



## In September, for Third Month in a Row, Layoffs Rise and Hiring Declines

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
In September, the hiring rate will decline on an annual basis in the manufacturing and service sectors.	-9.6 ↓	-15.3 ↓
RECRUITING DIFFICULTY	Manufacturing	Service
In August, the index for recruiting difficulty rose sharply in the manufacturing and service sectors compared with a year ago.	+15.6 ↑	+14.1 ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
The rate of increase for new-hire compensation in August rose in both sectors compared with a year ago.	+3.1 ↑	+9.2 ↑

In September, job growth will fall behind the rate from a year ago in the manufacturing and service sectors, and payroll cuts are also rising for the month, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for September 2011.

- **Hiring expectations drop in September.** The rate of job creation will decline moderately in manufacturing and fall sharply in services in September compared with a year ago.
- **Recruiting difficulty rises in both sectors.** More HR professionals in manufacturing and services reported increased difficulty with recruiting key candidates in August.
- **Compensation packages for new hires increase in August.** For the 11th 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

### In September, for the third consecutive month, hiring falls and layoffs rise 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 drop in September on a year-over-year basis by a net of 9.6 points (a net of 28.4 percent of companies will hire in September, compared with a net of 38.0 percent that added jobs a year ago). Service-sector hiring will decrease in September by a net of 15.3 points (a net of 22.1 percent will add jobs, compared with a net of 37.4 percent that added jobs a year ago).

The LINE results for September 2011 reflect what may be a setback for the labor market's recovery, and they are in accord with recent federal data. Nonfarm payrolls grew by just 117,000 jobs in July, according to the BLS, not nearly enough to make a dent in unemployment. LINE's September report also reveals a rise in layoffs—15.8 percent of manufacturers plan to cut jobs, up from 14.6 percent a year ago, and 9.9 percent of service-sector companies plan to eliminate jobs, up from 7.8 percent in September 2010.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Sep 2008	39.4	15.3	24.1
	Sep 2009	33.0	19.2	13.8
	Sep 2010	52.6	14.6	38.0
	<b>Sep 2011</b>	<b>44.2</b>	<b>15.8</b>	<b>28.4</b>
	<b>Annual change</b>	<b>-8.4</b>	<b>-1.2</b>	<b>-9.6</b>
Service Sector	Sep 2008	44.2	12.9	31.3
	Sep 2009	35.6	12.8	22.8
	Sep 2010	45.2	7.8	37.4
	<b>Sep 2011</b>	<b>32.0</b>	<b>9.9</b>	<b>22.1</b>
	<b>Annual change</b>	<b>-13.2</b>	<b>-2.1</b>	<b>-15.3</b>

## RECRUITING DIFFICULTY

### In August, more HR professionals continue to have trouble 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 to their companies.

A net of 17.8 percent of manufacturing respondents had more difficulty with recruiting in August. This is a sharp net increase of 15.6 points from August 2010 and the highest net of recruiting difficulty in four years for the month of August. A net of 11.5 percent of service-sector HR professionals had more difficulty recruiting in August, a jump of 14.1 points from August 2010 and also the highest net in four years. The recruiting difficulty data suggest that the labor market is suffering from structural issues, along with decreased demand.

Considering that millions of people are actively seeking work and still cannot obtain employment in their industries, the rise in recruiting difficulty may be attributed to new or enhanced skill requirements for newly created high-level jobs. With the exception of March 2011, recruiting difficulty has risen on an annual basis in both sectors for every month since December 2009.

Table 2 | Recruiting Difficulty

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2008	8.9	10.9	-2.0
	Aug 2009	3.1	13.8	-10.7
	Aug 2010	9.0	6.8	2.2
	<b>Aug 2011</b>	<b>23.6</b>	<b>5.8</b>	<b>17.8</b>
	<b>Annual change</b>	<b>14.6</b>	<b>1.0</b>	<b>15.6</b>
Service Sector	Aug 2008	17.8	9.3	8.5
	Aug 2009	3.7	12.8	-9.1
	Aug 2010	7.3	9.9	-2.6
	<b>Aug 2011</b>	<b>15.5</b>	<b>4.0</b>	<b>11.5</b>
	<b>Annual change</b>	<b>8.2</b>	<b>5.9</b>	<b>14.1</b>

