CHAPTER V

MOTIVES FOR CLIENT ORGANIZATIONS TO OPT FOR TEMPING

5.1 Introduction

In this chapter we take a closer look at reasons for organizations to use temp staff through agencies, with special reference to the retail sector where temp hiring has increased in the recent past. These reasons represent the positive aspects of using temporary employment. Questions are raised whether using temp staff enables the client organizations to control the adverse impact of attrition. The Client – Agency relationship is also analyzed in terms of sharing of responsibilities between them.

Problems associated with use of temp staff are investigated. For the well being of the temp staff facilities provided by the client organizations are analyzed. Initiatives taken by the organizations to motivate temp staff have been explored.

5.2 The Client- Agency Partnership

All the client organizations confirmed that they use services of temporary staffing agencies for employing temp staff. Agencies assist corporate clients in their staffing requirements by providing contractual or temporary manpower. Clients reported that staffing agencies work with them in hiring or identification of temp resources and take on the selected resources on their payroll for providing services to the client.

Alternatively they also take on their payroll, resources pre-identified by clients or existing through some other arrangement. When engaging the services of a recruitment agency, companies confirmed that they establish a service level agreement (SLA) with the agency. An SLA will establish a point of reference for both parties which can guide behaviour on a day-to-day basis. The core business of
employment agencies in the temporary staffing sector is supplying client organizations with suitable temporary staff on request. The client pays a fee to the agency for hiring a worker and has little responsibility for the worker as the agency is the legal employer of temporary staff.

Table 5.2 gives information on whether client organizations prefer to source temp staff through one agency or use services of multiple agencies.

**TABLE 5.2: FREQUENCY DISTRIBUTION TABLE OF ASSOCIATION OF CLIENTS WITH AGENCIES**

<table>
<thead>
<tr>
<th>Association with agencies</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>One</td>
<td>07</td>
<td>70</td>
</tr>
<tr>
<td>More than one</td>
<td>03</td>
<td>30</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>100</td>
</tr>
</tbody>
</table>

The data reveals that 70% of the clients were associated with a single agency as they were able to get a continuous and uninterrupted supply at times when they needed temp staff. 30% of the agencies preferred to be associated with more than one agency (usually between two and four agencies). Clients who preferred to use multiple suppliers confirmed that they did so to avoid dependency on a single agency and to create opportunities for negotiating prices.

**5.3 Responsibilities assumed by staffing agencies for the clients**

Representatives of client organizations reported that staffing agencies take complete responsibility for recruitment, statutory employee benefits and replacement of temp staff. In case of training majority of the clients confirmed that training was provided
by the agency but a few clients reported that as they have their own set of
requirements and set up to impart training they preferred to provide training on their
own.

Clients reported that the agencies reduce their burden by managing and coordinating
all hiring and screening processes, adhering to various legal compliance requirements
and eliminating issues with multiple billing processes. The agencies with their large
networks of offices have the expertise to provide customized solutions to companies’
staffing needs and to work with them in managing human resource planning and risks.
They hold the potential to deliver results across all forms of staffing related issues,
which allows organizations to explore growth and attain a competitive edge over
others.

Client organizations confirmed that the staffing agencies had gradually diversified
from offering staffing solutions to becoming ‘One-stop HR shops’ catering to the
entire human resource needs of any given company or industry. The agencies had
restructured their service portfolio in a bid to emerge as wholesome solution
providers. They reported that the agencies, therefore, were in a better position to
understand the employers’ requirement needs than arms-length HR consultants. This
has a major advantage in terms of better ability of the agencies in matching
requirements of clients with temp staff.

The agencies ensure that all the statutory provisions are in place which clients
pointed was an important benefit of hiring temp staff through this mode. Benefits due
to the temp staff is handled by the agencies.

Clients confirmed that there was minimal responsibility for them as the temp can be
returned to the agency once the assignment is completed (or if it is prematurely
terminated). If a temp is deemed unsuitable by the client at any time, he or she is
replaced free of charge by the agency.

