



Manufacturing Jobs: Hiring in March Will Reach Highest Rate Since 2006

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
In March, the hiring rate will rise slightly in manufacturing and fall moderately in services compared with a year ago.	+4.8 ↑	-10.3 ↓
RECRUITING DIFFICULTY	Manufacturing	Service
In February, recruiting difficulty rose slightly in manufacturing and fell moderately in services compared with a year ago.	+5.9 ↑	-9.2 ↓
NEW-HIRE COMPENSATION	Manufacturing	Service
In February, the rate of increase for new-hire compensation was nearly unchanged in both sectors compared with a year ago.	+0.7 ↑	-1.9 ↓

Half of manufacturing companies and a quarter of service-sector companies plan to expand their payrolls in March, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for March 2012.

- **Manufacturers will hire at a strong pace in March.** A net of 50.5 percent of manufacturers will add jobs in March, and a net of 24.7 percent of service-sector companies will conduct hiring.
- **Recruiting difficulty is mixed in February.** More HR professionals in manufacturing reported increased difficulty with recruiting key candidates in February; the index fell in the service sector.
- **Some new hires see increases in compensation.** In February, the rate of increase for wages and benefits rose in manufacturing and fell in services.

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

In March, manufacturers will create jobs at the highest rate since July 2006

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.

A net of 50.5 percent of manufacturers will add jobs in March (55.6 percent will hire, 5.1 percent will cut jobs), the highest net percentage since July 2006, when a net of 52.7 percent grew payrolls. The sector's index will rise in March on a year-over-year basis by a net of 4.8 points. A net of 24.7 percent of service-sector companies will add jobs in March (31.6 percent will conduct hiring, 6.9 percent will trim payrolls), but the service hiring index will fall by 10.3 points compared with a year ago (a net of 35.0 percent added jobs in March 2011).

The LINE results for March 2012 reflect an ongoing trend of overall steady growth in job creation, in accord with recent federal data. January 2012 data from the BLS showed that 50,000 manufacturing jobs were created during the month. Several industries related to the service sector also posted employment gains for the month.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Mar 2009	15.3	34.9	-19.6
	Mar 2010	45.8	12.1	33.7
	Mar 2011	53.1	7.4	45.7
	Mar 2012	55.6	5.1	50.5
	Annual change	2.5	2.3	4.8
Service Sector	Mar 2009	25.7	17.2	8.5
	Mar 2010	51.7	5.2	46.5
	Mar 2011	39.2	4.2	35.0
	Mar 2012	31.6	6.9	24.7
	Annual change	-7.6	-2.7	-10.3

RECRUITING DIFFICULTY

In February, some HR professionals still struggled to land qualified workers 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 to their companies.

A net of 17.5 percent of manufacturing respondents had more difficulty with recruiting in February. This is a net increase of 5.9 points from February 2011 and the highest net of recruiting difficulty in four years in February. A net of 5.2 percent of service-sector HR professionals had less difficulty recruiting in February, a decrease of 9.2 points from a year ago. The recruiting difficulty data, particularly in manufacturing, suggest that the labor market is suffering partially from structural issues.

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. A December 2011 SHRM study showed that 24 percent of companies have hired workers from outside the United States to staff positions that were deemed difficult to fill.

Table 2 | Recruiting Difficulty

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Feb 2009	1.8	24.5	-22.7
	Feb 2010	8.6	8.6	0.0
	Feb 2011	13.8	2.2	11.6
	Feb 2012	21.3	3.8	17.5
	Annual change	7.5	-1.6	5.9
Service Sector	Feb 2009	3.1	29.3	-26.2
	Feb 2010	3.0	20.7	-17.7
	Feb 2011	7.8	3.8	4.0
	Feb 2012	10.7	15.9	-5.2
	Annual change	2.9	-12.1	-9.2

NEW-HIRE COMPENSATION

In February, minimal change in compensation for new hires compared with a year ago

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. If hiring rates improve significantly, new-hire compensation can be expected to increase. LINE provides the only published index of changes in new-hire compensation.

In the manufacturing sector, a net total of 6.9 percent of respondents reported increasing new-hire compensation in February (9.6 percent increased, 2.7 percent decreased). That is a 0.7-point increase from February 2011. In the service sector, a net total of 3.2 percent of companies increased new-hire compensation in February (10.3 percent increased, 7.1 percent decreased). That represents a 1.9-point decrease from a year ago.

Overall, the index's data show that most organizations are still keeping new-hire compensation rates flat. This is consistent with recent BLS findings on real average hourly earnings, which fell 1.0 percent in January 2012 compared with a year ago. Several private surveys have also called for minimal increases to salary budgets in 2012, most commonly around 3 percent.

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Feb 2009	2.4	2.2	0.2
	Feb 2010	2.8	1.6	1.2
	Feb 2011	7.7	1.5	6.2
	Feb 2012	9.6	2.7	6.9
	Annual change	1.9	-1.2	0.7
Service Sector	Feb 2009	1.4	5.4	-4.0
	Feb 2010	3.1	2.9	0.2
	Feb 2011	5.5	0.4	5.1
	Feb 2012	10.3	7.1	3.2
	Annual change	4.8	-6.7	-1.9

VACANT POSITIONS IN EXEMPT EMPLOYMENT

Salaried job openings in both sectors virtually unchanged 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 16.1 percent of respondents reported increases in exempt vacancies in February (23.8 percent reported increases, 7.7 percent reported decreases). This represents a 0.6-point increase from February 2011. In the service sector, a net total of 9.1 percent of respondents reported increases in exempt vacancies in February (16.2 percent reported increases, 7.1 percent reported decreases). That is a 0.4-point increase from February 2011.

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	Feb 2009	10.5	16.6	-6.1
	Feb 2010	27.5	8.0	19.5
	Feb 2011	21.0	5.5	15.5
	Feb 2012	23.8	7.7	16.1
	Annual change	2.8	-2.2	0.6
Service Sector	Feb 2009	7.8	15.8	-8.0
	Feb 2010	17.2	8.6	8.6
	Feb 2011	16.0	7.3	8.7
	Feb 2012	16.2	7.1	9.1
	Annual change	0.2	0.2	0.4

VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

Vacancies for hourly jobs rise in February in both sectors 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 27.2 percent of manufacturing respondents reported that nonexempt vacancies increased in February (37.0 percent increased, 9.8 percent decreased). This represents an 8.9-point increase from February 2011. For nonexempt service positions, a net total of 15.8 percent of respondents reported increased vacancies in February (24.6 percent increased, 8.8 percent decreased). This marks a 2.0-point increase from February 2011.

The increase in nonexempt openings is in line with recent BLS data. In December 2011, there were 264,000 job openings in manufacturing, a sizable increase from 184,000 in December 2010. The education and health services sector had 588,000 openings in December 2011, up sharply from 510,000 openings in December 2010.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Feb 2009	12.6	20.7	-8.1
	Feb 2010	27.6	8.9	18.7
	Feb 2011	26.9	8.6	18.3
	Feb 2012	37.0	9.8	27.2
	Annual change	10.1	-1.2	8.9
Service Sector	Feb 2009	20.3	21.7	-1.4
	Feb 2010	21.3	14.0	7.3
	Feb 2011	27.8	14.0	13.8
	Feb 2012	24.6	8.8	15.8
	Annual change	-3.2	5.2	2.0

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 one month later in the *Employment Situation Report* issued by the Bureau of Labor Statistics. For example, the LINE employment expectations index released on March 8, 2012, describes the same March time period that the BLS will report on April 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.

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