



Hiring in Manufacturing and Services Will Continue to Make Strides in September

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
Although lagging behind 2008 levels, September 2009 hiring in both sectors will surpass layoffs for the third straight month.	-10.3 ↓	-8.5 ↓
RECRUITING DIFFICULTY	Manufacturing	Service
Recruiting difficulty in both sectors in August 2009 continued to fall behind levels from one year ago.	-8.7 ↓	-17.6 ↓
NEW-HIRE COMPENSATION	Manufacturing	Service
Wages and benefits packages in August rose at the slowest rate in five years in both sectors.	-8.7 ↓	-15.7 ↓

Hiring in September will reach a level not seen in nearly a year, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for September 2009.

- **Hiring expectations in September will follow the recent growth pattern.** Though hiring is down in September compared with a year ago, manufacturers and service companies are planning the highest combined level of hiring since October 2008.
- **There is growing evidence that the job market is improving.** September marks the highest level of hiring in manufacturing since October 2008. In the service sector, the hiring rate will surpass the layoff rate for the fifth consecutive month.
- **The rate of increase for new-hire compensation has been falling for nearly one year.** For the 11th straight month, increases in wages and benefits packages will fall behind totals from the previous year.

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% of the nation's private-sector workers.

EMPLOYMENT EXPECTATIONS

Hiring in September continues to ramp up in both the manufacturing and service sectors

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

The last time the year-over-year change in LINE's employment expectations index, which has tracked consistently with national economic patterns since the recession began in December 2007, was positive was November 2007. Year-over-year change will still be negative in September, but for the third month in a row, more employers in both the manufacturing and service sectors will add jobs rather than conduct layoffs. September also represents the highest combined level of hiring (33.0 percent manufacturing, 35.6 percent services) since October 2008.

In the manufacturing sector, a net total of 13.8 percent of respondents will add jobs in September. In the service sector, a net total of 22.8 percent of companies will add jobs in September, the fifth straight month that the hiring rate will surpass the layoff rate in that sector.

Table 1 | Employment Expectations

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Sept 2006	58.0	11.1	46.9
	Sept 2007	49.4	18.0	31.4
	Sept 2008	39.4	15.3	24.1
	Sept 2009	33.0	19.2	13.8
	Annual change	-6.4	3.9	-10.3
Service Sector	Sept 2006	53.2	11.8	41.4
	Sept 2007	50.5	6.3	44.2
	Sept 2008	44.2	12.9	31.3
	Sept 2009	35.6	12.8	22.8
	Annual change	-8.6	-0.1	-8.5

RECRUITING DIFFICULTY

Top talent is still readily available for manufacturing and service-sector companies

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 sixth consecutive month this year, LINE recorded single-digit response levels for those reporting increased difficulty with recruiting. The low response totals can likely be attributed to two factors: at this stage of the economic downturn few HR professionals are engaged in recruiting, and with an increased number of people looking for work, HR professionals can afford to be selective.

In the manufacturing sector, a net of 10.7 percent of companies reported less difficulty with recruiting (3.1 percent had more difficulty, 13.8 percent had less). This is the second August that more manufacturers reported an easier time recruiting as opposed to those who had more difficulty.

In the service sector, a net of 9.1 percent of companies had less difficulty recruiting (3.7 percent had more difficulty, 12.8 percent had less). Despite some signs of recovery, millions of people continue to seek work, and the LINE recruiting difficulty index may continue its downward trend in the months ahead.

Table 2 | Recruiting Difficulty

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2006	27.4	2.6	24.8
	Aug 2007	26.4	6.8	19.6
	Aug 2008	8.9	10.9	-2.0
	Aug 2009	3.1	13.8	-10.7
	Annual change	-5.8	2.9	-8.7
Service Sector	Aug 2006	24.0	3.0	21.0
	Aug 2007	15.8	3.5	12.3
	Aug 2008	17.8	9.3	8.5
	Aug 2009	3.7	12.8	-9.1
	Annual change	-14.1	3.5	-17.6

NEW-HIRE COMPENSATION

For 11th straight month, the rate of increase in new-hire compensation falls behind previous year

With hiring down during the recession and a large pool of job seekers in the market, some companies are 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 0.2 percent of respondents said they would decrease new-hire compensation in August (2.7 percent increased, 2.9 percent decreased). That is the lowest August response total in five years for manufacturers reporting increases to new-hire compensation.

