



Q3 2009

STAFFING SUPPLY AND DEMAND OUTLOOK

STAFFING KEYS FOR 3rd QUARTER

- 1. More hiring managers are expecting to utilize a staffing firm in the 3rd quarter**
 - Hiring managers at large organizations anticipate use of staffing firms to increase while smaller firms expect continued minimal declines
- 2. Job candidates are increasingly open to temporary and contract positions**
 - Current utilization and willingness to utilize staffing firms continues to rise across all sectors

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AN OVERVIEW OF THE STAFFING OUTLOOK

CareerBuilder's Staffing Supply and Demand Quarterly Outlook measures and tracks expected utilization of staffing firms in the upcoming quarter by hiring managers and job candidates. The outlook is comprised of two distinct sections; expected demand for employees hired through staffing firms, and expected supply of job candidates to fill open positions.

These supply and demand expectations help staffing firms prepare for shifts in expected demand and educate clients as to changes in the supply of available job candidates. Each quarter, hiring managers and job seekers throughout the United States are asked about their likelihood of using staffing firms in the upcoming quarter. For example, in the 2nd quarter survey, participants are asked about their expectations for using a staffing firm in the 3rd quarter, and so on.

The following metrics are tracked and reported on a quarterly basis:

Staffing Supply (Active Job Seekers):

1. Percent of job seekers currently working with a staffing or recruiting firm, or expecting to within the next month and quarter.
2. Percent of job seekers willing to consider full or part-time contract work.
3. Median "days on market" searching for a job by active job seekers.

Staffing Demand (Hiring Managers/HR Professionals):

1. Percent of hiring managers/HR professionals expecting to hire **temporary and contract** employees through a staffing firm in the upcoming quarter.
2. Percent of hiring managers/HR professionals expecting to hire **full-time permanent** employees through a staffing firm in the upcoming quarter.

Analysis and calculations for this report was conducted by Inavero Institute using survey data collected online by Harris Interactive. A full methodology is provided on page 5.

This executive summary provides an overview of the staffing outlook for the third quarter of 2009. Additional information is available through your CareerBuilder account representative, or by request at RBUStaffing@CareerBuilder.com.

EXPECTATIONS OF HIRING THROUGH A STAFFING FIRM IMPROVE SLIGHTLY

A slightly higher percentage of hiring managers report that they expect to utilize a staffing firm to fill open positions in the upcoming quarter, compared to 2nd quarter expectations (Exhibit 1). Thirteen percent of hiring managers report expecting to utilize a staffing firm in the 3rd quarter, compared to 12.6 percent in the 2nd quarter. While this change appears slight (.4 percentage points), it actually represents a gain over the prior quarter of 3.8 percent (calculated based on the percentage gain between 13 percent

and 12.6 percent outlined in the methodology section of this report). These findings represent two straight quarters of reasonably flat expectations compared to the steep declines experienced in the 1st quarter of 2009.

Hiring managers at organizations with 500 or more employees expect their utilization to increase, while smaller organizations indicate lower utilization compared to last quarter's expectations. Overall results have been weighted according to Bureau of Labor Statistics by the size of the organization to reflect the true expectation for staffing firm utilization in the quarter.

Percentage of hiring managers expecting to utilize a staffing firm					
Quarter	Overall (Weighted)	Size of Organization (# of Employees)			
		1-19	20-99	100-499	500+
Q209	12.6%	3.5%	9.0%	12.9%	17.0%
Q309	13.0%	1.9%	8.3%	10.4%	19.5%

GAINS IN TEMPORARY AND CONTRACT STAFFING EXPECTED IN 3RD QUARTER

The percentage of hiring managers who expect to utilize staffing firms to help fill temporary or contract positions increased by nearly 7 percent over 2nd quarter expectations when adjusted based on the size of the organization (Exhibit 2). Roughly 5.6 percent of hiring managers and HR professionals expect to utilize a staffing firm to help fill temporary or contract positions in the upcoming quarter, up slightly compared to 5.3 percent in the 2nd quarter. Hiring managers at large organizations remain most optimistic, with nearly 9 percent indicating they expected to hire temporary or contract employees through a staffing firm in the 3rd quarter, compared to just over 7 percent a quarter ago.

