

Contract vs. permanent

What is the right type of employee for your business?

Contract, contract-to-perm, permanent – which should you choose? It all depends on what's right for your business. Deciding to hire someone as a contractor, permanent employee – or somewhere in-between – is not a decision to take lightly. A variety of factors must be considered before making a choice.



Financial advantages

You may be looking to hire one or more full-time employees, but your limited budget won't allow it. Contractors can be a justifiable — and less costly — alternative to permanent employees. According to The Society for Human Resource Management, the **average recruiting cost per hire is about \$4,700**. And that doesn't include other expenses such as benefits, HR overhead and mandatory payroll expenses.



Try before you buy

Using a contract-to-permanent model essentially provides an extended working interview. **If you realize the individual is not the right fit for your organization — no harm, no foul.** You didn't invest the valuable resources and hiring costs associated with in-house permanent recruiting. If you do feel the employee is a good fit, you might have to pay a small fee to the workforce solutions provider and welcome the individual as a permanent employee.

Employee benefits



Although a contractor will be paid a higher hourly rate, it will still save your company money in the long run. It can **eliminate high-cost items such as health insurance or other benefits** and perks that are paid to full-time employees (depending on the contractor's classification). And workforce solutions companies typically offer contractors these benefits so you don't have to.

Scope of work



If you have a large project or initiative that needs to be implemented within a certain timeframe, it will **most likely make more sense to hire a contractor**. Because of the faster interview process and streamlined onboarding services offered by workforce solutions companies, you could have someone start within a matter of weeks. Once the work is done, you might not need that resource.

Stability



Contracts usually run for a set period of time, averaging between six to 12 months. While extensions are common, some companies prefer to hire employees on a permanent basis to **maintain a consistent and stable workforce**.