



**Testimony of
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Chairman,
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**before the
Joint Economic Committee
United States Congress**

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Good morning and thank you, Chairwoman Maloney, Vice Chairman Schumer, Ranking Members and Members of the Committee, for the invitation to speak to you today. Job creation is a topic that I care deeply about, and I appreciate the chance to share some of my experiences with you today. At Manpower, we are experts in connecting people to jobs. Our fundamental question to our clients, our employees and our partners is:

What do you do?

We ask that question because *what you do* is part of who you are. And the answer is powerful. Last year, we heard the answer in 82 countries and territories, with more than 400,000 associates on assignments on any given day. In the United States, our network of more than 800 offices sees the faces of jobs data in each community. Manpower is in contact with thousands of candidates every day and interviewed over 12 million people in 2009. We have a detailed understanding of the job market today and because we work closely with our clients, we have our finger on the pulse of where the job market is going. It is abundantly clear that this recession has impacted different parts of the country (**Figure 1 – Unequal geographic impact of unemployment**), different business types (**Figure 2 – Small business impact much**

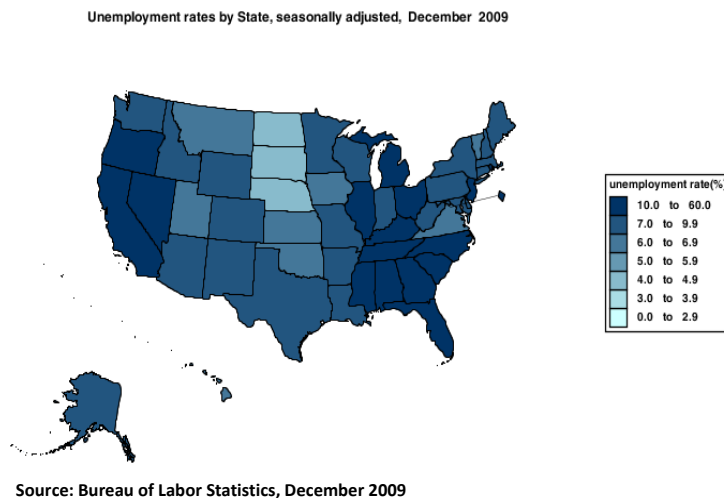
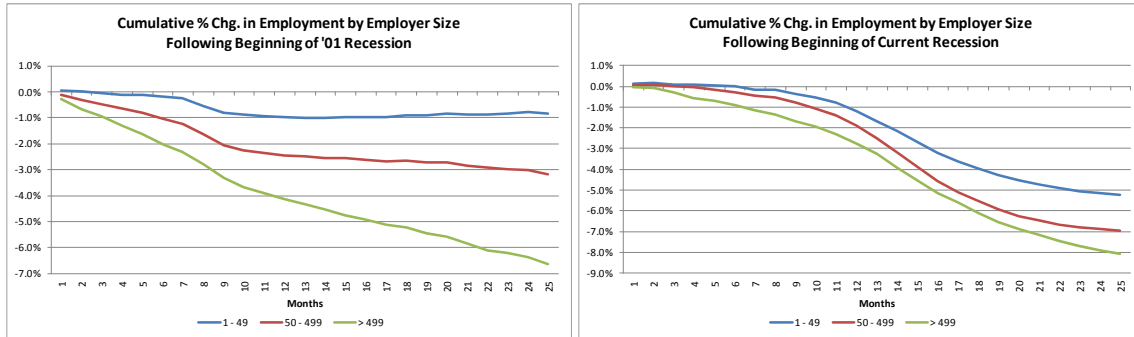


Figure 1 – Unequal geographic impact of unemployment

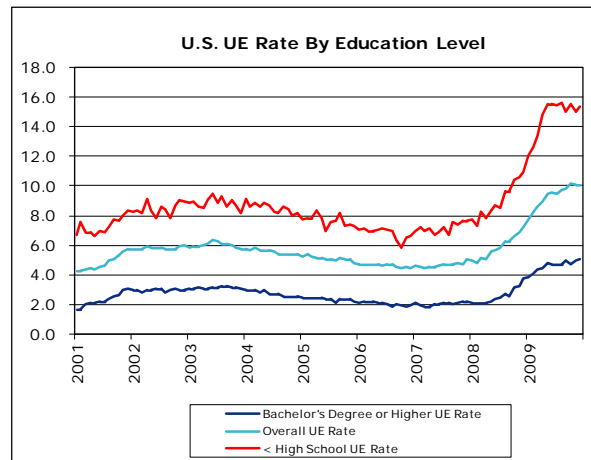
greater this recession), different demographic groups (**Figure 3 – Disparate impact on**

demographics), and different industries (**Figure 4 – Manufacturing hit harder than other industries**) in different ways.



