

[Link to blog](#)

Frase IO score

Before: 79%

After: 100%

Keywords: what is a staffing agency

Old Meta: Discover what a staffing agency is. Streamline your hiring process, access specialized talent, and mitigate risks while ensuring compliance.

New: Discover the benefits of partnering with a staffing agency, learn how to choose the right agency, and debunk common myths.

New URL: /what-is-a-staffing-agency

To-do list:

- ☒ ~~Make sure it's Frase.io optimized.~~
- ☒ ~~Links to relevant info~~
- ☒ ~~Add FAQs after the conclusion.~~

Checklist (also make sure the article includes):

- ☒ ~~Internal links to 3 other relevant articles on Jake Jorgovan's blog~~
- ☒ ~~Authoritative data to support the pros and cons~~
- ☒ ~~examples for "Types of staffing agencies."~~
- ☒ ~~"How Does Partnering With a Staffing Agency Work?"~~
- ☒ ~~Tools wherever possible~~

What Is a Staffing Agency? All Questions Answered

Hiring and managing a workforce has become increasingly complex.

Besides, you now have a plethora of options at your disposal, from staffing agencies to recruiting agencies and [EOR services](#), all of which prove that the paradox of choice is real.

This article explains more about staffing agencies, how they compare to [other options](#), [benefits](#), [drawbacks](#), [pricing](#), and the entire collaboration process.

Let's begin.

What Is a Staffing Agency?

A staffing agency matches job openings within companies with suitable candidates, basically taking over the hiring process. So, if you need to fill a vacancy, you can turn to a staffing agency to expedite the search for qualified candidates.

Here's what the process looks like:



[Source](#)

These agencies maintain a pool of job seekers and use their expertise to select individuals whose skills, experience, and career goals align with the open position's requirements.

In fact, **the United States generates around 31% of the global [staffing industry](#) revenue**, which makes the U.S. a leading country in the staffing industry.

Pro tip: The role of a staffing agency goes beyond merely introducing a business to potential employees; it involves [understanding the specific needs](#) of the company and the aspirations of job seekers to make a fitting match.

▶ What is a Staffing Agency?

The Different Types of Recruiting

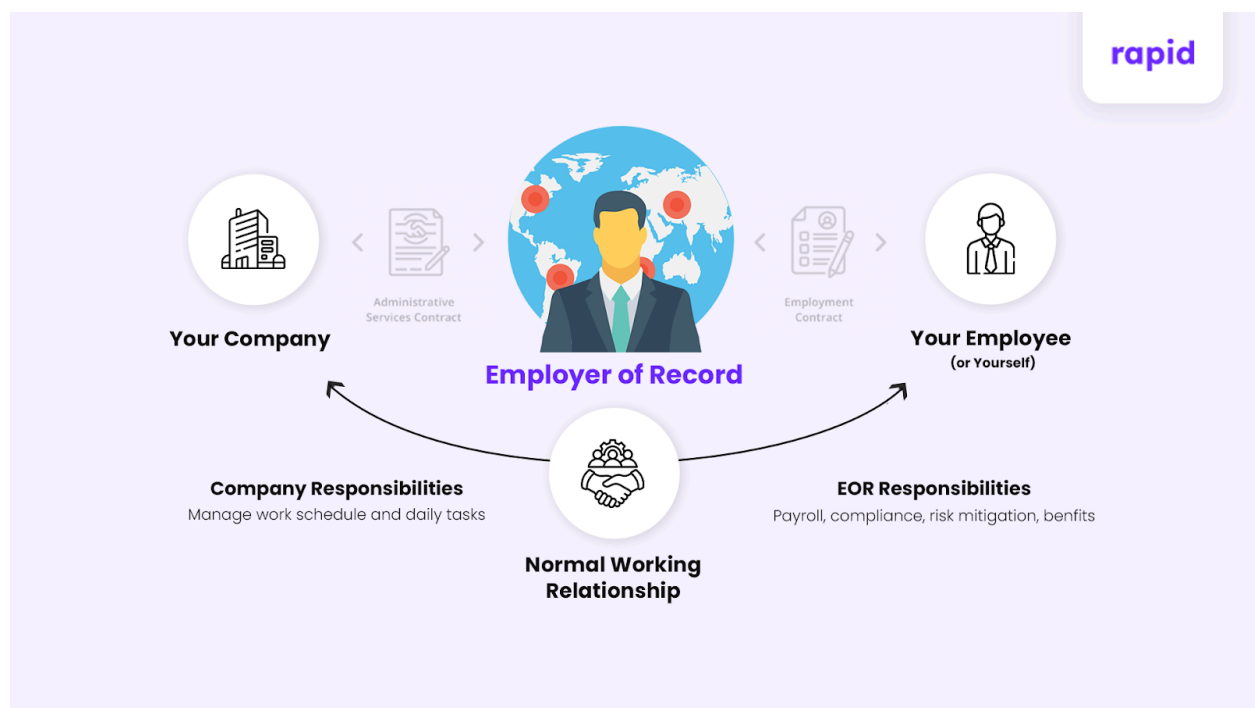
Recruiting is a complex process that can be done in different ways. Today, companies usually use employment agencies, recruitment firms, or EOR. What is the difference between them, and why staffing firms might be your best option?

