

B. Occupations in the Temporary Help Services Industry

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The employment services industry, which includes temporary help services, has grown dramatically over the past few years. The number of employees nationwide in employment services grew 6.3 percent from 3,254,700 in May 2003 to 3,461,200 in May 2004, and employment in temporary help services grew 9.2 percent from 2,184,100 to 2,385,000.¹ These growth rates were faster than the overall employment growth of 1.2 percent over the same period, and the 200,900 new jobs in the temporary help industry constituted 13.0 percent of all job growth during those 12 months. This article investigates the types of jobs and wage rates found in these industries as compared with the national economy.

Industry staffing

The temporary help services industry, which accounts for roughly 70 percent of the workers in employment services, comprises establishments primarily engaged in supplying workers to client businesses for limited periods of time to supplement the client workforce. For the purpose of providing paychecks, unemployment tax coverage, and any benefits to the temporary service workers, these workers are considered employees of the temporary help services establishment, as are the permanent administrative workers of the agency. Direct supervision of the workers often is provided by the client business. Table B1, based on data from the Occupational Employment Statistics (OES) survey, shows the distribution of employment by occupation for this industry, in order of the largest temporary help occupations.² Not surprisingly, lesser skilled or lower wage workers preponderate in this industry. For example, just three occupations—laborers and hand material movers, general office clerks, and

hand packers and packagers—accounted for almost 30 percent of the temporary help workers in May 2004, although they made up less than 5 percent of the national employment total. Because the skills needed in these occupations are not specialized, workers qualified for them can work in a variety of companies and industries. What might surprise some is the presence of higher skilled occupations, such as registered nurses and computer programmers. These are occupations in which knowledge and abilities, though considerable, are also transferable.

Chart B1 demonstrates the predominance of certain occupational groups in the temporary help services industry. Office and administrative support, production, and transportation and material-moving workers appear in the temporary help industry in far greater proportions than they do in the Nation as a whole. These groups of occupations generally require less training and specific knowledge and, consequently, are not typically high paying. Other occupations that require minimal on-the-job training are less concentrated in temporary help than in the United States as a whole. They include sales and related workers and food service workers. Workers in these occupations have a great deal of contact with customers and are trained to act as representatives of the employer instead of simply performing assigned duties. Occupational groups such as management and legal occupations, which require more focused training and experience than do other occupations, are employed in very low numbers in the temporary help services industry. Other occupational groups with a low employment share in the temporary services industry, such as education or maintenance workers, may be subject to union agreements or regulations that do not permit the employment of temporaries.

Wage differentials

Overall, wages in the employment services industry are lower than in other industries. While the hourly median and mean wage rates for the United States as a whole are \$13.83 and \$17.80 respectively, the median and mean wage rates in employment services are \$10.02 and \$12.99. This is partly because of the predominance of low-paying occupations in this industry, and partly because workers—even in better paying occupations in this industry—earn less than their

¹ Bureau of Labor Statistics, Current Employment Statistics program, seasonally adjusted data.

