



Quarter of workforce could become temps as contract work grows

By Paul Davidson, USA TODAY

An encouraging jobs report Friday underscored the growing prominence of temporary workers who some experts predict could constitute up to a quarter of the workforce in a few years.

A big reason employers shed a far-less-than-expected 11,000 jobs last month is that temporary staffing agencies found slots for 52,000 additional workers, the most since 2004, the Bureau of Labor Statistics (BLS) said.

That's a good sign because cautious employers typically hire temps in a recovery before bringing on full-time staffers.

"Companies are hesitant to say demand is lasting and they go first to the contract labor market," says Manpower CEO Jeff Joerres. The No. 1 staffing agency's business rose 10% to 15% last quarter, he says.

Other industry officials are reporting an even bigger jump, partly because of a long-term shift to contractors in the workplace. Temporary placements for Nelson Staffing, a Sonoma, Calif., staffing agency, are up about 20% the past five weeks and expect to climb another 5% early next year, marketing head Courtney Dickson says.

"Product launches used to take several years – now it can be only six months," says Barry Asin, chief analyst at Staffing Industry Analysts, which studies the field. "You need a flexible workforce to ramp up and move to the next project."

If a new product fizzles, contract workers can easily be let go. And so-called contingent workers can cost up to 30% less than regular employees because they typically don't receive benefits such as health insurance or unemployment – a key selling point in a fragile economy.

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Contract employees who sign on with a firm for several weeks or months constitute about 8% of the U.S. workforce, Asin says, or 10 million Americans. The lion's share are independent contractors not tracked by BLS.

Gary Mathiason, vice chairman of Littler, the No. 1 employment law firm, predicts half the jobs created in the recovery will be filled by contractors, consultants and other temps.

Fifteen years ago, most temporary slots were for office work, but more than half are now filled by professionals such as engineers and physicians, Asin says. Business Talent Group, which places executives, saw its second-quarter business rise 70%.

"You can choose your projects and if something's not working out, you can move on" or "take a hiatus," company co-founder Amelia Tyagi says.

The trend is giving rise to new services. Start-up oDesk serves small businesses that want to monitor the computers of remote employees. Client Erik Budde, CEO of AboutAirportParking.com, says six of his nine employees are contractors: "In this economy it's nice to have that flexibility."