



NATIONAL

Layoffs Near Their End; Now Comes the Time to Rebuild

"What goes down must come up."

It's not the most profound statement, yet it is universally understood to be true. Getting in before the market rebounds can make for a rich stock-trader, a wealthy landowner or an art collector envied the world over.

"In the labor market you can't always control when you're going to lose a great asset, but you can at least control when you acquire them. While the market for professional talent remains tight, morale has been impacted by economic news and layoffs in a number of industries, and this climate can make even talent with secure positions more available."

Michael Jalbert
President of MRINetwork

Candidates may be cautious about changing jobs when the economy is shaky, fearing a move to a sinking ship. However, Jalbert points out, candidates can feel slighted and be more open to being recruited if their current employer has chosen to cut back benefits, regular salary increases or bonuses in light of economic concerns.

While medium performers are apt to quickly change jobs from one firm to the next in today's hopscotch career style, the very top performers still have relatively high retention rates as employers invest to keep them in the fold. When these top performers get caught in a tightening belt, one of the few chances other firms might have to lure them away opens up.

In May, the Labor Department saw the largest one-month jump in unemployment in nearly a quarter century. When that same .5 percent jump happened in 1986, however, it set a high-water mark that took until late 1991 to reach again. If that same pattern holds true today, both the job market – and the economy – are in for a recovery.

"It's a good time to bulk up on both top talent and general capacity," says Jalbert. "Companies inevitably lose business going into a recession, it's unavoidable. But to miss out on business when coming out of a recession for lack of talent is a much more difficult loss to sell to shareholders."

Despite the tendency of employees to jump jobs, happy employees will still stay put at a current job rather than deal with the hassles of the job search for a modest gain in salary. Hooking them when salary expectations are low can result in a year or more of discounted labor costs before retention is affected.

Recent MRINetwork® Analysis

"This doesn't look or feel or smell at all like it did in 2001, 2002," Downing said. "Everyone's talking about this recession, and we don't feel it. We're a good barometer to the economy, and we're getting, 'Yes, we're hiring.'"

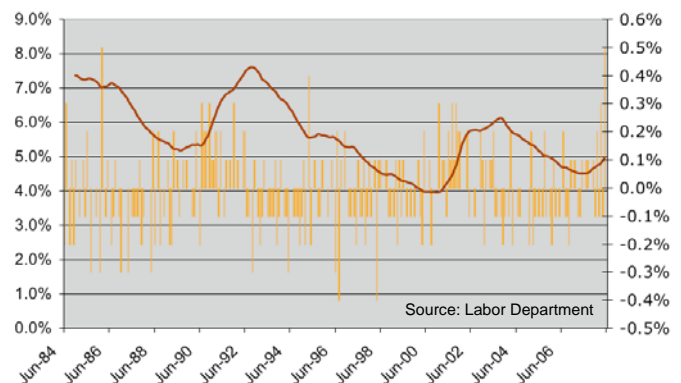
Jack Downing, Managing Partner
WorldBridge Partners as quoted by
The Medill News Service, June 3, 2008

"There's kind of a general reluctance," Ellerman said, to move from one job to another amid widespread reports of downsizings and joblessness.

"Selective demand for particular candidates is so great, Ellerman said, that he hired another recruiter Thursday, and for the first time, his office has had to turn away business."

Gary Ellerman, Managing Partner
Management Recruiters of Madison as quoted in
The Milwaukee Journal Sentinel, June 19, 2008

Unemployment Rate and Rate Change, 1984 to Date



Similarly, blindly rebuilding a workforce isn't fully taking advantage of the opportunity the recession has created. "If a company has had to go through layoffs to weather the storm, now may be an opportunity to re-evaluate the business model," continues Jalbert. "Maybe they'll want to refocus the workforce by rebuilding the highest and strongest margins. For weaker areas of their business, they might consider temporary staffing solutions to make sure the market is really there before adding permanent staff.

"Employers who act early will have a distinct advantage over those who wait to onboard talent until they are already short staffed," says Jalbert. "Waiting can affect the cost and quality of talent, in addition to causing loss of market advantage."

U.S. REGIONAL

PENNSYLVANIA

Geography proves more powerful than history

Pennsylvania is a state whose economy could have been left in the past. The state is steeped in industries whose time has passed, like coal mining, manufacturing, steel and agriculture. In May, unemployment rose to 5.2 percent, only a few points below the national average. But the state has been quickly making moves into thriving industries, and in doing so has brought itself strongly into the modern economy, with hi-tech, finance and pharmaceuticals. Today, companies like Merck & Co., PNC Bank and Lockheed Martin rank among the state's largest employers.

