
Upjohn Institute Press

Operationalizing the Shadow Workforce: Toward an Understanding of the Participants in Nonstandard Employment Relationships

Courtney von Hippel
University of New South Wales

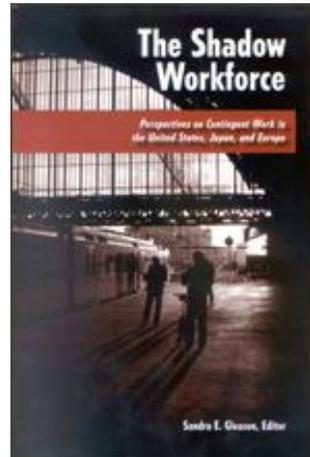
Venkat Bendapudi
Ohio State University

Judith W. Tansky
Ohio State University

David B. Greenberger
Ohio State University

Stephen L. Mangum
Ohio State University

Robert L. Heneman
Ohio State University



Chapter 2 (pp. 29-64) in:

**The Shadow Workforce: Perspectives on Contingent Work in the
United States, Japan, and Europe**

Sandra E. Gleason, ed.

Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2006

DOI: 10.17848/9781429454889.ch2

2

Operationalizing the Shadow Workforce

Toward an Understanding of the Participants in Nonstandard Employment Relationships

Courtney von Hippel
University of New South Wales

Venkat Bendapudi
Ohio State University

Judith Tansky
Ohio State University

David B. Greenberger
Ohio State University

Stephen L. Mangum
Ohio State University

Robert L. Heneman
Ohio State University

Most individuals regard full-time, long-term employment as the preferred employment relationship. As such, those in alternative forms of employment may be cast as working in the “shadow” of the mainstream. The term *shadow workforce* thus refers to individuals engaged in forms of employment that differ from full-time, long-term employment. That is, they are engaged in *nonstandard work* (Carré and Joshi 2001). The shadow workforce garners public attention in headlines, titles, and statements proclaiming “The End of the Job,” *The Downsizing*

of America, and “Jobs in an Age of Insecurity,” and in judicial decisions developing case law concerning this group (Bridges 1994; Cahill 1996; Church 1993).

Opinions on the shadow workforce are polarized. Some point to anxiety among workers about the disappearance of job security, career ladders, and benefits in the shadow workforce (Nollen 1996). Others argue that such sentiments are exaggerations of the extent of shadow work, its consequences, or both (Cohany 1998; Dennard 1996; Ettore 1994; Lenz 1996). The latter view suggests that nonstandard employment offers greater flexibility to employees and employers and benefits society as a result of a more efficient and cost-effective use of labor. Both extremes are stereotypical attitudes to nonstandard work. The reality is that the shadow workforce is not a homogeneous entity. Significant differences exist among shadow workers in demographics, skills, income and education levels, and motivation. Researchers should not view contingent workers as a monolith, for such amalgamation prompts overly simplistic diagnoses. Differences between types of contingent workers are so pronounced that, for some workers, the shadow workforce is preferred to the mainstream. For those strongly preferring the mainstream, some parts of the shadow are clearly darker than others.

We begin with data on the extent and composition of the shadow workforce to provide an overview of trends in contingent and nonstandard employment arrangements. We also examine differences in perspectives on the job consequences of such employment. We then adopt a psychological approach to understand growth in the shadow workforce from both the demand or employer perspective and the supply or labor perspective. We reflect upon attempts to incorporate contingent employment into standard models of the employment system, concluding with some questions still seeking answers, living true to the motto that good research should recommend further research.

DEFINING AND ESTIMATING THE SHADOW WORKFORCE

Computing the size of the shadow workforce is complicated by its heterogeneity. What unites its inhabitants is that they are not currently party to full-time, long-term employment and instead are engaged in

nonstandard work (Carré and Joshi 2001). Early attempts to quantify the shadow workforce referred to “contingent employees” and operationally involved aggregating some or all of the following groups: part-time workers, individuals employed in the temporary help-supply industry, and contract workers with a single client (Callaghan and Hartmann 1991). This helped to narrow the group, but its imprecision led to unreliable estimates. Fortunately, significant progress has occurred over time in the sophistication of available estimates of the shadow workforce. The U.S. Bureau of Labor Statistics (BLS), beginning in 1995, has collected data on the phenomena through a supplement to the Current Population Survey (CPS), administered monthly to approximately 50,000 American households. The supplement employs two conceptualizations: “contingent employment” and “alternative employment arrangement.”

The BLS defines *contingent* employment as work that does not involve explicit or implicit contracts for long-term employment. Contingent work was initially conceptualized as “conditional and transitory employment arrangements as initiated by a need for labor,” or in other words, individuals in employment relationships where the conditions are likely to be immediately and directly contingent on changes in production processes and fluctuations in product and service demand (Freedman 1985). Such direct contingency might be illustrated by software programmers in the dotcom bust, when decreases in demand for software skills produced decreased demand and greater idle time for software programmers employed on a per-project basis. Thus, in the BLS data set, contingent work is employment expected to last less than a year; contingent workers are individuals who do not perceive themselves as having an explicit or implicit contract for ongoing employment (Hipple 1998).

Three alternative measures of contingent work are used by the BLS (Polivka and Nardone 1989). Estimate 1, the narrowest, measures contingent workers as wage and salary workers who both expect to work in their current jobs and have worked for their current employers for one year or less. Self-employed workers and independent contractors, as well as individuals working for temporary help employment agencies or contract companies who expect to be employed under these arrangements for more than one year, are excluded under this estimate.

Estimate 2 includes the self-employed and independent contractors who expect to be and have been in employment relationships for one year or less. This category also includes temporary help and contract company workers who expect to be working for the customers to whom they have been assigned for one year or less. For example, based on the above definitions, a temporary worker who has worked for the same temporary employment agency for five years but who moves from one client to another on a regular basis (e.g., weekly or monthly) would be considered contingent under Estimate 1 but not under Estimate 2.

Contingent employment is expanded in Estimate 3 to include all wage and salary workers who do not expect their employment to last for a year, except for those who, for personal reasons, expect to leave jobs that they would otherwise keep. For example, under Estimate 3, a worker who has been employed by a company for 15 years but expects to retire in four months would be contingent.

Using Estimate 3, there were 5.7 million contingent workers in 2005, representing 4.1 percent of the total U.S. workforce (Table 2.1). This is only a very slight increase from 2001 levels of 5.4 million contingent workers, representing 4.0 percent of total employment. Also of note is that 1995, the first year of the series, yielded the largest estimates of contingent workers in both raw number and percentage terms. As a percentage of total employment, contingent employment in these survey data decreased in the 1997, 1999, and 2001 surveys, leveling with very similar percentages of employment figures in 2001 and 2005. To the best of our knowledge these facts cannot be attributed to changes in definition or survey methodology. Whether this 10-year swath of data portrays a longer-term trend, a portion of a cyclical trend, or perhaps is linked to other phenomena, such as trends in international outsourcing, is grounds for healthy speculation.

A second conceptualization used in the supplement to the Current Population Survey (CPS) concerns “alternative employment arrangements.” Specific alternative employment arrangements included are independent contractors, on-call workers, temporary help agency workers, and workers provided by contract firms (Cohany 1998).

