

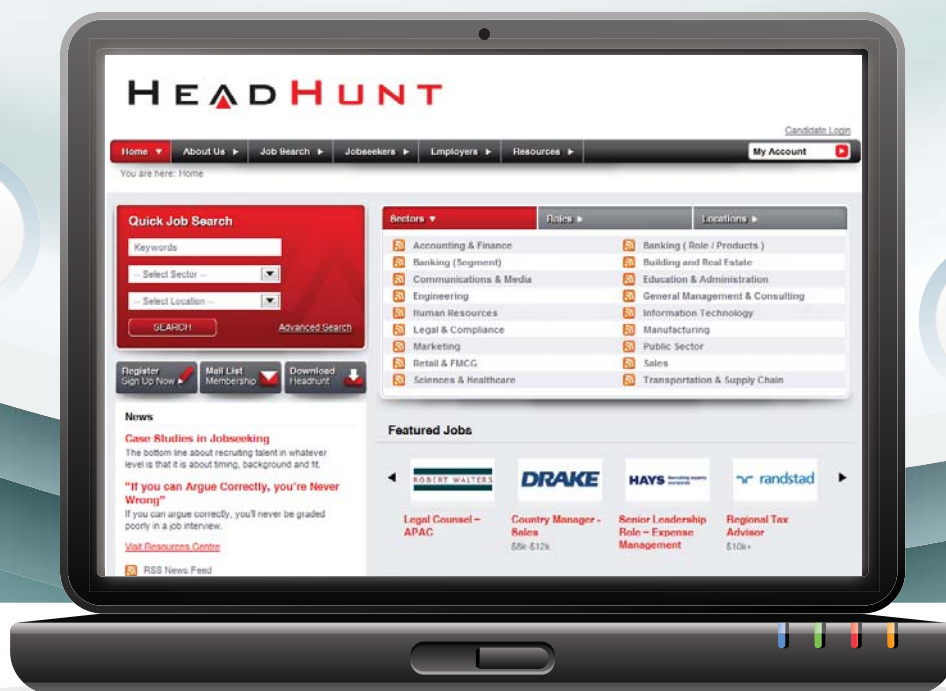


January 2012

# PAY FOR PERFORMANCE JOB SITE

HeadHunt is pioneering a new way for Employers to hire potential candidates via a “Pay for Performance” model. This model gives employers a risk-free avenue of advertising jobs online and payment is only upon successful placement.

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**THE CHANGING LANDSCAPE OF CONTRACT WORK**

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# The changing landscape of contract work

In a society where traditional, fixed jobs are preferred, more companies are now opting to recruit new employees for contract positions instead. But what are the pros and cons of this, and are employees following suit?

*By Lisa Cheong*

In the past, the idea of working on a contract basis has been viewed negatively by both employers and employees alike. And it's not hard to see why.

For employees, the biggest disadvantage of contract work is the lack of job security and career prospects, says Axer Goh, manager of specialist contracting division at Robert Walters Singapore. As contract stints may have short tenures, Goh says employees may be worried that their numerous contract jobs would be viewed by potential employers as serial job hopping.



**Axer Goh**  
Manager of Specialist Contracting Division  
Robert Walters Singapore

Meanwhile, employers who hire contract employees often have to grapple with certain pitfalls as well. According to Gary Lai, managing director of Southeast Asia for Charterhouse Partnership, organisations with contract staff have to deal with loyalty issues as unlike permanent staff who are more loyal, contractors don't feel

fully part of the company. "As a result," Lai says, "there may be disruptions to the work done should the contractor leave," which he says may have an impact on the quality of work performed.

Secondly, Lai adds that "unlike a permanent staff, there is less control over how the contractors perform their duties, and this again, could affect the quality of their work."

How contractors are perceived by organisations also plays a big difference in the working relationship and the work delivered. Lai says that if organisations treat contractors with less importance than compared to permanent employees, this could create a negative working relationship between contractors and staff. Lastly, "having contractors would make it more difficult for companies to look at succession planning, business continuity planning and also tailored training for staff," adds Lai.

## Why bother?

Despite all the negative pitfalls, contract work has been slowly gaining traction in Singapore, as more organisations and employees becoming more receptive to the idea of contract work. While industries such as retail and hospitality, logistics, media & entertainment, IT and telco have traditionally relied on contract staff, Lai notes that there has been a growing interest among companies from other industries looking to increase their proportion of contract staff as well.

