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SPECIAL ISSUE | 2023
THE MAGAZINE OF THE AMERICAN STAFFING ASSOCIATION

ASA ANNUAL ECONOMIC ANALYSIS **2023**

# STAFFING INDUSTRY PLAYBOOK

**PAGE 8**

Is your company poised to increase market share, grow profits, and take advantage of emerging opportunities in the year ahead? Here is the data, industry-specific analysis, and sector-level information that will help you make strategic decisions. This playbook is the resource you need to ensure your company is prepared, agile, and successful.

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This special issue of *Staffing Success* delivers economic and industry data you can use to inform strategic decisions for your company. Write in your takeaways and supplement your strategies with additional online content.

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ASA ANNUAL ECONOMIC ANALYSIS **2023**

# STAFFING INDUSTRY PLAYBOOK

**This playbook is designed to help staffing professionals, analysts, economists, and all those who track the industry understand the U.S. staffing landscape during the current economic cycle and evaluate where it's headed. There are dedicated spaces throughout this playbook for your own notes as well as a chart index, making it easy to find specific data points.**



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### Contributors

This 2023 Staffing Industry Playbook is based on surveys and analysis conducted by the ASA research team, which throughout the year manages more than 30 research projects, including the ASA Staffing Index, ASA Staffing Employment & Sales Survey, ASA Workforce Monitor® and ASA Temporary Help Wage Tool. Learn more at *americanstaffing.net/research.*

**Assistant Director, Research** Tim Hulley
**Coordinator, Research** Maxwell Aldrich

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**Senior Director, Publishing and Marketing** Marlene L. Hendrickson
**Senior Manager, Publishing** Stephanie Kern
**Senior Editor** Jennifer Silber, CAE
**Publication Design** Fan Works Design LLC
**Art Director** Dawn Ripple McFadin

## ADVERTISING

**Director, Supplier Relations** Sarah Senges 703-253-2042 ssenges@americanstaffing.net
**Advertising Coordinator, Supplier Relations** Corie Depue 703-253-1142 cdepue@americanstaffing.net

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## DIGITAL EDITION

In addition to this print edition, *Staffing Success* magazine is also available as an interactive digital edition. Visit *americanstaffing.net/digital* to access this and past issues of the magazine.


American Staffing Association

The American Staffing Association is the voice of the U.S. staffing, recruiting, and workforce solutions industry. ASA advances the interests of staffing and recruiting firms of all sizes and across all sectors through legal and legislative advocacy, public relations, education, and the promotion of high standards of legal, ethical, and professional practices. ASA members provide the full range of employment and workforce services and solutions, including temporary and contract staffing, recruiting and permanent placement, outplacement and outsourcing, training, and human resource consulting.




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# PLANNING FOR GROWTH

By Richard Wahlquist, CEO

During 2022 and for much of 2023, most economists, including those at the Federal Reserve Board, were on the same page—forecasting that the next recession was imminent. But that's where the consensus ended. When pressed about timing and the potential impact on the economy and peoples' lives, the guidance was all across the board and not particularly helpful.

In the March 2022 National Association for Business Economics survey, 58% of economists said the U.S. was either already in a recession or that it would come sometime in 2023. Then Sean Snaith of the Institute for Economic Forecasting at the University of Central Florida predicted that the U.S. will experience a "pasta bowl" recession (shallow but fairly broad) over the next four quarters.

A year has passed and the top-of-mind issue for business leaders and policymakers continues to be questions about the economy.

As a result of those forecasts and dozens of others, some businesses instituted belt-tightening measures, deferring capital expenditures and expansion plans. Others continued to invest in growth and talent. For staffing, recruiting, and talent solutions businesses, 2022 was the best year in the industry's history. However, it's been a different story in 2023.

## STAFFING EMPLOYMENT'S CURVEBALL

One indicator that has confounded the experts recently is the decline in temporary employment, which has historically been viewed as a leading predictor of where the labor market is headed. **Many industry CEOs believe that this year's declines may be more reflective of moderation or rebalancing in hiring coming off of some of the over-hiring as the economy emerged from the pandemic-induced recession** and the country experienced some of the tightest labor markets in history.

During the past year, given high levels of macroeconomic uncertainty, employers became more cautious about bringing on new staff and shifted their focus to retention strategies designed to increase employment engagement and reduce turnover. (Some have labeled this as "talent hoarding.")

## ROLLING WITH THE ECONOMY

As economies and labor markets have evolved coming out of the last couple of recessions, economists are learning that history can be a flawed predictor of the future. It could very well be that the staffing industry experienced its own "rolling recessions" tied to different industries experiencing downturns at different times since early last year.

When industries and sectors take turns going down, it can produce rolling slowdowns in economic activity and slowing inflation but no full-blown downturn or recession. If the U.S. has been in a rolling recession, economists and policymakers should be watching the ASA Staffing Index and other indicators for something that does not get talked about a lot—a rolling recovery.

**As we head into 4Q23, the skies are looking much less ominous for the economy as a whole. The most recent NABE survey found that 69% of economists said they see a "soft landing" on the horizon.** Meanwhile, Goldman Sachs Group Inc. said in early September that their forecasters see only a 15% chance the U.S. will slide into recession.

**While no one can accurately predict the year ahead, the data, analysis, and takeaways in this Staffing Industry Playbook provide a comprehensive overview of workforce and labor market trends as well as current and projected economic indicators.** We encourage you and your teams to use this valuable resource as part of your strategic scenario planning for the months and year ahead as you consider new opportunities for growth that add value to people's lives and new talent solutions to meet the evolving needs of clients to source, deploy, and develop more productive and more engaged workforces. ■

ASA ANNUAL ECONOMIC ANALYSIS **2023**

# STAFFING INDUSTRY PLAYBOOK

**Here's a user-friendly resource to assist you in gathering staffing industry research and related information.**

This playbook is packed with data about the U.S. staffing and recruiting industry, including where it's headed and how you can make the most of this business intelligence.

**NOW MORE THAN EVER,** savvy staffing professionals, economists, analysts, investors, business development strategists, and other followers of the industry are in a constant state of reconnaissance. They use this playbook as part of their information-gathering and analysis activities to become more agile in their business decisions, to keep ahead of employment trends, and allow them to capitalize on areas of opportunity.

The economic uncertainty of the post-pandemic recovery has become a little less uncertain as concerns over a possible recession have abated. Inflation has come down, and confidence has improved to a point where many economists believe the U.S. either will avoid a recession altogether or will experience only a mild one.

The highly competitive labor market appears to be here to stay. Record low unemployment mixed with relatively low labor participation and continuously high job openings ensures that demand for workers will outpace supply for the foreseeable future. Successful staffing companies will do well in this market by meeting the high demand for talent with innovative means, such as finding ways to entice potential workers off the sidelines and into the workforce.

While not as red hot as in 2022, demand for staffing services is strong—which bodes well both for the staffing industry and for the economy as a whole, as staffing employment is a coincident indicator for economic performance. Even though it is forecast to grow at a slower pace than previous years, the economy will continue to expand—especially in sectors that are known to contain long-term, structural demand, such as health care and professional and business services.

Further explore these trends and more in this overview of the size, scope, and dynamics of the U.S. staffing and recruiting industry. Each page of this playbook includes a brief analysis of trends and key takeaways. >>>

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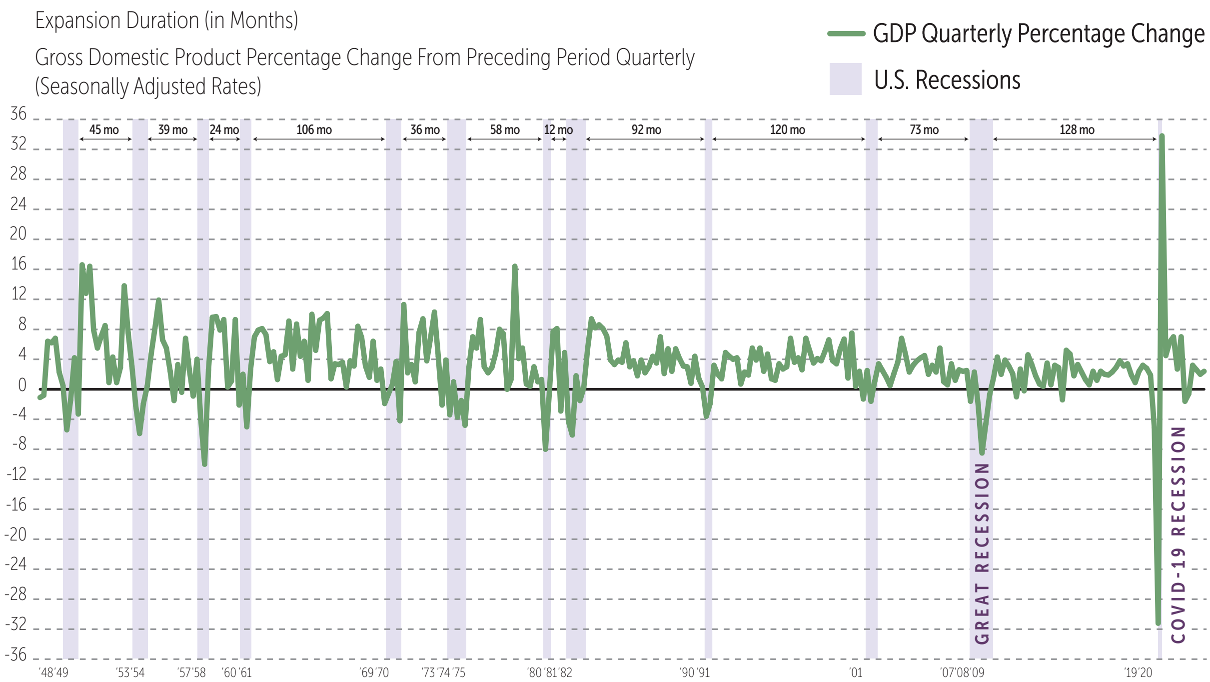
# ECONOMIC EXPANSION

## EXPANSION CONTINUES AMID UNCERTAINTY




*Source: National Bureau of Economic Research, U.S. Bureau of Economic Analysis*

## Trends:

Spanning 18 months from late 2007 to mid-2009, the Great Recession was the longest recession since World War II. It was considerably longer than the average of about 10 and a half months for the 10 prior postwar recessions. Many economists expected a rapid and robust recovery from the Great Recession, like that of 1957 when real GDP declined over eight months and fully recovered in four. Instead, recovery from the Great Recession was slow and weak. Real GDP did not return to prerecession levels until 2013, three and a half years after the recession ended. By contrast, the Covid-19 recession officially lasted two months and ended in April 2020, with a swift expansion beginning in May 2020. Despite a dip in early 2022, growth has remained positive—even amid economic uncertainty that loomed over much of the past couple of years—with GDP increasing by 2.1% in the second quarter of 2023.

