

UNITED STATES

Perceptions of the Job Market Lag the Numbers

Michigan is often thought of as an economically stagnant part of the country. Its unemployment rate is one of the highest of any state. It is home to the Motor City which is in perpetual decline and has become shorthand for America's economic vulnerability. Yet, Michigan added 79,000 jobs in the last year, 25,000 more than New York, which has a workforce more than twice the size of Michigan's. The state's unemployment rate, while still in the double digits—10.3 percent—is down a full 3 percentage points in the last year.

One of the worst effects of a deep recession is that when the economy does improve, people don't recognize it. The current recovery—if it is even being described as one—is labeled as anemic, fledgling, or jobless. While over 13 million people remain unemployed, during the last four months, the economy has averaged close to 240,000 new jobs a month. During the most recent period of expansion—2003 through 2007—the economy averaged 160,000 new jobs a month.

"When people refer to 'today's economy,' few people think of that as a positive thing. Yet, by more than a few metrics, today's economy is growing," says Rob Romaine, president of MRINetwork. "In the last six months, while unemployment is high, it is one of the last remaining negative measures of our economic situation."

The Conference Board's index of leading economic indicators, which was set at 100 points in 2004, after falling throughout the recession, rose to 114.1 points in March and has grown rapidly since October. One of the only components holding the index back is consumer confidence. A recent New York Times/CBS poll found that less than a quarter of Americans think the economy is getting better, yet, in at least a technical sense, the economy has already been growing for over a year and a half.

"In recent months, we've seen the pendulum start to swing from an employer-driven market to a candidate-driven one," says Romaine. "We are seeing conditions in the labor market today that haven't been visible since early 2007. Candidates

Recent MRINetwork® Analysis

Many job candidates are getting multiple offers for the first time in the recovery, says Evan Davis, chief operating officer of MRINetwork, an executive search firm.

Evan Davis, COO, MRINetwork
As quoted in *USA Today*
April 4, 2011

Notable International Events

- The International Monetary Fund (IMF) has issued a projection that the Chinese economy will surpass the U.S. economy in 2016, the first time the IMF has issued such a projection. The timetable uses the less common metric of purchasing power parities (PPP), rather than GDP. China's PPP currently stands at \$11.2 trillion where the U.S. is at \$15.2 trillion.
- In the wake of the Egyptian revolution, the IMF has lowered GDP growth projections to between 1 and 2 percent for 2011. For 2012, however, they project growth to grow to 4 percent as tourism returns to the region. The IMF has indicated it stands ready to consider extending \$10 billion in financing to the country as it considers restructuring its debt.

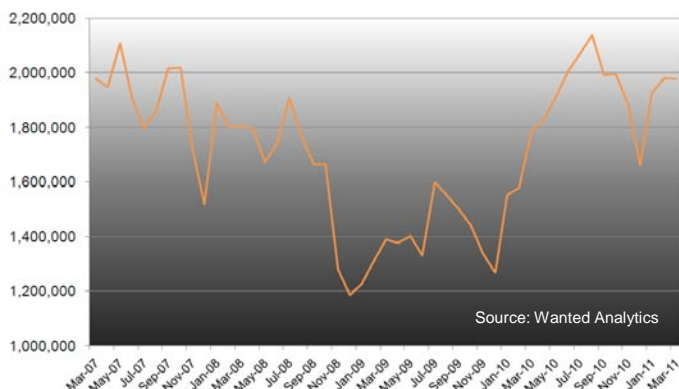
are receiving multiple offers, more aggressive counter offers and are increasingly being tempted with more impressive perks and incentives."

According to Wanted Analytics, a job board analytics company, U.S. job postings are up more than 10 percent from a year ago. Some bellwethers, like postings for HR positions, grew by more than 30 percent and heavy tractor-trailer truck drivers—a harbinger of shipping demand—surged more than 180 percent.

"Companies that are hiring today tend to think they are on the leading edge, when in truth they are increasingly the norm," notes Romaine. "As the most recent earnings season has shown, many public companies' revenues are good and their margins are even better. Yet, behind those numbers are employees who are overworked and have had to take on the responsibilities of those who were laid off. If companies don't hire to ease their burden, their best people stand to be lured away by other organizations."

Romaine continues, "Corporate and consumer perceptions of the economy tend to lag the actual situation, which makes strategic planning difficult. Companies planning to get a jump on hiring before the competition are already at least a few months late."

