

10-1-2003

# Alternative Job Brokering: Addressing Labor Market Disadvantages, Improving the Temp Experience, and Enhancing Job Opportunities

Françoise Carré

*University of Massachusetts Boston, francoise.carre@umb.edu*

Joaquín Herranz, Jr.

Dorie Seavey

Carlha Vickers

Ashley Aull

*See next page for additional authors*

Follow this and additional works at: [http://scholarworks.umb.edu/csp\\_pubs](http://scholarworks.umb.edu/csp_pubs)

 Part of the [Labor Relations Commons](#), [Social Policy Commons](#), and the [Work, Economy and Organizations Commons](#)

---

## Recommended Citation

Carré, Françoise; Herranz, Jr., Joaquín; Seavey, Dorie; Vickers, Carlha; Aull, Ashley; and Keegan, Rebecca, "Alternative Job Brokering: Addressing Labor Market Disadvantages, Improving the Temp Experience, and Enhancing Job Opportunities" (2003). *Center for Social Policy Publications*. Paper 45.

[http://scholarworks.umb.edu/csp\\_pubs/45](http://scholarworks.umb.edu/csp_pubs/45)

This Research Report is brought to you for free and open access by the Center for Social Policy at ScholarWorks at UMass Boston. It has been accepted for inclusion in Center for Social Policy Publications by an authorized administrator of ScholarWorks at UMass Boston. For more information, please contact [library.uasc@umb.edu](mailto:library.uasc@umb.edu).

---

**Authors**

Françoise Carré; Joaquín Herranz, Jr.; Dorie Seavey; Carlha Vickers; Ashley Aull; and Rebecca Keegan

# ALTERNATIVE JOB BROKERING:

Addressing Labor Market Disadvantages,  
Improving the Temp Experience, and  
Enhancing Job Opportunities

*Report of the*  
**NATIONAL STUDY OF ALTERNATIVE STAFFING SERVICES**

*Françoise Carré*  
*Joaquín Herranz, Jr.*  
*Dorie Seavey*  
*Carlba Vickers*  
*Ashley Aull*  
*Rebecca Keegan*

## ACKNOWLEDGMENTS

This project would not have been completed without the time and insight provided by many people in the alternative staffing industry. We thank them for their generosity and for their commitment to make good jobs accessible to growing numbers of workers and to support people in employment. We also thank all those who provided advice to the researchers and support to the research team.

Specifically, we wish to extend our heartfelt gratitude to the staffing service directors and staff who participated in lengthy telephone interviews and those eight who made their organizations open to site visits by the researchers. We are also grateful for the care they took in explaining their missions, describing their activities, and reviewing key data with us for accuracy. We also wish to thank the study site workers who participated in focus group meetings and shared their experiences with us and the representatives of customer businesses who agreed to be interviewed and, in some cases, gave us extensive plant tours.

We extend a special thanks to Mara Manus, the Ford Foundation program officer who made the grant award and initially oversaw the grant, and to John Colborn, Ford Foundation deputy director, who shepherded the project through its completion, enabled us to hold a meeting of site visit organizations, and advised us on the dissemination of our findings.

We also thank Chris Benner, Ph.D., of Pennsylvania State University, who reviewed a draft of our interview protocol; Lisa Dodson, Ph.D., and Jennifer Johnson, who both commented on early drafts; and William Gibbons, a staffing industry consultant, who advised us on the design of financial and operational questions and who reviewed responses.

At the Radcliffe Institute for Advanced Study, we thank Rachel Davis, Abby Elmore, Susan Pintus, Maureen Rekrut, and Ann Sjostedt for their help with the project budget and logistics. We also thank Abby Elmore for event coordination support, and Kalyn Culler Cohen, Ph.D., for facilitating a meeting of site visit organizations and for her extensive comments on draft reports.

Finally, Donna Haig Friedman, Ph.D., Director of the Center for Social Policy, McCormack Graduate School of Policy Studies, University of Massachusetts Boston now hosts the project. We thank her, Sheila D'Alessandro, Brian Sokol, and the staff of the CSP for giving this project a second home.

## THE NATIONAL STUDY OF ALTERNATIVE STAFFING SERVICES

### PROJECT TEAM:

Françoise Carré, Ph.D. (Principal Investigator)  
Joaquín Herranz, Jr. (Project Coordinator and Research Associate)  
Dorie Seavey, Ph.D. (Consultant)  
Carlha Vickers (Research Associate)

### RESEARCH ASSISTANTS:

Ashley Aull, Ilana Brito, Rebecca Keegan, Laura O'Neill, Qingxia Tong, and Brian Twomey

*Research for this publication was conducted at the Radcliffe Institute for Advanced Study at Harvard University in Cambridge, Massachusetts with funding from the Ford Foundation, New York, New York.*

*Published by the University of Massachusetts Boston by arrangement with the President and Fellows of Harvard College.*

# CONTENTS

<b>SUMMARY</b> .....	1
The Study .....	1
Findings .....	2
Implications .....	3
<b>INTRODUCTION</b> .....	4
Why Study Alternative Staffing Now? .....	4
Questions Addressed .....	5
Field Work .....	5
<b>ORGANIZATIONS ENGAGED IN ALTERNATIVE STAFFING</b> .....	6
Community Based Organizations, Non-Governmental Organizations, and Fee-For-Service Job Brokering .....	6
Other Labor Market Intermediaries .....	7
Organizations That Give Rise to Alternative Staffing Services .....	7
<b>METHODS</b> .....	9
Participating Organizations .....	9
Interviewed Staffing Services and Locations .....	10
<b>BASIC CHARACTERISTICS</b> .....	11
Organizational Affiliation and Tax Status .....	11
Years of Operation .....	11
Type of Placement Activity .....	11
Worker Populations .....	11
Types of Work Assignments .....	13
Business Customers .....	13
Wages .....	13
Total Revenue or Billings .....	14
Hours Billed .....	14
Number of Placements .....	15
Share of Revenue from Top Three Customers .....	15
Markup .....	16
Gross Income .....	16
<b>JOB BROKERING</b> .....	17
The Difference Made by Job Brokering .....	17
Goals and Approaches to Job Brokering .....	17
Improving upon Conventional Temporary Staffing and Day Labor Experience .....	17
Facilitating Job Transitions and Job Progression .....	20
Other Forms of Investment in Workers .....	21
Benefit Provision .....	22
<b>PROVIDING SUPPORTS</b> .....	23
Kinds of Support Services Offered .....	23
Means of Delivery .....	24
The Role of Volunteers .....	25
Mediating the Worker-Business Customer Relationship .....	25
“Vendor-on-Premises” Services in Alternative Staffing .....	26

*Continued*

<b>FINANCIAL ACCOUNTING, FINANCING, MARKETING, AND SALES</b> .....	29
Accounting Systems .....	29
Accounting for Support Services .....	29
Financing Start-up of Staffing Operations .....	30
Access to Capital .....	30
Marketing and Selling Alternative Staffing Services .....	31
<b>EFFECTIVE PRACTICES FOR ALTERNATIVE STAFFING</b> .....	34
Factors Contributing to Effective Job-Brokering .....	34
Factors Contributing to Effective Brokering for Specific Worker Groups .....	35
Structural Barriers and Issues: Limits of the Child-Care and Health Insurance Systems .....	36
A Range of Impacts for Alternative Staffing Services .....	37
<b>ISSUES FOR THE FIELD</b> .....	38
Cost-Cutting Competition .....	38
Workers' Compensation Costs .....	38
Finding Jobs with Job Ladders .....	39
Financing Business Expansion .....	39
Covering Support Costs .....	39
Potential Expansion of Alternative Staffing as a Sector .....	39
The Alternative Staffing Sector and Public Policy .....	40
Possibilities for Associating or Networking .....	41
<b>APPENDICES</b>	
A. Interviews and Site Visits .....	42
B. Summary of Organizational Characteristics .....	43
C. Rates of Conversion from Temp to Perm .....	45
<b>BIBLIOGRAPHY</b> .....	47

# SUMMARY

## ■ THE STUDY

This report describes the findings of a comprehensive national study of alternative staffing services operating in the United States as of 2001–02. Alternative staffing services have the following characteristics:

- they are fee-for-service, dual bottom-line businesses (a.k.a. social enterprises) that specialize in placing workers who typically encounter a broad range of barriers or obstacles to employment,
- they were begun either by community-based organizations (CBOs) or other non-profit organizations, and
- they engage in temporary and temp-to-perm job brokering and represent a segment of the larger staffing industry.

Alternative staffing is a key form of labor market intermediation worthy of consideration alongside that provided by other community-based job placement programs. Furthermore, an examination of alternative staffing services underscores the essential role that supports to employment play in job-brokering for workers who are disadvantaged in the labor market because these are businesses that tend simultaneously and daily to the two sides of the work relationship (worker-client and customer business). Much can be learned from their experiences about the expertise and resources required to effectively broker jobs for these kinds of workers—expertise and resources that could be necessary if public-sector institutions and other NGOs are given increasing responsibility for brokering jobs for workers who face labor market disadvantages.

The goals of this study were to identify organizations in the alternative staffing sector, to document their activities, and to determine what makes the sector distinctive. What, we asked, are the unique characteristics of alternative staffing services as social enterprises and as actors in the workforce development field? And how do their actual practices differ from those of the conventional staffing industry?

We identified an alternative staffing sector comprising nearly 90 organizations that were operational in fall 2001. Roughly one-third of the sector was made up of a diverse group of community-based staffing services. The rest comprised staffing services affiliated with two large, national non-profit organizations, Goodwill Industries and Experience Works, which in recent years entered the staffing sector to create employment for the populations they serve, as well as to generate income to fund worker services.

Twenty-seven interviewed services, spanning the full spectrum of alternative staffing organizations, were selected from the identified field for in-depth survey work by telephone. Site visits were later conducted with eight of them (Carré, et. al. 2003). The study sample includes:

- 18 services not affiliated with any national organization,
- five Experience Works agencies, and
- four services operating under auspices of Goodwill Industries.

Staffing services from 13 states and the District of Columbia were included with even distribution across geographic regions of the United States.

The interviewed sample comprises a diverse set of organizations whose target populations encompass the full spectrum of disadvantaged job seekers. More than half the staffing services studied either specialize in serving the needs of one particular population (e.g., homeless individuals, ex-offenders) or began their operations with such a specialty, but have diversified their population focus over time.

Many of the staffing services practice more than one kind of placement activity. However, as their primary activity, 16 of the organizations engage in temporary placements and 10 in temporary-to-permanent placements. One service reported providing day labor as its primary activity.

Organizational configurations also vary considerably. They range from small stand-alone staffing services with two-to-three staff members to programs that constitute de facto agencies within divisions of complex community development and service organizations. Twenty-two staffing services are not for profit, while five of them had a for-profit status at the time of the survey. Years in operation range from three decades to just less than two years, with 70 percent of the staffing services established after 1995.

Most alternative staffing services reported that conventional for-profit staffing services or day labor agencies are their main competitors. The competitive advantages that alternative services seek to exploit are the quality of their customer service and the supports they provide workers. They argue that the customer service and worker supports they offer make their workers more reliable and productive. Each alternative staffing service is typically the only one of its kind in a particular area, although they are all usually highly interconnected with other community-based social service and job-referral agencies. These alternative staffing services

sometimes compete with other workforce development efforts and other alternative staffing services for grants and subsidies (government, foundation, corporate) to fund their support services.

## ■ FINDINGS

Community-based organizations (CBOs) and other non-profits have become involved with temporary staffing and day labor for several reasons. First, temporary staffing has become a primary means of hiring for entry-level positions in a number of industries, and many of the job seekers that CBOs serve through training and counseling programs encounter day labor pools, home care agencies, and staffing services in their job searches. Second, temp work offers opportunities to CBOs that seek to facilitate job access for workers who have labor market disadvantages. Third, temp work in the conventional part of the industry has risks for disadvantaged workers, risks that CBOs seek to alleviate by running their own services.

Through alternative staffing, CBOs and other non-profits try to address the two-sided nature of temporary work. On one side, they try to capitalize on the potential of temporary work to create job access for disadvantaged workers and put them on the path to better jobs. On the other side, they seek to replace conventional staffing models with new models that serve workers better.

Alternative staffing organizations serve a number of populations, many of which can be overlapping. These include:

- **Workers who experience labor market disadvantage broadly defined:** This may be because they are or have recently been homeless, have been incarcerated or have a criminal record, have received welfare assistance, have low levels of education, have been unemployed for an extended period, or are low-income.
- **Workers whose labor market disadvantage may have developed as a result of discrimination:** This group includes those who have suffered racial and ethnic discrimination as well as those whose physical or mental disabilities have not been accommodated in the workplace.
- **Workers who may simply be ignored by other staffing services, for example, older workers.**

Finally, but to a lesser extent, these organizations serve the general population of job seekers.

As part of the survey protocol, researchers gathered detailed information about operational and financial measures and the number of employees who convert from temporary placement status to permanent employee status.

Fee-for-service job-brokering by alternative staffing services is just one of several forms of labor market intermediation for workers with mid-level and low-level skills. In our view, however, the alternative staffing sector plays a unique role in job-brokering for disadvantaged workers by addressing a constellation of needs and requirements that are not typically addressed in the conventional staffing sector or by publicly supported One-Stop Career Centers and other public-sector mechanisms. Indeed, the populations and individuals who obtain jobs through these services are unlikely to find and retain work without the job-brokering and employment supports that these services provide. Obtaining work through a conventional staffing company is often too difficult for certain types of workers.

Looking across the entire survey, the prototype job access strategy that many alternative services pursue is to mix an aggressive and persistent sales approach with considerable supports to employment (such as job readiness and retention support) as well as to dedicate staff resources to identifying as many ways as possible that a worker may be employable. Operationally, this strategy necessitates a high level of coordination among the services' sales, recruiting, worker/client advocacy, order-filling, and information systems support functions.

Alternative staffing services have the potential to improve the usual conditions of low-wage temporary, temp-to-perm, and day labor by:

- creating environments where workers' basic rights are respected (by basic rights, we mean an adherence to employment and labor standards and avoidance of the exploitative practices that often occur in the low end of the conventional staffing industry);
- acting as a protective buffer for the worker who otherwise must interface directly with the employer;
- serving as a "marketing agent" for groups of individuals who are otherwise adversely affected by powerful social and economic forces that mitigate against their employment; and
- providing specialized job-brokering for worker populations not served by conventional staffing services (e.g. disabled workers, older workers, etc.).

Pre- and post-employment supports appear to be critical to worker success in both gaining access to and retaining assignments. Three-quarters of the organizations provide some kind of employment support and more than half of the alternative staffing services provide multiple kinds of support. As part of these services, a number of organizations provide job coaching as well as mediation with the customer business; these are seen not only as important supports to workers but also as key elements of the provision of services to customer businesses.



In addition, some alternative staffing services have found that facilitating transportation to and from work sites—by either providing free bus passes, free van transportation, or successfully advocating for more effective municipal bus systems—has been indispensable to their ability to create assignment access for workers and to secure new business customer accounts. The availability of transportation can be a key factor influencing the identification of prospective business customers and the acceptance of new accounts.

Lack of access to affordable health insurance is, of course, a major problem for many temporary workers. Like many small employers, alternative staffing services have difficulty finding affordable group plans for those workers who seek coverage. However, eight of the services in this study do provide some access to a range of health insurance options, and some of the staffing services help refer eligible workers to appropriate public agencies to sign up for Medicaid benefits.

Another hurdle faced by many workers is access to affordable child care, particularly care that accommodates flexible and non-standard hours. For many low-wage workers, breakdowns in child-care arrangements cause particular difficulty because customer businesses in the low-wage sector are often inflexible. Many operators refer workers to state programs that provide child-care subsidies to low-income families; they also help workers make back-up child-care arrangements.

---

## ■ IMPLICATIONS

The broad findings of this study support the conclusion that temp or temp-to-perm placements by alternative staffing agencies can effectively help job seekers with disadvantages overcome the often considerable employment barriers and discrimination they face. Longitudinal studies of the employment outcomes for disadvantaged job seekers who “temped” for alternative staffing organizations are not yet available and would further complement the evidence provided by a one-time process-oriented study such as this one.

Cash flow and capitalization issues are among the greatest challenges and constraints identified by the staffing services interviewed. Managing cash flow and receivables through the ups and downs of business is an issue of particular concern to the directors of alternative staffing services. Several of the staffing services surveyed have growth targets and expansion plans, but are hampered by the difficulty of accessing capital. Access to start-up capital is less of an issue for alternative staffing services that are affiliated with a

larger organization, with a national umbrella association (as in the case of Goodwill Industries and Experience Works), or with a financing organization such as the ICA Group in Massachusetts.

We also noted that there is limited interaction among alternative staffing service operators. Most alternative staffing operators do not know or interact with other practitioners in this field. This may reflect the broad range of types of organizations in this sector and their geographic dispersion as well as the relative newness of many of these services.

How can the potential of this sector be developed? Some supports and enhancements that might enable the alternative staffing sector to thrive include increased financing for start-up and business expansion; the expansion of access to non-commercial loans; increased resources to fund supports to employment; the creation of a trade association-like network that would help operators exchange information, obtain technical assistance, and even form an insurance-purchasing pool; and consulting assistance to help staffing services, particularly start-ups, develop more effective business development and marketing strategies.

# INTRODUCTION

This report presents findings from a national study of alternative staffing services operating in the United States as of 2001–2002. The chief purpose of this two-year study is to develop a comprehensive national understanding of the alternative staffing sector, a segment of the staffing industry that comprises services that engage in temporary and temp-to-perm job brokering and that were started by either community-based organizations (CBOs) or other non-profit organizations.

“Alternative staffing services” is our term for the broad range of organizations under investigation in this study. These are fee-for-service, dual bottom-line businesses (a.k.a. social enterprises) that specialize in placing workers who typically encounter a broad range of barriers or obstacles to employment. These services tend to place workers whom many employers consider to be the hardest and riskiest to employ. Many of these workers are disadvantaged relative to other workers because of inadequate job experience, poverty and/or limited education. Many are transitioning to work from welfare, while others are in substance abuse recovery, have been previously arrested or incarcerated, or are homeless. Some have encountered discrimination based on their race or ethnicity, or because of a disability.

Alternative staffing services are a particular kind of labor market intermediary, part of a larger group that includes conventional temporary staffing services; union-run occupationally based hiring halls; community-based training programs; and One-Stop Career Centers. Among these entities, alternative staffing services stand out because of their focus on direct job placement, their “dual-agenda mission” to serve both the worker client and the business customer, their almost exclusive focus on workers who are difficult to employ, and their business enterprise structure.

Also, while this study includes organizations that engage in day labor dispatch, it does not include a family of organizations called “day labor halls” or “hiring halls.” These halls have been created by community organizations in a number of cities to set “ground rules” for street corner day labor hiring, but they are not employers and do not take over the payroll function.

This study reports on our field-work investigations of 27 alternative staffing services. Taken together as a group, these services are broadly representative of the different types of alternative services that make up this non-conventional staffing sector. Based on these findings, this report draws some conclusions about the nature, extent, relevance, and quality of the job-brokering

functions currently conducted by alternative staffing services in the United States.

