



## Slow-Growth Scenario Will Continue for Job Market in December

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
In December, hiring will drop slightly in manufacturing and fall moderately in services compared with a year ago.	-4.9 ↓	-9.4 ↓
RECRUITING DIFFICULTY	Manufacturing	Service
In November, the index for recruiting difficulty rose slightly in both sectors compared with a year ago.	+5.2 ↑	+2.7 ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
In November, the rate of increase for new-hire compensation rose marginally in both sectors compared with a year ago.	+3.0 ↑	+0.7 ↑

In December, for the second consecutive month, hiring activity will decrease and job cuts will rise in the manufacturing and service sectors compared with a year ago, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for December 2011.

- **Low rate of hiring expected for December.** Job creation will fall slightly in manufacturing and moderately in services in December compared with a year ago.
- **Recruiting difficulty inches up in both sectors.** More HR professionals in both sectors reported increased difficulty with recruiting key candidates in November compared with a year ago.
- **Some new hires see increases in compensation.** In November, for the 14th consecutive month, the rate of increase for wages and benefits rose on an annual basis in both sectors.

The LINE Employment Report examines four key areas: **employers' hiring expectations, new-hire compensation, difficulty in recruiting top-level talent and job vacancies.** It is based on a monthly survey of private-sector human resource professionals at more than 500 manufacturing and 500 service-sector companies. Together, these two sectors employ more than 90 percent of the nation's private-sector workers.

## EMPLOYMENT EXPECTATIONS

### Job opportunities expected to decline in December compared with a year ago

The LINE employment expectations index provides an early indication of the U.S. Bureau of Labor Statistics (BLS) Employment Situation Report findings. BLS numbers covering the same time period are released approximately one month after the LINE report.

The manufacturing hiring index will fall in December on a year-over-year basis by a net of 4.9 points (a net of 29.1 percent of companies will hire in December, compared with a net of 34.0 percent that added jobs a year ago). Service-sector hiring will decrease in December by a net of 9.4 points (a net of 21.8 percent will add jobs, compared with a net of 31.2 percent that added jobs a year ago).

The LINE results for December 2011 reflect an ongoing trend of subpar growth in job creation, in accord with recent federal data. For the 12-month period ending in October 2011, payroll employment increased by an average of 125,000 jobs per month, according to the BLS. Many economists say twice that number is needed each month to steadily bring down the unemployment rate.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Dec 2008	20.1	31.0	-10.9
	Dec 2009	28.2	17.5	10.7
	Dec 2010	43.7	9.7	34.0
	<b>Dec 2011</b>	<b>39.1</b>	<b>10.0</b>	<b>29.1</b>
	<b>Annual change</b>	<b>-4.6</b>	<b>-0.3</b>	<b>-4.9</b>
Service Sector	Dec 2008	20.4	29.5	-9.1
	Dec 2009	28.0	9.2	18.8
	Dec 2010	36.2	5.0	31.2
	<b>Dec 2011</b>	<b>33.1</b>	<b>11.3</b>	<b>21.8</b>
	<b>Annual change</b>	<b>-3.1</b>	<b>-6.3</b>	<b>-9.4</b>

## RECRUITING DIFFICULTY

### In November, more HR professionals have difficulty landing candidates for key positions

LINE's recruiting difficulty index measures how difficult it is for firms to recruit candidates to fill the positions of greatest strategic importance.

A net of 13.5 percent of manufacturing respondents had more difficulty with recruiting in November. This is a slight net increase of 5.2 points from November 2010 and the highest net of recruiting difficulty in four years in November. A net of 0.3 percent of service-sector HR professionals had more difficulty recruiting in November, an increase of 2.7 points from a year ago and also the highest net for November in four years. The recruiting difficulty data suggest that the labor market is suffering partially from structural issues, along with decreased demand.

A November 2011 SHRM survey found that 52 percent of HR professionals are having trouble finding properly skilled workers for job openings at their companies. With the exception of March 2011, LINE's recruiting difficulty index has risen on an annual basis in both sectors every month since December 2009.

Table 2 | Recruiting Difficulty

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2008	10.2	16.6	-6.4
	Nov 2009	4.9	12.7	-7.8
	Nov 2010	12.1	3.8	8.3
	<b>Nov 2011</b>	<b>16.9</b>	<b>3.4</b>	<b>13.5</b>
	<b>Annual change</b>	<b>4.8</b>	<b>0.4</b>	<b>5.2</b>
Service Sector	Nov 2008	9.7	23.1	-13.4
	Nov 2009	8.9	11.6	-2.7
	Nov 2010	8.3	10.7	-2.4
	<b>Nov 2011</b>	<b>9.2</b>	<b>8.9</b>	<b>0.3</b>
	<b>Annual change</b>	<b>0.9</b>	<b>1.8</b>	<b>2.7</b>

## NEW-HIRE COMPENSATION

### In November, for the 14th consecutive month, rate of increase for new employees' wages and benefits rises

During the recession, a high rate of unemployment and a large pool of job seekers in the market gave many companies the option of holding down the wages and benefits they offered new hires in an ongoing effort to control costs. New-hire compensation is now beginning to rise—though only slightly. LINE provides the only published index of new-hire compensation.

In the manufacturing sector, a net total of 6.0 percent of respondents reported increasing new-hire compensation in November (6.2 percent increased, 0.2 percent decreased). That is an increase of 3.0 points from November 2010. In the service sector, a net total of 9.9 percent of companies increased new-hire compensation in November (10.4 percent increased, 0.5 percent decreased). That represents a 0.7-point increase from a year ago. With the exception of September 2010, the rate of new-hire compensation has risen on an annual basis—albeit in small increments—in both sectors for every month since February 2010.

