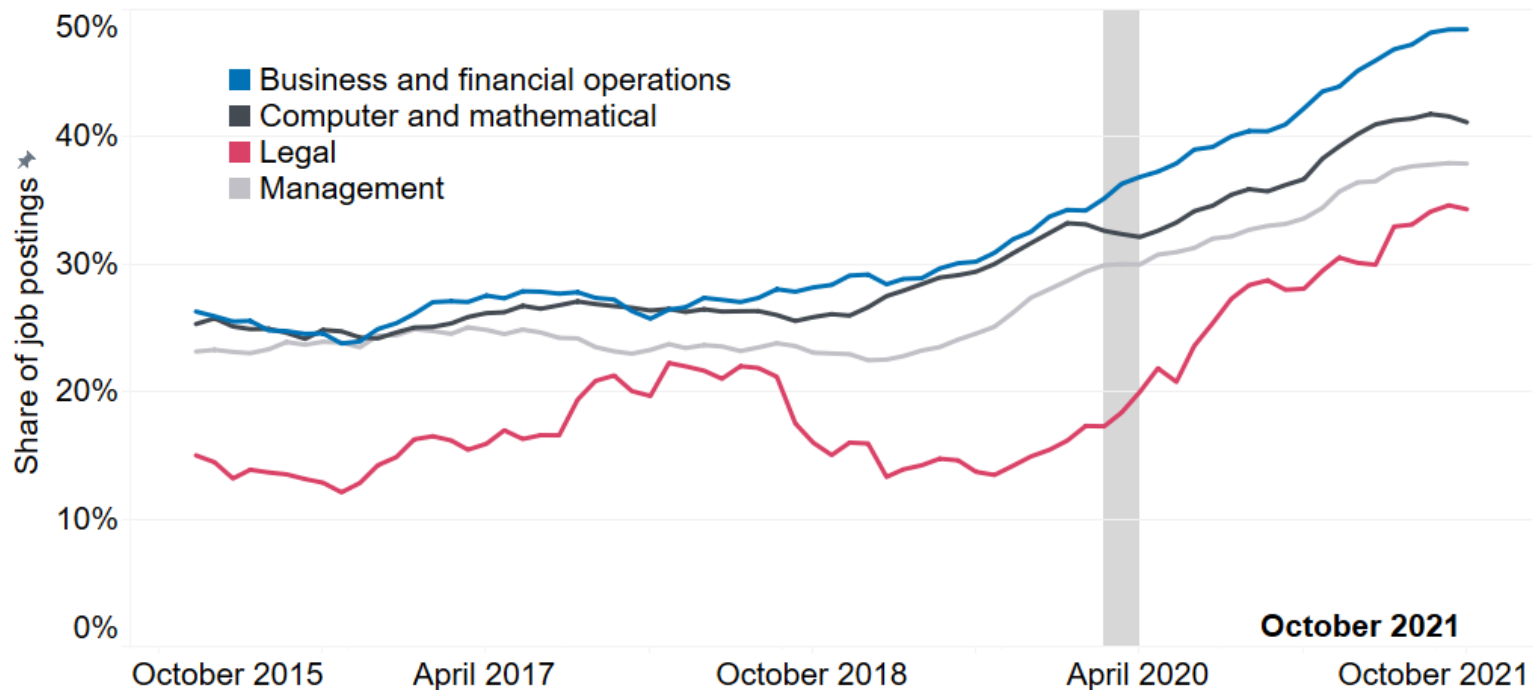
Respondents will receive a **complimentary copy of the results**.



