

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

## FIRM MANAGEMENT

# Use of temp workers on the rise

The use of temporary workers is surging again -- a trend that's typically seen as a sign that the economy is strengthening but that companies are uncertain how long and strong the growth will be.

Jul. 21, 2013

The use of temporary workers is surging again — a trend that's typically seen as a sign that the economy is strengthening but that companies are uncertain how long and strong the growth will be.

It may also be a hint that companies increasingly mean to use temps even when the economy improves — but it's still too early to prove that notion.

Either way, temps now account for a higher than average portion of payrolls in Georgia as well as a hefty chunk of the jobs created during the past four years.

“We see the usage of ‘variable labor’ up in almost every industry segment,” said Jim Link, Atlanta-based managing director for staffing company Randstad USA.

Temp jobs in the United States have soared by 53 percent in the past four years to 2.7 million workers. In that same period, Georgia has seen temp work grow by 40 percent to 101,557 workers.

In the four years since the recession officially ended, temps have accounted for 19 percent of the jobs added in Georgia.

What temps do is let an employer quickly ramp a workforce up or down to meet shifting demands, cutting costs when there is less revenue, said Will Cephus, Atlanta-based vice president for Kelly Services.

In a sense, the temp industry is a kind of lubricant for the job market machinery.

By using temps, businesses can get work done without a long-term commitment, while job seekers get income — along with a chance to prove their worth.

Yet temp work does have its downsides.

The pay tends to be lower than working directly for a company — although there are exceptions, such as information technology specialties that are in high demand, said Wade Hughes, managing partner of the Intersect Group.

“The supply is pretty thin in Atlanta for some of the I.T. folks,” he said. “They name their price.”

Many staffing companies do pay benefits to the workers they place, at least after the temp has been working for them awhile. But the level of coverage differs and the number of sick days and vacation days are typically not as generous as in the corporate world.

And you can wake up any morning to find the client has told the staffing company it doesn't need you.

Most temporary workers are placed by staffing agencies. Other workers find their own contract work.

Sometimes there's a key employee out for medical or maternity leave. Sometimes there's a big project that was postponed during the downturn and now needs to be finished. Often, a company needs workers because it has more customers than it can handle — but it's just not confident that the demand will last.

Roughly half the staff at UHY Advisors in Atlanta are contractors, said Amy Gallagher, a principal at the company, which offers accounting services.

“When and if the contract ends, we don't have to carry the financial burden of having people when we don't have work for them to do,” Gallagher said.

If you are placed by an agency, you are on the staffing company's payroll. The client pays the agency, which keeps some and pays you some.

Yet, sooner or later, more than 40 percent of temporary workers end up as permanent employees of the companies where they have been placed, said Cephus.

Temp hiring typically rises as the economy comes out of recession: business may be picking up, but hiring is a gamble.

But historically, most recoveries have moved a lot faster than this one. Four years after the end of the downturn, the economy is still far shy of pre-recession job levels.

Companies remain hesitant to hire because they consider current conditions too risky to make long-term capital investments in terms of people, staffing executives say.

“But when there is a pickup in demand, many companies cannot meet it with their current workforce,” Link said.

“Companies have been lean for years now,” said Andy Decker, regional vice president for staffing firm Robert Half International. “They have to ask, ‘Am I understaffed in such a way that I will miss business opportunities?’ “

When they use contractors or temps, they save in ways both obvious and otherwise.

For starters, hiring costs money. A company must devote resources to advertising, culling through applications, interviewing candidates and making a decision — as well as coping with consequences.

On average, it takes five weeks to hire a full-time candidate to fill a staff position and more than seven weeks to fill a management slot, according to a Robert Half survey.

Hire the wrong person, and managers average 17 percent of their time dealing with the consequences, Decker said.

But with a temp, you just tell the staffing agency to send someone else.

The question is, has there been a lasting change in the way companies view their labor needs? Are companies going to temps in more situations?

“The fact that temps continue to lead (hiring) for so long suggests that something else is going on,” said Steve Berchem, chief operating officer of the American Staffing Association.

