

***JUST GETTING BY***  
***THE EXPERIENCE OF TEMPORARY  
WORKERS IN SAN DIEGO'S  
ECONOMY***

*A Research Report for the Center on Policy Initiatives*

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# JUST GETTING BY

## TABLE OF CONTENTS

*Introduction* .....1

1. Placement and Employing Firms.....7

2. Becoming a Temp: Locating Workers’ Trajectories.....12

3. Recruitment & Hiring: Agencies and How They Work.....15

4. The Experience of Temporary Work.....23

5. Cleavages in the Temporary Workforce: Not All Workers Are the Same..... 31

6. Summary of Findings..... 34

7. Solutions and Policy Recommendations..... 37

*Appendix: 1: Methods*.....46

*Appendix: 2: Contingent Work Use Across Industries*.....48

*Appendix 3: Temp Agency Practices in San Diego*.....51

*References*.....52

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Finally, the stories that we tell in this study reflect the experiences of the 71 temporary workers in the San Diego area who shared a few hours of their hectic lives to participate in our study. We hope that the findings and recommendations of this report show that they are more than "just temps" in the larger scheme of things.

## *EXECUTIVE SUMMARY*

Temporary work has become a common phrase in the lexicon of today's workers. In a survey commissioned by the North American Alliance For Fair Employment ([www.naffe.org](http://www.naffe.org)) in January 2000, 60% of the respondents had either been in non-standard work arrangements or knew someone who had been in one while preferring a standard job. The working life of a "temp" has even been the subject of a number of movies, including the independently produced "Clockwatchers" (1998).

Temporary work has become so commonplace that it is seen as a Leading Economic Indicator – i.e., a decline in temp placements forecast a downturn in the economy down the road, and an upturn in temp placements are a signal of economic recovery. Giving more credibility to that statement is the fact that Manpower, Inc. is one of the largest employers in the United States.

Temporary work now covers the gamut of occupations, from white-collar professional and managerial occupations, to pink-collar clerical and office administrative functions to blue-collar manual and construction work. Scholarly research has examined data on temporary and other non-standard work arrangements, including the health and safety risks faced by non-standard workers, as well as their career mobility. However, little research has been done comparing the work trajectories and experiences of high-skilled temps to those with few skills.

San Diego's diverse regional economy – from traditional hospitality and defense manufacturing industries to emerging bio-tech and software industries – allowed us to research a range of non-standard workers across skill-level and industry. San Diego's location on the U.S.-Mexican border also allowed us the opportunity to address experiences of race and immigration status among temporary workers. To understand the motivations and practices of the three main players in the temporary labor market, we talked to 71 temporary workers in focus groups, and surveyed 29 temporary agencies and human resources managers at 38 firms.

Ultimately, our study found that many temporary workers lack access to critical benefits such as health care and retirement, and many are frustrated with the prospect of losing an assignment without notice. The vast majority of temporary workers want permanent employment – unfortunately many temporary workers we spoke with face barriers to achieving that goal. Based on this and other findings, we have provided recommendations for business and government that would remove the barriers that prohibit temporary workers from finding permanent employment through placement agencies.

Our findings are summarized below:

### **All Industries Use Temporary Workers**

We found, through a survey of client firms, that approximately 95% of all employers use temporary workers to one degree or another. We also spent time surveying industries of particular importance to San Diego's regional economy – hotels, defense manufacturing, software and biotech.

- Hotels claimed that approximately 7% of their workforce is placed through temporary agencies. However, the hotel industry also employs part-time and seasonal workers. Including these types of non-standard work, the usage of non-standard workers in the hotel industry increased to nearly 35%.
- The Defense Manufacturing industry reported just under 5% of their workforce were temporary workers placed by temporary agencies. Surprisingly, temporary workers were placed in all levels of work, including a significant portion in Research and Development.
- The emerging industries of Biotech and Software reported that, 13% and 10%, respectively, of their workforces were placed by temporary agencies.

### **Most Temporary Workers are Involuntary and Want Permanent Work**

A significant finding uncovered during focus groups was that some workers voluntarily entered into temporary work, while others entered into the industry involuntarily – they felt they had no other options.

- Approximately 25% of the workers we spoke with voluntarily entered into temporary work. These workers were generally second-income earners or retirees looking to make some extra money. This category of workers also cited “flexibility” as a reason why temporary work appealed to them.
- A full 75% of the workers we interviewed told us they felt they had “no other choices” available to them. These workers were ultimately seeking permanent employment. They valued a steady income and access to benefits over the flexible work schedule that temporary work offered.

### **Insecurity and Frustrations Define the Daily Lives of Temporary Workers**

The temporary workers we spoke with expressed anxiety over certain common practices and scenarios in the temp industry. These scenarios were irritating at best, but often had significant impacts on a workers ability to provide for their families.

- Assignments from temporary agencies often come with little advanced notice. For workers with children, transportation issues or other obligations, this posed a problem. Turning down an assignment, for whatever reason, often meant being “B-Listed” and risked the possibility of not being offered assignments in the future.
- The nature of temporary work means “flexibility” for employers. This “flexibility” usually means instability for workers. Being fired from an assignment could come at any time. Some workers reported leaving work and

getting phone calls being told not to report to their assignment in the morning, except to pick up their belongings, which had already been boxed up. This insecurity was a daily concern.

- Temporary workers' relationships with co-workers were often tenuous. The "just a temp" syndrome left many temporary workers we spoke with, feeling anonymous and left out. Permanent workers were viewed as feeling threatened by the presence of temporary workers who feared for their own jobs. Temporary workers are expected to be good at their job by management, but not "too good" by threatened co-workers.

### **Some Temporary Workers Are Voluntary – And They Do Well**

Voluntary temporary workers generally had good things to say about their experiences. They also seemed to fare well in terms of wages and benefits.

- The voluntary temporary workers we spoke with were higher skilled and were able to negotiate better terms of employment than involuntary temp workers.
- Voluntary workers were able to work on specific professional projects that added to their professional experiences and enabled them to be upwardly mobile.
- Benefits were generally not an issue with voluntary temp workers. Many had coverage through their spouses.

### **Even Voluntary Temporary Workers Had Frustrations With Temporary Work**

While the experiences of voluntary temporary workers were generally more positive than the experiences of involuntary temp workers, negative experiences were also shared.

- Workplace relationships with permanent co-workers were tenuous. Permanent workers felt threatened by the presence of highly skilled temporary workers.
- High-skilled workers we spoke with felt less challenged by temporary work assignments.

### **Incomes for Temporary Workers are Insecure, Making It Difficult to Make Ends Meet**

Involuntary temporary workers expressed concern about the regularity of placements and therefore, the regularity of income. Lower skilled workers were also insecure about the level of their wages.

- Unlike high-skilled workers, low-skilled workers didn't feel they had any room to negotiate their pay scales – many didn't even know they could negotiate.
- Some temporary workers didn't express concern about their wages as much as their income based on the irregularity of assignments and high cost of living in San Diego.
- A combination of wage scales and a lack of regularity of temporary assignments left temporary workers struggling to make ends meet.

### **Benefits Were Unattainable**

Our survey of temporary agencies in San Diego found that most temporary agencies "offer" health care and other benefits, such as vacation and sick time. However, through the experiences shared by temporary workers, we found significant barriers to qualifying for and accessing those benefits.

- In cases where placement agencies offered benefits, threshold requirements (number of hours worked) were unreasonably high, especially given the instability of job placements.
- In cases where temporary workers actually met threshold requirements, many reported being unable to afford the actual benefits. The costs were so high as to discourage workers from participating in plans.
- No temporary agency or temporary worker reported offering or receiving any pension benefits.

### **There Were Significant Barriers to Permanent Placement Through Temporary Agencies**

Since a majority of temporary workers desired permanent employment, there was frustration and anxiety expressed at the barriers that kept them from attaining that goal.

- Some temporary workers pointed to conversion fees as a barrier to being hired permanently through a temporary agency. Conversion fees can be expensive enough to deter client firms from hiring a temporary worker permanently. In some cases, temporary workers reported that companies wanted to hire them permanently, but the amount owed to the temporary agency kept them from doing so.
- In cases where a temporary position is considered “permanent” after a given number of days, temporary workers reported being taken off the assignment just prior to the threshold dates. Some reported being re-placed in the same positions after a few days break.

### **Information on the Terms and Conditions of Employment and Placement Were Not Properly Disclosed to Temporary Workers**

There was a lack of clarity in advertising and actual placements reported by temporary workers. The information given to temporary workers was often unreliable and led temporary workers to feel greater instability and insecurity.

- Temporary workers reported “false advertising” when responding to advertisements. It was not always clear that a job was a temporary, rather than permanent position. Some jobs were also posted at higher wage rates than were actually paid.
- Temporary workers were unaware of the mark-up and conversion fees, therefore unaware of their market value as workers, and of the possibility they would actually find permanent employment.
- Employment policies varied based on placement. Some workers were denied access to certain benefits offered by the temporary agency because the client firm did not offer those same benefits.

### **Temporary Work Does Not Lead to Career Advancement**

With the exception of a handful of highly skilled workers, temporary work does not lead to a first step in a career ladder. Temporary workers spoke critically of training opportunities that were supposed to make them more marketable, and advance their careers.

- While temporary agencies offered training, it usually consisted of a computer in a room with a tutorial.
- Temp workers were trained on company specific software. Once the placement ended, the skills learned didn't apply to other companies.

### **Workplace Safety is a Significant Issue in Manual Labor and Construction Work**

Manual laborers and non-standard construction workers faced added anxiety in their placements. The nature of physical work often puts workers in greater danger. Lacking access to health care coverage was particularly problematic for these temporary workers.

- The agencies that placed manual workers expected workers to provide their own equipment. Safety equipment loaned by the agencies had to be returned intact in order for the workers to be paid.
- Injuries on the job often did not receive medical attention. However, if the injury resulted in bleeding, workers were often asked to take a drug test, even before a bandage was applied to the wound.
- Even if job-related injuries were attended to, convalescent time after these injuries was unpaid time, and the workers reported trying "fiercely" not to get injured.

### **What Can Be Done**

Given the desire of most temporary workers to find permanent employment, and given the numerous obstacles in the process of finding permanent employment, we also suggest important policy recommendations. The findings from our research gave rise to specific policy prescriptions that we believe will mitigate the instability that many of these workers face in their work relationships.

#### ***Require Adequate Disclosure of the Terms and Conditions of Assignments to Temporary Workers***

- Provide temporary workers the terms and conditions of their employment in writing, including place of employment, wage rates and length of assignment.
- Require temporary agencies to disclose to their workers how much the user firm is paying to the temporary agency and to disclose their conversion fees. This would allow temporary workers a better sense of their market worth. Knowing the conversion fees will also give temporary workers more information to make a decision about joining the temporary agency.
- Curtail the ability of both public and private firms to layoff permanent workers and replace them with temporary employees. Legislation addressing this issue could curb the growing use of "perma-temps" across California.

#### ***Limit the use of temporary workers by public agencies***

- Enact legislation to prevent misclassification of public employees to keep employees from being mislabeled as "temporary employees" or "off budget full time employees". These employees are often denied access to health care coverage and pension benefits.
- Require the State of California to adopt a statewide code of conduct for temporary placement and staffing agencies. The State of California should only do business with temporary agencies that abide by principles and provisions set forth in a code of

conduct. The principles of the code should address livable wages and access to health care, as well as ensuring on-the-job safety and ability to collect unemployment insurance.

- Create permanent floater pools of full-time “temporary” workers who are assigned to fill temporary or emergency needs. Pool employees would be permanent employees of the County or State government.

### ***Educate Temp Workers on their Workplace Rights***

- Ensure workplace safety for temporary workers, especially those who work in some of the most dangerous jobs, such as construction. CAL-OSHA should ensure temporary workers are provided with adequate safety gear.
- Conduct random audits of temporary agencies for workplace rule violations. Such procedures will ensure temporary workers are being processed, placed and treated fairly under California wage and hour laws.
- Investigate cases of discrimination at temporary agencies, specifically as they apply to concerns about ageism, and the tracking of minorities into particular job classifications.

### ***Provide Social Safety Nets for Temporary Workers***

- Provide health insurance for temporary workers, thereby allowing temporary agencies to prosper, while ensuring workers are able to provide critical health coverage for their families.
- Enact an Alternative Base period for purposes of Unemployment Insurance. The current system does not work properly for unemployed temporary workers because the system calculates base period earnings from the most recently completed quarter. Because of the unstable nature of temporary work, it is otherwise difficult to provide unemployment insurance to temporary workers who deserve access to the system.

### ***In Conclusion***

The research we’ve collected point to the fact that the growth in temporary work significantly impacts working families. The inability of temporary workers to find permanent work through temporary agencies kept many from accessing critical benefits needed to maintain a family. The high cost of living, compounded by the irregularity of income, left many temporary workers struggling to make ends meet in San Diego’s economy.

As companies search for flexibility in a changing economy, standards should be established that protect the integrity of working people and their ability to provide for their families. All workers – temporary or permanent – deserve jobs that afford a livable income and provide access to health care and retirement. We urge policy-makers to establish policies that protect temporary workers and encourage best practices that allow temporary workers livable wages and access to health care benefits.

## INTRODUCTION

The independent comedy movie “Clockwatchers”(1998) portrays the life and work experience of temporary workers, and captures a common understanding about “temps” (portrayed as college-educated young white men and women), who struggle with the mild and humorous humiliations of being anonymous office workers, usually while biding their time to do something better. And while the image of young, educated ‘slackers’ who are sent to alphabetize folders at an anonymous, Dilbert-like, corporation represents some part of the work experience of temporary workers, it reflects only a small part of the unstable work arrangements that have been growing steadily in recent years<sup>1</sup>.

Temporary work is a segment of labor market arrangements that are termed “non-standard work arrangements”, or NSWAs. “Non-standard work arrangements” is a term used to describe work relationships under the new paradigm characterized by short-term employment spells with many employers over a lifetime and a lack of well-defined career ladders. The term encompasses independent contracting, employment through temporary help agencies, on-call work, sub-contracted work, part-time work, day labor and self-employment.<sup>2</sup>

The actual experiences of temporary workers are as varied as the workers themselves. At the very top are highly skilled contract workers like Barbara<sup>3</sup>, who feels that she is able to command higher wages and more technically challenging work on a flexible schedule. Then there is Carl, a retired engineer in his 60s, who has generally enjoyed his stints as a “temp”. Unwilling to return to the rigors of the “nine-to-five life”, he values the ability to “work on a project and then leave” and “not worry too much about the boss.” As a retiree, temporary positions allow him to work just enough hours a year to not lose his retirement benefits, while earning some needed “extra” income.

On the opposite end, there is Elaine, an African American woman in her thirties, who has been “temping” as a laborer for four years. She has not been able to become a permanent

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<sup>1</sup> According to Peck and Theodore approximately a third of temp workers are secretarial, a third are laborers, and about 20% are professional/technical workers. In certain low-wage occupations, such as data processing and manual labor, approximately 10% of the national workforce is temporary [Peck, 1998 #38].

<sup>2</sup> The term “contingent work” is sometimes used in place of and to mean non-standard work. However, the term contingent workers was originally coined to refer to workers that had no implicit or explicit contract for long-term employment. For clarification of these terms, see Kalleberg 2000, # 44.

