



Work Network



CPRN RCRPP

Contingent Work: Trends, Benefits & Costs, Challenges

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*Pathways to the Future, 37th Annual BC Human Resources
Management Association Spring Conference,*

Whistler, BC, 6 May 1999

Managing in Chaos, Session 1



My Objectives in “Chaos 1”

- Provide a factual understanding of the causes and consequences of contingent work trends
- Create greater awareness of the costs and benefits of contingent work from the perspective of all labour market stakeholders
- Offer insights about the challenges posed by contingent work arrangements that can be applied to your workplace, industry or occupation

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- Contingent work in debates about the future of work
- Fiction versus fact
- The ‘big picture’



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Three scenarios on the future of work

Technology not people	Work not jobs	Almost business as usual
<ul style="list-style-type: none">· Jeremy Rifkin· Pessimistic· Revolutionary change· Mass unemployment· Polarization	<ul style="list-style-type: none">· William Bridges· Optimistic· Revolutionary change· Unemployment not an issue· Polarization not an issue	<ul style="list-style-type: none">· OECD· Pragmatic· Evolutionary change· Persistent high unemployment· Polarization pressures
<ul style="list-style-type: none">· Spreading contingent work· Post-Fordist showcases, sweatshops· Bold social and economic policy responses	<ul style="list-style-type: none">· Dejobbing; rise of self-employed contractors· Fuld business models and contracting webs· Individual responsibility	<ul style="list-style-type: none">· More non-standard work· High-performance and lean production models· Moderate economic policy responses



Major trends reshaping work

INDIVIDUAL

- demographics
- better educated
- quality of work life
- work and family balance

ORGANIZATIONAL

- intense change pressures
- restructuring, cost cutting
- learning, innovation
- new management paradigms

MACRO

- economic globalization
- service-based economy
- information technology
- stagnant incomes, social polarization
- erosion of security
“anchors”



The decline of the standard job

Standard job	Standard job outside Monday-Friday, 9-5 schedule	Non-standard work
<ul style="list-style-type: none"> · Full-time · Permanent · Weekdays · Single employer · Employer's workplace · A traditional 'male' model of work 	<ul style="list-style-type: none"> · Full-time · Permanent · Shift or weekend schedules · Single employer · Employer's workplace 	<ul style="list-style-type: none"> · Part-time · Temporary (casual, seasonal, on call) · Own-account self-employment · Multiple jobs · Work location decentralized, transitory



Changing employment relationships

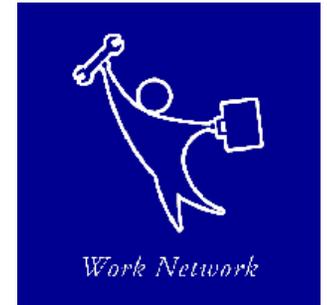
- Changing work and labour market structures alter the underlying employment relationships
- Employment relationships encompass rights, obligations, expectations, and values that enable the exchange of work for pay
- Key issues of trust, commitment, loyalty, work values
- Public policy may rest on out-dated assumptions about the 'employment contract'
- What are the human resource management implications of 'individualized' ERs and weak attachment of workers to firms?

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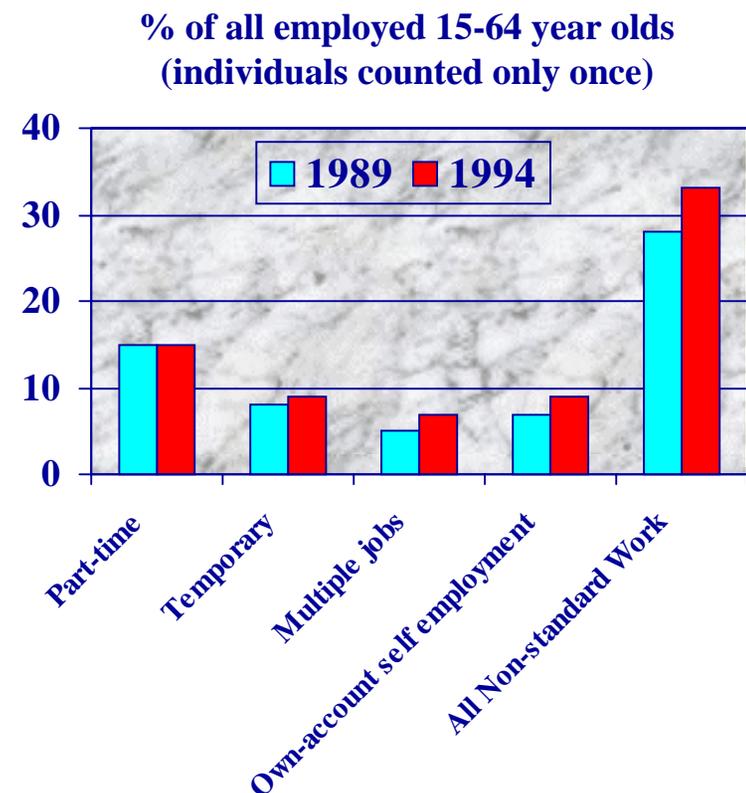


