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The Role of Nonstandard Workers in Client-Organizations

KAREN M. OLSEN

This paper examines the diversity and complexities of nonstandard work. Two types of nonstandard workers are studied: workers employed by temporary help agencies (THAs) and contract company workers, both of which are involved in a triadic employment relationship. The analyses are based on interviews with managers in three service-sector companies in Norway. The paper discusses the dilemmas managers in client-organizations face when agency temporaries and contract company workers are integrated and do work similar to what is done by the regular workers in the firm. Managers in client-organizations require loyalty from nonstandard workers, and under certain conditions, nonstandard workers are able to form pressure groups. The findings are discussed in relation to the highly regulated labour market in Norway, in a period of labour shortage.

Research on nonstandard work has typically conceptualized organizations and labour markets in terms of a core-periphery division (Magnum, Mayoll and Nelson, 1985; Pfeffer, 1994; Lepak and Snell, 2002; Matusik and Hill, 1998). The core-periphery model is grounded in the assumption that certain tasks or activities in an organization are more vital than others. Generally, it is assumed to be advantageous for organizations that core functions be undertaken by regular workers who enjoy continuous employment, while peripheral activities may be performed by workers who are loosely connected to the organization, such as nonstandard workers.

— OLSEN, K. M., Institute for Research in Economics and Business Administration (SNF), Bergen, Norway, karenm.olsen@snf.no.
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However, increasingly, firms are found to use non-standard workers also in core activities and integrated with regular workers (e.g. Lautsch, 2002; Gramm and Schnell, 2001; Smith, 2001). This development has encouraged research concerning consequences of non-standard work for managers and co-workers in the client-organizations (Connelly and Gallagher, 2004). In this paper, I show how the use of agency temporaries and contract company workers raises dilemmas for commitment, loyalty and power relations in the client-organizations. The study is conducted in a regulated labour market, which provides a new context to the existing literature of nonstandard work.

During the last decade, the use of nonstandard work, such as temporary help agencies (THAs) and contract work, has increased in many industrial nations (De Grip, Hoevenberg and Willems, 1997; Carnoy, Castells and Benner, 1997; Lee, 1996; Kalleberg, Reynolds and Marsden, 2003). Many THAs have expanded their range of services, increasingly providing subcontracting services that were previously dominated by contract companies. The increase of professionals in THAs has lessened the stigmatization of these workers and increased their social status (Barker and Christensen, 1998). In the service industry, in particular, the large increase in the use of subcontracting and agency temporaries (Clinton, 1997) has made this sector particularly appropriate for studying nonstandard workers.

The use of nonstandard work arrangements, such as workers involved in triadic employment relations, is found to influence the client-organizations, often in unintended ways. The complexities in the employment relationship are found to produce dilemmas and challenges in managing non-standard workers (Rubery et al., 2003, 2004; Ward et al., 2001; Ang and Slaughter, 2001; Connelly and Gallagher, 2003). Furthermore, workers in triadic employment relationship, such as agency temporaries and contract company workers are found to develop dual commitment, sharing commitment both to their agency and their client (Liden et al., 2003; McKeown, 2003; Rubery et al., 2003). Lastly, the composition of non-standard and regular workers in the firm is found to influence the regular workers’ loyalty and behaviour (Davis-Blake, Broschak and George, 2003; Chattopadhyay and George, 2001). This research was mainly restricted to the United Kingdom, United States, Canada, and Australia within the distinct institutional setting of Anglo-Saxon culture where there are few labour market regulations (particularly in the U.S. and UK) and greater freedom for employers to choose employment arrangements.

In this paper, I use qualitative interviews from three case companies to examine the diversity in nonstandard work. I find that firms use agency temporaries, and contract company workers work in the core, integrated with regular workers, that managers question the loyalty of nonstandard workers,
and that nonstandard workers constitute latent power-groups. The paper is organized in the following way. First, I compare the institutional setting of Norway with Anglo-Saxon countries. Second, I summarize some of the main literature on organizations’ use of nonstandard work, and present the method and the cases. Finally, I present the analyses, which is followed by a discussion and conclusion.

**INSTITUTIONAL SETTING**

Organizations’ use of agency temporaries and contract work depends, in part, on institutional factors, such as labour law, regulations governing trade union influence, employment protection, and the operation of THAs. To grasp the wider context in which organizations are embedded, some vital dimensions of the institutional setting in Norway are presented. I am not able to examine the effects of institutional context, only having data from one country. However, the description provides a basis for comparing the institutional setting in Norway to some Anglo-Saxon countries, from which the major part of the literature on non-standard work derives.