<sup>3</sup> We use first names only to identify our interviewees.

worker, and faces the difficulties of childcare responsibilities while worrying that if injured on the job she would have little recourse. There is also Roberto, a college educated economist who crosses the border from Tijuana daily, carrying a backpack and pretending to be a university student to get to work as an undocumented temporary dishwasher in a fashionable restaurant in La Jolla. While Roberto was placed by a “temp agency”, his employment in the restaurant does not pay him overtime or give him any benefits or health protection. Like Elaine, he is often asked to do dangerous or unsafe jobs without the proper equipment, such as using harsh chemicals without gloves or goggles.

One of the concerns that drove us to this project is whether it was possible to characterize the experience of temporary workers in San Diego as being more like Barbara’s, Carl’s, Roberto’s, or Elaine’s. On one hand, we already knew from national surveys that temporary workers are more likely to be in precarious situations – being less likely to have health insurance at their jobs, and suffering a significant wage-deficit when compared to similarly skilled “permanent” workers<sup>4</sup> (Kalleberg et al, 1997; Baru, 2001). But do temporary workers face occupational hazards like Elaine? Do they benefit from the flexibility in the same way that Carl does? What role do temporary help agencies play in recruiting workers? Do they provide substantial training? Do they protect workers? Is the experience similar across occupation and industries?

These questions are particularly pertinent in San Diego. Often touted as “America’s Finest City”, San Diego is the site of new forms of economic disparities. Alongside the well-off high skilled workers, San Diego’s racialized low-wage workforce faces a lack of affordable housing and limited public transportation (Marcelli, 1998). Further, the new high-tech jobs tend to be located in the North County, while low-wage workers tend to live in the South and East of the city. Access to these relatively better-paying jobs is hindered because of location (Marcelli, Baru and Cohen, 2000)<sup>5</sup>. Finally, as an economically stratified border city, the greater San Diego-Tijuana area serves as home to a largely low-skilled international non-standard workforce that divides its time across both sides of the border. Beyond immigrants from Mexico, migrants from other parts of the US as well as immigrants from other nations play a prominent role in San Diego’s contingent workforce.

We believe this study will have substantial implications for public policy and academic research, and will provide strategically important information for community and labor activists. Our study also serves to inform strategies for legislative intervention. It provides basic information on who temporary workers are, their daily experiences and the quality of their jobs, the potential for career mobility, and the types of violations of workers’ rights that often fall through the cracks because of the nature of temporary work contracts.

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<sup>4</sup> According to Baru (2001), in California women earn 6.7% less than women in regularly placed jobs; men earned 8.8% less.

<sup>5</sup> Marcelli, Enrico, Sundari Baru and Donald Cohen, “Planning for Shared Prosperity or Growing Inequality? An In-depth Look at San Diego’s Leading Industry Clusters,” Center on Policy Initiatives, San Diego, September 2000.

As the following sections will demonstrate, temporary workers who are placed through intermediary agencies face a different mode of control than their permanent colleagues, are limited in terms of career mobility as well as access to benefits, and are generally placed in lower quality jobs in terms of wages and skills. Only by understanding how and where employers and agencies function in the current regulatory framework can policy makers and activists design meaningful programs and strategies for reform.

### ***Understanding Non-standard Work Nationally & Locally***

Using data from the Current Population Survey's Contingent Workers Supplement, researchers at the Economic Policy Institute analyzed the wages of non-standard workers and found that 46.8% of women with non-standard work arrangements and 33.6% of men in these arrangements earned poverty-level wages – more than twice the rate among those with traditional jobs (Hudson, 1999). Similarly, a recent study based on the 1995 Current Population Survey (CPS) found that non-standard low-wage jobs where workers have no access to health insurance and pension coverage are more likely to be held by women and people of color—especially Hispanics.<sup>6</sup> This study found that while some forms of self-employment and contract work were preferred work arrangements, most workers employed through temporary agencies would prefer standard, full-time employment.

### ***Temporary Work***

What these existing studies demonstrate is that while there is a great deal of variation in the kinds of jobs that fall under nonstandard categories, there are clear trends that show new types of inequalities associated with specific forms of temporary employment. In this study, we became particularly interested in how the “explosive” growth of temporary employment affects the lives of workers. Temporary help agencies have expanded nationally by 11 % annually since 1972—and are seen to constitute a “modern-day ‘reserve labor army’” (Kalleberg, 2000). Workers employed through temporary help agencies, or “THA temps”, were estimated to comprise just over 2.5% of the United States workforce in 1998 (Kalleberg, 2000). Moreover, some temporary workers are hired directly by the user firms. Their numbers were estimated at 3.3 million (Polivka, 1996).

In California, temporary jobs grew at unprecedented rates when compared to full time jobs in the boom years of the 1990s. By 1998, San Diego had the second highest percentage of temporary jobs among Southern California counties across almost all occupational categories (Baru, 2001). From an average annual of just over 13,700 jobs in 1991, temporary help agencies recorded a little over 38,200 jobs on average in 2000 in San Diego County.<sup>7</sup> This phenomenal growth in temporary jobs is also reflected in national numbers, with the American Staffing Association reporting growth rates of over 15% in the late-90s.

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<sup>6</sup> For details of study, see: [Kalleberg, 2000 #45]

<sup>7</sup> Data from the California Employment Development Department. These data include jobs in the offices of the temporary help agencies, which are a small fraction of the total number of jobs that are placed at client firms.

In a record-breaking year, staffing agencies placed an average of 2.54 million temps every day in 2000.<sup>8</sup> As a harbinger of a recession, the help supply service industry lost 82,000 jobs in October 2000. In 2001, the average daily placements by help supply agencies dropped by 14% to 2.18 million, according to a survey of agencies done by the American Staffing Association (Berchem, 2002). Placements by help agencies fell on a monthly basis until February 2002, when it edged up by 14,000 jobs, still 18.5% below its peak of September, 2000, according to the Bureau of Labor Statistics.<sup>9</sup> In April 2002, help supply services added 66,000 jobs, the third consecutive month of job gains, according to the BLS. The American Staffing Association believes that "...a rebound in staffing employment strongly correlates with the periods of economic recovery" (Berchem, 2002).

In California, the wage deficits of temporary help agency workers follow national patterns, with women earning 6.7% less than women in the regular full-time workforce with the same personal and job characteristics, while men earned 8.8% less than similarly situated men in the regular full-time workforce (Baru, 2001).

San Diego's economic structure today is a microcosm of industrial restructuring across the nation. A snapshot of San Diego's economy shows a growing new technology sector comprised of Telecommunications, Electronics and Biosciences. These areas co-exist alongside more traditional industries, including expanding retail and hospitality based services and a significant defense contract sector (Palmintera, 2000). There is also a steady construction industry and a declining manufacturing sector.

### ***Research Concerns Guiding the Study***

Although the rise in non-standard work arrangements seems to be related to changes in the economy toward flexibility, services, and high-tech production, the dynamics of this type of work are not yet fully understood. Economists have several explanations, for example, about why firms employ temps (Houseman, 1998)<sup>10</sup>, but they have yet to determine the mix of factors that lead individuals to become temporary workers. Do most workers enter stints of temporary work out of otherwise permanent careers, or are some workers temporary workers for life?

While there is now useful data available on wages and benefits, the pace of change and the intricate dynamics between workers, employers *and* intermediary agencies, there is still a need for research that examines the patterns of this dynamic employment relationship across skill-sectors and across old and new economies. In general, there is little information about the difference in staffing patterns, wages, perks and benefits among these diverse industries that rely on temporary workers with a variety of skill-sets.

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<sup>8</sup> Berchem, Steven P., "Poised for Growth: ASA's Annual Economic Analysis of the Staffing Industry," American Staffing Association, May-June 2002.

<sup>9</sup> The Employment Situation, February 2002, Bureau of Labor Statistics.

<sup>10</sup> Houseman, Susan, "Why Employers Use Flexible Staffing Arrangements: Evidence from an Establishment Survey," Upjohn Institute Staff Working Paper No. 01-67, June 1998.

The sociological literature on non-standard work has also grown substantially in recent years (Kalleberg, 2000; Garsten, 1999; Christensen, 1998; Spalter-Roth and Hartmann, 1998). These researchers have examined relations between core (full-time and permanent) and non-standard workers within the same firm as well as in the overall economy – that often leads to exclusion and job insecurity. These works have begun to address important questions about the feminization and racialization of non-standard work practice. Importantly, this research has found that non-standard workers face greater health and safety risks and are likely to accumulate deficits in terms of career mobility.

These researchers point to the need for further studies that examine worker trajectories and experience, while being attentive to comparisons across industrial sectors or occupational categories (Garsten, 1999). While it has been established that the quality of nonstandard jobs can be linked to lower wages and the lack of benefits, there are calls to look closer at the “heterogeneity” within these kinds of work arrangements (Kalleberg, 2000). In addition, work on the new inequalities characteristic of the global information economy (Scott 1996; Clark and Bolton 2000) is only recently beginning to pay specific attention to non-standard work arrangements (Benner 1997; Riain 2000; Chakravartty 2001).<sup>11</sup>

In this report we concentrate on the experiences of a specific group of non-standard workers – temporary workers employed through intermediary agencies, across skill-levels and occupational categories in San Diego. In terms of our study, what is remarkable is that across occupational categories, we see the rise of temporary work across both the new and old economies of San Diego. At the same time, we see greater reliance on labor market intermediaries, lower rates of unionization and the expansion of unstable employment relationships. While there is a category of non-standard workers who are both highly skilled and highly paid, this small group is outnumbered by a vast temporary workforce who earns lower wages and has minimal access to benefits. Studies indicate that a significant number of these latter workers live close to or below the poverty line and that women and communities of color make up a disproportionate portion of this low-wage non-standard workforce at the national and regional levels (Kalleberg et. Al., 2000; Baru, 2001, Kim, 2000).

### ***The Study***

In order to get a sense of the dynamic context of temporary work, we have tried to capture the particularities of the triangular employment relations between worker, intermediary agency and employing firm. To understand the role of each of the players above, we carried out a multi-method research project in San Diego in the summer of 2001. We conducted a survey of employers, a survey of intermediate firms (“temp agencies”) and series of focus groups with workers currently and previously employed as non-standard workers in San Diego. A study like ours cannot properly ascertain answers

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<sup>11</sup> The use of contingent workers by high-tech industries is an area that is very new for researchers. On-line journalistic accounts are available through public interest organizations like Washtech ([www.washtech.org](http://www.washtech.org)) and SiliconValleydebug ([www.siliconvalleydebug.org](http://www.siliconvalleydebug.org)).

to questions related to workers' experience or employer practices *over time*. However, the research design based on common methodologies used by researchers examining non-standard work (Henson, 1996; Christensen, 1998; McAllister ,1998; Nolen and Axel,1998), is intended to offer a comprehensive snapshot of employer practices, worker experience and the role of intermediary *across occupations and across sectors*.

The broad questions we addressed includes the following:

- How do temporary workers themselves experience unstable work arrangements in terms of career trajectories and everyday life?
- How do these practices and experiences vary across high-skilled and low skilled occupations and across “old” and “new” parts of the economy?
- How do firms across sectors use non-standard workers in the local economy?
- How do local intermediary agencies practice recruitment, placement and worker development strategies?

## 1

## PLACEMENT AND EMPLOYING FIRMS

We begin our study with the demand side of the equation where the growth in temporary jobs reflects an increase in *demand* for temporary workers – both non-standard and contingent workers – across economic sectors. The demand for flexible workers is now widespread not only in private industry but in the public sector as well. The reasons for the increasing use of non-permanent, “just-in-time” employees lie in the re-structuring of corporate America. As outlined in Henson 1996<sup>12</sup>, American corporations began to feel the pinch of global competition in the mid-1970s, with declining profit margins resulting from high costs of production. Weighing the options of increasing product quality and productivity or lowering cost, corporations voted to tackle costs, labor costs in particular. The “lean and mean” corporate structure was born, with management winning concessions from labor to avoid layoffs, while also engaging in union-busting.

***The “Temping” of Traditional Jobs***

Temporary help agencies have been able to assist companies in providing the functions that are on the periphery in the new corporate structure. The old pyramidal corporate structure has been replaced with the core and periphery structure; the core comprising managers and professionals who were necessary for the day-to-day running of corporations, while the periphery consists of workers who provided the flexibility for corporations to weather economic fluctuations.<sup>13</sup>

Researchers have also pointed to other changes in the labor market allowing for the rise of temporary employment. The de-skilling of the labor force and the decrease in the importance of firm-specific skills (Segal and Sullivan, 1997)<sup>14</sup> have led to the “temping” of white- and pink-collar jobs. In re-drawing traditional employment relationships, temporary help agencies have moved into “temp-to-perm” hiring.<sup>15</sup> This function helps client firms screen the temporary workers for possible future hire while retaining no obligation to hire them if their skills are not up to par. The authors point to the “try-before-you-buy screening function of temping” as “one of the ways in which temporary staffing is beginning to perform a human resource function.”

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<sup>12</sup> Henson, Kevin D, “Just a Temp,” Temple University Press, Philadelphia, 1996.

<sup>13</sup> Robert Parker, “Flesh Peddlers and Warm Bodies: The Temporary Help Industry and Its Workers,” Arnold and Caroline Rose Monograph Series, Rutgers University Press, New Jersey, 1994.

<sup>14</sup> Segal, Lewis and Sullivan, D., “The Growth of Temporary Services Work,” *Journal of Economic Perspectives*, 1997.

<sup>15</sup> Theodore, Nik and Jamie Peck, “The Temporary Staffing Industry: Growth Imperatives and Limits to Contingency,” forthcoming in *Economic Geography*, 2002.

The use of temporary workers on a large scale by corporations is also used to create an “acceptable public image.”<sup>16</sup> An illustration of this point is the case of Motorola that, during the recession of the early 1980s, was able to discreetly lay off 300 temporary workers even as the rest of corporate America received wide press coverage for their mass lay-offs. This action helped sustain corporate morale while upholding the reputation of the company. Since then, corporations have increased their use of temporary and other types of non-standard workers. Economists and popular business experts remind us that in uncertain economic times, the flexible labor force is a sensible way to boost companies’ profit margins. According to news reports, workers placed by temporary help agencies comprise only 2% of payrolls, but have accounted for 30% of job loss since March 2001.<sup>17</sup> Firms thus have been able to lower labor costs by laying-off temporary workers, while also benefiting from higher productivity growth in the economy as a whole.

### ***Firms in the San Diego Area***

The exact percentage of the national workforce that is in non-standard arrangements is difficult to estimate, ranging from 2 % up to 10 %.<sup>18</sup> The difficulty arises because firms are generally reluctant to open their records for public scrutiny. Unsurprisingly, we met with limited, but nonetheless significant, response rates to our survey of use of non-standard workers in the local San Diego economy. Out of the 160 firms that we targeted, we obtained a total of 38 completed interviews.

We asked firms to identify their use of workers from 7 types of the most commonly used non-standard work arrangements, namely, temporary workers hired through temporary help agencies (THA temps), direct-hire temps, independent contractors, leased workers, part-time workers, seasonal workers, and high-skilled (H1-B) visa holders. The respondents were surveyed on the extent of their use of these types of non-standard workers, the reasons for their use, the benefits they received and the benefits and drawbacks of using non-standard workers.

