



## Hiring Not Widespread in September, but Layoffs Should Be Limited

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
In September, for the 11th straight month, hiring will increase in manufacturing and services on an annual basis.	+24.2 ↑	+14.6 ↑
RECRUITING DIFFICULTY	Manufacturing	Service
In August, the index for recruiting difficulty rose slightly in both sectors compared with a year ago.	+12.9 ↑	+6.5 ↑
NEW-HIRE COMPENSATION	Manufacturing	Service
The rate of increase for new-hire compensation in August rose on an annual basis in both sectors.	+5.6 ↑	+3.2 ↑

September hiring activity will follow a recent pattern of modest job additions to the U.S. private-sector labor force, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for September 2010.

- **Hiring expectations increase slightly in September.** Manufacturing and private service-sector companies are expected to bring on more workers in September compared with a year ago, but hiring activity has slowed in recent months.
- **Recruiting for key positions proves difficult for some.** Although the increase was small, more HR professionals reported a rise in recruiting difficulty in August compared with a year ago.
- **Compensation packages for new hires improve in August.** In August, the rate of increase for wages and benefits rose on an annual basis in the manufacturing and service 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

### Hiring up in September, but pace has slowed in the last few months

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 improved in September on a year-over-year basis by a net of 24.2 points (a net of 38.0 percent of companies will hire in September, compared with 13.8 percent that added jobs a year ago). The service hiring index rose in September by a net of 14.6 points (a net of 37.4 percent will add jobs, compared with a net of 22.8 percent that added jobs a year ago). Even with the positive numbers, the unemployment rate is expected to remain elevated for the remainder of 2010. Recent year-over-year increases in hiring are a reflection of poor job market conditions a year ago, and the pace has also ebbed in the last few months.

Conversely, the 14.6 percent of manufacturers that will conduct layoffs in September is the lowest level for the month in four years. The 7.8 percent of service-sector companies that will cut jobs in September is very close to the four-year low of 6.3 percent in September 2007.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Sep 2007	49.4	18.0	31.4
	Sep 2008	39.4	15.3	24.1
	Sep 2009	33.0	19.2	13.8
	<b>Sep 2010</b>	<b>52.6</b>	<b>14.6</b>	<b>38.0</b>
	<b>Annual change</b>	<b>19.6</b>	<b>4.6</b>	<b>24.2</b>
Service Sector	Sep 2007	50.5	6.3	44.2
	Sep 2008	44.2	12.9	31.3
	Sep 2009	35.6	12.8	22.8
	<b>Sep 2010</b>	<b>45.2</b>	<b>7.8</b>	<b>37.4</b>
	<b>Annual change</b>	<b>9.6</b>	<b>5.0</b>	<b>14.6</b>

## RECRUITING DIFFICULTY

### In August, search for candidates to fill key positions gets harder for some HR professionals

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.

Even though only a small percentage of respondents reported having a tougher time finding top talent, the level of difficulty increased compared with a year ago. In the manufacturing sector, a net of 2.2 percent of respondents had more difficulty with recruiting in August (9.0 percent reported more difficulty, 6.8 percent reported less difficulty). This is a modest net increase of 12.9 points from August 2009, when a net of 10.7 percent reported less difficulty with recruiting.

In the service sector, a net of 2.6 percent of HR professionals had less difficulty recruiting in August (7.3 percent had more difficulty, 9.9 percent had less difficulty). This is a slight increase of 6.5 points from August 2009, when a net total of 9.1 percent of HR professionals had less difficulty with finding top talent.

Table 2 | Recruiting Difficulty

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2007	26.4	6.8	19.6
	Aug 2008	8.9	10.9	-2.0
	Aug 2009	3.1	13.8	-10.7
	<b>Aug 2010</b>	<b>9.0</b>	<b>6.8</b>	<b>2.2</b>
	<b>Annual change</b>	<b>5.9</b>	<b>7.0</b>	<b>12.9</b>
Service Sector	Aug 2007	15.8	3.5	12.3
	Aug 2008	17.8	9.3	8.5
	Aug 2009	3.7	12.8	-9.1
	<b>Aug 2010</b>	<b>7.3</b>	<b>9.9</b>	<b>-2.6</b>
	<b>Annual change</b>	<b>3.6</b>	<b>2.9</b>	<b>6.5</b>

## NEW-HIRE COMPENSATION

### In August, for the seventh straight month, wages and benefits packages rise for new employees

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 to 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 5.4 percent of respondents reported increasing new-hire compensation in August (7.0 percent increased, 1.6 percent decreased). That is an increase of 5.6 points from August 2009. In the service sector, a net total of 1.7 percent of companies increased new-hire compensation in August (6.6 percent increased, 4.9 percent decreased). That represents a net increase of 3.2 points from August 2009, when a net of 1.5 percent of service companies decreased new-hire compensation.