**TABLE 1**

<table>
<thead>
<tr>
<th>Regulations on THA (2000)</th>
<th>EPL(^1) ranking (I = least strict)</th>
<th>Union density (2000) (2) %</th>
<th>Temporary employment (2000) (1) %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norway limited by reason for hiring</td>
<td>21</td>
<td>54</td>
<td>10</td>
</tr>
<tr>
<td>United Kingdom no regulations</td>
<td>2</td>
<td>31</td>
<td>7</td>
</tr>
<tr>
<td>Canada no regulations</td>
<td>3</td>
<td>28</td>
<td>13</td>
</tr>
<tr>
<td>United States no regulations</td>
<td>1</td>
<td>13</td>
<td>4</td>
</tr>
<tr>
<td>Australia no regulations</td>
<td>6</td>
<td>25</td>
<td>6</td>
</tr>
</tbody>
</table>

Note:

Table 1 compares the institutional setting in Norway to the United Kingdom, Canada, the U.S., and Australia. The institutional setting in Norway shares characteristics that may both encourage and discourage the use of non-standard forms of labour.
Two factors may encourage firms to use nonstandard workers in Norway. First, strict employment protection legislation (EPL) (i.e. obstacles to terminating open-ended contracts) is believed to make employers prefer fixed-term contracts that are less costly to terminate (Lee, 1996). Table 1 shows that the EPL in Norway is ranked as stricter than all the four Anglo-Saxon countries. Second, the welfare system in Norway provides workers with substantial access to leave of absence which produces a need for fill-in persons, such as temporary employment (Olsen and Kalleberg, 2004).

Certain factors may also discourage the use of nonstandard workers in Norway. Unlike Canada, but like many other European countries, the temporary help industry in Norway is regulated (Vosko, 1998; Evju, 2003). Hiring-out of manpower is permitted, although there are certain restrictions on the user enterprise (Evju, 2003). Nevertheless, the operation of THAs and contract companies in Norway is, as in many other countries, dominated by a few, large, international companies. As in the Anglo-Saxon countries, there are no restrictions on the access to using workers from contract companies in Norway.

Nonstandard work arrangements have enabled firms to adjust their workforces more easily to uncertain market demands, and to save on labour costs (Lautsch, 2002). As all residents receive health insurance in Norway, the potential to save on fringe benefits by using nonstandard workers is of less importance than in many other countries. Norway has a national sickness benefit scheme, and all employees—including employees of temporary help agencies and contract workers employed by a contract company—are entitled to pay during sickness. (Consequently, workers employed by these employment intermediaries have, in principle, the same rights as other employees.) Nevertheless, the need for firms to adapt to market changes is widespread, and this is also the case in Norway. The reported reasons for using agency temporaries and contract company workers, such as adjusting to seasonal changes, screening for recruitment, and special expertise are prevalent in Norway (Olsen, 2005), as in the U.S. (Houseman, 2001).

For workers, non-standard work arrangements typically imply greater job insecurity and unions generally oppose these arrangements. Norway is often labelled a corporatist country (Høgsnes, 1994), in which labour

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1. In the UK, recent legislative changes have been made to increase the rights of agency temporaries; however, there are no restrictions on the access for firms to use this form of labour (Ward et al., 2001).
2. Before 2000, the THAs were permitted to hire out workers in the “office sector”.
3. As certain benefits (e.g. pension rights) depend on seniority, workers on fixed-term contract are at higher risk for being excluded.
is strong and collective bargaining is widespread. Table 1 shows that 57 percent of workers are union members. This is lower than the other Scandinavian countries, but higher than most Anglo-Saxon countries. Despite the relatively high unionization in Norway, the use of temporary employment is common. Table 1 shows that 10 percent of the workforce has temporary employment, which is lower than in Canada and higher than the UK, the U.S. and Australia. Table 1 shows only the numbers for temporary workers in general, and not for employees of employment intermediaries (such data have apparently not yet been compiled). In summary, the institutional setting in Norway is distinct from the Anglo-Saxon countries, although some of the motivations to use agency temporaries and contract company workers are the same.

**THEORY AND RESEARCH ON NONSTANDARD WORK**

**Defining Nonstandard Work**

In this paper I examine a certain type of nonstandard workers, those employed by means of employment intermediaries. Two main categories of employment intermediaries are studied: (1) Workers from temporary help agencies (THA), who are employed by the THA but supervised by the client-organization, and (2) contract company workers who are both employed and directed by the contract company. It is the employment intermediary that has employer responsibility and pays the salary of both these types of workers. Unlike regular (standard) workers, these workers are involved in a triadic relationship, having their employer outside the client-organization. The theoretical differences between agency temporaries and contract company workers relates to who directs their work (Kalleberg, 2000); however, in practice the way in which the supervision and direction takes place in client-organizations may be less clear.

The term non-standard work embraces several specific forms of work arrangements and employment relations (see Kalleberg, 2000). The downside of using terms such as “non-standard” and “contingent”, is that they may blur the diversity of the particular employment relations they try to

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4. Whereas, independent contractors are self-employed, contract company workers are employed by a contract company.

5. Both of these groups of workers may consist of full-time or part-time workers, and they are heterogeneous in terms of profile. Women and young people are over-represented among agency temporaries in Scandinavian countries, including Norway, as well as in Canada (OECD, 2002). In this study, the contract workers consist of highly educated, technical experts (see Table 2), whereas agency temporaries generally are less educated than the contract workers.
The meaning of these terms has been questioned. For instance, Polivka and Nardone (1989) showed how the term *contingent* originally was understood as lack of attachment between the workers and the employer. However, the operational definition has included part-time workers who may have secure employment. As both workers employed by a contract company or a THA may have an open-ended contract (although, also in Norway the large majority of workers employed by THAs have a fixed-term contract, see Torp, Schøne and Olsen, 1998), the term *contingent* may be misleading. The advantage of the term *nonstandard* is that it does not necessarily imply low job security for workers.

