

The **EDGE** Report

September 2009

A Preview of the Post-Recession Job Market



Without question, the past year has been a time of change for most companies and their employees. This is reflected in *The 2009 Employment Dynamics and Growth Expectations (EDGE) Report*, which is based on an annual survey of employers and employees by Robert Half International and CareerBuilder®. The research mirrors what is painfully clear to many of today's job seekers: The tides have turned since this time last year, and now, there are greater numbers of workers competing for far fewer jobs.

But the survey also reveals what may come as a surprise to some. Despite a tightening labor market, many hiring managers continue to struggle to find professionals with in-demand skill sets. In fact, nearly half of managers are still finding that job applicants are underqualified. This may suggest that candidates eager to find work are not ensuring they meet job requirements before submitting their resumes. There also is a group of candidates who are qualified but still employed, and reluctant to leave the security of their current positions.

Most employees surveyed acknowledge that it's much harder to find a job today than it was a year ago. Perhaps that's why a strong majority expressed satisfaction with their current work situations. They appear to understand the difficult decisions their companies may have made in an effort to control costs, and generally support their firms' strategies, research shows. To sustain this buy-in, however, companies will need to make sure loyal workers are rewarded once business conditions improve.

Looking ahead to an inevitable turnaround — and for some industries, an infusion of stimulus money — many companies are already laying the groundwork for growth. A number of hiring managers surveyed identified the departments that will hire first when economic conditions improve, as well as the types of workers expected to be most instrumental to their success. They understand that responding swiftly to an economic turnaround will give them a significant competitive advantage.

About The 2009 EDGE Report

Now in its fifth year, *The EDGE Report* provides an overview of the current employment situation, as well as a glimpse of what the post-recession hiring landscape will look like. The report also offers insights that can help hiring managers recruit and retain candidates more effectively.

The information is based on an annual survey developed by Robert Half International, the world's first and largest specialized staffing firm, and CareerBuilder, the global leader in human capital solutions. More than 500 hiring managers and 500 workers 18 years of age or older participated in the survey, which was conducted by an independent research firm in the second quarter of 2009.

For Employers, Hiring Challenges Persist

Hiring managers were asked, "How challenging is it for you to find skilled professionals today?"

Mean response on a one-to-five sliding scale, with five being extremely challenging and one being not at all challenging



Source: Robert Half International and CareerBuilder survey of 501 hiring managers

The Employer Perspective

- A shortage of qualified applicants is employers' top hiring challenge, cited by 47 percent of managers surveyed.
- On average, 44 percent of resumes employers receive are from unqualified candidates.
- The average time to recruit a new full-time employee ranges from 4.5 to 14.4 weeks, depending on the position — the same time range as last year, despite higher unemployment rates nationwide.
- Asked to identify the most valuable characteristics in new hires, employers cited multitasking, initiative and creative problem-solving.
- Six in 10 hiring managers said their companies are willing to negotiate higher compensation for qualified candidates.
- Forty percent of hiring managers said that when the economy improves, providing more money will be their primary method for retaining top performers.
- Employers' hiring plans for the next 12 months include a mix of full-time employees (cited by 53 percent of respondents), contract/temporary/project professionals (40 percent) and part-time workers (39 percent).
- Employers expect to hire in their technology and customer service departments first once the economy turns around.
- Forty-four percent of respondents expect the American Recovery and Reinvestment Act of 2009 to create job opportunities in their organizations in the next two years.

Tougher Times for Job Seekers

Employees were asked, "How challenging is it to find a job today?"

Mean response on a one-to-five sliding scale, with five being extremely challenging and one being not at all challenging



Source: Robert Half International and CareerBuilder survey of 505 workers

The Employee Perspective

- If they were to lose their current job, employees estimated that it would take an average of 14.7 weeks to find a comparable position.
- More than one-third of workers would be interested in returning to a former employer after a layoff if they were offered the same job and pay.
- Nine out of 10 employees said they are satisfied with their current work situation, compared to eight out of 10 last year.
- Nearly half of workers (45 percent) said they plan to change employers, careers or industries when the economy recovers.
- Nearly half of employees surveyed said higher compensation will be the most effective way to retain them after the economy improves.
- The top perks workers expect their employers to provide when the economy recovers are technology upgrades (79 percent), and tuition reimbursement or subsidized training (61 percent).

