

As use of temp workers grows, so do challenges for employers

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By Jim McKay, Pittsburgh Post-Gazette

Among the main reasons companies use outside temporary workers are cost control and the flexibility it gives them to adjust staffing to business needs.

But there are a number of challenges that face employers who go that route, said Elaine Taylor, director of contingent work force strategies for iLogos, the research division of Taleo Corp., a large contingent work force solutions provider and consultant in San Francisco.

Maintaining product quality is important, of course, particularly for a company with a well-established brand name such as Sony. There are a plethora of legal issues, too.

Chief among them, Taylor said, is properly classifying an employee, an issue that led thousands of workers who claimed they were permanent temporaries to legally challenge Microsoft's employment practices in the 1990s. Microsoft agreed in 2000 to spend \$97 million to settle claims they were improperly denied benefits, including stock options.

Other issues with contingent workers include varying government regulations, intellectual property protection and security concerns. "It is extremely complicated," Taylor said.

Contingent workers as a regular hiring practice came into its own during the 1990s, when businesses began to embrace the practice of relying more on outside temps to trim health benefits, avoid severance costs and even escape liability for discrimination or workers' compensation claims.

Before the 1980s, temporaries were largely clerical workers who substituted for permanent employees during short absences. But now temps can be found in nearly every sector, including clerical support, computer technicians, skilled production and professional and managerial occupations.

In many respects, contingent workers are a sensible response to the competitive global marketplace and demands of just-in-time production, the U.S. Department of Labor said in a 1994 report.

Temporary work often provides a transition between jobs, permitting employers and job seekers an opportunity to size each other up before deciding on a more stable relationship, the report said. But it noted that the workers themselves often receive less pay and benefits than traditional full-time or permanent workers.

The most recent figures, a 2001 Labor Department report, put the size of the nation's contingent work force, which includes temporary employees, independent contractors, leased employees and on-call workers, at 16.2 million -- roughly 12 percent of the work force. A new report is said to be under way.

The government does continually count one segment of the contingent work force -- workers employed by temporary help firms. That number now exceeds 2.5 million, according to the Labor Department, up from 417,000 in 1982.

In the six-county Pittsburgh area, employment services now employ an average of 18,800, up 1,800 over a year ago and an average 12,900 in 1990, said Michele Hiester, a state labor market analyst.

The U.S. staffing industry claims it employed an average of 2.55 million temporary and contract workers per day last year as the industry rebounded to pre-recession employment and sales levels. The American Staffing Association, a trade group, said the industry ended last year with an accelerating double-digit annual growth rate that it expects to continue through 2005.

The association estimated temporary and contract staffing revenue hit \$63.3 billion last year, up 12.5 percent from 2003.

"The demand is strong," said Scott Simmons, who runs Clinical Edge, a Pittsburgh staffing firm specializing in health care. "It's going to continue to grow."

Greg Madler, whose Divisional Staffing Services in Castle Shannon fills jobs in light industry, health care and other sectors, said his sales rose 200 percent last year when billings reached \$5.5 million.

"Generally speaking, it's a testament to what the economy is doing," Madler said. "When the economy picks up, job creation usually starts with temps."
