

The ISME Guide to Contracts

Full-Time

A 'Full-Time' employment is the basis that all of your contract are measured against. The hours outlined in a company's Full-Time contract establish the 'Full Time Equivalent (F.T.E) of the company. Generally, this is set at hours ranging between 37.5 – 42.5 per week. This will be determined by the company's fixed operational hours and needs to take rest periods into account.

A Full-Time contract has an F.T.E of 1.0 and this is the number of people that are required to complete the role associated to the contract.

Full-Time contracts can be issued on a Permanent, Fixed-Term or Specified-Purpose basis.

Part-Time

A Part-Time contract is one that is issued for any hours that are less than the company's F.T.E. If a company's F.T.E is based on 40 hours per week, then any Part-Time contracted hours are a fraction of that. i.e. if the FTE for a 40-hour Full-Time contract equals 1.0 then the FTE for a 20-hour Part-Time contract equals 0.5.

Part-Time contracts can be issued on a Permanent, Fixed-Term or Specified-Purpose basis.

Casual

Casual contracts are used if an employer has a short term need for employment cover due to an immediate business requirement or an emergency situation.

Casual contracts can only be issued on a Fixed-Term or Specified-Purpose basis.

Headcount

The Headcount for any company is the number of FTEs required to operate in the course of the year. In order to ensure that they have the right number of employees and the right contracts in place, employers should review their Headcount requirements and identify the number of employees

Permanent

A permanent contract is one that has no set end date and is issued for an 'indefinite duration'. This is the type of contract that should be issued when a company has a consistent requirement for an employee on a long-term basis.

Fixed Term

A fixed-term contract is one that is assigned with a specific end date due to business requirements. It should be used when the company is unclear on the ongoing requirement for an employee or to cover a set period of absence for another individual. Employers are protected against claims on the grounds of Unfair Dismissal where the employment relationship has been terminated due to the conclusion of the contract, but it is important to note that the use of Fixed-Term contracts to manage performance or behavioural issues still exposes the company to Unfair or Constructive Dismissal complaints at third party.

It is also important to note that where there is no clear reason or “objective justification” provided to the employee as to why the contract is not being renewed on a permanent basis, the employee can claim that they are entitled to a permanent contract.

Specified Purpose

A specified Purpose contract is issued to cover a specific period of time that the company may not be able to define. This tends to be in the case where a project is underway, and the company are not clear on the end date or to cover the absence of a specific employee where the return date is unclear. Like the Fixed-Term contract, employers are protected against claims on the grounds of Unfair Dismissal where the employment relationship has been terminated due to the conclusion of the contract, employers must ensure that the employee exits at the designated end point or they could submit a claim for a permanent contract.

Probation

The probationary period is the initial period of time for the company to ascertain the employee’s suitability in the role that they have been recruited for. It is recommended that the company provide a structured training program to new recruits to help them integrate as quickly as possible and that their performance is measured to establish if they are performing at the required level. A well-structured probation program can be the basis for establishing a robust performance management programme.

If you have any questions with regards to the points raised here please contact Human Resources on 01-6622755 or HR@ISME.ie.