

## **Enhancing Firms Competitiveness By Using Temporary Staff: Motivations And Implications**

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### **Abstract:**

The use of staffing agencies is steadily increasing. The study investigates the reasons for corporates to use temporary staff through staffing agencies. Apart from ease and speed of availability of specialized skills there are many other reasons to make use of temporary staff through staffing agencies which is worth exploring. Off late, majority of the companies use flexible workforce staff through staffing agencies to control the negative impact of attrition. The said study investigates motivations of companies to use flexi workforce who are on the rolls of the staffing firm and not the company that deploys them.

**Keyword:** Corporates, Motivations, Temporary Staff and Staffing Agencies.

### **Introduction**

With the growing use of temporary staff through staffing agencies, it becomes imperative to take a closer look at the motivations for corporates to use temporary staff through staffing agencies as hiring through this mode has increased in the recent past. These reasons represent the positive aspects of using temporary employment. It has also been revealed during several studies that using flexi staff enables corporates to concentrate on their core functions. Firms are enhancing their competitiveness through use of flexi staff. It is interesting to identify the initiatives taken by the organizations to motivate temporary staff.

### **Objectives**

The present study has the following objectives:

1. To identify the reasons for the companies to use temporary staff, through staffing agencies.
2. To identify the initiatives taken by the companies to motivate temporary staff.

### **ResearchMethodology**

Primary data has been obtained using interviews. Analysis of the data gathered has been done by SPSS package. List of staffing agencies was obtained from the Indian Staffing Federation (Apex

body of recruiting agencies) and the list of corporates was sourced from them. The method of convenience sampling has been adopted. Participants are from Mumbai. The study includes temporary staff who are on the rolls of the staffing firm and not the company that deploys them. This study focuses only on white collar temps only.

**Reasons for using temporary staff**

Staffing Agencies assist their corporate clients in their staffing requirements by providing staff as and when needed. Corporates establish a service level agreement (SLA) with the staffing agency. The company pays a fee to the staffing agency for hiring staff. The company has staff as the staffing agency is the legal employer of the staff.

All the companies interviewed confirmed that they use services of staffing agencies for employing temporary staff. The companies interviewed in the study gave different views of why they chose to use temporary staff through staffing agencies as a part of their employment strategy. The below given table gives information on the different reasons which motivate companies to use flexi staff through temporary staffing agencies.

TABLE 1.: Distribution of Respondents on The Basis of Reasons for using Temporary Staff

<b>Reasons</b>	<b>Total ( % of total no.=10)</b>
Increases flexibility	10 (100)
Concentration on core functions	07 (70)
Expedites hiring	10 (100)
Reduced costs	10 (100)
Recruitment, training, statutory benefits and replacement (by the staffing agency)	08 (80)
Trying for permanent positions	06 (60)
Addressing Attrition Issue	07 (70)

In the survey, ten companies using temporary staff through staffing agencies have been studied. 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 staff. It was revealed that staffing agencies could provide companies with staff suiting their requirements and at any point of time. This speed of availability of manpower on requirement was mentioned as an

important reason for preference to use staff through agencies. Staffing agencies are specialized to provide companies with both qualified and trained staff at a short notice. Companies reported that agencies provide them a means of varying their staffing levels by increasing staff numbers during busy seasons and decreasing them during periods of low demand. This flexibility in employment gave them an edge. As the agency is responsible for and bears the financial burden of recruiting, screening, hiring work and all their legal entitlements, companies preferred to use staffing agencies. The effective training given by the agency reduces the clients cost of time, training and orientation of the employees. Hence it becomes more cost-efficient to hire through staffing agencies.

Companies confirmed that this sort of an arrangement helped them to cope up with attrition issues. Companies reported that they sometimes lose their best employees to competitors. The best techniques to motivate employees, reward schemes and salary increments are of no use, most times. Staffing agencies are a rescue here as they help to handle attrition issues.

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 most companies. Companies 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. The staffing industry is all geared up to cater to this emerging need with its diversified services portfolio.

### **Initiatives taken by the companies to motivate temporary staff**

It is imperative for the company to have good relations with the temp staff hired through the staffing agency. When utilizing the services of a temporary agency and its employees, companies motivated the staff by giving them the opportunity to apply for permanent positions that arise. Executing an effective communication plan with the temp on subjects of job performance, appraisals and feedback also boosted their morale. Having a grievance redressal mechanism also makes the staff feel valued. Companies were using feedback mechanism for appreciating tasks done well by staff. Corporates confirmed that they used awards and rewards to motivate temporary staff. 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. A few confirmed that they provided training facilities to motivate temp staff.

## Conclusion

The analysis of the companies 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 and the ability to concentrate on core functions. 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 a host of benefits for companies, they must be blended carefully into the permanent staff in the company to motivate them to perform. Motivating temps will also reflect on their performance, and ultimately, on their morale and productivity

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