

Q4 2013
October-December

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SOCIETY FOR HUMAN
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Jobs Outlook Survey Report

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JOBS OUTLOOK SURVEY REPORT

Q4 2013 (October-December)

OPTIMISM ABOUT JOB GROWTH IN Q4 2013 (OCTOBER-DECEMBER)

Figure 1A | Optimism About Overall Job Growth in the United States in Q4 2013

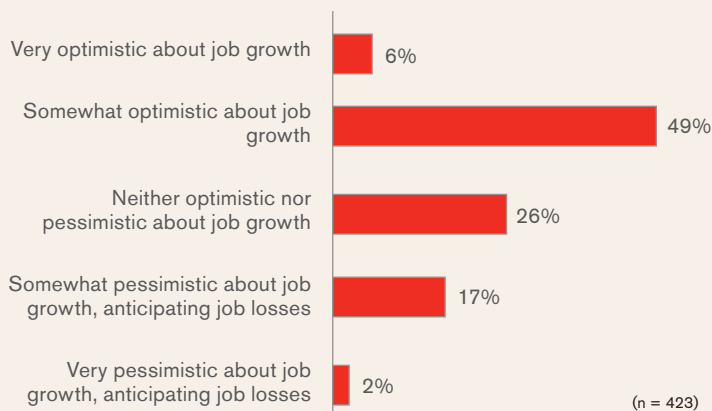
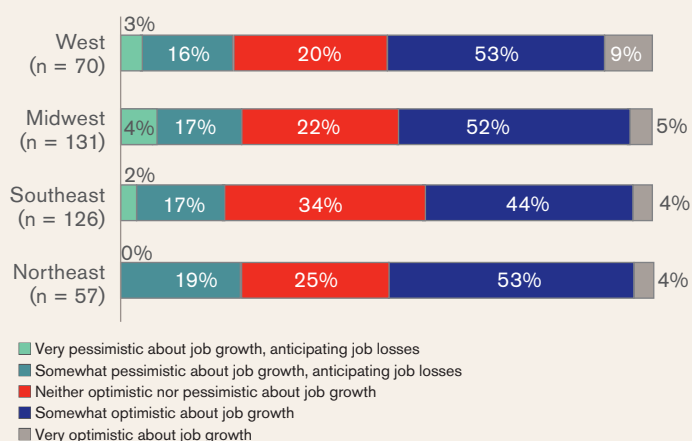


Figure 1B | Optimism About Overall Job Growth in the United States in Q4 2013 (by Region)



Note: Totals may not equal 100% due to rounding.

Source: SHRM Jobs Outlook Survey (October-December 2013)

Note: States that belong to each region surveyed in the JOS are as follows:

Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin

Southeast: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia

West: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Montana, Oregon, Utah, Washington, Wyoming

HR professionals have more faith in the U.S. labor market compared with six months ago, and more than half believe that the economy will add jobs in the fourth quarter of 2013, according to the newest Jobs Outlook Survey (JOS) by the Society for Human Resource Management (SHRM). Optimism in labor market growth is also up compared with a year ago.

The JOS examines hiring and recruiting trends across a six-month spectrum. The results for the fourth quarter of 2013 show that hiring activity will not be widespread during the October-to-December timeframe, but layoff rates will also remain low. Among the survey's highlights:

- **A total of 55% of respondents have some level of confidence in the U.S. job market for the fourth quarter of 2013 and expect job growth:** 49% are *somewhat optimistic* about job growth in the United States, and another 6% are *very optimistic* and anticipate job growth during the quarter (see Figure 1A). This percentage represents a modest increase from the fourth quarter of 2012, when a combined 45% of respondents expressed some level of optimism about job growth. It is also a slight increase from the second quarter of 2013, when a combined 50% of respondents expressed some level of optimism about job creation.
- **In the fourth quarter of 2013, 35% of respondents expect hiring to occur at their organizations, down from 44% in the second quarter of 2013, but up slightly from 32% a year ago.** Among employer categories, medium-sized companies (those with 100 to 499 employees) will be the most likely to add jobs (40% of those surveyed) in the fourth quarter (see Figures 2A-2D).
- **In the third quarter of 2013, 48% of companies added jobs (see Figures 3A-3D), up from 43% in the third quarter of 2012.** Another 14% decreased staffing levels in the third quarter of 2013, nearly unchanged from 15% a year ago.