**Nonstandard Workers in High-Skilled, Core Jobs**

Much of the recent literature has contested the previously stereotyped picture of non-standard workers as low-skilled, “secondary”, and only taking care of peripheral tasks. Although the early studies on nonstandard workers traditionally focused on low-skilled workers (Rogers, 1995; Geary, 1992; Barnett and Miner, 1992; Nollen, 1996), an increasing number of studies have included higher skilled workers, such as technical and professional IT contractors (Ang and Slaughter, 2001; Kunda, Barley and Evans, 2002; McKeown, 2003) and lawyers (Rogers, 2000).

As the high-skilled side of nonstandard work increasingly has come into focus, it has been discovered that the tasks of nonstandard workers are not always peripheral. For instance, firms are found to use temporary workers and contract workers in their core activities (Gramm and Schnell, 2001; Nesheim, 2001). One recent theoretical framework suggests that under certain conditions, such as in very dynamic environments, a limited number of contingent workers in core-value creation activities may be advantageous to the client-organization, creating a competitive advantage (Matusik and Hill, 1998). Furthermore, Lautsch (2002) develops a theoretical framework showing that there are systematic differences in nonstandard jobs due to management strategies and work practices. When nonstandard workers are used to enhance flexibility, these workers are more likely to be integrated with the regular workers, more so than when cost-saving purposes are the main motivation.

As temporary and regular workers are found to often work side-by-side and in teams (Smith, 2001), the picture of these workers as inferior to regular workers is challenged (Matusik and Hill, 1998). Kunda, Barley and Evans (2002) found that although high-skilled contract workers do face some of the same uncertainty as traditional temporary workers, they have far more autonomy and choices for further employment, and are sometimes better paid than permanent employees.
Loyalty and Commitment of Nonstandard Workers

The triadic relationship in which agency temporaries and contract workers must deal makes organizational commitment complex (Connelly and Gallagher, 2003). Who should these nonstandard workers feel loyalty to: their client or their employer? Recent literature shows that workers assigned by temporary agencies are found to show dual commitment, sharing commitment both to their temporary help agency and their client (Liden et al., 2003). McKeown (2003) found that sometimes, contractors tended to show stronger commitment to their client than to the agency.

Generally, workers that show strong commitment to the organization are considered more motivated to perform well. However, non-standard workers enable firms to more easily adapt to changes in the market (Atkinson, 1985). This implies that commitment and loyalty are less important and that managers in client-organizations may not even want committed nonstandard workers. Thus, the lack of commitment of non-standard workers may be regarded as a trade-off, with these workers providing the shifting manpower-needs of the client-organization.

Much of the existing research suggests there is little difference between regular employees and contractors in terms of organizational commitment and work involvement (to the client-organization) (Pearce, 1993; Galup et al., 1997). However, to managers in client-organizations, the issue of loyalty among nonstandard workers is often regarded as problematic. Managers are found to be concerned by the lack of loyalty among agency staff and contractors (Grimshaw et al., 2001; Ang and Slaughter, 2001).

Tensions in Client-Organization

The presence of nonstandard workers produces a number of consequences for the client-organization. The use of non-standard workers is found to affect the loyalty of the regular workers within the firm (Davis-Blake, Broschak and George, 2003). Davis-Blake et al. (2003) found that a blended workforce of standard and nonstandard workers worsened the relationship between managers and employees, and decreased the loyalty of standard workers. Geary (1992) found that the use of temporary workers gave rise to a number of tensions and disadvantages for the client firm, for instance, that regular workers “ordered” the temporaries around. Also, the composition of non-standard workers and regular workers has consequences for behavioural outcomes. The difference in statuses (temporary versus internal workers) had negative effects on internal workers when work groups were dominated by temporary workers (Chattopadhyay and George, 2001).
Workers hired through an employment intermediary are involved in complex employment relations. Rubery et al. (2004) showed how the complexities in inter-organizational employment relationships presented barriers to applying consistent policies to managing workers. Ward et al. (2001) found that the use of agency temporaries constituted a conflict with other corporate goals. The agency workers represented a large proportion of the total workforce, which created contradictions for the local managers, and ultimately created management problems.

**METHOD AND DATA**

**Research Setting**

This study is based on interviews with managers in three organizations. Emphasizing the views of managers in client-organizations provides a fruitful basis for understanding the many facets of the nonstandard work phenomenon. As the service industries experience rapid growth and stand out as having disproportionately high use of agency temporaries and contract workers, the context for studying the use of nonstandard work is promising.6

The three organizations are selected due to their diversities as well as their similarities. Selecting more than one organization increases the diversity, while selecting organizations within the same industry controls for some variation (Eisenhardt, 1989). All three organizations belong to the service industries, including two from the financial sector and one from telecommunications.

**Finance-I** and **Finance-II** are insurance companies with 600 and 1,100 employees respectively. Insurance, banking, and investment-products constitute their main business areas. Both companies had been through processes of downsizing during the 1990s. The main activities in both companies were to sell and process insurance and banking products. The average age of employees was about 40 years in both companies. Selecting two similar organizations (**Finance-I** and **Finance-II**) allowed me to examine whether there were differences in the use of nonstandard work despite similarities in organizational characteristics.

