

Management of Engineering And Technology

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Fall 1998

The Evaluation Paper for
Contractor Performance: How Good Are Contingent
Workers at the Professional Level?

1998-F-520-03-1

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SSN: 590-19-3496

Abstract

The main idea of the paper is that the overall performance of contract workers in the high-tech organization would not be influenced by any types of factors, such as a forced-departure rule, culture of the client organization, or the spent time at the client work site. The authors, Randall Jarmon, Albert Paulson, and Douglas, Rebne, came up the result based on the survey data of the ninety-six high-tech managers who has or had experience with hiring and working with contractors. However, these authors did not forget about reminding us cautions in

three factors. The first factor is that the generalization tendency of the research is limited since they narrowly defined group of what they founds, temporary workers in US. The second one is that the research seems little experimental on the performance of the contractors. The other one is that the used sample is a small since the surveyed managers are only ninety-six.

However, it is well-written research paper strongly delivering the result that the performance of the contractors are not affected by the environmental factors, such as a forced-departmental rules, work condition or organization buffering. Also, the research proved that the performance of them does not improved because of the work period that they involved on the project.

The motivated contractors can perform as much as the employees in the client and it must be one of the manager's tasks to motivate them.

I. Introduction

For the past few decades, the high-tech industries have been increased rapidly every year. At the same time, the population of the high-tech industry has been increased. This paper examines the performance of the temporary works in US whose skills reached at the professional level. The professional level is defined clearly in the paper; it refers to only the people

1. Who has either Bachelor's or Master's degree
2. Whose position is the one of the technical temporary jobs such as temporary programmers or temporary engineers
3. Who receive direction from client employees

The performance of the temporary workers¹ is a very important issue for enterprises and the manager because how flexibly manage these temporary work forces is what they earn for an outcome. For engineering managers might have great interested in concerning the performance of the contractors versus that of the regular employees. In many cases, managers may have to make distinctions, although it does not always comfortable to do it so, between how they treat contractors and employees in the same workgroup.

The paper itself is, also, a very interesting story for me personally since my work and education background would perfectly fit into what the author defined. I have the Bachelor in the computer science and worked at Intel as a software

¹ Temporary clerical workers, temporary technicians, and Ph. D consultants have been eliminated as contractors because these people, especially, the Ph. D consultants, direct their own work

test engineer, a temporary contractor position.

The paper does really good job to explain how contractors perform their job as well as overall as regular employees doing comparable work., even though, the paper emphasize on the fact that little empirical work has been done and the concept of the contractors and temporary workers have been used ambiguously in many cases. Since high-tech industry always rapidly change their technology and innovative development environment, it must be hard to estimate with actual empirical data.

II. Literature Review

Since there is little research has been done about the performance of the contractors, the concept of the contractors used in mixed way that there was not clear distinction among contractors, part-time workers, cottage industry workers, and others. Thus, the paper reviews the term, “contractor”, carefully in two aspects.

In order to define the word, “Coemployment”, carefully, the Master-Servant Doctrine, law theory, is introduced and the theory supports to determine about the employee to declare who is liable for status overtime premiums, pension contributions, health benefits, payroll taxes, and income taxes. The contract labor agency and their client gain the benefits as hiring contractors, however, the client gives all the tasks to the contractors. The contractors get their pay rolls from the contract agency, however, the main source of the pay roll is coming from the client.

Thus, most of time, the client subjects to the financial liabilities by using contractors. In the case, the client have sought to protect themselves from such liabilities by creating distinctions called “buffers”, which exist between employees and the contractors among them. Each buffer claims that the contractors are not employees. Which is true in the reality, for example, that the contractors do not get the benefits from the client even though the regular employees gets them, such as, stock option, health insurance, paid vacation plan, or an employee pension plan. One of the reasons is that the contractors in many cases get told to leave when the project is done or when there is the change for the direction; the contractors are hired for the short period base on the length of the assigned project.

This short-term staying of the contractors becomes the concern for the client that the contribution and the performance of them are insufficient and

unaffected to the team projects because of the transient temporary work [1]. It sounds like very risk for the client to hire the contractors as reviewing the only fact in the preview sentences. However, just like the SIPT (Social Information Processing Theory), I strongly agree that “people learn what their needs, values, and requirements should be in part from their interactions with others”, and “to take into account the social context in which work occurs and how this context affects attitudes and actions”. I saw some people get promoted from the temporary position to the permanent one since their performance, knowledge, and attitudes toward to the work are as good as the employees who work with them. Or, sometimes, their contract period gets extended requested by the group manager. In the real field, the length of the contractor’s stay can be effected by how good their performance is, and the contractors are apt to be motivated by the fact that either he/she can be stay more in the workplace or can be promoted for the regular position.

