Staffing Industry - Indispensable for a Strong Business

by Edmund Brunetti

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Although theÂ staffing industryÂ arguably dates back to Noahâ€™s Ark with matchmakers collecting not small sums for finding a rich man the right wife, weâ€™ve only collectively thought of it as a line of business since labor fluidity became a potent competitive force after the Second World War.

And what a force it has become as organizations have realized quickly that winning at business means winning at recruitment and winning there requires getting the best possible service fromÂ temporary helpÂ agencies toÂ headhuntersÂ toÂ job boardsÂ to search engine experts. The rise of the industry is taking place in virtually all modern settings from Beijing to Uruguay and in all kinds of work from the lowliest laborer to the highest paid skill workers.

Along the way, the industry has adopted a new vocabulary. Assigned employee refers to a temporary work currently on assignment at a customer. Hiring manager refers to the person at the client company who makes the final decision on who gets hired. Buying influence in larger organization setting is the person who decides which agency to go with for the bulk of the organizationâ€™s hiring needs.

The staffing industry all types of work from short-term to long-term.Â Short-term can include per diem nursing and day laborers and even tiny assignments of an hour or less for home care.Â Long-term often involves knowledge workers like accountants and IT staff but it can include common laborers as well.

The spread or gap that a temporary staffing firm charges can become the source of conflict.Â Defined as the difference between what the staffing firm charges and what it pays the worker, the spread represents the staffing firmâ€™s gross profit from which recruiter salaries, rent, interest is paid.Â The remainder is the profit.

Often an employer decides to hire a temporary full time and pays a buyout or conversion fee to the staffing firm for the right to do so.Â Some staffing contracts stipulate specific amounts, others may calculate a conversion fee based on the gross profit that would have been earned had the employee stayed with the staffing firm for a specified period.Â Â In any case, the event is often seen as a healthy one, an affirmation that the temporary staffing process is a healthy one that leads to great long term employment relationships.

As staffing takes hold in formerly socialist countries, the industry becomes a focal point for much discussion about the future of work.Â OneÂ staffing industry news website, Staffing Talk, covers the discussion on a daily basis.

Some hypothesize that theÂ staffing industryÂ will disappear with the rise of social networks that create frictionless sharing of all kinds of information from job openings to candidates and their skills. Their thinking is, who needs a recruiter if you can just go online and run a search? That notion, which reached its peak during the social media bubble between 2008 and 2010, has given way to new thinking the frictionless sharing that became popular with Facebook and LinkedIn is in fact not sharing at all.

The numbers seem to bear out the doubters. OneÂ staffing industry provider, Tempworks, who boasts clients in more than 14 countries reports that despite a lingering recession, the sales and gross profit numbers from staffing companies has reached an all-time peak in 2011 and the prognosis is for a strong 2012 as well.

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