



# Recruiting Difficulty and Skills Shortages

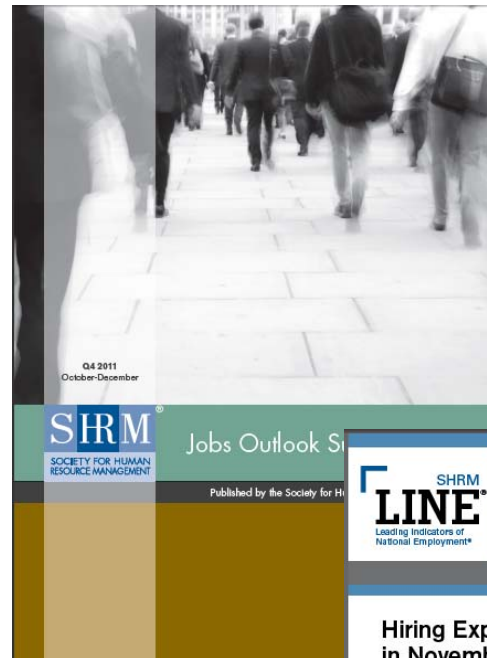
An overview of SHRM data  
Jennifer Schramm, M. Phil, GPHR

*ANSI Joint Member Forum, March 20, 2012, Arlington, VA*

### 3 main research programs

- Survey Research Programs
- Strategic Research/Customized Benchmarking
- Workforce and Labor Market Forecasting

Reports on hiring activity and forecasts for jobs growth through HR professionals' unique and valuable insight into future labor market developments.

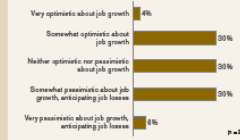


## JOBS OUTLOOK SURVEY REPORT

Q4 2011 (October-December)

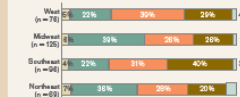
### OPTIMISM ABOUT JOB GROWTH IN Q4 2011 (OCTOBER-DECEMBER)

Figure 16 | Optimism About Job Growth in the United States in Q4 2011



Note: Totals may not equal 100% because of rounding.

Figure 18 | Optimism About Job Growth in the United States in Q4 2011 (By Region)



With hiring activity in a weakened state and uncertainty surrounding the future of the U.S. economy, confidence in the job market has declined among human resource professionals for the fourth quarter of 2011, according to the Jobs Outlook Survey (JOS) by the Society for Human Resource Management (SHRM).

The survey examines hiring and recruiting trends across a six-month spectrum. The results for the fourth quarter of 2011 show that while jobs are being created at some companies, the pace will slacken as the end of the year approaches, and some employers are still struggling to find workers with skills that match their available positions. Among the survey's highlights:

- A total of 34% of respondents have some level of confidence in the U.S. job market for the fourth quarter of 2011 and expect job growth; 30% are *somewhat optimistic* about job growth in the United States, and another 4% are *very optimistic* and anticipate job growth during the quarter. This represents a steep drop from the second quarter of 2011, when a combined 67% of respondents expressed some level of optimism about job growth in the labor market (51% were *somewhat optimistic*, 4% were *very optimistic*).

- In the fourth quarter of 2011, 37% of respondents will conduct hiring, up from 26% in the fourth quarter of 2010. Among employer categories, medium-sized companies (48%) will be the most likely to add jobs in the fourth quarter.

In the third quarter of 2011, 44% of companies added jobs, up from 38% in the third quarter of 2010. During the same time, 13% of companies decreased staffing levels, down slightly from 17% a year ago.

SHRM's JOS report examines hiring and recruiting trends based on a bi-annual survey of public- and private-sector human resource professionals who are a direct role in the staffing decisions at their respective companies. Respondents come from small, medium- and large companies from around the United States and belong to a variety of the profit, nonprofit and government entities.



