

A Look at the Help Wanted OnLine Data Series

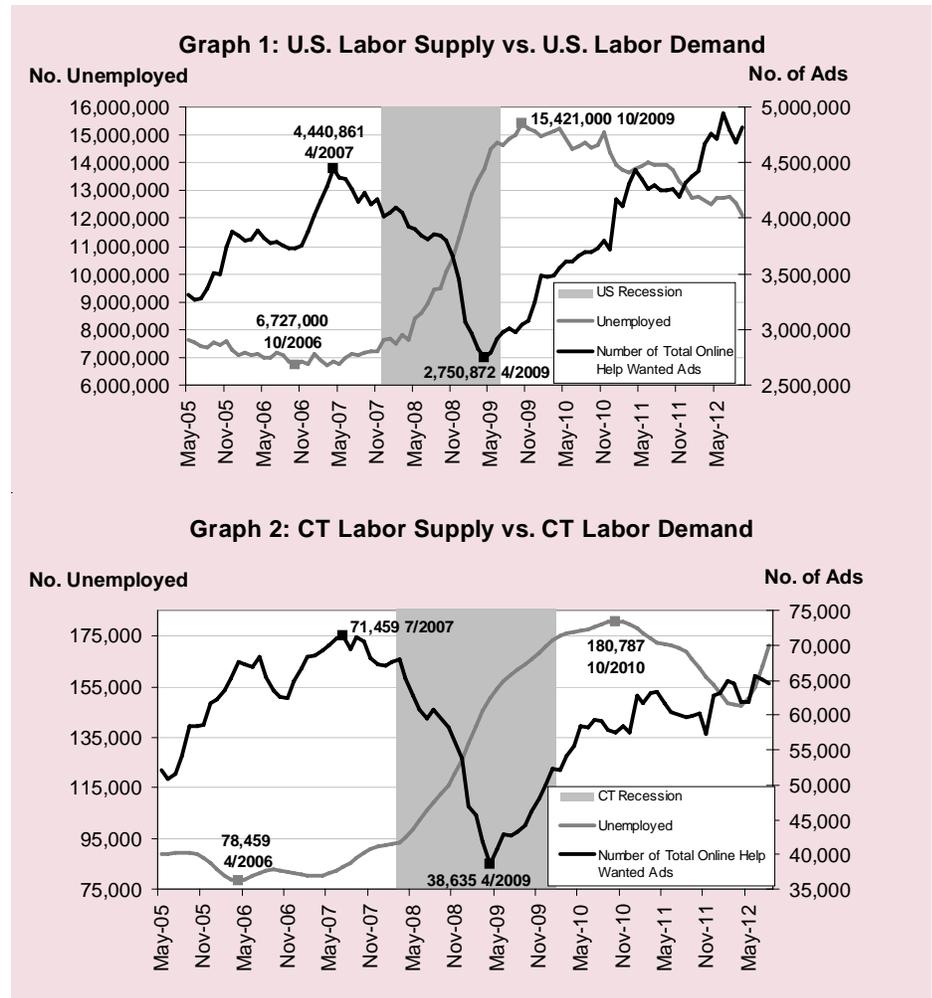
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One are the days when the most effective and utilized job search method was to open up your local newspaper. The use of online databases by job seekers has become much more prevalent in recent years. In an effort to reflect this reality, the Conference Board replaced its Help Wanted newspaper employment index with the Help Wanted OnLine Data Series (HWOL) in 2005. The series can be used for a variety of purposes, but its strengths may lie as an indicator of job demand as represented by employment vacancies and as a leading indicator of potential shifts in actual employment levels.

The Help Wanted OnLine report is released at the beginning of every month. The program uses data from over 16,000 online job board sources and corporate job boards. It uses a mid-month survey reference period to coincide with the Bureau of Labor Statistics's household and jobs surveys. The report includes data on new online ads, total online ads, ads rate and the supply/demand rate. New ads are those that have not previously appeared in the report, and total ads are unduplicated ads appearing in the reference period. The ad rate is the number of advertised vacancies as a percent of the BLS's civilian labor force data for a geographic area. The supply/demand rate is the number of unemployed divided by the number of advertised vacancies. The data is further broken down by regional, metropolitan, and occupational data.

Strengths

The timeliness of the HWOL series is one of its key advantages. Like the BLS employment data, it is one of the



few economic indicators that are published the following month. Job seekers can benefit from this by narrowing their job search to industries that are showing a higher job demand. Education and training planners can potentially see an increase in demand for certain occupations in "real time." Economists may be able to use this real-time data as a leading indicator of turns in the current economy.

