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*Contingent Chicago:
Restructuring the Spaces of Temporary Labour*

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Abstract

Hiring halls, specializing in the placement of day labourers hired by the hour, have in recent years been proliferating along major transport arteries in Chicago's low-income neighborhoods. This paper examines the phenomenon of temporary working in Chicago from the perspective of the principal institutional actors in these highly flexibilized' or 'contingent' labour markets—the 'temp' agencies. Particular emphasis is placed on the labour-market effects of temp-agency strategies, both in respect of patterns of labour segmentation and in terms of the spatial constitution of complex urban job markets. It is suggested that temp agencies are actively engaged in both the exploitation and facilitation of contingent labour-market conditions. In this sense, they are assuming important new roles as privatized 'labour-market intermediaries', with apparently deleterious effects for job security and social segregation in the lower reaches of urban labour markets. Their strategies can also be related to the social and geographic restructuring of these job markets, because the growth and polarization of temp employment has been associated with a 'hardening'—and indeed 'stretching'—of extant ethnic, gender, and spatial inequalities.

Key words

Contingent labour markets temporary employment labour
segmentation urban economic development Chicago

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Introduction: Shitty Jobs in a Booming Economy

It's the Spring of 1999 and the Chicago economy is booming. The city's unemployment rate is at a record low (at just 3.6 percent for the Chicago Metropolitan Statistical Area in March 1999, according to official figures) and help wanted signs seem to be everywhere. But when the Metropolitan Water District of Greater Chicago announced that 30-60 jobs were to become available in the city's sewage treatment plants, officials were to find themselves inundated by some 6,761 jobseekers, who lined up outside Chicago's Medinah Temple for a chance of a (dirty, but relatively secure) job paying \$15.08 per hour. Many had taken a day off from their regular jobs to be there, but were disappointed to hear that the jobs would go—quite literally—to just the lucky few. In order to cope with the excess number of applicants, district officials decided that they would offer the positions to those individuals whose Social Security numbers most closely matched the winning draw on the next Illinois State Lottery. The chosen candidates would have then to pass a physical examination, including tests for drugs and agility, before being offered a position. They would then have to work for between six and 12 months on probation before being made 'permanent'. According to West Side resident, Willie Fry, 'This shows how badly we need the work' (*Chicago Sun-Times*, 1 April 1999: 1).

This view of the Chicagolabour market is curiously at odds with the official discourse of regional economic revival, based on strong sales and export growth, improvements in productivity, and expansive recruitment plans (Federal Reserve Bank of Chicago, 1997). As the Federal Reserve's president, Michael Moskowitz, has remarked, 'the Rust Belt of old [has] become an apparently high-performing economy'. If there is a cloud on the business horizon, it is that continuing labour *shortages* threaten to choke off Chicago's new-found competitiveness, as employers have begun to complain that 'the region's growth may become a hostage to continued worker shortages' (Bergen, 1997: 1). These complaints are unlikely to ring true for many of Chicago's inner-city residents, particularly those from disadvantaged Latino and African-American communities, who must contend with persistent problems of under-employment, unemployment, and poverty (Carlson and Theodore, 1995; Theodore, 1995; Wilson, 1996). Indeed, the period following the wave of restructuring and job loss in the late 1970s and early 1980s, during which Chicago's 'high-performance economy' has been reconstructed, saw the income gap between whites on the one hand and Latinos and African-Americans on the other actually widen (Chicago Urban League, 1994). In the face of an ostensibly booming regional economy, many inner-city residents remain trapped in, or between, low-paying, dead-end jobs.

Part of the explanation for this paradox lies with the *geographic* restructuring of the Chicago labour market. The downturn of the early 1980s gutted the fragile jobs base of the city's inner neighborhoods. Closures and layoffs had a disproportionate impact on these areas. Some major employers—such as Stewart Warner, Sunbeam, and Playskool—shifted their operations overseas in search of cheap and pliant labour, while others headed for the suburbs. Since 1972, the city of Chicago's share of metropolitan-area employment has fallen from 56 to just 34 percent in 1996 (authors' calculations, derived from Illinois Department of Employment Security, 1998). Approximately 60 percent of recent metropolitan area job growth has occurred in suburban Cook and DuPage Counties. One consequence of this has been to fracture the employment networks of many inner-city residents, who now find themselves trapped in low-income, poorly-serviced neighborhoods which are some considerable distance from the suburban growthcenters (Immergluck, 1996; Theodore, 1997). With few opportunities to capitalize on work experience and skills, many inner-city residents have endured long spells of unemployment, turning to poorly-paying jobs such as security guards and nursing aides when better opportunities could not be found (Wilson, 1996). Under-employment has become a systemic condition in these neighborhoods. As Katherine Newman (1999: 62) has observed of a similar situation in New York City, stories of seller's markets for labour in the suburbs sounds 'like news from another planet' to many inner-city residents.

Yet in the Chicago case, just as the restructuring process has remade the map of employment opportunities, so also this has altered labour-market geography created a spur for new restructuring strategies. While secure, decent-paying jobs may continue to be in short-supply in the disadvantaged neighborhoods of Chicago, the city's 'contingent economy'—based on flexible, short-time, and temporary employment—has been booming. Indeed, the fastest-growing industry in the metropolitan economy has been specifically targeting certain low-income neighborhoods in order to access the one resource they have in abundant supply—cheap and flexible *labour*. Temporary help services, or temp agencies, have flooded Chicago's inner-city neighborhoods over the past decade, eager to take advantage of their highly elastic and under-utilized labour pools. In some low-income neighborhoods, the four or five largest 'local employers' are temp agencies, most of which specialize in the placement of 'day-labour' through a network of hiring halls. Here, the absence of 'regular' jobs has rendered local residents dependent on temp employment, and on the vagaries of the contingent economy. Correspondingly, in locating proximate to these under-employed labour supplies, temp agencies demonstrate a strong sensitivity to the micro-geography of the urban labour market. The imperative of securing access to an 'appropriately contingent labour supply—of willing, able, pliable, and above all *available* workers—is tending to induce

spatial agglomeration amongst temp agencies, many of which are just across the street from their competitors. In this case, their locational strategies reflect the fact that they are competing for *labour* as well as contracts.

It is not unusual for hiring halls to operate for 24 hours a day, dispatching workers across the metropolitan area to meet employers' needs in assembly work, hand-packaging, materials moving, and other manual labour assignments in the manufacturing and warehousing sectors. The physical appearance, geographic location, and business names of these inner-city hiring halls point unambiguously to their function as traders of minimally-processed labour-power. They typically occupy run-down store-fronts, often with boarded windows. The interior décor is spartan and often shabby, with uncarpeted floors and hard benches or plastic seats, designed for waiting around for job orders to be dispatched through a window to the office in the back. And typical business names are appropriately literal—Labour World, Ready Men, Temps Unlimited, World of Temps, Good Workers Inc., Minutemen, Days & Nights, Flash Employment, Labourama, and, irony surely intended, Labour Power Inc.. Outside the hiring halls, would-be workers mill around waiting for a job assignment. Such is the elasticity of labour supply in these neighborhoods, agencies which find themselves short for an order one day can simply pass out fliers on the street (see Figure 1) in order to generate an expanded pool of recruits, literally within hours. So, these areas present day labour contractors with an ample—and highly plastic—local supply of 'contingent workers,' or more precisely, workers whose social and economic circumstances render them contingent. Business viability for these agencies turns on their ability efficiently to exploit depressed, inner-city labour pools.

Complementing an earlier paper in which we examined the restructuring of the temp 'industry' itself (Peck and Theodore, 1998), this article focuses on the functions of temp agencies as privatized *labour-market intermediaries*. In one respect, temp agencies are simply businesses, and as such are driven to minimize costs and maximize profits just like any other business, but because the business of temp agencies is processing and supplying *workers*, their actions and strategies also have a direct bearing on the way that labour markets work. In a nutshell, temp agencies have a business interest in stretching the envelope of labour-market contingency (their 'market'), so as to open up new business opportunities in the trade of flexible workers. They must consequently be seen as active institutional agents in the remaking of labour-market norms and conventions, brokering as they do between under-employed workers on the one hand and would-be employers of contingent labour on the other, while turning a profit in the process. As Burawoy (1985: 265) has observed, a consequence of the rise of temp agencies is that 'the distribution of jobs is clouded in mystery'. Here, we attempt to shed some new light on this process by examining the

employment strategies/business practices of temp agencies in Chicago. Reflecting the fact that defiance of accurate quantitative description is an industry characteristic—given its overall fluidity and turbulence and given that a certain proportion of agencies are operating at the edges of, or beyond, the bounds of legality—it is as much through necessity as choice that the analysis presented here rests primarily on a series of in-depth interviews with managers in temp agencies. Where feasible, this is augmented with quantitative data on local industry trends and patterns, though these also provide no more than a partial view of what is a complex, fast-changing, and to some extent subterranean industry¹

The next section of the paper we outline the key characteristics of the temp industry, which has been diversifying in recent years, as well as growing at an unprecedented rate. The shape of the temp sector in Chicago is also briefly sketched. This is followed by two sections which draw on interview data with agency managers and hiring-hall supervisors in Chicago, the first of which considers the *basicmodus operandi* of the temp agency—connecting workers with job assignments in a flexible and low-cost way, while the second explores some of the distributional consequences of this for the process of (local) labour segmentation—as patterns of exclusion and inequality in the labour market are being intensified. The geographical outcomes of temp agencies strategies are also considered here. The paper is concluded with some observations on the role of temp-agency and contingent-work strategies in the re-regulation of urban labour markets.