## Other interesting trends

# West Coast tech companies are increasingly hiring outside the West Coast

Share of job postings from tech firms based in west coast states for jobs in other states, by occupation group



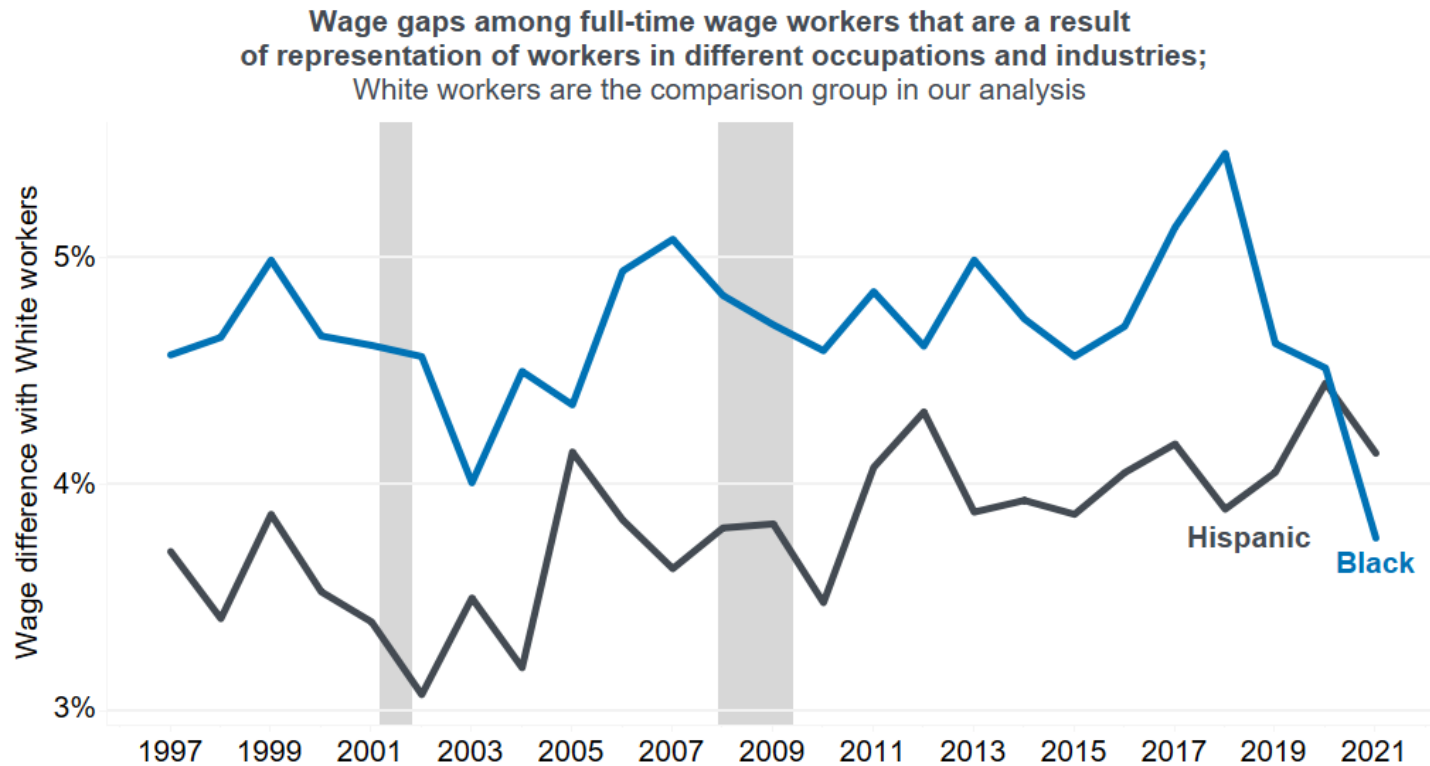
Note: Shaded area indicates recession.