Clients confirmed that they were using services of the agencies for training purposes. It was reported by them that the agencies had a separate training wing aiming at skill training and development in the corporate arena. It was understood that the agencies customize the training, both in terms of content as well as delivery methodology depending upon the unique requirements of each client. Agencies had worked out a generic duration for the courses offered and the same could be modified based on their clientele requirements.

5.4 Reasons for using temp staff

The client organizations interviewed in the study gave different views of why they chose to use temp staff through temporary staffing agencies as a part of their employment strategy.
Table 5.4 gives information on the different reasons which motivate client organizations to use temp staff through temporary staffing agencies.

**TABLE 5.4: DISTRIBUTION OF RESPONDENTS ON THE BASIS OF REASONS FOR USING TEMP STAFF**

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Total ( % of total no.=10)</th>
</tr>
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<tbody>
<tr>
<td>Flexibility of employment</td>
<td>10 (100)</td>
</tr>
<tr>
<td>Concentration on core functions</td>
<td>06 (60)</td>
</tr>
<tr>
<td>Speed of availability</td>
<td>10 (100)</td>
</tr>
<tr>
<td>Reduced costs</td>
<td>10 (100)</td>
</tr>
<tr>
<td>Endorsement of recruitment, training, statutory benefits and replacement by the staffing agency</td>
<td>07 (70)</td>
</tr>
<tr>
<td>Screen for permanent jobs</td>
<td>06 (60)</td>
</tr>
<tr>
<td>Attrition</td>
<td>07 (70)</td>
</tr>
</tbody>
</table>

In the survey, all the respondents from the user companies cited flexibility of employment, speed of availability and reduced costs as the most important reasons for choosing the services of a flexi staffing agency.

Clients confirmed that in any part of the year agencies could provide them with temps suiting their requirement. This speed of availability of manpower on requirement was mentioned as an important reason for preference to use temp staff through agencies. Supply of well trained and skilled employees reduces the orientation time of the temps and the time taken to integrate them with the core workers and with the operations of the company. Client organizations reported that they don’t usually have
the time and coordination it takes to hire an employee for a short period of time, such as to cover for another staff member who is on vacation for a few weeks. The time it takes to place the job advertisements, interview applicants, verify references and train the employee usually takes an organization at least a month. Staffing agencies, however, specialize in the ability to provide organizations qualified candidates on very short notice.

The fact that temp staff provides staffing flexibility for clients is a key finding in the study. Clients reported that using temps through agencies provides them with a means of varying their staffing levels by increasing staff numbers during peak periods and decreasing them during periods of low demand. They further confirmed that this flexibility in terms of staffing during fluctuations in demand can provide a competitive edge. Companies further confirmed that engaging temps for short-term projects allows a company to estimate the capacity needs to expand and contract their manpower base according to the demand in the market. Temp staff can provide assistance needed at times when business increases temporarily. The number of employees can be adjusted to fluctuations during the day, week or month, so there is no overstaffing and paying permanent employees for work hours when there is no work to be done.

Benefits for clients include saving on recruitment and training expenses, avoiding potential redundancy payouts and overtime rates, and avoiding labour regulations and obligations associated with permanent workers. The number of temp staff can be adjusted to fluctuations during the day, week or month, so one does not have to risk overstaffing and paying permanent employees for work hours when there is no work to be done. Majority of the clients said that the agency is responsible for and bears the financial burden of recruiting, screening, testing and hiring workers; payroll expenses
and paperwork; and any employee benefits they may wish to provide. They also pointed that they could save on medical benefits, vacation and sick pay, retirement and other income security benefits reserved for full-time and part-time workers. The effective training given by the agency reduces the clients cost of time, training and orientation of the employees. In the short term, it is generally more cost-efficient to hire a temp.

