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Job Market Outlook Improves, Availability of Top Talent Tightens

"People drive pretty fast in Alabama, they'll go 10 or 15 miles over the limit even if it's raining. But when they see a car crumpled on the side of the road, they pull back. It will stop raining and they'll still be well under the limit, waiting until they know the pavement has dried out before speeding up again," says Jim Emison, managing partner of MR Birmingham Group, an **MRI**Network office in Birmingham, Alabama. "That's where a lot of employers are right now. They've seen a few big companies and many small ones crumble under the recession and even though it may have stopped raining, they are still holding back."

Much of the bad news that rained over the economy for the last half of 2008 and the first quarter of 2009 has let up and consumer confidence has begun to rally. According to the Conference Board, its consumer confidence index has grown to 54.9, its highest point since September from a low in the 20's three months ago.

While on the ride down, the trend was to call for the bottom. Now pundits seem all too quick to call a false bottom to the job market; in past recessions such phantom recoveries have been commonplace. During the downturn of the early 1980s, after its first negative month, there were no less than three points where observers could have suspected a rebound before the market actually had any positive growth.

The current market's movement, however, has been markedly more consistent. Statistically, the rate of change has shown little deviation from its trend, giving added weight to recent improvements.

Even if the statistics are just starting to show a recovery in the job market, employers have already started to see the availability of talent at the highest levels start to tighten. In a recent survey by CareerBuilder, 20 percent of employers said they are seeing *less* quality talent available than a year ago.

Recent **MRI**Network® *Analysis*

Bobbi Moss ... said she sees several positive signs: More job hunters are weighing multiple offers, firms don't use the term "hiring freeze" as much and more companies are hiring highly qualified people that they might not be able to hire a year from now.

"The trend is that companies are going from absolute fear to the attitude of 'Where do we need to go from here?,' " she said.

Bobbi Moss, Govig and Associates
As quoted in the *Arizona Republic*, May 22, 2009

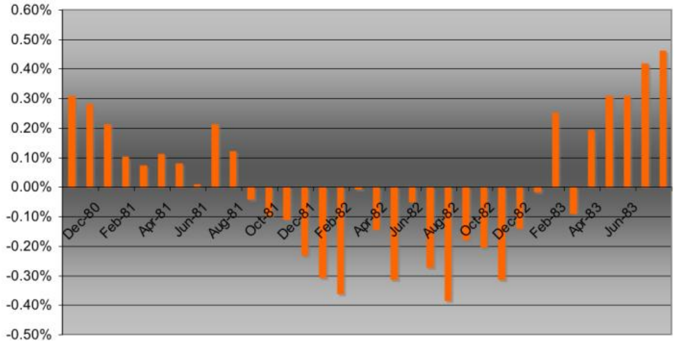
"Unemployment rates are still rising, and likely will continue to increase into mid-2010, but that's not making finding top impact players any easier," says Tony McKinnon, president of **MRI**Network. "Now that confidence is rising, top candidates who feared for their jobs or their company now feel both will survive the storm and are pulling back from active job hunting."

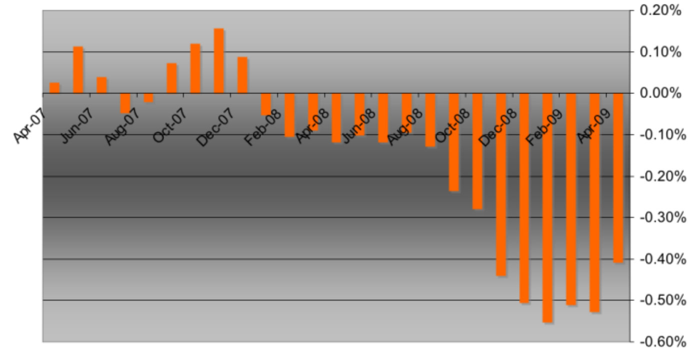
Unemployment is likely to continue to rise not because of layoffs—which in March showed their first signs of easing—but because of millions of new graduates being thrust into a job market that is not yet ready to hire them.

"Firms, of course, need to be hiring young graduates to begin their talent pipelines, but this is not a labor pool that is suited to be thrust into mid- and upper-level management. They may be the future of companies, but in the present employers are looking for more battle-tested candidates—a type whose supply is shrinking," continues McKinnon.

While the total unemployment rate in April rose from 8.5 to 8.9 percent, the unemployment rate for those between 45 and 55 years old fell from 6.1 percent to 5.7.

Month-to-Month Percent Change in Employed Population During Typical and Current Downturn





SOURCE: U.S. Labor Department

AUSTRALIA

After 18 Years Without, a Recession Hits

In mid-2008, with the globe succumbing to recession, Australia was looking to be one of the only major economies in the world that would survive relatively unscathed.

