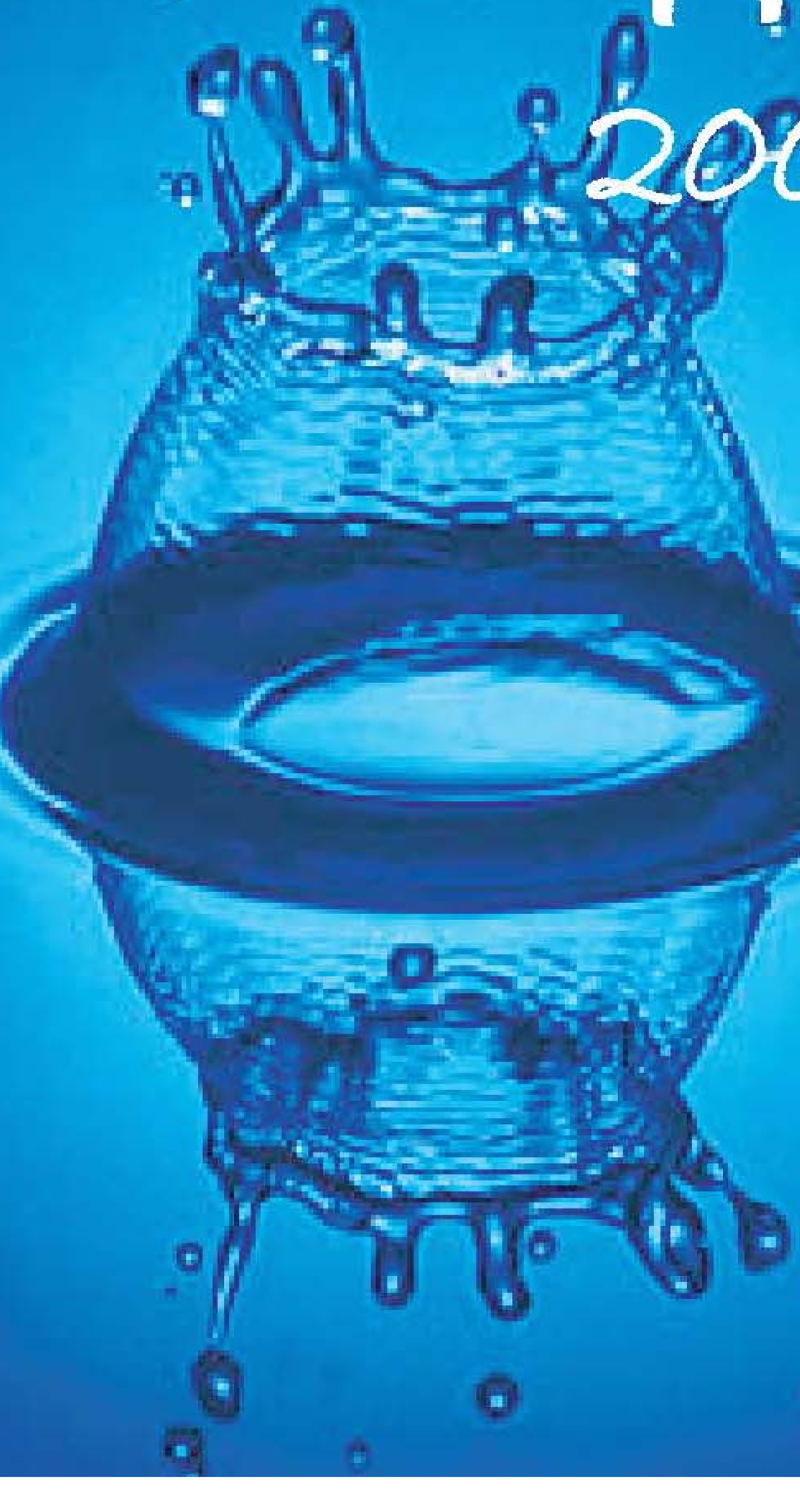
RECRUITING TRENDS

2007 - 2008



MICHIGAN STATE
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Midwest ACE is pleased to collaborate with Dr. Phil Gardner to present the Trends in Recruiting Report at our 14th Annual Trends in Recruiting Conference

Since 1949, the Midwest Association of Colleges and Employers (Midwest ACE) has been bringing together collegiate career services and recruitment/staffing professionals to collaborate, communicate, and connect. Through our efforts, college-educated men and women achieve their career goals and employers add value to their workplace and recruiting function.

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Recruiting Trends 2007-2008

A Michigan State University Publication

prepared by

The Collegiate Employment Research Institute
and
The MSU Career Services Network

In partnership with MonsterTRAK and Monster Intelligence

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Executive Summary

Recruiting activity on college campuses will occur at a hectic pace all year long based on reported hiring activity by 994 employers the *Recruiting Trends 2007-2008* survey. Seniors in BA/BS programs can expect more opportunities this year with employers expected to increase the number of opportunities 7% over last year. Alternatively, total hiring across all degree levels is expected to increase by a modest 2%.

Small and medium-sized employers are cutting back on their hiring plans because of concerns about the economy. They are particularly worried about the availability of credit, the increasing costs of material and supplies, and the upward pressure on salaries and health care payments. The exception is **employers with fewer than 100 employees** who are expected to **increase hiring by 12%.**

The real muscle in this year's market is being provided by our study's largest employers (>3,900 employees). These companies have a voracious appetite for labor in **anticipation of retirements**. Large employers are also carrying forward unfilled positions from last year. Overall, large employers expect to increase bachelor hiring by 9%. Looking at specific majors, these employers expect to increase hiring for engineers by 12% to 14%, business by 13%, and social science/humanities majors by 20%.

Computer science majors (all types) will enjoy a very good labor market. Information technology (IT) majors are the only ones that all companies, regardless of size, will be hiring. While the increase of 4% in opportunities may seem modest, the supply of new IT graduates will be over shadowed by the demand. In fact, employers may have to cut back their expectations because of the unavailability of qualified candidates.

MBA graduates will also see a **strong market** with a 7% increase in hiring.

Starting salaries for bachelors graduates are expected to increase by 4% to 5%, which is **double the increase** offered in each of the previous two years. About 15% of employers expect to increase salaries more than 5%. Bonuses and other inducements, such as student loan payments, will also be offered by companies. However, many bonuses will be paid at the completion of the first year of employment.

New graduates are expected to bring energy, enthusiasm and drive to their new employers, in addition to fresh perspectives and computer skills. Employers remained troubled by new hires' attitudes and lack of commitment to the company.

