

## The Kensho Group

### GLOBAL

#### In the Short-Term, Change Likely; In the Long-Term, Change Guaranteed

In January, the percentage of the 15 million unemployed people in the United States who have been unemployed for more than 27 weeks rose from 39 to 41 percent. This figure is up from 22 percent in January 2009 and has averaged below 20 percent for almost all of the last 60 years that the statistic has been kept.

Although it's not necessarily true, these long-term unemployed are often considered to be less desirable workers, older, less educated or less skilled. The unemployment rate for those 25-years-old and older without a college degree has exceeded 15 percent for the last two quarters, while unemployment for those with a bachelor's degree or higher last month retreated from 5 to 4.9 percent.

If nothing changes, the long-term unemployed are in for a lengthy fight back to steady work and the middle class.

Fortunately, everything always changes.

In January, the U.S. Senate found the votes to pass a jobs bill that waives 2010 Social Security taxes for employers hiring workers previously unemployed more than 60 days. While the incentive is small, just 6.2 percent, it would strike at the heart of the long-term unemployed population.

"Around the globe we are seeing governments working on initiatives to stimulate not just economic growth, but specifically job growth," notes Tony McKinnon, president of MRINetwork. "While for most workers there might not be a difference between the two, it is a very distinct shift in battle lines from a year ago when keeping the economy from literally imploding was the main challenge."

Beyond changes in government policy, an aging global population is still the biggest change on the horizon for both the job market and the economy on the whole. Around the world, countries are seeing the beginnings of the population shift as baby boomers work their way through the system.

"To be fair, these are issues that might not be important today, and might not even start to be important for another few years," says McKinnon. "But for HR professionals who have at least 10 to 15 years left in the business, this is going to be the main challenge for the rest of their careers."

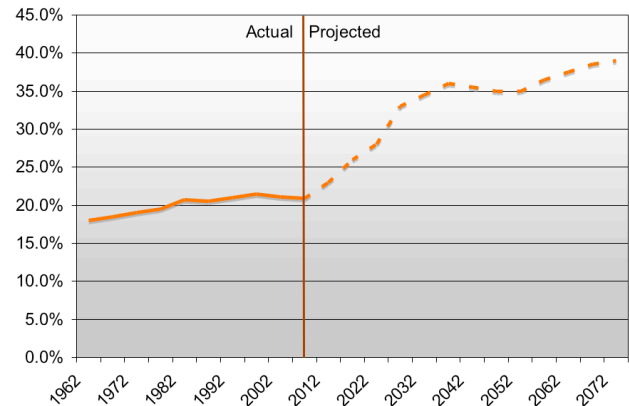
According to the Congressional Budget Office, over most of the last fifty years, the size of the population over 65, as a percentage of those between 20 and 64-years-old, remained about the same. It rose from about 18 to 21 percent, even sliding back slightly over the last few years. However, in the next 15 years, that figure is going to skyrocket to 30 percent. While many such long-term statistics are just estimates, these figures are based on people who have already been born and can only be changed by massive shifts in mortality rates.

#### Recent MRINetwork® Analysis

*"A year ago, companies were paralyzed," he said. "There's not that same feeling now. Some companies are moving forward, filling positions that have been on hold or they haven't felt the urgency to deal with. But there's a lot of caution."*

*Pete Taylor, V.P., Management Recruiters of Salt Lake City  
As quoted in Salt Lake Tribune, January 22, 2010*

#### Population Ages 65 and Older as a Percentage of the Population Ages 20 to 64



While the population boom has slowly, naturally waned in the U.S., China is facing a more severe challenge as its one child per family policy has, according to Chinese officials, reduced its 1.3 billion person population by more than 250,000 in the last 30 years. While the policy excludes areas like Hong Kong, the city has still felt the effects and is one of the few places in the world that, despite the global recession, is experiencing talent shortages in a variety of industries.

"For younger workers, who today are entering what feels like a closed job market, the demographic shifts mean that careers which are off to a slow start will see faster acceleration in the future," notes McKinnon. "For employers that plan to be around for the next decade, as much as they may be consumed by the current economic crisis, creating talent management strategies that will sustain their business as labor availability tightens will be of increasing importance."

## PORTUGAL

### Post-Colonial Direction for an Empire

Starting with the 1415 colonization of Ceuta in North Africa, Portugal began the half millennium-long building of a colonial empire. About a third of the size of the United Kingdom, or slightly smaller than the state of Indiana, Portugal's status as a global superpower during the 16th and 17th centuries, came not from its homeland, but from the wealth of natural resources of its colonies.

