

# JobsOutlook



REC Monthly Employer Tracking Survey

November 2009

## Summary

- The REC Confidence Barometer rose in October to 18.
- Short and medium term outlook for growth in permanent recruitment improving.
- Growth in unemployment lower than expected. Temporary work now keeping 440,000 in employment.
- Outlook for temporary workforce stable.
- Employer awareness of the Agency Workers Directive reaches new high.
- Swine flu shows no sign of return to workforce.

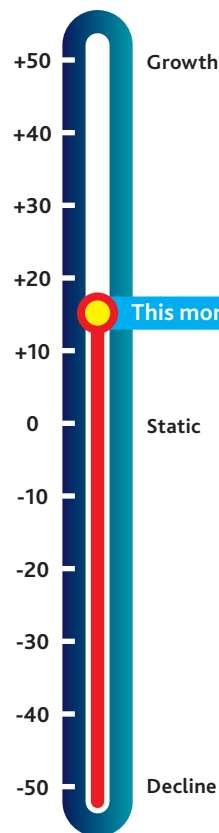
## Index

- 1 The REC Confidence Barometer
- 2 Labour Dashboard
- 3 Permanent Hires
- 4 Temporary Agency Workforce
- 5 Talent Management
- 6 Agency Workers Directive

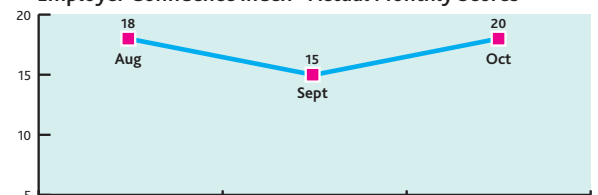
## Future indicators improve but jobs market remains flat

### The REC Confidence Barometer

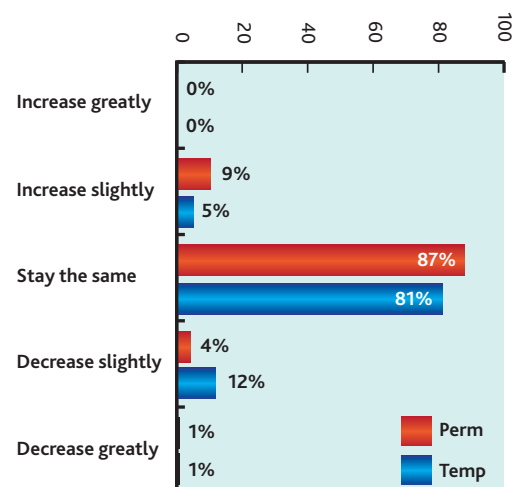
▶ The Barometer rose from 14 - 18 in October as employers recorded more confidence in maintaining their workforces in the short and long term.



Employer Confidence Index - Actual Monthly Scores



▶ In the next 3 months, do you think that your organisation's use of permanent *and* agency workers will increase or decrease?



**Note:** The Confidence Barometer is calculated from the answers to the questions relating to future expectations. Responses are weighted on the basis of confidence and the results combined to show the balance of opinion among employers.

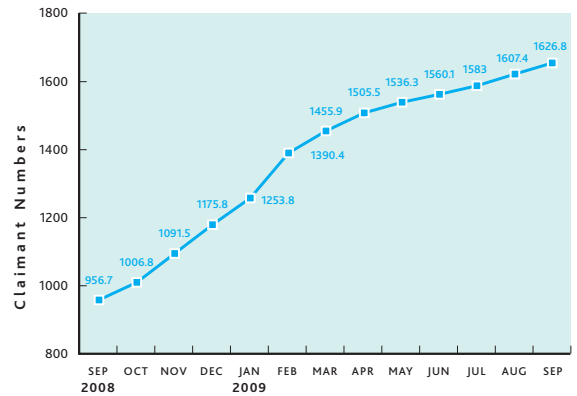
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## Labour Dashboard

### ▶ Claimant Numbers

The number of claimants (those receiving Jobs Seekers Allowance) rose again in September by slightly less than 20,000 people compared to the August figure. Although the month on month change appeared to have stabilized, this uplift was 1.2%, less than the 1.5% increases noted in the last three periods.



