

# Direct Hire Associates

## Southern California Job Market – January 2012

### 2012 – Continued slow growth ahead

We are hearing about continued signs of life for hiring in January in almost all industries and at higher levels than much of 2011. A recent late pick-up in 2011 for Marketing and Sales opportunities was one positive indicator, as well as an overall rise in Southern California job postings in Q4 over Q3. As we highlighted in our 4<sup>th</sup> quarter 2011 piece, this is still a recovery and not yet a 'recovered' economy. 2012 will likely see similar incremental increases in most broad economic indicators during the 1<sup>st</sup> half of the year. With 2012 being an election year, the US economy could stall out this summer as politicians use the fear of the unknown to sway persuadable voters. Politicians' games could also put the capital markets and the small business economic engine back on the sidelines for the remainder of the year. While most economists agree that 2013-2014 is where the real growth will begin again, 2012 certainly doesn't have to be a lost year in terms of labor growth.

As it relates to hiring overall, good organizations still need to employ the best talent they can to remain competitive in today's economy. During 2011, when hiring managers were surveyed about current challenges, more than 50% cited a lack of qualified applicants as a primary concern moving forward. We feel this is a function of a few things. Expectations of many hiring managers remain on the unrealistic side in terms of qualifications and expected wages. Also, the candidate pool of active job seekers (those responding to employment ads) decreased significantly in the 2<sup>nd</sup> half of 2011 as people perceive too much risk changing jobs during uncertain times. Lastly, one constant factor, in any economic climate, is that the best and the brightest are usually happily employed and hard to find! For those who are seeking a better job, remember that it only takes one open position, not a further decrease in unemployment, for you to improve your personal situation. The war for talent will quietly begin again in 2012 as companies look to gain a competitive advantage. The corporate focus is shifting toward top line revenue growth as the 'expense reduction' game has been played out.

### 2011 – Was a Tale of Two Halves

The first half of 2011 was full of economic hope and hiring in Southern California and nationally. Although cautious and particular, companies had clearly picked up the pace in the first half of 2011 over 2010. Then the Congressional gridlock of August and September put the fear of the unknown back into the economy. By and large capital spending ceased and hiring plans were put on hold as companies again feared another possible recession. While economists overestimated growth for 1<sup>st</sup> half of the year, they underestimated it in the 2<sup>nd</sup> half. All in all, it ended up as a better year overall with positive job growth nationally, a healthy increase in GDP (likely in the 2-2.5% range) and an uptick in consumer confidence. Although the 2<sup>nd</sup> half of 2011 saw continued hiring, it was at a slower pace. We feel that there is some pent up demand heading into 2012 as a direct result.

*Paul Costa, CPC, President (1/3/12)*

Hundreds of conversations every month with Executives, HR professionals, hiring managers and candidates throughout Southern California allow us to offer a current and accurate opinion on the local hiring climate. Think of our quarterly update as more than just our 2 cents – maybe call it a nickel! If you have questions about your current situation either as a hiring authority or a candidate, please feel free to call us directly and speak to an Associate anytime. We are happy to talk and share our collective point of view.

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