The low rates of change in both sectors indicate that most organizations are keeping new-hire compensation rates flat, most likely because many people landing new jobs are accepting lower wages and benefits as the labor market remains weak.

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2007	13.2	3.7	9.5
	Aug 2008	8.7	0.2	8.5
	Aug 2009	2.7	2.9	-0.2
	<b>Aug 2010</b>	<b>7.0</b>	<b>1.6</b>	<b>5.4</b>
	<b>Annual change</b>	<b>4.3</b>	<b>1.3</b>	<b>5.6</b>
Service Sector	Aug 2007	11.5	1.3	10.2
	Aug 2008	15.6	1.4	14.2
	Aug 2009	3.3	4.8	-1.5
	<b>Aug 2010</b>	<b>6.6</b>	<b>4.9</b>	<b>1.7</b>
	<b>Annual change</b>	<b>3.3</b>	<b>-0.1</b>	<b>3.2</b>

## VACANT POSITIONS IN EXEMPT EMPLOYMENT

### Job openings for salaried positions inch up in both sectors in August

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 13.7 percent of respondents reported increases in exempt vacancies in August (22.5 percent reported increases, 8.8 percent reported decreases). This represents a 0.2-point increase from August 2009 and the 13th consecutive month that exempt vacancies are higher than those of the same month the previous year.

In the service sector, a net total of 4.1 percent of respondents reported increases in exempt vacancies in August (17.8 percent reported increases, 13.7 percent reported decreases). That is a 3.0-point increase from August 2009 and also the 13th consecutive month that exempt vacancies are higher than the previous year.

Table 4 | Exempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2007	26.5	12.9	13.6
	Aug 2008	19.6	15.0	4.6
	Aug 2009	22.2	8.7	13.5
	<b>Aug 2010</b>	<b>22.5</b>	<b>8.8</b>	<b>13.7</b>
	<b>Annual change</b>	<b>0.3</b>	<b>-0.1</b>	<b>0.2</b>
Service Sector	Aug 2007	35.2	7.2	28.0
	Aug 2008	9.9	20.5	-10.6
	Aug 2009	15.6	14.5	1.1
	<b>Aug 2010</b>	<b>17.8</b>	<b>13.7</b>	<b>4.1</b>
	<b>Annual change</b>	<b>2.2</b>	<b>0.8</b>	<b>3.0</b>

## VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

### Vacancies for hourly jobs also increase in August

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 21.6 percent of manufacturing respondents reported that nonexempt vacancies increased in August (30.5 percent increased, 8.9 percent decreased). This represents a 7.6-point increase from August 2009. In accordance with federal data, this suggests that manufacturers are adding jobs and production is increasing. Industrial production rose 1.0 percent in July and was 7.7 percent higher than in July 2009, according to the Federal Reserve. The BLS also reported that manufacturers added 36,000 jobs in July.

For nonexempt service positions, a net total of 10.9 percent of respondents reported increased vacancies in August (29.2 percent increased, 18.3 percent decreased). This marked an 11.3-point jump from August 2009. The rise in vacancies may be partially driven by growth in health care, which added 27,000 jobs in July, according to the BLS.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Aug 2007	32.5	15.5	17.0
	Aug 2008	26.3	17.0	9.3
	Aug 2009	23.3	9.3	14.0
	<b>Aug 2010</b>	<b>30.5</b>	<b>8.9</b>	<b>21.6</b>
	<b>Annual change</b>	<b>7.2</b>	<b>0.4</b>	<b>7.6</b>
Service Sector	Aug 2007	40.6	15.0	25.6
	Aug 2008	27.2	22.8	4.4
	Aug 2009	14.8	15.2	-0.4
	<b>Aug 2010</b>	<b>29.2</b>	<b>18.3</b>	<b>10.9</b>
	<b>Annual change</b>	<b>14.4</b>	<b>-3.1</b>	<b>11.3</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 September 3, 2010, describes the same September time period that the BLS will report on October 8, 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 17, 2010. For more information, visit [www.shrm.org/line](http://www.shrm.org/line).

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