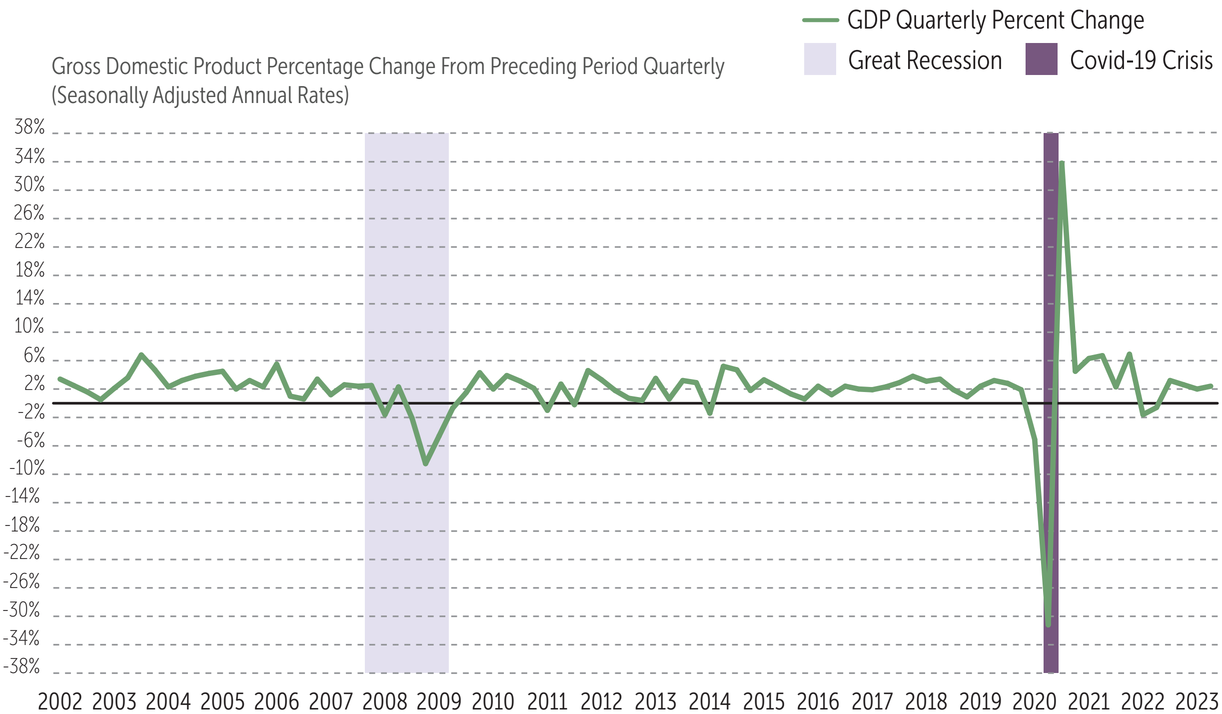
## Takeaways:

Economic instability caused by high inflation, disrupted supply chains, and the war in Ukraine raised concerns that a recession might be just around the corner. However, the economy appears to have weathered the storm (at least for now). GDP growth has remained positive, the job market remains strong, and inflation has been decreasing—all good signs that point away from a downturn rather than toward one.

### NOTES:

# GROSS DOMESTIC PRODUCT

## GDP GROWTH CONTINUES DESPITE HEADWINDS




*Source: U.S. Bureau of Economic Analysis*

## Trends:

During the Great Recession, average gross domestic product dropped 1.8% per quarter. Recovery from the recession was slow and weak. During that expansion from July 2009 to February 2020 (just before the Covid-19 financial crisis was declared), quarterly GDP grew at an average annualized rate of 2.3%, well below the 2.9% rate of the 2002–07 expansion, and significantly lower than the overall average annual rate of 3.3% since 1930, when the U.S. Department of Commerce first began tracking GDP. The pace of GDP growth surged 33.8% during the third quarter of 2020—the greatest increase ever recorded, following the historic low caused by the Great Shutdown of 2020—and has continued to grow at an average of 3.1% every quarter since the fourth quarter of 2020. Small contractions in GDP during the first and second quarters of 2022 brought the average quarterly growth rate down to 0.9% for that year.

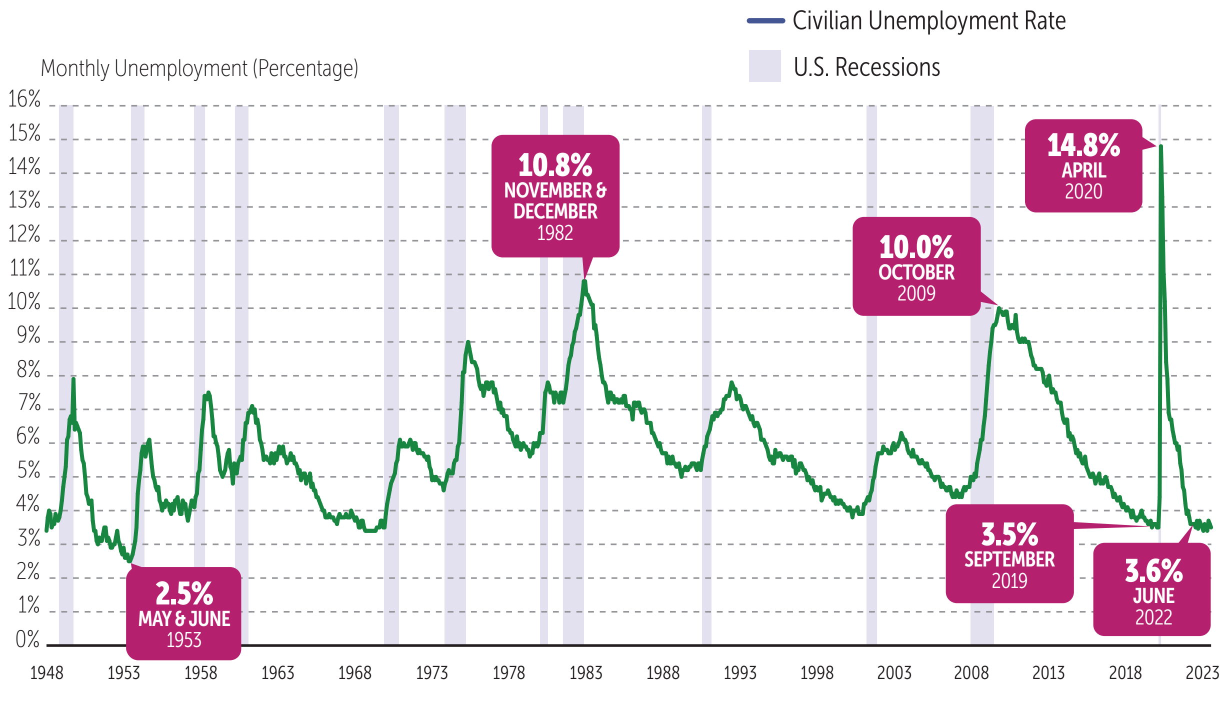
## Takeaways:

Historically, gross domestic product and staffing employment have been coincident economic indicators. In other words, staffing employment rises and falls along with the overall economy as measured by quarterly changes in GDP. Because government estimates for GDP are released months after the fact and subject to frequent revision, staffing employment can be used as a reliable, near real-time indicator of the health of the economy. Follow the ASA Staffing Index (see page 20) to track staffing employment and economic trends during these uncertain times.

NOTES:

# UNEMPLOYMENT RATE

## UNEMPLOYMENT EQUAL TO OR BELOW LEVELS SEEN PREPANDEMIC




Source: U.S. Bureau of Labor Statistics

## Trends:

After reaching a 26-year high of 10.0% during the Great Recession, the unemployment rate began a downward trend and hit a low not seen in 50 years in September 2019. The Great Shutdown spurred a historic spike in unemployment, to a rate of 14.8% in April 2020. The unemployment rate has since fallen, to 3.5% in July 2023—a dramatic and persistent improvement that has remained consistent since the beginning of 2022.

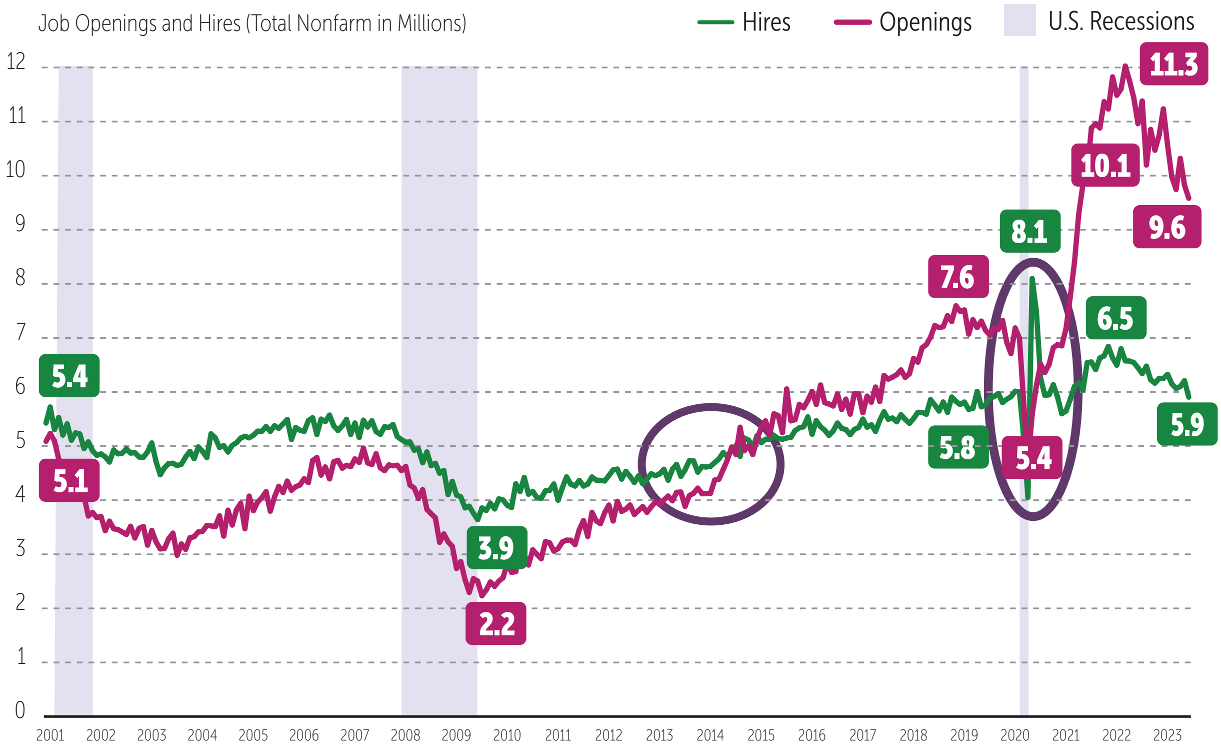
## Takeaways:

The unemployment rate has recovered from the spike in 2020 and returned to the low levels seen prior to the pandemic. Though it has cooled somewhat compared with 2022, the labor market remains healthy despite the challenges of the past few years—including high inflation, economic uncertainty, and the Great Resignation, which saw individuals quit their jobs in record numbers. Staffing companies may see slower demand compared with 2022—but businesses are still hiring, and opportunities for staffing firms remain.

NOTES:

# JOB OPENINGS AND HIRES

## JOB OPENINGS STILL EXCEED HIRES, BUT GAP HAS NARROWED




*Source: U.S. Bureau of Labor Statistics*

## Trends:

Historically, the number of job openings and hires have moved in the same direction, with hires outpacing openings. Divergence from this trend began in 2014 as the two measures stopped moving in tandem and the number of job openings started to exceed the number of hires. This momentum exploded during the post-Covid-19 economic recovery, with openings outnumbering hires by more than two to one. The number of job openings has since fallen from its peak to just under 10 million, while the number of hires has remained primarily stable. The labor market is competitive and will likely remain that way.

