

SHELLEY SINGH

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TEMPTATION

Temping is changing the way people work, even as companies tie manpower needs to business cycles. The pay-offs, for both, are plenty.

Susmit Sil wears two hats. He works at a company in Noida, but his pay cheque of Rs 20,000 per month comes from another company, headquartered in Bangalore. Confused? It's true. Sil, 24, is among the rapidly growing breed of people called temps who are taking India's job scene by storm. He writes code at Corbus India for its US-based clients while being on the rolls of Adecco PeopleOne. And this is the best break that Sil, who gave up full-time education after school to study computer science at IGNOU and Aptech, has had in his four years of working. His previous job earned him Rs 11,000 per month. PeopleOne had come knocking a few months back after seeing his resume at an online job site.

Sil had never heard of PeopleOne, neither did he know that you could be hired by someone to work for someone else. Yet, he gave it a try as he didn't want to continue on the poor pay and the unexciting job at the publishing house where he worked. PeopleOne convinced him that they were not a sweatshop, but a temporary staffing company with marquee clients like Accenture and TCS. "They told me about their country-wide network and the pay was tempting. I immediately signed up for the three-month temporary job at Corbus," says Sil.

In October 2004, he got an extension of another three months and is quite happy. "Both Corbus and I can test each other before entering into a permanent relationship. Even if the project ends, I can go back to PeopleOne and look for another job from among their over 200 clients," he

adds. About 50,000 people, like Sil, are on the rolls of about half a dozen temporary-staffing companies providing temps to over 200 MNCs and local companies across India. Temps are white collar workers, and are different from casual labourers who could be either blue or white collar. This kind of hiring, called just-in-time, short term, flexi-hiring, staffing or simply temping, is globally a \$200-billion industry, with over 5 million people working as temps. In the West, temp companies like Kelly Services, Adecco,



Ajit Isaac, MD, Adecco PeopleOne (India & Middle East), with a group of temps. Isaac started PeopleOne in 2000. In September 2004, Swiss temping giant Adecco took majority stake in the company. Today, PeopleOne boasts of 10,300 temps, over 200 clients and 13 offices across India

Manpower, Vedior and Randstad are household names. Very soon, in India too, a temp company will become the largest private sector employer, overtaking Tisco's 44,000 headcount. Already, Adecco in India boasts a workforce of over 10,000 and TeamLease, an Indian start-up, has 12,000. And both claim they will double their headcount soon.

A significant driver for this growth will be outsourcing. The US alone has about 2.6 million temps, and many of these jobs are now being sent to India. Now, companies here will be hiring temps to do the same work at lower costs. For instance, PeopleOne hired a team of 400 temps in India recently to do pilots for a European retail major. Back in Europe, too, the retailer employs temps for such tasks.

Temps allow companies to have a flexible workforce across the world. If a financial analyst at New York goes on leave, the replacement could be found in real time at Gurgaon, Manila or Mexico City. Says Iain Herbertsen, managing director (Asia-Pacific), Manpower, the \$12-billion temporary staffing company:

"The need for business efficiency is the reason for temping. Tomorrow's temps will be integrated with the global workforce, providing expertise across multiple geographies."

That vision, though, is a couple of years away as temping is just beginning to be accepted as an avenue for mainstream hiring and not just part of the leftover labour market. In India, about 80 per cent of the temps have less than five years experience and draw between Rs 7,000-Rs 12,000 a month. A few at the top could be drawing Rs 1.5 lakh-Rs 2 lakh a month. There are no precise estimates, but at an average of Rs 9,000 a month, the total temp workforce of 50,000 translates to Rs 450-crore worth of wage bills.

