

JobsOutlook



REC Monthly Employer Tracking Survey

May 2010

Summary

- The outlook for jobs is improving steadily, reflected in the REC Confidence Barometer score of 23, its highest level to date.
- Short-term demand for temporary workers is up whilst employers look to the autumn to boost their permanent workforce.
- Businesses record higher satisfaction with agency workers.
- Fewer employers report redundancies although previous actions have seen the unemployment count reach a 15 year peak.
- Pre-election campaigning has failed to address the employment issue - nearly 2 out of 3 employers do not know which party will create more jobs.

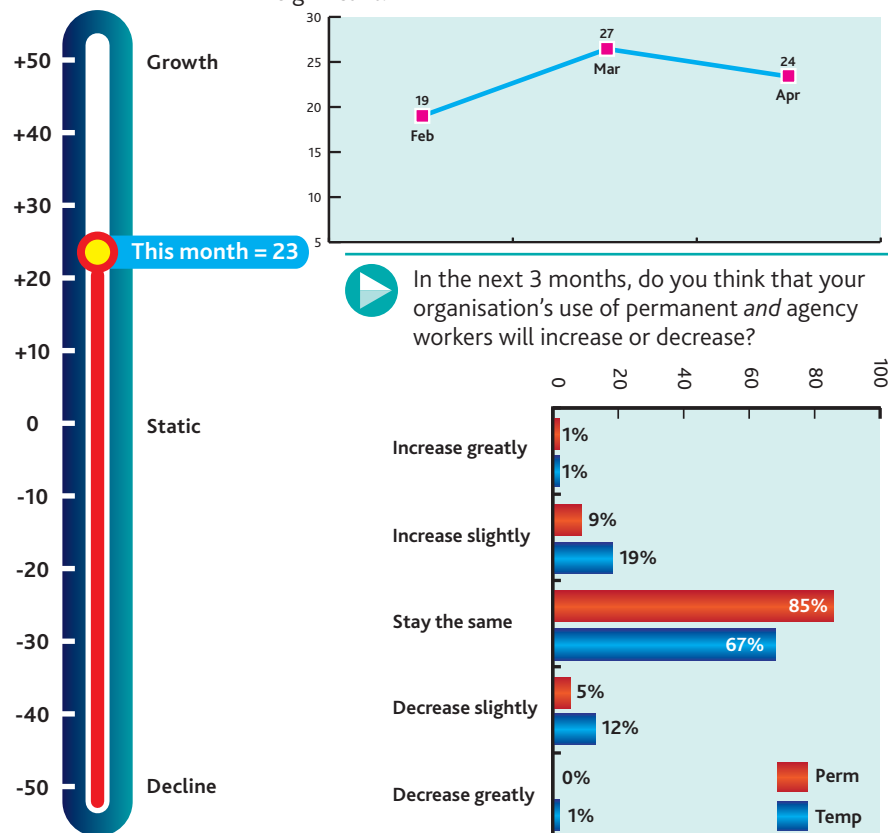
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Agency workers key to sustained economic growth as employers suffer pre-election nerves

The REC Confidence Barometer

The Barometer reached 23 in April as employers registered more confidence in employment prospects. Although this was just 1 point above the score for March, given the uncertainty before an election, any improvement is significant.



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.

1 Call 0207 009 2188 for more information

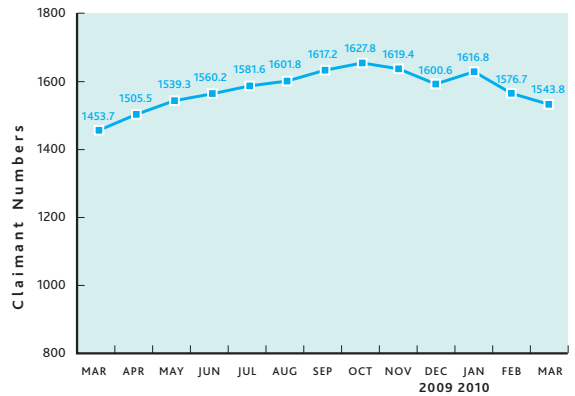
Recruitment & Employment Confederation

Labour Dashboard

▶ Claimant Numbers

The UK claimant statistics fell again in March, maintaining the trend since the figure peaked in October last year. This measure covers those who are out of work but looking for a job and claiming benefits (the higher unemployment total, below, includes those out of work but not claiming benefits).

