

UNITED STATES

In the Battle for Top Talent, Delay Is Fatal

In February, 192,000 jobs were added to the U.S. economy, according to the Labor Department. It was the largest single monthly gain—excluding census workers—since early 2006. While not a windfall of jobs, considering the nearly 800,000 jobs lost in March of 2009 alone, it is a stark improvement.

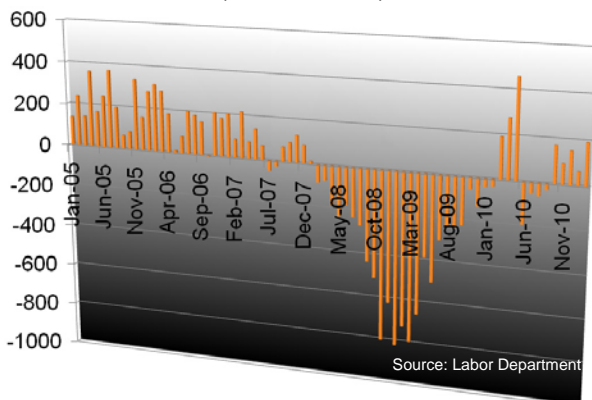
While the figure may have improved because of delayed hiring during a stormy January, some economists suggest it is still being underreported. While the Bureau of Labor Statistics adjusts for the birth and death of companies, it often underestimates the number of new companies in times of recovery. While its survey of employers reported that 192,000 jobs were created in February, its survey of households showed a gain of 250,000 jobs. Payroll provider, ADP, which puts out an estimate of total employment based on the millions of employees in their system, has been reporting an average gain of more than 200,000 private-sector jobs for the last three months.

None of these statistics are comparing apples to apples. Each is surveying overlapping populations and each through different means. What they all show, however, is that jobs are being added—and at an increasingly meaningful rate. They indicate educational achievement is as important as ever. They also show that service-providing industries, as well as small and medium-sized companies, seem to be creating the most new jobs. What they don't reveal is the pain that many, especially larger employers, are feeling in the crunch for top talent.

"Today, we are seeing a position that once may have taken six to eight weeks to go from first interview to job offer, now taking two or three times as long," says Rob Romaine, president of MRINetwork. "Once a passive candidate is considering a position, they're no longer passive and with each week they are more likely to be considering additional opportunities."

A delay in extending an offer risks a candidate losing the enthusiasm to take the position and if they find other opportunities, it can create a bidding situation, driving up the cost. This doesn't make the candidate less desirable; in fact, the opposite may very well be true.

Month-to-Month Change in Total U.S. Non-Farm Jobs
(in thousands)



Recent MRINetwork® Analysis

The technology hubs in the Bay Area might be helping the region regain its status as a leader in job creation. "In the Bay Area, we're at ground zero in terms of innovation," said Mark Howard, managing director with the Berkeley office of MRINetwork, a staffing services firm. "People are getting back to work and companies are hiring."

Mark Howard, Management Recruiters of Berkeley
As quoted in the *San Jose Mercury News*
March 25, 2011

Notable International Events

- Tokyo Electric Power Co. has said that it will have to implement rolling blackouts throughout the Tokyo region until more electrical generation capacity is made available in the north of Japan. Northern Japan's power grid operates at 50 hertz, as opposed to southern Japan's 60 hertz, preventing southern electricity from easily being used in the north where generation capacity has been most affected.
- A report out of the Inter-America Development Bank's annual meeting notes that while Latin America's economy has grown rapidly as the prices of commodities have grown, productivity has not. Total Factor Productivity is a measure of a country's ability to gain efficiency through infrastructure, technology and education. While Chile's TFP is 76 percent of the U.S.'s, Mexico's is only 58 percent, Colombia's 56 percent and Peru's just 37 percent of the U.S.'s. TFPs throughout Latin America have been little changed during the recent boom.

"Every employer wants a candidate who is passionate about working for them, but they also want people who are aggressive, strategic, and who will go out and create opportunities. If a sales manager candidate waits through a three-month vetting process without considering what other options are available, that on its own should raise a flag," notes Romaine.

At larger firms, there are often vetting procedures that can't be skipped. Background checks, reference checks, internal postings, and multi-level interviews all take time.

"Hiring managers need to work with HR to streamline the hiring process and overcome as many obstacles as possible before the interview process begins," says Romaine. "When delays arise, the candidate needs to be kept informed of the process. Frequent updates, even just to let them know things are still on track, will help keep them primed and ready for an offer."

In many industries and job functions, the pendulum has swung from being an employers' market back to one favoring candidates. It doesn't mean that getting great talent is impossible. If anything, it means that the top-performing passive candidates are going to be more willing to explore what else the market has to offer.

