MANAGING "SLOWTH"

Slõwth.

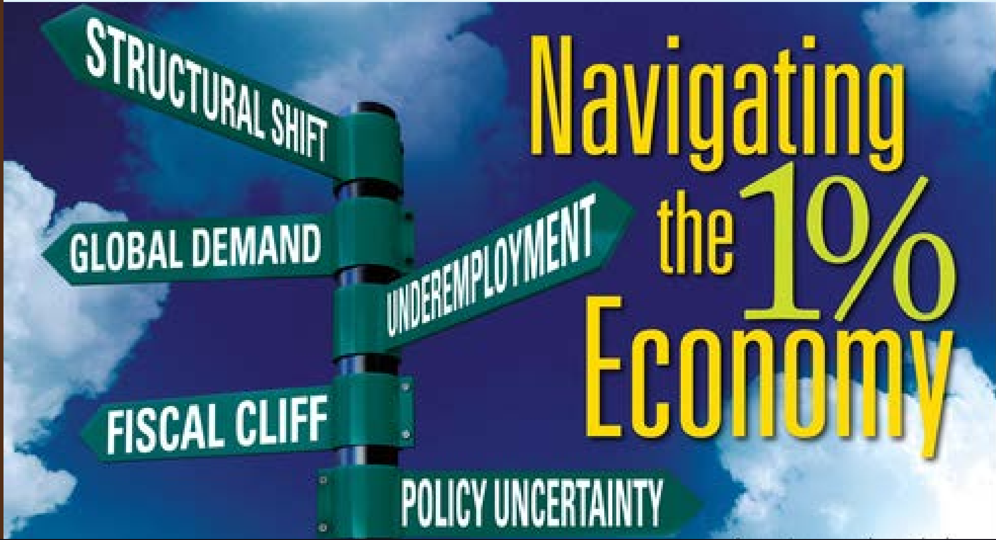
noun

1. Likely a combination of "slow" and "growth," this term was coined in a New York Times Magazine column and refers to the speed at which our economy has been expanding since the Great Recession.

Which is similar to the rate at which a tortoise climbs a hill.

Yes, this is sustained slowth!

Consider these statistics from the American Staffing Association's 2013 economic analysis, "Navigating the 1% Economy."



The U.S. GDP annualized growth rate over the first three months of 2013.

- This is about half the growth rate during the previous 10 recoveries.
- A series of "fiscal cliffs," the Affordable Care Act and a divided Congress have all heightened uncertainty.
- Businesses can't see a clear road to economic recovery, so **they're not hiring and spending like they should**.

22 million or 14%

The number / percent of Americans who want work they can't find, according to the Bureau of Labor Statistics.

- Close to a million discouraged workers have stopped looking for work, dropping the employment-to-population ratio to 58.5%.
- At the rate of job creation in the first half of 2013 (192,000 per month), it would take almost another year for nonfarm employment to reach its prerecession level.
- Some **long-term employment may be due to skills mismatches**, in which jobless workers are not qualified for the new, post-recession positions being created.

763,000

The number of employees the U.S. staffing and recruiting industry has added to its payroll in the first three years of recovery from the Great Recession.

- Our industry has **created more jobs than any other single industry during this period**, though it accounts for less than 2% of total U.S. nonfarm employment.
- Staffing employment following the end of the Great Recession has also far outpaced its growth during the same period following the last recession.

It's more than uncertainty.

- Temporary and contract staffing employment has grown by an average of 4.6% over the past 20 years.
- Compare that to the 2.7% average annual growth in real GDP over the same period.

Why the disparity? Trends and data suggest that the staffing industry's exceptional early recovery growth is due to more than just uncertainty about our recovery.

Instead, it's due to a **fundamental shift in businesses' use of flexible talent management**.

Flexibility — the key to managing "sustained slowth."

Employees want it. Businesses need it.

Employees want flexibility.

- In a landmark ASA survey of staffing employees, **two-thirds said flexible work time was an important factor in their decision to become contingent workers;** nearly one-quarter said it was extremely important.
- Policy makers have adopted more flexible mechanisms for delivering historically employment-based benefits (such as health benefits and retirement income), so that contingent workers have access on par with those in traditional employment arrangements.

Businesses need flexibility.

The Great Recession is still fresh in everyone's minds, making executives more cautious about adding permanent headcount.

As a result, businesses are using staffing services differently in this recovery than in past ones.

- In an American Management Association survey of HR managers, 91% said "flexibility in staffing issues" was important, and **95% said they are achieving flexibility through the engagement of temporary and contract employees** from staffing companies.
- A 2011 McKinsey Global Institute U.S. Job Survey of diverse employers showed that use of staffing services is likely to rise, as **34% expect their companies will use more temporary and contract workers over the next five years.**
- Companies that embrace workforce flexibility and engage staffing firm talent perform better, according to a study published in the journal *Decision Sciences*.

Navigate the 1% economy with staffing.

How can your business use flexible workforce strategies to successfully manage "slowth"? Here are a few suggestions:

- **Test new ideas.** Before you staff up to implement a new concept, try testing your idea with temporary employees. The temporaries may be directly involved in the test, or they can be used to fill in for your direct staff members who are working on your new concept.
- **Manage uncertainty.** If your business faces an unknown future, consider using temporary staff to keep your workforce flexible. Bring in the labor and expertise when your business needs it; avoid the expense and problems caused by overstaffing!
- **Complete special projects.** Bring in temporary employees to help complete your projects or to provide support to the people working on the projects.
- **Maintain a flexible workforce.** If you experience frequent variations in workload, temporary staffing services can reduce, or possibly eliminate, the need to lay off employees during slow periods while providing adequate coverage throughout peak demand periods.

And a few more suggestions:

- **Control costs.** Instead of hiring more people when your business picks up, use temporary staff to handle extra work while reducing overhead – especially costs associated with overtime.
- **Capitalize on opportunities.** Qualified temporaries can free your key people to concentrate on their top priorities – ones that can make the biggest impact on your business.
- **Reduce hiring risk.** Direct placement specialists are experts in recruiting and guarantee their services. As an alternative, temp-to-hire services allow you to evaluate a candidate on the job, before extending an offer for employment.
- **Limit ACA liability.** Regulations permitting, if your organization's headcount hovers around the cutoff, you can reduce your directly employed full-time staff to a level below 50 and use temporary or contract employees to handle the additional workload as needed.

Want more information?

Contact Us Today!

or read the entire ASA 2013 economic analysis, "Navigating the 1% Economy," written by ASA chief operating officer Steven P. Berchem, CSP.