

Into contingent and alternative employment: by choice?

Workers enter contingent and alternative arrangements from many different activities and for a wide variety of reasons; while some workers are involuntarily in such arrangements, as a proportion of the employed, they are relatively few

Anne E. Polivka

Recent reports of corporate downsizing, the growth of temporary help agencies, and the phenomenon of “outsourcing” have fueled the perception that the number of contingent workers and workers in alternative work arrangements is increasing. In addition to participating in debates over the number of workers in such arrangements, economists are interested in the long-run effects of these arrangements on individuals’ employment patterns and labor market behavior. Some have argued that being a contingent worker or being in an alternative work arrangement consigns a person to the bottom of the economic ladder, where the worker experiences frequent job changes and has little economic security and no hope of economic advancement.¹ Further, proponents of this position argue that, as a result of the apparent growth in the number of contingent workers and those working in alternative work arrangements, the economic hardship associated with these types of jobs is increasing. Others argue, by contrast, that contingent employment and alternative work arrangements offer individuals pathways into the labor market that they otherwise would not have, as well as flexibility that helps them balance work with other, non-labor-market obligations. Without contingent work and alternative work arrangements, these observers insist, individuals with poor access to jobs or with conflicting needs would either be unemployed or drop out of the labor force altogether.² Proponents of these types

of work arrangements also go so far as to argue that some alternative work arrangements, such as temporary help service employment, offer individuals more stable employment and greater chances for upward job mobility than they would be able to obtain on their own.³ Implicit in the discussion of the growth of contingent and alternative work arrangements and their effect on individuals’ labor market prospects is the notion that the job market has undergone a fundamental shift in the last several years. The importance of internal labor markets, it is argued, has declined, and employers have altered the ways they hire and fire workers.⁴

Using data from the February 1995 supplement to the Current Population Survey (CPS) on contingent workers and workers in alternative work arrangements, this article explores the effect of such employment arrangements on individuals’ positions in the labor market. It begins by examining the importance of these arrangements for those who started in their current work relationship relatively recently and goes on to consider what these individuals were doing prior to entering into that relationship. The article then investigates the preferences of all contingent workers and workers in alternative arrangements regarding their arrangement, as well as their reasons for being in that type of employment relationship. All this information is used in various combinations to construct several measures of the proportion of those employed who involuntarily entered into

Anne E. Polivka is a research economist in the Office of Employment Research and Program Development, Bureau of Labor Statistics.

either a contingent or an alternative work arrangement. As a further measure of individuals' satisfaction or dissatisfaction with their current work arrangements, the article proceeds with an examination of the proportion of contingent workers and workers in alternative work arrangements who are looking for a new job. Finally, to obtain a gauge of the importance of alternative work arrangements in leading to wage and salary employment directly with a single employer, the article presents the proportion of workers in traditional jobs who started working for their current employers in an alternative work arrangement.

In what follows, contingent workers are defined as individuals who do not have an implicit or explicit contract for long-term employment. As in the article, "Contingent and alternative work arrangements defined," this issue, three estimates of contingent workers are constructed using CPS data. Statistics relating to all three estimates are shown in tables; however, the analysis focuses on individuals classified as contingent under the broadest measure, estimate 3: wage and salary workers who, based on other than personal reasons such as retirement or returning to school, did not expect their jobs to last, and self-employed and independent contractors employed as such for a year or less who expected to remain self-employed or working as an independent contractor for at most an additional year. When comparisons are made with noncontingent workers, these workers are defined as individuals who were not classified as contingent under estimate 3.

In addition to collecting information on contingent workers, the February 1995 supplement to the CPS collected data on alternative work arrangements, where individuals in such arrangements were defined either as workers whose employment was arranged through an employment intermediary, such as a temporary help agency, or as workers whose place, time, and quantity of work were potentially unpredictable. Four alternative work arrangements were identified in the CPS: independent contractors, temporary help agency workers, on-call workers, and workers provided by contract companies. Workers who were not in any of these categories were defined as working in a nonalternative or traditional arrangement. As is pointed out in other articles in this issue, not all workers in alternative work arrangements are contingent, and conversely, not all contingent workers are in alternative arrangements. Therefore, by and large, contingent workers and workers in alternative arrangements are analyzed separately. Further, because there are large differences among the average workers in the four alternative arrangements, workers in these arrangements frequently are discussed separately from each other.⁵

Recent starters in their arrangement

One concern is that individuals who recently were separated from their jobs, as well as those who are reentering the labor

market or entering it for the first time, face a substantially less secure and different job market than did workers in the past. Table 1 indicates that the rate of contingency among workers with 3 or fewer years of tenure in their current job (individuals relatively new to their jobs) was dramatically higher than the rate of contingency of the population as a whole (8.8 percent versus 4.9 percent). Further, this relationship also held for those not enrolled in school and those 25 years and older—individuals who were more likely to be on "permanent" career paths or in adult vocations.

The proportions of workers with 3 or fewer years of tenure who were in alternative work arrangements also were higher than those of workers with more than 3 years of tenure, with the exception of independent contractors. (See table 1.) The proportion of workers with 3 or fewer years of tenure who were independent contractors was 5.2 percent, compared with 8.0 percent for those with more than 3 years of tenure. Further, independent contractors tended to be older than workers in traditional arrangements, and there is evidence that they tend to start as independent contractors later in their work lives: only 1.6 percent of those under age 25 with 3 or fewer years of tenure were independent contractors, as against 6.6 percent of those 25 years and older with the same tenure. Research has shown that it takes a measure of labor market experience and a great deal of human capital to embark on self-employment, which may explain why independent contractors tend to be older.⁶

Prior activity of recent starters

On the basis of the higher estimated rates of contingency or being in an alternative work arrangement (except independent contracting) for workers with 3 or fewer years of tenure, we might conclude that these individuals entered into such arrangements involuntarily and were significantly worse off with respect to the job market than their counterparts with more than 3 years of tenure. However, before reaching such a conclusion, it is necessary to examine what those workers were doing prior to entering into their arrangements.

Contingent workers. One of the concerns surrounding contingent employment is whether, because of corporate downsizing and restructuring, individuals are being forced out of "good permanent jobs" and increasingly entering into contingent employment. Although not always corroborated by the evidence, the fear is that the cost of job displacement has risen.⁷ To address this issue, individuals who had been employed for 3 or fewer years were asked a series of questions to determine what they were doing prior to entering into their current arrangement. Estimates combining the responses to these questions for all workers with 3 or fewer years of tenure in contingent or alternative arrangements are presented

Table 1. Job tenure of employed contingent workers and those in alternative work arrangements, by age and school enrollment, February 1995

Age and school enrollment	Total employed (thousands)	Percent contingent or in alternative arrangements				
		Contingent workers (estimate 3)	Workers in alternative arrangements			
			Independent contractors	On-call workers	Temporary help agency workers	Workers provided by contract firms
Age						
Total, 16 years and older:						
No tenure restriction	123,208	4.9	6.7	1.6	1.0	0.5
Tenure of 3 or fewer years	54,187	8.8	5.2	2.4	2.0	.9
16 to 24 years:						
No tenure restriction	18,056	10.2	1.8	2.1	1.6	.5
Tenure of 3 or fewer years	15,703	10.9	1.6	2.1	1.8	.6
25 years and older:						
No tenure restriction	105,152	4.0	7.6	1.5	.8	.5
Tenure of 3 or fewer years	38,483	7.9	6.6	2.6	2.0	1.0
School enrollment						
Enrolled in school:						
No tenure restriction	7,294	14.7	1.7	2.5	.8	.3
Tenure of 3 or fewer years	6,542	15.2	1.4	2.4	.9	.3
Not enrolled in school:						
No tenure restriction	115,914	4.3	7.1	1.5	1.0	.6
Tenure of 3 or fewer years	47,645	7.9	5.7	2.5	2.1	.9

NOTE: Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year. School

enrollment status is asked only of those persons under 25 years. Older persons are assumed not to be enrolled in school.

in tables 2 through 5. Also presented are estimates for those with 3 or fewer years of tenure who were not enrolled in school. Only the prior activities of those who were not enrolled in school are discussed in the text. For purposes of comparison, estimates for all workers in noncontingent or traditional arrangements with 3 or fewer years of tenure and for those with 3 or fewer years of tenure who were not enrolled in school are presented.

Examination of the prior work activities of contingent workers reveals that more than half of those who were contingent under estimate 3 were employed in another job directly prior to becoming contingent. (See table 2.) Further, if those who had been employed, but then became separated from their job and undertook a job search directly prior to becoming contingent, are included, the figure for previous employment rises to 60.5 percent. Nevertheless, contingent workers were more likely than their noncontingent counterparts both to have been searching for work without an immediately prior period of employment and to have been out of the labor force before taking their contingent job. Many of those who had been out of the labor force were in school or were attending to personal or family obligations. And while

not the majority, the proportion of workers in either of these groups who were in contingent jobs was fairly substantial. For example, a little more than 11 percent of those who reported that they were going to school, and 9.6 percent of those who said that they were attending to personal or family obligations, prior to working in their current arrangement were in contingent jobs. Similarly, 11.3 percent of those who were not employed prior to starting their job search were in contingent jobs. Also, while a relatively small proportion of all contingent workers, former retirees seem to be choosing contingent work as a viable employment option: of those who said that they were retired prior to starting work in their current arrangement, 19.2 percent were in contingent positions.