General Overview

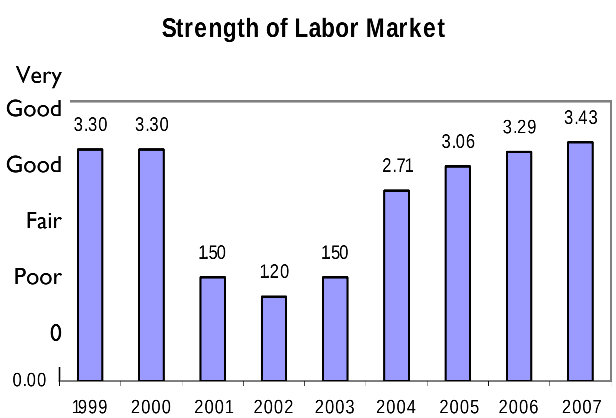
It would be a rare occurrence to find **cautious** and **aggressive** in the same sentence to describe the college labor market. This year happens to be that time. Overall the market is moving ahead cautiously, yet with a great sense of urgency. Small and medium-size employers, faced with a “murky” and slowing economy, are pulling back on their hiring. Large employers, facing a very different situation, have a voracious appetite for college labor.

This year’s report is based on 994 respondents, including 84 K-12 school districts. We focused attention on growing companies, based on lists from Forbes and Inc. magazines, and as a result, we have more small and medium-size employers represented this year. We balanced our efforts by also focusing on employers who recruit heavily on campuses, receiving assistance from several strategically located universities around the country who encouraged their employers to participate. Our sample represents all sectors of the economy, is well-balanced geographically, and has a good mix of companies in relation to size.

Large employers, facing a very different situation, have a voracious appetite for college labor.

For much of this year, the highly watched economic benchmarks have remained inconclusive in forecasting labor market activity. Inventories and manufacturing output figures, productivity, weak consumer confidence index, and commodity price indexes have all swung up and down, although the trend has been toward slower growth. Most employers are concerned about the fundamentals: cost pressures (for materials and inputs), rising expenses for salaries and health care, and constraints on capital (more difficult to borrow). Small employers, in particular, are incorporating these factors into their hiring plans, resulting in fewer hires this year compared to last.

Large employers are faced with a very different situation. Because of **impending retirements** and a number of vacant positions left unfilled from last year, big companies are on a hiring binge. Most of this binge is taking place on campus. Because the availability of qualified candidates in engineering, computer science, environmental sciences, and other selected majors is perceived to be a problem, these employers are aggressively courting college seniors, hoping to lock them into employment contracts as early as possible.



Powerful uncertainties hang over the labor market, however, and none bigger that the U.S. consumer. The question is whether consumers will continue spending without any savings or begin to cut back as food and energy prices increase. Employers are also uncertain how **parents** will impact their sons’ and daughters’ thinking, especially as it pertains to decisions about the location of a job.

Despite the uncertainty, employers are overwhelmingly positive about the college labor market. The strength of the overall market is reported between “good” and “very good”. The rating average of 3.43 (on a 5-point scale) is at an **historic high**, surpassing the previous highs of 3.30 in 1999 and 2000. Most industries are equally exuberant. When figures are examined by hiring regions, all regions report “good” to “very good” markets.

Heating-Up Hiring
- Retirement
- Vacant Positions (Carried Over)
- Lack of Candidates
- Growth in “Hot Sectors”
- Exports

Cooling Hiring
- Credit Availability
- Business Costs
  - Imports
  - Energy
  - Materials
  - Health Care
- Slowing Sectors
- Higher Salaries
- War
- Political Elections

The Great Unknowns
- Consumers
- Parents
- Location

Employer Intentions

However, when we examine intentions by degree level, the figures suggest a stronger bachelor and MBA labor market than for other degrees.

This year, 56% of our respondents indicated that they had definite plans to hire college graduates during the 2007-2008 academic year. Another 20% have preliminary hiring plans that include college graduates. An additional 20% were uncertain at the time of the survey what their hiring would be. Only 4% indicated that they would not be hiring. These figures are similar to last year's figures.

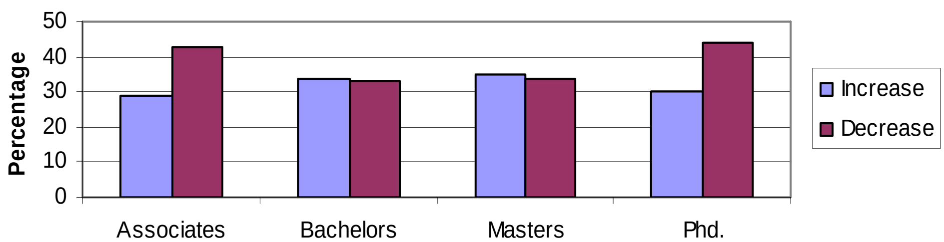
Thirty-four percent (34%) of employers expect to increase their total hiring, while 39% will decrease their total college hires this year. The remaining 27% will maintain hiring at the same level as last year.

This year's findings are comparable to other labor studies on employer intentions released this fall (Manpower, Career Builder, for example) that described the labor market as **cautious**. Federal employment statistics are also fairly consistent, with the exception of the unexpected growth in new positions in October 2007. However, when we examine intentions by degree level, the figures suggest a stronger bachelors and MBA labor market than for other degrees. By contrast, there are significantly higher percentages of employers that intend to decrease hiring at the associates and Ph.D. levels than to increase it. As a result, employer intentions for college hiring across all levels is **not increasing as rigorously as last year**.

Percentage of Employers Increasing Bachelor Hiring Intentions

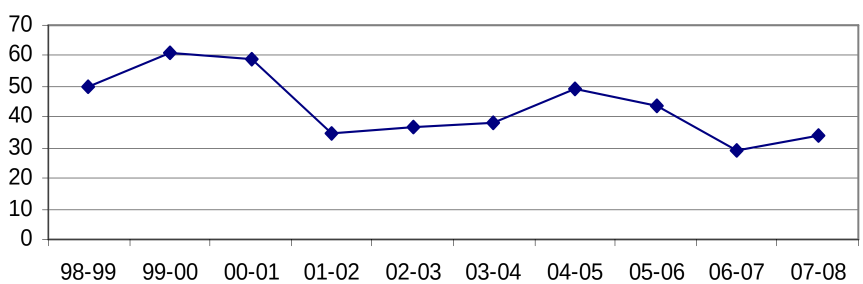
Size	
Large Companies	45%
Sectors	
Construction	43%
Retail	40%
Transportation	54%
IT	42%
Leasing	46%
Recruiting Areas	
Northeast	38%
Middle Atlantic	38%
Upper Plains	43%
South Central	39%
USA	40%
International	44%

Firms Planning in 2007-2008 to Increase or Decrease Hiring by Degree Level



While the percentage of employers increasing hiring at the bachelors level is positive and respectable, the past three years have witnessed a steady decline from the high point in 2004-2005, when 49% of employers indicated increases in hiring. Despite the slight upturn this year, the overall trend suggests that the college labor market has been more cautious recently in response to underlying concerns in the economy.

