

Shock Absorbers in the Flexible Economy
The Rise of Contingent Employment in Silicon Valley

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Shock Absorbers in the Flexible Economy:

Dealing with the Rise of Contingent Employment in Silicon Valley

"People need to look at themselves as self-employed, as vendors who come to this company to sell their skills. In AT&T, we have to promote the concept of the whole work force being contingent [i.e., on short-term contract, no promises]

though most of our contingent workers are inside our walls. 'Jobs' are being replaced by 'projects' and 'fields of work', giving rise to a society that is increasingly 'jobless but not workless.'"

--James Meadows,

Vice President for Human Resources, AT&T quoted in the New York Times, 2/13/1996

"Labor in Silicon Valley needs to be at the forefront of confronting these new ways of organizing work. We need to be developing new models of labor organizations, at the same time that we continue to fight the elimination of permanent positions. Capital doesn't have a monopoly on entrepreneurialism and innovation. We intend to show that labor has that potential also."

--Amy Dean,

Business Manager and Chief Executive Officer, South Bay AFL-CIO Labor Council

I. INTRODUCTION

In the last 15 years, there has been a growing recognition of the rapid increase in various forms of contingent employment. The contingent workforce is a heterogeneous group that includes temporary help service workers, independent contractors, workers hired on a part-time or project basis, and employees of firms who provide sub-contracted services to large firms. What all workers in contingent employment share is that their terms of employment stand outside the standard employment relationship on which the framework of employment and labor law was built. That is, contingent employment differs along at least one dimension from long-term, year round, full-time employment with a single employer. (Carre 1994)

The reasons for this rise in contingent employment is, to a large extent, due to corporations' drive for 'flexibility' in the face of increasing global competition and the rapidly changing economy. Since the 1970s, employers have been eliminating full-time, permanent jobs, and instead been creating more "flexible" arrangements, in which an increasing number of employees move from job to job and project to project with no-long term ties with their employer. Major corporations are shrinking the size of their core work force, and using various forms of temporary, contracted and sub-contracting arrangements to respond to uncertain market conditions and to take advantage of rapidly changing niche markets. (Harrison 1994)

For some skilled employees, who have learned how to negotiate decent wages for themselves and how to operate in contingent labor markets, these flexible employment patterns can be beneficial--making it easier to balance work and family responsibilities, and to gain greater control of their own work schedules. For the majority of employees, however, the rise in contingent employment means declining wages, little access to benefits, few opportunities for advancement and rising economic insecurity. The fact that all contingent employees are outside the standard employment relationship means that they are vulnerable to rapid economic change and have difficulty being represented under U.S. labor legislation. This creates tremendous challenges, as well as opportunities, for unions and other organizations aiming to represent the interests of contingent employees.

This paper examines the rise of contingent employment in the context of Silicon Valley. Contingent employment is on the rise throughout the U.S. economy, but the trend is particularly pronounced in Silicon Valley, where up to 40% of the workforce can be considered contingent employees. The nature of high-technology industries--with rapid changes in technology and products, and their complete integration into global markets--places a premium on 'flexibility' as companies try to stay competitive and innovative in the rapidly changing economy.

In addition to documenting this rise in contingent employment, this paper also tries to identify new forms of labor organizing that are beginning to represent various sectors of the contingent workforce, both in Silicon Valley and elsewhere. The goal of these various efforts is to build organizations and promote public policy reform that can represent contingent workers' interests and provide a measure of permanence and security for workers even as they are forced to move from job to job and employer to employer. In general, the focus of these efforts for workers at all skill levels goes beyond organizing in a single worksite or with a single employer. Instead, they focus on building career or employment security, even if job security is impossible to achieve. Most of these initiatives are small, and they leave many questions to be answered before they can provide truly effective models for defending the diverse interests of the contingent work force. However, they do point in promising new directions and provide important avenues to pursue in order to address the negative aspects of the rise in contingent employment.

This paper begins with a brief framework for evaluating contingent employment, recognizing that there are both positive and negative aspects of this rise in flexible employment relations, and highlighting the concerns for addressing the economic insecurity and declining wages that are a large part of the problem. This is followed by a section discussing the rise of contingent employment in Silicon Valley, developing a numerical estimate for the size of the contingent workforce in Silicon Valley in comparison with the country as a whole. This is followed by an in-depth examination of the temporary help industry, the most visible portion of the contingent work force. The following section highlights a wide range of organizing efforts that have attempted to address the problems of contingent workers, both in Silicon Valley and throughout the country. This includes efforts aimed at developing new models of labor organization, and proposals for legislative reform. The conclusion summarizes the significance of these organizing efforts and their relationship to strengthening a new model of organization which has been called 'geographical/occupational unionism.' (Wial 1994)

II. POSSIBILITIES AND RISKS OF CONTINGENT EMPLOYMENT

The standard employment relationship in the Post World War II period for the majority of American workers had three fundamental characteristics:

- 1) Full-time employment with a single employer;
- 2) An indefinite period of employment; and
- 3) Certain legal protections against unfair dismissal.

In the past 20 years, for an increasing number of workers, this standard employment relationship has been replaced by various forms of contingent employment. The first major effort to examine contingent employment on a national level was done by Richard Belous in 1989. In *The Contingent Economy: The Growth of the Temporary, Part-time and Subcontracted Workforce*, Belous argues that in 1988 contingent employment accounted for 30% of all employment in the country, up from 26% in 1980.

The primary drive for this increase has been corporate efforts to increase labor flexibility. (Belous 1989, Harrison 1994, Sparke 1994) In what has now become an international trend, corporations are shrinking the size of their core workforce, and increasingly hiring people on a 'contingent' basis, through an increased use of temporary, part-time and contract workers. This trend is clearly captured in the literature from temporary help agencies themselves:

"Utilization of assignment employees has become a valuable and recognized management tool for many companies to convert fixed costs to variable costs, especially in view of corporate re-engineering and restructuring in a more competitive global environment. With the availability of such services, a client can maintain on a cost-effective basis a core level of permanent personnel required by normal business activities which may not expand much even as business conditions improve. The expense and inconvenience to a client of hiring additional permanent employees for assignments of a limited duration, including advertising, interviewing and testing, are eliminated. The use of [our] services enable clients to eliminate the record keeping, payroll taxes, insurance and administrative costs usually associated with permanent personnel. A client pays only for actual hours worked by assignment employees and may terminate their services immediately upon completion of the job assignment without the adverse effects of lay-offs." Olsten Staffing Services Report to Exchange Securities Commission, 1994

This growth in contingent employment has some potential benefits for the economy and for some workers, including:

- A significant reduction in labor costs;
- Increased management flexibility to shifts in market conditions; and
- Increased freedom for millions of workers to be paid employees while remaining active in other areas such as family and education.

But there are many costs associated with the rise in contingent employment, including:

- Greater insecurity for millions of workers as the contingent economy increases the risk of sudden job loss;
- Lack of health benefits for millions of working people and their families, driving up overall health care costs in the long run;
- A potential for under-investment in human capital (i.e. training and development);
- Higher unemployment rates in periods of economic recession;
- A potential reduction in the chances that equal employment opportunity goals will be met in a two-tiered system; and
- A more difficult environment for unions.

What determines the overall impact of this rise in contingent employment is the relationship between the labor market system, and various forms of social support and the social welfare system. (Belous 1989). In the labor market system (i.e. the various ways in which employers purchase and workers sell their knowledge and labor), workers interests have historically been defended either through legal protections, or through representation and collective bargaining. Contingent employment, however, leads to an increasing individualization of employment relations (Carnoy and Castells 1995), and increases the trend towards treating labor as simply a commodity. (Belous 1989) For individuals who have skills that are in high demand, and who have learned how to bargain in such individualized labor markets, contingent employment can provide personal flexibility and greater control over ones work schedule. However, most contingent workers face increasing economic insecurity, requiring some intervention to change the labor market system to protect these workers interests.

