JobsOutlook

Industry Research Unit

REC Monthly Employer Tracking Survey

April 2010

Summary

- The REC Confidence Barometer moved up 3 places in March, reaching it's highest level in the last year.
- Nearly 1 in 5 employers expect to take on more temporary staff in Q2 2010, and 1 in 3 will do so in the next year.
- More employers are also planning to increase their permanent workforce in the short and medium term.
- Moves from temporary to permanent roles, assumed to be a positive sign for employment, have reached a new high on the REC's score.
- Two thirds of employers still do not know which political party will do more for jobs growth if elected to government.

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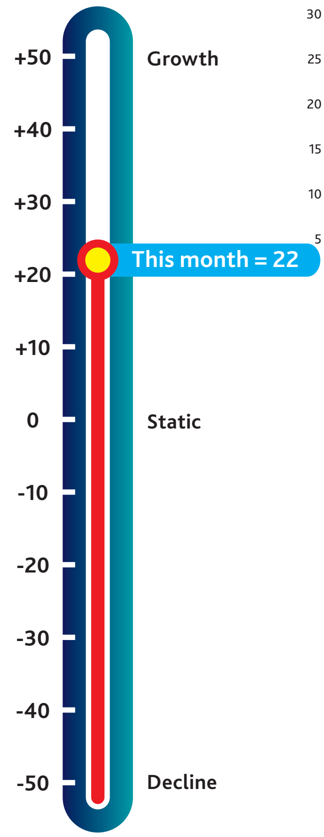
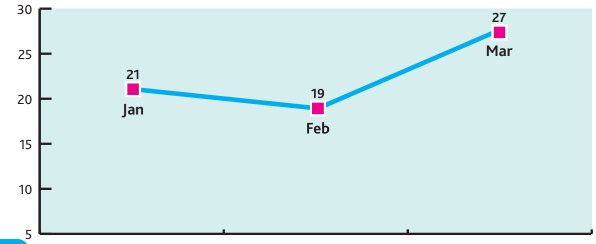
Returning confidence in jobs market drives demand for temporary workers

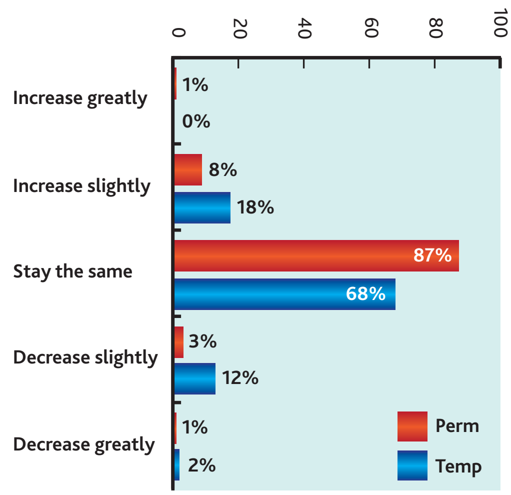
The REC Confidence Barometer

In March the Barometer moved up to 22, a significant advance on the score of 19 in February. It appears that employers gained confidence as the economic situation stabilized and the potential for improved performance seemed greater.





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.

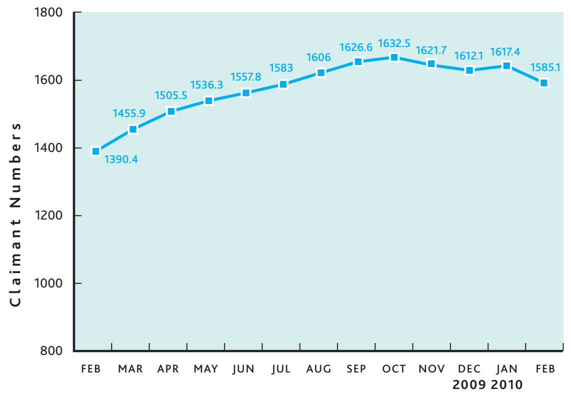
Recruitment & Employment Confederation

Labour Dashboard

Claimant Numbers

Revised figures from the Office of National Statistics now show that the claimant count rose much less dramatically in January than previously calculated - by just 5,000 instead of 20,000.

The number of claimants then fell in February by more than 2% of the total, to reach 1.58m. This level returns to the figure of July last year. Although there is undoubtedly more economic difficulty to come and growth is some way off, this measure represents an encouraging sign that the worst may be over as far as working life is concerned.