Percentage of Employers Increasing Bachelor Hires



College Hiring for 2007-2008

From the complete hiring information provided by respondents to the survey, approximately **39,000 college graduates will be hired** by their companies and organizations during this academic year. Overall, total hiring will increase a modest 2%. However bachelors degree hiring, which accounts for 77% of the total hires, is expected to increase by 7%.

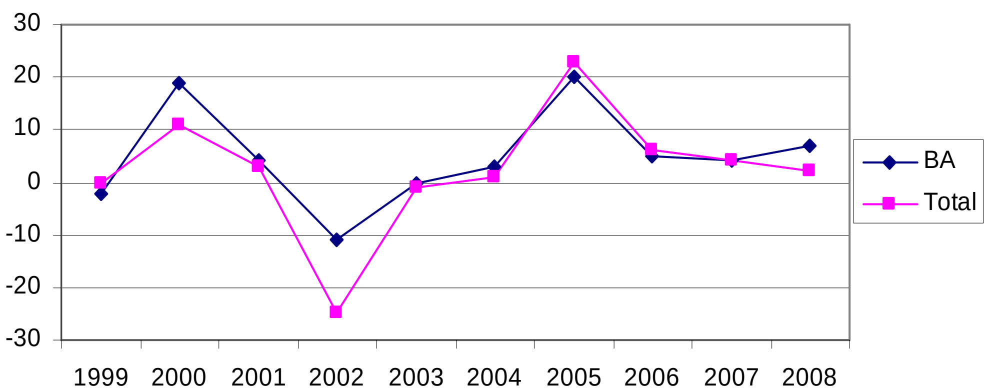
The average hires (total) per company is 46 individuals which is lower than last year.

Comparison of College Hiring Between 2006 and 2007 (All Respondents)

	NUMBER	AVERAGE HIRED 2006	AVERAGE EXPECTED 2007	CHANGE
Total Hiring	834	45.5	46.4	2%
Associates	259	14.0	12.9	-8%
Bachelors	793	35.2	37.6	7%
MBA	202	8.9	9.5	7%
MS/MA	283	11.7	10.6	-9%
PhD/Prof.	189	5.4	5.0	-7%

- The average projected hires (total) per company in this year's survey is just over 46 individuals, which is lower than the 63.7 average projected hires reported by companies in last year's survey. This reflects the significantly greater number of small employers responding this year.
- MBA hiring expectations continue to increase at 7%, the fourth year of steady expansion.
- Companies **increasing hiring** plan to expand bachelor hires by 29% over last year, averaging 69 individuals per company.
- Companies **decreasing hiring** plan to reduce bachelor hires by 37%, hiring on average only 13 individuals per company.

College Hiring From 1998-1999 to 2007-2008
% Change from Previous Years



NOTE: An adjustment has been made to the 2000-2001 figures that suggested hiring was only up 4% for that year. Initial employer expectations projected a 28% increase in bachelor hiring. The collapse of the dot.com bubble in January 2001 forced recruiting to plummet. In following up with companies, we found that actual hiring decreased between 6 and 17 percent for the second half of that year.

Company Size: It Matters

Second-stage Growth Companies:

- already past startup stage
- capacity for rapid growth
- 9—100 employees

One in three BA graduates can expect to work for a small company in 2008.

The largest employers (>3900) will increase bachelor hiring by 9% to 10%, averaging 118 new hires per company; however their total hiring will only increase 5%.

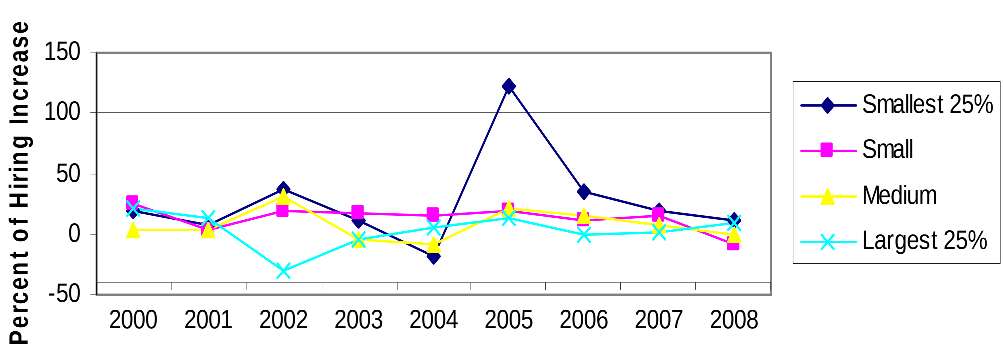
A possible bias of this report in the past has been to stress the importance of small companies to college hiring, which have proven to be the backbone of the labor market. However, last year witnessed a shift as large employers expanded opportunities while medium and smaller firms reduced theirs. Only the smallest companies (<40) in the study showed strong expansion. This year's results indicate that these two groups again are dominating the college labor market.

- **Smallest employers** (<40 employees) plan to increase bachelors degree hiring by 12% and total hiring by 23%, averaging 3 bachelor level graduates per company.
- **Small companies** (41-300) plan to decrease hiring by 9% for bachelors and 12% total, averaging 6 bachelor level graduates per company.
- **Medium-size companies** (301-3900) will increase bachelor hiring by 1% while increasing total hiring by 5%, averaging 23 bachelor hires per company.
- **Large employers** (>3900) will increase bachelor hiring by 9% to 10%, averaging 118 new hires per company; however, total hiring will increase only 5%.

The Department of Commerce (DOC) establishes different size categories for U.S. businesses. Companies with fewer that 100 employees are considered entrepreneurial and **second-stage growth firms**. These firms comprise 78% of all companies in the U.S. and are responsible for 36% of the total employees. At the other end of the scale, the largest companies (>5,000 employees) represent 6% of all firms and 32% of employees. Second-stage growth firms produce the largest number of new jobs, while large companies—whose total employee base is shrinking—hire to replace staff. Using DOC categories, second-stage growth firms (34% of our sample) will increase hiring of BA's by 13% and all graduates by 16%—and most of these positions will be new. Large employers will increase BA hiring by 10% and all graduates by 4%. Employers sandwiched between these two groups expect to decrease hiring by 7% to 13%. Combining hiring patterns on our own campus with the DOC's *Statistics on U.S. Business* and this year's *Recruiting Trends* study, we predict that roughly **one in three BA graduates can expect to work for a company with less than 100 employees**.

The following chart tracks hiring by company size over the past decade. The smallest companies, despite being the most volatile, tend to consistently offer more opportunities. Large companies experience very slow, more predictable changes. However, the number of new jobs they create is less than those generated by small companies.

