

Temporary jobs rise amid uncertainty

Number of temps has risen more than 50 percent in 4 years.

By Christopher S. Rubaber
Associated Press

WASHINGTON — Hiring is exploding in the one corner of the U.S. economy where few want to be hired: temporary work.

From Wal-Mart to General Motors to PepsiCo, companies are increasingly turning to temps and to a much larger universe of freelancers, contract workers and consultants. Combined, these workers number nearly 17 million people who have only tenuous ties to the companies that pay them — about 12 percent of everyone with a job.

Hiring is always healthy for an economy. Yet the rise in temp and contract work shows that many employers aren't willing to hire for the long run.

The number of temps has jumped more than 50 percent since the recession ended four years ago to nearly 2.7 million — the most on government records dating to 1990. In no other sector has hiring come close.

Driving the trend are lingering uncertainty about the economy and employers' desire for more flexibility in matching their payrolls to their revenue. Some employers have also sought to sidestep the new health care law's rule that they provide medical coverage for permanent workers. Last week, though, the Obama administration delayed that provision of the law for a year.

The use of temps has extended into sectors that seldom used them in the past — professional services, for example, which include lawyers, doctors

Temporary numbers

Below is a breakdown of spending on temporary workers by job type last year, as a percentage of all such spending.

Job type	%
Manufacturing/warehouse	28
Information technology	23
Office/clerical	18
Nurses	4.2
Doctors	2.2
Engineering/design	7.6
Finance and accounting	6.2
Education	2.7
Clinical/scientific	2
Legal	1.3
Marketing	1

Source: Staffing Industry Analysts
Associated Press

and information technology specialists.

Temps typically receive low pay, few benefits and scant job security. That makes them less likely to spend freely, so temp jobs don't tend to boost the economy the way permanent jobs do. More temps and contract workers also help explain why pay has barely outpaced inflation since the recession ended.

Beyond economic uncertainty, Ethan Harris, global economist at Bank of America Merrill Lynch, thinks more lasting changes are taking root.

"There's been a generational shift toward a less committed relationship between the firm and the worker," Harris said.

An Associated Press survey of 37 economists in May found that three-quarters thought the increased use of temps and contract workers represented a long-standing trend.

Typical of that trend is Latrese Carr, who was hired by a Wal-Mart in Glenwood, Ill., two months ago on a 90-day contract. She works 10 p.m. to 7 a.m., help-

ing unload trucks and restocking shelves. Her pay is \$9.45 an hour. There's no health insurance or other benefits.

Carr, 20, didn't particularly want the overnight shift.

"I needed a job," she said.

The store managers have said some temps will be kept on permanently, Carr said, depending on their performance.

Carr isn't counting on it.

The trend toward contract workers was intensified by the depth of the recession and the tepid pace of the recovery. A heavy investment in long-term employment isn't a cost all companies want to bear anymore.

"There's much more appreciation of the importance of having flexibility in the workforce," said Barry Asin of Staffing Industry Analysts, a consulting firm.

Susan Houseman, an economist at the Upjohn Institute of Employment Research, said companies want to avoid having too many employees during a downturn, just as manufacturers want to avoid having too much inventory if demand slows.

"You have your just-in-time workforce," Houseman said. "You only pay them when you need them."

This marks a shift from what economists used to call "labor hoarding": Companies typically retained most of their staff throughout recessions, hoping to ride out the downturn.

"We clearly don't have that anymore," said Sylvia Allegretto, an economist at the University of California, Berkeley.

The result is that temps and contract workers have become fixtures at large companies.