

spring update

RECRUITING TRENDS 1993

• CAREER DEVELOPMENT AND PLACEMENT SERVICES • COLLEGIATE EMPLOYMENT RESEARCH INSTITUTE •

**A Supplement to the Annual Recruiting Trends Study
of Businesses, Industries, and Governmental Agencies
Employing New College Graduates**
June 1, 1993

By L. Patrick Scheetz, Ph.D.
Institute Director

Many new college graduates received degrees this month, but most were still awaiting job offers on graduation day. For those without job offers, good news has arrived. Job opportunities still exist for more of this year's graduating class. After three consecutive years of declining demand, this Spring 1993 report confirmed a slight increase in demand for new college graduates of 1992-93. Businesses, industries, and governmental agencies throughout the United States were surveyed and reported an increase of 2.9% in job prospects.

Remaining to be filled were 15.4% of positions available for 1992-93. The positive news for this year's graduates: Interviewing for these job openings will continue through September 1993.

This supplement to the 22nd annual Recruiting Trends survey conducted by Michigan State University contains data on **actual hires** of new college graduates in 1992-93 among business, industry, and government employers. Also included are **predictions** from employers on anticipated changes in the college labor market for the next three quarters of 1993, 1994, 1995, and 1996. A total of 4,290 employers were invited to participate and represented (1) members of the College Placement Council or regional placement associations, (2) employers registered with Career Development and Placement Services at Michigan State University, and (3) employers randomly selected from a list of small businesses in the Standard and Poor's Register. **Spring 1993 Update** questionnaires were initially mailed first-class to employers on April 2, 1993. No follow-up reminder notices were mailed because of the tight timeline required for responses. A total of 303 responses were received. All responses received through May 17, 1993, were included in this final report.

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Employers Responding

Responses for this Spring 1993 Update were received from 303 organizations (7.1%), and all of these responses were complete enough for statistical analysis purposes. An adequate representation of organizations recruiting on college and university campuses was included in this final report to accurately reflect the job market for new college graduates in 1992-93.

Among this spring's respondents, 261 were businesses, industries, manufacturing organizations, and service sector employers (85.8%); and 42 were local, state, and federal government agencies (14.2%).

Organizations with 1,000 to 4,999 employees represented 23.1% of the respondents; those with 100 to 499 employees represented 22.7% of the respondents; and organizations with 1 to 99 employees represented 20.3% of the respondents. Organizations with 500 to 999 employees represented 14.9% of the respondents; those with 10,000 or more employees represented 13.6% of the respondents; and organizations with 5,000 to 9,999 employees represented 5.4% of the respondents.

Employment of 1992-93 Graduates

When reporting new college graduates hired last year and actual new hires for this year, employers revealed a slight increase in the overall job market for new college graduates of approximately 2.9% this year (1992-93).

Interpretations of data for individual employer groups need to be approached cautiously, because occasionally small sample sizes were received for some employer categories. Data reported for this analysis are at worst a reflection of the college job market for organizations responding to this survey.

Employer categories with increases in hiring included chemicals, drugs, and

allied products (137.3%); construction and building contractors (133.3%); glass, packaging, and allied products (75.0%); agribusiness (50.0%); communications and telecommunications including telephones, newspapers (20.0%); food and beverage processing (17.3%); hospitals and health care services (10.5%); hotels, motels, restaurants, and recreational facilities (7.1%); banking, finance, and insurance (6.9%); and engineering, research, consulting, and other professional services (5.1%). No change in hiring was reported by metals and metal products.

Decreases in hiring of 10% or less for this year were experienced by accounting firms (-3.0%); governmental administration and military including federal, state, and local levels (-3.6%); lumber, wood products, and furniture manufacturers (-4.2%); automotive and mechanical equipment (-4.3%); and aerospace and components (-7.1%).

Experiencing decreases in hiring of more than 10% for this year were petroleum and allied products (-12.1%); merchandising and retailing (-19.3%); public utilities including transportation (-23.0%); electronics, computers, and electrical equipment manufacturers (-23.7%); diversified conglomerates (-32.8%); social service, religious, and volunteer organizations (-66.6%); textiles, home furnishings, and apparel manufacturers (-66.6%).