Even among those who had been working prior to taking contingent jobs (that is, both those working immediately before they took their contingent jobs and those who had a period of job search between their previous job and their contingent one), relatively few appear to have lost "permanent" jobs. Only 17 percent said that they had lost their jobs prior to undertaking contingent employment. (See table 3.) This percentage was only slightly higher than the percentage for those in noncontingent jobs. Contingent workers, however,

were much less likely than noncontingent workers to have quit their previous employment (43.5 percent versus 63.8 percent)⁸ and much more likely to have been in a temporary job that ended (23.7 percent versus 9.2 percent). Furthermore, the immediately previous jobs of contingent workers were much more likely to be short term than were those of noncontingent workers: more than 50 percent of contingent workers had less than 1 year of tenure in their previous jobs, compared with only 38.4 percent of their noncontingent counterparts. While these data certainly show that some individuals were involuntarily leaving “permanent” jobs for contingent work, they suggest that movements into contingent employment by individuals formerly not in the labor force were just as important. And even among those coming to contingent jobs from previous employment, moving from one contingent job to another may have been as likely as moving from a “permanent” position to contingent employment.

Independent contractors. Estimates presented in table 4 of what workers with 3 or fewer years of tenure in an alternative arrangement were doing prior to their current situation reveal a wide degree of heterogeneity. Again, independent contractors were strikingly different from workers in other alternative arrangements, as well as those in traditional jobs. Among independent contractors, 71.8 percent were employed prior to starting work as an independent contractor, compared with 67.0 percent of workers in traditional arrangements. Further,

the proportions of independent contractors and traditional workers who voluntarily left their previous jobs were approximately equal (when the written responses coded as “other” were examined and classified as voluntary or involuntary, as appropriate).⁹ Thus, given that a larger proportion of independent contractors were previously employed, an almost equal rate of “quits” implies that independent contractors were somewhat more likely to have voluntarily left their previous employment than were traditional workers.

In addition to having a higher rate of leaving previous employment voluntarily, independent contractors changed their work relationships at a different point in their careers than did workers in traditional jobs. The average tenure for independent contractors in their previous arrangement was 5.8 years, about 2 years more than the previous job tenure for workers in traditional arrangements. (See table 5.) Further, the proportion of independent contractors who had more than 5 years in their previous arrangement was almost double the proportion for workers in traditional arrangements. This relationship, although somewhat weaker, held for women as well as men: of women who were independent contractors, 26.9 percent had worked more than 5 years in their previous jobs, compared with only 16.0 percent of women in traditional arrangements. These differences in previous job tenure further support the proposal that independent contracting seems to be a work relationship that is entered into relatively late in individuals' careers, either because of its demand for finan-

Table 2. Prior labor force status of employed contingent and noncontingent workers with 3 or fewer years of tenure in current job, February 1995

[In thousands]

Prior status	Contingent workers						Noncontingent workers	
	Estimate 1		Estimate 2		Estimate 3 ¹		Total	Not in school
	Total	Not in school	Total	Not in school	Total	Not in school		
Total, 16 years and older	2,667	2,037	3,312	2,626	4,757	3,766	49,430	43,879
Employed	1,324	1,049	1,625	1,338	2,385	1,966	32,101	29,689
Looking for work ²	656	541	756	626	1,029	862	8,146	6,889
Not employed directly prior to looking	426	335	513	411	674	541	5,346	4,248
Previously employed	228	203	241	213	348	314	2,768	2,610
Not in the labor force:								
Going to school	334	117	424	181	655	278	3,974	2,242
Retired	45	45	61	61	87	87	366	366
Had personal or family obligations	172	162	265	255	325	315	2,998	2,978
Other activities	90	86	129	122	185	178	1,136	1,093
Status not reported	46	38	53	43	91	79	709	623

¹Data exclude persons who did not report specific tenure, but did report that tenure was more than 1 year.

²Subcategories do not sum to total looking for work because there were a few individuals whose activity directly prior to looking for work was unknown.

Note: Noncontingent workers are those who do not fall into any estimate

of contingent workers. The total number of workers who were contingent under estimate 1 or estimate 2 is less than the total for the same categories presented elsewhere because individuals who were both contingent and in an alternative arrangement were excluded if they had been in an alternative arrangement for more than 3 years.

Table 3. Previously employed contingent and noncontingent workers with 3 or fewer years of tenure on current job, by reason for termination and tenure on previous job, February 1995

[Percent distribution]

Reason for termination and tenure on previous job	Contingent workers						Noncontingent workers	
	Estimate 1		Estimate 2		Estimate 3		Total	Not in school
	Total	Not in school	Total	Not in school	Total	Not in school		
Total, 16 years and older (thousands)	1,552	1,252	1,866	1,551	2,732	2,280	34,869	32,299
Reason for termination¹								
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job	14.2	17.0	15.0	17.4	14.9	17.0	13.2	13.7
Quit last job	42.9	40.9	43.2	41.7	44.9	43.5	64.9	64.4
Temporary job ended	28.3	26.7	26.6	25.1	25.1	23.7	9.6	9.2
Other reasons	14.6	15.3	15.1	15.8	15.0	15.7	12.2	12.6
Tenure on previous job²								
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 year or less	61.4	58.3	57.5	54.1	53.8	50.3	40.7	38.4
2 years	14.7	15.5	14.6	15.3	15.8	16.7	15.6	15.6
3 years	6.3	7.2	7.5	8.4	7.5	8.2	10.0	10.3
4 years	6.1	6.0	7.0	7.1	7.7	7.6	11.7	12.3
5 or more years	7.9	9.1	10.4	12.0	11.9	13.7	17.6	18.8
Tenure not reported	3.7	3.9	3.0	3.1	3.4	3.5	4.5	4.6
Average years of tenure	2.1	2.4	2.5	2.8	2.8	3.1	3.6	3.8

¹ Excludes a small number of persons for whom reason for termination was not reported.

² Categories listed include the time span from the next lower integer (but not including that integer) to the year listed. For example, "2 years" represents a reported tenure greater than 1 year, but less than or equal to 2 years.

NOTE: Previously employed workers include both those who were em-

ployed directly prior to the current job and those who had a spell of job search after the previous job. Noncontingent workers are those who do not fall into any estimate of contingent workers. Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year. Details may not sum to 100 percent because of rounding.

cial capital or because of the need for previous work experience, with its accrued human capital skills and professional networks. This notion is still further borne out by the proportion of retirees who entered into independent contracting. Although only 1.1 percent of all independent contractors with 3 or fewer years of tenure were former retirees, 7.1 percent of former retirees were independent contractors. The latter figure contrasts with the 5.7 percent of all those with 3 or fewer years of tenure in their current arrangement who became independent contractors.

Although, by and large, individuals entered into independent contracting from previous employment relationships, a substantial minority of independent contractors were outside of the labor market, attending to personal or family obligations, directly prior to starting work as an independent contractor. Almost 11 percent of those with 3 or fewer years of tenure as an independent contractor were previously attending to personal or family obligations, as opposed to 6.6 percent of those not in alternative work arrangements. From another perspective, 9.0 percent of those who were attending to personal or family matters prior to working in their current arrangement were independent contractors. This rate is more

than 1-1/2 times the 5.7 percent of all those with fewer than 3 years of tenure in their current arrangement who were independent contractors. The proportion of female independent contractors who were attending to personal or family obligations directly prior to starting work as an independent contractor was even higher than that of all independent contractors: about one-fourth of women who had been independent contractors for 3 or fewer years were previously outside of the labor market attending to personal or family obligations. This figure also contrasts with a little less than one-fifth of women who were in traditional arrangements for 3 or fewer years and who had been previously attending to personal or family obligations. These statistics imply that, for some individuals—especially women—independent contracting may provide a method of balancing the demands of the labor market with non-labor-market obligations.

The only previous activity that was underrepresented among independent contractors with 3 or fewer years of tenure was looking for work: only 8.0 percent of independent contractors were looking for work in another type of arrangement prior to becoming an independent contractor, compared with 16.3 percent of workers in traditional arrangements. This

smaller percentage is consistent with the notion that it takes financial resources to become an independent contractor, which the unemployed might not have, and that independent contracting is much less likely than other jobs or work arrangements to be a transitory relationship for individuals who are in between jobs.

Temporary help agency workers. In contrast to the prior activities of independent contractors, those of temporary help agency and on-call workers indicate that these alternative arrangements are probably serving quite different labor market functions from those of independent contracting. Among temporary help agency workers, 26.7 percent were looking for work directly prior to becoming a temporary help agency worker, compared with 16.3 percent of those in traditional arrangements. Further, 64.0 percent of temporary help agency workers who were searching for work reported that they had not been employed right before their job search.

Almost 58 percent of temporary help agency workers, however, did report that they had worked at another job directly prior to starting to work for a temporary help firm. Combined with the percentage of those who reported that they were employed prior to starting a job search, this figure indicates that almost 67 percent of temporary help agency workers had worked in another job relatively close to the time they started as a temporary help agency worker. However, this was considerably below the 73.1 percent of workers in

traditional arrangements with 3 or fewer years of tenure who were not enrolled in school. Furthermore, an examination of the reasons that individuals who currently were working for temporary help agencies left their previous jobs indicates that 42.9 percent either lost their jobs or were in temporary jobs that ended. Also, of those individuals who had worked prior to becoming a temporary help agency worker, 53.6 percent had been in their previous job for less than a year, compared with only 39.6 percent of workers in traditional arrangements. The high proportion of temporary help agency workers with relatively short tenure in their previous jobs, combined with the comparatively large proportion who had been looking for work without having been employed directly prior to starting as temporary help agency workers, suggests that temporary help agencies may be serving individuals who are having difficulties finding other jobs or who are in other, unstable labor market arrangements.

On-call workers. A relatively large proportion of on-call workers said they were looking for work prior to starting as on-call workers, suggesting that this kind of arrangement also may be a source of employment for those having difficulties finding jobs. Among on-call workers with 3 or fewer years in their arrangement, 24.0 percent said they had been looking for a job directly prior to starting work as an on-call worker. Of this 24.0 percent, 56.8 percent reported that they had not worked in another job just before undertaking their job search.

