



Cornell University
ILR School

Cornell University ILR School
DigitalCommons@ILR

Book Samples

ILR Press

2008

The Good Temp

Vicki Smith

Esther B. Neuwirth

Follow this and additional works at: <https://digitalcommons.ilr.cornell.edu/books>

Thank you for downloading an article from DigitalCommons@ILR.

Support this valuable resource today!

This Article is brought to you for free and open access by the ILR Press at DigitalCommons@ILR. It has been accepted for inclusion in Book Samples by an authorized administrator of DigitalCommons@ILR. For more information, please contact catherwood-dig@cornell.edu.

If you have a disability and are having trouble accessing information on this website or need materials in an alternate format, contact web-accessibility@cornell.edu for assistance.

The Good Temp

Abstract

[Excerpt] The story of the explosion of temporary employment and the challenge to the permanent employment contract in the last half of the twentieth century has been told many times. Researchers from a variety of academic disciplines have written about it, as have activists who organize to help American workers maintain a decent standard of living and a modicum of dignity, and policy analysts who fear the degradation of the employment relationship that seems to be a foregone implication of temporary work. They have focused on different units of analysis: workers who desire permanent jobs but can't find them, workers who have lost out as companies have downsized and restructured, businesses and their myriad reasons for using temporary workers as a solution to their profitability and competition problems, and the temporary help service industry (THS) itself.

The Good Temp takes a different tack to explain these developments in labor market institutions and behaviors. Specifically, we look at how the THS industry in the United States reinvented temporary work in the second half of the twentieth century and examine how individual THS agencies continue to manufacture and market this reinvented product—the good temporary worker—today. It is a customized, historically specific make and model whose marketability rested on two selling points: that temporary employment could be a viable alternative to permanent employment and that the workers on whom the system of temporary employment relations depends could be as good as permanent workers and sometimes better. The historical and social construction of "the good temp," we show, was embedded in THS-industry profitmaking strategies and relied on the diffusion of new norms about what constituted acceptable employment practice. Now entrenched, these norms underpin our current employment relations in the United States which many, if not most, of us experience as precarious and contingent, even when we have so-called permanent jobs.

Keywords

temporary workers, labor markets, employment, personnel policy, human resources

Comments

The abstract, table of contents, and first twenty-five pages are published with permission from the Cornell University Press. For ordering information, please visit the [Cornell University Press](https://digitalcommons.ilr.cornell.edu/books/38).

<http://digitalcommons.ilr.cornell.edu/books/38>

The Good Temp

Vicki Smith
Esther B. Neuwirth

ILR Press
an imprint of
Cornell University Press
Ithaca and London

CONTENTS

Acknowledgments	vii
1. The Temporary Advantage: Introduction	1
2. The Social Construction of New Markets and Products	32
<i>Personnel and Business Magazine Articles Referenced in Chapter 2</i>	66
3. "We're Not Body Pushers": Constructing a Pool of Good Temps	69
4. Softening "Rough and Tough Managers": Creating "Good Enough" Jobs for Temps	98
5. Shaping and Stabilizing the Personnel Policy Environment	122
6. Do Good Enough Temporary Jobs Make Good Enough Temporary Employment? The Case for Transitional Mobility	148
Appendix I: Analyzing the Management Media	177
Appendix II: Frequently Asked Questions about the Economic and Legal Dimensions of Temporary Employment	183
Notes	191
References	211
Index	229

ACKNOWLEDGMENTS

We are grateful to the individuals at the organizations we studied and hope that we did justice to them in our effort to analyze the complexity of their world.

Many thanks to our colleagues for contributing important insights on various versions of this work: Chris Benner, Fred Block, Sean O'Riain, Eileen Otis, Jennifer Reich, Preston Rudy, Ellen Scott, Bindi Shah, Eva Skuratowicz, Maureen Sullivan, Mridula Udayagiri, and participants in the Power and Inequality Workshop at the University of California, Davis. Others who provided invaluable support include Dorothy Duff Brown, Janet Gouldner, Larry Greer, Patricia Keller, and Carolyn Shaffer. Sarah Ovink's work as research assistant made it possible to complete this manuscript in a timely way. George Gonos gave us valuable advice on the material in Appendix II. And special thanks to Fred Block for intellectual engagement with this project from the start and for his invaluable insights over the years.

This work benefited from partial financial and institutional support at various stages of the research and writing from the University of California Institute for Labor and Employment (now known as the Labor and Research Fund), the Social Science Research Council's

Program on the Corporation as a Social Institution, and the University of California, Davis Consortium for Women and Research.

Finally, we are indebted to our editor Fran Benson for her support and encouragement.