Source: The Conference Board® - Burning Glass®  
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# The Black-White wage gap may finally be shrinking

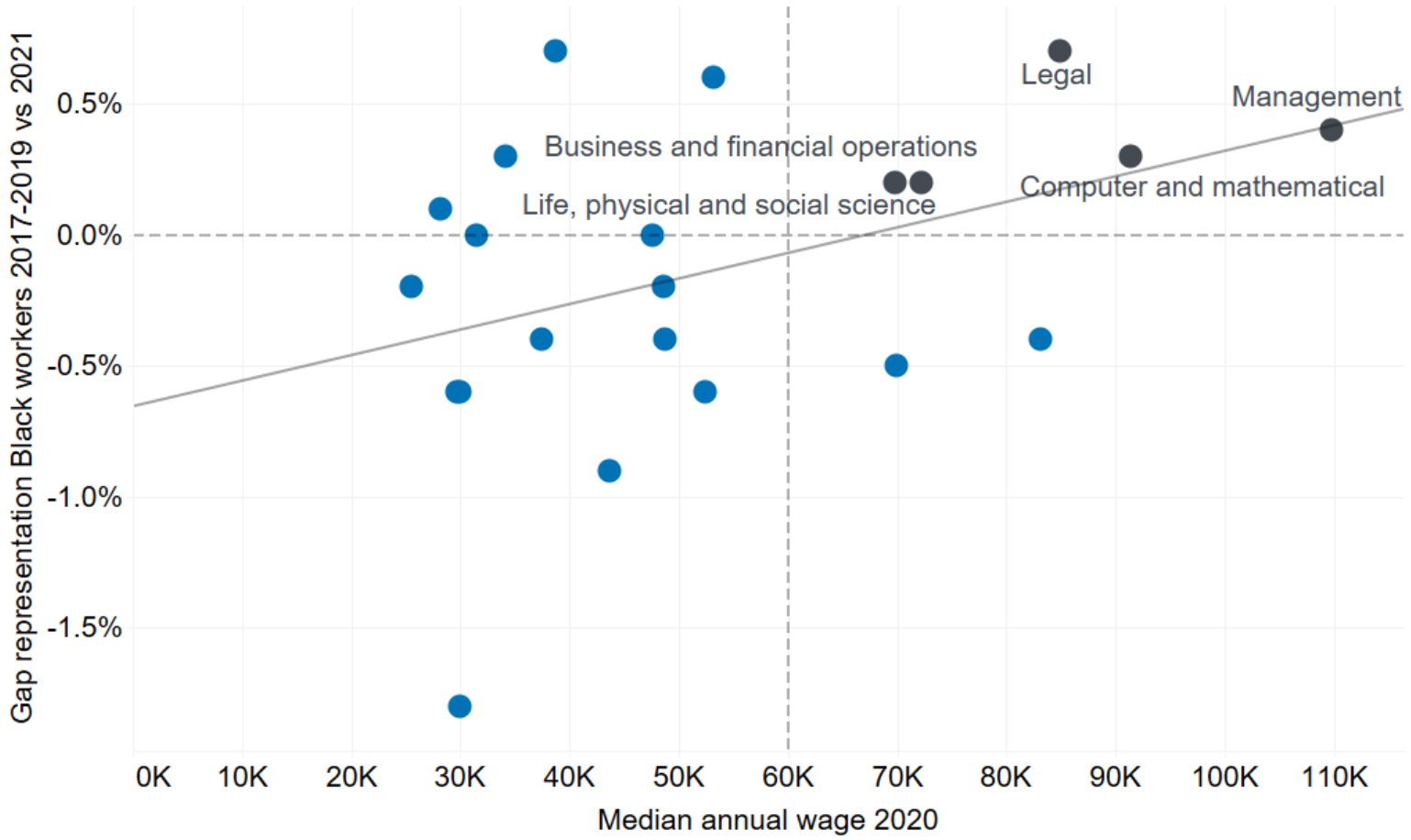


Source: The Conference Board  
using microdata from IPUMS-CPS, University of Minnesota