Bachelor Hiring By Size of Company 1999 to 2008
% Change from Previous Year



Academic Major

% Employers Seeking	
Business (except accounting & marketing)	48%
Engineers	36%
Computer Science	22%
Marketing/Advertising, Communications	19%
Social Science and Humanities	18%
Accounting	17%
Health	8%
Agriculture	6%
All majors	10%

Hot Majors

Civil Engineering

Environmental Sciences

Nursing

Accounting

Electrical Engineering

Marketing

Business Administration

Finance

Mechanical Engineering

Computer Science (all)

Agricultural Business

Mathematics

Companies were assembled into clusters based on the majors they were recruiting: business (except accounting and marketing), accounting, marketing (including advertising, PR and communications), engineering, computer sciences, sciences, health and social sciences, social science/liberal arts, agriculture, and "all majors." When academic major groups were compared by company size, the dominance of large employers in hiring bachelor graduates clearly emerged.

When the major groups were compared by company size, the dominance of large employers in hiring bachelor graduates clearly emerged.

Business: Approximately 440 companies sought a variety of business majors; specifically, business administration, finance, economics, and human resources. Overall, bachelors hiring in business is projected to be up 10%. Among the largest companies, hiring will be up 13%.

Engineers: Of the 330 companies seeking engineers, firms with fewer than 3,900 employees expected to decrease hiring by 5%. However, large employers will increase hiring by 12% to 14%. Several small employers expressed concern that the market for engineers was so competitive this year that they have scaled back their expectations.

Computer Science: Computer science is the only major for which all company size categories are increasing hiring. Overall, IT hiring is up 5%, which is fairly consistent across employers. Even with these modest gains, the market for IT graduates will be highly competitive for recruiters.

Accounting: Overall, accounting graduates can expect a 5% expansion in opportunities, with the largest gain coming from large employers, which are up 10%. Smaller firms report a softening in the market, having adjusted to recent federal regulations and increased outsourcing of accounting work.

Marketing & Advertising: Demand for these majors across all employer groups is up a modest 3%. Several firms reported that new business has slowed and retaining current clients is the first priority.

Sciences: Science hiring at the bachelor level is expected to increase 12% overall, led by companies with 100 or more employees. In addition to environmental sciences, employers are also seeking geology, chemistry, mathematics, statistics, and actuarial sciences.

Social Science, Liberal Arts and "All Majors." One hundred sixty-six companies (166) are seeking majors within this broad grouping of academic disciplines. These companies expected to increase hiring by 15% for SS-LA and 8% for "all majors." Among large companies, hiring intentions for this group are up a staggering 22%.

Health and Agriculture. Only a few companies in our survey will be seeking these majors (75 and 51, respectively). Health majors can expect a 12% increase in opportunities. Agricultural employers are reporting a slight decline in hiring (-5%). This finding runs counter to other job reports in this area and must be looked at as an anomaly.

K-12 Education Bachelor Hiring Intentions

School districts are least likely to recruit from their student teachers and interns (only 28%).

Hiring Challenges

- Special education
- Mathematics
- Sciences
- Reading and Literacy

The new teacher segment (hiring by K-12 schools) of the college labor market contributes to our explanation of what to expect in bachelor hiring for 2007-2008. This segment presents a challenge for incorporating hiring intentions into fall projections because their hiring decisions are generally made in the spring to early summer or just prior to the beginning of the school year. For this reason, we have reported this information separately.

Ninety-four percent (94%) of the 82 districts that responded this year hired new teachers for the 2007 school year. The most common and preferred method of recruiting new teachers is through postings on their district or educational website (85%). About 66% attend teacher fairs and 54% also use their current staff for referrals. Another 50% use advertising in local papers. School districts are least likely to recruit from their student teachers and interns (only 28%).

Forty one percent (41%) believe the prospects for new teachers are “very good to “excellent” and 34% rated the market “good.” The average rating of 3.2 (out of a 5 point scale) companies compared closely to the market outlook by non-education companies and organizations. Fifty-three percent (53%) had definite plans to hire new teachers for next year and 26% have preliminary plans. Only 21% were uncertain or had no plans to hire any teacher for next fall.

Last year, all districts responding to the survey combined to hire 4,250 new teachers. **Elementary teachers** comprised 31% of these hires. Special education, middle school and high school English, and foreign languages each accounted for 8% to 10% of hires.

It is difficult to determine the actual numbers for next year. Districts reported that retirements, district finances (including state contributions), and attrition would influence hiring for 2008. Based on the preliminary numbers provided by these districts, middle and high school English, special education, languages, music, and technology teachers will see more openings. Yet, they will not necessarily be the hardest teachers to find. Districts reported greatest concerns about recruiting enough teachers for **special education, mathematics, sciences, as well as reading and literacy.**

The average starting salary reported by these districts/schools was $33,550 (range $21600 to $47,600). **Approximately 30% indicated that they would use some type of signing incentive to encourage accepting a contract.** Most incentives were in the form of cash bonuses ranging from $500 to $2,500. A few offered laptop computers, an extra step on the pay scale, and student loan remission.

Even with the apparent clamor for more teachers, districts are concerned about the lack of certain skills and competencies among new teachers, including classroom and behavior management, interpersonal skills with adults, working with diverse populations, and teaching in an inclusive setting.

A final comparison was made between school districts from the Midwest (OH, IN, MI, IL, WI, IA and MN), which represents 48% of the group, and other states. Fifty percent (50%) of Midwest districts rated the teacher market “poor” to “fair.” Their mean of 2.5 out of 5 was considerably lower than other states’ 3.8 rating. Forty-two percent (42%) of Midwest districts are uncertain about their hiring. There are dramatic differences in hiring at certain levels. Midwest districts only hired on average 81 elementary teachers compared to 1,240 outside the Midwest. The only bright spot is the demand for special education teachers in urban Midwest districts. Demographics of the Midwest will continue to limit the number of opportunities for teachers, except in the few districts that are growing.

