



BusinessWeek

THE PERMANENT TEMPORARY WORKFORCE

With the economy expanding again, and employers loath to add permanent workers, temp employment is one of the few sectors of the labor market that is growing rapidly. Stock prices for the big temp firms have doubled since last March, while analysts surveyed by Bloomberg expect profits to double in 2010 at Robert Half International ([RHI](#)) and to jump about 50% at Manpower. LiveOps is among the biggest beneficiaries of the just-in-time labor trend; its revenues grew by a double-digit percentage in 2009 and the company is planning an initial public offering. "We want to do for the world of work what eBay did for commerce," says LiveOps CEO Maynard Webb, a former chief operating officer of eBay ([EBAY](#)). "You have access to the talent you need. And when the need is gone, the talent goes away."

"LEADERSHIP ON DEMAND"

The world of temporary work used to be the domain of sneaker-footed admins. No longer. Last year, Kelly Services placed more than 100 people—including lawyers and scientists—in interim stints that paid more than \$250,000 a year. At the forefront of the "leadership on demand" movement in the U.S. is the Business Talent Group, whose roster of 1,000 executives has done jobs at companies like mobile-phone content provider Fox Mobile ([NWS](#)), health-care company Healthways ([HWAY](#)), and private equity firm Carlyle Group. BTG says its client demand rose 50% in 2009.

Sydney Reiner, of Southern California, has had five assignments in five years as an interim chief marketing officer at companies like Coffee Bean & Tea Leaf and Godiva Chocolatier. "I got a call from Godiva on a Wednesday asking if I could be on a plane to Japan on Saturday," says Reiner. "I was." For the past two months, she's been the interim chief marketing officer at beverage maker POM Wonderful. Reiner prefers the challenge of working in short, adrenaline-packed chunks. But like Smith, the University of



Chicago MBA has no access to employer-sponsored health insurance and other benefits. Says Reiner: "To some extent I end up working as hard as a permanent employee, without a lot of the benefits."

Reiner relishes the flexibility of the free-agent lifestyle. While there are others like her, many upscale, white-collar workers aren't contingent laborers by choice. Matthew Bradford, who is 38 and married with three young children, could scarcely believe it when he was laid off in early 2009 by a national law firm in Cleveland. He eventually set up as a one-man "legal professional association" in Akron, handling overflow from other lawyers while he slowly builds up his own practice. Meanwhile he's responsible for his own health insurance and a share of office overhead, things he never considered when he was on track to making partner back in Cleveland. "I never would have thought this would have happened," says Bradford. "I thought, 'Hey, I've got a law degree and an MBA. I'm not going to be out of work.' It's just not the case anymore."

During the boom-time 1990s, employers sold the move away from secure full-time jobs as pure upside for workers—a step toward greater flexibility and freedom. To compete with dot-coms, corporations like IBM ([IBM](#)) started replacing some fixed pay with variable compensation: stock options, bonuses, and other cash incentives that have to be renegotiated each year. It was attractive for awhile, but the Great Recession is showing workers the downside of that deal. Employers' unspoken message to employees, says Cornell University labor economist Kevin F. Hallock, is this: "You can absorb more risk, or you're going to lose your job. Which would you prefer?"

At the bottom of the ladder, workers are so powerless that simply getting the minimum wage they're entitled to can be a struggle. A study released in September and financed by the Ford, Joyce, Haynes, and Russell Sage Foundations found that low-wage workers are routinely denied proper overtime pay and are often paid less than the minimum wage. It followed a Government Accountability Office report from March 2009 that found that poor oversight by the Labor Dept.'s Wage & Hour Div. leaves low-wage workers "vulnerable to wage theft." Some companies have been fined for misclassifying employees as freelancers and then denying them benefits. Meanwhile, the George W. Bush Administration made it easier for people earning as little as \$23,600 a year not to be covered by overtime-pay rules.



Workers hired for temporary or contract work face a higher risk of developing mental health problems like depression, according to research presented in 2009 by Amélie Quesnel-Vallée of McGill University. A lack of job security and health-care benefits, as well as social ties to the rest of the workforce, increase stress levels for temps and contractors. A survey conducted in September by the National Alliance on Mental Illness found that people who experienced a forced change in their employment during the last year were twice as likely to report symptoms consistent with severe mental illness as individuals who hadn't experienced one.

The situation is especially difficult for young people, many of whom haven't been able to get a first foot on the career ladder. The percentage of people 16 to 24 who have jobs has plummeted by 13 percentage points since the beginning of 2000, while the share of workers 55 and over who have jobs has edged up over the period, despite the recession. Some young people are so desperate to get a start, they're working for free as semi-permanent interns. "Companies that used to use only one or two interns are now asking me for five or six at a time," says Lauren Berger, who runs a company that matches interns with entertainment, marketing, and media companies. Berger also reports a rise in the number of "adult interns," who work for free while trying to break into a new career.