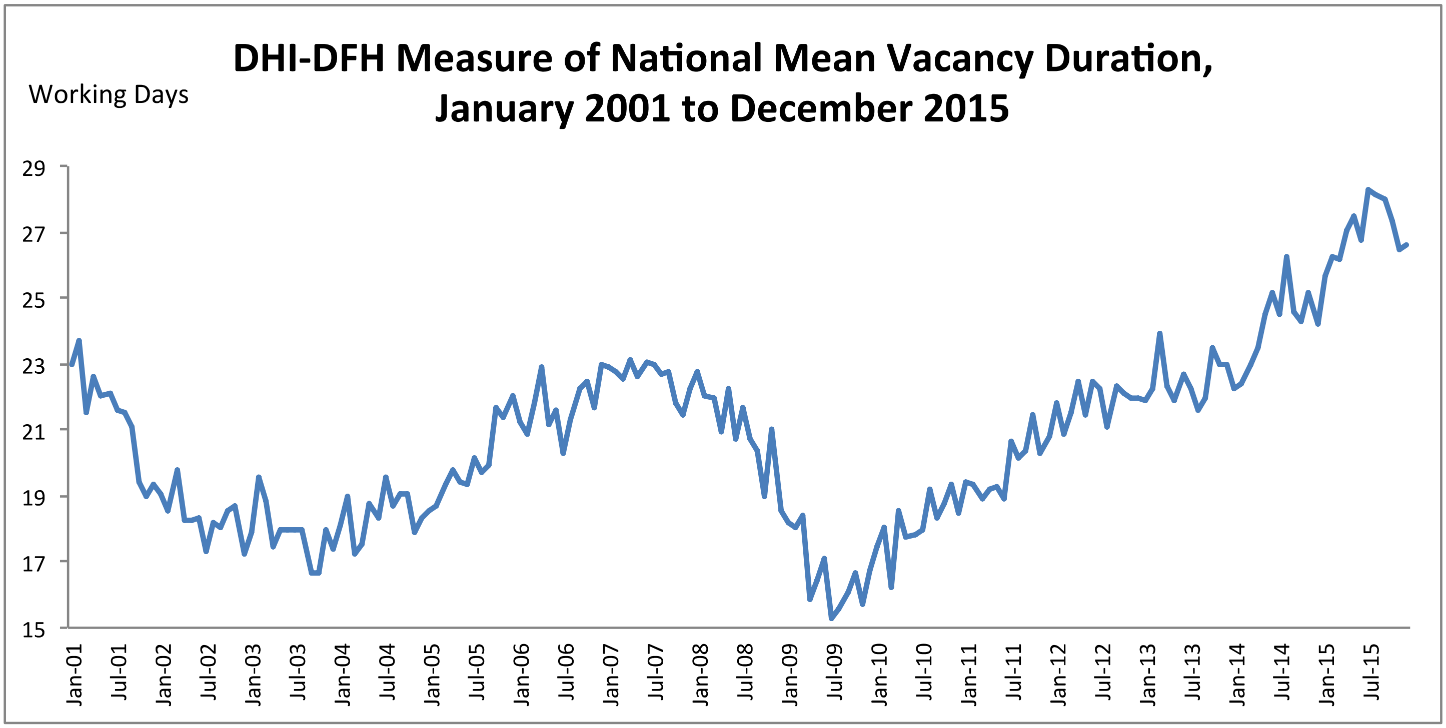
February 2016
Report 22

# Mean Job Vacancy Duration Held Steady at 26.6 Working Days in December, Vacancy Durations Rose Sharply for the Smallest Employers in 2015

The **DHI-DFH Mean Vacancy Duration Measure** held steady at 26.6 working days in December, essentially unchanged from a revised 26.5 days in November. The latest data confirm a strong upward drift of vacancy durations for the smallest employers: Mean duration for establishments with 1-9 employees rose from 23.5 days in 2014 to 29.5 days in 2015 (through November).



