Fall, 2018

Recruiting Trends 2018-2019 48th Edition

Part I: Hiring Outlook

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Recruiting Trends 2018-2019

Part I: Hiring Outlook and Intentions

Introduction

The college labor market continues to advance for the ninth consecutive year as we project another strong year for new graduates seeking jobs

This year we are reporting the ninth consecutive year of expanding job opportunities for new college graduates. We have never witnessed such a stretch in the 48 years of this report. Usually we set the context for *Recruiting Trends* by reviewing various economic indicators and outlooks from differing viewpoints. This year all the indicators point in the same direction. The fundamentals underlying the economy are solid. Job expansion has been strong over the past twelve months. The unemployment rate for workers with a bachelor's degree or higher hovers around two percent (source: Bureau of Labor Statistics). This historic run appears to be full of opportunities and challenges, as detailed in this series of briefs.

Our employers. This year approximately 3,300 employers attempted the survey with 2.560 providing enough information to be included in our analyses. Seventy-three percent (1859 respondents) are recruiters seeking full-time talent or hiring managers overseeing talent acquisition within their organizations. Other contributors include internship and co-op managers (11%), recruiters seeking experienced talent (10%), and those filling short-term assignments of six months or less (7%). The results presented here focus on the information provided in this and subsequent briefs by full-time recruiters, hiring managers, and internship and co-op managers.

The respondents represent the rich diversity of companies and organizations seeking new college talent. Seventy-seven percent represented organizations with fewer than 500 employers: 28% fewer than 49 employees, 12% 50 to 99 employees and 25% 100 to 499 employees. Large organizations comprised 23% of the response: 19% 500 to 3,999 employees, 9% 4,000 to 24,999, and 6% over 25,000 employees. The number of large organizations is down slightly from levels reported the last two years.

Every major industrial sector (based on major NAIC codes) provided information for this survey. Sectors providing the highest number of respondents included: construction, educational services, finance and insurance services, healthcare and social assistance, manufacturing, and business, professional, and scientific services.

An employer from every state and several territories appeared among the respondents. The respondents were geographically distributed across the country. States providing the highest number of respondents included: California, Illinois, Massachusetts, Michigan, Texas, and Wisconsin. (Employers also responded from several foreign countries.)

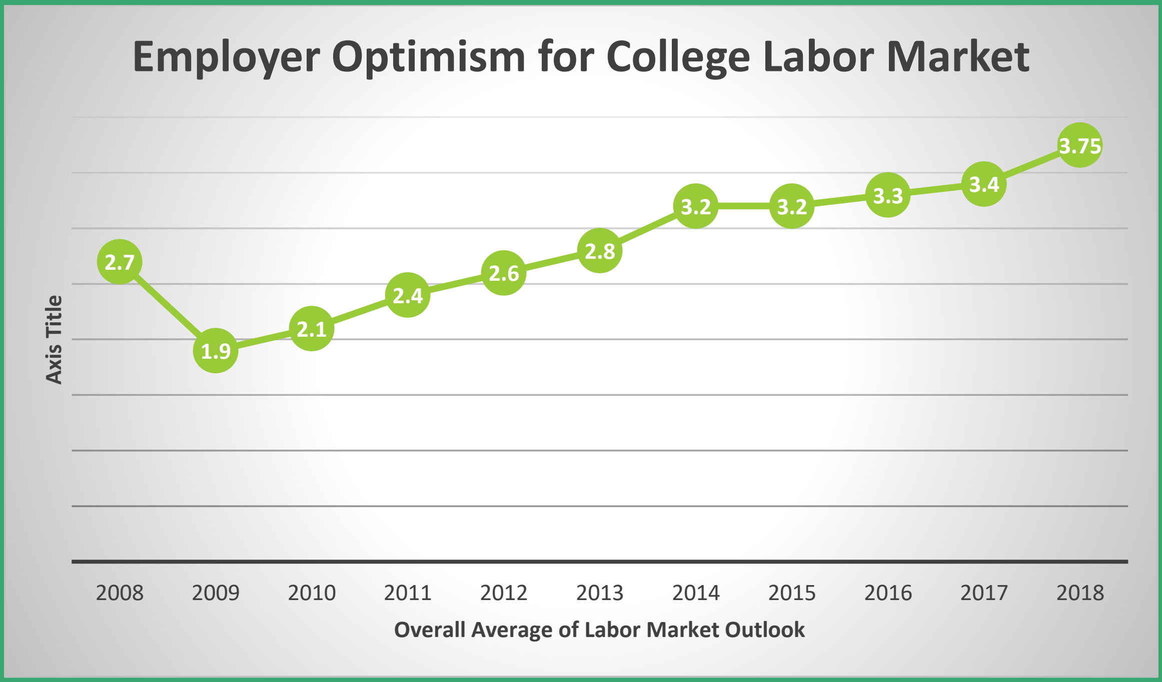
College Labor Market: Outlook & Influencers

