

WORKING PAPER

**THE UNITED STATES: DIFFERENT SOURCES OF PRECARIOUSNESS IN A
MOSAIC OF EMPLOYMENT ARRANGEMENTS**

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The term ‘employment precariousness’ encompasses one or more of the following characteristics: limited access to social benefits and statutory entitlements; unpredictability in employment duration (and therefore insecurity); low compensation; and limited access to representation. Weak (or lack of) enforcement of labour standards also contributes to making some arrangements precarious. Additionally, as Vosko (2006) finds, some forms of employment are associated with high risks of ill health.¹

Clearly, employment that includes explicit aspects of contingency (temporary, short-term, or dependent self-employment) represents one of the pathways through which the various dimensions of precariousness manifest themselves. There is, however, no isomorphism between forms of employment and precariousness in the US because of the peculiarities of the institutional setting and the organization of labour markets. Rather, there is limited overlap because the US labour market includes a mosaic of arrangements and pockets in which employment conditions are precarious along key dimensions. Workers who experience precariousness may be in so-called standard rather than non-standard employment. Furthermore, the US labour market includes a share of ‘underground

employment', the dimensions of which are poorly known (see also O'Connor in this volume).

As discussed in the introduction to the volume, forms of employment characterized by dimensions of precariousness are found in labour markets alongside patterns of employment shaped by gender dynamics, racial/ethnic divides, and class-based inequalities. Exposure to more precarious, or less desirable, forms of employment tends to mirror long-standing patterns of inequality in the labour market. For example, women with caring responsibilities have tended to be clustered in less desirable forms of employment (in this volume, see also O'Reilly *et al.* and Vosko and Clark). Also, underemployment and unemployment tend to be unevenly distributed across racial/ethnic groups, with non-whites bearing a greater share. Earlier research has shown that some non-standard arrangements reproduce gender and racial/ethnic inequalities in the labour market (Hartmann and Lapidus 1989; Kalleberg *et al.* 2000).

This chapter first reviews the peculiarities of the US institutional framework, which clearly differentiate it from other countries of the industrialized North. We then examine several categories of employment that require particular attention if we are to understand the dimensions and characteristics of precarious employment in the US context. Section three reviews forces contributing to employment precariousness in the US context. The chapter concludes by raising salient issues requiring analysis because of their policy implications.

PECULIARITIES OF THE US INSTITUTIONAL FRAMEWORK FOR EMPLOYMENT ARRANGEMENTS

In the US, three dimensions of employment are relevant to the notions of precarious employment: duration (expected and effective duration as well as total working hours); social protection; and coverage by government labour standards.

Common law employment ‘contract’

The US default employment arrangement is the common law standard of employment-at-will — meaning the legal presumption of an employment relationship with no set duration and that may be interrupted at any point by one of the two parties, either the employer (most often) or the worker. The notion of due process or ‘just cause’ in dismissals does not exist in the federal legal standard. It is difficult to understand why and how non-standard employment, which often entails short-term or unpredictable employment, would exist in such a legal context. In fact, the reality of terms and conditions of employment is far more complex and mitigated than this legal standard would lead one to believe (Carré 2003). US employment conditions are best understood as a mosaic of settings with divergent norms, regulations, and customs. On the one hand, the US labour market includes sectors with formalized personnel policies, where employment is implicitly defined as being ‘long-term’ and where criteria are set for just cause dismissal. Specifically, large enterprises in manufacturing and financial services (banks, insurance) are typically representative of such employers. Similarly, collective bargaining agreements in unionized companies

significantly temper the standard of employment-at-will. On the other hand, the labour market includes a large number of jobs in small- and medium-sized firms with little, if any, codified personnel policy and without collective bargaining coverage. In these latter contexts, employment-at-will operates in full force (Doeringer and Piore 1971).

Furthermore, parts of the labour market combine small and scattered work settings — though not necessarily small enterprises — with the heavy use of vulnerable workforces, including undocumented immigrants. This results in settings in which enforcement of any standard is problematic and 'unregulated' employment conditions can flourish (Bernhardt *et al.* 2007).

Social protection

Regarding social protection, the US has few universal programs. The most important, nearly universal, policy for social protection is the *Social Security Act* which governs tax collection and benefits disbursement for old age pension, total disability insurance, and survivor benefits. In principle, it applies to all workers, whether they are wage/salary workers or self-employed. Self-employed workers must pay the full contribution while wage/salary workers share it equally with their employer. Unemployment insurance (UI) is a payroll-tax financed insurance system that applies exclusively to wage and salary workers. Relative to western European countries in particular, and to a lesser extent Canada (see Vosko and Clark, this volume), the UI system provides small levels of income replacement (about 50 per cent of highest quarter earnings), is experience-based (thresholds

of prior work hours or earnings must be met), and short-term (up to six months of income replacement with occasional ad hoc extensions during national recessions).

