



The changing temporary work force:

**Managerial, professional,
and technical workers in
the personnel supply
services industry**

by Rick Melchionno

“Working smarter” has become the slogan of the '90s for cost-conscious companies. One way many businesses have embraced the phrase is by using temporary workers—and not just for clerical tasks. Temporary workers are in positions previously filled by permanent employees, such as managers or scientists, and many have skills that did not exist even a few years ago. Demand for temporary workers in managerial, professional, and technical occupations is greatest in industries such as financial services, health care, telecommunications, and information technology.

Although highly skilled temporary workers are common today, they were not always the norm. The first “temps” received little or no training to help businesses with short-term clerical projects such as collating and inventory control. The next wave of temporary workers required a few more skills to perform secretarial and administrative duties—including typing, filing, and answering phones—to fill in for absent staff members.

The image of temporary workers doing repetitive, low-skilled tasks has grown as outdated as black and white television. Higher skilled workers, ranging from laboratory technicians to lawyers, increasingly make themselves available for temporary assignments. Companies recognize the convenience of having temporary workers for an expanding variety of short-term activities. And the firms that supply temporary help to these companies now specialize in placing skilled workers.

This article discusses the temporary help industry, highlighting managerial, professional, and technical workers such as accountants, scientists, and information technology specialists. The first section describes the participants in temporary help services: Temporary help supply firms, temporary workers, and client companies. The second section is a review of the advantages and disadvantages of temporary work. The final section presents some things to consider about temporary work, along with suggestions on how to find it. An accompanying box, “Composition of the Personnel Supply Services In-

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dustry,” explains how the Bureau of Labor Statistics (BLS) defines the temporary help industry.

Temporary help: What—and who—is it?

The personnel supply services industry, which consists primarily of the temporary help industry, has grown substantially since 1981. (See chart 1.) In 1996, nearly 9 out of 10 workers in the personnel supply services industry were employed by temporary help supply firms. According to BLS, employment in personnel supply services will grow 53 percent between 1996 and 2006—making it one of the fastest growing industries in the economy.

BLS projects employment in the personnel supply services industry will grow by 53 percent from 1996 to 2006.

The temporary help industry comprises temporary help supply firms and the people working in temporary jobs. Every temporary employment arrangement also involves a client company that uses the temporary workers. But these client companies are not part of the temporary help industry because they are in other industries.

The temporary help formula is simple: Temporary help supply firms provide temporary workers on a contract basis to client companies. Temporary workers are then under the client company’s direct supervision but receive a paycheck from the temporary help supply firm; the firm bills

the client company for the worker’s wages, along with a fee for providing the worker placement service.

The roles each of these participants has in the temporary help industry are described below.

Temporary help supply firms

The services of temporary help supply firms, also known as temporary placement or employment agencies, distinguish temporary workers from other nonpermanent workers, such as consultants, contractors, and freelancers. These other nonpermanent workers must find work on their own; temporary workers rely on temporary help supply firms to find work for them. According to Kennedy Information’s The Directory of Executive Temporary Placement Firms, over 230 U.S. firms now specialize in placing managerial, professional, and technical workers in temporary jobs—more than five times the number that existed in 1990.