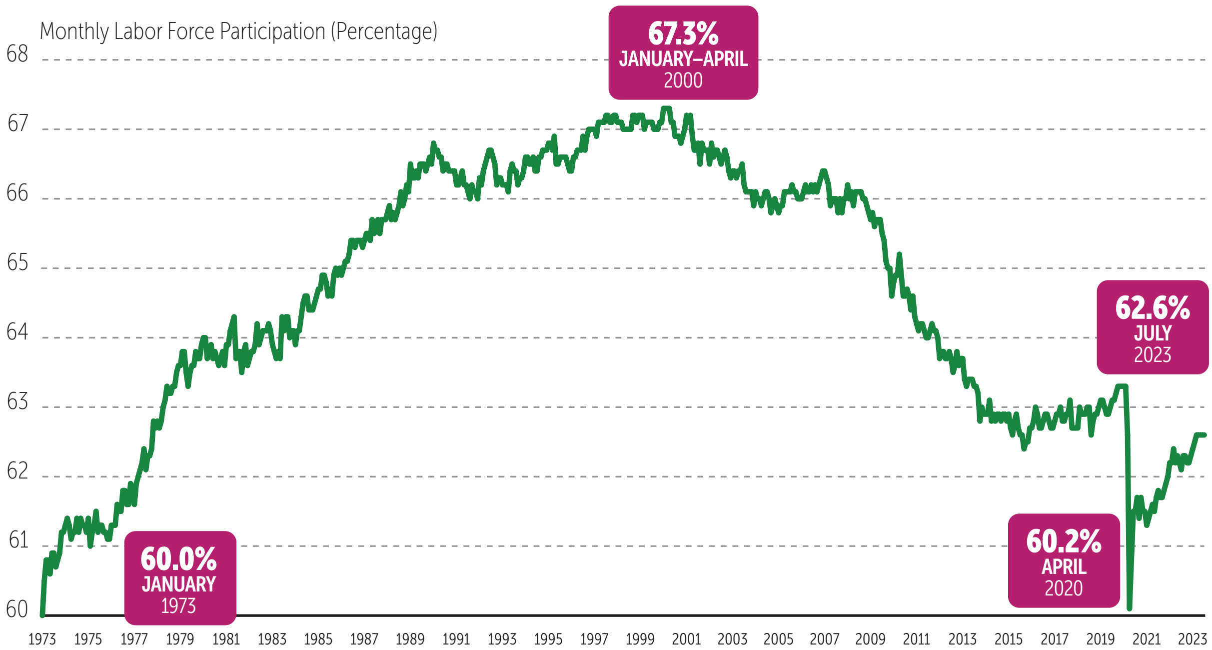
## Takeaways:

Job openings have been considered a lagging indicator of the economy given that businesses usually wait on assurances of economic well-being before they choose to hire. Hires, on the other hand, have been an indicator of the robustness of the economy and the labor force. Though the labor market may have cooled some in the short term, with 1.6 job openings for every unemployed person the data are clear that a talent shortage will remain a challenge for U.S. companies into the future.

NOTES:

# LABOR FORCE PARTICIPATION RATE

## WORKFORCE PARTICIPATION RISING BUT BELOW PREPANDEMIC LEVEL




*Source: U.S. Bureau of Labor Statistics*

## Trends:

After increasing for more than six decades, the labor force participation rate—the share of the working-age population either employed or seeking a job—peaked at 67.3% from January through April 2000, according to the U.S. Bureau of Labor Statistics. From 2000 to 2020, the participation rate gradually declined—then it plummeted to a near 50-year low of 60.2% in April 2020 as a result of the Covid-19 pandemic-induced shutdown. Following the pandemic, the participation rate began to rebound to a current value of 62.6% in July 2023, 0.7% below the prepandemic level of 63.3%. However, the factors contributing to the fall in workforce participation are long-term and structural; it primarily is caused by America's aging population and the growing number of retirees.

## Takeaways:

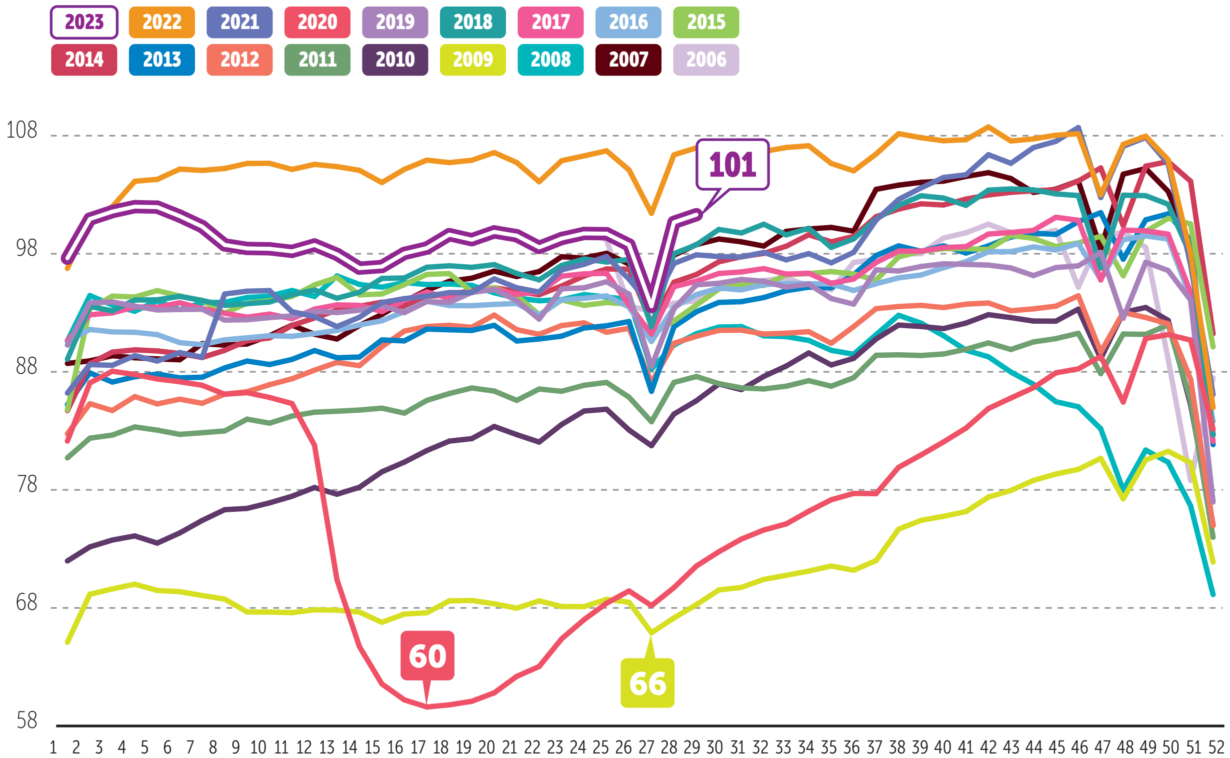
Employment growth is recovering from the Great Shutdown, but—given the demographic factors contributing to lower labor force participation—economists with BLS project that the rate of growth will have declined by the year 2031. Employers, including staffing companies, will need to be open to new possibilities and get creative in how they source and place qualified talent.

### NOTES:

# ASA STAFFING INDEX

## STAFFING EMPLOYMENT TRAILS 2022 LEVELS

52 Weeks of ASA Staffing Index: June 2006 (When the Index Was Introduced at 100) Through July 2023




*Source: American Staffing Association, Staffing Index*

## Trends:

The weekly ASA Staffing Index tracks trends in temporary and contract employment. The index was set at 100 when it was publicly launched June 12, 2006. It troughed at 66 in midsummer 2009, as the Great Recession ended, and rose to a high of 106 in December 2014. In April 2020, the index plunged to a record low of 60 amid the 2020 recession caused by the coronavirus pandemic. The index gradually recovered and rose to record levels in 2021 and 2022, signifying tremendous growth in the industry. In 2023, the index has moderated—it trails the record highs of 2022 but remains above all other previous years.

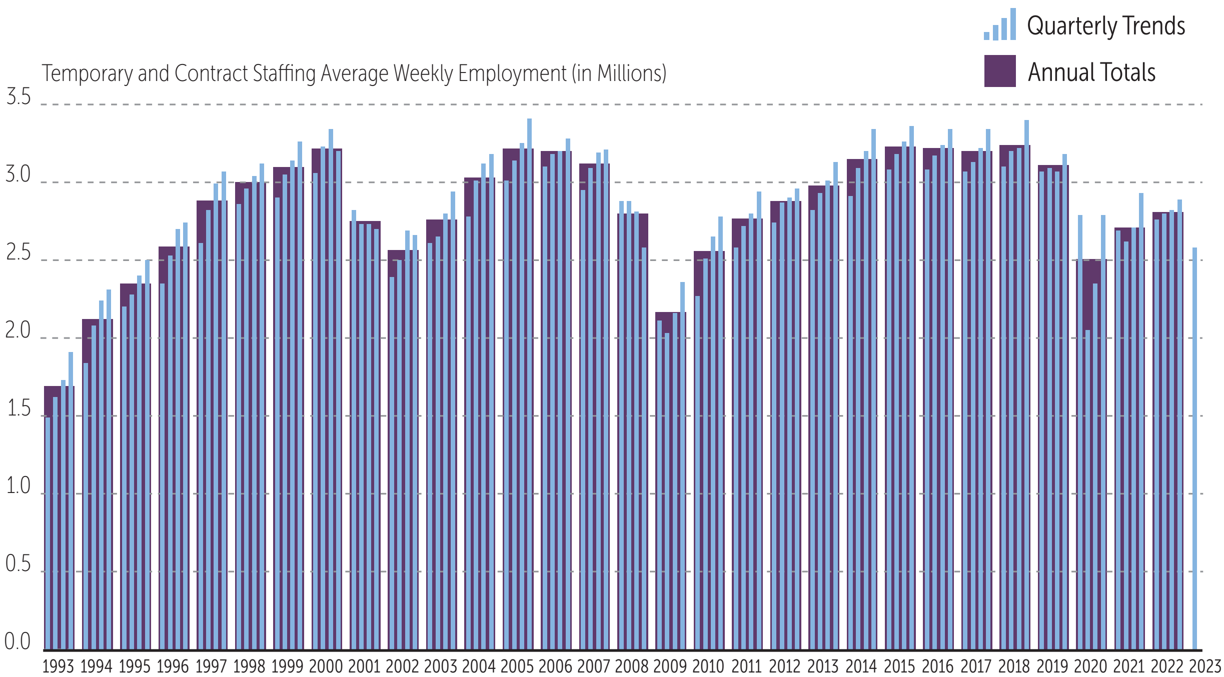
## Takeaways:

Historically, staffing employment has served as a coincident economic indicator, although government data are reported less frequently and are constantly revised. Because the ASA Staffing Index measures weekly changes in staffing employment, it bears watching as a near real-time indicator of current economic conditions—especially during times of expansion for the labor market and economy. Follow the weekly trends at *americanstaffing.net/index.*

### NOTES:

# AVERAGE WEEKLY STAFFING EMPLOYMENT

## U.S. AVERAGE WEEKLY STAFFING EMPLOYMENT IN 2023 TRAILS 2022 LEVELS




*Source: American Staffing Association, Staffing Employment and Sales Survey*

## Trends:

After the low of 2.16 million temporary and contract employees per week in 2009, it took six years for the staffing industry to fully recover the one million jobs lost during the 18 months of the Great Recession. In 2020, U.S. staffing companies employed an average of 2.5 million temporary and contract workers per week, down 19.4% from 3.1 million in 2019 due to the Covid-19 pandemic. Average weekly staffing employment showed slow but steady growth after bottoming in 2020, though it may be that totals in 2023 will trail the 2.8 million employed per week in 2022.