A BRIDGE TO THE FUTURE

Navigating economic cycles is a balancing act for managers. Layoffs, hiring freezes and budget cuts have forced many organizations to operate with smaller teams. Meanwhile, companies cannot afford to sacrifice productivity and must be poised to take advantage of opportunities for growth when the economy improves.

As they continue to balance project demands with available resources, managers have come to more fully appreciate the value of team members who can assume “hybrid” roles, taking on multiple responsibilities or even absorbing some of the duties of former colleagues. These flexible team members are essential for maintaining productivity within lean organizations. They also help companies respond to future business needs — rendering them a key asset as employers lay the groundwork for future economic growth.

Operating under tight budgets also has increased employers’ appreciation for creative, self-directed employees who, with little supervision, can find solutions to problems. These future leaders will remain among the most valuable team members when conditions improve and businesses strive to capitalize on emerging opportunities.

Gearing Up for Smart Hiring

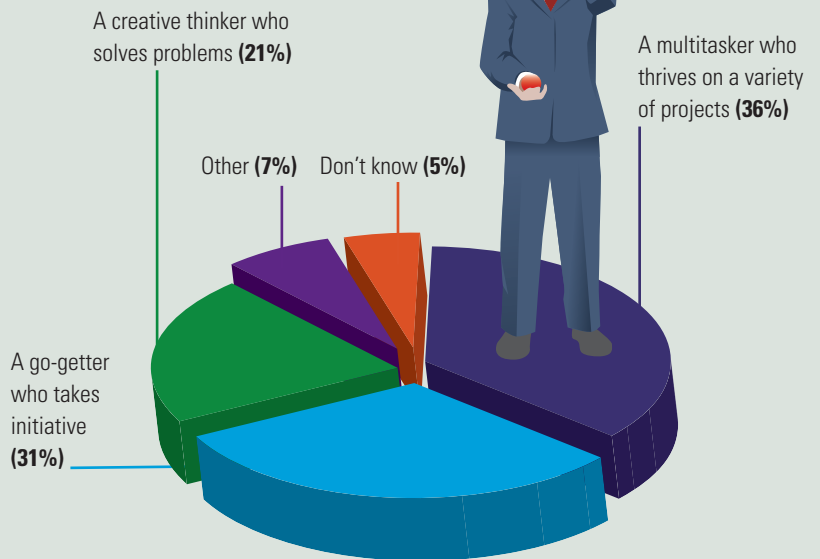
Customer-facing roles are indispensable in good times and bad. In the current economy, hiring managers consider customer service the function most critical to their organizations’ success, followed by sales, marketing/creative and technology. Public relations/communications, business development and accounting/finance round out the list of top responses.

In anticipation of the upturn, employers have started looking ahead to identify the business areas that will benefit most from investments in human resources. Respondents cited technology, customer service and sales as the departments that will add positions first. Other areas where they expect to add staff include marketing/creative, business development, human resources and accounting/finance.

Government stimulus funding is another factor expected to influence hiring decisions in the near future. Forty-four percent of hiring managers expect the American Recovery and Reinvestment Act of 2009 to create job opportunities in their organizations.

Wanted: A Jack- or Jill-of-All-Trades

“Aside from having the basic job qualifications, which of the following characteristics best describe the ideal new hire?”



Source: Robert Half International and CareerBuilder survey of 501 hiring managers

Where the Jobs Are Now

“Of the following, which functions are most critical to your organization in a down economy?”

1. Customer service
2. Sales
3. Marketing/creative
4. Technology
5. Public relations/communications
6. Business development
7. Accounting/finance

Source: Robert Half International and CareerBuilder survey of 501 hiring managers. Multiple responses permitted. Top responses shown.

Top Seven Areas of Opportunity in the Future

“Once the economy turns around, which departments within your organization do you think will add positions first?”

1. Technology
2. Customer service
3. Sales
4. Marketing/creative
5. Business development
6. Human resources
7. Accounting/finance

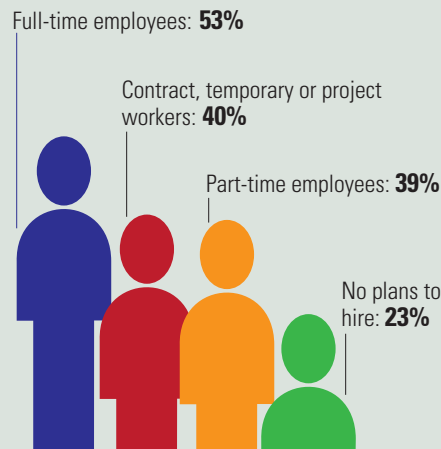
Source: Robert Half International and CareerBuilder survey of 501 hiring managers. Multiple responses permitted. Top responses shown.

