

# Employment Services

(NAICS 5613)

## SIGNIFICANT POINTS

- Employment services ranks among the industries projected to grow the fastest and to provide the most new jobs.
- Most temporary jobs in this industry require only graduation from high school, while some permanent jobs may require a bachelor's or higher degree.
- Temporary jobs provide an entry into the workforce, supplemental income, and a bridge to full-time employment for many workers.

### Nature of the Industry

Although many people associate the employment services industry with temporary employment opportunities for clerical workers, the industry matches millions of people with jobs, providing both temporary and permanent employment to individuals with a wide variety of education and managerial and professional work experience. Occupations in the industry range from secretary to computer systems analyst, and from general laborer to nurse. In addition to temporary jobs in these occupations, permanent positions in the industry include workers such as employment interviewers and marketing representatives who help assign and place workers in jobs. Nearly half of all jobs in employment services are at large establishments with 250 or more workers (chart 1).

The employment services industry has three distinct segments. *Employment placement agencies* list employment vacancies and place permanent employees. *Temporary help services*, also referred to as temporary staffing agencies, provide employees to other organizations, on a contract basis and for a limited period, to supplement the workforce of the client. *Professional employer organizations* are engaged in providing human

resources and human resources management services to staff client businesses. They also assign workers to client locations, thereby assuming responsibility as an employer while providing a cost-effective approach to the management and administration of the human resources functions of its clients on a contract basis.

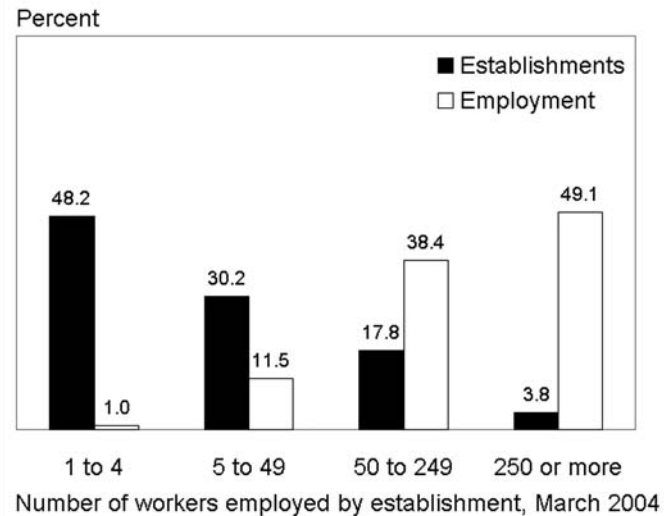
The typical employment placement agency has a relatively small permanent staff, usually fewer than 10 workers, who interview jobseekers and try to match their qualifications and skills to those being sought by employers for specific job openings.

In contrast to the smaller employment agencies, temporary help agencies typically employ many more workers. Temporary help services firms provide temporary employees to other businesses to support or supplement their workforce in special situations, such as employee absences, temporary skill shortages, and varying seasonal workloads. Temporary workers are employed and paid by the temporary help services firm but are contracted out to a client for either a prearranged fee or an agreed hourly wage. Some companies choose to use temporary workers full time on an ongoing basis, rather than employ permanent staff, who typically would receive greater salaries and benefits. As a result, the overwhelming majority of workers in the temporary help services segment of the employment services industry are temporary workers; relatively few are permanent staff.

Professional employer organizations specialize in performing a wide range of human resource and personnel management duties for their client businesses, including payroll processing, accounting, benefits administration, recruiting, and handling labor relations. Employee leasing establishments, which are a type of professional employer organization, typically acquire and lease back some or all of the employees of their clients and serve as the employer of the leased employees for payroll, benefits, and related purposes.

Traditionally, firms that placed permanent employees usually dealt with highly skilled applicants, such as lawyers or accountants, and those placing temporary employees dealt with less skilled workers, such as administrative support occupations. However, temporary help services firms increasingly place workers who have a range of educational backgrounds and work experience because businesses now are turning to temporary employees to fill all types of positions—from administrative to managerial, financial, professional, and production.

