

Supplemental Hiring Is On the Rise, Great Solution in a Down Economy

As the economy slowly recovers from the ongoing recession, a growing number of companies are striving to stay productive – often with reduced workforces due to recession-related layoffs. An increasingly popular solution is to hire supplemental (temporary) employees and independent contractors, allowing businesses to complete necessary work while reducing costs and staying flexible.

It will likely take years to completely recover from this unprecedented recession, and companies are looking for solutions to meet today's new workplace challenges. Many companies need to add staff to increase their productivity and profitability, but hiring full-time staff may not be feasible due to budget cuts and decreased sales. Hiring supplemental employees is often an attractive option and a viable solution.

The Bureau of Labor Statistics reports that the unemployment rate fell in 36 states in November, 2009, partly because of the growing use of supplemental employees. During that month, more than 52,000 supplemental employees were hired, which is more than the number of new workers in any other category.

And that trend is continuing to grow. According to CareerBuilder.com, in 2009, there was a 9% increase in hiring supplemental employees and independent contractors. They predict that number to grow by 13% in 2010, which Patty McGrail, Senior Vice President of Leddy Group, calls "a significant increase."

"Today, companies are trying to expand, but many are proceeding with caution as a result of the ongoing recession. Hiring supplemental employees gives companies the workers they need, but without the permanent commitment they may fear during this still-volatile economy," explained McGrail.

"Hiring supplemental employees can be a win-win situation for both employer and employee. The employer is looking for talented staff to help their company expand in the new post-recession reality. And with unemployment at an unprecedented high, this is an attractive option for people trying to re-enter the workforce, who haven't been able to find a permanent position. Working as a supplemental employee allows people to gain experience and make valuable industry connections," McGrail continued.

As another bonus of hiring supplemental employees, if business doesn't expand, as expected, companies won't have to go through painful layoffs of permanent employees, which negatively impacts employee morale, publicity and more.

According to a recent survey by the Society for Human Resource Management, 12 percent of company personnel departments nationwide were hiring more independent contractors and supplemental workers because of the recession.

By designating workers as "independent contractors," businesses can save as much as 30 percent of payroll. They can also avoid paying benefits, unemployment insurance and workers' compensation payments.

"The problem is when businesses misclassify employees to try and save a few bucks, which is unethical and illegal. By hiring an employee as an independent contractor, instead of an employee, the employer isn't obligated to provide unemployment insurance or workers' compensation insurance. Often, the independent contractor assumes that he's covered by health and safety laws when, in fact, this may not be true. And when they get hurt or are released from their duties, they don't receive the benefits they'd be owed as an employee," McGrail explained.

Employee misclassifications resulted in the underpayment of \$2.72 billion in Social Security taxes, unemployment insurance taxes and income taxes in 2006, the most recent data available, and will likely be significantly higher during more recent years, due to the recession.

The IRS is looking into this issue and has vowed to punish offenders.

"Companies should make sure they understand how and when they can use independent contractors versus employees, and independent contractors should be aware of the current laws and regulations. As long as both parties understand the parameters of the arrangement, it can be a wonderful solution as we slowly recover from this economic downturn," McGrail continued.

Leddy Group specializes in customized staffing for administrative, accounting, light industrial and human resources and business consulting services. Headquartered in Dover, NH, Leddy Group's branches provide client companies in ME, MA, NH and VT with a full range of services that are geared towards enhancing productivity. They are also driven to provide high-quality jobs for employees with various levels and areas of experience.

Leddy Group excels at matching employers with job seekers, and their new website, www.leddygroup.com now includes an interactive feature that helps match companies and job seekers more efficiently.