

The Kensho Group

UNITED STATES

Economic Fires Seem Reduced to Embers

While the inevitable political witch-hunts that occur after anything of a disastrous scale can be taxing—the one relief they seem to give is the notion of an end to the event.

With the hearings beginning on Capitol Hill, Bernie Madoff sitting behind bars and the unemployment insurance roll decreasing for the first time this year, consumers seem to be thinking that the worst is behind them. Official economic estimates from the International Monetary Fund project that the global economy won't start to grow again until 2010, yet, with the U.S. typically leading the pack by six months, we could already be out of the woods.

The Organisation for Economic Co-operation and Development in June went so far as to say the worst is over and that the recovery is expected to be stronger in the United States than the Euro area.

"As an employer, my first concern now would be morale," says Tony McKinnon, president of MRINetwork. "We are emerging from as bad of a recession as anyone working today can remember. While we might not be out of the woods yet, the demand for talent is heating up. After nearly a year of stress-filled offices, thin—or outright empty—bonus envelopes, and lots of long hours for fewer results, even once loyal employees won't be so quick to brush off potential suitors. Coming out of a recession, keeping institutional knowledge on board has to be a top priority."

Coming in a very close second, notes Jack Mohan, president and CEO of the Boston Group, an MRINetwork affiliate, is "that you have got to have a plan ready to grow your staff again. After nine months of not actively courting candidates, most employers have at best highly outdated candidate pools."

Many employers, sitting on the sidelines and thinking about ramping up their hiring are looking at the job market, the constant phone calls from job hunters, or the flow of emailed resumes and are assuming that turning the switch back on again won't be hard.

"That's the worst mindset to have coming out of a recession," says Mohan, who has accelerated hiring for his five New England offices since the beginning of the year. "With the economy on the mend, passive candidates are likely more interested in switching positions now than they were in the past, but looking at the pool of active candidates is like reading a diner menu—a thousand items, but nothing to order."

According to The Conference Board, a New York-based business organization, the demand for many specialized fields actually still far outstrips the number of unemployed people in those fields. In four categories: architecture and engineering, physical sciences, computer and mathematical science and healthcare, advertised available positions outpaced unemployed workers in those fields by almost 2-to-1.

Recent MRINetwork® Analysis

[A] survey, conducted by TopGrading Solutions, an affiliate of [MRINetwork], found that most respondents would wait at least four months before considering a cut in salary.

Another survey conducted by the same company found that people are "still moving on to greener pastures if they feel that they are not in the right organization." Thirty-eight percent of respondents said they changed jobs because there was no room for advancement at their previous companies.

"With the economy the way it is, these questions are even more important," said Julie Lambert, marketing and administrative manager at TopGrading Solutions' [Port] St. Lucie, Fla. office. "It's not so dire as you may think. A lot of people are willing to wait and hold out and see what kind of money they can get. They're not jumping on the first offer."

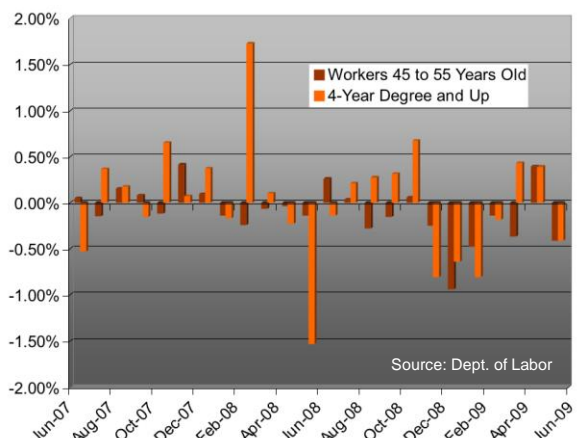
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"With national unemployment likely to surpass 10 percent, you're not going to get much sympathy talking about a labor shortage. Yet, that is exactly what more than a few industries are experiencing right now," says McKinnon.

Going into the current recession, the availability of experienced talent in the pipeline for many industries was already an issue. In many fields—like mechanical engineering or power distribution operation—the average age was already topping 50 years old. After two years, all that has happened to that number is that it has gone up.

"On the other hand," notes McKinnon, "after the year we've just been through, if hiring enough people to keep up with the work is the worst we have to look forward to, that's a headache we all can handle."

Percentage Change In Total Employment



JAPAN

An Evolving Tradition To Match the Times

The most striking element of the Japanese workforce is something that in America, and increasingly across Europe, is becoming an anomaly: lifetime employment. By Western sensibilities it sounds almost socialistic to get a job and be told that no matter the economy, as long as you keep coming in to work and doing your job, there will be a paycheck for you.