Overall, most organizations are still keeping compensation rates flat. This is consistent with recent BLS findings on real average hourly earnings, which fell 1.6 percent in October 2011 compared with a year ago.

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2008	3.8	1.5	2.3
	Nov 2009	2.3	1.2	1.1
	Nov 2010	4.2	1.2	3.0
	<b>Nov 2011</b>	<b>6.2</b>	<b>0.2</b>	<b>6.0</b>
	<b>Annual change</b>	<b>2.0</b>	<b>1.0</b>	<b>3.0</b>
Service Sector	Nov 2008	4.9	1.7	3.2
	Nov 2009	2.8	1.3	1.5
	Nov 2010	10.1	0.9	9.2
	<b>Nov 2011</b>	<b>10.4</b>	<b>0.5</b>	<b>9.9</b>
	<b>Annual change</b>	<b>0.3</b>	<b>0.4</b>	<b>0.7</b>

## VACANT POSITIONS IN EXEMPT EMPLOYMENT

### Salaried job openings fall in manufacturing, rise slightly in services in November compared with a year ago

Vacancies are defined as open positions that employers are actively trying to fill. LINE data cover exempt vacancies, or primarily salaried positions, and nonexempt vacancies, which are mostly hourly employees. Changes in the number of job vacancies can be one of the earliest indicators of a shift in the balance between labor supply and demand.

In the manufacturing sector, a net total of 7.4 percent of respondents reported increases in exempt vacancies in November (19.0 percent reported increases, 11.6 percent reported decreases). This represents a 10.3-point decline from November 2010. In the service sector, a net total of 1.0 percent of respondents reported decreases in exempt vacancies in November (10.2 percent reported increases, 11.2 percent reported decreases). That is a 3.1-point increase from November 2010.

Typically, exempt employment declines by a smaller percentage than nonexempt employment during economic downturns and increases by a smaller percentage during economic expansions.

Table 4 | Exempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2008	9.5	21.1	-11.6
	Nov 2009	16.1	13.6	2.5
	Nov 2010	25.7	8.0	17.7
	<b>Nov 2011</b>	<b>19.0</b>	<b>11.6</b>	<b>7.4</b>
	<b>Annual change</b>	<b>-6.7</b>	<b>-3.6</b>	<b>-10.3</b>
Service Sector	Nov 2008	12.6	13.5	-0.9
	Nov 2009	11.8	10.8	1.0
	Nov 2010	13.6	17.7	-4.1
	<b>Nov 2011</b>	<b>10.2</b>	<b>11.2</b>	<b>-1.0</b>
	<b>Annual change</b>	<b>-3.4</b>	<b>6.6</b>	<b>3.1</b>

## VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

### Vacancies for hourly jobs fall in both sectors in November compared with a year ago

In contrast to exempt employment, nonexempt employment typically decreases by a greater percentage during economic downturns and increases by a larger percentage during economic expansions.

A net total of 11.1 percent of manufacturing respondents reported that nonexempt vacancies increased in November (24.7 percent increased, 13.6 percent decreased). This represents a 7.6-point decrease from November 2010. For nonexempt service positions, a net total of 7.4 percent of respondents reported increased vacancies in November (14.9 percent increased, 7.5 percent decreased). This marked an 8.6-point decrease from November 2010.

The decline in nonexempt openings in both sectors could be due to decreased demand, but also a function of some companies getting more production out of existing employees, rather than committing to new hires. According to SHRM's Jobs Outlook Survey for the fourth quarter of 2011, 16 percent of respondents expected their hourly employees to work longer hours during the October-December timeframe compared with the third quarter.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2008	10.6	29.4	-18.8
	Nov 2009	16.0	12.7	3.3
	Nov 2010	29.2	10.5	18.7
	<b>Nov 2011</b>	<b>24.7</b>	<b>13.6</b>	<b>11.1</b>
	<b>Annual change</b>	<b>-4.5</b>	<b>-3.1</b>	<b>-7.6</b>
Service Sector	Nov 2008	16.8	32.8	-16.0
	Nov 2009	16.9	11.7	5.2
	Nov 2010	28.3	12.3	16.0
	<b>Nov 2011</b>	<b>14.9</b>	<b>7.5</b>	<b>7.4</b>
	<b>Annual change</b>	<b>-13.4</b>	<b>4.8</b>	<b>-8.6</b>

## About This Report

### Schedule of Release

The SHRM LINE Report is released at 8:30 a.m. Eastern time on the first Thursday of each month. The SHRM employment expectations index describes the same time period referenced approximately one month later in the *Employment Situation Report* issued by the Bureau of Labor Statistics. For example, the LINE employment expectations index released on Dec. 1, 2011, describes the same December time period that the BLS will report on Jan. 6, 2012. LINE has tracked manufacturing-sector hiring trends since 2004 and service-sector trends since 2005.

### Methodology

The SHRM LINE data are collected through a monthly survey of human resource executives at more than 500 manufacturing and 500 service-sector firms. The net increasing index is calculated as the percentage increasing minus the percentage decreasing. For the employment expectations index, annual change is calculated by subtracting from the % increasing, decreasing and net increasing values for the *coming* month the value of each from the same month one year ago. For all other indices, the annual change is calculated by subtracting from the % increasing, decreasing and net increasing values for the *current* month the value of each from the same month one year ago.

The SHRM LINE indices are not seasonally adjusted. LINE users are encouraged to take seasonality into consideration by comparing the LINE indices for the current month with the comparable LINE indices for the same month one year earlier. The responses in the LINE survey are weighted using the proportion of total employment represented by the respondent's industry. These weights are calculated using the annual benchmark revisions that the BLS released on Feb. 11, 2011. For more information, visit [www.shrm.org/line](http://www.shrm.org/line).

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