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Job Openings & Labor Turnover in Indiana: The Churning Continues

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Abstract

Several national news outlets have highlighted the number of people who have left their jobs over the course of the last six months. In fact, the number of people quitting their jobs in September 2021 stood at 4.4 million workers, the highest number ever recorded. This figure was recently surpassed with the release of the November figures by the Bureau of Labor Statistics (BLS) showing that 4.5 million people voluntarily leaving their jobs. This Research and Policy Brief examines the variety of labor force changes that have taken place in Indiana's workforce in recent months. We do so by giving special attention to job openings, job hires, and the number of "Great Resignations" that have been taken place in the state's labor force. We conclude with a discussion of possible solutions or strategies that communities and businesses may wish to consider in their efforts to retain and attract talent.

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Introduction

Monthly reports issued from the U.S. Bureau of Labor Statistics (BLS) make it clear that our nation's economy is improving and unemployment rates are on the decline (although the impact of the COVID 19 Omicron variant on the nation's economy remains uncertain). As of November 2021, the number of individuals in the civilian labor force expanded to more than 162 million, an increase of better than 1.5 million people since November 2020. Furthermore, the unemployment rate has declined from 6.7% in November 2020 to 4.2% in November 2021. While the economy is certainly improving, a good bit of churning continues to take place as a result of the level of people entering and exiting the workforce and the factors fueling workforce departures.

Given the shifts being observed in the U.S. workforce, this brief article takes a closer look at what is happening in Indiana and the changes that have occurred in the state's labor force over the May to October 2021 period (with October being the most recent data available from the BLS). Specifically, we examine job openings, the number of people hired, and the total number of job separations – separations that are due to layoffs, discharges, retirements, voluntary resignations, and more. We conclude by offering a handful of strategies that communities and employers may wish to consider in their quest to retain and attract workforce talent.

About the Author

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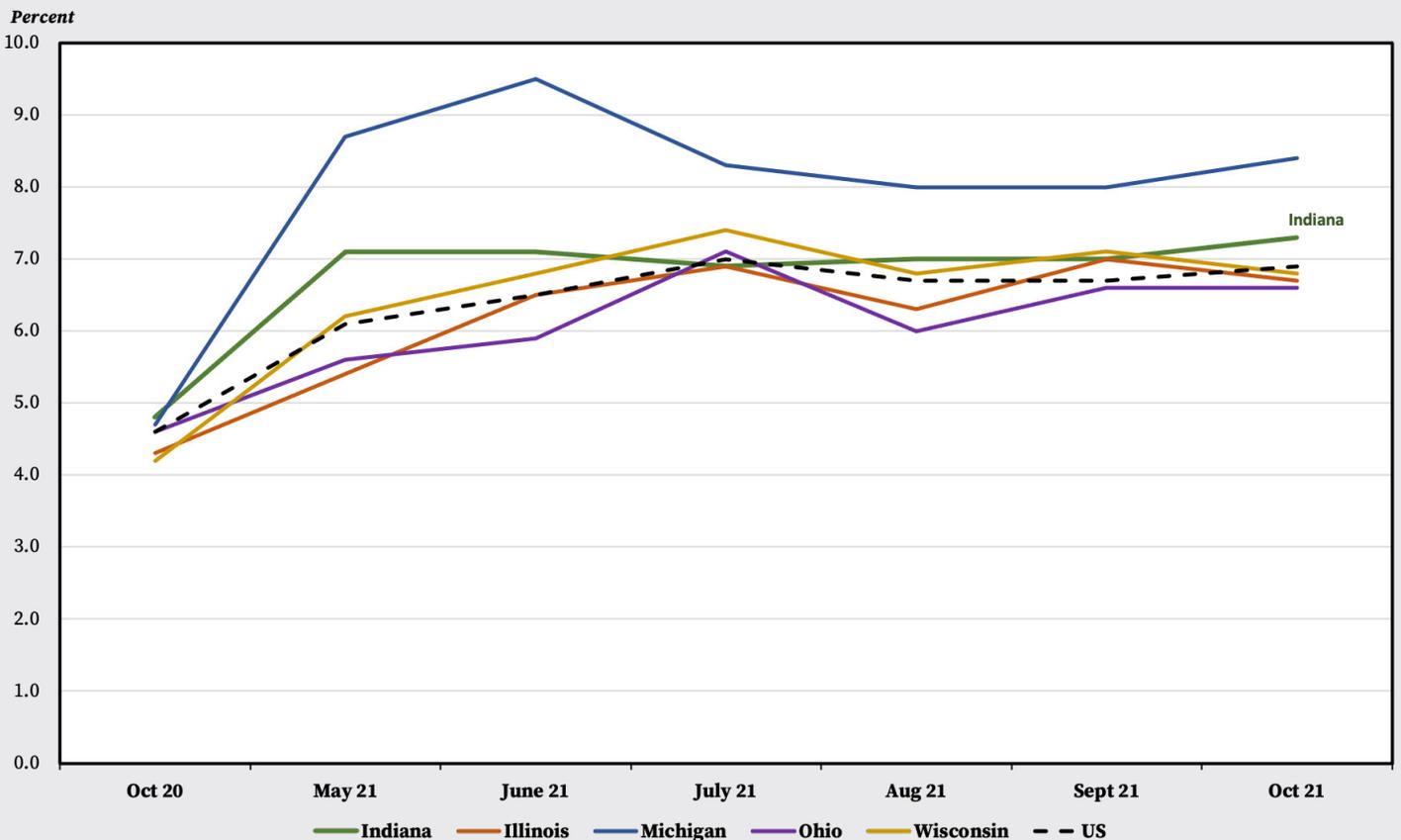
The Rate of Job Openings

