

Temporary Workers RESHAPING COMPANIES

By Christine Hall



Finding a properly trained contingent worker or independent contractor, either from a staffing agency or by other means, is less difficult today than it was, say, a decade ago.

M. K. Stadler, owner of MK Personnel in Houston, finds her candidates primarily through referrals, receiving at least three or four per day from former candidates, clients, and job boards on CareerBuilder and LinkedIn. The company focuses on administrative, clerical, and accounting placement.

“Once we find someone and they come in, we do an in-depth interview to gauge their level of experience,” she said. “Then we do an assessment of their skills and assess their marketability.”

If MK Personnel feels the candidate needs a skills boost, it offers tutorials. However, Stadler said, of the candidates they do find, the firm typically places just 20 percent of the people that walk through the door. “It’s the nature of the business,” she noted.

Historically, contingent workers have occupied support-staff functions similar to those that MK Personnel specializes in. The government estimated that 5.7 million, or about 4 percent, of the population were classified as “contingent” workers in February 2005 (the most recent data available by the U.S. Bureau of Labor Statistics).

Seeking a more accurate picture, President Barack Obama’s budget, as presented to Congress earlier this

year, included \$1.6 million to survey the population for a Contingent Work Supplement that would gather data during even-numbered years on contingent-work and alternative-work arrangements.

According to experts, employers aren't necessarily concerned about the quality of the workers they might receive from staffing agencies, websites, or training centers; instead, they worry about government regulations regarding how to classify such employees.

"There is a reluctance to use contractors on a long-term basis because there is concern that a government agency might say you misclassified them, and that they should be termed 'employees,'" Neil Alexander, a shareholder and co-chair of the Contingent Work practice group at Littler Mendelson PC in Phoenix, said.

TEMPORARY WORKERS FILL IN GAPS

But as employers continue to downsize their staffs, they are increasingly reaching out to temporary workers to fill in the gaps. These highly skilled workers must adapt quickly to new settings and solve the employer's problems while remaining aware that they won't be sticking around for too long.

More talent is available out there these days, in part because the economic downturn in the late 2000s caused otherwise qualified workers to become jobless or led them to take advantage of new opportunities, such as opening their own businesses or working with a staffing agency for pairing with not just their next employer, but also future employers.

"We are seeing more and more organizations going to temporary staffing solutions for cost savings and benefits savings," said Bill Kahnweiler, associate professor in the Department of Public Management and Policy at Georgia State University.

He stated that he had not heard many complaints or concerns from companies encountering poorly trained individuals, noting that a wealth of talented people who seek work are going through a staffing agency to find it.

"If anything, it's a buyer's market," Kahnweiler added. "I suspect statistically there are people not happy

TEMPORARY WORKERS VS. FULL-TIME WORKERS

Despite good intentions, hiring temporary workers can create a caste system at the office, Georgia State University's Bill Kahnweiler said. "Full-time people are at one level, and the temporaries often receive lesser status because they are only going to be there a short time," he observed.

Managers should also keep in mind the possibility of resentment on the part of the full-time employees, especially when it comes to equal attention and resources, he added.

However, hiring temporary workers could give a manager good data about permanent staff that the manager did not have before. For example, a manager could find out that a certain employee wants to lead a special project that might otherwise have been outsourced, Kahnweiler noted.

"Ultimately, you have to weigh how a temporary worker is going to change the dynamics of the work group," he added. "You obviously want to get from temporary workers what you hired them for. The challenge is finding a way to deal with the expected or anticipated reactions."



CONTINGENT WORKERS ARE HERE TO STAY



Using skilled workers on a temporary basis is not a new trend, but it will be a big part of the 21st-century workplace. Corporations will need these workers to stay flexible in the fast-paced marketplace.

Little Mendelsohn PC shareholders, in the study "The Emerging New Workforce: 2009 Employment and Labor Law Solutions for Contract Workers, Temporaries, and Flex-Workers," predicted in 2009 that contingent workers would comprise 50 percent of the U.S. workforce following the economic downturn.