SHRM's JOS report examines hiring and recruiting trends based on a bi-annual survey of public- and private-sector human resource professionals who have a direct role in the staffing decisions at their companies. Respondents come from small, medium and large companies from around the United States and belong to a variety of for-profit, nonprofit and government entities.

For the fourth quarter of 2013, a combined 19% of respondents have concerns about the job market and anticipate job cuts in the U.S. labor force (17% are *somewhat pessimistic* and expect job losses, 2% are *very pessimistic*). This number is down from a combined level of 28% one year ago, and down from a combined 25% in the second quarter of 2013.

HR professionals' degree of optimism varied across U.S. regions. Respondents from the West are the most confident, at a combined level of 62% (53% are *somewhat optimistic* about job growth, 9% are *very optimistic*). Respondents from the Southeast have the lowest combined level of faith in the job market, at 48% (44% are *somewhat optimistic*, and 4% are *very optimistic* about job growth).

Many employers are also holding the line on hiring, at a time when economic growth has been steady but not substantial. More than half (57%) of HR professionals surveyed said their companies will keep staffing levels flat during the fourth quarter of 2013. Following the first quarter of 2013, when gross domestic product (GDP) grew at a weak rate of 1.1%, GDP had a stronger gain of 2.5% in the second quarter of 2013, according to a second estimate by the U.S. Bureau of Economic Analysis. Still, many economists are only calling for an annual GDP growth of 2% to 2.5% in 2013.

Job creation is typically one of the last segments of the economy to bounce back in a recovery, but federal data do show solid gains lately in the labor force. Employers added an average of 189,000 jobs each month from July 2012 through July 2013, according to the U.S. Bureau of Labor Statistics (BLS). That rate of growth is generally viewed as sufficient for keeping up with increases in labor force population, but not high enough to truly drive down the unemployment rate.

Despite the recent job gains, the rolls of part-time workers and long-term unemployed have also remained high. Throughout 2013, roughly 8 million people have been employed part time for "economic reasons," either because their hours had been cut back or because they were unable to find a full-time job, according to the BLS. On any given month this year, more than 4 million people have been considered "long-term unemployed," or without work for 27 weeks or more.

Looking ahead, the JOS results show that 35% of companies overall will conduct hiring during the fourth quarter of 2013. Among employment sectors, publicly owned for-profit companies will be the most likely to create jobs during the quarter (44%). That sector is followed by privately owned for-profit companies (40%), government entities (26%) and nonprofits (22%).

In employer size categories, medium-sized companies (100 to 499 employees) will hire at the highest rate in the fourth quarter of 2013 (40%), followed by large companies (500 or more employees), 34% of which will hire, and small employers (one to 99 employees) at 32%.

Only 9% of respondents said their organizations will conduct layoffs during the fourth quarter, unchanged from a year ago and up slightly from 6% in the second quarter of 2013. Publicly owned for-profit entities are the most likely to trim payrolls (12%), followed by nonprofits (8%), privately owned for-profit companies (7%) and government agencies (3%).