We examined the alternative staffing sector through two analytical lenses:

- *What are the unique characteristics of alternative staffing services as social enterprises and as actors in the workforce development field?*
- *How does alternative staffing distinguish itself from the conventional staffing industry in actual practice? In other words, what did we learn about alternative staffing services as competitors to the conventional staffing industry?*

## ■ WHY STUDY ALTERNATIVE STAFFING NOW?

The alternative staffing sector warrants close research attention for five major reasons. First, this sector seeks to improve upon the conventional temporary employment experience for the most disadvantaged workers, which includes low-wage and low-skilled workers who often interface with the most exploitative segments of the conventional staffing industry (e.g. day labor), as well as the “hard to employ” (Seavey, 1998).

Second, alternative models of temporary staffing are particularly relevant because temporary jobs have become an increasingly common type of employment for low-skilled and mid-level skilled workers, male as well as female (Polivka et al., 2000; Kalleberg et al., 1999; Peck and Theodore, 1999). Many of these workers interface with temporary staffing during such times of transition as graduation from employment and training programs; entry into the labor market for the first time; and re-entry into the labor market, for example, when a mother loses welfare benefits as a result of welfare reform (Bartik, 1997; Clinton, 1997; Farber, 1997).

Third, recent public policy reforms make this study especially timely. Changes in policy approaches to workforce development (the Workforce Investment Act) coupled with those in public assistance policy (including federal and state welfare reform) that put the emphasis on “work first” approaches increasingly compel workers to interact with labor market intermediaries, including conventional and alternative staffing services.

Fourth, little was previously known about this growing sector. Although early studies had documented the activities of longer-standing alternative staffing services created by community organizations

(Seavey, 1998), anecdotal evidence from the late 1990s indicated that there were new players in the field and that the overall number of organizations had increased.

Finally, because they strive to improve upon the conventional temporary labor pool experience (GAO, 2002; Parker, 1994), alternative staffing services may in fact provide a model for improving practices in some segments of the conventional temporary staffing industry, particularly for low-skill and middle-skill jobs, demonstrating to both staffing operators and customer businesses how to effectively broker jobs for disadvantaged workers, many of whom are perceived as too risky to hire by conventional staffing operators and businesses alike. An examination of viable and successful alternative staffing services will also inform the research and policy community about some of the most appropriate and effective practices (Carré and Joshi, 2000; Seavey, 1998; Harrison and Weiss, 1998). We believe that demonstrating a viable alternative illustrates how basic improvements can be achieved even in the for-profit sector.

---

## ■ FIELD WORK

Field work for this study was conducted in two stages:

- **In-depth telephone interviews** were conducted with the management of 27 alternative staffing services, which represent the full spectrum of varieties of staffing services we encountered in our searches.
- **Site visits** were made to eight staffing services, each representative of one of the main types of alternative services that we encountered. We collected data by interviewing managers, staff, and business customers and by conducting worker focus groups. A detailed site visit report was prepared for each site.

---

## ■ QUESTIONS ADDRESSED

*Specifically, this exploratory study sought to answer the following questions:*

- **What activities, strategies, and practices do these organizations develop to meet their goal of improving access to employment and the overall quality of temporary assignments?**
- **What are the characteristics of the workers placed by alternative staffing services? And what are the characteristics of temporary assignments as well as temp-to-perm placements?**
- **What systems for recruiting, screening, and worker support do alternative staffing organizations use?**
- **Under what conditions do alternative staffing services emerge? And how do they identify their market niche, make connections with customer businesses, and maintain customer contact during placements?**
- **What measures do alternative staffing services use to assess their efforts over time and to compare their performance to that of other relevant organizations?**
- **What are the policy lessons to be learned from the achievements of alternative staffing services and from the obstacles they encounter?**

# ORGANIZATIONS ENGAGED IN ALTERNATIVE STAFFING

## ■ COMMUNITY-BASED ORGANIZATIONS, NON-GOVERNMENTAL ORGANIZATIONS, AND FEE-FOR-SERVICE JOB-BROKERING

Over the past two decades, labor market intermediaries such as staffing services have become increasingly involved in the process of matching workers and jobs. These services place workers in daily, temporary, temporary-to-permanent, and permanent placements with customer businesses, acting as job brokers who place themselves directly between the worker, who is their employee, and their clients, the business customers for whom their employees perform services. They do so for a fee, charging the business customer a mark-up over the worker's hourly wage or periodic salary.

The job-brokering function of staffing intermediaries—mainly the province of traditional for-profit temporary help agencies or staffing companies—has become the subject of research and policy attention because there are indications that it could become a primary labor market (job transition) mechanism for low-skilled and mid-level skilled workers. Unlike professionals, who can take advantage of widely accepted credentialing standards, professional associations, occupational or affinity networks, and strong bargaining power in the market, workers with fewer skills have fewer mechanisms to facilitate their access to employment as well as limited lateral mobility over the course of their careers (except in a few sectors with union representation based on occupation). As firm-specific job attachment over a worker's career—the once prevalent phenomenon of working for one employer for all or most of one's life—has become far less common, mechanisms to ease employment access and mobility become arguably even more vital.

Issues of employment access, job transition, and job quality are increasingly of foremost importance to community-based organizations and national non-profits (also known as non-governmental organizations or NGOs) whose activities focus on employment and economic development. The staffing industry's presence in job-brokering has grown and it now represents an increasingly relevant job access mechanism for many workers. Consequently, non-governmental organizations that are primarily concerned with improving job access and job quality for disadvantaged workers

must now contend with its presence and with its impact on their mission populations. These populations include workers who have limited labor market experience and/or who have encountered barriers to employment because of their personal histories or current life and family circumstances.

Community-based organizations have entered the business of temporary staffing as part of their range of activities for several reasons. Temp work has become a primary means of hiring for certain positions; thus, the worker populations that CBOs serve encounter the industry in the job market in the form of temp labor pools, day labor halls, home care agencies, and so on. Graduates of publicly subsidized job-training programs, as well as other workers, now seem to find their first job through a staffing company as frequently as through a regular employer.

In addition, because of the opportunity that temporary work provides to place people in jobs on a trial basis, it is a worthwhile option for CBOs to explore as they seek to facilitate job access and work experience for disadvantaged workers (Seavey, 1998). Temp placements can provide the proverbial "foot in the door" and give a worker the chance to prove him or herself on a trial basis, thus helping disadvantaged workers overcome employment barriers, such as lack of credentials and discrimination. Temp placement may facilitate worker access to a job ladder, to opportunities for skill development and earnings progression.

However, temp work as it is most commonly structured by conventional companies runs the converse risk of confining workers to day labor pools or to low-quality, low-pay service jobs. Community-based organizations have become interested in alleviating these risks by improving upon the characteristics of temp work available to the populations they serve. In so doing, they work to address the two-sided nature of temp work. On one hand, they try to capitalize on the potential of temporary work to benefit workers by providing them with opportunities to become employed and to obtain jobs with opportunities for advancement. On the other hand, they seek to replace conventional temp agency models with alternative ones that serve workers better while also meeting the needs of business customers.

The income-generating aspect of job-brokering makes this activity substantially different than the more traditional activities of CBOs, such as running service

programs that are usually funded through grants, government subsidies, and donations; or providing services to businesses, such as screening job candidates, for free. The gross revenues generated by job-brokering activities usually pay the wages of workers placed and cover expenses most directly related to the brokering activities (staff and administrative expenses). Income minus administrative expenses—when it is available—is used to fund other programs that support employment. Consequently, organizations sometimes use the word “profit” to refer to the difference between the marked-up price they charge business customers and the actual wages paid to workers, even though most of the organizations are, in fact, not-for-profit. (Only five of the staffing services out of 27 in this study did not have a non-profit tax status in 2001. See information on tax status on page 11.)

---

## ■ OTHER LABOR MARKET INTERMEDIARIES

As previously noted, the conventional for-profit staffing industry is currently the most visible—and some would say most successful—job-brokering entity in the American labor market for middle- and low-skilled workers and controls the lion’s share of brokering activities, particularly fee-for-service brokering activities (Houseman, 2001; Nollen, 1996; Peck and Theodore, 1998). Alternative staffing services compete with the conventional staffing industry.

Other actors in labor market intermediation include job centers and hiring halls run by labor unions, worker associations, community organizations, and other membership organizations; clearinghouses run by professional or occupational associations; and web-based services (Autor, 2000; Benner, 2000; Benner et al., 2001; Carré and Joshi, 2000; Kazis, 1998; Osterman et al., 2001.) In addition, while this study includes organizations that engage in day labor dispatch, it does not include a family of labor market intermediaries known as “day labor halls” or “hiring halls.” These halls are not employers. Rather, they have been created by community organizations in a number of cities to set “ground rules” for street-corner day labor hiring, often that of immigrants, by setting standards for terms of employment that are less detrimental to workers than would be the case otherwise on a street corner.

In addition, government-sponsored One-Stop Career Centers have positioned themselves as labor market intermediaries for a range of job seekers, providing labor matching, administering employment training vouchers, and offering specialized placement services for disadvantaged populations, but they do

not take direct payroll employer responsibility (Herranz, 2002; Heldrich Center for Workforce Development, 2002).

Multi-organizational efforts to perform labor market intermediation have also arisen in recent years. Public agencies, employers, unions, and community organizations have developed networks and, in some cases, formed partnerships to more effectively manage workforce development efforts connecting job seekers and employers (Harrison and Weiss, 1998; Osterman, 1999). However, these networks and partnerships do not take over payroll employer responsibility nor run a business as an alternative staffing service does.

We expect that many of the lessons learned through this national study will be relevant to the activities of the for-profit segment of the staffing industry as well as to other intermediary actors including those that are sponsored by the government.

---

## ■ ORGANIZATIONS THAT GIVE RISE TO ALTERNATIVE STAFFING SERVICES

The community-based organizations that have given rise to alternative staffing services are engaged primarily in social service (e.g. Primavera Services in Tucson), community action (e.g. PRC Temps in Lakewood, New Jersey), or economic development. For most, staffing represents an evolution of their activities in the area of workforce development and job placement. Historically, many have had more or less extensive programs that include supporting their mission populations with job readiness and job search activities. For most, however, developing and maintaining contacts with customer businesses in order to run the alternative staffing business has been an innovation. In addition, the staff members of these organizations have had to adapt to the day-to-day nature of meeting the needs of both workers and business customers.

A few alternative staffing services began as independent, community-based organizations providing transitional employment services to low-income, disadvantaged populations. For example, Milwaukee Careers Cooperative is a temp-to-perm staffing service with faith-based roots. It was established more than 15 years ago by a group of local congregations and community organizations troubled by high levels of unemployment among African-Americans in central city Milwaukee. Suburban Job-Link’s CoreTemp service was founded more than 30 years ago on Chicago’s North Side as Just Jobs Inc. Its founding mission was to redress the abuse of workers in the day labor industry by running a model service providing day laborers with higher income and greater opportunities.

The ICA Group is a national non-profit organization that collaborates with community organizations to form and fund businesses with a social mission and to help develop a variety of employee-owned companies. In a few cases, community organizations have partnered with the ICA Group to found free-standing alternative staffing services, as in the case of First Source Staffing in Brooklyn, which was co-founded by the Fifth Avenue Committee, Good Shepherd Services, and ICA Group.

Two organizations among the 27 have an affiliation to labor organizations. Working Partnership Staffing Services was created by Working Partnerships USA, a non-profit policy advocacy coalition whose main sponsor is the San Jose Central Labor Council. Solidarity Sponsoring Committee Labor Agency Inc. was spun off by the labor-community partnership that gave birth to the living wage movement in Baltimore and to a union-affiliated (AFSCME local) association of workers covered by the city's living wage ordinance.

In addition, two large, national, non-profit organizations, Experience Works and Goodwill Industries, have created staffing services. They both have a history of programmatic activities in the area of workforce development and job placement. Experience Works is a national not-for-profit organization that focuses on services to workers age 45 and older, primarily in rural areas. Its main program is the Senior Community Service Employment Program, a Title V federal program, which places senior workers in host agencies to obtain current work experience and training. This is federally subsidized employment for which workers receive the minimum wage for up to 20 weekly hours. Experience Works Staffing Services has "franchise" local branch offices that operate with similar staff structures and services. (In 2001, there were 42 Experience Works affiliated staffing services, but by early 2003 Experience Works reported a significant reorganization/restructuring of its staffing activities and plans to further contract the number of its staffing agencies.)

Unlike Experience Works, which is a single organization with branch offices, Goodwill Industries is a confederation of more than 200 independent non-profit agencies in several countries with multiple training and contract-work programs. (Through its contract-work programs, Goodwill takes in work at its own site, e.g. light assembly work, to be completed by its contracted workers.) The staffing services operated by different Goodwill sites are independent, though they all tend to emphasize placements for people with disabilities and related disadvantages. (There may have been as many as 50 Goodwill-affiliated staffing services operating in the late 1990s, according to an informal telephone survey conducted by several Goodwill organizations and reported during one of our site

visits. Our search process confirmed that several Goodwill staffing services stopped operating in 2000 and 2001.)

What we call, for lack of a better term, para-public organizations also have spawned staffing services. For example, Labor Line Inc. in Clearwater, Florida is a for-profit staffing service that places ex-offenders as well as other disadvantaged workers. It is affiliated with PRIDE (Prison Rehabilitative Industries and Diversified Enterprises), a non-profit corporation that runs prison training and employment programs in Florida.

Finally, Beta Staffing Services in Lauderhill, Florida was founded by a One-Stop Career Center and was in operation for about three years until it ceased staffing operations in December 2002, after being interviewed for this study. Another service, LIA Staffing in Long Island, was founded by a business association.

# METHODS

The organizations we interviewed represent the full spectrum of community-based and other alternative staffing services that could be identified by our search as well as by other researchers and by practitioners themselves. The list includes most types of alternative staffing services that met our criteria of providing fee-based services and that were fully operational in 2001.

We sought to identify the broadest possible range of types of organizations engaged in fee-for-service alternative job-brokering rather than construct a proportionally representative sample of the universe that we identified in our searches. Our search process emphasized organizations that represented the full range of characteristics in terms of:

- the types of job placements they make;
- the customer populations they serve;
- the volume of their business; and
- their geographic locations.

Staffing services that were about to close or that made fewer than 12 placements were not included among our cases. We included only services that were at least one-year-old, with one exception. One staffing service that had been in operation for less than a year was included because it was unusual in terms of its range of assignments and had been started as a service of a regional business association. This organization specializes in placing a wide range of workers in computer-related temporary positions and its inclusion enabled us to broaden our pool of cases.

Except for the staffing services operated by Experience Works and Goodwill Industries, from which we selected a sub-group of organizations because they follow a similar model, we interviewed almost every alternative staffing service that matched our criteria. While those created by Experience Works and Goodwill Industries had some shared characteristics, all the others varied from each other. The full report to the Ford Foundation describes our search, screening, and data verification methods in more detail (Carré, et al, 2003). By design the 27 cases represent all types of alternative staffing services but include an overrepresentation of free-standing services relative to their incidence in the national total. Therefore, the percentages that appear later in the report may not be representative of the incidence of a particular characteristic as it occurs in the entire national population of alternative staffing services.

## ■ PARTICIPATING ORGANIZATIONS

We interviewed a total of 11 local staffing services affiliated with three different larger national not-for-profit organizations. Of the 42 staffing services administered by Experience Works at the time of the study we interviewed staff at five branch offices representative of the age, billings size, regional distribution, and demographics of Experience Works Staffing Services as a whole and then made an on-site visit to one of them. Of 28 staffing services throughout the nation operated by Goodwill Industries in 2001, we selected four representative organizations to be interviewed and made a site visit to one of them. We identified three staffing services spawned by financing and technical assistance from the ICA Group, interviewed two, and conducted a site-visit at one of them. Because ICA is a partner, not a parent, of these organizations, each one is categorized in this report as an independent organization, not affiliated as part of a larger national organization. We identified 20 alternative independent fee-based staffing services operating in 2001. All but one of these organizations agreed to be interviewed as part of our study. (The one non-profit candidate that declined to participate provides supportive employment and training to disadvantaged workers in New York City. Based on our review, this organization's activities and populations are well represented by the other services in the sample and therefore its absence does not adversely affect our study.)

Finally, we provisionally considered interviewing some employment placement services that might be interpreted as functionally similar to staffing services, but that did not charge placement fees. We identified 20 examples of these but determined that such organizations are more akin to organizations providing free or governmental/philanthropic grant-supported job referral, recruitment services, and supported work rather than fee-based job-brokering/placement services, and so did not include them in our interview set. We also did not include organizations that run supported-employment programs, which locate job opportunities and provide extensive supports to workers while working but do not assume payroll responsibility for the worker. (Appendix A provides a summary of our interview and site visit process.)

## ■ INTERVIEWED STAFFING SERVICES AND LOCATIONS

Organizations receiving site visits are indicated with an asterisk.

BETA Staffing Services (WorkForce One)  
Lauderhill, Florida †

CoreTemp (Suburban Job-Link Corp)\*  
Chicago, Illinois

Diversified Personnel Services  
(Opportunities Inc.)  
Fort Atkinson, Wisconsin

Enterprising Staffing Solutions  
(partnered with ICA Group)\*  
Washington, DC

Experience Works Staffing Services of Altoona  
Mechanicsburg, Pennsylvania

Experience Works Staffing Services of Dennison  
Waco, Texas

Experience Works Staffing Services of Fort Dodge\*  
Des Moines, Iowa

Experience Works Staffing Services of Jessup  
Jessup, Georgia

Experience Works Staffing Services of Williamsport  
Mechanicsburg, Pennsylvania

First Source Staffing  
(partnered with ICA Group)  
Brooklyn, New York

GoodTemps  
(Goodwill Industries of Greater NY/NJ)  
New York, New York

Goodwill Temporary Services  
(Goodwill Industries, Suncoast, Inc.)  
St. Petersburg, Florida

Goodwill Temporary Services of Austin  
(Goodwill Industries of Central Texas)\*  
Austin, Texas

HIRED Temps (Project HIRED)  
Santa Clara, California

Labor Connection (Chrysalis)\*  
Los Angeles, California

Labor Line, Inc.  
(Industries Training Corporation)\*  
Clearwater, Florida

LIA Staffing, Inc. (Long Island Association)  
Commack, New York

Milwaukee Careers Cooperative  
Milwaukee, Wisconsin

New Unity Temps  
(Pillsbury Neighborhood Services)  
Minneapolis, Minnesota

Primavera WORKS (Primavera Foundation)\*  
Tucson, Arizona

PRC Temps  
(Puerto Rican Congress of New Jersey, Inc.)\*  
Lakewood, New Jersey

RelyAble Choices Staffing  
Oakland, California

Solidarity Sponsoring Committee (SSC)  
Employment Agency, Inc.  
Baltimore, Maryland

Springboard Forward  
Palo Alto, California

St. Vincent de Paul Enterprises, Inc.  
Portland, Oregon

Temporary Labor Services  
(Goodwill Industries of Southeastern PA)  
Lancaster, Pennsylvania

Working Partnerships Staffing Services  
(Working Partnerships USA)  
San Jose, California

† Because this organization informed us in December 2002, one month before our planned visit, that they had closed down their staffing operations, we did not visit the site as planned.