More than half of the firms surveyed, 61%, reported a growth in employment at their site within the last 3 years, and only 6 firms, or about 16%, had experienced a decline. This is not surprising since the U.S. economy and the California economy, in particular, had experienced an unprecedented boom in the late 1990s. Due to the small sample sizes in the other industries, our analysis focused on 4 industries, hotels, biotech, defense manufacturers and software. Taking into account the limits of our findings, by far the industry with the largest non-standard workforce is the hotel industry, due largely to the seasonal nature of the hospitality industry (See Chart 1). However, only 7 % of these

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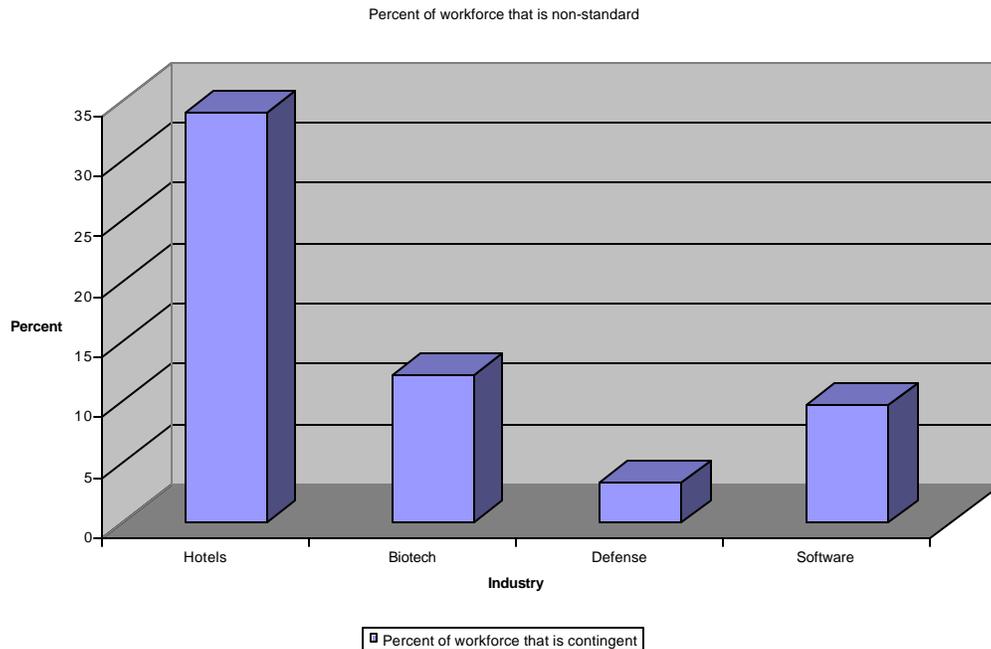
<sup>16</sup> Parker, Robert, “Flesh Peddlers and Warm Bodies,” Rutgers University Press, New Brunswick, NJ, 1994.

<sup>17</sup> “The Surprise Economy,” James C. Cooper, et al, *Business Week*, March 18, 2002.

<sup>18</sup> In one of the most comprehensive surveys on use of contingent workers conducted in 1999 by the American Management Association, 93% of firms that responded reported using non-standard workers. Overall, contingent workers were said to comprise 10.8% of these firms’ total workforce. Other journalistic studies like the one cited above, estimate the figure at anywhere between 2 to 4 %.

workers were workers hired through Temporary Help Agencies (THAs). In contrast, the biotech industry ranked second with just over 12% of its workforce as THA workers, and software at just under 10%, ranked third.

**Chart 1**

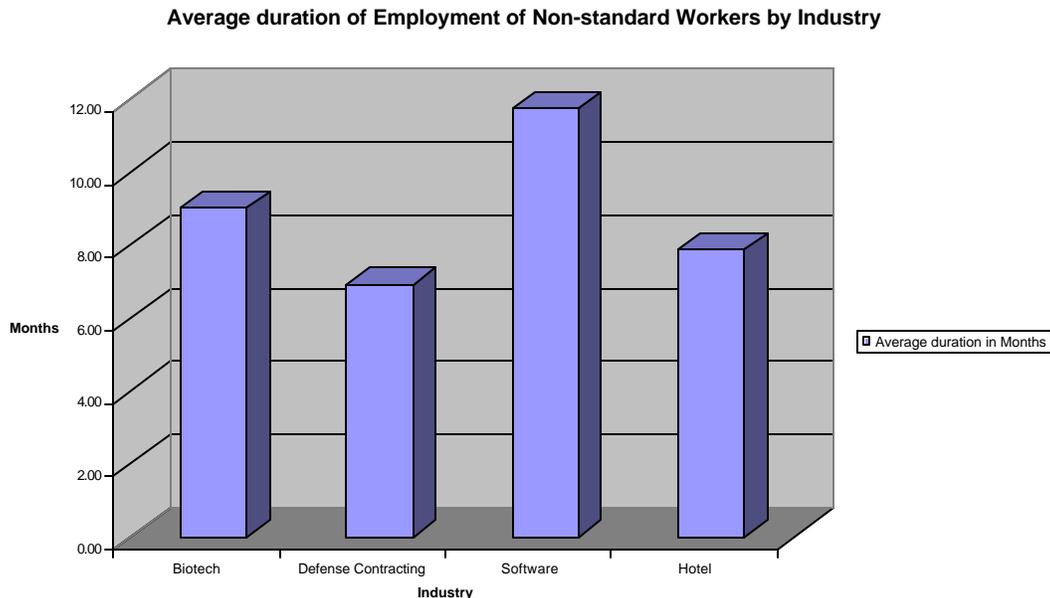


In contrast to the hotel industry's reliance on part-time seasonal workers, the largest group of non-standard workers in the biotech industry is that of contingent THA temps. The biotech firms in our surveys reported that almost 80% of their non-standard workers are hired through temporary help agencies. High-tech (H1-B) visa holders comprise only 3% of their non-standard workforce. The defense manufacturers in our survey report using a larger share of H1-B visa holders, at 13%, but THA temps constitute the largest fraction (70%) of non-standard workers in this industry as well. The software industry has a larger share of Independent Contractors and H1-B visa holders than any of the other industries in our survey. While THA temps still constituted the largest share of non-standard workers at 48%, the industry also employs significant numbers of Independent Contractors (26%) and H1-B visa holders (19%).

The average duration of hire for temporary workers varied by industry (Chart 2). The software industry had the longest duration of hire, at just under 12 months across all types of non-standard workers. Their higher average may be explained in part by their higher use of H1-B visa holders, who are allowed to work for up to 6 years on their visas. The biotech industry, with its high use of THA temps, had an average duration of hire of just over 9 months. The high average duration of assignments of non-standard workers would

seem to illustrate their use not only for the temporary replacement of absent permanent workers, but as a form of re-structuring of the workforce even in high-tech industries.

**Chart 2**



### ***The Costs and Benefits of Non-Standard Workers***

Flexibility and screening were the two reasons most commonly cited by the firms in our survey when they were asked to explain why they relied on non-standard workers (See Table in Appendix B for the results of this question). Reducing payroll, and health and pension costs were reported to be unimportant. This supports previous research where employers contend that reducing costs is *not* the driving factor behind increase in non-standard work (Houseman, 1998). In response to this line of defensive argument by employers—i.e. we’re just responding to changing market conditions – researchers argue that reliance on non-standard workers does in fact save costs for firms in two specific ways.

First, it establishes a two-tier pay structure whereby firms are able to pay specific kinds of non-standard workers – workers employed through temporary help agencies – lower wages with no benefits. These studies have shown that high-wage firms that offer higher fringe benefits are significantly more likely to employ temporary agency workers to save costs (Kalleberg, 1997). By paying temps lower wages, firms ensure the morale of the higher-paid core workers.

Secondly, recent research suggests that firms that hire temporary workers for low-wage and low-skilled jobs pay a comparatively lower mark-up fee when they hire workers through temporary agencies, thereby lowering costs overall for employers who can pay both lower wages and avoid fringe benefits.

The benefits packages varied for each type of non-standard worker. Temporary help agency (THA) temps receive no health, pension, sick leave or other types of benefits from the client firm. At the other end of the scale, H1-B visa holders receive all the benefits that were given to full-time workers at the firm. Independent contractors are usually responsible for paying for their benefits themselves. Hotels were the only employers who reported providing some benefits to their non-standard staff.<sup>19</sup>

On the issue of flexibility versus cost, we found clear lines of disagreement between the perspective of employers and the majority of workers that we spoke with. The latter strongly felt that savings from not having to provide health insurance and pensions, or pay for Unemployment Insurance, was an important consideration for firms employing THA temps, subcontracted labor and other forms of non-standard workers.

The implications of this discrepancy appears to be that the firms' flexibility argument may be justifiable in terms of high-wage, high-skilled labor in non-standard work practices like independent contracting. But as we will see in the following sections, it is not supported when we look at low-skilled, low-wage workers who bear the brunt of the costs of the flexibility argument.

Overall, we found that 95% of the firms that responded to our survey used non-standard workers in varying degrees of consistency. Some businesses used non-standard workers for seasonal upswings in business, some for the temporary replacement of absent workers, and some for long-term assignments. The type of non-standard worker used varied by industry, but seemed to be dictated by the requirements of the business. In all of the cases, it seems to make economic sense from the perspective of firms across industries to rely increasingly on non-standard workers.

Our findings provide us with an initial map of San Diego's firms and their use of nonstandard workers. However, our discussions with temporary workers in the following sections make it clear that further research on use according to industry and skill level as well as use by public sector industries is crucial in order to get a better sense of the demand side of the complex and dynamic process.

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<sup>19</sup> Some hotels reported providing sick days to their part-time workers, who could use their accrued sick days after 90 days on the job. Vacation days could be accrued and used after a year on the job. Other benefits such as discounted hotel rates and amusement park tickets were also given to their part-time workers who worked over 20 hours a week.

## 2

## BECOMING A TEMP: LOCATING WORKERS' TRAJECTORIES

There is no consensus in the academic literature about the trajectory of workers who enter non-standard work, and whether this kind of work is likely to be a stint in an otherwise stable job career, or whether some workers become involuntarily “trapped” in the temporary segment of the labor market (Kalleberg, 2000). And while longitudinal research on these forms of work is necessary to answer the latter question, our research explicitly speaks to the former concern: how do workers enter the world of temporary work?

In the focus groups we conducted, a consensus emerged among the majority of workers that temporary work was less desirable than permanent work. This is consonant with official statistics of the Department of Labor that the majority of contingent workers seek permanent work<sup>20</sup>. Previous studies have consistently shown that workers' perception of the terms of work is largely determined by whether or not they voluntarily choose contingent employment (Hipple, 2001; Carnoy, Castells & Benner, 1997). In accord, we identified four routes to non-standard work: voluntary choice, changes in personal circumstances, first time in the job market, and undesirability to employers.<sup>21</sup> The last three routes are defined by the vulnerability of workers – workers who, out of a lack of options due to life circumstances, lack of experience, or societal prejudice—“fall into” contingent work.

### ***Choosing non-standard work***

In our discussions with workers, we found that those who chose non-standard work because of the advantages not found in permanent positions valued *flexibility*. Flexibility was defined in four specific ways: in terms of schedule for students and women with domestic responsibilities; in terms of variety of jobs with minimal responsibility for younger workers as well as older workers who already had retirement benefits, or those who earned a secondary household income; and in terms of higher wages and more meaningful work for those who were highly skilled.

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<sup>20</sup> Steven Hipple (Hipple 2001) found that, overall over 50% of contingent workers preferred non-contingent work arrangements. The proportions preferring non-contingent work rose sharply from just under 40% among the 16-24 year olds, to over 60% among the 25 and older age group.

<sup>21</sup> Our qualitative research allows us to address how the ‘match’ between workers and these jobs took place. While we are not able to address the proportions of workers in the workforce who take each of the following routes, our research speaks to the prevalent routes to temporary work.

The least vulnerable category of non-standard workers are US citizens who voluntarily choose to take on temporary assignments. They enter the non-standard workforce because they may be new to the area and need an immediate means of support while they seek permanent employment. Or, they are highly skilled and prefer to work on a contract basis, or because they are a secondary income earner and can rely on benefits or a safety net provided by their partner or parents, or they are retired and wish to take on temporary work for additional income. For example, John, a retired military engineer took up temporary work at an agency in his search for an outside activity:

I guess, I'm a retired military. Retired in '95. [...] a year later, I decided to do something else. That's how I got involved in this. Um, I'm always, always looking for opportunities. If I see something that looks interesting, I start up a conversation. And that's...that's how I've gotten a couple of these jobs. [...] This San Diego Gas & Electric was just an ad in *The Reader* [Weekly Paper]. Called. Took the test. - *John, retired Military engineer describing "starting to temp"*

It is worth noting that voluntarily temporary workers represented approximately 25%, a vocal minority, of the workers in our focus groups. While there is no denying that temporary work arrangements meet the needs of these workers, the distinct majority of workers we spoke with entered temporary work arrangements because it was the *only* kind of work that they could find. In our discussions, they stated repeatedly their clear preference for permanent over temporary work arrangements.

### ***"Falling into it"***

Steven, who looked for work as a manual day laborer described working for an agency for the first time: 'I ain't even ashamed to tell it. But I was flat broke that day. And they gave me lunch, you know? And gave me a couple of dollars [for gas]."

For a large number of workers we spoke with, the transition to temporary work was a result of sudden or unexpected financial difficulties, often arising out of changes in personal circumstances. These workers often described "falling" into temporary work out of a need to meet a sudden need. This phenomenon is well documented in the sociological literature on poverty, where vulnerable families sometimes fall into stints of poverty or homelessness (Wilson, 1993).

Anna described to us a divorce that left her with a child to raise, but no job or resources. It was out of "desperation" she walked into a temp agency for the first time – that and the promise of a "quick job":

Because when I had to use 'em the first time was, like I said, I was going through my separation, divorce, I had a child to raise, and a then-husband that wasn't paying what he should've paid, so it was like, "I have to get a job. You guys need to find me a job." [...] You know, I wasn't sure what I was gonna get. Lots of times, you know, it's a grab bag, basically. But it was more...mine was the fear...I have a baby. I gotta raise this baby. You gotta find me a job and now. You know, it took 'em a week or two, you

know, where I had to live off of...have friends help me or my parents help me, but, you know, but that was definitely it. It was basically one of necessity was what I felt that I had to go into these agencies.

Workers facing these kinds of changes in circumstances are often people who are more vulnerable to begin with. They are often without a safety net, often dependent on others, such as the way Anna was dependent on her husband before the separation, and often have extenuating circumstances that place additional pressure on them. For very many, the prospect of a “quick paycheck” was what made temporary work through an agency so attractive. As Dolores explained plainly, the appeal of temporary work is obvious when you live “pay-day to pay-day”. “They pay you that same exact day, so when you're broke, that's a good thing”.

A number of workers we spoke with, particularly day laborers, explained that working for an agency was a result of being seen as an undesirable worker due to employer prejudice. Most commonly, workers with any kind of criminal record claimed that employers would not hire them directly. For many of the manual labor and construction workers we spoke with, particularly African American and Hispanic male workers, entry into non-standard work was not a choice but rather a necessity.

As Michael explains, with some temp agencies “it doesn't matter if you're on parole or probation”. Unlike the “red-tape” and “background checks” carried out by construction firms, temp services specializing in manual labor hire people who have had “trouble” in their past. Others confirmed that when they had applied directly for work with construction firms, they felt that their previous criminal records--in most cases for minor drug violations or petty theft--prevented them from being considered for positions.

In addition to criminal records, having to enter the job market with lower levels of education and training were also cited as reasons why seeking employment through temporary agencies was more fruitful than seeking direct employment through firms. Beyond a change in personal circumstances, for many of the workers we spoke with, temporary work was their first introduction to the overall job market. As Spencer related to us, “ I was just finishing university [...] and I thought, you know, I'm this hot shot college grad, I'm gonna find work easily. But I thought, you know, I might start with getting temp jobs and so I went in there feeling like, you know, this is beneath me, and then when...after I went through some of the tests and talked to some of the people that were doing the temp work I realized I really don't have any job skills.”