Percentage of hiring managers expecting to hire temporary or contract employees through a staffing firm					
Quarter	Overall (Weighted)	Size of Organization (# of Employees)			
		1-19	20-99	100-499	500+
Q209	5.3%	1.4%	3.7%	5.4%	7.1%
Q309	5.6%	0.9%	3.7%	3.4%	8.7%

EXPECTATIONS OF USING STAFFING FIRMS FOR PERMANENT PLACEMENTS ENCOURAGING

Utilization of staffing firms for permanent placements, however, is expected to remain virtually level compared to last quarter (Exhibit 3). Nearly one-in-ten hiring managers expect to utilize a staffing firm to help in their search for permanent full-time employees in the upcoming quarter, compared to 9.2 percent one quarter ago. It is important to note that this represents expected utilization of a staffing firm as part of the search strategy, and not actual placements. This outlook is meant to deliver expressed expectations from hiring managers but cannot make assumptions on actions taken.

The expected differences between temporary and permanent position hiring is consistent with past quarters, with permanent, full-time positions hit harder within the industry than the temporary and contract business has been.

Exhibit 3: Permanent Placement Outlook 3rd Quarter 2009

Percentage of hiring managers expecting to utilize a staffing firm as part of their search for permanent full-time employees

Quarter	Overall (Weighted)	Size of Organization (# of Employees)			
		1-19	20-99	100-499	500+
Q209	9.2%	2.6%	6.6%	9.4%	12.4%
Q309	9.4%	1.2%	5.9%	8.6%	13.8%

While hiring managers don't expect substantial gains in the 3rd quarter, this is still a good sign for staffing firms, compared to the projected decline of over 24 percent measured between the 4th quarter of 2008 and 1st quarter of 2009, and the flat outlook for 2nd quarter of this year.

"Companies are using the economic downturn as an opportunity to reevaluate and adjust their recruitment processes," said Todd McCormick, President of CareerBuilder's Recruiter Business Unit and Canadian Operations. "Thirteen percent of employers in the 3rd quarter (slightly higher than the 2nd) expect to utilize a staffing firm for both their temporary and permanent hires."

UTILIZATION BY INDUSTRY

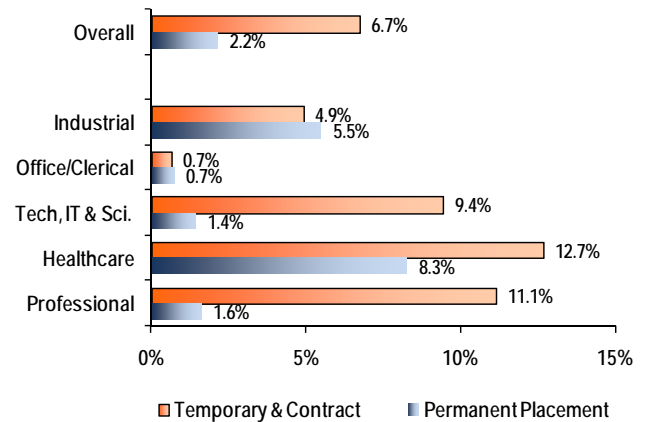
Good news exists for some sectors on the temporary and contract side of the business, with technical, healthcare and professional contract positions are poised to increase substantially compared to last quarter. Those responsible for hiring healthcare employees forecast the largest gain for staffing firms, with measures 12.7 percent higher than similar forecasts from last quarter. Temporary professional positions are forecasted to increase by 11.1 percent and technology-related positions are expected to experience a growth of 9 percent (Exhibit 4).

Hiring managers expect utilization of staffing firms for permanent, full-time positions to be higher in most instances, with healthcare and industrial full-time positions expected to increase the most over 2nd quarter (Exhibit 4).

Office/clerical, technology and professional placements are all forecast to remain essentially unchanged, yet hiring

managers do not forecast declines for any of the sectors.

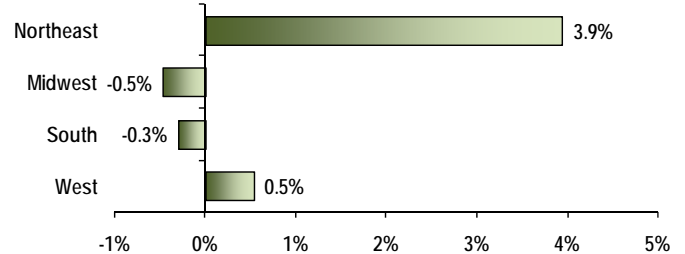
Exhibit 4 - Expectation of Using Staffing Firm Compared to Prior Quarter



UTILIZATION BY REGION

After being the hardest hit in the first quarter of 2009, hiring managers in the Northeast expect a slight increase over 2nd quarter staffing firm utilization. The gain of nearly 4 percent (Exhibit 5) helps to offset minimal forecasted declines in the Midwest and South, while the West is expecting very moderate gains in the 3rd quarter.

