



# STAFFING STATS

Webinars that deliver data-driven solutions

## Staffing STATS—The 2024 Staffing Industry Playbook: Data-Driven Insights to Navigate Disruption Now and Plan for 2025

Thursday, Nov. 21, 2024, 2–3 p.m. Eastern time

# Closed Captions



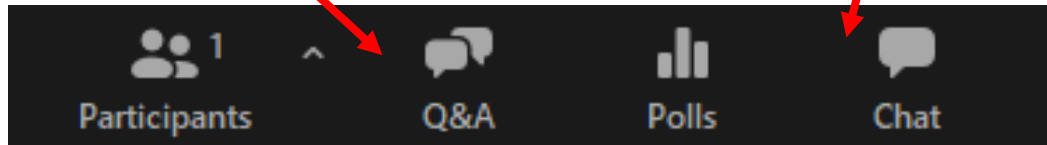
# Ask a Question, Engage With Other Attendees

## Q&A

Type your questions for the panel into the Q&A box

## Chat

Start a conversation—say hello. Engage with panelists and other attendees.





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## 2024 Staffing Industry Playbook



**Noah Yosif, Chief Economist**  
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# NEW Member Benefit: ASA–Lightcast Staffing Market Reports

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# ASA 2024 Staffing Industry Playbook

## Staffing Industry and Economic Insights and Analysis



“The playbook contains decades of data, research, and information about relevant industry and economic trends as well as projected opportunities for growth.”

—**Richard Wahlquist**, chief executive officer, American Staffing Association



“Despite the reduced labor churn, staffing companies remained resilient, diversifying their business activities, improving productivity, and creatively addressing talent shortages”

—**Noah Yosif**, chief economist, American Staffing Association







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# Thank You!



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# Just Kidding!



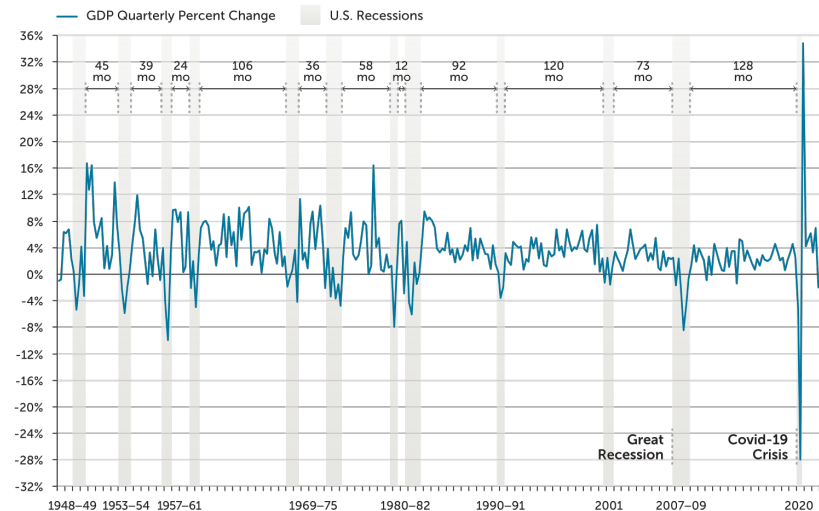
**Noah Yosif, Chief Economist**  
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# Business Cycle: The U.S. Economy Will Continue to Shift Into a Cycle of Slower, Steadier Growth

- Despite increased downside risks, the U.S. economy has avoided recession.
- Key risks to continued growth are elevated inflation and interest rates.
- As the economy normalizes, growth will become slower but more stable.

## THE U.S. ECONOMY:

**Gross Domestic Product Percentage Change From Preceding Period Quarterly**  
(Seasonally Adjusted Rates)



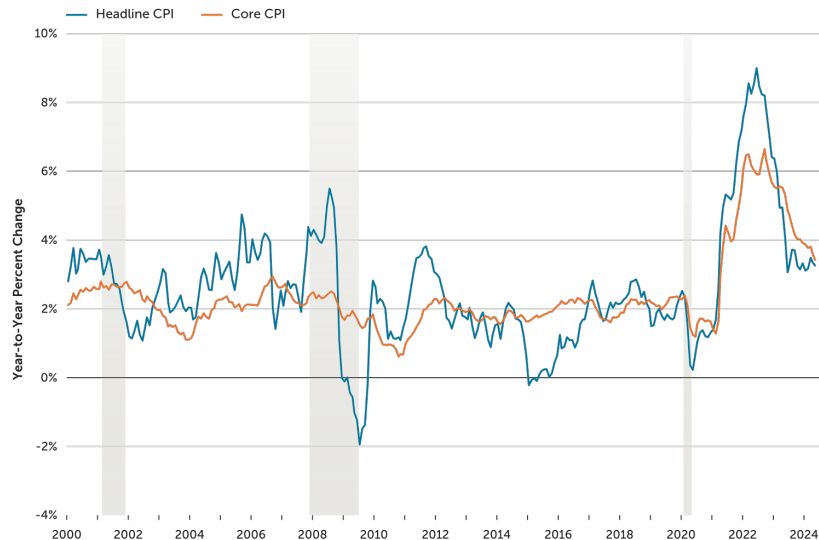
**In 2025, we expect further normalization of economic activity, around 2%.**

# Inflation: Headline and Core Inflation Are Moderating but Will Remain Above Optimal Levels

- Inflation continues to trend above the Fed's 2% target.
- Supply chain disruptions and energy prices stalled progress in early 2024.
- Pockets of inflationary persistence include housing and core services costs.

