

Question:**Compensating the Flexible Workforce: Contingent Employees and Flexible Work Schedule****Answer:**

The present business implements extensive changes in an effort to grow and sustain for a longer period. The business environment presents new challenges for every individual, from the CEO, to the Board and to the entry-level employee. Efficient productivity is needed for a company's survival. A demand for workforce has become the need for the hour. With a lack of loyalty from labor, the companies have started to hire or place employees on temporary basis to satisfy the demand of production. In addition, companies also work on cutting down labor cost to ensure competitiveness. Contingent workers fulfill the demands of these companies' motive. The companies cut down on training processes and costs by hiring contingent workers, which in turn provide benefits to the companies (Choukalos, 1999, para. 1).

A question prevails as to whether the trend of contingent workforce is taking over full-time employees with the companies looking at cost-cutting methods in business. The term contingent work was coined by Audrey Freedman at 1985 during a conference on employment security when there was a demand for these people's services. With this start, the term came to be used for a variety of purposes such as part time work, temporary self-help service, employment leasing, contracting, employment in business service sector, home-based work etc.

However, part time employment cannot be related purely to contingent work. As a research in January 1991 shows that there were many part time employees who have retained in companies for more than three years. "Contingent work is any job in which an individual does not have an explicit or implicit contract for long-term employment" (Polivka, 1996, para. 2-5). This definition shows that contingent workers remain only for shorter duration; in other words, these people are most often hired to meet the excessive demands.

A wide perception about contingent workers is that these people received fewer benefits from the companies. They were not entitled for benefits such as health insurance, pensions etc. The need for contingent workers shows the changing trends in the industry. A fast growth is seen in the U.S employment especially in technology areas. Due to pressure in the markets, the old way of doing business would no longer serve the entire purpose. It applies especially to work force, planning and recruiting. To meet the extreme demands in business and cut on costs, the contingent staffing industry started to grow.

A statistics shows that the staffing industry has doubled in the past five years from \$60 billion a year to over \$120 billion a year and an expectation to turn to \$200 billion by 2010 (Goldsmith, 2007, para. 2-6). The need for growth mostly comes from two areas. They are mostly used as standard temporary workers and as high skilled professionals on contractual basis. Professional, non-clerical workers are the biggest demand as contractors. This system is followed in order to avoid outsourcing or hiring legal firm and instead hire people on contractual basis. The companies use the system of employing contingent workers in order to expand their business rapidly.

With the vast developing changes in the industry come the flexible work schedules. Organizations require flexibility to meet the change. The need for the flexibility is to match the labor requirements and the present labor supply. In United States, flexible work schedules began in 1980s, which is considered to be one of the social and economic trends in modern U.S history. The flexible work schedules changes the composition of work force, new life styles and changes in work attitude. In addition, the cost associated with employees turnover relate to a variable expense that reflect directly or indirectly the lower business profitability.

The loss of an employee not only threatens the continuity of purchase of customers but also loss of critical skills. To replace these skills, there needs to be a recruiting process, training, development expenses in order to regain the previous efficiency skills. The cost of a replacement of employee estimates over 150% of the salary for exempt workers. In United States, the early flexible work schedules were developed by the human resources professionals and management for two major reasons. The first major reason is the turnover of growing percentage of female employees to balance the work-life challenges and the second reason is the stress-related turnover of both the genders (Transforming the workplace, 2007, para. 2 & 6).

The different types of alternate work schedules are part time, temporary employment, job sharing, and flextime. Flexible work Schedules promote flexibility in time and duties in which workers complete their duties and responsibilities. Time schedule for the flexible work force include full time or hour basis; however, it deviates from the traditional nine to five time work and the location too varies off-site options. The introduction of flexible work schedules has paved way for achieving a balance between the conflicting needs and goals. In addition, it became responsible for the employee turnover and the needs of the current workforce (Transforming workplace, 2007, para. 12)

Contingent workers are of many types like Temporary employees, Part time Employees, Contract workers and College Interns. Temporary employees or Temps are hired by temporary employment agencies. These agencies place workers in companies for short-term assignments. The general norm is that these employees do not receive additional benefits like medical allowances, housing allowances, and also earn lesser than the workers who work full-time there. However, this has changed in certain sectors like Information Technology and related sectors.