Location

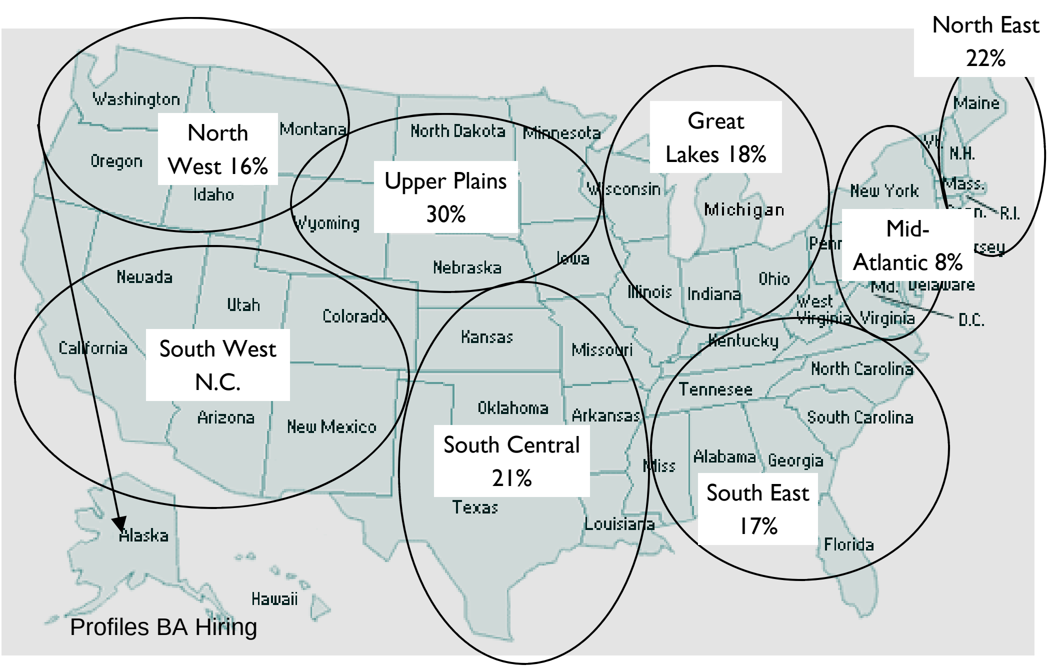
No matter where a graduating college student currently resides, they should see an increase in employment opportunities—even in Michigan. As employers reported where they plan to conduct their primary recruiting activities, approximately 23% of the respondents will recruit nationwide. In terms of bachelor level hiring, there will be strong gains of 7% domestically. Internationally focused employers will increase bachelor hiring a modest 4%. Regional configurations show surprising strength, with increases ranging from 8% in the Middle Atlantic to 30% in the Upper Plains.

Regional configurations show surprising strength, with increases ranging from 8% to 30%.

Change in Hiring by Hiring Region

	CHANGE IN TOTAL HIRING	CHANGE IN BA HIRING	AVERAGE # BA HIRES PER COMPANY
International	-1%	4%	114
USA	3%	7%	93
North East	5%	22%	43
Middle Atlantic	6%	8%	45
Great Lakes	5%	18%	31
Upper Plains	8%	30%	68
South East	5%	17%	48
South Central	7%	21%	61
South West	1%	nc	24
North West	9%	16%	32

Change in BA Hiring by Region



REGIONAL DEFINITIONS:

Northeast US (Maine, Vermont, New Hampshire, Rhode Island, Connecticut, Massachusetts)
Mid-Atlantic US (New York, Delaware, New Jersey, Pennsylvania, Maryland, Virginia, West Virginia, Wash DC)
Great Lakes US (Ohio, Michigan, Indiana, Illinois, Wisconsin)
Upper Plains US (Minnesota, Iowa, Nebraska, North Dakota, South Dakota, Wyoming)
Southeast US (Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, North Carolina, South Carolina)
Southcentral (Oklahoma, Kansas, Texas, Louisiana, Colorado, Missouri, Arkansas)
Southwest US (Arizona, Utah, New Mexico, California, Nevada, Hawaii)
Northwest US (Alaska, Idaho, Washington, Montana, Oregon)

Hiring by Industry Sector

Despite the mortgage lending crisis, banking, financial services, and insurance continue to fire on all cylinders with hiring up 17%.

Performance Subsectors

Hot

Food & Beverage Manufacturing
Steel & Metal Manufacturing
Clothing Retail
Banking/Credit
Investment & Securities
Insurance
Architectural & Structural Eng.
Engineering Serv.
Scientific Research
Administrative Serv.
Public Safety (Gov't)
Government Serv.

Cooling

Machinery Manufacturing
Auto Manufacturing
Equipment Rental/ Leasing
Advertising
Public Relations
Hospitals
Social Assistance
Government Executive Administration

Hiring will vary by industry sector depending on economic conditions specific to individual sectors and subsectors. The following highlights are for sectors with adequate responses to provide stable statistics for bachelor level hiring.

Manufacturing: Companies will average 38 hires per company, which is up 3% from last year. Leaders in manufacturing hiring are food and beverage processors, electronic components, petroleum, and **steel and metal fabrication** companies. Electrical equipment and chemicals will hold steady. Machinery and auto manufacturing companies will continue to decrease hiring.

Transportation: Hiring outlook remains positive with more activity from **airlines** and transportation service providers. Yet, this sector is cautious as energy costs could curtail expected hiring increases.

Retail: Retailers as a group will be hiring approximately 55 new graduates per company, a slight decline of 5% from last year. **Clothing retailers** tend toward more aggressive hiring goals. Other retailers remain concerned about consumer spending over the next several months.

Finance and Insurance: Despite the mortgage lending crisis, banking, financial services, and insurance continue to fire on all cylinders with **hiring up 17%**.

Real Estate and Leasing: Real estate is in retreat, while some of the rental/ leasing companies (not car rental) are feeling the slow down in the economy with fewer orders for construction, as well as, office and transportation equipment. Hiring expectations are **down 4%**.

Professional Services: This sector has traditionally served as an important indicator on the strength of college hiring because signs of a weakening market appear here first. Good news: hiring in this sector will be up 9%**.** Leaders include **architectural and structural engineering services**—up an impressive 14%—followed by management consulting, environmental services, scientific research, and market research. Accounting services, advertising, and public relations are reporting modest decreases.

Administrative Services: This sector provides a wide variety of services to other businesses such as document preparation, facilities support, travel arrangement, and employment. Employment agencies are an important segment in this sector, with recruiting for scientific, technical, and engineering manpower pushing targets upward. At the bachelors level, this sector's **hiring targets are up 27%**.

Government: Government hiring is expected to **increase by 6%.** Most of the hiring will be in public safety, transportation planning, and infrastructure design and rehabilitation.

Understanding young adults and the world of work

Recent Publications:

How Central is Work to Young Adults? White paper prepared for MonsterTrak May, 2007

What Do Young Adults Want? White paper prepared for MonsterTrak May, 2007

Today's Young Adults: Surfing for the Right Job White paper prepared for MonsterTrak May, 2007

Moving Up or Moving Out of the Company? Factors that Influence the Promoting or Firing of New College Hires. CERI Research Brief 1-2007

Parent Involvement in College Recruiting Process: To what Extent? CERI Research Brief 2-2007

Available for down load at www.ceri.msu.edu

The Collegiate Employment Research Institute was established by Michigan's legislature in 1985 and charged with collecting and analyzing information on the transition from college to work, college labor market conditions, and issues pertaining to career development. The Institute has gained recognition for its work in early socialization in the workplace, impart of co-op and internships on employment, and college labor market dynamics.