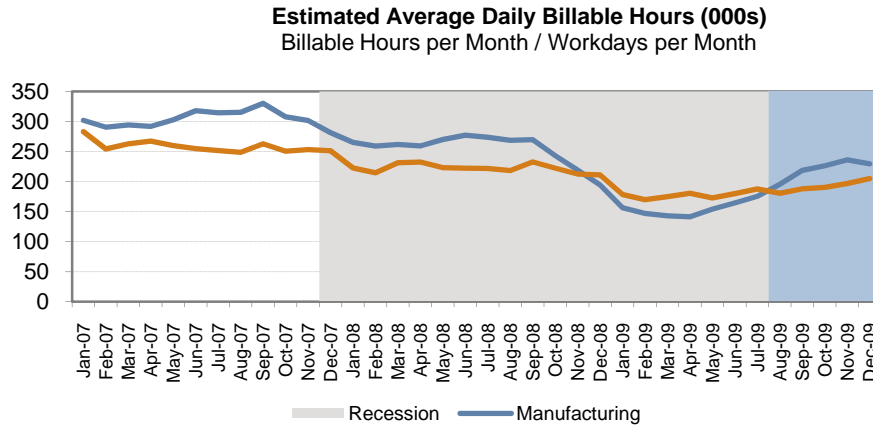
Source: Baird

Figure 2 - Small business impact much greater this recession



Source: Baird

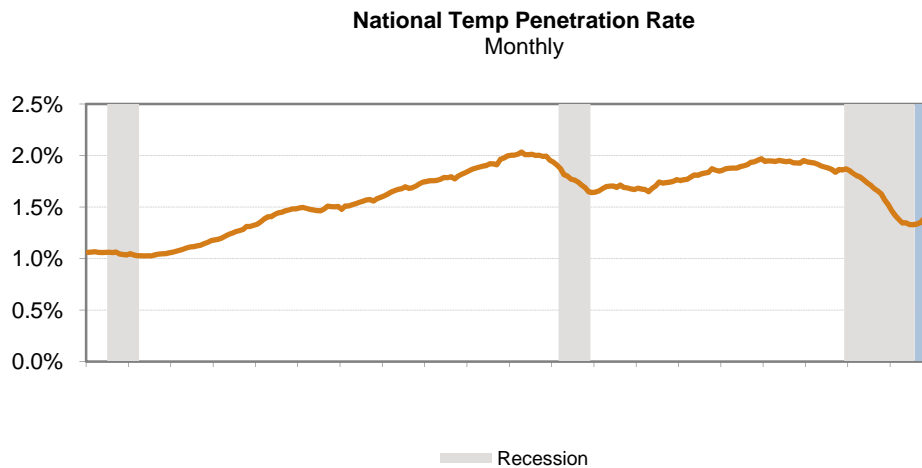
Figure 3 - Disparate impact on demographics



Source: Manpower

Figure 4 - Manufacturing hit harder than other industries

Temporary employment experienced materially deeper contraction during the current recession than either of the prior two recessions. **(Figure 5: This recession hit Temporary Workers hard)**