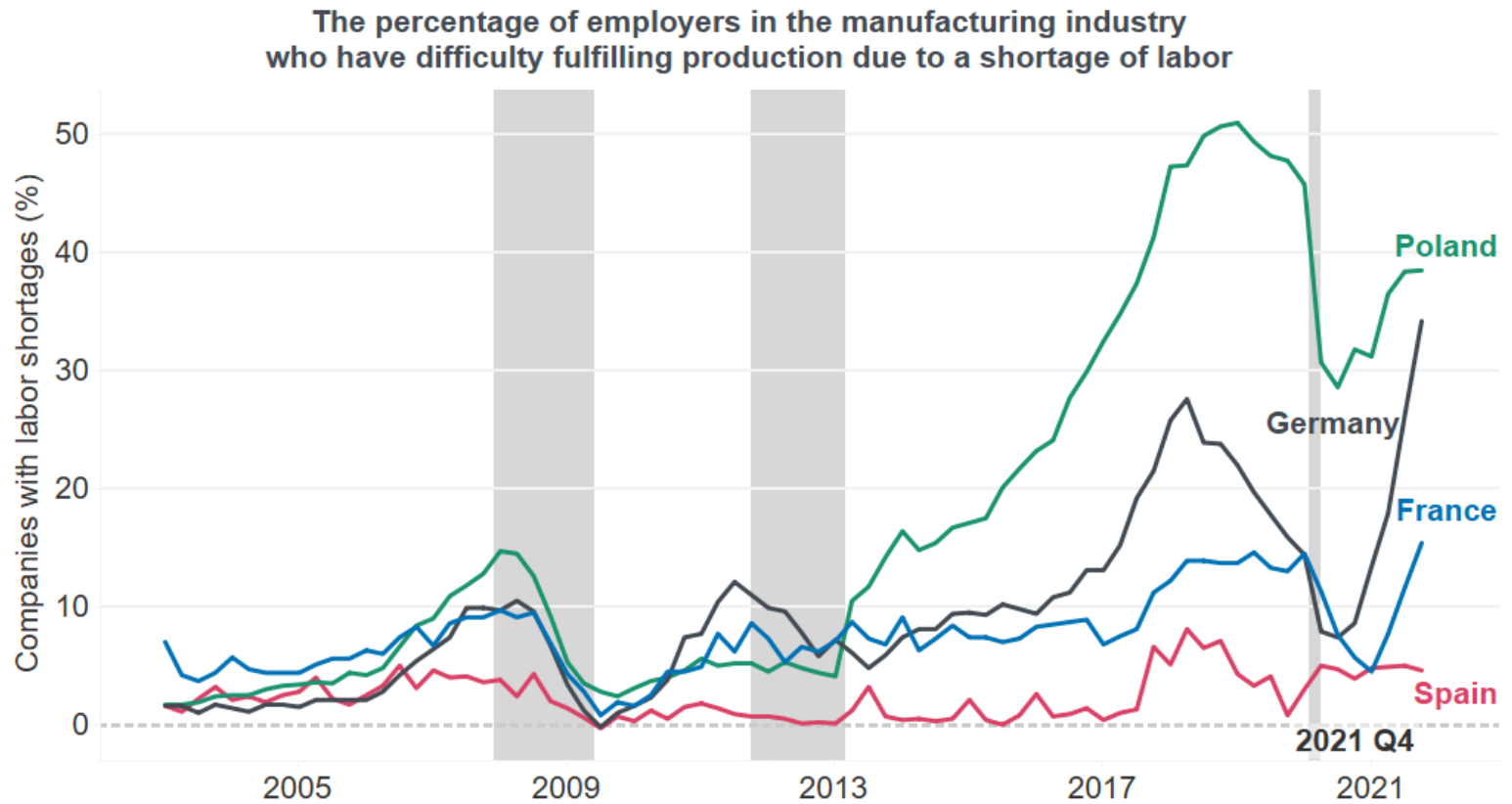
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# Increased representation of Black workers in high paying occupations



# As in the US, labor shortages are rising in most of Europe



Note: Shaded areas represent recessions.

Source: European Commission Business and Consumer Surveys

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# How has the gig economy changed during COVID-19?

