

# Keeping contractors happy

As more traditional work structures disappear, employers face the challenge of managing an external workforce, write *Tui McKeown* and *Glennis Hanley*.

The advent of globalisation and decreasing government labour market involvement within the western world has wreaked havoc on the concept of traditional employment. As work becomes increasingly casual, part-time and temporary, a dynamic and fluid workforce is throwing up complex Human Resource Management (HRM) challenges. One of the many shards of this change has been the rise of the contract worker and if HRM professionals are to retain them they need to know what keeps them happy.

With a growing number of workers falling outside the standard view of a worker as a male in a full-time, stable job of indefinite duration, non-standard work arrangements are increasingly the norm, particularly among the professional contract workforce. In an age in which behavioural scientists are crying out for empowerment, contracting is one of the most decentralised, disbursed and delegated authorities given to any supervisor. The problem is that few managers and supervisors actually know how to keep professional contractors happy.

While most peripheral work arrangements and the consequences associated with them are not new developments, their growth is. This is particularly true in Australia, where the degree of workforce change, especially the degree of job casualisation, makes it notable among other OECD nations. For nearly a decade now, more than 20 per cent of Australian workers have been in these positions and by 2020 much more of Australia's peripheral workforce will consist of less unionised, skilled and educated casual and subcontract workers with poorer pay and conditions. The marginalisation and disadvantage associated with peripheral employment, however, is not part of the professional contractor workforce.

## More money, work-life balance and a flexible lifestyle are important motivators.

### CHOICE AND CONTROL

The key dilemma for employer organisations is that, while contract workers may not be employees in the legal sense, the very issues of choice and control in the traditional employment relationship lie at the heart of organisation's ability to manage the contract workforce. The complication of professionals in contract employment is afforded some insight in the sociological literature on the professions, which has concentrated on aspects such as organisational commitment and job satisfaction. In a study of lawyers, Gunz and Gunz (1994) found this occupation was highly mobile and that career paths play an important role in fostering attachment to an organisation. However, there are questions as to the ability or even the desire of an organisation to offer security and career paths in their work on research and development workers.

These findings are consistent with an alternative theory which appears particularly apt for professionals in contract employment – that of the Prima Donna and Grunt workforces (Lozano 1989). In line with Atkinson's (1984) flexible firm model, this theory proposes that employers consciously decide not to bring a group of workers into the core as their high skill also equates with an uncontrollable and aberrant workforce. This view clearly suggests that the professional in peripheral employment is different and should be subject to a different set of HRM rules.

Contrary to the common perception of the professional operating from a position of advantage, the prima donna/grunt theory suggests social isolation and separation are likely and, for the organisation at least, even desirable. In such situations, disadvantage to the worker is clearly possible. Evidence for this has been found in a number of traditional areas of employer obligations related to hours of work, particularly overwork and ill health and workers compensation, especially in high tech areas such as Silicon Valley.

Returning to the Australian context, there are limited studies of contracting but, the few available support the contention of disadvantage.

So far there's been very little research on the contract workforce, and in particular, the professional contractor, which would seem an oversight considering how fast this sector is growing. A possible reason may be that, as Bryan Noakeshis said in his retirement speech as head of the Australian Chamber of Commerce and Industry in 2001, there are a million and one problems arising from the trend of people contracting their services rather than working as employees.

While studies into non-traditional work arrangements raise important issues of marginalisation and uncertainty, there is very little research that addresses these for the professional contractor. This is due to two reasons. Firstly, these professionals occupy a privileged labour market position and secondly, they have a strong and well-developed sense of a career. Essentially then, professionals are seen as being pulled into contracting because of opportunity, rather than being pushed because of redundancy and unemployment.

### WHAT CONTRACTORS SAY

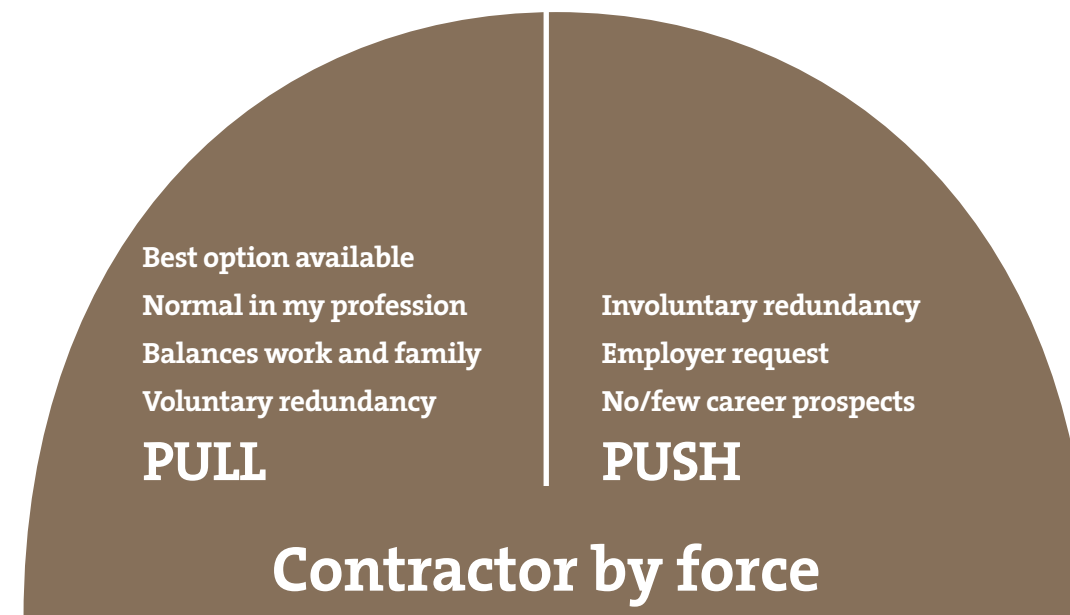
Based on the analysis of a survey of 240 professionals in contract employment arrangements and using a tool specifically designed for this research project, the Push/Pull Matrix, the study looks at why individuals first entered contracting. These results are then compared with the reasons they have remained working as a contractor. This comparative focus allows an examination of the wider issue of the changing nature of contract of work and the implications this has for the way in which organisations can manage this workforce. We focused on six items covering the individual professional's current view of contracting as a way of work.