Though suffering a blow from the European and American recessions in the early 1990s, Australia managed to survive without a recession for nearly 18 years, driven by exporting iron ore and other minerals to a booming China. Going into the current downturn, the country looked solid with even its banks surprisingly clear of sub-prime exposure.

Then, China began to reduce its need for iron and other minerals. Quickly, Australia was no longer the exception but became yet another casualty of the recession. In the fourth quarter of 2008, exports fell by 2.8 percent and, aided by falling inventories, drove the GDP to decline by 0.5 percent.

“As a nation we are still a little unsure what this recession will mean for us long-term, if it will become a deep recession—which it isn’t currently—or a shallow one that will ramp up quickly when China does the same,” says Brian Preston, managing director of **MRI**Worldwide located in North Sydney. “To date, employers haven’t seen a need to change talent management strategies beyond cutting payrolls, though that may shift should this become a deeper recession.”

The Australian government and central bank have only started to use their bag of tricks and still have many tools left to turn the country around. After 18 years of prosperity, the government is debt free and interest rates, which were relatively high at 4.25 percent, have already been cut to 3 percent and can go further.

In April, to the surprise of many economists, even Australia’s unemployment edged back from 5.7 percent to 5.4 percent, though projections still place it topping 7 percent by mid-2010. Even so, such numbers point to a markedly shallow downturn compared to other developed nations.

“All through 2008, the weathermen were predicting sunny skies right up until we were standing in the rain,” says Preston. “Now they are saying it’s going to be overcast for a little while before burning off. We want to believe them, but there is a sense that if they didn’t predict the fall, why should we listen to them about the recovery?”

In February, the Prime Minister announced a $42 billion (AUS) stimulus package that mixes $900 one-off payments to low-income, single-income and other eligible families with long-term infrastructure construction. The spending comes on top of nearly $25 billion that has already been spent.

To help support the job market, the government has also restricted the amount of skilled worker visas it issues; yet the number of skilled vacancies continues to shrink.

For the next one-to-two years it is clear that Australia’s economy will fall victim to a similar fate as the rest of the global economy. Whether a recovery is quick or prolonged will depend on consumer demand for Chinese-made goods in the United States and Europe and the effects of the Chinese government’s own stimulus spending.

In a hopeful sign, in May the CEO of Rio Tinto, which has 12 separate iron ore operations in Australia, said his firm is seeing that Chinese demand has already started to rebound. If true, Australia may be both the last hit, and the first to recover from the sub-prime recession.

COLORADO

Tapping the Rockies’ Supply of Natural and Talent Resources

Colorado has long been a state that is hard to classify exactly. In the east it has prairies, in the west it has snow-capped mountains, in the middle there is the metropolitan city of Denver. You need look no further than the range of classic TV shows based in Colorado to see the fractured place Colorado holds in the American psyche. *Dynasty*, *South Park, Doctor Quinn* and *Mork and Mindy* all used Colorado as their backdrop.

Denver became the last stop for settlers before heading over the Rocky Mountains in the late 1800s and for a time was the end of the railroad, before tracks could be laid across the Continental Divide. In the early 1900s though, oil and mining soon became Colorado’s main source of wealth.

To support the oil and mining companies, finance and other professional services soon moved into the city too. Because of its central location, Colorado also became popular for the Federal government, which eventually led to a growing contingent of defense contractors including Lockheed Martin. When the price of oil dropped from $38 per barrel in 1981 to less than $6 five years later, it sent the state into a deep recession.

By the time oil rebounded, Colorado had developed a strong foothold in the hi-tech world, in part fuelled by spin-offs from local defense contractors. By the beginning of the downturn in late 2007, Colorado had one of the most diverse economies of any state. Unemployment rose to almost 8 percent but has since backed down to 7.3 percent.

“One of the things that may be helping Colorado the most is that heavy ‘smoke stack’ manufacturing never really took hold here,” says Mark Merriman, managing director of Management Recruiters of Colorado Springs. “While we have had layoffs across the state, we really don’t have any industries that are considered failing.”

In May, the Colorado Business Leaders Confidence Index rose from a low of 30 percent to 35.5 in the second quarter of 2009 as companies started to see the state emerging from recession.

“Even though the ice might be starting to melt, companies are taking more of a step back and doing a lot of wait and see,” says Merriman. “Because Colorado attracts such a diverse, young and eager talent pool, employers often get lulled into thinking there will always be a surplus of talent here. The irony is that the highly trained talent pool often means highly specialized, and not always right for positions that need filling.”

Once employees get to Colorado though, they don’t want to leave, giving employers a layer of prevention against attrition. That fact has also helped to keep Colorado’s real estate market relatively strong.

According to a forecast model called Housing Cycle GPA, Denver’s housing market, though off by more than 20 percent, is expected to be one of the first five metro real estate markets in the country to recover. Total unsold housing inventory in Denver is already down 20 percent from its 2008 peak.