Current Research Focuses:

- Young Adults in the Workplace: Attitudes and Identity
- Internships: Converting interns to Full-Time Employees
- Building Trust and Engagement among Young Adults in Today's Workplace

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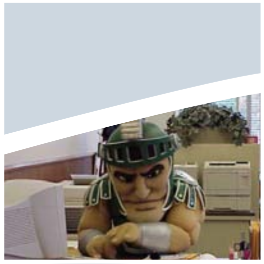
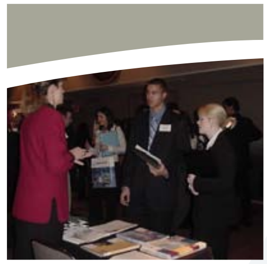
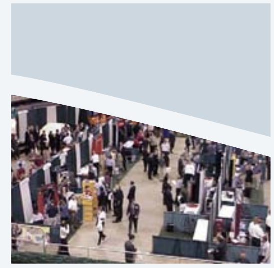
Job Listings


Resume Referral


Resume Drop


Interviewing


Career Fairs

"We need a talent pool that consistently produces quality, versatility and a desire to make a difference; therefore, recruiting at MSU is an imperative."
-- John J. Webb, Head of Business Alliances, Aetna

Connect with Top Talent

Fill your pipeline using these indirect recruiting options:

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- Volunteer to conduct mock interviews, helping students develop interviewing skills … a great way to network with potential candidates.

- Participate in non-traditional career events on campus, like the Career Summit, Creative Arts Forum, or Speed Networking.

- Present on industry topics to classes or student organizations.

- Offer internship or experiential learning opportunities to students.

For more details about any of these opportunities, contact us!

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Since 1855, MSU has grown to 14 degreed colleges offering over 200 unique programs and conferring over 10,000 degrees annually. With state of the art facilities and top-ranked programs, students learn the importance of getting hands-on experience through part-time jobs, internships, and co-ops. Because of our diversity, you can come to MSU for all of your staffing needs. In other words, we provide **one-stop shopping**!

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Recruiting on Campus

Campus recruiting strategies are dominating the largest employers' attention. Recruiters attending college job fairs and interviewing on-campus will increase hiring by 8%. Compare this to the 34% of employers not using these services whose hiring levels will remain unchanged from last year.

The largest expansion in hiring will be from employers who will strategically utilize their **internship and co-op talent banks**. These employers expect to increase hiring by 10% to 12%.

Hiring Expectations Recruiting Strategy

Co-op/Intern	10-12%
Fairs	7-9%
Campus Interviewing	7%
Web-service Providers	7%
Employee Referral	7%
Local Job Boards	7%
Ads	3%

Hot Positions

Accounting	25%
Sales	23%
Management Training/ Relations	21%
Marketing	18%
Project Engineering	17%
Design Engineering	17%
Business Services	17%
Administrative Services	16%
Customer Services	16%
Information Management	15%
Manufacturing Engineering	14%
Financial Services	14%
Human Resources	13%
Consulting Services	13%

Positions

Since we started tracking the positions that employers were filling with their new hires, five categories dominated the list: accounting, sales, management training, administrative services, and business services. This year they had to share the top spots. We witnessed **a much broader array of positions**, ones that can be filled by a variety of academic majors.

Accounting and sales positions will be fewer this year compared to last year. Sales positions, for example, were being filled by 29% of last year's employers, but only 23% in 2007-2008. Engineering positions made a strong showing across all functions.

The largest expansion in hiring will be from employers who strategically utilize their internship and co-op talent banks.

Starting Salaries 2007-2008

Since 2001 starting salaries have failed to keep pace with inflation.

Selected Salary	
All Associates	$36,900
All Bachelors	43,454
MBA	66,700
Accounting(MS)	54,100
Engineering(MS)	60,400

Selected Bachelors	
Accounting	$42,500
Finance	44,900
Marketing	39,100
Advertising	35,700
Computer Sci.	50,200
Mechanical Eng.	50,900
Electrical Eng.	53,200
Chemical Eng.	53,600
Civil Engineering	48,000
Nursing	43,400
Liberal Arts	34,700
Mathematics	40,700
Chemistry	39,100
Social Science	32,300

Additional salary information for* Recruiting Trends 2007-2008 *can be found at* **www.ceri.msu.edu

While 46% of the employers that reported their starting salaries indicated they would not raise salary levels from last year, the other 53% will raise salary offers by an average of 4.2%, nearly double the amount indicated last year. Twenty-five percent (25%) of those raising salaries are making significant increases of 5% to 15%. The average salary for bachelor graduates (all majors) is estimated to be approximately $43,500. This average is somewhat inflated due to the high salaries offered in technical fields.

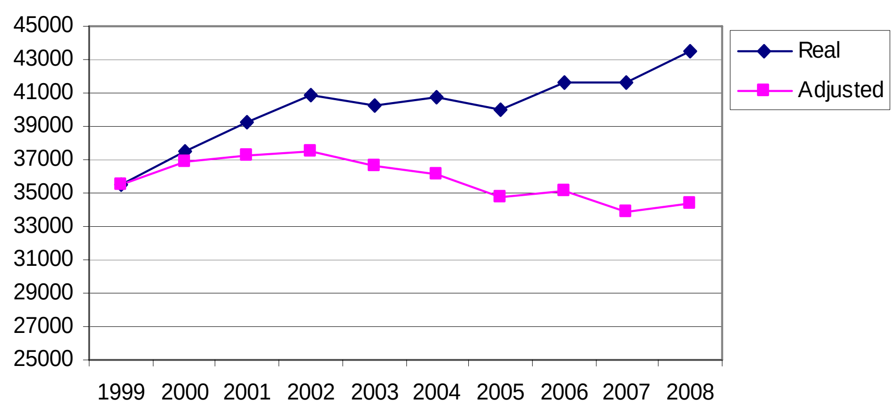
Employers would like to avoid paying bonuses, as only 10% indicated that they plan to do so this year. However, employers may have to reconsider because the federal government has announced it will offer bonuses for selected majors and/or assist with student loan payments by offering $10,000 per year for five years to amortize loans. States such as Kentucky have announced or are considering similar offers.

A method 20% of employers are using in an attempt to limit turnover is to offer a bonus or performance premium at the completion of the first year of employment.

Ten percent of employers indicated that their salaries were commissioned-based.

The following chart tracks the average bachelors' starting salary (all degrees) from 1999 to the present. Salaries have been adjusted for inflation based on 1998 as the index year. Since 2001, starting salaries have failed to keep pace with inflation.

