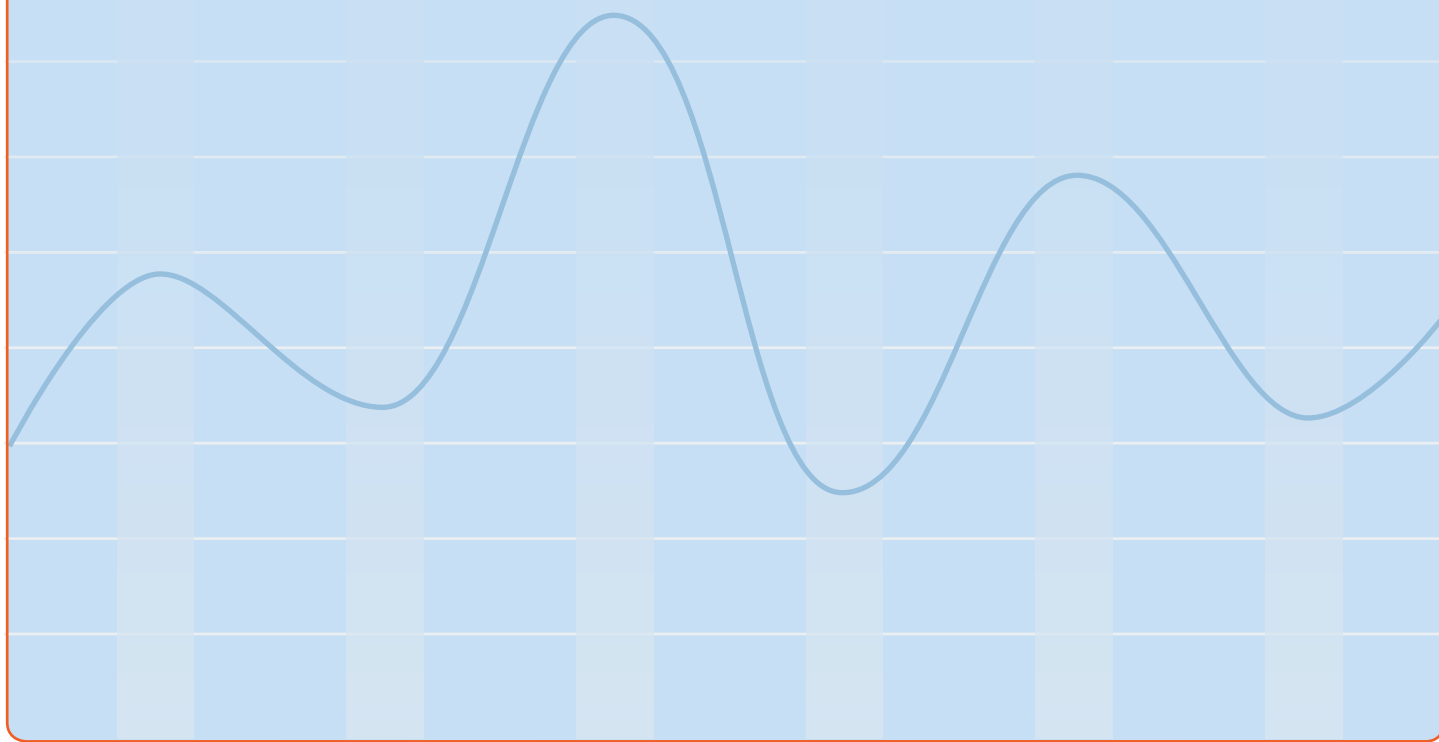


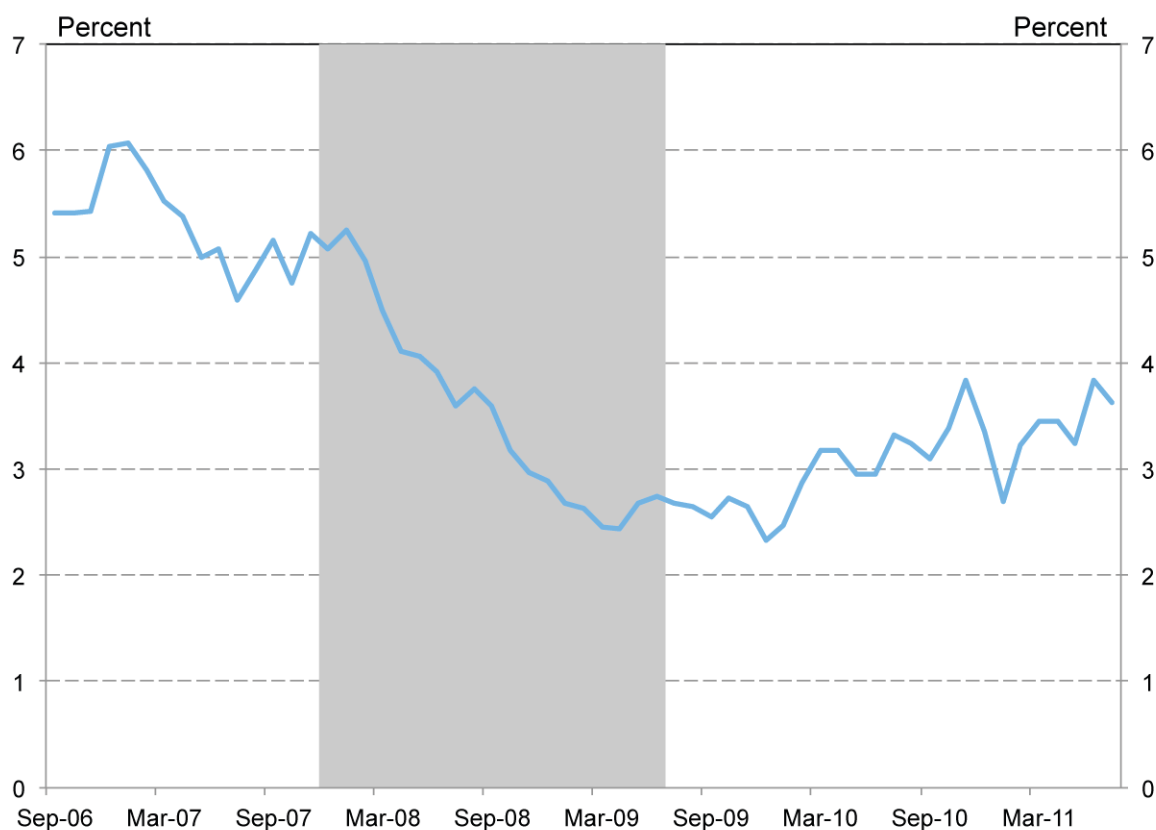
# KRONOS **RETAIL** **LABOR** INDEX



## Retail Labor Index

The Kronos Retail Labor Index (RLI), defined as the ratio of hires to applications within a given month, edged down to 3.6% in July 2011 from a revised 3.8% in June 2011, as a gain in hires was outpaced by an even larger gain in applications, all on a seasonally adjusted basis. The RLI has trended higher over the last year, with readings above 3% for 11 of the last 12 months. While still below pre-recession levels, readings between 3% and 4% suggest a relatively favorable hiring environment for firms, with about 30 new applicants for each hire. Improvement in the RLI has mostly reflected gains in hiring as the level of applications received per month has trended sideways, albeit unevenly, over the last year. The gradual improvement in the RLI since the end of the recession is consistent with trends in the overall retail labor market, which has shown only modest improvement, adding just 189,000 jobs (+1.3%) since reaching a recent low in December 2009 as reported by the Bureau of Labor Statistics. This rise has only begun to reverse some of the 1.2 million retail jobs shed at the national level from December 2007 to December 2009.

**CHART 1** Retail Labor Index, seasonally adjusted



**TABLE 1** Retail Labor Index, Applications, and Hires

	Seasonally Adjusted						
	July 2010	April 2011	May 2011	June 2011 <sup>r</sup>	July 2011 <sup>p</sup>	July 11 <sup>p</sup> / June 11 <sup>r</sup>	July 11 <sup>p</sup> / July 10
	(Percent)					(Change)	
Retail Labor Index.....	3.3	3.5	3.2	3.8	3.6	-0.2	0.3
	(Level)					(Change)	
Applications.....	1,062,584	1,078,746	1,131,314	976,073	1,103,164	127,091	40,580
Hires.....	35,222	37,229	36,710	37,388	40,070	2,683	4,849