Client organizations confirmed that this sort of an arrangement helped them to cope up with attrition issues. Clients reported that they face stiff competition and many a times lose their best employees to competitors. The best techniques to motivate employees, reward schemes and salary increments are of no use, most times. Here is where staffing agencies helps in dealing with attrition. Agencies provide temp staff to clients. One of the benefits of this mode of engagement is that companies need not pay severance packages, while retrenching contract employees. Moreover, contract staffing agreements are for fixed periods only. Hiring temporary staff has positive effects on the current employees and reduces the risk of employee turnover. Relieving workload reduces stress levels, increases morale, and reduces the amount of absenteeism that is associated with employees in high stress situations. Additionally it was pointed out that with the rigorous screening process that staffing agencies require for temps provides clients with temps who have the skills necessary to get the job done right. The clients reported that this eliminates the risk of hiring someone that may not be able to perform the job without intensive training.

Companies interviewed confirmed that endorsement of recruitment, training and development and replacement by the temp firm provides them with a ready skilled, flexible and ultimately disposable workforce when required which is a motivating factor for using temp staff through agencies.
Being able to concentrate on core activities was one of the important benefits pointed out by 60% of the clients. Clients reported that they have outsourced non-core jobs like front office, accounts, sales, marketing, back end operations and others to temp staff hired through agencies to be able to focus on their core areas of operation. The reason seems to be quite obvious - companies focus on their core functions to sustain the cut throat competition, while they outsource their non-core functions. Hence company’s key personnel can concentrate on business-crucial activities. In the current economic situation, companies are experiencing a greater need to focus on their core activities and outsource others. The staffing industry is all geared up to cater to this emerging need with its diversified services portfolio.

Clients reported a belief that temps were often used in a ‘trial’ capacity. In some cases the client organization was looking to hire a permanent person, often in a new role, and was using a temp to ‘try out’ the position and often to advise on selection decisions. It’s quite a common practice for organizations to use experienced temps to analyze what the role actually entails and what kind of person they should be looking for.

The benefits of the industry are manifold — from enhancing companies’ competitiveness to flexibility and work security in the labour market, acting as a buffer for the labour market and creating positive conditions for economic sustainability. Staffing intermediaries play a fundamental role in extending support to companies and augmenting the efficiency of the labour market. Given the increased incidence of cyclical fluctuations, the sector provides necessary innovative and reliable solutions that enable organizations to manage demand volatility by adapt their workforce needs accordingly.
5.5 Seasons in which temps are hired in retail

Selling merchandise is highly seasonal and is readily influenced by weather, tourism and holidays. Retail jobs are some of the easiest jobs to come by, especially during the busy seasons or holidays. For people who want a temporary employment, seasonal jobs offered by many retail locations are a great option.

It was reported by all the client organizations in the overall sample that with retail fervour on the rise, hiring temporary staff helps to tide over festive rush during festivals like Diwali, New Year and Christmas, when footfalls rise by 30-40% across stores, was the recent trend. It was pointed out by clients that as shopping increased during festive period it provided them ample scope to increase sales. Also in the current times festivals are no longer restricted to particular communities. Additionally maximum discounts are given during festivals which increases footfalls. Clients reported that they do 25-30% of their annual sales during the festival season, from September to early November. Clients reported that they hired maximum staff during the festival season or September-December months to manage the increased footfall. They reported to up their hiring by 30-40% to be able to manage festive rush.

It was reported by the clients that there was a big jump in sales during religious festivals like Gudi Padva, Dussera, Dhanteras, Ganesh Chaturthi, Raksha Bandhan and others which increased their need for flexi staff. Additionally it was pointed out that during occasions like Independence Day and Republic Day there was maximum spurt in sales requiring additional manpower. Clients were of the opinion that there was year round demand for temp staff from retail. It was reported that with the opening up of FDI and the latest trend of weekend shopping the retail sector has got a major boost and this has also created the need for more staff throughout the year.
5.6 Areas in which temps are hired in retail

The clients in the overall sample in their discussion revealed that the temps were hired in various types of jobs which mostly need low to moderate skills. The following is the list of flexi jobs in retail offered by clients:

- Types of job in retail
  - Counter-Sales
  - Customer Service
  - Sales and Marketing
  - Merchandising
  - Cashiering
  - Stocking
  - Pricing & Tagging
  - Supply Chain & Logistics

Interviews with representatives of retail companies confirmed that temporary retail openings are available in more than counter sales, customer services and sales and marketing. Retail companies said that the recent trend of weekend shopping gaining momentum, during the holiday rush, large retail stores need people for merchandising, cashiering, stocking, pricing and tagging. In addition people are required for supply chain and logistics. Maximum requirement for temp staff has been for counter sales and customer service followed by sales and marketing.

