

# Yoh Index of Technology Wages

Q2 2011



# Yoh Index Finds Corporate Uncertainty Coupled with Jobless Recovery Flattens Wages and Employment Prospects for Highly Skilled Temporary Workers

After two straight quarters of modest wage increases for temporary technical professionals, the Q2 Yoh Index of Technology Wages found that this positive movement has stalled. The reversal of a six month (*figure 1*) trend of wage increases for this segment of the American labor market suggests a slackening demand for temporary technical professionals, whose employment prospects are typically viewed as a bellwether for the overall employment market. Wages, which stood at \$30.98 an hour in March 2011, increased a modest one cent an hour to \$30.99 by June 2011. (*figure 2*)

The Yoh Index, which first began in January 2001, reports on the employment prospects of highly skilled temporary employees in information technology, engineering, life sciences, health care, aerospace and defense. Demand for temporary workers historically increases during periods of economic recovery as businesses look to ramp up production without committing to the long-term fixed costs of wages and benefits. Therefore, this increased demand can typically be leveraged as an indicator of the broader economic conditions that impact growth initiatives and subsequent employment trends.

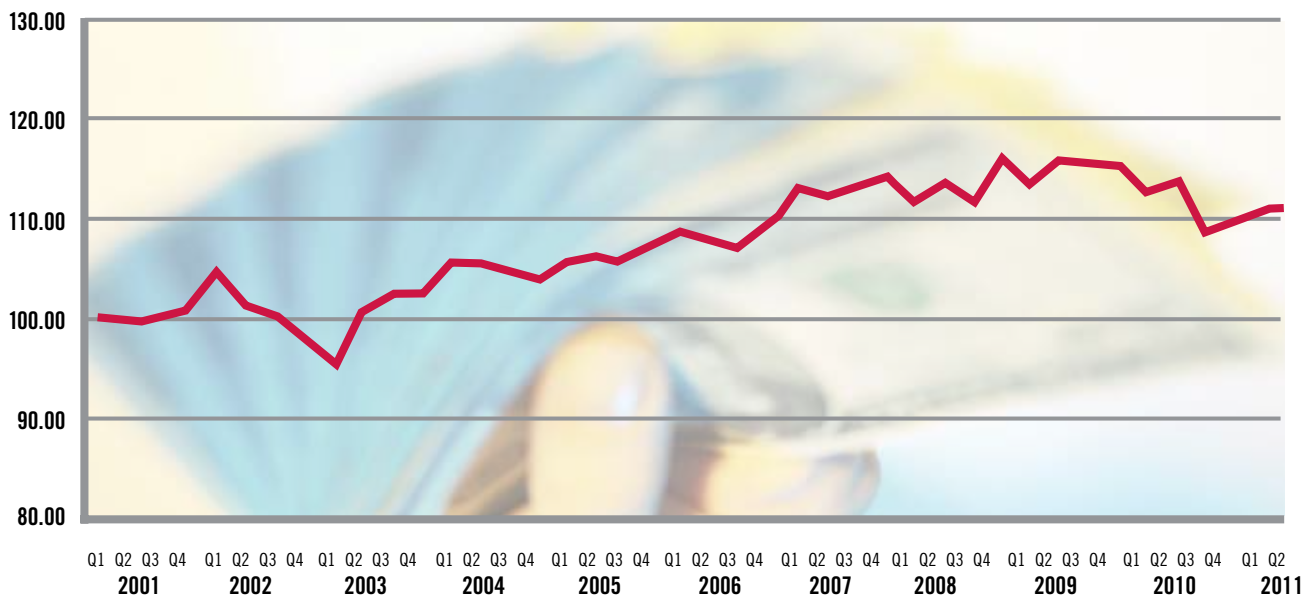
*“The stagnation of temporary technical professional wages is partly due to the ongoing uncertainty created by the slow-moving and fragile economy,”* says Lori Schultz, President of Yoh. *“While wages and demand had been increasing prior to the second quarter, the deceleration of GDP growth, the fear of a double-dip recession, and the anxiety over*

*the potential downgrade of the United States’ credit rating have contributed to the decrease in temporary technical demand and flat wages.”*

Overall, actual wages during the 2nd quarter decreased slightly from the same quarter in 2010, down 3.27 percent in April; down 2.62 percent in May; and down 1.41 percent in June. Further clouding the employment picture was a Bureau of Labor Statistics employment report that showed the American economy generated only 18,000 jobs in June 2011, a level that disappointed most economic forecasters, who believed that the strengthening employment market in the spring of 2011 would continue into the summer.

