

## **TECHNICAL NOTE**

# Job Search Intensity, Hiring, and Labor Market Tightness

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## Summary

Job search intensity alongside hiring and labor market tightness provides a clearer understanding of where the labor market is. Job searching intensity and hiring together reflect the dynamics of the 'Great Reshuffle' (2021) as well as the current economic slowdown (2023), while job searching intensity and labor market tightness together reflect changes in the competitive environment for job seekers.

## Introduction

Job search activity refers to the process of workers exploring new employment opportunities, and changes in this activity, whether up or down, often serve as a barometer of prevailing conditions in the labor market. The intensity of job search activity, together with measures of labor market competition, typically reflect broader economic trends.

In this note, we study job seeking behavior by looking at one measure of job search intensity combined with other indicators of hiring and labor market tightness. On its own, a surge in job search intensity can signal either a robust economy with abundant opportunities for workers to find new jobs, or conversely, a challenging job market which requires candidates to search more intensely and compete for a limited number of jobs. By combining job search intensity together with hiring and labor market tightness, we can gain a more nuanced understanding of the labor market dynamics.

## Methodology

We use LinkedIn's measures of Job Search Intensity (JSI), Labor Market Tightness (LMT), and LinkedIn Hiring Rate (LHR).

### *Definitions*

- Job Search Intensity (“JSI”):
  - Job Search Intensity is the average number of job applications per applicant monthly, based on job applications submitted by members in the same country as the job posting. We then examine the year-over-year results to estimate changes in job search intensity. The analysis is performed using paid jobs on LinkedIn. JSI reflects the intensity at which workers seek and compete for these opportunities. Low JSI may indicate a lack of opportunities (low applies) or abundance of active applicants (many applicants).
- Labor Market Tightness (“LMT”)
  - Labor market tightness measures the number of jobs postings per active job applicant based on applicants in the same country as the job posting. Labor market tightness captures the amount of congestion in the labor market. Lower tightness is often referred to as “slack.” Tight labor markets have many opportunities and/or few candidates, while slack labor markets have few opportunities and/or many candidates.
- LinkedIn Hiring Rate (“LHR”)
  - The LinkedIn hiring rate measures the pace at which workers take up new opportunities. It is calculated as the percentage of members who added a new employer to their profile in the same month the new job began. This number is indexed to the average month in 2016; for example, an index of 1.05 indicates a hiring rate that is 5% higher than the average month in 2016.

Alone, the JSI is inconclusive of the labor market condition. A surge in job search intensity can signal either a robust economy with abundant opportunities for workers to find new jobs, or conversely, a challenging job market which requires candidates to search more intensely and compete for a limited number of jobs.

By examining JSI with LHR and LMT, we can better understand the current state of the labor market. The combination of JSI and LHR provides insight into how jobseeker activity is driving hiring activity (or vice versa), while the combination of JSI and LMT tells us how jobseekers are responding to changes in the labor market.

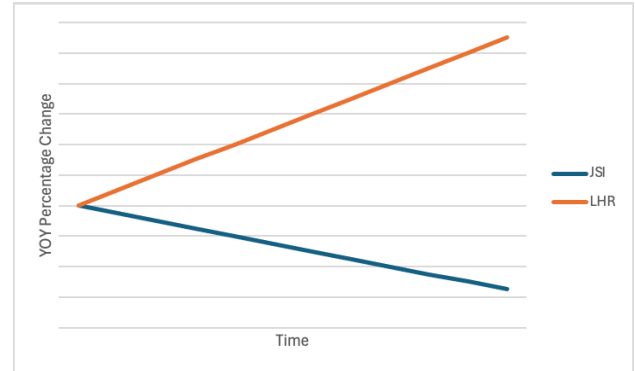
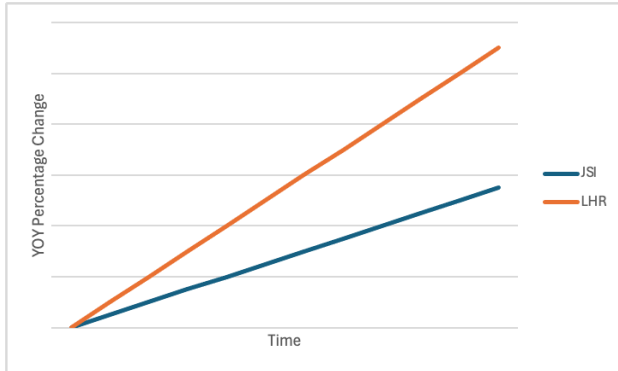
Table 1. JSI and LHR

