WASHINGTON (AP) — 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 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 says.

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., helping 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 says.

The store managers have said some temps will be kept on permanently, Carr says, 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," says Barry Asin of Staffing Industry Analysts, a consulting firm.

Susan Houseman, an economist at the Upjohn Institute of Employment Research, says 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 says. "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," says Sylvia Allegretto, an economist at the University of California, Berkeley.

The result is that temps and contract workers have become fixtures at large companies. Business executives say they help their companies stay competitive. They also argue that temp work can provide valuable experience.

"It opens more doors for people to enter the labor market," says Jeff Joerres, CEO of ManpowerGroup, a workplace staffing firm.

But Houseman's research has found that even when jobs are classified as "temp to permanent," only 27 percent of such assignments lead to permanent positions.

About one-third of temporary workers work in manufacturing. Temps can be found on production lines, repairing machinery and stocking goods in warehouses. About a fifth are administrative.

Shortages of doctors and nurses have led some hospitals to turn to temp agencies. Staffing Industry Analysts forecasts that spending on temporary doctors will grow 10 percent this year and next.

Some school districts now turn to temp firms for substitute teachers. This lets them avoid providing retirement benefits, which union contracts might otherwise require.

Manufacturing unions have pushed back against the trend, with limited success.

"We run into this across all the various industries where we represent people," says Tony Montana, a spokesman for the USW, which represents workers in the steel, paper, and energy industries.

Todd Miller, CEO of software company Gwabbit in Carmel Valley, Calif., says about a third of his 20 employees are temporary. An additional one-third are contractors.

He says he's had no trouble filling such positions. People are "willing to entertain employment possibilities that they would not have six or seven years ago," Miller says.

If the economy were to accelerate, Miller says he might hire more permanent staff. But "I don't have tremendous confidence in this economy."

Only the health care and leisure and hospitality sectors have added more jobs during the recovery. But each is roughly five times as large as the temp industry. The proportion of all jobs in the temp industry is about 2 percent, just below a record set in 2000.
Temp hiring has accelerated even though the economy has 2.4 million fewer jobs than it did five years ago. Temp jobs made up about 10 percent of jobs lost to the recession. Yet they've made up nearly 20 percent of the jobs gained since the recession ended.

A survey of companies with more than 1,000 employees by Staffing Industry Analysts found they expect 18 percent of their workforces to be made up of temps, freelancers or contract workers this year, up from 16 percent in 2012.

Shane Watson, who in November lost a job providing tech support for Blackberry maker Research In Motion, says contract work has helped him recover. He's on his third such position. Still, Watson, 36, misses the security of a permanent job.

Wal-Mart says it's been hiring disproportionately more temporary workers. "Flexible associates," it calls them. Spokesman Dave Tovar says temps allow store managers to provide permanent workers with more reliable schedules.

Online competitors are seeking to upend the temp industry just as Amazon and eBay disrupted retail. Employers spent $1 billion last year hiring workers for short-term projects through online labor exchanges, such as oDesk and Elance, according to Staffing Industry Analysts. That's 67 percent more than in the previous year.

Freelancers in the online exchanges can be evaluated by employers, post portfolios and take online tests to demonstrate their abilities.

Gary Swart, CEO of oDesk, says his clients are mainly small or startup companies. But giants like AOL and Unilever are using the service, too.

When Hans Hess of Arlington, Va., was seeking a lawyer to do a trademark search for his Elevation Burger chain, he turned to Elance. He found a lawyer to do it for under $500.

"When I was using a big law firm, it could cost me $5,000 to get to the point of just filing a trademark," Hess says.

Gigwalk recruits temps for brief projects in retail, merchandising and marketing. Anyone who downloads Gigwalk's app can see pinpoints on a map signifying available jobs nearby.

Frito-Lay, a division of PepsiCo, used Gigwalk this year to hire workers to check in-store displays of its products to ensure that a seasonal promotion was being handled properly.

"You can hire 10,000 people for 10 to 15 minutes," says Gigwalk CEO Bob Bahramipour. "When they're done, those 10,000 people just melt away."

Follow Chris Rugaber on Twitter at http://Twitter.com/ChrisRugaber