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Summary*

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**An Overview of the Industry and a
Case Study of Manpower, Inc.**

by Dorie Seavey and Richard Kazis

**Support for this research has been
provided by the Rural Economic Policy
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JOBS FOR THE FUTURE

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Jobs for the Future is a non-profit organization that conducts research, provides technical assistance, and proposes policy innovation on the interrelated issues of workforce development, economic development, and learning reform. Founded in 1983, JFF's goal is to encourage policies and practices that prepare all citizens for lives of productive work and learning. Since 1990, JFF's National Youth Apprenticeship Initiative has worked at the local, state and national levels studying and assisting new models for linking school and work for young people.

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In the current era of increasingly tenuous employment security, American workers are likely to hold a greater number of "permanent" jobs over their lifetimes than ever before. These jobs will be interspersed with stints of unemployment, but also with various kinds of contingent employment and time out for retraining and preparation for new careers. Each day, millions of Americans find themselves navigating through the "gray area" of the labor market between permanent employment and absolute unemployment, where they experiment with different combinations of work and various public and private sector services that can help them acquire new job skills, become job ready, and seek, and ultimately find, employment.

This study is about one specific institutional actor in this gray area—the temporary help firm—whose traditional labor market role has been that of short-term labor broker. Temporary help companies have become part of the mix of private and public institutions that can speed transitions in the labor market for some workers by facilitating job search, job shopping, and job placement. Indeed, if the temporary help industry's claim that 30 percent of its temporary employees get full-time jobs as a result of temporary placements is even roughly accurate, then temporary work has become a critical way-station to permanent work and a job search strategy of significance in the American labor market. Moreover, the methods that some temporary help firms have developed for assessing skills, providing training, and for finding jobs for their employees offer useful lessons to policymakers concerned with improving the transitional mechanisms by which Americans find new employment.

This study combines an overall look at the temporary help industry with a detailed examination of the practices of its largest and perhaps "best practice" firm, Manpower, Inc., currently the nation's biggest private employer. The overview focuses on how the industry's roles and functions have changed. The case study places particular emphasis on Manpower's strategies and programs in the areas of skills assessment, job placement, training, and relationships with its customers—the strategies that enable Manpower to be successful in matching individuals with jobs.

The ultimate goal of this study is to highlight what public policymakers might learn from the methods that firms in the temporary help industry have developed for skills assessment, training, and job matching. We explore the potential roles that temporary work and staffing firms might play in a revitalized national employment system and suggest areas for productive and creative collaborations between the private and public sectors. At the same time, we emphasize the critical need for empirical research on the labor market histories, transitions, and prospects of different groups of temporary workers in order to guide policy development in this area.

The Temporary Help/Staffing Industry

Since its inception in the 1920s, the temporary help industry in the United States has had a dynamic history, growing and adapting to the evolving needs of American business and the requirements of ever-changing workplace technologies. In recent years, the industry has been subject to increasing scrutiny as its importance to the American economy has been recognized and its economic impacts questioned.

While total employment in the temporary help industry represents only a small segment of the total U.S. workforce (1.4 percent in 1993), the rates of growth in this industry over the last two decades, measured by both annual industry payroll and total employment, have been impressive. Today, the staffing industry is one of the fastest growing segments of the U.S. economy; and there is little indication that it is slowing down.

This study begins by providing perspective on the evolution of the temporary help industry through an historical overview of the industry's development and growth and an examination of its current size and structure. We also describe what is known about the demographic composition of temporary employees, although the most complete composite of temporary workers in the United States is unfortunately nearly a decade old.

Current industry trends are described and analyzed in detail. The most significant developments in the past decade have been in the assessment, placement, and training of temporary employees and in the development of new services to corporate clients.

Temporary help companies have taken on a complex and expanded job placement role. Some of the largest and most aggressive staffing firms have developed the ability to provide sophisticated skills assessment for their temporary employees. They have also capitalized on the fast pace of change in office automation and the changing skill requirements of a modern computer-literate workforce by developing specialized expertise as computer trainers for the permanent employees of other firms as well as for their own workforce.

As the industry has grown and matured over the past decade, the relationship between temporary help companies and their customers has changed dramatically. Temp firms are developing longer-term partnerships with the companies that hire their workers. A growing share of staffing firms' business comes not from episodic, "fill-in," or emergency services but rather from an array of innovative human resource services such as volume arrangements and sole sourcing, on-site coordinators, outsourcing, temp to full-time programs, payrolling, permanent staff training, and outplacement services. These value-added staffing and human resource services tend to be delivered in the context of an ongoing consulting relationship in which the temporary services firm takes on some of the functions of a firm's personnel department.