Independent contractors work for themselves and thus are not employees in a traditional sense. They may work with several clients on different projects at the same time (e.g., a computer consultant). On-call workers are people who do not have a regular schedule for reporting to

Table 2.1 Contingent Worker Employment in the United States

	Number of contingent workers (in millions)					% of U.S. employment				
	1995	1997	1999	2001	2005	1995	1997	1999	2001	2005
Estimate 1	2,739	2,385	2,444	2,295	2,504	2.3	2.0	1.9	1.7	1.8
Estimate 2	3,422	3,096	3,038	2,963	3,177	2.9	2.6	2.3	2.2	2.3
Estimate 3	6,034	5,574	5,641	5,369	5,705	5.2	4.6	4.3	4.0	4.1

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Selected Characteristics, February 1995, 1997, 1999, 2001, 2005.

work. They fill in for regular, full-time positions due to staffing shortages or temporary absences (e.g., substitute teachers). Temporary help agency workers and workers provided by contract firms are employees of one company who carry out work assignments for another organization. Temporary help services specialize in placing otherwise unconnected individuals temporarily with clients for specific projects, while contract firms typically lease out their employees for significantly longer periods of time to client company sites (e.g., janitors, security staff, engineers, and information technology workers).

The 2005 survey identified 10.3 million independent contractors (7.4 percent of the U.S. workforce), 2.5 million on-call workers (1.8 percent), 1.2 million temporary help workers (0.9 percent), and 813,000 contract workers (0.6 percent). The proportion of people employed in alternative arrangements increased from 9.3 percent (12.5 million people) in 2001 to 10.7 percent (14.8 million) in 2005. As shown in Table 2.2, the largest alternative employment arrangement category in all five surveys (1995–2005) was independent contractors, four times

Table 2.2 U.S. Employment by Type of Work Arrangement

	Independent contractors	On-call workers	Temporary help agency	Contract workers	Traditional workers
Number of workers (000)					
1995	8,309	2,078	1,181	652	111,052
1997	8,456	1,996	1,300	809	114,199
1999	8,247	2,032	1,188	769	119,109
2001	8,585	2,089	1,169	633	121,917
2005	10,342	2,454	1,217	813	123,843
% of U.S. employment					
1995	6.7	1.7	1.0	0.5	90.1
1997	6.7	1.6	1.0	0.6	90.1
1999	6.3	1.5	0.9	0.6	90.7
2001	6.4	1.6	0.9	0.5	90.6
2005	7.4	1.8	0.9	0.6	89.1

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative and Traditional Work Arrangements by Selected Characteristics, February 1995, 1997, 1999, 2001, 2005.

as large as “on-call workers,” the next largest category. Interestingly, 2005 marked the highest absolute number and employment percentage for three of the four alternative employment arrangements: independent contractors, on-call workers, and contract workers. The only segment that was not at a historical high in absolute numbers was temporary help agency work, which was below the record 1997 levels in absolute numbers and in percentage representation. Viewing the shadow workforce through the lens of alternative work arrangements portrays a sense of greater stability in the phenomena than when viewed through the lens of contingent work. “Traditional” work arrangements characterized 90.1 to 90.7 percent of employment in the period 1995–2001, dropping to 89.1 percent only in the latest survey year of 2005.

In sum, whether viewed through the lens of alternative employment arrangements or that of contingent workers, the shadow workforce is a nontrivial proportion of the U.S. workforce, as measured from 1995 to 2005.

WHO IS IN THE SHADOW WORKFORCE?

The heterogeneity of the shadow workforce is evident in its demographic composition, briefly described here using CPS data on contingent workers and alternative employment arrangements.

Age

The age distribution of workers in contingent and alternative work arrangements in 2005, contrasted with noncontingent and traditional employment, is shown in Tables 2.3 and 2.4. The largest group of contingent workers was between 16 and 24 years of age (27.2 percent). This is in contrast to noncontingent workers, where the largest group was the category of 35–44-year-olds (25.1 percent). Contingent workers are twice as likely as noncontingent workers to be under 25 years of age. Table 2.4 provides an age breakdown across alternative work arrangements. Workers in temporary and on-call work arrangements were more heavily clustered in the younger age groups than was the case for other work arrangements: nearly 20 percent of both on-call and tem-

Table 2.3 Age Distribution of Contingent and Noncontingent Workers, 2005 (%)

Age	Contingent workers	Noncontingent workers
Over 55	13.8	16.5
45–55	15.3	24.1
35–44	18.3	25.1
25–34	25.4	21.5
16–24	27.2	12.8

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Selected Characteristics, February 2005.

Table 2.4 Age Distribution of Employment within Alternative Work Arrangements, 2005 (%)

Age	Independent				
	contractors	On-call	Temporary	Contract	Traditional
Over 55	27.3	18.0	13.8	16.3	15.5
45–54	27.1	17.0	16.4	22.8	23.7
35–44	26.6	23.3	20.8	24.1	24.7
25–34	14.7	21.8	29.8	25.2	22.2
16–24	4.3	19.9	19.3	11.6	13.9

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative and Traditional Work Arrangements by Selected Characteristics, February 2005.

porary workers were between 16 and 24. The distribution of independent contractors was more skewed to the older-age categories compared with any other work arrangement, including traditional arrangements. For example, workers ages 55 and older represented 27.3 percent of independent contractors, as opposed to 13.8 percent of temporary workers. The age distribution of contract workers was most consistent with that of traditional work arrangements.

Gender and Ethnicity

The distribution of workers across contingent and alternative employment by gender and ethnicity is shown in Tables 2.5 and 2.6. In

Table 2.5 Selected Demographics of Contingent and Noncontingent Workers, 2005 (%)

Demographic group	Contingent workers	Noncontingent workers
Women	48.9	46.7
Black	11.6	10.5
Hispanic	20.8	12.7

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Selected Characteristics, February 2005.

Table 2.6 Selected Demographics of Workers in Alternative Work Arrangements, 2005 (%)

Demographic group	Independent contractors	On-call	Temporary	Contract	Traditional
Women	35.3	49.4	52.8	31.0	47.8
Black	5.6	8.6	22.7	14.9	10.9
Hispanic	9.2	15.7	21.0	16.4	13.1

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative and Traditional Work Arrangements by Selected Characteristics, February 2005.

2005, women and minorities comprised a greater percentage of contingent workers than noncontingent workers. Among alternative work arrangements, the percentage of employment in temporary help agencies for women, African Americans, and Hispanics was higher than their employment percentages in traditional work arrangements. The percentage of independent contractors who were female, African American, or Hispanic was lower than the percentage of employees with these characteristics who were employed in traditional employment.

Education

The educational level of workers is shown in Tables 2.7 and 2.8. A larger percentage of contingent workers than noncontingent workers reported having less than a high school diploma. Interestingly, this was also true in 2005 for college education. Within alternative employment arrangements, the percentage of temporary help agency workers pos-

Table 2.7 Distribution of Contingent and Noncontingent Workers, by Educational Attainment, 2005 (%)

	Less than high school diploma	High school graduate, no college	Some college, less than a bachelor's degree	College graduate
Contingent workers	15.5	24.5	23.5	36.6
Noncontingent workers	8.6	29.7	28.5	33.1

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by School Enrollment and Educational Attainment, February 2005.

