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UNITED STATES

Mixed Signals Still Give Top Performers Confidence

When Fall Fashion Week rolled out in New York in February, many designers were reversing course on their hem lengths—and not always in the same direction. While there were not many mini-skirts, there also were fewer of the full-length gowns than were seen last season. Some designers—most notably Alexander Wang—chose to go with several seemingly low hemlines, but then introduced soaring slits and gaps causing them to almost defy hemline definition.

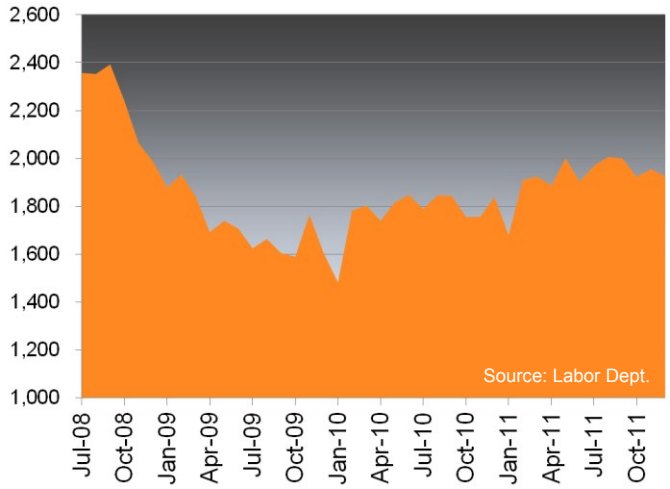
The hemline index as calculated by *Business Inside*—yes it is a real index—rose to 44.38 from 35.04 last season. In a time when economic indicators are as plentiful as they are mixed, it may be one of the most apt indicators of the time. Lore says when the economy is good, hemlines rise and when soured, the hemlines fall. While hemlines seem to be going in many directions at once this season, the average is rising—much like the U.S. economy.

While the economy gains speed, workforce managers are feeling the pinch of a tightening talent market. A recent Corporate Executive Board study showed the average number of applications received per position fell to 118 from 187 one year earlier. Of those applications, respondents to the study said just one-third met the basic requirements for the position they were applying for.

Late last year, a survey of C-Level executives around the world by Lloyd's of London ranked talent and skills shortages as the second-largest risk to their business. In 2009, talent worries were ranked as just the 22nd largest concern.

"The scales of the labor market have clearly shifted over the last six-to-twelve months, and now we are seeing that accelerating in the professional ranks," says Rob Romaine, president of **MRI**Network. "Top talent is no longer looking at a stable job and saying, 'I'm happy to at least have that.' Rather, they are opening up when recruiters call and are starting to explore what will really make them happy—financially or otherwise."

Monthly U.S. Voluntary Resignations
(in 1,000s)



Recent **MRI**Network® *Analysis*

"What we are seeing is demand for highly specialized people, regardless of industry," said Rick Fox, managing partner for the PrincetonOne management search firm in Edina, MN. "I could call any machine shop in town and find someone who is dying for a machinist, or a salesperson in metalworking.

"But we are having a very hard time finding those folks," he said. "We're not finding workers with the right skill sets."

Rick Fox, PrincetonOne - Minneapolis
As quoted in the *Minneapolis Star Tribune*
February 4, 2012

Notable International Events

- German employment reached record highs since reunification during the last quarter of 2011, with 129,000 jobs added and an annual rate of growth of 1.3 percent.
- A report by the International Labor Organization says 2 million jobs will need to be created in the Middle East in 2012 to prevent unemployment from rising from its current 10.2 percent rate. Unemployment in the region rose in 2011 from 9.9 percent in 2010.

Since early in 2010, the number of people who voluntarily left a position each month has been steadily rising to nearly 2 million, up more than 30 percent from its lows.

"Having employees more interested in pursuing new opportunities is a double-edged sword for organizations," says Romaine. "It's going to be hard not to lose some top performers, as they will likely have the most opportunities presented to them. But while the field of top performers who are actively applying for positions is still very low, the numbers who are open to recruiting calls now is above average."

During the years of tough economic times, the fear of the unknown was enough to keep many top performers in place. Although recent positive employment and economic news has not removed the possibility of another slowdown, it has given the workforce enough confidence to accept the risk associated with changing jobs.

"The economy will continue to be in a fragile place for much of the near future, with profit margins closely guarded and customers highly cost-conscious. Losing key staff or having continuity-of-services issues in this stage of a recovery will be damaging," notes Romaine. "On the other hand, the worst possible outcome of bringing in top talent right now is that they will take pressure off existing staff, decrease turnover, and put a company in a powerful position to capture market share."