Outwardly, the Japanese workforce even suffers from a lack of drive that is often associated with a strongly socialist state. Entrepreneurship on the island nation is tiny for the economy's size. As a percentage of GDP, Japan spends only 20 percent as much on venture capital funded companies as the United States.

"In 2001, after the dot-com bubble, Japanese employers began laying off permanent staff for only the second time since World War II," says North Compton, business development director of MRINetwork Japan. "Looking at resumes of a certain age, there is this generation of graduates who, seeing a bleak job market or rescinded job offers, decided to stake out on their own."

As the economy started to rebound, though, and lifetime jobs became available again, graduates quickly returned to the employment their parents had, says Compton. Yet, the emphasis on lifetime employment has shown signs of weakening. Today more than 30 percent of the population is engaged in "non-regular work," meaning a non-lifetime guarantee, non-salary or non-full-time. That is up from approximately 15 percent in the 1960s.

The traditional thinking among Japanese companies is that it is best to hire candidates fresh out of school, indoctrinate them into the corporate culture and slowly progress them up the ladder. International firms with operations in Japan are among the most likely to be hiring professional workers with non-traditional arrangements, but Compton notes that recruiting firms like MRINetwork are helping domestic corporations see the benefits of bringing in outside talent at non-entry level positions.

"As firms have recently become leaner through laying off redundant workers, domestic companies are able to afford to hire more mid-career specialists. They could be from Japan, or if they have a good enough understanding of the language, from other countries, but what they bring is advanced specialist knowledge that can jump-start a firm's capabilities with positions that need to quickly change," says Compton.

Over the last decade, the demand for specialists has seen modest, but continued growth as technology and the world continues to change more rapidly. Various positions like investor relations, compliance, and environmental engineering, in addition to technology and IT related fields continue to demand shifting abilities faster than companies can develop them in-house.

"The Japanese are perhaps best known in the business world for being able to take the best parts of innovation from others. Fifty years ago, job security was much more common and Japan managed take that concept and go one step further, deriving tremendous loyalty out of its workers, who often worked more than 60 hours a week. Today, companies still see the benefits of that system, but to adjust to a more rapidly changing world have begun to see the necessities of incorporating Western style recruiting as well."

UTAH

As the Paralysis Begins To Lift

Nestled between the Rocky Mountains and an arid desert, Utah blends majestic beauty, low cost labor and less cumbersome banking regulations to create one of the least understood, yet most livable states.

Compared to the nation's 9.4 percent unemployment rate in June, Utah had only a paltry 5.4 percent. And the state could already be on the mend, notes Clark Cotterell, president of Management Recruiters of Salt Lake City.

"For the last six to 12 months, there has been a paralysis, with people not sure which direction the economy is headed, but in the last few weeks we have seen that start to lift," says Cotterell. "We've seen job orders start to rebound, and we just see people's moods starting to turn a corner."

While not passing through the recession unscathed, Utah has maintained strength in unexpected places, namely, banking.

Utah is one of only a handful of states whose state law provides for chartering of Federally insured Industrial Loan Companies (ILC), and is widely seen as having the most preferred provisions for such a charter. ILCs are lending institutions that can be owned by non-financial companies, like General Electric, General Motors, Target, and Home Depot.

State law, however, doesn't allow absentee corporations under the charters, so companies not based in Utah must locate at least some executives in the state and maintain bona fide domestic operations. In recent months, ILCs have become an increasing source of finance, accounting and risk management related positions, as firms try to grapple with the recession's fallout.

In the Salt Lake City area, IT development specialists continue to be in high demand both for private industry and Utah's large government related services sector. Impressively, even Utah's manufacturing sector is not in overly hot water, as durable goods manufacturers seem to be staying busy.

"Utah is a very business friendly state which is helpful when companies are trying to expand here, but we've also got such a great base of talent that firms don't often even have to look outside state lines to staff up," says Cotterell.

When firms do get into hiring across state borders though, where Utah is most misunderstood, starts to become apparent. After facing oppression throughout the country—and even the world—Mormons fled to land that is now Utah.

"When we approach candidates about moving here, we do get the Mormon questions," says Cotterell. "You can't ignore LDS Church's influence in Utah. At the same time, Mormons are actually in the minority in Salt Lake City and statewide, are only at about 60 percent of the population. Utah is by no means an exclusive club, and once people move here, it's not hard to fit in."