# RECRUITING TRENDS 2016-17 46th Edition

## BRIEF 1

## Hiring Outlook for the Class of 2016-17, including Hiring Plans by Organization Size

**Key findings from 2016-17 are presented in this research brief. We have broken the release of employer information into a series of short briefs that will be made available over the next six weeks. You can download the briefs from the Collegiate Employment Research Institute.**

# Meet the Completers

We generated this convenience sample from employers currently seeking college talent through their interactions with college and university career services offices. Nearly 200 career service centers from around the country invited their employers to participate in this study. Approximately 4,350 employers provided information useful for understanding recruiting trends and practices. We will use information provided by those recruiting talent for full-time positions, internships, and co-ops for these research briefs. Readers can use the following key sample characteristics to determine how applicable our survey results are for their campus employer base.

| Company Size | | |
|---|---|---|
| Very small | > 9 employees | 9% |
| Fast-growth | 10-100 employees | 30% |
| Small | 101–500 employees | 23% |
| Midsize | 501–3,999 employees | 20% |
| Large | 4,000–25,000 employees | 10% |
| Very large | > 25,000 employees | 8% |

| Active Recruiting by Region | |
|---|---|
| International | 5% |
| Entire U.S. | 25% |
| Regional recruiting only | 69% |

| Role in College Recruiting | |
|---|---|
| Full-time positions | 71% |
| Internship or co-op positions only | 12% |
| Short-term hiring | 7% |
| Experienced hiring | 10% |

| Key States | |
|---|---|
| Massachusetts | 10% |
| Michigan | 9% |
| Arizona, California, Florida, Ohio & Texas | 6% |

| Institutions Where Companies Recruit Talent | |
|---|---|
| Two-year public college | 28% |
| Four-year public college | 53% |
| Four-year private college | 40% |
| Two- & four-year for-profit institution | 22% |
| Institution with bachelor's & advanced degree programs | 69% |
| Institution with advanced degrees only | 10% |
| Historically black college & university | 17% |
| Hispanic-serving institution | 15% |
| Asian, Asian-Pacific serving institutions | 14% |

| Key Economic Sectors | |
|---|---|
| Professional, business & scientific services | 22% |
| Manufacturing | 13% |
| Educational services | 10% |
| Finance & insurance | 8% |
| Government | 7% |
| Healthcare & social assistance | 7% |
| Nonprofits | 7% |

## ACKNOWLEDGEMENTS

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We extend special appreciation to several people whose special insights contribute to CERI's research activities: Jeff Beavers (CEO 3sevenPartners), Duncan Ferguson (Managing Director, Vantage Leadership Consulting), and James Spohrer (Director of University Programs Worldwide [and numerous other titles], IBM Almaden Research Center).

*The college labor market has enjoyed six years of steady improvement in job opportunities for new graduates since the depths of the recession between 2009 and 2010.*

Our data show that college hiring has been moving at warp speed for the past three years. Recruiting between 2013-14 and 2015-16 began early and continued through the entire academic year with career fairs at capacity and employer visits to campus at an all-time high.

Signs in the early fall of 2016 point again to another explosive year. Since 2016-17 is shaping up to be as competitive as last year, we need to be aware of possible snags that can dampen our enthusiasm.

The broad economic outlook seems to be improving:

- Unemployment has dipped below 5 percent
- Financial markets show steady overall improvement
- Interest rates remain low.

A recent U.S. census report states that median household income increased 5.2 percent in 2015, the largest yearly jump since 1967. Despite the Federal Reserve's reluctance to increase interest rates because of the remaining slack in the labor market, the economy has shown steady, albeit slow, improvement.

The new college labor market is benefitting from this positive economic news: employers are increasing their starting salaries again this year so that they can attract the most talented candidates. The notable increases in starting salaries are in computer science, engineering, and several other academic majors.

## Placing the new college labor market in context

Employment news has been largely positive throughout 2016. Over the last year, monthly gains in new jobs have averaged well over 200,000 per month. The dip in late summer gave the Federal Reserve pause in their anticipated interest rate hike.

Mark Zandi, chief economist at Moody Analytics and one of the best economists analyzing today's macro economy, remains upbeat given the strength of job growth and despite the low growth in GDP (Gross Domestic Product).

