



## Hiring Activity Will Remain in Positive Territory in February

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
Hiring will surpass layoffs in February in manufacturing and services, and the activity is also ahead of February 2009's pace.	<b>+60.4</b> ↑	<b>+19.5</b> ↑
RECRUITING DIFFICULTY	Manufacturing	Service
In January, both sectors reported increased recruiting difficulty compared with a year ago.	<b>+13.4</b> ↑	<b>+5.9</b> ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
The rate of increase for new-hire compensation in January rose in manufacturing and fell in the service sector compared with a year ago.	<b>+2.3</b> ↑	<b>-9.3</b> ↓

Source: SHRM Leading Indicators of National Employment (LINE), [shrm.org/line](http://shrm.org/line)

Hiring will rise in February compared with a year ago, continuing a recent pattern of slow and steady employment gains, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for February 2010.

- **More employers are hiring in February.** Although job opportunities remain scarce for many people, manufacturers and service-sector companies plan to increase hiring in February compared with the previous year.
- **Landing top-level talent becomes more of a challenge.** Few employers in both sectors reported increased recruiting difficulty in January, but it has become more challenging compared with a year ago.
- **There were mixed results for new-hire compensation in January.** While fewer service-sector companies increased new-hire compensation, the rate rose on an annual basis for the first time since September 2008 in the manufacturing sector.

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 February, for the fourth month in a row, hiring will increase compared with the previous year

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.

While many economists expect unemployment to remain high in the coming months, job seekers should have better prospects in February compared with a year ago. The hiring index is positive in both sectors tracked by LINE. Manufacturing improved by a net of 60.4 points (a net of 30.3 percent of companies will hire in February, compared with 30.1 percent that conducted layoffs a year ago). The service hiring index rose by a net of 19.5 points (a net of 23.5 percent will add jobs in February, compared with a net of 4.0 percent that conducted hiring a year ago).

February marks the eighth straight month that hiring will outpace layoffs in manufacturing (42.8 percent will hire, 12.5 percent will eliminate jobs), and it is the 10th straight month this has occurred in the service sector (35.0 percent will add jobs, 11.5 percent will cut jobs). It is also the fourth straight month that hiring has improved on an annual basis in both sectors.

Table 1 Employment Expectations

	Month/ Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Feb 2007	56.5	10.2	46.3
	Feb 2008	50.2	14.8	35.4
	Feb 2009	14.2	44.3	-30.1
	<b>Feb 2010</b>	<b>42.8</b>	<b>12.5</b>	<b>30.3</b>
	<b>Annual change</b>	<b>28.6</b>	<b>31.8</b>	<b>60.4</b>
Service Sector	Feb 2007	45.2	18.7	26.5
	Feb 2008	49.8	12.0	37.8
	Feb 2009	26.3	22.3	4.0
	<b>Feb 2010</b>	<b>35.0</b>	<b>11.5</b>	<b>23.5</b>
	<b>Annual change</b>	<b>8.7</b>	<b>10.8</b>	<b>19.5</b>

## RECRUITING DIFFICULTY

### Level of difficulty in finding top-tier talent increases for both sectors compared with last year

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.

For the 11th consecutive month in January, this index recorded single-digit response levels for those reporting increased difficulty with recruiting. In the manufacturing sector, a net of 6.0 percent of companies reported less difficulty with recruiting (4.8 percent had more difficulty, 10.8 percent had less difficulty). This still represents a net increase from January 2009, when a net of 19.4 percent reported less difficulty with recruiting.

In the service sector, a net of 12.4 percent of companies had less difficulty recruiting (3.2 percent had more difficulty, 15.6 percent had less difficulty). This was also an increase from January 2009, when a net total of 18.3 percent of companies had less difficulty with finding top talent. These results may indicate that some categories of job seekers are finding work more quickly now than they were a year ago.

Table 2 | Recruiting Difficulty

	Month/ Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jan 2007	26.9	5.1	21.8
	Jan 2008	17.7	6.0	11.7
	Jan 2009	1.9	21.3	-19.4
	<b>Jan 2010</b>	<b>4.8</b>	<b>10.8</b>	<b>-6.0</b>
	<b>Annual change</b>	<b>2.9</b>	<b>10.5</b>	<b>13.4</b>
Service Sector	Jan 2007	14.6	9.8	4.8
	Jan 2008	14.6	5.7	8.9
	Jan 2009	6.6	24.9	-18.3
	<b>Jan 2010</b>	<b>3.2</b>	<b>15.6</b>	<b>-12.4</b>
	<b>Annual change</b>	<b>-3.4</b>	<b>9.3</b>	<b>5.9</b>

## NEW-HIRE COMPENSATION

### Wages and benefits packages for new hires remain essentially flat for both sectors

The continuing high rate of unemployment and a large pool of job seekers in the market have given many companies the option of reducing the wages and benefits they are offering new hires in an ongoing effort to control costs. LINE provides the only published index of new-hire compensation.