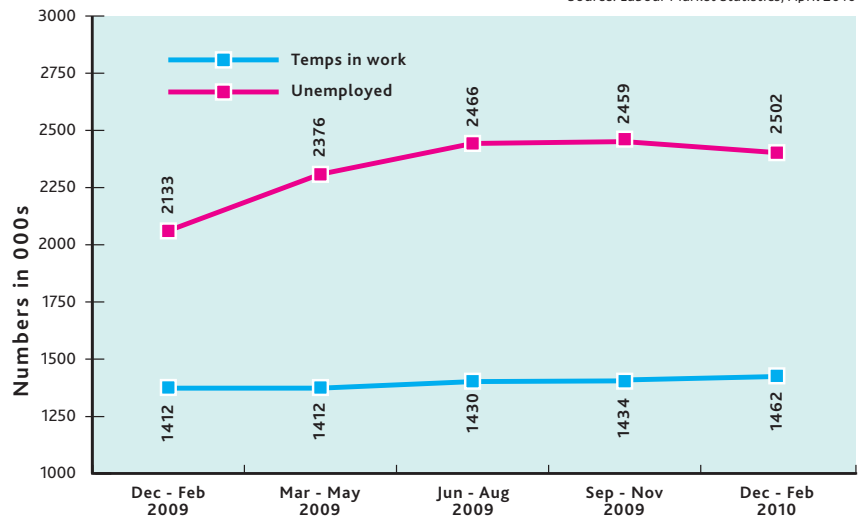
The indicators seem to suggest that the economy is now stabilizing, though still fragile. The willingness of many workers to accept shorter hours and wage freezes is widely seen as helping to support the economic recovery.



▶ Unemployment and temporary working

While the claimant count trend is heading downwards the unemployment figure went up in the 3 months to February 2010, passing 2.5m for the first time since the recession started. The last time this level was reached was 1994. Unemployment is now 8% of the UK workforce, compared to 10% in the 16 nation Euro region. The number unemployed for more than 12 months rose to 726,000.

Meanwhile the ONS statistics on all temporary staff rose. The new total of 1.46m is the highest reached in this recession; providing further evidence of the important contribution temporary working can make to keep individuals in work while employers are reluctant to build permanent headcount and business levels are still unpredictable.

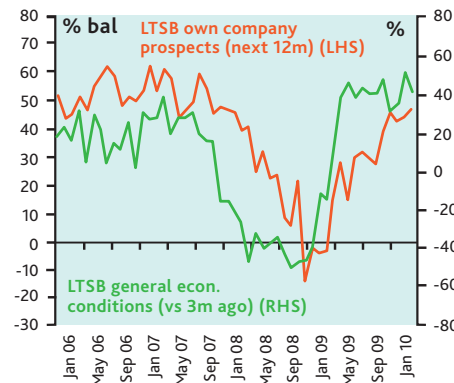


Source: Labour Market Statistics, April 2010

▶ LTSB Business Barometer

Continuing the good news story from employers, over half (54%) of the businesses surveyed by Lloyds TSB for its Barometer stated that they were now more optimistic about the economy. The view of their own prospects rose to the highest point since January 2008 with the net balance of opinion up 3 points. The bank believes that recovery is set to continue in the first half of this year.

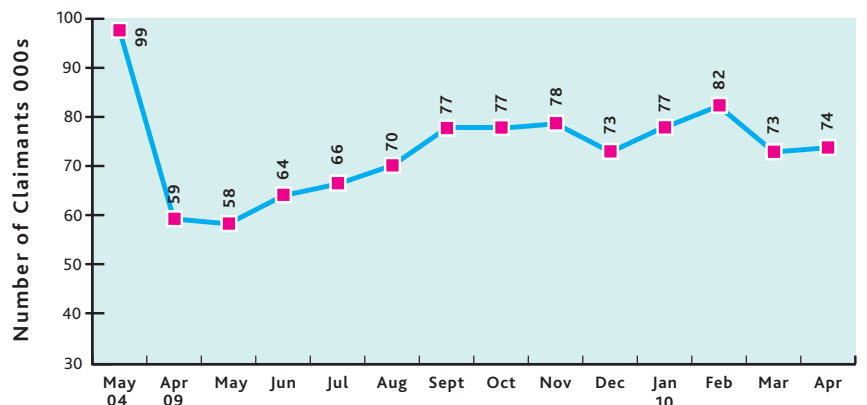
The feelings and experiences of the large minority cannot be ignored, of course, and for those employers actual and potential difficulties continue. Lloyds TSB found that the net balance fell for the third consecutive month among companies with turnover under £25m. The overall figure also fell by 12 points to 43% when comparing general economic prospects today versus 3 months ago.