Table 4. Prior labor force status of employed workers in alternative and traditional work arrangements with 3 or fewer years of tenure in current job, February 1995

[In thousands]

Prior status	Workers in alternative arrangements								Workers in traditional arrangements	
	Independent contractors		On-call workers		Temporary help agency workers		Workers provided by contract firms		Total	Not in school
	Total	Not in school	Total	Not in school	Total	Not in school	Total	Not in school		
Total, 16 years and older	2,792	2,704	1,322	1,166	1,061	1,000	466	448	48,456	42,244
Employed	1,961	1,941	587	517	606	577	311	306	31,009	28,307
Looking for work ¹	231	216	307	280	285	267	81	77	8,223	6,866
Not employed directly										
prior to looking	134	121	181	159	187	171	55	55	5,433	4,254
Previously employed	97	94	119	114	95	92	26	22	2,762	2,584
Not in the labor force:										
Going to school	182	131	111	53	50	38	21	11	4,252	2,273
Retired	32	32	32	32	8	8	5	5	376	376
Had personal or family obligations	296	296	132	132	61	61	12	12	2,819	2,788
Other activities	77	74	39	39	34	34	36	34	1,134	1,087
Status not reported	13	13	113	113	16	15	2	2	643	546

¹ Subcategories do not sum to total looking for work because there were a few individuals whose activity directly prior to looking for work was unknown.

NOTE: Workers in traditional arrangements are those who do not fall into

any of the alternative-arrangement categories. Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year.

Table 5. Previously employed workers in alternative and traditional work arrangements with 3 or fewer years of tenure on current job, by reason for termination and tenure on previous job, February 1995

[Percent distribution]

Reason for termination and tenure on previous job	Workers in alternative arrangements								Workers in traditional arrangements	
	Independent contractors		On-call workers		Temporary help agency workers		Workers provided by contract firms		Total	Not in school
	Total	Not in school	Total	Not in school	Total	Not in school	Total	Not in school		
Total, 16 years and older (thousands)	2,058	2,035	707	631	702	669	337	329	33,771	30,891
Reason for termination										
Percent ¹	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Lost last job	14.5	14.7	15.9	14.8	25.1	25.4	16.6	17.0	13.0	13.6
Quit last job	57.1	57.1	44.1	43.1	43.7	43.8	47.2	46.2	64.8	64.5
Temporary job ended	8.5	8.4	23.4	24.1	17.9	17.5	24.0	24.3	10.3	9.7
Other reasons	20.0	19.8	16.6	18.0	13.1	13.5	11.9	12.1	11.9	12.2
Tenure on previous job²										
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1 year or less	24.2	24.1	53.0	48.7	54.7	53.6	49.2	48.8	42.1	39.6
2 years	13.5	13.4	17.3	18.7	15.1	15.8	12.2	11.5	15.8	15.8
3 years	12.7	12.5	3.1	3.4	8.6	9.0	12.4	12.7	9.8	10.2
4 years	13.1	13.1	12.6	14.1	7.0	6.2	8.7	9.0	11.4	12.0
5 or more years	33.6	34.0	11.2	11.9	11.6	12.1	13.2	13.5	16.4	17.8
Tenure not reported	2.9	3.0	2.9	3.2	3.2	3.3	4.4	4.5	4.6	4.6
Average years of tenure	5.7	5.8	2.9	3.1	2.7	2.8	2.7	2.8	3.5	3.7

¹ Excludes a small number of persons for whom reason for termination was not reported.

² Categories listed include the time span from the next lower integer (but not including that integer) to the year listed. For example, "2 years" represents a reported tenure greater than 1 year, but less than or equal to 2 years.

NOTE: Previously employed workers include both those who were employed

directly prior to the current job and those who had a spell of job search after the previous job. Workers in traditional arrangements are those who do not fall into any of the alternative-arrangement categories. Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year. Details may not sum to 100 percent because of rounding.

Only 44.3 percent of on-call workers reported that they had been working in another job prior to starting as an on-call worker, the lowest percentage among all of the alternative arrangements and almost 23 percentage points lower than the proportion of workers in traditional arrangements with a tenure of 3 or fewer years. Even including individuals who had worked prior to searching for another job, only 54.1 percent of on-call workers were employed in another type of arrangement prior to becoming on-call workers. These figures suggest that, like temporary help employment, on-call work is an arrangement through which the unemployed can enter the labor market.

On-call work also may provide individuals with the ability to balance work with other activities. For instance, the proportion of on-call workers who reported that they were attending to personal or family obligations prior to working in their current arrangement was nearly double the proportion of workers with 3 or fewer years of tenure in traditional arrangements (11.3 percent versus 6.6 percent). In addition, the proportion of on-call workers who reported that they were retired prior to starting work as an on-call worker, although

small, was the highest among all the alternative arrangements: almost 3 percent of on-call workers were formerly retired, compared with only 0.9 percent of those in traditional arrangements. Examining the matter from the perspective of the distribution of work arrangements among all those who reported that they were retired prior to starting their current arrangement, one finds that 7.1 percent were employed as an on-call worker. Overall, the figures for on-call workers who reported that their prior activity was looking for work, being in retirement, or taking care of family or other personal obligations suggest that working on call does seem to provide a means for individuals to enter the labor market and, once in, to balance work with other obligations.

Contract company workers. Only workers provided by contract firms had a distribution of activities prior to the start of their current arrangements that was similar to that of workers in traditional arrangements. This would be consistent with the notion that the two arrangements are quite alike, at least with respect to having fairly fixed hours and closely supervised work.

In general, the higher rates of contingent and alternative employment among those who started working in their current arrangements within the last 3 years, combined with the finding that many of these individuals entered into these work relationships from previous employment, suggest that a proportion of these workers may have been involuntarily “nudged” into such relationships. However, the high proportion of workers who quit their previous employment, combined with the substantial proportion who were engaged in nonwork activities such as going to school, attending to personal or family obligations, or living in retirement, indicates that many of these arrangements also may be satisfying the requirements of individuals who desire or need greater flexibility in their work. To gain a clearer understanding of whether individuals had been involuntarily directed into con-

tingent or alternative arrangements with which they were not satisfied, it is necessary to examine these individuals' preferences and reasons for being in such arrangements.

Preferences and reasons

Contingent workers. Table 6 shows the preferences of contingent workers for their current arrangement, along with the preferences of contingent workers with 3 or fewer years of tenure, subdivided by the latter workers' activities prior to becoming contingent. The figures indicate that the majority of contingent workers would prefer to be in noncontingent arrangements. Fewer than a third of all contingent workers, under any definition, expressed a preference for their arrangement, and the proportion is similar for contingent workers

Table 6. Preferences of employed contingent workers for contingent and noncontingent work arrangements, 1995

Preference	Total	With 3 or fewer years of tenure ¹					
		Total	With prior labor force status of —				
			Employed	Looking for work	Going to school	Retired	Had personal or family obligations
Estimate 1							
Total, 16 years and older (thousands)	2,739	2,667	1,324	656	334	45	172
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer noncontingent arrangement ...	64.1	64.3	68.1	77.1	35.2	(²)	55.8
Prefer contingent arrangement	29.9	29.7	24.1	17.8	63.8	(²)	41.5
It depends	2.4	2.3	2.9	2.5	1.0	(²)	1.6
Preference not available	3.6	3.7	5.0	2.6	(³)	(²)	1.1
Estimate 2							
Total, 16 years and older (thousands)	3,422	3,312	1,625	756	424	61	265
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer noncontingent arrangement ...	61.2	61.5	65.5	76.7	37.5	(²)	45.4
Prefer contingent arrangement	32.6	32.7	27.6	18.5	60.8	(²)	49.5
It depends	2.5	2.5	2.8	2.5	1.3	(²)	2.6
Preference not available	3.7	3.3	4.1	2.3	.5	(²)	2.5
Estimate 3							
Total, 16 years and older (thousands)	6,304	4,757	2,385	1,029	655	87	325
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer noncontingent arrangement ...	55.8	58.4	62.2	76.1	31.3	5.7	44.1
Prefer contingent arrangement	30.5	31.5	26.1	18.1	55.9	86.9	49.7
It depends	3.1	3.1	3.9	2.2	3.2	1.5	2.7
Preference not available	10.7	7.0	7.8	3.6	9.7	5.8	3.5

¹Data exclude persons who did not report specific tenure, but did report that tenure was more than 1 year, and includes those whose prior activity was classified as “other” and a small number of persons for whom prior activity was not reported.

²Data not shown where base is less than 75,000.

³Less than 0.05 percent.

NOTE: Noncontingent workers are those who do not fall into any estimate of contingent workers. The total number of workers who were contingent under estimate 1 or estimate 2 is less than the total for the same categories presented elsewhere because individuals who were both contingent and in an alternative arrangement were excluded if they had been in an alternative arrangement for more than 3 years. Details may not sum to totals because of rounding.

with 3 or fewer years of tenure.¹⁰ However, in examining preferences based on the prior activities of those with 3 or fewer years of tenure, one finds striking differences among the various subgroups.

The highest level of dissatisfaction with being in a contingent job occurred among those who were searching for a job prior to becoming contingent. Under estimates 1 and 2, about 77 percent of these individuals said that they would prefer to be in a noncontingent arrangement. Still, approximately 18 percent of these workers said that they preferred their contingent job, perhaps implying that they were actually searching for contingent work.

The next highest level of dissatisfaction was among those who had been employed directly prior to taking a contingent job. Under estimate 1, 68.1 percent of these workers said that they would prefer to be in a noncontingent job.

For those who had worked prior to becoming contingent (regardless of whether they did or did not have a spell of unemployment in between their previous job and the contingent one), there was some variation in the level of dissatisfaction with contingent work, depending on why the individuals had left their previous employment. (See table 7.) Job losers exhibited the highest level of dissatisfaction, with 85.8 percent under the narrowest estimate indicating that they would prefer a noncontingent job. By contrast, only about 66 percent of those in a temporary job that ended and 70 percent of those who quit their job would have preferred a noncontingent job.