## Hiring Expectations Set Four-Year Lows in November

EMPLOYMENT EXPECTATIONS	Manufacturing	Service
Employment expectations for November 2008 are at a four-year low in both manufacturing and service sectors.	-39.0	-32.6
RECRUITING DIFFICULTY		
Compared with October 2007, recruiting difficulty has eased substantially in both sectors.	-25.8	-31.8
NEW-HIRE COMPENSATION		
The October new-hire compensation growth rate is down for the first time in four years in both the manufacturing and service sectors.	-9.2	-8.3

Source: SHRM Leading Indicators of National Employment (LINE), also on page 10.

Employment expectations in the manufacturing and service sectors will maintain a downward trend in November as the economy continues to shed jobs, according to the Society for Human Resource Management's (SHRM) Leading Indicators of National Employment (LINE) survey.

- Job expectations for November are bleak. For the third consecutive month, hiring activity in both the manufacturing and service sectors is at the lowest rate in four years.

- Hiring freezes, job cuts result in fewer job vacancies. Job vacancies in manufacturing and services are at the lowest October levels in the last four years.

- Wages and benefits packages are flattening. New-hire compensation increased at a slower pace in both the manufacturing and service sectors in October 2008 compared with October 2007.

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 human resource professionals at more than 500 manufacturing and 500 private service-sector companies. Together, these two sectors employ more than 90% of the nation's private-sector workers.

## THOUSANDS ACCESS SHRM LINE<sup>®</sup> MONTHLY

- HR professionals track changes in the labor market and their impact on staffing, recruitment and turnover.
- Economists and fiscal/monetary policy makers
- Financial Data Service Providers
- Media




LINE Employment Report for NOVEMBER 2008

### Hiring Expectations Set Four-Year Lows in November

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RECRUITING DIFFICULTY	Manufacturing	
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NEW HIRE COMPENSATION	Manufacturing	
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Source: SHRM Leading Indicators of National Employment (LINE)



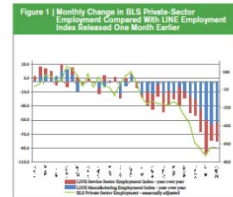

Quarterly Review: Q1 2009 (January–March)

### The SHRM Leading Indicators of National Employment (LINE) Quarterly Review

Between January 1 and March 31 of 2009, the U.S. private sector lost an astounding 2.1 million jobs. This was a very difficult quarter for those who lost their jobs and for the millions more who worried that their jobs were at risk. During this time, the SHRM Leading Indicators of National Employment (LINE) Report provided an early and valuable indication of these changing economic conditions.

