



NACE RESEARCH

JOB OUTLOOK 2008

Spring Update

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HIRING EXPECTATIONS POSITIVE—BUT DOWN SINCE FALL

Figure 1: Hiring: 2008 Expectations vs. 2007 Actual

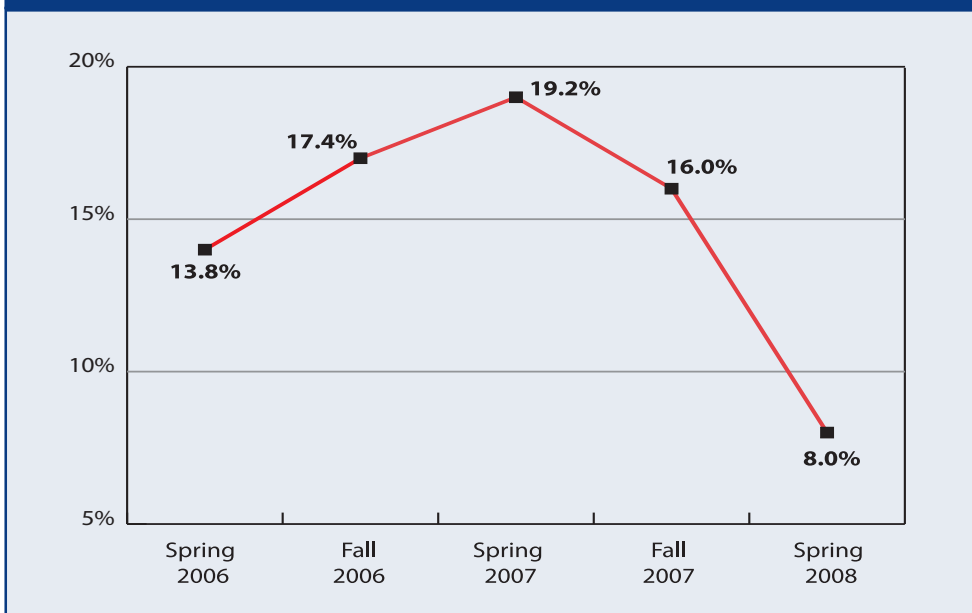
	# of Respondents	Average # of Hires	Total # of Hires	Percent Change
2007	214	159	33,159	
2008	214	173	35,817	8.0%

Overall, hiring expectations for the Class of 2008 remain positive, but the negative economic climate in the United States over the past several months has clearly affected college recruiting expectations. That impact has been muted by long-term demographic considerations that drive the current college recruiting market. In addition, much of the negative

impact is concentrated in specific industries, leaving a significant portion of the market robust.

As Figure 1 shows, employers responding to the survey report expect to hire 8 percent more graduates from this year's class compared with their actual number of hires from the class of 2007.

Chart 1: Job Outlook trends 2006 – 2008, increase from previous year



While still positive, this is down significantly from the 16 percent increase employers had projected for the Class of 2008 when they were surveyed in August 2007. Year-to-year comparisons also illustrate the cooling off: Employers surveyed in spring 2007 anticipated hiring 19 percent more new college grads in 2006-07 than they hired in 2005-06. Finally, as Chart 1 shows, growth in college hiring has been and continues to be the hallmark of college recruiting, but that growth is currently slowing.

HIRING EXPECTATIONS BY INDUSTRY

Current projections are being driven primarily out of two areas of the economy. As Figure 2 shows, respondents reported increased hiring in every reporting industry with the exception of construction and finance—not a surprise to anyone who has been following economic conditions over the past several months. Construction and finance have been particularly affected by the decline in the American housing market and its cascading effects on the non-payment of mortgages and the consequential impact on the health of the lending industry.

