



Mixed Results for Hiring Expected in July, Recruiting Difficulty Continues

EMPLOYMENT EXPECTATIONS	Manufacturing	Services
In July, the hiring rate will fall in manufacturing and rise slightly in services compared with a year ago.	-7.3 ↓	+1.3 ↑
RECRUITING DIFFICULTY	Manufacturing	Services
In June, recruiting difficulty increased in both sectors compared with a year ago.	+7.8 ↑	+8.2 ↑
NEW-HIRE COMPENSATION	Manufacturing	Services
In June, the index for new-hire compensation rose in both sectors compared with a year ago.	+4.4 ↑	+1.6 ↑

In July, the hiring rate will rise slightly in the service sector and drop in the manufacturing sector, and recruiting difficulty remains a problem for many HR professionals, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey for July 2015.

- **Hiring rates will vary in July compared with a year ago.** A net of more than half of service-sector companies (50.5 percent) and more than two out of five manufacturers (45.9 percent) will add jobs in July.
- **In June, recruiting difficulty rose yet again.** For the 16th straight month, difficulty in recruiting candidates for key jobs rose in both sectors compared with the previous year.
- **New-hire pay rates showed improvement in June.** The index for new-hire compensation rose in both sectors in June compared with a year ago.

The LINE 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 July, hiring rate is expected to rise in services, fall in manufacturing

In July, the hiring rate will reach a four-year high in the service sector, whereas the rate of job creation in manufacturing will decline compared with a year ago. The layoff rate will remain basically unchanged in services and will rise somewhat in manufacturing compared with July 2014.

A net of 45.9 percent of manufacturers will add jobs in July (56.1 percent will hire, 10.2 percent will cut jobs). The sector's hiring index will fall by 7.3 points compared with a year ago. A net of 50.5 percent of service-sector companies will conduct hiring in July (55.8 percent will add jobs, 5.3 percent will cut jobs). The index will rise by 1.3 points compared with a year ago.

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.

Table 1 | Employment Expectations

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jul 2012	44.7	8.0	36.7
	Jul 2013	50.7	12.3	38.4
	Jul 2014	58.0	4.8	53.2
	Jul 2015	56.1	10.2	45.9
	Annual change	-1.9	-5.4	-7.3
Service Sector	Jul 2012	28.8	4.7	24.1
	Jul 2013	49.6	7.1	42.5
	Jul 2014	54.4	5.2	49.2
	Jul 2015	55.8	5.3	50.5
	Annual change	1.4	-0.1	1.3

RECRUITING DIFFICULTY

In June, for the 14th consecutive month, recruiting difficulty reached four-year highs

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.

A net of 33.7 percent of manufacturing respondents had more difficulty with recruiting in June, an increase of 7.8 points from June 2014. A net of 27.5 percent of service-sector HR professionals had more difficulty recruiting in June, an increase of 8.2 points from a year ago. June also marked the 16th consecutive month that recruiting difficulty rose in both sectors when compared with the previous year.

Other SHRM findings show that many HR professionals are still having challenges with talent management and recruitment. SHRM's Strategic Benefits Series data released in March 2015 show that 33 percent of HR professionals had difficulty recruiting for open positions at all levels of their organizations during the previous 12 months, and 55 percent had difficulty recruiting highly skilled employees.

Table 2 | Recruiting Difficulty

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jun 2012	18.8	3.8	15.0
	Jun 2013	18.1	4.3	13.8
	Jun 2014	29.5	3.6	25.9
	Jun 2015	38.1	4.4	33.7
	Annual change	8.6	-0.8	7.8
Service Sector	Jun 2012	9.5	6.5	3.0
	Jun 2013	16.9	3.9	13.0
	Jun 2014	21.6	2.3	19.3
	Jun 2015	33.7	6.2	27.5
	Annual change	12.1	-3.9	8.2

NEW-HIRE COMPENSATION

In June, new-hire compensation packages increased at more organizations

In the manufacturing sector, a net total of 15.3 percent of respondents reported raising new-hire compensation in June, an increase of 4.4 points from June 2014. In the service sector, a net total of 14.1 percent of companies increased new-hire compensation in June, up 1.6 points from a year ago.