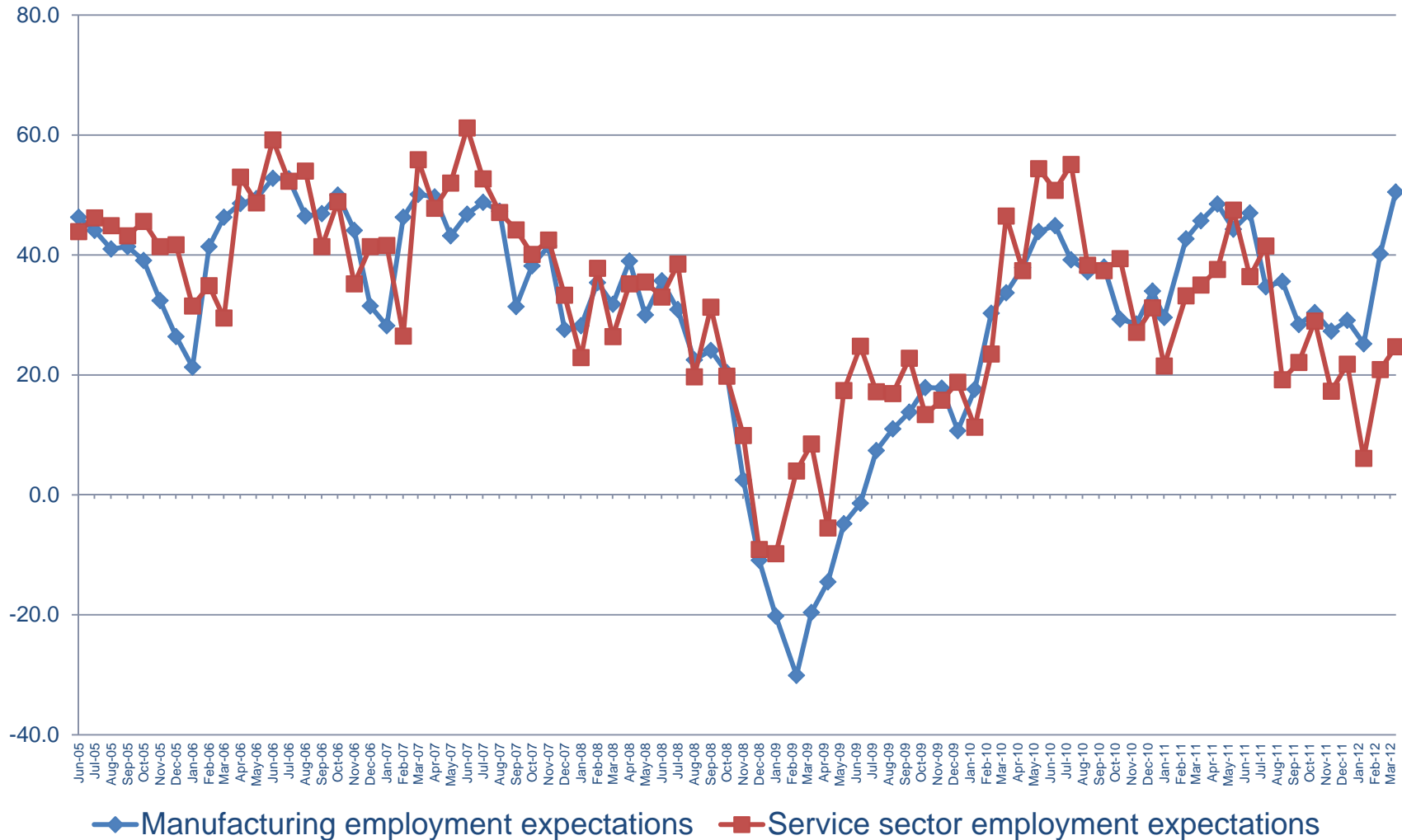
- The LINE employment expectations index reached record lows in each month of this quarter. HR professionals are reporting hiring rates at the lowest year-over-year levels since the LINE survey began fielding four years ago.
- November of 2007 was the last month in which the LINE index was positive. The LINE employment expectations index has been persistently and increasingly negative since December 2007 (see Figure 1). This decline corresponds closely with the findings of the Business Cycle Dating Committee of the National Bureau of Economic Research (NBER), which concluded that the current recession began in December of 2007.
- The LINE Employment Expectations index revealed the jobs downturn before it was reported by the Bureau of Labor Statistics. Few, if any, long-term forecasting models were able to anticipate the precipitous loss of jobs as a result of the sudden onset of the credit crunch. However, the sudden move to payroll cuts as one of the fastest ways to reduce cash outflows was revealed in the sharp downturn of the monthly LINE employment expectations index.
- The number of highly qualified individuals seeking new employment has increased substantially this quarter. The plunge in the LINE recruiting difficulty index this quarter indicates that even employers with talent needs are unwilling to make new hires.

The LINE Employment Report examines four key areas: employees' 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. The LINE Employment Expectations index is released one month earlier than the BLS employment estimates for the same period. For example, the BLS released its estimate of employment levels for January 2009 on February 6, 2009. On that same day, SHRM released the LINE Employment Expectations index for February 2009.