What Is the Difference Between a Staffing Agency and an EOR (Employer of Record)?

Let's start with the basics. What is an employee of record?

An Employer of Record (EOR) is a third-party person who handles the employment responsibilities of an employee on behalf of another company.

This means that the EOR becomes the legal employer of record, taking care of all the administrative and legal aspects of employment, such as payroll, compliance, risk mitigation, and benefits.



[Source](#)

The main difference between a staffing agency and an Employer of Record (EOR) is their role in the employment process. A staffing agency is primarily involved in recruiting and placing employees for temporary, contract, or permanent roles within client companies. They handle the candidates' sourcing, screening, and interviewing and may manage payroll and HR tasks for temporary roles.

In contrast, an EOR takes on the legal and administrative responsibilities of employment, such as payroll, taxes, benefits administration, and compliance with labor laws, especially in international settings or for contingent workforces.

While a staffing agency focuses on connecting businesses with workers, an EOR becomes the legal employer of the workers and handles all employment-related tasks and liabilities.

What Is the Difference Between a Staffing Agency and a Recruitment Agency?

The difference between a [staffing agency and a recruitment agency](#) lies in the types of employment services they offer and their focus areas.

Staffing agencies typically provide temporary or contract workers to businesses for short-term needs or specific projects. They might also offer [temp-to-perm arrangements](#), where a temporary position becomes permanent based on the worker's performance and the employer's needs.

On the other hand, recruitment agencies are more focused on sourcing candidates for permanent, [long-term positions](#).

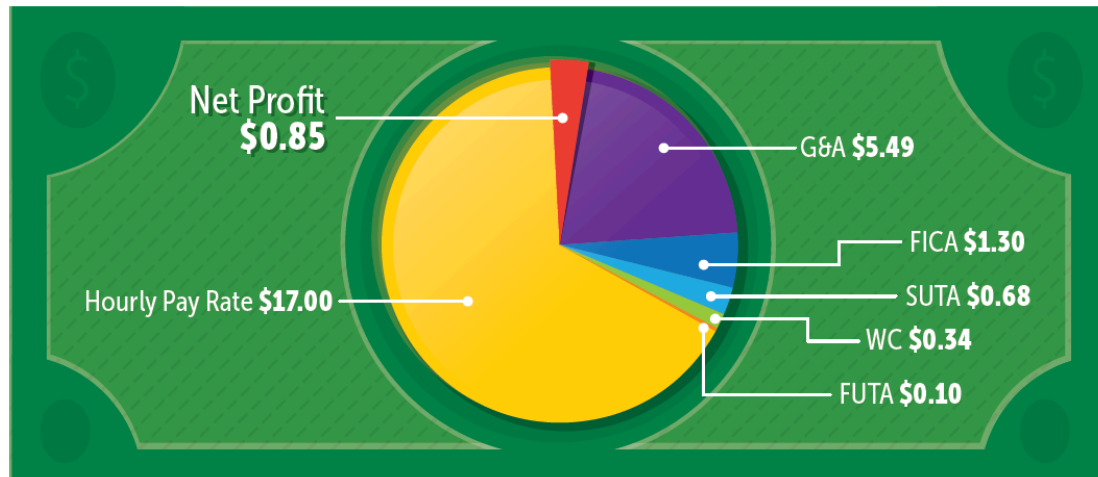
They work closely with companies to understand their hiring needs and find candidates who have the required skills and experience and fit the company's culture and long-term goals. As such, recruitment agencies focus on long-term strategic hiring.

How Much Does a Staffing Agency Charge?

Staffing agencies usually [charge 15-30%](#) of the hired employee's first-year salary as their fee. However, the charged percentage can sometimes reach 50%-100%. For instance, if a candidate placed by an agency has an annual salary of \$100,000, the staffing fee could be between \$15,000 and \$30,000.

Staffing agencies may practice other price models:

- **Bill rate:** The bill rate pricing model is typically used for specialized markets or high-pay rate employees. In this case, staffing agencies quote a bill rate that encompasses all costs without disclosing the employee's pay rate.
- **Mark-up over pay rate:** The agency adds a markup to the employee's pay rate. This model aims to increase transparency and normalize fees across agencies. However, the markup percentages can differ significantly, affecting the overall bill rate.