The social welfare system, including both public and private sector support systems, is designed to help people cope with various forms of risk and insecurity. Yet public sector support systems were designed in the context of stable, permanent employment and

forms of risk and insecurity. yet public sector support systems were designed in the context of stable, permanent employment, and are not designed to help people deal with the insecurities of contingent labor. Education systems, and social support networks that might help people move into more secure employment or careers are breaking down or have not adapted to the change in work environment. (Carnoy and Castells 1995) As Belous argues, "in a world of a flexible labor market and a rigid social welfare system, millions of workers and their families can fall through the cracks." (Belous 1989:xi)

In the context of Silicon Valley, Saxenian (1994) has documented the ways in which flexible labor markets for engineers and managers has been a key source of Silicon Valley's innovation and growth. What is less well understood is the ways that the labor market and social welfare system need to adapt to cope with the increasing risk and insecurity associated with rising contingent employment. This paper is designed to contribute to an understanding of the changes that need to be made.

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III. GROWTH OF CONTINGENT EMPLOYMENT

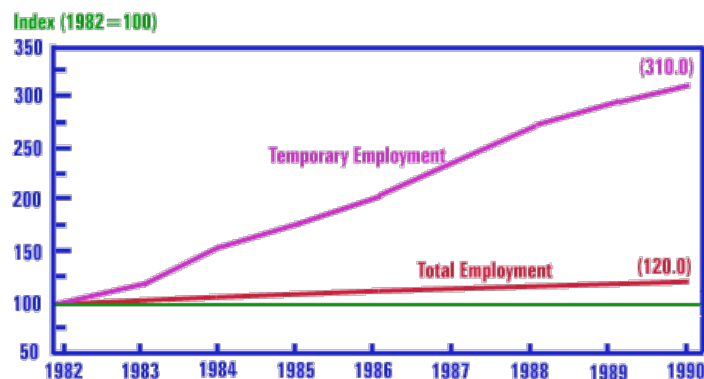
Estimates of the size of the contingent workforce are at best approximations, since government statistics on contingent work are limited and because there are so many different types of contingent employment. There are also multiple interpretations of what constitutes contingent employment. The most common definition of contingent employment, however, include: temporary help services; part-time labor; self-employment or independent contracting; and sub-contracted business services. The following presents what is currently known about the extent of temporary, part-time and contracted work, both on a national level and in Silicon Valley. While the exact numbers may be debatable, the trends showing a rising level of contingent employment are clear. It is also clear that Silicon Valley shows a particularly high concentration of contingent employment compared to the country as a whole.

Temporary Employment

Temporary employment is the most obvious and visible source of contingent employment. Employment in temporary help agencies has grown dramatically in recent years. Nationally, since 1989, employment in help supply services grew by 48% compared to a growth in total non-farm employment of approximately 5 percent in the same period.¹ Since 1982, employment in temporary help supply agencies has tripled, while total employment has grown by only 20%. (see Figure 1)² The BLS estimates that between 1975 and 1987, the number of temporary help companies in the U.S. grew from 3,133 to 10,611, an increase of 239%.

Figure 1: Growth of Temporary Employment

1982-1990



Source: Bureau of Labor Statistics and calculations by Callaghan and Hartmann

In February 1995 there were a total of 1,181,000 workers in temporary help agencies, out of a total workforce of 123.2 million. Thus nationally, approximately 1% of the U.S. workforce is employed in temporary help services at any one time. However, this figure underestimates the total number of people who are affected by temporary employment during the year. For example, Manpower Temporary Services, the largest temporary agency in the country, now employs on average more than 800,000 employees annually. Kelly Services also employs more than 500,000 and Olsten Corporation employees more than 300,000 workers annually.³ Thus, while the number of people employed at any one time may be less, the number of people who are employed as temporary employees during the year at some time is much greater.

In Santa Clara County, the number of people employed in temporary help firms has grown even more dramatically. Since 1984, employment in temporary agencies has grown from a yearly average of 12,340 to 26,561, growing from 1.6% of the workforce to 3.3% of the workforce. This is a rate that is roughly three times the national average. In the last 11 years, employment in temporary agencies has grown 100% while total employment has only grown 4%. **Between 1990 and 1995 employment in temporary agencies grew by 50% while overall employment declined by 2%!**

Table 1: Temporary Employment and Total Employment in Santa Clara County 1984–1995

Year	Temporary Employment	Total Employment	Temp as % of Total
1984	12,340	761,200	1.6%
1985	12,450	764,200	1.6%
1986	14,310	750,900	1.9%
1987	16,920	770,700	2.2%
1988	18,150	805,600	2.2%
1989	17,020	815,000	2.1%
1990	16,580	816,700	2.0%
1991	14,720	790,800	1.9%
1992	15,510	787,700	2.0%
1993	17,370	794,200	2.2%
1994	21,820	803,400	2.7%
1995	26,561	814,900	3.3%

Source: California Economic Development Department, Labor Market Information Division

Note: Figures are yearly averages. 1995 only includes the first three quarters.

As the most visible portion of the contingent workforce, this study will examine the wages and working conditions of temporary help workers in more detail. First, however, it is important to identify some of the other components of the contingent work-force.

Part-time Employment.

Nationally, the number of part-time workers has grown from less than 12 million people in 1970 to more than 20 million in 1991.⁴ As a percentage of the total workforce, part-time work has grown from 15.6% of the workforce in 1972 to 17.5% in 1993.⁵ Part-timers are classified by the BLS into two categories: voluntary and involuntary. The growth in part-time work since 1970 has been primarily due to the growth in involuntary part-time employment.⁶ As Table 2 shows, between 1972 and 1990, part-time workers increased as a share of the workforce, with all of this increase due to the growth in involuntary part-time employment.

The rise in involuntary part-time employment is shown most dramatically by calculating the index of employment. In the 1972 to 1995 period, involuntary part-time employment grew by 150 percent, while voluntary part-time employment and total employment (both part- and full-time) grew by only 35%. (See Figure 2, next page.)

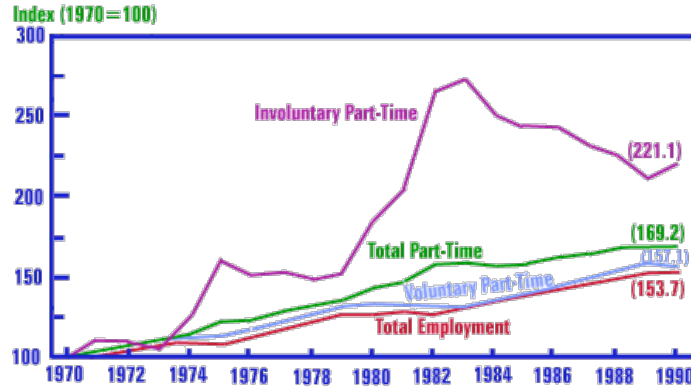
Table 2: United States: Part-Time Employment as a Percentage of All Employment in Non-Agricultural Industries, 1972–1993

Year	Total Part-Time	Voluntary Part-Time	Involuntary Part-Time
1972	15.8%	12.7%	3.1%
1973	15.6%	12.7%	2.9%
1974	16.0%	12.7%	3.3%
1975	17.3%	13.0%	4.3%
1976	16.9%	13.0%	3.9%
1977	16.9%	13.1%	3.8%
1978	16.6%	13.1%	3.5%
1979	16.5%	13.0%	3.5%
1980	17.3%	13.1%	4.2%
1981	17.6%	12.9%	4.6%
1982	19.0%	13.0%	6.1%
1983	18.9%	12.7%	6.2%
1984	17.9%	12.5%	5.4%
1985	17.7%	12.5%	5.1%
1986	17.7%	12.7%	5.0%
1987	17.4%	12.8%	4.7%
1988	17.4%	13.0%	4.4%
1989	17.2%	13.1%	4.1%
1990	17.1%	12.9%	4.2%
1991	17.9%	12.8%	5.1%

1992	17.9%	12.5%	5.3%
1993	17.8%	12.6%	5.3%

Source: Bureau of Labor Statistics, Yearly Summary, Selected Employment Indicators

Figure 2: Employment Growth
1970-1990



Source: Bureau of Labor Statistics and calculations by Callaghan and Hartmann

Obtaining estimates of part-time employment in the county is difficult, since such statistics are not regularly measured at a county level. The California Employment Development Department, however, has calculated part-time employment for the state as a whole. They estimate that while the number of people employed on a part-time basis has increased from 1,639,000 in 1975 to 2,494,000 in 1993, as a percentage of the total workforce, there has been little change. In 1993, the EDD estimated that 16.3% of the workforce was employed in regular part-time work, up from 14.9% in 1990, but down from a high of 18.4% in 1983. These figures are slightly less than the national figures, but the pattern of growth and decline parallels the national figures closely.