**Nearly nine-tenths of employees in the employment services industry work in establishments with 50 or more workers.**



## Working Conditions

The average annual work week in the employment services industry was about 32.5 hours in 2004, compared with the average of 33.7 hours across all industries. The low average work week reflects the fact that a temporary employee could work 40 or more hours a week on a contract for an extended period and then take a few weeks off from work. Most full-time temporary workers put in 35 to 40 hours a week, while some work longer hours. Permanent employees in employment agencies usually work a standard 40-hour week, unless seasonal fluctuations require more or fewer hours.

Workers employed as permanent staff of employment agencies, temporary help services firms, or professional employer organizations usually work in offices and may meet numerous people daily. Temporary employees work in a variety of environments and often do not stay in any one place long enough to settle into a personal workspace or establish close relationships with coworkers. Most assignments are of short duration because temporary workers may be called to replace a worker who is ill or on vacation or to help with a short-term surge of work. However, assignments of several weeks or longer occasionally may be offered. On each assignment, temporary employees may work for a new supervisor.

Employment as a temporary is attractive to many. The opportunity for a short-term source of income while enjoying flexible schedules and an ability to take extended leaves of absence is well-suited to students, persons juggling job and family responsibilities, those exploring various careers, and those seeking permanent positions in a chosen career. Firms try to accommodate workers' preferences for particular days or hours of work and for frequency or duration of assignments. Temporary work assignments provide an opportunity to experience a variety of work settings and employers, to sharpen skills through practice, and to learn new skills. Nevertheless, many workers in temporary assignments would prefer the stability and greater benefits associated with full-time work.

The annual injury and illness rate for the employment services industry as a whole was 4.4 cases for every 100 full-time workers in 2003, lower than the rate of 5.0 for the entire private sector. Temporary workers in industrial occupations often perform work that is more strenuous and potentially more dangerous, so they may have a higher rate of injury and illness.

## Employment

The employment services industry provided 3.5 million jobs in 2004, about 2.4 million of them in temporary help services firms. Professional employer organizations employed about 815,000, and employment placement agencies employed another 262,000. Although about 37,000 of the 64,000 establishments in the industry are temporary help services firms, they employ 7 out of 10 industry workers.

Employment in the employment services industry is distributed throughout the United States. Workers are somewhat younger than those in other industries—43 percent of employment services workers are under 35, compared with 36 percent of all workers, reflecting the large number of clerical and other entry-level positions in the industry that require little formal education.

## Occupations in the Industry

The employment services industry encompasses many fields,

from office and administrative support occupations to professional and production occupations (table 1). In general, occupations in the industry include the permanent staff of employment services firms, and the variety of occupations supplied through the temporary help services segment of the industry and the professional employer organizations.

The staff of employment service agencies is responsible for the daily operation of the firm. Many of these workers are in management, business, and financial, and sales occupations, which together account for only about 8 percent of jobs in this industry. *Managers* ensure that the agency is run effectively, and they often conduct interviews of potential clients and job-seekers. *Employment, recruitment, and placement specialists* recruit and evaluate applicants and attempt to match them with client firms. Most work in the personnel supply services industry. *Sales workers* actively pursue new client firms and recruit qualified workers. Because of fierce competition among agencies, marketing and sales work at times can be quite stressful.

About 1 in 4 workers in this industry are in office and administrative support jobs. These positions may be either temporary or permanent. Experience in office and administrative support occupations usually is preferred for these jobs, although some persons take special training to learn skills such as bookkeeping and word processing. *Receptionists* greet visitors, field telephone calls, and perform assorted office functions. *Secretaries* perform a growing range of tasks, such as keyboarding and answering the telephone, depending on the type of firm in which they work. *Medical secretaries* make appointments and need a familiarity with common medical terms and procedures; *legal secretaries* must be familiar with the format of common legal documents. *General office clerks* file documents, type reports, and enter computer data. *File clerks* classify and store office information and records. *Data entry keyers* type information into a computer data base, either through a personal computer or directly into a mainframe computer. *Word processors and typists* enter and format drafts of documents using typewriters or computers. *Bookkeeping clerks* compute, classify, and record transaction data for financial records and reports.

Production occupations and transportation and material moving occupations together account for 41 percent of employment in the employment services industry. Many of these jobs seldom require education beyond high school, although related work experience may be preferred for some. Others require significant experience and on-the-job training. Highly skilled *assemblers and fabricators* may assemble and connect parts of electronic devices, while those who are less skilled work on production lines, continually repeating the same operation. *Helpers* perform a variety of mostly unskilled tasks. *Laborers and freight, stock, and material movers* transport goods to and from storage areas in either factories, warehouses, or other businesses. *Hand packers and packagers* wrap, package, inspect, and label materials manually, often keeping records of what has been packed and shipped.