The Manpower Employment Outlook Survey data have all been positive, with the fourth quarter 2016 stronger than a year ago. They report 69 percent of employers plan to keep workforce levels steady, including replacement jobs, and 22 percent plan to hire during the fourth quarter. The sectors expected to perform well are hospitality; professional, business, and scientific services; retail trade; transportation; and wholesale trade. They are also anticipating payrolls to increase.

Reports for small businesses were not as uplifting. The National Federation of Independent Business (NFIB), which reports job creation data every August, states that small business optimism continues to be muted. Their Index of Small Business optimism is down 0.2 points and remains under the 40-year average. Fifty-six percent (up 3 points from July) of employers reported that they hired or tried to hire. Forty-eight percent of respondents reported that they found few qualified candidates. The lack of qualified candidates remains the small employer's number one problem.

Small Business Trends shares the impact of increased automation that has reduced the need to fill positions with people. Jobs particularly hit hard include business and financial operations; office administration; sales; and transportation and material moving.

The most consistent employment figures come from the Bureau of Labor Statistics monthly employment report. Most economic sectors have shown job growth year over year. Strong growth was reported for education; health and social assistance; information services; nondurable goods manufacturing (food); professional, business, and scientific services (accounting; advertising and marketing; computer services; management consulting; and specialty design services); retail trade; transportation; and wholesale trade. Durable goods manufacturing (communications equipment; fabricated metals; primary metals; and machinery), mining, oil, and mining support services; and rail transportation all incurred steep drops in employment over the last year.

These economic snapshots provide the context for interpreting the *Recruiting Trends* survey results. Their influence on the new college labor market may be borne out in survey responses. In some cases our results mirror the broader economic situation; in others they may differ slightly depending on the region where the survey respondents are located or hiring, their sector, and the number of employees in the company.

## The Presidential Election

Generally, the Presidential election cycle does little to influence the shape of the college labor market. However, the 2008 election reshaped the interplay between government and the governed. With such deep divisions between the two predominant political parties and their unwillingness to find common ground, election politics have become a potentially undermining force. The 2016 election is negative and lacks solid grounding in economic policy. Who gets elected and the policies and posturing they embrace have the potential to suddenly turn a promising condition into a calamity.

We asked employers how this presidential election with all its divisiveness could influence their hiring targets and shape their recruiting strategies. An overwhelming majority directly stated that the election process and outcome would not affect their hiring. Some were attempting to ignore the entire mess. Several groups of employers will be affected, however. Government agencies are affected during a change of administration, regardless of which party wins. Organizations with government contracts must hold their breath to see if there will be major

**It is much easier to count jobs than GDP. While the Bureau of Labor Statistics estimates jobs based on a sample of businesses, once a year it makes sure its job counts are consistent with unemployment insurance records for all businesses. In recent years, the BLS estimate of the number of jobs has been dead on.**

**The economy is a job machine. The string of monthly job gains is the longest on record, stretching all the way back to September 2010. And more than 200,000 jobs have been created on average each month during this time. This is twice the pace of job creation needed to absorb the growth in the working-age population.**

**— Mark Zandi, Moody Analytics**

| Survey respondents by organization size | |
|---|---|
| < 100 employees | 39% |
| 101 to 1,500 employees | 36% |
| 1,501 to 10,000 employees | 14% |
| 10,000 or more employees | 11% |

budget realignments with the change. In this group there will undoubtedly be winners and losers. Overall, the current political season does not seem to be having an impact on the opportunities available to new college graduates.

## Our employers

This year approximately 4,350 employers provided enough information for our analyses. (A complete profile can be found at the beginning of this brief.) Seventy-one percent are recruiters seeking full-time talent or are hiring managers overseeing talent acquisition within their organizations. Other contributors include recruiters seeking experienced talent (10%), internship and co-op managers (12%), and those filling short-term assignments of less than 6 months (7%). The results presented here focus on the information provided in this and subsequent briefs by full-time recruiters or hiring managers. Internship and co-op managers will be included in the Internship brief.

The respondents represent the rich diversity of companies and organizations seeking new college talent. Thirty-nine percent were organizations with 100 or fewer employees; 35 percent employed between 101 and 1,500; 14 percent, between 1,500 and 10,000; and 12 percent, more than 10,000.