WHO'S HIRING TEMPS			
Company	Industry	No. of temps	Work profile
ICICI Lombard	Insurance	3,500	Sales
Reliance Infocomm	Telecom	2,900	Sales, customer support
Bharti Tele-ventures	Telecom	2,000	Sales, marketing, front-office support
HSBC	Banking	2,000	Finance, back office, IT
HDFC Asset Management	Banking	1,000	Sales, IT, customer support
H-P	IT	1,000	Project leaders, tech support, sales
Hutch	Telecom	600	Sales, IT, front office
Samsung	White goods	500	Sales, HR, finance
Accenture	Consulting	400	HR, admin, back office
TCS	IT	400	Secretarial, front office, sales, customer care
Citibank	Banking	300	Sales, customer care
DuPont	Chemicals	200	HR, logistics, sales
Idea Cellular	Telecom	200	Sales, customer care
Kotak Mahindra Bank	Banking	200	Sales, customer care
IDBI Bank	Banking	180	Finance, IT support
Datacraft	IT	178	Network engineers
ICICI OneSource	BPO	160	Process executives
Progeon	BPO	100	Data entry, process executives
Dun & Bradstreet	Research	81	Programmers, sales, telecallers

Notes: The figures are approximate. Nearly 300 companies together employ about 50,000 temps. Source: Market sources

'Workers-in-flux' will be in demand so long as market needs continue to be dynamic. The temping industry is also a good test bed for those who aren't sure about their career. In the US, for instance, a lot of college grads join as temps to get a flavour of working in different industries before deciding on their career. Temping, clearly, is here to stay. Experts predict that in the next 15-20 years, around 20 per cent of the working population would be temps.

Temp companies work on two basic payment models: a percentage of the total earning of the temp, between 12-20 per cent; or a fixed sum per person per month in case the requirement is large, say, for over 100 temps. The payment covers the costs incurred by the temp company to hire, train and generate the employee payroll.

The margins are anywhere between 6-25 per cent. Says Dhiren Shantilal, vice-president and managing director (Asia-Pacific), Kelly Services: "In the next 10 years, about 15-20 per cent of the working population will be temps, up from 3-4 per cent at present. The Indian market is just opening up. It is where Singapore was 10 years back - when largely entry-level professionals were temps. Today, in Singapore, as also in Europe and the US, you have CEO-level temps as well."

A Tri-partite Deal

Temporary jobs entail a three-way arrangement between employees looking for work, companies who do not want permanent staff on their rolls or have short-term projects, and the intermediary, that is, the company who has temps on its rolls. It works this way: if you are holding a once-in-four-year-event like the Olympics, or suddenly your car sales have shot up after a good monsoon, you need to hire a lot of people. But what do

you do with them after the event is over or when the sales dip? Instead of getting into the trouble of recruiting people and firing them after the work is done, you just have to call up the temp-staffing companies. For the Athens Olympics, Manpower provided 38,000 man-hours of temporary labour to manage the games.

1970s-1980s: Manufacturing, oil exploration, FMCG, automobile, banking companies increasingly rely on temps to fulfill short-term labour demand. Also, temping becomes a way to overcome stringent labour regulations in Europe. About 3-5 per cent of the workforce in the US and Europe comprises temps. 1980s-late-1990s: Temps seen as integral part of the workforce. IT companies use temps to meet demand for specific skills like SAP. Short business cycles further boost demand. Temps also move up the value chain, with high-end specialists and even CEOs being temps. Toyota in the US and Nissan in Japan hire temps extensively; Xerox UK turned around in early 1990s by temps.

In India, Manpower, Kelly Services, Adecco and Vedior have recently set up base. The \$20-billion, Switzerland-based Adecco picked up a 67 per cent stake in PeopleOne Consulting in September 2004 and the \$8-billion, Netherlands-based Vedior picked up a 76 per cent stake in Ma Foi, the Chennai-based firm with around 10,000 temps on its rolls. Local start-ups, too, are catering to over 200 clients. These include Chennai-based TeamLease, Bangalore-based JobStreet, Delhi-based Solutions Integrated Marketing Services, Kolkata-based Genius Consultants, and Mumbai-based Lobo Interim Staffing. Their clients include DuPont, Cadbury's, Gillette, Colgate Palmolive, Nestle, Bharti Tele-Ventures, HDFC Bank, Progeon, TCS, Sify, Mother Dairy and so on.



