

Many businesses utilize staffing services during recessions

Contract workers cut costs, keep staffing levels up

Just because the economy appears to be headed for a tailspin, your staffing levels and the integrity of your company do not have to follow suit.

Temporary or contract workers are a great answer to fulfilling staffing needs within a firm, without all the added costs of hiring a full-time employee. In fact, in the first week of March, the American Staffing Association documented a .39 percent rise in demand for such help.

“It’s not uncommon to see the dichotomy between the unemployment levels and an increase in staffing needs,” said Susannah Chance, human resources director for Leddy Group. “When the economy is uncertain, employers are less likely to commit to hiring core employees. The work still needs to get done, though, so they turn to staffing agencies to fill the voids, without all the employment obligations in the event that business slows.”

When companies work with a staffing agency, they do not pay for workers’ compensation insurance, vacations, health insurance and other employee benefits. Rather, they negotiate an hourly rate with the agency and can employ the temporary worker for any length of time or the duration of a project.

The most recent Manpower Employment Outlook Survey, which was released March 11, said employers anticipate a decline in hiring full-time employees in the second quarter of this year. Of the 14,000 US employers surveyed, 60 percent expect no change in the hiring pace, 5 percent are undecided, 9 percent said they will reduce staffing levels and 26 percent said they would increase their workforce between April and June.

Like Chance, Jeffrey A. Joerres, chairman and CEO of Manpower Inc., said, “A slowing in hiring intentions reflects a widespread wait-and-see approach among employers.”

Chance said that while it’s a double-edged sword, an upside to a recession — for those using staffing agencies — is that the quality of professional workers typically increases. When high-level professionals are laid off from their jobs in a rocky economy, they often turn to staffing agencies to place them and, ultimately, it becomes a win-win situation for the company and the individual seeking work.

According to the Northeast Human Resources Association, high tech is still the leading recruiting industry. The organization’s latest survey, which ran from Jan. 25, 2008 to February 8, 2008, discovered that 25 percent of the responding companies said they needed to fill high tech positions. The industries that followed were: “other” (education, engineering and municipal), 23 percent; professional services, 19 percent; financial services, 19 percent; and manufacturing and health care, both 16 percent.

“The great thing about using a staffing agency is that you don’t have to make any promises to a supplemental (short-term) employee, but if you learn that they are the right fit for your needs and the economy turns around, you can hire that person for the position,” said Chance. “It’s a good way to wait out the recession, maintain the same level of staffing and business, and find a new employee.”

For more information about hiring trends and how they affect your business, please contact **Susannah Chance at 866-LEDDY HR.**