Every major industrial segment (based on major NAIC codes) provided information for this survey. Sectors providing the highest number of respondents included: educational services; finance and insurance services; government; healthcare and social services; manufacturing; nonprofits; and professional, business, and scientific services. An employer from every state, several territories, and neighboring countries appeared in the respondent pool. The respondents were geographically distributed across the country. States providing the highest number of respondents included Arizona, California, Florida, Massachusetts, Michigan, Ohio, and Texas.

## Gauging employer optimism

All the key sectors reporting to our survey showed improvement over the calendar year. Eighty-seven percent of respondents reported that they hired at least one new college graduate during the 2015-16 academic year. Among this group, only 3 percent reported that they do not expect to hire new graduates this year. Among the 13 percent who did not hire last year, only 22 percent will not be hiring anyone this year.

The employer outlook has brightened considerably:

- The vast majority (83% and up 3 percentage points over last year) described the overall new college labor market as good to excellent. The average rating of 3.3 was a slight uptick and signaled improving conditions.
- About 86 percent (up 2 percentage points) described the new college labor market within their sector as good to excellent. The average rating of 3.6 was consistent with ratings reported over the past several years.

How definite are employers' hiring plans? Only 21 percent (down 3 percentage points) will enter the college hiring season with definite plans; this number has been fairly consistent over the past decade. Another 32 percent will bring preliminary hiring targets to campus. Yet, 42 percent are actively recruiting without clear hiring plans for the class of 2016-17. Only 5 percent indicated that they would not be able to hire any new graduates this year.

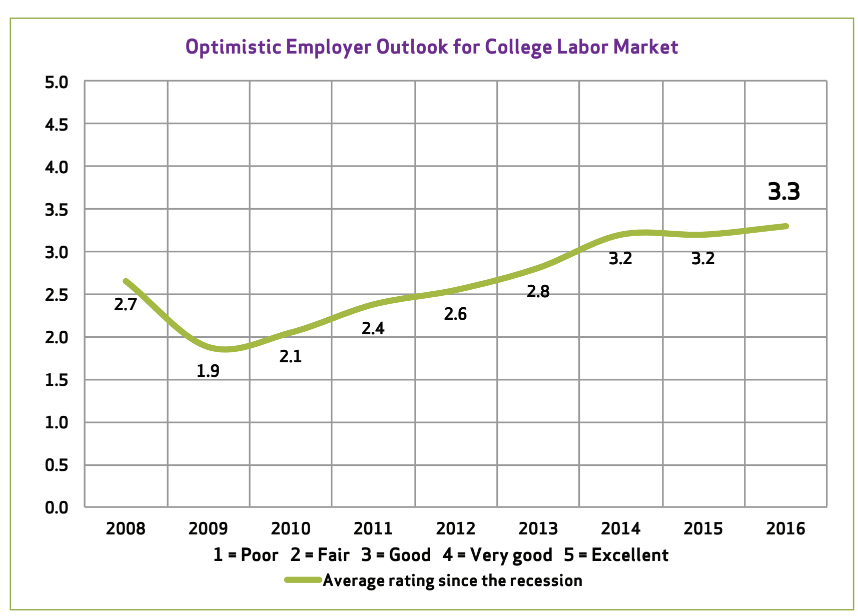
| Comparison of employer hiring plans | 2014-15 (%) | 2015-16 (%) | 2016-17 (%) |
|---|---|---|---|
| Plans set | 23 | 24 | 21 |
| Preliminary plans set | 31 | 32 | 32 |
| Plans not set but actively recruiting | 37 | 40 | 41 |
| No hiring plans | 3 | 4 | 4 |

While employers may have set out their hiring plans, we still do not know if they will increase hiring over last year, hold to last year's hiring levels, or decrease their targets. In examining their intentions:

- More than 50 percent of employers seeking associate's (56%) and bachelor's (52%) degrees plan to increase hiring over last year.
- About 42 percent of employers recruiting master's degrees and 48 percent seeking MBAs expect to increase hiring. The good news reflected here is continued improvement in the hiring outlook for master's degrees and MBAs.
- 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 6 positions, though a few organizations are reducing significantly (up to 300 at the associate's level and 272 at the bachelor's level). By academic degree among these employers, 25 percent will decrease hiring for Bachelor's degrees; 26 percent, for Associate's degrees; 35 percent, for MBAs; and 36 percent, for Master's degrees.
- Organizations expecting to increase hiring typically will add 1 to 5 positions this year. Forty-two percent of organizations seeking associate's degrees will be in this range and 17 percent will be adding a similar number of bachelor's degrees. A small group of organizations will be adding more than 100 positions (1% at the associate's level and 2% at the bachelor's level).