We dedicate this book to our families. From Vicki a dedication in the memory of Steve Smith, and to Steve and Molly McMahon. From Estee a dedication to Michael Stein, Rachel, and Simon, for giving my life greater meaning, and to my parents, Rutie and Arie Neuwirth, for their love, support, and encouragement.

The Good Temp

Chapter One

The Temporary Advantage

Introduction

The story of the explosion of temporary employment and the challenge to the permanent employment contract in the last half of the twentieth century has been told many times. Researchers from a variety of academic disciplines have written about it, as have activists who organize to help American workers maintain a decent standard of living and a modicum of dignity, and policy analysts who fear the degradation of the employment relationship that seems to be a foregone implication of temporary work. They have focused on different units of analysis: workers who desire permanent jobs but can't find them, workers who have lost out as companies have downsized and restructured, businesses and their myriad reasons for using temporary workers as a solution to their profitability and competition problems, and the temporary help service industry (THS) itself.

The Good Temp takes a different tack to explain these developments in labor market institutions and behaviors. Specifically, we look at how the THS industry in the United States reinvented temporary work in the second half of the twentieth century and examine how individual THS agencies continue to manufacture and market this reinvented product—the good temporary worker—today. It is a customized, historically specific make and model whose marketability

rested on two selling points: that temporary employment could be a viable alternative to permanent employment and that the workers on whom the system of temporary employment relations depends could be as good as permanent workers and sometimes better. The historical and social construction of "the good temp," we show, was embedded in THS-industry profitmaking strategies and relied on the diffusion of new norms about what constituted acceptable employment practice. Now entrenched, these norms underpin our current employment relations in the United States which many, if not most, of us experience as precarious and contingent, even when we have so-called permanent jobs.

The Good Temp builds on but goes beyond previous analyses in several ways. First, most researchers have implied that the THS industry has simply been in the business of producing generic temporary labor, even when their studies have inadvertently documented otherwise. We argue, in contrast, that the industry developed and continues to promote an image of a very particular brand of temporary labor wherein workers are effective and efficient, even committed. This product branding has been the competitive motor of the THS industry. *The Good Temp* documents the rise of a new ideology about employment, taking a historical view of industry and personnel management rhetoric about temporary workers as a productive and, surprisingly, quality commodity.

Second, we add a new piece to the picture of temporary employment relations by showing how the THS industry must market itself to two customers: not only to the client firms in which they place their temps but to temp workers themselves. A straightforward way of thinking about the latter is this: When hunting for a temporary job, what leads a clerical worker to choose Office Angels over Kelly Services, a pharmaceutical worker to choose RxRelief® over The RxGuy, a paralegal to choose Legal Temps over Special Counsel, Inc., an assembler or warehouse worker to choose LaborFinders over Volt? We show how THS agencies try to increase the chances that job seekers will choose their services. Having to sell themselves and create demand for their products on two fronts leads many for-profit agencies not only to try to supply quality temporary workers to client companies but to supply decent services and jobs to temporary laborers.

In telling the story of the good temp we show how temporary placement agencies today strive to insulate temps from gross mismanagement and help improve their wages and working conditions. Yet we don't mean to suggest that temporary help agencies are in the business primarily to serve workers or help them with their long-term career goals. On this point, we agree with other researchers who have been concerned for what temporary agencies *don't* do for American workers (Benner, Leete, and Pastor 2007; Rogers 2000). Nevertheless, because they need to attract and maintain workforces of good temps, agency representatives have a genuine stake in encouraging client companies to develop decent temporary jobs—though this process is not without its contradictions and rough edges.

Third, looking in depth at how one agency serves its two sets of customers—companies and workers—provides a micro-level perspective that complements the global stories of the THS industry which dominate the literature on temporary employment. *The Good Temp* goes beyond general or aggregate accounts of the THS industry to show how agency staff create and sustain an employment relationship that is fraught with insecurity, ambivalence, turmoil, and anxiety, in their office and on the multiple sites of hiring companies.

Fourth, combining historical analysis of industry and personnel management rhetoric with the fine-grained picture of contemporary agency practices allows us to represent the social construction and institutionalization of a labor market for temporary labor across time. As economic sociologists have noted, markets, including labor markets, are not primordial strata on top of which layers of social organization are mechanically deposited. Instead, they are built up from complex social organization and by interactions between people and organizations (Block 1990; Fligstein 1990; Krippner 2001). Labor markets, in particular, emerge when corporate managers and personnel experts circulate new ideas about how they can employ workers; reconfigure traditional forms of employment; and identify new populations of people as suitable for particular jobs and employment relationships. The rise of temporary employment is an ideal case for a “deeply historical” study of the *process* of making labor and labor markets in the United States (Peck 1996; Tilly and Tilly 1994). We show how what appear to be purely “market-mediated” employment

relationships are constructed by those who possess industry power and in the negotiations and contestations between personnel from labor market intermediaries, line and human resource managers, and workers themselves.