Starting Salaries For All Bachelors 1998-99 to 2007-08 Real and Adjusted (1998 Index Year)



They Come Bearing Gifts!

Recently the media has focused on the negative qualities of young adults in the workplace: their need for constant praise, lack of commitment, and a profound sense of entitlement. To be fair, young people also bring positive attributes. We asked employers to identify some of the characteristics that add value to their company. Respondents offered approximately 2,130 different entries. After sorting them into common themes, young adults apparently come with plenty of **enthusiasm, fresh ideas, technical aptitude, and solid communication skills.**

Young adults bring more positives than negatives to the workplace

Positive attributes		**Other Positive attributes** (5% to 7%)
Enthusiasm/excitement/drive	17%	Teamwork
Communication skills (oral & written)	13%	Willingness to learn
Technological aptitude	11%	Work ethic
Fresh perspective/new ideas	10%	Analytical thinking
		Adaptability/embrace change

However, young adults still present challenges to supervisors on how to manage them in the workplace. Employers were asked to list up to three challenges they routinely face. Respondents provided approximately 400 entries. This total is noticeably fewer than the positive entries, which may suggest that young adults bring more positives than negatives to the workplace. The challenges are more concentrated, centering on **entitlements**, **work ethic,** and **commitment**.

Challenges		**Other Challenges** (5% to 8%)
		Work-life balance
Entitlement attitude/unrealistic expectations	23%	Immaturity
Work ethic/laziness	17%	Lack of confidence
Loyalty/commitment	12%	Understanding work required
		Communication skills
		Need instant gratification

For more information about young adults see Collegiate Employment Research Institute publications at www.ceri.msu.edu

Internships

Internships offer a more realistic idea of what being in the adult world is like, as well as how to behave and what will be expected of them.

Over the past several years *Recruiting Trends* has included questions concerning internships and co-ops. Previously, employers revealed that:

- 70% to 75% of new hires had internship or co-op experience
- 40% to 45% of new hires received internship experience in other companies
- 75% used internships and co-ops as part of their employee development and training program
- 12% of companies' recruiting budget went toward internship and co-op programs; return on investment was rated as "very good" to "excellent"
- 60% to 65% were concerned about their ability to convert interns and co-ops to full-time hires

This year's questions focused on **paid internships, internships for credit,** and **international internships.**

Number of Experiences

A commonly accepted rule of thumb is that students should have at least one work-related experience (internship or co-op) prior to graduation. Fifty percent of respondents agreed. However, the other fifty percent believe students should have at least two experiences, 10% of these indicated that they would like three! The need to have multiple experiences can be traced to two immediate factors: 1) being able to differentiate students quickly when dealing with a large pool of applicants; and, 2) gaining more workplace skills and exposure that allow students to get off to a faster start when they begin full-time with the company.

Paid Versus Unpaid

This year, approximately 75% of employers will pay their interns. Another 14% currently provide a mix of paid and unpaid opportunities. Only 10%—primarily small non-profits and social service agencies—offer unpaid internships.

Projecting ahead, 62% indicated that they expected to increase the number of paid internships, while 31% percent will increase more of both paid and unpaid opportunities. Only 7% are expected to increase the number of unpaid internships. The 17% shift in this category suggests that as the number of internships expands over the next five years, companies are more likely to use a mix of unpaid and paid internships.

Credit

Only one-fifth of the respondents indicated that they request students obtain academic credit to participate in an internship. They believe credit provides a way to document what they have learned and what skills they have gained.

However, most employers aren't concerned about whether a student receives academic credit. Usually, they just want the student to have a quality pre-professional experience. There were three frequently mentioned reasons as to why they do not like to deal with credit issues:

- Limits flexibility in assignments
- Increases the amount of paperwork
- Causes complaints from students about having to spend the money they earn on unnecessary credits

International Internships

The "must-have" experience touted by administrators on-campus right now is an international internship. Colleges and universities are seeking to claim leadership in preparing their students for a global economy. However, only 27% of the employers in the survey agreed (8% strongly agreed) that international experiences are essential. Another 38% disagree, while 35% are not sure. None of the respondents expect to make an international experience a requirement for employment. Basically, most employers would like students to have one strong internship regardless of location.

International internships offer an ability to relate to and understand that other cultures have different priorities, attitudes, and strategies in the workplace.

This is not to suggest that employers don't value international internships. In fact, they cited the following outcomes as likely assets relevant to work.

- Bring different perspective and awareness
- Willing to accept a challenge and adapt to new environment
- Bring a higher level of energy and excitement
- Understand other cultures

International Students

For the past six years it has been difficult for foreign students to gain work experience while enrolled as a student. This year we are seeing a new trend with the encouraging news is that **36% of our respondents would be willing to provide internships to foreign students.**

Managing Young Adults

When asked about turnover among first year college hires, respondents reported on average a 17% loss of new hires within a year.

One employer said:

"The availability of qualified applicants causes companies to become desperate for help and are willing to out bid the other offers. Can't blame the graduates for taking advantage of opportunities."

In the Collegiate Employment Research Institute's recent study of young adults' attitudes toward work and plans to establish careers, **job surfing** and **reneging on offers** emerged as two behaviors possibly unique to this age group. Several questions in this year's *Recruiting Trends* survey were directed toward employers on these topics to determine how prevalent these occurrences are in the work-place.

Reneging

Employers believe that reneging on offers is increasing. Approximately 48% indicated that the situation was getting worse, while 49% felt the level of reneging was about the same as usual. Only 3% suggested that reneging was declining.

According to the reported data, out of every 100 offers accepted, nine on average will later renege. The median, however, was **5 reneges per 100 offers accepted.** The average is driven up by 25% of respondents who reported 10 or more reneges per 100. Only 3% of the respondents reported having no reneges at all.

According to respondents, reneging results mostly from competition among employers in the labor market. Yet, there are still strong generational overtones, with young adults likely to be less loyal and more focused on themselves. **Employers shared the blame** for higher incidences of reneges, acknowledging the consequences of their aggressive courting of candidates.

Job Surfing and Retention

Many young adults plan to try out several jobs to find what interests them or to determine how well they fit into an organization. When asked how frequently employers observe this type of surfing behavior, they are split in their opinion. Approximately 30% see no or low levels of surfing, while 27% witness it occasionally, and 42% see young adults surfing "frequently" to "quite frequently."

Surfing behavior impacts companies' ability to retain young people in the job. While 17% of employers believe turnover is decreasing, 25% of respondents believe it is increasing. **The majority (58%) report that turnover levels have remained relatively constant over the last several years.**

When asked about turnover among first-year college hires, respondents reported on average a 17% loss of hires within a year. The median is a more respectable 10%; however, some employers are experiencing turnover as high as 30%.