Sizes of employers influenced hiring trends. Increases in hiring were reported by organizations with 100 to 499 employees (+150.0%) and employers with 5,000 to 9,999 employees (+52.4%). No change in hiring was reported by employers with 500 to 999 employees. Decreases in hiring were experienced by employers with 1,000 to 4,999 employees (-11.1%); organizations with 10,000 or more employees (-13.4%); and those with 1 to 99 employees (-50.0%).

Different geographical regions of the country experienced varying hiring trends. Only employers in the northeastern region of the country reported increased hiring of new college graduates (+36.1%). All other

regions reported decreases in hiring: northcentral region (-3.3%), southcentral region (-8.1%), southwestern region (-10.4%), southeastern region (-14.3%), and northwestern region (-50.0%).

Hiring Quotas vs. Actual Hires for 1992-93

When comparing new college hires expected for this year with actual new graduates hired this year, an increase in the overall job market for new college graduates was noted. Approximately 4.3% more new college graduates than expected were hired for 1992-93. To achieve this calculation, employers provided their estimate of demand for new college graduates in September, 1992, and their actual number of new hires for 1992-93.

Employer categories with more hires than expected were chemicals, drugs, and allied products (87.6%); metals and metal products (33.3%); governmental administration and the military including federal, state, and local levels (26.5%); banking, finance, and insurance (25.6%); hospitals and health care services (20.0%); glass, packaging, and allied products (16.6%); automotive and mechanical equipment (15.9%); public utilities including transportation (11.1%); hotels, motels, restaurants, and recreational facilities (7.1%); accounting firms (5.5%); and construction and building contractors (5.4%).

Hiring exactly the numbers of new graduates they expected to hire were textiles, home furnishings, and apparel manufacturers; social service, religious, and volunteer organizations; and aerospace and components.

Hiring at levels less than expected were food and beverage processing (-6.3%); lumber, wood products, and furniture manufacturers (-10.1%); communications and telecommunications including telephones, newspapers, and magazines (-14.3%); engineering, research, consulting, and other

professional services (-16.2%); petroleum and allied products (-17.1%); merchandising and retailing (-23.2%); electronics, computers, and electrical equipment manufacturers (-26.6%); and diversified conglomerates (-34.4%).

Job Openings Still Available for 1992-93 Graduates

Among 302 employers reporting new college graduates hired in 1992-93, approximately 15.4% of all positions were still available on May 1, 1993, and were expected to be filled before September, 1993. A total of 3,121 openings still existed in surveyed organizations.

Employer categories reporting 20% to 50% of their job openings still available were public utilities including transportation (49.6%); communications and telecommunications (40.8%); hotels, motels, restaurants, and recreational facilities (32.3%); governmental administration and the military including federal, state, and local levels (27.8%); hospitals and health care services (26.2%); construction and building contractors (25.4%); and glass, packaging, and allied products (24.1%).

Fewer than 20% of job openings were still available in engineering, research, consulting, and other professional services (18.8%); merchandising and retailing (18.6%); electronics, computers, and electrical equipment manufacturers (15.2%); lumber, wood products, and furniture manufacturers (15.0%); diversified conglomerates (14.9%); textiles, home furnishings, and apparel manufacturers (13.3%); and metals and metal products (12.0%).

Fewer than 10% of available positions for 1992-93 were still available with petroleum and allied products (8.4%); chemicals, drugs, and allied products (4.5%); food and beverage processing (2.8%); aerospace and components (1.5%); automotive and mechanical equipment (0.9%); and accounting firms (0.2%).

Positions still available within surveyed organizations on May 1, 1993, and expected to be filled before September, 1993, were listed. Frequencies of response are noted after each and responses are listed in descending order from the most frequently requested.

Engineer, associate engineer, automotive engineer, civil/structural engineer, design engineer, development engineer, electrical engineer, electrical power engineer, environmental engineer, mechanical engineer, process engineer, product engineer, project engineer, technical sales engineer, technical team member- 40 responses

Sales representatives, marketing representative, sales associate, account representative, medical sales representative, field representative, telemarketer, sales trainees (inside and outside), technical sales representative, new home sales representative, territory sales managers, circulation sales manager, sales support coordinator- 22 responses

Computer scientist, software engineer, hardware design engineer, software developer, Jr. programmer, Jr. analyst, programmers- 14 responses

Assistant production supervisor, manufacturing trainee, business analyst, production supervisor, assistant supervisor, supervisor, operations management trainee, operation supervisor, project manager trainee, director- strategic business unit, assistant district supervisor, senior program technician, maintenance supervisor, driver coordinator, warehouse manager, business career interns- 13 responses

