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Labor Data Show Surge in Hiring of Temp Workers

By [LOUIS UCHITELLE](#)

The hiring of temporary workers has surged, suggesting that the nation's employers might soon take the next step, bringing on permanent workers, if they can just convince themselves that the upturn in the economy will be sustained.

As demand rose after the last two recessions, in the early 1990s and in 2001, employers moved more quickly. They added temps for only two or three months before stepping up the hiring of permanent workers. Now temp hiring has risen for four months, the economy is growing, and still corporate managers have been reluctant to shift to hiring permanent workers, relying instead on temps and other casual labor easily shed if demand slows again.

“When a job comes open now, our members fill it with a temp, or they extend a part-timer's hours, or they bring in a freelancer — and then they wait to see what will happen next,” said William J. Dennis Jr., director of research for the National Federation of Independent Business.

The rising employment of temp workers is not all bad. However uncertain their status, they do count in government statistics as wage-earning workers, adding to the employment rolls and helping to bring down the monthly job loss to just 11,000 in November. Indeed, the unemployment rate fell in 36 states in November, the [Bureau of Labor Statistics](#) reported last week, partly because of the growing use of temps.

The bureau, which issues the monthly employment reports, does not distinguish between permanent and casual employment, with one exception: it has a special category for temp workers, the men and women supplied by [Manpower](#), [Kelly Services](#), Adecco and other agencies.

Last month 52,000 temps were added, greater than the number of new workers in any other category. Not even

health care and government, stalwarts through the long [recession](#), did better.

“Sometimes we’re asked by a company to bring back ex-employees as temps,” said Joanie Ruge, a senior vice president of Adecco. Some are even ex-employees who have been laid off. “That does happen,” she said.

In the past, temps who do well have often been offered regular employment, with higher pay and benefits. Given the uncertainties about this recovery, companies are not doing that now, and temps, as a result, are less likely to spend as freely as regular employees or to qualify for credit, generating less demand than permanent employment would.

Adding to this undertow, corporate America is investing very little in expansion at a moment when current capacity — the machinery and floor space now available — is underused. And pressure is rising on the Obama administration and Congress to offset the shortfalls by authorizing more stimulus spending — enough to bring the national unemployment rate down from the present 10 percent.

“Depression has been forestalled only because major government borrowing and spending is filling the gap,” Albert M. Wojnilower, a Wall Street economist and consultant at Craig Drill Capital, said in a newsletter last week.

Caution in hiring is certainly the watchword at Eggrock, which makes prefabricated bathrooms in Littleton, Mass. During the summer, Eggrock received its first new order since the recession began: 462 units for a hospital project in Canada.

The order caught the company with only 10 workers on the factory floor, down from 45 early last year. But rather than recall those who had been laid off, Eggrock arranged for 40 temps from Manpower: plumbers, electricians, assemblers and the like.

“The biggest factor in prompting us to shift from temps to permanent employees would be a solid order backlog,” said Phillip Littlefield, a vice president at the company. So far a backlog has not materialized, or even a second order, although there is an “uptick in interest,” as Mr. Littlefield put it. “We are optimistic,” he said.

Halfway across the country, in Burlington, Iowa, the recession bypassed the Winegard Company. That is

perhaps because Winegard makes television antennas and satellite receivers, and in hard times people watch more television, said Denise Baker, Winegard's director of human resources. Whatever the case, to keep up with new orders, the company has added 70 workers in the last two years — all of them temps.

“An actual employee with benefits costs more than a temp or a contract worker,” Ms. Baker said, “and as long as I can still get highly skilled temps, I'll go that route. It gives me more room to reverse course if the economy weakens again and sales do finally sink.”

Given the nature of the upturn, that could happen. After 18 months of contraction, the economy expanded from July through September at a 2.8 percent annual rate, and many economists expect the expansion to be even stronger in the fourth quarter, approaching 4 percent. The rebound is robust mainly because of a “turnaround in inventory policies from breakneck liquidation to slow accumulation,” Mr. Wojnilower said.

If this restocking of shelves and warehouses were to stop or slow next year, a possibility that concerns Mr. Littlefield and Ms. Baker, then the temps, freelancers and contract workers they and many other employers now use would have a harder time moving from casual to regular employment.

The temp agencies often promote themselves as employment agencies — skilled at quickly finding qualified workers whom companies can convert to regular employment after using them initially as temps.

That mechanism works well in good times, but not these days, certainly not for Walter Latham of Coram, Long Island, who lost his job 14 months ago as a project manager at the Reserve, a money market fund based in New York.

His wife, Marjorie, works for Kelly Services as a temp at a health insurance company's call center, and Mr. Latham, 56, finally joined her two weeks ago after hunting for months for higher-paying, permanent work. The temp assignment pays him less than \$25 an hour — “a long way down from the \$135,000 a year I once made,” Mr. Latham said.

The Lathams have gone through the more than \$200,000 in savings that he accumulated during 20 years in the financial services industry. The call center assignment ends on March 31, and neither Mr. Latham nor his wife have gotten any hint that the insurance company would convert them to permanent employment with

benefits like health insurance, which neither has today.

“My future is Latham Golf,” he said, describing a Web site that he and some partners started 15 days ago to teach subscribers how to swing golf clubs. Until Latham Golf pays off, if it ever does, Mr. Latham says that he and his wife, who sells jewelry on the side, will continue to work as temps.

“I’ve never seen the job market this horrible,” he said, “when you couldn’t get a job or even an offer of a job at a decent pay level.”

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