Estimates released in early December 2021 by the BLS show that the number of job openings in the U.S. has surpassed the 11 million mark (based on October 2021 data), representing a job openings rate of 4 percent (calculated as the number of job openings divided by the sum of the number of nonfarm employees and the number of job openings). With the national rate as a backdrop, let's take a look at the rate of job openings for the state of Indiana and the surrounding states that are part of the Great Lakes Region. To track changes over time, month-by-month rates for the May through October 2021 period are presented for all five states and the nation. The job openings rate for October 2020 is included as well to allow us to examine the longer-term shifts that may have occurred in these rates over the past year.

As shown in **Figure 1**, job openings rates for all five Great Lakes states hovered around the national figure in October 2020, but took different pathways by May 2021. Both Michigan and Indiana witnessed a significant upswing in their job opening rates by May 2021, well above the national rate. In fact, Michigan has continued to experience the highest job openings rates among the five Great Lakes states, swelling to 9.5 percent in June 2021 and 8.4 percent in October 2021 (although the October 2021 rates reported in Figure 1 are based on preliminary data). On the other hand, the rate of job openings in Indiana declined to under 7 percent in July 2021 but increased to 7.3 percent by October, higher than the national rate of 6.9 percent. As for the rates in Illinois, Ohio and Wisconsin, they have been in close alignment with the national rates over the course of the last six months.

Figure 1

Job Opening Rates in the Great Lakes States, October 2020-October 2021 (seasonally adjusted)



Source: Bureau of Labor Statistics. *State Job Openings and Labor Turnover, various months. Data for October 2021 are preliminary.*

Labor Turnover in Indiana & Net Employment Gains

One way to gain a sense of the churning taking place in Indiana's workforce is to examine job openings, job hires, and job separations. Shifts in Indiana's workforce that are linked to these three factors are presented in Table 1 for the May to October 2021 period.

An initial observation is that the level of job openings in the state has remained relatively stable over the past six months. On the other hand, job openings in October are now at their highest level (at 243,000 jobs). Despite the sizable number of available positions, employers have had a challenging time hiring people to

fill available jobs. In particular, the total number of job hires has been on the decline, slipping from 188,000 hires in May to 145,000 in October. If you deduct the number of workers who have separated from their jobs during each of the months captured in Table 1, you will find that net employment gains have been on a downward spiral since May. Specifically, while net employment gains in May stood at 67,000, such gains dropped to 15,000 as of October, a decline of nearly a 78 percent. The bottom line is that attracting workers to fill available jobs in Indiana is becoming quite challenging.

Table 1

Number of hires, separations and net employment gains (in 1000s) in Indiana, May-October 2021 (seasonally adjusted)

Category	Month					
	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021
Job Openings	232	232	227	230	230	243
Hires	188	178	161	157	150	145
Separations	121	137	138	148	133	130
Net employment gains	67	41	23	9	17	15

**Data for October 2021 are preliminary*

"Great Resignations": At Play in Indiana?

