Contingent Work and Nonstandard Employment: Prevalence and Outcomes

Alisha J. Coleman and Diane K. McLaughlin

Abstract

Contingent work has received much attention in the United States; however, it affects only a small percentage of workers (4.2%). Nonstandard employment, which includes contingent work, part-time employment, and work with varying hours, is more prevalent (26.3%). This study examines the extent of nonstandard employment, the characteristics of those most likely to hold nonstandard jobs, and whether nonstandard jobs are more likely to be found in nonmetropolitan, suburban metropolitan areas or central cities. We use the 1999 and 2001 Current Population Survey Supplement on Contingent Work to estimate logistic regression models to determine whether residential differences in nonstandard employment are explained by the composition of workers and jobs across residence areas. We also examine the earnings and benefits of those in nonstandard work to assess job quality. When controlling for sociodemographic characteristics, nonmetropolitan workers are more likely than central city or suburban workers to be employed in nonstandard work.

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Extended Abstract

Introduction

The term "Contingent Work" was first used at a 1985 conference on employment security. Audrey Freedman used the term to describe the phenomenon of employing workers only when there was an immediate need for them based on the market (Polivka & Nardone, 1989). Since that time, researchers have given much attention to the issue and defined contingent work in many different ways. In 1989 the Bureau of Labor Statistics proposed a definition for contingent work which includes, "any job in which an individual does not have an explicit or implicit contract for long-term employment or one in which the minimum hours worked can vary in a nonsystematic manner" (Polivka & Nardone, 1989: 11). Contingent work is considered a specific form of nonstandard employment. The importance of the continued study of contingent work and nonstandard employment is exemplified by the higher level of "bad job" characteristics (e.g., lower wages and lower likelihood of receiving health coverage or pensions) from such employment arrangements (Kalleberg, Reskin, & Hudson, 2000).

For those who have studied employment in nonmetropolitan areas, in many ways contingent work may sound like a new label for a long-time problem—seasonal and temporary work often associated with low wage labor and poverty in nonmetropolitan areas (Tomaskovic-Devey, 1987). The new twist would seem to be the emphasis on short-term, unstable employment where there is no attachment between the worker and

the employer. This form of employment now also applies to workers in professional occupations who may have been displaced or downsized through corporate restructuring. For both low wage and professional workers the question can be raised as to whether this form of work is preferred or if it is all that is available to the worker. Indeed, in this way, contingent work seems worse than other forms of nonstandard employment.

According to Kalleberg (2000) it is important to distinguish contingent work from nonstandard work. In many cases the variable work hours and intermittent work found in Nonstandard employment appears quite similar to contingent work in terms of the variability in hours, but nonstandard employment tends to have a higher degree of employment security than is found in contingent work. An example of nonstandard work would be construction work where hours are variable and intermittent during the year, but the construction worker has the expectation and an agreement about being employed by the same contractor or construction company over time. A second example includes manufacturing production workers whose hours are adjusted in response to demand for the product. A day laborer is perhaps the extreme contingent worker, where a construction company picks up workers at the beginning of a day for low-skill manual labor. There is no expectation of future work in this relationship.

At this time, little is known about nonstandard employment in nonmetropolitan America or how it differs from that in metropolitan America. How prevalent is nonstandard work in nonmetropolitan America and how does the prevalence vary by residence? Who is most likely to be employed in nonstandard jobs and is this the same across metro and nonmetro areas? How do employment benefits and hours worked differ

between standard and nonstandard workers? We answer these questions using the pooled 1999 and 2001 Current Population Survey Supplement on Contingent Work (CPS-SCW).

The same questions can be asked of contingent work in nonmetropolitan areas. Using the CPS-SCW pooled data, 4.2% of all workers are contingent. There is some variation by residence, with central city areas having the highest proportion (4.7%), followed by nonmetropolitan areas (4.2%) and suburban areas (3.9%). Nonstandard employment is much more prevalent in the US (26.3% of all workers). For this study, our focus is on nonstandard work because it encompasses a larger share of US workers.

