

# JobsOutlook



REC Monthly Employer Tracking Survey

June 2010

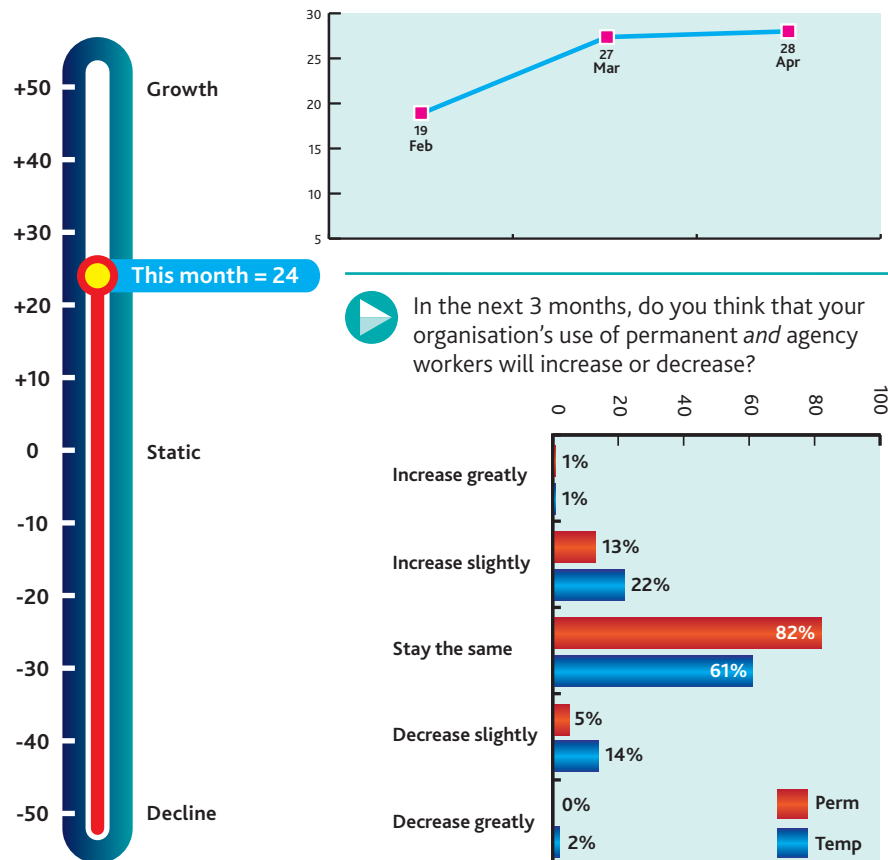
## Summary

- Employers anticipate significant growth in agency workforces over the next 12 months to meet demand as economic uncertainty continues.
- Short and medium term forecasts for growth in permanent staffing also show improvement.
- Claimant numbers fell but unemployment rose in the first quarter of 2010.
- The recession continues to put pressure on workforces fuelling increased fluidity as workers start to look for new opportunities.
- Redundancies and reduced hours arrangements both increased.
- On election night, most employers believed that a Conservative government would create the most jobs if elected.

## Demand grows for temporary and permanent hires as new government is announced

### The REC Confidence Barometer

▶ As the election took place and the idea of a coalition government sank in, employer confidence rose by one point according to the REC's jobs barometer.



**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.

## Index

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

Recruitment & Employment Confederation

1 Call 0207 009 2188 for more information

## Labour Dashboard

### ▶ Claimant Numbers

The official figures on claimants in April showed a further decline. This was the 3rd consecutive monthly fall and continued the trend in reducing numbers since the peak in October.

This seemingly good news may reflect short term factors, such as the post winter uplift and end of year activity in many organisations. The longer term outcome may see a return to growth as the new government follows through on its plans to make cuts in the public sector that are likely to affect many thousands of jobs.

### ▶ Unemployment and temporary working

The number of unemployed passed the 2.5m level in the first quarter of 2010 and is likely to grow as public sector cuts are implemented.

The Office of National Statistics has reported that 1.5m people over retirement age are still working, 78,000 more than last year and 12% of the workforce. Meanwhile employment among 16-17 year olds has dropped by 31% and the numbers in education have risen.

The ONS also reported an increase in all forms of temporary work in Q1 2010. The temporary workforce hit a year long high of 1.47m, possibly starting another trend for growth.

### ▶ LTSB Business Barometer

After peaking in March, the Lloyds TSB Business Barometer fell back in April during the election run up. The net balance of 42% emerged from a positive score of 49% less the 7% who were more pessimistic.