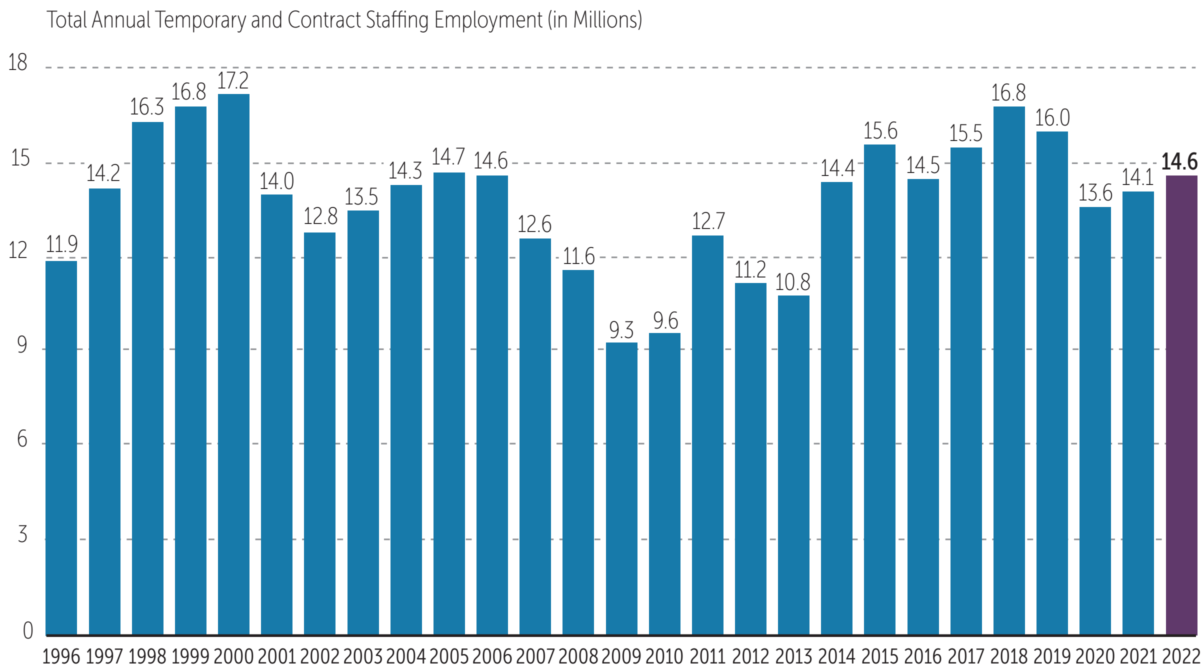
## Takeaways:

The quarterly survey provides staffing data covering approximately 10,000 establishments, including changes in sales, payroll, and employment, broken down by five broad industry sectors and four sales categories. Use the results of the ASA Staffing Employment and Sales Survey to glean projections, to monitor quarterly and annual industry trends, and as benchmarks for temporary and contract staffing statistics as well as search and placement metrics. Learn more at *americanstaffing.net/quarterly-survey.*

### NOTES:

# ANNUAL STAFFING EMPLOYMENT

## STAFFING JOBS COMING BACK AFTER PANDEMIC




*Source: American Staffing Association, Staffing Employment and Sales Survey*

## Trends:

ASA estimates the total number of temporary and contract employees who have worked in the staffing industry for any period of time during the calendar year, using data from the quarterly ASA Staffing Employment and Sales Survey. Continuing to climb back after the Covid-19 pandemic, U.S. staffing companies hired a total of 14.6 million temporary and contract workers in 2022, up from the 14.1 million recorded in 2021.

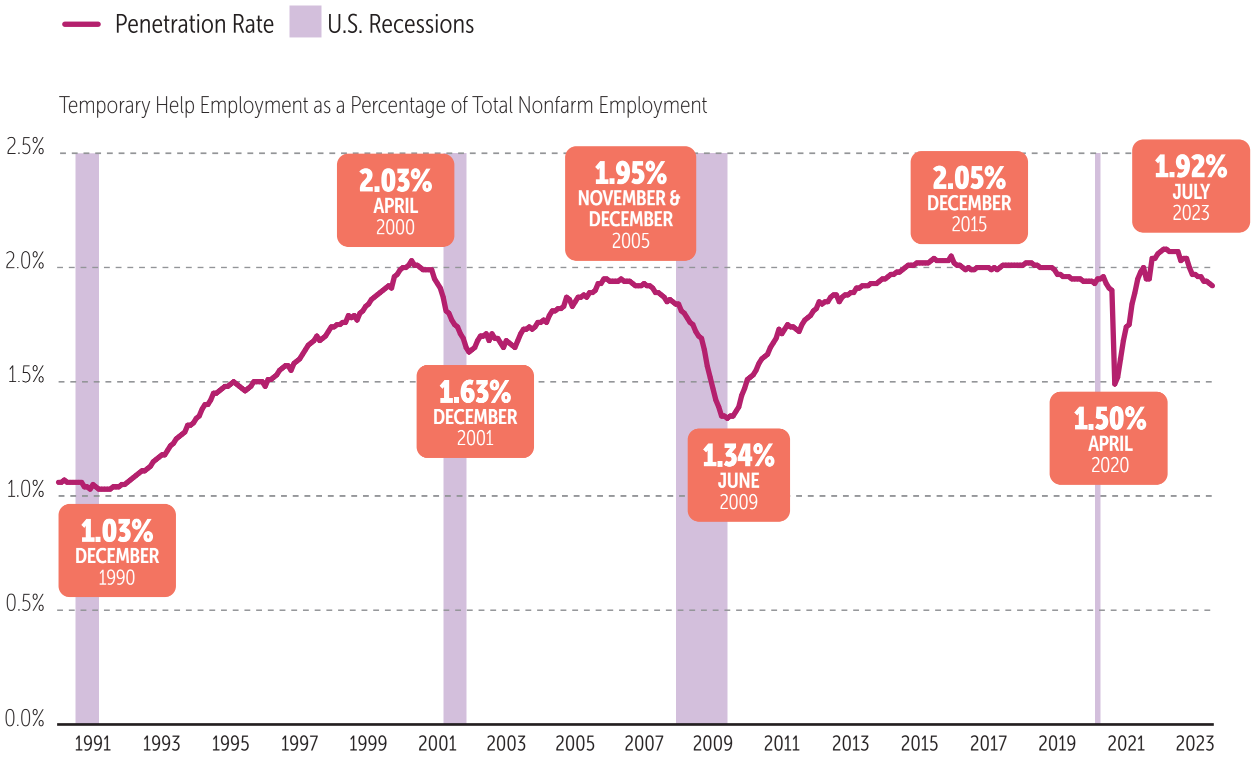
## Takeaways:

Recovery continues from the Covid-19 slowdown of 2020, and demand for talent is steady, yet sourcing is stiff. With tight labor markets nationwide, staffing companies must continue to re-evaluate their recruiting strategies and ensure they have the systems and processes in place to continue servicing client demand amid a unique new pandemic-induced landscape.

### NOTES:

# STAFFING PENETRATION RATE

## STAFFING PENETRATION RATE RETREATS FROM RECORD HIGHS




*Source: U.S. Bureau of Labor Statistics*

## Trends:

Until 2015, the staffing industry's longstanding peak penetration rate had been 2.03%, set in April 2000. (The penetration rate measures temporary help services employment as a percentage of the total nonfarm workforce.) The rate plunged to 1.63% during the recession that followed. Though it rebounded to 1.95% in November 2005, it fell again during the Great Recession to a low of 1.34%. Since reaching that low, the staffing penetration rate had been on an upward trend, setting a new record high of 2.05% in December 2015, then leveled at about 2.00% before diving to 1.50% in April 2020 during the Covid-19 pandemic. The rate rebounded to above 2.00% once again, reaching an all-time high of 2.08% in February and March of 2022, before dipping back down to 1.92% as of July 2023.

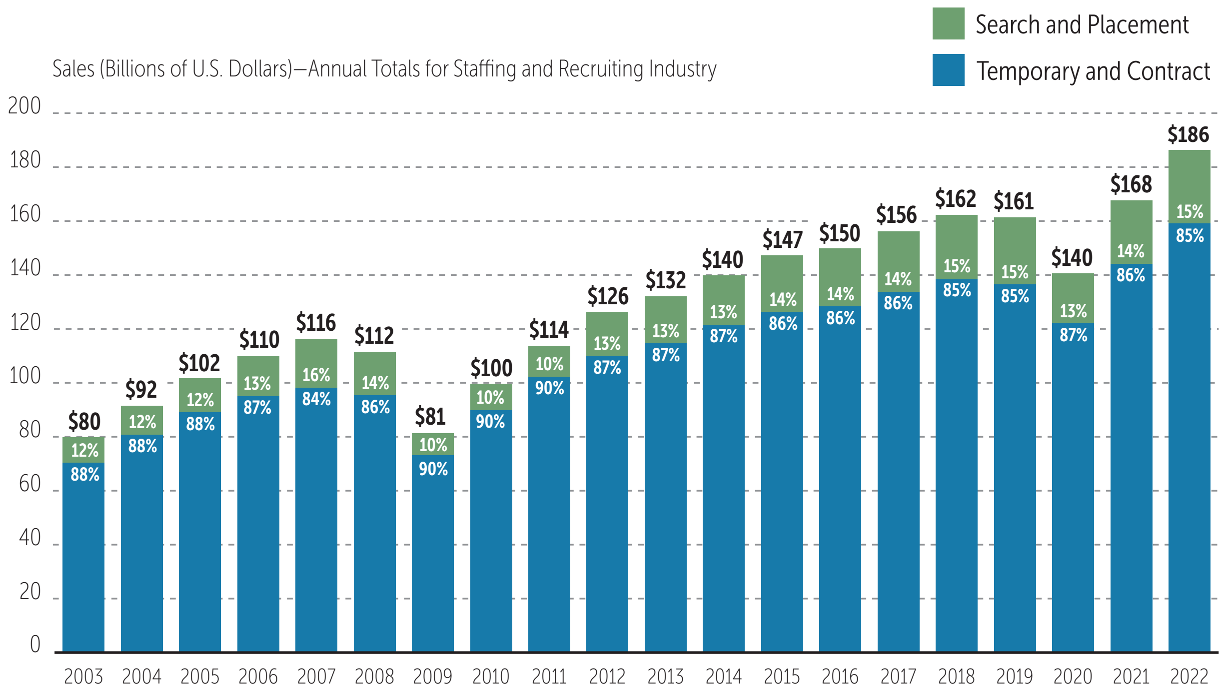
## Takeaways:

The role the staffing industry plays in the U.S. economy continues to be vital, especially during the economic uncertainty of today and the employment recovery from the recession of 2020. The Great Shutdown was so unusual that economists and industry observers alike are still reserved in even speculating as to when the workforce may return to more traditional cycles. Staffing services offer flexibility in matching talent to jobs during uncertain times.

### NOTES:

# STAFFING AND RECRUITING INDUSTRY SALES

## STAFFING AND RECRUITING SALES INCREASED 10.7% TO $186 BILLION IN 2022




*Source: American Staffing Association, Staffing Industry Analysts Inc., U.S. Department of Commerce*

## Trends:

Temporary and contract staffing sales totaled $159.1 billion in 2022, according to the latest annual data from the ASA Staffing Employment and Sales Survey—an increase of 10.3% from 2021. Search and placement sales rose 14.3% in 2022, according to Staffing Industry Analysts, totaling $27.2 billion in 2022.

Combining temporary and contract staffing with search and placement services, U.S. staffing industry sales totaled $186.3 billion in 2022, 10.7% more than in 2021. This surpassed the total amount seen any time previously.

