

This article appeared in the Editorial and Opinion section of the 680 Business Journal in October 1998. As part of a strategic campaign to position the 30-year-old organization as a leader in hiring trends, Beth ghost-authored this article while marketing manager for a Silicon Valley-based staffing organization.

Bay Area's talented, flexible labor pool is an economic strength

The Asian Flu. Weakening markets from Russia to Latin America. Wall Street's wild fluctuations. It's enough to make investors and business leaders reach for antacids and business leaders to nervously check their savings and retirement accounts.

It's also enough to spark widespread speculation about how all this tumultuous activity is affecting the local economy and hiring trends.

A broad-brush look at Contra Costa County business reveals as still relatively stable economy. While figures are not yet available for August, the 3.8 percent unemployment rate for July is just two-tenths of a percent higher than in February 1998.

Beneath this seemingly changeless surface, though, waves of hiring activity are ebbing and flowing throughout – and even within – many sectors. These waves are a bellwether of the fluctuating market. Employment in some industries is shifting from primarily direct placements (formerly referred to as permanent placements) to temporary or contract labor.

A deeper look shows what many would expect: The semiconductor manufacturing sector is most affected. Because offshore demand for consumer products that contain semiconductors – everything from

household appliances and PCs to automobiles – has declined, demand for manufacturing employees has mirrored that decrease for the past several months.

However, not all high-tech positions are affected. The hardware segment – non-semiconductor businesses such as medical devices, biotech, and pharmaceuticals – is still climbing and clamoring for qualified help. Because these businesses must continue to lead the curve in developing new products, employers still have a high demand for mechanical engineers and software developers. But they are reversing their previous drive to cut their contract labor in favor of direct positions. Because they want the flexibility to ramp up or down rapidly in response to changing market conditions, they are now hiring workers on a contract basis to achieve that flexibility.

Medical device developers, pharmaceutical companies, and biotech firms are actively seeking design engineers, chemists, and lab technicians. An increasing number of them – especially the smaller, venture-capital-backed businesses gearing up for an IPO – now prefer to fill direct positions as opposed to contract.

Another notable change is that these employers are examining candidates' skills much more critically than they did a year ago. This examination requires much more in-depth knowledge about those fields and positions on the part of recruiters. Staffing organizations that hire recruiters who are experts in their fields ultimately serve current client needs most effectively.

In the clerical and administrative fields – long the stronghold of temporary staffing – employers are increasing their direct hiring, apparently unaffected by the global market activity.

In the accounting field, a split is also discernible: While software companies feeling the economic pinch are hiring more temporary or contract personnel, securities companies can't hire enough people to fill their staffing needs and are seeking direct placements.

The overall good news is that the size and diversity of California's economy will enable it – and the Bay Area – to thrive despite global market convulsions. Contract or temporary employment will continue to play a major role in the constantly fluctuating economy by continually shifting to fill the voids as they occur. So, while manufacturing faces a current decline, other industries surge ahead, creating a variety of opportunities for qualified workers. The recent energy industry deregulation is opening up enormous opportunities in electricity distribution; converging media technologies are growing; and services such as telephone support, product repairs, and customer service are increasingly being outsourced to enable businesses to focus on their core competencies.

Being home to such a wide range of industries, the Bay Area is well positioned to increase its economic health. It will be supported by large contingents of contract labor as well as direct labor in any given field, depending upon circumstances. This flexibility allows employers to nimbly shift gears to lead the global economy rather than simply respond to its whims.