

UNITED STATES

High Unemployment Isn't Providing a Large Candidate Pool

Not all unemployed are created equal. There are those who recently graduated from school and haven't held a job yet. There are those who have made horrible mistakes and have been terminated. There are those who have been working hard every day but had to be let go when their company fell on hard times. There are those who have done nothing wrong at all, but find that their positions just aren't as essential today as they were five years ago.

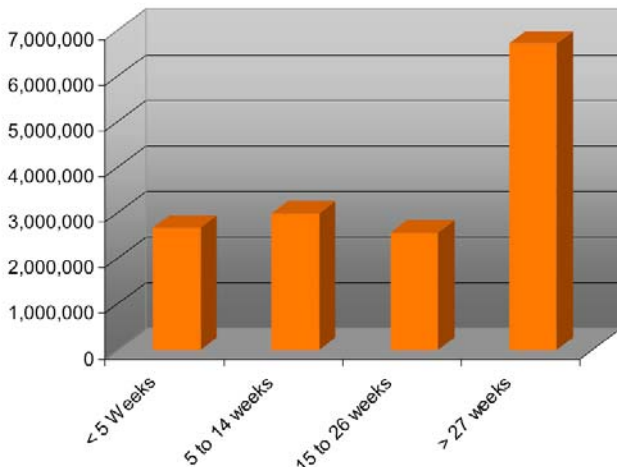
While unemployment rates remain high, that last category seems to be one whose importance is increasing, especially with hiring beginning to pick up as nearly 300,000 jobs were added in April. As we saw in both the 2000 recession and the most recent one, employers took advantage of the slowdown in business to eliminate obsolete positions, which were unnecessary even before the downturn. The increasing pace of technological advancement is enabling many positions to be replaced by automation that saves companies money.

"When a 9.9 percent unemployment rate is being reported, that just doesn't reflect what we are seeing both in the volume of professional candidates and in the talent demand from companies," says Tony McKinnon, president of MRINetwork. "Over the last six months, companies have increased both their hiring and their speed of hiring, with top candidates remaining on the market for an even shorter period of time."

In today's job market, there is a striking dichotomy between the short-term unemployed—those with potentially a better chance of landing a job sooner than later—and what are now considered to be the chronically unemployed, those without a job for more than 27 weeks. In fact, the percentage of workers unemployed for that period of time grew to 46 percent in April, a level never before seen since records started being kept.

"Good employees who have been out of work for more than six months have already sent their resumes to every prospective employer," says McKinnon. "Now, they are likely going to need retraining rather than simply improving on their job search techniques."

Total Unemployment by Length



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Notable International Events

- As sovereign debt issues continued to impact a number of European countries in May, global markets quickly priced in a reduced rate of growth for much of the EU. Finance officials in the United States expressed confidence, however, that underlying economic issues would be contained to Europe, while growth will continue to build steam in both the Americas and Asia.
- Japanese exports, which were slumping for most of 2009, are now experiencing double-digit annual gains. Rather than the usual trading partners though—the United States and Europe—the largest gains have been with other Asian countries. Year-over-year, Japanese trade with Asia was up 45 percent in April.

Even the unemployment rate for managerial and professional workers remains high at 4.5 percent, up from 4.0 percent in April of 2009. A large percentage of this increase, however, can be attributed to a backlog of recent college graduates who have not yet found their first job rather than experienced, impact players still looking for employment.

"For employers, the high unemployment rate can be deceptive making hiring managers think they will be receiving hundreds of qualified resumes for each and every opening," notes McKinnon. "Then they quickly become aware that most of the resumes they receive are coming from unqualified candidates, making finding the talent they really need even more difficult."

For those who are unemployed, things may remain tough for a long time. For the overall economy, however, this isn't such a bad thing as leaner, meaner companies are causing productivity to increase substantially. In fact, productivity is up 3.6 percent in the first quarter of this year. As companies improve their efficiency they are able to offer wage hikes—aiding consumer spending—and spend more money on investment, which will also help other firms grow.

"These changes might make for a more painful economic recovery," concludes McKinnon, "but they put the country on a more stable path for growth."