▶ Nationwide Consumer Index

Nationwide's report on consumer confidence showed little change between March and April, as might be expected. The improvement against last year should not be ignored.

Other measures within the survey show that 28% of consumers think there are 'many/some jobs' available now – the highest figure for two years, up 6% on the previous month. The same proportion think that will be true in 6 months time.



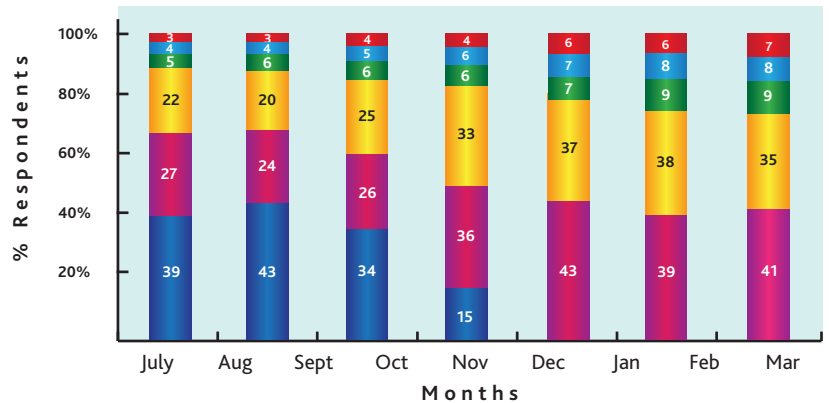
Permanent Hires

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

As the table indicates, 4 out of 10 employers put in place headcount freezes. The proportion edged up in April, possibly reflecting more caution as the Q1 uplift in confidence slipped as the election approached.

The number of employers making redundancies fell back further to 35%, a 3 point decline, offering a more optimistic view. Cut back in hours and pay continue to be used for cost control by nearly 1 in 10 employers.

	February	March	April	TREND
NONE	0%	0%	0%	↔↔
HEADCOUNT FREEZE	43%	38%	41%	▲
REDUNDANCIES	36%	38%	35%	▼
REDUCED HOURS	7%	9%	9%	↔↔
STAFFING INCREASED	6%	6%	7%	▲
REDUCED PAY	7%	8%	8%	↔↔



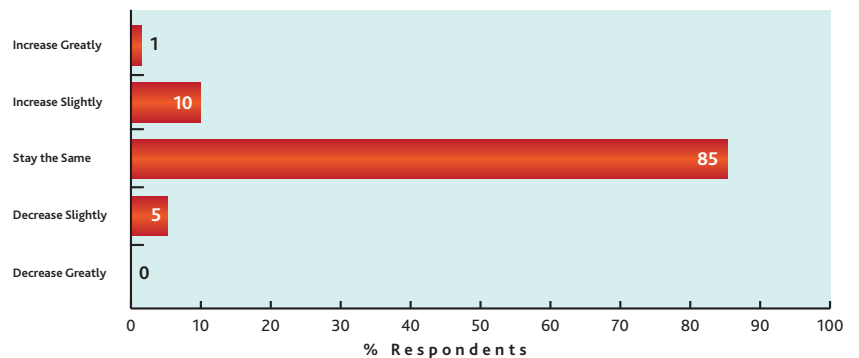
- Staffing Increased
- Reduced Pay
- Reduced Hours
- Redundancies
- Headcount Freeze
- None

Base: Respondents who have been affected a bit or much by economic changes, multiple response. April 2010.

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

The 3 month outlook for the permanent workforce has stabilized since the end of the first quarter. The net score for employment growth still stands at 5%, with 1 in 10 employers expecting to add staff.

1 in 20 will reduce headcount.