## Driving employment

Several strong influences on the college labor market appear every year in the survey results. We have been tracking the influence of three key factors over the last several years: company growth, retirements, and turnover. While baby boomer retirements loom large, this factor has had a modest impact on the demand for new talent. Two recessions since 2000 and advances in technologies designed to gain efficiencies in workflow have lessened the need to immediately fill positions vacated by boomers. Last year the

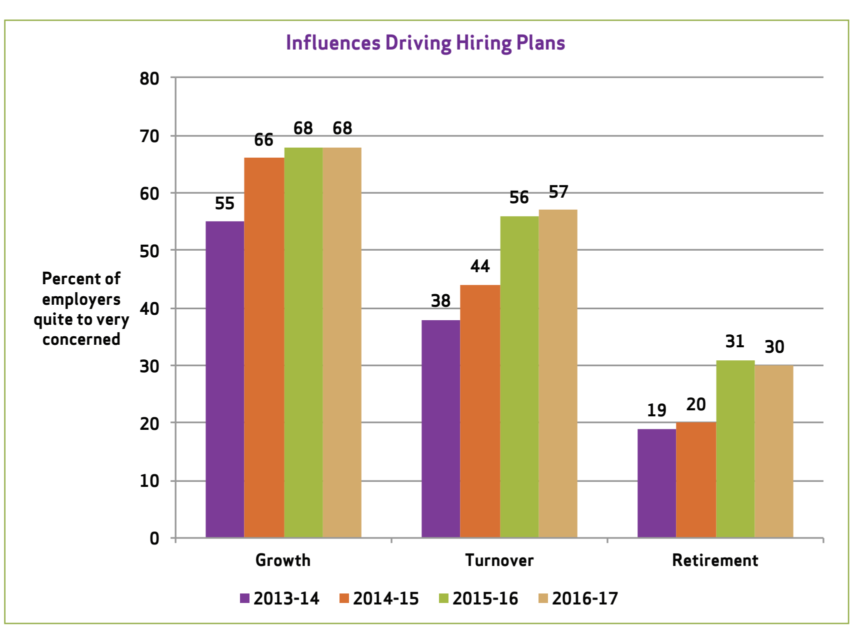


number of organizations concerned about retirements increased 12 percentage points from 2014-15. This year 30 percent of respondents (1 percentage-point drop) believed retirements were "very important" in shaping their hiring targets. Whereas another 32 percent felt retirements were not important at all.

- Sectors facing the biggest challenge with retirements are government; mining and oil; and utilities; more than 50 percent of employers in these sectors reported "very important." These sectors are slightly less concerned about retirement (40% to 50% reported "very important"): agriculture and natural resources; education; and manufacturing. Reporting that they had little trouble with retirements were organizations from accommodations and food services; arts and entertainment; professional, business, and scientific services; retail trade; and wholesale trade.
- Entrepreneurial and very small organizations (fewer than 100 employees) reported little concern about retirement. However, as organizational size increased, the importance of retirement to recruiting also increased. Small to medium (33%), medium to large (41%) and very large (42%) organizations fell into the "very important" group.

This year two factors appear to be behind the improved labor market for new college graduates:

- Growth, which has been pushing hiring over the past several years, continues apace. Again 68 percent of employers indicated it was the most important influence for their hiring plans (same as last year).
- Growth appears to be strongest among organizations in these sectors (more than 70% reported growth was "very important"): accommodations and food services; arts and entertainment; finance; real estate and leasing; transportation; and wholesale trade, retail trade. Sectors where growth was less likely to be driving recruiting included educational services; government; mining and oil; nonprofits, and utilities.
- The importance of growth did not vary significantly by size of organization. Almost all groups (68-70%) reported growth was "very important."
- Four years ago, employers rarely talked about turnover. In 2013, turnover jumped to near the top of their list. Last year, 56 percent of employers felt that turnover had become an important consideration in the number of new graduates they would seek. This figure increased by one percentage point (57%).