[Source](#)

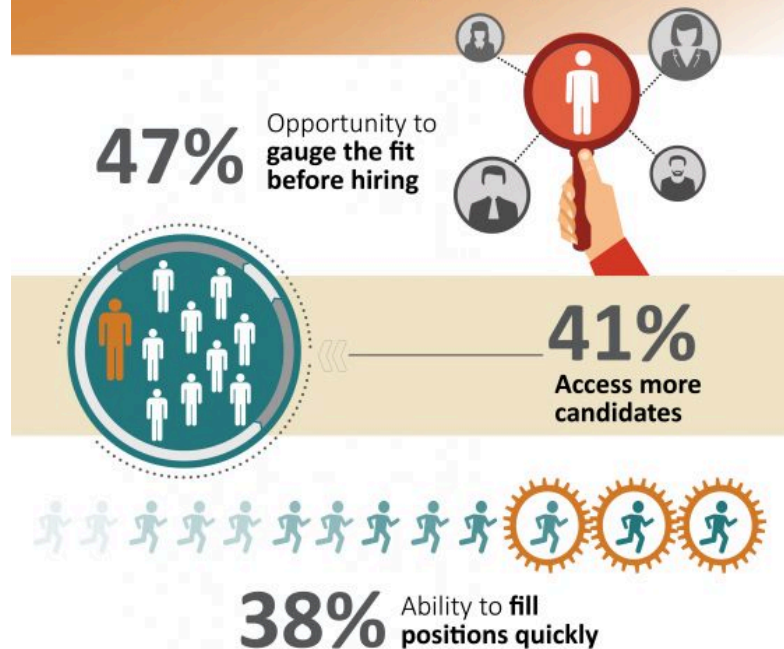
Remember: Ask your staffing agency what pay model they use and negotiate terms that align with your budget and staffing needs.

What Are the Benefits of Using a Staffing Agency?

Hiring a staffing agency has multiple benefits. That's why many companies trust these staffing companies to manage their hiring needs and potential employees.

How Clients Benefit From Working With Staffing Firms

Flexibility, speed, and access to talent are among the top benefits cited by staffing firm clients.



[Source](#)

Time Efficiency

Staffing agencies [streamline the recruitment process](#) by handling the time-consuming tasks of reviewing resumes, qualifying a pool of candidates, and performing [background checks](#). This allows you to focus on your core operations, knowing that the staffing agency is efficiently managing the hiring process.

Long-Term Cost Savings

Staffing agencies save an average of 25% on [recruitment costs](#). By outsourcing recruitment to a staffing agency, you can save money that would otherwise be spent on the labor-intensive aspects of the hiring process.

Staffing agencies perform these tasks more quickly and (often) with better outcomes, resulting in significant cost savings for their clients.

Hassle-Free Compliance

Staffing agencies manage contractor payroll taxes, workers' compensation, and unemployment benefits, relieving you of these complex administrative burdens. This ensures compliance with employment laws and regulations without dealing with these intricacies yourself.

Access to Specialized Talent

A recent [study](#) found that **80% of companies use staffing agencies to find specialized talent**. That they are not otherwise able to find.

Specialized staffing agencies provide access to a niche workforce with specific skill sets in industries with notable skills gaps. These agencies have deep networks and resources to find the perfect fit for specialized roles, so you can find rare talent with less hassle.

