Employment services was one of the fastest-growing industries throughout the 1990s. By March 2001, the end of the expansion, it accounted for 3.6 million workers (2.7% of U.S. employment). About two-thirds of these workers are at temporary help agencies; the remaining third work for professional employer organizations and employee placement agencies. This makes employment in the industry more volatile than aggregate employment and potentially a leading indicator. The potential for signaling future employment gains comes from firms’ tendency to make permanent hires from their temporary workers. The data reveal that hiring in employment services and temporary-help agencies leads aggregate employment by about six months and is about five times as volatile. The scale of these changes can make this industry appear to be the only or primary expanding sector. However, its workers are spread throughout the economy.

One way to determine where people are actually working is to observe their occupations. For the seven largest occupations, employees in employment services are likely to be found working in manufacturers and wholesalers, offices, and hospitals. Indeed, about one-fifth of all laborers (typically employed throughout the industries that produce and deliver goods) and packaging machine operators (primarily involved in manufacturing) come from the employment services industry.

Among Fourth District states, the number of employment services workers has increased significantly in Ohio, Kentucky, and West Virginia since 2003:IVQ. Pennsylvania, whose recent employment growth has lagged the other three states, still reports net job losses in employment services.