

First to go, first to return?

Employment agencies hopeful hiring will rebound with recovery

By Bradley Dickens

The recession has taken no prisoners. Industries across the board began to feel the pangs of an economic downturn more than a year ago. Unemployment rates are hitting numbers unseen in decades. Forecasters are taking their best guesses on when relief will come, but the opinions are as varied as the types of companies that have been affected by the global financial situation.

When companies reduce personnel, most often those cuts hit temporary workers first, before full-time employees. Those layoffs over the last year have had a significant effect on staffing agencies.

Using temporary workers allows companies to have flexibility. When business booms, temps step in to help meet demand. However, when demand slows or even stops, temps usually get laid off first.

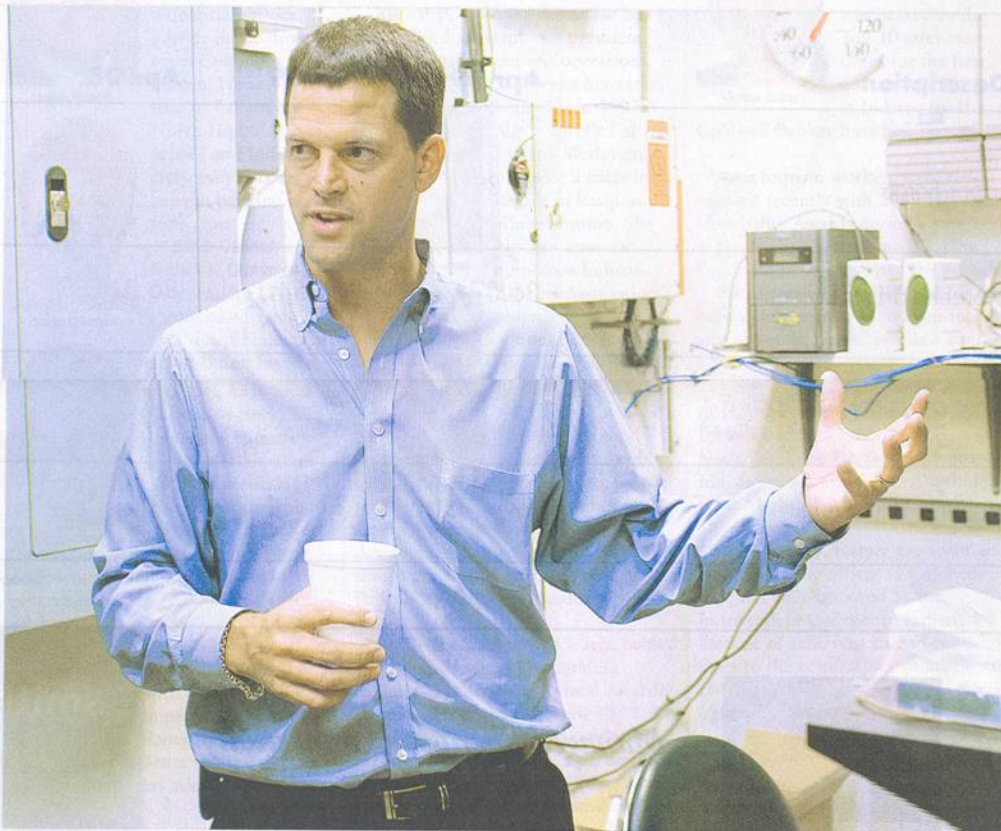
The reasoning is often complicated and usually financial. It has been estimated that retraining fees and lost production associated with letting go, then rehiring, full-time employees can be upward of \$50,000 a person. Discharging, then rehiring, temporary workers often costs very little.

Also, when a company dismisses temporary help, it can announce that it hasn't reduced its work force. Temps are the employees of the staffing agencies, which are responsible for paying them as well as all associated taxes.

Drastic decline

Temporary workers typically make up between 2 percent and 3 percent of America's labor force. As unemployment rates have more than doubled since the economy began to slow, temps have taken a huge hit, between 15 percent and 17 percent of all layoffs.

"As the staffing companies, we were on the front end of that," explained John Elwood, president and COO of Elwood Staffing. "We got hit first."



John Elwood is president of Elwood Staffing, an industry like many others challenged by the economic downturn.

PHOTO BY JOE HARRIN

"I've seen several companies come back to a five-day work week, and that is very encouraging in my mind."

— John Elwood

Elwood's father, David, began the company in 1980 as an employment consultant firm. Today, Elwood Staffing has more than 35 offices in seven states, but retains its home office in

Columbus.

In the long history of employment agencies, temporary workers have been used in a wide range of jobs. Locally, most are employed in the manufactur-

ing industry as well as warehousing and some logistical work.

When the auto industry began to slide, temporary workers were cut as production diminished.

"It's significantly off," said Chris Berry, branch manager of Manpower about the need for temporary-to-permanent workers. "We're definitely down."

Manpower is a \$22 billion global company that has more than 4,200 offices in 82 countries. At least 80 percent of Manpower's local business is directly related to the automotive industry. This includes being the main supplier of temporary employment for Cummins Inc.

Berry saw a common trend among many companies that used employment placement firms. Though some did not



PHOTO BY ANDREW LAKE

Chris Berry is branch manager of Manpower, supplier of temporary workers for Cummins.

necessarily need to lay off workers, they went on the offensive and reduced their numbers as a proactive measure.

"It's forced them to make some changes they wouldn't have otherwise made," Berry said. "They are having to come out of this leaner and meaner."

As a result, the market is now flooded with a talented work force with nowhere to go.

As staffing agencies have evolved, so have the workers who use them. Employment firms are seeing a more educated and well-trained labor pool.

"It's the best way for people to find employment, by becoming more educated and learning new skills," Berry said.

Beginning of the end

Despite varied opinions on wheth-

er or not the bottom has been hit, there have been some glimpses of hope recently. The stock market has gained traction over the past three months. Stimulus money is beginning to creep into the economy. Though bankruptcy is never a good thing, it does mean the beginning of restructuring for General Motors.

"I've seen several companies come back to a five-day work week, and that is very encouraging in my mind," Elwood said. "I believe we are starting to come back up."

The flexibility that made so many temps expendable at the beginning of the economic decline might be the reason that employment agencies can be optimistic.

"I think our industry will be one of the first to recover," Elwood said.