JobsOutlook

REC Industry Research Unit

REC Monthly Employer Tracking Survey

August 2009

Summary

- Overall consumer and business confidence continues to build.
- Job market optimism lags behind although long term permanent employment planning suggests that hiring may receive a boost in early 2010.
- The proportion of employers making redundancies remains high at 28%.
- Employers continue to use their temporary workforce to control costs with one in four planning to reduce the size of their contingent workforce.
- Swine flu affected 1 in 5 of the employers surveyed in July.

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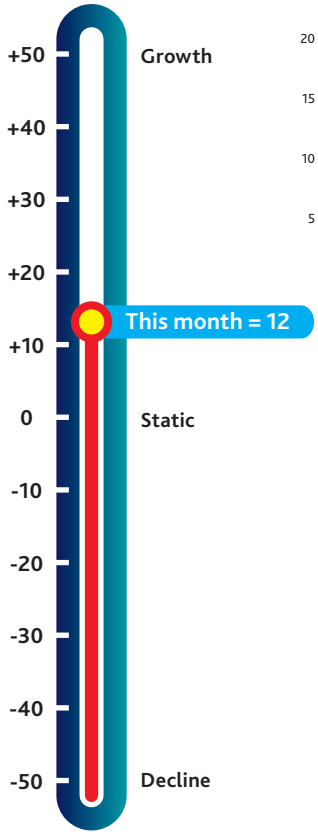
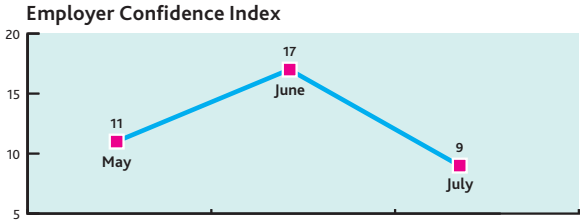
Permanent placements set to grow in early 2010

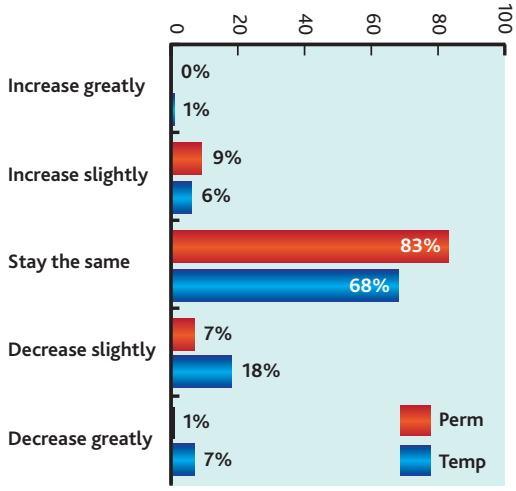
The REC Confidence Barometer

July saw the Index slip to 12 from 16 in June. There is less optimism among employers about employment in the short term, possibly driven by the continuing bad news about unemployment.





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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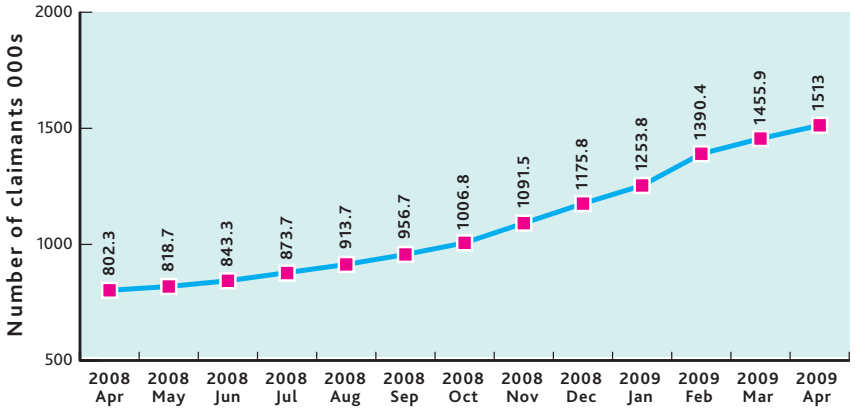
Labour Dashboard

Claimant Numbers

The rate of increase in claimant numbers has now dropped to 1.5% month on month, the lowest rate for more than a year. Nevertheless, the total claimant count was 1,560,100, a rise of about 15,000 on the month before.