Reflexive Restructuring: Temp Agencies and Contingent Labour Markets

Temporary employment has become a growth industry in its own right. Contingent working arrangements are becoming increasingly commonplace in the United States, as the number of temporaries, part-timers, and contract workers continues to expand, while the temporary help ‘industry’ has experienced explosive growth rates (Moberly, 1987; Belous, 1989; Cappelli *et al*, 1997; Barker and Christensen, 1998). Indeed, one of the distinctive features of the US economy is the extensive scale and scope of the business services sector, a key element of which comprises a cluster of rapidly-growing ‘labour-processing’ industries, such as head-hunters, recruitment and placement services, labour contractors, and temp agencies (see Moore, 1965; Carnoy *et al*, 1997; Christopherson, 1999). This makes possible forms of employment externalization and flexible labour utilization which would not otherwise have been feasible, absent a mature ‘infrastructure’ of labour-market intermediaries. Temp

¹ All interviews were carried out by Jamie Peck and Nikolas Theodore between June 1996 and April 1999. We are grateful for the research assistance provided by Chirag Mehta.

agencies have been key players in the growth of what Abraham (1998) calls 'market-mediated work arrangements' in the US. As Allen and Henry (1995) suggest, this phenomenon may be part of a generalized trend toward to 'formalization' of contingent work as a quasi-permanent, institutionalized feature of 'flexible' labour markets. Such employment relations, of course, are not without their contradictions, even for employers (see Davis-Blake and Uzzi, 1993; Feldman *et al*, 1994; Cooper, 1995; Nollen and Axel, 1998), one of the structural functions of the temp sector being to *manage* the costs and contradictions of workforce contingency, on behalf of employers (see Nollen and Axel, 1996; Peck and Theodore, 1998).

The US temp industry had its origins in Chicago in the 1920s. But this industry, which many wrote off as anachronistic and marginal during the decades of Fordist expansion after the Second World War, has over the last 20 years reasserted itself as one of the most dynamic, high-growth sectors (see Schodolski, 1996; Cappelli *et al*, 1997; Kalleberg *et al*, 1997). Total temporary employment in the US has grown from virtual insignificance in 1973, when there were just 250,000 officially recorded temporary workers (or 0.3% of total employment), to 3 million in 1997 (or 2.4% of total employment). Correspondingly, the workforce mobilized by temporary help agencies, following very strong growth in the 1970s, doubled in size between 1982 and 1989, only to double again between 1989 and 1997 (Gonos, 1998; Mishel *et al*, 1999). Reflecting the fact that this is an economy of flows, rather than stocks, temporary vacancies have come to account for a very significant share of new job openings, especially for low-income workers. Cappelli *et al* (1997) calculate that one in five of all new jobs created in the US since 1984 have been 'temp' jobs, while in the state of Illinois perhaps as much as one half of all vacancies in manufacturing at the peak of the economic cycle in 1998 were for temporary workers (*Chicago Tribune* 15 October 1998: B1). Early indications also suggest that temporary employment is an important destination for former welfare recipients, following the federal welfare reform of 1996, and that major agencies like Manpower Inc. are beginning explicitly to target this new labour pool (see Sharpe and Quintanilla, 1997). In many low-income neighborhoods, temp 'jobs' have become the most important means of accessing the labour-market, as they have come to dominate local vacancy profiles. Here, the labour market *is* the hiring hall.

The temp agency is both an orchestrator and a beneficiary of this explosion in contingent employment, as 'the only major institution that has found a way to make money by finding people jobs' (Sharpe and Quintanilla, 1997: A1). Manpower, the world's largest temporary agency, processed some 560,000 W-2 tax forms in 1992, making the Milwaukee-based

company the biggest employer in the United States on some counts. By 1996, Manpower was processing 800,000 W-2s annually, an increase in 43 percent in just four years. According to the company's president, Mitchell Fromstein, 'The U.S. is going from just-in-time manufacturing to just-in-time employment. The employer tells us, "I want them delivered exactly when I want them, as many as I need, and when I don't need them, I don't want them here" ... Can I get people to work under these circumstances? Yeah. We're the ATMs of the job market' (quoted in Castro, 1993: 44). But the exceptionally strong corporate growth rates of national and multinational agencies like Manpower, Kelly, and Olsten is part of the story. The burgeoning number of small, locally-operated and often 'back-street' temp services is testimony to the dark side of the temp industry. As the manager of one such service, interviewed in Chicago for this study, saw the situation, 'The industry grows every day ... a good day for us is anything from 900 to 1,200 people ... I don't know the numbers [for the other agencies]. Everything's kept in the dark in this industry ... It's getting more competitive ... New offices are popping up all over the place. I mean, it's the way to go. Companies are saving a lot of money and a lot of time by using us instead of hiring people'.

The continued structural expansion of the temp sector reflects its unique, almost cyclical nature. This is an industry which seems to thrive in good times and bad. More specifically, its year-on-year expansion can be traced back to 1973, the decisive moment in America's 'Great U-Turn' toward income and job polarization (Harrison and Bluestone, 1988; Gonos, 1998). These have been buoyant times for the purveyors of contingent workers, because, in the words of industry advocates Lewis and Molloy (1991: 2), 'no strings attached' workers can be deployed, redeployed, and unemployed in accordance with short-term business requirements, managers having 'discovered that using temporary help enables them to operate with greater efficiency, minimize their obligation, and maintain greater control over their budgets'. The Chicago agencies echoed these sentiments:

The temporary industry always prospers. During the time when the economy is good, everybody needs people to work and they get temporaries. And then when the economy is down, and people are laying off, downsizing and whatever, they always turn to the temporary industry because they'll lay off everybody and they'll get temporaries. To my knowledge, there's never been a temporary service that have gone out of business ... The temporary industry always thrives (Owner-manager, small downtown agency).

Even in the bad times, we're busy ... The more that scare comes out—these are bad times, these are bad times—you know, people don't want to hire then. So they turn to us ... Bad times don't affect us that much (Manager, large multi-site agency).

The temp industry is fiercely competitive, reflected in tight profit margins and downward pressure on costs—in this case, primarily wages. It owes much of its viability to low wages

and job insecurity, so it should not perhaps be surprising that temp agencies have thrived in the disorganizing and deregulating labour-market conditions of recent decades. At the same time, the temp industry reflects, exploits, and contributes to these conditions. Temp agencies have flourished under the climate of labour-market polarization and casualization, their very success serving to exaggerate and entrench these phenomena. Insisting that his own company's profit margins are perilously narrow, Manpower's Mitchell Fromstein likes to present himself as a servant of the market: 'We are not exploiting people. We are not setting the fees. The market is. We are matching people with demands. What would our workers be doing without us? Unemployment lines? Welfare? Suicide?' (quoted in Castro, 1993: 46).

The growth of day-labour contracting, and of contingent work in general, has come about as firms seek to reduce factor input costs and increase production flexibility. Temp agencies are more than passive beneficiaries of these trends in industrial reorganization. They actively shape the growth in contingent labour through their role in labour-market intermediation, by selling employers the cost-cutting and labour-controlling virtues of workforce flexibility while mobilizing contingent workers and brokering connections to employers. According to Bruce Steinberg of the National Association of Temporary Services, the growth of temporary employment represents a logical response to the threat of low-wage competition from abroad: 'The temps, in effect, are earning wages that are competitive with worker pay in other countries', warning that unless employers find a way to access this labour force, 'a significant part of manufacturing might be transferred outside our borders' (quoted in *New York Times* 6 July 1993).

Within local labour markets, temp agencies shape the geographies of contingent work by providing a fragile bridge between the under-employed labour pools of inner-city areas and the tight job markets of the suburbs. As Lewis and Molloy (1991: 29) explain, temp agencies are '[a]cutely aware of the on-going labour shortage' in such areas, and in response the 'temporary help industry has tapped into segments of the population which might otherwise not be working'. Along with other contingent-work strategies such as homeworking, temping enables suburban firms to reach deep into inner-urban labour pools, accessing labour supplies which are difficult to mobilize using 'conventional' labour-market channels (see Sassen, 1998). The case of temp working therefore exposes some of the highly complex and variegated ways in which local labour markets are being restructured and re-regulated (see Hanson and Pratt, 1995; Peck, 1996). More generally, temp agencies must be considered amongst the key institutional agents that make contingent labour markets what they are, that make them happen.

In fact, there is a dialectical relationship between temp work regimes and the wider labour markets in which they are embedded, as well as between the strategies of the temp agencies and those of their corporate clients. So, the pressure on corporations to cut costs and overheads, to become more responsive and flexible, and to minimize and right-size payrolls is reflected in the proliferation of temporary servicing, while at the same time the sales teams of the temp agencies actively pursue new business opportunities by selling the cost-reducing, flexibility-enhancing, and labour-controlling virtues of temporary employment to corporate clients. These have been key factors behind the explosion of low-skilled temping in the light-industrial sector, which is both the fastest-growing and poorest-paying segment of the industry (Carre, 1992; Houseman, 1997). As the manager of one such (rapidly-expanding) agency put it:

If there's a company with an assembly line that uses day-to-day people, odds are they're using temps or they're gonna use temps. If they haven't heard about them, they're crazy, because the money they save is astronomical ... They have to pay somebody \$8-9 an hour, for instance, where they can pay us \$6.50 and everything's out of their hands ... And we're flexible. They can call us and they can have an order for 20 people in the morning and all of a sudden a shipment comes in and they need 20 more, they can call us any time of the day and we'll get 20 people out to them. It's *that* easy. Imagine if they were trying to call 20 people and trying to hire them that day. It would never happen. It wouldn't be possible (Manager, large inner-urban labour contractor).

