

UNITED STATES

A Candidates' Market Emerges, or Maybe It Always Has Been

No one seems to question the connection between unemployment, the employment market, and the economy. They are often used almost interchangeably. Yet, the three are different, and right now, they are in disparate places.

May saw a significant slowdown in the number of jobs being added to the workforce as the declines in the unemployment rate, which began early this year, came to a halt. The general economy, which a few months earlier had been showing signs of growing faster than expected, has failed to impress. The talent market, however, is such a different story that it seems counterintuitive.

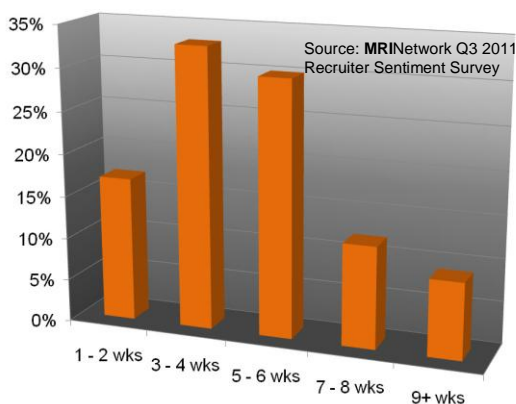
In a recent survey of MRINetwork recruiters, more than half (54 percent) characterized the current market as candidate-driven. In fact, 52 percent of respondents noted an increase in the number and competitiveness of counteroffers in the last six months.

"Successful companies are frugal. They don't throw money around just because they can and when they do begin making counteroffers, especially the kind we've seen recently, there is a reason for it," says Rob Romaine, president of MRINetwork. "Employers who have had to conduct major searches over the last year understand better than anyone the cost and difficulty associated with finding top candidates today. When top talent resigns, employers are finding it easier to counteroffer, even if it falls outside their traditional pay grade for a role."

In the survey, recruiters noted companies that never use counteroffers or even have explicit policies against them are making offers. Some are just monetary—recruiters report seeing as much as a 40-percent increase in base pay—while others focus on non-monetary issues.

"Compensation always plays a role when talent changes positions. But the last few years have been hard on corporate cultures as cost-cutting measures have trimmed back many, if not most, of the perks that defined great workplaces a decade

Time Between First Interview and Job Offer For Most Recent Placement



Recent MRINetwork® Analysis

"Our feeling is that we're going to see some growth in jobs, but it's going to be in fits and starts," he says.
 "There are going to be some soft patches in the next six months to a year, and we're in one of those soft patches right now."

Still, Romaine says that he would rather see slow, measured growth right now because it "builds a better, stronger foundation" in the economy and the job market instead of "a line that goes straight up then comes straight down."

Rob Romaine, President MRINetwork
 As quoted on USAToday.com, June 22, 2011

Notable International Events

- European public sector workers continue to react negatively to austerity measures across the euro zone. From Britain to Greece, protests and strikes have highlighted the anger among civil servants bearing the burden of most austerity cuts.
- A survey by the Bank of Japan of business confidence unsurprisingly fell in its first reading since the March 11 disaster. Government ministers, however, expect the survey to rise again over the next two quarters as the economy rebounds faster than many initially suspected.

ago," says Romaine. "Not only is improving the workplace environment important for retention but also for recruitment. If a candidate sees a drab, low energy office in an interview, it's going to take a substantially larger offer to lure them away than a bright and active office."

What turns the act of recruiting from a science into an art form is the ability to nurture that sense of attraction and excitement for a position that will entice a great employee with a steady job to resign and take a new opportunity. If the hiring process is drawn out, that excitement will wane.

"On average, we are seeing employers take more than five weeks from a candidate's first interview until an offer is made," says Romaine. "After more than a month, what started as an exciting opportunity becomes a nerve-racking process that has thrown the candidate's future into limbo.

"At the same time, when push comes to shove, for top talent, it always is a candidate-driven market," notes Romaine. "Today we are seeing a tighter market for top talent than perhaps is typical. But in truth, top performers are sought after regardless of the economic cycle."