A growing number of temporary workers are specialized professional and related workers, who currently account for another 9 percent of employment. Professional and related occupations include a variety of specialists and practitioners, some of whom require many years of postsecondary education to qualify for their positions. For example, *lawyers or attorneys* generally need 4 years of college and 3 years of law school. They act as advisors, providing counsel on legal rights and obligations and

suggesting particular courses of action in business. Computer programmers write, test, and maintain the detailed instructions, called programs or software that computers must follow to perform their functions. Other computer specialists include computer support specialists, who provide technical assistance, support, and advice to customers and users. Licensed practical nurses provide basic bedside care to patients. Registered nurses administer medication, tend to patients, and advise patients and family members about procedures and proper care. They usually work in hospitals, but they may be assigned to private duty in patients' homes.

Service workers employed on a temporary basis also include a number of health care support occupations. *Home health aides* usually work in the home of an elderly or ill patient, allowing the patient to stay at home instead of being institutionalized. Becoming a home health aide generally does not require education beyond high school. *Nursing aides* and *orderlies* also seldom need education beyond high school, but employers do prefer previous experience. These workers assist nurses with patient care in hospitals and nursing homes.

The remainder of the workers in this industry includes those in farming, fishing, and forestry as well as installation, maintenance, and repair occupations.

### Training and Advancement

The employment services industry offers opportunities in many occupations for workers with a variety of skill levels and experience. The majority of temporary jobs still require only graduation from high school or the equivalent, while some permanent jobs, such as those in management, may require a bachelor's or higher degree. In general, the training requirements of temporary workers mirror those for permanent employees in the economy as a whole. As the industry expands to include various professional and managerial occupations, therefore, a growing number of jobs will require professional or advanced degrees.

Many temporary help services firms offer skills training to newly hired employees to make them more marketable. This training often is provided free to the temporary worker and is an economical way to acquire training in important skills such as word processing. Agency training policies vary, so persons considering temporary work should ask firms what training they offer and at what cost.

Advancement as a temporary employee usually takes the form of pay increases or greater choice of jobs. More often, temporary workers transfer to full-time jobs with other employers. Turnover among temporary workers within help supply firms usually is very high; many accept offers to work full time for clients for whom they worked as temporary workers. Some experienced temporary workers may be offered permanent jobs with help firms, either as receptionists or in positions screening or training others for temporary jobs.

Staff of employment placement agencies and permanent staff of temporary help services firms typically are employment interviewers, administrative support workers, or managers. The qualifications required of employment interviewers depend partly on the occupations that the employment placement agency or temporary help services firm specializes in placing. For example, agencies that place professionals, such as accountants or nurses, usually employ interviewers with college degrees in similar fields. Agencies specializing in placing administrative support workers, such as secretaries or word processors, are more likely

**Table 1. Employment of wage and salary workers in employment services by occupation, 2004 and projected change, 2004-14.**

(Employment in thousands)