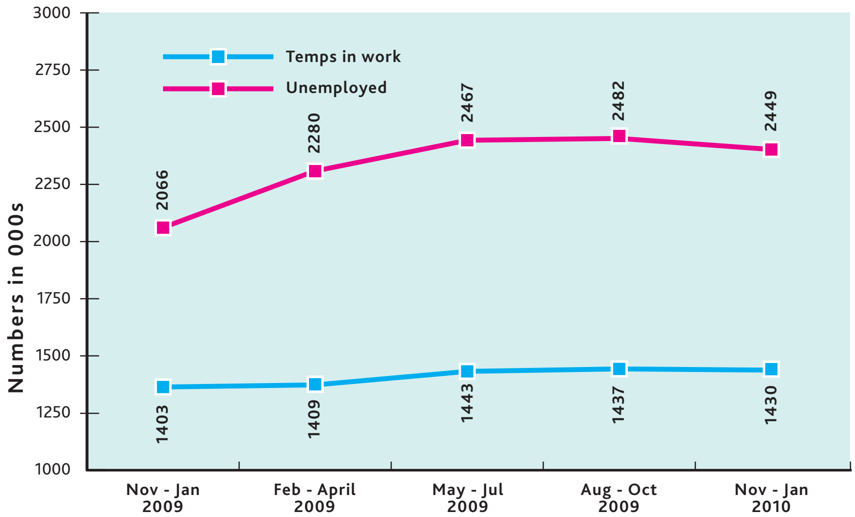
Source: Labour Market Statistics, March 2010

Unemployment and temporary working

Further grounds for optimism about UK employment come from the latest data on unemployment. The total reported as unemployed in the period November 2009 - January 2010 fell by around 30,000 on the previous 3 months.

The figures may reflect the end of year situation and may not be sustained in early 2010 as the pre-election uncertainty affects employer decision making and investment.

The number of temporary staff in work also fell slightly in this period. The reduction of about 13,000 individuals compared to the peak last summer is not a huge number but continues the trend of the past 6 months. However, the number working still stands above the level of a year ago

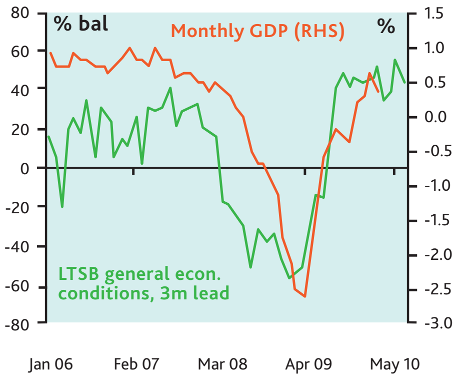


LTSB Business Barometer

Lloyds Bank's Business Barometer is supplemented this month by the Q2 report, containing detailed and valuable analysis of the current and expected economic situation.

This measure also shows that business confidence has lifted, driven by indicators that domestic demand has stabilized, while overseas, the exchange rate has fallen and other economies are seeing growth reappearing. The base against which the measurements are made is low but the difference is real.

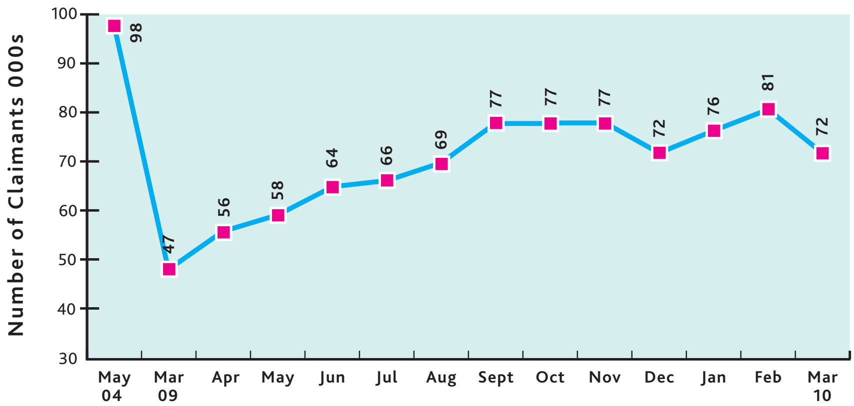
The issue is how far this effect has been driven by government spending and a slowdown in de-stocking. Improvement may not be sustained as public sector cuts come into play unless consumers begin to spend more, and most importantly, export trade expands.