JSI ↑:  
More intense search

JSI ↓:  
Less intense search

LHR ↑: Signals a **growing or stable** economy, with hiring activity being driven by workers changing jobs given increasing opportunities (e.g., The Great Reshuffle).  
**More hiring**

Signals a **growing** economy, with hiring activity being driven by employers looking to expand headcount. This scenario is more likely to happen in markets with limited worker supply (e.g., Singapore, Japan).



LHR ↓: Signals a **slowing** economy, with search intensity rising due to increased competition between job seekers (e.g., pandemic onset mass layoffs).  
**Less hiring**

Signals a **stable or shrinking** economy; labor market might be near a steady state, with little hiring or job seeking occurring. Labor market may also be shrinking due to lower supply and demand for labor (e.g., population aging).

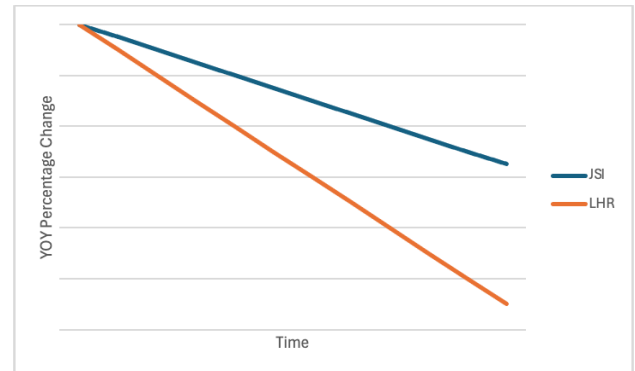
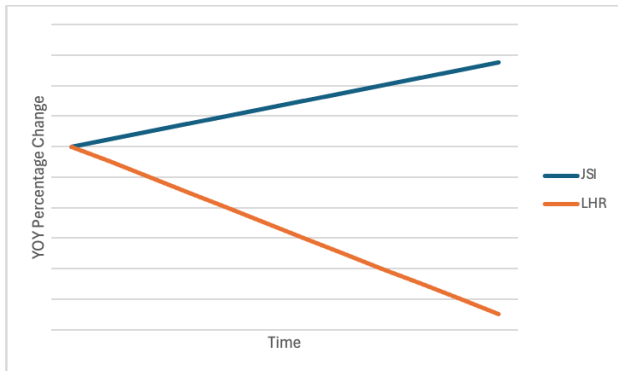


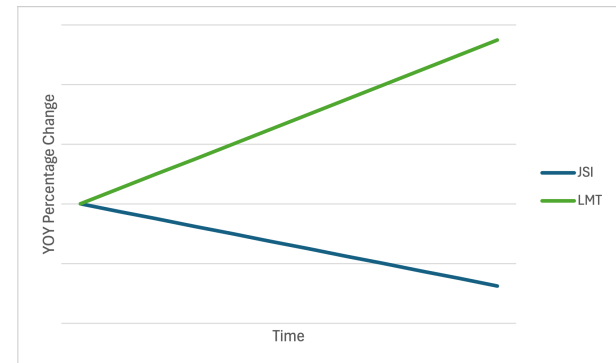
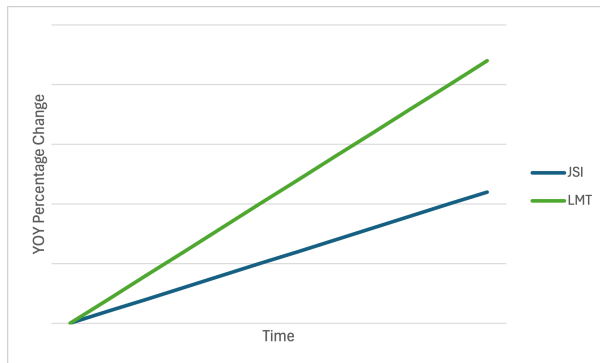
Table 2. JSI and LMT

