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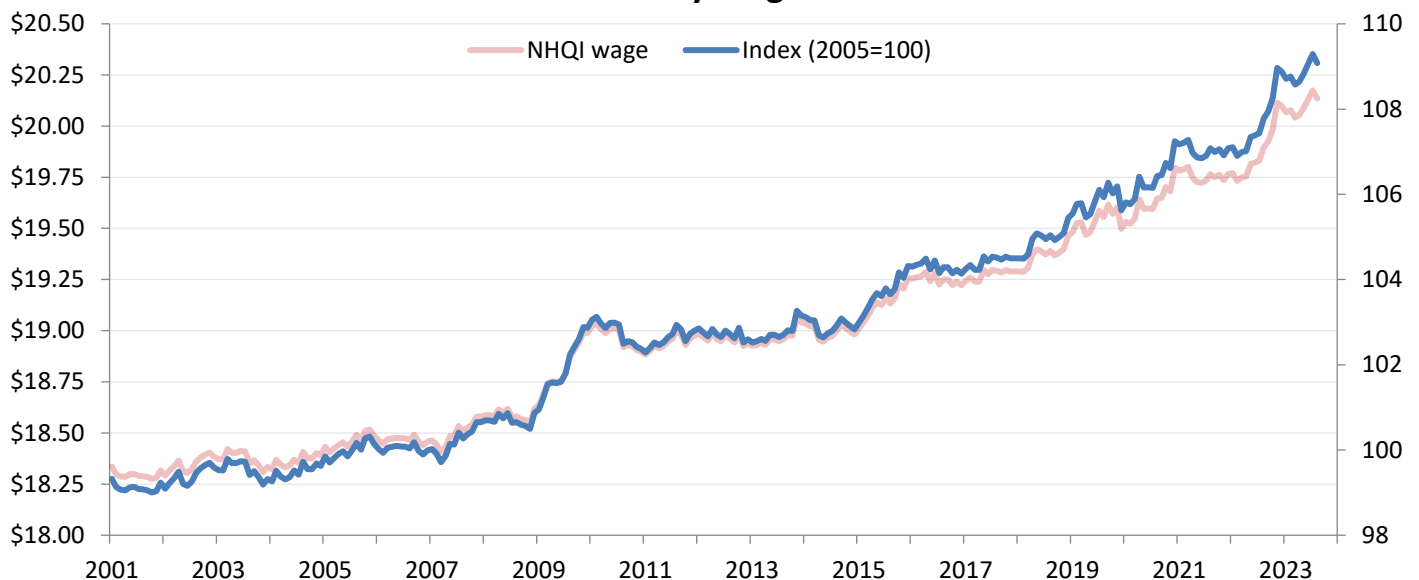
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Upjohn Institute New Hires Quality Index dips slightly in August 2023, with cooling felt equally for women and men

KALAMAZOO, Mich.— The Upjohn Institute New Hires Quality Index shows inflation-adjusted hourly earnings power of individuals starting a new job slipped 0.2 percent over the month, to \$20.13, down from July's record high and back to June's level. Over the past 12 months, the index is up 1.2 percent; since 2005, it is up 9.1 percent. Hiring volume has continued to fall, down 0.8 percent since July and 3.9 percent since August 2022; this month also marks the first time that hiring volume has fallen below its prepandemic level from February 2020. Adjusting for population growth, hiring *rates* are 2.8 percent *below* the pre-COVID baseline and are now at a series low. The era of rapid job transitions has apparently come to a close, and we are past peak labor market.

The index and accompanying [interactive database](#) and [report](#), developed by Upjohn Institute economist Brad Hershbein, fill a key gap in the measurement of hiring activity. The NHQI provides monthly updates on the volume and occupation-based wages of newly hired workers, and is available for different groups based on sex, age, education, and other characteristics.

New Hires Hourly Wage Index: All



SOURCE: Upjohn Institute New Hires Quality Index

NOTE: The lighter line uses the left axis and shows the inflation-adjusted hourly wage of new hires. The darker line uses the right axis and shows the relative change since the base year of 2005.