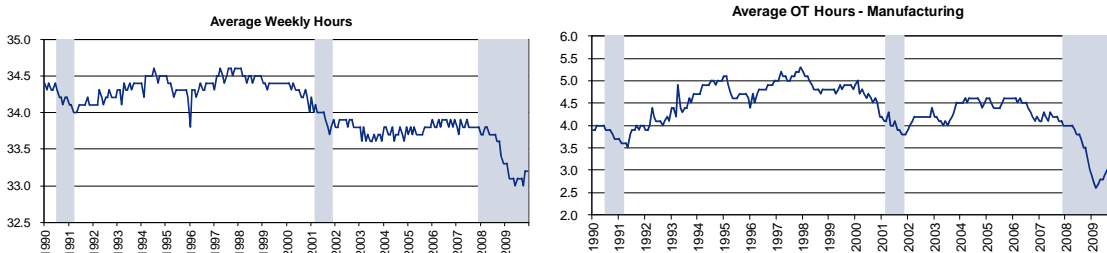


Source: Manpower

Figure 5 - This recession hit Temporary Workers hard

Based on our experience from previous recessions, the “trough” of temporary penetration has occurred within 1 or 2 months after the end of the recession. The National temporary penetration rate for December 2009 was 1.46% (up 0.036% m-o-m) and has increased monthly since July 2009 indicating that we are now potentially coming out of this recession.

This recovery, like the recovery of the previous two recessions will be a “Jobless Recovery.” This is because companies have become more sophisticated in their ability to assess their workforce needs. From now on, companies will not engage in anticipatory hiring, waiting instead for clear signals of an increase in demand before making permanent hiring decisions. Companies can determine exactly when they need more workers to support the demand for their products or services. Today’s companies have the specific data and insight necessary to determine exactly when they will need to hire. As a result, we expect that short-term increases in the levels of job hiring will either be driven by new businesses and entrepreneurs or by an actual increase in demand. In addition, employers have cut back on the average number of hours that those that remain employed are working, which creates additional capacity must be absorbed before hiring resumes. However, average weekly hours and overtime hours appear to have bottomed and begun to increase as economic activity has increased. **(Figure 6: Average hours worked and overtime appears to have bottomed out).**



Source: BLS, Baird

Figure 6 - Average hours worked and overtime appears to have bottomed out

The good news is that our Average Daily Billable Hours have increased in 10 of the past 11 months (December was the exception). And while there is typically a seasonal peak in Average Daily Billable Hours at the end of Q3 (September), followed by a decline through the end of the year, 2009 has not witnessed this normal trend, instead we experienced sequential billable hours increase through the end of the year. This indicates that employers are experiencing

some demand but are exercising caution, postponing hiring commitments until they are sure of sustainable demand. The existence of a strong temporary labor provider market is a critical bridge to helping companies and individuals exit the recession.

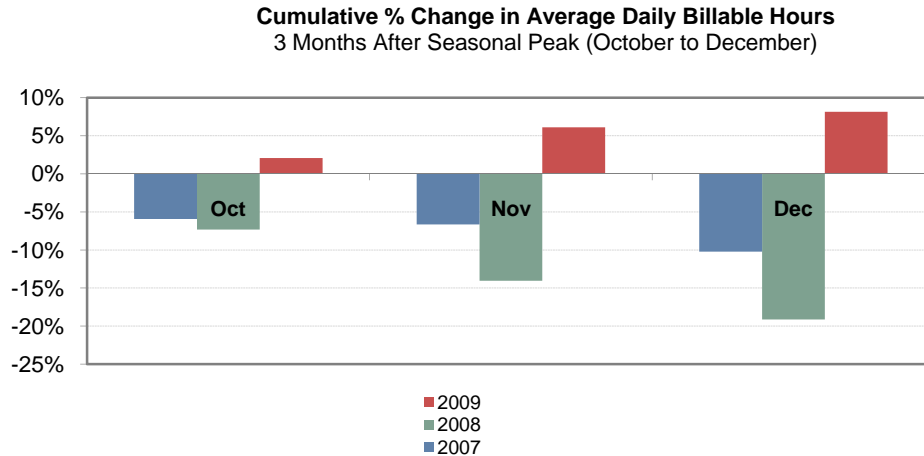


Figure 7 - 2009 bucked the year end trends

Source: Manpower

There is further good news for the source of the recovery in 2010. All indications are that it is being driven by light manufacturing. **(Figure 8: Average industry billable hours trends)** Our Average Daily Billable Hours in the Manufacturing sector declined slightly (-2.9%) in December 2009 but was up 18% over the previous December. **(Figure 7: 2009 bucked the year end trends)** The Manufacturing sector represents about 48% of our total billable hours. No doubt, some of this return is due to the need to replenish inventory from the historically low levels. However, if this trend continues it is a good sign for the long term viability of the recovery.

