



Why hire temps, contractors or interim managers?

I The benefits for businesses of non permanent recruits



The cost of hiring and then firing permanent staff is far greater than bringing in the right kind of temporary expertise

Following the recession of the eighties there was a movement to make UK companies leaner and more focused on productivity. It was envisioned that future organisations would be a mixture of permanent, temporary and outsourced resources. This is essentially the organisation of today. Most businesses need a stable core team and then they can seek out the right talent for short term requirements, where capability within the organisation is lacking.

Typically a temporary candidate can make an immediate impact with little or no training. This is certainly the case with contractors and interim managers. Clients can generally expect higher standards in terms of experience, the right qualifications and motivation; being that a temp will 'work for every hour'. On the whole, there is less risk involved in hiring a temporary worker. Clients can use it as an opportunity to assess the suitability of a candidate. If they choose to hire an individual on an hourly or daily rate, they won't lose out financially, if the candidate decides to leave the business.

In the current climate, many smaller and medium sized businesses are still cautious about recruitment. There is a tendency for companies to hire non permanent staff on fixed term contracts, where less cost is incurred. The risk then, however, is that if the candidate does decide to leave during the contract, then the business will lose out on the cost paid up front. Ultimately the cost of hiring and then firing permanent staff is far greater than bringing in the right kind of temporary expertise, or training from within. Using temporary resources should always be excellent value for money. As Alastair Westwood, an HR recruitment consultant at Nigel Wright, points out: "Hiring a temporary candidate usually allows businesses to afford someone that they wouldn't necessarily be able to afford to hire permanently. Temporary candidates are often highly qualified and experienced and they can add enormous value to a business in the short term. It's not just about maternity cover... it's talent at the drop of a hat; temporary workers can be true business advisors."

Every business can benefit from being reactive to change. Planning for the use of temporary resource, if managed correctly, can significantly reduce cost in the long term.

Peter O' Hanlon - a specialist IT contractor - believes that, on the whole, North East based companies often don't recognise the many benefits of using a recruitment contractor.

He says: "There are a lot of smaller companies who are too focused on

Alastair Westwood, an HR recruitment consultant at NWR



Why we should treasure our temps

Nigel Wright Recruitment's latest interim report highlights the importance of a non permanent workforce for businesses and the economy

The latest feedback from the market suggests that employers are beginning to recognise the benefits of hiring temporary staff, while the economic climate remains uncertain. This generally hasn't been the case over the last two years. At the end of 2008, there was an abundance of temporary jobs available. With the onset of recession, however, temporary vacancies fell in line with overall recruitment with employers trying to fill temporary gaps internally, instead of recruiting externally.

On the whole, the demand for contractors has also been low compared to recent times. For example, over the last ten years IT contractors have been regularly employed in the public sector to fulfil various projects centred on improving online services for councils, the NHS and central government departments. Public sector budget cuts slowed recruitment, however, and IT contractor vacancies at the start of 2011 were at half the levels they were before the recession.

In 2009/10 the demand for interim managers also fell significantly, particularly for IT finance, marketing and sales executives. HR specialists with knowledge and expertise in restructuring and downsizing, however, were in demand. At the start of 2011, one study highlighted that around 50% of interim managers were not currently on assignment.

Based on recent figures, it would seem that there is a recovery in the jobs market and this is being led by temporary and contract employment:

■ The Office of National Statistics' (ONS) temporary/contract staff billings measure rose from 53.5 in December 2010 to 61.5 in February 2011.

■ The latest JobsOutlook report by the Recruitment and Employment Confederation (REC) and KPMG highlights that, in February 2011, temporary placements in the UK have increased at their fastest rate in four years.

■ According to the REC report, 35% of employers are planning to increase their temporary workforce as part of long term resource planning.

■ This is compared to only 20% of employers who will hire permanent staff this year.

One area where temporary/contract work is growing is in IT.

At the start of 2011 there had been an increase of 0.9% in the number of advertisements for contract/freelance IT staff.

Research by IBM indicated that over half of mis-sized businesses were intending to increase their IT budgets in 2011/12.

IT infrastructure projects and in particular, software development initiatives, are back on the agenda for many



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companies and this has had a positive effect on contractor recruitment. In the manufacturing sector, a weak demand for permanent staff has been complemented by a resurgence in temporary recruitment.

Finance recruitment consultant, Jenna Burton says: "In the North East, where the sector has been buoyant, it has been difficult to find temp candidates for manufacturing firms because they're virtually all employed."

"It is important for companies to create temp opportunities for candidates re-entering the workforce. Randstad, for example, has highlighted that around one third of temps are able to find permanent work after a successful assignment."

Headcount reduction in the public sector has been achieved through the use of temps and contractors. Recent figures published by a temp/contractor job board highlight that the demand for contractors in the public sector in recent months has been significant. As one IT contractor argued, it would be political suicide to offshore key projects after so many public sector redundancies. Contractors are the obvious choice to keep projects on track and make necessary improvements to systems and software.

Other sectors actively recruiting temps and contractors include engineering, oil and gas, banking and general business services.

In its 2010 report, the Institute of Interim Management claimed that despite the downturn, more people are choosing to become interims and on the whole, interim management as an activity had experienced steady growth. With more interim managers available and more companies planning to utilise non permanent solutions in 2011, we can anticipate an upturn in interim management recruitment to coincide with the increased use of temps and contractors. ■

**Conclusions:
The importance of a non permanent workforce to the economy**

Non permanent employment is essential to the UK economy. The number of temporary agency workers to overall employees is around 5% of the total workforce. This is more than double the European average.

According to the latest statistics from CLETT, recent labour market statistics show the total number of temporary employees to be 5.3% of the paid workforce in the UK.

In the North East in particular, temporary employment is a key stepping stone to finding permanent employment. Compared to other regions, the North East has the highest percentage of temporary employees. Significantly, however, it also has one of the highest percentages of temporary workers fulfilling temporary roles, because they cannot find permanent jobs.

If employers are uncertain about making permanent hires, hiring someone on a temporary basis can not only boost business performance but it can also contribute to economic growth. Unemployed people can take on temporary roles as a way back into work, creating more wealth that can be reinvested back into the economy. Ultimately, this will lead to the creation of more jobs.