

Box C: Wage pressures: a perspective from online job advertisements

By Jack Kennedy¹

Advertised pay in job postings on job listings website Indeed is rising fast in sectors where surging demand for new workers has outpaced supply. In rebounding sectors like food, distribution, construction and manufacturing, employers have been hiring at pace for months. However, the supply of jobseekers in those sectors has not kept up, leading to reports of labour shortages.

The result has been hefty increases in advertised pay for certain categories, adjusting for shifts in the mix of job titles within each occupation and the location of jobs over time. But across the economy more broadly, advertised pay has been rising at a much more modest pace.

Driving (+8.8 per cent) is the occupation with highest pay growth since the start of 2021. Interestingly, jobseeker interest in driving roles has been recovering (as measured by clicks per posting relative to the average job on Indeed). That may be related to some combination of intense recent media attention on driving shortages and jobseeker awareness of higher wages and generous signing bonuses for many of these roles. Consequently, clicks per posting for driving roles are now only 7 per cent down on their January level.

Table C1 Growth in posted wages, six occupations with highest growth

Occupation	Growth in posted wages, Jan-Oct 2021	Change in relative clicks per posting, Jan-Oct 2021
Driving	8.8%	-7%
Construction	8.0%	-11%
Production & Manufacturing	6.0%	-18%
Nursing	5.6%	45%
Loading & Stocking	5.6%	-46%
Food Preparation & Service	4.6%	-49%
All jobs	1.9%	-

Source: Indeed

Data from 1 Jan to 22 Oct 2021. Growth in posted wages is adjusted for shifts in mix of job titles and locations within occupations over time. Change in clicks per posting is relative to all jobs

As seen in Table C1, the other categories that have seen fast pay growth this year have generally experienced falling jobseeker interest, meaning employers hiring for these jobs are likely to face greater difficulties attracting candidates.

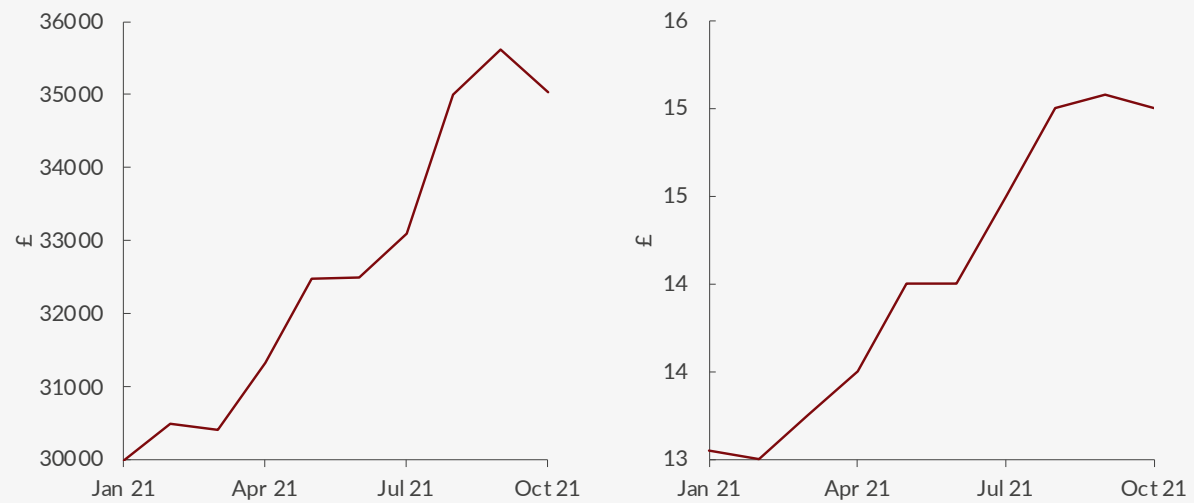
Construction has seen the second-highest rise in wages (+8.0 per cent), alongside an 11 per cent decline in relative clicks per posting. Manufacturing (+6.0 per cent), loading & stocking (+5.6 per cent) and food preparation & service (+4.6 per cent) have also seen advertised wages rise amid falling jobseeker interest.