The provision of social protection insurance is implemented through an employer-based system that relies on the tax deductibility of the employer-contributed premium as the prime motivator. There is no federal mandated provision of a pension plan, health insurance,² disability insurance, or paid leave. Pension plans are thus not universal; this in spite of the fact that the Social Security pension was designed as a complement to employer-based pension plans. Contributions to private-sector plans are tax exempt.³ Over the past 30 years, employers who do provide pension plans (with a significant employer contribution as part of total compensation) have moved away from defined benefit plans to defined contributions plans (which do not guarantee a level of benefit pay-out). Pension eligibility and actual coverage are by no means universal even for workers in standard arrangements.⁴ One estimate suggests that 25 per cent of workers in standard arrangements in 2005 did not have pension coverage (Mishel *et al.* 2007: 245).

Employer-based health insurance plans also are financed through tax-deductible employer and employee contributions. Legislation passed in recent years allows for continued coverage at employee expense for six to 18 months following separation from the employer with no pre-screening or ruling out of coverage for pre-existing conditions.

Labour standards

Federal labour standards are few.⁵ They apply exclusively to dependent employment: wage and salary workers and, in some cases, commissioned employees. They do not apply to self-employed workers. Primarily, labour standards mandate overtime pay for hours over 40 on a weekly basis (but for hourly workers only);⁶ minimum wages;⁷ and equal pay⁸ and equal access/opportunity based on age, gender, race/ethnicity, and disability status.

Notably, the country has few regulations restricting hours of operation for factories, offices, and stores. Premiums for non-standard work hours (evening, night-time, weekends) are not required. Leave policy, particularly parental/adoption leave, is limited in reach and duration and often unpaid.

Health and safety standards apply to workplaces, not workers. Therefore, federal and state standards that are broad-based, and ones that are industry-specific, apply to all workers, regardless of status. In the case of brokered employees, decisions by occupational health and safety authorities determine, in particular cases, whether the worksite employer is considered 'joint employer' for purposes of enforcement.

Most importantly, labour standards such as unpaid family and medical leave only apply once thresholds of company employment size, and sometimes worksite employment size (over 50 or 100 workers), are exceeded. Numerous small enterprises, including many franchises, are not subject to the same degree of regulation. Minimum wage and overtime provisions apply to all wage/salary workers regardless of employer size.⁹

Representation

Regarding representation, the US is well-known for exclusive reliance on formal collective bargaining with union representation — rather than combining it with works councils or other forms of workplace consultation available regardless of union presence. Furthermore, when union representation is available, it is primarily with a single employer and very often worksite-based representation and bargaining, often diluting the impact of worker bargaining power (Wial 1993). The US is also well-known for the practical difficulty of maintaining union presence or organizing new workforces for representation (Compa 2004). Union membership and collective bargaining coverage have been declining steadily since the 1950s in the private sector; collective bargaining coverage stood at 8 per cent in 2006 but was 40 per cent in the public sector (Hirsch and Macpherson 2007).¹⁰ The absence of any worker representative in many workplaces renders the enforcement of many labour standards difficult because enforcement often relies on advocacy to secure inspections.

Workers in non-standard forms of employment are rarely covered by collective bargaining agreements. The exception is janitorial subcontractor workers, a segment of whom are covered by the Service Employees International Union. Low union density, economy-wide, limits the effects of inclusion of temporary agency workers in existing bargaining units.

Safety net policies

Training and retraining policy is, by western European standards, very limited at the federal level. It operates with few resources, targeted to workers displaced by foreign imports in some manufacturing sub-sectors (Trade Adjustment Assistance) and to individuals receiving public assistance whose economic mobility is assumed to be constrained by lack of skills. There is no payroll levy for training, though some employers invest in training individually or as part of industry partnerships.