- Contingent work trends
- What's actually happening in BC?

Non-standard work, Canada, 1989 and 1994

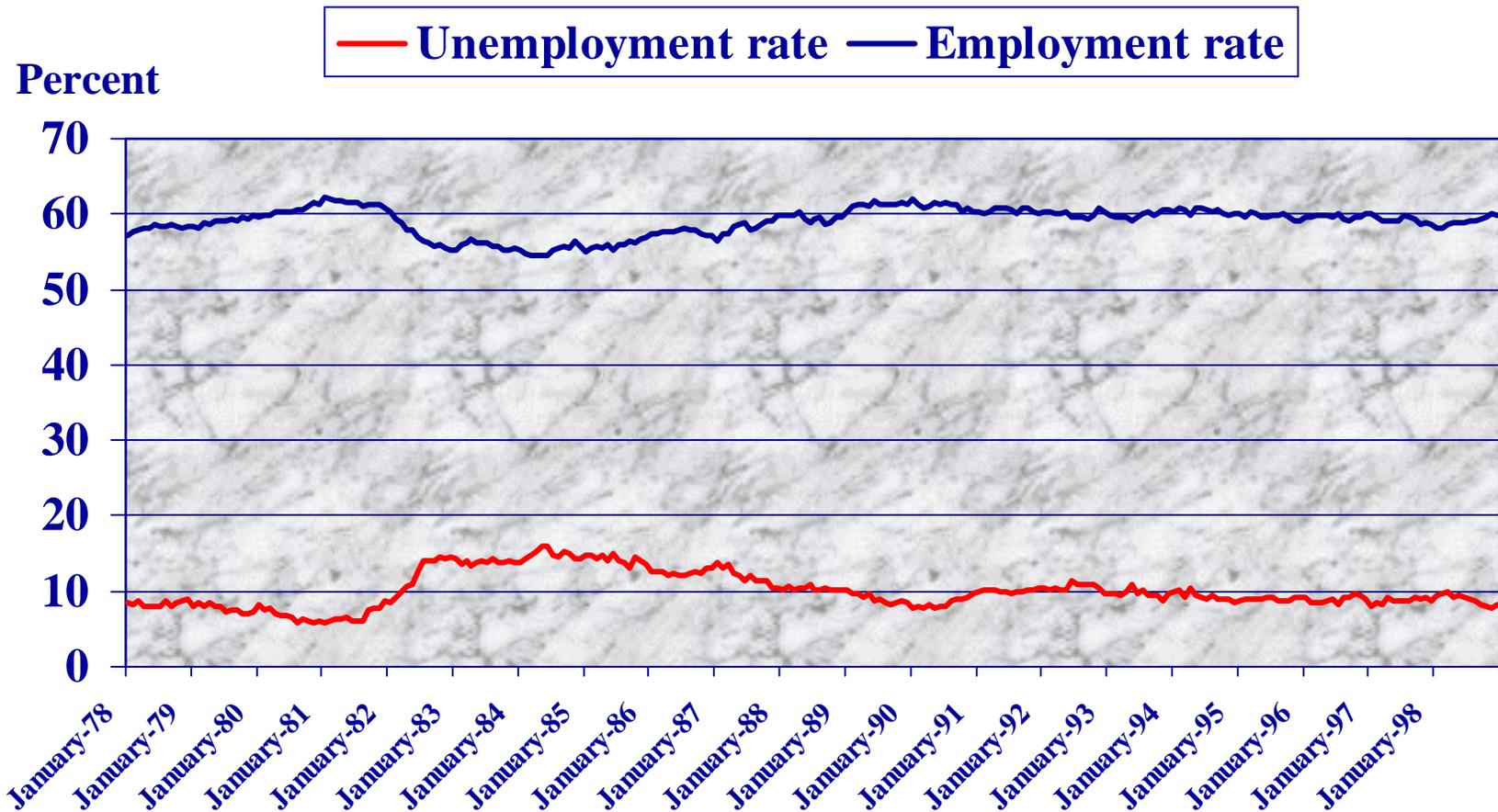


- The number of individuals who do not have full-time, permanent, year-round work is on the rise
- Important to only count individuals once, given that types of NSW can overlap