This study of the THS industry's market-making activities is important because when the industry encouraged a new set of employment relationships and work conditions, it also encouraged the normative and structural erosion of good, permanent jobs. As temporariness in employment became more pervasive, expectations for permanent, attached employment simultaneously declined. Across the middle part of the twentieth century, corporate managers in many large, bureaucratic, and profitable companies endeavored to build internal employment systems that would provide incentives to employees to work hard and remain loyal to their employers. The THS industry directly challenged this traditional orientation just as global economic conditions were opening up opportunities for new employment practices to take hold. In much mid-twentieth-century rhetoric, experts applauded temporary employment and disparaged permanent or regular workers. In so doing, the THS industry played a critical role in undermining the stable, permanent employment contract. In the early twenty-first century, temporary workers and temporary jobs have, improbably, become a permanent feature of our employment landscape, as have insecurity and destabilization for workers in so-called permanent jobs.

There are several kinds of employment situations involving temporary workers in the United States today (besides those employed by agencies) which don't make their way into this book.¹ For example, our findings would not necessarily pertain to the practices of outsourcing firms that hire "contract company employees" and place them inside other firms on a time-delimited basis (such as Sodexho does with food service and facilities management workers, Pinkerton with security and emergency services workers, or Xerox with document production and mailroom staffing workers). Nor would they necessarily hold for the situations of companies that hire temps directly, bypassing temporary placement agencies, agencies that recruit and place well-paid, high-level contract workers, or agencies that place day laborers only. Further, the conditions and practices we analyze

don't map conveniently onto the employment experiences of seasonal agricultural workers; adjunct academic lecturers (including "freeway fliers" who teach one course on one campus and two courses on another campus every semester); or informal-sector workers who earn wages off the books (such as child-care providers, housecleaners, or day laborers in construction and landscaping), who are poorly paid and work on intensely insecure and unpredictable terms.

Our research findings concern the practices of established private-sector temporary agencies that place workers across a spectrum of entry-level, often low-skill positions.² Job seekers can find these agencies listed in the yellow pages of the phone book, Help Wanted ads in the classified sections of newspapers, or on Internet Web sites. The agency issues a paycheck to the temp, pays state and federal taxes, and contributes to worker compensation insurance and unemployment funds. In-depth research on such agencies is vital, and for that reason we focus on agency practices rather than on the experiences of temporary workers, about whom substantial research already exists. It is important to note, however, that the percentage of all workers employed by this kind of temporary help agency was 2.3 percent in April 2006, statistically small but socially, culturally, and economically meaningful (Mishel, Bernstein, and Allegretto 2007, 239, fig. 4T).³

Although there is absolutely no doubt that most of these temporary jobs are disadvantageous compared with permanent jobs,⁴ we agree with others that THS agencies can improve the situation of their temporary workers. We further concur that many workers benefit from access to temporary jobs, depending on and relative to their other labor market options. (On both these points, see chapter 6.) Yet allowing for these points does not require us to sacrifice the goal of striving for better employment for American workers. It forges a middle path between seeing temporary employment as exclusively negative (the oppressive model) or exclusively liberating (the free agent model) and points to the political value of pressuring agencies to embrace a higher road of employment practices than is typically expected of them. It is no small irony that the industry that has played a critical role in increasing the precariousness of employment—an industry that is both cause and effect of the restructuring trends of

the last four decades—weaves a layer of such protection by virtue of the way they manufacture their product: the good temp.

Temporary and Permanent Employment across Time

Since the 1940s there has been a paradigmatic shift in the way firms use temporary workers. In the immediate post-World War II period, temporary employment was a marginal labor market practice. A temporary worker was typically a white woman clerical worker with children, hired by a company to fill in for a permanent employee who needed time off from work—for a vacation, illness, or, more rarely, for childbearing (Moore 1965, 555, 558).⁵ The temp would leave when the permanent worker returned to the job. The “Kelly Girl” exemplified this temporary worker; the jobs she took were, for the most part, truly temporary, and her weak attachment to the labor force was taken for granted. Companies hired temporaries as a stopgap solution to cover short-term needs but otherwise kept permanent workforces on their payrolls that were large enough to handle the maximum workload (Henson 1996; Rogers 2000; Vosko 2000).