Figure 2: Hiring changes by industry, 2008 vs. 2007

	2008			2007			
	# of Respondents	Average # of Hires	Total # of Hires	# of Respondents	Average # of Hires	Total # of Hires	Percent Change
Construction	10	18	180	10	18	75	-2.8%
Manufacturing	84	140	11,599	84	128	10,753	7.9
Utilities	12	123	1,348	12	82	903	49.3
Trade	10	943	9,429	10	886	8,863	6.4
Finance	24	160	3,684	24	173	3,983	-7.5
Bus. Services	53	152	7,585	53	139	6,945	9.2
Nonprofit	5	54	271	5	46	231	17.3
Government	13	129	1,678	13	97	1,266	32.5
Total	213	174	35,801	213	160	33,143	8.0

Although expectations are positive in every sector outside of construction and finance, it must be noted that the deleterious effects of the collapse of the housing and finance industries are being felt in other portions of the economy. While still positive, expectations have diminished in manufacturing (8 percent growth compared with 14 percent in the fall; trade (a modest 6 percent increase compared to 14 percent); and business services (an increase of 9 percent compared with expectations of 18 percent in the fall). Expectations are increasing, however, in utilities (49 percent currently, compared to 47 percent in the fall) and government (33 percent currently, compared to 12 percent). However, the overall numbers represented by these two areas are comparatively small, and their overall impact on the college recruiting market can be expected to be marginal.

HIRING EXPECTATIONS BY REGION

Regionally, an interesting situation appears to be developing. The decline in recruiting expectations seems to be more concentrated in the South and West. By comparison, the Northeast and the Midwest appear to be maintaining relatively robust recruiting seasons. Expected increases for employers reporting out of the Northeast and Midwest average approximately 12 percent, while companies located in the South and West are reporting increases of 1 and 2 percent, respectively. (See Figure 3.)

Figure 3: Hiring change by region, 2008 vs. 2007

	2008			2007			
	# of Respondents	Average # of Hires	Total # of Hires	# of Respondents	Average # of Hires	Total # of Hires	Percent Change
Northeast	58	112	6,359	58	99	5,655	12.4%
South	70	132	9,242	70	130	9,120	1.3
Midwest	52	336	16,474	52	300	14,716	11.9
West	33	124	3,726	33	118	3,652	2.0
Total	213	174	35,801	213	160	33,143	8.0

HIRING CHANGES DRIVEN BY ECONOMIC CONDITIONS

Is the decline in the market accelerating?

To get a perspective on the how quickly employers are responding to the current economic situation, respondents were asked if they had changed their recruiting plans within the past couple of months and, if so, in what direction they had changed their plans.

Overall, 44 percent of respondents reported changing their hiring plans as a response to economic conditions, while 48 percent reported no change and 8 percent could not definitively respond to the question. (See Figure 4.)

Figure 4: Changed recruiting plans, by sector

	Plan change					
	Yes		No		Not Sure	
	# of Respondents	Percent	# of Respondents	Percent	# of Respondents	Percent
Manufacturing	41	43.2%	45	47.4%	9	9.5%
Service	42	42.9	49	50.0	7	7.1
Nonprofit/Govt.	10	55.6	7	38.9	1	5.6
Total	93	44.1	101	47.9	17	8.1

Interestingly, among those firms that reported changes to their hiring plans, a majority (52 percent) said they were increasing their recruiting, while 48 percent responded that they were changing in a downward direction. The latter group represents 21 percent of the overall respondent base, indicating that the effect of the economy on college recruiting is still limited but not insignificant.

Figure 5: Direction of changed hiring plans

	Change direction			
	Increase		Decrease	
	# of Respondents	Percent	# of Respondents	Percent
Manufacturing	16	43.2%	21	56.8%
Utilities	3	75.0	1	25.0
Trade	2	66.7	1	33.3
Finance, Insurance, and Real Estate	3	27.3	8	72.7
Bus. Services	12	54.5	10	45.5
Government	6	75.0	2	25.0

Industries that are noticeable for the number of firms decreasing their hiring plans are: 1) finance—73 percent of those reporting a change said they were changing in a downward direction; this represents 33 percent of all finance firms responding to the survey; and 2) manufacturing—57 percent of those reporting changes indicated those changes would result in decreased hiring; this represents 25 percent of the overall manufacturing base in the survey.