Reduced Hiring Risks

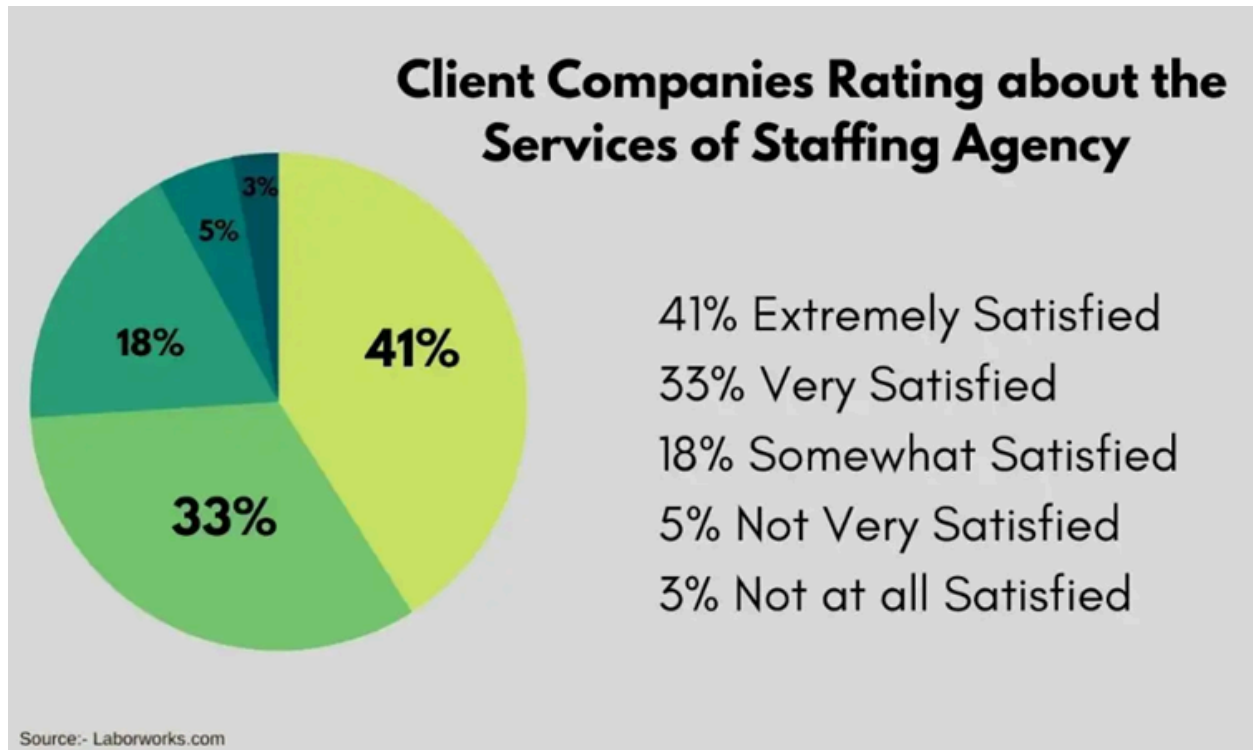
Staffing agencies assume many of the [legal responsibilities](#) associated with employment, reducing your financial and operational risks. This includes covering certain taxes and insurance, thus giving you a safety net against legal and financial liabilities.

Workforce Flexibility

The dynamic nature of business demands requires a flexible workforce. Staffing agencies allow you to adjust your workforce size according to project needs and market demands, providing talent on an as-needed basis.

This adaptability is crucial for managing workflow and maintaining productivity without the long-term commitment of hiring permanent staff.

That's why **74% of companies** are very or extremely satisfied with their staffing company solutions.



[Source](#)

Broad Candidate Networks

Staffing agencies maintain extensive networks of active and passive candidates, enabling them to tap into a vast pool of qualified individuals. This broad reach increases the chances of finding the right candidate for the job, even for positions that are difficult to fill.

▶ Benefits of Using a Staffing Agency | Professional Alternatives

What Are the Drawbacks of Working With Staffing Agencies?

That said, staffing agencies aren't perfect, and depending on your needs, they might not be the best solution for your company. Here are some potential drawbacks to consider.

Higher Short-Term Costs

Using a staffing agency involves fees that can add significant costs to your hiring process, especially if you're hiring for positions with high salaries.

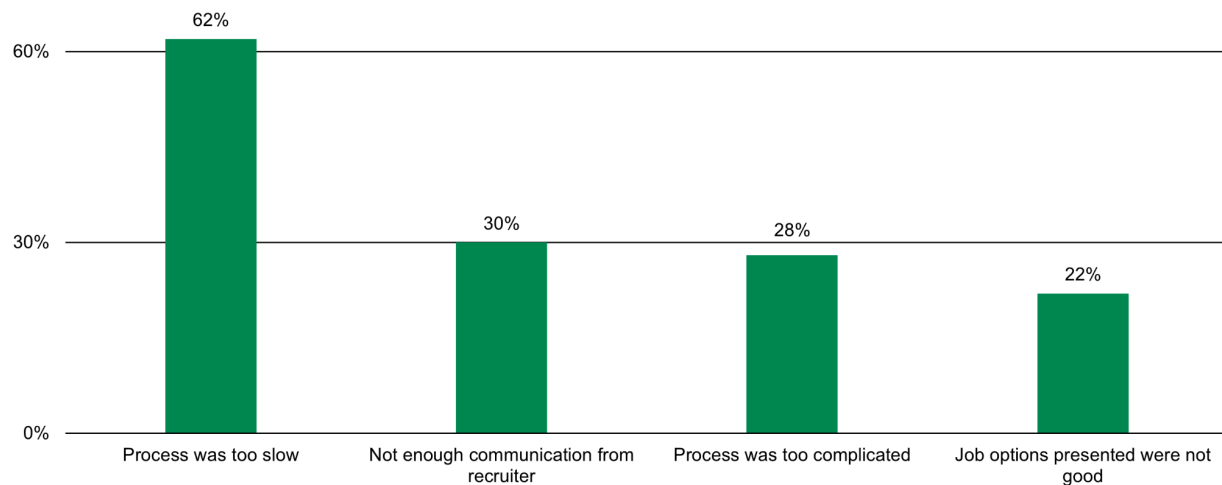
Yes, they take care of everything, but it would cost you.

