



## Year-Over-Year Hiring Expectations Improve in November

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
Hiring will surpass layoffs in November in manufacturing and services, and the activity is also ahead of November 2008's pace.	+15.3 ↑	+5.9 ↑
RECRUITING DIFFICULTY	Manufacturing	Service
In October, both sectors reported increased recruiting difficulty for the first time since January 2007.	+2.8 ↑	+13.0 ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
For the 13th straight month, the rate of increase for new-hire compensation dropped in both sectors in October.	-3.0 ↓	-4.2 ↓

HR professionals in the manufacturing and service sectors expect hiring in November to surpass levels reached one year ago. This is the first time since February 2008 that year-over-year hiring has increased in the service sector and the first time since August 2007 in manufacturing, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for November 2009.

- **November job growth will increase from a year ago.** Though hiring is still not widespread, November marks the fifth straight month that job additions are expected to outpace layoffs in manufacturing and services.
- **Vacancies in both sectors are starting to rise.** In another indication that hiring conditions are slowly improving, vacancies increased from the previous year in October in all four job categories for manufacturing and services.
- **The rate of increase for new-hire compensation has been falling for more than a year.** Employers continued to keep wages and benefits packages in check for new hires in October.

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

### For the fifth consecutive month, hiring in November will exceed firing in both sectors

The LINE employment expectations index provides an early indication of the U.S. Bureau of Labor Statistics (BLS) Employment Situation Report numbers. BLS numbers covering the same time period are released approximately one month after the LINE report.

While the overall unemployment rate is expected to continue to rise well into 2010, HR professionals are reporting slightly improved employment expectations in both sectors in November compared with this time one year ago. This year-over-year improvement has not occurred in the manufacturing sector since August 2007, and not since February 2008 in the service sector.

In the manufacturing sector, a net total of 17.8 percent of respondents will add jobs in November (32.0 percent will add jobs, 14.2 percent will eliminate jobs). In the service sector, a net total of 15.8 percent of companies will add jobs in November (26.1 percent will conduct hiring, 10.3 percent will cut jobs), the seventh straight month that the hiring rate will surpass the layoff rate in that sector.

Table 1 | Employment Expectations

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Nov 2006	55.9	11.8	44.1
	Nov 2007	51.7	10.2	41.5
	Nov 2008	27.2	24.7	2.5
	<b>Nov 2009</b>	<b>32.0</b>	<b>14.2</b>	<b>17.8</b>
	<b>Annual change</b>	<b>4.8</b>	<b>10.5</b>	<b>15.3</b>
Service Sector	Nov 2006	48.1	12.9	35.2
	Nov 2007	51.2	8.7	42.5
	Nov 2008	28.6	18.7	9.9
	<b>Nov 2009</b>	<b>26.1</b>	<b>10.3</b>	<b>15.8</b>
	<b>Annual change</b>	<b>-2.5</b>	<b>8.4</b>	<b>5.9</b>

## RECRUITING DIFFICULTY

### Members of both sectors have slightly more difficulty in landing top-level talent compared with 2008

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 eighth consecutive month this year, LINE recorded single-digit response levels for those reporting increased difficulty with recruiting. However, the net total in both sectors showed a rise in recruiting difficulty compared with October 2008. In the manufacturing sector, a net of 6.8 percent of companies reported less difficulty with recruiting. Still, it is the first time recruiting difficulty has increased on a year-over-year basis in manufacturing since October 2007.

In the service sector, a net of 7.8 percent of companies had less difficulty recruiting. This marks the first time that recruiting difficulty has increased on a year-over-year basis in the service sector since February 2008. The results do not indicate a major reversal in recruiting difficulty, but they do reflect the notion that labor market conditions have improved slightly from a year ago.

Table 2 | Recruiting Difficulty

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2006	26.0	5.5	20.5
	Oct 2007	20.6	4.4	16.2
	Oct 2008	8.7	18.3	-9.6
	<b>Oct 2009</b>	<b>5.3</b>	<b>12.1</b>	<b>-6.8</b>
	<b>Annual change</b>	<b>-3.4</b>	<b>6.2</b>	<b>2.8</b>
Service Sector	Oct 2006	22.5	3.0	19.5
	Oct 2007	13.7	2.7	11.0
	Oct 2008	8.6	29.4	-20.8
	<b>Oct 2009</b>	<b>4.5</b>	<b>12.3</b>	<b>-7.8</b>
	<b>Annual change</b>	<b>-4.1</b>	<b>17.1</b>	<b>13.0</b>

## NEW-HIRE COMPENSATION

### For 13th straight month, the rate of increase in new-hire compensation falls behind previous year's

The continuing high rate of unemployment and 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 0.1 percent of respondents said they would decrease new-hire compensation in October (2.4 percent increased, 2.5 percent decreased). That is the lowest October response total in five years for manufacturers reporting increases to new-hire compensation.