Estimated Average Daily Billable Hours (000s)
 Billable Hours per Month / Workdays per Month

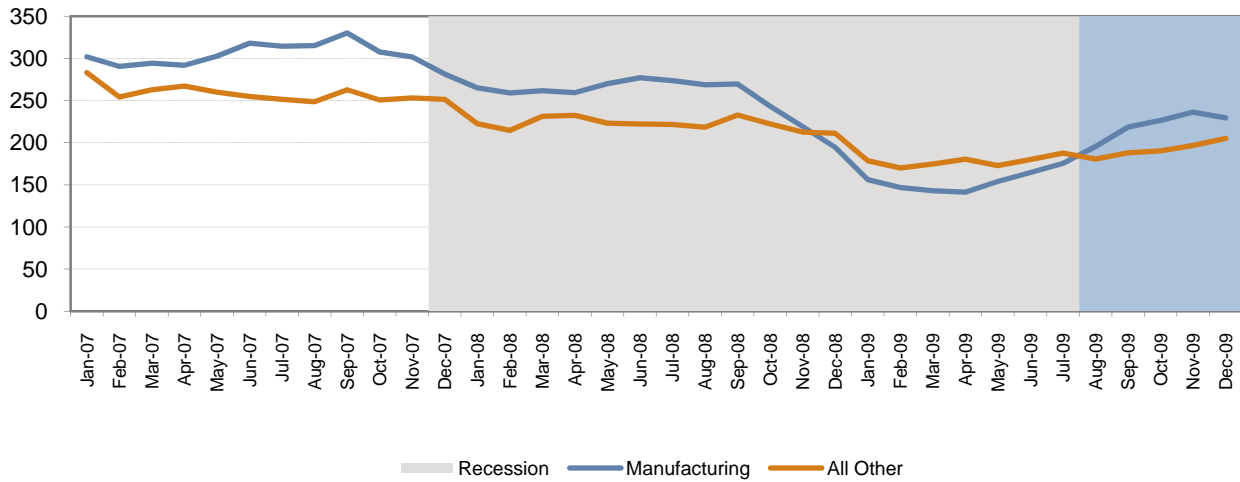


Figure 8 - Average Industry Billable Hours Trends

Source: Manpower

The Manpower Employment Outlook Survey issued quarterly measures employers' intentions to increase or decrease the number of employees in their workforce during the upcoming quarter. It is the only forward-looking survey of its kind, unparalleled in size, scope, longevity and area of focus. It is regarded by many as a good prediction tool for private payroll growth. **(Figure 9: Manpower Employment Outlook Survey versus Private Payroll Growth)**

Manpower Employment Outlook Survey versus Private Payroll Growth
 Average monthly payroll growth in the current quarter versus reported
 hiring plans for the following quarter
Based on Manpower data for October – December 2009 period

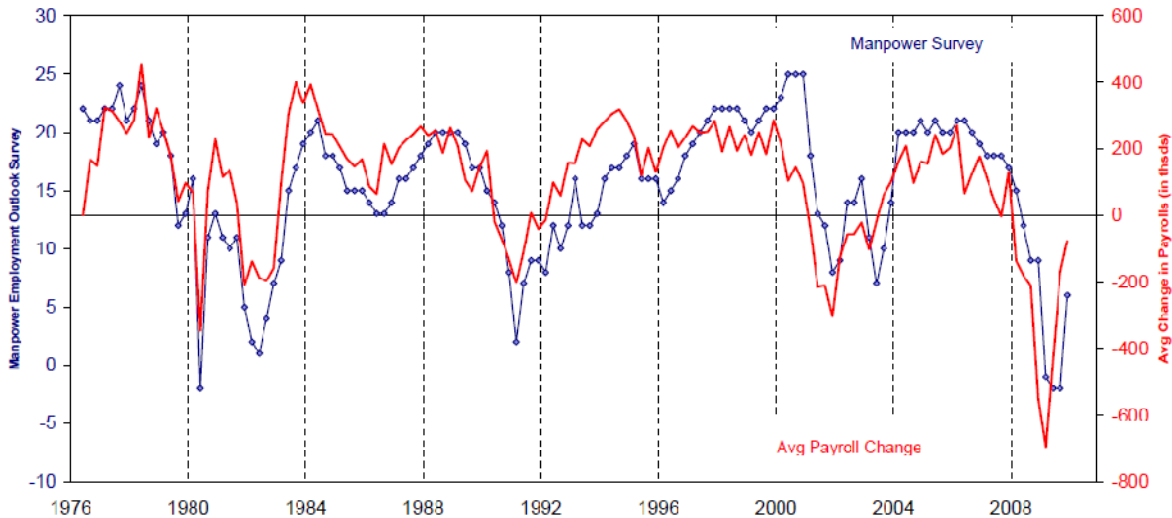


Figure 9 - Manpower Outlook Predictive Capability

Data Sources:

1. Manpower Employment Outlook Survey - U.S., courtesy of Manpower Inc.
 2. U.S. Bureau of Labor Statistics, based on private, non-farm payrolls.
- Data compiled by Wrightson ICAP, www.wrightson.com

The first quarter is a seasonally slow hiring quarter; however, the survey indicates that Q1 2010 will see an increase over the Q4 2009. This is unusual and indicates increased confidence levels from employers because they are starting to see a sense of stabilization.

Of the more than 28,000 employers surveyed, 12% percent anticipate an increase in staff levels in their Q1 2010 hiring plans, while 12% expect a decrease in payrolls, resulting in a Net Employment Outlook of 0%. When seasonally adjusted, the Net Employment Outlook becomes +6%. Seventy-three percent of employers expect no change in their hiring plans, the highest in the survey's history. The final 3% of employers indicate they are undecided about their hiring intentions.

The data provides encouraging news. A record number of employers plan to keep staff levels stable, which is good for the employed, and an overall positive outlook means expanding opportunities for job seekers. The national survey data shows employers in Mining, Durable Goods Manufacturing, Information and Government expect hiring to moderately increase in Q 1 2010 from Q4 2009, while slight increases are expected among employers in Nondurable Goods Manufacturing, Transportation & Utilities, Professional & Business Services, Education & Health Services, Leisure & Hospitality and Other Services. Employers in two industry sectors, Construction and Wholesale & Retail Trade, anticipate a slight decrease in hiring levels. Financial Activities employers intend to maintain relatively stable staff levels. Using the seasonally adjusted data, all regions anticipate moderate quarter-over-quarter increases in staff levels, with employer confidence highest in the South and Midwest.

A major trend emerging from this recovery is the number of unemployed workers who are forced to find new jobs outside their industries. These "Industry Migrants," as we call them, face a number of challenges including how to adapt old skills to the new demands in the marketplace, how to present their skills in a new light and finally whether or not the new opportunity is in a different location, even when they are available. One of the major challenges workers face in this recovery is the lack of mobility exacerbated by the housing crisis. The inability to help homeowners get out from under their negative equity problems means that many jobless are unable to take jobs in different locations even when they are available. The inability of unemployed homeowners to pay their mortgages adds a glut of housing inventory onto the open market on a daily basis, further suppressing values. Despite high levels of unemployment many employers are still unable to find the right skills to fill job vacancies. About three million jobs remained unfilled throughout the US. International comparability of labor market data is oftentimes difficult, but even with a margin for error, the conclusion is the same: The US misses

out of major employment opportunities because of mobility and skill mismatch problems.

(Figure 10: Open job positions in US)

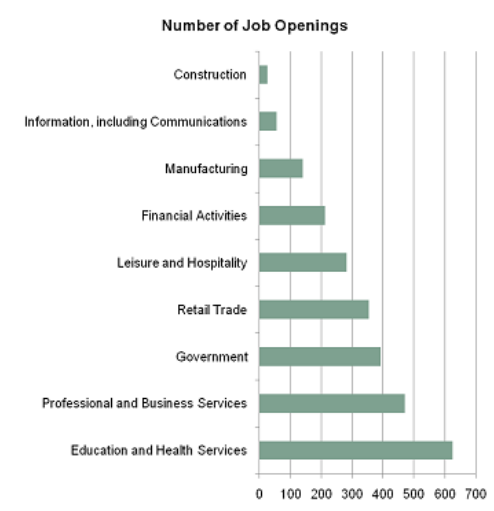


Figure 10 – Open job positions in US

Source: Manpower

Together with several other large companies we have sought to identify some solutions to this problem. If the committee wants our assistance to discuss ways our country can help relieve stress on labor mobility and help unemployed homeowners, we are ready to assist

We believe that any initiatives that the government implements to address the level of unemployment and foster job creation should focus in three specific targeted areas:

1. the individual job seeker,
2. companies, and
3. the potential new business owner

What can be done to assist the individual seeking employment?