Nationwide Consumer Index

The Nationwide Index has shown a large fall in March, dropping 9 points. Its Chief Economist suggests that this is due to the election and the budget, neither of which offer much comfort for beleaguered consumers. The threat of job losses later in the year, together with higher taxes, loom in the background even as the politicians try to steer onto more positive ideas.

Expectations of employment in six months time are also down this month compared to February.

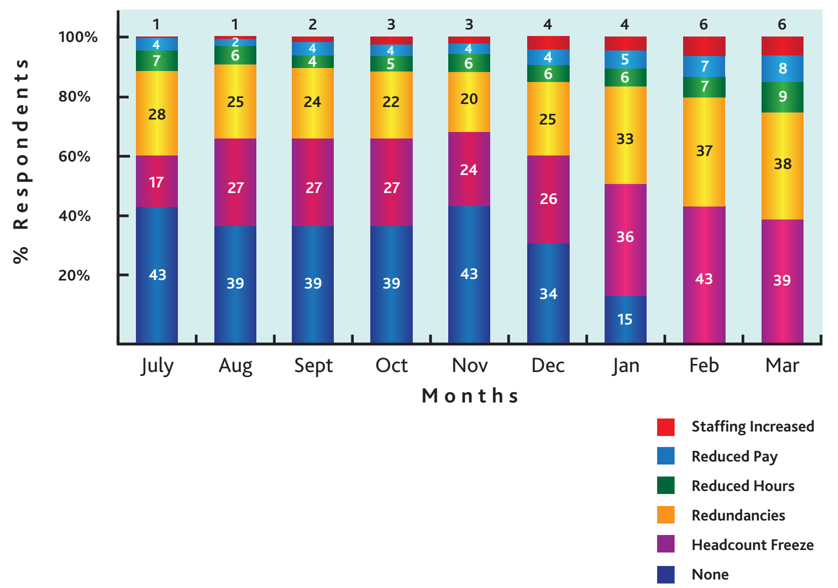


Permanent Hires

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

Employers continue to report actions taken to manage their workforces more efficiently in response to economic pressures. The chart shows not only this month's scores for the key responses but also the trends for the previous 9 months. It is now clear that every employer in the UK has taken action.

Just under 80%, 4 out of 5, employers have made workers redundant and/or put in place a headcount freeze. A rising number, now at 17%, have cut pay or hours. But 6% (1 in 20) have increased their staff; and that number has also been steadily rising over the months.



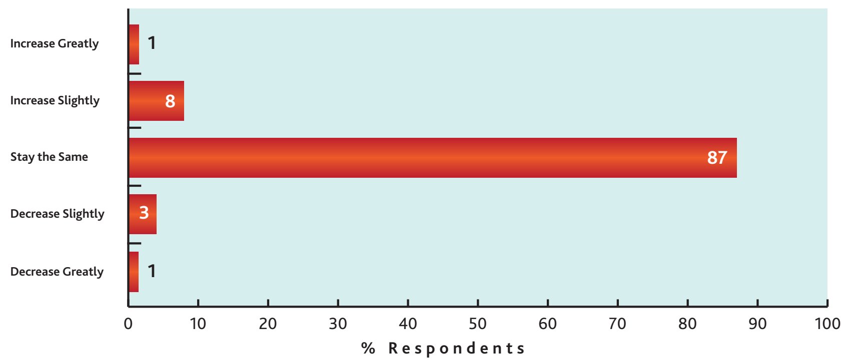
Base: Respondents who have been affected a bit or much by economic changes, multiple response. March 2010.

	January	February	March	TREND
NONE	15%	0%	0%	
HEADCOUNT FREEZE	36%	43%	38%	
REDUNDANCIES	33%	36%	38%	
REDUCED HOURS	6%	7%	9%	
STAFFING INCREASED	4%	6%	6%	
REDUCED PAY	6%	7%	8%	

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

The short term perspective from employers on permanent employment is encouraging. The majority still expect to make no immediate change in their staffing but nearly 1 in 10 is now looking to expand, more than in the last month, so a healthy trend.

Short term expansion plans suggest confident management responding to market needs.