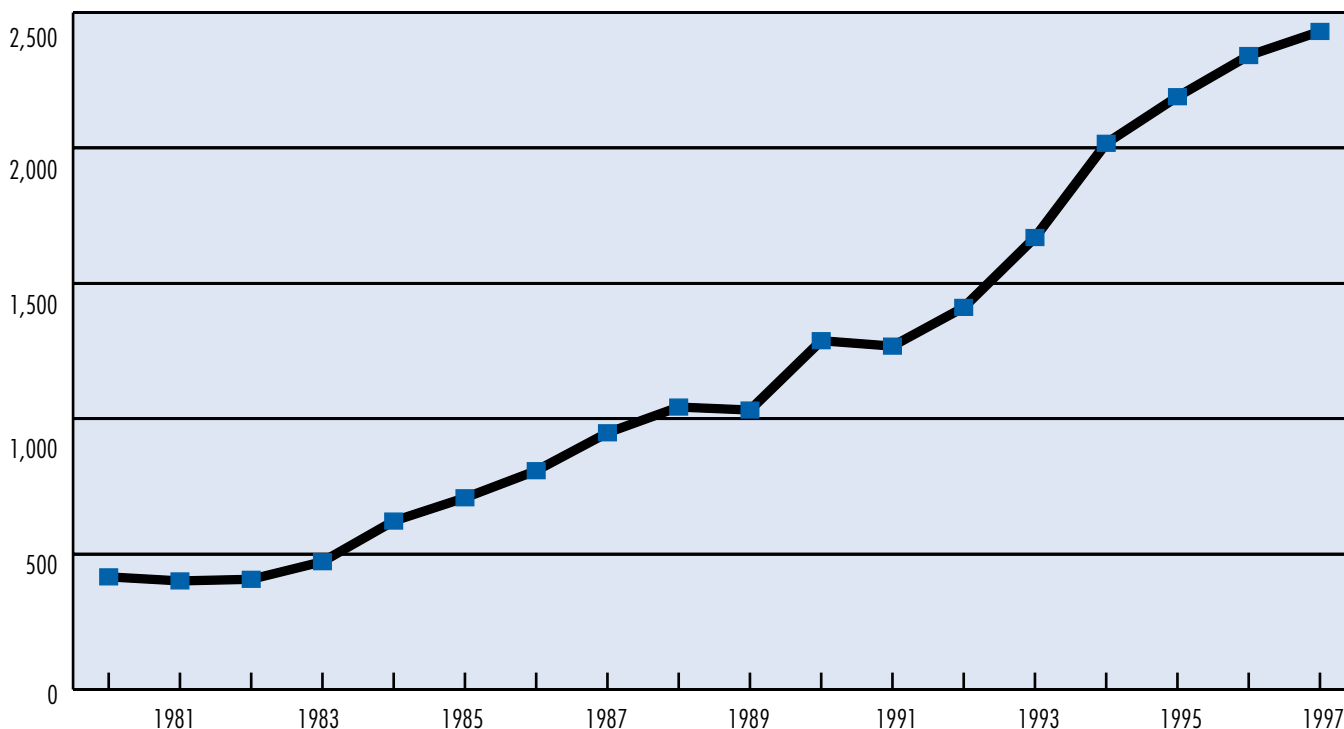
Temporary help supply firms recruit, screen, place, and pay temporary workers. To meet the demand for managerial, professional, and technical workers, temporary help supply firms are stepping up their recruitment efforts. Recruitment methods include placing advertisements in the newspaper, on the Internet, or in trade journals. Many firms offer finders’ fees to existing temporary workers for bringing in applicants who are later placed.

Firms’ application and screening processes vary. Some firms accept resumes while others require applicants to complete a form. Most conduct background and reference checks, examinations to evaluate skills or personality traits, and

Chart 1

Employment in the personnel supply services industry, 1980-97

(thousands)



preplacement interviews. During the interviews, firms inform applicants about details such as training, performance evaluations, and benefits, if any. The level of screening required and the training and

Professional occupations now make up over 11 percent of the personnel supply services industry.

benefits offered depend on an applicant's expertise and demand for those skills. For example, an experienced engineer with strong recommendations is likely to need little training and to receive benefits if several client companies request such expertise.

Following the screening and training process, firms evaluate applicants' skills and refer qualified candidates to client companies that have requested workers with those skills. Some temporary help supply firms are forming cooperative relationships, allowing firms to fill requests by borrowing candidates from other firms in the cooperative. These arrangements may eventually lead to "permanent temporary" employment, where the collective, rather than the individual, employers determine a worker's worth and seniority.

