

## Temp staffing – barometer for economy

*Staffing industry was first to feel pinch and will be first to recover*

BY STEVE JONES

**T**he only thing certain about this global economic recession is it will eventually end. Everything else seems unclear. Has the economy hit bottom? How long will it last? And, most importantly, where will the jobs appear in the post-recession recovery?

Governments within developed nations across the globe are strategically placing stimulus capital into sectors they believe will win in a post-recession competition. There will be winners and losers and the challenge for each government and investor is to pick the industries, regions and players that have a fighting chance to come out on top.

When the forces of the global economic recession eventually loosen their grip and trade and capital begin to flow, where will the Canadian jobs be? History tells us the winners will likely be the traditional industries of energy, mining, automotive, manufacturing and financial services, but we can also expect new sectors to emerge. And early indicators won't be found in the stock markets but in the temporary help and contract employment markets.

While hit hard in the downturn, temporary employees will be the first to return to work in the recovery period. The temporary staffing ser-

vices industry is a leading indicator of the economy, says Mary McIninch, manager of government affairs for the Association of Canadian Search Employment and Staffing Services, which promotes best industry practices for the recruitment, employment and staffing services industry in Canada.

"Our members began reporting a reduction in their hours as far back as April 2008, a full six months ahead of the dramatic declines in the stock markets and other traditional economic measures."

On a micro level, businesses will remain cautious and uncertain about the permanency, magnitude and timing of recovery prospects. Managers won't jump to rehire and sign on long-term permanent employees until the fog has lifted and there is visibility down the road of recovery. The first jobs to emerge will be temporary and contract. The staffing services industry will provide just-in-time skilled resources to meet staffing needs while helping businesses hedge against the uncertainties ahead.

"It's like the hockey pre-season exhibition games," says Rolie Hamar, president and COO of Inteqna, a staffing company specializing in information technology and accounting roles, who has been through these cycles before.

"Short-term employment

contracts will give workers and managers the opportunity to check each other out and to eventually choose their roster of regular players. Many of the contractors and temporary workers will be signed to full-time employment agreements. It's a great way to find talent, determine if there is a match and build a winning team."

If history is a good indicator of the future, then renewed activity in the temporary ser-

### Short-term contracts allow workers and managers to "check each other out."

vices industry will signal the beginning of a broader economic recovery, says Judy Tidlund, a veteran staffing industry manager with Placement Group in Alberta.

"New temporary assignments, then shortened gaps between assignments, will be followed by longer contracts and, eventually, a return to permanent hiring."

However, there are some who see a negative side to the use of temporary workers during a recession. When speaking in April to an Ontario parliamentary committee about the temporary help industry, Ken Lewenza, president of the Canadian Auto Workers

union, cautioned that 80 per cent of the job opportunities available to his laid-off auto workers are temporary. Instead of describing this as a transitional return to work phase in the economic cycle, he said it is a "trend in the employment market that offers less security and benefits."

But recent changes to Ontario's Employment Standards regulations ensure temporary workers now have equal access to public holiday pay, the same as all other workers, putting a long-standing, contentious issue to rest. This is an example of how the staffing industry and various governments are raising the bar to ensure temporary and contract employment serves the needs of workers and employers in these difficult times.

Before traditional hiring and the traditional lagging indicators of recovery, such as inventories, production volumes and financials, companies will rely on flexible staffing options, often choosing temporary, contract or temp-to-perm recruitment. The staffing industry remains the best leading indicator of recovery and we look forward to the early signs.

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