- Above average rates in consumer services, construction, retail, social services
- Important to examine from the perspectives of employers, workers, unions, professional associations, public policy



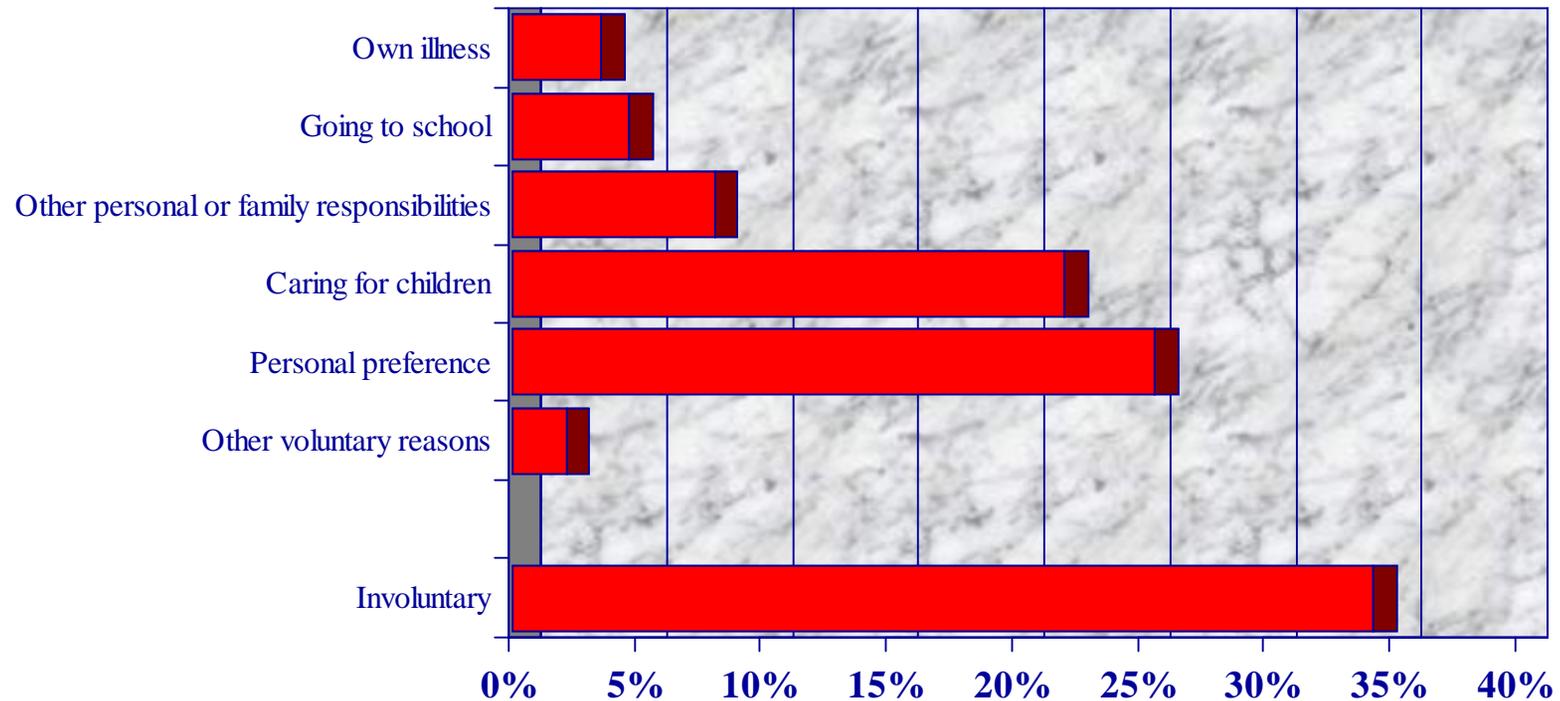
Source: H. Krahn and G. Lowe, WORK, INDUSTRY & CANADIAN SOCIETY 3rd. Edition (ITP Nelson, 1998), p. 81.