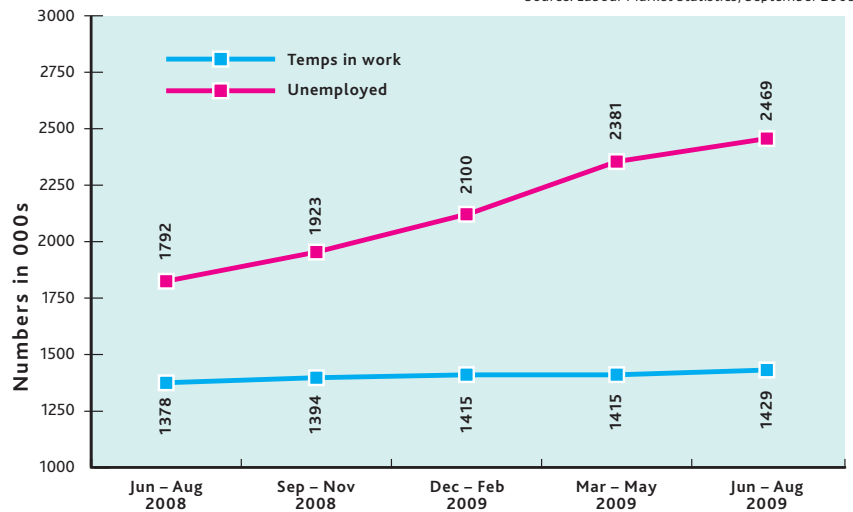
Source: Labour Market Statistics, September 2009

### ▶ Unemployment Figures

The rate of increase in unemployment between the three months March - May and June - August was 3.7%, a long way short of the change of 13.4% that occurred between the previous two quarters.

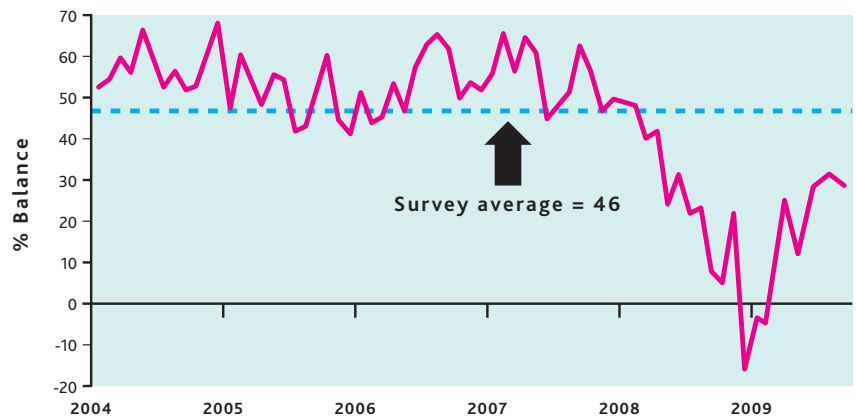
The number recorded as working on a temporary basis was stable, a little lower than the last rolling three month figure. The proportion of these workers who gave 'could not find a permanent job' as their reason for temporary working rose to 31% from 25% the year before. Those responding that they did not want a permanent job fell from 29% to 26% of the total.

This data could be taken to indicate that 443,000 unemployed people (those in the 31%) who could not find a permanent role were able to gain some income and stay in the job market by becoming temporary workers.