Sweta Rau, 30, is employed by Kelly Services and works as a senior technical consultant with Teradata, a division of the \$6-billion NCR. She worked full-time with Wipro, IBM and ICICI Infotech before turning temp

Why Temps?

As a concept, temporary labour is not new. The security guard at your office could be an employee of a security agency outsourced to your firm. Chartered accountant and law firms have traditionally hired temps to meet seasonal demand like at the time of filing tax returns. Even audio-visual companies and content developers have used temporary labour. That works fine as long as you are a small, mom-pop, city-centric outfit. But, if your company has a nationwide footprint, needs to keep down headcount, and yet meet short-term manpower requirements, or needs very specialised skills, what do you do? That is where temp companies, with employee databases running into thousands and the ability to provide multiple skills like customer care, sales, IT helpdesk, data entry, consultancy, etc. come in. Temping also allows companies to test

employees before they are hired permanently. Besides, there is no severance pay to be paid and companies can control attrition by entering into service-level agreements (SLA) with the temp company. The SLA can spell out the replacement time, number of hours required and quality of manpower.

For instance, Bharti Tele-Ventures expects its subscriber base to grow to 25 million by 2007, from about 9.5 million at present. To get new subscribers,

WHO PROVIDES THE TEMPS		
Company	About it	No. of temps in India
Adecco	\$20 billion turnover and over 7 lakh temps. The is the largest in the business. Acquired PeopleOne in September 2004	10,300
Manpower	Started in 1947. It is the second largest temp company (\$12 billion) in the world with over 1 million temps. In India since 2001	< 5,000
Vedior	The Dutch company has 1 million temps and a turnover of \$6 billion. About a year back, it acquired a 76% stake in Ma Foi	10,700
Kelly Services	Famous as Kelly girls, the \$4.3-billion, US-based company started by providing office staff. In India since 2001	1,000
INDIAN PLAYERS		
TeamLease	Largest player in India, based in Bangalore	12,000
Solutions Integrated Marketing Services	Based in Delhi, it specialises in sales force temps	7,500
Genius Consultants	Set up in 1993. Provides integrated HR solutions	3,000
Lobo Interim Staffing	Based in Mumbai; spun off from an executive search firm	400

Note: In all, there are over 50 temping companies in India. Most of them have less than 500 people on their rolls. Temp firms service over 300 companies. Source: BW Research



Susmit Sil, 24, works for Corbus, a US-based IT company, in Noida. He is employed by Adecco PeopleOne and earns about Rs 20,000 a month

it has temp teams chasing user groups like taxi drivers or shopkeepers. Once Bharti has achieved its targets, they will go back to the temp company. In a total workforce of about 6,000, Bharti has about 800 temps in sales, marketing and customer-care functions.

Or take Tellabs, a telecom major with expertise in deploying optic fibre networks. It is currently engaged in deploying and testing fibre for companies like Bharti Tele-ventures and Reliance Infocomm. While it needs permanent staff to oversee the network, the demand for professionals is high in the initial stages of the network roll-out. That's why it flew in Bruce Morrison as project director from Colombo.

Morrison, 50, has been working as a temp for the last 12 years, deploying telecom networks in Asia. He is employed by Adecco PeopleOne Consulting, and has to complete the project in 18 months. The task involves providing transmission equipment, managing the network and deploying signalling and amplification systems and software.

He heads a team of 15, of whom 10, including himself, are temps. Such mixing of temps with permanent employees has another advantage. By the time the project is over, the five permanent Tellabs employees would have learnt about the network. Says Morrison: "As temporary employees, the attitude in the team is to get the job done to the highest quality in the shortest time. I bring international experience to the project." He landed in India on February 2004 and was on the job the same day. His accommodation, resident permit, work permit, etc., were handled by Adecco. And yes, there was someone from the staffing company to receive him at the airport. You can credit the pampering to Morrison's expertise.