In the service sector, more companies actually raised new-hire compensation rather than reduced it in October. A net total of 2.2 percent of companies increased wages and benefits packages for new hires (4.4 percent increased, 2.2 percent decreased). Still, it was a drop of 4.2 percent from October 2008 and perhaps an indication that those landing new jobs in October continue to accept lower wages and benefits during these challenging economic times.

Table 3 | New-Hire Compensation

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2006	12.9	2.0	10.9
	Oct 2007	12.4	0.3	12.1
	Oct 2008	5.0	2.1	2.9
	<b>Oct 2009</b>	<b>2.4</b>	<b>2.5</b>	<b>-0.1</b>
	<b>Annual change</b>	<b>-2.6</b>	<b>-0.4</b>	<b>-3.0</b>
Service Sector	Oct 2006	15.5	0.7	14.8
	Oct 2007	15.6	0.9	14.7
	Oct 2008	7.6	1.2	6.4
	<b>Oct 2009</b>	<b>4.4</b>	<b>2.2</b>	<b>2.2</b>
	<b>Annual change</b>	<b>-3.2</b>	<b>-1.0</b>	<b>-4.2</b>

## VACANT POSITIONS IN EXEMPT EMPLOYMENT

### Vacancies for salaried jobs increase in both sectors in October

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 6.2 percent of respondents reported increases in exempt vacancies in October (15.9 percent reported increases, 9.7 percent reported decreases). This is an increase of 4.1 percent from October 2008 and the third consecutive month that exempt vacancies have increased from the previous year.

In the service sector, a net total of 1.9 percent of respondents reported increases in exempt vacancies in October (11.9 percent reported increases, 10.0 percent reported decreases). For the service sector, this is also the third consecutive month that exempt vacancies have risen from the previous year.

Table 4 | Exempt Job Vacancies

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2006	24.0	11.4	12.6
	Oct 2007	31.5	8.0	23.5
	Oct 2008	19.9	17.8	2.1
	<b>Oct 2009</b>	<b>15.9</b>	<b>9.7</b>	<b>6.2</b>
	<b>Annual change</b>	<b>-4.0</b>	<b>8.1</b>	<b>4.1</b>
Service Sector	Oct 2006	23.3	13.2	10.1
	Oct 2007	21.1	20.2	0.9
	Oct 2008	11.3	24.3	-13.0
	<b>Oct 2009</b>	<b>11.9</b>	<b>10.0</b>	<b>1.9</b>
	<b>Annual change</b>	<b>0.6</b>	<b>14.3</b>	<b>14.9</b>

## VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

### Vacancies for hourly jobs also rise in both sectors in October

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 4.1 percent of manufacturing respondents reported that nonexempt vacancies increased in October (18.0 percent increased, 13.9 percent decreased). This is an increase of 3.9 percent from October 2008 and suggests that work is slowly being ramped up once again at some companies. The Federal Reserve also reported that industrial production rose 5.2 percent during the third quarter of 2009, the largest gain since the first quarter of 2005.

For nonexempt service positions, a net total of 15.6 percent reported increased vacancies in October (27.7 percent increased, 12.1 percent decreased). This marked a significant increase from October 2008, when a net total of 1.9 percent of service companies reported decreases in nonexempt vacancies.

Table 5 | Nonexempt Job Vacancies

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Oct 2006	32.1	11.9	20.2
	Oct 2007	31.1	12.2	18.9
	Oct 2008	21.3	21.1	0.2
	<b>Oct 2009</b>	<b>18.0</b>	<b>13.9</b>	<b>4.1</b>
	<b>Annual change</b>	<b>-3.3</b>	<b>7.2</b>	<b>3.9</b>
Service Sector	Oct 2006	32.9	16.3	16.6
	Oct 2007	24.8	23.8	1.0
	Oct 2008	15.0	16.9	-1.9
	<b>Oct 2009</b>	<b>27.7</b>	<b>12.1</b>	<b>15.6</b>
	<b>Annual change</b>	<b>12.7</b>	<b>4.8</b>	<b>17.5</b>

## ABOUT THIS REPORT

### Schedule of Release

The SHRM LINE Report is released at 9:00 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 November 6, 2009, describes the same November time period that the BLS will report on December 4, 2009. 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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