Optimistic outlook. Eighty-three percent of respondents reported that they hired at least one new college graduate during the 2017-18 academic year. Even better news is found among the seventeen percent of employers who were not actively hiring last year as 86 % are entering the college market this year. In examining these expectations in more detail, we find only two percent of those who hired last year do not intend to hire any new personnel this year.

The employer outlook continues to brighten. The vast majority (93%, up 4 percentage points) described the overall new college labor market as good to excellent. Their average annual rating of 3.75 is a .35 improvement over last year. This is the best outlook since the recession's bottom in 2009. Employers in this survey express the highest level of optimism in the labor market since the late 1990s.

About 94 percent (up 4 percentage points) described the new college labor market in their economic sector or segment as good to excellent. Their average rating was 3.95, places the level of optimism at "very good." Employers, obviously, are excited about the employment prospects in their industrial segments as this figure reaches an all-time high.

Figure 1. Employer Outlook for College Labor Market 2008-09 through 2017-2018.



Organizations with more than 500 employers rated both the outlook for the college labor market (F=10.106, .002) and their economic sector (F=14.824, .000) higher than smaller organizations.

An additional sign for a positive outlook is the fifty-four percent who expect to increase hiring across all degree levels (about the same number as last year). The increase in hires provides an additional gauge on the level of optimism in the market.

More than 50 percent of employers seeking associate's degrees (59%, up three percentage points) and bachelor's degrees (50%, slightly fewer than year) plan to increase hiring. About 39 percent of employers recruiting master's degrees (down 5 percentage points) expect to increase hiring while 43% of employers seeking master will add more positions.

For those organizations that will decrease the number of new college hires compared to last year, the decreases generally fell in the range from 1 to 5 positions (71% of organizations decreasing hiring). Organizations that plan to increase hiring will likely add between 1 and 5 positions (44% adding one or two positions and 23% three to five positions).

- Organizations seeking associate degrees find 63% of these organizations who plan to reduce the number of positions will likely be in the range of one to five positions. For those organizations increasing hires, 70% will add one to five positions.

- Organizations seeking bachelor degrees find 62% of those with plans to reduce hiring cutting one to three positions. For 63% with plans to increase hiring, the number of projected positions are expected to increase from one to three.

- Seventy-three percent of organizations reducing their MBA positions will eliminate one or two positions and 65 percent of those reducing Master positions will cut an equivalent number. For those adding positions this year at the MBA and the Masters level, 61% will add one to two positions.

Factors shaping hiring goals for 2018-2019. We have been tracking several potential influences on the college labor market for ten years: organizational growth, turnover and retirement. We added two new factors for this year: economic policy (trade and tariffs) and corporate tax restructure. This year's respondents indicated that the strength of organizational growth and turnover were driving decisions surrounding their intentions to hire new college graduates. While the level of importance for growth remained at levels reported over the past four years, the importance of turnover took a big step upward. Last year 57% revealed that turnover was quite to very important in shaping their hiring decisions. This year 61% reported the same level of importance. The newest factors appear to have very little influence in shaping hiring for this year, both being rated between "not at all" or "somewhat" important.

While baby boomer retirements loom large across the national labor market, this factor continues to have only a modest impact on the demand for new graduates (30% rated it quite to very important). Sectors facing pressure from retirements are government, educational services, transportation, manufacturing, construction, and utilities. Sectors reporting little trouble with retirements included real estate and leasing, accommodations and food services (hospitality), professional, business and scientific services, information services, arts & entertainment, and nonprofits.

