

Status Quo Expected for U.S. Hiring With Slight Decline in Third Quarter, According to CareerBuilder.com and USA TODAY's Latest Job Forecast

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The latest quarterly job forecast from CareerBuilder.com and USA TODAY points to a continued, gradual downshift in job creation as businesses grapple with the effects of subpar economic growth, escalating oil prices, the credit collapse and timid consumer spending. The survey, conducted by Harris Interactive(R) and titled "Q3 2008 Job Forecast," was conducted from May 22 through June 13, 2008 among 2,922 hiring managers and HR professionals and 7,960 workers in private sector companies.

"It's a slower job market, but we're not seeing aggressive declines in employment levels reminiscent of 2001," said Matt Ferguson, CEO of CareerBuilder.com. "Nearly one-in-four employers plan to add full-time, permanent employees in the third quarter, a marginal decrease from the second quarter. The hiring environment is keeping with the status quo: cautious, but still competitive in select, in-demand industries."

Thirty-four percent of employers reported they have slowed their hiring pace this year compared to 2007 due to uncertainties around the economy. Nearly one-in-five employers (19 percent) expect the economy will begin to improve in the second half of 2008, helping to fuel new business initiatives and staff expansions. Thirty-two percent anticipate an improvement in the first half of 2009 while 16 percent said the economy is likelier to turn around in the second half of 2009.

THREE TRENDS FOR THE SECOND HALF OF 2008

- 1) Employers are holding on to "C" employees -- Despite losing an average of 65,000 jobs per month in the U.S. from January through May, according to the Bureau of Labor Statistics, stiff competition for new talent ensues. Thirty-five percent of employers reported they currently have open positions for which they can't find qualified candidates. Twenty-nine percent admitted they are retaining workers that they normally would not due to the lack of available talent.
- 2) Employers are leveraging the softer job market to strengthen staffs -- On the other hand, some employers are taking advantage of a slower hiring pace in the U.S. to enhance their own talent pool. Twenty-six percent of hiring managers said they are using this time to replace lower-performing employees with new, better talent.
- 3) More workers are becoming passive job seekers -- Twenty-four percent of workers said they are fearful of layoffs at their firms. The desire to find greener pastures with another employer that can offer better compensation and career advancement and more stability is driving consideration of new opportunities. Nearly one-in-five workers reported they are actively looking for a new job. Among those not actively looking for a job, 83 percent of workers said they would be open to a new one if they came across the right opportunity -- a significant jump from 55 percent in 2006.

HIRING IN Q2 2008

Twenty-six percent of employers said they increased their number of full-time, permanent employees in the second quarter. Sixty percent reported no change in staff levels from April through June while 13 percent reported a reduction in headcount and 1 percent was undecided.

When asked if hours had changed, on average, for hourly workers in Q2 2008 year over year, 59 percent reported no change in the number of hours offered. Eleven percent reported that hours had increased while 13 percent said hours were cut and 4 percent were unsure. Twelve percent of respondents said their companies don't employ hourly workers.

HIRING IN Q3 2008

Looking forward, 24 percent of employers plan to add full-time, permanent employees in the third quarter, a marginal decline from the second quarter. At the same time, 9 percent expect to decrease headcount, an improvement over the second quarter, while 62 percent expect no change and 5 percent are undecided.

Hiring By Region

Recruitment plans remain strongest in the South and West. Twenty-eight percent of employers in the South and 27 percent in the West plan to add full-time, permanent staff in the next three months compared to 22 percent in the Northeast and 20 percent in the Midwest. In turn, plans to reduce staff levels are higher in the Northeast and Midwest at 11 percent and 9 percent respectively compared to 8 percent in the South and 7 percent in the West.

Hiring By Industry

Comparing industries, Information Technology continues to boast the greatest demand with 37 percent of IT employers planning to add full-time, permanent employees in the third quarter. Despite job losses in temporary staffing this year, 31 percent of hiring managers in the broader Professional & Business Services category are expecting to add jobs. Thirty percent of large Healthcare employers (50 or more employees) are expanding staffs in the upcoming quarter followed by 27 percent in Sales and 26 percent in Hospitality and Transportation/Utilities. The number of employers planning to increase headcount is lower for Financial Services and Retail at 20 percent and 18 percent respectively.

Hiring By Company Size

Twenty-seven percent of employers with more than 250 employees expect to add full-time, permanent positions in the next three months compared to 28 percent of those with 51 to 250 employees and 18 percent of those with 1 to 50 employees.

Layoffs

Thirteen percent of hiring managers reported there were layoffs at their locations in the second quarter. Eighty-five percent said layoffs did not occur while 2 percent were unsure. Ten percent anticipate layoffs at their locations in the third quarter while 81 percent expect no change and 10 percent are unsure.

COMPENSATION IN Q3 2008

Job seekers, especially those applying for positions in high-skill, high-demand areas such as Healthcare, IT and Engineering, are likely to receive more generous offers from employers. Sixty-four percent of hiring managers expect to provide an increase in salaries for full-time, permanent employees in the third quarter, perpetuating an existing trend of competitive recruitment measures for top talent. Thirty-seven percent project the average raise will range between 1 and 3 percent, 25 percent expect an average raise of 4 to 10 percent and 2 percent expect salaries to increase by 11 percent or more. Twenty-nine percent reported that they don't plan to change compensation levels, 2 percent are planning a decrease and 5 percent are unsure.

JOB CHANGES

Nineteen percent of workers reported they are actively looking for a new job. Retail workers were among the more likely to report plans to change jobs at 24 percent, followed by Sales at 22 percent, Hospitality at 21 percent and IT at 20 percent. Nineteen percent of workers in Professional and Business Services are actively seeking a new employer followed by 17 percent in Financial Services, 16 percent in large Healthcare organizations and 15 percent in Transportation/Utilities.

-- Thirty-six percent of workers reported they change jobs every three to five years.

-- More than half (55 percent) have worked for five or more employers; one-in-ten (11 percent) have worked for ten or more employers.

-- Twenty-eight percent of workers reported it took them two months or longer to find their last job; one-in-ten (11 percent) said it took more than 6 months.

Survey Methodology

This survey was conducted online within the U.S. by Harris Interactive on behalf of CareerBuilder.com and USA TODAY among 2,922 hiring managers and human resource professionals (employed full-time; not self-employed; with at least significant involvement in hiring decisions); and 7,960 U.S. employees (employed full-time; not self-employed) ages 18 and over between May 22 and June 13, 2008 (percentages for some questions are based on a subset of U.S. employers or employees, based on their responses to certain questions). With a pure probability sample of 2,922 and 7,960, one could say with a 95 percent probability that the overall results have a sampling error of +/- 1.8 percentage points and +/- 1.1 percentage points, respectively. Sampling error for data from sub-samples is higher and varies.

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