

# Help Wanted

## CAREER GUIDE

America's job machine is showing signs of life. But it will take flexibility and even retraining before you'll have the pick of the new jobs

How's the job market? It depends whom you ask. For Steve Hansen, a 55-year-old home healthcare executive in San Diego, it's great. Downsized last July when a large home healthcare firm bought the senior-care company where he was director of operations, Hansen joined a job-search club, honed his networking skills, and landed two full-time offers in four months. Now a manager with Comfort Keepers, a national network of in-home senior-care franchises, he is invigorated by the new challenge, excited to remain in a field he loves, and thrilled to earn about 10 percent more than before. "I paid no attention to the hype about unemployment," he says, "because I knew there was a place for me."

Debbie Mariani has a different answer. Laid off in December 2002 from US Airways after 24 years as a pricing analyst, Mariani, 51, has exhausted severance, unemployment benefits, and last fall began temping-answering phones, and doing data entry-to pay the bills. She sends out three to five résumés a week and has scored about 25 interviews, but she is considering leaving her lifelong home of Greensboro for a more receptive market if a full-time gig doesn't surface soon. "I'm not even asking for half of what I made, and I still can't get a job," she says of her former \$53,000, salary. "I keep hearing things are getting better, but I sure don't see it."

It's a Jekyll-and-Hyde job market, and it's confounding job seekers, economists, and politicians alike. While the economy appears to be rolling along by many measures -corporate profits are way up, gross domestic product growth is strong, and low interest rates continue to provide consumers with historically high buying power-jobs are lagging. True, January's 5.6 percent unemployment rate was the lowest in two years, with payrolls swelling by a four-year high of 112,000. But that's not even enough to keep pace with population growth, let alone to absorb the 2.35 million Americans who've lost or left jobs since the recession began in March 2001. By comparison, this far along after the 1990-91 downturn-until now the nation's worst jobless recovery-the market had added 400,000 more jobs than it lost. The reality of today's sluggish job market was surely a big factor behind last week's sharp drop in the Conference Board's index of consumer confidence.

Behind much of the brouhaha is the fact that the job market is an increasingly global game. Two decades of trade liberalization have undermined the notion that any particular job or sector is a nation's-or an individual's -inherent right. Hong Kong assembles our toys, Bangalore analyzes our X-rays, and Manila answers our computer questions. But the price we pay for a world of speedy, relatively cheap conveniences is rampant job insecurity and a recovery that doesn't feel like one to many. "It's America's first post-NAFTA, post-WTO, post-Internet recovery," says John Silvia, chief economist at Wachovia Securities.

Aftershock. Increased global competition, a sharp rise in productivity, and the outsourcing of white-collar jobs overseas have all muted domestic hiring in many sectors. Economists also say we're feeling the aftershocks of over-hiring amid the '90's bubble. Add the skyrocketing costs of healthcare and pensions, plus an investor culture that rewards layoff announcements with a stock-price boost, and you've got a business community that's been reluctant, if not loath, to hire. "Maybe we're starting to see the beginning of hiring again," says Erica Groshen, a Federal Reserve Bank of New York economist. "But it won't come back gangbusters again immediately."

All of which puts George W. Bush's job in peril, as voters increasingly cite jobs as a top campaign issue-one his Democratic challengers are eager to exploit. Last month, Bush courted votes by promising that an economy greased by his tax cuts would deliver 2.6 million new jobs by 2005-then backpedaled as critics assailed his forecast as overly optimistic. Betting that the overseas outsourcing trend will be the administration's Achilles heel come November, Democratic rivals John Edwards and John Kerry have hammered mercilessly at the jobless-recovery theme. Edwards consistently reminds crowds that he is against the North American Free Trade Agreement, which he decries as a job killer, while Kerry routinely decries "Benedict Arnold CEOs for shipping American jobs overseas."

Sending work to cheaper foreign locales is nothing new-recall Ross Perot's inelegant characterization in 1992 of the giant sucking sound" of manufacturing jobs heading to Mexico. But the phenomenon has gotten increased attention of late, as recession has put the changing color of its collar into sharp relief. "In the early 1990s, entry-level and poor people were losing their jobs," says Bonnie Potter, executive director of the New York City Employment and Training Coalition. "Now, it's more politically active, vocal people-middle-class types."

But just as the jobs debate reaches a fever pitch, there's evidence to suggest the labor market is slowly improving.

January's job report showed strong growth in retail trade, education, and construction-which, fueled by a nationwide housing boom, has added 147,000 jobs since March. Anticipating a sales spike in 2004, over 60 percent of midsize-business CEOs surveyed by industry association TEC International say they will hire this year. Even some of the hardest-hit fields seem poised for a rebound, as job postings on Dice, a leading online job board for tech professionals, rose 40 percent last year, to nearly 40,000 a day. "I just signed off on an additional 4 percent head count the other day, over and above what we budgeted," says Bill Zadrozny, CEO of Siemens Financial Services in North America, who's adding about 20 to his 190-person staff.