Table 2.8 Distribution of Workers in Alternative Work Arrangements, by Educational Attainment, 2005 (%)

	Less than high school diploma	High school graduate, no college	Some college, less than a bachelor's degree	College graduate
Independent contractors	7.7	27.6	29.1	35.6
On-call workers	13.7	27.8	28.8	29.7
Temporary help agency workers	16.9	29.5	32.4	21.2
Contract firm workers	13.0	19.9	30.5	36.6
Traditional arrangements	8.7	29.8	28.3	33.2

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative and Traditional Work Arrangements by School Enrollment and Educational Attainment, February 2005.

sessing less than a high school diploma was larger than that of any other employment arrangement. Both contract firm and independent contract employment arrangements had a larger percentage of college-educated workers than did traditional employment. The employment arrangement with the largest percentage of workers in the “some college” category was temporary help agencies, suggestive perhaps of employment in this category being most consistent with continued progression toward degree completion.

Occupation and Industry

Table 2.9 shows that, compared to the distribution of workers in regular (noncontingent) employment, a larger percentage of contingent workers in 2005 was in the occupational categories of administrative support or operators, fabricators, and laborers, and a lower percentage was in professional specialties. Compared to the occupational distribution of workers within traditional employment arrangements, the distribution of independent contractors was more concentrated in a professional specialty (57 percent) and substantially less among administrative support occupations (3.4 percent) (Table 2.10). The occupational distribution of temporary help agency employment was more concentrated in administrative support (24.8 percent) and operators, fabricators, and laborers (37.2 percent) and less in professional specialties (22.4 percent) than was the case in traditional employment. The occupational distribution in contract firms and on-call employment were similar, both with a substantially higher percentage in service occupations and in the opera-

Table 2.9 Distribution of Workers in Contingent and Noncontingent Arrangements, by Occupational Category, 2005 (%)

	Professional specialty	Administrative support	Services	Operators, fabricators, laborers
Contingent	41.6	14.8	15.7	27.8
Noncontingent	47.3	13.9	15.6	23.3

SOURCE: Bureau of Labor Statistics, Current Population Survey Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Occupation and Industry, February 2005.

Table 2.10 Workers in Alternative and Traditional Work Arrangements, by Occupational Category, 2005 (%)

Work arrangements	Professional specialty	Administrative support	Services	Operators
Independent contractors	57.0	3.4	13.7	25.8
On-call	40.0	8.2	22.1	29.6
Temporary help agency	22.4	24.8	15.6	37.2
Contract firm	42.1	4.7	26.2	27.0
Traditional	46.7	14.9	15.5	22.9

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative and Traditional Work Arrangements by Occupation and Industry, February 2005.

tor et al. grouping and less in administrative support occupations than was the case for traditional employment.

There were also differences among industries. Under all three definitional estimates of the contingent workforce, there was a higher percentage of workers in the services industrial classification than in the case of noncontingent employment (Table 2.11). Work in the service sector represented the majority of employment for on-call workers (55.7 percent) (Table 2.12). While the percentage employed in services among independent contractors and temporary help agency workers (44.4 percent and 47.7 percent, respectively) was similar to that of traditional employment (43.4 percent), a substantially lower percentage of contract firm employment (30.9 percent) was in services. Manufactur-

Table 2.11 Workers in Contingent and Noncontingent Arrangements, by Selected Industry Grouping, 2005 (%)

	Services	Wholesale/retail	Manufacturing
Contingent	57.6	8.6	6.4
Noncontingent	43.3	15.6	11.9

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Occupation and Industry, February 2005.

Table 2.12 Distribution of Workers in Alternative and Traditional Work Arrangements, by Selected Industry, 2005 (%)

Work arrangements	Services	Wholesale/retail	Manufacturing
Independent contractors	44.4	11.0	3.2
On-call	55.7	7.7	4.8
Temporary help agency	47.7	7.5	28.4
Contract firm	30.9	6.5	14.1
Traditional	43.4	16.1	12.6

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers by Occupation and Industry, February 2005.

ing employment represented less than 5 percent of total employment for independent contractors and on-call workers, in contrast to 12.6 percent of traditional employment, and was a higher percentage of employment among temporary help workers (28.4 percent) than any other form of employment arrangement.

VOLITION IN THE SHADOW WORKFORCE

An important issue in the study of contingent and alternative employment relationships is the extent to which the arrangement reflects employee choice. The CPS supplement lends itself to some exploration of this question in that it asks individuals to report their preference for the current work arrangement, the response options for contingent workers being “prefer noncontingent,” “prefer contingent,” and “it depends.” Across all three contingent employment definitions/estimates, the most frequently stated preference of workers currently employed in contingent employment was that of noncontingent employment arrangements and by a wide margin (55.3 percent preferring noncontingent employment to 35.5 percent preferring contingent employment in 2005 [Table 2.13]). Investigating preference across alternative work arrangements reveals greater differences in attitudes. Independent con-

Table 2.13 Distribution of Contingent Workers, by Preference for Contingent Employment, 2005 (%)

Work preference	Contingent workers
Prefers noncontingent	55.3
Prefers contingent	35.5
It depends	5.7
Not available	3.5

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent Workers by their Preference for Contingent or Noncontingent Work Arrangements, February 2005.

Table 2.14 Distribution of Alternative Workers, by Arrangement, 2005 (%)

Work preference	Independent contractors	On-call	Temporary help agency
Prefers alternative	82.3	46.1	56.2
Prefers traditional	9.1	44.6	32.1
It depends	5.2	6.8	6.5
Not available	3.4	2.5	5.3

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Workers with Alternative Work Arrangements by their Preference for a Traditional Work Arrangement, February 2005.

tractors expressed little interest in traditional employment (only 9.1 percent), contrasted with significantly larger percentages of temporary help workers (32.1 percent) and on-call employees (44.6 percent) (Table 2.14).

EARNINGS AND ACCESS TO BENEFITS IN ALTERNATIVE EMPLOYMENT RELATIONSHIPS

Median weekly earnings for contingent workers (\$405 to \$488, depending on operational definition of contingent employment used) were

lower than median weekly earnings of noncontingent workers (Table 2.15). The median weekly earnings of independent contractors and contract firm workers were higher than individuals who are on-call or temporary help agency workers (Table 2.16). Perhaps somewhat surprising is that contract firm workers, not independent contractors, show the highest median weekly earnings level in the 2005 survey. The lowest median earnings level was that of temporary help agency workers, with on-call workers earning a higher median weekly income.

In terms of benefits, only 18.1 percent of contingent workers reported access to employer-provided health insurance. 52.1 percent of noncontingent workers and 12.4 percent of contingent workers were eligible for employer-provided pension plans, in contrast to 44.7 percent of workers in noncontingent employment (Table 2.17). We would not expect independent contractors to have access to these benefits, as they are self-employed and responsible for providing their own. Nearly

Table 2.15 Median Usual Weekly Earnings of Contingent Workers, 2005

Contingent worker estimates	Usual weekly earnings (\$)
Estimate 1	405
Estimate 2	411
Estimate 3	488

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Median Usual Weekly Earnings of Full- and Part-time Contingent Wage and Salary Workers and those with Alternative Work Arrangements by Sex, Race, and Hispanic Origin, February 2005.