However, there is ongoing hope because U.S. corporations continue to hold record amounts of cash on their balance sheets, a fact that suggests that when political and economic uncertainty lifts, companies will be positioned to take immediate advantage of opportunities placed on hold but still high on priority lists.

*“When businesses with large cash reserves begin to release that cash, they will first look to the temporary technical professional workforce to jump-start strategic objectives,”* says Schultz. *“Even though demand has ebbed and wages have flattened, we can report a significantly higher level of activity from clients looking for input on how to best structure a blended workforce that allows them to utilize permanent staff, as well as contracted and temporary labor that is talented enough to immediately impact the most pressing business objectives.”*



**Figure 1: Yoh Index of Technology Wages:** Growth of temporary technical professional wages stalled in the 2nd quarter of 2011.

Figure 2: Yoh Index of Technology Wages Q2 2011

Month	2001	2010	2011	YoY Rate Change	Q2 Index	Period Index Change
April	28.04	31.88	30.83	-3.27%	110.40	-0.46%
May	27.87	31.81	30.98	-2.62%	110.90	0.46%
June	27.75	31.43	30.99	-1.41%	110.96	0.05%

Equally as interesting, as the country struggles to find common ground on policy, taxation and debt limits, some corporations are moving forward regardless. The successful IPOs of Pandora (NYSE: P), Dunkin Donuts (NasdaqGS: DNKN), and LinkedIn (NYSE: LNKD) bring expectation that freshly minted public companies will use newly raised capital to grow both organically and through strategic M&A.

These events are likely to trigger investment by recent IPO competitors who will have to respond to a changing marketplace or risk losing out completely when the economy turns and a new lineup of challengers moves quickly out of the starting gate. Logically, these are the types of companies, those assuming risk and implementing aggressive growth plans, that will be most in need of these highly skilled workers, many of whom can serve as free agents, available on an as-needed basis.

Other factors that will impact corporations' employment of highly skilled workers include:

**Consumer confidence.** Even as uncertainty reigns, consumers have been returning due to pent-up demand. Whether they can continue to suppress demand after a long recession and dismiss the current political process as mere theater remains to be seen.

**The uncertain return of inflation.** If certainty can be restored with the recent government agreement, inflation is likely to remain modest as interest rates continue to rest at historically low levels.

**The efficiency argument erodes.** While some commentators contend that unemployment is generated by structural changes and remarkable productivity gains due to technology, earnings and growth are still powerful motivators. When businesses see the ability to make money, they will add to their workforce, regardless of employee productivity, particularly at the beginning of a cyclical upturn.



## Yoh Index

Established in January 2001, the index tracks the movement in the hourly wage of temporary technical professionals across the following categories:

**Aerospace and Defense, Engineering, Health Care, Life Sciences, Information Technology and Telecommunications.**

The index represents the overall percentage change in wages against the initial benchmark of January 2001 providing historical context and perspective to normal wage ebb and flow.

## About Yoh

For over 70 years, Yoh has provided the talent needed for the jobs and projects critical to our clients' success, by providing comprehensive workforce solutions that focus on Aerospace and Defense, Engineering, Federal Services, Health Care, Life Sciences, Information Technology and Telecommunications. Yoh fulfills immediate resource needs and delivers enterprise workforce solutions, including Managed Services, Recruitment Process Outsourcing, Vendor Management Systems, Independent Contractor Compliance, and Payroll Services. **For more information, visit [yoh.com](http://yoh.com).**

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