# BASIC CHARACTERISTICS

In this summary, we provide only a brief overview of organizational characteristics, which are described in much greater detail in the study report to the Ford Foundation (Carré et al, 2003). We aggregated findings to protect the privacy of individual organizational data. Where percentage distributions are reported, percent figures are computed on the base of valid responses, which may be less than 27 cases. As noted earlier, the percentage distributions do not describe incidence of a characteristic in the sector nationally because the 27 cases represent all types of alternative staffing services but include an overrepresentation of free-standing staffing services relative to their incidence in the national total.

## ■ ORGANIZATIONAL AFFILIATION AND TAX STATUS

Of the 27 services that were the subject of telephone interviews, most (19) are located in metropolitan areas, the rest (eight) are in rural areas. The services are located in 13 states and the District of Columbia and are evenly distributed across regions of the United States.

Most alternative staffing services have a parent organization, which is either a community-based local organization or a field office of a national organization. For 10 (37 percent) services interviewed, the parent organization is a national organization (Goodwill and Experience Works).

Only seven (26 percent) of the 27 alternative staffing services are free-standing, that is, they are not connected to another organization, whether national or local, but operate as independent social enterprises whose primary purpose is to deliver staffing services.

Five out of 27 of the alternative staffing services interviewed reported that they are for profit. The remaining 22 services are not-for-profit. The for-profit group comprised two social enterprises whose stakeholders are CBOs and other NGOs and, in some cases, workers; two services affiliated with broader non-profit organizations; and a free-standing, privately held, for-profit enterprise that later converted to not-for-profit status.

## ■ YEARS OF OPERATION

A handful of alternative staffing services have been in operation for 13 years (3) or more; one has been in operation for 30 years. However, 19 (70 percent) were established after 1995. Half of these were affiliated with the two large national non-profit organizations, Goodwill and Experience Works, that entered the arena of alternative staffing in the second half of the 1990s. The majority of services, 16 (59 percent), began operating during a period of historically low unemployment, 1996 to 1999.

## ■ TYPE OF PLACEMENT ACTIVITY

Many of the staffing services interviewed practice more than one kind of placement activity. However, as their primary activity, most (16 organizations, or 59 percent) provide temporary placement.

**Table #1**

<b>Primary Staffing Activity</b>		
<b>Activity</b>	<b>Total</b>	<b>Percent</b>
Temporary Placement	16	59%
Temp-to-Perm Placement	10	37%
Day Labor	1	4%

We also asked about other placement activity and learned that about half (14) of those doing temporary placement as a primary activity also engage in temp-to-perm staffing. Thirteen organizations reported temporary staffing as a secondary activity.

## ■ WORKER POPULATIONS

The services were asked about their "mission" population, that is, the workers whom they target in their placement and who usually are the focus of the parent organization's other programs. However, some of the services reported they also serve workers who are not members of the mission population. In some cases this is because they seek to avoid discrimination on the basis of age, race, or other characteristics. In other cases, this is a response to factors in the local labor market. For example, those services located in smaller towns and rural areas are sometimes the only staffing services to be found for many miles and thus receive

applications from a broad range of job seekers. Also, some of the alternative staffing services serve a wider range of workers in order to spread the costs of supports among workers who need them extensively and those who use them lightly, thus reducing the per-worker costs of the supports.

Thus, the single largest group of workers placed by each service was not always the same as the service's core mission population. This divergence between reported mission and primary population served has not been problematic for these fee-for-service organizations, which may have a primary mission or target population (e.g. disabled or older workers), but have expanded their services to workers experiencing other labor market disadvantages. Consequently, they have more flexibility than conventional training programs whose funding sources require them to limit their services to specific groups. In addition, particular workers may fall within more than one of these categories of disadvantage. For example, Chrysalis, whose mission population is the poor and often homeless residents of Los Angeles' Skid Row, estimates that 50 percent of its job seekers are also ex-offenders.

**Table #2**

**Mission Population**

<b>Population</b>	<b>Total</b>	<b>Percent</b>
Disadvantaged	11	41%
Older Workers	5	19%
Disabled, physical	4	15%
"Everyone"	3	11%
Disabled, mental	2	7%
Ex-offenders	1	4%
Homeless	1	4%
Total	27	100%

**Table #3**

**Primary Population Served**

<b>Population</b>	<b>Total</b>	<b>Percent</b>
"Everyone"	10	37%
Disadvantaged	9	33%
Disabled, physical	4	15%
Ex-offenders	2	7%
Disabled, mental	1	4%
Homeless	1	4%
Total	27	100%

Most of the alternative staffing services participating in this study do not systematically collect information on the race/ethnicity of the workers placed. They thus identified only the single predominant race/ethnicity of the workers they place rather than a racial/ethnic breakdown based on a count of all individual workers. The majority of organizations (14) reported that their pool of workers comprised a variety of races and ethnicities (varied groups). Of the 11 organizations that specified a race/ethnicity, five serve whites predominantly, five African-American, and one Hispanic. Not surprisingly, the services' locations seem to determine to a large extent the race and ethnicity of the workers they place, with operations in rural areas and the Midwest more likely to serve primarily white workers.

**Table #4**

**Primary Race/Ethnicity of Workers Served**

<b>Race/Ethnicity</b>	<b>Total</b>	<b>Percent</b>
Varied Groups	14	56%
African-American	5	20%
White	5	20%
Hispanic	1	4%
Total	25	100%

Fewer organizations serve women than men. This seems to reflect the types of temporary and temp-to-perm assignments that these staffing services find, which tend to be in traditionally male-dominated industries such as manufacturing, landscaping, and manual labor. Of the 26 organizations reporting gender data, 10 serve mostly men, and eight serve men and women equally.

**Table #5**

**Primary Gender of Workers Served**

<b>Gender</b>	<b>Total</b>	<b>Percent</b>
Primarily men	10	38%
Men & women equally	8	31%
Primarily women	4	15%
Do not track gender	4	15%
Total	26	100%

Absent a study of individual worker records, we asked operators to report the education levels of the majority of workers they place. Almost half of the services (11 or 46 percent) reported placing mostly workers with a high school diploma or equivalent, while quite a large number of services (10 or 41 percent) primarily place workers with a high school diploma or less.

**Table #6****Dominant Education Level of Workers**

<i>Education Level</i>	<i>Total</i>	<i>Percent</i>
College	2	8%
Mixed high school and above	1	4%
High school / GED	11	46%
Mixed high school and below	8	33%
Less than high school	2	8%
Total	24	100%

**■ TYPES OF WORK ASSIGNMENTS**

What kinds of work do these organizations find for workers? We asked staffing services for a report of the primary kinds of jobs in which they place their workers. (These broad occupational groupings were devised by coding answers to semi-structured questions.) Semi-skilled/unskilled labor was the answer given by most services (12 or 46 percent). The term “semi-skilled/unskilled” encompasses a broad and varied range of jobs, including janitors, construction laborers, gardeners, and assembly line operators. There is a rough correspondence between workers’ genders and the jobs in which they are placed. Services placing semi-skilled/unskilled labor are more likely to serve either men, or men and women equally. High levels of clerical placements are associated with services placing predominantly women, or men and women equally, while organizations with service or personal care placements reported they place both genders equally. (See table 7 below.)

**Table #7****Main Type of Placement by Gender**

<i>Gender</i>	<i>Clerical</i>	<i>Service or Personal Care</i>	<i>Semi-skilled/ Unskilled Labor</i>	<i>Technical &amp; Professional</i>	<i>Total</i>
Primarily men	1	1	7	1	10
Men & women equally	3	2	3		8
Primarily women	3	1			4
Do not track gender	1	1	2		4
Total	8	5	12	1	26

**BUSINESS CUSTOMERS**

The services reported that they place workers in a wide range of industries, often mentioning particular industry/occupation clusters. Most of the services serve more than one type of industry. (However, only eight of the services actually identified a secondary industry.) Overall, manufacturing (light manufacturing, assembly) and business services are the most common. Several organizations reported that they primarily serve state governments, by, for example, placing disabled workers through set-aside contracting programs.

**Table #8****Primary Industry of Business Customers**

<i>Industry</i>	<i>Total</i>	<i>Percent</i>
Manufacturing	14	52%
Business Services	7	26%
Government	3	11%
Mixed	2	7%
Personal Services	1	4%
Total	27	100%

**■ WAGES**

Staffing services were asked to report the average hourly wage of their placements. (Many services provided a range of wages. In these cases, in order to calculate summary values, we assigned the mid-point value of the range given.) We did not find any clear correlation between gender of primary population groups served and wage rates. We could not control for occupation or region, two dimensions that have strong impact on wage levels. (See table 9, next page.)

**Table #9****Hourly Wage**

Mean	\$9.52
Median	\$8.75
Minimum	\$5.75
Maximum	\$20.00

## ■ TOTAL REVENUE OR BILLINGS

Our findings about key operations and finance indicators for 2001 reflect results as reported by the participating services themselves. To the extent possible, we obtained data for calendar year 2001, but some organizations report data by fiscal year. Therefore, responses are not strictly comparable across staffing services. However, given that we assigned responses to broad ranges for aggregated tables, we expect that little risk of error was taken with this approach. During the course of field work, we learned that there is variation among these organizations in both the nature of activities that are tracked in cost accounting and in the way those activities are measured. The issues related to these key operations and finance indicators and their reporting are discussed in greater detail later in the report.

Total revenue, or billings, is the simplest measure of business size regardless of the nature of job placements. It is somewhat dependent on the wage level of placements (high wage placements result in higher billing levels), but mostly reflects total hours billed.

By conventional staffing industry standards, alternative staffing services cluster at the lower end of the revenue range. Most of the alternative staffing services interviewed for this study reported revenues for 2001 of less than \$1 million, while a 2002 survey by the American Staffing Association of its members and of non-member national companies reported that only 10 percent of respondents had billings below \$1 million

(American Staffing Association, 2002). Of course, because of the recession, revenues in both the conventional and alternative staffing sectors were depressed in 2001 compared to previous years.

Alternative staffing services with annual revenues of less than \$500,000 are usually in the start-up phase of operation. We learned that \$500,000 is a threshold in revenue size—overtaking it is a goal for alternative staffing services that have been in operation for about two years. The majority (17 or 63 percent) of staffing services in our sample had annual revenue/billings of more than \$500,000 in 2001. The few with revenues of more than \$1 million have been in operation for many years. Within this group, the oldest services tend to have the highest revenues. Six of the seven organizations with more than \$1 million in revenue had been operating for more than six years. However, not all the most experienced organizations had high revenues. Of the 12 organizations that had been in operation more than six years, two had revenues below \$500,000 and four had revenues below \$1 million. (See Table 10 below.)

## ■ HOURS BILLED

The figure “hours billed” captures the volume of placements across all types of job placements, from day labor to permanent placements. Comparing hours billed permits comparison of placement activity across staffing services regardless of the average duration of placements. This measure complements billings as an indicator of business activity because it is independent of wage levels of placements. In 2001, more than 50 percent of services interviewed had billable hours ranging from 20,000 to 59,000.

Younger staffing services tend to have fewer hours billed than older ones. Thirteen of the fifteen organizations one-to-five years old reported less than 60,000 hours billed. (See table 11, next page.)

**Table #10****Revenue / Billings by Date Service Established**

<i>Revenue / Billings</i>	<i>Estab'd 1989 or Earlier</i>	<i>Estab'd 1991-1996</i>	<i>Estab'd 1997-2000</i>	<i>Estab'd 2001</i>	<i>Total</i>	<i>Percent of Total</i>
\$0 – \$249,999		1	2		3	11%
\$250,000 – 499,999	1		5	1	7	26%
\$500,000 – 999,999	2	2	5	1	10	37%
\$1 million – < 5 million	2	2	1		5	19%
\$5 million – <15 million	1	1			2	7%
Total	6	6	13	2	27	100%

**Table #11****Hours Billed**

<i>Hours</i>	<i>Total</i>	<i>Percent</i>
< 20,000	2	8%
20,000 – 39,999	9	36%
40,000 – 59,999	6	24%
60,000 – 79,999	3	12%
80,000 – 99,999	1	4%
100,000 – 499,999	2	8%
500,000+	2	8%
Total	25	100%

**■ NUMBER OF PLACEMENTS**

Counting the number of placements is problematic in the staffing industry because workers are placed for varied lengths of time (from single days to several months), and services may place the same worker multiple times during the year. It is for this reason that we report billable hours first.

Nevertheless, we asked organizations to report the total number of placements they make as an indication of “placement activity,” of the effort entailed in locating job opportunities. Of course, this is still a limited measure because generating short-term placements may require less effort than finding long-term ones.

Staffing services in the interview sample cluster slightly in the middle range of 201 to 500 placements (8) and in the high range of 1001 to 2,745 placements (5), but this distribution pattern is not strong and we found no clear relationship between an organization’s total placements and its length of operation.

Total *temporary* placements (as opposed to an aggregate of temporary, temp-to-perm, permanent, and day labor placements) are a more reliable measure of staffing activity because most alternative staffing services engage primarily in temporary placement and use this measurement in a similar way.

**Table #12****Total Temporary Placements in 2001**

<i>Placements</i>	<i>No. of Services</i>	<i>Percent</i>
0 – 100	8	31%
101 – 200	4	15%
201 – 500	9	35%
501 – 1000	2	8%
1001 – 2745	3	12%
Total	26	100%

We also asked for the number of “temp-to-perm” placements and the number of direct-hire placements (or permanent placements). In spite of our efforts to verify interview data with organizations, temp-to-perm placements were unreliably reported. Some organizations see temp-to-perm placements as a subset of temporary placements, while others reported the categories as mutually exclusive. Finally, few organizations engage in direct placements and there was no ambiguity about these reports: only three organizations reported direct placements of more than 80 for 2001.

**■ SHARE OF REVENUE FROM THE TOP THREE CUSTOMERS**

A large number of alternative staffing services interviewed rely on a small number of customers. For any business, the pattern of dependence upon customers shapes sales activity and vulnerability to downturns in demand. A common ratio is the share of revenue that a business derives from its top three business customers. About half of the services interviewed derive 50 percent or more of their revenue from their top three customers. We compared this result to the average conventional for-profit temporary services/contract services firm. According to a 2001 industry survey, the average conventional staffing service derived just under 50 percent of its revenue from its top three clients, a degree of concentration not strikingly lower than alternative services (Survey of the National Association of Personnel Services, 2002). Depressed economic conditions in 2001 also contributed to the lack of acquisition of new customers or even the loss of existing customers.

**Table #13****Revenue from Top Three Customers**

<i>Revenue</i>	<i>Total</i>	<i>Percent</i>
0 – 24%	5	21%
25 – 49%	7	29%
50 – 74%	7	29%
75 – 100%	5	21%
Total	24	100%

## ■ MARKUP

In the staffing industry, the source of revenue to cover costs beyond the wage cost is the markup. It is the difference between the hourly (or monthly) bill rate paid by the customer business and the hourly wage rate paid to the worker. Usually, it is computed as a percentage of the hourly wage. Markup rates range from a low of 13 percent to a high of 70 percent, with markup rates of most alternative staffing services ranging from 40 to 59 percent. Across the 27 organizations, the median markup rate is 45 percent and the mean is 42 percent; these rates are common in the conventional staffing industry as well.

**Table #14**

<b>Markup</b>		
<b>Markup</b>	<b>Total</b>	<b>Percent</b>
0 – 29%	4	15%
30 – 39%	4	15%
40 – 49%	8	30%
50 – 59%	9	33%
60 – 70%	2	7%
Total	27	100%

## ■ GROSS INCOME OR GROSS PROFIT

Gross income/gross profit measures revenues minus direct costs (labor costs plus payroll taxes, benefits, and workers' compensation insurance). Net income is revenue minus all expenses (including all administrative and other expenses in addition to labor costs). Organizations established prior to 1997 are more likely to have gross incomes above \$500,000 than are services established after that date. Five of the six organizations with gross incomes above \$500,000 are more than six years old. Seven of the ten organizations established since 1997 (between one and five years old) have gross incomes less than \$250,000.

The gross margin percentage is obtained by dividing the gross income/profit by the total revenue/billings. We developed estimates for it because many organizations reported their gross income (and sometimes their billings) as falling within a range. We used mid-points of ranges; therefore these are very rough estimates. Out of 20 staffing services for which we had reliable information, 12 organizations had gross margin percentages below 20 percent, three had a gross margin percentage between 21 and 30 percent, and five organizations had gross margin percentages above 30 percent. (Issues related to the reporting of net income/net profit measures across alternative staffing services are discussed later in this report.)

# JOB BROKERING

## ■ THE DIFFERENCE MADE BY JOB BROKERING

The biggest challenge faced by employment and training (a.k.a. workforce development) programs historically has been finding job placements for their clients upon the completion of worker-training programs. Making and maintaining the kind of contacts with potential employers in the business community that are necessary to make placements possible has also been a challenge.

Alternative staffing services, in contrast, send people to temporary and temp-to-perm job assignments. They are fee-for-service businesses that serve job seekers by finding them assignments while also providing a service—staffing—to customer businesses. The process of generating job assignments on a sustainable basis requires not only a sales effort but satisfied customer businesses as well as job seekers. To job seekers who have interacted previously with the workforce development system, relatively ready access to work is a novel and distinctive characteristic.

One focus group participant told us, “Suburban Job-Link (CoreTemp) actually places you into a job, rather than just helping you look... Here you fill out an application, go to the job, then they support you and deal with your issues to keep you on the job.”

Another worker said, “The biggest thing to me... is that they *place* you in a job, instead of, ‘Okay, we’re going to help you find a job,’ and then point you to an Internet [job board] or to the newspaper, which I was looking at every day myself. A lot of job placement places aren’t really job placement—they’re like job searchers; they help you *look* for a job.”

## ■ GOALS AND APPROACHES TO JOB BROKERING

Alternative staffing services engage in more than one strategy to reach their goals. Below, we break down goals and strategies into key elements without, we hope, setting up a hierarchy among approaches. “Appropriate” goals, strategies, and practices matter most, therefore, the notion of appropriateness, we believe, is more useful in this context than the notion of “best practices.” These practices must be appropriate for the workers served and for the characteristics of the business customer market. They must also be

appropriate to the parent organization’s ability to provide supports to employment (or to locate other available supports within the larger community), and they must be tailored to match the parent organization’s characteristics and priorities.

In this section we discuss how job-brokering strategies have been developed in response to conditions in the staffing industry market and the larger labor market. The development and implementation of these job-brokering strategies—and their success—are closely linked to the development and provision of supports to employment. For most alternative staffing services, employment supports are critical to the success of both the workers and the alternative staffing business. (Supports are discussed in a later section.)

## ■ IMPROVING UPON THE CONVENTIONAL TEMPORARY STAFFING AND DAY LABOR EXPERIENCE

### Access to Employment

*Establishing access to employment is the first and foremost goal for all alternative staffing services.* Workers who have otherwise experienced difficulty gaining access to employment are placed through day labor, temporary, and temp-to-perm staffing. This is the minimal requirement and value of job-brokering. For many workers, alternative staffing services provide ready access to employment without extensive job searches.