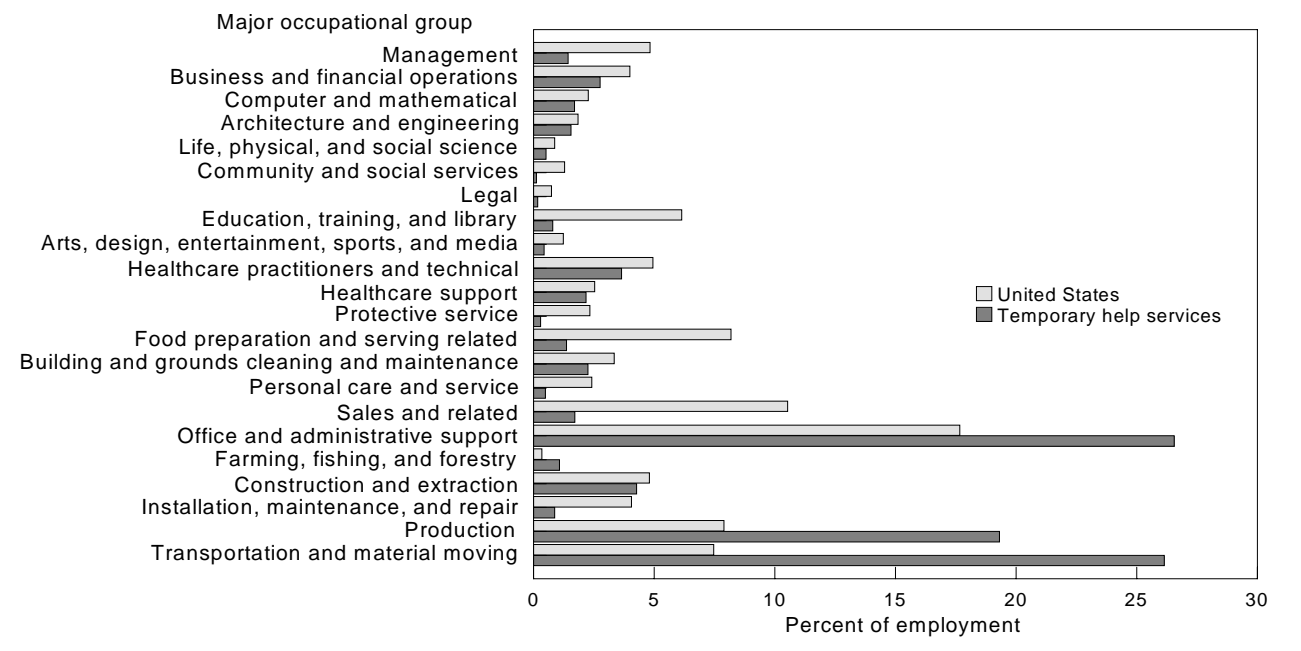
² BLS does not publish estimates for the temporary help services industry on a regular basis because the OES survey was not designed to produce estimates at this level of detail. However, the sample size is sufficiently large that estimates produced at the national level for this industry provide valuable employment and wage information.

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Table B1. Predominant occupations in the temporary help services industry, May 2004

Occupation	Temp services employment	Percent of temp services employment	Average hourly wage	Difference from national average wage
All occupations	2,375,330	100.0	\$12.53	-\$5.27
Laborers and freight, stock, and material movers, hand	439,390	18.5	8.69	-1.84
Office clerks, general	127,420	5.4	10.53	-1.09
Packers and packagers, hand	107,850	4.5	8.09	-.88
Team assemblers	103,470	4.4	9.68	-2.68
Production workers, all other	77,660	3.3	9.66	-3.81
Helpers—production workers	72,020	3.0	8.41	-1.94
Customer service representatives	62,760	2.6	11.72	-2.29
Construction laborers	53,970	2.3	9.27	-4.59
Packaging and filling machine operators and tenders	51,640	2.2	8.96	-2.63
Secretaries, except legal, medical, and executive ...	47,730	2.0	12.39	-.67
Executive secretaries and administrative assistants	47,370	2.0	15.57	-2.12
Data entry keyers	45,010	1.9	10.80	-.92
Registered nurses	44,820	1.9	30.99	+4.93
Receptionists and information clerks	40,320	1.7	10.67	-.24
Assemblers and fabricators, all other	38,380	1.6	9.48	-4.66
Office and administrative support workers, all other	37,790	1.6	11.13	-2.03
Nursing aides, orderlies, and attendants	36,130	1.5	11.64	+1.25
Janitors and cleaners, except maids and housekeeping cleaners	30,750	1.3	8.40	-1.51
Licensed practical and licensed vocational nurses .	30,210	1.3	20.63	+3.88
Employment, recruitment, and placement specialists	28,750	1.2	21.80	-.96
Stock clerks and order fillers	28,690	1.2	9.74	-.78
Inspectors, testers, sorters, samplers, and weighers	26,470	1.1	11.48	-3.52
Bookkeeping, accounting, and auditing clerks	25,850	1.1	13.28	-1.06
Shipping, receiving, and traffic clerks	25,360	1.1	10.63	-1.80
All other information and record clerks	22,510	.9	13.13	-5.21
Farmworkers and laborers, crop, nursery, and greenhouse	21,150	.9	7.77	-.30
Industrial truck and tractor operators	20,450	.9	10.94	-2.63
Word processors and typists	18,890	.8	13.57	-.60
File clerks	18,550	.8	10.43	-.29
Business operations specialists, all other	16,690	.7	20.93	-6.79
First-line supervisors/managers of office and administrative support workers	16,690	.7	17.95	-3.20
Truckdrivers, heavy and tractor-trailer	14,250	.6	14.73	-1.90
Cutting, punching, and press machine setters, operators, and tenders, metal and plastic	14,130	.6	9.80	-3.24
General and operations managers	12,240	.5	39.83	-4.41
Refuse and recyclable material collectors	12,170	.5	8.10	-5.27
Landscaping and groundskeeping workers	11,940	.5	9.37	-1.25
Home health aides	11,840	.5	9.73	+ .60
Carpenters	11,710	.5	14.98	-3.28
Telemarketers	11,230	.5	9.78	-1.51
Machinists	11,230	.5	12.50	-4.23
Computer support specialists	10,740	.5	19.33	-1.64
Maintenance and repair workers, general	10,620	.4	12.90	-2.51
Mail clerks and mail machine operators, except postal service	10,230	.4	9.81	-1.46
Construction and related workers, all other	9,960	.4	8.15	-4.56
Truckdrivers, light or delivery services	9,120	.4	10.43	-2.45
Computer programmers	8,890	.4	39.54	+7.85
Accountants and auditors	8,240	.3	25.44	-1.91
Electrical and electronic equipment assemblers	8,100	.3	10.38	-2.25