## THE U.S. ECONOMY:

### Headline and Core Inflation Remain Above Optimal Levels



**In 2025 we expect** continued disinflation toward the Federal Reserve's long-run average inflation target (FAIT).

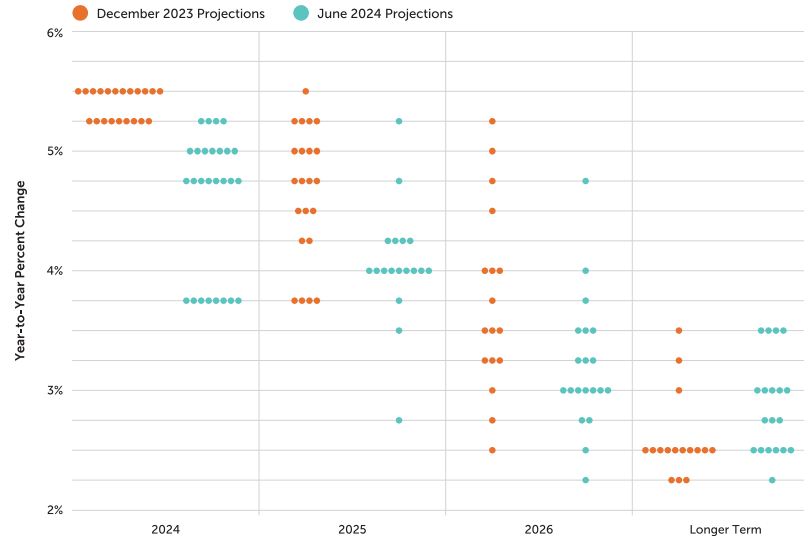
Source: U.S. Bureau of Labor Statistics

# Monetary Policy: Interest Rates Will Fall but Remain Elevated

- Unexpected inflationary persistence will see interest rates held higher for longer.
- The Federal Open Market Committee is cautious about prematurely lowering interest rates.
- The eventual pace of loosening will depend on the trajectory of inflation.

## THE U.S. ECONOMY:

### Interest Rates Will Remain Elevated, Suggesting Higher Labor Costs for Longer



Source: Federal Reserve Board

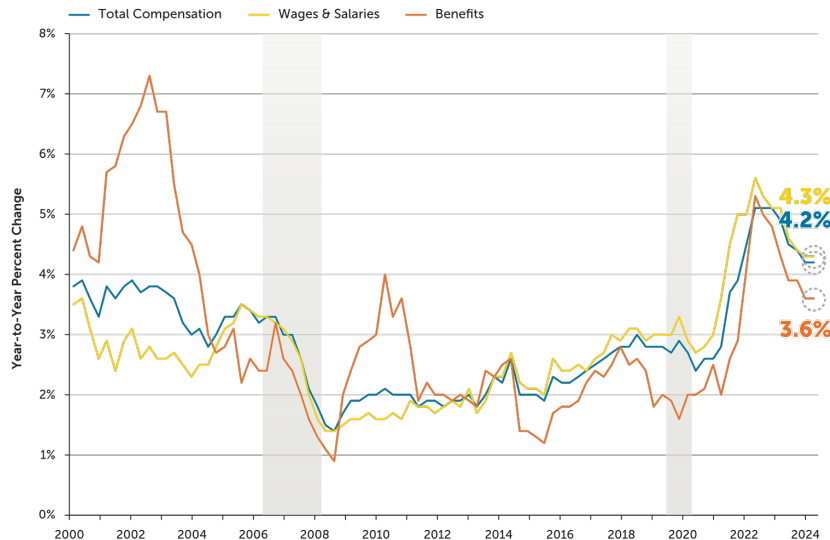
**In 2025 we expect** interest rates will remain constrictive around 4%, depending on the trajectory of inflation.

# Compensation: Compensation, Including Wages and Benefits, Should Moderate, Improving Labor Market Churn

- Employers are discouraged from adding headcount due to elevated labor costs.
- Elevated labor costs have been driven by inflation, labor hoarding, and monetary policy.
- These headwinds will progressively decelerate into 2025.