Turnover and organizational growth continue to stress organizations' workforce capacity. Growth pushed college hiring higher during the past several years. Growth is still a strong indicator of hiring and poised to keep new college hiring strong this year. Growth is reported strongest in these sectors: administrative services, construction, finance and insurance services, mining and oil production, professional, business and scientific services, real estate and leasing, transportation, utilities, retail trade, and wholesale trade. Sectors less likely to see growth influencing their hiring this year are educational services and government.

Turnover continues to affect the workforce in many organizations. Sixty-one percent of employers indicated that turnover was very important in framing their hiring decisions. The number of employers concerned about turnover reached an all-time high this year as turnover now is comparable to growth in shaping hiring strategy. Serious turnover was more common in these sectors: accommodations and hospitality, educational services, government, healthcare and social assistance, and arts & entertainment. Lower turnover is occurring in these sectors: mining and oil, wholesale trade, business, professional & scientific services, and utilities.

Small organizations with fewer than 500 employees reported less concern about retirements than larger companies. Their difference in rating was significant (F=48.629, .000). As organizational size grew, respondents expressed more concern about the impact of retirements.

The ratings for growth did not differ significantly by organizational size. Turnover, however, was more troubling for organizations with more than 500 employees who reported higher importance on this factor than smaller organizations (F=4.151, .045).

Even though economic and tax factors did not enter into organizational hiring strategies in this study, a difference did appear between large and small organizations. Organizations with fewer than 500 did not take either of these factors into their decision at least at this time. Larger organizations reported more consideration given to economic policy concerns than corporate tax relief. The corporate tax relief was a non-factor in shaping employment opportunities for new college graduates.

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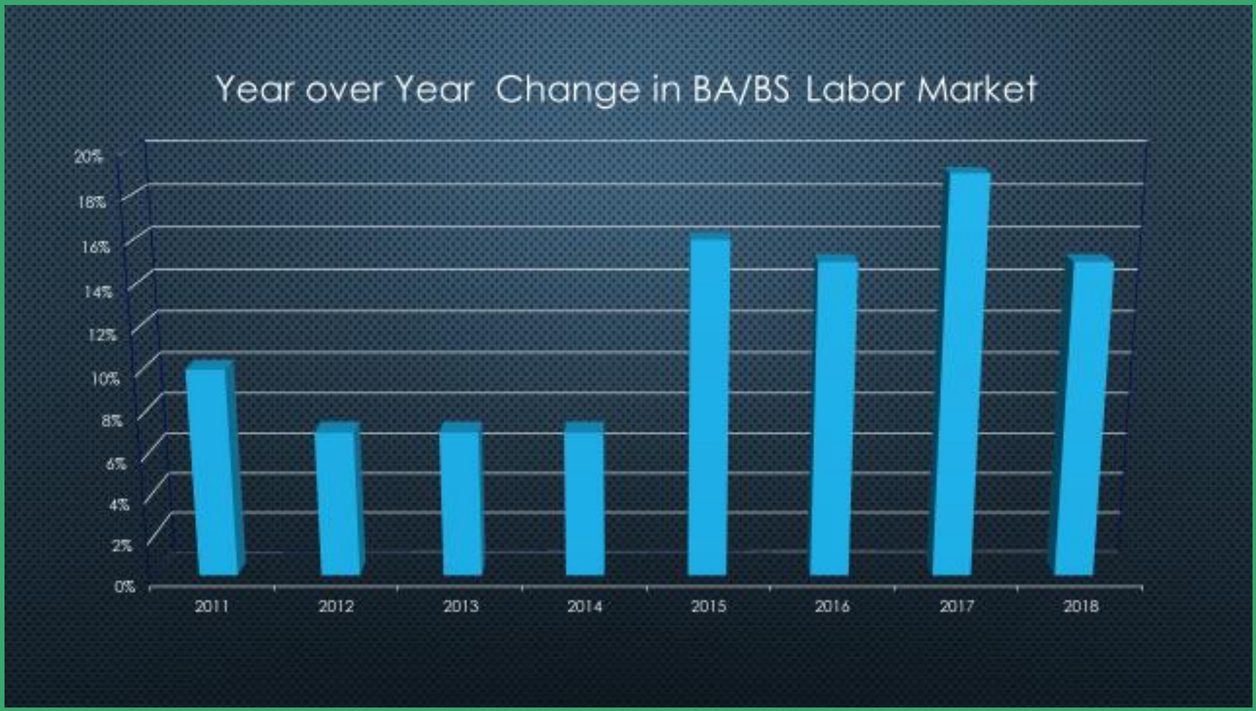
Talent Acquisition Goals for 2018-2019