JSI ↑:  
More intense search

JSI ↓:  
Less intense search

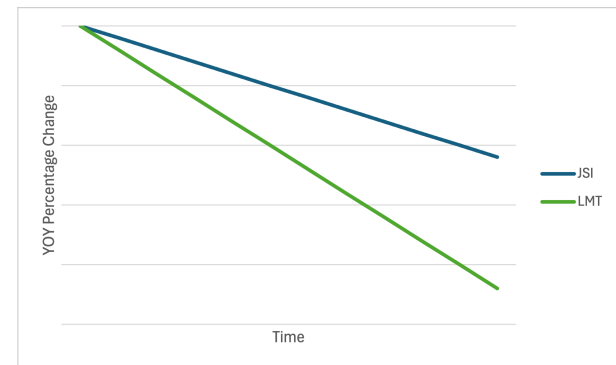
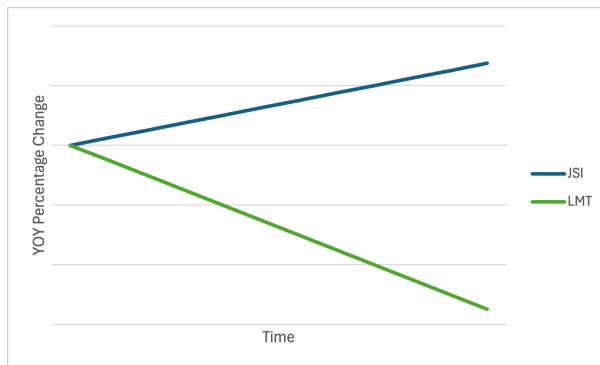
LMT ↑: Signals a **growing** economy with high turnover and rising income; there are lots of jobs, and workers are incentivized to actively look for jobs (e.g., The Great Reshuffle).  
Demand for workers outpacing supply

Signals a **growing** economy or a labor market where **supply is shrinking**; there are lots of jobs, but workers have no incentive to apply or search more intensely (e.g., population aging).



LMT ↓: Signals a **slowing** economy: there are fewer jobs, and workers search intensely given the increased competition for jobs (e.g., 2023 economic slowdown).  
Supply of workers outpacing demand

Signals a **slowing** economy: there are fewer jobs, and workers may be discouraged from searching (e.g., Great Recession)