For individuals who were engaged in non-labor-market activities prior to becoming contingent, it is not hard to imagine that the level of satisfaction with contingent work might be higher. Indeed, individuals who were retired or attending to personal or family obligations prior to becoming contingent expressed the highest level of satisfaction with contingent work. Of those who left retirement to accept contingent work, about 9 in 10 said that they preferred their contingent arrangement. Similarly, those who were attending to personal

Table 7. Previously employed contingent workers with 3 or fewer years of tenure, by reason for termination of previous job and preference for contingent or noncontingent work arrangement in current job, February 1995

Reason for termination and preference	Estimate 1	Estimate 2	Estimate 3
Lost previous job			
Total, 16 years and older (thousands)	220	279	407
Percent	100.0	100.0	100.0
Prefer noncontingent arrangement	85.8	85.3	80.7
Prefer contingent arrangement	7.4	8.5	9.5
It depends	1.6	2.2	2.9
Preference not available	5.2	4.1	6.9
Left previous job			
Total, 16 years and older (thousands)	666	806	1,226
Percent	100.0	100.0	100.0
Prefer noncontingent arrangement	70.2	67.9	61.7
Prefer contingent arrangement	21.7	25.5	25.8
It depends	3.1	2.6	3.3
Preference not available	5.0	4.1	9.3
Temporary job ended			
Total, 16 years and older (thousands)	439	496	686
Percent	100.0	100.0	100.0
Prefer noncontingent arrangement	66.2	61.5	63.4
Prefer contingent arrangement	28.2	32.4	28.9
It depends	3.9	4.2	4.6
Preference not available	1.7	1.8	3.1
Other reasons			
Total, 16 years and older (thousands)	226	282	410
Percent	100.0	100.0	100.0
Prefer noncontingent arrangement	56.6	55.1	57.8
Prefer contingent arrangement	33.0	36.2	31.1
It depends .....	.4	.8	3.2
Preference not available	9.9	8.0	8.0

NOTE: Previously employed contingent workers include both those who were employed directly prior to the current job and those who had a spell of job search after the previous job. Noncontingent workers are those who do not fall into any estimate of contingent workers. Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year. Details may not sum to 100 percent because of rounding.

or family obligations prior to accepting contingent employment expressed a higher rate of satisfaction with their arrangement than did other contingent workers.

Perhaps one of the least intuitive findings is that the majority of individuals who were in school prior to taking a contingent job—between 55.9 percent and 63.8 percent, depending on the estimate of contingency examined—expressed satisfaction with being in contingent employment. Even when the estimates were restricted to those who were not currently enrolled in school, between 40 percent and 44 percent of those

who were attending school prior to taking a contingent job reported that they preferred the contingent arrangement over a traditional one.

These estimates suggest that, for a proportion of the population, contingent work is exactly what they want. The very high level of satisfaction with such work among the formerly retired belies the notion that there is a large pool of unhappy retired workers whose only outlet for finding work is to accept contingent employment. Further, the fact that approximately half of those who were attending to personal or family obligations reported that they preferred contingent arrangements indicates that contingent work probably is allowing these individuals to balance their work and non-labor-market activities.

Even among those who were dissatisfied with contingent employment, it is not necessarily true that the labor market led them involuntarily into such an arrangement. Rather, it could be that their *personal situations* caused them to have to accept contingent work. Consequently, although they may not be pleased with their arrangement, it would be incorrect to conclude that the labor market itself forced these individuals into that arrangement. To obtain a clearer picture of the situation, it is necessary to examine individuals' reasons for being in a contingent arrangement, in combination with their preferences.

Table 8 gives the distribution of individuals' reasons for being in contingent employment, subdivided by sex and preference for a noncontingent arrangement. The correspondence between those who expressed a preference for noncontingent work and those who gave an economic (that is, job-market-related) reason for accepting contingent employment is not as high as one might expect and certainly is not one to one. For workers who were contingent under estimate 1, 44.0 percent provided an economic reason for accepting contingent work, whereas 64.1 percent said that they would prefer to be in a noncontingent arrangement. Even among those who said that they did not like their current arrangement and would prefer to be in a noncontingent job, only 63.8 percent of those who were contingent under estimate 1 gave an economic reason for undertaking contingent employment.

Among all contingent workers, the most prominent noneconomic reason for accepting contingent employment was being enrolled in school or a training program—about 18 percent under estimate 1. Being in school remained a prominent reason even among those who would have preferred to be in a noncontingent arrangement. However, among those who did not like being in a contingent job, flexibility of scheduling became a more predominant reason than schooling. This was especially true for women, who were significantly more likely to provide a noneconomic reason for accepting a contingent arrangement than were men.

Other reasons which suggest that contingent work allowed

at least some individuals who were constrained by non-labor-market activities to participate in the market included child care problems and other family obligations. Among all women who were contingent under estimate 1, 15.2 percent gave either of these two reasons or flexibility of scheduling as their explanation for accepting contingent work. Among women who would have preferred to be in a noncontingent arrangement, the proportion who gave any of these reasons fell to 10.7 percent.

It is interesting to note that 55.9 percent to 58.0 percent of those under the age of 25 who were contingent workers gave a personal reason for being in their current arrangement. The vast majority were working in a contingent job because they were enrolled in school or a training program. Even among those who expressed a desire for a noncontingent job in this age group, 32.1 percent to 36.3 percent offered a personal reason for holding their contingent jobs. More than half of these individuals were in school or training. Consequently, despite some workers' dissatisfaction with their current situation, something other than market forces appears to be causing a proportion of them to accept contingent jobs. Given that under estimate 1, 29.9 percent of contingent workers said that they preferred such work, and among those who said that they would prefer noncontingent work, 36.2 percent still provided a personal reason for accepting a contingent job, it is not hard to imagine that without the option of contingent employment, many of these individuals would not be able to work at all.

Alternative employment arrangements. Tables 9 through 11 present the preferences and reasons for being in alternative arrangements for independent contractors, temporary help agency workers, and on-call workers. Contract company workers' preferences for their arrangement were not collected due to difficulties in phrasing a question that sounded as if individuals were being asked about their preferences for working for a specific contract company rather than for being a contract company worker in general.

(1) Independent contractors. More than 4 out of 5 independent contractors, regardless of tenure or prior labor force activity, reported that they preferred working as independent contractors, as opposed to being someone else's employee. This level of satisfaction was only slightly lower among independent contractors with 3 or fewer years of tenure. (See table 9.) Even the majority of those who had lost a job or were in a temporary job that had ended prior to their becoming an independent contractor reported that they would prefer to be independent contractors, as opposed to employees of someone else. (See table 10.) The high rate of satisfaction among those who conceivably might have involuntarily become independent contractors through downsizing or some

Table 8. Employed contingent workers, by reason for contingency and preference for noncontingent work, February 1995

[Percent distribution]

Reason and preference	Contingent workers								
	Estimate 1			Estimate 2			Estimate 3		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total									
Total, 16 years and older	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Economic reasons	44.0	48.0	40.0	40.4	45.7	35.1	34.7	39.0	30.3
Employer laid off, but rehired	1.2	1.9	.5	1.0	1.6	.4	1.2	1.7	.7
Could only find this type of employment	28.5	32.4	24.7	26.3	30.6	22.1	21.4	24.8	17.9
This job may lead to permanent one	7.6	5.4	9.7	6.5	5.1	7.9	5.9	4.7	7.1
Other economic reasons	6.7	8.3	5.0	6.6	8.5	4.8	6.2	7.8	4.6
Personal reasons	44.1	40.3	47.9	49.0	44.6	53.3	43.9	39.6	48.3
Flexibility of work schedule	7.4	5.1	9.6	9.5	6.4	12.6	9.2	6.9	11.5
Child care problems .....	.4	.1	.7	.9	.2	1.6	.6	.1	1.0
Other family or personal obligations	2.7	.4	4.9	3.8	1.0	6.6	3.5	.8	6.2
In school or training	18.3	16.7	19.8	15.5	14.3	16.7	14.7	13.7	15.6
Other personal reasons	15.4	18.0	13.0	19.3	22.7	15.9	16.0	18.1	14.0
Reason not reported	11.9	11.7	12.2	10.6	9.7	11.6	21.4	21.4	21.4
Prefer noncontingent arrangement									
Economic reasons	63.8	66.1	61.3	60.9	64.1	57.4	55.9	59.5	52.0
Employer laid off, but rehired	1.7	2.5	.9	1.4	2.1	.7	1.9	2.4	1.3
Could only find this type of employment	42.6	46.2	38.8	41.0	44.5	37.2	35.7	39.6	31.6
This job may lead to permanent one	11.4	7.6	15.5	10.1	7.4	13.0	9.6	6.9	12.4
Other economic reasons	8.1	9.9	6.2	8.4	10.1	6.5	8.7	10.6	6.8
Personal reasons	26.8	25.0	28.7	31.0	28.3	33.9	28.8	26.2	31.5
Flexibility of work schedule	4.7	2.7	6.8	5.7	3.1	8.5	5.9	4.0	7.8
Child care problems .....	.6	.2	.9	.9	.2	1.7	.6	.1	1.2
Other family or personal obligations	1.7	.6	3.0	2.5	1.3	3.8	2.5	1.0	4.1
In school or training	8.3	8.7	7.8	7.7	7.5	7.9	7.5	7.6	7.3
Other personal reasons	11.5	12.8	10.1	14.2	16.3	11.9	12.3	13.5	11.1
Reason not reported	9.5	9.0	10.0	8.2	7.6	8.7	15.4	14.3	16.5

NOTE: Noncontingent workers are those who do not fall into any estimate of contingent workers. Details may not sum to 100 percent because of rounding.

other job loss is consistent with anecdotal evidence which indicates that, while these workers may not have been happy to have lost their previous wage and salary positions, they still would prefer not to return to a situation in which they would be a company employee. Instead, these individuals may find that being an independent contractor affords them more job security than being someone else's employee does, as well as giving them a degree of autonomy that they have come to enjoy.