Many organizations are still keeping new-hire compensation flat, but the net totals in both sectors represented four-year highs for the month of June. That is the seventh straight month that a four-year high was reached in services; this milestone was reached in 11 out of the past 12 months in manufacturing.

During the economic recovery, heightened unemployment and a large pool of job seekers have allowed many companies to hold down the wages and benefits they offer new hires in order to control costs. Compensation typically improves as hiring increases, but job creation has not risen to the point where wage growth has improved commensurately. LINE provides the only published index of changes in new-hire compensation.

Table 3 | New-Hire Compensation

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jun 2012	12.0	0.3	11.7
	Jun 2013	9.1	1.4	7.7
	Jun 2014	11.6	0.7	10.9
	Jun 2015	17.1	1.8	15.3
	Annual change	5.5	-1.1	4.4
Service Sector	Jun 2012	9.7	1.6	8.1
	Jun 2013	6.5	1.0	5.5
	Jun 2014	13.2	0.7	12.5
	Jun 2015	15.7	1.6	14.1
	Annual change	2.5	-0.9	1.6

VACANT POSITIONS IN EXEMPT EMPLOYMENT

In June, fewer companies reported increases in salaried job openings

Vacancies are defined as open positions that employers are actively trying to fill. LINE data cover exempt vacancies, or primarily salaried positions, and nonexempt vacancies, which are mostly hourly jobs. 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 fluctuates by smaller rates than nonexempt employment during economic downturns and expansions.

In June, a net total of 16.1 percent of manufacturers reported increases in exempt vacancies (29.3 percent reported more vacancies, 13.2 percent reported fewer), down 6 points from June 2014. In the service sector, a net total of 14.2 percent of respondents reported increases in exempt vacancies in June (26.3 percent reported more vacancies, 12.1 percent reported fewer), down 9.7 points from June 2014.

Table 4 | Exempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jun 2012	26.0	6.9	19.1
	Jun 2013	30.7	9.6	21.1
	Jun 2014	30.9	8.8	22.1
	Jun 2015	29.3	13.2	16.1
	Annual change	-1.6	-4.4	-6.0
Service Sector	Jun 2012	14.0	7.6	6.4
	Jun 2013	31.6	10.5	21.1
	Jun 2014	32.5	8.6	23.9
	Jun 2015	26.3	12.1	14.2
	Annual change	-6.2	-3.5	-9.7

VACANT POSITIONS IN NONEXEMPT EMPLOYMENT

In June, movement in hourly job openings was mixed

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 28.8 percent of manufacturing respondents reported that nonexempt vacancies rose in June, a 0.7-point increase from June 2014. In services, a net total of 22.3 percent of respondents reported an increase in nonexempt vacancies in June, down 14.7 points from June 2014.

Monthly nonexempt openings have not followed a specific trend recently when compared with the previous year; HR professionals in both sectors have generally reported having increases in job openings within the month of each LINE survey. For every month since September 2009—shortly after the end of the Great Recession—the manufacturing and service sectors have reported a net increase for nonexempt openings.

Table 5 | Nonexempt Job Vacancies

	Month/Year	% Increasing	% Decreasing	Net Increasing
Manufacturing	Jun 2012	29.6	11.4	18.2
	Jun 2013	36.2	11.3	24.9
	Jun 2014	40.1	12.0	28.1
	Jun 2015	40.8	12.0	28.8
	Annual change	0.7	0.0	0.7
Service Sector	Jun 2012	18.6	10.9	7.7
	Jun 2013	33.4	12.7	20.7
	Jun 2014	47.7	10.7	37.0
	Jun 2015	35.7	13.4	22.3
	Annual change	-12.0	-2.7	-14.7

About This Report

Schedule of Release

The SHRM LINE Report is released at 8:30 a.m. Eastern time on the first Thursday of each month. The SHRM employment expectations index describes the same time period referenced one month later in the *Employment Situation Report* issued by the Bureau of Labor Statistics. For example, the LINE employment expectations index released on July 2, 2015, describes the same July time period that the BLS will report on Aug. 7, 2015. 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 Feb. 11, 2011. For more information, visit www.shrm.org/line.

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