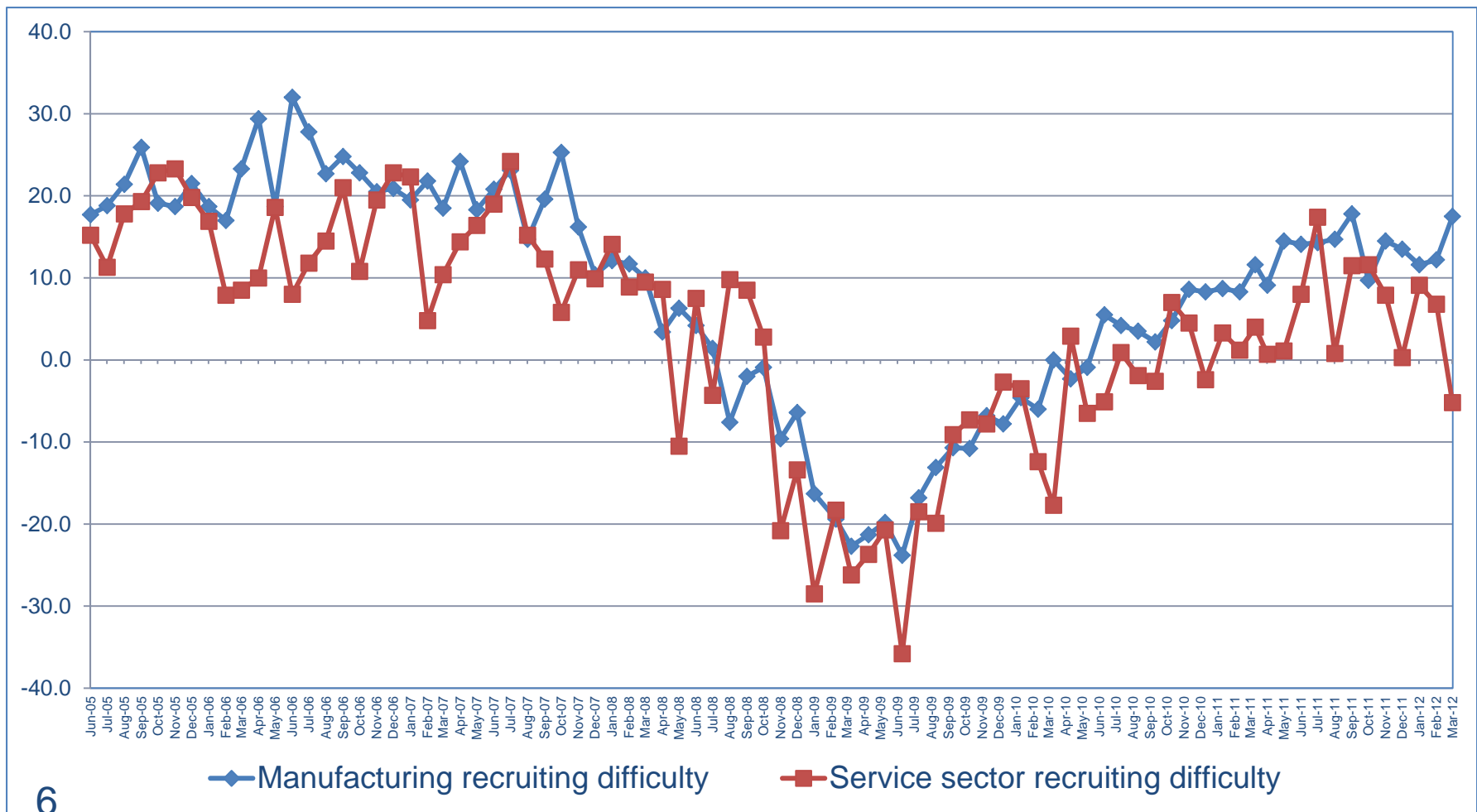


Source: Bureau of Labor Statistics, SHRM LINE Report/forecast data.

