ALTERNATIVE STAFFING ORGANIZATIONS AND SKILLS: LINKING TEMPORARY WORK WITH TRAINING

Brandynn Holgate
Françoise Carré
Helen Levine
Risa Takenaka

Center for Social Policy
University of Massachusetts Boston

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Persistent underemployment and unemployment since the start of the recent recession have caused renewed concerns about the hiring process for entry-level jobs. Job application procedures have become “tighter” and more formalized, with greater reliance on online applications that filter out those whose background does not meet the job specifications. In this environment, job candidates with problematic backgrounds have not fared well. Further, the reduction in federal spending for workforce development has left disadvantaged job seekers with fewer choices to advance their skills or attach soundly to the labor market. Now, therefore, it is crucial to cultivate methods to help broaden the reach of employment and training programs while conserving resources. Alternative staffing provides an opportunity to augment the workforce development “tool kit.”

Alternative staffing organizations (ASOs) are worker-centered, social purpose businesses that place job seekers in temporary and “temp-to-perm” assignments with customer businesses, and charge their customers a markup on the wage of the position. These fee-for-service temporary staffing services can help job seekers who face labor market barriers gain work experience and access potential employers. Created by community-based organizations and national nonprofits, ASOs are often embedded within larger organizations that provide other employment, training, and human services to their community. The parent organizations may also be operating other social enterprise ventures.

ASOs occupy special niches in local community and workforce development systems. The model is flexible and has been applied in a variety of contexts (different entry-level labor market segments) to benefit job seekers with different kinds of barriers to employment, and has been adapted to meet the needs of particular groups of job seekers within a local economy. Thus ASO operations have sustained over time. Although ASOs have not grown to become large scale (with a few exceptions), the staffing model expands the scope of services offered through organizations dedicated to human and economic development.

Educators, workforce development professionals, as well as policymakers and policy administrators may find it useful to know more about how ASOs operate and how they connect to training. ASO practitioners may find it helpful to examine their staffing operations and to consider avenues for new connections to education and training programs that can help their employees advance in the job market.

This paper provides a brief research background on the field of alternative staffing and what we have learned about connecting job brokering activities with training and education opportunities. This includes drawing on recent research by the Center for Social Policy on the Alternative Staffing Demonstration II, 2008 to 2011, funded by the Charles Stewart (C. S.) Mott Foundation (see box). The paper also offers several points for consideration in connecting temporary help workers to training opportunities. Specifically, it puts the role of alternative staffing in the context of the entry-level job market and discusses the value of staffing services from the perspective of job seekers, customer businesses, and the workforce development field. A number of examples are provided of training programs and partnerships that combine skills development with job brokering. Overall, we address two questions:

- What do we know about connecting staffing services with training opportunities?
- What are some promising examples of connecting ASO workers to skills training?
The Alternative Staffing Demonstration

This paper is based on the Alternative Staffing Demonstration II, a monitoring and evaluation study conducted by the Center for Social Policy from 2008 through 2011. The study focuses on outcomes for workers who use ASO services to find employment and on customer businesses that fill jobs through these services. The Alternative Staffing Demonstration II is the second demonstration in an initiative launched by the Charles Stewart Mott Foundation (www.mott.org) which began in 2003.

Four organizations participated in the study: Emerge Staffing of Minneapolis, Minnesota; First Source Staffing (FSS) of Brooklyn, New York; Goodwill Staffing Services (GSS Austin) of Austin, Texas; and Goodwill Temporary Staffing (GTS Suncoast) of St. Petersburg, Florida.

The study entailed collection of administrative data for 2009 and 2010 as well as four rounds of site visits. At each visit, staff interviews, a worker focus group, and an interview with a current customer business were conducted.

Research Background

Alternative staffing operations first emerged in the 1970s. Community-based organizations sought to capitalize on the access to employment that temporary staffing can provide and to broker job seekers facing barriers into entry-level jobs with higher quality employers. The field of alternative staffing grew rapidly in the 1990s as the temp industry as a whole grew quickly and nonprofits availed themselves of this new mechanism for job access. The field now includes over 50 ASOs across the United States.