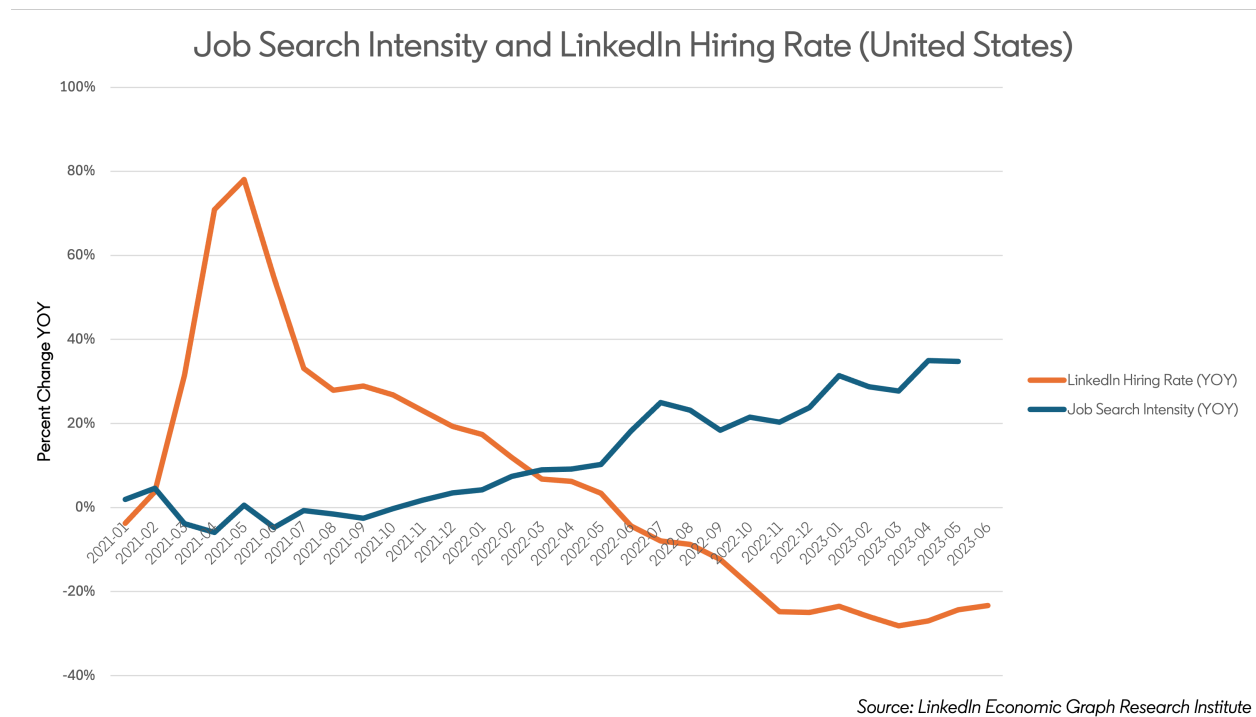


# Findings

(1) JSI and LHR together reflect the dynamics of the ‘Great Reshuffle’ (2021) as well as the current economic slowdown (2023).

In 2021, there was a period of labor market activity of unprecedented levels (the “Great Reshuffle”). During this time, many economies were reopening after COVID-mandated lockdowns, and companies went through a growth phase with rapid headcount increases and hiring activity. Correspondingly, we saw an increase in the LinkedIn Hiring Rate (LHR), without an increase in Job Search Intensity (JSI).

In the first half of 2022, we saw hiring activity begin to dip, while job search intensity started going up. This reflected that employers’ hiring activity was starting to slow, leading to job seekers having to apply for more jobs to achieve a similar outcome.

