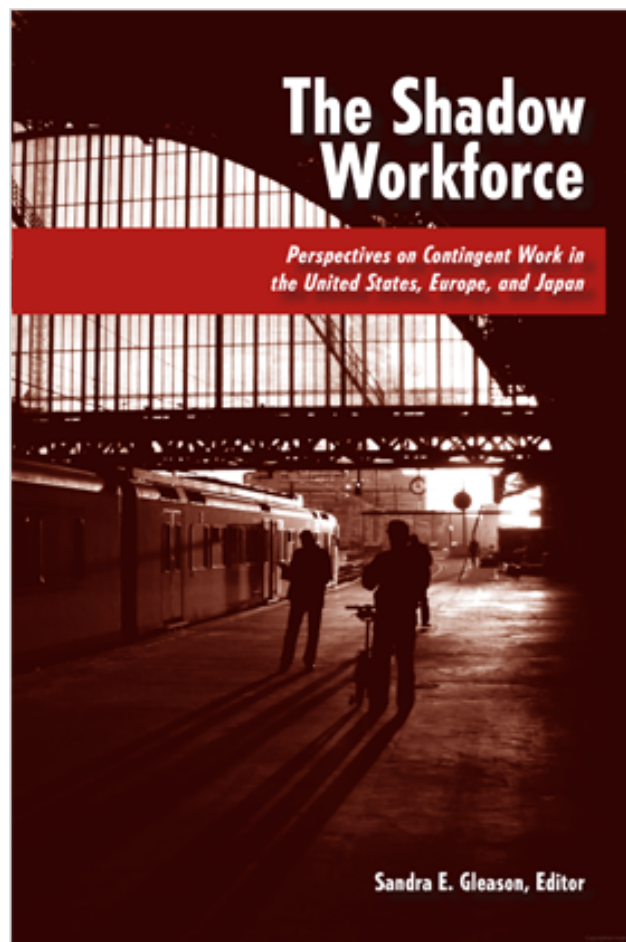


Shining a light on the shadow

The Shadow Workforce: Perspectives on Contingent Work in the United States, Japan, and Europe. Edited by Sandra E. Gleason, Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, 2006, 349 pp., \$54 hardcover, \$22 paperback.

The Shadow Workforce, a collection of essays edited by Sandra Gleason, speaks directly to my own labor market experiences and those of my peers: young people growing up in the 1990s and entering the workforce in the 2000s. Published in 2006, this book paints a picture of labor markets within the developed economies of the United States, Western Europe, and Japan that are shifting markedly away from the traditional notion of “employer–employee,” with its cultural norm of long-term stability. These labor markets are shifting toward the increasing use of the newly envisioned notion of contingent workers, with an emphasis on flexibility and efficiency. It is this vision of contingent workers—temporary workers, a “shadow workforce”—that permeated our perspectives as we graduated from school and entered the labor market. Our experiences fit squarely into *The Shadow Workforce’s* analyses of, predictions about, and notions of a changing labor market.

I found this book’s academic and largely apolitical language to be immediately appealing. The book uses statistical data and primary source material to capture trends and analyze their possible causes and effects. Sharing a similar language and tone throughout, the essays that make up the volume give it a cohesive feel. It should be a relatively easy and informative read for anyone seeking to understand one of the dominant labor market trends of our time.



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The primary aim of *The Shadow Workforce* is to provide an analysis of labor market changes in that workforce within the United States through the beginning to middle of the first decade of the 21st century. The bulk of the book is contained within three sections. The first defines and characterizes the “nonstandard employment” performed by workers who constitute the shadow workforce of the United States. The second analyzes the motivations of employers and the response of unions. The third addresses the labor laws and public policy through which the shadow workforce, employers, and unions must all navigate.

In her opening essay, Gleason defines nonstandard employment as the employment of those hired under nonstandard arrangements “without a permanent connection to an employer.” She recognizes that the term is broad and ambiguous, encompassing a large mix of different arrangements: part-time employment, hiring through temporary-help employment agencies; working as a self-employed consultant; leasing, contracting, or subcontracting employees from business service firms; multiple jobholding; working as a day laborer; and more. She estimates that nonstandard employment may account for up to 30 percent of all employment and is constituted mostly by minorities, women, and young people. Gleason predicts that this proportion may increase as employers continue to find ways to mitigate labor costs in the face of legally required benefits, as employers also continue to seek a buffer for ever-present market changes, and as some workers continue to value flexibility and a more equal work–life balance.

The trend toward nonstandard employment has been driven largely by employer demand, argue Douglas J. Miller and Jay B. Barney. Employers often can use nonstandard employment arrangements to dictate wages that are only 70–80 percent of what employees in standard arrangements would make, and less than half of those in nonstandard employment arrangements qualify for any benefits, such as pensions and health insurance, compared with employees in standard arrangements. This disparity decreases the direct long-term costs of hiring employees. Still, cycling through short-term employees can bring very high transaction costs: time spent interviewing and negotiating, resources spent advertising a job opening, training, paperwork, and more. Ultimately, evaluating this tradeoff depends on the foresight and information that employers have relative to one another when they decide whom to employ and how to employ them.