In the service sector, the trend of reducing new-hire salaries and benefits was slightly more pronounced in August. A net total of 1.5 percent of companies reduced wages and benefits packages for new hires (3.3 percent increased, 4.8 percent decreased). That marked a major reversal from August 2008, when a net total of 14.2 percent of service companies increased compensation for new hires.

Table 3 | New-Hire Compensation

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2006	11.1	0.4	10.7
	Aug 2007	13.2	3.7	9.5
	Aug 2008	8.7	0.2	8.5
	Aug 2009	2.7	2.9	-0.2
	Annual change	-6.0	2.7	-8.7
Service Sector	Aug 2006	11.9	1.3	10.6
	Aug 2007	11.5	1.3	10.2
	Aug 2008	15.6	1.4	14.2
	Aug 2009	3.3	4.8	-1.5
	Annual change	-12.3	3.4	-15.7

VACANT POSITIONS IN EXEMPT EMPLOYMENT

Vacancies for salaried jobs rise in both the manufacturing and service sectors in August

Vacancies are defined as open positions that employers are actively trying to fill. 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. 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.

In the manufacturing sector, a net total of 13.5 percent of respondents reported increases in exempt vacancies in August (22.2 percent reported increases, 8.7 percent reported decreases). This is an increase of 8.9 percent from August 2008, and the first year-over-year increase for exempt vacancies in manufacturing since February 2008—and another sign that companies are slowly beginning to add to their payrolls.

In the service sector, a net total of 1.1 percent of respondents reported increases in exempt vacancies in August (15.6 percent reported increases, 14.5 percent reported decreases). Although it represents a small jump in job

Table 4 | Exempt Job Vacancies

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2006	24.1	9.2	14.9
	Aug 2007	26.5	12.9	13.6
	Aug 2008	19.6	15.0	4.6
	Aug 2009	22.2	8.7	13.5
	Annual change	2.6	-6.3	8.9
Service Sector	Aug 2006	19.2	11.9	7.3
	Aug 2007	35.2	7.2	28.0
	Aug 2008	9.9	20.5	-10.6
	Aug 2009	15.6	14.5	1.1
	Annual change	5.7	-6.0	11.7

openings, it is the first year-over-year increase for exempt vacancies in services since June 2008.

VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

Vacancies for hourly jobs in August rise sharply in manufacturing, fall slightly in service sector

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 14.0 percent of manufacturing respondents reported that nonexempt vacancies increased in August (23.3 percent increased, 9.3 percent decreased). This is the first year-over-year increase in nonexempt vacancies for manufacturing since May 2008, and perhaps an indicator that demand has surged for hourly production jobs. In the second quarter of 2009, manufacturing productivity increased by 5.3 percent, although it was largely due to weekly hours falling faster than actual output, according to the Bureau of Labor Statistics.

For nonexempt service positions, a net total of 0.4 percent reported decreased vacancies in August (14.8 percent increased, 15.2 percent decreased). This marked a slight change from August 2008, when a net total of 4.4 percent of service companies reported increased nonexempt vacancies.

Table 5 | Nonexempt Job Vacancies

		% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2006	33.9	11.5	22.4
	Aug 2007	32.5	15.5	17.0
	Aug 2008	26.3	17.0	9.3
	Aug 2009	23.3	9.3	14.0
	Annual change	-3.0	-7.7	4.7
Service Sector	Aug 2006	41.7	11.1	30.6
	Aug 2007	40.6	15.0	25.6
	Aug 2008	27.2	22.8	4.4
	Aug 2009	14.8	15.2	-0.4
	Annual change	-12.4	-7.6	-4.8

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 September 4, 2009, describes the same September time period that the BLS will report on October 2, 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.

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