More temp workers becoming permanent

Jump in temporary hiring could be signal of a warming job market

By Paul Davidson
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A growing number of businesses are converting temporary workers to permanent hires, heralding a warming job market.

"It's definitely on the rise," says Rob Wilson, president of Employco Group, a Chicago-area staffing firm.

Temporary jobs jumped by 48,000 in February to 2 million and are up 284,000 since September, the government said Friday. That's a good sign: Employers typically hire interim workers before beefing up permanent staff.

Unlike in previous economic recoveries, temporary spots so far have been slow to segue to more full-time positions. While layoffs have slowed substantially, economists say businesses are hesitating to hire permanent employees until the recovery is firm. Unemployment remains near 10 percent.

In a normal economy, one of three temporary workers is made full time. That ratio plunged to well under 10 percent in the recession, says Jonas Prising, head of Manpower's Americas division.

He says his firm has seen just a small increase in temp-to-permanent hiring. "It's nowhere near ... a normal job market," he says.

Top staffing firm Adecco has seen a 50 percent rise recently in its temporary placements who go full time, says Tig Gilliam, CEO of Adecco North America. "There's enough (employer) confidence."

About half the firms surveyed by the Society for Human Resource Management are boosting hiring in March, the most in about two years.

Temporary workers often cost employers less because they get no health insurance and other benefits. They also let businesses nimbly respond to the market's ups and downs. Experts say contract workers could make up a quarter of the workforce in a few years.

But the blossoming recovery means some temporary workers are staying on longer. Employers make them staffers to boost morale and avoid lawsuits that occur when employees who seem to be full time are treated like contract workers, Wilson says.