Since the 2008 recession bottomed out in 2010, the college labor market has experienced eight years of solid, if not spectacular, growth. From 2010-11 through 2013-14 employers low advanced the college labor market by expanding opportunities at a steady growth around 7%. Then in 2014-15 opportunities exploded as organizations across all economic sectors began to recruit aggressively. As the figure below illustrates growth at the bachelor exceeded 15% four consecutive years. It is very hard to maintain this level of hiring as demand for new graduates begins to exceed the available supply. We have anticipated a reduced rate of growth to more manageable levels since last year. Results from this year indicate that employers are still expanding opportunities for new college graduates but at a more manageable 9% growth across all degree levels (8.5% for bachelor's degrees).

Figure 2. Historical Overview of Change in the Bachelor Labor Market (2011-2018)



New college hiring targets 2018-19. The employers represented in this sample plan to hire nearly 63,500 new graduates this year. Approximately 80 percent of the new hires will be at the bachelor's level (compared to 70% last year). About 1,156 recruiters or hiring managers filling fulltime positions provided complete hiring data for this section. The remainder (500) either failed to provide this information or reported that they planned to hire but had no specific hiring targets at the time of the survey.

Total hires (across all degree levels) will be up 9 percent compared to these organizations hiring levels of a year ago. This growth in opportunities is about half the growth witnessed the previous four years. Double digit growth is hard to sustain over a long period as supply limitations come evident. This 9 percent growth reflects past periods of modest steady growth.

When growth levels are examined by degree level, the growth at the bachelor's level is a solid 8.5%. Associate's degree hiring which often fluctuates because of the smaller number of responses will expand by 17%. Most advanced degree levels will experience growth in job opportunities this year. MBA degree hires will continue to experience solid job opportunities with an increase of 13% compared to the hires these employers made last year. Master's job seekers with see a job market holding steady after some rather robust years. The few employers seeking doctoral and professional degrees also expect to offer more opportunities this year.

Table 1 Hires per organization, 2018-19

Degree	Number of Employers	New Hires 2017-18 (avg.)	New Hires Anticipated 2018-19 (avg.)	Change from 2017-18 (%)
Associate	**316**	**13.1**	**15.4**	**17**
Bachelor	**1080**	**43.4**	**47.1**	**8.5**
MBA	**215**	**5.6**	**6.3**	**13**
Masters	**422**	**11.1**	**11.1**	**NC**
PhD	**124**	**3.1**	**3.3**	**7**
Professional	**80**	**5.9**	**7.1**	**22**
Total	**1164**	**50.2**	**54.7**	**9**

Hiring by organizational size. Small organizations have consistently contributed to the improved performance of the college labor market over the past eight years. This year is no exception. The smallest companies with fewer than 500 employees (composed of entrepreneurial start-ups, fast-growth companies, and established local firms) are poised to add nearly 25% new college grads than last year. Those small employers in the hunt for new talent appear to be recruiting very actively

Nearly 85% of the organizations seeking associate's degree talent are small employers. They plan to increase hires by three positions to an average of 7.5 candidates. Larger organizations are slightly decreasing their hires among associate's degrees. The largest companies with more than 10,000 employees are raising their hiring quotas for associate talent. It is the companies between 500 and 10,000 employees that are reducing hires from last year.

Larger companies are more focused on bachelor's degrees and MBAs with hiring expected to increase 7% and 10% respectively. At advance degree levels these larger organizations expect to adjust hiring quotas downward but only slightly. The exception is the rise in demand for professional degree talent. Examining the larger employer group more closely, it appears that organizations with more than 10,000 employees will modestly increase hiring across all degrees except professional hires. The softened hiring conditions for associates, masters and PhDs appears among mid-size organizations (500 to 10,000 employees). The decline is not large but somewhat disappointing as mid-size companies have spurred strong growth in the college market the previous two years.