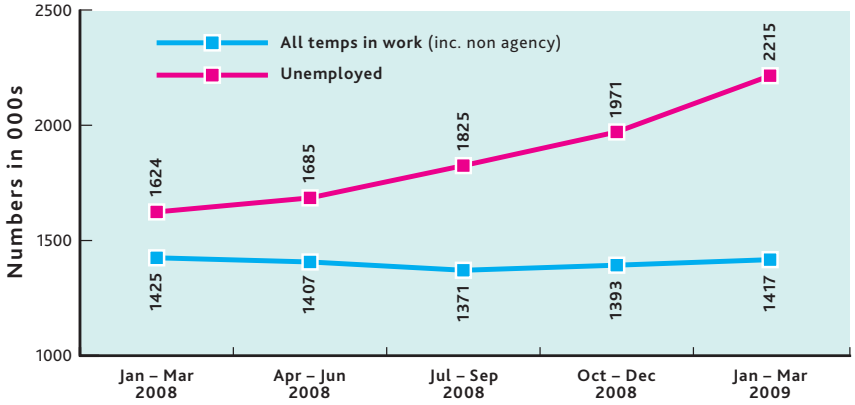
As the chart now suggests this may signal a general slowing down and a return to more stability as the UK waits for an upturn. Job cuts are still being announced however, so a further rise in the count may take place in the autumn.



Unemployment Figures

Another step up in the unemployment figures was to be expected. Forecasts from various sources are still predicting it will pass 3m this year.

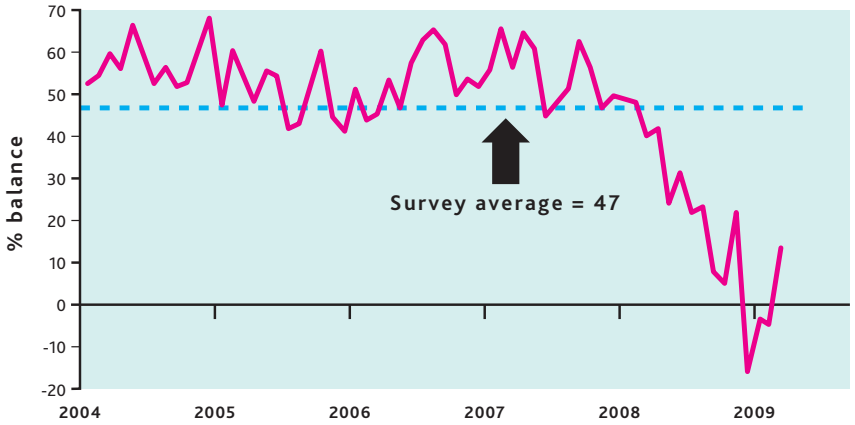
A year ago the British Chambers of Commerce predicted unemployment could reach 2m in the UK if there was a recession. This year, they comment that the recession is easing but that unemployment will peak at 3.2m next year. The CBI agrees and draws attention to the fact that unemployment is especially high amongst younger people.



LTSB Business Barometer

The Lloyds TSB Commercial Business in Britain report for July 2009 reinforces the evidence accumulating elsewhere that suggests confidence is returning to the UK market.

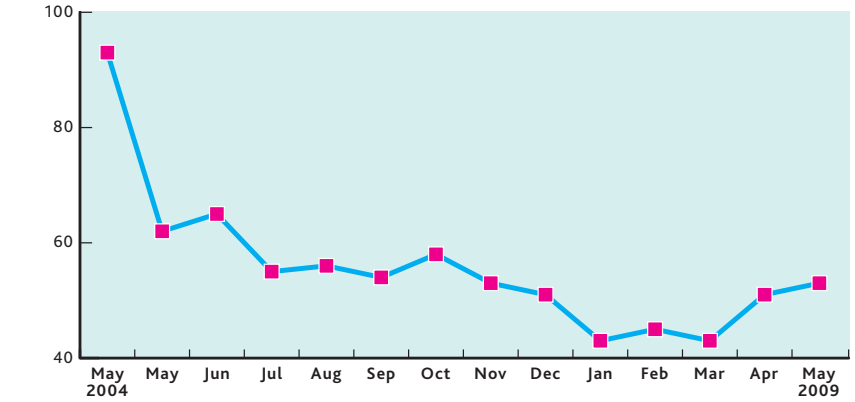
However demand remains weak for many firms and that factor, coupled with slow payment, has placed pressure on cash flow. Fewer businesses expect lower profits in the next 6 months, but the proportion has improved from the last report in December 2008.



