

*Printing Industries of America*



**CENTER FOR PRINT  
ECONOMICS  
AND MANAGEMENT**

# FLASH REPORT

## **The Dynamics of Employment and Hiring in Print**

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## The Dynamics of Employment and Hiring in Print

U.S. labor markets are heating up along with the economy. A dynamic duo of a strong dose of deregulation and corporate tax reform has breathed new life into the eight-and-one-half-year-old recovery. The unemployment rate at 4.1 percent is near the historic low, hiring is on the upswing with 200,000 new jobs added in January, labor force participation rates are creeping up, and wages are finally edging higher after a long period of relative stability. At the end of 2017, there were approximately 5.8 million job openings across the country. In 2017, the employment cost index was up 2.6 percent over the year and in January it was up 2.7 percent on a year-to-year basis. Of course, good news is often coupled with bad news, and all this good news has awakened fears of inflation and is tipping the tradeoff between debt and equity.

The Center for Print Economics and Management is undertaking research into the dynamics of print labor markets, and our next joint project with the Jones College of Business of Middle Tennessee State University will focus on this important topic. The project explores recruiting, hiring, and HR practices of printers and their relationship to profitability and other key performance metrics. The survey is targeted for early March with the report to be published this summer.

This *Flash* focuses on the dynamics of print labor market conditions over the past few years. We focus on trends in three key variables:

- Total printing employment
- Printing separations or turnover
- Printing hires

### Fighting False Perspectives

There seems to be a persistent but false perspective “out there” that the printing industry is the last place anyone should look for a job. For example, a recent post on a web-based news source called *24/7 Wall Street* reported on the 25 best and 25 worst industries for job opportunities. The printing industry was listed as one of the “dying” industries.

The metric used to define “thriving” or “dying” was percentage growth in employment. Many of the so-called “thriving” industries were very small with only a few thousand total employees and tied to agriculture (goat farming) or personal services (pet sitting/dog walking). Many of these thriving sectors are projected to hire only a few hundred or a couple thousand employees a year,

and some of the annual wages were less than \$20,000. In contrast, many of the so-called “dying” industries were larger and, while total employment was trending down, they will still hire many replacement workers as their workforces retire.

A comparison of the thriving and dying sectors demonstrates a high degree of variance:

For “thriving” industries:

- A range of 517 to 1,576,500 employees with 7 sectors of less than 10,000 and 6 sectors over 100,000
- A median current employment level of 26,550
- A range of annual salaries and wages of \$17,600–\$111,200 with 3 sectors below \$20,000 and 1 sector over \$100,000
- A median wage/salary of \$46,500

For “dying” industries:

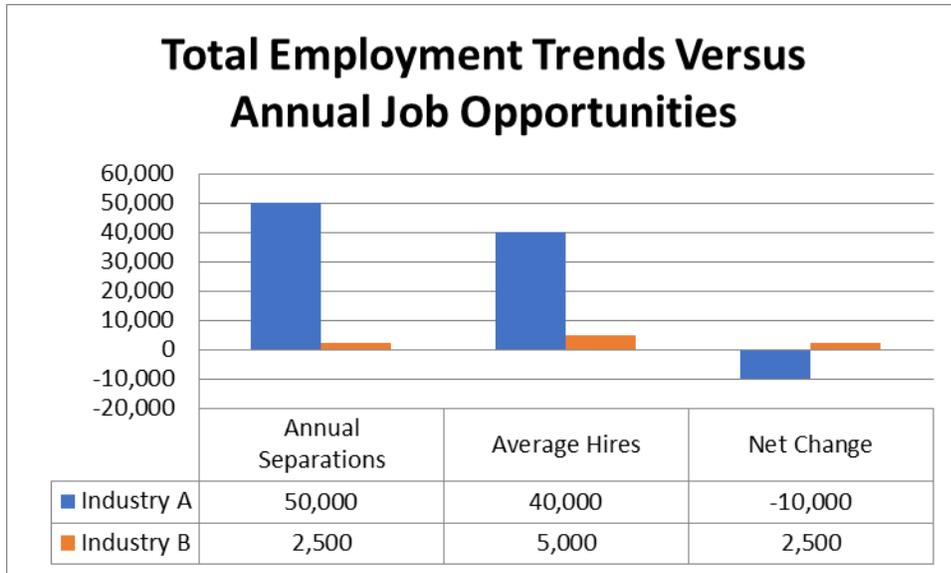
- A range of 4,041 to 363,323 employees with 5 sectors with less than 10,000 and 4 sectors with over 100,000
- A median current employment level of 21,400
- A range of annual wages and salaries of \$22,200–\$115,200 with no sectors below \$20,000 and 3 sectors above \$100,000
- A median salary of \$43,300

