

Developing The Contingent Workforce Through Post-Secondary Business Education

Kanata A. Jackson, Hampton University

Abstract

According to a recent Department of Labor report, contingent workers are the wave of the future and are highly recruited by business and industry. Companies feel that employing contingent workers will help them to be domestically and globally competitive. This paper examines potential alternatives that can be used in business schools to prepare students to take advantage of contingent work as an employment niche in their future career choices.

I. INTRODUCTION

The purpose of this study was to identify topics, courses, and academic programs that could be offered to college students enrolled in a business program that would enable them to be prepared for and take advantage contingent work as a viable employment niche. The contingent work force is on the rise and has become a significant segment of the labor force. As a result, this topic deserves attention on the undergraduate level for assisting students in the development of skill sets that will prepare them for contingent work as “free agents” in the changing marketplace.

II. CONTINGENT WORKFORCE TRENDS

According to a recent Department of Labor Report, “Futurework: Trends and Challenges for Work in the 21st Century,” and Schultz, President of PrO Unlimited, the contingent workforce is becoming the trend for the future, as companies try to have a flexible workforce and respond quickly to factors in their economic environment (Winston, 2000). To put this trend in perspective, Crittenden (1994) pointed out that the contingent workforce has increased three times as fast as the entire labor force. This trend applies to both contingent workers who are highly skilled and those who are unskilled. Many companies are hiring contract managers to meet their rapidly changing needs for new and unique managerial perspectives and talent (Thompson, 1997).

The 1995 Bureau of Labor Statistics Report (BLS) revealed that the number of workers in contingent jobs ranged from 2.7 to 6.0 million employees, representing between 2.2% and 4.9% of the total U.S. Labor Force (Schaudies, Sokolow and Whitehead, 1999). Based upon a more recent analysis of the BLS data from 1997 by the Employee Benefit Research Institute (EBRI Notes, 1998; EBRI Issue Brief, 1999), there has been a slight decline in the contingent workforce, with contingent workers representing between 1.9 and 4.4 percent of the entire U.S. labor force. The EBRI attributed this decrease an improved economy, which may have enabled some previously contingent workers to obtain regular employment. Regardless of this decrease, the temporary workforce in Washington State averaged a yearly increase of 13.4% when

averaged out over a 17-year period, in contrast to a yearly growth rate of only 3.2% for permanent employment. Much of this increase can be attributed to Microsoft Corporation's employment of the contingent workforce in that state (Fraone, 1999).

There have been numerous definitions given for contingent workers. However, according to Thomson (1995), no official definition for contingent workers exists which makes it difficult to estimate contingent employment. A generally accepted definition for contingent workers utilized by the Bureau of Labor Statistics describes them as "those individuals who do not perceive themselves as having an explicit or implicit contract for ongoing employment" (EBRI Notes, 1988; Schaudies, et. al, 1999). Thomson (1995) asserts that workers who fall into the following groups are frequently classified as contingent workers: part-time employees, independent contractors, direct hires for temporary positions, and those employed by temporary help agencies. Szabo (1993) added self-employed workers and those who hold second jobs to this list. Van Dyne and Ang (1998) defined contingent workers using the definition offered by Polivka and Nardone (1998) in the *Monthly Labor Review*, as individuals who "[do not have] an explicit or implicit contract for long-term employment or [have] one in which the minimum hours of work can vary in a nonsystematic way." Contingent workers, therefore, can be unskilled, semi-skilled or even highly skilled (such as adjunct faculty, faculty working under annual contracts, and managers serving as temporary consultants for a company).

McShane and Von Glinow (2000) concluded that contingent workers generally fall into three categories: (1) workers who lack skills or work experience; (2) those who are not motivated or skilled enough to obtain a permanent job and are unable to operate in a controlled environment; and (3) those who work in technical fields such as accounting and are skilled enough to get permanent employment if they desire. The college students that are the focus of this study appear to be close to both category one or three. Many of them are not yet employed but have the technical skills they need to obtain a professional position.

Largely, research has demonstrated that most contingent workers are deprived of the advantages and benefits offered to regular employees. In many cases, these employees are not offered health insurance, retirement plans (EBRI Issue Brief, 1999; Jones, 1999), or paid vacations (Thomson, 1995). There were 61 to 66 percent of contingent workers with health insurance in 1997, in contrast with over 82 percent of permanent employees (EBRI Issue Brief, 1999). When pensions are offered men receive them slightly more than women receive them (Hipple and Stewart, 1999).

Contingent workers are also more likely to be paid less than full-time workers (Bernstein, 1999; Jones, 1999), although there are exceptions to this (Hipple et. al. 1999). In addition, they do not always receive the protection from laws such as the Americans with Disabilities Act and the Fair Labor Standards Act that regular employees receive (Schaudies et. al., 1999). Those who are temporary workers assigned to a company by the temporary agency are likely to receive little protection from abuses that occur on the job such as discrimination and harassment, because the staffing agency will be inclined to protect the client company rather than the temporary worker.

Other disadvantages for these workers include a lack of training, accident insurance and discounted stock (Thomson, 1995). Training is considered an investment for the future and companies do not perceive the training of temporary workers as beneficial. As a result, they are often required to prepare themselves or be left behind with a huge skill gap. A final detriment to the contingent workforce is the lack of unemployment insurance in some states that exclude temporary workers from this benefit (Bernstein, 1999).