Nationwide Consumer Index

The Nationwide index ticked up another point in July as consumer confidence grew despite the gloomy employment news. Slightly less people consider that 'now is a good time to make a major purchase' than in the previous months, reflecting the end of the summer sales perhaps.

July also saw a rise in those thinking there are few jobs around now (up to 74%) and that there will still be few jobs in 6 months time.



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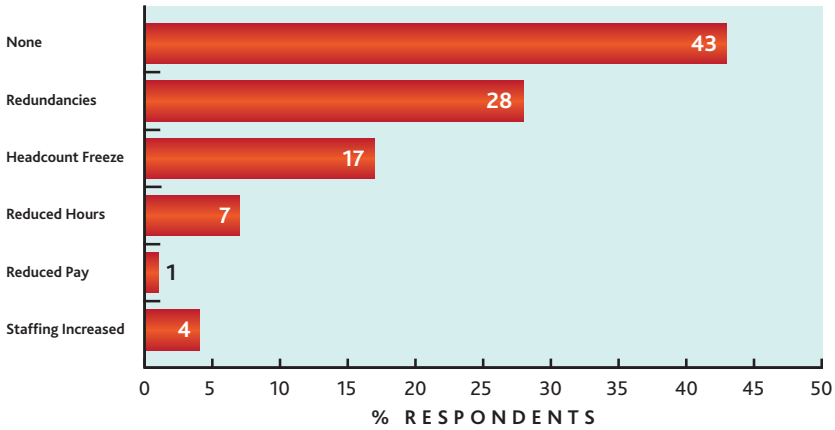
Permanent Hires

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

The responses from employers on workforce management seem to justify the pessimism of consumers about job prospects. The rate of increase in claimants may be slowing but the proportion of employers that are making staff redundant has risen again while fewer now say they have taken no action as a result of the recession. Other actions such as headcount freezes and shorter hours have also increased from last month. The number reporting reduced pay is down.

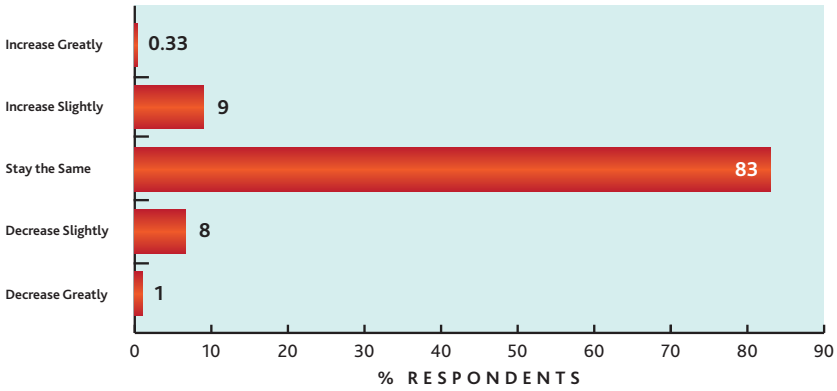
	May	June	July	TREND
NONE	49%	46%	43%	▼
REDUNDANCIES	25%	25%	28%	▲
HEADCOUNT FREEZE	14%	16%	17%	▲
REDUCED HOURS	5%	7%	7%	▶◀
REDUCED PAY	2%	3%	1%	▼
STAFFING INCREASED	5%	2%	4%	▲



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

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

The number of employers expecting to see their permanent workforce grow in the short term is less this month, perhaps not surprisingly in the summer break. There may be some returning optimism but not enough to drive significant investment in the cost of permanent hires.