By contrast, government respondents reported changing their plans—but in a positive direction. Seventy-five percent of government respondents reporting a change

in plans said they would be increasing their recruiting efforts over the next several months; this figure represents 46 percent of the overall government respondent pool.

The information regarding those respondents that have instituted changes to their hiring plans is detailed in Figure 5.

Figure 6: Direction of changed hiring plans, by region

	Change direction			
	Increase		Decrease	
	# of Respondents	Percent	# of Respondents	Percent
Northeast	12	66.7%	6	33.3%
South	12	42.9	16	57.1
Midwest	12	52.2	11	47.8
West	10	50.0	10	50.0
Total	46	51.7	43	48.3

Regionally, only the South appears to be undergoing an accelerated decline in college hiring plans. Fifty-seven percent of those reporting a change in hiring plans from the South indicate that they will decrease the number of 2008 hires they had originally planned. As Figure 6 illustrates, the majority of respondents from the Northeast and Midwest who will be changing their hiring plans report actually increasing the number of college recruits they will pursue in the next several months. Employers in the western United States are split evenly between those

increasing the number of hires and those decreasing their recruiting.

Another indicator that the impact of the current economic situation on college recruiting is still limited: Very few firms that extended offers to graduates in the fall of this recruiting year have found it necessary to rescind those offers. Just two survey respondents (less than 1 percent) stated that they would be rescinding offers to fall recruits. This is noteworthy in that many firms recruited heavily in the fall in anticipation of a very competitive college recruiting marketplace.

SPRING 2008 ON-CAMPUS RECRUITING PLANS

Figure 7: Spring 2008 hiring plan (details)

	# of Respondents	Percent
Full-time hires only	28	13.3%
Intern, only	20	9.5
Both intern & full time	142	67.3
On-campus presence— not hiring	7	3.3
No presence—hired during fall	11	5.2
Not hiring this year	3	1.4
Total	211	100.0

Overall, plans for the spring recruiting season are still relatively strong given the national economic situation. In fact, on the most general level, spring hiring plans do not look much different from those of last year. Two-thirds of respondents will be on-campus hiring both full-time recruits and interns, approximately the same as last year. A slightly smaller percentage (13 percent compared with 16 percent) will be on-campus to hire only for full-time positions. A slightly higher percentage will be there only to recruit interns, and the same is true for the percentage of respondents who will not be on-campus at all because they completed their recruiting in the fall. (See Figure 7.)

Figure 8: Overall spring hiring plans, 2008 vs. 2007

	# of Respondents	Percent 2008	Percent 2007
More	71	33.6%	44.8%
Less	43	20.4	10.8
Same	77	36.5	34.4
Not hiring	20	9.5	7.1
Total	211	100.0	100.0

However, in comparison to expectations reported in spring 2007, recruiting plans of current survey respondents do not appear as robust. This year, 9.5 percent of respondents do not plan to hire during the spring recruiting season. This is marginally higher than the number who reported no plans to hire last spring—7.1 percent. In addition, 20.4 percent of this year's respondents indicate they will be hiring fewer graduates this spring than they did last year. While this is still a relatively small proportion of all respondents, it is considerably higher than the 10.8

percent of respondents who reported decreased hiring plans last spring. (See Figure 8.)

That said, there is one factor that must be kept in mind when evaluating the overall trend in spring recruiting: Of the firms reporting that they will not be hiring full-time college recruits this spring, 35 percent completed their hiring during the fall recruiting season. A long-term trend appears to be developing toward increased recruiting activity during the fall, with the consequent impact that spring recruiting is somewhat diminished.