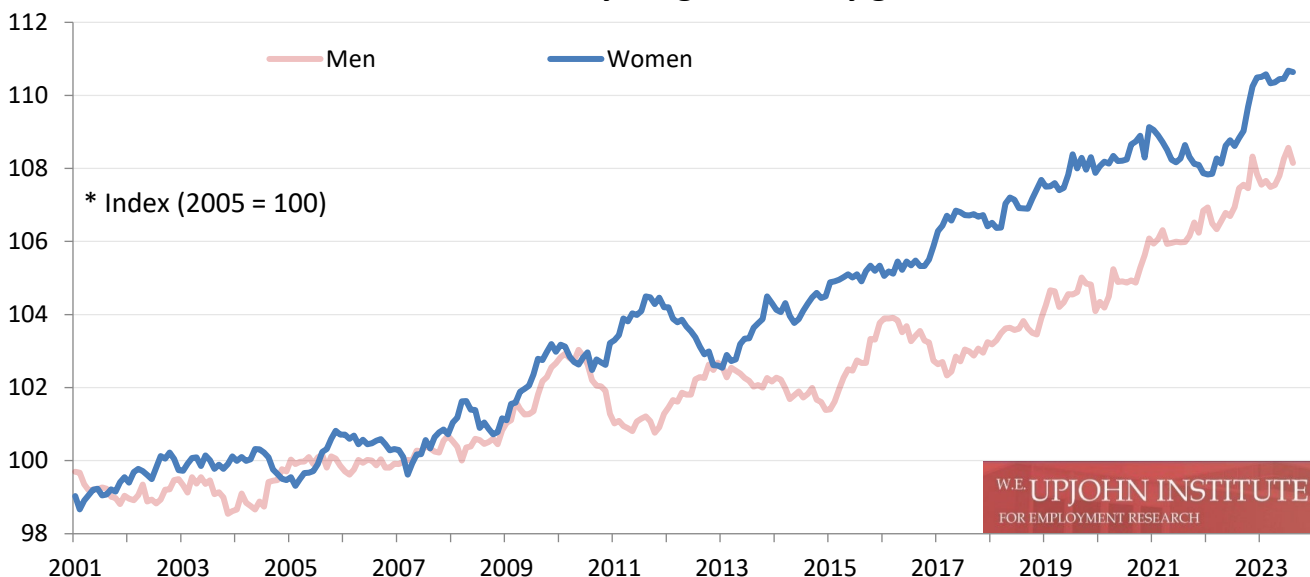


Even though hiring volume has been declining and hiring rates have reached new lows, the overall state of the labor market remains strong—for now—in large part to the continued resiliency of [women's](#)

[employment](#). After peaking in June of this year, the labor force participation rate of prime-age women—those aged 25–54—has dipped slightly but remained at [77.6 percent](#) as of August 2023, 0.6 percentage points above its pre-pandemic level, which itself was at a 20-year high. As documented in an [NHQI release last year](#), after a relatively tepid performance in the first year of the recovery—when concerns about the “[shecession](#)” were still salient—women’s hiring rapidly accelerated in mid-2021 through mid-2022. With the broader labor market cooling for the better part of a year now, though, are women’s hiring dynamics bucking the trend, as suggested by the above numbers, or are they merely slowing more gradually than that of men? To answer this question, we return to comparing the hiring picture for both genders.

The graph below shows the hourly wage index separately for men (salmon) and women (blue). Each index is normalized to the respective group’s own level in 2005 in order to better show relative changes. Although there was some idiosyncratic volatility after the Great Recession that led to faster growth in the wage index for women, both groups experienced relatively steady growth from 2017 through 2020. At the end of 2020, several months into the pandemic, both genders had reached all-time highs, with women 9.1 percent above their 2005 level, and men 6.1 percent above that benchmark. In 2021, however, there was partial convergence, as women’s wage index fell and men’s continued to rise, with the gap between the two narrowing to about 0.9 percentage points at the beginning of 2022. Over the following 12 months, the wage index for women shot up rapidly before plateauing over the past six months. Nonetheless, the earnings power of newly hired women currently stands at 10.6 percent above its 2005 level, after increasing 1.7 percent since August 2022. The wage index for men has also increased since 2022, but not quite as much: it stands at 8.2 percent above its 2005 level, edging up just 0.6 percent since August 2022. Consequently, the gender gap is currently at 2.4 percentage points, larger than at the beginning of 2022, although still not quite as large as it was pre-pandemic (4.0 percentage points in February 2020).

