

UNITED STATES

Organizations Begin to Backfill and Restart Hiring

Over the past several months, private employment in the U.S. has begun to rebound in an increasingly strong way. Through all of 2011, the private sector averaged 160,000 new positions per month, exceeding the monthly rates of population growth (about 140,000) and labor force growth (only about 20,000).

“Everyone is hearing about continued debt concerns in Europe, but when it comes to not hiring in America, it’s used as an excuse not to hire, rather than a reason,” notes Rob Romaine, president of MRINetwork. “Except for companies with heavy exposure to the European market, businesses are making hiring decisions based on the customers walking through their front door, not uncertainty surrounding sovereign debt an ocean away.”

A recent survey of MRINetwork recruiters noted an increase over the last six months of employers backfilling positions that had been left unfilled for two years or more. As one respondent said, “I believe [employers] cut so deeply over the past two years that productivity has suffered. Today, they are hiring out of necessity and a belief that the economy has begun to turn.”

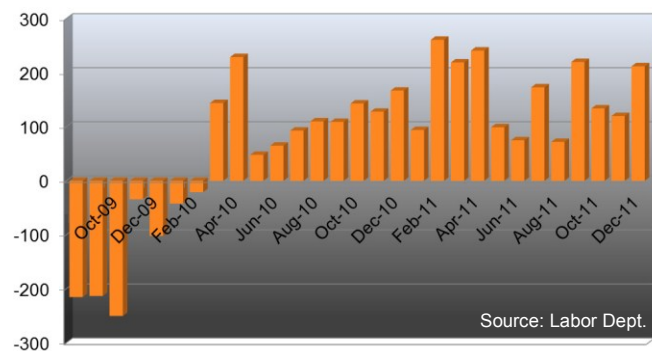
The evidence that the economy has turned is mounting. According to the Bureau of Economic Analysis, the U.S. economy grew at an annualized rate of 2.8 percent during the fourth quarter of 2011, the fourth consecutive increase. U.S. GDP in 2011 grew 1.7 percent, not a rapid growth, but a far cry from projections of a double-dip recession.

Such growth numbers are, compared to past periods of recovery, rather weak. Yet, most important is where the growth is coming from. In 2011, MRINetwork saw placements in the construction space grow by nearly 50 percent, industrial placements by more than 30 percent and consumer products and services by more than 20 percent.

“Increased hiring of senior-level talent in these sectors is promising for the general economy,” says Romaine. “It indicates a confidence and a willingness by employers to invest in talent across broad swaths of the economy despite headwinds that still persist.”

Private Sector Monthly Job Creation

(In 1,000s)



Recent MRINetwork® Analysis

“We are seeing steady improvement,” said Bobbi Moss, senior vice president with Govig & Associates, a Scottsdale, Arizona-based affiliate of executive search organization MRINetwork.

Moss said that there is growing demand for jobs in the manufacturing and health care industries and even the hard hit construction sector. She added that her clients are giving out more signing bonuses and that she’s seen more employers make counteroffers to people looking to leave. That was almost unheard of a year ago.

Bobbi Moss, SVP Govig and Associates
As quoted on CNNMoney.com
January 31, 2012

Notable International Events

- A recent study shows that while total productivity in India has increased by 34 percent in the last five years, total employment has increased by only 0.1 percent.
- The rising price of copper has helped to raise the value of the Chilean Peso and push down unemployment to its lowest rate in nearly three years. Chile is one of the world’s largest exporters of copper ore.

But just as employers seem to be ramping up their hunt for senior talent, the availability of such talent may be shrinking as well. Over the last six months, employers have continued to increase their use of counter-offers, hoping to retain top talent long enough to backfill their positions. In highly technical fields, such as chemical engineering or biotechnology, employers have been forced to sweeten counter-offers because there simply aren’t as many candidates as there are job openings.

Indeed, the unemployment rate for those with a bachelor’s degree or higher—perhaps the broadest definition of the skilled, professional workforce—fell in December to 4.1 percent, its lowest rate in nearly three years.

“A full-blown, double-dip recession in Europe could have a chilling effect on hiring in America. But, until it does impact the U.S. directly, businesses are beginning to return to more normal hiring patterns,” notes Romaine. “Companies are backfilling vacancies and investing in new positions. We are in the midst of the slow, but seemingly stable, rebound that had been projected.”