AUSTRALIA

Two Roads Diverged in the Outback

By the numbers, Australia has one of the strongest economies in the world. Unemployment is under 5 percent, the Reserve Bank of Australia has kept interest rates high, at 4.75 percent, to help cool rising inflation, and surging demand from China for coal and iron ore, which Australia has in abundance, is powering it all. While Australia's GDP has slipped, it has remained robust compared to most of the countries it is often benchmarked against.

Brian Preston, managing director of MRI Worldwide, an MRINetwork affiliate in North Sydney, says it has become increasingly clear that in Australia there are two economies: mining and non-mining.

"The mining sector is powering along thanks to continuing Chinese demand for mineral resources," says Preston. "Investment projects will amount to some \$60 billion over the coming years although the shortage of skilled workers is placing this in some doubt."

He also notes, however, that this growth is placing downward pressure on the other economy — the one that employs most of the population, owns most of the housing, and pays the taxes that keeps the country functioning.

In this parallel economy, retail sales are flat if not declining,

housing prices are under pressure, and there has been plenty of "jaw-boning" by the Reserve Bank about further interest rate increases.

"In the past month, for the first time in a long while, there have been suggestions that this economy is actually in recession and that the next interest rate change could or should be downward," says Preston. "These commentators suggest that relatively low unemployment is masking underemployment as companies either hold on to staff but reduce hours or take the cost hit because of their great uncertainty about the direction of the non-mining economy."

Similar resource-based economic booms in South America have led to broad economic growth across economies. Australia, however, has not seen the same effect, as companies and households reaping the rewards seem to be saving their earnings. As of June, the savings rate sat at 11 percent, one of the highest in more than 30 years.

Adding to the concern is uncertainty in the political arena as the incumbent government has reached one of the highest levels of unpopularity in its history. The government remains in power because of a tenuous alliance between the Green Party and three independent parties with little in common. General wisdom is that the government won't survive elections currently slated for 2013.

"Over the next many months, the best that can be hoped for is continued uncertainty in the non-resource economy," says Preston. "The worst is a recession gathering momentum."

OKLAHOMA

A Plains Economy Outpacing Rest of Country

While Oklahoma may not be widely heralded for its economic successes, it has weathered the recession as well as just about any state as its unemployment rate fell to 5.3 percent in May, nearly four percentage points better than the national figure.

According to the Bureau of Labor Statistics, Oklahoma's unemployment rate has been falling since last November, and continues to slide despite a reversal in the national rate. Likewise, that the state's unemployment rate only reached 7.3 percent at the height of the recession demonstrates how well Oklahoma fared compared to the rest of the country.

Tony Wolters, president of Wolters Search Group, an MRINetwork affiliate, says Oklahoma tends not to experience the same boom and bust cycles as the coastal states do. One of the major factors in Oklahoma's economic resiliency is due to the industries in which it invests.

"I think a couple of things that factor into our success are the industries we are in such as oil and aerospace," Wolters explains. "Improvements in both industries in the past year have really driven up employment."

Aerospace is Oklahoma's leading exporter, with an economic impact of \$12.5 billion on the state. Oklahoma is home to some of the largest aircraft repair centers in the world including Tinker Air Force Base and the FAA's Mike Monroney Aeronautical Center in Oklahoma City, which employs nearly 5,000 people.

In addition to aerospace, casinos are making a significant impact on the state's economy, according to Wolters. He notes that the entertainment industry also helps put to work people who have been most affected by the recession across the country — those without advanced degrees.

"We have 28 casinos in the state. They are large employers and they have grown," Wolters says. "For example, a casino owned by Cherokee Indian Nation, had 1,500 employees ten years ago and now has 8,500 employees."

Additionally, manufacturing continues to aid the state's economy, with many companies looking to Oklahoma for expansions or new facilities due to its status as a right-to-work state, which severely limits the power of unions to organize.

"Many companies look to build facilities in southern states because they are less prone to have unions, and the only thing that would change that is if the government steps in and tries to push things in another direction," says Wolters. "And that has brought not only more employers to the state, but also more employees."

Wolters points to an increasing abundance of out-of-state license plates on the streets—as many as one out of three—he estimates.

"There was a time when Oklahoma's economic success was tethered to and driven by that of Texas," notes Wolters. "But over the last few years, we've seen our economies begin to decouple and the economic improvement we are seeing in Oklahoma today is most heavily affected by internal factors."