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Labor Market Outlook

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- Labor Market Outlook Survey
Q2 2009 (April–June)

LABOR MARKET OUTLOOK SURVEY

Q2 2009 (April–June)

OPTIMISM ABOUT JOB GROWTH IN Q2 2009 (APRIL–JUNE)

Figure 1A | Optimism About Overall Job Growth in the United States in Q2 2009

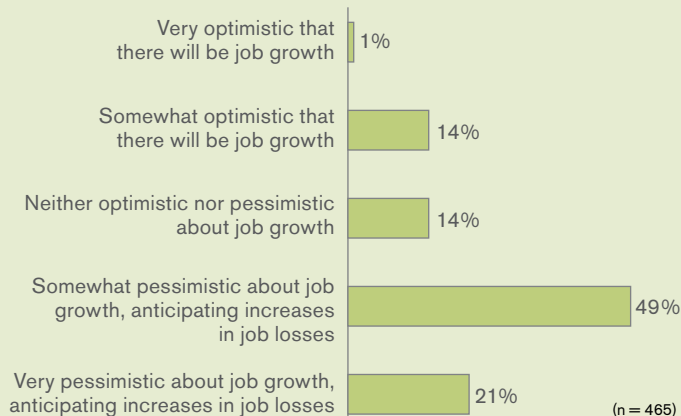
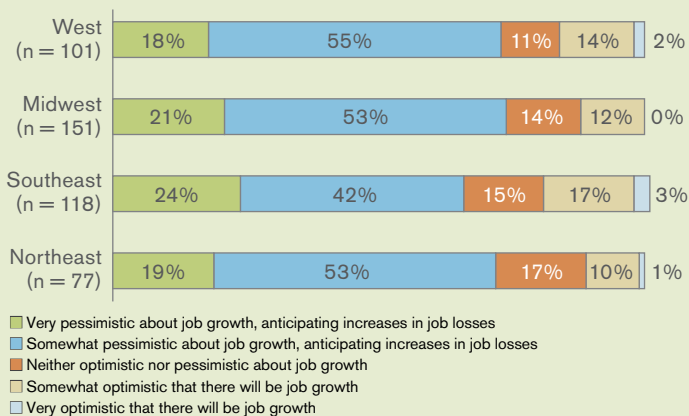


Figure 1B | Optimism About Overall Job Growth in the United States in Q2 2009 (by Region)



Source: SHRM Labor Market Outlook (April–June 2009)

Note: States that belong to each region surveyed in the LMO are as follows:

Northeast: (Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont)

Midwest: (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin)

Southeast: (Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)

West: (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Montana, Oregon, Utah, Washington, Wyoming)

The door will remain closed for many job seekers during the second quarter of 2009, as seven out of 10 human resource professionals and recruiters foresee a continued weak environment for hiring, according to the Labor Market Outlook (LMO) survey by the Society for Human Resource Management (SHRM).

The LMO survey examines hiring trends across a six-month spectrum, and the results for the second quarter of 2009 do not stray from the labor market's recent script: companies of all sizes and types are shedding jobs, and HR professionals from all parts of the country have limited optimism that the situation will improve. Among the survey's highlights:

- **A total of 70% of respondents have some level of concern for the U.S. job market in the second quarter:** 49% are *somewhat pessimistic* about job growth in the United States in the second quarter of 2009 and anticipate increased job losses, and another 21% are *very pessimistic* and anticipate job cuts during the quarter (see Figures 1A and 1B). **That marked a slight decline from the LMO survey in the first quarter of 2009**, when a combined 73% of respondents forecasted deeper cuts in the job market (54% were *somewhat pessimistic*, 19% were *very pessimistic*).
- **Nearly 70% of respondents will either eliminate jobs or keep their payrolls flat in the second quarter of 2009** (52% will maintain their staffing levels, 17% will cut jobs). Among employer categories, 30% of large companies, or those with 500 or more employees, will conduct layoffs in the second quarter (see Figures 2A-2D).
- **A total of 84% of respondents either cut jobs or kept payrolls flat in the first quarter of 2009** (45% maintained staffing levels, 39% conducted layoffs) (see Figures 3A-3D). **That marked a decline in hiring activity from the fourth quarter of 2008**, when a combined 76% of respondents either cut jobs or kept payrolls flat (44% maintained staffing levels, 32% decreased staff).

SHRM's LMO report examines hiring and recruiting trends based on a quarterly survey of nearly 500 public and private-sector human resource professionals who have a direct role in the staffing decisions at their company. Respondents come from small, medium and large companies from around the United States

and belong to a variety of for-profit, nonprofit and government entities.

Looking ahead, HR professionals are not showing much faith in a rebound for the U.S. labor market. Only 1% of respondents said they were *very optimistic* that there will be job growth during the second quarter of 2009. Fourteen percent of respondents said they were *somewhat optimistic* about increases in job growth, and another 14% said they were *neither optimistic nor pessimistic* about job growth for the April to June 2009 timeframe.