Social welfare policy, particularly in terms of transfer payments and direct anti-poverty policies, has been limited since 'welfare reform' of the mid-1990s. The emphasis on employment over cash assistance, the cancellation of entitlement programs, the devolution of eligibility criteria to states, and the institution of lifetime limits on the receipt of cash assistance all contribute to limiting the option to 'opt out' of low-quality employment for low-income job seekers. Where welfare cash assistance had provided de facto income replacement for those ineligible for unemployment assistance or family leave, there now are few if any options once the lifetime limit on cash assistance is reached. Options for job seekers, particularly women, are constrained, and this situation may affect the flow of workers available for casual, short-term, and non-traditional forms of employment (Albelda 2008).¹¹

CONSEQUENCES OF THE US INSTITUTIONAL FRAMEWORK

In the US labour market, anchoring social protection in stable employment with a particular employer¹² produces two consequences. First, employers with well-developed personnel

policies and generous social protection benefits face incentives to engage in ‘arms’ length’ arrangements so as to avoid benefit costs, and sometimes wage costs (Houseman 2001). Second, workers who are not employed by firms that maintain formal personnel policies typically have little access to affordable health insurance and pension plans, as, for example, with workers in small-scale enterprises.

Enforcement difficulties, outright lack of enforcement, and the increase in the volume of job seekers in vulnerable positions in the labour market all contribute to creating conditions that make the enforcement of federal and state labour standards problematic in pockets of the labour market. First, some sectors have long been settings in which enforcement of labour standards (minimum wage and hours law, for example) is problematic (such as with restaurants and personal services). Scattered worksites and high turnover workforces make the monitoring and enforcement of labour standards difficult. Second, as in other countries, subcontracting in construction and building services creates conditions in which it is difficult to identify the employer with responsibility for an employee or work condition. Construction also is a sector with the highest documented incidence of independent contractor misclassification — a practice of treating dependent workers as self-employed instead of wage/salary workers (US GAO 1989; Carré and Wilson 2004). Also, the entity with market power may not be that which governs the daily working conditions for workers (for example, when building owners set the terms of the janitorial contracts, leaving janitorial service companies with limited leeway in setting compensation). Furthermore, the massive growth of undocumented immigration over the past 20 years has contributed to the creation of numerous situations where the vulnerability of such workers on account of their

citizenship status facilitates poor employment and working conditions. The bottom of the temporary staffing industry, day labour operators in particular, is the locus of significant labour standards violations (Bernhardt *et al.* 2007; Milkman 2005; Peck and Theodore 1998).

Weak enforcement, until recently a phenomenon understood to be limited to particular sectors characterized by small workplaces and businesses or establishments (such as restaurants and other personal services), has become visible in other settings where worksites may be small but the business or establishment is not (Bernhardt *et al.* 2008).

Enforcement of wage and hours laws and provision of unemployment insurance rely upon a system of audits that occur on a rotating basis or are triggered by a worker claim or complaint. The numbers of labour inspectors at the federal and state levels have not kept abreast of the growth in the numbers of workers covered and of laws to enforce. Therefore, the larger the number of worksites, the greater the monitoring effort needed, and the less the impact an administrative ruling and fine may have.

Finally, enforcement varies geographically, with some states dedicating greater resources to monitoring and inspection. Also, rural settings and isolated urban immigrant enclaves may not be adequately monitored for violations (see MacDonald, this volume).

These institutional characteristics yield a mosaic of employment situations. In some settings they foster the growth of highly precarious forms of employment; in others, disrespect for labour standards occurs regardless of employment arrangement. For women

workers, over-representation in particular forms of employment will have clear repercussions for the security of earnings and access to key social protection benefits. The gendered pattern of industrial and occupational distribution also affects the degree of precariousness. Furthermore, the weakness of ‘family-friendly’ policies at the national and state level, and among employers (particularly in low-wage segments), further constrains the labour market options of women with such responsibilities — whether in non-standard or regular employment (Albelda 2008; Boushey and Tilly 2007).

EXPLORING DIMENSIONS OF PRECARIOUSNESS

Elements of precariousness can exist in employment relationships which may be considered ‘standard’. For example, if we define ‘low-wage workers’ to be employed individuals whose hourly earnings are less than two-thirds of the national median (\$7.41 in 2005),¹³ 5.2 per cent of all workers in standard employment relationships (that is, full-time ongoing employment) were low-wage workers in 2005. Similarly, 28 per cent of such individuals lacked employer-sponsored health insurance (Table 3.3). Using similar indicators, the incidence of precarious employment rises dramatically when workers in forms of employment differing from full-time ongoing employment are considered. Twenty-six per cent of all part-time employees earned low wages in 2005, as did 14 per cent of workers in temporary employment. Because of the pronounced degree of precariousness in non-standard forms of employment, the rest of this section focuses on these situations.

NON-STANDARD EMPLOYMENT AND DIMENSIONS OF PRECARIOUSNESS

The ensuing discussion analyzes data from a nationally representative survey (the US Current Population Survey, or CPS),¹⁴ emphasizing two aspects highly correlated with precariousness: 1) the stability (or duration) of employment; and 2) the working-time regime.