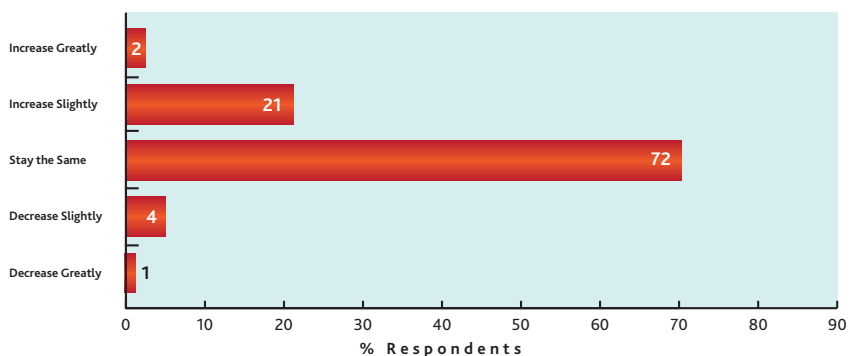
Base: All respondents, single response. April 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAR - APR	TREND
EXPECTATIONS - 3 MONTHS (PERM)	10	85	5	+5	0	↔↔

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

The long term view on the permanent workforce has also settled with the same positive net growth score as last month. Nearly 1 in 4 employers is now anticipating expansion in their permanent workforce at some point in the next year.

Over the coming months these responses could be transformed by the impact of the election result in the UK and the wider EC economic issues. Many businesses could re-draft current year plans as these factors wash through into organisational buying behaviours and consumer spending patterns.



Base: All respondents, single response. April 2010.

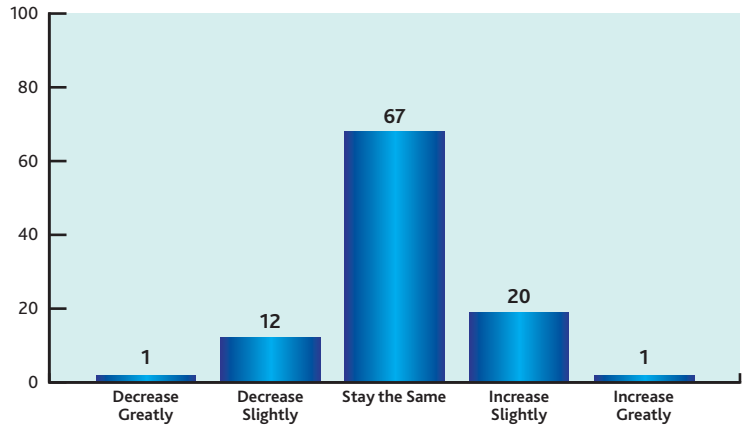
FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAR - APR	TREND
EXPECTATIONS - 12 MONTHS (PERM)	23	71	6	+17	0	↔↔

Temporary Agency Workforce

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

The official statistics on temporary staff in work have shown an uplift in the last report that is consistent with the REC's survey results. Employers seem to be relying more on temporary workers as a means of managing demand even while concerns remain that this demand could soon disappear.

1 in 5 employers expects to take on more temporary staff in the next quarter, giving a positive net growth score that is 4 points higher than in the last month.



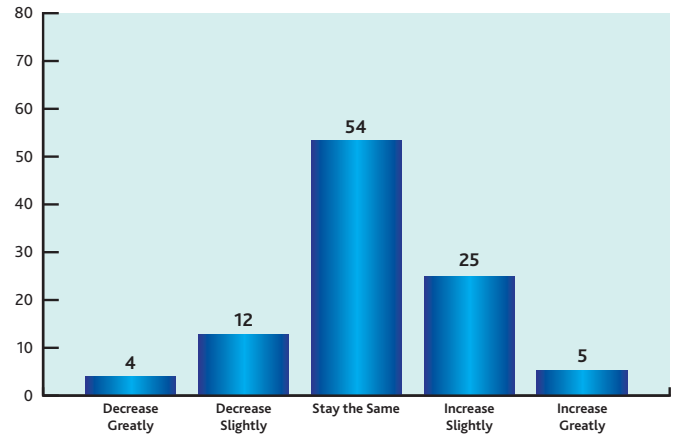
Base: All respondents who use agencies, single response. April 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAR - APR	TREND
EXPECTATIONS - 3 MONTHS (TEMP)	20	67	13	+7	+4	▲

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

The long term view of temporary employment is also positive but unchanged from the last month. Employers may have factored in their optimism about future growth in the permanent workforce when considering this survey response, to make it slightly less optimistic than the short term view.