**Telecom** was a telecommunications company (non-unionized) founded in 1996 and the number of employees was 430. Telecommunications has

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6. For example, among 230 establishments in the financial sector in Norway, 61 percent use workers from THAs, and 86 percent use contract companies. The corresponding numbers for a representative sample of establishments are respectively, 30 percent and 71 percent (Olsen and Kalleberg, 2004).
been a growing industry, and TELECOM was one of the new competitors of
the previously publicly owned company that had had a monopoly in the
telecom market. TELECOM had a young workforce, the average age being
about 33-34 years. The recession in the information technology sector hit
TELECOM particularly hard and led to its bankruptcy in the fall of 2001.
According to analysts, the operation of TELECOM was too capital-intensive,
and management had taken on too large a financial risk (Dagens Næringsliv,
2001). The company had increased the number of employees very quickly.
The significant use of agency temporaries and contract workers may not
directly have caused the bankruptcy, although it may be an indication
of a company that was trying to grow too fast without having a clear
strategy.\(^7\)

The three cases differ on degree of unionization. The two financial
companies were relatively highly unionized, whereas the Telecom was
non-unionized. The share of unionized workers was 70 percent in FINANCE-I
and 55 percent in FINANCE-II.

Although there are significant differences between the financial sector
and telecommunications, they have some similar features: they both depend
heavily on advanced information technology systems, and access to this
expertise was limited in the period of this study (2000). (The unemploy-
ment rate was low at the time: 3.5 percent, see SSB, 2004b.) In all three
companies, the staffs ranged from lower clerical workers to highly skilled
computer programmers and mathematicians. The majority of regular
employees in these companies had, to some extent, similar educational
backgrounds, with 2–4 years of business administration studies being
common.

\textit{Data Collection}

I conducted interviews with 28 persons in three case-companies; 20
of the interviews were semi-structured face-to-face interviews with top-
middle- and lower level managers and union-representatives (all recorded
and transcribed) (five interviews in FINANCE-I, eleven in FINANCE-II and
four in TELECOM). All of these took place in the client-organizations during
2000, and the interviews lasted on average one hour. The other eight were
telephone interviews or shorter face-to-face interviews (not recorded) (three
interviews in FINANCE-I, two in FINANCE-II and three in TELECOM), and often
supplied with e-mail correspondence. At TELECOM, the data collection had
to stop at an earlier point than planned due to bankruptcy.

\(^7\) Several respondents argued this to be the case.
The interview guide consisted of two main groups of questions (1) arguments and reasons for using agency temporaries and contract workers, and if there had been any recent changes, if so, why etc., and (2) experiences with the use of these workers, which work tasks were done by nonstandard workers versus regular workers, and what challenges the managers faced by having both regular and contract workers in their unit. The interviews and documentary information were coded, first within- and then across cases, separately for agency temporaries and contract workers. In the analyses that follow, the term nonstandard workers refers to both agency temporaries and to contract workers.

**Nonstandard Work in the Three Cases**

Table 2 shows the number of agency temporaries and contract workers. The use of agency temporaries and contract workers may be regarded as being institutionalized in both FINANCE-I and FINANCE-II. Both companies had ongoing arrangements with THAs and contract-companies to provide them with personnel, and the decision on when to use agency temporaries was decentralized. The authority to use contract workers was more centralized in all three companies, which was due to the higher costs related to these workers. The use of agency temporaries had been relatively stable in both FINANCE-I and FINANCE-II for the previous five years. Their assignments might be as short as one week, although the majority of assignments lasted approximately six months. TELECOM had by far the most agency temporaries and contract workers, and in 2000 they constituted close to one third of the total workforce. (In their own terms, they called them “externals”, implying that these people had their employer outside TELECOM.) In the two financial companies, the overall use was modest, although these workers constituted a considerable proportion within certain departments of the organizations.

In all the companies, the agency temporaries and contract workers were located at the client organizations’ premises. Reducing the number of both agency temporaries and contract workers was an explicit goal in TELECOM, while reducing the number of agency temporaries was of some importance in FINANCE-I. In FINANCE-II, the number of agency temporaries or contract workers was not an issue of discussion, either at corporate level or at lower levels in the organization. This may have to do with the fact

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8. The program NUDIST was used for coding the information.
9. Unfortunately, I was not able to get an interview with the IT-manager in FINANCE-I. However, the use of contract workers was of minor importance, because the company was provided with IT-expertise from its owner-company.
that there were not so many nonstandard workers in the organization at the time, and that Finance-II had faced major organizational changes in other respects.

**TABLE 2**
Number of Agency Temporaries and Contract Company Workers in the Three Companies

<table>
<thead>
<tr>
<th></th>
<th>Agency temporaries</th>
<th>Contract company workers</th>
<th>Number of regular workers</th>
<th>Ratio nonstandard/regular</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance-I</td>
<td>80</td>
<td>8-10</td>
<td>560</td>
<td>0.16</td>
</tr>
<tr>
<td>Finance-II</td>
<td>30</td>
<td>35-40</td>
<td>1100</td>
<td>0.06</td>
</tr>
<tr>
<td>Telecom</td>
<td>44</td>
<td>141</td>
<td>430</td>
<td>0.43</td>
</tr>
</tbody>
</table>


The majority of workers from temporary help agencies worked in the Customer-service ("Call-centers") in both financial companies. In Telecom, agency temporaries were also used in this unit, in addition to many other units. The majority of contract workers worked in technical departments (IT-support, -implementation and -development) in Telecom and Finance-II. IT-development is specific to each company, and both in Finance-II and in Telecom, contract workers were involved in developing IT-solutions. In Telecom, even the person that was responsible for developing IT-strategy worked for a contract company.