Profile of Manpower, Inc.

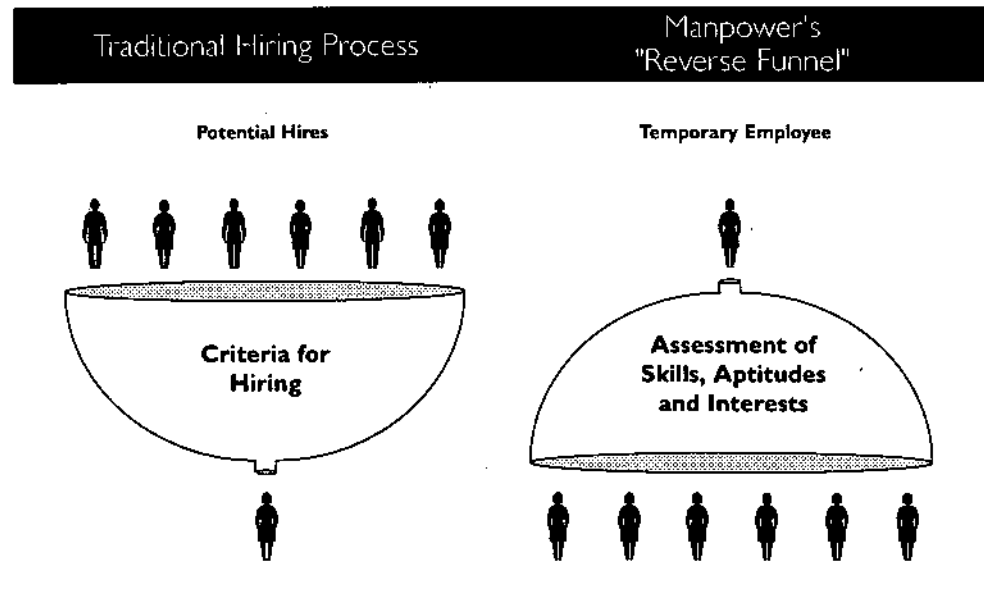
While the rapid growth of the temporary help industry is well-documented, less is known about how the industry's leading firms actually conduct their business and serve both their customer firms and their temporary employees. This study begins to fill this gap by providing a detailed look at the job-matching strategies and activities of Manpower, Inc., the largest firm in the staffing industry and a firm that has invested heavily in the development of sophisticated proprietary assessment and training programs.

Employment and training policymakers can learn a lot from Manpower's technology for making successful matches between temporary employees and jobs that clients need done—a process that involves comprehensive, ongoing assessment and evaluation of the worker, the customer firm, and

the specific job. The components of Manpower's job-matching process are described in detail, including the assessment of customers' work environments and needs, intake and assessment for industrial and office work temporaries, computer-based training for office work, job matching and placement, and performance evaluation.

Our review of Manpower's practices suggest four key features of the company's approach that are instructive as federal and state policymakers consider ways to improve public sector assessment, training, and job search and referral systems. These are:

1. *The sheer volume of detailed information generated and used to make the job match:* Information about the temporary employees, the jobs available, the local labor market and economy, and the business needs of Manpower's customers.
2. *The company's "reverse funnel" approach to skills assessment.* The job-matching process for most permanent positions involves screening a group of people with different talents and expertise in order to select the best candidate for a specific job. The reverse funnel idea is that each individual enters his or her own unique, inverted funnel where careful assessment of skills and interests drive the identification of multiple jobs that he or she wants to do and for which he or she is qualified. The reverse funnel metaphor emphasizes screening individuals *into* jobs while the conventional paradigm screens people *out* of jobs by selecting one from the many.



3. *The design of Manpower's computer-training programs for office workers.* These self-paced tutorial programs use everyday language and are designed to be time-efficient and directly related to job requirements. They presume that computer-based skill training for lower-skill and entry-level positions is important. They can be readily customized to the specific needs of client companies and they can be quickly updated and adapted to new releases. In theory, they permit both skill upgrading toward somewhat higher paying jobs and cross training for lateral mobility in the job market.