For most other temps, it could actually be a way to get into the job



Bruce Morrison, 50, is a telecom specialist and has been working as a temp for last 12 years. Prior to working with Tellabs in India, he worked in Sri Lanka. Specialist temps like Morrison are much sought after in industries like telecom, metals and oil exploration



Karan Ashok, 21, works as a customer support executive with Bose Corporation. He is employed by TeamLease. A Delhi University graduate, he earns about Rs 2 lakh a year

market. Says Nandita Gurgar, vice-president (HR), Progeon, the BPO arm of Infosys: "Many temps are from third-rung MBA institutes. Companies want to try them out before they hire them." Progeon has about 100 temps among its 3,000-strong workforce in functions like data entry and IT helpdesk. The company employs temps for data entry because it does not want to build deep skills in the area, and in the IT helpdesk because getting a permanent employee is tough, what with over 35 per cent attrition.

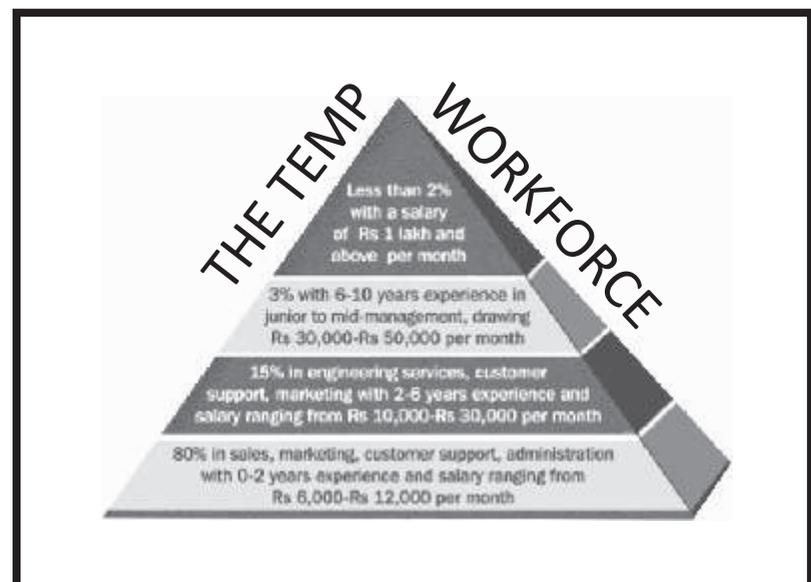
Says Shantilal of Kelly Services: "In the BPO industry, attrition is high while the challenge is to keep costs low. High attrition results in higher investments in recruitment and training. This is where a temp company can help. By signing up with a temp company, a BPO firm can have very low attrition, as they are outsourcing manpower requirements to the temp company. I see BPO companies hiring 20-30 per cent temps to manage attrition and keep costs low."

Progeon taps TeamLease and JobStreet for its temp requirements. The former recently offered temps to a beverage company to meet increase in sales, and support staff for a personal care company for their nationwide roll-out. In BPO, TeamLease has TransWorks and Nipuna among its clients.

As companies increasingly tie their manpower requirements to business cycles, expect temps to swell the ranks of the working population. Says M.R. Surendra, CEO, Lobo Interim Staffing: "Companies will work with a cushion of another company taking care of their staffing needs."

Temp World

Temping has been around for about half a century. Take, for instance, Manpower. It was started in 1947 in the US by three lawyers who saw that work peaked and troughed at different times of the year much like changing seasons pushing demand for winter or summer clothes. Till about the mid-1980s, temp companies catered to workforce requirements in manufacturing, retail and the postal services sector. In the US, the demand for temps was driven by business cycles; in Europe by stiff regulations.



2000 onwards: Temping companies start operations in India. Over 50,000 temps employed in nearly 300 companies. The \$20-billion Adecco acquires PeopleOne, an Indian start-up, in September 2004, while the \$8-billion Vedior, acquires the Chennai-based Ma Foi Management Consultants. Temps are used extensively by business process outsourcing companies to keep costs low and curb attrition, and by MNCs to keep their headcount down.

