

Report: Job growth news is 'grim'

Posted: June 9

Chief financial officers have “limited plans” for hiring over the next year, CFO Magazine and Duke University reported Wednesday in their latest quarterly survey of financial officers.

“News is grim,” said Duke economics professor Campbell Harvey through his Twitter account. Harvey is the founding director of the CFO survey and remains a consultant as well as analyst of the report.

Also, “a majority” of the more than 1,100 CFOs polled in the recent survey say their firms “will not return to pre-recession levels” of employment until 2012 – if not later.

“U.S. companies plan very little domestic hiring over the next year,” said John Graham, professor of finance at Duke’s Fuqua School of Business and director of the survey., in a statement. “However, the rate of improvement is slow and should put only a small dent in the unemployment rate by year-end.”

In a story headlined “The Recovery: Still Jobless,” CFO Magazine added a sobering subhead:

“Three out of four CFOs in the latest Duke/CFO survey have plans for growth, but the employment outlook remains bleak.”

Some highlights, according to Duke and CFO Magazine:

- “U.S. CFOs expect to increase domestic employment by just under 1 percent during the next 12 months. It may be several years before employment returns to pre-recession levels, which will weigh on consumer spending. Fewer than half of companies that cut employment packages expect to restore pay, training, and benefits to their pre-recession levels during the next year.
- “Borrowing conditions remain tight, with roughly an equal split between firms reporting that credit conditions have tightened and those saying credit has eased. One-third of micro-firms (100 or fewer employees) say credit conditions have worsened in the past six months.
- “Earnings are expected to rise 12 percent and capital spending 9 percent in the next 12 months. Research and development and tech spending will increase 4 to 6 percent.
- “CFO optimism has improved slightly, but remains below long-run averages. U.S. and European optimism significantly lag behind Asian optimism. (See graph at bottom of release.)
- “CFOs’ economy-wide concerns include weak consumer demand, federal government policies, price pressure and global financial instability. Top concerns about their own businesses include maintaining profit margins, low employee morale and health care costs.”
- “Eighty percent of European CFOs say the financial stability of Europe is severely threatened by the financial problems of Greece, Spain and Italy. At the same time, 68 percent agree strong European countries should provide financial support to economically troubled countries. Thirty percent believe Greece should be excluded from the ‘eurozone,’ but only 9 percent think Spain and Italy also should be excluded.”

Copyright 2010 Local Tech Wire. All rights reserved.