Research on alternative staffing and nonprofit job brokering programs conducted in the late 1990s and the early 2000s provided initial insights and lessons learned. This earlier research showed that ASOs were distinct from mainstream staffing services; for example, the extent to which ASOs offered support services for workers exceeded that of the mainstream staffing industry. These support services were focused on job readiness, retention while on assignment, re-employment, and advancement. Formal skills training was limited because the ASOs emphasized immediate attachment to the labor market, which had the advantage of giving participants faster access to earnings and helping them establish a work record. Therefore, job seekers best positioned to benefit from an ASO’s services were those that would benefit from attaching quickly to the labor market: individuals who were mostly work-ready and had an immediate need for income, more so than formal credentialing. Research identified different groups of job seekers who were utilizing ASO services or being actively recruited by the ASO. These groups included homeless individuals, people with disabilities, people transitioning from welfare to work, individuals who had been previously incarcerated, and job seekers who lacked recent work experience for any number of other reasons.³

Subsequent research highlighted the motivations for starting an ASO. Community-based organizations and large nonprofits realized that their training program graduates were finding employment through staffing firms, and noted that the visibility of for-profit staffing operators in their local labor markets had substantially increased during the 1980s and 1990s. This realization led some organizations to form their own staffing enterprises as a way to expand programming. Other organizations learned from clients and community members about the poor working conditions those employed by temporary service firms faced – particularly with day labor and some local operators. A concern for improving working conditions in the industry was also a motivation for the creation of some ASOs. In this context, many ASOs make temp-to-perm placements a priority for their employees, but they also provide other kinds of services similar to the mainstream industry. These include temporary placements for seasonal work, contracts with the
parent organizations or affiliated organizations/firms, payrolling services, and “vendor on premise” arrangements where the work site supervisor is also an employee of the ASO.4

The demand-side orientation of ASOs was appreciated by workers, who reported that the advantage of an ASO over another workforce development or training program was that the ASO placed them in a job. For many job seekers, this was a distinct improvement over just receiving assistance or guidance in their job search process, which they were accustomed to getting from employment programs. The earlier research draws out other distinctions and tensions between the goals of an ASO operation and a workforce development program, particularly when programs operate under the same roof. Namely, ASOs focus on rapid attachment in the immediate term, whereas other training programs have formal skill development and long-term job placement goals. These activities can conflict when the ASO is seeking to fill a job order quickly with a qualified candidate and needs to draw from a pool of job seekers outside the workforce development program. Alternatively, job developers often need to meet particular placement outcomes associated with regular employment (e.g. job retention for 90 days), which an ASO assignment cannot always provide.

Despite these challenges in aligning the mission of an ASO with a training provider, research has pointed to numerous opportunities for collaboration within the field of workforce development. In particular, these collaborations show potential in combining the ASO’s leverage on the demand side of the labor market with the skill development and job placement goals of a training program.5

Following this earlier research, the C.S. Mott Foundation6 sought to examine the potential of the ASO innovative job-brokering model to assist two types of job seekers: those left out of traditional workforce development programs and those who were not fully ready for conventional job search, but had skills and work experience that placed them beyond the reach of supported employment or transitional jobs programs.

Starting in 2003, the Foundation began to explore the flexibility of the ASO model, its ability to serve different populations and meet different organizational goals, and its potential for connecting workers to better employers and jobs. This included funding two rounds of the Alternative Staffing Demonstration from 2005 to 2008 and from 2009 to 2011. The first round of the demonstration research documented the ASO model at the organizational level and the worker level.7 The most recent round of research monitored employment outcomes for former ASO workers over the medium term (6-8 months after completing an ASO assignment).8

The field of alternative staffing operates in the context of the entry-level job market, where there is a narrow range of advancement opportunities following a temporary assignment. Advancement prospects could be improved in a number of ways. For example, employers who use temporary staffing firms can consider how their decisions influence the way in which entry-level, low-skilled work is organized, and how their entry-level workforce gains access to additional opportunities. Research on alternative staffing, as well as mainstream temporary staffing, has shown that job brokers play an important role in the entry-level market with respect to meeting employer needs; however, temporary work often has a tenuous relationship with formal skills training. Improving access to training and education for entry-level temporary workers can be accomplished through increasing opportunities to move up the ladder through regular (or steady) employment, employer-provided training and formal education and credentials – all of which should result in long-term payoffs for the workers.

Job Searching, Job Matching, and Alternative Staffing

Although temporary jobs are not usually jobs of first choice for workers, job brokering can provide benefits. Underemployed and unemployed workers looking for entry-level jobs may have difficulty accessing regular employment. Job seekers who have described difficulties with conventional job search strategies report that having a job broker
makes a difference.

“…I put in applications, applications for all these things and none would come up. So [contacting the ASO] made all the difference for me right then... I had no [personal] connection.”

