

## *EXECUTIVE SUMMARY*

Temporary work has become a common phrase in the lexicon of today's workers. In a survey commissioned by the North American Alliance For Fair Employment ([www.fairjobs.org](http://www.fairjobs.org)) in January 2000, 60% of the respondents had either been in non-standard work arrangements or knew someone who had been in one while preferring a standard job. The working life of a "temp" has even been the subject of a number of movies, including the independently produced "Clockwatchers" (1998).

Temporary work has become so commonplace that it is seen as a Leading Economic Indicator – i.e., a decline in temp placements forecast a downturn in the economy down the road, and an upturn in temp placements are a signal of economic recovery. Giving more credibility to that statement is the fact that Manpower, Inc. is one of the largest employers in the United States.

Temporary work now covers the gamut of occupations, from white-collar professional and managerial occupations, to pink-collar clerical and office administrative functions, to blue-collar manual and construction work. Scholarly research has examined data on temporary and other non-standard work arrangements, including the health and safety risks faced by non-standard workers, as well as their career mobility. However, little research has been done comparing the work trajectories and experiences of high-skilled temps to those with few skills.

San Diego's diverse regional economy – from traditional hospitality and defense manufacturing industries to emerging bio-tech and software industries – allowed us to research a range of non-standard workers across skill-level and industry. San Diego's location on the U.S.-Mexican border also allowed us the opportunity to address experiences of race and immigration status among temporary workers. To understand the motivations and practices of the three main players in the temporary labor market, we talked to 71 temporary workers in focus groups, and surveyed 29 temporary agencies and human resources managers at 38 firms.

Ultimately, our study found that many temporary workers lack access to critical benefits such as health care and retirement, and many are frustrated with the prospect of losing an assignment without notice. The vast majority of temporary workers want permanent employment – unfortunately many temporary workers we spoke with face barriers to achieving that goal. Based on this and other findings, we have provided recommendations for business and government that would remove the barriers that prohibit temporary workers from finding permanent employment through placement agencies.

Our findings are summarized below:

### **All Industries Use Temporary Workers**

We found, through a survey of client firms, that approximately 95% of all employers use temporary workers to one degree or another. We also spent time surveying industries of particular importance to San Diego's regional economy – hotels, defense manufacturing, software and biotech.

- Hotels claimed that approximately 7% of their workforce is placed through temporary agencies. However, the hotel industry also employs part-time and seasonal workers. Including these types of non-standard work, the usage of non-standard workers in the hotel industry increased to nearly 35%.
- The Defense Manufacturing industry reported fewer than 5% of their workforce were temporary workers placed by temporary agencies. Surprisingly, temporary workers were placed in all levels of work, including a significant portion in Research and Development.
- The emerging industries of Biotech and Software reported that, 13% and 10%, respectively, of their workforces were placed by temporary agencies.

### **Most Temporary Workers are Involuntary and Want Permanent Work**

A significant finding uncovered during focus groups was that some workers voluntarily entered into temporary work, while others entered into the industry involuntarily – they felt they had no other options.

- Approximately 25% of the workers we spoke with voluntarily entered into temporary work. These workers were generally second-income earners or retirees looking to make some extra money. This category of workers also cited “flexibility” as a reason why temporary work appealed to them.
- A full 75% of the workers we interviewed told us they felt they had “no other choices” available to them. These workers were ultimately seeking permanent employment. They valued a steady income and access to benefits over the flexible work schedule that temporary work offered.

### **Insecurity and Frustrations Define the Daily Lives of Temporary Workers**

The temporary workers we spoke with expressed anxiety over certain common practices and scenarios in the temp industry. These scenarios were irritating at best, but often had significant impacts on a workers ability to provide for their families.

- Assignments from temporary agencies often come with little advanced notice. For workers with children, transportation issues or other obligations, this posed a problem. Turning down an assignment, for whatever reason, often meant being “B-Listed” and risked the possibility of not being offered assignments in the future.
- The nature of temporary work means “flexibility” for employers. This “flexibility” usually means instability for workers. Being fired from an assignment could come at any time. Some workers reported leaving work and

getting phone calls being told not to report to their assignment in the morning, except to pick up their belongings, which had already been boxed up. This insecurity was a daily concern.

