



# **HIRING A REPUTABLE STAFFING FIRM**

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**GUIDE FOR SELECTING A  
FIRM YOU CAN TRUST**



**THE HT GROUP**

HUMAN CAPITAL SOLUTIONS THAT WORK

# HIRING A REPUTABLE STAFFING FIRM

## Guide for Selecting a Firm You Can Trust

In early 2015, *Staffing Talk* reported on the arrest of a husband and wife who owned temporary staffing companies in New Jersey. The charges brought against the couple were for grossly underreporting the number of employees their companies outsourced and allegedly hiding more than \$30 million in income, resulting in the underpayment of their workers' comp insurance premiums and income tax.

According to New Jersey's Acting Attorney General John J. Hoffman, "The defendants had a legal responsibility to provide adequate and lawful workers' compensation coverage for employees. Not only did they allegedly steal millions from the United States and New Jersey taxpayers, they failed to pay for the appropriate protections for their employees."<sup>1</sup>

Dozens of staffing firms—and their staffing clients—are cited by government agencies each year for unscrupulous practices against temporary workers.

### The most common offenses committed by these firms include:

- **Safety and health violations as overseen by Occupational Safety & Health Administration (OSHA)**
- **Employer Shared Responsibility oversights when it comes to the Affordable Care Act (ACA)**
- **Mishandling background checks and other rights issues as they apply to Equal Employment Opportunity Commission (EEOC) regulations**
- **Payroll fraud including under-reporting payroll and misclassifying job roles**

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<sup>1</sup> <http://staffingtalk.com/staffing-firm-owners-arrested-for-hiding-more-than-30-million-in-income#sthash.3G1WVW4J.dpuf>

In too many of these cases, staffing clients pay dearly for trusting less-than-trustworthy staffing firms. But here's the good news: In the U.S., there are about 17,000 staffing and recruiting companies.<sup>2</sup> A vast majority of these firms are reputable, safely and legally saving employers time and money.

But how does one spot these roses among the thorns?

Consider the following 13 questions designed to identify whether your staffing firm—or the firm you're considering hiring—has you both covered.

## **1 ARE THEY BRUSHED UP ON SAFETY REGULATIONS?**

According to OSHA, temporary workers are far more likely to be hurt on the job than their more experienced, full-time counterparts.<sup>3</sup> The federal agency has ramped up enforcement in this area, holding both companies and their staffing partners equally responsible for safety issues.

For instance, OSHA recently fined soap and shampoo manufacturer Marietta Corp. more than \$100,000 and held its staffing firm responsible for not providing workers exposed to dangerous chemicals with proper eye and face protection; lacking accessible data sheets for hazardous chemicals; and not proving that a hazard assessment had been done to determine what protective equipment employees would need.<sup>4</sup>

Bottom line: Your staffing partner should be well aware of OSHA best practices and should have the appropriate training, testing and hazard assessment experience for your specific industry.

## **2 DO THEY TAKE THE AFFORDABLE CARE ACT (ACA) SERIOUSLY?**

It's easy to ignore ACA deadlines and assume they won't apply to your temporary workforce. But doing so may land you—and your temporary staffing partner—in hot water. Talk to your staffing partner

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<sup>2</sup> [https://americanstaffing.net/staffing-research-data/fact-sheets-analysis-staffing-industry-trends/staffing-industry-statistics/#tab:tbs\\_nav\\_item\\_1](https://americanstaffing.net/staffing-research-data/fact-sheets-analysis-staffing-industry-trends/staffing-industry-statistics/#tab:tbs_nav_item_1)

<sup>3</sup> <http://www.natlawreview.com/article/osha-continues-enforcement-initiative-temporary-workers>

<sup>4</sup> <http://staffingtalk.com/staffing-firm-fined-for-failing-to-protect-workers#sthash.jx7pG50g.dpuf>

about how your contract and temporary staff may affect your “pay or play” status when it comes to your full-time equivalent (FTE) workforce. You may have more FTE employees than you thought.

Specifically, it’s important to note that companies combined under common ownership are considered a single employer (so their “separate” workforces are actually added together), part-time employees may count toward Employer Shared Responsibility, and those working an average of at least 30 hours per week or 130 hours per month can be considered full-time employees.