Finding the Right Employee Mix

As businesses seek to maintain flexible, productive staffs in the year ahead, they are pursuing an approach to staffing that blends full-time, part-time and project workers. More than half of managers surveyed said they plan to hire full-time employees in the next 12 months. Nearly four in 10 plan to hire part-time employees, and about the same percentage said they intend to bring in contract, temporary or project professionals.

When the pace of hiring begins to accelerate, entry- and staff-level workers can expect to have the most opportunities. Thirty-two percent of hiring managers plan to hire staff-level professionals, while 28 percent said they will hire entry-level workers. Companies may be looking to restore positions affected by layoffs or hiring freezes while continuing to rely on existing personnel who occupy leadership positions.

“What are your company’s plans to hire in the next 12 months? Do you plan to hire ...?”



Source: Robert Half International and CareerBuilder survey of 501 hiring managers. Multiple responses permitted.

“When the economy improves, what level of full-time candidates do you anticipate your firm will need to hire first?”



Source: Robert Half International and CareerBuilder survey of 501 hiring managers

MORE CANDIDATES, BUT FINDING QUALIFIED ONES A CHALLENGE

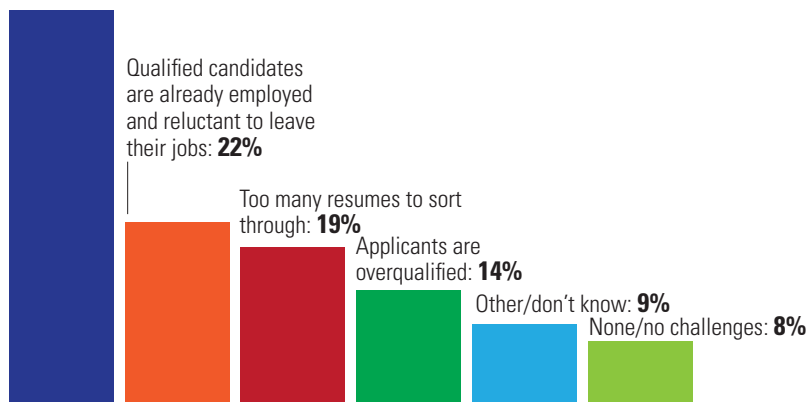
According to hiring managers, finding qualified staff has not grown significantly easier. Forty-seven percent cited underqualified applicants as their most common hiring challenge. While that figure is down from last year’s 59 percent, it was cited more than twice as often as any other recruiting challenge. The second most common response — the reluctance of qualified candidates to leave secure positions — was cited by 22 percent of hiring managers. Respondents said an average of 44 percent of resumes they receive come from unqualified applicants.

Employers continue to be cautious when adding to their teams, striving to avoid costly hiring mistakes. Hiring managers reported they are taking just as long now to fill an open position as they did last year: an average of 4.5 to 14.4 weeks, depending on the job level. Employees also are well aware of the difficulty of the hiring process. On average, they estimated it would take more than three months (14.7 weeks) to land a comparable position if they lost their current job.

Where Are All the Good People?

“Which of the following challenges, if any, do you commonly encounter when hiring?”

Applicants are underqualified: **47%**



Source: Robert Half International and CareerBuilder survey of 501 hiring managers. Multiple responses permitted.

Time to Hire ... and Get Hired

“On average, how many weeks does it typically take your firm to fill an open position at the following levels?”

- Senior management (CEO, CFO, CIO, VP): **14.4 weeks**
- Director, manager, supervisor, team leader: **8.7 weeks**
- Professional or technical staff member: **7.4 weeks**
- Administrative or clerical: **4.5 weeks**



Source: Robert Half International and CareerBuilder survey of 501 hiring managers

“If you were to lose your job tomorrow, how many weeks do you think it would take to find a comparable position?”

Mean response:

14.7 weeks

Source: Robert Half International and CareerBuilder survey of 505 workers

RETENTION: MONEY TALKS

Retaining top professionals is an ongoing priority in any economic environment, but the effort required to do so may change markedly as conditions shift. Companies able to promptly ramp up compensation and benefits when the recovery begins will hold competitive advantages in both recruitment and retention.