Nonstandard work may be particularly relevant in nonmetropolitan (nonmetro) labor markets. Nonmetro areas have long been characterized as offering less diverse employment opportunities in localized labor markets (Lucas 1981; Rural Sociological Society Task Force on Persistent Rural Poverty 1993) and are more likely to be seasonal or part-time. In nonmetro areas, nonstandard employment also may be more permanent than transitory (Doeringer 1984) given the relative shortage of other job options in nonmetro areas. The outcomes of such work may be worse for rural workers as earnings tend to be lower in nonmetro than metro areas (McLaughlin and Perman 1991). Evidence suggests that rural residents who become underemployed are less likely to become adequately employed than are central city or suburban residents (Jensen, Findeis, Hsu & Schachter, 1999). The same may be true for rural residents in nonstandard employment. Limited evidence to support this is provided in the Kalleberg et al. (2000) study of nonstandard work in the U.S. where they found that even with many sociodemographic factors controlled, nonmetro workers in nonstandard employment have

higher levels of bad job characteristics than do nonstandard central city or suburban workers.

We hypothesize that the prevalence of nonstandard employment will be higher in nonmetro areas and that the nonstandard employment will remain more likely among nonmetro workers even when controlling for sociodemographic and employment characteristics. Further, we hypothesize that nonmetro nonstandard workers will experiences lower wages and fewer employee benefits than their metro counterparts.

Data and Methods

We use Current Population Survey data from February's 1999 and 2001 Supplement on Contingent Work (CPS-SCW). We combined the files across years to obtain enough cases to complete analyses with separate residence categories. All results reported in the text and tables were obtained from this combined or pooled data file.

These CPS samples are based on the 1990 Census. Approximately 50,000 households are selected based on residence to represent the U.S., individual states, and other specified areas. The Supplement on Contingent Work sample contains individuals in the CPS sample age 15 and over who were employed or who were looking for and available for work (we only utilize data from those ages 16 and above). Multiple individuals from a single family may be included in the contingent work sample. These individuals completed an extensive survey on the nature of their employment.

Measurement. The definition of nonstandard work used here is based on the definition used by Kalleberg, Reskin and Hudson (2000), who used the 1995 CPS-SCW. Nonstandard work includes all those employed in part-time jobs (less than 35 hours per week), employed in jobs where the hours worked may vary each week, or who are

employed in contingent work. The definition of contingent work is the broadest definition of contingent work used by the Bureau of Labor Statistics. By this definition, any wage or salary employee, including the self-employed, who does not expect his or her job to last for one year or more, is a contingent worker (Polivka, 1996b). Under the definition of nonstandard work we use, workers are only counted once. Contingent workers who also are part-time workers or have variable hours are not counted twice.

We define residence by using the categories of metropolitan status available in the CPS. These are definitions of metropolitan areas based on the 1990 Census and determined by Office of Management and Budget in 1993. Metropolitan areas are those that contain a place with at least 50,000 population or a Census Bureau-defined urbanized area and a total metropolitan area population of 100,000 or more, or 75,000 or more in New England. Metropolitan areas also can include nearby counties that have close economic and social ties with the central county of the metropolitan area. The largest place in a metropolitan area is designated as the central city, although some metropolitan areas may have more than one central city. Areas outside the central city in the metropolitan area we call suburban. This allows us to determine whether nonstandard work varies for central city and suburban residents. Nonmetropolitan areas are those not classified as metropolitan. A final category includes areas where residence is not identified because the population size of the area precludes identification without violating confidentiality rules.