Some career professionals, in fact, suggest that three years of recessionary work conditions-pay cuts, benefit price hikes, and meager promotion possibilities-are making employees restless. As the buzz builds about a labor market turnaround, says Richard Bayer, COO of the 5 O'clock Club, a national job-search organization with 10,000 members, many employees may jump ship. So far in 2004, just 39 percent of the club's new entrants are unemployed. "People with jobs are looking," says Bayer.

You're the boss. Of course, for folks in fields hemorrhaging jobs -like manufacturing, which with January's 11,000 drop has lost nearly 3 million jobs over 42 months-a rosy picture of general growth may seem incongruous, even cruel. "Regardless of the published unemployment rate," says Damian Birkel, who runs a Greensboro job-search support group called Professionals in Transition, "if you're the person out of work, the unemployment rate is 100 percent."

While politicians trade barbs and businesses step gingerly back into the hiring pool, some workers are taking matters into their own hands-literally. Since the recession's end, more than half a million Americans have gone into business for themselves, bringing the nation's self-employed to more than 10 million. In the past three years, "We've seen a 200 percent increase in business, at least," says Ed Pendarvis, CEO of Sunbelt Business Advisors.

One of those is Steve Goodrich, a refugee from corporate America. A product designer with Compaq Computer in Houston for 16 years, the 51-year-old took a buyout when the firm merged with Hewlett-Packard in 2002. Hoping to escape the clutches of corporate bureaucracy-"I was tired of coming home and realizing I'd accomplished nothing that day," he says-he sought out Sunbelt and last July purchased a seven-person photography store called PhotoSource. Now, in the lucky position of having enough stock options to maintain his former \$250,000 salary for a few years, Goodrich pours all of the store's profits back into the business and is relishing the new vibe. "When you have a small group, and everyone knows what their job is," he says, "it's absolutely fantastic."

Businesses, too, are jumping on the self-employment bandwagon. In 2000, 28 percent of the job seekers with HireStrategy, a Reston, Va., outplacement firm, found work as contractors. Last year, the proportion was 64 percent; mostly technology and accounting types, says CEO Paul Vilella, but also some executive positions. "It's just a new kind of workforce."

Carey Singsank always thought she'd stay in the old workforce. But when she needed extra certification to keep her Wisconsin teaching job, the then music teacher found jobs were scarce. Capitalizing on her computer skills, she went back to school, graduating in 2001 from a Racine technical college with an associate's degree in computer information systems. Seeing that small businesses needed reasonably priced tech help, Singsank set up a consultancy. With several clients who rely on her advice to purchase new computers or fix burned-out hard drives, she made \$30,000 last year-more than she ever cleared as a teacher. Anything she misses about working for a big organization? "Oh, that steady paycheck," she laughs, noting that the health benefits of her husband's full-time job made it easier for her to go solo. But this labor market has redefined her notions of job security: "Who's to say that something won't happen at work and he won't be let go?" she says. "And he has only one client-whereas I have a few, and I can develop more."

Churn, churn, churn. Such flux is a constant of the U.S. labor market. Jobs are created and destroyed by the millions each month; in the endless cycle of capitalism, as one industry dies, another emerges. Though the time-tested relationship has been strained recently, most experts don't foresee the cycle breaking down. "This is a very dynamic labor market," says Jared Bernstein of the Economic Policy Institute. "I think we'll start adding employment again soon."

Though towns across the nation have been devastated by factory closings and job loss, Rochester, N.Y., provides hope that the economic cycle is still intact. A film business battered by foreign competition and the promise of lower cost, higher-margin digital technology prompted Kodak, long one of the city's economic stalwarts, to announce in January a restructuring that could cost the city up to 5,000 of its 22,000 workers. Digital "does not require the same number of people or assets to manufacture or sell products," says Kodak spokesman Anthony Sanzio. Similarly, polling firm Harris Interactive, which has moved most of its research online, will close its last U.S. call center, in Rochester, in June, rerouting calls to a Canadian center that's 20 percent cheaper.

But even as Rochester's traditional employers shutter or contract, new ones emerge. "I have a continuing boom," says Betty Mullin-DiProsa, CEO of St. Ann's Community, a senior healthcare complex with 800 residents. On any given day, the 690-employee site has 40 full-time openings-a number that's sure to rise as St. Ann's breaks ground on a new \$45 million senior complex. And while the vast majority of openings are for nurses, Mullin DiProsa says she also needs housekeepers, laundry staff, and pharmacists, among other vocations. "We're in a growth industry, no question," Mullin-DiProsa says. "Everyone's getting older, and over time everyone is going to need care."