Training programs, workforce development programs and other forms of skill retooling focused specifically on the potential Industry Migrant population to enable them to leverage their existing skill sets and learn new skills for new opportunities.

What can be done to assist corporations to hire more people?

As corporations have become much more sophisticated in their hiring decisions as a result of investments in technology systems, they have also become much more specific on the skills required for a particular job. Corporations are now much more sophisticated and aware of the need to hire individuals who not only have the basic skill sets for a particular job, but also have softer skills, flexibility, adaptability and interest in life-long learning. The velocity of change is requiring these skills. All citizens, and particularly Industry Migrants, will need to develop these skill sets if they want to pass initial resume screening by the employer. Workforce development programs aimed at training the unemployed on these softer skill sets will not only increase the chances of employment but will also improve the private sectors ability to handle change in the future.

There has been talk of tax credits and incentives for companies increasing the size of their workforce. Our latest MEOS survey showed that 73% of US companies have no plans to increase the current size of their workforce during the first quarter. This new level of sophistication in a company's ability to predict demand means a shift in the way hiring decisions are made. From this recovery forward, hiring decisions will be based on actual demand for services and goods and not on anticipatory demand. Companies will only hire when they know that demand is going to increase. Offering incentives will not drive job creation. Rather, they will subsidize the cost of growth for companies that hire using tax payer monies. This incentive program is well-intended, yet the effect is a general tax break for the company, which is good for

confidence, but not getting at the core of the issue which is creating jobs. We believe that after a period of time, this money should be redirected to retraining and development efforts for the unemployed.

What can be done to encourage entrepreneurs to start new businesses and drive growth?

Real job creation comes from demand. Each successful new business will result in direct job creation. The stimulus and recovery plans launched last year have resulted in many Americans keeping jobs that might otherwise have been lost; however, if we are to propel ourselves out of this recession, we must focus on new job creation. Our corporation does more than just attract and deploy talent. We also know how to re-deploy talent when our clients restructure, reorganize and re-position themselves in the marketplace. Our business unit that specializes in these outplacement and career transition services called Right Management. It will be no surprise to this committee that Right Management has been extraordinarily busy this past year. Every day, we see extraordinary talent pass through our Right Management offices and many of them take advantage of a program called "Life Options." Life Options helps our clients to see different careers and the paths to pursue them. The number of people that started their own business in 2009 was 17% more than in 2008.

Each new business will create jobs. One of the challenges in any federal government initiative is getting the end citizen engaged in programs. Programs targeted at this group of people to provide them with access to start up capital, grants, access to cheap real estate (perhaps using FDIC owned real estate) will drive new job creation. The challenge many of these people face is a lack of financing. The tight short-term credit markets born from the credit crisis, the lack of venture capital financing available to very small entrepreneurial businesses and the challenge in dealing with the many agencies of government when seeking federal support is, in many cases,

too daunting for the potential job creator. Yet, it is exactly these potential small business owners who will drive long term job creation in this country. Not only do we have access to people through Right Management looking to start their own businesses, we have access to labor pools to help them expand when they are ready to grow. I am very interested in working with Congress and the Administration to find a streamlined and effective way to get investment dollars into their hands so that they can start these businesses and work hard to grow them.

We have supported governments and not for profits around the world on the issue of Job Creation. Manpower, in partnership with many local communities, has engaged in a program called "TechReach." TechReach focuses on providing work opportunities to those people who are thought to be "unemployable." Many of these individuals have few skills or the experiences required for the workplace and, in many cases, lack the resources to find their own employment. In Chicago, to be eligible for mixed income housing rent support, residents must work 20 hours per week. So the Chicago area Manpower offices developed a curriculum using both classroom and online training tools from Manpower's Training and Development Center targeted to these "at risk" residents. Each student received hands-on training in resume writing, job interviewing, communication skills and other critical skills. Our Manpower employees also donated professional clothing for participants in the program. Those who are experiencing difficult family situations, such as substance abuse, spousal or child abuse issues, are referred to appropriate agencies in the community for assistance. Since the inception of the program, more than 6,900 people have successfully been placed in skilled jobs. So when they are asked the question: **What do you do?** They can answer with dignity and respect. Other TechReach programs are under way in San Diego and Albuquerque.

