

Deciding on whether you should be in the contracting or the permanent job market; the pros and cons.

There are no hard and fast rules around what form of employment is best. So much of what constitutes a good decision in this area depends on your own personal circumstances. However, in very general terms, the following points offer a summary of when contracting is likely to suit and when permanent employment is a better option.

PERMANENT salary-based full time employment is likely to suit anyone who:

- Is reliant on a constant regular income to meet essential regular financial commitments e.g. someone who is the sole income earner in a family with small children and a substantial mortgage on the family home.
- Likes the advantages and security of paid annual leave, sick leave and other such provisions offered by permanent employment
- Is in a technical role, e.g. IT development, that requires ongoing and expensive training to stay current. An example would be IT developers who need to keep attending training courses to keep their certifications current and to learn new IT languages that come in to the market.

This is expensive and, for permanent employees, is 100% paid for by your employer.

- Is new to the local market, and who has yet to establish a good local network of professional and industry contacts
- Is seeking a mortgage (banks are often reluctant to lend to those who don't have full-time salaried employment, or those who are new to the contract/consulting market)
- Is keen on upward career progression and promotion within a structured organisation
- Likes to be a formal, in-house decision-maker and part of the long term strategy of an organizations' plans
- Finds money management a challenge, and who prefers to have their tax obligations and superannuation commitments met by their employer
- Would find the uncertainty of the contracting and consulting market a source of constant stress
- Doesn't have a cash fund stashed away of a value of at least six months worth of living expenses

- Whose personal style or family commitments mean they don't have the extracurricular time available to put in to attending social and professional networking events

CONTRACT employment (hourly, daily, weekly rate employment for a specified period of time).

It's important to note that the current contracting market is extremely quiet and contract roles are hard to find. Contractors these days regularly spend months out of work. The result is that the income from contracting is often less than you would earn in a permanent job.

Our advice: go contracting by all means, but don't do it because you think you will earn big money and have a secure range of contracts to work in. In some markets that's true, but it's definitely not true of this one.

In summary, contracting is likely to suit someone who:

- Has a degree of financial security (e.g. already owns their own home outright, and has no young family or dependents) and is thus relaxed about potentially not working for a lengthy periods every year (especially over Christmas and New Year)
- Is happy to forgo the security of paid annual holidays, sick leave etc
- Understands that contracts are frequently cancelled while you are working in them, and this doesn't bother them (notice periods apply, of course; those are usually between 2 weeks and 4 weeks)
- Has been working in the Wellington market for many years and has a well-established network of professional, industry and recruitment contacts to refer to for contract employment opportunities
- Can handle the stress involved in constantly looking for contract options and attending contract job interviews
- Is disciplined at managing finances and can plan effectively for the demands of provisional tax, GST, ACC levies etc
- Is a good administrator and can readily manage the regular invoicing and timesheets as well as correctly filing all those pesky forms, receipts and endless bits of paper
- Is already well-established in their professional career and who doesn't need an employer to provide them with formal, costly ongoing professional training
- Can handle the stress involved in being always on the lookout for the next contract
- Is happy to be constantly networking and keeping their ear to the ground in the local market

- Likes the project-based nature of contracting and who enjoys constantly going in to new environments to deal with fresh challenges and new personalities
- Is fine with being a senior level advisor, without necessarily having the clout to bring about changes the consultant might feel are badly needed.