A recent immigrant from Indonesia named Bebe, related a similar story of inexperience with the job market: “I am here only...the first couple of months I'm here and then I didn't know the situation about America and then how to find a job and stuff like that. So after I get my working permit I went to an agency and then I learned a lot.” In both these cases, once “in the system” it was easier for these workers to find a series of temporary positions rather than the more preferable permanent position, which both hoped to find “eventually” in the near future. Similarly, the high-skilled immigrant workers on

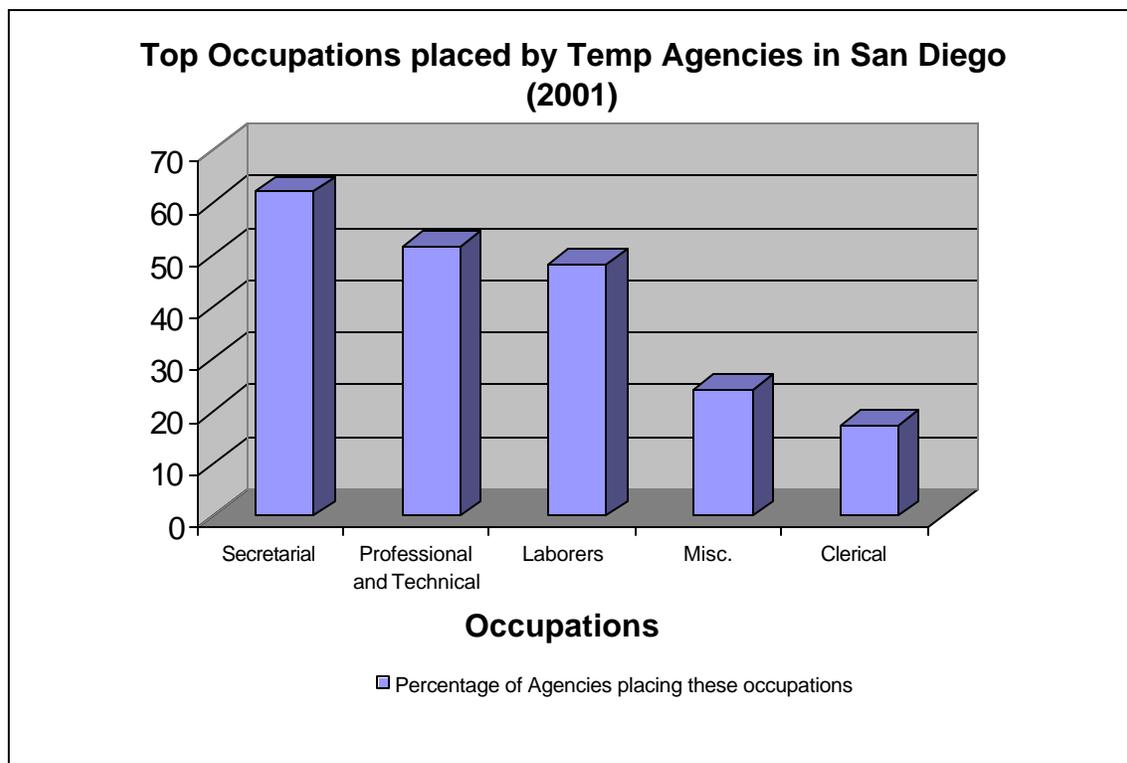
temporary H1B visas that we spoke with overwhelmingly sought permanent employment and immigration status.

## 3

## RECRUITMENT AND HIRING: AGENCIES, AND HOW THEY WORK.

In concert with the rise in non-standard work in San Diego's economy, there has been a growth in recent years of intermediary agencies, commonly known as "temp agencies." Although temporary placement firms date to the 1920s, temporary placement firms have become an industry in their own right, particularly in the last twenty years, as non-standard work has doubled numerically in the 1980s and again in the 1990s (Peck 1998; Peck 2001). According to Peck and Theodore (2001), ManPower processed 800,000 W2 forms in 1996, making it one of the country's largest employers. San Diego has over 250 temp agency offices, many associated with national chains. Agencies regularly place employees in all sectors of the economy in San Diego, and across a range of occupations. According to our survey, top occupations placed were:

Chart 3



### ***Recruitment tactics and Processing***

Temp agencies are located throughout the city and do a brisk business. According to figures, temporary help agencies reported an average placement of 38,261 jobs in 2000. They advertise and recruit workers in a variety of forms, and according to our survey, most tended to advertise through job placement websites like [www.monster.com](http://www.monster.com), as well as through newspaper and "free" paper ads.

Once workers find an agency, they are usually "processed", which for all but agencies specializing in day labor, involves a kind of "double interview", first with the temporary agency recruiter and then with the actual hiring firm. Agencies ask that you come formally dressed for the first interview to discuss placement at the actual worksite. As Bruce explained, "...It's hard enough when you're under the stress of an employment interview. I don't want to impress some guy in an employment agency... why do I have to dress up and, you know, stuff myself in that suit and tie so that I can impress this jerk that didn't get out of high school?" Although many workers found their initial meeting with agency recruiters more promising than Bruce, the repeated process of having to interview for an interview tended to become tiresome over time.

For workers with specialized skills, recruitment was based on their qualifications as outlined in their resumes and a variety of tests were used by agencies to screen administrative and clerical candidates. Most agencies reported using tests – basic computer skills and literacy - in assessing potential candidates. According to the clerical and administrative workers we spoke with, they are encouraged by the agency to do well on these tests as a means to increase their chances of job placement. However, many workers told us that doing well on these tests did not, in fact, correlate to finding positions more easily. Managers from temp agencies that we spoke with told us that recruitment also depended on the workers' history of consistent employment. Workers who had "jumped around in the job market" were seen as undependable and therefore tended to have less of a likelihood of placement.

Temps who worked primarily as manual laborers in construction and manufacturing told us that they found work at agencies that advertised "no experience necessary". They also advertised that the agency "will train". The general feeling among these workers was that "All you gotta do is have a good attitude and a willingness to work and you can get a job". Testing in these cases meant urine tests for drug use.

A common complaint by many of the workers we spoke with across skill levels was the issue of agencies engaging in some form of 'false advertising'. As Kevin explains, "You call them, and then they say, 'Send your resume and we'll call you'. And then three weeks later you haven't heard a word from them, you know? You call... I called this one place every day. Three times a day. And they didn't return my calls."

Clerical, retail and low-skill workers complained that agencies often "misled" them just to get them to the actual jobsite. Spencer recounted that, "They will say 'the job is five minutes away.' Well, it's twenty minutes away. 'You'll get \$10.00 an hour.' Well, it's \$8.50 an hour". According to agency managers, the process of recruitment and

processing is standardized and based on “objective criteria”, but according to our interviews with workers there appeared to be plenty of room for “manager discretion” and favoritism.

### ***The On-Call System***

Once workers are processed, that is, once they are in the agencies' “system” they become on-call workers - they wait for agency calls with assignments. About 80% of the agencies we spoke with in San Diego use such a system. Most agencies consider the job preferences of workers, but workers with too many constraints, such as geographical constraints or time-pressures were likely to be dropped from priority calling lists, according to our interviews. Several of the workers we talked to signed up with several temporary agencies at the same time so as to increase the likelihood of being called on a single day. Seventy-five percent of the agencies that we surveyed, even high-skilled agencies, said that the majority of their assignments were given within a 1-2 day notice at most.

Although agency representatives were reluctant to give details, “B-listing” workers that don't take the first job was a common practice according to our interviews with workers. BJ told us that “...when you go to the interview, you kind of set the parameters of what kind of job you're looking for. And then they call and offer you a job that's beneath that. And then if you say no, I just think it makes you look bad...They're not gonna bother with you again.”

Similarly, Adriana described, “you get fifteen minutes to get ready [If you miss the call or don't make it on time]...you get basically pushed down there...on the job priority list and get fewer calls over time.”

J.J. described the process from the agency's perspective more bluntly: “Here's the way it works here, Jim...you're gonna sign in. Work on Saturday. You show up. You're here. You work. But if ever I call you and...you don't show up. You're not working here again.”

A manager of a temporary agency concurred with the logic, but provided an alternate explanation for the agency's actions: “employees can decline a job proposal for a specific reason and their turndowns are documented” precisely because “flexibility is important.” Another manager more directly placed the blame on the workers themselves. In contrast to the promise of flexibility, this manager made it clear that temp workers cannot be too “picky” with jobs: “you have to understand that most of these people are down on their luck. So they have problems and can't hold down jobs. They call and work when they feel like it. So work ethic is a big problem.”

“They need a job so bad, and they want you to be desperate, so they can call you for anything”. – *Carol, describing the on-call system*

It is clear from this discussion that temp agencies prioritize the flexible placement needs of firms over the flexible time or job preferences of workers. Moreover, specific

categories of temporary workers appear more vulnerable to the discriminatory placement practices of agencies as well as to explicit and implicit forms of favoritism. Scholars like Martella (1991) and Rogers & Henson (1997) among others, have documented gender-based discriminatory recruitment and placement practices by temp agencies, and our discussions with workers generally supported their claims that women are channeled into specific kinds of feminized work, particularly lower-wage clerical and retail jobs. In terms of visible discriminatory practices by temp agencies, however, the issue of ageism was a recurring theme in virtually all of our nine focus groups.

Allen, a temporary worker, explains that "agency people are very well-trained", so that "you can be discriminated against and never know it...There's always an excuse. You know, just no jobs available at this time, but yet you hear about somebody else that went out that was less qualified...because they're younger." For men, ageism seemed to be a problem for workers over 55. For women, age is a more precarious category. Specifically, many of the workers we spoke with felt that many clerical jobs are targeted specifically for younger women. As Sheila elaborates, "[If] the employer says he doesn't want any chicks over twenty-five in his office, regardless of how well qualified somebody who is thirty is...that's what the agency has to do."

For day-laborers as well as temporary workers in longer-term construction and manufacturing positions, job placement was associated with favoritism in the practice of actually picking workers for any one job. According to the manager of an agency that specialized in day-labor there is no on-call system: "at 5 a.m. people come in looking for work and as orders come in every morning the workers are assigned and sent out. So whoever shows up gets an assignment." However, the 'first come first served' order was challenged by most of the workers we spoke with who told us that it often did not matter what time you showed up and got in line for work.

In general, according to the workers we spoke with, these agencies tend to test the worker's "dedication" in terms of their desire for employment. They do so by making first-time workers wait long periods of time before actually placing them on a job. And when they are first placed on a job, it is usually a short-term one-day position to test whether the worker has potential or commitment. Workers complained that the favoritism here often reflected personal contacts, ethnic networks, or just personal whim. As David explains, "It doesn't matter if you were there five o'clock or six o'clock...If the guy doesn't like you...they just pass you over".

For both day laborers and longer-term manual workers, once selected or offered work, they are often transported to the worksite by van. They are asked at that point by the agency personnel if they have money for food or beverages, and if not, are often "advanced" a small sum of money--between \$3 to \$5--which is then taken out of their paycheck at the end of the day.

### ***The 'Cut': How Much Agencies Make***

A lively area of discussion in our focus groups with temporary workers across skill-level and industry was the issue of how much commission the agency makes off from the

worker. While a minority of workers we interviewed felt that whatever commission the agency made was "fair" given that they were providing a "service" for workers, most of the participants felt that the amount of the commission was too high and the process too secretive. Many of these workers learned about the mark-up fees from casual comments by employers on the job, co-workers, or through their actual jobs. For example, Linda, who is a clerical temp who works in accounting says that when she accidentally saw in the employing firm's record how much they were paying the agency for her work--60 % above what she was being paid--she wanted to 'renegotiate' her pay with the agency.

This issue of negotiating pay came up in many of our focus groups, particularly with skilled workers as well as administrative and clerical workers. Often, workers with skills stated that they had been "assertive" about accepting a certain base-line wage, and that given their skills and experience they could usually negotiate this wage, if the agency was offering something lower. Many workers were not aware that there was any room for "negotiation", and the lower-skilled, service, manual and even clerical workers, felt that they had less room to be "assertive" with their agencies. Nevertheless, workers in the construction industry, particularly those with specific skills, their own transportation and their own tools, were able to negotiate a slightly higher wage--\$10.00/hour as opposed to \$8.00/hour. However, as Michael points out, "you gotta be a negotiator yourself even as a laborer", but much of the "extra" money actually goes towards "maintaining your truck and tools".

Linda and others recounted that employers often complain about the high costs of hiring temps, even though they know that the worker's hourly wage is a small proportion of the higher overall cost, which includes the mark-up fee. Most temporary workers, like Michael, a skilled welder, felt that you were "not getting what you were worth" because of the high rates of commission. While there is a great deal of interest in finding out what exactly the commission rate is on any one job, most workers seem to know (and resent) that in general these rates are unfairly set too high. It is thus not surprising that according to most of the workers across skills and sectors that we spoke with, told us that they had to sign documents with their agencies to insure that they would not speak with co-workers about salaries. Most workers assumed that this was because people are consistently paid differently for the same kind of work. As Elaine, a temp worker who has mostly worked in the manufacturing industry put it, "...you're not supposed to speak about your salary, cause if you speak about it, and you get fired."

According to our survey of agencies in San Diego, slightly over half (52%) of the agencies had a mark-up fee between 50% and 74%, and 9% of the agencies had fees that were higher than 74%. Only a third of agencies had fees between 24% and 49%. These figures contrast sharply with the workers' own perception of how much agencies charge for their labor, with assumptions ranging from 10% to 30 or 40%. Very few workers estimated that the agencies would charge rates at over 50% of their wages.

### ***Agency Specialization***

Temporary agencies often specialize in different types of occupations, and agencies can be divided into those that specialize in low-skilled and those that specialize in high-

skilled occupations. The "feel" and appearance of agencies are different, as are their treatment of workers. Instead of a pleasant lobby with computers and couches, found at some high-skilled agencies located mostly in the North County of San Diego, low skill agencies workers are greeted with signs such as these upon entering:

Attention Workers: No Guns, Knives, or any other weapons are allowed on premises. It is a crime to alter any work ticket. Injured workers will be tested for drugs.

– Sign at the Lobby of a temp agency specializing in low skilled labor.

This particular low-skilled agency located in one of San Diego's South Eastern communities tended to place workers in short, 'day-labor' assignments, "though we try to place them for at least eight hours on the day they work" according to a manager. If they pass the screening, which involves a drug test and a search for outstanding police warrants, workers sign up for the agency and are told to show up the next morning at 5 AM. They may have to show up on several days before actually getting a day job. The agency offered no health plan, no pension plan, no training or services for conversion to permanent employment.

In contrast to being greeted by signs threatening drug tests, the appearance of the lobby of an agency specializing in high-skilled technical work, greets workers in a friendly lobby with a comfortable couch. One particular agency placed researchers and scientists, and handled a small number of placements each month. Geographical preferences are respected, and workers are given at least 4 days notice for an assignment, most of which tend to be full-time. Employees are eligible for health insurance, a retirement plan, and vacation benefits immediately. And "over 80% of employees are converted to perm," according to a manager.

Consistent with national patterns, we found that several agencies tended to specialize in either high-skilled or low-skilled placements. Low-skilled agencies tended to specialize in manual labor, low-skill clerical and low-end services and retail. High-skilled agencies tended to specialize in technical services such as Information Technology, Database Development, Software Development, as well as in scientific positions in industries such as Biotechnology and Pharmaceuticals.