As can be seen from the above descriptions, there are often more and better job opportunities in the so-called dying industries than the thriving industries. For example, consider two industries sectors with the following characteristics:

- **Industry A** is a mature industrial sector that may be stable or growing slightly in sales but is declining in total employment, most likely because of productivity increases. Hypothetically, if this sector has a total current employment level of one million and is declining at 10 percent a year, this amounts to a reduction of 10,000 jobs for this year.
- **Industry B** is a sector with more current growth in sales and employment. If this sector has a total current employment of 50,000 and total employment is growing at a pace of 5 percent per year this means a gain of 2,500 in employment.

If we just compare the change in total employment, industry B appears to be the sector with the most job opportunities, a gain of 2,500 versus a loss of 10,000 for sector B. However, this is not the proper metric since it represents new change in employment but not annual hires by each sector. To calculate hires, we need to have data on annual separations or turnover—the number of employees leaving a sector for various reasons such as retirements, firings, changing jobs, deaths, etc.

Large industrial sectors with declining total employment can (and often do) hire more employees on an annual basis than fast growing but smaller sectors with growing employment. This *less is more* phenomenon is similar to the situation when the average surviving firm in an industry with declining sales can experience annual sales increases—see our *Flash* report last December on survivor sales patterns during the 2007–2009 recession and subsequent recovery.

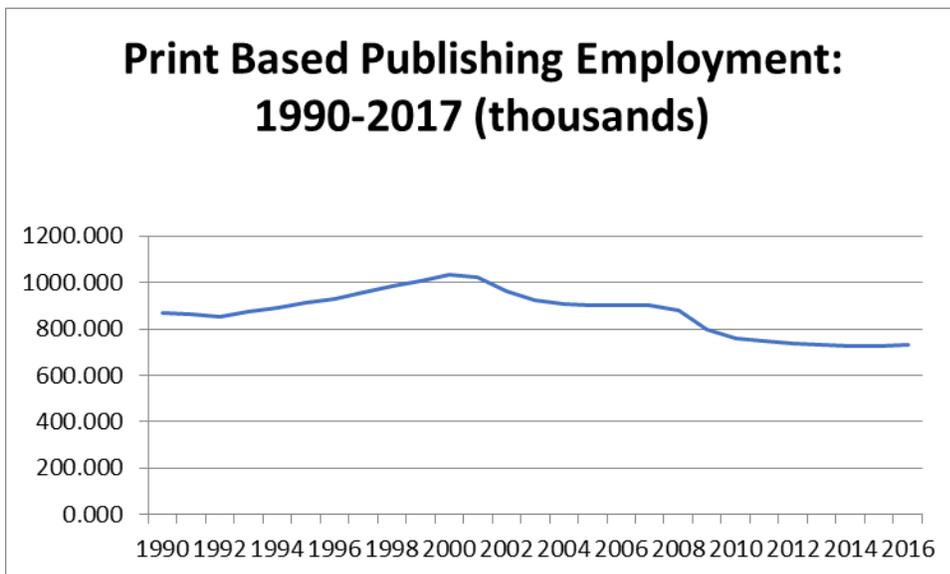


### Overall Trends in Printing Employment

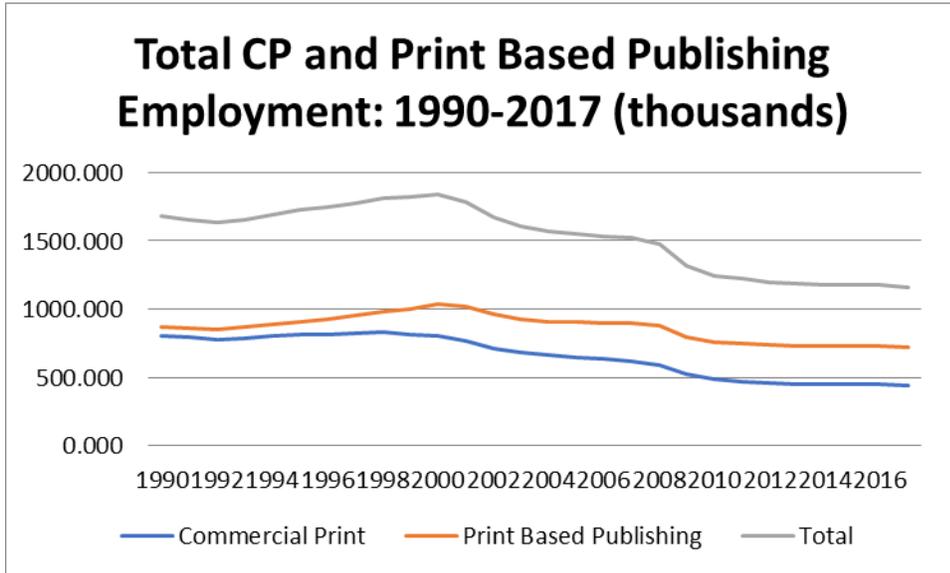
Now, let's focus on print. It is true that total printing employment has been trending down over the past few years as shown in the charts below. Commercial printing employment has declined from over 800,000 in 1990 to a little over 400,000 last year. By far, productivity increases have contributed to the decline the most. As discussed in a recent *Management Alert*, productivity enhancements lead to increased sales per employee and fewer employees per million dollars of sales.



