



“Summary of article by Kathleen E. Christensen: Reevaluating Union Policy Toward White-Collar Home-Based Work” in Frontier Issues in Economic Thought, Volume 4: The Changing Nature of Work. Island Press: Washington DC, 1998. pp. 205-208

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Industrial homework was originally concentrated in manufacturing industries. Because homework is difficult to monitor and regulate, homeworkers were often caught in exploitative situations. In the 1990s, homework presents a more complicated picture. In certain industries, garments and electronics for example, home-based manufacturing can still be found and may even be increasing. However, most homeworkers are now in service positions, often in white collar jobs ranging from "the high-priced telecommuter to the harassed and overworked data-entry pieceworker." (247) The majority of those who work exclusively in the home are women, either self-employed or working part-time. The type of homework that offers the most scope for abuse is that in which the worker is labeled an independent contractor. This paper gives an overview of the character of modern home-based employment, along with "a proposal for policy directions, not only in the sense of how unions can organize homeworkers but also how they can best represent their interests." [246]

HOME-BASED WORK: MOTIVES AND TYPES

The public discussion on home-based work indicates that it is preferred by mothers with children at home, but 1985 figures from the Bureau of Labor Statistics show that 43 percent of women who work at home do not have children. These women are working at home because they have recently reentered the workforce or are nearing retirement, need extra income, or must care for an elderly relative. The types of home-based work also vary widely and include a broad array of working arrangements, from self-employed workers to independent contractors and traditional company employees.

Self-employed workers are those who are in business for themselves and have autonomy in the marketplace. Women-owned businesses are the fastest growing small business segment, and many self-employed women work at home. *Independent contractors* are, for tax purposes, also defined as "self-employed" by the firms for which they work; however (as discussed below) this is frequently a fiction. *Company employees* who telecommute or otherwise work from home retain the rights and privileges of in-house employees. They receive similar pay and benefits and are eligible for training and promotions. Telecommuting is not yet common among U.S. firms, but where it is offered it is often seen as a strategy for attracting and keeping valuable employees who prefer flexible schedules.

MACROECONOMIC AND LEGAL CONDITIONS AFFECTING HOMEWORK

Two macroeconomic trends help to explain the current work environment. One is the history of downsizing, mergers and acquisitions that so profoundly affected U.S. firms during the decade of the 1980s.

In fact, between the beginning of 1980 and the end of 1987, the Fortune 500 companies reduced their work forces by 3.1 million, going from an aggregate of 16.2 million employees to 13.1 million.

This type of internal labor market turbulence has prompted many companies to rethink their overall staffing attitudes and practices.... Many companies now treat their personnel in much the same manner as they do their inventories, striving for a just-in-time staffing strategy ... just sufficient to meet current demand. [248]

Many U.S. firms have responded to the need for flexibility by creating an ad hoc two-tiered work force. The first tier comprises core employees who are on company salary and have relatively secure job tenure, opportunities for training and advancement, and health and pension benefits. The second tier includes self-employed independent contractors, temporaries, or casual part-timers. Many of these worked for the company as core employees before the upheavals of the '80s.

The situation of so-called independent contractors is often illegal as well as disadvantageous. They have little independence, often working under the pressure of strict quotas and turn-around times, and sometimes obliged to sign contracts that prevent them from simultaneously working for any another employer. Yet they have none of the job security of core employees, nor do they have benefits such as paid sick leave and vacations, health care or pension plans. "They become responsible for paying their own social security (FICA) taxes. They operate entirely out of the mainstream of the company, so they are not in the pool of candidates considered for job advancement, skill upgrading or retooling. They often work in both isolation and ignorance of other workers. They rapidly become second-class corporate citizens." [250]

The criteria in the Internal Revenue Code that are most often applied to determine whether an individual has the status of employee or of self-employed independent contractor define the latter as those who have made some investment in equipment or capital, skills that allow them to compete in the marketplace, and control over the execution and timing of work, and who do not work for only one employer over a long period of time. The large number of "independent contractors" who cannot be so described are entitled to the rights and protections accorded by law to company employees. "[A]ccording to these common law criteria, many women doing clerical work at home are being hired fraudulently as independent contractors." [251]

A second macroeconomic trend is of more relevance to the company employees who retain their status as core employees while working at home. This option is generally conceived as a concession on the part of the employer, designed to attract and retain the best workers in the face of a dwindling supply of workers trained for jobs that require education and technical skills.

This supply squeeze is seen in a recent survey of more than seven hundred human resource executives, as described in the *Wall Street Journal*, 1989:

43 percent report problems finding qualified executives; 66 percent cite difficulties finding technical help... In order to attract workers, the study finds, higher wages are being offered by 58 percent of these companies, tuition aid by 52 percent, and better health benefits by 31 percent. All of these recruitment incentives are costly. Some firms are turning, therefore, to less expensive incentives such as flexible schedules, which include professional part-time, job sharing, and telecommuting as effective tools for recruiting and retaining the employees they want. [252]

It should be stressed that the seller's market described here refers to workers from the educated middle class.

UNION POLICY DIRECTIONS

The critical question regarding white collar work at home is not what can be done to stop it, but rather for whom it is advantageous and under what conditions? ...it tends to work best for the company employee who preserves all the rights, privileges, and federal safeguards, such as workers' compensation and unemployment insurance, that are part of employee status. It can also work for people who genuinely want to be in business for themselves and who choose to incubate their business at home for a certain period of time in order to minimize the failure rate of small businesses. It works least well for workers hired under questionable independent contracting conditions. Given this, what directions can unions pursue regarding people who do white-collar work at home? [253]

Unions have traditionally opposed home-based work because of its potential to undermine negotiated pay scales and working conditions. However, the new forms of homework must be viewed differently. Self-employed workers often participate in guild type associations that approximate some of the benefits of union membership. Self-employed workers and independent contractors could be included in organized unions as associate members, thereby gaining benefits, training, and a voice to advocate for their interests. Independent contractors would especially gain from an affiliation that could advise them of their rights, lobby to improve their legal status, and bargain with employers on their behalf. Access to these workers is not as difficult as might be feared, especially since many are affiliated with a single employer and can communicate through computer hook-ups. Other, less vulnerable self-employed workers would benefit significantly from access to affordable health insurance and reduction of the isolation of homework.

Only one local union, the Wisconsin State Employees Union, has negotiated a contract that covers home-based workers. The University of Wisconsin's Hospital and Clinics entered into the contract because the hospital needed more transcribers than could be accommodated on-site. The contract specifies performance and security criteria as well as working conditions, and each home site is inspected by a labor-management committee. Although the program is small, it has been successful and offers a good model for structuring the employment relationship for home-based workers.

Since 1989 the Internal Revenue Service has made greater efforts to enforce the distinction between employee and self-employed contractor. This should strengthen the potential for unions to provide appropriate protection to homeworkers.