

JobsOutlook



REC Monthly Employer Tracking Survey

March 2010

Summary

- The REC's Confidence Barometer fell in February in spite of improving business confidence.
- Consumer confidence rose to its highest level in the last year, despite low earnings growth.
- Unemployment dipped but is expected to increase over the next few months.
- Redundancies and headcount freeze levels are up but employers still predict slight growth in permanent staffing over 2010.
- Overall temporary worker staffing levels are set to remain stable.
- Most employers (68%) are unsure which political party would be best for jobs after the election.

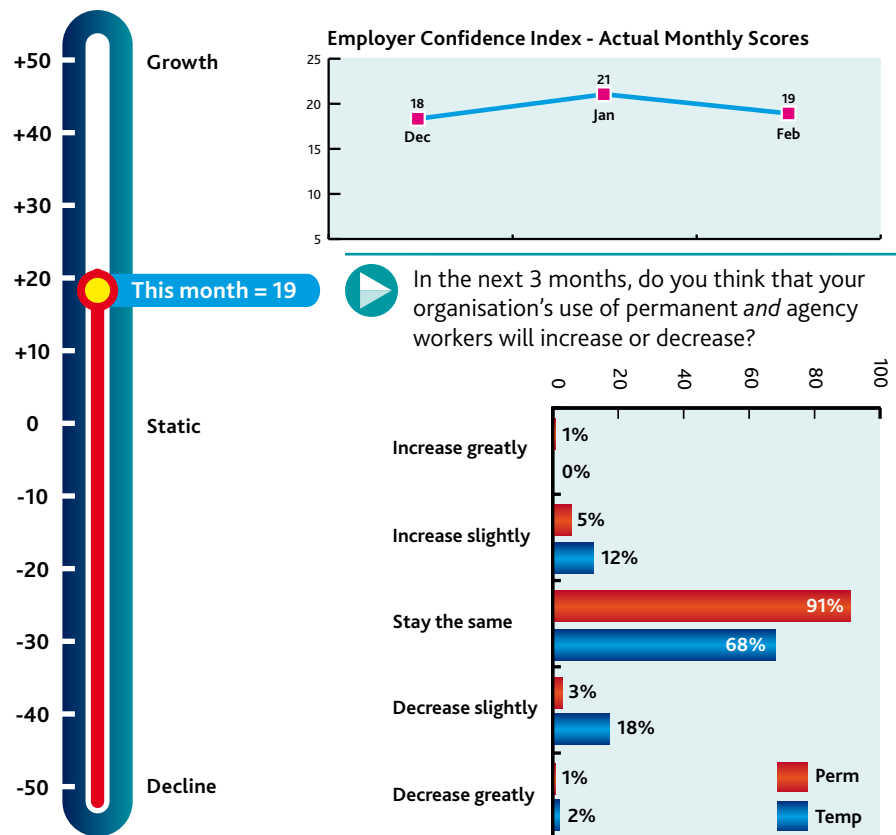
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Cautious outlook among employers as political uncertainty dampens immediate job prospects

The REC Confidence Barometer

- ▶ The Barometer stood at 19 in February, falling back two points from the previous month's figure as employers become more cautious about outlook for jobs.



1 Call 0207 009 2188 for more information

Recruitment & Employment Confederation

Labour Dashboard

▶ Claimant Numbers

The claimant number rose in the latest figures, to January 2010. The total at 1.63m has now returned to a level slightly higher than it reached in October last year, making this the highest so far.

The uncertainty of the new year and the slump after the seasonal rush seems the main reason.

▶ Unemployment and temporary working

The data on unemployment and (all) temporary staff in work remained steady up to December last year, the most recent data. A small reduction in the unemployed total is in line with the downward trend of the claimant figure at the same time. The upward movement in claimant numbers in January suggests that there may be a similar shift in the unemployed total when the first 2010 figures are reported.

The number of temporary staff in work increased slightly as the year came to a close. More use of flexible staffing at this time might have been expected, given the uncertainties of the economic situation.

