EMPLOYMENT BOOST

The Great Firing Is Upon Us

New Employment BOOST survey data sheds light on which workers the Great Firing will affect the most and the realities for workers after the Great Resignation.

Employment BOOST is a full-service resume writing, corporate outplacement, coaching, and career services company.

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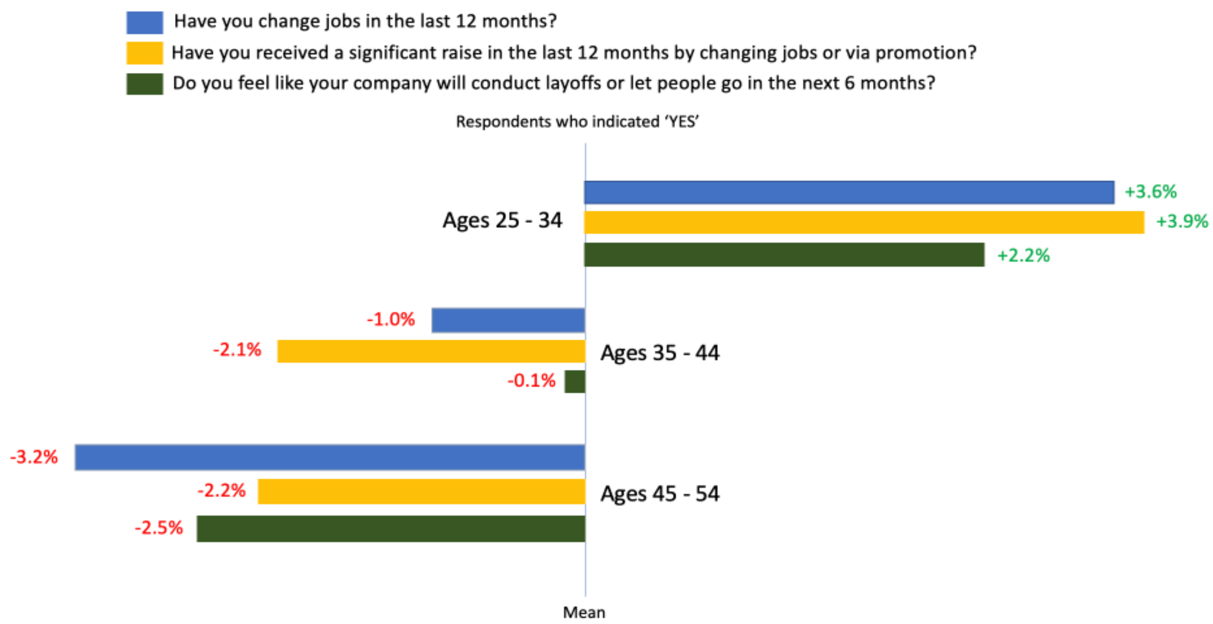


KEY INSIGHTS

1. Our data indicates a correlation between the age group of **workers (25-34) that benefitted the most across wages over the last 12 months is also the age group most concerned about layoffs at their respective companies in the next 6 months.**

2. Our data also indicates a correlation between the age group of workers (25-34) that benefitted the most across wages over the last 12 months is also the age group that was most likely to have changed jobs over the last 12 months – **setting up a potentially concerning last-in-first-out (LIFO) dynamic as companies begin layoffs in the face of an uncertain economy.**

3. Newer professionals (25-34) are also the cohort who are most likely to known someone who has suffered a layoff over the last 12 months, too.

4. Employment BOOST Outplacement sales velocity is up over 100% in the last 45 days, indicating that companies are laying off workers at a higher pace than is being covered in the media.

While the US economy grapples with mixed signals – back-to-back negative GDP growth quarters, historically low unemployment rates, an unprecedented numbers of open jobs, one certainty is that the pendulum of power swung firmly in favor of job seekers and workers over the last 24 months, catalyzed by the global COVID pandemic and government policy.