### ▶ LTSB Business Barometer

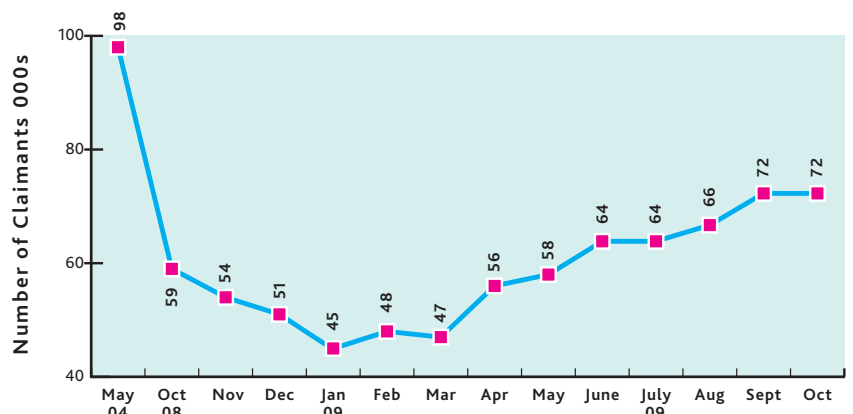
The Lloyds TSB Barometer reported a slight fall in September, primarily driven by changes in the manufacturing sector. Confidence in services is higher than it had been since June 2008 but was lower in all regions. However smaller businesses (turnover below 25m) were more confident and it was the large enterprises that seem to be feeling the greatest pressure, with their confidence measure falling.



### ▶ Nationwide Consumer Index

The opinions reported by the Nationwide index suggest British consumers may be slightly more optimistic though still sceptical about economic recovery. The headline confidence index is a long way above the low of 45 in January but unchanged on last month at 72.

Nationwide reports that 66% of consumers continue to believe that there are 'not many or few jobs available' now and 52% also say there will be 'not many or few jobs' in 6 months time.

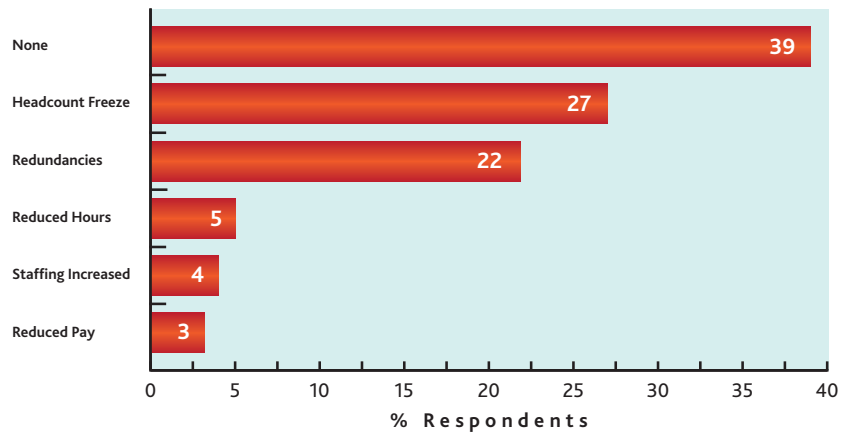


Permanent Hires

▶ What impact have recent economic changes had on your workforce in the UK?

4 out of 10 of the employers responding to this survey have seen no impact on their workforce as a result of the economic change, maintaining the position of the past two months. The proportion stating that redundancies had been implemented fell to 22%, also following the recent trend. This positive sign is counterbalanced by small rises in employers reporting reduced hours and pay cuts - together increasing from 5% in September to 8% in October.

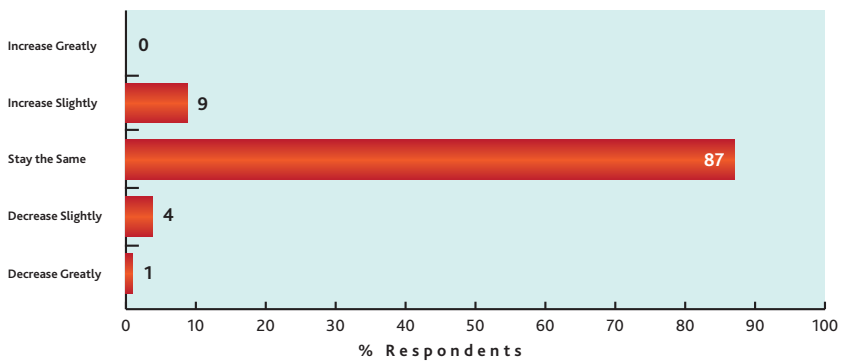
	August	September	October	TREND
NONE	39%	39%	39%	↔
HEADCOUNT FREEZE	27%	27%	27%	↔
REDUNDANCIES	25%	24%	22%	▼
REDUCED HOURS	6%	4%	5%	▲
STAFFING INCREASED	2%	4%	4%	↔
REDUCED PAY	1%	1%	3%	▲



Base: Respondents who have been affected a bit or much by economic changes, multiple response. October 2009.

