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The Big Stay?

Examining recent patterns in voluntary departures

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Key Insights

- In contrast to the unprecedented labor market movements like the Great Reshuffle, we do not see clear evidence for a broad-based "Big Stay." However, there is some evidence for what we can call "Little Stays" in the Information and Professional Business Services sectors.
- Comparing quits to historical lows and pre-pandemic levels, we see that quits remain well above record lows and near its pre-pandemic rate. Overall, 8 of the 15 sectors we examined have an average quit rate at least 50% higher than historic 20-year lows.
- With mixed evidence regarding the "Big Stay," today's labor market can be best characterized as a hiring slowdown from peak Great Reshuffle-levels. This hiring slowdown has led to less quits as workers have fewer opportunities to transition to new employers.

Introduction

From Spring 2021 to Spring 2023, we witnessed an extended period of rapid hiring and historically elevated quits known as the Great Reshuffle. As the Great Reshuffle ended, a new term emerged as the antithesis of the Great Reshuffle – the "Great Stay" or the "Big Stay." However, unlike the indisputable evidence for the Great Reshuffle, evidence for a "Big Stay" remains ambiguous.

This note assesses the evidence for and against the notion that we are amid a "Big Stay" where workers are unwilling or unable to leave their job in a way that merits taking note. First, we explore definitions for the "Big Stay" and how we should evaluate whether one is happening. Next, we examine evidence for a "Big Stay" through the lens of these different definitions, exploiting data from the Bureau of Labor Statistics ("BLS"). Finally, we conclude with an assessment on the state of the labor market in light of the evidence for and against a "Big Stay."

Definitions

For the purposes of this note, we assume the "Big Stay" only concerns *voluntary* departures from a job as opposed to involuntary terminations, retirements, or layoffs. These voluntary departures are commonly referred to as quits.

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The BLS defines quits as "[…] employees who left voluntarily, with the exception of retirements or transfers to other locations."

To examine quits, we typically look at the quit rate as opposed to the number of quits. The quit rate is more informative about quitting behavior than the number of quits, because it adjusts the number of quits by the number of people who are employed.[1] The quit rate measures the pace or *velocity* at which workers voluntarily depart jobs each month. It can be read as the number of workers who quit during the month out of the number of employed workers that month. So, a quit rate of 2% means for every 100 employed workers, 2 quit. An increase or decrease in the quit rate indicates *acceleration* or *deceleration* in quitting. From this understanding, we propose three definitions for what the quit rate must show to be considered a "Big Stay":

1. [Velocity Definition]

   In a "Big Stay," the quit rate is low relative to a benchmark (e.g., historical quit rates, pre-pandemic quit rate) *and* remains low for an extended period (e.g., six months or more).

2. [Deceleration Definition]

   In a "Big Stay," the quit rate decelerates or declines notably within a period (e.g., six months or more).