Lack of Employer Branding and Qualified Job Candidates

Outsourcing your recruitment process to a staffing agency might lead to a disconnection with your company's culture and values during the hiring process. Additionally, candidates might get frustrated and leave because of this lack of closeness to your business.

In fact, **30% of candidates** leave staffing firms because they don't communicate well enough with their recruiters.

Why Candidates Give Up Working With a Staffing Firm



Data source: Bullhorn



[Source](#)

The stress and detachment of the hiring process of staffing companies can negatively impact your possible candidates and reduce your professional network pool.

This issue interferes with your ability to attract talent that aligns with your organizational ethos.

Control over the Hiring Process

Some businesses may feel that working with a staffing agency reduces their control over the recruitment process. However, this can vary depending on how the agency operates and how involved your company chooses to be in the hiring process.

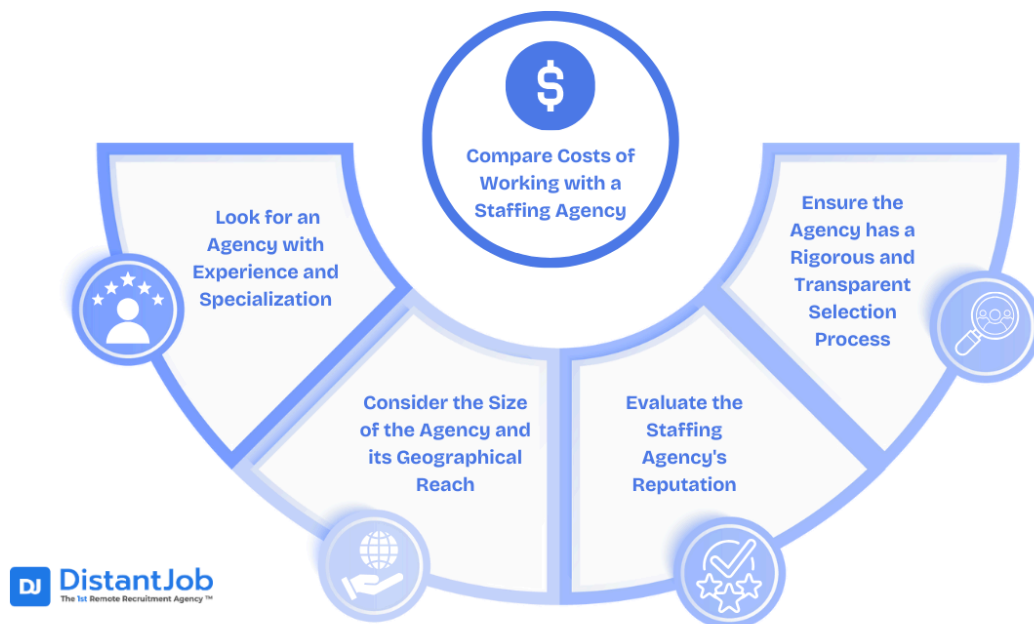
Time Investment in Finding the Right Agency

Selecting a staffing agency that meets your specific needs can be time-consuming. It's important to consider factors like the agency's experience, global reach, speed of hiring, and cost of services to find the right partner.

That's why it is essential to choose wisely when deciding on a staffing firm. However, this is hard to know before actually trying out and being in the hiring process.

To prevent that, you can follow the steps below and only shortlist the best staffing agencies.

How to Choose the Right Staffing Agency



[Source](#)

Pro tip: While these drawbacks are worth considering, many can be mitigated with clear communication, thorough vetting of the staffing companies, and setting clear expectations from the outset.

Types of Staffing Agencies

If you decide staffing agencies are a good fit, then you need to understand the various types of such agencies. Each caters to specific hiring needs and employment situations. Here's a breakdown of the main types of agencies so you can make the best choice for your firm:

Generalist Staffing Agencies

These agencies offer a wide range of services across multiple industries and job functions. They are versatile and can help fill a variety of roles, making them a good starting point for many businesses with diverse staffing needs.

Example: Imagine a company that needs part-time staff, specialized service, and long-time senior roles; they do have an HR team. However, they don't have the capacity to look for these various candidates. That's why they decided to hire a generalist company.