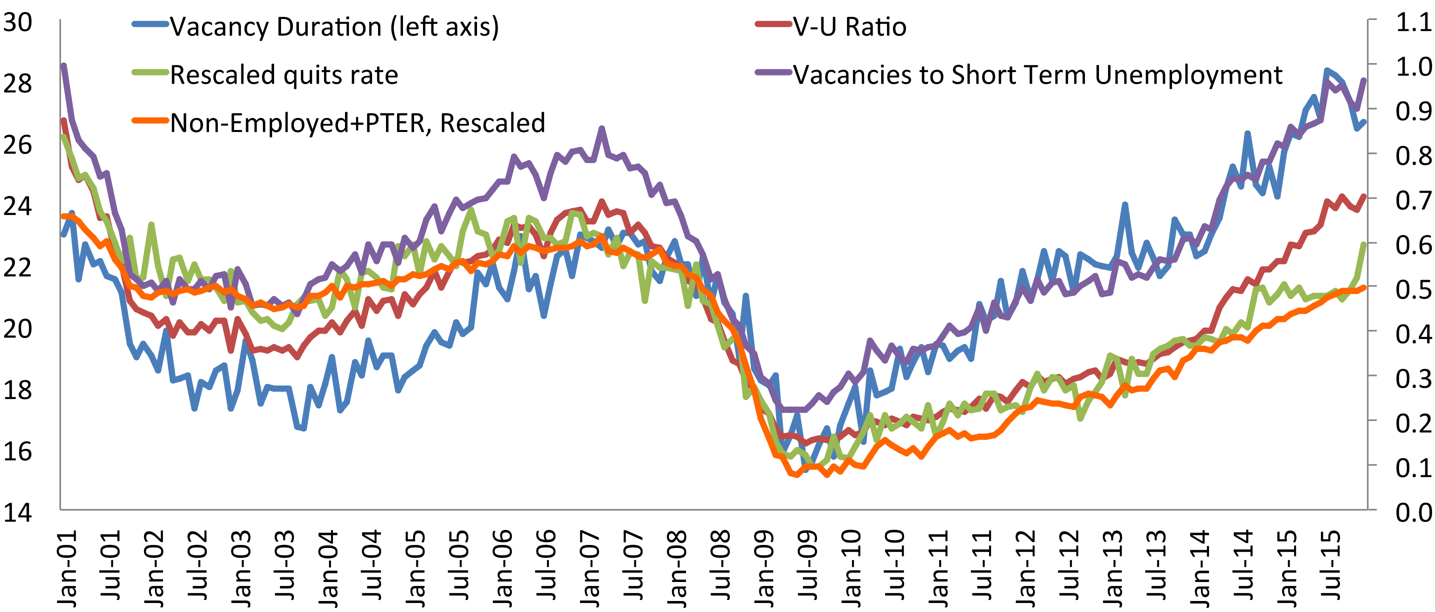

The DHI-DFH vacancy duration measure reflects the vacancy concept in the Job Openings and Labor Turnover Survey (JOLTS). Specifically, a job opening gets "filled" according to JOLTS when a job offer for the open position is accepted. So the vacancy duration statistics refer to the average length of time required to fill open positions. Typically, there is also a lag between the fill date and the new hire's start date on the new job.

The following chart displays the mean vacancy duration alongside four other indicators of labor market slack, including a new indicator developed at the Federal Reserve Bank of Richmond.[1] Like the unemployment rate, the Richmond Fed indicator seeks to measure resource utilization in the labor market. Unlike the unemployment rate, the Richmond Fed measure also captures discouraged workers and other non-employed persons. The idea behind the Richmond Fed measure is to weight each category of non-employed persons by

[1] See "Measuring Resource Utilization in the Labor Market" by Andreas Hornstein, Marianna Kudlyak and Fabian Lange in the *Economic Quarterly,* Federal Reserve Bank of Richmond, 1Q 2014.

the propensity of people in that category to transition to employment. The result is an index of resource utilization that is broader than the unemployment rate. We use a version of the Richmond Fed indicator that also captures persons who are part-time for economic reasons, i.e., persons in part-time jobs who express a desire to work longer hours. The Richmond Fed indicator exhibits the same broad cyclical pattern as the other four measures of slack in the chart below, and a close similarity to the quit rate.