For now, employers appear to be in a holding pattern with regard to compensation. While more than one-quarter (26 percent) of employers plan to offer higher pay this year, those increases may be offset by shrinking bonuses, as another 26 percent of managers expect to decrease them this year.

During tough times, employees are naturally less demanding about compensation. When economic conditions improve, however, that attitude is likely to change. Although 61 percent of workers surveyed said they would be willing to take a pay cut to avoid a layoff, nearly half (49 percent) said that after the economy improves, the most effective way to keep them on board will be offering more money.

In fact, 28 percent of workers said they plan to ask their boss for a raise or promotion once the recovery is underway. Many of these requests may be met, as 40 percent of hiring managers said they are willing to provide more money to retain top performers when the economy improves.

As their companies' prospects improve, employees also expect better benefits and perks (20 percent). The top perks they anticipate being offered are technology upgrades (79 percent), followed by tuition reimbursement or subsidized training (61 percent).

"What do you expect your company to offer in terms of salary and bonuses this year? Do you expect salaries and bonuses to increase, decrease or stay the same?"

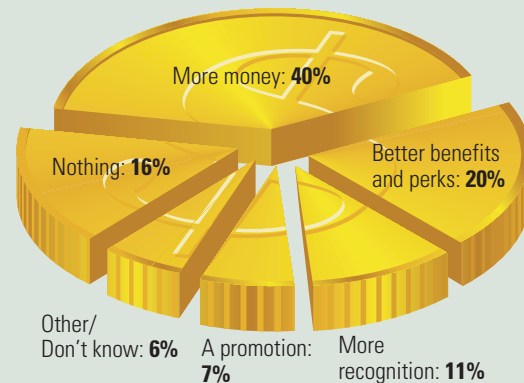
| | Salaries | Bonuses |
|----------------|----------|---------|
| Increase | 26% | 12% |
| Decrease | 12% | 26% |
| Stay the same | 61% | 47% |
| Not applicable | 0% | 14% |
| Don't know | 1% | 1% |

Source: Robert Half International and CareerBuilder survey of 501 hiring managers

The number of hiring managers who said their firms are willing to negotiate higher compensation levels for qualified candidates: **61%**

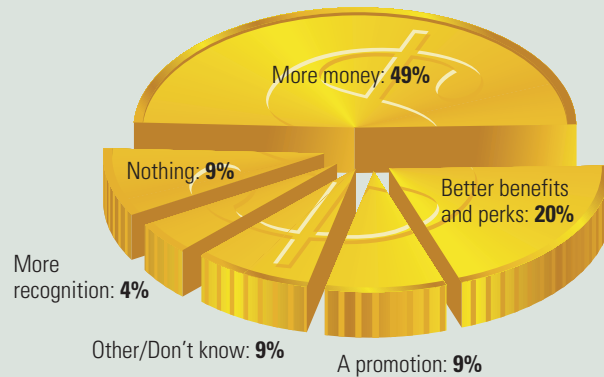
Source: Robert Half International and CareerBuilder survey of 501 hiring managers

"Which of the following would your company be most willing to provide to retain top performers when the economy improves?"



Source: Robert Half International and CareerBuilder survey of 501 hiring managers

