NACE RESEARCH

JOB OUTLOOK 2009

Spring Update

MARCH 2009

NACE

National Association of Colleges and Employers

www.naceweb.org

TABLE OF CONTENTS

NACE
National Association of Colleges and Employers
www.naceweb.org

COLLEGE HIRING DROPS 22 PERCENT
EXPECTATIONS DOWN SIGNIFICANTLY SINCE FALL

In its continuing effort to gauge the impact of the economy on college hiring expectations for the class of 2009, the National Association of Colleges and Employers (NACE) conducted a survey of its employer members to determine their expected recruiting of new college graduates for the current period. This report, the Job Outlook 2009 Spring Update*, details the level of anticipated college recruiting compared with last year and notes how the recruiting marketplace has reacted to the deteriorating economic situation of the past several months.*

The economic recession that has gripped most of the world for the past year is now thoroughly reflected in college hiring expectations, with employers expecting to cut college hiring 22 percent over last year. (See Figure 1.)

Figure 1: Hiring 2009 expectations vs. 2008 actuals

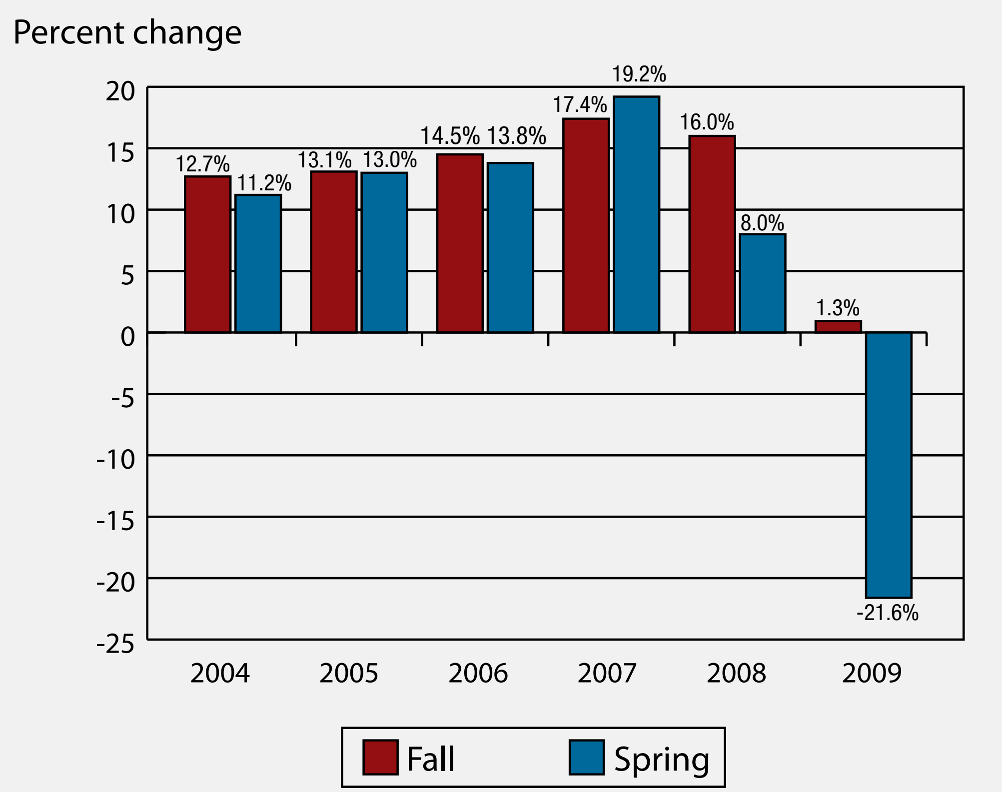
	Average # of Hires	Total	Percent Change
2008	77	12,908	
2009	61	10,119	-21.6%