— ASO employee (2010)9

Unemployment rates have been high since late 2007. Compounding this, it is now estimated that one in four American adults has a prior criminal conviction.10 Temporary staffing provides an alternative to online job boards and applications, which often screen out unemployed individuals with a previous conviction. Staffing agencies are able to accumulate local labor market information and can work to expand a candidate’s network, acting as a “weak tie”11 for the job seeker and connecting workers to different kinds of employers.12 A temporary job, in the absence of a regular position, provides immediate earnings, which can help mitigate some of the problems associated with long-term unemployment. In many localities, staffing firms have become a familiar component in the workforce development system, either through partnerships with one-stop centers or through one-off relationships.13

In the entry-level job market, staffing services are in particular demand for filling positions in transportation and material moving, business operations, production work, clerical positions, healthcare support, and computer and IT support. Employers look for staffing firms to provide qualified workers who possess the necessary skills to complete a particular job. The primary reason employers use temporary staffing arrangements in these sectors is to reduce risk. Employers may rely on a temporary pool of labor to manage fluctuations in business due to cyclical or seasonal conditions. Also, temporary staffing is used for screening before regular hiring occurs. Importantly, employers choose to pay for staffing services even when the outsourced service often costs more than internal or direct hiring.14

In the context of the entry-level job market, alternative staffing differentiates itself from mainstream temporary staffing in a number of important ways:

- ASOs often focus on particular groups of job seekers who have barriers to employment. For example, ASOs may focus on brokering jobs for unemployed workers in an economically distressed neighborhood, job seekers with previous criminal convictions, or job seekers who have disabilities.
- ASOs simultaneously develop deep relationships with both their workers and customer businesses. Both workers and customers who have had experience with mainstream temporary staffing companies have reported that ASOs provide a higher quality service.
- ASOs deliberately seek out customer businesses which offer potential for regular hiring and provide safe and decent jobs.
- ASOs are also known to provide referrals and support services to workers, as well as multiple chances to work through different assignments.15

From a workforce development perspective, which has its roots in skills training and supply-side strategies, ASOs respond to market opportunities and are demand-driven. They engage employers through selling placement services, not through partnerships – although partnerships can evolve with customers over time. The ASO model is fairly flexible, allowing it to shift across employers with varying demands and allowing the organization to customize services to meet the needs of different kinds of customer businesses, as well as job seekers. ASOs do not usually specialize in a particular industry or occupation, but work broadly within the entry-level labor market. However, over time, some may develop special niches, e.g., property maintenance or clerical positions in state government.

ASOs employ individuals with a mix of skill sets, but most often the employees lack formal credentials or a recent work record. Also, they may not be eligible for, or may have trouble accessing, traditional training programs. And most have an immediate need for income. ASOs provide some training, especially with respect to
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job readiness, but often refer job seekers out to training programs. ASOs provide job placements that are, more often than not, short-term, entry-level and vary in terms of their ability to provide wage progression over time. Some temporary employees convert to regular positions within the customer’s company. Our 2011 research finds that these conversions result in greater hours and earnings stability, and often lead to benefit coverage. For other ASO employees, one temporary assignment may not be enough. These individuals need to achieve some stability despite problems with poverty, and to develop basic work habits that allow them to stay on assignment. Therefore, the first temporary assignment may eventually be followed by another staffing assignment, a new spell of unemployment, or a new job search. For example, an ASO customer business – from a local community-based organization – relayed the value of the ASO’s social mission in helping workers achieve stability in the labor market:

“A number of people just haven’t been exposed to the basics...how to fill out an application, how to prepare a resume. You must be prompt, you need an alarm clock…[the ASO is] a unique operation to help the person grow and sustain self-sufficiency.”
— ASO customer business (2006)

How ASO Workers Gain Access to Training and Education Opportunities

Entry-level workers need access to training and education opportunities over time in order to advance in the labor market. In some cases, employers hire new workers, provide training on the job and put in place internal labor markets or career ladders that allow workers to accumulate skills and eventually advance. In other cases, entry-level employment opportunities do not lead to advancement, leaving workers to either seek education and training opportunities on their own to advance their careers, or be caught in a revolving door of low-skilled jobs. An ASO customer business described what makes a good candidate for hiring in the entry-level, unskilled job market in this manner:

“We’re hiring for cleaners...they’re not skilled labor. We look for somebody that’s dependable and honest. Somebody who’s gonna be here every day and not call in.”
— ASO customer business (2010)

In the temporary help services industry, there are few incentives for either staffing firms or their customer businesses to provide training beyond an initial employee orientation or assessment, or access to software training programs for office applications. Staffing firms hire qualified candidates who are prepared for a particular job. Customer businesses, regardless of whether they use temporary staffing for short-term assignments or for screening with a view to regular hiring, are unlikely to perceive any benefit to providing training to temporary workers. Training is viewed as being for long-term workers, if available at all.