▶ LTSB Business Barometer

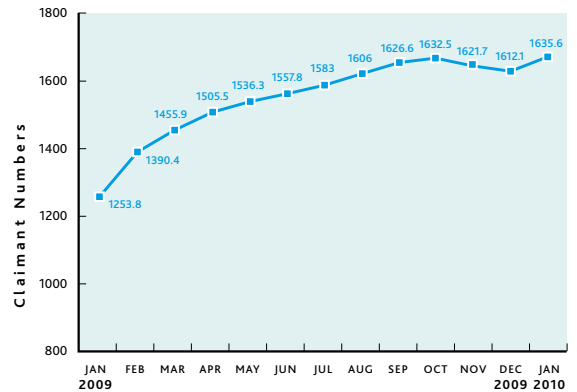
The Lloyds TSB Business Barometer reflected an improvement in business confidence in January as the proportion of businesses reporting an improvement in general economic prospects reached 37% from 33% the month before. The equivalent figure from 2009 was -42%, so the transformation over the year has been remarkable.

Despite this improvement, confidence in January was below the average for the second half of 2009. There seems little doubt that as the year came to an end, a sense of caution, or even nervousness, entered commercial thinking. In the Lloyds research, confidence in the Retail and Service sector was weaker while Transport and Communications strengthened.

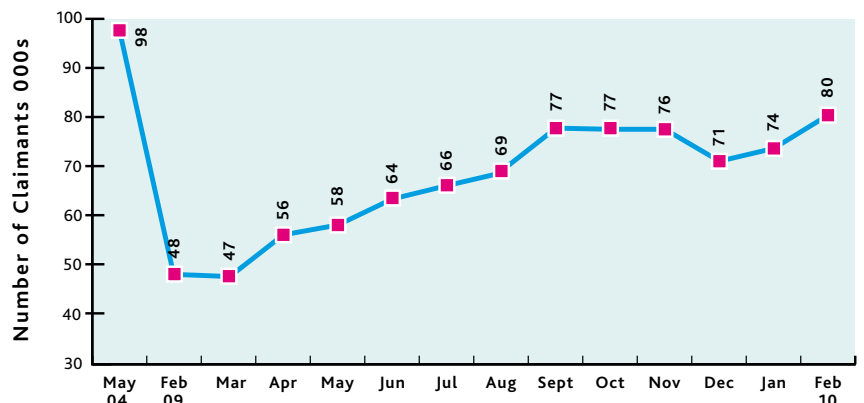
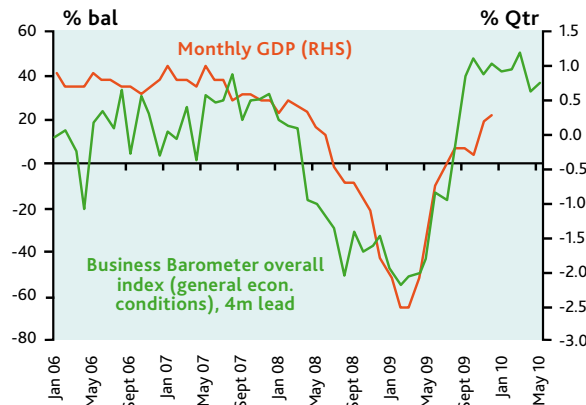
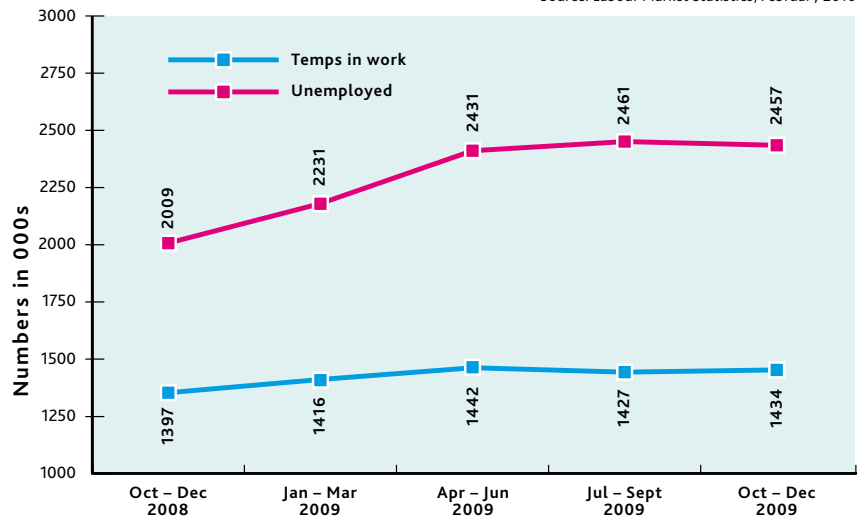
▶ Nationwide Consumer Index

“Confidence defies January blues” is the headline from Nationwide as it announced the February Barometer score as consumers managed to stay cheerful in the UK’s most dismal winter month. Retailer ASDA has published a report (the Income Tracker) which suggests that consumer confidence is not linked to growth at the current time. It reveals that the average UK family is no better off now than a year ago. Discretionary income per household is £164, within 0.1% of last year’s figure.