The permanent “good” worker of this earlier economic era was male (typically white), expected to work full time and continually; companies relied on his loyalty to the firm and, in the primary part of the labor market where he was employed, expected him to be attached, committed, and employed across his entire work career. Researchers from a variety of perspectives and proclivities have scrutinized this historically specific good worker, ranging from Whyte’s (1956) argument about the bureaucratically oriented “organization man” to Riesman’s (1965) “other directed personality,” fundamentally shaped by stable bureaucratic social relations of the firm (see also Edwards 1979, chap. 8). Contemporary feminists also weighed in on the organization man, reminding us that not everyone could attain this type of career.⁶ Specifically, feminist scholars pointed out, the “male career model” privileged white men’s labor force participation and excluded most white women and people of color.⁷

In the 1960s these conventional understandings about temporary jobs, temporary workers, permanent jobs, and good permanent workers

began to shift. In a new paradigm, the notion of using a temp as individual stopgap shifted to a view of using temporary workforces as a collective labor or staffing solution (Vosko 2000). Temporary workers wouldn't merely substitute for regular workers in permanent jobs; they would work in positions that opened up but were then eliminated on a regular basis, in accordance with fluctuations in demand for the firm's products.

The new "staffing" paradigm of temporary employment calls for company managers to continually recalibrate the size of their workforces and employ permanently only the number of people necessary to handle a minimum work flow, rather than maintaining a larger workforce that could handle a maximum work flow; when and if it came, managers would hire groups of temps for the additional work. Here, the temporary stint is not coupled with a permanent position or worker. Both people and positions are temporary, and managers use temporary workers in a planned and systematic rather than an impromptu fashion. In addition, whereas in the postwar era the vast majority of temporary workers were women, by 2005 men were 47.2 percent of temporary agency workers (Mishel, Bernstein, and Allegretto 2007).⁸ Instead of Kelly Girls, the firm is now called "Kelly Services," and the "permatemp" is now a standard term in the business and academic press and in everyday conversation. Today, temporary workers, men and women alike, work in a wide variety of occupational positions that are temporary themselves, often on an open-ended basis, which will never be classified as permanent or regular.

By the end of the twentieth century, the postwar, hegemonic model of the good worker with the stable permanent job had vaporized, both demographically, normatively, and experientially. As it turned out, the permanent job and the male career model were inextricably linked to historically specific labor markets and organizational structures. The corporate and employment restructuring of recent years has radically challenged earlier conventions about jobs and careers.⁹ Now, people who want permanent, full-time jobs and to work in the same companies for the long haul are more often viewed as complacent, unproductive, lacking in initiative and the capacity for innovation. The highly valued—good—workers in our economy

are, in the eyes of many, the "free agents" who crave variety, diverse work environments, and the flexibility to pursue new and different careers (Reich 2000; Smith 2001a, chap. 6).¹⁰

The Good Temp adds two more chapters to this long story. The first addresses how, in mid-twentieth century, new ideas about using temporaries were articulated, circulated, and diffused, promulgated to destabilize traditional employment practices and institutions and pave the way for and normalize new ones. The second analyzes how, once the new paradigm of temporary employment was legitimated normatively, these employment relations have been built and sustained in the trenches: specifically, in temporary help placement agencies. To be sure, many researchers have discussed temporary help service agencies in the course of focusing on temporary workers. But we lack ethnographic, in-depth case study research focusing on temp agencies which would parallel, for example, targeted studies of temporary and contract workers,¹¹ of corporate/organizational determinants of the use of temporary workers,¹² or of the temporary help services industry.¹³

Barley and Kunda's (2004, chap. 4) analysis of agencies in Silicon Valley is a notable exception but they focus on agencies that serve professional and technical workers rather than agencies that place production, warehouse, assembly, and clerical temps. Agencies are the third corner of the triangular temporary employment relationship, a population of labor market intermediaries that has assumed considerable power in negotiating labor market conditions and opportunities for American workers. *The Good Temp* fills in the third corner of this three-way, symbiotic relationship (Rassuli 2005).

We focus on historical and contemporary processes found in the market for lower-level (i.e., low-skill, low-wage) temps, an important distinction. Many who study contingent or nonstandard employment differentiate between high-level contract workers (well-educated professional, managerial, and technical workers who possess specialized skills and often earn spectacular wages for their work) and low-level temporary workers (those who typically lack much formal education, possess general skills, earn fairly low wages, and have virtually no bargaining power) (Cohany 1998; Kalleberg, Reskin, and Hudson 2000, 273; Levenson 2000; Osterman 1999). Temporary employees

constitute the majority of contingent workers (working in assembly, laborer, clerical, materials movers, and warehouse jobs, to name a few); comparatively fewer managerial, professional, and high-tech contractors are represented in this workforce [Bureau of Labor Statistics 2005b; Dey, Houseman, and Polivka 2007; Kilcoyne 2004, table B1].¹⁴ Thus, the dynamics, processes, and social relations discussed in this book are particular to the agencies that place the great majority of temporary workers in the United States today.

