

## The Kensho Group UNITED STATES

### The End is Here

A 3.4 percent GDP growth in the 3rd quarter of 2009 brings a presumptive official end to the Great Recession. No confetti was released to celebrate the event and the stock market only posted modest gains in the wake of the news—which were quickly retaken.

Employment is always—almost religiously—cited as a trailing indicator. Six months after the stock market and the GDP saw its lows though, people are starting to look back wondering if employment got lost. The still lagging labor market has hurt the confidence of both employers and employees alike.

One of the strongest indicators of employee confidence is how likely employees are to actually quit a steady job and paycheck. In August, the U.S. quit rate—the percentage of the population that voluntarily leaves their job in any given month—fell to 1.3 percent, its lowest point since the figure began being tracked in 2000. While the quit rate has remained steady for nearly the last six months, it still has failed to rise.

Yet, while employees are staying put, it doesn't mean they are at all happy. In a survey two years ago, 95 percent of employees declared loyalty to their employers. In a recent retaking of that survey, loyalty had fallen to just 39 percent.

"Today, there is one of the largest, most qualified, and experienced pools of passive candidates ever available—but they aren't posting their resumes on job boards. They are keeping their noses to the grindstone, trying to keep their companies afloat and their jobs secure. Given the right offer though, they are eager for a new opportunity," says Evan Davis, chief operating officer of MRINetwork.

While today's labor market churn appears to be at an all-time low, the pieces are in place for a turnaround as disgruntled employees depart, causing more hiring to take place and more employees feeling confident enough to leave their jobs, thus creating more openings.

In October, the National Association of Business Economists (NABE) released a survey indicating that for the first time since 2007, the number of employers expecting to add jobs over the next six months now exceeds the number that plan to cut jobs.

"While throughout the recession we have seen pockets of strength and competitiveness in the job market, the NABE study is the first broad, national indicator of a change in a positive direction," says Tony McKinnon, president of MRINetwork. "This is also supported by a change of sentiment that we are seeing from hiring managers as positions that had been left empty are starting to be filled."

"The confluence of conditions in today's market doesn't mean unemployment is at a risk of plummeting overnight. However, within a matter of months we could see virtually stagnant employee churn begin moving again, especially among senior level staff," notes Davis. "For employers, being in the first wave of hiring is going to give them access to the cream of this talent pool."

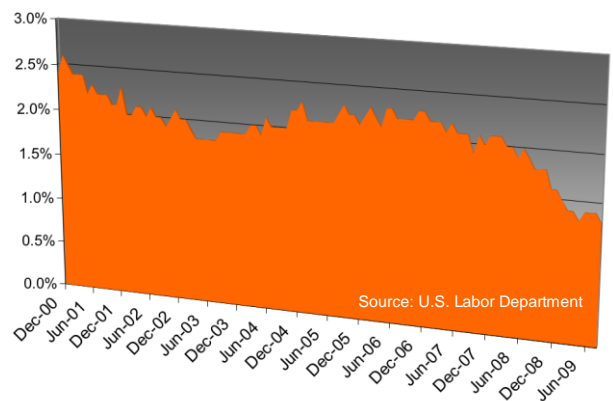
### Recent MRINetwork® Analysis

*Even petrochemical companies are expanding to meet the demand for packaged products such as restaurant to-go containers and cups, said Brasher. That tells him that consumers feel a little more free to spend money, especially at restaurants.*

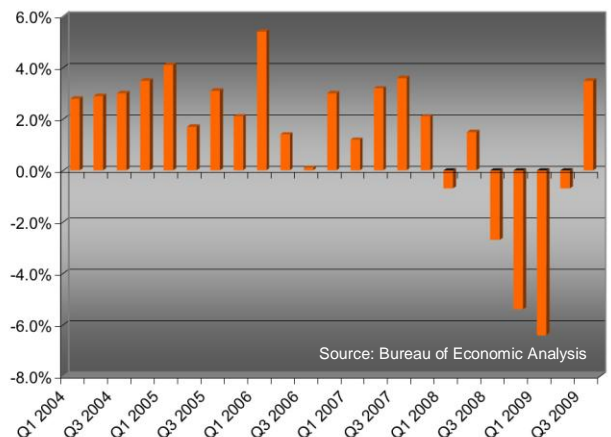
*"They're the easiest thing to cut when you're facing a budget crunch," he said. "But when things are coming back, it's one of the first things you like to do and that's to go out to eat."*

Rondall Brasher, PrincetonOne Houston  
As quoted in the *Houston Chronicle*  
October 16, 2009

### U.S. Employee Quit Rate



### U.S. GDP Quarterly Growth



## SWITZERLAND

### When the Stimulus Wears Off

Switzerland's economy has started to stabilize and might soon be on a positive growth track. According to the State Secretariat for Economic Affairs, the Swiss recession that officially started during the first quarter of 2009 slowed down during the second quarter and a positive change is under way for the second half of this year.