Unemployment and employment rates, BC, 1978-98



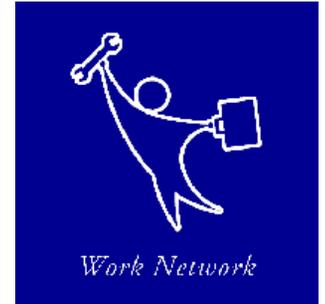
Source: Statistics Canada, Labour Force Historical Review 1998 (Cat. # 71F0004XCB)

Reasons for working part-time among 25 - 54 year olds, BC, 1998



Source: Statistics Canada, Labour Force Historical Review 1998 (Cat. # 71F0004XCB)

Part-time paradoxes

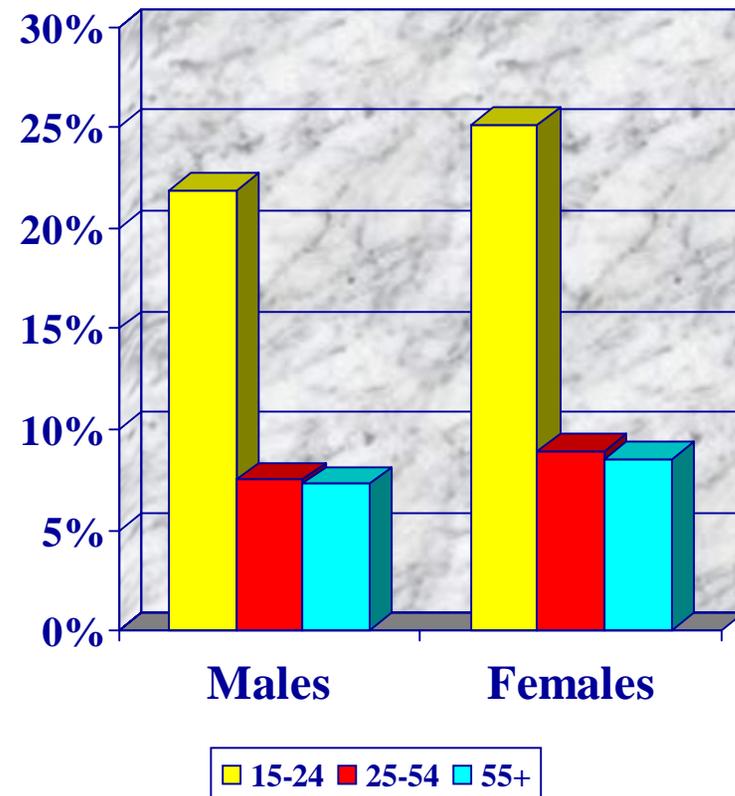


- In Canada, more full-time than part-time jobs have been created in the past decade
- But the part-time growth rate is higher (24.4% increase 1989-99, compared with 8% for full-time employment)
- The rate of 'involuntary part-time' employment is growing ever faster
- Employers seek 'just-in-time' staffing, lower costs
- For many workers (especially women) part-time is a way to balance work and family
- These workers want flexibility but at what price?
- Part-time wage rates, benefits and working conditions generally inferior than in full-time jobs -- note policies in the major banks; Saskatchewan legislation; Safeway and UPS strikes