Confirming the situation, data from the Office of National Statistics shows that the annual growth rate in earnings also fell in the recession. The average across 2009 was 1.4% compared to 4.0% or more before 2009.



Source: Labour Market Statistics, February 2010



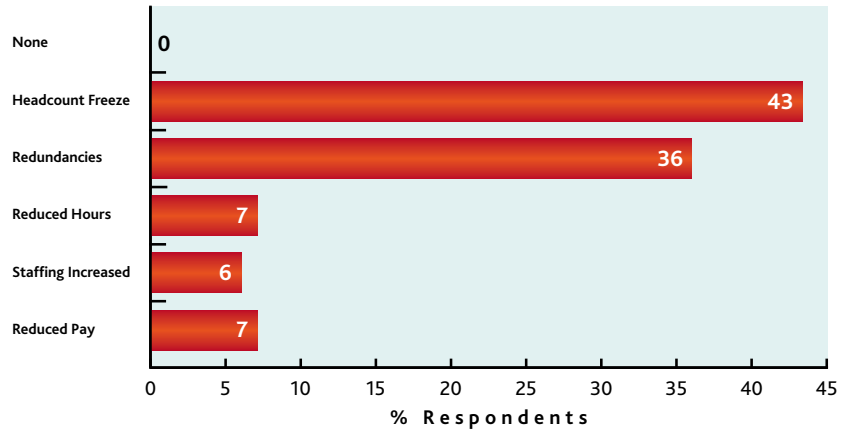
Permanent Hires

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

The most recent changes have seen a steady decline in the number of employers claiming that there had been no impact on the workforce as a result of economic changes. A year on from the first impact, the effects now seem to have been felt everywhere and the survey no longer finds any organisation that claims there has been no effect.

Nearly half of all respondents report that headcount freezes have been put in place and a third have seen redundancies, rising from a quarter just a few months ago. These responses reflect the continuing flow of announcements of redundancy in Q4 2009.

	December	January	February	TREND
NONE	34%	15%	0%	▼
HEADCOUNT FREEZE	26%	36%	43%	▲
REDUNDANCIES	26%	33%	36%	▲
REDUCED HOURS	6%	6%	7%	▲
STAFFING INCREASED	4%	4%	6%	▲
REDUCED PAY	5%	6%	7%	▲

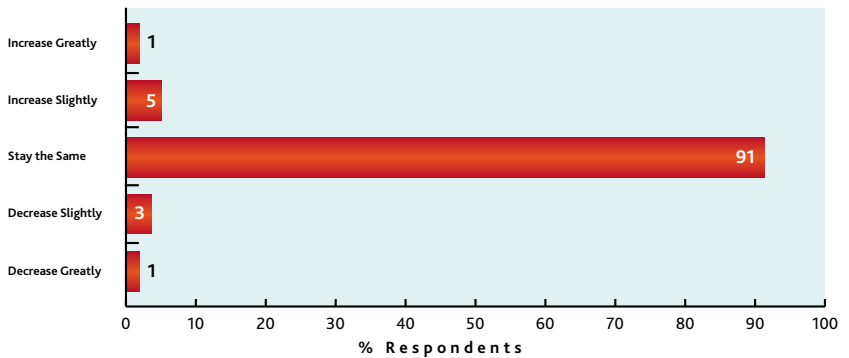


Base: Respondents who have been affected a bit or much by economic changes, multiple response. February 2010.

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

Over the past few months employers have become more certain that their permanent workforce would remain the same size. 9 out of 10 now say that they expect to see no immediate change in the number they employ.

There is a slight bias amongst those who anticipate change towards growth rather than reductions, suggesting that while caution may be the watchword, most employers see the situation stabilising.