We show how, over the course of the last part of the twentieth century, the THS industry constructed a unique product: the good temp. The concept of the good temp has specific historical meaning that few have fully appreciated to date, even though clues are present in much of the earlier research. As temporary and other forms of contingent employment have become widespread, so has the concept of the good temp: a person with a fair work ethic and a modicum of skill who requires minimal supervision; and one who will be satisfied with a temporary job and may even consent to stay in a stable pool of workers who are willing to work in temp positions on an ongoing basis. These attributes constitute the minimal bar that agencies hold for their temporary workers, and agency staff construct practices that will maximize the chance that most of their temps will clear this hurdle.

But importantly, the good temp is an ideal, an image, a notion, a sales pitch, a source of competitiveness for a temporary help services firm. Sometimes temporary workers measure up to this ideal, sometimes not.¹⁵ Sometimes temporary workers want to be good temps, but not always. Our point is that the desirability of selling good temporary workers is a driving, profit-maximizing logic of the THS industry, leading it to adopt practices that will improve its ability to stand behind its product.

As is true of other products in a market-based economy, the good temp did not spring out of thin air. It is a commodity that was imagined, produced, and marketed just as surely as Apple designs, manufactures, and persuades us to buy iPods, or Starbucks develops its winning coffee formulas and convinces us to part with our hard-earned money for a double soy vanilla cappuccino—light. This concept—good temp as commodity—is particularly puzzling and worthy

of analysis because the idea of a good temp is counterintuitive: why *should* temps be good, committed, or do quality work? Many studies of temporary employment have noted the negative stereotypical views held by managers and by the public: the belief that temps don't care about doing quality work because, after all, there is little incentive to care; that temps drag down permanent workers' productivity and efficiency; that they are just a set of warm bodies with poor work ethics. When interviewed, temporary workers commonly report feeling stigmatized by their temporary status: they assume that people look upon them as deadbeats, as "just a temp" unable to hold down a "real" job (Henson 1996, chap. 6; Parker 1994, chap. 4; Rogers 2000, chap. 5).

Indeed, temporary workers themselves often criticize other temps and try to dissociate from them. Smith, for example, in a study of a high-tech firm, found temps who felt that some of their temporary coworkers were "bad," "deviant," and "immature" and made it clear that they did not identify with such workers just because they all shared the same employment status (2001a, 115). Rogers similarly discovered that temps told "bad temp" stories and tried to establish themselves as different and separate from allegedly mediocre temps (2000, 87-88).

Some firms (hiring companies) have institutionalized their assumption that temps won't be good.¹⁶ For example, companies signal their distrust and low expectations when they apply a different set of policies to temps, spatially segregate them from permanent workers, stigmatize them and mark their difference from permanent workers (requiring temps to wear different color smocks or identification tags, such as Microsoft's "orange badge" policy: Bishop 2005; DuRivage 2001, 385-86; also see Schoch-Spana 1998), or formally restrict their participation in on-site social events (Smith 1998, 2001a). Ikea, a hugely profitable and popular retail merchandiser, communicates its distrust to customers by suggesting that temps provide the brawn but not the brain of the job. In Sacramento, California, Ikea outfitted its temporary workers, hired to help out in the business crush of the first few weeks after its grand opening, in bright yellow T-shirts stating emphatically in large blue lettering "Temporary Co-Worker. Don't ask me any hard questions" (observed February 2006).

Furthermore, American popular culture reinforces negative images of temporary workers, portraying them as employees of last resort. Hollywood movies portray temps as psychotically ambitious (*The Temp*); ambivalent and mediocre, a threat to corporate success (*Haiku Tunnell*); or provocateurs (*Clockwatchers*). In the social-commentary comic strip *Dilbert*, aggravated office workers occasionally deal with bumbling temporary workers hired by their inept, pointy-haired boss; the resident temp in the 1990s was a rodent, Ratbert.¹⁷

Given employers' intuitive distrust, the rise of the good temp must be explained. This worker is not a disembodied individual who materialized in response to abstract laws of the market, an explanation put forward by those espousing the "market-mediated" approach (Capelli 1999). In their view, the growth of the temporary workforce was a more or less straightforward outcome of supply (of temporary workers) meeting demand (from employers). To be fair, others have taken a social constructionist perspective and examined the ways in which the THS industry has worked to create demand for their services and workers (Ofstead 1999; Barley and Kunda 2004; Finlay and Coverdill 2002).¹⁸ But left to be fleshed out is the "market-making" work (Benner, Leete, and Pastor 2007; Peck 1996), the way the industry paved the way for the normalization of temporary employment and for the belief that using temps could be desirable and advantageous, vis-à-vis permanent workers. Also left to be explained is how and why agencies construct the *supply* of temps or the precise type of temporary worker that the industry strives to market: workers whom firms will agree to hire because they will accept the terms of temporary employment, turn in quality, reliable work, and possibly even be loyal to the companies where they labor.

