

## The Kensho Group

## UNITED STATES

### It's That Quantity/Quality Thing Again

With the sheer size of the U.S. labor market, there really isn't an easy way to talk about it other than by the numbers. Four-hundred and seventy-three thousand unemployment claims last week, 14.6 million people unemployed in the United States, 46 million workers with bachelor's degrees in the country. The use of these figures makes workers sound like commodities, easily comparable and easily interchangeable pieces.

Nearly one in ten people who want to work don't have a job. It would seem that hiring a great candidate would take no more than putting up a help wanted shingle for an afternoon. You might even believe that, unless you've tried to hire someone in the last year.

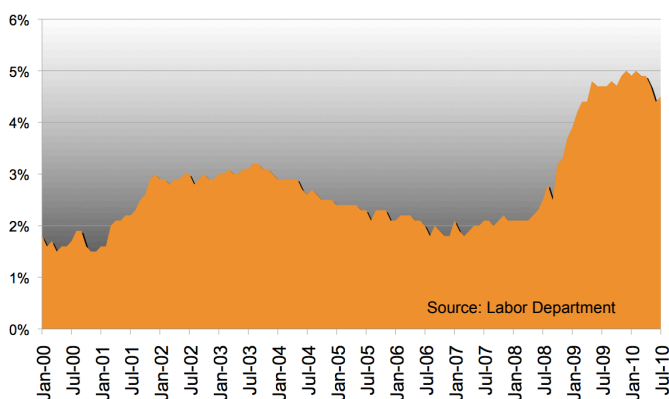
"Regardless of the state of the economy, there is nothing easy about identifying great candidates," says Tony McKinnon, president of MRINetwork. "Trying to find that impact player who you begin every search looking for, is like trying to find a popular toy on Christmas Eve. You can go to a big toy store with a thousand different options, but that doesn't make your search any easier."

The Bureau of Labor Statistics obviously can't give figures about the quality of workers. They can, however, report on one of the most basic indicators of quality: education. Workers who have completed a bachelor's degree have an unemployment rate of 4.5 percent, less than half the national average and down .3 percent from just three months ago.

"Employers look at how many applicants there are for every job and assume they'll be able to have their pick of quality people," says Mickey Kampsen, president of Management Recruiters of Charlottesville. "What once would have been interviews of a few highly qualified candidates can turn into cattle calls as employers cast wider nets. With so many candidates, more stages are added to the interview process. People who truly are the top candidates aren't given the personalized attention that would encourage them to take a position. Employers don't always know how to tango."

With a 2.2 percent job-opening rate, there are currently nearly four unemployed people for every position. In 2006, when the

### Unemployment Rate of Bachelor's Degree Holders



### Recent MRINetwork® Analysis

*"It's almost like social media has replaced the white pages," Ms. Halverson said. "Recruiters don't even know how to find you if you don't have a presence online. It's nonnegotiable — you have to have a profile on a social networking site."*

Nancy Halverson  
MRINetwork SVP of Learning and Talent Development  
As quoted in the *New York Times*, August 25, 2010

### Notable International Events

- Despite austerity measures in the United Kingdom, GDP grew at 1.2 percent in the second quarter, beating estimates of 1.1 percent. Expectations are for growth to reach 2.2 percent in 2011.
- The Chilean economy mostly sidestepped the depths of the recession by the government releasing capital reserves to prop up its banking system. After a devastating earthquake in February, GDP growth is on track to exceed 5 percent in 2010.
- After contracting by 1.8 percent in 2009, South Africa's economy is on track to grow by 2.9 percent in 2010.

unemployment rate was 4.4 percent, the job opening rate was 3.3 percent, almost a one to one ratio.

"The truth is that the top candidate you want coming out of a recession is the person who has been battle tested, so by definition, these candidates are usually employed, and they are elusive," notes McKinnon. "They are often risking the job they already have just by talking to you, and if they don't feel like they are being personally sought out, their motivation to participate can evaporate and the candidates you are left with aren't the best you could have had."

Employee confidence in the job market continues to teeter with shifting news. The recent bounce back of the quit rate from 1.3 to 1.5 percent seems to be remaining stable, though well below its rate from a few years ago. After a .1 percent fall in consumer spending in June helped fuel talk of potential deflation, spending rose .4 percent in July, beating expectations.

"Estimates now say unemployment won't significantly decrease until mid-2011, but before that happens employers are obviously going to have to ramp-up hiring," says McKinnon. "The attitude employers take when approaching candidates after such a long downturn is going to be as important as any other factor in the recruiting cycle."

