

## **RE-THINKING CONTINGENT WORK**

*Graham S. Lowe, Director  
Work Network, Canadian Policy Research Networks Inc.*

*and Professor of Sociology  
University of Alberta*

*While much talk about the "knowledge-based economy and society" or the "new economy" is speculative, there is no question that labour market structures are in the throes of massive change. Today's work changes are often set against the historical benchmark of the "standard employment model" that emerged after World War II. This referred to full-time continuous employment with a single employer at that employer's worksite. Of course, this portrait of a male work world did not describe the experiences of the growing numbers of women who entered the labour market in recent decades. Nor did it account for the growth and diversity of non-standard, or contingent, work arrangements.*

### **Focusing on Employment Relationships**

A decade of downsizing, outsourcing, reengineering, and a plethora of other management strategies to make workplaces more flexible and efficient have left many workers feeling insecure. On average, the pay, benefits, job security, training opportunities, and work content are inferior in non-standard work, compared with equivalent standard work. Also fueling this job anxiety is the scaling back of the social safety net. However, within temporary work and own-account self-employment – the main contingent work trends – there are workers who prefer this type of work and are doing well.

Overdue, then, is a rethinking of how we define and analyze contingent work. The growing diversity of forms and consequences of contingent work can be understood better by focusing on the underlying relationships.

Employment relationships are the building blocks of economic life, encompassing the rights, obligations, expectations, values and rewards that define interactions in the labour market. They support the "structures" of work. It is within employment relationships that social and economic public policy goals, ranging from productivity to the quality of life,

either meet or clash. A closer look at own account self employment and temporary work raise important issues about how employment relationships are changing.

### **Own Account Self-Employment**

The rapid growth in self-employment is the most striking labour market trend of the 1990s. Between 1990 and 1998, self-employment accounted for 55 per cent of total job growth during. By 1998, 1.6 million Canadians were own-account self-employed, or 13 per cent of the employed labour force.

Downsizing, restructuring and contracting-out have partly fuelled the growth of self-employment. Some paid employees who have been laid off from larger firms have become consultants and independent contractors, doing many of the same tasks for their previous employer that they did as paid employees. Furthermore, sizeable numbers of self-employed choose this form of work to gain greater independence or for family or other personal reasons. These different circumstances and motivations for self-employment reveal a spectrum of employment relationships that need to be taken into account as part of a broader definition of self-employment. Work location is an

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important consideration in this respect, given that the self-employed are numerous among Canada's home-based workers. Self-employment trends also are gendered, with very different consequences for men and women.

We can't draw a neat line between employee and self-employed when it comes to free-lancers and consultants. Some self-employed are simply disguised employees who are dependent on a single employer for work. Increasing mobility between paid employment and self-employment also blurs the distinction between these groups. Furthermore, most multiple job holding (a trend accounting for just over five per cent of the labour force) is found among the self-employed. In these cases, owners of small businesses or farms may hold a second job as an "employee" to augment their income. This situation raises questions about divided loyalties and efforts, as well as the stresses of juggling two jobs.

Outsourcing and public sector privatization have been linked with the rise of self-employment. Yet we don't know how these contractors are integrated into the business networks and spheres of influence of larger organizations. Examples cover the gamut, from the Y2K consultant on whom a large business becomes reliant, to female home-workers in the garment industry who have little say over production deadlines or quotas and required equipment. Embedded in employer-employee relationships are a range of obligations and entitlements, but these typically are absent from the business relationship between self-employed individuals and the clients to whom they sell goods or services.

## Temporary Work

An increasing number of Canadians do paid work that is temporary in some respect, usually a specified end-date, the completion of a task or project, or the end of a season. This signals a major departure from the benchmark of the standard job, which had no specified end date. By 1998, 1.4 million or 12 per cent of all paid employees were temporary. Such jobs may be negotiated directly between individuals and employers through a fixed-term. Or workers may be employed by a temporary employment agency and contracted-out to client firms. This can cover a wide range of employment relationships. Some temporary agency workers identify more with the client firm or industry (such as engineers or computer professionals), others may not identify themselves as temporary workers if

they have had an on-going relationship with a one agency, while others will have fleeting connections with agencies and client firms.

The use of flexible employment practices has created a pool of contingent workers who are used for numerical flexibility (the "just-in-time workforce"), and core workers who are constantly adapting with new skills. Again, the diversity of approaches is remarkable. While most large Canadian employers rely on the external labour market for contingent workers, a few use their own internal "temp" agency that employees can transfer to if they desire flexible schedules. Furthermore, the entitlements of contingent workers, particularly pensions, benefits and access to employer-sponsored training, can vary considerably by firm characteristics and unionization.

## Rights and Entitlements

One of the most vexing legal questions in today's labour market is "who is the boss"? There are no clear legal distinctions between "standard" employees and contingent workers. What matters in legal terms are the rights and entitlements, obligations and responsibilities, control over work, and ownership of tools and equipment. However, employment standards and labour legislation and laws governing employment contracts have evolved around a traditional model of full-time, permanent employment. The same can be said for occupational health and safety legislation, including workers' compensation, and public programs such as the Canada/Quebec Pension plan and Employment Insurance. Thus, the growing diversity of employment relationships poses challenges for reforming and adapting this institutional framework.