-
4. *The ability of local Manpower offices to access temporary employment opportunities.* Manpower's job access depends on three key factors: 1) the company's information base on its temporary employees, its customer firms and their jobs, and the local labor market and economy; 2) the ability of the local Manpower office to quickly identify the appropriate temporary employees for the customer's job order; and 3) the fact that employers *want* to hire workers who have been pre-screened, prepared, and trained by Manpower.

Implications for Public Policy and Further Research

Heightened job insecurity and greater reliance on contingent work in place of permanent jobs have changed the dynamics of seeking and securing employment for many Americans. In this new economic reality, there is a greater need for creative and effective policy instruments and institutions to help American workers make faster, smoother, and more successful labor market transitions. Public policy faces a challenge: to move away from a traditional, static concept of "unemployment" toward a dynamic and comprehensive national program of "re-employment" designed to prepare and place *all* workers in need of transitional services and new jobs. President Clinton's emphasis on "economic security" and the U.S. Department of Labor's efforts to make re-employment for dislocated workers a central labor policy theme are clear steps in this direction.

The question explored in the last section of this study derives from this challenge: *What role can and should temporary work and temporary help firms play in a new employment policy system?*

Temporary work in general has developed a bad name because, as it is currently structured, it often undercuts economic security: wages are lower, benefits less generous, and investments in worker skills more limited relative to permanent work. Moreover, a significant segment of the temporary workforce would rather be permanently employed. Yet, these problems are not inherent in the nature of temporary work. Rather, they are a function of the institutional and social contexts within which temporary work is organized in this country. Moreover, there are aspects of temporary work and of the activities of staffing firms that might be creatively combined with other labor market and social policies to help a broad range of Americans have greater success—and, ultimately, security—in an increasingly unstable and competitive labor market.

Two aspects of the staffing industry's experience stand out as particularly relevant for national policy development. These are:

1. *short-duration employment* that enables workers to rotate through different workplaces and jobs, giving them greater perspective on their options and a greater network of connections with people who have jobs to offer; and
2. *skills assessment, training and placement expertise*, housed in the industry's firms, that can help improve the job-matching process in both the private and public sectors.

We argue that, if it is integrated into a structured package of services and opportunities, temporary employment could be a useful work model for some populations targeted for employment assistance. Such a package could include income support, skills assessment, training, job placement

assistance, and case management services. Our study proposes a number of areas for possible public/private collaboration and partnership, organized around three difficult labor market transitions: work-to-work; welfare-to-work; and school-to-work. A common theme in each is the potential power of temporary employment as a transitional strategy for certain populations when combined with education, training, and other services.

In addition, the study proposes a second set of collaborations that could capitalize on staffing firms' experience with assessment, screening, and placement. In general, increased communication and exchange between the industry and the federal government that enables federal officials to learn from the experience of the industry's leaders in product development, cost efficiencies, and market strategies would be useful. Such interaction could also lead to more intensive relationships between the private and public sectors, either as contractors or as partners in innovative service delivery. Private firms could become vendors to the public sector for products and services. They could also develop joint ventures with the government to deliver services to particular target populations. Examples include the development and dissemination of skills assessment tools and methodologies and/or training packages for workers enrolled in publicly-sponsored training programs, and staff development for U.S. Employment Service or other publicly-funded job referral providers.

However, to be able to determine the breadth of transferability of some of the lessons from the successful products and activities of the staffing industry, or to argue with full confidence for a dramatically increased reliance on temporary work as a part of a re-employment system, we need to know more about who benefits and does not benefit from temporary work and why. Rigorous research must be conducted on two broad questions: 1) how well does the industry serve its existing workers in terms of mobility, advancement, and opportunity?; and 2) how transferable is the industry's success with certain populations and occupational niches to a more general public and other kinds of job opportunities? The study presents a detailed research agenda for each of these questions.

In addition, we suggest that a series of demonstration projects be undertaken that encourage the use of temporary work and staffing firms as partners in government efforts to improve the transitions between jobs, and from school to work and welfare to work. Such an initiative could create the basis for collaboration and solving the various design, implementation, and policy challenges involved. It could be of limited duration, open to public comment and scrutiny, and subject to documentation and analysis. Done right, it could constitute a significant step toward exploring strategies for integrating temporary work and the temporary help industry into federal employment and re-employment policy. And it could also break through the ideological posturing that has characterized existing debates on temporary work in the United States. □

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