One of the key messages of the book is that public policy has struggled, and is struggling, to keep up with the quickly evolving labor market and the growth of nonstandard employment. As Gleason says, “Each type of nonstandard employment exists in its current form because there is either a relative absence of a regulatory environment or a regulatory environment that frames its use.” Jeffrey Wenger’s essay speaks directly to this idea, claiming that there is a “resounding silence” on the public policy level because the United States lacks a “true national labor policy,” preferring instead a system in which federal legislation is implemented by states but interpreted by courts. In the most energized essay of the book, Wenger argues that current policies have arisen from “the haphazard application of existing policies” designed in the 1930s to regulate the standard employment arrangements that were uniform across the labor market at the time. A better approach would have been to develop new policies specifically for nonstandard employment.

This slowness to adapt can be seen in labor unions as well. According to M. Catherine Lundy, Karen Roberts, and Douglas Becker, nonstandard employment is considered problematic by unions because it “allows employers to pass on to workers the economic insecurity associated with changing product markets, new technologies, and the business cycle.” Passing this insecurity on to the workers is clearly antithetical to the

union goal of protecting worker earnings and job stability. Unions have yet to present a unified response. Some seek to exclude employees working in nonstandard employment arrangements and attempt to limit the employer's ability to utilize them. Others work to include such employees and bargain for their benefits, in the hope of eliminating the economic advantage that nonstandard employment can bring over standard employment.

Forming an appropriate policy response to the shift toward a larger shadow workforce is difficult because of the variety of both employment arrangements and employee characteristics in nonstandard employment. Courtney von Hippel and colleagues warn against characterizing nonstandard employment as a monolithic, homogenous block of the labor market. For example, only 55.3 percent of workers in nonstandard employment arrangements would prefer a standard, traditional arrangement. A sizable proportion of nonstandard employees see their arrangement as favorable, citing flexibility, the variety of work experience, and the opportunity to gain an assortment of skills. Although, at one time, having worked in a nonstandard arrangement was viewed as problematic, it is now often viewed as an advantageous work history.

The Shadow Workforce adds to the literature of labor market analysis in the United States by putting that analysis within an international context and by outlining practical avenues toward reform and future research. In this regard, Cynthia Ozeki and Akira Wakisaka report that, in Japan, workers in nonstandard arrangements make up a third of the labor market and this segment continues to grow, with part-time employees in particular constituting 23 percent of all employment. Like the American labor market, the Japanese one includes a sizable minority of employees working in nonstandard arrangements. But Ozeki and Wakisaka also point out differences between the American and Japanese labor markets. For example, temporary-worker agencies were outlawed in Japan until 1985, in a concerted government effort to encourage standard employee arrangements.

In Western Europe, labor regulations seem to curtail labor market flexibility. François Michon points out that the labor regulations which define employment contracts often constrain them: nonstandard workers are not easier to lay off; it's just easier to change their hours. The cultural emphasis on standard employment prevents a full range of employment flexibility.

Another compelling aspect of *The Shadow Workforce* is its eye toward the future. Every essay contains a section dedicated to outlining further research opportunities and yet unanswered questions. Gleason herself calls both for a revision of existing laws in order to expand eligibility standards determining coverage of legally obligated employee benefits and for the elimination of gray areas of legal interpretations through clearer definitions and better compliance among employers. She proposes further research into how employers make strategic decisions regarding the best mix of standard and nonstandard employees, and into determining effective strategies for unions and nonprofit organizations to improve the conditions of work and the economic welfare of nonstandard workers. Readers of this book can easily find a path forward outlined, as Gleason tries to emphasize a need for more academic research and better adaptation of policies for the future.

What makes *The Shadow Workforce* most valid to me is its applicability to my own life. I can see the change in mindset and attitude among employers and employees as nonstandard work becomes increasingly common. Some individuals value nonstandard employment arrangements that give them flexibility to travel or tend to their families, while others are unable to find jobs with standard work arrangements as they enter the workforce. The latter workers take on nonstandard employment arrangements out of necessity, a dichotomy of attitude that

Gleason and all the contributors to the book correctly describe. Employers who look at my resume have no concerns about the number of jobs I have held over my life, but are instead interested in the unique skill set I have built by accumulating such a wide variety of experiences. The attitude toward short-term employment and transitory employment arrangements is now common and accepted, a marked difference from the more “lifetime-employee” attitude of the 1930s.

Gleason sums up this analysis succinctly in the conclusion of the book in a clear and concise statement that “a career-long tenure with one employer will no longer be the norm in the future.”