What makes this shift possible, says Jason Hersh, managing partner of Klein-Hersh International, an MRINetwork office in Willow Grove, Penn., is its geography. Though not in the center of the universe, Pennsylvania is convenient to the scientific brain trusts in Boston, all things governmental in Washington, D.C., and the finance, marketing and a variety of other business necessities based in New York.

Pharmaceuticals, perhaps the quintessential combination of science, marketing and governmental influence, has for this reason found Pennsylvania a suitable home. In addition to Merck & Co, titans like GlaxoSmithKline, AstraZeneca and Johnson & Johnson all have operations in the state.

Business, professional, education- and health-related services saw the greatest growth in May, the second month in a row that Pennsylvania has been adding jobs as opposed to the nation as a whole. While the number of positions continues to grow, the number of candidates has increased as well, as college seniors who didn't find a job before graduation, continue their search.

"The market for entry-level professional talent this summer is better than it has been for a few years," says Hersh. "So, many companies are taking the opportunity -- especially in pharma -- to feed the pipeline knowing that their industries will grow and wanting to be able to promote from within later on."

For those trying to fill mid-level positions and up, the local labor pool isn't so large, but geography again comes to the rescue. Recruiters, like Hersh, are able to attract talent to the state from nearby population centers, requiring candidates to only move a few hours from friends, family, and familiarity.

Or for candidates with more of a sweet tooth, Pennsylvania has one advantage which no other state can offer: Hershey, Penn. (Free samples available weekdays, 9 am until 6 pm.)

INTERNATIONAL

LATIN AMERICA

Stepping Out From the Umbrella

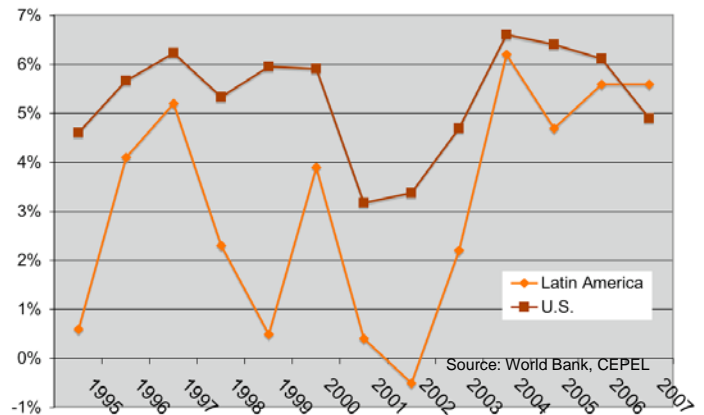
Formalized or not, there has long been a protective relationship between Latin America and the United States that began with the Monroe Doctrine in 1823. Even North America's economic prosperity has long benefited the Southern continent. In 1991, for example, Argentina pegged the value of its peso to the U.S. dollar for nearly a decade to help control skyrocketing inflation, which in 1989 had reached 3080 percent. The policy worked and led to a prosperous era in the 1990s.

Today however, being hit with the sub-prime fiasco and swelling fossil fuel prices, the big cousin to the North is faltering. Latin America hasn't missed a beat though, says Carlos Riviera, president of Global Search, an MRINetwork Worldwide office based in Mexico City that works throughout Latin America. He points out that Latin America's 5.9 percent GDP growth in 2007 is better than both the U.S. and EU and is second only to Asia.

"Multiple free-trade agreements, foreign investment and growing internal economies are creating a ground swell in the Latin America job market," says Riviera. "While the supply of labor remains strong, both local and international companies are coming up short when seeking professional talent."

International corporations like Citigroup, McKinsey & Co, Novartis and Kraft Foods are known to send local students on scholarships to U.S. business schools to then return and work for the companies in their home countries, says Riviera.

U.S. and Latin American GDP Growth Rates



In the past, U.S. recessions have adversely affected Latin America as money from the North dried up. This time, however, the European and U.S. economic slowdowns have combined with a growing middle class and Asian inflation to create an economic situation that Latin America is, at last, in a position to take advantage of.

Latin America used to be a good place for companies importing to the United States. Today, with shipping lines available from both the Atlantic and the Pacific, Latin America has become a place to do business when selling to just about any part of the world. In 2007, Chile exported nearly US\$66 billion to Japan, U.S., Netherlands, Brazil, Italy, China, France and others, with no more than 15 percent of exports going to any one country.

"In the next decade we can expect Latin America to feature much more prominently on the international economic stage," says Riviera. "Our time has come."