Generally speaking, the contract length can be different based on the contractor’s performance and their motivation since the motivated contractors can bear good performance in the field, even though the literature does not explain well about the performance of the contractors.

III. Research Methodology

A. Overview

The authors can focus on the following three research questions. For the data they used,

1. What effect on overall perceived contractor performance is associated with buffering?
2. What effect on overall perceived contractor performance is associated with the length of time and average contractor spends in the workgroup?
3. Did contractor performance compete with employee performance?

For these research topics, the survey was answered by managers who had experience to supervise or has supervised the contractors. And, these managers reviewed about how they believe the six categories of the contractor’s performance.

- 1) contractor work effort
- 2) the difficulty of work entrusted to contractors

- 3) contractor skills
- 4) contractor commitment
- 5) The overall expectation that the managers had regarding contractor performance.

B. Survey Site Selection

They used six companies; they are private-sector, high-tech driven companies in US. Four of them are related to produce either computer hardware or software, or produce both. And the rest of two are doing research and development (R & D). The companies are regionally located separately since two are in California and the rest of them are selected from northeastern region. Also, the contractors are varied in these organizations, from the laissez-faire one to the highly structured.

C. Respondent Selection and Solicitation

The collected data was in US and in the summer of 1992 when contractor usage was common. The survey was distributed in the three different ways. In one company, compiling the list of prospective manager respondents from the limited purchasing information available. Human Resource (HR) department distribute the survey to their manger who supervise the contractors in the recent years in four other companies. In the last company, survey distribution guided by a vice president well versed in practices concerning contractors.

The contributed managers are ranked in the junior of the project level and were asked to estimate the number of the contractor who worked for their group in the recent years. The survey delivered the limited term for the contractors by saying 1) who performed work normally requiring a bachelor's or master's degree but not a Ph.D. 2) whose services were obtained through a contract labor agency. 1283 contractors were estimated by these individual managers who had or have supervise them.

The survey mailed directly to the authors and was filled completely anonymously. Totally 96 usable responses was received, corresponding to a response rate conservatively estimated a t greater than seventy-three percent. The high response rate removed because of what the authors concern over the potential for serious not response bias arising within the settings surveyed.

The survey seemed that requested and answered by various types of reasons and circumstances in order to make the survey to be general. However, the collected data seemed it is such old data that may not be true any more for the recent trends of the high-driven company since its trends never stay in the same, even in such a short time period.

D. Questionnaire Items Used to Develop Measures

Among the questionnaires, six of them are related to examine contractor performance, which addressed attendance, work effort, commitment, skill requirements for the work related, and close to the manager's expectations.

The answered items are scaled in a seven-point scale format except the question number 28, which need to tell the actual number of the month how long an average contractor stayed in the work group. Elaborate question was the Item 8 asking, "An average employee would have better skills than would an average contractor with as much as education and experience". Since the contractors have either a bachelor's degree or the master, contractor educational levels and experience might often approximate those of various client-firm professional employees working around them.

E. The Index of Perceived Contractor Performance

As the index of perceived contractor performance, the six simple average questionnaire items were used concisely and fully as more extensive analysis confirmed. The score indication is as follows:

- 1) A high index score - to hold a negative view of contractor performance.
- 2) A mid point score (4.0) – either a respondent's ignorance about overall about overall contractor performance relative to that of employees or his ambivalence about the topic
- 3) A low index score – to obtain a positive view of contractor performance.

As the result, 0.74047, a Cronbach's alpha was yielded for the index and it implies that the mean performance index components slightly counteracted one another, making it slightly more difficult for the index to detect an effect. Thus, the conclusion of the view from the authors became conservative. The result of index reveals less likely to show the second hypothesis that contractor performance might equal to or exceed employee performance

F. The Index of Organizational Buffering

In order to scale buffering, the authors devised a summated index and scored each of respondent organizations against it. A potential buffering list was developed and each buffer was scaled as “2 when it is presented”, “1 for partially presented”, and “0 for absent”. To estimate the overall organization’s score, its index of organizational buffering was scaled as adding together its scores on the individual buffers. Then, an organization was marked as “high” if its buffering index score equaled or exceeded the median, otherwise, marked as “low”

G. Average Contractor Time in the Workgroup

Based on the answer of the questionnaire number 28, “Approximately what was the average time such a contractor spent in the same workgroup you worked in?”, it was marked “high” if it equaled or exceeded the median time contractors spent, otherwise, marked as “low”.