Table 2.16 Median Usual Weekly Earnings of Workers with Alternative Work Arrangements, 2005

Alternative worker arrangement	Usual weekly earnings (\$)
Independent contractors	716
On-call	519
Temporary help agency	414
Contract firm	756

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Median Usual Weekly Earnings of Full- and Part-time Contingent Wage and Salary Workers and those with Alternative Work Arrangements by Sex, Race, and Hispanic Origin, February 2005.

50 percent of employees in contract firms reported employer-provided health insurance, compared to only 8.3 percent of temporary help agency workers (Table 2.18). Similarly, 33.5 percent of contract firm workers were eligible for employer-provided pension plans in contrast to 3.8 percent of temporary help agency workers. In summary, contingent workers had less access to both health insurance and pension benefits than their noncontingent counterparts, and, with the exception of our expectation on independent contractors, the lowest level of health insurance and pension coverage was among temporary help agency workers. Combined, these data paint a complex portrait of the shadow workforce. It is a tapestry of diverse employment arrangements with distinct demographic profiles, differing levels of employee volition, and very different outcomes as measured in earnings and benefits.

To increase understanding of the forces that provide the impetus for the formation and the maintenance of the shadow workforce, we adopt the economist's propensity for demand and supply. We first discuss the demand side, highlighting factors that may motivate organizations to increase their use of contingent workers. We then focus on the supply side, examining why employees choose to work in a contingent capacity. In this examination we concentrate on temporary employees, where research exists to shed light on the question. Logic and evidence suggest that the factors are likely a function of both supply and demand. The chapter ends with an examination of the consequences of contingent worker usage for the organization.

Table 2.17 Access to Employer-Provided Health Insurance and Pension Plans, 2005 (%)

	Contingent	Noncontingent
Health insurance provided by employer	18.1	52.1
Eligible for employer-provided pension plan	12.4	44.7

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers and those with Alternative and Traditional Arrangements by Health Insurance Coverage and Eligibility for Employer-provided Pension Plans, February 2005.

Table 2.18 Workers with Alternative and Traditional Work Arrangements, by Employer-Provided Health Insurance and Eligibility for Employer-Provided Pension Plans, 2005 (%)

Work arrangements	Employer-provided health insurance	Eligible for employer-provided pension plan
Independent contractors	0.0	1.9
On-call	25.7	27.8
Temporary help agency	8.3	3.8
Contract firm	48.9	33.5
Traditional	56.0	47.7

SOURCE: Bureau of Labor Statistics, Current Population Survey (CPS) Supplements: Contingent and Alternative Employment Arrangements, Employed Contingent and Noncontingent Workers and those with Alternative and Traditional Arrangements by Health Insurance Coverage and Eligibility for Employer-provided Pension Plans, February 2005.

ORGANIZATIONAL REASONS TO HIRE CONTINGENT WORKERS

Numerous reasons have been cited in the literature for organizational usage of contingent employees, from filling in for absent permanent employees to avoiding the perception of wage inequity. These reasons can be divided into three general categories: cost reduction, increasing flexibility, and avoiding restrictions/consequences (von Hippel et al. 1997). Although these reasons are presented separately, organizations may rely on the contingent workforce for all of these reasons (Liden, Wayne, and Kraimer 2003).

Cost Reductions

Reducing wage and benefit costs is a major motivation for companies to turn to a contingent workforce. As a rule, most contingent employees do not receive the same wages as permanent employees doing the same work (Coates 1997). Average benefits costs can increase compensation levels anywhere from 25 to 40 percent above the base levels. Consistent with this reasoning, a positive relationship has been documented in a large number of organizations between the average

fringe benefit level and the ratio of temporary to total employee use (Mangum, Mayall, and Nelson 1985). In addition, even when pay rates for contingent workers are not necessarily lower, resources can be saved by hiring employees only for a finite period of time. For example, a company may hire temporary executives, such as chief financial officers (CFOs), when unable to afford a permanent hire (Messemer 1994). The temporary CFO can bring key financial stewardship and insight to an organization for a limited time, within a manageable budget (World Future Society 1997).

Use of contingent workers can affect costs other than wages. Organizations may save on training-related costs by hiring contingent workers who were trained elsewhere for the tasks they will be performing (Caudron 1994). Temporary employees in particular also may reduce organizational costs of recruiting and testing. For example, hiring from temporary worker ranks can serve as a screening tool for the organization, and thus lower selection costs (Pfeffer and Baron 1988). This kind of strategy has been employed by organizations such as Hancock Information Group, where 39 percent of its permanent employees began as temporary employees. Similarly, Universal Tax Systems typically brings in 40 temporary employees prior to its busy season, of whom 10 to 20 are hired permanently afterward (Fenn 1995). Indeed, 70 percent of employers in a Robert Half International Survey said that they had hired a temporary employee for a permanent position after having seen the temporary employee “in action” (Financial Management Association 1997). Finally, organizations may save on administrative overhead when the temporary agency is responsible for processing the employee paychecks and attending to paperwork associated with employment (Davis-Blake and Uzzi 1993).

Flexibility

Flexibility is another frequently cited reason for organizations' use of contingent employees. Given our global economy, it is now a truism that output demand fluctuates tremendously over time. These fluctuations may be more effectively managed through the use of a contingent workforce (Kochan et al. 1994). In a survey by the Society for Human Resource Management (1999), respondents indicated that the main reason companies use flexible staffing arrangements is to meet workload

or business fluctuations. Such flexibility would be particularly attractive where the corporate culture favors employment security for permanent employees. Rather than laying off permanent workers, the company may rely upon judicious use of contingent workers to respond to transitory fluctuations in output demand (Cappelli and Neumark 2004). Indeed, in a twist on this strategy, Lancaster Laboratories avoids layoffs during the slow season by having their employees work as temporary employees outside the company during their off months (Greco 1997).

The use of contingent workers may also enhance flexibility by enabling the organization to focus permanent employees' efforts on core competencies while having contingent workers perform more peripheral work. This approach has the potential to reduce structural differentiation within the permanent workforce and thereby make integration easier among employees. That is, they develop a shared set of values, orientations, and activities as a result of focusing on the organization's core competencies (Lawrence and Lorsch 1967). This is consistent with the trend to outsource and the focus toward relying upon a small group of higher-paid employees who have firm-specific knowledge. Contingent workers can also facilitate organizational access to skill flexibility by providing highly specialized functions that, while necessary, are infrequently recurring, or for which need is periodic or unpredictable.

Avoiding Restrictions and Consequences

Organizations also may be motivated to use contingent workers to avoid some of the potentially negative consequences of permanence in employment relationships. Organizations can avoid building commitment to a large number of permanent workers and subsequently having to fire unneeded employees by using contingent workers. That is, "contingent workers offer flexibility without long-term commitments" (Grossman 1998), as discussed in Chapter 3. Restrictions that may be avoided include those created by unions, the legal framework, the organizational budget, and internal wage levels.

