



## **Corporate Executive Survey Analysis: U.S. Labor Market Cautious About Hiring**

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Kathy Mussio, Managing Partner, Atlas Insight, LLC (Winter 2012)

The 2011 Area Development Corporate Survey results confirm what we experienced in our site selection and credits and incentives consulting practice last year.

The U.S. labor market is one of the more flexible on a global basis and, as such, it is typically quicker to downsize when business is slow and quicker to hire when business picks up. In 2011, as the Corporate Survey shows, U.S. businesses were still being cautious about hiring. Our clients have told us that this hesitancy is due to both uncertainties with the economy and product demand, as well as uncertainty with U.S. policy, politics, and taxation. As evidenced in the 2011 survey results, the U.S. corporate tax rate continues to be of importance and concern to companies.

It is important to note that the majority of corporate respondents were either manufacturing companies or companies with operations related to manufacturing. This might explain the jump in ranking (from seventh place to its tie for second place) of the importance of the availability of skilled labor category, which continues to be a real issue for U.S. manufacturers. In fact, several of our 2011 site selection projects arose from our clients' inability to fill the needed skilled positions in some of their plants.

The continued weakness in the global economy directly impacted the number of new projects that were considered in 2011. Consolidations had been the rule for much of the previous three years, but based on the 2011 survey results — and what we have seen in our own practice — thankfully, this seems to have slowed. Looking at the 12 months prior to the survey, 60 percent of the corporate respondents indicated that they had no change in their number of facilities; 30 percent responded that they had increases in their number of facilities, while 10 percent responded that there had been decreases in their number of facilities. However, it's disheartening — but not altogether unexpected — to learn that 45 percent of the 2011 Corporate Survey respondents report no plans to open new facilities. Not surprisingly, these same respondents also feel that the economy will not improve significantly until 2014 (or beyond). The companies that we work with feel similarly.

Overall, we believe that this is going to be a long, slow climb out of this bog of economic uncertainty; we should not expect to find firm footing any time soon.

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