Firms pay temporary workers for every hour they work, billing the client company to pay the workers. The firms also charge a fee for their service, calculating hourly rates for workers as a portion of the amount the firm bills the client company. In 1996, temporary workers received an

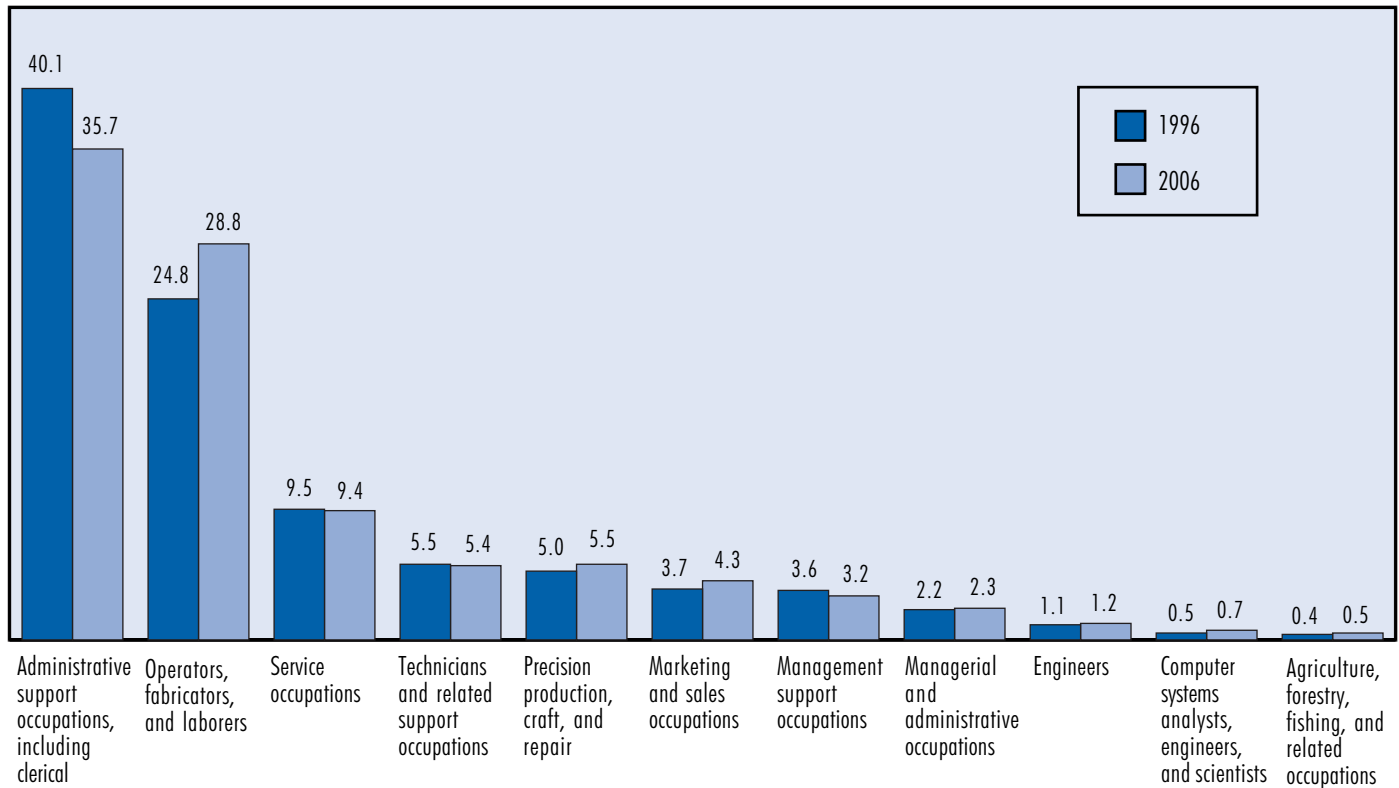
average of about 72 percent of the billable rate for all types of work, according to the National Association of Temporary and Staffing Services. To illustrate, consider a worker who receives \$7.20 per hour. The temporary help supply firm might bill the client company the equivalent of \$10 per hour—\$7.20 for the worker plus the firm's \$2.80 fee. In a 40-hour workweek, the worker earns \$288 of the \$400 bill; the firm retains \$112 as its fee. However, the firm must use about one-third of that fee to pay worker costs such as Social Security, unemployment insurance, and workers' compensation.