In the US, three forms of employment exhibit strong propensities towards precariousness: temporary employment (including short-term hires, day labourers, on-call workers, and temp agency workers); involuntary part-time work and multiple part-time job holding; and involuntary independent contracting. Temporary employment encompasses various forms of wage employment that are unstable. Part-time work is a form of paid employment in which the working-time regime is atypical insofar as it differs from the standardized model of working time assumed in most laws and policies, and therefore often lacks basic protections. Independent contractors are self-employed under the tax code and not subject to the same labour and social protections as employees. Involuntary independent contractors are those who would prefer wage employment if available. Working conditions characteristic of all these employment relationships tend to be precarious, although these forms of employment do not reflect the full extent of precariousness.

In 2005, there were an estimated 140 million employed individuals in the US (aged 15 and over), 12.7 million of whom worked in one or more of the forms of employment with a

higher probability of being precarious along one or more dimensions. These employment categories accounted for 9.1 per cent of all US employment (Table 3.1).

Table 3.1 Employment in precarious categories as a percentage of total employment within different population groups, United States, 2005 (employed population, aged 15 and over)

	<i>Race/Ethnicity</i>						
	<i>All</i>	<i>Female</i>	<i>African American</i>	<i>Hispanic</i>	<i>White</i>	<i>Other race/ethnicity</i>	<i>Non-citizen</i>
Temporary employment							
Short-term hire	3.3	3.4	3.6	4.7	2.9	4.1	5.9
Temp agency	0.9	1.0	1.9	1.4	0.6	1.0	1.8
On call	0.9	1.0	1.9	1.4	0.6	1.0	1.8
Day labourer	0.2	0.2	0.2	0.7	0.2	0.1	1.0
All temporary employment	4.5	4.8	5.2	6.4	4.0	5.0	8.0
Precarious part-time employment							
Involuntary PT	2.7	3.3	4.1	4.1	2.2	2.4	4.4
Multi-job PT	1.6	2.2	1.1	0.8	1.8	1.0	0.9
Involuntary independent contractors							
	1.0	0.8	0.7	1.0	1.0	1.3	1.1
All precarious categories							
	9.1	10.7	10.3	11.4	8.5	9.0	13.2

Source: CPS 2005.

Note: Estimates are weighted. Employment categories are not mutually exclusive.

The categories featured in Table 3.1 account for greater shares of total employment for women than men; African Americans and Hispanics than whites; and non-citizens than citizens. Involuntary part-time work and multiple part-time jobs account for a larger share of women's total employment compared to the overall population. The incidence of temporary forms of employment is not significantly higher for women. Higher risks of

precariousness among women manifest themselves more strongly in terms of non-standard working-time arrangements. Time spent performing unpaid, non-market work in the household, including unpaid care work, helps explain this tendency. The unequal distribution of care work constrains women's time allocation to paid employment and contributes to the observed differences between men and women in terms of non-standard working-time arrangements (Allard and Janes 2008). This burden of care reflects the broader reproductive bargain or gender contract in terms of gender norms and private responsibility for caregiving (see Gottfried, and Vosko and Clark, this volume).

African Americans tend to be disproportionately employed by temporary help agencies and in involuntary part-time work. In contrast, Hispanic workers have a noticeably higher probability of working as short-term hires and day labourers, as well as involuntary part-time workers. A combination of non-standard working-time regimes and unstable employment contribute to higher risks of precarious employment for racial/ethnic subgroups, suggesting segregated patterns of job opportunities.

The employment categories highlighted here account for a particularly large share of the total employment of non-citizens, revealing a close link between immigration status and precariousness in the US. Patterns of employment for non-citizens are similar to those of Hispanics. This is not surprising given the preponderance of Hispanics in the immigrant population. The importance of immigrant workers in understanding the nature and distribution of precarious employment in the US raises concern about estimates using CPS data. Unauthorized immigrants are undercounted in the CPS (Passel *et al.* 2004). Any

analysis using the CPS data will inevitably underestimate the amount of precarious employment performed by non-citizens and, as a result, underestimate the overall level of precarious employment.

The current non-citizen employed population in the US is disproportionately male. According to the February 2005 CPS, about 19.3 million reported non-citizens were present in the US (aged 15 and over). Of this group, 47 per cent were women. About 12.2 million non-citizens were employed in February 2005, but only 34.2 per cent of these workers were women. These qualifications are critical to framing any exploration of conditions of work employment for the three broad categories of focus.

