

## “Flex Supercycle” Drives Job Growth

Recent employment indicators point to ongoing economic recovery. Total unemployment continued to drop in January by 0.4 percent to 9.0 percent. Further, the gross domestic product (GDP) is forecast to increase by as much as 3.5 percent in 2011, which would create an average of 161,000 jobs per month.

However, rising private sector employment is not due to an increase in the overall permanent workforce. Rather, it is because of the growing reliance on temporary employment, which accounted for more than 36 percent of job growth in 2010.

Temporary, or flex, hiring continues accelerating in 2011, with growth expected in the information technology (IT) and finance and accounting (FA) sectors. According to Staffing Industry Analysts, IT flex hiring is expected to see an increase of 12 percent over 2010, while FA flex will see an 8 percent increase.

Dubbed the “flex supercycle,” this is a unique phenomenon that reflects the economic and regulatory uncertainty that continues to plague employers.

“This is unprecedented in U.S. economic history. Never before have we seen a recovery where the preponderance of hiring is coming through the temp sector,” said Michael Blackman, Chief Corporate Development Officer of Kforce Inc.

Blackman, who also authors “The Blackman Report” on employment indicators, notes that the high cost of insurance and benefits and a desire to avoid over-hiring in uncertain economic times has many employers relying more heavily on a temporary workforce than ever before. It is a new employment model that is further characterized by the need for a variable cost workforce and the knowledge that flex staffing offers employers an “on/off switch.”

“In the face of an uneven recovery and significant uncertainty surrounding regulatory reform, many of our clients are increasingly looking toward a flexible staffing remedy that allows them to adjust in real-time to a constantly shifting economic and regulatory environment,” said Blackman. “That is why job creation has been so different this time in that it’s been primarily through temporary employment.”

Blackman also points to increased competition for college-educated professionals as a driving factor behind the flex supercycle. While overall unemployment remains relatively high, college-educated unemployment is just 4.2 percent. When coupled with the projected increase in demand for professionals in niches like IT and FA, employers are finding it more challenging to find and attract the highly skilled workers needed in today’s knowledge-based economy.

“Businesses need to keep moving forward, but they also need to leave themselves maximum elasticity in terms of their workforce composition,” said Blackman. “That’s what flexible staffing does.”

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