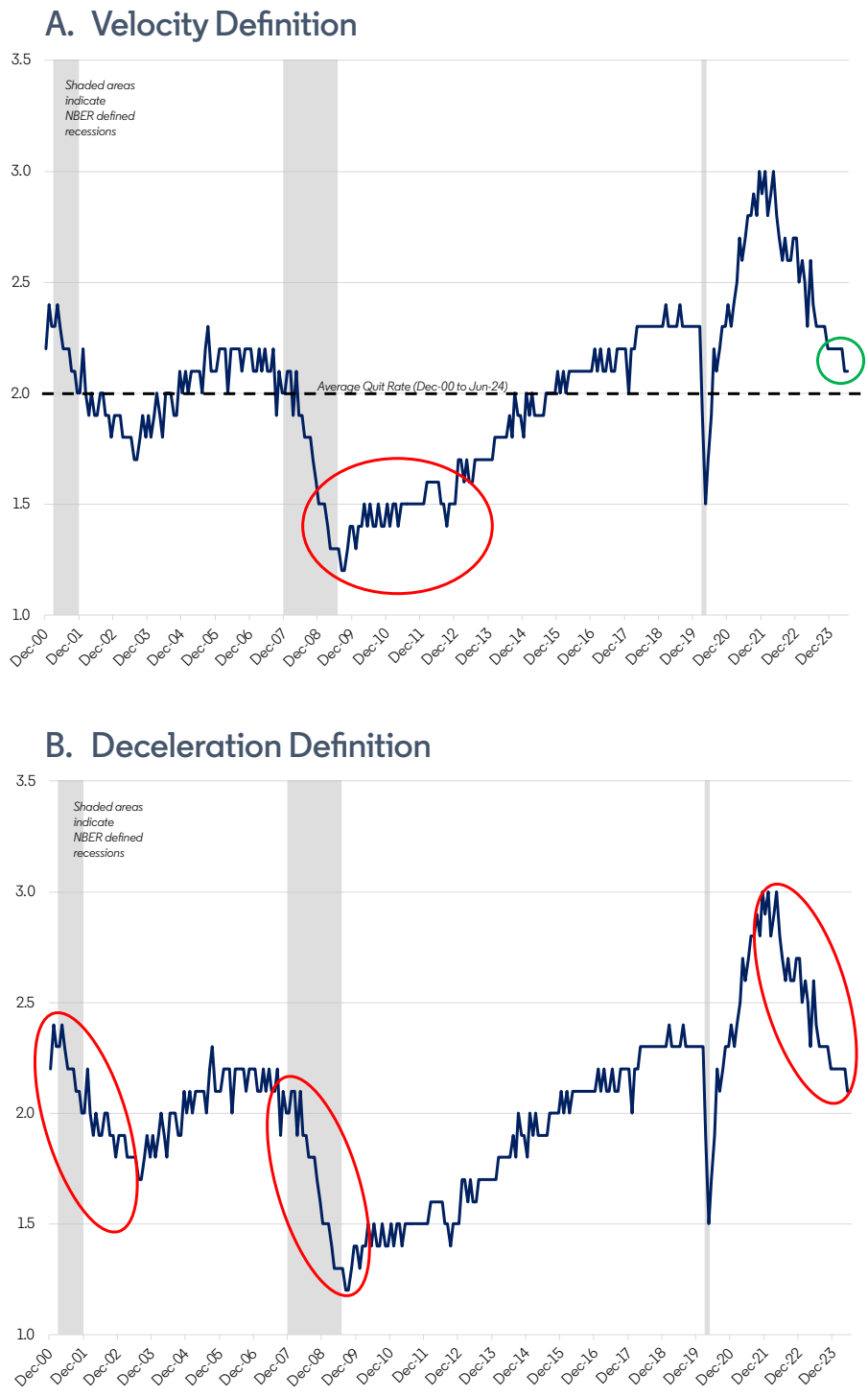
3. [Projection Definition]

   In a "Big Stay," the quit rate is low relative to expectations based on other labor market features (e.g., unemployment rate, hiring rate) *and* remains low for an extended period (e.g., six months or more).

Based on definition (1), we can detect a "Big Stay" by comparing the quit rate to a benchmark. We refer to phenomena as "Big" or "Great" when they last well over a year, so we must also impose a standard on how long the quit rate must remain below that benchmark. For example, the Great Reshuffle lasted two years. The Great Recession lasted a year and a half. The Great Moderation lasted over two decades.[2] Given that the "Big Stay" is a more recent reference, we use the standard of one year for how long the quit rate must remain below the benchmark.[3]

Based on definition (2), we can detect a "Big Stay" by examining the rate of decline in quits. For this definition, we impose that the decline needs to take place for at least a year and needs to be rapid by historical standards. The approach to detecting a "Big Stay" with definition (3) is the same as definition (1). However, instead of using a historical benchmark, the projection definition's benchmark is a forecast of the quit rate based on another economic variable. For example, if the quit rate today is low relative to what we would expect given the unemployment rate today, and that lasts for a year, then that constitutes a "Big Stay" under this definition.

Figure 1. Quit Rate (%)



Source: Job Openings and Labor Turnover Survey, Bureau of Labor Statistics

Note: Comparisons based on the definition are highlighted in color.