That's in part because companies can hire a highly trained individual to work on a special project for less money than it costs to hire a full-time employee.

"There is a lot of talent out there, and a lot of highly qualified people have discovered that they like freelance work," said Neil Alexander, a Little Mendelsohn shareholder in the firm's Contingent Work practice group out of Phoenix.

The study cited a 2005 U.S. Department of Labor Bureau of Labor Statistics report, "Contingent and Alternative Employment Arrangements," noting that today's independent contractors are most likely to have come from business, financial, and even management backgrounds.

with someone's skill set, but the advantage of a temporary worker is that you can remove the person and get someone else without going through the hassle of replacing someone who was full-time."

Having worked in both the corporate and academic worlds for the past 40 years, Kahnweiler said, he believes temporary workers are a good way to manage an employer's fear of firing or laying off workers. It is easier to let someone go who is there only to complete a specific project for which the ending date has already been set, he said.

Those who are ready to hire contingent workers now have a large pool of staffing agencies to choose from, including agencies that specialize in a particular industry, such as information technology and financial services. Robert Half International, which operates a technology division, looks for people with those particular skill sets. "Tenure is important," Steven Robinson, regional vice president of Robert Half in Houston, said. "We like those who come from an information-technology background, have master's degrees in computer information systems—basically anyone from the industry."

And despite the economic downturn, those with technical backgrounds have been doing well

in finding contract work, he said. Unemployment among those with an information-technology skill set is at less than 5 percent, as companies look for people who can be database developers or software programmers. "Especially in Houston, the demand for that talent is high, and the supply is very scarce," Robinson noted.

FINDING THE FIT

Employers looking for temporary help have reason to worry about whom they will get, because they want to invest their organizational dollars in the right individual, observed Robinson. But agencies want to gain employers' trust, so firms like Robert Half take steps to identify the best candidates: Robert Half conducts in-depth, in-person interviews and uses proprietary tools to find the top talent in the marketplace.

The firm also gives candidates access to more than 8,000 training courses, as well as certification preparation courses. For example, those in the industry know that people with skills in Microsoft Windows, Oracle, and Cisco are in high demand, so Robinson works with candidates who either have those skills or can acquire them. That focus has given these candidates opportunities for consistent work over the long term, either with

a single company or a series of firms. "We think this enables us to push out a client base that is well informed and more marketable," Robinson said.

Little's Alexander said websites have made it much easier to match employers with contract workers or freelancers. Because a lot of contract work consists of writing and remote computer work, websites like Elance.com work as a business meeting place where companies can post jobs and people can bid on them.

There are also larger staffing firms, similar to Robert Half, that contain highly specialized divisions such as construction or engineering, as well as trade groups.

"Generally, it depends on what you are looking for," Alexander said. "People become familiar with the trade groups where talent seems to flock." This type of specialization creates a comfort level and a confidence that the talent will be top-notch, he added.

EMPLOYERS NEED TO DO DUE DILIGENCE

Staffing agencies can perform their own interviews, skills assessments, and training, but it is up to the employer to ensure that contingent workers will meet the needs of the project they are hired to work on. "Some staffing agencies don't do skills testing, so a company may have to take the agency's word," Alexander said.

"Even if people will only be there for three months, six months, or a year, the employer should make the hiring decision as though he was hiring them for a permanent position," Georgia State University's Kahnweiler said. He advises employers to consider the candidate's skills, past results achieved, and whether the person will fit with the company culture. If the job ends up satisfying both the employer and the temporary worker, he said, the employer should consider offering the person a permanent position if one is available. "Hiring mistakes are always made, but a good manager will be able to pick up on someone's motivation and commitment," Kahnweiler added. **N**

Christine Hall is a Houston-based freelance writer. She was previously a reporter covering banking, finance, venture capital, and technology for the Houston Business Journal.