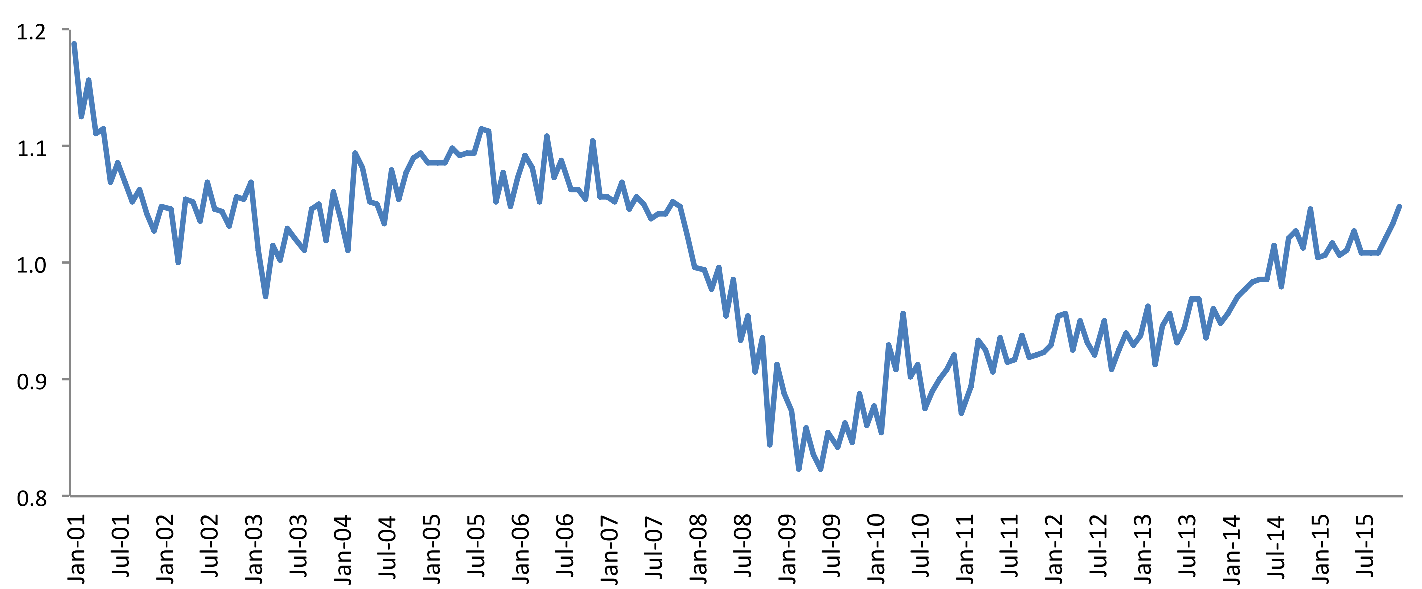
**National Labor Market Slackness Measures**




Short Term Unemployment is the number of persons unemployed for 26 weeks or less. The Quit Rate is rescaled to have the same mean and variance as the Vacancy-Unemployment Ratio from January 2001 to date. Non-Employment + PTER, an index developed by Hornstein, Kudlyak and Lange, reflects all persons who are not employed (weighted by labor force attachment) plus persons who are working part time for economic reasons and would prefer to work full time. Here, their index is multiplied by minus one and then rescaled to have the standard deviation as the Vacancy-Unemployment Ratio from January 2001 to date.

The **DHI-DFH Recruiting Intensity Index,** plotted in the following chart, rose to 1.05 in December from a revised 1.03 in November.

**DHI-DFH Index of Recruiting Intensity Per Vacancy, January 2001 to December 2015**



The next two tables report industry-level statistics for vacancy duration and recruiting intensity per vacancy.