EUROPE

Nations Look to Change Economic Course

The most recent numbers from the euro zone show that the unemployment rate in the last two months of 2011 reached its highest level since the birth of the euro. Through most of 2010 and the first half of 2011, unemployment continued to fall despite a faltering economy. However, during the last half of the year, unemployment in both the euro zone and the broader European Union reversed course, hitting record highs.

The unemployment rates can be staggering. Lithuania's unemployment rate rose to 15.3 percent during the third quarter of 2011 and, in Greece, unemployment rose to 19.2 percent in October. Spain's rate reached 22.9 percent in November and December—similar to the unemployment rate in the United States during the Great Depression.

Yet, amidst these staggering unemployment rates, Austria, the Netherlands, Switzerland, and Germany held strong at 4.1 percent, 4.9 percent, 3.3 percent, and 6.7 percent, respectively. The German unemployment rate is actually at its lowest since the reunification of East and West Germany, making it the largest country in Europe by both population and economy.

In January, EU leaders met in Brussels to try to work out a new plan to balance three seemingly opposing forces: unemployment, austerity measures, and growth. But as is the very nature of the European Union, each member country is also taking efforts to rectify their own employment situations. In France, President Nicolas Sarkozy recently made a televised

announcement about some of his plans. Included is a proposal to shift social welfare costs from companies to consumers by cutting payroll taxes while raising the value-added tax (VAT). Sarkozy also proposed a new employment contract, which will weaken the rules that created France's legendary 35-hour work week.

The changes are being proposed to help make French companies more competitive, but they are also highly unpopular among French voters, who will be heading to the polls in late April.

France's 9.9-percent unemployment rate, though, is minor compared to Spain's 22.9-percent rate. A new Spanish government elected in December, led by Prime Minister Mariano Rajoy, is now preparing to do battle with unions to begin making changes to labor contracts that are expected to decrease wages, worsen working conditions and reduce guaranteed severance. Critics worry that cuts may hurt the economy further, but still may not be deep enough to actually spur job growth.

As European leaders continue to seek out economic mechanisms to curtail joblessness, the world looks on. In the past, growth in the American economy has been sufficient to pull Europe out of recession. But with U.S. GDP growth at just 1.7 percent in 2011, that boost didn't occur.

While unemployment is all but certain to remain high over the coming year, it is also possible that the situation will create the political will to force fundamental changes to the business climate in Europe. Such changes could even make European employment practices more competitive with those in America.

FLORIDA

Housing Bubble Cast Long Shadow Over State's Economy

When the housing market collapsed, Florida was hit both early and hard. New housing construction, which had been the fuel of the state's fiery economy, was snuffed out, sending hundreds of thousands into unemployment. By December 2010, more than 1.1 million were unemployed across the state.

Many of those who were unemployed were from the construction trade, with skills that were not only replicated by many more of the state's unemployed, but also not easily transferable to other industries. Because of this, more than half of the nearly 1 million who are still unemployed in Florida have been so for more than six months.

After shrinking by two-thirds, the construction industry finally stabilized in 2011 and began showing signs that it may have even started to grow, ever so slightly. Other industries have begun to show more positive signs, as the entire state added 114,000 jobs in December. Much of the growth has come from tourism, which has rebounded in sync with the national economy.

According to Kitte Carter, president of Management Recruiters of Tallahassee, industrial and manufacturing firms have been unusually aggressive in hiring for senior level positions in recent months, even defying what is normally a seasonal slowdown towards the end of the year.

"You always kind of hold your breath in our business between Thanksgiving and the 10th of January, waiting to see if people are putting things on hold with their planning," says Carter. This time, however, she says job orders—and inquires—remained unabated.

Long a favored destination for retirees, economists point to Florida's healthcare system as a source of new high-paying, skilled jobs throughout the state. These positions are projected to continue to increase as Florida's older population continues to grow. However, these jobs are unlikely to be filled by those with construction experience or other unemployed Floridians. Rather, they will tend to draw new people to the state.

The continued growth of the healthcare industry will eventually require the construction of more hospitals and medical centers, leading to more jobs in that sector. Yet, those will not be enough to replace an industry that has been cut by two-thirds.

Instead, a significant decline in Florida's unemployment rate will most likely come from the growth in home construction in other parts of the country, which will draw laid-off construction workers out of the state. While a housing boom isn't going to happen in the near future, some parts of the country are actually starting to see a shortage of new housing stock. During the fourth quarter, U.S. housing starts were up almost 30 percent on an annual basis, and that is a trend Floridians will be looking to see continue.