

TEMP, TEMP-TO-HIRE OR DIRECT HIRE?

How to Choose Your Best Route



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Introduction

The competition for talent in the U.S. is shaping up to be the fiercest it has been in over a decade. According to the latest CareerBuilder Job Forecast Report, two out of every five employers are hiring full-time, permanent employees and as many as half of all employers are adding temporary or contract workers.¹

Amidst all this hiring activity, managers face a pivotal decision: Is it better to bring on temporary/contract workers or permanent, direct hires? What option best serves the needs of the business? The answer is: It depends. To choose your best route, ask yourself the five questions we list here. Your answers can help determine whether to go temporary/contract or permanent with the position at hand. They could also reveal whether a third option, temp-to-hire, is best. We'll explain how in the next few pages.

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SHORT-TERM ? OR SEASONAL

Not all jobs are built for longevity. If you're looking for a short-term hire (perhaps filling in for someone on leave, needing extra team members for a sales launch, or preparing for a busy season), temporary/contract is the way to go.

What constitutes short-term isn't necessarily the time frame but that there's an end in sight. According to the American Staffing Association, the average temp position last about three months but the range is wide: from one day to several years.²



Urgency

HOW QUICKLY DO YOU NEED TO HIRE?

The average time it takes to hire a permanent position hit a record high of 29 days in January 2016.³ According to the Society for Human Resource Management (SHRM), candidate screening and testing has caused the length of time to balloon. Prescreening methods have increased significantly,⁴ including skills testing, drug testing, background checking and personality testing.

An executive search firm can help reduce the time it takes to direct hire by helping not only with recruiting but with the screening process as well—they may even have the perfect pre-screened candidate already in mind. But filling a permanent position can take time. In the interim, a reputable staffing partner may be able to provide temporary or contract workers who are already pre-screened.



FINDING **THE RIGHT** **FIT**

The more difficult it is to fill the position, the better suited it is for direct hire. Direct hire allows employers to attract a higher caliber of candidate than may be available for temporary/contract work.

It expands access to passive candidates who may not be actively looking for a new position, jobseekers who require health insurance and can draw talented workers from out-of-state. The larger candidate pool means more choices, which can result in a better hire.

Companies that work with reputable staffing agencies receive an additional benefit with direct hire: a replacement guarantee. If the new hire doesn't work out for almost any reason, the agency provides a replacement credit or guarantee to be used within a given time frame.

Hiring a Temporary Manager?

WEIGH THE PROS & CONS FIRST

In tech and other business environments, contractors and consultants are often brought in to temporarily lead teams; and they do so with impressive results. But when considering filling a lower-level managerial position, weigh the pros and cons of hiring a traditional temp very carefully.

Having a temp in a managerial role may affect team dynamics, and in fields like light manufacturing, would require a strong internal training program to alleviate safety concerns.

Determine how your team will react to a manager who is new and may not be around for long.





REDUCE *the Administrative* BURDEN

Temp staffing can be surprisingly low-burden. A staffing firm can share—and even take on—most of the employment responsibility, except for a few co-employment liabilities.

Staffing firms can keep temporary workers on their payroll, reducing the administrative burden and cost associated with adding new hires. Some staffing firms, including The HT Group, offer health insurance and other benefits for temp workers.

To ensure your staffing firm is following applicable laws and operating to the highest industry standards, check to make sure they are members of the ASA (visit americanstaffing.net) and their state association such as the Texas Association of Staffing (texasstaffing.org).

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WHAT ABOUT **TEMP-TO-HIRE?**

In every scenario we've mentioned, there's a third option that may be your best fit: temp-to-hire.

Temp-to-hire is an effective strategy for testing a potential employee's fitness for success in a high-turnover, high-stress position or a department with a difficult-to-please manager.

The up-front financial investment for a temp-to-hire arrangement is lower than for a direct-hire

approach, and the payment terms—typically 30 days—ease cash flow pressures.

The arrangement can truly be a win-win for both the employer and employee. Half of all staffing employees are searching for permanent jobs.

In fact, 35 percent were offered a permanent job by a client where they worked on an assignment and seven out of 10 of those staffers accepted the offer.⁵

Hire Outside the Box.

In addition to the competitive job market for direct hires, temps will be in short supply this summer.

More than ever, it's important to partner with a strong staffing firm to attract top talent.

According to a CareerBuilder nationwide survey of temporary hiring in 2017, industries that are trending above the national average in temp hiring include IT (75 percent), manufacturing (59 percent) and large health care organizations (56 percent).

In every industry, demand for contingent workers through the summer is expected to outstrip supply.⁵

So whether you hire temporary workers, hire direct, or consider temp-to-hire, plan ahead and consult with a staffing partner like The HT Group to create a winning scenario.



Sources

¹ <http://www.careerbuilder.com/share/aboutus/press-releasesdetail.aspx?ed=12%2F31%2F2017&id=pr983&s-d=1%2F6%2F2017>

² https://americanstaffing.net/staffing-research-data/fact-sheets-analysis-staffing-industry-trends/staffing-industry-statistics/#tab:tbs_nav_item_0

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⁴ <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/u.s.-hiring-time-increased.aspx>

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