H. Hypothesis Concerning the Effects of Buffering and Average Time In Work Group

The first Hypothesis introduced is the relation between the increased buffering and the performance of the contractor: “Increased buffering would reduce overall perceived contractor performance”. The hypothesis is that “For the data, buffering, average time in the workgroup or their iteration will have a significant effect on overall perceived contractor performance”.

The observation from the equity theory is that contractors might withhold their contributions to offset to less favorable treatment When everything is being equal. The contractors would be more likely to master its culture as they spend more time in the setting. Also, as they experienced the same information flows, contractors would seem to become more like the employees around them.

One obvious observation I have is that the experienced contractors who spend more time in the workgroup obtain the confidence from the experience and knowledge they gain from the experience.

I. Hypothesis for Contractor Performance Versus Employee Performance

The other hypothesis is asked on whether the perceived overall

contractor performance equals or exceeds that of comparable employees or not. Hypothesis 2 is "Respondent managers on the whole will feel that contractors perform worse than comparable employees perform".

As the result, the scores of the overall mean performance index were plotted and appeared to approximate a normal distribution closely. If the values are higher than 4.0, which mean either ignorance or ambivalence, indicate poor impressions of contractors. Conversely, favorable impressions were indicated for the values below 4.0 since it revealed that the average respondent manager thought contractors seemed to do as well or better than employees. When the value becomes 4.0, it implies that there is no meaning opinion about the contractor performance and employee performance.

IV. Results

The researched result of the Hypothesis 1 was good enough for an organization to hire the contractors since neither a force-department rule nor average time in the workgroup, nor their interaction significantly affected overall perceived contractor performance. The Hypothesis 1 rejected by the result of research since organizational buffering, average workgroup time and their interaction would not affect on the contractor performance.

The Hypothesis 2, also, rejected since the upper end of the mean performance index value was 3.546, which is obviously less than 4.0. In other words, the respondent managers perceived overall contractor performance to be at least as good as that of comparable full-time employees.

V. Conclusions

The overall result of this research found out that the performance of the contractors is good enough to compete with the full-time employees. And, also, the perceived overall contractor performance seems to be unaffected by the organization buffering or a forced-department rule[1]. One more interesting fact that revealed via the research is that the contractors does not affect on their performance by the fact that they are being treated differently than full-time employees. One of the reasons I can think of is that the contractors are getting paid more money; for example, a contractor get paid when he/she does overtime, however, a full-time employee does not. Money can be the motivation obviously. Then, how do they yield good performance in the workgroup?

Many contractors do believe at the field that they can either get extended their work period or get promoted to be a full-time employee. Therefore, the contractors include myself, are willing to work hard while they are working. These motivations keep them to compete with the employees. However, it does not mean that each individual's performance is always as good as the employee. Different attitude, characteristics, motivation, ability or work experience might be the factors to yields better or less performance of the contractors. Because contractor requires working interactively with many others, including other contractors and the employees, the performance cannot be accomplished by an individual performance [2].

The authors found out another interesting fact that no matter how much time the contractors spend in the workgroup, it seems to the management that there is no effect on the contractor's overall performance. Even though they focused only on the most stringent buffer, the forced-department rule, they failed to find out the significant effect on overall perceived performance. They also did not forget about providing the caution to the reader that buffering measurement is an unnecessary effort and might be entirely defensible based on coemployment considerations alone.

It might be inaccurate research to explain, entirely, either how worth it is for an organization to hire the contractors or how benefit the contractors are in the field comparing to the employees?

Even though this research was done to cover only certain general part of the contractor performance, it is good enough for the managers or the department header to give some idea how good the contractors can compete with the employee under the same forced-department rule, organization buffering, or the interaction with employee in the fields.

In the today's high-tech industry, hiring people are directly connected to the cost effective management decision and are managed mainly by a HD (Hiring Department). It is one of the toughest tasks to implement since it does affect on the success of business in either short term or long run periods.

As we seen from this research, little research has been done about hiring contractors so far, even though it is one of the most important factors to be the successor on the modern high-tech driven companies. Thus, better support and constant effort are needed to understand the performance of the contractor correctly so that the management might come up with better solution to management efficiently and effectively.

Reference:

- [1] Mario W. Cardullo, P.E & Dr. Hacer Ansal, Impact of Technology on Employment, 1997
- [2] M.W. Cardullo, "Technological Life Cycle: Causes and Effects" 1996