More Workers Are Quitting Than Ever - Labor Market Overview

A shortage of qualified workers across the country is encouraging companies to raise wages in order to attract direly needed employees. The competition for employees is enticing workers to quit their current jobs for higher paying opportunities.

Each month the U.S. Department of Labor releases employment data that includes how many workers are actually quitting their jobs. The data is considered a critical barometer of the labor market's health and an indicator of economic growth.

The "quits rate" essentially measures how many workers quit their jobs voluntarily as opposed to being fired or laid off. Many economists and analysts follow the quits rate closely because it reveals how confident workers are. These same workers are also the consumers that the Fed monitors to determine if their confidence is allowing them to spend more, thus lifting economic growth. The most current data shows that the quits rate rose to 2.9, reaching the highest level ever.

Following the financial crisis in 2008, the quits rate dropped as workers were less confident in leaving a job they had, rather than look for another job opportunity. Meanwhile, threats of layoffs and firings lingered following the crisis years of 2008-2009.

Wages also benefit when more workers quit as employers tend to raise compensation in order to retain qualified employees. Rising wages can bode extremely well for worker and consumer confidence, a key ingredient for improving economic conditions.

Source: U.S. Labor Department