The degree of HR professionals' pessimism did not vary much across U.S. geographic regions. Respondents from the Midwest region expressed the highest level of pessimism and expected deeper job cuts (74% total: 21% were very pessimistic, 53% were somewhat pessimistic). Respondents in the Southeast region had the lowest combined level of pessimism in the LMO survey (66%). They were followed by the Northeast (72%) and West (73%) regions.

Despite what appears to be uniformly bad news concerning the economy as of late, many HR professionals and recruiters are still having difficulty predicting the extent of their company's vulnerability. When asked if their organization planned to change its total staff level in the second quarter of 2009, 13% of respondents were not sure.

In every size category of companies surveyed in the LMO, at least 75% of respondents plan to either keep payrolls flat or eliminate jobs in the second quarter of 2009. The highest concentration of respondents, 85%, came from large companies, or those with 500 or more employees (55% will maintain total staff, 30% will conduct layoffs).

Some companies are still planning for job growth in the second quarter of 2009. Among the 18% of respondents who said they will add jobs, large employers plan to add an average of 97.1 workers to their payrolls. Medium-sized companies, or those with 100–499 employees, expect to increase their staff by an average of 11.5 workers. Small employers, or those with fewer than 100 workers, plan to hire an average of 4.2 workers during the second quarter of 2009.

In the previous LMO study released in the first quarter of 2009, 21% of respondents said they

LOOKING AHEAD: Q2 2009 (APRIL–JUNE)

Figure 2A | Planned Changes in Total Staff Level

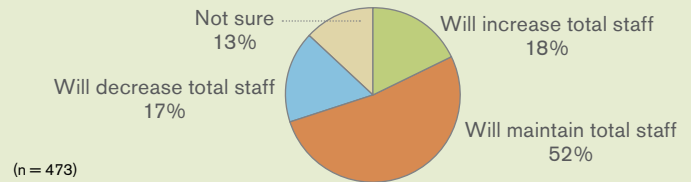


Figure 2B | Planned Changes in Total Staff Level by Organization Staff Size

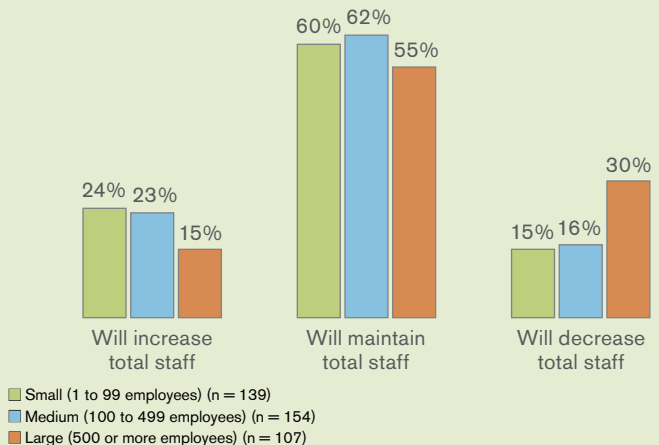
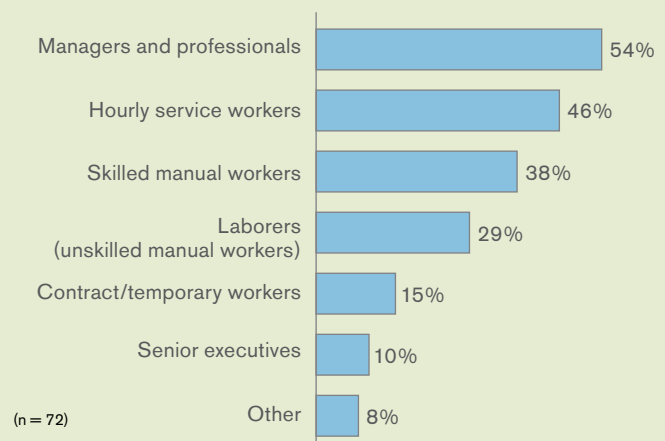


Figure 2C | Planned Changes in Total Staff Level by Organization Sector

	Overall (n = 411)	Publicly Owned For-Profit (n = 79)	Privately Owned For-Profit (n = 193)	Nonprofit (n = 82)	Government (n = 44)
Will increase total staff	21%	18%	22%	24%	16%
Will maintain total staff	59%	56%	61%	65%	57%
Will decrease total staff	19%	27%	18%	11%	27%

Note: Excludes responses of "not sure"

Figure 2D | Categories of Workers Most Likely to be Affected by Planned Q2 2009 Layoffs



Source: SHRM Labor Market Outlook (April–June 2009)

LOOKING BACK: Q1 2009 (JANUARY–MARCH)