Temporary employment, BC, 1998

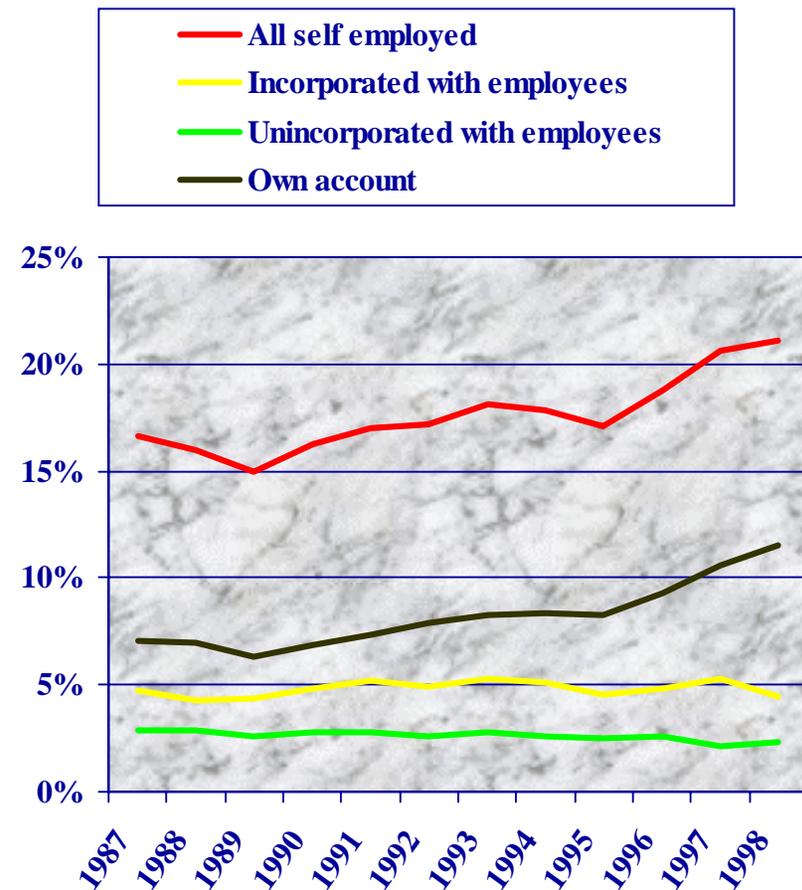
-) Temporary employment varies by age and gender, with youth and females more likely in this kind of work
-) The comparison group is 'permanent' employees
-) Temporary workers receive few or no benefits, lower wages, fewer career opportunities





Self-employment in BC, 1987-98

- Chart shows types of SE as a % of all employed
- This is the most important labour market trend of the '90s
- But it is not creating an economy driven by entrepreneurs
- Most new self-employed are 'own account'
- How many SE are 'contingent workers' under a diversity of employment relationships?



Source: Statistics Canada, LABOUR FORCE HISTORICAL REVIEW 14
1998 (Cat. # 71F0004XCB)

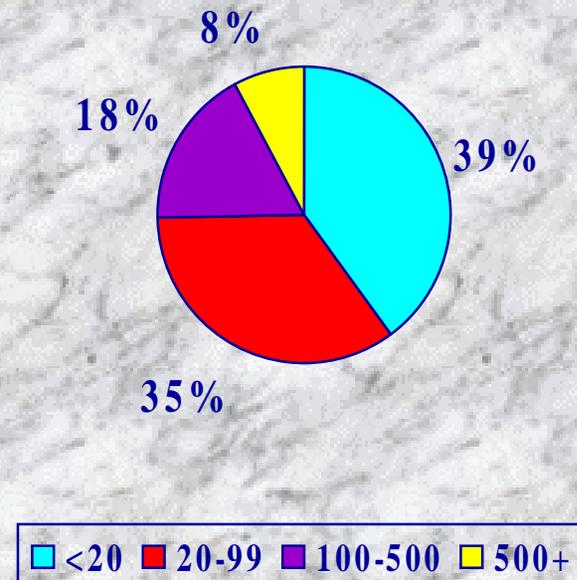


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Firm size influences staffing strategies

- Most jobs are in small or medium-sized firms
- Most new jobs are created by smaller firms
- Firm size is strongly related to job rewards, working conditions, and human resource management practices
- Small firms are at the low end of all these scales
- Small firms are more likely to use contingent workers

