

# What to Consider When Hiring Techies

by Taymour | May 24, 2022

Finding the right candidates for technical roles can be difficult, as the most in-demand skills change rapidly and make it hard to keep up with the latest trends. In addition, the competition for top talent is fierce, especially during labor shortages. The best candidates often receive multiple offers and can afford to be choosy about where they work.

To complicate matters further, the interviewing and assessment process for technical roles is often different than it is for other types of positions. Traditional interview questions may not elicit the information you need to make a good hiring decision, and HR staff often do not possess the specialized skills necessary to screen technical candidates. As a result, already-overloaded technical managers tend to carry this burden.

Despite these challenges, you can do some things to increase your chances of success when recruiting for technical roles. First, make sure you clearly understand the skills and experience you need. Secondly, ask for a relevant work sample to assess the candidate's abilities. Finally, take the time to onboard and train new hires, so they have the support they need to be successful.

With a little effort, you can find the right person for even the most challenging information technology (i.e., IT programmers, AWS experts, etc.) and analytic (i.e., data scientists, statisticians, etc.) roles. Let's explore some staffing options.

## Direct Hire

If you anticipate needing dependable services indefinitely, and you don't mind investing in a person's development as a permanent asset, hiring an employee may be a good fit for your company. One of the benefits of hiring employees directly is that they're typically more invested in the company and its

success. They also tend to be more reliable, since they have a financial stake in keeping their jobs, and you can control how and when they work. On the downside, getting a new employee up to speed and fully productive usually takes a full year, and since technology changes quickly, you'll probably need to provide ongoing professional development training. Additionally, employees are generally more expensive because the employer is on the hook for payroll taxes (Social Security, unemployment, and Medicare) and benefits (health insurance, 401k matching, paid time off, disability insurance, workers comp, etc.). Finally, many labor laws and regulations are in place to protect employees, so the hiring (and termination) processes can be complex.

## **Independent Contractors**

On the flip side, hiring an independent contractor has its pros and cons, but it can be a good option for businesses that need specialized help on a project-by-project basis. This approach can be beneficial when you don't anticipate needing these skills or services permanently. One benefit of this choice is that the overall cost is generally lower because contractors don't generate the overhead costs that employees do. Independent contractors are self-employed entities, and as such they pay their own taxes and don't require employee benefits. They have the freedom to work when and where they want, provide their own equipment, and are accountable to you only for their results. Finally, contractors are not subject to the same rules and regulations as regular employees, which can save businesses a significant amount of time and money, especially if the relationship doesn't work out and you need to terminate it. Still, you should proceed with caution!

Given the benefits we've just discussed, many companies are lured into some murky waters and don't realize that utilizing independent contractors has some obvious drawbacks. For example, contractors may be less reliable than regular employees, and it can be more difficult to hold them accountable for their work. In addition, contractor rates can fluctuate depending on the market, which can make budgeting difficult. However, the most concerning difference between an employee and an independent contractor is that hiring contractors can be a legal gray area. Make sure you have independent contractors sign a contract that explicitly states they are not employees. Even when you take this precaution, if you begin to treat an independent contractor like an employee (for instance, by providing equipment, requiring specific work hours, and inviting workers to corporate meetings), the IRS and your state can rule that the contractor is/was actually an employee and charge you for back payroll and employment taxes. They may also be eligible for retroactive benefits if you have other employees who receive them. Be sure to get appropriate legal advice.

## Outsourcing

Using a third-party staffing agency to outsource your technical staffing needs can be a viable solution as long as you fully understand the pros and cons. Outsourcing can often free up your time and resources, thus enabling you to focus on your core business. Staffing agencies do all the recruiting legwork for you, from searching for candidates and checking qualifications to pre-screening candidates so they come to you fully vetted. This process saves you time and energy.

Outsourcing can also provide you with more flexibility, since you can scale up or down as needed for projects or shorter-term needs. Staffing companies can give you peace of mind as well because they reduce or eliminate the financial and legal liabilities of hiring employees and/or independent contractors yourself. The staffing company, not you, assumes these risks. When working with an agency, you'll also have access to a wider pool of candidates than you would find if you were doing the recruiting yourself. If you're having trouble filling a position, an agency can present you with candidates you might not be able to find on your own. It can also be more cost-effective than doing the recruiting yourself, since you won't have to pay for advertising or other recruitment costs. Finally, because staffing agencies tend to specialize by industry and subject matter, they can provide quality candidates with specific skills and experience.

Using a staffing company for US-based labor has some downsides, however. For one thing, it can sometimes be more expensive than hiring or contracting with someone directly because agency fees are typically a percentage of the salary, a flat fee, or an hourly rate. Additionally, you need to communicate your needs clearly to the staffing company, as they may not be familiar with your specific industry or sector. You'll probably also have less control over the recruiting process if you work with an agency than you would if you were doing it yourself, so it can feel less personalized. Another concern is that some agencies may be more interested in placing candidates than in finding the best match for your company, which can lead to conflicts of interest and subpar candidates. The solution is to make sure you select your agency carefully. Ultimately, whether or not a staffing company is the right choice for you will depend on your specific needs and budget.

## Offshoring

Especially for IT and analytic services, many companies opt to use an agency that outsources talent from a foreign country. As with other staffing options, you should know what to expect before you

embark on this journey. The most obvious benefit of outsourcing to a foreign country is the cost savings. You can often get the same work done for a lot less money (sometimes up to half the cost) than you can when you source labor within the US. Another benefit of this type of outsourcing is that the same skilled labor might be difficult to find in your own country, especially during labor shortages.

However, outsourcing to a foreign country also has some disadvantages. One of the main drawbacks is that possible language barriers can lead to miscommunication and errors. In addition, foreign cultures and traditions often take time to get used to, especially if you plan to integrate US and offshore labor. For example, a foreign worker may hesitate to speak up about an unreasonable deadline or to deliver bad news, leading to missed deadlines or unexpected results. Another factor to consider when outsourcing is the time zone difference, which can make it difficult to coordinate work and communicate in a timely manner.

## **Nearshoring—A Great Alternative**

If your company is interested in exploring foreign outsourcing benefits, you should understand the distinction between *offshore* outsourcing and *nearshore* outsourcing. One way to have the best of all worlds, especially for hard-to-find technical talent, is to go with an analytic recruiting agency that specializes in nearshoring.

The key difference between offshore and nearshore outsourcing is the worker's geographic location. Offshore outsourcing involves working with a provider in a distant foreign country (often Asia), while nearshore outsourcing involves working with a provider in a country nearer to the US such as Mexico, Central America, or South America. Nearshoring is often better than offshoring for a variety of reasons. For example, although the cost savings may not be quite as substantial as offshoring to, say, India, companies can still expect to save a significant amount of money, depending on the specific role you're seeking to fill as well as its supply and demand.

Another key advantage of nearshoring is that time zone differences are often fewer and not as drastic. In fact, most nearshore countries share time zones with the US, which can make it easier to coordinate work and communicate in a timely manner within the same business day. You will also encounter fewer language barriers, which facilitates better communication and diminishes errors. Workers in nearby countries are also more familiar with the US's business culture and acumen, making it easier to work together and understand each other. All of these advantages lead to higher-quality work and a better overall experience for everyone involved.

[newData's Analytic Recruiting](#) is a Nashville-based LLC that specializes in analytic recruiting and nearshoring. We partner with Nova Comp, a top IT recruiting company headquartered in Costa Rica, to find and place the best technical talent. We'd love to meet with you to discuss your specific staffing needs and how we can exceed your expectations.



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