In the manufacturing sector, a net total of 1.5 percent of respondents said they would increase new-hire compensation in January (2.5 percent increased, 1.0 percent decreased). That is a small rise of 2.3 points from January 2009 and the first time that the index has increased on an annual basis since September 2008. In the service sector, a net total of 0.8 percent of companies raised new-hire compensation in January (3.6 percent increased, 2.8 percent decreased). That is a decline from January 2009, when a net of 10.1 percent of service companies increased new-hire compensation.

The low response totals in both sectors indicate that most organizations are keeping new-hire compensation rates flat and that people landing new jobs are continuing to accept lower wages and benefits as the labor market remains weak.

Table 3 | New-Hire Compensation

	Month/ Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jan 2007	18.8	0.3	18.5
	Jan 2008	9.2	1.7	7.5
	Jan 2009	2.3	3.1	-0.8
	<b>Jan 2010</b>	<b>2.5</b>	<b>1.0</b>	<b>1.5</b>
	<b>Annual change</b>	<b>0.2</b>	<b>2.1</b>	<b>2.3</b>
Service Sector	Jan 2007	16.5	1.2	15.3
	Jan 2008	10.7	0.5	10.2
	Jan 2009	11.3	1.2	10.1
	<b>Jan 2010</b>	<b>3.6</b>	<b>2.8</b>	<b>0.8</b>
	<b>Annual change</b>	<b>-7.7</b>	<b>-1.6</b>	<b>-9.3</b>

## VACANT POSITIONS IN EXEMPT EMPLOYMENT

### Vacancies for salaried jobs make a sharp increase in both sectors in January

Vacancies are defined as open positions that employers are actively trying to fill. Typically, exempt employment declines by a smaller percentage than nonexempt employment during economic downturns and increases by a smaller percentage during economic expansions. 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 8.6 percent of respondents reported increases in exempt vacancies in January (17.4 percent reported increases, 8.8 percent reported decreases). This represents a 28.5 point increase from January 2009 and the sixth consecutive month that exempt vacancies are higher than those of the same month the previous year.

In the service sector, a net total of 7.7 percent of respondents reported increases in exempt vacancies in January (16.5 percent reported increases, 8.8 percent reported decreases). That is a 19.5 point increase from January 2009 and also the sixth consecutive month that exempt vacancies are higher than the previous year.

Table 4 | Exempt Job Vacancies

	Month/ Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jan 2007	25.9	17.2	8.7
	Jan 2008	23.8	7.7	16.1
	Jan 2009	7.9	27.8	-19.9
	<b>Jan 2010</b>	<b>17.4</b>	<b>8.8</b>	<b>8.6</b>
	<b>Annual change</b>	<b>9.5</b>	<b>19.0</b>	<b>28.5</b>
Service Sector	Jan 2007	19.4	7.1	12.3
	Jan 2008	12.7	19.1	-6.4
	Jan 2009	7.1	18.9	-11.8
	<b>Jan 2010</b>	<b>16.5</b>	<b>8.8</b>	<b>7.7</b>
	<b>Annual change</b>	<b>9.4</b>	<b>10.1</b>	<b>19.5</b>

## VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

### Vacancies for hourly jobs also post sizable increases in January

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 15.6 percent of manufacturing respondents reported that nonexempt vacancies increased in January (26.2 percent increased, 10.6 percent decreased). This represents a 38.6 point increase from January 2009. In accordance with federal data, this suggests that manufacturers are slowly adding jobs and demand for production is gradually improving. Monthly job losses for manufacturing in the second half of 2009 were about one-fourth as large as those in the first half of 2009, according to the BLS.

For nonexempt service positions, a net total of 7.3 percent reported increased vacancies in January (20.5 percent increased, 13.2 percent decreased). This marked a 17.8 point increase from January 2009, when a net total of 10.5 percent of service companies reported decreases in nonexempt vacancies.

Table 5 | Nonexempt Job Vacancies

	Month/ Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jan 2007	23.8	20.0	3.8
	Jan 2008	24.2	11.1	13.1
	Jan 2009	9.8	32.8	-23.0
	<b>Jan 2010</b>	<b>26.2</b>	<b>10.6</b>	<b>15.6</b>
	<b>Annual change</b>	<b>16.4</b>	<b>22.2</b>	<b>38.6</b>
Service Sector	Jan 2007	33.7	10.5	23.2
	Jan 2008	20.2	29.7	-9.5
	Jan 2009	13.5	24.0	-10.5
	<b>Jan 2010</b>	<b>20.5</b>	<b>13.2</b>	<b>7.3</b>
	<b>Annual change</b>	<b>7.0</b>	<b>10.8</b>	<b>17.8</b>

## ABOUT THIS REPORT

### Schedule of Release

The SHRM LINE Report is released at 8:30 a.m. Eastern time on the third Friday after the conclusion of the week including the 12th of the 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 February 5, 2010, describes the same February time period that the BLS will report on March 5, 2010. 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 February 2, 2009. For more information, visit [www.shrm.org/line](http://www.shrm.org/line).

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