## Due to COVID, independent/nontraditional work may become more mainstream

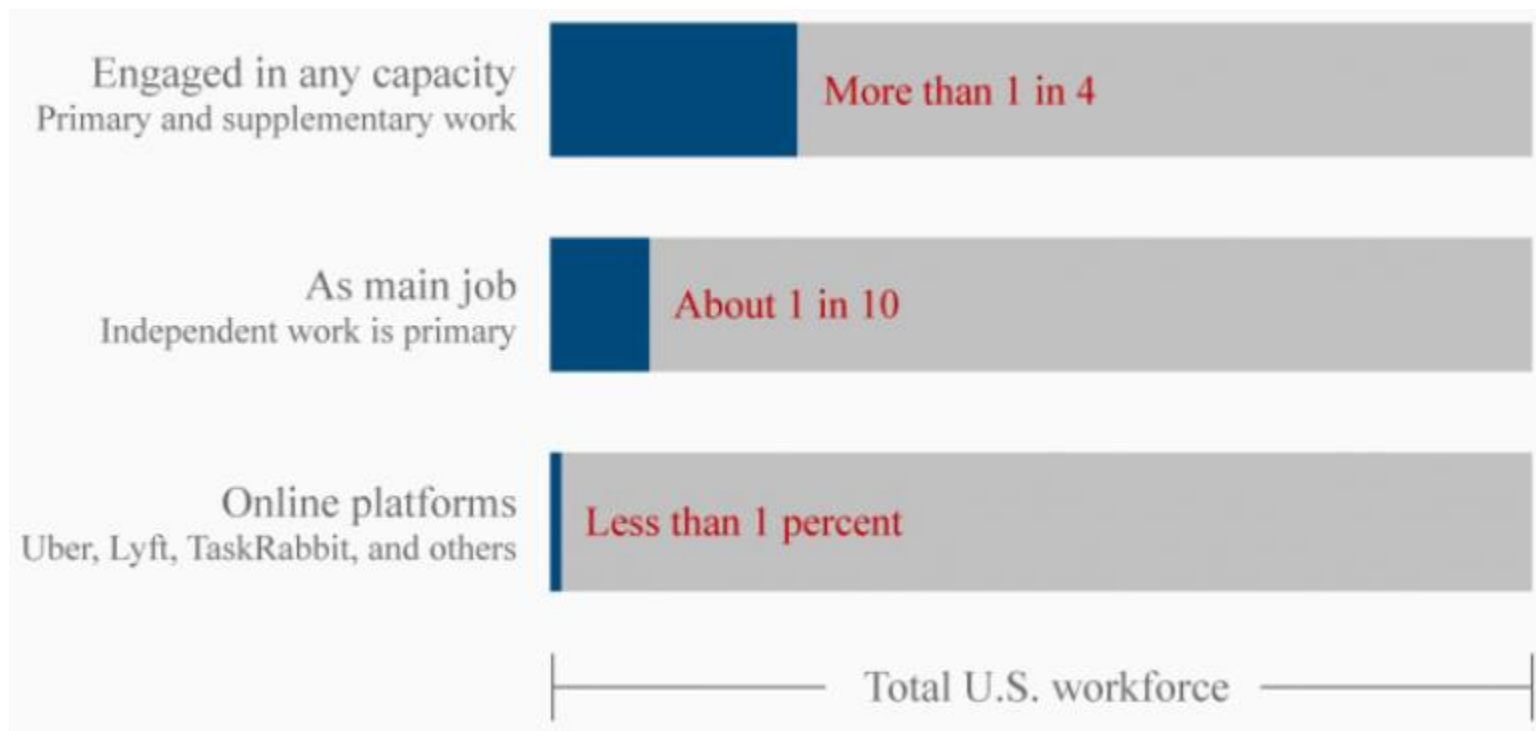
- COVID-19 resulted in countervailing trends that cloud the direct impact on the gig workforce
  - ✓ Spurred a record number of startups, esp. in online retail activity
  - ✓ But many occasional gig workers also paused
  - ✓ 2020 change in gig workforce: -7% (MBO Partners) to +3.5% (Upwork)
  - ✓ 2021: but various indicators suggest strong ongoing growth and a rising share of the labor force engaged in gig work
- Independent work has become easier, cheaper, and less risky
- The demographics of the independent workforce are changing
  - ✓ Increasingly educated, skilled professionals who can work remotely
  - ✓ Younger workers and caregivers, esp. women