The reasons independent contractors offered for being in their arrangement accorded well with the notion that most of them were satisfied with the arrangement. A little more than 87 percent of independent contractors offered personal reasons for being in their arrangement. Even among independ-

ent contractors who said that they would prefer to work for someone else, the majority provided a personal reason for working as an independent contractor instead. (See table 11.) However, there were differences in the distribution of personal reasons between men and women. Forty-six percent of men said that they were independent contractors because they enjoyed being their own boss, whereas only 26.8 percent of women offered this reason. On the other hand, 28.5 percent of women reported that they were independent contractors because of the flexibility of scheduling the arrangement offered, 2.5 percent reported being independent contractors because of child care problems, and another 8.0 percent reported that they were independent contractors because of other family or personal obligations. By contrast, only 15.7

percent of men's reasons for being independent contractors fell into any of these categories. These differences suggest that men and women tend to have different motivations for voluntarily becoming independent contractors. Regardless of the underlying motivation, however, the outcome is the same: independent contractors generally seem quite content with their arrangements. Consequently, it would be difficult to argue that they were pushed, against their will, into becoming independent contractors by labor market conditions.

(2) *Temporary help agency workers.* In contrast to independent contractors, 63.4 percent of temporary help agency workers said that they would prefer to work for a different type of employer. The reasons individuals gave for being temporary help agency workers supported the notion that work-

ing for temporary help firms was not their first choice and that labor market conditions were the chief factor leading them to work for such firms. Almost 65 percent of all temporary help agency workers provided an economic reason for working in their arrangement, and 39.4 percent of all temporary help agency workers reported that this was the only type of employment they could find. Among men, the dissatisfaction of working as a temporary help agency employee was even higher: slightly more than 70 percent said that they would prefer a different work arrangement. Women, however, were less dissatisfied: approximately 57 percent said that they would prefer to be in another type of arrangement. Consistent with their lower level of dissatisfaction, women were much more likely than men to provide a noneconomic reason for being a temporary help agency worker (42.3 per-

Table 9. Preference of employed workers in alternative work arrangements for a traditional or an alternative work arrangement, by prior activity, February 1995

Preference	Total	With 3 or fewer years of tenure ¹					
		Total	With prior labor force status of—				
			Employed	Looking for work	Going to school	Retired	Had personal or family obligations
Independent contractors							
Total, 16 years and older (thousands)	8,309	2,792	1,961	231	182	32	296
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer traditional arrangement	9.8	16.7	15.1	33.2	28.6	(²)	7.3
Prefer alternative arrangement	82.5	73.4	75.0	54.7	69.3	(²)	81.7
It depends	5.1	6.8	7.3	9.3	1.1	(²)	6.9
Preference not available	2.6	3.2	2.7	2.8	1.1	(²)	4.0
On-call workers							
Total, 16 years and older (thousands)	1,968	1,322	587	307	111	32	132
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer traditional arrangement	56.6	61.6	65.0	82.0	45.4	(²)	34.3
Prefer alternative arrangement	36.6	32.8	28.4	13.5	47.7	(²)	60.2
It depends	4.2	3.6	3.9	3.5	1.3	(²)	4.1
Preference not available	2.5	2.1	2.7	.9	5.5	(²)	1.5
Temporary help agency workers							
Total, 16 years and older (thousands)	1,181	1,061	606	285	50	8	61
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prefer traditional arrangement	63.4	66.6	70.5	74.0	(²)	(²)	(²)
Prefer alternative arrangement	26.6	23.6	20.8	17.9	(²)	(²)	(²)
It depends	8.1	9.0	8.3	6.7	(²)	(²)	(²)
Preference not available	2.0	.8	.4	1.5	(²)	(²)	(²)

¹ Data exclude persons who did not report specific tenure, but did report that tenure was more than 1 year, and include those whose prior activity was classified as "other" and a small number of persons for whom prior activity was not reported.

² Data not shown where base is less than 75,000.

NOTE: Workers in traditional arrangements are those who do not fall into any of the alternative-arrangement categories. Data on workers provided by contract firms are not shown because these workers were not asked for their preferences. Details may not sum to 100 percent because of rounding.

cent versus 23.2 percent). Almost 20 percent of women said that they worked for a temporary help firm because of the flexibility it afforded their schedule, and 3.9 percent said that they were temporary help agency workers because of other family or personal obligations. Even among female temporary help agency workers who reported that they would prefer to work for another type of employer, 9.5 percent said that they were in their arrangement because of the scheduling flexibility or other family or personal obligations. Thus, there appears to be some validity to the argument that temporary help firms offer a way for some women to enter the job market who might otherwise be precluded from participating in it. However, it is still fair to say that the majority of temporary help agency workers would choose another work arrangement if labor market conditions or their personal situations were different.

(3) *On-call workers.* These workers are similar to temporary help agency workers with regard to their preferences and the split between men's and women's reasons for being in that particular alternative arrangement. Almost 57 percent of on-call workers preferred to work in a job in which they had regularly scheduled hours as opposed to being on call, a proportion that increased to 61.6 percent for those who had been on-call workers for 3 or fewer years. Further, among those who were looking for work prior to working on call—a group of individuals who were most likely to have involuntarily become on-call workers due to labor market conditions—the level of dissatisfaction was even higher: eighty-two percent of these individuals said that they would rather work in a job with regularly scheduled hours. On the other hand, 47.7 percent of those who were in school prior to becoming an on-call worker, 60.2 percent of those who were attending to personal or family obligations, and more than 80 percent of those who were in retirement prior to working on call preferred the on-call aspect of their work.

Differences in the overall preferences based on what indi-

viduals were doing prior to becoming on-call workers were even more striking when the sex of the workers was taken into account. Women—in particular, those who were attending to personal or family obligations—had a high level of satisfaction with working on call. This accords well with the reasons individuals gave for being on call. Among all on-call workers, only 47.4 percent provided an economic reason for working in that arrangement. And while the proportion was much higher among those who said that they would prefer to work regularly scheduled hours, still, about 1 in 4 provided a personal reason for working on call. As might be expected by

Table 10. Previously employed workers in alternative work arrangements with 3 or fewer years of tenure, by reason for termination of previous job and preference for traditional or alternative work arrangement in current job, February 1995

Reason for termination and preference	Independent contractors	On-call workers	Temporary help agency workers
Lost previous job			
Total, 16 years and older (thousands)	297	112	176
Percent	100.0	100.0	100.0
Prefer traditional arrangement	24.2	66.6	80.0
Prefer alternative arrangement	66.2	27.4	11.5
It depends	8.6	1.4	8.6
Preference not available	1.1	4.6	(¹)
Left last job			
Total, 16 years and older (thousands)	1,165	309	307
Percent	100.0	100.0	100.0
Prefer traditional arrangement	13.6	65.6	68.1
Prefer alternative arrangement	78.9	27.0	25.4
It depends	5.5	5.4	5.5
Preference not available	2.1	2.1	1.0
Temporary job ended			
Total, 16 years and older (thousands)	172	164	126
Percent	100.0	100.0	100.0
Prefer traditional arrangement	27.8	75.7	76.0
Prefer alternative arrangement	56.1	19.1	16.2
It depends	8.0	2.7	7.8
Preference not available	8.1	2.5	(¹)
Other reasons			
Total, 16 years and older (thousands)	408	117	92
Percent	100.0	100.0	100.0
Prefer traditional arrangement	10.3	72.9	50.7
Prefer alternative arrangement	76.3	25.0	27.2
It depends	10.7	2.2	19.4
Preference not available	2.6	(¹)	2.7

¹Less than 0.05 percent

NOTE: Previously employed workers include both those who were employed directly prior to the current job and those who had a spell of job search after the previous job. Workers in traditional arrangements are those who do not fall into any of the alternative-arrangement categories. Data on tenure of 3 or fewer years exclude persons who did not report specific tenure, but did report that tenure was more than 1 year. Data on workers provided by contract firms are not shown because these workers were not asked their preferences. Details may not sum to 100 percent because of rounding.

the male-female split in preferences, women in on-call jobs were significantly more likely to provide a personal reason for holding such positions than were men (58.9 percent versus 40.3 percent). The most common personal reason for working on call was flexibility of scheduling, expressed by 23.5 percent of all on-call workers and 31.3 percent of female on-call workers. In addition, 7.9 percent of the latter cited child care problems and attending to other family or personal obligations as reasons that they were working on call. Thus, even if not their first choice, on-call arrangements appear to afford some individuals an otherwise lost opportunity to balance work with family obligations.