One category where that is not the case is nursing, where wages have increased 5.6 per cent despite a 45 per cent increase in relative clicks per posting. This could reflect, in part, recently approved pay increases in the NHS. But nursing has long been one of the toughest roles for employers to fill, so any recent increase in jobseeker interest is unlikely to have materially changed the ease of hiring amid acute shortages of qualified nurses.

Within the driving category, advertised pay rates have risen most for HGV drivers. HGV driver job postings containing annual salaries are up 17 per cent since January, while those mentioning hourly wage rates are up 15 per cent. That said, the most recent data suggests pay pressures for HGV drivers may have peaked in September, with October showing a slight easing (Figure C1).

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Figure C1 Median annual salary and hourly wage in HGV driver job postings on Indeed UK

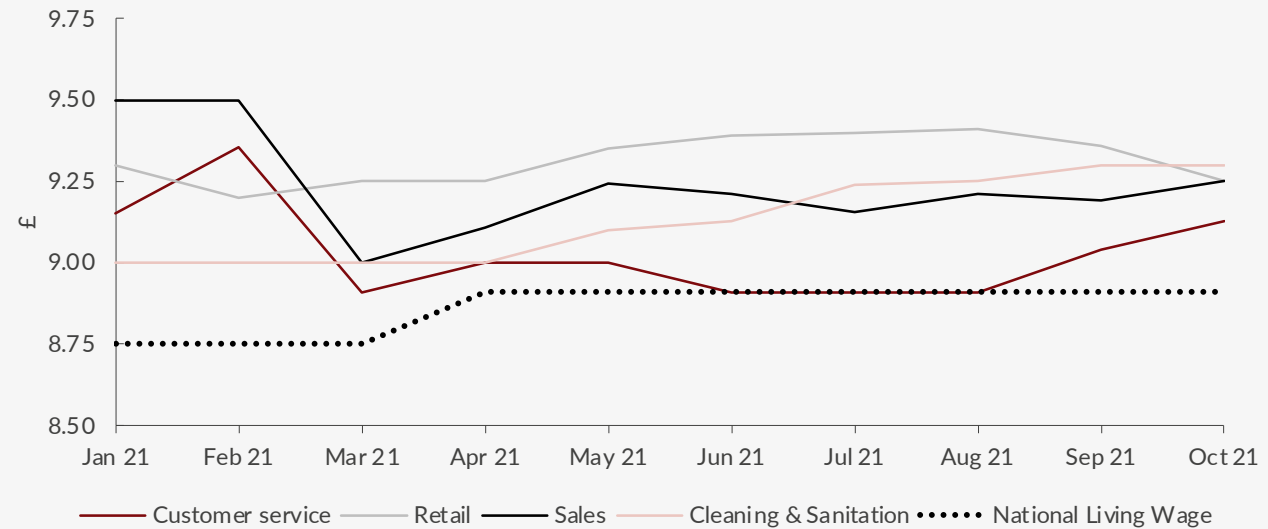


Source: Indeed
Data from 1 Jan to 22 Oct 2021. Some postings list hourly wages while others list annual salaries.

HGV drivers are a special case, reflecting an ageing workforce and qualification requirements (in addition to the fast economic recovery and a Brexit-related drop in foreign candidates).

In contrast, pay for the average job title is up by an unremarkable 1.9 per cent since January (2.3 per cent annualised), adjusted for compositional changes. In the lowest-paid occupations, such as cleaning, customer service, retail and sales, advertised hourly pay rates are merely tracking the National Living Wage (though the 6.6 per cent increase announced for next year is good news for these workers).

Figure C2 Median advertised hourly wage in the four occupations with the lowest hourly rates 1 January to 22 October 2021



Source: Indeed
Job postings advertising an hourly wage only.

The data on advertised wages suggest some employers are raising advertised pay to attract candidates. However, upward pressure on wages advertised in job postings appears limited to a few sectors where hiring bottlenecks are most severe. The labour market is still some way from a full recovery and this may be dampening wage growth in many sectors of the economy.