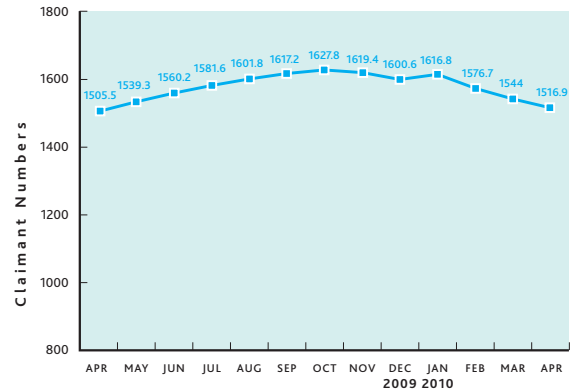
Nearly two thirds of companies were more optimistic about general economic prospects compared to 3 months ago, with 17% more pessimistic.

Manufacturing companies are taking a more positive view than service providers (including retail and distribution), which reported lower confidence.

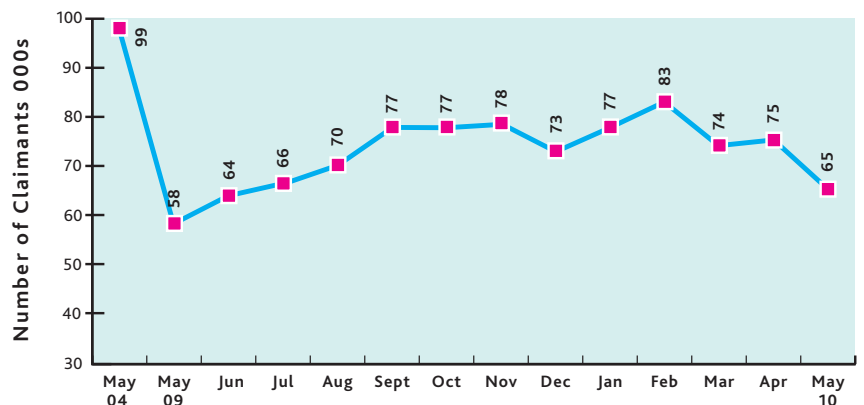
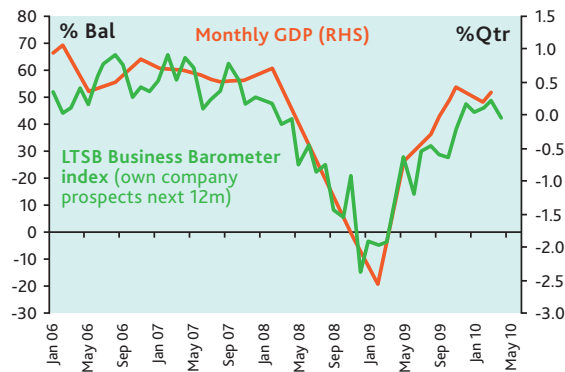
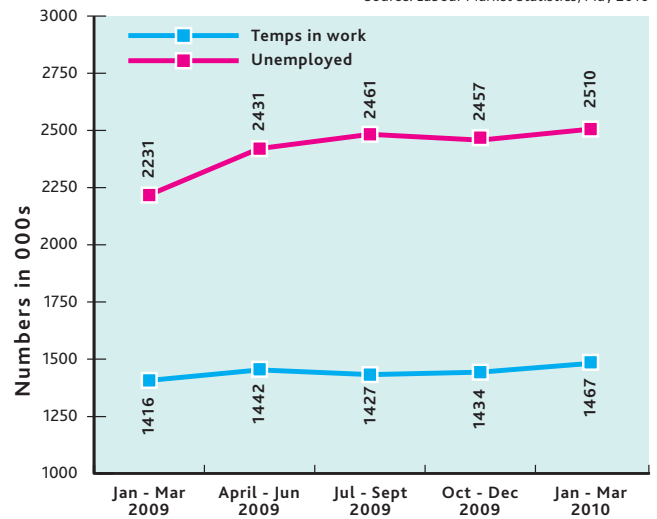
### ▶ Nationwide Consumer Index

Given an election, ash cloud and European economic struggles, perhaps a fall in British consumer confidence should have been expected. However the scale of the drop (- 13%), after the slight resurgence of April, is a reminder of how fragile the UK consumer is still feeling.