Several recent articles have focused on the number of people who have quit their jobs since the onset of COVID 19 pandemic. The growing attention being devoted to this topic is due to fact that the number of people who voluntarily left their jobs rose to nearly 4.4 million workers in September 2021, the highest level ever recorded in the United States. While the number of people quitting their jobs declined in October to nearly 4.2 million workers, the latest figures released on January 4, 2022 show that the

number of quits has shot up to a new high of 4.5 million workers in November of 2021. It's the high number of people quitting their jobs in recent months that prompted scholars and journalists to embrace the adage "The Great Resignations" as a representation of the growing change in the American workforce. So, the question we wanted to explore is the following: Is the Great Resignation playing out in Indiana as well? Let's take a closer look.

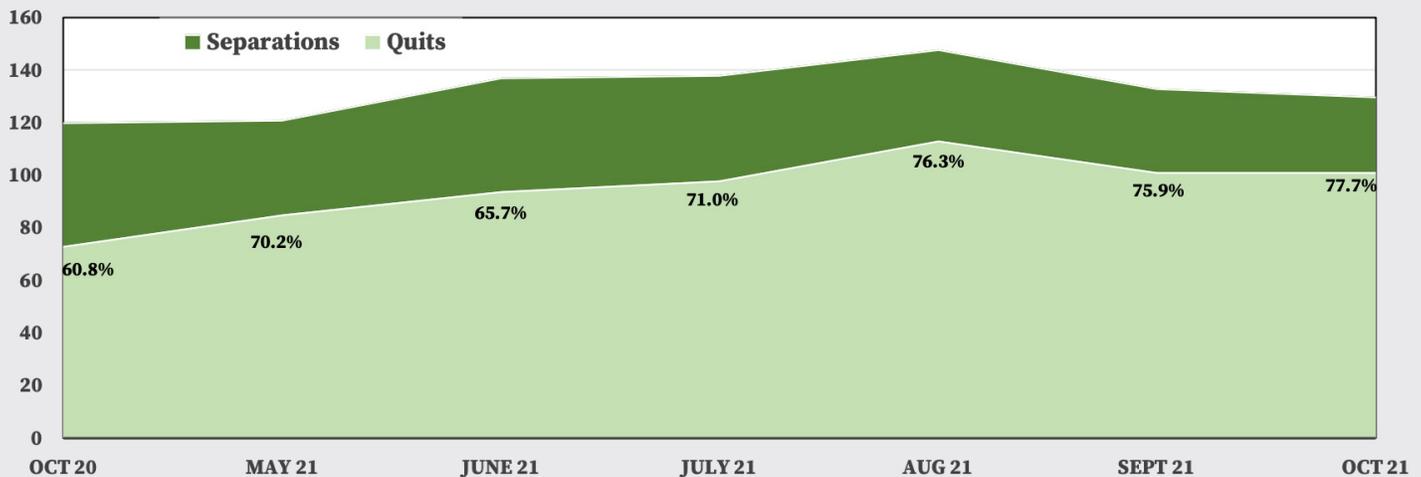
As displayed in **Figure 2**, the number of Indiana workers who were separated from their employment in October 2020 numbered 120,000. Of that number, 73,000 (3 of every 5 individuals) were people who quit their jobs. But, the proportion of separations due to people quitting their jobs in Indiana has been on the rise in recent months. In fact, the share of workers quitting their jobs has been 70 percent or higher for five of the last six months (with

June 2021 being the sole exception). Quit numbers, as a share of total job separations, stands at close to 78 percent as of October 2021. Simply put, the proportion of job separations due to people quitting their jobs has risen 17 percentage points from October of 2020 to October 2021. So, the “Great Resignations” appears to be playing out in Indiana as well.

Figure 2

Total Job Separations & Number of Quits in Indiana, May-October, 2021 (seasonally adjusted)

Numbers in 1000s



**Data for October 2021 are preliminary*

Quit Rates: Indiana vs. The Great Lakes States

When it comes to people leaving their jobs, is the quit rate in Indiana higher, comparable, or lower than those in the other four Great Lakes states? The information needed to address this question is highlighted in **Table 2**. The table presents both the number and rates of individuals voluntarily leaving their jobs over seven different points in time.