Readers should use caution when interpreting these figures due to the small number of responses for some response cells. These figures provide a snapshot of the current situation that you should verify through hiring trends in your area and discussions with employers or colleagues.

Table 2. Hiring Intentions by Organizational Size

	Organizations	< 500 Employees		Organizations	>500 Employees	
Degree	**Number of Employers**	**New Hires Anticipated 2018-19 (avg.)**	**Change from 2017-18 (%)**	**Number of Employers**	**New Hires Anticipated 2018-19 (avg.)**	**Change from 2017-18 (%)**
Associates	313	7.5	65	58	57.1	-2
Bachelors	836	9.1	17	231	185.7	7
MBA	134	1.9	27	77	14.0	10
Masters	289	4.4	6	128	26.4	-2
PhD	75	2.1	22	49	5.2	-1
Professional	62	6.2	24	16	11.9	25
Total	914	13.1	23	237	215.6	6

Hiring by economic sector (segment).

All 20 of the industry groups designated through NAIC codes reported hiring information. Unfortunately, the small number of responses in three groups — arts, entertainment, and recreation, mining and oil production, and utilities — did not permit us to include their information in this section.

Information at the bachelor’s level provides the strongest industry-based measure of the labor market. For the sectors with higher number of respondents, we add degree levels with information sufficient to provide stable figures.

Except for manufacturing and wholesale trade, all other sectors expect to expand hiring at the bachelor’s level. Some sectors will hire only a small number of graduates. Small changes in numbers can produce larger percentage changes; readers should be careful when interpreting the data for sectors with low numbers of respondents.

Professional, business, and scientific services provides a good picture of the outlook for most degrees. In this sector growth across all degrees is very positive. Several key subsectors — computer design services, engineering services, and scientific research — all show strong growth. Financial and insurance services, on the other hand, is expecting only a one percent growth in job opportunities with banking and investment services only keeping pace with hiring levels they secured last year.

Despite apprehension throughout the agricultural sector, employers in this sector plan to add talent at the associates and bachelors levels. The food and beverage, a subsector of manufacturing, showed signs of sluggishness in hiring this year. Strong growth continues in construction.

In the manufacturing sector, automotive firms reported that they planned to cut hiring nearly in half of last year's level. Other areas in manufacturing that will reduce their hiring targets include computers and electronics and surgical equipment. Plastics & rubber, machinery and electrical equipment are holding to the same hiring targets as last year. Several manufacturing subsectors are increasing their hires, including chemicals, primary metals, and fabricated metal products.

Table 3. Hiring Targets for Associate Degree Graduates 2018-2019 by Sector

Industry Segment	New Hires 2017-18 (avg.)	New Hires Anticipated 2018-19 (avg.)	Change from 2017-18 (%)
Agriculture & Natural Resources	1.2	4.2	>100
Construction	1.0	2.6	>100
Manufacturing	2.4	4.7	96
Finance and Insurance	4.3	7.5	74
Business, Professional & Scientific Services	1.8	3.7	>100
Educational Services	22.3	14.3	-36
Health Care Services	37.6	47.4	26
Non-profits	31.7	35.7	12
Government	28.5	25.3	-5

Table 4. Hiring Targets for Bachelor Degree Graduates 2018-19 by Sector

Industry Segment	New Hires 2017-18 (avg.)	New Hires Anticipated 2018-19 (avg.)	Change from 2017-18 (%)
Agriculture & Natural Resources	13.1	14.1	8
Construction	4.7	5.2	10
Manufacturing	27.1	26.0	-4
Wholesale Trade	8.2	7.5	-8
Retail Trade	33.9	38.8	9
Transportation	11.9	15.9	34
Information Services	10.0	12.6	26
Finance and Insurance	37.7	38.2	1
Business, Professional &Scientific Services	26.5	28.6	8
Administrative Services	14.2	18.5	30
Educational Services	52.8	60.1	29
Health Care Services	29.4	33.7	15
Accommodations (hospitality)	5.2	5.9	14
Non-profits	72.3	84.1	16
Government	119.7	127.7	7