Evidence for the "Big Stay"

Using BLS data, we now plot the quit rate and examine evidence for a "Big Stay."

Velocity Definition

For the velocity definition, we compare the recent quit rate to its historical lows (Figure 1A). As of June 2024, the quit rate stands at 2.1% which is the slowest pace of quits since August 2020 and on par with April 2016 to August 2017. This quit rate is outlined in green in Figure 1A. However, the lowest quit rate on record is 1.2% in Fall 2009 (outlined in red in Figure 1A), so the current quit rate is 75% higher than its Great Recession record low. After the Great Recession, the quit rate remained 40% lower than June 2024's quit rate for four years (2009 to 2012).[4] Based on the velocity definition and historical benchmarks, the period following the Great Recession is much more worthy of the title "Big Stay" than current conditions.

Prior to the pandemic, the quit rate remained at 2.3% from April 2018 to February 2020, which is around 10% higher than today's quit rate (2.1%). Prior to May 2024, the April quit rate (2.2%) equaled the March 2018 quit rate.

Based on both the pace of hiring in the years prior to the pandemic and its historical lows, the evidence for a "Big Stay" based on the velocity definition appears weak. The quit rate is nowhere near historical lows and only recently fell notably below pre-pandemic levels.

Deceleration Definition

Using the deceleration definition, we see a decline in the quit rate from the peak of the Great Reshuffle over a roughly two-year period (Figure 1B). We saw a comparable decline during the Great Recession which took place over a year and a half – both declines are outlined in red in Figure 1B. Thus, if we define a "Big Stay" as a 1 percentage point drop in the quit rate over one to two years, then the most recent deceleration in quits can be characterized as a "Big Stay." 1 percentage point (ppt) is three times the standard deviation (0.3 ppt) of the quit rate prior to the pandemic (December 2000 to February 2000).

However, the context of the decline matters. The quit rate decelerated from well above its pre-pandemic pace (3.0%) for most of this recent period of decline (January 2022 to July 2023). The quit rate only continued to decelerate below 2.3% starting November 2023 and came down by 0.2 percentage points through June 2024. Thus, for most of the decline, the quit rate was likely normalizing towards a more sustainable pace. Returning to a more normal pace for quits is not unexpected, and the average deceleration below pre-pandemic levels has been far less rapid (-0.025 percentage points a month from January 2022 to July 2023) compared to the normalization period (-0.037 percentage points per month from November 2023 to June 2024). Thus, evidence for a "Big Stay" based on deceleration in quits remains ambiguous despite a slowdown in quits comparable to the jobless recovery following the Great Recession.

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Projection Definition

The projection definition is by far the most nuanced of the three definitions considered here. To evaluate this definition, we must create a benchmark quit rate based on the projection of another economic series on the actual quit rate. Then we must compare the benchmark quit rate to the quit rate series and see that the quit rate series falls below the benchmark series for at least a year. The benchmark quit rate is the quit rate we would have expected to see based on the economic series. For this definition, we will use the unemployment rate and the hiring rate to create benchmark quit rates.

Unemployment Rate Benchmark

We construct the unemployment-based benchmark quit rate by projecting the log-unemployment rate onto the log-quit rate from December 2000 to February 2020, projecting this historical relationship forward to predict the quit rate over the entire period (December 2000 to June 2024). Pandemic and post-pandemic periods are excluded to establish a benchmark based on pre-pandemic statistical relationships as some statistical relationships broke down in the aftermath of the pandemic. The unemployment-based benchmark quit rate is shown in Figure 2 (blue line).

