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Hibbs Brief

Hibbs Institute for Business & Economic Research

What is Quiet Quitting?

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In this issue of the **Hibbs Brief**, we discuss a relatively new trend experienced by the U.S. labor market during the past 18 months or so, called the ***Quiet Quitting***.

The COVID-19 pandemic left behind several temporary and permanent changes in our lives in so many different aspects. One of these many changes, a very important one to the appropriate functioning of our economy, is the labor market. The U.S. labor market was severely affected by the pandemic with a massive layoff of workers in all industries (22 million jobs in two months) during the business shutdown period emplaced to contain the outbreak. Although the job market captured about half of the losses in a relatively short time during the economic recovery (nearly 11 million in five months), the job market dynamics changed substantially.

One of the labor market trends that emerged during the pandemic recovery is ***Quiet Quitting***. This trend occurs when employees make a choice to not necessarily go above and beyond what they were asked to do; instead, they do the bare minimum to stay out of trouble and keep their current jobs. This behavior is exactly the opposite of the long-prevailing American "hustle" culture where people arrive to work early, stay late and put in extra hours chasing raises and promotions. This has been the predominant behavior during the past several decades.[1]

We have identified several factors that pushed people to ***Quiet Quitting***. First, some people who lost their jobs during the pandemic became discouraged by putting so much time and effort into accomplishing their responsibilities and being laid off anyway. Now, that they were hired or re-hired, they are not willing to run the extra mile for their employers. Second, some people who were working from home for several weeks realized how pleasant it can be to spend more time with family, friends and hobbies. These people now value their personal time more and are not willing to spend unnecessary and/or uncompensated hours at work pursuing a raise or promotion in the future that may or may not happen. Third, some people feel disillusioned at their current jobs but cannot afford to quit at the moment. They are searching for work alternatives (job hunting or self-employment) but doing the minimum required in the meantime. Fourth, is the shortage of labor. Currently, there are nearly two jobs available for every unemployed person in the U.S. (**Figure 1**). This economic factor puts the employer in need of workers and allows employees to accomplish less without being punished.

The result is evident. We are seeing fewer engaged workers. Although the workers' perception is difficult to determine, some companies are renowned for their results surveying a large number of individuals. Gallup, for instance, measures employee engagement of the working population in many companies. They find that the percentage of engaged employees in the U.S. declined in 2021, with respect to 2020, (from 36% to 34%) for the first time in a decade and fell again in 2022, by two additional points. Also, the percentage of individuals identified as "actively disengaged" increased during the same period (from 14% in 2020 to 18% in 2022).[2] See **Figure 2**.

The U.S. labor productivity (annual rate) decreased in 2022. It fell by 7.6% in the first quarter (from the previous quarter) and again in the second quarter by 4.1%.[3] Some economists partially blame the **"*Quiet Quitting*"** trend for this slump.[4] Although productivity (measured as output per hour) can be affected by several factors, we believe that a low-engaged worker (or an actively disengaged one) may contribute to a reduction of output at the organization where they work. Moreover, if we consider that employees who did not lose their jobs during the pandemic were required to do their duties plus the laid-off employee duties (fewer people doing the same amount of work), the decline in productivity is even more concerning.

Is ***Quiet Quitting*** affecting your organization?

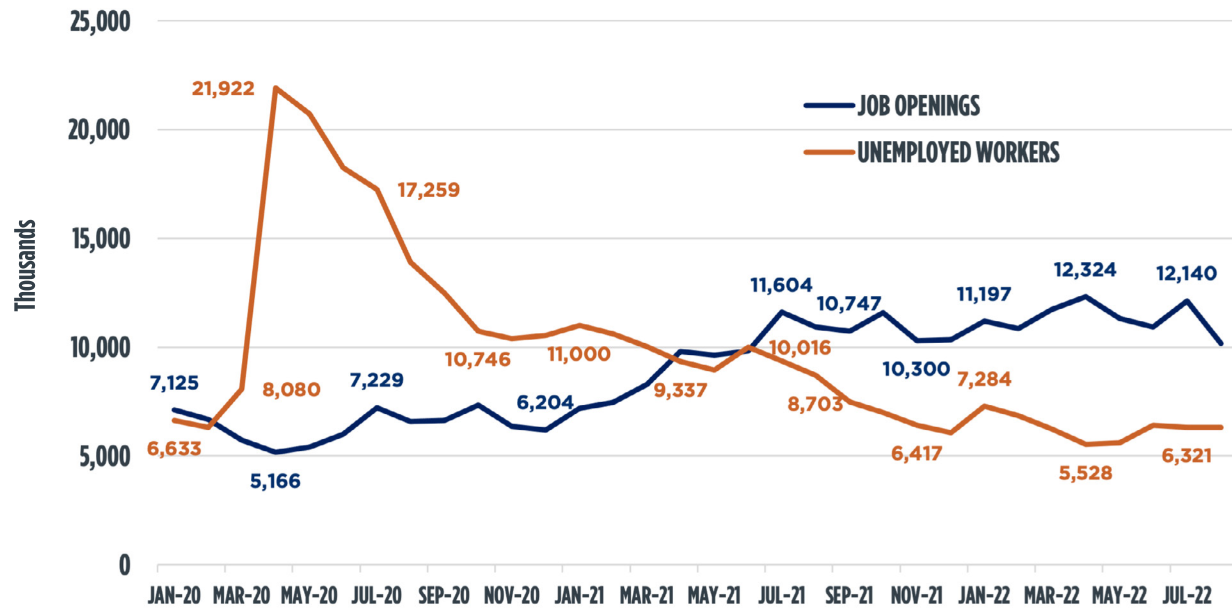
[1] "How 'Quiet Quitting' Became The Next Phase Of The Great Resignation"; CNBC, September 2, 2022. **https://www.youtube.com/watch?v=iVLiRWD3gAM&t=9s&ab_channel=CNBC**