In addition to offering benefits such as insurance and paid vacation days (discussed in more detail in the "Pros and Cons" section), some firms have onsite career counselors. These counselors help

Chart 2

Distribution of occupations in the personnel supply services industry, 1996 and projected 2006

(percent)



the firm retain its best candidates by placing them in rewarding professional positions throughout their tenure as temporary workers.

Temporary workers

What kinds of workers do temporary help supply firms place? The dominant category is administrative and clerical support occupations. But professional occupations—including engineering, managerial, and computer occupations—now make up over 11 percent of the personnel supply services industry. The industry’s proportion of these and most other occupations is projected to increase slightly between 1996 and 2006 while that of the administrative and clerical group declines. (See chart 2.) Furthermore, the table shows that growth in the industry is expected to be greater

for skilled occupations than it is for those in administrative and clerical support.

Managerial, professional, and technical personnel who seek temporary work come from a variety of backgrounds. Candidates include recent college graduates, homemakers, retirees, entrepreneurs, relocating professionals, and experienced workers who want to supplement their income, reduce the hours they work each week, or find new jobs. Some work in temporary jobs to maintain their income or skills between permanent jobs. Others are new to a field or geographic area and take up temporary jobs to better acquaint themselves with it. Still others prefer temporary assignments to permanent jobs.

Temporary employment tenure may range from a few days to a few years, depending on factors such as occupation,

expertise, and demand for a particular skill. Because a temporary worker’s reputation is the key to recurring placements or prolonged—sometimes even permanent—employment, workers should act professionally in each assignment. This includes showing up on time, presenting a neat appearance, showing initiative on the job, and safeguarding any confidential information they may be privy to in working for the client company.

The following are descriptions of some common managerial, professional, and technical occupations found in the temporary help supply industry.

Managers. With the recession of the early 1990s came a paring of management, and many of these managers began making themselves available for temporary work. But not all managers working

Projected growth of personnel supply services industry employment, by occupation, 1996, projected 2006, and percent change, 1996-2006

Occupation	1996	2006, projected	Percent change, 1996-2006 (projected)
Computer systems analysts, engineers, and scientists	13,255	29,578	123
Marketing and sales occupations	96,657	172,285	78
Operators, fabricators, and laborers	655,126	1,162,252	77
Precision production, craft, and repair occupations	131,581	222,923	69
Engineers	28,089	47,052	68
Agriculture, forestry, fishing, and related occupations	11,447	19,155	67
Managerial and administrative occupations	57,193	94,669	66
Service occupations	250,271	378,998	51
Technicians and related support occupations	146,083	216,686	48
Management support occupations	96,303	130,933	36
Administrative support occupations including clerical	1,061,336	1,443,041	36
All other professional workers	12,272	20,534	67

in temporary jobs are victims of budget cuts. Many are retired business leaders or military officers; others are newly minted Masters of Business Administration (M.B.A.) degree holders who are being screened for permanent employment.

Postrecession efficiency planning led to hiring or rehiring managers, but only for as long as it took to turn things around. Some management consultants continue to work in such arrangements. Increasingly, however, managers find temporary jobs through temporary help supply firms. Almost 100 firms specialize in placing temporary managers, double the number from 3 years ago.