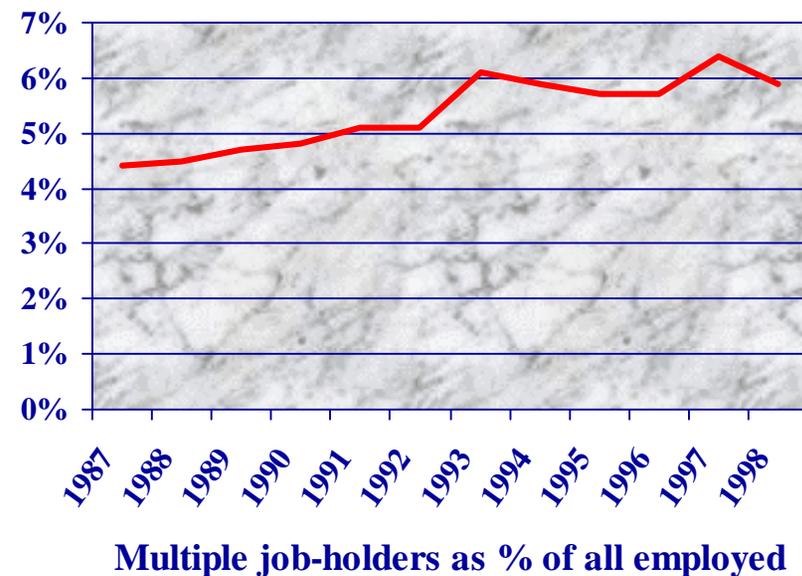
**Distribution of employment
by establishment size, BC, 1998**





Multiple job-holding in BC, 1987-98

- This trend also is related to contingent forms of work
- Includes people holding several part-time jobs, and employees who are own-account self-employed in their second job
- Mainly an economic survival strategy for individuals
- Raises issues of competing demands and divided loyalties

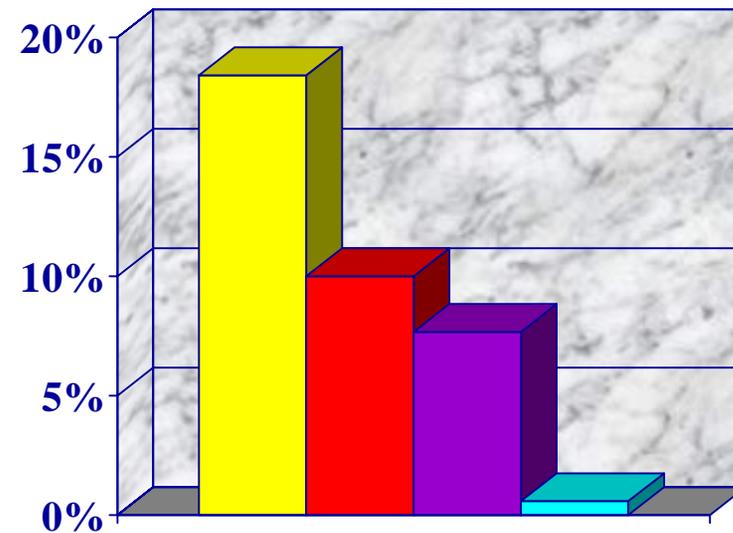


Source: Statistics Canada, LABOUR FORCE HISTORICAL REVIEW 1998 (Cat. # 71F000)



Overtime hours, BC, 1998

- Overtime is another way employers achieve labour flexibility
- Average overtime hours of workers reporting overtime = 8.4
- Over half of these hours are unpaid
- How much of this overtime could be converted into full-time, on-going jobs?



- Total employees working overtime
- Employees working unpaid overtime
- Employees working paid overtime
- Employees working both unpaid and paid overtime

Source: Statistics Canada, Labour Force Historical Review 1998 (Cat. # 71F0004XCB)

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- What are the advantages and disadvantages of contingent work?
- Need to answer this question from the perspective of employers, workers, unions & professional associations, society



Pros and cons for employers

Pros

- Lower labour costs
- Staffing flexibility
- As-needed expertise

Cons

- Legal: “who is the employer?”; rights and obligations
- Benefits, rewards, internal equity
- Loyalty, commitment, integration
- Skill development, intellectual capital