The normalization of the good temp and of temporary employment by the beginning of the twenty-first century is a contemporary project that this book explains. And it is a project that cannot be understood, first, without analyzing historical discourses about temporary workers in relation to permanent workers and, second, without a microscopic examination of how agencies impress their product on the companies who "buy" their temps, assuage the fears and anxieties that hiring companies have about using temps on a broader scale, cultivate workers to become part of a laborforce of good temporary

workers, and manage what is nearly universally seen as a precarious and risky employment relationship.

Current Social Science Research about the New Paradigm

Reinventing and promoting a well-known product presents particular challenges to business leaders, as Howard Schultz noted when writing about “reinventing” coffee and building Starbucks into the megacorporation it is today.

“Yes, you can reinvent a commodity...” Conventional business wisdom tells you that the most attractive business start-ups have a proprietary idea or technology—something to offer that no one else has. Notable examples are Apple’s computers, Intel’s microchips, and Microsoft’s operating system. If you hold a patent to your product, so much the better. It’s less risky if you can erect some barriers to entry, to prevent a dozen competitors from popping up and grabbing your market away from you before you can establish yourself. We (Starbucks) had no lock on the world’s supply of fine coffee, no patent on the dark roast, no claim to the words “*caffè latte*,” apart from the fact that we popularized the drink in America. (Quoted in Schultz and Yang 1997, 75–76)

Temporary help service agencies have existed in the United States since early in the twentieth century (Moore 1965). Indeed, employment bureaus existed long before that and employers have hired workers on a temporary basis since the early days of industrial capitalism (Licht 2000). In the 1960s, temporary workers were standard issue—albeit a very small segment of the workforce—who worked on a stopgap basis to cover for regular workers. But the industry has experienced a pattern of substantial—some say explosive—growth since 1960. A series of well-documented, mutually conditioning events have contributed to this change, fueled by pressures on both the demand and the supply side of the equation. On the demand side, structural and global conditions were ripe for a new approach to employment relations to take hold. American corporations experienced

massive profit squeezes in the late 1960s, and from there on, American capitalism has grappled with many challenges to its economic hegemony. The rise of international competitors meant that American companies had to fight to maintain strong market positions. Businesses moved their operations overseas, where the overall cost of production was lower, given the availability both of cheap labor and of lax labor and environmental laws. Firms not only displaced their manufacturing workforces but began to engage in massive layoffs of managerial and professional employees as well, a historically unprecedented act. Many industries attacked their unionized workforces, and organized labor—champion of the permanent job that paid a living wage—became a scapegoat for America's competitive ills.¹⁹

Across the board, corporations turned their attention to the "problem" of labor, especially what THS industry leaders began to call "the true cost of labor" (see chapter 2). As large corporations dieted to become lean and mean—by reducing the size of permanent workforces, attacking unions, depressing wages, finding more productive ways of creating goods and services, and getting rid of excess bloat, whether in the form of humans or bureaucratic layers—THS industry leaders spied an opportunity to manufacture a new product that enabled firms to shed even more pounds. Current research shows at least three ways in which the industry accomplished this.

Changing Hiring Companies' Employment Practices

Social science researchers have documented the institutional, market-making work that the THS industry undertook in order to exploit this opening, to stoke demand for its product, and strengthen its standing as a growing industry. Their studies make a compelling case for the claim that the THS industry has been an active and purposeful collaborator in the restructuring of American employment relations (Gonos 1997; Peck and Theodore 2002).

For one thing, industry representatives had to persuade managers at hiring firms that employing temporary workers was a viable business strategy. Ofstead (1999), for example, has documented how temporary staffing agencies had to appease hiring managers' anxieties about the logistical complexities of bringing in temps and

to overcome their reluctance to change long-standing practices of hiring workers on a permanent basis. Vosko (2000, chap. 4) similarly noted that representatives from the Canadian THS industry, one that modeled itself on its U.S. counterpart, "sold" temporary workers by convincing employers that temporary employment could be a normative employment *alternative*, not just a *supplement*, to the traditional model of full-time, permanent jobs. Employers had to be convinced that using temps would not compromise trade secrets, that the costs associated with training and retraining workers would not be prohibitive, and that temps could be loyal to the companies that employed them (Vosko 2000, 149).