Previous survey reports (August and October *Job Outlook* summaries) held out some hope that college hiring would be able to weather the storm that was drenching virtually all other economic activities. In fact, in August, employers reported plans to increase hiring 6 percent; in October, they revised their projections downward to a 1.3 increase, indicating flat hiring. Indeed, the Winter 2009 *Salary Survey* seemed to support the flat-hiring scenario: Overall, *Salary Survey* showed that salary offers were relatively stable, and the number of offers reported declined just 4 percent. This current *Job Outlook* report, however, with employers planning to hire nearly 22 percent fewer grads from the Class of 2009 than they actually hired from the Class of 2008, clearly indicates that college hiring will not be immune to the spate of bad economic news. As the economy has continued to falter, it is clear that employers are now limiting, in a significant way, their hiring plans across all types of candidates, including new college graduates.

Much of the decline in college hiring has occurred in the past couple of months, and suggests a difficult spring recruiting season for 2009 graduates. As part of its current survey, NACE asked employers if the deteriorating economic situation had forced them to reevaluate their college hiring plans. Sixty-seven percent of the respondents told us that they had changed their hiring plans as a result of the economy; among those that did change their plans, nearly all (91 percent) had decreased their planned number of college hires.

This report also ends a string of positive college hiring reports dating back to 2004. As Chart 1 illustrates, growth in college hiring was the benchmark of each college recruiting season for the past several years. For recent college graduates, it was a "sellers" market in which they could all but dictate the terms of the competition. Those days are gone. The growth rate in college hiring was already slowing before the collapse of Wall Street in the fall and the rather drastic decline in Gross Domestic Product (GDP) suffered during the winter; those events have resulted in a complete reversal of the market. Those offering their skills can no longer dictate terms; rather they will need to compete with each other to sell their skills to the limited set of remaining buyers.

Chart 1: NACE Job Outlook hiring projections 2004 - 2009



Hiring Expectations by Industry

The decrease in college hiring expectations exists across every industrial sector of the economy with two exceptions. Only reporting federal government agencies and a group of companies within the logistics, transportation, and utilities sector expect to hire more college graduates as full-time employees from the Class of 2009 than they did from the Class of 2008.

With respect to federal agencies, the increase, even during the recession, is understandable. Even if the federal sector does not grow, replacement openings—due to retirements—will result in increased employment opportunities in federal government employment. In addition, an increased role is likely for many federal agencies given the effects resulting from the virtual collapse of the banking sector. An increased role, even if temporary, is likely to produce increased employment opportunities in government. Nevertheless, even with these advantages, the expected increase in new college hires in government is relatively small—less than 6 percent.

Figure 2: Total change in hiring by industry

	Number of Hires 2008 (actual)	Number of Hires 2009 (projected)	Percent Change
Construction	73	40	-45.2%
Manufacturing	4,583	3,124	-31.8%
Dist., Transport., Utilities	353	598	69.4%
Trade	1,330	1,274	-4.2%
Finance	828	241	-70.9%
Business Services	1,211	832	-31.3%
Professional Services	2,373	1,502	-36.7%
Government	969	1,024	5.7%

The increase is far more substantial among firms categorized as distribution, transportation, and utilities. However, too much should not be read into this diverse group of companies. There are relatively few respondents in this category, and the unusually promising picture for college hiring displayed here may be due more to a series of idiosyncratic factors affecting these respondents rather than any systemic characteristics impacting the marketplace.

As Figure 2 shows, all other responding sectors showed significant declines in the number of expected hires for the Class of 2009 relative to the number they actually hired from the Class of 2008. Particularly noticeable is the dramatic decline in the number of hires in the finance sector, a traditional strong hiring area for new college graduates. This is the second year in a row where the *Job Outlook Spring Update* survey has reported a decline in hires for financial service firms, and this year's drop takes the sector out of its traditional role as a prime landing spot for college seniors.