On-the-job changes to alternative work

The preceding discussion has focused on individuals who entered into an alternative arrangement either from other employment or from outside the labor market. Another group of workers who might have involuntarily entered into an alternative arrangement consists of individuals who had their status switched by their employers. To ascertain the number of workers who found themselves in such a situation, individuals in each of the four alternative arrangements (except for those independent contractors who were identified as self-employed in the main CPS questionnaire)¹¹ were asked

Table 11. Employed men and women in alternative work arrangements, by reason for arrangement and preference for a traditional work arrangement, February 1995

[Percent distribution]

Reason and preference	Independent contractors			On-call workers			Temporary help agency workers		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total									
Total, 16 years and older	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Economic reasons	9.7	10.2	8.9	47.4	56.8	38.6	64.7	75.4	55.2
Employer laid off, but rehired .....	.3	.3	.3	(¹)	(¹)	(¹)	2.9	3.8	2.0
Could only find this type of employment	3.9	4.1	3.7	32.4	38.5	26.6	39.4	47.4	32.2
This job may lead to permanent one .....	.6	.6	.4	8.5	9.2	7.8	17.9	18.3	17.5
Other economic reasons	5.0	5.2	4.5	6.6	9.1	4.2	4.7	5.9	3.5
Personal reasons	87.1	87.0	87.4	49.9	40.3	58.9	33.3	23.2	42.3
Flexibility of work schedule	19.1	14.5	28.5	23.5	15.1	31.3	13.5	6.4	19.8
Child care problems .....	.8	(²)	2.5	1.3	.1	2.5	.8	.7	.9
Other family or personal obligations	3.4	1.2	8.0	3.4	1.2	5.4	2.2	.3	3.9
In school or training .....	.6	.3	1.2	5.6	5.1	6.0	2.4	3.1	1.8
Enjoys being own boss	39.9	46.3	26.8	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
Other personal reasons	23.3	24.7	20.5	16.1	18.8	13.6	14.5	12.8	16.0
Reason not reported	3.1	2.9	3.7	2.7	2.9	2.5	2.0	1.4	2.5
Prefer traditional arrangement									
Economic reasons	36.3	39.8	30.6	73.2	77.3	68.6	79.7	83.4	75.7
Employer laid off, but rehired .....	.8	.7	1.0	(¹)	(¹)	(¹)	2.7	3.5	1.8
Could only find this type of employment	23.7	27.1	17.9	53.0	56.3	49.2	53.7	58.0	49.0
This job may lead to permanent one	3.4	3.8	2.6	12.7	12.4	13.0	19.1	17.0	21.4
Other economic reasons	8.5	8.2	9.0	7.5	8.6	6.4	4.2	4.9	3.5
Personal reasons	63.3	59.9	68.9	26.1	22.0	30.8	19.0	16.1	22.1
Flexibility of work schedule	14.7	12.2	18.8	9.0	4.7	13.8	5.6	3.7	7.7
Child care problems	1.0	(²)	2.7	.7	(²)	1.5	.5	1.0	(²)
Other family or personal obligations	6.1	2.3	12.6	2.0	1.1	2.9	1.0	.4	1.8
In school or training	1.8	.6	3.8	3.0	2.0	4.1	2.2	2.9	1.4
Enjoys being own boss	13.6	16.2	9.1	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
Other personal reasons	26.1	28.7	21.9	11.5	14.2	8.5	9.6	8.2	11.3
Reason not reported .....	.4	.3	.6	.7	.7	.6	1.3	.5	2.1

¹Not available.

²Less than 0.05 percent.

NOTE: Workers in traditional arrangements are those who do not fall into

any of the alternative-arrangement categories. Details may not sum to 100 percent because of rounding.

whether they had always worked in that arrangement at the place they were currently working. The proportions of these workers who reported that their status had been switched are presented in table 12, along with various demographic characteristics, in order to ascertain whether there is any systematic pattern with respect to who is or is not being switched into these alternative arrangements.

The data indicate that only about 1 in 10 temporary help agency workers or contract company workers had previously been employed in another type of arrangement at the place they were working. In addition, fewer than half of temporary help agency workers who reported making such a transition indicated that they disliked the change in their status. (No corresponding figure is available for contract company workers.) The proportions of on-call workers and wage and salary independent contractors who had been switched from another status with their current employer were about twice as large. However, it is important to note that independent contractors who were classified as wage and salary workers constituted only 15 percent of all independent contractors, so that wage and salary independent contractors who were switched from another arrangement made up only about 3 percent of all independent contractors. With regard to satisfaction with their situation, almost 54 percent of on-call workers who had been switched reported that they would rather be in an arrangement in which they worked regularly scheduled hours instead of being on call. Among independent contractors who were switched, however, the vast majority—just under 78 percent—reported that they preferred to work as independent contractors.

Women and blacks were less likely than men and whites to be converted to alternative arrangements. Specifically, 19.2 percent of female wage and salary independent contractors made the switch, compared with 25.1 percent of male wage and salary independent contractors, and the corresponding

Table 12. Employed workers in alternative work arrangements who previously had a different type of arrangement with current employer, by selected characteristics, February 1995

[Percent distribution]

Characteristic	Independent contractors ¹	On-call workers	Temporary help agency workers	Workers provided by contract firms
Total				
Proportion that changed to an alternative arrangement	22.3	19.4	9.3	11.7
Proportion of changers that would prefer a traditional arrangement	22.2	53.9	45.9	(²)
16 to 24 years				
Proportion that changed to an alternative arrangement	16.8	17.5	6.0	1.7
Proportion of changers that would prefer a traditional arrangement	(³)	73.8	74.8	(²)
25 years and older				
Proportion that changed to an alternative arrangement	22.7	19.9	10.4	13.5
Proportion of changers that would prefer a traditional arrangement	23.5	49.7	40.4	(²)
Men				
Proportion that changed to an alternative arrangement	25.1	18.9	9.8	11.4
Proportion of changers that would prefer a traditional arrangement	19.7	67.8	48.2	(²)
Women				
Proportion that changed to an alternative arrangement	19.2	19.9	8.9	12.6
Proportion of changers that would prefer a traditional arrangement	25.8	41.5	43.6	(²)
White				
Proportion that changed to an alternative arrangement	23.4	19.8	10.5	13.1
Proportion of changers that would prefer a traditional arrangement	23.0	53.8	45.9	(²)
Black				
Proportion that changed to an alternative arrangement	16.5	16.0	5.1	7.5
Proportion of changers that would prefer a traditional arrangement	18.7	42.6	70.2	(²)

¹ Only those independent contractors who were identified as wage and salary workers in the main cps.

² Not available.

³ Less than 0.05 percent.

percentages for blacks and whites were 16.5 percent and 23.4 percent. Also, blacks were about half as likely as their white counterparts to be converted to temporary help agency workers (5.1 percent versus 10.5 percent). In addition, workers under the age of 25 were less likely to be converted to an alternative work status, although, with respect to independent contracting and being on call, this probably is more a

function of age and skill level than it is a policy on the part of employers. Overall, given the small magnitude of those who made a transition, as well as the demographic characteristics of those who were switched, the fear that large numbers of employers are abusing their employees by switching them from traditional to alternative arrangements appears unfounded.¹²

Aggregate measures

The previous sections have presented disaggregated estimates that are useful in determining whether individuals have had to accept contingent work or an alternative employment arrangement despite their wishes to the contrary. To obtain a more complete picture of these workers' situation, the data need to be combined into aggregate measures. Because there can be various notions or degrees of what it means to be involuntarily employed in a contingent or alternative work arrangement, three sets of measures are constructed. The first set is restricted to those who have 3 or fewer years of tenure in their current arrangement, the second is further restricted to include only those who were previously employed, and the third set is expanded to include the entire working population. Within each of these groups, various parameters are altered to reflect different notions of involuntariness.

Measures for those with 3 or fewer years of tenure. With regard to the situation of those who recently entered the labor market or changed jobs, it might be of interest to know what proportion of them were in a contingent or an alternative arrangement. Consequently, the first measure calculates the proportion of all workers with 3 or fewer years of tenure who were in a contingent or an alternative work arrangement. According to this measure, the figure was approximately 16 percent. The rate was a little more than 2 percentage points higher for those who were older than 25, compared with those who were 25 or younger (16.9 percent versus 14.6 percent). The rate was slightly lower for women than for men (15.7 percent, as opposed to 16.7 percent) and virtually identical for blacks and whites (16.3 percent versus 16.1 percent).

It is difficult to argue, however, that individuals have been pushed into a contingent or an alternative arrangement if they are in the types of jobs they want to be in and they express no desire to get out of such an arrangement. Hence, the second measure estimates the proportion of all workers with 3 or fewer years of tenure who were in a contingent or an alternative arrangement and who said that they would prefer to be in either a traditional or a noncontingent work arrangement.¹³ Using this criterion, one might argue that 7.0 percent of all those with 3 or fewer years of tenure had to settle for a contingent or an alternative work arrangement. As with the first measure, under the second measure the proportion of work-

ers younger than 25 who could be considered involuntarily in such an arrangement was lower than the proportion of workers 25 and older (6.6 percent versus 7.2 percent). Somewhat surprisingly, the rates did not differ substantially for men and women (6.9 percent and 7.1 percent, respectively), but the proportion of blacks who could be considered involuntarily in a contingent or an alternative arrangement was significantly higher than the proportion of whites (9.5 percent versus 6.4 percent).

As mentioned earlier, workers might be dissatisfied with their current arrangement, but still be prevented from accepting traditional or noncontingent employment for personal rather than labor market reasons. Therefore, to obtain a measure related exclusively to the labor market, the third measure includes the criterion that an individual had to provide an economic reason for being in a contingent or an alternative arrangement.¹⁴ To be classified as having been pushed into a contingent or an alternative arrangement under this measure, an individual had to express a preference for being in a traditional or noncontingent work arrangement and provide an economic reason for being in the contingent or alternative arrangement. By this measure, 4.3 percent of those with 3 or fewer years of tenure in their current arrangement were involuntarily in that arrangement. Again, those who were younger than 25 exhibited a lower rate (3.7 percent) of having involuntarily entered into their work arrangement than did those 25 or older (4.5 percent). Also, the proportion of women who could be considered to be settling for a contingent or an alternative work arrangement was slightly lower than the proportion for men (4.0 percent versus 4.5 percent). Finally, even including the reasons for being in an alternative or a contingent arrangement, the proportion of blacks with 3 or fewer years of tenure who could be considered involuntarily in such an arrangement, 7.3 percent, was almost twice as large as the proportion of whites.