Nearly half a million employed workers in the state have quit their jobs over the past six months (May-October), and the monthly quit numbers since August have proven to be considerably higher than the 73,000 recorded in October 2020. In terms of sheer numbers, Illinois had 880,000 people who quit their jobs between May and October, followed by Ohio (at 725,000) and Michigan (at 634,000). To paint a more accurate picture how Indiana has fared

relative to its sister states when it comes to workers quitting their jobs, we focus attention on the quit rates across the five states. “Quit Rate” refers to the number of people who have quit their jobs during a given month as a percent of total employment for that month.

The lower portion of Table 2 shows that Indiana’s quit rates have been consistently higher than the U.S. figure for each of the past six months (shown in red), followed by Michigan and Illinois – each with higher rates in five of the six months. The state of Ohio matched or had lower quit rates than the nation in five of last six months. What is worth noting is that Indiana experienced the highest quit rates of all Great Lakes states since August, with the lone exception being Illinois whose quit rate for September 2021 matched the 3.3 percent rate recorded in Indiana.ⁱ

Table 2

Number of Quits & Rates, Great Lakes States, October 2020 – October 2021 (seasonally adjusted)

States	Number of Quits by Month (in 1000s)						
	Oct 2020	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021
Indiana	73	85	94	98	113	101	101
Illinois	121	162	163	169	197	189	155
Ohio	131	134	137	140	158	156	153
Michigan	118	126	103	139	137	129	129
Wisconsin	61	74	77	77	95	88	82
Quit Rates							
Indiana	2.4	2.8	3.1	3.2	3.7	3.3	3.3
Illinois	2.1	2.8	2.8	2.9	3.4	3.3	2.6
Ohio	2.5	2.5	2.6	2.6	3.0	2.9	2.8
Michigan	2.9	3.1	2.5	3.3	3.3	3.1	3.1
Wisconsin	2.2	2.6	2.7	2.7	3.3	3.1	2.9
U.S.	2.4	2.5	2.7	2.7	2.9	3.0	2.8

**Data for October 2021 are preliminary*

Why are People Leaving Their Jobs?

There is no singular reason as to why people are leaving their places of employment. What recent studies and reports have found is that the factors leading workers to separate from their jobs in the U.S. are both varied and complex. In a nutshell, some of the more prominent reasons why individuals are quitting their jobs include the following:

1. **Persisting Concern with the Pandemic:** COVID 19 has created many hardships for workers who've been fearful of how the ongoing public health crisis will impact their own well-being of those of their families and friends. As such, some are hesitant to return to a workplace that they believe may be unsafe.
2. **Seeking Better Job Opportunities:** With the large number of jobs available, individuals are leaving their lower-paying jobs – such as retail, accommodations and food services -- for higher paying positions that offer better benefits and career advancement opportunities.ⁱⁱ
3. **Choosing Work/Life Balance:** The pandemic has prompted some workers to seek more balance in their lives, one that affords more time for their family and other endeavors outside of work. Simply put, workers want jobs that allow them to have a better work/life balance.
4. **Experiencing Job Burnout:** With the growing number of co-workers leaving their jobs, remaining workers have had to fill the gap by taking on additional job responsibilities. The added workload has created a stressful situation for some individuals, prompting some to leave their jobs. These include individuals employed in the health care and education sectors – people that have been on the frontlines when it comes to dealing with the pandemic.

5. **Looking for Companies that Embrace a Culture of Caring:** Workers are leaving jobs in search of companies or organizations that have a more caring culture and attitude towards their employees – ones that attend to the social, physical, and emotional well-being of their employees.
6. **Seeking Remote Work Options:** A growing segment of the workforce wants to work remotely on either a full-time or hybrid basis. Individuals employed by companies that are averse to remote work but whose jobs are remote work friendly are more inclined to leave for positions that offer remote and more flexible work schedules.
7. **Opting for Early Retirement:** A sizable number of Baby Boomers 55 years of age and older have opted to leave the workforce entirely, some as a result of their stronger financial health realized from the stock market and/or the surges in the value of their homes.
8. **Starting Their Own Business:** The pandemic has prompted some to fulfill their goal of starting their own business. According to the Wall Street Journal, the number of self-employed unincorporated workers has grown by 500,000 since the start of the pandemic.