For companies, that sentiment looks to be shifting, however, away from a grow-at-all-costs mentality to one of survival. So far, 2022 has seen 525 startups lay off close to 71,000 employees. Large companies, like Apple, Facebook, and Oracle (to name a few), have announced layoffs in the last few months, as well.

Well-known names like Peloton, which famously doubled its headcount from 3000 to more than 6000 employees at the height of the pandemic lockdowns has now slashed all those jobs and its total headcount is at pre-pandemic levels, if not lower.

The rise in the number of layoff announcements may seem surprising to some, but for those who follow hiring trends, the shift was inevitable. And the velocity of layoffs is astounding. Notably, layoffs are no longer occurring only in the technology sector, as economic factors and tempered earnings begins to affect the entire US economy.

Ryan Miller, Director of Client Success at Employment BOOST sheds some light on what the firm is seeing in terms of demand for outplacement services.

QUOTE

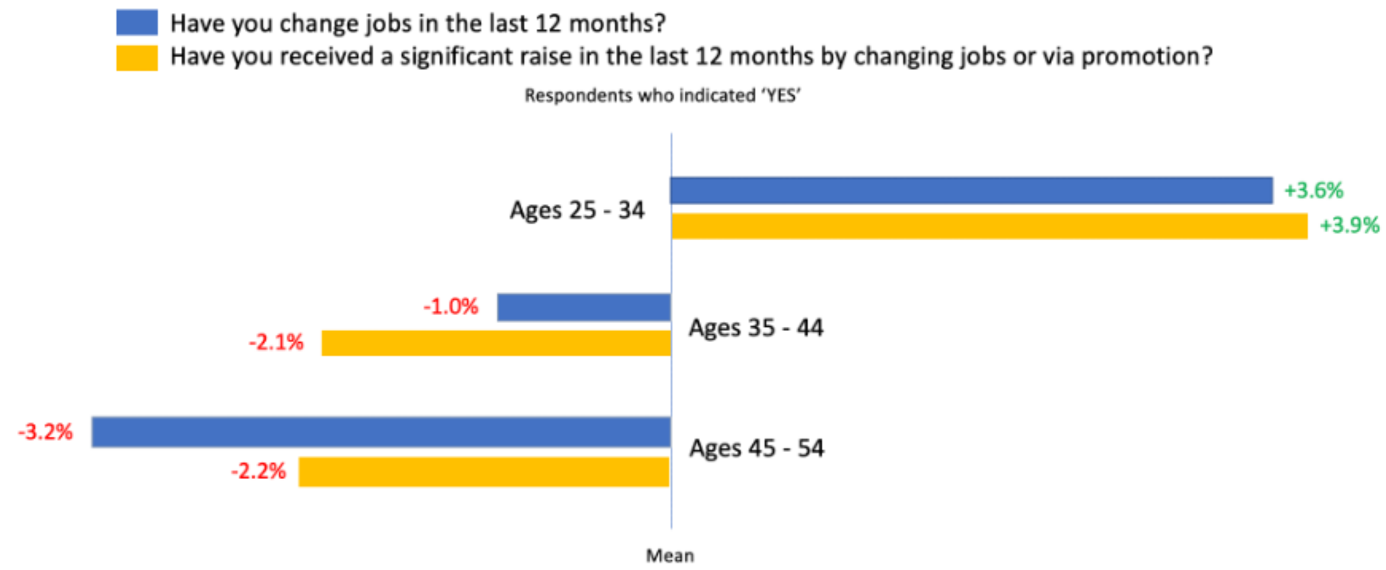
"There is clearly a lag between what is being reported in the news and what is happening within the workforce at the moment," Miller says. "We're seeing companies across nearly all industries reach out needing help supporting their employees facing upcoming layoffs and workforce reductions."

"Our sales velocity at Employment BOOST Outplacement is up significantly - over 100% in the last 45 days."