Access to employment is no simple matter for many workers. The groups of job seekers served by alternative staffing organizations include:

- workers who have limited work histories or work histories that cannot be easily corroborated;
- recent immigrants with limited language ability who are “pegged” in a limited range of jobs by conventional staffing companies;
- ex-offenders;
- workers who recently have been receiving benefits under TANF (Temporary Assistance to Needy Families);
- workers with problematic work histories or histories of personal or family problems; and
- workers who have experienced discrimination in hiring because of race or ethnicity, age, or disability, or whose disabilities were not accommodated by employers.

Access to employment is an issue for workers with physical or mental disabilities. Many alternative staffing services, most notably many run by Goodwill Temporary Services, make it a programmatic priority to find temporary and temp-to-perm placements for workers with physical or mental disabilities who have experienced employment discrimination. They may work with state set-aside programs or other contracting mechanisms to gain access to jobs for such workers.

Access to employment is also an issue for older workers, particularly for displaced homemakers and for dislocated workers in rural and urban areas where there have been waves of downsizing in manufacturing. A number of the staffing services operated by Experience Works, a national organization that runs employment programs for older workers, have as their primary but not exclusive mission to place workers older than 45. Some of these workers report difficulty obtaining assignments from conventional staffing services.

For the workers placed, access to employment, be it in day labor or temporary assignments, provides them, first and foremost, with income. But it also enables them to build a work record and acquire work references for future employment searches.

Alternative staffing services work to obtain access to employment for disadvantaged workers by utilizing a mix of perseverant sales approaches, providing supports to employment, and dedicating staff resources to identifying all the possible ways that a worker might be employable. Theoretically, conventional staffing services also strive to identify the ways in which a worker may be employable, and multi-national staffing corporations pride themselves on their ability to do so. However, in the particular local labor markets and business segments in which these alternative staffing services operate, workers served by them reported that conventional staffing services do not always consider them to be viable workers.

One worker in a focus group summed up his experiences with an alternative staffing service this way: "It was nice having somebody on your side. Because you've been looking for a job for like a year, nobody is on your side. ... 'Why ain't you got a job? You're not looking.' But you've been looking everyday. Here...it was like they were empowering you instead of trying to knock you down."

### **Basic Respect for Workers' Rights**

*A major goal of alternative staffing services is to provide basic respect for workers' rights in combination with access to employment. Respect for workers' rights is a scarce commodity in low-wage labor markets.*

The day labor industry in particular is one in which workers routinely experience difficulty obtaining basic respect for their rights (GAO, 2002). (We use this phrase to denote adherence to employment and labor standards and avoidance of the exploitative practices that often occur in the low end of the conventional staffing industry.) Primavera WORKS (PW), for example, is an alternative day labor pool in Tucson serving primarily homeless people that seeks to remedy this problem. It commits to:

- give workers clear procedures for assignments;
- minimize their waiting time in the morning prior to going on assignment;
- pay workers for every hour worked;
- make all mandatory payroll contributions, including workers' compensation at the appropriate insurance rate;
- pay them weekly rather than daily and charge no check-cashing fees;
- provide transportation to and from job sites;
- provide safety equipment and basic safety training if necessary; and
- offer workers a free lunch and drink to take to the job site. (This last benefit can offer a significant savings for workers who do not have access to their own kitchen to prepare a brown-bag lunch.)

While these may seem like minor accomplishments, they provide a sharp contrast with practices in the conventional day labor industry that can include:

- subjecting workers to lengthy wait times each morning;
- charging for (sometimes inadequate) safety equipment;
- sending workers out on non-existent assignments with no compensation; and
- shortchanging workers on hours and charging check-cashing fees.

Many of the alternative staffing services also guarantee a minimum number of hours in those cases where an assignment turns out to be non-existent when the worker actually arrives at the work site.

Another example, PRC Temps (Puerto Rican Congress) in Lakewood, New Jersey, specializes in temporary and temp-to-perm placements primarily in manufacturing and janitorial work. Lakewood is home to the second largest industrial park in the state. Most entry-level hiring in manufacturing in the region is conducted through temporary staffing. Puerto Rican Congress, a community action agency, serves primarily Hispanics and other minorities. Placements through PRC Temps are in low-wage positions (ranging from \$7 to \$9 per hour).



Workers placed through PRC Temps benefit from relatively speedy access to jobs and income. PRC clients who are Spanish-speaking and/or recent immigrants also report that conventional staffing services typically track them to only one kind of job, usually one of the least desirable ones. In contrast, workers in a focus group told us that PRC Temps' staff members take the time to learn each applicant's full range of skills. Consequently, they consider each worker for a broader range of assignments and are able to represent him or her more thoroughly to the business customer. Workers credited this approach with enabling them to obtain more frequent and higher-paid assignments than they would otherwise obtain from a local conventional staffing service.

Most alternative staffing services in this study also improve upon the conventional staffing industry practice in another important way: they allow workers to turn down assignments without penalty. In other words, if a worker tries an assignment and reports some kind of difficulty, he or she will be considered for another assignment when available. While this is the official policy in conventional staffing services as well, focus group participants (at PRC Temps, CoreTemp, and Primavera WORKS) reported that turning down assignments at one conventional staffing service significantly reduced their chances of obtaining new assignments from the same company.

Whether in day labor or temporary assignments, virtually all alternative staffing services provide access to a staffing supervisor/coordinator to whom the worker can report questions and difficulties. The extent of this supervision may vary across organizations (more discussion below) but it is present in most cases and to a greater degree than is typically found in conventional day labor and temporary staffing in the low-wage market. Where, in the conventional sector, a worker would have no one to call at the staffing service if he or she encountered a difficulty with a business customer or site representative, alternative day labor pools such as Primavera WORKS will respond to such worker queries. Alternative staffing representatives often provide mediation of a sort, helping solve problems and clear up misunderstandings.

## **A Policy Agenda**

*Some alternative staffing services have a policy and advocacy agenda. In addition to providing workers with access to employment and basic respect for their rights, they also seek to change practices in the conventional staffing industry as a whole, while some advocate for specific regulation of the day labor industry in particular.*

Primavera WORKS is one of the alternative staffing services with an explicit and active advocacy agenda. It has participated in state level campaigns to regulate

working conditions in day labor (forbidding check-cashing fees) and has been involved in efforts to pass a city ordinance regulating a floor of conditions for the day labor industry in Tucson. The parent organization of Working Partnerships Staffing Services, Working Partnerships USA, is a coalition of unions and community groups that has had an explicit advocacy agenda for the San Jose area. Working Partnerships USA has advocated for a code of conduct for the staffing industry, a living wage ordinance, and other measures seeking to improve economic conditions for working families (Benner, 2003; Carré and Joshi, 2000; Elliott et al., 2001).

Efforts to change practices in the staffing industry sometimes come in the form of active "demonstration" efforts. Alternative day labor pools publicize to their workers and to the broader community such practices as paying for all hours worked, respecting statutory benefits, and providing safety equipment. For example, when they are challenged to bid down their billing rate, PW sales staff members justify the rate to business customers by breaking it down and highlighting the correct workers' compensation rate, thereby making explicit that a lower billing rate would result in sub-par hourly wages or insufficient worker's compensation insurance coverage. PW also provides workers with a pocket-sized card with information about their rights (those few that are legally mandated in the state of Arizona), as well as a list of local and state agencies that enforce them.

Even without taking an active policy role, alternative staffing services are often in a position to document abusive practices in conventional day labor and staffing agencies because they collect worker reports of difficulties and operate in the same markets. They thus indirectly contribute to policing efforts in their area. For example, in 2002 the Southwest Center for Economic Integrity, a policy organization connected to Primavera Works, helped persuade the Arizona attorney general to bring a lawsuit against a day labor company for violating regulations governing the charging of check-cashing fees, and Primavera WORKS provided evidence in the case. CoreTemp, an alternative staffing service in Chicago, collects extensive information about the billing practices of day labor operators in manufacturing in the Chicago area and shares it with groups monitoring employment conditions in day labor.

In addition, the policy agendas of some alternative staffing services include efforts to change the attitudes of customer businesses toward hiring workers from particular populations. Some operators (CoreTemp, Enterprise Staffing Services) told us that they have increased the racial, ethnic, and gender diversity at some of their customer businesses through their placements.

The efforts of alternative staffing services to improve upon the conventional temporary and day labor experience seem to be paying off. In those geographic areas where cost-cutting competition has taken the greatest toll on the conventional staffing industry, those workers who have encountered the worst of the conventional day labor experience, e.g. homeless day laborers in Tucson, report noticeable improvements in their experiences with alternative day labor compared to conventional companies. In the case of Tucson, researchers have sought to document and quantify some of the differences between conventional day labor pools and the alternative staffing service. They find in particular that once waiting time, check cashing fees, and transportation fees are taken into consideration, the effective hourly wage of workers at the alternative staffing service is higher than for those employed by conventional day labor companies (Roberts and Bartley, 2002). Similarly, workers in focus groups in Chicago report a difference between CoreTemp assignments and those obtained through conventional staffing services, namely, steadier assignments, consideration for temp-to-perm assignments, a minimum of four hours of pay if the customer cancels the assignment at the last minute, and free public transportation passes.

---

## ■ FACILITATING JOB TRANSITIONS AND JOB PROGRESSION

Among staffing services engaged primarily in temporary staffing (16), most (14) also engage in temp-to-perm placement (i.e. “temp to hire”). This strategy makes use of employers’ practice of screening temporary workers for longer-term employment, which has become increasingly common, particularly in manufacturing (Houseman, 2001; Houseman, et al., forthcoming). Alternative staffing services use these temp-to-perm assignments to help temporary workers gain access to a more predictable job or training opportunity. In this way, temporary assignments serve the workers, first by providing income, and second by providing the means to obtain a regular job, though this is not a uniform practice in alternative staffing, just as it is not in the conventional segment of the industry. (Conventional companies, even large operators, have been unable to provide reliable data on the conversion of temporary assignments to permanent hiring.) Most alternative staffing services do not charge a conversion fee when temporary workers are hired by their business customers, a practice common in the conventional staffing industry (though even there its frequency is diminishing). In addition, when they have a mandatory waiting period before a temp can be hired as a permanent employee, it is often shorter than in the conventional staffing industry.

Labor Line Inc. (LLI) primarily specializes in temp-to-perm placements for ex-offenders. It markets its staffing services to a wide range of small and medium-sized manufacturers and other companies that have a practice of using temp workers from staffing services as a way of screening potential permanent employees. LLI looks for customer businesses whose permanent jobs pay a living wage (\$9 to \$10 an hour in Florida) and offer benefits. LLI arranges for workers to do a short stint as temporaries before being considered for a permanent job with a company. It competes with conventional companies—one business customer told us that he is constantly solicited by staffing services sales representatives and so are the other businesses in the industrial park where his company is located. LLI’s active interest in temp-to-perm placements is in line with the hiring practices of these small manufacturers and with their use of staffing services.

To help ensure that workers are more likely to be retained in permanent positions and to help retain business customers, LLI sales staff members regularly monitor the worker in the early days of placement. These regular visits to existing customers serve several purposes:

- they provide quality control for the customer;
- they help workers manage difficulties and mediate any misunderstandings they might encounter on the assignment; and
- they enable LLI to gain information about the incipient needs of business customers for additional workers.

Similarly, for its temp-to-perm placements, Enterprising Staffing Solutions (ESS) in Washington, D.C. identifies prospects by developing long-term relationships with large business customers capable of hiring many ESS workers. For example, ESS has become the primary temporary staffing provider to the janitorial services department of a large hospital, where ESS often has placed six or more workers concurrently. Because the hospital is a key customer and because it actively seeks to convert temp-to-perm assignments into permanent positions, ESS staff members have visited the site as often as weekly to participate in supervisory meetings or to check-in with workers. As a result, the ESS staff representative has become familiar with the hospital’s workplace requirements and culture, enhancing the service’s ability to make good job matches and increasing the potential for conversion to permanent hiring. (ESS reported that nearly all of its temp-to-perm assignments at the hospital converted into permanent positions.)

CoreTemp, an alternative staffing service in Chicago that engages in both temp and temp-to-perm placements, utilizes a distinctive strategy to maximize temp-to-perm conversions for large numbers of workers

placed with its largest customer. CoreTemp (CT) has developed a set of procedures and agreements with this customer business, the “working interview,” that clarifies for the worker and the business customer the steps that a worker will go through to be considered for conversion to a permanent position. CoreTemp also:

- customizes its services for this customer,
- institutes pre-placement training geared to the specific assembly tasks required, and
- prepares workers for the culture of the workplace and its rules and procedures.

Providing this level of customized service requires attaining a detailed understanding of the customer’s production processes, which makes it possible for CoreTemp to select the right workers, train them appropriately, and anticipate customer staffing needs. In turn, this knowledge ultimately supports CoreTemp’s sales and placement efforts.

The success of this kind of strategy depends, we think, on certain underlying conditions:

- The service must secure one or more business customers who regularly need significant numbers of temporary workers as part of their routine operation, not just for special projects or on a seasonal basis, and those customer(s) must have a significant volume of temporary assignments available.
- The customer(s) must have a growing regular workforce so that there is a volume of regular job openings sufficient to warrant CT’s investment in service customization and worker recruitment. (In the case of CT’s largest temp-to-perm customer, there has been a growing need for workers in one shift as well as for the opening of an additional night shift.)
- The customer must be a company with a wage scale for regular jobs that is better than what the staffing service’s workers would typically earn in other jobs, and its permanent jobs should come with benefits.
- Entry-level jobs in the customer company should be connected to opportunities for training and promotion.

The context for this strategy of securing a large number of temp-to-perm placements with fairly high predictability of conversion is important. Within its own metropolitan area, the alternative staffing service has to find businesses with growing job opportunities and must depend upon a base of large employers with high volume use of temporary staffing. Staff members must invest time and effort to learn the production process of the business customer, to train workers in these processes, and to supervise placed workers. Therefore, in metropolitan areas where the customer

base is a widely distributed group of small employers, this strategy might be less workable. Identifying thresholds of customer size and staffing use that make this strategy worthwhile would be useful to other alternative staffing services contemplating this strategy. Clearly, intermediate and less intensive customization and supervision strategies are possible. For example, CoreTemp has “roving” site supervisors who check-in regularly where workers have been assigned to smaller customers.

Finally, all alternative staffing services engaged in temp-to-perm or temp-to-hire activities face the challenge of assessing whether and how entry-level jobs are connected to other jobs inside the customer business’s job structure. In an era when entry-level jobs are increasingly less connected to training and job promotion ladders—with pay increases, for example—all alternative staffing services face this challenge. (Appendix C describes our method for estimating rates of conversion of temp-to-perm assignments to permanent hiring.)

---

## ■ OTHER FORMS OF INVESTMENT IN WORKERS

All of the alternative staffing services in this study conveyed that they invest in the workers they place by providing counseling and pre- and post-placement supports (see next section), and/or by facilitating access to training, and/or by generating a steady stream of temporary and temp-to-perm placement opportunities that enable workers to have a relatively steady income.

We found considerable variety among alternative staffing services in how the proceeds from their staffing activities are managed and put to use. Some of the proceeds are used to offer workers higher wages or benefits, such as paid vacation, sick days, or group health insurance premiums. In some cases, proceeds from the staffing business are reinvested in the parent organization. For example, GTS Austin’s are used by Goodwill to support workforce development and other services for very disadvantaged clients.

The two free-standing alternative staffing services who are ICA Group partners offer temporary workers employee-stock-ownership plans and distribute net income/profit when available to shareholders. To become eligible for worker-ownership at Enterprising Staffing Solutions, for example, workers must work for the organization for at least nine months, contribute at least 1,000 hours of work, be approved by board members, and pay a \$140 membership fee.

---

## ■ BENEFIT PROVISION

The provision of benefits to temporary workers is limited in alternative staffing, although less so than in the conventional staffing industry. Alternative staffing services use their resources first to provide supports to employment, which they see as a higher priority than benefit provision. In brief, some alternative staffing services in this study provide the following:

- **Paid Sick Days:** Eleven organizations provide paid sick days after a threshold of work hours has been reached by workers. This threshold ranges from 500 hours (Labor Line Inc., GTS Austin) to 1,040 hours (Goodwill, FL). Sixteen organizations do not provide paid sick days. One organization did not report benefit information.
- **Paid Vacation:** Eleven organizations provide paid vacations after a threshold of accrued work hours (ranging from 500 hours to 1,040 hours). Sixteen organizations do not provide paid vacation days.
- **Access to Group Health Insurance:** Health insurance is uncommon in the staffing industry as a whole, and alternative staffing services because of their small size have difficulty obtaining affordable group health insurance. Eight out of the 27 services in this study do provide access to a range of health insurance options, with premiums ranging from \$6.95 to \$275 per month for widely varied coverage for the individual worker. Some organizations allocate a lump sum (e.g. \$200) to workers to spend on health care, child care, or other related expenses. Eighteen organizations do not provide any access to group health insurance. In some cases, the workers served are eligible for publicly subsidized health insurance, such as Medicaid, and some of the staffing services refer workers to the appropriate public agency and help them to sign up for benefits.

# PROVIDING SUPPORTS

One of the distinguishing features of alternative staffing services is their provision of pre- and post-employment supports to workers, which are seen by business customers as core to the provision of services. In the conventional staffing industry, supports to workers may be provided on an ad-hoc basis to facilitate placement or retention and are more likely to result from individual managers' actions than from corporate policy. In alternative staffing, however, the provision of varied supports is considered a value in itself for workers, as well as a selling point for customers because these supports enhance worker performance. We learned through this study that alternative staffing services provide numerous employment supports that vary widely in both degree and kind, a variety driven in large part by the broad range of needs of the worker populations served as well as by the capacity of the larger organization to provide these services.

## ■ KINDS OF SUPPORT SERVICES OFFERED

The support services provided by alternative staffing services are best understood within the context of the populations of workers they serve, whose needs can vary greatly. For example, homeless day laborers in temporary shelters require assistance with housing, clothing, job placement, and post-placement supports. Residents of Los Angeles' Skid Row may require all of this, as well as substance abuse treatment and counseling—sobriety being a pre-requisite for job placement. In some settings, workers require legal assistance because of ongoing difficulties with the law. Recent immigrants may need English language classes.

Workers with limited employment histories may require pre-placement job readiness advising as well as post-placement counseling. Some workers may require sustained job coaching, anger management classes, and advising to deal with family or personal difficulties (children, domestic violence, child support). Workers who are “job-ready,” including many with physical disabilities, may require little help other than with the job placement itself. Dislocated older workers may need advising and training to enable them to enter unfamiliar work environments.

The organizations' histories and existing structures, which affect their ability to tap into resources for support services, also help determine the degree of services provided (see section below). Finally, when it comes to providing support services, the organizations

vary greatly in their levels of interest and commitment, which is reflected in the wide range of degrees of service they offer.