It has been speculated by union officials that companies may use contingent workers, in particular temporary employees, as an attempt to avoid unionization (Kochan et al. 1994). But in an even broader sense, with the increase in use of temporary workers, unions are concerned that employers are using temporary workers to redefine the employee

relationships. To counteract this, unions have moved to reduce the restrictions on organizing temporary workers, thus reducing this organizational rationale for their use (Dreazen 2000). For more information on union responses, refer to Chapter 4.

Companies also avoid various legal restrictions by using contingent workers. Typically, the client organization pays a flat fee to a temporary employment service agency or a leasing company to cover the worker's wages and benefits, as well as overhead to the agency. The client organization is not liable for benefits such as health care insurance, vacation pay, and holiday pay. At the same time, the organization also is relieved of paying unemployment taxes, workers' compensation, and other payroll taxes. This also may provide a strategy for avoiding the requirements of Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Fair Labor Standards Act (FLSA); see Chapters 5 and 6 for more details. Thus, although the company may pay a higher hourly rate for the temporary worker, it eliminates many of the extra costs and risks associated with a permanent employee.

One issue of concern, especially with temporary workers, is that of coemployment, the term used to describe the relationship between the client employer and the worker (Tansky and Veglahn 1995). That is, the temporary worker is employed by the temporary agency but works on-site at the client employer. Under this employment arrangement it is unclear who is legally responsible for the temporary worker. For example, if the temporary worker is sexually harassed while placed at the client employer, does the temporary agency or client employer take legal responsibility? The laws are not entirely precise on these matters. These issues are discussed in more detail in Chapter 5.

In addition, companies may hire contingent workers as a means of avoiding internal budget constraints in place for permanent hires. For example, in many state and federal agencies authorization is necessary to hire a new employee. Moreover, companies often impose hiring "freezes" for budgetary or even public relations reasons. Often, however, these companies or units within the company have discretionary budgets that are not subject to the same kinds of authorizations and constraints. Thus, if a department cannot hire a permanent employee, it may still be able to contract out the work by hiring a contingent worker (Grossman 1998). Additionally, companies may be under pressure to keep their personnel allocations down. By hiring contingent workers

they are able to achieve this goal since the costs are not permanently incorporated into the base budget.

Finally, organizations may access the shadow workforce to avoid perceptions of wage inequity among their permanent employees. For example, companies that pay above market wages may contract out those activities that can be staffed at lower relative salaries. Through the use of contingent workers, this may be done without damaging the organization's reputation as a high wage provider. Alternatively, organizations may decide to contract out high-paying activities (e.g., consulting) to avoid pressure to upgrade the current internal wage scale. It has been argued that by cutting overall employment costs, contingent workers can enable organizations to provide permanent employees with greater job security and better compensation (Davis-Blake, Broschak, and George 2003).

INDIVIDUAL MOTIVATION TO WORK AS A CONTINGENT WORKER

Although companies have strong incentives to hire contingent workers, the individuals' motivation to work as a contingent worker may bear little correspondence to these incentives. The desirability of permanent employment has been well ingrained in our culture, and permanent employment provides workers with better salaries, benefits, and a greater level of job security than contingent work (Connelly and Gallagher 2004; Golden and Applebaum 1992). Why, then, would anyone choose to work in a contingent capacity?

Although there are a large number of idiosyncratic reasons why individuals are motivated to work as contingent employees, the research on temporary employees in particular points to a few critical factors. Specifically, temporary employees work in such a capacity because they cannot obtain the kind of permanent position they desire, they want the flexibility that temporary employment offers, they value the variety that temporary employment offers, and/or they seek the skills and training provided in temporary positions (Golden and Applebaum 1992; Mendenhall 1993; Tetrault 1994; von Hippel et al. 1997). At a broader level, one could classify this list of reasons to propose that some people work

as temporary employees because they prefer various aspects of the job such as flexibility, variety, and skill enhancement, whereas others work as temporary employees because they have only limited opportunities to do otherwise (Feldman 1995; Nardone 1986). For example, a college student might find temporary employment attractive because of the flexibility it provides. A student can work during the summer months and school holidays, while turning down positions when exams and assignments are pending. In contrast, an employee who has been recently laid off from a downsizing company might be working in a temporary capacity until a permanent position becomes available.

In previous work, the implication of classifying temporary employees in this manner was explored (von Hippel et al. 2000). Specifically, temporary employees were categorized based upon their beliefs about the degree of choice they have to work as a temporary employee. Those employees who perceive themselves as having no choice but to work as a temporary employee were classified as “involuntary” temporaries, whereas those who believed they were with a temporary agency by choice were classified as “voluntary” temporaries (Ellingson, Gruys, and Sackett 1998; Feldman 1995; Feldman, Doeringhaus, and Turnley 1995; Marler, Barringer, and Milkovich 2002). This classification appears to be meaningful in that voluntary temporary employees were found to have different sources of satisfaction with their work, commitment to their employers, and perceptions of personal control over how they accomplish their work than involuntary temporary employees (von Hippel et al. 2000). Specifically, involuntary temporaries showed increased personal control, satisfaction, and commitment to the degree that they were gaining new skills from their temporary assignments. In contrast, voluntary temporaries showed increased personal control and satisfaction to the extent that they experienced variety in their task assignments. Thus, it seems that voluntary temporary employees are looking for variety in temporary placements, whereas involuntary temporary employees are looking to gain new skills from their temporary placements. To the extent that voluntary and involuntary temporary employees experience these differential characteristics, work-related attitudes are more positive.

Feldman, Doeringhaus, and Turnley (1994, 1995) propose a similar distinction. They find that temporary employees who work in a temporary capacity by choice have more positive job attitudes than those

who believe they have no other option. Temporary employees who work in positions consistent with their expertise, and who are not trying to convert a temporary position into a permanent one, also manifest more positive job attitudes. Ellingson, Gruys, and Sackett (1998) also explore whether temporary employees who work in this capacity voluntarily are more satisfied than their involuntary counterparts. They find that both univariate and multivariate indices of “voluntariness” were comparable in predicting satisfaction among temporary employees. Voluntary temporary employees were more satisfied than involuntary temporaries with temporary work, whereas no differences emerged between voluntary and involuntary temporary employees with regard to growth satisfaction, co-worker satisfaction, or supervisor satisfaction. Finally, Marler, Barringer, and Milkovich (2002), using a similar classification (termed “traditional” and “boundaryless” contingent workers), demonstrate that voluntary temporary employees’ performance was more sensitive to job-related attitudes such as satisfaction and commitment compared to involuntary temporary employees.

This research does not speak to contingent workers more generally, however. Interestingly, although statistics indicate that an overwhelming percentage of the workforce is desirous of permanent employment, anecdotal evidence suggests that an increasing number are viewing contingent work positively. For example, in the high-tech area, many individuals move from one company to the next, hiring themselves out for limited projects, or allow themselves to be hired permanently with the knowledge that their stay will be relatively short. This flexibility enables them to continuously offer themselves up to the highest bidder, thus keeping their compensation at or above the market. It also permits them to maintain a skill set that is not company-specific; in so doing, that makes them far more valuable both to the company in which they work and the market in general. Finally, in some sectors of the economy, the growth of individual wealth over the past decade is such that some people, having satisfied many of their extrinsic interests, are free to focus on lifestyle and work and nonwork uses of time. People want to spend time with their families, to work at home, and to have extended periods of not working. Contingent work is enabling insofar as they can select positions aligned with their values and needs, leave positions that impose unacceptable demands on their time, and negotiate for preferential arrangements.

