

NOW HIRING!

Jobs are coming back, but not where you might expect. A look at the new rules for finding employment in the months ahead

By **LISA TAKEUCHI CULLEN**

FOR LANRE KALEJAIYE, 22, THE ANSWER WAS to sidestep the job drought by packing up and hitting the road. After graduating from Illinois State a year ago, he moved from employment-parched Chicago to Des Moines, Iowa, where he took a position as an underwriter at Allied Insurance. He loves the job and was pleasantly surprised that Des Moines is less a “farm town” than “a small Chicago.”

New disappointments, new adventures, new cities, new lifestyles and new challenges. And brand-spanking-new jobs. But don't call it a boom—yet. Call it a job thaw. Even as the first blasts of winter are whipping across much of the U.S., the economy's red-hot third-quarter performance seems to be loosening jobs from the cold clutches of corporate managers.

The Labor Department reported a net growth of 126,000 jobs in October, the largest one-month gain since the recession officially ended in November 2001. Unemployment has held steady at 6%. Economic growth leaped 7.2% in the third quarter, while worker productivity rose a remarkable 8.1%. President Bush, increasingly desperate for an economic turnaround as 2004 nears, called the strong employment numbers “the beginning of good news for job seekers.”

It's about time. The economy has a lot of catching up to do. Since the recession began in March 2001, the U.S. has lost 2.7 million jobs, many of them manufacturing jobs that are gone for good; 8.8 million people remain unemployed, 1 in 4 of them for an average of seven months.

Forecasters expect the economy to keep growing at a brisk 4% pace through next year, which supports predictions that payrolls will add jobs at a rate of about 100,000 per month. Even in some hobbled industries, job postings are already ticking up. Want ads for the financial-services sector jumped 49% for the six months through September at career website Monster.com and rose 39% for jobs relating to computer software.

As the recession eased, companies propped up their profits by being famously stingy about hiring,

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even as the work volume increased, which is one of the reasons worker productivity has zoomed. “What's happening is that businesses are telling workers to suck it up and work harder,” says Mark Zandi, chief economist at Economy.com. According to a survey by Monster.com, 71% of workers polled said they put in more than 40 hours a week, and 57% consider themselves overworked.

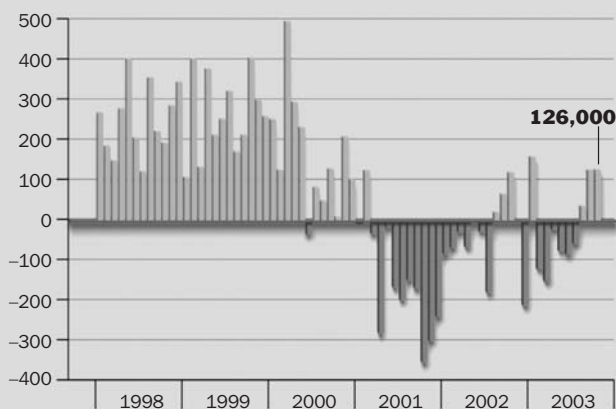
The U.S. labor force is perhaps the most flexible of any developed country's—and it's going to have to be. More than 2 million factory jobs have taken one-way trips to places like China and India since 2000. Forrester Research, a technology-industry analyst, forecasts that 3.3 million jobs in the U.S. service industry, many in information technology, will move offshore in the next 15 years, taking \$136 billion in wages and slowing down wage growth. Better technology and more efficient management have eliminated white-collar jobs too. What that means, then, is that legions of unemployed workers will have to switch industries entirely to find employment, says Erica Groshen, an economist with the Federal Reserve Bank of New York, who coauthored a paper on the subject.

THE JOB MACHINE STARTS TO RUMBLE

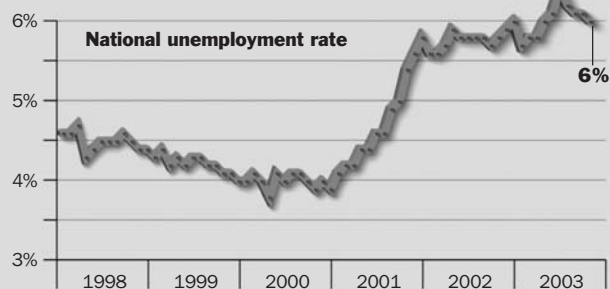
After shedding millions of workers, employers seem ready to hire again

EMPLOYMENT

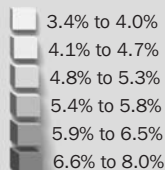
Net change in nonfarm payroll employment from the previous month, in thousands



UNEMPLOYMENT



Unemployment rate, by state



Note: all numbers are seasonally adjusted

So where are the jobs right now? With the nation's 68 million baby boomers getting creaky in the knees, health care and social assistance have added a robust 255,000 jobs this year through October. The echo of these boomers—their progeny—will create jobs too. America continues to need teachers, so jobs in private educational services grew by 56,000 this year. Thanks in part to low interest rates, new homebuilding helped boost construction jobs by 147,000 since February.

The service sector is counterbalancing the anemic manufacturing segment. Professional, business and technical services keep adding jobs, as companies outsource work like network maintenance and advertising. Bush's tax cuts, as well as the mortgage-refinancing rush, put cash in consumers' pockets, leaving them with more to spend at restaurants and bars—where employment bloomed by 113,000 over the year so far.

Lack of commitment to permanent jobs by businesses has created one: temporary work. The temporary-help sector has added 150,000 jobs since April, and while 1.4 million people hold part-time jobs only because they were unable to find full-time work—up 27% from a year ago—the growth of temp jobs isn't altogether a bad thing. "It seems to have some predictive power for permanent employment growth," says Groshen.

"Companies seem to experiment with the job itself or with the particular employee. Do we really need this job? Can this person really do it?" If the answer is yes, it can lead to a permanent hire.

Outside of certain hot industries and regions, it will be a long time before companies will be hiring sight unseen. Which means if you're on the market, buckle down for a long job search. The average search is taking four to six months, says human-resources firm DBM. Finding a senior-level position takes longer than 12 months today, compared to seven months in 1998. So if you have a decent job, this is perhaps not the time for an impulsive exit. "Most people plan more for Sunday football or a vacation than for upgrading their career," says Jeff Taylor, CEO of Monster.com. "They say, 'I know I'm marketable.' Well, there's an awful lot of marketable people on the street right now." In fact, about 8.8 million Americans, whose prospects for jobs just might be picking up. ■

Questions

1. What is the reason more jobs weren't created when the recession ended in November 2001?
2. What industry is expected to lose 3.3 million jobs in the next 15 years?
3. Using the graph above, describe changes in the national unemployment rate since 1998.