Table 3: California: Part-Time Employment as a Percentage of All Employment, 1983-1993

Year	Total Part-Time	Voluntary Part-Time	Involuntary Part-Time
1983	18.4%	5.6%	12.8%
1984	17.8%	5.1%	12.7%
1985	17.7%	4.8%	12.8%
1986	17.0%	4.6%	12.3%
1987	17.5%	4.5%	13.0%
1988	17.4%	4.6%	12.8%
1989	15.9%	2.7%	13.2%
1990	14.9%	2.5%	12.4%
1991	15.6%	3.1%	12.5%
1992	15.7%	3.8%	11.9%
1993	16.3%	4.2%	12.1%

Source: Employment Development Department

Self-Employed Workers

Self-employment on a national level has risen from 6.8% to 7.7% of the total civilian workforce from 1972 to 1993. It is difficult, however, to obtain estimates on self-employment at a county level, since again such statistics are not regularly measured at a county level. According to the U.S. Census, however, in 1990 there was a total of 52,000 people, or approximately 6.5% of the workforce of Santa Clara County who were self-employed. This up from 5.9% in the 1980 census. Joint Venture Silicon Valley projects that over 7% of the workforce was self-employed in 1995. Another indicator of the rise in self-employment is the number of single-employee business operations in Silicon Valley communities. In the four largest cities in Silicon Valley, the number of single-employee business licenses has increased 44% since 1989, from 19,600 to 28,400.

Contracting Out

The current trend toward increased contracting of services represents the most significant change in the structure of work, with firms

The current trend toward increased contracting of services represents the most significant change in the structure of work, with firms abandoning their commitment to secure employment relationships in favor of labor treated as a commodity to be purchased on the open market. In many cases, contracted employees perform jobs that were previously held by workers directly employed by these same employers. For many corporations, peripheral functions, including much of the manufacturing activity, is farmed out to networks of relatively small outside contractors. This process involves shifting employment from the corporate core to peripheral contractor organizations that form part of a production network of firms that are dependent on the markets and technology controlled by the corporate core. Workers in these sub-contracted industries face many of the same conditions of other workers in the rising contingent workforce. They tend to be paid less than permanent workers, experience job insecurity, have minimal access to fringe benefits, are unlikely to stay with a single firm throughout their careers, and are almost never covered by a collective bargaining agreement.

It is difficult to get an accurate measure of the extent of this sub-contracted workforce. One 'proxy' number that has been used in various studies is employment in 'business services.' Under this label is a diverse range of companies that provide a large number of sub-contracting services, including advertising, computer and data processing services, consumer credit reporting and collection, protective services, building services and personnel services. In Santa Clara County, employment in business services has risen from 48,500 in 1984 (6.3% of civilian employment) to 94,800 in 1995 (11.6%) However, the use of 'business services' as a proxy for sub-contracted work is at best only a rough estimate. It undoubtedly double-counts some contingent workers, since the category also includes people employed in temporary agencies (a sub-category of business services). On the other hand it does not include any people employed in sub-contracted manufacturing activities, which includes a large number of people in the electronics industry in Silicon Valley.

Table 4: Employment in Business Services –Santa Clara County, 1984–1995

Year	Total Employment	Business Services No.	Business Services %
1984	764,400	48,500	6.3%
1985	770,900	49,800	6.5%
1986	761,500	50,200	6.6%
1987	779,700	53,200	6.8%
1988	808,900	56,700	7.0%
1989	814,100	56,400	6.9%
1990	819,500	58,000	7.1%
1991	810,900	59,000	7.3%
1992	797,200	65,500	8.2%
1993	802,000	74,200	9.3%
1994	797,900	79,000	9.9%
1995	818,100	94,800	11.6%

Source: Employment Development Department

Domestic Workers and Day Laborers

There are no reliable figures for the number of people employed in more informal arrangements, such as domestic workers or day laborers. Zolniski (1994) provides anecdotal evidence of a rise in informal employment among janitors and their families in the 1980s in Silicon Valley, as a result of the increasing competition and decline of wages in sub-contracted building service industries. The number of people standing on street corners looking for work in San Jose also suggests that the number is significant. However, while it is important to recognize these forms of informal labor as an important part of the contingent workforce, there are no reliable estimates of their numerical significance at the moment.

Characteristics of the Contingent Workforce

The most recent detailed national study of the contingent workforce was a February 1995 survey conducted by the Bureau of Labor Statistics. While their definition of contingent worker was narrow (for instance including only 10% of part-time workers), some of their findings were quite interesting. They found that 67% of people identified as contingent workers would prefer to have permanent employment in a more traditional work setting. They also found that the percentage of contingent workers with health insurance from any source range from 57% to 65%, depending on the estimate used. They also found that contingent workers are more likely to be black and/or Latino (25% of contingent workers vs. 19% of non-contingent workers), and more likely to be women (51% vs. 46%). Interestingly, they found no significant difference in terms of educational level for most categories. (see Table 5)

Table 5: Social and Education Characteristics of Contingent vs. Non-Contingent Workers

	Contingent Workers	Non-Contingent Workers
Black	14%	11%
Latino	11%	8%
Women	51%	46%

College Degree	27-33%	29%
Some College Education	58-60%	58%

Total Contingent Employment

Richard Belous (1989) was the first to try to make a comprehensive estimate of the size of the contingent workforce in the U.S. and its growth in the 1980s. Including temporary workers, part-time workers, business services and self-employed, Belous estimated that by 1988 between 25 and 30 percent of the U.S. workforce were contingent workers. (see Table 6) Belous used two different estimates, the upper estimate included all people in the categories identified, and the lower estimate tried to eliminate some potential double-counting.⁷ In either case, the contingent workforce was growing from 50 to 100 percent faster than employment in the economy as a whole, and between one-third to one-half of all new jobs created in the 1980s were for contingent workers.

Table 6: Growth of the U.S. Contingent Workforce

	(million workers)		Percent Change
	1980	1988	
Temporary Workers	0.4	1.1	175%
Part-time workers	16.3	19.8	21%
Business services	3.3	5.6	70%
Self-Employed	8.5	10.1	19%
Upper Estimate of size of Contingent workforce	28.5	36.6	28%
Lower Estimate of size of contingent workforce	25.0	29.9	20%
Total civilian labor force	106.9	121.7	14%

Source: Belous (1989), Based on data from the U.S. Bureau of Labor Statistics

Using Belous' methodology, we can develop an estimate for the total size of the contingent workforce in Santa Clara County (see Table 7):

Table 7: Growth of the Contingent Workforce in Santa Clara County

	Workers		Percent Change	No. Increase
	1984	1995		
Temporary Workers	12,340	31,000	151%	18,660
Part-time workers	136,200	145,600	7%	9,400
Business services	48,500	94,800	95%	46,300
Self-Employed	45,700	57,200	25%	11,500
Upper Estimate of size of Contingent workforce	242,700	328,600	35%	85,900
Lower Estimate of size of contingent workforce	189,300	221,400	17%	32,100
Total civilian Employment	761,200	818,100	7.5%	56,900

Sources: Figures for Temporary Employment and Business Services come from the California Employment Development Department. Figures for Self-Employment are projections based on U.S. Census Data. Figures for Part-time employment are from the Bureau of Labor Statistics, and assume Santa Clara County has the same percentage of part-time workers as the nation.

This shows that between 221,400 and 328,600 people in Silicon Valley have some form of contingent employment. If the upper boundary estimate is used, the following would be true:

Over 40% of the Santa Clara County labor force would be contingent workers;

The contingent workforce would be growing 5 times as fast as the overall labor force; and

The growth in contingent employment accounted for all of the net job growth in the County and displaced a significant number of permanent full-time jobs.