- Temporary workers' relationships with co-workers were often tenuous. The "just a temp" syndrome left many temporary workers we spoke with feeling anonymous and left out. Permanent workers were viewed as feeling threatened by the presence of temporary workers who feared for their own jobs. Temporary workers are expected to be good at their job by management, but not "too good" by threatened co-workers.

### **Some Temporary Workers Are Voluntary – And They Do Well**

Voluntary temporary workers generally had good things to say about their experiences. They also seemed to fare well in terms of wages and benefits.

- The voluntary temporary workers we spoke with were higher skilled and were able to negotiate better terms of employment than involuntary temp workers.
- Voluntary workers were able to work on specific professional projects that added to their professional experiences and enabled them to be upwardly mobile.
- Benefits were generally not an issue with voluntary temp workers. Many had coverage through their spouses.

### **Even Voluntary Temporary Workers Had Frustrations With Temporary Work**

While the experiences of voluntary temporary workers were generally more positive than the experiences of involuntary temp workers, negative experiences were also shared.

- Workplace relationships with permanent co-workers were tenuous. Permanent workers felt threatened by the presence of highly skilled temporary workers.
- High-skilled workers we spoke with felt less challenged by temporary work assignments.

### **Incomes for Temporary Workers are Insecure, Making It Difficult to Make Ends Meet**

Involuntary temporary workers expressed concern about the regularity of placements and therefore, the regularity of income. Lower skilled workers were also insecure about the level of their wages.

- Unlike high-skilled workers, low-skilled workers didn't feel they had any room to negotiate their pay scales – many didn't even know they could negotiate.
- Some temporary workers didn't express concern about their wages as much as their income based on the irregularity of assignments and high cost of living in San Diego.
- A combination of wage scales and a lack of regularity of temporary assignments left temporary workers struggling to make ends meet.

### **Benefits Were Unattainable**

Our survey of temporary agencies in San Diego found that most temporary agencies "offer" health care and other benefits, such as vacation and sick time. However, through the experiences shared by temporary workers, we found significant barriers to qualifying for and accessing those benefits.

- In cases where placement agencies offered benefits, threshold requirements (number of hours worked) were unreasonably high, especially given the instability of job placements.
- In cases where temporary workers actually met threshold requirements, many reported being unable to afford the actual benefits. The costs were so high as to discourage workers from participating in plans.
- No temporary agency or temporary worker reported being offered or receiving any pension benefits.

### **There Were Significant Barriers to Permanent Placement Through Temporary Agencies**

Since a majority of temporary workers desired permanent employment, there were both frustration and anxiety associated with the barriers that kept them from attaining that goal.

- Some temporary workers pointed to conversion fees as a barrier to being hired permanently through a temporary agency. Conversion fees can be expensive enough to deter client firms from hiring a temporary worker permanently. In some cases, temporary workers reported that companies wanted to hire them permanently, but the amount owed to the temporary agency kept them from doing so.
- In cases where a temporary position is considered “permanent” after a given number of days, temporary workers reported being taken off the assignment just prior to the threshold dates. Some reported being re-placed in the same positions after a few days break.

### **Information on the Terms and Conditions of Employment and Placement Were Not Properly Disclosed to Temporary Workers**

There was a lack of clarity in advertising and actual placements reported by temporary workers. The information given to temporary workers was often unreliable and led temporary workers to feel greater instability and insecurity.

- Temporary workers reported “false advertising” when responding to advertisements. It was not always clear that a job was a temporary, rather than permanent position. Some jobs were also posted at higher wage rates than were actually paid.
- Temporary workers were unaware of the mark-up and conversion fees, therefore unaware of their market value as workers, and of the possibility they would actually find permanent employment.
- Employment policies varied based on placement. Some workers were denied access to certain benefits offered by the temporary agency because the client firm did not offer those same benefits.

### **Temporary Work Does Not Lead to Career Advancement**

With the exception of a handful of highly skilled positions, temporary work does not lead to a first step in a career ladder. Temporary workers spoke critically of training opportunities that were supposed to make them more marketable, and advance their careers.