During 2009, unemployment levels in the UK rose by more than 30%. The UK Government asked Manpower to help handle the increasing volumes of people requiring state support

through the job centers. Manpower was responsible for receiving applications, sourcing appropriate premises for interview and assessment centers, booking candidate appointments, undertaking interviews and skills assessments and developing the IT and business processes to support the secure transfer of associated paperwork. Connecting and engaging the citizens with government programs designed to support them is a core competency of Manpower.

In the Netherlands, we are running the Debt Assistance program for the Rotterdam Credit Bank (kredietbank Rotterdam). In this recession, it became very clear that the number of people owing more money than they could afford had become so large that traditional ways of handling it were not going to work. The government did not have the staff or the capacity to handle it on a timely basis. Manpower now manages and provides assistance in all aspects of the crisis from employment support to financial management skills and debt restructuring / mitigation focused on making sure that every citizen is engaged in the process and is receiving the support made available to them by their government.

In conclusion, I am suggesting three specific actions for consideration to address the three areas of focus that I just outlined, and assist in driving job creation in our country. These recommended actions address the three areas of focus.

(1) A targeted investment aimed at new business creation.

Develop a comprehensive program to support entrepreneurs to set up and establish new businesses. This program should consider access to capital, real estate costs and employment costs. Leveraging the Right Management data as a starting point, initiate a targeted campaign to let them know the support is available and how to access it. The application process should be streamlined. Develop criteria to graduate out of the program as companies grow and hire. The Small Business Administration (SBA) has implemented

improved access to financing under the America's Recovery Capital (ARC) program. This program offers qualifying small businesses a long term (6-year) loan facility with zero interest, for use to pay down existing principal debt up to \$35,000. SBA is also seeing a 60% increase in its loan volumes as more and more small businesses are taking advantage of these programs. But the SBA works through existing commercial banks and lenders supporting small business entrepreneurs. So small business borrowers need assistance getting to these financing facilities through their banking partners, and new entrepreneurs will be navigating this landscape for the first time. This brings into focus the challenge of would-be entrepreneurs to access available Federal resources that can help them.

Before the "Great Recession" there were already hundreds of Federal program offices, contacts, initiatives, and funding mechanisms for sparking business expansion and job creation. But each Department or Agency has its own delivery system that requires navigating multiple interests, stages of enterprise formation, and steps for job creation.

Under normal conditions, these challenges are often limiting barriers for citizens. During the current Economic Recovery and Rebuilding scenario with millions of citizens in need of their next opportunity, these challenges cause increased frustration, lower opinions of federal interests, and rapid demoralization for all parties seeking to spark job creation.

We are willing to work with Federal agencies to improve communications, education, and access to these valuable programs through our nationwide branch office network. With our businesses and geographic reach, we can provide improved communication and coordination of resources to would-be business entrepreneurs.

(2) A program targeted at the unemployed homeowner.

We need to create more labor market fluidity and we need people to continue to be able to pay their mortgages. Many of the unemployed homeowners laid off during this recession did not receive any form of transition support or advice on how they may be able to change their employment direction or start a new business. Traditional transition services involve one-on-one meetings and discussion, but there is no reason a subset of the training materials, integrated with the information from the first initiative I discussed could not be made available online with webinars and social networking concepts to a larger population of unemployed homeowners looking for support at a fairly low cost per person. You may even consider a new varietal of help for homeowner loan modification for people formally setting up their own business through this initiative.

(3) A program targeting soft skills development training for industry migrant populations.

This is an opportunity to develop a training program and curriculum through the Workforce Investment Boards. There is a unique set of issues related to individuals who have worked for a long period of time in an environment such as the automotive industry or financial institutions. This group of people requires assessment skills, transfer training and soft skills training to increase the likelihood of the migration of individuals to other industries.

Manpower has been in the people business for more than 60 years. We have seen the economic ups and downs. It is clear that this recession is one of the most severe downturns we have experienced. It is a privilege to have been able to share some thoughts on actions this committee can consider in partnership with industry. It is critical that we get this right and that

support is timely. I and the employees of Manpower are ready to assist in any capacity to help put America back to work. Thank you.

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