Because managers in hiring firms historically were concerned that temporary workers would not be reliable or productive, their level of distrust and suspicion was high. The prevalent stereotype that employers initially held of temps was that they were deficient, flighty, lazy, dishonest, or (at best) secondary wage earners who weren't capable of succeeding at "real work" (Henson 1996). One way that the "labor market entrepreneurs" in temporary-placement firms assuaged these concerns and built ongoing business relationships with hiring companies was by promising to send their best temps back to the companies as "repeat placements" (Ofstead 1999, 291).²⁰ Throughout this process, Ofstead argues, agency representatives continually adapted their "product offerings"—the quality and type of their temps—to better suit local labor market conditions (1999, 287). Introducing their own agencies as labor market intermediaries (as entities that would routinely recruit, screen, and manage temporary employees), garnering hiring companies' consent to use temps, and building legitimacy for this new employment institution constituted a historic stage in creating the triangular relationship that is the hallmark of temporary employment (see also Parker 1994).

Ofstead studied employment relations in transition and the difficulties that the temporary-placement industry faced in carving out demand for its product, showing how it constructed demand for temporary employees; her account contains the seeds of the practice of marketing "good" temporary workers. Although she doesn't fully articulate this point, such workers would be the foundation for the long-term success of the industry. Her study, however, raises an

unavoidable and nagging question: with so much riding on their sales pitches and marketing strategies, how did the industry ensure that it could maintain a supply of dependable, quality temps? How did agencies attract the workers who would become part of their labor pool, their marketable product? Not only did agencies struggle to generate demand from hiring companies; they had to create demand for their services from employable temps. What, after all, led a worker to choose one agency over another in an era in which agencies were plentiful and multiplying?

*Changing Employment Law and Exploiting Trends
in Employment Litigation*

In related developments, representatives of the THS industry intervened over time to reshape labor law, hoping both to generate demand for their product and to improve the competitive conditions of their industry. Temporary-placement companies had existed since the early twentieth century but only after World War II, George Gonos (1997) argues, did the THS industry emerge, spearheaded by Manpower, Inc., and the National Association of Temporary Services (NATS). The THS industry lobbied and worked through state and federal courts to become legal employers of temporary workers and to embed itself deeply in the contemporary employment relationship.²¹ This accomplishment had two profound implications: it meant that the temporary agency, rather than the hiring company, became the employer of record, so that firms rid themselves of legal obligations to a subset of their workers. Given that managers in hiring firms did not actually have to fire temps themselves, given that they could simply inform agencies if they didn't want certain temps to return or if they needed a fresh supply of temps, the corporate world gained great latitude over their use of labor. The new temporary-help formula "became a key mechanism for the dramatic restructuring of employment relations that began in the 1970s, that is, for the break-up of... the New Deal model of industrial relations" (Gonos 1997, 86).

Changes from other quarters of the legal system fueled the efforts of the industry. For example, with the rise of litigation over wrongful termination in the second half of the twentieth century,

employers became less willing to enter into permanent employment contracts with workers (Autor 2003).²² At-will employment—the unlimited discretion that an employer or an employee has to terminate the employment relationship at any time—has been eroded, since employees have successfully sued companies when they are terminated. By hiring temporary workers whom they can scrutinize and “test” for permanent hire, client firms are “contracting around the risks” in Autor’s terms (2003, 7). If they decide that a temp will not be acceptable as a regular worker, the client firm incurs no liability when it declines to invite the worker to return to the job or refuses to hire the temp for a regular position.

Autor makes the dramatic claim that changes to the at-will employment doctrine—the “try before you buy” practice (Peck and Theodore 2002, 169)—over the last several decades accounts for 20 percent of the growth of employment in temporary-help services and that as of the year 2000 it had accounted for 365,000–530,000 additional workers employed in THS on a daily basis (2003, 3). In striking ways, the burden and cost of at-will employment has simply been shifted from the hiring firm to the temporary-placement agency, a policy shift embodied in temp-to-perm programs that the THS industry has been all too willing to exploit and manipulate. With such programs, companies hire temps for a probationary period and then transition, or convert, them into permanent workers (Smith 1998).

Changing Compensation Practices

The THS industry gained further traction by dismantling the fee-splitting system that was widely used up through the mid-twentieth century. Gonos’s analysis of the demise of fee splitting and the introduction of the markup system touches on a pivotal point in the transition to nonstandard employment relations. Under the earlier fee-splitting system, each placement that an agency made generated a one-time-only fee, paid by the worker herself, which would be split between the agency and the hiring firm. The markup, in contrast, was the “secretive” practice by which a hiring company, in negotiation with the temp agency, agreed to pay temps an hourly wage, plus a certain amount per hour which went to the agency and constituted

the agency's profits. The markup system allowed agencies to mask the degree to which they were profiting from temp placement. The client firm paid the fee directly to the temp agency rather than to the temp worker, leaving the latter out of this primary transaction. Furthermore, agencies were not required to post or report their markup schedules to temps [Gonos 2000–2001, 2001].