Your staffing partner should be well aware of these grey areas and should already be following these rules with their own staff.

### **3 WILL THEIR BACKGROUND CHECKS PASS SCRUTINY?**

The EEOC will be the first to tell you that requiring a background check on temporary employees is legal and—in most circumstances—a great idea. However, handling background checks in a way that complies with the EEOC’s strict standards is another ball game. For instance, only performing background checks on some individuals and not others could be a recipe for disaster.

Your staffing partner should be able to guide you in EEOC and Federal Trade Commission (FTC) best practices<sup>5</sup> when it comes to running background checks on temporary, contract and temp-to-hire employees. The type of background check your staffing partner performs matters as well.

“Common database background checks are not exhaustive,” explains Mark Turpin, founder and CEO of The HT Group. “For a more accurate look at criminal background, for instance, a county-by-county search may be needed. As you can imagine, sending someone to search the records at each county courthouse serving every place the worker has lived can be expensive and time-consuming. It’s best to find a staffing partner with the resources to handle more extensive background checks and to know when those types of background checks may be needed.”

### **4 ARE THEY AIRTIGHT ON WORKERS’ COMPENSATION?**

In 2013, the owner of a Tampa, Florida, staffing company was arrested for running a workers’ compensation fraud scheme in which clients were reportedly charged more than \$130,000 for workers’

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<sup>5</sup> [http://www.eeoc.gov/eeoc/publications/background\\_checks\\_employers.cfm](http://www.eeoc.gov/eeoc/publications/background_checks_employers.cfm)

compensation insurance and other services that were never actually provided.<sup>6</sup> Be sure that any temporary staffing partner you choose is in good standing with the Texas Workforce Commission (or the workforce commission in your home state). Also, be sure they carry the level of workers' compensation coverage that is necessary in your case.

"In the co-employment relationship, it is important to affirm which party is responsible for on-the-job accidents and injuries," states Jamie DeBellis, senior account executive at Brown and Brown of Austin. "Most reputable staffing firms carry workers compensation coverage to provide state-mandated benefits to injured employees, which can protect both the staffing firm and its client from liabilities that can arise as a result of work-related injury. Too often, these issues are not addressed until something happens and, by then, it is too late."

## **5 ARE THE WORKERS EMPLOYMENT ELIGIBLE?**

A staffing firm cannot legally share with you their temporary employee I-9s or U.S. Citizenship and Immigration Services' E-Verify proof of employment authorizations. The good news? That leaves the liability of employing undocumented workers primarily in the staffing firm's hands. The bad news? For the most part, you'll need to take your staffing firm's word for it when it comes to their promise of employing only legal workers.

You can, however, request certification that firms are in compliance. E-Verify offers certificates of employment eligibility that can be shared, so be sure to request this basic proof from the staffing firm. To take full advantage of the E-Verify system, both you and your staffing firm should be enrolled. You can find more information at [www.uscis.gov/e-verify](http://www.uscis.gov/e-verify).

## **6 HOW HAPPY ARE THE TEMPS?**

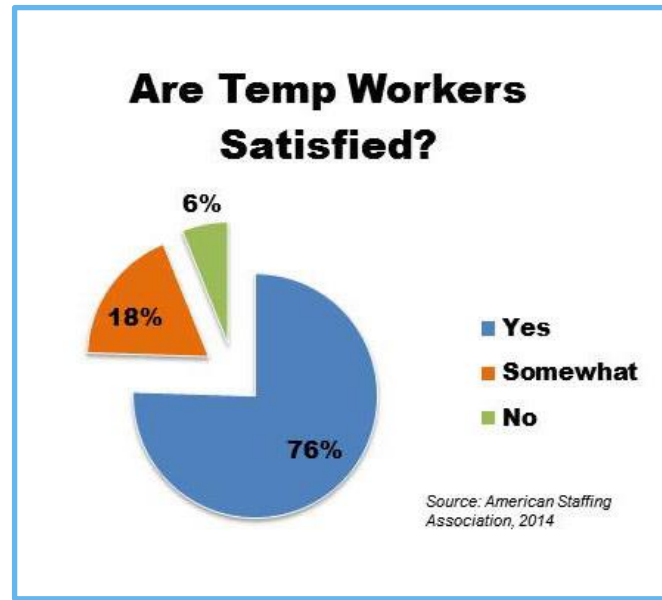
In general, temporary employees love their jobs. The American Staffing Association cites temps are far more satisfied with their jobs and employers than employees in the overall U.S. workforce.