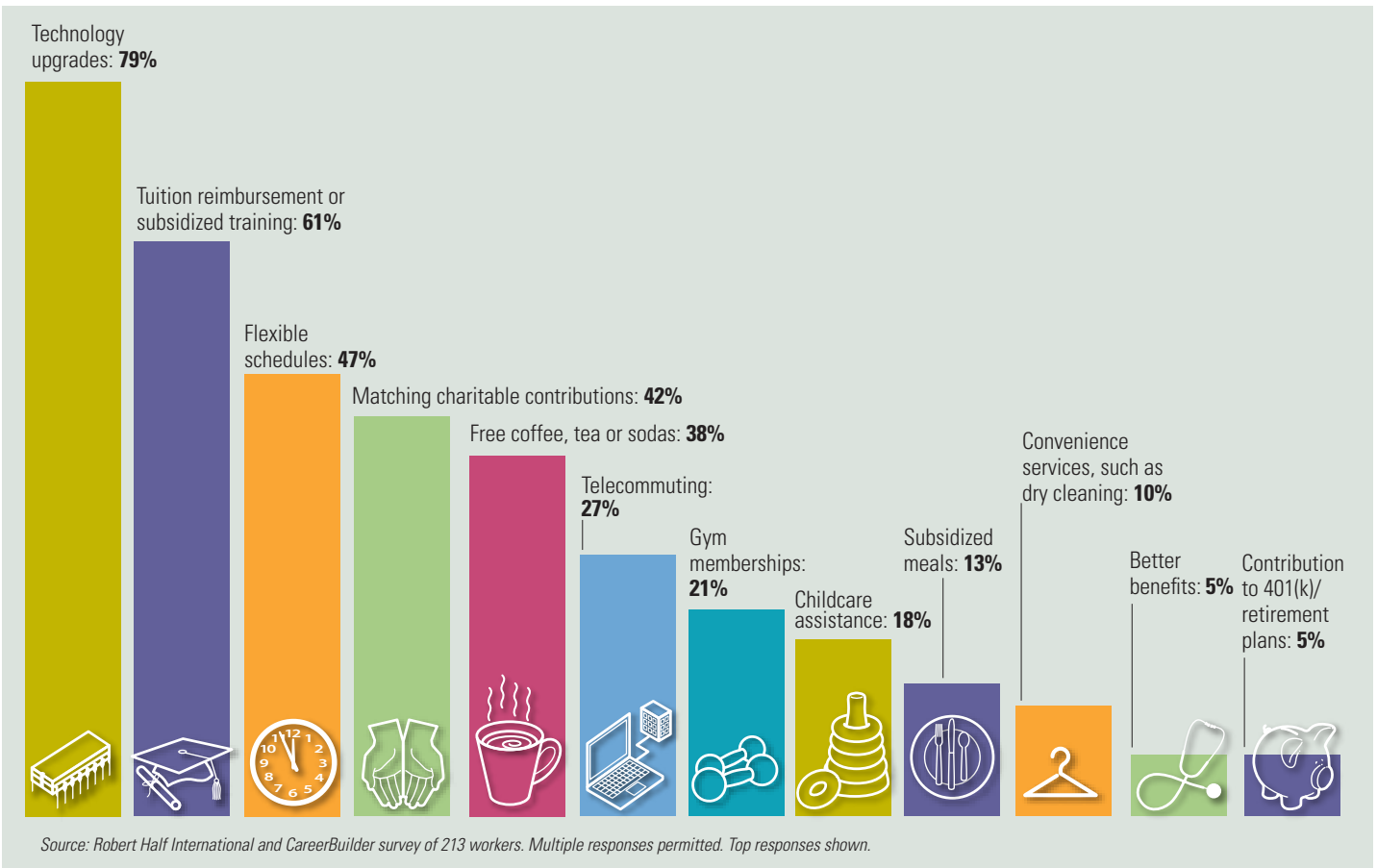
"Which of the following would most prompt you to stay at your current employer when the economy improves?"



Source: Robert Half International and CareerBuilder survey of 137 workers



“Which of the following perks do you expect your employer to provide or enhance when the economy improves?”



Top Investments: Comparing the Returns

Technology upgrades

- ✓ Increase productivity
- ✓ Gain competitive advantage
- ✓ Improve morale
- ✓ Accommodate future growth

Continuing education and training

- ✓ Enhance skills
- ✓ Advance careers
- ✓ Build employee loyalty
- ✓ Gain recruiting advantage

In Lieu of Layoffs ...

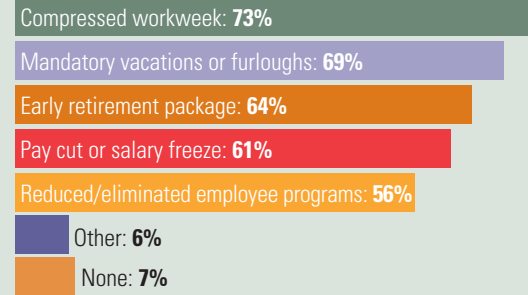
Employers appear willing to take multiple steps to avoid losing people. More than two-thirds (68 percent) of hiring managers identified specific actions their firms have taken to prevent layoffs in the past 12 months. Many hiring managers (36 percent) expressed interest in rehiring workers who were laid off by the firm.

“Which, if any, of the following steps has your firm taken to avoid layoffs in the last 12 months?”

1. Employee pay cuts or salary freezes: 41%
2. Reduced/eliminated employee programs: 28%
3. Compressed workweek: 18%
4. Early retirement packages: 16%
5. Mandatory vacations or furloughs: 15%

Source: Robert Half International and CareerBuilder survey of 339 hiring managers. Multiple responses permitted. Top responses shown.