"Compared to previous years, clients are now more open to the idea of using contractors for positions especially within shared services (IT, HR and operations) and for projects, or on temporary



## Takeaway Notes

1. Hiring contract workers gives organisations a level of flexibility when it comes to its headcount, which boosts the company's competitiveness in both good times and bad.
2. Not all contract workers are low-level employees. Certain contractors may have niche skills which an organisation lacks, and as a result, may command a salary premium compared to permanent staff.
3. Ensuring that service levels do not dip is a key challenge when hiring contract workers. To work around this problem, communication between the company and workers is vital. Set clear expectations on job responsibilities and keep this group of employees engaged.

basis," Lai elaborates, adding that organisations are quickly coming around and understanding that hiring contractors can be beneficial in both recessions as well as in a booming market.

One indicator Lai points out is the financial services industry, which has increased its uptake of contract staff. Lai notes a main reason for this can be attributed to the shortening economic cycles. As banks need to stay nimble, hiring contract staff can help them remain competitive while addressing their headcount issues.

This is especially true for HR managers such as Petrus Leong, who is human capital and development manager at PARKROYAL on Beach Road hotel. According to Leong, employees who are hired for a specific time period form about 10% of the company's workforce. This figure varies throughout the year, depending on the operation needs and business volume.

These contract staff are mainly employed in the hotel's restaurant, bar and events department as well as housekeeping department. They are recruited through the heads of each department, either through contacts or their own networking. HR also assists by putting up ads for open positions either internally and externally.

For Leong, he says that contract workers are a definite must-have in the hotel and catering industry as they are able to assist in the hotel's operational needs. "More importantly, they form as a support and contingency to the lean and often insufficient full-time staffing due to challenges in hiring," he adds.

The investment in employing this group of workers is easily justified, as it helps boost sales revenue on its business and operations, such as for wedding banquets and festive celebrations.

However, Leong does concede that there is a challenge with delivering a consistent service that is up to par with the hotel standards. "Understandably, this group of workers often does not receive proper training," he says.

Apart from having the flexibility of increasing or reducing staff strength when needed, hiring contract workers also has its other advantages. For instance, Goh says that these group of contractors may have niche skills which the organisation lacks.

Additionally, Lai adds that while a contractor may command a higher salary due to the impermanence of the job, companies can still save as they do not have to pay insurance fees, medical fees or create a permanent office space for the contractor.

There may also be fewer potential staff complaints and lawsuits that arise as a result of redundancy. "Contractors who are hired by companies know that they are not a permanent headcount and as a result, are more prepared should their role be made redundant," Lai explains.



**Gary Lai**  
Managing Director of Southeast Asia  
Charterhouse Partnership





## Is contract work for you?

Shedding light into what contract work is like for employees

For Renee Tan, the idea of working in a contract job was not at all a deterrent to taking the job. Currently, she holds a one-year contract position as a recruitment consultant at Manpower Staffing Services.

“Other than the duration of the employment, it is no different from a permanent position,” she says. In fact, Tan adds that her only concern was if the contract position could be extended after one year or even converted to a permanent position.

So far, Tan says that being a contract worker has been a great motivator at work. “It drives me to achieve better results and work harder so that I can prove my worth towards extending my contract.”

Tan is not alone. Whether it is in IT, HR, accounting and finance, Gary Lai, managing director of Southeast Asia for Charterhouse Partnership says that contract work exists in multiple divisions. Other recruitment places he has helped fill include sales & marketing, supply chain & logistics, engineering and financial services – many of these positions filled at a salary of S\$50,000 per annum and above.

Likewise, Axer Goh, manager of the specialist contracting division at Robert Walters Singapore says that some of the typical contract positions they see are mainly within the IT and HR divisions. For IT, contract positions includes project managers, IT developers, system engineers, solution architects, while contract compensation & benefit specialists, recruiters and HR business partners are often sought after.

The perks of being a contract employee are numerous. For one, contract employees may command a higher salary to make up for the impermanence of their job, says Goh.

Secondly, Lai adds that contractors often get to work in a wide range of companies and people, and are able to experience different office cultures and work environments.