TEMPORARY EMPLOYMENT

Four sub-groups fall under the broad heading of ‘temporary employment’: short-term hires, temp agency workers, on-call workers, and day labourers. Short-term hires are defined as employees who report that their current job is temporary or were hired for a fixed period of time and who expect their current temporary employment situation to end within one calendar year. Temp agency workers are employees who report working for or getting paid by a temporary help agency. On-call workers are employed individuals who only work when called. Day labourers are those who report working as day labourers, for example, workers who report daily to agencies that deploy them for daily assignments in construction, light industrial, and landscaping jobs, or who hire themselves out for a daily

fee in landscaping or service tasks. Table 3.2 summarizes the median hourly wage and weekly earnings for temporary workers as compared to all employed persons.

Table 3.2 Median hourly wages/earnings and median weekly earnings, individuals in temporary employment, United States, February 2005 (current US dollars)

	<i>All</i>		<i>Female</i>		<i>Male</i>	
	<i>Hourly</i>	<i>Weekly</i>	<i>Hourly</i>	<i>Weekly</i>	<i>Hourly</i>	<i>Weekly</i>
Short-term hire	\$9.00	\$300	\$9.00	\$250	\$9.00	\$360
Temp agency	\$9.50	\$388	\$10.00	\$384	\$9.00	\$388
Day labourer	\$8.00	\$240	\$8.00	\$209	\$8.00	\$280
On-call	\$10.00	\$250	\$9.50	\$197	\$11.00	\$310
All employed	\$11.12	\$572	\$10.50	\$480	\$12.00	\$673

Source: CPS 2005.

Note: Estimates are weighted.

In all cases, median hourly wages are lower for workers in temporary employment relative to the median for all employed individuals. Of workers in temporary employment, day labourers reported the lowest median wages (\$8.00/hr) and on-call workers reported the highest (\$10.00/hr). Median weekly earnings among workers in temporary employment were significantly lower than median weekly earnings for the entire employed labour force — often by a factor of 50 per cent or more. This suggests that the precariousness of temporary employment is caused by two interrelated factors: uncertainty in the employment relationship and lower than average hours of work.

The gender hourly wage/earnings gap — evident in the estimates of median hourly wages/earnings for all employed persons — vanishes within categories of temporary employment, the one exception being on-call workers. However, the gender gap in weekly

earnings — defined in terms of women's weekly earnings as a percentage of men's — remains significant. Temporary agency workers have the smallest gap, partly because women's median hourly wages are actually above the median for men, and women's average hours of work in this form of employment are closer to a full-time working week.

The narrowing of the gender hourly wage gap and the persistence of a gender gap in weekly earnings for temporary employment indicates that variability in working-time arrangements remains a source of labour market disadvantage for women within this sub-category of precarious work. Non-standard working time — short hours in particular — and limited duration of employment are often closely correlated. An estimated 32.4 per cent of all workers in temporary employment work fewer than 35 hours a week, compared to 15.3 per cent of all employed individuals.¹⁵ For day labourers, the estimated share is 48.2 per cent.

Workers engaged in temporary employment are much less likely to be covered by basic social protections than are workers in 'standard' employment arrangements. Approximately 41 per cent of all temporary workers lack medical insurance, compared to just 14 per cent for individuals in full-time, standard employment arrangements (Table 3.3).¹⁶ Only 17 per cent of temporary workers receive any kind of health benefit from their employers. Health insurance coverage is lowest for day labourers (61 per cent uninsured) and highest for on-call workers (34 per cent uninsured). However, on-call workers who have health insurance generally obtain coverage through a source other than their employers (only 14 per cent receive employer-provided health benefits).

Table 3.3 Health insurance coverage for workers in temporary employment, United States, 2005 (%)

	<i>Without health insurance from any source</i>	<i>Receiving some health benefits from employer</i>
Short-term hires	40	18
Temp agency workers	58	9
On-call workers	34	14
Day labourers	61	6.5
All temporary employment	41	17
Full-time workers in long-term/standard employment	14	72

Sources: For workers in temporary employment: CPS 2005; for workers in standard employment: Mishel *et al.* 2007.