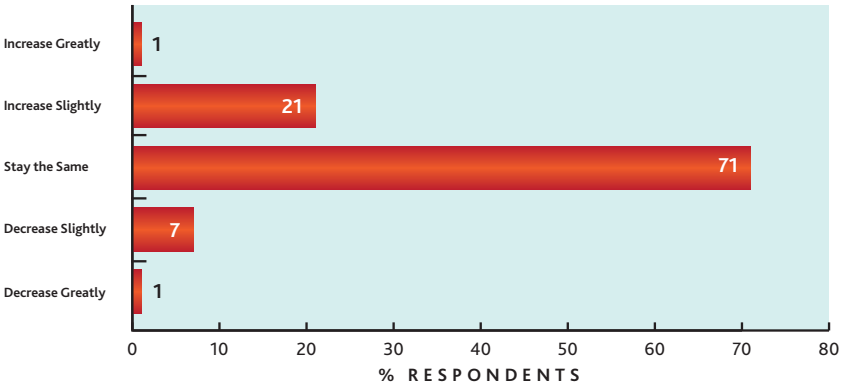


Base: All respondents, single response. June 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JUNE - JULY	TREND
EXPECTATIONS – 3 MONTHS (PERM)	9	83	8	+2	-3	▼

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

The view of longer term prospects for permanent hires is where optimism comes through. The trend is still rising from month to month although the weight of opinion is still towards stability in the workforce and the new view (Increase less Decrease) is still behind the +19 recorded in June.



Base: All respondents, single response. June 2009.

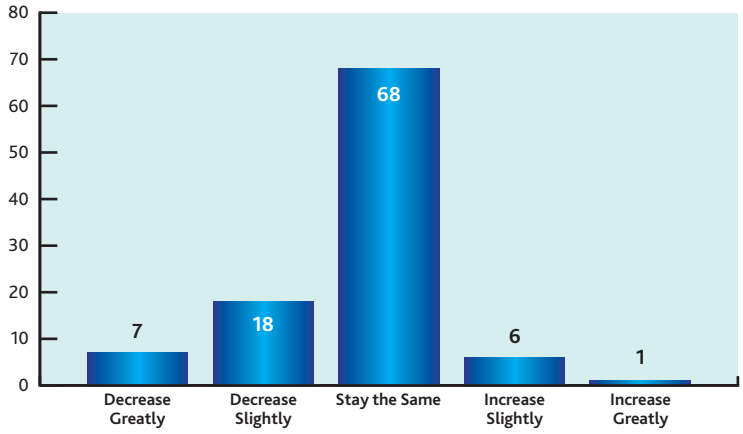
FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JUNE - JULY	TREND
EXPECTATIONS – 12 MONTHS (PERM)	22	71	7	+15	+10	▲

Temporary Agency Workforce

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

There is less reason for cheer in the temporary staffing sector as employers are still pessimistic about a short term increase in their use of temporary workers and 1 in 4 expects to see the number decrease.

One ray of hope may be that the predictions of a decrease are 6 points lower than last month, though the expectations of an increase are also down. Stability in the current workforce is the theme.



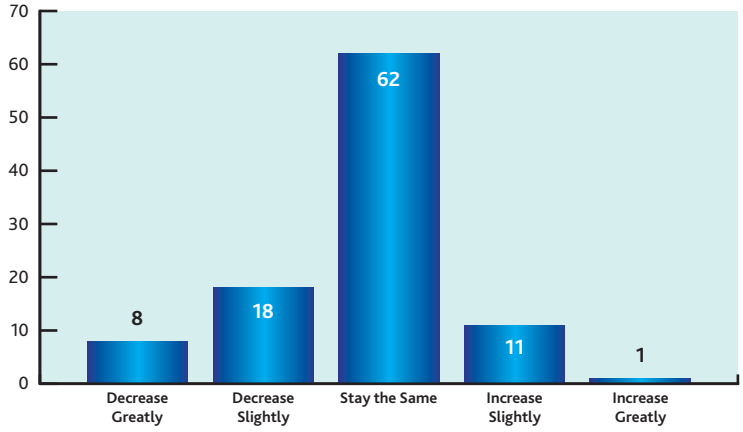
Base: All respondents who use agencies, single response. June 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JUNE - JULY	TREND
EXPECTATIONS – 3 MONTHS (TEMP)	7	68	25	-18	-7	▼

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

As in the short term prediction, the long term view of employers points towards stability in the temporary workforce. Fewer employers anticipate either an increase or a decrease although the net view (Increase less Decrease) has worsened from -11 in June to -14 in July.