Print-based publishing employment, including publishers that have their own printing plants and those that contract printers to print, have experienced more modest declines in employment and still have over 720,000 employees. Again, enhanced productivity and innovation is driving down employee counts.



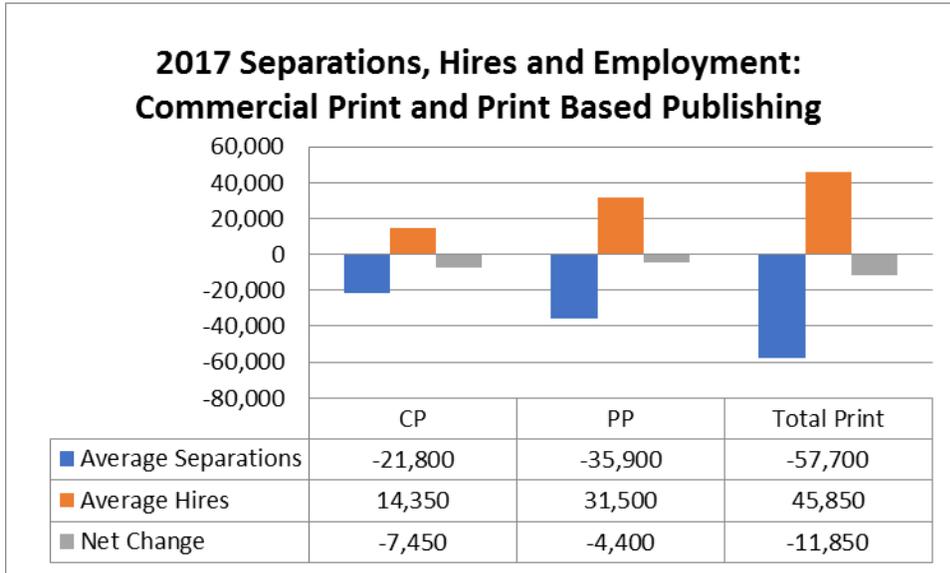
In total, commercial printing and print-based publishing still employed over 1.1 million people last year. Even though the total is trending downward, this is still a large base that creates a demand for new hires as old workers retire, leave for new jobs and other reasons.



### Print’s Employment Dynamics

Behind the overall employment declines there is another story. As indicated earlier in this *Flash*, large industrial sectors with declining total employment often have more annual hires than small industrial sectors with growing total employment because of their demand for new employees as current employees leave for various reasons. Combining fairly conservative turnover rates with the total employment trends outlined earlier results in an estimate of significant annual hires of “replacement” employees.

For 2017, we estimate the combined printing and print-based publishing industries hired approximately 45,850 employees—a noteworthy sum for sectors that trended down in total employment. Of course, these replacement employees likely have different skill sets as print moves from conventional print processes to digital processes and more service-based business models.



We will continue to assess employment and hiring issues as we gather more information in our upcoming research with Middle Tennessee State University. Please look for the survey and respond so that we can add to our knowledge base on these important issues.

**Note on PIA’s Center for Print Economics and Management publications:** As you may be aware, we recently added another on-going publication to our portfolio—the *Management Alert*. What is the difference between the *Flash Report* and the *Management Alert*? The *Flash Report* is focused on macro trends and developments *outside the printing plant*—the overall economy and the printing industry including analysis of past trends and forecast of coming trends. The *Management Alert* is focused on developments *inside the printing plant*—key performance metrics and business strategies and operations to improve performance.