The hourly markup system also provided the underpinnings for what we now think of as permatemps: temporary workers who work in single positions for a long period of time. Because agencies continually profit from the temps' labor (agencies are now compensated for every hour that a temp works, not just the initial hire), agencies have no reason to move temps around from job to job. Neither the agency nor the hiring firm could profit from routinely letting go of temps and bringing in new ones.

Unanswered Questions

To a large degree, scholars have demonstrated, temporary help service agencies have stabilized the regulatory and the institutional environment for their product.²³ But two issues remain understated and unproblematicized. First, throughout the period that Ofstead, Gonos, and Autor discuss, what was changing at the broader cultural level—the level of business norms, ideals, and philosophies—that would have eased the fears and doubts of business managers about temporary workers? How did employers come collectively to grasp and trust that the temp was no longer simply a stopgap measure and that using a temporary workforce was a reliable staffing strategy? To be sure, agency representatives could try to sell temporary workers to managers at hiring companies by meeting with them and talking about the “temporary advantage.” But spot visits, we would expect, would be effective only if they took place in an environment in which ideas and values about employment were shifting and pervading business culture as well.

Second, how does the THS agency work to stabilize its supply of good temporary workers? Gonos's important research, side by side with Ofstead's work, shows how an industry continually and systematically pressed for industry advantage, created demand for

its product, and constructed one of the most important labor market practices of the contemporary economy. Once the THS industry had created more suitable market and legal conditions for the new temporary employment relationship, however, where was it to find the reliable temporary workers on whom the success of the industry depended?

Both Ofstead's and Gonos's work suggests an important problem facing the THS industry. Given that THS agencies must compete with other agencies to survive (as does any enterprise in a capitalist market economy), they must manufacture a steady supply of their product. Moreover, an agency must market a competitive product, one that gives hiring firms clear reasons to use its temporary workers. These competitive dynamics give THS firms a strong incentive to manufacture a quality product: a steady supply of good temps. They are selling able-minded and able-bodied individuals, to be sure, but they are also selling their own ability to deliver a pool of temporary laborers, temps-in-waiting.

Part of the answer to the question of where temporary workers come from lies in the changing nature of the contemporary economy. Although a fair number of people choose to work in temporary positions because they want to, more and more workers in the United States have no choice but to use temp agencies because they have either been displaced or are unable to find permanent jobs. The majority of those who hold temporary jobs would prefer to have permanent jobs, but in an era when permanent jobs are in short supply and when many jobs repel workers because they pay only minimum or low wages, a temporary position in a decent company can look attractive.²⁴ It doesn't take much in the way of sophisticated advertising or false rhetoric to establish the appeal of temporary employment, and having an agency that seems to be working for you can feel like a positive buffer from the worst of the job market.

Even Richard Bolles, the guru of job hunting and author of the best seller *What Color Is Your Parachute?*—the leading advice manual for people who want to find their dream jobs—acknowledges the nature of the changing economy, advising his readers, "If you are having trouble finding a long-term, full-time job, you certainly want to go

register at one or more of these [temp] agencies" (2007, 199). It seems that Americans have taken this advice to heart: the American Staffing Association claims that, according to a survey they contracted, over three-quarters of staffing employees in 2006 saw temporary and contract work as a path to a permanent job and believed that their temporary positions enabled them to gain new skills and expertise; almost 60 percent of them said they believed that a temporary job would help them get a foot on the bottom rung of a permanent career ladder (American Staffing Association 2006b, fig. 5).

In this sense, agencies clearly can play on workers' insecurity when they search for new recruits, and unquestionably, there is considerable structural pressure on workers today to seek out the services of temporary help agencies. This pressure—coupled with the fact that throughout the twentieth century the THS industry actively worked for legitimacy and a hospitable legal environment for the agencies' services and products—has been well established in the vast literature on temporary employment. But still missing is a picture of the active work in which agencies engage to recruit a particular type of temp and maintain a stable, ongoing workforce of good temps. Understanding this requires a detailed explanation of what drives competition in the temporary help service industry.

Understanding Competition and Profitmaking in the THS Industry

Temporary help service firms earn their profits in a variety of ways. They sell their expertise and ability to assist with human resource administration, recruiting, screening, hiring, placing, monitoring, and firing temporary workers (Pfeffer and Baron 1988; Smith 1997; Vosko 2000); take over payroll management (temps are on the agencies' payroll, not the hiring company's payroll); set up on-site offices from which they interact with and oversee temps ("vendor on premises" arrangements: Benner 2002; Vosko 2000); and engage in secondary sourcing, wherein agencies contract with other agencies who can provide a back-up supply of temporary workers in times of high