Figure 3A | Changes in Total Staff Level

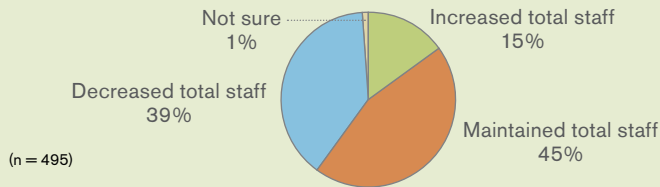


Figure 3B | Changes in Total Staff Level by Organization Staff Size

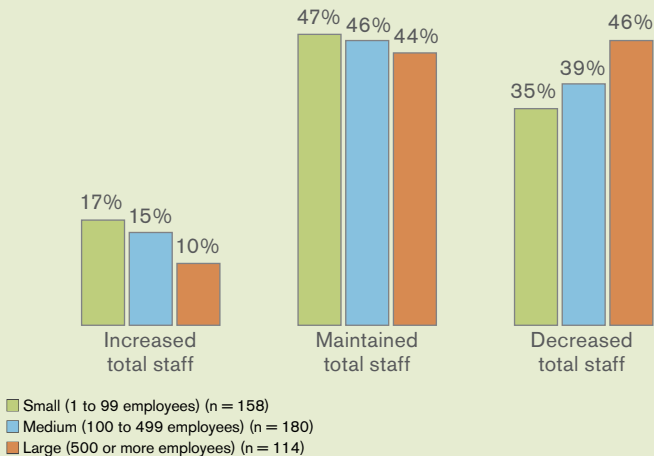
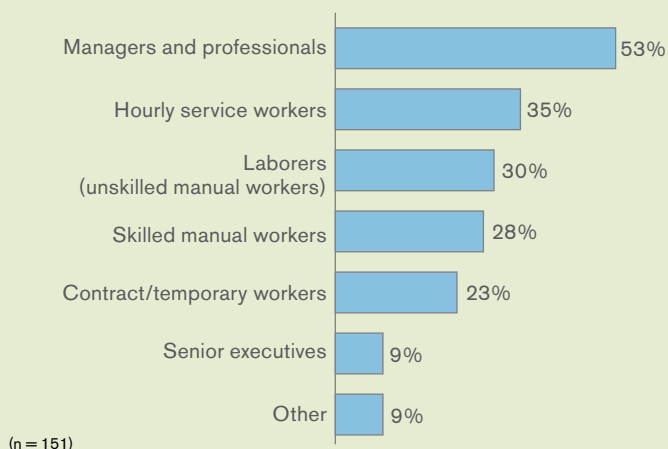


Figure 3C | Changes in Total Staff Level by Organization Sector

	Overall (n = 487)	Publicly Owned For-Profit (n = 90)	Privately Owned For-Profit (n = 228)	Nonprofit (n = 87)	Government (n = 43)
Increased total staff	15%	14%	15%	15%	7%
Maintained total staff	45%	34%	40%	60%	67%
Decreased total staff	39%	51%	44%	25%	26%

Note: Excludes "other" sectors

Figure 3D | Categories of Workers Affected by Q1 2009 Layoffs



Source: SHRM Labor Market Outlook (April–June 2009)

planned to cut jobs during the first quarter. However, in the current survey, a much larger number—39% of respondents—said they cut jobs during the first quarter.

In the first quarter of 2009, jobs were cut across a broad spectrum of employers and worker categories. Publicly-owned for-profit companies eliminated jobs at the highest rate in the first quarter (51%). They were followed by privately-owned for-profit companies (44% of which conducted layoffs) and the government (26%) and nonprofit (25%) sectors.

Among the 15% of respondents that did hire staff in the first quarter of 2009, small employers added an average of 3.1 workers, medium-sized companies added an average of 7.5 workers, and large companies grew their payrolls by an average of 44.9 workers.

Those that hired workers had the most difficulty finding qualified applicants to fill managerial and professional positions (45%). Also, 11% of respondents reported difficulty finding skilled manual workers, and just 2% said they had difficulty finding contract/temporary workers.

Other SHRM data support the findings in the LMO regarding hiring trends in the first quarter of 2009. In SHRM's monthly Leading Indicators of National Employment (LINE) report, manufacturing and service-sector hiring was the lowest in four years for the months of January, February and March.

Government data also show that the worst of the recession and its impact on the U.S. labor market may be yet to come. From the start of the recession in December 2007 through February 2009, 4.4 million people lost their jobs, according to the U.S. Bureau of Labor Statistics. More telling is that more than half of those jobs, or 2.6 million, were lost in a recent four-month period (November 2008 to February 2009).

Economists and labor market observers have varying viewpoints as to when the labor market will start its recovery. Most are not calling for a rebound until 2010 at the earliest, and that will depend, in part, on the effectiveness of the stimulus package approved by Congress in February.

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SHRM Labor Market Outlook Survey Methodology

A sample of HR professionals was randomly selected from SHRM's membership database, which included approximately 250,000 individual members at the time the survey was conducted. Only members who had not participated in a SHRM survey or poll in the last six months were included in the sampling frame. Members who were students, located internationally or had no e-mail address on file were excluded from the sampling frame. In February 2009, an e-mail that included a hyperlink to the SHRM Labor Market Outlook Survey was sent to 3,000 randomly selected SHRM members. Of these, 2,503 e-mails were successfully delivered to respondents, and 495 HR professionals responded, yielding a response rate of 20%. The survey was accessible for a period of two weeks, and three e-mail reminders were sent to nonrespondents in an effort to increase response rates.

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