We found a broad range of services provided:

- **Social and Human Service Supports:** These range from help with gaining access to housing, food stamps, health insurance subsidies, child-care subsidies and referrals, substance abuse counseling, legal assistance, or clothing.
- **Pre-Placement/Job Readiness Supports:** These include job-readiness training, resume-writing assistance, and general job skills coaching (interviewing, interacting with supervisors, etc.) The most common training that is directly provided is for job readiness; 11 (41 percent) of the interviewed organizations provide such training.
- **Educational Supports:** These include free skills training and referral to training providers (on-site/off-site). Training can include both “soft” and “hard” skills (software skills or customer-specific safety training, for example).
- **Supports During Placement:** These include advising, counseling, job coaching, and mediation once the worker is on assignment as well as preparation for applying for permanent jobs (temp-to-perm conversion).
- **Logistical Supports During Placement:** These include providing free safety equipment and free lunch.
- **Transportation Assistance:** Access to transportation can be a major hurdle for low-income workers. Many urban and rural areas lack public transportation systems geared to move people from low-income areas to where jobs are located (Kain, 1992). Alternative staffing services often provide either access to subsidies (e.g. a free bus pass) or actually provide transportation (van or bus).
- **Extensive Supervisory Supports:** Extensive mediation, supervision, and training are elements of “vendor-on-premises” services (described below).

The following tables provide a summary of the provision of supports to employment across the interviewed organizations. Three quarters of the services provide some kind of employment support. About half (13) of them provide multiple supports, while another 22 percent (6) provide at least some support. Eight (30 percent) do not offer any in-house programs. Those that do not provide supports directly make referrals to outside providers. Services providing them directly also often complement their supports with external referrals.

**Table #15****Provision of Supports to Employment**

<b>Supports to Employment</b>	<b>Total</b>
Multiple Programs	13
None/External Referrals	8
Some Support	6
Total (of valid cases)	27

**Table #16****Types of Supports to Employment Provided\***

<b>Supports to Employment</b>	<b>Total</b>
Pre-Placement/Job Readiness Supports	17
Social and Human Service Supports	9
Transportation Assistance	6
Supports During Placement	5
Logistical Supports During Placement	3
Extensive Supervisory Supports	3
Educational Supports	1
External Referrals for Supports	8

\* Because some organizations offer more than one category of support, the total is greater than 27.

## ■ MEANS OF DELIVERY

The means of delivery of employment supports also varies widely, reflecting the diversity of these services, as well as each one's particular history and structure. In addition, each alternative staffing service's structure and support activities reflect its development within a particular regional context for social and human service provision.

For example, Primavera WORKS and its employment support services are outgrowths of the extensive network of homeless services provided by Primavera Services/Primavera Foundation in the Tucson, Arizona metropolitan area. As one of the main providers of shelter beds, transitional and subsidized housing, and services to the homeless in the Tucson area, Primavera Services has an established base of support programs and a network of staff and volunteers. The employment supports PW provides are consistent with the approach used throughout the organization, such as assisting shelter residents in their permanent job searches. The provision of day labor assignments is thus integrated within the broad range of services provided the homeless, even if not every worker sent out by PW is homeless.

"The system here is just fantastic," said one Primavera Works client. "Comparing Primavera to a labor hall is like comparing an animal to a pear. ...Primavera is set up for people who happen to be on hard times financially. ...At the labor hall, they take advantage of you."

Similarly, the employment supports provided by Labor Connection in Los Angeles are logical outgrowths of Chrysalis's efforts to provide integrated social and human services to the city's Skid Row residents. Job-readiness training and job coaching are integrated with a broader array of services provided by Chrysalis staff and volunteers. Labor Connection workers reported that supports to employment such as free bus tokens, free lunch, and community mail are "all of a piece" with other services that enable them to attach to the labor force and retain jobs.

One worker said the service also helped him resolve child support issues and clear up his parking tickets, while another said that Chrysalis helps workers find legal services when they need them. "They [Chrysalis] help you find a place to live. They give you a voucher to pay for it," said another worker. "Little things like this count the most," one worker told us. "This is what I have learned. No temp agency will do these things for you."

CoreTemp in Chicago has developed its own employment support services over time. Workers in focus groups were quick to assert that their "worker/client advocate" is key to their ability to prepare for work, get a job, and retain it. Client advocates not only work on job readiness but they assist workers to address other challenges. "They help you out finding childcare, or if you need a daycare center, they'll give you a number to call so you can get in touch with them," said one CoreTemp worker who participated in a focus group. "If you don't have a babysitter this morning or nobody was home to watch him, they'll send you to a daycare that will accept your baby."

In addition, CoreTemp client advocates may also work with a job coach who intervenes on behalf of the worker with the customer business in some cases. One CoreTemp worker told us that, in obtaining and keeping a job, "The most useful thing to me is my [client] advocate. I had just started working, and three weeks into my job I had to go down South to take care of business. I was just starting, and had to take four days off. Most places wouldn't hear of that. But I talked to my advocate and my advocate got everything straightened out. She just said, 'Call me when you get back to town.' I called her and went back to work Monday."

Staffing services operated by Goodwill usually provide job coaching and counseling directly only when difficulties arise. For most other supports,

workers are referred to several other Goodwill programs that offer supports as part of job development and placement services. Several of the Goodwill staffing services that we interviewed referred workers to the Goodwill Workforce Development Services if needed. One Goodwill staffing service, Temporary Labor Services in Southeastern Pennsylvania, did report providing significant on-site supervision as well as transportation for workers with mental disabilities. The on-site supervisor provides on-site training, supervision, and quality control while doing record-keeping.

Free-standing alternative staffing services, such as Enterprising Staffing Solutions, PRC Temps, or First Source Staffing, make use of local networks of service providers to supplement the supports to employment that they themselves provide, usually in the form of job coaching. For example, ESS supplements the crisis-management support that staff members sometimes provide with referrals to other local service organizations. PRC Temps refers recent immigrants to immigrant service agencies for help with Immigration and Naturalization Service application preparation or for English as a Second Language classes.

Labor Line Inc., because of its affiliation with PRIDE, uses the support services provided by Labor Line Services, PRIDE's post-prison-release support system. Because this system is heavily taxed by the needs of released ex-offenders, LLI also refers individuals to local networks of service providers.

The staffing services created by Experience Works report that they provide limited social and human service supports beyond immediate help with job coaching and retention. This is because the parent organization is primarily involved with providing job-readiness training, rather than extensive supports, to older workers who participate in the Senior Community Service Employment Program, a federal program. While Experience Works staffing services generally do not tap into an existing system of supports available from the broader organization, they did report that on occasion they referred older workers to an EW training program. To our knowledge, EW staffing services have not raised funds specifically to provide support services to workers who engage exclusively with the staffing services.

The extent to which a staffing service may rely on a network of other providers to assist workers reflects organizational history, regional characteristics (some regions have a dense network of providers and others do not), and the characteristics of its workers. Some organizations have had to develop their own services because the human or other services their workers needed were not adequately provided in their region.

---

## ■ THE ROLE OF VOLUNTEERS

The extent of services provided directly by the staffing service or its home organization, and the manner in which they are provided can have a significant impact on the costs of running the staffing operation. (We discuss these issues in detail later in this report.) However, one important source of supports that does not get computed as an expense is the work of the volunteers who often provide counseling and pre-placement supports to workers. Our site visits revealed the essential role that volunteers play, particularly in organizations that place workers who have multiple needs for support, such as workers who are homeless, who have had substance-abuse problems, or who face major disadvantages in the local labor market. At Labor Connection/Chrysalis, volunteers help job seekers develop their interviewing skills, for example. Similarly, workers dispatched by Primavera WORKS who also stay in shelters run by Primavera Services can receive counseling and other services provided by volunteers. The significant contributions to support services made by volunteers do not, for the most part, appear as service provision expenses. (The staff time entailed in training and supervising volunteers, on the other hand, generally does appear as an expense.)

---

## ■ MEDIATING THE WORKER-BUSINESS CUSTOMER RELATIONSHIP

A particular and distinctive post-placement employment support provided consistently by most alternative services is the mediation of the relationship between the business customer and the temporary worker. In principle, conventional services also provide follow-up and mediation services to their customers. However, customer businesses consistently told us that the mediation efforts of alternative staffing services are more extensive and sustained than those of conventional companies and are therefore a distinctive part of their service provision.

Both workers and customer businesses told us they view mediation—a term we use to encompass a range of follow-up activities—as a benefit of working with an alternative staffing service. We learned that mediation with the business customers is sometimes provided by staff members throughout an alternative staffing service, whether or not their job is in a support function.

First, staff members follow up by calling the business customer (supervisor at the work site) on the first day of the assignment and, if the assignment spans more than one week, at the end of the first week. If the worker is deemed to be obviously mismatched to the job, that issue is addressed on the first day it is raised.

The alternative service staff members also follow up with the worker when he or she comes to pick up his or her paycheck or by telephone. This follow-up enables the staff of the service to provide clarification to the workers about their duties or about supervisory issues as necessary.

Second, if and when difficulties arise between a worker and his or her on-site supervisors or colleagues, staff members become involved. If an assignment is not what was expected, or if a worker reports unsafe working conditions or abusive behavior on the part of supervisors, staff from the staffing service will respond. A worker may be moved to another assignment. Some alternative staffing services report that they keep a list of businesses to which they will not send workers. One staff member said, “We just don’t want our guys going out to a job site where they get treated poorly. We’ll call the customer, tell them we heard about a problem out at the job site, and get his side of the story. Obviously, everybody has their own opinion. If it’s evident that the supervisor is making it up, or the employee is making it up... we’ll take care of the situation.”

Also, staff members reported that workers who turn down an assignment because of a difficulty are not penalized and will be considered for another placement, and workers confirmed this information in focus groups. While conventional operators usually have a similar official policy, workers reported that, in actuality, they are often penalized, particularly in the day labor industry.

Third, when there are more complicated conflicts between workers and customer businesses, staff from the staffing service will engage in mediation. They may, for example, visit the supervisor and the worker, taking the worker aside to discuss the event or policy in dispute, trying to clear up misunderstandings where they have occurred. At some staffing services this type of mediation is conducted by dedicated support staff (e.g. on-site or “roving” supervisors from CoreTemp), at others it is conducted by the placement coordinators or the sales staff. For example, the Labor Line Inc. field sales staff takes on the responsibility of checking in with workers and mediating with customer businesses. One worker who participated in a focus group described the benefits of mediation. “I talked to [the on-site supervisor] about something that was going on with a [customer business] supervisor and he mediated that,” he said. “That was nice, too. It’s a culture out there that I don’t understand.”

Mediation is critical in helping these services retain both workers and business customers. It is particularly important for services that place workers on long assignments and temp-to-perm assignments, helping them eliminate obvious obstacles to conversion to

permanent status. For example, when placing workers in temp-to-perm assignments with one particular large business customer, CoreTemp, through its job coaches or client advocates, helps workers handle supervision as well as explain occasional family emergencies to their supervisors.

The eight site visits enabled us to speak with some of the business customers of alternative services. Because we did not conduct a survey of customer businesses and were referred to businesses chosen by the staffing operators, it is likely that we were interviewing mostly satisfied customers. Nonetheless, we were consistently told that follow-up and mediation are approaches that distinguish alternative staffing services. Businesses report that conventional staffing services, even if they officially provide vendor-on-premises services (see discussion below), are, in fact, rarely available to mediate difficulties with workers. In the conventional staffing industry, it is the sales staff members—the primary contacts for the customer business—who typically mediate difficulties. The degree of mediation they provide varies widely in the industry as a whole. It is our understanding that, for temporary jobs that pay low and moderate wages, this service is rare. In conventional day labor, it is almost non-existent.

---

## ■ “VENDOR-ON-PREMISES” SERVICES IN ALTERNATIVE STAFFING

Alternative staffing services sometimes provide extensive mediation and supervision as part of Vendor-on-Premises (VOP) services. VOP services refer to arrangements in which a staffing company places a service representative at a business customer’s work site to manage and oversee the staffing company’s temporary employees. VOP services may be as minimal as payroll management (processing time sheets, distributing checks and adjusting staff volume) and as extensive as customized recruiting, training, and supervision. When most developed, they benefit the customer business as well as the worker. For business customers, VOP services can minimize the risks of inappropriate matches and reduce the transaction costs associated with the recruitment, management, and administration of temporary personnel. For workers, VOP services increase the likelihood that they will be appropriately supported in their job performance.

VOP services have also been offered by mainstream staffing agencies over the past decade and have become a fairly standard feature of contracts between staffing services and their larger customers. Most conventional staffing services provide staff members on site to some business customers (occasionally or full-time) who keep track solely of personnel records or orders for temps, while a few companies provide



direct supervision services to very large customers. Although most alternative staffing services do not provide these services, when they do, they seem to do so differently than the conventional services.

At their most developed, VOP arrangements by alternative staffing organizations can include the following elements:

- providing a layer of dedicated on-site managers who should be adept at coaching, motivating, training, and supervising workers while delivering excellent customer service to businesses;
- integrating a strong customer service orientation with an equally strong human service orientation toward workers;
- tailoring programs for recruiting and hiring new temporary workers that meet the specific requirements of a given business customer;
- developing training and safety modules, customizing them, and administering them to workers before assignment; and
- coordinating administrative functions for temporary placements with the business customer's staff.

Coaching requires intimate familiarity with the struggles that workers can encounter in the work place, particularly during the first two weeks of a new assignment when the failure rate is often high. The coach stewards workers through these difficulties, providing day-to-day guidance and intervention that promote retention and higher performance. They also often encourage workers to take the next steps to advance their careers. From the workers' perspectives, coaching provides a layer of protection, a buffer between themselves and the business customer.

Customer-specific training and safety programs (prior to assignment or on the job) can improve productivity and reduce injuries to workers and damage to equipment. As supervisors, on-site coaches ensure that the customer's work gets done correctly and prevent problems before they arise by addressing personal, behavioral, and performance issues before they interfere with work performance. In addition, the VOP on-site manager is also responsible for implementing disciplinary action and, ultimately, for firing employees whose performance is unsatisfactory. Explained one on-site supervisor, "The coach... is your friend, your mentor, somebody you can talk to and someone who can help you train. The coach/supervisor," he continued, "also has responsibility for disciplinary action with employees."

Using their up-close knowledge of both the capabilities of individual workers and of the business customer's work environment and needs, alternative staffing agencies design customized programs for recruiting, hiring, and training (in customer-specific

safety procedures, for example) new temporary workers that meet the business customer's requirements.

Of the 27 organizations included in this study, two had explicit VOP services. The one with the most developed VOP services is CoreTemp (Suburban Job-Link) in Chicago. CoreTemp has a manager of coaching services who oversees a team of six coaches. Several of these coaches may be assigned to a particular work site where they work as a team. CoreTemp has produced safety videos and provides training at the service's headquarters that includes simulated machine operation. The coaching staff works closely with the customer service staff on recruitment and placement. In addition, as described previously in this report, CoreTemp helps administer a 90-day temp-to-perm program at one large suburban manufacturing customer. Goodwill Temporary Services of Austin assigns an on-site coordinator to its team of 50 to 60 temporary employees at a large state agency. Temporary workers benefit from on-site time sheet processing and check disbursements, and the business customer finds it more convenient and efficient to have one on-site person arranging temporary placements instead of using its purchasing department to secure workers. In addition, the on-site coordinator helps supervise the Goodwill temporary employees by, for example, handling disciplinary issues.

Another alternative staffing organization, Labor Line, Inc., also offers to place on-site coordinators at the work sites of its large accounts, some of which are for multi-year contracts. In addition, Labor Line also offers customized worker training programs to these large-account customers.

The distinguishing characteristic of the alternative staffing VOP paradigm is its commitment to serve workers as clients while delivering quality services to its business customers. The coaching network is arguably the most unusual feature of VOP services offered by alternative staffing agencies.

Another distinguishing characteristic of the alternative VOP paradigm is its emphasis on high degrees of supervision and monitoring on the factory floor. If, as we believe, the most common VOP contract in conventional staffing is one in which the on-site manager merely fulfills a coordinator role, then alternative staffing organizations stand out for the intensive supervision they include in their VOP services. If the comparison is made to the more comprehensive "end-to-end" types of VOP contracts recently being rolled out by some of the largest conventional staffing companies then the difference between alternative and conventional practices narrows. (See web sites of Olsten Staffing Services, Kelly Services, and Interim Services for more information about new VOP services in the conventional staffing sector.)

A further difference between the VOP arrangements offered by alternative staffing organizations and conventional companies is that, for the former, the volume threshold is likely to be lower. CoreTemp, for example, sends out on-site representatives to customers needing as few as 20 temporary workers. The organization is also ready to assign coach/trainer/supervisors to even smaller contracts when different work sites are geographically close enough that the CoreTemp staff member on site can rotate between them. In contrast, within the conventional staffing industry, the rule of thumb is that VOP arrangements generally make sense for companies with temporary workforces numbering 50 or more workers, or for companies with upwards of 200 employees that have ongoing temp-to-perm hiring programs.

# FINANCIAL ACCOUNTING, FINANCING, MARKETING, AND SALES

## ■ ACCOUNTING SYSTEMS

Our research team asked alternative staffing services about the mechanisms they use to keep track of business activity. We asked organizations about record-keeping for a number of financial and operational indicators considered to be standard in the conventional segment of the industry, although even there the frequency of use of these indicators varies, with small and medium-sized operations reporting fewer of these indicators than do large, multinational corporations. Our list of indicators was developed from business surveys designed by professional associations and in collaboration with a consultant to the conventional staffing industry.

In contrast to what was reported in earlier studies, which reported unevenness in record-keeping capabilities (Seavey, 1998), most operators of alternative staffing services now have accounting systems in place to keep track of gross revenue and billings, billable hours, expenses, number of job assignments, and number of business customers. (See tables on pages 14–16.) Even very small operators reported that the availability of easy-to-use accounting software has made it possible to keep track of basic financial indicators, although some operators did express frustration at their inability to obtain and afford accounting software that is well-integrated with their labor matching software.

Alternative services also reported that some indicators used in the conventional sector of the staffing industry, which are indeed essential for purposes of comparing alternative services to conventional operators, fail to capture other important aspects of their businesses. For example, most conventional services do not keep track of temp-to-perm conversions, while alternative staffing services often seek to do so because conversion is frequently an organizational goal. Similarly, conventional staffing companies view employing large quantities of “permanent temps” as desirable because the longer a temp stays with the agency, the greater the return on the staffing service’s investment in terms of screening and training. Alternative staffing services, however, do not favor this arrangement because they believe it is not in the best long-term interests of the worker. Finally, conventional day labor pools do not keep track of the number of job seekers who do not receive an assignment on any given day, information that some alternative day labor pools

report they would find useful because it provides them with a sense of the unmet demand for jobs in day labor in the populations they serve.

## ■ ACCOUNTING FOR SUPPORT SERVICES

Because alternative staffing services differ from conventional staffing businesses in the services that they provide workers, which affects cost structure, and in the institutional mechanisms through which they provide those services, conventional indicators have shortcomings when used to analyze the financial performance of these services. For example, all alternative staffing services participating in this study are able to report gross income/gross profit, which is gross revenue minus direct costs that include wages, payroll taxes, workers’ compensation, and benefits. However, computing all expenses to determine net income/net profit is problematic. Of course, some expenses are similar to those of conventional staffing businesses in that they are directly related to running the staffing business—administrative costs are an example. Expenses that are not comparable include such costs as pre-employment supports, job coaching, post-placement supervision, safety training, and free equipment, which are not standard expenses in the conventional staffing industry. Thus, the staffing industry consultant hired to review the indicators collected for this study consistently noted that alternative staffing services employ more staff members than their counterparts in the conventional sector; job coaches and job developers, for example, are not found in conventional staffing. Additionally, there are costs (as well as savings) associated with employing volunteers to provide supports, which conventional businesses do not incur.

