

## Comparing Permanent with Contract Employment

There are three types of employment contracts. These are known as permanent employment, temporary employment and independent contractors. The differences between each of these reside in the nature of the agreement of employment. Permanent employment provides for a contract of employment under which the employee has what is referred to as security of tenure. This means that the employee enjoys job security. This should not for one moment be taken to mean that the employee cannot be subjected to termination. Where termination of employment is considered, it requires that a process is engaged.

There are a number of benefits to employees who enjoy security of tenure. First and foremost, there is the guarantee of a salary. This offers some financial comfort and stability to the individual. With guaranteed employment and income, this offers access to loan facilities, hire purchase and credit card facilities and most importantly, the acquisition of mortgages. Financial institutions including Credit Unions are not inclined to provide access to funding in the absence of financial security in the terms of proof of job security and a salaried employee. The added income benefit to employees is the scope which security of tenure offers to have a salary review. This may be an annual exercise or as otherwise agreed upon as a condition of a collective bargaining agreement. Other benefits which generally apply where there is security of tenure, include the entitlement to a pension on retirement, redundancy pay, pay increments, long service leave, annual vacation leave, access to study leave and training, the granting of special leave, annual sick leave, paid time off for public holidays and the opportunity to have a transfer or secondment where the possibility for this exists within the organization.

In making a comparative, permanent employees tend to enjoy more benefits that contract workers are often not entitled to. One difference is that employers may offer the contract employee a package which includes health benefits and other insurance coverage. There are also incentive payments, ranging from commissions and productivity bonus payments.

Employees who have security of tenure or are engaged on contract, remain subject to an annual performance evaluation exercise. Maintaining a level of good job performance is important as a failure to do so can have such consequences of inhibiting promotional opportunities, starting with acting appointments. Permanent employees should be guarded against being complacent and being lulled into a false sense of security that their job is totally secured. Some may be inclined to believe that having secured employment, there are no other incentives which may drive them to aspire to higher heights.

An employee whose work performance continues to be poor may be found wanting in the instance where the organization has to embark on a retrenchment or redundancy programme. Those who have a dismal track performance record could find that they are amongst those to be released from duty. Those employed on a contractual arrangement should remain aware that they don't have job security as their contract has a termination date and its renewal is based on their performance and moreover, if there is a continual need for that position within the organization.

There are some who hold to the view that as employees of the state, their jobs are secure. During the course of the recent economic recession, many have come to the realization that nothing can be further from the truth. Though it is a long process to be undergone where the termination of a Public Officer is being contemplated, the hard fact is that termination remains a distinct possibility. It is a fact that permanent employees in all sectors can be terminated for serious violation that is committed. It is best that employees guard themselves from being terminated on the grounds of cause.

Cause is basically defined as intentional wrong doing by an employee. For example, one definition describes cause as "Conviction of being guilty of felony or crime involving moral turpitude, dishonesty or theft." Another definition describes it as, "Termination for cause occurs when an employee's action in the workplace, interactions with coworkers, interactions with their manager, or ways in which they treat a customer or vendor are so egregious that they require employment termination sometimes immediately."

When it comes to exercise of flexibility in the employment arrangement, permanent employees are required to give at least 4 weeks' notice if they are leaving the job,

mindful that there remains no commitment and obligations to the employer. On the other hand, the same may not be the experience of the employee who is working under contract. Where termination of the contract can be initiated by the employee, the individual must be mindful of their obligations to be fulfilled under the terms of the agreement and the consequences to be suffered if there are reasons to support a claim of breach of contract.

Although there are draw backs associated with contractual employment, those who relish this state would be conscious that it provides for job security, as the duration of contract is known and there is an exit clause to the contract should the individual be desirous of so doing. There are the same entitlements as permanent employees when it comes to both annual and sick leave. The best part of it is that the individual may have more flexibility and operate under less constraints than the normal permanent employee. The one thing that is common to both permanent and contract employees is that they are subject to the payment of national Insurance and income tax.

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