LOOKING AHEAD: Q4 2013 (OCTOBER-DECEMBER)

Figure 2A | Planned Changes in Total Staff Level

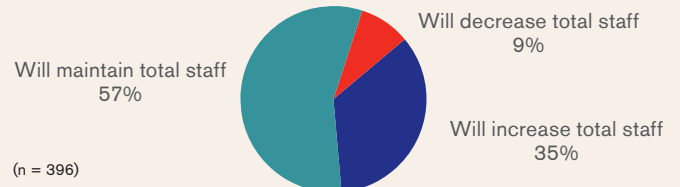


Figure 2B | Planned Changes in Total Staff Level by Organization Staff Size

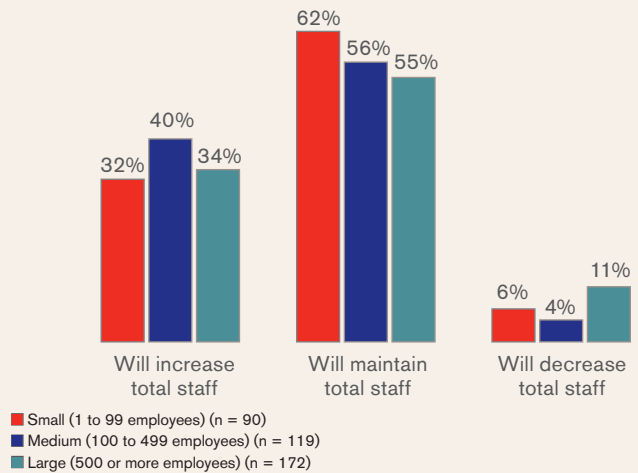
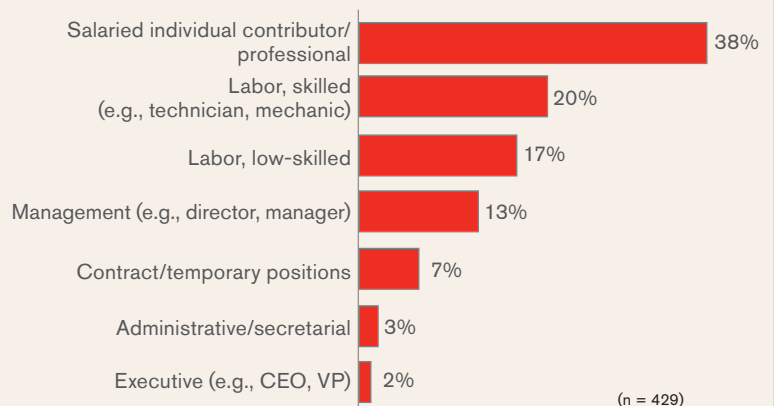


Figure 2C | Planned Changes in Total Staff Level by Organization Sector

	Overall (n = 396)	Publicly Owned For-Profit (n = 73)	Privately Owned For-Profit (n = 151)	Nonprofit (n = 102)	Government (n = 38)
Will increase total staff	35%	44%	40%	22%	26%
Will maintain total staff	57%	44%	53%	71%	71%
Will decrease total staff	9%	12%	7%	8%	3%

Figure 2D | Categories of Workers Companies Will Hire in Q4 2013



Note: Total may not equal 100% due to rounding; respondents who answered "not sure" were excluded from this analysis.

Source: SHRM Jobs Outlook Survey (October-December 2013)

LOOKING BACK: Q3 2013 (JULY-SEPTEMBER)

Figure 3A | Changes in Total Staff Level

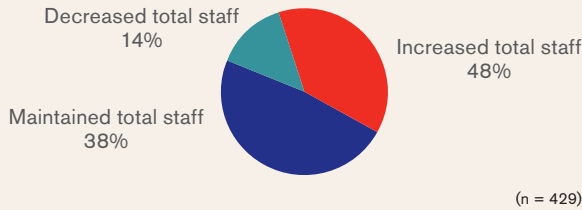
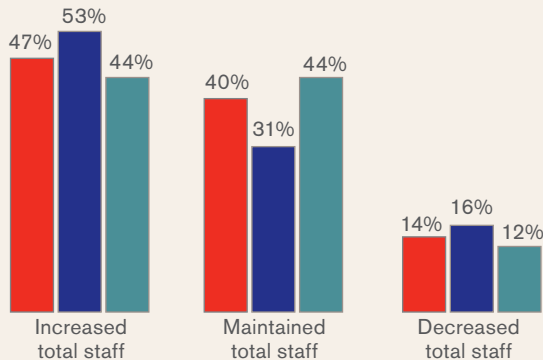


