



Hiring Limited, Layoffs Up in November

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
In November, hiring will drop slightly in manufacturing and fall moderately in services compared with a year ago.	-1.2 ↓	-9.8 ↓
RECRUITING DIFFICULTY	Manufacturing	Service
In October, the index for recruiting difficulty rose slightly in both sectors compared with a year ago.	+5.9 ↑	+3.4 ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
The rate of increase for new-hire compensation in October rose marginally in both sectors compared with a year ago.	+2.1 ↑	+3.6 ↑

The U.S. labor market's struggles will continue in November, as job creation will slow 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 November 2011.

- **Job growth in November will be limited.** The rate of job creation will fall slightly in manufacturing and moderately in services in November compared with a year ago.
- **Recruiting difficulty inches up in both sectors.** More HR professionals in manufacturing and services reported increased difficulty with recruiting key candidates in October.
- **Some new hires see increases in compensation.** In October, for the 13th 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 not expected to increase in November in manufacturing and services

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 November on a year-over-year basis by a net of 1.2 points (a net of 27.3 percent of companies will hire in November, compared with a net of 28.5 percent that added jobs a year ago). Service-sector hiring will decrease in November by a net of 9.8 points (a net of 17.3 percent will add jobs, compared with a net of 27.1 percent that added jobs a year ago).

The LINE results for November 2011 reflect an ongoing trend of subpar growth in job creation. Recent federal data supports these findings: from April to September, payroll employment increased by an average of just 72,000 jobs per month, compared with an average of 161,000 for the prior seven months, according to the BLS.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2008	27.2	24.7	2.5
	Nov 2009	32.0	14.2	17.8
	Nov 2010	44.0	15.5	28.5
	Nov 2011	44.4	17.1	27.3
	Annual change	0.4	-1.6	-1.2
Service Sector	Nov 2008	28.6	18.7	9.9
	Nov 2009	26.1	10.3	15.8
	Nov 2010	33.2	6.1	27.1
	Nov 2011	33.0	15.7	17.3
	Annual change	-0.2	-9.6	-9.8

RECRUITING DIFFICULTY

In October, more HR professionals report 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 to their companies.

A net of 14.5 percent of manufacturing respondents had more difficulty with recruiting in October. This is a slight net increase of 5.9 points from October 2010, and the highest net of recruiting difficulty in four years in October. A net of 7.9 percent of service-sector HR professionals had more difficulty recruiting in October, an increase of 3.4 points from a year ago and also the highest net for October in four years. The recruiting difficulty data suggest that the labor market is suffering partially 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	Oct 2008	8.7	18.3	-9.6
	Oct 2009	5.3	12.1	-6.8
	Oct 2010	11.3	2.7	8.6
	Oct 2011	18.2	3.7	14.5
	Annual change	6.9	-1.0	5.9
Service Sector	Oct 2008	8.6	29.4	-20.8
	Oct 2009	4.5	12.3	-7.8
	Oct 2010	17.0	12.5	4.5
	Oct 2011	11.5	3.6	7.9
	Annual change	-5.5	8.9	3.4

NEW-HIRE COMPENSATION

In October, for the 13th 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 5.3 percent of respondents reported increasing new-hire compensation in October (6.1 percent increased, 0.8 percent decreased). That is an increase of 2.1 points from October 2010. In the service sector, a net total of 9.9 percent of companies increased new-hire compensation in October (11.1 percent increased, 1.2 percent decreased). That represents a 3.6-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

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2008	5.0	2.1	2.9
	Oct 2009	2.4	2.5	-0.1
	Oct 2010	4.1	0.9	3.2
	Oct 2011	6.1	0.8	5.3
	Annual change	2.0	0.1	2.1
Service Sector	Oct 2008	7.6	1.2	6.4
	Oct 2009	4.4	2.2	2.2
	Oct 2010	7.6	1.3	6.3
	Oct 2011	11.1	1.2	9.9
	Annual change	3.5	0.1	3.6

hourly earnings, which fell 1.9 percent in September 2011 compared with a year ago.

VACANT POSITIONS IN EXEMPT EMPLOYMENT

Salaried job openings fall in both sectors in October 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 9.4 percent of respondents reported increases in exempt vacancies in October (19.8 percent reported increases, 10.4 percent reported decreases). This represents a 6.4-point decrease from October 2010. In the service sector, a net total of 5.2 percent of respondents reported increases in exempt vacancies in October (15.3 percent reported increases, 10.1 percent reported decreases). That is a 9.9-point decline from October 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	Oct 2008	19.9	17.8	2.1
	Oct 2009	15.9	9.7	6.2
	Oct 2010	22.8	7.0	15.8
	Oct 2011	19.8	10.4	9.4
	Annual change	-3.0	-3.4	-6.4
Service Sector	Oct 2008	11.3	24.3	-13.0
	Oct 2009	11.9	10.0	1.9
	Oct 2010	25.3	10.2	15.1
	Oct 2011	15.3	10.1	5.2
	Annual change	-10.0	0.1	-9.9

VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

Vacancies for hourly jobs also drop in both sectors in October 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 12.3 percent of manufacturing respondents reported that nonexempt vacancies increased in October (25.2 percent increased, 12.9 percent decreased). This represents a net 8.0-point decrease from October 2010. There were 240,000 job openings in manufacturing in August, down from 252,000 in July, according to the BLS.

For nonexempt service positions, a net total of 12.3 percent of respondents reported increased vacancies in October (25.1 percent increased, 12.8 percent decreased). This marked a 7.3-point decrease from October 2010. Job openings were down in professional and business services and virtually unchanged in education and health services in August compared with July, according to the BLS.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2008	21.3	21.1	0.2
	Oct 2009	18.0	13.9	4.1
	Oct 2010	30.3	10.0	20.3
	Oct 2011	25.2	12.9	12.3
	Annual change	-5.1	-2.9	-8.0
Service Sector	Oct 2008	15.0	16.9	-1.9
	Oct 2009	27.7	12.1	15.6
	Oct 2010	31.8	12.2	19.6
	Oct 2011	25.1	12.8	12.3
	Annual change	-6.7	-0.6	-7.3

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 Nov. 3, 2011, describes the same November time period that the BLS will report on Dec. 2, 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.

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