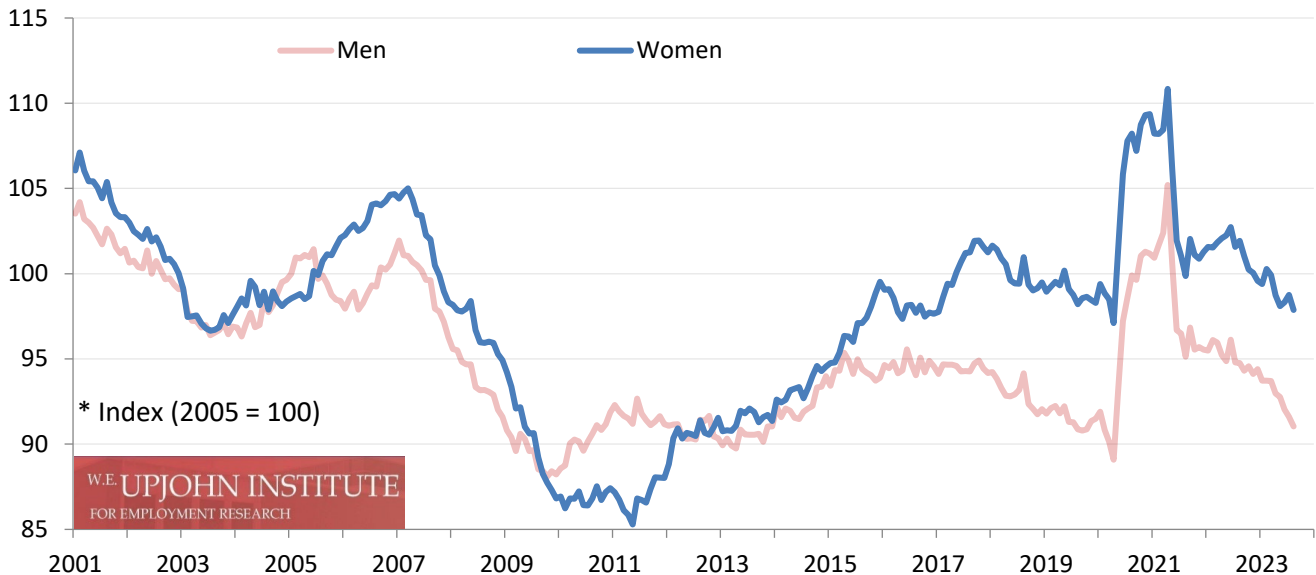
New Hires Hourly Wage Index: by gender



Although men have experienced faster growth in earnings power than women since COVID began (3.8 percent vs. 2.2 percent), women’s gains have outpaced men’s in the short term (over the past year) and longer terms (over the past 18 years). It turns out that women have also outpaced men in the growth of hiring *volume*. As shown in the graph below of indexed hiring volume for both genders, women had begun exhibiting faster growth than men in 2015, even though both genders saw slowdowns in the years

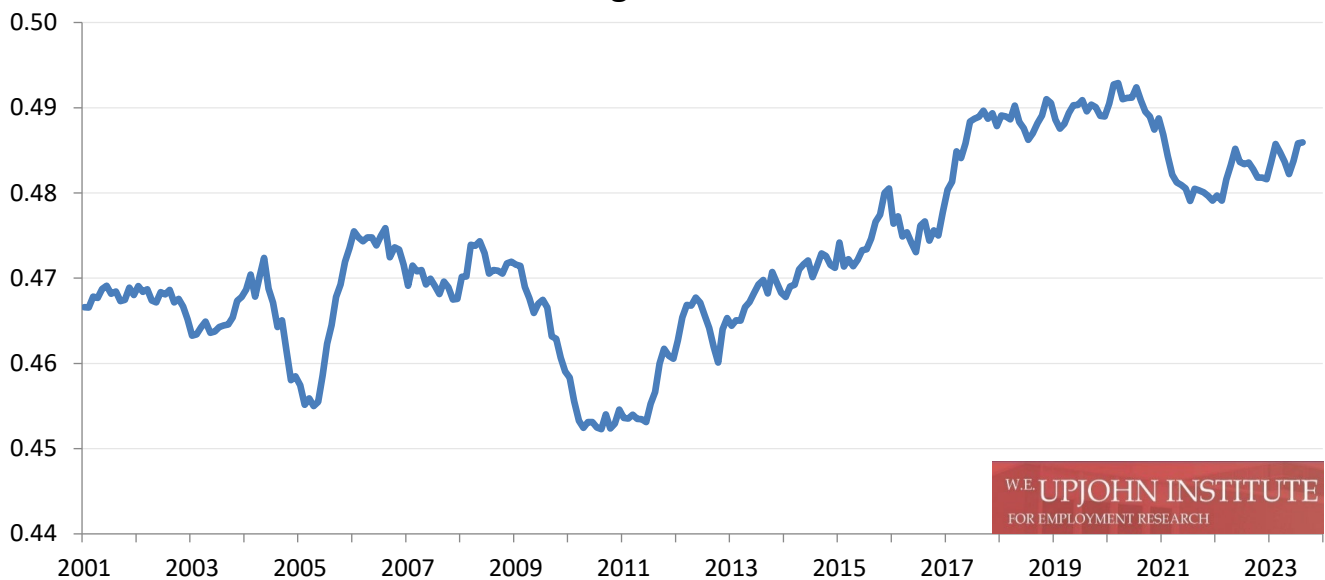
preceding the pandemic. After the huge spike in recovery hiring that began in the late spring of 2020, hiring volume again began to slow for both men and women, with this decline accelerating in the summer of 2022. Over the past 12 months, hiring volume has fallen 4.0 percent for women and 3.9 percent for men, and both genders are near their prepandemic benchmarks. Over the longer horizon (relative to 2005), however, women’s hiring volume is still outpacing men’s. (Since the relative population of men and women changes relatively little over time, this same conclusion applies to *hiring rates*, or the likelihood of being hired.)