Clients confirmed merchandising and cashiering as important areas where temp staff is used followed by stocking. Pricing and tagging, supply chain and logistics were important areas for using flexi staff. They pointed out dearth of qualified people at all levels in retail, especially at the middle and senior levels which is addressed by hiring
of temp staff through agencies.

Clients reported that temps, comprise three categories - frontline (counter jobs) employees, those on merchandising rolls (these need some previous retail experience) and those hired by speciality retailers. Clients reported that they were hiring temps for even moderate and high skill jobs. This is a clear manifestation of the fact that temp profiles are changing in current times.

The data reveals that majority of the temp staff in the retail sector were involved in low end to moderate skill jobs like counter sales, sales and marketing, customer service, cashiering and others and very few were with high end profiles. The work profile spread from low – end mundane jobs to positions of greater responsibility and are often placed in roles that are critical to business success. There has been a shift in the way temp staff is being used by contemporary firms. They are no longer used just as ‘fill-in’ labour or as a stop-gap measure related to changes in the business cycle.

5.7 Problems associated with use of temp staff

It was revealed during the study that benefits for client organizations can be offset by the added difficulty of trying to manage a non-standard workforce with high expectations. Although several earlier studies suggest the behaviour and attitudes of contingent staff and permanent staff who work alongside each other in organizations are much the same. This study suggest that temp staff may lack the same sense of commitment to a company as permanent employees, mainly because they often feel less attachment to an organization because of their transitory roles.

Client organizations reported that morale and employee relation problems was a major difficulty of using temp staff as they the temp staff is working alongside permanent employees for months, doing the same work and putting in the same hours,
but not receiving the same benefits given to their permanent coworkers. Another disadvantage of using temp staff reported was that they were generally less reliable than their permanent counterparts. This survey of clients have found an assumption that temporary workers are generally less reliable than their permanent employees counterparts. Choosing a reputable staffing agency – and establishing a good employer/staffing agency relationship and communications – are key elements to finding reliable workers.

With regards to training needs of the temps only a few clients expressed a concern. They reported that every time a temp starts a new work assignment – no matter how skilled or unskilled – a certain amount of training is required in order for them to perform their assigned tasks to suit the specific needs of that company. This was expressed as one of the problems of using temp staff.

5.8 Facilities provided to the temp staff

Client organizations must provide a range of facilities to ensure the wellbeing of the temp staff. Even if employment is for a short while it must provide access to basic facilities of a workplace.
Table 5.8 gives information on the various facilities provided by the clients to their temp staff.

**TABLE 5.8: DISTRIBUTION OF RESPONDENTS ON THE BASIS OF FACILITIES**

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Total ( % of total no.=10)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>--(00)</td>
</tr>
<tr>
<td>Crèche</td>
<td>--(00)</td>
</tr>
<tr>
<td>Recreation</td>
<td>07 (70)</td>
</tr>
<tr>
<td>Leave</td>
<td>10 (100)</td>
</tr>
<tr>
<td>Incentive</td>
<td>07 (70)</td>
</tr>
</tbody>
</table>

The data reveals that the client organizations provide temps access to some facilities at the workplace. All the agencies confirmed providing leave facilities in the form of weekly offs and sick leaves to the temp staff. Recreation facilities were provided by a majority of the clients in the form of get togethers, picnics and access to recreational facilities at the workplace. Incentives were also reported to be given to the temps by a majority of the clients for achieving job targets.