## THE U.S. LABOR MARKET:

### Compensation Including Wages and Benefits Remains Historically Elevated

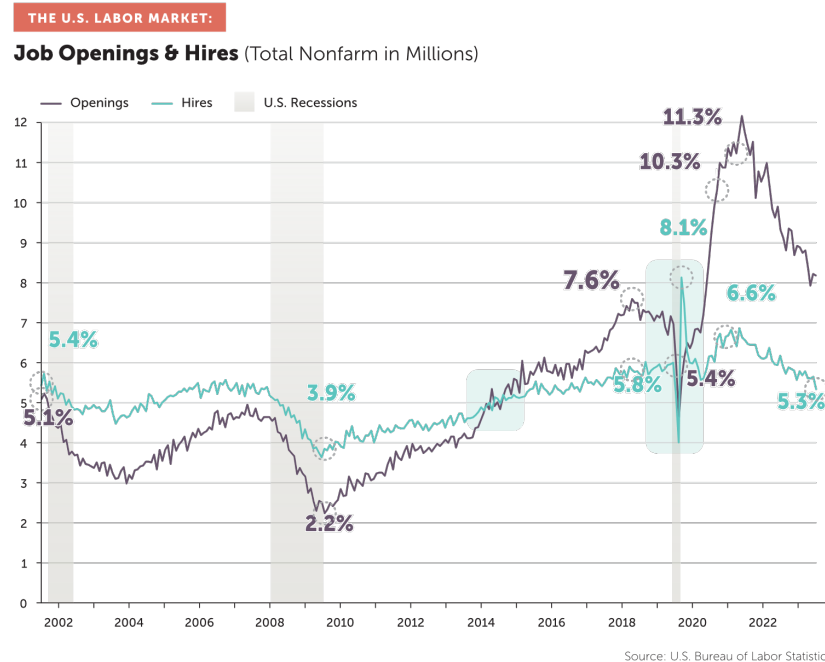


Source: U.S. Bureau of Labor Statistics

**In 2025 we expect** labor costs will trend down with declines in both inflation as well as interest rates.

# Job Openings and Hires: New Opportunities in the Labor Market Will Be More Exclusive

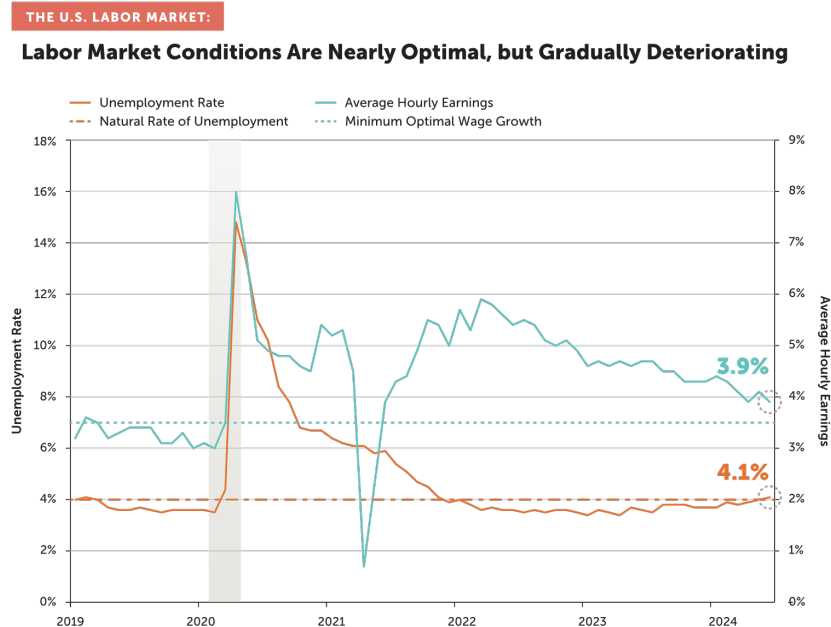
- Job openings and hiring continue to diverge from each other.
- Open opportunities are limited to a limited number of prospective workers.
- A handful of sectors are driving the current boom in job openings.



**In 2025 we expect** lower labor costs will allow employers to begin increasing their overall headcount.

# Labor Market: Conditions Are Healthy, but Growth Is Slowing

- The labor market generally remains healthy despite a cool-down induced by monetary policy.
- Unemployment is accelerating but remains about average compared with previous economic expansions.
- Wage growth is also cooling but continues to exceed the pace of inflation.



