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UNITED STATES

Layoffs Lift Unemployment's Stigma; Unlikely Industry Provides Hopeful News

In January 2008, the U.S. workforce lost 76,000 jobs, its first loss in nearly five years. It was the first of what would be 12 straight negative months, shedding nearly 2 million jobs in just the last four months of the year.

On January 26, 2009, firms as diverse as Caterpillar, Home Depot, Sprint, and Pfizer announced more than 60,000 layoffs. Earlier in the month, Circuit City eliminated as many as 30,000 jobs when the retailer shuttered all of its U.S. locations, and Microsoft announced the first layoffs in its history.

What does this all mean? For one, it means being unemployed isn't uncommon. It means that unemployed workers should feel less of a stigma about being jobless, and employers shouldn't be so quick to consider unemployed talent as sub-par.

"There is more great talent available today looking for opportunity than in a generation," says Tony McKinnon, president of MRINetwork. "These are people with deep experience in pharmaceuticals, aerospace, computer engineering, and telecommunications. These are not just the people who take hour-long lunch breaks and are out the door before the clock strikes five. A lot of these people truly are the top candidates that employers say they will find a seat for, just to keep them away from the competition."

In December, according to the Labor Department, the unemployment rate for university graduates reached 3.7 percent, the highest recorded rate since tracking began in 1992.

"To balance the books, mass layoffs are understandable, but they need to be balanced with strategic new hires as well," says McKinnon. "The only reason not to be hiring top talent in today's market is if you truly believe that it's never going to get better. On the positive side, today's costs are low and opportunities high."

When the recession will end, though, continues to be the question on everyone's mind and where that conversation often goes is to where today's recession started – with banks.

The last week of January saw some of the brightest news in years for banks and credit markets. Barclays PLC, one of the largest banks in the U.K. announced what many had thought impossible – record revenue that sent its stock up over 60 percent as it rejected a bailout from the British government. Then, two days later, U.S. bank stocks jumped on reports of an Obama administration plan to create "zombie banks," which would buy bad bank assets.

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"A lot of people are selling themselves hard," says Mark Angott, president of Angott Search Group, a recruiting firm in Rochester, Mich. Out of desperation, many job hunters convince themselves they're qualified for positions that don't match their backgrounds, he says. "They want to try anything and everything."

Mark Angott, Angott Search Group
As quoted in the *Wall Street Journal*, January 13, 2009

"Philadelphia remains a hotbed for the pharma, biotech and life-sciences industries," said Jason Hersh, managing partner at Klein Hersh International, a Management Recruiters International company. The Willow Grove company forecasts a 25 percent increase in business and plans to hire five to ten new recruiters this year.

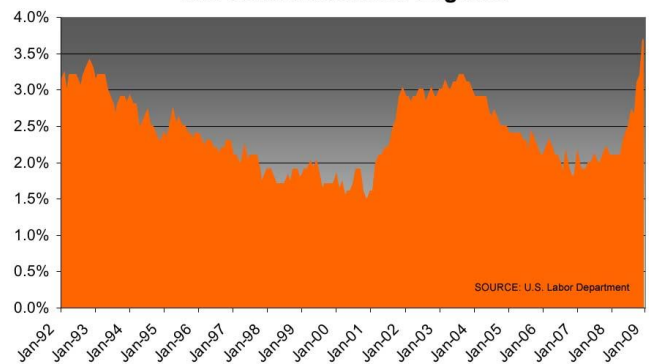
Jason Hersh, Klein Hersh International
As quoted in the *Philadelphia Inquirer*, January 13, 2009

The Obama plan is just one of many that are rolling out around the world at a quickening pace to jump-start the global economy.

After releasing a multi-billion pound bailout to banks in the U.K., Prime Minister Gordon Brown said, "If what happens to a bank in one country can – within minutes – bring potentially devastating effects on banks in a different continent, then only a truly international response – in policy and governance – can be effective."

"When you get to the bottom of a recession, it can get so dark that people think it will never be bright again," says Jeff Heath, managing director of the Landstone Group, an MRINetwork office in Manhattan he started in 1981, a year before unemployment reached 10.1 percent. "Then before anyone really recognizes it, it can rebound."

Unemployment Rate of Recipients of Bachelor's and Other Advanced Degrees



TAIWAN

An Asian Tiger Takes a Breather

In 1955, a North Carolina trucker, Malcolm McLean, bought a small tanker company, converting two of the company's ships into cargo containers. The method allowed dock crews to load and unload massive shipments in a matter of hours, as opposed to the previous break-bulk shipping method, which could take weeks to break down cargo.