Accountant, staff accountant, associate accountant, auditor, auditing trainee, finance executive, credit analyst- 10 responses

Researcher, scientist, executive researcher, laboratory technician, project scientist- 7 responses

Systems analysts, information systems trainees, manager- information services, information technologist/systems integration consultant- 6 responses

Hotel management trainee, reservations manager- 5 responses

Management trainee, rotational management trainee, executive trainee- 5 responses

MBA- 4 responses

Security office, police officers, field officers- 4 responses

Bank management trainee, loan officer trainee- 3 responses

Chemist (Ph.D.)- 3 responses

Customer service representatives, manager- customer services- 3 responses

Advertising, account representative, account executive- 2 responses

Biologist, biology analyst- 2

Insurance claims representative, underwriter trainee- 2

Lawyer, assistant city attorney- 2

Medical technologist- 2

Nurse- 2

Physical therapists- 2

Physicist, health physicist- 2

Restaurant, assistant food service director- 2

Writer, copy editor- 2

Arborist

Cartographer

Consultant

Food scientist, food inspector

Linguist

Mathematician

Merchandise assistant- buyer

Metallurgist

Occupational therapists

Plant health care technicians

Psychologist, children's therapist

Veterinary medical officer

Anticipated Change in the Job Market for New College Graduates

No significant change in the job market for new college graduates is anticipated by surveyed employers through 1993. During the second, third, and fourth quarters of 1993, a majority of employers expected no change, 80.2%, 75.0%, and 69.8%, respectively. Expecting very moderate increases (5-6%) in job opportunities during the second quarter of 1993 were 13.6% of the respondents, 19.0% during the third quarter, and 24.3% during the fourth quarter.

During 1994 and 1995, slightly less than a majority of employers expected no significant change: 46.3% and 48.1%, respectively. Expecting an improved market of 5-6% for new graduates in 1994 were 49.0% of the surveyed employers, and for 1995, 49.1% of the employers expected increased opportunities.

In 1996, a majority of surveyed employers again expect no significant change (53.7%). Another 47.6% expected increased opportunities of 5-6% for new college graduates.

Most notable among employers' reasons for an improved job market for new college graduates were the following:

- o Projects that were held during the recent recession will be started in 1994 and 1995, thus necessitating new hires, according to some employers.
- o Retirements in 1995, 1996, and beyond are expected to increase and thus boost hiring of new college graduates in many organizations.
- o Increases in productivity with the current workforce will result in gains requiring new college hires to sustain the growth achieved, noted employers. In these organizations, brighter and better trained entry-level employees will replace current workers due to normal attrition from retirements.
- o Turnover among current staff was down during the last three years, so demand

for new graduates was less. However, in the next three years, dissatisfied employees will find new employment prospects, so more demand for new college graduates can be anticipated.

On the negative side, and expected to limit job prospects for new college graduates are the following:

- o Downsizing and hiring freezes continue. Employers announced that time will be needed, maybe several years, to sort out the consequences of recent layoffs in some industries. One employer noted that their organization was "right sizing," and this activity is expected to persist. Hiring will improve after the major companies stabilize their workforces and their sales/profits.
- o When consumers start buying products, hiring will resume. Once hiring begins, a heavy focus will be on job applicants with experience, but ultimately new college graduates will get their opportunities.
- o Federal government hiring will be limited, if proposed decreases in federal budgets and federal employment levels are approved. Particularly hard-hit will be job openings in the Department of Defense and industries dependent upon revenues from defense spending.
- o Proposed federal tax increases will limit business expenses and damage the economy, observed one surveyed employer. Another employer noted that the new White House administration will have a positive outlook on the job market, but the economy and job situation may get slightly worse before it gets better. Many employers commented that the economic situation and proposed presidential legislation will have a significant impact on jobs for new college graduates.

**Academic Majors and Degree Levels
in Greatest Demand during 1992-93**

Requested from surveyed employers hiring new college graduates this year (1992-93) was a list of the academic majors and degree levels in greatest demand within their organizations. Frequencies of response are noted after each, and responses are listed in descending order from the most frequently requested.