Also disquieting is the decline in anticipated hires from the professional services sector. This grouping represents accounting and engineering firms, which are also traditionally strong industries for new college graduates. This also represents the sector where the most-sought-after undergraduate majors (accounting and engineering) tend to land. Poor hiring estimates from this area speak to the depth of the recession in the college labor market for the Class of 2009.

Hiring Expectations by Region

Regionally, the expectations are nearly universally poor.

Every region of the country reports declining numbers for college hiring, with the Northeast and West showing the biggest losses. The rather dramatic numbers from the Northeast are most likely a reflection of what is occurring in the finance sector. The regional breakouts detailed in Figure 3 are testimony to the breadth of the recession: No place is immune to the current downturn.

Figure 3: Hiring by region

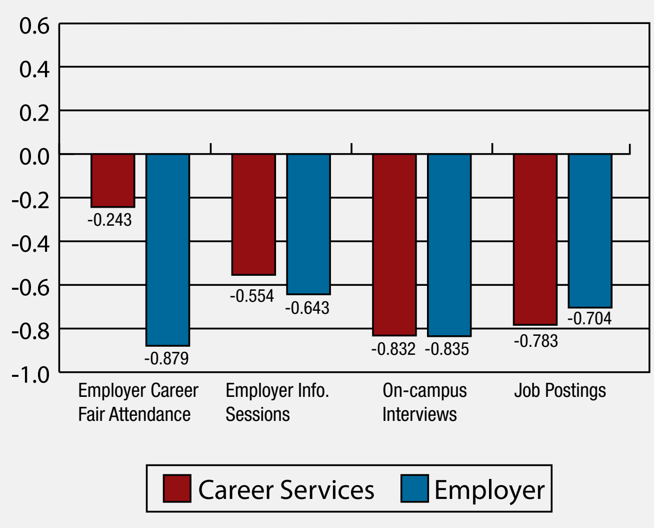
Region	Number of Hires 2008 (actual)	Number of Hires 2009 (projected)	Change Percent
Northeast	2,615	1,599	-38.9%
South	3,976	3,419	-14.0%
Midwest	3,403	2,743	-19.4%
West	2,158	1,469	-31.9%

RECRUITER ACTIVITY ON CAMPUS

In addition to—and, really, as a consequence of—the drop in plans to hire new college graduates, there has been a sharp decline in overall recruiting activity on campus.

To measure recruiting activity, respondents were asked to assess their level of activity across four areas: career/job fairs, employer information sessions presented on campus, on-campus interviewing, and the posting of jobs on campus web sites. Based on the responses, an index value for each activity was created to measure the change in business activity related to recruiting. This index ranges from a -3 (representing a decline in activity greater than 20 percent for every respondent) to 3 (representing an increase of more than 20 percent for every respondent). A zero (0) on the scale represents no change in activity levels.

Chart 2: Change in student-employer activity: index scores



Index ranges from -3 (representing a decline in activity greater than 20 percent for every respondent) to 3 (representing an increase of more than 20 percent for every respondent). A zero (0) on the scale represents no change in activity levels.

As Chart 2 illustrates, on-campus recruiting activity is decidedly down in 2009. In addition, there is a clear indication that the level of activity will continue to decline through the spring. Chart 2 compares current employer responses to those given in the fall by college career centers responding to a separate poll. (Note: Employers were asked to respond for the recruiting year as a whole, while colleges were asked to rate activity levels in the fall only.) Most of the employer numbers are lower than the college responses for the fall, indicating a further drop in activity can be anticipated.

One of the interesting points to note in Chart 2 is the significant drop in career/job fair activity identified by employers in comparison with the relatively static position of the index measuring job postings.

This suggests that the on-campus presence will be reduced much more than the actual recruiting level. This is undoubtedly reflective of the serious hits college relations programs are encountering in terms of budget and staffing. Fifty-nine percent of responding employers reported that their recruiting budgets for the Class of 2009 had been reduced, with 26 percent reporting decreases in excess of 20 percent. Staffing held up a bit better—43 percent of respondents reported decreases in college relations staff, while 23 percent reported staff cuts in excess of 20 percent.