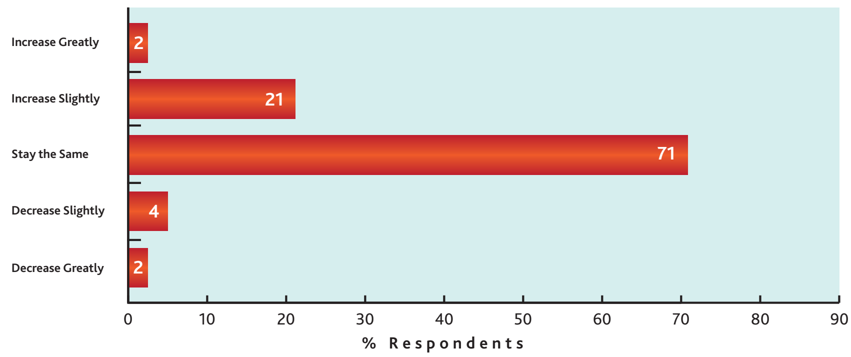
Base: All respondents, single response. March 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE FEB - MAR	TREND
EXPECTATIONS – 3 MONTHS (PERM)	9	87	4	+5	+2	

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

In March, more employers anticipated adding to their staff. Following a rising trend, 1 in 4 employers responding to the survey has indicated that there could be more people permanently employed by the end of 2010.

Given that the national unemployment count now seems to have stabilized, the implication is that job creation will be taking place throughout the year - good news for the new government.



Base: All respondents, single response. March 2010.

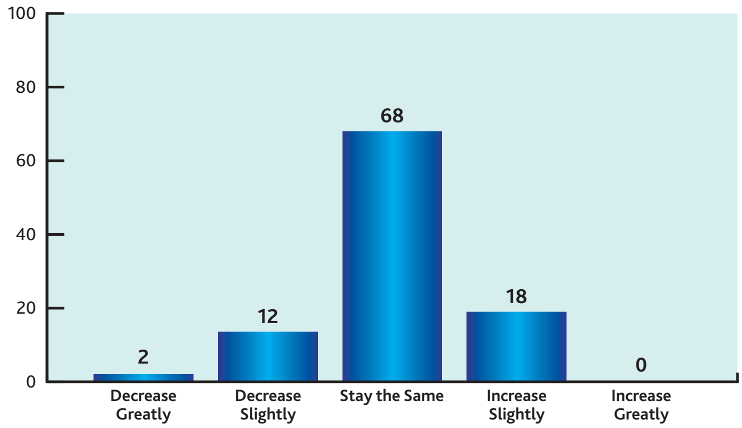
FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE FEB - MAR	TREND
EXPECTATIONS – 12 MONTHS (PERM)	23	71	6	+17	+2	

Temporary Agency Workforce

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

The expectation for use of temporary staff in the short term strengthened dramatically in March. 1 in 5 employers believes they could be using more temporary workers in the next quarter.

As business confidence grows alongside uncertainty, the value of a flexible resource that is available on a temporary basis is proven. Organisations can react fast to opportunities, with less risk if it should come to an end.



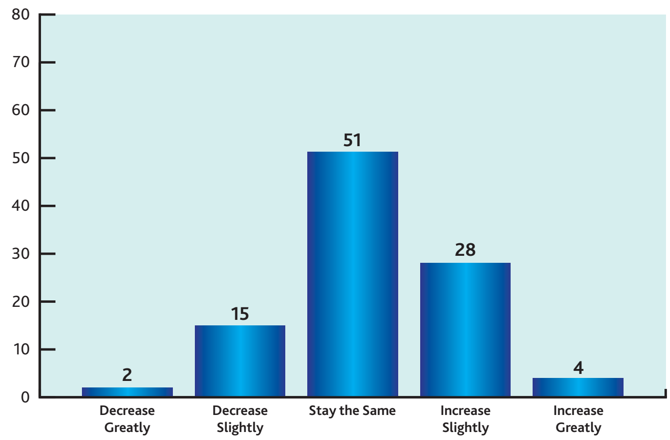
Base: All respondents who use agencies, single response. March 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE FEB - MAR	TREND
EXPECTATIONS – 3 MONTHS (TEMP)	23	71	6	+17	+2	▲

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

The short term predictions for use of agency workers are repeated in the long term view. With all employers having reacted to economic pressure by constraining their staffing, the temporary workers in the UK represent a powerful alternative until solid growth becomes the pattern.

1 in 3 employers could be increasing their use of temporary staff in 2010, up from 1 in 4 a month ago. Half the employers surveyed report that they will continue to use the same resource as today. Those using fewer temporary workers may be planning to take on permanent staff, of course.



