



Independent Contractors Are Part of a Balanced Hiring Strategy

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Summary: Independent contractors can be a great way to bridge skills gaps, access in-demand talent, or get full expertise from a part-time approach. Managing these workers is an art that comes with tips and tricks. We share some [here](#).

Buy a vacation cabin, and you get to stay there any day that you'd like. Of course, you also get to fix the roof, clean the gutters, and mow the lawn. A hotel room is more expensive on a per-night basis, but it also lets you skip maintenance and mundane tasks in favor of maximizing your vacation time. Plus, you'll likely have some wiggle room to upgrade or downgrade your suite, depending on your needs and budget.

Similar to investing in a vacation home, hiring a new employee brings a host of responsibilities and expenses to a community financial institution (CFI). Paying that person for every day of work, whether business is thriving or a little slow, tops the list of obligations. There are also costs such as benefits, liability insurance, and other little items that quickly add up, the more staff you have to accommodate.

Independent contractors, on the other hand, show up only when you need them, bringing you their expertise on a part-time, project-based, or as-needed basis. Working with independent contractors, who are also called contingent workers, can help a CFI scale its workforce to meet demand when it can't afford the overhead connected with employees. These workers can also bridge skill gaps, especially when you don't need someone with that skill every day.

Many financial institutions rely on independent contractors. Nearly half the banking sector's overall workforce, or [47%, is made up of contract workers](#).

What makes a contract worker?

Contract work can take a variety of forms, either in a CFI's main or branch office or at another site. Independent contractors:

- Are responsible for calculating and paying self-employment tax and quarterly income taxes.
- Aren't eligible for employee benefits such as health insurance or retirement savings plans.
- Don't qualify for paid time off.
- Don't work full-time for a single employer as a permanent arrangement.
- Typically invest in their own equipment, set their own hours, and determine their own working conditions.

Do you need an employee or a contract worker for a role?

A wise overall staffing policy probably contains a mix of contract workers and full-time employees. As you decide what roles need someone on staff and which are best filled by an independent contractor, you'll want to consider the following:

- **Budget.** In most instances, an employee is more expensive than a contract worker, especially because they only work part time.
- **Availability.** Some kinds of talent are difficult to find in today’s market. You may have more luck finding an independent contractor who handles IT for multiple companies than finding a dedicated permanent IT team member.
- **Workload.** Do you have enough steady work for the role to justify having someone on-site for 30 to 40 hours a week, year-round? If so, you want an employee. If you only have seasonal needs or the workload is unsteady or unpredictable, you may be better served by an independent contractor.

Here’s how to help independent contractors succeed at your organization.

The actual work that independent contractors do is no different from what an employee would typically do. The biggest differentiator is that they have less time and fewer opportunities to understand what you need and why. Your employees hear from you during both structured and unstructured meetings. They marinate in your corporate culture exclusively, and they become a mainstay in your staff.

Independent contractors are only there from time to time, and may not interact with other staff as often as an employee. They work on projects for multiple clients during a typical day or week.

How do you ensure they understand your business’ goals and can complete their work effectively? Communicate. Go further than you might first think is necessary in explaining what you need, how that work fits into your larger goals, and what the independent contractor must do to be successful in that role. Talk about how the role may evolve. By giving a contract worker the information they need to succeed, you help them advance your CFI.

Understanding the differences between contract workers and full-time employees and how to determine which is best suited to each role is helpful to your business’ needs being fulfilled. If you do take on independent contractors, communicating your needs explicitly will help them in their goal to drive your institution’s success.

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ECONOMY & RATES

Rates As Of: 03/21/2023 05:55AM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	4.81	-0.07	0.39
6M	4.80	-0.37	0.04
1Y	4.49	-0.51	-0.21
2Y	4.09	-0.73	-0.34
5Y	3.69	-0.50	-0.32
10Y	3.56	-0.37	-0.32
30Y	3.71	-0.21	-0.25
FF Market	FF Disc	IORR	
4.58	4.75	4.65	

SOFR	Prime	OBFR
4.55	7.75	4.57

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