So, the very presence of agencies, with their ready supply of labour for sale by the hour, makes forms of contingent working feasible (not to say attractive) which otherwise would be practically unattainable for employers. Thus, the temp industry's 'rogue traders'—most often the source of its 'image' problems (Bronstein, 1991)—feed as well as feed off job-market polarization, in so doing dragging down conditions at the very bottom of the labour market. This explains the burgeoning demand for day-labourers, often supplied on a no-questions-asked basis, for routine manual work in factories and warehouses in cities like Chicago (Parker, 1994; Oehlsen, 1997). The basic purpose of these deeply commodified employment relations is delivering the requisite amount of labour—*warm bodies* in the industry vernacular—to the client, whose labour needs can then be recalibrated on a daily or even hourly basis. What used to be regarded as 'dead-end' jobs—packaging, loading, working the assembly line—are apparently now not even that; in Chicago, much of this work has been put out to contract to one of the dozens of local temp agencies hungry for the business.

While perhaps the most notable feature of the Chicago temp industry at the present time is this regressive turn (back) to day-labour contracting, illustrated by the proliferation of hiring halls along the city's low-rent commercial strips, it is also important to recognize that this is a highly variegated industry (Kalleberg *et al*, 1997). In many respects, the mid-west exhibits

this more clearly than other regions because, as the birthplace of the temp industry, it has retained a pre-eminent role in the development of industry practices and conventions. Both the leading and the bleeding edges of change are apparent in Chicago. The back-street hiring halls are ‘restructuring down’ into the lowest echelons of the labour market, servicing the process of labour flexibility in the wider economy by mobilizing, distributing, and managing ‘contingent workers’. Employment relations in this segment of the industry are remade on a daily basis. Yet a quite different set of developments is underway amongst the leading firms in the industry, which are increasingly being drawn into long-term relationships with corporate clients for the ‘insourcing’ of certain work functions. The corporatized echelons of the industry have been growing by ‘restructuring upwards’ into more embedded and contractualized relationships with big business clients. The shift to insourcing and the emergence of new sources of contingent demand for highly-skilled, specialist workers have drawn the larger agencies in the temp industry into longer-term, human resource-based functions. These agencies are doing far more than delivering warm bodies; they servicing demands for qualitative flexibility—involving, for example, the bundling of skills and the reorganization of employment functions—as well as the quantitative or numerical flexibility on which the industry is premised (see Atkinson, 1987).

These restructuring processes are driving a process of differentiation and segmentation in the industry and in its labour markets (see Peck and Theodore, 1998). While the temporary services industry has always been more differentiated than its stereotypical image suggests, there is strong evidence at the present time that the industry is polarizing in organizational, labour market, and spatial terms. This process is summarized in a stylized way in Table 1. On the one hand, the demand for minimally-processed warm bodies is rising: as one hiring hall manager put it, clients are just ‘looking for a warm body that can show up for work’. On the other, though, major corporate clients are seeking to contract out job functions, departments, and sometimes entire tiers of employment on a quasi-permanent basis to agencies: as a manager of a major temp chain explained it, ‘We still have people who say that [“We want 50 warm bodies”], but now we say *how* warm?’ The priority for agencies operating at the top of the market—in contrast with those at the bottom—is not the daily mobilization of a suitably-flexible labour supply, but the effective servicing of corporate clients. This calls for iterative, reflexive relationships between agency and client. This may lead to the spatial clustering of major agencies and their corporate clients, though this is certainly not a necessity, at least as long as effective communication systems are in place (to monitor performance and to facilitate any direct interventions which might be required). Some of the agencies provide an ‘on-site manager’ with larger (or difficult-to-manage) orders,

which in some ways represents a form of co-location?² In fact, it is also increasingly common for major agencies to establish branches in key suburban growth centers, in addition to their traditional downtown locations. In the location and presentation of their branch operations, these agencies do everything they can to distance themselves from the somewhat sleazy image of the lower reaches of the industry. The major agencies are anxious to locate themselves in the same organizational, social, and business milieu as their corporate clients. Such functional and locational considerations tend to override the daily imperatives of labour mobilization and cost minimization, the preoccupations of the back-street agencies.

Both these trajectories of restructuring—downward and upward—are particularly strongly evident in the Chicago temp sector, one of the largest and fastest-growing in the country (Peck and Theodore, 1998). In 1999, on the narrowest definition of temp agencies in the *Yellow Pages*—‘temporary help services’—there were some 217 agencies listed in the City of Chicago, an increase of 89 percent since 1985.³ As Table 2 reveals, though the number of agencies in the central business district has increased considerably, the highest growth rate has occurred in the neighborhoods, where the number of agencies has doubled since 1985. Given the low barriers to entry in the temp industry (many agencies getting started with just a single order), the number of small, independent operators is high and constantly growing. Some of the more successful agencies have formed local chains, with offices located in several low-income neighborhoods. Such is the success of some of these operations, a select number have attracted the interest of national chains (for example, Handy Andy, a local chain, was recently taken over by Olsten Services). So, while some agencies are clearly rather marginal operations—whose viability is essentially based on a favorable combination of low capital outlays and large cash flows—many of the larger organizations are clearly yielding

² As one respondent explained, ‘The on-site (manager) will handle all payroll issues, all staffing needs, everything will just funnel through the on-site ... It’s kinda just someone there to hold the client’s hand ... You have foremen [*sic*] who have never, who haven’t been trained to handle temps, and they just don’t have a clue how to handle it. So you put an on-site there to handle those issues’ (Manager #1, multi-site inner-urban labour contractor). Another commented that while a certain minimum size of order was necessary to make an on-site presence feasible, in some ways just as important was the complexity of the labour-management issues: ‘We have companies where we have 40 people there and they don’t need an on-site, because they’re very well organized and they fit right in and everything’s fine. And then we have a company that has 35 and wants us out there three times a week. But you have to look at that, because you can stretch yourself a little thin and of course we’re in this business to make a profit’ (Manager, large multi-site agency).

³ On the wider count of employment agencies, which includes employee leasing and employment contracting, there were 427 listings in the 1999 *Yellow Pages*. Classification changes mean that it is no longer possible to trace the growth of this widely-defined group of temp agencies over time. On a broader definition used until the mid-1990s, however, the number of agencies grew by 70 percent, to over 300, between 1985 and 1995 (Peck and Theodore, 1998).

relatively dependable profits.⁴ This reflects the fact that the ‘core business’ in Chicago’s contingent economy is now a substantial one, for all its daily uncertainties and seasonal fluctuations.

We estimate that, at its seasonal peak, the industry currently employs more than 100,000 workers in the city of Chicago each day. There is little systemic evidence on the sectoral breakdown of the workforce, though most local surveys reveal a fairly even split between manufacturing and service employment (see US Department of Labour, 1993). The most important occupations for temporary employment in Chicago are, in the manufacturing sector, freight, stock and materials handlers, labourers, and machine operators, assemblers and inspectors; and in services, data-entry keyers, general office clerks, and typists. Nationally, minority workers are heavily concentrated in temporary work, a pattern which is replicated in Chicago. Here, though, Latinos comprise a particularly large share of contingent employment in general and temp work in particular (Theodore, 1995). Despite their chronic under-employment, African-American residents of inner-city Chicago do not seem to be gaining access to the expanding contingent labour market. An important factor behind the racialized structure of the city’s contingent labour market is the *modus operandi* of the temp agencies, to which we now turn our attention.

Extracting Surplus: The Political Economy of the Hiring Hall

The core business of the temp sector is, of course, processing labour, but this itself is a complex and variegated task. The temp industry’s ‘employees’ are, at the same time, its major cost, its key competitive asset, and its basic product. Agencies tend to define themselves by the niche of the labour market they service, sometimes expressed as a rate of pay, sometimes in terms of the qualities and skills of the workers on their books. In the lower

⁴ The larger temp agencies are beginning to expand into the more profitable segments of the market—and driving other agencies down-market in the process—through takeovers or by adopting loss-leading strategies in order to drive out local agencies. As one victim of this practice explained, ‘What’s happening in the industry now is that the large companies are trying to force out the small companies by getting national accounts all over the country ... [They] will then charge a very low fee, like 30 percent, now I think somebody even went down to a 28 percent, which is ridiculous. If they’ve got 300-400 temps working there it’s very lucrative for them. The small companies cannot compete, there’s no way we can compete with those prices ... The worst thing about it is that the [client] corporations are not only telling you what you can charge, they’re telling you what you have to pay ... We cannot grow at that rate ... It’s OK for you to tell me ... I’m only going to pay \$13 for a secretary, but then let me go out and find the best secretary I can for \$8. And I can still realize \$2-3 an hour profit. But if you tell me, well, I’m only going to pay \$13 and you’ve got to pay her \$10-11 an hour, then you’re only allowing me to make 50 cents an hour. I couldn’t exist off of that ... So small temporary services are hurting ... because of the trend of major corporations to turn to the larger [agencies] and national contracts ... How do you go out and compete with the little business there is left in the local area, when the big [agencies] are trying to suck up that too?’ (Owner-manager, small downtown agency).

reaches of the industry, our focus in the remainder of the paper, large numbers of agencies operate at (or in some cases below) the minimum wage level, functioning in the context of fierce price (and wage) competition and dealing with business clients whose main concern is the hourly 'billing rate'. It is not unknown for contracts to be switched between agencies mid-shift, even for rival agencies to poach an entire work assignment, rehiring the workers onto their own books, by undercutting the billing rate. The threat of poaching, coupled with often widely-fluctuating daily order sizes and profound downward pressure on costs, contributes to the 'back-street' culture of this part of the industry. The pejorative connotations of the term 'back-street operator' are entirely fitting in this context, just as its geographical signifiers are quite appropriate. The dingy and vaguely threatening appearance of many hiring halls is characteristic of an industry which shuns all forms of scrutiny (Oehlsen, 1997). One of the large contractors interviewed for this study, for example, made much of the open windows of his hiring hall, a signifier he claimed of a reputable operation:

We're the only ones with open windows [in this neighborhood]. When we opened it up a couple of the owners called and said we're crazy for leaving the windows open, because [other agencies] actually come and steal people from you if they see you've got a lot of people. If they're short, they actually come and steal people ... They'll just come by with a van and tell them they've got work. It's absolutely cut-throat. You have to be in it for a while to believe it (Manager, large inner-urban labour contractor).

