

Contingent Staffing: A Viable Labor Strategy—Especially in a Recession

It is estimated that between February and March 2009, 742,000 private-sector nonfarm jobs were cut and even more companies are trimming staff as the economy weakens. Layoffs often stretch remaining employees to their limit as work demands continue to build. To combat this, companies big and small are increasing their use of contingent labor to control costs and become more flexible, setting in place a staffing plan that matches the ebb and flow of the unpredictable economy.

Compatibility with Special Projects/Demands

Contrary to the misconception that contingent labor management is an unpleasant activity and an unnecessary expense, it can actually help businesses lower overhead costs and provide tremendous value to the talent acquisition and management process. In fact, utilizing a contingent staffing firm for labor management allows businesses to run more efficiently by hiring temporary employees as needed for various durations of time. This helps companies run lean from the beginning, avoiding layoffs by only hiring additional employees when absolutely necessary.

...utilizing a contingent staffing firm for labor management allows businesses to run more efficiently...

Contingent staffing companies also assist businesses with hiring specialized labor. An example of this is a business that needs a web developer to enhance their website and online shopping platform. After the project is complete, the company can end the assignment without added costs such as unemployment. Contingent staffing firms can also evaluate whether or not the volume of work needed for a particular project requires a full-time employee or a short-term contractor and then find, manage and payroll the right person for the job.

Economic Buffer

Not only do contingent staffing companies save businesses money with employee flexibility, they also provide expensive and time-consuming services like recruitment advertising, interviewing, employment verification and screening on their clients' behalf. Contingent staffing providers are also experiencing an increase in the number of businesses requesting their assistance with other functions such as payroll services, benefits coverage and unemployment claims. Most staffing companies now manage and cover the cost

...it's also a permanent economic buffer that provides flexibility in the management and acquisition of talent.

of these areas, even providing vacation time, holiday pay, sick time, health insurance and 401(k) investing to the temporary employees they hire.

In the 1970s, contingent labor was considered a quick solution to mitigate the impact of job vacancy. But today, it's not just a temporary fix to a temporary problem; it's also a permanent economic buffer that provides flexibility in the management and acquisition of talent. Over the past 20 years, the percentage of work allocated to contingent labor has grown from 6% in 1989 to over 27% in 2009. A study completed in January of '09 by the Aberdeen Group identified that 1 out of 10 contingent staffing users predict significant growth in their use of contingent labor over the next few years.

Tighter Talent Management

Using temporary employees in today's economic environment also allows companies to "test drive" new hires with no obligation to keep them on board if they do not meet their needs. In an uncertain economy, customer retention should be a strict priority. Competition is fierce, so companies need to make sure they are hiring and maintaining the best talent they can in order to exceed their client's expectations.

Using temporary employees in today's economic environment also allows companies to "test drive" new hires with no obligation to keep them on board...

Typically, contingent staffing firms allow their clients to call for a replacement at no additional fee if the newly hired employee isn't the right fit. In addition, acquiring employees through a staffing firm allows the client to avoid costly unemployment claims incurred through traditional hiring methods. Staffing firms will also periodically evaluate and report to their clients the performance of the labor plan they have in place in order to ensure a return on their clients' investment.

Enhancing Current Staff

Large workforce reductions have enhanced the pool of qualified job seekers, making it an excellent time to upgrade staff with top-notch performers. It's currently an employer's market and as the unemployment rate rises, so does the demand for jobs. This produces a great opportunity for companies to hire people with hard-to-find skills they may be lacking, without costing an arm and a leg. Candidates are now far more realistic than those of years past and many are willing to accept less compensation than their previous salary or a temporary position they may not have considered until now. As more people find themselves between jobs, the reputation of temporary work as a last resort has

virtually disappeared, as temporary employees are gaining more respect. Some employees also prefer the freedom and flexibility temporary work offers.

Bruce Steinberg of the National Association of Temporary and Staffing Services in Alexandria, Va. said, "The fact is, the entire [temping] industry has changed. Now, instead of only traditional clerical and blue-collar workers, you find a gamut of professionals needed on a temporary basis - accountants, engineers, lawyers, middle and senior management." He goes on even further to explain that in some instances, even temporary employees have stood in for CEO's. Often consultants seek safe opportunities during economic slowdowns. While they may not remain with the company they consult for forever, they will certainly add great value to the organization as they wait out the risky economy. Now is the time to take advantage of this great opportunity for staff improvement.