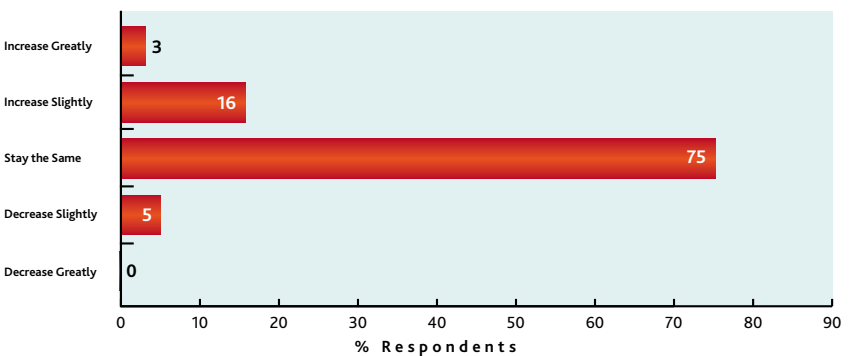
Base: All respondents, single response. February 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JAN - FEB	TREND
EXPECTATIONS - 3 MONTHS (PERM)	6	91	3	+3	-3	▼

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

Taking a view of the year ahead, employers covered by the survey continue to feel optimistic. 3 out of 4 are likely to keep their workforce the same size but 1 in 5 believe they will increase permanent staffing at some point this year.

There is no clear indication of when this boost to employment may take place, of course. Taking into account the more cautious 3 month forecast, employers will not be taking on new staff before the election.



Base: All respondents, single response. February 2010.

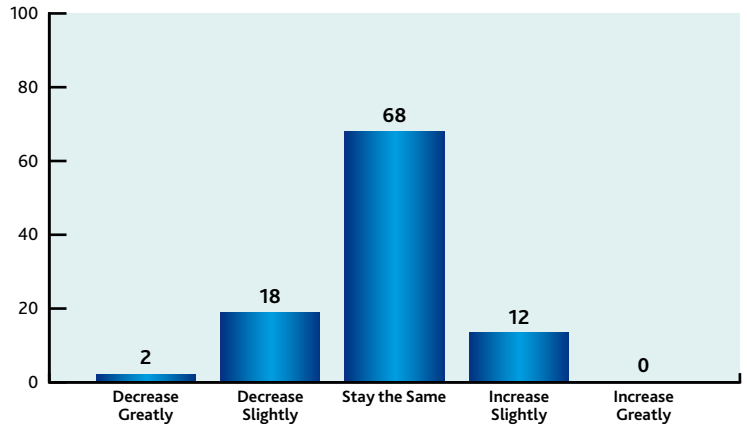
FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JAN - FEB	TREND
EXPECTATIONS - 12 MONTHS (PERM)	20	75	5	+15	0	↔

Temporary Agency Workforce

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

As noted above, in the official data the number of all temporary staff has been stable for some months. Two thirds of employers responding to this survey expect that situation to continue and their use of flexible staffing to remain the same. Meanwhile 1 in 5 predict a reduction, twice the number predicting an increase.

This is substantially the same picture as the past few months. Again, caution may be ruling employers' responses as the economic and political outlook continues to be uncertain.



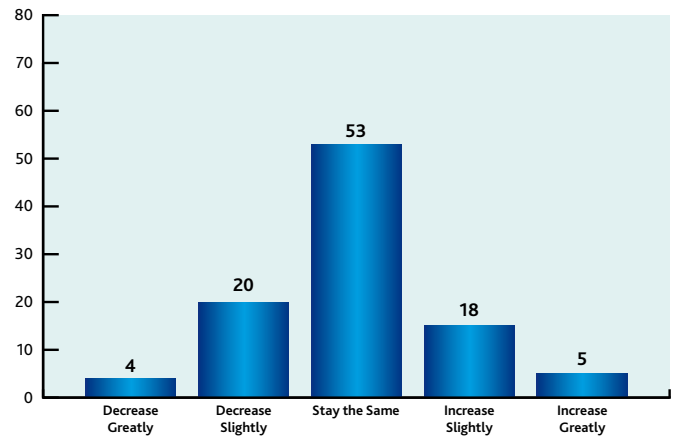
Base: All respondents who use agencies, single response. February 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JAN - FEB	TREND
EXPECTATIONS - 3 MONTHS (TEMP)	12	68	20	-8	-3	▼

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

The long term forecast for temporary staffing has also remained static this month. Employers are almost evenly divided between the half who see no reason for change in this part of their workforce and those who expect change. 1 in 4 forecast an increase in the number of workers and 1 in 4 expects to cut back. The outcome must surely be stability.