- 1. Current Work Arrangements** Professional contractors place great importance on being self-employed. They move into contracting as a result of a lack of other employment options and are wary of its insecurities.
- 2. Preferred Work Arrangements** A significant proportion of those who entered contracting by choice preferred self-employment while those pushed into it retained a strong desire for more permanent employment.
- 3. Current Views on Contracting** The desire of those pulled into contracting remains To be your Own Boss and To Make More Money. Findings support the portrayal by writers on the future of work as the professional contractor being entrepreneurial, individualistic and self-motivated.
- 4. Negative Aspects of Contracting** There is plenty of evidence that professional contractors are not immune to the issues of job insecurity, financial disadvantage, long hours of work and a lack of co-

operation from clients. The picture that emerges for those initially pushed into contracting is one of an unpredictable work and personal life that is exacerbated by poor pay and difficulties in working with the employees of clients.

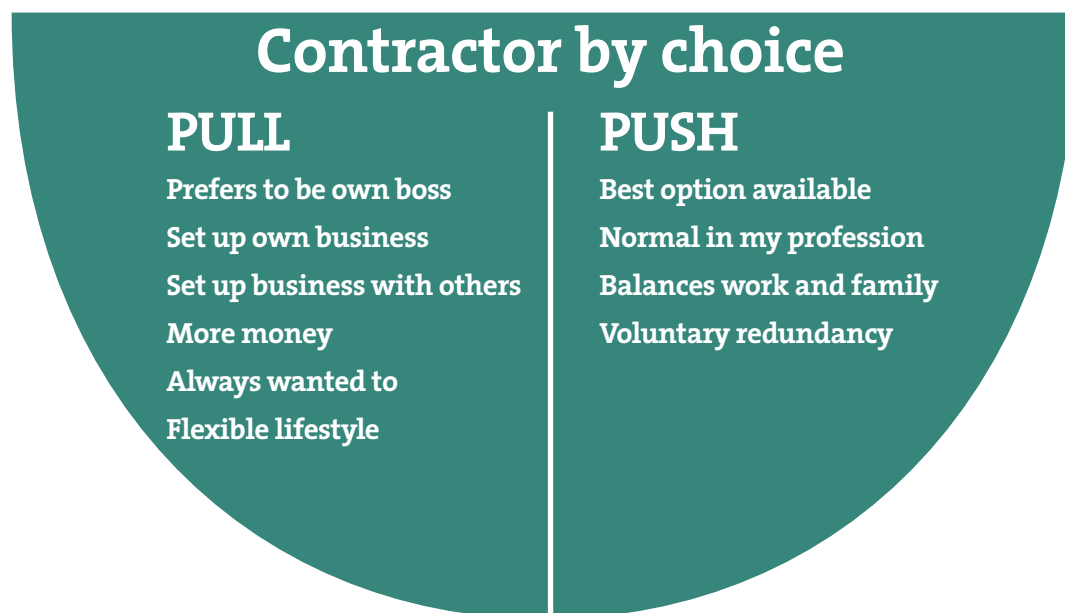
**5. Changes Since Initial Entry** Overall the majority of professional contractors have remained contracting since initial entry, providing strong evidence of either an ongoing affiliation to contracting as a way of work or of being trapped.

**6. Plans to Remain Contracting** Overall, the majority (nearly 77 per cent) of those currently contracting intend to persist for the next year. However, over longer periods rates decrease. Even among those extremely unlikely to leave contracting, the numbers who intend to remain decline with time. Looking three years into the future, levels drop to just fewer than 32 per cent and 16 per cent after three years.



The fact is that the professional in the peripheral workforce can be just as vulnerable as any other worker and the issues of access to training, development and protection are just as important. It is clear that those initially pulled into contracting, and to a lesser extent, most of those who entered by choice are significantly more satisfied with their contracting career than those who were pushed into it. Positive factors like, more money, balance of work and family and a flexible lifestyle are important motivators. Conversely, irregular work, the erratic lifestyle, loneliness and inadequate pay are reasons for wanting to get out of it. For some, contracting is not only the best option available but probably, the only option.

worker. This opens up a need for employers to provide traditional HRM services to contractors if they want to maintain them. The challenge for the employing organisation is identical to that of any other worker: firstly, finding contractors who meet their needs and secondly, maintaining their services for the length of time they are needed. It seems a challenge worth considering given that the forces of globalisation which have brought about the increase in the professional contractor workforce and the increasing demand for their services seem to be part of the foreseeable future of work.



**TRAP OR TROPHY**

Overall, satisfaction with work arrangements affects the sustainability of a contractor's life and work style. The results reaffirm that professional contracting arrangements vary from being transitional to being a trap associated with job insecurity, through to a career option for the most able and ambitious. However, there are clearly costs involved in contracting, even where individuals appear to be highly paid and rewarded for their labour. Those stepping outside the bounds face ongoing challenges to ensure employability and to avoid the threat of redundancy, changing labour markets and expectations of work.

There's no evidence the professional worker is somehow more adept at negotiating their way. In fact there seem to be clear indications professionals are as much in need of assistance as any other peripheral

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