INTERFACE OF SUPPLY AND DEMAND FACTORS

We have approached the utility of contingent workers as main effects from both the demand and supply side, but in the economy of the twenty-first century, it appears as if the interaction of needs is more compelling. The convergence of thinking regarding the utility of contingent workers has been a significant trend that may portend their increasing use. The meeting of the minds regarding contingent workers can best be seen in two areas: the changing nature of the employment relationship and the changing nature of benefits. We will discuss each briefly.

Abundant research suggests that the nature of the employment relationship is changing (Littleton, Arthur, and Rousseau 2000). Specifically, both employers and employees are seeing the benefit of keeping options open; flexibility allows a company to release people it no longer needs, and allows workers to easily leave when a better position becomes available. These examples best illustrate the changing mind-set: the diminishing stereotypes of the laid-off employee and the employee who job hops, the movement to more of a project orientation, and the outsourcing of noncore competencies. First, we all know that there has been a stigma associated with someone who was released from a job or who moves around “too frequently.” This stereotype has begun to change from a very negative one—reflected in a general desire to avoid the person—to a neutral or even positive one—an openness to see what the person has to offer, and in the case of someone who has moved around, an attribution that the individual might be highly sought after.

Second, as companies become more project-oriented, they necessarily use permanent employees in a more incidental nature and often need to “backfill” with contingent workers. This project orientation has necessitated frequent reorganizations in existing firms, but more importantly has served to make salient to employees the temporary nature of the work. That is, rather than being job focused and thus having permanence because of the position, work is now seen as transitory, with a finite beginning and end.

Third, the widespread use of outsourcing has led to the deterioration of the traditional companies. Even in the most conventional companies, it is common to see consultants come into the company to assist in ar-

tasks that fall outside the company's basic expertise. Moreover, when a firm chooses to outsource, efforts are made to treat the individuals who assist as partners, thus blurring the separation between permanent and contingent workers. Finally, when individuals who had previously performed the now outsourced function are replaced, the firm becomes dependent upon the outsourced partners. As a consequence, the contingent workers from the outsourced partner develop a sense of permanence with the organization.

Another area that has seen a convergence of the needs of both companies and employees is benefits. Historically, benefits have rested within the company, so if an employee moved to a different organization, she risked not being covered or having to wait for eligibility. This forced many employees—particularly those who might need to use the benefits—to stay with an organization regardless of their satisfaction. Recently, at least two significant changes have occurred in the nature of benefits that not only facilitate the movement between organizations, but also reinforce the normative nature of movement. First, retirement plans have moved from traditional plans to more portable plans, such as 401(k)s and “cash balance” or “pension equity” plans. These plans—ignoring the problems of the new plans for older workers—are notable for their portability and thus are appealing to young employees who may want to change jobs frequently. With these new plans, employees can move to a different organization at will and can retire at any point of their careers. These plans facilitate flexibility and the kind of restructuring in which dynamic organizations need to engage (Burlingame and Gulotta 1998).

Second, with the spiraling costs of health care, insurance is a requirement and is often the factor that motivates people to work. Stories of “dumping” noninsured patients to other hospitals abound. Although issues of insurability continue to be important, statutes (e.g., authorizing COBRA) now assist people in keeping their insurance when they change jobs.

DIRECTIONS FOR FUTURE RESEARCH

Although the previous discussion provides evidence for the use of contingent workers, a variety of issues remain unexamined. The scope of this chapter does not allow for an exhaustive list of these issues, but we address a few of them here. Specifically, we discuss the implications of a blended workforce, that is, a blend of permanent and contingent workers. Next we examine the changes that occur in company culture when there are large numbers of contingent workers in the workplace. Finally, we address the question of what motivates the contingent worker, focusing primarily on the temporary employee. Other important questions, such as whether public policy changes are required with the increased use of contingent workers, are covered in Chapter 6.

Almost all workforces are blended in some important ways. For example, there often are regional and divisional differences within a company, as well as differences in job description, training level, pay, and demographics. These sorts of blended workforces are unlikely to create the same sorts of problems and opportunities created by a blend of contingent and permanent workers, however, because all of these workers accept and endorse the common in-group identity provided by the company that employs them. In contrast, the blend of contingent and permanent workers brings people together who may share no common in-group identity at all. This lack of a bond between workers has the potential to create prejudice and conflict between groups (as discussed below), which in turn can be exacerbated by the inherent differences in status that exist between permanent and contingent workers (Pettigrew 1998).

The existing research focuses on temporary employees and suggests that they have largely negative effects on permanent employees. Permanent employees often resent the presence of temporary employees, feeling that their work is not up to par, which then forces the permanent employee to compensate for the temporary workers' poor performance (Smith 1994). Permanent employees who work alongside temporary employees also showed decreased trust in and commitment to the organization (George 2003). Not surprisingly then, blended workforces also reduced permanent employees' intentions to remain at their jobs (Davis-Blake, Broschak, and George 2003).

More recent research has started to examine some of the psychological mechanisms underlying these negative consequences of blended workforces (Kraimer et al. 2005; von Hippel 1999). The results of this work suggest that a blended workforce produces negative outcomes when the perceived motives for using temporary employees are deemed inappropriate (e.g., hiring temporary employees as a way to cut costs rather than to increase flexibility or deal with fluctuations in demand), the layoff policy is unfavorable, and/or the relative rank of the temporary worker is equal to or greater than that of the permanent employee. These results further suggest that these conditions lead to negative outcomes because the permanent workers feel threatened by their temporary colleagues. Specifically, perceptions of threat arise, which in turn lead to intergroup biases on the part of permanent employees, causing them to think and act negatively toward their temporary co-workers.

The negative consequences of a blended workforce appear to translate to permanent employees' performance as well. In one study, permanent employees who felt threatened by the presence of temporary co-workers showed lower performance than employees who did not (Kraimer et al. 2005). Further research is necessary to fully understand the effects of a blended workforce, as well as to determine how to prevent these negative consequences and thereby allow companies to reap the full benefits of a blended workforce. Indeed, recent research suggests that temporary workers can also feel threatened by negative stereotypes held by managers and their permanent co-workers (Gallagher and Parks 2001; von Hippel et al. 2005).

Another issue that has not been addressed deals with company culture when a workforce contains a blend of contingent and permanent workers. Most organizations pride themselves on their unique culture, and staffing decisions—hiring, retention, and promotions—often rest on the fit of the individual with the organization (which is to say the culture). With increasing use of temporary, contract, and outsourced partners, two problems may result. First, as organizations are increasingly outsourcing their HR functions, the company's culture becomes increasingly similar to the culture of the company to which it has outsourced the human resource function. Companies try to hire employees who “match” the company culture and image, just as prospective employees try to determine if their values match those of the company. As a consequence, the culture of the organization must take on components of

the culture of the partnering groups. The second problem results when a sizeable percentage of the company is composed of contingent workers who come and go frequently. Contingent workers may not stay long enough to detect and assimilate to the client employer's culture. These situations can result in either cultural blending or cultural blandness, depending on how well the employees are managed. These situations may have implications for the company's long-term vitality. If human resources are outsourced or there are too many transient workers, there may be no "unique culture," and thus, the organization's competitive advantage will suffer.