Although some of the day-labour contractors in Chicago are able to regularize their order books to a certain extent through a strategy of expansion, for many—perhaps the majority—remaining small, and effectively in the shadows, is the only effective option. In this way, temp agency business strategies have clear labour-market analogs, as the manager of a large, inner-urban hiring hall explained:

We've been able to grow because we check ourselves, because we audit ourselves and take care of it. A lot of these places don't want to grow. They want to stay small. If you go down the road you'll see some of the other places. They want to stay small so they'll be undetected, so to speak ... A lot of them pay cash, you know, it's like the old days ... These places ... you wouldn't even dare go in there.

In contrast with the national and multinational temp chains, whose offices tend to echo the look and feel of their corporate clients—down to the potted plants, carpets, and crisply uniformed staff—the aesthetic of the hiring hall is strictly utilitarian. This is a 'no frills' business. The key consideration for the business clients of the hiring halls is that the correct number of workers are delivered for each shift, at the lowest possible price. There are virtually no formal contracts between agencies and clients. Just like the fragile employment contract between the temp and the agency, verbal agreements hold only until the client

decides to terminate (or revise) them, which might be tomorrow or in six months' time. As a manager in one of the largest multi-site agencies emphasized, 'There are very few contracts. Everything's verbal. *Really*'. This is partly accounted for by the sheer velocity and short-term nature of the industry, but also reflects the daily realities of beggar-thy-neighbor competition. As another manager described it, 'It's a dog-eat-dog world out there. There's a lot of agencies [which] undercut on price' (Small inner-urban hiring and placement service).

But if billing rates provide the source of the industry's short-term dynamic, agencies also know that to retain a contract they have to provide more. Given the opportunity, agencies will act swiftly to rectify problems, to remove 'difficult' workers, or to renegotiate the billing rate. It is also common industry practice, where possible, to retain the same workers on a placement for as long as possible, in order to minimize clients' induction and training costs while raising productivity. In these ways, the more successful agencies are able to establish a competitive edge, albeit within the same tight cost parameters. Providing what employers want—a ready supply of workers who are 'willing to work'—at the lowest possible billing rate is the basic rationale of the day-labour contractor.

We'll just send an order there ... Nobody does contracts, because this is such a competitive industry. Like for instance we'll lose a contract because we're at a rate of say \$6 an hour, someone goes in at \$5.50, and it's screw [agency A] we'll use [agency B] because they're 50 cents lower that day. They won't even tell you half the time, they just say we don't need you any more (Manager, large inner-urban labour contractor).

It's price [that drives the market]. If it's a new client, it's just price, because they don't know anything about the quality of that service. If it's a client that's used a service, that's used temporary help, then he [*ic*] goes on quality (Manager #1, multi-site inner-urban labour contractor).

The more reputable agencies that service the minimum-wage market for day-labourers, however much they disparage the back-street operators, appreciate that very often it is the lowest bidder who dictates the terms of competition. Value-adding strategies, such as computer systems which reallocate workers to the same clients automatically and provide bonuses for 'reliability', or attempts to pitch wages slightly above the market/minimum rate in order to retain 'quality' temps, are therefore strictly circumscribed by market conditions. These are costs which many agencies simply decide not to carry.

People will say to you, I don't want to pay that bill rate. I have x-y-z [agency] over here that's going to give me that same person, they say, in the south side especially ... and I'm only going to have to pay \$6 for that person. Well then fine ... You are going to get the people who say, send me a body, and if it's not the lowest price, I'm going to the lowest price person. I say well then go, because we offer a lot more ... And then how many of them are employing people, I hate to say this, you know, who

shouldn't be employed. That's a big issue on the south side of Chicago. Not with us (Manager, large multi-site agency).

The basic temporary labour job has remained the same. The pay for the skill is not that much different. Years ago, when I was at [another agency, pre-1983], we were paying people \$4.50-5 an hour, now we're still paying, well, now we don't pay any less than \$6 because just I feel that a person cannot do anything with less than \$6. So a lot of times we just don't make the money because we refuse to pay minimum wage. We used to pay clerks \$6 way back in the 80s and charge like \$9.95. We still do that. We're doing that because there are so many temporary services and the major services are keeping prices way down, which makes the smaller services suffer as well (Owner-manager, small downtown agency).

While these agencies may represent themselves as victims of the market, they recognize also that uncertainty and unpredictability is inscribed into the very structure of the industry. It is predicated on cutting costs and servicing (daily and seasonal) fluctuations in labour requirements. The structure and dynamics of the industry therefore reflect its contingent relationship with the wider, 'mainstream' economy.

Their peaks and valleys, that's what drives [the expansion of temporary work]. Not too many companies anymore are busy the whole year, so their peaks and valleys make them say, why do I need a permanent person on my staff yearly? I think that drives them number one, especially in manufacturing. There's always downtime, always. But now when there's downtime, they don't have to pay anything. So we don't need any temps next week, OK? (Manager, large multi-site agency).

Chronic instability and tight margins reflect the 'natural state' of this segment of the industry. For 'mid-market' agencies, then, there are few alternatives but to absorb the costs of business fluctuations and low billing rates. At one level, of course, it is their rationale to act as a 'buffer' for the wider economy (see Cappelli *et al*, 1997; Abraham, 1998), though they will adopt what strategies they can to minimize, spread, or defer risks where this is feasible. The chain operations are able to turn to a network of local offices to cover peak demands, often using vans to transport workers across the city in order to meet an unexpectedly large order.⁵ Others have informal agreements with neighboring agencies, reciprocal arrangements to act as 'back-up' if an office is over-stretched on a particular day. This strategy can only be used sparingly, however, as it exposes agencies to the risk of subcontractors poaching either the workers or the client, or both.

We try and do it all. We won't take one if we can't do it. But a lot of those companies that are out there do that. They say [to subcontractors] do you want to be a back-up for 20 people a day? The problem with subcontracting is they're going to

⁵ Sometimes [agency F] will subcontract to us any light industrial they might have. But other than that we haven't seen a lot of that [subcontracting]. Because we have [several] different offices we kind of just network with them and keep the business. We haven't reached anything that we haven't been able to handle' (Manager #1, multi-site inner-urban labour contractor).

call [the client] the next day and say we're getting people there, why can't we have all the business? It's *that* competitive (Manager, large day-labour contractor).

While there is some use of inter-organizational strategies for spreading risk, these are truncated by the unregulated nature of competition in the industry. By implication, the most common strategy for dealing with risk—and a defining characteristic of the industry—is to pass it on to the workforce (see Mangum *et al*, 1985; Gottfried, 1992; Sparke, 1994). Fluctuations in orders for agencies are consequently translated into employment and income insecurity for their workers. Although some workers may expect to return to the same placement when they show up at the agency at 5 or 6 o'clock each morning, none can be certain of this. A reduced or canceled order for the agency—unless there has been fortuitous compensatory expansion elsewhere—will mean no work and no wages for a group of workers that day. This form of risk externalization also serves as a brutally effective labour control strategy—a critical prerequisite for the extraction of surplus value under these straitened conditions—as the ever-present threat of disposability induces temps to intensify their own labour (Gottfried, 1991).

This is not a matter of concern for the agencies as such. Rather, their problem is to ensure that they are in a position to service *increased* orders. Given that this is the means by which agencies grow and become more profitable, an essential component of their overall business strategy is to ensure that there is sufficient slack in the (local) labour supply to satisfy their peak needs. Along with the need for low-rent premises, this tends to draw day-labour contractors into the poorest and most under-employed inner-urban suburbs.

We haven't needed to access any other offices [for very large orders] because in this neighborhood there's an abundance of people. If we go up by say 150 people in a day, we'll make phone calls, we pass out fliers. We may be short maybe 10-15 people now and again. But it's never really been a problem. If we're prepared for it, we can access the people immediately (Manager, large inner-urban labour contractor).

For the most part, hiring halls draw on a highly localized labour supply, often stretching no more than a few blocks. In a typical case, a manager of a multi-site labour contractor estimated that 80 percent of her workforce lived in the surrounding five blocks. Another explained, 'The only reason we're here is for the people. Obviously, this is not the nicest neighborhood. Where did you guys park? That's the only reason we're in this neighborhood—to access the people. That's the most important thing' (Manager, large inner-urban labour contractor).

Agencies seek to engineer a situation in which there is a persistent, excess, local labour supply, such that they are positioned to exploit the maximum degree of quantitative flexibility

in the labour market. For most general labouring tasks, they are able to achieve this though the supply of labour is of course less than infinitely elastic. In the case of more highly skilled or specialized occupations, the labour supply is inevitably tighter and the activities of agencies are correspondingly constrained. As one manager pointed out skilled workers ‘don’t stay around too long unless I can keep them busy ... I need lead time for large orders ... especially with a little higher skills. Those people do get hired very fast’ (Large multi-site agency).