According to Dinte Resources, an executive placement agency in McLean, Virginia, assignments usually last from 3 months to 1 year; some temps are asked to stay. The length of assignment may depend on whether companies want to invest in avoiding what Paul Dinte, President of Dinte Resources, refers to as negligent hiring. "Eighty percent of failed executive appointments are due to incompatibility," he says. Temporary

managers have the opportunity to prove both how they perform—including their command of two important management skills, leadership and communication—and how well they fit the company's needs.

Temporary managers may be asked to analyze a company's operations, make changes, and then leave. Some design and carry out strategic plans—perhaps even the types that led to their own displacement in the past. Others negotiate followup assignments to assess their impact on the company.

Managers often assist companies in short-term process analysis, finding ways to improve efficiency and productivity, adapt the company's products and services to changing demands, motivate employees and improve morale, or expedite deliveries and turnaround times. Companies value experienced managers, the candidates most likely to be placed in temporary management jobs.

Information technology specialists. Technological change and the demand for workers with current skills are fueling

the growth of temporary work for information technology specialists across all industries. And temporary opportunities for information technology experts, sometimes called "techsperts," are not limited to those for programmers and systems analysts. The skills in demand include software and design engineering, Web development, and year 2000 conversion. Many companies are also looking for temporary workers to staff help desks.

Individuals with experience in both management and information systems are in high demand. They help companies use technology to boost their competitive advantage. Information technology temps help companies meet their deadlines for upgrading old products or launching new ones.

Because the high-technology field typically requires expertise intermittently, temporary information technology specialists are often more cost effective for companies that cannot afford to wait to hire the right person or to continually retrain staff. These companies turn to temporary help supply firms that have a pool

of candidates with the desired expertise.

Information technology workers' temporary job prospects depend on their ability to learn new technologies. And temporary arrangements may allow information technology workers to upgrade their skills more easily than other workers. For example, a worker might start out as a word processor, then learn spreadsheet applications, desktop publishing, and database design—simply by progressing to different temporary jobs.

Temporary information technology specialists who upgrade their skills may have more job security than permanent staff. Job security may not be an important consideration for temporary workers in the information technology field, however: Many information technology workers prefer a variety of short-term assignments to permanent employment.

Other occupations. Other professional and technical workers who work in temporary jobs include the following.

◆ *Accountants* work in all industries.

Those in temporary jobs provide intermittent services such as preparing financial reports, auditing, and installing or consulting on new accounting systems. Tax preparation and financial analysis services are also in demand. Candidates typically have degrees in accounting, business administration, or taxation. Many are CPA's.

◆ *Engineers and scientists* must maintain their skills, even during periods of unemployment, and temp work allows them to do so. Engineers working in temporary jobs may be involved in a variety of tasks, depending on their specialty, ranging from designing and testing goods to supervising product development. Scientists in temporary arrangements perform tasks such as developing vaccines and pharmaceuticals, quantitative analysis, and laboratory research.

◆ *Lawyers and paralegals* are temping in increasing numbers as competition among law firms forces lower overhead. Lawyers who temp may take depositions, conduct discovery, and write briefs; they might also provide legal services, such as drafting a licensing agreement, on short notice. Paralegals in temporary jobs perform tasks such as research and writing or the design, layout, indexing, and coding of documents.

◆ *Marketing professionals* work in temporary arrangements for companies that need marketing expertise for a limited time. They might study a new product or service, launch it, promote

it, and then leave if it fails to catch on. Many marketing professionals who previously held permanent jobs may return to the company as part-time temporary workers.

Client companies

A client company that seeks temporary help from a managerial, professional, or technical expert chooses either a temporary worker or a consultant. The client company's decision might depend on how much involvement is sought from the worker. Paul Dinte cites an example of temporary managers and management consultants to explain the difference. "Interim (temporary) executives can imple-



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Between 1996 and 2006, information technology specialists are projected to have the largest employment growth in the personnel supply services industry.