- While temporary agencies offered training, it usually consisted of a computer in a room with a tutorial.
- Temp workers were trained on company specific software. Once the placement ended, the skills learned didn't apply to other companies.

### **Workplace Safety is a Significant Issue in Manual Labor and Construction Work**

Manual laborers and non-standard construction workers faced added anxiety in their placements. The nature of physical work often puts workers in greater danger. Lacking access to health care coverage was particularly problematic for these temporary workers.

- The agencies that placed manual workers expected workers to provide their own equipment. Safety equipment loaned by the agencies had to be returned intact in order for the workers to be paid.
- Injuries on the job often did not receive medical attention. However, if the injury resulted in bleeding, workers were often asked to take a drug test, even before a bandage was applied to the wound.
- Even if job-related injuries were attended to, convalescent time after these injuries was unpaid, and the workers reported trying "fiercely" not to get injured.

### **What Can Be Done**

Given the desire of most temporary workers to find permanent employment, and given the numerous obstacles in the process of finding permanent employment, we also suggest important policy recommendations. The findings from our research gave rise to specific policy prescriptions that we believe will mitigate the instability that many of these workers face in their work relationships.

### ***Require Adequate Disclosure of the Terms and Conditions of Assignments to Temporary Workers***

- Provide temporary workers reliable terms and conditions of their employment in writing, including place of employment, wage rates and length of assignment.
- Require temporary agencies to disclose to their workers how much the user firm is paying to the temporary agency and to disclose their conversion fees. This would allow temporary workers a better sense of their market worth. Knowing the conversion fees will also give temporary workers more information to make a decision about joining the temporary agency.
- Curtail the ability of both public and private firms to layoff permanent workers and replace them with temporary employees. Legislation addressing this issue could curb the growing use of "perma-temps" across California.

### ***Limit the use of temporary workers by public agencies***

- Enact legislation to prevent misclassification of public employees to keep employees from being mislabeled as "temporary employees" or "off budget full time employees". These employees are often denied access to health care coverage and pension benefits.
- Require the State of California to adopt a statewide code of conduct for temporary placement and staffing agencies. The State of California should only do business with temporary agencies that abide by principles and provisions set forth in a code of

conduct, that should address livable wages and access to health care, as well as ensuring on-the-job safety and ability to collect unemployment insurance.

- Create permanent floater pools of full-time “temporary” workers who are assigned to fill temporary or emergency needs. Pool employees would be permanent employees of the County or State government.

### ***Educate Temp Workers on their Workplace Rights***

- Ensure workplace safety for temporary workers, especially those who work in some of the most dangerous jobs, such as construction. CAL-OSHA should ensure temporary workers are provided with adequate safety gear.
- Conduct random audits of temporary agencies for workplace rule violations. Such procedures will ensure temporary workers are being processed, placed and treated fairly under California wage and hour laws.
- Investigate cases of discrimination at temporary agencies, specifically as they apply to concerns about ageism, and the tracking of minorities into particular job classifications.

### ***Provide Social Safety Nets for Temporary Workers***

- Provide health insurance for temporary workers, thereby allowing temporary agencies to prosper, while ensuring workers are able to provide critical health coverage for their families.
- Enact an Alternative Base period for purposes of Unemployment Insurance. The current system does not work properly for unemployed temporary workers because the system calculates base period earnings from the most recently completed quarter. Because of the unstable nature of temporary work, it is otherwise difficult to provide unemployment insurance to temporary workers who deserve access to the system.

### ***In Conclusion***

The research we’ve conducted points to the fact that the growth in temporary work significantly impacts working families. The inability of temporary workers to find permanent work through temporary agencies kept many from accessing critical benefits needed to maintain a family. The high cost of living, compounded by the irregularity of income, left many temporary workers struggling to make ends meet in San Diego’s economy.

As companies search for flexibility in a changing economy, standards should be established that protect the integrity of working people and their ability to provide for their families. All workers – temporary or permanent – deserve jobs that afford a livable income and provide access to health care and retirement. We urge policy-makers to establish policies that protect temporary workers and encourage best practices that allow temporary workers livable wages and access to health care benefits.