And yet, it seems, not so fragile about job expectations. Nationwide reports that 26% believe there are many or some jobs available now (up from 22% in January); and 29% believe there will be many or some jobs available in 6 months time (the same percentage as in January). Meanwhile, although 46% believe there will be fewer jobs available in 6 months time, this number has fallen from 50% holding that view as reported in the January index.



Source: Labour Market Statistics, May 2010



## Permanent Hires

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

A recent report based on research by financial services provider Aviva claimed that 1 in 10 of the UK workforce now think that they will never be able to give up work, as retirement recedes into the future and earnings are constrained.

That assumption depends, of course, on work being available. Employers responding to this survey are still making redundancies. The public sector is likely to see many more that will keep this figure high. Although 7% of employers still report that they have increased staffing, there is no growth in this proportion. Meanwhile, many employers are still reducing hours and pay, and over a third are freezing headcount.

	March	April	May	TREND
NONE	0%	0%	0%	↔↔
HEADCOUNT FREEZE	38%	41%	35%	↘
REDUNDANCIES	38%	35%	39%	↗
REDUCED HOURS	9%	9%	11%	↗
STAFFING INCREASED	6%	7%	7%	↔↔
REDUCED PAY	8%	8%	8%	↔↔

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

Despite the hiatus of the pre-election period, the survey results reflected short term expectations of growth in the permanent workforce for many employers.

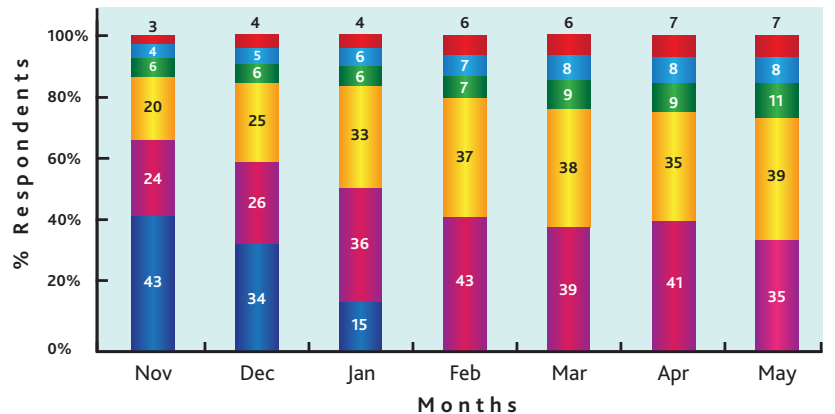
The net balance of 9%, well up on the previous month, suggests many employers see opportunities that can be developed and sustained.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAY - JUN	TREND
EXPECTATIONS - 3 MONTHS (PERM)	14	82	5	+9	+4	↗

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

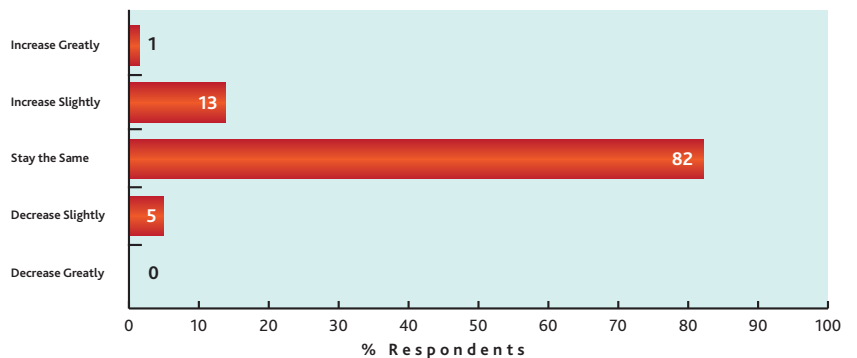
The longer term view on permanent staffing has also become more positive. The balance of increase versus reduction in the workforce has risen to 20%. This score is at the highest level since last summer and reflects the mood of greater confidence that seems to underlie employer attitudes in recent months.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAY - JUN	TREND
EXPECTATIONS - 12 MONTHS (PERM)	27	66	7	+20	+3	↗