# Pre-COVID, more than a quarter of workers participated in the gig economy in some capacity

Share of workers engaged in non-traditional work



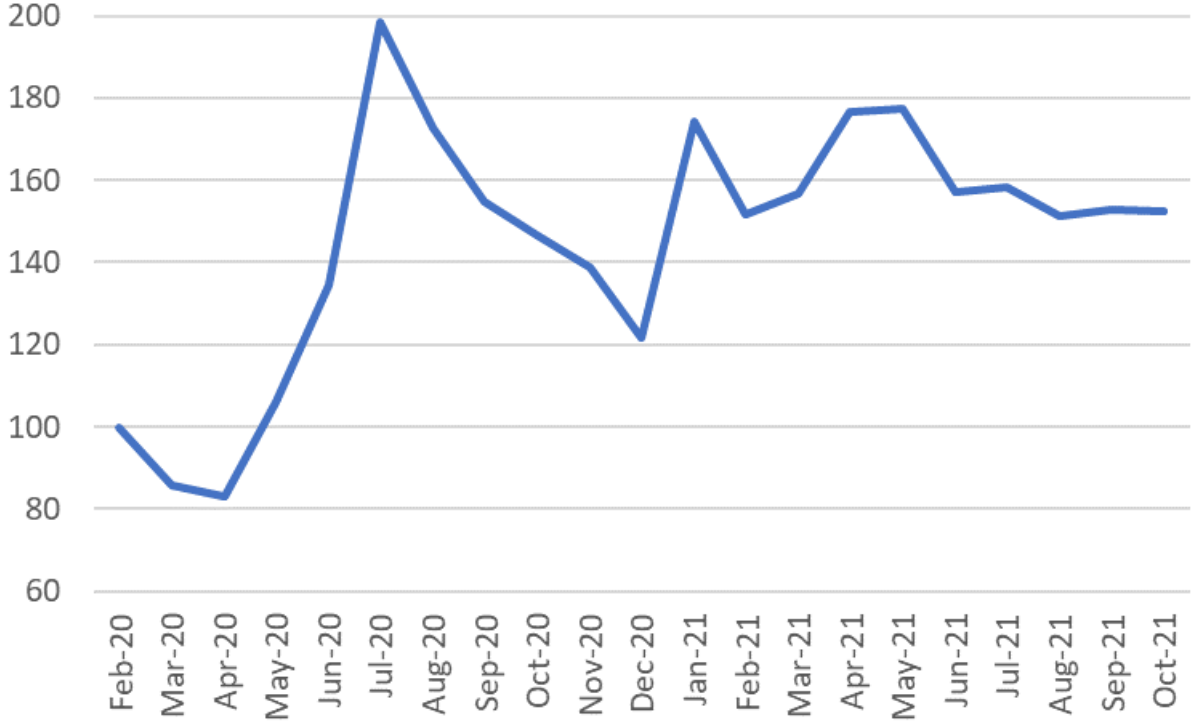
Note: The widest measure of the gig economy includes any worker who engages in non-standard work in any capacity—online or offline, with regular or occasional participation, and for primary or supplemental earnings. This includes workers who hold traditional full-time jobs in addition to gigs, as well as those who only do gig work.