Managers, like other temporary workers, often help client companies during their busy seasons.

ment a plan of action and be accountable for effecting change,” he says. “Consultants are inherently removed from the action-oriented results their clients long for. Their focus is on issuing reports.”

The National Association of Temporary and Staffing Services reports that about 90 percent of companies use temporary help. A 1996 survey by temporary help supply firm Olsten Corporation of Melville, New York, found that 36 percent of those companies use temporary workers for professional or technical jobs. Some even have temporary staffing spe-

cialists on site, freeing their permanent human resources personnel to concentrate on other duties.

Temporary workers report directly to the client company after receiving an assignment from a temporary help supply firm. Someone from the client company may give an overview of the project the worker will be involved in or might provide only the instructions needed for the tasks to be performed. Other details, such as duration of the assignment—from a few hours to a few years—work space, and office layout, vary.

Temporary work arrangements are preferable to client companies in situations that are not conducive to hiring permanent staff. These include short-term projects, cycles of heavy workloads, or periods of staff shortages. Client companies save both time and money by having a temporary help supply firm handle pre-hiring efforts and by committing to temporary workers for a limited time.

The pros and cons of temporary work

In many ways, a temporary job is no different from most permanent ones. Workers must perform acceptably while on the job or risk having their contract terminated. They are paid for the hours they work and are more likely to be offered better opportunities if they put forth extra effort than if they do only the minimum. As with most jobs, the better the match between a worker's skills and the requirements of the job, the more likely the worker is to enjoy the job.

And temporary work, like permanent employment, has both its good and bad points. Job satisfaction for temporary workers may depend on why they are working as temporaries: Those who temp voluntarily are likely to have a more positive attitude toward their assignments than are those who temp because they have been laid off or have not been able to find permanent employment.

Following are some commonly noted advantages and disadvantages to temporary work. These items may vary among temporary workers, however; what is a drawback for one may be the very thing another finds appealing about temporary work.

Advantages

For some, temporary work makes it easier to shape their careers. As John Sanborn, a

Technical Placement Specialist at ViaTech Services, Inc. in Birmingham, Alabama, explains, temporary assignments are “a great way for those who have marketable skills to work in a variety of settings, choose the projects they want, live where they want, and earn market wages.”

Temporary workers continually must enter new jobs and adapt to different personalities and work situations.

Pay is one of the most important reasons workers accept temporary jobs. Jobseekers looking for permanent employment are able to earn money until they find a full-time job, and temporary positions in some occupations pay handsomely—sometimes better than permanent jobs. In the information technology field, for example, temporary workers might make annual salaries of \$100,000, earnings that could top those of their permanent counterparts. According to a recent survey conducted by Advanced Technology Staffing, Inc. of Redwood Shores, California, hourly rates for information technology workers range from \$10 to over \$200; most specialists earn between \$36 and \$65 an hour.

Payment also sometimes includes daily living expenses for workers on assignment away from home. Temporary help supply firms increasingly provide performance bonuses and benefits such as health insurance, retirement plans, and paid time off for applicants whose skills are in demand. In addition, firms may pay for training so workers can upgrade their skills, which can lead to other opportunities.

Even without paid training, however, temporary workers often are able to improve their expertise. A 1994 survey by the National Association of Temporary

and Staffing Services found that 66 percent of temporary workers acquired new skills on their assignments. Workers interested in advancing their career goals might accept positions that are progressively more challenging as a way of gaining additional skills.

Similarly, temporary work can be a stepping stone to a new career. Learning a variety of skills, especially those that are in demand, increases a worker's marketability. And temporary workers who find the work uninteresting, the setting unpleasant, or the match between skills and duties unacceptable can simply request a different assignment. Mobility increases opportunities for networking, which may provide leads or recommendations for permanent employment.

Many people find temporary work less stressful than permanent employment. These workers enjoy doing different kinds of work and avoiding the competition with coworkers for promotions. They also may value the flexible work schedules, especially if they have other responsibilities such as school, children, or caring for an elderly parent. The ability to choose when to work also makes it possible to schedule recreational activities or other interests.