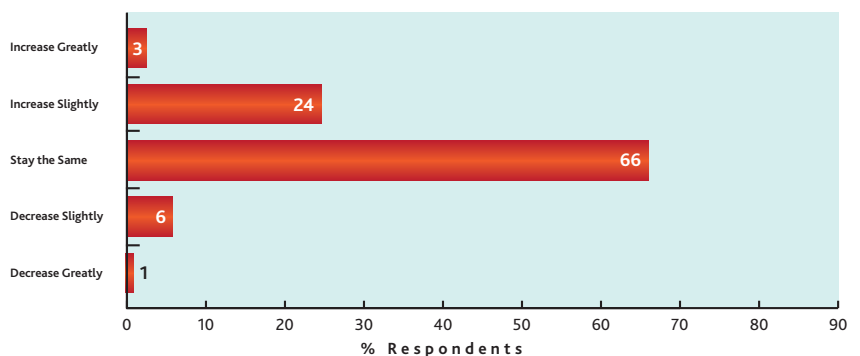


■ Staffing Increased  
■ Reduced Pay  
■ Reduced Hours  
■ Redundancies  
■ Headcount Freeze  
■ None

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



Base: All respondents, single response. May 2010.



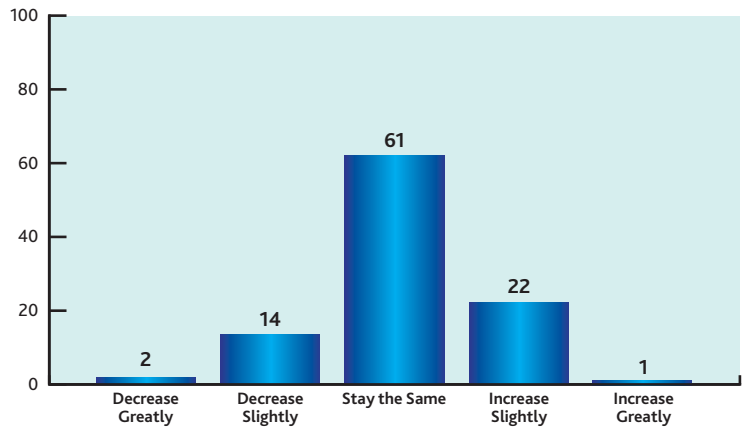
Base: All respondents, single response. May 2010.

## 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 indicate that use of all forms of temporary work is growing. Not surprisingly, this trend is reflected in the survey results with a 7% positive net balance for increased use of agency staff in the next three months.

Although 1 point down on the previous month, the response suggests that employers expect to make continued use of flexible resourcing as the economic uncertainty persists.



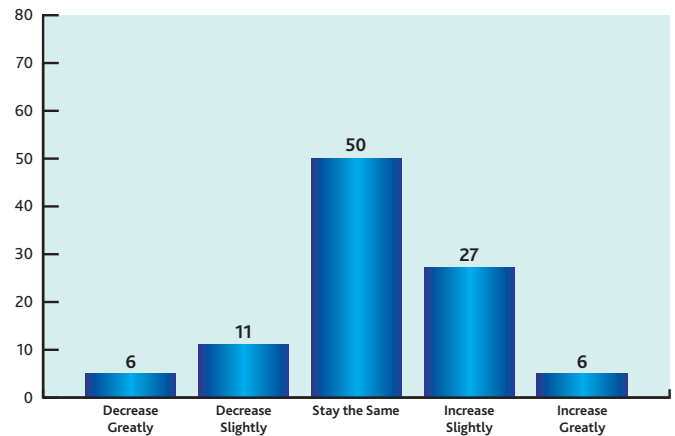
Base: All respondents who use agencies, single response. May 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAY - JUN	TREND
EXPECTATIONS - 3 MONTHS (TEMP)	23	61	16	+7	-1	▼

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

1 in 3 employers report that they expect to make more use of agency staffing in the next year. This is one of the highest scores in the past year, generating a net balance of 16% and following on a steadily rising trend for greater use of agency workers.

The official data shows that 50,000 more temporary workers were employed in the first quarter of 2010 compared to 2009.



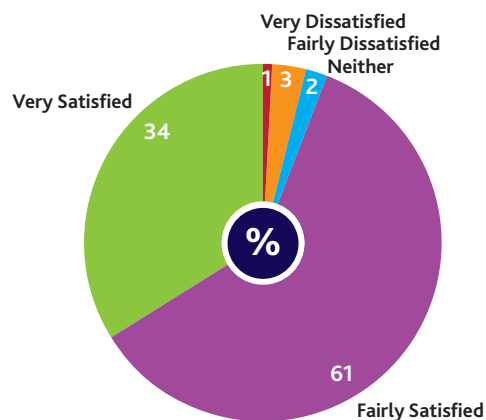
Base: All respondents who use agencies, single response. May 2010.