SPRING 2009 ON-CAMPUS RECRUITING PLANS

Figure 4: General spring hiring plans, 2009 vs. 2008

	Number of Respondents	Percent 2009	Percent 2008
More	26	15.8%	33.6%
Less	72	43.6%	20.4%
Same	31	18.8%	36.5%
Not hiring	36	21.8%	9.5%
Total	165	100.0%	

Figure 5: Spring 2009 hiring plan details

	Number of Respondents	Percent
Full-time, only	18	11.0%
Intern, only	26	16.0%
Both Intern & Full-time	57	35.0%
On-Campus Presence - no hire	32	19.6%
No presence - hired during fall	18	11.0%
Not hiring this year	12	7.4%
Total	163	100.0%

Not surprisingly, considering the preceding data, recruiting plans for the spring are decidedly lower this year than they were last year at this time. Of particular concern is the fact that nearly 22 percent of respondents do not plan to hire at all this spring. This far exceeds figures from previous years; last year, for example, only 9.5 percent of respondents reported that they would not be hiring in the spring, which was comparable with previous years. In addition, 43.6 percent of respondents indicate that they will be hiring fewer graduates this spring than they did during the spring of 2008. This number far exceeds anything recorded for this category in the previous five years, and, coupled with the number of respondents reporting no hiring, the survey indicates that nearly 66 percent of the entire respondent base is looking to lower or eliminate their spring hiring plans.

In continuing to examine the differences between this year and last, a look at the detailed hiring plans of respondents shows that hiring plans are not only less overall but are even shifting somewhat from full-time hires to the recruiting of interns. Only one-third of respondents will be on campus to hire both full-time recruits and interns. This compares with an average of two-thirds of respondents recorded for the Class of 2008 and the Class of 2007. Meanwhile, 16 percent will be on campus to recruit only interns. This is nearly double the percentage that fell in this category last year.

RECRUITING EXPECTATIONS FOR FALL 2009

Hiring plans for the next year are generally poorly formed at this point in time. However, as Figure 6 shows, the respondents to this survey indicate an unparalleled level of uncertainty regarding the future of their programs. More than 46 percent of employers responded that they were currently unsure of their college hiring plans for next fall. This compares with only 25 percent who responded that they were unsure at this point last year. This is not unexpected given the current economic situation and the dislocations that have plagued nearly every employer over the past several months.

For those organizations that do have some idea about next year's class, the picture is not particularly promising. Little more than one-third of respondents are projecting hiring more or the same number of graduates as this year. Last year at this time, nearly two-thirds of respondents expected to hire the same or more graduates in the fall of 2008. Of even more concern to the expectations of next year's college graduates is that 17 percent of this year's respondents anticipate hiring fewer graduates next fall. This is nearly double the percentage of firms that were anticipating hiring fewer graduates last year.

Figure 6: Expectations for Fall 2009 compared with expectations for Fall 2008

	Number of Respondents	Percent 2009	Percent 2008
Hire more	21	12.7%	29.7%
Hire less	28	17.0%	9.0%
Hire same	40	24.2%	36.8%
Unsure	76	46.1%	24.5%
Total	165	100.0%	

NACE RESEARCH

Job Outlook 2009 Spring Update

SUMMARY

This is a rather grim report. The current expectations for college hiring are not promising for the Class of 2009, and the prospects for the Class of 2010 point in the same negative direction. College hiring is not immune from the economic turmoil that has gripped the nation and the world for the past year.

Despite that, the longer-term prospects for college graduates are still strong. This generation of graduates has inherent demographic advantages that their counterparts in the early 1980s, the last time the unemployment picture was this poor, did not have. This generation will still be required to fill the slots vacated by the retiring Baby Boom generation. Those retirements may not come as soon as many expected and will not help the current employment prospects of this year's graduating class, but they will come, and, when they do, the employment opportunities for college-educated professionals should be plentiful, even if the economy does not grow at a record pace. In the meantime, before the current market for college hires turns around the economy will need to stop contracting.