Total U.S. Monthly Online Job Postings



SPAIN

Digging Out From Recession

During much of the last two decades, Spain was the job growth engine of Europe. Nearly half of the jobs created on the continent in the decade before the recession were in Spain, and most of those were to support a booming construction market. In a more open European Union, the warm weather, low prices, and easy credit made Spain a top location for holidays and holiday homes.

Then, credit dried up and would-be seasonal immigrants stayed home. The inflated real estate market crashed and new home construction ground to a halt.

“Almost overnight, 2 million blue-collar workers were unemployed and that was just the beginning,” says Juan Manuel Romero, managing partner of **MRINetwork** Madrid. “Today, the bubble has deflated and we are working toward getting the economy moving again.

“Even in a country with a 20 percent unemployment rate, employers are having difficulty finding the right people to fill their most critical roles,” notes Romero. “If anything, the unemployment rate is causing employers to make slower hiring decisions, thinking they will find an unemployed candidate to fill open positions. They will often only reach out to a recruiter at the last possible moment.”

Companies have had a wait-and-see attitude for nearly two years. With the economy stabilizing over the last few months,

employers are still slow to implement talent management strategies that extend beyond filling their current job openings.

Highly qualified people are on the move though, says Romero. While top candidates are being very cautious before changing jobs, he points out that more than 80 percent of the candidates his office has placed in recent months were leaving another position.

During the boom, the construction industry was the driving force behind the economy’s success. Today, a wider range of services and products seems to be helping the rebound in job growth. Pharmaceutical companies are seeing growth and other industries such as retail and green energy are stabilizing.

“Although government reforms have yet to have a significant impact on total employment or economic growth, they have instilled confidence among business leaders,” notes Romero. “They have given people confidence that the government will not default on its debts and that the economy will begin to bounce back.”

Current projections say that the Spanish GDP will grow between 1.3 and 1.6 percent in 2011, with net job growth resuming in 2012.

“Like many developed economies, growth in the coming years is going to be uneven. Demand for construction and blue-collar positions will remain weak, while management, technical and scientific positions are the most likely to recover more quickly,” says Romero.

ARIZONA

Industries Begin to Retool

Much of Arizona’s growth since the 1980s has been driven by a growing population and by expansion of the real estate, development, and construction industries. Both retirees and career-minded professionals alike who had dug their cars out of too many snow banks moved to a state with average January lows in the 40s. Before they could move, however, the career-minded professionals had to find jobs and the retirees had to find someone to buy their homes. During the recession, both became difficult to find.

“Going back to the early ‘80s, Arizona’s economy has been driven by real estate, development, and construction. Many of those clients that were not construction related, supported those that were to some degree,” says Bobbi Moss, senior vice president and general manager of Govig and Associates, an **MRINetwork** affiliate in Scottsdale.

Like the rest of the country, Arizona’s economy is now recovering, albeit gradually, with the unemployment rate dipping into the 9 percent range. While this certainly represents a sign of progress—the unemployment rate was 10.4 percent at the height of the recession—the Grand Canyon State still has a long way to go to get back to 2008 levels. Many economists believe that the state’s full recovery may not come to fruition until 2015.

“The job growth we are seeing today seems to show that companies have begun to retool themselves,” says Moss. “Many services firms that had built their entire business on supporting the construction industry have managed to change their focus, gain new clients and begin to grow again by supporting other sectors.”

One such sector, the computer industry, recently received a major boost. Intel, the largest chip maker in the world, has announced plans to construct a \$5 billion factory in Chandler that is expected to add 1,000 permanent jobs. Intel’s positions are often highly paid and at existing plants every position created has been credited with generating as many as four additional jobs in the community.

“The services that support the state’s growth industries are becoming the driving force for job creation in the economy,” says Moss. “If and when construction returns to its previous levels, professional services will remain a vital new tent pole of the state’s employment base.”

Another positive economic sign for Arizona is that it has become one of the national leaders in small business job growth. Small business employment, which many economists view as a bellwether for the economy, grew at an annualized rate of 4.8 percent last year, twice the national average, according to the Intuit Small Business Employment Index.

While it may take some time for Arizona to fully recover from a recession that took its toll, there are certainly some encouraging signs that Arizona is becoming stable again.