But there have been many upswings before, followed by declines, so Berchem said he's skeptical. "The proof would be if temporary employment grows to become a greater percent than in previous peaks."

Nationally, temps represent 1.97 percent of the roughly 143 million jobs in America, still below the all-time high of 2.03 percent in 2000, according to the Bureau of Labor Statistics.

If use of temps keeps growing, some economists worry that it will undermine both wages and job security for all workers. If the temp worker share of total employment were to reach 2.5 percent, that would be a sign of a structural shift, Berchem said. "But we are a long way from that."

In Georgia, temps now account for 2.3 percent of the total workforce, compared to a crest of 2.42 percent in 2007.

Some workers say they prefer being temps. They don't want to go to the same office day after tiresome day.

"For me, the upside is the tremendous amount of variety," said Patricia Cronin, 42, of Dunwoody, a certified public accountant. "I get bored very easily."

Speaking from Minot, S.D., where she had flown to do some accounting work as part of her current assignment for Delta Air Lines, Cronin said she started in temp work after being laid off more than a decade ago.

"I fell into it, but I made a conscious decision to stay with it," she said.

About one-in-five temp workers would rather not go back to being a full-time, "permanent" employee, according to the American Staffing Association.

Yet even some of those temps may like staying in one job for a long time — often for years.

Melissa Henson, 41, of Atlanta was an executive assistant in one office for a dozen years before the company downsized and rewrote the job. She wasn't without work for long before being placed with the Greater Women's Business Council about six weeks ago.

"In many ways, it's really an advantage to be a temp," she said. "The flexibility is two-way. And there isn't a taint of being fired or quitting a job."

Henson's boss, the council's president and chief executive, Roz Lewis, compared the relationship with temp workers to dating or taking a test drive.

"You rely on the staffing agency to do the due diligence to identify the right person with the right talent," she said. "Going through a temp agency allows the organization to identify a team player — and it also allows people to determine if they want to be part of the team."

Michele Ocampo, 36, of Kennesaw was placed by Mom Corps — a local staffing agency — as a part-time temp worker for special projects at Atlanta-based Babiators, which sells sunglasses for children.

"From the perspective of a job seeker, temp works because you don't have to commit, you test out the organization and it gives you options," she said. "And at the time, I just wasn't 100 percent ready for a full-time role."

She got ready pretty quickly. A couple of weeks ago, Babiators hired her as director of operations.

A lot of temps are still waiting to cross that great divide.

Raheel Huda, 23, of Smyrna is in the middle of a four-month contract in retail sales with a local company. The recent Georgia State graduate is subbing for a woman on maternity leave who is expected to return.

"The pay isn't really as much as I would like," he said. "It's really similar to an internship, and hopefully it will lead to something bigger."

Pamela Coulton, 48, of Braselton is working as an account manager for an Atlanta software company.

A former business owner, she wanted a temp job because she likes flexibility and wants to get to know a firm before committing to anything more permanent.

"You've got to pay the bills," she said. "My preference is to go full time. I am keeping my fingers crossed."

Stephanie Gan, 22, of Kennesaw graduated from Georgia State with a degree in psychology and discovered that much of the work in her field required advanced degrees. She found temp work for a law firm as a client systems analyst, connecting lawyers to clients.

She's had the job since April.

"I think temp jobs are a really good starting point," she said. "I plan to go back to graduate school, but I do need to pay off my loans first."

Sometimes, though, in a weak job market, when many who are seeking full-time permanent employment cannot find a job, many a temp cannot find work either.

Daniel Dunbar, 26, of Decatur has been a technology problem-solver and liked temping and contracting. "The best part is you get to see places and work places that you'd never thought you'd be."

The worst part is the time between jobs — and his previous contract ended in early June. "I can't go very long without something. I need to find something full time really soon."

---

Copyright 2013 – The Atlanta Journal-Constitution

Firm Management • Human Resources & Payroll • Payroll • Product & Service Guide • Technology • Randstad US • News • Employment • Staffing • temp staff • temp workers • temporary workers • U.S. economy

CPAPA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors.

© 2023 Firmworks, LLC. All rights reserved