New Hires Volume Index: by gender



Last year, the changes in the indices for wages and hiring volume implied that women had gained relative to men—the “shecession” had become the “shecovery.” The same indices more recently both indicate slowdowns that have affected men and women about equally, implying that women have held their ground over the past year or so.

New Hires Wage Bill Shares: women



This is captured in the graph above, which plots women’s wage bill share. The wage bill is the product of the wage index and hiring volume index and represents the aggregate earnings power of newly hired

workers. This share grew sharply during the decade after the Great Recession, rising from a little over 45 percent in 2011 to just over 49 percent on the eve of the pandemic. The greater job losses for women in the early months of the pandemic, as well as the slower recovery in the services sector where women disproportionately worked, led to this share falling to 48 percent in 2021, before the recovery fully kicked in and nudged it back to 48.5 percent in 2022, where it has about stayed since. If current trends continue, the cooling labor market will leave women's hiring dynamics slightly weaker than their prepandemic peak, even as other indicators of women's employment *levels* remain near their record highs. The slowing dynamics mean that these highs, however, are unlikely to be broken in the near future.

These statistics and many more, as well as interactive charts and data downloads, can be found at the website for the Upjohn Institute New Hires Quality Index: www.upjohn.org/nhqi.

The full report, including methodology, can be found here: https://www.upjohn.org/sites/default/files/2021-05/NHQI_report_0.pdf.

All data will be regularly updated during approximately the first week of the second month following the reference of the data release month. For example, data for September 2023 will be released during the first week of November 2023. To sign up to regularly receive monthly press releases for the Upjohn Institute New Hires Quality Index, visit: www.upjohn.org/nhqi/signup.

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FAQ

1. What is the New Hires Quality Index?

The New Hires Quality Index (NHQI) is a consistent way of measuring the earnings power of people taking new jobs each month, allowing comparisons over time.

2. How is the Index constructed?

The Index is based on the occupations of newly hired workers as documented in the [Current Population Survey](#), the same source used to produce the national unemployment rate each month. Separate data on the hourly wages for each occupation from another government survey, [Occupational Employment Statistics](#), are connected to the newly hired workers in the Current Population Survey. These hourly wages are then statistically adjusted to account for differences in the demographic composition of new hires (sex, race and ethnicity, education, and age) before being averaged.

3. Does the Index measure actual, reported wages of newly hired workers?

No. Although the data used to create the Index do have some information on self-reported wages (or those reported by another household member), many economists consider these self-reported wages [increasingly unreliable](#), as a growing fraction of workers refuse to answer the wage questions, and the government's attempts to impute (make an "educated guess") for these workers are [problematic](#). Moreover, because relatively few workers are even asked the wage questions, and only a small subset of these are newly hired, use of the self-reported wage data would lead to very small samples.

The Index captures change in the wages of new hires due to both changes in the mix of occupations hired and the demographic characteristics of individuals taking new jobs. It will not capture change in the wages of new hires due to other factors, such as individual aptitude, geography, or employer characteristics.

A comparison of the Index with a series derived from the actual self-reported wages in the Current Population Survey can be found in the [technical report](#). An analysis of self-reported wages can also be found in press releases for [July 2018](#), [July 2019](#), [July 2020](#), [July 2021](#), [July 2022](#), and [July 2023](#).

4. Does the NHQI count self-employed workers?

No, the NHQI excludes the self-employed (including independent contractors).

5. How often is the NHQI updated?

Every month, with the release by the Census Bureau of the Current Population Survey microdata. Updates will be posted on the [NHQI website](#) during the first week of the month, covering data from two months ago. Data are currently available from January 2001 through August 2023. To receive updates through email or social media, [visit the signup page](#).

6. What data are available on the NHQI website?

The [NHQI website](#) contains monthly data for all components of the NHQI. The four main components are: the hourly wage index, the hiring volume index, the wage bill index (the product of hourly wages and hiring volume), and the hires per capita index. Each component is available in its actual level or normalized to the base year 2005. In addition to providing data for all new workers, the NHQI exists for men, women, different age groups, different education groups, different races/ethnicities, different industry sectors, different regions, native and foreign-born, full- and part-time workers, and different types of new hires (the newly employed and employer changers). All data can be charted interactively or downloaded for separate analysis.