ABOUT THE SURVEY

NACE conducted its *Job Outlook 2009 Spring Update* survey February 9 through February 28, 2009; the survey was sent to 1,072 employer members; 174, or 16 percent, responded.

By region, 21 percent are from the Northeast, 33 percent are from the South, 29 percent are with Midwest organizations, and 18 percent are in the West.

Data are calculated on the number of respondents to each specific question. Totals may not each 100 percent due to rounding.

Research:

Director of Strategic & Foundation Research: Edwin Koc
Employment Information Manager: Andrea Koncz

JOB OUTLOOK 2009 SPRING UPDATE RESPONDENTS

A total of 174 organizations provided data for the *Job Outlook 2009 Spring Update*; however, as 63 declined to be listed, 111 are listed here.

Participants

Abbott Laboratories
Activision, Inc.
ACUITY
Agilent Technologies, Inc.
AIG
Airvana, Inc.
Allegheny Ludlum
Amazon.com
American Woodmark Corporation
AMERIGROUP Corporation
Analog Devices, Inc.
Andersen Corporation
Applied Materials Inc.
Applied Signal Technology Inc.
Archer Daniels Midland Company
AREVA NP
Argon ST, Inc.
BAE Systems
Balfour Beatty Construction
Black & Veatch Corporation
Blackbaud, Inc.
BOK Financial Corporation
Bridgestone/Firestone Americas Holding, Inc.
Bristol-Myers Squibb Company
Burke Incorporated
Carpenter Technology Corporation
CGI
CH2M
Chevron Phillips Chemical Company LP
Cliffs Natural Resources
College Pro Inc.
comScore, Inc.
Consolidated Graphics
Covance Inc.
Cummins Inc.
CVS Caremark Corporation
Daiichi Sankyo, Inc.
DCP Midstream Partners, LP
The Douglas Stewart Company, Inc.
Duff & Phelps LLC
E. & J. Gallo Winery
Edward Jones
El Paso Corporation
Entergy Services
Exel
Field Museum
Fluor Corporation
FMC Technologies, Inc.
Gannett Fleming, Inc.
GDF SUEZ Energy North America, Inc.
Georgia Tech Research Institute
GreenbergFarrow
Hajoca Corporation
Herbert, Rowland & Grubic, Inc.
Hewitt Associates LLC
IGT
Innovative Signal Analysis
Interstate Hotels & Resorts
Johnson & Johnson
Keane, Inc.
KLA-Tencor Corporation
L-3 Communications Integrated Systems
Lafarge North America
Lowe's Companies, Inc.
Lutron Electronics Co. Inc.
Macy's
MeadWest
Mercer
Meridian Technologies, Inc.
Messer Construction Co.
Milliken & Company
National Instruments
NCR Corporation
NEC Electronics Inc.
NetJets Services, Inc.
Newell Rubbermaid
The Nielsen Company
Norfolk Southern Corp.
Office of Legislative Audits
Olin Chlor Alkali Products
Owens-Illinois Inc.
Pariveda Solutions Inc.
Priority Solutions International
Procter & Gamble Co.
Questar Corporation
R. W. Beck, Inc.
Raymond James Financial Services, Inc.
The Ryland Group, Inc.
Sears Holdings Corporation
The Sherwin-Williams Company
SRI International
Stryker Corporation
SWIFT
Syracuse Research Corp.
Tennessee Valley Authority
Teradata Corporation
Texas State Comptroller of Public Accounts
Theophany Staffing, Inc.
The Timken Company
Tindall Corporation
Total Quality Logistics, Inc.
Towers Perrin
Toys "R" Us, Inc.
Tyco Electronics
U.S. Air Force
U.S. Comptroller of the Currency
USG Corporation
USS-POSCO Industries
Visa Inc.
Westfield Group
Woolpert LLP