Big Company CEOs Foresee No Hiring Pickup

Christopher S. Rugaber, AP Economics Writer

WASHINGTON (AP) — Two-thirds of chief executives of the largest U.S. companies don't plan to hire in the next six months, mainly because of sluggish growth in the United States and financial turmoil in Europe.

The Business Roundtable said Tuesday that about one-third of its member CEOs expect to add employees and spend more on large equipment in the next six months. That's little changed from three months ago.

The group predicted in its quarterly outlook survey that the economy will expand 2 percent next year. That's not enough to produce job growth. Instead, existing employees will be expected to handle any increased business.

"We're right at the point where the economy is growing, but not enough to offset productivity and create jobs," said the group's chairman, Jim McNerney, CEO of the Boeing Co. "Everybody's doing things more efficiently."

New and smaller companies, more than the big multinationals surveyed by the roundtable, tend to drive job creation, particularly in economic recoveries. Businesses with fewer than 500 employees have created about 65 percent of jobs in the past 20 years.

Europe's financial crisis is a major concern for the roundtable's members, McNerney said. About 14 percent of revenue for the 500 biggest U.S. companies comes from Europe, Standard & Poor's estimates.

"Most of us feel that the political leadership in Europe will not let it get out of hand," McNerney said.

The roundtable's outlook index was essentially unchanged, at 77.9, compared with 77.6 three months ago. The group surveyed 130 members in the first half of November.

In September, the roundtable's members feared high oil prices, Europe's growing debt crisis and political gridlock over U.S. budget policy. That made the business and economic environment more uncertain, the group said at the time. Only one-third of the CEOs said then that they expected to hire or spend more in the next six months.

Small businesses, by contrast, have grown more optimistic in recent months. The National Federation of Independent Business said Tuesday that its small-business optimism index rose for the third straight month in November, to 92 from 90.2. Still, that's 8 points below its pre-recession average.

Government figures show the job market is improving a bit. In the past three months, job gains have averaged 143,000 a month. That compares with an average of 84,000 in the previous three months.

In November, employers added 120,000 jobs, and the unemployment rate fell to 8.6 percent from 9 percent. About half that decline occurred because many of the unemployed gave up searching for work. When people stop looking for a job, they're no longer counted as unemployed.

At the same time, fewer companies are cutting jobs. The number of people applying for unemployment benefits has fallen to its lowest level in nine months, the Labor Department said last week.

Companies are hiring more as the economy shows signs of improvement. Factories are expanding, and consumers are spending more. In October, Americans' incomes rose by the most in seven months.

Still, the job market's recovery remains sluggish. Employers posted fewer jobs in October than the previous month, though the decline was modest, the government said Tuesday.

Job openings have risen by about 35 percent since the recession officially ended in June 2009. But they're still about 25 percent below pre-recession levels.

The ManpowerGroup said this week that more U.S. employers plan to hire in the first three months of 2012, according to its quarterly survey.

The group's net employment outlook rose to a seasonally adjusted 9 percent, from 7 percent in the current quarter. That's the highest it's been since 2008, when the recession took root. But that's still far below the 20 percent that the index averaged from 2003 to 2007.

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