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MAINLAND CHINA

Decelerating Growth but Still Growing

While most of the world expects to be walking a tightrope between GDP growth and contraction over the next year, Mainland China is expecting 8 percent growth in 2012. Many business leaders in the West have looked at the dichotomy between anemic local markets and that of China, and tried to tap into that growth. But that growth is slowing, and it may not have enough momentum to help new or expanding entrants into the market.

A new study by The MRI China Group, an **MRI**Network affiliate with offices throughout Mainland China and Asia, shows that North American and European opinions of Greater China's economic outlook seem more positive than the opinions of those within Mainland China.

"It's almost as if the Chinese economy, in every respondent's perception, was disconnected from the rest of the world," said Christine Raynaud, CEO of The MRI China Group.

While 60 percent of respondents in North America and Europe said they saw a positive financial outlook for China in 2012, only 43 percent of business leaders working in Mainland China said the same. And for top managers, the positive outlook was 38.5 percent. Of those based in China, more than 15 percent held a negative outlook for the country's economy, while only 10 percent of those based in North America and Europe had a negative outlook for Greater China. The balance of respondents reported a neutral outlook.

The deceleration of economic growth in China is being called a soft landing by the Chinese government, while others perceive it as the beginnings of a crash. Real estate prices have been falling for nearly six months in many parts of China. Critics contend, though, that the exponential growth of the Chinese population and economy could allow a correction to occur without the economy actually crashing.

"Overall, China's job prospects are still seen as positive, with over half of respondents in life sciences and healthcare, professional services, and retail and consumer sectors providing positive assessments," says Raynaud.

According to The MRI China Group's study, even a majority of respondents—50.5 percent—saw a positive outlook for the financial industry's career outlook in Mainland China. In Hong Kong, however, the results were not optimistic, with 55 percent reporting a negative outlook.

The world's second-largest economy appears to be in a strangely unique position where a slowdown still means high single-digit economic growth and job creation.

"In 2012, global leaders would be cautious not to expect growth and profitability wonders within the slowing growth outlook in a continuing inflationary context, yet the long term prospects of Mainland China remain solid," says Raynaud.

COLORADO

A Place Where Things Get Done

Colorado may just be on its way to a Rocky Mountain high. According to Heather Looney, owner/manager of ESA Recruiting, an **MRI**Network affiliate based in Castle Rock, a number of factors are contributing to the brisk economic recovery the state is experiencing.

Chief among them is the development of policies to encourage the relocation of national and international businesses to Colorado. Spearheaded by Governor John Hickenlooper, favorable tax and economic incentives have already resulted in the relocation of several companies to the state. A couple of years ago, FORTUNE 500 company, DaVita, a leading provider of kidney care services, moved its corporate headquarters to Colorado, and last year the state saw two new FORTUNE 500 companies claiming it as their home base. Arrow Electronics also recently announced it is relocating its global headquarters to Colorado from New York – the largest corporate headquarters to move into Colorado in the state's history.

A strong focus on developing the burgeoning energy sector has brought the U.S. headquarters of Aluwind, a Danish turbine parts manufacturer, to the area, and GE announced it would expand its investment in Primestar Solar by over $300 million and build a thin-film solar manufacturing facility in Aurora. This facility, one of the largest of its kind in the world, will create 350 jobs and produce enough panels each year to power 80,000 homes.

"The technology sector is exploding here, and when companies like these relocate to our state, it results in a huge boost to support services," says Looney. "The construction industry benefits through the building of corporate headquarters and other facilities as well as the demand for new housing. We've seen how small business and entrepreneurs thrive in proximity to large corporations."

Regulatory reform is also playing a big part in speeding up economic recovery. "It used to take up to a year just to get all the necessary permits to build a facility for a new business," says Looney. "Now the state is not only fast-tracking that process, but it is also offering economic incentives. Companies receive rebates and tax incentives on permits, re-zoning, and building use fees after the completion of the project."

Unique job creation incentives are helping to reverse the high unemployment rates of the past few years. For example, a grant recently received in Castle Rock earmarked funds to award rebates to businesses that create new positions and keep them filled for at least two years. "In an effort to further boost the local economy, the amount doubles if the successful candidate lives in Castle Rock," says Looney.

Looney is a member of the Economic Development Council and has seen first-hand how well these aggressive tactics are working. "Our vision for Colorado," she says, "includes successfully branding the state as a place that embraces entrepreneurship, supports a strong business climate and creates jobs."