FACTOR	INCREASE	THE SAME	DECREASE	INCREASE LESS DECREASE	CHANGE MAY - JUN	TREND
EXPECTATIONS - 12 MONTHS (TEMP)	33	50	17	+16	+2	▲

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

The service provided by recruitment and staffing agencies continues to meet employer needs, generating a positive net satisfaction score of 90%, an improvement on the last month of 2%.

The uplift may be helped by the wider availability of workers as a result of cut backs elsewhere, allowing agencies to meet demand that may have been unfilled previously.



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

FACTOR	SATISFIED	NEITHER	DISSATISFIED	NET SATISFACTION	CHANGE MAY - JUN	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?

The strong pattern of demand by employers for key skills among their permanent staffing is maintained this month. A small shift in the importance of job related tools and equipment may indicate a more production focussed attitude.

SKILLS IN DEMAND FOR PERM STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.2	▲▶
USE OF JOB RELATED TOOLS & EQUIPMENT	3.8	▲▶
BUSINESS & COMMERCIAL UNDERSTANDING	3.7	▶▶
PLANNING & ANALYSIS	3.4	▲▶
USE OF NEW TECHNOLOGY	3.3	▶▶
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?

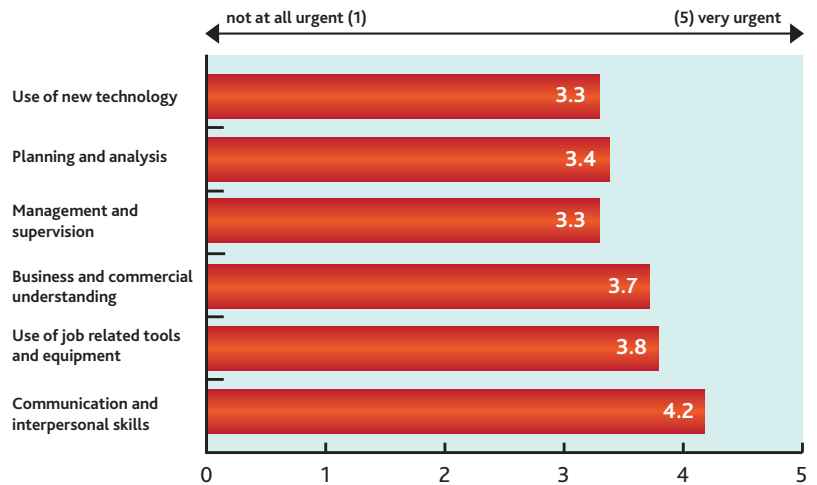
Among temporary workers, employers also demand communication and interpersonal skills as a priority. For this workforce, planning and analysis are the least important, although there has been a small increase in the score over the last month.

SKILLS IN DEMAND FOR TEMP STAFF	SCORE	TREND
COMMUNICATION & INTERPERSONAL SKILLS	4.1	▲▶
USE OF JOB RELATED TOOLS & EQUIPMENT	3.7	▶▶
USE OF NEW TECHNOLOGY	3.0	▲▶
BUSINESS & COMMERCIAL UNDERSTANDING	3.0	▲▶
MANAGEMENT & SUPERVISION	2.6	▼
PLANNING & ANALYSIS	2.8	▲▶

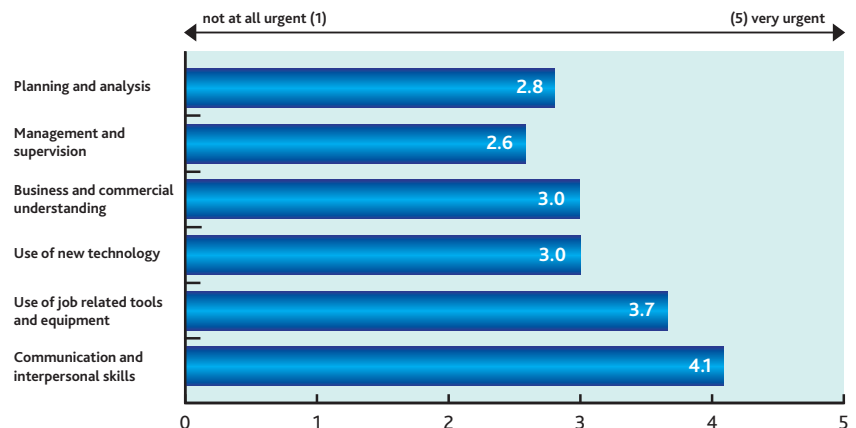
### Approximately what percentage of the temporary workers you use go on to become permanent members of your staff each year?