Companies:

- [Randstad](#): A global provider offering a wide range of staffing solutions across industries.
- [Kelly Services](#): A major generalist agency with a focus on professional and industrial staffing.

Specialist or Niche Staffing Agencies

Specialized agencies focus on **specific industries** or job categories, such as technology, healthcare, or legal services.

Their in-depth knowledge and network within these sectors make them excellent at finding candidates with the precise skills and experience required.

Example: A tech company needs to hire developers with expertise in blockchain and smart contract development for a new project. They are looking for highly specialized professionals who can not only code in Solidity and Rust but also have a deep understanding of decentralized finance (DeFi) protocols to meet the project's specific needs. Additionally, they require a marketing team well-versed in crypto trends and terminology to craft messaging that resonates with their target audience in the blockchain community. Finally, they need a compliance specialist who can ensure the project adheres to global regulatory standards for cryptocurrency. Lacking in-house expertise to identify and recruit these niche professionals, the company decides to partner with a staffing firm specializing in tech talent for blockchain and DeFi.

Companies:

- [Robert Half](#): Specializes in professional staffing, particularly in finance and accounting.
- [TEKsystems](#): A leading IT staffing firm providing IT consulting and staffing services.

Temporary Staffing Agencies

These agencies provide employees with short-term assignments ranging from a single day to a year. Temporary staffing is ideal for covering seasonal peaks, employee absences, or special projects without the commitment of permanent hires.

Example: A big supermarket branch is approaching the end-of-the-year holidays. They are expecting 4 times their clientele due to a rise in popularity in this year's Christmas collection

thanks to a viral TikTok video. The CEO decided then to hire a temporary staffing company that could provide more floor employees just for a few weeks.

Companies:

- [Adecco](#): Offers temporary staffing solutions for a variety of industries, including manufacturing, logistics, and healthcare.
- [Staffing Partners](#): Provides temporary and contract staffing services, particularly in light industrial and administrative roles.

Permanent Staffing Agencies

Aimed at helping companies fill long-term, permanent positions, these agencies focus on candidates seeking stable, ongoing employment. They work to ensure a good fit between the company's needs and the candidate's career goals and skills.

Example: A brand new financial consultant firm is looking to build a strong team from the get-go. They already have more than 25 clients interested in the service, so the CEO needs more than a few employees.

He knows the importance of team culture and the right people in the right seats. He wants to start his company on the right foot, so he decides to invest in a permanent staffing agency that helps him find the best talent for long-term success for him and all his future employees.

Companies:

- [Korn Ferry](#): A global executive search firm specializing in permanent placement of top-level talent.
- [Michael Page](#): A global recruitment firm focusing on permanent and contract roles across various industries.

Contract and Project-Based Staffing

This involves hiring skilled professionals for specific projects or short-term assignments based on contractual agreements. It's particularly useful for accessing specialized expertise without the long-term commitment of a permanent hire. It is known as a "temp agency" too.

Example: A small business owner is building his website; he has a tight budget and can't afford a full-time employee, especially because he only needs a developer to build his site on Squarespace. He has talked to his colleagues and knows that building a site requires around ten hours; after that, the upkeep and updating are fairly easy to do by himself.

He can pay around \$1000 USD for the full project, so he decides to take his project to Upwork to find a contractor that can align with his price and needs and has the ability. After that, he would no longer need his services.

Companies:

- [Freelancer](#): A popular platform for connecting businesses with freelance professionals for contract work.
- [Upwork](#): Another major platform for freelance and contract work, offering a wide range of skills and expertise.

Remote Staffing

With the rise of remote work, some agencies now specialize in connecting companies with candidates who work outside traditional office settings.

This expands the talent pool geographically, allowing businesses to find the best fit regardless of location.

Example: A property management company is managing a new departmental community in El Paso, TX. This is its biggest client yet, and they are required to manage over 100 properties in this community. However, they found that they are a Spanish-speaking community. Not only do they need full-time employees to work on customer service and maintenance tickets, but they also need to speak Spanish and understand the culture.

They decide to hire a full-time remote staffing company to help them with a brand new team that is effective and aligns with their company culture.

Companies:

- [Anequim](#): a remote company that connects Mexican talent with US and Canadian companies to build remote teams that are more effective than in-house teams.
- [We Work Remotely](#): A job board specifically for remote positions, helping companies find remote workers and vice versa.

How Does Partnering With a Staffing Agency Work?

Partnering with a staffing firm involves several steps, from initial contact to the final interview, so that you can find the right candidates for your needs. Here's an overview of the process:

▶ How Do Employment Agencies Work?

