

# Winter New Hires Cool Off in 1996

by Todd Mosher

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The Alaska New Hires Quarterly Report measures the number of job opportunities created by business expansions or start-ups and by job turnover. The report assists employment security personnel and the job-seekers they serve as they develop strategies for job placement in the Alaska economy. A *new hire* is defined as an employee who was not working for the employer in any of the four previous quarters. Since new hires data include job turnover, readers are cautioned against drawing broad conclu-

sions about job growth trends based solely on quarterly new hires data.

## Seafood processing tailspin hurts specific regions

In the winter of 1996, there were 39,760 new hires on Alaska payrolls, down by 2,528, or 6.0%, from the previous winter. (See Table 1.) Declines were sharpest in the Gulf Coast, Southwest, and Southeast regions of the state, where seafood processing plant closures and a poor crab season were the most telling factors. Anchorage new hires were also down, primarily the result of slower growth in the retail sector.

## Retail sector was down statewide; other industries gained

Statewide, retail new hires in winter 1996 were off by 1,420 compared to 1995, reflecting the end of mass hirings by large-store start-ups and expansions that fueled new hires totals through the previous two years. Mining (including oil and gas), transportation, communications, and utilities (excluding transportation most closely related to tourism), and services showed modest gains in new hires compared to the winter of 1995, but these gains were dwarfed by declines in other industries.

## Several factors are pushing down new hires

Although it is too early to fully assess what happened to the new hires picture during the spring and summer quarters of 1996, new hire opportunities started the year well behind 1995 levels. The following factors driving the winter year-to-year decline may also put a damper on subsequent quarters' new hires totals:

## Methodology

The new hires series is produced by matching Occupational Data Base files, Alaska Department of Labor wage files, and Permanent Fund Dividend files keyed on employer numbers and employee social security numbers. This match is made for the report quarter and the four previous quarters. Each employer's full listing of employees is considered for the report quarter. If an employee worked for the employer in any of the previous four quarters, he or she is considered continuously employed or a seasonal rehire and is excluded from the new hires subset; otherwise, the employee is defined as a new hire for that employer.

A worker can be counted as a new hire for more than one employer during the report quarter, but not more than once for the same employer. This method purposely treats the turnover of an existing job as a new hire. The new hires series is designed to measure job opportunities provided by the combined effect of turnover and job growth.

An employee's region is set by his or her actual place of employment, unless that information is not provided by the employer. Historically, employers do not report place of employment information for about 10 percent of all employees. In that case, the employee's region is determined by the location of the employer.

## Alaska New Hires 1st Quarter 1996

- Employment growth in 1996 has been slower than in 1995. First quarter employment growth was less than half the rate it was in 1995, and has shown little improvement since then.
- Lower employment growth often leads to lower turnover rates, since workers may have fewer alternatives and feel less secure about changing employers compared to times when job growth is accelerating.
- Closures of some seafood processing plants, the depression of salmon prices, and smaller harvests have resulted in significantly lower industry employment and a more than one-to-one decline in the industry's new hire opportunities, since seafood processing jobs tend to have a relatively high turnover rate. Some of the problems in Alaska's seafood industry may be temporary, but increased competition from farmed fish certainly poses a long-term threat.
- The unprecedented expansion of large retail stores in recent years provided a huge boost to new hires. New hire opportunities will continue to be higher than in the years prior to the expansion because of a larger retail base, but the short-term jolt from the first round of mass hirings is old news. Year-to-year retail new hires totals are likely to be somewhat lower throughout all seasons of 1996 compared to 1995, particularly if job growth in the overall economy remains sluggish. However, this says more about the flood of opportunities created during the recent retail expansion than it does about the current health of the industry. Job growth in this sector, though slower, has remained positive this year.

	1st Qtr 96	Change from 4th Qtr 95	Change from 1st Qtr 95 *
<b>Total New Hires<sup>1</sup>:</b>	<b>39,760</b>	<b>-7,063</b>	<b>-2,528</b>
<b>By Region<sup>2</sup></b>			
Northern	2,546	-14	30
Interior	4,414	-1,651	38
Southwest	4,504	1,011	-593
Anchorage	17,888	-5,398	-415
Gulf Coast	4,029	-576	-941
Southeast	4,822	-1,305	-761
Offshore	982	819	1
Outside	475	138	124
Unknown	100	-87	-11
<b>By Industry</b>			
Ag./Forestry/Fishing	259	-8	28
Mining	1,204	-27	197
Oil & Gas Extraction	1,055	47	165
All Other	149	-74	32
Construction	2,735	-1,953	-237
Manufacturing	5,154	2,922	-1,322
Seafood Processing	4,275	3,279	-1,200
All Other	879	-357	-122
Trans./Comm./Util.	2,786	-221	139
Tourism Related	592	-18	-24
All Other	2,194	-203	163
Wholesale Trade	1,105	-265	-226
Retail Trade	8,611	-5,111	-1,420
Fin./Ins./Real Estate	1,400	-126	-27
Services	11,996	-1,306	350
Hotels & Lodging	890	-157	-128
All Other	11,106	-1,149	478
Public Admin. <sup>3</sup>	4,510	-968	-10

\* Reflects revised totals for 1st Quarter 1995

<sup>1</sup> A "new hire" is defined as an employee that was hired by the firm in the report quarter and has not been employed by the firm during any of the previous four quarters. New hires figures include turnover and should not be used to assess job growth trends.

<sup>2</sup> An employee's region is determined by his or her actual place of employment.

<sup>3</sup> Includes all employees of publicly-owned institutions.

Source: Alaska Department of Labor, Research and Analysis Section.

## Conclusion

New hires totals were buoyed in the previous two years by a fast and furious expansion of the retail and services sectors. Services industry new hires continued to show modest year-to-year growth in the first quarter of 1996, but the end of the short-term

boost from business start-ups during the retail expansion and troubles in the manufacturing sector led to a net loss of winter new hires compared to those of the previous year.