The organizational structures of alternative staffing services vary, therefore, so does their itemization of expenses. Some organizations employ staff members who perform multiple job functions during the staffing service’s start-up phase; their administrative expenses may not capture the full cost of these staff members. Staffing services affiliated with a larger organization may benefit from administrative staff experience, administrative systems, and other cost-saving opportunities available through the parent organization, which are not recorded as expenses.

Alternative staffing services can also vary significantly in the degree and kinds of supports they provide, reflecting the needs of the populations they serve and their own organizational capacities. Some parent organizations provide essential support services directly, while other services negotiate access for workers, or refer them to a network of service providers entirely outside the organization. The cost structures will consequently differ significantly. Organizations that provide support services through the staffing service account for those services differently than organizations that do so through the parent organization. Free-standing staffing services capture virtually all of the costs of job coaching in their expense structure, even when they also use a referral system for other supports. It is consequently difficult to compare alternative staffing services to each other when it comes to determining the cost of providing services.

Accounting for the costs of social service supports can be a dilemma for some alternative staffing services. To fully account for these costs, they should tally all expenses associated with providing supports, which would highlight the investment required of private or public donors and underscore the fact that these support services are not free. Conversely, to include these expenses as costs of doing business makes the staffing operation appear expensive when compared to conventional staffing companies, which can make the service look inefficient or “overloaded with administrators.” Some alternative services report support service expenses separately from their other business costs to make the contribution and costs of their efforts more apparent. In addition, just as staffing services affiliated with a broader parent organization draw upon the support services that the parent organization provides, the staffing service may conversely provide revenue for other workforce development programs of the parent organization if it generates income beyond expenses.

In conventional staffing businesses, net profit/net income is the gross revenue/billings minus all expenses (direct costs and all other administrative costs). As we have explained, because of the variation among alternative staffing services in the nature, extent, and means of delivery of support services, the net profit/net income figures we obtained are uneven and not necessarily comparable. Nonetheless, they are as follows: of the 12 staffing services in the telephone interview sample that provided annual net incomes for 2001, six reported ranges from \$0 to \$49,999, five reported incomes ranging from \$50,000 to \$500,000, and one reported a net income of more than \$1 million. One service reported that with the full costs of supports included, its net income would be negative.

---

## ■ FINANCING START-UP OF STAFFING OPERATIONS

Launching and growing alternative staffing ventures requires access to capital. The difficulties of obtaining adequate capital—including start-up capital, working capital, and expansion capital—are a significant concern of the majority of alternative staffing services that we surveyed.

The organizations in this study obtained initial start-up financing in a variety of ways; these “paths to financing” often reflected the organization’s particular origins. Many began by obtaining foundation grants to fund the salaries of core staff members and some support services. Two organizations, Enterprising Staffing Solutions and First Source Staffing, received consulting and equity financing, as well as assistance with lining up debt financing, from ICA Group’s Local Enterprise Assistance Fund (LEAF). Staffing services affiliated with a large parent organization may have the option of initially borrowing or sharing staff from other programs. These staff members help explore business development, establish initial contacts with customer businesses, and set up basic operations.

Sometimes, a portion of general overhead expenses continues to be paid by the parent organization. In a few instances, the start-up of an alternative staffing service took a very different course: staffing services began “cold” by opportunistically setting up shop to take advantage of a prospective opportunity presented by one potential business customer with a steady demand for temporary labor. Minimal liquidity requirements are met when the business customer pays accounts each week, nearly “fronting” the money needed for the alternative service’s payroll.

---

## ■ ACCESS TO CAPITAL

The financing issues that arise at an alternative staffing service’s inception remain ongoing issues for most services. In general, the organizations we studied described themselves as being chronically undercapitalized. They reported they need working capital to maintain their core capacities and to meet the day-to-day demands of managing receivables, which can be a particular challenge when customer businesses delay payment or business volume declines in a recession. Many alternative services have lines of credit from commercial banks (10 of the surveyed organizations reported that they do), but typically the lines of credit offered to non-profits are not as large as those provided to for-profit businesses of similar size. As a result, many of the organizations we interviewed have only a limited financial buffer, and several described the struggle to meet payroll as a “big distraction.”

Over time, organizations typically seek to cover the staffing service's staff and administrative expenses with sales revenue, while many continue to seek grant funding for the support services that they directly provide, which, of course, create costs that conventional staffing companies do not typically incur. A number of the organizations interviewed rely in part on revenue they receive from performance-based government programs and contracts for providing placement and retention services. Examples include ex-offender programs, state welfare-to-work programs, and federal job placement and training programs. (Public subsidies are sometimes also available to conventional staffing services in the form of tax credits for those firms that place disadvantaged workers.) Finally, as discussed earlier, the use of volunteers by alternative staffing services offsets staffing costs, which can make a significant contribution to the service's bottom line.

Several organizations also reported their need for expansion capital to open new offices, expand into new regions, increase their sales forces, and/or expand their programs to new worker populations. Because capital is so limited, it is not unusual for alternative staffing services to "bootstrap" the expansion onto existing operations and funding sources, keeping outlays to a minimum until new sales revenue is generated.

As a whole, the alternative staffing services surveyed in this study tend not to rely on one source of capital but rather diversify across a number of sources. These sources include:

- conventional private philanthropy;
- public sector grants, subsidies, and contracts;
- net profits from business operations;
- conventional capital markets; and
- unconventional finance (such as social purpose loan funds).

The use of each of these sources has both benefits and disadvantages. Public-sector financing, for example, often presents high barriers to entry and public-sector reporting and auditing requirements are burdensome. Also, over-reliance on public grants and contracts can sometimes contribute to "mission drift," as the organization steers its programs to respond to public-sector requirements and goals. Private philanthropy often supports start-up and innovation but does not necessarily fund ongoing operational needs. In addition, foundations typically do not look favorably on the accumulation of cash reserves, which alternative staffing services may attempt to build as a financial buffer or to fund expansion. The restrictive grant-making and contracting principles that are characteristic of both private philanthropic organizations and public funders can limit the flexibility the staffing service needs as a "dual bottom-line" business. For non-profit alternative staffing services, conventional capital

markets are usually too expensive and risk adverse and are less likely to place value on social return. Consequently, non-profits typically cannot use them to access equity in the way that for-profit organizations can.

The ability of alternative staffing services as a sector to build organizational capacity and gain greater market share is closely tied to their ability to obtain capital. Undercapitalization was cited as a major constraint, a situation that is unlikely to change appreciably without changes in the rules that apply to conventional capital markets, private philanthropy, or public sector financing or increases in the amounts of capital available through unconventional channels. Leveling the capital playing field relative to for-profit staffing agencies is a fundamental issue for this field.

One of the oldest and largest alternative staffing services has undertaken an interesting strategy to overcome capitalization constraints by partnering with a complementary organization to improve economies of scale and to share resources with the goal of enhancing the capacities and missions of both organizations to better serve their clients in an environment where resources are scarce. Suburban Job-Link and STRIVE Chicago merged in July 2003. CoreTemp, Suburban Job-Link's staffing service, brings to the merger proven management capacity and a strong earned revenue stream with its underlying connections to the business community. STRIVE has programmatic strengths in job-readiness training, as well as extensive community-based links and ties to corporate and philanthropic funding. However, although mergers are readily pursued in the for-profit world as a way of achieving growth and outpacing the competition, they remain uncommon in the not-for-profit sector.

---

## ■ MARKETING AND SELLING ALTERNATIVE STAFFING SERVICES

Marketing and sales are vital functions for any staffing service whether it is trying to sustain business, grow in size or geographic reach, or develop new service lines. Marketing and sales staffs are under particular stress in a weak economy when business volume is depressed at the same time that greater numbers of workers seek placements.

We found that several features distinguish the marketing and sales operations of alternative staffing services. First, alternative staffing services place workers who are often perceived as higher-risk employees because of the various labor market disadvantages they face—job seekers who are likely to be screened out by conventional staffing firms or relegated to the lowest

end of the conventional staffing industry, such as day labor or temporary manual labor. Consequently, alternative staffing services are particularly perseverant in their marketing efforts and actively represent each job seeker's full range of skills. "They [the alternative staffing service] don't focus on how many jobs you've had," one worker told us. "They focus on the skills that you have," she continued, "and how to present those skills on paper to give you the best foot forward."

Second, many alternative staffing services seek assignments and customers that are good fits with their worker populations and with their own missions—assignments where, as one alternative staffing service director put it, "the market meets the mission." While the business customer's support of the social mission of the alternative service is not required, most alternative staffing firms seek to work with potential customer businesses that treat their own employees with respect and that offer placements that are well-matched for the skills and achievements of the staffing services' workforces. One account representative told us, "I think that we're different from a lot of day labor or even temporary agencies in that I'll have no problem walking out of a business because it's not right.... If a business doesn't accomplish any of our goals, I'll say it isn't a good fit and walk out, or I'll give them a proposal with ridiculously high bill rates that they are unlikely to respond to. If they do, then maybe I was wrong and they are a good fit: they are not a business looking to pay people minimum wage or below." He continued, "I'm trying to figure out companies that are going to be responsive to what we're doing, that have a need that we can truly fill, not just something like, 'Oh yeah, I need two guys tomorrow, and for a couple of days'.... That's not a good fit for accomplishing any of our goals; it's counterproductive."

Interestingly, some of the services we investigated compete for customers in two different staffing markets: the day labor market and the market for higher-end temporary services, a "dual-niche" marketing challenge that adds to the complexity of their sales and marketing efforts.

Finally, alternative staffing services often find it necessary to conduct a thorough check of the ability of customer businesses to pay bills on time. The small services in particular cannot afford non-payment or even extended terms of payment.

The 27 organizations we studied represent a full spectrum of sales and marketing practices and techniques. Some of the services employ dedicated sales representatives who work for commission. Other services are in a start-up phase with small staffs, so each staff member performs multiple functions, such as sales, job assignment, and customer service. Some

services conducted formal marketing studies prior to start-up, while others initiated operations opportunistically based on an assessment of one apparent opportunity. Many cultivated their initial customer bases from prior community relationships and networks inherited from their parent organizations, or the affiliated organizations that founded them. Several services reported that they adapted their marketing strategies as they learned the business. For example, Labor Connection and several other services shifted their marketing presentations away from an emphasis on social mission and toward how they competitively offer supported and motivated workers.

All organizations rely on cold-calling. Several have also created business advisory boards in order to generate leads or cultivate relationships with their local Chambers of Commerce. Some use direct mail, often enclosing such material as testimonials from satisfied customers. Two of the organizations air commercials on local television stations (Primavera WORKS and LIA Staffing Inc.) and another runs commercials on local radio (St. Vincent de Paul Enterprises). A few of the organizations conduct market research to identify prospective customers who meet their threshold demand for temporary labor and who might offer temp-to-perm placements or might have opportunities to upgrade from temporary to permanent work. Others appear to take more of a scattershot approach, using local newspapers to identify companies that are hiring and then conducting sales calls, or focusing on local industries that are having difficulty hiring enough workers (e.g., hospitality jobs related to a convention center that just doubled in size).

Many operators in the alternative staffing industry have held the belief that the best sales and marketing staff were employees recruited from the conventional staffing industry or similar businesses. This can be expensive, however, because the salary scales are generally higher in the conventional staffing sector. Many of the operators in our study view the recruiting of sales staff from the conventional segment of the industry as a complex issue. The particular mix of qualities that is ideal in marketing alternative staffing services is hard to find, they told us. On the one hand, sales representatives with experience in conventional staffing know how to aggressively pursue new customers and make sales pitches, skills that can be foreign to workers whose experience lies in the not-for-profit sector. On the other hand, the staff member must also be comfortable with the alternative staffing service's organizational culture, including its human services mission and its particular service population, as well as its business functions. Some operators suggested that it is easier and ultimately more effective

to educate a marketing person about the “social services market” than to transform someone with a non-profit background into a salesperson, and some of the organizations in the study reported success in hiring sales personnel from the for-profit business world (for example, Goodwill Temporary Services, Beta Staffing, and Labor Line Inc.). Other operators said that the adjustment required of sales staff who have only for-profit experience is too difficult, and they prefer training their own sales staff “from the bottom up” (Primavera WORKS, CoreTemp). Recently, Primavera WORKS found that hiring someone who came from the non-profit world but had experience developing business contacts for job placement (connecting people with disabilities to employers) has been a successful approach.

# EFFECTIVE PRACTICES FOR ALTERNATIVE STAFFING

Through our research, we learned a great deal about which factors lead to effective job-brokering practices in the alternative staffing sector. Unsurprisingly, considerable knowledge and practical know-how are required to run an alternative staffing service. All surveyed organizations report that knowing how to identify worker strengths, having sales savvy, and being able to balance the dual bottom-line are crucial to effectiveness. Taking the need for those capacities as a given, however, we also examined those characteristics of effective job-brokering that lie beyond the skills and experiences of the alternative staffing services' operators and their individual staff members. Of course, the degree to which each of the alternative staffing services we studied adheres to these practices can vary considerably.

Alternative staffing services' commitment to promote the "basic rights" of workers enhances their effectiveness as job brokers because it engenders a focus on the workers as individuals, each with his or her own set of abilities and potential. Knowledge of each worker's capabilities enables the alternative service to more effectively match workers to assignments. For workers with labor market disadvantages, these efforts help correct "information asymmetries" that are detrimental to them in conventional hiring situations. In this section we first discuss factors that lead to effective job-brokering in general, and, second, those that are specific to brokering for particular worker populations.

## ■ FACTORS CONTRIBUTING TO EFFECTIVE JOB-BROKERING

The "try-before-you-hire" approach works effectively to enable customer businesses to overcome their reluctance to hire workers who are typically perceived as more difficult or riskier to employ. For all workers with a labor market disadvantage, representation by a "neutral" party (not from the same background, not from the same population group) can help overcome the initial, sometimes discriminatory, rejection that many face when they search for work on their own.

Their perseverant sales efforts and proactive customer service combined with supports to workers enable alternative staffing services to place disadvantaged workers. Alternative staffing services report that maintaining an active sales function (including both

research on customers and outreach to them) is crucial to their operations—just as it is for conventional staffing services. They distinguish themselves, however, by their sales staffs' persistence in effectively communicating their clients' skills to customer businesses and in appropriately matching worker to customer. In addition, the follow-up services, job coaching, and mediation provided by alternative staffing services distinguish them from their competitors in the conventional staffing industry, where these services are offered in principle, but are, in fact, rarely provided by conventional staffing companies operating at the lower end (low-wage, low-skill) of the industry. In fact, several business customers said they "never see or hear from" the conventional services after workers arrive to work.

The numerous and multi-faceted supports provided to workers before and during placement address not only job performance but also life issues that can hinder job performance. The provision of multi-faceted supports enables alternative staffing services not only to keep workers employed, but also to meet customer business requirements for productive and reliable workers, which in turn enables the staffing services to keep generating assignments.

In sum, staffing services that balance the sales and support functions are able to deliver quality job assignments to workers while making a strong business argument that supported workers are more productive and reliable. Effective communication and coordination between their staff members is necessary to ensure this balance.

We noted varied viable mechanisms for delivering supports (pre- and post-placement supports, social and human services), including referral to networks of outside community-based providers such as training programs or treatment centers. However, job coaching, which we define as supports directly related to job performance and retention (e.g. "soft" job skills, such as punctuality, understanding supervision, etc.), must be provided in-house by staff of the alternative staffing service or by someone directly accountable to the alternative service for it to be effective. In-house job coaching embodies the integration of sales and customer service with worker support functions, a balance that is distinctive of alternative staffing. Job coaching is provided in-house because the service must control the process and maintain accountability to both parties in the job-brokering contract, the worker and the



customer business. This accountability is what distinguishes job-brokering by alternative staffing services from other, less structured, forms of labor-market intermediation.

The detailed intake process conducted by many alternative staffing services helps ensure effective job-matching. They are committed to obtaining a thorough knowledge of the skills, abilities, and even personal circumstances of job seekers and to ensuring that the worker will perform well once on assignment, thus minimizing the risk of failure for the worker and for the service. Alternative staffing services invest staff time to thoroughly document and “vet” the abilities of workers to be sent out on placement. Conventional staffing services also seek to achieve good matches; however, with few exceptions, conventional companies tend to invest less in finding out about the skills of ostensibly low-skilled workers. Conventional day labor pools, which are frequent brokers for disadvantaged workers, spend very little time on that task.

Sometimes alternative services seek to exploit opportunities to convert temporary assignments to permanent hires. When this is a goal, this conversion process seems to be facilitated by the staffing service’s ability to identify customer businesses—usually large employers—that have a growing job base and are heavy users of temporary workers in entry-level positions. However, in urban areas with a base of small and medium-sized employers, temp-to-perm conversions can also be achieved by placing workers across a large number of small and medium-sized customer businesses, a few workers at a time. With both methods, organizations seek employment opportunities with businesses whose regular employees receive important benefits such as health insurance.

---

## ■ FACTORS CONTRIBUTING TO EFFECTIVE BROKERING FOR SPECIFIC WORKER GROUPS

As a sector, alternative staffing focuses on finding employment for workers who face a broad range of labor market disadvantages. However, some services have developed expertise in addressing the distinct challenges faced by particular groups of job seekers.

### Ex-Offenders

Ex-offenders as a group face unusually high barriers to employment. Along with other disadvantaged workers, they often have limited or spotty work records. In addition, they face resistance from customer businesses, which ranges from individual managers’ refusal to hire any ex-offender to corporate-wide policies that prohibit their hiring. And many established conventional staffing companies rarely hire ex-offenders. One worker in a focus group told us, “Due to my

circumstances, I avoided those [conventional staffing services]. They have criteria where they won’t hire ex-felons, period. No exception.” (We noted, however, that small, marginal day labor companies seldom conduct background checks.)

A number of factors contribute to effective job-brokering for these “difficult-to-sell” job seekers:

- **Concentrating on “temp-to-perm” placements:** Securing a “temp-to-perm” placement increases the likelihood that the service will only need to perform a one-time sales and representation effort, rather than having to make repeated efforts to place ex-offenders for temporary placements, which is a benefit to the worker, as well.
- **Hiring sales staff with prior experience in, or knowledge of, the correctional system:** Having sales staff with backgrounds in corrections enhances the credibility of the alternative staffing service and can be effective in reducing the stigma of criminal history and incarceration. Sales staffs with such backgrounds have an easier time obtaining ad hoc exceptions to corporate-wide policies prohibiting the hiring of ex-offenders.
- **The practice of disclosing the job seeker’s specific criminal offense record:** This enables hiring managers to sort out the risks they are willing to take and to move away from a blanket refusal to hire all ex-offenders.
- **Placing small numbers of ex-offenders in each work site (or scattered throughout a large company):** This overcomes resistance on the part of direct supervisors and co-workers. (This co-worker resistance is often given as justification for a company’s exclusion policy.) Whereas for most temp-to-perm placements, it is more efficient to find opportunities with customer businesses that have a growing job base and hire a large volume of temps as a way to screen workers for potentially permanent employees, this is a less feasible strategy for placing ex-offenders.
- **Extensive post-placement supports, job coaching, and trouble shooting.**

### Disabled Workers

Workers with disabilities often encounter difficulties in hiring because of discrimination or because workplaces will not accommodate their disabilities. Consequently, many of them are also disadvantaged by lack of work experience. Some of the alternative staffing services have played active roles in the establishment of public-sector mechanisms, particularly at the state level, for hiring disabled workers through temporary staffing (i.e. contract set-asides). Their growth has paralleled the development of these public-sector contracting mechanisms and, conversely, is somewhat constrained by recent state and local budget problems, prompting them to seek to diversify their customer base.

