



CHAMBER BIZ

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Temp staffing putting people back to work

By Blanton Phillips and John Byrnes

As our state legislature continues to wrestle with lingering effects of the recession, many South Carolina businesses are getting up and dusting themselves off in 2010, as evidenced by double-digit increases in hiring by temporary staffing firms.

Temp staffing is helping reduce unemployment right now by increasing employment. In the current environment of tentative recovery and legislative uncertainty, businesses are not ready to dive back into full workforce levels and the associated costs. They are responding to staff needs as they arise through strategic usage of temp staffing to maintain flexibility in the event of a second “dip” in the economy.

The state stands to benefit greatly from this activity, as people go back to work and remove themselves from the ranks of the unemployed. With a \$832 million deficit in the state’s unemployment insurance (UI) system, this type of relief is urgently needed.

Businesses, both large and small, utilize temp staffing as an economical way to manage the peaks and valleys of their business cycle. Many of the largest corporations in the state, including major economic development success stories such as BMW, Michelin and Boeing, rely upon this flexibility to remain competitive. Nationally, more than two million people go to work every day through temp staffing services, while nearly 200,000 individuals worked temp jobs in South Carolina last year.

As the legislature currently considers a proposal from The Lucas Group, a Boston-based consulting firm, to change the tax structure on the UI system to a plan by which companies that lay off the most people pay a larger share of the UI tax, the simplest and most effective solution is to increase employment and shrink unemployment rolls. As stated in the study, *South Carolina Unemployment Insurance Benefits: Financing the System*, “The best answer to having a vibrant UI system is low unemployment. This results from low taxation of businesses, low utilization of benefits and employees who can readily find new jobs.”

The Littler Report, which was published in April 2009 and references a MIT study on 21st century organizations, examined the emerging new workforce. According to the report, “It is no longer the case that companies view temporary and contract strategy as their ‘contingent’ workforce, but rather their flexible workforce.” That flexibility is critical to competitiveness in the new economy. The report predicts that temp or contract employees will make up 25 percent of the total workforce in the U.S. within the next 10 years.

It is a common misconception that temp assignments are undesirable, low to minimum-wage positions. In fact, temp employees enjoy flexibility, competitive pay and opportunities for training and advancement as well as attractive benefits.

Most importantly, temp jobs, no matter how “temporary” they may be, offer a way – in many cases, the only way – to get people back into the workforce and off the unemployment system. Temp staffing is a critical catalyst to our emerging economic recovery at a time when companies need the help and when the economy needs hiring activity to keep moving forward.

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