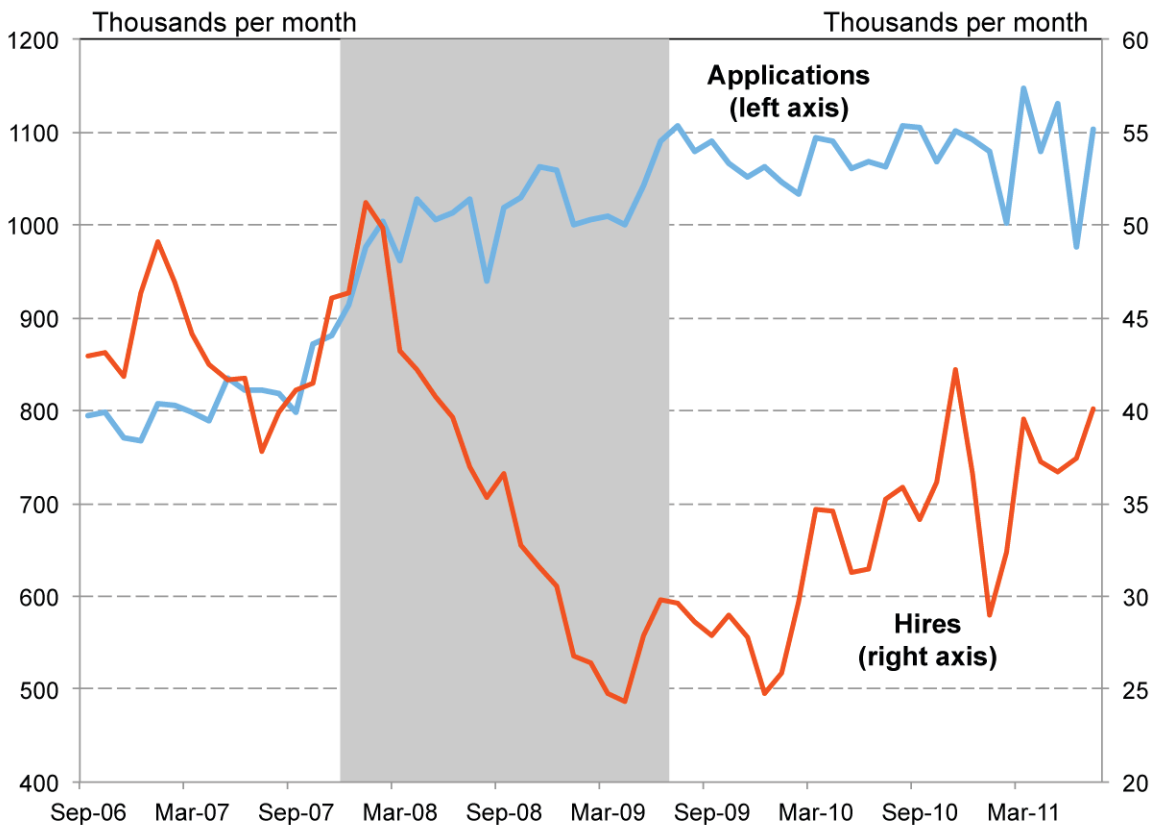
## Applications

The number of applications received by retailers included in the Kronos sample rose to 1,103,164 in July 2011, from a revised 976,073 in June 2011, all on a seasonally adjusted basis. The increase in July reversed most of June's sharp decline, with applications received in July roughly 4% higher than one year ago. Since increasing significantly during the recession (rising approximately 20% from the fourth quarter of 2007 through the second quarter of 2009), the number of applications received each month has been generally flat, typical of periods of economic growth and modestly improving labor market conditions. The number of applications received each month has been somewhat more volatile in recent months, but on average is still consistent with the trend exhibited since the end of the recession.

## Hires

Retail firms included in the Kronos sample made 40,070 hires (seasonally adjusted) in July 2011, up from a revised 37,388 hires in June 2011. The strong reading in July was just the second reading above 40,000 hires since May 2008 and was nearly 5,000 hires (+13.8%) above its level one year ago. The improvement in hiring in July continued the upward trend exhibited over the last two years, which was preceded by an extended period of weakness in hiring. During the recession, new hires per month fell from roughly 48,100 in the first quarter of 2008 to about 26,000 in the first quarter of 2009. This decline in hiring at firms included in the Kronos sample was consistent with the drop in overall retail employment as tracked by the Bureau of Labor Statistics. However, hiring at retailers in the Kronos sample has since improved substantively. Relative to the first quarter of 2009, retailers in the Kronos sample made nearly 55% more hires (14,100 hires) in July, outperforming retail hiring at the national level, which is up just 4.9% since that time.<sup>1</sup>

