

Temp to Perm: 7 Big Benefits of Outsourced Entry-level Recruitment

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HR departments are facing the double whammy of “The Great Resignation” combined with “The Great Work Avoidance”! Not only are employees leaving employers for a variety of reasons, it is increasingly difficult to find candidates to fill these open positions.

Employer after employer in all fields say it is next to impossible to find anyone to fill their open positions. This is true for both professional and entry-level positions. Fast food restaurants are paying up to \$10k sign on bonuses. This is crazy!

Healthcare recruiting challenge

No where are there recruiting challenges more significant than in healthcare. In fact, I took an overall look at these challenges in “2021 Healthcare Workforce Trends: Start Here”. That was a macro look at the challenges. In this post, I want to zoom in on one specific challenge with a suggested solution.

We see professional positions being filled by agency and “travelers”. One hospital reported to me that they are renting 150 hotel rooms for the traveling nurses that they are using.

A lab tech working as a traveler reports he is making an obscene amount of money taking 13 week assignments. Its not just the wages, but the per diem that is being paid for expenses. He reports that in some high cost cities, he can earn \$500/day in tax free per diem expenses with an additional \$130 for meals. Who knew there would be a huge shortage of lab techs?

Many healthcare organizations are dependent upon “traveler” and/or agencies for professional staffing. This can be difficult to manage, may include abuse of the employment arrangement, and is challenging to escape. I should probably

address some of those issues in a future post but want to go in a different direction here.

HR is challenged not only with finding needed professionals, but also in continuously filling those high-turnover entry level positions. Customer service reps, registration, housekeepers, etc. are all positions that are a challenge to keep filled.

Challenge of entry level positions

We have all been there- the constant churning of the same entry level positions.

There are many reasons for this. Entry level employees will leave for the slightest increase in pay/benefits. Some of these positions may be filled by employees pursuing education in another field. Others are a second family income and family changes may result in different employment requirements. Maybe they “entered” in that position and moved up to a better one.

Larger organizations may have HR staff dedicated to sourcing candidates for these positions at great cost. In smaller organizations, the HR resources have to spend a large amount of time filling these positions when it would be more productive to have them focused on the professional openings.

Outsource recruitment for some entry level positions

I think there is a better way to manage these high turnover entry level positions. In a nutshell, it involves outsourcing them to a local agency that specializes in these positions. The agency employs the candidate for the first 90 days, and upon successful completion of that period, becomes an employee of the organization. Let me describe how I first used this approach with our CSR (Customer Service Representative) positions in a hospital with a very large employed physician group. It was so successful that we expanded it to many more positions.

Our healthcare organization included 10 family practice centers and all of the specialty clinics. There were over 150 Customer Service Reps employed. There were the front desk employees who handled registration, insurance, scheduling,

etc.

There was a lot of turnover and a good deal of HR's time was spent in screening and processing for these positions. The best thing we ever did was work with a local clerical staffing agency to take over the recruitment activities for this position. Here is how the program worked.· All hiring for CSR positions was done by ACME Staffing (fictional name). All candidates for these positions who showed up in our HR department were referred to ACME Staffing or could use a computer to access their site and complete an application.

How the program was structured

1. ACME Staffing did all screening, testing, and hiring of these candidates. Candidates who were hired for this position became ACME Staffing employees.
2. ACME forwarded candidate's info to the clinic manager. If acceptable, the ACME employee was placed in the clinic.
3. The employee understood they would be an ACME employee for the first 90 days. If this period was satisfactorily completed, they would be hired by the hospital.
4. ACME Staffing agreed to pay the employee the exact salary that the organization would pay. This would mean that there was no incentive or disincentive to working for ACME the first 90 days or becoming an employee of the organization upon completion.
5. Health coverage was provided.
6. The organization paid ACME's fee for this period. It was surprisingly affordable as a great rate was negotiated. This was because ACME was going to get 90 days of payment for each candidate placed. (It only cost us the employer's share of payroll taxes plus \$2-3/hour).
7. Upon satisfactory completion of the first 90 days, the agency employee became an employee of the hospital. Hire date was adjusted to include the first 90 days as a temporary agency placement.

What are the benefits?

The benefits are immense and worth every additional dollar that is paid to the agency for the first 90 days.

1. **HR can focus on filling vacant skilled and professional positions.** The high turnover positions are now the responsibility of the outside agency.
2. **Better candidates for the outsourced positions.** Since the outside agency provides clerical staff for a myriad of employers, we found that we were getting better candidates than those we sourced internally. For example, the agency was doing more testing than we would have done to verify skills. Candidates were tested on various office skill including 10-key, keyboard skill, Word, Excel, PowerPoint, etc.
3. **Reduced liability for the first 90 days.** Often, employment issues will become evident during the initial employment period. That is why we have “orientation” or “probationary” periods. This is when both the organization and the candidate assess whether or not it is a good fit. While the organization can still commit employment law violations, these are reduced since the temporary employee is an employee of the agency.
4. **Rejecting a temp employee did not mean loss of employment for the agency employee.** This is a huge benefit. Just because the employee was not working out at our organization, did not mean that s/he could not be successful at another organization. Therefore, it was a benefit for both the organization and the candidate as either party could say it was not a good fit. The candidate would simply be placed elsewhere.
5. **Manager’s were more willing to use the temporary period to ensure a good fit.** Since the temporary employee would not be fired, we found our managers were more willing to say no to questionable performance. When we were sourcing the candidates internally, the managers were often reluctant to decline an employee during the initial 90-day orientation period. There were many reasons-the may not have wanted to go through the time consuming sourcing and screening process, or they may have felt it was a poor reflection on their screening/interviewing skills, or they didn’t want to put someone out of work and hoped to “make it work”. Now, we found that since there was not loss of employment, managers found it easier to reject questionable candidates as the agency would simply send them another and place the rejected candidate at another organization.
6. **Reduced turnover.** We found that over time, there was reduced turnover in these positions that started as agency temps. We were getting better candidates because of the screening, and temp employees who were

offered permanent employment were a better fit.

7. **It was very cost effective.** In fact, the savings to organization were significant. In spite of paying a slight markup to the agency, the reduced HR costs in sourcing and screening, reduced manager time in interviewing and selecting candidates, and reduced turnover resulted in net savings to the hospital.

Win-Win

As I stated earlier, because the temp-perm arrangement was so successful, we ended up expanding it to other entry level positions. By designing the program so there was no salary incentive to stay with the agency and recognizing original start dates as the official hire date, the program had no negatives for the candidate. It was simply understood by candidates for these positions, that if you wanted to work for our hospital, your first 90 days would be as an employee of ACME Staffing.

It was a win for both parties. The candidates as well as the organization embraced the “try before you buy” so that neither party was making a commitment unless both wanted it!