An ASO’s primary goal in serving job seekers with barriers to employment is to offer immediate attachment to the labor market through placement in a temporary or temp-to-perm job assignment. This allows workers to earn income and develop a work record. ASOs are also concerned with providing quality services that result in a good job match for employees and customer businesses. They strive to be responsive and knowledgeable in a manner valued by their customer business, in order to generate revenue. From a mission standpoint, ASOs are concerned with providing a path for increased employment stability for workers and improving working conditions and employment standards within the temporary staffing services industry. In this context, ASOs develop strategies that connect their workforce to training and education opportunities.

ASOs vary in the ways they provide or connect individuals to training opportunities. Some provide limited connections to training, while others may run in-house training programs for potential candidates, providing customer-specific training at the work site or partnering with schools for training. Regardless of the level or type of training commitment, ASOs, as other workforce development providers, recognize that training and education are important
components for individuals seeking to advance in the labor market. Our recent research with four ASOs provides a number of examples on how ASOs connect or provide training for job seekers and workers. Based on the ASOs observed in our research, as well as in conversations with other practitioners, we have taken note of some potential connections between staffing (specifically alternative staffing) and local workforce development systems.

**Training Partners and Paid Internships**

Education and training program providers who prepare graduates for jobs likely are looking for opportunities to broaden or increase employer engagement. In particular, program providers that prepare graduates for jobs in industries where temporary help agencies are also significant players (e.g., manufacturing) have undoubtedly considered the role of staffing as it relates to their programs. Our most recent research has documented a number of connections between ASOs and education and training programs. In addition, the Alternative Staffing Alliance (a national industry association for ASOs) has documented examples of and opportunities for ASO partnerships with community colleges.\(^{16}\)

Broadly speaking, this includes ASOs collaborating with colleges, Workforce Investment Boards and networks of job developers for purposes of recruiting qualified candidates, payrolling internships, and expanding employer contacts. Although partnerships and collaborations have their challenges, below are a few examples of how organizations have worked together to connect staffing services and training opportunities.

One example comes from one of the sites in the Alternative Staffing Demonstration. In 2008, Emerge Staffing (Minneapolis, MN) partnered with two precision manufacturing employers (one in medical equipment and supplies and the other in motor vehicle parts manufacturing) and with Minneapolis Community and Technical College (MCTC). Although the two manufacturing employers were quite different, they had similar inventory control processes and technical skill requirements. MCTC provided the customized training; Emerge Staffing placed trainees at the companies and financed the internships. In addition, the ASO brought state grant funding to the table for customized training. The customer employers were able to use the internships to screen workers with a view to regular hiring, and some of those workers were hired on. This type of partnership has the potential to improve access to job opportunities, and adds value to the ASO’s service in selling staffing to other manufacturers.

Construction, precision manufacturing and information technology are iconic industries for sector-based initiatives with a substantial number of employers that use temporary staffing for entry-level screening or seasonal work. An alternative staffing model provides a complement to sector-based training initiatives in these industries, as well as in others. In the National Network of Sector Partners, there are now examples of how sector-focused training and employment programs have also started staffing organizations. For example, Triada is an alternative staffing operation developed and run by Wisconsin Regional Training Partnership (WRTP)/Big Step. WRTP is best known for its training programs in construction and manufacturing, and its deep relationships with employers and labor management partnerships. Of interest, Triada has used staffing to employ retired construction workers to help fill hiring gaps, but also to come onto job sites to provide training to new employees.\(^{17}\)

There are also examples of combining a brokering model with a training program. For instance, Year Up, a nonprofit founded in Boston in 2000, combines training, paid work experience and worker supports in its year-long program, which prepares graduates for jobs in the IT and financial services industry. Year Up is not a staffing model per se, but the program uses aspects of a staffing enterprise strategy. These include the fact that it is connected to a large number of employers within a region, yielding a variety of internships relevant to the training program. Also, Year Up usually requires employers to make a financial contribution to the internship. Finally, some interns are hired by the employers into regular positions upon graduation.\(^{18}\)
Short-Term, In-House Training through the ASO

Workers with limited skills (e.g., no high school diploma) are often not eligible for training and employment programs like those described above. In the absence of formal educational credentials, these workers benefit greatly from employer-provided training. ASOs actively seek out customers who offer opportunities for advancement. For example, a couple of employers we interviewed provided free, industry-specific training to low-skilled, entry-level temporary employees; however, these types of trainings were done on the worker’s or job seeker’s own time.