Part-time employees are those employees who work less than 35 hours a week. These employees normally do not receive any special benefits from the organization or receive very less benefits. They are usually hired to meet peak requirements. For example, clothing stores usually require more people during night-time and weekends, when compared to daytime and weekdays. Contract workers negotiate with the company and work for a specific time period or for a specific piece of work. They determine their own work hours.

Freelancers are workers in any profession who do not have any long term commitment to any employer. Freelancing is common in fields like journalism, copywriting, information technology and allied services. College Interns are yet another source of contingent workers. They are students who may work for a semester or a summer. They offer flexibility in staffing to the entity. The entity has

the option to offer them full time employment at the end of their internship (Tanguay, Denise Marie, 2006, para 1-6).

In recent times, there is another form of hiring temporary employees known as employee leasing or staff leasing. Such kinds of services are done by a Professional Employer Organization (PEO). A (PEO) is an organization that provides outsourcing facilities of all activities related to employees. It hires a client company's employees and becomes their employer of record. The PEO then leases them back under a contract to the original employer. The PEO takes care of all aspects like payroll, worker's compensation and employee benefits. These organizations help clients to focus on their core business by taking responsibility of the employee details (Professional Employer Organization, para1).

In addition to the above mentioned types, there are also Contract Company workers, Independent Contractors and On-call workers. Contract Company workers work for companies that provide services to other firms under contract. Typical services include Security services, Landscaping and Computer programming services. Independent Contractors obtain customers on their own and provide a service or product. They may have employees working under them. Services provided by them include maid service, realtors' services and management consultancy. On-Call workers are individuals who are called to work only on a necessity basis. Some regular sectors include construction workers supplied by union hiring halls and substitute teachers (General Accounting Office, n.d para 28).

Staffing flexibility and reduced costs are the two main reasons as to why an entity chooses to have contingent workers. An organization has the freedom and flexibility to use its staff resources as it may please. The entity is not constrained to retain the employees after their purpose is served. This serves contingent workers also, and they too enjoy the flexibility to continue their other professional or personal pursuits, without any long-term commitment to the employer (Rice, Elizabeth M. 2006 para 3).

This helps the organization to have a buffer zone, so that it can first fire the temporary workforce before touching its permanent workforce, in times of lay off. The added advantage is cost reduction. Contingent workers, relatively cost less to the organization. They get less salary and few or no benefits. When Contingent workers are used more often, they get trained and hence, costs associated with carrying a large labor surplus is reduced (Tanguay, Denise Marie, 2006, para 10-12).

Contingent workers are employed in a variety of sectors, but they are found largely in service sectors. In service sectors, the largest numbers are employed in business services such as data processing services. Some other services include professional services such as accounting, engineering and medicine. Some also work as substitute teachers or college teachers with temporary contracts (General Accounting Office, n.d para 18-24).

The popular belief is that by hiring contingent workers, an employer is relieved of employment/labor law related regulations to the worker. As regulations are catching up, employers need to look into the aspect of supervisory control exercised by them, and the relevant law under which the issue arises. An employer may choose to label the contingent workforce as Independent contractors or as employees of a temporary agency. As long as supervisory control is shared, joint employment is likely to be found. Usually such kind of contingent workers are paid on various bases, such as shift, location, type of task, assignments completed or by other relevant factors. The benefits given to regular employees are not given to contingent workers.

Microsoft Corporation had classified some of its workforce as Independent workers. However these workers had worked on the same teams as regular Microsoft workers. They had been under the same supervision, shared the same working hours and had performed identical functions. In light of the above, the U.S. District Court for the Western District of Washington ruled [Vizcaino v. Microsoft Corp., No. C93-178D, 1998 U.S. Dist. LEXIS 11282 (W.D. Wash. July 15, 1998)] that the Independent contractors were entitled to employee benefits like regular employees.

While hiring contingent workers, employers should be aware of the risks involved and be pro-active while structuring and managing contingent worker agreements (Dudderly, David E. 1999, para 7-12).

In the next decade, the contingent workforce will be used even more. This switch over is visible very much in Information Technology dependent organizations. Some National organizations across the U.S. who were having 90% full-time employees and 10% contract employees have moved to a combination like 60% full-time employees and 40% contract employees. The American worker is fueling this change (Goldsmith, para 10-11).

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