Measures for those with 3 or fewer years of tenure who were previously employed. Because there is interest in whether individuals are involuntarily leaving "good permanent jobs" and accepting contingent or alternative arrangements due to corporate downsizing and restructuring, a second set of measures was constructed to include only those who had been previously employed. Of these four measures, the first three are the same as those just examined, except that they are restricted to individuals who were employed in another job prior to entering into their current arrangement. Consequently, the first measure calculates the proportion of all previously employed workers with 3 or fewer years of tenure who were in a contingent or an alternative arrangement. This measure is essentially a combination of information from tables 1, 2, and 4. It indicates that 14.8 percent of those who were employed in another job prior to starting their current job in the last 3

years were in contingent or alternative arrangements. The second measure uses the same employment criterion, but includes the requirement that individuals had to say that they preferred a traditional or noncontingent work arrangement. Under this measure, 6.4 percent of those who had worked prior to starting in their current arrangement, either directly or with a period of job search in between, could be construed to have been involuntarily directed into a contingent or an alternative work arrangement. The third measure tallies the proportion of previously employed individuals with 3 or fewer years of tenure who were in an alternative or a contingent arrangement, but would prefer not to be, and who provided an economic reason for being in that arrangement. According to this measure, 4.1 percent of those who had been employed previously were involuntarily in a contingent or an alternative arrangement. As with the measure for all workers with 3 or fewer years of tenure in their arrangement, when the measure is restricted to those who had been employed previously, it reveals that blacks made up a disproportionate share of those involuntarily in such an arrangement—7.0 percent, compared with 3.6 percent for whites. On the other hand, those older than 25 and men had rates that were only slightly higher than their younger and female counterparts.

In order to obtain an estimate of just those who might be considered to have involuntarily left a “permanent” job, a fourth measure was added which excluded individuals who said that they had been in a temporary job which ended prior to entering into a contingent or an alternative arrangement. Specifically, the fourth measure estimates the proportion of those employed in a “nontemporary” job prior to the start of their current arrangement, who were in a contingent or an alternative arrangement for an economic reason, but would prefer not to be in it, and who had either quit or lost their previous job. By this criterion, it is estimated that only 2.5 percent of those previously employed in a “nontemporary” job had to settle for a contingent or an alternative arrangement. Even here, however, blacks were overrepresented among the ranks of those who could be considered to have involuntarily entered a contingent or an alternative arrangement, with 4.4 percent meeting the criterion, compared with 2.3 percent of whites.

Measures for the entire work force. The aggregate measures presented so far relate only to those with 3 or fewer years of tenure. There also may be interest in similar measures for the entire work force, both because analysts want a broader perspective of the labor force and because there are individuals who could have been in an alternative or a contingent arrangement for more than 3 years, but still dislike it. Accordingly, two measures for the work force as a whole are constructed. The first measure estimates the proportion of all those employed who were in a contingent or an alternative

work arrangement, but would prefer not to be in such an arrangement; the second measure is the same as the first, except that, in addition, individuals had to provide an economic reason for being in a contingent or an alternative arrangement. Under the first measure, 4.0 percent of the work force in February 1995, and under the second measure, 2.2 percent, might be considered to have been involuntarily directed into a contingent or an alternative work arrangement by the labor market.¹⁵ The proportions of blacks and whites under the second measure were much closer than for any of the measures restricted to those with 3 or fewer years of tenure in their current arrangements. However, the rate under the second measure for the entire labor force was still significantly higher for blacks than for whites (3.5 percent versus 2.1 percent).

Job search

Contingent workers. Another measure of workers' satisfaction with their current arrangement is whether they are searching for another job. Table 13 contains estimates of the proportion of contingent workers who searched for a job in the 3 months prior to February 1995, or since the start of their current job if they had started working in that job sometime during those 3 months. Additional information is provided with respect to whether jobseekers were looking for a new job as opposed to a second job and whether those seeking new jobs were looking for permanent jobs, temporary jobs, or any type of new jobs that they could find. As a point of reference, the proportion of noncontingent workers who were searching for work is also presented.

Approximately 22 percent to 26 percent of contingent workers had looked for a new job in the 3 months prior to February 1995 (or since they had started their current contingent jobs), and the vast majority of these contingent workers were looking for a “permanent” job as opposed to another short-term job. These figures may seem low in view of the fact that 56 percent to 64 percent of contingent workers reported that they would prefer to be in a noncontingent arrangement. However, the proportion of contingent workers who were looking for a new job was 4 to 5 times higher than the proportion of noncontingent workers who were looking for a new job. Furthermore, given that, even under the narrowest definition of contingency, workers might have expected to remain in their current jobs for up to a year, contingent workers may not have been facing an imminent job loss; and absent this pressure, there may have been no incentive for them to search immediately for a job. In addition, among contingent workers who said that they would prefer a noncontingent arrangement, the fraction of those searching for a new job increased to more than a third, ranging from 34 percent to 37 percent, depending on the definition of contingency used.

Table 13. Job search of employed contingent and noncontingent workers and those with alternative and traditional work arrangements who searched for a job in the previous 3 months, by selected characteristics, February 1995

[In percent]

Characteristic	Contingent workers			Non-contingent workers	Workers in alternative arrangements				Workers in traditional arrangements
	Estimate 1	Estimate 2	Estimate 3		Independent contractors	On-call workers	Temporary help agency workers	Workers provided by contract firms	
Total									
Total, 16 years and older (thousands)	2,739	3,422	6,034	117,174	8,309	1,968	1,181	652	111,052
Percent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Searched for a job	28.9	28.8	24.2	6.3	8.0	16.9	31.6	15.9	6.5
Searched for a new job	26.0	25.7	21.5	4.9	5.1	16.9	31.6	15.9	5.2
“Permanent”	21.7	21.5	18.2	4.4	4.4	15.2	29.0	14.0	4.6
Temporary	2.4	2.4	1.9	.2	.2	.4	1.4	.5	.3
Any type	1.8	1.7	1.4	.3	.5	1.4	1.2	1.4	.2
With 3 or fewer years of tenure¹									
Searched for a job	28.9	29.0	26.2	10.0	13.3	19.3	33.4	20.0	10.2
Searched for a new job	26.0	25.9	23.2	7.9	9.5	19.3	33.4	20.0	8.2
“Permanent”	21.7	21.6	19.6	7.1	8.8	17.5	30.5	17.7	7.3
Temporary	2.4	2.5	2.2	.4	.1	.5	1.5	.7	.5
Any type	1.8	1.7	1.4	.4	.5	1.3	1.4	1.6	.4
Prefer a noncontingent or traditional arrangement									
Searched for a job	40.2	41.0	36.7	(²)	32.9	28.0	43.6	(³)	(²)
Searched for a new job	36.8	37.4	33.7	(²)	27.7	28.0	43.6	(³)	(²)
“Permanent”	32.0	32.8	29.8	(²)	25.8	25.1	39.7	(³)	(²)
Temporary	2.0	2.1	1.8	(²)	.6	.6	1.9	(³)	(²)
Any type	2.6	2.4	2.1	(²)	1.4	2.3	1.9	(³)	(²)

¹ Excludes persons who did not report specific tenure, but did report that tenure was more than 1 year.

² Not applicable.

³ Workers provided by contract firms were not asked their preference.

NOTE: Noncontingent workers are those who do not fall into any estimate of contingent workers. Workers in traditional arrangements are those who do

not fall into any of the alternative-arrangement categories. The distributions of workers with 3 or fewer years of tenure who were contingent under estimates 1 and 2 differ from those for all contingent workers under estimates 1 and 2 because individuals who were both contingent and in an alternative arrangement were excluded if they had been in the alternative arrangement for more than 3 years.

Workers in alternative work arrangements. The job search pattern for those in alternative work arrangements corresponds closely to these workers' satisfaction with their current arrangements.¹⁶ The estimates in table 13 indicate that relatively few independent contractors were searching for a new type of work arrangement. Furthermore, their job search rate of 5.1 percent was almost identical to the 5.2-percent job search rate of workers in traditional arrangements. Among those who had become independent contractors within the last 3 years, the rate of searching for a new job, 9.5 percent, was nearly double the rate for all independent contractors. Still, it was relatively low and was only slightly higher than the job search rate for workers with 3 or fewer years of tenure in traditional arrangements.

In contrast, the proportions of contract company workers, on-call workers, and temporary help agency workers searching for new jobs not in alternative arrangements were considerably higher than the proportion of workers in traditional

arrangements who were looking for new jobs. Almost 16 percent of contract company workers and 17 percent of on-call workers were searching for new jobs in which they would not be contract company and on-call workers, respectively. Furthermore, among those who had been in their arrangements for 3 or fewer years, the rates increased to 20.0 percent and 19.3 percent, respectively. The comparable figures for workers in traditional arrangements were 5.2 percent among all workers and 8.2 percent among those who had started working in the last 3 years.

The rate of searching for a job among temporary help agency workers was even higher. Almost 32 percent of all temporary help agency workers and 43.6 percent of such agency workers who said that they would prefer to be employed in another type of arrangement reported that they had been looking for new jobs other than with temporary help firms. This higher rate of searching, compared with that of contract company or on-call workers, could reflect tempo-

rary help agency workers' higher levels of dissatisfaction with their current arrangements, but it also could reflect their different reasons for being in these arrangements, plus the shorter expected duration and greater uncertainty of employment embodied in temporary help arrangements. For instance, 64.7 percent of temporary help agency workers provided economic reasons for being in their current work arrangement, as opposed to only 47.4 percent of on-call workers.

In general, although the estimates in the previous section could be used to argue that relatively few workers involuntarily entered into a contingent or an alternative work arrangement, the much higher rates of searching for a new job among contingent workers and workers in the majority of alternative arrangements suggest that a substantial proportion of workers in these arrangements were experiencing a much higher level of anxiety with respect to future employment than were other workers.