Michael, a temp worker in the construction industry, told us that there was a "big difference" between agencies located in the North County versus those in San Diego's Southern and Eastern communities, where most of the lower-skilled, minority workers live. Up North, "You walk in, you got coffee and donuts and everything in La Jolla...you walk in over there down in National City or San Ysidro, and you get "What the Hell"? As a result, most of these workers, many of whom don't own their own car, try to find work at the North County temp agencies, despite the long commute by multiple buses. Higher end agencies are more likely to offer vacation and benefit plans. While these are minimal benefits--mostly in the form of leave and vacation pay--this is a vastly different scenario than the day labor and other low-skilled agencies that offer no benefits.

Jenny, who is a skilled administrative temp working mostly for one of the large local universities, feels that she is more or less covered in terms of benefits by the agency that specializes in placing workers at the university. While she doesn't accrue sick time, the agency offers "major core medical" in case of "catastrophic events". They also offer a retirement plan, and help workers in finding temp-to-permanent positions.

Our survey of temp agencies showed significant differences in agency practices across the skill divide. Other studies have found that mark-up fees are generally lower in low-skill agencies—lower than 20 %—because of downward price pressures resulting from the vast number of agencies competing in this area as well as the presumed substitutability of low-skilled workers. In our survey, because managers were not forthcoming about mark-ups, there were no clear and significant patterns about markups; nonetheless, the majority of managers reported to us that the markups were between 25% and 50%. We found that assignment lengths were shorter among low-skilled agencies.<sup>22</sup> And low-skilled agencies were less likely to offer health benefits, retirement plans, or vacation benefits. Among agencies that specialized in high skilled employment, 100% offered benefits; among other agencies, only 60% offered benefits. And since benefits were no cheaper at low-skill agencies, often over \$150/month, it is not surprising few workers reported making use of it. And while 50% of high-skilled agencies offered pension plans, less than 40% of the other agencies did.

While some agencies that place manual, service and administrative workers explain their employment policies to their workers, agencies that specialize in day labor were referred to by Michael, as a "Get-Your-Ass-in-the-Van" kind of agency. We also found that over half of agencies (54%) do not provide specialized equipment. In the case of manual labor, this means that employees themselves have to buy safety equipment out-of-pocket. In our focus groups, workers often discussed the fact that they felt temporary workers had to work without the proper protective equipment like safety-goggles, boots, etc. Workers received no formal explanation of employment policies by these agencies. The workers themselves felt that the abundance of low-wage, low-skilled labor in San Diego meant that these agencies function with little accountability towards the workers they place.

Beyond physical brick and mortar agencies targeting specific kinds of temporary workers, there are also new kinds of intermediary organizations in the form of on-line job-placement services like Monster.com. Many of these job placement websites primarily cater to temp placements, and feature ads primarily *from* temp agencies. Workers with a variety of skills--ranging from low-end clerical to high-skilled biotech researchers, used on-line services of this kind because they felt that it allowed them more direct access to the array of possible jobs in their area. Many were disappointed to find that, despite how these companies advertise their services, the vast majority of jobs posted are in fact through temporary agencies. As one temp worker in the biotech

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<sup>22</sup> Almost two-thirds of high-skilled agencies described their average assignments as longer than 3 months (between 3 months and one year); among low skilled agencies, almost two-thirds (60%) described their average assignments as up to 3 months (between one day and three months).

industry explained, she posted her resume on "Monster.com", and every possible job that came her way was through a temporary agency.

The length of assignments varied significantly. Low-skill agencies tend to have shorter assignments, and within all agencies, there was internal variation, with half of the agencies responding that a specific occupation or low-skilled set of occupations had shorter assignments. At an agency that specializes in clerical placements, for example, receptionists had especially short assignments (1-2 days). At an agency that specialized in office administration and light industrial work, light industrial placements tended to run as long as six months, but administrative placements ran from 1 day to 1 week. At an agency that placed across several occupations, light labor and reception tended to be short-term assignments. Several agencies reported that construction assignments tended to be especially short (See figure in the Appendix C for reported "average assignments").

*'Training'*

In terms of training, besides the agencies specializing in manual labor, most offer limited training for workers, including practice with basic computer operating systems, as well as help with writing resumes. Several workers, especially those with less education and skills, felt that these services were crucial if they were to move towards higher paying and less physically demanding work. Many agencies - including the manual labor agencies that were considered the "better agencies" - conduct follow-up surveys with workers, and visit the workers at their worksite, and provide "coffee and donuts" on payday. Eighty-six percent of the agencies we spoke with reported offering some kind of training to workers. In practice, this often means a single computer in the office where workers could sign up to take tutorials. According to our focus groups, this training was often an empty promise, and our question about the kinds of training sometimes provoked laughter.

## 4

## THE EXPERIENCE OF TEMPORARY WORK

***Flexibility or Unpredictability? Voluntary Versus Involuntary Contingent Work***

As we discussed above, the majority of workers we spoke with did not voluntarily choose temporary work. For these workers, flexibility for the firms meant unpredictability and insecurity in their day-to-day lives. Except for highly skilled workers, even voluntary contingent workers admitted that the unpredictability of temporary work meant daily insecurity. While insecurity and unpredictability may be characteristic of the modern labor market at large, workers employed through temporary agencies are even more susceptible to rapid fluctuations of the market. As temporaries, these workers felt that they were always the "first to be fired". And the process of termination of the contract, or losing a job, happened faster if you worked through an agency.

As Rachel, a clerical worker explained, "...my agency called me at 7 p.m. and said 'Don't come in Monday. We'll send somebody to your desk to pick up your stuff'". To Rachel, the process felt "insulting" because there was no explanation for why she had been let go, and no recourse, except looking for another job.

Other researchers have shown that the prospect of continuously searching for jobs is extremely stressful for involuntary temporary workers (Hipple, 2001), and that the "stigma of unemployment" and the "grinding job hunt" to come might actually "impede" job performance (Forster, 2001). In our findings, the lack of explanation for job termination appears to contribute to this stressful and disheartening process.

***Permanent Entry-Level Jobs and the Question of Training***

As we learned in the last section, firms argue that it is flexibility and not lower costs that attract them to hire temporary workers. However, for most workers across both high-tech and low-tech sectors, the flexibility of short-term employment often meant permanent entry-level jobs. This is obviously not the case for high-skilled independent contract workers; however, it does seem to hold for high-skilled workers hired through an agency. For example, workers with post-graduate training in both the biotech and electronics industries, felt that the kind of work that they were assigned when placed through an agency was less challenging than when they worked directly for the firm.

For clerical and administrative workers, those hired by public sector institutions like universities, hospitals and government bodies; there was a sense that the quality of work was generally more challenging. These workers also felt that they were provided some training that might lead to career mobility and potentially permanent status. In contrast,

administrative and clerical workers in the private sector felt that the minimal training they received at the specific work-site did not translate to career mobility. For clerical assistants in accounting divisions like Linda, each new job meant having to "catch on" to new software systems, rules and protocols.

For workers like Linda and Rachel, who had worked in data entry for a number of banks, training usually meant learning a firm's "proprietary software system". As Rachel pointed out, "...these are not skills that I can carry with me" so the training would not necessarily lead to a better job at the next work-site.

For most workers, training was sporadic and arbitrary, depending on the nature of the relationships with the manager as well as other core workers. For example, at a telemarketing job, some temp workers like Sharlene were not informed about the necessary quota of sales per hour, and then reprimanded or let go when they failed to meet the quota.

In addition to reports about lack of adequate training, many workers with a variety of skills felt that as temps, they would be placed to do the least desirable jobs. As Jay put it, "shitty little jobs...You're dispensable. You don't like it? You're gone." A worker with a long history of clerical work like Jesse stated that "I've never been to a job where it was just too much for me, but I've been to jobs where you're sitting there just going, 'This is the most boring thing I've ever encountered in my life.'"

Although boredom may seem like a trivial complaint, the reality seems to be that temp agencies generally placed workers in positions that fail to maximize skills. For example, a young college graduate like Brandon had assumed he would find "some kind of office work", but was instead told that the only positions available were in the visitor service industry, and as such he spent several months as a temp worker in a series of amusement parks. Thus, based on our study, for both college educated as well as lower-skilled workers, temporary work through an agency generally means work at the lowest level of any occupational category.

### ***Life as "Just a Temp" – Temporary Versus Core Workers***

Once at the workplace, non-standard workers face one of three general scenarios in terms of their relationship to co-workers. Workers with specialized skills, and particularly those who are hired on a contract basis directly by the firm, see themselves as individuals with inherent career mobility and feel that they can set the terms of their relationships with co-workers. While these workers acknowledge that they are "outsiders" in relation to their core co-workers, they contend that their decision to enter a non-standard work arrangement was predicated on avoiding "office politics" with the trade-off being autonomy and flexibility over their own work environment.

In a second scenario, subcontracted workers or temp agency workers hired for seasonal employment, like the visitor services industry, telemarketing or retail, work only with other non-standard workers. Here, workers face the daily stress of knowing they are immediately replaceable. The whims of management - personal dislike, unspoken

discrimination, misunderstanding of tasks, or under-qualified supervisors - can instantly turn into a termination of a contract with no explanation. If the worker is placed through an agency, a common explanation is that the management "didn't like their attitude".

The final and most common scenario for the workers that we spoke with was a work environment where temporary workers were placed side-by-side with core workers, almost inevitably fostering an environment of suspicion and hostility. As Nina, who has worked as a temp in the biotech industry explained, "co-workers are paranoid all the time. This person's gonna take your job, this person's gonna come and get promoted to the position that you wanted..." Clerical workers like Nikki reported experiences where anxious co-workers withheld crucial training as well as actively tried to "sabotage" her performance on the job. As David explained, it isn't usually management that makes the day-to-day experiences of temp workers frustrating, but rather co-workers who feel threatened by the presence of an unknown entity in the workplace.

In general, these workers felt that they were unfairly pitted against permanent employees because of the structure of non-standard work. They were brought in to a new situation where they were competing, often, with long-time employees. They would be expected to be good at their job by management, but not "too good" by co-workers. Much of the problem is explained by the basic lack of information about the role of the contingent worker. Is she there to do the permanent worker's job? What are her qualifications? Will she be back tomorrow?

Since management does not make this information public, the pall of secrecy tends to reinforce suspicion and resentment. Adrianna, who has worked for years as a temp worker in accounting in a variety of industries, recounted that her experience with colleagues changed dramatically when one of her jobs allowed her to transition into permanent status after several years of temporary work:

Now they're starting to warm up to me since I became permanent. Now they're talking to me. Now they're inviting me out to lunch...[Before they]... used to go in the conference room, shut the door, and play games, board games at lunch. You know, I'm working going, 'okay, that's kinda rude'. Now they're inviting me in and doing all that kinda fun stuff, and now I get to say, 'No. No, I'm not interested'.

*– Adrianna describing her relationship with other workers since becoming permanent.*

For workers in construction, we were told that it is common practice for non-union companies to take on contracts that were specifically designated for unionized labor. This sets up the temporary worker as a "scab" in a unionized setting. As Jay explains, the companies "hire a bunch of temps...instead of their regular crew and then pay them minimum wage, so they're making a killing". This happens alongside work that is conducted by unionized workers.

For example, Joseph told us that when he was hired as a temporary dockworker, the agency made him sign a document where he promised not to reveal to his co-workers that he was a non-union temporary worker.

For temporary workers in this third and most common scenario, treatment by co-workers seems to mean recurring hostility at worst and recurring invisibility at best. Pat, a long time temporary worker described this treatment as the "just a temp syndrome", where over time she felt undervalued and ultimately disposable. In her study "**Named**", Katherine Forster uses the exact same language to describe how non-standard employees feel "disposable" in workplaces where management increasingly encourages a "caste system with permanent employees at the top and contingent workers at the bottom".

Forster argues that recent legal cases launched by core workers trying to protect their interests has led to firms using "draconian measures" whereby non-standard workers are required to wear "brightly colored identification badges", are not invited to company functions and are not allowed to use company parking lots (Forster, 2001). Over time, these types of measures as well as the largely negative experiences with core co-workers discussed above, is likely to foster low morale and even a sense of despair, particularly among involuntary contingent workers. Moreover, this environment preserves demarcations of division between temporary and permanent employees, reducing the likelihood of collective action.

### ***Benefits, what benefits?: How agencies skirt giving meaningful benefits***

The question of benefits is a particularly murky area for most of the non-standard workers we spoke with. Agencies are not regulated in this area and as such policies vary. With the exception of agencies that specialized in day labor, most temporary agencies offer some kind of general benefits package covering healthcare, holidays and retirement. Although the agencies distribute informational brochures outlining their particular package as part of the interview process, few of the workers we spoke with knew the details of these programs, and even fewer still had actually received any benefits from these programs.

Linda who worked for many years as a clerical temp says that although most agencies have overall benefit provisions, "I've never really been able to get it because you have to work so many hours and I've never worked generally that many for the one agency...I just seem to miss it and they don't let you accrue it". Only a handful of the 71 workers we spoke with had received benefits through their temporary agency. These were mostly paid holidays or bonuses, if the worker had been employed consistently by the agency for over a 60-day period. However, the practice seemed to vary greatly, and changes in policy occurred frequently, with little notice to workers.

For example, Rachel was told by her agency that if she had worked for consecutive 60-day period for the agency, she would receive vacation pay for national holidays like Fourth of July and Memorial Day. When she did not receive vacation pay for these holidays, she was told that the particular client she was working for did not include

vacation pay benefits. It turned out that this was the agency's largest client. Rachel called this kind of loophole in policy "sneaky", and felt cheated by the experience.

None of the workers we spoke had a pension plan as a non-standard worker, either through their employer, or as part of the agency's package. According to Steven Hipple (2001), contingent workers are far less likely to have access to pensions "in nearly every occupation and industry group". Unsurprisingly, our findings supported the idea that contingent workers are also almost always excluded from unemployment insurance and most forms of collective bargaining (Forster, 2001).

Turning to the issue of medical benefits, which for most workers is the area of greatest concern, it seems that most agencies provide some option of partial medical coverage once the employee works full-time for a consecutive period of time, generally 90 days. There was debate about this issue, as some workers thought that the time period varied according to the agency somewhere between 500-1000 consecutive hours. Ultimately it was virtually impossible for most workers to accumulate the consecutive hours of work in order to be eligible for medical benefits. Even on the rare occasion that the worker was hired by the same agency consecutively for the necessary time period, in order to qualify they would have to show "no sick days" or "days off within this period". As Melissa put it, there are always "little catches" so that while the agency might point to their brochures to indicate they have medical and dental coverage, "when you get home, pull it out and read it, you see that you have to work, you know, three years in Pittsville...so it's kind of ridiculous".

Most agencies reported offering some out-of-pocket basic health coverage options to their employees, but the costs of these programs were generally prohibitive. While  $\frac{3}{4}$  of agencies told us they offered health benefits, this did not come cheap. Our survey found that two-thirds of the agencies charged premiums of \$150 per month per person and upward for each additional dependent. As we have seen, for most temporary workers, even if working full-time, this cost proves to be prohibitive. Over half of the agencies required that workers put in at least thirty days to qualify, and according to several of the managers we interviewed, there were additional stipulations as far as having had to work a number of hours in the month before. At one agency, a manager told us that workers had to have worked 150 hours in the previous month in order to qualify for a \$15 "insurance subsidy". What this means in practice is that, according to a manager, "we basically have no health insurance." And while other managers did not give us specific numbers, there was an understanding that "most workers do not take the health insurance" offered by the agencies.