Pros and cons for workers

Pros

- Gain experience, career opportunities
- Personal & family flexibility, balance
- Independence, control
- Depends on worker's characteristics, life-course stage, type of non-standard work

Cons

- Second-class worker
- Low wages, economic insecurity
- Lack of benefits
- Costs of equipment, training
- Underemployment

Challenges for unions, professional associations



Unions

- unionism based on 'standard job'
- use of part-timers as 2-tiered employment system
- increased employer power
- seniority, scheduling, time off
- difficult to organize and to define bargaining units
- requires new models of worker representation
- legislative changes needed

Professional ass'ns

- taking on functions previously done by employers
- shifting needs of members
- provision of benefits
- training
- career planning, placement
- cost of fees

Contingent work and labour market polarization



- SE earnings more polarized than employed earnings
- 46% of own-account self-employed earn less than \$15,000 annually
- male-female wage gap greater among SE
- 58% of full-time workers have an employer pension plan, compared with about 20% of part-time or temp workers
- over 60% of full-time or permanent workers receive paid sick time, compared to 18-19% of part-timers and temps

Sources: Statistics Canada, LABOUR FORCE UPDATE, Vol. 1, No. 3, 1997;
B. Lipsett and M. Ressor, FLEXIBLE WORK ARRANGEMENTS (1998 CIRA Conference Proceedings).



What do Canadians want?

- value both economic security and challenging work
- want a say in workplaces
- flexibility without sacrifice
- quality of life: better balance between job, family, community roles
- strong education ethic; basis for life long learning



Public policy implications

- Legislative and regulatory frameworks outdated
- Training and education systems must adapt
- Risk and responsibility falls on individuals
- Creates winners and losers
- Threat to social cohesion
- Resistance to change
- Reduced productivity
- Untapped human resources and lower quality of life

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- What challenges does contingent work pose for human resource managers?

The “knowledge economy”



Is contingent work consistent with this goal?

- Learning and empowerment are central to the goals of productivity, innovation and competitiveness
- Need to create a skilled, quality, adaptable workforce
- “We are living through a transformation that will rearrange the politics and economics of the coming century....Each nation's primary assets will be its citizen's skills and insights.” (Robert Reich, *The Work of Nations*, 1991)



The high performance workplace

Is reliance on contingent labour inconsistent with this model for workplace reform?

- flexible organization
- team-based work
- commitment to training
- employee participation
- sharing of rewards and information
- promote health and well-being
- family-friendly policies



