The Hidden Job Market
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It has long been rumored that many job openings are not widely advertised, but are filled by word of mouth or direct communication instead. There is a struggle to quantify how many openings are in this “hidden” job market, and which industries are more likely to use alternative recruitment methods such as newspaper postings, window advertising, or direct hire from walk-in applicants. The upgrade to the Labor Analysis Statistics and Economic Research (LASER) website last fall has made available statistics on online advertised job openings in New Mexico by a variety of breakouts including wage rates, area, occupation, industry, education requirements, and experience requirements. The advertised job openings data can be compared over time to Quarterly Workforce Indicators (QWI) new hires data by calculating a ratio of job postings to new hires. This comparison shows that, since 2009, job openings advertised online have ranged from a low of 44 percent of new hires to a high of 55 percent. A four-quarter moving average was calculated to remove seasonality from the data when doing this comparison.

While it is interesting to see that job openings that are advertised online comprise close to half of all new hires, this also points to the fact that half of all new hires were filling jobs that were advertised using alternative methods. This indicates that job hunters need to not only apply for job openings posted online, but spend time on networking, direct referrals, in-person communication, and other similar activities in order to get information on jobs not advertised online and connect with employers to market themselves. Networking, developing professional relationships, and direct communication with employers are important activities for any job seeker. These activities become even more critical, however, when looking for openings in the hidden job market. And since the online openings to hires ratio runs about 50 percent, a general recommendation would be that job hunters split their time evenly between the two types of job hunting tactics.

Not all industries have the same online openings to hires ratio. Some industries are more likely to use other methods of recruitment and advertising for job openings. In a comparison of second quarter 2012 data by industry, there are six sectors that are least likely to advertise job openings online. These sectors include agriculture; construction; management of companies; administrative services; accommodation and food services; and other services. People looking for employment in these industries...
must focus even more of their job hunting efforts on activities that will help them in the hidden job market. It may be recommended that they spend most of their efforts on networking and professional development activities. In contrast, there are five industries that are more likely to advertise job openings online including finance and insurance; professional and technical services; educational services; health care; and public administration. The recommendation to job seekers in these industries might be to focus around 50 percent of their job hunting efforts on activities that will assist them in the hidden job market.

The comparison of job openings advertised online to QWI new hires data gives an insight into the hidden job market. While these datasets are fairly new, and one should be cautious in drawing strong conclusions, the current data clearly indicates that the hidden job market does exist. The data helps to identify recommendations to job hunters on how much time they should devote to researching and applying for online job openings versus the time they should spend on networking and alternative employer contact activities.