RECRUITING EXPECTATIONS FOR FALL 2008

Hiring plans for Fall 2008 are still somewhat unformed, but the early indicator from this survey suggests few changes from the expectations employers had in the spring of 2007, even given the much poorer economic picture.

Figure 9: Expectations for Fall 2008 compared with expectations for Fall 2007

	# of Respondents	Percent 2008	Percent 2007
More	63	29.7%	34.6%
Less	19	9.0	2.5
Same	78	36.8	37.9
Not hiring	52	24.5	25.0

Nearly two-thirds of respondents expect to hire the same or more graduates next fall as they did this past fall. This compares with 73 percent of respondents who held the same expectations last year. Of more concern to the expectations of next year's college graduates is that 9 percent of this year's respondents anticipate hiring fewer graduates next fall. While that total is low by most standards, it is noticeably higher

than the percentage of respondents that anticipated hiring less graduates last year—just 2.5 percent. (See Figure 9.)

Right now, manufacturing employers hold the least sanguine view of the recruiting market for next fall. Nearly 15 percent of these respondents expect to hire fewer graduates. By contrast, the nonprofit/government community anticipates maintaining its rather brisk hiring pace. None of these respondents anticipate hiring fewer graduates in the fall of 2008 than they did in the fall of 2007. (See Figure 10.)

Figure 10: Expectations for Fall 2008 compared with expectations for Fall 2007, by sector

	Sector					
	Manufacturing		Service		Nonprofit/Government	
	# of Respondents	Percent	# of Respondents	Percent	# of Respondents	Percent
Hire more	22	23.2%	35	35.7%	6	33.3%
Hire less	14	14.7	5	5.1	0	0.0
Hire same	39	41.1	30	30.6	8	44.4
Unsure	20	21.1	28	28.6	4	22.2
Total	95	100.0	98	100.0	18	100.0




Job Outlook 2008 Spring Update

SUMMARY

In the past several months, the stock market has suffered significant setbacks, the financial sector has been forced to write-off millions of dollars in defaulted loans, the unemployment rate has increased, and job creation overall has slumped.

It is reasonable to assume that these general economic conditions have affected the college recruiting market. In the fall, respondents to NACE's *Job Outlook 2008 Survey* were looking at a very competitive recruiting season: Overall hiring expectations were 16 percent greater than in 2007—this on top of several years of significant growth in the college recruiting market. Now, respondents to the latest survey see a somewhat diminished market for this year's college graduates.

The expectation of 8 percent growth is still a substantial positive, and the fall season was very competitive. Many of this year's graduating seniors have already received offers, and there is virtually no evidence that those offers are being rescinded. Nevertheless, graduates who enter the job market late in the recruiting season are likely to find fewer competitors for their services than originally anticipated. Similarly, graduates who had their eyes set on particular industries, such as finance, may need to adjust their target industries.

The long-term prospects for today's college graduates are considerable. The fact that only a limited number of employers are halting their college recruiting efforts in the face of such negative economic news is testimony to the economy's need to maintain the development of the professional employment pipeline. The demographic trends are well understood by employers and suggest that any retrenchment in the college recruiting market is likely to be short and shallow. 



Job Outlook 2008 Spring Update

Survey Respondents

Below is a list of organizations that responded to the *Job Outlook 2008 Spring Update* survey. (Please note: Although 214 organizations responded, the list below includes 154, as 60 declined to be listed.)

