Who is filling all these vacancies?

Vacancies are filled by new hires. These new hires can come from two pools of labor – employed or non-employed workers. Suppose all quits represent EE (employer-employer) transitions. This in effect implies that the ratio Quits / Hires represent the share of filled vacancies that are attributed to EE transitions.

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Figure 1: This uses JOLTS data which reports hires and quits in thousands of people.

Alternatively, one can estimate the elasticity of quits to hires to recover the importance of quits in filling vacancies. I estimate the following regression:

Inflation period is defined from April 2021 to May 2023. I run the regression on on JOLTS data from 2000 to may 2023, with excluding data from 2020-March2021. gives the elasticity in the pre period whereas is the elasticity in the inflation period. Surprisingly, which likely means our assumption that all quits represent EE transitions is likely not true. and statistically significant but quite small.

Table 1: Regression Results

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While JOLTS provides flows from the firm’s perspective, CPS provides flows from the worker’s perspective which allows for direct measurement of EE, UE, NE (out of the labor force to employed) flows. The ratio of EE / (EE + UE + NE) provides information about what share of vacancies filled are due to EE transition. Figure 2 shows the time series for this.

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Monthly Frequency Quarterly Average of the monthly series