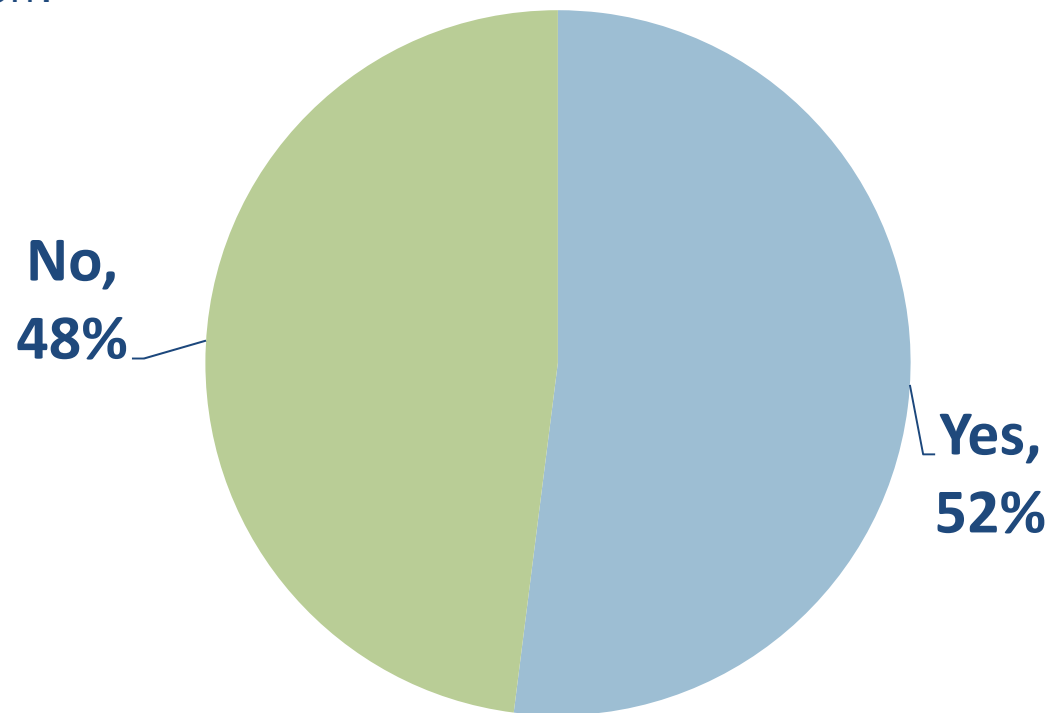
## LINE Employment Expectations Index June 2005 – March 2012