### 5.9 Motivating Temp Staff

Developing good relations with the temp staff is an important key to motivating and utilizing their skills. When utilizing the services of a temporary agency and its employees, organizations must consider how issues such as diverse management
techniques, wage and benefit discrepancies and workplace assimilation can both positively and negatively affect the company's bottom line. Thus lasting changes in how temporary employees are integrated into the permanent labor force are needed to ensure that the endeavor is advantageous to both parties.

Offering opportunities to become permanent staff of the company was cited as one of the most common initiative to motivate temp staff. It was reported by all the clients that they motivated the temp staff by offering opportunities to become permanent staff of the company. All the companies confirmed that they give the opportunity to apply for permanent positions that may arise. Firms may also use contingent arrangements to screen prospective candidates for permanent jobs. Most firms that use flexible arrangements do so in order to identify good candidates for regular employment. In cases where permanent employees are selected from the pool of temporaries, temps will often work harder in the hope of becoming permanent.

Clients reported that not looking at temps as a stop gap arrangement affects the motivation and commitment levels of the temp staff. Installing a proper and an effective recognition mechanism like that of the permanents goes a long way in motivating temps. Executing an effective communication plan with the temp on subjects of job performance, appraisals and feedback also boosted their morale. It was understood that initiatives were taken to increase the temps’ sense of belongingness which would reduce their feeling of alienation due to the structural nature of temporary employment, client’s workplace culture, the task type and the time spent at the worksite. Clients also encouraged the socializing of temps with members of the client organization by arranging get togethers. Instructing the temps to report any incidents of conflict/offensive behavior in the workplace also makes them feel valued. From the study it was revealed that the clients understood that the temps would like to have
some recognition when they had performed well. Hence companies were using feedback mechanism for job done well. Clients reported that communicating to temps about how much the organization values them and their work addresses an employee’s self-worth.

Clients confirmed that they used awards and rewards to motivate temps. Performers were given cash rewards, sales incentives for good work and they could additionally contest for awards which were given to the top performers or the deserving candidates.

The opportunity for training is another motivating factor. The ability of a temp to find future jobs is largely dependent on his/her skills. If the temp is able to develop saleable skills while doing the job for the organization, the motivation gets enhanced. A few confirmed that they provided training facilities to motivate temp staff.

5.10 Conclusion

The analysis of the client organizations reveals that the primary advantage of a more flexible workforce is the ease and speed of availability of specialized skills other reasons include flexibility of employment, reduced costs, ability to concentrate on core functions, handling endorsement of recruitment, training, and replacement by the agency. Majority of the organizations confirmed that use of temp staff through agencies enabled them to control the adverse impact of attrition.

Analysis of the client-agency relation reveals that as the temp staff is on the payroll of the agency there is little responsibility for the temp on the client as the agency is its legal employer. Additionally, responsibility of training and statutory employee benefits did not fall on the client.
Morale and employee relation problems was identified as a major difficulty of using temp staff as they are working alongside permanent employees for months, doing the same work and putting in the same hours, but not receiving the same benefits given to their permanent coworkers. Another disadvantage of using temp staff is that they are generally less reliable than their permanent counterparts.

The study reveals that the client organizations provide temps access to some facilities at the workplace. These facilities include: leaves, incentives and recreation. Offering opportunities to become permanent staff of the company was cited as one of the most common initiative to motivate temp staff. Other initiatives include installing an effective recognition mechanism like that of the permanents, executing an effective communication plan between the employer and the temp on subjects of job performance, appraisals and feedback.

While it is true that temporary employment is now offering rapidly expanding opportunities for clients, there are undoubtedly both positive and negative aspects associated with hiring a temp.

Temps must be blended carefully into the core workforce to gain flexibility and commitment to the organizational goals. Failing to involve temps in motivational schemes could drag down the performance of the entire team, as they will not be focused on achieving the same goals. Motivating temps will also reflect on their performance, and ultimately, on staff morale and productivity.