**Mean Vacancy Duration (Number of Working Days)**
**By Industry and Time Period**

| | 2001 to 2003 | 2004 to 2006 | 2008 | 2009 | 2010 to 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Resources | 12.0 | 14.0 | 17.9 | 13.7 | 19.0 | 18.4 | 22.4 | 16.8 |
| Construction | 7.8 | 8.7 | 7.3 | 4.5 | 6.1 | 9.6 | 10.5 | 11.6 |
| Manufacturing | 17.4 | 21.0 | 21.5 | 13.6 | 23.5 | 28.6 | 29.1 | 31.9 |
| Wholesale and Retail Trade | 14.2 | 15.8 | 15.3 | 13.2 | 15.9 | 19.4 | 18.9 | 21.1 |
| Warehouse, Trans. & Utilities | 18.5 | 17.3 | 20.8 | 11.2 | 18.1 | 22.5 | 23.8 | 28.5 |
| Information | 25.9 | 36.2 | 34.5 | 24.8 | 41.1 | 36.5 | 34.8 | 35.0 |
| Financial Services | 28.0 | 32.2 | 27.6 | 25.7 | 33.8 | 36.1 | 38.6 | 43.2 |
| Professional and Business Services | 18.2 | 20.0 | 21.4 | 16.4 | 18.7 | 19.6 | 22.3 | 26.8 |
| Education | 21.3 | 24.9 | 22.5 | 18.3 | 20.8 | 23.8 | 26.5 | 30.6 |
| Health Services | 39.1 | 35.8 | 36.3 | 29.8 | 33.7 | 34.6 | 38.0 | 45.1 |
| Leisure and Hospitality | 13.8 | 14.9 | 14.9 | 10.6 | 13.4 | 16.8 | 19.6 | 19.9 |
| Other Services | 22.3 | 18.7 | 23.7 | 17.1 | 18.6 | 20.2 | 20.8 | 22.4 |
| Government | 32.9 | 30.6 | 35.9 | 32.2 | 33.1 | 35.9 | 37.5 | 38.3 |
| Non-Farm | 19.2 | 20.1 | 21.0 | 16.7 | 20.0 | 22.5 | 24.2 | 27.0 |

**Recruiting Intensity Index**
**By Industry and Time Period**

| | 2001 to 2003 | 2004 to 2006 | 2008 | 2009 | 2010 to 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|---|---|---|
| Resources | 12.0 | 14.0 | 17.9 | 13.7 | 19.0 | 18.4 | 22.4 | 16.8 |
| Construction | 7.8 | 8.7 | 7.3 | 4.5 | 6.1 | 9.6 | 10.5 | 11.6 |
| Manufacturing | 17.4 | 21.0 | 21.5 | 13.6 | 23.5 | 28.6 | 29.1 | 31.9 |
| Wholesale and Retail Trade | 14.2 | 15.8 | 15.3 | 13.2 | 15.9 | 19.4 | 18.9 | 21.1 |
| Warehouse, Trans. & Utilities | 18.5 | 17.3 | 20.8 | 11.2 | 18.1 | 22.5 | 23.8 | 28.5 |
| Information | 25.9 | 36.2 | 34.5 | 24.8 | 41.1 | 36.5 | 34.8 | 35.0 |
| Financial Services | 28.0 | 32.2 | 27.6 | 25.7 | 33.8 | 36.1 | 38.6 | 43.2 |
| Professional and Business Services | 18.2 | 20.0 | 21.4 | 16.4 | 18.7 | 19.6 | 22.3 | 26.8 |
| Education | 21.3 | 24.9 | 22.5 | 18.3 | 20.8 | 23.8 | 26.5 | 30.6 |
| Health Services | 39.1 | 35.8 | 36.3 | 29.8 | 33.7 | 34.6 | 38.0 | 45.1 |
| Leisure and Hospitality | 13.8 | 14.9 | 14.9 | 10.6 | 13.4 | 16.8 | 19.6 | 19.9 |
| Other Services | 22.3 | 18.7 | 23.7 | 17.1 | 18.6 | 20.2 | 20.8 | 22.4 |
| Government | 32.9 | 30.6 | 35.9 | 32.2 | 33.1 | 35.9 | 37.5 | 38.3 |
| Non-Farm | 19.2 | 20.1 | 21.0 | 16.7 | 20.0 | 22.5 | 24.2 | 27.0 |

"Labor market tightness rose in 2015 according to all six measures tracked by the DHI Hiring Indicators Report: recruiting intensity, mean vacancy duration, the quit rate, the vacancy-unemployment ratio, the ratio of vacancies to short-term unemployment, and the Richmond Fed Nonemployment Index," said Dr. Steven Davis. Davis is William H. Abbott Professor of International Business and Economics at the University of Chicago Booth School of Business and co-creator of the DHI-DFH Recruiting Intensity Index and the DHI-DFH Mean Vacancy Duration Measure.

"Last year was a challenge for many employers as they struggled to find highly-skilled available talent, putting pressure on companies to raise the bar with compensation, unique perks and extra benefits to remain competitive," said Michael Durney, President and CEO of DHI Group, Inc. "We've already seen employers raise salaries for tech professionals in response to heightened demand and I expect financial services companies and healthcare providers will follow suit to attract the best talent and fill open roles quickly."