**CHART 2 Applications and Hires, seasonally adjusted**

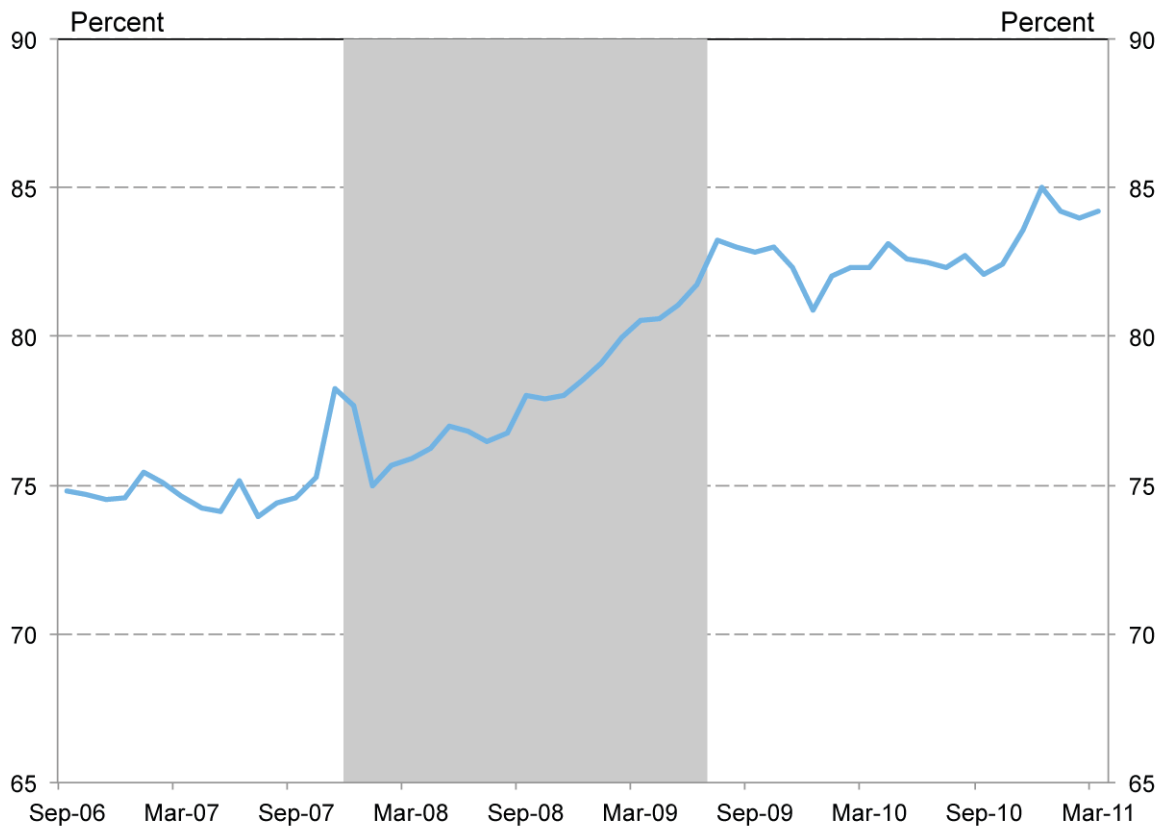


<sup>1</sup> Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

## 60-Day Retention Rate

The 60-day retention rate, measured as the number of hires who remain employed for at least the first 60 days divided by the total number of hires made in that month, was essentially unchanged at 84.2% in March<sup>2</sup> about where it has been for the past two months, all on a seasonally adjusted basis.<sup>3</sup> During the recession, the 60-day retention rate rose significantly, as hiring managers could be more selective (as indicated by the elevated RLI) and as workers uncertain of economic conditions and future employment opportunities sought to hold onto jobs longer. The 60-day retention rate was generally unchanged for an extended period following the recession before beginning to rise again late last year, reaching a series high in December 2010. The 60-day retention rate has since retreated slightly from last December's high, but remains above its average from mid-2009 through late 2010.

**CHART 3** 60-Day Retention Rate, seasonally adjusted



<sup>2</sup> There is a four month lag on these data as two months are required to measure whether a hire remains employed for 60 days and Kronos clients have two months to return data on hires and separations.

<sup>3</sup> Beginning with the May 2011 release, the 60-day retention rate was calculated using the total number of hires, with seasonal and temporary hires accounted for through the Census X-12 ARIMA seasonal adjustment procedure. The resulting series was then smoothed using a three-month moving average.

### Future Updates

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The metrics described here are updated and made available on a monthly basis, as are the data sets used to develop them.

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For the full methodology, please visit [www.kronos.com/retail-labor-index/methodology](http://www.kronos.com/retail-labor-index/methodology).

### About Kronos Incorporated

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Kronos is the global leader in workforce management solutions and services that enable organizations to control labor costs, minimize compliance risk, and improve workforce productivity. Tens of thousands of organizations in 60 countries — including more than half of the Fortune 1000® — use Kronos time and attendance, scheduling, absence management, HR and payroll, hiring, and labor analytics applications. To learn how Kronos uniquely delivers complete automation and high-quality information in an easy-to-use solution, visit [www.kronos.com](http://www.kronos.com).



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TIME & ATTENDANCE

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