| Occupation   | Employment, 2004 |         | Percent change, 2004-14 |
|--|------------------|---------|-------------------------|
|  | Number           | Percent |                         |
| <b>Total, all occupations</b> .....                          | 3,470            | 100.0   | 45.5                    |
| <b>Management, business, and financial occupations</b> ..... | 168              | 4.9     | 61.4                    |
| Top executives .....   | 28               | 0.8     | 62.0                    |
| Employment, recruitment, and placement specialists .....     | 51               | 1.5     | 45.2                    |
| <b>Professional and related occupations</b> .....            | 325              | 9.4     | 57.5                    |
| Engineers .....  | 20               | 0.6     | 56.5                    |
| Registered nurses .....                                      | 77               | 2.2     | 50.5                    |
| Licensed practical and licensed vocational nurses .....      | 50               | 1.4     | 55.9                    |
| <b>Service occupations</b> .....                             | 337              | 9.7     | 56.2                    |
| Home health aides .....                                      | 16               | 0.5     | 52.1                    |
| Nursing aides, orderlies, and attendants .....               | 62               | 1.8     | 52.1                    |
| Food and beverage serving workers .....                      | 61               | 1.8     | 50.1                    |
| Building cleaning workers .....                              | 64               | 1.9     | 66.9                    |
| Landscaping and groundskeeping workers .....                 | 33               | 1.0     | 60.2                    |
| <b>Sales and related occupations</b> .....                   | 92               | 2.7     | 50.5                    |
| <b>Office and administrative support occupations</b> .....   | 848              | 24.4    | 43.0                    |
| Bookkeeping, accounting, and auditing clerks .....           | 39               | 1.1     | 47.0                    |
| Customer service representatives .....                       | 79               | 2.3     | 74.4                    |
| File clerks .....  | 27               | 0.8     | -18.3                   |
| Receptionists and information clerks .....                   | 61               | 1.8     | 55.6                    |
| Shipping, receiving, and traffic clerks .....                | 33               | 1.0     | 47.9                    |
| Stock clerks and order fillers .....                         | 35               | 1.0     | 25.1                    |
| Secretaries and administrative assistants .....              | 133              | 3.8     | 41.0                    |
| Data entry keyers .....                                      | 51               | 1.5     | 30.7                    |
| Word processors and typists .....                            | 21               | 0.6     | 11.2                    |
| Office clerks, general .....                                 | 182              | 5.2     | 49.3                    |
| <b>Construction and extraction occupations</b> .....         | 200              | 5.8     | 58.8                    |
| Construction laborers .....                                  | 72               | 2.1     | 66.7                    |
| Construction and related workers, all other .....            | 43               | 1.2     | 53.3                    |
| <b>Installation, maintenance, and repair workers</b> .....   | 50               | 1.5     | 62.9                    |
| Maintenance and repair workers, general .....                | 22               | 0.6     | 63.4                    |
| <b>Production occupations</b> .....                          | 562              | 16.2    | 39.5                    |
| Team assemblers .....  | 122              | 3.5     | 42.9                    |
| Metal workers and plastic workers .....                      | 63               | 1.8     | 47.0                    |
| Packaging and filling machine operators and tenders .....    | 72               | 2.1     | 39.1                    |
| Helpers—Production workers .....                             | 84               | 2.4     | 35.0                    |
| Production workers, all other .....                          | 89               | 2.6     | 27.0                    |
| <b>Transportation and material moving occupations</b> .....  | 857              | 24.7    | 35.0                    |
| Driver/sales workers and truck drivers .....                 | 69               | 2.0     | 70.2                    |
| Laborers and freight, stock, and material movers, hand ..... | 545              | 15.7    | 34.7                    |
| Packers and packagers, hand .....                            | 151              | 4.3     | 19.1                    |
| Refuse and recyclable material collectors .....              | 29               | 0.8     | 8.1                     |

Note: May not add to totals due to omission of occupations with small employment

to hire interviewers with less education, but who have experience in those occupations. Staffs of professional employer organizations include professionals in human resources management, payroll, risk management, legal services, financial management, employment compliance, and administration.

Although administrative support occupations, such as receptionists, usually do not require formal education beyond high school, related work experience may be needed. Sometimes, staff experienced in administrative support occupations advance to employment interviewer positions. Most managers have college degrees; an undergraduate degree in personnel management or a related field is the best preparation for these jobs. Employment, recruitment, and placement specialists often advance to managerial positions, but seldom without a bachelor's degree.

## Outlook

Employment services ranks among the fastest growing industries in the Nation and is expected to be among those that provide the most new jobs. The industry is expected to gain about 1.6 million new jobs over the 2004–14 projection period. Wage and salary employment in the employment services industry is expected to grow 46 percent over this period, more than 3 times the 14 percent growth projected for all industries combined.

Increasing demand for flexible work arrangements and schedules, coupled with significant turnover in these positions, should create plentiful job opportunities for persons who seek jobs as temporary or contract workers through 2014. In particular, suppliers of medical personnel to hospitals and other medical facilities should continue to fare well, as demand for temporary health care staffing grows to meet the needs of aging baby boomers and to supplement demand for more health care services throughout the country. In addition, businesses are expected to continue to seek new ways to make their staffing patterns more responsive to changes in demand. As a result, firms increasingly may hire temporary employees with specialized skills to reduce costs and to provide the necessary knowledge or experience in certain types of work.