**In 2025 we expect**  
greater job openings  
and hiring to stabilize  
the labor market.

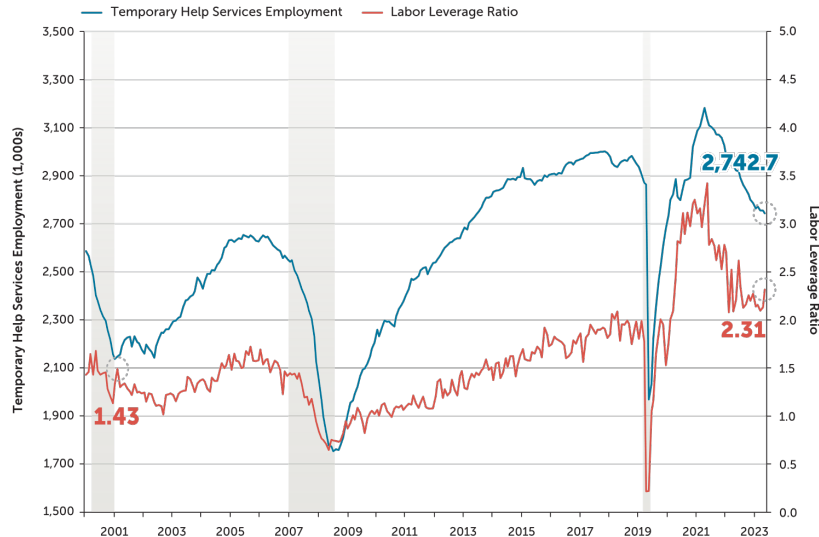


# Labor Leverage, Part 1: Increased Labor Leverage Will Enable Staffing Demand to Rise

- Staffing employment is declining due to reduced labor market churn.
- Demand for alternative work arrangements such as staffing employment depends on sufficient labor market churn.
- Employees are hesitant to pursue new opportunities given reduced hiring.

## STAFFING EMPLOYMENT AND SALES:

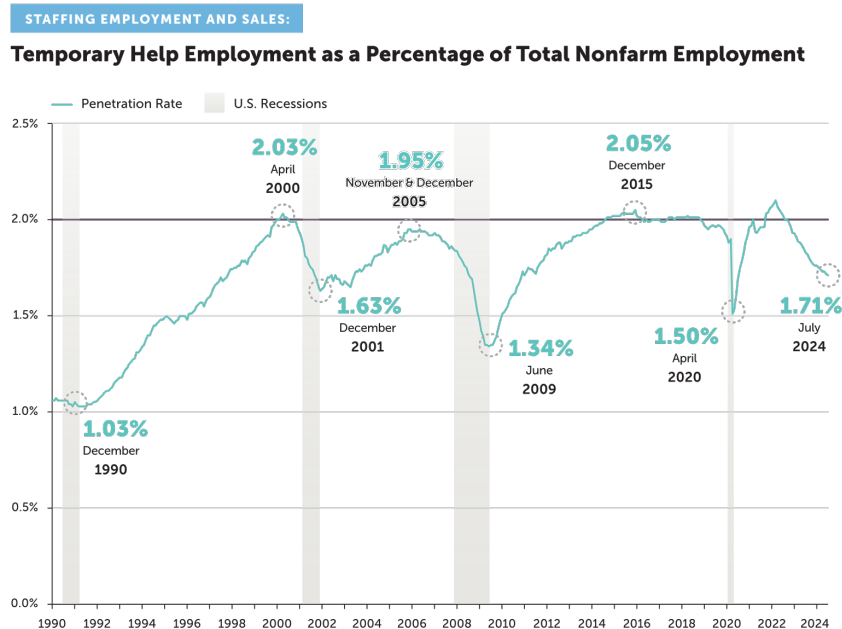
### Staffing Employment Falling With Reduced Employee Leverage



**In 2025 we expect** greater stabilization in the labor market to increase labor churn as well as temporary staffing employment.

# Staffing Penetration Rate: Staffing Penetration Has Declined Due to Tightening Economic Conditions

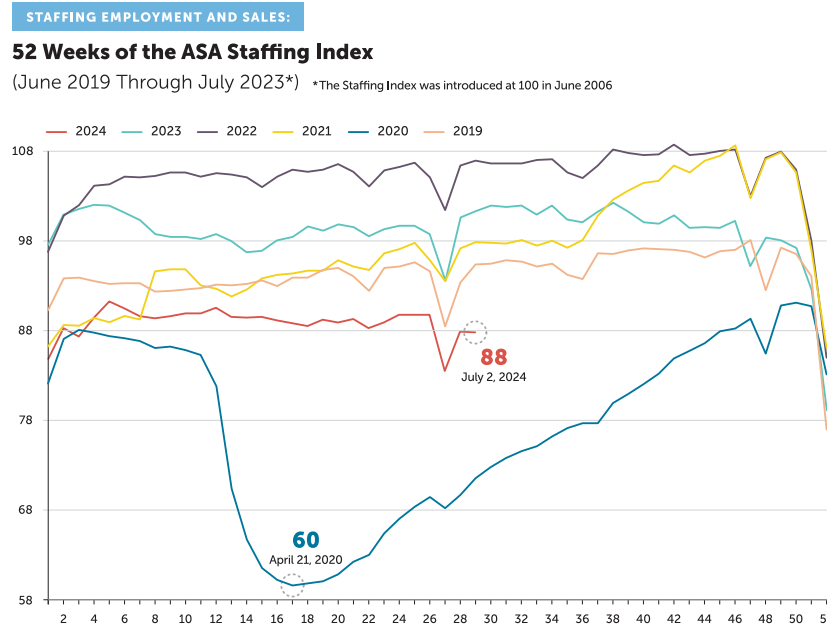
- Declines in the staffing penetration rate continue—but at a lower scale.
- Current levels are equivalent to those seen in the aftermath of the Great Recession.
- A trough in the staffing penetration rate suggests the industry maintains a vital role in the broader labor market.