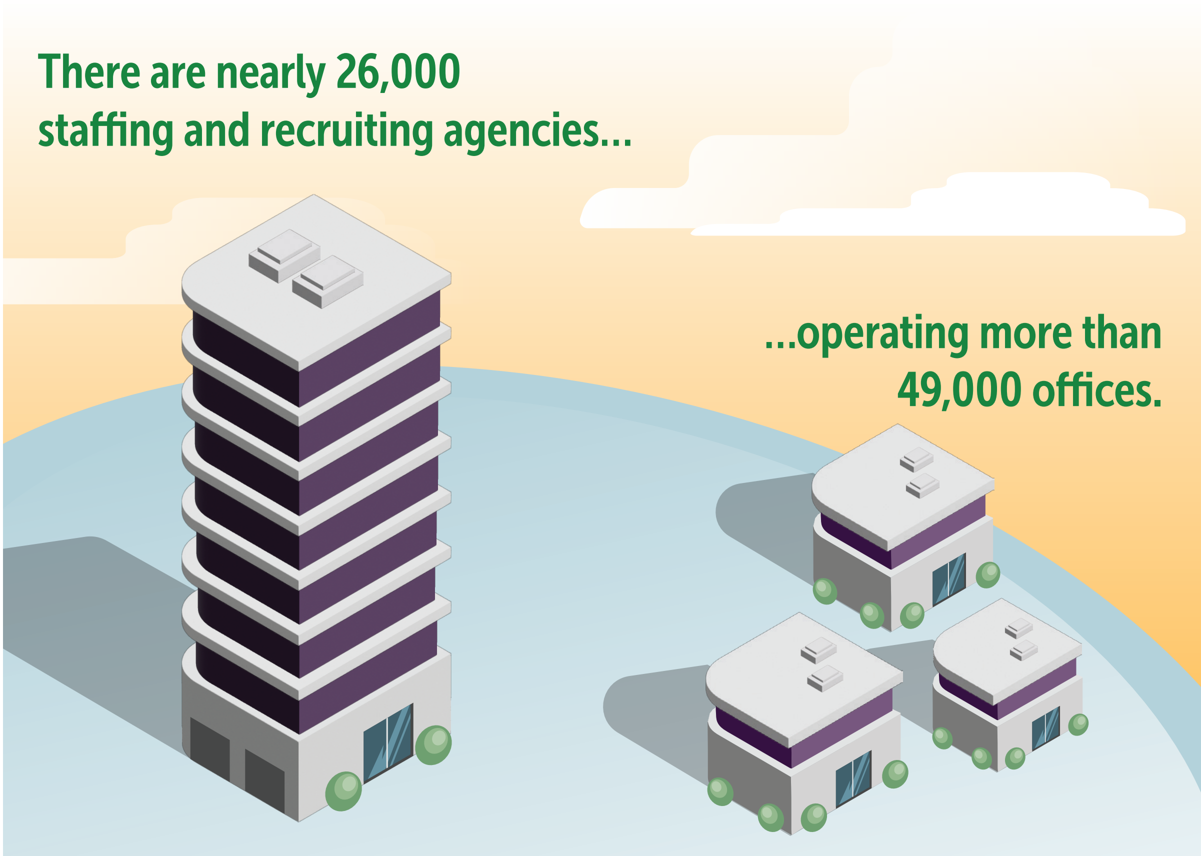
## Takeaways:

Continuing with the rebounding economy post-Covid-19 pandemic, staffing and recruiting industry sales rose sharply after 2020—surpassing the record numbers posted before the pandemic by $24 billion. With stiff competition for qualified talent, the current economy presents significant opportunities for staffing companies to help clients meet their flexible and permanent workforce needs.

### NOTES:

# STAFFING COMPANIES AND OFFICES

## STAFFING COMPANIES SERVE ALL INDUSTRY SECTORS




Source: American Staffing Association, U.S. Census Bureau

## Trends:

In 2020 in the U.S., there were nearly 26,000 staffing and recruiting companies, which altogether operate more than 49,000 offices. Approximately 57% of companies and 76% of offices were in the temporary and contract staffing sector of the industry.

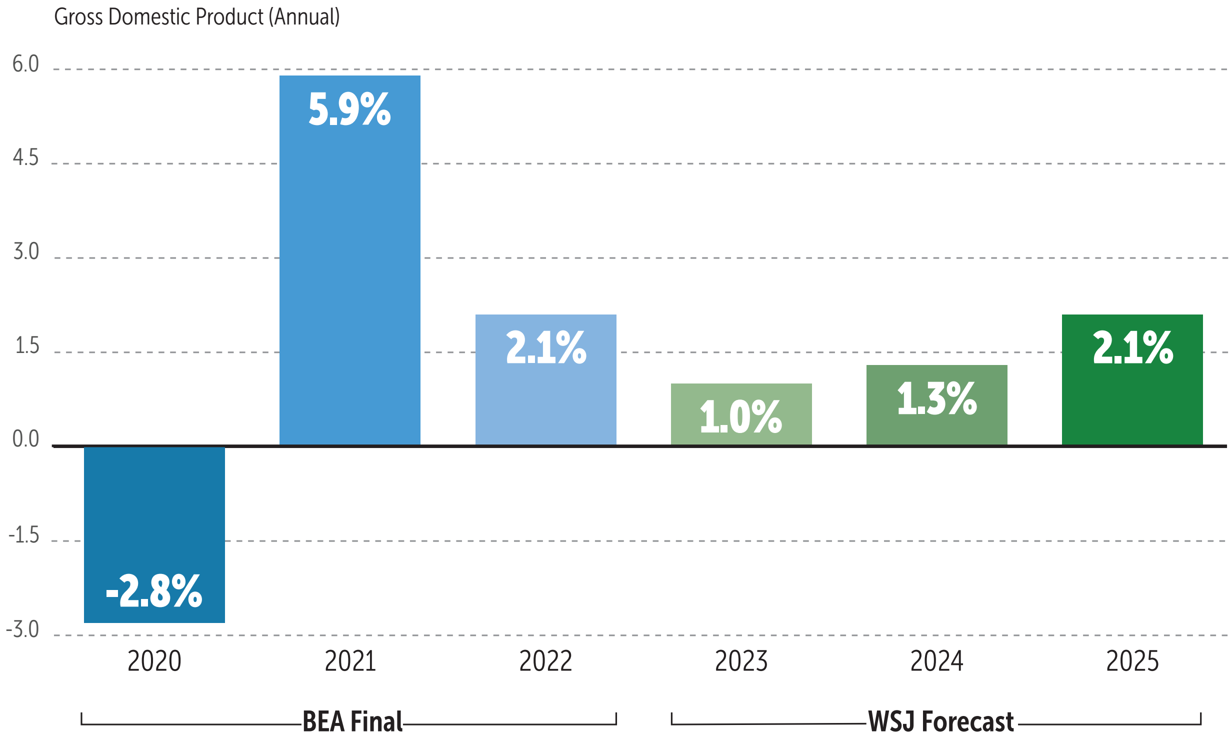
## Takeaways:

The staffing, recruiting, and workforce solutions industry makes a vital contribution to the U.S. economy and provides job and career opportunities for more than 14 million employees per year while servicing businesses across virtually all industries.

### NOTES:

# FORECASTING ECONOMIC GROWTH

## GDP EXPECTED TO GROW SLOWLY IN COMING YEARS




*Source: U.S. Bureau of Economic Analysis,* Wall Street Journal *Economic Forecasting Survey*

## Trends:

The economic turmoil triggered by the Covid-19 pandemic shrunk the economy by 2.8% in 2020. The rebound that followed was rapid—in 2021 alone GDP increased by 5.9%, and in 2022 it increased by 2.1%. The high level of inflation—caused in large part by this rapid growth, alongside other worries such as the war in Ukraine—inspired concern that a recession might be looming. However, the job market has outperformed expectations of decline and, while growth has slowed compared with the two years following the contraction in 2020, a recession so far has been avoided—growth for 2023 is projected to be at 1.0%. Many economists contributing to the *Wall Street Journal's* economic forecast even posit that the rate of growth will improve with time, predicting 1.3% growth for 2024 and 2.1% growth for 2025.

## Takeaways:

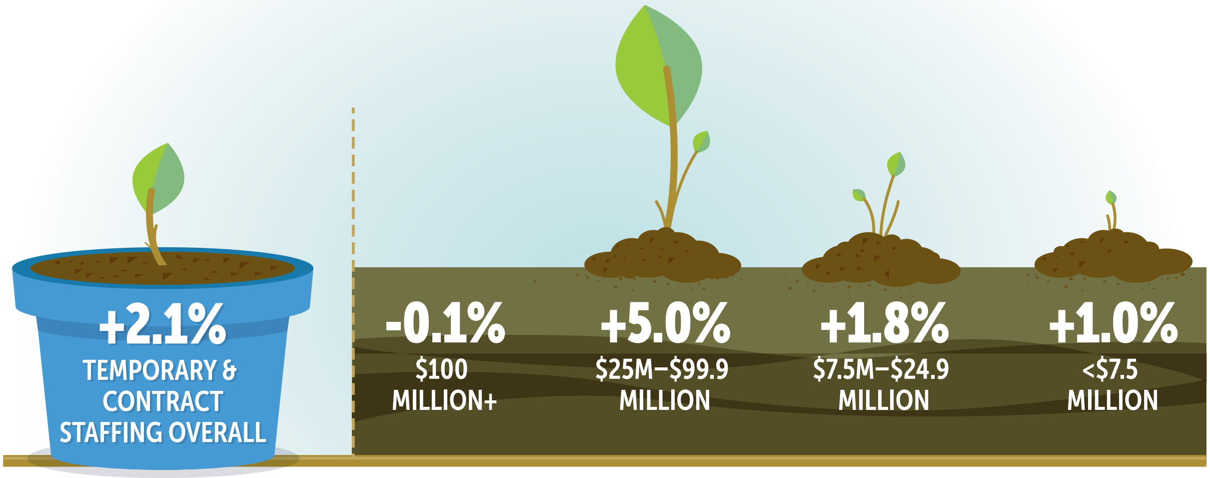
Measuring and forecasting GDP is a precarious endeavor. Historically, including in times of recession, temporary and contract staffing employment has been a coincident economic indicator of GDP. Rather than rely on uncertain forecasts, and government estimates that may be delayed and seemingly are endlessly revised, follow the weekly ASA Staffing Index—it provides a near real-time barometer of current economic conditions. Visit *americanstaffing.net/index.*

**NOTES:**

# EXPECTED SALES GROWTH

## STAFFING COMPANIES STILL ANTICIPATE GROWTH DESPITE THE VOLATILE MARKET

Projected 2022–23 Change in Revenue by Company Sales Category




*Source: American Staffing Association, Staffing Employment and Sales Survey*

## Trends:

Staffing companies provide their outlook on future sales in the quarterly ASA Staffing Employment and Sales Survey. Overall, U.S. staffing agencies expect their 2023 revenue to exceed 2022 by 2.1%, with medium-sized companies (based on sales volume) exhibiting the highest confidence in their outlook (+5.0%). The smallest staffing firms are less optimistic and said they anticipated a 1.0% increase in revenue at year end. The largest staffing firms anticipate their revenue to be flat, predicting their revenue to inch down by –0.1% at year end.