Day labourers are the most precarious category of temporary employment. Findings of a national survey of day labourers undertaken in 2006 (Valenzuela *et al.* 2006), focusing on open-air hiring sites (day labour markets, in cities across the US) and collecting data from a random sample of day labourers present at these markets, shed light on issues that are difficult or impossible to document using the CPS. This research found that the rights of day labourers were routinely violated; most day labourers rely on day-labour work as their primary source of income; earnings are volatile and unpredictable; workplace safety is poor; many day labourers continue to work with chronic pain and injuries; and employment is concentrated in construction, moving services, household services, and agriculture (Valenzuela *et al.* 2006).¹⁷

PART-TIME EMPLOYMENT

Part-time employment also tends to be precarious in the US because average earnings are lower and benefit access is often denied. In the CPS, part-time workers are defined as employed individuals who work less than 35 hours a week, considering all jobs. Therefore, an individual who works multiple part-time jobs could be classified as full-time, even though the status of part-time workers is fundamentally different from that of standard full-time workers.

We focus on two categories of part-time worker: involuntary part-time workers and individuals holding multiple part-time positions. These workers are in particularly vulnerable positions because there are barriers to moving into full-time positions that are typically characterized by stronger social protections and more secure employment.

Involuntary part-time workers are defined as employees who report working a total of 35 hours a week or less and who would willingly work at least 35 hours a week if the opportunity were available. Multiple part-time job holders are employees who report holding multiple jobs and who report that their main job is part-time.

Table 3.4 shows median hourly wages/earnings, median weekly earnings, and median weekly hours of work for involuntary part-time workers. The pattern is similar to that for workers in temporary employment: while hourly earnings are somewhat lower, weekly earnings are significantly below the median of the overall employed labour force. Workers with multiple part-time jobs have higher hourly and weekly earnings than involuntary part-

time employees. Typical hourly gender wage gaps are not evident among involuntary part-time workers and workers with multiple part-time jobs, but women's median weekly earnings fall below those of men — seemingly because women work somewhat fewer hours on average than do men.

Table 3.4 Median hourly wages/earnings, median weekly earnings, and median weekly hours of work, selected part-time workers and all employed individuals, United States, February 2005

		<i>Total</i>	<i>Female</i>	<i>Male</i>
Involuntary part-time	Wage/hour	\$8.00	\$8.00	\$8.00
	Earnings/week	\$212	\$200	\$235
	Hours/week	25	24	25
Multiple part-time jobs	Wage/hour	\$10.00	\$10.00	\$8.50
	Earnings/week	\$250	\$250	\$280
	Hours/week	35	35	38
All employed	Wage/hour	\$11.12	\$10.50	\$12.00
	Earnings/week	\$562	\$480	\$673
	Hours/week	40	40	40

Source: CPS, 2005.

The case of part-time workers highlights the precariousness of non-standard working-time arrangements. Although women are more likely than men to engage in such arrangements, even within these categories of employment, the gender gap in weekly earnings is not explained by lower average hourly wages, suggesting that working-time issues play an additional role within the employment category. Furthermore, some employed women who are classified as 'voluntarily part-time' have unpaid work responsibilities in the household that make standard full-time paid work impossible.¹⁸ This suggests that working-time precariousness extends beyond the two employment types featured here.

Part-time employment represents a unique employment status category in the US because the nature of the employment relationship varies along dimensions beyond hours of work. The lack of access to benefits significantly lowers their direct labour cost. According to Mishel *et al.* (2007), in 2005 61.6 per cent of part-time workers had no access to, or were not eligible for, employer-provided health benefits. Similarly, in 2005 71.8 per cent of part-time workers had no access to, or were not eligible for, employer-provided pension benefits. Part-time employment, therefore, is a distinct employment status category and not simply a measure of underemployment. Individuals may piece together full-time hours from multiple part-time jobs, but their employment situation is not necessarily comparable to a full-time job. Economic risks are significantly greater.

INVOLUNTARY INDEPENDENT CONTRACTORS

Independent contractors are self-employed individuals who contract their services to businesses and households. In some cases, independent contractors also use their own wage employees to supply services. In many cases, independent contractors are not in particularly precarious employment compared to the average employed individual in the US labour force. The median hourly and weekly earnings of all independent contractors are above the national median for all employed people (Table 3.5). However, women independent contractors have higher median hourly earnings, but lower weekly earnings, than the median for all employed women.¹⁹

Table 3.5 Median hourly wages/earnings, median weekly earnings, and median weekly hours of work, independent contractors and all employed individuals, United States, February 2005

		<i>Total</i>	<i>Female</i>	<i>Male</i>
All independent contractors	Earnings/hour	\$20	\$15	\$20
	Earnings/week	\$580	\$352	\$750
	Hours/week	40	40	40
Involuntary independent contractors	Earnings/hour	\$11	\$10	\$13
	Earnings/week	\$480	\$320	\$577
	Hours/week	40	40	40
All employed	Earnings/hour	\$11	\$10.47	\$12
	Earnings/week	\$562	\$480	\$673
	Hours/week	40	40	40

Source: CPS 2005.