**In 2025 we expect improved temporary staffing employment to bolster penetration compared to total nonfarm employment.**

# ASA Staffing Index: Staffing Employment Continues to Normalize

- The ASA Staffing Index contracted in 2023 and has mostly plateaued in 2024.
- Staffing employment has retreated in tandem with deterioration in the labor market.
- The ASA Staffing Index is currently hovering near levels seen in 2011 and 2012.



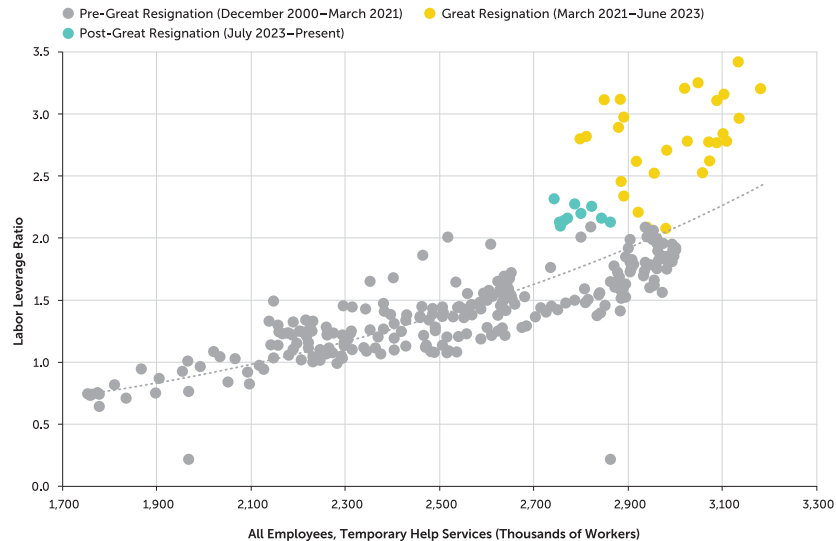
**In 2025 we expect tailwinds supporting labor market activity to foster a slight rise in the ASA Staffing Index.**

# Labor Leverage, Part 2: Staffing Employment and Labor Market Churn Are Near a High, Historically

- Staffing employment and labor leverage are positively correlated.
- When labor leverage increased during the Great Resignation, so did staffing employment.
- As the economy normalizes, so should staffing employment and labor leverage.

## STAFFING EMPLOYMENT AND SALES:

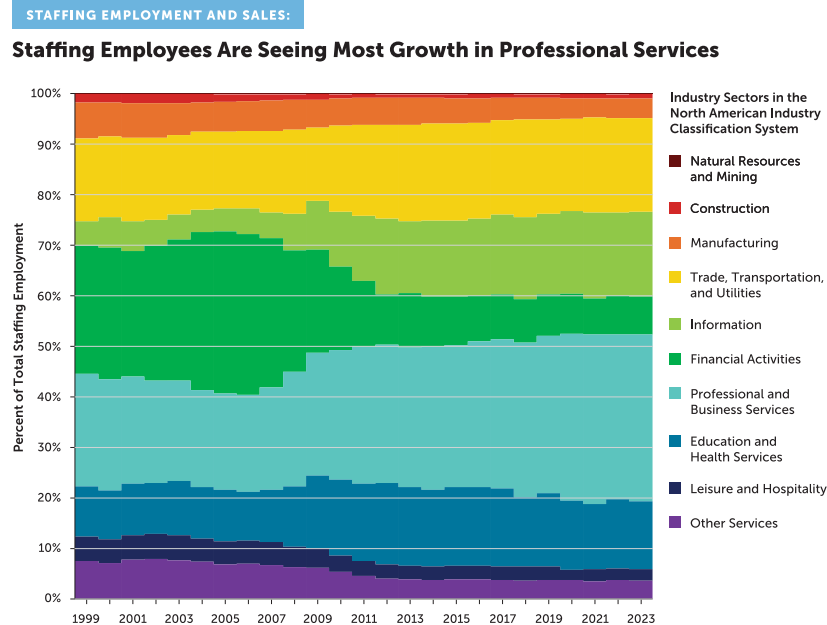
### Staffing Employment and Labor Leverage Remain Historically High



**In 2025 we expect** improved labor churn to push temporary staffing employment toward levels reached during the Great Resignation.

# Staffing by Sector: Staffing Employees Are Seeing Most Growth in Professional Services

- Professional and business services have seen the largest gains in staffing employment.
- Staffing employment is seeing more growth within service-providing sectors.
- Staffing employment will continue to realize growth within high-skill sectors.