In 1968, when McLean was contracted by the U.S. military to deliver equipment to Vietnam, he searched for something to fill the empty containers returning to the U.S. What he found were low-cost consumer products that didn't yet have an inexpensive route to the United States from Asian ports, including Taiwan.

McLean's shipping containers ushered into Taiwan, and the entire region, a seismic economic shift which, within four decades, would make Taiwan a nearly \$400 billion economy.

Since the 1980's, when the country's export economy was primarily based on selling simple products to the United States, Taiwan has diversified both in products and in trading partners. In 1984, the U.S. purchased 49 percent of Taiwanese exports. By 2006, the growth of other trading partners had reduced the U.S. share to just 13 percent. The type of industries has expanded to include consumer electronics, finance, pharmaceuticals, petrochemicals, and microprocessors.

Since 2000 though, according to Peter Chang, the hi-tech sector practice leader with the MRI China Group office in Taipei, Taiwan's economic growth has started to stall. In 2007, Taiwan

had a CPI inflation rate of just 1.8 percent, a rate closer to that of a developed Western country than that of one of the roaring Asian Tigers like Mainland China, whose CPI inflation rate for the same period hit 8.7 percent.

Patty Yang, an industrial sector consulting manager with MRI China Group in Taipei, says, "The slow down, which has decelerated further since the credit crisis, has caused both the domestic and multi-national banks operating out of Taiwan to have their pick of talent."

Since the financial crisis began, forced unpaid leave has caused many professionals, especially in the hi-tech field, to take pay cuts in excess of 15 percent, though those salaries are expected to rebound with the economy.

Taiwan's current political status is one issue that continues to put pressure on the economy since the nation has had little formal trade representation with Western powers since U.S. President Carter cut off formal diplomatic relations in 1978.

Official maps by the Republic of China still include claims to the whole of mainland China. Taiwan and a few of its surrounding islands on the maps are marked as the "Free Area of the Republic of China." The current quid pro quo relationship, partially enforced by the United States, has freed Taiwan from the threat of PRC military action since 1992. However, both states still hold claim to their individual one-China policies.

While the last decade has not been as prosperous for Taiwan as for other Asian countries, their rise now makes Taiwan as competitive as ever compared with the rest of the region, with high-quality talent at a discounted rate.

FLORIDA

An Early Recession Casualty

Through much of the 1990s, there wasn't a better place to be a homebuilder than Florida. Retirees were moving in by the RV full. Land on which to build was relatively cheap and required little clearing or leveling. Even more importantly, credit was – now infamously – easy to get.

Then, sometime around late 2005, things started to change. A *Wall Street Journal* article in early 2006 profiled an investor who bought a home in Stuart, Fla. He paid \$318,000 for the house and planned on flipping it for a 25 percent gain. He was shocked to discover, however, that after four months he was unable to sell the house and was forced to rent it out for half the cost of his mortgage. By February 2006, home sales were down more than 20 percent – and that was just the beginning.

Almost overnight, one of the hottest real estate markets in the country had more houses on the market than anyone knew what to do with. For the tens of thousands of homes already under construction, banks started pulling credit lines.

"The saddest stories I heard were of people who bought \$300,000 homes in what was going to be a 1,000-unit development. After their homes were built, the developer's credit line was pulled and the homeowners were left in a half-developed community, some without paved roads," says Stacy

Ethun, president and CEO of Park Avenue Group, an MRINetwork office in Orlando, Fla.

That early turn of fortune has now rippled though the rest of the state, driving unemployment up to 8.1 percent in December and causing Florida to lose 255,200 jobs since 2007.

"Desperately trying to trim their payrolls, firms are firing people for minor offenses to avoid the cost of layoffs down the road," says Ethun. "The problem with this though, is firms aren't necessarily trimming parts of their staff that need to go, and as a consequence are ultimately crippling their workforce in the long run."

Despite the market, candidates aren't yet looking to leave the state. "Florida has one of the highest home ownership rates in the country, so when they are laid off or even fired, people don't relocate. They end up staying where they are and often accept lesser positions to find a steady paycheck," says Ethun.

The stream of retirees that has come into the state over the last few decades has given more support to health care, the one industry in the country that hasn't been hit by the recession. From the medical research that is conducted in Florida, to retail health care providers, a supply of aging retirees is keeping the industry growing and adding jobs.

"Florida ended up being one of the first parts of the country hit with the crash of both the housing and credit markets," notes Ethun. "We'd like to hope we will be on the leading edge of the recovery too."