INSIGHT

Considering the uptick in outplacement demand in the last 45 days, there is a considerable gap in news coverage around the extent to which companies are letting go of workers across the economy.

Interestingly, one cohort of workers is especially concerned about layoffs, as indicated by new Employment BOOST survey data.



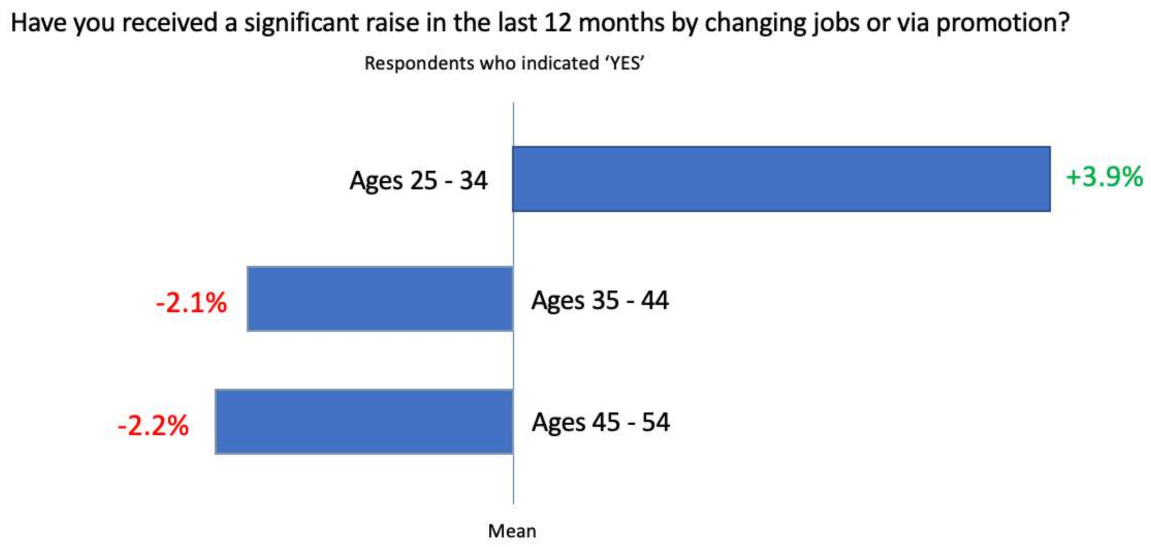
INSIGHT

Newer workers have benefitted from greater wage gains than more experienced workers

Media coverage has focused on wages gains over the last 24 months – especially by those workers who chose to change jobs, contributing to the 4 million monthly 'quits' and high turnover rates experienced by much of the American economy – and our data bears this dynamic out.

Interestingly, however, a higher proportion of the job hopping has occurred within the younger working demographic (ages 25 to 34), where **nearly 1 in 5 respondents indicated that they had changed jobs in the last 12 months.**

Workers between the ages of 35 to 44 - as well as those between 45 and 54 - changed jobs comparably less than their younger counterparts, with both those age groups falling under the average.



There is a misconception, primarily among younger workers, that the wage gains achieved over the last 24 months have been a function of companies investing in their younger talent bases. The reality is much muddier.

Understanding that younger workers have been harder to hold onto over the last 12 months, companies have resorted to paying higher wages to not only attract that cohort to join but have also needed to hand out raises to keep younger workers – especially when compared to workers in the older cohorts.

QUOTE

"We've seen this enough over two decades of dealing with careers to know that those with deeper work experience likely made different decisions on changing jobs recently," says James Philip, Startup Investor, Author, and Founder of Heavy Hitter Holdings.

