



As Staffing Slips, Recruiters Must Work Harder

By Theresa Minton-Eversole, May 2008

Staffing industry employment declined slightly in the first quarter of 2008 compared to the same period in 2007, according to survey data released May 27, 2008, by the American Staffing Association (ASA).

America's staffing companies employed an average of 2.8 million temporary and contract workers per day from January through March—down 1.7 percent, or 48,000 jobs, from the first quarter of 2007, according to the latest ASA Staffing Index. The index, which measures weekly changes in staffing industry employment, has been flat since the beginning of the year.

“Demand has softened for lower skilled labor, but there continues to be growing demand for higher skilled talent,” said ASA President and Chief Executive Officer Richard Wahlquist in a statement. However, he said, “The latest data suggest that the staffing industry has remained more resilient than in previous periods when the economy had slowed and we had precipitous drops in temporary and contract employment.”

U.S. sales of temporary and contract staffing totaled \$17.7 billion in the first quarter of 2008, an increase of 1.5 percent over the same quarter of the previous year, and a new first quarter record, according to the ASA survey.

Still, the labor market in general is much weaker in June 2008 than it was a year ago and will continue to be soft, with a sharp decline in employment expectations in manufacturing and service sector jobs, according to the latest [Society for Human Resource Management \(SHRM\)/Rutgers LINE survey report](#).

The [Leading Indicators of National Employment \(LINE\)](#) report shows that for June 2008:

- Far fewer hires likely will be made, based on a substantial drop in employment expectations for the service sector (down 28.2 points) and manufacturing (down 11.1 points) compared to one year ago.
- Mixed compensation growth is expected for new hires. The much larger service sector fell significantly compared to May 2007; manufacturing will increase modestly in new-hire compensation.
- The difficulty of recruiting lessened substantially for manufacturing and service sectors compared to May 2007 levels.

Tighten, Don't Trash, Staffing Strategies

The fact that recruiting difficulty has lessened doesn't mean employment professionals are coasting down easy street. In fact, some experts say it's quite the contrary.

"It's always important for companies to hire the best people, whether it's in a down economy or a thriving economy," said Jeremy Eskenazi, founding principal of Long Beach, Calif.-based global human resources consulting firm [Riviera Advisors](#). "But in a down economy, it becomes even more difficult to find A-level talent because those employees are being coveted and retained by employers. What's more, A-level employees are less open to changing jobs in a slow market because of the uncertainty that comes with today's economy."

As such, he said, "Recruiters and employers need to be more strategic and creative in how they find and attract top talent today. What may have worked a year ago, will not work today."

Eskenazi said recruiters and companies need to be looking at a whole spectrum of ideas, including better severance packages, richer or more flexible relocation options and virtual work arrangements, among others. In addition, companies need to have policies and procedures in place so recruiters can sell their open positions effectively.

"Today recruiters need to sell 'safety' and 'security' when talking to candidates about the job openings they have," he said. "If they don't have the tools to sell safety and security, they won't be effective."

Many companies see a down market as an opportunity to acquire talent, beat back competition, grow market share, gain a competitive advantage or restructure their organization to better meet their business needs, he added. "The media covers a lot of the 'doom and gloom' about a down economy, but smart companies and recruitment leaders see opportunities and are positioning themselves for when the eventual rebound comes."

For example, some forward-thinking companies in housing-related industries are continuing to grow their talent management activities, as are some companies in the hospitality industry, which is feeling the ripple effects of the economic slowdown and high gas prices.

"There is nervousness and pessimism about the economy and its effects on [this] industry, but we have not seen widespread or rampant layoffs," said Diana M. Meisenhelter, also a principal with Riviera. "At this point, companies are definitely being very conservative with their HR spending. If there is any good news, it's that the hospitality industry is used to economic downturns. In fact, this economic downturn is nothing compared to 2001."

Adds Meisenhelter: "From a strategic staffing and recruiting standpoint, the smart hospitality HR executives, talent management and recruitment leaders know that this is one area they cannot neglect, because when the economy picks back up, they need to be ready to fill any and all open positions. Mapping to where you are now and where you will be in the future is critical."

Eskenazi and Meisenhelter say the best companies are doing three things right now:

- They have a solid, proactive sourcing plan that drives actual results in candidates being acquired.
- They have a proactive recruiting plan to build a pipeline of top candidates that can be tapped into before they are needed.

- They are focusing on internal movement; using the talent they already have at their organizations to fill positions.

“The best companies we talk to do a great job of rallying their employees,” said Meisenhelter. “[They] continue to recognize their new and existing employees in a unique, memorable and meaningful way. They could be cutting back on these ‘soft’ priorities but they’re not, and this can help with retention in a big way.”

Meisenhelter said it’s important for HR professionals to maintain a cool head and not overreact to the current economic climate by deeply cutting back on staffing or scaling back on talent management acquisition priorities.

“You still need to hire the best talent you can, and if you’re not, your competition will,” she said. “Smart companies realize this and are using this time as an opportunity to find great people and build their candidate pipelines.”

It’s also a great time for HR professionals to really assess the effectiveness of their staffing and recruiting functions, she added.

“They should be asking questions like ‘How can we streamline operations,’ ‘Where can we save money and resources?’, ‘What’s the most high-value activity we should be focused on?’ and ‘How can we show return on investment?’”

“In a down economy where money is tight and budgets are being cut,” she said, “showing ROI is probably one of the most important functions you can do.”

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