If the lower boundary is used, than the following would be true:

Over 27% of the Santa Clara County workforce would be contingent workers

The contingent workforce would be growing 2.5 times as fast as the overall labor force; and

Approximately 55% of the net job growth in the county in the last 10 years was accounted for in the growth of contingent employment.

Therefore, regardless of the estimate used, it is clear that contingent employment is rising much faster than total employment, to the point that **by far the majority of all growth in employment in Santa Clara County in the past 10 years can be accounted for in the rise in contingent employment.**

This study will now turn to a more detailed examination of the temporary help supply industry, as a window into the conditions of contingent employment more generally.

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IV. TEMPORARY HELP SUPPLY INDUSTRY

While the rise in contingent employment is obviously a much broader problem than simply the growth in temporary employment, temporary help agencies are the most visible portion of the contingent economy. The trends in wages, occupational structure and working conditions for workers within the temporary help industry help provide important insights into the contingent workforce as a whole.

Companies

Temporary help supply companies are private businesses that recruit workers to perform a variety of job tasks and then sell these workers' labor to client firms for a fee. There are over 200 offices of temporary help agencies in broader Silicon Valley (including portions of southern San Mateo and Alameda Counties). This includes a wide range of companies, from major multi-national temporary help agencies like Manpower Temporary Services, Kelly Services and Olsten, to a range of small, independent or family-run temp firms. The industry is highly competitive with low overhead costs and few barriers to entry.

Though temporary agencies originally focused on clerical and light-industrial work, in the past 20 years temporary firms have increasingly moved into technical and managerial fields as well. According to Interim Personnel Services, "The time has long passed since the clerical/light industrial sector was considered 'the center of the universe' of the temporary help industry. Today, virtually any skill can be, and is, provided on a temporary basis." (Interim Personnel Services Annual Report, 1994)

Major temporary firms are increasingly entering into long-term contracts with major corporations in the area as well, clearly signaling that employing temporary workers has become a permanent strategy for firms. The following quote from the annual report of Olsten Corporation summarizes the trend well:

"By the end of 1994, we had extended our Partnership Program services to more than 180 major corporations including some of the world's best-known companies, and the list continues to grow. In many of these relationship, we place dedicated managers on site to supervise the partnerships and, in effect, become extensions of their corporate human resources departments. The benefits to corporations are many. At Lotus Development Corporation's North American manufacturing and distribution center near Boston, we provide up to 250 people, allowing Lotus to run this major operation with only six of its own employees....At the end of 1994, these Partnership Program services accounted for about 20 percent of our Staffing Services business. They have helped to give the business a solid foundation and make it less cyclical." (Olsten Staffing Services Annual Report 1994)

Companies have also been developing 'secondary sourcing' arrangements. This is where a temporary agency enters into a long-term contract with a primary client. This temp firm will then have a series of relationships with other temporary agencies, usually smaller, more specialized companies, who can be called on to fulfill the terms of the contract when the primary firm is unable to fill the demand. In such cases, for instance, a worker might be formally employed by Temp Firm B, who would place them with Temp Firm A, who would then place them at the work site of Client Firm C, often doing work that was previously performed by direct employees of Client Firm C. The CEO of one temp firm in Silicon Valley that employs 500 people at a time estimated that 40% of her business was in such 'secondary sourcing' arrangements.

Major companies operating in Silicon Valley include:

Manpower Temporary Services, currently the largest single employer in the U.S., with over 800,000 workers, operates over 2,200 offices in 38 countries, with global sales in 1994 of over \$5 billion. They have a total of 15 offices in Silicon Valley, placing close to 5,000 employees per week. They have grown rapidly in recent years, with U.S. sales increasing 22% in 1994, following increases of 20% in 1993 and 17% in 1992.

Interim Personnel Services, places over 4,000 employees per week in Silicon Valley, working out of 9 different offices. Headquartered in Fort Lauderdale, this company operates a total of 771 offices in 46 states, with average employment of nearly 350,000. Their 1994 sales totaled \$634 million, up 23.2% from 1993.

Adia Personnel Services, places 3,750 employees per week, and operates 8 offices in Silicon Valley. This is a multi-national corporation, with headquarters in Switzerland, operating in 29 countries throughout the world. They

specialize in accounting, information technologies, and nursing.

Kelly Services, places some 2,300 employees per week, with 7 different offices in Silicon Valley. They are also a major multi-national corporation, with 1994 sales of \$2.6 billion, up 21% from the previous year.

Olsten Corporation, places 1,125 employees per week from 6 different offices in Silicon Valley. Total sales in 1994 were \$2.6 billion, from 1,200 offices in North America and Great Britain. This represented an 8% increase over the previous year.

Occupational Structure

The most recent figures for the occupational structure of temporary employees in Silicon Valley is for 1989 (see Table 8). This showed that, as might be expected, clerical and administrative positions were the largest occupations, with 42% of temporary help supply service workers employed in these positions. Blue collar positions, particularly operators, fabricators and laborers, were also numerically significant, making up 22% of workers. Perhaps most significantly, though, a full 13% of temporary help supply service workers in 1989 in San Jose were in technical and related occupations, a rate nearly triple the rate for the U.S. as a whole. This category includes computer programmers, electrical and electronic technicians, as well as licensed practical nurses. Workers in professional specialty occupations--which includes computer systems analysis, designers and engineers--accounted for 6% of Help Supply Workers, a rate which is double the national average.

Table 8: Occupation of Temporary Help Supply Services Workers, United States and Santa Clara County, October 1989

Occupation	United States		San Jose	
	No. of Workers	% of workers	No. of Workers	% of workers
All Help Supply Workers	753,825	100%	12,365	100%
Executive, administrative and managerial	5,551	1%	82	1%
Professional specialty Occupations	26,108	3%	739	6%
Technical and related	39,817	5%	1,591	13%
Sales and marketing	25,166	3%	193	2%
Administrative and clerical support	342,448	45%	5,222	42%
Service (1)	40,924	5%	129	1%
Precision, production, craft and repair	14,814	2%	856	7%
Operators, fabricators, laborers	212,166	28%	2,771	22%
Other	46,831	6%	782	6%

Source: Bureau of Labor Statistics

Note: (1) Includes guards, nursing and other health aides, janitors and cleaners, kitchen workers.

Between 1989 and 1994, the occupational composition of the temporary help workforce changed significantly (see Table 9). Unfortunately, we only have national data, since Santa Clara County was not included in the BLS's most recent survey for 1994. Nationally, however, there was a clear shift away from white collar jobs to blue collar jobs. In 1989, white-collar jobs accounted for 58 percent of temp industry employment compared with 30 percent in blue-collar jobs. By 1994, white-collar employment dropped to 49 percent of the industry total and blue-collar employment rose to 40 percent. Laborers were among the fastest growing occupations studied. (See Table 9)

Table 9: Employment of Workers in Temporary Help Supply

Services, by Occupation, 1989-1994

Occupation	No. of Workers		
	1989	1994	% Growth
All Help Supply Workers	753,825	1,122,165	48.9%
White Collar Occupations	412,982	547,671	32.6%
Professional	26,108	22,226	-14.9%

Specialty	26,108	33,236	27.5%
Technical Occupations	39,817	42,029	5.6%
Executive, Administrative and managerial Occupations	5,551	9,124	64.4%
Marketing and Sales Occupations	25,166	31,513	25.2%
Clerical and Administrative Support	342,448	431,769	26.1%
Blue-Collar Occupations	226,980	444,895	96.0%
Precision Production	14,814	47,895	223.3%
Machine Operators, Assemblers and Inspectors	64,144	111,593	74.0%
Transportation and Material Movement	8,078	10,853	34.4%
Handlers, Equipment Cleaners, Helpers and Laborers	139,944	275,095	96.6%
Service Occupations	40,924	56,624	38.4%
Janitors and Cleaners	7,751	10,220	31.9%
Nursing Aides	14,167	28,387	100.4%