Most of the workers we spoke with did not have medical coverage through their temporary agencies, precisely because of cost. While most voluntary non-standard workers had alternate arrangements - either through their spouses or private health insurance plans - for health benefits, most of the lower-skilled involuntary non-standard workers were without any health coverage. Younger workers (teenagers through college-aged workers) tended to have coverage through their parents, while workers over 65 had coverage through Medicare. In terms of health benefits, our qualitative findings strongly

support previous surveys that show that education and race are important factors in determining access to health benefits. Hipple's 2001 study shows that more educated workers are more likely to have health insurance, and that two-thirds of white contingent workers had access to health insurance, in comparison with half of African Americans and two-fifths of Latinos. For involuntary temporary workers in our study, the lack of health benefits was identified as the single biggest problem for workers in their situation.

***Trying fiercely not to get injured: the lack of protection of temporary manual laborers***

Due to the physical nature of their work, temporary workers in manufacturing and construction were the most profoundly affected by the lack of health coverage. In construction, relatively high rates of unionization coupled with inherently short-term contracts, makes it difficult to distinguish *non*-unionized, temporary workers from unionized part-time workers. As discussed earlier, agencies that specialize in construction are anxious to undermine tensions that may erupt on a work-site that employs core unionized workers alongside temps. Similarly, agencies that place workers in manufacturing positions also place temp workers alongside unionized workers. From the temporary workers' perspective in both construction and manufacturing, working at a unionized work-site offers the possibility of benefits if they are employed consecutively on the site for more than 90 days.

However, all the temporary construction and manufacturing workers that we spoke with told us that they would inevitably lose their positions as they got closer to the 90 day mark. They were often hired again on a *new* temporary contract at the same work-site after a break of a few days.

Marcus told us that companies and agencies were "flexible" when it came to providing safety equipment like goggles and hardhats. In many cases, the worker would have to provide their own goggles, safety hats, and boots, at their own expense. Agencies specializing in day labor provide some basic safety equipment --back braces, gloves, glasses--but those have to be returned intact in order for the worker to receive their daily paycheck.

For these workers, their primary concern was safety on the job. As Michael stated, doing manual labor as a temp is dangerous; you are "...bound to get hurt in some way, form or fashion". And in many cases, it is difficult for the worker to "prove" that their injury is job-related. In Michael's words: "x-rays don't show back injuries". Several of these workers told us that as temps, they were expected to do more dangerous work, including heavier lifting and taking risks with basic safety. Elaine, who had worked in a variety of manual labor jobs, told us that she was once asked to lift 500 computers by herself. When she asked for help, her request was ignored and when she hurt her back, she was not taken to the company nurse.

According to Joseph, most large companies have their own nurses on site, but "if you're not ripped up or bleeding...you're okay". If they are really worried about your injury, they transfer you to a less physically demanding job. However, if you are bleeding from a work-related injury, "even a paper-cut", they instantly take you to a nurse. Before they

were provided with a bandage for their cut, the workers reported being tested with a urine analysis. Elaine explained, "they think you on drugs or something for cutting yourself".

Workers' compensation insurance does cover work-related industries, so as Charles explained "If you go and you break your arm while you're at work...they'll cover the expenses...taking you to the hospital and let you get fixed up." But as Joseph clarified, "they're not gonna take care of your convalescent time before you can go to the next job". And it is this limbo period that keeps these workers in constant fear of losing their income should they get hurt. When we asked what their strategy is to cope with this probability, the answer was that they tried "fiercely" not to get hurt on the job.

In this industry, workers told us that they had experienced several instances, when a company that was subcontracting a part of the job would offer to pay the temporary worker more than what the company worker was being paid. In other words, the temp worker would be offered more than the unionized worker, because of the difference in the cost of benefits. Despite the higher hourly salary, workers like Jay stated "...I'd rather take that dollar deduction to get them benefits".

### ***The elusive career ladder, and the transition to perm***

Ironically, although the vast majority of involuntary temporary workers stated that they would prefer full-time employment, in actuality it was the most skilled voluntary temporary workers who were most likely to be given choices about transitioning to permanent status. Workers with post-graduate degrees in specialized fields like biotechnology, pharmaceuticals, and electronic engineering, reported experiences with "temp counselors" who helped workers "transition" to permanent positions.

Although many agencies promised workers the possibility of permanent employment, the transition to "perm" often proved elusive. The construction/manufacturing workers reported that they would often make clear that they wanted "temp-to-perm" positions when signing on for work through an agency. They would be promised the possibility of a permanent job opening up either through the agency or the firm itself, but would inevitably be let go before they completed a 90-day period<sup>23</sup>. If the worker does actually transition to permanent status, almost all agencies (87%) that we spoke with charged a fee for conversion, most (70%) relying on a step-system (the longer you work at a job, the smaller the fee). For over half of the agencies, workers would have to work over three months at full time at a job in order to waive the fee. Given that most assignments were shorter than this, it is difficult to estimate how many of these workers indirectly pay for the fee through lower wages or loss of other benefits when they do achieve the elusive goal of permanent employment.

If the temporary worker is hired by an agency, they are required by their contract to have the agency negotiate the terms of the transition. The cost of the transition is borne by the firm that is permanently hiring the temporary worker, and the costs are often

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<sup>23</sup> Since a significant percentage of these jobs are based on unionized contracts, the crucial 90-day period refers to the automatic conversion to permanent status for workers employed over a consistent 90 day basis.

prohibitively high. In the case of Nina, a worker in the biotech industry, the company that wanted to hire her permanently was told that it had to pay \$10,000 to the temp agency as a fee to "buy" her out of the temp contract. Instead, the company claimed it could not afford the cost and continued to hire her as a temp on an hourly salary.

With other kinds of office work ranging from data-entry and telemarketing to specialized areas of administrative and clerical work, the temp workers that we spoke with expressed frustration with unclear and uneven procedures. In many jobs that required a specific skill, workers felt that firms hired temps to "test" whether individuals might be potential permanent workers. In most cases, workers reported that temp agencies have a policy that if you are placed at the company by the agency, that you have to work for three consecutive months, before transitioning to permanent status. This seems to be the case for most agencies across the board. If you are hired after completing the 3-month period - or whatever the rule might be for the particular agency - the agency takes a lump sum cut from your new permanent salary.

However, in most cases as with Allen, who worked as a temporary substitute teacher in the public sector states, "I might be their number one substitute but it would cost them too much based on my contract for them to hire me [permanently], so they just don't". In a few instances, workers told us that they had moved from temp to permanent status while working at a temporary agency. However, in the majority of cases, like Allen and Nina above, the process of actual transition was much more complicated, and ultimately was not carried out.

For workers in construction, there were instances where companies had bought out contracts when they needed a kind of skilled-worker that they might have hired on a temporary basis. Joseph told us that this happens, although very rarely. He pointed to his own experience with a company that had trained him to work in a higher-paying position than the one he was originally brought on to do by the agency. Although he was promised the potential of permanent employment - the company after all had invested in training him - without warning he "ended up in the street". He had been trained for a higher skilled job, but fired nonetheless.

Similarly, Elaine worked on and off regularly on a single contract at a manufacturing company and was told that she would be hired permanently. Like Joseph, she told us that she was actually training people, "and they still let me go". In both cases, the agency was simultaneously hiring new temps while letting go workers who were hitting the 90-day mark like Joseph and Elaine.

Temporary work obviously provides some workers - highly skilled voluntary temporary workers - with flexibility *and* mobility. However, in our study we found a significant number of involuntary temporary workers across industries that were eager for permanent work, or at least some form of tangible career mobility. In many of our focus groups, workers realized that they had to "sell themselves" in order to approach the job market less as employees and more as "entrepreneurs". Workers with more education and specific specialized skills felt that they could "aggressively" negotiate their wages with

agencies as well as employers. While individual entrepreneurial efforts (Smith, 2001) were evident in many of the personal testimonies of how the workers saw their own future potential, career mobility was largely an elusive objective for most of these workers as they described their actual experiences on the job.

## 5

## CLEAVAGES IN THE TEMPORARY WORKFORCE: NOT ALL WORKERS ARE THE SAME

As a border city with a reputation as a job growth center, San Diego attracts workers from all over the country as well as new immigrants from both Mexico and around the world. Well over half of the workers we spoke with in our focus groups were migrants to San Diego, from the East, Midwest and South. While these workers spoke of greater job opportunities in San Diego, as well as other benefits having to do with the city's location, there was a general concern about the increasing cost of living in relation to wages.

Housing and transportation costs were of particular concern for lower-wage workers. The absence of adequate public transport connecting the areas of the cities where most of the low-wage workers lived with the areas of the city where they tended to find work was seen as a recurring problem. Both recent migrants to San Diego as well as longer-term residents of the area who worked as temporary employees in retail, manufacturing, construction and service industries felt that their wages were not keeping up with the rapidly increasing cost of living in the area.

7 bucks an hour at 40 hours rate, you're bringing home \$280.00, \$290.00 a week. OK, that's before Uncle Sam hits you, OK. Here we go...\$250 a week...\$5 a day for lunch, \$225.00. Transportation, there's another \$25.00, \$200. OK, you're talking \$200 bucks a week...that's \$800 a month. What's the rent now? What the hell are you supposed to do about your gas and light, your phone bill? You know, your clothing, your food.

*Michael, a temporary construction worker on the cost of living in San Diego.*

There was a common-sense understanding in our discussions with lower wage, lower skilled workers that San Diego's location as a border city kept wages low. In our discussion with Mexican workers it became clear that undocumented workers from Tijuana cross the border to work as temps in San Diego every day. The kinds of work range from telemarketing (to Latino households), low-end service sector work, as well as day labor.

According to Michael, an African American worker in the construction industry, small construction companies that subcontract work for both the public and private sector, routinely drive a van either across the border or to the communities in San Diego directly adjacent to the border, with a plan to pick up a group of undocumented day laborers.

Michael worked on a site where some 80 percent of the workers putting a new roof on a government-owned building were undocumented workers hired in this manner. He told us that these workers were "scared out of their pants to come down the roof just to get a cold drink of water" for fear that their immigration status would be used against them. Vulnerability of workers like this is clear.

According to workers that we spoke with who live, or lived in Tijuana, several agencies are known as agencies that "do not ask about your papers." One worker told us he saw an ad for a temporary agency in San Diego in a Tijuana newspaper, and when he arrived at the agency "everyone in line was Latino." Some of the workers were thankful to these agencies for providing them with the opportunity to work, and with the agency practice of providing a quick paycheck. It was apparent, however, that these agencies often placed workers in situations that exploited their vulnerability. One worker spoke of working in a restaurant where he wasn't allowed breaks; more than one spoke of lack of safety equipment; and workers often shared that they regularly were not paid overtime. All workers said that some of the sites with the worst treatment were those that were exclusively staffed by immigrants. The extremely vulnerable situation of these workers meant that they would be very unlikely to seek remedy for these workers' rights violations.

Given San Diego's location on the border, as researchers we were expecting that there would be some degree of scapegoating of immigrant labor as a justification for lower wages or generally poor work opportunities. White male workers like Spencer and David felt that they had been "alienated" on the work-site, because they could not speak Spanish. Rachel, an administrative temp argued that the fact that "you'll see a bunch of Hispanic people over there and they'll work under the table" explained why San Diego was not a "union town". The presumption of a regular flow of cheap labor across the permeable border adds to the inter-worker tension.

In addition to hostility towards Latino and Chicano workers, the brunt of the racial scapegoating fell on the most recent and visible immigrant group in San Diego's non-standard economy: Filipino workers. Shelly, a white administrative temporary worker, told us about Filipino workers coming over from "the islands" working on a temporary basis before acquiring citizenship. Emphasis on networks of Filipino workers functioning to provide jobs for "their own", stirred up resentment, especially among white workers in the groups that we spoke to. In the manufacturing and construction sectors, workers like Elaine, who is African American, complained about language in the workplace. She felt that her Filipino co-workers, who she thought represented the majority of workers at one work-site, excluded her both socially and professionally through language and personal networks.

While there is explicit scapegoating in the discussions of low-wage, lower skilled contingent work, it is also apparent in discussions about high-skilled work. This can be seen in the national political controversy over the role of high-skilled H1B visa holders, the majority of whom are South Asian and employed as temporary immigrant labor in occupations like computer programming. While this is a relatively more privileged group

of workers in terms of wages and benefits, they are subject to similar suspicions and resentment from co-workers for lowering overall wages, and taking away "American" jobs.<sup>24</sup>

It is apparent from our research that non-standard work environments can be seen as ideal grounds to foster racial resentment given the secrecy and insecurity of contracts between worker and employer. The racialization of certain kinds of contingent work--i.e. the over-representation of African American and Latino workers in lower-skilled, lower wage jobs, coupled with the globalization of California's labor market (Valenzuela & Ong, 2001) - set the conditions for both racial scapegoating and nativism.

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<sup>24</sup> The Center on Policy Initiatives will be releasing a more comprehensive study on H1B workers in the Fall/Winter of 2002.

## 6

## SUMMARY OF FINDINGS

As the first study of its kind in San Diego that covers non-standard workers, temporary help agencies and client firms, this project helped us understand the dynamics of an emerging labor market structure – that of unstable work relationships and the experiences of high-skilled and low-skilled workers in San Diego’s labor market. We have significant findings in terms of user firms, workers’ trajectories into temp work, agency practices, wages and benefits of temp work, and the frustrations of temp work. We outline them below.

***User-firms***

Of the firms we interviewed, 95% admitted to using non-standard workers. The proportions in which these workers were used varied by industry. The hotel industry reported the highest proportion of non-standard workers, at just over 30%. The software industry had the longest duration of hire of non-standard workers, at just under 12 months. From being historically used in clerical occupations, temps and other non-standard workers have seemingly come a long way. They are reportedly placed, among other departments, in Research and Development by the Defense Contracting industry, at restaurants in hotels, in manufacturing operations in the Biotech industry and in the Information Systems and Human Resources Departments by the Software industry.

***Getting into temp work***

Current Population Survey data have shown that most contingent workers prefer standard work arrangements. Our research identified four principal routes to temporary work: changes in personal circumstances, first time in the job market, undesirability to employers, and voluntary entry into non-standard work arrangements, mainly as a route to a permanent job. The first three routes into temporary work were often taken involuntarily and by less-skilled workers.

A minority of workers were voluntary entrants into temporary work and were more likely to be highly-skilled, along with retirees and home-makers looking for secondary income. These highly skilled workers enjoyed steady placements and even overtime pay in temporary positions. However, the majority of workers voiced a preference for permanent jobs, and many sought permanent work as their ultimate objective in the long run, but were kept out of that market. Among, construction workers, for example, many described falling into temp work as a result of past incidences, mainly minor drug use that kept them out of mainstream construction employment.

***Experiences at Temp Agencies***

Once workers made the decision to find a temporary job, they located temp agencies and completed the necessary paperwork. When it came to the placements, workers told us of being misled about how far the job-site might be, for example, and in some instances, on the hourly pay rate. Relatively few knew of their rights as temporary workers. Although the agencies would not admit to it, the focus group participants talked of being pushed down the list (“getting on to a B-list”) for future placements if they refused to take a given assignment, whatever their reasons for doing so.

Many workers indicated that training was formally offered, but often it was little more than a computer in a room where they could upgrade their skills without direct instruction. Some construction workers spoke of not being provided the necessary tools for their job and of even being charged for safety equipment and were forced to spend hundreds of dollars to acquire tools even before they earned their first paycheck.