While the economy is expected to experience mild growth this year, Switzerland's unemployment situation remains grim with economists projecting a difficult period through 2010.

Switzerland's unemployment rate reached 4.1 percent during the second quarter of 2009, up from 3.4 percent the previous year, according to a Swiss Labour Force Survey. Unemployment is expected to reach an average of 5.5 percent in 2010, though still low in comparison to the Euro Area's 9.5 percent unemployment in May.

In June 2009, the Swiss government approved a third economic stimulus package (USD \$690 million) amid signs that the recession could continue into 2010. A significant portion of the funds was earmarked to tackle unemployment.

One measure included money to create temporary jobs for the long-term unemployed in non-profit organizations and for specialized work in the areas of nature protection, tourism and youth services. To combat youth unemployment, funds were allocated for further education. Money was also provided to companies to hire young people entering the job market and to increase the number of apprenticeships offered. Switzerland's cabinet launched two previous economic packages, one in

November 2008 and a second in February 2009, totaling nearly USD \$2 billion.

"The number of job seekers in Switzerland has reached an 11-year high with more than 150,000 people unemployed," says John Steele, managing director with Manserv, an MRI Network office in Switzerland. "While the government has injected capital into the economy aimed at softening the consequences of the recession and encouraging a return to growth, unemployment is expected to continue to rise during the first half of 2010 as the money from government sponsored programs starts to run out."

Recently, Manserv conducted a client survey to gauge Swiss hiring trends over the next six months. Of those respondents, 70 percent expect a flat head count through the beginning of 2010, 20 percent anticipate a slight increase in hiring and 10 percent plan to reduce staffing.

"While the engineering, manufacturing and finance industries have been hit hard, there are a number of industries still hiring in Switzerland. Talent in the healthcare industry remains in strong demand with a shortage of 20,000 or more doctors, nurses and dentists expected by 2020. The construction sector, mainly residential and infrastructure, continues to be active with support from the economic stimulus program. The retail industry is also holding up well," notes Steele.

Steele adds that a key factor keeping Switzerland's economy relatively stable versus other European countries can be attributed to the high number of international companies with corporate offices based in Switzerland. "Companies such as Black & Decker have global headquarters here. Switzerland offers a well-educated workforce, high security, a high quality of life and low tax rates by Western standards. These advantages will continue to attract companies to Switzerland and help bring jobs to the country."

## NEW MEXICO

### Rockets and Agriculture in the Desert

In September of 1931, backed by Daniel Guggenheim and the U.S. Army, Dr. Robert Goddard relocated from Massachusetts to Roswell, New Mexico to further develop his design for liquid fueled rockets and gyroscopic guidance systems. By the end of World War II, when the first atom bomb, Trinity, was detonated at White Sands Proving Ground, New Mexico had become such a center for research that it held claim to more PhDs per capita than any state in the nation.

Between national laboratories, like Los Alamos, a variety of military installations and other government spending, New Mexico is the largest receiver of tax dollars compared to dollars paid of any state—more than two dollars for every one dollar sent to the federal government.

"The large federal government spending has given us a degree of cushion against the broader national recession," says Tom Schneider, the owner and manager of Management Recruiters of Albuquerque. "However, it wasn't enough to allow us to get away unscathed. Over the last few months we started to see unemployment spike, just like what occurred in the national job market earlier in the year."

In September, the unemployment rate in New Mexico was up to

7.7 percent, still more than 2 percent below the national rate.

The state government provides both job-training programs and aggressive tax breaks to stimulate job growth. The New Mexico State Legislature, in fact, has broad powers to provide not just tax breaks, but land, property, and infrastructure to businesses that will provide job growth. During this downturn, however, the efforts have yet to yield positive results.

"One bright anecdotal spot we've seen is in construction," notes Schneider. "While there isn't a lot of new construction yet, everywhere you go there are surveyors putting down stakes getting ready for projects to start."

New Mexico received more than \$3 billion in federal stimulus money in 2009. Included in that sum was \$384 million for nuclear energy cleanup, \$264 million for road construction, \$87 million for base upgrades and \$50 million for affordable housing projects.

"Another potential near-term source of growth is from many of the food manufacturers and distributors in the state that support a large agriculture sector. There are already signs that they have cut their workforce too fast and too deep. Even without improvement in the economy, we could see a rebound in that area," says Schneider.

"We keep hearing about recovery everywhere else, but we just aren't seeing it here yet," Schneider concludes.