Initial Contact

The partnership begins when you reach out to a company that can meet [internally](#) this initial contact; you will share details about the job opening, details you want in the job description, salary range, duration of the assignment, and any specific requirements or concerns related to the position.

Service Agreement

Following the initial discussion, the agency presents a service agreement to the employer. This contract outlines the terms of the relationship, including billing and invoicing procedures, the service charge, and protocols for situations where the employer wishes to hire the temporary worker on a permanent basis.

#HomeCare

6 Steps to A Service Agreement

1. **Draft** an agreement by reviewing previous assessments
2. **Discuss** the agreement with the care recipient
3. **Adjust** the agreement if necessary
4. **Finalise** the agreement before starting care
5. **Provide** the care recipient with a signed copy
6. **Review** and Hold regular care discussions

Share This With Someone



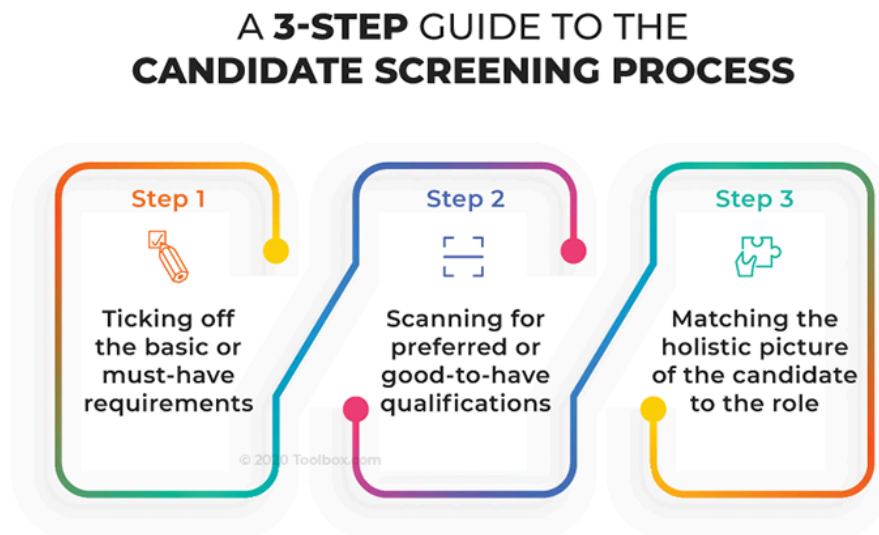
[Source](#)

Candidate Sourcing

The [agency](#) then assesses its candidate pool to identify potential matches for the position. If suitable candidates are not immediately available, the agency may tap into its broader network or initiate recruitment efforts to find the right individual for the job.

Candidate Screening

Interested candidates apply, which then conducts preliminary interviews and screenings. This process can include background checks, drug screenings, employment verifications, and reference checks to ensure candidates meet the employer's requirements.



[Source](#)

Interviews

The staffing agency presents the most suitable candidates to the employer, who may conduct their own [interviews to assess the candidates'](#) fit with the company's needs and culture.

This step allows the employer to engage directly with potential hires and make informed decisions.

Selection and Onboarding

Once a candidate is selected, they begin their assignment at the company. Although the staffing agency remains the official employer, particularly in temporary arrangements, the hiring company directs the employee's day-to-day work and integrates them into their team.

How to Choose the Right Staffing Agency

Choosing the right staffing firm involves several critical considerations to ensure that the agency aligns with your business needs and can provide the quality of talent you require.

Here's what to look for:

https://www.youtube.com/watch?v=MI8LFWtw324&ab_channel=HMStaffingSolutionsInc.

Industry Specialization

Opt for an agency that specializes in your specific industry. This ensures they have a deeper understanding of the required skills, industry trends, and your sector's unique challenges. Specialized agencies usually have established relationships with professionals in the field, leading to more accurate and faster candidate matches.

Reputation and Track Record

Evaluate the agency's reputation by looking at online reviews, testimonials, and case studies. A strong track record of successful placements, client retention, and candidate satisfaction speaks volumes about the agency's effectiveness and reliability.

Cultural Fit

Ensure the agency understands your company's culture and values. This is crucial for finding candidates with the required skills, blending well with your team, and contributing positively to your work environment.

Transparency and Communication

A good staffing agency should maintain open communication, providing regular updates and feedback throughout the recruitment process. They should also be clear about their fees, terms of service, and any other important details.