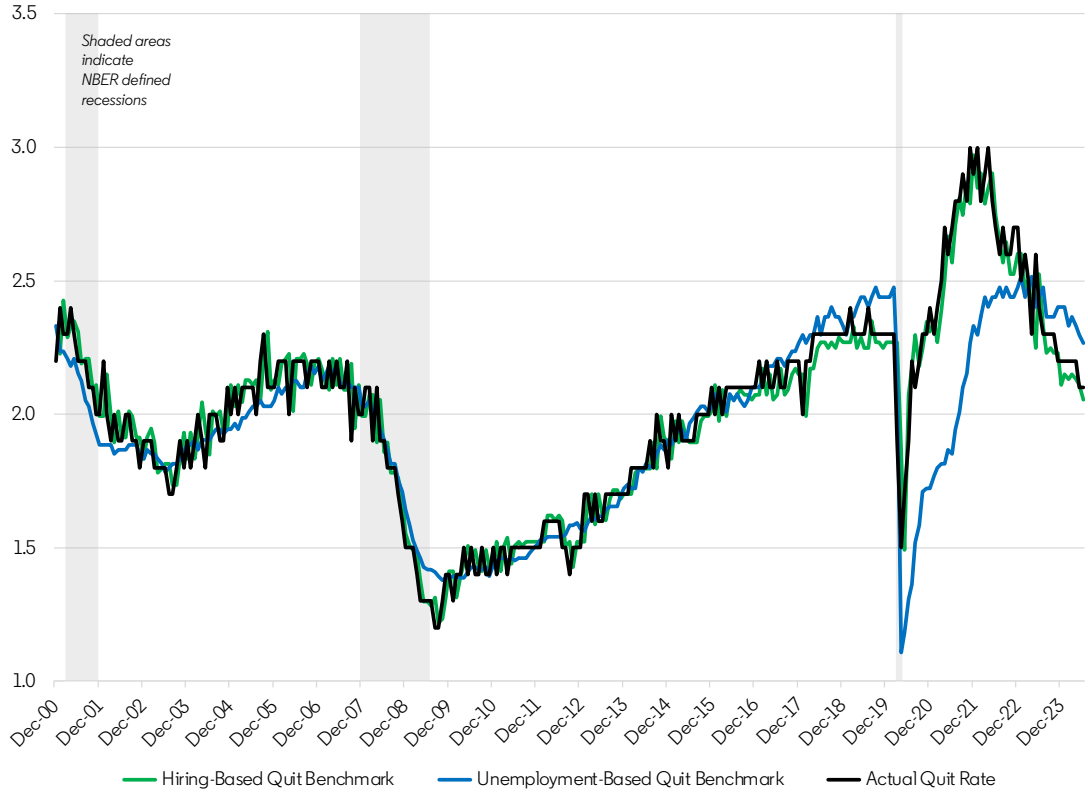
The quit rate (Figure 2, black line) fell below the unemployment-based benchmark consistently starting in June 2023 through June 2024, averaging 5% below the benchmark quit rate over this period. Thus, based on the projection definition using the unemployment rate, there appears to have been a "Big Stay" over the past year. However, there also appears to have been a "Big Stay" from March 2019 to March 2020 based on the same definition with the quit rate averaging 6% below the benchmark quit over this period. Hence, to assert that the US labor market is currently amidst a "Big Stay" means it was also in a "Big Stay" prior to the pandemic dating back to Fall 2017. Thus, our current period constitutes a return to the pre-pandemic norm of a repressed quit rate relative to what we would expect based on the unemployment rate. Of course, if we are merely returning to the pre-pandemic norm (of a repressed quit rate), then the term "Big Stay" remains up for debate.

Hiring Rate Benchmark

We construct the hiring-based benchmark quit rate by projecting the one-month lag of both the log-hiring rate and log-quit rate and onto the current log-quit rate from December 2000 to February 2020, projecting this historical relationship forward to predict the quit rate over the entire period (December 2000 to June 2024). The quit rate appears to lag the hiring rate by one-month; thus, the lagged hiring rate is used to construct the benchmark (Figure 3). Including the lagged value of the quit rate accounts for the persistence of shocks to quits since quits have the potential to create job openings which in turn induce future quits. The hiring-based benchmark quit rate is shown in Figure 2 (green line).