Another benefit to being a contract worker is the autonomy in managing personal work and career objectives. Instead of having to take directives from a supervisor or from a company, contract employees are able to choose their own assignments and would be in a much clearer position to know whether they can deliver on the task, says Lai. They are also usually shielded from office gossip and politicking, and can focus on their task at hand.

Due to the nature of their roles, contractors in IT, project management or consultancy roles are often involved in more dynamic functions than they would be as a permanent employee.

However, there are still certain misconceptions about the role of contract work which may abound. For instance, Lai says that the notion of lower salaries is not always true. Depending on the urgency of the role, client budget and duration of the hire, contractors may command higher salary premiums at times.

As for the idea that contract work provides less job security than a permanent job, Lai says that this may not be true. Depending on the company, industry and function, certain executive positions are no less stable and secure than contract positions.

## Managing contractors well

While hiring of contract workers does not seem to abate, HR professionals should look into how they can better manage this group of workers so as to better engage them in their work.

For starters, Goh says that companies should treat contract staff as equal employees and not view them as “second class citizens”. Communication is also vital, especially when establishing job expectations and defining the job scope, Goh adds.

Furthermore, Goh says that employers should be upfront about any possibilities of converting an employee to a full-time position to allay any fears of job security. If there is a chance of converting an employee to a permanent position at the end of the contract, Goh says the

employer or recruitment consultant should convey this at the start of the contract.

Lai adds that it would help if organisations provide a basic induction training into the company and work culture. This helps foster employee engagement and provides a sense of familiarity with the work and environment.

## Conclusion

In a tight labour market, organisations may soon find themselves depending on contract workers a lot more in the future. But that needn't be a detriment for organisations. If managed well, establishing a pool of reliable, contract workers may be the key to helping your company ride through the cyclical and fast-changing economy. **HR**



# HR TOOL KIT

## 01 RETAINING TALENT

**Hire the right people** - Getting the right people on board is important. If he/she is attracted to the job for the right reason, chances are that he/she will stay

**Communicate** - Be sure that every team member knows his roles, job description, and responsibilities within the organisation. Everyone must be on the same page

**Include employees in decision making** - This can help to foster a culture of employee involvement and will generate new ideas and perspectives

**Allow team members to share their knowledge with others** - Having team members share what they have learned at a recent conference or training workshop will retain the knowledge and information

**Shorten the feedback loop** - This will help to keep performance levels high and will reinforce positive behaviour

**Offer a competitive compensation package** - Cash is king. Be at par with market rates where compensation is concerned. No one wants to work for a compromised salary

**Balance work and personal life** - Stress on the importance of work-life harmony. No amount of money can keep a burnt out employee at work

**Provide opportunities for growth and development** - Offer the employee an opportunity to train and make a switch in another department if he is bored with a current position

**Reward and recognise** - This can be simple or extravagant. Often an e-mail of appreciation or quickly stopping by a team member's desk and saying "thanks" can do wonders to employee morale

**Clearly define what is expected of team members** - In a performance-driven workplace a lack of clarity regarding job duties and expectations can cause fear and anxiety among employees who are unsure of what is expected of them

**The quality of supervision and mentorship** - Team members want supervisors who set clear performance expectations, deliver timely feedback on performance, live up to their words and provide an environment where an employee can grow and succeed

**Fair and equitable treatment of all employees** - Avoid discrimination at all levels



## 02 REWARDING OPTIONS

**Competitive salary:** Base your salary on marketplace movement, competition, workforce supply, and other economic factors that influence compensation in your industry and market

**Sign-on bonuses:** Make sure your investment is protected in the person. Split sign-on bonuses over a period of time, not as a lump sum

**Retention bonuses:** You can be creative with this one and apply it to things like higher degree sponsorships and additional training programmes

**Pay for performance:** Again a very effective reward and recognition strategy that can be a strong motivation for higher productivity and greater retention

**Increments with promotions:** Every employee expects a yearly increment and a raise with a promotion, failing which he/she might look out for other options

**Stock options:** Clearly, the most popular form of reward in a competitive job market that also underlines the organisation's interest in a long-term commitment and relationship with the employee





## 03 SOCIAL MEDIA

Do not cross social and professional boundaries

Do develop a HR protocol on “if and how” social networking background checks should be used

Do apply it consistently throughout the organisation

Do ensure that such background checks comply with legislations

Do not discriminate based on information obtained from such background checks.