Source: Bureau of Labor Statistics

Industry Composition

Companies in all industries use temporary workers. According to data developed by Michael Neidle at Optimal Management, a management consulting firm in Foster City, manufacturing companies and service sector companies account for 61.2% of all billable hours of temporary help in Santa Clara County. Manufacturing alone accounts for 30.2% of the temporary market in Santa Clara County, a rate that is nearly twice the state-wide average. (See Table 10)

Table 10: Estimated Distribution of Temporary Help Service Placements, Santa Clara County and California, 1995

	Mining & Const.	Manuf.	Utility/Trans.	Whole-sale	Retail	Finance	Service	Gov.	Total
Santa Clara	3.6%	30.2%	3.5%	5.1%	11.9%	4.1%	31.2%	10.3%	100.0%
California	3.9%	16.1%	6.1%	4.9%	14.5%	7.2%	32.1%	15.2%	100.0%

.Source: Neidle (1995)

Wages

The pay of employees placed by the nation's temporary help services firms averaged \$7.74 an hour in November 1994, though this figure varies widely depending on skill level and local labor market. Since 1989, wages for all help supply workers grew only by 2%. However when adjusted for inflation, this represents a decline in wages of nearly 15% (see Table 11). This was true across all occupations, whether highly skilled or not. In fact technical occupations saw a decline in wages in real terms of 28%. The only occupation that showed some real growth was Janitors and Cleaners, who saw their average wage rise to \$5.67 an hour in 1994, a bare 0.3% increase in real terms over their wages in 1989.

Table 11: Employment and Earnings of Workers in Temporary Help Supply Services, by Occupation. 1989-1994.

Occupation	Wages			Inflation Adjusted Growth
	1989	1994	% Growth	
All Help Supply Workers	\$7.59	\$7.74	2.0%	-14.7%
White Collar	\$8.80	\$9.27	5.10%	-11.80%

Occupations	\$8.09	\$9.57	3.4%	-11.0%
Professional Specialty	\$22.14	\$24.11	8.9%	-8.9%
Technical Occupations	\$14.62	\$12.60	-13.8%	-27.9%
Executive, Administrative and managerial Occupations	\$14.76	\$17.22	16.7%	-2.4%
Marketing and Sales Occupations	\$6.42	\$6.61	3.0%	-13.8%
Clerical and Administrative Support	\$7.30	\$7.96	9.0%	-8.8%
Blue-Collar Occupations	\$5.40	\$6.02	11.6%	-6.6%
Precision Production	\$8.88	\$7.23	-18.6%	-31.9%
Machine Operators, Assemblers and Inspectors	\$5.56	\$6.26	12.6%	-5.8%
Transportation and Material Movement	\$7.33	\$7.03	-4.1%	-19.7%
Handlers, Equipment Cleaners, Helpers and Laborers	\$4.84	\$5.67	17.1%	-2.0%
Service Occupations	\$5.70	\$6.28	10.2%	-7.8%
Janitors and Cleaners	\$4.73	\$5.67	19.9%	0.3%
Nursing Aides	\$6.14	\$7.01	14.2%	-4.5%

Source: Bureau of Labor Statistics (1989 and 1995)

Benefits

While many temporary help supply firms offer a package of employee benefits, including paid holidays, paid vacations and health insurance, these benefits are only offered to workers who meet minimum qualification requirements, generally based on the number of hours worked for a particular firm. However, many temporary workers work for a variety of different firms, and have fluctuating hours from month to month, thus making it difficult to maintain benefits with any one particular firm. According to the BLS, firms reported that less than 10 percent of their temporary workers actually participate in a company sponsored health insurance program.⁸

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V. REPRESENTING CONTINGENT WORKERS

The shift from standard employment arrangements to the wide range of flexible employment practices that constitute contingent employment represents a fundamental change in the nature of work and employment in our country. The traditional institutions and mechanisms for protecting workers rights in this country are inadequate for dealing with these new employment relations. Without secure employment, or permanent full-time employers, most contingent workers are not adequately covered in a labor system that is based on the premise of full-time employment with a single employer, and depends on collective bargaining as the basis for worker protection.

There have been a wide range of efforts in the last 20 years that have provided some kind of representation for certain sectors of the contingent work force. These initiatives include both efforts aimed at legislation to provide protection for contingent workers, and organizing efforts to represent contingent workers in their employment relations. This section highlights a number of these efforts, both in Silicon Valley and in the rest of the country, as well as some examples of experiences in other countries. The initiatives highlighted are not meant to be comprehensive or exhaustive. Instead, they are meant to highlight a range of new initiatives that unions, community organizations, and employees themselves are pursuing to attempt to deal with the problems of contingent employment.

Controlling the Labor Supply: Worker-Owned Temporary Agencies and Hiring Halls

One idea that has been considered by many labor organizations is the idea of worker-owned or run temporary agencies. Perhaps the most successful effort at worker-ownership in contingent employment is **Cooperative Home Care Associates**, a worker-owned home health care agency operating in the South Bronx and Harlem. Since it started in 1985, Cooperative Home Care Associates has grown to a \$6 million a year company, with 300 employee-owners who are mostly black and Latino women. In an industry with mostly part-time and temporary positions, they have succeeded in providing employment to people at wages that are 10-20% above the industry norm, providing full benefits, and a greater degree of employment security--averaging 35 hours a week. They charge the same rates as other companies in the industry, but are able to provide better conditions for their workers because less of the return goes into corporate profits, and more into worker wages and benefits. They have been able to develop a reputation in the industry

goes into corporate profits, and more into worker wages and benefits. They have been able to develop a reputation in the industry based on quality service, with a more highly motivated and trained workforce.

The company is structured in such a way that after a three-month trial period, each worker is eligible for ownership. To become worker-owners, employees must invest \$1,000 in the company. Since 80% of the workers came off of public assistance before working in the company, the \$1,000 is often loaned to them and is paid back over 5 years through deductions in their pay. After the initial \$50 is paid, the workers have full voting rights. The Board of Directors includes 8–12 people elected directly by the workers, and 4 people who are appointed (2 are the company managers and 2 are from a related non-profit training institute). They have also recently created a workers council of some 30 people, which is also elected by the full membership. This council is becoming a forum for discussing policy issues, which are discussed at the worker's council before being decided on by the Board of Directors. Turnover in the whole company has averaged about 20% every year, while in the industry as a whole 40–60% is the norm. Roughly half the turnover is voluntary, and half is for disciplinary reasons.

The organization started initially by attracting investors from both commercial and foundation sources. It was initially structured as a non-profit, with the Board of Directors having control. It only later transitioned to being worker-owned. By 1992, 70% of the total work force were worker-owners, which represented over 80 percent of those eligible to become owners. Cooperative Home Care Associates has now begun a national replication program, with the goal of setting up 4 new home care companies throughout the country. Home Care Associates of Philadelphia opened its doors in February 1993, and Cooperative Home Care of Boston began operating in March 1994. In the next three years, they intend to expand in two cities in the mid-west, possibly Milwaukee, Chicago or Detroit.

The ICA group in Boston is currently involved in helping to set up two **worker owned temporary agencies**, one in Boston and one in Washington DC. The Boston center is the most developed, though it only began operating in the Fall of 1995, after several years of planning. Their focus is on light industrial and clerical work, and people coming into the program are primarily from training programs associated with public support services, particularly AFDC. Similar to Cooperative Home Care Associates, the company is structured initially as a non-profit with outside investors and some of the management having ownership of the company. Over time, they expect workers to take over ownership. The company in DC is structured slightly different, with a local community organization having some ownership, and workers themselves expected to develop more ownership over time.

The Communication Workers of American (CWA) has been working to set-up a number of **employment centers**, which began as pilot projects in Cleveland and southern California, and have since expanded in Seattle. The centers have been primarily designed to help workers laid-off from AT&T and the Baby Bell companies to find other gainful employment in the growing telecommunications industry. One of the keys to the success of this effort is an aggressive apprenticeship and skills certification process. CWA conducts formal assessments of workers skills and provides additional skill training or re-training to enable workers to develop the skills most in demand by industry. This enables CWA to guarantee quality craftsmanship while building long term affiliation and loyalty to the union. Recent contracts with a number of Baby Bells provide employer contributions to the employment centers and stipulate that they will only subcontract with firms that hire through the CWA employment center.

