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Contract work becoming more prevalent

Professionals less picky as jobs become scarce amid recession: Poll

FIONA CHAN

AS THE recession continues to erode the job market, it is changing the rules of the employment game.

Contract-based work is getting more prevalent as companies look to slash costs and individuals get less picky about their jobs, according to recruitment agencies.

A recent survey by recruitment consultancy Robert Walters found that professionals in Singapore were showing "an increased interest in taking on contract work", with as many as a third of the respondents happy to do so in the dismal economic climate.

Fifty per cent of them would consider contract work if no permanent positions were available, said Robert Walters.

This was in stark contrast to the job-rich years leading up to last year, when job seekers shunned such non-permanent positions, the consultancy said.

"During the boom times, many candidates were reluctant to take on contract roles, as there were many permanent opportunities available," said Mr Calum Smith, a consultant at Robert Walters.

"With the current economic conditions and the shrinking of the job market, we noted that they have become less picky and more open to considering contract work."

Financial recruitment firm Robert Half said it had also witnessed more job seekers expressing an interest in contract work because of the "tight" job market.

Although the positions are temporary, they provide an opportunity for unemployed professionals to earn an income, make new contacts and improve their resumes, said Robert Half's managing director Tim Hird.

"What starts off as a project role may also turn into a permanent position," he said.

"Businesses frequently draw from the ranks of their contract staff when making new hires, since both parties have had the chance to evaluate whether the position is a fit," he added.

In the past, contract work was largely associated with administrative positions, said Robert Half.

The good and bad of contract work

Thinking of taking on a contract-based job? First consider some of the pros and cons:

Pros:

Flexibility for those who like the freedom of working on preferred projects and for different companies

Opportunities to explore new firms and sectors and to learn new skills

Freedom to decide your working periods: you can work for six months and take a three-month break

Cons:

May not get the same level of compensation or an equal range of benefits as full-time employees

Lack of job security as it is the company's decision whether to renew your contract

Possibility of a "gap" between contracts if you can't find another job immediately after the previous one expires

Sources: *Robert Walters, The GMP Group, Mercer*

But now, as firms tighten their belts in the downturn, they are offering a wider variety of jobs on a contract basis, including finance and accounting roles.

In the current economic climate, contract jobs are particularly prevalent in a few industries, according to Robert Half. These include debt collectors, staff and senior accountants, tax accountants, senior auditors, financial analysts, finance managers and audit professionals.

"In the current environment, it can be challenging for businesses to predict their long-term staffing needs," explained Mr Hird.

This has led to more companies using contract professionals for "special projects and high-priority initiatives", which allows them not to commit to permanent hires until they are sure those positions "are sustainable".

For instance, health-care solutions firm IMS Health Asia recently engaged a senior-level finance professional on a contract basis to carry out a short-term, one-time project.

This enabled the firm to "realise immediate productivity" in getting the job done, while retaining some flexibility in extending the contract period if necessary, said IMS Health Asia's director and finance leader Leigh Jason.

Another industry that is seeing a shift towards contract work is information technology, said Robert Walters.

"In the IT sector, more than 70 per cent of the vacancies we currently receive are of a contract nature, as compared to less than 20 per cent before the financial crisis," said Mr Smith.

Contract work has also helped companies to get around hiring freezes, said human resource specialist Mercer.

“It is a fairly common organisational response in economic downturns, where companies may still need to hire staff but cannot hire permanent workers due to mandated hiring freezes,” it said.

The lower cost of hiring contract professionals - compared to putting a full-time employee on the payroll with benefits - is also one reason contract work is growing in popularity among companies, said recruitment firm GMP Group.

“More and more employers are clamouring for contract workers as they strive to cut costs,” explained Mr Josh Goh, GMP’s senior manager of corporate services.

“During such times, contract staff provide companies with more hiring options which involve less expenditure. This helps to reduce costs while lessening the occurrence of retrenchments.”

fiochan@sph.com.sg