▶ In the next 3 months, do you think that your organisation's permanent workforce will increase or decrease?

1 in 10 employers anticipated an increase in their workforce over the next three months, a notable uplift from the 5% of the previous month. 1 in 20 expected to cut their workforce, giving an overall positive balance to the forecast when increases and decreases are netted off. The majority report that no change is likely to be made which suggests stability to the employment market in the short to medium term.

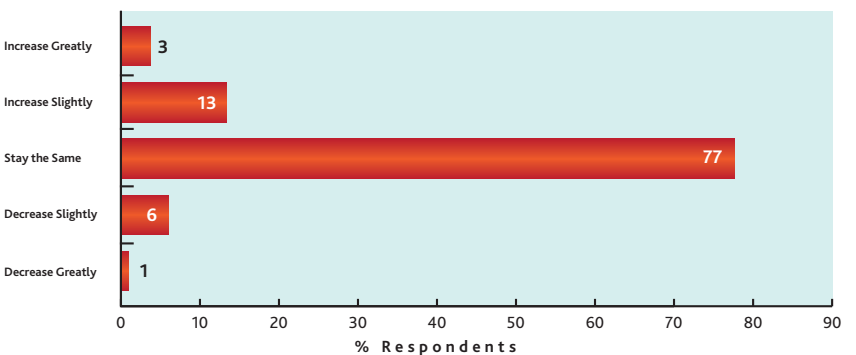


Base: All respondents, single response. October 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE SEPT - OCT	TREND
EXPECTATIONS - 3 MONTHS (PERM)	9	87	5	4	+1	▲

▶ In the next 12 months, do you think that your organisation's permanent workforce will increase or decrease?

The longer term view has become slightly more optimistic than in the last month. Three quarters (77%) of employers expected their permanent staffing to remain the same, with 7% forecasting a decrease. That means more employers expected to reduce permanent staff in the long term than were forecasting cuts in the short term. On the other hand, almost twice as many expected to increase permanent staff in the long term.



Base: All respondents, single response. October 2009.

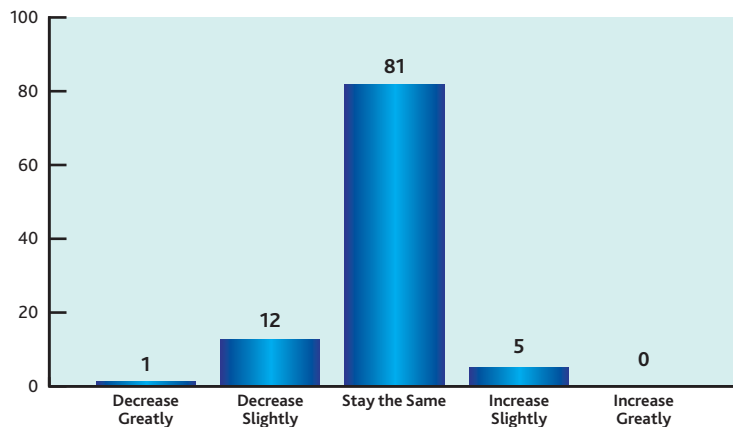
FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE SEPT - OCT	TREND
EXPECTATIONS - 12 MONTHS (PERM)	16	77	7	9	+2	▲

## Temporary Agency Workforce

### In the next 3 months, do you think that your organisation's use of agency workers will increase or decrease?

The short term forecast for use of agency staff saw little change from the previous month. Again, while 5% of employers expected to increase their agency staffing over 3 months, nearly three times as many predicted a decrease.

These responses presumably take into account employers' expectation of the trading situation in the immediate future, the run up to Christmas and the New Year, which can be the peak trading time for many consumer sales. If consumer confidence translates into spending, employers may well find more need for agency staff than is suggested by this data.