Disadvantages

Perhaps one of the biggest drawbacks to temporary work for many is lack of job security. Temporary workers have no guarantee of long-term employment, contract extension, or reassignment, making personal budget planning difficult. Career goals often must be set aside by workers who have little choice in selecting assignments and get a series of unrelated, and perhaps dull, temporary jobs. The uncertainty of continued employment may, at times, discourage even the best temporary workers.

Even those who have less need or de-

Composition of the personnel supply services industry

The Bureau of Labor Statistics tracked employment in temporary help supply firms separately until 1990. In that year, BLS began reporting a broader measure of the personnel supply services industry, which also includes employees working for employment agencies and employee leasing services. *Employment agencies* assist employers as well as workers seeking temporary and permanent employment. *Leasing services* establishments take on the payroll of workers at a client company but have no role in recruiting, retaining, or evaluating workers.

Temporary help supply remains the largest component of the personnel supply services industry. From 1984 to 1989, temporary help supply firms constituted about three-fourths of the industry's total employment.

sire for permanent employment may experience some negative feelings about their work. Temporary workers often receive limited feedback on their accomplishments; because they often move on after completing a project, they do not enjoy the satisfaction of seeing the long-term effects of their efforts. In addition, temporary workers may be treated as company outsiders and may be shut out of meetings and social functions. Some permanent employees view temporary workers as an obstruction to raises, commissions, or overtime pay or resent those who

receive higher pay rates.

Constantly moving from one assignment to another may be good for networking and learning new skills, but it quickly can become tedious. Temporary workers continually must enter new jobs, adapt to different personalities and work situations, and perform their duties with limited knowledge of the company; then, just as they are adjusting, they may have to move to another assignment. And temporary jobs in some occupations, such as information technology and engineering, often require travel. Inability or unwillingness to do so affects future placement and stifles the worker's opportunity to gain new skills.

Temporary work can be a stepping stone to a new career.

Although temporary help supply firms increasingly are providing benefits for temporary workers in high-demand occupations, many other workers go without health insurance, paid leave, and pension plans. Continued placement depends on workers' ability to upgrade skills, as discussed previously, but not all firms pay for cutting-edge training. Training paid for by firms is often reserved for temporary workers in a limited number of occupa-

tions, and workers may have to pay for their own books and other supplies.

To temp or not to temp?

Temporary employment is not for everybody. But the income and experience it provides make it worth considering for a variety of workers. Jobseekers who are unsuccessful finding permanent employment in their area of expertise may opt for temporary jobs in their field rather than accept a full-time job on an unrelated career path. Entrepreneurs might accept temporary work assignments as a way to make contacts and build a client base. And people with special employment needs—from difficult schedules to undefined career goals—may benefit from the intermittent nature of temporary work.

Successful temporary workers are diligent, able to learn quickly, and take pride in making the most of their presence on the job. They enjoy working alone, learning new skills, and adapting to new environments and different personalities. "The most common characteristic in our employees," says John Sanborn, "is their commitment to the growth of their knowledge and skills."

One approach to finding temporary work is to seek specific placement. Bruce Steinberg, Research and Public Relations

Director of the National Association of Temporary and Staffing Services, suggests identifying the client company you want to work for and then contacting the temporary help supply firm it accepts workers from. "Learn more about the position and the work environment," says Steinberg. "Decide whether you want to work there, and if you do, get your foot in the door and showcase your talents."

The more traditional method of getting temporary work is to contact temporary help supply firms directly to request placement. The yellow pages of telephone directories are a good place to search for firms; many now specialize in placing temporary workers in managerial, professional, or technical jobs. Check the listings under "Employment Agencies." Call or visit several firms, and talk to placement staff about your expectations and requirements for the kind of work you want to do.

For referrals and general information about the personnel supply services industry, contact:

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