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# The Bottom Line

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## U.S. Labour's Lost Dynamism

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For a generation that was known for its job-hopping and entrepreneurial spirit, boomer kids—now in their twenties and thirties—are suffering from significant career malaise. It's not only the 10.2% of them that are jobless that feel the stress; but, for the 9-out-of-10 survivors, things are not so great either. Many are dissatisfied with their career progression and feel stuck in what they perceive to be dead-end jobs. Fearing they might trigger their own layoff, they are reluctant to express their concerns to management, and many feel little engagement to the company they work for.

An estimated 7.2 million jobs have been lost in the U.S. since the recession began in late 2007 and the average duration of unemployment is a record-high 29 weeks. The so-called underemployment rate—which includes part-time workers who would prefer a full-time position and people who want work but have given up looking—has risen to a whopping 17.3%. Layoffs and discharges have peaked, but hirings are still meagre. Those that remain employed are often doing the jobs of their former colleagues without a promotion or additional compensation, explaining the surge in U.S. productivity growth and the commensurate decline in unit labour costs. The only good news is that temp hiring rose in December for the fifth consecutive month, a pre-condition to full-time employment turning up. Companies are very cautious and do not want to hire permanent workers until they are sure about the prospects for improved customer demand.

The result has been a plunge in job satisfaction and morale. According to a job satisfaction survey by the Corporate Executive Board (CEB), a Washington-based advisory firm that counts many Fortune 500 firms among its clients, the recession and its reorganizations, layoffs and outsourcing have been corrosive to employee job satisfaction. The CEB's latest survey found that the willingness of IT employees to "*exert high levels of discretionary effort*"—that is, put in extra hours to solve a problem, make suggestions for improving processes, and generally seek to play a key role in an organization—has plummeted to the lowest levels since the survey was launched 10 years ago. Many surveyed workers suggest they will leave their current job as soon as the labour market improves. The younger workers are not alone in their dissatisfaction. According to the Conference Board's survey released earlier this month, Americans of all ages and income brackets continue to grow increasingly unhappy at work.

In this economic environment, few people are willingly leaving their jobs, not even to retire. The quit rate has fallen dramatically since mid-2006 to a near-record low of 1.5%. This

cyclically sensitive rate measures the percentage of workers who leave their job voluntarily for any reason other than retirement. The number of employees leaving a job to retire, transfer to another location, or due to disability/death has fallen to record lows as well.

**The Bottom Line:** The financial crisis and ensuing recession have pummelled wealth and income growth in the U.S., Europe and Japan. Pronounced weakness in the labour market remains. This has dampened confidence, caused unhappiness among the employed as well as the jobless, and has made everyone more cautious about spending money. Accompanying the plunge in job security has been a commensurate decline in employee engagement and loyalty, which would affect productivity and, thus, slow the economic recovery this year and next.

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