For instance, in Europe the social costs of a full-time employee are 80 per cent of the basic pay while in the US it is 20-25 per cent. Social costs cover benefits for people laid off, medical cover, bonus and holiday pay. In France, companies cannot ask employees to work for more than 35 hours a week. In Belgium, a laid-off worker is entitled to three years of wages.

Says Richard Pinola, CEO, Right Management Consultants: "Governments see this as putting a cost on companies not promoting jobs. In Europe, the labour laws are so inflexible that they can cause companies not to promote full-time employment. On the brighter side, using temps, you have the right people at the right place at the right time." With such stringent laws, it is easier for a temp company to ensure employment for workers, as it has multiple companies where it can send them.

Also, in the West, temps are engaged in several types of jobs - from secretarial tasks to very high-end jobs. Take the Xerox, UK, facility. In the 1990s, it was on the brink of closure before it turned around, employing temps. The BMW Mini was designed entirely by a team of temps. Toyota in the US and Nissan in Japan employ temps routinely. At the top end, temps can earn between \$500 and \$1,500 a day.

After the 1980s, there have been significant changes in the skill levels of temps - largely because the business cycles have become short. For instance, in IT, Y2K skills were in demand in 1998-99; 2000-01 saw ERP, maintenance, testing and Java in demand; post-9/11, the demand for security professionals increased; now, telecom skills for 3G work, .Net and Java are hot. Here, temp companies are in a better position to regularly supply people trained in a particular skill. In fact, Manpower, Adecco and Vedior run over 4,000 courses to update and re-skill employees.

In some cases, technology is making jobs redundant. Tyre companies like Ceat, JK and MRF prefer to hire temps. Because the introduction of automated rubber compound mixers has made them unable to offer long-term careers to such professionals. Ajit Isaac, managing director (India & Middle East), Adecco PeopleOne, notes that 200,000 such jobs in India will disappear due to automation.

In India, temping is still nascent with just half a lakh such employees making up the organised workforce. In the West, about 3 per cent of the working population is made up of temps. Manpower and Kelly Services set up shop in India in 2001 but have seen significant demand only this year. Others like TeamLease and PeopleOne have also seen their business zoom by over 100 per cent this year.

1940s-1970s: Temping companies Manpower, Adecco, Vedior, Kelly Services, Randstad set up operations to meet the temporary employment needs of clients. Initially, they cater to chartered accountancy and law firms to meet seasonal manpower demand for accountants, lawyers and office staff. Retail, postal services, manufacturing and FMCG sectors also look at temps to meet their manpower requirements.

The global temp companies are also using Indian talent to satisfy demand for temps overseas. Recently, Kelly Services placed 10 biotechnologists and researchers from India in companies in the US and Europe on one-year assignments. They draw \$36,000-70,000 a year.

Temping Pay-offs

The reasons for employing temps vary from staffing time-bound projects like Reliance Infocomm hiring temps for its Monsoon Hungama to meeting the skill needs for which the company does not want to build competency. MindTree Consulting had 1,675 people on its rolls in September 2004, 50 of them temps working in internal support operations like maintenance, finance, HR, and the testing division.

Puneet Jaitley, general manager (people function), MindTree Consulting, sees temps as a way of meeting demand for skills that the company does not want to build, but for which clients have sent work. Most of them are with 1-3 years of experience and about 10 per cent are with 3-6 years of work experience.

Says Jaitley: "When a trough comes we would have to use them sub-optimally. Instead of getting into that situation, we hire temps. Also, since we cannot offer them a career path, it is best to have them as temps." When Nestle chose to move out of its water business, it didn't have to bother about relocating its frontline sales team. They just went back to the temp company. And when Pepsi launched AquaFina, it did that through temp sales teams. Hiring temps also ensures that there is no attrition. If a temp leaves before the stipulated period, the temp company immediately sends in a replacement. However, some companies do not see temps as an integral part of the workforce. TCS has over 40,000 employees, with about

400 temps among them. But the temps here are for mundane tasks like maintenance and secretarial services. Says S. Padmanabhan, vice-president (HR), TCS: "Technology is strategic to TCS. We will never hire temporary IT workers. Though, for very specific requirements for which we do not have skills we depend on our partners like Tata Elxsi - for virtual image processing experts."

