

Managing Independent Contractor and Project Worker Relations

Managing Transformations in Work, Organizations, & Society

Today's Guest:

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Overview & Objectives

- **Clarifying the Facts: Terminology; Trends, Myths & Reality in “*Non-Standard*” Work**
- **Explore What’s Needed to Make Project Work Successful—to individuals, firms, & the economy**
- **What new Labor Market Institutions are Needed to Support this Form of Work?**
- **Apply the Lessons—What do we need to do to manage this new form of work?**

What's at Stake Here?

- **Standard Job:**
 - Steady wages & benefits; careers, training, security, retirement savings, social interaction
- **Project Work: Two Contrasting Views**
 - Risky, unsteady, and less protected
 - Innovative, autonomous, flexible, rewarding,--efficient response to changing labor markets and organizational forms
- **Poses major policy and institutional design challenges:**
 - Who is the employer?
 - How will traditional labor market functions be performed such as job matching, training, health and safety management, voice and representation, health insurance, savings...

Types of “Nonstandard” Work

- The “Standard”– Long term full-time work with single employer = 70%
- Part-Time = 17% and stable for two decades
- Temporary Help from Agencies = 2-3% growing
- Independent Contractors = 7% steady
- On-call; day laborers & others = 1-2%
- Meaningless Term: “Contingent Worker”

Trends & Projections

- **High Growth in 1980s-mid 90s: 15-30% per year**
 - **Business Services (Temporary Help Agencies)**
 - **Professional Services growing most rapidly**
 - **Specialized Sub-contracting Firms (Solectron)**
 - **Manpower: “The largest U.S. Employer”**
- **1995-Present: slower growth:10-15% per year**
- **2001: Staffing Industry = \$140 Billion**

Future Trends????

- **Michael Dertouzos: Potential for 40% of the labor force** *“IT can be done anywhere...”*
- **Tom Malone & Rob Laubacher: *The Dawn of the E-Lance Economy***
“By changing the way work is done, electronic networks may lead to a new kind of economy centered on the individual.”

Driving Forces

- **Demand Side:**
 - Variability in Product Demand
 - Availability of Lower Cost Labor
 - Need for Specialized Knowledge & Skill
 - Avoidance of Taxes, Unions, or Liabilities?
 - Case in Point: Contract Workers in Petrochemicals
- **Supply Side: Desire for Flexibility; Autonomy & Independence; High Income**
- **Technological Enablers: Web as a search & matching engine and network building device**

Consequences: Workers

Outcomes	ICs	Temps
Job Satisfaction	Higher	Lower
Preferences	Independent job preferred: 84%	Standard job preferred: 60%
Wages	High Variance	Lower
Fringes	Purchase or spouse covered	Fewer: 26% health; 10% pensions
Hours	Men: Longer Women: Shorter	Fewer; more part-time

Consequences: Firms

- **Performance on Demand**
- **Avoidance of Fixed Costs**
- **Measurable, Observable Cost Savings-yes**
- **Performance: Quality; Productivity??--Varies**
- **Employee Commitment--Varies**
- **Relationship across the Boundary??**

Bottom Line: Depends on how well project and “permanent” interactions are managed

Consequences: Labor Market Functions & Institutions

- **Rapid Growth of New Intermediaries: Manpower, Oxford, Aquent, Monster.com.**
- **Ambiguity over “Who is the Employer?”**
 - **Case: Contractors & Safety in Petrochemicals**
- **Training through project assignments**
- **Individuals need time for job search & training**
- **New Associations: Working Today; E-Lance Guilds; Informal Ethnic and Other Networks...**

Key Labor Market Functions

Who, or What Institutions will Perform...

- **Job Search & Recruitment—the matching process**
- **Training and Development—the learning process**
- **Supervision—the managing process**
- **Mobility—the career process**
- **Compensation & Savings—the income security system**
- **Representation—the advocacy and voice process**

Today's Expert

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Executive Director of
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Discussion Questions

- **What are the biggest challenges you face in *managing* contract/project workers in your unit today, or in your past experience?**
- **Your predictions: In the next 5 years, will there be more, less, about the same amount of project/contractor work in your unit?**
- **What changes are needed to better manage project/contract work in your organization?**
- **Is project work for you?**
 - **If you have done this type of work in the past, how would you describe your experiences?**
 - **Do you see this type of work in your future? Why or Why Not?**

Action Assignment

- **Identify a 2-3 people in your organization whose work has shifted from more traditional employment relationships to part time or other new arrangements (also consider interviewing 1-2 supervisors who are supervising people who are working in part time or other new arrangements)**
 - **Interview them to identify aspects of the shift that they find advantageous and aspects of the shift that they find problematic**
 - **Surface preliminary implications for your organization**

Summary Points

- **Project Work is Here to Stay--will be an important part of the labor market--but probably not as big as some predict**
- **Rapid growth of New Intermediaries**
- **Cyclical--higher variance in outcomes**
- **Outcomes Vary Widely Across types, business cycle,**
- **Requires New Management Systems, Public Policies, & New Labor Market Institutions**