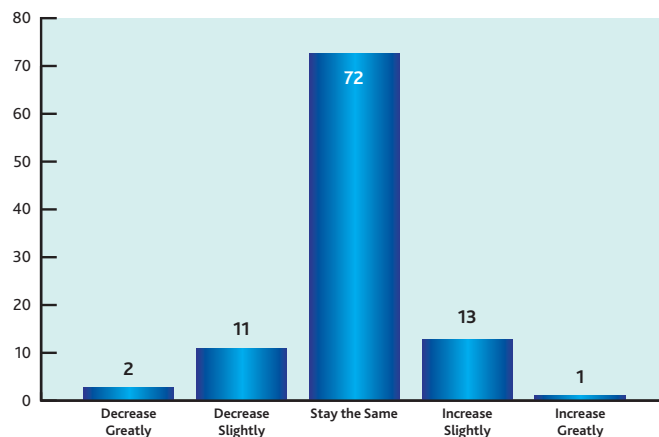
Base: All respondents who use agencies, single response. October 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE SEPT - OCT	TREND
EXPECTATIONS - 3 MONTHS (TEMP)	5	81	13	-8	0	◀▶

### In the next 12 months, do you think that your organisation's use of agency workers will increase or decrease?

The responses showed an equal proportion for increasing and for decreasing use of agency staff in the next year. Three quarters of employers were of the opinion that they would make the same use of agency staff as they do now.

This data is unchanged from the previous month, perhaps suggesting that there is no new information and no reason yet to take another view. End of year trading and more active intervention by government could lead employers to take a different perspective on their prospects in the next few months.



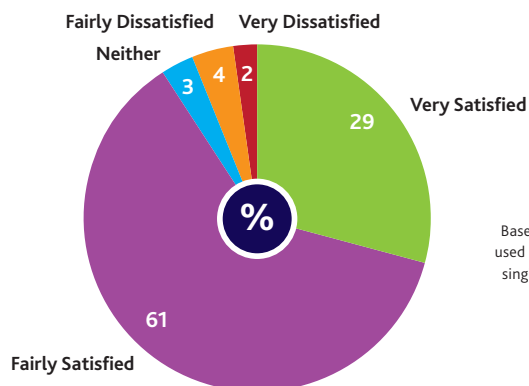
Base: All respondents who use agencies, single response. October 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE SEPT - OCT	TREND
EXPECTATIONS - 12 MONTHS (TEMP)	14	72	14	0	1	▲

### How satisfied are you overall with the agencies you have used in the last 2 years?

Agency performance lost some traction with employers this month as net satisfaction slipped to 88%. Satisfaction is partly driven by the availability (or otherwise) of skills, a factor in part outside the control of agencies.

Anecdotal evidence suggests many people are reluctant to change jobs in uncertain times, even for better terms, exacerbating the problem for agencies seeking to fill vacancies.



Base: All respondents who have used agencies in the last 2 years, single response. October 2009.

FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE SEPT - OCT	TREND
SATISFACTION WITH AGENCIES	90	3	7	83	-5	▼

## Talent Management

### Which of the following skills and capabilities are most urgently needed among the new permanent staff that you are, or have been recruiting, in the last year?

Employer responses on skills for permanent staff suggested less urgency in all skill areas in the latest results. The order of importance remained unchanged but the 'urgency' score fell against all six areas. Job related skills and use of equipment held their place at the top of the table, with planning and analysis at the bottom, though this area was only half a point behind the leader.

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
USE OF JOB RELATED TOOLS	3.6	▼
BUSINESS & COMMERCIAL UNDERSTANDING	3.4	▼
MANAGEMENT & SUPERVISION	3.3	▼
COMMUNICATION & INTERPERSONAL SKILLS	3.2	▼
USE OF NEW TECHNOLOGY	3.0	▼
PLANNING & ANALYSIS	3.0	▼

### Which of the following skills and capabilities are most urgently needed within the temporary staff that you are, or have been, recruiting in the last year?

For temporary staff, the skill ranking shifted this month, with business and commercial understanding moving up to 4th place from 6th. It was still 1.5 points behind the leading skill, communication and interpersonal, which has held the top place for some time, scoring 4 out of 5.

