

Cutback in Graduate Recruitment Looms As UK Finance Leaders' Confidence Hits Lowest Ebb

Over 90% of Chief Finance Officers are not planning to take on graduates

9th March 2009 – According to results from the 'Robert Half CFO Confidence Index', it would appear that confidence is the very thing that Chief Finance Officers (CFOs) are lacking when it comes to the future of the UK economy, with a staggering 91% of CFOs not planning to recruit new graduates this year, as their confidence in the UK economy hits rock bottom.

The Outlook for Finance Recruitment

Against a backdrop of 99% of those questioned expressing greater concern about the UK economy's prospects now than 12 months ago, the survey found that overall the outlook for finance recruitment was mixed.

Whilst a fairly grim outlook for graduates, those CFOs expecting some kind of decrease in their permanent staff over the next six months numbered 48%, but a slim majority of 51% are predicting staff numbers will remain constant, suggesting that a significant number of finance leaders believe they've cut back enough for the time being, and are adopting a 'wait and see' approach to their staffing needs.

Commenting on the findings, Phil Sheridan, Managing Director of Robert Half UK said:

"The Robert Half CFO Confidence Index has thrown up some interesting results, not least that finance directors are clearly braced for the economic situation to get worse before it gets better. For graduates entering the marketplace, flexibility should be key to their approach. Temporary work can be a great option for graduates to gain valuable experience working in this kind of market. For employers, it's a tough balancing act between cutting back on graduate recruitment now and avoiding a talent shortage when the inevitable upturn comes."

Main CFO Concerns

The survey conducted amongst CFOs from a range of companies in terms of size, sector and region, also revealed that the greatest concern that CFOs currently face is the impact that the uncertain economic outlook is having on their ability to forecast accurately. Cited by 73% of those questioned, this issue has leapfrogged up the table of concerns since the summer, when CFOs ranked it as the number 6 issue on their minds.

The shorter term issue of cash flow management retained its high place on the list of concerns, and although losing its top spot overall, it remains the number one concern for CFOs of small companies (those with under 50 employees).

The top five concerns that CFOs face were found to be:

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| 1. Uncertain economic environment and effect on forecasting | 73% |
| 2. Cash flow management | 58% |
| 3. Increased regulatory burden | 57% |
| 4. Managing the balance sheets | 47% |
| 5. Quarterly financial reporting | 38% |

Regulation on the Increase

The second issue that has seen a significant rise from 7th to 3rd place on the minds of CFOs is 'an increase in regulatory burden' suggesting that the global credit crunch may well leave a permanent mark on finance departments with a much greater focus on this area by finance leaders in future.

Temporary and Interim Workers

Whilst few CFOs plan to make permanent hires in the coming year. The most popular reason for hiring temporary and interim staff was 'to cover an open position' (25%), closely followed by 'cost effectiveness – keeping permanent headcount to a minimum' (24%) and 'providing access to hard to find skills' (23%).

Phil Sheridan continued: *"CFOs are walking a tightrope right now. They are forced to balance immediate concerns of cash flow management, accurate forecasting and planning, relatively straightforward tasks in times of steady economic growth, with the longer term concern of increased regulatory burdens in a post-downturn business world. CFOs clearly aren't underestimating the scale of the task ahead of them."*

Other key findings included:

- A significant 37% of finance leaders reported seeing their departments 'taking on more responsibility for different aspects of the business' over the previous 12 months
- London based finance leaders are less confident about the prospects for their own companies than their counterparts in the Midlands and Southern England, but not as pessimistic as those in Scotland and Northern England (see index graphs)
- Over half (52%) of CFOs said that the finance department is seen as 'integral to all aspects of the business', and 38% said it was seen as 'the solution to many problems'

The *Robert Half CFO Confidence Index* was compiled following a survey conducted by independent research firm Illuminus of 180 Chief Finance Officers from across the UK, comprising small, medium and large firms, both private and publicly listed and across all major industry sectors. The research was conducted in January and February 2009.

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