That could change as almost 80 per cent of the temps today are entry-level employees and the supply of high-end temp manpower is not there. The growth and maturity of the market will be pushed by multinationals who are used to hiring temps in their parent countries.

MNCs have operations in high-cost locations and have to keep the headcount in check. For instance, an MNC at Nariman Point in Mumbai could be investing Rs 25,000 a month on a permanent employee just for the infrastructure, mainly real estate costs, and also smart workstation, broadband, software and so on. Also, it will probably prefer to hire a graduate from an IIT/IIM. That's why temps form a large part of their workforce. An IT major in India has 10,000 employees, out of which only about 3,000 are on its permanent rolls. Temp-staffing company Solutions Integrated Marketing Services has 15 clients, 14 of whom are MNCs.

Says Srikant Sastri, managing director, Solutions Integrated Marketing Services: "A multinational can take about 12 months to get a nod from its bosses to hire additional manpower. Any permanent hiring is built into their business plans and has to be fully explained. Also, additional manpower could impact overall productivity as viewed by Wall Street - revenue per employee will decrease, while temps are passed off on the balance sheet as consultancy services."

The bumps on the road

As temping grows in India, there are some legal issues (See next page). The most vexing is Section 25B of the Industrial Disputes Act, which says that an employee working for 240 days continuously can claim permanent employment. Manpower claims that companies directly employing temps (without an intermediary) have gotten around this by terminating jobs on the 239th day and having another temp on board. On the other hand, temps can walk out without serving any notice period. Executive Recruiters Association, the association of human resources professionals, has been lobbying with the labour ministry to change laws that hamper the growth of temping.

Being a temp has its disadvantages, too. It is not always easy for a temp to get a loan or a credit card. And many temps would prefer to become permanent. Says Meenakshi Jain, sales manager with an FMCG company: "My temporary employers make me feel like a regular employee. But when it comes to long-term loans or even a credit card, my application is turned down. Also, the job insecurity hangs on the head, particularly as I did not see myself ending up a temp."

For Sanjay Kakkar, 26, a senior customer support engineer with Castrol India drawing Rs 23,000 a month, the experience has been different. He has been with Castrol (full-time with Lobo Interim Staffing) for the last four years, having joined as a trainee with a pay of Rs 10,000 a month. "My increments have been performance-based. I haven't had a problem in getting a credit card or a bike loan. Having worked here for four years, I am familiar with the oil and lubes industry and am confident of getting another job. What I miss out on is the bonus which all permanent employees get," he says.

Temp companies claim that employees are better treated as they get their provident fund, bonus, increments and are not discriminated against as might be the case with a casual worker. Not all companies deny temps their due. Says Jaitley of MindTree Consulting: "Once a temp is a part of our system, there is no discrimination. Recently, we completed five years and gave away a small memento, and even temps got it. There have been cases where temps have become permanent." In fact, Progeon routinely looks out for temps who can be made permanent. Says Gurgar: "Temping has evolved over the last five years and people are proud of being temps."

There are temp consultants drawing Rs 18 lakh a year. I have come across some junior temps whom we wanted to make permanent, but they preferred their temp status, saying they are trying out companies and love the freedom."

As the services industry matures, expect more companies to hire temps to meet manpower needs. While companies will have a core staff to devise strategy, whenever they want to implement plans or infuse new ideas, temps will be in demand; and will be disbanded when the project is over.

A temp worker may also be more productive, what with their compensation tied to specific tasks completed in the allotted time. No longer would companies have to tolerate that permanent employee out for a date during office hours. Temp times have just started. ■■■■