Yet the agglomeration of day-labour contractors in areas proximate to their preferred labour supplies has not afforded workers greater bargaining power that might result in higher wages. The temp industry has been able to counteract potential wage-increasing tendencies arising from agglomeration by fostering contingency and exploiting the volatility of its employment relations. On the supply side, agencies have converged omeighborhoods experiencing deep structural under-employment and widespread economic insecurity. The presence of agencies in such neighborhoods has served to draw large numbers of workers into the day-labour workforce as it presents the only expanding employment option available. A high level of competition between workers is thereby maintained by the literal and metaphorical ‘crowding’ of temp labour markets. In the context of the hiring hall labour-market, competition is direct and even physical: highly-substitutable workers stand shoulder to shoulder each morning waiting for work assignments. Competition within the labour supply—arising out of economic necessity—helps agencies retain a hold on their privileged position in the labour market, which allows them to dictate wage levels to their workers. Demand-side practices of marketing the cost-cutting advantages of labour contingency, and the (instantaneous) acquiescence to employers’ demands by temp agencies, reinforce the principal supply-side strategies that have bothfueled the growth of the temp industry and served to hold down wage rates.

Delivering Workers: Geographies of Labour Contingency

The spatial disjuncture between the inner-city sites of the hiring halls and their business clients in the suburbs points to the fact that the temp agencies’ brokerage role is partly a practical, transportational one. Agencies often speak of ‘shipping workers’ out to the job sites in the suburbs, underlining thecommodified nature of temp employee relations. Of course, clients only pay ‘on delivery’, so there is an inordinate concern—in industry conventions and daily business practice—with the efficient transportation of workers out to the suburbs. In industry lore, which the more candid interviewees were more than happy to share, the temp

labour-force is by inclination feckless, shifty, and unreliable, anaturalized state which justifies—in the eyes of managers—authoritarian and impersonal systems of management. When the ‘orders’ are dispatched, workers are loaded unceremoniously into vans or trucks, or sometimes into a cars of other workers,⁶ and then transported to the job sites. Ostensibly as an incentive to travel directly to their destination, workers are paid from the time they arrive on site.

Maybe we send people here and one guy decides to go eat breakfast instead of go to work ... So we got to send another person. Anything you can imagine happens. *Itll* happens. Sometimes I think I’m like a kindergarten teacher because yougotta take care of these people. They’ve worked before, but they’ve only worked where you’ve got to tell them exactly what to do and you’ve got to tell them how to get from point A to point B (Manager, large inner-urban labour contractor).

With general labour and those kinds of things, we have to transport the people, because from point A to point B a million things happen. We send 10 and by the time they get to point B there’s only 3. So it’s best for us to put them all on one van and make sure they all get there (Manager #1, multi-site inner-urban labour contractor).

To a substantial degree, the viability of inner-city labour-contractors is predicated on the spatial mismatch between the buoyant demand for contingent labour in the outer suburbs and the over-supply of workers prepared (or induced) to accept such work in the inner-city neighborhoods. As one hiring hall manager put it, ‘There are a lot of jobs in the suburbs ... We just get them out there’. Another explained it in terms of relative labour costs: ‘If they’re hiring people in the suburbs, they got to pay \$8-9 an hour for work that these people can do for \$4.25’ [minimum wage at the time of interview]. Outer suburban businesses are consequently able to tap into the low-cost labour reserves of the inner suburbs, dispensing at the same time with much of the cost of recruitment and management.

We’re in the city, so it’s easier for us to get the employees in [than in the suburbs]. They’ll work for minimum wage, whereas in the suburbs they can go to McDonald’s and make \$4.50-5.50. With our billing rates we can’t match that ... All of our offices are located in areas where they’re either at poverty or very low income level ... Most of the employers we have here are located in Oak Grove,Bensonville [two of the fastest-growing suburban employmentcenters]. I would say 90 percent of our business comes out of there (Manager #1, multi-site inner-urban labour contractor).

This is the south side of Chicago. They’re just dying for workers [on the north side]. They’re placing \$100 ads in the papers, but we don’t have to do that on the south side because there’s a lot of people out of work ... And so how we recruit here is word of mouth mainly ... But up north, no, that doesn’t happen so much, because how many workers who are out of a job could afford to live in some of the areas. They really

⁶ It is a common practice, especially with smaller orders, for agencies to use workers with cars or vans to transport co-workers to job sites (for which the driver is paid not by the agency but by each passenger at a rate of around \$3-5 per day).

can't. You really can't live in Skokie [middle-class suburb] if you're not working. But you possibly could live on the south side (Manager, large multi-site agency).

From the perspective of the suburban business client, the wage-cost of labour is reduced virtually to subsistence levels, plus a small servicing charge, while the corresponding social and managerial costs are deferred to the temp agencies. This allows employers to access the lowest-wage labour pools in a relatively risk-free fashion. But what for employers are issues of cost minimization are for low-wage workers matters of daily subsistence. As the manager of a hiring hall in one of Chicago's poorest neighborhoods—where there were no real alternatives to minimum-wage jobs—explained, '\$4.25 they can barely live off. Around here they can, but they're struggling everyday. They don't go out [to work] one day, they don't eat that day. That's how it is'.

Suburban employers gain access to this labour supply, moreover, under conditions of maximum flexibility and minimum commitment. Both agencies and the temp workers themselves are paid only for work satisfactorily completed, allowing employers to tailor the purchase of labour even to the most short-term fluctuations in demand. Employers also evade the costs of absenteeism, uncooperative behavior, vacation and sick pay, workers' compensation insurance, and unemployment benefits. Under these employment relations, workers who have accidents, fall ill, or argue with the supervisor, do not have the opportunity to become a problem or an expense for management, but are simply not rehired tomorrow. A phonecall to the agency is all that it takes. It is difficult in many ways to conceive of a more contingent set of employment relations: employers are able to reap the advantages of almost complete control of this segment of their workforce:

Companies basically use us to control their labour force ... The one weakness in our service is that we are dealing with human beings. We can do a great job of getting them here and sending them to the company, but by the time they get from here and there, you know they're human, they can do whatever they want (Manager, large inner-urban labour contractor).

We are a human resources company. They just call us. They need a hundred people, 150 people one day, which happens all the time, the next day they need 60. They just tell us they need 60. They don't have to go through the hassle of firing all these people, and paying unemployment and going through all that process, they just say 60 people and that's what they get. So they get 60 people at their door that are ready to work. The next day they need 150, we bring 150 (Supervisor, large inner-urban hiring hall).

The use of temp agencies allows employers to take advantage of a high-discipline work regime in a context in which, first, the mobilization and management of workers is contracted out to the temp agencies, and second, the costs of labour reproduction are evaded by both

employers and agencies. While employers must supervise temps on the shopfloor, labour problems are minimized by the wider regime of control which envelopes the temp labour process. Temp workers have no union representation, no effective means of redress against their placement employer, and no basis on which to renegotiate the terms of work. They are located within a deliberately ambiguous 'triangular' employment relationship (worker—agency—placement employer) within which most routine employment rights are effectively denied (or rendered practically inoperable), a deregulated niche in the US labour market which the temp agencies' representative organizations have fought vigorously defend (Gottfried, 1992; Gonos, 1998). Temps' contingent relations of employment render them absolutely dependent on the employer. A belligerent or workshy temp is likely to be removed from the job site, and certainly will not be returned the following day. As one interviewee explained it, there are occasions when a temp will 'screw up your account. That person you sent out there and she didn't have alcohol on her breath, but she had a bottle in her bag. That pisses you off' (Manager #2, multi-site inner-urban labour contractor). Temp agencies, of course, have no reason to tolerate such behavior, as it may cost them a day's fee or even the account. Highly substitutable, these workers are not placed again.

In a typical work allocation system, employers assess each worker daily, usually on a three-point scale ranging from 'good' through 'acceptable' to 'no return' (see Peck and Theodore, 1998). Agencies prioritize 'good' workers in their allocation systems—many of which are computerized—calling on these first in the next day's work assignments. This represents an extremely high-discipline labour control regime, in which failure to comply with managerial authority leads, in effect, to immediate exclusion from work. It also amounts to a form of seniority-based placement system, albeit one which is calibrated daily: 'We just go by seniority ... mostly we just go by the hours. We figure they've been there long enough and haven't screwed up too much' (Manager, large inner-urban labour contractor). This means that even in this highly unstable context, some workers are able to work quite steadily. So, the labour allocation systems of the agencies are organized so as to maximize continuity of employment, though there can be no guarantees that a worker will present her/himself in the office tomorrow. Work assignments are organized in this way, not as a concession to temp workers, but because this is what employers demand: they want *reliably contingent* labour supply.

Normally, clients like to have the same people back every day (Supervisor, large inner-urban hiring hall).

That's one of our biggest problems is tackling [the return of workers] every day. Because we're a temporary agency, people they get up one morning and decide, well, I don't want to go to work today ... they don't have that, I have to go to work today.

They just decide whenever they want to (Manager #1, multi-site inner-urban labour contractor).

For the most part, daily hiring decisions are left to the ‘discretion’ of the agency, which of course has a financial incentive to anticipate and satisfy the ‘needs’ of the client. Stable workers are rewarded, while ‘problem cases’ soon find themselves without work. Because formal skill requirements are generally very low, these decisions have little to do with conventional notions of ‘human capital’. An ability to cope with what is often physically arduous and mind-numbingly tedious work therefore becomes another signifier for ‘quality’. And of course, the worker must also be *available* tomorrow.

You’d think that quality doesn’t mean much because it’s completely unskilled labour. However, if you were to go there and actually sit on an assembly line for 8 hours and do the same thing all day long, you have to be able to do that. It takes a certain person to do that. A lot of people, after 4 or 5 hours, they’re talking and screwing around. They can’t concentrate that long. You know, you’re taking this pipe or something and putting it here, or packaging this candy or something, and doing that for 8 hours straight. They want people who are going to sit there all day long and do that. Not talk, not give them a problem. And they’re going to show up the next day, and the next day and the next day and the next day. That’s basically what they want in a quality person (Manager, large inner-urban labour contractor).