**About the DHI Hiring Indicators**

The **DHI-DFH Recruiting Intensity Index** quantifies the effective intensity of recruiting efforts per vacancy by employers with vacant job positions. The index is normalized to an average value of 1.0 for the period from January 2001 to December 2012. It complements the monthly Job Openings Rate produced by the U.S. Bureau of Labor Statistics (BLS) from the Job Openings and Labor Turnover Survey.

The pace of new hires in the economy depends on the number and types of job seekers, the number and types of job vacancies, and employer actions that affect how quickly vacant jobs are filled. These actions include the choice of recruiting methods, expenditures on help-wanted ads, how rapidly employers screen job applicants, hiring standards, and the attractiveness of compensation packages offered to prospective new hires. The BLS Job Openings Rate captures the availability of job vacancies in the economy, while the **DHI-DFH Recruiting Intensity Index** captures the intensity of employer efforts to fill those vacancies. The index is available at the national, regional and industry levels and by establishment size class (number of employees).

The index construction follows the method developed by Steven J. Davis, R. Jason Faberman and John Haltiwanger (DFH) in "The Establishment-Level Behavior of Vacancies and Hiring," published in the May 2013 issue of the *Quarterly Journal of Economics,* and extended to industry and regional indices in "Recruiting Intensity during and after the Great Recession: National and Industry Evidence," published in the May 2012 issue of the *American Economic Review.*

The **DHI-DFH Vacancy Duration Measure** quantifies the average number of working days taken to fill vacant job positions. It supplements other measures often used to assess the tightness of labor market conditions such as the ratio of vacant jobs to unemployed workers.

Vacancy durations depend on the relative numbers of job seekers and job vacancies, the recruiting and search methods available to employers and job seekers, employer recruiting intensity per vacancy, the search intensity of job seekers, and the degree to which the requirements of jobs on offer match the skills, locations and preferences of job seekers. Other things equal, a larger ratio of job vacancies to job seekers yields longer vacancy durations.

The **DHI-DFH Vacancy Duration Measure** follows the method developed by Steven J. Davis, R. Jason Faberman and John Haltiwanger (DFH) in "The Establishment-Level Behavior of Vacancies and Hiring," published in the May 2013 issue of the *Quarterly Journal of Economics.* That method combines a simple model of hiring dynamics with data on hires and vacancies from the Job Openings and Labor Turnover Survey (JOLTS) conducted by the U.S. Bureau of Labor Statistics. Using their model and the JOLTS data, DFH estimate an average daily job-filling rate for vacant job positions in each month. Taking the reciprocal of the daily job-filling rate yields the **DHI-DFH Vacancy Duration Measure**, which is available at the national, regional and industry levels and by establishment size class.

The average daily job-filling rate is closely related to the "vacancy yield," the ratio of hires during the month to the stock of vacancies on the last business day of the previous month. Unlike the vacancy yield, however, the daily job-filling rate (and the **DHI-DFH Vacancy Duration Measure**) adjusts for job vacancies that are posted and filled within the month. Working days are defined as Mondays through Saturdays, excluding major national holidays.

**About DHI Group, Inc.**

DHI Group, Inc. (NYSE: DHX) (formerly known as Dice Holdings, Inc.) is a leading provider of data, insights and connections through our specialized services for professional communities including technology and security clearance, financial services, energy, healthcare and hospitality. Our mission is to empower professionals and organizations to compete and win through expert insights and relevant employment connections. Employers and recruiters use our websites and services to source and hire the most qualified professionals in select and highly-skilled occupations, while professionals use our websites and services to find the best employment opportunities in and the most timely news and information about their respective areas of expertise. For 25 years, we have built our company on providing employers and recruiters with efficient access to high-quality, unique professional communities, and offering the professionals in those communities access to highly-relevant career opportunities, news, tools and information. Today, we serve multiple markets located throughout North America, Europe, the Middle East and the Asia Pacific region.

**For more information:**

**Dr. Steven J. Davis**
773.702.7312
steven.davis@chicagobooth.edu

**Michael Durney**
President & CEO
DHI Group, Inc.
212-949-3348
durneyhiring@dhigroupinc.com