Alleviating Pressure

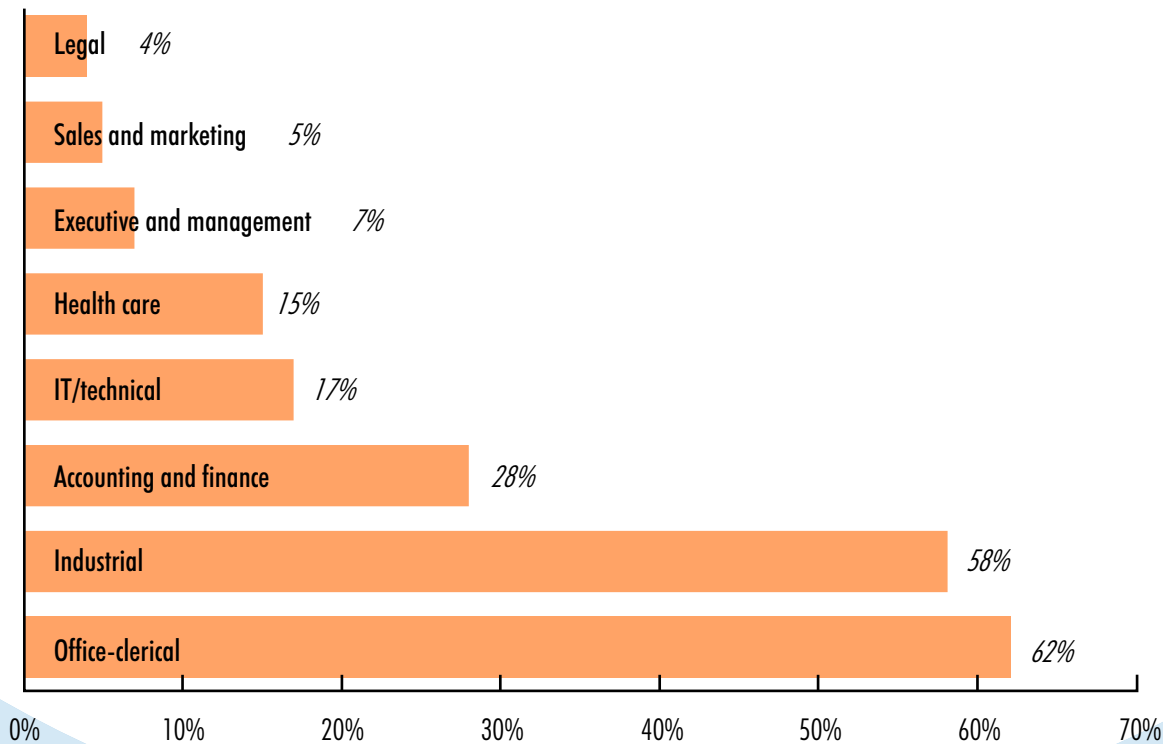
As mentioned, layoffs often result in stretching businesses' remaining employees to their limit. Utilizing temporary help during peak periods can prevent burnout

among core employees and even reduce absenteeism, turnover and worker's compensation claims. During a hiring freeze, temporary workers can help companies handle heavy workloads without the cost of increasing permanent employee headcount.

Employers are finding it increasingly difficult to forecast their employment needs months in advance. Instead of hiring workers only to later lay them off as demands start to lighten, companies can look to contingent staffing as an economic buffer. Letting temporary workers handle non-core business functions also allows regular staff to concentrate on their core responsibilities. In many cases, temporary workers can provide relief for overworked permanent employees. Hiring help as needed allows companies to respond to market demands quickly in a cost-effective and time-efficient manner.

PS. For additional articles of interest, see prostaff.com.

Percentage of Staffing Customers That Commonly Engage Temporary or Contract Employees in Key Occupational Sectors



Source: American Staffing Association, Staffing Customer Survey