Source: U.S. Bureau of Labor Statistics, U.S. Census Bureau, ASA Research Department

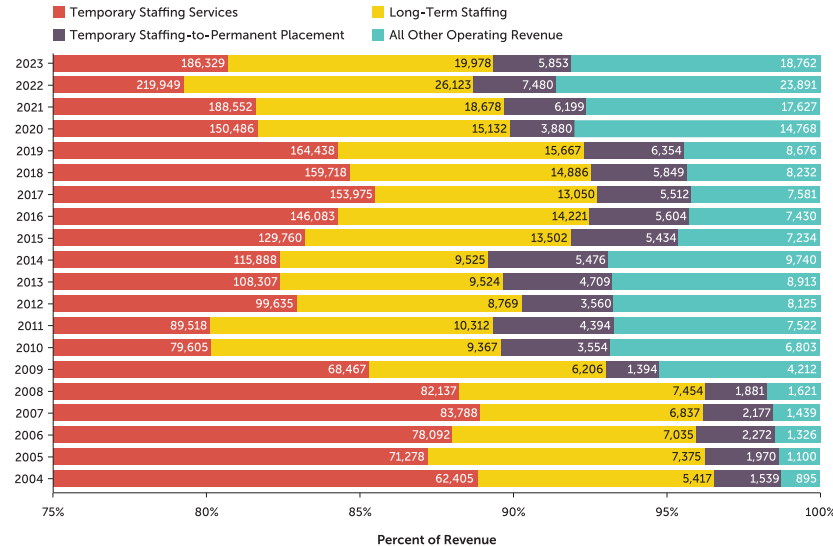
**In 2025 we expect** a similar cadence of recovery in temporary staffing employment mirroring that of the labor market at large.

# Staffing Revenue: Diversification Will Be Critical for the Industry to Weather Future Turbulence Within the Labor Market

- Declines in staffing demand have prompted firms to diversify their streams of revenue.
- Other operating revenue sources have experienced significant growth in recent years.
- Consulting, analytics, and project management will see increased focus from firms.

## STAFFING EMPLOYMENT AND SALES:

### Staffing Companies Are Diversifying Their Streams of Revenue



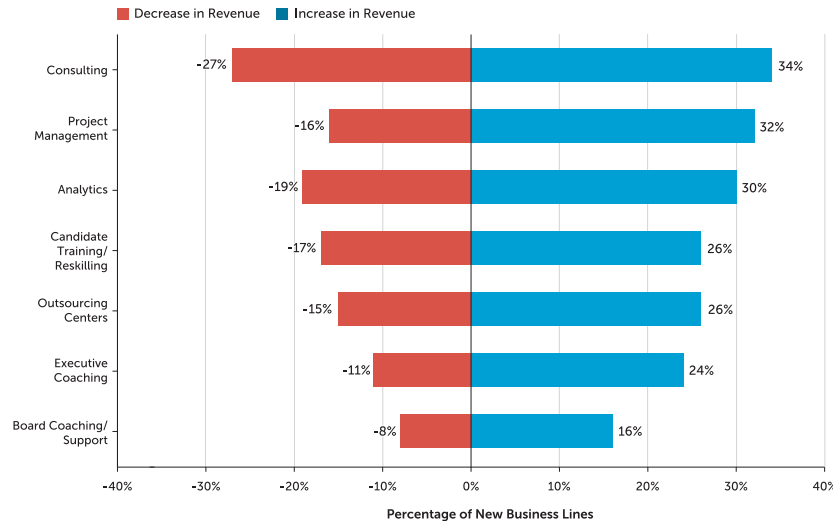
**In 2025 we expect continued long-term diversification within industry activities.**

# Staffing Services: Staffing Companies See the Greatest Returns to Revenue From Consulting and Other Specialty Services

- Consulting services polarize many staffing professionals; many claim it increases net revenue while others claim it decreases net revenue.
- Project management is the business line for which there is the greatest consensus about services that provide positive return on investment.
- Diversification is important for weathering troubled economic conditions.

## STAFFING EMPLOYMENT AND SALES:

### Staffing Companies See the Greatest Returns to Revenue From Consulting as Well as Other Specialty Services



**In 2025 we expect diversification in industry activity will be led by consulting as well as project management tasks.**