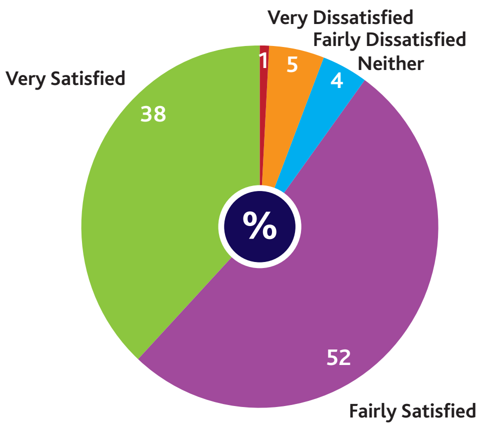
Base: All respondents who use agencies, single response. March 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE FEB - MAR	TREND
EXPECTATIONS – 12 MONTHS (TEMP)	32	51	17	+14	+15	▲

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

Recruitment and staffing agencies continued to meet the needs of employers during March. 9 out of 10 are satisfied, with 6% dissatisfied, a slightly worse performance than in last month.

Employers often express dissatisfaction when agencies are unable to supply staff - with demand rising for temporary workers from agencies, it is possible relationships will become more strained, despite the best efforts of the agencies themselves.



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

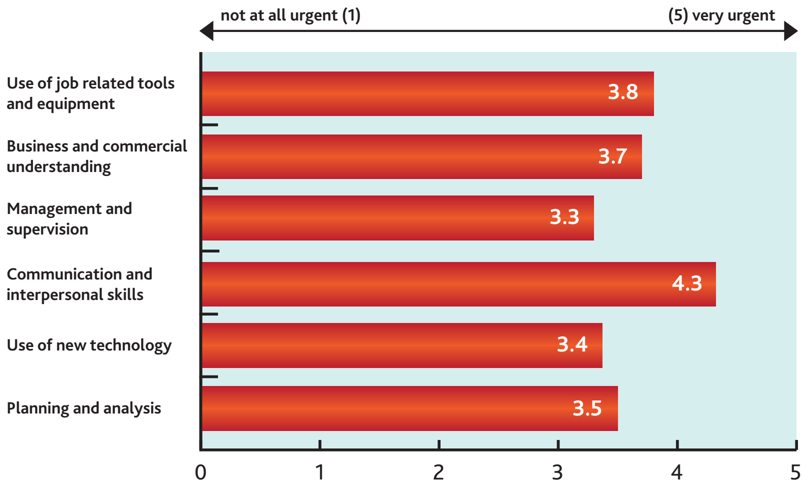
FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE FEB - MAR	TREND
SATISFACTION WITH AGENCIES	90	4	6	84	-2	▼

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?

Among their permanent staff, employers continue to place emphasis on communication and interpersonal skills. No doubt, where team sizes have been reduced and workloads are heavy, a collaborative style and good team working must be essential.

The remaining skills areas are reliably stable, with use of technology and business understanding losing some importance.

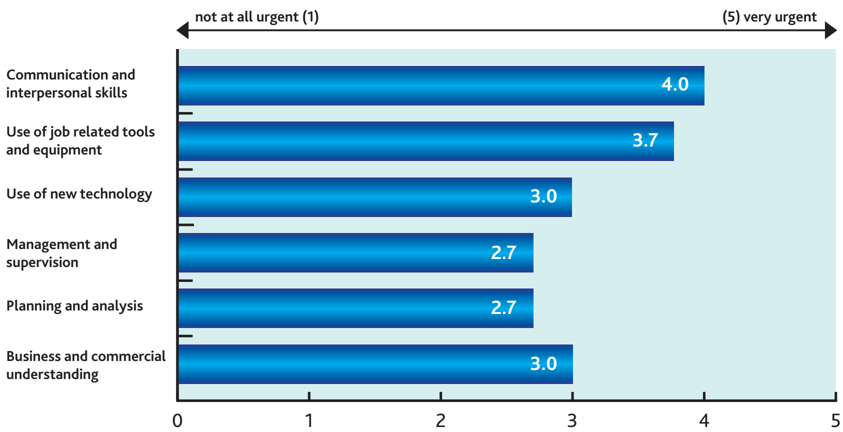


Base: All respondents, single response. March 2010.

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.3	▶◀
USE OF JOB RELATED TOOLS & EQUIPMENT	3.8	▶◀
BUSINESS & COMMERCIAL UNDERSTANDING	3.7	▼
PLANNING & ANALYSIS	3.5	▶◀
USE OF NEW TECHNOLOGY	3.4	▼
MANAGEMENT & SUPERVISION	3.3	▶◀

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?