Probably the most extensive experience in developing **hiring halls** is in the Building Trades and the Longshoremen unions. These hiring halls provide a place for skilled construction workers and longshoremen to find employment and serve as a source of skilled labor for major employers. The halls are operated by the unions themselves, and are facilitated by the multi-employer collective bargaining agreements negotiated with major employers. Other occupations that have used hiring halls in various initiatives include janitors, food servers, waitresses, printers and performing artists. (Cobble 1994)

Through these various examples it is clear that efforts to control the labor supply through the development of hiring halls or worker-owned temporary agencies can have some useful outcomes. Despite having to compete in a market environment, worker-controlled enterprises or hiring-halls, have some potential for providing improved wages and working conditions for contingent employees. Workers do not gain long-term job tenure with a single employer, but do have the opportunity to develop skills and experience in a variety of worksites while helping to improve employment security and mobility. These initiatives work best when there is a clearly defined occupation and the worker-owned enterprises can compete through controlling skilled labor or providing higher-quality service.

Multi-employer Collective Bargaining Strategies

There are numerous examples of industries in which unions representing contingent workers have been able to achieve collective bargaining with multiple employers in the industry. One of the most interesting examples of this is in the **Motion Picture and Television Industry (MPTV)**.⁹ Unions in the motion picture and television industry have developed a number of innovations that have allowed them to expand membership and bargain effectively, despite changes in production technology and competition that have led to an increase in contingent employment.

The MPTV industry has been restructured in the last 20 years, moving to a system that closely resembles the flexible production structure of high technology industries.¹⁰ Christopherson and Storper (1989) have shown that the introduction of flexible production changed skill requirements dramatically. This gave rise to new segmentation of the work force, with an increasing percentage of production workers having to operate on a contingent basis, and people working from project to project. Christopherson and Storper predicted that this would decrease workforce solidarity and lead to the decline of unions in the industry. This has been true for craft and technical workers, with roughly half of Hollywood's craft and technical employment shifting to nonunion production by 1988. But this was not the case amongst actors, directors and writers. Collectively, the Screen Actors Guild (SAG), the Writers Guild of America (WGA) and the Directors Guild of America (DGA) represented 87,000 people in 1988, up from 32,000 in 1970.

Collective bargaining for these unions takes place with the Alliance of Motion Picture and Television Producers (AMPTP), which is dominated by 15 core members who represent all the major and most mini-major studios. The remaining mini-major studios and a large number of independent studios join as signatories to the labor contracts and abide by their provisions. Hundreds of independent producers formally empower the AMPTP to represent them, and then join as signatories to one or more basic agreements without directly participating in negotiations. Each union/guild negotiates its own basic agreement. The basic agreements resemble most union contracts in other industrial sectors, in that they cover minimum pay rates, grievance procedures, work rules,

seniority protection, health coverage and retirement benefits. They go beyond this, however, to provide a framework for flexibility and individual bargaining in the compensation system. This compensation system has three tiers:

Minimum pay rates: This provides a wage floor for all employees in the sector. The amount differs for each agreement (e.g. writers, directors and actors) and differs based on whether people are hired on a daily, weekly, or project basis. Much of the compensation is based on a piece-rate system, and they are set low enough to allow new people to enter the labor market and establish a reputation, while also providing a certain floor beneath which people will not work.

Personal Services Contracts: This allows individuals whose market value might exceed union scale to negotiate additional compensation through a personal services contract. These contracts usually call for initial compensation higher than the required minimum, and often provide for additional contingent compensation, and are negotiated individually. By deferring compensation, or tying compensation to revenues, personal services contracts also can be used to make marginal projects feasible. According to Paul and Kleingartner, the willingness of less-recognized workers to showcase themselves for small initial salaries allows more projects to see the light of day, and so increases the number of potential jobs.

Residuals: These are additional payments to workers for the exhibition of a product in media other than the one for which it was originally created, or for its reuse within the same medium subsequent to the initial exhibition. Payment continues as long as the product continues to be sold. Residuals became a major bargaining issue in the 1950s, when it became possible to transfer motion pictures to television. It was again tested with the expansion of videocassette, cable and pay per view as significant sources of revenue. The specific structure of residual compensation differs from union to union.¹¹ Resources from residuals have risen from only \$7.6 million in 1960 to \$337.9 million in 1990. For screen actors in particular, residuals become an extremely important source of income, accounting for 46% of all compensation. This differs significantly depending on the particular sector: for film actors, the ratio of initial compensation to residuals is about 6 to 1, for television actors, initial compensation is only about twice as large as residual income. For actors in television commercials, who are at the bottom of the acting hierarchy and mostly only receive the minimum pay scale, residual compensation is four times as great as initial session fees. More importantly, *residuals cushion the impact of unemployment*, providing a source of income among the neophytes who suffer long periods of unemployment between projects.

With the development of these residuals, unions have increasingly taken on certain administrative functions that were once managerial tasks, and thus have become indispensable to managing the labor process. Paul and Kleingartner argues that the MPTV unions have the same 'bread and butter' interests as any union, despite their 'professional and elitist pretensions:' "What distinguishes them is that they have been able to protect their members' income directly without necessarily protecting their jobs."

Other industries where unions have developed multi-employer bargaining structures include the **building trades** and **garment industries**. The Building Trades in Silicon Valley, for instance, are part of a 46-county bargaining unit in which pre-hire agreements are negotiated with the construction industry association. Individual unions negotiate their own agreements with the employers' association. The unions manage the pension, health care and vacation funds, and employers make contributions, thus allowing workers to maintain portability of their benefits, even as they move from construction site to construction site. Unions in the garment industry in New York have taken the innovative step of setting up the Garment Industry Development Corporation, in which labor, business and government have come together in a structure that provides training and technical assistance to employees and to small businesses in an effort to ensure the competitive success of the industry as a whole

The Service Employees International Union has also been successful in a number of major markets (e.g. San Francisco Bay Area, Chicago, Boston) in getting master agreements for **janitors**, negotiating with major associations of building owners and managers in each location. The popular Justice for Janitors campaign has been successful in a number of markets without these master agreements, getting large sectors of the workforce unionized through high publicity corporate campaigns, and trying to hold major companies accountable for the working conditions in their sub-contracted building services firm.

Perhaps the most successful international effort for collective bargaining for contingent workers is in the **temporary industry in France**. Temporary agencies in France have essentially been forced into national collective bargaining agreements with the four major union federations (CFDT, CFTC, CGT-FO, CGC). The collective bargaining effort was initiated by the government in 1985, which was offered to temporary agencies as an alternative to stringent government monitoring and regulation of temporary services. This 1985 agreement organizes the provision of worker rights around three principles:

Allowing temp workers to change temp services (employers) without being penalized, allowing portability of key benefits and development of industry-wide seniority;

Providing social insurance structures in the industry to guarantee benefits (such as access to training leave, worker's compensation and supplementary retirement benefits), that are the equivalent to those of full-time permanent employees; and

Maintaining access to some job-related benefits (e.g. worker compensation payments) that continue beyond the date of expiration of the temp assignment, even when the worker is theoretically without an employer.

Though this collective bargaining arrangement ran counter to the unions' long-held opposition to the temporary help supply industry as a whole, the national bargaining did prove suitable for workers who often shift from one temp service to another. It also forced temporary agencies to compete on quality of service, rather than trying to compete by lowering wages, or by placing workers in especially dangerous placements. (Carre 1994)

Guilds and Associations of Contingent Employees

There are a number of examples of guilds or other associations of contingent employees who have been organizing to improve members' employment security and wages, even in the absence of collective bargaining agreements. The [Graphic Artists Guild](#)

(<http://www.gag.org>), for instance, is a nation-wide association of people working in graphic communications. It has been in existence for 28 years. It is dedicated to raising and maintaining ethical standards and improving working conditions throughout the graphic communications industry. They essentially argue that through education and coordination of graphic artists' practices and fee structures, they can improve working conditions and employment security even in the absence of secure employment. It tries to achieve this through two major thrusts: protecting the legal interests of its membership through legislation and legal advice; and helping members protect their own creative and business interests through education and training programs. One of the major activities of the Guild is the regular production of *The Handbook of Pricing and Ethical Guidelines*. This publication, which has grown from its original 20-page pamphlet to a 280-page book that sells for \$24.95, includes detailed information on a range of issues designed to strengthen graphic artists in their business practices. It includes information on legal rights, ethical standards, grievance practices, professional issues (e.g. deductibility of artwork), information on the impact of new technologies, and detailed guidelines for pricing and contract negotiations in a wide range of products and markets.