One sub-group of independent contractors is particularly vulnerable to precariousness: involuntary independent contractors or self-employed individuals who would prefer wage employment if it were available. We use the criterion of ‘involuntariness’ to proxy for precarious forms of independent contracting. Although median hourly earnings do not differ markedly from the national averages, median weekly earnings of involuntary contractors are lower than the median for all employed individuals and the median for all independent contractors. At first glance, working-time issues do not seem to explain the earnings differential. Median weekly hours are identical across all the employment categories in Table 3.5. Yet volatility of work time is a significant issue: 9.9 per cent of all employed individuals report having variable work hours as compared to 24 per cent for independent contractors and 26 per cent for involuntary independent contractors.

Being self-employed, independent contractors must cover their own health care and pension benefits. Approximately 40 per cent of involuntary contractors lack medical insurance from any source, compared to 28 per cent of all independent contractors and 14 per cent of full-time workers in standard employment arrangements (CPS 2005).

The gender earnings gap among independent contractors reflects the gender typing of occupations. The two most important occupational categories for male independent contractors are construction services and management services, whereas for women they are sales and personal care services, and entail lower earnings. The general patterns hold if involuntary independent contractors are compared to all independent contractors.

In the US, independent contractor status may at times represent a form of disguised wage employment. Classifying an employee as an independent contractor can therefore be a strategy to avoid labour market regulations and reduce labour costs. Recent studies in New York and Massachusetts show that such deliberate misclassification of workers has been widespread in some sectors, especially construction (Donahue *et al.* 2007; Carré and Wilson 2004). It is impossible to identify these misclassified workers with any certainty using the CPS.

TRENDS AND FORCES GENERATING PRECARIOUS EMPLOYMENT

The general perception that forms of employment associated with precariousness have been on the rise since the 1980s cannot be corroborated statistically because the CPS Contingent

Work Supplement (CWS) only started in 1995. From then until 2005, the growth of alternative work arrangements lagged behind that of total employment, except for day labourers, particularly women in day labour (data available from the Bureau of Labour Statistics CPS, not shown). One demographic group, non-citizens, saw increases in most categories of employment associated with precariousness. This increase parallels the significant increase in total employment of non-citizens over this decade, a result of rapid immigration. One can conclude that non-citizens are more likely to be hired into precarious forms of employment than their citizen counterparts.

The crucial economic transformations pre-date the 1995 survey, and thus available data fail to reflect longer-term structural changes and labour market dynamics. The macro-level forces that facilitate the generation of forms of employment associated with precariousness impact employment in general. Intensified cross-national competition and the integration of the workforces of low-wage countries in global production create pressures on the quality and quantity of employment. The added risks caused by these competitive and production conditions have been disproportionately borne by workers occupying more marginal positions in the labour market.

Labour demand

Firm strategies loom large when examining the causes of precarious employment. First, large firms with internal labour markets — the employers prone to generate standard employment relationships — have segmented their employment systems with, on the one

hand, regular employment with benefits and, on the other hand, more precarious arrangements through non-standard working-time regimes and contracting-out of entire functions (Cappelli 1999; Houseman 2001; Berger and Piore 1980; Osterman *et al.* 2001).²⁰ US employers have a strong motivation to reduce the cost of employer-provided benefits: health insurance, pensions, and paid time off. The rapid rise of health insurance costs exacerbates this growing tendency.²¹ A second factor favouring the growth of precarious employment is the proliferation of small workplaces (not small businesses), where labour standards are difficult to enforce. A third factor is the opportunistic use by some employers of the weak enforcement environment that prevails in the US. Sweatshop practices can flourish and operators whose practices violate labour standards experience little hindrance to growth (Bernhardt *et al.* 2008).

Labour supply

Labour force participation has grown steadily over the past 40 years for women with school-age children. According to the Bureau of Labor Statistics, women's employment-population ratio for the working-age population was 58.0 per cent in 2006, up from 41.2 per cent in 1970 (US BLS 2007). In 2006, the labour force participation rate of women living with their own children under 18 years of age was 70.9 per cent. Women with care responsibilities, and a consequent need for shorter hours and employment interruptions, have faced a narrow structure of job opportunities and distinctive patterns of employment and working-time regimes.