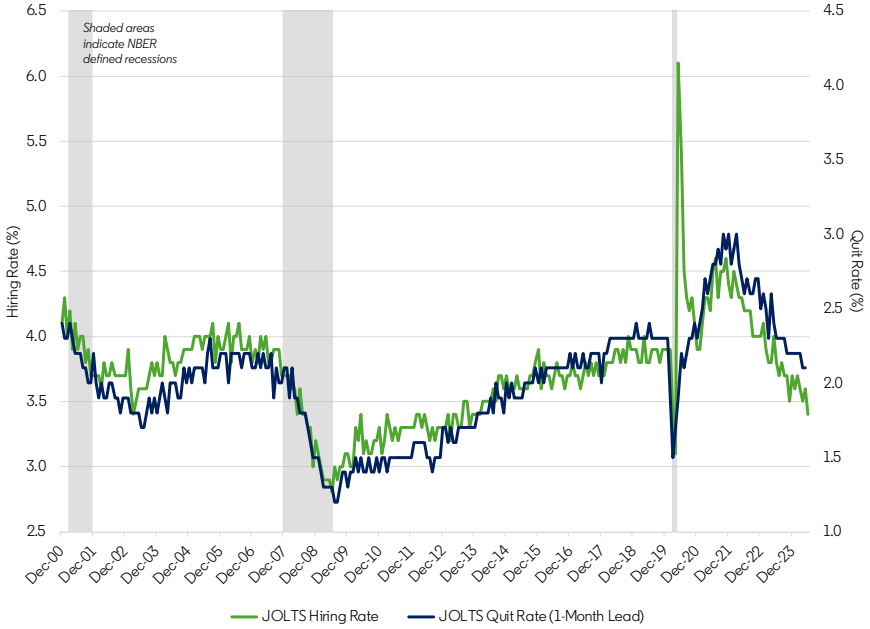
The quit rate lines up strongly with this benchmark throughout the pre- and post-pandemic periods. Thus, based on this benchmark, there is no evidence for a "Big Stay." In fact, the quit rate appears to have shown resilience from June 2023 to June 2024, exceeding and matching the benchmark over the last year.

Figure 2. Quit Rate vs. Benchmark Quit Rates (%)



Source: Bureau of Labor Statistics; Author's Calculations

Figure 3. Hiring Rate vs. Future Quit Rate



Source: Job Openings and Labor Turnover Survey ("JOLTS"), Bureau of Labor Statistics

Evidence for "Little Stays"

Overall, we see that evidence for a "Big Stay" remains ambiguous, because it relies on either there having been a "Big Stay" since Fall 2017 that was merely interrupted by the pandemic and Great Reshuffle (unemployed-based projection) or ignores the fact that the rapid slowdown in quits was mostly normalization (deceleration definition). However, lack of evidence at the national level does not preclude "Big Stay" features among certain sectors or segments of companies (a "Little Stay").

Examining average quit rates across the different periods and sectors since early 2001, we see across most sectors that the "Big Stay" exhibits quit rates well above periods with the lowest quit rates (Table 1). For example, the average quit rate in Manufacturing during the "Big Stay" is over twice (102%) the average quit rate during the Jobless Recovery following the Great Recession. Overall, 8 out of the 15 sectors exhibit an average quit rate over 50% higher than the lowest period since early 2001. Furthermore, though quit rates remain well below their peak period, the average quit rates during the "Big Stay" do not appear dramatically lower than peak periods (most of which occurred during the Great Reshuffle). 10 out of 15 sectors exhibit an average quit rate less than 20% lower than the highest period since early 2001.