Because contingent workers, by definition, do not share the same sense of "permanence" with employees of the organization, managing their attitudes and performance may be an entirely different process than for permanent employees. Indeed, different antecedents and interrelationships among temporary employees' attitudes and behaviors have been described in recent years (Moorman and Harland 2002; Parker et al. 2002; Slattery and Selvarajan 2005). Some new methods of managing contingent versus permanent employees have also been proposed. Through two case studies, Koene and van Riemsdijk (2005) have demonstrated the benefits organizations reap through careful management of temporary employees in distribution centers. When temporary employees are "carelessly managed" they are treated as expendable, socialization is nonexistent, and training is minimal. In this particular distribution center there was a standing joke whereby permanent workers would not tell a temporary employee their names until the temporary employee had been working for six weeks. It was believed that providing your name before this time was pointless since temporary employees typically did not last six weeks—no wonder! Contrast this approach with the second distribution center, where temporary workers were given extensive training, socialization, and support. Although temporary employees in this firm were treated differently from the permanent employees, this treatment was no worse (nor better, just different). As a consequence, this careful management resulted in lower rates of sickness, minimal "no shows," and increased tenure compared to the "careless" approach.

As this chapter has demonstrated, however, contingent employees are not a homogeneous group, and thus not all management strategies are likely to be equally effective with this diverse population. For ex-

ample, von Hippel et al. (1997) show how human resource practices for temporary versus permanent employees vary according to the business philosophy regarding temporary employees (e.g., as strategic partners or a necessary evil) and by human resource functional area (e.g., staffing, development, compensation). Additionally, as discussed previously, the management of contingent workers is likely to differ depending on whether the contingent workers are working as such voluntarily or involuntarily. For example, when managing voluntary temporaries, managers can try to provide a number of different tasks for workers to enhance feelings of variety. In contrast, a skills focus should be adopted when managing involuntary temporary employees, given the role that learning new skills plays in their levels of satisfaction, commitment, and personal control.

CONCLUSION

The shadow workforce is a sizeable, heterogeneous group. If it was ever the case, researchers certainly cannot now lump such workers into a single grouping category. There is also significant heterogeneity in motivation on the employing side of the labor exchange. Researchers and policymakers must distinguish among types of contingent work and contingent workers or risk simplistic analyses with simplistic solutions. Articulation of the construct of contingent worker is required, as sweeping generalizations ignore critical differences inherent in this group of workers. This chapter demonstrates the diversity in demographic profiles, levels of employee volition, different job outcomes, and occupational and industry representations among categories of contingent workers. The old stereotypes of the contingent employee must be re-conceptualized and replaced with new understandings.

References

- Bridges, W. 1994. "The End of the Job." *Fortune* 130(6): 62-74.
- Bureau of Labor Statistics. 2001. "Contingent and Alternative Employment Arrangements, February." News release May 24, USDOL 01-153.

- Burlingame, H.W., and M.J. Gulotta. 1998. "Cash Study: Cash Balance Pension Plan Facilitates Restructuring the Workforce at AT&T." *Compensation and Benefits Review* 30(6): 25–31.
- Cahill, M. 1996. *The Downsizing of America*. New York: Times Books.
- Callaghan, P., and H. Hartmann. 1991. *Contingent Work: A Chart Book on Part-Time and Temporary Employment*. Washington, DC: Economic Policy Institute.
- Cappelli, P., and D. Neumark. 2004. "External Churning and Internal Flexibility: Evidence on the Functional Flexibility and Core-Periphery Hypotheses." *Industrial Relations* 43(1): 148–183.
- Carré, F., and P. Joshi. 2001. "Looking for Leverage in a Fluid World: Innovative Responses to Temporary and Contracted Work." In *Nonstandard Work: The Nature and Challenges of Changing Employment Arrangements*, F. Carré, M.A. Ferber, L. Golden, and S.A. Herzenberg, eds. Champaign, IL: Industrial Relations Research Association, pp. 313–339.
- Caudron, S. 1994. "Contingent Work Force Spurs HR Planning." *Personnel Journal* 73(7): 52–54.
- Church, G.J. 1993. "Jobs in an Age of Insecurity." *Time* 142(22): 32–40.
- Coates, J.F. 1997. "Temporary Work—A Permanent Institution." *Employment Relations Today* 24: 19–22.
- Cohany, S.R. 1998. "Workers in Alternative Employment Arrangement: A Second Look." *Monthly Labor Review* 121(11): 3–21.
- Connelly, C.E., and D.G. Gallagher. 2004. "Emerging Trends in Contingent Work Research." *Journal of Management* 30(6): 959–983.
- Davis-Blake, A., J.P. Broschak, and E. George. 2003. "Happy Together? How Using Nonstandard Workers Affects Exit, Voice, and Loyalty among Standard Employees." *Academy of Management Journal* 46(4): 475–485.
- Davis-Blake, A., and B. Uzzi. 1993. "Determinants of Employment Externalization: A Study of Temporary Workers and Independent Contractors." *Administrative Science Quarterly* 38(2): 195–223.
- Dennard, H.L. 1996. "Governmental Impediments of the Employment of Contingent Workers." *Journal of Labor Research* 17(4): 595–612.
- Dreazen, Y.J. 2000. "Regulators Probe U.S. Reliance on Temporary Workers—Expected Lifting of Restrictions on Organizing Temps Would be a Coup for Unions." *Wall Street Journal*, Eastern edition. August 7, A:2.
- Ellingson, J.E., M.L. Gruys, and P.R. Sackett. 1998. "Factors Related to the Satisfaction and Performance of Temporary Employees." *Journal of Applied Psychology* 83(6): 913–921.
- Ettore, B. 1994. "The Contingency Workforce Moves Mainstream." *Management Review* 83(2): 10–16.
- Feldman, D.C. 1995. "Managing Part-Time and Temporary Employment Re-