Such evenly balanced responses may also signify the extent of uncertainty about this year's economic and trading conditions. Few employers are completely confident of a satisfactory outcome, but at the same time, feel the worst is probably over.

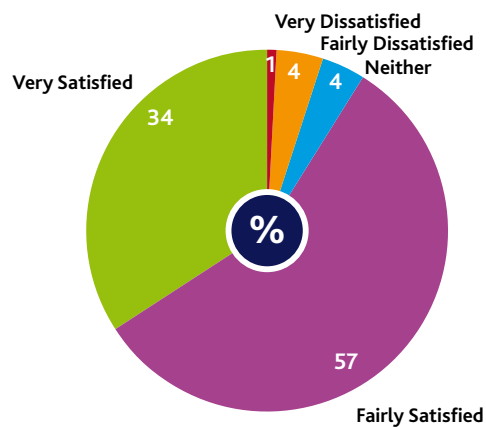


Base: All respondents who use agencies, single response. February 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE JAN - FEB	TREND
EXPECTATIONS - 12 MONTHS (TEMP)	23	53	24	-1	0	◀▶

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

The suppliers of temporary and contract staffing continue to meet the needs of employers in a challenging market. Agency services were delivered at least satisfactorily to 9 out of 10 employers, with 5% dissatisfied. Satisfaction has remained at high levels for over 12 months as employers work with their recruitment partners to develop and implement workforce planning models.



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

FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE JAN - FEB	TREND
SATISFACTION WITH AGENCIES	91	4	5	86	+1	▲

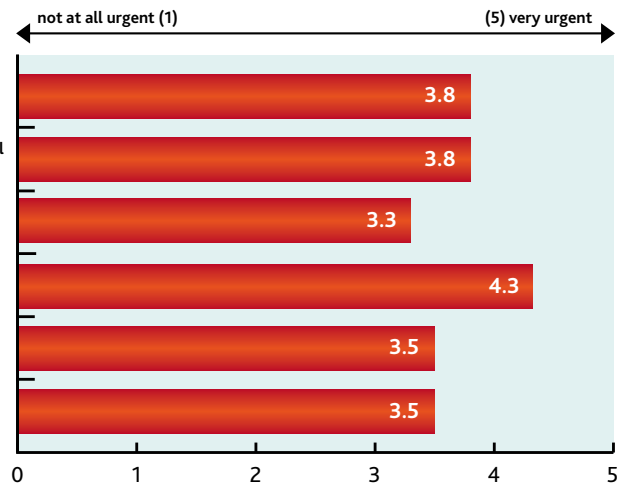
Talent Management

▶ 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?

The league table of skills requirements for permanent staff has become relatively firm over the past twelve months. A slight down shift in importance for the key skills of communication/interpersonal skills and use of job related equipment, has not taken them from the head of the list in terms of importance.

Use of new technology and management skills gained in importance to some extent in the last month.

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.3	▼
USE OF JOB RELATED TOOLS & EQUIPMENT	3.8	▼
BUSINESS & COMMERCIAL UNDERSTANDING	3.8	◀▶
PLANNING & ANALYSIS	3.5	◀▶
USE OF NEW TECHNOLOGY	3.5	▲
MANAGEMENT & SUPERVISION	3.3	▲

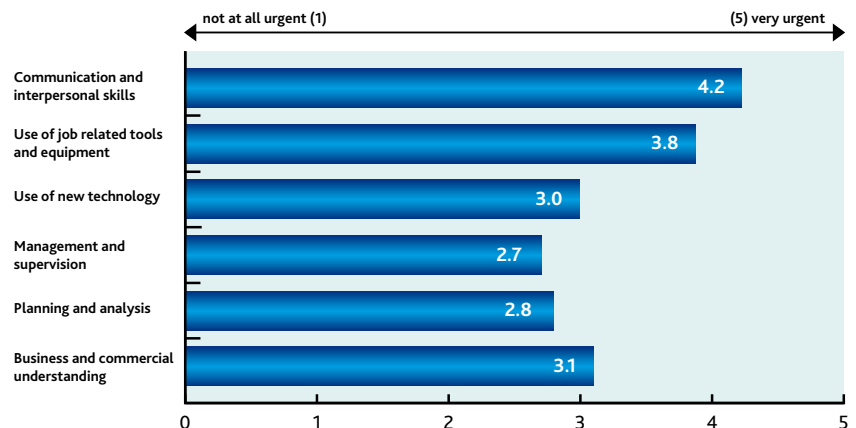


Base: All respondents, single response. February 2010.