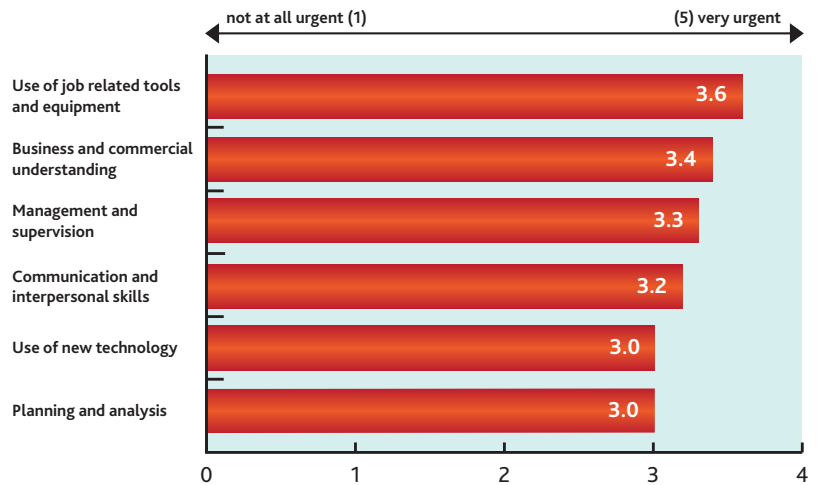
It could be that many workers could be entering the temporary job market for the first time, with a skill set better related to permanent roles.

SKILLS IN DEMAND FOR TEMP STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.2	▼
USE OF JOB RELATED TOOLS	3.8	↕
USE OF NEW TECHNOLOGY	2.9	↕
BUSINESS & COMMERCIAL UNDERSTANDING	2.8	▲
MANAGEMENT & SUPERVISION	2.6	▼
PLANNING & ANALYSIS	2.6	▼

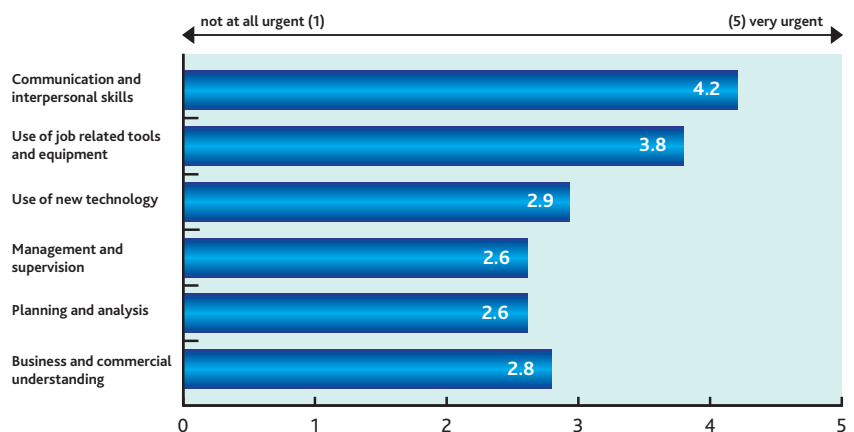
### Approximately what percentage of the temporary workers you use go on to become permanent members of your staff each year?

This month the data presented for movement from temporary to permanent roles has been revised. A single score is now calculated by combining the responses from employers, weighted to reflect the proportions of the workforce represented. After a slump in the transfer rate during the summer (presumably reflecting students in the workforce), the rolling average score has started to rise. The score may reduce towards the end of the year again as students re-enter the market.