As colonization fell out of vogue during the 20th century, the Portuguese Empire started to crumble. The Portuguese Colonial War (from 1961-1974) saw not only the independence of the last of Portugal's colonies, but a bloodless left-wing military coup, and a two-year-long junta ruling the country of Portugal itself.

In a reinvention of the Portuguese economy, the country became a capital of low-cost labor and manufacturing, supplying products throughout Western Europe. Yet, the fall of communism and increased European trade with Asia have started to erode that role over the last decade.

"Portuguese realize that our economy has been unstable for some time, but we also understand the need for change," says Ana Teixeira, managing director of MRINetwork Portugal in Lisbon. "While it has never really been a major part of our practice, since the beginning of the recession, career coaching has become something that candidates are seeking out."

Teixeira says that middle managers she works with in Portugal

are looking to MRINetwork not just to find a new job, but also to learn what steps they can take to improve their resume.

Shifting from blue-collar industries in recent years, hi-tech design and manufacturing, financial, and pharmaceutical companies have started to either move into the country or have launched domestically.

After two of the worst years in the country's job market since at least the early 80s, when Teixeira started recruiting in Portugal, job orders are at last starting to pick up. Sales positions in Pharma and IT are leading the way.

"We are seeing improvement in some areas, but we know others, like textiles, may never fully recover," says Teixeira. "In general, there are still many other questions that need to be answered before robust growth can resume."

Portugal's current debt, worth more than 75 percent of its GDP, is a cause of concern for European bankers. Bond analysts have included the country in the controversially nicknamed PIIIGS—Portugal, Italy, Ireland, Greece and Spain—a group of countries that have increasingly worrisome sovereign debt.

Additionally, because of the poor economy, in September, the ruling socialist party lost its majority and now is operating with an increasingly aggressive, yet, unified opposition.

"We know the economy isn't great in Portugal, but unlike other European countries that are facing similar issues, we have not only recognized the problems, but are well into addressing them," adds Teixeira. "We might not lead Europe into recovery, but we aren't going to be trailing too far behind either."

## IOWA

### State Moves Past Dual Disasters

With an unemployment rate that has risen in the last few years from the mid-3s to over 6 percent it would seem that Iowa doesn't have much to celebrate. Yet, its unemployment rate is the fourth lowest in the country and things seem to be picking up.

"We are getting more job orders, after long periods of them being frozen. But after what we've just been through over the last two years, anything looking better seems like we're stepping away from the brink," says Cindy Lyness, managing partner of Management Recruiters of Cedar Rapids.

Before being hit by recession, some of the worst flooding in U.S. history rocked Iowa, second only to the Hurricane Katrina natural disaster. After unusually high rainfall in June 2008, rivers crested over their banks putting much of central Iowa and the City of Cedar Rapids under water for nearly three weeks. While only two deaths were directly linked to the floods, damages in Iowa alone topped \$10 billion, or nearly 10 percent of the state's GDP.

As a consequence of the floods and the national recession, Iowa has been the target of tens of billions of dollars in stimulus funds in addition to the state's I-Jobs stimulus package. However, much of the money has yet to be spent.

Many of the industries that Iowa was betting its future on in 2007 continue to be the main focus for Iowa's economy today.

When a new ADM facility comes online soon, Cedar Rapids will become the world's largest ethanol producer, notes Lyness.

Iowa has also recently beaten out California to become the second largest producer of wind energy in the country, with an installed capacity of nearly 3,000 megawatts. Iowa provides utility companies aggressive incentives to build wind and renewable power generation facilities in the state, though many investors have been stymied over the last two years by tightened credit markets.

"Iowa has really been in a great place for the green energy sector for a number of years now. Between the energy debate in Washington and the recession though, other states have noticed the growth potential and are starting to give Iowa some competition on incentives," adds Lyness. She expects Iowa won't give up without a fight and will be looking to build the state's infrastructure to continue to make Iowa an ideal place to grow renewable energy generation.

Lyness observes that the biggest demand from employers right now is in information technology and both technical and biotech engineering.

"While the demand is still very high, the size of the quality talent pool hasn't increased much. We are finding top candidates, but high unemployment is making hiring managers have the mindset that the 'perfect' candidate should be readily available, when they still really aren't," says Lyness. "These top candidates are now receiving multiple offers again, increasing the urgency for hiring managers to act quickly."

"At 6 percent unemployment, we are just a few points away from full employment in the professional ranks," adds Lyness, "so as the pent-up demand starts to gain steam, we feel confident that the war for talent will heat up quickly in Iowa."