“Which of the following, if any, would you be willing to take to avoid layoffs at your firm?”



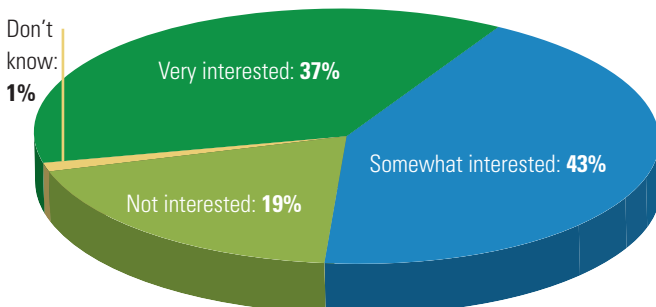
Source: Robert Half International and CareerBuilder survey of 505 workers. Multiple responses permitted.

Most Employees Are Satisfied ... for Now

Employers' retention and motivation efforts seem to be working. Despite workplace challenges, such as operating with leaner teams, more employees this year said they are happy in their jobs. Nine out of 10 employees said they are satisfied with their current work situations, compared to eight out of 10 last year. More than one-third (37 percent) of workers said they would be very interested in returning to a former employer following a layoff if offered the same position and pay.

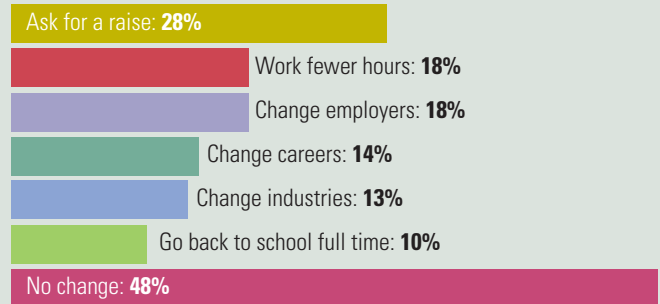
This doesn't mean employers can sit back and relax, however. It's dangerous to assume an employee who is currently satisfied will continue to be content when conditions improve. Nearly one in five workers (18 percent) said they plan to change employers when the recovery occurs and another 13 percent plan to move to another industry. Meanwhile, 14 percent said they plan to change careers, and 10 percent expect to go back to school full time.

“Even if you have never been laid off, theoretically, how interested would you be in going back to work for a company that had laid you off, if you were offered the same position and pay?”



Source: Robert Half International and CareerBuilder survey of 505 workers

“With respect to your career, what actions, if any, do you plan to take once the economic recovery is underway?”



Source: Robert Half International and CareerBuilder survey of 505 workers. Multiple responses permitted.

AFTER THE RECESSION: PREPARING FOR PENT-UP PROJECT DEMAND

During the downturn, companies have sought to maintain productivity with leaner budgets and smaller teams, putting pressure on managers to reprioritize projects. As a result, many strategic but less critical initiatives have been put on hold. When conditions improve, employers will compete to hire the skilled professionals needed to resume those projects.

The firms best prepared to capitalize on the release of pent-up project demand will be those that apply the lessons they have learned in recent years and continually monitor economic and employment trends. The results of *The 2009 EDGE Report* show many organizations are already beginning to prepare for what the post-recession hiring landscape may look like. They recognize the pivotal role the strength of their teams will play in taking advantage of emerging opportunities.

No one can claim to know with certainty how events will unfold. But the most forward-thinking employers clearly understand their future is tied to their ability to retain the best people. They also recognize that the efforts of these individuals must be supported and rewarded, and core staff should be augmented when necessary. Such organizations can be most confident of their ability to meet the challenges the coming months and years will bring.



ABOUT ROBERT HALF INTERNATIONAL AND CAREERBUILDER

About Robert Half International

Founded in 1948, Robert Half International (NYSE: RHI) is the world's first and largest specialized staffing firm, with more than 360 offices worldwide. The company's professional staffing divisions include Accountemps®, Robert Half® Finance & Accounting and Robert Half® Management Resources, for temporary, full-time and senior-level project professionals, respectively, in the fields of accounting and finance; OfficeTeam®, for highly skilled office and administrative support staff; Robert Half® Technology, for information technology professionals; Robert Half® Legal, for project and full-time staffing of attorneys, paralegals and legal support personnel; and The Creative Group®, for creative, advertising, marketing, web and public relations professionals. For more information about the specialized staffing and recruitment divisions of Robert Half International, visit www.rhi.com.

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