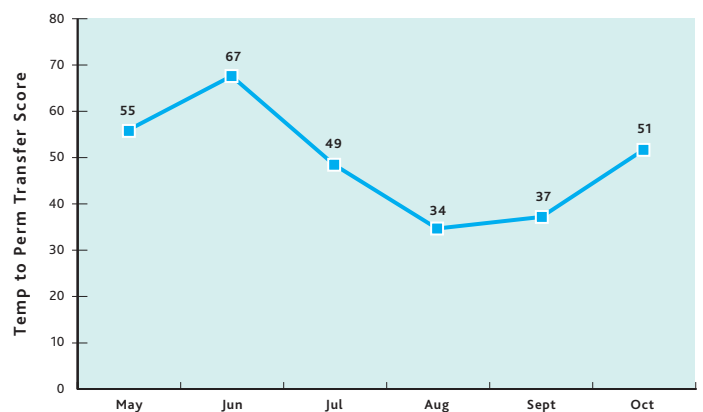
FACTOR	MORE THAN HALF	2 TO 4 OUT OF TEN	1 IN 10 OR LESS	NO TEMPS TRANSFER	SOME TEMPS TRANSFER	TREND
TEMP TO PERM TRANSFERS - OCT	7%	15%	23%	54%	46%	▲



Base: All respondents, single response. September 2009.



Base: Respondents who use agencies and have a skills shortage, single response. September 2009.

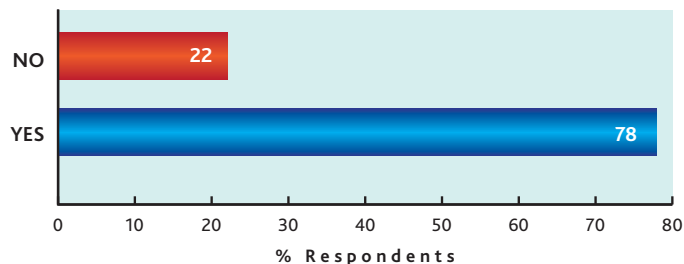


Base: Respondents who use agencies, single response. September 2009.

Feature: Agency Worker Directive

**▶ Have you heard of the Agency Workers Directive?**

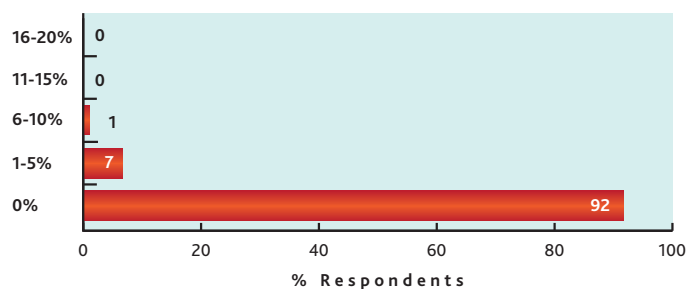
Awareness of the Agency Workers Directive continues to grow among employers with 78% stating that they have heard of it (up from 63% last month) versus 22% who had not. This rise could be attributed to the recent news that implementation of the Directive will be delayed until late 2011 - the latest possible date and the option that REC has lobbied for.



Base: All respondents, single response. October 2009.

**▶ What percentage of your workforce is currently off with swine flu?**

In spite of recent publicity suggesting an increase in the epidemic, the impact of swine flu on the workforce receded in October with the number of employers reporting that they had no staff absent due to swine flu rising to 92%



Base: All respondents, single response. October 2009.

FACTOR	NONE	1 IN 20	MORE THAN 1 IN 20
ABSENCE DUE TO SWINE FLU	92%	7%	1%

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Annual Salary and Benefits Survey 2009



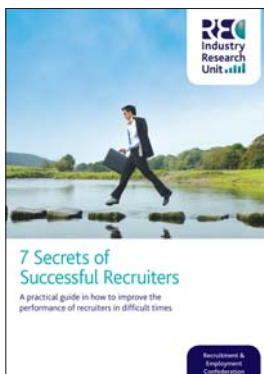
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## About JobsOutlook

**JobsOutlook** is based on a monthly survey of employers undertaken by independent market research agency Market Shape. Analysis and commentary is provided by the Cordoba Group, a consultancy specialising in HR, recruitment and organisation management.

**The Recruitment and Employment Confederation (REC)** is the association for the UK's £27 billion private recruitment and staffing industry with over 9,000 corporate and individual members.

Results are based on a sample of 200 employers each month and presented on a three month rolling basis (600 responses). The survey is structured to reflect representation across all sectors and size of organisation that use agencies to meet their temporary, contract and permanent staffing needs.

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The REC's Industry Research Unit produces a wide range of publications on all aspects of the recruitment and staffing market.

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