

Analyze the Value Captured Through Employing Contractors and Part-Time Employees as a Human Resource Strategy

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Abstract – As companies try to streamline operations and increase profits, human resource professionals are now looking at employees in a different light. In addition to finding the right candidate for the job, they are looking at how to cut costs per employee while still maintaining quality services for clients. The amount of money spent searching for, hiring, compensating and training an employee is examined and used to help determine profits and loss for a company. Analyze the value captured through employing contractors and part-time employees as a human resource strategy. As businesses look at new avenues to reduce overall costs, human resources management has evolved to include different types of employment, including more part-time employees and contractors. Particularly in light of the recent banking disaster (2008/2009), trends towards lower cost employment have grown increasingly common. HR professionals and departmental managers must be aware of the tradeoffs and opportunity costs of the models they chose to employ.

Keywords: Organization, Employee, Accounts, HR Manager, Labour Law

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INTRODUCTION

While there is no standard definition of an employee in the U.S., most companies define part-time employees as those who work 35 or fewer hours per week. In addition to working fewer hours, part-time employees don't usually qualify for benefits such as health insurance, 401K, or paid vacation time. A part-time job is a form of employment that carries fewer hours per week than a full-time job. They work in shifts. The shifts are often rotational. Workers are considered to be part-time if they commonly work fewer than 30 hours per week. According to the International Labour Organization, the number of part-time workers has increased from one-quarter to a half in the past 20 years in most developed countries, excluding the United States. There are many reasons for working part-time, including the desire to do so, having one's hours cut back by an employer and being unable to find a full-time job. The International Labour Organisation Convention 175 requires that part-time workers be treated no less favourably than full-time workers.

In some cases the nature of the work itself may require that the employees be classified part as part-time workers. For example, some amusement parks are closed during winter months and keep only a skeleton crew on hand for maintenance and office

work. As a result of this cutback in staffing during the off season, employees who operate rides, run gaming stands, or staff concession stands may be classified as part-time workers owing to the months long down time during which they may be technically employed, but not necessarily on active duty.

Pros

The benefit of using part-time employees is mainly that the cost per employee for hiring, orientation, and training is less than for full-time workers. Another benefit of employees that work fewer hours is that employers can be more flexible with scheduling. If a position requires long hours to fill, hiring two part-time people can make scheduling easier than with one full-time employee. It also helps avoid overtime or time and a half, thereby reducing overhead for an employer.

Cons

There are downsides to hiring part-time employees as well. Full-time employees often consider their job a career, and will utilize long-term goals such as promotions and overall organizational success as motivators. Full-timers can also be invested in (e.g., through training and education) with more

potential for a return on investment. Part-time employees are more transient, and since they're more likely to come and go, long-term motivational strategies are less effective with part-timers.

Contractors

Unlike full-time and part-time workers, contractors aren't official employees of the company. They are hired for a specific position or task and consider the organization a client. Contractors often have more than one client to which they offer similar services, and are therefore specialists. As contractors aren't employees, companies don't have to offer benefits or pay taxes such as payroll or social security. Contractors invoice the companies they work for, often on a weekly or monthly basis, and pay their own insurance and taxes.

The pros and cons for part-timers are generally the same as for contractors, where specialists are being hired for short-term contracts (and thus are motivated by the completion of a given task as opposed to by the long-term success of their clients).

Positions that are often filled by contractors include:

- Accounting
- Sales
- Construction
- IT (programming, web development, etc.)
- Design (creating ads, logos, etc.)
- Logistics (e.g., Fedex, UPS)

HUMAN RESOURCE DECISIONS

As always, trade-offs are inherent when making these hiring decisions. HR professionals must discuss with other management to determine what skills are needed over what period of time and what resources are available annually to fulfill these needs. If it is a long-term project likely to evolve, with complex political and social interactions and relationship building, a full-timer is probably required. If it is a specialized, short-term task, a contractor or part-timer could be more appropriate. Of course, the limitations of resources impact this decision enormously, as the financial collapse underlines via increasing trends in part-time hiring.

COMPENSATION AND COMPETITION

Good compensation helps organizations stay competitive in their industry by retaining high-quality employees.

- It has become standard in today's market to pay employees wages and benefits through a compensation package.
- Candidates will often pass on a high-wage position for one that combines wages and benefits.
- Companies need to balance compensation packages, which help acquire and keep quality employees without incurring unsustainable costs.
- Benefits: Non-wage compensation that is offered to at least 80 percent of the staff.
- Compensation: The total wages and benefits paid to an employee or contractor for a given job or contract.

Employees are invaluable resources for an organization. Ensuring the welfare and happiness of employees can make them more productive and less likely to leave the company. This is not only an internal consideration but also a competitive one. Securing and retaining top talent is not unlike securing and retaining customers, where effectively identifying the appropriate target and sustaining that relationship lowers long-term costs and increases brand value. One of the key instruments in attracting and keeping employees is creating an effective compensation package. Compensation must therefore be both competitive and well-designed to meet the needs of the customer (in this case, the employee). Human resources (HR), in conjunction with the hiring manager, are tasked with this process.

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