Being a contingent worker has definite advantages. One of the biggest benefits is the flexibility that this type of work can provide (Crittenden, 1994; Thomson, 1995). Van Dyne and Soon (1998) supported this assertion by stating that “contingent work allows individuals to balance personal and nonwork objectives such as educational goals, family and household responsibilities, freedom to travel, and a preference for seasonal hours.” In addition, those with higher levels of education and are employed in contingent positions requiring high skill levels can earn more money than those holding traditional jobs (Hipple et al., 1996). Harrington (1999) stated that many of the “free agents” earn over \$100 per hour and prefer the lifestyle of contingent work, gaining new skills as they progress and eventually becoming employed in regular jobs or opening up a consulting company. Many students in this study aspire to the lifestyle of a free agent.

In order for college students to enhance their potential to become successful contingent workers for the future, they need to learn how to create a market niche for themselves. Colleges and universities are excellent resources. Those who are free agents need to stay current with the latest technology and software applications, states Barbara Viola, president of a consulting and staffing firm (Harrington, 1999). College students need to learn how to operate in a business world “that has become more project-oriented,” asserts Barhold of IBM’s Global Services Unit (Harrington, 1999), where employees complete a project and move on to a new job. A survey conducted by Pricewaterhouse-Coopers revealed that two major priorities of graduating business students around the globe are career development and personal growth (Whitaker, 1999). This should be of no surprise considering the growth of the contingent workforce and the lack of job security provided by companies today. Students have to take charge of their own careers and they need preparation and guidance for this through academia.

The purpose of this study was to identify topics, courses, and academic programs that could be offered to college students enrolled in an undergraduate business program to enable them to be prepared for and take advantage of the contingent workforce as a niche for productive employment. Students were given a lecture on the contingent workforce and subsequently requested to use brainstorming to identify methods that could be used to close the gaps between what they are currently taught in higher education and their need for training and education that would enable them to be successful in the future as a contingent worker. The results were used to develop the survey items presented below. After some fine-tuning and addition of socio-demographic questions, the survey was administered to the study population.

Figure 1. Survey Items

This survey focuses on your perception of methods that could be used to close the gaps between what you are currently taught in higher education and your need for training and education that would enable you to be successful in the future as a contingent worker.

Section I Please indicate the extent to which each topic or class listed below would be beneficial in preparing you for the contingent workforce. Circle one response per statement to indicate your perception of benefits. The following rating scale will be used:

(5) To a very great extent (4) To a great extent (3) To a moderate extent (2) To a small extent (1) To no extent

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| 1. Foreign language training | 18. International cultural awareness |
| 2. Investment planning | 19. Public speaking |
| 3. Advanced computer software | 20. Project management |
| 4. Money management | 21. Small group management |
| 5. Networking skills (interpersonal) | 22. Course on rights of temporary workers |
| 6. Retirement planning | 23. Interviewing skills training |
| 8. Business etiquette | 24. Transformation training: going from college to being on your own |
| 7. Training on how to research companies | 25. Taxation class |
| 9. Technical training on computers | 26. Web page development |
| 10. Analysis of life insurance/ medical insurance policies | 27. Computer course on e-commerce |
| 12. Leadership skills | 28. Computer programming |
| 11. Family management | 29. Course on self-promotion |
| 13. Articulation skills | 30. Corporate survival |
| 14. Entrepreneurship skills | 31. Time management |
| 15. Management of meetings | 32. Course on investment planning |
| 16. Internet Training | 33. Negotiating skills |
| 17. Contracting skills | |

Section II Please indicate the extent to which each academic program or program alteration below would be beneficial in preparing you for the contingent workforce. Circle one response per statement to indicate your perception of benefits. The following rating scale will be used:

(5) To a very great extent (4) To a great extent (3) To a moderate extent (2) To a small extent (1) To no extent

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| 1. Mandatory internship | 15. Have School of Business create a partnership with an employment agency |
| 2. Cooperative education program | 16. More specialization within major |
| 3. Certificate programs (i.e. Microsoft Certification) | 17. More business electives |
| 4. Seminars on business related topics | 18. More visits by companies (with younger visitors that serve as role models) |
| 5. Foreign exchange program | 19. Role plays |
| 6. Experiential/hand-on workshops | 20. Debates |
| 7. Participate in a student-led business venture | 21. Student teaching |
| 8. Field trips (i.e. to Wall Street) | 22. Have company representatives to teach a course |
| 9. More practical rather than theoretical courses | 23. Use on-the-job training |
| 10. Courses that involve business case analyses | 24. More student use of laptop computers |
| 11. Access to a business resource center | 25. Five year MBA program |
| 12. Simulation laboratory | |
| 13. Class that operates like a business, with mock jobs and time sheets, and jobs changing week | |
| 14. Hands-on workshops | |

III. SUMMARY

In Section I, survey respondents identified *communication and computer related skills* as the most important factors for success in the contingent workforce. *Networking, familiarity with advanced computer software, public speaking and articulation skills* received top ratings from respondents. *Leadership skills* also received top ratings. The lowest rating was the personal knowledge component, particularly the areas of foreign languages, international culture and investment planning, which seems to reflect a general perception that such skills have only modest effects on the preparation for a professional career in the contingent workforce. In Section II of the survey *on-the-job training* and *higher specialization within a major* received the highest ratings, while foreign exchange programs fell significantly below the others. In terms of program categories, the survey revealed that *practical training* and programs involving *direct access to business resources* are valued the most.

This seems to point out a general need for such programs that involve more planned interaction with businesses. The study provides implications for curriculum enhancements, particularly in the area of increased international content in the business management curriculum and planned interactions with businesses. Incorporation of content specific issues relative to preparation for contingent work adds a future oriented feature to a business management program. Emphasis on curriculum issues, courses, topics and content will assist students in being better prepared to function successfully in contingent work situations in domestic and global markets.

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