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FOR IMMEDIATE RELEASE

Special Report on Long-Term Joblessness

JOB SEARCH EXPERT SAYS CONVERGENCE OF FACTORS COULD SHRINK ROLLS OF LONG-TIME JOB SEEKERS

CHICAGO, March 24, 2014 – After nearly five years of slow but steady job gains, the number of Americans out of work for six months or longer has remained stubbornly high. However, according to one employment authority, the jobs recovery is approaching a tipping point that could see a rapid acceleration of hiring among those who have been out of work the longest.

“There are now 30 states where unemployment rates have fallen to pre-recession levels. Many metropolitan areas have unemployment rates well below 5.0 percent and are struggling to find workers to fill job openings. These trends, along with new efforts by city, state and federal governments to retrain and relocate workers, address the widening skills gap, and incentivize the hiring of long-term unemployed, could finally tip the scales in favor of these job seekers,” said John A. Challenger, chief executive officer of global outplacement and executive coaching consultancy Challenger, Gray & Christmas, Inc.

As of February, nearly 3.9 million Americans have been unemployed for 27 weeks or longer, according to the latest non-seasonally adjusted data from the Bureau of Labor Statistics. Almost 2.8 million of these individuals have been out of work for at least one year. These figures have declined significantly from the recent record levels reached in the wake of the recession. At its peak, in April 2010, more than 7.0 million Americans were jobless for 27 weeks or more, with roughly two-thirds (4.7 million) unemployed for a year or more.

Despite the decline, the number of Americans coping with long-term unemployment remains well above pre-recession levels. On average in 2007, 1.2 million workers were unemployed for 27 weeks or longer in any given month. In June of 2007, the number of people out of work for a year or longer stood at just 591,000, accounting for less than 0.4 percent of the 154.2 million Americans in the civilian labor force at that time.

“These figures do not include the many Americans who have quit looking for work and, therefore, are not counted among the unemployed. In February, there were more than 6.0 million people not in the labor force, but who wanted jobs. There are no statistics on how long these individuals have been out of work, but it is probably safe to assume that a majority have struggled with prolonged joblessness,” said Challenger.

“Widespread long-term joblessness is one of the biggest threats to the recovery. If we cannot find a way to get these people back on payrolls, the costs to the economy will be significant, not just in terms of decreased consumer spending, but in increased government spending on social safety net programs, retraining and other programs to assist those left behind following the nation’s economic upheaval,” he added.

The reasons for long-term unemployment are numerous and complex, according to Challenger, who contends that prolonged joblessness is not simply a matter of employers snubbing candidates who have been out of work for a prolonged period.

“It is important to understand that applying for any job is basically a numbers game. A typical help wanted ad might get hundreds or thousands of responses. The hiring team must quickly narrow this field down to a handful to bring in for face-to-face interviews. In order to do this they must eliminate large swaths of candidates indiscriminately using keywords, dates of employment, etc. They may be eliminating some great candidates, but they simply do not have time to comb through every resume,” Challenger explained.

“Those with a long gap between jobs will be disproportionately impacted by early elimination tactics, as employers tend to seek candidates with the most up-to-date skills and experience. The best way around this is to utilize a job search strategy that is focused more on networking and less on the traditional resume-centric, ad-response strategy.

“Employer recruiting methods are not the only factor contributing to long-term unemployment. There is a mismatch between the skills many of these long-term job seekers possess vs. what is needed by employers. There may also be a geographical mismatch, meaning that these job seekers simply are not in the cities and states where the strongest hiring occurs. And, for some, prolonged unemployment may be somewhat self-imposed by taking a passive job search approach when a far more aggressive one is required,” said Challenger.

The good news is that there are some promising initiatives that have been implemented to help address the problem of long-term unemployment. The combination of these programs, along with significant declines in unemployment in some regions of the country, may ignite a much-needed hiring surge for struggling job seekers.

A recent White House report on long-term unemployment highlighted some of these programs, including Skills for Chicagoland's Future, Platform 2 Employment, Wisconsin Regional Training Partnership and NH Works. The same report also detailed the efforts by the Obama administration to help those suffering from prolonged unemployment. The President has proposed expanded investments in infrastructure and manufacturing, extended emergency unemployment benefits, and new steps to better match works and their skills to currently available jobs.

The initiative that could have the most impact is the development of best practices for hiring and recruiting the long-term unemployed. The practices, which were drafted by the White House in conjunction with CEOs and other business leaders, include:

- ❖ Ensuring advertising does not discourage or discriminate against the unemployed.
- ❖ Reviewing screening and other recruiting procedures so that they do not intentionally or inadvertently disadvantage individuals based solely on their unemployment status.
- ❖ Using recruitment practices that cast a broad net and encourage all qualified candidates to apply.
- ❖ Sharing best practices for success in hiring the long-term unemployed within their companies and across their supply chains and the greater business community.

According to a White House press release, more than 300 companies have agreed to follow these best practices – including 80 of the nation's largest businesses, 20 of whom are members of the Fortune 50. The president also signed a Presidential Memorandum that will ensure federal hiring does not put the unemployed at a disadvantage in the hiring process.