“For the technicians...they don’t need a GED, they don’t need a high school diploma. They just need great customer service skills... [For technical skills] we have a 6-week training program. They don’t get paid, but [it’s] free. It’s a skill they can use for the rest of their life.”

—ASO customer business (2009)

Sites participating in the most recent round of the Alternative Staffing Demonstration offer some examples of in-house training through the organization. GTS Suncoast places a large portion of its workforce within Goodwill Industries’ retail operations in its region. These jobs are an important component of GTS’s services because a sizeable proportion of their workforce is recruited through an affiliated rehabilitative community corrections facility. In addition to having a prior conviction, the workers often lack a high school diploma and valid driver’s license – thereby facing substantial barriers to employment. Since 2008, the ASO has provided job seekers with customer service training and employability skills training as a way to qualify them for retail positions. The customer service training is based on the National Retail Federation’s certification program and runs for one week (equivalent to five full work days). Once job seekers complete the course, they are eligible to apply to the staffing service for an open assignment. During the demonstration period, about 200 job seekers completed the training and about 35 percent secured a Goodwill retail position through the staffing service.

A second example is Emerge Staffing’s longstanding property maintenance training program offered in collaboration with the local industry association, which was looking for a means to access trained entry-level workers. Historically, Emerge has provided staffing in property maintenance for a number of companies. In doing this, Emerge provides job seekers access to industry specific training. This type of training helps the staffing service qualify job candidates while adding value to the staffing service from the perspective of the employer. Importantly, it helps enhance the skill set of workers by allowing new employees to access industry training usually made available only to incumbent workers.

Outside of the demonstration sites, DePaul Industries is a useful example of an ASO that helps people with disabilities gain employment by offering opportunities for in-house training. In addition to operating a staffing service, DePaul runs a security training and workforce solutions business and a food and consumer products packaging operation. Eligible job seekers can attend the DePaul Security Training Program, which results in the Department of Public Safety Standards and Training certificate required for security officer positions. Employees that work in the packaging facility receive a number of basic trainings that prepare them for safe food handling and workplace safety.

In Conclusion

This paper has a dual agenda. One purpose is to highlight the value of job brokering in the entry-level job market and to describe some promising examples that combine staffing services with training and education access. The second is to stress the importance of connecting entry-level workers to training opportunities and to encourage alternative staffing enterprises to think more about how they might do this.

With respect to workforce development systems, temporary staffing services are an inevitable component of the local labor market. Employer demand for staffing services is not necessarily diminished by the existence of high quality education and training programs, because
staffing services help employers reduce their risk. Temporary services allow employers time to screen workers they do not know and buffer their core workforce against cyclical changes. ASOs have tried to leverage these opportunities in the entry-level job market to provide work experience for particular groups of job seekers. Workforce development systems have had some experience working with mainstream staffing services. ASOs offer an alternative to working with conventional staffing services; the ASO model itself offers an alternative for thinking about how to provide staffing services.

ASOs are still very much local experiments. They are also social-purpose businesses that have goals which may or may not easily align with established workforce development initiatives. For example, established workforce development metrics on job placement and retention apply inadequately to temporary assignments. However, workforce development programs that connect with an ASO at a local level have found ways to collaborate. Regardless of whether an ASO is established in a particular local labor market, some programs may see a place for a staffing service, especially one run with a social mission to help augment a program or part of a program. Sector initiatives, community college partnerships, and apprenticeship programs may find the alternative staffing model particularly relevant. Programs that target employers who use staffing for screening or that target occupations tied to seasonal or cyclical conditions could use the ASO model to improve initial access to those jobs and expand employer engagement strategies.

Immediate job access has its place. Individuals often need to earn income while enrolled in training programs. Alternatively, individuals need to earn income first and then begin to consider their advancement prospects or what kind of training they may want to undertake. ASOs are providing job seekers with pathways to jobs and immediate earnings. Thought should be given to extending the ASO model and building on practitioners’ knowledge of ways to combine job access with training for the purposes of advancement.

Established ASOs are examining the manner in which workers can be successful, on temporary assignments and beyond. In addition to helping workers and job seekers accrue skills, ASOs are seeing benefits from collaborating with training and education programs. Given that ASOs are constantly scanning across the entry-level labor market, connections to a variety of training programs can help provide recruitment options for filling job openings. Furthermore, depending on the structure of the collaboration, connections to training programs may add value to the ASOs’ services from the viewpoint of prospective customer businesses that have similar training needs.
Endnotes

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