***Wages and benefits***

While wages clearly varied depending on the worker’s skill-level and ability to “negotiate” with the agencies, workers in the lower skilled jobs, ranging from the service industry to construction, felt that the cost of living in San Diego was much too high in relation to their earnings. For workers who supported partners and families, non-standard work meant living “paycheck to paycheck”.

One issue that generated a lot of emotion was that of the commission or mark-up fee earned by temp agencies. While many temps believed that the agencies deserved to earn a profit, some said they did not have the luxury to dwell on it. As Carol put it, “when you need a job, you need a job. And if you can give me a job, then I don't care if it's seven dollars an hour. I need the money. I'm gonna do it.” However, most workers expressed outrage at how much more temp agencies were earning as a result of *their* hard work. Although all workers talked of being forbidden to discuss their earnings, they used friends either at the agencies or at the work-site to disclose the agency’s commission. They described themselves as being “furious” at learning that the agencies sometimes kept as much as 60% of the amount paid to them by the companies.

Of the agencies we spoke with, about three-quarters had provisions for health coverage. However, the costs were as high as \$150 per person per month, making it essentially out of reach for most workers that we talked to. A consistent complaint, across industries and skill-levels, was the lack of clarity about when one might qualify for benefits, and what the precise benefit packages were. In most cases, workers were not placed at the same worksite, or could not stay with the same agency long enough to become eligible. Many gambled on staying healthy, and in physically demanding jobs, tried “fiercely” not to get hurt. Of the workers we spoke to, none had pension benefits through their temp agencies.

***The many frustrations of temp work***

The unstable nature of work was a constant source of frustration for the workers we spoke with, who told us of being “chewed-up and spit-out” by the temp agencies. As MC put it, “I was thinking of the agencies as those meat-eating plants. And we’re the flies”. They knew that they were naturally the first to be fired when companies hit a rough patch. Older workers

expressed concern that ageism, and ageism combined with sexism diminished their chances in the temporary job market. Similarly, many of workers of color that we spoke to, especially lower skilled workers, felt that there was racial profiling of occupational categories.

Temporary workers also experienced a sense of “paranoia” from their permanent co-workers, who felt threatened by the temporary worker they worked alongside. They also felt ignored or invisible in the workplace—the “just a temp” syndrome as one worker put it. Construction workers revealed that they were sometimes hired to work alongside union workers, but were explicitly forbidden to disclose their non-union status to their co-workers for fear of reprisals. As temporary workers face stigma in the workplace, they can also subject forms of discrimination on to other vulnerable groups of temporary and permanent workers. As the ones who bear the brunt of rapid economic changes, temporary workers can easily foster scapegoating given the secrecy and insecurity of contracts between worker and employer. Our study shows that San Diego’s location as a border city with a growing globalized immigrant population sets the stage for a certain degree of racial scapegoating and nativism amongst the temporary workforce.

## 7

## SOLUTIONS AND POLICY RECOMMENDATIONS

As we have discussed in this report, temporary and other non-standard work arrangements have experienced phenomenal growth. Most workplace laws have been designed to cover the full-time permanent workers and as a result, many non-standard workers fall through the cracks of workplace protections. As companies in today's New Economy increasingly come to rely upon the use of temporary workers, it is clear that temporary workers need protection to weather the uncertainty of temporary work.

In this report we found a number of issues that are confronting temporary workers. The growth in temporary work raises serious issues for workers, including income security, health and pension benefits and career advancement.

We found that many temporary workers:

- Have difficulty obtaining permanent workplace status;
- Lack knowledge of their basic workplace rights;
- Have inadequate career ladders. In particular, we found little career mobility for African American and Hispanic non-standard workers;
- Are given false promises when signing up for work with a temporary agency;
- Are subject to high commissions and/or conversion fees for temporary agencies that limit temporary workers career mobility;
- Lack health care and paid leave and retirement benefits;
- Are prevented from discussing salary and unionization with fellow co-workers;
- Are provided inadequate protection by existing social safety nets and civil rights protections;
- Are ostracized by permanent co-workers;
- Endure grave health and safety concerns;
- Suffer from age discrimination in the workplace;
- Are not heavily organized.

The following four broad areas of policy recommendations are aimed at addressing these concerns drawing from trends in legislative and other reforms currently under way. These solutions are not aimed to eliminate the use of temporary work, but rather to prevent the mistreatment of temporary workers.

Several of the policy recommendations are also aimed at the "end-user" i.e. the entity the

actually uses the temporary worker. It is critical to look at the role of temporary agencies in its treatment of temporary workers, and also at the role of the “end-user” in existing workplace issues.

#### **A. Increase Disclosure and Limit Abusive Practices of the Temporary Help Industry**

##### **1. Mandate that after a certain number of days on a temporary job, a worker has the option of permanent employment**

Since the majority of temporary workers want permanent positions from their temporary jobs there should be some reasonable limitation on how long a person can be a temporary employee in a particular job. After 90 days at one assignment, a temporary worker should be offered permanent employment. In order to ensure that firms do not dismiss a worker prior to 90 days in order to avoid making the worker permanent, there should be a rebuttable presumption that if a worker is let go after 75 days, the employer did so in order to make sure that the worker did not become permanent.

##### **2. Mandate that after a certain number of days a temporary position shall become a permanent position**

In order to ensure that employers do not regularly let go of temporary workers prior to them becoming permanent, the state could also mandate that after a certain number of days that the position becomes permanent.

##### **3. The State should also require a time limit on differential pay for temporary and permanent workers.**

To prevent the use of temporary workers for what are actually long term jobs, the State should require a temporary agency to pay the same wages and benefits as are paid to a permanent employee to any temporary worker who has held the same assignment for a period of time that sufficiently demonstrates that the worker is engaged in longer-term employment.

It is illegal for an employer to pay an employee less than is paid to other workers if the difference is on account of their gender, thus it should also be illegal to discriminate against an employee based upon their employment status.

Additionally, European nations have begun looking at equal pay for temporary and permanent workers. A draft European Directive has proposed giving temporary workers the same pay and employment rights as permanent employees in similar jobs. (Commission of the European Communities, Proposal for a Directive of the European Parliament and the Council on Working Conditions for Temporary Work, Brussels 20.3, 2002.)

##### **4. Provide temporary workers the terms and conditions of their employment in**

**writing.**

The State of Rhode Island passed the Temporary Employee Protection Act that requires temporary agencies to provide written notice of job descriptions, pay rates, and work schedules to their temporary workers. The Federal Migrant Seasonal Agricultural Worker Protection Act (MSPA), 29 U.S.C. 1801-1872, also requires employers and contractors to disclose to an agricultural worker the terms and conditions of employment. This law requires that each farm labor contractor, agricultural employer, and agricultural association that recruits any migrant or day-haul workers must provide the following information in writing to each worker:

- Place of employment;
- Wage rates to be paid;
- Period of employment;
- Transportation, housing, and any other employee benefits to be provided and any costs to be charged to workers;
- Existence of any strike, work stoppage, slowdown or interruption of operations by employees at the place of employment; and,
- Whether anyone is paid a commission for items that may be sold to workers while they are employed.

California should adopt a provision modeled after the Rhode Island law or the MSPA. A provision informing temporary workers of the benefits and training that they will receive while with the user employer should also be included in the information disclosed to the temporary worker at the time that they are given their assignment at the user firm.

**5. Require temporary agencies to disclose to their workers how much the user firm is paying to the temporary agency and to disclose their conversion fees.**

In 1997 legislation was introduced in California that would have required a temporary agency to make a written disclosure, with each payment of wages to temporary help employees, of the hourly rate paid or payable to the temporary agency by the client firm for the employees services. Since most temporary workers feel that the cut for temporary agencies is too high and too secretive, state legislation should be re-introduced to remedy this problem.

Information on how much the user employer is paying the temporary agency will give the temporary employee a better assessment of their value in the marketplace. Remedies for failing to provide this information should mirror remedies for failing to provide workers their paycheck stubs. The California Labor Commission should be vested with the authority for enforcing this provision.

A temporary firm should also be required to disclose their conversion fees to the temporary worker. Many user employers will often forgo the permanent hiring of

a temporary worker due to conversion fees. Requiring a temporary agency to disclose this information to a worker will allow a temporary worker to determine whether they want to conduct business with the temporary agency.

#### **6. Limit the usage of “conversion fees” by temporary agencies**

Conversion fees can create disincentives for employers to promote temporary workers to permanent status and therefore should be viewed as contracts of adhesion<sup>25</sup>. Because conversion fees are essentially contracts of adhesions there should be restrictions on their usage.

Legislation was introduced in Rhode Island that would limit permissible conversion fees to cases in which a client company hires as permanent employees temporary workers who have worked for them for less than thirty days. California should consider legislation similar to that which was introduced in Rhode Island.

#### **7. Ensure that workers are guaranteed their right to discuss both their salary and union status in the workplace**

Many temporary workers are told not to discuss their salaries with fellow workers. Many temporary workers are also told that they should not discuss their non-union status with their unionized co-workers. Under current California law workers have the right to exchange salary information with their co-workers and any action taken against a worker for exercising these rights is illegal.

Since temporary workers have cited their inability to discuss salary in the workplace as a problem, both temporary agencies and user employers should be required to post in their workplace a poster stating that workers are permitted to discuss their wages with their fellow employees. The poster should include at a minimum the workers’ right to discuss salary in the workplace, the legal remedies that employees are entitled to recover if their right has been violated, and where they can seek legal assistance to remedy their rights. Under current California law, employers are required to post a myriad of workplace posters including CAL/OSHA, wage and hour information, and discrimination information and therefore this will not impose an onerous burden.

#### **8. Curtail the ability of both public and private firms to layoff permanent workers and replace them with temporary employees**

There is a growing trend to layoff permanent workers and replace them with either direct hire temporary workers or agency temporary workers. In order to curtail this behavior, user employers should be required to report to the newly

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<sup>25</sup> An Adhesion Contract is a standardized contract offered to consumers of goods and services on a "take it or leave it" basis without affording the consumer a realistic opportunity to bargain and under such conditions that consumer cannot obtain desired product or services except by acquiescing in form contract. A distinctive feature of an adhesion contract is that the weaker party has no realistic choice as to terms - Wheeler v. St. Joseph's Hospital 63 Cal.App.3d 345. Not every such contract is unconscionable. From 1979 Black's Law Dictionary, 5th Edition

created California State Labor Agency, when a specified number of layoffs occur with permanent workers being replaced by temporary workers.

Under the Federal Worker Adjustment Retraining Notification Act (WARN), 29 U.S.C. 2101, employers are required to give advance notice to employees and to local governments in the event of a mass layoff, relocation or termination if more than a threshold number of employees are affected. California should consider enacting legislation mirroring some of the provisions of the Federal WARN act when laying-off permanent employees and replacing them with temporary workers. Legislation should also be considered which would limit the percentage of temporary workers that can replace laid off permanent workers over a specified time period.

## **B. Limit the Usage of Temporary and Permanent Intermittent Workers in State Government**

### **1. Require disclosure of temporary worker usage in state government and conduct an oversight hearing on this issue.**

California should require all state agencies to report to the State Legislature their use of permanent intermittent workers and other temporary workers. The Senate Industrial Relations Committee and the Assembly Labor and Employment Committee should conduct a joint oversight committee hearing to see whether the usage of permanent intermittent workers, and other non-permanent employees, is in violation of state law, or contradicts stated California public policy, and whether the remedies under state law are adequate and enforced.

Maine law includes a specific provision related to state contracts with temporary agencies. The law requires that the State prepare a report for the legislature at the beginning of each new session that documents “all temporary and contracted positions within each agency and Bureau of State Government.” The information collected must include the “duration and turnover of each position; the separate costs of each position for wages, benefits and contract fees and administrative costs; and the position and title or function”. California should consider legislation similar to that which was enacted in the State of Maine.

### **2. Limit Temporary Work in State Employment**

A Colorado law limits the duration of temporary employment with state government to six months. A shorter duration period should be considered for the State of California because six months is not “temporary” employment.

### **3. Enact legislation to prevent misclassification of public employees**

The State of Washington recently enacted the Public Employee Misclassification Act (SB 5264, Chapter 155, Laws of 2002 -- Public Employers--Unfair Practices) that makes it an unfair practice to misclassify public employees and deny them access to benefits the employee would be entitled to under state, local or employer policy. The legislation addresses the practice of some public

employers who mislabel regular employees as “temporary employees” or “off budget full time employees”. These employees are often denied access to health, pension leave and other benefits offered to “regular” workers. California should consider similar legislation.

#### **4. Adopt a “Body of Work Review”**

California should also consider requiring a “Body of Work Review” which would require the State to review all the work done by non-civil service employees i.e. ongoing permanent work that should be done by regular employees. Body of Work Reviews have been part of legal settlements in cases against local government bodies such as the City of Bellevue and King County in Washington State for their improper use of non-standard workers.

#### **5. Require the State of California to adopt a statewide code of conduct for temporary placement and staffing agencies**

The State of California should only do business with temporary agencies that abide by principles and provisions set forth in a code of conduct for temporary placement and staffing agencies.

The North American Alliance For Fair Employment (NAFFE), an alliance of organizations that focus attention on non-standard work, lists a code of conduct for temporary agencies at [www.naffe.org](http://www.naffe.org).

We recommend key principles of this Code to include the following:

- Temporary workers should earn a living wage and have realistic access to benefits, including sick leave and holiday pay.
- Temporary agencies should make every reasonable effort to ensure that temporary workers are assigned to safe work environments with adequate on site supervision, and temporary agencies should ensure that temporary workers are provided with the same health and safety equipment as regular employees.
- Temporary agencies should clearly convey to employees the company’s legal responsibility to them in a written employment agreement that addresses, at a minimum, such issues as harassment, health and safety, unemployment and workers’ compensation.

Monitoring this code of conduct should be vested with the State Labor Agency.

#### **6. Create permanent floater pools**

Local governments should create a pool of full time temporary workers who are assigned to fill temporary or emergency needs. Pool employees would be permanent employees of local governments, such as cities and counties. This would allow a County to meet many needs for temporary workers while retaining a professional workforce with full benefits.

## C. Ensure That Temporary Workers Know their Workplace Rights

### 1. Require the state to educate workers on their workplace rights.

The Department of Industrial Relations (“the Department”) should place on their web page a section entitled “the rights of temporary workers”. They should also produce and distribute a pamphlet that delineates the rights of temporary workers and where temporary workers can seek legal assistance should they choose legal recourse for any illegal action by a temporary agency or user employer.

The Department should also conduct monthly trainings where temporary workers can learn about their basic workplace rights and protections, whom they can hold liable for workplace violations (i.e. is the worksite employer and/or the temporary agency liable) and where they can seek assistance if they believe their rights have been violated. We recommend that these trainings be held in the 15 largest counties in California (Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, Los Angeles, Orange, San Diego, Ventura, Fresno, Kern, Sacramento, San Joaquin, Riverside and San Bernardino).

The information about the rights of temporary workers should be available in Spanish, as well as other languages spoken by recent immigrant community, i.e. in San Diego, Tagalog. These temporary workers rights sessions should be held in community organizations, churches, mosques, temples, or at the Office of the State Labor Commissioner or at a local Central Labor Council Office and the trainings should be publicly advertised in community based papers (in a variety of languages). It would be important that these trainings are held in Spanish and other languages.

