

## **HBR Economic Survey: Little Hiring Growth Planned for 2012**

by Adi Ignatius

September 20, 2011

The global economy is in a pretty tight spot. The dismal and uncertain news out of Europe continues and the U.S. still struggles to drive meaningful growth against a persistent and pervasive joblessness. At the heart of these macro trends lie micro-decisions made by business leaders around the world as they ponder questions such as: “Do I feel confident that my company will hit my numbers this quarter?” and “Should I start hiring or hold off?”

To get a better glimpse into where these decision makers stand at this perilous moment in history, we launched the Harvard Business Review Economic Survey earlier this month and contacted 1389 executives — the majority director level and above — from the U.S., UK/Europe, and Asia. We focused on three areas of questioning: Their confidence in the global economy this year and in the next decade, whether or not they were confident their companies would hit their revenue targets this year and next, and whether they anticipated increasing their hiring in the next fiscal year.

The news — particularly around hiring — is not good: Only 31% of respondents in the US and UK/Europe said they planned to increase their hiring efforts next fiscal year. The news out of Asia was slightly better, with 41% planning to increase hiring. This general trepidation most likely can be explained by respondents' fears of an impending second global economic recession: 70% believe another global economic recession is either somewhat or very likely in the coming months. Also telling is the respondents' estimates of their own companies' performance, with only mixed confidence in their near-term organizational performance. Slightly more than half believe their companies will achieve revenue targets for 2011, but a significant portion — at least a quarter of all respondents — expect to miss the mark.

Participants' concerns about global economic growth translate into a longer-term shift in thoughts on global economic leadership. Half of the respondents expect China to surpass the U.S. as the global economic leader in the next 10 years. On the other hand, there's debate among this group about whether China is capable of overtaking the U.S. as the leading source of innovation as well. Most think not.

While responses to the Harvard Business Review Economic Survey underscore prevailing sentiments in the global business community, we also registered some other trends surfacing from this group:

- Business leaders identified India and China as regions on the cusp of even more explosive growth, but questioned whether their economic policies and internal structures would be able to sustain them.
- Although the majority of respondents expect China to overtake the U.S. as a global economic leader in the next 10 years, few think China will surpass the US in terms of innovation, or that innovation will be enough to maintain the same level of global influence and economic dominance that the U.S. had before.
- There was a belief among some survey participants that the continued rise of industrial and manufacturing based economies

within the global market will drive growth faster than service economies; although others predicted that the increasing influence of sustainability will put significant pressure on minimizing consumption of manufactured goods.

Although most business leaders we surveyed share a pessimistic view of the present, there is a clear shared sense of what it will take to reverse course and get the global economy moving again. Among the recurring themes from those surveyed include the need for infrastructure to mature in developing regions, governments to stabilize and work productively in mature regions, greater investment in education and the knowledge capital that regions can leverage, economically sustainable fiscal policies, and the ability to accelerate the pace of innovation.

Do the responses highlighted above mirror your own or those in your organization? Please let us know your thoughts in the comments area below.

**Adi Ignatius** is the editor in chief of Harvard Business Review.