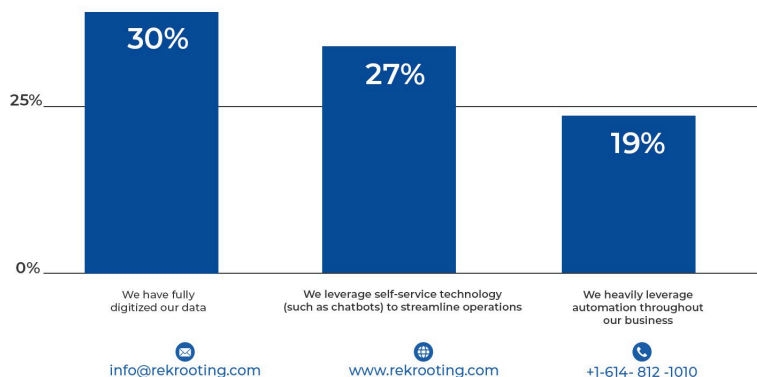
Technology Utilization

Consider an agency that leverages technology to streamline the recruitment process. This can significantly reduce the time-to-hire and ensure you quickly onboard the talent you need.

Luckily, most agencies use tech nowadays, from automation to chatbots. **30% of staffing agencies** have also fully digitized their data.



How are recruitment agencies using technology to transform their business?



[Source](#)

Cost-Effectiveness

While [affordability is important](#), balance the cost with the value an agency brings. Consider the long-term ROI of partnering with the agency, including their ability to reduce turnover and provide high-quality talent.

Long-Term Partnership Potential

View your relationship with the staffing agency as a long-term partnership. Agencies invested in your success will provide ongoing support, candidate training, and regular check-ins post-placement.

Assessment of Their Own Talent

Understanding how an agency attracts and retains talent can give you insights into its operational efficiency and company culture. An agency that values its employees will likely apply the same standards when sourcing talent for your business.

Staffing Agencies: Myths and Misconceptions

Staffing agencies are surrounded by myths and misconceptions that can deter employers and job seekers from using their services. Understanding the truth behind these misconceptions can help you make more informed decisions, so let's dive in.

[Tik tok](#)

Myth 1: Staffing Agencies Only Provide Temporary Positions

In reality, agencies offer a wide variety of employment opportunities, including full-time, part-time, contract, direct-hire, and temp-to-hire positions. This flexibility allows you to hire the ideal employees for different roles.

Myth 2: Staffing Agencies Take a Cut from Employees' Wages

This is not the case; the agencies bill the companies for their services, which does not affect the employees' pay. The fees charged by staffing agencies lead to a more efficient hiring process, potentially saving companies money in the long run by reducing the time positions remain vacant and covering the costs associated with finding candidates.

Myth 3: Only Low-Quality Candidates Work with Recruiters

In fact, many high-caliber candidates use staffing agencies for their job search, especially when they desire discretion or are looking to transition into a new industry. Staffing agencies use rigorous screening and evaluation processes to ensure that they connect companies with high-quality candidates who meet their specific needs.

Myth 4: Staffing Agencies Are Not Concerned With Job Satisfaction

Staffing companies understand that job satisfaction is crucial for long-term employment success. High turnover rates are costly and damaging to the agency's reputation, so agencies have a strong incentive to place candidates in roles where they are likely to be satisfied and successful.

FAQs

How can a staffing agency benefit our company?

Staffing firms expedite the hiring process, provide access to a wider talent pool, ensure high-quality candidates through rigorous screening, reduce administrative burdens, and offer flexible staffing solutions to meet fluctuating business needs.

What types of positions can staffing agencies help us fill?

Agencies can assist in filling a variety of roles, from temporary and contract positions to permanent placements, across various levels and industries. They offer tailored staffing solutions, including specialized roles.

Are staffing agency services expensive?

While there are costs associated with using a staffing agency, these can be offset by the time and resources saved in the recruitment process. Agencies can help reduce vacancy costs and provide value in accessing quality candidates and specialized skills.

Can a staffing agency help with high-volume or seasonal hiring?

Yes, staffing agencies are equipped to handle high-volume and seasonal hiring needs, providing pre-vetted candidates quickly to meet urgent or bulk hiring requirements without compromising on quality.

How do staffing agencies ensure candidate quality?

Staffing agencies conduct thorough screening, background checks, and evaluations to ensure candidates meet the specific requirements of the job and align with the company culture, thereby reducing the risk of bad hires.

What if a candidate from a staffing agency doesn't meet our expectations?

Most staffing agencies offer replacement policies where they will find a new candidate at no extra cost if the initial hire doesn't work out within a specified guarantee period.

How do we choose the right staffing agency for our business needs?

Consider agencies with expertise in your industry, a strong track record of successful placements, positive testimonials, transparent communication, and a clear understanding of your company's culture and needs.

Can we hire a temporary or contract worker as a full-time employee?

Yes, many employment agencies facilitate temp-to-hire arrangements where a temporary or contract worker can be transitioned to a full-time role after a certain period or based on performance.