AAI Corporation	Dynetics Inc.	JDSU	Raytheon Company
ACUITY	Edward Jones	Johnson Lambert & Co. LLP	Rogers Corporation
Agilent Technologies, Inc.	El Paso Corporation	Kaplan Higher Education	Saint-Gobain Vetrotex America Inc.
Air Liquide America	Electronic Arts Inc.	KBC Financial Products	Samsung Austin
Albemarle Corporation	EMBARQ	Key Program, Inc.	Semiconductor
Allegheny Ludlum	EMC Corporation	Kiesling Associates, LLP	Shell Oil Company
American Eagle Outfitters	Energizer	KPMG LLP	Simpson Gumpertz & Heger Inc.
American Electric Power	Entergy Services, Inc.	Liberty Mutual Insurance Company	Smurfit-Stone Container Corporation
Ameriprise Financial	Enterprise Rent-A-Car	Los Alamos National Laboratory	Southwestern Company
Amica Mutual Insurance Company	Federal Energy Regulatory Commission	Lowe's Companies, Inc.	Space Systems/Loral Inc.
Amper, Politziner & Mattia	Federal Reserve Bank of New York	The LPA Group Incorporated	St. Jude Medical, Inc.
Applied Biosystems	FMC Technologies, Inc.	Lutron Electronics Co. Inc.	Stockamp & Associates Inc.
Applied Materials Inc.	Ford Motor Company	Macy's, Inc.	Structural Group
Applied Signal Technology Inc.	Forrester Construction Company	The MathWorks Inc.	Sun Microsystems, Inc.
Armanino McKenna LLP	Foster Wheeler Inc.	Mercer	Sunoco, Inc.
Armstrong World Industries	FOX Entertainment Group	Milliken & Company	Susquehanna International Group, LLP
ATK Launch Systems	Freddie Mac	National Instruments	SWIFT
Autodesk, Inc.	GEICO	Navigant Consulting, Inc.	Syracuse Research Corp.
Balfour Beatty Construction	General Mills Inc.	NCI Building Systems, Inc.	T H Hill Associates, Inc.
Black & Veatch Corporation	Georgia Tech Research Institute	NCR Corporation	Tennessee Valley Authority
Bosch	Giant Eagle, Inc.	NEC Electronics Inc.	Thales Communications Inc.
BP	Great Lakes Dredge & Dock Company	Nestle Purina Petcare	Tindall Corporation
Bridgestone/Firestone Americas Holding, Inc.	GreenbergFarrow	Newell Rubbermaid	Tindall Corporation
Canine Companions for Independence, Inc.	GuideStone	Northrop Grumman Corporation	T-Mobile USA, Inc.
Capital One	Hajoca Corporation	Novellus Systems, Inc.	Total Quality Logistics, Inc.
Carlson Companies, Inc.	Harris Corporation	Office of Legislative Audits	Toys "R" Us, Inc.
CH2M HILL	HDR Inc.	Pacific Gas and Electric Company	TTI, Inc.
College Pro Inc.	Herbert, Rowland & Grubic, Inc.	Parsons	U.S. Comptroller of the Currency
Comscore	Hewlett-Packard Company	Pearson Education	U.S. Department of Veterans Affairs
ConAgra Foods, Inc.	HGL	Pennsylvania Transformer Technology, Inc.	U.S. General Services Administration
Concannon, Miller & Co., P.C.	High Industries Inc.	The Pepsi Bottling Group, Inc.	U.S. Space & Rocket Center
Conductix, Inc.	Honda Manufacturing of Alabama	Philips Electronics North America Corporation	Valpak Direct Marketing Systems, Inc.
Consolidated Graphics	Hospira Worldwide, Inc.	PPL Corporation	W.W. Grainger, Inc.
Cooper Industries, Inc.	The HR Team, Inc.	PrimeSource Building Products, Inc.	Wachovia Corporation
Corrpro Companies, Inc.	IBM Corporation	Principal Financial Group	Watson Wyatt Worldwide
Countrywide Home Loans	INEOS	Progressive Insurance	Whirlpool Corporation
CSX Transportation	Ingersoll-Rand Company	Raymond James Financial Services, Inc.	WorleyParsons
Dal-Tile Corporation	Integrys Energy Group, Inc.		
Deere & Company	Intuit Inc.		
Discover Financial Services			
DRS Signal Solutions, Inc.			