

## Supplying job demands

### Staffing firms reflect the job market. Their numbers reveal glimmers of hope on the horizon.

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The unemployment news is awful, with 524,000 lost jobs in December and 11 million Americans out of work. But Stephen Emerson, who runs a Cherry Hill-based temporary-staffing business, sees a glimmer of hope in his fourth-quarter results.

The shred of optimism comes from a slight uptick in business in the last three months of an otherwise ghastly 2008.

"If we can maintain the status quo - not even go up - it seems as if the rest of the market could be on the heels of that," said Emerson, chief executive of Emerson Personnel Group.

Flat, therefore, would be good.

Being at the crux of supply and demand in the labor market, no group is a better barometer of the job economy than the staffing industry. Industry analysts say that temporary-staffing agencies, in particular, are harbingers of the economy to come.

Here is what local staffing executives are looking at in the Philadelphia market in the next few months.

Continued pitiful conditions in the first quarter, with faint stirrings of hope possible by the second quarter as government stimulus packages kick in. As is typical, Philadelphia's job conditions are neither the healthiest nor the sickest, partly because of the diversity of its employment base.

According to the most recent Labor Department statistics, the Philadelphia metropolitan area unemployment rate was 5.9 percent in November, compared to December's national rate of 7.2 percent. By contrast, unemployment climbed to nearly 11 percent in car country, Flint, Mich., but hovered at just 2.4 percent in Logan, Utah.

A potential slowdown in hiring in one of the region's strongholds, health care.

"There's some cautiousness out there among the hospitals because of state budgets, especially where they are dependent on Medicaid, and there's uncertainty about health-care reform," said David Shabot, managing director of health-care services at the Philadelphia offices of Korn/Ferry International.

For example, Delaware County's Crozer-Keystone Health System said last week that it would eliminate 400 positions, partly because of state payments.

Some bright spots remain, including solid demand for high-end information-technology people, "especially for people that possess specialized skills or certifications," said Joseph Wahler, vice president of Robert Half Technology in the Philadelphia area.

Pharmaceutical companies have been laying off sales and marketing people, but there's still a demand for scientists and researchers.

"Philadelphia remains a hotbed for the pharma, biotech and life-sciences industries," said Jason Hersh, managing partner at KleinHersh International, a Management Recruiters International company specializing in national science staffing. The Willow Grove company forecasts a 25 percent increase in business and plans to hire five to 10 new recruiters this year.

"Anything in government and defense, we see as a good place, although the likely exit from Iraq will slow things down," said William Yoh, chief executive of the Yoh Group, a national engineering, scientific and technical staffing company based in Philadelphia.

Continued employment possibilities for accountants. Even when business is bad, someone has to keep records of the wreckage, said Edward Baumstein, chief executive of the SolomonEdwards Group, a national recruitment company based in Wayne specializing in accounting and business services.

He said the stimulus package itself will probably help employ accountants and auditors who will be needed for compliance.

For the most part, business has been sluggish for the personnel companies. Shabot had to lay off seven of the 54 people who worked in his office, which specializes in permanent placement. "The floor fell out in November," he said. Companies put active hiring orders on hold, or promoted from within.

"December bounced in a positive manner, more than we expected," Shabot said, "but not what I would call extremely better.

"What you hear on the streets is that people are hoping for the stimulus package. I don't know, I don't know. I think it's a deeper problem than that."

When the economy begins to improve, it'll be temporary-staffing companies like Emerson's that will be the first to see the change. Here's why:

When companies get a whiff of hard times, they shed temporary staffers first - sometimes as much as a year before they start laying off full-time workers. That's what happened in this recession.

Then, "the way the cycle works on the upside is that companies will hire temporary workers first because they are not sure about the susceptibility of their profit levels or their revenue increases," said James Janesky, a senior research director with Stifel Nicolaus, a Baltimore-based investment company. Janesky, who specializes in staffing, works in Cherry Hill.

After the last recession, temporary-staffing employment began to rise in January 2003, six months before the economy started creating jobs in July 2003.

Lately, Emerson said, "it's been a downward trend, but it may be that we've hit bottom and we're beginning to turn around."

It seems hard to imagine, especially since the economy has shed 2.6 million jobs since the start of the year.

To Yoh, that almost looks like an opportunity, and he plans to capitalize on it by hiring 100 new recruiters and salespeople this year.

"I think the first quarter will be tough," Yoh said. "When the [new] administration gets settled in, I think there is a 50-50 chance that the third quarter will improve."

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