**ANALYSIS OF THE THREE CASES**

**Nonstandard Workers in Core Functions**

Table 3 provides a definition and description of agency temporaries and contract workers used in the three firms. The three companies gave two main reasons for using agency temporaries: to adjust to variable labour demand (absentees and peak periods) and to screen workers for regular positions. One of the assumed advantages of using nonstandard work is that their skills are generic, and do not need to be firm specific. However, it became apparent that the work that the agency temporaries do requires certain skills. This is reflected in the amount of training. Three to four months of training is common in Customer-service in Finance-II.
### TABLE 3
Definition and Description of Workers from Temporary Help Agencies and Contract Company Workers

<table>
<thead>
<tr>
<th>Theoretical definition</th>
<th>Description of workers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who directs work?</strong></td>
<td><strong>Degree of skill-specificity</strong></td>
</tr>
<tr>
<td>Agency temporaries</td>
<td>General</td>
</tr>
<tr>
<td>Contract company workers</td>
<td>Specific, technical experts</td>
</tr>
</tbody>
</table>
In all three companies, the policy was to have contract workers do work that required special expertise (Table 3). This was a consistent answer among all the respondents. The contract workers within IT were intended to either support the regular workforce by doing routine work or to be involved in specific projects that were not part of the regular tasks. Policy and practice collide here, which became increasingly apparent when I talked to lower managers that had more direct contact with the agency temporaries and contract workers. Almost half of the respondents stated that agency temporaries and contract workers often did the same work as regular employees.10

In principle one should lease workers that should work on more basic routine work. This is hard to accomplish, so in fact we lease workers within all areas....it is...we leased [contract] workers to do routine tasks, but in reality this can be hard (middle manager about the use of contract workers within IT, FINANCE-II).

The fact that contract workers held critical positions in the client organization was particularly apparent in TELECOM. Even one of the managers of a large unit was an independent contract worker, which was considered a major problem.

In FINANCE-I and TELECOM, nonstandard workers often had long-term assignments. Agency temporaries had sometimes been in the client firm for as long as two years. “This implies that they really fill a regular position, more than time limited projects or tasks” (middle manager, TELECOM). It is the worker that is temporary, not the job, following Smith’s (2001) argument. TELECOM had detailed statistics on the number of nonstandard workers as a means to visualize how great their problem was. About half of the agency temporaries and contract workers (a total of 185) filled regular positions (by TELECOM’s own definition), while the other half had temporary tasks. More than half of the agency temporaries and contract workers had been in the company for more than seven months, which was partly due to difficulties in obtaining qualified labour for regular positions, particularly within information technology. In TELECOM, the aim was to have contract workers work on projects that were limited in time, which was often not accomplished. One example is when an IT-manager (contract worker) started on a three months’ assignment, and ended up staying in the organization for 18 months.

In all the three case-companies, neither the agency temporaries nor the contract workers were segregated from the regular workers—they worked side-by-side and often on projects and teams together. Contract workers

10. This was not without controversy. Sometimes contingent workers held positions that the regular workers (and unions) thought they should have.
and agency temporaries can even be head of a project or team. The staffing of projects was estimated in Finance-II to be 10–30 percent contract workers. In Telecom it could be as high as 100%. In both Finance-II and Telecom, it was common for contract workers to be team/project leaders.

The agency temporaries, contract workers and regular workers were largely integrated in terms of attending meetings and arrangements in all three companies.

Temperaries attend the same meetings as the regulars. I try to involve them [agency temporaries] in most things. . . . that they attend meetings and gatherings and so forth. We are very dependent on them, so we try and include them whenever we can (lower manager, Finance-I).

Nonstandard Workers and Loyalty

The theoretical distinction between agency temporaries and contract workers is that contract workers are instructed by their employer and not by the client-company (Kalleberg, 2000; Table 3). In practice, this distinction is more blurred, which was particularly evident in Telecom. In Telecom the contract workers had little contact with their employer, sometimes not even on a monthly basis. This was a result of the company using the contract workers for the same work as regular employees, and not as intended, which was to use them for special projects. It was also evident in Finance-II that the client-organization directed the contract workers, and not the employer (the contract company).

The loyalty of nonstandard workers came into question in these companies. This was particularly regarded as a problem in Telecom. One respondent puts this rhetorically “does their loyalty follow their own firm or our company?” showing the complexity of the triadic employment relationship. The lack of loyalty was exemplified by one personnel director: a project leader, who was an agency temporary, quit, giving less than a week’s notice, and started working for one of Telecom’s subcontractors.

When agency temporaries and contract workers stayed in the client-firms for long periods of time, they managed to acquire valuable knowledge of the firm, and social relations were sometimes strong with the regular workers. Sometimes the agency temporaries treated the client-firm as their employer, which was also apparent in Finance-II.

They regard us almost as their employer; it is just some lists of working hours [to the temporary help agency]. But I am very concerned that the feedback from the agency should also be there. Most of them have not had previous temp-assignments, so they do not really have a relationship with the agency. This is a problem for us sometimes. They start bringing things to us that they really should speak to the agency about, so we have to guide them a little too (lower manager, Finance-II).
Quite a few of the managers regarded lack of loyalty among nonstandard workers as problematic. This may be explained by the fact that the agency temporaries and contract workers are not that easily replaceable, having critical positions and doing largely the same work as regular workers. “The downside is the loyalty [of the agency temporaries] . . . if you have someone that works two months and has high skills . . . you risk losing them” (lower manager, FINANCE-I). One example from Telecom can also illustrate this:

We have even had cases where the manager has had responsibility for the budget and also has been a contract worker and leased a lot of persons from his own company, and really had it going. That is not good (lower manager, TELECOM).