As you can see, the large number of people quitting their jobs is not solely driven by a desire to permanently leave the workforce. Rather, it's the result of what Jena McGregor with Forbes states is people "rethinking what they want out of work." We suspect that many of the factors outlined that have prompted a good bit of the turnover in the U.S. labor force are also at play in Indiana.

Options for Indiana Communities and Businesses

It's difficult to predict what will occur in the coming months with respect to churning of Indiana's labor force. Kathryn Minshew, CEO of employment website The Muse, believes there is a good chance that a new wave of "Great Resignations" will materialize in the early months of 2022. If this is the case, Indiana communities and companies will need to be ready to tackle these workforce-related challenges head on.

Finding the right combination of solutions to reduce job turnover in the coming months will require the active engagement of a broad array of people and groups, including community and economic development leaders, local business and industry representatives, community-minded organizations, and local residents. While the mix of workforce-related issues to be addressed may vary from one Indiana community to the next, the list of strategies that are likely to have positive impacts on labor force retention and attraction efforts include the following:

- **Create Better Paying Jobs:** The competition for talent is fierce at this point in time and as such, people employed in low-wage or dead-end jobs are leaving in search of higher paying positions. Providing competitive wages for existing and new employees is a necessity in the current environment. Furthermore, communities whose economy is based on lower-paying jobs will need to develop an economic development blueprint that is focused on creating, expanding and attracting better paying jobs if the level of worker turnover is to be reduced.
- **Improve Worker Benefits:** Aside from better pay, individuals are looking for jobs that offer good benefits, not the least being decent health care coverage and attractive retirement programs.
- **Provide Affordable Childcare/Elder Care:** Workers with young kids or elder parents will be hard pressed to stay employed if childcare and elder care support systems are lacking. Limited access to such services is especially problematic in smaller, rural communities

in Indiana. Local government, industry, philanthropic, nonprofit, and social service leaders will need to work in tandem to explore ways to offer affordable childcare and elder care to working families since it is a problem that is likely to intensify in the coming years.

- **Support Remote/Flexible Work Options:** A growing number of people are working from home on either a full-time or hybrid basis. Companies that allow certain jobs to be done on a remote basis are likely to keep more of their employees and can position themselves to hire talent from anywhere in Indiana or beyond. Providing flexible work schedules can prove important as well.
- **Invest in Job Upskilling and Career Advancement Opportunities:** Workers are more inclined to stay with companies that invest in the continuous upskilling of their employees and offer career ladders for its workers.
- **Create a Caring Work Environment:** Employers who value and respect their employees, have well trained managers with strong people skills, proactively address worker burnout, and take the time to recognize and reward high performing employees, are likely to retain and attract talent to their company or organization and realize higher levels of productivity.
- **Stay Connected to Recent Retirees:** While a sizable number of people who've been part of "The Great Resignations" are older, some may opt to re-enter the workforce once the pandemic subsides. As such, employers should maintain contact with retirees since they represent a valuable pool of talent that may be enticed to return to the labor force.
- **Support New Businesses:** The number of people who have left their jobs to start their own businesses has accelerated over the past two years. Identifying these new local businesses and exploring ways to help them survive and thrive can be a boost to the local economy over time.

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ⁱWhile there may be a number of reasons why Indiana has experienced higher quit rates than many of its sister Great Lakes states, one important factor may be the make-up of the state's economy. As Renn notes in his 2021 article published in American Affairs, Indiana has over 17 percent of its jobs tied to the manufacturing sector, an industry that continues to be impacted by global competition, as well as an expanding low-wage warehousing sector. These are the type of jobs that may be less attractive to workers who currently have a wider array of jobs from which to choose. See <https://americanaffairsjournal.org/2021/11/indiana-under-republican-rule-pro-business-policy-disappoints-outside-the-sunbelt/>.

ⁱⁱThis factor is further supported in a January 4, 2022 Washington Post article that includes an assessment of the latest job openings and labor turnover report by Julia Pollak, an economist with ZipRecruiter, who notes that at a growing number of workers are quitting lower-paying jobs for higher-paying, more prestigious jobs. See <https://www.washingtonpost.com/business/2022/01/04/job-quits-november-2021/>.

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