

POST RECESSION EMPLOYMENT BLUES?

By Rob Ridout (article for January)

After the 2009 recession blues it seems we all need some good news to start the New Year. Well I may not be quite as robust as Santa but my prediction may certainly bring a smile to some. So what do those clever analysts and economists say about the post recession employments trends, remembering of course these were the same individuals who failed to warn against the impending recession.

If we look at our USA many economists are predicting the job market will stay in a depressed state until 2012. Analysts blame this on the fact that in certain industries such as the motor industry the jobs lost will simply never return again.

Understanding employment trends during and after previous recessions is obviously important when trying to predict what will happen in 2010. Looking back to the 70's and 80's the jobs lost in recessions occurred quickly but employment post recession was brisk. By way of example in the recessions of the early 1980s, the jobless rate peaked at 10,8% but then receded to 8,3% one year after the downturn ended. It is important to note that the methodologies used to shed jobs in these periods was more focused on firing of staff or conducting large scale retrenchment exercises.

This pattern has slowly changed in recent years. More recent trends indicate that the effect of the recession on the job market lasts much longer. In the last economic downturn the job market took three years to recover to previous levels. Rather than firing and retrenchments companies in the current recession just stopped hiring. This trend certainly seems to be apparent here in South Africa with recent surveys showing that companies are holding onto talent for longer, especially top talent such as executives and specialist staff.

Some specialist career sites report about 4 000 CVs being loaded each month which is about 20% up on the average last year this time. Boutique recruitment companies average now about twenty jobs per recruiter, with only about three percent of recruiters reporting between 50 to 100 jobs for that recruitment company. A drastic decrease from 2008. Companies however are still using recruiters as their preferred technique to source staff.

The current hiring forecast according to a recent hiring study in South Africa shows that employment in the fourth quarter is at its lowest. Although this indicates a negative sentiment companies surveyed indicated that they are neither hiring or firing but rather holding onto their talent and weathering the storm which clearly indicates then seems to validate the lower hiring numbers. Emerging economies countries such as Brazil and China are all experiencing a more positive outlook regards hiring trends in this final quarter as well. Some local manufacturers have already stopped retrenchment programs and started searching to replace key specialist staff.

Okay but what does all this technical jargon mean to the man on the street.

Here in South African we have several positive factors that will mean that our recovery will be slightly quicker than the more advanced first world companies. I believe that these factors will ensure that out of work individuals find work quicker than counterparts in say the USA.

Lets look at some of these factors.

Many South African companies had already started investing in growing their footprint into Africa before the recession. These plans although put on ice for 2009 will as the outlook improves come back into action. With multinationals cutting back on branches and staff in Africa the opportunity to provide a service to a company in Africa where previously a multinational filled the space is now greater. As the South African market place becomes more competitive successful companies investing in Africa will create a new and dynamic work force with a unique "African centric" business skill set. This I believe will become the new must have skill for South African companies and create a workforce that will be specialists in doing business in the greater Africa region.

The trend with many companies will be to create a more generalist type of employee. Many companies have started consolidating jobs and people in companies now often do two jobs in one. Jobs descriptions have become more complex and require a far broader skilled individual often not found in the market place. Companies will need to hire talent rather than recruit a replacement. The average worker will therefore be required to do more and learn quicker.

A major positive factor that we once again share with other emerging economies is our strong entrepreneurial spirit that exists within our borders and the availability of new business ideas that still remain untapped. Many retrenched individuals were forced to start their own businesses during 2009. With larger business often struggling opportunities have opened in the market for these smaller businesses to grab lucrative contracts from large established competitors. Large companies have also started going to market to look for more competitive service offerings with price being a high priority item. As companies also expand into Africa the local market will provide for new entrants and the opportunity to expand and co-exist with competitors who's focus is more dispersed.

The governments smart but now not so controversial partnership with emerging economies such as China and India is also starting to contribute to our overall footprint in a global market place. The amount of returning South Africans has not been as great as what has been anticipated and South Africans remain entrenchment in many international companies. Now with these market places opening its doors to South African companies our talent are able to move to even more overseas destinations and gain valuable international experience, including Africa. The jobs they leave behind create opportunity for local talent to step in and continue the cycle.

2010 may be the year that our soccer team and our talent surprise all. Our ability as South Africans to endure hardship and remain positive will ensure that we continue to build on the strong foundation that was created in the pre -recession period. Our entrepreneurial ability combined with the good work ethic will ensure that our talent will create opportunities for themselves either in a companies or as multi skilled employees. Roll on 2010.