Table 5. Hiring Targets for Advanced Degrees for 2018-2019 by Sector

Industry Segment	New Hires 2017-18 (avg.)	New Hires Anticipated 2018-19 (avg.)	Change from 2017-18 (%)
MBA			
Manufacturing	3.3	4.1	24
Finance & Insurance	7.5	8.4	12
Business, Professional & Scientific Services	7.2	8.5	18
Masters			
Manufacturing	5.7	6.9	21
Finance & Insurance	10.3	12.6	22
Business, Professional & Scientific Services	6.0	7.4	22
Educational Services	19.2	14.5	-24
Health Services	16.6	20.5	24
Non-profits	20.9	20.5	-2
Government	5.6	6.8	22

Starting Salary and Benefit Options

Starting salary, commissions, and bonuses. Starting salary offers are moving upwards with 48% of responding employers indicating that they will increase their offers this year compared to last year. The remaining 52% plan to keep starting salaries at the same level as last year.

More sources with starting salary information are now available to guide students during recruiting (NACE Salary Report, Glassdoor and Payscale for example). The best news is the vast improvement in post-graduation information collected by colleges and universities. Because of reduced number of employers providing salary information to Trends, we simply asked for the percentage raise for their salary offers this year. Job seekers can adjust last years reported salaries accordingly to frame salary expectations.

Salary increases are expected to range from 1 to 20 percent. Approximately thirty percent will increase 2 percent and another 46% will increase from 3 to 5 percent. The average expected rise in starting salary for 2018-2019 is 4.3%. Small employers with fewer than 500 employees will bump up offers an average of 4.4% while larger employers (more than 500 employees) will adjust starting offers by 3.9%.

Expected starting salary increases vary across different sectors of the economy. Based on reported information, these sectors have intentions of advancing offers that were higher than last year:

- Starting salary will increase 5% or more
  - Agriculture and Natural Resources
  - Mining and Oil
  - Construction
  - Transportation Services
  - Real Estate and Rental Services
  - Administrative Services
  - Arts, Entertainment and Recreation
  - Non-profit organizations
- Starting salary will increase between 4.0% and 4.9%
  - Manufacturing
  - Wholesale Trade
  - Information Services
  - Finance and Insurance
  - Business, Professional and Scientific Services
  - Health Care Services
  - Accommodations and Food Service (Hospitality)
- Starting salary will increase between 2.0% and 3.9%
  - Utilities
  - Retail Trade
  - Education Services
  - Government

Not all compensation will be in the form of straight salary. While 82 percent of respondents avoid positions that involve commission, sixteen percent do combine base salary with commission. Only two percent base entire remuneration on commission.

In highly competitive labor markets, employers are tempted to use signing bonuses as extra incentive to accept the offered position. Few employers reported offering signing bonuses over the past several years, usually less than 10 percent. This year is different. Approximately 20 percent were offering signing bonuses of up to $5,000, nearly 8% extended bonuses of $5,000 to $10,000, and only one percent offered above $10,000 with the highest reported being $25,000.

Most organizations do not offer bonuses because they provide generous professional salary and defined benefit packages. If they do provide extra financial support it is likely for relocation expenses or supplemental income for special situations. One group that is often extended a bonus is interns or co-ops upon finishing their assignments to encourage them to become full-time employees.

Benefit packages. Benefit packages are crucial component of a candidate's final decision. Companies can offer a wide variety of benefits and perks in the package offered a new hire. From the items respondents identified as part of their benefit package, four benefits were almost universal:

- Comprehensive medical insurance (91%)
- Vacation (90%)
- Sick and personal days (86%)
- Retirement savings options (83%)

Several additional benefits are common but not as universally offered:

- Life insurance (77%)
- Professional development, training (77%)
- Flexible health care accounts (65%)

When scanning the human resource literature suggestions to incentivize benefits often include conditions young adults seem to want or appreciate. We pulled a number of these suggestion and included them in our list. Very few employers seem to have these particular benefits in their packages:

- Flexible work schedules (43%)
- Alternative work locations (23%)
- Paid parental leave (21%)
- Assistance with educational loans (18%)
- Child or dependent care assistance (10%)