Employment in professional employer organizations also is expected to grow in response to demands by businesses for changes in human resources management. The increasing complexity of employee-related laws and regulations and a desire to control costs, reduce risks, and provide more integrated services will spur more businesses to contract with professional employer organizations to handle their personnel management, health benefits, workers' compensation claims, payroll, tax compliance, and unemployment insurance claims. Businesses are expected to increasingly enter into relationships with professional employer organizations and shift these responsibilities to specialists.

Employment placement agencies are expected to continue growing, but not as fast as temporary help services or professional employer organizations. Growth in these agencies stems from employers' increasing willingness to allow outside agencies to perform the preliminary screening of candidates and the growing acceptance of executive recruitment services. However, online employment placement agencies operate without employment counselors and need fewer administrative support workers. Job postings on employer Web sites; online newspaper classified ads; and job matching Internet sites operated by

educational institutions and professional associations compete with this industry, thereby limiting employment growth.

Most new jobs will arise in the largest occupational groups in this industry—office and administrative support, production, and transportation and material moving occupations. However, the continuing trend toward specialization also will spur growth among professional workers, including engineers, computer specialists, and health care practitioners such as registered nurses. Managers also will see an increase in new jobs, as government increasingly contracts out management functions. In addition, growth of temporary help firms and professional employer organizations—which provide human resource management, risk management, accounting, and information technology services—will provide more opportunities for professional workers within those fields. Marketing and sales representative jobs in temporary staffing firms also are expected to increase along with competition among these firms for the most qualified workers and the best clients.

## Earnings

In 2004, earnings among nonsupervisory workers in employment services firms were \$12.94 per hour and \$421 per week, lower than the \$15.67 an hour and \$529 a week for all private industry.

Earnings vary as widely as the range of skills and formal education among workers in employment services. As in other industries, managers and professionals earn more than clerks and laborers. Also, temporary workers usually earn less than workers employed as permanent staff, but some experienced temporary workers make as much as or more than workers in similar occupations in other industries. Earnings in the largest occupations in employment services appear in table 2.

**Table 2. Median hourly earnings of the largest occupations in employment services, May 2004**

| Occupation  | Employment services | All industries |
|---|---------------------|----------------|
| Registered nurses .....   | \$30.37             | \$25.16        |
| Customer service representatives .....                          | 11.11               | 12.99          |
| Office clerks, general .....                                    | 10.05               | 10.95          |
| Team assemblers .....   | 8.66                | 11.42          |
| Production workers, all other .....                             | 8.51                | 11.38          |
| Construction laborers .....                                     | 8.40                | 12.10          |
| Packaging and filling machine operators<br>and tenders .....    | 8.29                | 10.67          |
| Laborers and freight, stock, and material<br>movers, hand ..... | 8.14                | 9.67           |
| Helpers—production workers .....                                | 8.06                | 9.70           |
| Packers and packagers, hand .....                               | 7.80                | 8.25           |

Most permanent workers receive basic benefits; temporary workers usually do not receive such benefits unless they work a minimum number of hours or days per week to qualify for benefit plans. Only 4 percent of workers in employment services are union members or are covered by union contracts, compared with about 14 percent of workers in all industries combined.

## Sources of Additional Information

For information concerning employment in temporary help services, contact:

- American Staffing Association, 277 S. Washington St., Suite 200, Alexandria, VA 22314.

Internet: <http://www.staffingtoday.net>

For information about employment placement agencies, contact:

- National Association of Personnel Services, P.O. Box 2128, The Village At Banner Elk, Suite 108, Banner Elk, NC 28604. Internet: <http://www.napsweb.org>

For information about employer organizations, contact:

- National Association of Professional Employer Organizations, 901 N. Pitt St., Suite 150, Alexandria, VA 22314. Internet: <http://www.napeo.org>

More information about many occupations in this industry, including the following, appears in the 2006-07 *Occupational*

*Outlook Handbook:*

- Construction laborers
- Data entry and information processing workers
- Human resources assistants, except payroll and timekeeping
- Human resources, training, and labor relations managers and specialists
- Interviewers
- Office and administrative support worker supervisors and managers
- Office clerks, general
- Personal and home care aides
- Receptionists and information clerks
- Secretaries and administrative assistants