[2] Gallup measures employee engagement by asking random samples of the working population about specific workplace elements that link to many organizational outcomes, including profitability, productivity, customer service, retention, safety and overall wellbeing. **https://www.gallup.com/workplace/398306/quiet-quitting-real.aspx**

[3] News Release; Productivity and Costs, Second Quarter 2022. U.S. Bureau of Labor Statistics. **https://www.bls.gov/news.release/pdf/prod2.pdf**

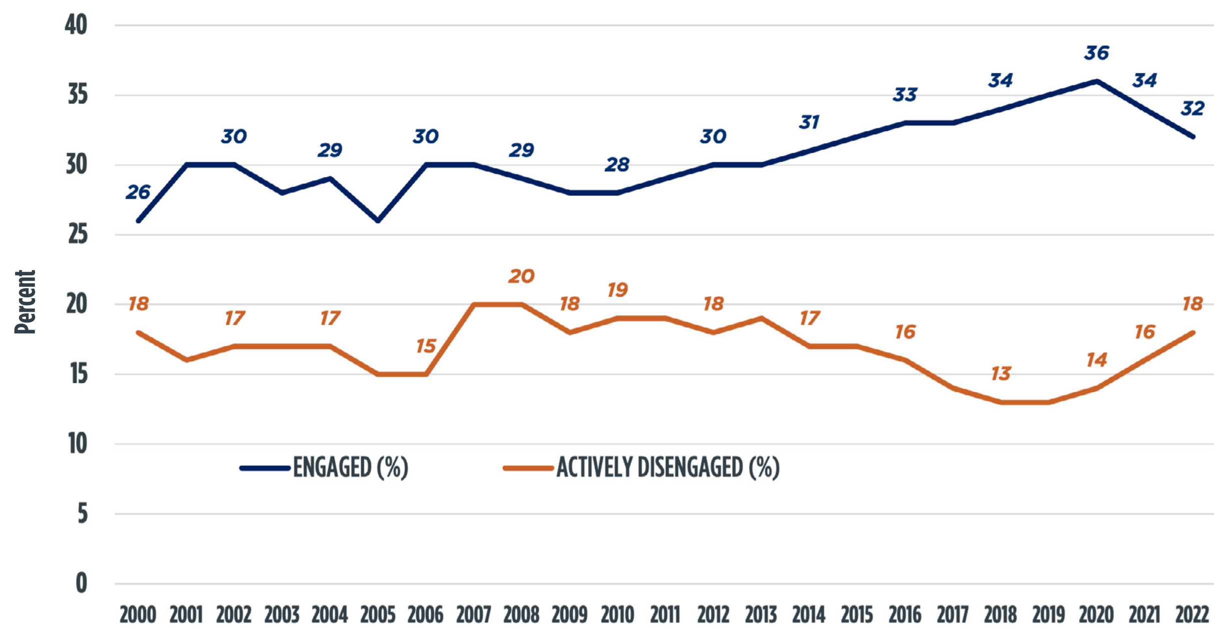
[4] "What is quiet quitting?: Employees suffering pandemic burnout say they've just stopped working as hard"; USA Today, August 14, 2022. **https://www.usatoday.com/story/money/2022/08/14/what-is-quiet-quitting/10304956002/?gnt-cfr=1**

Figure 1. Job Openings and Unemployed Workers in the U.S. (January 2020–August 2022)



Note: Figures in thousands.
Source: U.S. Bureau of Labor Statistics.

Figure 2. U.S. Employee Engagement Trend, Annual Averages (2000–2022)



Note: Findings are based on a random sample of 15,091 full- and part-time U.S. employees aged 18 and over, surveyed in June 2022.
Source: Gallup.

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