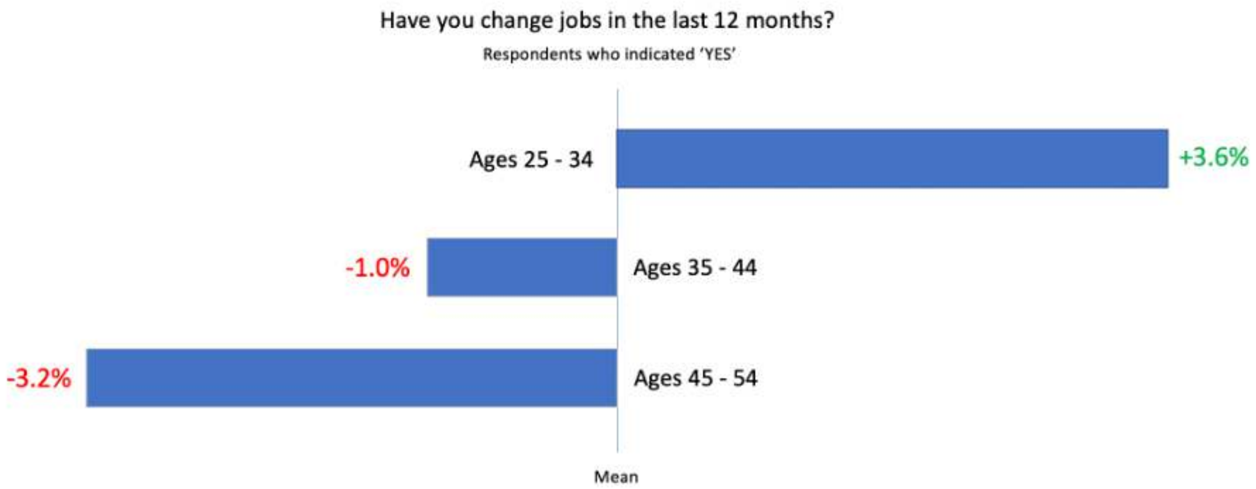
"Over the long run, stability and tenure is going to help the more seasoned groups of workers survive the next downturn."

"A lot of today's workforce wasn't even old enough to participate in 2008, for example. Aside from the short turmoil during COVID, they haven't had to navigate a prolonged recession to understand what companies really value," adds Philip.

Diving deeper into the responses by distance from the mean response, the discrepancy between age cohorts who received more raises in the last 12 months becomes even more clear, with fewer of those in the 35 to 44 and 45 to 54 cohorts reporting that they had received a significant raise in the last 12 months when compared to those workers in the 25 to 34 age group.

Why?

It is clear that younger workers have been more prone to making career moves or job changes in the last 12 months. And companies know that to keep younger workers, incentivizing through higher wages was a practical solution. The data plays this out.