These figures align with the view from other sources that the upturn in the economy and employment could begin in 2010.

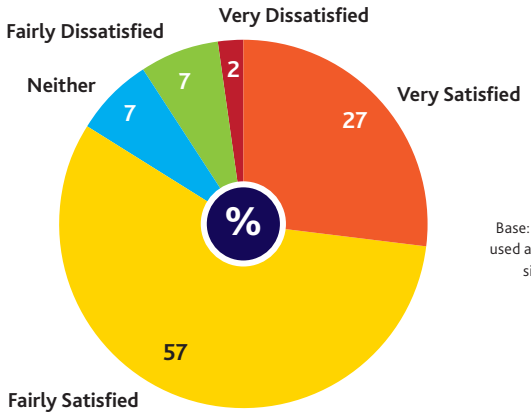


Base: All respondents who use agencies, single response. June 2009.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JUNE - JULY	TREND
EXPECTATIONS – 12 MONTHS (TEMP)	12	62	26	-14	-3	▼

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

Continued improvement in employer satisfaction with agencies reflects the efforts made across the sector to understand and respond to client needs. The wider availability of formerly scarce talent across many sectors is likely to have eased supply issues.



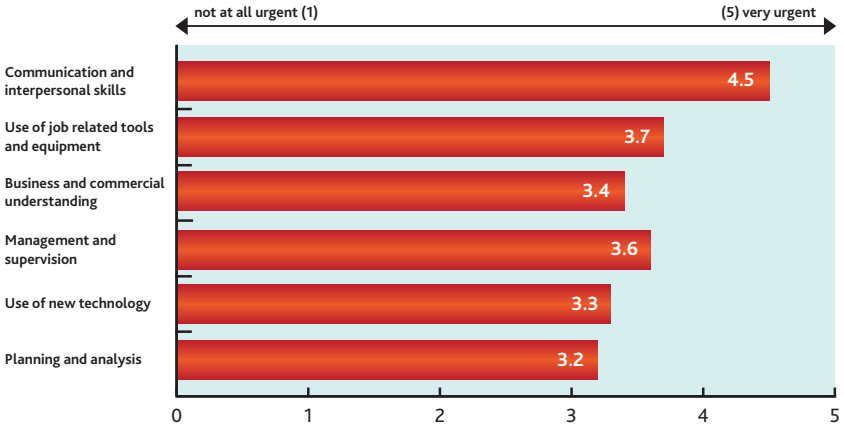
Base: All respondents who have used agencies in the last 2 years, single response. June 2009.

FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE JUNE - JULY	TREND
SATISFACTION WITH AGENCIES	84	9	7	74	+2	▲

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?

Employers continue to look for strong communication and interpersonal skills among permanent staff, with a small upward movement in the importance they attach to these abilities. The pressure of a recession may be leading to stresses that demand greater consideration; while reduced headcount makes efficient communication all the more critical.