Organizations expect to retain approximately 68% of this year's hires, and one out of six for three years or more. While 18% are confident they can retain 100% of new hires, 32% believe they will only be able to retain 50% or less of their new hires over the next three years.

Minimizing Turnover

Companies are trying a number of initiatives to reduce turnover and provide a work environment that excites young adults. Some frequently mentioned programs include:

- Better orientation programs that monitor new hire engagement with the company
- Work-life balance initiatives
- Continual training opportunities
- Mentoring by senior co-workers
- Salary increases on a regular basis
- Student loan repayments
- Recognition from upper management

How About a Little Praise!

A National Public Radio (NPR) story in late spring 2007 discussed the increasing need to **constantly praise** young adults on their work. Water cooler chit-chatters found this amusing. Older worker's were mystified, having received little praise during their work life. To clarify the situation, we asked respondents to indicate how frequently managers (including themselves) praise young adults on their performance. This trend turns out to be prevalent throughout the workplace. Twenty-four percent (24%) praise constantly while 22% offer recognition only once or twice a year.

Praise daily	24% of companies
Praise weekly	28% of companies
Praise monthly	26% of companies
Praise yearly	22% of companies

Most of these "praise" or employee recognition initiatives are recent. Forty-one percent (41%) of employers reported that they had no initiative of this kind. Alternatively, another 41% did have a program and the initiative was introduced within the past two years. The remaining employers started their programs three to five years earlier.

Need a Consultant?

Only 9% of respondents indicated that they used or were considering using a consultant to help supervisors manage their young adults. Consultants are commonly asked to train on generational differences, leadership, and harassment issues.

Another employer remarked:

"Our company offers continuous learning opportunities and career development assistance, including tuition reimbursement, and a multitude of internal training classes."

Final Thoughts

How well prepared are we as institutions to work with small companies? What can we learn from institutions that do?

This year's college labor market portends to be a very intense, competitive environment for those students and companies engaged with activities on campus. Beyond university boundaries, the hiring picture may be very different.

No one can ignore the troubling signs in the economy. Energy prices have risen quickly this fall in response to a worldwide increase in demand. Input cost are also rising, especially if they are imported. The decline in the value of the dollar against other currencies has some benefits (more exports, higher returns in foreign markets for investors) as well as burdens (higher import cost, higher oil prices, weaker stock market). Feeling these pressures, businesses needing credit to sustain cash flow find that they must cut back business activity because lending is tighter. Large companies usually have cash reserves to tide them over, but mid-size and smaller companies do not.

Large companies, particularly those that are only now coming to grips with their boomer demographics, are faced with replacing hundreds, or even thousands, of their employees prior to retirement to insure continuity within the company. To smooth the transition, new hires will likely need three to four years of training and learning to integrate and contribute effectively. The lead time is gone. Boomer retirements are starting in earnest.

Unless the economy completely collapses — which is highly unlikely — large companies will have to aggressively hire for the next four or five years. Assuming they can keep turnover low and not have to replace 40% to 50% of new hires every three years, large companies will then return to more modest hiring levels averaging a 2% to 4% increase per year.

Underneath large company recruiting, the real story is the impressive hiring of second stage growth firms. These small companies run the gamut from professional services (engineering, computer, marketing, accounting, scientific research) to agriculture, retail, food and lodging. Their penetration across all economic sectors will be profound. These employers will provide the new jobs to replace those lost in manufacturing, finance, and other industries with outsourcing proclivities. **How well prepared are we as institutions to work with small companies? What can we learn from institutions that do?**

Salaries look great! With high levels of debt, new graduates need these increases just to stay afloat. Incentives by employers to provide loan reimbursements will be particularly attractive to many students. But be prepared for a backlash. If projected salary increases trigger salary demand from other established workers, people who hate inflation (i.e. the Feds.) will counter strongly to curb any factors that could push inflation up.

Young adults have assets and deficits. Generally positives outweigh the negatives. Organizations are energized by their enthusiasm, impressed with the technical savvy, and renewed by their fresh ideas. Yet managers remained equally baffled by their attitudes, unrealistic expectations, and lack of commitment. Young adults are seeking possibilities—new places, new people, new institutions. They are going to approach the world differently. So be prepared and meet your challenges with success!

Have a Great Year!

Profile of Responding

Total responding: 994 companies, firms and organizations, including 82 K-12 districts. The sample was obtained by direct mail to approximately 2,000 companies and firms and an e-mail initiative provided by Monster. Fast growing companies, agricultural operations and non-profits were targeted this year.

Size (employees):	Average	15,969
	Median	300
	Mode	35

States Respondent Locations: All 50 states and Washington, D.C.

Key States: Michigan (14.7%), California (12%), Illinois (7.4%) New York (5.7%), Texas (5.1%)

Recruiting Regions & Representation:

U.S.A: 30% International: 12%

Great Lakes: 23% Middle Atlantic: 14% Northeast: 17% Northwest: 7%

South-Central: 10% Southeast: 16% Southwest: 15% Upper Plains: 6%

Industrial Classification (Based on NAICS)

Administrative Support	5.9%
Agriculture/Mining	1.8%
Arts Entertainment	1.9%
Construction	2.5%
Education (non K-12)	2.4%
Finance & Insurance	10.7%
Food & Lodging	2.6%
Government	5.6%
Health Care	6.0%
Information	4.0%
Manufacturing	16.7%
Non-Profit & Organizations	3.1%
Professional Services	26.8%
Real Estate & Leasing	1.9%
Retail	3.0%
Transportation	1.6%
Utilities	1.2%
Wholesale Trade	2.3%

RESPONDENT DEMOGRAPHICS:

Women: 62% **Men:** 38%

Responded last year: 22%

Years in Recruiting:	Average	7.9 years
	Median	5 years
	Mode	2 years

Key States:

Michigan (14.7%)

California (12%)

Illinois (7.4%)

New York (5.7%)

Texas (5.1%)

Reading List

Some recent readings that have inspired thoughts and insights to our research and analysis.

Ayres, Ian. *Super Crunchers: Why Thinking-By-Number is the New Way to be Smart*. Bantam.

Luce, Edward. *In Spite of the Gods: The Strange Rise of Modern India.* Doubleday.

Penn, Mark. *Microtrends: The Small Forces Behind Tomorrow's Big Changes.* Twelve.

Sunstein, Cass. *Republic.com 2.0.* Princeton University Press.

Taleb, Nassim. *The Black Swan: The Impact of the Highly Improbable.* Random House.

Wuthnow, Robert. *After the Baby Boomers: How Twenty-and-Thirty-Something's Are Shaping the Future of American Religion.* Princeton University Press.

Notes

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