Figure 3B | Changes in Total Staff Level by Organization Staff Size



■ Small (1 to 99 employees) (n = 96)
 ■ Medium (100 to 499 employees) (n = 124)
 ■ Large (500 or more employees) (n = 183)

Figure 3C | Changes in Total Staff Level by Organization Sector

	Overall (n = 429)	Publicly Owned For-Profit (n = 77)	Privately Owned For-Profit (n = 162)	Nonprofit (n = 105)	Government (n = 41)
Increased total staff	48%	49%	52%	43%	41%
Maintained total staff	38%	39%	36%	43%	41%
Decreased total staff	14%	12%	12%	14%	17%

Figure 3D | Categories of Workers Most Difficult to Hire in Q3 2013



Note: Total may not equal 100% due to rounding; respondents who answered "not sure" were excluded from this analysis.

Source: SHRM Jobs Outlook Survey (October-December 2013)

Hiring activity in the third quarter of 2013 was very positive. Of the HR professionals surveyed, 48% said their companies created jobs in the July-to-September timeframe. This percentage was up from 43% in the third quarter of 2012. Another 14% of HR professionals surveyed said their organizations conducted layoffs in the third quarter of 2013.

Among the 48% of respondents that did hire staff in the third quarter of 2013, medium-sized employers hired at the highest rate (53%), followed by small employers (47% of which added workers) and large companies (44% of which conducted hiring). Also among those who created jobs, 78% said they added full-time positions during the quarter, followed by part-time positions (11%), full-time contract/temporary positions (7%) and part-time contract/temporary positions (4%).

Production also appears to be steady at most responding organizations, and in many cases, it has increased as of late. Of those surveyed, 24% said nonexempt employees worked more hours in the third quarter of 2013 compared with the second quarter of 2013. Another 65% said nonexempt employees' hours remained the same in the third quarter when compared with the second quarter.

For some organizations, their struggles with filling vacancies may be driving the rise in nonexempt workers' hours. Weakened demand continues to be the main obstacle for widespread job growth in the U.S. labor force, but other SHRM data show that many employers want to add jobs and cannot find properly skilled candidates to take those positions.

A March 2013 SHRM survey showed that 66% of organizations that were hiring reported having a difficult time recruiting, up from 52% in 2011. A May 2013 SHRM survey also revealed that 98% of HR professionals said "a shortage of skilled workers" would have some type of effect on the workforce during the next five years (73% said "major impact," and 25% said "minor impact").

More than four in 10 (43%) respondents in the JOS said the workers they had the most difficulty hiring in the third quarter of 2013 were salaried individual contributors/professionals, such as analysts, nurses or engineers. Another 21% had difficulty finding skilled laborers, such as technicians and mechanics.

Several forecasts call for unemployment to remain at or near 7% for the foreseeable future. Members of the Federal Reserve Board had varying projections at their June 2013 meeting, but they ranged from 6.9% to 7.5% for an annual average rate in 2013. Panelists on a National Association for Business Economics survey in May 2013 called for an annual average jobless rate of 7.6% in 2013 and 7.1% in 2014.

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SHRM Jobs Outlook Survey Methodology

A sample of HR professionals was randomly selected from SHRM's membership database, which included approximately 250,000 individual members at the time the survey was conducted. Only members who had not participated in a SHRM survey or poll in the last six months were included in the sampling frame. Members who were students, located internationally or had no e-mail address on file were excluded from the sampling frame. In August 2013, an e-mail that included a hyperlink to the SHRM Jobs Outlook Survey was sent to 3,600 randomly selected SHRM members, and 443 HR professionals responded, yielding a response rate of 12%. The survey was accessible for a period of two weeks, and four e-mail reminders were sent to nonrespondents in an effort to increase response rates.

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