Title: A Critical Review of "Contractor Performance: How Good Are Contingent Workers at the Professional Level"

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Abstract: A paper titled "Contractor Performance: How Good Are Contingent Workers at the Professional Level" is critically reviewed in this individual report.

A Critical Review of "Contractor Performance: How Good Are Contingent Workers at the Professional Level"

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Summary

This paper "Contractors performance: How good are contingent workers at the professional level?" by Randall Jarmon, Albert S.Paulson, and Douglas Rebne talks about the perceived work performance of temporary workers or "job shoppers" in the high-tech industry. The question arose because of the increase in the use of contractors by high-tech companies, while research has yet to show that contractors are as good as regular employees. The answer to this question would give us an idea to how work will organize in high tech companies in the future

- Scenario1: If the performance of contractors is lower than regular employees, and a company still want to use contractors, then the work should be reconfigured to fit the abilities of the contractors and thus allowing the company to use them more.
- Scenario2: If contractors and employees performances were similar, and the company wants flexible work force, then it would be logical for mangers to use more temporary employees.

The authors conducted a survey of 96 managers in the high-tech industry regarding their perceptions of the performance of temporary workers compared to regular employees. The results showed that temporary employee's performance is comparable to regular employees' performance and that organizational buffering and the duration of the job does not affect performance.
The authors limited their research to one specific group of professionals: "contractors" a with at least bachelor or master's degree working in the high tech industry, thus eliminating Ph.D. and all the clerical and temporary technicians.

Methodology

This research was an exploratory study meant to answer questions regarding the perceived contractor performance and its relation to organizational buffering, the length of time that a contractor spends in a workgroup, and the comparison between contractor and employee performance. The authors started by selecting six companies in the high tech industry to do their study on. The research was based around a survey of managers who supervised contractors as well as regular employees. The authors developed a questionnaire asking these managers about their perception regarding contractors overall performance; this questionnaire also allowed the authors to collect data linking the perceived performance, degree of organizational buffering, and length of time a contractor stayed within a workgroup.
Collecting data was done during the 1992 summer by either relying on human resources, or by directly contacting the managers. A total of 92 responses, qualified as usable by the authors, were received, which equals a response rate of about 73% [7].

The survey questionnaire followed a seven point Likert scale format, the questions covered: attendance, work effort, commitment, skill requirements for the work involved, and manager expectations.
To measure the results the authors a couple of indexes and averages:

- The index of perceived contractor performance defined as the simple average of the six questionnaires item scores.

- The index of organizational buffering developed through interviewing company's representatives and determining the extent of the buffering used by the company.
- Average contractor time in the workgroup derived from the answers to question 28.

Using a two-way analysis of variance the authors determined what effects buffering and time in the workgroup had on the manager's perception of contractor performance. For the comparison between contractors and employees performance the authors used a test of the mean for the performance index.

The authors also developed two Hypotheses:

Hypothesis1: An increased amount of organizational buffering, and the average time in a workgroup would translate into a decrease in the contractors performance.

Hupothesis2: Employees perform better than contractors.

Contributions:

As the authors stated, there is a small amount of research pertaining to contractors performance. This paper makes a good point in differentiating between different contractor groups (engineers, technicians, clerical, etc…). This is important because we would not get good data if we apply the same research criteria to all these groups to determine there performance. The authors research contributes a great deal to an area that is lacking research and concrete data. ✓

Analysis :

Using such a small sample and also restricting their research to contractors holding bachelors or masters degrees makes it hard to assess the result of this paper. If we take the Software Programming field it is common (it is also a well-known fact) to find people with Bachelors and Master degrees working as a contractors by choice. They expect to work on a project for a few months and then move on to the next job at a different company. These computer programmers don't want to have permanent job, they like the flexibility and the good pay. Some of these programmers can make from $30 up to $115 an hour (1, p.2) plus benefits since most of them work for companies that provide high tech contractors. Also in the information system area, business executives prefer to outsource the jobs, because of the difficulty in finding the right talent at the right time. The fast moving, fast changing information technology field created this demand. This is where these temporary professionals found their niche.

These examples basically agree with the authors' findings, but go even further by showing that programmers hired as contractors perform better than employees. These professionals opted to be contractors because they like the flexibility of the work and challenge of working for different companies on different projects every few months. Then we can draw the same conclusion as the authors of our article, regarding the questions of organizational buffering and the duration of the job, that it does not affect their performance.

IS departments seem to hire most of their professionals contractors at this level (Bachelors and Masters) because of the fast changing field of information technology. IS

executives say temporary workers have helped them cut cost and secure hard to find talent for key projects, but some worry about the risks of having a corps of workers whose loyalty is uncertain. Although contractors usually perform some key IS functions, they may not be around when and if the system falters. This brings up another issue which is cost, and there is still a debate about whether using contractors is really cheaper than hiring permanent staff.

Strengths and weaknesses:

Strengths:

The authors in their paper did touch on one of the most important aspects of labor in the high tech industry in this decade: temporary employees. It shows the new pathway to labor market flexibility, allowing firms to tailor their work force to meet fluctuations in the market, and to keep up with the accelerated product cycle driven by innovation. This paper uses a very scientific and thorough analysis of the data collected from the questionnaire. It also appears that authors put a lot of time and thoughts in developing their questionnaire to get the best objective unbiased responses possible.

Weaknesses:

Cost as an issue, I believe is closely tied to performance, but was left out of the research. The authors of our article barely touched on it (Question3 in the survey), and did not use it to analyze their results. Organizations use contractors to cut costs, increase flexibility, and avoid restrictions and consequences. The most frequently cited reason for using contractors is to reduce wage and benefit costs. Usually the higher the contractor's fee the better the skill and the performance. This suggests that the authors of our article should have made cost part of their research to determine the perceived contractors performance.

Conclusion:

The authors conclude from their data analysis that contractors performance was not affected by organizational buffering or by the length of time they spend in a workgroup; and that contractors' performance rivals employees' performance. Also because of the good perception regarding the performance of contractors, the authors suggest that the use of temporary employees will probably increase in the future. The authors end their paper by generalizing their conclusions, regarding organizational buffering and the average time in the workgroup, to the American high tech industry. This generalization is justifiable since the high-tech industry has changed from a steady, consistent group to a transient group reflecting a philosophy of a lesser commitment to the traditional career. The number of temporary workers in the US has nearly doubled over the last five years (2, p.1). However with temporary employees filling low-wage clerical, secretarial, and light blue-industrial blue-collar. Some of the fastest growing segments of the temp-job market are the professional and technical fields. These high skill areas already make up 20% of the total temp payroll (2, p.1). We could safely say that the use of temporary workers in the high tech industry will increase in the future.

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