▶ 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 skill and competency areas that matter most for temporary workers align closely to those for permanent staff. The general ranking of importance trails in some areas - planning and management skills are noticeably less in demand than communication and job related capability.

SKILLS IN DEMAND FOR TEMP STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.2	▼
USE OF JOB RELATED TOOLS & EQUIPMENT	3.8	▼
USE OF NEW TECHNOLOGY	3.0	◀▶
BUSINESS & COMMERCIAL UNDERSTANDING	3.1	◀▶
MANAGEMENT & SUPERVISION	2.7	▲
PLANNING & ANALYSIS	2.8	◀▶

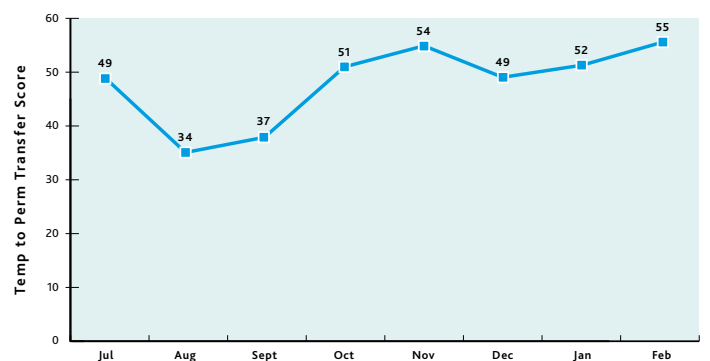


Base: Respondents who use agencies and have a skills shortage, single response. February 2010.

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

The end of year period saw a small increase in the number of temporary workers transferring to permanent positions taking it to 55, the highest figure yet recorded. The score is based on cumulative figures, weighted to reflect the profile of the sample base.

An anticipated fall back in the rate has not yet materialised, presumably as more temporary workers proved their value and retained their roles on a permanent basis.

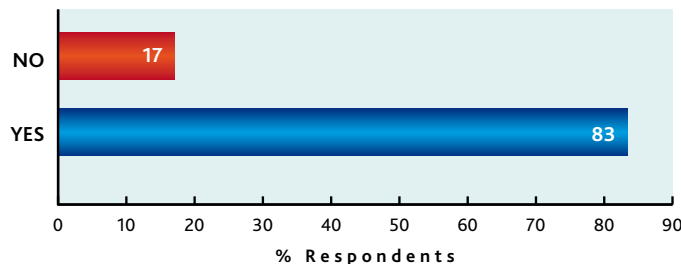


Base: Respondents who use agencies, single response. February 2010.

Feature: Agency Worker Directive

▶ Have you heard of the Agency Workers Directive?

Familiarity with the Agency Workers Directive continues to run at about 4 out of 5 employees responding to the survey - this month 83% of employers say they have heard of the directive; and 17% have not.

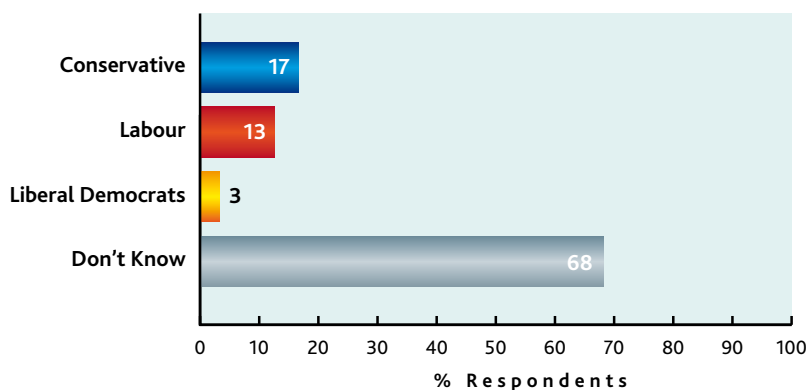


Base: All respondents, single response. February 2010.

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

For the past two months the survey has been asking employers which party will do more for employment after the election. Their responses indicate that there is no clear view on this topic. Two thirds said they did not know which party would create more jobs. Both parties clearly have plenty of work to do during the pre-election campaigning to clarify their messages.

For those that do have an opinion, the Conservatives have the edge over Labour so far, but the result is close.



Base: All respondents, single response. February 2010

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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 £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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