## NEW-HIRE COMPENSATION

### In August, for the 11th 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 8.5 percent of respondents reported increasing new-hire compensation in August (8.9 percent increased, 0.4 percent decreased). That is an increase of 3.1 points from August 2010. In the service sector, a net total of 10.9 percent of companies increased new-hire compensation in August (11.7 percent increased, 0.8 percent decreased). That represents a 9.2-point increase from August 2010. 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 new-hire compensation rates flat. This is consistent with BLS findings on real average hourly earnings, which fell 1.3 percent in July 2011 compared with a year ago.

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2008	8.7	0.2	8.5
	Aug 2009	2.7	2.9	-0.2
	Aug 2010	7.0	1.6	5.4
	<b>Aug 2011</b>	<b>8.9</b>	<b>0.4</b>	<b>8.5</b>
	<b>Annual change</b>	<b>1.9</b>	<b>1.2</b>	<b>3.1</b>
Service Sector	Aug 2008	15.6	1.4	14.2
	Aug 2009	3.3	4.8	-1.5
	Aug 2010	6.6	4.9	1.7
	<b>Aug 2011</b>	<b>11.7</b>	<b>0.8</b>	<b>10.9</b>
	<b>Annual change</b>	<b>5.1</b>	<b>4.1</b>	<b>9.2</b>

## VACANT POSITIONS IN EXEMPT EMPLOYMENT

### Salaried job openings rise in both sectors in August 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 23.0 percent of respondents reported increases in exempt vacancies in August (31.4 percent reported increases, 8.4 percent reported decreases). This represents a 9.3-point increase from August 2010. In the service sector, a net total of 6.2 percent of respondents reported increases in exempt vacancies in August (18.5 percent reported increases, 12.3 percent reported decreases), a 2.1-point increase from a year ago.

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	Aug 2008	19.6	15.0	4.6
	Aug 2009	22.2	8.7	13.5
	Aug 2010	22.5	8.8	13.7
	<b>Aug 2011</b>	<b>31.4</b>	<b>8.4</b>	<b>23.0</b>
	<b>Annual change</b>	<b>8.9</b>	<b>0.4</b>	<b>9.3</b>
Service Sector	Aug 2008	9.9	20.5	-10.6
	Aug 2009	15.6	14.5	1.1
	Aug 2010	17.8	13.7	4.1
	<b>Aug 2011</b>	<b>18.5</b>	<b>12.3</b>	<b>6.2</b>
	<b>Annual change</b>	<b>0.7</b>	<b>1.4</b>	<b>2.1</b>

## VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

### Vacancies for hourly jobs are virtually unchanged in August 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 21.1 percent of manufacturing respondents reported that nonexempt vacancies increased in August (32.7 percent increased, 11.6 percent decreased). This represents a net 0.5-point decrease from August 2010. There were 211,000 job openings in manufacturing in June, unchanged from May, according to the BLS.

For nonexempt service positions, a net total of 13.8 percent of respondents reported increased vacancies in August (28.0 percent increased, 14.2 percent decreased). This marked a 2.9-point increase from August 2010. Job openings increased slightly in professional and business services and dropped slightly in education and health services in June compared with May, according to the BLS.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2008	26.3	17.0	9.3
	Aug 2009	23.3	9.3	14.0
	Aug 2010	30.5	8.9	21.6
	<b>Aug 2011</b>	<b>32.7</b>	<b>11.6</b>	<b>21.1</b>
	<b>Annual change</b>	<b>2.2</b>	<b>-2.7</b>	<b>-0.5</b>
Service Sector	Aug 2008	27.2	22.8	4.4
	Aug 2009	14.8	15.2	-0.4
	Aug 2010	29.2	18.3	10.9
	<b>Aug 2011</b>	<b>28.0</b>	<b>14.2</b>	<b>13.8</b>
	<b>Annual change</b>	<b>-1.2</b>	<b>4.1</b>	<b>2.9</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 Sept. 1, 2011, describes the same September time period that the BLS will report on Oct. 7, 2011. 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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