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**Labor Availability and Quality
Peak in the United States**

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2010–2011 Edition

Labor Availability and Quality Peak in the United States

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Record high U.S. unemployment rates have given those investing in the United States more choice than ever in selecting staff.



It's unfortunate that a major global recession had to provide a correction in the U.S. labor pool, but that is exactly what has happened over the past 18 to 20 months. Labor availability has gone from limited in 2007 to plentiful in 2010. Forecasters who were predicting severe labor shortages due to the imminent retirement of waves of baby boomers have begun to re-evaluate their predictions.

There hasn't been a period in the United States over the past 30 years with as many qualified and experienced workers available in the labor market. The availability ranges from blue collar to white collar, from skilled to unskilled, and from high school graduates to the highly educated. The recession has affected

nearly all occupational categories. One in four construction workers are unemployed, more than 15 percent of production employees have been laid off, and more than 5 percent of management and financial occupations have been affected.

Unemployment and Underemployment

From 2006 to 2007, the unemployment rate never reached 5 percent in any month. Labor was considered tight, and some U.S. geographical regions were essentially fully employed. Some regions reported less than 3 percent unemployment. During the first quarter of 2008 the national unemployment rate began to grow and exceed 5 percent. It wasn't until

The Workforce Investment Act provides employee education in selected fields that demonstrate job growth.

December 2008 that the unemployment level exceeded 7 percent, and it exceeded 10 percent only in October 2009.

The Bureau of Labor Statistics reported at press time that U.S. unemployment levels were hovering below 10 percent. However, if previous monthly reporting trends continue, this figure is understated and will increase with next month's corrections. Even though the Bureau counted 14.6 million people out of work and seeking employment at that time, this does not even come close to defining the current labor availability situation.

Data and statistics can be misleading unless readers look past the reported numbers and understand the details behind the figures. For instance, while the Bureau reported in January 2010 that there were 14.8 million unemployed workers, the report did not include the category of the "marginally attached" unemployed. The marginally attached are workers who are unemployed, but who were not included in the Bureau's survey data because they have not searched for work in the four weeks preceding the survey. In other words, they have given up seeking employment because they cannot find a job or they do not believe they will find a job. In January 2010, the "marginally attached" accounted for an additional 2.5 million workers that were actually unemployed but not included in the Bureau's unemployment report.

Neither did the Bureau's report include people who were working part-time for economic or other reasons, or persons who were available for work but were enrolled in educational programs or fulfilling family requirements. As of January, there were more than nine million involuntary part-time workers, according to the Economic Policy Institute. Considering the entire spectrum of labor underutilization including the unemployed, the marginally attached, and those working part-time for economic reasons, the amount of available workers currently unemployed or underutilized soars to 18 percentage. That translates to more than 27 million people available for employment.

Another important piece of data in the Bureau's employment statistics is the number of hours employed people work. In January 2010, the average weekly hours worked, including overtime for all employees on private, non-farm payrolls, was 33.9 hours. Even for the employed, the average number of hours worked was more than 15 percent less than the standard 40-hour work week. Due to this condition, even more people, including those currently employed, may be interested in and available for new employment opportunities.

The employment situation is dire, but it is slowly improving. At press time, 39 states reported unemployment decreases. Only five states saw unemployment percentages increase, and six states had no change in employment levels.

What are the characteristics of these unemployed and underutilized people? One out of four is under the age of 25, nearly half have some college education, and one out of five has a college degree.

Choices for Employers

The advantages for companies opening new operations or expanding their work forces within the United States are significant. Employers opening or expanding operations in the country will find a large pool of available, talented, and experienced workers. Record numbers of people have turned out across the country to apply for job openings. It is not uncommon for companies to receive 30 or more applications for a single job opening. (Compare that figure to the approximately seven to 10 applications received per opening in 2007.) More than 2,000 people showed up to apply for fewer than 100 part-time summer jobs at a local baseball stadium in one Southeastern city. Everywhere, most of the unemployed are desperate for work.

This situation will allow companies to pick from top candidates for job openings. Most employers have historically preferred to hire from the ranks of the employed to ensure selecting people with proven employment and performance records. However, the current

unemployment conditions will provide employers with even more leverage and options during the hiring process. Not only can companies choose from applicants with proven employment and performance records, but they will also have options from the highly motivated labor pool. Bureau statistics at press time indicated that more than 41 percent of unemployed people have been out of work for more than six months, and nearly 60 percent have been out of work for more than 15 weeks.

Worker Training

Employers now have access to training programs and funds for new job openings. Federal stimulus money funds the Workforce Investment Act, which provides employee education in selected fields that demonstrate job growth. Many states continue to fund their state training programs for new and expanding industries despite reducing overall state educational funding due to budget deficits. These programs and others will assist employers in giving the unemployed skill sets for new jobs.

Simultaneously, community colleges and junior colleges are experiencing unprecedented growth in new enrollments. One community college president indicated a 25 percent growth in student enrollment from the previous year. Many unemployed individuals are returning to colleges and regional training centers to acquire new skills or develop new employment opportunities. Health care and information technology are among several growing occupational sectors. People with four-year college degrees are entering two-year community colleges to improve their opportunities for employment. While much of the cross-training requires a

year or more, many unemployed workers believe that the additional education is their best option.

Manufacturing Opportunities

For companies considering new manufacturing operations in the United States, there is even better news. The states that have been hardest hit with unemployment are the same states that recorded the highest percentage of manufacturing employees before the recession. North Carolina, Tennessee, South Carolina, Alabama, Mississippi, and Kentucky have unemployment rates of 10 percent or higher, which includes a surplus of workers with manufacturing experience. Ohio, Indiana, Illinois, and Michigan have experienced similar downturns in manufacturing, as have Oregon, Washington, California, and

Nevada. These states have always been prime sites for manufacturing companies and will be even more attractive over the coming months.

The number and quality of experienced people available for work is unprecedented. It seems that the global economy has turned a corner and is on track to grow. The U.S. economy is showing signs of recovery, and is projected to continue in a positive direction for the rest of the year. Companies that have been considering new investment in the United States should seriously

consider moving forward with their plans. The availability of a large, qualified labor pool, coupled with the shrinking value of the dollar and the reduced cost of construction in the United States, creates an attractive opportunity for companies considering a new American operation. These conditions could become driving forces for new investment and the creation of new jobs during 2010 and 2011. •