Lifetime learning. To meet its needs, St. Ann's is banking on retraining programs -a tack both employers and employees may need to take in an ever-changing job market. Tibett Maxey, 26, had been a secretary at St. Ann's for three years when she saw a posting for its nurse-training program. Already armed with an associate's degree, Maxey signed up; for 11 months, she

received her full-time salary while splitting a 40-hour week between classes and office. "I wouldn't have been able to do it otherwise," the single mother says of the time share program, which also covered her book and tuition costs.

Training also helps workers at Turck Inc., a manufacturing firm in Minneapolis, stay ahead of the overseas job rush. A sensor firm with 350 domestic employees, Turck has developed a multi-national strategy to deal with a recent business spike. "We're taking the older, more commoditized, higher-volume products that are simpler to build," says CEO Bill Schneider, "and moving those to Mexico and China." Higher-skilled production work will stay put in Minneapolis. Schneider anticipates hiring 40 more full-timers this year and training the rest of his staff to handle more intricate tasks. The firm holds weekly classes for new recruits and old hands alike on reading engineers' blueprints and wielding a soldering iron. Successful candidates might move from, say, Assembler I to Assembler 2—a pay hike of up to 50 percent, plus a better shot at further promotions.

Still, outsourcing is here to stay—and even creating U.S. jobs. EPAM Systems of Lawrenceville, N.J., outsources computer programming and software development to Eastern Europe and plans to hire 40 workers stateside this year, from project managers to business developers. Is the skill set for the new global workforce that different? Not really, "except that you have to be comfortable working with employees you rarely see," says Senior Vice President Bill Gargano. But, he quips, "If you work for a Russian firm, you have to like vodka." And even the recent flurry of legislative proposals to keep taxpayer-funded work stateside won't stem the tide of companies seeking out ever lower costs overseas.

Estimates of just how much white-collar work has moved overseas vary. The most-quoted numbers come from Forrester Research, which predicted 3.3 million tech-services jobs, and \$136 billion in wages, would leave the U.S. economy by 2015. Economists note that the figure is both small in proportion to the 130 million-strong labor force and probably an underestimate. Some 90 percent of the manufacturing job loss in recent decades is attributed to offshoring, and "the share of the U.S. labor force that's potentially affected by international trade this time is much larger," says Catherine Mann, a senior fellow at the Institute for International Economics. "So the benefits of going abroad are potentially bigger—but so are the adjustment issues facing workers here in the U.S."

Ask Nathan Harper. The 28-year old worked for Internet service provider EarthLink in Atlanta for two years. "I loved it," he says of the thrill and camaraderie of working for a cutting edge technology company. Harper figured he'd be with the firm for five years, at a minimum; when he learned last April that the accounts receivable department where he worked was among those being relocated offshore, he was shocked and disillusioned. After five months, Harper found work at Joi Internet, a national dial-up provider that actively recruits from the large pool of ISP layoff victims in Atlanta. Now a call center team leader, Harper makes \$12 an hour, a bit less than the \$25,500 he earned at EarthLink. But he likes the work—and, more important, Joi's promise that quality-of-service concerns will keep it from ever outsourcing. "When they said that, I said 'sold,'" he says.

Many firms, in fact, are quite selective about what work heads overseas. Much as Turck keeps high-skilled manufacturing in the United States, SurePayroll, of Skokie, Ill., outsources only peripheral tasks. "I can outsource my sales forecasting program, because it's not crucial to my business," says CEO Michael Alter. "But I won't outsource my payroll application, because it is."

Also lost in the debate is the fact that many U.S. workers are direct beneficiaries of outsourcing—by foreign firms who set up divisions here. "Just as millions of foreign workers are on the payrolls of U.S. firms, millions of U.S. workers are dependent on foreign firms for work here in the U.S.," says Jose Quinlan, market strategist, at Banc of America Capital Management. In 2001, U.S. affiliates of foreign firms—like Nissan's Canton, Miss. plant, expected to employ 4,000 to make vehicles like its new full-size Titan pickup—employed more than 6.3 million Americans.

A decade from now, as the baby boomers begin retiring—creating job shortages in the fields they leave and entirely new careers for those who cater to the boomers—today's quandaries may fade. Then again, by that time we may be well into the nightmare scenario some experts envision, in which our workforce is ill-suited to the highly skilled tasks that survive both technology and outsourcing. "We've got big problems down the road," says Andy Van Kleunen of the Workforce Alliance, a training advocacy group, "unless we start thinking now about how to invest in our workforce to get people into the jobs that will be available." If that's the case, the country has quite a job ahead.