Mechanical engineering- 36
Electrical engineering- 34
Accounting- 32
Business administration- 32
Computer science- 30
Chemical engineering- 23
Marketing- 21
Management information systems- 18
Engineering-all categories- 16
Finance/ financial management- 15
Civil engineering- 14
Communications/ telecommunications/
customer services- 10
Chemistry- 9
Nursing- 8
Computer/ software engineering- 7
Liberal arts- 7
Agribusiness- 5
Animal science/ poultry science- 5
Biology/ life sciences- 5
Journalism- 5
Economics- 4
Hotel/ restaurant/ institutional
management- 4
Human resources management/ personnel
administration- 4
Industrial engineering- 4
Materials & logistics management
(transportation, traffic, logistics,
distribution)- 4
Mathematics/ statisticians- 4
Metallurgical engineering- 4

Physics/ health physicists- 4
Social work- 4
Environmental engineering- 3
Food science- 3
Physical therapists- 3
Retail/ merchandise management- 3
Building construction- 2
Geologists- 2
Graphic arts/ technical design- 2
Natural science- 2
Nuclear engineering- 2
Petroleum engineering- 2
Occupational therapists- 2
Public safety/ criminal justice- 2
Psychology/ psychologists- 2
Aerospace engineering
Advertising
Architectural engineering
Biomedical engineering
Cartographers
Ceramic engineering
Crop and soil science
Electronics engineering
Forestry
Horticulture
Hydrologists
Languages
Law
Marine engineering
Marine design
Materials engineering
MBA with engineering undergraduate
degree
Medical technologist
News print management
Packaging engineering
Plastics engineering
Polymer/materials engineering
Radiation therapist
Social sciences
Structural engineering
Systems science
Textiles technology
Turb grass management
Veterinary medicine (DVM)

Change in Starting Salaries Offered to New College Graduates in 1992-93

Among surveyed employers, 139 organizations (51.1%) reported increases in starting salaries offered to new college graduates hired by their organizations during 1992-93, when compared to salaries offers for 1991-92. Of the respondents, 129 employers (47.4%) reported no changes in starting salary offers. Four (4) employers reported decreases in starting salaries.

Among all respondents, increases in starting salaries offered for this year averaged approximately 4.6% more than salaries offered last year. A few employers (6.9%) offered increases of 11% or greater. Increases of 9-10% were offered by 29.0% of the employers responding, and offered by 15.0% of the employers were increases in the 7-8% range.

Starting salaries were increased each year by surveyed employers, in order for organizations to remain competitive with other similar organizations, according to surveyed employers. An oversupply of job applicants during the last 5 years has kept starting salaries rather stable.

Starting salaries offered by surveyed employers were dependent upon the positions available, academic majors required, and prior career-related experiences of the applicants.

The rate of inflation had some influence on starting salaries for this year. For instance, some organizations increased starting salaries as a cost of living adjustment.

Decreases of starting salaries were noted in some organizations. Most notable among these were hospitals and health services organizations. Freezes in salaries were also reported. Employers mentioned that incumbents in organizations were not given raises in 1993, and, therefore, starting

salaries for new graduates remained constant at 1992 levels in these organizations.

Salaries for federal government employees may be frozen for the 1993-94 fiscal year, according to a proposal from President Clinton, so this may have an influence on starting salaries for federal government positions.

Layoffs of Salaried Employees in 1992-93

During 1992-93, layoffs of salaried employees were necessary in 89 of the surveyed organizations (29.4%). The greatest percentage of employers with layoffs were in engineering, research, consulting, and other professional services (100.0%); aerospace and components (80.0%); diversified conglomerates (66.6%); and chemicals, drugs, and allied products (53.3%).

The total of laid-off salaried employees among employers responding to this survey was 35,493, or 1.11% of the total salaried workforce employed in these organizations (3,195,164 salaried employees).

Experiencing the largest percentage of salaried employees laid off this year (1992-93) were petroleum and allied products (5.51%); aerospace and components (3.88%); metals and metal products (2.51%); banking, finance, and insurance (2.32%); diversified conglomerates (2.18%); and communications and telecommunications including telephones, newspapers, and magazines (2.10%). These employers reported greater than 2% of their salaried employees laid off.

Reporting 1% to 2% of salaried employees laid off this year were merchandising and retailing (1.85%); electronics, computers, and electrical equipment manufacturers (1.82%); governmental administration and the military including federal, state, and local levels (1.11%); and chemicals, drugs, and allied products (1.08%).