Historically underpaid, underemployed and unemployed workforces are also the workforces with higher incidence of precarious work. This is the case for African-American and Hispanic workers. The historic pattern of marginalization in some occupations and industries has exposed these workers to greater incidence of precarious employment as well (Kalleberg *et al.* 2000).

CONCLUSION

US statistics do not adequately capture all forms of employment associated with precariousness and do not permit in-depth analysis that could reveal important relationships that are not obvious in this overview. Furthermore, aspects of precarious employment can be found in so-called standard jobs and the correlation between precariousness and specific forms of employment is imperfect in the US context. Our account is thus not exhaustive but aims to identify important labour market patterns, institutions, and social dynamics that impact the degree of precariousness in the US.

In sum, employment precariousness is distributed in ways that reflect and reinforce gender and racial/ethnic inequalities in the labour market. The channels through which the dimensions of labour market insecurity manifest themselves vary across groups.

Disadvantaged racial/ethnic groups, as well as new immigrants, particularly unauthorized ones, tend to be affected by the unpredictability and impermanence of employment

relationships. In contrast, for women, it is primarily through the working-time regime that the risks of precariousness are heightened.

The large increase in immigration, particularly unauthorized immigration, over the past 20 years plays a central role in the dynamics of precarious employment in the US. In years to come, it will be especially important to improve understandings of the impact of undocumented immigration on employment overall and its implications for the size, nature, and contours of precarious employment.

NOTES

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¹ In the US context, job tenure is ambiguously related to precariousness. Low job tenure can be associated with precariousness. Conversely, some forms of low-wage, low-quality employment entail long tenure. In fact, unionists in the US often note that the biggest risk for workers is getting stuck in a low-quality job.

² The poor may be eligible for a public health program, Medicaid. Their children may be covered by the State Children Health Insurance Program whose coverage of poor children varies across states.

³ Public employee plans are governed by separate rules which vary among states.

⁴ Employers do not have to match the employee pre-tax contribution.

⁵ Federal policies are complemented and superseded by state legislation. Many states have a higher legal minimum wage than the federal standard. Some states, and occasionally localities, have instituted mandatory health insurance (for example, Massachusetts) or mandatory paid family leave (California). State-level court decisions have occasionally amended the default implementation of the employment contract. States stipulate conditions for unemployment insurance benefit eligibility and pay-out, resulting in significant differences in coverage across states.

⁶ Salaried workers are not covered.

⁷ Both governed by the *Fair Labor Standards Act* (FLSA).

⁸ Gender-based equal pay is governed by the FLSA.

⁹ Minimum wages vary based on sector. For example, tipped employees (such as waiting staff in restaurants) and agricultural workers are not subject to the same minimum wage laws as other workers.

¹⁰ Across the total workforce, collective bargaining coverage was 13.1 per cent in 2006. Union membership per se was lower -- 12 per cent in the same year (Hirsch and Macpherson 2007).

¹¹ Since 1996, states have had leeway in setting eligibility rules for a number of social policy programs, including cash assistance, thus resulting in variation across states in the degree of choice and level of reservation wage afforded to job seekers.

¹² Exceptions are multi-employer structures in unionized construction and garment industries.

¹³ Currency is in US Dollars throughout.

¹⁴ Beginning in 1995, a supplement to the CPS, the Contingent Work Supplement, has been periodically administered along with the February CPS. It provides information on non-standard and atypical employment relationships.

¹⁵ The exception is temporary agency workers; only 14.9 per cent of them report working fewer than 35 hours a week.

¹⁶ Publicly provided health insurance is only extended through targeted or means-tested programs: for example, Medicare (for the elderly) and Medicaid (for low-income families).

¹⁷ The National Day Labor Study (NDLS) estimates the average number of day labourers to be 117,647; the CPS estimates the total to be over twice as large — 332,350. According to the NDLS, only 2 per cent of day labourers are women, while the CPS finds nearly 30 per cent of day labourers are women. Several explanations are possible. The CPS includes organized day-labour brokers, not just informal open-air markets. Women participate in open-air hiring markets at a much lower rate than men. The reference period for the CPS is the past seven days, instead of only counting the number of workers on a particular day.

¹⁸ The CPS includes child care and family responsibilities as one of the possible factors to explain why an individual works part time.

¹⁹ The distribution of hours of work and the distribution of hourly earnings are not identical. Median weekly earnings reported in Table 3.5 will not simply be the product of median hours of work and median hourly earnings.

²⁰ This has taken place against a backdrop of eroding terms of employment for regular workers as well, with wage stagnation and decreased benefits for many.

²¹ It has also affected the choices of the self-employed who absorb the costs of health insurance themselves.