The spread of contingent work affects individuals' access to a range of benefits and protections. For example, some *Canada Labour Code* protections and entitlements are based on a minimum service of three or six months. Similarly, eligibility for firm-level benefits, such as pension coverage, medical plans and dental plans, are tied to minimum service requirements. The same applies for weekly hours, whereby part-time workers who do not meet a predetermined number of weekly hours are excluded from benefits. Labour legislation is geared toward a standard employee-employer relationship. Contingent workers find it very difficult to join a union and benefit from any gains or entitlements negotiated through collective bargaining.

## Trust Relations

By its very nature, contingent work offers limited scope for creating a trust-based relationship, compared with on going and full-time employment. Of course, the latter is also changing, so we no longer can safely assume that all standard work arrangements rest on higher levels of trust than do non-standard relations. And some non-standard work situations require high levels of trust, such as the collaboration of several self-employed contract workers on a project or an on-going relationship between a temporary worker and a single placement agency.

Research on human resource management practices suggests that two dimensions of employment relationships, trust and commitment, are preconditions for organizational innovation and productivity gains. This point is raised in discussions of how high performance workplace practices benefit both workers and employers. By the same logic, we also would expect that low levels of trust and commitment increase the chance that performance may fall short of objectives. In this sense, the quality of employment relationships in an organization can directly influence how effectively it meets its goals.

A loss of trust among core employees, coupled with a lack of skill and training in the contingent workforce, could lead to productivity or quality declines. Furthermore, the use of temporary workers can alter the division of labour. Hiring temporary workers into low-skilled and low-paid positions leaves full-time permanent staff with more complex, knowledge-intensive tasks. This could widen the gap between core and contingent staff, raising issues of equity and fairness.

If temporary workers such as self-employed consultants or contractors are recruited because of their specialized skill and expertise, entirely different dynamics are created. These freelancers are “managed” by core workers who often are paid less, possibly leading to morale problems. And in organizations aiming to become more knowledge-based, there is no incentive for the contractors to contribute to the stock of intellectual capital. A further concern is giving outside experts, who may later consult for a competitor, access to confidential and proprietary information.

## Social and Personal Implications

Social relationships between co-workers are a source of work satisfaction, informal learning and networking. Thus, as the extent and quality of social relations vary across employment situations, there will be advantages and disadvantages for workers. Workers who are not in full-time, continuous jobs performed on-site will have less opportunity for social interaction. Temporary workers, for example, are unlikely to develop feelings of loyalty to the firm, which could be a problem in firms with high performance work systems that assume high commitment from everyone.

Also relevant is the extent to which contract workers rely on a single or multiple clients for work. Career opportunities depend on more than one’s skills and knowledge; indeed, access to networks inside and outside workplaces is crucial for obtaining and succeeding in paid work.

Characteristics of the employment relationship have been associated with health and the quality of family life. What seems to matter is the extent of choice and control, not whether the employment form is standard or non-standard. For example, elevated stress levels could be a by-product of contingent work that is involuntary, rather than voluntary. Similarly, flexible work arrangements in some cases can be a source of increased job satisfaction and a better balance between work and family.

## Human Resource Development Issues

For a growing number of workers, including some in standard jobs, the new norms of employability imply greater individual responsibility. Problems arise if those workers who are on their own, when it comes to acquisition of training, have limited resources, inadequate information about training opportunities locally, or can’t afford the down-time training courses requires. Again, paradoxes arise. For example, while temporary and contract workers may be excluded from firm-specific training, their movement between employers may provide them with the opportunity to gather a range of valuable skills and experiences. Whether this outweighs the usual benefits of employer-sponsored training is an open question.

The growth of contingent work has important implications for training and human resource development within organizations. Firms are more likely to invest in employee training when anticipated

payoffs are high. A major barrier to training is the employer's concern that a recently trained worker will move to another employer – a condition that is built into most forms of non-standard work. Employers could include freelance contractors and temporary workers in formal training sessions. But this raises problems around the legal definition of “employee,” if providing such training implies that these individuals have an on-going relationship with the firm.

Also important to consider are working relations, particularly cooperation and communications. Depending on the tasks, work locations and schedules of contract or temporary workers, they may have limited contact with core staff. In addition to reinforcing their “outsider” status, this could result in needed information not being shared or in different expectations regarding what constitutes adequate cooperation.

### **Changing Roles for Unions and Professional Associations**

Unions face two challenges in adapting to contingent work trends. The first revolves around meeting the needs of existing members in organizations where employment relationships have become “flexible”. The second concerns the difficulties of recruiting new

members among workers who are not in traditional employee-employer situations. New forms of craft and occupationally based unionism are being proposed as responses to this work restructuring. Some professional associations also are struggling to find effective mechanisms for addressing the changing needs of members who increasingly are self-employed or temporary workers. Enhanced training, benefits packages, and career networking are becoming more important, but the stumbling block often is the reduced ability of self-employed professionals to pay for these services.

### **Conclusion**

With contingent work now encompassing more than one in five workers, it is time to move beyond describing the details of this trend by probing the changes it signals in employment relationships. Re-thinking contingent work in this way will facilitate a fuller understanding of its implications for individual workers, employers, unions and professional associations, and training providers. Governments, too, can play a constructive role adapting regulatory frameworks and human resource development policies to these new work realities