## UNITED ARAB EMIRATES

### Country Proves Both Stability and Agility in Maneuvering Global Financial Crisis

The revelation that Dubai, one of the United Arab Emirates' flashiest states, was near default on its debt late last year was a surprise to the world and signaled a new phase of the global economic crisis. Abu Dhabi, its wealthier cousin state, had to step in to help Dubai remain solvent. While the terms under which Abu Dhabi received its aid weren't made public—and rumors have suggested the terms weren't very favorable—the move has been enough to push the issue off the front page.

"It happened. But in this part of the world, people still want to do business in Dubai and the UAE. There might be rumors about the debt crisis, but that doesn't really affect the viability of doing business in the region," says Praveen Manghnani, managing director of MRI Worldwide United Arab Emirates.

Manghnani says that Dubai has become a clearinghouse for talent in the Arabian Peninsula. Employers from neighboring Saudi Arabia will often find talent in Dubai, bring the employees to Saudi Arabia for a job and as the job wraps up, they return to Dubai looking for their next assignment.

Saudi Arabia itself is undergoing impressive population growth at a rate of over 2 percent per year fueled by a fertility rate

almost twice that of Western European countries. By comparison, in 2008 the world grew by just 1.17 percent and the United States by .92 percent.

As the UAE continues to establish itself as the business hub of the Middle East, the prevalence of rumors over transparency has become of concern. The UAE Minister of Economy, Sultan Bin Saeed Al Mansouri, recently laid out the beginnings of a rewrite—and often Westernization—of many of the nation's business laws including arbitration rules.

Such rules, the UAE hopes, will help make the country more attractive not just to foreign companies but to entrepreneurs and potential investors.

In addition to businesses though, the UAE is working to attract more educational opportunities. Beginning this fall, a class of 150 hand-selected students from around the world will be starting at the new NYU Abu Dhabi Institute. But as the school takes pains to point out, it is a university unto itself, not just a satellite campus.

"The quality of talent on the peninsula for both local workers and ex-pats remains phenomenal. Through the recession, employers have become more selective, yet the talent pool has risen to their expectations," says Manghnani.

## CALIFORNIA

### Taking The Steps Towards Stability

The story of the California economy has never been one of straight lines. California has perhaps had more booms than any other state in the country. There was the gold rush, the oil boom, a hi-tech boom first of hardware, then of dot-coms. And most recently what might be considered a boom-boom: the collision of so many booms that the price of real estate inflated even more than the rest of the country. And then it burst.

"Late last year was maybe the darkest period that we had seen in California since I started recruiting here," says Trent Overholt, president of Management Recruiters of Los Angeles-South Bay. "Both in terms of activity and just feeling."

Perhaps the most visible effect of the recession in California is a budget deficit nearing \$20 billion and the cantankerous fight it has caused in Sacramento. Governor Schwarzenegger, a Republican, recently announced his intention to pay all 200,000 state workers minimum wage until a budget was passed. The State Treasurer, Bill Lockyer, a Democrat, resisted the Governor's order claiming he didn't have the authority, a position that has not yet been resolved in the courts.

California's budget issues, while triggered by the recession, can be almost as easily blamed on the taxpayer revolt of the late 1970s resulting in some of the tightest restrictions on a state's ability to raise taxes in the country. Proposition 13, passed in

1978, prevented reassessing home values for tax purposes unless a property is sold or remodeled. Adjustments for inflation were also capped at just 2 percent, well below increases in real estate market values. While the state had learned to live with the restrictions to some degree, when the real estate bubble popped the prices of property plummeted—in some areas as much as 50 percent—homeowners requested reassessments, locking in steeply lower property taxes.

Institutional budget issues will give the recession long coattails in the government's revenue, but in the broader economy, Californians seem to be becoming more optimistic. "The biggest demand we are seeing right now is for regional sales managers," says Overholt. "That doesn't necessarily mean that companies are seeing increased sales, but it does show that they have growing confidence. The fact that this confidence is becoming more widespread indicates it is not just wishful thinking."

The Federal Reserve's Beige Book reported that retail trade and services have firmed over the last six weeks in its San Francisco district. Many businesses reported an uptick in requests for bids, even though those requests have not yet turned into sales. Hi-tech manufacturers saw outright growth in orders for semiconductors and other IT products. According to the Beige Book though, capacity utilization has remained low, meaning companies won't need to make large capital expenditures to be able to start hiring.