Chart B1. **Employment distribution in the United States and in the temporary help services industry, by major occupational group, May 2004**



counterparts in other industries. The predominance of low-paying occupations is probably a function of at least two factors. First, lower paid occupations generally require less training, facilitating short-term assignments and allowing temporary agencies to place these workers easily. A second factor is that employers wanting workers with higher skills or more company-specific knowledge are likely to invest in hiring and training them on a permanent basis, instead of using temporary workers.

In addition to hiring more workers in low-paying occupations, employers in this industry generally pay lower wages to workers within each occupation, as shown in the wage difference column of table B1. (National cross-industry wage rates are shown separately in this publication.) The lower wages may be due to the employers' reluctance to invest in specific training for temporary workers, the reduced need to pay a premium for these workers to reduce turnover, or the fact that temporary workers do not typically gain any considerable seniority or experience at their jobs.

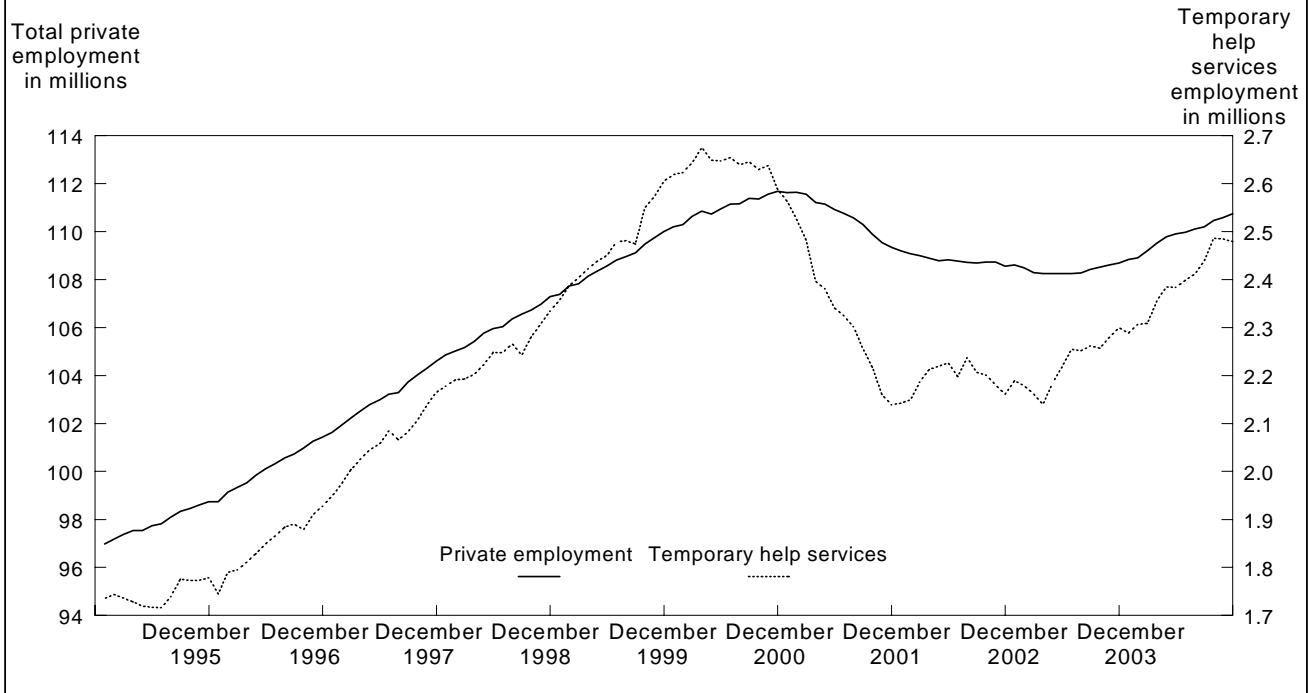
Nevertheless, in a few occupations workers earn considerably higher wages in the temporary services industry than in the Nation as a whole. These occupations have different characteristics than most in this industry. They are more highly skilled, require more training, and have more customer contact, in addition to having higher wages. The similarities between them and other workers in this industry include the portability of their skills, which tend not to be specific to a particular company. For instance, registered nurses, who make up 1.9 percent of all temporary workers, earn an aver-