LINE Recruiting Difficulty Index June 2005 – March 2012

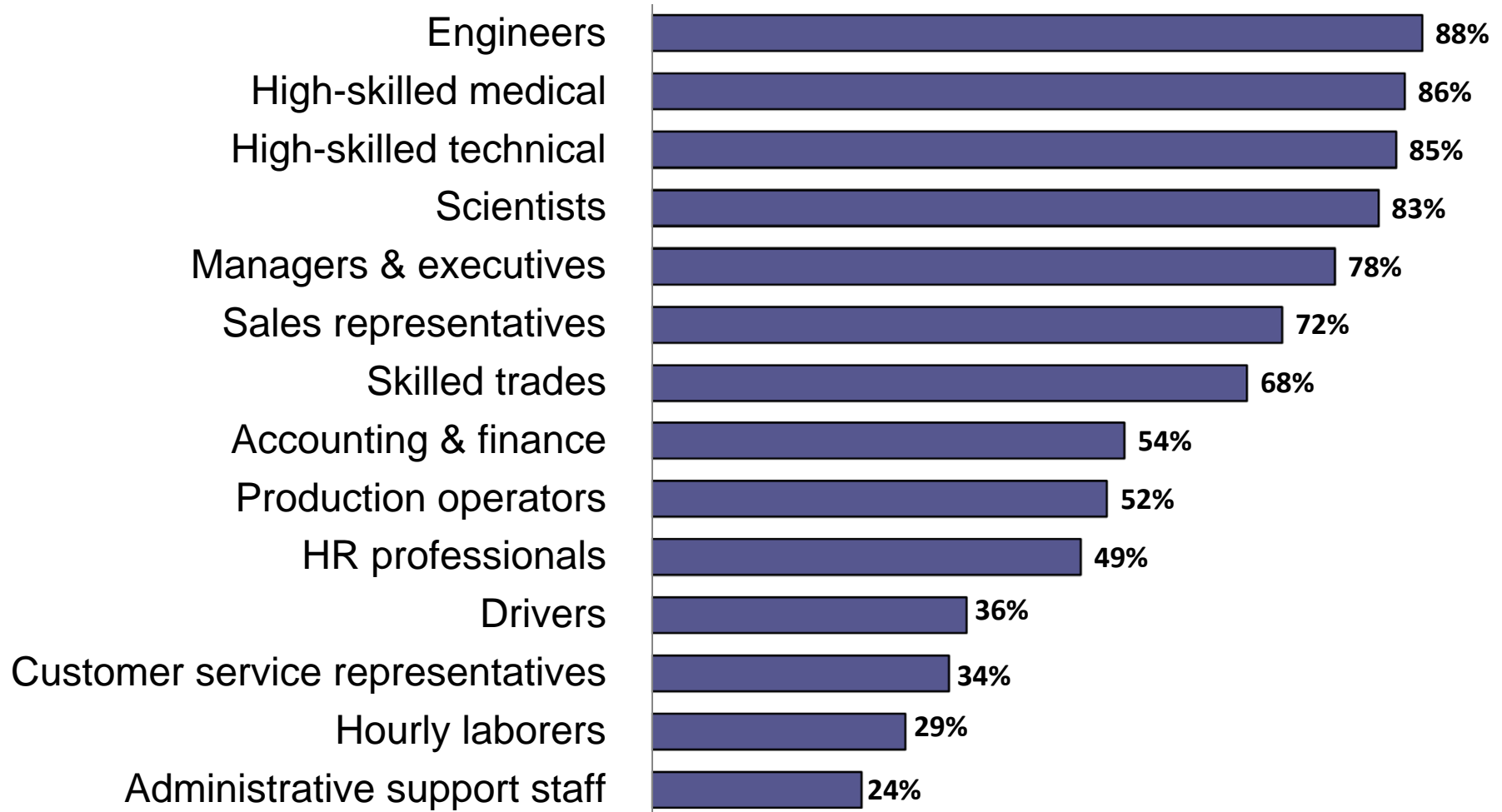


In general, in the current labor market, is your organization having a difficult time recruiting for specific jobs that are open in your organization?



*Note: n = 1,568. Respondents who answered "Don't know" were excluded from this analysis. Only respondents whose organizations were currently hiring full-time staff were asked this question.*





*Note: n = 104-610. Chart represents "Somewhat difficult" and "Very difficult" responses. "Not applicable" responses were excluded from this analysis. Only respondents whose organizations were having a difficult time recruiting for certain types of jobs were asked this question.*



## Comparisons by industry

<p>Manufacturing (68%)          High-tech (71%)</p>	<p>...are more likely to  <b>be having a difficult          time recruiting for          specific jobs that          are open in their          organization</b>          than...</p>	<p>Construction, mining,          oil and gas (51%)          Federal government          (31%)          Finance (49%)          State and local          government (33%)</p>
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The manufacturing and high-tech industries are more likely to be having a difficult time recruiting for specific job openings compared with the construction, mining, oil and gas; federal government; finance; and state and local government industries.

In general, what basic knowledge skill gaps do job applicants have in your industry?



Note: n = 597. Percentages do not total 100% because respondents were able to select multiple response options. Only respondents whose organizations were having a difficult time recruiting for certain types of jobs were asked this question.

In general, what applied skill gaps do job applicants have in your industry?



*Note: n = 716. Percentages do not total 100% because respondents were able to select multiple response options. Only respondents whose organizations were having a difficult time recruiting for certain types of jobs were asked this question.*