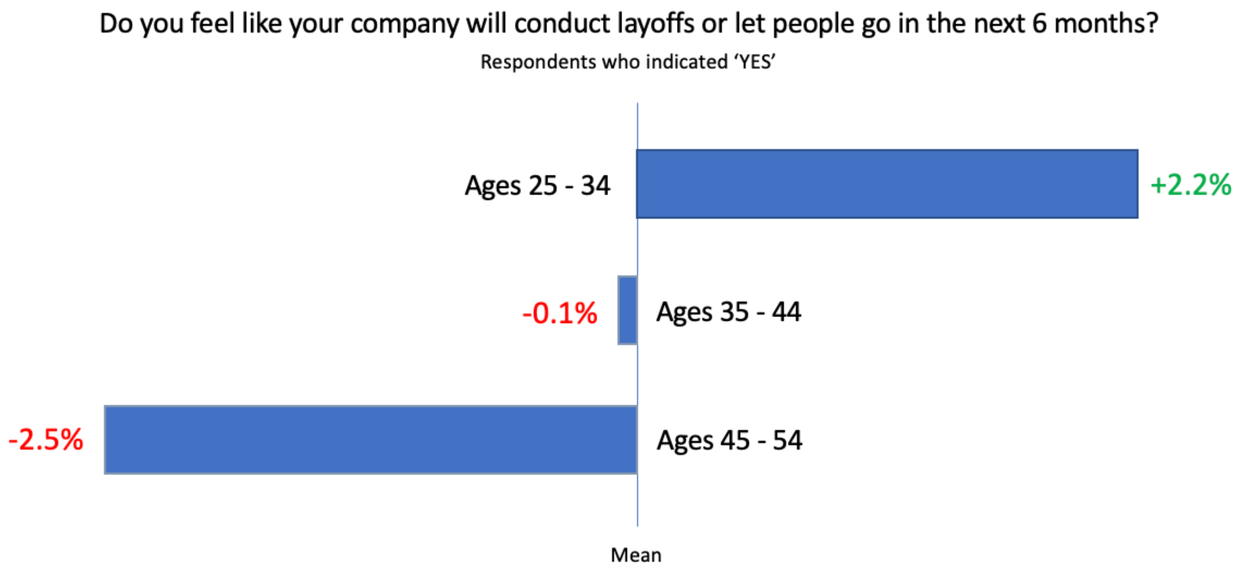


Last-In, First-Out on the Horizon

Less experienced workers report feeling more likely that their companies will conduct layoffs or let people go in the next 6 months.

QUOTE

"It's clear in our work with companies conducting layoffs that there is a tendency to let workers who are less tenured and newer at the company go first, rather than laying off the worker who has been around longer," says Miller. "We're starting to see the effects of so much movement at the worker level play out with which workers are being laid off first, unfortunately."



QUOTE

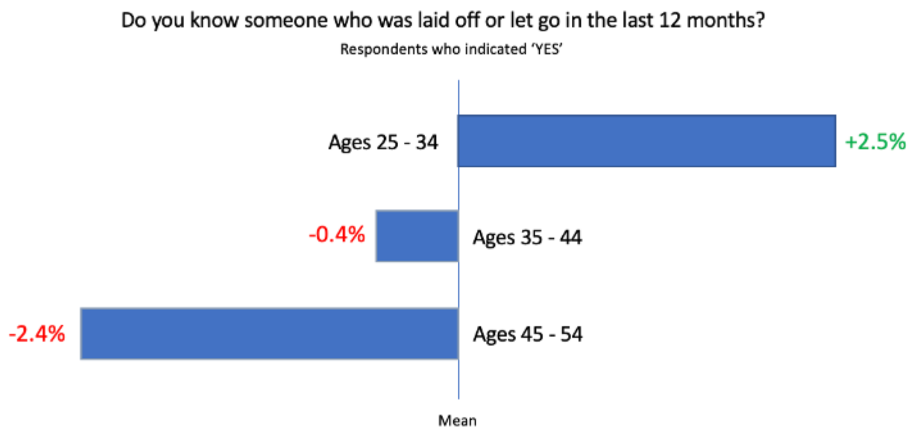
"Historically, when companies brace for an economic downturn, they look to two areas of the organization to make cuts. These are the easy areas to make quick, cash-conserving moves and they are headcount and marketing," says Dennis Theodorou, Managing Director at JMJ Phillip Executive Search, a boutique executive search firm specializing in the manufacturing, supply chain, and technology sectors.

"The natural management decision, especially when we consider how much hiring has gone on over the last few years, is to reward loyalty and cut workers who are newer into the company when cuts have to be made."

"It's all about timing and value at the end of the day. Unfortunately, if you took a job in the last 12 months you may be one of the first to get furloughed. If you hopped around for pay raises over the last two years, you may also end up on the list if the company feels you're overpaid, especially during a downturn," says Theodorou.

"Essentially, what we are hearing from clients is that those who have made job changes, especially multiple job changes during the Great Resignation are relatively easy targets for layoffs," adds James Philip.

Newer workers also report that they know someone who has been laid off at a higher proportion than older workers.