Table 1. Average Quit Rate by Period and Sector

	Mar 2001 - Nov 2001 (Early 2000s Recession)	Dec 2001 - Nov 2007 (2000s Recovery)	Dec 2007 - Jun 2009 (Great Recession)	Jul 2009 - Sep 2012 (Jobless Recovery)	Oct 2013 - Feb 2020 (Full Recovery)	Mar 2020 - Apr 2020 (COVID-19 Recession)	May 2020 - Feb 2021 (Pandemic Recovery)	Mar 2021 - Jun 2023 (Great Reshuffle)	July 2023 - June 2024 ("Big Stay")	"Big Stay" vs. Lowest Period	"Big Stay" vs. Highest Period
Mining and Logging	1.9	1.6	1.8	1.3	2.0	1.2	1.4	2.1	2.1	79%	-1%
Construction	2.6	2.4	1.7	1.4	2.0	1.6	1.9	2.3	2.0	40%	-24%
Manufacturing	1.2	1.3	1.0	0.8	1.3	1.1	1.9	2.3	1.7	102%	-26%
Wholesale	1.4	1.5	1.2	0.9	1.4	1.2	1.5	1.9	1.5	64%	-18%
Retail	3.4	3.0	2.5	2.1	2.9	2.5	3.3	4.0	3.0	40%	-26%
Transportation, Warehousing, and Utilities	1.9	1.5	1.4	1.2	1.8	1.8	2.3	2.8	2.3	88%	-18%
Information	2.1	1.6	1.2	1.2	1.5	1.4	1.3	1.7	1.4	14%	-34%
Finance and Insurance	1.4	1.4	1.1	0.9	1.1	1.0	1.2	1.4	1.2	31%	-14%
Real Estate and Rental and Leasing	2.1	2.1	1.7	1.5	1.7	1.2	1.6	2.1	1.7	40%	-21%
Professional and Business Services	2.9	2.6	2.3	2.1	2.8	2.4	2.7	3.2	2.6	24%	-19%
Private Education Services	1.2	1.2	1.0	1.0	1.3	1.4	1.0	1.5	1.5	47%	-3%
Healthcare and Social Assistance	2.0	1.7	1.5	1.3	1.8	1.9	2.1	2.6	2.3	75%	-12%
Leisure and Hospitality	4.6	4.2	3.6	2.8	4.0	3.5	4.3	5.4	4.4	54%	-19%
Other Services	2.1	2.2	1.9	1.6	2.0	1.0	1.8	2.4	2.1	110%	-13%
Government	0.7	0.7	0.6	0.5	0.7	0.9	0.9	1.0	0.8	56%	-15%
Total Nonfarm	**2.2**	**2.0**	**1.7**	**1.5**	**2.0**	**1.7**	**2.2**	**2.7**	**2.2**	**53%**	**-18%**

Source: Job Openings and Labor Turnover Survey, Bureau of Labor Statistics; Author's Calculations

Note: Periods with the highest and lowest average quit rate are shown in green and red, respectively.

We do see a couple sectors where a "Little Stay" may be underway, including Information and Professional and Business Services. In Information, the average quit rate during the "Big Stay" is only 14% higher than the lowest period and 34% lower than the highest period since 2001. Thus, we see quits have slowed in Information in an

outsized way compared to other sectors. To a lesser degree, we see a similar slowdown in quits in Professional and Business Services. In this sector, the average quit rate during the "Big Stay" is only 24% higher than the lowest period and 19% lower than the highest period since 2001.

Examining average quit rates across the different periods and establishment sizes since early 2001, we see across most establishment sizes that the "Big Stay" exhibits quit rates well above periods with the lowest quit rates (Table 2).[5] We also see that the average quit rates during the "Big Stay" do not appear dramatically lower than peak periods for any given establishment size.

Table 2. Average Quit Rate by Period and Establishment Size

	Mar 2001 - Nov 2001 (Early 2000s Recession)	Dec 2001 - Nov 2007 (2000s Recovery)	Dec 2007 - Jun 2009 (Great Recession)	Jul 2009 - Sep 2012 (Jobless Recovery)	Oct 2013 - Feb 2020 (Full Recovery)	Mar 2020 - Apr 2020 (COVID-19 Recession)	May 2020 - Feb 2021 (Pandemic Recovery)	Mar 2021 - Jun 2023 (Great Reshuffle)	July 2023 - June 2024 ("Big Stay")	"Big Stay" vs. Lowest Period	"Big Stay" vs. Highest Period
Total Private 1- 9 Employees	2.1	2.2	2.0	1.6	2.1	1.7	2.0	2.4	2.1	30%	-13%
Total Private 10 - 49 Employees	2.7	2.6	2.1	1.8	2.5	1.9	2.6	3.2	2.7	49%	-15%
Total Private 50 - 249 Employees	2.9	2.5	2.1	1.8	2.5	2.1	2.6	3.3	2.7	54%	-19%
Total Private 250 - 999 Employees	2.1	2.0	1.7	1.5	2.1	2.0	2.4	3.0	2.3	56%	-24%
Total Private 1,000 - 4,999 Employees	1.5	1.4	1.3	1.2	1.7	2.0	2.2	2.6	2.0	69%	-23%
Total Private 5,000+ Employees	1.2	1.1	0.9	0.6	0.9	1.0	1.0	1.1	0.9	47%	-25%
Total Private	**2.5**	**2.3**	**1.9**	**1.6**	**2.3**	**1.9**	**2.4**	**3.0**	**2.5**	**50%**	**-18%**