FINANCE-II was aware of its vulnerability in using contract workers and the company had a clear policy on when to use contract workers—generally for projects, not in regular positions. Despite this not being fully accomplished, there seemed to be few problems in regard to the use of agency temporaries and contract workers in this company. One aspect that was mentioned as a potential source of conflict was that the control and maintenance of a service might be harder when having contract workers. One of the managers stated that regular workers have greater possibilities to understand the market-needs, understand the real needs and develop solutions internally (as opposed to agency temporaries/contract workers). This may be interpreted as “architectural knowledge”, which relates to knowledge concerning the whole (Matusik and Hill, 1998).

**Tensions and Complex Power Relations**

Having nonstandard workers in the client-firms produced certain tensions. According to some managers and to one union representative in FINANCE-I, the regular workers had complained about the agency temporaries being too integrated. In an internal note to the personnel department from the union representative, some of the complaints were as follows: the agency temporaries boss around the regular employees, they learn tasks too quickly, they refuse to train the regular workers, and they have too critical positions in introducing the new work processes.11 This may be an illustration of “periphery” workers getting too close to the core, making the core-workers feel threatened. I asked why agency temporaries trained regular workers. This happened occasionally. The lower manager

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11. “New work processes” was a re-organization that aimed to make work-tasks run more efficiently and smoothly. There was also a goal of making jobs redundant. To avoid laying off any of the regular employees when the change processes were completed, the estimated reduction of positions was filled with agency temporaries.
in Finance-I explained that, when the agency temporaries have been in the company for a long time, and a new regular worker is recruited for a position, the agency temporaries would refuse to train the new worker. However, managers were aware of the tensions this could create and tried to avoid this situation.

In Finance-I, managers emphasized that regular employees sometimes appeared as the weaker part compared to agency temporaries. The personnel manager in Finance-I describes the agency temporaries as the “next generation of workers”. They are flexible, and they often grasp the technology more quickly than regular employees. One middle manager put it this way:

It is not many of the regular employees, which have been here for like . . . 37 years that think it is fun that an agency temp learns and understands and grasps the tasks after a few weeks. And that has happened . . .

In introducing new work methods, the regular workers, who were generally older than the agency temporaries, had more trouble using IT-based tools.

What was the biggest problem for the regular workers was easy for the agency temporaries . . . and that they [agency temporaries] have to teach the old ones [regular workers] everything with the new processes—that is the biggest problem for them . . . (middle manager).

The new work processes also implied that regular workers might lose power in terms of knowledge. Knowledge that previously was exclusive to some workers would now be available to everyone.

Under certain conditions, nonstandard workers constitute a power group within the client-organization. In customer-service (Finance-I), the manager found that the agency temporaries at some point became a pressure group. “When you have many [agency temporaries] at the same time, they can become a pressure group” (lower manager, Finance-I). “We had 14-15 agency temporaries that we were totally dependent on to make a good result”. These constituted half the workforce in this particular unit, and their contract at the client firm would stop at a predefined point. From this date, they were promised regular positions at the client firm, which they were also offered. However, these agency temporaries became a pressure group, threatening to quit, not wanting a regular position unless wages were increased. This shows that resistance from agency temporaries may be collective, and not always individualized (Rogers, 2000; Gottfried, 1992). In certain circumstances, as in Finance-I, they can actually form a power group.

The use of nonstandard workers caused problems in some respects, despite the fact that the work tasks they performed were largely satisfactory
to the client firm. In using contract workers, the greatest problems were related to costs. In TELECOM, there were incidences of high-priced contract workers doing routine work for which they were over-qualified. As the costs related to a contract worker were up to three times that of regular employees (see Table 3), this was considered a major problem.

**DISCUSSION**

*Complex Employment Relations*

Two findings deserve particular attention. First, I find that managers are starting to question the loyalty of nonstandard workers. Second, and somewhat surprisingly, I find that under certain conditions, agency temporaries are able to form pressure groups. Both of these findings can be explained, in part, by the complexities of the triadic employment relationship and in part, by the composition of the workforces.

The question of loyalty is connected to the fact that these nonstandard workers had their employer outside the client-organizations. Often, this was the only aspect that distinguished these workers from the regular workers in the client-organizations. The nonstandard workers being integrated and sharing tasks with regular workers accentuated the potential loyalty conflict. Furthermore, the composition of the workforce, with nonstandard workers constituting a substantial part of the workforce created concerns of loyalty. In TELECOM, the vast amount of nonstandard workers enforced a sense of lack of control, making managers particularly aware of the potential loyalty conflicts.