## Inexperienced Workers

For workers with little recent (or undocumented) work experience who face broadly defined labor market disadvantages, the following factors seem to contribute to effective brokering:

- **Thorough intake and pre-placement counseling, followed by quick placement in a moderately challenging assignment (in terms of skills and behavioral demands) in order to build a work record:** This approach in particular serves the worker when it is followed by a commitment to placing the individual in more challenging and higher-paid assignments as soon as the worker is ready to undertake them.
- **Extensive supports:** A number of organizations rely on volunteers to provide some of the supports (assessing needs, interview skill training), which is one way to contain the costs of support provision.
- **Temp-to-perm assignments with strong support:** These provide an opportunity for workers to access and maintain stable employment.

## Workers with Chronic Personal Difficulties

Some job seekers face ongoing difficulties in their personal or family lives such as substance abuse or very heavy family caretaking responsibilities that make it a challenge to hold onto a job, even a temporary one. Knowing the practical limits of job-brokering for workers with a variety of personal issues is essential, especially if one seeks to expand services to new groups of workers. All staffing service operators interviewed acknowledge that some job seekers face personal difficulties and circumstances too complex for their staffing services to handle with available resources. Consequently, the alternative staffing services in this study concentrate on placing workers whose difficulties can be effectively handled with existing supports available either directly or through referrals to other agencies

A handful of organizations, mainly those working with homeless populations, use small-scale supported work crews to help workers transition to the world of work. These programs require a high staff-to-worker ratio and their scale therefore is restricted by funding limitations. Nevertheless, such programs enable organizations such as Primavera Services and Chrysalis to provide workers who confront significant challenges with a transition to, and preparation for, steadier temp and temp-to-perm assignments.

---

## ■ STRUCTURAL BARRIERS AND ISSUES: LIMITS OF THE CHILD-CARE AND HEALTH INSURANCE SYSTEMS

Alternative staffing services have limited means to address the child-care difficulties faced by many workers, particularly single parents, usually women. Some provide referrals to publicly subsidized child-care programs, assist workers with arranging back-up child care, and mediate with supervisors when child-care conflicts arise. What they can rarely do is alter the policies and attitudes of customer businesses. These attitudes and policies often leave little room for accommodating the demands of raising children, which can be unpredictable (health-care issues, behavioral issues, etc.) and can have negative impacts on worker attendance. Entry-level positions rarely provide job holders with flexibility in scheduling (Dodson, 2002; Heymann et al., 2002). One mother in a focus group described the difficulties of finding a temp-to-perm job assignment she would be able to manage: “They [the staffing service] tell you to pick a schedule that will not interfere with your child care and all that. Because if they try to promote you, if you miss a day, it’s problems from then on.” The customer business, she continued, “is really strict about attendance” and “doesn’t want to hear about your kids.”

All alternative staffing services report that it is difficult to help workers find affordable health insurance coverage. In this regard, they are no different from most small employers for whom the costs of group health plans remain prohibitive, nor from the conventional part of the staffing industry. Alternative staffing services that offer group health plan coverage report that workers have difficulty affording the monthly premiums. Many job seekers qualify for publicly subsidized health care, and alternative staffing services offer assistance in obtaining it. Other workers count on finding a regular job eventually. There are few options available to workers who stay in the temporary workforce and who need health insurance. The services we interviewed told us that their workers would benefit greatly from access to subsidized health insurance coverage.

---

## ■ A RANGE OF IMPACTS FOR ALTERNATIVE STAFFING SERVICES

The practices just described above have a direct impact on an alternative staffing service's ability to broker jobs for its worker clients. But the impact of these services can extend far beyond individual workers.

Alternative staffing services can affect their local market by growing and capturing market share. However, because they are small relative to the conventional part of the industry, they are more likely to have influence through demonstration rather than through their sheer size. Alternative services achieve this "demonstration effect" in several ways. For example, alternative day labor pools often provide full transparency about the components of their billing rates (hourly wage, worker compensation, and other mandated benefits), which makes it impossible for a customer business to bargain it down further. The visibility of this practice in their local markets highlights the less scrupulous practices of some of the conventional day-labor operators. Alternative services may also have influence on their local markets by demonstrating a higher quality of customer service or by providing more intensive vendor-on-premises services. For example, one service was chosen over conventional companies when an existing customer business conducted a national audit of its staffing contracts to select a single vendor per site. The staffing service retained its vendor status thanks to the intensity and variety of services provided to the customer.

Alternative staffing services may also help change practices among customer businesses. Some report they have contributed to racial/ethnic and gender diversity in their customers' workplaces. Some have altered the attitudes of supervisors about difficult-to-employ workers by placing mixes of workers requiring supports and workers who do not. By providing customized training programs, they have created customer business "buy-in" on safety issues, which has helped to lower accident rates.

Well-established operators serve as resources and models for other organizations who are considering opening an alternative staffing service. They also serve as models to workforce development organizations that are new to job placement and job-brokering.

Finally, a number of alternative staffing services help inform policy debates through their diligent documentation of practices within the staffing industry that are detrimental to workers. In some cases, their parent organizations also have specific agendas to improve policies governing day labor, the staffing industry, and workforce development in general. The activities of alternative staffing services clearly have a multi-faceted impact on job seekers, business customers, the day labor and staffing industries, and public policy debates.

# ISSUES FOR THE FIELD

In this final section, we highlight issues and trends we noted in our research that we believe are critical to the alternative staffing field now and for the foreseeable future. These issues also have important implications for the larger staffing industry as well as for the workforce development community.

## ■ COST-CUTTING COMPETITION

First, we learned that in a number of local markets the staffing industry is affected by cost-cutting competition, creating strong downward pressure on hourly billing rates, and in turn, on gross margins (Mehta and Theodore, 2002). One observer of the Chicago day labor market noted that it is impossible for for-profit staffing services there to bill customers far less than \$7.00 per hour unless they are failing to pay workers' compensation premiums at the appropriate rate, paying sub-minimum wages, or both. (Workers' compensation premiums are charged according to the risk of injury associated with the job, so an employer would pay less to employ a clerical worker, for example, than a worker in the building trades. The minimum wage in Illinois is \$5.15 per hour.) Suburban Job-Link, the home organization of CoreTemp, has operated job placement and alternative staffing services for 30 years, putting the service's operators in a good position to observe the growing pressure on bill rates and the accompanying decline in entry-level wages in manufacturing in the Chicago area. They report that it takes more effort and programmatic sophistication for them to locate temp-to-perm opportunities paying adequate wage than it did in the service's first years of operation. In addition to these pressures, demand for low-skilled workers has declined.

Alternative staffing services have developed responses to cost-cutting competition in their markets. For example, some have reduced the costs of transportation to workers by providing transportation directly or subsidizing the costs of bus passes. Because working in the conventional staffing industry often requires car ownership, alternative staffing services are able to increase their workers' effective wage with this subsidy. Other services have identified market segments, such as clerical work in the financial services industry in some cities, in which low-skill work does not automatically entail low pay. Others have worked on building relationships with trade associations to establish strong reputations as providers of high-quality job candidates. And others have provided greater transparency about their worker compensation rates

and costs, thus making it clear to their business customers what goes into their bill rates and how lowering those rates would automatically result in non-compliance with the law (wage and hours, workers' compensation). This is both a marketing approach (providing a day labor service with the appropriate workers' compensation insurance) and an educational advocacy process. Several staffing services have contributed their information and observations of illegal practices to organizations that advocate for regulation of labor standards for the industry. Many carefully control expenses to reduce their operating costs. Nevertheless, downward pressures on billing rates in the industry as a whole is of great concern, particularly for small operators in the start-up stage who have yet to establish their market niche and who may be unable to resist rate-cutting pressures.

## WORKERS' COMPENSATION COSTS

The alternative staffing sector is also being adversely affected by trends in workers' compensation insurance. Workers' compensation insurance rates have risen and their cost is a growing concern for staffing service operators, conventional and alternative alike. In addition, some alternative staffing operators report that in the past they had inappropriately classified assignments at too high an insurance rate, which led them to incur needlessly high premiums. Small operators often must resort to state workers' compensation insurance funds (insurer of last resort) whose rates are comparatively high. A number of alternative staffing services also report that they are at a competitive disadvantage because they play by the rules: they purchase worker compensation insurance for the appropriate risk categories for their assignments, while some of their competitors from the conventional part of the staffing industry purchase insurance for lower-risk categories of assignments—an illegal but persistent practice. Finally, the staffing industry as a whole has been affected by the decreased availability of insurance and increased premiums as insurance carriers have adjusted rates to recoup losses following a cost-cutting war among carriers ("Workers' Comp Insurance Harder to Find," 2003).

---

## ■ FINDING JOBS WITH JOB LADDERS

There is a third trend affecting alternative staffing services, particularly those that concentrate on temp-to-perm placements. Entry-level jobs are becoming increasingly detached from other jobs within a corporation; consequently, getting hired into such a position is less likely to make workers eligible for further training and possible promotion. This issue underscores the double-edged nature of temp work. Customer companies with a greater demand for temporary workers are obviously desirable customers. However, if most of those entry-level jobs are divorced from other jobs in the company, then workers placed in those positions face limited opportunities for temp-to-perm conversions, or for climbing a job ladder even if they convert successfully to a permanent position.

---

## ■ FINANCING BUSINESS EXPANSION

Some alternative staffing services report that managing cash flow—meeting a weekly payroll while waiting for customers to pay their invoices—is an ongoing challenge, even for those services that have lines of credit to help them deal with cash flow issues. For some customer businesses, particularly small ones, a motivation for using staffing services is to create a “cash float.” Customers are not billed until several days after the work is performed and some seek to lag payments as much as possible with detrimental effects on the cash flow of staffing services.

Alternative staffing services also have a clear need for more capital. Expansion requires expenditures for additional staff, expanded office space, and more equipment. Because capital is so limited, it is not unusual for alternative staffing services to undertake expansion by “bootstrapping” the expansion onto existing operations and funding sources, for example, by using existing staff members to keep outlays to a bare minimum until new sales revenue is generated.

The ability of alternative staffing services as a sector to build organizational capacity and gain greater market share is closely tied to the ability of these organizations to obtain greater access to capital. Undercapitalization is one of the top constraints identified by the staffing service operators we interviewed—this situation is unlikely to change appreciably without major changes in the rules that apply to conventional capital markets, private philanthropy, and public sector finance, or without increases in the amounts of capital available through unconventional channels. Leveling the capital playing field relative to for-profit staffing agencies is a fundamental issue for alternative staffing services.

---

## ■ COVERING SUPPORT COSTS

How can alternative staffing services bear the costs of supporting disadvantaged workers through job brokering? Several services are able to reduce the cost per worker of providing supports by serving a mixed population of workers, including those with fewer labor market difficulties as well as those who have significant disadvantages. Because not every worker uses the support services extensively, alternative staffing services are able to diversify their exposure to support costs. Additionally, this practice reinforces the efforts of some staffing services to buffer the most disadvantaged workers by sending them on assignment with workers who face fewer hurdles so that they are less isolated and able to ask questions of co-workers. Nevertheless, alternative services require significant resources to provide post-placement supports—job coaching in particular—directly because these are essential to ensuring the quality of their service to customer businesses and workers alike. Funding these support services and accounting for their true costs will remain an important issue for the field.

---

## ■ POTENTIAL EXPANSION OF ALTERNATIVE STAFFING AS A SECTOR

Among operators receiving site visits, all reported that they believe there is potential for the sector to expand to address the needs of more workers for transitional employment, short-term income generation strategies, and temp-to-perm opportunities. The challenges to expansion derive from obstacles that organizations face within their own local markets as well as in potential new markets or locations.

Expansion of the activities of individual staffing services has quantitative as well as qualitative consequences. As they grow, individual alternative staffing services may be able to increase job seekers' chances in the labor market, because, as their base of customer businesses broadens, they will be able to offer workers more frequent opportunities to sample jobs and access to a broader variety of jobs. This expansion of opportunities will help alternative staffing services better exploit their practice of identifying all of a worker's skills to increase his or her chances of finding higher-quality permanent employment.

The expansion of alternative staffing as a labor market intermediation mechanism, however, will require having adequate resources to enable the provision of supports. (This is true whether for the existing operators who increase their activities as well as for new players in the market.) The experience of alternative staffing services with providing support services

or facilitating access to support services, particularly post-placement supports, informs policy discussions of job-brokering. Their experiences underscore that job-brokering for disadvantaged workers entails costs that should not be overlooked by anyone recommending that public and para-public organizations take over the labor market intermediation function or by anyone who would assert that this intermediation function can be performed easily and with limited infrastructure. Job-brokering for workers facing multiple labor market disadvantages, or who have entrenched labor market difficulties, is more costly.

---

## ■ THE ALTERNATIVE STAFFING SECTOR AND PUBLIC POLICY

Alternative staffing services are first and foremost businesses with a social mission. They distinguish themselves from organizations whose goal is to improve conditions for workers in temporary and short-term work primarily through policy advocacy. Nevertheless, because they seek to improve the labor market experience of disadvantaged workers, alternative staffing services interact with organizations and institutions that influence and/or develop public policies. And, of course, public policies affect their operations as well as the lives of the workers they seek to serve on a daily basis.

Because alternative staffing services are well placed to document practices in the conventional staffing industry and among customer businesses, some of them collaborate with advocacy organizations to expose abuses in the conventional day labor and staffing industries in their local markets. This collaboration leads to better enforcement of existing labor standards and workplace safety legislation. In some cases, these collaborations have led to the passing of state laws governing practices in the day labor and temporary industries, including limiting the size of check-cashing and transportation fees. Without having an explicit policy advocacy agenda, a number of organizations report that they teach workers their rights under the law and how they can compel enforcement through filing formal complaints.

A number of staffing services work extensively with federal and state programs to obtain transportation for workers who live in the inner-city. Most notably, CoreTemp/Suburban Job-Link has worked to establish a bus route to a large suburban manufacturing facility that generates a large number of temporary and

temp-to-perm placements. CoreTemp is one of several organizations that use public-sector subsidies to provide their workers with free passes for public transportation. Some organizations may refer their workers to free transportation provided within an urban enterprise zone. Transportation policy and its limitations—the lack of sufficient, affordable, public transportation—creates challenges for low-income workers in both urban and rural areas, challenges that alternative staffing services find themselves frequently addressing.

Although our study did not explicitly study the relationship between alternative staffing services and One-Stop Career Centers (OCC), we did discover a range of connections between them that warrants further examination. Among surveyed organizations, several refer workers to the One-Stops for services like resume preparation, job preparation, career planning, and basic computing skills training. Others refer workers to job postings at One-Stops or are contacted for workers by One-Stops. At least one alternative staffing service had job placement contracts administered through the One-Stop Career Center System and Workforce Investment Boards (WIB), which comprise business and community leaders who oversee local implementation of the federal Workforce Investment Act. Two were located in the same building as a One-Stop Center. Only one staffing service in this study was created and run by the WIB, although as of late 2001, we learned of several WIBs that had business plans for launching staffing services.

Alternative staffing operators reported a range of opinions on the effectiveness of collaborating with One-Stops on worker placement. A few operators said that they believed One-Stops were mostly interested in placing their workers to meet their own administrative placement goals. Some reported that One-Stops did not possess the resources or sensitivity to address the particular needs of their clientele, while several felt that they were partners and allies with One-Stops in providing training, supports, and placements for workers.

The broad variation we found in the relationships between One-Stop Career Centers and alternative staffing services arguably arises from the wide variations among the OCCs in their capacities and effectiveness and in their attitudes toward alternative staffing. Clearly, challenges remain regarding access, coordination, and goals that limit the opportunities for alternative staffing services to benefit from the resources of public workforce development systems.

---

## ■ POSSIBILITIES FOR ASSOCIATING OR NETWORKING

There is a need among alternative staffing services for networking and associating with the information sharing and concerted action that these provide. Virtually all the alternative staffing services interviewed for this study have a non-profit status. They report that the by-laws of the industry association for conventional operators, the American Staffing Association (ASA), exclude non-profits from membership. A few of the operators reported that they had joined the local branch of the ASA only to find out later that they must be excluded. Some operators report that membership in the ASA would have provided them with some benefits, such as access to loans and information about practices in the industry. Others report that the main industry association would not adequately represent the concerns of alternative staffing businesses, which they see as different from those of for-profit conventional operators.

Whatever form an association or network of alternative staffing services may take, it would address several needs not easily addressed by individual operators. First, it could become a mechanism for providing technical assistance to operators on issues such as marketing, sales prospecting, and finding sources of capital. Second, it could facilitate the development of pools for purchasing more affordable health insurance, theft insurance, and bonding insurance for workers—the latter two are particularly necessary for placing ex-offenders. Third, an association or network could be an effective mechanism for representing the alternative sector in debates about reform of the worker compensation system. Finally, such an association could strengthen the “community of practice” in the alternative staffing sector.

# APPENDICES

## A. INTERVIEWS AND SITE VISITS

Following a systematic national search and screening process, we selected 27 staffing services for interview. This set included 18 independent staffing services with no national affiliations (including those that are ICA partners), five Experience Works, and four Goodwills. (See Appendix B for a table of summary characteristics.) With the exception of branch offices operated by Experience Works, Goodwill, and one organization that declined to participate, *we interviewed all the alternative fee-based staffing services that we identified as operating in 2001*. Taken together, these organizations provide a broad representation of the 88 total alternative fee-based staffing services that we identified as operating in the United States in late 2001. It is not a strictly representative sample; organizations with a national affiliation are underrepresented relative to their preponderance in the total count as of late 2001.

The interview guide consisted of numeric queries as well as semi-structured questions and probes in several thematic areas:

- organizational characteristics,
- worker demographics,
- business customer relationships,
- labor-brokering processes,
- operational and financial indicators,
- accomplishments, and
- challenges.

A consultant to the conventional staffing industry advised the research team on the design of questions related to financial and operational measures and in reviewing obtained responses. Tables of operational and financial indicators, as well as narrative interview summaries, were sent back to respondents for fact-checking.

In several cases, organizations did not formally maintain information responsive to a specific question. For example, some staffing services do not collect data on the actual breakdown of workers by gender or race/ethnicity. In these instances, we asked respondents to either provide estimates or to indicate a range. All organizations had an opportunity to review and to correct, if necessary, the responses we subsequently used in our analysis.

We conducted a selection process to determine which eight organizations would receive site visits by:

- conducting thematic analyses of interview-based tables and summaries;
- identifying organizations that had one or more of the characteristics that we found distributed across our sample (e.g., urban/rural, size of revenues/billable hours, worker demographics, occupational/industry sectors, primary placement service, and local/national sponsorship); and
- choosing organizations that reflected a range of representative attributes as well as a range of organizational innovation and efficacy. We did not, for example, aim to exclusively include “best practice” services.