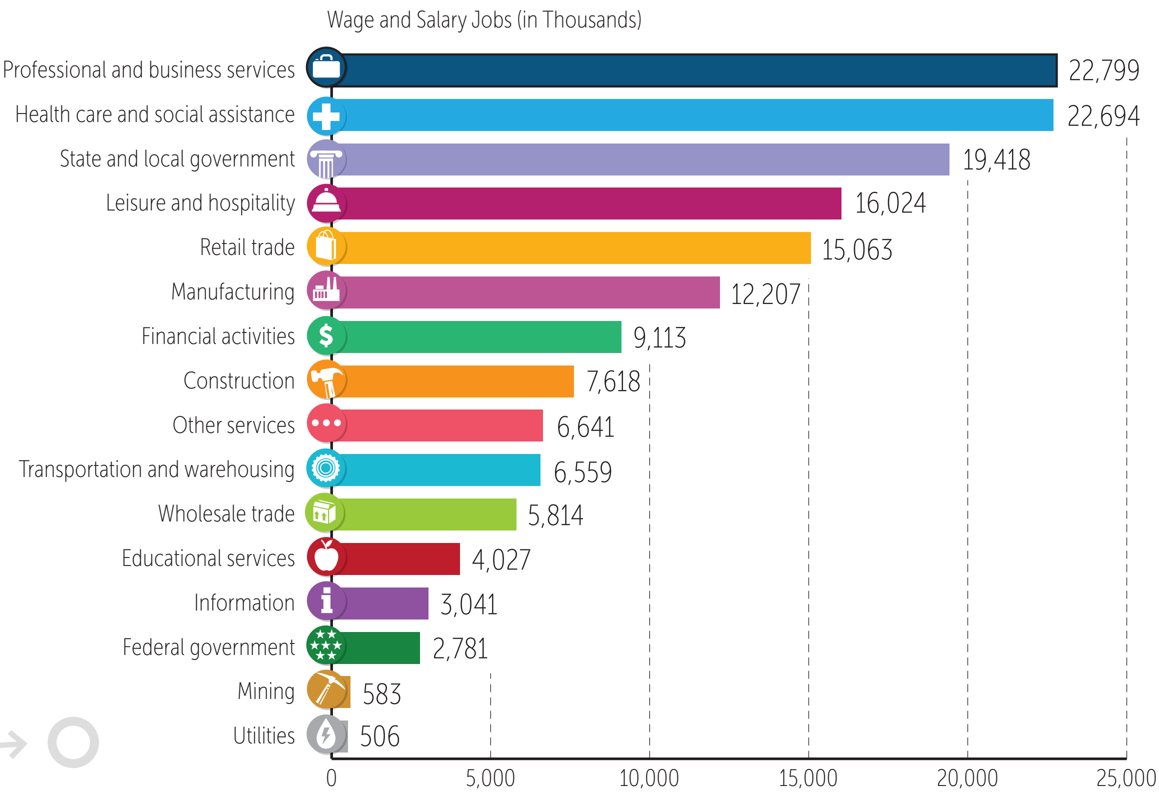
## Takeaways:

In 2023, these data are particularly useful as the staffing industry looks back on the mixed atmosphere of economic uncertainty of the past years and begins strategic planning for the years ahead. Compared with predictions that companies made in 2022, overall staffing revenue growth is anticipated to be much lower (estimated 11.5% compared with actual growth of just 2.1%). However, 2022 was a historic year for staffing, so it would be unlikely for most companies to match that year's numbers. Considering the economic anxiety present toward the beginning of 2023, it makes sense that firms are preparing for below-average growth this year. However, with the current robust job market and favorable economic forecasts for future years, expectations for growth may well turn around.

### NOTES:

# EMPLOYMENT GROWTH BY INDUSTRY

## PROJECTED 2031 JOBS FOR GROWING SECTORS




*Source: U.S. Bureau of Labor Statistics*

## Trends:

From 2021 to 2031, 8.3 million new jobs are expected to be added to the economy, for a total of 166.5 million, according to the U.S. Bureau of Labor Statistics. Close to three in 10 (31.3%) of these 8.3 million new jobs will be in the health care sector (around 2.6 million). However, professional and business services (including staffing) is projected to overtake health care and social assistance as the largest sector in the coming years. Annual job growth is projected to be slower than in the previous decade. From 2010–20 there was an annual increase of 1.0% in the number of new jobs created. For this decade, from 2021–31, the projected annual increase is cut in half to 0.5%.

## Takeaways:

With demand for workers outpacing supply for the foreseeable future, staffing companies have the opportunity to help businesses source the talent they need. Large, growing sectors—like health care—will fuel job creation in the years to come, and so market-savvy staffing firms should tap into these sectors for stable sources of high-demand business.

**NOTES:**

# SECTOR GROWTH FACTORS

## TOP SECTORS AND GROWTH FACTORS

| SECTOR | ANNUAL GROWTH RATE | 2031 JOBS ('000s) | JOBS ADDED 2021–31 ('000s) | GROWTH FACTORS |
|---|---|---|---|---|
| **Professional and business services** (including employment services) | **0.7%** | **22,799** | **1,549** | **Continued demand for computer systems design, consulting, and staffing services** |
| Health care and social assistance | 1.2% | 22,694 | 2,610 | Aging population, longer life expectancies, and growing rates of chronic conditions |
| Leisure and hospitality | 1.3% | 16,024 | 1,923 | Recovery from the pandemic-era closure of restaurants, hotels, and in-person establishments |

*Source: U.S. Bureau of Labor Statistics*

## Trends:

Health care and social assistance, alongside professional and business services, remain the two industry sectors expected to grow the fastest over the next decade. This is due to America's aging population and rising life expectancies increasing the number of chronic health conditions (thereby increasing demand for health care) and to the importance of technology in a modern economy (thereby resulting in a persistent demand for computer systems design, consulting, and staffing services). The leisure and hospitality sector is also projected to add jobs at a rapid pace from 2021 to 2031—however, the majority of these expected job gains were already realized as the economy reopened after the pandemic.

## Takeaways:

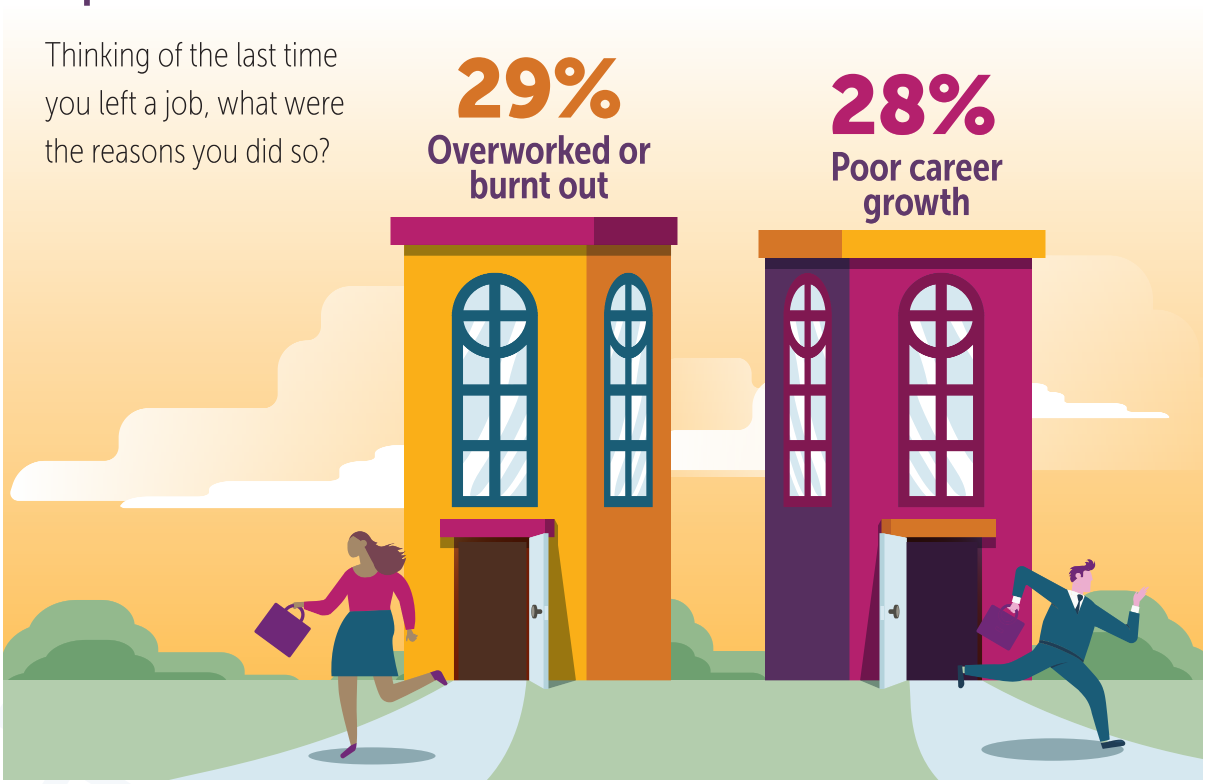
Despite current cooling in the labor market, demand for workers will continue over the coming decade, especially in the health care and professional and business services industries. There will continue to be temporary, contract, and permanent employment opportunities for job seekers in the coming years, even as the economy adapts to a changing workforce and new workplace policies and procedures. Get more details on employment projections from the U.S. Bureau of Labor Statistics in the article "What the Data Reveal About Growth Opportunities" in the November–December 2022 issue of *Staffing Success* magazine.

**NOTES:**

# TOP REASONS WORKERS LEAVE JOBS

## OVERWORK/BURNOUT AND POOR CAREER GROWTH ARE KEY REASONS FOR LEAVING JOBS

### Top Reasons Candidates Leave Their Jobs




*Source: American Staffing Association, ClearlyRated, Candidate Sentiment Study*

## Trends:

According to the 2020 ASA Candidate Sentiment Study—a survey of individuals currently employed or seeking work—in addition to feeling overworked or burned out (29%) or having bleak career growth prospects (28%), candidates who had left a job recently cited insufficient compensation or benefits (21%), problems with their immediate manager (20%), having a better opportunity elsewhere (19%), or a lack of fit with company culture (19%) as additional reasons for leaving.

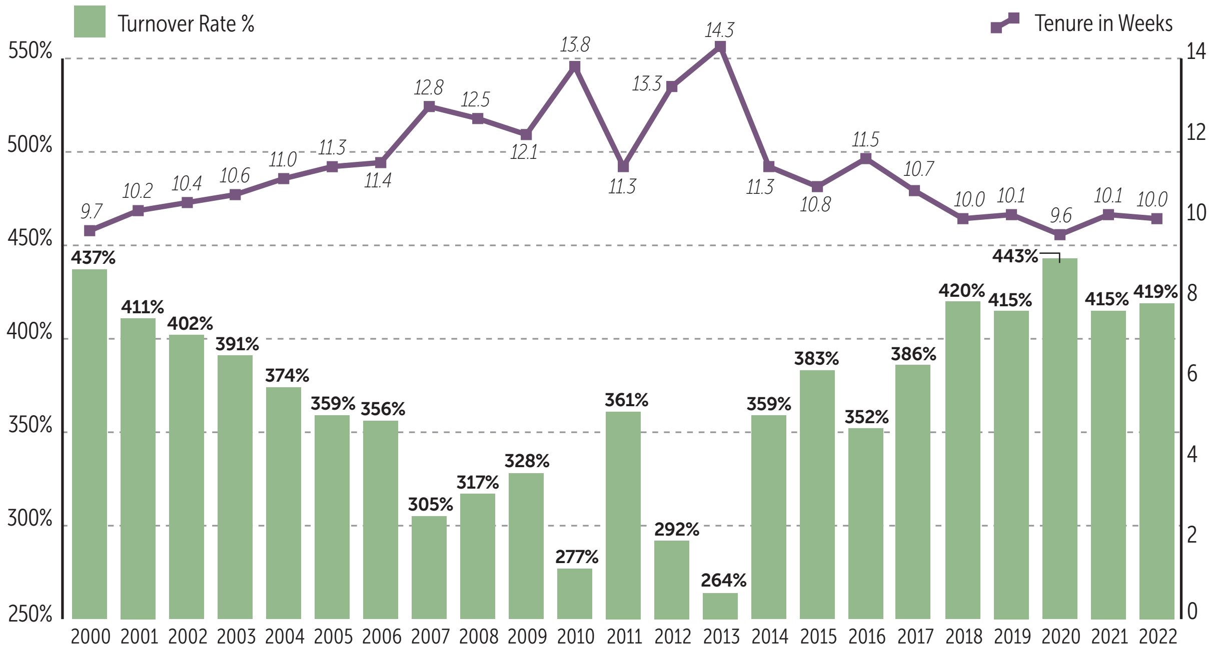
## Takeaways:

With job openings still outpacing hires and the unemployment rate historically low, job candidates (people who are working, or who are not employed but are looking for work) are in short supply these days. Understanding why candidates leave is critical for a firm's recruiting and retention efforts. Staffing professionals need to know how to connect with talent who may be considering a change, and managers should be on the lookout for warning signs that their staff might be considering leaving.