Labour as a cost or an asset

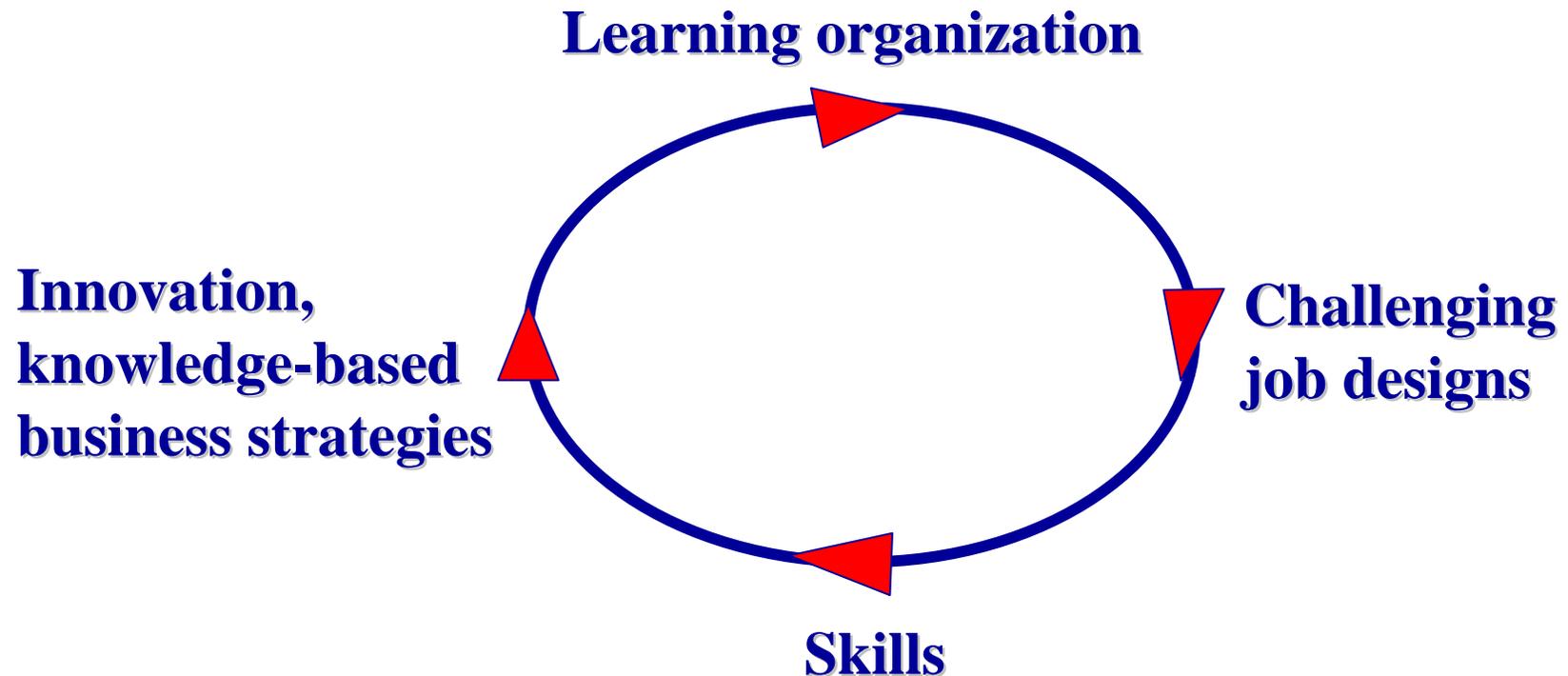
Cost

- use of contingent workers linked to cost-cutting business strategies (downsizing, reengineering)
- numerical and functional flexibility linked
- of all organizational changes, only greater use of temps did not result in more training
- 18% of establishments emphasize cost reduction strategies

Asset

- intensive HRM practices are “bundled”
- linked to innovative work organization practices, provision of employee benefits, training, flexible work arrangements
- more likely in larger, unionized firms
- 20% of establishments emphasize HR strategies

Skills and learning: the virtuous circle



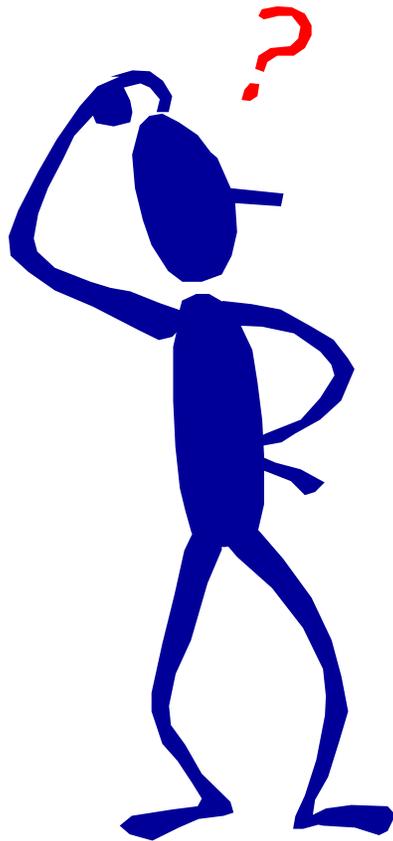
Source: G. Betcherman, K. McMullen & K. Davidman, TRAINING IN THE NEW ECONOMY (CPRN, 1998) p. 68.

Contradictory pressures facing human resource managers



- ① workers want challenge, change, flexibility / pervasive “economic anxiety”
- ② high levels of education and employment / underutilized talents in jobs
- ③ quality of work-life a priority / polarization of work hours, incomes, jobs
- ④ the learning organization / low investments in training
- ⑤ high performance workplace model / pressures to cut costs

Ask yourself...



- What are the advantages and disadvantages of CW in your context?
- What in your view is the biggest challenge CW presents HR managers?
- Can the needs and interests of employers, workers, society be balanced?



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