[Clients] trust your judgement. They know that you know what they want ... New clients sometimes explain to me what they want ... Anybody can do [those] skills once you show them what to do. When you ask for specific types of people, I might send someone out there who, OK, he reads and write English ... [but is] over-qualified, not a good match. And they say that guy didn’t work out, so I say why don’t you let me send you somebody because I know that [worker] over here, he knows numbers, not necessarily letters, but he knows numbers, and that’s OK ... When you’ve done this for a long time you kind of get a feel ... Sometimes people just don’t click. [By using a temporary agency, employers] can find someone that they can work with. A lot of times it happens the first time, sometimes one person just does not fit in, and they’ll call and say you can send the others back but can you replace so-and-so. They have that option. And as their work fluctuates, they can drop off or add on (Manager #2, multi-site inner-urban labour contractor).

As the manager of a hiring hall explained, because most of the placements are ‘just general assembly’, and because in his operation around 350 workers have to be processed and dispatched in the space of an hour in the early morning shift, opportunities for screening were limited. The most stable workers would be automatically reallocated to the same placement, but for the highly substitutable remainder: ‘We look at the guy. We try not to send out vagrants or drunks or anything, but every now and again they get out obviously, they slip by ... We screen them but, you know, some slide by every now and then’.

Yet while the screening process is in many ways superficial, its effects most certainly are not. Several studies have revealed that levels of discrimination and segregation, by both race and

gender, are markedly higher within the temp workforce than in the workforce as a whole (Colastosti, 1992; Ryan and Schmit, 1996; Kalleberg *et al*, 1997; Spalter-Roth and Hartmann, 1998). The Chicago labour market, moreover, is known to be especially deeply race-structured (see Leonard, 1987; Neckerman and Kirschenman, 1991; Chicago Urban League, 1994; Wilson, 1996). The *modus operandi* of the temp industry is such that patterns of discrimination and segregation are not simply reproduced but often exaggerated. At root, agencies have a financial incentive to comply with employers' (stated, implicit, or anticipated) demands, whatever these may be. Ignoring employers' racial or gender preferences may be tantamount to jeopardizing an order. Prejudice and discrimination consequently become part of the unchallenged, taken-for-granted environment in which agencies operate.⁷ Most agencies are attuned to the implicit gender and race codes that are associated with different neighborhoods, occupations, and employers. Working within these parameters becomes a routine aspect of their wider imperative accurately to read and service 'the market'. Few of the agencies interviewed made any effort to conceal this. Occasionally, there were attempts to rationalize patterns of segregation, but more often than not these were accepted as given.

Sometimes we have orders for all men. And sometimes we just have orders for women. That varies a lot ... The clients will specify what they want. And there are clients who will just say, whatever. It doesn't matter to them (Manager #1, multi-site inner-urban labour contractor).

In bindery work, assembly work, things like that, women's hands seem to move a little faster. Men bore easily with that type of work because there's no, it's not a challenge ... [Employers] will ask for women ... specifically because of the type of work it is. We have tried sending men, because we don't have enough ladies ... but for some reason, I guess because men's hands are larger, or something like that, they just cannot stuff those envelopes as quickly or do the bindery work as quickly. And they don't pay as much attention to detail as women do. So for instance we have a client that does binders and the edges have to be exactly smooth. Women will take the time [while] men will say oh screw it. And that's because boredom sets in. They want something a little more strenuous, to kind of flex their muscles (Manager #2, multi-site inner-urban labour contractor).

In terms of the racial stereotyping of jobs, most agencies acknowledged, and operated within, a distinctive hierarchy of labour-market positions. Some agencies implicitly defined their 'market niche' in terms of the prevailing ethnic mix of their workforce. Given the marked ethnic segregation of Chicago's housing market, the location of an agency was often enough

⁷ 'Housemen, male. Maids, female ... If you're handpacking or even operating machines [most of the workers are women]. It's really funny. Men can do the job as well as women, but the ethic, the tradition is that this is women's work and the men are at the end of the line doing the more physical labour. Despite all the progress we've made in equal employment laws in this country, very little has changed in those occupations' (Manager, small outer-suburban placement agency).

to trigger racial signifiers. Many agencies were explicitly targeting Latino workers, both in their daily work allocation systems and, more fundamentally, in their location decisions. In contrast, virtually none of the agencies were located in predominantly African-American neighborhoods, despite the manifest availability of workers in these areas. Employers placing an order with an agency in a Latino-dominated area would know what to expect, and indeed some agencies would blithely confirm that they rarely drew workers from across local 'race lines', such as major streets or train lines known to divide one ethnic community from another. Through such forms of geographical shorthand, temp agencies perform a crude sorting function in local labour markets, in effect, doing the discrimination on behalf of their clients.

[The neighborhood] I'd say is about 80 percent Hispanic. It's all lower income. A lot of them, I'd probably say most of the neighborhood, works through us. If not, they're working for a minimum wage somewhere else. Twenty percent is probably African-American (Manager, inner-city hiring hall).

Latino neighborhoods triggers a range of employment-related signifiers for employers: they are perceived as locations of cheap, hard-working, and often undocumented workers. The regulatory ambiguity around the use of agency labour allows employers to insulate themselves from the potential legal costs of employing undocumented workers, a status commonly elided with *all* Latino workers. The responsibility for checking the documentation of workers is again displaced from the employer to the agency. As a hiring hall manager explained, 'We take documentation, if they have it. When they come in they have fill an application and give us the proper ID ... and it's complete as far as we know. We're in charge, that's why [clients] use us. They pass it on to us and we're responsible for it'.

I would say 75 percent of the people out of this office are Hispanic. Why, because people for some reason think they are better workers ... but with any ethnic group you have someone that's always screwing it up. We have some clients that prefer Hispanics, request Hispanic people, and if you send people from other nationalities to work there and sometimes you run into problems, the main problem being that the majority of people who work there are Hispanic and they speak Hispanic, so other people don't understand what's going on ... it's hard to communicate ... But it's gradually changing because of the immigration laws [which] are getting tighter on employers. The offices are visiting more, so therefore we have to make sure that the people are working for them are legal (Manager #2, multi-site inner-urban labour contractor).

[Agency T] is actually three blocks from us, but they won't recruit anybody that lives north of the viaduct. In other words, you will not see an African American in their shop ... They cater to the undocumented community (Manager, small outer-suburban placement agency).

Many of the inner-city agencies define themselves in terms of the principal *ethnic* segments of the localized labour markets from which they draw. Many agency managers talked of

essentially naturalized relationships between different ethnic groups and ‘appropriate’ segments of the job market, reflecting historic patterns of racial hiring which they saw as their responsibility to ‘read’. As the manager of a small hiring and placement service which mainly dealt with Latino workers explained, his organization specialized in a different (ethnic/occupational) segment of the labour market to some of the other agencies in the neighborhood, which in this case tended to concentrate on the placement of Polish workers in relatively-skilled, machining jobs: ‘There’s a lot of Polish agencies in this area ... on their window it’s all in Polish ... We advertise on the Latino radio station’. This manager went on to rehearse the qualities of Latino workers which supposedly rendered them both popular with employers and especially well-suited to temp work:

With the Spanish people, and a lot of [clients] request them, the majority of them don’t speak the language [English]. A lot of companies, though, don’t mind. There are companies that will request only Spanish-speaking people and may have a Spanish supervisor there ... Primarily, the plastics companies are the ones which are requesting that kind of individual. *Q. Why is that.*] That’s very simple, it’s an assembly line ... so it’s real easy to instruct an individual ... 90 percent of the staffing for a plastics company, and I’m talking strictly your assembly line, are gonna be your Hispanic. Anything that has to do with tool and die, that is totally a different animal. Your recycling companies are primarily Hispanic-oriented, simply because they’re out there in the winter time, when the doors open and the trucks come in with the recycled goods, it’s actually pretty cold out there, and there’s not too many people who are willing to do that. And actually do the work. And so the recycling companies are another one who are looking for your Hispanic-background individuals (Manager, small inner-urban hiring and placement service).

The flipside of this process is the effective exclusion of many African-American workers, even from the temp work. As Newman (1999: 156) has observed of the situation in Chicago, ‘employers carry around a set of beliefs about job applicants from the inner city that are deeply ingrained and fundamentally prejudicial. African-Americans meet a wall of suspicion from employers and managers who believe they are more trouble than they are worth. Chicago employers are prone to seeing the men as belligerent, the women as saddled with children that they cannot take care of, and both men and women as illiterate’. In Chicago, race and labour-market geography are intimately related, to the point that neighborhoods have distinctive ethnic identities, in large part due to their (surface-level) homogeneity. Even the most general geographical markers such as Southside’ tend to evoke clear images of the population: its race/ethnicity, its income status, and its place in the neighborhood hierarchy. Three-quarters of the Chicago employers interviewed by (1991) expressed negative views of inner-city blacks, particularly African-American males, whom they associated with dishonesty and unreliability. Neckerman and Kirschenbaum also remarked upon the ease with which employers were willing and able to ‘navigate’ urban labour pools through the use of race-coded residential addresses as a geographical shorthand for socio-economic status and

employability. So addresses on the Southside signal a variety of (negative) job-related, neighborhood, and social characteristics to employers.