ARABIAN PENINSULA

Revolutions, Revolts, and Returning to Stability

Less than four months after 26-year-old Mohamed Bouazizi set himself on fire to protest having his street cart impounded and receiving a US\$7 fine, at least six heads of state across North Africa and the Middle East have either been removed or have announced they will not seek re-election. To call the situation in the region fluid would be an understatement.

In these kinds of situations, however, the United Arab Emirates (UAE) and Qatar are often havens of relative stability for many in the region. Expatriates from around the Middle East tend to congregate in the two countries as they look for work elsewhere in the region. This took place during the first Gulf War as well as the second, and again over the last few months.

“As protests started in country after country, the first thought was, ‘Is this going to happen in the UAE as well?’” says Praveen Manghnani of MRI Worldwide Dubai UAE. “When we look at what has happened so far, these uprisings have occurred in nations where the local populations simply haven’t been taken care of by their governments. Qatar and the UAE, though, both have very small citizen populations and the government has been able to more than adequately provide for them. Unemployment isn’t an issue.”

In the UAE, less than 17 percent of its 5 million residents are citizens. Most workers are expatriates who are only there for work. If the amount of available work were to decrease, the

expat population would decrease and jobs for Emiratis would remain. Saudi Arabia has a sizably larger population of 25 million people, with just 20 percent non-citizens. Saudi Arabia has the advantage of vast oil resources and has been able to issue a \$40 billion payment to its citizens, equal to about 7 percent of the annual GDP, to quell potential unrest.

“In general, I think we’ve seen business return to normal across most of the peninsula, compared to before the uprisings began in December. One remaining exception on the gulf is the unrest which continues in Bahrain,” says Manghnani. “That exception has proved to be an opportunity for employers. We have been able to reach companies in Bahrain and start conversations with top talent who are wondering if it might be time to work elsewhere. We saw a similar trend in Egypt before President Mubarak stepped down.”

After weeks of protests, on March 15, Bahrain’s King Hamad bin Isa Al Khalifa declared martial law and a three-month state of emergency.

Looking forward, the overthrow of entrenched leaders in the region and the installation of more open, democratic governments could prove an economic benefit. A spate of countries in the region more heavily investing in infrastructure, social services and education could not only cause short-term construction-related activity, but in the long term help to develop more robust markets for non-petroleum-related goods and services.

“Things have progressed in relatively short order and the potential long-term benefits for stability in the region are sizable,” says Manghnani.

SOUTH CAROLINA

Greenville Thrives On Green Industry

In the up state of South Carolina, Greenville used to be a textile manufacturing center. But recognizing the inevitable decline in the textile industry, its leaders chose to focus on attracting a new type of business—high-tech industry. The choice wasn’t obvious and many argued the city was giving up on the century-old textile business too soon.

Since 1980, Greenville County’s population has nearly doubled and even throughout the recession, its rate of growth has accelerated.

“It’s an approach that a number of areas in South Carolina took and it’s starting to pay off,” says Dannie Newell, president of The Newell Group, an MRINetwork affiliate in Greenville. “We aren’t the Silicon Valley of the South though. We’re not talking about software companies or computer manufacturers, but heavier, modern, and often green industries.”

For example, founded in 2004 in Golden, CO, Proterra manufactures the first full-sized transit bus to meet California’s Zero Emission Bus Rules. Last year they announced plans to relocate and build a new research and manufacturing plant in Greenville. Proterra will continue to develop and build zero emission buses, fast-fill charging stations, and plans to employ up to 1,300 people in the next five years.

Other large employers that have recently moved to the area or continue to grow there include Michelin, BMW, GE Energy and Hubbell. Equally significant are the dozens, if not hundreds of smaller manufacturers that support these companies.

“The Greenville area didn’t get hit by the recession as hard as the rest of the state, or even the country,” notes Newell. “And from what we did experience, we are now in full recovery. Employers have done their temporary hiring, then started hiring for more permanent positions, and now we are seeing upward salary pressures—the kinds of actions you expect from a candidate-focused market.”

Newell says one of the most important challenges for the Greenville area right now is attracting and retaining top young talent in the city that will enable these companies to grow. To that end, city leaders have taken decisive action to help spur the growth of downtown nightlife, in addition to artistic and cultural events.

A recent move by Southwest Airlines to begin routes out of Greenville’s airport is not only a sign of its confidence in the area, but also will help make Greenville more connected to the region.

“We’ve already seen a number of years’ worth of growth for the region from the companies that have made commitments in Greenville,” says Newell. “It puts us on track to continue to see growth in skilled, high-paid positions well into the middle of the decade.”