Ensure all candidates are subject to the same social media checks at the same point during the process

If you reject a candidate based on what you have found in his social network profile, remember to document your finding

## 04 GLOBAL MOBILITY POLICY

A well-designed policy is central to the success of an international assignments programme. The global mobility policy helps everyone understand what is expected of them. It addresses any queries HR or the assignee and their families may have.

- Get the project team to create a policy summary grid that is designed in table format to collate the major policy provisions. Distribute this to your HR colleagues, line managers and assignees to facilitate a quick understanding of the more in-depth policy documents.
- Develop a series of customised cost estimates comparing actual costs associated with the current mobility policy provisions versus estimated costs of a sample case study.
- Distinguish between assignment types - long-term, short-term, commuter assignments and permanent transfers.
- Design a robust, competitive and consistent policy that includes and addresses compensation and benefits, premiums and inducements, tax reimbursement, housing and utilities allowances, goods and services differentials, dependent education, cross cultural and language training, disposition of home and automobiles amongst others.
- Revisit your mobility policies not only to control costs, but to provide consistency in fast-growing markets where disparities may have emerged in corporate policies.
- Communicate. It's important for the expat to be kept up to date with what's going on at home



## 05 SELECTING A SEARCH FIRM

**Expertise:** Does your headhunter or search firm have the requisite knowledge or experience searching for candidates in the particular field? Is your headhunter or executive search firm well-versed in your industry's trends and knows what skills are in-demand?

**Speed:** How quickly can your headhunter or search firm work relative to your hiring needs? At the same time, the organisation needs to be realistic about the quality of the search given the time constraints they are working under.

**Representation:** Is your search firm able to portray an accurate representation of your business in the marketplace? Is your headhunter or recruiter able to sell your employer brand well, or even create a compelling proposition for candidates to make them want to join your company?

**Communication:** How well does your headhunter communicate with you? Are there frequent updates to keep you informed on the progress of the job search?

**Deliverables:** What are the metrics in which the recruiter would be measured against? Some benchmarks include number of days to first submittal, number of days to fill a position, retention rate, average salary of filled positions, interview to offer ratio.



# PAY FOR PERFORMANCE JOB SITE

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## FAQ – PAY FOR PERFORMANCE ONLINE JOB POSTING

### WHY PAY FOR PERFORMANCE?



- Encourages employers to advertise their roles on [www.headhunt.com.sg](http://www.headhunt.com.sg)
- Provide jobseekers with a wider selection of jobs to achieve their aspirations and ambition
- Shares the cost & risk between employers and HeadHunt

### HOW DOES IT WORK?



- Employers will be allocated up to 20 online job credits depending on company size and industry
- Employers will submit the JDs (Executive roles above \$40 k p.a) and HeadHunt will help to post it online
- Job applications will be directed to the designated company email address

### WHAT IF I SUCCESSFULLY HIRE A CANDIDATE THROUGH HEADHUNT ONLINE?



- HeadHunt does not track the candidates hired by employers and we would be relying on employers to share the good news with us when a hiring is made

### HOW MUCH DO I PAY?



- Employers only pay \$250 for each online job posting with a successful hire

### ANY OTHER THINGS TO NOTE?



- The Pay for Performance Model is only applicable to HeadHunt Online Jobs Portal
- RJ Media Pte Ltd reserves the right to i) reject/suspend any job advertisement and/or employers and ii) to suspend/terminate the Pay for Performance Model, at any time and for any reason and shall not be liable for any losses.

JOB FIELD:

ALL
Banking and Finance
Customer Service
<b>Engineering</b>
Healthcare and Medical
Human Resources
Information Technology
Sales and Marketing

WE SEE POTENTIAL IN EVERYONE.



At a glance, he appears to be a young man lazing his day away. However, upon closer inspection, we're witnessing a budding engineer with a very creative mind. You see, with 20 years' experience in recruitment, we've learnt to spot potential in every candidate we place. With our skilled staff and specialist services set up in every industry sector, our applicants aren't just placed in any job, they're placed in a job that truly fits.



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SHAPING DESTINIES