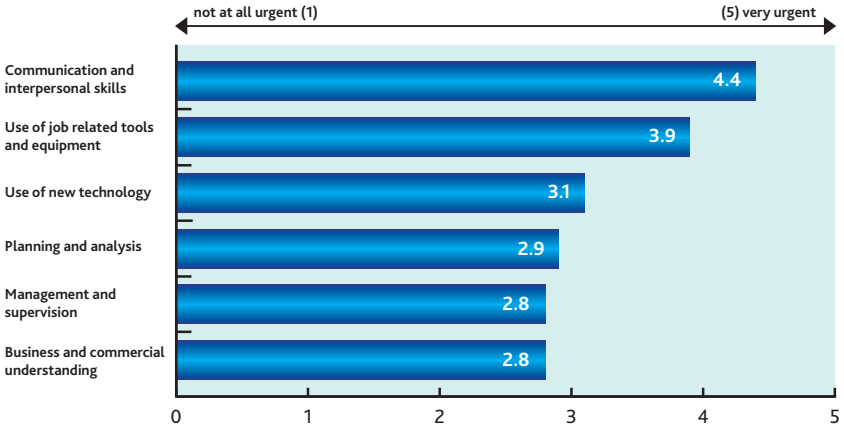


Base: All respondents, single response. June 2009.

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.5	▲
USE OF JOB RELATED TOOLS	3.7	▶◀
MANAGEMENT & SUPERVISION	3.4	▼
BUSINESS & COMMERCIAL UNDERSTANDING	3.6	▶◀
USE OF NEW TECHNOLOGY	3.3	▼
PLANNING & ANALYSIS	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?

Temporary staff are under very similar pressures to permanent hires, so it should not be a surprise that the importance of communication is high on the list and has ticked higher this month. Although lower down the scale in general for this category of worker, planning, business understanding and management skills have all seen a small increase in importance.



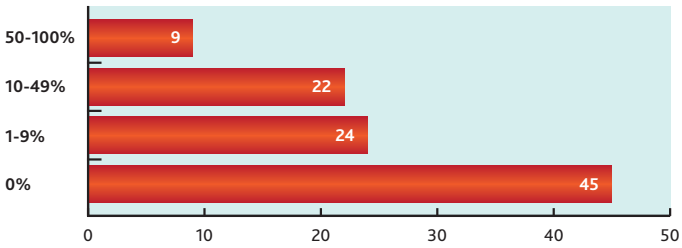
Base: Respondents who use agencies and have a skills shortage, single response. June 2009.

SKILLS IN DEMAND FOR TEMP STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.4	▲
USE OF JOB RELATED TOOLS	3.9	▶◀
USE OF NEW TECHNOLOGY	3.1	▶◀
PLANNING & ANALYSIS	2.9	▲
MANAGEMENT & SUPERVISION	2.8	▲
BUSINESS & COMMERCIAL UNDERSTANDING	2.8	▲

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

The prospects for temporary workers hoping to transfer into permanent roles are less promising this month, with 55% of employers saying that some temporary staff will transfer compared to 70% last month. The proportion saying no transfers are made leapt from 30% to 45%.

This result is in line with the less optimistic predictions of the short term hiring expectations of both temporary and permanent workers.



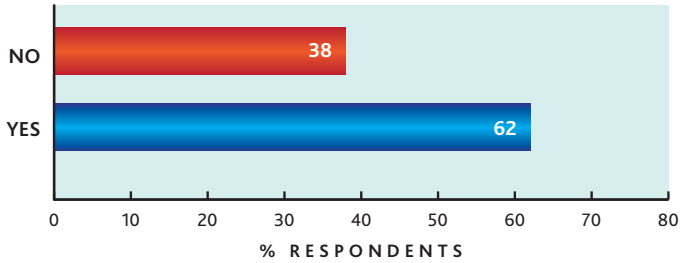
Base: Respondents who use agencies, single response. July 2009.

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 – JULY	9%	22%	24%	45%	55%	▼

Feature: Agency Worker Directive

Have you heard of the Agency Workers Directive?

Awareness of the Agency Workers Directive has been building in recent months following publicity surrounding the BIS consultation. July data shows that 62% have heard of the Directive suggesting that awareness may now be starting to fall slightly.



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

For the first time in July the survey explored the impact of the latest health crisis on workforce availability.

4% of employers responded that they have more than 5% of staff absent due to swine flu, though none had more than 20%. One in five employers had already been affected by the outbreak.

FACTOR	NONE	1 IN 20	MORE THAN 1 IN 20
ABSENCE DUE TO SWINE FLU	80%	16%	4%

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.

The intellectual property rights to these data are owned by the Recruitment & Employment Confederation (REC). Any use is strictly prohibited without the REC's prior consent.

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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