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JOBS, BENEFITS: GRIM OUTLOOK

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Employers eliminated nearly two million jobs this year, and no relief is in sight.

Even for employees who keep their jobs, companies say they will take other steps to cut costs. Motorola Inc. announced Wednesday that it will suspend its 401(k) matching program and pension plan. General Motors Corp., Ford Motor Co. and Cushman & Wakefield already have suspended 401(k) matching programs. According to a survey to be released Thursday by consulting firm Watson Wyatt Worldwide Inc., 7% of 117 respondents plan to reduce matching employee 401(k) and 403(b) contributions, and 3% already have done so. In addition, 17% of respondents plan to raise employee contributions to health-care premiums, and 20% already have raised them.

"When benefits are cut back or contributions are decreased, people look at it as if you cut their pay," says Jeanne Hand, senior account executive of United Benefit Consulting Inc., a benefit consulting firm that is a division of HUB International.



What's more, layoff projections are looking grim. A survey conducted by the Society for Human Resource Management of 633 employers found that 25% are very likely to lay off employees in the next 12 months and 35% are somewhat likely to lay off workers. The survey, conducted at the end of October, could take into account layoffs that occurred in November and December. Similarly, the Watson Wyatt report found that 23% of surveyed companies -- representing 1.6 million workers -- plan layoffs over the next 12 months, with 39% already reducing their work force or having layoff plans in place.

According to the SHRM survey, 53% of respondents plan to dismiss employees from various levels. The other respondents indicated that executives are safest from being let go, with only 1% of planned layoffs

coming at the executive level. Sales positions will account for 3% of layoffs, middle management for 6%, and the majority of layoffs will hit technical and professional positions or unskilled labor positions, each accounting for 13%. Administrative positions account for another 11%.

These new 2009 layoffs will overwhelm an already crowded jobs-wanted marketplace. In October, there were 3.3 unemployed people for every job opening, according to the Economic Policy Institute, a nonprofit that analyzes labor statistics. Heidi Shierholz, an economist with the institute, says this ratio could "easily increase to over six unemployed workers for every available job" if job-opening trends continue and unemployment hits 9%, as is projected by many economists.

According to Challenger, Gray & Christmas, the average job search in the third quarter took nearly 4.4 months. John Challenger, chief executive of Challenger, expects this trend to worsen. In some sectors, search time is already longer. **"Many people I've spoken to are celebrating their one-year anniversary of unemployment," says Robert Olman, president of Alpha Search Advisory Partners, a search firm in Roslyn, N.Y., that focuses on hedge funds and investment banks.**

While the auto, banking and housing industries will remain prone to job cuts, Mr. Challenger says the retail, technology and manufacturing sectors will be ripe for dismissals next year. A recent report from consulting firm Mercer LLC found that 48% of survey respondents from manufacturing and technology firms will likely reduce their work forces by significant levels; 28% of respondents from retail and wholesale firms reported layoff plans.

Jo Prabhu, chief executive officer of International Services Group, a placement and consulting firm in Long Beach, Calif., is getting about 300 résumés a day, up from 100 at this time last year.

"Normally a lot of people who file for unemployment are people who expect to be recalled to their jobs. That's not what's going on right now," says Lawrence Katz, an economics professor at Harvard University and a former chief economist for the Labor Department.