This race-structured hiring regime is vividly reflected in the geographic location of agencies, depicted in Figure 2. Of those agencies located in Chicago's neighborhoods, outside the Central Business District, virtually all are based in communities with a significant Latino population. In contrast, there are almost no agencies located in Majority-black neighborhoods on the Southside and the Westside. (The handful of agencies which are to be found in these areas are non-profit job placement services.) The most significant spatial concentrations of agencies are located in neighborhoods to the north and south of the Westside, namely East Humboldt Park and West Town to the north and Pilsen and Little Village to the south. Traditionally ports of entry for eastern European migrants, these neighborhoods now have large Latino populations. These Latino areas are the target neighborhoods for the day-labour contractors, whose very addresses subsequently send 'appropriate' race messages to employers.

The temp agencies' location decisions, just like their hiring strategies, are highly racialized. Their rationale—giving employers what they want, when, and where they want it—tends to be reflected, in the case of placement decisions, in an exaggerated process of race-structured recruitment. And because, by definition, temp workers pass through the screening and recruitment process much more frequently than 'regular' workers—in some instances, daily—they are as a group particularly vulnerable to distortions and inequities in this process. The presence of temp agencies in this intermediating role has the effect, then, of hardening and institutionalizing patterns of job-market inequality, both spatially and socially.

Although some of this discriminatory hiring practice may be put down to racism on the part of individual managers or tacit acceptance of local hiring conventions, at a more fundamental level it reflects the fact that many (if not most) agencies are trapped in the loop of price-based competition. Brutally, there is no margin in positive discrimination here. In temp industry lore, employers are typically portrayed as intolerant, impatient, and simply too busy to listen to excuses. Agencies that are serious about keeping a contract will try to anticipate, and respond fully, to clients' expectations and requirements, which means not only getting the billing and order size right, but delivering a workforce 'with the right attitudes' and one that 'fits in' with the clients way of doing business. While some of the mid-market agencies seemed rather more reluctant to acquiesce to employers' demands, all conceded that discrimination, placing undocumented workers, and 'body slamming' (placing homeless people) were common practices at the bottom end of the market. The prevalence of such

practices of course only served to confirm the poor image of the industry in the eyes of many potential clients. Accordingly, some of the mid-market agencies sought explicitly to distance themselves from the practices of the bodyslammers, signifying this in deliberate labour market, business, and location strategies, such as deeper screening, (small) wage mark-ups, operating from ‘clean and respectable’ premises, and so forth. In some cases, this simply amounted to just another form of cursory screening, as workers—whose physical appearance suggested that they might be homeless, a drug addict, or a drunk, or who just ‘didn’t look right’—were simply turned away. In attempting to ‘trade up’ in this way, then, agencies are hardly likely to counter the prevailing pattern of discriminatory practice. They may even reinforce it.

If you are neat and clean, we try not to use people that are, I’m trying to find the right word ... bummy. We want people to present a good appearance ... We do not body slam. We call [it] body slamming where you take people, you say, well, we’ll grab that young man over there, who looks like he hasn’t slept in ages. We don’t do that. You get in a lot of trouble in this company for body slamming. [We are] very particular about the type of people we send ... if you send I don’t know what out there, it doesn’t say much about yourself, plus you lose business that way (Manager #2, multi-site inner-urban labour contractor).

I just can’t pay minimum wage. I just feel that if you want to make a person feel like a person you just can’t. Most places do pay minimum wages. I just feel that if you want to make a person feel like a person, at least pay them about \$6. So that’s what we do. So a lot of business we don’t get because it’s just too low. There’s a problem with inexperienced temp services bidding contracts [too low] ... and they have to go and scrape up all these minimum-wage people ... Companies like mine may not bid those contracts (Owner-manager, small downtown agency).

[Some clients] still have in their mind that the temporary services are driving along some street in the city and picking them up, off the corner. I don’t know the street, but they say that still ... A lot of the time they’ll say to me, you know, one temporary service is the same as another. And I’ll say to them, if you believe that, well OK, but maybe I can change your mind. It’s up to you, what do you want? (Manager, large multi-site agency).

The low barriers to entry in the day-labour segment of the temp industry mean that this sector is perpetually unstable and destructively price-competitive. While there was some evidence that the more experienced users of temp services, many of whom had been ‘burned’ in earlier dealings with down-market agencies—tended to gravitate towards more reputable (and invariably slightly more expensive) services, market conditions on the whole were suppressed by persistent undercutting on the part of the low-cost operators. This places a kind of competitive drag on the industry, a form of capillary action which tends to reduce employment and business practices to the lowest common denominator. There is consequently a sense in which ‘restructuring down’ is associated with internal, self-reinforcing dynamics of degradation.

Conclusion: Temp Agencies and the Regulation of Contingent Labour Markets

Focusing on issues of spatialized labour-market restructuring in the temporary services industry in Chicago, this paper has examined how the supposedly 'new' motives of speed, flexibility, and responsiveness are coexisting with old ones of cost-cutting and labour exploitation. Above all, this is a highly *dynamic* situation, in which the shifting contours of profitability for the temp agencies are inextricably related to changing job-market conditions. As one of the hiring hall managers interviewed for this study observed, 'It's a fast-paced environment ... You have to get your people out ... You can't slack off'.

The temp industry is thriving on this flux and uncertainty, but as it has expanded, so it has become more complex and functionally variegated. By all accounts, business failure rates are very low in the temp services sector, reflecting both the aggregate expansion of the temp market and the efficiency with which agencies' are able to pass on the costs of order-book fluctuations to the workforce. At the same time, the temp industry is restructuring, both in terms of its corporate and its labour-market relations. On the one hand, day-labourer contractors have been 'restructuring down' into the lowest reaches of the labour market, constructing hyper-commodified employment relations in which daily instability and high rates of exploitation are the norm; on the other hand, the corporate sector of the industry has been actively engaged in a process of 'restructuring up' into once-stable spheres of employment, developing increasingly regularized relationships with business clients, for whom the utilization of temps has become a functionally-integrated aspect of human resources strategy.

The explosion of both temporary employment and the temporary services industry in Chicago and other US cities has been legitimized by the entrenched culture of labour-market deregulation and the advocacy of flexibility as a managerial virtue. The maturation of the temp industry holds far-reaching implications for the structure and dynamics of labour markets. It represents an emergent mode of privatized labour-market intermediation which both reflects and reinforces the (de)regulatory logic of flexibilized labour markets. Temp working is contributing in a variety of ways to the restructuring of labour markets, especially now that the temp industry's *own* hierarchies and patterns of labour segmentation are being

stretched and reworked. Temp agencies are playing a major role in reorganizing ports of entry (and, crucially in this turbulent sector, re-entry) into the labour market, developments which we have shown here to be intimately connected to the geographic restructuring of urban labour markets. There is a clear tendency in Chicago for hiring halls and day-labour contractors to gravitate toward the source of their preferred labour supply, reflecting the need to mobilize highly elastic sources of low-wage labour on a daily basis. This stands in marked contrast to the locational strategies of the upward-restructuring agencies—the multinational corporations specializing in better-paid and more formally-skilled workers, which based in high-rent offices in Chicago's central business district or in suburban office parks. Locationally, these agencies tend to be drawn toward the source of their labour demand, reflecting the imperative of sustaining reflexive and enduring agency-client relations.

For the bottom-end agencies, the presence of an elastic, abundant, and minimum-wage dependent labour supply is a functional prerequisite. These agencies have fashioned strategies which enable them to reach deep into under-employed, inner-urban labour pools, primarily in Latino communities, subsequently shipping and selling this labour supply to suburban employers. Although, in principle, these workers are highly substitutable with one another—having low levels of formal job qualifications and being prepared to accept a wide variety of job assignments—we have seen that in practice, even this highly commodified job market is socially structured and institutionalized in subtle but important ways. So while in a superficial sense the temp labour market resembles the kind of 'spot market' for labour envisaged by neoclassical economists, it is in fact anything but. The agencies' work allocation systems favor 'reliably contingent' workers who are available every day and whose work attitudes, job capabilities, and personal attributes render them acceptable to employers. And while these general criteria of workplace acquiescence and reliability/availability play a key role in configuring the temp job queue, it is also important to recognize that this job queue is socially structured according to race, gender, and physical appearance. In providing what employers want, and expect, temp agencies harden and institutionalize processes of labour segmentation at the point of entry to the job market, with potentially wide-ranging and long-term effects for occupational mobility, employment security, and wage prospects.

The continuing capacity of the workforce to endure these employment conditions is predicated, first, on the absence of real alternatives, and second, on the constant replenishment of Chicago's low-skilled labour pools through in-migration. The continuing 'job gap' between the number of low-skilled workers and the supply of entry-level jobs in the city (Carlson and Theodore, 1995) and the surprisingly long employment tenures of some temps both suggest that the underlying causes of temporary working are more likely to lie on

the demand side of the labour market—with overall demand deficiency and the structural shift towards contingent demand—than on the supply side. But this does not mean that demand is independent of supply. In fact, the two are co-constituted in ways sensitive to the localized geographies of the labour market (Hanson and Pratt, 1995; Peck, 1996). Spatial dynamics link dependent labour supplies and contingent labour demand: while there is little evidence of workers ‘choosing’ contingent work—many will work quite steadily if they are given the opportunity, the very existence of large, under-employed, and minimum wage-dependent labour pools in Chicago’s low-income neighborhoods facilitates expansion of temp employment.

