The Benefits of Temporary Help

You Can Beef Up Your Office Staff Quickly, Conveniently, and Economically With an ‘As Needed’ Approach

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Your contracting firm may find itself temporarily beset by a massive backlog of paperwork or short-handed because of seasonal flurries.

The owner of the small firm can recruit his wife and children, relatives, or scrounge in the tight labor market. Personnel managers of large firms shift into high gear in an effort to beef up office or production staffs.

An acceptable answer to a broad segment of American industry is to employ millions of persons on a temporary basis by literally “renting” workers.

There are many workers, who for one reason or another cannot or prefer not to take full-time jobs. These include the housewife or the mother with grown children, the college student in need of funds to pay for tuition, craft people who for reasons of health cannot work full shifts, or the family head who needs a second job in order to supplement his family’s income.

The erratic labor market and the need of American businesses for only “fill-in” help has given rise to a new billion-dollar-a-year business that has mushroomed across the nation in the past few years.

These are the employment agencies supplying temporary help by the hour, day or week on a per hour fee basis with the worker being the employee of the employment agency, not the business firm.

Employers recognize and appreciate the opportunity to acquire any type of help—skilled or unskilled—at almost a moment’s notice to do a job that cannot wait.

More important, the contractor is relieved of the mountain of paperwork and often myriad of headaches involved in the hiring process. At the same time he is freed of chores that consume time, energy and money. By enlisting the aid of a reputable temporary personnel service, he eliminates the task of screening, interviewing, checking references, filing endless forms relating to payroll, payroll taxes and other fringe benefits and record keeping involving employer obligations.

Not to be overlooked is the cash savings of payroll taxes alone.
Most, if not all states, operate their unemployment insurance funds on the basis of applying the tax rates based on experience ratings. A firm with a constant labor turn-over might pay a 4% rate while the firm with a record of employment stability could pay as low as one-half 1%.

Deliberately carrying employees on the payroll of the temporary employment agency is called “payrolling,” and while of questionable ethics is a perfectly legal means of cutting payroll taxes.

Fred H. King, a vice-president of Reed, Roberts Associates, a New York-leased management consulting firm that specializes in unemployment tax matters, says he believes tax officials would have a hard time winning a court test of the tax-savings aspects of payrolling. “The courts have always held that the employer has the right to organize his business to his best financial advantage within the framework of the law,” says Mr. King. “We don’t hesitate to recommend the taking advantage of this technique to our clients.”

Recently the Wall Street Journal in an article on the subject, related the experience of one firm in the need of 40 temporary workers for a crash program to introduce a new product. Rather than hire the 40 workers, itself entailing recruitment, screening and interviewing, plus paper work, it enlisted the aid of a firm supplying temporary help. The payment to the firm was higher than it would have been to pay persons on its own payroll but still there was a large saving.

The firm not only saved recruitment costs, but didn’t gain a blemish on its state employment experience rating, thus continuing to pay a lower unemployment insurance rate for its regular staff. Also, payments were not required for certain insurance and union benefit funds, nor for other fringe benefits.

Pre-Employment Test

Another ploy is to use the temporary help supplier’s payroll for employees being considered for permanent employment. If they don’t qualify after a probationary period they are let go without affecting the unemployment insurance experience rate.

It is because of these many advantages that “Kelly Girls” has become a household term. No great business acumen is required to realize the desirability of a service which assumes all the work of matching worker-to-skill-to-job-to-hours and takes up the burden of bonding and insurance, comes up with help for mornings, afternoons, evenings, full days, weekends and vacations—and at a small override to the regular hourly wage.

Evidence of the acceptance of these services is that the classified section of the Manhattan (NYC) telephone di-

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rectory contains 10 pages of listings comprising some 150 firms. Another 23 pages lists hundreds of regular employment agencies which will also supply temporary help. The same acceptance is true in cities throughout the entire United States and Canada.

Employers using the services of employment agencies specializing in temporary help usually want experienced help so that no time is wasted in “breaking-in” or in giving long courses in instruction.

Experienced workers can always be found in the vast reservoir of talent amongst the retirees. These persons, usually living on fixed incomes, are most vulnerable to the ravages of inflation and are eager to supplement their meager incomes.

To fully comprehend the importance of this untapped source of manpower one need only realize that in the United States 1 out of every 11 persons is 65 or older—a total of 19 million. The projection is that this older population in the next 20 years will increase to 40 percent to a total of 25 million.

The potential of the retired person—anxious and proud to participate in the mainstream of productive activity has been long recognized.

Joseph Kastenholz, executive director of TEMPS, (Temporary Employment and Mature Persons Services) says, “The retired person wants to beat the rocking chair syndrome. The older person has the experience and skills required over a lifetime that should not be permitted to be wasted. And, very important is the fact recognized by employers that the retired person is not apt to goof off, has a better attendance and work performance record than his younger counterpart.”

Kastenholz, young in years but a veteran in the business of supplying temporary help is also impressed by the backgrounds of many of the applicants. Many are retired teachers, office workers and sales workers, but an amazing number reveal lifetimes of achievement in such fields as construction, executive management, and finance.

TEMPS, now active in New York and Philadelphia is soon to open branches in major cities to keep pace with the soaring demand for qualified,
Seasonal Spurts

The success of the new temporary personnel services is patterned on the age old ratio of supply and demand. Pioneers in this relatively new service began by responding to the oft-anguished pleas of businessmen beset with seasonal spurts of business. Many businessmen learned the bitter lessons of hiring almost anyone, especially those with little or no experience. The result was that often the part-timer was not worth the lengthy bookkeeping and record-keeping entailed for short period of employment. And, in many cases certainly not worth the wage payment.

Even this seasonal pressure, however, could not account for the plethora of firms that have sprung up in the past decade. The balance of supply-demand was sharply altered soon after World War II. The need for qualified workers grew to emergency proportions as the economy rose and business and industry sent out an unprecedented demand for workers.

The “temp” agencies that began to sprout gained the appreciation of employers by providing persons who pitched in and did a commendable job. Employers struck “paydirt” and used these agencies again and again when they needed help.

While the beginning of this thriving industry began with the office worker—the steno, typist, bookkeeper, clerk, etc.—it has expanded to include almost every type of position in industry. In fact, the Kelly organization boasts of employing both men and women in 125 different job classifications.

As would be expected a certain competitiveness has naturally evolved and businessmen can find agencies able to furnish almost any type of worker needed.

All things considered—obtaining qualified workers who have been carefully screened at reasonable cost, with the resultant tax savings and savings of insurance and fringe benefits is sufficient reason for you to consider the use of temporary employment agencies.