Source: Gig Economy Data Hub, "[How many gig workers are there?](#)"



# During COVID, many started their own businesses after being laid off or quitting their jobs

Business applications by nonlikely employers, February 2020 = 100



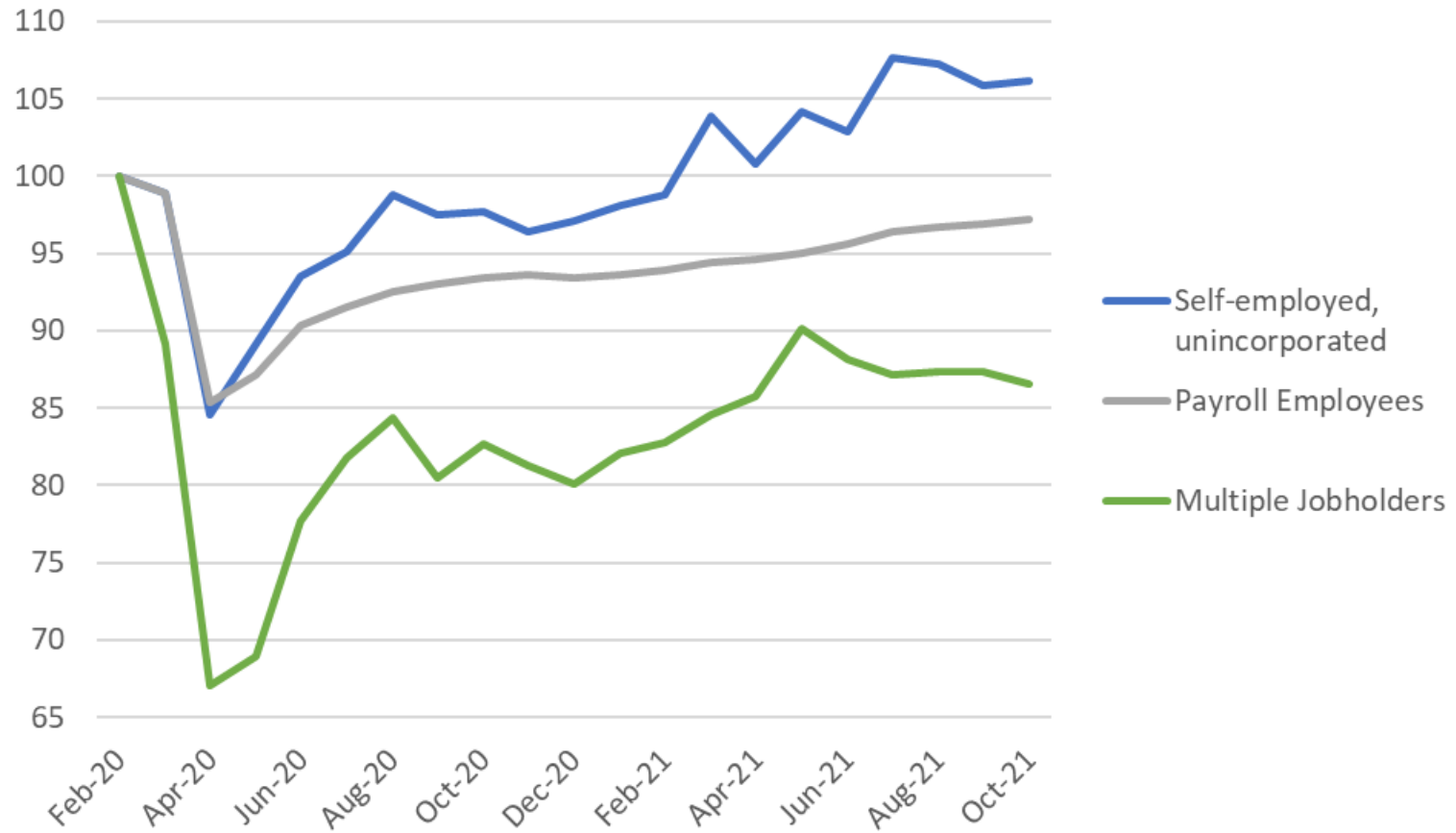
Note: "Business applications by nonlikely employers" is calculated as regular business applications minus high-propensity business applications, which are those that have a significant likelihood of turning into a business with payroll.