In one of the companies (FINANCE-I), agency temporaries were able to form a pressure group. In forming the pressure groups, two dimensions were important. First, one important condition was the fact that these agency temporaries were hired at the same point in time. This reinforced their perception of common interests, and a shared image of their relationship to the temporary help agency. The second condition was that the agency temporaries constituted half the workforce in this work unit. As they shared the tasks of the regular workers, the client-organization became dependent on the nonstandard workforce. The use of agency temporaries in FINANCE-I and FINANCE-II shared resemblance. However, FINANCE-II had a policy that no more than 10–15 percent of the workers in the call-center should be agency temporaries, which may explain why this company did not experience agency temporaries forming pressure groups. Thus, despite similarities in these organizations, the policy regarding composition of the workforce produces different outcomes.
**Institutional Setting**

Many of these findings are in line with recent literature on nonstandard work from Anglo-Saxon countries, showing that nonstandard workers created problems of loyalty and challenges for managers (Rubery et al., 2003, 2004; Ward et al., 2001; Ang and Slaughter, 2001; Connelly and Gallagher, 2003). Although comparative analyses should be conducted in order to make any strong conclusions, the similarities may indicate that employers in nations with different institutional settings have similar policies towards nonstandard workers. For instance, common trends are found in employers’ use of part-time work, despite the institutional differences between Britain and Australia (Walsh, 1997).

Despite similarities in these findings, the institutional setting needs some elaboration. In Norway there is little potential for organizations to save on fringe benefits by using nonstandard workers, because important benefits, such as health insurance, are based on residency and not on employment status. The reasons given for using agency temporaries in the case companies were related to peak periods, absences, and screening for recruitment, and not low-cost objectives. In line with Lautsch (2002), I find that when reasons do not relate to low-cost objectives, nonstandard workers tend to be integrated with the regular workers.

Although the low-cost strategy (low pay and avoidance of fringe benefits) is less evident in Norway because of the universal benefit system, this is not to say that cost-saving strategies are absent. Having the ability to screen workers before hiring for regular positions was emphasized as a way to save on costs in the long run, particularly in Finance-I and Finance-II, which both had been gradually downsizing the workforce over the previous few years.

At the time of the study, the use of agency temporaries or contract company workers was not a topic of discussion in the unions. This may have had to do with the companies facing other organizational changes at the time. There was sign of ambivalence in how unions regarded non-standard workers. On the one hand, unions aimed to keep the number of nonstandard workers low. On the other side, they acknowledged some of the benefits of having these workers in the organizations, for example, easing work pressure and serving as a buffer for the regular workers (see also Olsen, 2005). The greatest problems associated with the nonstandard workers were found in the non-unionized company. However, explaining these problems due to lack of unions in the workplace appears to be overly simplistic.

**Labour Market Situation**

The demand for contract workers in the information technology industry was great at the time of the study. This particularly caused difficulty in
recruiting highly-qualified labour within technical professions. This was a major problem in TELECOM, which was trying to recruit more workers for regular positions. In the two financial companies, which both had been through processes of downsizing, this was less of a problem.

With regard to recruitment, there were differences between agency temporaries and contract company workers. While agency temporaries often wanted regular positions at the client-firm, working for a contract company was considered attractive employment. This made several managers in the client-organizations express fear towards losing workers to more attractive jobs in the contract work industry. (Notably, there are no restrictions in Norway on firms’ access to raising wages in order to get more qualified labour.) This enabled contract workers to pick and choose the more interesting and well-paid jobs, making regular employment at the client-organizations less attractive, which shows how the tight labour market situation challenges firms in managing workers whose skills are in great demand (Cappelli, 1999).

**SUMMARY AND CONCLUSIONS**

This paper shows some of the complexities and diversity in nonstandard work. I find that agency temporaries and contract workers are often used in vital activities; they are largely integrated with regular workers and sometimes hold critical positions. In these companies, there is no clear distinction between core and nonstandard jobs. In this context, managers require loyalty of nonstandard workers, and nonstandard workers are able to develop pressure groups in client-organizations. The findings can, in part, be explained by the nature of the triadic employment relationship. As these workers have their employer outside their client-firms, managers in the client-firms sometimes become unsure of their loyalty. Also, the composition of these workforces has an impact on loyalty and the latent power of agency temporaries. When nonstandard workers constitute a substantial amount of the workforces, issues of loyalty and power relations become more pronounced.

The findings support the recent literature on nonstandard work, showing that nonstandard workers are not always inferior or taking care of peripheral tasks. The institutional setting of Norway adds force to this finding. As benefits are based universally in Norway, there is little potential for firms to save on costs. This implies that nonstandard workers, such as agency temporaries and contract company workers, receive in principle, the same benefits as regular workers, making these jobs not necessarily “bad” jobs. This has implications for the theoretical concept of nonstandard work. The analysis and the background of the institutional setting demonstrate that
nonstandard workers are not really contingent in the way that the term was originally understood. In order to elaborate on this, further research needs should include comparative analyses of different countries.

Two factors need to be considered in terms of limitations and generalizability. First, the nonstandard workers described in this paper are involved in a triadic relationship. They are employed by means of employment intermediaries, and may have a stronger position in the labour market than other nonstandard workers, such as direct-hired temporary workers. Many of these may have preferences for this type of work. The type of nonstandard workers included in this study should be taken into consideration if generalizing to other types of nonstandard work.

Second, in all three organizations, it was common to use agency temporaries for recruitment purposes. Thus, these may be more dedicated workers than usual, having prospects of being recruited for regular positions in the client-organization. To be able to explore this further, one needs more information from agency temporaries, contract workers, and regular workers. Further research should also include organizations in which temp-to-perm was less prevalent.