NOTES:

# STAFFING EMPLOYEE TURNOVER AND TENURE

## STAFFING EMPLOYEE TURNOVER EDGED UP IN 2022; TENURE EDGED DOWN




*Source: American Staffing Association, Staffing Employment and Sales Survey*

## Trends:

The turnover rate for temporary and contract employees slightly increased to 419% in 2022—up from 415% in 2021, but nearly even with the rate in 2018. The average tenure for staffing employment edged down slightly to 10.0 weeks in 2022 from 10.1 weeks in 2021. Tenure—the duration of employment—is based on turnover. These two metrics are inversely related: the higher the turnover, the shorter the tenure, and vice versa.

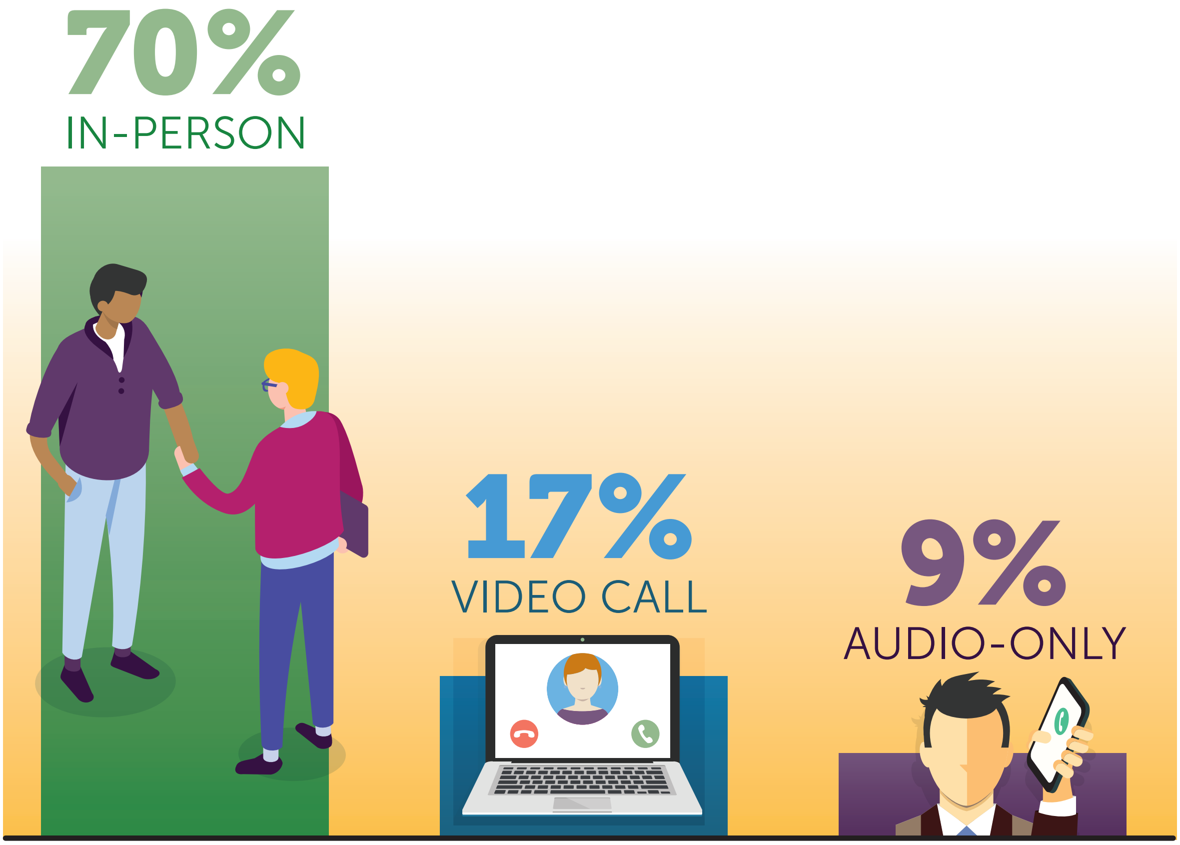
## Takeaways:

Employee turnover is an important statistic for staffing firms—it reflects how often staffing companies need to hire new employees. A high turnover rate means that employees average a shorter tenure; when the turnover rate decreases, it means that average employee tenure is longer. The lower the turnover rate, the lower the cost of recruiting, new-hire administrative expenses, training, and any other outlays associated with replacing employees. See examples and use the interactive calculator at *americanstaffing.net/turnover*.

**NOTES:**

# CANDIDATE INTERVIEW PREFERENCES

## A MAJORITY OF AMERICANS PREFER IN-PERSON INTERVIEWS




*Source: American Staffing Association, ASA Workforce Monitor*

## Trends:

While remote work grew in prominence over the past few years, Americans nevertheless overwhelmingly prefer in-person job interviews (70%) to video (17%) or audio-only (9%), according to an ASA Workforce Monitor® survey conducted by The Harris Poll. Older generations are more likely to prefer in-person interviews, though a majority of all generations do prefer this format. Specifically, 79% of Baby Boomers (people aged 58–76) prefer in-person interviews, compared with 69% of Gen X (42–57) and 63% each of Millennials (26–41) and Gen Z (18–25).

## Takeaways:

Despite the rapid growth of hybrid and remote work that accompanied the Covid-19 pandemic, U.S. adults still value in-person interviews as part of the process of feeling out a job opportunity. Though an in-person interview may not be possible in all cases, understanding the value to candidates of a face-to-face connection may be an asset as firms plan their candidate experience. Get more survey details in the article "First-Impression Anguish: Going to Great Lengths for Interviews" in the March–April 2023 issue of *Staffing Success* magazine.

**NOTES:**

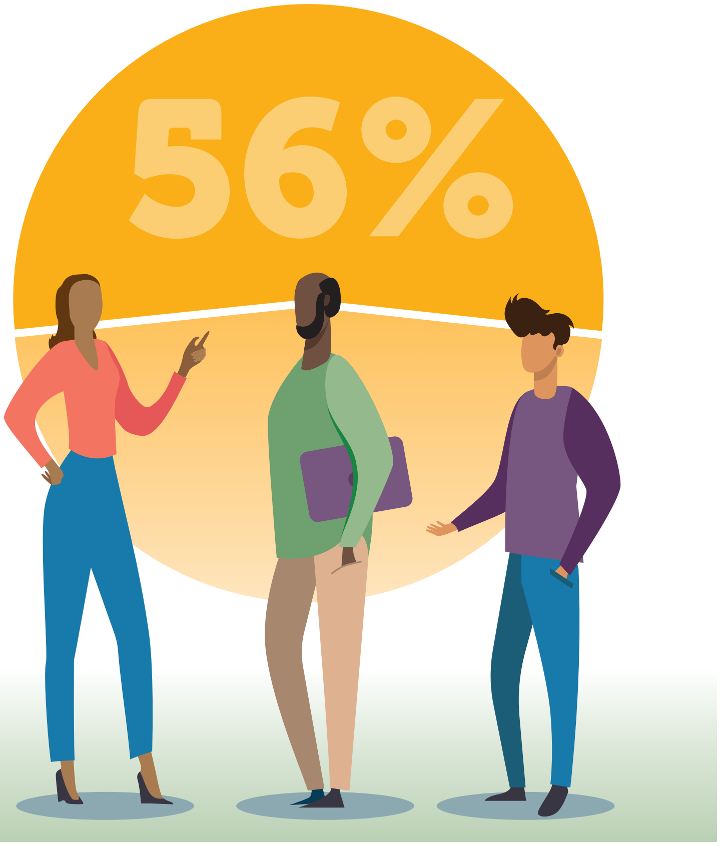
# REMOTE WORK PROS AND CONS

## CANDIDATES SEE ADVANTAGES TO IN-OFFICE WORK, YET MANY STILL DESIRE FLEXIBILITY

**56%**

**of U.S. adults agree**

"People working 100% in-office have an advantage over those working 100% remotely when it comes to getting raises, bonuses, and promotions."




*Source: American Staffing Association, ASA Workforce Monitor*

## Trends:

More than half of U.S. adults agree that "people working 100% in-office have an advantage" over fully remote workers when it comes to compensation and career growth, according to an ASA Workforce Monitor survey conducted by The Harris Poll. Interestingly, this sentiment is reasonably consistent across work settings, with 48% of fully remote workers feeling this way—compared with 57% of fully in-person workers. Yet 44% of those surveyed would be willing to take a pay cut if it meant they had freedom to work remotely.

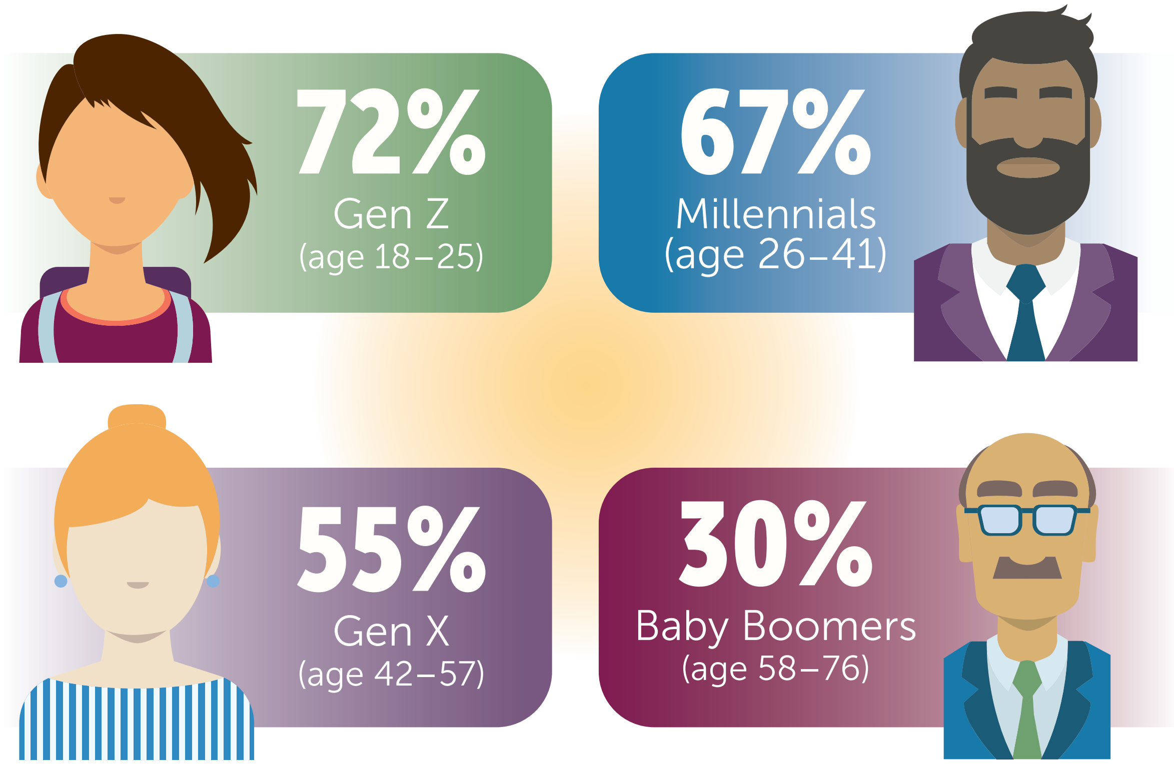
## Takeaways:

Remote work exploded amid lockdowns in early 2020—and, while fully-remote work has ebbed somewhat, the proportion of people working 100% in-office will likely never return to prepandemic levels. Staffing professionals need to be prepared to bridge the gap between clients that may not want remote staff and candidates who may be seeking remote positions. Flexibility will be critical for employers in the years to come as labor remains scarce—a better understanding of what flexibility means to candidates and how companies can meet this need will be a differentiator for employers.