- relationships: Individual Needs and Organizational Demands." In *Employees, Careers, and Job Creation: Developing Growth-Oriented Strategies and Programs*, M. London, ed. San Francisco: Jossey-Bass, pp. 121–141.
- Feldman, D.C., H.I. Doeringhaus, and W.H. Turnley. 1994. "Managing Temporary Workers: A Permanent HRM Challenge." *Organizational Dynamics* 23(2): 49–63.
- . 1995. "Employee Reactions to Temporary Jobs." *Journal of Management Issues* 7(2): 127–141.
- Fenn, D. 1995. "When Temps Become Permanent." *Inc.* 17(14): 112.
- Financial Management Association. 1997. "Temping a Popular Route to a Permanent Job." *Financial Management* 75(1): 6.
- Freedman, A. 1985. "The New Look." In *Wage Policy and Employee Relations*. Conference Board report no. 865. New York: Conference Board.
- Gallagher, D.G., and J. McLean Parks. 2001. "The Contemporary Work Environment." *Human Resource Management Review* 11(3): 181–208.
- George, E. 2003. "External Solutions and Internal Problems: The Effects of Employment Externalization on Internal Workers' Attitudes." *Organization Science* 14(4): 386.
- Golden, L., and E. Applebaum. 1992. "What Was Driving the 1982–88 Boom in Temporary Employment? Preference of Workers or Decisions and Power of Employers." *American Journal of Economics and Sociology* 51(4): 473–493.
- Greco, S. 1997. "How Can I Avoid Layoffs during Our Slow Season?" *Inc.* 19(12): 109.
- Grossman, R.J. 1998. "Short-Term Workers, Long-Term Issues." *HR Magazine* 43(5): 80–90.
- Hipple, S. 1998. "Contingent Work: Results from the Second Survey." *Monthly Labor Review* 121(11): 22–35.
- Kochan, T.A., M. Smith, J.C. Wells, and J.B. Rebitzer. 1994. "Human Resource Strategies and Contingent Workers: The Case of Safety and Health in the Petrochemical Industry." *Human Resource Management* 33(1): 55–77.
- Koene, B., and M. van Riemsdijk. 2005. "Managing Temporary Workers: Work Identity, Diversity, and Operational HR Choices." *Human Resource Management Journal* 15(1): 76.
- Kraimer, M.L., S.J. Wayne, R.C. Liden, and R.T. Sparrowe. 2005. "The Role of Job Security in Understanding the Relationship between Employees' Perceptions of Temporary Workers and Employees' Performance." *Journal of Applied Psychology* 90(2): 389–398.
- Lawrence, P.R., and J.W. Lorsch. 1967. *Organization and Environment*. Boston: Graduate School of Business Administration, Harvard University.
- Lenz, E.A. 1996. "Flexible Employment: Positive Work Strategies for the 21st

- Century.” *Journal of Labor Research* 17(4): 555–566.
- Liden, R.C., S.J. Wayne, and M.L. Kraimer. 2003. “The Dual Commitments of Contingent Workers: An Examination of Contingents’ Commitment to the Agency and the Organization.” *Journal of Organizational Behavior* 24(5): 609.
- Littleton, S.M., M.B. Arthur, and D.M. Rousseau. 2000. “The Future of Boundaryless Careers.” In *The Future of the Career*, A. Collin and R. Young, eds. New York: Cambridge University Press, pp. 101–114.
- Mangum, G., D. Mayall, and K. Nelson. 1985. “The Temporary Help Industry: A Response to the Dual Internal Labor Market.” *Industrial and Labor Relations Review* 38(4): 599–611.
- Marler, J.H., M.W. Barringer, and G.T. Milkovich. 2002. “Boundaryless and Traditional Contingent Employees: Worlds Apart.” *Journal of Organizational Behavior* 23(4): 425–453.
- Mendenhall, K. 1993. *Making the Most of the Temporary Employment Market*. Cincinnati: Betterway Books.
- Messemer, M. 1994. “A Match Made in Heaven.” *Management Review* 83: 26–29.
- Moorman, R.H., and L.K. Harland. 2002. “Temporary Employees as Good Citizens: Factors Influencing Their OCB Performance.” *Journal of Business and Psychology* 17(2): 171–187.
- Nardone, T.T. 1986. “Part-Time Workers: Who Are They?” *Monthly Labor Review* 109(2): 13–19.
- Nollen, S.D. 1996. “Negative Aspects of Temporary Employment.” *Journal of Labor Research* 17(4): 567–582.
- Parker, S.K., M.A. Griffin, C.A. Sprigg, and T.D. Wall. 2002. “Effect of Temporary Contracts on Perceived Work Characteristics and Job Strain: A Longitudinal Study.” *Personnel Psychology* 55(3): 689–719.
- Pettigrew, T.F. 1998. “Intergroup Contact Theory.” *Annual Review of Psychology* 49(1): 65–85.
- Pfeffer, J., and J.N. Baron. 1988. “Taking the Workers Back Out: Recent Trends in the Structuring of Employment.” *Research in Organizational Behavior* 10: 257–303.
- Polivka, A., and T. Nardone. 1989. “On the Definition of ‘Contingent Work.’” *Monthly Labor Review* 112(12): 9–16
- Slattery, J.P., and T.T.R. Selvarajan. 2005. “Antecedents to Temporary Employee’s Turnover Intention.” *Journal of Leadership and Organizational Studies* 12(1): 53.
- Smith, V. 1994. “Institutionalizing Flexibility in a Service Firm.” *Work and Occupations* 21(3): 224–247.
- Society for Human Resource Management. 1999. “Alternative Staffing Sur-

- vey.” *Bergen County Record*, November 15.
- Tansky, J.W., and P.A. Veglahn. 1995. “Legal Issues in Co-Employment.” *Labor Law Journal* 46(5): 293–300.
- Tetrault, S. 1994. “The Permanent Temporary.” *Legal Assistant Today* 11: 56–61.
- von Hippel, C. 1999. In-Groups and Out-Groups in the Workplace: The Impact of Threat on Permanent Employees’ Interactions with Temporary Co-workers. PhD dissertation, Ohio State University.
- von Hippel, C., D.B. Greenberger, S.L. Mangum, and R. Heneman. 2000. “Voluntary and Involuntary Temporary Employees: Predicting Satisfaction, Commitment, and Personal Control.” In *Research in the Sociology of Work*, R. Hodson, ed. Greenwich, CT: JAI Press, pp. 291–309.
- von Hippel, C., S. Mangum, D. Greenberger, R.L. Heneman, and J. Skoglund. 1997. “Temporary Employment: Can Organizations and Employees Both Win?” *Academy of Management Executive* 11(1): 93–104.
- von Hippel, W.H., C.D. von Hippel, L. Conway, K.J. Preacher, J.W. Schooler, and G.A. Radvansky. 2005. “Coping with Stereotype Threat: Denial as an Impression Management Strategy.” *Journal of Personality and Social Psychology* 89(1): 22–35.
- World Future Society. 1997. “Execs for Rent.” *Futurist* 31(2): 64.

The Shadow Workforce
Perspectives on Contingent
Work in the United States,
Japan, and Europe

Sandra E. Gleason
Editor

2006

W.E. Upjohn Institute for Employment Research
Kalamazoo, Michigan

Library of Congress Cataloging-in-Publication Data

The shadow workforce : perspectives on contingent work in the United States, Japan, and Europe / Sandra E. Gleason, editor.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-88099-288-6 (pbk. : alk. paper)

ISBN-10: 0-88099-288-3 (pbk. : alk. paper)

ISBN-13: 978-0-88099-289-3 (hardcover : alk. paper)

ISBN-10: 0-88099-289-1 (hardcover : alk. paper)

1. Temporary employment—United States. 2. Temporary employment—Japan.
3. Temporary employment—Europe. 4. Part-time employment—United States.
5. Part-time employment—Japan. 6. Part-time employment—Europe. 7. Contracting out—United States. 8. Contracting out—Japan. 9. Contracting out—Europe.

I. Gleason, Sandra E.

HD5854.2.U6S53 2006

331.25'729—dc22

© 2006

W.E. Upjohn Institute for Employment Research
300 S. Westnedge Avenue
Kalamazoo, Michigan 49007-4686

The facts presented in this study and the observations and viewpoints expressed are the sole responsibility of the author. They do not necessarily represent positions of the W.E. Upjohn Institute for Employment Research.

Cover design by Alcorn Publication Design.

Index prepared by Diane Worden.

Printed in the United States of America.

Printed on recycled paper.