During site visits we interviewed staff members with primary responsibilities in management, worker services and placement, and marketing. In many cases, three different people, each with a distinct job description corresponding to these three functional specialties, were interviewed in sessions lasting between one and two hours. Interviews were taped and transcribed.

We also conducted focus groups with workers who were pre-selected by the staffing service to reflect a representative cross-section of its worker population. The selection process was not random and may have screened for workers who had mostly neutral-to-positive experiences with the staffing service. However, staffing service staff members were not present during focus groups, and participants were given information sheets emphasizing the confidentiality of their comments. Focus group participants each received a \$25 stipend at the conclusion of the session. Focus group sessions were taped and transcribed.

We also interviewed one to three business customers who were selected by each staffing service. These interviews usually took place at the business location, although for one or two site visits they were conducted over the telephone.



## B. SUMMARY OF ORGANIZATIONAL CHARACTERISTICS

<i>Name of Organization</i>	<i>Date Started</i>	<i>Non-Profit?</i>	<i>Primary Population</i>	<i>Metro/Rural</i>
BETA Staffing Services (WorkForce One)	1999	Yes	Everyone	Metro
CoreTemp (Suburban Job-Link)	1971	Yes	Disadvantaged	Metro
Diversified Personnel Services (Opportunities Inc.)	1988	Yes	Everyone	Rural
Enterprising Staffing Solutions	1999	No	Disadvantaged	Metro
Experience Works—Altoona, PA	1996	Yes	Everyone	Rural
Experience Works—Dennison, Texas	1997	Yes	Everyone	Rural
Experience Works—Fort Dodge, Iowa	1997	Yes	Everyone	Rural
Experience Works—Jessup, GA	1998	Yes	Everyone	Rural
Experience Works—Williamsport, PA	1996	Yes	Everyone	Rural
First Source Staffing	1998	No	Everyone	Metro
GoodTemps (Goodwill Industries of Greater NY & Northern NJ, Inc.)	1996	Yes	Disabled, Physical	Metro
Temporary Labor Services (Goodwill Industries of Southeastern Pennsylvania)	1989	Yes	Disabled, Mental	Rural
Goodwill Temporary Services (Goodwill Industries -Suncoast, Inc.)	1997	Yes	Ex-Offenders	Metro
Goodwill Temporary Services, Inc. (Goodwill Industries of Central Texas)	1995	Yes	Disabled, Physical	Metro
Hired Temps (Project Hired)	1988	Yes	Disabled, Physical	Metro
Labor Connection (Chrysalis)	1991	Yes	Disadvantaged	Metro
Labor Line, Inc. (Industries Training Corporation)	1999	No	Ex-Offenders	Metro
LIA Staffing, Inc. (Long Island Association)	2001	No	Everyone	Metro
Milwaukee Careers Cooperative	1989	Yes	Disadvantaged	Metro
New Unity Temps (Pillsbury Neighborhood Services)	1995	Yes	Disadvantaged	Metro
Primavera WORKS (Primavera Foundation)	1997	Yes	Homeless	Metro
PRC Temps (Puerto Rican Congress of New Jersey, Inc.)	1999	Yes	Disadvantaged	Metro
RelyAble Choices Staffing	1997	Yes	Disadvantaged	Metro
Solidarity Sponsoring Committee Employment Agency, Inc.	1999	Yes	Disadvantaged	Metro
Springboard Forward *	1998	No	Disadvantaged	Metro
* <i>Became non-profit since 2002 interview.</i>				
St. Vincent de Paul Enterprises	1989	Yes	Disabled, Physical	Rural
Working Partnerships Staffing Services (Working Partnerships USA)	2001	Yes	Everyone	Metro

## B. SUMMARY OF ORGANIZATIONAL CHARACTERISTICS — Continued

<i>Name of Organization</i>	<i>Gender (M or F)</i>	<i>Employment Supports</i>	<i>Primary Service</i>	<i>Secondary Service</i>	<i>Main Placements</i>	<i>Secondary Placements</i>
BETA Staffing Services (WorkForce One)	Primarily F	Some Support	Temp to Perm	Temp	Clerical	Semi-skilled/ Unskilled
CoreTemp (Suburban Job-Link)	Primarily M	Multiple Programs	Temp	Temp to Perm	Semi-skilled/ Unskilled	NA
Diversified Personnel Services (Opportunities Inc.)	Do not track gender	External Referrals	Temp to Perm	Temp	Semi-skilled/ Unskilled	Clerical
Enterprising Staffing Solutions	Do not track gender	Multiple Programs	Temp to Perm	Temp	Service/ Personal Care	Clerical
Experience Works—Altoona, PA	Primarily M	External Referrals	Temp	Temp to Perm	Semi-skilled/ Unskilled	Service/ Personal Care
Experience Works—Dennison, Texas	M & F equal	External Referrals	Temp to Perm	Temp	Clerical	Semi-skilled/ Unskilled
Experience Works—Fort Dodge, Iowa	Primarily M	External Referrals	Temp	Temp to Perm	Clerical	Semi-skilled/ Unskilled
Experience Works—Jessup, GA	M & F equal	Some Support	Temp	Temp to Perm	Clerical	Semi-skilled/ Unskilled
Experience Works—WilliamSPORT, PA	Primarily M	Some Support	Temp to Perm	Temp	Semi-skilled/ Unskilled	Clerical
First Source Staffing	M & F equal	None/External Referrals	Temp	Temp to Perm	Service/ Personal Care	Semi-skilled/ Unskilled
GoodTemps (Goodwill Industries of Greater NY & Northern NJ, Inc.)	Do not track gender	None/External Referrals	Temp	Temp to Perm	Clerical	Technical & Professional
Temporary Labor Services (Goodwill Industries of Southeastern Pennsylvania)	M & F equal	Multiple Programs	Temp to Perm	Temp	Semi-skilled/ Unskilled	NA
Goodwill Temporary Services (Goodwill Industries-Suncoast, Inc.)	Primarily M	Some Support	Temp	Temp to Perm	Semi-skilled/ Unskilled	Service/ Personal Care
Goodwill Temporary Services, Inc. (Goodwill Industries of Central Texas)	Primarily F	Multiple Programs	Temp	Temp to Perm	Clerical	Technical & Professional
Hired Temps (Project Hired)	M & F equal	Some Support	Temp	Temp	Clerical	Technical & Professional
Labor Connection (Chrysalis)	Primarily M	Multiple Programs	Temp	Temp to Perm	Service/ Personal Care	Semi-skilled/ Unskilled
Labor Line, Inc. (Industries Training Corporation)	Primarily M	Multiple Programs	Temp	Temp	Semi-skilled/ Unskilled	Clerical
LIA Staffing, Inc. (Long Island Association)	Primarily M	Multiple Programs	Temp	Temp	Technical & Professional	NA
Milwaukee Careers Cooperative	Primarily M	Multiple Programs	Temp to Perm	Temp	Semi-skilled/ Unskilled	Clerical
New Unity Temps (PillsburyNeighborhood Services)	NA	Multiple Programs	Temp to Perm	Temp	Semi-skilled/ Unskilled	Clerical
Primavera WORKS (Primavera Foundation)	Primarily M	Multiple Programs	Day Labor	Temp to Perm	Semi-skilled/ Unskilled	NA

<i>Name of Organization</i>	<i>Gender (M or F)</i>	<i>Employment Supports</i>	<i>Primary Service</i>	<i>Secondary Service</i>	<i>Main Placements</i>	<i>Secondary Placements</i>
PRC Temps (Puerto Rican Congress of New Jersey, Inc.)	M & F equal	Some Support	Temp	Temp to Perm	Semi-skilled/ Unskilled	Service/ Personal Care
RelyAble Choices Staffing	M & F equal	Multiple Programs	Temp	Temp to Perm	Service/ Personal Care	Semi-skilled/ Unskilled
Solidarity Sponsoring Committee Employment Agency, Inc.	Primarily F	Multiple Programs	Temp	Temp to Perm	Service/ Personal Care	Semi-skilled/ Unskilled
Springboard Forward	M & F equal	Multiple Programs	Temp to Perm	Temp	Semi-skilled/ Unskilled	Service/ Personal Care
St. Vincent de Paul Enterprises	Do not track gender	None/External Referrals	Temp	Temp to Perm	Semi-skilled/ Unskilled	Service/ Personal Care
Working Partnerships Staffing Services (Working Partnerships USA)	Primarily F	External Referrals	Temp to Perm	Temp	Clerical	Technical & Professional

### C. RATES OF CONVERSION FROM TEMP-TO-PERM

*(Please Note: The analysis below relies on reported rates of conversion of placements that started as either temporary or temp-to-perm and resulted in permanent hiring by the customer business in 2001. Because it is difficult for organizations to report these rates consistently, the numbers below should be taken as estimates.)*

One indicator of how a staffing service is situated within the local structure of job opportunities is how many placements convert to permanent positions. In our study, the conversion rate refers to the percentage of all kinds of placements that were converted to permanent positions. The conversion rate provides a window into the extent that an organization moves workers from temporary to permanent arrangements. Many factors contribute to a staffing service’s conversion rate, including primary populations served, workers’ skills and experience, types of occupations and industries emphasized, and whether the primary placements offered are temporary or temp-to-perm assignments. While most alternative staffing services encourage permanent jobs for their workers, several organizations explicitly target occupations and industries that emphasize temporary placements rather than permanent positions. As a result, the conversion rate reflects the relationship between the population and practices of a staffing service and its local labor market.

Our analysis revealed a wide range of conversion rates corresponding to the heterogeneous mix of

alternative staffing services. Overall, we found that the majority of the organizations surveyed had conversion rates below 25 percent, which is unsurprising considering the employment barriers faced by the organizations’ workers and many staffing services’ emphasis on temporary placements. Notably, however, more than one-third of the organizations had conversion rates greater than 25 percent.

**Table C1**

<b>Temp-to-Perm Conversion Rates</b>	
<b>Conversion Rate</b>	<b>Total</b>
0 – 24%	16
25 – 49%	5
50 – 74%	2
75 – 100%	2
Total	25

We examined the relationship between conversion rates and a variety of organizational characteristics. There was no clear pattern among the organizations with conversion rates below 25 percent or above 25 percent in, for example, types of populations served and supports to employment. However, the organizations with conversion rates above 50 percent are more likely to provide temp-to-perm positions as their primary service, more likely to serve “everyone” rather than specialized populations, and more likely to work with manufacturing or business service employers.

Not surprisingly, organizations that primarily provide temporary services tended to have the lowest conversion rates. While organizations that primarily provide temp-to-perm services had the highest conversion rates, the majority of such organizations in fact had low-to-medium conversion rates.

**Table C2**

**Conversion Rates by Primary Service**

<i>Conversion Rate</i>	<i>Primary Service</i>	<i>Total</i>
0 – 24%	Temp to Perm	5
	Temporary	10
25 – 49%	Temp to Perm	2
	Day Labor	1
	Temporary	1
50 – 74%	Temp to Perm	1
	Temporary	1
75 – 100%	Temp to Perm	2
Total		23

# BIBLIOGRAPHY

- American Staffing Association. 2002. *Staffing Company Operations Survey*. ASA.
- Autor, David H. 2000. "Outsourcing at Will: Unjust Dismissal Doctrine and the Growth of Temporary Help Employment." Cambridge, MA: National Bureau of Economic Research.
- Bartik, Timothy J. 1997. "Short-term Employment Persistence for Welfare Recipients: The 'Effects' of Wages, Industry, Occupation and Firm Size." Kalamazoo, MI: Report for Upjohn Institute for Employment Research.
- Benner, Chris. 2000. "Navigating Flexibility: Labor Markets and Intermediaries in the Silicon Valley." Unpublished Dissertation in Department of City and Regional Planning. Berkeley: University of California, Berkeley.
- Benner, Chris, Bob Brownstein, Laura Dresser, and Laura Leete. 2001. "Staircases and Treadmills: The Role of Labor Market Intermediaries in Placing Workers and Fostering Upward Mobility." Paper presented at the Industrial Relations Research Association Annual Meeting, New Orleans, LA. January 8.
- Bernhardt, Annette et al. 2001. "Moving the Demand Side: Intermediaries in a Changing Labor Market." Paper presented at Industrial Relations Research Association Annual Meeting, New Orleans, LA. January 8.
- Borges-Mendez, Ramon and Edwin Melendez. 2003. "One-Stop Centers and CBOs in Workforce Development." New York: Community Development Research Center, Milano Graduate School of Management and Urban Policy, New School University.
- Carré, Françoise, and Pamela Joshi. 2000. "Looking for Leverage in a Fluid World: Innovative Responses to Temporary and Contract Work," in Françoise Carré, Marianne Ferber, Lonnie Golden, and Stephen Herzenberger, eds. *Nonstandard Work: The Nature and Challenge of Changing Employment Arrangements*. Champaign, IL: Industrial Relations Research Association.
- Carré, Françoise, Joaquín Herranz, Jr., Dorie Seavey, Carlha Vickers, Ashley Aull, and Rebecca Keegan. 2003. *Employment Brokering for Disadvantaged Job Seekers: Improving the Temp and Temp-to-Perm Job Experience and Enhancing Job Opportunities*. Report of the National Study of Alternative Staffing Services to the Ford Foundation. Cambridge, MA: Radcliffe Institute for Advanced Study, Harvard University and Boston, MA: Center for Social Policy, University of Massachusetts Boston.
- Clinton, A. 1997. "Flexible Labor: Restructuring the American Workforce." *Monthly Labor Review*. 120(8): 3-17.
- Dodson, Lisa et al. 2002. *Keeping Jobs and Raising Families in Low-Income America: It Just Doesn't Work*. Report of the Across the Boundaries Project. Cambridge, MA: Radcliffe Institute for Advanced Study, Harvard University.
- Elliott, Mark, et al., September 2001. *Gearing Up: An Interim Report on the Sectoral Employment Initiative*. New York: Public/Private Ventures.
- Farber, Henry S. 1997. *Alternative Employment Arrangements as a Response to Job Loss: Working Paper No. 391*. Princeton, NJ: Presented to the Industrial Relations Section of Princeton University.
- General Accounting Office. 2002. "Worker Protection: Labor's Efforts to Enforce Protections for Day Laborers Could Benefit from Better Data and Guidance." Washington DC: General Accounting Office.
- Harrison, B., and M. Weiss. 1998. *Workforce Development Networks: Community-based Organizations and Regional Alliances*. Thousand Oaks, CA: Sage Publications.
- Herranz, Jr., Joaquín. 2002. "Publicly-funded New Labor Market Intermediaries: Prospects and Pitfalls of Organizational Collaboration and Innovation." Baltimore: Paper presented at Association of Collegiate Schools of Planning (ACSP) Conference, November.
- Heldrich Center for Workforce Development. 2002. "One-Stop Innovations: Leading Change under the WIA One-Stop System." Pp. 1-276. New Brunswick, New Jersey: Rutgers University.

- Herzenberg, Stephen, John A. Alic, and Howard Wial. 1998. *New Rules for a New Economy: Employment and Opportunity in Postindustrial America*. Ithaca, NY: ILR Press.
- Heymann, Jody, Renée Boynton-Jarrett, Patricia Carter, James T. Bond, and Ellen Galinsky. 2002. *Work-Family Issues and Low-Income Families*. New York: Ford Foundation, June.
- Houseman, Susan. 1997. *Temporary, Part-time and Contracted Employment in the United States*. Kalamazoo, MI: W. E. Upjohn Institute of Employment Research.
- Houseman, Susan N. 2001. "Why Employers Use Flexible Staffing Arrangements: Evidence from an Establishment Survey." *Industrial and Labor Relations Review*. 55(1), October: 149-170.
- Houseman, Susan N., Arne J. Kalleberg, and George A. Erickcek. forthcoming. "The Role of Temporary Help Employment in Tight Labor Markets." *Industrial and Labor Relations Review*.
- Kain, John F. 1992. "The Spatial Mismatch Hypothesis: Three Decades Later." *Housing Policy Debate* (3): 371-460.
- Kalleberg, Arne L., Jeremy Reynolds, and Peter V. Marsden, 1999. "Externalizing Employment: Flexible Staffing Arrangements in U.S. Organizations" Unpublished paper. Chapel Hill, NC: University of North Carolina.
- Kazis, Richard. 1998. "New Labor Market Intermediaries: What's Driving Them? Where Are They Headed?" Task Force Working Paper #WP03. Cambridge, MA: MIT.
- Mehta, Chirag and Nikolas Theodore. 2002. "Paying the Price for Flexibility." *Working USA: The Journal of Labor and Society*. 6(3): 84-110.
- Nollen, Stanley D. 1996. "Negative Aspects of Temporary Employment." *Journal of Labour Research* 17:567-582.
- Osterman, Paul. 1999. *Securing Prosperity: The American Labor Market: How It Has Changed and What to Do about It*. Princeton, NJ: Princeton University Press.
- Osterman, Paul, Thomas A. Kochan, Richard L. Locke, and Michael J. Piore. 2001. *Working in America: A Blueprint for the New Labor Market*. Cambridge, MA: MIT Press.
- Parker, R.E. 1994. *Flesh Peddlers and Warm Bodies: The Temporary Help Industry and Its Workers*. New Brunswick, NJ: Rutgers University Press.
- Peck, Jamie and Nikolas Theodore. 1998. "The Business of Contingent Work: Growth and Restructuring in Chicago's Temporary Employment Industry." *Work, Employment, and Society*. 12(4): 655-674.
- Peck, Jamie and Nikolas Theodore. 1999. *Contingent Chicago: Restructuring the Spaces of Temporary Labor*. Chicago: Center for Urban Economic Development, College of Urban Planning and Public Affairs, University of Illinois at Chicago
- Polivka, Anne, Sharon Cohany, and Stephen Hipple. 2000. "Definition, Composition and Economic Consequences of the Nonstandard Workforce," in Françoise Carré, Marianne Ferber, Lonnie Golden, and Stephan Herzenberger, eds. *Nonstandard Work: The Nature and Challenge of Changing Employment Arrangements*. Champaign, IL: Industrial Relations Research Association.
- Roberts, Wade Travis and Tim Bartley. 2003. "Homeless Workers in the Temporary Help Industry: The Wages of Day Labor." Unpublished paper. University of Arizona. (Under review).
- Seavey, Dorie. 1998. *New Avenues into Jobs: Early Lessons from Nonprofit Temp Agencies and Employment Brokers*. Washington, DC: Center for Community Change.
- Survey of the National Association of Personnel Services. Reported in "How Do You Stack Up: The Average Staffing Firm." *SIRreview*, April 2002, pp. 49.
- Western, Bruce. 2002. "The Impact of Incarceration on Wage Mobility and Inequality." *American Sociological Review*. 67(4): 526-46.
- Wolf-Powers, Laura. 2001. "The Effect of Labor Market Intermediaries on Urban Career Paths: Insights from the Telecommunications Industry." Paper presented at the Association of Collegiate Schools of Planning, Cleveland, OH. November 11.
- "Workers Comp Insurance Harder to Find." 2003. *Staffing Industry Report*. 16(1): 1 and 12.