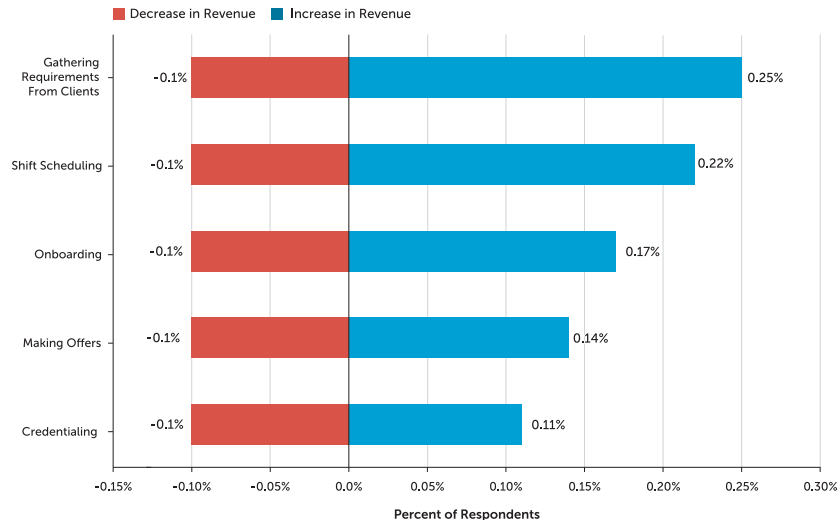


# Artificial Intelligence: Staffing Firms See the Most Utility From AI When Interfacing With Clients

- Staffing firms report that AI tools offer significant utility within client-facing situations.
- AI technology has a way to progress before successfully assuming higher-order functions.
- The staffing industry's utilization of AI will depend on the extent of its adoption by private markets.

## STAFFING EMPLOYMENT AND SALES:

### Staffing Firms Are Seeing the Most Utility From AI When Interfacing With Clients



**In 2025 we expect** further integration of AI capabilities starting with top-of-funnel sourcing tasks.

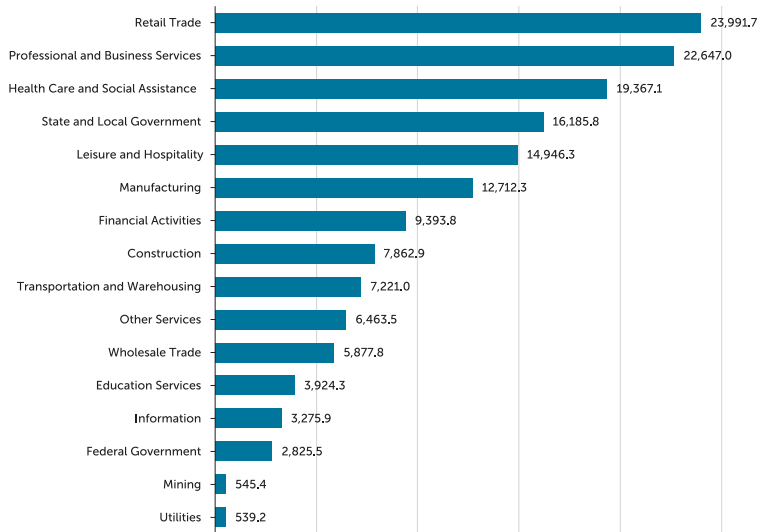


# Employment Projections, Part 1: High-Skill Services Are on the Cusp of a Boom

- Health care, professional and business services, and finance are among the sectors poised for the most employment growth by 2032.
- Growth is indicative of continued momentum toward a high-skill services economy.
- This transition may be enabled by increased productivity and adoption of AI.

## THE U.S. LABOR MARKET:

### Projected 2032 Jobs (Thousands of Wage and Salary Jobs)



**In 2025 we expect** gains in retail trade and health care as well as professional services to support demand in light industrial, health care, and professional services staffing verticals.

Source: U.S. Bureau of Labor Statistics



# Employment Projections, Part 2: Technical Occupations See Highest Potential for Growth Over the Next Decade

- Mathematicians, engineers, and software developers are among the positions poised for the most employment growth by 2032.
- Growth mirrors that within high-skill services sectors such as health care, professional and business services, and finance.
- These projections will push the U.S. to address a burgeoning skills gap within the science, technology, engineering, and mathematics (STEM) fields.

**THE U.S. LABOR MARKET:**  
**Technical Occupations See Highest Potential for Growth Over the Next Decade**



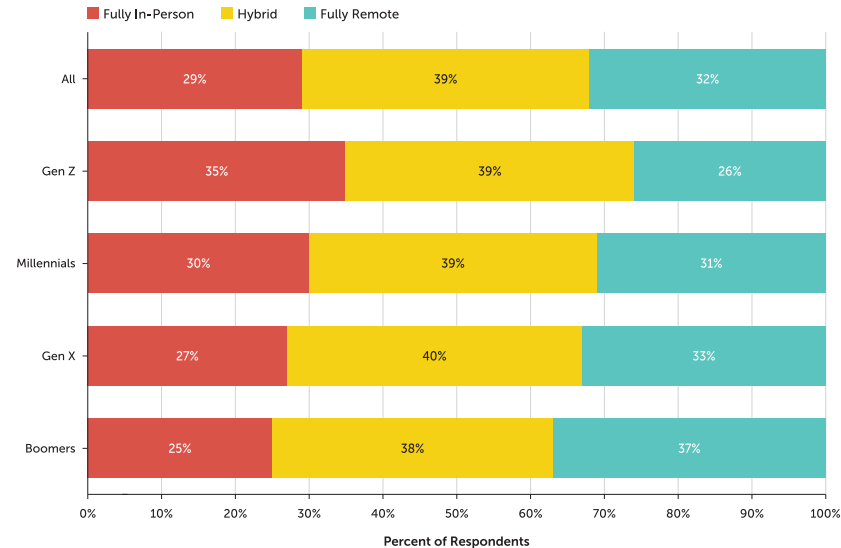
**In 2025 we expect** productivity initiatives to foster demand for more high-skill talent emanating from professional services and health care.