There is a sense, then, in which the emergence of new (or reworked) contingent labour-market forms, such as temping, is predicated on the presence of such disenfranchised and under-employed labour pools. This might be seen as a perverse case of supply creating its own demand. But the arrival of temp agencies in areas of inner-city job shortage is significant not simply by virtue of its effects on labour-market arithmetic; more fundamentally, it is also about remaking the regulatory ‘rules’ of the labour market. Temp agencies may be businesses, but they are also regulatory institutions, and as such are sites of rule-making and rule-enforcement in (contingent) labour markets. In this sense, temp agencies can be seen as an element of an emergent, privatized ‘regime of regulation’ for contingent labour markets of secondary sector (see Gottfried, 1992; Allen and Henry 1996; Abraham, 1998). This paper has highlighted a number of aspects to this inchoate, imperfect, and contradictory regulatory role. First, and on the supply side, temp agencies are actively engaged in deepening, broadening, and flexibilizing the supply of labour for contingent jobs in the sense that their practices serve to expose and commodify hitherto-inaccessible, localized niches within urban labour pools. Second, and on the demand side, the agencies’ ability to deliver a virtually instantaneous labour supply means that it becomes feasible to develop new forms of contingent jobs, or rather *fractions* of jobs, thereby increasing the relative and absolute size of the contingent labour market. Third, in terms of the social distribution of work, the intermediary role of agencies tends to intensify discriminatory hiring practices and patterns, further balkanizing the lower end of the labour market on the basis of workers’ ascribed (race, gender, etc.) rather than achieved (skills, ‘human capital’, etc.) characteristics. Fourth, with respect to changing power relations in the labour market, temp agency allocation procedures and payment systems serve to enforce workplace discipline (on behalf of employers), while the constitution of competitive relationships between workers—on a daily and individual basis—undermines the foundations for collective consciousness and action. A Burawoy (1985: 265) points out that the formation of such an atomized and vulnerable labour force’ facilitates a form of job-market ‘subordination without struggle’. And finally, in the context

of the labour market as a whole, temp agencies are functioning to stretch the envelope of labour contingency, by driving down the costs of recruitment, hiring, and induction in ways which disproportionately favor high-turnover segments of the job market. Temp agencies also reduce the relative cost of employing contingent labour by enforcing flexibility on employers' terms, by distributing work according to 'reliability' and 'attitude', and by managing workplace and hiring/firing 'hassles' for employers.

In these and other ways, temp agencies are active institutional agents in the making and remaking of contingent labour market relations. Their multiple roles in labour mobilization, screening, recruitment, and placement, in the maintenance of workplace and labour-market discipline, in driving down and holding down the costs/wages of cheap labour, and in spreading and externalizing the risks associated with contingent employment, together mean that temp agencies have become a significant—and growing—institutional presence in the labour market. Aside from their complex functions as agents of labour-market (re)regulation, temp agencies also have a material, business interest in growing the contingent, flexible 'periphery' of the job market at the expense of 'core', again drawing attention to what is an active rather than simply passive role in the restructuring of labour-market structures, norms, and conventions. In the Chicago case in particular, the presence of a large (and yet still expanding) infrastructure of temp agencies has come to exert an important influence on the path of labour-market restructuring, facilitating as it has the simultaneous suburbanization and flexibilization of jobs by opening up low-cost recruitment channels into the contingent labour pools of the inner-city. Hence our particular interest in this paper in exploring some of the ways in which temp agencies are rewriting the rules, restructuring the incentive-systems, and reworking the geographies of *urban* labour markets.

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Table 1: Indicative characteristics of ‘upward’ and ‘downward’ restructuring paths in the temp sector

	Restructuring down	Restructuring up
<i>Labour supply</i>		
Appropriation	Identification and targeting of appropriate, under-employed, inner-urban labour pools	Targeting of specialized occupational niches
Recruitment	Informal, word-of-mouth methods Passive, low cost and highly localized	Formal; targeted advertising Active, costly, and extra-local
Screening	Perfunctory, though avoidance of ‘body slamming’ where possible Based on ascriptive criteria	In-depth assessment of skills and aptitudes Based on achieved criteria
Selection	Placing ‘warm bodies’ ‘Hardening’ of employers’ recruitment criteria	Matching: formal, tacit and organizational skills Achieving a ‘fit’ with corporate culture
Allocation	Pursuit of quantitative criteria Impersonal systems: workers as ‘orders’, transportation as ‘delivery’	Pursuit of qualitative criteria Personalized systems ensure ‘appropriateness’ for placement
Reallocation	Rewarding ‘reliability’: measured in terms of attendance and compliance	Rewarding ‘reliability’: measured in terms of functional job requirements
Attachment	Intensification of external market disciplines (commodification of daily work routines)	Quasi-internalization of the labour force (by agency/occupational specialization rather than by ‘employer’)
<i>Labour demand</i>		
Strategy	Numerical flexibility in occupations with few formal skill requirements	Functional flexibility in specialized occupations
Procurement	Non contractual Purchases in units of labour time (daily or hourly) Minimal specification of skills capabilities	Contractualized Planned/regularized where possible Close matching of task requirements and worker attributes/skills
Induction	Minimalist; directive	Non-standardized; iterative
Job design	Deskilled; detailed subdivision of tasks; repetitive with little worker discretion	Integrated; firm-specific rebundling of tasks; requirement for worker discretion
Supervision	Direct control; close task and output monitoring; crude categorical evaluations	Presumption of worker autonomy; evaluation and job development through negotiation
‘Product’	Available labour	Qualified labour
Payment system	Hourly; minimum wage Limited bonus systems to encourage ‘reliability’	Project-based Market rates (sometimes premium) Bonus and loyalty systems
<i>Geographic tendencies</i>		
	Gravitation toward source of labour supply, in order to secure elastic, localized labour pool	Gravitation toward source of labour demand, in order to facilitate reflexive client relationships

Table 2: Temporary help services, City of Chicago 1985-1998

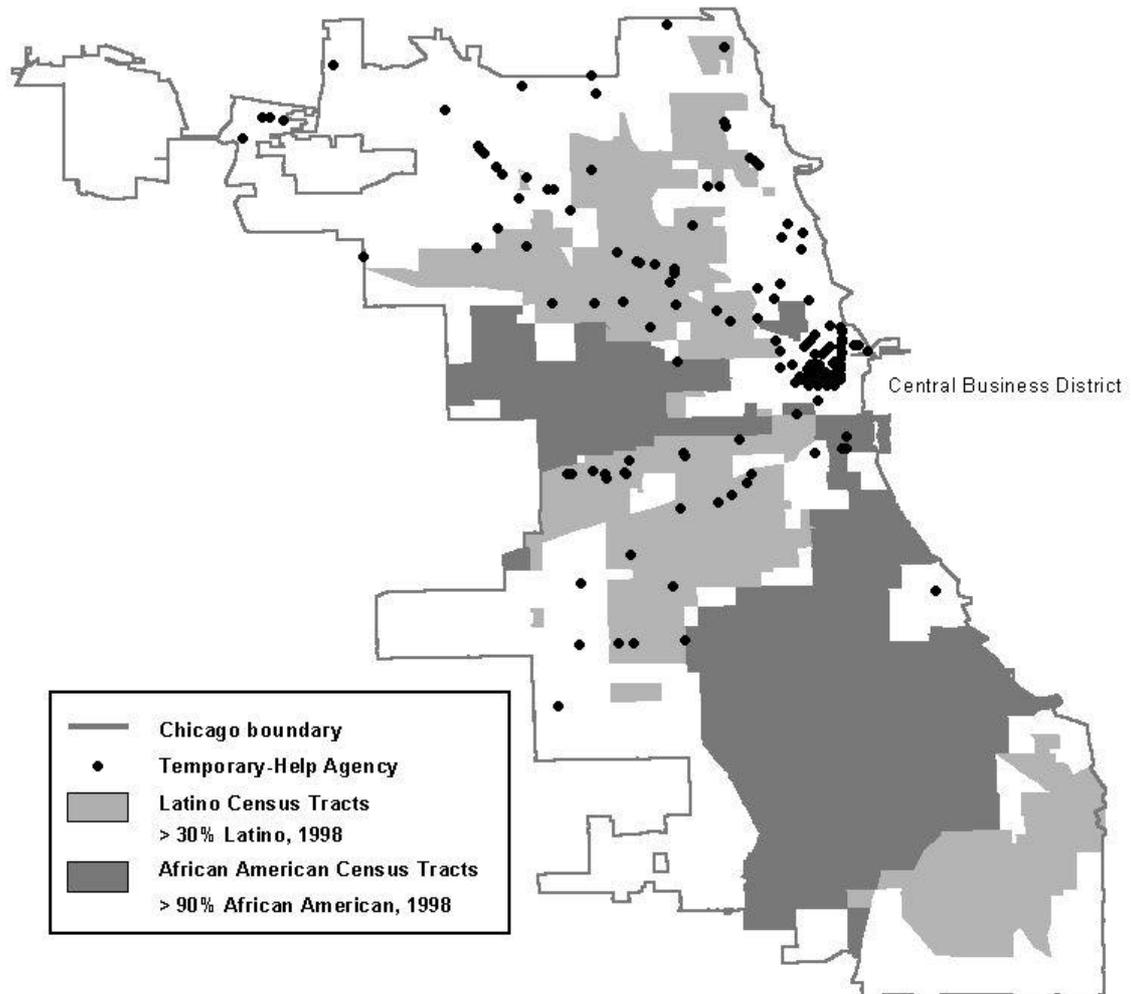
Number of agencies	1985	1999	Change 1985-99 (%)
Loop/CBD	65	118	77
Neighborhoods	50	99	98
TOTAL	115	217	89

(Sources: Chicago Consumer *Yellow Pages* and Chicago Business to Business *Yellow Pages*)

Figure 1: Example of a temp agency recruiting flier



Figure 2: Location of temporary help services, City of Chicago 1999



Sources: Center for Urban Economic Development, University of Illinois at Chicago; data derived from Chicago Consumer *Yellow Pages* and Chicago Business to Business *Yellow Pages*