Nearly a third of employers anticipate adding temporary staff to the payroll over the next year, while just over half are likely to retain the same number as they employ today. This activity would result in a net growth in the number of temporary staff in work.

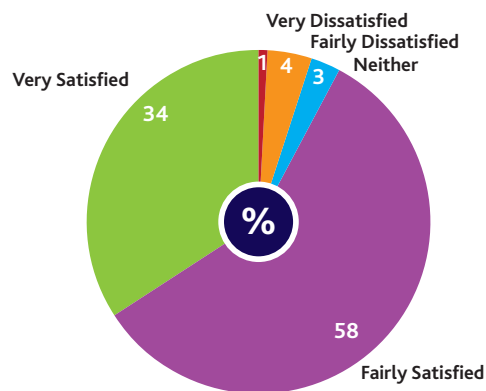


Base: All respondents who use agencies, single response. April 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAR - APR	TREND
EXPECTATIONS - 12 MONTHS (TEMP)	30	54	16	+14	0	◀▶

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

Employers continue to record their satisfaction with the services recruitment agencies provide. More than 9 out of 10 are satisfied or very satisfied. The net satisfaction score, just under 90%, has moved up 3 points in the last month.



Base: All respondents who have used agencies in the last 2 years, single response. April 2010.

FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE MAR - APR	TREND
SATISFACTION WITH AGENCIES	92	3	5	87	+3	▲

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?

According to the European Centre for the Development of Vocational Training, there will be rising demand for non-manual workers in the EU workforce but the sector mix will change. There will be fewer office jobs and more services work in activities such as sales, security, catering and caring¹.

These roles may be more dependent on interpersonal and communication skills which continue to be given high priority in this survey.

1 See information at <http://www.cedefop.europa.eu/EN/>

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.2	▼
USE OF JOB RELATED TOOLS & EQUIPMENT	3.7	▼
BUSINESS & COMMERCIAL UNDERSTANDING	3.7	↔
PLANNING & ANALYSIS	3.4	▼
USE OF NEW TECHNOLOGY	3.3	▼
MANAGEMENT & SUPERVISION	3.2	▼

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?

The longer term trends for skills in the temporary workforce will mirror those on the permanent side. In the UK, employers responding to this survey also consistently place communication and interpersonal skills at the head of the list.

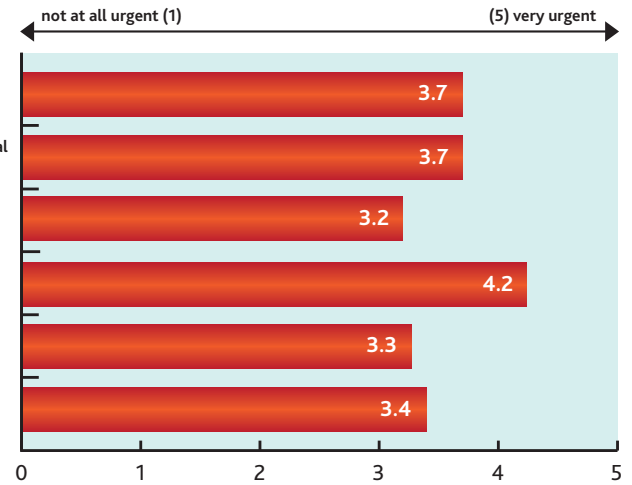
This month saw a reduced emphasis on the skills for using new technology by temporary workers.

SKILLS IN DEMAND FOR TEMP STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.0	↔
USE OF JOB RELATED TOOLS & EQUIPMENT	3.7	↔
USE OF NEW TECHNOLOGY	3.0	▼
BUSINESS & COMMERCIAL UNDERSTANDING	3.0	▼
MANAGEMENT & SUPERVISION	2.7	▲
PLANNING & ANALYSIS	2.7	▼