**Hires per organization, 2016-17**

| Degree | Number of employers | New hires 2015-16 (avg.) | | New hires 2016-17 (avg.) | | Change from 2015-16 (%) | |
|---|---|---|---|---|---|---|---|
| Associate's | 662 | 13.1 | (NC) | 18.0 | (NC) | 37 | (NC) |
| Bachelor's | 1,789 | 35.0 | (28.8) | 41.7 | (34.5) | 19 | (20) |
| MBA | 498 | 9.7 | (7.7) | 13.8 | (9.4) | 40 | (22) |
| Master's | 768 | 10.8 | (10.8) | 14.3 | (11.7) | 32 | (8) |
| PHD | 238 | 6.0 | (NC) | 6.7 | (NC) | 12 | (NC) |
| Professional | 165 | 9.8 | (NC) | 11.2 | (NC) | 15 | (NC) |
| Total Hires | 1,905 | 45.8 | (39.4) | 56.3 | 47.4 | 23 | (20) |

Notes: Numbers in parentheses are adjusted to include data from two large organizations. NC = no change

- Serious turnover was more common in these sectors where more than 60 percent reported turnover to be "very important": accommodations and food services; arts and entertainment; educational services; government; health services; nonprofits; real estate and leasing; retail trade; and utilities.
- While entrepreneurial and very small organizations reported turnover to be "moderately important" (only 45% reported "very important"), larger companies all reported more concern with over 60% indicating that it was "very important."

## Hiring by the numbers

The employers represented in this sample plan to hire nearly 107,200 new graduates this year. Approximately 70 percent of the new hires will be at the bachelor's level (compared to 74% last year). About 1,910 recruiters or hiring managers filling fulltime positions provided complete hiring data for this section. The remainder (1,178) either failed to provide this information or reported that they planned to hire but had not been given their hiring goals.

Total hires (across all degree levels) will be up 23 percent over last year. This surge is driven by a 19 percent increase for bachelor's degrees and 37 percent for associate's degrees. All advanced degree levels will experience growth in job opportunities this year. Master's degree hires will have a breakout year: hiring will be up 32 percent, the biggest jump in several years. MBA hiring will again be very strong with an expansion of 40 percent.

One figure to follow over the five-year rise of the labor market is the average expected hires for bachelor's degrees. While the mix of employers changes year to year, the large sample size each year affords some stability in this figure. In 2011-12, the average number of expected hires was 26.5 (this sample was skewed toward organizations hiring large numbers). In 2012-13 and 2013-14, the average hovered around 25. For 2015-16 the average exploded to 52 hires with several large companies making significant upward shifts in employment. The average for 2016-17 will be approximately 42 hires. Again we are seeing some strong movement upwards by a number of organizations.

Two organizations — both dedicated employers of bachelor's and master's degree graduates — are hiring at extremely high levels. Since these two organizations can skew the results, we ran the analyses with them removed. Thus the average drops to 34.5 per organization at the bachelor's level, which is in line with the average trend since 2011-12. The percentage change in hiring at the bachelor's level remains unchanged. More pronounced adjustments are found at the MBA and master's level. For MBAs the average drops to 9.4 with a hiring increase of 22 percent. While for master's degrees, the average drops to 11.7 and the percentage increase to 8 percent. We can see the influence that these two organizations have on the opportunities for these two degrees.

## Hiring by organization size

For nearly 15 years, small companies have consistently contributed to the increase in job opportunities despite the two major recessions. Large organizations, however, have been more apt to move in and out of recruiting depending on the organization's response to the economic downturns. Over the past three years, large organizations have been hiring more aggressively: they will follow last year's increase of 16 percent at the bachelor's level with a 19 percent increase this year. Very small organizations are showing solid hiring across all degree levels with increase of 34 percent or more. Small to medium sized companies (100-1,500 employees) are showing growth of 10 to 20 percent. Medium to large companies are witnessing some of their strongest growth since 2008, with increases exceeding 20 percent except for Professional degrees. The largest organizations are reporting high average number of hires across all degree levels, ranging from 7 percent to 49 percent, depending on the degree.

Results for hiring expectations by organization size are very consistent. Note, however, that the small number of respondents reporting information for PhDs and Professional degrees warrant caution when interpreting these figures.