Communication skills lead the ranking for temporary workers, presumably for the same reasons as among permanent staffing. Employers have attached less importance to most skill areas this month, perhaps reflecting more concern with access to resources as confidence returns.



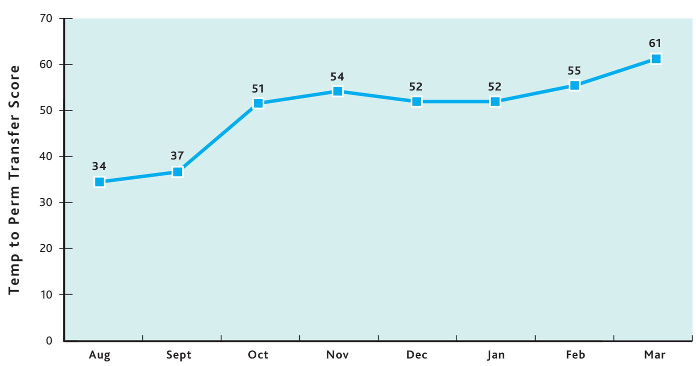
Base: Respondents who use agencies and have a skills shortage, single response. March 2010.

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 measure for transfers from temporary to permanent roles continues to rise. The trends in this new score, launched last year in this REC survey, are beginning to emerge. The score rose again in March, as employer confidence rose and expectations of growth increased in both permanent and temporary resourcing.

It seems logical that as employers see the need for more permanent staffing they should consider trusted workers among the temporary team to fill the vacancies - driving demand for more temporary staff, perhaps.



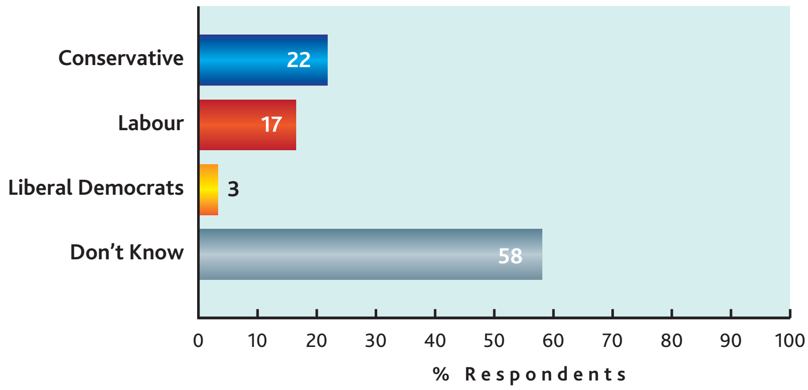
Base: Respondents who use agencies, single response. March 2010.

Feature: Agency Worker Directive

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

The date of the election was not known during the period of the survey (responses from January to March are averaged here) but it was clearly inevitable. Employment has not (yet?) become a central issue for the election, a curious aspect of the political scene given that more than 2m voters are jobless.

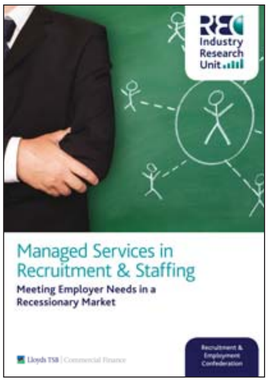
Nearly two thirds of employers do not know which party will do more for jobs, but so far the Conservatives hold a slight edge in terms of confidence from employers.



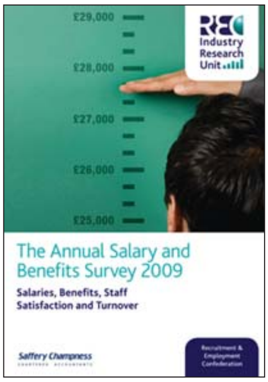
Base: All respondents, single response. March 2010

Other reports available from the REC

Managed Services in Recruitment & Staffing



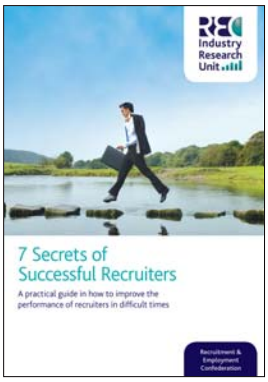
Annual Salary and Benefits Survey 2009



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.

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

For further information on JobsOutlook or any other research publication please call on **0207 009 2188** or visit our online bookshop: **www.rec.uk.com/about-recruitment/research/bookshop**

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