Exhibit 5 - Expectation of Using Staffing Firm Compared to Prior Quarter



3rd QUARTER STAFFING DEMAND FORECAST WHAT IT MEANS FOR STAFFING FIRMS

1. Hiring managers are expecting gains in staffing firm utilization compared to last quarter, with some sectors showing stronger signs of improvement.
2. Organizations with more than 500 employees are most optimistic about their 3rd quarter staffing needs – are you reaching them?
3. Most regions are expecting their staffing firm utilization to remain steady, but the Northeast is showing higher growth potential, by comparison.

JOB CANDIDATES' EXPECTED USE OF STAFFING FIRMS IS INCREASING

Nearly one-in-four job candidates indicate they plan to utilize a staffing or recruiting firm as part of their job search, up from 22% a quarter ago (Exhibit 6). Of those not currently utilizing a staffing firm, but expecting to in the future, more than half indicate they would use a staffing firm if they were still searching 3 months from now, while only 7 percent indicate they plan to work with a staffing firm within the next month. However, these still represent improvements over last quarter and indicate a job candidate pool that is starting to be more creative in their job search strategies, considering staffing firms more often as finding employment becomes more difficult.

Additionally, 4 percent of candidates reported currently utilizing a staffing firm, compared to less than 3 percent in the 2nd quarter. Healthcare job seekers represent the highest utilization among the sectors measured, with 6 percent penetration, though all sectors ranged between 4 and 6 percent utilization in the current quarter. Each sector saw increased utilization by job seekers, representing significant opportunities to place highly qualified candidates during the upcoming quarter.

Job candidates in the technical, IT & scientific sector continue to be most open to utilizing a staffing firm in their job search, with 34 percent indicating they would consider staffing as part of their search strategy, while industrial employees seem most hesitant about utilization of staffing firms, with four out of five job seekers in that sector not willing to consider working with a staffing firm as part of their search.

JOB CANDIDATES BY SECTOR

Another indication of the strength of the labor pool for staffing firms is the job seeker willingness to consider full or part-time contract positions. The outlook for the coming quarter shows that while those willing to accept full-time contracts has remained unchanged, those willing to consider part-time contract work has increased slightly (Exhibit 6).

Office/clerical job seekers indicated they were less likely to consider full-time contract work compared to last quarter, but the other sectors remained close to even with last quarter, up slightly by comparison. Tech, IT & scientific job

candidates are the most willing to consider full-time contract work, with 19 percent indicating that was an acceptable type of position for them, with more than 15 percent of both healthcare and professional job seekers also willing to consider contract arrangements as long as they are full-time in nature.

Part-time contract work is expected to be considered by roughly 7 percent of the job candidate population as part of their job search, up from just over 6 percent one quarter ago. Only the industrial job seeker group indicated a lower willingness to consider part-time contract work compared to a year ago, and the healthcare sector is significantly more open to part-time contract arrangements than other sectors, with 15 percent of job seekers willing to consider part-time contract opportunities, nearly double the willingness of tech job seekers, the next most willing candidate.

“Only one-in-four job seekers plan to utilize a staffing firm for their job search in the 3rd quarter, highlighting a need for more branding to candidates to emphasize the value a staffing firm can bring to a long job search process,” said McCormick.




TIME SPENT IN JOB SEARCH VARIES BY INDUSTRY

Much like real estate “days on the market,” time in the job search is a direct function to the tightness of the staffing labor market. As the days on market decrease for particular sectors or positions, the labor market is tightening, making it more difficult for staffing firms to find qualified applicants for open positions. When the opposite is true (job seekers spending more time looking for jobs), staffing firms have a stronger pool of talent to pull from, and should be able to leverage an eager and available applicant base in filling positions.

Active job seekers report having spent more than 4 months in their current job search on average and the median job seeker started their search roughly 90 days (just over 3 months) ago, according to the Harris Interactive survey participants. However, there are still positions that remain in high demand. Of those included in the study, nurses and .Net developers reported the shortest job searches, at between 50 and 70 days (roughly 2 months) looking (Exhibit 7).