In combination with our data that highlights that workers with fewer years of experience are more likely to report feeling that their companies will be conducting layoffs in the next 12 months, our data indicating that newer workers are also more likely to know someone who has been laid off or let go from their organization in the last 12 months speaks an interesting dynamic that is happening with work across the younger cohort.

QUOTE

"I've had many conversations with business executives over the last year and each one has told me that they have a list of workers at their organizations that they wish they could let go of – whether due to productivity or attitudinal reasons – but are stuck because they need the manpower to get the work done," says Philip.

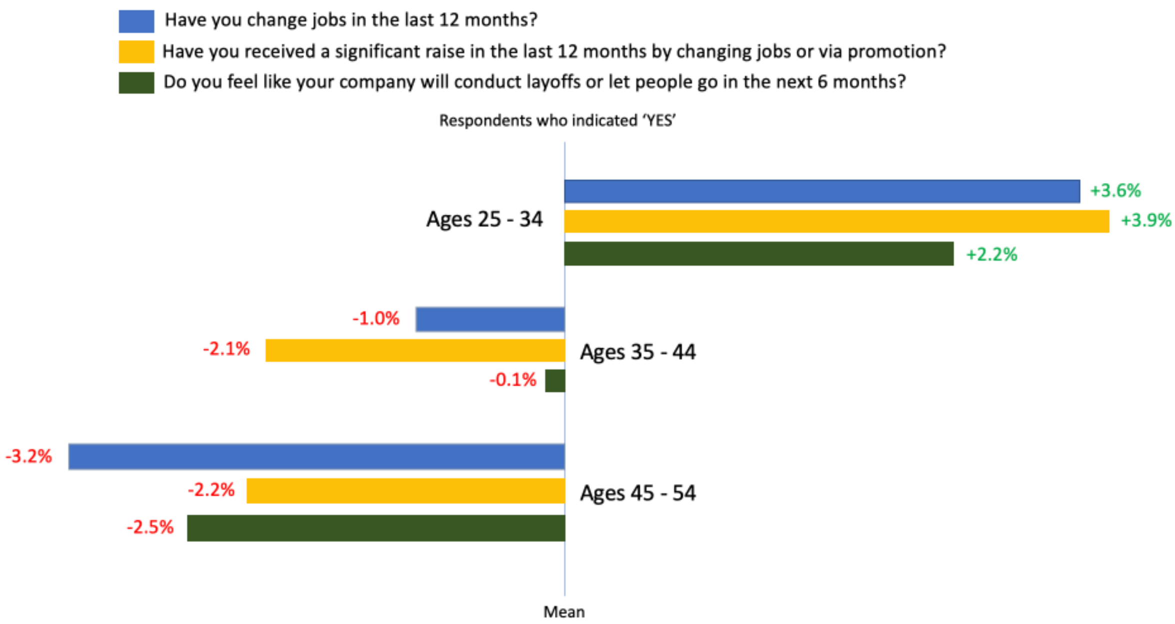
"Older workers benefit from more years on the job because there is an expertise that has been developed, but also an understanding of the company culture and how things work. You need stability during economic downturns and more-tenured employees provide this."

Conclusion

Our data indicates a strong correlation: **the workers who have changed jobs most in the last 12 months are also the workers who have realized the greatest wage gains (through raises or promotions).**

However, these workers are also the individuals who feel most that their companies will conduct layoffs or let people go in the next 12 months.

Experienced workers, between the ages of 35 to 44 and 45 to 54, who changed jobs less over the last 12 months, also reported fewer significant raises, but were also more secure in their knowledge that their organizations were not conducting layoffs over the next 6 months.



Experienced workers, who most likely experienced the Great Financial Crisis of 2008 as younger workers, saw the dynamics around hiring and firing during an economic downturn and their actions are playing out differently in the face of the recent economic turmoil.

Experienced workers have, on average, been more loyal to their organizations – and while they haven't benefitted as much in terms of wage gains or promotions, they are experiencing less job-induced anxiety triggered by the constant stress of organizational layoffs.