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Economic uncertainty sets tone for DM employment

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Employment indicators for the direct marketing industry continued to weaken in the first quarter of 2008 as a downturn that began in the fourth quarter of 2007 picked up steam, according to the latest employment survey from executive search firm Bernhart Associates.

The random survey was e-mailed the week of April 1 and was completed by 139 companies.

The biggest increase came in the number of companies reporting hiring freezes, which jumped from 13% in Q4 to 20% in the first quarter.

Also noteworthy was that well over 90% of respondents indicated they have no idea when their hiring freezes will end, said Jerry Bernhart, principal at Bernhart Associates. "Typically, we see a whole spread of responses when we ask how long hiring freezes will last," Bernhart said.

That so many said they didn't know how long the hiring freezes would last "tells you there is enormous uncertainty right now," he continued.

Other findings include that 54% of responding companies said they will be filling positions during the current spring quarter, down from 58% in the previous quarter. Planned layoffs remained unchanged at 12%.

"You'd think we could be expecting an increased rate of layoffs, but companies are opting to go with hiring freezes instead," Bernhart said. However, if the economy continues to deteriorate, we could see more layoffs this summer and fall, he predicted.

One reason companies may be choosing hiring freezes instead of layoffs right now is that they know, once the economy turns around, it will be tough to hire back talented employees.

"Every time this industry has gone into a downturn and recovered, it has become increasingly difficult for companies to find qualified employees," Bernhart said. There are a multitude of reasons why this happens, he added, citing the facts that not as many people are entering the direct marketing industry as 10 years ago, the industry isn't doing as much to train workers as it used to and aging baby boomers are retiring in growing numbers.

Another reason why companies are, at the moment, reluctant to let go of talented employees is that much of their staffing

demands is migrating to e-commerce jobs, where the talent pool is especially tight, Bernhart said.

As a result, even in the current economic environment, there is still a demand for low- to mid-level e-commerce candidates. Candidates for sales, analytics and account managers are also in demand right now, Bernhart said.