We employ standard measures of demographic characteristics of individuals as the basis for describing which workers are more likely to be found in nonstandard work. Age is measured using discrete categories, with those most likely to still be in high school

(ages 16 to 18) in the first category followed by college-age individuals or those just beginning their adult work careers (ages 19 to 24). Schooling is often combined with temporary or part-time work and new entrants to the job market may take contingent jobs or those with varying hours, so we expect younger individuals are more likely than older workers to be found in nonstandard work. We then use ten year age groups up until age 64. Those past standard retirement age (age 65) are combined into one category. We distinguish non-Hispanic whites, non-Hispanic Blacks, and Hispanics from all other race groups. Black and Hispanic minorities tend to hold less desirable jobs than whites, so we expect individuals in these race/ethnic groups to be more likely to be found in nonstandard work. This is particularly true in nonmetro areas, where minorities tend to be more highly concentrated in certain areas—areas that have historically treated these workers differently (Lyson and Falk 1993). Because educational attainment is expected to differentiate types of contingent workers, we look at workers with less than high school education, high school or GED, some college, an associates degree and bachelor's degree or higher. Marital status is measured as married, widowed, divorced or separated, and single never married.

We also examined characteristics of employment. Since nonstandard work is often seen as a transitory stage to regular employment, we indicate whether a person has recently experienced a job loss prior to their current job. Individuals are considered to have a prior job loss if they lost the job held prior to their current job or if they were in a temporary job that ended prior to their current job. If they quit their prior job it is not considered a job loss. Multiple job holders are those that work in more than one paid job. Nonstandard work status is based on what the respondent identifies as his primary job.

Other current employment characteristics include the current industry and occupation of employment. We expect the share of workers in nonstandard work to vary across industries and occupations.

We begin by providing a description of the percentage of workers in the U.S. who are employed in nonstandard work, overall and by residence. We then estimate nested logistic regression models predicting the likelihood that workers with particular characteristics hold nonstandard employment. Finally, to assess whether these individual characteristics associated with employment in nonstandard work vary by residence we estimate separate logistic regression models of nonstandard work by residence for nonmetropolitan, central city and suburban residents.

Results

Preliminary findings indicate that nonstandard employment is somewhat more prevalent among nonmetro workers (29.0%) than among central city (25.1%) or suburban workers (25.4%). The base logistic regression model estimating the likelihood of being in nonstandard employment reveals that central city and suburban workers are less likely than nonmetro workers to be employed in nonstandard work (82% and 83% as likely, respectively; see Table 1). When controlling for workers' sociodemographic characteristics, the effect of residence remains. Central city workers are 0.88 times as likely to be in nonstandard employment as are nonmetro workers. Similarly, suburban workers are less likely to be in nonstandard work than nonmetro workers, 0.86 times as likely.

We will further extend our analyses, particularly in terms of occupational and industrial effects on nonstandard employment across residence. Occupational and

industrial structures will likely explain some of the variance in nonstandard work prevalence across residence. Also, effects of nonstandard employment across residence in terms of income and benefits will be examined. We expect that nonstandard workers in nonmetro areas will be more disadvantaged in terms of income and employee benefits.

Table 1. Logistic regression models predicting the likelihood of being a contingent worker

	Base Model		Model 1	
	Parameter Estimates	*Odds Ratios*	*Parameter Estimates*	*Odds Ratios*
Intercept	-0.89		-1.73	
Residence (Reference: Nonmetro)				
Center City	-0.20***	0.82	-0.13***	0.88
Suburban	-0.19***	0.83	-0.15***	0.86
Not Identified	-0.07*	0.94	-0.05	0.95
Education (Reference: High School)				
<High School			0.40***	1.50
Some College			0.34***	1.40
Associates Degree			0.05	1.05
Bachelors Degree or more			-0.06*	0.95
Race (Reference: Non-Hispanic White)				
Non-Hispanic Black			-0.27***	0.76
Hispanic			-0.26***	0.78
All Other			-0.11**	0.90
Age (Reference: 35-44)				
16-18			3.09***	22.01
19-24			0.88***	2.41
25-34			0.06*	1.06
45-54			-0.04	0.96
55-64			0.45***	1.57
65+			1.99***	7.33
Sex (Reference: Male)				
Female			0.76***	2.14
Marital Status (Reference: Married)				
Widowed			-0.10	0.91
Divorced			-0.28***	0.75
Single			0.15***	1.16
-2LL, (df)	104914.41(3)		92889.93(20)	
N=91186				

* Indicates the coefficient is statistically significant at .05

** Indicates the coefficient is statistically significant at .01

*** Indicates the coefficient is statistically significant at .001

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