

Illinois Coalition

White-collar job segment lags here

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By Shruti Date Singh

Anyone who was hoping for a big pickup in hiring at Chicago professional services firms is in for a disappointment in 2005.

Accounting firms, management consultancies, computer service providers, law firms and other local white-collar employers will add roughly 8,610 jobs this year, a growth rate of 3% over last year, according to Pennsylvania research firm Economy.com Inc. But Chicago will still lag the nation in professional services job growth, as it did last year: The professional services sector is on pace to grow 4.4% nationally in 2005, the firm says.

"In the U.S. overall, those . . . industries have turned around much more quickly than in Chicago," says Sophia Koropecyk, an economist with Economy.com. "The Chicago economy has just begun to recover. (The recovery) began in mid-2003 in the nation as a whole."

With the recession in the manufacturing sector - whose companies hire consulting and accounting firms - and the loss of accounting giant Andersen, Chicago is digging out of a deeper trough than the rest of the nation. The number of professional services jobs in Chicago declined 14% between the end of 2000 and early 2004, compared with 6% nationally, according to Economy.com.

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Hiring began to creep up again in Chicago's professional services shops last year. But the situation hasn't turned around fast enough for workers such as Edward J. Dillon, 44, a 20-year veteran accountant who was laid off in 2003.

After the layoff, he scouted for comparable jobs in Chicago but found none. He considered other markets, but decided not to uproot his high-school-aged children. So he's settled for temporary consulting jobs, which he says net him about 60% of his onetime pay of \$200,000.

"It's tough to swallow," Mr. Dillon says. But temp work beats unemployment.

Mr. Dillon's experience reflects what E. Thomas Gimbel observes at LaSalle Network, the Chicago professional services staffing firm where he's CEO. The firms to which he provides staffers are hiring again, but cautiously. Requests for permanent employees are up 42% over this time last year, he says, but demand for temps is up 65%.

The slow rebound in professional services hiring hurts Chicago more than other regions, because the sector makes up a larger portion of the local economy. Professional services firms account for 7% of total employment here and 5% nationally, according to Economy.com.

The loss of white-collar jobs like these has ripple effects through the economy: Every professional services job creates about 1.5 additional jobs, says Geoffrey Hewings, director of the Regional Economics Applications Laboratory at the University of Illinois at Urbana-Champaign. "Their spending creates jobs elsewhere down the food chain," he says.

'UNEVEN RECOVERY' IN SECTOR FORESEEN

Joseph Daniel McCool, editor in chief of Executive Recruiter News, expects professional services hiring in Chicago to pick up in 2005, but "it will be an uneven recovery." He predicts firms serving the health, defense and consumer goods industries to outperform those in financial services, manufacturing and real estate.

Locally, Navigant Consulting Inc. expects to grow by at least 120 consultants this year, and Huron Consulting Group Inc. plans to add 100 consultants.

And prospects for hiring have brightened at accounting firms, which say they're getting more work because of new Sarbanes-Oxley guidelines. Deloitte & Touche LLP this year expects to add 600 accountants and consultants in its Midwest region, with about 80% stationed in Chicago. Grant Thornton LLP, meanwhile, expects to add 100 accountants to its Chicago office.

"An average audit under Sarbanes-Oxley takes 40% to 60% more time than what it previously (did). Even if you don't increase client base, you have to increase the amount of staff," says Thomas Murphy, national

director of human resources for Chicago accounting firm BDO Seidman LLP, which hopes to double headcount over the next two to three years.