**NOTES:**

# WORKERS OPEN TO SECOND JOBS

## MAJORITY OF WORKING AMERICANS LIKELY TO SEEK SUPPLEMENTARY INCOME




*Source: American Staffing Association, ASA Workforce Monitor*

## Trends:

Although the labor market has remained healthy despite high inflation and lingering recession concerns, working adults are feeling a financial pinch. An ASA Workforce Monitor study found that 58% of adults were likely to get a second job or "side hustle" to supplement their primary income. The likelihood of taking on an additional role decreased with age—72% of Gen Z (people aged 18–25) and 67% of Millennials (26–41) said they were considering a side hustle, compared with about half (55%) of Gen X (42–57) and just 30% of Baby Boomers (58–76)—a majority of the workforce were looking to boost their resources in a period of high inflation.

## Takeaways:

Whether landing a second job to supplement their income or looking for a new role with higher pay, U.S. workers were feeling the pinch of inflation and conscious of it. At the same time, however, workers with a good job and benefits may be cautious about moving to a new role during a time when their expenses are rising and they're reading about layoffs in the news. Being mindful of the economic concerns of candidates and their desire for job security could be a helpful chord to strike when seeking to fill positions. For more information from the survey, visit *americanstaffing.net/recession-outlook.*

### NOTES:

# METHODOLOGY OF ASA ECONOMIC SURVEYS

## ASA STAFFING EMPLOYMENT AND SALES SURVEY

The American Staffing Association provides the only survey-based quarterly estimate of U.S. temporary and contract staffing sales. The quarterly ASA Staffing Employment and Sales Survey—which covers approximately 10,000 establishments (about a third of the industry)—also tracks employment and payroll, with results that parallel the establishment surveys of the U.S. Bureau of Labor Statistics. The survey is used to estimate total industry employment, sales, and payroll, based on a model developed for ASA by Standard & Poor's DRI / McGraw–Hill in 1992. DRI conducted a census of ASA members and a survey of selected nonmember firms. Using this and related government data, DRI prepared annual estimates for 1990 and 1991 and a stratified-panel, survey-based estimation model to be used quarterly from 1992 forward.

To preserve the confidentiality of individual company responses, a market research firm collects and tabulates the data and reports only aggregate results to ASA. Survey participants include more than 100 small, medium, and large staffing companies that together provide services in virtually all sectors of the industry. The participants enter data for employment, sales, and payroll for the most recent quarter and, to ensure validity and continuity, the relevant previous quarters. Responses are stratified by company size and used to derive growth rates for each stratum. Strata for each metric are weighted based on the proportionate market share of similarly sized companies. These growth rates are applied quarter by quarter to aggregate benchmark estimates for temporary and contract staffing employment, sales, and payroll.

## ASA STAFFING INDEX

The ASA Staffing Index tracks temporary and contract employment trends. The index survey methodology essentially mirrors that of the quarterly ASA Staffing Employment and Sales Survey. ASA Staffing Index values, based on survey results, are typically posted nine days after the close of a given workweek, providing a near real-time gauge of staffing industry employment and overall economic activity. Participants include a stratified panel of small, medium, and large staffing companies that together provide services in virtually all sectors of the industry. Similar to the quarterly ASA Staffing Employment and Sales Survey, percentage changes in employment are derived by weighting responses according to company size categories.

Three metrics are published each week. The first is the index value itself, which depicts staffing employment trends over time. The second and third are the weekly and year-to-year percentage changes in staffing employment. All three numbers are posted throughout the ASA website, *americanstaffing.net*. The index is calculated by applying the weekly percentage change in employment to a reference value set at 100 for the week of June 12, 2006. The index reflects the percentage change in employment since that reference week—so when the index reaches 200, it would indicate that staffing employment had doubled since June 2006. The index does not estimate total industry employment; the quarterly ASA Staffing Employment and Sales Survey provides that data. ASA developed the index with the expertise of the Lewin Group, an economic research firm. **>>>**

Participate in ASA research studies and gain access to exclusive reports that can give your company the business intelligence it needs to make strategic decisions. **Go to *americanstaffing.net/research.***

The quarterly ASA Staffing Employment and Sales Survey and the weekly ASA Staffing Index are administered by ASA corporate partner ClearlyRated.

## BENCHMARKS

Both the quarterly ASA Staffing Employment and Sales Survey and the weekly ASA Staffing Index rely on periodic benchmarks from the U.S. Census Bureau. When developing the quarterly survey methodology in 1992, DRI used the 1987 Economic Census of service industries as well as several other sources in estimating industry size and market share weights—long before the introduction of the North American Industry Classification System. Data from the 1997 census, the first to use NAICS, delineated "temporary help services" more clearly than the Standard Industrial Classification it replaced. Using the 1997 NAICS-based census also provided better comparability and continuity of data for the 1990 to 2002 period than the original DRI estimates, particularly given that the principal interest in the results of the quarterly survey has been changes over time rather than absolute levels of employment, sales, and payroll.

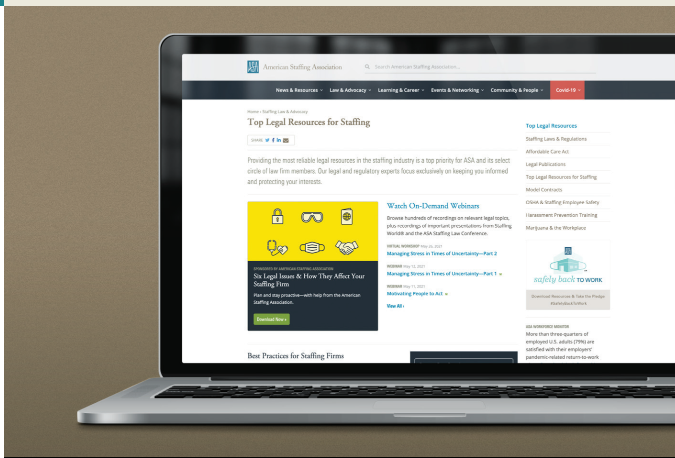
Data from the 2002 census were used as benchmarks for the quarterly survey results from 2002 through 2006, while the 2007 census data were used to benchmark quarterly survey results from 2007 through 2011. The 2007 census data were also used as benchmarks for the index back to 2006; 2006 and 2007 were peak—and similar—years for the staffing industry, and the index covered only the last six and a half months of 2006, which were much more like 2007 than 2002, the previous census year (and hence the next available benchmark). In 2011, given newly released benchmark data from the 2007 Economic Census, ASA revised historical figures for staffing employment, sales, and payroll back to 1990 and ASA Staffing Index values to the index's inception in 2006. The 2012 Economic Census Core Business Statistics Series, released in March 2016, was used to revise quarterly survey results from 2012 through 2015, and the index values were revised from its inception in 2006 through 2015.

## COMPARISON WITH BLS

ASA and BLS have similar—but different—survey methodologies. The ASA quarterly survey and weekly index generally track with BLS monthly employment trends. However, because ASA benchmarks to the U.S. Economic Census and BLS uses its own benchmarks, each organization draws different conclusions on total staffing employment. Moreover, BLS seasonally adjusts its data—and makes numerous revisions—while ASA does not seasonally adjust and makes revisions only every five years, when benchmark census data become available.

Further complicating comparison, BLS counts corporate employees of staffing firms along with temporary employees, and it is unclear if or where contract employees are captured. ASA counts only temporary and contract staffing employees.





# A CLOSER LOOK AT ASA CORPORATE PARTNERS

## PARTNERS IN YOUR SUCCESS

In 2007, the American Staffing Association introduced a comprehensive corporate partnership program. ASA now has multiyear corporate partnerships with five companies: Bullhorn, ClearlyRated, Essential StaffCARE, Monster, and World Wide Specialty.

The ASA corporate partnerships go beyond traditional sponsorships. They involve mutual commitments to long-term working relationships focused on benefiting both ASA and the partners as organizations dedicated to advancing the interests and meeting the needs of ASA members and the staffing industry.

For the partnerships to truly succeed, however, members must do their part: Please join the ASA board of directors and staff in thanking these corporate partners for their support of the association, its members, and the staffing industry.

Bullhorn is a global leader in software for the staffing industry. More than 10,000 companies rely on Bullhorn's cloud-based platform to power their staffing processes from start to finish. Headquartered in Boston, with offices around the world, Bullhorn is founder-led and employs more than 1,600 people globally. To learn more, visit *bullhorn.com* or follow Bullhorn on LinkedIn or other social media.

ClearlyRated is a leading provider of satisfaction surveys and service quality benchmarking for staffing and recruiting firms, and has been an ASA corporate partner since 2007. ClearlyRated helps staffing firms measure the experiences of their clients, candidates, and internal employees to reduce attrition, differentiate on service quality, and build online reputation. ClearlyRated also administers and validates the winners of the annual Best of Staffing awards, recognizing the industry's top performers for client, candidate, and internal employee satisfaction.

Essential StaffCARE is a leading provider of Affordable Care Act-compliant health insurance and supplemental employee benefit plans to the staffing industry. Serving more than 2,500 clients, ESC offers ACA-compliant minimum essential coverage (MEC) plans, supplemental fixed indemnity plans, individual coverage health reimbursement arrangement (ICHRA) solutions, and electronic enrollment technology. Essential StaffCARE built its business from the ground up by developing innovative insurance products, benefits administration, and enrollment methods designed specifically for staffing companies.

As an ASA corporate partner for more than 15 years, ESC proudly sponsors annual conventions and affiliated chapters across the country, providing ASA members with new insurance products that deliver improved coverage, superior administration, and high enrollment results.

In addition to access to Monster's extensive candidate database, we offer a comprehensive suite of staffing solutions encompassing sourcing, precision candidate matching, branding, centralized candidate communication, and outcome-based solutions for staffing companies of all sizes. We also provide the full support of a dedicated staffing sales team.

ASA corporate partner Monster is a global leader in connecting the right people to the right jobs. Every day, Monster aims to make every workplace happier and more productive by transforming the way employers find talent and candidates find careers. For 25 years, Monster has worked to transform the recruiting industry. Monster has working relationships with staffing firms all over the world and is dedicated to its alliance with ASA in order to provide better recruiting tools and knowledgeable support to Monster's customers and the entire staffing industry.

With technology at the center of Monster's award-winning innovations and market-leading solutions, Monster staffing services empower companies to recruit more efficiently and effectively than ever before. By delivering a comprehensive set of managing, matching, and advertising services, Monster offers custom staffing solutions for companies of all sizes. It also provides access to Monster's extensive database of candidates and the full support of a dedicated staffing sales team.

For more than 55 years, World Wide Specialty has provided the staffing industry with superior protection and support to help the staffing industry grow. Now, World Wide Specialty has combined its premier staffing insurance with one of the leading specialty commercial insurance carriers in the U.S.—Philadelphia Insurance Cos.

World Wide Specialty's innovative custom insurance products and programs include general liability, professional liability and errors and omissions, automobile, umbrella, crime and fidelity, and employment practices liability.

World Wide Specialty is the exclusive sponsor of the opening keynote presentation at the ASA annual convention and expo.

Contact World Wide at *wwspi.com.*

### ASA Products, Services, and Events



### Insurance and Employee Benefits



### Payroll Funding, Factoring, and Financial Services

## THE ECONOMY AND U.S. LABOR MARKET



## STAFFING EMPLOYMENT AND SALES



## FUTURE GROWTH



## CANDIDATE CHARACTERISTICS