This study emphasizes one recent trend within the contracting and THAs-industry: the increasing use of high-skilled workers. It shows how client-organizations can be dependent on nonstandard workers. Examining the type of roles nonstandard workers play in their daily work enables us better understand the phenomenon.

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THE ROLE OF NONSTANDARD WORKERS IN CLIENT-ORGANIZATION


DAGENS NÆRINGSLIV. 9/10 June 2001. (Financial Newspaper)


RÉSUMÉ

Le rôle des travailleurs atypiques dans les organisations clientes

Cet essai traite de la manière dont les organisations clientes utilisent les travailleurs qui sont recrutés par des agences d’emploi. Les observations montrent comment des agences temporaires et des travailleurs d’entreprises à contrat soulèvent des dilemmes en termes de loyauté et de relations de pouvoir au sein des organisations clientes. L’étude est conduite dans un marché hautement réglementé, lequel offre un contexte nouveau à la littérature actuelle traitant du travail atypique.

J’analyse ici un certain type de travailleurs atypiques, ceux qui sont recrutés par des agences d’emploi : (1) des travailleurs venant d’agences d’aide temporaire, qui sont à l’emploi d’une agence, mais supervisés par des organisations clientes ; (2) des travailleurs contractuels qui sont à l’emploi d’une entreprise contractante et également supervisés par cette même entreprise. Contrairement à des travailleurs permanents, ils se retrouvent dans une relation triangulaire, leur employeur demeurant à l’extérieur de l’organisation cliente.

L’étude a recours à une approche qualitative pour analyser le rôle des travailleurs des agences d’aide temporaire et des travailleurs à contrat dans l’entreprise cliente. Les données proviennent d’entrevues effectuées principalement chez les dirigeants de trois entreprises. J’ai conduit les entrevues avec l’aide de 28 personnes dans les trois compagnies : Finance I, Finance II sont des compagnies du domaine de l’assurance employant 600 et 1000 personnes respectivement. L’assurance, les services bancaires et les produits d’investissement constituent leurs sphères principales d’activités. La portion des travailleurs syndiqués était de 70 % dans Finance I et de 55 % dans Finance II. Telecom était une entreprise de télécommunication non syndiquée fondée en 1996 et le nombre de ses employés s’élevait à 430.

L’étude a été conduite en Norvège, un contexte particulier à cause de son marché du travail qui est très réglementé et à cause de sa forte densité syndicale. La législation relativement sévère de protection de l’emploi (à cause de ses obstacles à la terminaison des contrats à durée indéterminée) laisse entendre que les employeurs préfèrent des contrats de travail à durée déterminée, qui sont moins coûteux à résilier. De plus, le régime de sécurité sociale de la Norvège fournit aux travailleurs un accès important aux permissions d’absence, ce qui crée le besoin de remplacer les gens, par exemple, par du travail temporaire. Puisque tous les citoyens bénéficient de l’assurance-santé en Norvège, la possibilité d’économiser sur les avantages sociaux en recourant à des travailleurs atypiques est de moindre importance que dans bien d’autres pays. La Norvège a un régime national d’avantages
L'étude révèle que les travailleurs à contrat et ceux des agences temporaires sont retenus dans des activités vitales; ils sont fortement intégrés aux travailleurs permanents et parfois détiennent des positions stratégiques. Dans un tel contexte, les dirigeants exigent de la loyauté de la part des travailleurs atypiques et ces derniers sont en mesure de constituer des groupes de pression dans les organisations clientes. Ces observations peuvent se comprendre en se référant à la relation d’emploi triadique. Puisque les travailleurs atypiques relèvent d’employeurs à l’extérieur des entreprises clientes, la direction des entreprises clientes doute parfois de leur loyauté. Également, la composition de cette main-d’œuvre exerce une influence sur la loyauté et le pouvoir potentiel des agences temporaires. Lorsque les travailleurs atypiques forment une partie importante de la main-d’œuvre, les enjeux de pouvoir et de loyauté deviennent plus prononcés.

En dépit du caractère distinct de cet environnement institutionnel, un nombre important de ces observations demeure congruent avec la littérature récente sur le travail atypique qu’on connaît dans le monde anglo-saxon. Cependant, même si des études comparatives devraient être effectuées pour arriver à des conclusions plus solides, ces similitudes indiquent que des employeurs dans des contextes institutionnels différents peuvent avoir des politiques semblables à l’endroit des travailleurs atypiques.

Les conclusions de cet essai corroborent celles de la littérature récente sur l’emploi atypique en montrant que des travailleurs atypiques ne sont pas toujours inférieurs et qu’ils ne refusent pas des assignations secondaires. Le contexte institutionnel de la Norvège renforce cette conclusion. Puisque les avantages sociaux sont offerts sur une base universelle en Norvège, il existe peu de possibilités pour une entreprise d’économiser sur les coûts de main-d’œuvre. Ceci implique que les travailleurs atypiques, tels que ceux des agences temporaires et des entreprises sous-traitantes, touchent en principe les mêmes avantages que les travailleurs permanents, rendant les emplois ainsi occupés pas nécessairement « mauvais ». Cette constatation a une incidence sur la notion de travail atypique. L’analyse et l’environnement institutionnel à l’arrière plan démontrent que les travailleurs atypiques ne sont pas vraiment aussi problématiques que le concept le laissait penser à l’origine. Pour être plus explicite sur ce point, un effort ultérieur de recherche devrait inclure des analyses comparatives.