Source: Job Openings and Labor Turnover Survey, Bureau of Labor Statistics; Author's Calculations

Note: Periods with the highest and lowest average quit rate are shown in green and red, respectively.

The State of the Labor Market

Without indisputable evidence for a "Big Stay," where does that leave us? For the moment, the state of the labor market can be best characterized as a hiring slowdown of record proportions due to our rapid emergence from the COVID-19 recession which created space for a sharp ascent and an eventual, rapid normalization. This normalization has been of the scale of the Great Recession (Figure 1B) but not indicative of a recession due to the exceptional buffer created during the pandemic recovery and Great Reshuffle. Of course, after newly two years of prolific action in the labor market, anything less may also feel exceptional. Indeed, survey evidence confirms that is the case with the LinkedIn Workforce Confidence Index recently reaching pandemic era lows.

According to both the Job Openings and Labor Turnover Survey Hiring Rate and the LinkedIn Hiring Rate, hiring has slowed substantially below its pre-pandemic pace from its late 2021, early 2022 peak. Although we witnessed some early signs of stabilization at the start of 2024, hiring has continued to slow going into the summer, making this period the longest hiring slowdown since 2001 and possibly the longest on record since the start of the Great Moderation. Given that hiring leads quits (Figure 3), this hiring slowdown has slowed voluntary departures substantially and quickly, however the pace of quits remains high enough to where current conditions are not obviously a "Big Stay." For the latest on the state of the labor market, including a global look at worker and job departures, subscribe to LinkedIn Economic Graph's State of the Labor Market Newsletter on LinkedIn.

Appendix

Endnotes

1. As the number of people who are employed grows, the number of people who quit each month can grow even when there has been no change in quitting behavior (due to more employed people quitting at the same rate).

2. See Hakkio, Craig S (2013, November 22). *The Great Moderation*. Federal Reserve History. Accessed on August 19, 2024, https://www.federalreservehistory.org/essays/great-moderation.

3. According to Google Trends, the "Big Stay" emerged as a popular term in mid-2023.

4. The period following the Great Recession is commonly known as the "Jobless Recovery." See Kolesnikova, Natalia A. and Yang Liu. (2011, April 1). Jobless Recoveries: Causes and Consequences. Federal Reserve Bank of St. Louis. Accessed on August 5, 2024, https://www.stlouisfed.org/publications/regional-economist/april-2011/jobless-recoveries-causes-and-consequences.

5. An establishment is a physical location where goods are produced, and services are provided. A company or firm may have multiple establishments. See Bureau of Labor Statistics. (2011). Chapter 2. Employment, Hours, and Earnings from the Establishment Survey. In BLS Handbook of Methods (p. 1). Department of Labor. https://www.bls.gov/opub/hom/pdf/ces-20110307.pdf.

Methodology

LinkedIn Hiring Rate. The count of hires (LinkedIn members in who added a new employer to their profile in the same month the new job began), divided by the total number of LinkedIn members in the U.S. By only analyzing the timeliest data, we can make accurate month-to-month comparisons and account for any potential lags in members updating their profiles. This number is indexed to the average month in 2016 for each industry; for example, an index of 1.05 indicates a hiring rate that is 5% higher than the average month in 2016.