age temporary wage that is \$4.93 more per hour than the national average for this occupation. Likewise, licensed practical nurses who work as temporaries earn \$3.88 more per hour than the national average. Because there is great demand for nurses in many areas of the country, temporary workers who can be hired for a short time and yet possess the essential qualifications of licensed nursing staff members earn a wage premium over their permanently employed counterparts. Nursing aides, orderlies, and attendants and home health aides also earn higher wages in temporary help than do their counterparts in other industries. On average, computer programmers earn a full \$7.85 per hour higher in the temporary help services industry than nationwide, possibly due to the flexibility of temporary programmers to complete computer projects for a client under a time constraint, while not requiring the company to hire full-time workers with salary and benefits.

A leading indicator?

There is some evidence that changes in employment in the temporary help services industry are a bellwether of employment changes in the U.S. economy. Data published by the Current Employment Statistics program demonstrate that seasonally adjusted monthly payroll employment in the United States steadily decreased from approximately 132.2 million in May 2001 to approximately 129.8 million in May 2003 and then began to increase gradually. Employment in temporary help services showed a similar cycle, but preceded the national trend by several months. Temporary help ser-

Chart B2. **Temporary help services and total private employment, 1995–2004**



vices employment began to drop in November 2000 and continued until March 2003; then, employment in this industry increased by 140,000 workers between April and November 2003. Some economists have suggested that, during a recession, temporary workers are the first to be laid off because the separation costs of these workers are lower and that, in the beginning stages of an economic recovery, these workers are the first to be hired because the fixed labor costs for them, such as benefits and training, are less.

Recent changes in employment within the temporary help services industry support the theory that this industry tends to lead aggregate employment trends in the Nation. There are many reasons for this, including corporate restructuring and macroeconomic changes, but it is clear that employment cycles in the temporary industry are much more volatile and employment changes more dramatic. Still, jobs in this industry have increased at a much faster rate than overall employment over the past decade. From January 1995 to December 2004, total private employment in the United States increased from 97.0 million to 110.8 million, an increase of 14.2 percent, whereas total employment in temporary help services increased from 1.7 million to 2.5 million during the same period,

an increase of 42.9 percent. Therefore, as a growth industry, temporary help services employment trends may “lead” as well as outpace usual cyclical hiring spurts in the economy.

Chart B2 displays the total employment for all private industries, as well as the total temporary help services employment, from 1995 to 2004. These totals are based on the same seasonally adjusted statistics previously cited. The chart demonstrates that changes in temporary help services employment almost always precede, or are concurrent with, changes in total private industry employment. Further, because persons who are temporarily assigned in other industries are not included as part of the total employment within those industries, it is likely that the temporary help services industry is siphoning off some of the employment growth generated by other industries. Over time, many of these workers will become permanently employed in the client’s industry, making temporary services a reasonable predictor of occupational shifts in the economy. More research could demonstrate whether occupational employment changes that take place in the temporary help services industry are eventually reflected across other industries, and the extent of these dynamics. ■