Beyond these programs, the long-term unemployed may simply benefit from a recovery that appears to be picking up pace. The latest report from the Bureau of Labor Statistics revealed that there are now 32 states with unemployment rates below the national average. There are 12 states with unemployment rates below 5.0 percent. North Dakota, which is enjoying the lowest unemployment rate in the country at 2.6 percent, is actually launching a campaign to attract out-of-state job seekers to help fill the 20,000 job openings that employers in the state are having difficulty filling.

Furthermore, there are now 78 metropolitan areas with an unemployment rate below 5.0 percent. Twenty-seven of these cities have unemployment rates of 4.0 percent or lower. At these levels, employers are undoubtedly struggling to find workers from within the local labor pool.

Even with improving job markets and the expansion of programs to address long-term unemployment, Challenger acknowledges that it is an uphill battle for job seekers who have been out of work for a prolonged period.

“For long-term job seekers who make it beyond the initial screening process, there is the challenge of addressing the significant gap in experience with the person conducting the interview. The interviewer is going to wonder why you have not been hired and whether your skills and/or work ethic have deteriorated. As the interviewee, you have to overcome these preconceptions,” said Challenger.

“The long-term unemployed also face personal barriers. Many have lost self-confidence due to the length of time out of the workforce. Others have had a series of rejections, which may leave them feeling defeated even before they walk through the doors of an interview. Financial stress may play another role. Many long-term unemployed have lost or are close to losing their unemployment benefits,” said Challenger.

These obstacles are significant, but not impossible to overcome. Challenger offered the following advice to the long-term unemployed looking to take advantage of the recent surge in job creation:

Re-ignite and re-connect with your network

There may be a large portion of your network with whom you have not spoken to in several months. Now is the time to re-connect with and expand your network. If you have not joined online networking communities like LinkedIn, do so now and start connecting with former colleagues, classmates and other acquaintances. If you are on LinkedIn, revisit your list of contacts, because chances are good that their professional or personal situation has changed in recent months. So, not only do you have a reason to check in with them (to congratulate or otherwise acknowledge their changed circumstances), but that change could put them in a better position to help your job search. From each existing contact in your network that you reconnect with, make a goal to get the names of two to five new contacts they know who might be able to help with your employment search.

Remain positive

Don't be defensive or take on the role of the victim when it comes to your prolonged unemployment. Avoid phrases like, “no one is hiring” and “nobody wanted me.” Focus only on the positive attributes you possess, what you have done to keep your skills fresh. If the topic of your prolonged unemployment comes up, don't dwell on it. Move past it quickly with a statement like, “There have been many opportunities, but a mutual fit has been difficult to achieve. During this time, however, I have had the opportunity to round out my experience through education, professional development, volunteer work, etc.”

Move away from resume-centric job-search strategy

Most Americans take the traditional approach to job search: scour the help wanted ads and send out resumes by the hundreds. The only difference is that the help wanted ads have moved from the print newspaper to the Internet. The biggest problem with this approach is that the resume is really just a way to weed out candidates. A long employment gap on the resume is going to stand out and not in a good way. Even without the red flag of prolonged joblessness, relying on a resume to get your foot in the door is a numbers game that favors the employer. You might as well be playing the lottery. In today's market, employers posting a job opening will receive hundreds if not thousands of resumes. They will maybe find 10 to bring in for face-to-face interviews. Do you think they will go through every resume to find those 10? No. The initial key-word screening might narrow the field to 100 that a hiring manager will go through. He or she will only go through enough to get the 10 for interviews. Maybe that's 50. If you are number 51 in that stack, you are out of luck.

Uncover the hidden job market

The other problem with relying too heavily on help wanted ads -- whether online or in print -- is that these represent a small fraction of the available jobs. We estimate that as few as 20 percent of the available jobs are ever advertised. The other 80 percent will be filled through employee referrals, personal connections and other backdoor channels. This is why expanding and staying connected to one's professional and personal network is critical. It increases the chances of being in the right place, at the right time, when one of these hidden opportunities arise. The other way to uncover these opportunities is to simply start contacting companies where your skills would be a good fit. Your goal is to make contact with key managers in the department(s) where you would work. Avoid going through the human resources department (unless that is your profession), as their goal is to screen you out.

Reset expectations

You may need to consider working for less money than you imagined, working in a different industry or accepting a job title that differs from your aspirations. However, your primary objective at this point needs to be getting back on the payroll so you can start filling in the experience gap.

Step outside of your comfort zone

An aggressive job-search strategy often requires you to do something that makes you uncomfortable. Telling people you have not seen in ten years that you lost your job; cold-calling employers about job opportunities; asking a friend or former business associate for the names of five people who might be able to help with your job search, and then calling those people to request a meeting; and engaging in conversation with complete strangers at a networking event. These are difficult activities for the most confident among us, but you must abandon any misgivings you might have in order to find a position.