Fewer than 1% of salaried employees were laid off this year by construction and building contractors (0.91%); public utilities including transportation (0.87%); engineering, research, consulting, and other professional services (0.67%); social service, religious, and volunteer organizations (0.35%); accounting firms (0.32%); glass, packaging, and allied products (0.30%); automotive and mechanical equipment (0.26%); food and beverage processing (0.19%); agribusiness (0.02%); hospitals and health care services (0.02%); and hotels, motels, restaurants, and recreational facilities (0.02%).

No salaried employers were laid off this year by surveyed organizations in lumber, wood products, and furniture manufacturers; and textiles, home furnishings, and apparel manufacturers.

Job Openings Created for New College Graduates by Early Retirements

Only 10.2% of surveyed organizations reported job openings for new college graduates created by early retirements. A total of 289 employers responded to this question. Most employers (89.8%) noted that few, if any, job openings could be expected, because early retirement incentives were initiated to accomplish downsizing of their employment payrolls and to reduce prospects of personnel layoffs.

Retirees were not replaced on a one-to-one basis in many organizations. Reductions in professional positions continued. Openings created by retirements were kept vacant. Due to uncertain budgets, many vacant positions were eliminated. When retirements occurred in surveyed organizations, current employees were expected to absorb the job responsibilities formerly accomplished by the retirees.

Internal promotions of other personnel within organizations caused by early retirements have frequently yielded opportunities for new hires. Some domino effect

produced job openings for new college hires.

Most Serious Problems for Campus Recruiters in 1992-93

The most serious problems faced by personnel representatives when recruiting on college campuses this year were listed by surveyed organizations.

Apathetic students posed a substantial problem for campus recruiters. According to surveyed employers, many students lacked enthusiasm, drive and ambition when interviewing with surveyed organizations. Few were able to effectively sell their interests for a particular position. More students did not seem as focused as they had been in the past. Most new graduates were "keeping options open."

Expectations of new graduates frequently exceeded employers' job assignments and starting salary options. Due to the high cost of living in some geographical regions, difficulty was reported with finding candidates to relocate. Many new college graduates did not want to start at entry level positions available in surveyed organizations. A low acceptance rate was noted for some low-wage entry-level positions.

Preparation of candidates was marginal, according to surveyed employers. Students lacked knowledge of the company and appropriate questions to ask recruiters in interviews (i.e. information, other than starting salary and beginning date of employment, to assist individuals in making better career choices).

Finding sufficient applicants was a challenge for selected employers. In particular, shortages of chemical engineers, civil engineers, environmental engineers, physical therapists, occupational therapists, minority graduates, and women engineering candidates were reported. Not enough interested students were applying compared to years past, because many gradu-

ating students were enrolling in graduate programs and not actively seeking employment.

For placement offices, a few recommendations for improvement of services were advised. For one, elimination or major reduction of "no shows" on interviewing schedules was mentioned. Other problems included: inflexibility with service options and smaller placement office staffs, responding to changes in employers needs, limiting schedules to U.S. citizens only, providing a mix of academic majors on interviewing schedules, and increasing attendance at job fairs.

Recruitment for cooperative education and internship positions became the focus of campus interviewing, as more employers pursued strategies for early identification of top students and to beat the competition for these individuals.

Plenty of talent was available these days, noted employers. Excellent applicants, "a good crop," first-class candidates were

interviewed on college campuses this year. Interviewing schedules were considerably full, and usually long waiting lines were encountered. From rival organizations, little competition was experienced. It was noted that many companies were not hiring.

The exceptions were the very best graduates. Keen competition for the finest new graduates met. Employers stated that outstanding graduates would always have several job offers.

Students accepted job offers and then called back later to decline after they received another offer. This practice did not receive favorable response from surveyed employers.

The Collegiate Employment Research Institute was established by the Michigan Legislature in 1984. The Institute is charged with the task of examining issues related to career development and the employment of college graduates. Various research projects are underway, including the study covered in this report. These research efforts attempt to provide high school counselors, college placement officials, employers and individuals with useful information for career planning and job campaigning decisions. Reproductions of this report with proper credits are encouraged.

If you have any questions or comments about any Institute project or if there are subjects you would like to see covered in future research efforts, please contact Dr. Patrick Scheetz, Director of the Collegiate Employment Research Institute

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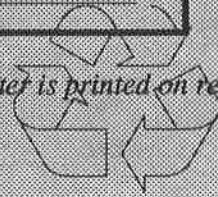
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