



Staffing Insider

Issue 3

Is the Recession Over?

Even though some economists have declared the recession officially over, nobody realistically expects a hiring boom to start any time soon. Is there really such thing as a “Jobless Recovery”? Not likely. The complete economic cycle has four stages:

1. Prosperity,
2. Recession,
3. Trough, and
4. Recovery.

Then...back to prosperity again! Jobs are created in the recovery period, but not in the trough.

Economic indicators suggest that we are in the trough. This is the time after a recession freefall, but before we start growing again. We are currently bouncing along in the trough (the bottom), with occasional moments of euphoria followed by equally frustrating moments of financial impatience. How long will the trough last? A close look at the staffing industry offers signs that an economic recovery may be near.

According to years of research conducted by the American Staffing Association, staffing industry employment is a three-month leading indicator of mainstream employment when the economy is emerging from a recession.

The best measure of the temporary staffing industry is total hours per week. The Canadian temporary staffing industry began its decline as early as February 2008. This was six full months before most other economic measures revealed that we were in a troubled economy. Temporary hours across all industries slowly declined from February 2008 to February 2009. This turned out to be coincident with the official recessionary months when Canadian GDP was also in decline.

The period from March through June 2009 remained relatively flat for the staffing industry. The staffing industry was able to inform us on a real-time basis during June that June was flat, yet it wasn't until three months later that Statistics Canada could confirm. In early September, Statistics Canada officially confirmed that June was the first month within the previous 11 that Canadian GDP did not decline. GDP grew in June by .01% which is as close to flat as you can get. This supplies more evidence that temporary staffing hours are coincident with real-time economic activity and several months ahead of other economic measures such as GDP and employment measures.

Recently, in August and September, temporary hours have been creeping their way back up, assignment starts are gradually outpacing assignment ends and short-term assignments are getting a little longer. If past experience is an accurate predictor of the future, these moderate improvements in the temporary staffing industry suggest that there will be moderate hiring across the Canadian economy in Q4 of 2009, marking the beginning of a “Job Creation” recovery. [Click here](#) for a report on August employment data issued by Statistics Canada (*The Daily*, September 4, 2009).

We will continue to share insider information about the employment and recruitment marketplace in future issues of the *Staffing Insider*. We would encourage you to [subscribe to our electronic newsletter](#) if you are interested in joining the discussion about HR issues and solutions in the upcoming recovery.

This issue of the Staffing Insider was written by Steve Jones, President of The People Bank with content contributed from Shelley Trenouth, President of Placement Group. The Staffing Insider is a regularly published insider's view of human resources issues and staffing industry best practices, trends and success stories. Aimco Staffing Solutions, Allen Professional Search, La Banque de Personnel, Placement Group and The People Bank are all specialty divisions of Design Group Staffing Inc.