### 2. Ensure workplace safety for temporary workers

Since workplace safety also is a grave concern for temporary workers a special temporary worker unit within the California Occupational Safety and Health Administration (CAL-OSHA) should be created to answer questions from temporary workers on what they should do if they are injured at a temporary worksite and/or not given proper safety gear either by the user employer or the temporary agency. The advertisement for their phone number should be placed on the Department’s website and should be distributed at the workplace rights trainings and be posted at the temporary agency and user firms.

### 3. Conduct random audits of temporary agencies for workplace rule violations

The Department should randomly audit temporary placement agencies and user employers to determine which temporary agencies and user employers are violating current workplace-posting laws (example: minimum wage; health and safety; discrimination postings). If a user employer or temporary agency does not have the required posting at their worksite, not only should the required monetary fine be imposed upon the user employer and/or temporary agency as required

under existing law, but the employers and agencies that are in violation of workplace posting requirements should also be listed on the Department's website.

#### **4. Investigate age discrimination at temporary agencies**

The Department of Fair Employment and Housing (DFEH) should be vested with the authority to use testers to determine whether or not a temporary agency is practicing discrimination.

#### **5. Form a Statewide Commission to conduct a study of the impact of temporary work on career mobility and income security on minorities.**

Since African American and Hispanic workers are heavily impacted by the growth of non-standard work, a statewide commission should be established to further examine the impact of non-standard work on minorities and what can be done to increase career advancement opportunities.

### **D. Provide Adequate Social Safety Nets for Temporary Workers**

#### **1. Provide Health Insurance for Temporary Workers**

By allowing temporary agencies to grow and prosper without providing their employees reasonable access to health insurance, the state is essentially subsidizing the agencies' unwillingness to provide adequate benefits. To remedy this situation, firms which employ temporary workers, should be required to pay a health insurance fee into a statewide fund. The amount of the fee should be \$1.00 an hour, or 5% of the workers hourly wage, whichever is higher. A fee should only be imposed if the user employer is also offering health insurance to permanent workers.

The state fund could be used to expand Healthy Families insurance program to low-wage temporary workers. Temporary employees would pay a premium equal to the cost of the insurance minus the state subsidy. The costs to the State would be the administrative expenses of managing the program. State and county governments, however, would save considerable costs of providing health services to a growing number of working families.

#### **2. Lessen the number of hours a worker must work so that they can be eligible for the California Family Rights Act (CFRA)**

Many temporary workers don't qualify for the rights afforded by the California Family Right Act (CFRA) (which ensures that workers can take unpaid leave to care for an ill family member) because of the hourly thresholds in the statute (1,250 hours of work over the prior 12 months are necessary for coverage). The CFRA also only covers private and public employers with 50 or more employees.

Coverage of temporary workers under the CFRA would improve if legislation was enacted that would lessen the number of hours a worker must work and lower the threshold requirement for the number of employees employed at a worksite.

**3. Enact an Alternative Base Period for Purposes of Unemployment Insurance**

Many temporary workers, as are many other non-standard workers, ineligible for unemployment insurance due to the way the California Employment Development Department (EDD) calculates “base period” earnings.

California law bases eligibility for benefits on an individual's earnings during the first four of the past five completed calendar quarters. This definition ignores any amounts earned during the quarter in progress and the most recently completed quarter. A person with substantial recent work history may be denied Unemployment Insurance (UI) benefits — or experience a delay in receiving benefits — due to insufficient work history within the base period. Twelve states use alternative or movable base period to calculate eligibility for workers. California should also adopt a moveable base period for determining unemployment insurance eligibility.

*APPENDIX I: METHODS*

The first part of the study consists of a survey of firms across new and traditional sectors on their use of categories of non-standard workers, followed-up with interviews of Human Resources managers willing to provide us a more close-up view of the process. We identified a list of San Diego employers with over 100 employees in two new high-tech sectors (Biotechnology and Software ) as well as two traditional sectors (Defense Contractors and Hotels). We originally experienced some difficulty gathering responses through a mail survey, and eventually student researchers administered the survey over the phone with HR managers in the firms selected from our list. Our resulting sample was of 38 firms.

We began our study by classifying industries into “high-tech” and “low-tech” sectors; the high-tech industries were Biotechnology, Telecommunications, Software, Electronics manufacturers and Defense Manufacturing and the low-tech industries were Retail, Construction, and Hotels. We identified the 20 largest firms (according to the number of employees) in each industry and conducted phone interviews or in-person interviews with the heads of the Human Resources departments of each firm. Out of the total 38 interviews, we spoke with 15 biotech firms, 7 hotels, 6 defense manufacturers, 6 software companies, 2 construction companies, 1 electronics company and 1 retailer. Of the 38 firms interviewed only 2 reported not using any type of contingent workers in their organization.

The second part of the study is a series of in-person standardized interviews of managers from temp agencies selected randomly from a list compiled from publicly available sources such as the phone book. We selected 50 agencies in the San Diego area, and successfully applied the questionnaire in face-to-face interviews with 36 agencies, gathering information about industry placement and occupational category as well as profiles of workers, training opportunities, union participation and whether or not the agencies follow industry defined codes of conduct. These interviews were conducted by student researchers on-site at the agencies themselves.

The third and most substantive part of the study is based on 9 focus groups with a total of 71 contingent workers, each of whom had worked in some kind of temporary work arrangement in the last twelve months. We wanted to concentrate our study on the experiences of workers who found employment through Temporary Help Agencies and workers who functioned as independent contractors. Since the terms “contingent” and “non-standard work” are not commonly used, our advertisements for the focus group asked “Are you a temp worker?” We located these workers through flyers and newspaper ads in English and Spanish. We posted these ads in a broad range of daily, weekly and monthly papers targeting a variety of ethnic and other demographic categories. We placed our flyers in community centers, places of worship, grocery stores and street corners in a broad range of neighborhoods across San Diego.

We established a screening process when the volunteers for the focus groups called our phone number based on the ad, and selected candidates based on skill, occupation, gender, ethnicity, age and income. We wanted to get a mix of workers from both high and low-wage spectrum as well as the high and low-tech spectrum. We also wanted to

insure a representatively diverse sample given the make-up of San Diego's working population.

We offered the focus group participants \$50.00 for their time, and provided transportation for workers who did not have easy access to our focus group site at UCSD. Inherent in the focus group method is a self-selection bias, and despite our efforts to try and reach the full range of contingent workers employed through THAs or independent contractors, we were less successful in eliciting significant numbers of high-skilled, high-paid workers and low-wage, low-skilled immigrant workers. Only 10 percent of the workers we spoke with were independent contractors, with the rest as workers employed through THAs.

The table below lists basic demographic information about the workers in our study:

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Temporary Workers in Focus Group Sample, 2001

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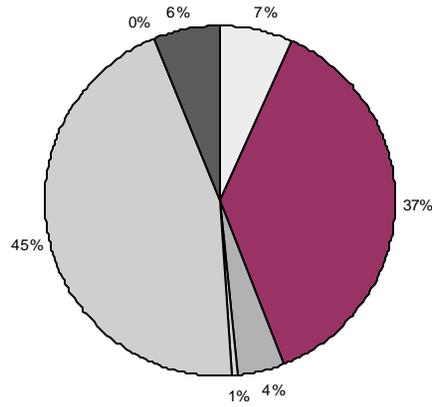
Racial Make-up	White (49%), African American (22%), Latino (22%), Asian (5%)
Age	18-24 (17%), 25-34 (20%), 35-44 (29%), 45-54 (22%), 55-64 (10%), 65 + (2%)
Gender	Male (51%), Female (49%)
Highest Education Achieved	Some College (47%), College Graduate (20%), High School Graduate (15%), Some Post-Graduate (7%), Some High School (5%)
Most Recent Temporary Job	Clerical (37%), Labor (22%), Administrative (20%), Data Entry (15%), Assembly (7%), Carpentry (5%).

Based on sample of 51 valid responses (n=71).

We selected and conducted the focus group interviews in groups of about 5-10 each, in Spanish and English, facilitated by each of the principal investigators. These sessions lasted two hours. We discussed the experiences of workers with intermediary agencies, on assignment, time pressures, economic and social difficulties, and attitudes toward unions. We tape-recorded and video recorded these sessions following the guidelines established by the UCSD Human Subjects Committee, and transcribed the data for coding and analysis.

APPENDIX B: TEMP WORK USE ACROSS INDUSTRIES

Non-standard Workers Usage in the Hotel Industry



Non-standard Workers Usage in the Biotech Industry

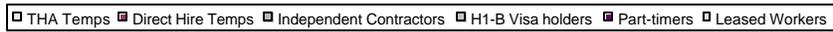
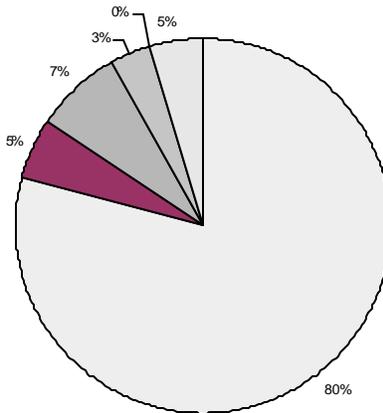
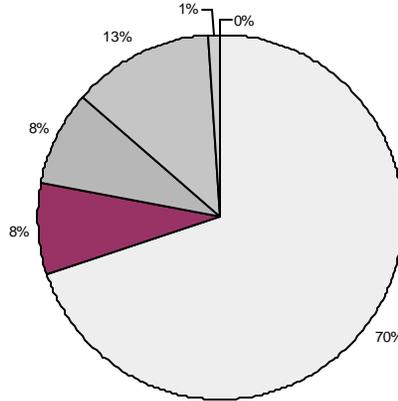


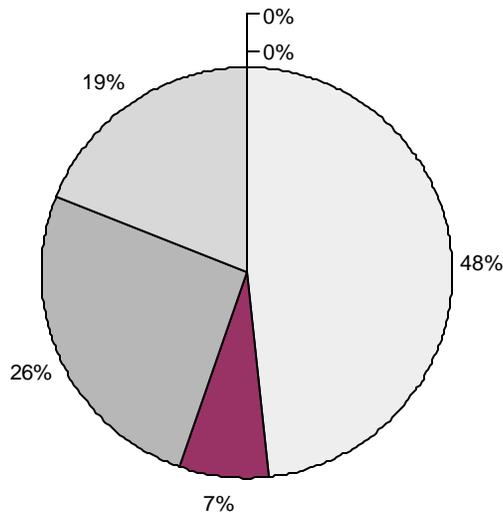
Chart 4

Non-standard Workers Usage in the Defense Industry



THA Temps	Direct Hire Temps	Independent Contractors
H1-B Visa holders	Part-timers	Leased Workers

Non-standard Worker Usage in the Software Industry

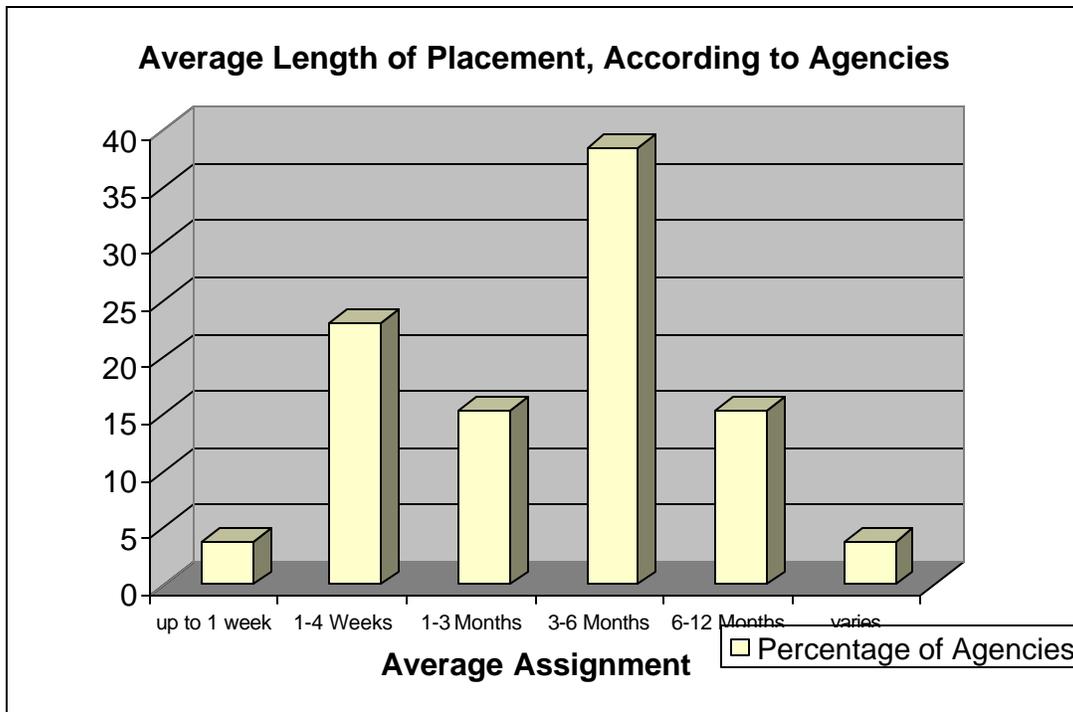
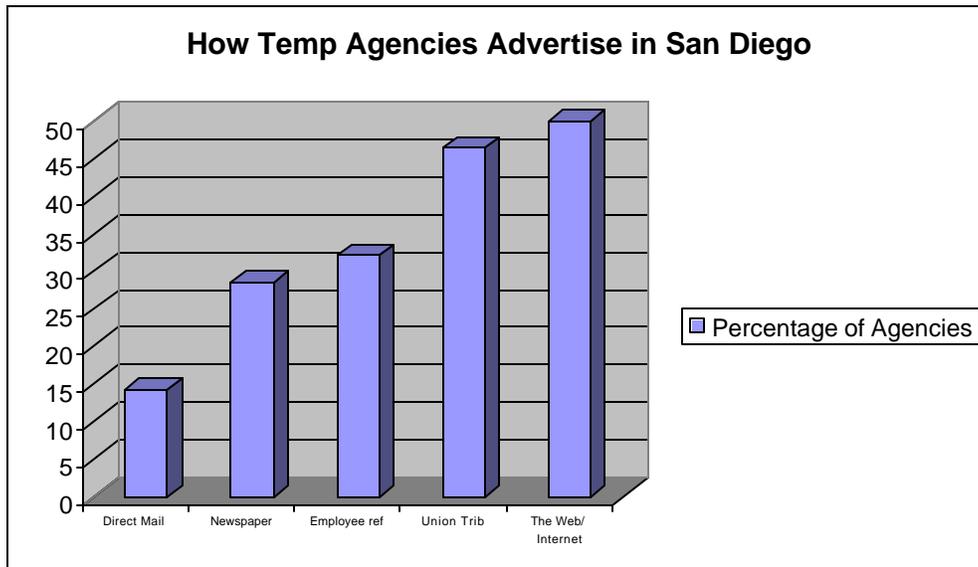


THA Temps	Direct Hire Temps	Independent Contractors
H1-B Visa holders	Part-timers	Leased Workers

**Table 1: Firm attitudes toward Contingent Workers****Reasons for Hiring Contingent Workers**

	<b>Very Important</b>	<b>Somewhat Important</b>	<b>Not Important</b>
<b>Flexibility</b>	19	7	3
<b>Talent</b>	16	8	4
<b>Screening</b>	11	10	6
<b>Replacement of Permanent Workers</b>	8	7	13
<b>Payroll</b>	2	3	22
<b>Health</b>	1	1	26
<b>Pension</b>	0	1	26

APPENDIX C: TEMP AGENCY PRACTICES IN SAN DIEGO



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