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<sup>6</sup> <http://www.constructioncitizen.com/blog/46-million-stolen-2013s-top-ten-workers-compensation-fraud-cases/1401231>

The way a staffing firm treats its staffers and job candidates makes a big difference in the caliber of talent they are able to attract and retain – the talent available for you to hire. The better firms invest considerable time in getting to know their candidates.

Staffing firms providing temporary or contract services will make available online career resources and benefits such as health, vacation pay, holiday pay and referral bonuses—further adding to worker satisfaction.



## 7 WHAT POSITIONS DO THEY REGULARLY FILL?

Whether you're looking to hire office administration staff, accounting and finance people, light industrial workers, technical staff, professionals, executives or managers, you'll want to work with a firm who can tap into the right candidate pool. It's even better if you can find a firm with specialty divisions capable of servicing your varied needs.

Visit the staffing firm's website and review the positions they currently list. Do these positions match you need? You can also ask for examples of previous searches similar to what you will need them to run for you.

## 8 WHAT IS THEIR PROCESS FOR SOURCING, SCREENING AND INTERVIEWING CANDIDATES?

The search for candidates shouldn't start when the staffing firm gets your requisition—they should be continually building a pool of qualified talent that will be available to you. And you shouldn't see a candidate until the staffing firm has conducted a face-to-face interview, followed up with at least two good references, administered any skills screening tests needed, and completed a thorough (and legal) background check.

## **9 WHO IS THEIR LONGEST-STANDING CLIENT? WHY HAVE THEY STAYED TOGETHER?**

The answer to this question gets to the heart of the firm's client retention rate. It offers a peek at how the company values and sustains its client relationships. Client testimonials provide a client's-eye view of the firm. Look for other reviews online at sites such as Yelp! and Glassdoor. Pay attention to candidate and client reviews. You can find specific recruiter referrals on LinkedIn.

## **10 WHAT ARE THEIR COSTS?**

As with most services, you get what you pay for with staffing and recruiting. Beware of companies that seem to offer top-tier services at a discount price. Also beware of companies too eager to reduce their fees just to get your business. If a staffing firm is competing on price alone to work with you, quality may be sacrificed in the future.

There's a saying in the staffing industry: There aren't any low fees; there are only low-quality candidates. As with any business, staffing firms must prioritize in order to do the job for less. Customers paying for quality typically see the best candidates.

## **11 HOW LONG HAVE THEY BEEN IN BUSINESS?**

In the staffing industry, longevity matters. It takes time to develop a candidate network, and you want a firm that's been around long enough to build a good, solid candidate pool for you to choose from. With longevity comes experience—and the lessons learned, best practices and expertise that experience brings. An established firm also brings you the assurance of a partner with the staying power to go the distance with your company.

## **12 WHAT IS THEIR EXPERIENCE IN THE LOCAL MARKET?**

If a staffing firm's recruiters live, work and play in the local community, they have a better sense of which kinds of temporary staff fit best with which companies. When it comes to temporary staffing specifically, local firms have a vested stake in your success; what's good for your business is likely

good for their community. A home-town firm that has its managing partners onsite gives you the opportunity to work through any tough issues directly with an ultimate decision-maker at the firm.

Please note, though, when it comes to executive search and retained search, locality isn't as important as industry-specific knowledge and relationships.

## **13 WHAT INSURANCE DO THEY CARRY?**

Hiring and contracting with workers poses risks, and a well-insured staffing firm can absorb some of the burden of protecting your company from these liabilities. Ask to see the firm's certificate of insurance, and make sure they carry at least the following coverage:

- \$1 million for workers' compensation
- \$1 million for professional liability
- \$1 million for crime or employee dishonesty
- \$2 million for general liability
- \$1 million for hired/ non-owned autos
- Additional umbrella policy that covers up to \$5 million

It's a good idea to discuss minimum coverage recommendations with your insurance agent to ensure that your staffing partner affords you the optimum protection. An underinsured or noninsured staffing firm puts your company at risk.





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