# Work Arrangements: A Majority of the Population Prefers Flexible Work Schedules

- Seven in 10 adults prefer flexible work schedules.
- Baby Boomers (born between 1946 and 1964) have the strongest preference for remote work while Generation Z (born between 1997 and 2006) have the weakest.
- Around four in 10 adults across all generations prefer hybrid work.

## STAFFING EMPLOYMENT AND SALES:

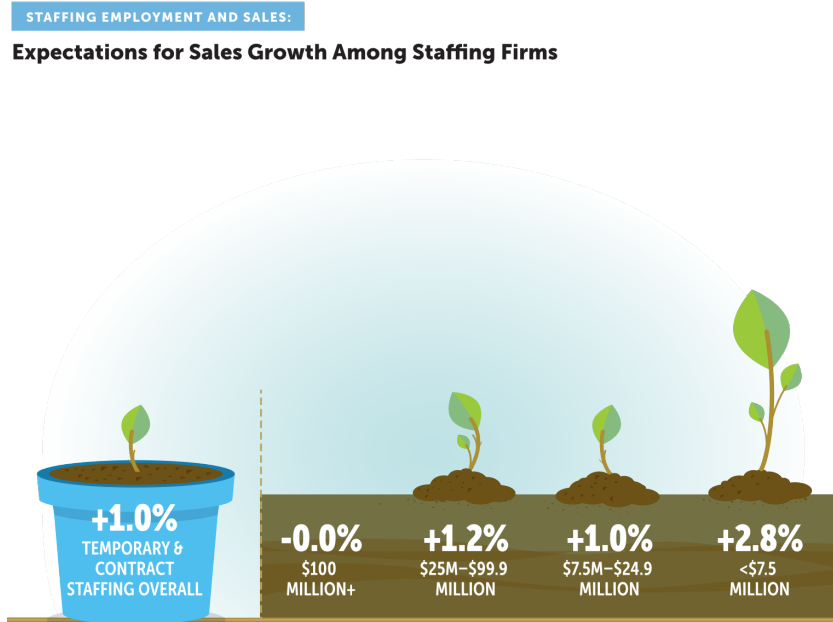
### Majority of the Population Prefers Flexible Work Schedules



**In 2025 we expect** continued preference for flexible work to bolster talent supply for temporary staffing employment.

# Expected Sales Growth: Staffing Companies Have Muted Expectations for the Balance of 2024

- Private U.S. staffing firms anticipate median growth of 1.0% in temporary and contract sales for 2024, compared with 2023.
- Firms with more than \$100 million in revenue expect no change.
- The smallest firms report the brightest median outlook.



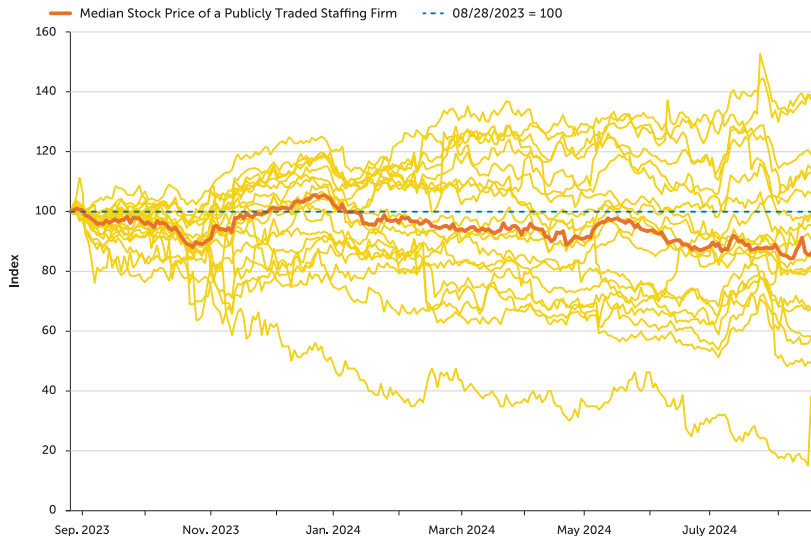
In 2025 we expect a general trajectory of recovery to bolster sales at all levels.

# Publicly Traded Staffing Firms: Despite Increased Economic Volatility, Stock Prices Remain Stable

- Market confidence in the staffing industry has not faltered.
- The median stock price of a publicly traded staffing firm has fluctuated only marginally.
- Stock prices will rebound as the industry and labor market at large improve.

## STAFFING EMPLOYMENT AND SALES:

### Despite Increased Economic Volatility, Stock Prices Remain Stable



**In 2025 we expect:** a general trajectory of recovery to increase confidence within the industry at-large.



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# Thank You! (seriously)

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