Source: US Census Bureau, Business Formation Statistics and calculations by The Conference Board



# Many workers started “gigging” for the first time, while many occasional (in-person) gig workers paused

Employment by worker status



Source: US Bureau of Labor Statistics



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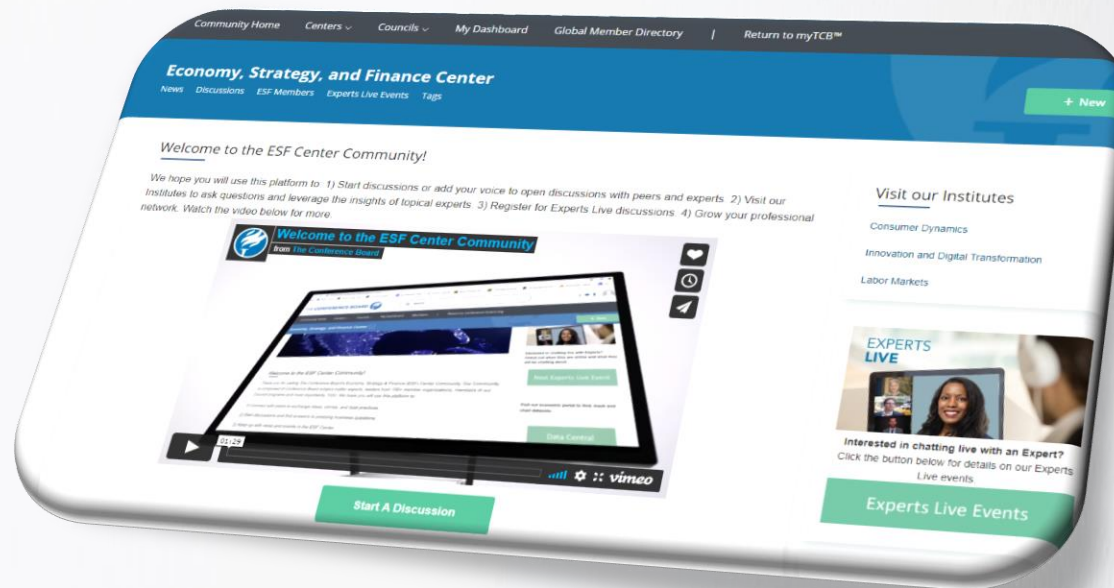
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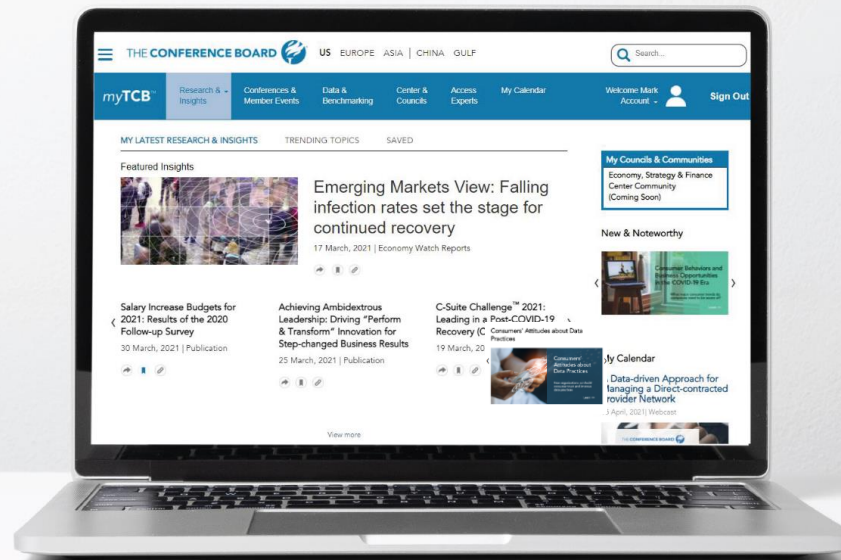
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