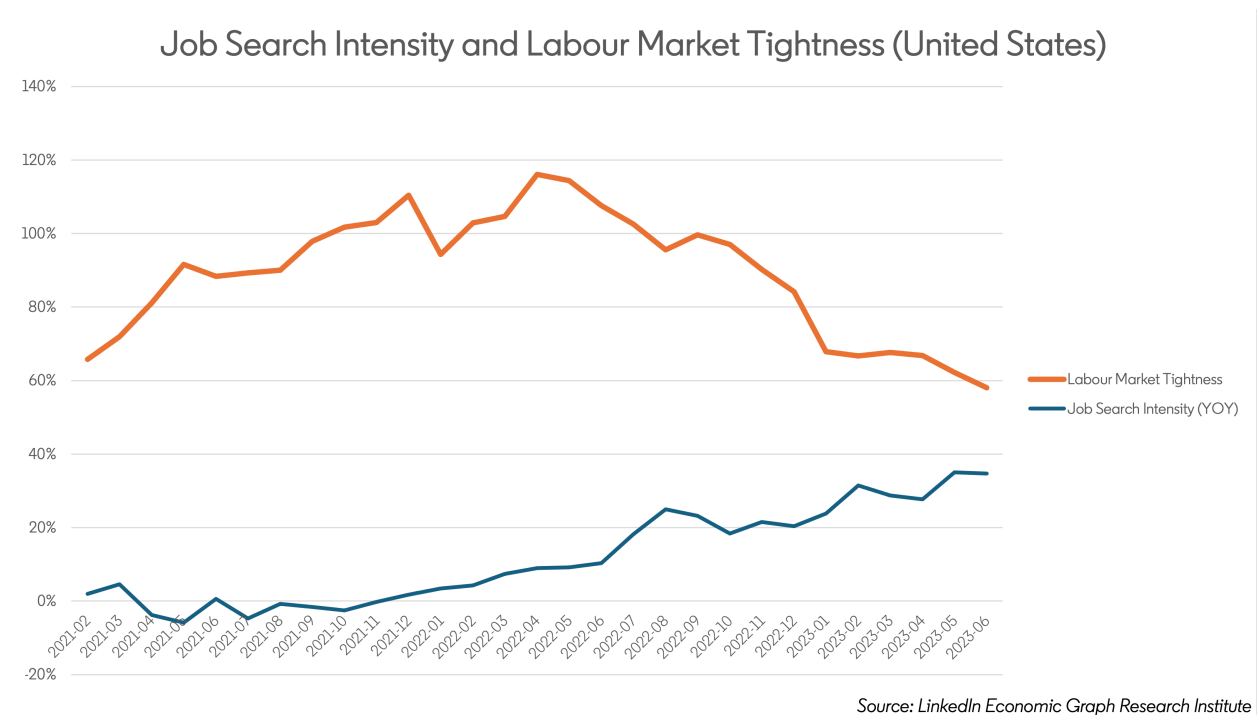


Although this chart only shows US data, we saw similar trends across many countries.

## (2) Changes in JSI reflect changes in the competitive environment for job seekers (LMT)

During the “Great Reshuffle” in 2021, we saw the labor market tighten and demand for workers skyrocket. At the same time, job search intensity remained relatively flat and even dipped in some countries – this was within expectations as workers did not need to search so intensely since there was an abundance of jobs.

In late 2021 and the beginning of 2022, we started to see job search intensity creep up while the labor markets still appeared fairly tight (although there were some signs of loosening). This reflected that jobs became less abundant, and workers looking to switch jobs had to begin searching more intensely to achieve a similar outcome.



Although this chart only shows US data, we saw similar trends across many countries.

## Discussion

By looking at both sides of the supply and demand equation, we can better understand what is going on in the labor market.

Labor supply's behavior as seen through job seeking activity provides key information for understanding the dynamics of the labor market, while hiring activity and labor market tightness tell us a lot about where the labor market is, particularly the relative strength of labor demand.

In a growth environment, workers may respond to better work opportunities by increasing their job search intensity. Employers may respond to this expanded talent pool by increasing their hiring activity and taking on job seekers or poaching employed workers who have come online as active candidates. This symbiotic dynamic embodies what we saw during the Great Reshuffle.

In a slowing environment, job search activity may also increase. As opportunities in the labor market become scarcer, competition for jobs intensifies, and hence workers respond by increasing their job search intensity in order to land a job. However, at some point, workers may become discouraged and lower their search intensity or drop out of the labor force completely like during the Great Recession. Labor supply changes due to population aging or dropouts from the workforce also play a key role in shaping the labor market today on issues ranging from labor shortages and wage growth to opportunity and equity.

As difficult as it is to predict the future, it can be equally difficult to understand where the economy and labor market are today. The interaction between labor supply and demand yields valuable and nuanced insights into the current economic and labor market conditions. Whether undergoing expansion or slowing down, the labor market is a fluid system that is constantly shaped by changes in job search activities, hiring dynamics, and broader demographic changes. In particular, when navigating an uncertain economic landscape, a holistic view of the labor market is important for policymakers, businesses and individuals to identify the challenges and opportunities that lie ahead.

## Acknowledgements

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