Stepping-stones to other employment?

In examining the issues concerning whether contingent or alternative work arrangements are stepping-stones down or up the economic ladder, it is important to estimate the proportion of workers in traditional and noncontingent arrangements who began their employment with their current employers in some other type of arrangement. In addition, given that 17.9 percent of temporary help agency workers and 8.5 percent of on-call workers said that they were in their arrangements because they hoped that these arrangements would lead to "permanent" employment, it is important to examine the rate of transition to "permanent" employment to see whether these workers' expectations are realistic.

The following tabulation presents the proportion of all workers who were in neither an alternative nor a contingent arrangement in February 1995 and who had ever worked as a temporary worker, contractor, consultant, freelancer, or on-call worker. (To get a sense of whether the transition from some other type of arrangement to a traditional, noncontingent arrangement benefited one sex more than the other or one particular race, the rates are split by men and women and by blacks and whites.)

Percent who switched

All employed (who were in neither an alternative nor a contingent arrangement)	4.3
Sex:	
Men	3.6
Women	5.1
Race:	
White	4.4
Black	3.9

To determine whether these transitions are a relatively recent phenomenon, the next tabulation shows the distribution of total tenure in the job for those who switched to a traditional arrangement:

	<i>Percent distribution of tenure in the job</i>
1 year or less	22.9
More than 1 year to 2 years	12.8
More than 2 years to 3 years	8.6
More than 3 years to 5 years	14.3
More than 5 years	41.2
Not available .....	.2
Average years of job tenure for those who switched	6.9

The first thing to notice in examining the preceding figures is that approximately 4.3 percent of those who were in neither an alternative nor a contingent arrangement in February 1995 had worked at some point for their current employer in some other type of arrangement. This estimate translates into about 4.3 million workers. Fully 83 percent of these workers had made the transition to a nonalternative, noncontingent arrangement directly, without a span of time in between. However, it is important to note that the average tenure for all workers who switched (including the time they were in an alternative arrangement) was 6.9 years, and 41.2 percent had a tenure with their current employer that was greater than 5 years.¹⁷ Consequently, these transitions do not seem likely to have been relatively recent ones for workers with short spells in alternative arrangements.

With regard to the demographics of those making the transition, the rate for women, 5.1 percent, was significantly higher than the 3.6-percent rate for men. However, whether this difference is due to screening on the part of employers or women availing themselves of flexible arrangements prior to working "permanently" is impossible to say without additional data. The rate for blacks, 3.9 percent, was lower than that for whites, 4.4 percent. Overall, the estimates suggest that, although the expectations and hopes of temporary help agency workers and on-call workers to switch directly into "permanent" employment are not completely unfounded, they probably exceed reality.

THE PRECEDING ANALYSIS SUGGESTS THAT, although the burden of being involuntarily directed by labor market conditions into a contingent or an alternative arrangement may fall disproportionately on some segments of the population, the magnitude of the problem does not seem large. In addition, while it cannot be determined what individuals' other employment opportunities might have been in the absence of contingent and alternative arrangements, examination of the reasons

workers were in these arrangements does seem to indicate that they are affording some individuals who are constrained by conditions outside of the labor market (for example, those with family or school obligations) an opportunity to work that they might not otherwise have. At the same time, although it does

not seem that a large proportion of workers are involuntarily entering into contingent or alternative arrangements, neither does it appear that such arrangements are providing a particularly large boost for those who are trying to enter or reenter the traditional labor market. □

Footnotes

¹ See, for example, Garth Mangum, Donald Mayall, and Kristin Nelson, "The Temporary Help Industry: A Response to the Dual Internal Labor Market," *Industrial and Labor Relations Review*, July 1985, pp. 599–611; Eileen Applebaum, "The Growth of the U.S. Contingent Labor Force," in Robert Drago and Richard Perlman, eds., *Microeconomic Issues in Labor Economics* (London, Harvester Wheatsheaf, 1989); Polly Callaghan and Heidi Hartmann, *Contingent Work: A Chart Book on Part-Time and Temporary Employment* (Washington, Economic Policy Institute, 1991); and Julie Quiroz, James Auerbach, and Rubie Coles, "Strengthening Job Ladders for Contingent Workers," in *New Policies for Part-Time and Contingent Workers* (San Francisco, New Ways to Work, 1991), pp. 46–48.

² See, for example, Bruce Steinberg, "Temporary Help Services: An Annual Update for 1995," *Contemporary Times*, Spring 1996, pp. 11–18; and Lewis Segal and Daniel Sullivan, "The temporary labor force," *Economic Perspectives*, March/April 1995, pp. 2–19.

³ Steinberg, "Temporary Help Services," p. 15.

⁴ See Paul Osterman, "Internal Labor Markets: Theory and Change," in Clark Kerr and Paul D. Staudohar, eds., *Labor Economics and Industrial Relations* (Cambridge, MA, Harvard University Press, 1994); Anne E. Polivka, *Are Temporary Help Agency Workers Substitutes for Direct Hire Temps? Searching for an Alternative Explanation of Growth in the Temporary Help Industry* (paper presented at the Society of Labor Economists Conference, Chicago, May 3–4, 1996); Maria Ward Otoo, *Contingent Employment and Frictional Unemployment* (Board of Governors of the Federal Reserve System, 1996); and Applebaum, "Contingent Labor Force."

⁵ For further discussion of the measurement and definition of contingent workers and workers in alternative work arrangements, see Anne E. Polivka's article, pages 3–9, this issue. For a discussion of the differences among workers in the various alternative work arrangements, see the article by Sharon R. Cohany, "Workers in alternative arrangements," pp. 31–45.

⁶ See, for example, Thomas Dunn and Douglas Holtz-Eakin, *Financial Capital, Human Capital, and the Transition to Self-Employment: Evidence from Intergenerational Links*, Working Paper No. 5622 (Cambridge, MA, National Bureau of Economic Research, 1996); Bruce Meyer, *Why Are There So Few Black Entrepreneurs?* Working Paper 3537 (Cambridge, MA, National Bureau of Economic Research, 1990); and John E. Bregger, "Measuring self-employment in the United States," *Monthly Labor Review*, January/February 1996, pp. 3–9.

⁷ For a discussion of the comparative costs of displacement over time, see Henry Farber, *The Changing Face of Job Loss in the United States, 1981–1993*, Working Paper 5596 (Cambridge, MA, National Bureau of Economic Research, 1996).

⁸ Individuals could quit in anticipation of being laid off. However, the literature on advance notification of job losses indicates that the quit rate for those who know with certainty that they are losing their jobs is not particularly high. For example, using data from the 1988 Discouraged Worker Supplement to the CPS, Christopher J. Ruhm, "Advance Notice and Postdisplacement Joblessness," *Journal of Labor Economics*, vol. 10, no. 1, January 1992, pp. 1–32, found that only 13.9 percent of those who received advance notification avoided joblessness of a week or less. Further, in a study of job loss in Arizona, Paul L. Burgess and Stuart A. Low, "Preunemployment Job Search and Advance Job Loss Notice," *Journal of Labor Economics*, July 1992, found that more than 40 percent of workers who received advance notification of their job losses did not look for a new job prior to the loss of their old one.

⁹ At first glance, the rates of those leaving previous employment volun-

tarily do not seem equal, as 57.1 percent of independent contractors who had previously worked reported that they quit, compared with 64.5 percent of previously employed workers in traditional arrangements. (See table 6.) However, an examination of the responses of independent contractors classified as "other" indicates that a high proportion of the reasons for changing their employment status were voluntary. Among these reasons were "buying out or taking over the business," "being promoted to an owner or partner," and "continuing to work at the previous job in addition to becoming an independent contractor." When the "quit job" category and the appropriate parts of the "other" category were combined into a single category, the distribution of reasons for changing a prior employment relationship was little different for independent contractors than it was for those who were in traditional work arrangements.

¹⁰ In examining contingent workers' preferences for their arrangement, the preferences of contingent workers under estimates 1 and 2 are emphasized because preferences were not collected for a portion of those who were contingent under the broadest estimate. Consequently, the distribution of preferences under estimate 3 was skewed by the unavailability of some of the data.

¹¹ Independent contractors who were identified as self-employed in the main CPS questionnaire were excluded because they were not asked the question. A small number of workers who originally were classified as self-employed, but who were switched to wage and salary status when the data were edited, also were excluded.

¹² Although 16.7 percent of workers in the specified alternative arrangements were switched from another type of arrangement, workers who were switched constituted less than 1 percent of all those who were employed in February 1995.

¹³ Because data on contract workers' preferences for their arrangement were not collected, such workers are excluded from both the numerator and the denominator of this and all subsequent measures that include workers' preferences for their arrangements.

¹⁴ Readers familiar with the concept of persons working part time for economic reasons will recognize the parallel between that notion and this measure of workers who are involuntarily in a contingent or an alternative work arrangement. Individuals who are classified as working part time for economic reasons have to indicate that they want, and are available, to work full time, as well as provide an economic reason related to the labor market for being part-time workers.

¹⁵ Excluding workers provided by contract firms, the proportion of all workers in contingent or alternative arrangements who would prefer to be in a traditional or noncontingent arrangement and who gave an economic reason for being in their current arrangement was 17.7 percent.

¹⁶ In inquiring about the job search activities of those in alternative arrangements, the survey asked workers whether they were searching for employment in an arrangement different from the one they currently were in. This phrasing was used to avoid confusion that might have arisen from the use of terms such as "job" and "employer." For example, independent contractors might classify separate contracts as different jobs, in which case they could say "yes," they were looking for another job, when they simply meant that they were looking for another project, as opposed to an arrangement in which they would not be an independent contractor.

¹⁷ The average tenure for those who switched directly, without a period in between, was 6.6 years, and the distribution of their job tenure was little different from that of all workers who made a similar transition.