

Job Market Stages Comeback As People Call It Quits

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NEW YORK (AP) — One sign of better economic times is when more people start finding jobs. Another is when they feel confident enough to quit them.

More people in the United States have quit their jobs in the past three months than were laid off — a sharp reversal after 15 straight months in which layoffs exceeded voluntary departures. The trend suggests the job market is finally thawing.

Some of the quitters are leaving for new jobs. Others have no firm offers. But their newfound confidence about landing work is itself evidence of more hiring and a strengthening U.S. economy.

"There is a century's worth of evidence that bears out this view that quits rise and layoffs fall as the job market improves," said Steven Davis, an economist at the University of Chicago.

Still, the number of people quitting their jobs is nowhere near what it was before the recession. Economists expect the improvement in the job market to be fitful, rather than consistent. In May, for example, private employers added only 41,000 net jobs after adding 218,000 in April.

Yet the long-term trend points to an improving job market. The U.S. economy has created a net 982,000 jobs this year after a recession that wiped out more than 8 million of them.

The government said Tuesday that the number of people quitting rose in April to nearly 2 million. That was the most in more than a year and an increase of nearly 12 percent since January. That compares with 1.75 million people who were laid off in April, the fewest since January 2007, before the recession began.

During the depths of the recession, workers were hesitant to quit — and not only because jobs were scarce. Even if they found a new job, some feared that accepting it would leave them vulnerable to a layoff. At many companies, layoffs follow a simple formula: Last hired, first fired.

Many clung to their jobs out of fear, said David Adams, vice president of training at Adecco, a national staffing agency. When Adecco tried to recruit workers to fill open positions, it frequently ran into the same obstacle: Few workers felt like betting on a new job that might soon disappear.

Not so much any more. Adecco is seeing more employed workers seeking interviews, rather than laid off workers searching for a lifeline.

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"The hangover is kind of over," Adams said. "It's really starting to move toward a market where the employee can have a lot more confidence making a move."

That's why Katie Charland just quit her job at a parenting magazine in Phoenix to take a position with a nonprofit that supplies children's educational programs.

Charland, 27, says the position is a dream job. Still, it carries a cost: She's abandoning seniority at her old job. But she thinks the economy is expanding enough that her company will be able to attract state and corporate funding.

"I don't see leaving my current job to pursue this as a risk," Charland says. "I do feel like the economy is getting better, and there's more opportunity out there."

Such optimism was rare in 2008 and 2009, when employers cut more than 8 million jobs, sending the U.S. unemployment rate to a 26-year high of 10.1 percent. The number of people who quit fell 40 percent to 1.72 million in September 2009. That was the fewest since the government began tracking the data in 2000. It was down from nearly 2.9 million in December 2007, when the recession began.

Studies have shown that worker morale fell during the recession. Productivity rose as companies squeezed more work out of their employees. That points to a reason quits may keep rising: Overworked employees could jump at the chance to switch jobs as new opportunities arise.

"There is going to be a mass exodus of the top performers as the economy starts to turn around," predicts Razor Suleman, a consultant who helps companies retain their best workers.

About 25 percent of companies' top performers said they plan to leave their current job within a year, according to a survey published in the May edition of the Harvard Business Review. By contrast, in 2006, just 10 percent planned to leave their jobs within a year. The survey questioned 20,000 workers who were identified by their employers as "high potential."

Companies retained those workers during the recession but heaped more work on them, said Jean Martin, the study's co-author and executive director of the Corporate Executive Board's Corporate Leadership Council in Washington. At the same time, employers cut back on awards and bonuses, she said.

Now, top performers at some companies are heading for the exits as hiring picks up. It means companies will feel more pressure to retain them.

"These rising stars know what they're worth," Martin said. "They feel somewhat neglected."

Phil Edelstein can attest to that. He spent two years on his first job at an advertising agency gaining more responsibility but no pay raises.

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Edelstein, 25, worked for an agency in Philadelphia that was stretching its budget as clients cut back their spending. After researching clients' brand names and marketing strategies, he moved on to directing study projects.

Bosses kept promising a pay raise commensurate with his workload. It never came.

"There's this intense frustration that comes with that, because you basically feel like you have no control over how much money you're making and how much work you do," he said.

Edelstein hung tight through 2009 as the economy shed jobs. But this year he began sending out resumes to other ad agencies. Then a prospective client called. The CEO of a Colorado-based tea maker needed a marketing director. Edelstein didn't need long to say yes.

"It felt good, because I was initiating the change," he said.

More people are now taking a leap that few dared just a few months ago: Quitting without a new job waiting. The improving economy has given them confidence.

Robert Dixon is among them. He was consulting with companies doing business in China, helping them establish supply chains with factories there. But he tired of spending weeks at a time away from his wife in Massachusetts. So in May he quit — without a backup plan.

"Somebody the other day said to me I was the first person they'd met who quit a good-paying job without another one to go to," Dixon said. "I know there are other companies out there. I just need to find them."

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