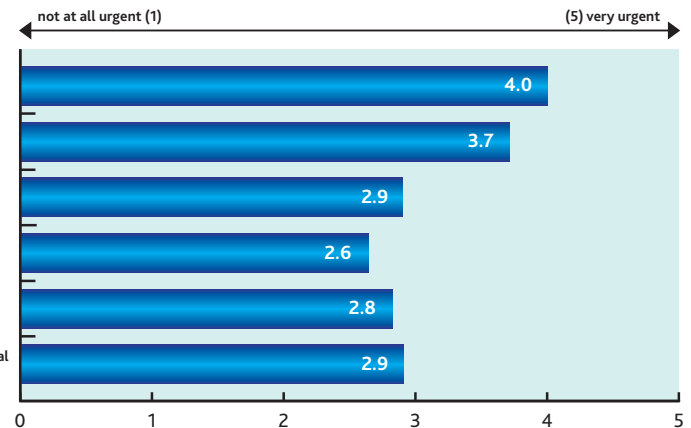
Approximately what percentage of the temporary workers you use go on to become permanent members of your staff each year?

The score for worker transfers from temporary to permanent workforce rose again in the very latest survey responses. It reflects employers' need for new staffing and their satisfaction with the temporary staff they employ.

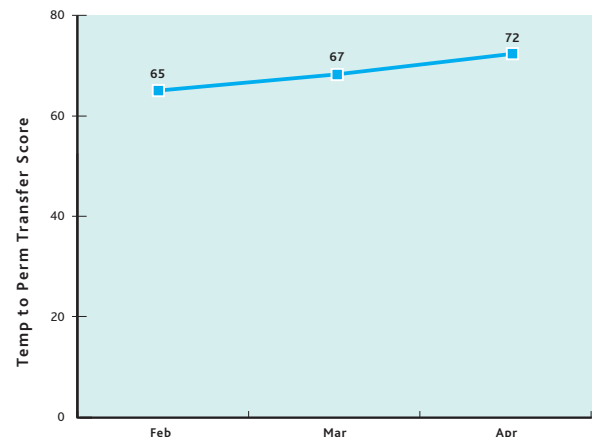
The trend sits comfortably with the evidence of rising confidence in the economic situation allied to satisfaction with the service that agencies provide by supplying qualified and capable individuals.



Base: All respondents, single response. April 2010.



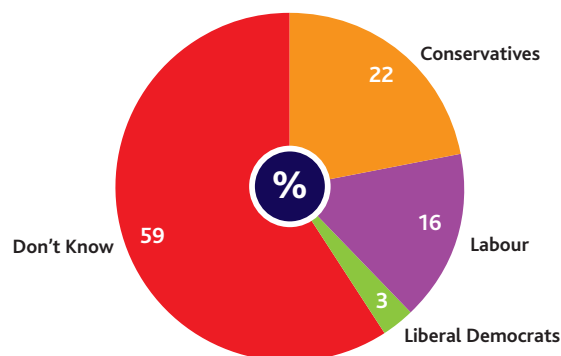
Base: Respondents who use agencies and have a skills shortage, single response. April 2010.



Base: Respondents who use agencies, single response. April 2010.

▶ Which political party do you think would create most jobs if elected?

With the election now over, the survey reflects an intriguing fact - for all the debate about the economy, there seems to have been a tacit agreement to leave employment and especially job creation (or reduction in the public sector) out of the picture. Nearly two thirds of employers say they have no idea which party will do the most for jobs once elected, although the Conservatives have a slight edge among those who do claim to know.



Base: All respondents, single response. April 2010

Other reports available from the REC

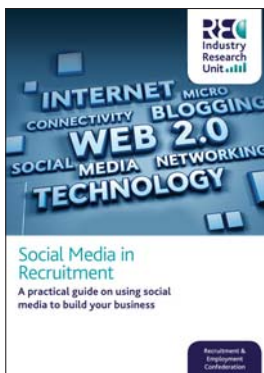
Managed Services in Recruitment & Staffing



Annual Salary and Benefits Survey 2009



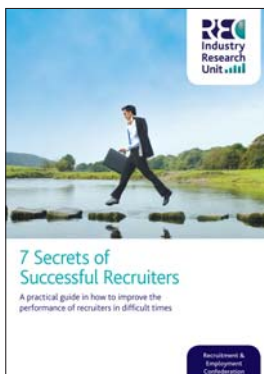
Social Media in Recruitment



Technology 2020



7 Secrets of Successful Recruiters



These are available to buy from www.rec.uk.com/research

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 £22.5 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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