Both nationally and at the chapter level, GAG runs programs on negotiations and pricing strategies, tax issues, self-promotion, time management and other essential business skills that are not, by and large, taught in the art schools. The Guild provides a means for experienced artists to share their understanding of the advertising, publishing and corporate markets with young artists, and a way for artists at every level to share concerns and information. They also help members get jobs through marketing the *Graphic Artists Guild Directory of Illustration*. Members can receive newsletters, dispute resolution services, legal advice and attorney and accounting referral services, health, life and disability insurance coverage, and discounts on a wide range of art supplies and services. The Guild currently has a membership of some 2,700 and has active chapters in Albany, Atlanta, Boston, Chicago, Indianapolis, New York City, San Francisco (Northern California) and Seattle. They are currently exploring the possibility of affiliating with the AFL-CIO.

Another example is the [National Writers Union](http://www.nwu.org) (<http://www.nwu.org>), a trade union for freelance writers of all genres. It is committed to improving the economic and working conditions of freelance writers. The union, which has 4,500 members, has job banks (such as the Technical Writers Job Hotline, which has been set-up by the SF Bay Area Chapter), provides health and dental plans, offers grievance-resolution services, and runs a variety of industry campaigns which include:

- Standard Journalism Contract--a national campaign aimed at setting fair, industry-wide standard terms, practices, and conditions for the sale of newspaper and magazine articles;

- New York Times campaign, which is opposing efforts by the Times and others to seize, without additional payment, all rights in perpetuity to stories they buy;

- Royalty Statement campaign, aimed at improving the royalty statements received by book authors;

- Operation Magazine Index (OMI) which tracks down and opposes the unauthorized reuse of members' articles by on-line-full-text databases; and

- Tasini vs. NYT Lawsuit, which was a lawsuit filed by seven NWU members to establish the right to control and license writer's work in the electronic age.

A number of other services are aimed at strengthening individuals ability to negotiate contracts (the free-lancer's equivalent to collective bargaining). These efforts strengthen individual ability to demand fair compensation and equitable treatment, by cooperatively sharing knowledge, experience and techniques. Specific programs include:

- Contract Advisors Network--a network of experienced volunteer advisors who review contracts, explain what different clauses really mean, noting good and bad points and suggesting improvements;

- Contract Seminars and training, covering journalism, books, electronic book publishing, etc.;

- Guides to freelance rates and standard practices.

There are a number of other associations in the high-technology industries of Silicon Valley, or that are beginning to form through electronic networking. These associations are less explicitly couched in a language of defending members' interests, and more closely resemble the traditional professional associations that work to maintain standards and ethical practices within particular occupations. Nonetheless, they provide a certain set of support, such as access to jobs, networking, and information on grievances, that deal with some of the problems faced by contingent employees. One thing to note in particular is the large membership of such associations:

- The Society for Technical Communication (STC)** has more than 20,000 members, and includes writers, editors, graphic artists, technical illustrators, managers, supervisors, independent consultants and contractors, all working in technical communication, often on a contingent basis. Technical communicators must be able to convey scientific and technical information precisely, accurately, and clearly. The STC was formally established in 1971, changing its name from the Society of Technical Writers and Publishers which had been established in 1960. STC provides information on employment both informally in chapter meetings, and formally through chapter listings and the national bulletin board system. They also publish *Guidelines for Beginning Technical Editors*, the *Guide to Preparing Software User Documentation*, and the *Levels of Edit* to provide tools to assist members in their jobs. The Silicon Valley Chapter of STC has 1500 members, and exists to 'provide members with opportunities for professional growth in a supportive community.' STC is concerned with the education, improvement and advancement of its members. They have a sub-group working on networking and support for free-lancers and independent consultants.

- The System Administrators Guild (SAGE)** was formed in 1992, and brings together system administrators to: recruit

talented individuals to the profession, share technical problems and solutions, establish standards of professional excellence, and promote knowledge of good practice in the profession. Services it offers its members include: publications and distribution, education, certification, and job descriptions.

A sub-group of **Computer Professional for Social Responsibility** has been publishing a regular progressive on-line newsletter about the problems and issues of workers in the computer industry. With a regular distribution list of over 5,000 people, this publication has become a central point for raising concerns about the grievances of computer programmers (primarily centered around lack of employment security and copyright/intellectual property issues), and is beginning the process of setting up a more formal working group to discuss ways of addressing these problems.

The **Network of Emerging Scientists** and the **Young Scientists Network** at this stage is simply a progressive internet forum, devoted especially to scientists and engineers who are presently establishing or reestablishing their careers. One of their focuses has been on the difficulties of finding stable employment, and providing assistance to subscribers through networking and referrals.

What is interesting about these groups is that, judging by the size of their membership, they are clearly filling a need amongst high tech professionals for on the job support and career development. Further, there are many parallels between the growth and maturation of these professional associations and the growth of service unions like the Service Employees International Union (SEIU). In the 1960s and 1970s, professional associations of public sector workers began affiliating with SEIU. Gradually, these professional associations became large scale unions negotiating improved employee compensation through collective bargaining.

Legislative Reform

There have been a variety of initiatives aimed at implementing legislative reform to improve conditions for contingent workers. The most comprehensive collection of proposals is *New Policies for the Part-Time and Contingent Workforce* edited by Virginia duRivage and published in 1992. Many of the proposals suggested are geared towards making the social welfare system function more effectively for people whose contingent employment might otherwise cause them to fall through the cracks in public support systems. Such basic reforms include:

Wage support, aimed at increasing wages for contingent workers and decreasing the disparity between permanent and contingent workers. This includes raising the basic minimum wage, and passing civil rights legislation to ensure contingent workers are paid the same wages as permanent workers performing the same work;

Increased access to health coverage, through a universal health insurance system in which people have access to health coverage by virtue of being residents, not through an individual's employment relationship. Other efforts could include increasing the health care tax exemption for self-employed persons and expanding programs like COBRA which are designed to allow workers to maintain health coverage even during periods of periodic unemployment;

Increased access to pensions, through reforming the Employment Retirement Income Security Act (ERISA) to close loopholes that enable companies to avoid paying pension benefits to contingent employees and to promote measures which allow workers to carry pension credits with them from job to job;

Expanded unemployment insurance. Currently only 32.5% of all those who are unemployed receive benefits from the Unemployment Insurance (UI) system, and in many states independent contractors, temporary, part-time and seasonal workers are denied benefits.

Another avenue, which has not been pursued in this country, is regulation of the temporary help industry. In Europe, by contrast, hiring temporary help is much more highly regulated, with legislation primarily geared towards ensuring that temporary work complements stable employment rather than undermines it. Temporary employment remains essentially banned in Greece, Italy, and Sweden. In other countries, regulations are geared towards:

Managing conditions for establishing a temporary help agency, including requiring licenses to operate and conducting regular reviews of operations. In some cases temporary help firms are prohibited from operating in particular sectors of the economy. This helps prevent abuses and provides channels for hearing grievances against corporations.

Governing conditions for the use of temporary workers, ensuring that temporary workers are not used to replace permanent employees, limiting the maximum number of jobs in an enterprise that can be filled by temporary workers, or limiting the duration of temporary assignments.

Providing adequate social protection for workers in temporary agencies, ensuring adequate wages and social benefits. For instance in France, temporary workers are required to be paid the same wage as permanent workers. Further, upon conclusion of an assignment, temporary workers also benefit from a "precarious employment allowance" which is increased by 50 percent if the temporary help agency does not offer them a new assignment within a period of three days.