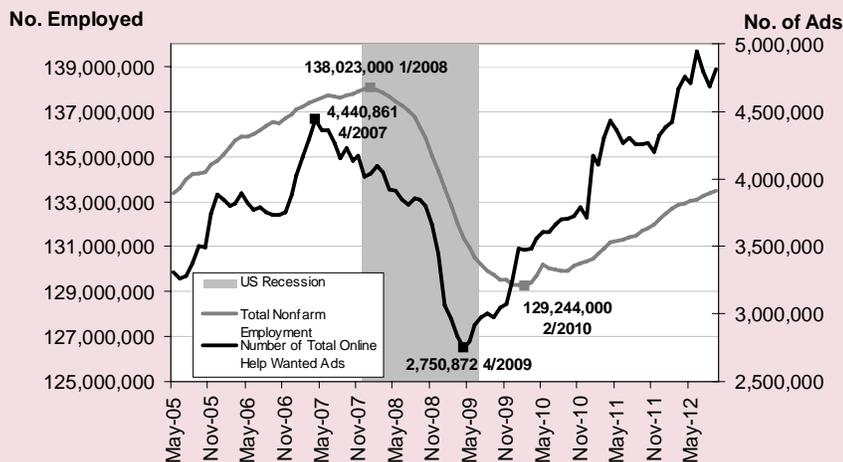
The Conference Board reviews the data regularly to make the data accurate to the best of their ability. Job listing sources are revised based on their reliability and usefulness. To minimize

duplicate ads from being reported, the program identifies job boards that merely scrape ads from other sources and eliminates those boards from the data collection process.

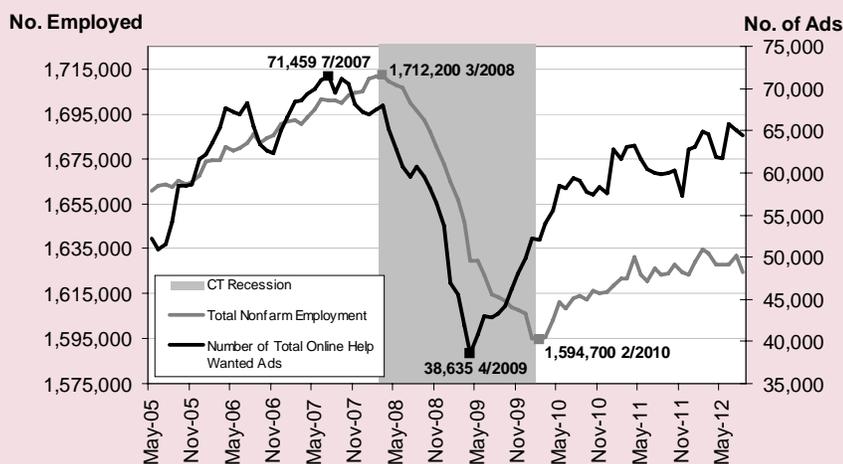
Supply vs. Demand

Job ads are used as a representation of vacancies and labor demand. The number of unemployed persons is used as a proxy for labor supply. Graph 1 displays these two measures together using the United States data. It starts at the earliest data available for the HWOL dataset. Going into the recession, the number of unemployed persons

Graph 3: U.S. Employment vs. U.S. Labor Demand



Graph 4: CT Employment vs. CT Labor Demand



began increasing six months before the number of job ads began to fall. As the nation began to pull out of the recession, the number of job ads began to rise 18 months before the number of unemployed persons started to come down. Graph 2 shows how the two measures fared in Connecticut. As with the United States, labor demand fell after the supply began to increase, and rose before supply started to turn down. Connecticut had a larger span of fifteen months between the two before the recession, and the same gap as the nation (18 months) coming out of the recession.

Weaknesses

The potential downfall of the HWOL series and the use of job

board data as labor market information in general is that not every job posting is created equally. The number of job ads may not necessarily correlate to job demand. There is no one way or reason to post a job ad. A company may post one ad for several openings, which would downplay the demand. Alternatively, they may leave a listing up long after the job has been filled. Human resource departments also post ads as a means of gathering resumes to see what types of applicants are out there. Many employers use alternative methods to advertise their vacancies, whether it is by posting signs or using an employment agency. Electronic job boards tend to under represent low paying occupations

and over represent professional and management occupations. Certain occupations, such as retail, wait staff, and construction jobs, can be considerably misrepresented by the data. Often times an ad is posted with very vague information, such as location. This can effectively skew the results for smaller geographies such as substate regions or metropolitan areas.

HWOL as a Leading Indicator

Despite the weaknesses that the HWOL data contains, it may still be useful as a leading indicator of economic behavior. To determine the strength of the HWOL series as a leading indicator, an analysis of how it behaved during recessionary periods would be helpful. Since the series is still relatively new, we have only one recession to analyze. Graph 3 shows the total nonfarm employment of the United States compared to the number of total online help wanted ads from HWOL. During the past recession, the number of ads began their descent nine months before employment turned down, and started to rise ten months before employment began to increase. As shown in Graph 4, a similar occurrence happened with Connecticut employment and job ads. Connecticut job ads turned down eight months before Connecticut's total nonfarm employment declined, and started to increase ten months before employment.

The preliminary data for The Conference Board's Help Wanted Online Data Series is promising. It successfully predicted the turning points of the past recession for both the nation and Connecticut. This type of indicator is valuable when studying economic activity.

The help wanted online data is published monthly in the Connecticut Economic Digest on page 15. ■