With rising demand for permanent staffing in some organisations, it is to be expected that employers will draw skilled staff from any source available. The temporary to permanent transfer score calculated from this survey continues to rise with the highest total yet achieved in May.

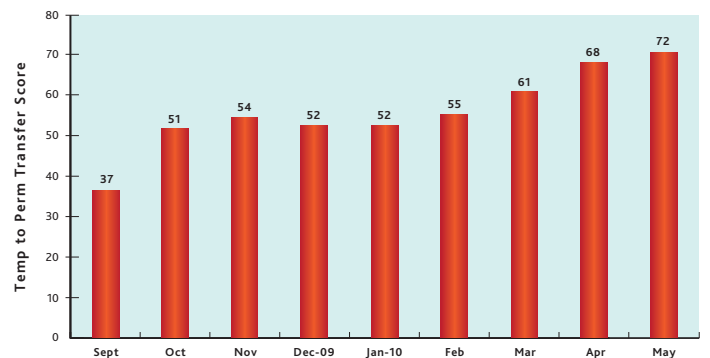
Movement of this kind may also be feeding into the demand for temporary workers from agencies, as employers seek to fill the gaps made by the transfer process.



Base: All respondents, single response. May 2010.



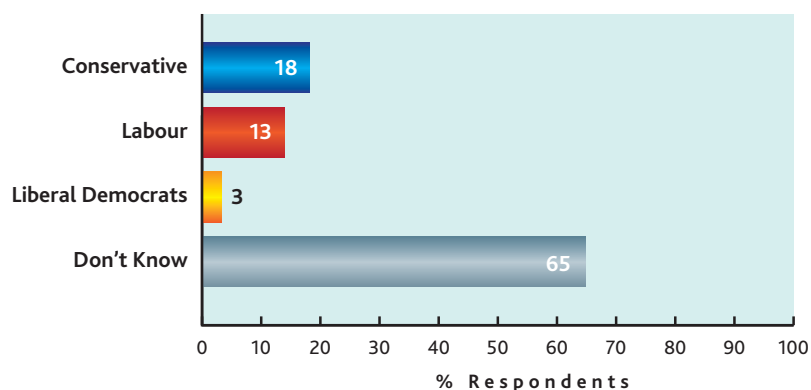
Base: Respondents who use agencies and have a skills shortage, single response. May 2010.



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

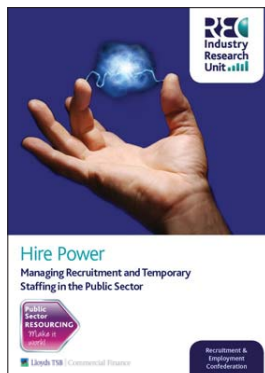
**▶ Which political party do you think would create most jobs if elected?**

Up to the last minute before the election, employers remained unclear about which party would create the most jobs. The results suggest that job creation was not really a concern for any of the main parties although the Conservatives achieved a narrow lead, reflecting the broader election results.



Base: All respondents, single response. May 2010

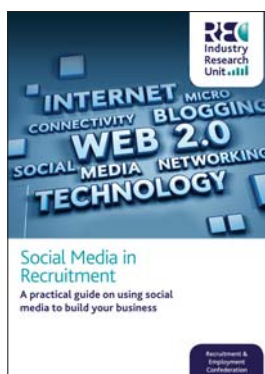
### Hire Power



### Adding Value



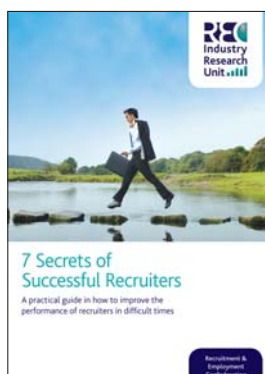
### Social Media in Recruitment



### Technology 2020



### 7 Secrets of Successful Recruiters



These are available to buy from [www.rec.uk.com/research](http://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 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.

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](http://www.rec.uk.com/about-recruitment/research/bookshop)



The **JobsOutlook** survey would not be possible without the support of the survey sponsors:










For a **free** review of your website  
call **023 8062 0088**  
[whiteinteractive.co.uk](http://whiteinteractive.co.uk)

design | build | promote | support