France has one of the most developed systems for regulating temporary employment. Regulation of the Temporary Help Supply (THS) industry began in 1972. This came about as a result of abuses in the 1960s, in which temporary agencies operated with little respect for labor law, with little stability and often were prone to shut down overnight, leaving workers stranded and owed back pay. The legislation in 1972 required temp firms to register and provide information to the Ministry of Labor, and required them to purchase insurance which guaranteed payment of social benefits to workers in the case of bankruptcy. Further legislation in 1982, under the new socialist government, instituted a number of other requirements:

Makes the use of workers on temp contracts as strike breakers illegal;

Requires temp services to maintain parity of compensation and benefits (paid holidays and vacations) between temp workers and regular employees of the user firms;

Agencies must specify to the worker ahead of time the exact dates of start and end of assignment, thus providing some ability for workers to know when they have to look for other temp assignments;

The Ministry of Labor keeps a listing of particularly dangerous work settings where temp workers cannot be sent on assignment, recognizing that the THS industry was being used as a way of firms avoiding problems of unsafe workplaces;

The government also tried to restrict the economic conditions under which user firms could use temp contracts--in an effort to restrict the conversion of permanent jobs to temporary jobs. This proved difficult to enforce, and the restrictions were removed in 1989; and

Contracts for temporary employees are limited to 18 months (after which point employees must be converted to permanent status). (Messmer 1994)

In Belgium, temporary workers can only be used in three situations; to replace an employee who is ill, on vacation or on leave; to complete specific projects; and to assist during exceptional increases in workloads.

In Japan, there are strict laws regulating the use of temporary workers. Further, temporary workers are only permitted in white collar jobs, with no industrial workers. There are only 16 kinds of jobs allowed to be hired on a temporary basis, including interpreters, computer engineers and secretaries. Legislation was being considered in January 1996 to expand these restrictions to allow temporary hiring in 12 new job areas, including: hospital helpers, book editing, office equipment instruction, interior coordination, advertisement designing, research and development, and business planning. (Japan Weekly Monitor 12/25/95) Prior to 1985 they were outlawed entirely, though by some estimates as much as 11 percent of paid employment is in direct-hire short term contracts. The use of part-time employees has risen from 11.0 percent in 1982 to 16.1 percent in 1992. (Houseman and Osawa 1995) (Overman 1993)

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VI. DEVELOPING A MODEL OF GEOGRAPHICAL/OCCUPATIONAL UNIONISM

The various initiatives outlined in the previous section point to the need to strengthen a new model of unionism that Wial (1993) has termed "geographical/occupational unionism." This model is based on an understanding of two fundamental points about the way contingent work is organized:

First, though we can no longer assume that workers will have a single employer, many workers stay within the same occupation, working for multiple employers within the same industry cluster.

Second, labor markets operate primarily on a regional basis, with workers predominantly staying in the same geographical area despite working for multiple employers.

This model of unionism is based on organizing workers geographically, along loose occupational lines. It combines elements of craft, amalgamated, and general geographical unionism.

"From craft unionism, it takes the principles of area-wide, multi-employer collective bargaining; cross-employer portability of worker rights and benefits; and some degree of union involvement in worker referral and training. From amalgamated and federated craft unionism, it takes the idea of a loose grouping of related occupations as a basis for organizing. From general geographical unionism, it takes the concept of the geographically based local union as the primary unit of labor organization and of the ability of a union to represent workers even without a collective bargaining agreement." (Wial 1993: 692)

Membership within these organizations would not be based on workers' place of employment, but rather through the sense of solidarity developed through their occupation and position in regional labor markets. In addition, the primary goal of such an organization would be to aim for *career or employment security, rather than job security*. The functions of such an organization center on the following:

Coordinated Training Programs: As described before, contingent workers face the challenges of lower wages, employment insecurity, and lack of job ladders to move up in their careers. Unions can begin to address this through coordinated training programs that include aggressive apprenticeship, skill certification, and company paid retraining programs. Unions would reach out to new entrants in the workforce through apprenticeship programs, provide on-going skill certification for membership, and facilitate transitions between jobs through re-training. It would also entail restructuring on-the-job training to focus not just on training for a particular job classification but rather life-long training in every facet of the craft. Such training programs would then be tied into collective bargaining agreements where companies agree to only hire through the union training program and workers agree to only work for signatory employers (just like the Building Trades model). Further by coordinating union training programs between lower skilled occupations like janitorial and higher skilled crafts like laborers and carpenters, unions can build new job ladders for workers to be able to develop their careers in a region (and new ways for workers to remain lifelong union members).

Protection of Employee Rights: Employee rights have actually expanded over the last 25 years, at the same time as union membership has been declining (e.g. anti-discrimination and occupational safety and health legislation). The problem with this in an environment without collective organization is that many workers do not know their rights, or do not have the organizational strength to pursue grievances. Occupational/geographic unions could provide education programs to educate workers about their rights on the job, especially about occupational safety issues and the dangers of exposure to toxic chemicals which is a particular concern of assembly workers in the electronics industry. They could also provide greater legal representation for members based on their rights, even without collective bargaining agreements. The combination of this education and legal representation would be strengthened with unions efforts to strengthen career advancement and job mobility, by increasing workers confidence to report on violation of their rights and to expose dangerous practices and abuses of OSHA standards.

Multi-Employer Regional Collective Bargaining: These new organizations should aim towards developing multi-employer collective bargaining on a regional basis. This is obviously geared towards preventing companies who are competing within the same industry from taking the low-road by cutting labor costs, and instead taking the high-road towards competing through improved productivity. New organizations, however, need to also provide representation for workers prior to being able to achieve collective bargaining. Such pre-collective bargaining representation can be achieved through an expanded associate membership program, or through representation in guild-type associations. In addition, while collective bargaining needs to build wage floors and a minimum standard for employment conditions, it should also maintain the flexibility to allow for individuals to negotiate higher employment compensation levels depending on their skills.

Portable Benefits: These new organizations should provide workers with benefits, particularly health care and pension programs, that they can maintain as they move from employer to employer and even during periods of unemployment. Collective bargaining programs need to be geared towards employer contributions to these portable benefit plans.

The development of such organizations of labor go beyond what any local union could achieve individually. Yet rather than creating something entirely new, it merely combines the best examples of initiatives that are already taking place in a number of disparate entities. It provides a more cohesive model for organizing efforts, that are based on unions taking a more central role in training and management practices than has traditionally been their role. To achieve these goals will require new thinking, new organizing techniques, and a tremendous commitment of resources. It will also require significant changes in labor law and legislation to insure that constitutional protections for workplace organizing are strictly enforced. Yet, such innovative and comprehensive organizing strategies are essential if we are to increase employment security and the standard of living in the new economy.

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Notes

- (1) BLS 1995
- (2) Callaghan and Hartmann 1992
- (3) Parker 1994
- (4) Bureau of Labor Statistics 1995
- (5) Carnoy and Castells 1995
- (6) Callaghan and Hartmann 1992
- (7) Belous' lower estimate does not count business services at all, since it assumes that all business services workers are already counted in one of the other groups, and it counts only 60 percent of the temporary workers, since survey data suggests that 40 percent of temporary workers are part-timers.
- (8) A BLS survey in February 1995 estimated that among all contingent workers, roughly 60% had health insurance from any source.
- (9) This section is based on Paul and Kleingartner, (1994)
- (10) In the 1940s the 'big five' and 'little three' Hollywood studios made 75% of all feature films and captured 90% of U.S. box office revenue. Today there is a much wider and diverse mix of companies in the MPTV industry, including some major studios, a number of 'mini-majors', and a wide range of independent producers.
- (11) IATSE (the International Alliance of Theatrical and Stage Employees) specifies that residuals go into the pension and health care funds, which benefits the union's membership as a whole. The Screen Actors Guild has residuals paid to the union in a lump sum, which is then divided amongst people who worked on the particular project based on a point system developed unilaterally by the union. The Directors Guild (DGA) and the Writer's Guild generally have residuals paid directly to the individuals who contributed to the final project, though the union still acts as a clearinghouse--passing checks on to their members after monitoring the producers' compliance.

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