Exhibit 6: Job Candidate Willingness and Utilization of Staffing Firms

	<u>Overall</u>	<u>Industrial</u>	<u>Office-Clerical</u>	<u>Tech, IT & Sci.</u>	<u>Healthcare</u>	<u>Professional</u>
Willing to utilize a staffing firm	24% ↑	19% ↑	25% ↑	34% ↑	22% ↑	27% ↑
Currently utilizing a staffing firm	4% ↑	4% ↑	4% ↑	5% ↑	6% ↑	5% ↑
Willing to consider full-time contract work	14% →	11% ↑	11% ↓	19% ↑	17% ↑	15% ↑
Willing to consider part-time contract work	7% ↑	5% ↓	7% ↑	8% ↑	15% ↑	6% ↑

 = Increase since last quarter
 = No change since last quarter
 = Decrease since last quarter

Interestingly, not a single job title from the industrial or office/clerical sectors made the list of shortest job searches with the median days in the job search for those sectors being 121 and 105 days, respectively, more than 20 percent longer than any other sector.

Exhibit 7: High Demand Jobs in a Difficult Job Market

Job Title	Median Days in Job Search
Nurse (RN or LPN)	50
.Net developer	61 ¹
Healthcare technician (x-ray, etc.)	67
Software engineer	76
Financial manager	82

¹ Base size is very small for .Net developers (<30) and results should be interpreted as directional in nature only.

STAFFING UTILIZATION TO REMAIN STABLE

Based on the supply and demand forecasts, the 3rd quarter of 2009 is likely to be very similar to the 2nd quarter, yet hiring managers are slightly more optimistic about next quarter’s hiring needs through staffing firms than they were at the same point a quarter ago. While there has been no indication of how long staffing will be in this trough, it is clear that clients of staffing firms are turning more optimistic to their upcoming needs from the industry. Not surprisingly, it appears hiring managers expect the improvements to start and be more significant on the temporary and contract side of the business, compared to the permanent placement business.

When orders do start to pick up, the study indicates the supply of workers should be strong initially, as most sectors have seen increases since last quarter in willingness to consider full and part-time contract positions, and an eye towards utilizing staffing and recruiting firms as part of a job search. The goal for staffing firms is to create an environment in all sectors similar to technical staffing, where contract employment and staffing firms are a known and accepted short and long-term employment option.

**3rd QUARTER STAFFING SUPPLY FORECAST
WHAT IT MEANS FOR STAFFING FIRMS**

1. Focus on quality – not quantity of job candidates. They are increasingly available and willing to engage staffing firms.
2. Manage expectations with job candidates. Their job search will likely be long; telling them otherwise will lead to dissatisfaction.
3. There is a significant gap between expectations of using a staffing or recruiting firm and actual utilization – what is your message to qualified candidates?

SURVEY METHODOLOGY

This survey was conducted online within the U.S. by Harris Interactive on behalf of CareerBuilder among 5,210 hiring managers and human resource professionals (employed full-time; not self-employed; with at least significant involvement in hiring decisions); and 9,667 U.S. employees (actively or passively looking for a job, not self-employed or retired) ages 18 and over.

The percentage change from quarter to quarter is calculated by taking the difference between the two quarters, divided by the previous quarter. As an example, 13 percent of hiring managers reported expecting to utilize a staffing firm in the 3rd quarter of 2009, while only 12.6 percent expected to use a firm in the 2nd quarter. The gain, then, is calculated as $(13\% - 12.6\%) / 12.6\%$, or 3.8%. This calculation is more representative of the actual impact on the staffing industry than the .4 percent difference in the two quarters.

CareerBuilder partnered with the Inavero Institute (www.inavero.com) to provide analysis and help guide the study design and implementation.

The analysis utilizes two waves of the survey, fielded between May 20 and June 7, 2009 (2,667 employers and 4,871 job seekers), and between February 20 and March 11 (2,543 employers and 4,796 job seekers).

With a pure probability sample of 2,543 and 4,796 (the lower of each of the waves), one could say with a 95 percent probability that the overall results have a sampling error of +/- 2.0 percentage points and +/- 1.5 percentage points, respectively. Sampling error for data from sub-samples is higher and varies.

ABOUT CAREERBUILDER

CareerBuilder is the global leader in human capital solutions, helping companies target and attract their most important asset – their people. Its online career site, CareerBuilder.com, is the largest in the U.S. with more than 23 million unique visitors, 1 million jobs and 31 million resumes. CareerBuilder works with the world's top employers, providing resources for everything from employment branding and data analysis to talent acquisition. More than 9,000 Web sites, including 140 newspapers and broadband portals such as MSN and AOL, feature CareerBuilder's proprietary job search technology on their career sites. Owned by Gannett Co., Inc. (NYSE:GCI), Tribune Company, The McClatchy Company (NYSE:MNI) and Microsoft Corp. (Nasdaq: MSFT), CareerBuilder and its subsidiaries operate in the U.S., Europe, Canada and Asia. For more information, visit www.careerbuilder.com.

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